

# **Department Of Commerce Kirori Mal College**

# **COMÉRCIO**

**Bi-Annual Departmental Magazine**

**ARTICLES  
INTERVIEWS  
RESEARCH PAPERS  
EVENTS**



A top-down view of a wooden desk with a smartphone, a cup of coffee, a pen, and a notebook. The text is overlaid on the image in various colored boxes.

# COMÉRCIO

BI ANNUAL DEPARTMENTAL MAGAZINE

COMMERCE DEPARTMENT

KIRORI MAL COLLEGE

2019 ( 1ST ISSUE )



# DR. VIBHA SINGH CHAUHAN

Principal

The E-Magazine of the Department of Commerce, Kirori Mal College, very aptly titled, 'Comercio', provides a space for discussion of ideas pertinent to students, teachers as well as industrialists. The magazine brings together creative and analytical potential of students with the hope of inculcating the ability to identify, analyze and communicate areas of concern in the domain of commerce.



College magazines have often been the first stepping stones for students, many of whom have gone on to mature into outstanding creative writers and social communicators. I hope that the first issue of this E-Magazine too becomes a nursery of such future talent. The E-Magazine has been shaped with extreme care. The magazine has been divided into various sections representing articles from academicians, industrialists and students and covers major events organized by prominent societies of the college and the professors. It also carries the group photograph of the E-Magazine team. Putting together the E-Magazine is not an easy job. It requires long hours of close reading, editing and attention to details. The team has done sincere efforts so as to launch the magazine on the Annual fest, of The Commerce Society of the college, 'Appulse'19'. I take this opportunity to express my deep appreciation for the entire E-Magazine team for a job so well done. I am certain that this will be read with great pleasure by all.

# DR. SAMEER LAMA

Teacher-In-Charge

I extend my heartfelt greetings and to all students of magazine committee along with the faculty convener Ms. Nidhi Sharma for bringing up the current issue of 'Comercio 2019', the bi-annual e-magazine of the Department of Commerce, Kirori Mal College. The students deserve special appreciation and acknowledgement for taking this initiative to launch the departmental magazine, 'Comercio 2019' in a very limited time period. I am confident that this new initiative by our young minds will be carried forward in times to come with more comprehensive articles in contemporary areas of commerce, business and management studies. Most of the submissions in this edition of "Comercio 2019" cover issues concerning business, commerce, economy, sustainability and accentuate some important contemporary issues. The articles that have been incorporated in this issue would certainly enrich the domain of knowledge in field of commerce and industry and ignite the minds of our young students. I am sure that the readers would enjoy reading the articles published in this edition which would enhance their knowledge horizon. As a Teacher In-charge of Commerce Department, I would like to thank all the students, scholars, academicians and industry experts who have contributed to this edition. I also look forward to their continuous support for the cause of knowledge dissemination in the near future. Once again, I congratulate the entire team of 'Comercio 2019' for bringing the current issue in such a holistic and concrete manner. The dedication and hard-work shown by the editorial team is immensely applauded. My best wishes to one and all.





# MS. NIDHI SHARMA

Convenor, eMagazine Committee

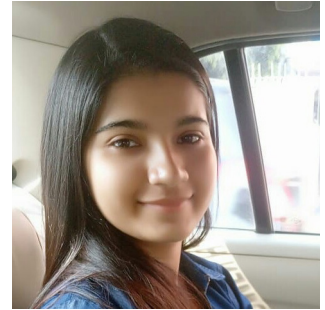
"Every great dream begins with a dreamer, who has the strength, the patience and the passion to reach out for the stars and change the world."

It is with utmost pleasure that we have pioneered the initiative to pen down reflections and thoughts in our magazine 'Comercio' on behalf of the Commerce Department of the KMC genus. Creativity touches our souls with the brightest hues. Celebrating the zeal for the quest of knowledge and its spirit through various write-ups framed by leaders in the industry, faculty members and students of the college, the magazine offers a welcome catharsis for both the writer and the reader. Our proficient writers have expressed their views on a variety of themes in the field of commerce. We as educators believe in enabling our students to explore new realms of wisdom through abundant exposure and kindle the joy of true learning. As a testimony to what we affirm to bring forth in our children we take this opportunity to acknowledge the students and faculty members who have evinced their unswerving efforts to make this column possible.



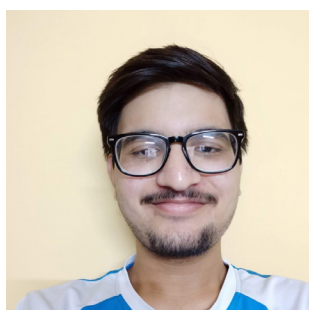
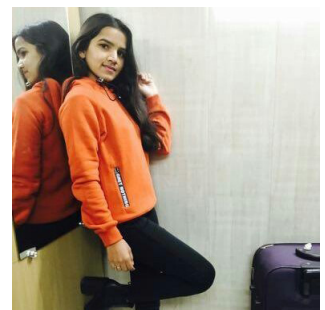


# STUDENT EDITORIAL BOARD



"The true language of commerce is the natural conversation between human beings." - William C. Brown

So, we present you all, Comercio, the e-way to express vision and understanding in the domain of commerce. It is an endeavour to foster interest in commerce. It is also a way forward to unlearn, learn and share the learnings. In addition to it, it puts forth the present scenario and highlights the future of trade and commerce through the penned portrait created by academicians, industrialists as well as students.





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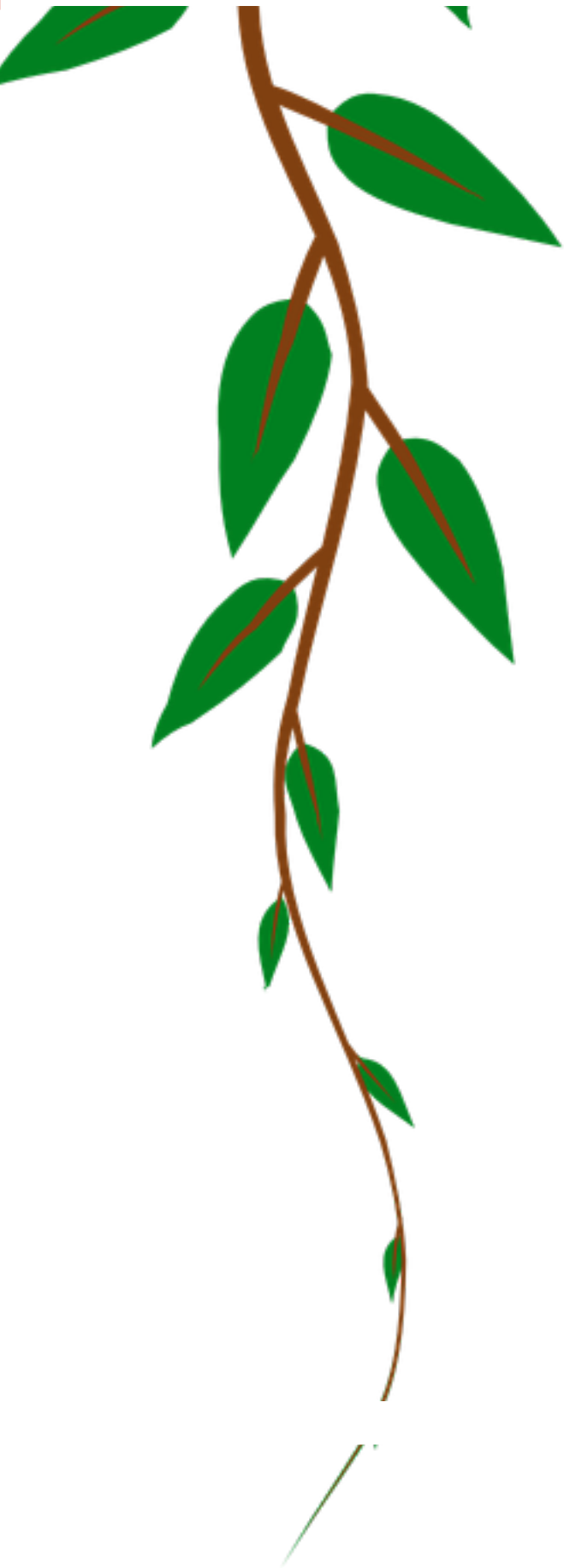
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# THE ACADEMIC EBULLIENCE

The Department of Commerce is one of the most vibrant departments of Kirori Mal College, University of Delhi. With over 16 faculty members specialized in multiple areas of discipline, the department has an array of highly qualified teachers who impart upon the students not only the academic curriculum but also mentor the young minds in all extra-curricular activities. The department runs the prestigious B.Com (H) and B.Com courses and takes pride in attracting the most intelligent students of commerce from across the country with an intake cut-off of 97% (approx). The Department of Commerce encourages a quest for knowledge that is rooted in an ethical understanding of the world that we inhabit and this enthusiasm for learning along with a desire to evolve into socially responsible beings is reflected not only in the academic atmosphere but also visible in the field of extra-curricular activities. Our tradition of excellence in theatre, art and music only adds to the richness of the academic fabric of the college. Further, the Department of Commerce takes pride in organizing regular national events, workshops, conferences, seminars, etc. which are oriented towards knowledge accumulation and dissemination among scholars, students and academicians. The Department also controls and guides the functioning of two very active societies, i.e. the Commerce Society and the FIC (Finance and Investment Cell) at the Kirori Mal College. Both the Commerce Society and the FIC have marked a niche at KM College for their proven record of organizing events of repute and excellence. The students of commerce at KM College also have a distinction in leading in most of the societies that exist in college today. "Comercio" the bi-annual e-magazine stands as an initiative of the students under the guidance of faculty convener, Ms. Nidhi Sharma and the Teacher In-charge Dr. Sameer Lama. 'Comercio' is also an attempt by the students of commerce to present a blend of individual's thoughts and ideas in the field of Commerce for everyone to get better insights out of it.





ARTICLES

**ACADEMIC**

**INDUSTRY**

**STUDENT**



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## FAILURE IS A PART OF SUCCESS

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One of my students' Facebook status read: 'It's often said that nothing fails like success. But I believe nothing is as permanent as failure. Once it gets inside you, it stays there for quite a long time and in this process it destroys everything.' I am sure many of us, especially when we pass through the age he is passing, tend to feel this way. Many times we don't share it with others. Once I saw this post I responded quickly: 'It depends on the frequency of its occurrence... And one's attitude... Positive people take lesson from that and move forward with caution, care and commitment... Negative people curse it and kill their efforts, enthusiasm and energy. Ultimately choice is with the individual... One must not handover his/her remote to others be it individuals or objects.' It did not just end there. It took me back to my own experiences and interactions. It drove me to the lessons that I have learnt all the while. It is really interesting going back into nostalgia and counting - how many times did I fail. I land up having many more failures than successes, if at all I call it success.

He is not alone. I am sure there are many to whom this feel comes and many of them feel distressed, unwanted and get into depression. Yet there are few for whom their coping technique helps them overcome such failure and they come back on track with tight shoe laces and the socks up. This spirit is important; it works as fresh fuel to energise and to put ef-

forts in a more focused and better way. Grudging about failure brings negativity and one falls prey to that self in a way that all kinds of perceptions get formed about others, situations, events, happening and objects. On the contrary, when one takes it sportingly and start believing in the fact that all successful people have failed once or more before getting the coveted place and position, one gets the inspiration and moves forward for better tomorrow. As a positive coping technique one could also believe that there might be something better waiting for him or her.

Many times we get into illusionary feeling while looking at the success of others and get lured by the glamour attached. Ironically we fail to look through their hard work, failures, adjustments, and compromises made during the journey. Many times we do not get to see the pain this person hides behind the glory of the crown.

Abdul Kalam, the former president of India used to say - it is more important to read about people who failed rather than reading about people who succeed. Failures teach us much more in volume and experience as compared to what success teaches us. Success is liking yourself, liking what you do, and liking how you do it - says Maya Angelou, an American poet who faced lot of ups and down in her journey. A successful Bollywood actor Manoj Bajpayee (an alumnus of Ramjas College, Delhi Univ) responds to a question put up before him on how he deals with failures. He says -



'If you let failure determine your course of action, you are living in a fool's paradise. It will suck you in further and you are too good for that. Yes, at such times, the one worry is how to keep the kitchen fires burning, but that too, gets managed somehow by doting one big role. And also I have never increased my needs and that has helped me.' What is common in all successful people is the spirit of not giving up and holding on to the pulls and pressures to keep pursuing the ultimate till it is achieved. Surrendering after failure displays weakness in standing with one's conviction. I read it somewhere – failure proves that the efforts for attaining success were not put with full determination. FAIL means First Attempt In Learning as Kalam puts it. It builds us from within and prepares us to face the challenge with more rigor. While we learn about our failure, we must ask a question ourselves – Why I failed. One needs to work on that reason in order to overcome failure.

Failure is not final and success is not permanent. For that matter, nothing in this world is permanent. We are all travelers without knowing the destination. We are just putting efforts and trying to know what is written on the ticket where destination is mentioned. So why complain about failure. We need to enjoy it more than the success. In 2016 Olympics it was reported through research by psychologists that the players who got bronze were more satisfied and happy than their counterparts

who got silver. The failure of losing hit the silver winner and the achievement of getting at least bronze made them happier.

So it all depends how we look at failure and how long we allow it to hang on our mind. How long and how deep we allow it to get inside us and to touch which part of our inner soul – the one which is home to the cold and green inside us or the one which houses hot and red. Can we afford to handover our remote to individuals, objects, events and happenings and destroy ourselves or we hold our remote with ourselves and we take the call what we need to do once we feel low. Yes we need to use caution, care and commitment to pursue our dreams and we just can't afford to compromise on our efforts, energy and enthusiasm.

So it all begins with you – the man in the mirror. Get up, take a deep breath, open the door of possibilities and window of fresh air, respond to the call of opportunity and press the lever and keep moving ahead. Enjoy what you do and be sure only good would happen to you.

Believe me, failure is part of success. Learn to enjoy it.



# GENDER PARITY THROUGH PRISM OF GROSS DOMESTIC PRODUCT

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GDP- one of, the most powerful statistical indicator, the most dominated central public policy, the most used parameter of measuring progress, and the most loved indicator by politician when it comes to measure the success and failure of their policies irrespective of domains (social, education, health, governance etc.), was developed more than eight decades ago by Simon Kuznets, with the objectives of defending government policies by showing various data to general public in USA. Before that an attempt had been made by National Income Statistician like Colin Clark, Richard Stone etc. in UK. The whole exercise of calculating the value of National Resources, was first initiated by William Petty around 1660s with the name "Political Arithmetic". The most fascinating and interesting matter here is that of high synchronicity of purposes/objectives of both the periods i.e. 1660 & 1930. It reflects that, the purpose of estimating the Value of National Resources has not faded in more than last 300 years. The estimation of power of population in National Income by Petty in Political Arithmetic during 1670s set the cornerstone for Smith's division of labour and distinction between productive and unproductive Labour in his epochal work "Wealth of Nation". (Although Adam Smith had not used the term Political Arithmetic in any of his substantial intellectual work). In Smith's own words-

There is one sort of labour which adds to the value of the subject upon which it is bestowed; there is another labour, which has no

such effects. The former as it produces value may be called productive; the later unproductive labour. Thus the labour of a manufacturer adds, generally to the value of the materials which he works upon, that of his own maintenance and his master's profit. The labour of the manila servant on the contrary adds to the value of nothings--- A man grows rich by employing a multitude of manufactures; he grows poor by maintaining multitude of menial servants. Indirectly he argued for not incorporating the value of services in National Income. Even after more than 200 years, this notion is still in place up to some extent, like value of house wives, volunteer work etc. This was what Kuznets, the pioneer of GDP said in 1934 while presenting National Income 1929-1932 in US Congress. The intellectual & political climate and war time politics and intellectual battle between Colin & Keynes in UK and Kuznets and Gilbert in USA over the period of time, has changed the entire notion of GDP. The exclusion of value of HOUSEWIVES from National Income, has adversely affected the Social, Economic, Political, and Intellectual climate, which can be clearly observed from the various reports of prominent institution, like World Bank, MGI, UN, IMF etc. McKinsey Global Institute (MGI) in its 2018 report, "Gender Role In Economic Growth; Power of Parity" has made certain shocking observation. It has established a very strong link between Gender Equality in Work and in Society. More importantly, gender equality in work is not achieved without gender equality in so-



ciety. The unequal society has scathing attack on Social Fabric and Community Capital, which has reparation effect on the overall Well-Being of the people. In the global report of MGI in Sep. 2015, it has been reported that, how advancing women's equality can add \$12 trillion to global growth. To reach at some concrete conclusion MGI has calculated Gender Parity Score (GPS), based on two broader variables and fifteen sub-variables on a set of 0-1 (0 means, no gender equality, and 1, means Gender Parity). Now coming to the variables in details, Gender Equality in Work derives through five indicators (labour force participation rate, professional and technical jobs, perceived wage gap for similar work, leadership position and unpaid care work). Gender Equality in Society has been derived through three broader dimensions i.e. Essential Services and Enablers of Economic Opportunity (unmet need for family planning, maternal mortality per 100,000 births, education level, financial inclusion and digital inclusion), Legal Protection and Political Voice and Physical Security and Autonomy (sex ratio at birth, child marriage, violence against women). Now let's check the score of south Asian Countries.

Nations	Gender Equality in Work	Gender Equality In Society		
		Essential services & enablers of economic opportunity	Legal protection & political voice	Physical security and autonomy
India	0.30	0.78	0.28	0.75
Pakistan	0.22	0.56	0.16	0.73
Bangladesh	0.34	0.82	0.26	0.64
Nepal	0.38	0.77	0.29	0.79
Sri Lanka	0.48	0.95	0.16	0.78
<b>Asia Pacific Best</b>	<b>0.73</b>	<b>0.96</b>	<b>0.66</b>	<b>0.96</b>
<b>Asia Pacific Average</b>	<b>0.44</b>	<b>0.85</b>	<b>0.32</b>	<b>0.82</b>
<b>Global Best</b>	<b>0.73</b>	<b>0.97</b>	<b>0.84</b>	<b>0.97</b>

The above data narrates the whole story of SAARC Nations. The GPS of Asia Pacific as a whole is 0.56 (higher gender inequality), and lower than the global average of 0.61. On almost every parameters SAARC Nations are worst performing in comparison to Asia Pacific and Global Best Score. When it comes to India, it has worst score on most of the parame-

ters among SAARC Nations. If the Government across the Asia Pacific focus on these issues it could add \$4.5 trillion to their collective Annual GDP by 2025. This is what MGI reported in its 2018 report on Power of Parity. Coming to specific countries of SAARC Nations, India is the highest beneficiary of advancing women parity in the whole Asia. The MGI reported that, advancing women parity could add \$ Billion 700, 20, 3, 30, 30 in India, Sri Lanka, Nepal, Bangladesh, and Pakistan's GDP respectively by 2025, which is 18%, 14%, 9%, 8%, & 7% respectively improvement over Business as- usual GDP.

UNDP too try to capture the most ignored societal, economical and humanistic aspect, through its two indexes, one Gender Inequality Index (GII) started from 2010, and Gender Development Index (GDI) started from 2014. The issue of gender inequality, has very deeper impact in the HDI value of the countries. The difference & inequality between male and female, is the one of the greatest barriers to the human development progress. Worldwide, the average HDI value for men is 0.749 and for women is 0.705 which is 5.9 per cent lower than that of men (UNDP; HDI Report, 2018). Lower income and educational attainment of women is one of the important reasons of it. The gender gap is widest in the low human development countries, where the average HDI value is 13.8 per cent lower for women than for men. The composite index to measure the gender inequality is the GII (Gender Inequality Index) which incorporates, inequalities in health, education, political representation, and labour market. The higher GII value represent, higher gender inequalities. In 2017 the global GII value was 0.441. All across the globe the gender inequality index differ from region to region. For example the GII in 2017 in region like Sub Saharan Africa, Arab States, South Asia, Latin America and the Caribbean, East Asia and the Pacific and Europe and Central Asia were, 0.569, 0.531, 0.515, 0.386, 0.312, and 0.270 respectively.

Region	HDI			GDI
	Male	Female	Gap	
<b>Latin America and the Caribbean</b>	0.765	0.748	<b>2.3 %</b>	0.977
<b>East Asia and Pacific</b>	0.750	0.717	<b>4.3 %</b>	0.957
<b>Europe and Central Asia</b>	0.785	0.751	<b>4.4 %</b>	0.956
<b>Sub- Saharan Africa</b>	0.567	0.506	<b>10.7 %</b>	0.893
<b>Arab States</b>	0.736	0.630	<b>14.5 %</b>	0.855
<b>South Asia</b>	0.682	0.571	<b>16.3 %</b>	0.837

The most shocking facts about women status in the world, has been revealed by World Bank in its World Bank Group's Women, Business & Law 2018 Report, where it says that 2.7 Billion women do not have the same choice of job as men have. There are 104 economies with labour laws that restrict the types of jobs, women can undertake, and when & where they are permitted to work. There are 123 & 59 countries having no laws to stop sexual harassment, in education & in workplace respectively. There are 18 countries where husband have the legal rights to prevent their wives from working. These are the status of so called 21st century, where the gap between the countries has been faded off, and we are heading towards Friedman, Pankaj Ghemawat, Jak Maa and Stieglitz's notion of Globalisation, where plethora of new kinds of opportunities are being created, new modes of doing business are taking shapes, the notion of Prosumer is flourishing, and more importantly & surprisingly the top 10 companies of the world in terms of market capitalisation and only trillion dollar company are from information technology. Apart from all these, this is the status when world is moving towards 100 trillion dollar economy.

In spite of having all these, why the status of women is so pathetic? Is there problem in public policies? Or policy makers do

not pay attention to these as much as they should? Or Governments overemphasised on single statistical indicator i.e. GDP? Or Governments yardstick for measuring progress is not appropriate? Or is there any ignorance & illusion when it comes to use of GDP as proxy for all? I think the answer could be ignorance & illusion of policy makers regarding GDP as a gospel indicator of everything, and this illusion might have bound the policy makers to overemphasise on this very indicator. But the writings of pioneer national income statisticians and economist like William Petty, Colin Clarks, Richard Stone, Simon Kuznets, Keynes, Gilbert etc. revealed that, the purpose was different than the way it is being used today. The writings of Galbraith, Diener, Easterlin, Nordhaus & Tobin, Cobb, MaxNeef, Heliwell, Sen, Stieglitz etc. have made scathing attack on this very notion of using GDP as proxy for all. Democratic leaders like, F. Kennedy, Tony Blair, Nicolas Sarkozy etc. have also raised voice against this indicator as proxy for all. If the value of housewives, gender parity, social fabric, community capital, community well-being, people happiness, etc. would have been taken into consideration, then the situation would not had been as worse as it is today. Now it's the need of the hours, to look beyond GDP as an indicator of holistic progress.





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## CURRENT SCENARIO OF FOREIGN EXCHANGE RESERVES IN INDIA

Foreign exchange reserves received global interest among policy makers and academicians because of increasing globalization in emerging and developing countries. With the expansion in the volume trade activities and capital inflows in the form of investments and commercial borrowing has led to the emergence of importance of managing the foreign exchange reserves. Globally there has been no unique definition of foreign exchange reserves, however, most countries in the world have adopted the definition suggested by International Monetary Fund (Balance of Payments Manual, and Guidelines on Foreign Exchange Reserve Management, 2001), which defines reserves as "external assets that are readily available to and controlled by monetary authorities for direct financing of external payments imbalances, for indirectly regulating the magnitudes of such imbalances through intervention in exchange markets to affect the currency exchange rate, and/or for other purposes." Reserves are held in one or more reserve currencies, mostly United States dollar and to a lesser extent the EU's euro, the British pound sterling and the Japanese yen. Foreign exchange reserves are called reserve assets in the balance of payments and are recorded in the capital account. The reserves are labeled as reserve assets under assets by functional category. In terms of financial assets classifications,

the reserve assets can be classified as Gold bullion, Unallocated gold accounts, Special drawing rights, currency, Reserve position in the IMF, interbank position, other transferable deposits, other deposits, debt securities, loans, equity (listed and unlisted), investment fund shares and financial derivatives, such as forward contracts and options. There is no counterpart for reserve assets in liabilities of the International Investment Position. Usually, when the monetary authority of a country has some kind of liability, this will be included in other categories, such as Other Investments. In the Central Bank's Balance Sheet, foreign exchange reserves are assets, along with domestic credit. In India, the Reserve Bank of India Act 1934 contains the enabling provisions for the RBI to act as the custodian of foreign reserves and manage them with the defined objectives. The term 'reserves' refer to both foreign reserves held in the form gold assets in the Banking Department and foreign securities held by the Issue Department and domestic reserves in the form of bank reserves (Dr. Y.V. Reddy, India's Foreign Exchange Reserves-policy, status and issues). It is to be noted here that the foreign currency and the securities held by the public including the banks and corporate bodies are not accounted in official reserves holdings. So, it can be said that it is the RBI which lays down the rules or norms in its Act of 1934 regarding what constitutes forex reserves and who is its custodian. RBI operates within the policy framework

agreed upon with the Government of India. Now, we discuss about certain features of foreign exchange reserves.

### MOTIVES FOR HOLDING FOREIGN EXCHANGE RESERVES

Basically, a country holds reserves for 'maintaining liquidity and safety'. By liquidity and safety, we mean a country should possess certain enough amounts of foreign reserves to meet their day to day operations like trading and also to ensure their safety in times of crises. Holding enough or what we call optimum level of reserves helps a country to be self-reliant and have a self-sufficiency to meet their payment obligations, side by side creating a vulnerability which means sensitivity to the stock of reserves, i.e., if reserve level falls beyond optimum level, a country should become alert on accumulation of reserves otherwise their currency would appreciate and their GDP would be affected which may lead to a situation of crises. Apart from self-reliance, self-sufficiency and vulnerability, there is one more thing called 'buffer', which acts a shock absorber in times of crises and helps in bringing economic stability in the country for which certain costs are to be paid which will be discussed later on. For meeting with the requirements of a country in 'times of crises' like for food import, petroleum import etc. for example, let say suddenly OPEC countries might decide to raise the prices. So, as petroleum products are a necessity and we cannot give up on its consumption, we have to finance it through our holdings of foreign reserves. The quantum and timing of export earnings do not coincide with the inflow of foreign exchange reserves from various times of exports. Moreover, all international transactions are credit transactions. So, in order to 'finance our imports', we need to sacrifice some of our reserve holdings. There is a cost of holding foreign exchange re-

serves, so, the management of foreign exchange reserves requires that there may be a shift in the portfolio of reserves.

Country circumstances vary and there is no precise level of reserves that are universally considered either sufficient or optimal. Advanced economies with highly liquid, floating currencies and stable financial market access in domestic currency tend to derive very insignificant value from holding precautionary reserves. On the other hand, countries where currencies are less liquid and having very unstable financial markets tend to hold high level of reserves as it may reduce both the risk and impact of current account shocks and capital account crises. Efforts have been made by economists to present an optimizing framework for maintaining appropriate level of foreign exchange reserves. In simple terms, foreign exchange reserves are said to be adequate when the level of foreign exchange reserves ensures sustainable balance of payments and macroeconomic adjustment resulting from external price shocks or reversals in short term foreign capital flows. In order to determine the appropriate or optimal level of reserves, the following four criteria have been used:

1. Trade based criteria- These are also known as import based indicators or it can also be termed as ratio of non-gold foreign exchange reserves to imports. Under this measure certain months of import bills is covered by reserves, i.e., a number of months a country can continue to support its current level of imports if all other inflows and outflows cease. Reserves covering three months of imports has been conventionally regarded as adequate and considered as a useful indicator for predicting future international payments obligations. While three month of import cover is assumed as the minimum thresh-



old, six months of import cover could be deemed as safe and viable for developing countries. This measure is suitable for low income countries that are vulnerable to current account shocks and do not have significant access to capital markets.

2. Debt-based criteria- The famous Greenspan-Guidottirule, named after Alan Greenspan and Pablo Guidotti, is a debt based indicator for determining the adequate level of reserves. They said that developing countries should amass their reserves equal to all external debt coming due within the next year, i.e., all short term debts. According to this rule, reserves equal to one year short term debt is considered healthy and in simpler way it means to maintain a level of reserves that meets the short term debt with remaining maturity.

3. Money-based criteria- Kamnisky (1999) employed the monetary aggregates and he measured foreign exchange reserve adequacy level as the ratio of foreign exchange reserves to broad money or what we call as base money (M2). Money based indicators are useful for countries that face a high risk of capital flight, i.e., it is a good predictor of crises. These indicators are deemed to be better predictors of reserves in countries with fuller capital account convertibility. Under fuller capital account convertibility, citizens possess the freedom to convert their domestic currency into foreign currencies and vice versa.

4. Reserve drainer approach- Apart from all the criterias mentioned above, there's one more which was suggested by Shcherbakov in 2002 after he examined the Russian foreign exchange outflows experience. He combined all the above explained determining variables of reserves which are import bills, short term foreign debt and broad money to measure foreign

exchange reserve holdings. Shcherbakov opined that once these variables are matched by available external reserves, then external shocks would be cushioned in any economy.

### **COSTS OF HOLDING FOREIGN EXCHANGE RESERVES**

Reserves are often an expensive insurance mechanism, with its cost coming from many different sources and it is often very difficult to quantify their sources. The costs that may arise because of holding excess reserves are as follows:

1. Sterilization costs- Sterilization basically neutralizes the inflationary monetary impact of reserve accumulation by offsetting the associated increase in money supply with a domestic money market operation, typically domestic debt issuance (Green and Torgerson). Sterilization involves controlling domestic currency appreciation which may result in inflationary pressures and can hamper a country's growth. Sterilizing reserve accumulation can be quite regarded as a good tool for controlling inflation in a country, however fully sterilizing reserve accumulation can be challenging. The fiscal costs of intervention, future monetary imbalances and financial sector imbalances may hamper the usefulness produced by sterilization.

2. Opportunity costs- The resources or funds that are used to purchase foreign exchange reserves could be used for several other purposes, like a government could pay off its sovereign short term external debt, since the interest cost of a given amount of short term external debt likely exceeds the earnings on an equivalent amount of reserves. For example, reserves could be used to purchase medical supplies and equipment from a foreign country.

3. Central bank balance sheet risk- Foreign exchange reserves are just like any other foreign currency asset, which can lose its value in local terms if the exchange rate

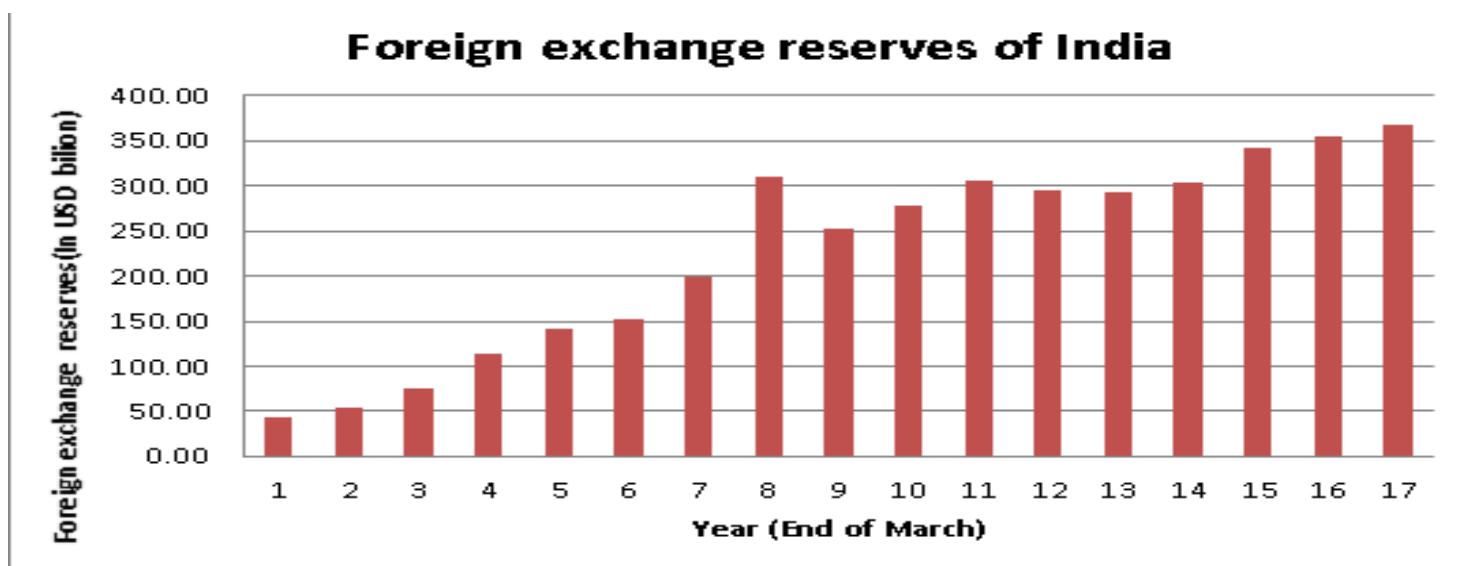
appreciates. As long as interest margins and cash flows remain positive, it may be feasible for central banks to operate with negative capital for a considerable period. However, leaving itself undercapitalized could in time jeopardize the central bank's credibility and ability to target price stability, to intermediate government foreign borrowing, to act as lender of last resort, or to maintain a domestic payments system (Green and Torgerson).

4. Other costs- Reserve accumulation may render a false sense of security, delaying necessary reforms. While reserves may provide some protection against external crises, otherwise unsustainable policies cause undesirable distortions even when they do not end in crises. Large fiscal deficits, for instance, may crowd out private sector investments or create debt overhang problems. And these vulnerabilities, if allowed to grow too large, may overwhelm the insulating effect of reserves and surprise a country previously considered secure (Green and Torgerson).

### CURRENT SCENARIO IN INDIA

Back in the 1990's, we know that India was a closed economy with quantitative restrictions on both exports and imports. As we know, that, at that time India was facing huge current account deficits, there was a need felt for some policy to counter such problems of deficit. One such policy of liberalization, globalization and privatization, popularly known as the new economic policy of 1991, which was implemented by our then Finance Minister and our former Prime Minister Dr. Manmohan Singh. New economic policy basically abolished all the licensing systems and removed quotas and tariffs from importing goods and services. In order to finance our imports of goods and services and for various other purposes

like paying off our sovereign external debt or maintaining the money supply, we need foreign exchange reserves. The bills of imports can be partially set off by the earnings from exports, but, however, as the quantum and timing of exports earnings do not coincide with the import transactions, generally there comes a lag, and in order to finance such transactions, we need foreign exchange reserves. Also, most of the international transactions are credit transactions. Situations may arise in a country, when an economy may fall short of food supplies, which may result in a food crisis, so in situations like this, we need foreign exchange reserves. So, one can say that in a country like India, whose stock markets are highly volatile and whose currency value is also not stable, maintaining and managing adequate level of foreign exchange reserves becomes necessary. In India, foreign exchange reserves are classified in four categories, namely, Gold reserves, Special drawing rights, Foreign currency assets and Reserve tranche position. India's foreign exchange reserves set a high record to touch a new high of \$375.7 billion on May 5, 2017, data released by the central bank on Friday showed. On April 28, the reserves were at \$372.7 billion, the highest since September 9, 2016. Dollar purchases by the Reserve Bank of India to ease volatility in the rupee exchange rate and increase in valuation of its assets has led to the jump in the foreign exchange reserves. The central bank has always maintained that it does not want to influence the exchange rate for the rupee, but would take steps, including intervention in the spot market, to curb extreme volatility.



(Note- in the figure above, Year 1 denotes 2001, 2 denotes 2002 and so on)

From the graph above, one can say that the foreign exchange reserves of India shows an increasing trend, starting from 2001 at a level of \$ 42.90 billion to a \$ 367.93 billion in 2017. This shows an approximately 750 percent increase in the level of foreign exchange reserves. Note that these figures are in nominal terms and are subject to exchange rates prevailing in the respective years (2001-2017). We can see from the table and graph that, foreign exchange reserves increased marvelously till 2008 standing at around \$309.72 billion and suddenly fell to around \$251.99 billion. This fall may be because of financial crises that occurred in United States of America, because financial crises leads to recession which in turn reduces the demand of the economy and as US economy's demand fall, the exports of India may have fallen, which lead to appreciation of the Indian currency, making imports expensive and less attractive, and as a result foreign exchange reserves fall. After 2009, we have seen that foreign exchange reserves gradually increased. However, in some years also, foreign reserves have declined, this may be because of some minor exchange rate fluctuations in the economy.



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Dr. Akhil Prasad  
 B.Com (H), LL.B, LL.M, LL.D,  
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 versity School of Law), Certificate  
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 tuto de Empressa)  
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## INDIAN CORPORATE SECTOR: MY EXPERIENCE

I have been fortunate that my professional career coincided with the opening of the Indian economy. My first experience in the corporate world started, after completing B.Com(H), started as a practical trainee with Essar Gujarat group at Mumbai, which has been one of the leading industrial houses in India Inc. This was in 1989 when: the economic liberalization had not started; the industry was dominated largely by Indian industrial houses and very few multinational organizations; utilization of foreign exchange and its violations were dreaded and draconian; Coke and Pepsi were not allowed to sell; no McDs or KFCs; 100cc were superbikes; no digitalization or automation; very few or no computerization; no Twitters, WhattsApps or Messengers;.... the foreign exchange inflows as project financing were limited, India Inc was restricted on funding either through internal accruals, inter-corporate deposits or bank finance;...foreign direct investment was still highly restricted and controlled... Reliance Industries ruled stock markets and the quantum of funds they could raise from the bourses, was completely unheard of and I was fortunate to participate in one such "mega" issue of Rs 580 crores public issue

of convertible debentures for Essar. I was a commerce student till then and got interested in the Company Secretary profession because, Essar's then Company Secretary was the "go-to person" as he managed and controlled all activities related to the "mega" public issue. As a trainee, I got a lot of "hands-on" experience dealing with Merchant Bankers, Banks, Controller of Capital Issues (SEBI's previous avatar), Stock Exchanges (there were about 27 then, there was no inter-connectivity, so listing agreements had to be signed with each one of them to ensure trading of securities)...yet my best experience was cleaning a CanFina office at Fort, Mumbai (Canara Bank's Merchant Banking division, which managed Essar's issue) of issue proceeds, which I had to load on my back and put in trucks, along-with other laborers...that journey in the truck made me think about the value of education (which still hasn't ebbed!!)...one labourer in the truck asked me (since I was a graduate), how much money do I make, I said Rs 800 a month, he smiled and said "I make Rs

1000 and have studied upto 8th standard"... the quest for education inside me grew stronger. Next morning, I enrolled for Company Secretary program, this was in the year 1990.

I returned to Delhi in 1991, when the then Prime Minister PV Narasimha Rao and the then Finance Minister Dr Manmohan Singh ushered economic reforms (at a time when India had gold reserves, worth a value of only a few weeks' imports). I did not realise then what it meant but recall a warm welcome of the reforms by both domestic and international business community. As happens, with any new initiative, there were some scepticism about the fact that opening of the economy to foreign investment would lead to competition, where Indian industry would suffer at the hands of foreign players...well the players in the Industry may have changed but thankfully in most of the businesses, where Indian owned businesses had to face competition from foreign players, Indian businesses have become as large as the foreign players (Tata, Birla, Ambani, Mahindra....have even acquired businesses overseas), this has been a significant achievement of opening up of the Indian economy thanks to India's huge captive market. Simultaneous to the opening of the Indian economy in 1991, the services sectors, IT telecommunications and BPO, came about to

take over the manufacturing and trading community. Airtel, Vodafone, Reliance, Hutch ran neck to neck for dominance alongwith MTNL and BSNL, with private sector standing out in terms of the subscriber base!!! Infosys, Wipro shook up the entire nation and also international community for the low cost, high end services that India would provide, which prompted companies like IBM, Accenture, GE to take advantage of "young, skilled and affordable manpower and a back-office to the world", the process of brain drain was poised to reverse. Food majors like Coke, Pepsi, McDs, KFCs started with their franchise expansions and so did Haldiram and Bikanerwala, giving their best to the Indian consumer...Due to rapid business growth, the demand for a Corporate Counsel grew and I focussed my attention to be become a Corporate Lawyer, in addition to the Company Secretary. During 1993 to 2000, I worked for Modicorp, where I was exposed to work for Xerox and Graphtech. These two companies focussed on technology innovations like colour photocopiers, fax machines and computers. Modicorp had other joint-ventures, as was the norm in those days that a foreign partner would tie up with Indian business house with a 50:50 partnership. Modicorp was among the pioneers to tie up with Telstra, to provide cellular operations in India. The peak call rate was



Rs 32/minute, which saw regulatory authorities like TRAI and DoT come up to make telephony much affordable for Indian consumers, which now is the cheapest in the world. By 2000, in addition to Company Secretary, I completed LL.B and LL.M from Indian university.

As the Government opened more sectors in manufacturing and services to foreign direct investment, the consumer durables markets boomed. White goods like frost free refrigerators, high end air conditioning, dish- washers, flat screen televisions, Nokia mobile phones, started to capture fancy of the consumers. Samsung, LG, Whirlpool, Electrolux, Carrier multinationals ... in tandem with home grown Godrej, Voltas, BPL, Videocon made automated products appealing to the Indian consumer. In 2000, I joined Electrolux as its General Counsel. Electrolux had a joint-venture with an Indian partner Maharaja Whiteline, when the forex and FDI controls eased, saw Electrolux acquire it 100%, also Electrolux acquired white goods business of Voltas. For me it was a truly multinational experience, got integrated with the "International Law team", as global team member and suddenly the organization appeared taller. Then in 2003, came General Motors and my exposure to a world class organization, which has been a Fortune 500 company since 1955, despite its

bankruptcy. In GM (in addition to Electrolux), I learnt the importance of brands. GM was migrating from "Opel" to "Chevrolet", which saw a complete change in the vendor selection, sourcing, car models, manufacturing that exposed me with all kinds of business and legal issues in the Asia Pacific region, negotiating with Korean, Chinese and Thai suppliers. The Indian Auto industry, in those days feared competition in manufacturing from Thailand but thanks to the ongoing reforms in manufacturing and tax rationalization, almost all international brands in the automotive sector have started to manufacture in India, auto industry and markets continue to grow due to large Indian consumption and export markets. The automobile market is dominated by foreign players, Suzuki (was half Indian for a very long time), Hyundai, Toyota... and Tata, Mahindra, Ashok Leyland ...., on the other...the two wheeler segment dominated by both Indian and foreign manufacturers...Bajaj, Hero, TVS...Honda, Suzuki... others...sadly Hindustan Motors and Premier Padmini for brands like Ambassador and Fiat, perished due to competition. Thanks to the initiatives by the Government of India, auto manufacturing in India has been world class both in terms of scale and quality. The automobile eco-system is strong with auto- ancillaries, being among the largest in the world. By

2005, I had added more educational competencies: PhD in Commerce, Solicitor of England and Wales and Company Secretary of England and Wales.

Indian economy saw a lot of potential in opening up of Media and Entertainment business. The dominance of Doordarshan and film industry had to give way to entertainment at home, so cable TV, satellite TV provided the desired replacement. With smart phones getting better and superior, Nokia faced immense competition from Samsung and Apple, which brought about growth in the smart-phones due to the entertainment content that the consumers were exposed to on the smarter devices that the latter offered. In 2005 I got an opportunity to work for The Walt Disney Company at Mumbai, which has one of the most recognized characters like the Mickey Mouse; studios like the Pixar (and now Marvel and perhaps Fox). All major international organizations are great at adapting to the local markets, so did Disney to commence production in India and acquire UTV Pictures. Disney also expanded its television business by starting to downlink two kids channels; consumer apparel business by opening stores across in India; publishing its comics and distribution of its content on mobile. In addition Disney started its film distribution through various tie-ups. This was a fantastic experience, as I was exposed to licensing of intellectual property and help set up its business

in India, including acquisition of UTV. Then in 2007 (till 2013), I got another wonderful opportunity to work with Fidelity, which is known globally for its mutual fund and private equity business. In India too, Fidelity started its Mutual Fund and Private Equity business and expanded its IT and BPO network to cater to its worldwide customer base. By this time the Indian economy had completed its major reforms by opening almost every business sector possible and help create an eco-system, which not many countries can boast of that local and global corporations leading in same line of business. The level playing field that was bargained for, was no longer an issue. The only restricted sector that was looking to open up was Defense and I got this opportunity in 2013 to work for The Boeing Company, world's leading corporation in aerospace, aviation and defense. It was during this phase I completed my second Doctorate (in Law) and completed Master of Laws and Business Administration from Northwestern University, USA and Instituto de Empressa, Spain.

I have been very fortunate to start my career, when the India's economic liberalization started. The generations before us had limited opportunities and we are fortunate to witness growth all around and in every

sphere of business activity, whether in manufacturing or services. India's growth story and future potential is immense and everyone of us should try and make the best of it. The future is immensely exciting, as e-commerce, digital economy, artificial intelligence, autonomous vehicles and platforms, startups bring out more ideas and opportunities for everyone to reap rich benefits. The story has just begun and all of us have a great role to play in making India better, richer and prosperous than ever before.





Shuchi Sareen  
(Marketing  
Manager)

## STARTUPS: WHAT NOT TO DO!

As short & sweet as it sounds, 'STARTUP' is a scary word. You would know if you've worked in one. Oh! So, you've started one yourself! Wow! You are in some big shit. All jokes apart, this new thrill that everybody is trying to acquire is not really everybody's cup of tea, or coffee, whatever you prefer? The startup success rate is also not achieving success, apparently. According to Forbes (a magazine even if it will lie, we all will believe), 90% of the startups are failing in the initial few months. Now, as I was a part of one, I can tell you why. Being a startup founder yourself or a part of some other nerd's dream, you could really use some help from my thrilling, yet not such a fun experience. Also, even after reading this article, you won't be able to make everything right. But well, maybe a small start.

- [Wrong Market fit](#)

Do you ever go shopping and get a size bigger for the shirt you liked and then sulk that you need to go back and get it exchanged? Now, imagine doing that again & again. And again! But remove the shirt from the picture and bring your startup instead.

The biggest reason startups fail (and I am very sure about this because I have been a part of one and also, read a lot of articles, believe me) is 'Not selling in the correct marketplace'. Can you really go and sell diamonds to the people who dwell in slums? NO! We agree you had a great idea, you built a product out of it with your blood and sweat and hoped for the best when you went to sell it. The small thing you forgot to do is research about the correct place your product will be useful for and what challenge you will actually be solving. Unless people realize there is some problem in their life, why would they try to solve it. Hence, a downfall for your product. The first step you need to get to is, 'Look for the best market fit' or 'Make a market of your own'. The latter would be much harder, so I suggest, we choose the former.

- [Being married to a bad idea](#)

Nobody even stays married to a bad spouse nowadays, then why get stuck to an idea if it isn't working out anymore? Some founders are so unbelievably arrogant that they

think their king- sized idea would never fail. We know you left your job for it or gave up some stuff, okay! A lot of stuff, but if it has been months and no traction is knocking on your doorstep, it might be one of the possibilities that your idea was not a good one! Isn't it better that you accept it and move forward instead of going on in the wrong direction?

It's common sense. Even ants turn around when, out of the way obstacles arise, but keep going to find the right kind of challenges. No, I am not telling you to give up. I am saying if you are giving in your precious time into something so big, be a lot more flexible so that you don't keep going downhill.

- [Slow/No decision making](#)

Most of the decisions taken in startups are intuitive and of course according to the expense left. In my opinion, there should be only a single decision maker in this game. And that person should be the one whose idea it was in the first place. Why?

Because, too many cooks do spoil the broth. Also, because he / she is the one who has seen the bigger picture already.

Do you really think SpaceX would have been such a huge firm now if there were four Elon Musk's sitting in the CEO's chair? NO! And of course, taking advice is always on the table and it is necessary to hear out everybody. But the last decision making must be with the first person.

Yes, I knew you would counter saying a single person cannot do all the work. Agreed! So, who is telling you to do it all yourself. Just be there when YES or NO needs to be answered for all the decisions, mind you, all of them! Atleast the big ones. Let's look at this story example which I found online (Link below; Don't sue me for copyrights!).

Mr. John Rampton, a serial entrepreneur, an investor and an expert in online marketing now, found his company hacked before it came to this big spot. His usual reaction was 'Oh! Fuck. We are screwed.', obviously! But then he talked with the hacker. This was the person who had hacked Paypal a few years back. The goon asked for a ransom of 1000\$. Rampton did not let it go so easy. He asked the hacker to find bugs in his system and solve a few in that amount. The hacker agreed and till today, the hacker is his Software Tester and bug resolver.

Why? Because Rampton was there! He took the right decision even though hastily.

- [Ran out of money](#)

This is not the biggest but the most common reason why most startups come crashing down. Even though some founders know they do not have enough funds, they spend recklessly on trying new advancements. When this advanced thinking retreats with the decrease

in money, the startup takes its new name - 'closeup'. (I know bad joke! Still! You smiled)

Two conclusions at this point: If your product is good enough and is solving a particular challenge in the best way, it will be purchased even if you bill it annually. (which you should!)

- Try new stuff but keep aside a limited amount for each fiscal year. Do not give out all the money in risk taking & experimenting.

- The aim should be to earn more traction rather than ask for more funds. (The angel investors are not that angelic after all

Another reason behind running out of money is having a poor pricing plan. In the greed of getting more user experience, founders give out what they made for free. Did you not see Batman? 'If you are good at something, do not give it out for free'.

Okay! We know you need feedback. But limit the free stuff or the time for which you are giving out your product for free. Put a charge on the damn thing! You made it! Now, earn from it!

This one is also tricky. Putting a price, a person can't deny. Just another day, I was scrolling through Wordpress and came across their pricing plan. It was a mere 200/- for the basic plan. So, I decided let's buy it. When I proceeded to check-out, it asked me to pay 2400/- for the whole year. 'Damn! You are a smart person, aren't you, Wordpress Co-founder?' But anyway, I decided

to purchase because I needed the services.

If your product is good enough and is solving a particular challenge in the best way, it will be purchased even if you bill it annually. (which you should!)

#### • Lack of Passion

That was the first thing we all started with. 'I am passionate about this idea'.

I want to pursue it as a profession and make something good out of it.

However, when you start mouthing stuff like, 'I can get a job and give it all back to the investors if this does not work', you have accepted Plan 'B'.

We all have backups. We all are afraid at times. But this or that, hop on one boat. Choose. A or B. or maybe a C.

But pick one and go thoroughly with it. The backup will still creep up from behind and you might even have to accept it if nothing works. But don't leave your A, B or C until you have given your last breath.

(I don't imply death in any way!)

The passion does not get lost in the way. It just hides sometimes behind the fear, anxiety or excitement (If your startup is going well).

It can always be brought back or in the worst case, given up. Hey Plan B!

This was my take on what are the



possible gaps that result in reports like '90% of startups fail'. I am an aspiring writer and hope to be one someday. Yes! I am also in deep shit. I'll leave you with this one line,

"If you don't do it, someone else will".





Rahul Magan  
Group CEO & VC, Treasury  
Consulting Group

# TREASURY RISK MANAGEMENT: VIRTUAL ACCOUNTS

Proliferation of bank accounts, unreconciled suspense entries and fragmented liquidity are challenges for both domestic and international corporations. Virtual accounts tied with automated liquidity management structures provide a scalable way for treasurers to automate processes and simplify liquidity management whilst concurrently reducing physical bank accounts and streamlining resourcing.

When asking a treasurer about their business, they typically cite the number of bank accounts as a measure of the scale and complexity of the treasury function. How valid a measure is this, however? Every bank account adds complexity: it needs to be reported on and reconciled, balances managed, and authorised signatories maintained.

Every account also has a related cost and represents a potential security risk without adequate oversight over signatories and balances. With virtual accounts and virtual ledger solutions maturing and becoming more interconnected with liquidity management structures, however, we could be seeing a reversal in which the sophistication and effectiveness of treasury is measured not by how few accounts they have,

but by how many virtual accounts they have.

## Changing Structure of Treasury Management

When asking a treasurer about their business, they typically cite the number of bank accounts as a measure of the scale and complexity of the treasury function. How valid a measure is this, however? Every bank account adds complexity: it needs to be reported on and reconciled, balances managed, and authorised signatories maintained. Every account also has a related cost and represents a potential security risk without adequate oversight over signatories and balances. With virtual accounts and virtual ledger solutions maturing and becoming more interconnected with liquidity management structures, however, we could be seeing a reversal – in which the sophistication and effectiveness of treasury is measured not by how few accounts they have, but by how many virtual accounts they have.

Payment on Behalf Of (POBO)/  
Receivables on Behalf Of (ROBO)

Treasurers' desire to reduce the number of physical bank accounts is not new. For example, many larger corporations have set up in-house banks, in which treasury provides banking services such as funding, investment, cash, liquidity and risk management to group companies. As part of an in-house bank, treasurers are increasingly introducing payments on behalf of (POBO) and/or receivables on behalf of (ROBO). Under these arrangements, companies make payments or collect incoming flows 'on behalf of' group companies, removing the need for these entities to hold their own bank accounts. These implementations are not frictionless as customers may prefer to pay a local account – while suppliers may challenge or find it difficult to identify and reconcile payments made by an entity different to the one that they invoiced. The need to simplify and streamline cash and liquidity management is not limited to large multinational businesses. Scalable, accessible solutions are also required by smaller or less mature treasuries that have not yet built sophisticated in-house banking and 'on behalf of' structures. Consequently, virtual account solutions emerged, starting with supporting automated reconciliation and moving on to simplifying liquidity management for

treasuries of all sizes and levels of sophistication.

These impending changes can be considered as one of the most sweeping transformations to the banking industry across the Globe. There are many Treasuries functions across Corporates who are very versatile in nature however hard reality is 99% of Treasury Functions across the Globe are running like a Cost Centre and not as a Profit Centre.

#### Treasury Risk Management – Upcoming Challenges vs Opportunities

β Globally more than 16 Regulatory Regulations are coming or getting stringent like AIFMD, AMLD4, Basel III, BCBS 239, Benchmark Regulation, The Comprehensive Capital Analysis & Review (CCAR), EMIR I, EMIR II, FATCA, GDPR, SFTR, GIPS and respective. How many Treasury Functions are Prepared?

β Treasury Technologies are also changing like Treasury Management Systems (TMS) but the real question is how many Treasury Function across the Globe are having Treasury Management Systems (TMS) in place?

β The upcoming mandate by Monetary Authority of Singapore (MAS) – 610 – Risk

Aggregation & Statistics Reporting would lead to dismantling of ACU vs DBU. Is the Banks ready? Are Corporate ready? Is Credit Markets Ready?

β Last but not the least how many Corporate Treasuries having Payment on Behalf Of (POBO), Receivables on Behalf of (ROBO), Virtual Accounts, XVA Desks, In House Banking? How many are thinking to have that?







Rahul Magan  
Group CEO & VC, Treasury  
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## LEGAL FRAMEWORK FOR DERIVATIVES

Hedging transactions such as Foreign Exchange (FX), Fixed Income (FI), Interest Rate Swaps (IRS), Commodities Derivatives are usually covered by the combination of a standard master agreement and deal specific confirmations.

ISDA Master Agreement 2002: The International Swaps and Derivatives Association is a trade organization of participants in the market for over-the-counter derivatives. It is headquartered in New York and has developed a standardized contract (the «ISDA Master Agreement») to govern derivatives transactions. The ISDA Master Agreement<sup>1</sup> is a bilateral framework agreement which contains general terms and conditions, such as provisions relating to payment netting, representations, basic covenants, events of default and termination, and provisions for close-out netting. However, it does not, by itself, include details of any specific derivative transaction the parties may enter into confirmations.

The ISDA Master Agreement is a standardized format that will not be amended. The Agreement also includes a Schedule in which the parties

elect certain options and may modify sections of the Master Agreement if desired.

The two primary issues dealt with in the ISDA Master Agreement are:

**Credit Events of Defaults:** The ISDA Master Agreement includes eight Events of Default, the most important of which are generally considered to be Failure to Pay or Deliver, Bankruptcy and Cross Default. Cross Default refers to a default of Specified Indebtedness, which is defined as any obligation in respect of borrowed money. It is called «Cross» because it relates to transactions entered into with third parties.

**Termination Events:** The ISDA also includes Termination Events, which are distinguished from Events of Default since they are considered events that are not the fault of the counterparty. In addition to the enumerated Termination Events, the ISDA Master Agreement allows parties to specify «Additional» Termination Events in the Schedule or in a Confirmation,

which can be specially tailored. These are often linked to credit concerns, with parties utilizing the provision, for instance, to incorporate downgrades in credit ratings (either unilaterally or bilaterally), or to include a trigger upon material changes in the management structure of a party.

Another key credit aspect of the ISDA Master Agreement is the ability to link entities related to the parties to the ISDA Master Agreement to the agreement by naming them as Specified Entities in relation to certain Events of Default and Termination Events. If an entity is designated as a Specified Entity («SE») for Party X in relation to an event and such an event occurs with respect to the SE, then the event will be triggered against Party X under the ISDA Master Agreement and the counterparty will have the right to terminate the ISDA Master Agreement even if the event has not occurred in relation to Party X itself. Parties may wish to provide for this if other entities of a group are also trading counterparties or if they are simply important from a credit risk perspective.

**Netting Payment & Settlement Netting:** This form of netting deals with the offsetting of payment or delivery obligations owed under one or more transactions due on the same business day and expressed in the same currency

or having the same International Security Identification Number («ISIN»). It is used to mitigate settlement risk, also known as Herstatt Risk, after a failed German bank that highlighted the dangers of settlement risk.

**Close Out Netting:** This form of netting deals with offsetting of market values or replacement costs calculated in respect of two or more transactions existing on an early termination date. It is used to mitigate credit risk. Netting of exposures across a variety of transactions (cross-product) enables a potential reduction of credit risk and recognition thereof for risk capital purposes. When the two or more transactions are terminated, close-out netting will be performed, the transactions will terminate and be replaced by a market value or replacement cost position. Then, a single amount in the termination currency will be determined payable by one party to the other.

**Credit Support Annex (CSA):** ISDA also offers a credit support annex: the ISDA Credit Support Annex («CSA»), an add-on document that can be easily appended to an existing ISDA Master Agreement, which further permits parties to mitigate their credit risk by requiring a party to which a derivative Transaction.

The main clauses negotiated in the CSA are:

β Threshold: defines the level of mark-to-market exposure below which no collateral is required to be posted Eligible

β Collateral: defines the type of instruments which can be posted as collateral

β Valuation Date: defines the regularity of the counterparties estimating their respective mark- to-market exposure for the purpose of determining any required collateral

β Minimum Transfer Amount: assuming there is no independent amount defined, this is the amount by which a party's exposure must exceed the sum of the posted collateral, before more

collateral may be called Distributions and Interest Amount: posted cash would earn interest, while the counterparty who had posted it, is unable to use it this clause defines what rate of interest it would earn (e.g. EONIA, 3m LIBOR). If securities are posted, the counterparty posting continues to receive bond coupons Rating Triggers: should a counterparty be downgraded by one or more rating agencies to a pre-defined level, for example from A to BBB, certain provisions might become more stringent or become applicable at that point. The most commonly agreed consequences are the Threshold going to zero or the frequency being increased to daily etc.

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Agraj Srivastav  
BCom ,2nd Year

## CURRENCY SWAP



**‘Just imagine you have a rich uncle, who said whenever you need money, just ask me and I’ll give you Rs. 75 lakhs as loan with an extremely low interest.’**

A similar agreement like this happened in October this year between India and Japan, the only difference is that both countries will play the role of ‘rich uncle’ to each other. Amid the continuously depreciating Indian rupee this year, India and Japan inked one of the world’s largest bilateral currency swap agreement of worth \$75 billion, which involves the exchange of currencies between two countries.



Under this agreement, RBI can draw upto \$75 billion worth of yen or dollars in exchange of rupees or dollars as loan at a pre-determined interest, which is likely to be very low, which it’ll have to pay after a particular period. RBI can either pay these yen (or dollars) to the importers or it can just increase its own foreign exchange reserve which has been decreasing this year. Because of the availability of Yen or USD in RBI’s Foreign exchange reserve, the demand for US Dollars is likely to decrease, which will, in turn, strengthen Indian rupee against the USD.

### WHY JAPAN?

Japanese Yen is a hard currency- which means, it’s accepted worldwide as a medium of exchange. It is expected to remain stable in a short period of time

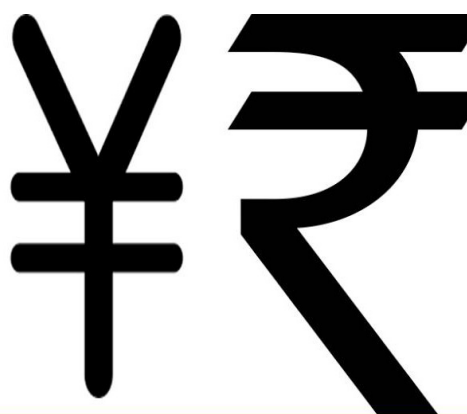
and is highly liquid in forex market

**Possible benefits of this agreement:**

This agreement will certainly promote the bilateral trade between the two countries, and will help in maintaining the value of foreign exchange reserves with the central bank. It will also ensure financial stability, thus protecting the health of the banking system.

**Will this deal help Indian rupee to boost?**

This deal may not boost Indian rupee immediately until India asks Japan for the swap. But until then, it'll certainly boost the confidence of investors planning to invest in India.





Radhika Bhathla  
BCom ,2nd Year

## CURRENCY CROSSFIRE: ON THE WEAKENING RUPEE

For the Indian rupee, already grappling with high crude oil prices and the growing heft of U.S. dollar, the latest shock came on account of the fall in Lira: the Turkish currency. The Lira has slipped around 40% against the U.S. dollar. There are many factors at play for Turkey's currency crises including its standoff with the U.S. The Trump administration decides to double tariffs on steel and aluminum imports from the NATO member country – Turkey. As a consequence relationship between U.S. and Turkey is tense. Consequently, the crash of the Lira has had a ripple effect on most emerging market economies. Rupee has been the worst performing currency in Asia this year. It is however not the only currency to be in the doldrums. But this slip in the

Indian currency will impact the economy. One, it keeps the cost of oil imports relatively high. Therefore, India will have to pay more in local currency for crude oil keeping the oil import bill high. Two, it will affect current account deficit – the gap between foreign earnings against expenses. Third, it has the potential to fuel inflation. Last, but not the least it affects foreign investments in stock markets. However, on the positive side a falling rupee should aid our exports and improve the global growth outlook. Hence, it is a good time for the country to boost its exports. Thus, there is infact no need on account of the Indian rupee. Therefore, barring the decline it is expected that the Indian currency will become stable in near future as India is better placed than most other emerging economies to use the tumult as an opportunity instead of seeing it as a calamity.





Simran Bhola  
BCom ,2nd Year

# ORGANISATIONS FORGING TOWARDS SUSTAINIBILITY

In the late 20th century, a new trend of sustainability emerged, which became so popular that in today's world if an organization is seeking a long-term reputation and brand image in market, it has to contribute at least 10% of its resources in social development. The organizations which keep sustainability as a part of their organizational goals, have proved to be more profit bearing than those which focuses merely on numbers and earning. There's a common myth that sustainability costs way more than the reach of small-scale business owners, but as a matter of fact, it only requires a little amount of efforts and concern. According to an article on Harvard Business Review, there are three approaches to making sustainability profitable.

- 1) Start with a more expensive investment to generate lower long-term yield.
- 2) Bootstrap sustainability through small changes that save a lot of money, which can then fund bigger initiatives.
- 3) Share sustainability efforts with customers and suppliers to create new and unique business models.

By the change, a non-profit organization, helps the entrepreneurs working for sustainability, by listing such organizations. It certifies these organizations, and thus, the certificate has a great value. It has been seen that the sense of volunteering and

contributing to the society have been increasing since the past decade and so do the CSR activities carried by multinational companies. This is one of the reasons why organizations are adopting sustainability, to provide a sense of belongingness to their employees, which ultimately acts as a motivator. As a part of the society, firms exploit the available resources, it becomes their duty to minimise this exploitation. Rather than seeing it as a charity or generosity of today's corporate sector, it must be considered as an obligation.







Dhuman Kumar  
Bcom (H), 3rd Year

## POWER OF COMPOUNDING

Albert Einstein said, "Compounding is the eighth wonder of the world. He who understands it, earns it, he who doesn't, pays it". Compounding is the process of increasing the rate of returns on an investment over a period of time. This happens when the profits earned are reinvested giving a person returns on both the principal amount and the reinvested amount. The secret of compounding is the magic of exponents.

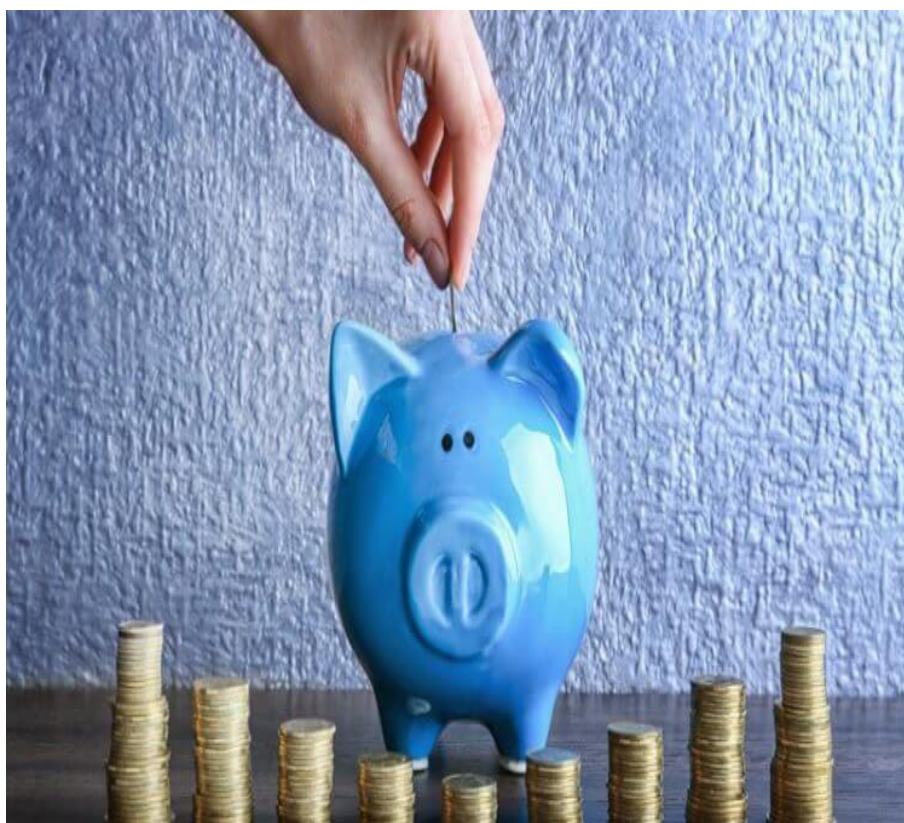
There is a very famous story behind the power of compounding. Once there was a king who was a big chess lover who used to challenge wise people to a game of chess. To motivate he could offer any reward. One day a wise monk who was good at mathematics was challenged by the king. The monk beat the king. How? In reward the monk asked for one grain with a condition. The condition was to place it on first chess square and double it on every consequent one. The king didn't realize the plan thinking it was a small reward and lost all his wealth at the end. It was because one grain on the first square became 18 million trillion grains of rice on 64th square!!!

Compounding is always used as a wise investment

philosophy; it means the earlier one starts investing his money the more corpus he can build for his retirement. It is backbone of the principle of long term investing which made many rich over a period of time. The sooner one starts investing the more compounding he gets. The stocks which show more power of compounding are known as Multibaggers. It is said that 10 thousand in Infosys in 1993 would now have been 2.97 crores and 10 thousand in Eicher Motors in 1990 is 2.01 crores now. This is what power of compounding can do. A tree once planted gifts you for years. This is what makes compounding a best friend which gives more fruits and shade when it grows for years just like a tree. So whether it is Warren Buffet, or Rakesh Jhunjhunwala, all realized this secret at a very early age. This secret is used in wealth creation strategies all around the world. Still most of the people ignore the power of compounding which is the only accelerator of building up a great corpus. One must remember the rule of investing:

start early, be regular and be patient, as it is a slow process. There are many products offered in the market to create wealth for investors over a period of time. Systematic investment plan (SIP) in mutual funds is one of them. Warren Buffet started investing at the age of 11 which was a great example of power of long

term holding and compounding. So the person who knows the secret can build a huge wealth and plan his investment goals accordingly.





Disha Dani  
Bcom (H), 1st Year

## NEED FOR ADVERTISING IN MARKETING



**The world is so big, so are the problems of the people living on it. If your business is one that is capable of creating solutions to those problems, definitely your business needs advertising.**

The market today is flooded with numerous products and services available for its customers at a very reasonable price. Thus the key weapon to pitch their potential customers is through impactful advertising. It is the most powerful weapon to market any product or service with. A strong advertisement campaign creates a lasting impact in the minds of the customers and can make them prefer the product over the other available. Companies spend lakhs of rupees over a single product to create a superior image of its product. Even a small product requires

a great advertisement to create awareness that the product exists in the market. Advertisements also enable the customers to know about the latest changes and innovations in the existing products or to know about the new products being released. However for a successful advertisement, various marketing strategies are required. Advertisement is equal to just one of the piece of the pie in the strategy. Thus, advertisement and marketing are complementary to one another, they cannot be used separately.





Naitik Bhadauriya  
BA (Hons.) Political Science, 1st Year

## INCLUSIVE ECONOMICS

The societies and nations of today are driven mainly by their economic process. The world is going through a transition where the era of ideologies and political systems are becoming redundant. In the next two decades, the economic leadership is poised to play a far more important role in the world than the political and military leadership. When the economic engine is driving the very fundamentals of the world, it is very important that the leaders who handle the economic process rise above ethnic, religious and national identities as the economic process can no longer be contained within any kind of identity or boundary. Over 80% of the world's economy is controlled by less than 2500 people. If even a 10% change happens in their hearts, the world will change. The world is hungry not

because there is no food. It is just that those who need it are not getting it because, one way or the other, those who have the power and the means have not cared enough to do something "Inclusive Economics" means empowering the whole of humanity to participate in a robust, all-inclusive economic process. For example, providing good health care and quality education for the disadvantaged populations is not charity. It is an investment that creates quality human resources and expands markets, furthering the reach and scope of the economic engine. This does not mean going back to failed systems like communism or socialism, but administering and driving the economic engine in a gentler and compassionate way that will lead to including every human being. Leaving over 50% of the population out of an active involvement in the economic process does not make good business sense. For this process to sustain itself, it is imperative that it be driven not by personal ambition, but by vision. It is extremely important that individuals in key economic positions who shape the life and future of humanity are firmly



## INCLUSIVE ECONOMICS



established in an inner experience of inclusiveness. all-inclusive experience of life. If we truly have to

What is ambition? A human being wanting to be something more than what he is right now. Whatever economic, social and other levels of existence that one may be in, every human being according to his imagination and understanding of life is seeking to be something more than what he is right now. If someone is starving right now, his ambition is that somehow, for the rest of his life he must have at least one meal a day. If he has one meal, he thinks of two. If he has two, he thinks of a home. If he has a home, he thinks of something else.

The bane of the world is just that human beings are working with limited individualistic ambition. Instead of working with ambition, if people work for a vision of their own, a deeper vision of life for themselves and for everything around them, their ambitions would never be in conflict with anyone else's vision, because fundamentally, all human beings are working for human wellbeing. Today, for the first time in the history of humanity, we are capable of addressing every fundamental human problem on this planet – nourishment, health, education – you name it, we can address it. We have the necessary resources, capabilities and technology. Whether we will do it or not simply depends on how inclusive our experience of life is. In our lives, if we do not do what we cannot do, that is not a problem. But if we do not do what we can do, that is a disaster. And right now, what we can do compared to what we could do a hundred years ago is so incredibly enhanced, but what's missing is an

create solutions that are relevant for all, an experience of absolute inclusiveness has to happen to humanity, particularly for the leadership



**Economic growth**  
should be  
**sustained,**  
**inclusive and**  
**sustainable**





Ridhi Singhal  
BCom Prog, 1st Year

## GOLDONOMICS

“IS INDIA A RICH COUNTRY WITH POOR PEOPLE?”

India is one of the largest markets of gold. It plays a very vital role in our country's culture; a symbol of wealth, status and a fundamental part of many rituals. This is precisely the reason why we love investing in gold. Among the country's major population, a deep affinity for gold goes hand in hand with practical considerations of the portability and security of jewelry as an investment. Gold has the power to influence and impact currencies. In 2011, India imported more gold than any other country, which was approximately a fifth of global annual supply. This was the same amount that sits in the central bank vaults of Switzerland. As a commodity, gold does not add any real value to the productive capacity of the economy. Most of the gold that's

purchased in India is stashed away in lockers and safe boxes, or converted into jewelry. Those who hold gold are just waiting for it to appreciate so that they can see some income and returns on investment, or just hold it even after it appreciates to increase their personal wealth. Indian households, together, are the world's largest hoarders of gold and hold a record of 23,000-24,000 tons of gold worth at least \$800 billion, despite a sharp fall in international prices from their peaks in 2011. Even Wealthy Hindu temples are creating problems. According to a study done by the world gold council, "In 2011, one temple in south India was found to have more than \$22 billion worth gold hidden away in locked rooms rumoured to be filled with snakes". The act of hoarding, whether it is money or gold, depresses economic activity, as demonstrated by Keynes in his paradox of thrift. Around 75% of Indian saving is done by households and 66% of the same is in real estate and gold - and in our perspective, for the health of the macro economy,



more of it should go into financial instruments like shares, bonds and even just plain old bank accounts. Because savings in gold is just dead money while saving in financial assets is what finances investment elsewhere. India accumulated gold by running trade surpluses. Today, gold is a major contributor to India's trade deficit. We are importing a lot of gold that is affecting our current account balances and thereby they are causing deficits (current account deficit is a measurement of a country's trade where the value of the goods and services it imports exceeds the value of the goods and services it exports). According to the RBI's weekly supplement, CAD (current account deficit) had already crossed the 18 billion US\$ mark by July 2018. Translated into rupees at an exchange rate of Rs. 75 to a dollar, that meant Rs. 135,000 crore. The larger the deficit in the current account with respect to the gross domestic product (GDP), the riskier it is for the overall economy. While individuals may view gold as an asset, but **The risks involved in having high current account deficits are as follows:**

- If this deficit is financed through borrowing it may become unsustainable in the long run as it will burden us with high interest payments.
- Also, if this carries on, at some point of time we might lose the confidence of foreign investors.

This deficit can cause fall in the value of currency. At present, there are precisely two problems caused by gold in our economy: - High gold imports causing high current account deficit. - Gold hoarding by households which never reaches the government gold reserves. If the gold circulates in our economy and reaches the gold reserves our government has, it can make us a very powerful country. The United States, seen as a super power today, claims to have the highest amount of gold reserves in the world. We believe that the amount of gold we are holding in our homes and temples is so much in quantity that even if a part of it reaches the government, it can do wonders. If the value of dollar falls in the future, only the countries with backing of gold will survive. It is a dead investment for a society as it produces nothing if not circulated in the economy. The living standard of the average person would have been much higher had we not been obsessed with hoarding gold. In order to make our economy stronger and our country powerful we have to utilize that one thing we have a soft corner for GOLD- the precious yellow metal.

and economics papers. If accountancy is known for - a calculator for your sharp mind and a ruler for its balance sheets and ledger entries, economics for drawing your balance sheet and ledgers. requires the mastery of graph making. As each mark

counts, why not earn marks from these drawings? 9 "Why you didn't take science? It has more scope."

### 5. Planning your own business

You study so much about business, entrepreneurship and partnership, that you often wonder whether you should start your own business. Studying topics like how to start a business, its principles and how to form a good partnership no doubt makes each of you a virtual businessman.

### 6. High cut offs

B.Com (hons) has massive cut offs. Last year the cut offs for B.Com (hons) went up to 98 per cent, while in 2017, the DU cut-off at SRCC was 'reduced' to 97.50 per cent. One has to work very hard, if their dream is to be a student of Delhi University, especially with a commerce background.

### 7. T.S. Grewal is your faithful companion

This book is the mastermind of accountancy. If your balance sheet does not match with the NCERT, then you can get relief from T.S. Grewal. Every commerce student keeps T.S. Grewal as a faithful companion. But sometimes, even T.S. Grewal ditches you with wrong answers!!

### 8. Calculator and scale are your best friends

If you are a commerce student, you simply cannot do without a calculator and a ruler. These two are the only items that can help you score good marks

Starting of the XI standard was like a nightmare, especially for me, when I was often asked by 'Sharma Ji' - "Why didn't you take science? After all, it has more scope!"

10. Commerce students always dream of having the money of accounts that they are preparing.



# **DETAILS OF SEMINARS CONDUCTED IN 2018-19**



# “Emerging Issues in Global Business Research and Management Practices”

The Department of Commerce, Kirori Mal College, University of Delhi had organised two days national conference on “Emerging Issues in Global Business Research and Management Practices” on November 16-17, 2018 at Academic Auditorium, Kirori Mal College, under the supervision of Dr. Pushpender Kumar, Mrs. Balbir Kaur and Mrs. Leena Devi. The conference covered the research and management practices on the different areas of Accounting, Marketing, legal issues in Business Environment, Entrepreneurship, Management, Business sustainability, foreign exchange risk and other related issues. The participants of the conference were Academicians, research scholars, policy makers and students engaged in the various different field of research and management field. The two days conference was divided into six technical sessions which were chaired by various experts from different fields of research and management field. The total 75 participants from Haryana, Utter Pradesh, Rajasthan ,Delhi NCR , Karnatak, and Kerala were present in the conference. In total 48 papers were presented on different topics like accounting, marketing, management, entrepreneurship, international trade and sustainable development etc. Dr. Rajiv Arora (DGTR), Ministry of Commerce and Industries, Mr. Manoj Bhatnagar, and Prof. Kavita Sharma Head, Department of Commerce, University of Delhi, were among the chief guests in the inaugural session of the conference. Prof. R.M. Joshi, chairperson IIFT, Prof. Sunita Singh Sen Gupta, Dean FMS, and Prof. Kaushal Kumar, JNU, were present as the Guest of Honour in the Valedictory session of the conference. The findings of this conference would provide the insights for the further deliberation on better management practices, financial practices, marketing practices, and research methodology.



# COMSOC SEMINAR

Immense diligence helped the students climb a few steps of the success ladder to reach Kirorimal College but that wasn't the end to it! Considering the hardcore competition out there, The Commerce Society of Kirorimal College has actively conducted a number of seminars to equip students with a plethora of opportunities after their graduation.

During the year 2018-19, Seminars were conducted by a number of renowned institutions such as ITM on "How to crack interviews- Do's and don'ts." B factory conducted a seminar in which IIM alumni Kamlesh Chauhan explained strategies to crack CAT exam which gave a deep insight to students about the MBA exam and this also further helped them to resolve their queries. The society also conducted a seminar by Manya institute on how to crack GRE and GMAT which unveiled the students with a number of opportunities abroad.

In recent times we have witnessed a number of courses that have short duration but yield high packages and greater knowledge enhancement therefore to create awareness among students regarding such courses, a counselling session was organised regarding career opportunities of USA CMA by Miles Education institute.

CAT is known to be one of the toughest examinations in India and it is very difficult to crack it..such are the myths that most students nowadays hold back to.. but in order to shatter such myths, the Commerce society conducted a seminar on "Shattering the myths of CAT" in association with Endeavour.

Last but not the least LM Thapar School of Management collaborated with the society to present a session on startups and how to be successful when you begin startups held by Mr Rajesh Mishra.



# FIC SEMINAR

1. For the college students, FIC organised a one-day seminar on September 11 2018, by the Securities and Exchange Board of India and National Stock Exchange, in association with knowledge partner HDFC Mutual funds, in the academic auditorium of the College on the topic "Financial Inclusion Through Financial Education." The seminar was guided and coordinated by Dr. Seema Joshi. The seminar had eminent personalities from the above financial institutions as the speakers namely Mr. S.K Sharma Group General Manager at SEBI, regulator of Securities market in India, Mrs. Renu Bhandari, Vice president of NSE, one of the leading stock exchanges of India and Mr Sandeep, cluster head, HDFC Mutual Funds. We also had our respected principal Dr. Vibha Singh Chauhan as the chief guest for the seminar. The speakers emphasised on the need of financial literacy as financial inclusion is imperative for inclusive growth of nation.

2. The Finance and Investment Cell, Kirori Mal College organised a seminar on "Anticipating & Building Skills for Future Jobs" on 3rd October 2018. Prof. Muneesh Kumar, Former Dean, Faculty of Commerce & Head Dept. of Financial studies along with Dr. Dietrich Kebschull, Chairman Indo-German export Promotion Program (IGEP) were the speakers for the session. The seminar started with the introduction of the speakers followed by their welcome. Prof. Muneesh came up first and gave his insight on the changing trends in current business environment. With his 45 year teaching experience and by closely observing the goods and services market he could make out what skills the future managers need to enhance to survive in the competitive market. He then gave the mantra for becoming a successful entrepreneur which is speed, skill and sensitivity.





# LIC VIGILANCE WEEK

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The Commerce Department of Kirori Mal College in association with Life Insurance Corporation (LIC) celebrates the Vigilance week by organising an essay competition on theme 'Eradicate Corruption- Building a New India' on 1st Nov, 2018.

## WINNERS

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VARUN MAHESHWARI

NAYAN NAHATA

GOURI GUPTA

NITIN

VIVEK





# ERADICATE CORRUPTION: FOR A BETTER INDIA

Varun Maheshwari  
BCom (H), 2nd Year

Witnessing the Vigilance Awareness Week from 29 October to 3 November every year, we are quickly drawn towards our responsibility of making India a corruption free country. However this remains a far possibility due to existence of rampant corruption activities in relation to the steps taken by us, as individuals, to curb it. Corruption, as we all know, is a form of dishonesty or criminal activity undertaken by a person or organization entrusted with a position of authority, often to acquire illicit benefit. From petty corruption to grand corruption it has spread its tentacles in every sphere of life, namely business administration, politics, officialdom, and services. In fact, there is hardly any sector which can be characterised for not being infected with the vices of corruption. Owing to the fallible democratic system and lack of stringent punishment mechanism for the culprits, it thrived, more in politics and government administration departments. Past few decades have witnessed this social evil in the form of conceivable scams and scandals in all key ministries that tarnished the image of the country nationally as well as internationally. To name a few, Indian

Coal Allocation Scam, 2G Spectrum Scam, Commonwealth Games Scam, Telgi Scam, Satyam Scam, Bofors Scam, the Fodder Scam, etc, are some of the many scams that were done by elected ministers, politicians, bureaucrats, and high government officials that led to complete loss of trust in the government and the allied system. What an irony it is - Earlier, bribes were paid for getting wrong things done, but now bribe is paid for getting right things done at right time. Many govt. officials prefer under the table settlements, and the common man too agrees to their demands in order to avoid long delays, serpentine queues, cumbersome formalities and above all, high inconvenience. The Indian Law system is so incompetent and vulnerable, that in spite of being guilty, politicians, bureaucrats, high government officials remain scot free. Not only the govt. sector, but private players too are a great contributing factor to it through tax evasion wherein they deliberately



avoid paying a true tax liability. This greed for money, power and materialistic desires has placed India at 76th position out of 168 countries with a score of 38 out of a possible 100 in Transparency International's

permitted the smuggling of the RDX which resulted in the death of around 300 people. All in all, corruption is pernicious and subversive. Of late owing to the growing awareness and protests by the people, the central Government has

# CORRUPTION



Corruption Perceptions Index 2015. In addition to international defamation, Corruption led to lower investment, hindrance in economic growth and human development. It is anti-national, anti-poor and anti-economic development. According to the UNDP Report on Human Development, if the corruption level in India goes down to that of Scandinavian Countries, the GDP will grow by 1.5% and Foreign Direct Investment will go up by 12%. Corruption is anti-poor because nearly 30% of the food grains and sugar meant for the public distribution system disappear in the black market. Corruption literally takes away the food from the mouths of the poor people for whom food security by way of the public distribution systems is devised by the government. Corruption is anti-national as revealed by the Bombay blasts of 1993 when the customs officials who were bribed

been taking some steps to curb corruption. Some anti-corruption agencies such as RTI, the Central Vigilance Commission, and PIO have been created. The historic move on 8th November, 2016 which led to demonetisation of 500 and 1000 rupee notes made the money launderers succumb their illegally amassed wealth to the government. It also helped in eradicating terrorism through restriction on counterfeit currency. Along with that, schemes like IDS (Income Declaration Scheme) were icing on the cake as they supported the cause to a great extent. However, the idea of building a new India remains implausible without the collective will and efforts of the people and the government. The national goals of economic prosperity, infrastructural development, and overall advancement will remain elusive until each and every citizen of the country contribute towards building a TEAM

India where T stands for 'Technology and transparency', E for 'Efficiency and empowerment', A for 'Audit trail and accountability' and M for 'Metrics measurement and mutual cooperation'. The awakened citizens might ask from themselves what is it that I can do to check corruption in my country instead of merely expecting that somebody else can do something to check corruption. There is a saying that violence begins in the mind. This is also true for corruption: corruption begins in the mind. If we can alter our thinking, we can safely say that we shall have eradicated corruption by at least 50 per cent. At the same time Participative Vigilance At organization level provides accountability and transparency to all works. Accompanied by high level of E-Governance the government can promote democracy and minimize the corruption level. In order to achieve this purpose, government has already implemented various online services under national e-governance

plan like property registration, railway reservation, pensions, passport, visa , company affairs, land records, e-courts, etc. Strict enforcement of existing laws should be made against people involved in corrupt practices. Those found guilty must be severely punished. Media and NGOs can also contribute drastically to eradicate corruption by performing sting operations to expose corrupt people in different sectors. This will not only unmask the wrong doers but also discourage others from indulging themselves in such practices. The day corruption dies, a new India will automatically emerge and stun the world with its advancement in all fields. What all is needed is to Make a promise to yourself that you will be honest throughout your life. If there will be no giver there will be no taker and hence the nation will grow exponentially where sky would be the limit!



# ERADICATE CORRUPTION: BUILD A NEW INDIA

Nayan Nahata  
BCom (H), 2nd Year

Building a new India, which is far better, developed and open, is impossible until the cancer of corruption continues to prevail. Corruption is that deterrent in our society that the entire country wishes to overcome. It is an obstacle to rapid economic prosperity, economic development, infrastructural development and overall advancement of the country. Corruption has become so ingrained within the society over the past decade that it has now led to severe problems and dissatisfaction among people. No single man can put out this raging fire of corruption single-handedly. Only through collective efforts can this fire be put out and a corruption-free India could exist. Corruption is a direct by-product of greed and freedom. It has further been promoted by the not-so-stringent rules and laws that are in place within the country. The lack of speedy justice in such matters further aggravates the issue at hand. Corruption within the country is prevalent throughout, however more evidently in the public sector, promoted by the combination of bureaucrats who are hungry for power and money. The private sector also has its share of corrupt practices

that have caused loss to the country. Political corruption is the worst form of corruption the country has been subject to. Several people of importance up the bureaucratic ladder have been involved in some of the major scams that this country has witnessed, Coal allocation scam, Bofors scam, Commonwealth games scam, 2G scam, Satyam scam have been some of the many others on the list. Further, supporting the fact of prevalent corruption in India is Transparency International's Corruption Perceptions Index 2016 India where India ranked 79th with the rating of 40 out of 100. Corruption and the officials involved in such practices have looted the country and its people of its valuable resources, wealth, progress and the most important of all 'respect and standing' in the international community and in the eyes of its people. People have now started to realise the adverse consequences it poses and are raising their voices against it. It

has now become imperative that people, the government; in fact, the entire country put up a stand against this malady. It is not an easy job, requires a united front, and would take time to create constructive impact. But it is only when we start taking

and therefore adopting an honest way of work. Secondly, a more regulated public administration and financial system would help keep a check on corruption. Strict audit policies must be adopted to ensure proper scru-

# CORRUPTION



steps to weasel out corruption with an unwavering grit, determination and zeal that we can succeed. Of course, there is no silver bullet that can kill corruption from its roots. However, various measures should be taken to help this cause. An important factor which I believe would act as 'catalyst' in the process of curbing corruption is the people of the country. The more informed, vigilant and honest they are, the faster could corrupt practices be avoided and an environment of peace could exist. Firstly, stringent laws must be placed and it must be ensured that all legal and investigative proceedings take place properly without any influence or hindrance and within the desirable amount of time. Such proper implementation of law would help instill fear of prosecution and curtail several 'prosecution-fearing individuals' from indulging in such malpractices

tiny of financials of company and administration, and better discovery and disclosure of facts. It would also help to identify pursuance of corrupt practices by companies to defraud the people and the government. Thirdly, stricter norms must be adopted in relation to transfer of money to international financial institutions - a popular manner used by various individuals to evade tax and also hide illegal income. A possible manner is the passing of regulations on institutions in the country to keep a record of the beneficial owner within and outside the country somewhat in lines with the regulations passed by the European Union. Fourthly, technological help can be taken to help provide as much information as possible to the public. When maximum information

is made available to the public, it would lead to direct accountability, and causing officer and managers to stay on their toes and being careful to not participate in corrupt practices like bribery, unlawful provision of benefit to certain people etc. due to fear of scrutiny of their actions on public forum. Though there exists provisions like RTI in place, but the process involved to retrieve



information is more based on physical submission and is cumbersome. Use of technology can be made to make them easier and more accessible to the public period. Further moving with the trend and increasing digital submission of various filings, submission etc. would help to not only make it easy for individuals to file but also avoid various under hand dealing and bribery. Certain other measures are factors such as

increasing the number of courts within the country to speed up the process educating corruption cases, reducing red tapism in various processes and procedures etc. Changing people's mindset is however the most important and crucial topic. A corruption free India will only be able to exist if we believe in honesty, are informed and vigilant. Media can serve as a quintessential means to educate people of the ills of corruption and bring to the spotlight corrupt activities prevailing in the country. Movies have a significant effect on people's thinking as they help to deliver the message in a subtle yet prominent manner. Movies on the lines of corruption like 'Gabbar' which throw light on corruption help in instilling anti-corruption tendencies in people. It is only when people should speak up against corruption that we could have a progressive corruption free India. An India where people are happy, where they are not made devoid of their rights, one where it is 'country before self', one where development is not curtailed and one 'where the head is held high'.





Gouri Gupta  
Bcom (H), 1st Year

## ERADICATE CORRUPTION: BUILD A NEW INDIA

Bold headlines in the newspapers, flashing breaking news on television, on a daily basis reveal huge scams and other cases of corruption. On the other hand, policy makers and politicians are making glorifying promises of improving India's ranking in the world. Both these scenarios taken simultaneously, seem to be contradicting. How can New India be created or built on the foundation of prevailing corruption? It is, and should be a tradeoff, of which we Indians, by now, must be clear of what we have to choose. Corruption, today has many dimensions and such enlarged scope that it outweighs its literal meaning of 'dishonest or immoral conduct'. Today, the scene is where do we not find prevalence of corruption. Right from the nodal authorities till the point nearest to the public, almost every intermediary involved is succumbed to one or the other form of corrupt deed or conduct, thereby forming a chain. This is the biggest obstacle in the path of building a new India, that everyone dreams of. Once, when we have made our minds to

re-establish the moral principles on which India as a nation and Indians as citizens should stand upon, we need to immediately take concrete steps to eradicate corruption from both the society as well as the system. The overall impact of corruption is faced by the general public. Each time a renowned businessman unlawfully commits a scam, the honest tax payer feels cheated. Each time when the personnel in the ration shops misbehave with the citizens, involve in hoarding and black marketing, thus depriving the poor of his basic needs, the poor person and his family's life is put on stake. People seeking assistance when face trouble at the government offices due to red tapism and tendency of officials to prevent them from getting their deserving sums of money and other benefits of government schemes, such people-helpless-don't cry with tears, but shed blood. The incidences of intermediaries putting

the funds received for welfare purposes into their pockets is the most usual and ugly form of corruption. Since, not just the incidence of corruption is disheartening, but also its extent is deadly, the root causes of this evil should be identified and worked upon in such a manner that it completely uproots the tree named 'Corruption'. Presently, we have the Central Vigilance Commission set up especially for the purpose of keeping an eye on corruption in government departments. The need is to make its working and functioning more robust and more vigilant, such that this commission does not remain a controller of corruption or WatchGuard for corruption, rather should become the epitome of corruption free institution in the country. Since, humans are involved in corruption, therefore care must be taken even in the upbringing of a child and teenager, so that our future workforce stands ethically upright. Government must incorporate digitization in all those areas where it is not present, so as to eliminate human intervention that is the root cause of manipulation and thus corruption. Each one of us, as responsible citizens, apart from government's action, need to be

self-controller for our own selves. We should be the change we wish to see and should try to develop a self-control system for ourselves whenever we are caught in a situation where the wrong path seems dearer and use that self-control system to refuse to take up the wrong path. Once when each and every individual is determined to perform his or her duty in a legally and ethically correct manner corruption will automatically be eradicated. Together with the combined efforts of the government and the citizens, the corruption free state would be sustained. And if such happens then only, each and every welfare scheme of the government would achieve its targets in time and the problems like poverty, illiteracy and unemployment shall find no place in India. This is how India would become a nation with high living standards and would also find a good position in happiness index as well. Needless to say, that such clean, green, prosperous, ethically upright and corruption free India, leading the entire world towards the path of sustainable development- is the New India that every Indian dreams of and wishes to materialize such dream.

Nitin  
BA(H) Pol Science, 3rd  
Year

# ERADICATE CORRUPTION: BUILDING A NEW INDIA

Ghanshyam, a daily wage laborer walks 10 km to get his ration is turned away as the owner has already blackmarketed the ration. Shikha, a 10-year-old girl died of Japanese encephalitis because of shortage of beds in hospital. The sanctioned amount for beds has already been siphoned off by the officials.

These are victims of corruption. Like these there are millions of cases that we hear, see in our everyday life. They are just ordinary citizens exercising their rights. Their hopes are being shattered, dreams broken, life turned into shambles.

Merriam Webster defines Corruption as 'dishonest or illegal behavior especially by powerful people (such as government officials or police officers). Corruption is the worst form of violence without weapon. The ordinary citizens are rendered to a mere physical body without any inner conscience who are unable to exercise their basic rights. The evil of corruption is persisting from colonial times to the present time only the manifestation has spread to other sectors also.

According to transparency international India ranks 81 out of 140 in the corruption perception index. It is also the most corrupt country in the entire south Asia region. Why is corruption so rampant in India?

There are many reasons for this. Firstly, from the colonial times bribing officials to get the work done has become a norm in society and this has created a kind of tolerance in the society. Secondly, Institutional corruption i.e. different government Institutions asking for money to do their assigned job. Thirdly, Political parties meant for safeguarding and promoting democracy in the society have become the most corrupt in the society. Opacity in their funding, criminalization, indulging in unfair means during election, numerous graft cases are some example of that. Fourthly, business classes' antipathy towards the common people and accumulation of wealth through illicit ways. According to Gandhi ji, one of deadly sins was commerce without

morality. The recent cases of high NPAs in banks is a clear indicator of lack of integrity among the business class. Also, the cases of Nirav Modi, Vijay Mallya involving crores of money who fled the country after defrauding with nation's financial system depicts the existing tolerance towards corruption who misread this as only profit making.

#### How to prevent this menace?

To fulfill the idea of Gandhi Ji 'ideal Bharat' and Modi ji's idea of making a 'New India' before 2022, it needs to be tackled at every front. Government, civil society, judiciary, educational Institution can help in curbing corruption.

On the part of government, citizen administration interface should be made more citizen friendly. Introducing e-governance, digitalization of government functions, single window clearance, mandatorily implementing citizen charter, and proactive disclosure of information at all government sites should be stringently followed. RTI can act as a great tool in introducing transparency in the government functioning. Auditing of the finances of government institutions on a regular basis should be done. Social auditing as followed in MGNREGA can be promoted

in other government works. Training of government officials significantly impact their behavior. Inculcating in them a sense of integrity, morality, and probity can greatly help in reducing corruption. Also we need electoral reforms banning candidates who have criminal background, strict monitoring of election expenditure, and transparency in the funding of electoral parties.

Civil society organization can empower the people by making them aware of their rights, whistleblowing corrupt activities of officials and filling the vacuum created by negligence of government in the society. Works done by PUCL, PUDR, RTI activists is remarkable in this sector.

Introducing morality in businesses can greatly help in eradicating corruption. Mohummad Yunus concept of social business is great idea of not only a profitable business but also alleviating the poorer sections of society. Apart from that a strict vigil should be maintained on existing businesses, regular check of their balance sheets, monitoring of their assets, and compliance with the law.

Also, we need a strong judiciary which can speedily bring the accused and punish them for their misdeeds. Establishing fast track courts for speedy resolution of cases, instituting both pecuniary

as well as physical punishment can help in providing a deterrent mechanism towards corruption.

Above all of these we need paradigm change in the minds of citizens exhibiting a zero tolerance towards corruption. Then only we can establish an egalitarian society where no Ghanshyam and Shikha and millions other like them would be denied of their basic rights.



Vivek  
BA(H) Pol Science, 3rd  
Year

# ERADICATING CORRUPTION AND BUILDING NEW INDIA

Corruption in one form or another, is a world-wide phenomenon. Everyone admits that corruption is ugly, immoral and shameful but only few people take some initiatives to eliminate it. Today, corruption has entered into the very roots of Indian society which is known for its culture and tradition. It is very shameful that our anti-corruption department also falls an easy prey to the vile of the corrupt persons and let them go after minor punishment. Today corruption is prevalent in almost all spheres of life whether they are schools, hospitals, government departments or businesses. The noble medical profession has been converted into a profitable business venture by some corrupt doctors. People even feel afraid in front of police officers who are appointed to protect their interest. Due to corruption, India is losing its reputation in international market. Other countries hesitate while entering in any type of business agreement with us. Some people say that poverty is the main cause of increasing corruption but in fact it is not the poverty which gives rise to corruption, it is only corruption which leads to poverty. The continuous increase in appetite of people for power, position

and luxury is the main reason for corruption. Due to corruption the whole economy has taken such a shape in which rich is getting richer and poor is getting poorer. Everybody feel helpless in such state of affairs but we should not accept such conditions in our country. It is our moral responsibility to fight against this evil. Even after so many years of Independence we are still counted as a poor nation. The only reason for such backwardness is corruption. There are many benefits given by government to poor people for their betterment but some officials take benefit of them secretly. As a result, our country faces huge financial losses every year. In such circumstances it is impossible to fulfill the dream of building India - 'A super power'. Therefore, it is necessary to fight against this evil. First of all, we should become more aware of our rights. Political leaders should be elected on the basis of their practices, policies and experiences not on the basis of caste, religion, region etc. Use of electronic means like

Internet Banking, E-filing of documents in government departments should be encouraged. The education system of the country should be reoriented to inculcate moral values among students. Corrupt officials should be strictly punished. Government should try to bring transparency in its work and policies.

# CORRUPTION



We should give our cooperation in implementation of policies aiming to eliminate corruption instead of opposing them because Albert Einstein has correctly remarked - "The world is not destroyed by those who do evil, but by those who watch it without doing anything".

# **DEPARTMENTAL FESTS**

# ADVENT

Every year The Commerce Society of Kirori Mal College organises its flagship event "ADVENT", a day-long marquee extravaganza in the month of September. As the word "ADVENT" itself can be interpreted as 'the start', through this event, we aim to grace the word completely by providing an edifying and enrapturing start to the freshers. This year too the vibrant and exuberant event was organised on the 17th of September.

The magnum opus commenced with the ribbon cutting ceremony by Prof. Vanita Tripathi, HOD, Department of Commerce, University of Delhi followed by her speech.

This year under ADVENT, the members of the society had organised an innovative stack of enriching and fun frolic events such as LYONS RANGE 4.0 - THE MOCKSTOCK COMPETITION, POWER 2 IDEA - THE B-PLAN COMPETITION, CLOSE THE DEAL 2.0, and, LABYRINTH - THE TREASURE HUNT.

Participants all around Delhi University came to participate in these mind-boggling events and to witness the spectacular phenomena of jubilation.

We thank our convenor Ms Manisha for her commendable efforts and diligent planning.



# APPULSE

The Commerce Society, Kirori Mal College continued with its legacy of organising one of its most splendid fests "APPULSE". This year too APPULSE was diligently organised by the members of the society on 20th and 21st of February.

APPULSE is a two-day long marquee extravaganza. The first day witnessed a flamboyant speaker session "ASPIRATIONS", based on the theme, the Next Chapter. The event commenced with the lighting of the ceremonial lamp by the chief guest, Shahnaz Hussain, CEO of Shahnaz Herbals Inc., followed by her inspirational and motivating words. Her success story served as a testimony that hard work and dedication have no substitute. This session was followed by the arrival of Shiv Aroor, an author, journalist and editor at India Today TV, followed by his speech. His encouraging words instilled a new vigour among the listeners. The session was succeeded by an enriching panel discussion with the most young and dynamic YouTubers, Bloggers and Entrepreneurs, Komal Narang, RJ Sukriti and Shreya Mehta. This was followed by the arrival of Paresh Pahuja. He is an actor, singer and has debuted in "Tiger Zinda Hai". His fan club was totally mesmerized while listening to his journey of becoming an actor. The session was marked by the luminous words of Ravinder Singh, an author and entrepreneur. In the session, he disclosed his success mantra- " Follow your heart and sky is the limit". The session was also rejoiced by the very inspiring, Manish K Tyagi, a stand-up comedian, TEDx speaker, training consultant and ex-naval officer.

The first day ended on a hilarious note with our OPEN MIC COMPETITION organised in collaboration with The Canvas Laugh Club.

The second day of the event witnessed a wonderful splash of various mind-boggling events. This year under APPULSE we organised LYONS RANGE 3.0

-THE MOCK STOCK COMPETITION, CRYPTOKNIGHTS

-BATTLE OF CURRENCIES, EVIDENCE

-BLAZE THE TRAIL and YOUTILITY

-EARN. GROW. SURVIVE. The events were marked by a multitude of participants who were totally stupefied by the games.

Subsequently, the event reached its conclusion. We cannot end this summary without mentioning the commendable efforts and meticulous planning of Mrs Leena Devi, Convenor of The Commerce Society, Kirori Mal College.



# MULYA'19

The Finance and Investment Cell, Kirori Mal College organised its two day annual fest MULYA'19 on 11th and 12th February. The fest comprised of speaker's session and plethora of events. The first day began with a session with Prof. Sanjay Bakshi and Dr. Charan Singh who promulgated their life journeys and shared their views on the ideal education system.

Second day marked the presence of two illustrious speakers - Dr. Vijay Kedia and CA Ashish Kalra. The talk show enlightened young minds with the concept of investing.

Both the days saw huge footfall of students participating in various events such as the treasure hunt, mock stock, case study competition and pitch please.

All in all, the event was a huge success and all participants and teachers appreciated the efforts put in by FIC.



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Eshan SHarma  
BCom Prog,1st Year

# FALL OF STOCK MARKET IN THE LATE SEPTEMBER

In the last weeks of September,2018, the Indian Stock Market fell like a pack of cards.

One of the historical realities of the stock market is that it typically has performed poorest during the month of September. The “Stock Trader’s Almanac” reports that, on average, September is the month when the stock market’s three leading indexes usually perform the poorest. Indian benchmark indices had their worst September since the Lehman Brothers crisis unfolded in 2008. The Sensex ended with a loss of 6.26%, Nifty falling by 6.42%. NBFC, Metal, Realty and Auto Stocks shares were the worst sufferers. Government-owned banks like PNB, Union Bank, Bank of India etc., plunged to new 52-week lows. Following are some of the reason’s which led to the giant fall.

## RISE IN CRUDE OIL PRICES

Crude is the single largest import that India makes. A \$1 increase in the price of crude is over \$1.2 billion increase in our import bill. Oil is a commodity and prices should be expected to experience the commodity kind of swings. However, in the case of oil, the producers, particularly of the OPEC, try to maintain the prices in a band given their low cost of production and large surpluses. It is also a commodity of strategic importance and one finds such influences on oil price too. This causes oil prices to be higher than what they should be if the market forces of supply and demand alone determined the levels.

## IL&FS FINANCIAL CRISIS

IL&FS Financial Services, a group company, defaulted in payment obligations of bank loans (including interest), term and short-term deposits and failed to meet the commercial paper redemption obligations due on September 14. On September 15, the company reported that it had received notices for delays and defaults in servicing some of the



inter-corporate deposits accepted by it. Consequent to defaults, rating agency ICRA downgraded the ratings of its short-term and long-term borrowing programmes. The defaults also jeopardised hundreds of investors, banks and mutual funds associated with IL&FS. The defaults sparked panic among equity investors even as several non-banking financial companies faced turmoil amidst a default scare.

### CAATSA SANCTIONS

Ever since the Countering American Adversaries Through Sanctions Act (CAATSA) was enacted on August 2, 2017, there had been much speculation in India about its potential impact on India-Russia defence relations especially in the context of India's possible purchase of the S-400 missile system. Although CAATSA, meant to discourage exports of Russian defence equipment, was enacted more than a year ago, there were no CAATSA related sanctions until early September even though Rosoboronexport, the export arm of the Russian defence industry, had already concluded contracts worth more than USD eight billion this year. All this changed on September 20, when the US imposed CAATSA sanctions on a Chinese entity, the Equipment Development Department (EDD) of China's Central Military Commission (CMC), and on its Director. The sanctions were in response to China's purchase of Su-35 aircraft and the S-400 system. CAATSA had not specified any specific

sanctions, only that five or more sanctions from a list of 12 had to be imposed on the person whom "the President determines, knowingly engaged in a significant transaction" with a person who is a part of Russia's defence sector, in this case Rosoboronexport.

### DENIAL OF EXTENSION TO YES BANK

Yes Bank Ltd fell as much as 5.4 per cent to Rs 219.40, among the top per cent losers on the NSE index after RBI denied the extension to CEO Rana Kapoor. The Reserve Bank of India directed the private-sector lender to appoint a successor to CEO Rana Kapoor by Feb 1, 2019, denying the bank's request to extend Kapoor's term. Last month, RBI said Kapoor can only stay in his job until Jan 31, without specifying a reason, even though Yes Bank's shareholders had agreed to extend his



term for 3 years. Yes Bank had then asked for RBI's approval to extend Kapoor's term beyond Jan to allow more time to find a replacement. The bank aims to complete the recruitment process by mid-December.

### CURRENT SCENARIO

A study by ICICI Securities reveals the median correction of a bull market in India stands at 14 per cent. The median recovery time for the market is usually 66 days. The RBI on Dec18, 2018 said it will purchase Rs 50,000 crore of bonds in January and has earmarked an additional Rs 10,000 crore in open market operations for December to intensify cash injection into the banking system starved of cash. The IL&FS statutory auditors failed in their duty and misrepresented facts, the Institute of Chartered Accountants of India (ICAI) has stated in their probe report stating that the world's premier auditors — Deloitte Haskins & Sells LLC, EY affiliate SRBC & Co. LLP and KPMG affiliate BSR & Associates LLP — were negligent and overlooked the actual situation at IL&FS, IFIN and ITNL. Crude oil prices have declined sharply, reflecting higher supplies and easing of geopolitical tensions. Base metal prices have continued to decline on selling pressure following weak demand from major economies. The gold price has risen underpinned by safe-haven demand triggered by political uncertainty in some geographies, though a strong dollar may stem the rise. The central bank

may also tighten the norms for the sector, in order to bring these companies almost on par with commercial banks in terms of regulation.

### FUTURE EXPECTATIONS

In the event of an economic slowdown, while safe-haven assets such as gold may shine, equities would lose favour. However, these situations are best avoided, if possible, as they give a huge blow to the economy. The outcome of General Election 2019 is inarguably the most awaited event of 2019 for market investors. The BJP's defeat in the recently held state assembly elections in Madhya Pradesh, Rajasthan, and Chhattisgarh has made it even more interesting as BJP ruled in all three states (for 15 years in Madhya Pradesh and Chhattisgarh) and yet lost power to Congress. Although the market has priced in BJP's victory in Lok Sabha elections, UBS Securities, in a note, said the focus will shift towards the upcoming General Election in a more granular way, including evaluating various outcome possibilities.





Ridhi, Rishika, Riti  
BCom, 1st Year

# MARKETING STRATEGIES OF BRANDS

Marketing aims to increase the core value, increase recall value, support the sales function and create a unique identity of the product in the market. Rather than just selling the product and aiming at increasing the revenue, the business focuses on the amount of satisfaction gained by the customers by the consumption of the product, in order to survive in the cut throat competition of today's business world. For this, various marketing strategies are followed by businesses. A marketing strategy is a business's plan for reaching people and turning them into customers of the product or service that the business provides. The marketing strategy of a company contains

the company's value proposition, key marketing messages, information of the target customer and other high-level elements. It informs the marketing plan of a business.

## Types of marketing strategies- SEGMENTATION AND NICHE MARKETING.

It involves dividing a market into different parts that reflect different customer needs and wants. The main categories are demographic segments, income segments, geographical segments, behavioral segments etc. Finding customers who are best suited for the product. Example- Johnson's baby.

## MASS MARKETING

Here a business targets the whole market, ignoring Segmented products and focuses on what customers need and want in common. Example- Amazon.

## FREEBIE MARKETING

Strategy to give away low value for free or in discount and sell high value later. Example- Reliance Jio



### CROSS PROMOTION STRATEGY

Two entrepreneurs having similar customers, non competing products join hands to promote each other's products. Example- coca cola and McDonalds.

### UNDERCOVER MARKETING

Creating hype or excitement for the launching product through coming soon advertisement etc which creates curiosity among them. Example- One Plus.

## APPLE

Apple is one of the most successful brands. Almost everything the company puts out succeeds. The company has enjoyed almost unpar-



alleled revenue growth from 2004 to 2014 — \$8 billion to \$180 billion.

Design and utility are just two of the reasons behind apple's success and certainly

give it a competitive advantage.

### 1) AVOIDING PRICE WARS BY EMPHASIZING ON UNIQUE VALUE PROPOSITION

Many entrepreneurs believe that they have to compete on price. In fact, competing on price can actually hamper your business and apple knew this well and never wavered on its pricing strategy. "You get what you pay for" is what apple believes in. Apple keeps its fans even after

pricing so much higher than its competitors.

### 2) DESIGN A BETTER CONSUMER EXPERIENCE

One of the things apple's fans truly appreciate is the ease with which they can set up the Apple's computer, Apple spends thousands of hours in designing and refining those designs.

### 3) KEEP YOUR MARKETING SIMPLE AND YOUR PRODUCTS SIMPLE

"Simple is better", Apple carries this through its product line. It doesn't overwhelm its customers with various features and gadgets which a lot of other companies do. An apple retail store is designed to test driving the products not grabbing boxes. The purpose is to not confuse their buyers with a lot of information.

### 4) AIM AT YOUR PROSPECT'S EMOTIONS

Apple's advertisement goes like images of people relaxing in their living room with their new strange gadgets, they look happy and comfortable. This advertisement hits the customers in their hearts and not in their pocket book. Emotional content is key to successful marketing strategies.

## AMAZON

Amazon, the world's largest online retailer and the second largest e-commerce company, enjoys a high level of customer loyalty. The mission

set by Jeff Bezos for the company is “To be the Earth’s most customer centric company, where customers can find and discover anything they might want to buy online”. Amazon has its adherence to four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence and long-term thinking. Some of its main focus areas while building its marketing strategy are-

### 1. MARKET PENETRATION

Market penetration refers to selling existing products to existing markets. Through multi - segment positioning, Amazon offers a wide range of products and services, successfully exploiting more than one segment at the same time. It closely monitors changes in external marketplace and addresses increasing customer expectations.

### 2. DIVERSIFICATION

Diversification involves developing new products to sell to new markets. As a result of diversification strategy, Amazon currently operates in media, hardware,



advertising and other business segments.

### 3. AMAZON'S UNIQUE SELLING PROPOSITION INTEGRATES

It integrates the widest choice of products and services offered at competitive prices, fast delivery and exceptional customer service. The e-commerce giant places these unique selling propositions at the core of its marketing communication strategies.

### 4) AIM AT YOUR PROSPECT'S EMOTIONS

Apple's advertisement goes like images of people relaxing in their living room with their new strange gadgets, they look happy and comfortable. This advertisement hits the customers in their hearts and not in their pocket book. Emotional content is key to successful marketing strategies.

## STARBUCKS

Incorporated in 1971 Starbucks the famous coffee chain is currently operating in more than 70



countries. Starbucks has become successful in connecting with the customers through its network of more than 24,000 retail outlets across the globe.

The points included in the marketing strategy of Starbucks are-

Quality based differentiation – premium quality tea and coffee, excellent customer service, consistent brand experience, image of an ethical brand, excellent brand merchandise, customer orientation, high brand equity, unconventional social media techniques of establishing consumer connection, creating real customer value, near no or less use of traditional methods for marketing (till some years ago; now it is using a mixed strategy), good quality products and customer service – higher word of mouth marketing.

### 1. POSITIONING

The brand's value proposition is based on a great customer experience supported by excellent store environment meant to offer guests premium space to relax.

### 2. SEGMENTATION

Being a premium brand, the customers are mainly people from high economic classes. It's more suitable for people who are high earning professionals experiencing a fast moving lifestyle thus providing them a place to relax and work in a single area.

### 3. AN ETHICAL BRAND

Apart from great looking stores where the customers can sit comfortably and enjoy a great cup of coffee amid excellent service, Starbucks has focused on the other parts of its business operations to create a unique and strong brand image. Ethical sourcing is also an important part of its business strategy. Starbucks sources 99% of its coffee ethically from suppliers across the world.

### 4. ADVERTISING

Advertising on conventional platforms was a never a part of Starbucks Marketing Strategy as it always focused more on good quality raw materials and proficient employees. However now, its ads are visible on television, print and other digital channels too. In 2015, it invested more than \$351 million in marketing and advertising. Its TV commercials highlight the newest and most romantic flavors available at the Starbucks stores.

# Interview

## Metvy



Metvy is building a platform that aims to utilise the infinite human potential available hyper-locally by intuitively recognising needs and wants of people and connecting them with people who can solve them through networking.

Team Members  
Shawrya Mehrotra  
(Founder)  
Rajan Luthra  
(Co-Founder)



### **Q What was the driving force of your journey?**

We always wanted to create an impactful networking platform that creates a real difference, and an organisation that believes in disruptive growth and offers constant innovation.

### **Q What do you think would be the future of Metvy?**

Metvy is now planning to convert the current platform into a more powerful networking tool which enables more efficient and intuitive networking for its users. We also plan to scale up the current model for a bigger and more diversified user group.

### **Q Funding stands as one of the major obstacle for any startup How did u manage to live through it**

Funding happens to be one of the most difficult hurdles. It's very important to understand the future costs and how to make the most efficient use of it. Funding is the lifeline of any typical social networking startup. We are getting a good traction from the market which is a very positive sign.

# WORDS FROM TOPPER

I am very fortunate to have such a wonderful faculty who constantly helped and supported me with my studies. Without their constant guidance it would have not been possible to produce this result. Besides helping me out with academics they also helped to discover the latent abilities within me and hone my skills by providing wonderful opportunities. I owe this success to my parents and teachers.

Shreya Agrawal  
Bcom Prog, 1st Year

I would like to express my gratitude to all the teachers who helped me in excelling the exams. The manner in which they related everything to real life examples proved really helpful in recalling the material during exams. Efforts of all the teachers are well appreciated

Vasudha Harit  
Bcom Prog, 1st Year

My experience has been wonderful after coming in this college, especially being a part of commerce department. The teachers are very supporting. I learned time is very precious for us, it should not be wasted in any way as popularly said, "Don't take rest after your first victory as more lips are waiting for you to say that your first victory was just your luck".

Ankit  
Bcom (H), 1st Year

# WORDS FROM TOPPER

I'm not someone who believes that getting marks in examination is going to do something with my future. Getting marks is not just the thing. Over the years, I realised that life is not just about creating yourself but exploring yourself is also an indispensable part of our life. Remember that our mistakes give us valuable lessons in the end and help us to choose the right path. Always follow your passion, never afraid to take risks if it's worth it and work relentlessly towards your goal for sooner or later you will surely achieve it.

So always stay motivated to do better than the past and the most important thing is that you should

Sangeeta Yadav  
Bcom Prog, 2nd Year

While you grow up, you always have aspirations and goals set for yourself. I also had some and have been fortunate enough to get the right course from one of the best colleges in the country. From being an amateur and inexperienced to someone having exquisite exposure through collaborations and events, the journey at KMC has offered me the fitting guidance from the teachers, unending support from the fellow students and departmental assistance in developing a knowledgeable and skillful adult of me. It is definitely a supreme launchpad for my future. Cheers!

Aruna Chaudhary  
Bcom Prog, 3rd Year

It's your life, it's you who will run your life. We cover ourselves with negative feelings and nervousness which doesn't even make sense. We confuse ourselves thinking about repercussions, as it's today that matters.

Therefore, it's today the day me, you and everyone should take an initiative and do what we want to do, after all it's us who matter!!.

Radhika Agrawal  
BCom (H), 3rd Year

# STUDENT MAGAZINE COMMITTEE

