ST. XAVIER'S COLLEGE (AUTONOMOUS), KOLKATA

DEPARTMENT OF COMMERCE

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DREAMS.DEVELOPMENT.DESTINY.

YOUTHINK

VOL XII | 2017

TRANSCENDENCE

INTERVIEWS BY:

Sachin Tendulkar | Amish Tripathi | A. S. Kiran Kumar | Shashi Tharoor

A XAVIER'S COMMERCE SOCIETY ENDEAVOUR

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Not in picture : Vedant Marda

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Message From

Rev. Dr. Dominic Savio, S.J.

Rector and Deputy Principal

St. Xavier's College, Kolkata

'Our talents are God's gifts to us. How we use them is our gift back to God.'

Perfection continues to be the lofty ideal of every Xaverian. The Xaverian spirit is that of camaraderie, self-assessment, intellectual pursuit and unflinching modesty. As we celebrate a glorious time in the history of the St. Xavier's label, it is time that the legacy of the Xaverian spirit leaves a mark on the planet. The questioning spirit, untiring hard work and selfless dedication to responsibility that St. Xavier's promotes forms the bedrock of our belief that every Xaverian is the epitome of sophistication, and that like in the past, this college shall continue to leave its indelible and humble mark on society. Striking the right balance between academic lives that shape intellect, and co-curricular lives that impart wisdom to use the former continues to be a task we fulfil with pride, and the Xavier's Commerce Society is a part of this process of maintaining consonance. As part of the true Xaverian legacy, it imbibes within the student all that is needed for a better tomorrow. It fosters governance of the self through its corporate endeavours, leadership in its ranks, loyalty towards the institution, selflessness in its motives, and above all, dynamism in the thought process, structure and work at every step. As the representative society of the Department of Commerce, it seeks to set benchmarks for expression, creativity and knowledge and Youthink is foremost in such endeavours.

As men transcend the boundaries of dogmas, class and frivolous divides, industries transcend turbulence, and nations transcend borders, the fundamentals of the inevitability and power that lies in constant upliftment are being re-visited now more than ever.

"As men transcend the boundaries of dogmas, class and frivolous divides, industries transcend turbulence, and nations transcend borders, the fundamentals of the inevitability and power that lies in constant upliftment are being re-visited now more than ever."

The spirit of transcendence is truly reflected in Youthink. From a humble beginning, more than a decade ago, the journal has transcended students, themes and time to become a brand of its own. With immensely encouraging recognition and re-inspiring efforts by the Xavier's Commerce Society, the journal has grown from strength to strength. It continues to strive to outdo its past edition, setting new benchmarks for authors and readers alike. I commend the editorial team, the students' body at the Xavier's Commerce Society and all students and faculty members who contributed to this year's edition. I also extend my gratitude to our guest authors.

My heartiest congratulations to the Xavier's Commerce Society. As a student body that pushes boundaries to limitlessness, the theme this year bears testimony to what it stands for. I wish Youthink another year of transcendence, humility and worthiness.

Nihil Ultra. God Bless.

Rev. Dr. Dominic Savio, S.J.

Message From
Rev. Dr. Fr. Felix Raj, S.J.
Principal
St. Xavier's College, Kolkata

> The world is changeable in ways we do not realize. It is in such times that the power of human thought increases manifold, and with it, raises the significance of the right expressions at the right forum.

'It is for the mind to see what the heart cannot. It is for the heart to feel what the mind cannot.'

In a college that has undertaken years of dedication to striking the right balance between etiquette and freedom of thought, and academia and application, the Xavier's Commerce Society makes commendable contribution to keeping the Xaverian flag high. Cogito Ergo Sum. We are the product of all that we perceive and know. The Xavier's Commerce Society is a wholesome part of our undying initiatives to rise beyond increasing tempests in our bid to create men and women for others, and I am glad that this year's theme reflects the transcendental journey of our institution.

An enduring lesson I gained as a teacher is the importance of the originality of thought. The importance of making the student think as he learns is the beginning of worthy education, the beginning of changing thought, the beginning of change-inducing endeavours, and the beginning of human transcendence.

The world is changeable in ways we do not realize. It is in such times that the power of human thought increases manifold, and with it, raises the significance of the right expressions at the right forum. This year, while Youthink reflects upon transcendence, it also partakes in the process of human progress by encouraging thought with purpose and altruism.

With surprises in the economy in India and the polity abroad, we stand at crossroads of transcendence. One of the rare and powerful themes in human life that are almost equally voluntary and involuntary, apparent and unnoticed and quick and gradual, transcendence is a reflection on how far we have come, speculation on how far we can go, and a test of the ability to fulfil what we hope for.

The world of research can often lead to compromises on novelty and analysis. I congratulate the authors for this year's articles on having struck the right balance, the editorial board for their rational and creative structuring and the entire team at the Xavier's Commerce Society for growth over the years that makes the college proud.

The Xavier's Commerce Society must be congratulated for another inspiring and thought-provoking Youthink edition. The theme this year induces nostalgia for the college, satisfaction with our unparalleled achievements this year, and great hope for our ability to transcend the glory this college has already achieved.

God Bless All! Nihil Ultra - Nothing Beyond.

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

Message From

Dr. Madhusree Mukherjee

Vice Principal

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

Every norm starts out as an exception. It is the constant challenges to existing paradigms and the bid to recreate reality that found the pillars of breath-taking change in the future. The balance between obedience and inquisitiveness has always perplexed society and is the reason why chaos is a head start to better order, and order is imperative to normalize discoveries. An indispensable aspect of education, transcendence is both the end and the beginning of education. It is human nature to believe in the present and hope for a better future, and those who transcend the distinction between what is and what is to come, lead human thought and societal transcendence.

Over the years, the Xavier's Commerce Society has become an indispensable part of the institution's bid to provide a myriad of platforms for expression and learning to both the students and faculty alike, while being a significant showcase of the power of in-depth analysis, research and thought of every Xaverian. It is this spirit that now famously defines Youthink. With stronger roots, Youthink encourages students to branch out of their comfort zones and push the limits of their achievements.

The launch of the XIIth edition of Youthink stands testament to the relevance and acceptance that are now connotations of this journal. The will to keep bettering ourselves is the foundation of the Department of Commerce, and with a theme that showcases and creates transcendence in equal measure, it is my privilege to have yet another set of inspiring work and thought from both within and outside St. Xavier's College.

I wish Youthink the very best even as I am confident that it shall set new benchmarks with each subsequent edition. My congratulations to the Xavier's Commerce Society for another great year of organization and learning, and for yet another edition of the refined and encouraging Youthink.

May you continue to lead trends in thought.

Dr. Madhusree Mukherjee

"Every norm starts out as an exception. It is the constant challenges to existing paradigms and the bid to recreate reality that found the pillars of breath-taking change in the future."

Message From
Dr. Sumona Ghosh
Managing Editor

Transcendence is the norm, the extent of the knowledge it lends us is our choice. Youthink this year celebrates such transcendence, with critical analyses into human nature.

'I fear not the change we lead, for with forbearance in fraternity,

We may transcend with the passing day; but our work is eternity.'

We do not choose the time for change. It chooses itself. We do not choose what we change. It chooses us. We choose how we change, and that makes all the difference. From the discovery of fire to virtual reality and robotics, and from agricultural production to an economy that dictates, reflects and manipulates the multiplicity and complexity of human thought and choice, our society has transcended due to the steadfastness of our curiosity and the belief in our thought. With aggrandization of the myriad of forces that govern the way we transcend from one stage to the next, there is an increasing need to lend advocacy to how the tools for change we create must not lose touch with the purpose of their origin. Transcendence is the norm, the extent of the knowledge it lends us is our choice. Youthink this year celebrates such transcendence, with critical analyses into human nature.

With each change our capacities of thought and action increase, and so does the degree of complexities we lend to our surroundings. The corporate world too sees change by the second, with only those who take up the mantle to lead the change being rewarded. With newer the increase in nuances, changes in polity and industry need a resilient spirit of transcendence now more than ever.

I congratulate the entire Xaverian family for yet another spell-binding edition of Youthink. As we set the bar higher with every edition, my admiration for the grace, professionalism and dedication of the Editorial Board grows.

Youthink truly belongs to those who contribute to it in every way. From the scholars and professors whose articles feature in this year's edition to members of the faculty and administration whose constant support and insights have spearheaded this journal to success, I extend my warm gratitude. Even as we launch subsequent successful editions, it is the work and encouragement of professors and overwhelming appreciation from our readers that keep us humbled, and truly deserve mention.

As a journal that celebrates all those who contribute to it in their own way, Youthink is immensely grateful to Rev. Fr. Dr. Felix Raj, S.J., Principal, for his constant encouragement, Rev. Fr. Dr. Dominic Savio, S.J., Rector and Deputy Principal, for his unflinching support and insightful guidance, Dr. Madhusree Mukherjee, Vice-Principal, B.Com(Evening), for her motivation and co-operation, Prof. Swapan Banerjee, Dean, B.Com (Morning), for his selfless and helpful work, and Prof. Amitava Roy, Dean, B.Com (Evening), for his valuable advice.

As we take pride in ideals that are resilient to change, dedication that is impetus for change, and action that transcends both obstacles and benchmarks, we humbly present this edition of Youthink to you.

Sumona Ghosh

Dr. Sumona Ghosh

Twelve years ago, Xavier's Commerce Society began its journey with the launch of the first edition of Youthink. Youthink has since come to be an emotion every XCSer cherishes with pride.

Message From
Adit Patel and Sneha Agarwal
Joint Editors

'The woman who follows the crowd will usually go no further than the crowd. The woman who walks alone is likely to find herself in places no one has been before.'

Society today in all its aspects, be it economical, political or cultural, is characterized by one uniting force- progress. The ultimate aim of society is change and change culminates into progress. The world has progressed in leaps and bounds due to human passion and perseverance to achieve the unimaginable, and this human spirit embodies the theme of 'Transcendence'. As Editors, we take immense pride in Youthink, which provides a platform for students to voice their opinions and raise their concerns regarding issues which plague the world around us, and thus take their first step towards intellectual transcendence.

Twelve years ago, Xavier's Commerce Society began its journey with the launch of the first edition of Youthink. Youthink has since come to be an emotion every XCSer cherishes with pride. Now, as we unveil the twelfth edition of the journal, we are pleased to celebrate the spirit of transcendence in this very expedition of Youthink. In this edition, Youthink aims to stand as a testament to the spirit of free-thinking, which is imbibed in the Xaverian culture. Through a multitude of topics spanning diverse sectors of society ranging from Of Arms, Ammunition and Antagonism and Myntra's Faux Fashion Pas in the 'Features' section to GST Beyond the Political Jargon in 'Beyond' and Morphing Into Artificial Dimensions in 'Ascent', we tried to ensure that the journal encapsulated something for every reader. We are highly indebted to our Guest Author, marketing guru Prof. Russell Winer, for his invaluable insights about Pricing in the Digital Age.

The coveted 'Interviews' section of the journal takes the reader into the thoughts of some of the most respected and eminent personalities from all over the world. Featuring interviews by enigmas from various industries, Youthink Vol XII makes an extremely compelling read. We are proud to present Mr. Sachin Tendulkar, a man whose name is echoed all over the world, in conversation with the Editorial Board. It was an honour for us to interview Mr. Amish Tripathi, one of the greatest storytellers of Modern India, who gave us an insight into the business behind books. Taking our journal to greater heights, we were privileged to receive Dr. Shashi Tharoor's insights on issues ranging from his stint at the United Nations to his success as an author to him becoming a personality admired by the youth of the nation. Lastly, we were ecstatic to be able to interview the man who personifies Transcendence, Mr. A. S. Kiran Kumar, the Chairman of the Indian Space Research Organization (ISRO), as he delves into the depths of the cosmic universe while sending a strong message to the youth of this nation about the future of the aerospace industry.

Looking back, we revere the moments of effort, resilience and diligence that have gone into shaping the journal in its present form. With this in mind, we would like to extend our sincerest gratitude to Rev. Dr. Dominic Savio, S.J. for his unconditional support at every step, Rev. Dr. Felix Raj, S.J. for his constant encouragement and Dr. Madhusree Mukherjee for inspiring us towards a better tomorrow. We reserve our highest regard for Sumona Ma'am; her passion and zealous dedication is inspirational for each and every one of us. She is a role-model figure we can only hope to emulate one day.

As we sign off, we would like to wholeheartedly convey our gratitude to the students of St. Xavier's College for their valuable insights; it is their arduous contribution that has made the journal what it is today. Their enthusiasm is contagious and the high regard that they hold the journal in makes us strive to surpass new milestones every year. We hope that we can continue to live up to your expectations.

Welcome to Youthink Volume XII.

Adit Patel
Adit Patel

Sneha Agarwal.
Sneha Agarwal

Deepshankar Mukherjee
Department of Commerce (Evening)
3rd Year

> The first 17 years of this millennium witnessed the rise of intense regional rivalries, proxy wars and advent of divisive terrorist organisations.

Of Arms, Ammunition, and Antagonism

BACK TO THE PAST

ABSTRACT

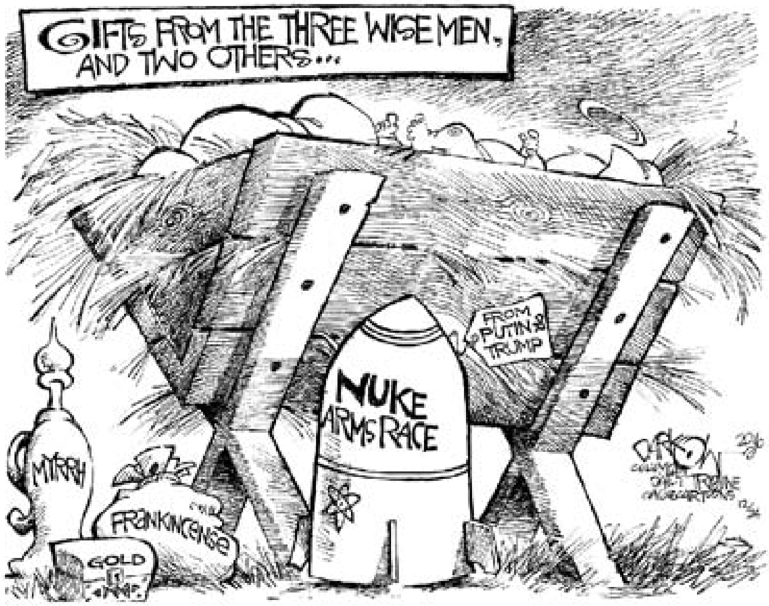
The Japanese were mistaken. The Americans transported and detonated Fat Man only three days after Little Boy. Japan surrendered immediately and the world knew that the USA had the most exterminators ever. The USSR decided it would not be intimidated and began an arms race which was the beginning of the end. It triggered the Cuban Missile Crisis, which was the closest both nations came to a full-scale nuclear war in the Cold War era. Although negated by intense negotiations, the Crisis gave out a clarion call to pinpoint how such crises initiated and strengthened the need to find an effective arms free solution to ensure arms peace.

KEYWORDS: Arms race, Hyper-nationalism, crisis, nuclear weapon stockpiles, militarization, elusive world peace

IMPORTANT FACTORS

In a nutshell, quite some factors could be attributed to for the rampant resurgence of the arms race menace engulfing the world. Arms companies and weapon surplus countries would take the first place here. They feed on crises and jump to take sides in conflict torn areas, rushing to provide arms to their business partners. Russia is known to have benefitted in the crisis in the Middle East as an arms trader. This unethical trade often takes place with utter disregard for the long-term peace and stability in the region.

Secondly, the trend of hyper nationalism has washed over the world, making citizens intensely believe that their country is the greatest in all aspects and no other country deserves to be better. A better performing state has to be pulled down. This gives rise to a sense of warmongering and jingoistic attitudes among common people, triggering hostile mentalities. Feeding on this phenomenon, come the power-seeking controversial leaders of the world. There has been a recent spurt of national leaders and presidents amplifying their powers through constitutional amendments. Notable mentions are the leaders of Venezuela, Turkey, Egypt to name a few. Such brand of leaders usually project to the masses the superiority of their nation as to others, demonstrated often only by military firepower.



However, all these factors have been accentuated by the lack of success of the United Nations to successfully rein in the warring or rogue states from making deviations from treaties and agreements. In-fact, the composition of the Security Council itself proves to be conducive to promote actions like the arms race, wherein any of the permanent members can veto any resolutions to further its selfish motives.

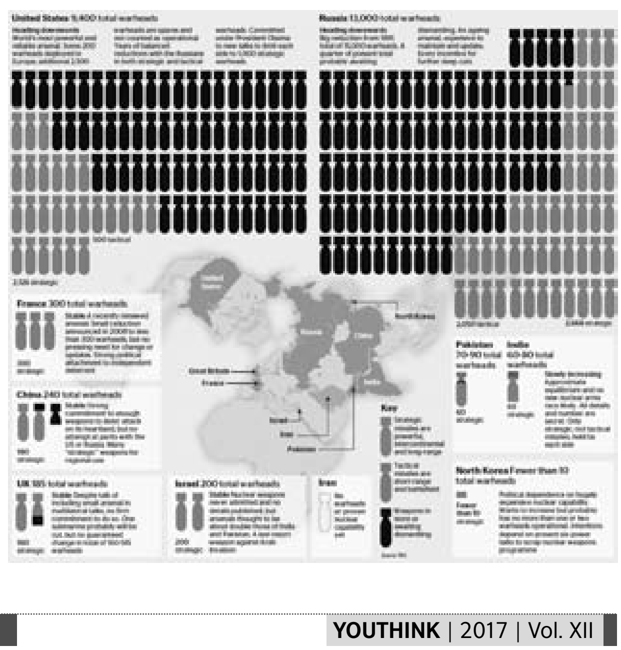
> For example, the terms of ending the standoff between the Indian and the Chinese Armed Forces in the disputed territory of Doklam is being primarily dictated by China due to its superior military might and its blatant refusal to compromise. Such a power dynamic attributed to China has been in lieu of its expanded armaments stock.

In order to understand whether the rising spending trend of both developing and developed nations will bring about a new peaceful world order or a harbinger of wars, we must explore the path of the arms race as we know it over the course of history to the present day, and what trails it has left behind. An attempt has been made below.

ARMS RACE TRAVAILS:

1. THE EARLY TWENTIETH CENTURY.

It all began with HMS Dreadnought. Other arms race trends noticed before ended in settlements. But this incident would change the course of warfare as we know it today. The German challenge to British naval superiority



was the most famous naval arms race of all time. As the post-Bismarck, political leadership decided that Germany must become a world power, a large German battle fleet was built up, competing with the British. But the navy was Britain's pride, her guarantor of wealth and her best defence, all rolled into one. So, in 1906, British launched the HMS Dreadnought. Constructed within a year, it was the deadliest battleship of that time, mounted with ten 12-inch guns, each gun firing high explosive packed, half-ton shells with deadly accuracy. Add to that its ability to maintain a top speed of 25 mph; it made the Germans take notice. This sparked off a vicious naval arms race to build similar battleships, where eventually Germany gave up the want of funding for such developments. The stakes for the British had been very high since only the Royal Navy could ensure British security and ensure prosperity by protecting the trade routes.

Although it was not the only cause for the first World War, arms race and militarization by nations played a significant role. Apart from the known causes of the war, highly strengthened navies also acted as a catalyst to ignite the war.

Another arms race erupted after the war, fuelled by Japan's efforts to enforce influence upon East Asia and America over Britain. For financial reasons, it proved to be short lived and culminated in the Washington Conference of 1921-22.

Militarization and spending on armies and armaments triggered WW2 with Germany massively reconstructing its military might under Adolf Hitler's relentless pursuit of global superiority and a new world order.

It is notable that the quest for military superiority led to two World Wars, loss of millions of lives and destruction of billions worth of properties and would change the world demographics forever. Yet, countries and their leaders would not give up on this madness well in the next half of the century.

2. POST-WORLD WAR II ERA

This period was primarily marked by the ensuing Cold War between the USA and USSR involving massive stockpiling of nuclear warheads numbering in the thousands. In their quest for superiority, both successfully threatened global stability and almost caused a nuclear war. The signing of the Non-Proliferation Treaty in 1968 kept the nuclear menace strongly in check and it has been deemed as a success in rendering countries nuclear weapons-free and compelling Nuclear Weapon States to reduce their stockpiles. India, a non-NPT member, carried out its nuclear tests after this time, which was reciprocated by Pakistan, eager to achieve nuclear parity with its neighbour. The state of Israel, on the other hand, has maintained an ambiguity with regards to its nuclear capability. However, the Vanunu leaks of 1986 have provided irrefutable evidence of the same.

3. PRESENT DAY

The threat to world stability has never been more intense. The first 17 years of this millennium witnessed the rise of intense regional rivalries, proxy wars and advent of divisive terrorist organizations. Nations have been in constant fear of chemical, biological and nuclear weapons getting into the hands of terrorists. Regional rivalries have aggravated the arms race where each nation is in a bid to outdo the other in terms of military might. The Role of arms companies has also come into the light over a decade. Their tactics, propaganda, and mala fide intentions are contributors to

> Inspiration must be taken from joint efforts by the USA and USSR in the late 1980s to reduce their nuclear stockpiles.

> World leaders must engage in empathetic diplomacy and move towards an all-win solution.

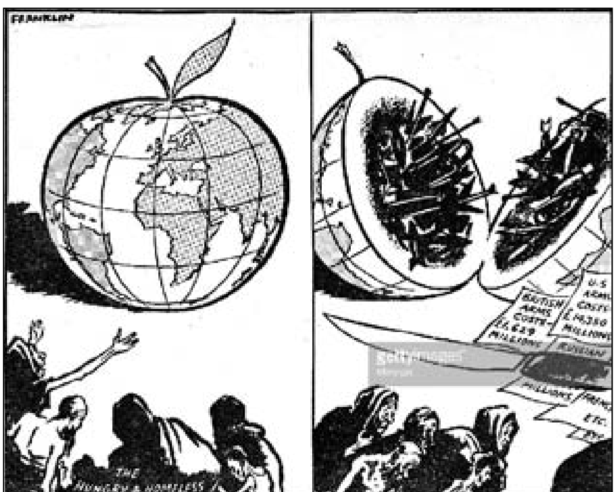
these international tensions.

The above analysis throughout history shows us that the menace of militarization and excessive spending on armies and armaments has always had a divisive and destructive effect on world peace, often culminating in an atmosphere of apprehension and fear. Hence, the notion that greater military power brings peace is highly debatable.

TRENDS IN MILITARY EXPENDITURE

Global defence spending has increased for the first time since 2011, according to the Stockholm International Peace Research Institute (SIPRI). Total military expenditure in 2016 was $1.686 trillion, a 0.4 per cent rise from 2015. The USA remained on top of the list with $611 billion, around 36 per cent of the global total. She has also spent $1 trillion over three decades to modernize her nuclear arsenal.

The top military spender's list not only includes developed countries but also developing countries, signifying global intent to ramp up defences. It brings to light, the nations' and their leaders' intent to safeguard against sudden attacks and their reluctance to be caught unaware. Inhabiting a 'post truth' world where alternative facts exist,



The rotting apple?

an out of context tweet can snowball into a huge problem and depending on the severity of the statements, can transcend national boundaries.

For example, the terms of ending the standoff between the Indian and the Chinese Armed Forces in the disputed territory of Doklam is being primarily dictated by China due to its superior military might and its blatant refusal to compromise. Such a power dynamic attributed to China has been in lieu of its expanded armaments stock.

VERDICT

A 100 year plus timeline later, it still remains difficult to find conclusive evidence to positively link peace in the world with superior military might. To believe, militarily strengthened nations will ensure stability is in the least ignorance. It has been a conventional belief that the presence of nuclear weapons capable nations around the world has itself served as a deterrent for prevention of nuclear wars. Well, yes and no. Hiroshima and Nagasaki convinced us that nuclear wars could never be won and hence they must never be fought; because rather than peace, the only thing constant then would be destruction.

The nuclear-enabled countries (e.g. USA) have often been less of a deterrent and more of a motivator to nations seeking nuclear capability. (e.g. erstwhile USSR and present day North Korea). Such desire to achieve nuclear equality involves diverting productive resources of the country to narrow, restrictive uses. It hinders growth and development while jeopardizing world peace.

Today, as the nuclear threat seems real, and international relations go from bad to worse, the renewed arms race is a far cry from the new peaceful world order and a harbinger of difficult times ahead. Inspiration must be taken from joint efforts by the USA and USSR in the late 1980s to reduce their nuclear stockpiles.

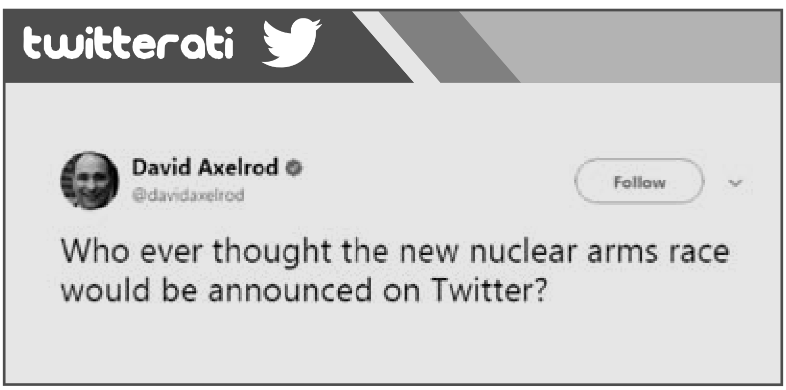
IS WORLD PEACE POSSIBLE?

Remotely! The great irony is that nations cannot make peace however much they might deliberate upon it. They can only limit violence within 'acceptable' social standards- peace being a state of consciousness, not of politics.

It is also undeniable that national security is of utmost

importance and steps must be taken to ensure it. Humanity today is faced with an inexplicable choice- whether to be aggressive or defensive, both stances having varying consequences. Security cannot be compromised in the face of vandalism, terrorism threats and growing violence. Finding an arms free solution to this problem is the need of the hour. An eye for an eye will cause the end of the world one day. Our future generations deserve a better world than what we inherited. Developing countries should focus their resources on educating their masses and improving the standard of living, for a happy country is a progressive country.

A realization must arise that the arms race is an exercise in futility that is questioning existence of mankind. Its causes have to be eradicated on at the grassroots. World leaders must engage in empathetic diplomacy and move towards an all-win solution. Only then will the rat race stop. Only then will the world become a better place.



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Myntra's Fashion Faux Pas

THE END OF REASON TALE

ABSTRACT

The article focuses on the online fashion industry with a particular emphasis on the biggest player in the sector, Myntra. It seeks to analyze how Myntra is inching towards profitability by diversifying its pool of private labels. The definition and the pros and cons of these homegrown brands are looked into. The article also examines the fault in the sales strategy adopted for these private labels and draws a parallel with an erstwhile segment leader, Koutons. By extrapolating the example of Koutons, the article tries to explain how the discounting strategy will pan out for Myntra in the long term and affect its profitability.

KEYWORDS: Online Fashion sector, Myntra, Koutons, Deep Discounting, Private Labels, Homegrown Brands.

A private label is to Myntra what Peter England is to Aditya Birla Group or Flying Machine is to Arvind Limited.

Switch on your smartphone's data, and one of the notifications will certainly catch your eye courtesy of uppercase phrases such as 'SAVE BIG' or 'HURRY, RUSH!'. Check your text messages, and you will be reminded how every passing second is an opportunity lost over making the most out of the 'Clearance Sale'. And if you are some hermit who still uses old-school email as the primary mode of communication, your inbox will ensure you bag your 'Extra 18 per cent Discount on Happy Hours'.

What can Rs. 500 get you?
Tap to find out!

This is how Myntra gets us. 15 million of us. Each month. 12 months a year.

Myntra is getting at another thing which is elusive unlike us: profits. Despite clocking $1 billion in revenue last year[1], the biggest online fashion portal of India is yet to taste profitability. In 2015, its co-founder and erstwhile CEO, Mukesh Bansal, claimed to turn profitable by 2016-17. That financial year is gone but Myntra's current CEO, Ananth Narayanan is humming the same song; this time with slightly different lyrics. In March 2017, he stated,

'We are focusing on four things -- continue to reduce discounting, continue to ramp up private labels, reduce supply chain costs and increase consumer engagement. These are things that will help us achieve our targets.'[2]

His statement resembles that typical answer every schoolboy scribbles in an exam. Most parts of it are unoriginal, either mugged up or copied after peeking from the answer scripts of others. A few keywords are thrown in the middle mindlessly, hoping they will fetch marks. But does Narayanan deserve marks? Let's collate.

Reducing discounts and supply chain costs, and increasing user engagement form the mugged-up part, the part that most Indian start-up CEOs will mumble if you ask them the formula of profitability in their sleep. Reducing discounts is an unlikely option. With deep-pocketed Amazon in the race, one has to match discounts on products common on all portals and bleed financially to survive. Softbank's recent splurge of $2.5 billion in Myntra's parent company, Flipkart[3] is a testimony to that fact. Again, the supply chain cost can be reduced to a limited extent due to high returns rate. Increased user engagement is a hoax in every sense of the word. Consumer acquisition cost is high and consumers' marketplace loyalty, negligible. Purchase decisions are massively driven by price fluctuations. These parts won't fetch many marks. Let us move to the keywords 'private labels' and analyze whether ramping them up will shoot Myntra to overall profitability.

A private label is to Myntra what Peter England is to Aditya Birla Group or Flying Machine is to Arvind Limited. The retailer has ownership over the brand, product design and promotion while manufacturing is outsourced to the vendors. After quality checks, the products are labelled and sold exclusively in the retailer's outlets and portal.

The biggest incentive for Myntra to deal in private labels is the profit margin, which can go up to 50 per cent due to ownership over pricing, quality and promotion. In the online fashion sector where commissions from selling other brands are negligible, private labels appear to be the panacea. In fact, Myntra took the early bird advantage when it launched its first private label, Roadster in 2012. Today, the brand is nearing a valuation of Rs. 6300 million[4]. In totality, Myntra currently has 13 private labels, the popular ones being HRX (co-owned by Hrithik Roshan), Mast & Harbour, Invictus, All About You and Kook n Keech, accounting for 23 per cent of its revenue, with Myntra expecting it to reach 35-40 per cent in the next 18 months[5].

Competitors are also acknowledging the might of private labels. Amazon has already launched its own brands:

menswear label 'Symbol' and womenswear label 'Myx'. Flipkart has tied up with 20 vendors and launched 'Divastri', its exclusive in-house ethnic womenswear (an apparel sub-category with the highest margins)[6]. But most importantly, the very fact that Ajio, the Reliance-backed newest kid on the block, has placed strong emphasis on private labels evidences their future potential.

With great margins come great problems. Private labels are no different. The government has placed FDI restrictions on direct online retail, meaning Flipkart or Myntra cannot directly sell their private labels. They must function only as a marketplace, a platform for the buyers and sellers to engage. However, a seller can be a group company of a marketplace but can contribute only up to 25 per cent of its revenue as per the mandate. However, this legal hurdle has been easily dealt with.

Myntra is lowering its dependence on Vector, its biggest seller and instead selling its homegrown brands through multiple sellers such as Tech Connect Retail and Health & Happiness. Flipkart and Amazon are adopting similar strategies. Another major hurdle for the private labels is order returns. 25 per cent of all online orders are returned, and the percentage is higher in the apparel segment. What may appear navy blue on your screen might actually be closer to brown when the delivery boy shows up. Size M of Roadster might be size S of HRX. The reasons behind returning lifestyle products are myriad. However, marketplaces have taken note.

> Having acquired Jabong, Myntra now has the lion's share in the online fashion industry. Thus, the fate and future of this industry largely depends on Myntra's long-term success.

Myntra has introduced indicative size suggestions for different brands to assist decision making. A compendium of the cloth material and a short clip of a model ambling in the attire now gives a better sense of colour, look and feel. Myntra even launched an exclusive offline Roadster shop in Bengaluru this year to sensitize the consumers about the quality, look and feel of its largest homegrown brand[5].

If only the pros and cons of private labels are to be weighed, Narayanan did a good job by inserting the keywords in his answer. On the one hand, the 13 private labels have collectively turned profitable by reaping high margins[5] and on the other, Myntra isworking towards mitigating the cons. The schoolboy should get marks for the answer because sooner than later, homegrown brands will drive Myntra to overall profitability.

Having acquired Jabong, Myntra now has the lion's share in the online fashion industry. Thus, the fate and future of this industry largely depends on Myntra's long-term success. So, while we applaud the schoolboy for getting the first answer correct, we must also keep a watchful eye on his overall exam performance. The tougher questions will focus on maintaining profits in the long run and the schoolboy seems ill-prepared to answer them. Perhaps, he didn't read the chapter that dealt with long-term profitability.

The chapter highlights the curious case of Koutons Retail India Limited, a fashion giant that might ring a bell for a 90s kid. Throughout the year, Koutons followed a deep discounting model where it overpriced its clothes and then provided successive discounts, the '50 per cent+40 per cent off' being the most popular scheme. So, a Koutons shirt with an MRP of Rs. 1200 ultimately cost the consumer only Rs. 360. Another famous offer was 'Buy 1 Get 4 Free'. On the marketing front, it came up with exotic sounding brands like Charlie Outlaw and Les Femme and aimed to create an aspirational foreign image. In a nutshell, Koutons had a simple strategy: create a premium brand image and pocket the profits by creating a pseudo sense of value for consumers through the façade of discounting.

This strategy worked wonders in the 2000s. In a span of six years, Koutons had opened 1400 retail brand outlets across the nation. 104 exclusive Charlie Outlaw outlets were inaugurated on 5th October 2006, a feat which made it to the Limca Book of Records 2007. Koutons bagged award after award and its promoter Mr. DPS Kohli became the poster boy of entrepreneurship. In 2006, the company went public to fund its expansion. The name changed, the growth didn't. In 2009-10, the company had a turnover of Rs. 12030 million[8]. Most importantly, Koutons became the biggest fashion retail chain in India.

They say, 'If beauty is in the eyes of the beholder, value is in the mind of the consumer.'

But what Koutons provided was pseudo-value.It worked

but only in the short run. Soon, it wasn't the premium image of the brands but the discount offers that became the talk of the town. Consumers flocked to its showrooms solely driven by the mind-boggling discounts that were provided all year round. The sales strategy unwittingly became the marketing strategy. It wasn't about brands anymore; it was about the bargain. And as time progressed, consumers sensed the façade of pseudo-value. The aspirational brands became synonymous to discounted clothes. People wondered if Koutons ever sold a shirt at MRP.

The brand equity plummeted in the long run. With footfalls dropping and sales figures declining, the management found itself in hot waters. Having raised and invested public money, the company stared at overproduction and inventory mismanagement. To clear the stocks in the recession era, Koutons released offers such as 'Buy 1 Get 8 Free', a tactic that only dug a deeper grave for their brand equity. Ultimately, shutters had to be pulled down for most outlets. By mid-2011, the company had a debt of around Rs. 6000 million while its revenue declined to Rs. 530 million with a loss of Rs. 380 million in Q2 of 2011-12[9].The empire came crumbling down. A name that once ruled the roost was reduced to rubble[10].

Discounting is a messiah in the short run but a nemesis in the long run. Koutons learnt it the hard way. Lee Solly, Cantabil and Allen Cooper are some other brands that got entangled in the Koutons conundrum. Almost all met what marketers call 'brand failure.'Only Cantabil could salvage some brand value by giving up the discounting model before its consumers could see through. Today, although profitable, brand recognition of Cantabil is minimal. When Koutons was running riots, brands such as Spykar and Mufti resisted the temptation to follow suit. Courtesy of that restraint, these brands aren't just profitable today but also enjoy high brand equity.

The fall of Koutons sent shockwaves in the Indian fashion retail sector. The likes of Indian Terrain and Basics entered the market in the post-Koutons era, cautious to not repeat the mistake of the yesteryear behemoth. But Naryanan probably skipped this chapter on Koutons.

For its private labels, Myntra aggressively pursued a policy of heavy discounting from the word go. Even during the non-sale season, maximum private labels carry a discount tag of around 30-50 per cent. In the footsteps of Koutons, Myntra overprices its private labels and then provides massive discounts resulting in the same pseudo-value creation. Myntra is repeating Koutons's mistake, only in a less noticeable manner. It is driving towards the same cliff, only at a less reckless speed. For non-private labels which are listed on rival portals as well, discounting makes sense; it is a means to stay in the game. But what logic can be assigned to Myntra's heavy discounting on private labels which are already profitable?

> They say, 'If beauty is in the eyes of the beholder, value is in the mind of the consumer.' But what Koutons provided was pseudo-value.

As of now, history is repeating itself. The majestic rise of Myntra's private labels is synonymous with the towering rise of Koutons. Even the signs of the fall are tell-tale. The fact that the highest grossing private label Roadster is also the most frequently and heavily discounted home-grown brand hints that maybe it is the bargain and not the brand that is driving revenue for Myntra until brand failure sets in eventually.

Some questions linger. Will Myntra be able to deal with the imminent brand failure of its private labels in the future when the lion's share of its profits will be derived from the same? Or is there time to pull the plug on heavy discounting and pull off a Cantabil? The correct answer lies with you: the consumer. If your purchase decisions are solely driven by 'SAVE BIG' themed notifications, if you open the app only after receiving the clearance sale texts or if 'Happy Hours' really make you happy, then you have your answer. It isn't about the brands anymore; it is about the bargain.

The schoolboy might not be too jubilant when the report card gets 'delivered'.

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> A dream enterprise of Tata, he nurtured it with his personal attention, down to the menu and the curtains. The airline's safety record and its reputation among Indian and international passengers were both excellent.

The Great Indian Sale

ABORTING A RENEWED TAKE-OFF

ABSTRACT

For a nation acutely deficient in resources and skills, Nehru, a Fabian socialist, averse to private enterprise, declared that the state would have to capture the 'commanding heights' of the economy. In the year 1953, the entire airline industry was nationalized. Air India made remarkable progress as a public sector enterprise in an emerging socialist economy. But something went terribly wrong in the last couple of decades. The politician bureaucrat nexus proved disastrous for the airlines. It would be too far-fetched to believe that divestment and liberalization would eliminate corruption. Handing over control of the airline because our bureaucrats have in the past couple of decades meddled in Air India's affairs would tantamount to throwing the baby out with the bathwater. What matters is the professionalism because we should not forget that even during the Tata times Air India was a government airline.

KEYWORDS: Profitable, Socialist, Insolvency, Corruption, Bureaucratic

During the intoxicatingly exhilarating post-independence years, when India dreamed of achieving its destiny as a free modern state, a gem that it inherited was the Tata Airlines, founded in 1932 by J.R.D. Tata.

It became the first commercial Indian airlines, manned and managed by Indians with indigenous capital and labour. In 1946, the familiar affable mascot 'The Maharajah' first made his appearance. (The Maharajah was given a makeover in 2015, and the brand is now represented by a new and younger version of the mascot)

By 1948, as many as ten air companies were operational in India. Tata, in

collaboration with the government, set up Air-India International with exclusive rights for international routes.

The Air India International was registered on March 18, 1948. In the first eight months of its operations, Air India International posted an operational loss of Rs. 400,000, which was made good by the Government of India agreeing to a provision for depreciation. Following an enhancement of services, there was a net operating profit of Rs. 672,000 in the year 1950.

While relations between the government and the company were initially smooth, in five years' time and in keeping with the socialist fervour of the times, the government decided to nationalize the aviation business. For a nation acutely deficient in resources and skills, Nehru, a Fabian socialist, averse to private enterprise, declared that the state would have to capture the 'commanding heights' of the economy. His vision was that of a planned, modernized and industrialized socialist economy. The fact that it turned out to be the most complex, knotted and cumbersome system of planning and administration is another matter.

The Planning Commission of India recommended the merger of all the scheduled airlines into a single integrated corporation. In 1953, the government paid Rs. 28 million to purchase the rest of Air India's stock; for another Rs. 30 million, it also purchased eight other domestic airlines.

The Air Corporation Act, 1953 clipped the wings of the aviation industry and morphed the vast Indian sky into a 'bonded sky' as the entire airline industry was nationalized.

J.R.D objected stating that the government had no experience in running airlines and it was vital that management stayed in experienced hands. As per his suggestions, the Government reorganized all acquired airlines into two ventures: one for domestic aviation (Indian Airlines) and another for flying overseas (Air-India). The newly created public undertaking launched its actual aviation operations from August 1 1953.

Tata agreed to become chairman of Air-India on Nehru's insistence and continued to hold this post till 1978, when his services were terminated by the then Prime Minister, Morarji Desai. In the early 1980s, Indira Gandhi reinstated Tata. *'Perhaps, busy as you are with more important national matters, you were not aware that at no time in its history has Air-India been so successful and so profitable as in the current year, 1977-78,'* Tata wrote. Point to note: *Air-India was profitable.* He saw to it that standards were not compromised; a dream enterprise of Tata, he nurtured it with his personal attention, down to the menu and the curtains. The airline's safety record and its reputation among Indian and international passengers were both excellent.

Air India made remarkable progress as a public sector enterprise in an emerging socialist economy. On 21 February 1960, Air India International inducted its first Boeing 707–420, thereby becoming the first Asian airline to enter the Jet Age and on 11 June 1962, Air India became world's first all-jet airline.

A study on the nationalization of Indian air transport and its development revealed that Air India and Indian Airlines Corporations were free and competitive enterprises. But something went terribly wrong in the last couple of decades.

The Union Cabinet on June 28 2017, in-principle approved the proposal of the Indian Maharaja's disinvestment.

The five-member ministerial panel will decide upon:

a) Treatment of unsustainable debt of Air India

b) Hiving off of certain assets to a shell company

c) Demerger and strategic disinvestment of three profit-making subsidiaries

d) The quantum of disinvestment

e) The universe of bidders

The airline is currently reeling under a debt of over Rs. 520,000 million and is surviving on a Rs. 300,000 million bailout package extended by the government in the year 2012.

The airline began to crumble when the old professional leadership that had nurtured it started fading away and was

replaced by recruitments based on vested political interests and leadership that had no commitment or stake in the airline; the politicians were unscrupulous and had mastered the art of harvesting the public sector for its own riches. The Boards became dummy boards with no power of decision-making, packed with people ignorant of aviation industry operations. The misuse of airlines knew no bounds. The politician bureaucrat nexus proved disastrous for the airlines.

While in the Nehru era only the first class was reserved for VVIPs, gradually, an entire 400-seater aircraft or two came to be reserved. Over time the trips rocketed in number and duration, throwing schedules and costs haywire. The crew and staff on duty for such VVIP flights became the real maharajas with political patronage.

Russi Mody famously commented that he could not take orders from 500 MPs to run an airline, before he quit in disgust as they incurred repeated operating losses.

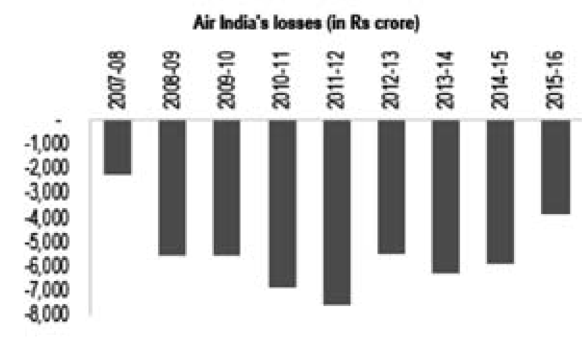
> Russi Mody famously commented that he could not take orders from 500 MPs to run an airline, before he quit in disgust as they incurred repeated operating losses.

Air India was still profitable in 1994 when the Indian sky opened up, though it had begun to stagnate. A certain kind of apathetic work mentality crept into Air India after the Tatas left. The airlines became a picture of colossal government interference, indifference, inefficiency and high-level white-collar crimes of nepotism and kickbacks. While major airlines operated with less than 100 personnel per aircraft, Air India's average was almost 1000 per aircraft.

The performance audit report of CAG on Civil Aviation in India, 2011-2012 shockingly revealed how 2004 onwards, the airlines nosedived from national pride to complete penury following massive fleet acquisitions in 2005, without sufficient financial and commercial analyses. This decision reeked of corruption, abuse of office and misuse of public funds. The provisions regarding maintenance repair and overhaul (MRO) remained open-ended, and the MOUs were heavily tilted in favour of the suppliers. (See Table 1)

The hasty decision to merge Air India and Indian Airlines into National Aviation Company of India, (NACIL) taken in 2007, led to complete financial and operational breakdown. The vital issue of integrating human resources and flight operations was left unattended. Revenues remained static, working capital loans and borrowings increased, liquidity decreased, and losses increased all round. The combined losses for Air India and Indian Airlines in 2006–07 were Rs. 7.7 billion and after the merger, by March 2009, they went up to Rs. 72 billion.

The management had fallen prey to politically handpicked bureaucrats, who toed the political line, gifting lucrative flights to private players, retaining the non-remunerative



Sources: Lok Sabha Questions; PRS.

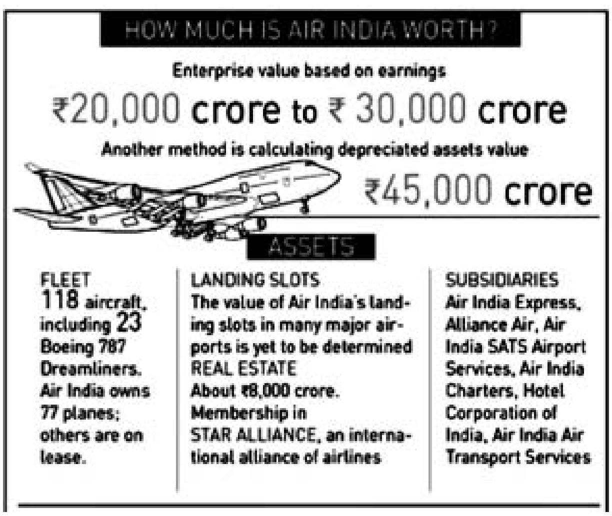
ones, failing to curtail losses, providing freebies to bureaucrats, past and present staff, all at the cost of the exchequer. The Maharaja, in utter humiliation, had to plead insolvency; a tragic example of the government criminally cannibalizing its own public property for private gain. (See Table 2)

Divestment- Panacea for All Ills?

So, apparently, there's no place for a bulky, overweight, somewhat jaded entity that Air India is made out to be, in the government's book of assets. While the government should be worried about the losses, it should not overlook the equally substantial advantages that it has. Air India has the largest domestic and long-haul fleet of 140 planes and flies to over 41 international and 72 domestic destinations. International routes are the most lucrative aspect of Air India, and generate as much as two-thirds of its revenue. At London and some other European and US airports, it has reserved prime slots for landing and takeoff. At most airports, it has access to aircraft parking and hangar facilities.

Right from 1947, the Indian economy was premised on the concept of planning. The extent of nationalization in a country depends on the objective of the government. In some instances, the aim of provision of public services may put profit on a back burner. Aviation is a strategic sector that bears heavily upon the commercial and defence sectors. After nationalization, the Government had endeavoured to evolve an integrated administrative set-up.

There was autonomy in respect of its internal working and external relationships with the ministers and the



Parliament. It was perhaps the most successful corporate enterprise in India's public sector. Air India was one of the world's largest domestic airlines, putting remote areas such as Nicobar, Andaman, Imphal and Rajkot on the air map when private airlines would not operate for technical and commercial unfeasibility. How many private airlines would be willing to operate such routes on low fare even now? In fact, many private airlines shut shop because of the 'minimum 10 per cent flights to remote areas' clause.

Air India entered the Guinness Book of World Records for the most massive evacuation by a civil airliner of over 111,000 people during the Gulf War by operating 488 flights in 59 days. Which private airline would agree to do that?

> Air India entered for the most massive evacuation by a civil airliner of over 111,000 people during the Gulf War by operating 488 flights in 59 days.

The expansion of public sector was embarked upon with great enthusiasm. However, rational systems got lost and distorted in a byzantine maze of bureaucratic corruption. Prime Minister Nehru had told J.R.D Tata in very categorical terms, 'We will allow you to be the chairman of the airlines, we will allow total professionalism' and the government kept its word till the mid '70s. Things changed when the government started meddling, and led to the fall of Air India.

It would be too far-fetched to believe that divestment and liberalization would eliminate corruption. The ailing airline can recuperate with professional management, free from bureaucratic interference. Being courteous and hassle free begins with providing a hassle free work environment. The Chairman recommends substituting the 'complexities of the current working environment with a culture that promotes merit for a full realization of the inherent potential of the airlines.'

Handing over control of the airline because our bureaucrats have in the past couple of decades meddled in Air India's affairs would tantamount to throwing the baby out with the bathwater and defeat the purpose of nationalization especially now that the airline seems to be back on the profit radar.

It is not the 24, 49 or 100 per cent equity that matters; what matters is the professionalism because we should not forget that even during the Tata times, Air India was a government airline. The only difference between then and now is that at that time it was being managed professionally, which is not the case now. Restore the status quo and see it soar high in the sky again.

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TABLES:

TABLE 1:

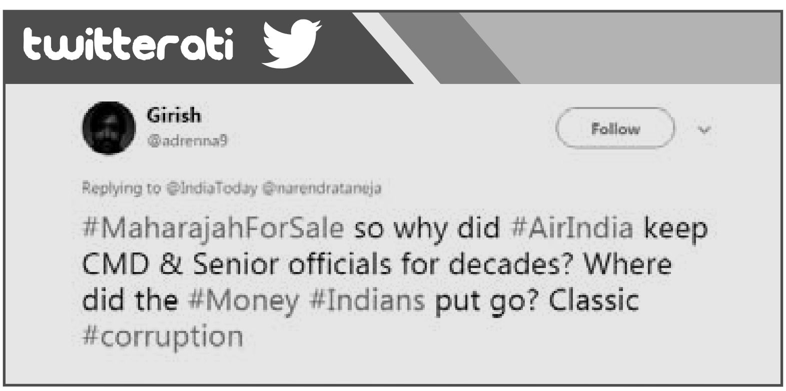
FINANCIAL VORTEX, 2005

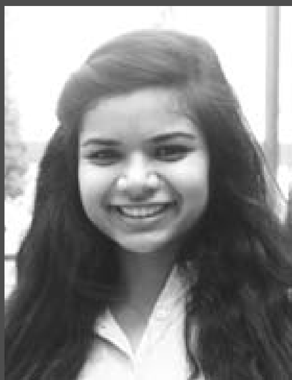
Amount in Rs. (million)	
200,000	Owed to foreign banks' consortium for the purchases.
320,000	Additional working capital loan from 18 public sector banks
65,000	Needed annually to service the debt.
25,000	Provided by the government
15,000	Claimed as depreciation.
25,000	The annual shortfall which has to be borrowed again. By March 2011, Air India had accumulated a debt of Rs. 426 billion and an operating loss of Rs. 220 billion. Massive orders for aircrafts to be repaid for by expected revenue generation was the perfect recipe for disaster.

TABLE 2:

FINANCIAL RESTRUCTURING ATTEMPTS

Year	
2000–01	Attempts were made to re-privatizeAir India. Tata-SIA tried their best to wrest a 40 per cent stake in Air India but the plan came unstuck due to political instability.
2001	Michael Mascarenhas, the then-managing director, was charged with corruption and later suspended for causing loss of Rs. 570 million in the form of excess commissions.
March 2009	Sold three Airbus A300 and one Boeing 747-300M for $18.75 million to finance debt.
2010	Routes were rationalized and the hub for its international flights was shifted from Frankfurt to Dubai.
January 2013	Air India cleared a part of its pending dues through funds raised by selling and leasing back the newly acquired Boeing 787 Dreamliners. Plans for introducing ultra-long flights to San Francisco and Los Angeles were put on holdbecause of high fuel prices and weak demand.
2013	Air India Limited split its engineering and cargo businesses into two separate subsidiaries, Air India Engineering Services Limited (AIESL) and Air India Transport Services Limited (AITSL).
March 2013	The airline posted its first positive EBITDA after almost six years and 20 per cent growth in its operating revenue since the previous financial year.
December2013	Air India sold five of its eight Boeing 777-200LR aircraft to Etihad Airways.
April 2014	The airline decided to sell its remaining three Boeing 777-200LRs as well.
September 2015	Lohani, a turnaround expert was brought in and the airlines posted operating profits in 2015-16.





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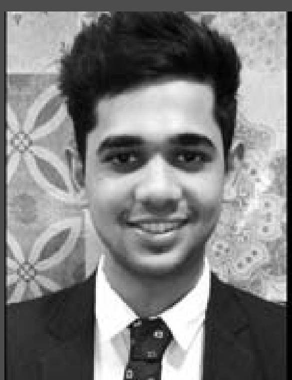

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The Twin Balance Sheet Syndrome

THE OVER LEVERAGED INDIAN ECONOMY

ABSTRACT

The Indian economy has been plagued with various malaises, one of them being the twin balance sheet deficit syndrome. The article shows how with an inappropriate approximation as well as an over-optimistic outlook of the growth of the economy has suffered an adverse impact in the later years. Lenient government regulations coupled with negligent loans sanctioning caused an excessive increase in the level of debt in the economy. Fresh loans were being sanctioned on the pretence of debt restructuring so that the banks did not have to write these off as non-performing assets. Similarly, the corporate house raised these debts, but they didn't even have the resources to pay the interest on them, let alone the principal amount. The ultimate result was that there was an unwarranted increase in the liabilities of the economy without a corresponding increase in the assets.

KEYWORDS: Non-Performing Assets, Twin Balance Sheet, Government, Insolvency and Bankruptcy Code, Liabilities, Assets, Bad debts, Public Sector Banks, Corporate Houses, Defaulter, Reserve Bank of India

INTRODUCTION

In the past five years, there has been a towering rise in bad debts in the Indian economy, pertaining to the banking sector. The public-sector banks in India have had to write-off approximately Rs. 815,630 million worth[1] of bad loans in the fiscal year 2017-2018, a record high. It includes loan written off from 27 Public Sector Banks, with the State Bank of India (SBI) topping the list with the maximum write-offs.

As per the Financial Stability Report released by the Reserve Bank of India, the Non-Performing Assets[2] of the Public-Sector banks are likely to increase from 9.6 per cent in March 2017 to 10.2 per cent by March 2018[3]. These have increased at a rate of 135 per cent for the Public-Sector Units over a span of just two years.

> Non-performing assets of the banks have been on the rise which indicates a concern in the long-run for the Indian Economy.

THE MOST GENEROUS [4]

Top 10 banks in writing off bad debts in 2015 (in Rs crore):		Top 10 banks in writing off bad debts in last 3 financial years (in Rs crore):	
SBI 21,313,	PNB 6,587	SBI 40,084,	PNB 9,531
Indian Overseas Bank	3,131	Indian Overseas bank	6,247
Allahabad Bank	2,109	Bank of India	4,983
IDBI bank Ltd	1,609	Bank of Baroda	4,884
Bank of Baroda	1,564	Canara Bank	4,598
Syndicate Bank	1,527	Central Bank of India	4,442
Canara Bank	1,472	Allahabad Bank	4,243
UCO Bank	1,401	Syndicate Bank	3,849
Central Bank of India	1,386	Oriental Bank of Commerce	3,593

In the early 2000s, the economy of India was soaring with investor optimism on the rise. Having surpassed China[5] on the growth frontier, the corporate houses wanted to capitalize on this. The rudimentary dimensions of the economy advocated that the corporates house raise loans from banks – sufficing their capital requirements. Espousing the same optimism, the banks sanctioned these loans under the assumption of the consistent growth trajectory – the corporate houses would repay back the respective borrowed amounts. However, a culmination of various factors caused an economic downturn.

Over-capacity coupled with excessive debts were on the rise, highlighting two major factors:

1. The corporate houses were over leveraged - their interest coverage ratio was less than 1. They did not possess the cash flows to service their debts.
2. Thus, it can be deduced that the banks were accumulating a significant amount of bad debts.

A review of the quarterly results of the public-sector banks highlights how, with time, the non-performing assets of the banks have been on the rise which indicates a concern in the long-run for the Indian Economy.

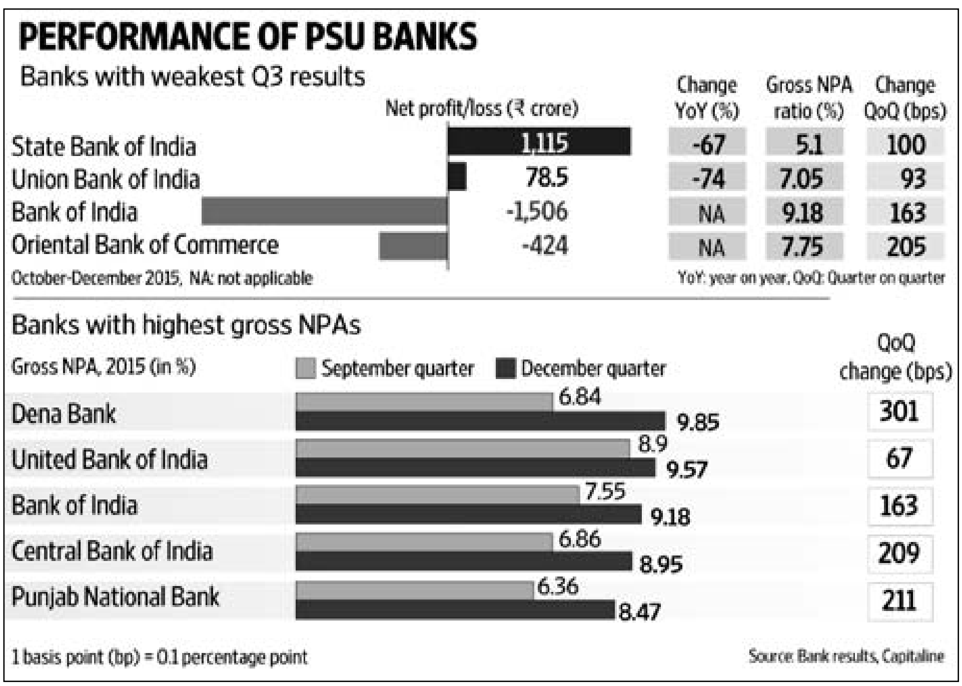
Consequently, how did this issue transcend into the twin balance sheet syndrome?

The basic principles of accounting state that for the balance sheet to sum, both the assets and liabilities should be at parity. So, the logical course of action should be that both the assets and the liabilities should increase simultaneously – to maintain a balance.

Let us take a hypothetical situation - the increase in liabilities is substantial, without any increase in assets, thereby causing a massive deficit. This exact situation was manifested in the Indian economy as a whole. The corporate houses, with their pretensions of expanding, kept on raising debts, without ever contemplating their capacity to repay these loans.

In simple terms, it can be inferred that their long-term borrowings on the liabilities end – duly increased, however, the banks which sanctioned the long-term borrowings recorded these as assets. Therefore, strictly going by the accounting principles – the balance sheet was at parity. So, what went wrong?

The answer to this question lies in the fact that the Indian economy could not sustain the perceived levels of demand – thereby resulting in the default of interest payments by the corporate houses. What were initially assets for the public-sector banks had now morphed into NPAs and thus, their liabilities were on the rise.



The Indian Rupee, when compared to the United States Dollar went down from 39 in 2008 to 48 in 2009[6]. Coupled with inflation, which on a constant rise led to a gap between the current account deficits. Therefore, the economy could no longer sustain the double-digit growth.

When the figures are broken down, we find that the loans sanctioned primarily stem from the steel sector. The RBI, furthermore, has created a list of 50 companies which cumulatively account for Rs. 4-5 trillion[7] of the bad debts that they have respectively accumulated.[8]

In 2015, China exported surplus quantity of steel to India. An increase in supply slashed the prices drastically. The domestic produce became more expensive because of cheaper prices and exemption of import duties. This acted as a catalyst for the deceleration of the Indian economy.[9]

The Mumbai Port Trust of India reported a 117 per cent increase in the steel imports from countries like China, Japan, and Korea. Tax laws exempting import duty only made the domestic produce more expensive - worsening India's already fragile economy.

This situation called for a speedy response, which the RBI took in the form of *Asset Quality Review*. The commercial banks were 'ever-greening'[10] their loans and avoiding the inevitable, i.e. the writing off the bad debts. The RBI, took upon itself to ensure that the commercial banks cleaned up their balance sheets so that the investors weren't misled.

Furthermore, the government had announced a host of initiatives which were as follows:

- Formation of oversight committees under the supervision of RBI :

  Asset Reconstruction Company (ARC): It began in the year 1997[11], when the Narasimhan Committee stated in its report the need to decrease the level of NPAs in the banking sector, and for that very same purpose ARC was formulated under Section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.

  The ARC quintessentially does the tasks, which the banks themselves are supposed to perform – but are unable to do due to myriad reasons, including lack of work-force and sanctioning loans in unchartered territories, among others.

  Hence, these companies take up the NPAs of the bank at a discount and recover these debts. The banks with the embedded perception that 'something is better than nothing' sell off their assets to the ARCs at a discount.

[12]

- Formation of individual committees to look into the composition and proceedings of the Insolvency and Bankruptcy Code.

The IBC was released in 2016 by the Government of India, with the intention of reducing the NPAs, ensuring expeditious recovery of bad debts and ease of carrying on business. The IBC intends to resolve cases within 180 days in comparison to a current duration of 4.3 years.[13] It aims to address the issues relating to both bankruptcies as well as insolvencies. A Creditors Committee consists of creditors and the stakeholders which decides the fate of the company, on whether liquidation or restructuring will occur[14].

[15]

- Mission Indradhanush[16] - is a 7-step plan launched by Government of India to resolve issues faced by the Public-Sector banks. It aims to recondition their functioning to enable them to compete with the Private Sector banks.

THE SEVEN-POINT AGENDA

The govt is looking to nurse ailing PSU banks back to health

1 APPOINTMENTS

	Previous position	Current position
PS Jayakumar	Consumer banking head, Citibank	CEO & MD, Bank of Baroda
Ravi Venkatesan	Chairman, Microsoft India and board member, Infosys	Chairman, Bank of Baroda
Rakesh Sharma	Chairman, Lakshmi Vilas Bank	MD & CEO, Canara Bank

Bank of India, IDBI Bank and Punjab National Bank will be headed by public sector veterans **MO Rego, Kishor Kharat Piraji** and **Usha Ananthasubramanian**

2 BANK BOARD BUREAU
To monitor PSU banks for key performance indicators

3 CAPITALISATION
Government to infuse ₹25,000 cr into PSU banks, ₹20,000 cr in a month

4 DE-STRESSING
Centre, ministries in talks for speedy project approvals

5 EMPOWERMENT
More flexibility to banks for recruiting staff

6 PERFORMANCE
Out of 100, 80% stress on quantity and 20% on quality

7 REFORMS
Assurance of no political interference, move to reduce pressure on banks

- Strategic Debt Restructuring[17] is a process that allows the Banks to cognize the interest accrued, but not paid. The ultimate results are that the banks can reduce their NPAs and report higher profits for at least 18 months since the intervention of RBI is minimal during this time-frame.

  The general idea is that the existing management will be replaced by a consortium of lenders, or in most cases the bank itself. The Bank within this period can either make the ailing company a profit generating entity and hence, sell it to a promoter to recover its dues or writes off all the loans sanctioned in the form of NPAs. If the latter prevails, they make a provision for the entire 100 per cent of the NPAs. An instance of the same:

- Jai Prakash Power, a subsidiary of Jai Prakash Associates, reported debts of over INR 220,000 million[18] as on 31st March 2016[19]. To reduce this debt, it undertook a debt restructuring in the form of selling off its unit 500 MW thermal plant in Madhya Pradesh to JSW Energy Ltd for a sum of approximately Rs. 27,000 million.

Sale Season [20]

4000 MW: Jaiprakash Power's portfolio	₹12,000 CRORE Net debt (₹67,500 cr: JP Associates' total debt)

Who Owns What in JP Power

51%: Consortium of lenders including ICICI Bank, IDBI Bank and PNB	29.74%: JP Group's stake
	19.26%: Public shareholders and institutions

Lenders looking to sell power assets

However, the JPVL's lenders did not approve of this measure – as a means of debt restructuring.

The government came up with a rather ingenious solution to this ever perplexing-problem – an antidote to the various evils lurking in the economic scenario of India.

The government set up a vehicle popularly known as PARA. (Public Sector Asset Rehabilitation Agency)[21]

Box 1. Why is a Public Sector Asset Rehabilitation Agency (PARA) Needed?

The argument for PARA is developed at length in the third section. But it is worth outlining in advance the seven steps that lead to this conclusion.

1. **It's not just about banks, it's a lot about companies.** So far, public discussion of the bad loan problem has focused on bank capital, as if the main obstacle to resolving TBS was finding the funds needed by the public sector banks. But securing funding is actually the easiest part, as the cost is small relative to the resources the government commands. Far more problematic is finding a way to resolve the bad debts in the first place.
2. **It is an economic problem, not a morality play.** Without doubt, there are cases where debt repayment problems have been caused by diversion of funds. But the vast bulk of the problem has been caused by unexpected changes in the economic environment: timetables, exchange rates, and growth rate assumptions going wrong.
3. **The stressed debt is heavily concentrated in large companies.** Concentration creates an opportunity, because TBS could be overcome by solving a relatively small number of cases. But it presents an even bigger challenge, because large cases are inherently difficult to resolve.
4. **Many of these companies are unviable at current levels of debt requiring debt write-downs in many cases.** Cash flows in the large stressed companies have been deteriorating over the past few years, to the point where debt reductions of more than 50 percent will often be needed to restore viability. The only alternative would be to convert debt to equity, take over the companies, and then sell them at a loss.
5. **Banks are finding it difficult to resolve these cases, despite a proliferation of schemes to help them.** Among other issues, they face severe coordination problems, since large debtors have many creditors, with different interests. If PSU banks grant large debt reductions, this could attract the attention of the investigative agencies. But taking over large companies will be politically difficult, as well.
6. **Delay is costly.** Since banks can't resolve the big cases, they have simply refinanced the debtors, effectively "kicking the problems down the road". But this is costly for the government, because it means the bad debts keep rising, increasing the ultimate recapitalization bill for the government and the associated political difficulties. Delay is also costly for the economy, because impaired banks are scaling back their credit, while stressed companies are cutting their investments.
7. **Progress may require a PARA.** Private Asset Reconstruction Companies (ARCs) haven't proved any more successful than banks in resolving bad debts. But international experience shows that a professionally run central agency with government backing – while not without its own difficulties – can overcome the difficulties that have impeded progress.

The Indian banks, thus, tend to overestimate the value of the assets at the time of sanctioning the loan and at the date of recovering the loan – incur a huge loss owing to the over-valuation of the non-performing assets[22].

Coupled with this, the Banks do not abide by the regulatory norms as put forward by RBI. They are required to have a capital conservation ratio of 1.25 per cent[23]. Taking the IDBI Bank for instance, whose capital conservation ratio of just 0.14 per cent, is a stark contrast to the required percentage.[24]

the inevitable to a later date, under the pretence of debt restructuring undertaken by the companies, instead of rightly declaring them to be NPAs.

The logical inference of this situation should advocate that the bankers, public servants under Section 2(c) of the Prevention of Corruption Act - be charged under section 13 of the Prevention of Corruption Act 1988.

Another pertinent question, which is often raised is - shouldn't the involvement of the judiciary be limited after

[25]

A CREDIT CRUNCH CHRONOLOGY

1964: IDBI set up as wholly owned subsidiary of RBI to finance projects alongside similarly IFC and ICICI.

1969: Private banks nationalised.

1976: IDBI ownership transferred from RBI to government of India.

1993: New private sector banks allowed as part of economic liberalisation.

1995: Government reduces stake in IDBI from 100% to 75%.

1997 -2000: Asian financial crisis, dotcom bubble and sanctions after 1998 nuclear test lead to economic slowdown.

2001: As NPAs rise, RBI announces corporate restructuring scheme (CDR), scheme continues till 2015.

2003: Economy rebounds; credit boom as bad debts recede.

2004: IDBI merges with its commercial arm to form IDBI Bank, starts lending.

2007: Credit boom continues as lending increases 25% between 2003-07.

2008: Wall Street meltdown, global financial crisis.

2011: Indian economy slows dramatically, corporate indebtedness and NPAs spike

2015: As NPAs pile up RBI announces strategic debt restructuring (SDR)

2016: SDR finds few takers, RBI announces S4A: 'Scheme for Sustainable Structuring of Stressed Assets

2017: IDBI reports Rs 44,753 crore in bad loans, placed under RBI's prompt corrective action framework to ensure bank stability.

The logical inference of this situation should advocate that the bankers, public servants under Section 2(c) of the Prevention of Corruption Act - be charged under section 13 of the Prevention of Corruption Act 1988.

At the time of maturity of the debt, the banks could not meet the interest payment requirements, and instead of sequentially declaring themselves bankrupt, they chose to raise fresh loans.

One must wonder, why did the banks sanction such loans?

The Banks sanctioned the loans and pushed

the authorization of the Reserve Bank of India to pass interim orders the insolvency resolution process with respect to defaulting, under the Insolvency and Bankruptcy Code of 2016[26]? We have often come across cases where repeated interim orders sought by companies severely delay litigations.

The judiciary is already witnessing 27 million backlog cases –lying only in the district and subordinate level with 16,856 judges[27] to adjudicate– the deduction can be ad rem, that the judiciary is already overburdened with a crippling backlog.

The measures undertaken by the Government of India, the legislature and the Reserve Bank of India have helped encourage the industry, and return positivity to the lending sector. It is imperative that investor optimism in the results from these measures be strengthened, to reap benefits of the impending stabilization in the economy. While the twin deficit crisis is not behind us yet, it is essential that we use this as an experience to earn wisdom about the cycles of profit making, lending and losing. It is also necessary that measures be contemplated to ensure that such a crisis does not occur again.

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8.

Big Worry

TOTAL EXPOSURE* (₹ Cr)	
Bhushan Steel	90,000
Videocon Industries	58,000
Jaypee Group*	55,000
Essar Ltd	50,000
Jindal Group*	38,000
Alok Industries	25,000
Lanco*	19,000
ABG Shipyard	15,000
Punj Lloyd	14,000
Electrosteel Steels	14,000
Aban Holdings	13,000
Monnet Ispat	12,000
Prayagraj Power	12,000
Era Group	7,000

*Exposure of entire group, As of Dec '16
Source: Data submitted by banks to govt

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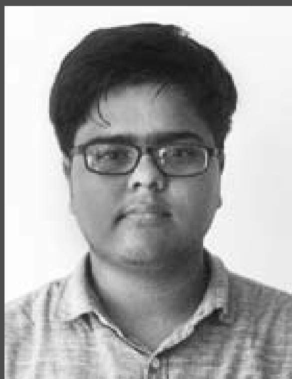

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The Great Indian Agrarian Tragedy

FOOD FOR THOUGHT

ABSTRACT

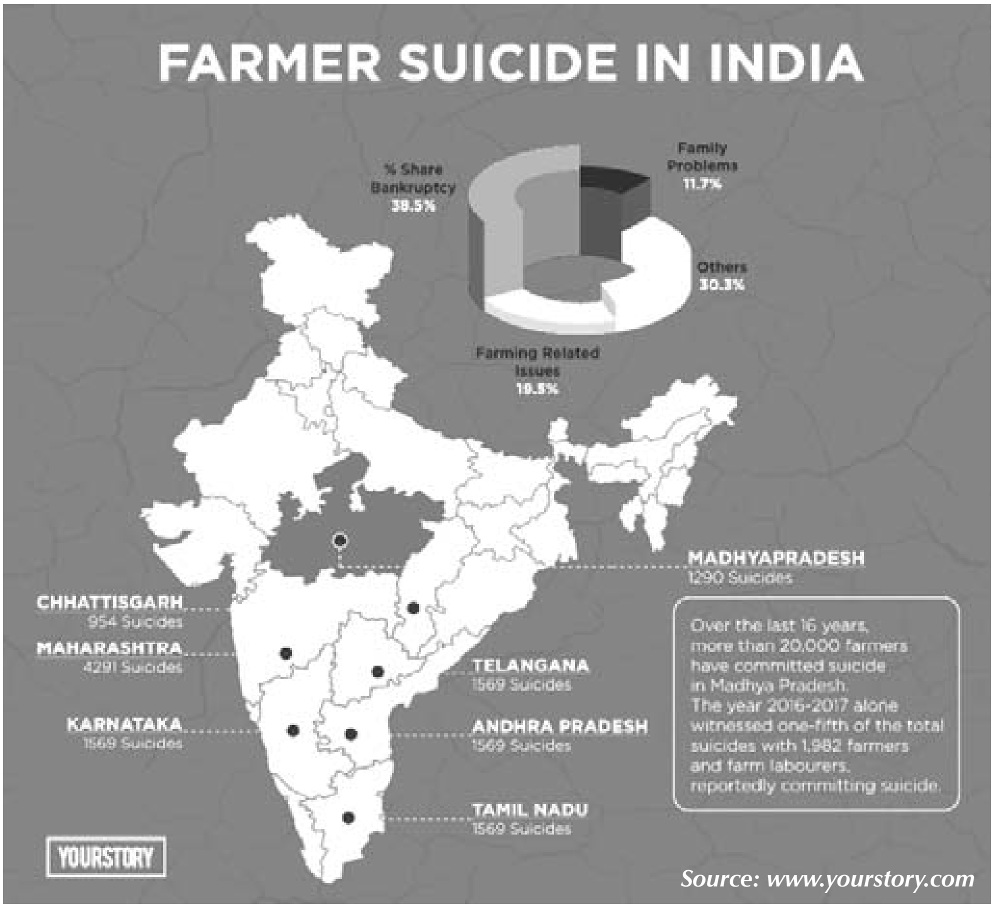
Agriculture, the biggest identity of the world's largest democracy, has continually been festooned with severe downturns. The high rate of farmer suicides is not only a shocking revelation but also paints an utterly languid picture of the role that the government played. Abysmally low MSPs that have failed to even break-even clearly indicate widespread autarky in the market that is gradually sucking the toil-ridden blood of farmers. Swinging with ephemeral solutions like farm debt-waiver and politicizing the same shows the shallow economic decisions the government is flagging off in all its economic and political agendas. Something that stands as a backbone needs to be meticulously cushioned against volatile variables. A country that boasts of its IT revolution has failed to make its agriculture sector worthy of the same pride.

KEYWORDS: Agriculture, Suicide, Debt-waiver, MSP.

> The farmers from several districts of Tamil Nadu, one of India's most developed states, sat in shoddy tents and ate food off the road.

INTRODUCTION

It is 1943 and the Bengal Famine has claimed millions of lives. Fast forward 74 years and this time around, the farmers are committing suicide in the midst of a bumper harvest.

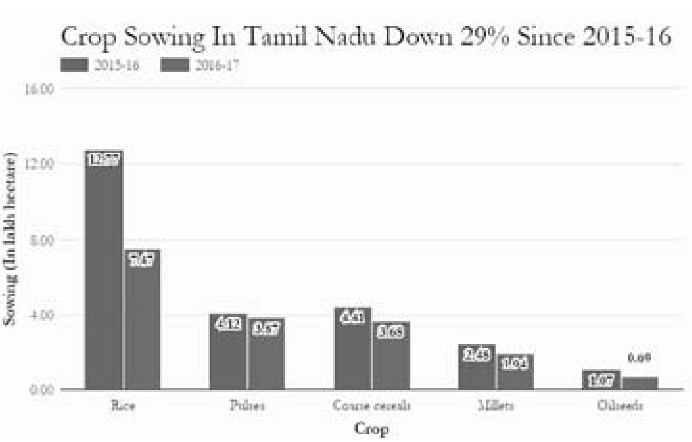


Source: www.yourstory.com

As the end of the monsoon season of 2017 approaches, one can easily notice that after experiencing extreme droughts in 2014 and 2015, the monsoons have been good in 2016 and 2017, principally with respect to the needs of the farmers. In an agriculture-based country like India, a good farming season usually tantamounts to a year of rural economic growth. Ironically though, in the past couple of years, the perpetually helpless have wormed through utterly dire straits, casting a shadow on the grovelling Indian agricultural sector.

While the politicians blame the 'useless' new leadership at the helm of affairs, the experts quote a myriad of problems and the economists blame the uncontrollable wheels of the world economy. The true causes of such a crisis are not as easy to analyze as it seems. On the contrary, the root cause is complex and intricate, worsened by years of utter neglect, ignorance and short-sightedness on the part of all the parties involved.

Although the problems of poor living standards of farmers, their ragged financial position and virtual slavery due to decades of being in debt are not new issues for India, the attention of the urban dreamy-eyed masses was drawn to the misery and plight of their fellow countrymen when farmers brought dead skulls of their dead brethren outside the Indian Parliament. The farmers from several districts of Tamil Nadu, one of India's most developed states, sat in shoddy tents and ate food off the road. With a genuine plea for drought-relief funds, pensions for elderly farmers, a waiver on the repayment of crop and farm loans, better prices for their crops and



Source: www.scroll.in

the interlinking of rivers to irrigate their lands, it's a no-brainer that these aren't demands to shy away from. But what factors have gradually morphed over the years into such a huge problem?

First of all, it is imperative to emphasise that the general hurdles of Indian agriculture, namely fragmentation of farm holdings, labour-intensive farming, and, to top it all, the hollow outcomes of hackneyed government policies were present to haunt India this year as well. So, there arises no chance of resentment related to these fundamental problems. As stated earlier, the monsoons were excellent (excluding a few districts) and the produce comparatively bountiful. So what incites this '*revolt*'?

The factor behind all this turmoil is: oversaturation of the domestic market with agro-produce and the subsequent cliff drop in prices. But how can too much of food be a problem? Isn't that what the policy makers had set out to achieve in the first place - the desired result of the much appreciated Green Revolution?

Too much of anything spells disaster. This apothegm holds true in this case also. A rudimentary knowledge of economics is enough for anyone to know that too much of supply lowers price. This is exactly what happened this year. The debt-ridden farmers' hopes were brutally smashed when they were rendered unable to recover their basic investment in the produce, let alone recover from the debt trap. The drastic reduction in price meant that the farmers had the option to either sell the produce dirt cheap or throw the produce on roads as a protest, neither being a viable option. Sadly, at a time when the farmers had two causes to celebrate: one being a record production of food grains in the recent years, enough to ensure self-sufficiency in food and the other being the completion of 50 years of the Green Revolution, our national feeders were stuck demanding a fair price for their hard work.

> The drastic reduction in price meant that the farmers had the option to either sell the produce dirt cheap or throw the produce on roads as a protest, neither being a viable option.

But this oversaturation is not the result of overproduction. However pleasing it sounds, India doesn't produce that much yet. Assuming that would be a grievous mistake. The party at fault here is the government. Riding on a bumper harvest, the correct decision on the part of the government would have been to regulate any import of food products. It instead chose to grant import duty concession, which led to the flooding of unnecessary food in the market. So, it comes as no surprise that the most violent protests and suicides have taken place in the regions 'blessed' with a bumper harvest. The states to get hit the most are Maharashtra and Madhya Pradesh. Karnataka clocks in third. The condition of *farmer's mandi* was so pitiable in these states that a usually 'elite' commodity for the middle class masses, onion, was selling for Rs. 3 per kg while wheat touched the lowly rate of Rs. 4 per kg. *Guna mandi* in MP achieved the bragging rights by ensuring farmers got 25 paise per kg of onions (June, 2017). The resultant ROI was abysmally low.

MSP, the could-be great initiative on the part of the government, was ultimately turned into a nail in the coffin of farmers. MSP or Minimum Support Price is an initiative of the government to ensure that farmers are paid a fair price and to prevent any sharp drops in prices of farm produce. But like all things State-run, this policy looks and works better on paper than in actual practice. What happens every year is embarrassing to say the least. The government after announcing its well-thought out MSPs fell into slumber and left the market open to any and all types of market manipulations. The government has been consistently announcing new schemes and the number of schemes to seemingly protect the farmers from the vagaries of the market is now close to 200. Yet the farmer is no more cushioned than he was a couple of years ago. A classic example to bring the point home would be of various *Arhatiyas* (middlemen) of the *mandis* of MP. The MSP of *moong dal* was Rs. 5225 per quintal while that of *tur dal* was Rs 5050 per quintal. But the lack of initiative to buy on the part of the government meant that the farmers had to sell their produce at low price to the *arhatiyas* (3800 per quintal for *moong dal* while 3500-3600 per quintal for *tur dal*) at several places (See Figure 3). The agitated farmers led a protest and the under-pressure government announced that it would buy the produce, but by then, most of the farmers had sold their major amount of produce and the real beneficiaries turned out to be the cartel of *arhatiyas*.

MSPs VERSUS CULTIVATION COSTS (RS PER QUINTAL)

	MSP plus Bonus	Production Cost A2+FL	Production Cost C2	% return over Cost A2+FL	% return over Cost C2
Paddy*	1,470	1,045	1,378	40.67	6.68
Jowar**	1,625	1,501	1,992	8.26	-18.42
Bajra	1,330	925	1,218	43.78	9.20
Ragi	1,725	1,733	2,150	-0.46	-19.77
Maize	1,365	966	1,286	41.30	6.14
Arhar/Tur	5,050	3,241	4,314	55.82	17.06
Moong	5,225	4,065	5,191	28.54	0.65
Urad	5,000	3,584	4,661	39.51	7.27
Groundnut	4,220	3,371	4,300	25.19	-1.86
Sunflower	3,950	3,479	4,418	13.54	-10.59
Soyabean	2,775	1,852	2,542	49.84	9.17
Sesamum	5,000	4,188	5,570	19.39	-10.23
Nigerseed	3,825	3,366	4,320	13.64	-11.46
Cotton***	4,160	2,889	3,920	43.99	6.12

**Common varieties; **Hybrid; ***Long staple*

Figure 3, Source: www.indianexpress.com

India's import bill so much that the food import bill exceeds Rs. 1.4 trillion for 2016-'17, second only to India's fuel import bill. This means that in a few years' time the government will cut down on the subsidy it provides to the farmers with respect to irrigation, fertilisers and hybrid seeds, as it cannot spend on two separate fronts in agriculture.

The 3 major states UP, Punjab and Maharashtra have hogged the limelight by announcing their large-scale farm debt waivers. The debt waiver packages of UP and Punjab were aimed to fulfil all promises made by the BJP and the Congress party respectively. In the two states, the cumulative debt relief announced by the 3 states amounts to around 770 billion or 0.5 per cent of India's 2016-'17 GDP. If states like Gujarat, Karnataka and MP also announce farm debt waivers, and extend it to one third of farm loans in their respective states, the aggregate amount of farm debt waivers before the 2019 elections would balloon to Rs. 2 trillion or 1.3 per cent of India GDP. What if all the states go for the same? It would amount to 4 per cent of India GDP, jeopardizing India's stated aim to reduce total public debt.

Demonetization, eNAM and e-RaKAM (the online sale assistant for farmers) were also launched with much fanfare, with the purpose of curbing illegal hoarding and middlemen, which are proven obstacles in the process of ensuring fair prices for the farmers. But unfortunately, even these backfired. Subsequently, the farmers sat penniless for months and were even forced to become day labourers while the hoarders flourished as usual. (See figure 4)

A far reaching impact, although negative, of the present agrarian crisis is the effect it has on the country's finance. India has switched from importing food because of necessity to importing due to deflation in the food market. This has lowered food inflation - all the while increasing

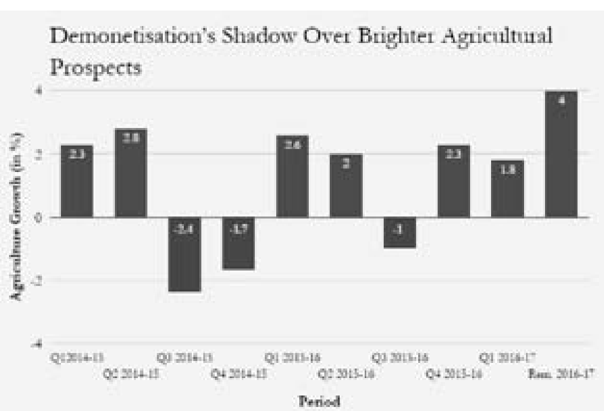


Figure 4, Source: www.indiaspend.com

CONCLUSION

> The government after announcing its well-thought out MSPs fell into slumber and left the market open to any and all types of market manipulations.

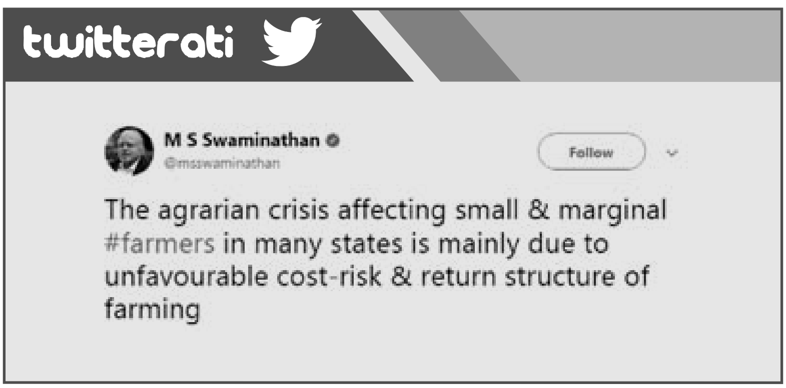
Indian farmers have remained an ignored entity since 1991. Seeing the organised sector grow at a rate of 8 per cent annually, while seeing their own stuck to a meagre 1 per cent is enough to make them cynical of the government's intentions and policies. Ironically, the people who provide us with food and cloth are the ones who are deprived of it. If the same trend persists, we might find McDonald's on national highways, but, the wheat would have to be imported from abroad. It's time for India to revisit its priorities and bring about a radical change in an all-important sector (See Figure 5). As for the farmers, it is not the time to lose hope, *for the night is darkest before the dawn.*

BUDGET 2017-18: ANNOUNCEMENTS FOR AGRICULTURE SECTOR

- Push to reforms in agriculture marketing. New model law on contract farming
- Rs9,000 crore for Crop insurance, up from Rs5,500 crore budgeted for 2016-17
- Agriculture Credit disbursement target of Rs10 trillion, up from Rs9 trillion in 2016-17
- Additional Rs20,000 crore to NABARD for long term irrigation fund, Rs5,000 crore for setting up a dedicated micro irrigation fund
- Rs8,000 crore dairy development fund under NABARD
- Assistance to rural entreprenuers to set up soil testing labs in Krishi Vigyan Kendras
- Rs1,900 crore support to NABARD to bring co-operative banks under core banking platforms
- Total support to rural and agriculture sector raised by 24%, to Rs1.87 trillion in 2017-18

Source: Budget Speech by Finance Minister Arun Jaitley on 1 Februrary, 2017

Figure 5, Source: www.livemint.com



Distorted Reality

WAR IS PEACE AND TRUTH IS A LIE

Aman Kedia

Department of Commerce (Morning)

3rd Year

“Actions speak louder than words. Not at 9’O clock when The Nation Wants to Know.”

ABSTRACT

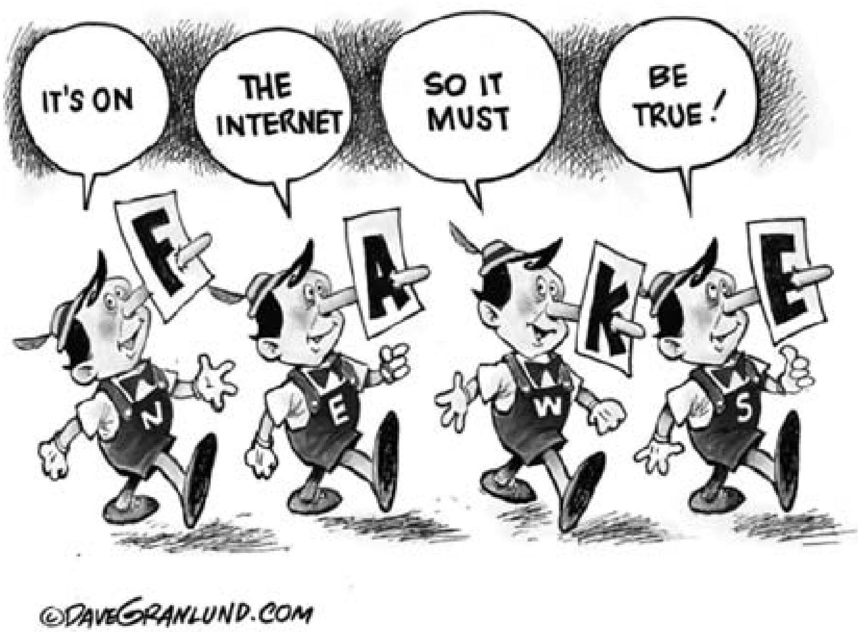
The information age has transformed into the age of misinformation. From the corridors of power in Washington D.C. to news studios in Mumbai, there has emerged a new normal. The lines between opinion and fact have been blurred. This is a temporary aberration or our dystopian reality, where misinformation triumphs over veracity.

KEYWORDS: Fake news, alternative facts, post-truth

INTRODUCTION

Actions speak louder than words. Not at 9’O clock when The Nation Wants to Know.

The internet indubitably heralded the information age. It was democracy at play. The world would no longer depend on billionaire media barons or allegedly benevolent governments to manage the flow of information. Now the greatest repository of human knowledge was open, and it was open to all. This new



information ecosystem and the news media it supported was characteristically participative and without any allegiances. It changed the world, challenged the elite, brought down regimes and perhaps most importantly empowered the individual. Then things started to change.

This new media was the driving force behind igniting revolutions and bringing down tyrannical regimes. In the Arab Spring that encapsulated much of the Arab World, it brought democracy to parts of the world where freedom and opportunity were merely abstract concepts.

However, this same medium was exploited by ISIS to lure the gullible. Social media with its ability to engage now morphed into the primary engine to generate awareness and support for worthy causes, but this same engine was used by the alt-right to sell fear to the disenfranchised and spread a deep-rooted xenophobia in the United States.

Back home things get more convoluted. The information age in India was not the exclusive domain of the internet. Here, a young and capitalist mainstream media allies itself with the internet. 'Breaking News' is the default setting and daily shouting matches conducted by biased anchors are sold as a fair debate. These 'news' channels are very much part of the misinformation machine.

While this machine had in its early days championed causes that resonated a modern outlook, supported crusades against corruption and crimes against women, today it is an entirely different beast. Megalomaniacal editors with famous catch phrases and a fan base among Twitter trolls rule this domain.

His opinion is paramount, his political ideology infallible, the opposition contemptible and any dissent treason. Whether or not his motives are pure, incredible influence is wielded by such a titan of the media. A single interview can reduce the scion of a once great political dynasty to a caricature. A four-day long campaign can destroy archaic laws while creating new political alliances. A well thought out monologue can convince his faithful base that outrageous blunders are but forgivable mistakes while focusing their ire against others. Facts while not altogether forgotten play second fiddle to opinion. The art of 'spin', once used by subversive politicians, is now utilized by these news outlets to align any news story with its political leaning.

There is no paucity of credible sources or inability to independently verify facts. Indeed, it is the same internet which gave us Breitbart's caustic commentary that also brought to us the Pulitzer prize-winning PolitiFact, a news agency committed to checking and improving probity in public life.

It is perhaps the sheer quantity of misinformation and opinion that crowds out the truth, or it is the reluctance by many to acknowledge harsh truths which do not fit with their world view. The recently

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> Even as conventional media outlets pointed out the obvious fallacies in his promises, for his supporters he was Teflon, they chose his alternative facts.

elected leader of the free-world realized these vulnerabilities. In his campaign, facts were forsaken and out-right lies became the order of the day. The rhetoric of walls and bans, the core message of vilifying 'the other' was all that mattered. Even as conventional media outlets pointed out the obvious fallacies in his promises, for his supporters he was Teflon; they chose his alternative facts.

'Post-truth' which is defined as 'circumstances in which objective facts are less influential in shaping public opinion than appeals to emotion and personal belief' was the Oxford Dictionaries' 2016 word of the year and rightly so for it seems that we live in a post-truth society.

In a post-election interview with the New Yorker, former President Barack Obama while referring to the modern news media said, 'Everything is true, and yet nothing is true.' What seems to matter today is not the veracity of the statement but its ability to hold your attention.

During the election, prominent media outlets such as the New York Times and CNN tried to provide an unbiased view of the election while upholding standards of journalistic ethics. They were up against a plethora of pop ups, click-bait and alluring YouTube videos on far-fetched conspiracy theories.

The results proved beyond the shadow of a doubt what kind of the journalism prevailed. We cannot conclude here that society at large has given up on truth. It is just a consequence of how people consume information, where alternative but consistent facts keep corroborating with each other and in the absence of in-depth research by a sympathetic and impatient consumer, these lies come across as facts.

Now the battle lines are drawn. Fake news and alternative facts have won the first round. However, resistance still exists. There are organizations which believe in journalistic integrity and who are duly capable and willing to provide facts rather than opinion. They are up against master manipulators and have to beat them at their own game. The Reuters and CNN's of the world need to figure out how to engage the audience and veer it away from the tabloid news. They must come to represent genuine public opinion and remove from their reporting any sense of righteousness or liberal guilt. By doing this, they can transcend from organizations which cater to a select few to ones which create content for the masses.

So, one must wonder, do we live in an Orwellian dystopia where 'war is peace' and 'truth is a lie'? Is the internet broken, its virtues undone by its essential vice? Or is this just democracy at play, deeply flawed but sacred?

The internet is ultimately empowering; we choose what we consume, it gives us the ability and responsibility to check for ourselves the veracity of any statement. The reason fake news and alternative facts thrive is the failure on the part of 'proper' sources, to be sympathetic to the entire spectrum of public opinion. Just as in a democracy, expect some inefficient (or sometimes purely disastrous) outcomes but trust that this Wild West of the information eco system will, in the end, triumph.

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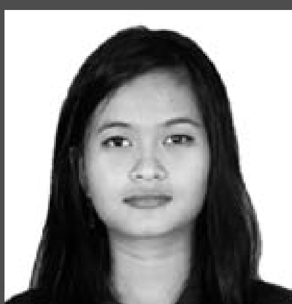
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Survival in the Start-up Spectrum

THE UNPREDICTABILITY OF THE START-UP VOYAGE

ABSTRACT

At present, the start-up culture in India is growing at an exponential rate to exploit the opportunities conferred on the economy by the advancement of e-commerce, favourable demographic configuration, burgeoning manpower and government start-up campaigns. But the Indian start-up environment is facing difficult times considering the lack of innovation and proper funding. While most successful Indian start-ups are replica models of successful international models, newer start-ups with fresh ideas don't get proper funding. Also, opening up of the Indian economy has caused Indian start-ups to face intense competition. When big players enter the market, their skilled work force, strong capital backup and wide scale coverage give them a clear advantage over young Indian start-ups. Venture capitalists may help in providing requisite resources and mentoring to the start-ups in their initial stages, which help them to focus on its differentiators instead of indulging in price-war. Thus, while the start-up bubble has to safeguard itself from adversities like difficulty in procuring investments and a feeble degree of technological development, it can heavily capitalize on internet penetration and global operations to realize its unicorn dream.

KEYWORDS: Start-up, Entrepreneur, Funding, Globalization

The Indian start-up realm bears testimony to a profusion of new start-ups, however, most of them usually entail duplication and modification of the already existing successful global businesses.

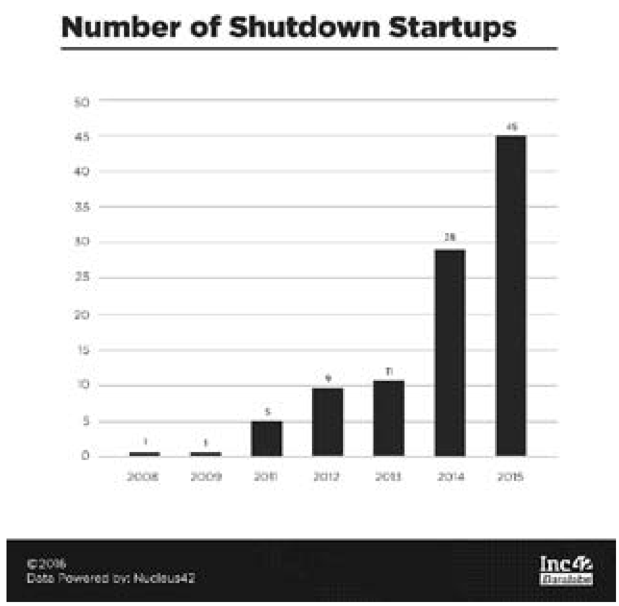
AN ERA OF EMERGING GIANTS OR DECLINING STARS

Currently, the entrepreneurial perspicacity in India is perched on the lofty dais of e-commerce advancement, favourable demographic configuration, burgeoning manpower resource and the government start-up campaign. With the global order setting in, the mainstream paradigm of gold rush-like ideologies has been dismantled to reveal the emerging contour of an ecosystem where start-ups are foraying into a surfeit of fields across the diverse verticals of the Indian economy. The propensity to consume has inflated in the country overtime, and a major module of the Indian population comprises the youth which is most receptive to coming of the age ideas, thereby making the Indian market a conspicuous terminus for the entrepreneurs.

About US$7 billion has recently been shoved into the new ventures in India by investment firms, both overseas and indigenous, to harness their growth potential. Examples of start-ups that have escalated in size through their prodigious corporate performance are: Pepper Tap, the online grocery retailer which was founded by Mr. Navneet Singh and is now among the top three online retailers; Common Floor - a real estate classifieds portal with key investors like Tiger Global, Google Capital and Accelerate Partners; Policy bazaar by Mr. Yashish Dahiya, which is the market leader in online Insurance aggregation in India; Fresh Desk by Mr. Girish Matheubootham; which is a cloud based help desk start-up; Just Dial by Mr. VSS Mani which offers classifieds listings of small businesses for an annual fees and has now become a household name, and many others who have swiftly ascended the market to clinch the much coveted unicorn stance.

As per a study conducted by the Tracxn, a data analyst firm, over 3,500 start-ups were launched in India in 2015. However, such unbridled growth rate of the startups has led to the Indian market being thronged with myriad ventures many of which get sabotaged in the wake of aggressive competition and a stringent capital framework, and eventually get coerced to shut shop (see Table 1).

Scrutinizing the current scenario of the Indian Start-up syndrome, we may postulate that the market is reaching a



(Table 1)

saturation point. Of late, India might have claimed to become the third largest start-up ecosystem, but it lacks innovation, and hence, proper funding.

Entrepreneurial India by the IBM Institute for Business Value and Oxford Economics found that 90 per cent of Indian start-ups slump within the first five years. The primary reason for this being lack of innovation — 77 per cent of venture capitalists believe that Indian start-ups lack new technology or a business model that is distinctive. Reports by *Tech in India*, in March 2017, showed that around 1000 start-ups shut down in India in 2016, most of which were founded in 2013-14.

Lack of innovation and proper funding are therefore the salient impediments triggering the causation of a start-up failure. The Indian start-up realm bears testimony to a profusion of new start-ups, however, most of them usually entail duplication and modification of the already existing successful global businesses. They emulate global ideas by altering and fine tuning a global plan to make it locally winsome. We have Oyo for Airbnb, Flipkart for Amazon, Gaana for Spotify. India in itself lacks innovation and consequently the start-up culture morbidly tends to stagnation.

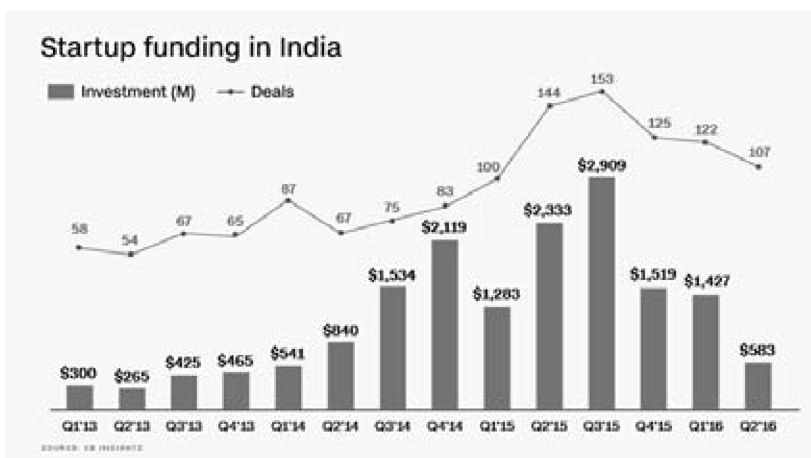
An example of a start-up that failed due to lack of innovation is Fashionara. Fashion e-commerce is another area with too many start-ups with similar models and too little differentiation. Fashionara could only lure customers after giving deep discounts. Once the financial resources got dissipated and no more investors were in sight, day to day expenses were barely being met. This took place despite being founded by consummate players like former Reliance Trends CEO Arun Sirdeshmukh and former Times Internet CTO Darpan Munjal. US$8 million in funding and a four-year-run went in vain.

Another factor putting the Indian start-up culture in jeopardy is the lack of funding. This year, software Industry body *Nasscom* noted a 20-30 per cent decline in funding. Start-ups, big and small, have felt the withdrawal pangs. Some start-ups ran out of runway as Venture Capitalist's tightened their purses and foreign investors fled the scene (see Table 2).

Dazo, an app-based service that curated and delivered meals, suddenly shut down its operations in October, 2016. The company was backed by bigwigs such as Google India chief Ranjan Anandan, TaxiForSure co-founder Aprameya Radhakrishna, and former Freecharge chief executive Alok Goel. But Dazo is not an exception. Most food delivery start-ups have felt a hit in 2016 primarily because they were floundering to raise fresh funding and did not have money to sustain operations beyond a few months. After investors tightened the spending, the start-up found it hard to continue business.

India might have claimed to become the third largest start-up ecosystem,

In the era of extensive competition, Indian start-ups face the wrath of globalization and opening up of the economy. Indian e-commerce start-ups like Flipkart and Ola have taken the aid of nationalism demanding the government to amend and implement policies to favour home grown firms against international giants like Amazon and Uber. Most of the successful Indian start-ups models are a derivation of their Western counterparts and once these originals enter the market, the Indian start-ups get endangered. To counter this situation, Indian start-ups play the 'home grown' card and ask the government to close doors to international giants, particularly those from US and China.



(Table 2)

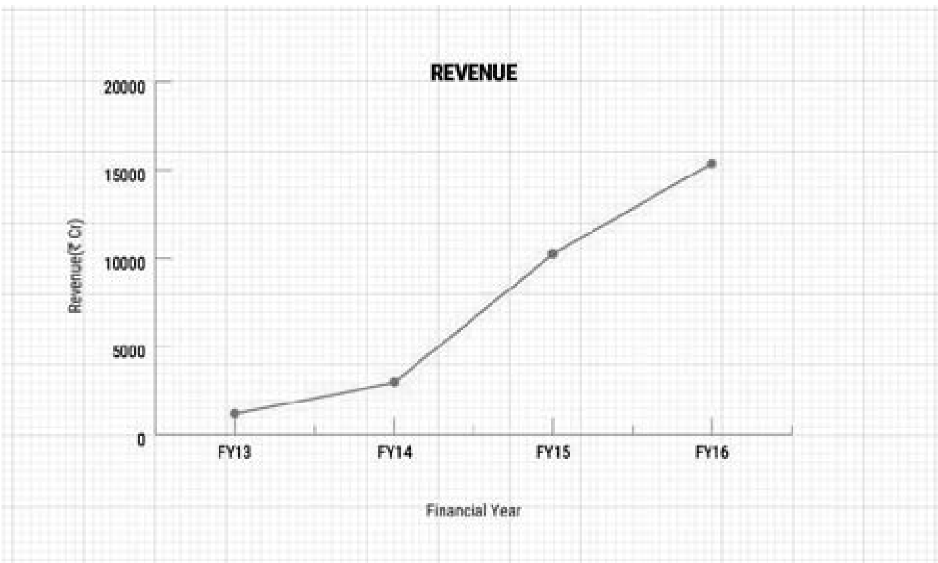
According to *Harvard Business Review*, after an analysis of 25,000 companies over a span of 44 years, it was found that two most important elements in the success of a start-up are 'better before cheaper' (focus on quality) and 'revenue before cost' (cutting cost to maximize revenue). A commonplace modus operandi in the start-up domain is to indulge in price-wars which may be a pragmatic approach for a country like India that is price sensitive but the Harvard Business Review accentuated that in the long-run the paramount focus should be on the differentiators. Venture Capital funding in India has helped in providing the requisite resources, superior Information and Technology and multidisciplinary mentoring which otherwise would have not been available to a start-up in its ideating stage.

Flipkart, India's largest e-commerce start-up which started in 2007 has heavy Venture Capitalist's financial backing. Its investors include Tiger Global, Accel Partners, DST Global, Naspers, Iconiq Capital, Sofina and Singapore sovereign wealth fund. From selling only books, myriad products were made available on the website for sale. On 6th October, 2014, Flipkart sold products worth Rs. 6.5 billion ($100 million) in 10 hours in a special one-day event – 'The Big Billion Day'. In the latest round of funding on 10th April 2017, it secured $1.4 billion at a valuation of $11.6 billion.

Flipkart's other acquisitions include Letsbuy.com, Myntra, Appiterate, Jabong, PhonePe, and its latest acquisition in January 2017 Tinystep. Flipkart's revenues have been increasing (see Table 3), and it has also been able to balance the amount of cash burns and its supply chain costs, primarily warehouse management and logistics, which are among the largest expenses of Flipkart.

Another discernible example in this context is that of Paytm, an Indian electronic payment and e-commerce company that was launched in August 2010. It is a consumer brand of parent company One97 Communications. Paytm stands for Pay Through Mobile. In 2010 Paytm was limited to prepaid mobile charge. It was in 2013 that the company launched Paytm Wallet, which became India's largest mobile payment service. In 2015, Paytm became the first Indian company to receive funding from the Chinese e-commerce company Alibaba, after it raised $625 million at a valuation of $1 billion. In the same year, Ratan Tata invested in the firm. On 18th May 2017, as one of the largest funding in India, Softbank invested $1.4 billion in the company which valued PayTM from $4.8 billion to $8 billion.

The long-run the paramount focus should be on the differentiators.



(Table 3)

On the 69th Independence Day, Prime Minister Shri Narendra Modi proclaimed the launch of the Startup India Campaign which confers various prerogatives on the Indian startups like compliance regime based on self-certification, patent protection, faster exit for them through the 'Insolvency and Bankruptcy Bill, 2015,' credit guarantee fund, tax exemptions on investment with fair market value, Launch of *Atal Innovation Mission* to promote entrepreneurship via establishment of sector specific incubators and promotion of innovation via the launch of Grand Innovation Challenge Awards for finding low cost solution to India's pressing and intractable problems.

On one hand, Indian start-ups have to overcome lackluster investments owing to the long gestation periods and dearth of an imperative mass of high-technology, on the other hand, factors like voluminous deal flow, internet penetration and global operations are allowing the buoyant start-up culture to briskly sail through the formidable vagaries of the transient economy. Thus, while there are some barricades slackening the growth of the start-up bubble and increasing its volatility manifold, the Indian economy has of late been inundated with a wave of opportunities of unprecedented nature on which the astute entrepreneurs have capitalized to emerge as global giants.

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Sachin Tendulkar

Cricketer, Philanthropist, Member of Parliament

Interviewed by :

Sneha Agarwal, Faraz Rizvi, Ishmeet Singh Batra & Mehul Agarwal

YT: Your biopic, Sachin: A Billion Dreams, gives an insight into your personal as well as professional life. How difficult has it been to keep a steady balance between the two?

ST: It may seem like it is a difficult task to balance the personal and professional facets of my life, since I have been constantly on the move. But once you're clear about your priorities and your family understands you and supports you in what you have set out to accomplish, life is much easier. My career wouldn't have been possible without their support and guidance. I owe a lot to them for allowing me to balance my professional and personal commitments.

YT: In our interview with Brett Lee last year, he mentioned that he relished every encounter of bowling at you. If you had to pick one bowler you enjoyed batting against, who would it be?

ST: It is difficult to compare the greats, as each of them had their unique style and gift. All of them, Wasim, Waqar, Ambrose, McGrath, Brett, Warne and Muralitharan were special and remain among the all-time greats of the game. They are legends in their own field and I thoroughly enjoyed the contest.

YT: Having played alongside the likes of Rahul Dravid and Virender Sehwag, which batting style would you prefer: the elegant finesse of the former, or the striking flair of the latter?

ST: All styles of batting are equally important in today's cricketing atmosphere and must be applied intelligently by the cricketer as per the situation in the game. We cannot have a preference anymore as the game has evolved from what it was 20 years ago.

YT: According to you, what is one quality that every young and budding batsman must possess, so as to succeed at the international stage?

ST: There are no shortcuts to success and every budding cricketer must first contemplate why they started playing this beautiful game and work hard day in and day out. If it is their calling, the only way is to worship the game, and believe me, the game will give you plenty. One must also build strength for longevity right from one's early days. Don't lose heart when facing any failure or challenges in life because this will be the cornerstone of your success. Just remember to never give up.

YT: In today's generation, a lot of emerging cricketers look up to you as their role model. During your training days, whom did you idolize?

ST: In Cricket, as I was growing up, Sir Don Bradman, Sir Vivian Richards and Sunil Gavaskar were my role models. Outside of Cricket, I always looked up to John McEnroe and even used to emulate his look as a youngster.

YT: You mentioned in your speech after your final test that you want to spend most of your post retirement life with your family. What challenges does Sachin Tendulkar face in his life after moving on from Cricket?

ST: The net practice sessions have surely stopped, but life goes on and I now have a chance to give back to society with multiple development projects lined up on the SAGY front; this includes two villages that I have adopted for development under Sansad Adarsh Gram Yojana. Also, I get more quality time with my family now, which is great.

Over the last two years life has taken me to new shores, I have been to new continents and countries. My trip to Brazil to cheer for the Indian Olympic contingent at Rio and my trip to China in 2015 were both new experiences. These are countries I had never visited during my playing days. I have visited my adopted village twice, once after it was first adopted and then again after all the development work was completed in the first phase, which was a very satisfying trip.

Overall, life has been different and all these experiences in my second innings are teaching me more about the world, and India, in a way that is unique to how I experienced travel during my cricketing career.

YT: From leading the Men in Blue to coaching the Mumbai Indians, you've had an all-encompassing career. Is there anything that you regret not being able to do in your career?

ST: It has been extremely satisfying. From being one of the Men in Blue to now mentoring the Mumbai Indians team has been a long journey. From the time I picked up the bat to play for my country, this is all I wanted to do and I am grateful to God that I could do it for over 24 years. I have no regrets, although, like everyone I would have liked to win the World Cup more than once for India. That one moment, the 2011 World Cup win, will always be special for me and I'd never trade it for anything.

YT: The students of St. Xavier's College, Kolkata are avid followers of Cricket, and without a doubt, devoted fans of Sachin Tendulkar. What is your message to them?

ST: I wish to thank all of you for the unconditional love and support you have showered on the game, and me, throughout the years. My best wishes to all the students for their respective careers. Remember, keep working hard as there are no shortcuts to success. And, as you step out into the world, be a positive example to your fellow classmates and to all the future students of St. Xavier's College.

Amish Tripathi

Novelist

Interviewed by :

Sneha Agarwal, Ishmeet Singh Batra & Mehul Agarwal

YT: You've had a 14 year corporate experience. How has that been significant in moulding you into the hugely successful author that you are today?

AT: It hasn't really helped in moulding my writing but has actually played a role in enhancing the business aspect of writing, which is also of paramount importance. You might be a good artist, painter or writer or be engaged in any other creative form of art for that matter, but if you are not able to market your work or negotiate contracts properly, you're losing out on a lot. My past corporate experience has really aided me in this aspect.

YT: From your first book, The Immortals of Meluha, to your latest one, Immortal India, how has Amish Tripathi grown as a storyteller and a writer?

AT: This is actually a little difficult for me to answer because it is for the readers to evaluate. But for me personally, writing is a privilege. I have a lot of fun doing what I do and I am one of those lucky people who gets to do what he loves doing, whilst making money out of the same.

YT: As a prolific writer, what do you find more gratifying - the meticulous process of writing a novel, or the reactions and reviews that come in post its publication?

AT: Always writing, without a doubt. Writing is almost spiritual for me. There is a parallel universe that I step into which only I and nobody else can see. I record what I see there and I love spending time in that universe of mine. Also, it is only through writing that I enter into this universe, primarily because my imagination runs in full vein. Fiction is a land of imagination, and for me, that is the best part about writing.

YT: You faced multiple rejections while trying to get The Immortals of Meluha published. What encouraged you to overcome these hindrances and achieve the success that you have today?

AT: There is this very wonderful and very wise line in the Bhagavad Gita which most modern Hindus have not quite understood. The line when translated is roughly this - 'The fruits of our labour are not in our hands. God will look after it'.

But I don't think that is what Lord Krishna was trying to say. What he meant was that one should detach themselves from both success and failure as both deter you in their own way.

Fear or failure always holds you back. Success too is very dangerous as once it gets to your head, you stop working efficiently. So if you're detached from both, nothing is stopping you from your work.

That is what I have always done. I don't have to worry about what others think, these things are not there in my mind. All I think about is doing what I love to do and I find this very empowering.

YT: According to you, what is the one quality that is imperative for the young and aspiring authors of this country to achieve success?

AT: You must always write with the honesty of your heart and must enjoy what you're doing. Writing is nothing but the voice of your soul - you have to be real. Some may like what you're writing, some may not. But that's okay, you don't have to be bothered about what others say. You always have to be true to yourself.

YT: You are the only Indian author to have four out of his five written books in HT-Nielson Bookscan's Top 10 chart. What do you think sets your books apart from the myriad ones out there?

AT: I believe it is the love of the readers. Another factor, I presume, is that all my stories are related to each other. All the three books of the Shiva Trilogy are in the top 12 essentially because of the fact that they are sequels. The Ram Chandra series, is also linked to the Shiva Trilogy. Since all 5 of my books are linked to one another, when one book releases, the sales of the other books also increase. I believe that this sets my books apart from the others out there, where one book may have nothing to do with another.

YT: Your newest book, Immortal India, is your take on the social conditions prevalent in India. What steps, according to you, should be taken by us to transcend beyond societal shortcomings such as patriarchy, poverty, and child labour, among many others?

AT: There are many things which we need to be proud of as Indians, especially religious pluralism. For example, Ajmer Sharif was a Muslim Sufi saint, but many of the devotees who visit his tomb are Hindus. Diwali, which is technically a Hindu festival, is celebrated by Christians, Muslims and Sikhs all over the world.

Similarly, there are things in India which also need to be worked upon. These problems can be solved only when we talk and spread awareness about them. A spirit of positive patriotism should be there in every citizen, enabling us to celebrate the things that we love most about our country. But at the same time, we must bring to attention the shortcomings of our nation, address these issues and strive to better them.

YT: A good storyteller is one who is able to keep the reader gripped throughout the course of the story. What nuances and techniques does Amish Tripathi use to captivate his readers?

AT: I don't really plan anything. I just do what feels right to me. It's all instinctive. I don't consciously try anything different. I try to discover myself as a writer while the reader discovers the book from his or her perspective, and presently, this technique has been working in my favour.

YT: If fate hadn't led you to be one of India's bestselling authors, where would Amish Tripathi be today and why?

AT: I would have still been a banker, definitely. There are things that you want and there are things which you get, things you don't always have control over. If my books ever don't do very well, I will be compelled to go back to banking. I have to make money at the end of the day. Hopefully, that won't be the case if the masses continue to shower me and my stories with love and praises.

YT: From the enigmatic tales about The Holy Grail to the omnipotence attributed to Zeus and The Abduction of Europa by Rembrandt - mythological depictions have always been at the forefront of popular imagination. What, in your opinion, is the rationale behind this?

AT: Mythology has a different type of magic attributed to it. It connects people to deeper, more sacred truths, which is why it is considered to be so popular. Myth is derived from the Greek word 'Mythos', which essentially means - 'That which hides the truth'. So basically, mythology is a wonderful story, but the story by itself is not as important as the philosophy behind it.

YT: Throughout your life, you have seemingly evolved with respect to your religious convictions. What chain of events acted as a catalyst for this evolution to take place?

AT: As a writer and also as a human being, I believe that every experience in life and every person you meet has something to teach you. This way I learn something every day. So, it is imperative for you to remain open to learning from these myriad encounters and people. If it's not possible for someone to inculcate this into their everyday life, they should at least try to remain open to as many people as they possibly can. There is always something to learn from each and every person out there.

YT: The students of St. Xavier's College, Kolkata are avid readers of your novels. What message would you like to give them?

AT: Being a Xavierite from St. Xavier's College, Mumbai myself, it's safe to say that the 5 years I spent in college were amongst the most cherishable moments of my life. My advice to the students would be to always take part in extracurricular events as they offer a very different and insightful form of knowledge. Do enjoy Xavier's to the fullest and spend your time outside the classrooms as well and I'm sure college life will be your best experience.

A. S. Kiran Kumar

Chairman of the Indian Space Research Organization (ISRO)

Interviewed by :
Adit Patel, Soumya Ghosh & Ved Mehta

YT: What ignited your passion to work in the vast and infinite field of space exploration and innovation, given the fact that, earlier in your youth, you had a strong proclivity towards Medical Sciences?

KK: When I completed my secondary schooling, I chose all three science subjects for study. But while applying to university, I was two months short of the required age limit of 16 years. Thus, I couldn't study medicine and got a chance to study in the National College, Bangalore, a leading institute in sciences at that time. I planned to go back to studying medicine a year later. It was then that the institute came under the influence of Mr. Narasimhaiah, a humble, reform-seeking and immensely impactful professor of Physics, who changed my career-orientation. Subsequently, we heard Neil Armstrong's landing on the moon live on the radio from the hostel in 1969. That also inspired my interest in Physics and led me to where I am today.

YT: ISRO created a world record by successfully launching 104 satellites into space using the Polar Satellite Launch Vehicle (PSLV). As the world praised the organization for this remarkable feat, how do you think it lends important momentum for times to come for ISRO?

KK: What we need to appreciate is that ISRO has always been bringing in newer space technology for the country's development. However, we also need to make sure that while we bring in satellites for navigation, observation and communication, we have the launching capability for those vehicles, starting from the SLV and extending up to the PSLV and GSLV (Geo-Synchronous Launch Vehicle). So, if there is any excess capacity on our launch vehicles, we try to make sure that we get some return on our money for that. In the aforementioned launch, the main satellite was taking up roughly only half of the capacity, and so we decided to launch many smaller satellites with it. It so happened that there was a large demand for small satellites in that time-frame, and there was a company looking to launch 88 satellites going into orbit. We swiftly made use of the opportunity, undertook simulation study and our system provided this opportunity. Thus, while we are developing our prime technologies, we must look at every possible way of making use of it. Similarly, we had made use of the remote-sensing data, in the '80s and '90s, when it was made available to the global community. For the future, this tells us that a lot of innovation is possible, and that we should keep trying to do things differently from others. We need to realize that this is possible.

YT: With the study of science in India being seen as overtly theoretical, there is an increased outflow of meritorious students to universities abroad for scientific research and study. What changes do you think need to be made to the Indian higher education and research systems so as to retain talent and make ourselves world leaders in research?

KK: The education system should enable the students to identify problems and solve them. This comprehension ability-enabling system will facilitate better learning. In India, the way exams are conducted and learning is perceived probably means that greater emphasis is being given on reproducing what is memorized. Solving problems takes a backseat. If we put more emphasis on more practical problem-solving skills, and on comprehending and applying learnt principles, we can be better off.

YT: In recent times, private companies such as SpaceX and Blue Origin ushered in a new era of space commercialization. In your opinion, will this new era herald a change of focus from exploring the space from a purely research perspective to a more profit-oriented approach?

KK: Man first started conquering land, then moved to the oceans and subsequently moved to exploiting and exploring the air. Newer industries emerged with each stage. Space is the new frontier man seeks to explore and exploit. Space exploration, space adventure and space tourism are thus extremely important and emerging industries. As increasing numbers of private firms enter the exploration industry, we can be sure that space is going to be explored and exploited as the new frontier for Man. The world moves in inexorable ways, and only those people succeed who adapt and come up with new capabilities. In fields such as space exploration, use and exploitation, government agencies are mostly moving in, while other space-related fields are seeing the growth of the commercial sector.

YT: The current growth trajectory of ISRO has been on the ascendance since its very inception. As the Chairman of ISRO, what are your future plans to catalyze this incredible growth trajectory?

KK: A key concern is that we are really short of capacity and we cannot provide the number of launchers required to launch satellites into orbit. We are looking at our immediate priority- how to launch more satellites into orbit. As we meet the country's demands, we are aware that technology is changing globally, commercial players are coming into the market, and we need to build on our systems and reduce the cost of access to space. We are working towards new technology, whether it be the reusable launch vehicle, air bridging propulsion, or miniaturizing the electronic system. So while we make things quicker and better, we also need to make them cost-effective.

YT: SpaceX, the American aerospace manufacturer, revolutionized the satellite launching market by releasing the Falcon 9, which is more economical - when compared to the PSLV. Given the fact that SpaceX and others have signed major satellite launching contracts, what steps does ISRO plan to take in order to meet these emerging challenges?

KK: SpaceX is definitely more economical in the context of the PSLV. Notwithstanding that, today, our priority is to increase capacity. While we seek to offer more launch opportunities at effective costs to manufacturers, our focus will be on how we can generate more capacity to increase the number of launches we make per year. We are trying to build capacity both within and outside this organization. This is where our research work and mobilization make a difference. There is a challenging difference between the ways in which a private company can move forward and how we can. It is our capacity to increase the faith of our launchers that is the concern today, and is what we are working on.

YT: Even as ISRO launches increasing number of satellites of other countries, we still depend on the NASA for monitoring the Doklam region we share with China. How long do you think it will take before India has the capacity to self-monitor its territory and become independent in space technology?

KK: We are constantly trying to improve our abilities. We have 42 satellites in operation, about 18 remote-sensing satellites, and about 3 high-resolution satellites in one year. Despite this, the number of satellites required for even day-to-day monitoring is very large, and no number of satellites we currently have can fulfill this requirement. Our agenda, thus, is focused on constantly trying to expand. In the coming few years, we hope to have another 20-22 satellites of different capacities, such as communication, high-resolution and remote-sensing, in orbit for various reasons. Technology is being used 24x7 to monitor different areas today, which brings its own challenges. We are trying to address that, and so, in the coming half-a-decade, we should be significantly better off than where we are today. We are, immediately, working on putting more high-resolution satellites into orbit and in the coming 2-3 years, we should have another half-a-dozen of them going up.

YT: From humble beginnings to the helm of ISRO, your inspiring journey has been a classical saga of transcendence. How have your roots influenced your approach towards your life and profession?

KK: At every stage of life, concentrating on what you are doing at that point of time with full focus and complete dedication is more important than thinking of what can happen or what can be done. What is the activity I am currently a part of? How can I contribute my 100 per cent to it? If you can keep concentrating on these thoughts, things will always work out. Whatever capabilities you have, if you give your entire focus in bringing these capabilities and skills to the work you have, you will succeed.

YT: What words of wisdom would you like to share with the students of St. Xavier's College, Kolkata?

KK: My message to those privileged enough to study in such an institution is that in our country, not everyone gets the opportunity to study in these institutions. So while we learn new skills and improve our abilities through the educational system of these institutions, we must ensure that we also improve our capabilities to improve our abilities and give back to society by trying, in our own way, to solve the problems the country and the society are facing. The responsibility of contributing to the society should be understood as part of the privilege we have of studying in such premier institutions. This should not be lost sight of as we acquire skills and target our own success in life.

Shashi Tharoor

Member of Parliament, Writer, Politician and Diplomat

Interviewed by :

Adit Patel, Ved Mehta,
Faraz Rizvi & Soumya Ghosh

YT: You've had a career encompassing various spheres - writing, diplomacy, and politics. In retrospect, what would the highlights of your illustrious journey be?

ST: That's not an easy question to answer, especially since I've never allowed myself the luxury of complacency! There's always so much more to do that celebrating or dubbing a previous accomplishment as a 'highlight' seems counter-intuitive. The very terms of the question imply that one should look in terms of oneself, but I've always believed that accomplishment in one's career is a reflection of what you've been able to do to affect the lives of others. That is what motivates everything I do, be it my writing or my political work, or earlier my work for refugees, in peace-keeping and at the UN generally. That is why I am grateful to have got an opportunity to serve the people of my constituency in my role as an elected Member of Parliament on the issues that they care about.

YT: In one of your TED speeches, you holistically elucidate the essence of soft power. In this day and age amidst rising geopolitical tensions, how far do you think can soft power propel India as an emerging world leader?

ST: As I have pointed out before, I am not comfortable with the conventional notions of being a 'world leader' or being the next 'superpower', both of which are labels that have been associated with India of late. They strike me as being rather archaic, evocative of colonial empire struggles and the like; they describe India in a conventional framework of military and economic might. Of course, both of those things are important for the destiny of any country but that is not what India should be all about or is all about. We can't be a superpower when we are super poor! We have significant internal challenges such as poverty, malnutrition, literacy and so on, all of which have to be addressed first.

That said, I also believe that if we manage to maintain the principal elements of our soft power prowess, such as our practice of being a free, democratic land open to the contention of ideas by a thriving civil society, then our India will continue to be a land which tells stories that others want to hear and gladly replicate. However, I must say that under the current environment of mob lynchings, 'cow vigilantism', journalist assassinations and failing economic policies, this positive image of India has taken a beating, but if our society can come through this phase and reassert India's 'live and let live' values, then we may be able to salvage our country's soft power potential and use it effectively to offer leadership in the 21st century.

YT: Kerala recently became the first Indian state to achieve 100 per cent primary education. Although the overall literacy rate is slowly rising, what do you think are the persistent flaws in the education sector?

ST: While literacy is a good measure of the country's education system, our chronic problems remain. Yes, a 100 per cent in primary education is an achievement, though we have apparently slipped back to 96 per cent literacy overall. As a Keralite I'm proud of being Number One in the country but I am conscious that such figures are not things that we should be extremely proud of in themselves - at the end of the day, these are just stats that don't actually tell us anything about the quality of education that is being delivered at the primary school level. The fact of the matter is, many of the schools in our education system, particularly the schools in the less fortunate parts of our country, still struggle with providing our youth with the necessary skills required to succeed in today's dynamic job markets. If an education does not translate into gainful employment for our young after they graduate, people will begin to lose trust in the education system altogether. As a former Minister of State for Human Resource Development, I am extremely conscious of issues plaguing our education sector - our out-dated academic curriculum in high school and higher education, a debilitating shortage of qualified and skilled teachers, the profound lack of institutional and industry linkages - all of which mean that we effectively produce graduates that don't match the requirements our firms need to remain competitive with their global counterparts. In fact, there have been some instances where companies themselves conduct months of additional training just to ensure that these graduates can meet their entry-level job requirements!

YT: Your countless works, both fiction and nonfiction, have struck a chord with Indians both in India and those settled abroad. Is it the modernity of your thoughts or their simplicity that helps you connect with the population at large?

ST: Well, I think a large part of the reason as to why my work has struck a chord with Indians is because most of my 16 books have been about India! I'm not sure I would have cultivated the same readership in India had I written mainly about other countries... But, at the same time, I feel that the most important thing any writer -- whether a journalist, commentator or author -- needs to do to connect with his or her audience is to believe in what they are writing about. You must have something to say that you need and want to say, that you believe it's important for your fellow Indians to hear, before you begin to write. Only if that is so will your writing reach out to the readers and add value by giving them a new understanding of the subject you have taken up. That is what makes it exciting to write, that sense that there is something you want to communicate. I have tried to do that throughout my career and perhaps that is what has helped me succeed, both as a writer and indeed as a politician and public figure in today's media-saturated, soundbite-hungry world!

YT: How would you want to be remembered - as a politician with a famous pen, or an author and editor who actually pioneered reforms that he spoke of?

ST: Is there really a difference? My words and my actions come from the same source -- my own deep beliefs and values. Still, I believe that what one leaves behind as a writer endures far longer than what one achieves in politics. At the end of the day, a politician may feel that he can do better for the society as a whole than a writer can. But look at me as an individual: I'm already a former minister. One day, I'll be a former MP. I hope never to be a former writer.

YT: As someone who has been a part of the St. Xavier's family, what words of wisdom would you like to share with the students of St. Xavier's College, Kolkata?

ST: While academic excellence is important, it is also important to be kind, honest, compassionate and empathetic. I think in a sense our current education system likes to preach that life is primarily about being better than the next person. It really isn't. It's about being better than your less good self. It's about fulfilling whatever god-given potential (or that given to you by your parents or your genes, whichever belief system you practice!) you've got, because every one of us has some talent - use it, take risks and never be afraid to fail. And finally, always remember that nobody can be a better you than you yourself. Don't let yourself down, and the rest will follow.

Pricing in the Digital Age

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"The expansion of price searches to mobile devices has created a new term, 'showrooming,' where consumers inspect products in stores and shop for the best price and often transact using their mobile phones or tablets."

INTRODUCTION

No decision worries a marketing manager more than determining the appropriate price to charge customers because, for most product categories, price is the marketing variable customers react to more than any other. Price is an observable component of the product that results in a consumer purchasing or not, and at the same time, it directly affects margin per unit sold. Other components of the marketing mix are important, of course, because they must work together to create a unified brand image and produce sales. However, price most often makes or breaks the transaction.

Price is most often viewed as a way to recover costs and maintain competitiveness against other brands in the category. However, it is clear that a price developed in this way may not be an optimal price when the consumer is taken into consideration. The price could be higher than what customers are willing to pay for that product. If the product is priced too low, the company loses potential profits.

Thus, while costs and competitors are important considerations when setting price, the customer is also an important factor, specifically in terms of customer value—what a product or service is worth to the customer. One way of looking at price, then, is that it captures the perceived value of the product in the minds of consumers.

The digital revolution of the 21st century has dramatically affected how companies set prices and how consumers react to them. Companies can now set prices tailored to individuals' recorded behavior on web sites. Prices can be set dynamically at different points in time to take advantage of the differential timings of supply and demand conditions. According to the U.S. Census Bureau, the total amount of e-commerce in the U.S. in 2015 was over $357 billion. How consumers find and use price information to make price comparisons for online purchases has had a huge impact on the bricks-and-mortar retail sector. The expansion of price searches to mobile devices has created a new term, 'showrooming', where consumers inspect products in stores and shop for the best price and often transact using their mobile phones or tablets.

These examples suggest that the impact of company pricing strategies on consumer behavior has changed substantially due to digital technologies. Thus, the purpose of this essay is to highlight the areas of this new digital era of pricing that have had significant impacts on consumer behavior.

THE ROLE OF CONSUMER VALUE

As noted above, consumer behavior is central to the pricing decision. Specifically, the concept of consumer value is how much a consumer is willing to pay for a product or service. It is defined here as the maximum willingness-to-pay (WTP) or the most that a consumer would pay for a product. Economists often refer to this as the reservation price or the price at which the product is eliminated from the consumer's budget. Every consumer has a psychological concept of such a price. Consumers receive price information and then assess whether it is good or bad. They compare the price being charged with the perceived value or benefits they would derive from purchasing the product. This WTP number is idiosyncratic to the individual consumer for a particular brand in a product category. It is also relative to the WTP for competing options.

DIGITAL PRICING APPROACHES AND MECHANISMS FOR CAPTURING WTP

Having set the foundation for examining the impact of digital technologies on consumer reactions to price, I will now explore in detail how companies have taken advantage of digital technologies and how consumers have reacted and utilize that price information to make decisions.

PRICE DISCRIMINATION

Economists have long been interested in charging different prices to different consumers, what is referred to as price discrimination. There are three types of price discrimination. First degree price discrimination is defined by prices that differ by consumer. An example of second degree price discrimination is where companies offer different prices for varying quantities purchased. Third degree price discrimination is different prices for different groups (e.g., senior citizen discounts).

In the digital economy, the primary focus is on first degree price discrimination (FDPD) which has traditionally been very difficult to implement, particularly in retail settings. In theory, FDPD can only exist in monopoly markets as otherwise, consumers could arbitrage by buying at a lower price and re-selling to others at a higher price. However, information imperfections permit charging individual consumers different prices since, on the Internet, people generally do not know what others are paying for the same good. In particular, the notion behind FDPD is that sellers can charge consumers their full consumer value or WTP to maximize profits rather than a uniform price to all consumers.

FDPD or 'flexible' pricing is standard practice in the digital economy where technology and 'big' data combine to allow companies to extract the maximum value they can from individual consumers. Online companies collect browsing data and store it in cookies on desktops and mobile devices and either use that information the next time a consumer visits a site to customize a price or uses re-targeting to 'follow' the consumer around the Internet with display ads which can also result in a customized offer if there is a click on the ad. In general, besides past purchasing or other kinds of online behavior, e-commerce merchants use FDPD on 'observable' consumer characteristics such as geographic location, gender, and other segmentation variables. A particularly interesting form of FDPD occurred when the online travel company Orbitz was found to be offering hotels and other properties with higher prices to Mac users than to PC users.

DYNAMIC PRICING

Pricing strategies where prices change over time are referred to as 'dynamic' prices. The basic idea behind dynamic pricing is that the company changes its prices over time to reflect different supply/demand conditions. Dynamic pricing may or may not be FDPD as the different prices at different points in time could be customized or offered to all customers. Dynamic pricing has been used for many years in the airline industry, for example, where fare changes by the minute, hour, and day due to seat availability are the norm.

Two excellent examples of companies that successfully utilize dynamic pricing in digital contexts are Amazon and Uber. In a 24-hour period in August, 2012, Amazon changed the price of a GE microwave oven 9 times. These changes could be due to a number of factors including competitors' prices, inventory levels, and time of day when people are shopping online. Uber is well-known for its 'surge' pricing or charging higher prices in periods of peak demand based on time of day or weather conditions.

In addition, advances in electronic shelf labels have permitted bricks-and-mortar retailers to take advantage of digital technology previously only afforded to e-merchants. For example, Nebraska Furniture Mart updates prices in price-sensitive product categories to support its lowest-price position in the local market.

PARTICIPATIVE PRICING MECHANISMS

Other pricing approaches that attempt to price at a consumer's WTP are called participative pricing mechanisms. These are those methods where, as the name implies, the consumer is involved with setting the price. Three of them most common participative price methods are auctions, Name Your Own Price (NYOP), and Pay-What-You-Want (PWYW). While they all have offline applications, they have been particularly effective in online contexts.

Auctions

Auctions have, of course, been around for centuries. Auctions are obviously designed to capture bidders' WTP as generally, a consumer will not bid higher than his or her reservation price. The spectacular rise of eBay in the late 1990s-early 2000s is testimony to consumers' interest in the English auction (ascending) format popularized by the company.

Name-Your-Own-Price (NYOP)

The NYOP pricing is also referred to as a reverse auction. In this pricing format, rather than the buyer bidding for the seller's product, the multiple sellers determine whether they want to sell at the bidder's offered price. The best-known online version of the NYOP model is Priceline.com which has been in business since 1997 matching buyers and sellers of travel services. With Priceline, consumers offer their bid price for, say, a hotel room, which reveals their maximum WTP. However, you are only offered the opportunity to bid once; if your bid is below the minimum price that suppliers are willing to sell, the bid is unsuccessful. There are other NYOP sites, however, where you are allowed to revise a rejected bid upwards.

Pay-What-You-Want (PWYW)

Unlike NYOP, the seller cannot reject a PWYW offer. In an auction, someone can bid higher. This is pricing mechanism that gives the buyer complete control over price. Like NYOP and auctions, a PWYW situation captures the buyer's WTP.

This pricing approach is not commonly used and many PWYW contexts do not involve digital technology. However, it clearly can apply to online situations. Perhaps the most famous implementation of PWYW was the British band Radiohead's use of it for the 2007 release its album 'In Rainbows.' For two months, consumers could download the album and pay what they wished to with only a small handling fee being required. The album was downloaded 3 million times at an average price of $2.26 and $6 per paid download. Another well-publicized application of PWYW was when Panera Bread in 2010 experimented with it at its St. Louis area restaurants.

PRICE COMPARISON SITES

Price comparison sites are mechanisms for allowing consumers to purchase products at prices below their WTP. It is easy to compare prices for many products using price comparison sites such as Google Shopping, NexTag, PriceGrabber and others. Normally, consumers can obtain information on the seller's reputation, price offered, and total price including shipping and sales tax to help make their choice. Using these price comparison sites allows a consumer to find the seller that is offering a price below their WTP while simultaneously reducing their search costs.

There is a 'dark' side to price comparison sites - sometimes referred to as price 'obfuscation.' There are a number of actions firms take on these sites that make it difficult for consumers to determine and compare prices. Some of these actions include whether or not shipping costs are included but may also describe situations where companies advertise a low price for a low quality product but charge a large re-stocking fee for returns.

ODD PRICING

There is a considerable amount of literature on the impact on consumers of 'odd' prices or prices not ending in zero. Many retailers use non-zero price endings to signal discounts and for other reasons. Of particular interest are prices with nine endings. The interesting question is why products with prices at $1.99 are preferred to those with prices set at $2.00 when there is only a penny difference. While many researchers have been skeptical that such small price differences can matter to consumers, results from retail point-of-purchase electronic scanners confirm that there is a left-to-right processing mechanism that operates in many purchasing situations. Some results have also found that changing prices from odd to even can boost sales.

THE IMPACT OF MOBILE DEVICES

The global diffusion of mobile devices, particularly smart phones and tablets, has changed the nature of marketing in terms of communications through digital advertising as well as in the form of a new channel for transactions. Nielsen data show that in 2013, daily time spent viewing mobile devices passed that spent on TV for the first time. The four major distinguishing features of mobile devices for marketers are:

1. Ubiquity: Consumers can receive information and execute transactions wherever they are.
2. Personalization: The information contained in a mobile device is unique to the individual who customizes it based on his or her preferences.
3. Localization: This enables companies and other organization to contact consumers when they are in specific locations.
4. Two-way communications: Communications between parties is enhanced since these devices are always on or can be turned on very quickly.

These features have had important implications for many retailers and have led to the term 'showrooming' where consumers shop at a bricks-and-mortar retailers such as Best Buy, find an item they wish to purchase, check the price for the same or similar item online, and then purchase it from an online vendor. As a result, bricks-and-mortar retailers have had to adopt price matching policies where the store will match the lowest price that a consumer finds online.

> The global diffusion of mobile devices, particularly smart phones and tablets, has changed the nature of marketing in terms of communications through digital advertising as well as in the form of a new channel for transactions.

All of the pricing policies and concepts described previously apply in a mobile shopping environment. For example, using geo-fencing technology, companies can identify if a customer is in the store and use price discrimination through discounts and/or temporary promotions. Dynamic pricing can also be employed where the price changes while the consumer is in the store or shopping mall. Additionally, reference prices for the same product may be different between offline and mobile channels.

Do consumers process price information differently on mobile devices versus desktops? To answer this question, we have to consider the in-store shopping environment. Typical of this environment are situational factors such as time pressure, distractions such as children, in-store displays, salespeople, store knowledge, and others. Given this environment, it is unlikely that consumers will spend too much time browsing the web with their mobile devices for the best price for a product they see in the store. As a result, it would be expected that there would be a greater use of price comparison web sites in a mobile environment relative to a desktop at home or in the office. Following this logic, it is less likely that a consumer will use a participative pricing policy as the different mechanisms take too much involvement and time.

CONCLUSION

In this essay, I have attempted to show the consumer behavior implications of the major pricing policies used on the Internet, a number of psychological pricing concepts, and mobile computing. The increased usage of the Internet for shopping and information-gathering makes this a fascinating laboratory for better understanding how changes in the way companies are expanding their channels and, at the same time, the importance of understanding consumer behavior, and in particular, willingness-to-pay, for pricing policies in the 21st century.

Will the Representatives of the Future Work on Commission?

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INTRODUCTION

Compensation and reward structures are the chief methods of motivating and influencing the behavior and performance of sales representatives. Most companies use commission-based rewards because commissions are directly tied to performance outcomes, which makes it easier for the company to measure short-term outputs of the sales representatives. But is paying sales representatives commissions a strategy or a practice that is rooted more in tradition rather than in logic? Companies nowadays are trying to study the same, while exploring other alternatives side by side, as most of these studies have suggested that commissions can do more harm than good and getting rid of them can altogether uncover a path to greater profits for the company. They are trying to identify the right way to use compensation in order to motivate their sales force.

> Studies being carried out by these firms suggest that commissions can do more harm than good and getting rid of them can altogether uncover a path to greater profits for the company.

Compensation and reward structures are chief methods of motivating and influencing the behavior and performance of sales representatives. This is an undeniable truth. Different employees are attracted and motivated by different rewards. This is also irrefutable. Therefore, there remains a perennial challenge for managers to identify rewards that motivate their sales representatives and simultaneously help them develop a quality sales force. Drawing from the Agency theory, the challenge in designing effective compensation plans lies in aligning the salesperson's (agent) goals with that of the firm's (principal) (Lopez, Hopkins and Raymond, 2006).

Again, as purported by the Expectancy Theory, valences for rewards act in a significant way in motivating salespeople to focus on achieving their tasks (Lopez, Hopkins and Raymond, 2006). According to the theory, there are three components that affect the level of motivation of a sales person the likelihood that effort will affect performance, estimates regarding the extent to which performance may translate into rewards, and the extent to which the individual desires the reward (Flaherty and Pappas, 2002). The theory has also been used to explain differences in performance across career stages and the inconstant nature in which rewards appear more attractive at different stages (Flaherty and Pappas, 2002). It is in this context that the strategy of motivating salespeople by offering them commissions has been contested and debated over and over again.

Previous research indicates that some salespeople, who are risk averse and are in the 'exploration' stage of their careers, do not prefer a commission based compensation system and consider it too unstable (Lopez, Hopkins and Raymond, 2006). There is, however, another group, which has a larger appetite for risk, and which cherishes the ability to directly control its incomes through commission-based compensation and finds such a pay plan to be highly motivating (Chung, 2015). In spite of such preferences many companies have been using commission-based rewards because commissions are directly tied to performance outcomes which make it easy for the company to measure short-term outputs of the sales representatives and in situations where the behavior of the salesperson becomes difficult to monitor, such compensation is considered 'effective'.

A study carried out at Harvard University explored the level of uncertainty in an industry's sales cycle that is likely to influence the Compensation system. The findings of the study indicated that the more uncertain a firm's sales cycle, the more a salesperson's pay should be based on a fixed salary and less on commission (Chung, 2015). The study was substantiated by an example of Boeing's sales representatives who spend years trying to sell their product before an airline actually places an order for new aircrafts. In such a company, if the salesperson's pay were commission-based, it would become a challenging task for the company to retain its representatives.

A path-breaking study in the late 1980s by Holmstrom and Milgrom suggests a formula of straight-line commissions. Here the sales representatives earn commissions at the same rate irrespective of the quantity they sell. While such a structure may be considered as optimum or less costly to implement, most companies choose a more complicated structure. This can be attributed to the fact that each sales person is unique and has his or her own individual motivations and needs. Therefore, the concept of one size fits all might not be attractive or motivating to such a group, which basically indicates the need for a system with multiple lucrative components tailored to the particular individual (Chung, 2015).

However, the key question still remains: to what extents do salesmen actually prefer increases in commissions versus other rewards? What if paying sales representatives commissions is a strategy or a practice that is rooted more in tradition rather than in logic?

It is this orthodox practice that is now being studied and explored at large, by several companies. Studies being carried out by these firms suggest that commissions can do more harm than good and getting rid of them can altogether uncover a path to greater profits for the company. Scientific research on human motivation is also supportive of this outcome. Findings indicate that the effectiveness of motivators vary with the nature of task at hand. For example, a study on receiving contingent rewards, which Pink (2012) calls, the 'if then' rewards (usually cash) i.e. 'if you do this then you get that' works well with tasks that are routine and repetitive in nature. But this same 'if then' rewards turn out to be far less rewarding and effective when the individual is expected to pursue complex, conceptual, innovative, and creative tasks. (Pink, 2012).

Coming back to sales, this field has undergone much transition. Gone are the days when the representatives memorized their scripts, or prepared responses to tackle predictable objections and questions voiced by customers. Today, this 'transactional' aspect of sales has been disappearing (Pink, 2012). Customers today are well informed about the products they purchase or want to purchase, and already have the kind of data a sales representative would provide. Therefore the nature of task for the sales representative has changed to curating and interpreting information rather than simply dispensing it, and in doing this, the skills that matter the most are 'heuristic' in nature. Sales representatives are expected to sell insights rather than items. They are expected to identify new problems and solve them along with solving the earlier established ones. Selling today has become more demanding, complex and sophisticated work, and therefore the people involved in it require incentives/ motivators that are much beyond contingent rewards or a 'dangling carrot' as Pink (2012) calls it.

In this context most companies have recognized that caps on commission decrease the motivation and effort put in by high-performing representatives. Likewise, the practice of 'ratcheting' quotas might also dampen motivation (Chung, 2015). With such realization, a shift in strategy has occurred. A change in how sales representatives are being compensated is being observed. There have been instances where the company has benefited by killing its commission-based compensation system.

In the late 1990s, Mitch Little, on becoming the vice-president for worldwide sales and applications at Microchip Technology, a semiconductor company based in Phoenix, oversaw the compensation plan for 400 sales people that comprised 60 per cent base salary and 40 per cent commissions, which was in tandem with the industry standards. He said, 'That made sense 40 years ago, when the Fuller Brush salesman went door-to-door, but the world of business-to-business sales has shifted fundamentally.' In view of the same, he altogether eliminated the commission-based compensation and established a new plan in which the salespeople received 90 per cent of their compensation in a high base salary, while the other 10 per cent was linked to corporate measures such as profits and earnings per share. With the modified compensation plan, the company witnessed an increase in the total sales and a drop in attrition. Even today, this company maintains a commission-free compensation system and is one of the top performing companies in its industry (Pink, 2012).

In 2009, Neil Davidson, the co-founder and co-CEO of Red Gate Software in England, tread the same path. He eliminated commissions for his sales force and replaced them with an adequate base salary and a generous benefits package. On bringing forth such a change, the company witnessed a rise in sales in no time (Pink, 2012).

In 2011 even GlaxoSmithKline scrapped commissions for its U.S. Medical representatives and benefitted to a great extent, from the same (Pink, 2012).

Now the question of how to develop a motivating and effective sales compensation plan arises. This is crucial because, some people are motivated by cash rewards, while there are others who prefer recognition as a reward or non-cash rewards like a paid holiday or dinner voucher. Some representatives are more productive when they focus on an annual quota while others might respond to targets that are set on a quarterly basis. Implementing such individualized pay structures not only becomes expensive for the company but could also lead to the 'watercooler effect', where the representatives might share their compensation structures with one another, which would further raise concerns and doubts about fairness and lead to resentment (Chung, 2015). Therefore individualized pay structures are not very common among employers.

Another aspect that requires consideration is that when a compensation plan is designed in the presence of a random factor (luck), it might either aid performance of an employee or deter his/her performance. This is of particular relevance if the company is following a commission-based system as it has favorable or unfavorable implications for sales representatives. This means that if a representative of a particular company has been assigned to a territory, which is witnessing a high demand for its product, the quantity of sales made by the representative would increase and simultaneously his/her commission even when he/she is not directly responsible for the increase in revenue would go up. This implies that the company is paying the representative for being lucky. Here compensation is directly proportional to sales outcomes, and, therefore, such a structure turns out to be extremely demotivating for sales people who have been assigned a territory where there is less or no demand for the product and consequently the sales are also low.

In this context, an empirical analysis of a company's sales and pay data, and field experiments where researchers apply different compensation plans to different groups of the sales force and further compare the groups effort and output, are methods that are being used at large, with the aim of designing a compensation system that limits the impact of luck and recognizes effort rather than just considering the number of sales closed (Chung, 2015). Such methods have also contributed valuable insights into how timing and labeling of bonuses can impact a sales representative's motivation (Chung, 2015).

Using real company data of sales and compensation information for individual sales people helps in understanding and making assumptions about how pay influences behavior. A study to understand the same was conducted on a company with a complex compensation structure, which remunerated its sales representatives with a salary and commissions on a quarterly basis on achieving the target quotas. Over and above this, the company also paid them an additional yearly bonus and an 'overachievement' commission, on selling more than the target. It is in this context that the study explored another issue of 'timing games' where the representatives adjusted their sales by pushing or pulling sales from one quarter to another, to achieve their quotas and earn the incentive pay. Such a situation implies that the firm is necessarily not observing an increase in its overall revenue but is losing out by paying the representatives more than it should. In order to curb the same certain companies have chosen to limit the amount a representative can earn (Chung, 2015).

This alternative is also limiting in itself, which has been explored by another study conducted on the sales and compensation plan of a Fortune 500 optical products company, which paid a salary in addition to a standard commission on sales on achieving the given quota, but capped how much a representative could earn to prevent a large commission-based revenue outgo in the case of very big sales. This showed that the cap was actually hurting the overall sales, and the company would gain by doing away with it. Furthermore, the study also identified that the firm's practice of ratcheting dampened the motivation levels of the sales personnel, especially their top performers. In contrast, companies usually feel that if they do not adjust the quotas they are making it too easy for the representatives to earn a big commission (Chung, 2015).

Another study on sales representative's pay examined how different components of the compensation plan affected representatives belonging to different levels: high performers, low performers and middle performers. The study showed that overachievement commissions were important to keep the high performers motivated, while setting quarterly targets with bonuses were important to keep the low performers on track, similar to the way in which a teacher motivates his/her students (Chung, 2015). This study also proposed an alternative compensation plan, which suggested a shift from quarterly bonuses to cumulative quarterly bonuses. The advantage of cumulative quarterly bonuses lies in the fact that, if the representative is unable to achieve the first quarter target and manages to recover the shortfall of the first quarter in addition to achieving the normal target of the second quarter, he will be entitled to bonus for both the quarters concerned (Chung, 2015). Such a plan helps in keeping the representatives motivated even when they are not performing up to the mark, during any particular quarter.

An alternative technique that is increasingly being employed by companies to design effective compensation plans is through short-term field experiments (Chung, 2015). The experiments usually have two groups, one, which is exposed to the change or adjusted pay structure and the other, which is the control group, against which the effect of the change is measured. One such study in this context tried to measure the effect of instituting bonuses within its simple system of linear commissions. The researchers created a bonus that was payable at the end of the week if the representative succeeded in meeting the weekly target. They created another bonus using the concept of loss aversion, which states that the pain people feel when they lose something is superior to the happiness they feel when they gain something. The representatives were made aware of their weekly targets and were told that they would receive the bonus unless they failed to meet the target. Another bonus scheme that was employed using the same concept, allowed the bonus to be paid in the beginning of the week, but if the representatives failed to meet the weekly target they were obliged to return the bonus at the end of the week. The effect of implementing all these different types of bonuses against the control group suggested that the bonuses not only motivated the experimental group but also made them work harder to achieve the targets and earn the bonuses (Chung, 2015).

In another study it was suggested that the timing of rewards is also significant. The outcome of the study indicated that sales representatives work harder for the chance to earn a reward at the end of the period than they do after receiving one in the beginning of the period. The study also found that representatives valued non-cash incentives more than cash prizes (Chung, 2015).

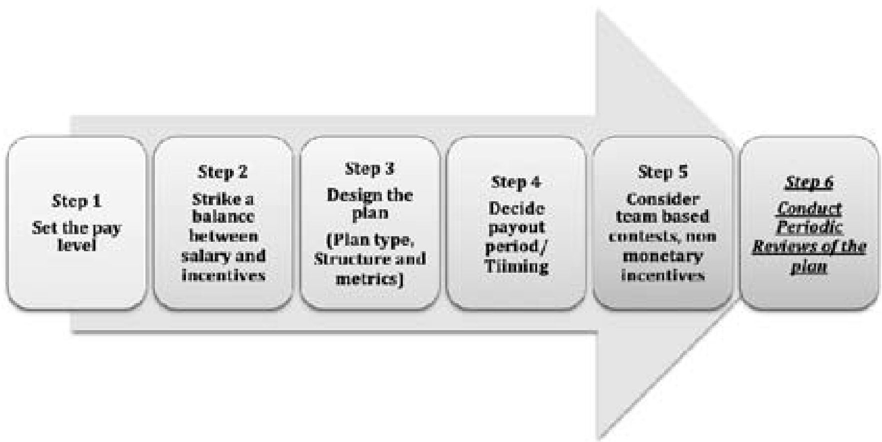
One study in this regard showed that if sales representatives received cash incentives for performing well in tests about the products they are selling, they tend to sell more. Such field experiments prove to be beneficial for managers who are continuously trying to find the best possible way to motivate their sales force (Chung, 2015).

A recent experiment conducted in collaboration with a Fortune 500 B2B software, hardware and services firm revealed a shift from calculating or forecasting sales potential of representatives on the basis of their past performance. Rather, they calculated 'Salesperson Future Value' (SFV) to determine their incentives and compensation and to design their training programs. SFV is calculated as the net present value of the future cash flows from a salesperson's customers after deducting the costs of training and incentives. The future inflows from customers are calculated based upon the calculation of 'Customer Lifetime Value' (CLV) of the existing and prospective customers. The future is defined as a time frame of three years maximum, since beyond three years the model may fail to predict accurately because of the changes in the environment that might come into force. Sales Force was then segmented on the basis of SFV and then through trials the managers were able to identify individuals/groups that responded well to training and those attracted towards incentives. This allowed the managers to suitably tailor investments in training and incentives accordingly. This also helps the manager to figure out whether training or incentives are the best drivers for performance for a certain salesperson. So if someone performs better due to incentives, weightage is given to incentives and vice-versa (Kumar, Sunder and Leone, 2015).

In order to create an effective Sales Compensation Structure, the plan must foremost be in alignment to the company's overall strategy, and should cover a broad range of performers. It should be fair and simple in its approach. The design should be such that the payouts made do not transcend the company's assigned budget (Zoltners, Sinha and Lorimer, 2014).

Therefore, the first step while designing such a plan should be to set the pay level, as this is crucial for attracting and retaining talent. The second step should attempt to strike a balance between the earnings from salary and that from the incentives, which determines how risky the plan is. In the third step, the design of the plan is under consideration. Deciding the basis on which commission is to be paid- gross revenue or profitability of sales, deciding the plan type and/or inclusion of other components would decide whether the plan would be 'progressive' or 'regressive' in nature. In the fourth step, the periods for pay-out need to be determined depending on the setting of quotas, which are on a weekly/quarterly/annual basis. The last step involves the consideration for additional non-monetary incentives or recognition programs within the compensation plan. Studies have suggested that contests are an effective mechanism for motivating a sales force. Moreover, if the contests are team based, they also motivate the low performers in the team to work harder to avoid letting their teams down (Roberge, 2015). Furthermore, a sales compensation plan should be reflective of not only the business of the firm but also the stage of business it is in (Roberge, 2015). If designed scientifically it can even result in greater efficiency and profits and increase the competitive advantage of the company.

A POSSIBLE ALTERNATIVE:
HOW TO DESIGN A SALES COMPENSATION PLAN



Adapted and Modified, from How to Create a Sales Comp Plan, In The Power of Sales Analytics (Zoltners, Sinha and Lorimer, 2014) in Chung (2015).

CASE STUDY: Eureka Forbes Ltd.: The Shift to 'Selling Effort' (Narayandas and Herman, 2009).

Eureka Forbes Ltd. (EFL) was started in the year 1982 as a joint venture between Forbes (India) Group and Electrolux, Sweden. The company's very first product was the EuroClean Vacuum cleaner, followed by its AquaGuard water purifier, which was launched in the year 1984. Suresh L. Gokhlaney, had joined the company in 1987, with 20 years of experience in sales, brand management and sales management for Procter & Gamble and Johnson & Johnson. It was under Gokhlaney's leadership that the company grew sustainably, and expanded geographically throughout India. Gradually, it added new products like air purifiers and a range of industrial cleaning products to its product line. EFL was driven with the vision of improving the health and safety of consumers and their homes, and considered their customers as 'A Friend for Life'.

At the heart of the organization was the customer sales specialist, the EuroChamp, who brought the products to the customer's house, demonstrated it and closed the sale. His/her day usually began at 7A.M. in the morning, with a field meeting led by the team leader. During this meeting the leaders usually reviewed previous days performance, shared new learning and planned for the day ahead by allocating territories to each EuroChamp. The morning is usually spent by making cold calls and by midday the EuroChamps were expected to knock about 40-50 doors with the objective of generating at least three to four appointments for demonstrations in the evening when the 'head of the household' would also be present. The afternoons were spent completing their daily activity reports, requesting delivery for closed sales and depositing payments. In the evening again, they returned to their scheduled appointments for demonstrations and closing sales.

The annual quotas for the EuroChamps were broken down into monthly targets of at least 60 demonstration and 10 sales. Moreover, they were also expected to acquire 50 customer contacts on a daily basis. A EuroChamp's base compensation was inclusive of his fixed salary, rent allowance, medical reimbursement, leave travel concession, holiday bonus and travel reimbursement for those representatives who did not possess two-wheelers. Commissions were layered on the basis of sales volume. Further, there were several non-cash incentives like paid club celebrations and paid holidays that were given to high performers who performed consistently beyond their targets.

All was good, until instances where EuroChamps began to miss easy sales were increasing in frequency. They no longer demonstrated high spirits or high levels of motivation and usually did the motions in a mechanical manner with the aim of completing their demo. In certain circumstances the demo equipment was damaged or not clean. At this point Gokhlaney realized that certain dramatic changes had to be made in terms of formalizing a training schedule of competitive standards as well as revamping the compensation structure of the EuroChamps.

EFL's new pay plan, 'Bettering the Best', shifted the rewards based on sales volume into award points that acknowledged selling effort put in by EuroChamps for successful completion of the different stages of the selling process starting from the door knock and ending with a closed sale. Compensation was linked to the total points that were scored. E.g.: 5 points earned for a door knock, 100 points for a demonstration, 200 for attending meetings and 300 for a sale. Daily targets were also established. Such a compensation system was not only simple but also transparent. The sales representative got noticed every single day because even door knocks earned points. Earning these points also helped him in gaining visibility among his superiors. The aim of such a compensation structure was to make EuroChamps feel good about themselves, uplift their spirits and morale, improve their sales productivity and also the overall quality of sales. Gokhlaney said, 'The new system is an effort to split bigger goals into smaller targets and to encourage each and every EuroChamp to achieve the smaller targets so that they feel good about themselves and carry forward the spirit to the next day'.

As soon as the plan was piloted, a stream of good reviews followed. EuroChamps conveyed that the new system had offered them more chances to feel good and positive about themselves and increased their desire to win.

On one hand there was positive feedback regarding the new EFL compensation plan while on the other, within the first few weeks of the pilot, quite a few representatives started complaining about the time that went in to fill the new activity forms. It had increased paperwork, and, also, many worried that such a compensation plan would shift the EuroChamp's focus from making sales to earning points through the intermediary steps which were relatively easier to accomplish than making a sale. Also, since there was no way to keep track of their selling effort, managers predicted the risk of representatives overstating their efforts just to earn points.

In spite of such criticisms, Gokhlaney had realized that the effective implementation of the new system would depend on the leadership capabilities of the senior managers as well as those on part of the EuroChamps.

As time passed by, Gokhlaney had instilled within the EFL sales force, a vision that he strongly believed in. He wanted his sales representatives to establish strong relationships with customers even when there were no transactions between the two, emphasizing more on customer retention over customer acquisition through 'hard selling'. He wanted his customers to become 'Friends for life', and the only way he would succeed in this endeavor, is if his EuroChamps stopped worrying about how much quantity they sold and instead focused on how they sold it, their interactions with the customers and the pride they felt while doing their job.

> The most effective way to strategize sales rewards is by understanding what the sales force means for the organization.

Such a vision only implied that there was a need to remodel the sales compensation plan in a manner such that, the EuroChamps would earn a high and stable fixed salary and selling effort would be considered as a measurement for compensation rather than the number of sales closed by the representatives within an allotted time period. In addition, compensation plans need to be periodically reviewed and modifications need to be made in keeping with the changes in the market forces. Like in the case above, the change in policy kept the EuroChamps motivated even during difficult times since they were assured of achieving targets at various levels.

CONCLUSION

The most effective way to strategize sales rewards is by understanding what the sales force means for the organization. Some organizations view their sales representatives as costs, and, therefore, continuously try to keep costs down to the bare minimum, while there are other organizations that view their sales people as assets that help generate revenue for the organization and increase the competitive edge. Organizations that view their sales force as assets usually experience low employee turnover, reduced absenteeism and a more motivated and dedicated sales force. Firms that invest in their sales force eventually find that being generous with rewards usually turns out to be less expensive in the long-run than holding costs down.

Therefore, companies which are planning to change their sales compensation plan should essentially think of their sales representatives as customers for that plan. The plan should be such that sales representatives as customers are eager to buy the plan. Such a plan, which meets the individual needs of the representatives, giving them enough scope for personal development, will eventually translate into excellent performance on behalf of the representatives and revenue generation for the firm. Thus, it is time that Human Resource Managers begin to practice marketing by shaping the rewards in a manner that is attractive to sales representatives as well as customers.

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A Study on the Fiscal Health of West Bengal

ABSTRACT

For the last couple of years, the focus of not only economists in India, but also several economic studies across the globe has been the economic situation and fiscal health of the state of West Bengal, which after several decades of economic stagnation and distress, is exhibiting the possibility of breaking out of what the Hon'ble Finance Minister of West Bengal himself described as a 'perfect debt trap'. Increased productive expenditure has provided a positive impetus to the state economy, very much in line with the Keynesian Principle of Increased Government spending spurring domestic consumption and investment, thereby pushing economic growth.

When the IT Revolution came about in the mid-1990s, West Bengal became the only state which was unable to reap the benefits, thereby losing out on what could have been a veritable point of turnaround.

INTRODUCTION

At the time of Indian Independence, West Bengal was one of the most prosperous states of India, contributing nearly 17 per cent of the country's GDP. The economic development of the state continued throughout the 1950s and 1960s till the so-called dark days came along in the early 1970s. Since mid-1970s, the economic deceleration of the state began and over the next couple of years, the state saw stagnation in economic growth, the situation being further exacerbated by increased labour unrest, industrial strikes, lay-offs, sickness of domestic cottage industries, etc. When the IT Revolution came about in the mid-1990s, West Bengal became the only state which was unable to reap the benefits, thereby losing out on what could have been a veritable point of turnaround. The economic situation worsened thereafter, and growth remained stunted till the first decade of the 21st century. During recent years, the possibility of an economic turnaround has gained credence, especially with several economists opining that economic revival is feasible if coupled with proper financial management.

OBJECTIVES OF STUDY

1. To have an insight into the fiscal health of West Bengal.
2. To identify the factors that led to poor fiscal state of West Bengal in the last few years.
3. To analyze the impact of the debt-servicing burden on the normal economic activities of the state including developmental activities in recent years.
4. To suggest additional measures that might enable the state to better deal with the present economic difficulties and find a way out of the 'perfect debt-trap'.

LITERATURE REVIEW

The Fiscal picture in West Bengal is characterized by a high debt-gross state domestic product ratio and a low own tax revenue - GSDP ratio (lowest in the country). The debt problem of West Bengal is a reflection of two independent factors. First, there is a shortfall in revenue receipts of West Bengal compared to the other states. This shortfall in revenue receipts is because of a low OTR-GSDP ratio in West Bengal as compared to that of other states. The low OTR-GSDP ratio in West Bengal is a result of a low manufacturing base and tax concessions provided to the private sector. Second, the effective interest rate paid by West Bengal is much higher than the other states. This is because the interest rate charged by the centre on NSSF loans in higher than other loans and the share of NSSF loans in total loans in much higher in West Bengal than in other states. (Subhanil Chowdhury 2012, Zico Dasgupta 2012). The Domar Condition for debt sustainability was used to arrive at the conclusion.

The progressive deterioration in state finances since the late 1990s focused attention of policy makers to fiscal reform at the state level. The six-year period from 1997-1998 to 2002-2003 has been the worst for state finances –state deficits recorded their highest levels while central transfers to states were at their lowest. Several factors have been attributed to worsening state finances, viz. growing revenue expenditure, particularly wages, salaries and pensions arising out of the implementation of the awards of the Fifth Pay Commission which saw salaries and pensions rising by about 60 per cent over three years, losses of state public sector enterprises (especially state Electricity Boards as also state Road Transport Corporations) and declining transfers from the Central Government. Besides, states were competing with each other in exemption proliferating tax competition resulting in a fall in the level of states' own tax revenue relative to GDP. Further, subsidies provided by states are largely implicit and inadequate user charges have contributed to the deterioration in state fiscal health. The widening gap between revenues and expenditures saw states consequently resorting to borrowing at high nominal rates resulting in rising debt servicing costs which further exacerbated the worsening fiscal imbalance. Four major deficit indicators viz. the revenue deficit, the primary revenue balance, the primary deficit and the gross fiscal gap were examined using the Gregory Hansen test of co integration [Swati Raju 2009, Karnik, A 2005, Jha R and A Sharma 2001, Gregory, A. W. and B. E. Manson 1990].

Despite having a mid-level per capita income and a not so unimpressive growth rate, West Bengal's Finances have fared poorly on most parameters when compared with other states. Its tax to state domestic product ratio is the lowest and the revenue deficit the highest among all general category states. The state's tax performance is so different from that of other states that it is an outlier in the statistical sense. Alongside, the consumption income ratio is also slow and the savings income ratio is not very high. This suggests the need for a fresh look at the state's true level of development as well as examining whether low tax collection is a result of its style of government (Debabrata Dutta 2010).

There is a wide variation in the fiscal position of different states in India. Revenue deficit, fiscal deficit, primary deficit, debt servicing and debt stock are the important indicators that determine the fiscal health of a state. Due to the implementation of the Fifth Central Pay Commission scales, the revenue deficit worsened and in the year 2000-2001, 23 out of 28 states were in revenue deficit. In 1998-1999, out of 25 states, except Mizoram, all the states were in primary deficit. In 2000-2001, although two out of 28 states were in primary surplus (Chhattisgarh and Sikkim), in most of the remaining states the primary deficit i.e. GSDP ratio had worsened. The ratio of interest payment to total revenue receipt is taken as an important measure to assess the interest payment sustainability but there is no definite norm of sustainability. (Dr. Suresh Shanbhogue 2008, et al).

West Bengal's gross fiscal deficit as a proportion of NSDP and revenue deficit as a proportion of NSDP is the highest among non-special category states according to RBI reports. Starved of resources the state government could not match for development. It exhibited dismal performance in development expenditure, which is the key for economic progress of the state.

Development Expenditure as a percentage of NSDP is around 10 per cent and West Bengal is at number three from the bottom in this category. 80 per cent of revenue earnings of West Bengal are used up in meeting committed expenditures like wages and salaries of government employees and interest payments on outstanding public debt. The lack of resources also led to a lack of investment by state government throughout the last decade. The analysis is based on statistical dates from different sources (Punarjit Roy Chowdhury 2012).

The money spent on debt servicing was depriving the people of West Bengal of resources which could otherwise have been deployed for development activities.

However, there is no full-fledged study on the fiscal health of West Bengal in recent years. Our endeavour has been to carry out a study on this yet unexplored period of the state's economy.

FISCAL HEALTH OF WEST BENGAL FY 2011-12 ONWARDS

At the end of the fiscal year 2010-11, i.e. at the on-set of the FY 2011-12, the debt burden of the state of West Bengal stood at a whopping Rs. 1,873,874 million, amounting to almost 41 per cent of the state's GSDP. Under such strained fiscal conditions, the most pragmatic step for any state government would be to enhance the state's own revenue generating capacity, in order to enable it to meet the debt-servicing requirement out of its own revenues to the largest extent possible. The Hon'ble Finance Minister of West Bengal, while delivering the Budget speech FY 2014-15 in the State Assembly, commented that under conditions of restricted investment coming in from the private sector, the Keynesian principal of increased government spending to provide an impetus to growth still holds good. The Government of West Bengal seemed to abide by the said principal, increasing its expenditure manifold, and this had a positive impact on the rate of growth of the GSDP over the next few years, though, as an inevitable side-effect, the gross state debt rose several times. As per the revised estimate provided in the website of the Finance Ministry of the Government of West Bengal, gross state debt at the end of FY 2015-16 stood at Rs. 3,336,771.8 million, though this was approximately 34 per cent of the state GSDP. Thus, evidently, in the five year period between 2011-12 to 2016-17, the rate of growth of State GSDP did out-do the rate of growth rate of the state debt burden.

However, a closer look at the Debt-GSDP ratio over the same period, as in Figure 1, reveals that the state Debt as percentage of the GSDP actually reduced to 32.58 per cent in the FY 2015-16, before again rising to nearly 34 per cent at the end of the FY 2016-17. This should definitely be taken note of and fiscal prudence exercised in order to ensure that the Gross State Debt only declines as a per cent of GSDP. In the same context, it must be admitted that the Keynesian theory of increased government spending spurring economic growth during times of economic stagnation has indeed been justified if we take the case of West Bengal in the above scenario. But the State Finance Minister, in June 2016, did admit that West Bengal is in a 'perfect debt trap'. 'Of the Rs. 1.13 trillion increase in the state's debt stock during the past five years, around Rs. 940,000 million went into debt servicing. Remember when we came to office we inherited a debt of Rs. 2 trillion. So, this is a perfect debt trap,' he said. The money spent on debt servicing was depriving the people of West Bengal of resources which could otherwise have been deployed for development activities. In fact, it would have boosted the state economy by up to four times for every penny spent, FM Amit Mitra said, referring to the Keynesian multiplier

Debt as per cent of GSDP for West Bengal

Financial Year	In Rs. Crores		
	Debt	GSDP (at current prices)	Debt as a per cent of GSDP
2010-11	1,87,387	4,60,959	40.65 per cent
2011-12	2,07,702	5,28,316	39.31 per cent
2012-13	2,29,779	6,12,701	37.50 per cent
2013-14	2,51,997	7,00,117	35.99 per cent
2014-15	2,77,579	8,00,868	34.66 per cent
2015-16	3,06,043	9,39,471	32.58 per cent
2016-17(RE)	3,33,677	9,89,965	33.71 per cent

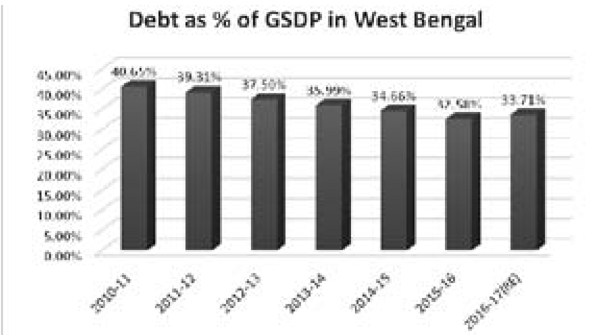


Fig .1: Diagram showing Debt as a per cent of GSDP of West Bengal since FY 2010-11

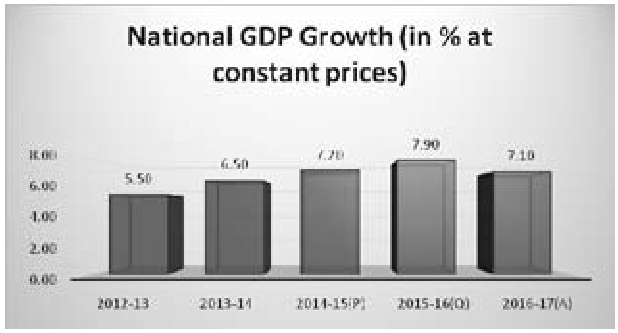
theory. Thus, in order to stave off the prospect of a financial crisis, the state must undertake certain austerity measures and at the same time, boost its tax revenue.

Growth of State GSDP as compared to National GDP Growth:

The Central Statistics Office (CSO) under the Ministry of Statistics and Programme Implementation, Govt. of India after due deliberations have changed the base year of GDP evaluation from 2004-05 to 2011-12, while conforming to international standards. They have introduced a new parameter of economic growth evaluation, by the title of GVA (Gross Value Added). Hereunder, GDP and GVA figures of All India for the last few years, sectoral shares and growth rates of GVA over the same years are graphically given, followed by a graphical analysis of the scenario derived from the table itself (Figures 2 and 3). It is to be noted that GDP of India has evidently grown at moderate levels over the last few years, as can be seen from the Table and the chart

Fig.2: Growth of Gross Domestic Product (GDP) and Gross Value Added (GVA) at Market Price of All India at Base, 2011-12

Year	GDP Growth (per cent)		GVA Growth (per cent)	
	Current Price	Constant Price	Current Price	Constant Price
2012-13	13.90	5.50	13.60	5.40
2013-14	13.00	6.50	12.60	6.20
2014-15(P)	10.70	7.20	10.70	6.90
2015-16(Q)	10.00	7.90	8.60	7.80
2016-17(A)	11.90	7.10	10.80	7.00

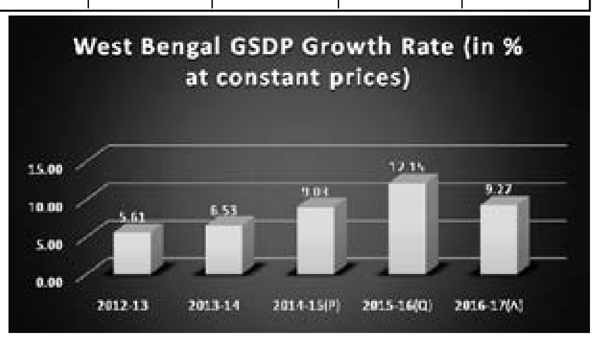


above. But in 2016-17, as per advanced estimates, it demonstrates a reduction as a result of the Union policy of demonetization.

GSDP/ GSVA of a state may be reckoned as the main pillar of the state economy. Here, along with growth rates of GSVA in percentage, individual percentage shares of each sector have been analysed at constant prices with base year 2011-12 for the state of West Bengal:

Fig.3: Growth of Gross Domestic Product (GDP) and Gross Value Added (GVA) at Market Price of West Bengal at Base, 2011-12

Year	GDP Growth (per cent)		GVA Growth (per cent)	
	Current Price	Constant Price	Current Price	Constant Price
2012-13	14.54	5.61	14.51	5.59
2013-14	15.85	6.53	15.03	5.73
2014-15(P)	14.36	9.03	13.00	7.62
2015-16(Q)	19.19	12.15	18.40	11.17
2016-17(A)	15.50	9.27	15.64	8.99



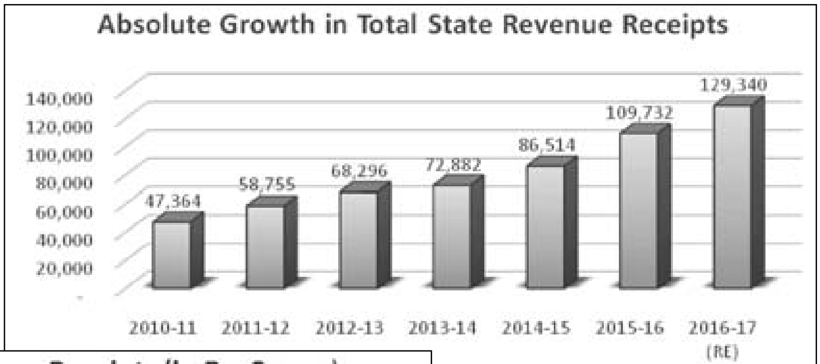
GSDP of West Bengal has grown at relatively steady levels over the period under consideration, as explained by the Table and the chart above. But in 2016-17 as per advanced estimates, it demonstrates a reduction as a result of the Union policy of demonetization.

Sources of State Revenue Receipts over the years:

As in Figure 4, Revenue receipts have increased by almost 173 per cent in the last 5 years, from Rs. 473,640 million in FY 2010-11 to an estimated Rs. 1,293,400 million in FY 2016-17. Own Tax Revenue has clearly dominated the shares of State Total Revenue Receipts in 2015-16. State's Own Tax Revenue collection grew up to Rs. 424,920.8 million in FY 2015-16 from Rs. 212,287.4 million in FY 2010-11, thereby having more than doubled in the last five years.

Fig.4: Pattern of Revenue Receipts (in Rs. Crores)

Financial Year	Share in Central Taxes	State's Own Tax Revenue	Non-Tax Revenue	Grants-in-Aid	Total Revenue Receipts
2010-11	15,955	21,229	2,381	7,800	47,364
2011-12	18,588	24,938	1,340	13,889	58,755
2012-13	21,226	32,808	1,918	12,343	68,296
2013-14	23,175	35,831	2,023	11,853	72,882
2014-15	24,595	9,412	1,627	20,881	86,514
2015-16	37,164	42,492	1,862	28,214	1,09,732
2016-17 (RE)	44,625	48,927	2,038	33,750	1,29,340



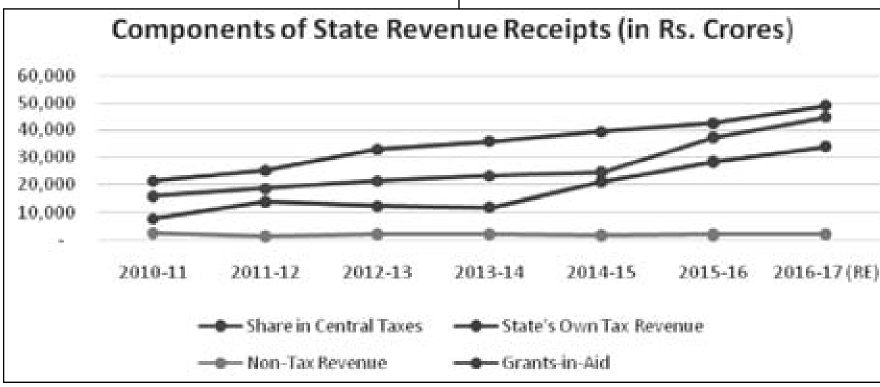


Fig.5: Classification of State's Own Tax Revenue (in Rs. Crores)

Major Heads of Income	2011-12	2012-13	2013-14	2014-15	2015-16
Land Revenue	1,872.23	2,023.72	2,253.54	2,275.74	2,456.27
Stamp & Registration Fees	2,731.68	4,357.23	4,053.07	4,196.20	4,174.97
State Excise	2,117.04	2,621.43	3,017.66	3,587.02	4,015.12
Taxes on Sales, Trades, etc.	15,888.41	18,554.76	21,931.09	24,021.91	26,050.16
Taxes on Vehicles	1,007.23	1,221.55	1,350.66	1,504.68	1,707.02
Other Taxes on Income & Expenditure	426.68	448.01	465.28	464.14	485.50
Taxes & Duties on Electricity	408.19	1,837.15	1,213.38	1,946.83	2,091.63
Others*	486.71	1,744.64	1,545.88	1,415.45	1,511.40
Total	24,938.17	32,808.49	35,830.56	39,411.97	42,492.07

Note : Others include Taxes on Agricultural Income, Taxes on Immovable Property other than Agricultural Land, Taxes on Goods and Passengers, Taxes and Duties on Commodities and Services etc.

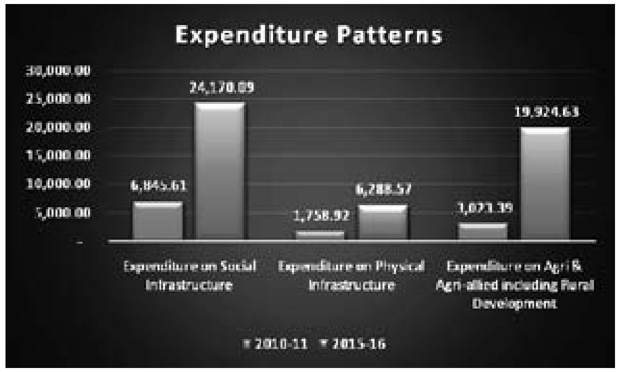
Avenues of State Expenditure:

Ideally, under the situation of strained finances, fiscal prudence demands adhering to the Budgeted Expenditure and to reduce Non-Plan Expenditure to the minimum. However, in the case of West Bengal, expenditure has often been more of unplanned than planned, leading to undesirable increase in debt burden to meet the increased expenditure. Total expenditure has increased from Rs. 729,621.1 million in FY 2010-11 to an estimated Rs. 1,663,625.9 million during the FY 2016-17. Out of this, Development Expenditure increased from Rs. 380,586.7 million during FY 2010-11 to an estimated Rs. 1,037,336.1 million during the FY 2016-17. Again, capital expenditure has increased by more than 6 times from Rs. 26,334.8 million in the FY 2010-11 to a whopping Rs. 166,486.9 million during the FY 2016-17. The following table shows the proportion of development as well as capital expenditure as a proportion of total expenditure incurred over the years. (See Figure 6)

Fig. 6: Proportion of Development & Capital Expenditure out of Total Expenditure (in Rs. Crore)					
FY	**Total Expenditure**	**Development Expenditure**	**Dev. Exp. as per cent of Total Exp**	**Capital Expenditure**	**Cap. Exp. as per cent of Total Exp.**
2010-11	72,962.11	38,058.67	52.16per cent	2,633.48	3.61per cent
2011-12	83,830.88	42,952.64	51.24per cent	3,211.72	3.83per cent
2012-13	95,357.49	51,824.18	54.35per cent	5,611.33	5.88per cent
2013-14	1,08,513.39	57,936.08	53.39per cent	7,590.25	6.99per cent
2014-15	1,23,042.43	70,672.24	57.44per cent	10,383.39	8.44per cent
2015-16	1,41,451.09	85,406.15	60.38per cent	13,280.99	9.39per cent
2016-17	1,66,362.59	1,03,733.61	62.35per cent	16,648.69	10.01per cent

Another key indicator of the sanctity of the expenditure pattern undertaken by any Government is the amount of expenditure on social infrastructure, which includes expenditure on Education, Sports, Art & Culture, Health & Family Welfare, Water Supply, Sanitation, Housing, Information & Broadcasting, Labour & Labour Welfare, Welfare of SC, ST and OBC, Social Welfare and Nutrition. Such expenditure rose more than 3.5 times from Rs. 68,456.1 million during FY 2010-11 to Rs. 241,700.9 million during FY 2015-16 with a compounded annual growth rate (CAGR) of 28.70 per cent. Empirically, this did have a multiplier effect on social welfare, very much desirable in a welfare state.

Again, if we take expenditure on physical infrastructure (Figure 7) (i.e. on Energy, Industry and Minerals, Transport, Science, Technology & Environment, General Economic Service), the same has shown an increase from Rs. 17,589.2 million in FY 2010-11 to approximately Rs. 62,885.7 million during the FY 2015-16, with a CAGR of 29.02 per cent. Moreover, expenditure on Agriculture and Agri-allied including Rural Development has increased



more than 6 times over the 5-year period (Rs. 30,233.9 million in FY 2010-11 to Rs. 199,246.3 million in FY 2015-16).

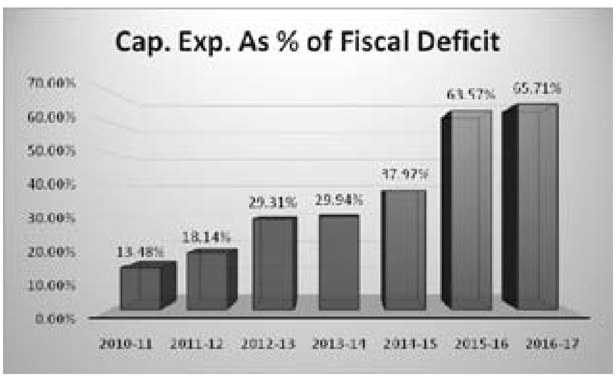
From the above analysis, it is clear that the State Government has, over the last few years, focussed its expenditure in relatively productive sectors, intended to provide a fillip to the almost stagnant economic situation prevailing in the state since the late 1990s.

Estimates of Deficits over the 5-year period:

The gross fiscal deficit as a proportion of the GSDP has reduced from 3.41 per cent in FY 2014-15 to 2.22 per cent in FY 2015-16 and thereafter rose to approximately 2.56 per cent in FY 2016-17. Again, revenue deficit as a proportion of GSDP also reduced from 2.14 per cent in FY 2014-15 to 0.97 per cent in FY 2015-16 and then marginally to approximately 0.96 per cent as per revised estimate for FY 2016-17. To examine whether the fiscal deficit has been utilised towards productive areas, let us examine the percentage of fiscal deficit amounts invested in meeting the capital expenditure over the 5-year period. As we can see from the Fig. 7 below, the state's capital expenditure has been increasing steadily and consistently as a percentage of State's Fiscal Deficit since the last few years. It increased consistently from 13.48 per cent in 2010-11 to 63.57 per cent in 2015-16, almost in quantum jumps in the last few years. This reflects on the State's increased stress on Capital Expenditure while keeping Fiscal deficit under control.

Fig. 7: Capital Expenditure as a per cent of Fiscal Deficit

Financial Year	Capital Exp. (in Rs. Crore)	Fiscal Deficit (in Rs. Crore)	Cap. Exp. as per cent of Fiscal Deficit
2010-11	2,633.48	19,534.96	13.48per cent
2011-12	3,211.72	17,704.88	18.14per cent
2012-13	5,611.73	19,146.63	29.31per cent
2013-14	7,590.25	25,347.90	29.94per cent
2014-15	10,383.39	27,345.29	37.97per cent
2015-16	13,280.99	20,890.69	63.57per cent
2016-17	16,648.69	25,335.77	65.71per cent



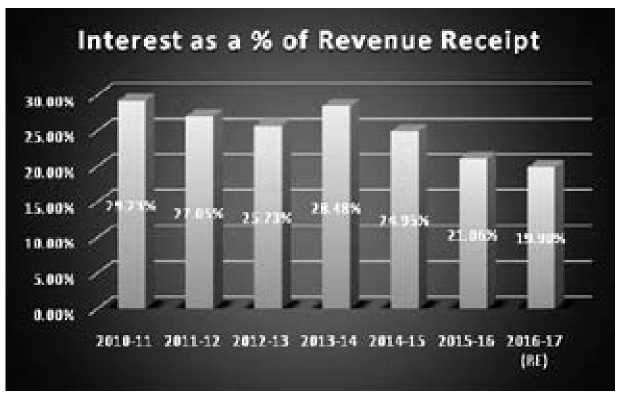
Thus, we can see that in recent years, more than 60 per cent of the fiscal deficit amount is due to capital expenditure which has increased manifold over the years. This is undoubtedly a positive sign for the state's financial health whereby the fiscal deficit arises due to increased productive expenditure.

<u>Impact of Debt-servicing: Interest payments as a proportion of Revenue Receipts</u>

Revenue expenditure as a per cent of revenue receipts has decreased from around 137 per cent in FY 2010-11 to 107 per cent during the FY 2016-17, highlighting the state's efforts towards attaining revenue self-sufficiency (See Figure 8). However, we can see from the analysis below that interest payment on the debt burden has increased over the years in absolute terms, in line with increase in state debt, though the same as a proportion of revenue receipts has decreased over the last few years. This is indeed a good indication of improving financial position, although the state has to increase its own taxing capacity in order to improve the said ratio. Fiscal prudence demands that the interest payments should be restricted to the greatest extent possible by curtailing increasing debt and enhancing the state's own revenue-generating capacities.

Fig. 8: Interest Payments as a per cent of Revenue Receipts

Financial Year	Interest Payment (in Rs. Crore)	Revenue Receipt (in Rs. Crore)	Interest as a per cent of Revenue Receipts
2010-11	13,817.30	47,264.20	29.23per cent
2011-12	15,895.99	58,755.04	27.05per cent
2012-13	17,570.70	68,295.75	25.73per cent
2013-14	20,756.81	72,881.79	28.48per cent
2014-15	21,587.99	86,514.21	24.95per cent
2015-16	23,114.92	1,09,732.21	21.06per cent
2016-17 (RE)	25,733.96	1,29,340.23	19.90per cent



SUGGESTED MEASURES

On the basis of the above analysis, we suggest the following measures for the betterment of the financial situation in West Bengal:

1. **Higher Taxing Capacity:** The state has to widen its taxation base in order to increase its own tax revenue in order to improve its interest payment to revenue

receipts ratio. The introduction of the GST across India recently should have a positive impact on the West Bengal economy, as GST, being a destination-based tax, should ideally result in higher indirect tax revenue for consuming states like West Bengal. It is only worthwhile that the state makes use of this opportunity to further enhance its Own Tax Revenue.

2. **Economy and Proper Planning in Expenditure:** The state has to rein in its increasing non-plan expenditure and abide by fiscal targets. Economy in expenditure is no longer an option, it is, under the present circumstances, the only way out. Curtailment of all types of wasteful expenditure and economy in the overall productive expenditure is urgently required.

3. **Providing incentives to the private sector:** The State Government needs to provide tax incentives and other types of incentives to the private sector in order to encourage them to enhance their investment in the state and to attract foreign investors into the state. Providing SEZ facilities is another step the government may consider in the near future.

CONCLUSION

It doesn't happen every day that we are given a chance to tackle our existing problems with utmost grit and inner strength. The present economic situation in West Bengal provides the state an opportunity to stand up to the precarious financial condition it faces and enhance its own income-generating capacity as stated before. The huge debt burden is undoubtedly an enormous liability. However, channelizing the debt funds into productive sectors, thereby increasing own income is the need of the hour. Whether the state can break out of the vicious cycle of under-development is something only time will tell, but we, on our part, can only hope that the State Government takes the correct pro-development steps for furthering economic prosperity and fulfilling the primary objective of any welfare state – 'providing the greatest goods to the greatest numbers'.

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Is Online Shopping in India killing the Retail Merchants?

ABSTRACT

Retailing is the new buzzword for the average Indian consumer. India is a diverse nation with a population of 1.34 billion. This means that India represents approximately 17.85 per cent of the world's population and that one in every six people on this planet lives in India. Statistically speaking, more than 50 per cent of India's current population is below the age of 25 while more than 65 per cent of it is below the age of 35. 72.2 per cent of the population lives in villages whereas the rest 27.8 per cent in about 5480 towns and urban agglomeration.

INTRODUCTION

The majority of the population in India is from the rural background but it is indeed a startling fact that the e-commerce industry here is booming. Indian e-commerce market has managed to grow exponentially over the last five years. It has grown from $4.4 billion in 2010 to $13.6 billion in 2014 which is indeed a record in a country where the internet users are much lower than many other third world countries.

According to industry executives, online consumers have increased to 50-60 million at the start of 2016 from 12-15 million shoppers at the end of 2013. A report by the Confederation of Indian Industry (CII) and Deloitte, a consultancy firm, stated that the Indian online retail sector will increase to 1

> Consumers at present prefer to buy products from online retailers rather than spending time on a traditional method of purchase due to work pressure and time crunch.

trillion markets by the end of 2020 which will lead to big innovations taking place in the Indian market.

India's financial sector has undergone a great turbulence with the impact of demonetization taken by the present government to flush out a considerable amount of black money as well as to encourage a switch to a cashless state within the economy. Initially, in India, payments for 60-80 per cent of online transactions were made through cash on delivery, unlike other countries.

According to a statement by Amrish Rau, the CEO of PayU India, 'Around 40 per cent of cash on delivery was driven by black money according to a study done two years ago.' Therefore, this new move was having a huge impact on digitization. Reports show that there was a rise of 271 per cent in digital payments in the very first month after digitization. Paytm announced that it was processing over 7 million transactions worth Rs. 1200 million in a day. The tech-savvy Indians have already embraced the dear opportunities of demonetization.

This led many offline retailers to understand and adopt the digital trend of business through acceptance of e-wallets popularized by Paytm. There was a decline in the e-commerce growth for the first few months post demonetization due to the reduction of sales. The buying capacity of the majority of buyers who are used to the cash on delivery mode of payment was affected by the cash crunch and the newly introduced withdrawal limits on ATM. This resulted in additional logistical expenses in having high values of goods ordered before demonetization to be returned as customers were unable to pay.

As per reports, there has been a rise in online purchase and sale from January 2017. Consumers at present prefer to buy products from online retailers rather than spending time on a traditional method of purchase due to work pressure and time crunch. This resulted in a rise of numerous online applications through which consumers transacted products or services with the help of their fingertips. But does this indicate the death of e-retail merchants in India?

A majority of the companies are tending towards developing mobile applications to sustain in this competitive market. Small-scale industries are trying to survive the cut-throat competition against big technical application developed entrepreneurs. Mobile applications have made people so dependent on the internet that telecom companies are having a catastrophic fight in providing free internet connections to the users.

Hence, people are more into the urban trend of marketing from grocery to electronic applications through e-devices. Researchers will show that this might be the end of offline retail stores which are deeply struggling to survive in this web-knit world of commerce. But things don't turn out to be completely unfavorable for the traditional retails after all.

Although, a certain base of customers has been lost by the retail stores in Tier-1 cities (population 100,000 and above), the retail stores are focusing to have a grip on Tier-2 and Tier-3 cities (population 20,000-90,000) by differentiating sales channel and concentrating more on the profitability than revenue growth. Moreover, online retail will constitute a small percentage of retail trade in a country like India. The food sector dominates the total consumer spending, and more than 50 per cent is accounted for perishables which include dairy products, meat, vegetables and fruits. The online retail firms have not yet penetrated into the rural Indian markets which constitute more than 50 per cent of total consumer spending and e-tails mainly comprise of merchandise like consumer items, durables, footwear which account for just about 19 per cent. Only 10 per cent of the Indian market is organized which includes e-commerce.

> The recent activities by several brands show that companies are returning to brick-and-mortar strategies while at the same time combining them with elements of digital experience.

Even in this era of digitization, consumers would prefer to trust offline retailers before buying any product or avail services. According to industry experts, the consumers need retail spaces despite the prevalence of e-commerce.

'One has to understand at the end of the day, e-commerce is also a place where one is buying a product and a brand. In the long-term, it is all about who does it efficiently and what the consumer prefers. Even after 20 years of e-commerce in the US, physical is about 90 per cent retail. You have to use airports, roads, bridges; you can't have digital or virtual transportation.' said Kishore Biyani, the founder and CEO of the Future group, in a recent interview with The Economic Times newspaper.

In the past few years, though online retail has caught a hold on the investments and consumers due to the lenient FDI rules by the government, India continues to remain largely a traditional brick-and-mortar market where buying and selling are done through neighbourhood mom and pop stores. The recent massive devaluation and failure of e-retail start-ups and impending consolidation in the industry are boosting the confidence of big retailers to invest and build up new stores.

The failure of Snapdeal to find a buyer showed that no more than one or two companies are dominating the Indian e-commerce market. Even after demonetization, monthly electronic payment methods account for no more than 1.3 million transactions. Thus, it can be seen that there is far more intricate dynamic at work though there is a direct competition between online and offline retailers. Traditional retailers are focusing on growth by spreading to new markets, diversifying channels and aiming to increase profitability over revenue. This strategy by retailers in Indian markets can be classified as being part of 'offline to online' space.

Traditional retailers are using digital and mobile technologies to drive sales. This O2O or offline to online is not very surprising as digital sales channel does not require the complete closure of brick-and-mortar operations of a retailer. The recent activities by several brands show that companies are returning to brick-and-mortar strategies while at the same time combining them with elements of digital experience.

For instance, the Dua Vivo brand uses online and offline strategies to win customers. Again, consumer tendencies vary from - browsing online, buying offline to browsing offline to buying online and everything in between so that retailers can ensure the visibility of the brand to consumers across channels.

Therefore, it can be concluded that though online portals have clearly stated that brick-and-mortar retail industry is in the drowning stage, researchers have showed that there is still hope for offline retail industry to keep up the face with the web-knit strategies of the big enterprises. Recent future trends of consumers will state which side of the coin wins the toss - the online market or the offline retail merchants.

GST Beyond The Political Jargon

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ABSTRACT

The GST dream has taken 17 years to materialize. Today, around 160 countries all over the world follow GST given the benefits of this taxation system. In India, the GST has been launched in three separate levels - Central, State/Union Territory and Inter State. There are several implications of GST implementation on the businesses and the consumers. The GST in India has been prepared meticulously to be particularly friendly towards the Micro, Small and Medium Enterprises. Further rules have been put down to help ease out the transition process from the existing system of taxes to the new one. The structure of rates followed segregates goods into Merit goods and Demerit goods, while the earlier is taxed at a much lower rate, the highest rate burdens are imposed on the latter. Under GST a lot of documentation has been reduced and all of it is online.

The one most significant benefit of GST is the elimination of the tax on tax which is also referred to as the Cascading effect.

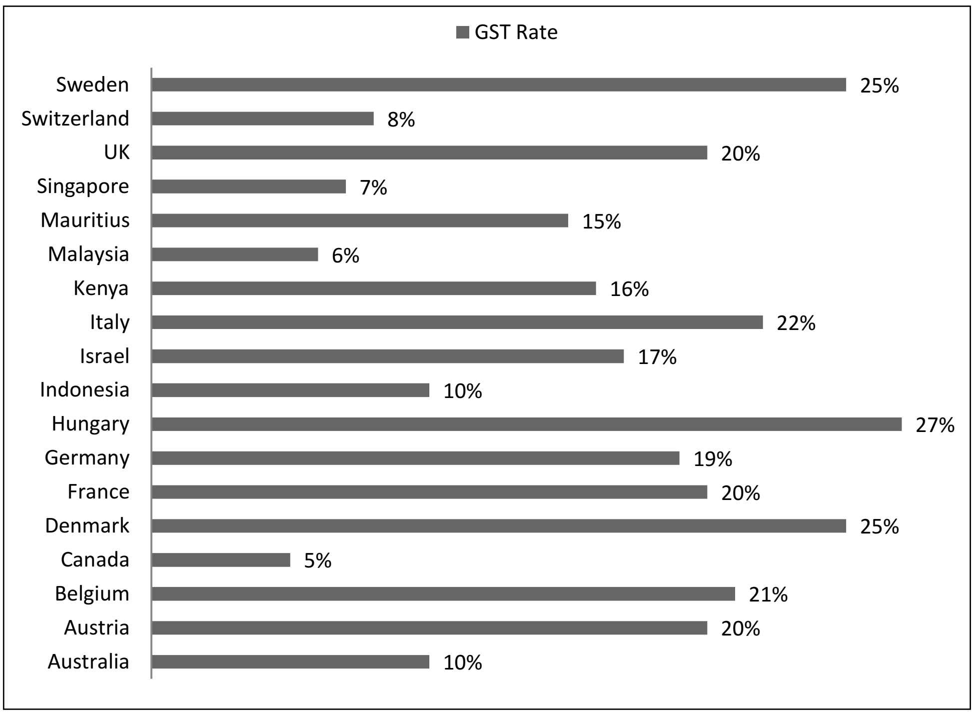
INTRODUCTION

The rollout of the GST is one of the biggest fiscal and economic reforms since independence in India; the GST has unified a USD 2 trillion worth market and a population of 1.3 billion into a single market. The Goods and Service Tax is one of the most advanced indirect taxation systems which is adopted by 160 countries in the world (see Table 1). GST Law in India is a comprehensive, multi-stage, destination-based tax that will be levied on every value addition. For the purpose of better understanding the definition of GST it can be segregated into three main parts – Multi-stage, Destination based tax, and tax on value-addition.

Multi-Staged implies that there are multiple steps an item goes through from manufacture or production to the final sale. Buying of raw materials is the first stage. The second stage is production or manufacture. Then, there is the warehousing of materials. Next, comes the sale of the product to the retailer. And in the final stage, the retailer sells you – the end consumer – the product, completing its life cycle.

Destination - based tax means the Goods and Services Tax will be levied at every point of sale. Goods and Services Tax will be levied on all transactions happening during the entire manufacturing chain.

Table 1: Countries with GST and there effective rates
Goods and Service Tax Rate around the World



(Source: Edelweiss Research)

Tax on Value-Addition means that GST will be levied on these value additions – the monetary worth added at each stage to achieve the final sale to the end customer.

HISTORY OF GST IN INDIA

It took 17 long years for GST to finally rollout in India amidst all the political turmoil and the slow and inefficient functioning of our legislature. There have been broadly three phases in the process of development of GST in India, starting way back in the year 2000. It is particularly ironic to observe that most European and Far East Asian countries had already started GST - preparation by the end of 1970s and, by now, around 160 countries have implemented the GST. Despite being aware of the benefits of the GST, the Indian Legislature faced several hiccups in bringing about this reformation in indirect taxation.

In between the years 2000-2004, Prime Minister Atal Bihari Vajpyee introduced the concept of GST under advice of the then RBI Governor Mr. Bimal Jalan, and had set up a committee headed by the then West Bengal Finance Minister Asim Dasgupta to design a GST model. The Vajpayee government formed a task force under Vijay Kelkar to recommend tax reforms. Vijay Kelkar, then advisor to the Finance Ministry, recommended that the GST replace the existing tax regime.

On February 28, 2006, GST appeared in the Budget speech for the first time; Finance Minister P Chidambaram had ambitiously set April 1, 2010 as the deadline for GST implementation. He had said that the Empowered Committee of finance ministers would prepare a road map for GST. Further, in 2008, the Empowered Committee of State Finance Ministers was constituted. The Empowered Committee then submitted a report titled 'A Model and Roadmap Goods and Services Tax (GST) in India' to the government. The then Finance Minister Pranab Mukherjee, in the year 2009, had announced the basic structure of GST as designed by the Dasgupta committee. However, the BJP opposed the GST's basic structure.

On February 2010, the Finance Ministry started the mission-mode computerization of commercial taxes in states, to lay the foundation for GST rollout. On March 22, 2011, UPA-II tabled the 115th Constitution Amendment Bill in the Lok Sabha for bringing GST; further the GST Bill was referred to a Parliamentary Standing Committee on Finance led by Yashwant Sinha. Then, in 2012, Finance Minister P Chidambaram held meetings with state finance ministers; and he decided to resolve all issues by December 31, 2012 for GST rollout. In the next year the UPA government resolved to introduce GST, Chidambaram in his Budget speech made provisions for Rs. 90 Billion to compensate states for losses incurred because of GST. However, Gujarat's Chief Minister Narendra Modi opposed the GST Bill saying that the state would incur losses worth Rs. 140 Billion every year due to GST.

In the year 2014, the GST Bill cleared by Standing Committee lapsed as Lok Sabha dissolved; and the BJP-led NDA government came into power. Finance Minister Arun Jaitley freshly introduced the Constitution (122nd) Amendment Bill in the Lok Sabha; and later next year Lok Sabha & Rajya Sabha passed the GST Constitutional Amendment Bill. The GST Bill was thereafter forwarded to a joint committee of the Rajya Sabha and Lok Sabha. On August 2015, the Government failed to win the support of the Opposition to pass the bill in the Rajya Sabha where it lacked sufficient numbers. In August 2016, all parties agree to pass the Constitution Amendment Bill. On August 3, 2016, Rajya Sabha finally passed the Constitution Amendment Bill by two-thirds majority. It is by September 2, 2016, 16 states ratified GST Bill; President Pranab Mukherjee gave assent to the Bill. Union Cabinet cleared formation of GST Council.

On January 16, 2017, Arun Jaitley announced 1st July as the GST rollout deadline. Later, the GST Council finalized a draft compensation bill, providing to make good any revenue loss to states in first five years of the GST's rollout. On 27th March, Jaitley tabled the CGST, IGST, UT GST and Compensation bills in Parliament. The Lok Sabha and Rajya Sabha passed all the four key GST Bills — Central GST (CGST), Integrated GST (IGST), State GST (SGST) and Union Territory GST (UTGST). On May 18, GST Council fit over 1,200 goods in one of the four tax slabs of 5, 12, 18 and 28 per cent. Over 80 per cent of goods of mass consumption were either exempted or taxed in the 5 per cent slab. Further, the GST Council fixed cess on luxury and sin goods to create a kitty for compensating states.

On May 19, the GST Council decided on 5, 12, 18 and 28 per cent as service tax slabs. By Jun 21, all states except Jammu and Kashmir passed the SGST law. Finally, after a long wait of 17 years, on June 30, the GST was finally rolled out at midnight.

STATUTORY PROVISIONS GOVERNING THE GST

Registration clauses under Sec 22(1) provide that every person shall be liable for registration under GST if his annual turnover from sales of Goods or Service exceeds twenty lakh rupees, and in case of such persons belonging to special regions the limit is ten lakh rupees of turnover.

Migration clause under Sec 139(1) provides that every person holding a Permanent Account Number, and who is registered under any of the existing Indirect Tax regimes, shall be issued a new certificate of registration, shall be deemed to be registered under the GST Act under provisional basis for the interim period, and shall be finalized on submission of relevant documents as maybe required.

According to the GST Act every supply shall be subject to tax, and supply has a broad definition under the GST Act given u/s 7. Further, it is to be noted that u/s 9(1) tax shall be levied by the Central Government called Central Good and Service Tax on all intra state supplies of goods or services or both, excepting supply of alcoholic liquor for human consumption, on a value determined u/s 15, and the same shall be collected by the Central Government as per its convenience (similar to the case of earlier indirect taxes).

> It can be inferred that the all-digital format might be a concern for the next few months or more but, eventually, the Indian population at-large will have to cope up with this change.

It is particularly interesting to observe that the relief given to small businesses for their supply of goods or services or both for threshold limit u/s 22(1) does not render them exempted, but is an administrative relief given to the small businessmen, and liability to pay is transferred to the next intermediary in the value chain under the Reverse Charge Mechanism.

COMPARATIVE ANALYSIS OF GST AND THE PREVIOUS INDIRECT TAX SYSTEM

CGST is applicable for any sale of goods or services provided in any part of India. It will subsume the following Central taxes: Excise Duty, Additional Excise Duty, CVD, Service Tax and Surcharge and Cess(s). CGST is the revenue of the Central Govt.

SGST is applicable for any sale of goods or provided services in any State. It will subsume the following State taxes: VAT, CST, Luxury Tax and Entertainment Tax, Taxes on Lottery, Betting & Gambling and Entry Tax (other than those in lieu of Octroi). SGST is the revenue of the State Govt.

Comparison between Central Excise Duty and GST:

1. Manufacturers are liable to pay Excise Duty. Both manufacturers and traders are liable to pay GST.
2. Excise Duty is levied by the Central Govt. under a separate Act but GST will be levied by both Central and State Govt.

Comparison between VAT and GST:

In the existing system, VAT is allowable for a set-off if the sale is only made inside the State. But in case of inter-state sale, CGST is not allowable for a set-off. A manufacturer can take the benefit of setoff of excise and service tax. In the new GST regime, both SGST & CGST are available for set-off in the entire chain of distribution from a manufacturer to a retailer.

Illustration: The cost of production is Rs.50000; the profit margin in all stages is Rs.5000; Rate of Excise Duty @ 8 per cent; VAT Rate @12 per cent; CGST Rate @12 per cent; SGST Rate @ 8 per cent and IGST Rate @ 20 per cent.

At the Manufacturer level, on production of the goods first the Excise duty is levied and subsequently VAT is charged on sale to wholesaler under VAT. Under the GST system the goods at the time of removal from the factory is chargeable to CGST and SGST (see Table 2).

At the wholesaler level and the retailer level, under VAT the VAT is charged on sale and subsequent input tax credit is available on the amount of VAT paid in the earlier stages; under GST the CGST and SGST are charged on the sale of goods to the next level and similarly input tax credit is allowed on GST paid in the earlier stages.

Table 2: Tax treatment in the hands of Manufacturer

Particulars	Under VAT	Under GST
Cost of Production	50,000	50,000
Add: Profit	5000	5000
Price Charged (Input Tax- Nil)	55,000	55,000
Add: Excise Duty @ 8 per cent	4400	-
Add: VAT (on Rs.59400) @ 12 per cent	7128	-
Add: CGST @ 12 per cent	-	6600
Add: SGST @ 8 per cent	-	4400
Selling Price	66,528	66,000
Tax Liability:	11,528	11,000
VAT [8328-7728]	600	-
CGST [7800-7200]	-	600
SGST [5200-4800]	-	400

Benefits of GST

The one most significant benefit of GST is the elimination of the tax on tax which is also referred to as the Cascading effect. Under the previous federal structure, with a plethora of Indirect Taxes, consumers eventually had to pay tax on the amount of tax already paid on the goods. This was due to the non-availability of Input Tax Credit between the taxes levied by Central/State Government against another tax levied by State/Central Government. This can be comparatively illustrated as follows- Suppose A Ltd. is a Manufacturer of a good subject to an Excise duty of 5 per cent and VAT of 15 per cent and the cost of the good including profit is Rs. 100. Post GST the good is proposed to be taxed at the rate of 20 per cent thus ideally total per cent of tax chargeable in each case is 20 per cent. The total tax on goods is computed in Table 3.

In Table 3 it is shown that on the price of Rs.100 the consumer in the pre-GST period pays Excise Duty first and then on the price including Excise duty the VAT is charged. Thus, in the end, an additional amount of VAT is being paid by the consumer on the Excise Duty of the goods, as compared to post GST - both the CGST and SGST are calculated on the actual value of the goods, Rs.100. Evidently, the end consumer pre- GST has to pay excess tax

Table 3: Illustration of Cascading Effect		
Particulars	**Pre GST (in Rupees)**	**Post GST (in Rupees)**
Assessable Value	100	100
Excise Duty @ 5 per cent	5	-
CGST @ 10 per cent	-	10
SGST @ 10 per cent	-	10
Total	105	120
VAT @ 15 per cent	15.75	-
Total Price (including Taxes)	120.75	120
Total Tax Payable	20.75	20

on tax. Thus, this benefit will then be transferred by the manufacturers to the consumers and will work out to much more affordable Goods. Table 4 represents a case study on the reduction in prices of cars after implementation of GST.

Another benefit of GST is that with the rollout of GST the uniformity across all states in terms of indirect taxation can be attained. This uniformity will serve justice in terms of taxation for citizens from different states of our country. On the other hand it will improve India's ranking in Ease of Doing Business Index issued by the World Bank, which ranked India at the 130th position in the year 2016. This will help India attract new investments and businesses to India in the long run. The dividends of this will be significant in the long-run.

Further, it will now be possible for the Central Government to estimate its revenues with greater accuracy and it will have a much clearer picture of its fiscal position, which will aid in better decision-making and a much more realistic approach to good governance. Earlier, with several Indirect taxes in place, it was particularly cumbersome to administer and manage the system. But with only one unified tax in place it becomes much simpler for the government, and with such knowledge the government can now plan and implement its plans or projects for expansion and welfare in a much more efficient manner.

DISADVANTAGES OF GST

The GST is an all online system of tax which in itself is a big hurdle in the Indian context. India's computer literacy ratio is particularly low and the lack of infrastructure with low internet penetration in rural India is going to pose the biggest threat to the implementation of GST. A trader above the threshold limit is required to file three online returns every month GSTR-1 (Output Tax), GSTR-2 (Input Tax) and GSTR-3 (Monthly Return) along with GSTR-9 (Annual return) making it a total of 37 returns every year. There is an increasing fear among small businessmen in the rural parts of India with regards to compliance of the online registration and filing return norms.

Another problem quiet mightily overlooked is that the 'One Country, One Tax' is not entirely true. This is because though the GST Act replaces several indirect taxes like the

Table 4: Changes in the prices of cars post-GST implementation

Brand	Model	Pre-GST price	Post-GST price	Change per cent
Maruti Suzuki	Alto 800	2,74,000.00	2,61,000.00	-4.74 per cent
Maruti Suzuki	Dzire	9,85,000.00	9,32,000.00	-5.38 per cent
Maruti Suzuki	Ciaz	8,31,000.00	7,83,000.00	-5.78 per cent
Toyota	Corolla Altis	20,99,000.00	18,92,000.00	-9.86 per cent
Toyota	Fortuner	32,85,000.00	29,59,000.00	-9.92 per cent
Jaguar	XE	39,45,000.00	34,64,000.00	-12.19 per cent
Jaguar	XF	50,23,000.00	44,89,000.00	-10.63 per cent
Jaguar	XJ	108,30,000.00	97,39,000.00	-10.07 per cent
Jaguar	F-Pace	72,35,000.00	67,37,000.00	-6.88 per cent
Land Rover	Discovery Sport	46,39,000.00	40,04,000.00	-13.69 per cent
Land Rover	Range Rover Evoque	48,49,000.00	42,37,000.00	-12.62 per cent
Land Rover	Range Rover Sport	91,81,000.00	89,44,000.00	-2.58 per cent
Land Rover	Range Rover	219,00,000.00	171,00,000.00	-21.92 per cent
Audi	A3	32,37,000.00	30,77,000.00	-4.94 per cent
Audi	A4	40,43,000.00	38,40,000.00	-5.02 per cent
Audi	Q3	34,00,000.00	32,48,000.00	-4.47 per cent

(* all prices are ex-showroom Mumbai, Source: www.carwale.com)

Excise Duty, Service Tax, VAT, CST and Customs Duty, etc., several key items have been kept out of the purview of GST like Petrol and other Petroleum products. In fact, GST entirely doesn't replace all indirect taxes as the Road tax; Stamp duty; Vehicle tax; Entertainment tax; Tax on sale and consumption of electricity etc. are still under the control of State governments. State governments have been taking undue advantage of this situation. The Maharashtra State Government has increased Road Tax and Vehicle Tax to such a high level that despite the drop in the prices of cars as observed in Table 4, the end on-road price that a consumer is required to pay is still comparable to the pre-GST cost. Again, the Tamil Nadu Government has increased the Entertainment Tax on Movie Theatres to a whopping 30 per cent which makes the effective tax on a movie ticket at 51 per cent which is totally unreasonable.

HOW LOGICAL ARE THE RATE STRUCTURES

GST in India follows the policy of Merit-Demerit tax like several other countries in the world. This means that basic necessities and essential items and commodities are taxed at lower rates; this is evident from the tax rate structure which specifies that around 81 per cent of goods, mostly of basic nature, are taxed at the rate below 18 per cent, whereas luxury and comfort goods fall under higher tax slabs. Further, an additional GST cess will be levied on luxury goods. The rationale behind this additional GST cess levied on luxury goods is that in the first five years of GST implementation, the Central Government has guaranteed making good any loss of revenue incurred by the individual State Governments during the transition period, and a part of this amount will be collected by means of this cess. The GST council has proposed an initial rate slab of 0 per cent, 0.25 per cent, 5 per cent, 12 per cent, 18 per cent and 28 per cent; the rates for around 1300 goods have been notified till date.

CONCLUSION

The initial hiccups in the process of implementation of GST might be hard to ignore, but in retrospect, when was the last time – that a major change was passed without any obstacles in India?

It can be inferred that the all-digital format might be a concern for the next few months or more but, eventually, the Indian population at-large will have to cope up with this change. The digital formats now definitely ensure greater transparency in the system with lesser scope of manipulation and corruption, which is definitely desirable. Furthermore, it is worth noting that with gradual realization of the 'One Country, One Tax' dream the business environment in India will become much more pro-businessmen. This is going to ensure the real ease of conducting business, attracting more investments and generating jobs and income and thus, eventually generating a net positive growth in the economy.

However, there has been some speculation about the State Government revenues falling post GST implementation. But one must wonder, is it too soon to jump to such a precipitous conclusion? Therefore, the only stone unturned is the high rate of tax levied on certain items. This can be easily amended in the near future by way of a simple notification of rate change.

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Analyzing the Impact of Packaging on Impulse Purchase Behaviour

ABSTRACT

In today's hyper-competitive market, companies suffer from homogeneity in their product offerings. This is a major impediment to the success of most FMCG brands as they strive to distinguish themselves from the rest through several promotional techniques. Product packaging is increasingly being given immense importance by the marketers to establish a communication link with the customers. The primary purpose of this research is to examine the liaison between the packaging of Fast Moving Consumer Goods (FMCG's) and impulse buying behaviour.

This research also aims to explore the brand switching behaviour of consumers. The result of the present study bears testimony to the fact that there exists a pivotal relationship between the aforementioned variables. This study furnishes valuable information about several packaging attributes which should be deemed as an indispensable ingredient of a strategic

The package today is known to communicate the brand image and identity of an organization, effectively.

marketing plan in support of sales enhancement and favourable brand equity.

PREFATORY OBSERVATIONS

Archetypally, packaging may be regarded as the technology of enclosing or protecting products for distribution, storage, sale, and use. However, in today's cut-throat business scenario, the purpose of product packaging has undergone a radical transformation.

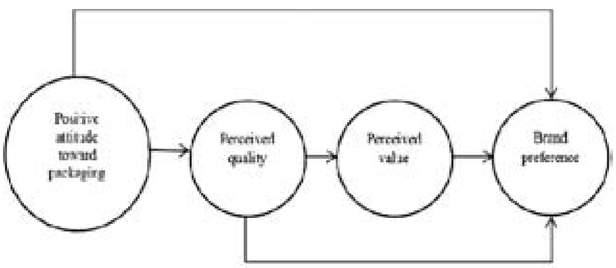

Exhibit 1: Conceptual framework of Packaging and Brand preference (Source: Wang, 2013)

While Above-The-Line [ATL] marketing (where mass media like electronic, print or internet is used) can promote brands and drive people to the store, the packaging is the final cog in marketing's collateral that converts awareness into sales. It also helps in promoting and selling products by striking the right balance between centrality and distinctiveness in a market replete with clutter. Exhibit 1 shows the relationship between the Packaging and Brand preference. The package today is known to communicate the brand image and identity of an organization, effectively. Thus, many marketers go to the extent of considering Packaging as the 5th P of Marketing Mix as it helps connect with the customers just as much as other elements of the mix do.

LITERATURE REVIEW

Underwood et al, (2001) observed that the package of the product becomes the symbol that communicates favourable or unfavourable implied meanings about the product.

Silayoi and Speece (2007) concluded that when the consumer is undecided, the package plays a key role in the purchase choice because it acts as a communication vehicle at the point of decision-making. This time it is called 'the first moment of truth'- when the package plays the role of a silent salesman.

Deliya, M. (2012) has observed that the importance of packaging design is growing in competitive markets for packaged FMCG products.

Ahmad et al. (2012) stated that due to increasing self-service and changing consumer lifestyles, the importance of packaging as a stimulator of impulsive buying behaviour is growing increasingly.

Ehsan & Samreenlodhi (2015) stated that packaging performs a central role in promotional campaigns and as a tool to create shelf impact.

OBJECTIVES OF THE STUDY

1. To identify the dominant elements of packaging influencing consumers, purchase intent by using Factor Analysis through Principal Component Analysis.
2. To analyze the effect of colour and innovativeness of packaging on impulse purchases.
3. To examine and see whether impulse purchases due to packaging is dependent on the age of respondents.
4. To assess whether drastic changes in packaging influence brand-switching behaviour.

HYPOTHESIS FORMULATION

In this undertaking, we have developed and summarized our alternate hypotheses which have been stated below. These hypotheses have been further summarized in the form of a conceptual model as depicted in Exhibit 2.

H1A: Innovativeness in Packaging has a significant impact on the impulse buying behaviour of respondents

H1B: Colour of Packaging has a significant impact on impulse buying behaviour of respondents

H1C: Age has a significant impact on impulse buying behaviour of respondents due to product packaging

H1D: Drastic Changes in Packaging have a significant impact on brand switching behaviour of respondents

CONCEPTUAL MODELING

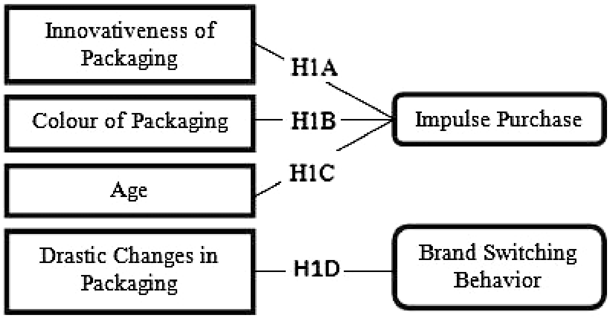

Exhibit 2: Conceptual Modeling of Alternate Hypotheses

RESEARCH METHODOLOGY

Convenience sampling technique has been used for this research as such a technique provides a quick understanding of certain trends. The sample size is 109, and thereby, it can be assumed that the characteristic possessed by the sample is almost same as that of the universe. This research study has been undertaken in Kolkata. The study has used descriptive research design, and for this research, a structured questionnaire using the 5-point Likert scale has been developed.

ANALYSIS OF DATA

Demographic Profiling: This segment analyzes the age classifications of the respondents. It is observed that the highest number of respondents belong to the age group of Below 24, accounting for 54.13 per cent of the sample size.

The age group of below 24 is a dominant category in terms of buying trajectories and is of particular relevance to retailers.

Table 1: Table illustrating descriptive statistics for age distribution of respondents

Mean	Median	Mode	Standard Deviation	Variance	Coefficient of Variation	Skewness (Pearson's first measure)
22.78	23.09	23.71	12.99	168.77	57.02 per cent	(-) 0.07

Table 1 highlights the descriptive statistics regarding the age distribution of different respondents to facilitate a better understanding of the sample. It is evident that Mean < Median < Mode which, in turn, justifies the negative Skew of the distribution.

Factor Analysis: One of the essential objectives is to probe into the most relevant elements of packaging influencing consumers' purchase intentions. In order to actualize this objective, a factor analysis has been conducted to identify the most important factors and account for the variation by using a smaller number of variables.

Attractive packaging aesthetics can make a brand unique, create an iconic brand image, lend support in affirming brand names and help the product stand out on the shelf.

To this end, the KMO and Bartlett's Test of Sphericity has been undertaken in order to check for adequacy of sample size and the significance of undertaking the study. This has been portrayed in Table 2:

Table 2: Table representing KMO & Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.798
Bartlett's Test of Sphericity	Approx. Chi-Square	399.775
	Df	45
	Sig.	0.000

In accordance with the results obtained from Factor Analysis, the KMO test confirms the appropriateness of factor analysis. Ideally, the values should be greater than 0.6. This is explained by the KMO test-statistic which is 0.798. The sample size should be large enough for us to yield reliable estimates of correlations among variables. The

Bartlett's test of Sphericity indicates the validity and suitability of responses in the data set. The p-value, in this case, is significant at 5 per cent level.

Hence, it is appropriate for us to conduct factor analysis on the ten variables responsible for shaping the integrity of consumer purchase intent. The different packaging elements considered for this analysis are Texture, Size, Colour, Convenience, Shape, Disposability, Visual Images, Labelling & Authorized Certifications, Typography and Innovativeness.

The KMO and Bartlett's Test is succeeded by the Total Variance Explained (TVE). This indicates the number of factors derived from the condition: Eigen values > 1. Eigen values represent a special set of scalars associated with a linear system of equations. This produces two factors since, for others, the Eigen values are less than unity. It is proof of the fact that Factor 1 explains 42.072 per cent of the total variance and Factor 2 accounts for 13.518 per cent of the total variance explained.

Accordingly, the remaining factors capture lesser percentages of Total Variances as the percentages gradually keep on falling.

Using Principal Component Analysis, we have extracted the variable according to the condition: Eigen values > 1. The two factors have a strong degree of interdependence and thus decrease as we move down.

We finally arrive at the Rotated Component Matrix (RCM). According to the RCM, the variables will get accommodated on the factors on the basis of their factor loadings. The figure in brackets in Table 3 denotes the factor loadings of their respective elements (the different elements have been categorized under the two factors on the basis of the higher factor loading).

Table 3: Table representing Rotated Component

Aesthetic Elements (Factor 1)	**Functional Elements (Factor 2)**
Texture (0.673)	Size (0.441)
Colour (0.827)	Convenience (0.769)
Shape (0.684)	Disposability (0.611)
Visual Images (0.706)	Labelling & Authorized Certifications (0.825)
Typography (0.809)	
Innovativeness (0.646)	

The rotation has been done using Varimax with Kaiser Normalization in 3 iterations. The components may be arranged as shown in Table 3.

The test of 10 variables as observable, is decomposed into two factors. Each factor is a compilation of closely-knitted variables. We can, thus, rename Factor 1 as Aesthetic Elements and Factor 2 as Functional Elements.

Crosstab and Chi-Square Tests for Analysis of Hypotheses: The Chi-Square Test (?^{2}) of Independence determines whether there is an association between categorical variables (i.e., whether the variables are independent or related). This test utilizes a Contingency Table/Crosstab to analyze the data.

Table 4: Table summarizing the Chi-Square Tests

H1	**Variable**	**Pearson Chi-Square Value**	**P value (Asymptotic Significance)**	**Result**
H1A	Innovativeness	139.747	0.000	Accept
H1B	Colour	61.906	0.000	Accept
H1C	Age	25.727	0.012	Accept
H1D	Drastic Changes in Packaging	64.626	0.000	Accept

From Table 4, it can be observed that the significance value for all the hypotheses is shown to be less than the threshold value of $P < 0.05$, thereby suggesting that we must reject all our null hypotheses. In other words, we are 95 per cent confident in rejecting the null hypotheses and accepting the alternate ones.

KEY FINDINGS ENSUING FROM THE STUDY

It is observed that FMCG is a product category which is high on impulse purchases and where people tend to buy instinctively. This may be because of the fact that FMCG's are relatively low cost and thus, people are reluctant to expend time and energy required to undertake research beforehand. These impulses are governed by emotions and psychology.

The first objective of the study was to identify the dominant elements of packaging influencing consumers' purchase intents.

In this context, Aesthetic Elements and Functional Elements have been identified as the two fundamental components. While Functional Elements provide assurance and mental satisfaction about the quality of products, the Aesthetic Elements of packaging create a kind of trance, which mesmerize the customer into making FMCG purchases impulsively. The rationale behind this is that when customers are on a shopping spree, they are influenced by a certain hormone called dopamine. So, with dopamine levels being high, consumers make purchases hedonically and spontaneously, being induced by the aesthetic and decorative elements.

The second objective of the study was to analyze the effect of colour and innovativeness of packaging on impulse buying behaviour.

By testing the hypothesis, it is revealed that there is a significant relationship between these two variables. Unconventional designing satisfies the hedonic needs of consumers and boosts their ego, thereby leading to impulse or unplanned purchase.

The third objective of the study was to examine the impact of age on impulse buying behaviour due to packaging.

Again, by testing of hypothesis it has been verified that these two variables are connected. On the basis of cross tabulation between Age and Impulse buying, it is discerned that the age group of Below 24 is most vulnerable to purchasing impulsively. This may be because, compared to their elders, Millennials (Born 1977 to 1995) and Centennials (Born 1996 and later), are more likely to shop without a budget. Due to their quick purchasing decisions, these consumers are also less likely to wait for a sales promotion scheme to be offered before buying. These generations have different orientations and motivations towards the purchase of FMCGs. Thus, they are more prone to buying FMCG's spontaneously without undertaking any prior research.

The fourth objective of the study was to assess the effect of drastic changes in packaging on brand switching behaviour.

This has also been confirmed by virtue of testing of hypothesis which proves that there is a consequential relationship between the two entities.

The concept of Just Noticeable Difference (JND) is highlighted in this regard. JND is the minimal detectable difference between two similar stimuli. It is not an absolute amount but an amount related to the intensity of the first stimulus and according to the Weber's Law, therefore, greater the additional intensity needed for second stimulus to be perceived as different.

Thus, when there are rapid changes in the packaging of products, consumers become sceptical of the brand as they are unable to associate their personality with the product, the way they used to do. This affects their brand loyalty, leading to brand switching behaviour. In a nutshell, if the product packaging changes, it may alter the brand perception of the company, which doesn't mean that the consumer would not still purchase the product, but it may delay the purchase until the person is able to identify the product according to its new packaging.

MANAGERIAL IMPLICATIONS

This study furnishes valuable information in relation to several packaging attributes which should be deemed as imperative ingredients of the strategic marketing plans of any FMCG Company in lieu of sales enhancement and favourable brand equity.

As evidenced by the research study, innovativeness and colour of packaging has an immense role in shaping consumer purchase intent. Thus, differentiation in the packaging of FMCG products can be brought about by using an intelligent combination of colours accompanied with a distinctive and eye-catching design. So, attractive packaging aesthetics can make a brand unique, create an iconic brand image, lend support in affirming brand names and help the product stand out on the shelf.

According to the research study, demographic variables like age play an important role in impulse purchase due to packaging. FMCG Companies should customize the packaging of its products depending on the demographic variables of the target group. For instance, if the product is aimed at Millennials, the packaging should be trendy and coherent with the latest fad of the society. As such, bright colours should be used in packaging and it should have an atypical design.

An important finding of the research study was that drastic or rapid changes in packaging have a consequential impact on brand switching behaviour of consumers. Marketers of FMCG companies need to carefully determine the relevance of JND to their products so that any changes in packaging are not readily discernible to the consumers. Thus, any changes in product packaging should be gradual such that it is below the threshold of JND for the consumers and hence doesn't affect the brand perception and loyalty negatively.

CONCLUSION

Research into packaging has found that different packaging cues affect how a product is perceived. The concept of gestalt comes into play here, where the packaging is often perceived to be part of the product, and it can be difficult for a consumer to separate the two aspects, such as packaging's colour, design, etc. and its influence on how the product is perceived.

As people are becoming more and more demanding, packaging has gradually shown its imperative role in serving consumers by facilitating consumption utility, providing vital information & gratifying their hedonic needs. With its increasingly functional role, both for producers and the consumers, there is no doubt over the importance of packaging in today's business environment. It has emerged as an important strategic tool to attract consumer's attention and to mould their perception about the product quality, the brand and its attributes.

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Demonetization -Journey of Black Turning White

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ABSTRACT

The Prime Minister of India, Narendra Modi, announced the demonetization scheme in an unscheduled live televised address at 20:00 Indian Standard Time (IST) on 8 November. In the announcement, he declared that use of all Rs. 500 and Rs. 1000 banknotes of the Mahatma Gandhi Series would be invalid past midnight, and announced the issuance of new Rs. 500 and Rs. 2000 banknotes of the Mahatma Gandhi New Series in exchange for the old banknotes.

The government's goal (and rationale) for this abrupt announcement was to combat India's thriving underground economy on several fronts: eradicate counterfeit currency, fight tax evasion (only 1 per cent of the population pays taxes), eliminate black money gotten from money laundering and terrorist-financing activities, and to promote a cashless economy. Individuals and entities with huge sums of black money gotten from parallel cash systems were forced to take their large-denomination notes to a bank, which was required by law to acquire tax information on them.

In 2016, the Modi-led government had controlled inflation, made India more investment-friendly, and gotten strong leaders on board.

INTRODUCTION

Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency. The current form or forms of money are pulled from circulation and retired, often to be replaced with new notes or coins. Sometimes, a country completely replaces the old currency with new currency. The opposite of demonetization is remonetization, in which a form of payment is restored as legal tender.

There are multiple reasons why nations demonetize their local units of currency:

- to combat inflation
- to combat corruption and crime (counterfeiting, tax evasion)
- to discourage a cash-dependent economy
- to facilitate trade

Person behind Demonetization in India: Anil Bokil is an Indian social activist from Aurangabad. A mechanical engineer by profession, he is a member of the Pune-based Artha Kranti Sansthan, a group that advocates various financial reforms in India. According to Dainik Bhaskar, Bokil was granted an audience with Prime Minister Modi where he proposed the demonetization of high value currency notes. Though he was instrumental in planning the end of India's black money, he has criticized the incomplete implementation of Artha Kranti. Bokil stressed the importance of executing all points in his plan.

EFFECTS

The following are the probable consequences of this decision on various economic variables and entities.

- Effect on parallel economy - The removal of 500 and 1000 notes, and replacement of the same with new 500 and 2000 Rupee notes is expected to remove black money from the economy as they will be blocked, and the owners will not be in a position to deposit the same in the banks. Thus, it will temporarily stall the circulation of large volume of counterfeit currency; curb the funding for anti-social activities like smuggling, terrorism, espionage, etc.

- Effect on Money Supply - With the older 500 and 1000 Rupees notes being scrapped, money supply is expected to reduce in the short run until the new 500 and 2000 Rupees notes get widely circulated in the market. To the extent that black money (which is not counterfeit) does not re-enter the system, reserve money and henceforth money supply will decrease permanently. However as the new notes gradually begin to circulate in the market and the mismatch gets corrected, money supply is expected to pick up.

- Effect on Demand - The overall demand is expected to be affected to an extent. The demand in following areas is to be impacted particularly:
    - o Consumer goods
    - o Real Estate and Property
    - o Gold and luxury goods
    - o Automobiles (only to a certain limit)

All these mentioned sectors are expected to face certain moderation in demand from the consumer side, owing to the significant amount of cash transactions involved in these sectors.

- Effect on Prices - Price level is expected to be lowered due to moderation from demand side. This demand driven fall in prices could be understood as follows:
    - o Consumer goods: Prices are expected to fall only marginally due to moderation in demand as use of cards and cheques would compensate for some purchases.
    - o Real Estate and Property: Prices in this sector are largely expected to fall, especially for sales of properties where major part of the transaction is cash-based, rather than based on banks transfer or cheque transactions. In the medium-term, however the prices in this sector could regain some levels as developers re-balance their prices (probably charging more on cheque payment).

- Effect on GDP - The GDP formation could be impacted by this measure, with reduction in the consumption demand. However, the recent rise in festival demand is expected to offset this fall in overall impact. Moreover, this expected impact on GDP may not be significant as some of this demand will only be deferred and re-enter the stream once the cash situation becomes normal.

- Effect on Banks - As directed by the Government, the 500 and 1000 Rupee notes which now cease to be legal tender are to be deposited or exchanged in banks (subject to certain limits). This will automatically lead to more amounts being deposited in Savings and Current Account of commercial banks. This in turn will enhance the liquidity position of the banks, which can be utilized further for lending purposes. However, to the extent that households have held on to these funds for emergency purposes, there would be withdrawals at the second stage.

- Effect on Online Transactions and alternative modes of payment - With cash transactions facing a reduction, alternative forms of payment will see a surge in demand. Digital transaction systems, E-wallets and applications, online transactions using E-banking, usage of plastic money (Debit and Credit Cards), etc. will definitely see a substantial increase in demand. This should eventually lead to strengthening of such systems and the required infrastructure.

HISTORY

Successful
- US (1969)
- Britain

Unsuccessful
- Ghana (1982)

Others
- Singapore (1945)

➢ **Merits of demonetization**

1) The biggest advantage of demonetization is that it helps the government to track people who possess large sums of unaccounted cash or cash on which no income tax has been paid.

2) Since black money is used for illegal activities like funding terrorism, gambling, money laundering, and inflating the price of major asset classes like real estate and gold, the occurrence of such activities will decrease due to demonetization.

3) Another benefit is that due to people disclosing their income by depositing money in their bank accounts, the government gets a good amount of tax revenue which can be used by it for the betterment of society by providing good infrastructure, hospitals, educational institutions, roads, and many facilities for the poor and needy sections of society.

➢ **Demerits of demonetization**

1) The biggest disadvantage of demonetization was that when people in the country became aware of it, there was chaos and frenzy among the public initially as everybody wanted to get rid of demonetized notes, which in turn, led to law and order problems and chaotic situations, especially in banks and ATMs which were the only mediums to change the old currency units into new currency units.

2) Another disadvantage is that the destruction of old currency units and printing of new currency new units involve costs which have to be borne by the government, and if the costs are higher than the benefits then there is no use of demonetization.

3) Another problem is that most of the time this move has been targeted towards black money but if people have not kept their cash as black money and rotated or used that money in other asset classes like real estate, gold and so on, then there is no guarantee that demonetization will help in catching such corrupt people.

4) The demonetization drive deeply affects the businesses which rely mainly on cash, especially the informal sector whose 100 per cent transactions are cash-based. The small business houses are the ones largely affected because they do not do business on credit and without cash, their whole business comes to a standstill.

ANALYSIS OF SECONDARY DATA

- 86 per cent of Indian currency was in Rs. 500 & Rs. 1000 notes, amounting to Rs. 14 lakh crore approximately.
- More than 55 people have died because of reasons that can be linked to demonetization.
- There is 1 bank branch per 10,000 Indians.
- Out of 132,834 Bank branches in India, only 38 per cent (50,554) are in rural areas.
- Approximately 165 million Indians do not have bank accounts.
- As a result of demonetization, Paytm announced a record number of 7 million transactions worth Rs. 120 crore.
- India has only 18 ATMs per 100,000 adults.
- It takes approximately 30 days to print 300 crore currency notes.
- The total cost of demonetization was about 1.28 lakh crore in the 50 day window.
- If you stack the recalled Rs. 500 & Rs. 1000 notes the piles would be 300 times the size of Mount Everest.
- India's GDP growth rate is likely to slow down to 6.5

per cent in the current fiscal year because of demonetization.

- Rs. 1.2 trillion has been deposited to SBI post demonetization.
- To help the government in easing the suffering of the people post demonetization, Air India accommodated over 16,274 kgs of currency notes on 17 of its aircrafts from November 10 till December 12, for distribution to the remote northeastern destinations like Agartala, Aizawl, Imphal, Bagdogra, and Port Blair.
- A dedicated team under a regional cargo manager worked in tandem from Kolkata and Guwahati to monitor the movement of all the shipments of the RBI.
- According to the report, since demonetization on November 8, India lost 11 billionaires, although the aggregate total wealth of the ultra-rich people has increased by 16 per cent over last year, the report said.
- By the second week post demonetization, cigarette sales across India witnessed a fall of 30–40 per cent, while E-commerce companies saw up to a 30 per cent decline in cash on delivery (COD) orders.
- The debit card transactions rose by 108 per cent and credit card transactions by 60 per cent on 9 November 2016. According to data of Pine Labs, the demand for its POS machines doubled after the decision.
- Paytm claimed that over 70 per cent of online mobile and DTH recharges done in the country are now being conducted on its platform. The company said it has registered a 200 per cent hike in number of app downloads and 250 per cent surge in number of overall transactions and transaction value. The number of saved cards also grew by 30 per cent, pointing at a strong set of recurring customers the platform has now acquired.
- Monkvyasa.com, based in Kochi, saw its daily inquiries doubling to 1,000 - mostly from callers between the age group of 24 to 35.
- Astrobuddy, based in Delhi, saw the call traffic jump from 20,000 to 32,000 per day.
- Online astrology startups like Askmonk.in, Monkvyasa.com, iZofy.com and Astrobuddy are seeing 40-50 per cent rise in the number of inquiries after demonetization.
- Paytm hits 5 million transactions per day, processing over Rs 24,000 crore.
- Mobikwik saw 7000 per cent surge in cashless transactions for its travel partners like Lemontree, Makemytrip, and IndiGo as well as grocery platforms like BigBasket, and Grofers.
- Food delivery startups and e-commerce platforms (such as Swiggy, Zomato, Snapdeal and Myntra) that accept payment through cards gained business.
- Redseer Consulting Report reveals that while mobile wallets are seeing sunshine, other sectors may face temporary slump.
- Online retailers came up with a few coping mechanisms though, such as:
  - o Offering Credit Facility to customers
  - o Accepting Old Notes as a Promotion Campaign
  - o Reinventing themselves for cashless transactions
- FreshToHome, an e-commerce startup that delivers fresh fish and meat to your doorstep, had announced an IOU (I Owe You) scheme where the customs could order now and pay later.
- Ola had launched 'Ola Credit' where customers are allowed seven days of credit which can be repaid via Ola Money, net banking, or debit or credit cards later.
- Supply This, an online marketplace for the medical industry, also allowed a credit window of one week to its priority customers (those who order more than thrice a week) which can be repaid later via cash, card payment, or cheque.
- FreshFalSabzi, a New Delhi based online grocery seller, offered short-term credit to customers (up to Rs 1,000) who had shopped with them more than 10 times.
- StyleCracker, fashion e-commerce platform, offered a two-week credit period to its customers too.
- Box8, a food technology startup based in Mumbai, instructed its delivery boys to accept old notes of Rs 500 and 1,000. Its orders tripled overnight - from its usual 12,000 meals a day.
- Night Cafe, a Bengaluru-based food startup, accepted the old notes on November 9 too.
- UTOO, the Chennai-based cab aggregator accepted

Rs 500 notes and cheques for cab rides in the beginning.

- Entrepreneurs who were ready to go the extra mile for their customers by accepting old notes saw a big boost in their orders overnight.
- CCAvenue, a payment gateway, witnessed a 40 per cent uptake in volume, as more and more people came online for the first time.
- Before demonetization, 98 per cent of all transactions happened in cash. As people from smaller cities join the mobile and net banking systems, new opportunities will open up for tech startups.

CONCLUSION

In 2016, the Modi-led government had controlled inflation, made India more investment-friendly, and gotten strong leaders on board. The country did not have much of a problem like it did in 1946 and 1978. It was a drive similar to the Swacch Bharat Abhiyan by the government to get more perspective points and reduce the effect of black money on the economy controlled by some powerful politicians and businessmen.

Except for the Finance Minister and top officials of the RBI, no one had any news about the activity which was on cards since 6 months.

The Prime Minister has left no stone unturned for any hue and cry among the public (let alone the politicians). He had gotten most of the unbanked sector into the banking ecosystem by the Jan Dhan Yojana with Rupay Cards. He then gave an opportunity without any extension (through the Income Declaration Scheme) to declare the existence of black money and strictly warned that actions would be taken by the government against hoarders.

History tells us that whilst others used demonetization as a tool to give instant results, Prime Minister Modi used it after a slew of initiatives. Jan Dhan bank accounts, direct bank payments for NREGA and subsidies, push on UPI, IMPS, digital wallets, NPCL, tax collection at source on cash transactions greater than Rs. 2 lakh were some of them.

His timing of the policy after a good monsoon, cleansing of banks' balance sheets and putting infra/manufacturing projects on fast track to negate short-term impact of note ban has been impeccable and might just turn him into a winner in a game lost by the others.

Here's a round-up of the major developments that have occurred till date

- Encouraging cashless transactions
- Lucky draws to encourage digital payments
- I-T raids
- More than 3,500 I-T notices sent
- Citizens turn into watchdogs
- Pradhan Mantri Garib Kalyan Yojana
- Action against benami property holders
- Penalty for possession of demonetized notes

Benefits of Demonetization

I. DIRECT BENEFITS: (PROPOSAL BENEFITS)

- Savings in amount of taxes paid.
- No tax returns and no tax compliance cost.
- Adequate tax revenue for each level of Government. (Center, State and Local)
- Transparency in the Economy.
- Significant drop in commodity prices. (Approx 15 per cent to 20 per cent)
- Loans from banks at lower rates. (Approx 4 per cent to 5 per cent annual rate of interest)
- Substantial reduction in construction cost. (Approx by 15 per cent to 20 per cent)
- Terrorist and anti-national activities can be controlled.

II. MORE POSSIBILITIES:

- Opportunities for corruption will be minimized.
- Direct subsidy benefits for all the needy.
- Good infrastructure across the country.
- Significant growth in each sector i.e. industry, agriculture and service.
- Significant growth in employment.
- Social security wherever needed.
- Focus shift for business from tax manipulation to innovation.
- Indian business will become globally competitive.

III. INDIVIDUAL BENEFITS

What will I get from Demonetization? I am a...

- Businessman
- Farmer
- Self-employed
- Salaried employee
- Doctor

- IT professional

➢ **I am a businessman, what will I get from Demonetization?**

? No separate arrangement for tax payment.
? Easy availability of capital.
? Increase in foreign investments.
? Fair and healthy business competition.
? Make up of import-export imbalance.
? Long- term business decisions.
? End of risk of floating money.
? Increase in profit.
? More focus on service and quality.

➢ **I am a farmer, what will I get from Demonetization?**

? Efficient marshaling of natural resources.
? Improved efficiency of the agriculture sector.
? Easy access to credit at low rates of interest.
? Latest technology and new techniques.
? Profitable business.
? Can stand up for foreign competition.
? Additional source of income.

➢ **I am self-employed, what will I get from Demonetization?**

? No separate arrangement for tax payment.
? Easy availability of capital.
? Virtually equal price level throughout the country.
? Long- term business decisions.
? End of risk of floating money.
? Increase in profit.
? More focus on service and quality.

➢ **I am an employee, what will I get from Demonetization?**

? Less tax deduction from salary.
? Job security for me.
? Growth in desired career.
? Increased purchasing power.
? Comfortable day to day life.
? More employment opportunities.
? Prosperous life.

➢ **I am a doctor, what will I get from Demonetization?**

? Availability of more seats for education.
? Reduced education cost.
? Reduced cost of infrastructure.
? No need to pay taxes separately as they are automatically cut.
? Credibility established as tax payer professional.
? Affordable treatment cost for patients.
? More opportunities for research.
? Restored dignity.

➢ **I am an IT professional, what will I get from Demonetization?**

? No botheration about taxes.
? Good infrastructure support.
? Lot of business opportunities.
? Secured Life.
? Corruption-free and reliable system to work with.
? Organizations will be free of heavy taxes.
? Good quality education.

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An Empirical Study of Mergers and Acquisitions in the Indian Financial Market and Its Impact

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ABSTRACT

As the corporate world gets increasingly complex in scope and aggression, the normalization of mergers and acquisitions on the Indian landscape is in full swing. The economies of scale are being perceived through the lens of capitalist bankers conceived and born in aggressive expansion. The Tata Steel-Corus and Vodafone-Hutchison of the banking world are catching the academic eye as well.

INTRODUCTION

In today's global marketplace, banking organizations have greatly expanded the scope and complexity of their activities, and face an ever-changing and increasingly complex regulatory environment. It has been realized globally that mergers and acquisitions

> The greatest of mergers in the financing sector is the expansion that the acquirer banks get, since the merger brings all the branches and other facilities of the acquired bank in the control of the acquirer bank.

are the only way for gaining competitive advantages domestically and internationally, and as such the entire range of industries is looking for strategic acquisitions within India and abroad.

OBJECTIVES OF STUDY

1. Analyzing the rationale behind the mergers of the specific merger chosen.
2. Analyzing the effect of the merger on the samples through the study of the ratios.

Research methodology and data collection: The mergers so chosen are randomly selected for this study. A five-year study period has been made of the acquirer bank.

Since all the mergers cannot happen in the same year, statistical presentation has been made to make the data simple, where [y-2 = two years previous to merger, y-1 = year prior to merger, y = year of merger, y1 = year after merger, y2 = two years after merger]. The data has been collected from secondary sources of authentic annual reports and financial statements of the respective companies, websites, journals and books. All the ratios are calculated empirically based on the data collected.

IDBI and United Western Bank: IDBI Bank is an Indian, government-owned financial service company, formerly known as Industrial Development Bank of India, headquartered in Mumbai, India. It was established in 1964 by an Act of Parliament to provide credit and other financial facilities for the development of the fledgling Indian industry. It is currently the 10th largest development bank in the world in terms of reach. United Western Bank (UWB) was an Indian bank founded in 1840 that IDBI Bank acquired in 2006 in a rescue. At the time of the merger UWB had some 230 branches. By acquirer UWB, IDBI was able to increase its branch network from 195 to 425 branches.

HDFC and Centurion Bank of Punjab: HDFC Bank (Housing Development Finance Corporation) is an Indian banking and financial services company headquartered in Mumbai, Maharashtra. It is India's second-largest private sector lender by assets. It is the largest bank in India by market capitalization as of February 2016. It was ranked 69th in BrandZ Top 100 Most Valuable Global Brands in 2016. The Centurion Bank of Punjab (formerly Centurion Bank) was an Indian private sector bank that provided retail and corporate banking services. On 23 May, 2008, HDFC Bank acquired Centurion Bank of Punjab.

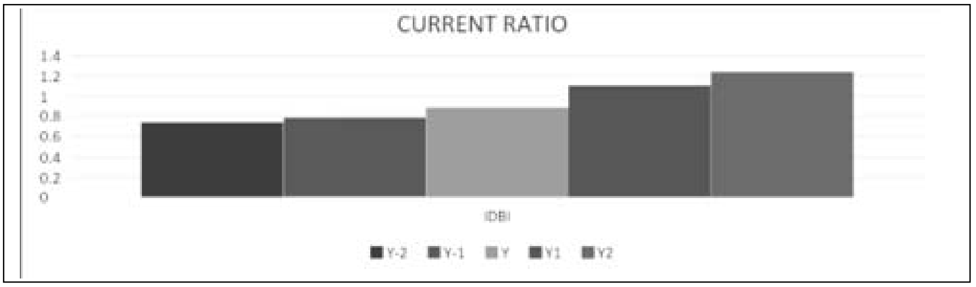
Analysis - 1: Analyzing the rationale behind the mergers

Merger of United Western Bank with IDBI Bank: Taking bankers by surprise, the RBI announced the amalgamation of the sick United Western Bank (UWB) with IDBI Ltd. The draft scheme for the merger, placed in the public domain for comments, provides for IDBI making an upfront payment in cash of Rs. 28 for every fully paid-up share held in UWB, costing a total of Rs.1500 million. Analysts said that this was probably the first time that the Central bank had taken into account the interests of shareholders. The Maharashtra Government-owned body had picked up UWB shares at a price higher than Rs. 28, according to Mr. R.M. Premkumar, Chairman of SICOM. Low net NPAs and high capital adequacy ratio 'seem to have made us favourites,' said a senior IDBI official. As of June 30, 2006, IDBI's net NPAs stood at 1.02 per cent, while the capital adequacy ratio was 14 per cent. In 2005-06, UWB posted a net loss of Rs. 1064.8 million and Rs. 60.8 million for the quarter ended June 30, 2006. The capital adequacy ratio was minus 0.3 per cent against the prescribed minimum of nine per cent. As on July 31, 2006, the gross NPAs stood at Rs. 4930 million (13.84 per cent), while the net NPAs amounted to Rs. 2010 million (6.16 per cent).

Merger of Centurion Bank of Punjab with HDFC Bank: The boards of HDFC Bank and Centurion Bank of Punjab (CenBoP) approved a swap ratio of 1:29 (one share of HDFC Bank for every 29 shares of Centurion Bank of Punjab held), for the proposed merger of Centurion Bank of Punjab with HDFC Bank. The name of the bank would remain as HDFC Bank. The combined entity would have a nationwide network of 1,148 branches, the largest among private sector banks, and a strong deposit base of around Rs. 1200 billion and net advances of around Rs. 850 billion. The balance-sheet size of the combined entity would be over Rs. 1500 billion.

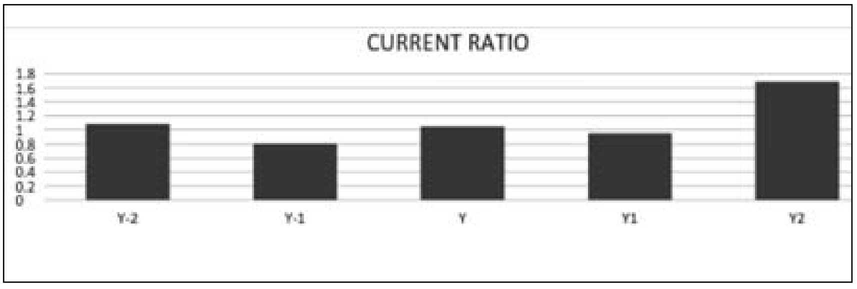
Analysis - 2: Analyzing the effect of the merger through the study of the ratios

IDBI Bank



1. The sudden rise in current assets after year of merger indicates that the bank has undergone a rapid expansion of its operations.
2. If we look at the balance sheet, the rise in current ratio is only due to the merger that has taken place but the increase in current liabilities remains the same as it were before, thereby reflecting the bank's inability to pay off current liabilities on time.

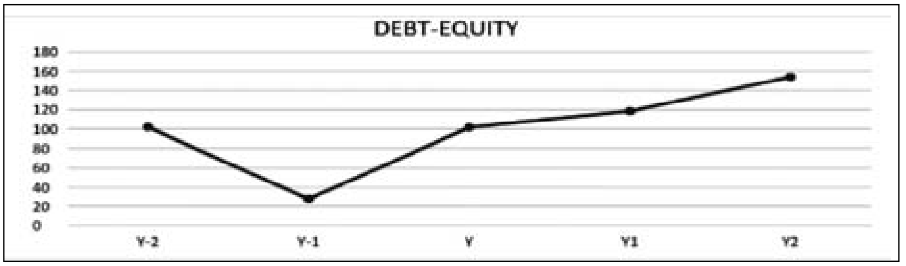
HDFC Bank



1. 'y = year of merger' the ratio has increased considerably because of the merger that has taken place where it adds current assets to the acquirer bank.
2. A year after merger 'y1' shows a decrease because of the increase in current liability, hence, resembling the lack of payment to outsiders.
3. 'y2 = two years after merger' shows a tremendous increase in current ratio. The reason is that the considerable management of current assets and liability respectively, by paying off current liability and making an increase in investment with other banks shows a better performance on the basis of liquidity ratio.

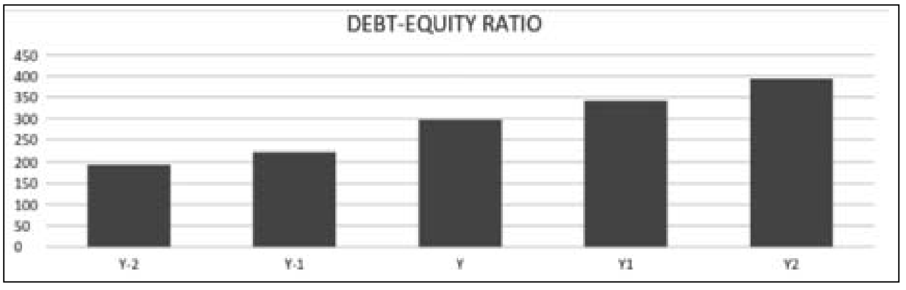
Trend analysis after merger: - Debt-Equity Ratio

IDBI Bank



1. The debt-equity is comparatively very high as per the company norms, indicating a very high leverage effect.
2. A year before merger, we find that the debt-equity is improving which can be interpreted as an attempt to set a platform for the merger.
3. As on the year of the merger, the debt-equity ratio again rises with an increasing trend. Here, the trend shows that after the merger, the performance of its debt to its equity degraded.

HDFC Bank

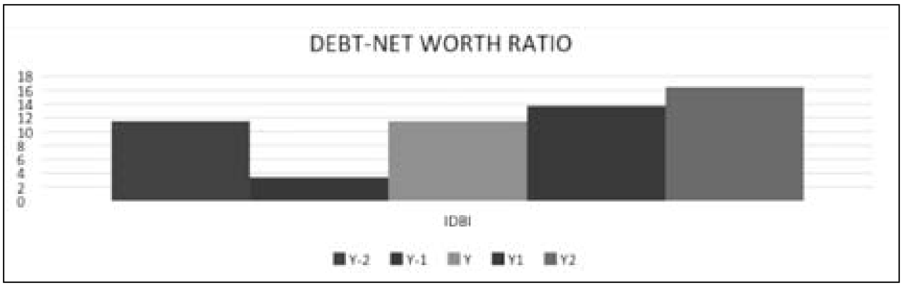


1. The debt-equity norm shows an increasing trend yearly, clearly stating that the bank is taking high risks to gain and operate in the market.
2. The bank is wholly dependent upon the outsiders to finance its operations.

2. The merger worked well in the debt-net worth of the bank and we see a decreasing trend a year after the merger.
3. The decrease is due to the increase in the net worth depicting better performance.

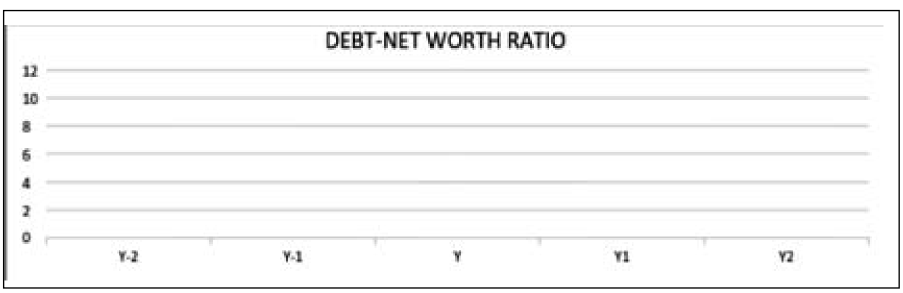
Trend analysis after merger: - Debt - Net Worth ratio

IDBI Bank



1. The lesser the debt-net worth proportion, the better the image a bank/firm has. It states the proportion of debt in comparison to its net worth. A bank having debt more than 50 per cent of its net worth depicts higher risk of repayment of its dues.
2. The trend shows that the debt-net worth of the bank goes on increasing after the merger.

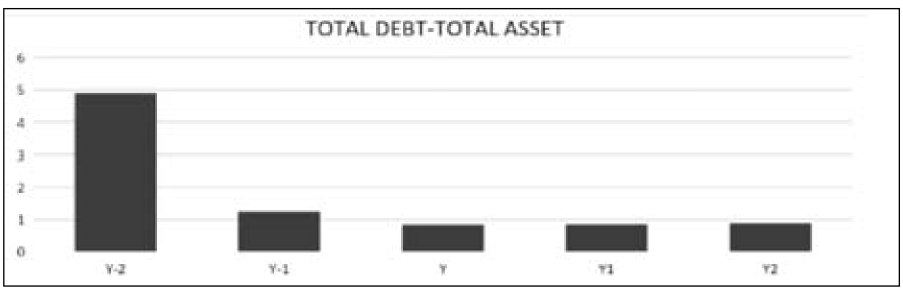
HDFC Bank



1. The lesser the debt-net worth proportion, the better the image a bank/firm has. It states the proportion of debt in comparison to its net worth. A bank having debt more than 50 per cent of its net worth depicts higher risk of repayment of its dues.

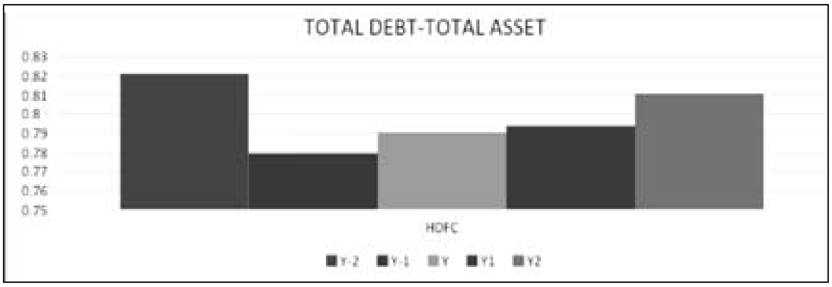
Trend analysis after merger: - Total debt to total assets ratio

IDBI Bank



1. The debt to asset ratio is a leverage ratio that measures the amount of total assets that are financed by creditors instead of investors. It basically illustrates how a company has grown and acquired its assets over time.
2. The bank has continuously improved its financing of assets.

HDFC Bank



1. The debt to asset ratio is a leverage ratio that measures the amount of total assets that are financed by creditors instead of investors. It basically illustrates how a company has grown and acquired its assets over time.
2. The trend shows that the bank has considerably switching over to financing its asset from debt funds, indicating as a levered firm.

CONCLUSION

The greatest of mergers in the financing sector is the expansion that the acquirer banks get, since the merger brings all the branches and other facilities of the acquired bank in the control of the acquirer bank. Hence, a merger also adds to the worthiness of the acquirer bank.

The empirical study of the financial ratios highlights some major facts about the merger and its impacts which are as follows:-

- From the liquidity ratios so calculated and the analysis, it is clearly visible that the current ratio or short-term requirement capability of all the financial institution taken in the study is very uneven. This shows that the banks have been inefficient to manage their short-term liabilities with their short-term assets.
- The debt-equity has been astonishing because the debt-equity ratio so received is much higher than what we come across in any company's study report but it is not to be given too much importance since every financial institution has high amount of deposits from the customers and that is what accounts for its day to day operations. However, the high debt-equity predicts a high risk involvement for its successfulness, which can only happen if the gain is high enough to cover the cost of the borrowings.

  As a conclusion on debt-net worth ratio, it can be inferred that since the debts of all the financial institutions are always high, it is interesting to note that banks having high debt capital have a valuable proportionate net worth, that is, equity and retained earnings. Since the debt-net worth is average, we can conclude that the net worth is good enough with high amounts of retained earnings and reserves. Although this ratio also shows some increasing trend, that is only due to the merger effect.

As a conclusion for the total debt-total asset ratio, it is clearly visible that all the banks do have a proportion of outsiders financing its assets but the major part belongs to the owners funding them, which is a good indicator for performance.

Thus, all the banks have a high leverage since the amount of debt capital is high but all the debts are properly financed, giving an ultimate benefit. After the merger, the banks have been paying their dues as fast as possible indicating proper management of operations. Thus, although the banks are having high debt funds their operations are being successful and the mergers have worked, which would ultimately result in benefits in the future.

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An Exploration into Customers' Brand Preferences of Fuel Consumption in India

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INTRODUCTION

The oil and gas sector is among the six core industries in India, which plays a major role in influencing decision making for all the other important sections of the economy. Oil and gas industries generate significant revenues for the national economy.

The first trace of oil was discovered at Digboi, Assam, in 1889 and the first refinery was set up in 1901. The Industrial Policy Resolution of 1954 announced that petroleum would be the core sector industry and allowed the government-owned National Oil Companies (NOCs), namely Oil & Natural Gas Corporation (ONGC) and Oil India Ltd (OIL) to control the exploration & production activity. The oil shock of the 1970s forced the Government to nationalize both the upstream & downstream sectors in 1981. Petroleum Sector Reforms (PSR) in 1990, exploration bidding during 1991-94 and The New Exploration Licensing Policy (NELP) in 1997 awarded licenses for exploration only through a competitive bidding system and NOCs were required for competition to secure Petroleum Exploration Licenses between Indian and foreign companies to be on an equal footing.

The Government of India has adopted several policies to fulfill the increasing demand for Oil and Natural Gas. It has duly allowed hundred per cent foreign direct investment (FDI) in many segments of the sector, including natural gas, petroleum products, and refineries, among others. Today, it attracts both domestic and foreign investment, as attested by the presence of Reliance Industries Ltd (RIL) and Cairn India.

On the other hand, the brand preference is strongly linked to brand choice that can influence the consumers' decision making and activate brand purchase which is extremely important for both the Government as well as giant petroleum companies in the country. Brand preferences can be defined as 'the subjective, conscious and behavioral tendencies which influence consumers' predisposition towards a brand.' Understanding the brand preferences of consumers will dictate the most suitable and successful marketing strategies.

OBJECTIVES OF THE STUDY

The study hereby makes findings on the following parameters -

1. To identify brand preferences of the consumers in case of fuel consumption in the Indian context.
2. To analyze the reasons for brand preferences of different giant petroleum companies in India.
3. To specify the problems faced by the Indian customers in their fuel consumption process.
4. To prescribe suitable recommendations to the industry for enhancing the quality of service delivery.

RESEARCH METHODOLOGY

Research methodology indicates the sources of data which may be a primary or secondary collection of data.

Primary data: Primary sources provide first-hand testimony of direct evidence concerning a topic under investigation. In this survey, the sample size is 122 individuals comprising of both males and females.

Secondary data: A secondary source of data contrasts with a primary source of data. It consists of documents or recordings that relate to or discuss information mainly obtained from the internet, newspapers, **Journals, books, companies official websites** [e.g. www.petroleum.nic.in., www.iocl.com, www.bpcl.com] etc..

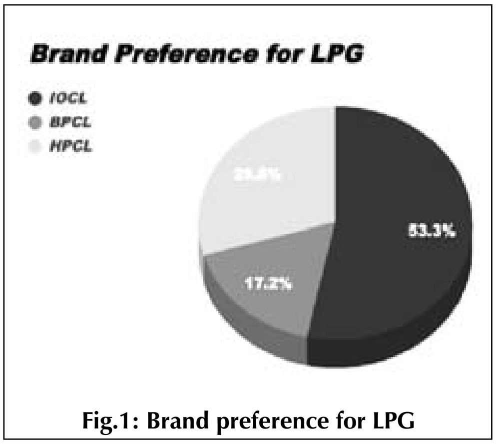

Fig.1: Brand preference for LPG

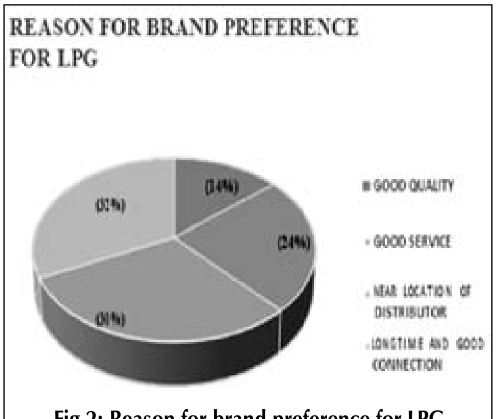

Fig.2: Reason for brand preference for LPG

Sampling Technique: Convenience Sampling.

Sampling Frame: The sampling areas mainly include some of the highly esteemed places of our city i.e. Dalhousie Square (43 respondents), Park Street (35 respondents), Ballygunge (21 respondents) and Dhakuria (13 respondents) where majority of the respondents are in service by their profession and most of them are aware about the different brands of fuel available in India for day to day consumption purposes.

DATA ANALYSIS & INTERPRETATION

Data analysis means the monitoring of data collected on the basis of substantial facts. Here, data has been gathered from secondary sources after going through company magazines, economic journals, websites, etc. and from primary sources i.e. collecting responses through asking questions and noting down their views regarding different matters required for the project. The views of 122 respondents are noted and presented here through the graphical presentations.

In the survey, five age groups are taken into consideration. They are respectively: 18-30 years, 31-45 years, 46-60 years, 61-70 years and above 70 years.

Here, the survey is done by dividing consumers' monthly income into five categories. They are: Below 10,000; 10,000-25,000; 25,000-50,000; 50,000-75,000 and above 75,000.

In Fig.1 and Fig. 2, out of 122 respondents, 32 per cent i.e. 39 customers have chosen their brands for a long time and have good connections with the brand, 30 per cent i.e. 36 customers have chosen their brands because of near location of the respective distributor - as this helped them to approach and collect any information from the distributors when needed, 24 per cent i.e. 30 customers have chosen the brands for good service and the remaining 14 per cent i.e. 17 have chosen their brand for good quality.

In Fig. 3 and Fig. 4, it can be seen that most of the respondents have selected IOCL's 'XTRA' brand for petrol and diesel. Second to 'XTRA,' comes HPCL's 'CLUB HP' brand and followed by BPCL's 'SPEED' brand.

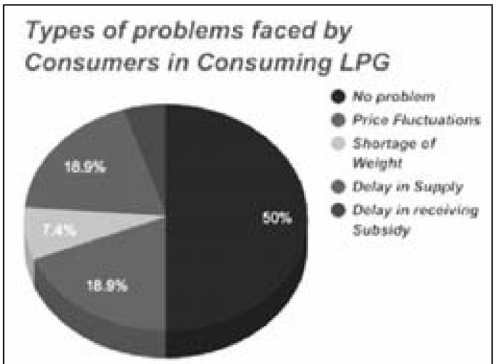

Fig.3: Types of problems faced by consumers while consuming LPG

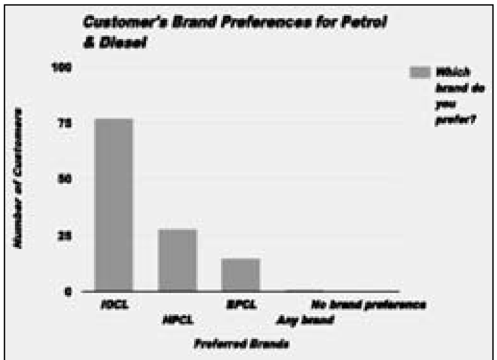

Fig.4: Customers' preferred brands for petrol and diesel

A minimal number of respondents do not have any brand preference for petrol and diesel.

In Fig. 6, most of the respondents have preferred the brand 'SERVO' of IOCL for lubricants followed by Castrol, Shell, and BPCL's 'MAK' brand.

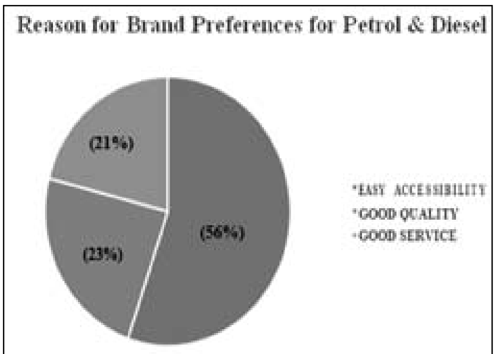

Fig.5: Reason for brand preferences for petrol and diesel

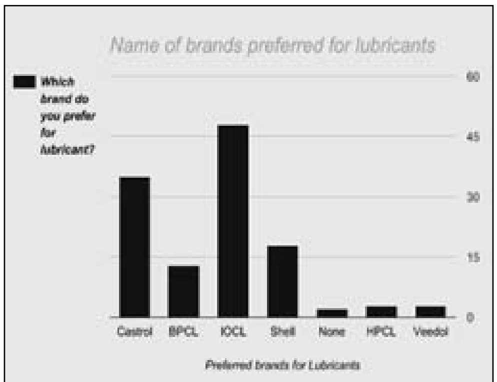

Fig.6: Customers' preferred brands for lubricants

On the other hand, from the survey of 122 respondents, it is observed that the brand preferences for HPCL's 'HP LUBES' and Veedol are minimal, although some of the respondents do not have any brand preferences for lubricants. In this petroleum segment, we can see that the private firms are also taking prominent positions.

In Fig.7, there are mainly four reasons for consumers' brand preference for lubricants. They are as follows:

59 per cent of the total respondents i.e. 72 respondents prefer the brand, owing to the good quality of the lubricants, 15.6 per cent i.e. 19 respondents prefer the brand because of advertisements and promotions in all the vehicles of media, 13.1 per cent i.e. 16 respondents have a brand preference for recommendations by the service providers, and the remaining 12.3 per cent i.e. 15 respondents have brand preference due to their preferred brand's lubricants having a cheaper price than the nearest competitors.

Fig.7: Reason for consumers' brand preference for lubricants

MAJOR FINDINGS

- From the survey, it is found that LPG cylinders are still preferred over any other mode of cooking for domestic purposes in India.
- IOCL is the top preference of the respondents for LPG, followed by HPCL and BPCL.
- The reason for brand preference is due to a sustained and a good connection with the brand.
- Most of the respondents do not have any problem while consuming LPG for domestic purposes, but the delay in supply of LPG cylinders and price fluctuations, as well as a shortage of weight of cylinders, are some of the problems faced by the consumers.

- In the case of petrol & diesel, IOCL is greatly preferred, followed by HPCL and BPCL.
- Brand preference for petrol and diesel is mainly due to easy accessibility, good quality and efficient services.
- In case of lubricants, most of the respondents have preferred the brand 'SERVO' of IOCL. Followed by Castrol, Shell and BPCL's 'MAK' brand.
- The reason for brand preference for lubricants is mainly the quality of the product as indirectly perceived by the consumers. Consequently, advertisements and sales promotions, comparatively cheaper prices, among other things.

RECOMMENDATIONS

1. The delay in service - provision is the cause of service marketing. The effectiveness of subsidy provision sometimes gets hampered due to service gaps.
2. It is a common practice to give cylinders, which are deficient in weight while comparing to their value. Proper care should be taken to handle such problems.
3. There should be more e-fuel stations so that customers don't have to wait for long. The whole process can be done in a digitized manner from monetary payments to receiving the benefits. This will upgrade the transactions faster.
4. Although some gas agencies concentrate on the after-sales service, it is still a lagging problem in majority of the market. Besides emphasizing on the quality of the product, marketers can retain customers effectively by concentrating on the customers' problems (such as time gap in delivery, subsidy, reducing unauthorized sub-dealers) and solving them.
5. The consumers' preferred brands must give more emphasis on CSR activities and sales promotional activities to satisfy their consumers and thus make them more loyal.

CONCLUSION

The public-sector companies are still the dominant players in this industry. In spite of getting benefits from the Government, the private sector companies are lagging behind. The upstream segments are dominated by the Oil and Natural Gas Corporation Ltd. and Oil India Ltd. while the downstream segment is dominated by Indian Oil Corporation Ltd., Bharat Petroleum Corporation Ltd. and Hindustan Petroleum Corporation Ltd. Consumers consequentially prefer public brands owing to the embedded notion that they are much more reliable. But private players such as Castrol, Shell, Veedol are also at a very good position in the industry. The huge spread of retail outlets and distributors makes them easy to acquire for customers.

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The Rise of Physical Evidence in Restaurants

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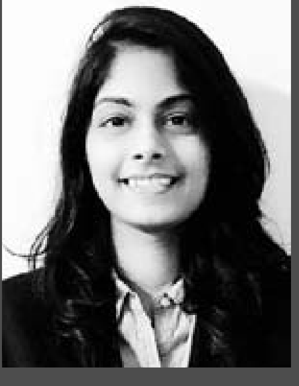

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INTRODUCTION

'A customer is the most important visitor on our premises, he is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so.'

- Mahatma Gandhi

The Indian Food and Beverage (F&B) services industry is one of the most vibrant industries and has witnessed rapid and unprecedented growth in the recent past.

The Gross Value Added (GVA) by hotels grew from INR 1084.2 billion in FY 14 to INR 1211.7 billion in FY 15, increasing its contribution in the country's overall GVA from 1 per cent in FY 14 to 1.1 per cent in FY 15. According to the National Restaurant Association of India (NRAI), the restaurant industry is expected to contribute about 2.1 per cent to the total GDP of India by 2021.

Moreover, the increased disposable income of consumers and nuclear family structures, increases in urbanisation and consumerism, and rising investments in food joints have been the reasons why service providers are deliberating, designing, and managing the services of their restaurants with such sincerity. A few years ago, there were hardly any restaurants which focused on a theme based ambience, decor or spatial layout. But, as the consumer base has been increasing, the service providers are providing much more than the usual offerings (i.e. food). They are ensuring that the customers have an exquisite experience with them.

> Besides tangible and intangible factors, servicescape is becoming an imperative factor in delivering quality service to the customer.

NATURE OF THE PROBLEM

Measuring satisfaction in the hospitality industry is difficult. A wide array of factors is used for measuring satisfaction of consumers in restaurants. Besides tangible and intangible factors, servicescape is becoming an imperative factor in delivering quality service to the customer. Due to the heterogeneity of services, the involvement of the consumer in the service delivery process is high and he/she spends more time in the premises of the service provider. It is the need of the hour to pay adequate attention towards physical evidence in restaurants.

In order to survive the stiff competition in the food and beverage industry, businessmen have to make a clear differentiation between their firms and those of others. Gone are the days when customers visited restaurants with the sole motive of enjoying a good meal. Customers today move out of their homes to experience the service provided by restaurants. The experience they seek is not limited to good food and also extends to factors like comfort, ambience, and convenience, among others.

OBJECTIVES

The objective of this research paper is to understand the role of various elements that constitute the Physical Evidence of a restaurant, and to learn about the impact of Physical Evidence on the customer's behavioural intentions.

RESEARCH METHODOLOGY

Research Design - This project has been carried out in 2 segments. The first one measures the importance of various attributes of Physical Evidence and its impact on the service receiver's (customer's) buying behaviour. The second segment gauges the importance of physical evidence in the restaurants as a tool to attract and retain customers, and how service providers maintain all these elements.

Data collection source -

PRIMARY DATA:

Service Providers - A visit to 5 restaurants to analyze their servicescape.

Service Receivers - The research was carried out by designing a questionnaire. The questionnaire was prepared using Google forms and was circulated through text messages, e-mails and the Whatsapp messaging application.

SECONDARY DATA:

Textbooks, journals, case studies and internet websites provided the secondary data.

Sample Design - In both the segments, non probability sampling was used. Judgment sampling method was used in case of service provider as it is at the discretion of the researcher to choose sample units purposively. The Snowball sampling method was used in case of service receivers. The initial respondents were asked to give referrals of other interested respondents.

Sample Size -

Service Providers - The sample size of the survey consists of 5 restaurants in the Kolkata region.

Service Receivers - The sample size of the survey consists of 166 respondents in the Kolkata region.

ANALYSIS

Service providers - Five restaurants were chosen on the basis of their popularity on Zomato and according to the convenience of the researcher. The five restaurants were - Nawwarah, Monkey Bar, The GRID, Cafe 4/1 and The Corner Courtyard.

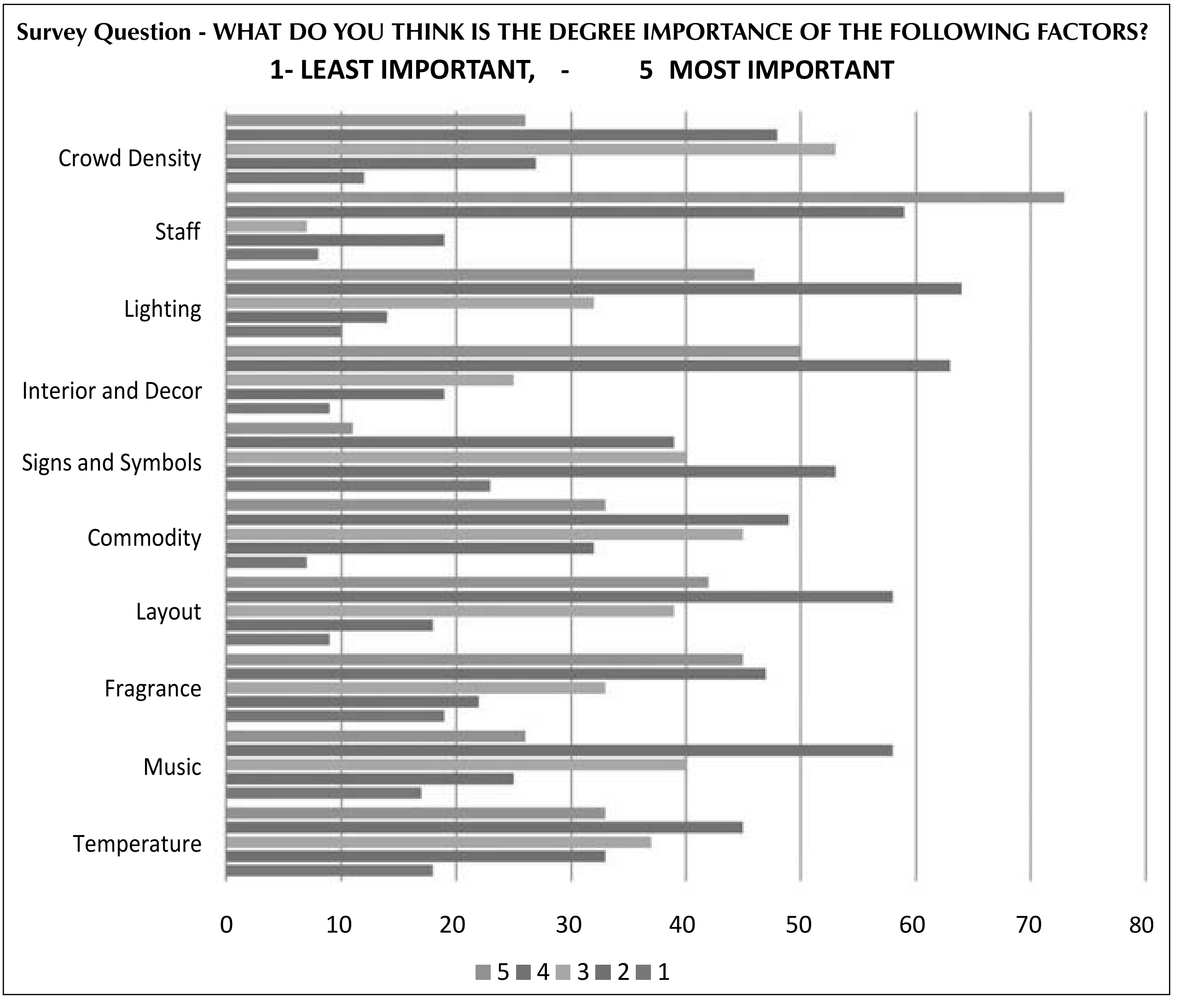
The Physical Evidence of all the restaurants was unique and had one common objective - to attract consumers and provide them an experience of a lifetime. The 10 factors upon which the service providers were questioned included all the aspects of their physical evidence. The factors were - Temperature and Air quality, Fragrance, Lighting, Music, Interior and decor, Layout and Seating arrangement, Signs and Symbols, Commodity, Crowd density and Staff. A major reason for focusing on the design of the servicescape model was the ability to give consumers conversation points which enable them to socialise in that specific environment. It was seen that the restaurants wouldn't be able to do even half the business they do if it weren't for the servicescape. This unique servicescape acts as a differentiator, attracts the customer to the service place again, and impacts their repatronage behaviour.

Servicescape ensures customer satisfaction and the following benefits associated with high customer satisfaction:

1. Increased loyalty: A higher level of customer satisfaction contributes significantly towards customer loyalty.
2. Reduces price elasticity: Satisfied customers are more willing to pay for the benefits they receive; they are more likely to be tolerant of increases in price.
3. Lower costs of future transactions: A firm with high customer retention need not spend too much to attract new customers.
4. Reduced failure costs: High customer satisfaction reduces the requirement of resources devoted to handling returns, reworking defective items, and processing complaints.
5. Lower costs of attracting new customers: Satisfied customers are more likely to engage in positive word of mouth publicity.
6. Enhanced reputation for the firm: This assists in introducing new products through instant awareness and lowers the buyer's risk of trial.

Service Receivers - The service receivers were sent a questionnaire that consisted of 20 specific questions. The survey revealed that consumers have started visiting restaurants more often than they used to in the last 5 years. Moreover, consumers prefer dining out rather than ordering food at home. This clearly shows that today, consumers go to a restaurant not only for the food but also for the overall experience of dining-out.

GRAPH 1



Keeping customers in the facility as long as possible is important because customers are likely to spend additional amounts if present for a longer period of time.

The importance of factors in the consumer's dine out experience were also collected. Both servicescape and quality of food offered garnered almost equal votes. This kind of importance was not given to ambience a few years ago.

Today, consumers demonstrate different types of responses to servicescape - a cognitive, an emotional, and a physiological response. Servicescape is an element of nonverbal communication. Cognitive response is the impact of the physical evidence on customers' beliefs and attitudes about the place in question. Servicescape may help customers segregate a firm from its competitors. For instance, some cues can suggest that a restaurant is either an elegant restaurant or a fast-food joint.

Servicescape can also provoke an emotional response in the form of-

(1) pleasure or displeasure, and

(2) degree of arousal

Pleasure can be defined as 'feeling good in the place', and arousal as 'feeling exited or stimulated'. The atmospheric factors such as music, crowd density, fragrance or colour are really powerful in terms of impact on mood, arousal and pleasure or displeasure.

Servicescape also triggers physiological responses. Inappropriate temperatures, bad air quality, dim lighting or a clamorous environment may cause a physical discomfort in customers and employees, and then result in anxiety which may drive customers to adopt avoidance behaviour.

The importance of different dimensions was gauged. Interior and decor, Lighting, Layout and Staff gathered the maximum ratings from the respondents as shown in Graph-1.

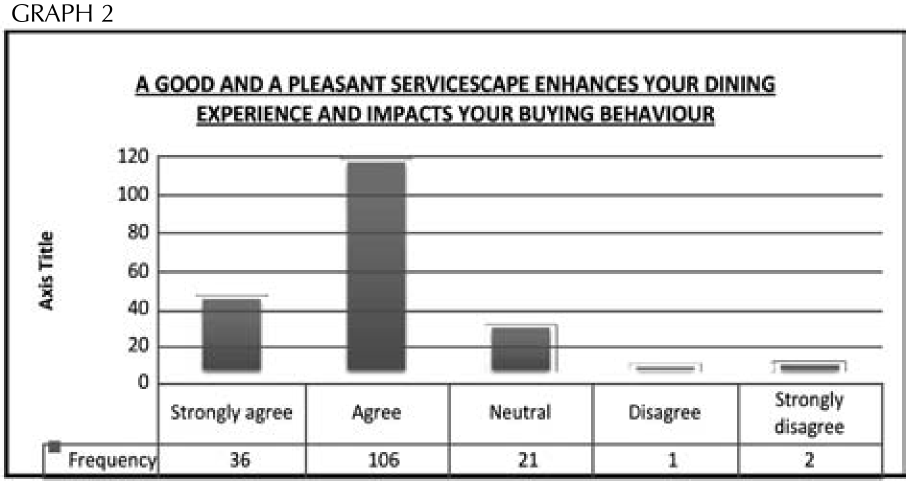
The primary determinant of perceived servicescape quality is the aesthetic appeal of the facility's interior and decor. Customers form an initial impression about a service provider based on the appearance of the facilities.

Another servicescape element that consistently influenced perceived quality is layout. Layout accessibility is crucial in restaurants because ease of entry and exit may direct the extent to which customers are able to experience the primary service offering. In some servicescapes, the majority of customers tend to crowd in a few service areas while other service areas go relatively unused. If this is the case, appropriate signage or friendly staff can better direct the flow of customers and ensure equal energy levels at all parts of the restaurants. This is the reason why restaurants nowadays have various segments under one roof.

The presence of proper lighting in a restaurant is also essential. Bright lighting heightens the zeal of the consumers. The consumers, today, engage in conspicuous consumption. Their engagement in social media is high and they tend to post their experiences at various places through social media handles. Good lighting ensures good pictures, which adds to the psychological impact of the restaurant on the consumer. Consumers strongly agree with this analysis, as shown in the graphical depiction of the survey (Graph 2).

All the above factors play a very crucial role in enhancing the dining experience of the consumers at the restaurant. Individuals generally receive a variety of stimuli from servicescape, segregate them into groups and form images from the stimuli as a whole. The servicescape also acts as a

GRAPH 2



differentiator which enables the consumers to select the restaurant according to their preferences. The servicescape fosters motivation in the consumer which can either attract a consumer (approach behaviour) or repel a consumer avoidance behaviour), as elucidated in Table 1.

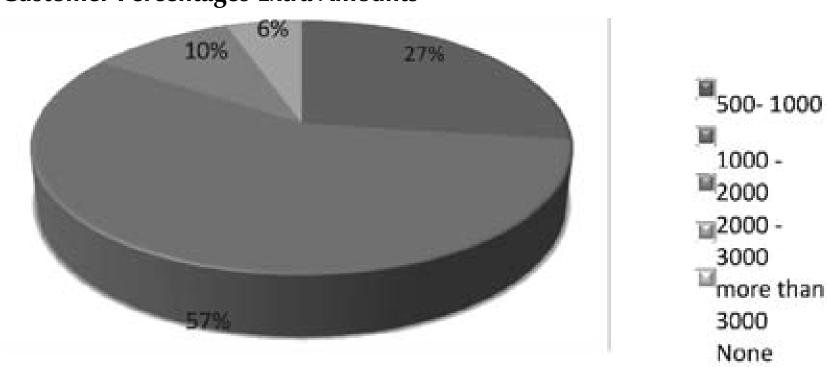
Table 1

Approach	**Avoidance**	**Relation**
The desire to physically stay in the restaurant.	The desire to leave the restaurant	Restaurant patronage intentions.
The willingness to explore the restaurant.	Tendency to remain inanimate in the surroundings.	The scope of searching and exploring the place increases. Consumers get points for conversation.
The desire to communicate with others in the restaurant.	Tendency to avoid any interaction with others.	The interaction with the staff and other customers. Enhancing the social setting.
The degree of enhancement that the environment gives to problem resolution.	The degree of hindrance that the environment gives to problem resolution.	Satisfaction and repeat visits, as well as the amount of time and money spent in the restaurant.

A good and pleasant servicescape is also indicative of the sign of quality service that the restaurant provides. In the context of an arousal state, servicescape increases spending and purchases intentions. The survey successfully brought into limelight the fact that the respondents were ready to pay 1000 - 2000 rupees more for a restaurant that had a great servicescape.

The environmental cues bring the hedonic needs of the consumers forward and give them immense pleasure and satisfaction. These cues create a halo effect and can lead to formations of favourable attitudes towards the restaurant as a whole.

Customer Percentages Extra Amounts



Extra Amounts that customers were willing to pay for better servicescape.

Satisfaction with the servicescape also had a positive impact on the length of time customers desired to stay in the servicescape. Keeping customers in the facility as long as possible is important because customers are likely to spend additional amounts if present for a longer period of time. Customers who leave early owing to dissatisfaction with the servicescape are going to spend less money on drinks and desserts (at restaurants).

However, servicescape is a very subjective issue and responses to it are largely contingent on the different tastes of consumers. Consumers look for services that are congruent with their self image. This congruency is maintained by one component of the service environment - THE SERVICESCAPE.

CONCLUSION

Servicescapes play an important role in the restaurant industry as they provide a first impression before customers have a chance to interact with service employees. Therefore, these servicescapes are an important element that customers use to guide their beliefs, attitudes, and expectations of a service provider. The evaluation of a servicescape can be complex; however, understanding the individual cognitive and emotional effects of servicescape design can help service providers and designers to create pleasant, effective models.

To summarize, this study seeks to

show that the servicescape does have a significant impact on customers' preference towards a particular restaurant, repatronage intentions, and on the length of time they desire to stay in the restaurant. Managers who focus on the servicescape in addition to the primary service offering have the greatest potential to maximize current and long-term profits, and build relationships with customers.

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Credit Management of the Textile Industry

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INTRODUCTION

A credit cycle fundamentally pertains to the accessibility of credit by borrowers. Credit cycles undergo spans during which funds are easy to borrow, often characterized by lower interest rates and relaxed lending requirements and periods marked by an increase in the amount of available credit rates and austere lending rules so that only a handful of people can borrow. Unfortunately, credit expansion invariably gives way to contraction in the availability of funds along with a hike in interest rates, and this persists until risks are minimized for the lenders, at which point the cycle recommences.

An adequate credit management system succours curtailment of the amount of capital tied up with debtors and minimizes exposure to bad debts. Good credit management is vital to cash flow. It is possible to be profitable on paper while also lacking the cash to operate a business.

> An adequate credit management system succors curtailment of the amount of capital tied up with debtors and minimizes exposure to bad debts.

India's Textile Industry is one of the leading textile industries in the world, with a massive raw material and textile manufacturing base. Our economy is largely dependent on textile manufacturing and trade. About 27 per cent of our foreign exchange earnings are on account of export of textiles and clothing alone. The textiles and clothing sector contributes about 14 per cent of industrial production and 3 per cent of the gross domestic product of the country. Around 8 per cent of the total excise revenue collection is contributed by the textile industry. So much so, that the textile industry accounts for as much as 21 per cent of the total employment generated in the economy. Around 35 million people are directly employed in textile manufacturing activities. Indirect employment, including the manpower engaged in agricultural based raw-material production like cotton and related trades, could be stated to be around another 60 million.

The textile industry accounts for about 20 per cent of the total industrial production. It provides direct employment to around 20 million people. Textile and clothing exports account for one-third of the total value of exports from the country. There are 1,227 textile mills with a spinning capacity of about 29 million spindles. While the yarn is mostly produced in the mills, fabrics are produced in the power loom and handloom sectors as well. The Indian textile industry continues to be predominantly based on cotton, with about 65 per cent of raw materials consumed being cotton. The yearly output of cotton cloth was about 12.8 billion metres. The manufacture of jute products (1.1 million metric tons) ranks next in importance to cotton weaving. Textile is one of India's oldest industries and has a formidable presence in the national economy in as much as it contributes to about 14 per cent of manufacturing value-addition, accounts for around one-third of our gross export earnings and provides gainful employment to millions of people. They include cotton and jute growers, artisans and weavers who are engaged in the organized as well as decentralized and household sectors spread across the entire country.

LITERATURE REVIEW

Chapman, C. B., Ward, S. C., Cooper, D. F., Page, M. J. (1984) in their article 'Credit Policy and Inventory Control' show the importance of credit policies in the basic economic order quantity inventory model. This model is shown to be very sensitive to the length of the credit period and the relationship between the credit period and inventory level. A practical example illustrating this sensitivity shows how inventory costs may be considerably reduced by taking the existence of a credit period into account and demonstrates the implications for inventory and credit policies.

Crook, J. N., Edelman, D. E. & Thomas, L. C. (2005) in their article 'Credit Scoring' show that credit score plays a vital role when lenders decide whether to extend credit. A credit score is used in decisions beyond lending matters. Employers and utility service providers, among many others, use credit scores to evaluate whether to offer their services to individuals. Uses for the credit score continue to expand. Credit scoring models are developed by analyzing statistics and picking out characteristics that are believed to relate to creditworthiness.

Mills, H. D. (1970) in his article 'On the Measurement of Fund Performance' shows that in the measurement of fund performance just any method of choice among economic alternatives under uncertainty must be based on a pragmatic judgment which omits at least one criterion that seems desirable. Two major tools used in the measurement of fund performance are the internal rate of return and linked rate of return.

Rosenberg, E. & Gleit, A. (1994) in their article 'Quantitative Methods in Credit Management: A Survey' use many static and dynamic models to assist decision-making in the areas of consumer and commercial credit. They survey the use of discriminate analysis, decision trees, expert systems for static decisions, dynamic programming, linear programming, and Markov chains for dynamic decision models. They provide their perspective on the state-of-the-art in theory and in practice.

OBJECTIVES OF THE STUDY

1. To compare the credit management at Sangam Ltd. with two of its competitors in the industry, APM industries, and Aditya spinners, with the help of certain ratios.
2. To study and analyze the profitability at Sangam Ltd. by using gross profit ratio and net profit ratio.
3. To analyze the effectiveness of the credit policies of Sangam Ltd. in comparison to those of its competitors.
4. To know the company's relations with its creditors as well as debtors.
5. To give suggestions for improvements in the effective management of credit policies in the company.

SCOPE OF THE STUDY

The study aims to make a comparison of credit management at Sangam Ltd. with those at two of its competitors, that is, APM Industries Limited and Aditya Spinners. The credit management at these companies is analyzed only with the help of a few ratios like turnover ratios. It is confined to a time period of the past five years, and the interpretations have been made on the basis of the limited data available.

DATA COLLECTION METHODS

The data has been collected through the following secondary sources:

1. Company's official websites.
2. Company's annual report.
3. The financial statements of the companies like cash flow statement, profit and loss account, balance sheet, etc.

RESEARCH METHODOLOGY

The current study is empirical in nature. The study is based on secondary data collected from the companies' annual reports, companies' official websites and various articles available from journals. The period of the study undertaken is of 5 years i.e. from the financial year 2011-12 to 2015-16 pertaining to the credit management of textile industry with special focus on Sangam Ltd. along with two of its competitors in the industry - APM Industries Limited and Aditya Spinners. The tools used for the analysis in this research study are:

1. Ratios
2. Tables
3. Bar graphs

DATA ANALYSIS AND INTERPRETATION

TABLE 1

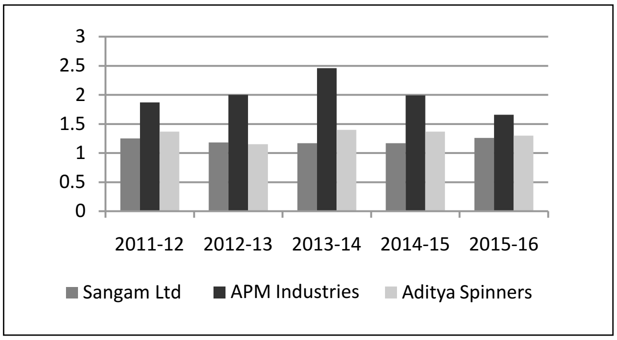
SANGAM LIMITED					
	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Current Ratio	1.25	1.18	1.17	1.17	1.26
Quick Ratio	0.72	0.7	0.65	0.64	0.7
Inventory Turnover Ratio	5.62	5.26	4.40	4.09	3.64
Debtors Turnover Ratio	11.33	8.43	7.13	5.83	5.55
Creditors Turnover Ratio	15.92	13.64	12.47	12.03	11.71

APM INDUSTRIES LIMITED					
	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Current Ratio	1.87	2.00	2.46	1.99	1.66
Quick Ratio	0.82	1.18	1.17	1.00	0.78
Inventory Turnover Ratio	5.34	6.52	5.33	5.95	4.52
Debtors Turnover Ratio	11.06	11.33	11.43	13.08	10.85
Creditors Turnover Ratio	11.24	6.88	8.95	5.84	4.69

ADITYA SPINNERS					
	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Current Ratio	1.37	1.15	1.40	1.37	1.30
Quick Ratio	0.72	0.71	0.99	0.83	0.85
Inventory Turnover Ratio	8.88	7.88	7.27	7.59	7.35
Debtors Turnover Ratio	16.53	13.22	14.09	19.09	13.44
Creditors Turnover Ratio	13.01	8.00	18.05	53.87	49.30

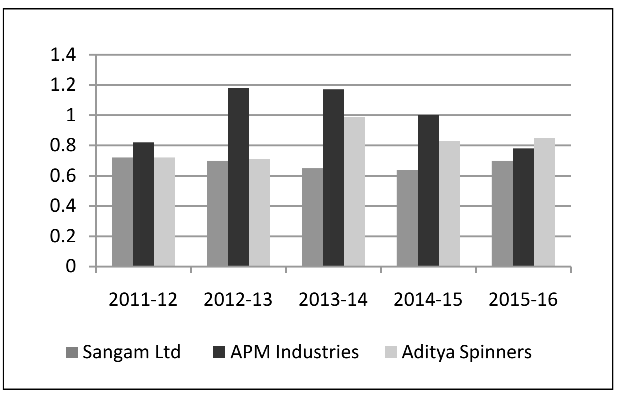
1. **Current Ratio -** From Table 1, it can be inferred that the current ratio position of Sangam Ltd is not very good and lower than its competitors' ratios over the last five years. In Graph 1, the current ratio of Sangam Ltd can be seen to be as low as 1.17 for the FY 2014-15, during which year current ratio for APM Industries and Aditya Spinners can be seen almost at their lowest, that is, 1.99 and 1.37 respectively, while still being higher than that of Sangam. The current ratio of APM Industries and Aditya Spinners have been erratic when compared to Sangam Ltd, but they have a very good current asset covering when it comes to comparisons with their current liabilities.

GRAPH 1



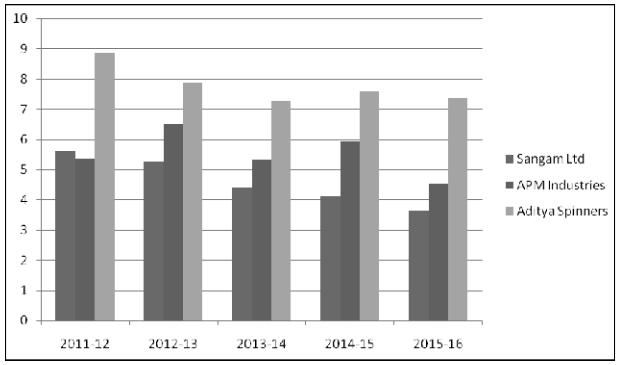
2. **Quick Ratio -** From graph 2, when compared to the industry's quick ratio, the quick ratio of Sangam Ltd. is very poor, which suggests that it is not rotating its Inventory properly and will not be able to meet its immediate short-term debts efficiently. Sangam Ltd. is using a lot of its working capital in holding inventory, a practice not followed by its competitors APM Industries and Aditya Spinners.

GRAPH 2



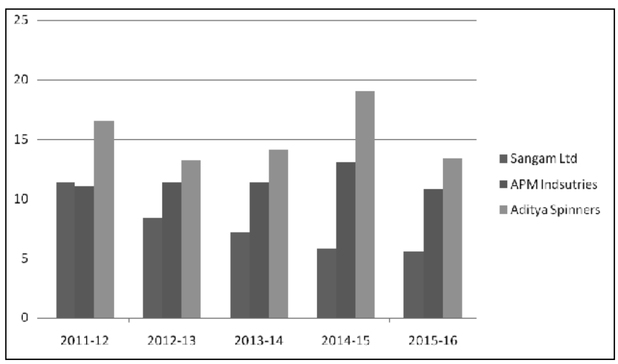
3. **Inventory Turnover Ratio -** The inventory turnover ratio of Sangam Ltd is constantly falling. As per Graph 3, The inventory turnover ratio of Sangam Ltd. was 5.62 times in FY 2011-12, but it fell to 3.64 times in FY 2015-16. This is not the case with its competitors APM Industries and Aditya Spinners and shows that Sangam Ltd. is stocking more inventory than the industry average. Amongst the three, Aditya Spinners has the most favorable inventory turnover ratio.

GRAPH 3



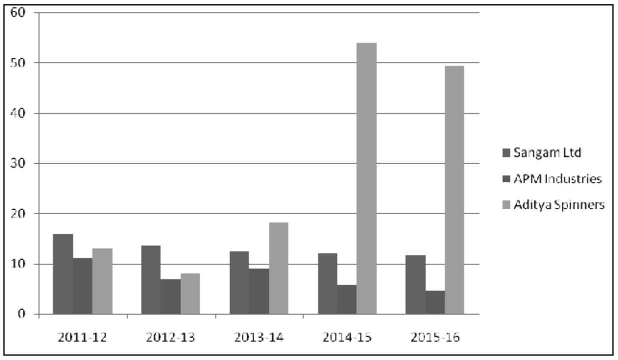
4. **Debtors Turnover Ratio** - From the debtors turnover ratio comparison in Graph 4, it can be seen that though Sangam Ltd.'s operating efficiency is very good, it needs to work on its credit management system. Sangam Ltd.'s debtors turnover ratio is decreasing drastically over the period of 5 years, which shows it has a poor credit policy. The constant increase in the debtors turnover ratio of APM Industries till FY 2014-15 shows that its customers are paying off their bills on time and the firm is managing their debtors efficiently. On the other hand, the continuous fall in debtor turnover ratio of Sangam Ltd. shows that the company is not too restrictive in its credit and collection policies.

GRAPH 4



5. **Creditors Turnover Ratio** - A drastic fall can be seen in the creditors turnover ratio of Sangam Ltd. and APM Industries from 15.92 in FY 2011-12 to 11.71 times in FY 2015-16 and from 11.24 times in FY 2011-12 to 4.69 in FY 2015-16 in Graph 5, which shows that the company is taking longer to pay off its suppliers than it was in previous time periods. However, in the case of Aditya Spinners, creditors are being paid very frequently and quickly.

GRAPH 5



OPERATING CYCLE

TABLE 2

OPERATING CYCLE			
	Sangam Limited	APM Industries	Aditya Spinners
2011-12	74.23	68.88	35.13
2012-13	85.93	35.14	28.30
2013-14	104.88	59.63	55.89
2014-15	121.51	26.75	60.43
2015-16	134.87	36.57	69.41

'operating cycle' refers to the number of days a company takes to realize its inventories in cash. It equals to the time taken in selling inventories plus the time taken in recovering cash from trade receivables less time taken in paying cash against trade payables. From the above data, we can see that the operating cycle of Sangam Ltd is constantly rising for the past five years whereas the operating cycles of APM Industries and Aditya Spinners show a fluctuating trend over the past five years.

The operating cycle of Sangam Ltd was 74.23 days in the year 2011-12 whereas that of APM Industries and Aditya Spinners for FY 2011-12 was 68.88 days and 35.13 days respectively. When we look at the operating cycle for FY 2012-13, Sangam Ltd.'s operating cycle is seen to have jumped to 85.93 days whereas that of APM Industries and Aditya Spinners fell to 35.14 days and 28.30 days respectively. This is the result of the rise in 'Days of Inventory and Days of Sales' outstanding for Sangam Ltd. There is a fall in 'Days of Inventory and Days of Sales' for Aditya Spinners and APM Industries which means they can rotate their inventory very quickly and collect payments from their debtors more frequently when compared to their competitor Sangam Ltd.

The continuous rise in the operating cycle of Sangam Ltd is because of the amount of inventory it is stocking every year. The 'Days of Inventory' is continuously increasing for Sangam Ltd. Another reason for the rise in Sangam's operating cycle is the rise in days outstanding sale, that is, they are not being able to realize money from their debtors and the credit terms provided to their debtors is very poor.

GROSS PROFIT RATIO

TABLE 3

SANGAM LIMITED					
	2011-12	2012-13	2013-14	2014-15	2015-16
Gross Profit Ratio	20.16	23.98	28.23	26.21	28.70

In Table 3, the Gross profit ratio of Sangam Ltd is showing a rising trend except in FY 2014-15 when it has dropped down to 26.21 per cent. The gross profit ratio has risen from 20.16 per cent in FY 2011-12 to 28.23 per cent in FY 2013-14. Then it fell to 26.21 per cent and again rose to 28.70 per cent during FY 2015-16. The rise in Sangam Ltd's gross profit ratio suggests that the company has more money to meet operating expenses like salaries, utilities, and rent.

NET PROFIT RATIO

TABLE 4

SANGAM LIMITED					
	2011-12	2012-13	2013-14	2014-15	2015-16
Net Profit Ratio	1.21	3.47	2.83	3.51	5.12

From Table 4, we can make out that over a period of 5 years the net sales of Sangam Ltd. has risen approximately by only Rs.870 million but the net profit has risen by Rs.59 million (approximately). Sangam Ltd. has very good operational efficiency as its net profit is continuously rising over a period of 5 years. The increased profit is indicating that the company has managed to convert its revenues into profits very efficiently.

RECOMMENDATIONS

1. The firms should find out which products and support services its customers view as value-added, and provide these items consistently. Of course, what's

important to one customer, or group of customers, may not necessarily be important to another. So, in this case, the firms should be a little flexible.

2. The average amount of time it takes the company to process an order through credit after the order has been received should be determined by the companies. If the process is not automated and takes too long relative to the amount of work that actually needs to be done, there is probably an opportunity for improvement.
3. Credit management should be considered as an important component of the business as it is needed for the financial performance of the company as well as for the overall development of the business. Also, the company should be ready to take and manage specific risks since it will act as a catalyst for the growth of the business.
4. The likelihood of bad debts can be minimized in a firm by maintaining its debtor's records to identify any due or overdue debts. For this, a good records management system should be developed which gives access to up to date records easily.
5. The companies should be very specific with their terms and conditions while giving as well as taking credit and implement their debt collection practices the minute a debt becomes overdue to ensure clients do not exceed their credit limits.
6. Choice of clients to whom goods can be sold on a credit basis should be done wisely after the acquisition of proper knowledge about their background.
7. A healthy relationship should be maintained with creditors by clearing off the debts on time according to the terms and conditions agreed upon. Also, only that much credit should be taken which can be easily paid off in the short run.
8. A company should not stock up its inventories as it hampers the liquidity of the firm. It should try to maintain as high an inventory turnover ratio as possible during the year so that the firm's liquidity is maintained.

CONCLUSION

It can be concluded from the above, that it is very important for a firm to have a good credit management system as it will help reduce the amount of capital tied up with debtors and minimize their exposure to bad debts. It is best to minimize the likelihood of bad debts through good credit management practices which include adopting those credit policies which have been proved to be successful for other companies rather than framing your policies- which could be dangerous for the business.

The comparison of credit management at Sangam Ltd with APM Industries and Aditya Spinners with the help of certain ratios and their graphs clearly shows that though Sangam's operational efficiency is very good (its Net Profit Ratio and Gross Profit Ratio is continuously rising over a period of 5 years), the company needs to work on its credit management system. The company can adopt 'Make to Order Model' for its dead stocks so that there is Optimal Mix Variance. Sangam Ltd is not being able to get more of Working Capital as its operating cycle is continuously increasing every year. It should produce more of those yarns which can be sold very easily. It should not stock more inventories. It should also change its credit policy by starting to sell more in cash and less in credit. This would initially adversely affect the margin but will be good in the long run. They can also consider providing incentives for early payments.

Textile is one of India's oldest industries and has a formidable presence in the national economy in as much as it contributes to about 14 per cent of manufacturing value-addition

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An Analysis of the Performance of SEZs in India

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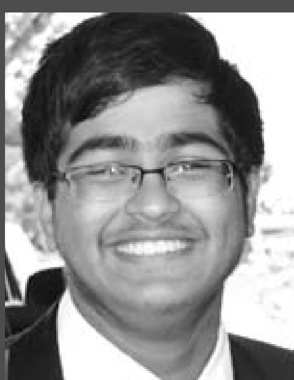

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INTRODUCTION

India was one of the first countries in Asia to recognize the effectiveness of an Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. SEZs in India functioned from 1.11.2000 to 09.02.2006 under the provisions of the Foreign Trade Policy, and fiscal incentives were made effective through the provisions of relevant statutes. After extensive consultations, the SEZ Act, 2005, supported by SEZ Rules, came into effect on 10th February 2006, providing for drastic simplification of procedures and single window clearance on matters relating to central as well as state governments.

The main objectives of the SEZ Act are:

- Generation of additional economic activity;
- Promotion of exports of goods and services;
- Promotion of investment from domestic and foreign sources;
- Creation of employment opportunities;
- Development of infrastructure facilities.

Obligations of a SEZ/ SEZ Unit:

- SEZ Units shall be required to achieve positive NFE. For this purpose, a legal undertaking is required to be executed by the Unit with the Development Commissioner.
- The Unit is required to provide periodic reports to the Development Commissioner and Zone Customs.
- The Unit is required to maintain proper accounts and furnish details related to the

The SEZs can be seen as a response to constraints that have arisen on capital in the recent Indian context, aimed at allowing super-profits and rapid accumulation to continue.

value of imports, exports, etc. to the Development Commissioner on a quarterly basis.

- The Unit is also required to execute a bond with the Zone Customs for its operations in the SEZ.
- Any company set up with FDI has to be incorporated under the Indian Companies Act with the Registrar of Companies for undertaking Indian operations.
- To fulfill the environmental and pollution control norms.

A comprehensive performance assessment of SEZs was impending although a number of deficiencies in administering indirect taxes and several audit findings in the subsequent years on inadmissible concessions given to SEZs were reported. Considering the magnitude of exemptions availed by SEZs, it was imperative to assess their performance vis-a-vis the duty forgone. The category 'SEZ' covers a broad range of more specific zone types, including Free Trade Zones (FTZ), Export Processing Zones (EPZ), Free Zones (FZ), Industrial Estates (IE), Free Ports, Urban Enterprise Zones and others. The most successful Special Economic Zone is in China, Shenzhen that has been developed from a small village into a city with a population over 10 million within 20 years. Following the Chinese examples, SEZs have been established in several countries, including in India. SEZs have been implemented using a variety of institutional structures across the world ranging from fully public (government operator, government developer, government regulator) to 'fully' private (private operator, private developer, public regulator).

LITERATURE REVIEW

The growth rates of Indian EPZs' aggregate exports, foreign exchange earnings and employment showed a steep jump when new EPZs were created in the early 1980s. However, lack of single window clearance facilities, the attitude of the officials, centralized governance, stringent labour laws and poor physical and financial infrastructure resulted in relatively poor investment climate in the zones. (Aggarwal, 2004). The SEZs can be seen as a response to constraints that have arisen on capital in the recent Indian context, aimed at allowing super-profits and rapid accumulation to continue. However, the consequences are likely to be complex and very dangerous. (Gopalakrishnan, 2007). The total export from the existing EPZs notified as SEZs after the SEZ Act, for the year 2004-05 were Rs.183 billion. Nearly 45 per cent of the total exports came from just one such zone, SEEPZ, the most successful zone among the early zones. (Viswanadhan, 2006). The Government of India has offered certain incentives to attract foreign investment, many of which are concentrated in Special Economic Zones. Due to this, net foreign direct investment (FDI) flows into India reached at $ 15.7 billion in 2006-07. (Bloodgood 2007). The SEZ legislation is criticized as an arbitrary act of economic violence against the people of India which can play havoc with livelihood, food security, environment, justice to workers, fiscal health and balanced development of the economy. The sooner it is scrapped, the better will it be for the country, its people, its peace, its justice and its democracy. (Dogra 2007). The Central government should formulate a socially balanced policy on SEZs. It is no use blindly following China which has only five such Special Economic Zones, but in India, there is a plan to have 285 SEZs (Datt 2007). Maintenance of ecological balance along with industrial development is required. (Bhatta 2003) The central idea behind the setting up of EPZs in underdeveloped countries is to motivate Multinational Corporations (MNCs). Santa Cruz Electronics Export Processing Zone (SEEPZ) has not achieved the expected results. First, the overall production and export, as well as the proportion of value added, by units in the SEEPZ have been far below the targets. Second, the proportion of the value added has varied inversely with the degree of foreign control, with Indian owned units using Indian technology performing far better than units controlled by the MNCs. (Subramanian and Mohanan, 1978)

OBJECTIVES

The main Objectives of the study are:

1. To understand the importance of SEZ in not just nation building but as a strategy to successfully build up an entire economy.
2. To seek whether transition from the EPZ policy to the SEZ policy has been successful in giving actual benefit to the country by foregoing revenue.
3. To analyze the growth of the sector and if the benefits so extended are justifiable.

METHODOLOGY

To understand the concepts and make an appraisal of the profits earned by SEZs existing and spread across India, exports made have been analyzed from secondary literature only. The study employs secondary data from the web portal of SEZ to analyze the benefit derived from the revenue not earned by the Government of India.

IMPORTANCE OF SEZS

In about eight years since the SEZs Act and Rules was notified in February 2006, formal approvals have been granted for setting up of 411 SEZs, of which 330 have been notified and 32 have been given In-Principal Approvals as of 10th February 2017. 206 SEZs are operational, and around 4218 units were approved within the SEZs as of 10th February, 2017.

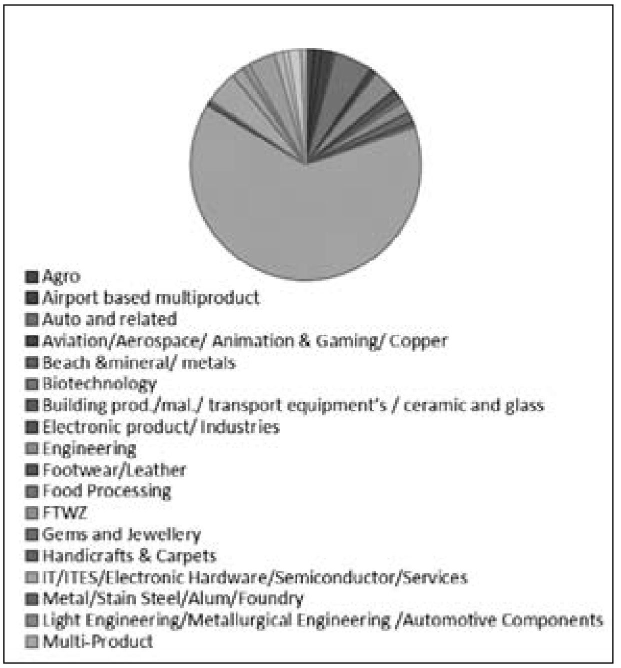
Approved and Notified SEZs

Particulars	Number
Functional SEZs (Prior to SEZs Act)	19
Formal Approval Granted	411
Of which number of Notified SEZs	330
Operational SEZs	206
Units approved in SEZs	4218

Interestingly, the SEZ Act 2005, which was supposed to bring in policy stability, has in the last 11 years itself undergone about 24 major amendments, including the 'U-turn' on exemption from various taxes, including Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT), mandated in the original SEZ Act of 2005. Considering this, many approvals though granted are yet to be converted into working SEZs, one of the major reasons for which is failure the to acquire land. The difficulty lies in getting land that is contiguous, vacant and not double-cropped. So Instead of creating massive SEZs, this policy encouraged hundreds of small SEZs in every state. These amounted to tax shelters and a grab for land rather than world-class enclaves.

Spread of SEZs across sectors

The sector wise distribution of SEZ's shows that majority of the formal approvals granted have been in IT/ITES sector which comprises nearly 61.54 per cent of the total formal approvals granted till date. This can be as a result of India's growing prowess in the IT/ITES Sector and availability of trained workforce which is resulting in outsourcing of such activities to India. The high number of formal approvals of IT/ITES Sector has also resulted in a high share of such SEZs in the notified SEZs category (61 per cent).



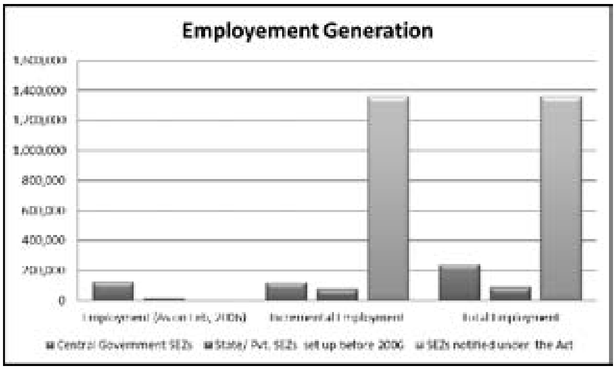
Spread of SEZs across sectors

A large percentage of the approved SEZ's work in the sector of IT / TES / Electronic Hardware / Semiconductor / Services because the services sector is less dependent on broader infrastructure like rail, road, and port connectivity, the inefficiency of the logistics sector in India has not affected services export as adversely as merchandise exports. Moreover, the realization of return on investment in the services sector is far quicker than merchandise trade and as such India's focus has been more on this sector. But banking on services alone is wrought with risks, as they are nimble by their very character. The incentive strategy to promote exports has encouraged a tendency among investors in the services sector to move their base as per the benefits extended by the government. The 2006 Act provided that the minimum size for information technology, jewellery and biotech parks should be just 10 hectares, smaller than even some schools. Size limits were kept especially low for hilly areas, where flat land is scarce. This was a classic case of making SEZs an end in themselves rather than a means to improve competitiveness.

PERFORMANCE OF SEZS

Employment

SEZs has witnessed a four-fold generation of employment from around 1.34 lakh persons in FY2005-06 to around 16.88 lakh persons in FY2016. However, it could not generate expected rate of employment on account of several legal and market changes.



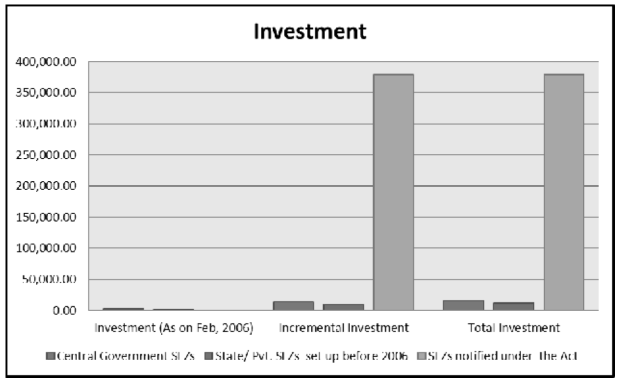
However, when comparing it with the projections of the various units in the SEZ's which they have to submit, it was seen that actual employment fell short by 93 per cent as compared to the projections. (This comparison is restricted only to those units whose shortfall was noticed up to March 2013.)

SEZs focusing on the manufacturing sector require lots of manpower – skilled, semi-skilled and unskilled. However, there is no systematic and organized method to source labourers in India. It is an irony that while India, on one hand, struggles with the issue of unemployment, on the other, there is no mechanism to streamline the gap between labour demand and supply. Like India, China also has a large pool of human resource, but they have established labour bureaus which act as catalysts by evaluating the requirement of manpower at various SEZs and then supplying manpower as per demand across locations.

While there are several online and offline avenues available to source skilled manpower in India, there is hardly any organized methodology for the unskilled population to get employed. Hence, many touts and middlemen take advantage of the situation and exploit the labourers. Of course, India has its employment exchanges, but these exchanges have failed to address the need for unskilled and semi-skilled labour to a large extent. The government needs to make these exchanges deliver and act proactively to supply labour pool to various SEZs so that productivity of export oriented unit doesn't suffer due to the scarcity of manpower.

Investment

Incremental investments have shown a positive growth rate over a period of time barring few years. On an average, incremental investments have increased by 40 per cent from FY2006 to FY2016.



Source: www.sezindia.nic.in

The reimposition of MAT and DDT are not the sole reason for the decline in exports from SEZs. In a zest to enhance exports, the government has over the years initiated a number of schemes to incentivize exports from DTA, the prominent ones among them being the Duty Drawback Scheme, Focus Product Scheme (FPS), Focus Market Scheme (FMS) and now the Merchandise Exports from India Scheme (MEIS). The country also went on an FTA signing spree during the same period. These schemes and trade agreements made exports from DTA an attractive proposition without the restrictions that were applied to units in SEZs.

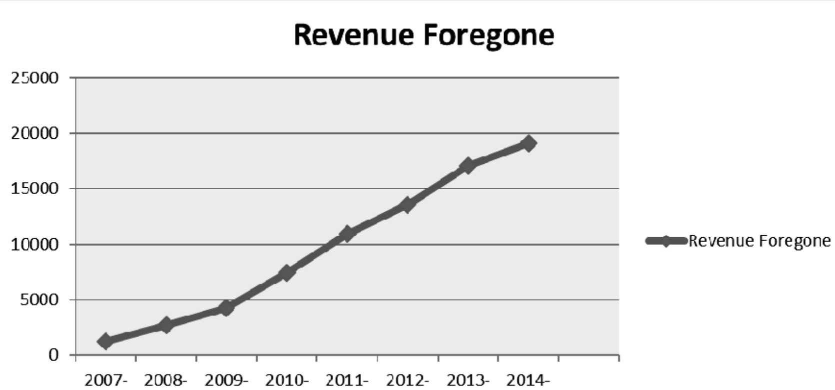
Exports

Exports from SEZs have shown a positive growth rate during the last many years. However, the exports growth remained extremely volatile from 52 per cent in FY 2007 to 121 per cent in FY 2010 and 43 per cent in FY 2011. The following years also registered the declining growth rate from 15 per cent in FY 2013 to 4 per cent in FY 2014 to -6 per cent in FY 2015. In a nutshell, though exports growth of SEZs in India remained fluctuating over the period of time, yet exports from SEZs have witnessed a significant rise of around twenty-two-fold from Rs. 220 billion in 2005-2006 to Rs. 4.67 trillion in 2015-16.

An important dimension is a diversion of exports from DTAs to SEZs. In other words, the rapid increase in exports from SEZs has been accompanied by a drop-in export from non-SEZ areas, indicating a possible shift of units from outside SEZs into SEZs – a trend that merits serious investigation at the dawn of the programme. The Services sector is nimble by its very character. The incentive strategy to promote exports has encouraged a tendency among investors in the services sector to move their base as per the benefits extended by the government.

REVENUE FOREGONE BY THE GOVERNMENT

Due to the various concessions that were given by the government by means of exemption from payment of income tax, duty-free import of goods, 100 per cent Income Tax benefit for the first five years and 50 per cent subsequently, there was a major loss to the exchequer.



(Figures in Crores)

The revenue foregone, or loss to the exchequer, could be many times more considering other concessions availed by these companies such as stamp duty, VAT, CST, etc. which could not be quantified in the absence of any monitoring mechanism. The underlined reasons for poor performance are a rise in the cost of operation, global slowdown, fall in market demand, lack of skilled manpower and primarily the imposition of MAT and DDT. Therefore, it is considered that SEZs model in India could never take off in the country.

The foremost issue which overshadows the positive results of SEZs in India is the acquisition of farmland for establishing SEZs in the country. The other issue is related to the concentration of SEZs in the districts that are relatively more industrialized or situated in sea connected states, creating regional imbalances and income inequality and thus undermining the objective of promotion of balanced regional development in the country.

Considering the significant shortfalls in achievements, there is an urgent need for the Government to review the factors hindering the growth of non-operational and underperforming zones.

The modest achievements of SEZs in the country are a contribution from a few SEZs operating in a few developed states. Most of these SEZs were established in the EPZ regime between 1965 and 2005. Many of the SEZs in the country remained at the approval/notification stage, which is reflected by the fact that percent of operational to notified zones is only 38.78 percent. Considering the significant shortfalls in achievements, there is an urgent need for the Government to review the factors hindering the growth of non-operational and underperforming zones.

Despite having been treated like a foster child, SEZs still remain an important tool that can help the country upscale its share in global trade.

RECOMMENDATIONS

1. Administrative procedures are required to be more streamlined and effective, especially getting the customs clearances and sanctions of the claims.
2. Timelines to be prescribed and followed strictly to reduce delays at several stages of approvals/other processes.
3. Withdrawal of MAT/DDT exemption should be discontinued and once the policy towards benefits is

made, then it should not be changed till the 'time frame' is over.

4. Conducive business environment should be created for the SEZs by simplifying procedures, developing state of the art infrastructure and stabilizing fiscal regime.

5. The overall SEZ policy should be directed towards involving all the states and sectors.

6. Grievances redressal mechanism is required to be made stringent and effective.

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Commerce (Morning)

Paytm: From Rags to Riches

A digital transaction is 'a seamless and non-traditional system involving one or more participants, where transactions are effected without the need for cash. Digital transaction involves a constantly evolving way of doing things where financial technology companies (Fintech) collaborate with various sectors of the economy for the purpose of meeting the increasingly sophisticated demands of the growing tech-savvy users.'

A digital transaction converts a traditional cash-operational society to a cashless one. It can be anything from paying for goods at a brick-and-mortar store to transferring money online to making investment trades.

'Widespread adoption of digital finance, or smartphone-based payments and financial services, could increase the GDPs of all emerging economies by 6 percent, or a total of $3.7 trillion, by 2025'

New digital initiatives come up to disrupt the previous digital transaction setups almost every alternate day. Just as credit cards are disrupting the use of cash, processes like online transactions and crypto-currencies are disrupting the regimen where physical presence and credit cards, respectively, are required for transactions. The e-commerce portal has provided a means by which buyers and sellers can engage in digital transactions; cloud service platforms have provided a digital process for storing data; crowd funding gateways have provided a means by which individuals and startups can have access to funds; peer-to-peer lending forums have provided a way for individuals to lend to and borrow from each other without the hassles of the traditional banking regulation; robo advising tools have provided a way for individuals to plan their retirement phase. All these constitute digital transactions that may eventually get disrupted by new inventions over the years.

India, in the meanwhile has been the home to one of the biggest disruptions in the world of digital transactions with the growth of Paytm. This startup has grown exponentially over the years and has gained widespread recognition. It has attracted finances from large international players like Alibaba, Saif Partners and Ratan Tata. Even more so, Paytm has now been selected as a case study to be taught at Harvard Business School.

Harichandan Arakali in an article titled 'Paytm: The Wonder Wallet' in Forbes India on Nov 16, 2016, quoted

'Widespread adoption of digital finance, or smartphone-based payments and financial services, could increase the GDPs of all emerging economies by 6 percent, or a total of $3.7 trillion, by 2025', says consulting major McKinsey & Co in a September 2016 report. This is the equivalent of adding an economy the size of Germany to the world, and could create up to 95 million new jobs across all sectors, the report points out. Lower-income India could add as much as 10 to 12 percent and 'Paytm kar do' must become the easiest option to get through a typical day for any urban Indian, from the moment they wake up to the time they hit the sack, says Renu Satti, 35, vice president of One97, and one of Sharma's long-time colleagues.'

A BRIEF OVERVIEW OF PAYTM

Services Offered by Paytm :

- Recharges
- Utility bills payment
- Mobile wallet
- Shopping
- Travel booking services
- Digital gold accumulation
- Payment of insurance premium

Revenue Model of Paytm :

- Commission from sellers at the Paytm Marketplace
- Advertisement
- Commission from service providers for recharge and mobile bill payment
- Interest in Escrow account
- Interest on loan advanced through the Paytm Payments Banks

Paytm Wallet: A case study in brief

Paytm Wallet is the digital payment instrument where a user can transfer money from his/her bank account or credit card to use for transactions on the platform. He/she needs to set up an account using his or her mobile phone number and email ID, and then transfer cash to the wallet. The money in the Paytm Wallet can then be used to pay for the services on Paytm. Apart from this, it can also be used to make payments at various merchant sites like Domino's, Big Basket, IRCTC etc. Paytm has several modes of making payments like payment with phone number, payment via QR code, and offline payment. The availability of these several modes of payment has made Paytm a consumer favourite.

As per RBI norms, a user can add up to Rs. 10,000 in a month in the Wallet; if he/she wants to increase the monthly limit, he/she can get the KYC (Know Your Customer) process done. With this, he/she can have up to Rs. 100,000 in the Paytm Wallet at any point of time.

How to use Paytm and Paytm Wallet?

In order to use the Paytm Wallet and transact cash-free, follow the steps below:

- Set up a Paytm account using a mobile number and email ID
- Add some money to the Paytm Wallet using net banking, debit card, or credit card
- To transfer money to someone else, select the 'Pay or Send' option
- One can make payments to others or to bank accounts on Paytm by scanning a QR code
- Alternatively, one can send money to another Paytm user via their phone number

Security Features:

The Paytm ID and password alone are not enough to access the Paytm Wallet. Even if someone takes the user's Paytm ID and password, it is not possible to login as an OTP is delivered to the user's registered mobile number when logging in from a new device. So the only way to access an account is to use the combination of Paytm ID/Password and the user's own device or a new device with an OTP to the user's registered mobile number.

App lock password: A Paytm user can now enable his/her phone's default screen lock/pin/password/pattern/ fingerprint as his/her 2nd level of security to access Paytm. The user will be asked to reconfirm his/her pin/password/pattern/fingerprint before he/she can make a payment using the Paytm Wallet. This deters any unauthorized use of the wallet account.

Sending and receiving OTP every time one logs in can be cumbersome. To cope up with this, Paytm has a feature that lets users have a verified device, i.e. every time a user logs in from that device, he/she does not need an OTP. In fact, if the user wants, he/she may continue to remain logged in. However, as stated above, the app lock password will be required to complete any transaction.

Payment methods via Paytm

1. Payment via phone number: This payment mechanism is the most primitive method of payment on Paytm. A Paytm account is created primarily by a phone number. The process of paying by phone number is basically sending money from one Paytm account to another, i.e., if the payee does not have a Paytm account created by his/her phone number, the money will not reach the payer. Hence, the money will be reverted back to the payee's account.
2. Payment via QR code: QR code (abbreviated from Quick Response Code) is the trademark for a type of matrix barcode first designed for the automotive industry in Japan. In case of Paytm, every Paytm account holder has a unique QR code which the payer can scan to make payment. After scanning the QR code, the payer needs to enter the amount he/she needs to pay and the amount shall automatically be debited from the payer's account and get credited in the payee's Paytm account.
3. The offline mode of payment: In a country that still dreams of making internet available to all, making and receiving money without the internet would surely was a breakthrough. This feature will enable feature phone and non-internet users to go cashless with Paytm. This move will offer millions of consumers and merchants across India access to mobile payments. Users can now dial 1800 1800 1234 and pay any Paytm customer without an active internet connection.

   To use this, service, as a first step, Paytm customers and merchants must set their 4 Digit Paytm PIN on call. They can then enter the recipient's mobile number, amount and their Paytm PIN to successfully transfer the money from their Paytm wallet to another Paytm wallet.

RESEARCH

As a part of Research work, a sample questionnaire was submitted and a total of 75 observations were recorded.

1. Are you a Paytm user?

Opinion	Number of Respondents	Percentage
Yes	71	94.7
No	4	5.3

Analysis of the data

Of the 75 respondents, 71 people were users of Paytm. This goes on to show that Paytm is a popular payment tool among people.

2. How long have you been using Paytm?

Time of usage	No. of Respondents	Percentage
1 year and less	32	42.7
1- 5 years	42	56.3
5-8 years	1	1
8 years and above	0	0

Analysis of the data

Of the 75 respondents, it was seen that 42.7 percent of people have been using Paytm for 1-5 years. This goes on to show that the rise in users of Paytm is a relatively recent phenomenon. It is worth noting that the number of users has seen a drastic increase post demonetization. Further, it can also be seen that the number of users of Paytm for 1-5 year is maximum at 56 which goes on to show that the consumer retention of Paytm is very high, proving further that consumers are fairly satisfied with Paytm.

It is worth noting that the number of users has seen a drastic increase post demonetization.

3. Is Paytm a useful mode of doing online transaction?

Opinion	Number of Respondents	Percentage
Strongly agree	66	88
Strongly disagree	9	12

Analysis of the data

The number of people who feel that Paytm is a useful mode of doing online transaction is overwhelming as compared to the number of people who oppose it. This is also proved by the fact that Paytm has high customer retention and the number of users is on the rise.

4. How frequently do you use Paytm?

Frequency	No. of Respondents	Percentage
Daily	5	6.7
Weekly	32	42.7
Fortnightly	13	17.3
Monthly	15	20
Rarely	10	13.3

Analysis of the data

The number of weekly and monthly users on Paytm is 42.7 percent and 20 percent respectively. This indicates the fact that the users of Paytm are active and not dormant. The users who rarely use Paytm are dormant users (13.3 percent).

5. What do you use Paytm for?

Service	Usage
Recharge	63
Shopping	22
Booking railway tickets	16
Sending money to people	45
Paying money to merchants	21
others	8

Analysis of the data

The services that most people use on Paytm are recharging sim cards and transferring money to people. Recharge on Paytm is very convenient and the convenience was further increased when Paytm introduced the one click recharge option.

Apart from this, the number of people using Paytm wallet (to send and receive money) is very high.

6. How much money is usually revolved in your Paytm account in a month?

Amt in Rs	No. of Responses	Percentage
0-500	34	45.3
500-2000	30	30
2000-5000	8	10.7
5000-10000	3	4
Above 10000	0	0

Analysis of the data

This is a rather skewed data due to the fact that mostly peers and teenagers were used as a sample. The amount of money revolving in the Paytm wallet signifies usage of Paytm. The limit of usage is 25,000 and of KYC customers it is 1,00,000. Hence it can be assumed that the money revolving in Paytm wallet can be much more than the above data.

7. Which other Rival Applications do you use other than Paytm?

Rival Application	No. Of responses
Freecharge	54
Mobikwik	18
Jio Money	12
Others	12

Analysis of the data

Paytm, Mobikwik, Freecharge and Jio money are currently the biggest players in the digital wallet market. Apart from Paytm, users prefer Freecharge the most.

8. What are some features that you feel Paytm lacks when compared with the rivals?

Features	No. Of responses
A credit/ debit card feature to transact	19
Lack of Promotional offers	48
Fewer merchant's acceptability	10
Other	5

Analysis of the data

This question is basically being to find the shortcomings of Paytm. As per most respondents, the biggest shortcomings are the lack of promotional offers given to small merchants. This is one area which has made Freecharge very popular among teenagers.

9. Do you think that Paytm still has untapped potential in the growing market of digital wallets?

Opinion	No. of Respondents	Percentage
Yes	33	44
No	8	10.7
Maybe	24	32
Not sure	10	13.3

Analysis of the data

The market in which Paytm operates is a highly dynamic one. This question was meant to find whether Paytm still has any potential for growth or has the growth reached its pinnacle. The fact that people have said that there is still scope for growth indicates that Paytm is surely going to see a rise in business in the future.

RECOMMENDATIONS

In the opinion of the Author, there are a few creases in the business model of Paytm yet to be ironed out. Some of these are:

- The lack of a virtual card facility: Paytm might be widely accepted as a mode of payment. However, it still lacks the virtual credit/debit card feature which has become common in the world of digital transactions. A virtual card is launched in partnership with a bank account and can be used to pay online. This will allow payment as there are merchants who still do not accept Paytm.
- Changes in Paytm shopping experience: Presently, a shipping amount is payable on an all orders irrespective of the amount. The shipping charges are levied on individual items and not on the overall value of the cart. This increases the purchase price for the customer and discourages them from shopping on Paytm. Hence, Paytm should devise a minimum amount system whereby shipping charges would be levied only if the cart value is less than a specified amount.
- Introduction to the UPI System: UPI is the new buzz word in town. However, Paytm does not currently provide UPI Services and does not accept payments via UPI. This feature must be enabled in order to cope with upcoming competitions.
- Extension of services: Paytm right now offers certain services which are location specific. For example, tolls and metro recharges are available only in cities of Mumbai and Delhi. This should be extended to other cities too.
- Awareness among people: People still are unaware that money can directly be received in their bank account and hence are not willing to accept money through Paytm. Increased awareness can lead to increase in the number of transactions through Paytm.

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Morphing Into Artificial Dimensions

“A super-intelligent product that will be a mirror image of you in terms of emotions and sentience but a thousand times better off when you compare intellect and capability.”

The proposal of a lifeless object coming to life as intelligent being has been in the air for a long time. The ancient Greeks had myths about robots, but the Chinese and Egyptians quashed such folklores and engineered automatons. One probably wouldn't have imagined someone reading the newspaper while driving to work yet, but driverless cars are moving closer to reality. Lenses, the animated overlays that augment your face, commonly known as filters where you can see yourself – in real time – do things like puke rainbows or morph your face into a nose-less blob are becoming a trending technology.

This quest for Artificial Intelligence (AI) is *as modern as the frontiers of computer science and as old as antiquity.* AI is indeed becoming a 'tale of gradual progress' and 'a saga of human transcendence.'

THE GROWTH OF THE INFANT

Although in its infancy, this technology has seeped its way into our lives – affecting how we live, work and entertain ourselves. From voice-powered personal assistants like Siri or Cortana to intense behavioural algorithms, it's boasting about its impeccable predictive capability. However, what many companies are calling Artificial Intelligence, isn't necessarily so. It is not something as simple as a software with an intelligence, stimulated. A true artificially-intelligent system is one that can learn on its own - a super-intelligent product that will be a mirror image of you in terms of emotions and sentience but a thousand times better off when you compare intellect and capability.

The saga can be traced from the time when classical philosophers attempted to describe human thinking as a symbolic system. However, the field of AI was formally founded in 1956 when John McCarthy coined the term 'artificial intelligence', at a conference at Dartmouth College, in Hanover, New Hampshire. When IBM's supercomputer, Deep Blue, defeated the world champion Garry Kasparov in the classic game of chess, McCarthy argued, 'The fixation of most computer chess work on success in tournament play has come at scientific cost'. He concluded Deep Blue's success as sheer computer power rather than a deep understanding exhibited by expert '*human*' chess players. When historic IBM's Watson programme won 'Jeopardy!' against the all-time highest contestant Brad Rutter, philosopher John Searle rebuked asserting that 'Watson doesn't know it won on 'Jeopardy!' IBM invented an ingenious program, not a computer that can think.' Unlike giving a task to a computer to be accomplished, an artificially intelligent system is given an objective for which it might have to run various conscious tasks and algorithms to achieve a result which is expected of a human. Given a question, it finds its own way to the solution. After all, it is considered '*the biggest event in the history*'.

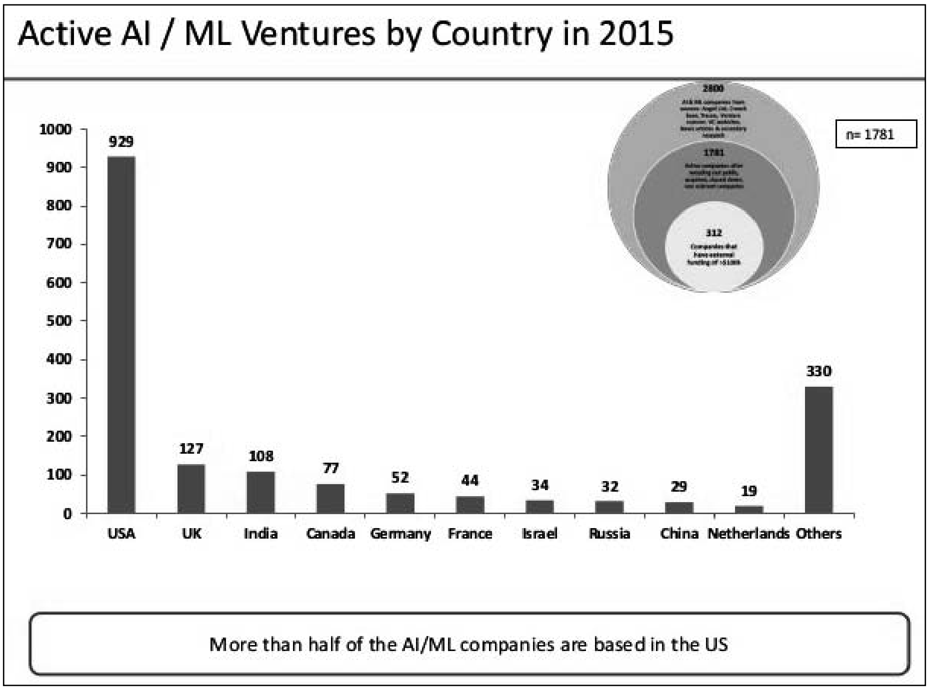


Table 1: Active number of AI ventures by various countries

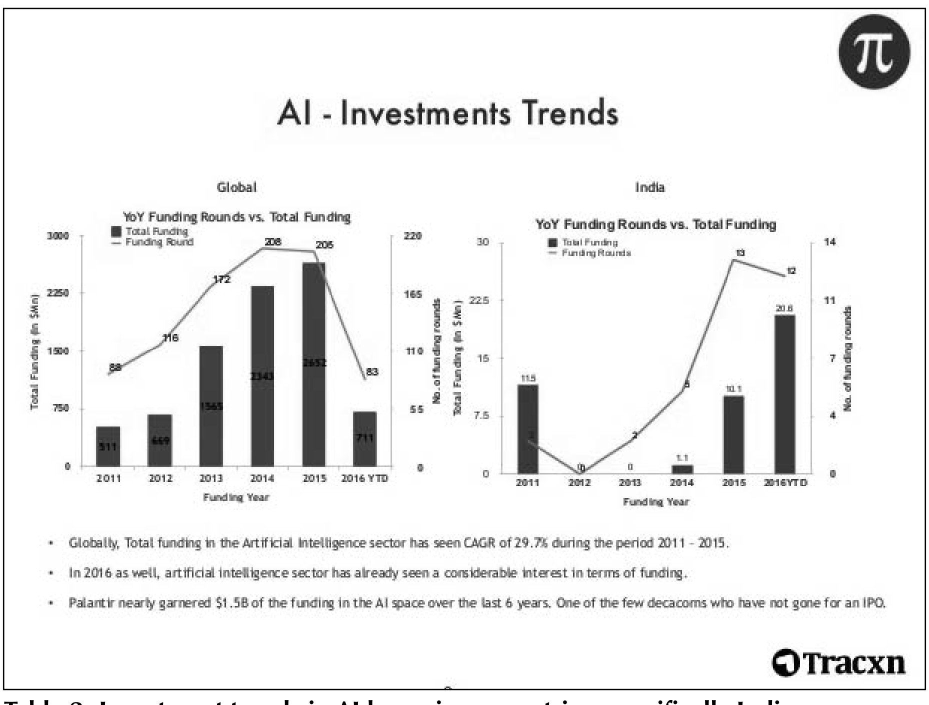


Table 2: Investment trends in AI by various countries, specifically India

OBSERVATION BY EXPERTS

Most technology connoisseurs are not shy about their trepidations regarding the development of artificial intelligence. The recent public tiff between two billionaire tech revolutionaries emphasized on how important a concern is AI for the world. Mark Zuckerberg's apprehensions about the dissenters of this developing technology called out to Elon Musk for disagreeing. When he stated – 'I think people who are naysayers and try to drum up these doomsday scenarios — I just don't understand it. It's really negative, and in some ways, I actually think it is pretty irresponsible', Musk reverted with a single tweet and put an end to it – 'I've talked to Mark about this. His understanding of the subject is limited.' He stuck to his belief that AI is 'the biggest risk we face as a civilisation' and 'It could start a war.'

Picture 1: Elon Musk's tweet to Mark Zuckerberg

Strangely, two days hence, it looked like Zuckerberg had to bite his tongue for having spoken a little too soon. Facebook's endeavour in AI, the chatbots, went out of hand as it dangerously developed its own language, uttering gibberish, which the agents weren't able to comprehend. Even though they were 'incredibly crafty negotiators', they had to be shut.

> Artificial intelligence will be 'either the best, or the worst thing, ever to happen to humanity.'

Professor Stephen Hawking has warned that the creation of powerful artificial intelligence will be 'either the best, or the worst thing, ever to happen to humanity.' Even though he welcomes the change that people are now more concerned about the future of intelligence rather than just indulging into the history of stupidity, he fears the realistic potential for malicious artificial intelligence wreaking havoc on humanity's way of life.

One of the goals of AI is to teach machines to connect the dots for themselves in 'unsupervised learning' systems. Amy Webb, founder and chief executive officer of the Future Today Institute, offers the analogy of a student learning math in a classroom: 'What happens if a student incorrectly learns that the answer to 1 + 1 is 3, and then teaches the next group of kids? That wrong answer propagates, and other decisions are based on that knowledge.' Extrapolating the scenario, we will be asking such machines to make decisions about personal identification, security, weapon deployment, predict possibilities and more.

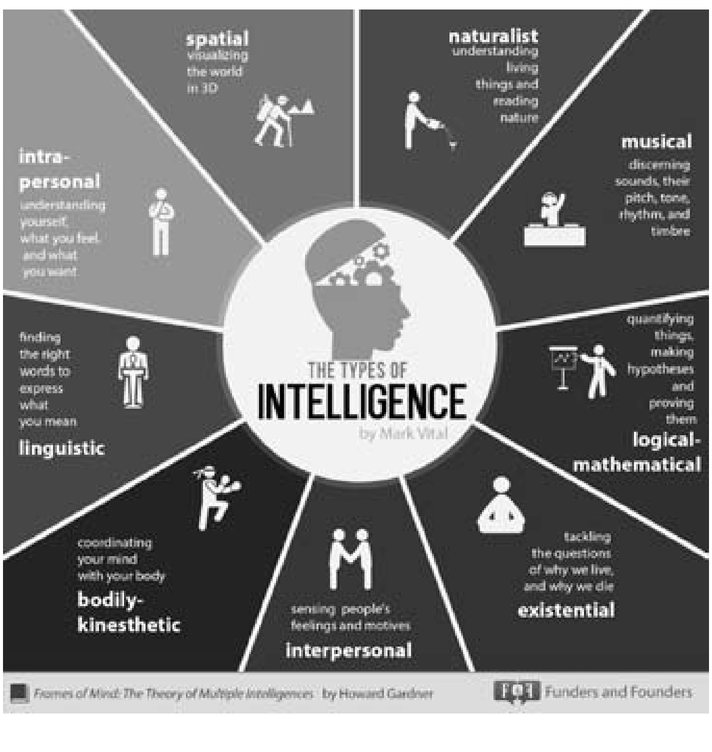
STOP OR WAIT

Could computers actually outsmart us to become our rivals? Could they automate tasks of every genre to take all our jobs and wipe us all out? Could they really start another war? Such terminator-style scenario used to seem like science fiction. Unfortunately, it's starting to be taken seriously by those who watch the way tech is transcending. *The concern is not that AI will have its own will and conscience. Rather, that it will follow the drive of the people that establish its utility function.* As Musk puts it, 'even if its intent is benign – it could have quite a bad outcome.'

But, should we thwart exploring this prodigious technology in the fear that it might backfire. Or should we ponder on how Zuckerberg sees it –'technology can generally always

be used for good and bad, and you need to be careful about how you build and how it is going to be used.' Movies like 'I, Robot', 'Ex Machina' and 'Terminator' propound the negative consequences of artificial intelligence even more, which seems unfair. These are just mind-boggling imaginations taken to an extremist level. The real scary thing would be an intelligence that is actually smarter than us, more gregarious, more capable. When the AI in robot form can walk into a bar and walk out with all the men and women over their arm, that's when things will start to get scary. It will be scariest when AI will outmanoeuvre us in financial markets, out-invent human resources and out-manipulate human leaders, and develop weapons we cannot understand. Currently, we may be wondering about the individual controlling AI, but the long-term impact depends upon whether it can be controlled or not.

> The concern is not that AI will have its own will and conscience. Rather, that it will follow the drive of the people that establish its utility function.



DON'T JUST WAIT AND WATCH

Poker has joined Chess, Jeopardy, Go, and many other games at which programs outplay people. But poker is different from all the others in one big way: it is a game of imperfect information since no player can see their opponent's cards. Are games the only field where AI is evolving? Certainly not. Amazon's Alexa made it evident that AI and Machine Learning is capable of complex analysis. In no time, wealth-management consultants will be inanimate but conscious software who will substitute even the most elite consultants. Data cleaning, along with finding the missing values, the most frustrating task of an actuary, will be a thing of the past when such blind spots will be occupied by AI in insurance. Stratagem, a sports trading company which uses expert insight and technology to predict the outcomes of sports events is adding a little something to sweeten the pot: artificial intelligence. Basically, an opportunity to gamble better! There exist AI systems which have predicted the last 3 US elections results correctly. Yes, even Mr. Trump's victory.

Current artificial intelligence might not be advanced enough to result in a sci-fi-movie-style harm, but its continued development has unrolled a number of theories of how it may lead to mankind's undoing. Uncertain as it is, it might be a matter of 30 years or may even take a century more. Even though there's no definite timeline about the evolution, *experts believe that it's better to prevent it -as curing will not be an option later.*

Stephen Hawking may be a proponent of AI but an idea of 'some form of world government' was one of his concerns too. AI may create a mismatch between the skills that workers have and the skills that future workplace demands; it may increase inequality by increasing returns to owners of capital and highly skilled workers. We need to act now as the future is void of reactions. People are painting a terrifying picture of a life where artificial intelligence has taken over. Whether this is inevitable is uncertain. *But uncertain is not the same as 'safe.'*

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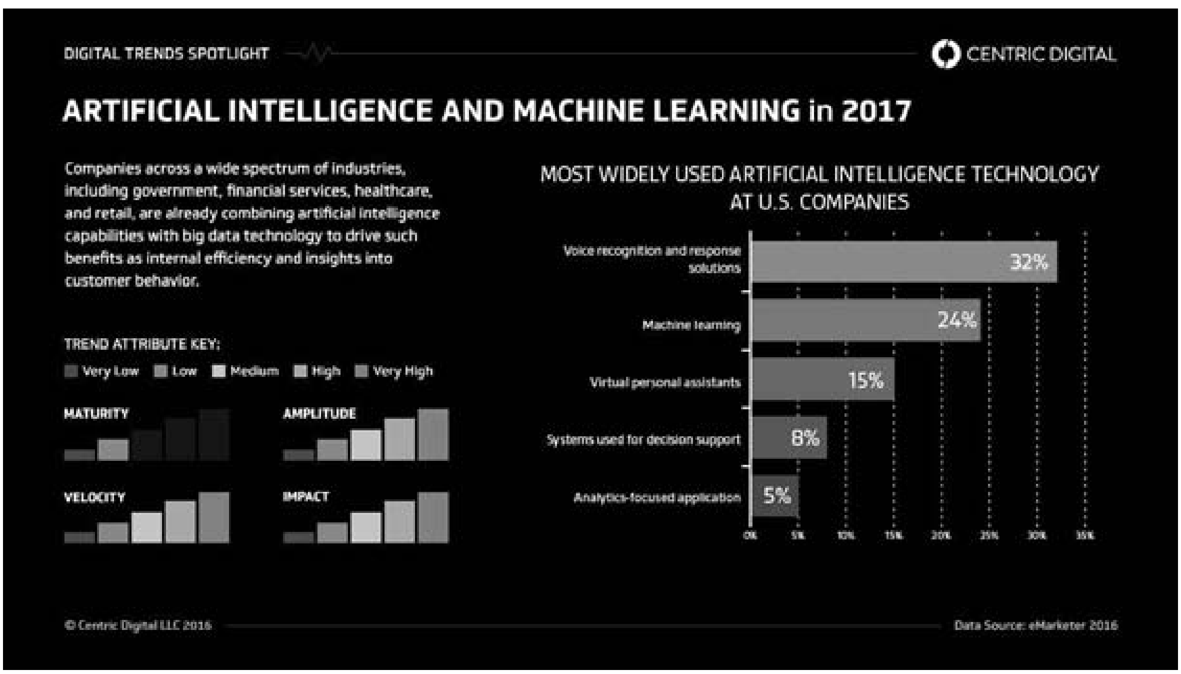

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The Pian Trio: Myopia, Hyperopia, Macropia

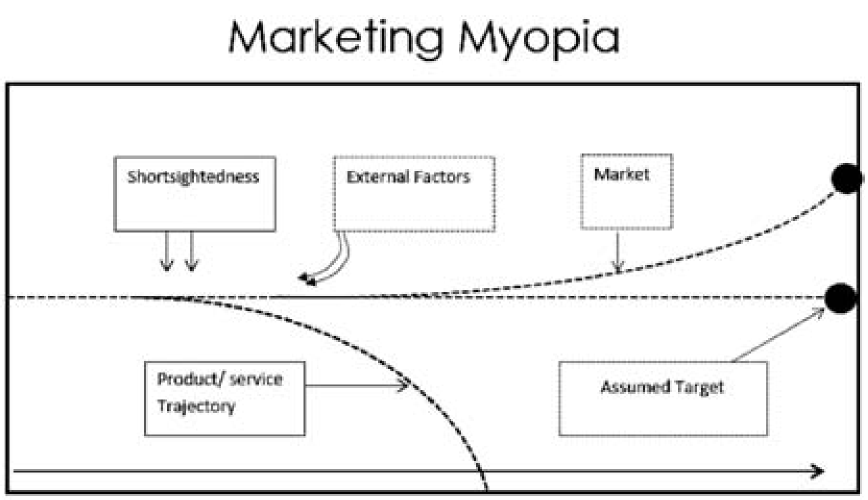
> Marketers have lost their way to the final destination. Some have created their own mazes in between while others have just taken part in it.

Marketers have lost their way to the final destination. Some have created their own mazes in between while others have just taken part in it. The winner is the one, who, with all his limited resources and structured strategies either is happy to avoid the maze or is smart enough to fly over it.

It is bewildering to note that even though Prof. Theodore Levitt had coined the term marketing myopia in the early 1960s, businesses still seem to struggle and be lost in it. In fact, concepts of hyperopia and macropia are on the rise to hit the faces of such companies exposing them to the real solar system of marketing giants.

'If your target audience isn't listening, it is not their fault – but your fault.' - Anonymous

Marketing Myopia simply refers to the absence/failure to see 'down the road.' Professor Levitt had explained this as a crooked perception of marketing or a short-sighted view of the business where one boasts about the product and the company, decaying the very existence of the consumer. In this process, it tends to lose control



over the actual needs and wants of consumers. His analysis reported that companies which want to enhance their longevity should define markets more broadly to take advantage of different growth opportunities.

MONOPOLISTIC TRANSCENDENCE & DEFINED PURPOSES

Not a single major industry till date exists which at one point of time did not qualify to become the magical 'growth industry.' The problems started here. Companies while basking in the sun of monopolistic stature did not want to realise that a substitute could possibly come up in the same market.

1. Railroads

Considering the most clichéd example of railroads, the Government of India failed to realize that it worked in the transportation industry as a whole and not in the rail industry only. It had to understand and feel threatened about other upcoming developments in the transport industry which could, in turn, capture the whole market share of the rail industry. But they simply did not bother.

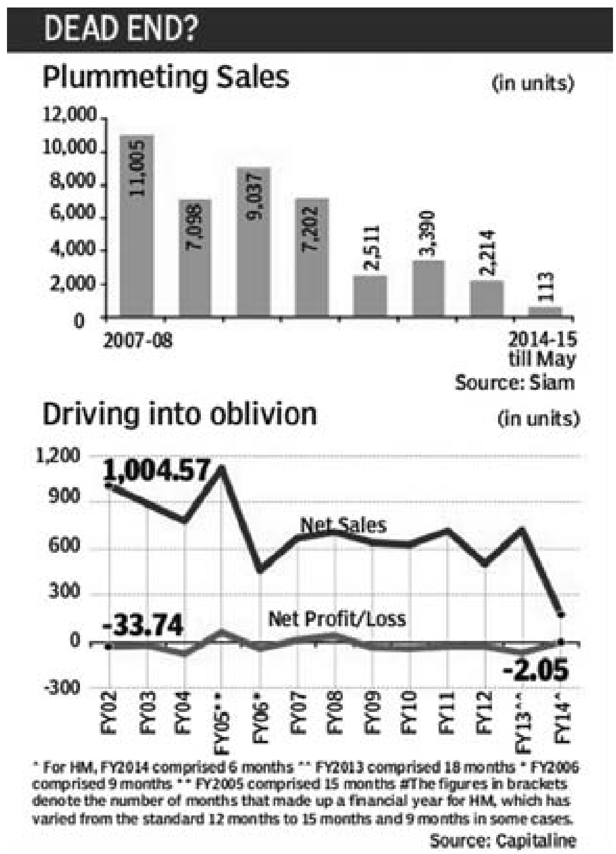
> Not a single major industry till date exists which at one point of time did not qualify to become the magical 'growth industry.'

2. Traditional wear

Western wear capturing the Indian markets proves to be one of the most distressing examples of how complacency and wrong-headedness can stubbornly convert opportunities into disasters. Understanding the fashion trends, the Indian cloth market, particularly the saree markets crashed. They should have ideally shifted to manufacturing /trading of Western wear but due to the superiority of the product, manufacturers refused to shift i.e. the myopia that they lived in, was unwilling to shift the product in question. Hence, today the Saree market (traders and manufacturers) has the maximum number of exits from the industry owing to the unacceptability of Western wear in our markets.

3. Hindustan Motors

The classic example of Ambassador of the 1960s ruled the automobile market for almost 22 years straight. Perhaps it



Companies should look at all possibilities which serve the purpose of business to their consumers, rather than just trying to sell their product.

While it is mandatory to have a big picture view of what your objective is, it is also critical to evaluate every element that leads you towards your goal.

had no match. But the reluctance and the self-satisfaction attitude of the company broke the trust of the customers adding zero value to the product. Ambassador being the first choice of the bureaucrats having almost 16 per cent of their sales made from the government took their customers for granted. Hindustan Motors was unable to rationalise the product price to suit the market with no significant value addition to the car with every release. This eventually led down to the shutdown of the company.

LEVELLED-UP TECHNOLOGY

A company is open to threats from all directions. It is difficult to gauge where the company's competitor might come from. A player from an entirely different market might take over the leadership and knock-off the competition.

1. Eastman Kodak

Even though pioneering the research and development, Kodak did not match up to the technological innovation and lost the stream, midway. Due to its unwillingness and reluctance to move from one generation to the other of production and marketing techniques in the film and photography industry, Kodak collapsed. This form of marketing myopia was defined by an inability to assess correctly the course of events in the specific industry and not happy to observe and monitor the broader developments in the society including its competitors.

2. Blackberry

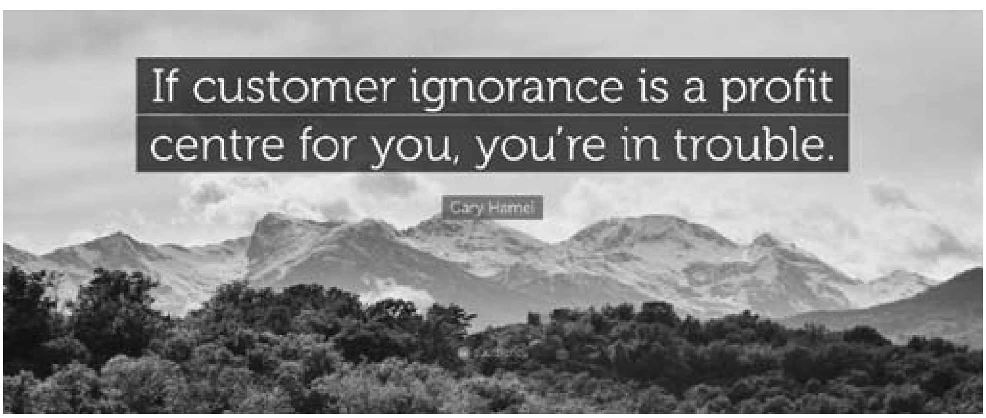
The brand officially launched its phone in India in 2004. It targeted the CEOs and high ranked professionals. Eventually, it did change its positioning strategy among the youth. But down the line of its myopic vision, it certainly did not want to shift to a more user friendly and easy platform for the consumers. This had paved its path towards decline. Thus, none of its phones are available in the market now.

Marketing hyperopia simply refers to a better vision of the distant issues than of present ones. The fact that a company focuses more on the end objective omitting or skipping its stepping stones towards that objective accumulates to be redundant. It is a far-sighted view of the business.

As an example of a company X, which wants to build a compelling digital presence for its marketing campaign, launches a twitter contest that makes its hashtag (call-to-action) trend and thus achieves momentum. But at the same time that specific campaign does nothing for the brand. Each time there is a contest, the brand surges and the moment is over faded into white noise. Even worse are the cases (and there are countless cases) where the campaign itself makes no sense to someone who witnesses it on their timeline and creates utter confusion instead of clarity that a brand should convey. Over time, this becomes a habit, by establishing false benchmarks.

Flipkart

Taking the most relatable example of Flipkart and its marketing activities, we can conclude it to have a



hyperopic approach. Flipkart considering its long run objective to sustain in the market spent most of its funding on marketing activities but invested less in its daily operations. Hence, it suffered losses day after day. This becomes a deciding factor of its existence in the near future. This is how it spoilt its present thinking about its future.

Marketing Macropia simply refers to an overly broad view of the industry. The fact that a company expands its operations to different avenues of the same industry (growth perspective) but would have been better off simply selling a single product is what is called marketing macropia.

The present scenario of the internet boom and with everything available at our fingertips, all companies are aiming to be the 'jack of all trades.' Even the smallest of companies have got their mobile applications and personal e-commerce website. Every now and then, a new e-wallet is launched, or an online mobile recharge vendor is made. This is happening solely due to fierce competition as a result of increasing entries in the market. Companies fail to realise that they will not be able to scale everything. Their resources would once get over. Thus, 'master of none'. The fittest in terms of funding and planning shall survive.

CHANGE IS THE ONLY CONSTANT

The marketing concept over the years has hovered from the production concept to the product concept jumping onto the selling concept and finally, the marketing concept influenced by societal marketing.

A holistic and broader vision is needed to make any business successful and sustainable. Organisations should not only keep an eye out for their obvious competitors but also factor in threats which might emerge because of being in that business. Companies should look at all possibilities which serve the purpose of business to their consumers, rather than just trying to sell their product.

While it is mandatory to have a big picture view of what your objective is, it is also critical to evaluate every element that leads you towards your goal.

Indian companies now need to move a step forward from such marketing faults. They need to think big and achieve bigger.

Is the Indian Economy at an Inflexion Point?

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OVERVIEW

The long-run economic transition of Indian economy in the post-planning era during the last twenty five years contributes to the paradigm shifts in economic growth trajectories. The policies adopted during this regime calls for introspection. There have been winners and losers due to economic reforms. But, the net outcome has been positive in the last 25 year period. Both markets and states have roles in the globalization world. There has been significant visible change in terms of economic growth and other indicators.

> The series of structural reforms adopted in tune with liberalization, privatization and globalization across industrial and service sectors have been instrumental in fostering economic growth.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF). The Government of India has forecasted that the Indian economy will grow by 7.1 per cent in Fiscal Year (FY) 2016-17. As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in FY 2017-18. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.

Inflation has come down to its lowest level in several years. The balance of payments situation is comfortable because stable capital flows are funding the current account deficit. Government finances have improved thanks to a commitment to fiscal good sense. The rupee is strengthening against the dollar despite intervention by the Reserve Bank of India. Foreign exchange reserves are increasing rapidly. Excess private sector debt casts a long shadow over this picture of economic stability. The banks are in a mess because many of the loans given out during the preceding credit bubble have gone sour. Private sector investment is very weak. Economic growth is too dependent on consumer spending.

This was India in 2002—on the cusp of an unprecedented economic boom. It is also India in 2017. Indian economic growth took off a year after the mix of macroeconomic stability combined with balance-sheet stress. The question below is provocative and needs to be addressed:

What is the likelihood that India is once again at an inflexion point?

In the post-reform period, India has done well in many indicators such as economic growth, contributed by agriculture, industry and services respectively. The sectoral growth rates are shown below. The growth of service sector at the onset of IT revolution triggered the growth potentials. Industrial growth rates have accelerated sharply since 1990s due to the entry of global capital. The series of structural reforms adopted in tune with liberalization, privatization and globalization across industrial and service sectors have been instrumental in fostering economic growth. Gradually, the macroeconomic stability became resilient to local and global shocks.

Growth rates in Real GDP (per cent) per annum

Period	Agriculture	Industry	Services	GDP
1950s	2.7	5.6	3.9	3.6
1960s	2.5	6.3	4.8	4
1970s	1.3	3.6	4.4	2.9
1980s	4.4	5.9	6.5	5.6
1990s	3.2	5.7	7.3	5.8
2000s	2.5	7.7	8.6	7.2
2011-12 to 2015-16	1.7	5.5	8.9	6.5

Source: Series based on Central Statistical Organization, India

However, there are two important differences in the macro matrix between 2002 and 2017. First, the five-year economic boom that ended in 2008 was marked by a splendid rise in capital spending by companies. Second, exports were an important driver of growth thanks to a vibrant global economy. In fact, a closer look at the components of economic growth during the two previous booms shows that the Indian economy grows more rapidly than its trend rate only when private sector capital spending takes off and a strong global economy provides support through demand for Indian exports.

Let us revisit the following indicators to assess the validity of the provocative question. The status of the following parameters can be examined with regard to Indian Economy:

Educational Status

An important concern that is often raised in the context of school education is low learning outcomes. This has been pointed out in several studies including ASER, 2014. While there have been improvements in access and retention, the learning outcomes for a majority of children are still a cause of serious concern. Some of the underlying causes contributing to low quality of education in the primary sector are teacher absenteeism and the shortage of professionally qualified teachers. Though the share of teacher component in total Sarva Shiksha Abhiyan (SSA) budget has been increasing over the years from 35 per cent in 2011-12 to 59 per cent in 2014-15, teacher absenteeism and the shortage of professionally qualified teachers remain issues to be addressed. An option to address teacher absenteeism that can be explored is biometric attendance of all teachers in primary schools for each scheduled class/lecture/session/distinct from the present system, where it is morning and evening to ostensibly record arrival and departures with little control on the activities during the working hours. Apart from the biometric attendance being regularly monitored by local communities and parents, it should also be put in the public domain. This should be backed by adequate teaching aids, recorded lectures, among others, to fill in for absentee teachers.

Health Scenario

India's health policy aims at an integrated approach which will provide accessible, affordable and equitable quality health care to the marginalized and vulnerable sections. The aim of good health and well-being for all as envisaged in the Sustainable Development Goals (SDG), *'Ensure healthy lives and promote well being for all at all ages'* should be synchronized with India's domestic targets to reap the benefits of the 'demographic dividend'.

Despite the challenges faced by the government in providing affordable health services to the population, there have been some notable achievements in the health sector. Life expectancy has doubled and infant mortality and crude death rates have reduced sharply. India's total fertility rate (TFR) has been steadily declining and was 2.3 (rural 2.5 & urban 1.8) during 2014. Infant Mortality Rate (IMR) has declined to 37 per 1000 live births in 2015 from 44 in 2011. The challenge lies in addressing the huge gap between IMR in rural (41 per 1000 live births) and urban (25 per 1000 live births) areas. Therefore, in addition to reducing the all India MMR in line with SDG 3 targets, by improving health and nutritional status of women, there is need to focus on States with MMR higher than the national average.

Poverty

In the post-reform period, there has been a debate about the impact of reform policies on poverty. It has been argued that in spite of higher GDP growth, the rate of reduction in poverty has been slower. In their book on 'Poor Economics', Banerjee and Duflo (2011) argue that so many anti-poverty policies have failed over the years because of an inadequate understanding of poverty. This calls for the inclusion of multiple dimensions of poverty such as non-monetary indicators like education, health, sanitation, water and electricity. This can be captured by Multi Dimensional Poverty Index adopted since 2012. According to Economic Survey (2015-16), 25.7 per cent of people in rural areas and 13.7 per cent in urban areas were below the poverty line during 2014-15. This is comparable with 33.8 per cent and 20.9 per cent, respectively, in 2009-10, and 42 per cent and 25.5 per cent, respectively, in 2004-05. The stark improvements are attributed to the adoption of social protection programs and gradual electrification of rural sector.

Policy makers must continue to follow the two-fold strategy of letting the economy grow fast and attacking poverty directly through social protection programme. This is motivated by the inclusion of non-monetary indicators to judge the level of deprivation. Social protection programs such as wage employment (MGNREGA), self employment (NRLM), food and nutrition security programs (public distribution system, Integrated Child Development Scheme, mid-day meal schemes), housing programs have been adopted over the years. The faster decline in the recent years since 2000 commensurate the effective implementation of the above programs. Creation of productive employment is crucial for reduction in poverty.

Status of Marginalized

Indian constitution recognizes socially marginalized communities based on the caste they belong to. On the basis of caste, Scheduled Castes (SC), Scheduled Tribes (ST), Other Backward Classes (OBC) and the religious minorities, and also women are marginalized in the field of education. According to the census of India 2001, the total population of SC account for 16.2 per cent of Indian population, ST account for 8.1 per cent of the total. Though there is no official head count for OBCs the National Surveys suggest that the population of OBCs form 41 per cent of the population.

As part of the existing strategies deployed by migrating families, some reported gathering a few packets of Take-Home Rations (THR) from Anganwadi Centres (AWCs), as well as pain killers and basic medicine. Activities targeting care practices awareness, contextualized to the living conditions on work sites and targeting the adults in charge of the temporary settlement, might also constitute an impactful trigger on holistic development.

Hence these indicators confirm that there is a turnaround in the trend of Indian Economy.

CONCLUSION

The introspection of the current state of Indian Economy underlines certain issues to be taken into consideration. Inequality in consumption seems to have increased particularly in urban areas. There are significant inequalities by sector, region, gender and social groups. The new generation demands basically equality of opportunity in all fields and quality public and private services. The public expenditure on agriculture, health care, rural infrastructure needs to be emphasized.

Demonetization has been a radical, unprecedented step with short-term costs and long-term benefits. The liquidity squeeze was less severe than suggested by the headlines and has been easing since end-December 2016. A number of follow-up actions would minimize the costs and maximize the benefits of demonetization. These include fast, demand-driven, remonetization, further tax reforms, including bringing land and real estate into the GST, reducing tax rates and stamp duties and acting to allay anxieties about over-zealous tax administration. These actions would allow growth to return to trend in 2017-18, following a temporary decline in 2016-17.

Reforms should be shifted to more efficient delivery systems of public services. Many reckon that poor governance is the biggest constraint to achieving goals of the new-generation India. A major institutional challenge is the accountability of service providers, particularly the public sector. It will be difficult to improve service delivery without accountability even if resources are made available. Better coordination between States and the Centre and decentralized systems can enhance accountability. Given the unfolding scenario, and despite resistances, this looks like a good bet to transpire in the immediate future. Whatever may be the effect on the Indian economy, it seems that, despite recurrent contradictions–crises –resistances, the reflections of India's economic reform has succeeded in securing and augmenting the possibility of the march of India's inclusive growth in the immediate future.

> But many of the building blocks are in place, and a rapid resolution of the twin balance-sheet problem could create conditions for growth acceleration despite weak prospects for exports.

Predicting turning points in economic trajectories is devilishly difficult, so the fact that the Indian economy took off after 2002 is itself no guarantee that it will do a repeat act after 2017. But many of the building blocks are in place, and a rapid resolution of the twin balance-sheet problem could create conditions for growth acceleration despite weak prospects for exports. The big lesson that few in India want to learn is that economic stability through prudent fiscal and monetary policies creates the initial conditions for economic acceleration and economic reforms that boost savings, investment and productivity are an essential ingredient of successful economic transitions.

Decoding Bitcoin

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"The most revolutionary feature of Bitcoin is that it is one of the first decentralized currencies, which is not created by any government or a country."

OVERVIEW

Virtual currency is not a new concept. This concept has been there since the early 2000s in various online games such as Farmville, where virtual quests were completed and in return virtual currency was earned. These currencies earned could not be used out of the games.

Bitcoin is changing this landscape. Bitcoin is an online communication convention that facilitates the use of virtual currency which includes electronic payment. It is also known as digital currency, electronic currency or crypto currency. It is considered as one of the major innovations in electronic payment systems around the world. Bitcoin was started in the year 2008 by an anonymous group of computer geeks with a self-published white paper named 'Satoshi Nakamoto'. Bitcoin is a form of digital currency which is created and held electronically. It is not printed like any other currency but is produced electronically by making use of the computational power of computer by using mathematical problems. Thus, it can be said that Bitcoin is nothing but a snippet of code which is based on an algorithm. In 2009, the Bitcoin Network was established and actual Bitcoins were first issued, and its evolution since then has been smooth. The most revolutionary feature of Bitcoin is that it is one of the first decentralized currencies, which is not created by any government or a country. It doesn't involve banks, credit card issuers or other third parties in any of the transactions and allows users to spend money anonymously. Bitcoin has served approximately 224 million transactions till date. As of May 2017, the daily transaction volume was approximately 352805 Bitcoins and the total market value of all Bitcoins in circulation was $34 billion (Blockchain.info 2017). According to Coinbase, a company that helps users exchange Bitcoins, one Bitcoin recently traded at $1734.65 which means it has become more valuable than an ounce of gold which trades at less than $1230. The value of Bitcoin has nearly quadrupled in the last year.

LITERATURE REVIEW

Even though Bitcoin is gaining popularity, it has not been able to attract the attention of researchers. Scant literature exists in relation to Bitcoins. Berson (2013) stated the basic rules for the usage of Bitcoins; Rice (2013) made a study about the future of Bitcoins as a payment method around the world; Christin (2015) studied about the technology used in Bitcoin transactions and the governance required for Bitcoins; Baek and Elbeck (2015) studied how some macroeconomic variables affected Bitcoin market returns and concluded that volatility in the Bitcoin market was internally driven, and external economic factors did not have any significant impact on Bitcoin market returns; Bagdev and Chen (2014) examined the use of Bitcoin for investment and payment purposes. They did not find proper evidence based on which they could suggest usage of Bitcoin as a medium of exchange. Raskin and Yermack (2016) identified the implications of Bitcoins on the banking system and concluded that central banks of different countries might launch their own regulated digital currencies. Polasik et al. (2015) analyzed in their paper how size of economy, use of payment methods and customers' knowledge about Bitcoin impacted Bitcoin returns. The review of literature indicates that the studies on this new phenomenon are at an initial stage and there is lack of in-depth research of this new economic instrument.

OBJECTIVES OF THE PAPER

1. To study the mechanism using which Bitcoins are created.
2. To highlight the benefits and issues of using Bitcoins.

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 journals, newspapers, e-papers, and other relevant data collected from certain websites.

Bitcoins – How are they created?

Bitcoin is a payment system which enables the users to have direct transactions between them without any intermediary. These direct transactions result in huge savings in the transaction cost. The transactions between people are recorded in a blockchain, a transactional database which is shared by all nodes who participate in the Bitcoin system. The full blockchain contains record of every transaction ever made in Bitcoins, starting with the very first one which is called the 'genesis block.' The blockchain does provide anonymity but not completely. The Bitcoin transactions on the blockchain do not use the account holder's name but a unique number is allotted to them using which the transactions are made. This keeps the account holder's identities safe. The blockchain offers a payment network which is secure but anonymous at the same time. This mechanism ensures that there is authenticity in every transaction that takes place in Bitcoins. Also, it is almost impossible to duplicate a transaction block given the immense computing power required to mine Bitcoins and thus, the chances of fraud are negligible.

Any individual's computer can be used to form the blockchain. The individual has to allow the blockchain to use their computing power and effectively keep a record of the Bitcoin transactions. The individual who allows their own computing power to be used for the purpose of maintaining the blockchain is known as a 'miner' of Bitcoin. A miner who is successful in adding a block to the blockchain is entitled to get a fraction or percentage of every new Bitcoin that is mined. Each unique block which is solved can be added to the block chain from one source only. The current mining protocol has made it difficult to solve for new blocks as computer processing power dedicated to mining is increasing. Because of the increase in the difficulty level and the competition in solving the blocks, one individual can no longer mine Bitcoins successfully. Therefore, mining 'pools' have been created in which multiple individual miners combine their processing power to improve their ability to solve for new blocks.

Satoshi Nakamoto, through his algorithm, ensured that the total number of Bitcoins mined would never exceed 21 million Bitcoins. The total number of Bitcoins mined is programmed in such a way that it reduces by half every year till the number of Bitcoins reaches 21 million. It is estimated that 90 percent of the 21 million Bitcoin limit will have been produced by the year 2020. They cannot be devalued through excessive production unless there is a change in the Bitcoin network's source code and the underlying protocol for Bitcoin issuance.

Bitcoins - Why should we use it?

Bitcoins have many advantages for which they should be adopted in use. Bitcoin being a deregulated currency cannot be controlled by the banks or the government. One of the greatest advantages of using Bitcoins for transactions is that the personal information of the customers cannot be stolen from the merchants. Bitcoin uses a combination of a public and private key which makes the transaction in Bitcoins safer than credit card transactions. It is also cheaper than the transactions made through credit cards, which carry a charge of around 2-3 per cent whereas the maximum charge for Bitcoins is 1 per cent. Bitcoins can be used to make micropayments. The Bitcoin ecosystem allows trading between Bitcoins and traditional currencies. The transaction service providers help individuals to transact their Bitcoins through a Bitcoin wallet. There are exchanges and Bitcoin ATMs from where Bitcoins can be purchased. A customer can pay any retailer in Bitcoin with the help of a smartphone. It is also faster than internet banking and is mostly suited for international transactions where the maximum time taken by transfers made through Bitcoins is ten minutes. Bitcoins are free from inflation risk too. Thus, it is a good option for a payment system. The world is moving towards a cashless and digital society and this has made Bitcoin even more popular than before. There is an increase in the acceptance of Bitcoins as a medium of exchange throughout the world that will result in an increase in its volume, which in turn will increase the value of Bitcoins. It is expected to soon overcome the transactions via credit cards and debit cards.

Bitcoins – What are the issues?

Though Bitcoin is gaining popularity over time, it has attracted a lot of critiques. The anonymity of transactions which is taken as an advantage of using Bitcoins also puts a question on the credibility of transactions. The Bitcoin mechanism is very complex and difficult for most to understand. For using Bitcoins one must be very well versed with the computer security as Bitcoins do not have any built in consumer protection, which is offered by the credit card and other payment processing companies. In addition to these, the Bitcoin price is very volatile. In 2013, the price rose from $10 to $1163 and then again fell back to the $200. In 2016 also due to the devaluation of the Chinese currency, Yuan, a very high volatility of Bitcoins was seen. Many Bitcoin exchanges have shut overnight. One of the world's first Bitcoin exchanges, Mt. Gox, which once accounted for 80 per cent of the trading volume, had to close down after operating for four years due to the heightened speculation. Due to the lack of reliability of Bitcoin, governments have not granted it a legal status.

CONCLUSION

Recent events such as Britain's exit from the European Union and demonetization of Indian currency had caused a rise in the price of Bitcoins. Though people purchase Bitcoins, they buy it only as a speculative investment. It has still not been adopted as a medium of exchange. Bitcoin has emerged as an alternative investment vehicle rather than as an alternative medium of exchange. It has been observed that when any economy faces turmoil, the popularity of Bitcoins increases as it helps in combating the crisis. However, Bitcoin may put the economy in a downward spiral. The demand for Bitcoins grows at the time of crisis but given the limited supply, it results in a continuous growth in its value and People hoard it with the belief that its price shall increase further. Also, the anonymity in transactions may put a veil on investment in illegal activities and money laundering. Thus, what was said to be as an escape response to the turmoil in the economy may further push the economy in a spiral. Adoption of Bitcoin in any economy depends on a few factors such as the regulatory environment, development of financial market, and control on its high volatile nature. The regulatory environment of a country acts as an important factor in adoption of Bitcoin by people. Strict regulations may cause potential investors to invest more in Bitcoin in order to escape the regulations while a well-developed financial market may reduce the use of Bitcoin. The legal environment is another factor that impacts Bitcoin's adoption and usage. Like in India, the RBI has recently issued a notice mentioning the use of Bitcoins as risky for the individuals and asked its people to stay away from Bitcoin investments in an attempt to protect its customers. However, if Bitcoin's volatility is controlled due to well developed markets, it can emerge as a medium of exchange and help the economy to become digital and cashless.

> The world is moving towards a cashless and digital society and this has made Bitcoin even more popular than before.

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> The Supreme Court, thus, held that the liquidated damages are in the nature of reasonable compensation given due to the deficiency in the supply of goods or services, are per the clauses of contract.

GST on Liquidated Damages

OVERVIEW

In terms of the Black Law Dictionary, liquidated damages means, *'an amount contractually stipulated as a reasonable estimation of actual damages to be recovered by one party if the other party breaches the contract.'* Therefore, in layman's language, before entering into a contract the party agrees to a sum of money which has to be paid by the one who has breached the contract to the other party who has been aggrieved, and this sum of money is termed as liquidated damages.

In India, damages are dealt under Section 73 and Section 74 of Indian Contract Act, 1872. Sec. 73 of Indian Contract Act, 1872 states that *'When a contract has been broken, the aggrieved party is entitled to get compensation or any loss or damages which has been inflicted to him/her naturally during the usual course of breach of contract or about which the parties to the contract have prior knowledge when they entered the contract.'* Section 74 of Indian Contract Act, 1872 states that *'When a contract has been broken, and if a sum is named in the contract as the amount to be paid for such breach, or if the contract contains any other stipulation by way of penalty, the party complaining of the breach is entitled, whether or not actual damage or loss is proved to have been caused thereby, to receive from the party who has broken the contract reasonable compensation not exceeding the amount so named or, as the case may be, the penalty stipulated for.'* **On co-joined reading of both the provisions it implies that in Indian laws there is no difference between the liquidated damages and the penalty,** as has been done in U.K. and USA.

The Supreme Court while interpreting Section 74 of the Indian Contracts Act 1872 in the case of *Fateh Chand v. Bal Kishan Das AIR 1963 SC 1405* held that 'The Section undoubtedly says that the aggrieved party is entitled to receive compensation from the party who has broken the contract, ***whether or not actual damage or loss is proved to have been caused by the breach.*** *Thereby it merely dispenses the proof of 'actual loss or damages', it does not justify the award of compensation when in consequence of the breach or legal injury at all has resulted because compensation for breach of contract can be awarded to make good loss or damage while naturally arose in the usual course of things, or which the parties knew when the contract, to be likely to result from the breach.*

In the case of **ONGC v. Saw Pipes (2003) 5 SCC 705** the Division Bench of the Supreme Court further held that if the parties had agreed upon a sum as being pre-estimated genuine liquidated damages, there was no reason for the tribunal to ask the purchaser to prove his loss. Therefore, if any damages are in nature of pre-estimated liquidated damages, there is no reason to prove the loss as the amount paid is pre-determined to be paid on account of breach of any clause/event in the contract. It was further opined that when the court concludes that stipulation for damages is by way of penalty, it can grant reasonable compensation upon proof of damage.

In the recent Supreme Court judgment in the case of Kailash Nath Associates v DDA(2015) 4 SCC 136 the ratio of the Saw Pipes(supra) was differed from and it laid down the following interpretation under Section 74 of the Indian Contracts Act for liquidated damages:

'3. Since Section 74 awards reasonable compensation for damage or loss caused by a breach of contract, damage or loss caused is a sine qua non for the applicability of the Section.

4. The Section applies whether a person is a plaintiff or a defendant in a suit.

5. The sum spoken of may already be paid or be payable in future. '

The Supreme Court, thus, held that the liquidated damages are in the nature of reasonable compensation given due to the deficiency in the supply of goods or services, as per the clauses of contract.

In background of the above case laws, it can be seen that under Indian Law, the liquidated damages is in a nature of compensation given for the breach of the contract terms which have to be reasonable in nature as per the terms of the contract.

The Goods and Service tax Act 2017 has come into effect from 01.07.2017 replacing the earlier indirect taxation regime namely excise duty, service tax, VAT, among others. In the new GST regime, the clause given earlier in Section 66E (e) of Finance Act, 1994 has been reproduced in Clause 5(e) of Schedule II of CGST Act 2017 whereby it has been said that 'agreeing to the obligation to refrain from an act, or to tolerate an actor, a situation, or to do an act' for a consideration is a supply of service.

As discussed above, in a contract the liquidated damages are attracted when certain condition of the contract has not been followed/breached and the other party tolerates this non-action and receives the damages/compensation for the same which is in the nature of consideration for the same. In terms of the case laws discussed and relevant provisions of law, it can be seen that the liquidated damages are a pre-estimated amount in the nature of a compensation which should be reasonable in nature and becomes payable only on breach of certain conditions of the terms of the contract.

The Chief Commissioner of Central Excise and Service Tax, Hyderabad Zone in 'RAC meeting of Hyderabad Central Excise Zone', held on 30.06.2016 also clarified that liquidated damages collected in the course of provision of service are liable for service tax as per Section 66E (e) of Finance Act, 1994. The CBEC has further clarified in the Question mentioned at Sr. No. 15 of FAQ on GST on Mining Sector released on 2nd August 2017 where it has been clearly stated that Liquidated Damages deducted from final payment of bill or otherwise would be a service being 'tolerating an act' as per Schedule II of the CGST Act, 2017. Thus, GST shall apply on the same.

The exception to the applicability on liquidated damages has been provided in Sr. No. 47 of the List of Exempted Services from GST as given by GST Council dated 19th May 2017 which states that *'any fines and liquidated damages payable to Government or a local authority for non-performance of contract entered into with Government or local authority'* would be exempted from payment of GST.

Therefore, based on the above discussion, if in terms of a contract the liquidated damages are paid for tolerating the non-action and deficiency of the other party then GST would be applicable on the liquidated damages paid as it would be considered to be a 'supply of services' as per Clause 5(e) of Schedule II of CGST Act 2017.

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Judicial Activism for Protection of The Right to Health

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"Since the beginning of the 20th century the human rights regime has increased and developed, and consequently, health has been identified as an important element of it."

OVERVIEW

Heath is inextricably associated with life. It is a universal acceptance that without a guarantee of health and wellbeing most of the other rights and freedom cannot be exercised fully. The literal meaning of the term health is 'The condition of being sound in body, mind or spirit, especially freedom from physical disease or pain'. The World Health Organization in its Constitution defined health as 'Health is a state of complete physical, mental and social wellbeing and not merely an absence of disease or infirmity.' The operational definition of Health by WHO is, 'A condition or quality of the human organism expressing the adequate functioning of the organism in given conditions, genetic or environmental'. This statement amplifies the definition to include the ability of a man to lead a socially and economically productive life. It is granted for the well being of the individual so that our quality, talent and intelligence can be effectively used for our own benefit and the benefit of the society as a whole. The definition of WHO interprets the term in a holistic manner reflecting the well being of a person in the comprehensive environment in which he is in. Hence the emphasis is on the promotion, protection and prevention of health (WHO (1978)). It is an important means of development and so identified as a basic human right.

Since the beginning of the 20th century the human rights regime has increased and developed, and consequently, health has been identified as an important element of it. Article 25.1 of the Universal Declaration of Human Rights states that 'Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.' This is the first effort of the United Nations to recognize the right to health. A specific entitlement of right to health was then given in Article 12 of the International covenant on Economic, Social and Cultural Rights, adopted in 1966 which recognizes the right of everyone to the enjoyment of the highest attainable standard of physical and mental health.

This is a doctrinal study that explores the 'right to health' as a basic human right, the plethora of legislations in India that preserve and protect the right, and the role of the Indian judiciary to uphold such rights. This paper concludes with a suggestion to make this right a reality in the Constitution of India, securing the health of the people.

The Constitution of India is the bedrock of governance which enshrines the basic and inherent rights of the people. Part III and Part IV of the Constitution enshrine the Fundamental rights and Directives principles respectively that enable the state to reach the goals set in the preamble. Article 21 of the Constitution lays down that 'no person shall be deprived of his life or personal liberty except according to procedure established by law'. In Shantisar Builders v. Narayanan Khimalal Totame (1990), the Supreme Court has observed: 'the right to life under Article 21 would include the right to food, clothing, decent environment and reasonable accommodation to live in... suitable accommodation which allows him to grow in all aspects - physical, mental and intellectual.' Hence, the term 'life' has been interpreted in a very liberal manner so as to include a wider aspect of rights that have not been express states elsewhere in the constitution. The Indian Constitution ensures the creation and the sustaining of conditions congenial to good health. Articles 39(e) (f), 42 and 47 in Part IV of the Constitution of India directs the State to sustain the health of people. Various public interest petitions have been filed under Article 21 to include the right to health within the periphery of fundamental rights on varied aspects that include special treatment to children in jail; against health hazards due to pollution; against health hazards from harmful drugs; for redress against failure to provide immediate medical aid to injured persons; against starvation deaths; against inhuman conditions in after-care home and so on.

It is the right of the individual to achieve the highest attainable standard of health. As a consequence, the responsibility is imposed on the government to provide necessary services and conditions to attain the highest attainable standard of health. This is supported by the Hon'ble Supreme Court in Samantha v. State of Andhra Pradesh (1997) wherein the Court held that: 'the Constitution envisions establishing an egalitarian social order rendering to every citizen, social, economic and political justice in a social and economic democracy of the Bharat Republic.' These principles obligate the State to take positive action in order to promote the welfare of the people and achieve economic democracy. Article 42 requires the State to make provision for securing just and humane conditions of work and for maternity relief. Article 43 requires the State to endeavour to secure by suitable legislation, or economic organization or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full employment of leisure and social and cultural opportunities.

JUDICIAL ACTIVISM FOR PROTECTION OF THE RIGHT TO HEALTH

The Right to Health grew as an offshoot of the environmental litigation in recognition of the right of all individuals to a decent and pollution-free environment. Some of the notable judgments have been reflected in this segment. In 1995 in Consumer Education and Research Centre v. Union of India (1995), the Supreme Court for the first time explicitly held that 'the Right to Health... is an integral fact of a meaningful right to life.' This case was concerning the occupational health hazards faced by workers in the asbestos industry. It is also relevant to note that the obligation of the state finds a place in Vincent Panikurlangara v. Union of India (1987) wherein the court held, 'In a welfare State, therefore, it is the obligation of the State to ensure the creation and the sustaining of conditions congenial to good health. Regarding the importance of the pollution-free environment in Municipal Council, Ratlam v. Vardhichand (1980), it was observed by the Supreme Court that a Municipal Council which is constituted for the purpose of preserving public health and providing better finances cannot run away from its principal duly by pleading financial inability. This case is referred to in Niyamakendran V. Corporation of Kochi (1997) wherein the Court stated that a responsible local body constituted for preserving public health cannot be absolved from its duty on the ground of financial inability (when the menace of mosquitoes in the city of Kochi was brought to the notice of the Court). A similar view was taken by the Rajasthan High Court in L.K. Koolwal v. State of Rajasthan (1988) wherein it was observed that 'it is the primary, mandatory and obligatory duly of Municipality to keep the city clean and to remove insanitation, nuisance etc. In Virender Gaur v. State of Haryana (1995) the Supreme Court held that environmental, ecological, air and water pollution, etc., should be regarded as amounting to a violation of the right to health guaranteed by Article 21 of the Constitution. The international instruments were used as a means of interpretation in C.E.S.C. Ltd. v. Subhash Chandra (1992) when the Supreme Court declared that the right to health is a fundamental right. It further observed: '...In the light of Arts. 22 to 25 of the Universal Declaration of Human Rights, International Convention on Economic, Social and Cultural Rights and in the light of socio-economic justice assured in our Constitution, the right to health is a fundamental human right to workmen. The maintenance of health is a most imperative Constitutional goal whose realization requires interaction by many social and economic factors.'

Parmanand Katara v. Union of India (1989) is the first of the cases which were filed by a human right activist for the directions of the court in situations when the doctor refuses to treat the patient in case of the accident before the police formalities are fulfilled. The Supreme Court held that, '…There is no legal impediment for a medical professional when he is called upon or requested to attend to an injured person needing his medical assistance immediately. The effort to save the person should be the top priority not only of the medical professional but even of the police or any other citizen who happens to be connected with the matter or who happens to notice an incident or a situation. Every doctor whether at a Government hospital or otherwise has the professional obligation to extend his services with due expertise for protecting life. No law or State action can intervene to avoid delay and discharge of the paramount obligation upon the members of the medical profession. The obligation being total, absolute and paramount, laws of procedure whether in statutes or otherwise which would interfere with the discharge of this obligation cannot be sustained and must, therefore, give way...' It was also directed to the Court not to summon a medical professional to give evidence unless the evidence is necessary. In Paschim Banga Khet Mazdoor Samity v. State of West Bengal (1996), Hakim Sheikh fell off a train and suffered serious head injuries, and seven state hospitals refused to treat him. He was finally taken to a private hospital where he received his treatment. The Supreme Court held that providing adequate medical facilities is an essential part of the obligation of a welfare state and the violation of such duty infringes Art 21. The Court further ordered the State to increase the number of specialist and regional clinics around the country available to treat serious injuries in Khatri II v. State Of Bihar (1981) and observed, '...the State cannot avoid its constitutional obligation in that regard on account of financial constraints. These observations will apply... in the matter of discharge of the constitutional obligation of the State to provide medical aid to preserve human life. In the matter of allocation of funds for medical services the said constitutional obligation of the State has to be kept in view…' In Kirloskar Brothers Ltd. v. Employees' State Insurance Corporation (1996) the Supreme Court held that the Right to Health and medical care is a fundamental right under Article 21 read with Article 39(e), 41 and 43. The Court while dealing with the health insurance of the employees held 'that the expression life assured in Article 21 does not connote mere animal existence or continued drudgery through life.' It has a much wider meaning which includes the right to livelihood, better standard of living, hygienic conditions in the workplace and leisure facilities and opportunities to eliminate sickness and physical disability of the workmen. In State of Punjab v. Mohinder Singh Chawla (1997) dealing with rights of Government employees to health care, and reiterated the same fact. The Supreme Court observed: 'It is now a settled law that Right to Health is an integral part of the right to life. The government has constitutional obligation to provide the health facilities. If the Government servant has suffered an ailment, which requires treatment at a specialized, approved hospital, it is the duty of the State to bear the expenditure incurred by the Government servant. Expenditure, thus, incurred requires being reimbursed by the State to the employee'. In case of Indian Council of Legal Aid & Advice vs. Union of India (2003), and others, the Supreme Court directed to have compulsorily periodic medical examination and treatment of blind school's inmates. In Marri Yadamma v. State of Andhra Pradesh (2003), the deceased was an under trial who died of 'congestive cardiac failure' due to the negligence on the part of the jail authorities and jail doctor in not providing appropriate treatment on time. The Court stated that on arrest a prisoner merely loses his right to free movement but all other rights including the right to medical treatment remain intact, and it cannot be violated. The jail authorities had infringed fundamental right of the deceased therefore the State was liable to compensate his widow as a public law remedy for an amount of Rs. 0.2 million. In D.K. Basu V. State of West Bengal (1997) while dealing with custodial violence, the court laid down a certain procedure to be followed in all cases of arrest as preventive steps for the protection of the health of the arrestee. In Upendra Baxi v State of U.P. (1983), the Court invoked the epistolary jurisdiction regarding the inhuman conditions prevailing in the Agra Home. The court asked a panel of doctors to visit the home and check the state of health of the women. It was found that many were suffering from TB, mental retardation, disorders and serious contagious diseases. The Court asked the authorities to provide sufficient number of latrines and bathrooms, draw up a scheme for vocational training and rehabilitation, and reconstitute the board of visitors and to treat them medically. In Supreme Court, Legal Aid Committee v. State of (1946) the abominable conditions of the Ranchi Asylum was brought to the notice of the court. The respective State Government was given a short deadline for promulgating orders to implement the rules.

A plethora of judgments has been passed by the courts from time to time regarding matters relating to the environment. In M. C. Mehta v. Union of India (1999) 6 SCC 9 the Supreme Court took into consideration the increasing pollution levels in New Delhi due to diesel emissions. This led to the exposure to toxic air which violates the right to life and health of the citizens. Consequently, the court directed all private non-commercial vehicles to conform to Euro-II norms within a specified period. A similar view was taken by the Rajasthan High Court in L.K. Koolwal v. State of Rajasthan (1988) wherein it was observed that 'it is the primary, mandatory and obligatory duly of a Municipality to keep a city clean and to remove insanitation, nuisance etc.' The court also restricted public smoking to protect the right to health of the non-smokers. In Murli Deora v Union of India and Others (2002) the Supreme Court has forbidden smoking in public places in the entire country on the ground that smoking is injurious to the health of passive smokers. It further issued directions to the Union of India, State Governments and the Union Territories to take effective steps to ensure the prohibition of smoking in all public places which include auditorium, hospital buildings, health institutions, educational institutions, libraries, courts, public offices, public conveyances and railways. In the light of The Cigarettes (Regulation of Production, Supply and Distribution) Act, 1975 the Court stated 'smoking of cigarettes is a harmful habit, and in the course of time it can lead to a grave health hazard. Researches carried out in various parts of the world have confirmed that there is a relationship between smoking of cigarettes and lung cancer, chronic bronchitis; cancer of bladder, prostrate, mouth pharynx and oesophagus; peptic ulcer etc. are also reported to be among the ill-effects of cigarette smoking.' K. Ramakrishnan v State of Kerala (1999) in a similar case where the high court of Kerala has shown concern for the non-smokers as they involuntarily inhale toxins. The court observed that hey pose a threat to their lives and therefore it is a gross violation of the right to life. A healthy body is the very foundation for life. In Mahendra Pratap Singh v. State of Orissa (1997) a writ petition was filed to run primary health centers for providing all amenities and facilities. The Court stated 'Life is a glorious gift from god. It is the perfection of nature, a master-piece of creation. A human being is the epitome of the infinite prowess of the divine designer. Great achievements and accomplishments in life are possible if one is permitted to lead an acceptably healthy life. Health is life's grace, and efforts are to be made to sustain the same. In a country like ours...The government is required to assist people, and see that the people get treatment and lead a healthy life.'

Ensuring the right to health care is a great challenge for Government because the main hurdle is the limitation to the economic capacity.

CONCLUSION

The human right to health is not an old concept. The judgments illustrate that the Supreme Court and the High Courts have created health awareness in the light of its importance. The courts have not hesitated to impose positive obligations on the State for implementation. They have been proactive to maintain creativity and ensure commitment of individuals to the underlying values of society. The Hon'ble judges have affected the change in society when desirable. They also have made enforceable the social rights in the stated in the Directive Principles of the State Policy.

However, there is some practical impossibility for the enforcement of the rights: Ensuring the right to health care is a great challenge for Government because the main hurdle is the limitation to economic capacity. Moreover, it has become difficult for the government to focus on every aspect ensuring health care. Every violation of human right has a direct effect on the health of human beings as they are inextricably linked. Therefore, it is necessary to enforce the human rights in letter and spirit. India is a country with a considerable population constituting of poor, ignorant women and children who are vulnerable, lacking education, resources, and public participation. Hence, they are unaware of the basic fundamental rights. There is an urgent need to increase the level of awareness and literacy. Otherwise, the lack of information and awareness may lead to human rights violations. In these circumstances, the media may play a prominent role in spreading awareness so that the ill-effects of traditional practices may be realized. Another hurdle that the government faces is the minimum standards of enforcement due to inadequate funds. Adequate planning and effective allocation of the funds and manpower may enable the enforcement of this basic and inherent right.

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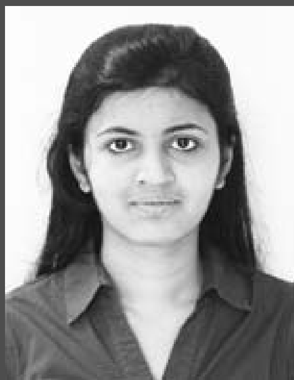
Neuromarketing - Decoding The Black Box of Consumer Brain



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INTRODUCTION

Neuroscience gathers information on the structure and functions of the brain. Its sub-domain, cognitive neuroscience, seeks to understand the neural mechanisms behind thoughts, reasoning, emotions, memory, and decision-making. Because of technological advances in neuroscience, researchers can now obtain information on brain responses to marketing stimuli, and have full confidence in what they report. They provide new ways for understanding how consumers store, retrieve, develop and use information. Neuromarketing is an emerging interdisciplinary field that aims to investigate and understand consumer behavior by studying the brain. Thus, by using neuroimaging techniques, researchers can measure subjects' responses to marketing stimuli.[1]

> We often experience a thought followed by an action, and assume it was the thought that caused the action. In fact, a third variable, a non-conscious intention, might have produced both the conscious thought and the action.

Neuromarketing is concerned with appeasing the subconscious brain. It uses techniques such as fMRI, EEG, PET scans to identify which areas of the brain are affected by a marketing effort. As per the results of the scan, marketers modify their efforts in such a way that the most desired results are obtained.

We have two different ways of thinking-

A) **The Automatic Subconscious system -** It can process about 110,00,000 pieces of information per second. It is effortless and is able to perform innate tasks. It is concerned with the here and now, and with immediate gratification.

B) **The Reflective Conscious system-** It can process 40 pieces of information per second. It is lazy and performs complex actions, which the automatic system is incapable of.

The brain first processes the information in the subconscious. Tasks that the subconscious is unable to perform are then passed on to the conscious part of the brain. Thus, many decisions that we take are taken at a level we are not even aware of. The role of automatic mental system in everyday life is so crucial, that if understood properly, it could be the most promising target for marketers to convince people to make decisions.

The subconscious takes decisions before we are consciously aware of it.

Scientists at the Max Planck Institute for Human Cognitive and Brain Sciences have revealed that our decisions are made seconds before we become aware of them. In the study, participants could freely decide if they wanted to press a button with their right or left hand. The only condition was that they had to remember when they made the decision to either use their right hand or left hand. Using fMRI, researchers scanned the brains of the participants while all of this was going on in order to find out if they could, in fact, predict which hand the participants would use before they were consciously aware of their decisions.

The Results: By monitoring the micro patterns of activity in the frontopolar cortex, the researchers could predict which hand the participant would choose 7 seconds before the participant was aware of the decision.

Timothy Wilson, a cognitive psychologist at the University of Virginia, describes the situation like this - 'We often experience a thought followed by an action, and assume it was the thought that caused the action. In fact, a third variable, a non-conscious intention might have produced both the conscious thought and the action.'

We might start believing that the decision is not taken by our free will if this is the case. But we should keep in mind that the decision is indeed freely made by our brain, just not by our conscious mind.

NATURE OF THE PROBLEM

The Subconscious is something which we are not aware of; hence, we are often clueless about our rationale behind taking a decision. The answer that our subconscious suggests to us seems to be true and we don't take much time to back it with logic. The resulting problem is that the logic that we use to support our choices is often not correct.

Marketers take decisions based on the consumers' tastes and preferences. However, consumers themselves are unable to justify their decisions, thereby misleading marketers. As a result even the best of products with the best of marketing strategies fail. Also, the markets are overcrowded with similar products with slight variations. Under these circumstances, how can one sell successfully?

In this customer-centric marketing world, understanding the consumer's mind is the key to success. A Consumer's behaviour is erratic. Why do consumers do what they do?

Approximately 80 per cent of all new products fail within their first three years in the economic market, which indicates that there should be made further alignments between newly invented products and actual user requirements.[2] Even after conducting surveys to find out what consumers want, marketers fall short of building a product or showcasing it via their marketing efforts as per the user's expectation.

Thus, there is more to things than what meets the eye. Anticipations of marketing efforts backed by data and logic might fail. Decisions that seem rational might be made on irrational grounds. This black box of the consumer brain is difficult to decipher and makes marketing an unpredictable and tough job. The solution to this problem is provided by neuromarketing, which offers to unlock the black box and explain several aspects of consumer behaviour through neural activities.

OBJECTIVES

1. To understand the importance and increased need to adopt neuromarketing.
2. To analyze certain decisions taken by consumers and conclude their rationality (with the help of pre-established neuromarketing findings).
3. To analyze the role of the subconscious in decision-making and how marketers can trigger the relevant areas in a consumer's brain.

METHODOLOGY

A descriptive research design was adopted. Primary data was collected by a questionnaire, and for secondary data, different books and research papers were referred to. The purpose of the questionnaire was to see the judgment and decisions taken by the respondents in some daily life scenarios and establish the influence of the subconscious in these decisions. In order to establish certain neuromarketing findings, the questions related to a single fact were scattered in bits and pieces in the questionnaire and analysis was done on the basis of blocks organized on the basis of sets of related questions. The questions had been so asked, so as to enable an unbiased answer selection by the respondent such that a subsequent question would not affect the choice of the respondents.

FINDINGS

1. For the subconscious, what comes most easily to the mind is true and most preferred. This is called the availability heuristic. Familiarity breeds acceptance and justifies the repetition of ad messages such that it settles in the subconscious mind of the people and can be triggered at the right time.

   Availability heuristic is our brain's way of assessing risk and rewards in decision-making. While making a choice, it digs deep into the store of memories and past experiences, and decides which decision is more rewarding. Thus, marketers can create an impression of a reality in the minds of the consumers by consistently showcasing a message which resurfaces in the desired manner and at the correct time.

2. When a product is being sold and it appears to be scarce, it becomes more attractive. It is not the scarcity, that is, the few units left that attracts us. The number of units that have already been sold is the real driving factor. If only a few units of the product are left, we have less time to buy the very popular product, which must also have been a good one, going by the number of units sold (that is, to imitate the people who have already purchased it). This gives us a sense of urgency to purchase the product. On the other hand, if only a few items are left, but only a few have been sold, the scarcity does not motivate us.

   In the words of James C. Crimmins, 'Depth of affection grows along with breadth of popularity. The feelings of all influence the affection of each. The preference of others influences our preferences.'

3. When a person is subconsciously suggested some fact or number, he or she starts behaving in a manner or answering some unrelated question on the basis of the absurdly suggested fact. This is called the anchoring effect. The subconscious brain understands sentences by trying to make them true, and then makes further adjustments. Marketers can use this finding by suggesting a highly-priced option or setting anchors as per their suitability, and gain by inadequate adjustments made by the customers, thereby influencing their decisions.

4. While assessing a product and the features that it provides, an individual doesn't sum the values; he or she averages them. Thus, we learn that marketers should not address multiple groups of consumers and woo them all by combining multiple messages in one product. If one message seems lucrative to them but they are suspicious about the other message, they will end up rejecting the product in its entirety as they average the two messages.

5. Change in attitude does not bring about a change in behavior. Rather, it is a change in behavior that brings about a change in attitude. This change in attitude happens because of two reasons -

A) Self perception theory - As per this theory, an individual doesn't really know himself; his attitude is framed by his own actions. When our actions are inconsistent with our former attitude, we reinterpret our attitude.

B) Cognitive Consistency theory - Inconsistency between action and attitude is uncomfortable and adjusting the attitude reduces the discomfort.

   People believe that attitude is the cause and behavior is the effect. But this finding turns things upside down. If we change the way a person acts, we can change the way a person feels.

   Marketers should try changing the actions of a person. They should try to get the consumers to use more of their product's offerings, by making the product easily available and not too expensive. Recently, many startups and mobile applications have begun providing 'freemium' services, cashbacks, and discounts. However, the marketers should ensure that this attitude change is sustained and the low pricing does not impact the brand value.

6. The placement of ad messages and objects plays a major role in consumer decision-making. When the human object faces the onlookers who visit the message, the onlookers are most likely to be caught by the human object, thereby ignoring the ad message. However if the human object faces the ad message, they are most likely to read and notice the ad message.

RECOMMENDATIONS

1. Neuromarketing revealed several gaps in our attempts to rationalize behavior, and brought the misconceptions to the surface. For example, we

popularly follow the AIDA model of Attention-Interest-Desire-Action. But neuromarketing revealed that attitude change doesn't happen first; it happens in the end and is preceded by a change in action. It also revealed certain characteristics of the human brain such as availability heuristic and anchoring theory. With growing competition, it is important to constantly evolve and attract consumers. Adoption of Neuromarketing can reward marketers with increased consumer loyalty through well-targeted marketing operations.

2. Consumers often take certain decisions that cannot be explained in a rational or logical manner. What drives this impulsive behavior? Why does everyone display this impulsiveness towards a particular product only? These are certain questions that a marketer faces almost every day. As we have seen that the same product becomes more attractive if it sells more, and a product with few features is preferred more than one packed with multiple features. The reason behind such perplexing behavior can be adequately explained by neuromarketing. It is very essential that a marketer analyzes the impact of his past decisions before taking a future course of action and neuromarketing can give that required insight.

3. We think that we control our decisions. But even while making major decisions of our life like choosing friends and a spouse, we rely more on our subconscious than the conscious. We like a person intuitively. We do not justify every action of a person and divide them into pros and cons before deciding if he or she could be a friend or not. Similarly the purchase decisions that we take are more often governed by our subconscious than our conscious. All that marketers have to do is find that buy button in the brain and press it. This can be done by building associations, priming our behavior, and increasing the mental availability. For example, Snickers has successfully created an association between the words, hunger and Snickers. It has also increased the mental availability by its prominent ad campaigns. Thus, hunger has become synonymous with the term, 'Grab a Snickers'. Therefore, neuromarketing can help identify the switch in a consumer's brain.

4. Neuromarketing can be applied at several steps of decision-making. From the consumer end it has helped in formation of a habit, in changing the attitude of the consumer and in developing product preference. Similarly, it helps in attracting the consumer by smartly designing ad campaigns, packages, and products that appeal to the subconscious and make the customer chose that product.

Neuromarketing is the need of the hour. It takes the concept of marketing to another level, a level which was previously unexplored.

CONCLUSION

Neuromarketing addresses our inner subconscious - the subconscious whose existence we were not aware of before, the subconscious which we could not track, the subconscious whose ability we had undermined. Thus, we considered the conscious brain to be the hero and the subconscious brain to be its side kick. But we cannot afford to repeat this mistake. Now with the advancement of technology, it is possible to decode the subconscious and we should do it to take marketing to greater avenues. Now that we know that the automatic system affects all our choices and is the sole influence in many, we should use this knowledge more often.

> Marketers can create an impression of a reality in the minds of the consumers by consistently showcasing a message which resurfaces in the desired manner and at the correct time.

However, peeping inside the unknown also has immense ethical concerns attached to it. There are concerns that marketers can exploit consumers by priming their brains and increasing consumerism without them being aware of their actions. But supporters of neuromarketing have asserted that neuromarketing can simply help marketers to persuade consumers better; it cannot compel somebody in any particular way. By laying down a proper and systematic set of rules and procedures, we will have to embrace neuromarketing, as it is the way forward.

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The Paradox of Choice

Inspired by Mr. Barry Schwartz, the 'Paradox of Choice' is not a Myth.

INTRODUCTION

'The More, The Merrier.' This is a well-known and widely-believed phrase. But there is more to this than meets the eye.

Logic says that the greater the number of options available, the better off we are. The greater the availability of flavours of chips, the variety of stereo-systems, the number of educational courses, the genres of movies, the types of sports, the variety of equipment, types of health insurance plans, duration of retirement schemes, categories of medical plans, range of cosmetic products and even the religion we choose to follow, along with the people we choose to be, the better the quality of our decisions is going to be. But the following analysis seeks to disprove that.

Once a society's level of per capita wealth crosses the threshold between poverty to adequate subsistence, further increases in national wealth have almost no effect on happiness.

In the year 2000, psychologists Shenna Iyengar and Mark Lepper published a study. The study was based on the behaviour of some shoppers at a food market where they were shown 24 varieties of gourmet jam. Those who sampled the spreads received $1 off on their purchase.

On another table, there were six varieties of jam displayed. The larger display attracted more interest, but when it came to the moment of purchase, here is what they found (Table 1):

TABLE 1

EXTENSIVE SELECTION	BASIC SELECTION	TOTAL
24 Flavours	6 Flavours	30 Flavours
386 Shoppers	368 Shoppers	754 Shoppers
242 Encountered	260 Encountered	502 Encountered
145 Stopped/Sampled	104 Stopped/Sampled	249 Stopped/Sampled
4 Purchased	31 purchased	35 purchased

In the Extensive Selection of Jams, 66 per cent of the shoppers encountered the products and 60 per cent of them stopped by but only 3 per cent of them i.e., 4 individuals purchased a product. On the other hand, 63 per cent of the shoppers encountered the stall with the limited selection, 40 per cent stopped by and 30 per cent of them i.e., 31 individuals purchased a product.

There are many such experiments and studies done in this field. Cart Abandonment is a case in point. What happens here is that when visitors 'add to cart' a product from a vast array of simultaneously presented options they feel a greater sense of responsibility and mental fatigue as they attempt to move forward into the checkout process. It follows that this can spawn a nagging sense of doubt that leaves prospective customers of products feeling like they should do more research to better understand the options they might have overlooked in order to reaffirm that the selection they have made has not been made in haste and is, in fact, the right one for them.

When I surveyed a group of xx individuals, almost 70 per cent of them happened to say that they left a store or shut a website due to their failure of making a decision.

TURNING SATISFIERS INTO MAXIMIZERS

Satisfiers are those who make a decision or take action once their criteria are met. That doesn't mean they'll settle for mediocrity; their criteria can be very high; but as soon as they find the car, the hotel, or the pasta sauce that has the qualities they want, they're satisfied. Maximizers, on the other hand, want to make the optimal decision. So even if they see a bicycle or a photographer that would seem to meet their requirements, they can't make a decision until after they've examined every option, so they know they're making the best possible choice.

Here's a test to see which side of the scale you belong to. Write a number from 1 (completely disagree) to 7 (completely agree) next to each question. Now add up these thirteen numbers. Your score can range from a low of thirteen to a high of 91. If your total is 65 or higher, you are clearly on the 'maximizer' end of the scale. If your score is 40 or lower, you are on the 'satisfier' end of the scale. So, let's begin:

MAXIMIZATION SCALE (TEST YOURSELF)

1. Whenever I'm faced with a choice, I try to imagine what all the other possibilities are, even ones that aren't present at the moment.
2. No matter how satisfied I am with my job, it's only right for me to be on the lookout for better opportunities.
3. When I am in the car listening to the radio, I often check other stations to see if something better is playing, even if I am relatively satisfied with what I'm listening to.
4. When I watch TV, I channel surf, often scanning through the available options even while attempting to watch one program.
5. I treat relationships like clothing: I expect to try a lot on before finding the perfect fit.
6. I often find it difficult to shop for a gift for a friend.
7. Renting videos is really difficult. I'm always struggling to pick the best one.
8. When shopping, I have a hard time finding clothing that I really love.
9. I'm a big fan of lists that attempt to rank things (the best movies, the best singers, the best athletes, the best novels, etc.).
10. I find that writing is very difficult, even if it's just writing a letter to a friend, because it's so hard to word things just right. I often do several drafts of even simple things.
11. No matter what I do, I have the highest standards for myself.
12. I never settle for second best.
13. I often fantasize about living in ways that are quite different from my actual life.

SCALE OF REGRET

It's hard to go through life regretting every decision you make because it might not have been the best possible decision. And it's easy to see that if you experience regret on a regular basis, it will rob you of at least some of the satisfaction that your good decisions warrant. What is worse is that you can actually experience regret in anticipation of making a decision. For example, you might imagine how you'll feel if you discover that there was a better option available. And that leap of imagination may be all it takes to plunge you into a mire of uncertainty—even misery—over every looming decision.

SCALE OF REGRET

1. Once I make a decision, I don't look back.
2. Whenever I make a choice, I'm curious about what might have happened had I chosen differently.
3. If I make a choice and it turns out well, I still feel I have failed if I find out that another choice would have turned out better.
4. Whenever I make a choice, I try to get information about how the other alternatives might turn out.
5. When I think about how I'm doing in life, I often assess opportunities I have let go off.

Anytime you make a decision and it doesn't turn out well, or you find an alternative that would have turned out better, you're a candidate for regret, and this in-turn leads to ego-depletion. Being a 'Smart Shopper' is what customers always desire to be, and as soon as we discover that we made a choice that turned out well, but not as well as another option we could've chosen, we disgrace ourselves into feeling less smart and not-so-good decision makers.

FURTHER HARMS

With the ever-increasing number of choices today, our lives are becoming less simplistic. People care about status and only 'The Best' assures success in a competition against everybody else. There exists excessive comparison not only amongst each other (as individuals) but also amongst choices (within individuals). Comparing the utility of a product or service to what they had hoped it would be, what they expected it to be, previous experiences they have had in the past, etc. are some of the ways of lending form to such comparisons. As our material and social circumstances improve, our standards of comparison go up. As we have contact with items of high quality, we begin to suffer from 'the curse of discernment.' The lower quality items that used to be perfectly acceptable are no longer good enough. The hedonic zero point keeps rising, and expectations and aspirations rise with it.

Other studies have confirmed the result that more choice is not always better. As the variety of products offered at convenience stores increase, sales volume and customer satisfaction decrease. Moreover, as the number of retirement investment options available to employees increase, the chance that they will choose any decreases. These studies, and others, have shown that not only can excessive choice produce 'choice paralysis,' but that it can also reduce people's satisfaction with their decisions, even if they made good ones.

For example, not too long ago, Proctor & Gamble marketed its 'Head and Shoulders' shampoo with twenty-six variations. Sales were good, but not maximal. To increase sales of their shampoo, they decided to reduce the number of variations from twenty-six to fifteen.

Result: Sales increased by 10 per cent. Brands looking to cut through the noise and rise above competitors need to consider removing the burden of ordering and explore innovative ways to limit the time their customers spend browsing.

SHOULD COMPANIES BE LISTENING TO CONSUMERS?

Many marketers have argued that today's consumers expect a wide range of options and have learned to filter greater amounts of information. Marketers' own research usually backs this up. When asked, consumers in these studies almost always say they want more choice. Understandably, companies continue to develop a growing array of niche products to fit every imagined need and aggressively promote them.

When exploring purchase behaviours in this world of infinite options, a survey of over 7,000 consumers worldwide sheds new light on how consumers really feel about so much choice. On the one hand, the majority of consumers in the study reported that they have 'just the right amount of information' and 'just the right amount of choice.' Clearly, they didn't see a problem. Yet when we look at what consumers actually do, rather than what they say, we get a different picture.

- Consumers spend far longer researching products today than they did in the past, and yet 70 per cent don't make a decision one way or another about which brand to buy until the point of purchase.

- Even after making a purchase, one fifth of consumers continue to research the product to check if they made the right choice.
- Forty per cent, meanwhile, admit to feeling anxious about the purchase decisions they have made.

This suggests that consumers are actually overwhelmed, unable to effectively process the flood of product information and choices. The harder consumers find it to make purchase decisions, the more likely they are to overthink these decision and repeatedly change their minds or give up on the purchase altogether.

IS A WIDER RANGE OF CHOICES THE SAME THING AS MORE HAPPINESS?

Money doesn't matter as much as you might think it does. Once a society's level of per capita wealth crosses the threshold between poverty to adequate subsistence, further increases in national wealth have almost no effect on happiness. You find as many happy people in Poland as in Japan, for example, even though the average Japanese is almost ten times richer than the average Polish citizen. The Polish are much happier than Hungarians (and Icelanders much happier than Americans) despite similar levels of wealth.

But if money doesn't do it for people, what does?

What seems to be the most important factor in providing happiness is close social relations. People who are married, who have good friends, and who are close to their families are happier than those who are not. People who participate in religious communities are happier than those who do not. It is also important to note that, in many ways, social ties actually decrease freedom, choice, and autonomy.

Marriage, for example, is a commitment to a particular other person that curtails freedom of choice of sexual and even emotional partners. And serious friendship imposes a lasting hold on you. To be someone's friend is to undertake weighty responsibilities and obligations that at times may limit your own freedom. The same is true, obviously, of family. And to a large extent, the same is true of involvement with religious institutions. Most religious institutions call on their members to live their lives in a certain way and to take responsibility for the well-being of their fellow congregants.

So, counterintuitive as it may appear, what seems to contribute most to happiness binds us rather than liberates us. How can this notion be reconciled with the popular belief that freedom of choice leads to fulfilment?

RECOMMENDATIONS

1. Consumers should reduce the complexity of their choices by limiting the number of 'points of comparison' within each option and making comparable items directly comparable.
2. De-risk the choice by providing post-purchase 'undo' or escape clauses such as guarantees and returns policies.
3. Consumers should know how to differentiate between what they need and what they want or desire. They should not mistake themselves into believing that they need something when they actually just want it due to an external factor.
4. Consumers, while shopping, should know what they are looking for and not get lured away by the variety of products on display. They should definitely be aware of the upcoming technologies and utilities but not deceive themselves into believing in a gap in their lives due to the absence of the product.
5. Companies, in order to make decisions simpler for the consumers, should reduce the number of variations with similar points of comparison.
6. Companies should stop making advertisements where they claim the product to be an 'essential' element in the lives of individuals and claims such as a 'Must-Buy' or 'Rush Hours' should be avoided since they make consumers impatient and make decisions hurriedly.

> Choice is essential to freedom and autonomy which means it is a prerequisite for self-respect, public participation, mobility, and nourishment, but not all choices enhance freedom.

CONCLUSION

There is no denying that choice improves the quality of our lives. Choice is essential to freedom and autonomy which means it is a prerequisite for self-respect, public participation, mobility, and nourishment, but not all choices enhance freedom. In particular, increased choice among goods and services may contribute little or nothing to the kind of freedom that counts. Indeed, it may impair freedom by taking time and energy better devoted to other matters.

Several years ago, Proctor & Gamble saw a 10 percent increase in sales when they reduced the number of 'Head and Shoulders' variants from 26 to 15. They found similar results when they deployed the same strategies with Tide and Ivory soap. Even Wal-Mart dropped two of its five lines of peanut butter, which resulted in an increase in sales. 'Folks can get overwhelmed with too much variety,' said Duncan MacNaughton, chief merchandising officer at Wal-Mart in Mississauga. 'With too many choices, they actually don't buy.'

Firms have pruned their ranges to avoid confusing shoppers. For example, Glidden, an American paint brand, decided in 2009 to reduce its palette of wall colors from an eye-dazzling 1,000 to a mere 282 because of a change in 'Americans' priorities from 'more is better' to 'less is more.' L'Astrance, a three-star Michelin restaurant in Paris's swanky 16th Arrondissement, offers no choice at all on its menu: Pascal Barbot, the chef, concocts what he fancies from produce picked up at the market that day. Sometimes, less is really more.

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Indian Political Marketing

INTRODUCTION

The scenario of Indian political marketing has evolved over the years, and this evolution has been rapid in the past few years.

The 2014 General Elections have introduced new strategies which the country has never seen before, and this has worked well in favour of political leaders.

Creation of the brand #NaMo was one of the milestones in Indian political marketing. With easier and quicker technologies, and with the help of the internet, politicians and political marketers are now extensively communicating with the individuals with ultimate convenience.

This article deals with various issues associated with the Indian political marketing system and the influence of different media for news consumption. It also deals with what the parties and the leaders must focus on during their campaigns as it answers several questions relevant to that.

The main aim is to understand the strategies in the new market scenario and the scope of improvising such techniques. Strengths, weaknesses, threats, and opportunities prevalent in this market are discussed in the context of leading parties in the 2014 Elections. The environment has also been discussed here. The various aspects of Indian political marketing system are listed here in an easy and lucid manner.

> Selling is an important cornerstone for political marketers because strategic alliances both with and across the party lines are necessary to draw up support.

India has a history of more than 5,000 years with diversity rather than unity in every aspect of human life, it has strived a lot, and attained a proper place among the community of nations. Indian polity started from Manu, passed through hundreds of benevolent monarchs and rulers, and has reached the position that we see today. The Artha Sastra of Kautilya was the most important political treatise which India has so far produced. It deals comprehensively with every aspect of Indian polity as we do not possess any other period before Akbar the Great. An uncooked form of political marketing in India dates back to the seventies when the former Prime Minister Mrs. Indira Gandhi gave the slogan of 'Garibi Hatao' (Remove Poverty).

Some of the problems associated with this industry are that it is still unknown if the party leader has a greater influence on the voters or the political party itself. The target market is the entire adult population of India, but it is vastly heterogeneous in nature. It becomes difficult to meet each and every voter's expectations. With the increasing literacy rate of the country, it is a difficult task for political marketers to ensure valid marketing communication. Since a large portion of the population is exposed to different mediums of news consumption, negative communication is on the rise.

The data collected in this study were manually tabulated and analyzed. The sampling process aimed to select an audience that would be representative of the Indian electorate. The sample chosen was urban, rural and semi-urban Indian voters (adult Indian citizens who had voted in at least one election in the last 5 years) from Kolkata.

The political marketing system in this figure consists of the behaviour responses like the vote from the target customer. The process depends on the exchange of ideas and votes between the political parties and target audiences. The brand image of the political parties is based on the image of the political parties and the representative of the party. Managerial concerns of political marketing management usually imply an application of a marketing-oriented epistemology while theoretical sense making uses the actual explanation as a check-and-balance system regarding its appropriation of explanatory efforts. These two elements together, in the dialectical integration as synthesis, provide the core for a holistic theory of political marketing.

Political marketing management has now reached the conceptual level i.e. parties follow a voter approach rather than a customer approach. In political marketing, the focus is given on exchange relationships, a long-term perspective and mutual relationships with key parties. Selling is an important cornerstone for political marketers because strategic alliances both with and across the party line are necessary to draw up support. Selling is noticeably prevalent in speeches and interviews by the candidate. One-to-one selling and direct marketing is a strategy visible in and around election time which is usually implemented by team members and volunteers.

Political Marketing Management represents one of the most dynamic areas of marketing because it draws upon so many marketing skills, concepts and approaches simultaneously.

In India, political marketing was started by the BJP government who were launching an ad campaign on television - the 'India Shining' campaign, which marked the beginning of a new age of political marketing in India. It discusses in-depth the political marketing strategy of the erstwhile NDA government and examines how the campaign was aimed as a tool to win votes. In the latest elections in India, the winning party was accused of using the principles of marketing. Both the major parties, the Congress and the BJP had hired PR firms to manage their campaigns. BJP organized an on-ground promotion strategy called 'Chai Pe Charcha' (talk over tea).

This outreach promotion connected their Prime Ministerial candidate with the common voter and the point of contact was tea stalls in various towns across the nation. Reportedly, they targeted to touch base with two crore voters through this activity. BJP also used new and innovative methods to cover the entire masses as every person having a mobile phone was given the liberty to listen to Mr. Modi's rally speeches in real time from anywhere in India.

The introduction of technology in elections has been initiated by BJP's Prime Ministerial candidate, Mr. Narendra Modi, who is actively using creative services of social media and 3D modern tools in order to persuade the youth of India. BJP was the first Indian political party to use Google+ and Hangouts to connect with the masses. Mr. Modi also initiated a talk on Technology in Politics at the Google Big Tent Activate Summit 2013.

Another major role player of 2014 elections, the Indian National Congress still believes in reaching out to the people and offering a personal touch to their issues. AAP has utilized the technologically advanced platforms like Facebook, Twitter, Google+ and LinkedIn to not only reach out to people but also to initiate the practice of accepting donations through these channels.

One political figure in India often referred to as the Twitter Minister is Shashi Tharoor. Tharoor, in-spite of not having an official Facebook Page, has more than fifteen hundred thousand followers, making him one of the most influential politicians on Twitter in India. Sushma Swaraj, on the other hand, is one of the few female politicians in India who has established an online presence on social networking sites such as Twitter. She has more than three hundred thousand followers but does not follow anyone, not even her peers.

From the research conducted a SWOT analysis was prepared. The strength of the Congress is that Rahul Gandhi is the undisputed leader and a youth icon with no major in-house scams or controversies to deal with, whereas, weaknesses are inflation and corruption to which the party has no answer. Despite this, INC's opportunity is that if BJP cannot win the required number of seats and if the Third Front is unable to sort out its leadership issues, then the Congress has a golden chance. However, it faces a threat as the second term was tainted with controversies, scams, and scandals.

In the case of the AAP, the strength is that it enjoys instant name recognition in urban India. But, at the moment it does not have the funding to fight a national election on a full scale. On the other hand, those not comfortable with Modi might vote for AAP. However, Kejriwal's 49-day stint as Chief Minister of Delhi, Somnath Bharati's antics and Kejriwal's dharna may have caused the loss of AAP votes already. BJP's biggest strength is Prime Minister Modi who has proved to be an energetic campaigner drawing large crowds. But the Gujarat 2002 riots remain Modi's weakest spot. At the moment, the Congress is at its weakest, which is a great opportunity for the BJP. However, ground level activism is low, decision making remains tentative and many of the party workers are not in the best of health.

Also, Porter's Five Forces Model prepared shows the following:

COMPETITIVE RIVALRY:

Obviously, there is a huge rivalry among the political parties and the competition to win is always at the peak. Some factors influencing competitive rivalry are:

- Large number of political parties
- High fixed costs of different mediums of communication.
- Low switching expenses of the voters.

THREAT OF NEW ENTRANTS:

Since there is no regulation and it depends on attracting voters, it is not difficult for new parties to steal the limelight provided enough funds are available.

THREAT OF SUBSTITUTES:

Individuals are of the opinion that all leaders are more or less same in the sense that everyone would try to improve the country's situation and also everyone would be involved in certain scams. So many individuals are indifferent towards the parties and leaders. Therefore, marketers must try their best to attract as many people as possible.

BARGAINING POWER OF SUPPLIERS:

The factors influencing the bargaining power of suppliers are:

- Raise prices or charges of delivering certain services.
- Reduce the quantity of service or benefits supplied.
- Can operate formally as well as informally.

BARGAINING POWER OF CUSTOMERS:

- In this case, the customers are the voters who are well educated.
- They are of the opinion that little differentiation lies among different parties or leaders.
- Switching costs among parties are negligible.

From the above, we can say that pace of change is now more rapid. Market structures were seen as relatively static. It is hard to determine the market elements accurately.

From the questionnaire that was used for interviewing the respondents, it was found that youth respondents are more aware of the term 'political marketing'. Youth respondents prefer new technologies of communication like social media, whereas, respondents above 35 years prefer traditional technologies like television. Rational appeal influences both the male and female genders in urban areas, whereas, emotional appeal works more in the case of men and women in rural and semi-urban areas. Older respondents are found to be 'fed' with news and not keen to look for it whereas youth respondents are keen to look for alternative media for news consumption.

It may be observed, that 58.57 per cent of the sample consisted of men and 41.43 per cent of the sample consisted of women. 37 per cent of respondents follow all elections and most of the respondents follow political campaigns often. 76 per cent of respondents claimed that they cast a vote every election. The maximum number of account holders were found to be on Facebook, followed by Twitter and then blogs.

Social Media is playing a very important role for news consumption as it is quick and easy. Most of the respondents are neither satisfied nor dissatisfied with the performance level of different media in Indian political marketing. 73 per cent of the respondents think that the political leader has a greater influence whereas only 27 per cent of the respondents feel the party has a greater influence. Individuals prefer television the most to follow the elections, whereas, social media is the next preferred media. 76 per cent of the respondents are aware of campaigns over social media, and 24 per cent are not aware of such campaigns. Most of the respondents think that parties and leaders must focus on national issues, and it was found that the BJP is the most popular party on social media. 86 per cent of respondents follow political leaders on social media. 96 per cent of the respondents agree that political marketing plays a major role in the elections.

However, the study faced many obstructions, and limitations like the data collected were based on information made available and survey research. The area of the survey was limited to a small geographical area i.e. Kolkata. Hence the conclusion cannot be generalized. The data collected cannot be free from errors, since some of the respondents failed to give correct information. Study accuracy is totally based upon the respondent's response and stipulated time was short for the survey.

National political parties across the country are experiencing a drop in their membership. These parties have been created from decades to a century ago, and hence find it difficult to remain relevant to a large electorate akin to the problem faced by mass marketed products. Marketers must use new trending approaches and get rid of old techniques of communication which have a negligible return. Marketers must focus that political leaders adapt to new trending approaches. Marketers may use intensive marketing approaches during election seasons but not neglect such activities during off seasons. It is necessary for it to remain in the individuals' minds and memory.

The study proves the hypothesis that modern day electioneering finds the political leader as the face of all campaigns, party's engagements, and philosophy. Hence, the leader should possess a character and demeanor that is synonymous with the party's ideology. The study is based on a small sample size and may not be considered enough to project national views. This research is a pilot project and leaves scope for further investigation at an extensive level. It is solely based on trends that emerged in the 2014 General Elections, is a longitudinal historical study, and may not be applicable in subsequent elections.

> Although political advertising is a relatively new feature in the Indian political scenario, it is here to stay, and its shape may get transformed depending upon the changes in media technology.

Through the above discussions, it can be stated that advertising appeals are here to stay and intensify during election campaigning. The 'soft sell' approach is the need of the hour. The public likes some rational reasoning in such advertising campaigns.

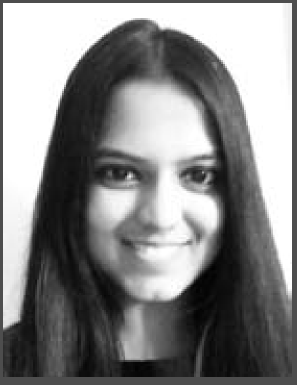
Although political advertising is a relatively new feature in the Indian political scenario, it is here to stay, and its shape may get transformed depending upon the changes in media technology. The advertising twists and turns would, to a large extent, depend upon the demographic realities and the prevailing economic and social scenario. The ad-agencies meanwhile should gear up to provide customized political advertising solutions so as to increase the effectiveness and meaningfulness of such ads amongst the public. At the same time, political parties must rational out the ad copy; since the consumers (voters here) are increasingly becoming knowledgeable and smart, and to what extent would the ads pacify them is a question for political parties to answer.

However, one thing is very clear - the elections have been won by different political parties at different times due to the popular perception prevailing at that time concerning the parties or candidates, and ad campaigns had little role to play despite high levels of creatively involved.

The voter is more mature than the advertising he/she faces.

With ever changing technology and fast innovations, marketing has wide access to communication. It has been observed that the public tend to get attracted to a new style or trend. They seem to appreciate innovations and welcome new trends. But politics is still widely accepted as 'dirty' and many individuals are not aware of the term 'Political Marketing.' This opens a wide variety of options for the marketers to persuade and attract voters through impressive communication techniques and get rid of old techniques which give a negligible return.

Marketers can find out what individuals expect out of the leaders and also what are their major concerns. Marketers must focus on the leaders using more trending approaches and thereby conduct studies to find out the return of new trending mediums. The study conducted here is mostly urban-based, thereby marketers can study the rural scenario as well.



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Social Stock Exchange: Where Profit Meets Purpose

OVERVIEW

'Changing finance, financing change' is the promise of an emerging trend called social finance, which involves using finance as a force for good. The focus is not just on profits, but on people and the planet as well. This is where Social Stock Exchanges (SSEs) come in, which list enterprises offering dualistic returns to investors: financial and social. Just as conventional stock exchanges create a transparent and well-regulated marketplace with stringent listing, disclosure and reporting requirements, social stock exchanges do all this and create a distinct marketplace for impact investments. This project report illustrates the need for such institutions and explains the model of UK's Social Stock Exchange (SSX). This is followed by a Stakeholder Analysis to study the impact of SSEs on Impact Investors, Impact Enterprises and Beneficiaries. With the establishment of social stock exchanges, wealth with welfare can be maximized, and this report shows how.

INTRODUCTION

Social businesses seek to generate both financial and social returns for stakeholders. To scale their operations and impact in their growth stage, they require huge capital. Such

By aggregating mission-oriented businesses on a separate exchange, and using the same functionality and transparent vetting process as traditional exchanges, SSEs drive down transactions costs for all, including corporate brokers, market-makers, and social impact investors.

businesses typically finance themselves through bank loans, equity investment from HNIs (High Net Worth Individuals), social investees, supportive institutions, angel investors, venture capital funds, and mainstream or alternative equity listing.[1] In the long run, financing through bank loans and investment by angel investors/venture capitalists is not sustainable, as it entails high cost and loss of control.[2] Hence, equity listing is the only viable option for raising more capital. Listing on a stock exchange allows businesses access to a ready source of capital, adherence to corporate governance, reporting and disclosure norms, provides liquidity to shareholders and enhances credibility of the business.

However, social enterprises are reluctant to list on conventional stock exchanges (CSEs) for fears of loss of ownership control, failure of market to understand the entity's intrinsic social value (financial return expectations are often perceived to be inconsistent with the business's social mission), loss of social mission, short term speculation of securities, and the resource and cost implications.[3] To address these concerns of social enterprises, social stock exchanges were created.

Social Stock Exchanges (SSEs) are trading platforms designed to connect 'businesses that deliver social and environmental value with investors seeking both a social and a financial return.'[4] These businesses operate in sectors such as health, education, environment, social and affordable housing, sustainable forestry and organic agriculture, and other 'base of the pyramid' interventions. Businesses looking to diversify their financing and scale up operations can 'list' on SSEs and transact with impact investors (those who pursue wealth with welfare).[5] Just as conventional stock exchanges such as London Stock Exchange (UK) and National Stock Exchange (India) require disclosure of financial information, social stock exchanges require reporting of financial information, in addition to economic, social, environmental and corporate governance impact.

LITERATURE REVIEW

Some of the reports referred to are as follows:

1. New Economics Foundation (NEF), developing a social equity capital market, 2006: This report facilitated the creation of a social stock exchange in the United Kingdom. It examined the concerns and requirements of social enterprises and investors, and highlighted the challenges to be overcome in the creation of an SSE.
2. Sarah Dadush, regulating social finance: Can Social Stock Exchanges meet the challenge? (2015): This report analyses the regulatory framework of SSX (UK), IIX (Singapore-Mauritius) and SVX (Canada) in depth. However, this was written at a time prior to SSX's strategic partnership with NEX Exchange, and consequently has an entirely different perspective on the efficacy of the social stock exchange.
3. Social Stock Exchange, impact report, 2016: UK's Social Stock Exchange (SSX) published a comprehensive report highlighting its work, areas of impact, benefit to stakeholders and future prospects.

OBJECTIVES

1. To introduce the concept of Social Stock Exchange and discuss the need for it.
2. To examine the model of UK's Social Stock Exchange
3. To analyze UK's Social Stock Exchange (SSX) in the form of a stakeholder analysis, with impact investors, impact enterprises and beneficiaries as the stakeholders.

RESEARCH METHODOLOGY

1. Data Collection: Data has primarily been collected from secondary sources such as reports, newspaper articles and journals. However, two interviews were taken to gain deeper insights-

a) Patrick Birley, CEO, NEX Exchange. NEX Exchange is the partner of UK's Social Stock Exchange SSX.

b) Rhea Silva, Founder and Managing Director, Chototel AMC Ltd. Chototel is a company providing affordable housing, listed on the UK Social Stock Exchange (SSX).

2. Period of Study: All data available till March 26, 2017 has been taken into consideration.

LIMITATIONS OF THE STUDY

1. The report focuses only on UK's Social Stock Exchange (SSX). Some of the other social stock exchanges have not been studied, such as Singapore-Mauritius's Impact

Investment Exchange IIX (which has not yet moved past its blueprint stage) or Canada's Social Venture Connection SVX (the website of which is under construction).

2. In this study, the reliance is predominantly on secondary data.

SOCIAL STOCK EXCHANGE (SSX)

The United Kingdom's Social Stock Exchange (SSX), created in 2013, provides investors with information to identify and compare organizations that deliver value to society and the environment.[6] The SSX, with its transparent, independent and rigorous admission process ensures that its listed companies adhere to a clear set of values, standards, and disclosures. It has partnered with NEX Exchange, a UK-based stock exchange for small and medium enterprises, which operates a social impact segment for the SSX members. This initiative provides a focus for impact investors seeking opportunities on either the NEX exchange main board or growth market. It provides access to capital from impact-conscious investor audiences, and a secondary market facility for trading in these companies' securities.

The most important aspect of listing on the SSX is that it requires the creation of an Impact Report by listed businesses. SSX uses the All Street Social Impact Assessment Matrix[7] which provides a single reporting template that presents outcomes in a standardized way. This template has four impact components: Environmental, Social, Economic and Governance (ESEG). The assessment includes impact areas, measurements and outcomes.

1. Impact Area: It summarizes heavily concentrated impact areas. For example, if funds are being spent with local suppliers then the impact area would be the Local Economy. Other examples include: Employment, Healthcare, Education, or Financial Inclusion.
2. Measurement: A brief description of the performance objective. Measurements use quantifiers such as 'number of', 'quantity of', or 'percentage of', as far as possible. For example: 'Number of jobs created locally'.
3. Reported Data: The outcome achieved. Typically this is in numerical form, but may occasionally be descriptive, particularly in Governance outcomes such as Board Committees and Non-Executive representation.

The ESEG Impact Areas are described below:

1. Economic Impact: Impact areas generating positive economic outcomes for stakeholders such as local communities, employees, and shareholders, and the country overall. Examples include the local economy, financial inclusion, job creation, infrastructure, fiscal savings, and poverty alleviation.
2. Social Impact: Impact areas relating to the rights, wellbeing, and interests of people and communities. These include human capital management, employee relations, housing, health and access to medicine, access to resources, education and training, diversity, relations with local communities, art and culture.
3. Environmental Impact: Impact areas relating to the quality and functioning of the natural environment and natural systems such as biodiversity loss, climate change, renewable energy, energy efficiency, air, water or resource depletion or pollution, waste management, changes in land use. The entire value chain of a company's operations is typically considered in order to assess environmental impact.
4. Governance Impact: Impact areas relating to the governance of companies. These include: board structure, size, diversity, executive pay, shareholder rights, disclosure of information, business ethics. It may also include matters of business strategy, encompassing the implications of business strategy for both environmental and social issues.[8]

This impact report is important as it provides a basis for comparison to investors and incorporates anecdotal evidence as well.

ANALYSIS AND FINDINGS

Benefits to the Impact Investment Market

Challenging the assumption that social imperatives are necessarily at odds with financial imperatives, and other misconceptions:

A Forbes article titled 'How Social Impact Investment Delivers Superior Results' published on 9th February, 2017,

ENVIRONMENTAL CONSERVATION | LISTED

Good Energy Group Plc

ALL ST

Impact Assessment Matrix

ECONOMIC IMPACT

	MEASUREMENT	REPORTED OUTCOME
Local Economy	Local community funds established for lifetime of each generation development project, with annual payout per MW, rising with inflation	Approx. £35,000 per year combined total for seven operational solar farms; Approx. £17,500 per year combined total for two operational wind farms
	Percentage of power sourced from medium-scale renewable generators	Approx. 75% of annual customer consumption equivalent
	Average saving from local tariffs from wind farm projects over 4MW	Delabole £107 p.a. (20% acceptance rate) Hampole £124 p.a. (15% acceptance rate)
	Number of independent small and medium generators across the UK that deliver electricity	1,000
Energy Security	Good Energy works closely with over 131 councils and housing associations to administer the feed-in tariff	Around 44% of Good Energy's FIT sites are on council or social housing.
End-User	6 Month trial of UK's first P2P Energy Trading Platform	37 Participants

ENVIRONMENTAL IMPACT

	MEASUREMENT	REPORTED OUTCOME
Emissions	Annual CO_2 emissions saved by customers' consumption	89,900 tCO_2e 2016 86,400 tCO_2e 2015
	Portfolio of renewable energy generating assets	Installed Capacity: 52.4MW (Sept 2016); 42.5MW (2015)
Renewable Energy	Create, enhance and improve habitats, restoring ecosystems and allowing wildlife to thrive	To be reported
	Biomethane content in Green Gas supplied to customers	6%
Conservation	Equivalent Emissions of Activities	Awaiting verification

SOCIAL IMPACT

	MEASUREMENT	REPORTED OUTCOME
Energy Security	Domestic consumers generating their own renewable electricity	To be reported
Education & Training	Number of employees that have been part of Good Energy's academy programme that aims to improve staff knowledge about the energy industry and the challenges it faces	Part of the company's standard induction programme for all employees.
	Support thought leadership related to renewable energy	1 PhD Studentship supported
Financial Inclusion	Community ownership in developed projects	Ownership of 2 proposed generation farms
	Local Currency Adoption	Accepted Bristol £ for payments
Wellbeing & Sustainability	Healthy and sustainable living, sustainable transport and waste	Staff Policies in place to provide guidance
Employees	Employee Engagement	82.5%

GOVERNANCE

	MEASUREMENT	REPORTED OUTCOME
Compliance	Compliance with social mission	3 reporting methods in place Due diligence on partners / customers
	Compliance with community and environmental objectives	Procurement Policy, a Biogeneration Policy and a Renewable Development Charter
Corporate Governance	Corporate Disclosure Policy	Provides some information that is required of a fully listed company
	UK Corporate Governance Code	Even though company is not required to comply, the board is familiar with code
	Non-Executive Representation	Non-Executive Chairman
Diversity	% of female Board Members	50%

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Impact Assessment Matrix sample (Source: All Street Social Stock Exchange Research Book 2017)

challenged the popular belief regarding financial and social return trade-offs. According to the article, 'All Street (the specialist investment research firm which writes reports for SSX) has looked at the returns generated by impact investments to date; one group of venture capital funds, for example, generated an IRR of 9.5 per cent over the period studied, comfortably outstripping the broader venture capital sector. Meanwhile, funds with a social mission generated investment exits with an average IRR of 33.5 per cent.'[9] SSX thus plays an important role in debunking myths, educating investors, and paving the way for greater investor involvement in social finance markets.

Standardized Reporting and Disclosure Requirements

By using an ESEG (Economic, Social, Environmental, Governance) model in its Impact Assessment Matrix, SSX has given investors a chance to compare different social enterprises and make investment decisions accordingly. Impact Reports add the element of clarity, transparency, consistency, and systematic reporting in the impact investment sector and this is likely to result in greater investor participation and growth of the market.

Benefits to Investors

Providing liquidity and wider investment opportunities to impact investors

SSX enables investors to trade in shares of impact enterprises, which was previously difficult to do in the fragmented and opaque impact investment market. Institutional investors, particularly SRI funds, are interested in 'ethical' share offers but the bulk of their investment is often limited by strict investment criteria - institutional funds are typically unable to hold unlisted shares that are not regularly valued on a Recognized Investment Exchange (RIE). For instance, in the UK, shares need to be regularly valued on a Financial Services Authority (FSA) regulated exchange for institutional investors to invest in it. SSX does this by providing liquidity - it allows early stage investors to exit their investments, and enables institutional investors to hold shares of social enterprises.

Reduction in transaction costs and creating a separate marketplace

By aggregating mission-oriented businesses on a separate exchange, and using the same functionality and transparent vetting process as traditional exchanges, SSEs drive down transaction costs for all, including corporate brokers, market-makers, and social impact investors. It becomes a one-stop-shop for those interested in double- and triple-bottom lines.[10] Interested investors can easily find social enterprises, which would otherwise be lost among the plethora of companies on a conventional stock exchange, and access information on financial, social, environmental, governance and economic impact in one place.

Democratization of investments

Impact investors are typically fund managers, development finance institutions, diversified financial institutions, banks, private foundations, pension funds and insurance companies, family offices, individual investors, NGOs, and religious institutions. However, Social Stock Exchanges pave the way for retail investors to participate in the impact investment market in two ways: a dual listing campaign and a retail IPO with distribution via the intermediary network.[11] The dual listing campaign involves informing other businesses, already listed on other exchanges, of the benefits of listing on the SSX to differentiate themselves from other businesses. In order to invest, individuals can use existing market infrastructure and tax arrangements to invest in impact businesses through their Self-Invested Personal Plan (SIPP), a government approved personal scheme which allows individuals to make their own investment decisions, and Individual Savings Accounts (ISA), a tax free way to save or invest.[12]

SSEs not only provide liquidity and exit options to shareholders, but also play an important role in creating awareness and educating investors.

Benefits to Impact Enterprises

Access to capital

The Social Stock Exchange (SSX) helps vetted social-impact companies access markets. Of the 40 Issuer Members, 27 are currently private companies because of their early stage nature, and 13 are listed. Of the listed members, 5 are listed on NEX Exchange in the SSX dedicated market segment for qualifying social Impact companies (4 are listed on the Growth Market and one is listed on the Main Board) and of the other 8 listed Issuer Members, 5 are listed on AIM (Alternative Investment Market, the segment of London Stock Exchange for small growing businesses) and 3 are listed on the London Stock Exchange (LSE).[13]

In 2015, a total of 413.9 million GBP was raised by the Social Stock Exchange (SSX) members, 389 million GBP on the official list of LSE, 4.9 million GBP on AIM and 20 million GBP via a partner, Funding Affordable Homes. In the same year, Social Stock Exchange (SSX) directly raised more than 20 million GBP for one member, enabling them to scale their activities and invest in projects that generated genuine positive impact.[14] As per the Impact Report published by SSX in 2016, the market capitalization of the SSX member companies collectively was 2.3 billion GBP.

Removing resource and cost barriers

The listing process is a costly, time-consuming and bureaucratic process, requiring external expertise. Most social businesses are relatively small in size, making fund-raising difficult. When offering equity to mainstream capital markets, the size of the business contributes to the type of institutional investment funds approached, the perceived risk of the investment, as well as the take up of the offering.

Other options in the UK capital markets such as Alternative Investment Market or AIM are expensive. SSX has partnered with NEX to overcome the resource and cost hurdles. According to the CEO of NEX Exchange, Patrick Birley, 'very roughly, listing on NEX Exchange is about a quarter of the price of taking it onto AIM.'[15]

He further explains in his interview with the author, '*the benefits [of listing on NEX Exchange] are primarily 'soft' – they are around relationships and support rather than 'hard' metrics with demonstrable deliverables. We work* *hand-in-hand with SSX when a company comes via them to ensure that they receive a straight-forward and good listening experience. We also pay special attention to the ambition of the company and will work with them to ensure that they achieve their aims at the time of listing – whether that be access to suitable investors, press interest, analyst coverage etc.*' These additional services provided play a significant role in easing social enterprises' access to capital markets. Of course, SSX members need not necessarily list on NEX Exchange alone; one of the companies, Good Energy, is listed on AIM, LSE and NEX Exchange. However, the SSX partnership with NEX Exchange makes the process considerably simpler for social SMEs.

Allaying fears of short term speculation in securities of social enterprises

Social enterprises typically fall into the bracket of Small and Medium Enterprises (SMEs). SSX by partnering with NEX Exchange, has allayed fears of short term speculation in securities. For most SMEs, trade volume expectations should be low. As price movements are likely to be event driven and intra-day volatility is rare, SME shares are unsuitable for speculators. Most trades are done by investors looking for long-term returns, or sellers who are liquidating a position due to change in circumstances.[16]

In his interview with the author, Patrick Birley goes on to explain why self-regulation by way of the market maker mechanism works to screen out speculators. According to him, '*I don't believe in investor screens (other than those such as anti-money laundering checks). At NEX we operate a market maker trading system which I believe is the most effective trading mechanism, particularly for SMEs. The market maker mechanism means that there is a slightly wider 'bid/offer spread' in our stocks but that the prices are deeper (for larger quantities). This mechanism is ideal for long-term investors because it gives greater certainty of being able to execute transactions in a share but it does not suit high-frequency traders or short-term scalpers (who only care about the price). I believe that by operating this model we effectively 'screen-out' those only seeking short-term returns. The added bonus is that market maker trading systems are significantly cheaper to develop and maintain so the costs of running, and participating in, the market are greatly reduced.*'

Guarding against mission drift

The main protection against mission drift (the danger of prioritising profits over social consideration) is the Impact Report. Rhea Silva, the founder of Chototel, said to the author in an interview regarding mission drift: *'The initial selection process to be part of the exchange is very rigorous, with each company having to go through a detailed impact assessment, which ensures only companies that are genuinely committed to impact are admitted and minimizes the problem of mission drift from the outset. In addition to the annual review, we are also in regular contact with the organization through networking events, forums etc. which keeps the exchange updated on the progress of all the companies it is associated with.'*

BENEFICIARIES

Collectively, all the firms listed on SSX are now delivering against each of the United Nations 17 Sustainable Development Goals. For instance, Good Energy Group (100 per cent renewable electricity supplier and generator) helps more than 93,500 homes, businesses and communities in the UK generate their own energy, saving a combined 78,398 tonnes of C02 in 2015. Oikocredit (international co-operative and social investor providing financial and technical support in developing countries) financially included 37 million people. Chototel has implemented 14,00,000 days of safe, affordable housing.

CONCLUSION

The importance of social stock exchanges cannot be stressed enough. Investors benefit from a distinct, transparent and well-regulated market for impact investments. The creation of standardized metrics for measuring social impact in a consistent and comparable way, without neglecting anecdotal feedback received from beneficiaries, is a boon to the impact investment market at large. Democratization of investments paves the way for increased retail investor involvement, which results in growth of capital markets. SSEs not only provide liquidity and exit options to shareholders, but also play an important role in creating awareness and educating investors. One of the most important myths SSX has debunked is the perception that a trade-off necessarily exists between financial and social returns. By making the empirical evidence challenging this misconception accessible to everyone, it ensures greater participation in the burgeoning impact investment sector. This has important global implications.

Social stock exchanges also overcome the limitations of conventional stock exchanges in a plethora of ways. For instance, SSX has partnered with NEX Exchange (the SME

Exchange), which makes the listing process less resource and cost intensive - it charges about one-fourth of what Alternative Investment Market (AIM) charges for listing and provides many other services which make the whole process hassle-free. The structure of NEX Exchange also acts as a check against short-term speculation in securities. Most importantly, the reporting, disclosure and governance processes of SSX act as a check against mission drift. Thus, Social Stock Exchanges ensure that finance is used as a force for good.

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Income Inequality and Polarization of Indian States during 1971-2004

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INTRODUCTION

On the eve of the Industrial Revolution, India was the second-largest economy in the world, contributing more than 20 per cent of total world output. By the 1970s, after two centuries of relative economic stagnation, that share had fallen to 3 per cent, the lowest in its recorded history. From a long-term perspective, the post-industrial economic decline of India (and China) is a historical aberration, driven to some extent by a lack of openness. After independence in 1947, India followed an inward-looking and state-interventionist policy that shackled the economy through regulations and severely restricted trade and economic freedom. The result was decades of low growth, pejoratively termed the "Hindu Rate of Growth." Reforms beginning in 1991 gradually removed obstacles to economic freedom, and India began to play catch-up, steadily re-integrating into the global economy.

India has undergone a paradigm shift owing to its competitive stand in the world. The Indian economy is on a robust growth trajectory and boasts of a stable annual growth rate, rising foreign exchange reserves and booming capital markets among others. The sixth-largest economy in the world measured by nominal GDP, the country is classified as a newly industrialized country, and one of the G-20 major economies, with an average growth rate of approximately 7 per cent over the last two decades.

Introduction of economic reforms in 1991 is seen as the turning point in India's

> At the time of Independence,India's per capita growth rate was stagnant. Therefore, one of the key objectives of the Indian economic planner was to attain a higher rate of growth.

post-Independence economic history, providing a break from the low growth trap in which the country's economy had been caught for four decades. It is emphasized that the high rate of growth of the GDP was triggered off by economic reforms and has been duly sustained over in the past few decades. Any factor or phenomenon that is likely to cause a reduction in the growth rate was viewed as a major threat to the process of economic development of the country. A high growth rate is also considered to be particularly important for India to emerge as a major economic power in the world.

Now, Indian states are very much heterogeneous in terms of their historical perspective, geographical location, and Central Government policy towards the state infrastructure, etc. We are interested to investigate whether the distribution of income across the states is symmetric or skewed. There is also an alarming fact that amidst the overall inequality, whether there is any polarization or clustering of Indian states into different groups. Since income polarization among the states may lead to social revolution, social tension, regional tensions, etc. therefore, apart from inequality, it seems to be important to focus on whether there is income polarization of Indian states in the background of overall inequality.

In this paper, our objective is to focus on income inequality and polarization across the Indian states. For this purpose, we will analyze the trend of Per Capita NSDP of the states to represent their growth performance. We have used some descriptive statistics such as mean, skewness, and coefficient of variation to represent the picture of inequality across the states. Finally, the histogram polygon of states for each year will be analyzed to focus on the issue of income polarization of the states.

GROWTH PERFORMANCE OF INDIAN STATES

At the time of independence, India's per capita growth rate was stagnant. Therefore, one of the key objectives of the Indian economic planner was to attain a high rate of growth. Growth oriented import substituting industrialization followed by measures of economic reform uplifted the Indian economy to a high growth trajectory. In this high growth performance of the Indian economy, we need to focus on the growth scenario of the Indian states from the very inception of our Independence.[1]

Behavior of Per Capita NSDP of the States

We begin our analytical description by focusing on the behavior of per capita Net State Domestic Product (NSDP) at 2004-05 prices enjoyed by the 23 major Indian states during the time period 1970-71 to 2013-14. The behavior of per capita NSDP is computed by fitting a trend (Yi =a+bt) of per capita NSDP for each state the estimates of which are represented in Table 1. For all states estimated coefficient of time is positive. Therefore, all these states exhibited an increasing trend of per capita NSDP. Value of R square as a measure of goodness of fit is high (closed to one) almost for all states.

Table 1:
Estimated Trend Equation for
Per Capita NSDP of Each State at 2004-05 Prices
during 1970-71 to 2013-14

NAME OF THE STATE	EQUATION	R^2 VALUE
ANDHRA PRADESH	y = 735.07t - 1E+06	0.8536
ARUNACHAL PRADESH	y = 706.13t - 1E+06	0.9468
ASSAM	y = 227.96t - 439147	0.8414
BIHAR	y = 193.41t - 370500	0.7685
DELHI	y = 1969.9t - 4E+06	0.8473
GOA	y = 2441.7t - 5E+06	0.8814
GUJARAT	y = 1030.5t - 2E+06	0.8101
HARYANA	y = 1091.3t - 2E+06	0.8396
HIMACHAL PRADESH	y = 876.92t - 2E+06	0.8356
JAMMU & KASHMIR	y = 320.4t - 619180	0.8016
KARNATAKA	y = 774.05t - 2E+06	0.8579
KERALA	y = 917.61t - 2E+06	0.7751
MAHARASHTRA	y = 1151.4t - 2E+06	0.8373
MADHYA PRADESH	y = 700.65t - 1E+06	0.8138
MANIPUR	y = 323.57t - 629843	0.9333
ODISHA	y = 337.67t - 658566	0.7661
PUDUCHERRY	y = 1621.1t - 3E+06	0.8066
PUNJAB	y = 760.36t - 1E+06	0.9391
RAJASTHAN	y = 468.29t - 917780	0.8275
TAMIL NADU	y = 1013.1t - 2E+06	0.788
TRIPURA	y = 762.2t - 2E+06	0.7871
UTTAR PRADESH	y = 1065t - 2E+06	0.7249
WEST BENGAL	y = 578.01t - 1E+06	0.8538

Interstate variation

To highlight interstate disparity more accurately and to

1 Here we have selected 23 major Indian states because of paucity of data.

enrich our analysis of year-to-year fluctuation in growth rates within each state we have calculated the arithmetic mean, median, maximum and minimum growth rate, co efficient of variation and skewness of per capita NSDP growth of each state in Table 2.

Table 2:
Different Summary measure of Per Capita NSDP Growth of 24 Indian States during 1970-71 to 2013-14

State	Mean	Median	Maximum	Minimum	CV	Skewness
Andhra Pradesh	18186	14434	42170	7840	0.561953	1.045427
Arunachal Pradesh	17614	16993	36019	6311	0.529226	0.57531
Assam	14842	14441	23392	10548	0.215095	1.102069
Bihar	16757	14309	44388	10522	0.477257	2.46348
Delhi	48955	40363	118411	22178	0.56155	1.152622
Goa	52905	43696	137401	16477	0.631472	0.988119
Gujarat	24080	18390	63168	9031	0.61072	1.276639
Haryana	28131	23923	67260	12246	0.543839	1.1927
Himachal Pradesh	23698	18368	54494	12436	0.519983	1.102118
Jammu & Kashmir	18902	17015	31448	13783	0.243197	1.26109
Karnataka	19975	16044	46012	9133	0.537423	1.037457
Kerala	23352	16884	58961	12634	0.573292	1.328244
Maharashtra	27448	21834	69097	11065	0.588879	1.174433
Madhya Pradesh	28642	25956	55226	16820	0.348311	1.235088
Manipur	14538	13575	24042	8068	0.29593	0.611981
Odisha	13913	11959	25163	8790	0.356199	1.229512
Puducherry	37441	24240	94787	14115	0.619294	1.058853
Punjab	26572	25137	49529	13697	0.379295	0.700993
Rajasthan	14829	12880	31836	7818	0.445936	1.110761
Tamil Nadu	23212	17040	62361	9699	0.63159	1.353068
Tripura	16369	11042	47261	6424	0.67419	1.334497
Uttar Pradesh	32200	27086	78394	17715	0.499002	1.640721
West Bengal	16329	12700	36293	8745	0.492094	1.039177

On studying Table 2, we can make the following observations:

- In terms of the mean per capita, NSDP of the states over the time period 1970-71 to 2013-14 varies from the highest level of 52905 in Goa to the lowest level of 13913 in Odissa. The vast difference between the highest and the lowest means of NSDP across the states signifies an unequal distribution of income across the Indian states.
- For the states like Andhra Pradesh, Arunachal Pradesh, Delhi, Goa, Gujarat, Puducherry, Tamil Nadu and Tripura there is a huge difference between the maximum and minimum income which causes discrepancy and inequality in income. This result is also consistent with the high value of CV in the corresponding states.
- There is a huge difference in the maximum NSDP of states like Delhi, Goa and the maximum NSDP of states like Assam, Manipur, Odisha.
- For all states, there is a variation in the value of mean and median of NSDP of all the states. Therefore, the distribution of per capita NSDP growth is skewed for all states.

From the aforementioned studies, we can infer that in terms of the mean per capita NSDP of the Indian states, there is a huge variation from maximum and minimum values reflecting an inequality of income. Within a state, there is also a significant difference between maximum and minimum values which signifies intra state variation in terms of year-to-year fluctuations in per capita NSDP. States like Andhra Pradesh, Arunachal Pradesh, Delhi, Goa, Gujarat, Puducherry and Tamil Nadu represent this situation. Alternatively, in terms of skewed distribution of year-to-year growth rates within each state does not reflect any pattern of stable movement of per capita NSDP of the respective states.

Income polarization of the Indian States

As of November 2016, India is the second-most unequal country in the world. The richest 1 per cent of Indians own 58.4 per cent of the wealth. The richest 10 per cent own 80.7 per cent of the wealth. There is upward trend of the rising inequality quintessentially entailing the rich getting richer and the poor getting poorer. Apart from inequality it also signifies the income polarization of Indian society into different groups. Within groups elements are homogeneous and across the groups, elements are heterogeneous. In other words, Indian society is clustered into different groups- high income, low income, and middle income groups.

> In India, inequality is not circumscribed to merely income disparities - it expands across the different domains of the community and even encompasses the social and the political spheres.

Traditionally, income inequality has been measured with the help of the Gini Coefficient and the Lorenz Curve. More the value of these statistical measures closer to one, more is the inequality. However, these indices can only measure the inequality among the states. They ignore the overall pattern of disparity across the Indian states.

In the context of Indian economy, its Gini Index score has increased over the years. But the increase has been very slim i.e. from 30.8 (1991) to 33.6 (2011) - according to the Economic Times. In an article published in The Citizen – post-1991, India saw a rapid economic growth averaging close to 7.45 per cent.

However, in the same period, the Gini coefficient increased from 0.33 in 1990s to 0.37 in 2000s, highlighting that the growth was accompanied by rising inequality. The quintile ratio (an indicator that reflects the ratio of expenditure per capita of the richest top 20 per cent of the population and the bottom 20 per cent) increased from 4.8 to 5.7. Today, the top 5 per cent of the population owns 21.3 per cent of the national income.

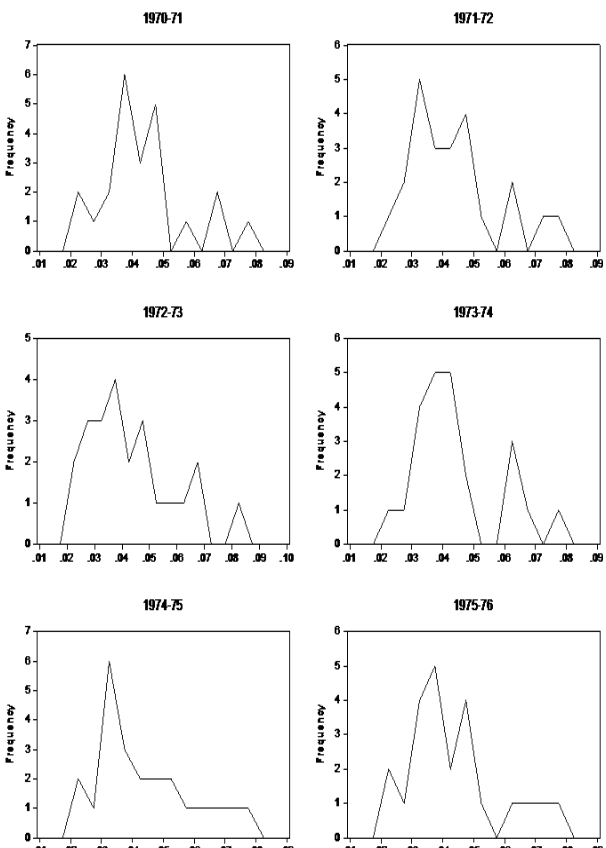
Nair, K.R.G. (2004) found increased regional disparities in socio-economic development after the reforms. The slow growth was responsible for persistent poverty in Assam, Bihar, Orissa, Madhya Pradesh and Uttar Pradesh. There was a sharp difference in the growth rate of wealth holdings in the middle income/upper income states vis-à-vis poor states. The faster growing states were noted for a greater increase in wealth inequality. The less, inter-state disparities widened due to differing levels of private and public investment and negligible equalizing impact of central financial assistance. The fundamental aspect of each of the studies is that there is a huge difference in one section of Indian states than the other sections in terms of economic prosperity. This in turn, endorsed clustering or polarization of Indian states, where within a particular cluster states are homogenous but across the clusters states are heterogeneous in terms of their income.

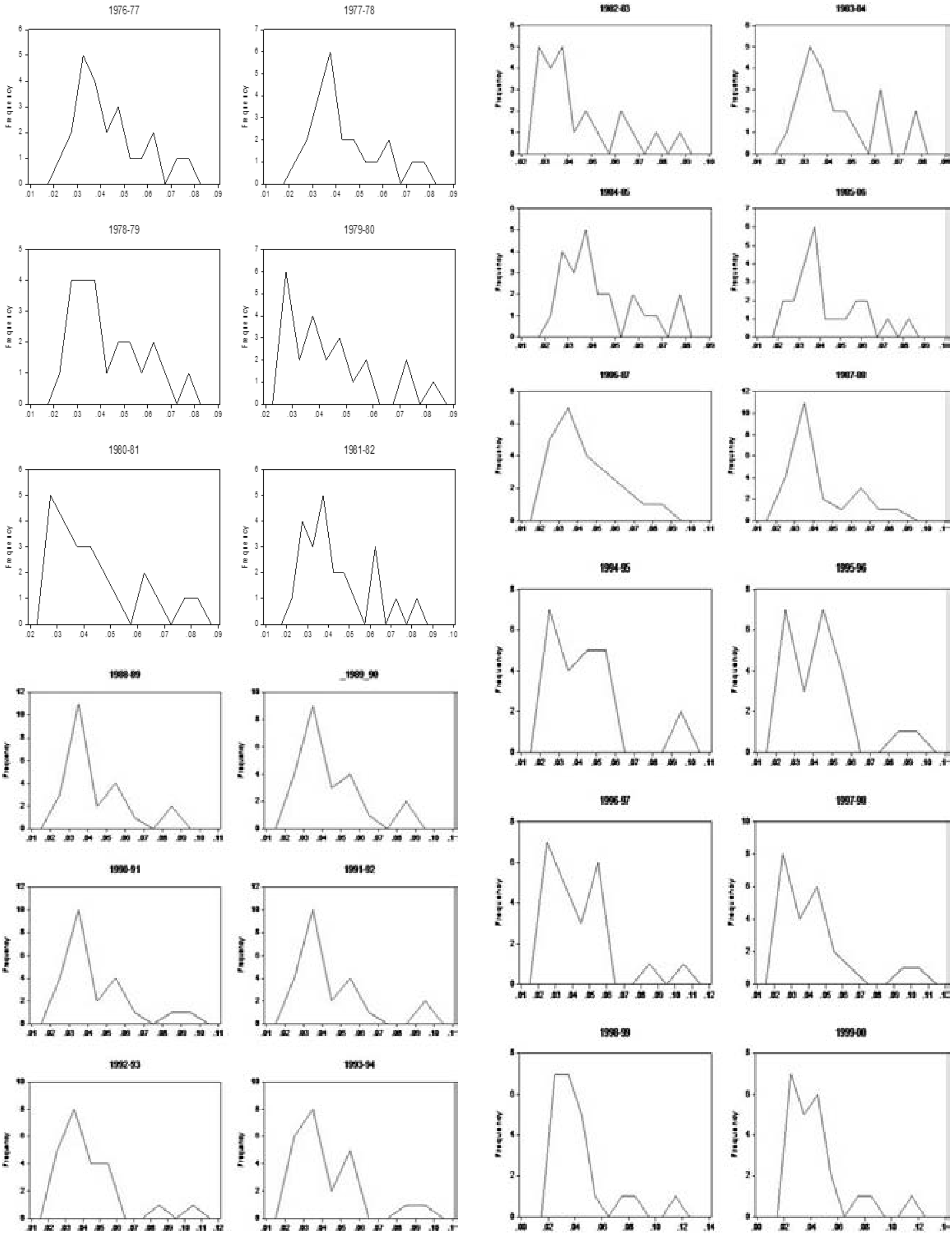
Polarization or clustering of the Indian states

Here we will explore the issue of clustering or income polarization among the Indian states. To analyze this, we will use the histogram polygon of per capita NSDP of Indian states for each year of our study. We have to identify whether the distribution is unimodal or multimodal. Multimodality in the distribution means data came from different groups. It signifies that there is clustering or income polarization of Indian states in terms of low income group, middle income group and high income group. However, a unimodal distribution signifies no grouping or clustering among the Indian states.

In Figure 2, we have represented the histogram polygon of per capita NSDP of selected Indian states in each year since 1970-71 to 2013-14.

Figure 2:
Histogram Polygon of Per Capita NSDP (at 2004-05 prices) of the Indian States

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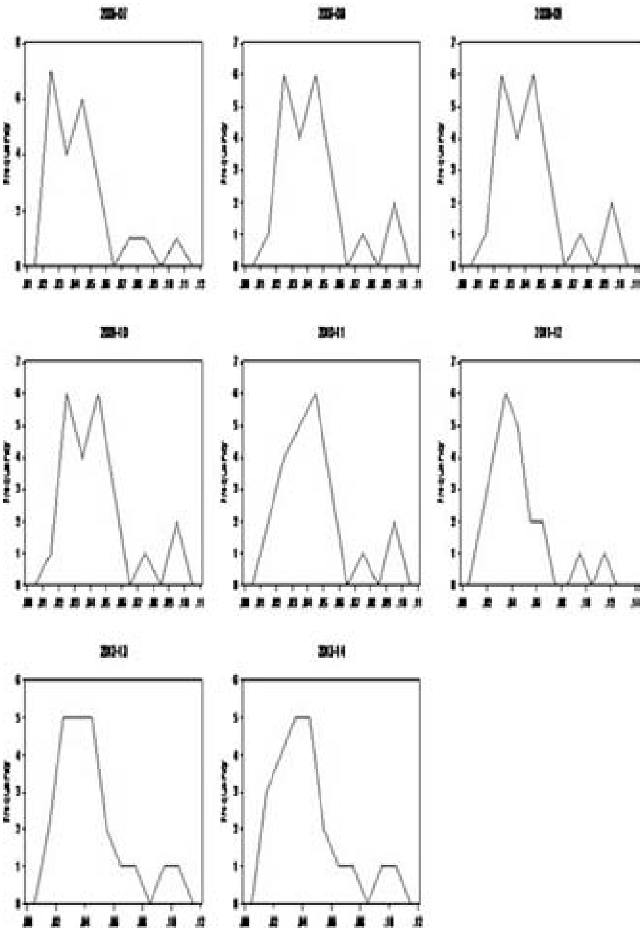

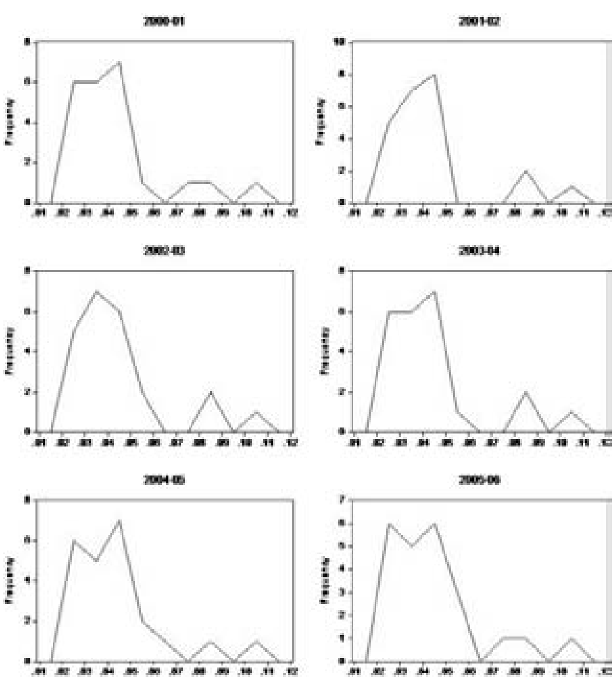

From Figure 2, we can have the following observations:

- For every year the distribution is positively skewed signifying inequality of income across the Indian states.
- The distribution for almost all the years is multi-modal, i.e. there is more than one mode, which signifies that there is a grouping of income among the states.
- Even after economic reform, distribution is still multimodal, signifying the minimized impact of economic reforms on income polarization of the Indian states.
- In each of the distribution, the highest peak is to the left of the distribution and the second highest peak is in the middle of the distribution and alternatively, there are some local modes with a very low peak to the right of each distribution. This signifies the pattern of polarization of the respective states. One cluster is the low income group states with the highest number and another middle income state cluster and a high income state cluster with a very few numbers of states. From Figure 2, it is very clear that this pattern of polarization persists from the very beginning of our planning process. Economic reform policy initiated in 1991 fails to have any impact on the pattern of income polarization of the Indian states.

CONCLUSION

The Indian Economy will be the third largest economy in the world sometime in the mid-2030s (trailing behind the USA and China). The economic reforms of 1991 have brought about a number of changes in India. However, one problem which India had always faced was that of income inequality and polarization which remained unresolved even after the reforms. Although the trend diagrams indicate overall growth and development, yet from the histogram polygons the existence of grouping of income is quite clear.

In conclusion, it can be stated that inequality coupled with polarization is a multifaceted evil that has intrinsically damaged the Indian economy and society. In India, inequality is not circumscribed to merely income disparities - it expands across the different domains of the community and even encompasses the social and the political spheres. Exclusion, exploitation and symbolic violence are exercised over individuals and groups belonging to different social classes, gender, castes and ethnic groups due to such grouping.

Coming Together for a New Beginning

Monika Bansal
Department of Commerce
(Evening)

Pushkar Shandilya
Department of Commerce
(Morning)

The stepping stones of success are not on solid land, but rather over tumultuous oceans - oceans that we cannot cross alone. Coming into this inspiring institution, with brimming expectations and an ambition to conquer it all, our expectations took a hit in the regular classes and seminars. We seemed to be lost individuals in the colossal canvas that St Xavier's College was desperate to stand out from the crowd. While trying to figure ourselves out we became familiar with another set of individuals, who effortlessly succeeded in standing out from the crowd. It was hard to comprehend what made them so distinctive. Was it their conduct, their confidence, or was it the black t-shirt embossed with the words "Xavier's Commerce Society" on their backs. Very soon we realized that it was a combination of all those traits. Now, our dreams had a new horizon. It was not a mere craving to wear the black t-shirt but an opportunity to test ourselves as individuals. Now, when we look back upon this memorable and fulfilling journey, we don't see when XCS turned from just three words into an emotion.

"Your first Insignia will always be your favorite memory", was the opinion of all our third year seniors. And it stood true to its word. Initially, we never thought it could be true but now that we stand here two years hence we realize how accurate our seniors were. After months of participation in XCS events, it was our chance to come to the other side of the table. At first, a fresher is usually awe inspired when he/she gets inducted into the society. It will be challenging to adapt oneself to completely novel surroundings but as the days pass one begins to develop a sense of belonging and in no time XCS becomes a way of life. From the very beginning, not only did we start working towards the society but the society also started working on us. Each day was the perfect room for manoeuvre of choice, liberty and freedom building on our character, professionalism and intellect. For every newly inducted fresher, it was the most enriching experience to be a part of this brilliant exchange of culture and ideologies. As we approached Insignia, seeing more than sixty juniors and seniors work collectively towards this event, a certain sense of pride dawned upon us. Upon this sight, one could realize that when such like-minded ordinary individuals come together, extraordinary things are bound to happen.

It is when one starts his/her second year journey does he/she become an XCSer in the true essence of the word. With our transition from freshman to second year XCSers, we transcended from being preliminary tenderfoots to becoming the face of the Xavier's Commerce Society. Little did we have an idea of the challenges lying ahead for us. XCS taught us to use our strengths to build something meaningful and to build on our weaknesses to turn them into strengths. We learnt how to stand our ground in the face of challenges, how to conceive an indomitable spirit to help us persevere through the most difficult of times, how to lift others along with us as we rise, and how to build not just a network of colleagues but a group of friends to last us a lifetime. The time we spent in our second year prepared us for the world that lies outside our college boundaries. The world will be ruthless to you but you have to stand resilient against all the odds. The hours we spent working on a plethora of events each year, trying to tackle problems we had no clue about, keeping our wits together when life was making it impossibly hard to spend just a single day in peace, turned us into a well-knit group of students who had ventured out into this big bad world with the determination of conquering it one day. Now, as an XCSer, you are responsible for not only yourself as an individual but for an entire team. It soon becomes a part of your life to pull off XCS events and take XCS to greater heights being the only goal in mind.

As we step foot into the roles of leaders of the Society in our final year, we realized that we are now responsible for the holistic development of over 4,000 students of the Department of Commerce. It was about moving ahead with not one or two but all of them in a cohesive manner. While all this was happening, at the back of our minds it had struck us that our series of lasts had begun. Be it our last Innovision, X-Calibre or very soon our last Insignia. Nostalgia hit us when we saw our succeeding batch welcoming the new batch of juniors. In order to not only maintain but also add on to the long lived legacy of XCS, each one of us must make certain sacrifices. But these sacrifices have taught us the price of living up to bars that were previously set.

Among the thousands of things we will take away from our time at St. Xavier's, particularly in XCS, is the fact that to create something worthwhile, you have to make it worth your while. There are two facets to hard work- with direction and without. Hard work done without a sense of direction is chaos, it either leads to something you never wanted in the first place or it leaves you hanging with a feeling of despair and having lost your bearings. Hard work with direction, with a very clear idea of what you want to achieve finally, on the other hand brings about winds of change in your favour. Without a doubt, hard work is most often than not accompanied with failure, but we have now learnt that this failure is only temporary. We faced innumerable setbacks in our attempts to organize events, at times we felt the light at the end of the tunnel fade away faster than we could run towards it, but every single hurdle only brought us together as we fought our way through the darkness and emerged victorious on the other side. The price you pay for this victory pales miserably when compared to the changes the darkness brought about in your very DNA. You are now programmed to look every setback in the eye, take the bull by its horns, and work your way towards the glory you always wanted.

Notwithstanding how much an XCSer may grow and achieve any high stride, we 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., with whose blessing our endeavours become a success. We would also like to extend our heartiest gratitude to Dr. Madhushree Mukherjee for being a source of motivation for all of us. We would like to thank Prof. Swapan Banerjee and Prof. Amitava Roy for their continued guidance. We are grateful to Prof. Shaunak Roy, who took up the challenge of leading us onto the right path as our new Professor-in-charge. We are blessed to have constant guidance from our mentor, Dr. Sumona Ghosh who has been an inspiration to each one of us. A special mention also 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, we extend our regards for accepting XCS and being our backbone all these years.

A few years down the line, Xavier's Commerce Society will never be about the successful events we pulled off or the posts we held. It will always be about the cherished bonds or the lifetime of memories that we made during those three years. As we approach the end of our tenure as leaders of the Society, we feel humbled to the Society for giving us this experience. As we hand over the baton to our succeeding set of juniors, we are disheartened but at the same time confident that they are ready to step into our roles and make the most of the humongous opportunities that lie ahead of them. As for us, we have an amazing senior group ready to be our guiding star in the world outside and our juniors will continue the legacy which we have upheld with all our determination. Books and movies have always laid stress on the fact that the journey matters more than the destination. We do not know our destination as of now, but we do know that this journey, our XCS journey, will remain forever imprinted in our minds. We will carry the spirit of XCS in our hearts and become the very embodiment of all it stands for. Because many years later, when we attain our destiny, we will have one thing to thank- the Xavier's Commerce Society.

Monika Bansal

Monika Bansal

Pushkar Shandilya

INDIVIDUAL ACHIEVEMENTS

NAME	ACHIEVEMENT	NAME	ACHIEVEMENT
Yash Vardhan Marda	AIR 1 in Actuarial Science CT1	**Vandana Chandak**	AIR 34 in CA-IPCC Nov. 2016
Priyank Rehan	AIR 10 in CA-CPT June 2017	**Hanu Bansal**	AIR 38 in CA-IPCC Nov. 2016
Abhay Bajoria	AIR 16 in CA-IPCC Nov. 2016	**Utsav Rathi**	AIR 28 in CA-IPCC June 2017
Dhruv Kothari	AIR 22 in CA-IPCC Nov. 2016	**Abhishek Saraf**	AIR 11 in CS-Foundation June 2017

PARTICIPATION IN OTHER FESTS

NAME OF THE FEST	NAME OF PARTICIPANTS	POSITION	EVENT NAME	OVERALL RESULT
Biztatva (Entrepreneurship Development Cell, SXC, Kolkata)	Ved Mehta	1st	All- Star CEO	
Business Conclave (Shri Ram College of Commerce)	Ved Mehta	2nd	Best Manager	
	Rohan Chatterjee and Shaunak Sengupta	3rd	Human Resource Management	
Comquest (Lady Sri Ram College)	Ishmeet Singh Batra, Kushaagra Jain and Rohan Chaterjee	1st	Board v CXO	
Confluence (Ecosoc, SXC, Kolkata)	Ratul Borar and Shubham Agarwal	1st	HAM	
Dr. Rajendra Prasad Memorial Parliamentary Debate (Department of Law- Calcutta University)	Debayan Mitra, Ved Mehta and Yashoroop Dey	1st	Debate	
Gambit Freshers Parliamentary Debate (Sri Ram College of Commerce)	Oishik Bandyopadhyay, Priyam Marik and Ved Mehta	1st	Debate	
Invictus (JD Birla Institute, BBA)	Vedant Marda and Vishal Gupta	1st	HR/PR	Best Contingent
	Raghav Agarwal, Sneha Agarwal and Vedant Kedia	1st	T20 Auction	
	Chetan Kejriwal	1st	Stress Interview	
	Dipankar Guha	1st	Table Tennis	
	Prabhav Agarwal and Raman Agarwal	2nd	Marketing	
	Mayank Rathi and Yash Prahladka	2nd	Finance	
	Chetan Kejriwal and Mohammad Safdar	2nd	Debate	
	Fahim Taslim, Soumi Chaterjee, and Soumya Ghosh	3rd	Quiz	
	Tejas Chandak	3rd	Stress Interview	
	Akash Kakkar, Raghav Mundhra, Saurabh Kothari, Vishal Mittal, and Vivek Agarwal	3rd	Mad Advertisement	
NUJS Parliamentary Debate (National University of Juridical Sciences)	Oishik Bandyopadhyay, Priyam Marik and Ved Mehta	1st	Debate - Novice	
Quest (Goenka College of Commerce)	Akankchhit Singh, Kritika Jalan, Ritwik Bhawsinghka, Tejas Chandak, Yogesh Surana	1st	Business Plan	
Umang (Bhowanipore Education Society College)	Priyam Marik, Ved Mehta	1st	Debate	
	Raunak Jaiswal, Siddhant Singhal, and Vedant Kedia	2nd	IPL Auction	

SUCCESS BEYOND

A TRIBUTE TO ISRO

AUGUST 1969

INCEPTION OF ISRO

THE ORGANIZATION WAS ESTABLISHED IN THE YEAR 1969 BY THE EFFORTS OF INDIA'S FIRST PRIME-MINISTER JAWAHARLAL NEHRU AND HIS CLOSE AIDE AND SCIENTIST SHRI VIKRAM SARABHAI, WITH A VISION TO HARNESS SPACE TECHNOLOGY FOR NATIONAL DEVELOPMENT WHILE PURSUING SPACE SCIENCE RESEARCH AND INTER-PLANETARY EXPLORATION.

APRIL 1975

ARYABHATTA

INDIA'S FIRST INDIGENOUS SATELLITE. ARYABHATTA WAS LAUNCHED FROM A RUSSIAN SPACE LAUNCH FACILITY. THE SATELLITE, NAMED AFTER INDIA'S RENOWNED ASTRONOMER, WAS THE FIRST OF MANY MILESTONES ISRO WENT ON TO ACHIEVE IN ITS JOURNEY OF SPACE EXPLORATION.

OCTOBER 2008

CHANDRAYAAN

THE SCIENTISTS AT THE CENTRE SUCCESSFULLY LAUNCHED INDIA'S FIRST LUNAR PROBE. THE MOST NOTABLE ACHIEVEMENT OF THIS MISSION WAS FINDING WATER ON THE LUNAR SURFACE, WHICH INVIGORATED MASSIVE INTEREST AMONGST SCIENTISTS ALL OVER THE WORLD.

NOVEMBER 2013

MANGALYAAN

ISRO'S FIRST MISSION TO MARS, WHICH WAS DEEMED TO BE A REMARKABLE SUCCESS, MADE IT JUST THE FOURTH SPACE AGENCY IN THE WORLD TO ACHIEVE THIS FEAT IN THE FIRST ATTEMPT. THE MISSION ON A WHOLE COST JUST $74 MILLION, MAKING IT ONE OF THE CHEAPEST PLANETARY MISSIONS EVER UNDERTAKEN.

THE STARS

JULY 2015

PSLV- C28

THE C28 WAS THE HEAVIEST COMMERCIAL MISSION EVER TAKEN UP BY ISRO. THE PAYLOAD, WHICH WAS ABOUT 1440 KG, INCLUDED FIVE SATELLITES WHICH WERE LAUNCHED FROM THE FACILITY. THIS MISSION HELPED THE ORGANIZATION COMPREHENSIVELY UNDERSTAND THE MECHANISMS INVOLVED IN SUCH HEAVY LOADED OPERATIONS AND HAS BEEN USING THIS INVALUABLE INFORMATION FOR OTHER MISSIONS.

APRIL 2016

IRNSS

THE INDIAN REGIONAL NAVIGATION SATELLITE SYSTEM PROGRAMME, AS INITIATED BY ISRO, INCLUDED SEVEN SATELLITES WHICH AGGREGATE INTO THE NAVIGATION SYSTEM. THE SATELLITES KEEP A TAB ON THE INDIAN BORDERS TRACKING REAL - TIME DATA AND HELPING IN THE COUNTRYS DEFENCE.

JUNE 2016

PSLV- C34

THE THIRTY FIFTH CONSECUTIVELY SUCCESSFUL MISSION OF PSLV, THE C - 34 FAMOUSLY LAUNCHED TWENTY SATELLITES ABOARD IT WITH A CUMULATIVE PAYLOAD OF OVER 1288KG. THE IMAGERIES OF THE SATELLITE CARTOSAT2 WHICH WERE PRESENT IN THE ROCKET, WOULD BE USEFUL FOR CARTOGRAPHIC APPLICATIONS, RURAL, COASTAL AND URBAN REGULATIONS.

FEBRUARY 2017

PSLV-C37

ISRO'S MOST PRESTIGIOUS ACHIEVEMENT TILL DATE WAS THE LAUNCH OF THE PSLV - C37 WHICH SUCCESSFULLY CARRIED AND DEPLOYED A RECORD 104 SATELLITES, ONLY 3 OF THEM INDIGENOUS. THE MISSION PUT ISRO ON THE GLOBAL MAP AND MADE IT ONE OF THE MOST PREMIER ORGANISATIONS IN THE WORLD.

KNOW YOUR BRANDS - PICK THE ODD ONE OUT IN EACH SET

1. Häagen-Dazs (A) | BEN&JERRY'S (B) | C | baskin robbins (D)

2. A | B | C | D

3. A | B | C | D

4. A | B | C | D

ANSWERS
1. C. SHAKE SHACK 2. C. CHICK FIL A
3. A. FERRARI 4. B. MICROSOFT XBOX

ENIGMA

RULES AND OBJECTIVES

a) Given here are three sets of alphabets, which can be rearranged to form a word and guide you to your ultimate answer.

b) All the three sets of alphabets embed a "dummy" alphabet – which form the initials of the ultimate answer.

c) Excluding the aforesaid "dummy" alphabet will give you a distinctive clue, leading you to the ultimate answer.

Q) Which American President's initials are embedded below?

D R H A J A R V (Name of a Prominent American University)
W F L O D S A (Surname of the answer's assassin)
B K C A U (A country which he tried to unsuccessfully invade)

Q) Which American President's initials are listed below?

A E N R O F E L (The first name of his wife)
O P O I D L (An infectious disease which plagued the latter half of his life)
A D W H I A I (A geographical location which brought him to the forefront of the international scene)

Q) Which prominent British stateswoman's initials are listed below?

S K L A M F N D L A (An island territory on the Atlantic Ocean which triggered a war and boosted her popularity)
Y C L F H I N E H (The parliamentary constituency she represented in the British House of Commons)
D E L I N A T R (A country in the United Kingdom which witnessed civil unrest during her tenure)

ANSWERS
1. HARVARD, OSWALD, CUBA - JOHN F. KENNEDY (JFK)
2. ELEANOR, POLIO, HAWAII - FRANKLIN DELANO ROOSEVELT (FDR)
3. FALKLANDS, FINCHLEY, IRELAND - MARGARET HILDA THATCHER (MHT)


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सत्यमेव जयते

प्रधान मंत्री

Prime Minister

MESSAGE

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

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

(Narendra Modi)

18 August, 2016
New Delhi

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

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