THE COMMERCE SOCIETY

SHRI RAM COLLEGE OF COMMERCE

mudra

THE ANNUAL MAGAZINE

VOLUME 3

SHRI RAM COLLEGE OF COMMERCE

THE COMMERCE SOCIETY

EXPERIENCE TRADITION, CHASE SUCCESS.

ACKNOWLEDGEMENT

The Commerce Society, Shri Ram College Of Commerce has proudly completed 52 years of establishment. The launch of the third edition of our annual magazine, Mudra, has further amplified our ambitious vision to take this legacy of striving for excellence and growth to greater heights. The preparation of this magazine has not just been a task to be completed for us but a wholesome learning experience where we got to enhance our knowledge. It did not just help in expanding our academic horizon but also helped us grow personally and ethically. The society would like to take this opportunity to sincerely thank all the people associated with the magazine for their constant and unwavering support and guidance, without which it would have been impossible to complete. We shall forever be grateful to our authors and corporates for being a part of our interview corner. Our researchers and writers have also played an integral role in making this magazine insightful. This magazine is the collective efforts of the specific team formed solely for curating this magazine.We would also like to express our gratitude and indebtedness towards Mr. Alok Kumar, our faculty advisor, who took this pivotal role of supervising our arduous journey of preparation of the magazine and without whose continual nurturing and guidance this magazine would not have been materialised.

ABOUT THE SOCIETY

The Commerce Society, Shri Ram College Of Commerce is one of the most prestigious and oldest working societies of the University of Delhi. With an aim to provide individuals with an efficacious platform for opportunities, the society has been successful in training and developing the ravenous appetite for brilliance in all its members alike. The society holds the vision to provide all its members a platform to escalate their skill-sets and abilities which is brought to light by a team of committed young individuals and is completely backed by the college authorities. With their constant support and guidance we aim to take forward the legacy of equipping the best of minds with quality and practical knowledge. From organising the some of the largest Commerce festivals like 'Shri Ram Commerce Summit' and ' Bizstreet' to interacting with eminent personalities through its speaker session under the series ' Speakstreet' the society provides a wide horizon of learning experiences to all the members. Taking forward the motto of ' Experiencing Tradition and Chasing Success' the society aims to develop and equip each of its members with a perspicuous approach.

PRINCIPAL'S NOTE

PROF. SIMRIT KAUR

With a legacy of more than 5 decades, The Commerce Society, Shri Ram College of Commerce, has been passing milestones of success and strives to provide impeccable opportunities for those who have a proclivity towards honing skills and persona. Over the years, students of the society have taken the level of performance to the zenith of excellence with their constant endeavours and made the institution very proud.

With immense support and assistance of Dr. Alok Kumar, Faculty Advisor, The Commerce Society, successfully conducted two national-level commerce festivals - "Shri Ram Commerce Summit" and their annual fest "BizStreet". With a profusion of multiple events spanning across various aspects of business and commerce, these fests provided a perfect platform for all the enthusiasts to bring out the best of their skills through the commerce prism. Speaker sessions with eminent personalities such as Mr. Bipul Chandra, Ms. Nabila Jamshed, CA Atul Gupta, Mr. Niel Gorge and Mr. Prashant Sanghvi were also conducted during the entire year to help students gain insights into the professional world from top business leaders across the globe. The society has widened its horizon with these insightful sessions, well-written articles, publication of its fortnightly bulletin and MUDRA, the Annual Magazine of the Society.

I wholeheartedly congratulate the entire team for the successful release of the third edition of MUDRA. The magazine aptly presents well-researched and thought-provoking insights of the students on a diverse range of topics from business, commerce, finance, economics and psychology. It is indeed commendable to see that the students have interviewed founders of various startups and presented their views through this magazine which would surely disseminate awareness and encourage innovation in this sphere. I congratulate the team once again for their efforts that are being well reflected in the following pages.
Best wishes to the society for the decades to come!

FACULTY ADVISOR'S NOTE

It provides me with immense pleasure and pride to know that The Commerce Society, Shri Ram College of Commerce is releasing the third edition of its annual magazine, "MUDRA". The magazine is an apt representation of the in-depth and factual research conducted by young individuals on a myriad of topics, ranging from the world of finance to developments around the globe. The members of the society have indeed strengthened the five-decades-long legacy of sharpening young minds, bolstering the scope of research in diverse fields and fostering the growth, intellect, and learning of students. I would also like to take a moment to applaud the persistent and admirable efforts put in by each member of society towards fulfilling their responsibility to strive to expand the horizons of their diverse and enriching endeavors.

I wholeheartedly congratulate the Editorial Board on their commendable efforts and excellent job in putting out the magazine with such enthusiasm and passion. I wish all the members of society all the very best in their future endeavors.

DR. ALOK KUMAR

EDITORS-IN-CHIEF NOTES

ANJALI TANWAR

The team of MUDRA has always strived for excellence and greater heights providing something unique with each of its editions. It is the most perfect and apt place for all the curious minds thriving for knowledge while providing an opportunity for writers passionately working towards sharing their insights. Having been through such difficult times together in past two years globally, it is in the continued spirit of courage, rejuvenation, and hope, that we present the third volume of Mudra before our readers.

After much deliberation and countless ideation meets, this year, we've introduced four new sections in the magazine. From emphasizing upon various emerging technologies in the "Way Forward" section to highlighting the growing need for sustainability in the "Fin it sustainably" section, we've tried to provide a diverse and wholesome experience for our readers. Additionally, we've also elaborated upon several corporate failures focusing on the reasons behind the same and provided deep insights into the psychology that goes behind various finance and economic decisions.

Personally, Mudra has been extremely close to my heart because of the lifelong experience and opportunities it has provided me with. The entire journey, right from ideation, mentoring juniors, and managing various teams to the actual publication has been the most uplifting and strenuous part of my life. Although, the transition from online to offline has been nothing short of challenges we're extremely proud of how hard each team member has worked to pull off what we had envisioned initially, so incredibly well. We sincerely hope that it is as much of an enriching experience for our readers as it was for us!

Elegant, Exuberant and Enticing - one word for them all: MUDRA 2022.

After the huge success of the last edition, we present to you the third edition of Mudra, which is an amalgamation of thoughts and deep insights from a wide variety of topics which will definitely interest our readers. Through Mudra, we have tried to shed light on some of the most relevant and yet untraversed topics which would compel our audience to think divergently and ignite inquisitiveness and curiosity in their minds.

For the readers, it will be an experience and for the makers, this magazine was indeed a beautiful journey. We were overwhelmed by the high standards of entries that we received and this encouraged us to double our efforts in providing the readers the best experience we could.

I would like to take this opportunity to appreciate each and every member of the Mudra team for their persistent hardwork and sincerity which is being well reflected throughout the entire publication. It was truly an honour to serve as the Editor-in-Chief of this amazing journal.

No matter your interest, there's sure to be something to inspire you in this issue of The Commerce Society, SRCC. Happy reading!

DISHA AGARWAL

IN THIS ISSUE

The timeline section provides a glimpse of all the important events of every month of the year. From Neeraj Chopra bagging gold in the Tokyo Olympics to Sensex hitting the 60k mark for the first-time ever, this section has covered it all. Head on to this section to get a glimpse of things happening globally in the 22nd year of the century.

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TIMELINE

Jump to the most content-heavy section to read some really intriguing research articles from the domain of commerce, finance, business and economics written by diligent students from all over the country who are expressing their views on a myriad of topics.

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ARTICLES

This section comprises well- researched writeups on topics ranging from 'Capitalism' to 'Cryptocurrency'. Despite the fact that these subject matters have garnered a lot of limelight over the past few years now, these research papers provide a whole new perspective to these concepts. Each paper, besides the intricate commentary on the core, gives a glimpse of the efforts put in by the content writers.

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RESEARCH PAPERS

In the ideal world, every person is assumed to be a rational consumer who always makes decisions that provide him with the highest amount of personal utility. But observations of human behaviour show that people do not always make what neoclassical economists consider the "rational" or "optimal decision", even if they have the information and the tools available to do so. Why do people do so? To get the answers to such intriguing questions, head on to this section which unravels why what people "should" do is very different from what they "actually" do.

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MINGLED MINDS

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The drive to sustainability is transforming the way we live. But what is the impact on the way our savings and pensions are invested? Welcome to the world of sustainable finance. The transformation of finance is essential to achieving a sustainable future. Investors need no longer face a trade off between profits and saving the planet. But how? Head on to this section to know further.

93 FIN IT SUSTAINABLY

It is very well said that while it is wise to learn from experience, it is wiser to learn from the experiences of others. The interview corner depicts the journey behind some of most successful startups. The way they built up, the problems they faced and the ups and down they went through. Head on to the section to gather some valuable insights from the same.

111 INTERVIEW CORNER

Some of the biggest corporate failures of the 20th & 21st centuries reminded us of a fact that applies to the world of business just as much as it does to every other facet of life: Nothing lasts forever.
Corporate failures resulting from financial instability or scandal have serious negative consequences for all stakeholders. What are the causes of corporate failures and in what ways can companies learn from them? This section covers everything one needs to know about major corporate failures.

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Technology has paved the way for economic transformation and improved quality of life. The changes have been so rapid that it's extremely difficult to take account of everything. Fret not! This section has got everything covered ranging from the newly formed fusion of finance and technology to rapidly emerging markets of 5G and the metaverse alike, from understanding the ideas behind some of the most innovative startups to solving the intricacies of the new space economy.

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GST collection at all-time high of Rs 1.42 lakh crore in March

Padma Awards 2022: Covaxin makers, Neeraj Chopra and others honored

MARCH

Gross revenues from GST hit a record high of Rs. 1.41 lakh crore surpassing the previous highest collection of Rs. 1.24 lakh crore by 14%.

Citibank to exit retail banking in India as a part of global decision to exit 13 markets as the US based lender shifts its focus on a few wealthy regions around the world.

APRIL

MAY

Amazon agreed to acquire film studio MGM Holdings for $8.45 billion marking its biggest push into Hollywood.

Iran launched its most powerful supercomputer called Simorgh, hundred times more powerful than the previous Iranian supercomputers.

JUNE

Nigeria placed a nationwide ban on Twitter following the platform's removal of President Buhari's tweet.

The legislative assembly of Elsalvador passes The Bitcoin Law, giving bitcoin status of legal tender within the country, effective from 7th September,2021.

NOVEMBER

Despite growing consumer demand, global shortage of semiconductors led to over 18% fall in November vehicle sales.

GST collections cross Rs 1.3 lakh crore which is the second-highest amount recorded ever.

DECEMBER

UPI transactions reach a new peak as the value of UPI transactions cross INR 8 lakh crores in December.

Nokia India sales fell by 15% to 250 million euro in the the December quarter.

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Storming of the US Capitol

On January 6, 2021, a mob of 2,000–2,500 supporters of U.S. President Donald Trump attacked the Capitol Building in Washington, D.C. following his defeat to Joe Biden in the US Presidential elections 2020. At the time of the attack, a joint session of the Congress was being held inside the Capitol to validate the results of the elections. The rioters assaulted security officials, looted offices and vandalised the Capitol. Five people, including Officer Brian Sicknick, died in the attack. The Federal Bureau of Investigation (FBI) called the Capitol siege an act of "domestic terrorism." The rioters were exhorted by Trump, for which he was impeached by the House of Representatives. Although Trump was acquitted by the Senate, he became the first US President to be impeached twice.

A major winter storm kills at least 136 people and causes over 9.9 million power outages in the U.S.

From February 13 to 17, the North American winter storm pounded the United States, Northern Mexico, and parts of Canada. The storm began in the Pacific Northwest and swiftly progressed into the South before moving on to the Midwest and Northeastern United States a few days later. Over 170 million Americans were placed under various winter weather alerts as a result of the storm, which also resulted in outages for over 9.9 million people in the United States and Mexico. It played a role in a severe cold wave that hit most of North America, as well as bringing severe and destructive weather to the Southeast, including multiple tornadoes. The death toll has increased to at least 290 by January 2, 2022.

Tensions in Jerusalem escalated into an all-out conflict between Hamas in Gaza and the Israeli military

After weeks of tension in Jerusalem, massive conflict emerged in the Eastern Jerusalem Gaza strip between Israel and Palestine's militant leader group Hamas.

It has been stated by politics, history and religion that the Temple Mount - the holiest site in Judaism is one of the reasons of the broader Israeli-Palestinian

conflict along with the ongoing dispute over territorial allocations to Palestine for its residents.
Over 250 people died in the conflict, including both Israelis in Tel Aviv under rocket barrage by Hamas, and Palestinians in the territory of Gaza due to heavy bombing and use of missiles by the Israeli warplanes.

Taliban takes control of Afghanistan

Despite the US and NATO successive efforts to build up the Afghan security force by pouring in hundreds of billions of dollars and placing its soldiers, the Taliban seized nearly all of Afghanistan in a very short span of time. After a long wait of 2 decades, Taliban captured Afghanistan on 15th August and While the Taliban fighters remained on the outskirts, reports of Afghanistan President Ashraf Ghani leaving the country added more panic. However, the president further said that he left the country to prevent further bloodshed. The Taliban takeover of Afghanistan accelerated the country's human rights crisis and humanitarian catastrophe. A freeze on Afghanistan's currency reserves and the loss of foreign aid accelerated an economic collapse, leaving millions of Afghans at risk of famine. The collapse of the country's health services meant care. that many Afghans faced a loss of most physical and mental that many Afghans faced a loss of most physical and mental healthcare

India Ready To Produce Over 5 Billion Covid Vaccine Doses By 2022 End said PM Modi At G20 Summit

PM Narendra Modi said that New Delhi is ready to produce over five billion Covid vaccine doses by the end of 2022, in the G-20 Summit meeting that was held on 30th October 2021 in Rome. He also mentioned the "One Earth, One Health" vision and highlighted India's medical supply to over 150 countries and its contribution in maintaining the global supply chain during the pandemic. He also stressed on the need for facilitating international travel and recommended a mechanism of mutual recognition of vaccine

certification for this. Considering that approval of the WHO for emergency use authorization for Covaxin is pending, he suggested that permission for the jab will help India assist other nations.

FACTS

The world's first bank

It was Monte Dei Paschi di Siena, founded in 1472 and headquartered in Tuscany, Italy. It still operates today.

GameStop stock price soared by 1500%; manic trading led to NYSE halting 9 times

A short squeeze of GameStop stock and other securities occurred in January 2021, resulting in significant financial ramifications for select hedge funds and big losses for short sellers. Around 140 percent of GameStop's public float had been sold short, and the rush to cover those bets as the price surged drove it to rise even more. The short squeeze was initially and mostly sparked by Reddit users, however a number of hedge funds subsequently took part. The short squeeze peaked on January 28, when the retailer's shares reached a pre-market value of roughly US$500 per share, nearly 30 times the $17.25 valuation at the start of the month.

Gross revenues from GST hit a record high of Rs. 1.41 lakh crore surpassing the previous highest collection of Rs. 1.24 lakh crore by 14%

Despite the second wave of the COVID-19 pandemic in April 2021, GST collections surpassed the previous highest collection of Rs. 1.24 lakh crore recorded in March 2021. This record-high collection is contrasted with last year's catastrophic low collection of Rs 32,172 crore in April 2020 due to the nationwide lockdown. Since October 2020, the economy has shown signs of recovery coupled with strong demand. This recovery is short-lived, however, since tax experts believe the GST collection in the coming months could see decline owing to lockdowns in certain parts of the country to curb surge in Covid cases.

Citibank to exit retail banking in India as a part of global decision to exit 13 markets as the US based lender shifts its focus on a few wealthy regions around the world

Citibank announced a major decision to cease its consumer-facing retail banking operations in India, including services in credit cards, personal loans and savings bank accounts. It is looking to focus only on wealthier regions, including Singapore, Hong Kong, the UAE and London — apart from the US. However, they have not exited India entirely, as is reflected in the following statement by Ashu Khullar, CEO of Citibank India. "We will continue to deliver our innovative digital solutions, backed by our global network, and devote our resources to large and mid-sized Indian corporates and multinationals, financial institutions, startups in the new-age sectors, amongst others." Citibank has been operating in the retail sector in India since 1985.

Coinbase's Trading Debut: Coinbase closes at $328.28 per share in Nasdaq debut, valuing crypto exchange at $85.8 billion.

Shares in Coinbase, the first major crypto currency company to list its shares on a US stock exchange, jumped in their market debut on april 14, indicating investors' hunger to grab a piece of the hot market for digital currencies. It began trading at $381 a share, a 52% rise over a $250 reference prize set by Nasdaq a day ago. The stock reached as high as $429 with $310 being the all day low in a volatile day of trading. Coinbase ended the day at $328.28 valuing the company at $85.7 billion- more than 10 times its last valuation as a private company.

The foreign exchange reserves of India crossed the $600 billion mark for the first time in June, 2021. The reserves kitty rose by $6.842 billion to $605.008 billion in June.

The increase in the foreign kitty in the reporting week was primarily due to an increase in the value of the central bank's foreign currency assets (FCA), while the value of the RBI's gold reserves fell. The central bank's foreign currency assets (FCA), which account for a sizable portion of total reserves, increased by $7.362 billion to $560.890 billion, according to the data. The FCA reflects the appreciation or depreciation of currencies held in foreign exchange reserves, such as the euro, pound, and yen, in dollar terms. Typically, the value of FCA for a given week is determined by currency depreciation and RBI intervention in the currency market.

Launch of Zomato's IPO

One of India's most awaited IPO opened for public subscription on July 23rd, 2021. With this, Zomato becomes the first from a long list of indian unicorns, to launch an IPO. The shares of the food startup opened at ₹ 116, a premium of ₹ 53 per cent compared to the issue price of ₹ 76. What surprises one is the risk investors are willing to take, for a company that has a disruptive business model. However, the fact that the company showcased good revenues in the fiscal years 2019 and 2020, acts as a reassurance. The Gurugram-headquartered company is looking to raise as much as Rs 9,375 crore by issuing fresh stock and via an offer for sale at Rs 72-76 per share. It is likely to be valued at nearly $9 billion at the upper end of this price band.

Dearness allowance hikes up to 31% effective from July 1

The Finance Ministry announced that the dearness allowance (DA) for central government employees has been raised to 31% of basic pay from 28%, effective July 1, 2021. According to the notification, the term “basic pay” refers to pay calculated using the 7th pay commission matrix and does not include any other type of pay, such as special pay. The increase will apply to both civilian and military employees. The decision will benefit about 47.14 lakh central government employees and 68.62 lakh pensioners. The combined impact on the exchequer on account of the Dearness Allowance and Dearness Relief would be Rs 9,488.70 crore.

Infosys- 4th indian company to touch market capitalization of US $100 billion

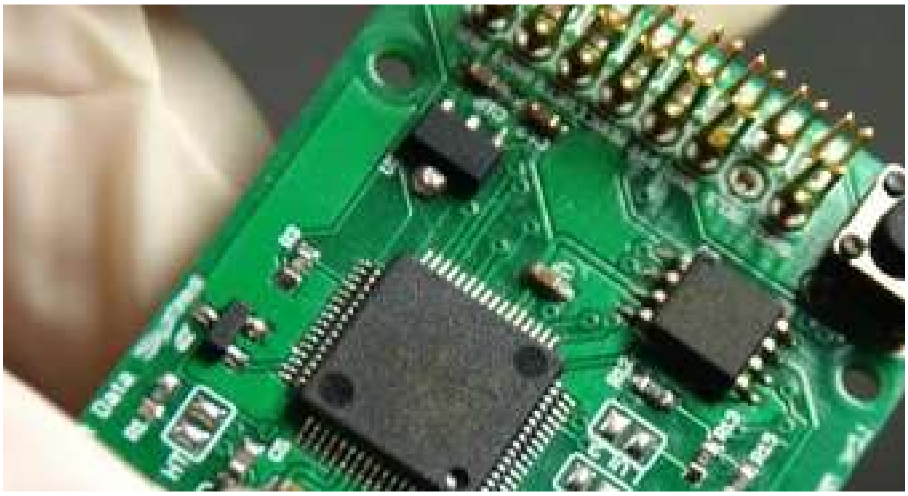
On August 24, 2021, Infosys surpassed the $100 billion mark in terms of market capitalization, becoming the fourth Indian company and the second Indian software exporter after Tata Consultancy Services to achieve the coveted milestone as investors poured money into technology service providers driving the digital transformation of businesses around the world. On the global rankings, Infosys ranks just behind video conferencing app Zoom, which has a market cap of $101.35 billion and has been in business for four decades. The IT services major has joined the league of TCS, Reliance Industries and HDFC Bank for crossing the $100 billion-mark in terms of market capitalization.

The U.S. trade deficit narrowed to USD 67.1 billion in October, the lowest in six months, after hitting a record high in September.

The October deficit was 17.6% below the all-time peak in September of $81.4 billion, the Commerce Department of United States reported. It was the smallest monthly deficit since a $66.2 billion imbalance in April. The exports rose to 8.1% to $223.6 billion while imports were up a much smaller 0.9% to $290.7 billion.There were gains in numerous export categories, suggesting that a recovering global economy is beginning to boost demand for U.S. products.

GST collections cross Rs 1.3 lakh crore which is the second-highest amount recorded ever.

GST collections for October stood at Rs. 1.3 lakh crores, the second-highest since its implementation in 2017 , thus indicating a strong trend of the ongoing economic recovery post Covid-Crisis. The highest revenue recorded was in April 2021 at Rs 1.41 lakh crore. The revenues for October are 24% higher on-year and 36% higher than revenues collected in the same month in FY20. The gross GST revenue collected in the month of October 2021 is Rs 1,30,127 crore of which CGST is Rs 23,861 crore, SGST is Rs 30,421 crore, IGST is Rs 67,361 crore (including Rs 32,998 crore collected on import of goods) and Cess is Rs 8,484 crore (including Rs 699 crore collected on import of goods).



Despite growing consumer demand, global shortage of semiconductors led to over 18% fall in November vehicle sales.

Despite strong demand in the local market, passenger vehicle sales fell in double digits for the third consecutive month in November 2021 as the global shortage of semiconductors continued to limit production across automakers including market leaders Maruti Suzuki and Hyundai Motor India.

According to SIAM director-general, Rajesh Menon ,"Industry continues to face headwinds due to a global semiconductor shortage. In the festive season, the industry was hoping to make up for the lost ground, but sales in November 2021 were the lowest in seven years for passenger vehicles, lowest in 11 years for two-wheelers and the lowest in 19 years for three-wheelers.

UPI transactions reach a new peak as the value of UPI transactions cross INR 8 lakh crores in December

Transactions made using the Unified Payments Interface scaled a new peak in December 2021, surpassing the previous record set in October when the value of UPI transactions crossed $100 billion for the first time. According to data from the National Payments Corporation of India (NPCI), 456 crore UPI transactions worth about Rs 8.27 crore were conducted in December. That compares with 422 crore transactions worth about Rs 7.71 lakh crore in October and 230 crore transactions worth Rs 4.31 lakh crore last January. The volume and value of monthly UPI transactions nearly doubled from January to December 2021. Already the biggest mode of online payments in India, UPI facilitates inter-bank peer-to-peer and person-to-merchant transactions. NPCI now expects the UPI platform to hit 100 crore transactions per day after RBI enables UPI wallets for low-value offline transactions.

Nokia India sales fell by 15% to 250 million euro in the December quarter

After recording a net sales of 294 million Euro in December 2020, Nokia reported a 15 per cent decline in India sales to 250 million euro (about Rs 2,113 crore) in the December 2021 quarter. However, For the full year ended December 31, 2021, Nokia's profit increased by 47 per cent to 2.1 billion euro from 1.43 billion euro at the end of 2020 and its annual revenue of Nokia increased by 2 per cent to 22.2 billion in 2021 from 21.85 billion in 2020. As said by Nokia in a press release, ""The decline in mobile networks net sales reflected less pronounced seasonality in the fourth quarter, as expected, with lower net sales in both radio access products, as well as services. Additionally, net sales were impacted by supply chain constraints."

Marijuana Decriminalized in New Jersey

New Jersey Gov. Phil Murphy signed legislation into law Monday to create a recreational marijuana marketplace, decriminalise cannabis, and relax penalties for underage possession of the drug and alcohol, more than three months after voters overwhelmingly approved a ballot question to legalise adult use of the drug.

The Democrat-controlled Assembly and Senate enacted a last-minute bill Monday to relax penalties for minor alcohol and marijuana possession in order to get Democratic Gov. Phil Murphy's signature on legislation they had given him in December. According to politicians, the decriminalisation bill is required since the state's laws still make possession a crime, notwithstanding the voter-approved amendment. The bill had widespread bipartisan support.

The legislative assembly of Elsalvador passes The Bitcoin Law, giving bitcoin the status of legal tender within the country, effective from 7th September,2021

El Salvador became the first country in the world to adopt bitcoin as legal tender after congress approved The President Nayib Bukele's proposal to embrace the crypto currency, a move that delighted the currency's supporters. With 62 out of 84 possible votes, lawmakers voted in favour of the move to create a law to adopt bitcoin, despite concern about potential impact on El Salvador's program with the International Monetary Fund. Bukele touted the use of bitcoin for its potential to help Salvadorans living abroad to send remittances back home, while saying that the U.S dollar will also continue as legal tender. In practice, El Salvador does not have its own currency.

Nigeria placed a nationwide ban on Twitter following the platform's removal of President Buhari's tweet

The President of Nigeria, Mr. Muhammadu Buhari announced a nationwide ban on Twitter on June 5th, 2021. A few days prior, Twitter had deleted his tweet, which cited the country's civil war nearly 50 years ago in reference to civil unrest occurring in the country at that time. A few ethnic groups saw his words as a threat of genocide, and as a result they reported the tweet to be in violation of Twitter rules. However, Mr. Lai Mohammed, the Information Minister said that The reason for blocking Twitter was "the persistent use of the platform for activities that are capable of undermining Nigeria's corporate existence." Although it was said that Nigeria will take strict prosecution against offenders, some Nigerians resorted to VPNs to continue their access to the social media site.

China's central bank declares all cryptocurrency transactions illegal

China's central bank declared that all financial transactions involving cryptocurrencies are illegal, sounding the death knell for the digital trade in China after a crackdown on the volatile currencies. The global values of cryptocurrencies including Bitcoin have massively fluctuated over the past year partly due to Chinese regulations, which have sought to prevent speculation and money laundering. "Virtual currency-related business activities are illegal financial activities," the People's Bank of China (PBOC) said in an online statement, adding that offenders would be "investigated for criminal liability in accordance with the law". The notice bans all related financial activities involving cryptocurrencies, such as trading crypto, selling tokens, transactions involving virtual currency derivatives and "illegal fundraising".

Bill to privatize two Public Sector Banks to be Introduced in the winter session of parliament

The Central Government is set to introduce the Banking Law Amendment Bill 2021 in the Winter Session of Parliament, in a bid to privatize two public sector banks. By privatizing these, the government can reduce its minimum stake from 51% to 26%. A target of raising Rs 1.75 lakh crore from disinvestment has been set. Meanwhile, the All-India Bank Officers' Confederation (AIBOC) announced protests in Delhi against the privatization scheme saying that there is no economic basis behind this move and that it is purely a political decision taken to hand over the bank to the 'capitalists'. It is believed that privatization of PSBs will affect the priority sectors of the economy and impact the flow of credit to SHGs.

TERMS

Bounce Rate

Bounce Rate is expressed in percentage and refers to the percentage of visitors who navigate away from the website without visiting other pages of the site. This term is specially used in web traffic analysis as it measures the effectiveness of a website in encouraging users to move ahead in their journey on the website.

Protesting farmers raised their own flag at Red Fort on Republic Day

The farmer protests demanding the repealment of farm laws took a violent turn on 26th January, 2021. As India celebrated its 72nd Republic Day, thousands of protesters entered Delhi on their tractors and wreaked havoc on roads, clashed with police and even hoisted a religious flag from the ramparts of the iconic Red Fort, a privilege reserved for the Indian tricolour. Many protestors deviated from planned paths, resulting in conflicts with police. Over 80 police officers were hurt, and one demonstrator died. As security forces rushed to restore order, mobile internet services were suspended in sections of Delhi, and some metro stations were blocked. Protesters broke down the gates of the Red Fort and invaded its wells. A fraction of the throng even managed to scale the historic monument's rampart, where they displayed a religious flag. Videos of police officers being forced to jump down a cliff to flee had gone viral, as had a video of a demonstrator purportedly throwing swords.

World food prices hit a new 10-year high as the Food and Agriculture Organization (FAO) averaged food price index at 133.2 points in October

According to UN Food Agency, World food prices rose for a third straight month in October to reach a fresh 10-year peak, led again by increases in cereals and vegetable oils. The Food and Agriculture Organization's (FAO) food price index, which tracks international prices of the most globally traded food commodities, averaged 133.2 points in October compared with a revised 129.2 for September,2021. According to reports, Agricultural commodity prices have risen steeply in the past year, driven by harvest setbacks and strong demand. According to FAO, the cereal price index rose by 3.2% in October from the previous month. That was led by a 5% jump in wheat prices, which climbed for a fifth consecutive month to reach their highest since November 2012.

FACTS

An average Amazon Prime customer in america, quite counter intuitively, spends 4 times more on Amazon than a non prime customer. Turns out the discounts and offers are making them spend more as compared to a non prime customer.

TERMS

Basket Trading

This is the price of a security at the beginning of the trading day which is used to determine the Day Minimum/Maximum and the operational ranges for that day.

NASA's Mars 2020 mission (containing the Perseverance rover and Ingenuity helicopter drone) lands on Mars at Jezero Crater, after seven months of travel

The largest, most advanced rover NASA has sent to another world touched down on Mars Thursday, after a 203-day journey traversing 293 million miles (472 million kilometres). Confirmation of the successful touchdown was announced in mission control at NASA's Jet Propulsion Laboratory in Southern California at 3:55 p.m. EST (12:55 p.m. PST). Packed with ground-breaking technology, the Mars 2020 mission launched July 30, 2020, from Cape Canaveral Space Force Station in Florida. The Perseverance rover mission marks an ambitious first step in the effort to collect Mars samples and return them to Earth.

Iran launched its most powerful supercomputer called Simorgh, hundred times more powerful than the previous Iranian supercomputers

On May 18 2021, the Amirkabir University of Technology (AUT) located in Tehran, Iran launched the country's most powerful supercomputer. It was named Simorgh, after a mythical phoenix-like bird according to Persian mythology and culture. The total cost of the computer came to nearly 1 trillion Iranian rials or $4.5 million.

This supercomputer was created to provide massive enhancements to the country's scientific, economic, political and military data-processing capacity, and it would also strengthen the nation's position in the age of AI and big data. The Information Technology Minister also said that work on the next supercomputer has already started, and it will have 100 times the capacity of Simorgh.

PhonePe launches 'Pulse'; India's first interactive geospatial website for digital payment insights

PhonePe, one of India's leading fintech platforms, has launched 'PhonePe Pulse' today. It is the country's first interactive website with data, insights, and trends on digital payments. The PhonePe Pulse website displays over 2000 million consumer transactions on an interactive map of India. In addition, the company released the Pulse Report, an in-depth study of the evolution of digital payments over the last five years. It includes specific geographical and category trends. This new product is relevant to multiple ecosystem stakeholders

FACTS

In advertisements for the iPhone, the time is always shown to be 9:42 or 9:41 a.m. because events start at 9 a.m. at Apple, and the reveals tend to happen about 40 minutes after getting started.

including the government, policymakers, regulatory bodies, media, industry analysts, merchant partners, startups, academic institutions and students. The rich data set along with insightful trends and stories can be used by these partners to understand consumer and merchant behavior and identify new opportunities for growth.

Facebook Inc is set to invest $50 million to partner with organizations in order to build Metaverse

Facebook is the world's largest social network that has invested heavily in virtual reality and augmented reality. It has also invested in developing hardware like Oculus VR headsets and is working on AR glasses and wristband technologies. Metaverse is a set of virtual spaces where one can create and explore with other people who aren't in same physical space. Using this virtual space, one would be able to hang out with friends, play, work, learn, shop and create. This space is not necessarily about spending more time online but is about making time one spends online more meaningful.

World's highest EV charging station installed at Himachal's Spiti Valley

Pune-based EV charging infra startup goEgoNetwork has installed its electric vehicle charging facility at Kaza in the Spiti Valley, Himachal Pradesh, making it the world's highest EV charging station. The station is situated at 3,800 meters or 12,500 ft above sea level. The startup goEgo has collaborated with TVS Motor Company to promote EV infrastructure in Himachal Pradesh. The company said its aim, which is in line with the government's vision of becoming a 100 per cent EV nation by 2030, is to encourage EV owners to avail seamless and anxiety-free long-distance travel.

FACTS

97.75% was the highest income tax slab!

In 1970-71, income tax was spread over 11 slabs with the highest bracket attracting 85% tax. Combined with a surcharge of 15%, the marginal rate of income tax reached 97.75%!

TERMS

Dead cat bounce

A small rally after a sharp decline on Wall Street. It could refer to a stock with a plummeting share price or a market trend. An old investment saying goes: "Even a dead cat will bounce if it is dropped from high enough.

Amazon agreed to acquire film studio MGM Holdings for $8.45 billion marking its biggest push into Hollywood

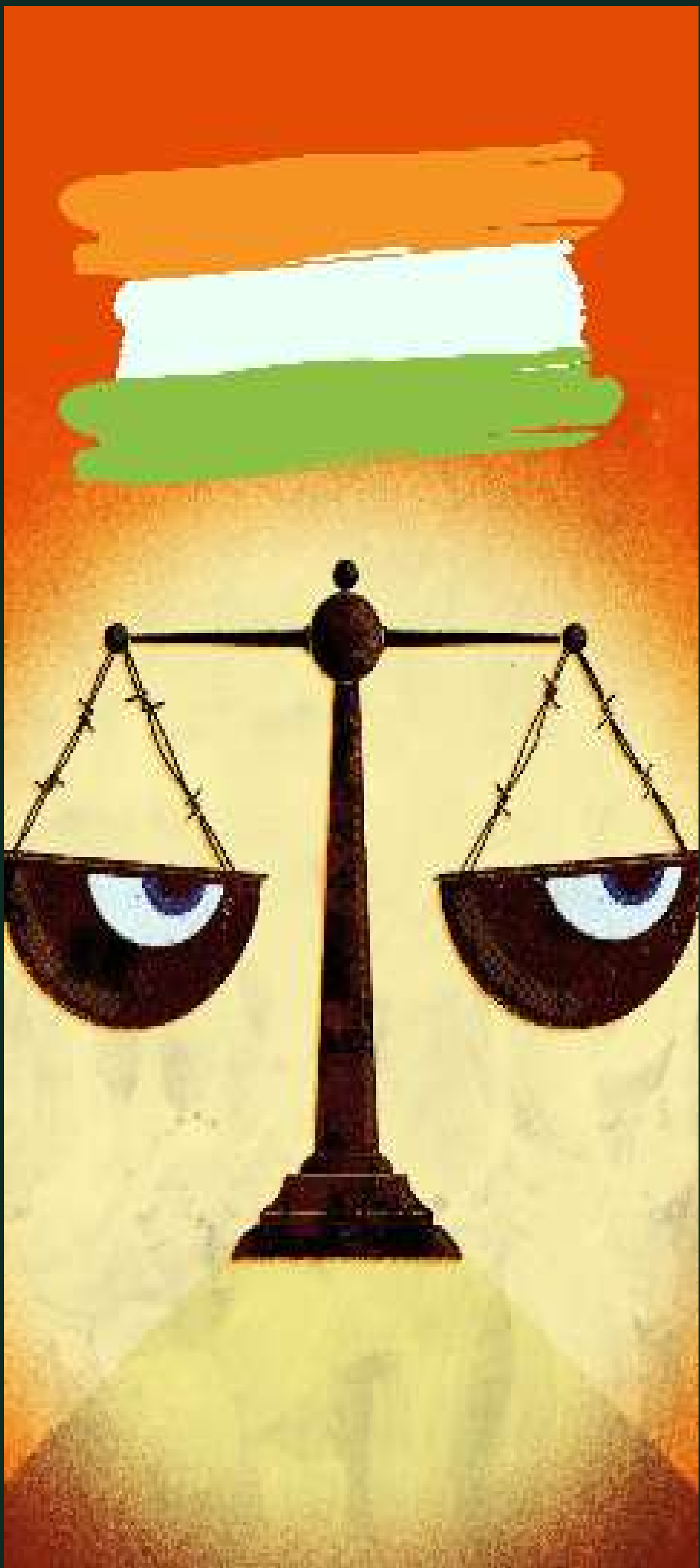
In a massive move for the streaming industry, Amazon has purchased major studio MGM for a whooping $8.45 billion and has taken over all media content. The acquisition is second largest by Amazon and only falls behind its purchase of Whole Foods. Amazon said they plan to “reimagine and develop together with MGM’s talented team”. Metro Goldwyn Mayor, better known as MGM, has over 4000 beloved film titles and 17000 tv shows that have collectively won 180 Academy Awards and 100 Emmys.

“The real financial value behind this deal is the treasure trove of IP in the deep catalogue that we plan to re-imagine and develop with MGM’s talend team”, said Hopkins, senior vice president of prime video and Amazon Studios.

Tokyo Olympic 2021

The 2020 Summer Olympics were held in Tokyo, Japan spanning over a period of 16 days, commencing from 23rd July. 11,000+ participants from 200+ countries participated across 330+ events in around 50 disciplines. United States clinched the maximum number of gold medals (39) besides topping the medal tally (113) followed by China (88). India ranked 48th by winning 1 Gold, 2 silver and 4 bronze medals. Neeraj Chopra become the first ever Indian to bag a medal in athletics, fulfilling the dream of billions of Indians. The Tokyo Olympics were like no other Summer Games before and that was partially because the competition featured several brand-new sports: 3x3 basketball, skateboarding, sport climbing, surfing and karate.

ARTICLES



IMPACT OF ASSET MONETIZATION ON INDIA

By: Urvee Baweja

Shaheed Sukhdev College of Business Studies, DU

WHAT IS ASSET MONETIZATION?

It is a process that helps the government and its entities to create new avenues of revenue by unlocking the economic value (or monetization) of previously underutilized or unutilized, tangible and intangible public assets. It indicates that public infrastructure will be made available to institutional investors or the private sector via established procedures. Any property owned by a public entity might be considered a public asset. Examples of public assets are roads, transmission lines, pipelines, railway stations, airports, mobile towers, or even land that remains unutilized.

HOW IS ASSET MONETIZATION DIFFERENT FROM PRIVATIZATION?

Privatization involves the **transfer of ownership** to private individuals or entities on a permanent basis. All the operations and the management decisions thereafter, lie in the hands of the private entity. On the other hand, asset monetization involves **leasing out public assets** to private entities in order to raise revenue. However, it involves **transfer or revenue rights and not ownership.** Herein, assets are handed back to the government at the end of the transaction life.

OBJECTIVES OF NMP

- Unlock the value held in **brownfield projects** by engaging the private sector, to finance the **infrastructure creation** across the country
- Assist in maintaining **fiscal prudence** and pursuing a counter- cyclical fiscal policy
- Contribute in achieving the goals of **$5 trillion economy and Atma Nirbhar Bharat**
- **Modernizing** existing assets which will aid growth in economy

WHAT IS THE NATIONAL ASSET MONETIZATION PIPELINE AND WHAT IS ITS AIM?

Recently, the Union Minister of Finance, Smt. Nirmala Sitharaman launched the National Asset Monetization Pipeline (NMP) with an aim to unlock a total monetization potential of **Rs. 6 lakh crores** through the Central government's key assets over a four-year period from **FY 2022 to 2025.** This plan is in alignment with Prime Minister Narendra Modi's strategic disinvestment strategy wherein the government will retain its presence in a few areas with the rest being tapped by the private sector. In certain situations, the assets may be transferred on a long-term lease, while in others, public assets may be created on a Build-Operate-Transfer basis by private investors. This would be determined by the asset's nature and how it is utilized.

CHALLENGES THAT NMP MAY FACE

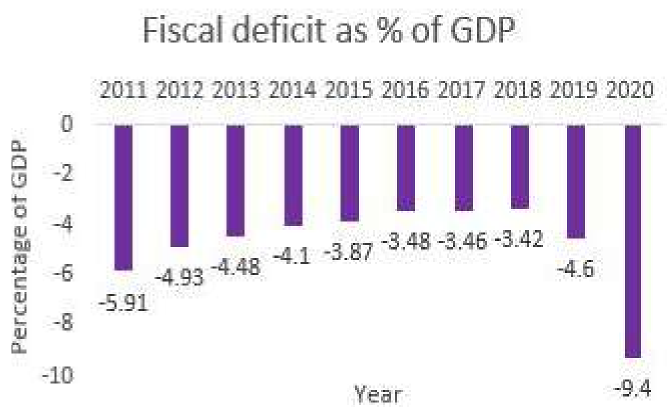
- Job loss, concerning workers of state-owned industries
- The risk of corruption or opposition blockages over the allocation of assets
- Undervaluation of some assets, due to lack of identifiable revenue streams which can lead to losses for the economy
- Increasing concentration of economic power in the hands of a few in key areas of the economy
- Absence or inadequacy of a speedy and impartial dispute resolution mechanism
- Resistance by individuals or entities with vested interests who are unlawfully occupying government/ PSU-owned property, frequently with political backing

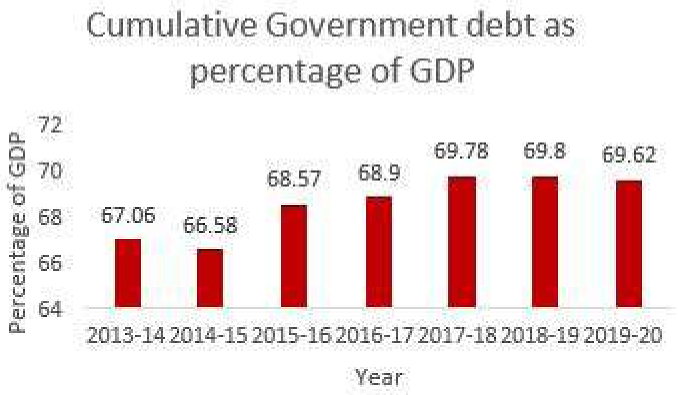
WHY WAS THERE A NEED FOR ASSET MONETIZATION IN INDIA?

1. India's falling GDP:
India's GDP sank by 7.3% for the year 2020, caused primarily due to the pandemic and factors like the hike in direct taxes and prices of inelastic commodities like petroleum products leading to lower and middle class consumers reducing their expenditure, dragging the GDP down even further.

2. Underperforming or unutilised public assets:
There are many unutilized or underperforming public or government owned assets, which restrict the economy from achieving its full potential. It is important to ensure their effective and efficient utilization to get appropriate returns.

3. Rising fiscal deficit and government debt:
The government's fiscal deficit is approaching 9.3% of the GDP in 2020-21. Additionally, the general government debt is at 90% of the GDP in the current fiscal year, thus making the need for monetization of public assets imperative. The crisis is shown further in the graph below.





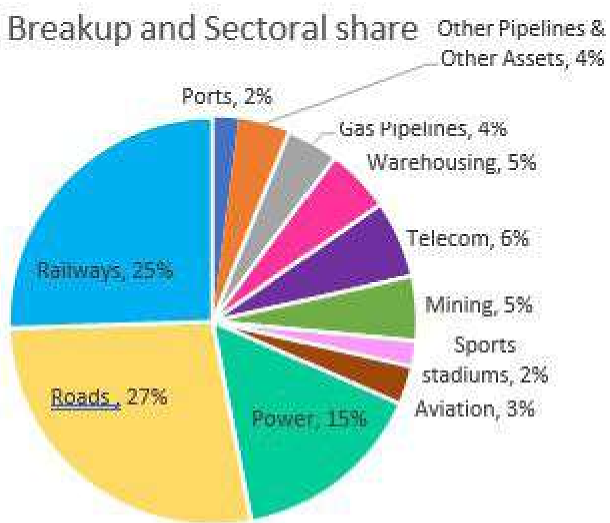
IMPLEMENTATION AND SECTORAL SHARE OF NMP

NMP has been planned to be co-terminus with the remaining four-year period of the NIP (National Infrastructure Pipeline). The breakup and sectoral share of the pipeline for FY 22-25 has been provided in the adjoining pie-chart. As can be seen, Roads (27%), Railways (25%) and Power sector (15%) account for roughly 67% of the total estimated value of the assets being monetized. Remaining upcoming sectors include mining, aviation, ports, telecom, natural gas and petroleum product pipelines, warehouses and stadiums. In terms of yearly phasing by value, 15% of assets with an estimated value of Rs 0.88 lakh crore are expected to be rolled out this fiscal year.

POTENTIAL IMPACT OF NMP ON THE COUNTRY AND ECONOMY

Balanced regional growth:

These assets have been sitting dormant in different states for a long time, and with private businesses bidding for them, they will be used to create productive assets and



setting up of factories, which would result in regional economic development.

Employment Generation:
In terms of job development, this will open doors for skilled and unskilled labour in asset operations and maintenance, asset building, and other areas. As a result, job possibilities will be created across the eco- system.

Reduce burden of budgetary support: National Monetization Pipeline will minimize the amount of financial support needed to strengthen the PSU's capital base. The money can also be utilized to update the technology of PSUs, decreasing their dependency on government assistance and budgetary support.

Increase if efficiency of asset use:
The Public Sector Unit will get access to extra resources that may be used for restructuring, reinvestment and expansion. It can also help PSUs reduce their market borrowings and interest payments. Lower interest rates will spur private investments and improve efficiency of asset use.

Multiplier effect on economy:
The ultimate goal of the NMP is to enable faster infrastructure development and modernization of service, which will have a multiplier effect on the economy. This includes increased productivity and efficiency due to economies of scale, better asset use, synergies and construction of new infrastructure.

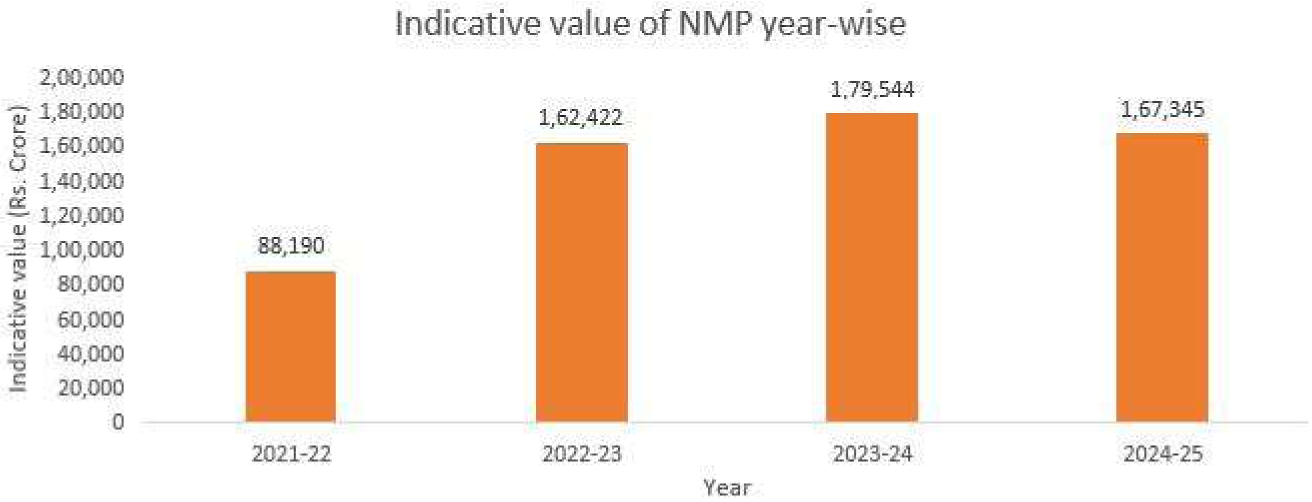
Increase in savings of economy:
The synergy premium which is paid by the buyer of privatized assets adds to the gross savings and non-tax revenue of the country's economy. This investment will increase the government's pool of savings and also help in funding new capital expenditure in the future without adding pressure or putting further strain on the current situation of the economy.

The bar chart showed on the consequent page depicts the year-wise projected values of the monetization pipeline in Rs.Crore. These are indicative values with the actual realization value of the public assets additionally depending on the timing, interest of the investor, transaction structuring, etc.

HOW CAN THE GOVERNMENT ENSURE BETTER EXECUTION OF NMP?

Some measures that the government can take to ensure better implementation of the project are:

1. Dispute redressal mechanism:
The government should ensure that a proper monitoring and dispute redressal mechanism is in place to protect the interest of all stakeholders including the private sector and general public.



2. Utility over profit:

Since operations of PSUs to be monetized will go in the hands of private entities, government must ensure that profit motive of the entity does not decide or supersede the utility motive.

3. Tax incentives for investment in InvITs and REITs:

As recommended by NITI Aayog, the government can give tax incentives to attract retail investors into monetization instruments such as Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs).

4. Sensitization campaign:

A proper sensitization campaign should also be undertaken to familiarize the public with the initiative and debunk common misconceptions that may be causing public resistance. Example: A lot of people believe that asset monetization is the same as privatization and involves permanent transfer of ownership rights from government to the private sector.

5. Independent asset monetization authority:

The government should set up an independent asset monetization regulatory to ensure proper regulation and accountability.

6. Coordination with financial sector regulators:

The government should coordinate with financial sector regulators like RBI, SEBI, IRDA and PFRDA to ease regulations and streamline investment guidelines which will promote investment.

CONCLUSION

To conclude, asset monetization, if undertaken effectively, may extract limitless value from infrastructure assets, which will not only have a **significant fiscal impact** but would also aid in the development of new, **world-class infrastructure** in India and is thus, a welcome step. However, it is essential to ensure that the funds raised as a result of this effort should be used for the same purpose for which they were raised. Subjecting everything to a **transparent, competitive bidding process is the only way** through which values will emerge. The real key to progress and development lies in its effective implementation, otherwise it will stay committed merely to paper. Only the effective execution of this promising strategy can help achieve the ultimate goal of this project which is to enable creation of infrastructure through monetization, in which the public and private sectors work together in their respective areas of core competency to bring about **socio-economic growth** and improved quality of life to the country's citizens.

TERMS

Lipstick Effect

The lipstick effect is when consumers still spend money on small indulgences during recessions, economic downturns, or when they personally have little cash. They do not have enough to spend on big-ticket luxury items; however, many still find the cash for purchases of small luxury items, such as premium lipstick. For this reason, companies that benefit from the lipstick effect tend to be resilient even during economic downturns.

CHINA CRUSHING TECH: IS THE ONLINE WAVE RECEDING?

By: Shreyashi Mandal
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Tech in general and e-commerce in particular has come miles from where it was conceived.
But the evil eye of data breach, manipulation and cyber bullying has world leaders running head over heels. Crack-down of the Chinese state on its own flourishing companies is an interplay of interests. All in all, are tech and future growth 'oil and water'?
A year ago, China's government began a broad crackdown on the country's most powerful firms by issuing months-long regulatory campaign, introducing a slew of bills covering everything from anti-monopoly to data security, sending investors into a tailspin by warning that the leniency enjoyed by tech moguls is coming to a dead end. Ramifications of a possible default by debt-ridden developer China Evergrande Group have also weighed significantly.

THE CONTROVERSIAL SPEECH

Alibaba co-founder Jack Ma evaded public view after a controversial speech in 2020, where he criticized China's "state owned banks" and called for a reform of China's financial system for undermining innovation, calling it a curse of the IndustrIal age. Beijing officials suspended the IPO worth $37 billion of the Ant group in a dramatic turn of events.

BLOCKED LAUNCH

In October, Chinese regulators stepped in to block the share market launch of Alibaba- backed Ant Group, tipped to be the year's biggest. Ma also touted 996 as a working style, which keeps workers' well-being on the backseat. 996 has been resented by the government and the general public in equal measure and is believed to have stoked the blocked launch too.

PRIVACY THREATS

The communist party's cat and mouse game with tech giants is not a recent development, but Jack Ma's scintillating speech brought push to shove. The salient one was privacy, always in the Chinese top ranks' radar.

One alarm could have been the global presence of the likes of Alibaba and Tencent, which have soared manifold over the years emerging as global leaders in their avenues; thus, raising eyebrows on the data sharing that could be underway, augmented by the changes in the US legal system with regard to compulsory disclosure of data.

A NEW OUTLOOK

The Privacy protection bill 2021 has been cited as a concrete step in the direction of putting data espionage and privacy breaches on the noose.
Experts claim that data protection is only a garb for more secretive motives with the government itself being in the limelight for blatant surveillance of its citizens. This has shot up like a glaring question mark on whether the real motive is control, behind a 'plausible' motive of matching pace with other countries' privacy laws.

TAPING THE TALE

It's a curious case that the state is deliberately setting about 1 trillion USD 'ablaze' byenforcing strict regulations. Many ed tech billionaires had their wealth slashed by about 70-90% in an earlier clampdown.As per one school of thought, the goldmine for China rests in AI, semiconductors and nanotechnology. 73-80% necessities continue to be imported, while the youth gravitate towards other opportunities; including online gaming, entertainment and e-commerce playing against China's robust manufacturing operations by pulling out precious workforce.

With virtue of the one child policy, the youngster count dropped drastically, moving into a hellhole of a dependent population, hindering the growth China dreams of. Parents hesitate reproducing, owing to high expenditure incurred on upbringing of children. In order to direct resources towards education and health in pursuit of reducing household costs, the ultra-rich may have to bear the brunt in communist policy.

The short-term bout on leading companies may be a bid for more far-reaching objectives in line.

CONCLUSION

The Chinese market will cease to be a safe haven for international investment. It's always been risky, partly because China's private enterprises aren't very transparent, and there's no real way to comprehend the underlying data that could influence our investment. New regulations may add a difficulty layer.

Regulating internet corporations is unquestionably a delicate balancing act. Although fine-tuning Big Tech, so far under-regulated, will have good externalities, it'll also kill innovation.

Nonetheless, China has made it plain that private tech behemoths cannot be bigger than the government, which processes the majority of the country's data.

Tencent is likely to adapt to any of these new constraints and find new ways to make money, with regulations likely to entrench these companies and equip them with larger moats. In the common prosperity model relating to Chinese President Xi Jinping's goal of wealth distribution, they also have a huge number of consumers to serve.

TERMS

Network Effect

The network effect is a phenomenon whereby increased numbers of people or participants improve the value of a good or service. The Internet is an example of the network effect. Initially, there were few users on the Internet since it was of little value to anyone outside of the military and some research scientists.

PASSIVE INVESTING WITH ETFs

By: Shon Kipgen

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"Don't look for the needle in the haystack. Just buy the haystack!" — John Bogle

Many people fear stock exchanges as a means of investing due to the complexity of financial information, the wide number of companies present, and the fear of losing their hard-earned money. While it certainly helps to learn the different investing strategies of both fundamental and technical analysis, one can always find a workaround and simplify the entire process of investing.

Active investing is the strategy many people believe to be the 'holy grail' of generating returns, the only path one can adopt into this fuzzy world of numbers and charts. But lo and behold, there is another. Passive investing, the often-overlooked sibling provides the opportunity to take away all the stress and worries of regularly tracking your investment value and reorganising your portfolio. This article provides a simple solution to analyse a financial instrument unknown to many, by the name Exchange Traded Funds.

Exchange-Traded Funds

Popularly known as ETF's, Exchange Traded Funds are a portfolio of assets that mimic the composition of an Index, like the Sensex or the Nifty. ETFs exist for all asset classes, from stocks, bonds, commodities to even cryptocurrencies and oil futures. ETFs can track not just an index, but also an industry. They own the underlying assets and divide ownership of those assets into shares. Shareholders do not have any direct claim to the underlying investments in the fund; rather they indirectly own these assets.

ETF's, Mutual Funds and Index Funds are popular investment instruments of passive investing, where a portfolio of assets is held for a long period of time with the aim of capital appreciation and/or generating returns.

An investor looking to invest in NIFTY 50 TRI, (which has had 14.18% CAGR returns since its introduction in 19961) or any other index would be in a conundrum. Indexes cannot be bought and sold like shares of publicly listed companies. Thus, the 2 common methods for investing in NIFTY 50 are: -

1. Buy all the listed companies shares in the same ratio and update your portfolio as and when its composition changes.

OR

2. Invest in ETF's.

FACTS

Cambridge Associates estimates that 3% of venture capital firms generate 95% of the industry's returns. It adds that there is little change in the composition of those 3% of firms over time.

Table: Nifty 50 TRI – 20 Year Chart
Table: Nifty 50 Yearly Returns

WHAT MAKES ETFs SPECIAL?

ETFs are an attractive investment vehicle to both institutional as well as retail investors. Instead of conducting an extensive fundamental analysis of a company before investing, through ETFs, you have the option to diversify into multiple stocks of any sector. It requires limited management and investors' risk has been reduced substantially compared to buying shares in a single company.

Mutual funds aim to generate alpha, which is profit above the average market growth, whereas ETFs aim to track a relevant index and replicate its returns.
While actively managed funds may outperform ETFs in the short term by huge margins, consistency is very rare. Considering the unlikelihood of beating the market repeatedly, actively managed mutual funds sometimes may realize lower returns compared to ETFs in the long term.

ETF'S VERSUS MUTUAL FUNDS

Comparing Nippon ETF NIFTY 50 BEES, an ETF tracking NIFTY 50 performance with SBI Contra Fund and Invesco India Largecap Fund, equity mutual funds of different types.

Returns Since inception

Nippon India ETF Nifty BEES	16.15%
SBI Contra fund	15.72%
Invesco India Largecap Fund	12.16%

(Note: These are annualised returns)

While this list is not indicative of the **entire market performance** and there may be many exceptions, equity ETFs performance in India has been consistent since their introduction.

Fund Name	Launch Date	1-Year Return (2021)	3-Year Return	5-Year Return	10-Year Return	Expense Ratio	Assets (Cr)
Nippon India ETF Nifty BEES	Dec-01	12.60%	16.39%	14.60%	13.19%	0.05%	**5,677**
SBI Contra Fund (regular plan)	Jul-99	**22.98%**	**22.69%**	**14.79%**	**14.06%**	2.20%	3544
Invesco India Largecap Fund	21-Aug-09	16.23%	15.68%	13.07%	13.65%	**2.61%**	515.55

(Data as per moneycontrol.com as on 3/3/22)

ETF Growth trend

'The Indian ETF industry has grown from 6 ETFs in 2007 to 66 in 2018- at 28% CAGR over a 11-year period. Assets Under Management (AUM's) grew 10x in the last three years alone - from Rs. 8,900 crores three years ago to Rs. 89,500 crores as of October 2018. Despite crossing the Rs. 1 lakh CR AUM mark in 2018, it represents a mere 4% of the overall MF AUMs. Employee Provident Funds Organization (EPFO) is the largest ETF investor. Increased participation is coming from High-Net-worth Individuals (HNI) and retail investors. As much as 93% of Indian ETF investments are in equity and the rest is with gold and debt.'

ETFs trade like shares of a company and can be bought or sold anytime during the market timings. Mutual funds and Index Funds can only be bought or sold on the basis of the closing price.

ETFs also provide transparency to the investor. The composition of the fund's data is easily accessible on the internet. Most mutual funds do not disclose their holdings and hence makes the average investor rely on faith on the fund manager while infusing their capital.

Further due to their unique structure, ETFs have much lower expense ratios as compared to mutual funds. Expenditure on ETFs is about 1-2% lower than that of mutual funds due to the absence of management fees that mutual funds charge. After the consideration of taxes as well, returns can be lower than expected.

ETF Drawbacks

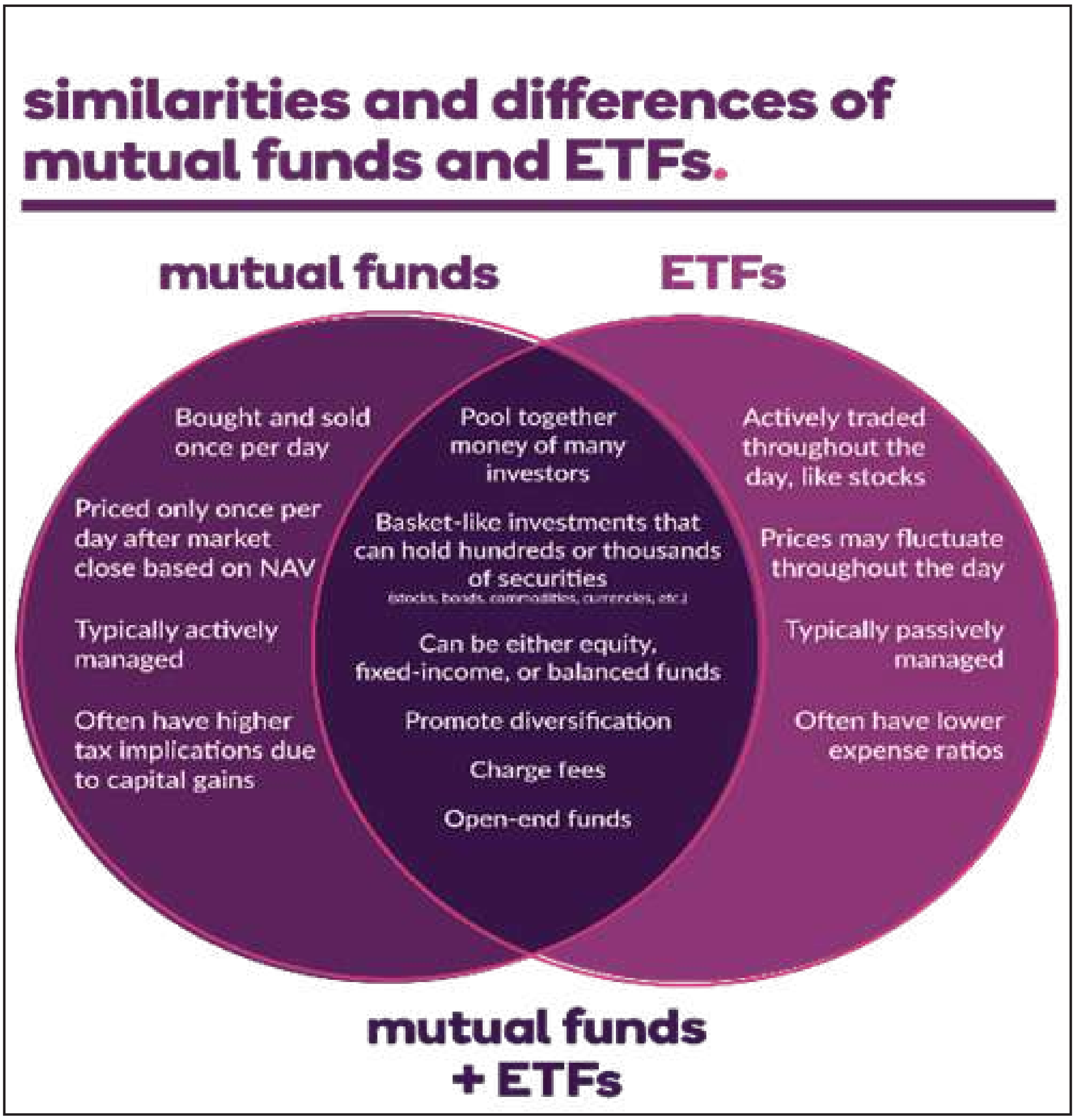
- Most ETFs have a tracking error, which is a slight difference between the value of the index and the return of the ETF. In most cases, it is a small percentage (less than 1%) but still can severely damage one's returns.

- ETFs are traded like stocks on a day-to-day basis. Hence, depending on the number of trades made, the commission paid to your broker can continuously rise. The costs incurred in some cases can be very high.

- Majority of ETFs do not outperform the index they track. Thus, it would be better to search for other investment opportunities for higher returns.

- ETF prices can also be volatile. The value of one's investment depends on the market trend. While historical performance is helpful in measuring the success of a fund, it is no indication of the future performance.

ETFs are still relatively unknown to most people. They have their benefits such as diversification, low costs, and consistent returns but also have their own limitations. While they are posed to grow as the Indian markets mature, are they the best possible investment in relation to their level of risk? Only time will tell.



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IS BIGGER NO LONGER BETTER?

By: Srishti Gupta

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Not long back, Conglomerates: the deemed corporate giants were an eminent feature of the corporate world. Expansive empires such as General Electric and Berkshire Hathaway were built over many years with interests ranging from aviation to venture capital and finance. However, a couple of months back, General Electric, Johnson & Johnson, and Toshiba, three of the most iconic and influential conglomerates of the 20th and 21st centuries, forewarned us of the fact that nothing lasts forever when they back-to-back announced their breaking up into standalone companies. GE decided to split its business into three separate publicly listed companies focusing on three different lines of business: aviation, healthcare, and energy. Weeks after GE's announcement, Johnson & Johnson did the same thing, splitting its business into two- a consumer products company and a separate company to market drugs and medical devices. In the same week, the Japanese electronics giant Toshiba too followed suit. Three iconic 100 years old companies putting an end to the conglomerate game at the same time made all of us wonder if bigger is no longer better.

Are we witnessing the end of the conglomerates? Or are these just isolated cases of corporations that stretched themselves too thin?
To answer these intriguing questions, let's first delve into the history of conglomerates.

Conglomerate Boom of the 1960s

The conglomerate boom occurred in the period following World War II, precisely in the 1960s. The interest rates were quite low and the market was fluctuating between bullish and bearish thus providing good buyout opportunities for the acquiring companies and also helping finance leveraged buyouts. The conglomerate boom was coincidental with the period now regarded as The Golden Age of Capitalism. The Celler-Kefauver Act of 1950, which prohibited companies from acquiring their competitors or suppliers acted as a catalyst for the rise of conglomerates. Due to this act, the organisations began looking elsewhere for growth and acquired companies in unrelated fields. The theory of synergy became famous in the business world. The ideology of cross combining companies, products, and markets that remarkably improve the enterprise's overall performance was very much prevalent. This 'the whole is greater than the sum of its parts' concept helped justify mergers and acquisitions, even when the target firms were nowhere related to the parent company's core business.

However, things started changing during the 1970s. Interest rates rose to make it difficult for the newly formed conglomerates to survive especially when most of the acquisitions were through loans and they failed miserably to increase the efficiency of the companies they'd absorbed. As a result, many of the conglomerates were forced to spin off. The Federal Trade Commission also became concerned with the power wielded by them and began investigating their accounting books, leading many firms to break up.

What made conglomerates lucrative during the early 20th and 21st centuries?

A conglomerate is a large corporation consisting of several different, seemingly unrelated businesses. Usually, one company happens to be a parent company owning a controlling stake in several smaller independent entities working across multiple sectors. One of the most common ways conglomerates form is through acquisitions. If a particular target firm is big enough, the acquiring company and the target firm might merge. For example, the Walt Disney company merged with the American Broadcasting Company in 1995. Another strategy is that of expansion, which is more of corporate restructuring and reorganisation. For example, in 2015, Google Inc. got restructured with Alphabet becoming the parent company and Google, a subsidiary within it. Another well-known conglomerate is Berkshire Hathaway, which originated from the merger of two 19th century Massachusetts cotton mills. After Warren Buffet took control of it, he turned it into a holding company: the one that existed to invest in several companies.

For a long while, academicians and entrepreneurs believed these large businesses hold tremendous potential. For instance, when there are multiple lines of businesses, all operating under the same banner but working across different sectors, the risk is diversified to a great extent making it easier to tide over a crisis. According to Financial Theory, because the cyclical changes affect different industries in different ways, diversification results in reduced investment risk. For Example, a steel business could have a few bad years when the commodity cycle bottoms out. In such cases, the consumer goods business could come to the rescue and help stabilise things. Conglomerates are rightly called cash cows. In case, any of the subsidiaries face a shortage of funds, money can be funneled between businesses and help ease the load. One can also leverage the economies of scale i.e., work with the same contractors, rely on the same talent pool, and share resources at a bargain price. This strategy was pursued by many in a bid to limit their downside and it did work pretty well.

The Curse of Bigness

Cut to the 21st century, some of these giants are suffering from what is called the 'Curse of Bigness'. A conglomerate can often be an inefficient, jumbled affair. No matter how good the management is, the resources will be divided over numerous businesses that may not synchronise. There is also the possibility that management keeps holding a business with poor performance in a bid to ride the cycle. GE for instance was burdened with enormous debt and underperforming operations. The company has lost a lot of its value over the past few years. And that is why it decided to split its business into three separate publicly listed companies with a focus on aviation, healthcare, and energy. There's also the fact that companies now need to be nimble especially in an age where disruptions are commonplace. Today, especially in advanced economies, like the US, the bargaining power of conglomerate corporate forms has been taken over by advancements in the capital market. For example, many of the huge private companies have access to at least the same, if not more levels of capital as the biggest conglomerates of the former times. Even the investors aren't attracted to traditional conglomerates due to what is known as Conglomerate Discount. A conglomerate discount is an economic concept under which the market tends to value a diversified group of businesses and assets at less than some of its parts. It usually occurs when the multiple divisions do not perform at par with the overall conglomerate. It is eventually disadvantageous for the shareholders who then start looking for a silver lining, which conglomerates think would come from splitting up.

Barry Cross, distinguished faculty fellow of Operations strategy at Smith says, “Just because you’re big doesn’t mean you can’t fail. The organisations that realise the more they focus on developing a skill set or core assets that are going to differentiate them, the more they’re going to be able to succeed and prosper going forward.”
So, what’s the future hold for us? An era of so-called ‘new age conglomerates?

Neo Conglomerates: Future Corporate Dinosaurs

Baruch Lev, A New York University professor analysed more than 36000 mergers and acquisitions in the recent past and found that so-called conglomerates or unrelated acquisitions accounted for nearly half of all the deals, up from 35 and 45 percent respectively in the two decades before.

“The dinosaurs are back but they are different”, he said. “They are now fashionable, high growth tech and media companies venturing far out of their core business to acquire unrelated enterprises.” A prime example is Amazon, which now operates grocery stores and has extended to healthcare too.

These additions do not appear to be a part of Amazon’s core business but can be natural by-products of its operations. Amazon’s massive investment in warehouses, distribution networks, logistics, web services, and cloud services made it easier to diversify into other areas since these large upfront fixed costs lowered their cost of diversifying into other areas that utilise these core capabilities.

The technology-centred era has been driving these transactions and created what the University of Michigan’s business professor calls ‘NEO CONGLOMERATES’. Other examples include Facebook parent Meta platforms, Tesla, Amazon, and Google parent Alphabet.

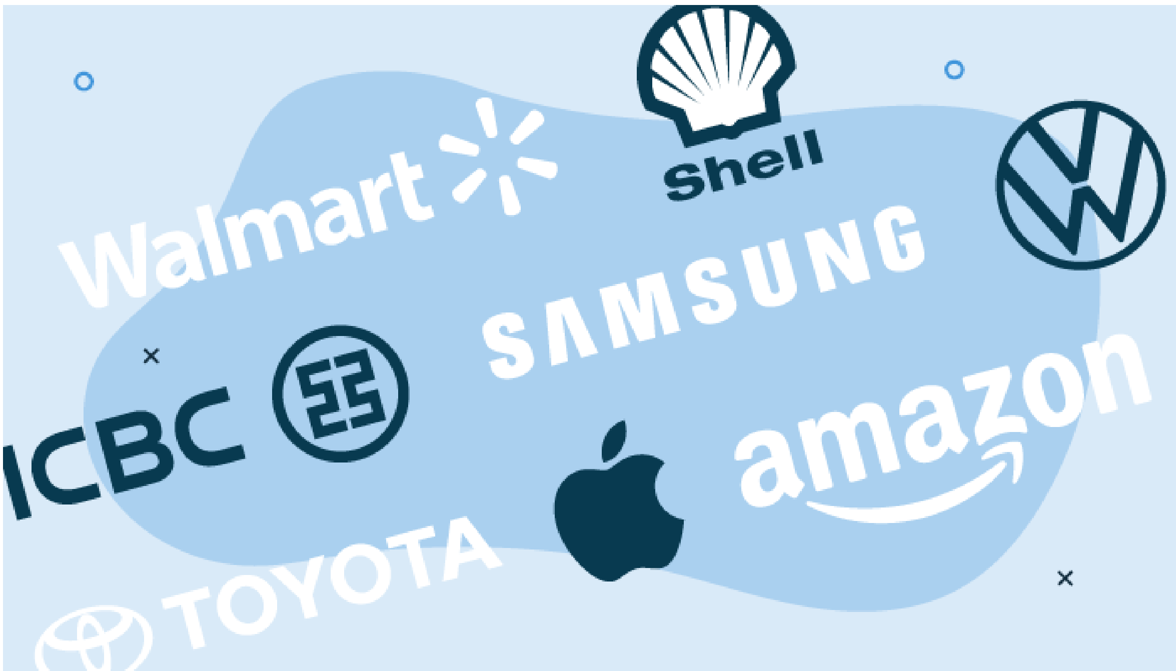
Conclusion

The neo conglomerates, as they are called, fuelled by coders and cheap capital command the same respect in the business and investors’ circles that Jack Welch’s GE had in the 1980s or Harold ITT did in the mad men era.
What Amazon and its likes did much better than the former conglomerates was to shift quickly to where the profit is, be it commerce, retail, social media, sustainability, or the much-hyped metaverse, which will likely change the future of work and the role of traditional offices. The thing that makes them different is that they don’t compete along traditional corporate lines. So, we can interpret the current breakups as a hint that old models aren’t working.

TERMS

Central Limit Theorem

According to the central limit theorem, the mean of a sample of data will be closer to the mean of the overall population in question, as the sample size increases, notwithstanding the actual distribution of the data. In other words, the data is accurate whether the distribution is normal or aberrant.



EMERGING WEAPONS EXPORTERS

By: Devansh Mittal

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INTRODUCTION

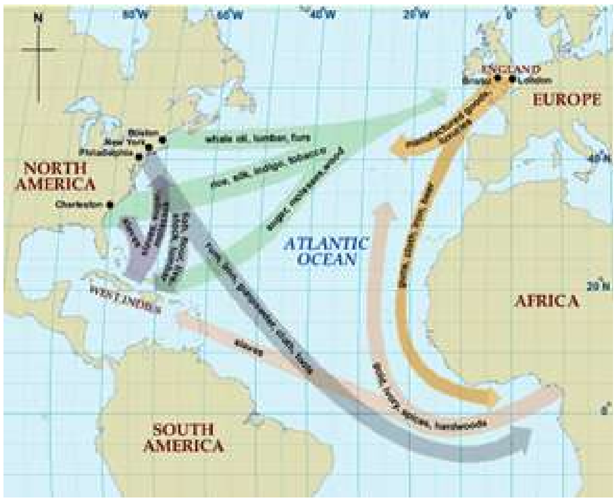
Guns and bombs, rockets and warships are all symbols of human failure but looking at the current geopolitical scenario, it is very imperative for each country to have weapons to fight against uncertainities, and in this very need various nations have come up with its defence technology that has drawn the eyes of the world stage. Many industrialised countries have set up a domestic arms industry to supply to its own military forces and since the manufacturing in the defence sector is still governed through industrial licensing, the arms industries can manufacture weapons after receiving contracts from the government.

THE HISTORY OF THE LEGITIMATE ARMS MARKET

Europeans began the concept of the international arms trade in the 16th and 17th century when they started shipping weapons to the American, African , and to a lesser extinct Asian markets and lead to the formation of a triangular trade. Technological developments have played a major role in the development of the arms trade. The increased demand for weapons and arms was found during the first world war, and the trade became very much divided into blocks of allies. And now it would be quite easy for us to assume that during the second world war, countries directly involved in trading formed two groups - Allies forces and Axis forces. India tried to make her debut in the world defence market when she exported INSAS assault rifles to Nepal and Oman. But, it turned out to be a failure since the countries expressed discontentment about the rifles. Since, there was no restriction on the movement of arms between the countries, the crime rate and the illegal movement of weapons became a major concern globally which lead to the formation of Arms Trade Treaty.

ARMS TRADE TREATY

Arms trade treaty is an international treaty that regulates the International trade in conventional arms and seeks and aims to prevent illicit arms trade by establishing international standards governing arms trade. The treaty came into force in 2014 and has a total of 111 state parties. The Arms Trade Treaty (ATT) has established a set of common standards for the international trade of conventional weapons in order to seek to reduce the illicit arms trade. The treaty also aims at reducing human suffering caused by illegal and irresponsible arms transfers, improving regional security and stability, as well as to promote accountability and transparency by state parties concerning transfers of conventional arms. The ATT does not interfere and puts restrictions on the quantities and the type of weapons that may be bought, sold, or possessed by states.



India as an emerging Weapon Exporter

With indigenous technology now under greater development, there are calls to increase India's defence exports. Let's try to understand and analyse the strategy adopted by the Indian government to make India a weapon exporter country. Independent India started with quite rigidity in its military capabilities with only having few equipment which were left by the Britishers. Over the years, India started to import the military equipment from the former coloniser and France be it the AMX-13 and Centurion tanks or the Dassault Mystere, Hawker Hunter, Folland Gnat, Canberra, Hawker Sea Hawk, and Breguet Alize aircraft or even the ships like the legendary INS Vikrant. Under the administration of Nixon in the USA, there was an international defence export embargo on India and at that time India found itself with a new even stronger ally, Russia.

RUSSIA - INDIA COLLABORATION

The Russians have had played an important role in uplifting the Indian Military in all sectors from the T-55, T-72, and T-90 tanks to the MiG and Sukhoi aircraft to the Foxtrot class submarines and Rajput class destroyers.Today a whopping 86% of all Indian Military equipment is of Russian origin which in total amasses a total of 51 billion US dollars. However, nations like France and Russia not only export to India but also to other nations as well because they want to create a superior position in the arms trade industry. In order to boost the indigenous weapon manufacturing industry, it is imperative to involve foreign buyers that reaffirm the industry's capabilities and potential.In November 2006, India and Russia introduced the world's fastest supersonic cruise missile, the BrahMos. The key possession that it holds is that it has very agile speed and also it's ability to perform on all mediums (ground, air, and sea). Since its introduction, it has received a positive response and has been sold to Azerbaijan with further projects in the Philippines, Malaysia, and Vietnam. This industry will benefit from such a promising product at a unit cost of 157 crores if bought in large quantities.

SCOPE AND SUCCESS- INDIA

The first glimpse of potential in the weapons sector in India was in 2005 when Nepal bought about 27,000 units of the indigenous INSAS rifle. No doubt the purchase of INSAS occurred at a 70% subsidy, but still it gave the Indian Weapon Industry the push it needed to expand on the world stage. The Aeronautic industry has another scope for India's defence exports. The very first sign of success in this area was found in the early 2000's when civil variants of the HAL Dhruv helicopter were secured with Turkey, Ecuador, Peru and the Maldives with nations like Indonesia and Bolivia even considering a purchase. The success of the Dhruv has heightened the hope of India in selling the HAL Tejas multirole combat fighter that is being considered for procurement by Malaysia, Sri Lanka, and the UAE. Compared to other offers Tejas is comparatively cheaper at just 306 crores compared to the General Dynamics F-16 that sits at 480 crores. And it was quite surprising to know that the Tejas provides the same quality at a lower cost.

The recent deal to procure 123 Tejas units which was made by the IAF at the cost of Rs.45,696 crores is all set to raise the aircraft to the world, as the IAF partakes in International Exercises and Air shows the world that it can also get a front seat in assessing the aircraft. Space is the most efficient mode of telecommunication and spy-photography and finally we have found a similarity between two completely different countries. There is the sector that India and China have a monopoly over Asia, Space which has huge scope in future.

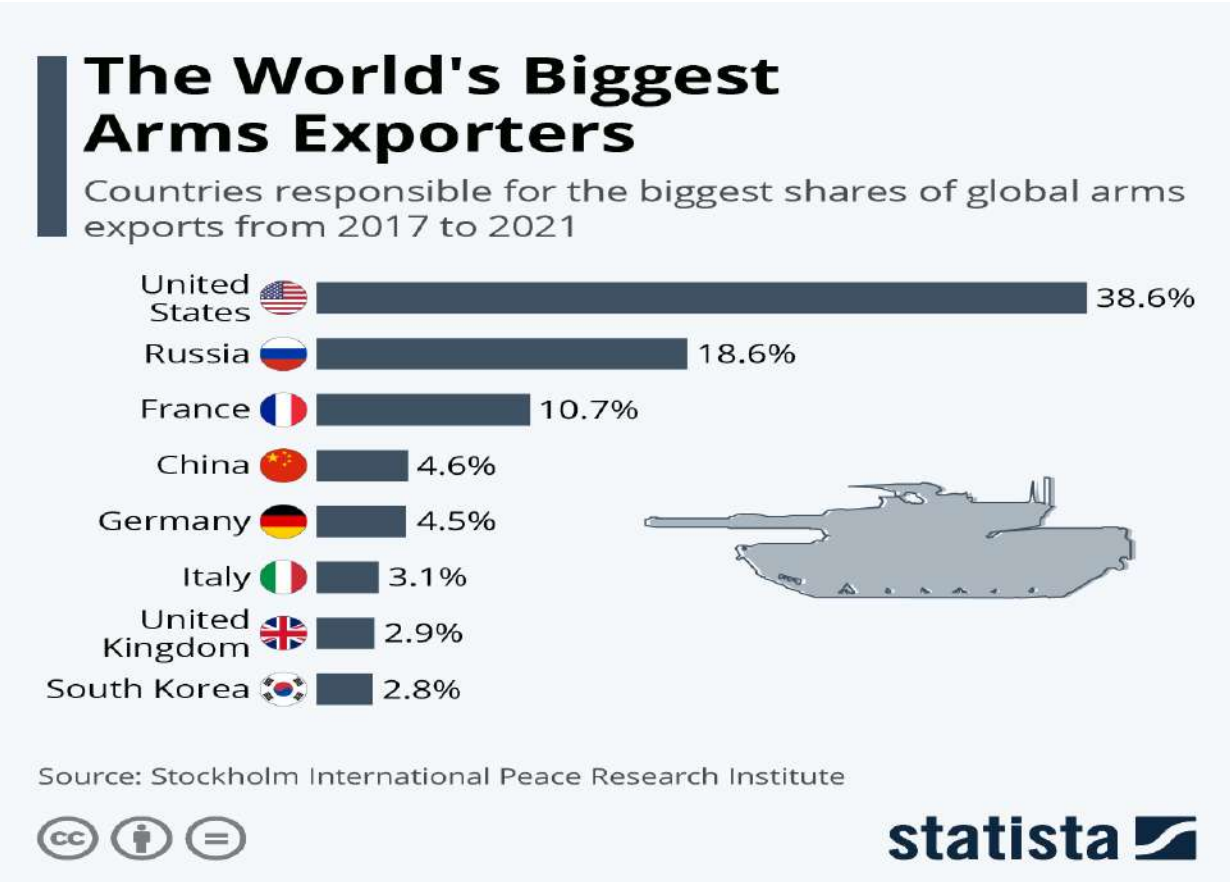
CONCLUSION

Russia's Role as an arms exporter is declining as it is using its same old strategy but now it should change its approach by adapting to the growing competition in the global arms market and address issues within the domestic arms industry. In summary, India's new technological advancement offers a never seen before opportunity in asserting its technological superiority in the region and maybe even in the world under the most favourable circumstances where foreign parties look towards India for defence solutions.

TERMS

Razorblade model

The term 'razorblade model' is influenced by the disposable blade inventor Gillette, which sold razors at cost and the replacement blades for profit. So, it is a pricing strategy wherein a dependent or subsidiary product is sold at a loss (or at cost price) and a core companion consumable product is sold at a price such that it generates a substantial amount of profits.



FREE TRADE POLICIES: BEHIND THE SCENES

By: Karan Raj Singh Mann

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Free trade policies have often been the central part of modern-day advanced globalisation. These policies have been termed crucial for the developing and undeveloped countries to progress towards a developed status. A brief insight into the history about the growth of developed nations paints an opposite picture where these nations have for long disregarded such policies and thus have grown into uncontrollable forces in the global economy.

The policy of free trade in a globalized world aims at increasing efficiency across markets so that households and firms can get best prices. It is argued that these policies allocate resources in the most efficient way thus benefit the whole economy. In literature too, free markets have been described as the best way to fill the gap between demand and supply. However, this description uses a lot of assumptions in the background. In reality these policies have contributed to rising income and wealth inequalities. Huge differences in the education and literacy rates, healthcare and administrative services, income and wealth has resulted in the exploitation of underdeveloped countries by developed countries.

DENIAL OF TARIFF AUTONOMY: A COLONIAL RULE

Around 1860s countries in Latin America and Asia region were forced to sign free trade agreements under the colonial rules dominating in the respective regions. Tariff autonomy, that is the right to set own tariff rates, was not known to these colonized estates. They were only allowed to use rates between 3 to 5 per cent under the free trade politics. This had a huge impact on the new born domestic industries in these regions. Due to lack of protection from cheap exports by developed countries the domestic industries failed to find a stable ground for competition let alone dominance in the global market. This inability to protect their industries was a huge contributing factor to the economic downtrend these regions went through.

Moving further it is important to understand the policies of the developed countries during this era. The two greatest economies that emerged out of the play of colonization and misleading free trade politics were the US and the British. Both economies were popular for implementing policy of infant industry protection. Under this policy both the countries kept import tariffs as high as 40-50%. This helped these countries to nurture domestic industries and grow big corporate giants in the due process. It has been observed that after completing these objectives both the countries dropped tariffs in order to convince fellow nations to follow the suit. This helped them capture the most significant markets through their corporate giants. Lack of competition in international markets helped these countries to set up monopolies over time and exploit weaker economies.

ALTERNATIVE POLICIES: PRESENT DAY FREE TRADERS WERE PROTECTIONISTS BACK THEN

There is enough evidence to support the fact that most of the present day rich and developed countries used extreme policies of protectionism for substantial period of time to get ahead of there fellow nations. Before 1913, Japan had tariff rates around 0 to 5 percent which had limited its growth but it soon managed to outperform peers by imposing import tariffs as high as 30% after 1913. Britain on the other hand is considered to be the pioneer in free trade agreements although it exercised 45 to 55 percent import tariffs till 1875 so as to grow its manufacturing hub. Post this period it significantly dropped rate to around 5 percent to boost free trade policies. It is well known that by this time the Britain manufacturing sector was an uncontrollable force and even with 0 percent tariffs their products were far cheaper than other countries therefore giving them competitive cost advantage in global trade markets. The US also kept tariff rates between 35 to 55 percent from 1820 to 1950 after which it dropped to around 15% exhibiting similar growth pattern to the British.

WHAT MORE CAN FDI TELL US ABOUT PROTECTIONISM

We can also look at FDI parameters to ascertain what policies were followed by present day developed nations for growth. Foreign Direct Investment is a suitable parameter to look at whether an economy is liberalized or protectionist. It is common practice today for countries to keep FDI allowance rates around 80 to 90 percent thus giving a liberalized outlook to their economy. However, if we dive deep into historical facts, it is evident that Japan in the 1980s had almost banned foreign inflows and stake holding in most of the prominent industries and organizations. US in the 19th century only permitted US citizens to be part of company board members in addition to a ban on foreign shareholders to vote in Annual General Meetings.

THE INFANT INDUSTRY ARGUMENT

These polices had become the go to solution for rich nations to get richer. Some of the prominent supporters of these policies were Robert Walpole, former Prime Minister of UK, and Alexander Hamilton, former US treasury secretary. Both were of the opinion that domestic infant industries must be protected from foreign competition by raising import tariffs and subsidizing the inefficient domestic producers until they had a significant competitive advantage over their competitors. These arguments are well known as the Infant Industry Protection policy which analysis the opportunity costs of protecting or liberalizing trade between industries and economies. The underlying argument is very simple yet effective for economies to grow at scale. The opportunity cost of liberalizing trade when domestic industries are relevantly new is that these industries might vanish in few years as a result of underproductivity and excessive competition. However, protectionism deals with this problem by giving these industries time to evolve into global powers by increasing productivity and scale through subsidies and state sponsored orders respectively. The only opportunity costs related to it are that you have to give up on the positive political view about free trade economics or risk spending capital which may turn into sunk costs.

This practice of excessively using a certain policy and then dropping it after extracting benefits and convincing fellow nations to follow the new policy has been referred to as ‘Kicking away the ladders of growth’ by popular economic and political figure Friedrich List.

CONCLUSION: THE ROAD AHEAD

The present-day picture and the path that led to this is completely different as evident from the above information. Today all developed countries promote free trade policies along with International Trade organizations recommending the same. However, there are still some developing economies like India who are trying to protect strategic industries like solar panels by imposing high import tariffs in a bid to attract similar growth patterns to the US and UK. Although the underlying argument in favour of protectionism highlights anti liberal and anti-economic views still is a pro-political stance when it comes to supernormal growth rates in the long run. It will be interesting to observe the future pattern of the policies regarding liberalization and protectionism thus gathering more data on growth patterns.

TERMS

Balloon Loan

A loan that is structured so that the small business owner makes regular repayments on a predetermined schedule and one much larger payment, or balloon payment, at the end. These can be attractive to new businesses because the payments are smaller at the outset when the business is more likely to be facing strict financial constraints. However, it must be ensured that the business will be capable of making that last balloon payment since it will be a large one.

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SCRUTINIZING THE NATIONAL FOOD SECURITY ACT (2013)

By: Tanisha Gupta and Yashita Srivastava

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The prevalence of moderate to severe food insecurity in India rose by about 6.8 percentage points in 2018-20, which occurred at a time when the government possessed 100 million tonnes of food grains in its godowns, far beyond any country's food inventories. Despite having an abundance of food grains, India still lacks in food security, which identifies a bigger policy issue of food access and the need to address leakages in India's public distribution system.

In this section, we have analyzed the National Food Security Act (NFSA) 2013 and have given recommendations thereafter.

National Food Security Act (NFSA) 2013, majorly aims at providing and ensuring that all the individuals in all situations of life should be provided the access to basic food for their well being and healthy life. The entitlements include:

- Under the Public Distribution System, food grains would be given at heavily subsidised costs.

- Women and children will receive nutritional assistance as a result of the Act. Under the MDM (Mid Day Meals) and ICDS (Integrated Child Development Services) plans, pregnant and nursing women would be eligible to free healthy meals.

- Children aged 6 to 14 would also be eligible for free healthy lunches under the MDM and ICDS programmes.

- Pregnant women and breastfeeding mothers are also entitled to a maternity benefit of not less than Rs.6000.

- The Act further empowers women by designating the eldest woman in the household as the household's head and authorising the issuance of ration cards to her.

WHAT DOES IT HOLD FOR FARMERS?

Farmers objected, claiming that it would nationalise agriculture by allowing the government to acquire, sell, and hold the majority of agricultural products. It would also diminish farmers' bearing capacity and reduce the amount of help given to marginal and small farms. The demands of marginal farmers in terms of infrastructure, environment, credit, and other factors are ignored, and the legislation makes no provision for them.
Crop insurance is not available in the event of natural disasters, causing farmers to limit their harvest in the following cycle due to a lack of income. This, in turn, reduces agricultural production, which would otherwise be spread more widely to attain food security.

ACCESSIBILITY OF THE PROVISIONS

The statute allows private firms to participate in the supply chain, allowing for profiteering and unfair trade practices. Leakages and unscrupulous practises in the PDS and supply chain are also a hindrance to the act's proper operation. According to reports, 55 per cent of food grains have been unlawfully diverted, resulting in lesser food availability for the intended beneficiaries. According to the Planning Commission, corruption and inefficiencies in the PDS are as high as 70%, preventing beneficiaries from receiving their required benchmark calories.
Aadhaar, India's biometric-linked identity number, has proven a major roadblock to food security. Lawyers and campaigners have petitioned India's Supreme Court, stating that 20-40 million ration cards were revoked due to their lack of Aadhaar connectivity. They are being refused basic foodgrains, resulting in famine deaths in numerous states.
Rural infrastructure, particularly for food storage, has been largely overlooked. The poor, who are the most vulnerable part of the population, are impacted by rising food grain prices.

THE IMPACT ON NUTRITION

The National Food Security Act has been criticised by the Right to Food Campaign as it seems highly inefficient and needs proper changes before implementation. There has been a continuous demand for food security law that leads to the promotion of agricultural production.This campaign also demanded security from the commercial juncture in any of the food security schemes. While the Indian council for medical research requires that an adult requires 14 kg of food grains per month and children 7kg of same per month thus ensuring only 166 grams of cereal per person per day. Furthermore, the bill only provides for grains, with no entitlements to fundamental food necessities like pulses and edible oil, which are necessary to prevent malnutrition.

Not only this, the act stipulates that the right to food is not available during natural disasters like droughts, floods, earthquakes, and other natural disasters, as well as during times of war. States that are most vulnerable to natural calamities would be denied the right to food when it was most needed.

During the development of the NFSA, urban food security received little attention, with a greater emphasis on a comprehensive food security approach, with only eligibility separating the urban and rural food insecure.

Less assistance given to the state governments in making decisions and do not have the right to identify the recipient or make the efforts to provide better food security under National Food Security Act.

RECOMMENDATIONS

Many times, the beneficiaries are not aware of the benefits or the schemes passed by the government so district administration should work actively in spreading the information through street theatre (Nukkad Nataks) and wall paintings .

Farmers should be educated and made more knowledgeable of agriculture and related activities. New scientific procedures must be made available to them at lower costs in order to increase productivity. They should also be given assistance with crop areas and risk management services, which would lower the amount of money spent on subsidies and the strain on the budget.

Like the government launched telemedicines, similarly, telefood services should also be launched to provide greater access. It is the practice of food using technology to deliver care at a distance. It has the potential to greatly increase the outreach of food access to a very large number of people in the country.

The use of computers should be encouraged. It should be present at all stages of food grain procurement, storage, transportation, and distribution to beneficiaries. It will protect unlawful food grain diversion and check the shortage indicated in supplied food grain bags in the aftermath of manipulation.

Move towards One Nation One Ration Card which will ensure all beneficiaries especially migrants can access PDS across the nation from any PDS shops of their own choice. It will also curtail instances of corruption. Increased Panchayat involvement could help PDS run more smoothly.

The aspect of food storage and godowns created by the Food Corporation of India and state food corporations should be examined, and the storage capacity should be expanded in a way that ensures there is no pilferage, fungus, or insect infestation, as well as methods to avoid future generation buffer stock going to waste.Functioning of anganwadi centres should be examined through a committee as they play a crucial role in child's and women's development and suggestions given by teachers working there should also be undertaken.

CONCLUSION

Under the NFSA Act, it was decided that upto the 75% of rural population and 50% of urban population will get access to foodgrains which are subsidized under the Targeted Public Distribution System.

Taking into consideration the poverty rate of the economy, the NFSA Act provides the right to food. It also aims at providing the smooth flow of nutritional requirements to all the individuals of the country. Along with having the major advantages, NFSA Act was criticised because of the shortcomings it had!

FACTS

Around 1.4 billion people live below the international poverty line of $1.25 a day, which makes even survival a challenge for them. However, most of the poor people don't live in poor countries. In fact, more than 70 percent of people in absolute poverty live in middle-income countries.

TERMS

Cookie jar accounting

An accounting practice in which a company stores up funds during good times to dip into during bad times. Because it effectively misleads investors — making them think goals are being met even when the company is losing footing — this practice is forbidden by the SEC.

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AATMANIRBHAR BHARAT: A DIFFERENT APPROACH

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By **'Aatmanirbhar Bharat'** we can understand that our motherland should be self-dependent or self-reliant. But, is it possible to be totally self-dependent only in the current global scenario… So, are we actually signifying the same which is commonly referred? Or does it signify to keep on rivalry with the neighboring countries along with the 'Buffer States'?

There lies the big question!

As per the burning topic something like **an old book in a new cover** we have found that our **Hon'ble Prime Minister Mr. Narendra Modi** had stated the 'popular' phrase to rejuvenate the people of India, whose main objective is to reduce unemployment as much as possible despite the prevalent pandemic scenario. With the Campaign's **Five Pillars, i.e. Economy, Infrastructure, System, Demography & Demand**, if the phrase 'Aatmanirbhar Bharat Abhiyan' or its true essence can be put into reality, then undoubtedly, our Bharat may go to the top. But how?

Yes, it can be implemented. **India is the 2nd largest country in the world with respect to her population mass** and it can be her biggest asset as well as strength if proper guidance is given without making **'cheap' man-made discriminations and corruptions**. Being Citizen of India, the respective authorities along with the mass people of India must understand and imbibe honestly that the nation cannot grow with so much of corruptions and scams in almost each and every sector since a long period of time.

The pinnacle can achieved very systematically as India is one of such nation who has produced 'n-number' of eminent entrepreneurs and philanthropists such as **Mr. Dhirubai Ambani, Mr. J.R.D. Tata, Mr. S.S. Narayan Birla** naming a few and in our recent times, **Mr. Ritesh Agarwal, Mr. Indrajeet Singh, Ms. Deepanjali Dalmia** and the list continues. One very specific thing all of the budding entrepreneurs required immensely is the support of the respective state as well as central government to expand their horizons and visions to do those jobs that are not yet done, with a completely innovative and holistic approach which the common people usually ignores.
Let us now take a very practical scenario.
It is about the **'Hindi Film Music'** which is very often stated as **"The Imitator's Den"** since a long time. But this negative stereotype can be changed as the Indian Classical Music as well as our enriched Folk songs of different states are globally recognized which bears the rich Indian culture, can be implemented in the modern songs with of course a bit of innovations without doing the more and more monotonous **"Remixes or Re-editions"**. Eventually, that can give rise to more employment opportunities in the music industry to be very specific. But, the top-notch Indian music labels always try to remake the old popular songs which already did a good business globally for the albums when they were actually composed. Rather they prefer not to make brand new original tracks mostly with a view that if they do so, the song(s) may not be as popular as the old hits being a bit 'Marketing-focused' where another recent trend for the same is the YouTube views (in Billions or Millions). Unfortunately, there we can find that 'quantity matters over quality' where a lot of fresh and talented artists feel the pain of depression and could not get necessary opportunities to come into the limelight showcasing their talents where at the end of the day Fine Arts gets deprived off.

To be more to the point, Film & Entertainment industry creates an assortment of multifarious sectors which is perhaps the biggest area to promote the goods and services of a nation.

On the other hand, "Make In India", "Skill India", "Vocal For Local" etc. campaigns need to more scientifically implemented with pace to cope up with the current economic scenario where Recession is officially declared in the nation.

Some of the major stories/activities of 'Aatmanirbhar Bharat Abhiyan' are as follows:-

1. Empowering women farmers by DIY products made from domestic waste.

2. Saka Shailaja: A Woman Entrepreneur.

3. Pratibha Krishnaiah: Engineer Who Transformed Face of Remote Mountain.

4. Teracotta Artisans of Asharikandi: Keeping The Ancient Craft Of Harappan Civilisation.
5. Bikramjit Baulia: Assam Folk Singer Lifting The Spirits of

COVID Patients.

6. Dr. Ramesh Ralia: A Scientist Who Helped Innovate World's First Nano Liquid Urea.

7. To raise awareness about COVID-19: precautions and vaccination under the theme 'Each one Reach One.

8. Father Daughter Duo from Patna have designed a Medi-Robot.

9. A computer in the hands of every student in India.

10. Areca Leaf Plates making Training given for rural women groups in Tamil Nadu.

11. 'Mini School' Free Education 24/7 for Special Students.

12. Spread awareness of Election through a mobile game based on Elections.

13. Plantation Drive under Clean Village- Green Village Abhiyan

On the other hand, another point should be taken into consideration is that **'Aatmanirbhar Bharat Abhiyan'** can be more easily implemented if the so called **'Celebrities'** of different fields endorse and promote it for their motherland. It can be more acceptable to the mass through those means of publicity as in India, common people at large treat the 'Celebrities' almost like their Almighty and always try to follow them, whether they are from the fields of films, sports or any other creative platforms.

Lastly, the Government along with the NGOs and CSR initiatives of n-number of reputed corporate houses should take more and more initiatives to literate especially BPL cardholders in addition to the major rural population who are yet to receive the light of education and cuddle them more as the ever-lasting concept of **"Survival of the Fittest"** is still persistent in the society. Then only our said motto can be fruitful in its actual sense.

On the other hand, it can be opined that a multi-step process can also be constructed if we go by the Bottom-up Approach starting with the 'Individual Level' and finally ending up in the Country Level for the campaign's success. We, the Citizen of India, thereby need to keep our patience with full of optimism hoping for the best reminiscing the famous words of Rabindranath Tagore-

"If you cry because the sun has gone out of your life,
Your tears will prevent you from seeing the stars."

TERMS

Undercover Marketing

Undercover marketing or stealth marketing is a marketing strategy where a company markets their product in a subtle and 'hidden' way, such that the consumers don't realize that it is a marketing ploy. It refers to marketing and advertising products in a less obvious manner, using unconventional tactics. It influences consumer decisions without tipping them off the manipulation. It can be done in many ways like creating the buzz in the social media platforms where people jump into tags, comments and discussions regarding the product; product showcases in malls; live audience interactions on promotion events and many more. Here, consumers go with the flow and by default develop a keen interest in the commodity. Due to the nature of promoting and marketing products, it is also known as undercover or guerrilla marketing. Marketers implement stealth marketing strategies to attract people in large numbers and influence them to develop the interest in the commodity. In this case, sales are not the priority.

FACTS

If California were a sovereign nation, its economy would surpass India's :California's economy is the largest in the United States, totalling $3.137 trillion in 2019. California's GSP is so large that if "The Golden State" were a sovereign state, it would take the throne of India as the sixth-largest economy in the world.

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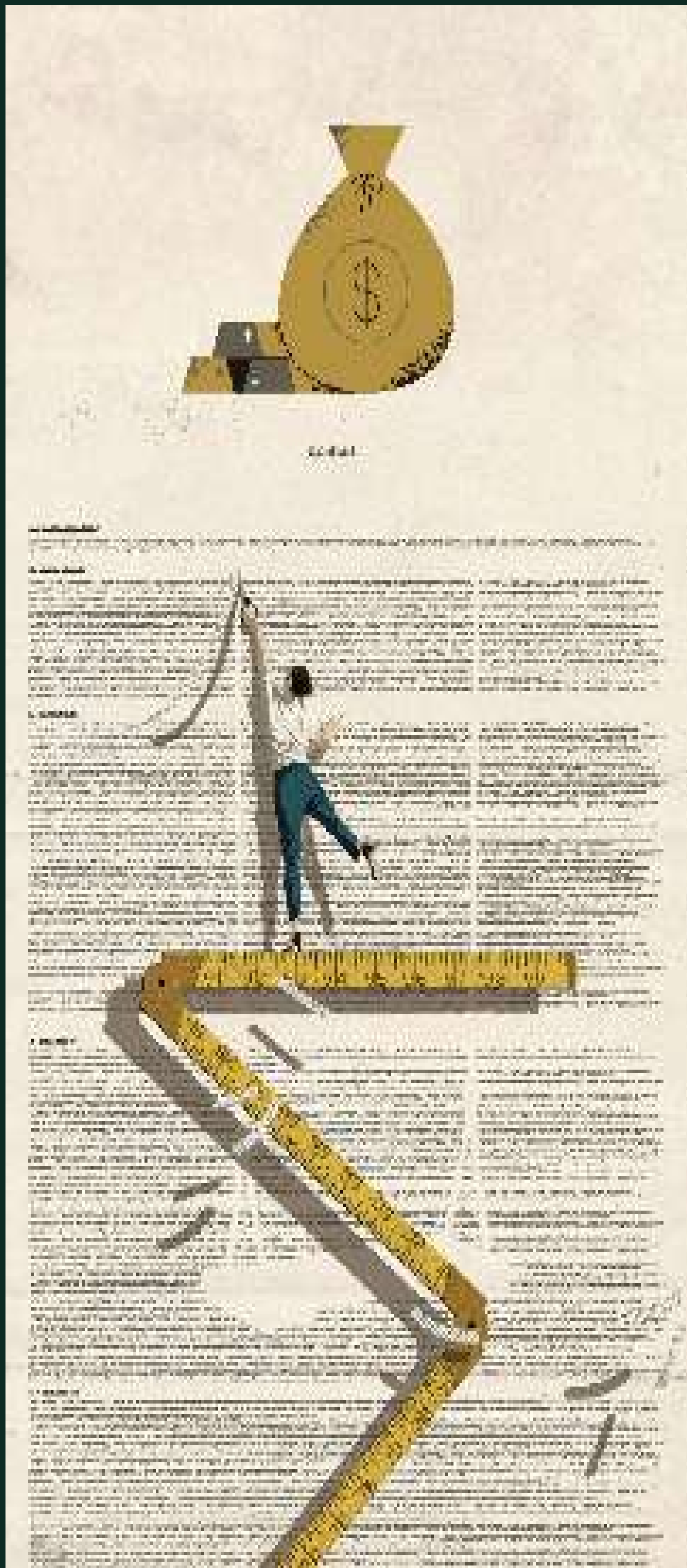
HIGHLIGHTING THE KEY REFORMS OF BUDGET 2022-23 AND DELIBERATING THEIR CONSEQUENCES



By: Yash Singh

St. Xavier's College (Autonomous), Kolkata

Every year the month of February witnesses the government disclosing all the major fiscal transactions for the year completed as well as budgetary reforms for the following year. These announcements are imperative in the government's roadmap for the upcoming year as it communicates their approach towards the economy and its people. This year's budget was no different. While there were expectations of a Cryptocurrency Bill to be established in the winter session of the parliament, a step was taken towards recognising the cryptocurrency and other blockchain-based instruments with the implementation of heavy taxation on the gains arising from the transfer of virtual digital assets. Although this was one of the most pronounced announcements made during the session, there were other announcements that can possibly impact industries such as Agritech and Telecom industries in India in the coming years. Other major announcements such as reduction in the budget for MGNREGA and increase in Infrastructure spending also have severe impacts on not only the rural but the urban population as well. This article articulates all these factors and emphasises the impact each one of these can have on our economy in the coming years.

On 1st February 2022, the entire country was observing our honorary Finance Minister take the centre stage in Lok Sabha and announce the budget for the coming fiscal year. Most of the people know the announcements in brief but are unaware of how these will be implemented. Thus, resulting in the requirement for delineating these major reforms.

The taxation on "Virtual Digital Assets"

The most talked-about reform was the taxation on virtual digital assets, which many farsighted individuals are seeing as the beginning of recognition of cryptocurrency and other blockchain-based assets such as NFTs. Although the government has not denied this prediction, it has also mentioned that there will be a separate set of reforms for the regulation of cryptocurrency.

In the current bill, the government has implemented 30% taxation on digital assets that have been referred to as any information, code, number, or token, that is neither Indian currency nor any foreign currency generated through cryptographic means or otherwise. Further requirements also include functioning as a store of value or a unit of account and having the promise or representation of an inherent value. With this definition, the government has kept a broad ambit for the recognition of virtual digital assets that will also include the NFTs.

A drawback of this reform is that the tax is only applicable on the gains caused from the transfer of assets, whereas the losses are not tax-deductible. The only deduction available is the initial cost of acquisition. The government has also introduced 1% TDS which will be deducted by cryptocurrency exchanges and passed on to the government.

Despite there being a few discrepancies on the aspects of whether the law will be retrospective or prospective, there was an aura of usher among the cryptocurrency exchanges as data showed that platforms such as WazirX and CoinSwitch Kuber saw a 30-50% increase in the number of sign-ups on the day of the budget announcement as compared to the previous day. This was due to the pent-up demand among crypto investors, all of whom had their confidence bolstered regarding the recognition of these assets after this announcement.

Driving Growth of the Indian Agritech Sector:

With over 1200 post POC start-ups in the country building solutions to support the farmers, this year's budget's recognition of the agritech industry has done wonders for all the stakeholders of the industry.

The government has announced that it will be launching a blended fund to finance start-ups for agriculture and rural enterprises that will be focusing on all the activities that bring an agricultural product from production to final consumption. It has also emphasised the usage of 'Kisan Drones' for several purposes, including digitisation of land records, and spraying of insecticides and pesticides.

The importance given to the drones is being contemplated as the inception of smart agriculture in India that will also help promote efficient agricultural practices. However, the costs involved in availing of this technology are still high and not appealing to the small farmers. With a penetration of less than 1% of farmers making use of the advanced technologies currently, there is a large scope for this technology to spread among the farming community given that there are subsidies provided to the manufacturers of these technologies to lower the cost of their products.

Another move was aimed at reducing carbon emissions by announcing about co-firing of 5-7% biomass pellets in the thermal power plants and trimming the country's imports of cooking oil because of a shortage in domestic production.

Targeting a Significant Increase in Infrastructure Spending:

There has been a larger allocation of funds towards infrastructure spending in comparison to the previous year. The increase has been primarily to ramp up investment on highways and affordable housing. The government has planned to spend 200 billion rupees on the highway expansion program and has increased the overall capital spending by 34.5% for the coming fiscal year. It was followed by the announcement of manufacturing 400 new trains over the next 3 years.

Strengthening of infrastructure has been the government's priority ever since Prime Minister Narendra Modi has taken the office as this move has been consistent over the past few years. While addressing the parliament, the finance minister added that building world-class infrastructure and logistics synergy among different modes of movement was the aim of the infrastructure spending.

Slashing the Spending on Rural Employment:

Albeit the MGNREGA, which is the rural employment scheme did not find any mention in the FM's speech, it was cut down to Rs. 73,000 crores for the coming fiscal year. This amount is 25% lower than the current estimates of the scheme. It is a demand-driven scheme that guarantees 100 days of unskilled work to any rural household wanting it. The scheme was ramped up during the first wave of Covid-19 to Rs 1.11 lakh crores and provided work to 11 crore people living in the rural areas. It dropped to Rs. 73,000 crores in the budget for 2021-22, resulting in the government running out of funds in October last year, due to which the amount was ramped up to Rs. 98,000 crores. This decision has faced strong criticism because it is seen as detrimental to the ongoing employment crisis in the country. Activists at the grassroots level have denounced these actions and have said that they will be detrimental to the rural consumption that may drag down the economy's growth.

The Rollout of the 5G Telecom Services:

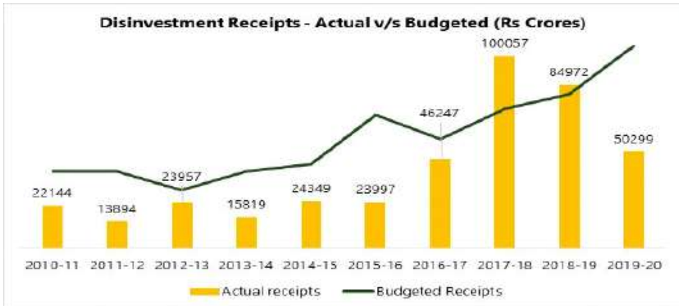
The FM in her budget speech announced that the auctions for the 5G spectrum will be held in the year 2022 and will further lead to the rollout of 5G services in the year 2022-23 by private telecom operators. She further added that the government will be coming up with a design-led PLI scheme for the manufacturing of 5G equipment.

The three major players in the Indian telecom sector, namely Reliance Jio, Airtel, and Vodafone Idea, have been testing their 5G with their equipment providers. An investment by Google in Airtel earlier this year has made the ongoing battle in this sector more brutal. Google had also invested in Reliance Jio earlier, which shows its prominent participation in the Indian telecom sector.

Conclusion:

The budget presented this year is comprised of many components that can drive the country towards a prosperous future. While it might not have been generous in terms of reduction of taxation and increase in spending, it has taken the steps towards making cryptocurrency legitimate and making farming practices more efficient. The budget also seems to be propelled towards the Central Bank Digital Currency (CBDC) for the country as it has been announced that it will be launched in the year 2022-23.

Laying down infrastructure for swappable batteries shows that it is also preparing for a transition towards electric



vehicles. The disinvestment estimate envisaged has gone down when compared to the previous budget, which gives an idea that disinvestment as a revenue stream is plateauing instead of growing. Thus, after considering all the aspects it seems that the finance minister has presented a budget with welfarist schemes but a reformist intent.

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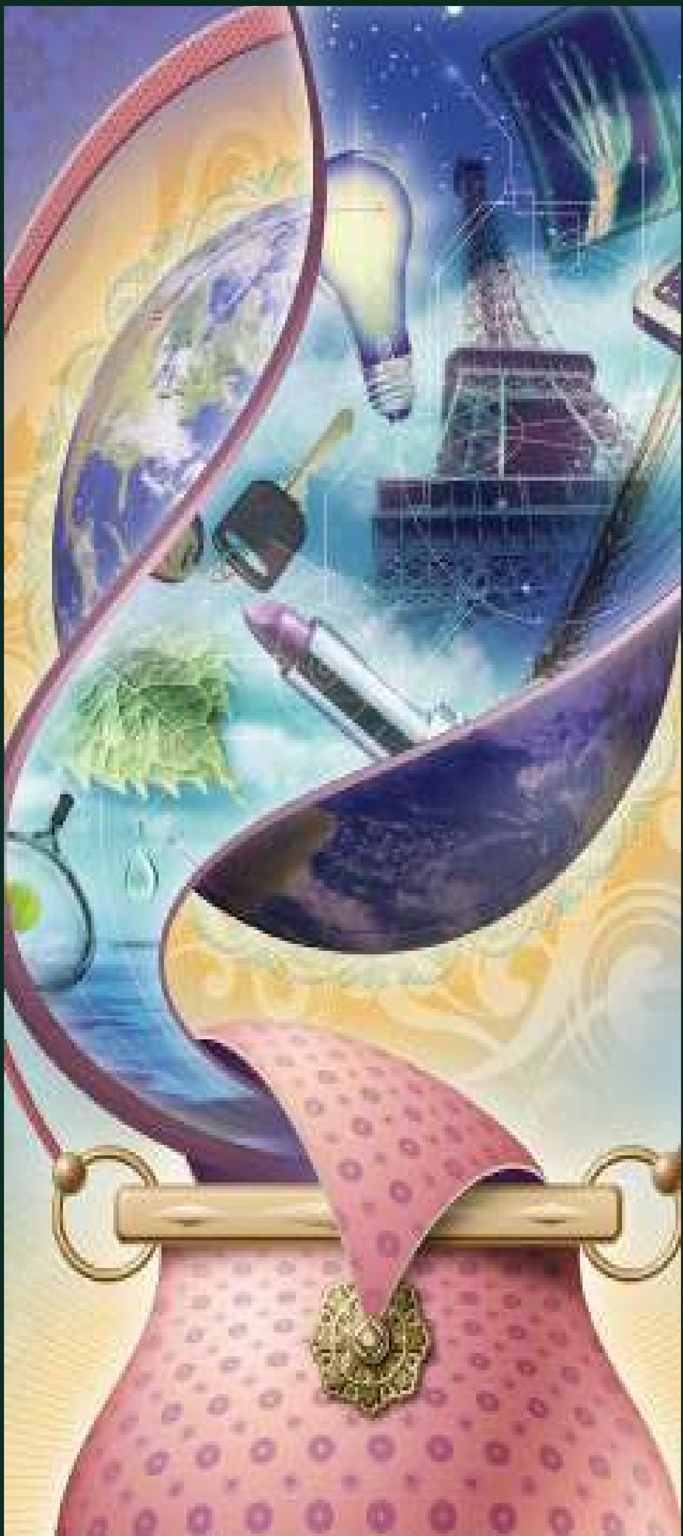

DIMENSIONS OF ECONOMIC RATIONALITY: MYTHS BUSTED

By: Mritunjay Menaria

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INTRODUCTION:

The concept of rational behaviour is one of the most fundamental and controversial aspects of economic theory. As rational thinking forms the basis of many macroeconomic models, primarily the common ones, it casts its shadow over various macroeconomic policies. Thus, rational thoughts can have far-reaching effects on economic reality.

In general, economic comprehension is associated with efficiency and effectiveness. In modern economics, the concept of rationality is primarily related to neoclassical doctrine that focuses on the behaviour of individuals (consumers, firms) and assumes that their rational strategy aims at maximizing their utility. In this article, we will examine various aspects related to rational behaviour and subject certain commonly made claims with regard to rationality under scrutiny.

BEHAVING RATIONALLY WITHOUT REASONING:

“Economic efficiency” calls for a picture of a bloodless calculator. But economics is not just for the Vulcans; these economic assumptions describe our actions, not our thoughts. If we had to understand something intellectually, none of us would be able to walk, as it became clear when people tried to program a walking robot. We learn not only through logic, but also through a complex process of emotions, feedback and intuition.

There are many ways to act rationally without resorting to arguments. Whether you have come to the logical conclusion that you must eat to live, or not, economists will take a moment to analyze your behavior on the basis of evolutionary knowledge. Thus, evolution is one of the sources of rational behavior. Trial and error is yet another.
.
For a typical example of rational behaviour without thinking, consider the situation of a baby who has only one tool available to accomplish his or her goals. When he is hungry or wet, he makes a loud and unpleasant noise — giving any nearby adult the impetus for dealing with the problem. I doubt that kids are thinking positively of their situation -but they are taking the most likely action to achieve their goals.

Kids are smart. So are cats. If you insist on reading the newspaper where you have to pet your cat, the cat solves the problem by lying down on the paper. I don’t know if that trick is a product of calculation or error, but it works. This observation is sufficient to prove that thinking is not the only source of rationality. Instead, rational behavior may be biologically advanced or can be possible by the hit and trial method as well.

IF TWO BASIC ASSUMPTIONS ABOUT RATIONALITY ARE FALSE, THEN WHY ECONOMICS MIGHT WORK?

Economics is based on the assumption that people have fairly simple goals and choose the right means to achieve them. If both of these assumptions are false, then why would an economic model that assumes people behave rationally produce logical solutions to economic problems? The answer is simple: they may be false, but useful.

One reason for the rationality assumption is that it predicts behaviour better than the other assumptions. Second, when predicting a market or crowd, it is not the individual behaviour that counts, but the collective behaviour of the majority. If the irrational behaviour is random, the results can be averaged.

The third reason is that we often don’t deal with randomly chosen people, but people chosen for the specific role they play. To understand this better, consider the following example. If a company picks a CEO at random, then Bill Gates will still be a programmer and Microsoft will do much worse than profit maximization. But if the people who don’t want to maximize their profits get the job by the accident of inheritance, it’s unlikely that they’ll be able to keep it. If they stick with it, there are high chances that their company will go downhill. So it’s safe to assume that the people who run the company know what they do in general and on average. And since businesses that lose money eventually close, the assumption of rational profit maximization turns out to be a pretty good way to predict and explain corporate behaviour.

A similar argument applies to the stock market. Investors who continue to place wrong bets will soon have little or nothing to turn to. On the other hand, investors who consistently place the right bets risk their own money and often the money of others as well. Thus, informed investors have unusual market power irrespective of them being in relatively fewer numbers.

RATIONALITY REDEFINED: FROM ‘WHAT TO DO’ TO ‘HOW TO DECIDE WHAT TO DO’:

Imagine a person making two decisions- which car to buy and which politician to vote for. He can improve any one of the decisions by taking the time and effort to explore alternatives. When it comes to cars, his decisions clearly determine which car he will drive. For a politician, his decisions change the odds of defeating one candidate to one in ten million. If a candidate is elected without a vote, he is wasting time. If a candidate loses the vote, he too is wasting his time. He wisely decides to spend much more time deciding which car to buy. The reward in this case will be immeasurably high. On the other hand, if you or your company enjoys almost all the benefits of a proposed law, you can invest a lot of money and effort to get it passed. If the costs associated with that law were to be distributed among many people, then none of them would think they need to know what is going on and hence, none of them would even bother to resist it. This is one of the reasons why special interest groups successfully profit at the expense of the rest of us, even if we vote for them a thousand to one.

Keeping this example in mind, we can now redefine the term 'rationality'.Previously, it meant making the right decisions about "what to do" like voting for the right politician. Now, it means making the right decisions about "how to decide what to do"- by gathering information about whom to vote but only if it valuesmore than the cost of gathering the information. For many purposes, the first definition is sufficient. The second is necessary if an essential part of the problem is the cost of obtaining and using the information.

THE CONFLICT BETWEEN INDIVIDUAL AND COLLECTIVE RATIONALITY:

It is often found that collective rationality cannot be reduced to individual rationality. This phenomenon holds true because of the complex character of human nature. It is asserted that collective rationality does not merely emerge from the human capacity for rational reasoning but from a variety of other human capabilities.

This problem, familiar to every teacher, is an example of the conflict between individual and group rationality. The students as a group would learn more if they had the courage to give the honest answer that they are totally lost, and if the teacher keeps going he will be wasting the time of both the parties in this kind of teaching-learning setup. But each individual student is afraid to make himself look stupid by admitting that he is totally lost, exposing his ignorance both to the teacher and to his fellow students. Therefore, it is irrational for the student to show that he cannot understand what the teacher is saying. On the other hand, it would be reasonable to show that class as a group of individuals is incomprehensible.

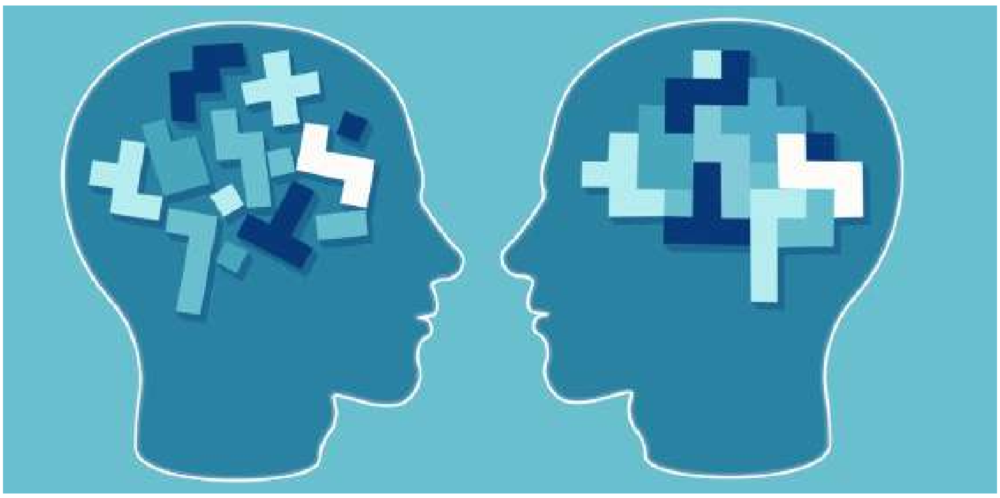
RATIONALITY WITHOUT MIND: A BIOLOGICAL DIGRESSION

The founders of evolutionary theory base their work on the ideas of ancient economists. That was no mere accident; while economics and evolutionary biology are related, the logical structure of the two spheres is very similar. The economist expects people to find a way to achieve their goals but not too concerned about how they do it. Evolutionists look for genes- the basic genetic units that control the structure of our bodies - building animal structures and behavior that increase their reproductive success, but they are less concerned with elaborate biochemical processes by which genes control the organism. Similar patterns appear in both fields; the conflict between individual interests and group interests attests to the conflict between genetic interest and genetic interest.

Consider Sir R. A. Fisher's description of the observed gender equations. In many species, including ours, male and female sperm are produced in approximately equal numbers. There is no clear reason why this species is interesting; one male is enough to fertilize many females. Yet the proportion of sex is always equal, even in the middle species such as other deer in which only a small percentage of males successfully reproduce. Why?

Consider, in contrast, two thirds of the members of each generation are women. Since mothers are twice as many as fathers but each child has one of each, the average man must have twice as many children as a normal woman. It follows that a couple with a son, on average, will have twice as many grandchildren as a couple with a daughter. Since couples who produce sons have more descendants, more of the population is descended from them and has their genes-including the gene for having sons. The genetic material for male reproduction is growing in humans. The process continues until the numbers of male and female children are equal. If we start with a higher or lower rate, the situation should turn to a level of equality.

This simple version of the analysis is strikingly successful in explaining one of the observed regularities of the world around us by the rational behavior of microscopic entities. In this case, genes are still unthinkable, and in many other cases they behave as if they have carefully calculated how to maximize their survival in future generations.



THE DIGITAL ADVANTAGE:

HOW DIGITAL LEADERS OUTPERFORM COMPETITORS

By: Suhani Bhandari

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ABSTRACT:

In the economic landscape, new digital technologies such as social media, mobile, and analytics are rapidly advancing. Consumers and employees alike benefit from these innovations.
Every industry's executives are confronted with a bewildering array of new digital opportunities. The majority of business news focuses on fast-growing startups such as Nykaa and Zomato, or a few large high-tech companies such as Apple, Google, or Amazon. Unfortunately, many leaders believe that the stories of these nimble and innovative firms do not apply to traditional companies that are older, larger, and have inflexible legacies.
However, few businesses have positioned themselves to reap the true business benefits. This article will give you an overview of their Digital Advantage.

INTRODUCTION:

One of the major global technology stories of the last decade has been the growing divide between digital haves and have-nots. In the corporate world, a similar digital dichotomy is at play. Companies considered to be digital leaders outperform their peers in terms of growth, profits, and market valuation. It's becoming increasingly clear that "digital" is at the heart of driving growth and transformation.

THE CONCEPT OF DIGITAL MATURITY:

The ability of an organisation to respond to and adapt to disruptive technological trends is referred to as digital maturity. For the longest time, marketers relied on print advertising and television commercials to promote their products. Then came the Internet and social media. Companies of all sizes turned to online advertising and marketing. As a result, these businesses became digitally mature.
Digital maturity is composed primarily of two distinct but related dimensions:

1. Digital Intensity – This refers to investment in technology-enabled initiatives to change how the company operates – its customer engagements, internal operations, and even business models.

2. Transformation Management Intensity – This refers to the leadership capabilities and human resource necessary to drive digital transformation in the organization. It focuses on the vision to shape a new future, and develop IT/business relationships to implement technology-based change.

The elements of transformation management intensity work together to drive ongoing digital transformation through a combination of top-down leadership and bottom-up innovation. However, in many organisations, these elements are overly slow or conservative, preventing the organisation from budging in new opportunities.
Businesses with high levels of digital maturity have a competitive advantage across a wide range of performance indicators, including revenue growth, time to market, cost efficiency, product quality, and customer satisfaction. Businesses with low levels of digital maturity have a difficult time achieving these benefits.

DIGITAL DNA:

Digital maturity is classified into four categories: Digital Beginners, Digital Fashionistas, Digital Conservatives, and the Digirati. Firms that are more mature in either dimension outperform their competitors in specific and different ways. The Digirati – the 25% of firms that are more mature in both dimensions – outperform the others by a wide margin. Digirati is 26% more profitable than their industry competitors on average. They increase revenue by 9% by leveraging their employees and physical assets. They also generate more value, with market valuation ratios rising by 12%. The Digirati advantage is more than just the sum of Conservative and Fashionista performance gains. Digirati combine digital intensity and transformation intensity to achieve performance that exceeds the capabilities of either dimension alone.
There are some common patterns in how businesses have developed their digital advantage. All Digirati invest in transformation management elements such as vision, governance, and engagement. They also perform well in terms of digital intensity. However, Digirati status is more than a combination of sound management and digital capability; there is something inherently different

about Digirati DNA that sets them apart from the crowd. Digirati make strategic decisions about how to excel in digital intensity. These companies increase their digital intensity by implementing a set of common patterns that use complementary capabilities to deliver ever-increasing levels of digital value.

HOW DIGITAL LEADERS OUTPERFORM COMPETITORS :

In digital investments, cycle times are short. Businesses need to understand how to manage costs with great agility and flexibility in order to quickly redirect resources to initiatives that advance their strategy and lead to growth.
Integrating digital technologies allows organisations to significantly improve all of their processes, both operationally and in terms of customer experience.
Companies use digital to outperform their competitors as it helps them in reducing costs by automating activities and

improving the flow of information within the organisation. Effective use of digital transformation allows an organisation to increase production capacity and product quality, forge stronger ties with customers and respond to their needs quickly and retain talent through an enhanced technology experience companies that combine their knowledge for running business with a bold digital vision, a bias for action, and a strong point of view on where technology is heading, capture the lead in their industry.

A PEEP INTO THE REAL LIFE:

As it happens, the majority of recent start-ups were born digital, giving them a significant advantage over some more mature companies that have yet to get their foot in the door when it comes to digital. As a result, it is intriguing to investigate how the world's largest and most established corporations are incorporating digital transformation tools into their strategies in order to maintain market competitiveness.

LEGO:

LEGO has many content marketing triumphs that most other brands would kill for, as well as a social strategy that focuses heavily on community engagement.
LEGO has managed to appeal to today's digitally savvy consumer groups through movies, mobile applications, and mobile games. An updated digital strategy assisted the company in avoiding bankruptcy and allowed them to thrive.
LEGO's online forum enables users to submit their own ideas for new sets and vote on their favourites. If a project receives 10,000 votes, LEGO evaluates the idea, selects a winner, and creates a new LEGO set that is sold globally. This means that LEGO has acknowledged that its customers are its most important source of new ideas and innovations. This approach has enabled the company to continue releasing new product lines that its fans adore, as well as to maintain a close relationship with its customers worldwide.
Other initiatives launched by LEGO include LEGO Boost, an app that teaches children to code, and LEGO Life, which encourages social networking and brand advocacy.

CONCLUSION:

The pace of technological change is quickening, and executives across industries are taking notice. Companies have a plethora of options for gaining a digital advantage. Thriving in the digital age is inextricably linked to digital transformation strategies and innovation. While many businesses are still unsure how to channel their digital ambition, there are others whose strategies stand out and who have strengthened their empire by embracing new technologies.

TERMS

White Knight

The white knight entails a person or company who buys a corporation at fair value when an unfriendly bidder or acquirer (known as black knight) is about to take over the corporation. Although the target company still loses its independence, shareholders and management are less adversely affected.

FACTS

There is no single economic theory that can explain Singapore's economy

One must have heard about Singapore's free trade and welcoming foreign investment. Surprisingly, in Singapore, the government owns almost all the land and the government's housing corporation provides 85% of housing facilities. About 22% of the GDP is produced by state-owned enterprises (including Singapore Airlines), compared to only about 9% worldwide. In a nutshell, Singapore's economy combines the extreme features of capitalism and socialism, which means there are no single economic theories that can explain its success. Theories are incomplete; reality is nuanced.

TERMS

Tip from a dip

The practice of giving inside information to an investor by a person who doesn't actually have that information. Even if the "dip" had inside knowledge, it would still be illegal for him/her or anyone to whom he/she divvied up the information to use it.

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RESEARCH PAPERS

REIMAGINING CAPITALISM :
PURPOSE AND PROFITS

By Vanshika Anand, Gaurika Manchanda, Riddhi Agarwal
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ABSTRACT

In an era where problems are no more restricted by tangible boundaries of nations and intangible boundaries of class, colour, creed or communities, merely governments won't be able to address them efficiently when it puts the growth, global economy, climate and sustainable development goals of the world at stake.

But what potentially could be the approach to address them while keeping the welfare of people in mind? The antidote to this virus of economic crash and underdevelopment is hidden in reimagining the form of capitalism the world has had till date. Covid - 19 pandemic has given the globe another chance to cure the economic illness by using methodologies that countries missed out on, post the 2008 financial crisis.

The end of World War II embarked on what is called capitalism in real terms, when free markets were left to play their role along with the magic that the invisible hand casts on the society. The forefather of Capitalism, Adam Smith in "The Wealth of Nations", states his assumption "humans were self-serving by nature but that as long as every individual were to seek the fulfilment of her/his self-interest, the material needs of the whole society would be met". The Golden Age of Capitalism or the postwar economic boom very well showcased how economic expansion and productivity could be drastically increased which took the form of capitalism that solely focussed on maximisinginvestors' profits, often putting the public welfare at stake.

Talking about India, our pile of problems could possibly be solved by the "social" version of capitalism. Health, Education, Food and Agriculture, Infrastructure, until they remain the sole responsibility of the government, it won't be able to create a robust ecosystem, however, big corporations have the potential to transform the country and the world.

Can Capitalism be reimagined for better inclusive growth?

In the era of socio-economic development with a plethora of problems seeking solutions, the concept of inclusive growth comes into prime importance which ensures that fruits of growth and development reach the poor and marginalised sections also. Capitalism, with profit as its sole spur, at times fails to reach areas some areas of social welfare i.e. working on a non-profit underlay which leads to the centralization of developmental works, like industrialization led to growth only in urban areas and hence fulmine regional inequality which turns into socio-economic inequality due to lack of meaningful employment opportunities in areas left out of the Capitalist development model, striking at the grassroots level of inclusive growth.

Capitalism as an economic system has several problems that have resulted in the crescent global socio-economic inequality. This system of capitalism, if regulated by the government that works on social welfare model can bring efficiency in the workings of social enterprises, enhance

private investments and can boost economic production, raising the capital necessary for a government to run effectively its social schemes for the upliftment of the poor while reimagining capitalism such that social welfare maximisation can be ensured with profits maximisation.
The reimagination must work upon restructuring and remodelling it into an inclusive capitalism, which works for social welfare, ensuring equal rights and opportunities for all, specifically drawing people out of poverty during times of distress, making the economy more resilient.

INTRODUCTION

Capitalism is one of those words, whose presence in a conversation is bound to create a polarised system making it sound like something that can never help the society develop or support the spirit of development in the first place. While it is a dynamic concept and the very essence of every economic and political system, it cannot be denied that capitalism is the reason why we have seen some of the biggest revolutions take place during the past few decades. In fact a couple of centuries after, we can see an entirely new world to which capitalism has an extremely crucial contribution. It is often regarded as a force to maximise profits which to some extent it is! However, it's one system that has the potential to make everyone better off. This is where the concept of reimagining capitalism comes in. The paper highlights how capitalists, in order to maximise profits, have led to apprehensions among people related to this concept. Capitalism can help foster technological development, producing environment friendly technology and reducing the detrimental effects of pollution. However, excessive capitalism and the tendency to maximise profits come what may, puts a question mark when growth of capitalism is talked about.

It's not an idea that came out of the way, rather has existed in our society for more than 200 years. The fathers of modern communism; Karl Marx and Fredrick Engels, considered the capitalist class to be of the most revolutionary classes of the society. Born out of the post Napoleonic society of Europe, it has evolved along the passage of time to keep up with the idea of modernization. Jumping straight to 2021, we can see how capitalism is the essence of the multi-billion-dollar companies and wealthy entrepreneurs. The idea that any other system could entirely prevail over it hardly seems plausible.

But what Capitalism actually is? Is it only related to free markets, free trade or private ownership of the means of production? Rather it's the system of ownership of capital and that capital is employed to generate profits. Another factor that determines the system is that it involves production for the sale of goods and services to people rather than for self-consumption.

However, over the years it has been seen how relying solely on capitalism or not considering it as a system that can help run and govern the country better, have both shown results that are not desirable all across the globe including some of the biggest crisis and recessions in the US, the economic super power of the globe. Moreover, the firms today rarely focus on social objectives.

The resources have been depleting and the world faces a crisis in the form of a pandemic, the system of capitalism is the one that can help countries rise, giving us an opportunity to explore a system of making the economy more resilient that was neglected by the US Government during the 2008 financial crisis. This time, the world has an opportunity to look at capitalism with another changed perspective.

Excruciating the theme of the paper, the pandemic is yet another, but not the last crisis to encounter the global economy. We see how yet again we need capitalism to come through hence, talking about a reimagined version or "Conscious Capitalism". Thus serving economic purposes and catering to the needs of the people.

LITERATURE REVIEW

Capitalism: The Rise in Living Standard

It has been observed that when the economy grows, people feel more secure and the phase of transitioning into a democracy takes place. Standard of living of the people increases and most of the working population shifts towards the service sector. Focus is shifted to human rights, freedom of speech and expression, environment, sustainability and resource conservation along with research and development that focuses on alternative sources of production. People bring in free choice, demand civil and political liberties. (Inglehart, R., & Welzel, C.,2007)

Theory of Milton Friedman

Milton Friedman and his colleagues were supporters of free markets and trade with a belief that unregulated markets worked more efficiently. This competitiveness could add on to the innovation among entrepreneurs. Adapting any other method would lead to a loss for the society making it poorer in the coming time. However, the theory holds true to a certain extent, there need to be certain dimensions which can help overcome the problems posed by excessive capitalism. What Friedman had suggested talked only about the pros of capitalism while free markets with power in the hands of a few can twist or turn the situation around in their favour with no credibility as such. The markets should not only be free but it should be ensured that they are fair for all.

According to the Washington survey in the 1970s and 1980s, economic development revolved around free markets and trade while a consensus from esteemed institutions like the International Monetary Fund convinced several international financial institutions to increase capitalisation and globalisation to strengthen the free flow of capital, labour, currency, technology and intellectual property. Some countries like India dealt well with it while it led to the negative form of capitalism burst out in other countries.

Capitalism and Anti-capitalism by James Heartfield also covers about the end of triumphalism and beginning of anti-capitalist movements and revolts, Marxism, indigenism and the role of NGOs, however, it doesn't entirely cover the benefits that capitalism has to offer if the form is altered as per the requirements of the society.

RESEARCH METHODOLOGY

To write this paper, several research papers and figures globally talking about the development of the countries have been studied. An analysis of the same has been drawn further. For the purpose of Primary Research, a survey was conducted, from a pool of 50 people aged 18-40, we could see inferences on what people think of capitalism, its inclusivity, it's contribution in various industries and what sort of system is suitable for India. Survey responses were then analysed and presented as charts for easier interpretation. The knowledge extracted from the secondary research forms the basis of the facts and arguments presented for the need to have a conscious capitalism in place. Research papers written on Capitalism in Education, Culture, have been read through, on the basis of which further points have been specified.

THE RISE OF CAPITALISM

While the concept of Capitalism rose after the post Napoleonic society in Europe, it's origin can be traced back to the 1420's, when it was formulated on an Island that was colonised by the Portuguese, called the Madeira Island. They created a blank space to create a whole new economy. Financed by bankers in Genoa and Flanders, they used to transport enslaved people from the African Continent to plant and process sugar. They built an economy in which land, labour and money had lost their social meaning that used to prevail back then and became tradable commodities. Surprisingly, this tiny Island became the sugar capital or the largest exporter of sugar in the world, owing to the exponential rise in the productivity achieved by the labour that was enslaved that peaked in the year 1506.

Similarly, once the European Continent adopted Capitalism, the creation of wealth multiplied resulting in creation of jobs and commodities for the people, which can also be stated as the reason for globalisation back then as people started exchanging labour, capital and final products!
The system of capitalism was fueled by the development of the cloth industry in the 16th, 17th and the 18th centuries. This involved using large chunks of capital to create wealth and expand the production rather than building pyramids and cathedrals from it. This increased the sanctity of hard work put in by the workers and the inequality between the rich and the poor was due to the difference of virtue between the two. In the beginning of the 18th century, the focus started shifting from Commerce to Industry and capital accumulation was invested in the practical application of the technicalities during the Industrial Revolution.

After the Napoleanic wars, the policies of Adam Smith mentioned in the book, "An enquiry into the Nature and Causes of the Wealth of the Nations", (1776) garnered more importance than before and slowly started dominating the economic system. The book talked about the role of the invisible hand in the free markets, leaving economic decisions onto this self regulating mechanism.

THE FALL OF CAPITALISM

Though nations increasingly saw wealth creation and it led to revolutions in the working of economic systems, it fell as soon as it rose. In Madeira Island, it had fallen by 80% by 1525. Major reasons being the exhaustion of wood supplies and the decrease in productivity, requiring more labour to produce the same amount of sugar. The forest clearing system at the same time led to the extinction of many endemic species thus, this classic boom soon lost its glory.

Similarly, in Europe inflation rose substantially benefitting the capitalist classes while wages being the same. The story remains the same when it comes to the working conditions provided to the workers during the Industrial Revolution when the factory system rose, especially when it comes to Marxism. Human capital and natural resources were exploited, inflation and lower wages created a feeling in the minds of the people how the capitalist class benefits out of the misery that they suffer.

ANTI CAPITALISM

Anti capitalism is a movement or ideology composed of propositions and ideas that confront Capitalism. Anti-capitalists are those people who oppose Capitalism and want to replace it with other economic systems like socialism or communism.

The discussion about criticism for Capitalism brings forward the name of Karl Marx, a social thinker whose criticism of Capitalism led to a global revolution. Marxists believe that private ownership of means of production supplements the capitalists at the cost of the workers. The capitalists reap the benefits of the hard work of the working class. The workers are exploited by business owners who sometimes oppress and pay them fairly low. In Marx's view Capitalism will be progressive but at one stage will stagnate due to internal differences and inconsistencies and will require to be followed by socialism.

The financial crises substantiated the theories of Karl Marx. The 2008 financial crisis is often regarded as a moral crisis of capitalism. It suggests that during the crises the invisible hand of free market resorts to unfair means driven by irrational and irresponsible behaviour. Moreand more people now support Karl Marx's view and agree that capitalism is radically unstable. Marx was far sighted and unlike other economists of that time knew that Capitalism is capable of bringing large booms but in the long run it will end up destroying its social base which actually happened during crises.

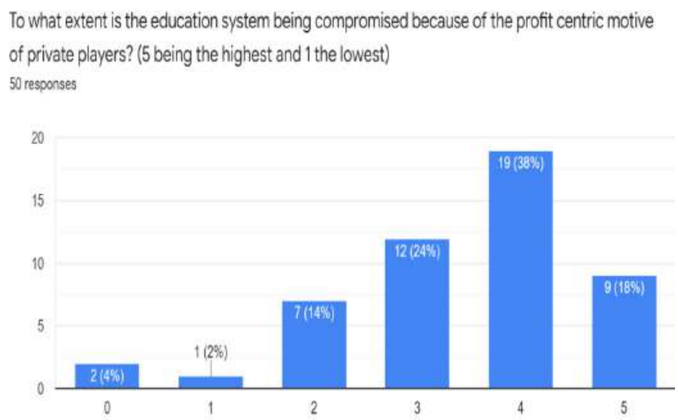
CAPITALISM IN EDUCATION

In today's time it is hard to miss the growing influence of capitalism in the education sector with respect to the emergence of edtech and private institutions. Education is no longer a service to society rather it has developed as a revenue platform for the profit centric corporations.

In India the education system comprises government and private institutions for imparting knowledge. The public schools were established to provide educational opportunities to all and strive collectively towards overall growth and development. However the private sector working for profit maximisation has brought a revolution in the education system. The government is in no position to compete with the private sector considering the quality of education, technology, infrastructure and comfort provided by them.

The avenues of the private sector have increased over time because they realised the presence of a potential market willing to avail the education services at a high cost. The private sector driven by a profit motive has a steady flow of funds and thus are in a position to have higher budget allocation than the government. They make huge expenditures to provide world class facilities to its students to build a brand for its long term sustainability. These institutes are better equipped to face uncertainties and cope up with them. While the Corona Pandemic hit the education system, private institutes were easily able to shift to an 100% online setup whereas public institutes took time to embrace the situation.

They have introduced new ways of imparting education and over the years are working towards building a brand to conquer the whole market. Despite the high cost of education people are willing to spend because others around them are doing the same. The fear of missing out on opportunities is pressuring parents to put their kids in the best of the private institutes irrespective of the high fees charged by them. We are in an era where education is no longer a means to be better off, rather it has transformed to be a business where students are commodities and money plays the lead role. The education system comprises rote learning without practical application of concepts which is in turn eroding the intellectual standards. Despite securing good grades in exams and holding a degree, people are still unemployed. They lack the requisite skills and proficiency for joining the workforce since they are not taught the true essence of work life culture. In today's time capitalist education system is nothing but a multi billion dollar industry where winners are a few wealthy people.



Based on Primary Survey of 50 individuals

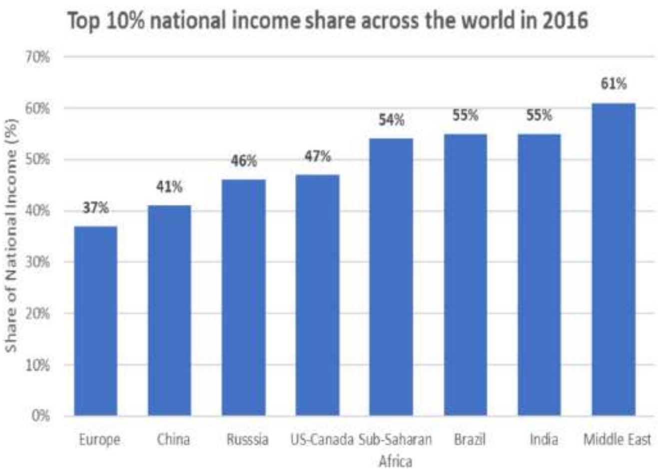
CAPITALISM & INEQUALITY

Every year, a new historical record in world socio-economic inequality is proclaimed. Everybody knows this level of inequality is completely unsustainable, every capitalist state is worried about it, and a lot of measures have been taken against it - but still the situation is becoming more & more worse. This is partly because we understand neither capitalism nor inequality because we believe in the ideology that has been created around capitalism since the development of its modern, Western form. This ideology of capitalism developed in Europe until it became so efficient that it got spread across the world. This is not true. European capitalism has been developed in conjunction with colonialism and spread all over the world due to the same. According to ideology, capitalism is a market economy that is completely governed by natural laws scrupulously. This is not true. Capitalism is almost the opposite of a market, it is the monopolisation of capital in the hands of few, which has nothing to do with natural laws. According to ideology, the core of capitalism consists in the utilisation of wage labour. This is not true. Wage labour played a key role only during industrialization, otherwise capitalism seeks to exploit anything and everything. According to ideology, the division of productive labour is the driving force of capitalism and the domination of finance is an aberration. This is untrue. Finance has been the main drive motor of capitalism.

The ideological view of capitalism combines with the invisibility of structural domination to construct an entirely misguided understanding of inequality. According to the conventional view, capitalism alienated completely from the past: Suddenly, all individuals were free and equal. The core of capitalist society was supposed to be competition on a level playing field for wealth. It is difficult to construct a myth that is further from the truth. The precapitalist inequalities were not abolished by capitalism nor even by the advent of democracy, and competition in capitalist societies is not about money. It is about capital but only a tiny group monopolises capital and actually competes for it. The rest competes for means of consumption. However, capital is only a way for domination. Inequality, in reality, is aboutdomination. Hence, given the structures of domination which have been rendered invisible in capitalist societies, very little can be done about inequality.

World Inequality Report- Analysis

- We can infer that income inequality has increased in nearly all world regions in recent decades, but at different speeds. The fact that inequality levels are not so indifferent among countries, even when countries share similar levels of development, highlights the important roles that national policies and institutions play in shaping the inequality.
- Inequality within world regions varies greatly. In 2016, the share of total national income accounted for by just that country's top 10% earners (top 10% income share) was 37% in Europe, 41% in China, 46% in Russia, 47% in US-Canada, and around 55% in sub-Saharan African region, Brazil, and India. In the Middle East, the world's most unequal region according to our estimates, the top 10% capture 61% of national income.



Source: WID.world(2017)

- Since 1980, income inequality has incremented drastically in North America, China, India, and Russia. Inequality has grown moderately in Europe. From a broader historical perspective, this increase in inequality marks the end of a postwar egalitarian regime which took different shapes in these regions.
- However, there are exceptions to the general pattern. In the Middle East, sub-Saharan Africa, and Brazil, income inequality has remained relatively stable, at extremely high levels. Having never gone through the postwar egalitarian regime, these areas set the world "inequality frontier."
- The diversity of trends observed across countries since 1980 shows that income inequality dynamics are shaped by a variety of national, institutional and political contexts. The poorest half of the global population has seen its income grow significantly thanks to the high pace of growth in Asia (particularly in China and India). Income growth has been sluggish or even zero for individuals with incomes ranging from the global bottom 50% to top 1% groups.
- The rise of global inequality has not been stable. While the global top 1% income share got up from 16% in 1980 to 22% in 2000, it declined slightly thereafter to 20%.

Why is Inequality an essential component of Capitalism?

Profit motive- A basic principle of capitalism is that individuals are driven by the profit motive mainly. For example, entrepreneurs undertake a risky venture to set up firms in the hope of making a good substantial profit. If there was not any profit motive then entrepreneurs would not undertake the risk of setting up a firm. Therefore, you can say the potential of reward makes inequality a crucial ingredient of capitalism.

Work Incentive- Inequality is also effective to encourage workers. If every worker received the equal wage regardless of their skills and efforts, there would be no incentive to develop any skill. A firm in a capitalist society can pay successful workers a higher wage to reflect their higher productivity. This will lead to wage inequality, but without it it would be hard to motivate workers.

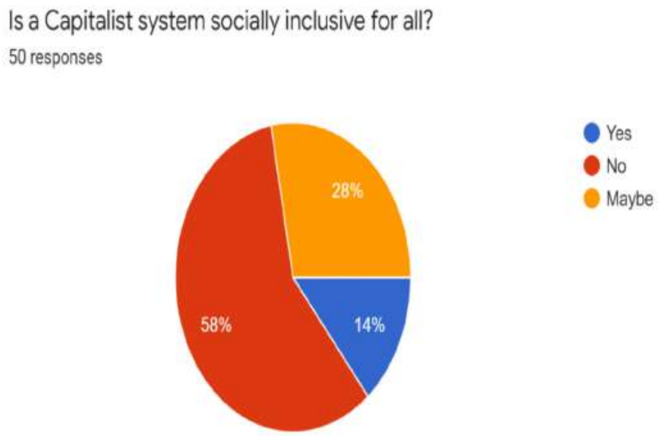
Other Types of Inequality in Capitalism

Monopoly Power- The above types of inequality may seem 'fair' or justified. If you do work hard, you may get to benefit from your established enterprise, however, capitalism can also lead to inequality which may be seen as unfair. For instance, a firm may develop monopoly power, then it is in a position to charge consumers artificially higher prices and deter entry. If firms have monopoly, they can get away with paying a wage much lower than the productivity of the worker. Workers have left with no choice except accepting that low wage only. Therefore, capitalists with access to private property can 'exploit' their monopoly power to make a better amount of profit than other people in society.

Inheritance- Another crucial aspect of capitalism is that private property can be inherited from one generation to another. Therefore those who inherit capital can enjoy high income even without putting in any effort.This creates inequality of opportunity as well as inequality of opportunity.These types of inequality denote that there isn't a level playing field; some get an unfair advantage, there isn't equality of opportunity in the society.

It is explicitly hard to argue that capitalism won't inevitably lead to inequality in various forms. A principle of capitalism is to allow income and wages to be distributed by the free market in a fair way. The only way to ensure wage equality would be through government intervention.

Some people who support a 'capitalist system' may argue it is also still necessary for the government to redress some of the inequalities of capitalist society. For instance, regulate monopoly power, provide free education, so everyone has access to education and equality of opportunity. Perhaps taxing inherited wealth, gifts, luxury items, etc. But, also by implementing this government intervention, it means society is becoming less 'capitalist.'



Based on Primary Survey of 50 individuals

WHAT IS THE FUTURE OF GLOBAL INEQUALITY AND HOW SHOULD IT BE TACKLED?

We have projected income and wealth inequality up to 2050 under different scenarios. In a future in which "business as usual" continues, global inequality will rise gradually. However, alternatively, if in the upcoming decades all countries follow the moderate inequality trajectory of Europe over the past decades, global income inequality can be deduced—in which particular case there can also be substantial progress in eradicating global poverty.

- The rising continuation of past wealth-inequality trends will see the wealth share of the top 0.1% global wealth owners (in a world represented by China, the EU, and the United States) catch up with the share of the global wealth middle class by 2050.

Global income inequality will also rise under a "business as usual" scenario, even with optimistic growth assumptions in emerging economies. Though, this is not inevitable.

- Global income inequality will be widening if countries prolong the income inequality path that they have been on since 1980—even with relatively high income growth predictions in Africa, Latin America, and Asia in the coming three decades. Global income inequality will rise even more if all the economies follow the high-inequality trajectory followed by the United States from1980 to 2016. However, global inequality will decrease moderately if all countries follow the inequality trajectory followed by the EU between 1980 and today.

Inequality has substantial impacts on global poverty

- Research has inferred that tax progressivity is an effective tool to combat inequality, progressive tax rates do not only decline post-tax inequality, they also abolish pre-tax inequality by giving rich earners less incentive to capture higher shares of growth via aggressive bargaining for pay rises and wealth accumulation. Tax progressivity sharply declined in developed and emerging economies from the 1970s to the mid-2000s. Since the global financial crisis of 2008, the downward trend has levelled off and even reversed in certain countries, but future evolutions remain uncertain and will depend on democratic deliberations. It is also crucial to denote that inheritance taxes are nonexistent or near zero in high-inequality emerging countries, leaving space for effective tax reforms in these countries.

A global financial register keeping the records of the ownership of financial assets would deal severe blows to tax evasion, money laundering, and rising inequality.

- Although the tax system is a soft tool for tackling inequality, it also faces potential obstacles. Tax evasion ranks high among these, as recently illustrated by the Paradise Papers revelations. The wealth held in tax havens has increased considerably since the 1970s and currently represents more than 10% of global GDP. The rise of tax havens makes it difficult to properly measure and tax wealth and capital income in a globalised world. While land and real-estate registries have existed since a long time, they have continuously ignored a large fraction of the wealth held by households in today's time, as wealth increasingly takes the shapes of financial securities.
- Recent research has shown that there could be an enormous gap between the public discourse about equal opportunity and the reality of unequal access to education. In the United States, for instance, out of a hundred children whose parents are among the bottom 10% of income earners, only twenty to thirty go to college. However, that figure reaches ninety when parents are within the top 9% earners. On the positive side, research shows that elite colleges who improve openness to students from poor backgrounds need not to compromise with their outcomes to do so. In both rich and emerging economies, it might be necessary to set transparent and verifiable objectives—while also changing financing and admission systems—to enable equal access to education.
- Democratic access to education can do wonders, but without mechanisms to ensure that the people at bottom of distribution have access to well-paying jobs, education, basic amenities will not prove to be much sufficient to tackle inequality. Better representation of workers in corporate governance bodies, and healthy

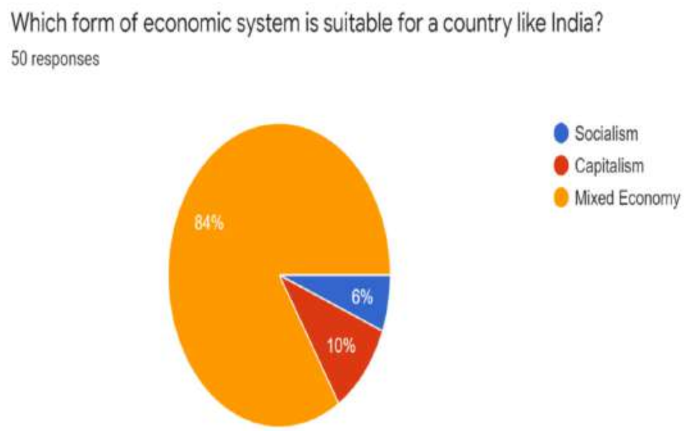
minimum-wage rates, are tools to achieve this.

Governments need to invest a large amount in the future to address current income and wealth inequality levels, and to prevent further increases in them.

- Public investments are needed in various areas of education, health, and environmental protection both to tackle the existing inequality system and to prevent further increases. This is particularly a challenging task, however, given that governments in rich countries have become poor and largely indebted. Reducing public debt is by no means a doable easy task, but several options to accomplish it exist—including wealth taxation, debt relief, and inflation— and have been used throughout.

CONCLUSION

To put the straightforward conclusion, it is the conventional profit oriented approach of Capitalism that has to be reimagined. Maximisation of profits is just one side of the coin and it should not be the whole picture. Throughout the paper, we have analysed the adverse effects of Capitalism on education, inequality, socio-cultural economic environment. It is Capitalism that has contributed severely in degrading the environment across the globe. The urge to earn higher profits and resistance to adapt better production techniques has done nothing but increased the social cost of the businesses. Capitalism, which was established as a system to make everyone better off, only considered the economic dimension of it. However, in reality the non economic dimensions are equally important. Profits might be increasing but the external costs- increased health expenditure for every individual, environmental costs, decrease in the quality of human capital are some that will have serious long term implications, on businesses as well as society as a whole. It is the healthy institutions that can free the world from such impending catastrophe. Certainly, it is a necessity to have some government intervention under a capitalistic system to ensure that the market stays free and fair. Free markets help in building economic and political freedom in the society as everyone's economic decisions are not regulated by any external force. However, in order to ensure that the power is used in the right direction, markets have to be fair backed by healthy government and institutions. In order to overcome the challenge of capitalism's apathy for the environment, incentivising economic decisions which will be less damaging to the environment sounds like a practical idea. One of the main assets using which green financing is implemented are green bonds. Green bonds are financial assets funding climate-related and environmentally sustainable projects.Although green financing faces challenges such as low rate of return, technological risks and lack of sufficient information to measure environmental impact of the government and businesses in today's scenario, sufficient incentivisation can pull more industries and individuals to shift towards green solutions towards problems. In order to overcome the difference in time period between bank lending and the maturity time period of green investments, instead of bank lending, it has been proposed that NBFCs and Public Financing Institutions be given a role in improving the financing sector in totality. 17 In the case of social structures, capitalism has brought about changes which have contributed to economic growth. However, the effect of the market on society can take on forms which might not end up being the best for the society in the long run. In order to make the best of capitalism, an attempt has to be made to alter marketwwwoutcomes in order to ensure values which encourage capitalism are fostered and encouraged. While changes in the economy can affect various dimensions in the society, often, the effect on social structures is not considered while making policy decisions. If such changes are taken into consideration, capitalism can create a much better outcome for the economy as a whole. Thus, it might appear to be an improbable task to have people keep their ethical values strong and consider the environment and the social fabric of the society too when participating in the market; however it's not. The need to reimagine capitalism beyond profits is not just a demand on the ethical grounds but we have analysed through the paper that it is an economic necessity.



Based on Primary Survey of 50 individuals

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THE DECOY EFFECT:

THE MOST POWERFUL PSYCHOLOGICAL STRATEGY THAT HELPS COMPANIES TO INCREASE PROFITS

By Thakur Anurag Singh (Shri Ram College of Commerce)
Aryaman Malviya (Shri Ram College of Commerce)
Rudransh Singhal (Kirori Mal College)

ABSTRACT

The decoy effect (DE), first proposed by Huber et al. (1982), has been rigorously demonstrated in lab tests across dozens of product categories and choice contexts. However, it has never been validated in the literature in a genuine product market. We empirically examine and quantify the DE in the diamond sales of a leading online jewellery shop in this research. We create a diamond-level proportional hazard framework by modelling market-level decoy–dominant detection probabilities as well as the increase in sales that occurs when dominants are detected. The results indicate that decoy–dominant detection rates are low (11% – 25%) in the diamond market; yet, if detected, the DE greatly raises the selling dangers of dominant stones (1.8–3.2 times). In terms of management importance, we discover that the DE significantly boosts the diamond retailer's gross profit by 14.3%. We further conduct simulation studies to understand the DE's profit impact under various dominance scenarios.

INTRODUCTION

If you're gone by the end of the month and wondering where all the money has gone, you're not alone. Many of us are overspending, especially on everyday items like takeaway coffee. However, some of the time overspending is not generally under our control. This is particularly evident when advertising tricks become an integral factor and Many of us unknowingly fall into the decoy effect that can directly affect our finances. Price is the most delicate element of the marketing mix, and much thought goes into setting prices to nudge us towards spending more. There's one particularly cunning type of pricing strategy that marketers use to get customers to switch your choice from one option to a more expensive or profitable one. It's called the decoy effect.

WHAT IS THE DECOY EFFECT?

The decoy effect describes how adding a third, less attractive option, called decoy, when we choose between two alternatives can affect our perception of the two initial choices. A trap is "asymmetrically dominant." It is sub-par compared to one choice (target) however simply to some degree substandard compared to another (contender). Thus, the decoy impact is likewise alluded to as the "asymmetric dominance effect."

Imagine you are buying a oven. You will see two options. The cheaper one is $89, offering 900W of power and a set of 5 accessories. The more expensive $149 has 1200W of power and includes 12 accessories. Which one is picked relies upon the judgment of relative value for money?

However, it isn't promptly clear that the more costly choice is more productive.The costlier one contains twice as many plastic accessories, is 35% more powerful, but almost 70% more expensive.

For $125, the decoy choice offers 1000W and 9 accessories. This allows for smarter comparisons. For $36 more than the cheaper option, one gets four extra accessories and an extra 100W of power. But for just $24, customer gets three accessories and 200W more power. People think it's a bargain, but this is when a customer experiences decoy effect.

WHY IS IT IMPORTANT?

Consider this analysis by psychologist Dan Ariely to illustrate how the decoy effect can affect decision-making. Ariely became intrigued by the three choices accessible for The Economist membership. $59 for a web-based membership, $125 for a print-just membership, and lastly $125 for both print and online access. He introduced these choices to his understudies and requested that they all pick one. 16% of understudies picked a less expensive web-based membership, 84% settled on print and web memberships, and nobody selected a print-just membership for $125. Ariely then, at that point, erased a membership that nobody needed (a $125 print membership) and requested one more gathering from understudies to pick between the other two. This time, 68% decided on an internet-based membership for $59, while print and web memberships were just 32%. As indicated by Ariely, "The most well-known choices become the most un-famous choices, and the most un-well known choices become the most well-known choices." Thus, regardless of whether most understudies are by and large content with their web-based membership, basically adding the lure wound up spending almost $70 on something they didn't require. By adding imitation to item sets, organizations can impact a larger number of choices than we might suspect, and these impacts aggregate over the long haul. From moderately modest things like popcorn to greater buys like air tickets, the fake is in all things. The bait impact is significantly more negative since we don't understand we're being controlled as opposed to feeling like we're settling on sensible decisions.

HOW COMPANIES MAKE PROFITS USING THIS STRATEGY

Taking an example of a company that made $40 billion in revenue by just selling furniture which in the conventional world is not considered to be a scalable business, but IKEA has managed to do so. IKEA is a Swedish multinational conglomerate that designs and sells ready-to-assemble furniture in 445 stores in more than 30 countries. It was set up in Sweden in 1943 by a 17-year-old boy, Ingvar Kamprad. IKEA has been the world's greatest furniture retailer starting around 2008.

But the question arises: What is so special about IKEA is that it has been able to build a $40 Billion empire?

The reason behind this is that price plays a very important role in the development of the company. The estimating procedure of IKEA is designated at the working-class section of purchasers who structure the biggest piece of its client base internationally. Its evaluating procedure is likewise what separates the brand from its rivals. The organization offers a huge scope of home outfitting arrangements at very reasonable costs. The cost is so essential to Ikea's system that the organization initially settles on the cost of a household item and afterwards figures out the development. They plan the cost of the item so that shoppers will spend more on the items.

The strategy that has taken IKEA to greater heights is the decoy pricing strategy. The below picture shows the decoy strategy used by the company.

IKEA places three cabinets for us. A costs $40, B costs $60 and C costs $65. Option A is a very small cabinet with very smooth movement but it's got meagre space and the material used would be very ordinary. Option C is a large cabinet with premium handles, and premium material and most importantly, it will offer substantial storage space along with a $10 worth compartment as a complementary. Then we have got option B which is as large as Option C but it is made out of ordinary material, and does not have premium handles and complimentary compartments. Here's where the decoy effect comes in, customers buy more of Options C which offers complimentary compartments with premium quality than Option B which acts as a decoy between the two options.

Moreover, a portion of Ikea's furniture is produced using wood, some are produced using molecule boards (reused melted wood chips), keeping creation more reasonable. Ikea furniture is delivered and sold in level packs, which makes moving it less expensive, and clients set it up themselves (or pay for somebody to do it for them), keeping work costs down. IKEA's cost efficiency is another source of competitive advantage. Despite its minimal expense valuation procedure, the organization's plan of action is gigantically beneficial. IKEA's inventory network, notwithstanding its functional style, assumes a basic part in ensuring the expense viability of its plan of action. This doesn't, notwithstanding, infer that the partnership utilizes bad quality unrefined components.

Its material is still of good quality. The organization has a solid production network organization and has executed expense cutting methodologies across its inventory network, assembling, and deals organizations. These angles, along with imaginative plans, have assisted it with fostering a profoundly productive, long haul, beneficial, and financially savvy plan of action that gives it an upper hand over contenders. IKEA'scost-effectiveness is one of its most important sources of long-term competitive advantage, as the company benefits from worldwide demand for its low-cost home furnishings.

The company operates an extensive supply chain network and has taken steps to reduce costs across its supply chain. IKEA's success can also be attributed to its efficient supply chain management to a considerable extent. A strong store network and conveyance network resembles a brand's spine, and IKEA dominates around here. A proficient production network is basic not just for acquiring an upper hand and keeping up with strategic advantage yet in addition for keeping up with your industry administrative role. IKEA's store network is basic in keeping up with the brand's expense adequacy and the organization's capacity to reliably put up great items for sale to the public at sensible rates for its clients. The partnership has put a premium on keeping up with strong, long haul associations with its merchants. It has constructed 42 Trade Service Offices to deal with provider connections and sources from about 1800 sellers. These variables, joined with imaginative plans, have assisted the organization with making a profoundly productive, manageable, beneficial, and savvy plan of action that gives the organization an upper hand over contending brands. Notwithstanding inventory network and creation, the organization likewise diminishes logistics costs.

4 IMPORTANT STEPS THAT YOU NEED TO FOLLOW WHEN YOU APPLY DECOY EFFECT TO YOUR PRODUCTS

Step 1- Do thorough research and find out which is the most popular and profitable product in your store.

Step 2- If it is a premium product, find a budget substitute for the product such that people who cannot afford the premium one can still fulfil their need with a budget product because budget customers will soon become your premium customers, thus, engaging with them should never be underestimated.

Step 3- Create a decoy. A decoy product should not be a degraded version of your premium product because even the decoy will represent your brand value, however, the premium product should have a way better offering than your decoy. So purpose should be to make the premium product more attractive with complementary offerings rather than purposefully degrading the decoy.

Step 4- Price your products in such a way that premium products look way better than the decoy and the budget product options look like obvious choices for the customers with lower purchasing power.

COGNITIVE BIAS - THE DECOY EFFECT

"People always go for a bargain – even when, soberly considered, it actually isn't one at all." The employment of the decoy effect, also known as the asymmetric dominance effect, exemplifies this. Since it was demonstrated in sales psychology tests, the cognitive distortion phenomena has been deliberately employed in marketing and sales.

This cognitive distortion involves the addition of a third offer that is not normally intended to be acquired — a decoy – which has a significant influence on the sales process. Consumers make 85-95 percent of their purchasing decisions unconsciously, making them vulnerable to both unconscious cognitive distortions and deliberate external influence. One reason this method succeeds, according to cognitive psychology, is that the decoy effect successfully appeals to the human reward system.

CONCLUSION

For influencing consumer decisions, the decoy effect is an effective tool. When picking between options, assess the value to you rather than comparing the relative value of one option to the others and make the best choice for yourself. When creating options for your customers, consider employing the decoy effect to highlight the benefits of options that they are more likely to favour, rather than tricking them into making the wrong choice. The decoy effect outlines how the addition of a third, less desirable "decoy" alternative influences people's preferences when selecting between two options. The decoy is asymmetrically dominated, which implies that it is entirely inferior to one alternative (the target) and only somewhat inferior to the other (the competitor). Decoys are a type of behavioral nudge, an unobtrusive type of intervention that can subconsciously alter the way we make decisions. Decoys capitalize on a number of weaknesses of our decision making processes: they make it easier to rationalize our intuitive choices, they make us feel less overwhelmed by choice overload, and they prey upon our dislike of losing out thus impacting our everyday lives in a strategic manner.

INVESTING IN CRYPTOCURRENCIES:
Understanding Crypto Investments and Portfolio Analysis

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ABSTRACT

This paper explores the fundamentals of the Crypto ecosystem with special emphasis on investing into different sub categories in the field. A brief study about Bitcoin, Altcoins and Exchange rates has been included to provide a backdrop for further analysis on potential investments in crypto. Moreover, a detailed study has been made into sub categories and their constituent cryptocurrencies on the basis of nature, behaviour, technology, real-world development and different use cases of these sub categories. Basic questions regarding why, how and where to invest have been answered along with recent real-world developments which act as evidence to the research article. The main findings and investigation related to crypto investment revolves around the study of crypto portfolios and their evolution over time. Real time data has been thoroughly analyzed to determine the efficacy of long-term portfolios over short term trade cycles in the crypto market.

INTRODUCTION

12th January 2009, is the date when the first Bitcoin transaction for 10 bitcoins was completed using the Bitcoin blockchain network. This date marks as the onset of the crypto market after which Bitcoin developed its network while many other cryptocurrencies joined the race to become most valued cryptocurrencies by improving their blockchain technology based on three major value indicators- Scalability, Security and Decentralization. In this process the world has witnessed a large increase in both the number of cryptocurrencies and market cap of the crypto market which recently topped at $3 trillion. Moreover, new and promising crypto projects like Ethereum, Solana and Ripple have made their place into the market. Crypto markets in the present date are not only about transactions and trading but dive deep into concepts like Decentralized Finance, Smart Contracts, Non-Fungible Tokens, Virtual Reality, Play to Earn Games and much more. This has created immense opportunities for massive investment gains and dynamic crypto portfolios which were earlier restricted only to the inclusion of Bitcoin. Recent real-world developments in adoption and use of certain cryptocurrencies have made the case for holding them even stronger both in individual and corporate portfolios.

This provides an opportunity to look into different crypto portfolios and study how they have evolved over time. A study on prices and gains based on real time data helps to understand the crypto market and uncover potential investment opportunities.

ALL ABOUT BITCOIN, ALTCOINS & EXCHANGE RATES

Bitcoin, the first cryptocurrency, acts as a peer-to-peer network for electronic transactions between two parties through the use of blockchain based technology. This eliminates the need for third party platforms which in a traditional setup have been authorized to settle transactions between two parties. The bitcoin network uses ‘miners’ who act as nodes on the network confirming the legality of transactions through a proof-of-work mechanism. The first node to solve the transaction codes gets rewarded in Bitcoin for helping the network in the process of adding more blocks to the blockchain. This way the process becomes way more decentralized than the existing centralized way of settling transaction where only a few parties can decide on the legality of transactions.

Unlike fiat currencies the supply of Bitcoin is limited thus making it more valuable over time as adoption and use increases. The total Bitcoin supply is 21 million coins of which 90% have been mined leaving the rest to be mined till the year 2140. The mining of Bitcoin becomes harder with time due to its halving mechanism. Having the first mover advantage Bitcoin holds the majority of the market share which contributes to its dominance that has ranged between 40% and 100% since June 2013. This dominance influences the price of other cryptocurrencies. More the Bitcoin dominance more is the correlation between prices of Bitcoin and other cryptocurrencies. Over the years price of Bitcoin has increased from $0.01 to all time high of $65529 thus making it a popular investment option.
Altcoins is another popular term in the crypto market which refer to cryptocurrencies other than Bitcoin. Their increasing popularity and market share is responsible for decreasing Bitcoin dominance in the previous years. This has made the case for holding altcoins in portfolios stronger. Moreover, these altcoins differ from Bitcoin not only in technological terms but also in their specific use cases. Ethereum, the second largest cryptocurrency by volume, acts as a smart contract platform on which conditionalities can be coded making it more inclusive than just being a platform for transactions. Cardano, Solana, Avalanche, Ripple, Sandbox, and Vechain are more altcoins except Ethereum and many more. Every altcoin focuses on specific use cases and is based on different types and degrees of blockchain technology. Moreover, not all altcoins have limited supply. In the past few years altcoins have delivered massive gains around 1000% to 100000% and much more.

Cryptocurrencies can be bought through both centralized and decentralized exchanges like Binance and PanCake Swap respectively. Although, some exchanges offer cryptocurrencies directly in exchange of US dollars still others require investors to purchase digital versions of the dollar which in turn are used to buy cryptocurrencies. A small amount of platform fee is charged at exchanges for trading cryptocurrencies. In the light of an unregulated environment several exchanges have been setup by private entities some of which are restricted to specific countries. This has created difference in exchange rates many a times however in the long run prices at different exchanges become equal. Being a global market exchanges like Binance and Coinbase have become the most popular among investors. Recently some private companies listed on US stock exchanges have started offering ETF services related to Bitcoin also.

CATEGORIES OF ALTCOINS AND RECENT DEVELOPMENTS: A CASE FOR CRYPTO INVESTING

1. Smart Contracts

Smart contracts are conditionalities coded into blockchain network that are automatically executed when certain conditions are met. These are suitable for automated financial setups where gaps between policy information and financial information can be bridged using these smart contracts. Ethereum (ETH) and Cardano (ADA) are popular smart contract based cryptocurrencies.

*Cardano has partnered with Ethiopian government for National ID Blockchain System.
*Cardano has partnered with Samsung for a tree planting initiative in Madagascar.

2. Decentralized Finance

DeFi has emerged as a decentralized financial ecosystem through which financial services and products can be accessed by the public. Interest earning crypto products can be bought by the public along with loans and other financial services offered.

Ripple (XRP), Solana (SOL) and Terra (LUNA) are popular DeFi Cryptocurrencies.

*Bhutan has partnered with Ripple for its Nation CBDC Program.

3. Virtual Reality Projects

Virtual Reality Projects based on cryptocurrencies offer virtual reality land spaces for decentralized web activities, virtual marketing, virtual office meetings and much more. Sandbox (SAND) and Decentraland (MANA) are popular Metaverse cryptos.

*Adidas has partnered with Sandbox for virtual marketing.
*Australian Open Tennis Tournament partnered with Decentraland for virtual marketing.

4. Non-Fungible Token Projects

NFT cryptos facilitate the expansion of the NFT space where content creators can create, own and sell their exclusive content represented by codes. The market for these rare codes is increasing year on year and scales global audience. Audius (AUDIO) is a popular NFT cryptocurrency.

5. Network Based

Polkadot (DOT) and Cosmos (ATOM) are some networking cryptos which create a platform where decentralized apps can be run. These also facilitate interoperability between different blockchains.

6. Specific Use Case Based

Some cryptocurrencies are based on specific use case like VeChain (VET) which acts as a crypto blockchain network facilitating management and working of supply chains through QR codes and information storage and processing on blockchain.

*Schneider Electric has picked Vechain as its ecosystem partner.

7. Exchange Platforms
Exchange platforms like Binance (BNB) and KuCoin (KCS) have launched their own cryptos for fund raising, platform activity and development where they are also used to buy other cryptocurrencies.

INVESTING IN CRYPTO: PORTFOLIO ANALYSIS

The research moves further into a detailed analysis of a crypto portfolio. The portfolio taken under consideration for the analysis is a sample portfolio consisting of popular cryptocurrencies. Cryptos in this portfolio enjoy the interest and confidence of individual investors and corporations when we look into the real-world developments surrounding these.

The portfolio is made up of:
- Bitcoin (BTC)
- Ethereum (ETH)
- Cardano (ADA)
- Ripple (XRP)
- Sandbox (SAND)
- VeChain (VET)

Criteria for Portfolio Selection

	Old Crypto	New Crypto	Large Cap	Mid Cap	Use Case	DeFi	Smart Contracts	Virtual Reality	Env. Sustainable
BTC	*		*						
ETH	*		*				*		
ADA	*		*				*		*
XRP	*		*			*			
SAND		*		*				*	
VET		*		*	*				

Table 1

The data on prices has been collected from crypto exchange platforms Binance and Coinbase. The prices have been taken for the months of December and June for the last four years. This has been done to capture price movements both at half year and at year end. The price data for December has been taken around the last week of the month. The price data for June has been taken around first week of the month for simplification and standardization purposes.

This data is not representative of the entire crypto market as different portfolios behave differently. However, cryptocurrencies used in this portfolio are of significant importance and offer a diversified view into the market as well. Fig 1.1 shows the price movement of Bitcoin while Fig 1.2 and 1.3 show price movement of altcoins. The price trajectory clearly shows significant price gains in most of the cryptocurrencies in the long term except Ripple which has shown sudden sharp decline but is on its way to recovery.

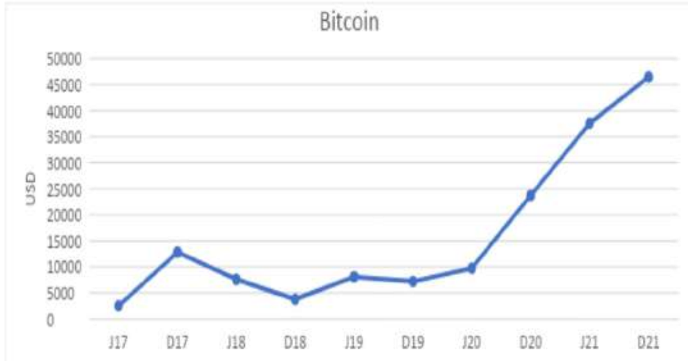

Fig 1.1

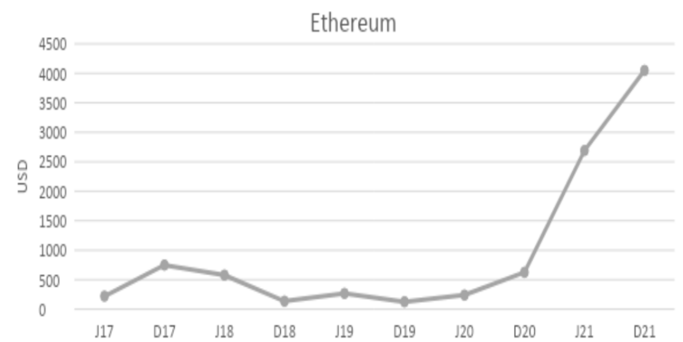

Fig 1.2

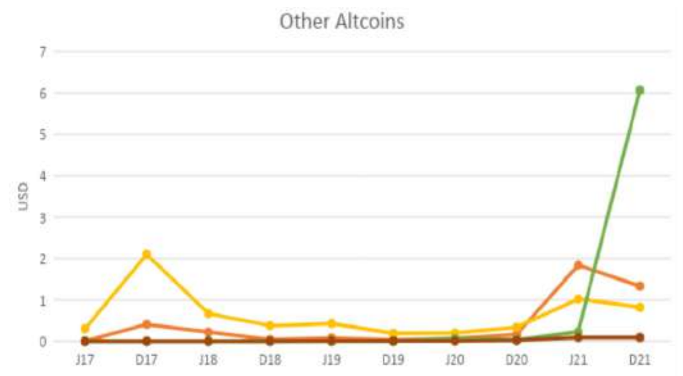

Fig 1.3

In the above analysis it is understood that the sample portfolio has gained significantly in terms of price movements thus delivering great investment returns. Bitcoin delivered a CAGR of 37.93% whereas Ethereum delivered a CAGR of 52.53% over the course of four years. Other altcoins- Cardano grew at a CAGR of 34.2% while Ripple fell at a CAGR of 20.95%. Although Sandbox and VeChain are new cryptocurrencies still they managed to grow at a CAGR of 20133.33% (in 1 year) and 324.26% (in 2 years) respectively. These figures also indicate the movement of investor interest from Bitcoin to Altcoins.

A PERSPECTIVE: LONG TERM PORTFOLIOS OUTPLAY SHORT TERM CRYPTO CYCLES AND LOSSES RELATED TO THEM

The crypto market is very popular for being a highly volatile market with gains and losses surpassing every other asset class. In the process of repeating trade cycles in the short term this market creates a long term trendline along which long term investors can end up with enormous gains. This perspective arises from the underlying study about price movements in different time frames.

In the table below I have analyzed price movements of constituent cryptocurrencies in the portfolio designed and explained in the previous study about portfolio analysis. The sample price for calculation has been taken from the December 2021 price mentioned above in the graphs under the study on portfolio analysis.

	1 Month	3 Months	1 Year	2 Years	4 Years
Bitcoin	**(19.65)**	6.03	95.93	543.82	261.95
Ethereum	0.14	38.19	546.8	3113.49	441.3
Cardano	**(16.87)**	**(42.17)**	731.25	4333.33	224.39
Ripple	**(17.17)**	**(13.68)**	141.17	331,57	**(60.95)**
Sandbox	**(12.91)**	911.66	20133.3	-	-
VeChain	**(25)**	5.26	350	1700	-

Table 2

*All values are in percentages
*Negative values are written in brackets.
*Certain values are missing since these cryptocurrencies were not found in that time frame

The sample price for calculation has been taken from the December 2021 price mentioned above in the graphs under the study on portfolio analysis.

The table acts as clear evidence on volatility in the market and the difference between long term and short-term portfolio holdings. Holdings for 1-3 months have resulted in huge losses to investors however the same holdings at constant prices of calculation have generated huge gains to the long-term investors.

CONCLUSION

This research article highlights the basic structure of cryptocurrency markets and provides an insight into price movements of portfolios over different time frames. A brief idea about cryptocurrencies other than Bitcoin can be derived from the research which helps in understanding that how the market is shaped and what dynamics play an important part in portfolio formation. The study reflects the changes in the crypto markets both in terms of technical and fundamental properties. Thus, it provides a case for investing into cryptocurrencies with special emphasis on a diversified portfolio held for long term. It is evident that most short-term portfolios fail to provide investors with adequate returns since the short-term trade cycles are volatile and unpredictable in the light of an unregulated digital asset class. This analysis opens up further topics for research that might revolve around understanding the falling Bitcoin dominance and its impacts on price movements of altcoins.

FACTS

During the height of inflation from 2008 to 2009, it was difficult to measure Zimbabwe's hyperinflation because the government of Zimbabwe stopped filing official inflation statistics. However, Zimbabwe's peak month of inflation is estimated at 79.6 billion (10^9) percent month-on-month, 89.7 sextillion(10^21) percent year-on-year in mid-November 2008.

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MINGLED MIND

INTRODUCTION

“All economic movements, by their very nature, are motivated by crowd psychology”, said Bernard Baruch, American financier, and statesman.
In an ideal world, everyone is a rational consumer who always makes the best decisions to meet their requirements, resulting in the highest potential happiness and well-being. In economics, this is known as the rational choice hypothesis, which holds that when people are faced with a variety of options in a scarcity situation, they would choose the option that gives them the most personal satisfaction. This idea is based on the notion that every customer, given his preferences, is capable of making a reasonable decision after weighing the benefits and drawbacks of each option supplied to them. However, this is not always the case. According to behavioral economics, humans are neither rational nor incapable of making smart judgments.

Behavioral economics combines psychology and economics to investigate why people make irrational judgments and how and why their behavior differs from what economic models predict.

Behavioral finance, a subset of behavioral economics, speculates that psychological factors and biases influence investors' and financial practitioners' financial activities. Furthermore, effects and biases can be used to explain a variety of market abnormalities, particularly market irregularities in the stock market, such as sharp market volatility or crashes. It emphasizes that investors are not always rational, has self-control limitations, and are impacted by their own prejudices.

Decision-making biases explained in Behavioral finance theory are:

- Heuristic simplification
- Self-deception
- Emotion
- Social influence

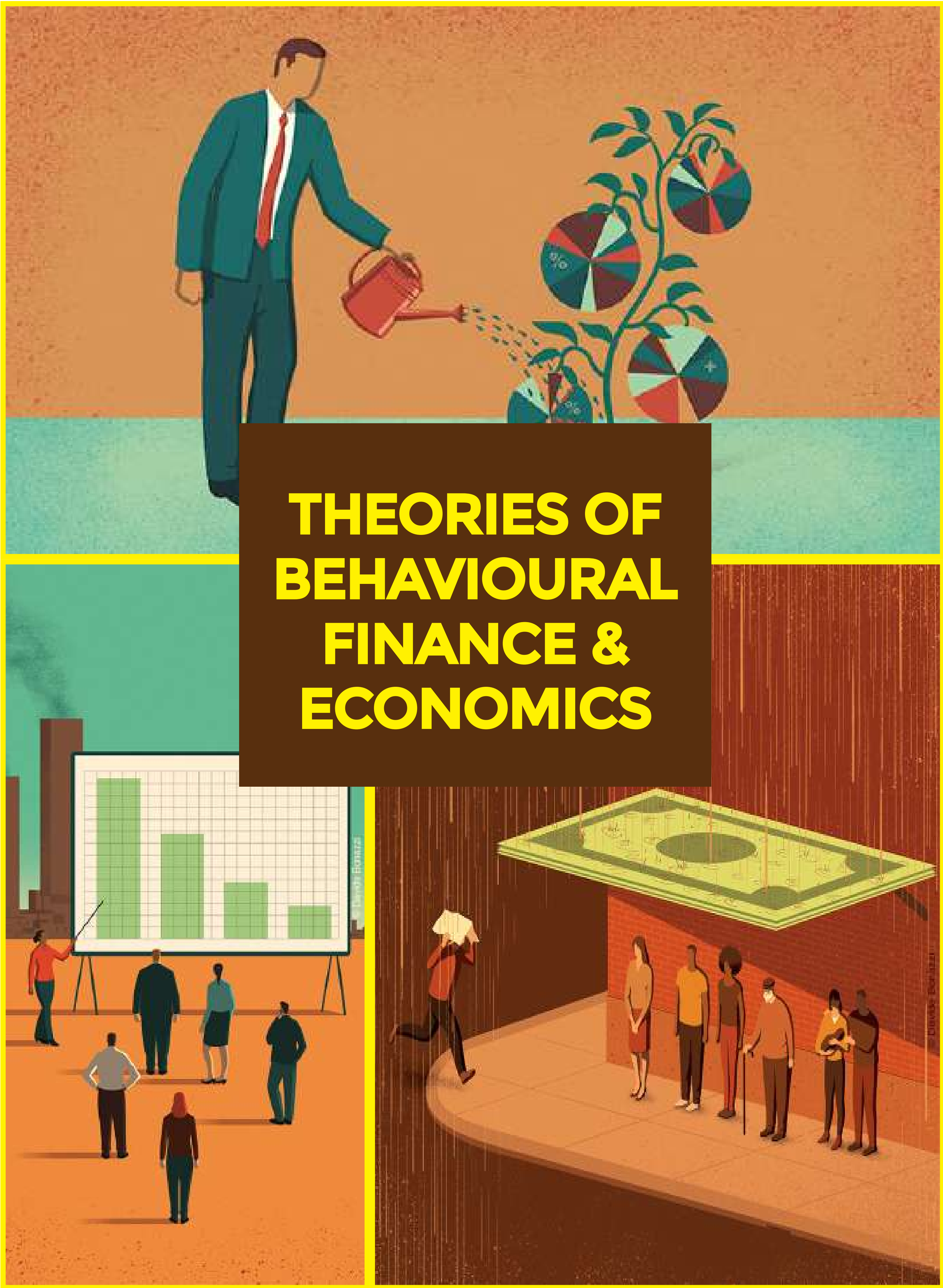
Behavioral finance theory contradicts the theoretical traditional finance theory, which assumes the following :

1. Markets and investors are both fully rational.
2. Utilitarian features are extremely important to investors.
3. Investors are masters of self-discipline.
4. Cognitive or information processing problems do not perplex them.

Mainstream theory, on the other hand, bases its models on the assumptions that people are rational actors, free of emotion and the impacts of culture and social interactions, and self-interested utility maximizers. It also implies that markets are efficient and that businesses are rational profit-maximizing entities. Each of these assumptions is debunked by behavioral finance.

Behavioral finance research has a greater effect in academia than in real-world money management. While theories point to a variety of reasoning flaws, the discipline offers nothing in the way of strategies for profiting from market manias. Behavioral finance gives a blueprint to assist us to make better, more logical decisions in financial problems by understanding how and why people depart from rational expectations.

The majority of investors act irrationally and biasedly, despite the fact that traditional finance theories' quantitative models show the opposite. There is a psychological influence on investors' actions when making financial decisions, as well as the resulting effect and impact on the stock markets. Knowing about these biases helps investors recognise their own mistakes and avoid them in the future, but conventional finance theories have always been the backbone of traditional finance, based on the assumptions that the market is efficient, people are rational, and stock and bond markets are efficient.



THEORIES OF BEHAVIOURAL FINANCE & ECONOMICS

RECENCY BIAS

Try to recall at least 5-7 films you've seen. If you look closely at this list, you'll notice that the majority of the films are ones you've seen within the last two years. This is due to the fact that you may readily recall or remember items that you have recently encountered. These are stored in your short-term memory for a short period of time. As the name and the example suggests this is a bias where people favour and put more weight to recent events than the historic ones even if they are not the most relevant or reliable ones. This bias occurs a lot in periodic employee evaluations. For example, if an employee evaluation is done on an annual basis, then this bias makes the evaluator put more weight to the performance of the last 2-3 months of the employee because it is recent therefore could be recalled better.
Recency bias is a term that refers to the tendency to extrapolate recent experiences into future events. Recency bias is one of the most dangerous problems that investors might encounter because the recency bias skews the entire reality in front of investors when they try to invest, and this is how their perspectives can shift from one thing to another.

Consider the case of an investor who has made a respectable average annual return over the last five years. His portfolio, on the other hand, has not performed well in the last twelve months. Due to recency bias, he may become pessimistic and assume that the market and his strategies are no longer working in his favour. However, this is not entirely accurate.

LOSS AVERSION BIAS

Loss aversion is extremely common in our daily lives when it comes to financial decisions and marketing. Even if the return potential is considerable, an individual is less inclined to acquire a stock if it is perceived as hazardous and has the potential for a loss of money. Individuals' loss aversion becomes stronger as the stakes of their decision become higher. Furthermore, marketing initiatives such as trial periods and rebates take advantage of a person's natural desire to sign up for a supposedly free service. The buyer is more inclined to purchase that specific software or product as they integrate it into their lives, as they want to avoid the loss they will experience if they give up the product.

Take for instance there are two companies X and Y. The price of shares of X are likely to rise by ₹200 or fall by ₹100 depending upon whether it gets its new technology patented. On the other hand, Company Y received a big order to supply its goods and its share price will surely rise by ₹100. Investors are more bent towards buying shares of company Y rather than company X because there is a chance of loss in the latter.

ANCHORING BIAS

Anchoring bias is one which causes an individual to rely too heavily on the first piece of information he/she receives about any particular topic and the individual's decisions are influenced by that reference point also called the anchor which is set in his/her mind. People frequently utilise an anchor or focal point as a reference or beginning point while trying to make a decision. People have a tendency to depend too strongly on the very first piece of information they learn, according to psychologists, which can have a significant impact on the decision they make. This form of cognitive bias is known as the anchoring bias or anchoring effect in psychology.

Take for instance someone offers you a pencil for ₹20. You will obviously not buy it because it is too expensive. But how did you get to know that it is expensive. This is because the price of a pencil anchored in your mind is around ₹2-₹5. As soon as you are offered a pencil at ₹20 you compare it with the anchor and find it to be more than that. So, you won't buy it.

NUDGE THEORY

For the successful working of any organisation or even the government, it is essential that its parts and parcels work in accordance or in line with its policy. Even though the world is dynamic, people generally resist changes. In such situations, the traditional forcing mechanisms like punishment, direct instructions and enforcement which intend to bring the desirable changes using a stick can provoke resistance and lack of acceptance from the people.

Here's when a nudge comes into picture. Nudge theory recognises the behavioural traits of people. Unlike the aforesaid traditional policy, a nudge encourages the people to work towards a desirable outcome without mandating them to do so. People are only encouraged to act in a desirable manner without putting a compulsion on them, thereby respecting their civil liberty. Hence, the nudge methods, being less confrontational, tactical and indirect are more pleasurable and gain more acceptance and cooperation from people. Many traditional microeconomic theories and models are based on the assumption that the consumers make rational decisions and choices.

However, in the world of practicality, this perspective is not always true. So,the theory proposes that humans who are not always rational can make the choices through incentivization and encouragement.

In essence, the Nudge theory seeks to improve understanding and management of 'heuristic' influences on human behaviour, which plays a central role in changing people. It deals with the 'architecture of choices' which influence the behaviour of people, where the people are allowed to make choices instinctively and irrationally rather than making them more logically and rationally. The very purpose of this theory is to understand how people behave, to help incorporate changes more lightly and to help the people to improve decisions.

The theory gained momentum when the American academicians - Richard Thaler and Cass Sunstein published a book ' Nudge : Improving Decisions About Health, Wealth And Happiness' in 2008. This book was based on the Nobel prize winning work of the Israeli-American Psychologists Daniel Kahneman and Amos Tversky. The mother and the baby elephant printed on the cover of the book suggest how Libertarian paternalism can bring more tangible change as opposed to the paternalism that exists in the society.

NUDGE IN REAL LIFE :

The research on the theory practically became popularised after the book was published in 2008. However, society, businesses and the government have continued to use this theory in real life much before. In layman terms, what we call 'Hacks', 'Short cuts' and more precisely in Indian context as 'Jugaad'. In real life, we get confronted with them everyday and we tend to change our decisions and judgements. Just imagine the situation when a mother asks the child to make the room clean and tidy. There are chances that the child being rational may refuse to clean the room . Instead of the mother simply forcing the child to clean the room, she can play a game with her child by saying, "Let's see who cleans the room first." In this case the probability of the child cleaning the room is much higher. A more practical example involves the Decoy Effect that we usually notice in restaurants. The restaurant owners sometimes, in order to increase their menu size include those items which are not very feasible to them. In order to discourage the customers from ordering these items, they make them relatively more expensive as compared to other items in the menu.

FACTS

Cockroach Theory

The existence of a cockroach provides an evidence to the fact that there are more. Similarly, this theory states when a company reveals a bad news, there are usually more negative news behind the scenes that may come out later. For eg: In February 2007, New Century Financial Corporation faced liquidity concerns due to the emergence of defaulting subprime borrowers.This company was the first of many other subprime lenders that faced financial problems contributing to the subprime mortgage meltdown. In other words, the financial problems of one subprime lender—one cockroach—were an indication that many other similar businesses were in the same position.

COMMONLY USED NUDGE TECHNIQUES :

1. Default Effect

The 'default effect' illustrates the gravity of nudge theory in our day to day life. There are some circumstances when the chooser or a person has no particular stance on a particular option. In such a situation, the person is not concerned with the mechanism and hence has no marginal benefit to change the default setting. In this way, the organisations which set these default settings achieve their objective of promoting a particular item or a set up without forcing or compelling the people to do so. Even if the person has an objection or disregard in respect to these default settings, they can change them. But the number of people who opt out are usually less.

There are various international examples to support that the 'default effect' as a strong tool of nudge theory can bring tangible change in society. Earlier, the US faced the problem of lack of proper savings among the worker population. In order to ensure that the workers save, the government created a pension fund. The government ordered the employers to deduct a certain percentage of the wages paid to the workers and add this amount to the pension fund by default. If the workers wanted, they had an option to opt out. After the enactment of this policy, there was a significant increase in the savings among the workers in the form of pension funds.

2. Social Proof

Human beings, as social creatures, have a natural tendency to see how other people react under a similar situation. We call it , 'wisdom of crowds' because we think that if many people are following a particular trend, it may give out some positive outcome.

We can notice the effect of social proof especially after the rise of various social media platforms. Positive reviews on social media provoke the people to buy a particular product or service because they think that it's in the status quo.

3. Urgency & Scarcity

A deal becomes more compelling if it exists for a limited time frame. Such deals generate a perception of urgency and compels the buyer to take an immediate decision to buy the product because the buyer thinks that he will not be able to purchase that particular product at such low prices after the offer ends.

For eg: Platforms like amazon display a warning ' Hurry up only 1 item left' to provoke the viewers to order instantly without pondering much about the utility of the product. Many e-commerce platforms also launch festive season sales for a limited period of time to generate the urgency to purchase among the customers.

4. The Primacy & Recency Effects

The human brain is programmed in a manner that it can remember first and last items in a list easily. This ability to remember the first thing is called the primacy effect and the ability to remember the last thing is called the recency effect.

Keeping in mind the positional bias, the content creators try to add the important information at the beginning and the end of their content like a video so that the people can remember what they intend to deliver. Many people drop out early because of various reasons like lack of interest, distraction etc.. So, it's necessary to put important messages early and to create a killer conclusion in order to appeal to the viewers that remain engaged till the end.

THE STATUS QUO BIAS

We often read that the primitive humans were opposed to scientific and technological changes. But what if we tell you that we also exhibit the same behavior at times, but in a different context?

The status quo bias, or our emotional preference for the current state affairs, is a type of cognitive bias which makes us wary of changes. And when changes do occur, we perceive them to be a detriment for us.

When was it discovered ?

The term "status quo bias" was first introduced in 1988 by researchers William Samuelson and Richard Zeckhauser. In a series of controlled experiments, the 2 researchers found that people show a disproportionate preference for choices that allow them to maintain their status quo.

Participants here were asked numerous questions on diverse situations faced by individuals, government officials and managers. They had to step into the shoes of a decision maker and make a choice, as these people would normally do in their daily lives.

The results showed a strong status quo bias. And the conclusion was that while making an important choice, people prefer picking up options, which let them maintain the current state of affairs, as far as possible.

Why is it important to know?

Though adhering to the status quo bias minimizes your risk, it might lead to potential losses which could even outweigh the risks undertaken. Being aware of this bias can help us recognize times when we are avoiding a decision, and make us reevaluate our options and choose the best one.

WHY DOES IT HAPPEN?

The status quo bias is consistent with the concepts of loss aversion and regret avoidance, which also influence our decision making. Besides, people stick to this tendency or bias, because it facilitates easier decision making, especially when they are flooded with options and feel uncertain or overwhelmed. When faced with difficult choices, it is not always that we know what would be the most suitable choice. And it is in these situations, that we resort to the status quo bias, and continue resorting to it in all similar circumstances. Research on this subject also shows that the influence of the status quo bias has positive correlation, with the number of choices available.In simpler words, the more that our choices increase, the more likely we are to engage in this bias, and to try maintaining the current state of affairs. In this regard, we can also link it to the choice overload concept, which says that larger choices cause us to make worse decisions. Status quo bias might not affect much when we are making mundane decisions. But when it comes to significant and heavyweight decisions, it might not be the best strategy to employ. Sticking with your current choices is not wrong. It is only that we should be evaluating all our alternatives and then choose the best possible one, even if we end up choosing the current choice only.

HERD INVESTING

Remember when we were teenagers and we used to do things which everybody else was doing because it looked ‘cool’? Now, this is the tendency which people in general have- to mimic the actions of others in the group, though not always rational. In economics and finance, herd behavior is demonstrated when investors follow the crowd and make investment decisions, not on the basis of their private information, their financial data or know-how but on the basis of this herd behavior. A primary reason behind this phenomenon is that one often thinks that a group would possess more information than an individual himself, or probably for the ‘social conformity’. Apart from this, there are many people who know little or nothing about investing, but want to earn stock market gains and hence rely on the herd to try and get rich quickly. There have been examples of herd-driven bubbles throughout history. The Great Depression, the Dotcom Bubble and the 2008 Housing Crash, are all prime examples of herd-driven bubbles. Another relevant example of herd investing, which is right in front of our eyes, is the exploding interest in the cryptocurrency market. Let us talk about one of the most searched words on Google, “bitcoin”.

The value of Bitcoin increased sixfold from October 2020 to April 2021, from $10,000 to over $60,000. The crypto herd responds strongly to even the minutest suggestions about price decisions.

In January 2021, an investment board on Reddit, decided to promote GameStop, in order to punish the Wall Street hedge funds who had planned to short the stock. GameStop's price skyrocketed to a 1500% increase from its initial price as social media based investors hopped onto the trend. But then, the prices also fell very quickly once some trading platforms suspended trading.

Investors' propensity to engage in herd behavior in the financial markets can be manifested in many ways like trading in the same direction as others, following the past price trends only or momentum investing. To quantify the extent of the same, a mathematical equation called Cross-Sectional Absolute Deviations can be used. It basically quantifies the extent to which stock returns are converging to market returns.

The lower the value of CSAD, the higher is the herd behavior in the market. Since the beginning of 2021, when Sensex and Nifty recorded their best performances, CSAD hit an all time low, thus justifying the bullish run that has been on in the Indian equity market.

Two common herding behaviors displayed are information based and reputation based. Information based herding occurs when everyone tends to react in the same way to some announced information or news. The next is reputation based herding, which is visible when a respected or successful investor takes a major trading stance. Not just an individual investor, the same applies to any well-known investment fund as well.

Avoiding the herd mentality, though how difficult it might be, is really important. We need to remember that those investments which are particularly favored by the herd, might very soon become overvalued, because they are not substantiated with underlying fundamentals, but with mere optimism.

CASE STUDIES

PANIC BUYING

The Spanish Flu epidemic of 1918, 1920's hyperinflation in Germany and Austria and the 1962 Cuban Missile Crisis, in addition to being some of the biggest disasters of history, have also been events of Mass Panic Buying. But what exactly is it? Panic buying is a type of buying behaviour characterized by a rapid increase in purchase volume, which usually increases the price of a good or security.

UNDERSTANDING PANIC BUYING

Panic buying, on the macro level, reduces supply while increasing demand, resulting in higher price inflation. On a micro-level, fear of missing out (FOMO) or buying triggered by a short squeeze can exacerbate panic buying, resulting in a so-called melt-up. Another possible reason for panic buying is fear of a shortage of a good.

PANDEMIC & PANIC BUYING

The pandemic had resulted in a market failure in which high demand met limited supply. It had become a "seller's market," with suppliers and distributors imposing new terms and conditions on buyers, such as:

- Payment terms involving high financial risks, such as a 50% down payment with the balance due once the merchandise leaves the warehouse.
- Delays in delivery caused by practices such as filling orders out of order and moving the highest-paying customers to the front of the line.
- Excessive markups, with distributors accused of stockpiling goods to create perceived shortages and then selling at inflated prices.
- Limited access to well-known, quality-assured manufacturers, with national governments limiting or prohibiting exports to protect domestic supplies.

This new economic model gave the world's wealthiest economies a significant advantage in the global pharmaceutical market. It was exacerbated by high-income countries' panic buying, which further reduced access to affordable and high-quality medicines for low- and middle-income countries (LMICs). Following the 2014 West African Ebola outbreak, researchers reported that a lack of medical supplies and personal protective equipment contributed to increased infections and poor epidemic control.

A PROLIFERATION OF SUBSTANDARD MEDICAL PRODUCTS

The coronavirus pandemic was also exacerbating the problem of subpar and falsified medicine. Health scams can be harmful and even fatal to patients, in addition to potentially delaying proper diagnosis and treatment. For example, in Egypt, the rise in the sale of expensive counterfeit face masks and surgical gloves posed a serious public health threat to the spread of COVID-19. Health scams also had an economic impact on low-income countries (LMICs), where resources were already scarce. The economic loss to governments and the loss of income to patients increased socioeconomic inequalities and worsened patient health outcomes.

As buyers expanded their sourcing beyond their pre-existing networks, medical product shortages created opportunities for fraudsters to "fill the gaps." New suppliers may include those who were previously denied authorization. Because of the urgency and inability of authorities to travel to manufacturing sites for field audits, health systems were exposed to counterfeit medicines and medical products. While regulators were aware of the risks, political pressure to deliver goods could result in expediting the approval of new medical products.

WHAT CAN BE DONE?

For several years, the World Bank has collaborated with Sub-Saharan African National Medicines Regulatory Authorities (NMRAs) to strengthen regulatory systems. One of the primary goals is to improve regional collaboration. The COVID-19 pandemic emphasizes the importance of cross-national information sharing, particularly regarding product availability and pricing, as well as fraudulent manufacturers. To reduce the risks of drug shortages and health scams, we can advocate as a global community for:

- Increased market surveillance and assistance from law enforcement agencies in LMICs in identifying fraudsters (such as in Uganda).
- Intensified public health messages on safe and evidence-based medical practices from NMRAs and pharmaceutical associations.
- Global recognition of the impact of high-income countries' panic buying on less-affluent economies.
- Lifting export restrictions on protective equipment and potentially life-saving medical products (in Germany).

PSYCHOLOGY & MARKETING

CADBURY – THE RULING CONFECTIONERY

COLOUR PSYCHOLOGY

According to Neuroscience, each colour has a distinct effect on the human brain, and the brain perceives different meanings from different colours. For example, it is a universal truth that the colour white represents peace. Using colours to design advertisements and the product packaging is considered an art form in the marketing world. According to Neuroscience, the colour purple represents magic, luxury, royalty, dignity, and spirituality. Cadbury has unmistakably used the colour purple to its advantage, which is why Dairy Milk is associated with luxury, rich quality, and celebration! If you're ever asked what purple reminds you of, Cadbury or Dairy Milk may be among your first three responses!

USING COGNITIVE DISSONANCE

Mondelez, which has been raising the profile of Cadbury, has introduced a premium Cadbury Dark Milk variant. The company had launched a new Cadbury variant called "Cadbury 30 per cent less sugar" in its Cadbury line. The manoeuvre is eerily similar to neuromarketing. Cognitive dissonance is a psychological phenomenon that causes feelings of guilt or regret after doing something wrong or making a poor decision. This is something that all humans, particularly women, go through. Cadbury 30 per cent less sugar is intended to alleviate cognitive dissonance in people who are conscious of their calorie intake but have a sweet tooth and want to enjoy chocolates.

NEUROMARKETING – NEUROSCIENCE IN MARKETING

Heather Andrew, CEO of Neuro-Insight, breaks down how the winners of Marketing's polls on the best ads of the last 60 years work from the brain's perspective. Cadbury's 'Gorilla' ad is the public's favourite of the last 60 years. Polls like #60YearsTVAds provide an intriguing barometer of the cultural/creative/emotional messaging that resonates with consumers and industry experts long after an ad has gone away. Marketers are increasingly turning to neuroscience to better understand consumers' subconscious reactions to creative messaging to gain more objective insights into what works – and what doesn't – in an advertisement.

A variety of factors influence how the brain responds to creative messaging, some obvious and some subtle. So, what makes 'Gorilla' unique to the brain? The advertisement is built on a strong sense of mystery – we see unexpected images that aren't immediately explained. 'Gorilla' begins with a shot of the gorilla's face to the introduction of Phil Collins' In the Air Tonight, but this very familiar soundtrack only adds to the ad's surreal climax, which is not explained. In both cases, the brain is intensely engaged in wanting to know more but never quite getting satisfaction until the branding appears at the end of each ad. This means that the brain is involved throughout the advertisement. The ad may appear strange, but that is precisely what makes it memorable! This and other effective advertisements have significantly increased Cadbury's brand recall.

COCA-COLA – A BEVERAGE MARKET LEADER

Emotional branding is a marketing communication term that refers to the practice of creating brands that directly appeal to a consumer's emotional state, needs, and aspirations. Emotional branding is effective when it elicits an emotional response in the consumer, i.e. a desire for the advertised brand (or product) that cannot be fully rationalized. Emotional brands have a significant impact when the consumer feels a strong and lasting attachment to the brand, similar to a bonding, companionship, or love feeling.

COCA-COLA EMOTIONAL BRANDING

It is well known that many businesses use deceptive advertising techniques to entice customers. Coke's "Share a Coke – Share a Feeling" and "Hug me" campaigns are prime examples of how soft drink companies exploit their customers' emotions.

For many years, companies such as Coca-Cola have used tactics such as cartoons, characters, and a variety of other things to appeal to children. The "Share a Coke – Share a Feeling" and "Hug me" campaigns now use the same concept, but they are aimed at a broader demographic: children, young adults, and adults. Coca-marketing Cola's strategies, on the other hand, are becoming more diverse and viral. If the creative way that brand puts emoticons on cans and bottles so people can share their feelings with friends is "Share a Coke – Share a feeling," you would have to squeeze the sides of the soda dispenser in a specific way to make a free Coke come out of the machine in Hug me campaign (Forbes 2016). Both campaigns not only capture incredible revenue growth rates but also demonstrate the success of Coca-Cola beverage emotional branding.

CONNECTING ON A PERSONAL LEVEL WITH CONSUMERS

According to Coca-Cola, personalization is more than a fad for teens and millennials; it is a way of life. These customers place a high value on self-expression, personal storytelling, and keeping in touch with friends. All of these things are possible with the "Share a Coke – Share a Feeling" and "Hug me" campaigns, which promote the Coca-Cola brand.

"Share a feeling," for example, will allow people to express their emotions by allowing consumers to personalize cans at key outlets popular with the youth, as well as customize stickers on Zalo chat. At one point, a group of friends hugged the machine simultaneously. They also hug each other during the process. Furthermore, Coca-Cola wanted to engage with its customers while also promoting its brand name. For example, when a consumer shares a name-branded Coca-Cola bottle with his father, he feels as if he is honouring his father rather than promoting the Coca-Cola brand. Furthermore, taking and sharing photos with the #shareacoke hashtag on social media, drives more personal online media content, resulting in many shares across the board.

RESIGNATIONS AND STARTUPS

Resignations have started to play a very important role in defining the way of various startups as well as the fate of various established firms. This was the reason why the year 2021 was also called the year of resignations. Many influential people took the charge of leaving dignified posts at various companies as well as returning awards of not only national importance but also international importance. Retail and hospitality industries are among the most impacted, according to LinkedIn statistics, according to Kimbrough. However, according to the data, individuals are abandoning employment across the board. Here are some of the figures:

4.4 percent of all occupations are available due to a lack of education.Over 6% of all positions in retail are available.Over 8% of all positions in healthcare are open.Almost 9% of all positions in hotels and restaurants are available.

WHY ARE PEOPLE QUITTING?

According to Payscale, “The Great Resignation” is fueled mostly by front-line and low-wage hourly workers, a claim that supports the departures witnessed in the retail and hospitality industries.

According to Payscale, these employees, who make up a significant portion of the workforce, have gained leverage as a result of the pandemic’s effects. High labor competitiveness, a greater cost of living, and a society that increasingly values formerly devalued service employees are among these circumstances. Apart from that, due to the onset of COVID-19 pandemic, most of the people who have started to quit are from the Hotel and Tourism industry at large, this is because of the fact that the governments of various nations had imposed restrictions on traveling. Also, there was a scare in general masses regarding being affected from the disease, not to forget the fact that many hotels were changed and modified into quarantine centers as well as hospitals. This proved to be fatal for many people working in the sector.

WAY AHEAD

Most people who have resigned from the organization have shifted to different sectors and have resorted to different sources of income.

The consequence of the same being the fact that a particular industry has been left bereft of a quite huge number of people which has also caused an increase in the amount of unemployment. On the contrary, if the light is brought upon the brighter side of the whole scenario, the picture would be such that, most of the people will realize the fact that though the unemployment rates have surged a bit, but the disguised unemployment has come down by a vast level. Not only this but also the fact that the whole resignation scenario has given rise to the much awaited Startup culture not only in India but also around the world.

STARTUPS

With the advancement of information technology, everything is now accessible with only a few finger movements. People in India have seen a significant increase in the startup culture. From ordering food through Swiggy or Zomato to renting a hotel through OYO. People may also have their cosmetics brought to their door by Nykka; each start-up has handled people's day-to-day concerns in its own unique way.
When India began its dramatic journey of the startup culture with ups and downs in 2013, the country had an evolution of startups. Since then, the country's startup sector has glowed with more unique and creative businesses. Which are being developed to address real-world issues. The government's encouragement and simple internet access have aided in the growth of the country's start-up cluster.

REASONS FOR THE GROWTH OF STARTUPS

- With a majority of the population being between the ages of 16 and 35. India has a majority of kids with the capacity to flourish and use their inventive abilities to prosper. Using their expertise and intelligence to solve and profit from everyday challenges. Because they have made a significant contribution to the evolution of start-ups. Students and other professionals nowadays prefer to work on their own ideas rather than working for large corporations.
- The Make in India movement ushered in India's startup culture. The government announced in September 2014 to foster the growth of entrepreneurship in India. Following that, the 2015 Startup India campaign was launched, with the goal of providing funds and tools to help women entrepreneurs thrive. The Startup India programme, which was launched in 2016, was the most effective in boosting startup growth.
- In India, internet services are readily available. The growth of technology-based companies has gotten increasingly simpler. Startups like Swiggy, Zomato, Byju's, Unacademy, and others can rely on internet services being easily accessible. Digitization, technological advancements, and other factors all contribute to the growth of the startup culture. There are several explanations for this.

PROMINENT CELEBRITIES INFLUENCING THE MARKET

There have been many instances in recent times when the market was in general influenced by prominent celebrities and influential people through their words and actions. The very reason for this being that people these days have started to resort to panic buying as well as responding to stimulus generated by these people.

- Tesla's stock were devalued by a major amount after its owner Mr. Elon Musk tweeted regarding the same and the people resorted to selling the shares of Tesla, causing it to lose a good amount of market share.
- In the same way, when people and governments applied allegations on WhatsApp Messenger, Elon Musk tweeted "Use Signal" this proved to be a stimulus for people to buy the shares of a listed company called Signal. In the end, it was also seen that the shares of signal ended up being oversubscribed by 110%.
- The shares of Coca-Cola were also let down because of the fact that Cristiano Ronaldo kept aside a bottle of the aerated drink for water. This led to people selling away the shares of the firm.

FIN IT SUSTAINABLY

"The environment and economy are really both two sides of the same coin.If we cannot sustain the environment, we cannot sustain ourselves."

- Wangari Maathai

Finance is an integral part of any organization's functions, and it is rightly termed as the "lifeblood of a business". In the 21st century, as sustainability becomes of utmost importance and it spreads its wings over various domains, it is no surprise that Sustainable Finance has been receiving worldwide attention.

Before we delve into the metaverse that sustainable finance has to offer, let us first try to understand the concept. The idea mainly focuses on raising resources for funding an organization's activities, keeping in view dimensions such as "environmental, social, and corporate governance." This aids in delivering financial returns in the short and long term while generating positive value for society and operating within environmental constraints. For example, organizations have started going beyond the traditional profit maximization to actively invest in sustainability.

In recent times, investing in businesses and projects with sustainable ESG practices have been on a rise, as has the demand for finance professionals with expertise in this niche yet rapidly growing field. An up-to-the-minute example of this is PricewaterhouseCoopers (PwC), one of the four largest accounting firms globally, as it announced its intention to incorporate more than 100,000 new employees to assist on ESG issues, in a strategy referred to as, the "new equation" by them.

Sustainable finance, as an umbrella word, encompasses a wide range of themes such as green finance, climate financing, and so on. Green funding, as defined by the United Nations Environment Programme, is a technique of increasing money flows (from banking, microcredit, insurance, and investment) from the public, private, and non-profit sectors to environmentally friendly development priorities.

Simply put, this implies prioritising investments in businesses that prioritise environmental challenges and long-term sustainability.

Because of the broad definition of the phrase "green finance," it can be applied to the following:

1) Specific financial products and services, such as those that benefit the environment directly or those that manage environmental risks. Green bonds, green tagged-loans, and green investment vehicles are examples of this.

A green bond is a fixed-income security that is designed to fund specific climate-related or environmental projects. Only green bonds fall under this category if the project's core is 'green,' and the focus is on protecting or improving natural systems, as well as controlling environmental hazards.

2) An industry sector
Renewable energy production, recycling, pollution prevention, energy efficiency in home and industrial structures, green transportation, recycling, pollution prevention, water conservation, and forestation are all considered green. Carbon capture and storage (CCS), nuclear energy, and fossil fuel efficiency are examples of 'green' areas that are more frequently challenged or mentioned infrequently.

Climate Bonds

Climate bonds are a subset of Green Bonds in which the issuer guarantees that all monies obtained will only be used for specific climate-related activities. These can be issued by governments, global banks, or corporations and are tied to climate change solutions.

Climate bonds can be purchased through green bond exchange-traded funds and mutual funds, such as the Calvert Green Bond Fund and the iShares Global Green Bond ETF.

The Climate Bonds Standard and Certification Process is a certification scheme for bonds, loans, and other debt products. It establishes precise standards for determining a bond's or other debt instrument's green credentials. It aids in the identification of tools that actually assist to climate change mitigation.

Sustainability Linked Loans

Sustainability related loans are a relatively recent concept in the sustainable finance industry, having first been introduced in 2017. The SLL market is dependent on the borrower's overall sustainability profile improving. It encourages borrowers to set lofty goals for themselves in terms of sustainability (SPTs).

These loan instruments work by matching the loan terms to the borrower's performance, which can be measured using an ESG score, key performance indicators, or other measures that track the borrower's performance against their sustainability profile.

An ESG rating, for example, may be used to determine the interest rate on a sustainability-linked loan. This means that a lower ESG rating can result in cheaper capital costs, whilst a higher ESG rating can result in higher interest rates.

In recent years, sustainability-related loans have grown in popularity. According to one international source, a total of $167 billion in green and sustainability-related loans entered the global lending market in 2019, up 150 percent from the previous year.

FACTS

Starbucks' round tables were created specifically so customers would feel less alone. It was a part of their customer acquisition strategy.

ESG TODAY'S STAKEHOLDER CENTRIC APPROACH

"In essence, adhering to an ESG framework means you are future-proofing your business and those that made this a priority in the years prior to 2020 are also those that have had more tools to deal with the pandemic's varied impacts."

- Javier Rodriguez Soler

ESG is a criterion for a group of standards, which is used by socially conscious investors to screen investments. It measures the 3 central factors for sustainability and societal impact of an investment in a company or business to identify material risks and growth opportunities. E in ESG stands for Environment. The aim of these companies is to preserve and conserve natural resources. S in ESG stands for Social. The People are the core part of any business. These types of companies treat their employees with respect and take care of their health. G in ESG stands for Governance. Governance is the base or the foundation of a company through which that company is judged.

In the investment process, ESG is the practise of evaluating financial, socioeconomic, and governance problems. Aligning business practices with environmental, social, and governance (ESG) principles to help accelerate company's mission and transform their culture while strengthening the brand value. As businesses rapidly pursue ESG initiatives to support their values and meet the expectations of stakeholders—including investors, boards, customers, and employees—it's crucial to implement, track, report, and assure standards that accurately define and measure progress.

To evaluate a company based on environmental, social, and governance (ESG) criteria, investors consider a wide range of behaviours. Environmental criteria can include company's greenhouse gas emissions, climate change considerations oversight, environmental policies and regulations, sourcing of raw materials, renewable energy, water and waste management and risk management. Social criteria include community relations, diversity, equity, inclusion, employee health and safety, labour management, human capital development and product quality and safety. Governance criteria include business ethics, corporate resiliency, anticorruption, privacy and data security, executive compensation and incentives, leadership diversity and ownership structure.

ESG Audits that deliver comprehensive ESG assurance to your key stakeholders with precise, reliable reporting—tailored to defined key performance indicators (KPIs) can help in securing the confidence of stakeholders. Audits can report on key ESG outcomes such as greenhouse gas emissions, sourced materials and commodities, employment practices and human resources, board performance, microlending, equitable financial and economic programs, and more.

Audits also help:

- Solidify stakeholder confidence in the accuracy and reliability of your ESG reporting.
- Evaluate internal controls surrounding your data collection and reporting process.
- Meet external and supply chain reporting requirements.
- Identify process improvements and provide guidance on your reporting relative to industry competitors and peers.

The meaning of ESG varies for Corporates, Investors, Governments and Society.

For Corporates:

ESG acts as a business opportunity, as it opens them up to new markets they can sell to, lead to cost reductions and better risk management. New markets could include:

Millennials, where 83% of consumers want brands to align with their values, the LGBTQ+ community and potentially their friends and families, environmentally-conscious consumers and people from demographics or ethnic groups that may not have engaged with the brand previously. Cost reductions could include: Reduced employee attrition and associated reduced recruitment and retention costs, a lowered risk of financial penalties resulting from regulatory compliance breaches and the cost benefits of more sustainable, less volatile supply chains.

Better Risk Management: Integrated risk management (IRM) is a set of practices and processes designed to improve corporate decision-making and performance. IRM is designed to provide an integrated view of an organization's risk management approach, often assisted by supporting technologies, and is an accepted approach to managing corporate risk.

For Investors:

For investors, environmental, social and governance considerations are a growing priority — and with good reason. ESG performance has been shown to correlate strongly with financial performance; companies in the S&P 500 that ranked in the top quintile for ESG factors outperformed those in the bottom quintile by more than 25 percentage points between the start of 2014 and the end of June 2018.

Stock prices of companies with high ESG rankings also tend to be less volatile, whereas "high ESG controversy" events can cause a company's stocks to underperform the market for as long as two years. With ESG scores and rankings increasingly being published in the public domain, the importance of investing in ESG-focused organizations is growing. And it's not just published ESG metrics that are attracting investor attention; the reputational value of a proactive approach to environmental, social and governance issues is also being recognized. Today, intangible assets like reputation account for more than 80% of an organization's S&P asset value. Not surprising, then, that ESG-oriented investing has experienced a meteoric rise in recent years.

For Government:

Governments are looking at driving change through policies. Increased focus on ESG across the business and political spectrum has made this a vital issue for governments worldwide. Although the coronavirus pandemic may have pushed ESG down the agenda in the short term, imperatives like the publication of the 2021 IPCC report on climate change are again making it a priority topic. Although governments may have had to take their eyes off the ball momentarily, ESG issues like social injustice and climate change threaten to damage the fabric of society unless they are tackled.

FACTS

In terms of purchasing power parity or nominal GDP, India is the world's third largest economy. The purchasing power parity (PPP) is a concept that describes the exchange rates between two currencies.

For Society:

Society faces challenges from the issues outlined above and the government's strategies for tackling injustice and inequality and addressing environmental impacts will fundamentally impact societies' ability to function. As investors drive corporates towards greater ESG accountability, the broader society will be impacted, whether as employees, consumers, stakeholders or those living in the shadow of organizations operations.

The relationship between ESG and the board of directors is still being defined. Discussions around the "G" (i.e., governance) are often spearheaded by the nominating & governance committee with involvement from the full board — particularly when assessing how these risks integrate with the enterprise risk management (ERM) program or impact long-term strategy.

More boards are incorporating the "S" (social considerations or corporate impact) into the strategy development process. Issues like health care cost, resource scarcity, human rights, and income inequality have all surged in importance.

When it comes to structuring oversight around the "E" (i.e., environmental issues), a recent global study by the Diligent Institute found that best practices are still largely undetermined. Half of the 447 survey respondents indicated some form of board-level oversight, either by the full board or a board committee, while 19% indicated that oversight lived within the organization. Another 35% percent indicated that environmental issues are "not overseen" by the company or that they "don't know."

The Growth of ESGs:

ESG investment began in the 1960s. While certain ethical concerns have changed, the principle of sustainable investing remains the same. More and more investors are adopting ESG criteria as a tool to evaluate potential investments alongside traditional financial analysis. According to a report by PWC, the practice of ESG investing has grown over the last few years. The report states that the ESG asset pool will continue to grow rapidly and become essential in the investment process in the coming years.

The growth of ESG investing can be boiled down to three reasons, according to financial firm MSC:

1. The world as we know it is changing.
2. The next generation of investors is changing the way investment works.
3. Data and analytics have evolved to provide more information than ever.

TERMS

Skimming

When there is a strong price-perceived quality relationship, a skimming pricing strategy refers to setting a relatively high initial price for a new product or service that targets early adopters who are price insensitive. Over time, the price may be reduced.

"It is a collection of approaches to managing money that create value for society or the environment, often while producing a financial return."

-Rachel Kalbfleisch

Social Finance and Social Economy Organisations have been around for a long-time. Together they have been capable of enhancing education, better healthcare, lessening inequality, alleviating poverty, etc. However, social finance has struggled with many challenges which have averted it from turning into relevant. But despite its struggles, social finance is growing at a fast pace.

What is Social Finance?

Social finance is an investment activity that generates financial returns for investors and has a positive societal and environmental impact. It is a subset of sustainable finance and is given to companies that want to achieve both social and financial returns.
The MaRS Centre for Impact Investing calls it "an approach to managing money to solve societal challenges". Examples of social financing projects are investing in education, healthcare, reducing inequality, alleviating poverty and providing food security.
Risk is defined in terms of how difficult it will be to get one's money back, with interest, from an investment. Investors will put more funds if the investment is less risky and provides higher returns. However, a social financer looks for the level of social impact that its investment will yield. Different investors take into consideration different types of financial tools depending on their need for risks, financial returns and social impact.

Social Finance Ecosystem

Organizations that make use of social finance to implement the above projects are known as Social Economy Organisations. Example- Charities, Social Enterprises, social entrepreneurs, foundations, non-governmental organizations or all examples of social economic organizations.
The banks give money to these social economy organizations. There are a few traditional banks that invest in social financing, however they are not that many. The alternative to these is social banks, cooperative banks and credit unions. They use their money to fund social projects and services that benefit the local community. Aside from banks, social economy organizations can also approach social investors and private businesses. Social investors want their investments to return social and financial returns. However, large companies sometimes allocate a slice of their fund for Corporate Social Responsibility (CSR). These CSR funds are often used to invest in organizations that are looking to create a positive social impact.

Forms of Social Finance

The reason why people are quite excited about social finance is due to the rise of microfinance, social impact bonds, development impact bonds as well as social impact funds.

Microfinance is where a bank or an investor directly provides small loans for unemployed or low-income individuals or groups who otherwise would not have been able to access this money to increase their level of income and improve their livelihood. Generally, banks do not provide loans to the poor because they think it is too risky and even if they do, they usually charge high interest rates. Therefore, Microfinance cuts down interest rates and pairs up loans with financial literacy training.

Another form of social finance is Social Impact Bonds which are also known as 'Pay for Success' financing. Investors

invest their cash in a social project and evaluate its result. The results are then tallied based on how much money these projects have saved for the government. Once the project is completed, the government pays out a portion of the savings to the investors who originally put up the money. Often, these savings are so large that the investors can make returns at or above market rates.

Development Impact Bonds (DIBs), just like Social Impact Bonds (SIBs), are results-based contracts in which private investors provide pre-financing for social programmes and public sector agencies pay back investors their principal plus a return if these programmes succeed in delivering social outcomes. With each DIB, the risk-return profile will vary. Social Impact Bonds are similar to DIBs except for the fact that the outcome payer in a SIB is the government.

One of the forms of social finance includes the Social Impact Fund which is like a growth partner with limited shelf-life. It invests in early and growth stage companies or organizations in priority sectors like healthcare, education, livelihood etc. The fund is focused on investing in sustainable and innovative business models that work with the lower income group.

Challenges

Social finance is burdened with various issues like insufficient information, maturity mismatch with financial institutions, insufficient education about and training in social finance, fragmented social enterprise market due to varied agendas of organizations and regulations that potentially curb the growth of social enterprises.
Adding to the above, there are a few prevalent challenges that it needs to overcome-

The most difficult question revolves around: how do we measure social impact? Although there are many ways to measure social impact, but the crucial question concerns how to consolidate these many methods under one impact measurement. But in regard to measuring social impact, the stakeholders within the social finance sector do not have a standard way to measure the impact of a project. For example, measuring how much carbon dioxide it prevents from entering the atmosphere is the standard method of measuring green projects.

The reason why there is no universal standard method to measure the social impact of individual projects or organizations is because social issues of education, inequality, healthcare, etc are so complex and interconnected. All this suppresses the growth of social finance. If you cannot quantify the success of a social project, investors will be unable to price its risk and provide funds for it.

The social finance sector currently struggles to provide desirable financial returns for investors. For example, alleviating poverty or wanting to solve hunger problems may not always be profitable. Moreover, many Social Economic Organization are non-profit and are focused on creating maximum positive social impact. However, there is not as big of an issue for social entrepreneurs because they want to achieve both social and financial returns.
Moreover, there is a huge need for education and research. The social finance sector is poorly understood, and there are gaps between theory and practice. It has also been argued that the sector is under-researched and that robust evidence of the value of social enterprises' contribution to society remains elusive where management practices, skills and performance and business models are unclear.

Despite its shortcomings, social finance has gained a lot of momentum. In 2018, a McKinsey report forecasted that the social finances market size will grow to 300 billion dollars by 2020. However, Global Impact Investing Networks 2020, revealed that the social finances market has grown to 715 billion dollars in 2020.

Opportunities and Way Forward

Moving forward, social finance has a broad set of opportunities. It includes growing population growth in emerging countries, increased professionalism from impact investors and new investment tools in the modern world. Moreover, the advancement of innovative technologies has allowed for global reach, increased collaborations and has reduced transaction costs. While innovation in social finance has created valuable opportunities for organizations, not all social enterprises are benefited from social finance if it is accessible to them in the relatively small amounts they need and is relevant to the stakeholders.

'Trees that are slow to grow, bear the best fruit', Moliere wrote. Social enterprises can look to be in haste, but the reality is that development can take time. As an investor or an enterprise, you may need to go through many iterations before you can move forward to yield the best results. Slow money that is in pace with such rhythms can be the perfect accompaniment for a growing social enterprise.

Looking forward, the ecosystem is evolving continually as new entrants enter the market. Social finance which is now a fringe concept i.e., investing to achieve social impact, will eventually become inseparable from normal investing. This sector will flourish in a way that it will not only attract investments but it will also attract the brightest minds and expertise.

TERMS

Harvesting

It usually refers to the sale of a business or product line, such as when a company sells a product line or division, or when a family sells a company. Harvesting is also a term that is sometimes used to describe sales of a product or product line near the conclusion of its life cycle.

FACTS

Amazon.com employees spend two days every two years working at the customer service desk — even the CEO — in order to help all workers understand the customer service process.

"With climate change a growing threat, economists came up with the idea of reading the right to pollute, creating a financial incentive to curb emission."

-We Forum, 2017

Carbon trading is essentially a cap-and-trade system in which all emission sources, or rather all significant carbon-producing sectors, are subjected to a carbon emission limit. The government then sets allowed limitations, which are either given away for free or sold at auction. If a corporation can reduce its emissions, it can sell the excess permits for cash on the market, but if its carbon emissions exceed the legal limit, it must purchase additional permits. This is only a brief overview of carbon trading; let us now go deeper into the subject.

Why Carbon Trading?

Carbon trading essentially makes carbon a cost for industries and companies. Considering the current global warming scenario and greenhouse emissions, if intergovernmental and governmental bodies make carbon a cost, it will be considered just like any other raw material. Now, by giving a monetary value to the cost of polluting the air, an open market is created.

There are various sectors in which carbon trading mechanisms can be used. Energy supply is the most sensitive sector under which carbon trading can be incorporated. According to the data, the share of this sector is 25.90% of the total sectors involved. When companies involved in this sector are bound by limits, they will have to look for alternate clean technology for energy production and supply.

Are there any Alternatives?

When sulfur trading was implemented in the USA in 1995 to limit acid rain, it proved to be effective. Since carbon trading works on similar lines, it can prove to be effective as well. Another benefit here is that carbon trading is much easier to implement than expensive, direct regulations, and unpopular carbon taxes. Taxes on energy production are in place in many European countries. Taxes exist in India, Japan, and South Korea. But taxation is an alternative that is not as popular or favored. This is because taxation is regarded to be politically infeasible as the term 'tax' raises resistance from conservative politicians and many economists. Also, much of the political bargaining process that led to the design deficits in the EU ETS, could accompany taxation schemes as well.

Other governments have tried to regulate their way to lower emissions. In 2015, President Obama had imposed a Clean Power Plan on energy producers, designed to reduce emissions from this sector by 32% by 2030.

The Loopholes in The System

Critics are concerned that emissions trading schemes may fail to achieve the goal of actually reducing emission reductions. The setting of the rules of the game for each emission trading system is a political process in which lobbyist groups pressure governments, resulting in rules that are too lenient. For example, the EU Emission Trading Systems (ETS) has been criticized for having very generous national allocation plans, for excluding important sectors such as aviation, agriculture, and transport, and for allowing wind-fall profits for companies in its first allocation period as emissions allowances were handed out for free. All these enabled companies to make large profits by trading carbon credits on the market.The sectors which are a part of the trading system, can buy and sell permits to each other. But for those outside the system, there is a mechanism of offset credits. Credits are a supplementary source of permissions to pollute, and usually can be

found in developing countries. Their purchase allows the emitter to exceed the emissions cap by paying someone else somewhere else to reduce their emissions instead. It is important to remember that offsets do not reduce emissions, they merely replace them.

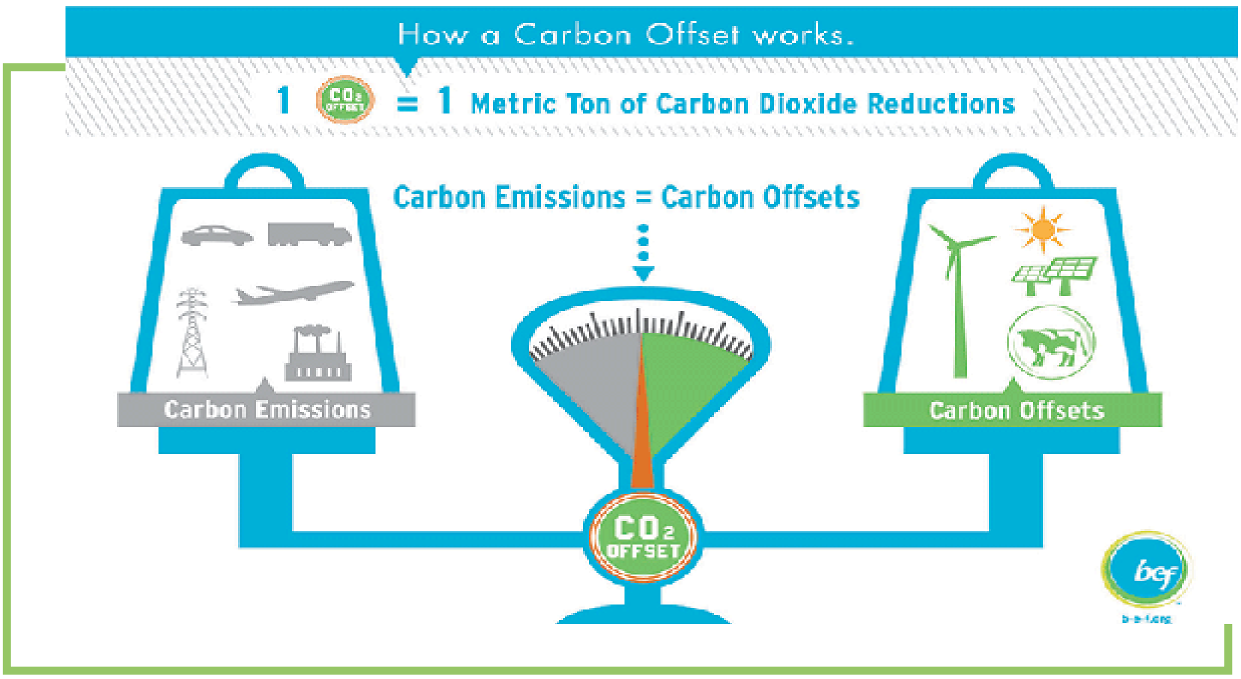
When and Where did it start?

Several carbon trading schemes are up and running in the European Union and several regions of the United States. In India, various emerging players are benefitting from the carbon trading system. The Delhi Metro Rail Corporation has been certified by the United Nations (UN) as the First Metro Rail and rail-based system in the world which will get carbon credits for reducing greenhouse gas emissions as it has helped to reduce pollution levels in the city by 6.3 lakh tons every year, thus helping reduce global warming.
The first global scheme was the Kyoto Protocol, adopted in Kyoto, Japan, in 1997, commits 37 industrialized countries and the European Union to the Kyoto target of reducing their greenhouse gas emissions by an average of 5% against 1990 levels, over the 2008-2012 period. At the 2012 United Nations Climate Change Conference there was an agreement to extend the life of the Kyoto Protocol until 2020. Parties with commitments under the Kyoto Protocol have accepted targets for limiting or reducing emissions. These targets are expressed as levels of allowed emissions, or assigned amounts, over the 2008-2012 commitment period. The allowed emissions are divided into assigned amount units (AAUs). To date, there are 192 parties (191 states and 1 regional economic integration organization, namely the EU) that have ratified the Protocol.

The goal is to encourage polluters to work together to lower industrial emissions. Depending on the issuing organization or government, carbon certificates expire within two to three years or five years at the maximum. So carbon credits aren't meant to be bought and held. They are designed to be bought and sold within a few years, and their value is currently self-capping.

Today, the reduction journey is beginning but carbon emissions trading is just as important. For some emitters, even initial reductions may not be possible, particularly if they are part of an expanding sector. But for others, reductions may come more easily, for example by closing a coal-fired power station that has been replaced by large-scale implementation of renewables.

As the global economy heads towards large scale carbon emission reductions, implementation will be challenging for some and progress may be limited as a result. But as has been the case in all aspects of economic growth over many centuries, trade should be fully utilised to solve these issues and move forward.



INDIAN PERSPECTIVE

" I think the area where we see sustainable finance being different is around collaboration. There is a huge number of collaborative initiatives focused on climate and sustainability where investors work together to enhance impact. "

-Jane Ambachtsheer

There are two fuels for any economy: energy and finance. The energy transition that India has committed to won't be possible without commensurate flows of capital at unprecedented scale and pace. Changes will be needed in the financial ecosystem, in how projects are rated, how green finance is certified, and in the policy framework to make investments in new energy sectors attractive. In the process, India could aim to become a hub of sustainable finance for emerging economies.

Role of RBI and Financial Institutions

One of the first signs of efforts to connect finance, social and environmental issues in India came back in 2007, when the Reserve Bank issued a notification on "Corporate Social Responsibility, Sustainable Development and Nonfinancial Reporting – Role of Banks" to raise awareness in the banking sector of the growing global prevalence of corporate social responsibility (CSR), sustainable development and non-financial reporting (NFR).

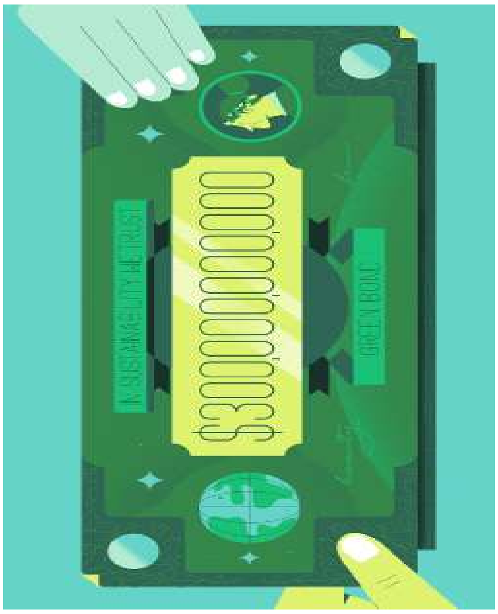
The major strategic moves since then included implementation of the sustainability disclosure requirements. Security and Exchange Board of India (SEBI) in 2012 made it mandatory for top 100 listed companies based on market capitalisation at BSE and NSE to publish annual Business Responsibility Reports. Since 2016 the number of companies has expanded from 500 to 1,000. In October 2017, Report of the Committee on Corporate Governance has proposed that the board of directors shall meet at least once a year to specifically discuss strategy, budgets, board evaluation, risk management, ESG and succession planning.

As part of the green finance initiative, the Reserve Bank has included lending to social infrastructure and small renewable energy projects under its Priority Sector Lending (PSL) scheme in 2015. Under this scheme, firms in renewable energy sector are eligible for loans upto 30 crore while the households are eligible for loans upto 10 lakh for investing into renewable energy. As a result, in March 2020, the aggregate outstanding bank credit to the non-conventional energy sector was around 36,543 crore, constituting 7.9 per cent of the outstanding bank credit to the power generation compared to 5.4 per cent in March 2015.

It is important for financial institutions to bolster the transition towards net-zero emissions through continued efforts in financing green infrastructure in the country. Although banks do not have a major direct role in climate change, as a financial institution it plays a backend role as financiers to industries.

Keeping borrowing costs low and verifying sustainability claims would be a major challenge for banks in their journey to green financing. To enable banks to operate and develop this sustainable ecosystem, the policy framework is of paramount importance. Fiscal measures such as a supportive taxation policy for green finance would help bring transaction costs down and promote better lending.

The Reserve Bank can profoundly influence the flow of sustainable finance by sensitising public, investors and banks regarding the need, opportunities, and challenges of green finance. It acknowledges the challenges in the development of green finance and as a result may begin to incorporate environmental factors into its prudential policies, requiring climate-related disclosures by banks, calibrating reserve requirements on the basis of green assets, starting to invest in green assets and providing liquidity to banks investing in environmentally-friendly projects.



Sustainable Finance and India's Climate Goals

The effects of climate change are causing damage to the environment and disrupting economies around the world. India is committed to achieving net-zero emissions by 2070 but its projected economic growth presents huge challenges. The banking sector can play a crucial role in achieving India's climate goals through green financing.

Several fiscal and financial incentives undertaken in India are in line with our ambitious climate change commitments under the 2015 Paris Agreement to reduce greenhouse gas emission intensity by 33 to 35 per cent below 2005 levels. Our domestic renewable energy policy stipulates that India shall increase its renewable energy capacity to 175 GW by 2022, along with reducing its fossil fuel dependency by 40%, and building 450 GW of renewable energy capacity, both by 2030.

Even though we have a long way to go before achieving these outlined targets, we are well on the way to fulfilling them. With an installed capacity of 100 GW of renewable energy power, India is 4th in the world in total installed renewable energy capacity, 5th in solar and 4th in wind capacity. This journey can only be continued with continual policy measures and increased sustainable investment.

But India is also particularly vulnerable to deepening climate change and responding to this threat will require unprecedented flows of finance. One estimate suggests that US$4.5 trillion is needed to achieve India's goals for urban sustainability and renewable energy by 2040. This dwarfs India's fiscal capacity: its annual budgeted expenditure on all sectors is approximately $300 billion per year.

FACTS

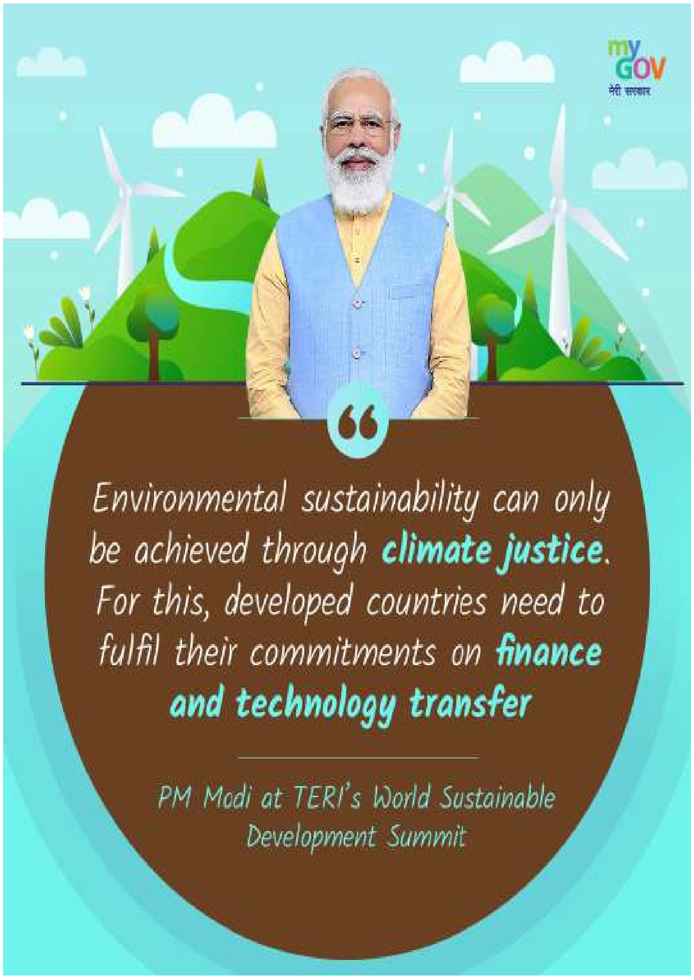
We Indians enjoy movies and other forms of entertainment. The Bollywood film industry in India is the world's largest. According to statistics, 14 million people in India watch movies every day, accounting for 60 percent of the population of Australia

Green Bonds in India

Since the first issuance of green bonds by Yes Bank in 2015, India has emerged as the second largest emerging green bonds market with US$6.8 billion raised in 2021 alone, which is 58.1% higher than the US$4.3 billion raised in 2017. Although the value of green bonds issued in India constitutes a very small portion of the total bond issuance, India still maintains a favourable position compared to several advanced and emerging economies.

Green bonds issued by emerging markets such as India have a strong appeal to foreign investors due to relatively attractive valuation and decent economic growth prospects. Around 76 per cent of the green bonds issued in India since 2015 were denominated in US$. In addition to corporates and the government, the World Bank has issued green bonds towards several projects in India from time to time. In India, these instruments are governed by the SEBI Disclosure Requirements for Issuance and Listing of Green Debt Securities, 2017.

Most importantly, the potential of these instruments has been harnessed not only by corporates but also by governmental instrumentalities to meet their sustainable development goals. Amongst fund issues by State bodies are the green bonds of the Indian Railway Finance Corporation, the Ghaziabad Municipal Corporation, and the Power Finance Corporation.



Efforts, however, need to gather greater momentum. While we continue the slow march towards achieving our climate change and sustainable development goals, some argue that the rate of change in India is simply not fast enough for the third biggest carbon emitter in the world. Compared to its counterparts, the first and second biggest polluters, the United States and China, India's green bond market has a long way to go.

One of the reasons cited for the previous level of inaction in India on the green bond front is the tepid reception from one big investor group: retail investors. To attract more participation from this class of investors, the perceived risks surrounding green bonds must be lower. The sudden boom in the domestic sustainable finance market makes this hurdle a little easier to scale.

India is set to issue at least Rs 24,000 crore ($3.3 billion) in sovereign green bonds as the country marks a shift towards a low-carbon economy. The annual issuance could hit $1 trillion in 2023, according to the Climate Bonds Initiative. It could be a big milestone though it's just a fraction of $130 trillion of the global bond market.

Conclusion

India has emerged as an important destination for investors seeking assets that are aligned with the Sustainable Development Goals (SDGs). However, the incorporation of environmental, social and governance (ESG) factors is still not fully developed. Some major challenges could be high borrowing costs, false claims of environmental compliance, plurality of green loan definitions, maturity mismatches between long-term green investment and relatively short-term interests of investors.

Green finance is fast emerging as a priority for public policy. A system-wide strategy to drive forward sustainable finance in India is now needed, one that includes the RBI's risk-based focus and its priority sector lending programme as well as the government's macroeconomic approach to fiscal management.

However, it is a long way to go as the gap is $3.546 trillion between the total investment required to achieve net-zero and the amount that can be reasonably contributed by domestic banks, NBFCs and capital markets. India will need $10.103 trillion by 2070 to be carbon-neutral. Investment from a developed economy will be the need of the hour. In addition, more financial incentives from the Indian government will also be crucial to accelerating the growth of the nation's green bond market.
To sum up, green finance in India is still at the nascent stage. While there have been improvements in public awareness and financing options in India, a reduction in asymmetric information through better information management systems and increased coordination amongst stakeholders could pave the way towards a greener and sustainable long term economic growth.

FACTS

61% of Americans don't have enough savings to cover $1000 emergency and 33% of American adults have saved $0 for their post retirement life.

COMPANY ANALYSIS OF SUSTAINABLE FINANCE

"The Climate Transition Action Plan covers the entire lifecycle emissions of our products and packaging, across supply chain, operations, consumer use of our products, and product end of life."

-NET ZERO AMBITION BY 2040, P&G Group

Banking and finance play a vital role in all forms of commerce and industry. They are crucial in determining whether society succeeds in following an environmentally sustainable path from governments to individual consumers. However, those working in the financial sector are largely unaware of the pressures that sustainable development is bearing on their work.

Currently, the financial sector is crucial in achieving sustainability across borders and banks are moving from their traditional approach of profit-making to a combination of both profit and sustainability optimization. Environmental, social, and governance (ESG) considerations have shaped investment decisions in recent years and this movement particularly is moving up the ranks of importance while still being an infant in nature.

In short sustainable finance has been the latest approach towards investing and the companies doing active participation in it either make a mix of both or completely disregard profit in every sense.

Banks have taken a step back into investing in harmful companies with only profit motives. Also, they have promised to do their part in the respective fields of green philanthropy, while there have been dedicated start-ups that are becoming significant day by day. Two of those banks with sustainable motives are as follows;

FACTS

94% of the world population can identify coca cola's logo

1. Deutsche Bank

Deutsche Bank has been a global financial intermediary in facilitating economies towards sustainable and low carbon growth emissions. The financial flow has recently shifted more towards climate-friendly solutions. Deutsche Bank helps clients across the globe to raise sustainable financing through issuing ESG bonds. These include green bonds, social bonds, sustainable bonds, and bonds linked to sustainability criteria.

To show their commitment in this sector they have set themselves a target of delivering at least 200 billion euros by 2023 in sustainable finance. Of the target value, 86 billion will come from the private bank, 30 billion euros from the corporate bank, and 105 billion euros from the investment bank. The relative approach towards sharing their idea out in the public creates a positive effect on the working of other banks and institutions.

On 2 June 2020, it successfully placed its first own green bond out in the public The proceeds of the issuance will be used to refinance the green projects such as the expansion of renewable energies. The bank's green financing framework has been validated by Institutional Shareholder Services ESG who has issued a second party opinion on the framework.

2. Goldman Sachs

Goldman Sachs has maintained a healthy reputation for keeping its dominant power intact while also applying major changes to its working environment. They are currently deploying 750 billion dollars across investing, financing, and advisory activities by 2030 and will be bringing their commercial expertise to help clients accelerate climate transition and advance inclusive growth. The constant rise in the current spectrum of how we see things have been fulfilling for them as they were able to adjust with the need of today. There have been unprecedented opportunities for clients to apply sustainable investing in their day-to-day lives to make a global impact.

Millennials would be inheriting more than 50 trillion dollars, in the coming decades. Recently they have also partnered with global businesses to harness markets, deepen capabilities, and drive innovation to support the transition to an inclusive, low-carbon economy. To formalize their long-made transition of environmental stewardship in 2005, they even established the Environmental Policy Framework so that they can be dedicated to its core tenet of committing to people capital; and ideas to develop market solutions that address environmental challenges.

Goldman has also been active in addressing the issue with a wider audience. To discuss the market developments and innovations that are defining the next frontier of sustainable economic growth a Sustainable Finance Innovation Forum was hosted in 2017. They have constantly tried on building their commitment towards securing each business idea with a moral compass and for the past decade, they have managed to create a spear effect on whatever it is that is required in the world.

What these companies are trying to achieve will change the landscape of the future and undoubtedly, sustainability will play a huge role in doing so. The feeling of competition does not leave the fights in here as well.
Apart from various banks that are doing the needful, there have also been new start-ups that are arriving just so they could back sustainability as an important matter for society. They are the first of their kind and require every bit of motivation to work efficiently. Some of these start-ups are getting critical acclaim in the market as the “next big thing”.

1. Clarity AI

Clarity AI has been catching the eye for a while now. Fortunately for us, Clarity AI has been already in the loop of leading innovation around the world, bridging the gap between sustainability and financial profits to create an atmosphere where most people can live, let alone thrive. It is a sustainable finance start-up that is aiming to contribute towards making investing a socially efficient capital allocation. They provide decision-makers with the most reliable and inclusive tool to understand and optimize social and environmental impact by making use of scientific research and the latest technologies. They are working towards empowering the investors to manage the impact of their portfolios through a technological platform that can leverage data as well as maintain the level of sustainability in society.

2. KORA

Kora is a sustainable finance start-up that makes sustainability profitable and engages customers and employees to reduce carbon footprints by taking action and rewarding them for saving the planet. Kora’s mission is to create a new economy for sustainability. The reward is in the Kora points system for individuals, corporates, and governments to take sustainability actions. History has proven that such an economic approach is a scalable answer to new age problems and can become the solution to climate change.

To make its impact global it created a chain of reward systems which proved to be beneficial in attracting more people. Even though the business model is that of a typical multinational, it still flourished in creating a wide range of audiences. To make their efforts more visible to the public, it created a simple to use app that provides community members with a clear tool to measure, in real-time their impact rewarding them for taking sustainability actions and finally offering them a personal offsetting program. Kora is empowering individuals and making them more aware of their actions.

Conclusion

According to a study that tracked the performance of ESG investments between 1970-2014, more than half of them outperformed the market with a minimal rate of negative performance. According to an analysis by Bloomberg, the total value of ESG investments will exceed $53 trillion by 2025. Essentially, these institutions use the power of investments to do good for society and the environment. To see a positive change in society is going to take a lot of resources and effort. The environment, be it in any sense, particularly has been very delicate for quite a few years now and this is the time to act on it.

Simply put, this means that investing your money in this manner will make the world a better place and also get you a tad bit of returns for your services. This is only going to increase the level of sustainable finance to a degree where it becomes one of, if not the most vital needs for the future.

FACTS

Mad rush for Mastergain 92

Prospective investors slept outside the offices of UTI to collect the application forms for Mastergain 92 when it was launched in the midst of a stock market boom in 1992. It made its debut as a close-ended fund with 65 lakh investors, a world record for any equity fund.

TERMS

Sleeping beauty

A firm which deems fit for takeover but still doesn't attracts the acquirers. This is because such a firm has valuable assets or suitable operating efficiency but such an efficiency is underutilized because of the poor management.

Godfather offer

A tender offer pitched so high that the management of the target company is unable to discourage shareholders from accepting it—in other words, an offer that cannot be refused.

Ankle biter

This phrase — used outside the world of finance to describe small children who are so little that they, metaphorically at least, barely reach an adult's ankles — can also be used to describe a small cap investment. Small cap just means a company with a relatively low value, or market capitalization — usually somewhere between $300 million and $2 billion.

Big uglies

Big, older companies, usually in "dirty" industrial sectors like mining or steel. Though they can be solid investments with good, steady returns, many investors ignore them for "cleaner," trendier stocks.

INTERVIEW CORNER

IN CONVERSATION WITH

ANMOL JAGGI

Co-Founder and CEO of BluSmart Electric Mobility

Read on as Veides Kasera & Saharsh Jhunjhunwala take an interview of Mr. Anmol Jaggi, Co-founder and CEO of BluSmart Electric Mobility.

“We were building a company which will be doing something great for the environment, not just good for the society but also economically viable”

BLU SMART MOBILITY

“We know that in 5-10 years, every car on the Indian road is going to be electric. Our motive is not that we are electric, our motive is that we offer great customer service.”

The Co-Founder and CEO at Blusmart Electric Mobility & Founder at Gensol Renewable Energy Group, Mr. Anmol Singh Jagg is a visionary in pioneering the field of renewable energy in India. An alumnus of University of Petroleum and Energy Studies, he has vast knowledge and experience in electric mobility and renewable energy project management services. From creating Gensol Group straight out of college in 2007 to co-founding India's first and largest electric vehicle cab aggregator, BLUSMART in 2019, Mr. Jaggi's contributions have catalysed both the nation and the world towards adoption of EVs as a ride-hailing medium. He has been invited as a guest speaker at many forums including FICCI, CII and The British Council, and BLUSMART was also featured at the international level as a case study by the (WBCSD) World Business Council for Sustainable Development in 2020. BLUSMART's economic moat lies not only in the fact that it is an all-electric ride-hailing service, rather its focus is on providing an excellent customer experience by ensuring no cancellations, no surge/differential pricing and a clean, sanitised car at extremely competitive prices. BluSmart Mobility has completed over 1 million all-electric trips, covering over 35 million emission-free km with over 350,000 app downloads across Delhi NCR. This company is leading the way for sustainable growth in India, and it's solving crucial problems like air pollution and fossil fuel dependence. Mr. Jaggi continues to inspire us not only through his startups but with his immense dedication and perseverance, which is exemplified by his habit of waking up at 5 am every day.

Q1. Can you tell us a bit about your journey? How were you inspired to enter the field of renewable energy? Despite studying at the University of Petroleum and Energy Studies, it seems you have gone completely short on petroleum and long on renewables!

Yeah I think you've put it absolutely right, shorted oil, longed renewables and I think it's been a good trade. When I graduated in 2007, crude oil was $110 plus, and for most of the last decade it has been below or around that price. However, my education was not just about petroleum but was also about energy. And we know that after oxygen perhaps, energy is the single-largest thing that a human being needs. You need energy to move, to come to your office, school, college and transport yourselves. For anything you basically need energy. What I could realize while studying at college was that energy is getting transformed very quickly from fossil fuel-based to renewable energy. And I believe strongly in a concept of physics called Moore's Law, which basically says that as production capacities double, the cost of production will become half in anything which is to do with technology, which was very true particularly for semiconductors. I applied the same logic when it came to polysilicon in solar energy and now we're trying to apply this same logic with lithium. Although this law was written for semi-conductors, it is being applied for many many elements now. So, I could anticipate while I was at college in 2007 to say that today, solar might be the costliest form of energy, but because of Moore's Law we will see that it will become the cheapest form of energy. And anything which becomes the cheapest form of energy has the highest set of adoption and also because it is 100% renewable/carbon-free, it also impacts the world in a positive manner. So it was clear in my head, in a decade from when we started, solar energy would become much cheaper, and even when we started Blusmart in 2019, the TCO (total cost of ownership) of electric mobility might be costliest per km, then it would become equal to fossil fuel cars, and afterwards it will be cheaper than ICE (Internal Combustion Energy) cars. We were building a company which will be doing something great for the environment, not just good for the society but also economically viable. Going by business first principles, I think economics trumps everything else. You need to have the patience to put in 10 years to build this up and then be a big beneficiary of it. More than anything it was about staying there and believing in the technology that solar energy and electric mobility will be the future.

Q2. Before we get into BLUSMART, could you just briefly tell us about Gensol and the work you have been doing in the field of solar energy?

Sure, so Gensol was my first company, and at that time we did not have a robust angel investment/venture capital system in 2007. We basically had to be bootstrapped and start earning profits from day one, because that's how a business would survive. I come from a services background, and my father was in the Indian army. I am fortunate that he gave me a good education and a Dell laptop, which was all the capital that we started with. At Gensol what we first did was consulting, because it required the lowest amount of working capital and no capital investment at the startup phase. We started with design and engineering of solar energy plants, and soon realised that this is something that is missing in the country. People had started thinking about going solar but they did not have the skillset to do that. My brother joined by 2010 and we both started to do a lot of design engineering work. Slowly the team grew from 5 people to 10 people and now over 1000. Up till 2020, almost 50% of all the solar projects in the country had been designed by myself or my brother. Then in 2016-17 we added a new vertical. We felt that like an architect has to look for new work after a house is built, we also were limited to designing/building the project. After designing, we also would do the operations/maintenance which would provide a constant source of revenue for us. It turned out to be very good. We are the largest solution provider for solar power plants in the country. In 2018, we said let's also start construction of solar power plants. So the journey is from being a consultant, doing design engineering, to operations and maintenance, to construction. We have also added the latest vertical of data analysis for renewables. We collect millions and millions of data points every minute, from thousands of solar panels. After analyzing the data, we do a very interesting thing called fault prediction, which is kind of like the ability to predict the future. By using AI, we can gauge when a solar panel will stop working for any reason. We can send the spare parts in advance, and also minimize faults during the production process as well.

Gensol is doing close to 500 crores of revenue with 1000+ engineers, and perhaps the proudest thing is that about 50% of projects in the country have been designed by our office. So I think we've been able to do some really solid engineering work in this company, along with contributing immensely to the development of this sector in our country. We are humbly proud of all our achievements.

Q3. BLUSMART basically has two main business segments. The first is an all-electric cab-hailing service, and the second is establishing EV charging infrastructure. Could you please elaborate further on these business models?

The start of BluSmart stemmed from our belief in E-mobility being the next big thing. In my head I can't do anything apart from clean and green! Even if there was a good fintech opportunity, my head isn't wired to do those kinds of projects. And we also wanted to be in a disruptive model with a large market. The ride hail market is very large in India with a size of over 80 billion dollars. If you look at charging, it is similar to fuel-dispensing company. Like the IOCLs and HPs of right now, in 10-15 years EV charging stations will have a market size of 110 billion dollars. So looking at these huge markets, we decided that this is a really good opportunity for a disruptive business like e-mobility.

Another factor we looked at was the fact that Ola and Uber were giants compared to us as a young company. But as entrepreneurs we have to be crazy sometimes to believe we can do it. So we went deeper and studied where we can disrupt in this market and also spoke to a lot of customers. The customers were unhappy because of surge-pricing, cancellations and unclean cars. Even the driver-partners were unhappy because of low earnings. This was another reason that we felt there is a pertinent reason to start this company.

We came up with simple solutions to the common problems faced by customers. To ensure no cancellations, we simply did not give driver-partners a "cancel" button! And to ensure no surge pricing is required, it is simply a fact of supply and demand. Using technology to predict whenever demand spikes in a certain area at a certain time (for example Connaught Place on Friday at 7 pm), we can send more supply of cars to that area to ensure prices don't need to be surged.

First of all we get customers by giving great customer service and the environmental benefit of going all-electric and emissionless. Then we also ensure profitability, since our running costs are very low (1 rupee per km compared to 6-7 rupees per km for ICE cabs). And to supplement an all-electric fleet of thousands of BluSmart cars, we also needed captive electric charging stations. Over the last two years we are proud to have built one of the largest charging networks in the country.

Q4. What are some of the benefits of adopting a leasing model for your vehicles?

The driver-partners, typically speaking, do not come from an economically strong background. This is why it is very difficult for them to own an asset, such as a 7-8 lakh rupee car. In order to finance their purchase, they have to borrow money at high rates of interest such as 18% or 22% p.a and have to give their gold and land as collateral to moneylenders. This leads them to eventually get stuck in the debt trap. Instead of driver partners owning the assets, ownership should lie with the large institutions such as NBFCs, governments and banks. So we said these institutions should own the assets and they can be driven by the driver-partners. It is making best use of specialization! Because the driver partners have a skillset of driving, not financing assets. Let them drive, and financing can be done by professionals in the financing industry. The cost of borrowing for institutions is significantly lower, at 6 to 8% p.a. This leasing arrangement ensures that driver-partners are focusing their energies on what they can do and are not being forced to purchase expensive assets such as cars for ride-hailing.

Q5. Regarding your recent arrangement with IREDA (Indian Renewable Energy Development Agency) for 268 crores, for what purposes will this money be utilised?

It's a leasing arrangement for securing 3000 more vehicles in the Blusmart fleet. Perhaps in the press release it got structured as a debt-oriented deal, but it is simply a leasing agreement, which is in line with BluSmart's philosophy to remain an asset-light company. As we speak, the first set of 400 cars has already come in, and the rest of the cars [2600] will be delivered over the span of next few years. Given the fact that IREDA has backed us up, we are seeing very large Indian institutions and Foreign institutions now coming up and saying that we also want to come into the EV leasing business and want to support BluSmart's model. We've seen that BluSmart has survived 2-3 waves of COVID and has great investors like British Petroleum backing them up, so we are happy to finance more and more assets for you. So, I think you will see us signing at least 3 more deals of a similar or larger nature within this year.

Q6. How have you been able to manage no cancellations and no surge pricing?

When we surveyed a lot of driver-partners, what they actually told us was that they get to see on the map that there is surge pricing in a particular area. But what actually happens is that when a lot of people start moving in the same direction, the surge actually comes down. So, the driver-partners started disbelieving the surge price system and what was happening was that despite the surge, driver-partners were not coming in there and it was just a system in which the consumers were paying more and there was no demand-supply balancing which was happening. It was only that consumers were making more so depending on your paying capacity, it was a demand-side intervention, not a supply-side intervention and we saw that using good tools of artificial intelligence, you can actually predict at what time, what demand is going to be there and then why do we need to penalize the consumer to be there? You are running such a large operation. Every data point is being tracked, you know from where are the concentrated areas from which demand is coming and you automatically send supply there rather than penalizing the consumer to do it. Also, we wanted to stop the habit of consumers doing window shopping. We've ensured that prices remain the same every day and there is no fluctuation in prices.

Q7. Everything seems to be going well for Blusmart. Your business model is asset-light due to the fact that the EVs are leased and the running and maintenance costs are significantly lower than CNG or petrol costs. It's a win-win situation for the customers as they get excellent service while also

taking care of the environment. It feels like Blusmart is poised for growth. What is the main challenge that blusmart is currently facing?

What keeps me awake are two things; One, we need much more cars and financing is not the constraint. When it comes to cars, we have enough equity money. We have enough leasing asset finance money which is there. We are constrained by the number of manufacturers who are manufacturing these cars. If Maruti is willing to produce an electric WagonR, we are willing to buy 10,000 of those immediately. The idea is, can there be enough manufacturing capacity to build these EV Cars. India has now started to sell about 2000-3000 EVs a month, our own demand for Blusmart is 5,000 EVs a month. We need more cars. As a young little startup, we have all the money to give to the manufacturers. Something troublesome is that we're getting cars at a speed of 800-900 a month against our demand for 5000 cars a month. The second thing that keeps me awake is that we are a high contact business. Thousands of Blusmart cars are running with thousands of customers every day. The health and safety of our riders and driver-partners are of immense importance. Unfortunately, every morning when we get up, because of the virtue that we have thousands of cars, every morning, we see that there is some incident which has happened in the night. This is very worrying and, personally, I get very disarrayed in my head. It's a part of the business. One principle that I would want to adhere to is to say that how can we make Blusmart, a zero-accident company? And if we can make Blu a zero-accident company, thousands of users every day can travel safely because of our well-trained drivers, because of their being proper SOS as features on the app, in the car, if we can do that and road safety if we bring the culture of road safety, I think we would have done a good amount of work in improving the society level because road accidents are really bad. So, two things which I really don't like: one, not getting enough cars and other: seeing any accidents which are happening and to believe in the mission that Blusmart will be a zero accident.

Q8. In January, you tweeted that BLUSMART would be willing to buy 1000 Tesla Model 3s. Looking at the challenges Tesla is facing in entering the Indian market as well as the benefits its entry could bring not only to BLUSMART but to the entire EV sector in India, what are your opinions on the government's decision in this matter?

I believe in the rule of law and I clearly believe that the stance is absolutely correct. I think there are reasons known to Elon himself for why he's not entering India. Tax is a very small matter, it cannot be the only matter why he's not entering. Someday, Mr. Elon will get convinced that he should come to India. He will come irrespective of whatever the tax structure is. We as a customer are very happy buying that car at whatever is the tax rate because we need those kinds of cards. We need the EV ecosystem to get built-in. Blusmart is ready to buy a thousand Tesla model 3, please deliver it and leave the taxation to us. We will manage it. We will make that business profitable because we know that if we have thousand Teslas on our platform, there'll be a huge amount of demand from people who just want to ride a Tesla and not just for going from Point A to Point B, just for the experience of it and imagine. If we can make 1 million people move on Tesla in a year, there could be potentially 100,000 people out of that who will become a Tesla buyer. So, we should be actually pitching to Elon Musk can say that Blu smart will buy a thousand cards, give you all the money for it and will create a base of thousands of consumers who will then buy we'll. Then want to buy your cars because everybody would have test-driven a Tesla car using a Blusmart platform.

Q9. As per the Delhi government's directive in December 2021, cab aggregators are slowly supposed to switch to electric vehicles. The fact that the government is incentivising electric vehicles must be extremely motivating for BLUSMART. But what are your thoughts if your main competitors Ola and Uber also enter the EV ride-hailing market? Would you view them as healthy competition or as a threat to BLUSMART?

Our ultimate motive for Blusmart is the customer loyalty we're able to create. We know that in 5-10 years, every car on the Indian road is going to be electric. Our motive is not that we are electric, our motive is that we offer great customer service. And even if our competitor turns electric with the same business model, you will continue to get stinky EV cars, cancelled EV cards, and not a great experience that Blusmart is getting to you. So, EV is not the reason why there is a service deficiency there. The business model is flawed and that's where you see the service deficient.

Q10. As a visionary, are there some exciting new ideas in the pipeline? Could we be seeing any possibility for a solar-powered charging station for BIUSMART in the near future, using your expertise at the Gensol Group? Or are there any possibilities for diversifying to the e-scooter ride-hailing at some point in the future? Or maybe even looking at moving into the EV car rentals space?

Solar-powered EV charging stations are already a work in progress. We are already building a few solar-powered EV charging stations. Our aim is that in the next 12-18 months, we should be able to 100% consume only renewable energy to power our EVs. Today our EVs are zero tailpipe emissions, but they are not zero emissions. We do not have a tailpipe so we do not make any emissions in the city of Delhi where we operate, but this EV is causing an emission somewhere in the world, wherever the power plant is. We want Blusmart to transform from a zero-tailpipe emission company to a zero-emission company and that's where our expertise in renewable energy will come to the floor. In 12-18 months, 100% of the energy that Blusmart fleet uses or Blusmart charging station uses comes from renewable and we are able to go from zero tailpipe emissions to zero-emission. On the other parts of the business - 2 wheelers or EV car rentals, we keep exploring all types of businesses, there is a strategy team that is always at work. We're just trying to think of what could be newer areas of growth for Blu. I'm not sure which one will we do first and which one will we do later. Today we are at a juncture in point where the company is very well capitalized and we can take on any new business model, which we want to do in addition to the four-wheel ride-hail and charging business that we have. It is a matter of why consumers will choose us there. If we can convince ourselves that we can build great modes, like no cancellation, no surge pricing, excellent customer service, like how we are doing for four-wheels ride-hail, there should be no reason for us not to enter other similar businesses. We keep exploring, but we need to be 500% convinced in our mind that this product is going to be excellent for the consumer and the consumer will fall in love with this product. Once we are convinced of that, today Blu has enough and more capital to go ahead and build out that business.

Q11. As a college of Commerce, we are obligated to ask this question :), by when do you feel BLUSMART would be able to go for listing on the stock markets, in case that is part of your vision for the company?

I'll be very happy to take Blusmart to listing in five years from now. We have all the experience of taking a company public as a founder; taken one company public already and the share price is 6-7x since listing. We know a lot about managing corporate governance. We know a lot about managing shareholders. We know a lot about, being responsible for taking money from smaller shareholders and ensuring that they make money. Given that we already have experience of taking a company listed and maintaining and creating shareholder value, I think there should be no reason why Blu should not also follow the same path. It is just that we are in no hurry to do it. As I mentioned, the company is very well capitalized and we will continue to raise more capital in the private space before we go public. I think public is not on the agenda at all. It should be an agenda, which we should think about at least 3 years from now and implement 5 years from now. So, that would be kind of a timeline for Blu to go public. Hopefully, we can do what is called a great IPO and I will call a great IPO in which shareholders make money, not by the quantum of IPO or the size of IPO.

Q12. Can you give any suggestions or tips for our readers who are passionate in the field of renewable energy on how to make the most of this growing avenue in India?

I was just telling you the ride-hailing and charging addressable market and about close to $200 billion. The addressable market for clean energy including electric mobility putting all the various businesses is an excess of $2 Trillion over the next 10 years. It's a huge market. We still have very few players in the market. There will be areas; don't get frightened that there are large players in the market: what will we do? Every large player, including when Blu becomes large, there'll be some chinks in the armour, which will always be there. Nobody will be perfect. So, for example, we were able to find out that the chink is in no cancellation, no surge price. There will always be those chinks, which will be there and exploit those chinks and keep on disrupting the market because the market needs much better people. The market needs much better efficiency. The market needs much better performance. Don't get frightened by anybody large. Just go ahead and build it and today the world is supporting entrepreneurs like never before, fundraising has become far easier. Bet on the sector, because like I mentioned, it's more, the trillions of dollars are going to flow into the sector over the next 10 years and it's a huge opportunity and whoever are the players today cannot alone build it out. We will need 20 more Blusmarts for India to become all-electric, alone one Blusmart cannot alone do it. Just go ahead and build the business. Don't get scared, God will be kind to all of us and the right intentions, right principles, right thoughts will get you there. If you keep your customers happy, your stakeholders happy, your driver-partners happy, from a Blusmart perspective, you will see that the business is happy.

TERMS

Cannibalization

It is an unfavourable tradeoff in which sales of a new product or service reduce sales of current products or services, reducing or eliminating overall revenue.

Hyperlocal

"Hyperlocal" refers to issues that affect a specific community or area. Businesses use the word hyperlocal to encourage their employees to stay focused on a particular market.

Outbound marketing

It refers to any kind of marketing where a company initiates the conversation and sends its message out to an audience. Outbound marketing examples include more traditional forms of marketing and advertising such as TV commercials, radio ads, print advertisements (newspaper ads, magazine ads, flyers, brochures, catalogs, etc.), tradeshows, outbound sales calls (AKA "cold calls"), and email spam. Outbound marketing is generally harder to track and less profitable than inbound marketing, yet ironically, organizations still spend as much as 90% of their marketing budgets on outbound marketing. Organizations looking to improve their sales and return on marketing spend would be well advised to re-allocate an increasing percentage of their marketing budget on inbound marketing techniques.

IN CONVERSATION WITH

RAJ DAS

Co-Founder and CEO of Hirect

Read on as Khushi Bansal and Srishti Gupta take an interview of Mr. Raj Das, the co-founder and CEO of Hirect.

We have a philosophy at Hirect which we use for hiring, that is called Hash- H for humble, A for appreciative, S for Smart, H for hunger for success.

Hirect

Hire Employees Directly
Find Jobs Instantly

Hirect, the best app for start-up hiring, connects the matching candidates with the recruiters. Chat directly and hire anywhere, anytime.

Mr. Raj Das is the founder and CEO of Hirect, which is a chat based mobile hiring platform that allows recruiters and potential job seekers to connect on a single platform thus eliminating the head hunters. At a very young age of 26, he built it from scratch and has taken it to such great heights that more than 50,000 startups trust Hirect for their recruitment needs today.
Raj completed his Bachelors of Science in Chemistry from IIT Bombay and then instead of joining a regular corporate job in a big company, he joined a start-up called Giant View Pvt Ltd as a product manager. Then, after working for approximately 2 years, he established Hirect.
We found his story really inspiring and hence, we bring to you all the insights from his journey of hard-work and consistency in a nutshell.

Q1. Hirect- the name comes from Hire + Direct. So, the platform mainly focuses on eliminating the middlemen in the hiring process. How did this idea of eliminating the middlemen strike you? And why did you think that it was important?

Yes, The name 'Hirect' comes from Hire + Direct. However, eliminating the middlemen is only half the job that Hirect does. Along with this, we also make sure that the hiring is done by the start-up/company leaders who possess the decision-making power. This idea stemmed from the recent rise in the number of scams in the recruitment industry. If we look closely, most of these scams are done by unverified recruiters, which are the middlemen, who do not possess any recognition or legitimacy. Hirect prevents these scams from happening by using a strict document verification mechanism which proves the legality of the business and the authority of the recruiter. Through this we ensure that only the decision-makers are allowed to recruit.

We are specifically designed for start-up hiring, because we believe that the success of a business lies in the hands of its team. If you have a good team, then you will most probably succeed. However, if it is bad, you will find it very difficult to succeed, howsoever good your idea is. Hence, we assist the start-up owners to choose people for their team on their own, without relying on the consultants.

Q2. How did you check the feasibility of this idea? Did you conduct any pilot run or a survey sort of a thing?

It is very important to validate your idea before leaving your job or investing capital in your start-up. However, validating your idea is very easy. You don't even need the actual product or MVP(Minimum Viable Product). You simply need to talk to unbiased customers, tell them about your idea and assess their reaction. Before building the MVP, we talked to hundreds of potential customers. Then, once we started getting confidence in our product, it was worth a try, we built the MVP. After that we acquired around 10,000 users to validate the idea using the MVP. At a later stage, you grow it to, let's say, 1 lakh users. Gradually, more users join you and you attain your product-market fit. After attaining it, you can scale it up aggressively.

Q3. After graduating from one of the most prestigious institutions in India, that is, IIT Bombay, you worked with start-ups like Giant View Pvt Ltd and Guangzhou Nemo Technology as a product manager. What really evoked the desire of establishing your own start-up, leaving a job with immense growth potential?

When I was graduating, I wanted to open a start-up. But I was not in a position to take that much risk because of financial dependence. So, I opted for the job as a product manager and I think that was a very good decision as I learned how to build a start-up from scratch. After 2 years of working as a product manager in start-ups, I knew exactly what goes wrong in establishing a start-up and what are the best practices for start-ups which reduce the risk. So, I would say that this is one of the good decisions I took before starting my own start-up. So, I have my experience from success and I also have my experience from failures which I can avoid in my own start-up.

Q4. What do you think is the best job role for all round development of a potential start up founder and how did the experience you gained at your job help you in building Hirect?

Product Managers are called mini-CEO's. Some companies just call it for the sake of it but do not follow it. However, I found myself very lucky because the start-ups I worked for, they trained me not just as a product manager but as a mini-CEO. When I was working as a product manager, I was building products as well as doing user growth and everything else a start-up does. So, as a product manager, I also learned working in all other departments, which really helped me in building Hirect from scratch. When I started Hirect, as far as skills were concerned, I never got a feeling that any task was something very new to me because most of the things I already experienced in my last two start-ups.

Q5. Being a fresher from top tier colleges such as IIT Bombay, weren't you scared to work in a start-up and not to go for a regular corporate job. As freshers, we are sceptical about joining a start-up because of their low paying capacity and low job security, so how did you make that decision?

Before you decide to join a start-up, you look at the founders or the mentors. If you find them to be of similar mindset and you can trust them, then go ahead and join them. The risk will be minimum. In a start-up ecosystem, it's always worth taking risk because the risk-to-reward ratio is very, very high. You join a start-up; if it fails you get the learnings which others will never get, but if you get success, the rewards will be so high that you can never get anywhere else. So, if you expect a million times rewards, you have to take some risks. I don't say joining a start-up as an employee has so much risk. So even if the start-up gets shut down after one year, it's very easy for you to get a better job because now-a-days, all companies value the experience one has in working with a start-up.

Ques 6. Who according to you are your biggest competitors and how do you differentiate yourself from them? What is your U.S.P?

To be very honest, we don't see any competitor who is very similar to Hirect. There is no platform which doesn't allow a middleman to become a recruiter. We are a very unique product in the market and we are also tapping the start-up ecosystem which is not tapped by anybody. We are in a space which doesn't have enough competition. But if you want to ask me the differentiator we have, the moat we have, it is always going to be technology. So, we have a modern-age matching algorithm which matches the recruiter with job seeker precisely based on their behaviours and that can eliminate all the inefficiencies. So yes, the matching algorithm is our moat and it's very difficult to build one.

Ques 7. What is the major revenue source of Hirect? Does it charge from both job seekers and job providers? And what is the current funding mechanism?

As of now, we don't charge job seekers. We only charge the recruiter on a premium model. Premium means some of these services will be given for free but if you want to get more services you need to buy a subscription. So, let's say you can post 2-3 jobs for free, but if you want to post more jobs then you need to pay. For the funding, as of now, we recently raised (cbc-not clear) from Silicon Valley investors and financially we are quite stable and we are getting good attention from the investors club. So, we are very confident that we are going to be a very big brand in the hiring space.

Q8- How did you pool the monetary resources at the time of establishing?

Now-a-days, the funding is easy if you have a good product-market fit and a good team. Based on our background, we also have good networks with investors and the problem we are solving is a very novel business. So, it was really easy to raise funds after we proved that this idea was worth trying and our initial funding came from the investors whom I already knew before.

Ques 9 Though Hirect has an early mover advantage in this segment, more start-ups may come up in the same space in future, which is quite common in the digital world. What is your strategy to deal with them?

We are a business which is very difficult to do in the early stage. You cannot delight the recruiters if you do not have millions of job seekers. Similarly, you cannot delight the job seekers if you do not have lakhs of recruiters. To start delighting your recruiters and job seekers, you at least need 1 or 2 years to acquire those millions of users and a lot of capital. So, it's not easy for a start-up to beat us in a short span of time and more than that, our technology which is a matching algorithm is very hard to build. So, it usually takes 3-4 years to build. Therefore, if someone starts today we will be ahead of them because we started two years back.

Ques 10. Where do you see Hirect 4-5 years down the line?

In the next 4 to 5 years, we will see all these start-ups and SMB's will stop relying on consultancy to hire their talents. All the leaders in the start-ups will hire by themselves. Second, we are also looking forward to making a global recruitment platform. For example, companies from the US can hire Indian talent and let them work remotely through Hirect. So, we have two visions. One is to fulfil the needs of a start-up ecosystem. Second cross border hiring.

Q11- Do you have any plans of diversification of operations like introducing a skill development program for potential job seekers or making Hirect more community oriented?

We believe that if we focus on community building, the efficiency of hiring might reduce. It's easy to build a community, but it's difficult to provide the best user experience in the community. So, for the next few years, we will focus only on hiring and later on we will jump onto community building. I believe instead of doing so many things, do one thing, but make sure you delight your customers. If in the early stage, we try to do so many things, we will end up doing nothing good.

Ques 12- Starting something of your own, that too from scratch is definitely not a cakewalk. What are the various challenges you faced as a founder when you felt like giving up and how did you overcome them?

The early stage of any start-up is very challenging and the major one will always be building your team because it's very difficult to convince others to believe in your idea. So, hiring and building the founding team was one of the big challenges. Secondly, as I said, we are in the kind of a business in which it's very difficult to delight job seekers or recruiters if you do not have millions of users on the platform. So, acquiring and retaining those first few 1000 users was very challenging. But we never gave up. We knew our long-term business was going to be successful. So let us bear short-term failures.

Ques 13- Sir since we are talking about start-up systems, what do you think is the one thing that runs through the entire Indian start-up ecosystem? Or is there anything which differentiates the Indian ecosystem with the global one.

I think India is such an economy where the acquisition of customers is very easy but the retention is difficult. But if we look at economies like the US and Japan, the acquisition is difficult but the retention is very good. So as of now, Hirect has better retention in the US than India, but acquiring users in the US is much more difficult than in India. Also, the language in most of the other economies is common throughout the entire nation. For example, Japanese in Japan and English in the US, but in India we have so many languages.

Ques 14- You have millions of users on your app. So how do you ensure the credibility and the quality of job seekers and recruiters who register on your platform? Is there any serious CV vetting mechanism in place?

We verify each and every recruiter's documents. If somebody wants to become a recruiter, they'll have to submit at least one document that verifies whether their company is legit. For that, they can share with us their GST certificate or CIN certificate or any legal documents which proves that the company is legal. Secondly, the recruiter has to prove that he or she is a decision maker at the given company. For that, they can share their company ID card or any document which proves their designation. We manually verify all the information and also the documents to decide whether we should allow or deny this recruiter. For job seekers, we run some automation to detect whether the description or the profile information is correct. Besides, we manually audit the profile of these job seekers. Because we know that if some bad users come to our platform, they will spoil the experience of other users. So, we ensure the quality of users.

Ques 15-Does Hirect undertake any responsibility for ensuring employees' and employers' rights, like timely pay and non-exploitation?

On Hirect, we give full discretion to the users. It's the users who decide to whom they want to share their personal information, for example- CV or phone number. We are not a platform wherein one creates a profile and then their CV or phone number will be exposed to everybody and would be receiving random calls. Before one shares their personal information, they can evaluate whether this recruiter or job seeker is good or worth talking to. So, the users have the surety that it will not waste their time. The mechanism works as I, as a job seeker, look at the JD and if it's good enough, I request the phone number which is then extended by the application or I share my CV with the recruiter. Everything happens with my consent. So, nobody can access any of my information without my permission.

Ques 16- Hirect has become very popular amongst founders and hiring managers who were earlier struggling to find potential employees for their respective firms. What is your marketing and promotion strategy to position Hirect on a larger scale?

We are a company that doesn't believe in spending millions of dollars on marketing because if we were to spend so much on marketing, it'll lead to the price of the product becoming expensive, and that's not something that we want. We want to shape our product and services at a cheap cost which is why we don't spend hundreds of millions of dollars on marketing. What we do is build a great product that helps users' problems and delights customers. When our customers are happy with Hirect, they will recommend hirect to their friends and that's how we grow. But for the awareness part, we use techniques like influence marketing and use platforms like linkedin, Twitter, Instagram, Youtube to increase our reach. The most prominent contribution towards growth is through word of mouth and this growth strategy has proven to be cost-effective because when our customers are referring us to their friends, there is no cost involved which helps us increase our database without spending much capital on marketing and if that happens we can keep the price very low.

Ques 17 If you were given a chance to travel back to day 1 of your startup and have a chat with your former self to communicate the lessons you have acquired with the intention of preventing mistakes, what would you tell yourself?

I would tell myself that ideas don't work unless you make them work. An idea is a very small part of the success of the startup and most of it is- the implementation. As a founder, you can hardly do 1% of everything that needs to be done while more than 99% of the things will be done by your team. Even if somebody knows your idea, he has got only 1% of the entire startup, he or she still has to build the other 99%. So, you work on the other 99% rather than working on 1%. Therefore, it's quite essential to focus on building the best team for yourself because that'll solve the majority of problems. So, I will tell myself that just because I have an idea, it doesn't mean that I will be successful. Throughout the process, I will have to add up to a lot of rejections and I'll need to spend most of my time hiring the right people for me because they are going to do most of the things that are needed to build this startup.

Ques 18 As you said, a major part of your success is because of your team. So how did you really find the right team for yourself?

We have a philosophy at hirect which we use for hiring, that is called Hash- H for humble, A for appreciative, S for Smart, H for hunger for success. I like the fourth one the most because you can hire people who have greater skills, but if they are not committed to the company, their contribution in the long term will not be good but if someone has a burning desire to do something good in life, you can teach them skills and they will do much better in the long term. So, we do not only hire people based on their skills. We mostly look at whether they have a burning desire within them to do something good for themselves, for the company, for the country, that's a great hiring strategy.

Ques 19. Entrepreneurship isn't an offbeat career choice and is grabbing the attention of every other youngster. Any advice you would like to share for college students and young entrepreneurs? What, according to you, is the right time or the right age for someone to set up their own startup?

If you are in college, you have a lot of time to find the idea. The ideas will mostly come from observation, keep your mind open and observe the things, observe a problem and find a solution. If you have any idea, college is the best place to validate your areas and build a good network. If you are in college, start validating your ideas. If you believe your idea is worth trying then take the risk because the risk to reward ratio is very high when it comes to a startup. So, if you fail, you get the learnings, if you succeed, you can become a millionaire or billionaire which is impossible in any other way.

Ques 20. What according to you at the right time or the right age when someone should set up their own startup.

I think there is no right age to start your own venture. And the right time depends a lot upon the business. For example, the Hirect pandemic was the right time because millions of people lost their jobs and after the pandemic, the economy was bound to recover so there was going to be a massive spike in hiring. Hence, for hirect, it was the right time. But for other businesses, the time will be different but, there is no age for doing a startup. No matter at what age you are at now, you can start building your startup right now.

IN CONVERSATION WITH

GAUTAM RAJ ANAND

Co-Founder and CEO of Hubhopper

Read on as Srishti Gupta and Stuti Banka take an interview of Mr. Gautam Raj Anand, the founder and CEO of Hubhopper.

"Sometimes all you need is just 20 seconds of insane courage, 20 seconds of embarrassing bravery and I promise something amazing will come out of it."

Hubhopper is India's largest podcast hosting, creation, and distribution platform. Hubhopper's distribution network spans both Indian and global streaming partners and its in-built tools are designed to make podcasting as simple as possible.

Mr. Gautam Raj Anand founded Hubhopper, India's largest podcasting and audio on demand company. Hubhopper stands as India's largest platform of its kind with over a million hours of audio content spread across 15 vernacular languages and 8 consumer and creator-centric products and services. It offers various demand side products that let you consume all your content on demand and on the go, and supply side products that make the entire process of publishing audio content way easier.

Mr. Gautam pursued Economic Honours from Delhi University. After graduation, he joined Barclays Bank PLC as a senior risk analyst. He was a part of Forbes "30 under 30 Asia" for 2018. He was also the entrepreneur of the year for 2018, by Entrepreneur magazine.

We found his story really inspiring and hence, we bring to you all the insights from his journey of hard-work and consistency in a nutshell.

Ques 1. After graduating in Economics Honours from Delhi University, you joined Barclays Bank PLC as a senior risk analyst. What really evoked your desire of starting something of your own and leaving a high-paying job? How did you take that leap of faith?

I never had the intention of becoming an entrepreneur. I always wanted to be a banker. Most folks in my family are bankers. So I studied my courses and did my internships accordingly. Finally I achieved the dream I had always been wishing for and got a job at Barclays. But on the first day itself, I realised that it was just a dream I had created in my own mind. It was not at all what I thought it to be. It was quite monotonous and there wasn't much room for an individual to step out of line or do something new. As a consequence of that, in order to make my work days slightly fun, I started consuming content at work. Still, I couldn't consume much video-based content and many sites were also blocked. De facto I turned to passive consumption and one medium I fell on was podcast. So I started listening to a lot of podcasts and other self growth, self development and upskilling content while at work. Deeper I got attached to it, the more the questions started coming to my mind as to why are there not more products in this space? If actually an argument were to be made for an audio based platform or podcast in India, would it do well? Here I was subconsciously creating the foundation layer of starting up an organisation. Post that there was a series of domino effects. Final day of quitting to actually mastering the courage to do that was very scary but I had a very supportive family. I watched the right movie at the right time that gave me the right kick. So, that's how it came out.

Ques 2. You often talk about a 20 seconds rule that changed your life, could you please elaborate a little upon how it influenced you?

All of us have lots of dreams regarding what we are gonna do or what we want to do. But there's always a voice in our head saying this is too risky or scary. Essentially, there was a movie called, "We bought a Zoo" that I watched way long back while working at Barclays. In the movie there was a line which a father tells his son, that sometimes all you need is just 20 seconds of insane courage, 20 seconds of embarrassing bravery and I promise something amazing will come out of it. So, the next day, while I was at work, I didn't know when did this happen, but I started counting to 20. By the time it was 10, I was already standing up and walking up to my boss's office. By the time it was 15, I was focussing on the fact that I have only 5 seconds to do it, otherwise I would never be able to do it. At 18, I entered his room and in dramatic fashion, I told him that I quit. Had I not have a guiding principle or the guiding light through the years, I would have been easily caught up in my own fears, in my own overthinking. So now every time I am at crossroads, I just start counting to 20. By the time I reach 20 I'd already made a binary decision and whatever decision it is, I would stick to it.

Ques 3. Hubhopper Studio is trying to eliminate all barriers for anyone wanting to showcase their talent and establish an audience base. How is hubhopper bridging the gap between publishers and their target audience?

Initially when we were analysing the market, we set up 2 sides of Hubhopper. First side was the demand side. Podcasts are very different from other mediums. So I tried figuring out where people were already consuming a lot of content and instead of trying to bring them to one avenue, I wanted to take content to them. So we started partnering with different companies to create audio verticals within those companies so that podcasts could finally play on those platforms. We integrated with spotify, gaana, wynk, hungama, samsung, ola, paytm, phonepe and many more. A very interesting thing that came to light at this point was that the supply side of the market wasn't growing at the same rate as demand. People weren't creating much of the content which was a trouble not just for us but for the entire ecosystem. When we reached out to the creating community to understand the hurdles they were facing, we found that it wasn't their lack of intent but just a lack of understanding. People didn't know where or how to get started. We wanted to democratise software on the supply side for people to be able to create podcasts on the go. This is what hubhopper did. Hubhopper, a SaaS based platform, is actually a collection of studios. It takes care of every aspect of the creation process. So as a creator, you don't have to worry as the content will always be pulled directly from you. We created such tools to enable people to record from their own houses rather than coming to studios. We created editing tools that were really easy so that people could edit on the go. We built analytics into the platform and marketing tools like audiogram. We created all of this under one roof and that roof is called hubhopper studio. So under one studio only, you can now post, record, edit, distribute, analyse, monitor, market and pretty much do everything.

Ques 4. Podcast streaming is a highly competitive industry. What makes hubhopper unique in such a competitive market? How do you manage to keep it a success nevertheless?

Podcasts as a medium are very complementary rather than conflicting. On the surface it may seem that since both are in the podcast space, they are competing. But that's not the case at all. We are Spotify's largest partner for Indian content. So whenever you are listening to a podcast on spotify, chances are that it is being streamed from Hubhopper. Similar is the case with gaana or any other platform. We may on the surface look counter intuitive but we bought Hungama, Wynk and all of that into podcasts. We built their podcast verticals so that users on the demand side are able to consume content in a very easy manner without having to worry about downloading new applications.

Ques 5. Artificial Intelligence and machine learning are the talks of the town in today's digitised world. How are you leveraging this trend and how helpful are they for the podcast industry?

I think a lot of these words are buzzwords. But if you are in the content space, you have to have elements of AI. AI is basically as simple as if you are listening to a podcast, it would give you recommendations of other podcasts. That's the intelligence of the platform that is essentially able to tell that a user who likes X, will like X1, X2,X3 etc. That's pretty much what it is. So all content platforms will have an element of AI in them.

Ques 6. The Company was launched in 2015 as a social network. You evolved it bit by bit and transitioned it into a content aggregation platform over time. What are the various challenges you faced during your initial days when you felt like it's not working and how did you overcome them?

When you are creating a company, it's not like you will feel that it's not working. You are constantly making micro adjustments to your organisation according to what the audience needs, basically ensuring product market fit in the best way possible. Take it as if you are in a boat in a river and that river is taking you right or left. You might hit some rocks along the way but as long as you are understanding what's happening with the river or you understand the pedal motions, you pretty much manage.

Hubhopper was never a social network though it came out in the media as one. We couldn't market ourselves as a podcast company because in 2015, people weren't much familiar with the term 'podcasts'. Thus we had to have multiple media formats, such as podcasts and text. We onboarded people by text and then gave them podcasts. Had I tried acquiring users at that time, my Customer Acquisition Cost would have been so high in just explaining to people what this damn thing is. And then when the market itself began to evolve in such a manner that 'podcast' became a well comprehended term, we got to drop that big big hurdle.

Ques 7. Hubhopper is a quite unique and catchy name. What was the story behind naming your company ' Hubhopper'?

It wasn't supposed to be hubhopper actually. It was supposed to be Hubstur. There's a real story to it and a fake story to it. So I will tell you the real story. I wanted to come up with a name when I was 23 or 24 years old and I couldn't figure out what name to come up with. But like all Indian moms who want to jump in everything you are doing, my mom would keep calling and asking me if this or that name would work. On a similar day, she called me and suggested Hubhopper. So then I thought, 'Yeah, it's a good name.' So basically it's my mom who kept the name ' Hubhopper'.

Ques 8. What would be the revenue model of Hubhopper? Out of the demand side products and supply side platforms of products, what dominates the revenue models?

Hosting platforms such as hubhopper, basically allow the hosting, editing, creation, distribution and marketing of podcasts. Hosting platforms run in four major ways. The first way is that hosting platforms are predominantly SaaS platforms. So, essentially when creators utilise your platform, there can be different types of accounts that they are creating on different apps. There can be a premium to premium model where you basically have certain creators that are using premium aspects of your products, and then there are certain creators that want advanced analytics such as user tracking and editing capabilities. So all these sorts of things would basically be in the SaaS aspect of your organisation.

The second one is through advertising. What happens is that everytime as a host when people are creating on your platform, you are essentially the platform that is required to monetize on those podcasts, or advertise on those podcasts. So you partner with ad tech companies and do host campaigns as well. And programmatic campaigns are like youtube, where ads get inserted within the podcast. So both of these can be heard anywhere whether it's spotify, gaana, according to where your ads are, essentially that's where it's played.

The third method is through direct payment. Hosting platforms can directly enable payments from listeners to podcasters and then as a commission for that, they earn a little bit.

The fourth one is through content services. Now these are also of two types. Firstly, brands want podcasts made but don't know where to get them made, or from whom. In these cases, they come to our platform, because we are sitting with a lot of creators. We help them monetize and also monetize as a consequence. Secondly, we sometimes Partner with certain companies from the demand side. And in return, receive partnership level charges that are recurring.

We have not specifically come up with these models, but it's the way hosting platforms monetize.

Ques 9. Where do you see Hubhopper 4-5 years down the line? Is there any plan for diversification with respect to the services you offer?

Generally emerging markets do not have as many avenues for creators. Right now platforms such as Hubhopper, just exist around the states or western europe. If you're looking at high growth markets like Indonesia, South America or the Indian sub for podcasts, there isn't software available for creators nor for demand side platforms. So for us we see huge merit in becoming a little more geographically expansive as well as more locationally invested.

The 2nd thing is essentially building out features to enable creators, and maybe, lay around to see how differently we can function in the same model. Rather than just doing podcasts, they can explore other avenues as well. Personally, I'm super excited about it, since these days you are generally looking at more platforms from the demand side, and creators coming at the supply side. So the evergoing requirement for an enabling platform to match both these demand and supply aspects becomes important.

Ques 10. Pandemic has had an impact on businesses globally. We saw a number of businesses that prospered,

while some had significant losses. In view of this, how was the performance of Hubbhopper during the time?

The pandemic was good for the podcast industry. Maybe not in terms of immediate monetization, but incredible awareness. We all started speaking of podcasts since the pandemic, as people were stuck in their houses. They couldn't watch tv forever, so they turned towards different mediums. What otherwise would have taken 5-7 years in terms of building up, you saw that happen in 15-17 months, and a whole industry was born as a consequence of it. Brands have taken more time to change how they spend money or look to acquire customers. Pandemic was to generate awareness. Even from a monetization standpoint, the pandemic while in the very short run may have slowed things down marginally, but in the long run you'd see an upward trajectory.

Ques 11. Currently Hubhopper employs around 30 people. What is the organisational structure followed to ensure smooth management? How is the working culture, and how do you keep people enthusiastic to work?

I think a very important thing is to not see yourself as a specialist. We are not a hierarchical organisation, we all are around 33 years of age, and friends. We play football every few days together, in a very light and welcoming environment. So generally when you're building something together, it's like a little army. A voyage of your own. It's not like these things have been built before, so it can either be a big shipwreck or a massive success and that's what makes it exciting, the fact that it's not been done before. I would be in a different mindset, if we were in an industry where we are just replicating something that has been built before. It is the hustle and innovation that drives everyone together. I believe everyone is way brighter than me. I am very happy and blessed to be working with them.

Ques 12. Internal podcasts are released by a number of organisations for their employees. So, does Hubhopper have an internal podcast? If not, do you plan on releasing one in the future?

If there was an internal podcast, I would have to run it, and if i had to run it, everyone would lose their mind since they already listen to me talk all the time. It would make sense if we were a much larger organisation where you need such culture to be updated, where you are not able to meet them everyday, but we don't have such a structure yet. Chances are, we will in the future, and for that I am very excited. Currently, what are they going to hear from me that I'm not discussing with them on a daily basis?

Ques 13. Any advice that you would like to share to the college students or budding entrepreneurs out there?

This is the age for you to take risks and you won't believe how many people want stability by the time they are 21. I am still not able to wrap my mind around the fact. Fortunately I feel everyone has in their mind what if, I want to try this, or do that. Truth is, when you start it, you're gonna be shitty. Right now is the best time to start, you have the least responsibility, and largest room for failure. Anyway you're gonna be bad at it when you start. You are at an age where you can build something without thinking about it. The corporate world is always there, it is not going anywhere. The very fact that you guys are in SRCC means that you are either gifted or you guys are willing to put in the large amount of work required for you to reach heights. So these things are the default that the corporate world requires. It's not gonna go away by the time you're 24. Maybe you can explore non linear stuff, take risks. You guys are already killing it. Will you put in the efforts required in the corporate world? Yes. But that should not be your go to option, whatever people say, it's a more monotonous journey. Not saying the rewards are greater in one, but for people that are young, things get a little more monotonous. Saying that because I made that mistake. So that's basically one suggestion I had.

TERMS

Triple Bottom Line(TBL)

It is the BCK philosophy that promotes the belief and evaluates the business's performance on the basis that attainment of profit care for people and care for the planet are equally important. The equal emphasis on these triple P's that is profit, people and Planet is known as the TBL.

Key person insurance

Key person insurance is a life insurance policy that a company purchases on the life of an owner, a top executive, or another individual considered critical to the business. The company is the beneficiary of the policy and pays the premiums.

Synergy

It is the way that different components work together to complete a goal. A team that gets along well and produces high-quality content can be described as having synergy.

The January effect

The January Effect is the perceived seasonal tendency for stocks to rise in that month. It is theorized to occur when investors sell winners to incur year-end capital gains taxes in December and use those funds to speculate on weaker performers.

IN CONVERSATION WITH

SATANIK ROY

Co-Founder of HyperXchange

Read on as Saharsh Jhunjhunwala and Jyoti Rustagi take an interview of Mr. Satanik Roy, Co-founder of HyperXchange.

"In a single line, HyperXchange is today India's Number 1 brand for refurbished electronics. I started this out of my dorm room, way back in 2016"

"Ideas are something that everyone has, execution is the key, but if more people are not looking or not focusing on the market, it means that something is wrong with the market and we realised this on day one"

Being the first person from East India to be featured in Forbes 30 under 30, Mr. Shaitnik Roy is a mechanical engineer turned entrepreneur. Started out of a dorm room to connect the first and fourth-year college students, his startup, HyperXchange is a premium electronics brand that sells refurbished smartphones with warranty/insurance and is now invested by IIM Calcutta, Microsoft, C.P. gurnani, CEO of Tech Mahindra, and Mukesh Soni, director of jp morgan. Sir has also been featured on CNBC, Hindustan times, times of India, and several other media houses. He has also been featured in a case study at IIT Delhi and Indian Prime Minister Narendra Modi's official government manual - PM YUVA. He is also the author of the books "THE CLASSIC RETREAT OF ANARCHY" and " I met the demon". Completing his postgraduate degree from Stanford University, he has also Spoken for several media and universities, including the IITs and the IIMs. he was hosted and honoured by the consulate general of Scotland and Japan. He also holds a place in the Guinness book of world records

Q1. Can you please elaborate on the business model of HyperXchange before we start with further questions?

In a single line, HyperXchange is today India's Number 1 brand for refurbished electronics. I started this out of my dorm room, way back in 2016. Interestingly, I am a mechanical engineer by my education and I completed my post-graduation from Stanford University. Just like any other college student, I don't have deep pockets and was looking for alternative options, i mean, how can i get this Mac which would cost me a lakh or say, Rs 50,000 or more. The only options for me were the gaffar markets of Delhi because I don't hold a credit card as a student. So, interestingly, when I reached over there, I realised, even if someone is buying a product, you don't even know if they are buying a product which is stolen. This was a major thing that I realised and came back to my dorm, and did some studies. Back in 2016, this was a $25 Billion opportunity, today it is around $100 Billion. And 99.99% of this market is a grey market, unstructured market. We realised that if we could build a brand out of this refurbished market, this could be a huge opportunity. And post covid, with the climate positive angle, which is something we are greatly stressing upon and with work/ study from home and the net disposable income of people coming down, people losing jobs, hiccups in their salaries, everyone eventually started looking for affordable options. This market could be much more of a structured market where flipkart and amazons of the world have started to come in this market which makes you believe that this is the market which is going to grow in the next couple of decades.

Q2. How does it feel to be in the elite group of Forbes 30 under 30? How did you feel when you came to know about you being published in it?

Well, there are two stories around it, so I have been named in Forbes 30 under 30, both in India as well as in the Asia category. So, I started my entrepreneurial journey, way back at the age of 18, HyperXchange is actually my second startup, I had sold my last startup. HyperXchange is my second startup, and having said that, that was a time when I first heard of this Forbes 30 under 30 list and it has been a dream since then and to be very honest, just like any entrepreneur or any other, say professionally , who's not in the corporate career but trying to make a place which is you know, just as Robert Frost mentioned, ' There are two roads diverged in a wood, and I took the one less travelled by, and that has made all the difference'. So anyone of us who are looking forward to the other road out there, we tend to realise there are certain milestones that we achieve and that's when people start trusting you as a person because there is someone else, say some elite group like Forbes or CNBC, mentions that this is the person to look out for. So definitely that feels like an honour, but yes at the end of the day, life does not change, we are again back hustling, probably, for the next target out there.

Q3. According to a 2016 Deloitte report, global sales of refurbished smartphones was expected to increase from 56 million units in 2014 to 120 million in 2017, growing at a CAGR of 29%. Has this growth rate still continued since the pandemic has negatively impacted the global economy?

Interestingly, if you look at the report, reports are made on data available. The million number of units you are speaking about is from the structured market that the company realised. Whereas, speaking about a market which is 99% of a grey market, say in a gaffar market, you don't even know how many units have been sold.
Today, this market, on a structured basis is doing a 40% CAGR and this market is growing post pandemic at a rapid rate because of 4 major reasons:

Due to the China issue, the silicon chip prices across the world went up, which led to a huge increase in the manufacturing of new electronics like mobiles, laptops, tablets etc. and accessories.
With work/ study from home, suddenly the requirement in the number of devices went up.
The net disposable income of people went down, people lost their jobs, there were hiccups in salaries. Even in businesses, each of them had a tough period for a certain time. Many of the businesses are now recovering, but everyone had this issue, people started looking for affordable options and the answer was simple. If you're looking for a device, which is half the price, what would you buy, would you buy the Chinese device or would you buy from the reputed brands like apple or samsung.

Today, if you look at the macro level, the focus has been towards climate positivity. I was just reading a report yesterday, so basically we are starting a European operation, because we realised there are two markets we operate today in, majorly, one is the US market and other is the Indian market. US, though understands the climate positivity angle but India is far far behind today to understand the climate positivity out there in the world. Having said that, Europe is the climate capital of the world today. Just a few months back, OP 26 happened, where even our Prime Minister was present. That is the exact fact we are focusing now upon. Why? Because for every refurbished device, a person is buying one new device that is not being manufactured. Selling almost 25,000 devices a month, we are reducing 13 lakh megatons of carbon dioxide emission in the world. We are reducing 7 tonnes of e-waste produced every hour.

Today, we are doing this business, we are profitable, we are EBITA positive and we are scaling. That's the major part around it that we are focused on and we realised why India and US will be the greatest markets in terms of penetration towards customers or say, in terms of growth and margins going up but the global story has to be built out of Europe and that is the reason today we are focusing majorly on Europe where we are building a global story where we're saying, I'm not into the business of refurbished electronics, I'm in the business of creating a planet positive venture.

Q4. If you plan on doing this European market penetration so, would the ratios be reducing from the US and Indian market and would they remain same and you would be scaling up or would the ratios be changing at some point.To quote financial express this online to offline electronics re-commerce platform hopes to sell 15 refurbished devices every minute. How is HyperXchange working towards this goal?

I think there are two perspectives to this and I will answer the first part of your question that you mentioned, that many countries which are now going towards economic adversities. The question is why? The answer is very simple. Here I am speaking about, at a point where I spoke about the number of new mobile devices going down and the number of refurbished devices going up. But if you look at the micro level of this fact, How will this really happen? It really happens, you know, if we can take this as a revolution, in terms of socio-economic growth and what I mean by that isn't about stopping the giants, it isn't about reducing the economy by stopping the giants from manufacturing new devices. If you remember the same, like 15-20 years back, right, if we were going to school, the time we are going to school, if our shoes have torn out, there would be a cobbler right beside your home who used to stitch it. Today, if our shoe is torn out, we buy a new shoe. What really is the difference? There's this giant manufacturer who produces more and more and more but at a micro level there was this cobbler making his everyday life, livelihood, from this stitching of a shoe, is now out of this all together. Refurbishment isn't going to happen in China, Why? China is the manufacturing capital of the world. It is at a place where it has system, process and automation, where no one can probably reach in the next decade. But Remanufacturing will happen in India because India has the best skill set and the lowest labour cost and similarly about the countries you are speaking about Sri Lanka, about all the Asia Pacific countries out there, that is the first point to your answer, that this is why this industry when, when I say scaled, at a larger level, will create subsidiary job opportunities which probably giant manufacturers can't create today at any chance, right. Second, no definitely, you know, when the global scale up happens, it doesn't mean you tend to scale down your other opportunities, right. As I just mentioned, in terms of market penetration, in terms of margins being raised; India and the US will continue to be our focus. The focus from Europe will be the story telling part, about where you are speaking out, about there is something out there, which can tomorrow create an environment for a better future. That is a story which will not happen out of India, which will not happen out of US, but will happen out of Europe and this is the reason the European market I spoke to you about.Talking about our goals,we've seen a 3-digit growth for us in 2021 in terms of percentage and now we sell over 30 devices per minute.

Q5. What impact do you think Shark India Tank will have on future entrepreneurs and on the Indian startup ecosystem?

Interestingly, I have been answering this question quite a lot, you know, even from my close circle, I mean my friends, etc. I think this is a brilliant move, I mean today, a class ten boy or a girl knows about how to calculate EBITDA and probably is not watching a random, you know, TV soap which just speaks about, how people are bad, people are wrong at every step. It's a great move out there. There were a lot of questions asked about the sharks. But at the end of the day, you have to realise two things, it's not about the sharks, it's about the entrepreneurs out there. And today you can see, a common man, a common boy, a common girl, out of nowhere coming out there, are able to realise their dreams. Even if they are not raising their funds, they are in front of a national media and people get to know them. That is more than any entrepreneur can ask in their early days and I think it's a great move. I think such things should have been done earlier but I am happy, better late than never.

Q6. It has been noted that it is quite possible for someone to gain a 15 to 20 percent profit margin in the refurbished mobile business, whereas only 2 to 3 percent profit margin in a new mobile business. What are the reasons according to you that there are more players and big names in the future and what's your competitive advantage over them, if one day they decide to enter this industry too?

See, the first and foremost thing, why even with the small margin, it's not always about the margin, it's also about the play. So, the refurbished industry happens only when the new industry exists. This has to happen at any cost. Having said that, interestingly, say the manufacturers like say the Apples of the world, somewhere today are forced to play in the refurbished segment, because of the very fact, they who have a responsibility towards the environment, and even if they do not wish to, they have to come into the play, if you look at the rules, Apple started doing; allowing repair your own device. So, I mean, where we were getting devices where you cannot even change your battery, now Apple is coming into the play where you can repair your own device. That's a great move, and this is exactly where the move will be by all the major players in the next couple of years. Has to happen, we cannot help it. But, I mean, for them it was about the numbers, how many sales you can probably get out there and if the (??? Timings 21:12) of the new device are being launched in the market, it was no time for them to look at probably, you know, look back at the devices already sold. They were trying to push out new devices in the market. That's the only reason why the former has more numbers than the later. And interestingly, the reason the latter is a much more unstructured structure market is the opportunity out there.

Now, coming to the competitive advantage, the biggest reason, I mean the first question we asked ourselves, why is this an unstructured market. This is an unstructured market, because no one at the core knows the value of a device. I mean, all of us have a couple of devices at our home, we are not using but also not selling off, because if we go out there to a unstructured player and try to sell up our device, the first thing is they will take in their hand and say “iske liye paanch hazaar dunga”, this is type of answer most people have.
Why not four thousand eight hundred? so and so, because see things, they buy this for five thousand, you know, probably the display is not working, I will make the display work for seven hundred rupees and sell it for ten thousand, that's a type of margin. Now, there comes the margin part. But say supposedly, he gets the device, which majorly happens in this industry as well, right, he gets the device, thinks the display is not working but the IC, its not actually the issue of the display, it's the issue of the IC, so what would have been a seven hundred rupees repair, now it's a seven thousand rupees repair. He thinks, ok fine, I will probably make a loss in one and probably make my bucks in five more. I cannot build a structure (????? Timings 22:46), based on assumptions, based on hope. I will make loss in one and you know, profit in five more. I have to be sure, in every device I sell. That is the reason for our procurement at the core, for our procurement we use something called Faraday. Faraday is a device, which is three things, Artificial Intelligence, Machine Learning and Image Processing. Image processing to figure out what are the physical issues with the device, Machine learning to figure out what are the sensors working out or not, Artificial Intelligence to figure out, you know, what is the current value of the device in the market. So, I know what is the procurement price of my device, I know what are the issues with device, so I know what is my refurbishment cost, I know what is my margin when I sell out in the market. Now, you realize this chain, with technology I can control, with Faraday today, putting up a Faraday machine, I can build, suddenly build a business say in Tokyo (???? Timings 23:48) because every procurement process is working for me has to go through this device. It's a simple ATM like small device, which is a table top. And it's a IP device, we have intellectual patents, we have several patents on this device, that is our competitive device, that is something how we are structuring the market, how we are different, what is our USP and how we control this entire market, tomorrow as well.

Q7. How did Stanford University shape you as a person, and how did your business benefit from it?

Having been born and brought up in Howrah after class 10th, I have been staying at hostels for my class 12, for engineering, and for my then post-graduation. I think this amalgam of experience and at the same time, the freedom to take your own decisions is something incredibly unique that does not happen in that general case for most of us. I think for that I have been lucky that I had this huge amalgam of experiences with people from various cultures, from various places, with various ideas at various stages of life at various economic backgrounds of life and at the same time, this exceptional experience where probably if something goes wrong in your life today suddenly, it is not about falling back to your home and trying to figure out from a person who is staying about 4000-5,000 miles away or even more. I think that is something which is very brilliantly beneficial and I always feel this for myself. I mean everyone at one stage of their lives should at least stay in a hostel. That really shapes a person up. It gives you an amalgamation of experience as well as it helps you to take your own decisions and these are the main two differences between someone taking up a job and someone going ahead and hustling for years, but doing something which leaves a mark behind is now can be heard of or read about for 200 or more years, even if the person is gone.

Q8. When it comes to products like refurbished electronics, what the customer wants and buys on the basis of is mostly accountability and assurance of services that the seller is willing to offer. How does HyperXchange work to provide these assurances and most importantly, the after-sales services?

I spoke about the $100 Billion opportunity out there, but if you look at the top two brands in this market today in India, it's Cashify and HyperXchange. Neither of us is an even $1 billion market capture out there. So, speaking about a market, which is almost like 10,000 Crore opportunity and about the biggest players out there, even together have not even been able to capture it. Today, almost 70% of our sales are online and 30% is offline, but by the next year, or by early 2024, we are sure to flip this number where 70% will be offline and 30% will be online because if you look at those addresses, I get as orders, people have no idea even about their own address. So, here is the person who is sitting at their home, has not had ever heard of HyperXchange and is ordering, trusting to order online and even probably doing a prepaid order. So, I believe if that is the case, if I allow a person to touch and feel what is the thing about our refurbished products, my offline market penetration of growth will be 100x bigger. Having said that, come to your next question, the trust factor is based on warranty, to buy a new or a refurbished product, you should have a warranty. Why are we able to do that? I answered in my previous question about the faraday technology. Since I know the issue with the device, I know how to repair it. I have all this data out there, I'm able to give a 12-month warranty which no other industry player can give. There is 7 days free return, a 9-month buyback policy and all those things enacted to give you peace of mind and trust. Lastly, we are now opening exclusive stores across India. We already have stores in Guwahati, Bangalore, Puna, Mumbai and Delhi. We are just launching in Dehradun. I just opened last week in Patna. We have one in Kochi. It gives you confidence that you know this is not just about a brand, which just sells online, which is just a D2C brand. It is also a brand that sells offline. Today, we have over 350 retail outlets across India. These are multi-brand stores as well as exclusive HyperXchange exclusive stores out there. So, the branding focus has been very strong for us and we realise two things will scale this market; One is brand, the other is technology. These are only two focuses and these are the only two things we have always been focused on from day one.

Q9. As you mentioned that in this refurbished electronics market there are major two players: HyperXchange and Cashify, which certainly creates a duopoly in the economy, as is the case

with the telecommunications sector in India. So, not thinking from a member of the board perspective of a company, but if you think this from a consumer's perspective, don't you think that it limits the choices that the consumer has in front of them? Cashify has created a presence already and they are on television ads also nowadays. Do you think that that gives them the upper hand or would you be able to catch up to their scale as they are branding?

It's a loss for us that we do not have other players out there in the market because a market that is a blue ocean market, there's also a question mark as to why are other players not in the market? Is this something wrong with the market right now? Ideas are something that everyone has, execution is the key, but if more people are not looking or not focusing on the market, it means that something is wrong with the market and we realised this on day one. We realised that no bigger brands are trying to create a market over here because it's an unstructured market and we solved it through the Faraday technology out there, yet we realised there are customers out there because the unstructured market is a $25 billion economic, think about what would be a structured economy will be. So, competition definitely brings you an advantage today, if Cashify and hyperXchange are going out there as a duopoly in the market. It does not just happen because it's a. It's a $100 billion market. Both of us probably have to spend $50 billion from our pockets to capture at least 50% of the market, which is never possible. Rather, are there 10 more startups out there who are working? I read a lot of startups now coming up in this segment. I just read about a new startup that just raised $3 million sometime back. That really gives you confidence because using these marketing dollars you are even getting your customers because they will go out there with these stickers. What a refurbished product is all about will teach their customers, advertise about them and now the customer has larger knowledge about the product itself. That's the first capture of the market. Branding can be done any day. Unless a completion is there, you cannot create a monopoly and it will take you generations to create that monopoly in that market, which is not possible, which is not what entrepreneurs look at. They look at 1x,10x,100x growth and look at an exit probably in 7-10 years, or say maximum failures of their journey. Coming to the second part of the question, Cashify was actually in the business of procurement, like if you give me the device, I will pay back the cash to you. When we started, we realised if we probably went in the same segment, that would have treated an issue over an issue over time because see when you're selling a product, you're getting rid of it. Also, we realised that tomorrow if we have to create customer loyalty, we must create a brand that sells, not a brand that buys back.

Q10. There are numerous people who sell refurbished electronics and most of the time, they are anything but faulty. Did you approach these people during the initial stages of the company, what were the initial challenges that you had to face while you were starting HyperXchange and how did you work on them?

Addressing the first question about people selling their faulty devices, that is the reason we are building a brand that people can trust. There are numerous things we use in regular life where you go for a brand rather than going for a brandless one.
I see this as a market that will be developing where we bring all these small players to business as well, but in a structured business using our technology, over our platform or over the platforms of other startups that are coming up. Those businesses will evolve over time, it has always evolved. These things do not happen overnight, so probably we'll also take some more time to go to that stage, but we are confident about it. Coming to challenges, there are two parts to look into it proficiently. I faced both personal challenges and business challenges and I'm happy to speak about both. When I started HyperXchange, I was 21, five years back, and interestingly, I think you know the lack of experience I had when it came to thinking out of the box. At the same time, there are processes and things that without experience are difficult. Also, I'll definitely credit my co-founders, Ashish and Dipanjan. They held positions of responsibility in different companies and with this brilliant set of people, we three of us are the co-founders. I think their experience and my out-of-the-box ideas are something that is unique. I'm in my mid-20s, Ashish is in his mid-30s, Deepanjan is in his mid-40s, so this is a brilliant combination for a team and I think that's one of the major things which has led us to success.

Q11. As an entrepreneur, what do you wish to achieve in the course of the next five years?

By 2023, I'm looking towards a unicorn status and we're definitely sure with the current round we are raising, and probably by the next round in the end of 2022 or in the 2023 financial year, I think we'll be able to achieve that, so that's the first plan in mind. Now that's what the entire team has been focused on and is working on currently. We are scaling globally, so the global market is something I have deep eyes upon. I'm looking forward to capturing a larger audience and as I just mentioned, the entire thing is utilising the fact we have scaled in India because India is a tough market. India is a huge complicated and unstructured market. We have scaled in that market and now I want to utilise this scale I have because as I just mentioned India is a market that has the largest resources and lowest capital costs for labour. I want to utilise these two facts to procure globally, refurbish locally and sell globally. That's the entire idea. Once these are achieved, we'll be eyeing larger things, say IPO or something which I'd probably be planning about.

IN CONVERSATION WITH

DEEPAK KAPOOR

Founder Director & CEO of Manupatra

Read on as Tanushi Dhawan and Khushi Yadav take an interview with Mr. Deepak Kapoor, Founder Director & CEO of Manupatra.

"You make the best of the plans, hire the best researchers but it may go dead at the end. It is all gut feel and how you implement and take it forward "

manupatra

"We tell everyone that our clients taught us everything from how they want the searches and results. We are not lawyers but we learned from them, implemented it and they appreciated that. If you don't renew for one year, you don't have anything."

Integrating Digital and Technology into Profession of Law, Manuprata is a web and mobile based application providing access to Indian and Global legal data, secondary material and proprietary analytical content. The application can be used for legal and citation search, analytics and visualisation, document sharing and collaboration, citation analysis, and for editorial enhancements.
Starting journey from investment banking and shifting to entrepreneurship, Mr. Deepak Kapoor is the Founder Director & CEO at the biggest Indian legal research database, Manupatra. He came up with the idea of building an IT platform and linking it to the legal world. Coming from a non legal and non tech background, he built a legal tech startup. Manupatra was started in the early 2000s when startups were not really a thing.
Revolutionising legal research and Pioneering online legal research in India since 2000, Manupatra is one of the very few profitable pure play internet companies in legal and business information, search, analytics and technology space. Starting with a two-member team in the year 2000, Manupatra paved the way for the shift to online legal research in India.

Q1. Manupatra is the fastest-growing company in law publishing and is reckoned as the pioneer in online legal research in India. Lacking a legal background, how did this idea of developing a nationally recognised legal research tool strike you? And why did you think that it was important?

I don't know which year you students are from? But if you have done Mercantile Law or the Company Law in the 2nd or 3rd year, which I presume will be the subjects correctly, you will realise India is a highly litigation prone society. Today if you pick up Times Of India, one full page is covered with case news or legal news, which was not there 30-40 years back. You can ask your parents about the same. And early 2000, to refresh your memories, was a dot com era. Companies like Nteflix, Hotmail have come up and Wall street was going crazy, giving valuations. It had reached a stage where getting a domain name was next to impossible because all 3-4 letter words had been taken away. And at that time we only had dot com. We didn't have multiple prefixes which you have got like .in, .edu, etc.
Identifying India as a litigation prone society, lawyers used to spend a lot of time researching. We came up with this idea of setting up an internet based service where we can provide quick access to lawyers. And we can bridge the gap between the senior and junior lawyer. If I can just add in a minute, all the knowledge of the law was residing with the senior lawyer at the head. They had to just see, remember and memorise citations, etc. Young lawyer starting their practice found it very difficult to compete because he did not have the experience gained from the past and going to a court library was difficult as only one set of books were available for them to research. Let us say you are researching a topic like gender justice, you do not know where to start in books. So that is the genesis of Manupatra to ease use to a young professional, a senior lawyer, judge etc.
Secondly, there were, when we started, over 500 journals available, basically print journals who were reporting case laws of different states. So, if you are from Delhi and you are reporting a case law of hyderabad, it is very difficult that Delhi journal will cover that because Delhi Journal were covering Delhi cases. So, how do you get access to a judgement passed in Hyderabad?
So all these factors combined made us like let us do this and at that time the judgements were not being reported by the court used to get physical copies. And the courts were not passing as many journals as they are today. So that is the basis why we started this to bridge the gap. Then the second point for a place like Bombay during that time, major law offices were centred around the fort area which is where the High Court is also. Also, the real estate price was very expensive. Now to just maintain a Library of all books was very expensive. So, there the lawyers actually welcomed us with this because then they could stop subscription of the print and only go online. And Multiple people could now simultaneously research different topics. So, there was a definite ROI for them to go into this.

Q2. Just a follow up question, did you check if there was a market for this product?

No, it was just a gut feel. Lot of things happen on gut feel and a lot of things, if I may add, happen by chance. You make the best of the plans, hire the best researchers but it may go dead at the end. It is all gut feel and how you implement and take it forward. And you have to be lucky, we rode the internet wave from 2000 till today. We were lucky in that case.

Q3. The company has grown and diversified its portfolio, setting benchmarks as a pioneer for others to follow. Can you walk us through how your products evolved?

Our flagship product was, is and will always remain MANUPATRA.Then, if I can add something to this is along with Manupatra we also started LPO i.e. Legal Process Outsourcing as that was the time of the great BPO boom in India. So, we started LPO and at peak we had 400-500 people working 3 shifts for a US legal publishing company. So, actually you are running 2 ventures simultaneously.
After Manupatra we came up with a product, which is an EdTech product called LawSkills. Lawskills is for a fresher who is just coming out of college and wants to tone up the skills on a particular subject. These are self paced courses from 10 days to 3 months and available in multilingual also. Because, currently from the last 2 years what we are seeing, especially at the lower judiciary and lower courts, is the local dialect which is being spoken and not English. So we have designed courses translated from English to let's say Telugu, Marathi or Hindi for a wider audience. We have around 150 courses in EdTech, self-paced on different subjects to skill you up. If you are a Lawyer with 5 years practice, you would want to refresh something then those courses are there. If you are in college because it is not possible in all colleges to have teachers teaching all domains. Let's say we have a course on some international law, the colleges can subscribe and the students can view those courses.
After EdTech we came up with a product CaseWatch, now this is a case tracker. Everyday cases are listed for lawyers as it becomes difficult for them to track and even more difficult to track when the orders come up. See if you are hearing today at the end of the day the court is supposed to

come out with an order of what happened with maybe 1 line or 4 lines. It is then tracking all that for a lawyer and sending him alerts. So instead of employing someone in the office and keeping a track, we have automated that process.

Next product is called Mykase, now this is a document in litigation management, in income and expense management tools. If you have seen any office, you would have seen files all over the place. Now if you are out of the office and want to access the files, what do you do? You will ask a person to scan it and send it by email. But here you put everything on the cloud in folders, with strong search engines and a workflow. If I am a partner, I can assign files to a team to work. There is a communication channel where they can communicate on that particular case. All happening within their signed in ids and privacy is totally maintained.

So there is a product that we are very very excited about which we started 6-7 months back. Then recently we launched a product called Manucomply. Being students of Commerce, you will be aware how compliances are growing. We have compliances at Central level, state level, district level as well as taluka level and frequent changes happening. So, we have created a workflow based compliance product for different industries and we have targeted MSME, ones who are really lacking a product like this.

Our product to be launched this year include contract, lifecycle, management product which will be a repository how to create contracts.

Then we may come up with an ODR platform, which is an online dispute resolution and a VDR, which is a virtual data room, which is required by investment bankers and operator phones for due diligence.

We also have a small product, which we are very proud of called Verifikare. Let's say you want to hire someone for your office. You can check whether they've been involved in litigation, anywhere in the country. You can verify their education certificates, any submissions they have done, college degrees, etc. This is also useful for lawyers. Suppose I want to pitch to a corporation, they can actually see what all cases the company was involved in. And it's all available on graphs and visualisation. What all subjects that are available, which court, who were the lawyers, what are the men's loss ratio?

This is our product portfolio. If I can add, we are now actually a legal tech company in the strict sense. We were a legal research company, but in the last 2 years, we became a pure legal tech company.

There was a study done by a Stanford lab, 4-5 years back, and they came up with a model of what is legal tech? We have covered all the areas, except one, which is the E-discovery. Well, that is really not applicable in India. So we are probably the first full fledged legal tech company in the country.

Q4. You have had an impressive academic and professional background. After working as a manufacturer and an investment banker, what prompted you to enter the world of entrepreneurship?

Given my experience in various Greenfield projects, (at that time startups were called Greenfield projects) I gained a lot of experience working with excellent CEOs and MDs. In one case I was the Executive Assistant to a MD. So I was exposed to everything under the sun.

Secondly, I am not a person who can get stuck in one place doing one mundane or monotonous work. I have to do various things. I am a multi-tasker. And when this opportunity came, we realised, there's this gap in India, we said, yes.

Thirdly, and more important. I had full family support and age was on my side. If today, someone says to me, you want to do this? I will say sorry. At that time age was with me and full family support.

So, that really helped.

Q5. You yourself were a part of SRCC and completed your graduation from here, what values do you think you learned from here helped you in emerging as an inspiring leader?

I just relate one thing and that is we have this Annual fest called crossroads. I don't know if you've had it for the last two years. Crossroads is the biggest DU Fest since times immemorial not just talking of today. So I was lucky enough to be a coordinator. I was in second year, if I reconnect and there were 12 coordinators assisting the college president in organising. So I was involved in organising this festival, including creating a team, raising funds, talking to various artists, groups, colleges, and sending teams.

And if I remember, this year we got a senior ghazal singer from Pakistan and literally, I don't know what the state of the auditorium is today, but that day, the auditorium just fell. Well, it will just pack with people and double the number outside the auditorium, banging the door to get him. So that was actually my first experience of taking responsibility, leadership, gaining experience and how to coordinate things.

Q6. What is your greatest fear about Manupatra, and how do you plan to manage it?

The greatest fear is technology obsolescence. The way technology is moving today. You have LNP, AI, I don't know, after two years, there'll be some new acronyms that come up here and we didn't know what LNP and AI were when we started out.

Secondly the government is moving towards making justice accessible, to all making it free. It will take time for the government to get their role in order, but that will happen.

And the most important worrying factor for us is hiring quality and capable people and retaining them. Because we are competing with the likes of unicorns who are well-funded and giving away BMWs and Mercedes to 3-4 years old experienced people. We can't compete at that level. We are not funded by PE or anything. It's all internal growth with us. All our new projects are funded internally. We never went out to raise money.

So that's my personal biggest, biggest fear is talent. Retaining, identifying, hiring, and retaining talent. How do we overcome this, invest in R&D and read a lot to see which way the trends are going so that you can be an early adopter to that. Like when LNP was just coming in, 8 to 9 years back, we saw it and we implemented it.

EBooks had just come out and Kindle was launched by Amazon sometime in 2007 or 2008 in the US. It came to India a year later. So on a return trip from an offsite in 2008, if I recollect, we saw a foreigner reading on a Kindle (E-book). That's the first time we actually saw the Kindle (e-book).

So we said that we have to have this, whether anyone will use it or not, forget it. So within 3-4 months, our IT guys came up with an E-book. We bought a Kindle at that time, Amazon was tied up with MTNL, so the Kindle was available on free WiFi from MTNL. So we tested it on that. We knew there would be no market for this product, but we invested the money.
Next Apple had just started the ecosystem of apps, sometime around 2009 or 2010.. So Manupatra became the first legal research company globally to have an app on apple. At that time, very few people had Apple phones, but we said let's make the investment. We have to be the first. We have to be trend-setters and let everyone follow. So if we invest money in R&D to stay ahead of the trends. That's why he came up with MyKase, case tracker, and all these products so that we build a productized company moving away from a research company.

Q7. How many subscribers does Manupatra have today? And who constitutes the major chunk of the same?

For confidential purposes, we don't give out the number of subscribers, but we have over 100,000 users globally. And we are growing at around 20% year on year. And no guessing, the lawyers and the law firms are our biggest chunk of users.

Q8. With the expansion of the number of lawyers in India increasing in great numbers, where do you see these numbers in the coming years?

I spoke about the $100 Billion opportunity out there, but if yI'll give you some thumb rule statistics. Approximately 20,000 lawyers pass out from law schools in India. But actual numbers who will use this product will be around 1000-1500, because some of them will join places where Manupatra is anyway available to them. Some of them do law to get into civil services, government services, etc.
So the addressable market comes down. So let's say, three of you after college start a firm. You will take one license, you will not take three licenses.Market is growing. People are adopting and the improvement in internet infrastructure is really helping us.

Q9. What kind of problems and obstacles did you face while starting up and how did you tackle them?

The first problem was to come up with a viable revenue model. What we figured out very early in the day was no one model will fit all. See, Manupatra is nothing but a huge database. It bisected and dissected a database to make it affordable even for a lawyer in my city or the largest law firm in the world. So that was a beautiful strategy, which worked well. Otherwise, what a lawyer would say is I'm paying you money for databases which I do not need to use. And they are right, why should they pay for that? So we came up with multiple models and we let the client decide what do you want? And he always has an option to upgrade to a higher model whenever he wants? So our first goal was to identify a viable revenue model and then build the product around that model. The main effort was getting a team and the team to work together.

By 2001, during the dot-com boom, no one was interested in joining a .com company. So getting talent was next to impossible. Anyone who came and was bad refused to leave the company because there were no jobs available in the market.
So we had to do a lot of things to get the company going. Also, the founders were leading from the front when it came to sales. First, for two, or three years, the entire sales were done by me and Priyanka, the other co-founder, but that gave us a really good insight into what the customer wanted. Having not done this. We may not have been able to create what we are.
We are very proud. We tell everyone that our clients taught us everything from how they want the searches and results. We are not lawyers but we learned from them, implemented it and they appreciated that. If you don't renew for one year, you don't have anything. If you're buying a print journal, at least you have copies for those 12 months with you. So it was a hard concept to sell, that you had to convince them about.

Q10. Starting as a provider of India centric content, you have now included international content covering case laws from multiple international jurisdictions such as the UK, Sri Lanka, Bangladesh, Pakistan, Singapore, Hong Kong, Canada, South Africa, and even Australia. Why and how did you feel the importance of covering comprehensive content?

India is a common law country. Most of the laws were created by the Britishers and the same set of laws is created in Canada, Australia, Singapore, South Africa, et cetera. If you look at Indian cases, especially in the Supreme court, you get references to these goods.
So the lawyers started demanding this because they needed to research international laws. So we had to create a library of common law countries. Now I come specifically to Pakistan, Bangladesh. Until 1947, we were one country. Our laws and judiciary were the same. The parent high court of Delhi high court was in Lahore High court. So in civil laws, a lot of cases referred to today were decided pre-1947. So the library of case laws is common across India, Pakistan, and Bangladesh. So when we had digitized everything for India, starting up Pakistan servers, or Bangladeshi servers was not difficult. Incidentally, we have a subsidiary in Bangladesh on BDLex.
So that was the reason why we did it. And the other is everyone wants to research globally. So if I'm searching for a topic, I want to see globally on that topic. I don't want to go to different databases to search. I've to go to India, then the US, then the UK, then Canada. Here we are giving you one common platform to research, which no one does, not even the Lexis and the Westlaws of the world, you have to take different subscriptions for different countries..

Q11. Is Manupatra planning to partner with any international legal database providers to expand its horizon globally?

No, whatever we'll do we'll do on our strength, open our own offices. So we are thinking of doing what we do for Bangladesh to do for African laws. Because there's a big market, they also refer to Indian judgments and they also need an international database, which we already have. So our last frontier will be the African continent, Kenya, Nigeria, South Africa, and Tanzania.

Q12. The company started operations in 2000 and launched its flagship product, the online database Manupatra in August 2001. So how did technology prove to be an important asset?

Manupatra is a technology company. We live on searches. So every day we are doing something or the other to improve our searches. We're the first one to launch NLP, now, uh, just to give you a brief, um, major searches happen in India, internationally also still on Boolean, which is a word search or a phrase search.
NLP picks up the meaning of what you want to search for and will show you the results. Which means it expands the scope. Now, if you are looking for the word, uh, jail or Bail, a boolean will give you exact jail or bill, but a judge may use different words for jail or bail. He may use a different sentence. You will miss out on those. So NLP overcomes that problem. Technology will change maybe after an NLP, we'll do something else, but it will remain technology, that's our asset. Other than our 170 plus employees, which is our number one asset.

Q13. Sir you are not from a law background and you came up with a paradigm shift to online legal research in India. What are your thoughts about why would a non-Indian lawyer or law firm use a product like Manupatra?

India is one of the fastest-growing economies where everyone wants to invest, buy or sell. Now, before they come in, they will hire their lawyers to do some research on Indian laws. The lawyers will need to keep on updating their client on the change in policies, procedures, statutes, and any judgments which have come out, which will affect the client. They need to do research online. And they're used to online research.
That is the reason why they will have a service like Manupatra because it's a one-stop shop for them. To get a notification, a statute, an alert, a judgement, et cetera. That's why, uh, internationally, they will subscribe to Manupatra and our other big chance internationally is the universities, the number of Indian students going there to do master's and PhD, and they pick up a topic which is India centric. How do they get information? They have to subscribe to Manupatra, the colleges.
And why an Indian lawyer or law firm will do it. It's a pure ROI. I can only have one set of books and I have a hundred people, how will they discuss it simultaneously? So there's tremendous ROI for any lawyer, law firm, corporate, et cetera, for a service like us.

Q14. Your career path started with a steering wheel manufacturer before moving on to a petrochemical industry and later a financial services company on the backdrop, India's most recognizable, online legal presented database, how different do you think Manupatra is from its international competitors like Civic Eagle, LexisNexis, or Westlaw as well as from its domestic competitors, such as SCC online?

Civic Eagle is a different domain about legislative alerts and they're not in India. So I mean, that is, it's not a competition. It's a product one can look at, okay, should we have a service like this in India? Fine. Lexis and Westlaw both are present in India, but they have not been able to do much.
Incidentally, we were the ones who introduced Westlaw into the country in 2004, we brought them here. We were their sole selling agents. So anyway a competition is always welcome. It keeps you on your toes. And SCC, they are family-owned for two generations now and they are primarily into print. Their forte and their strength in print, whether it's printing or they are printing books, they've excellent books in their collection.

Q15. From your own experiences, would you like to leave our readers and viewers with tips regarding proper time management and leading a disciplined and purposeful life?

Plan your day. Prioritize. Be ready to multitask. Don't keep issues lingering. Take a decision and when you make a decision you have to keep in mind 95% of the time, the responses are no. So don't be afraid to say no to anything. And stick to your schedule. Do exercise, and spend time with your family and friends. And be punctual in the office in the morning. Because if you are on time, your team will be on time. Because they will try to emulate whatever you do. Very important.

Q16. Where do you see Manupatra 10 years from now? And do you have any further plans for diversification?

What we would like to happen is for Manupatra to become a global brand, an Indian MNC. That's ideally what we would like Manupatra to be, a global brand, with our offices in the US, UK, etc.

Q17. How did you come up with the word Manupatra?

When we were in early 2000, we were looking for a domain name. Anything to do with Law, Kanoon, and Vidhi was already taken up. Okay. So where do you look for names? And we wanted a name which has got something to do with law. So, we started thinking and then we came up with Manusmriti. Rishi Manu is said to have written the first laws of India. Manusmriti, are the first codified laws in India, in Indian mythology. But that domain was not available. But we liked the idea of Manu because Manu is the person who wrote the laws and to hit the next part, the law is written on paper, and 'Patra' is paper. So 'Manupatra'. We didn't do any research for the product, but we did for the name, whether people in south India will be able to relate to Manupatra. And surprisingly, we got a very encouraging response. So that's the history of the name.

IN CONVERSATION WITH

MR. PRAMOD GHADGE

Co-Founder and CEO at
Unbox Robotics

Read on as Tanushi Dhawan and Khushi Bansal take an interview of Co-Founder and CEO at Unbox Robotics.

"We understand fulfillment."

" We have to be really realistic in terms of what we want to achieve in a certain timeframe. Otherwise, it basically becomes more of a disappointment "

UNBOX ROBOTICS

Founded in May 2019, Unbox Robotics is the most compact & modular mobile robotics sorting system for retail, logistics and e-commerce. The company's platform uses swarm intelligence and AI algorithms with a parcel sorting robotic system that gets installed saves area, and improves productivity, enabling businesses to perform with flexibility, receive swift installation, low payback period, and thus adding to productivity.

Mr. PRAMOD GHADGE is the Co-Founder and CEO at Unbox Robotics. Being on the other side of the table as a customer, evaluating and deploying warehouse robotics/ automation solutions at Flipkart, he decided to build Unbox Robotics. He came up with the idea for space-efficient Robotics and Automation technologies to make the warehousing spaces smaller and bring them closer to the customers to have much faster deliveries. "Unbox Robotics" was declared one of the winners from 2000+ start-ups in India in a residential boot camp at IIM Ahmedabad.

As more businesses move online and aim towards being more consumer-centric. A disproportionate increase in the complexity and volume of packages at sorting and delivery centres has cropped up. Hence, Unbox Robotics offers a superior alternative to existing package sorting solutions. It is compact, extremely smart, and delivers a lot more value.

Q) Can you briefly run us through the working model of unbox?

We started on both robotics in 2019 and the philosophy with which we started was to build plug-and-play and modular robotics systems for retail, logistics, e-commerce companies. The idea was to build systems which can fit into very small areas compared to the traditional ways people are doing the parcel sorting or order consolidation, different warehousing processes, and make the system much more flexible so that they can scale it up as and when needed. So, we started this in 2019 and over the last three years, it rated over a lot of versions of our system. It involves both software and the hardware and eventually we started deploying our systems after the trials, late last year. We started with India and now we are deployed in multiple warehousing or distribution centres. We are deploying the systems in India at the same time. We're also looking at overseas customers who are also showing interest in our system.

Essentially what we do is we automate the partial sorting and order consolidation processes. These processes are typically done in warehousing environments, fulfillment centers or distribution centers. And we automate these processes using these robots, which are typically deployed in one to two weeks of time and save the area for the customer and also improve personal productivity significantly. Almost three to five times, we expect productivity to jump in their operations.

Q) What prompted you to enter the field of a supply chain robotics technology company? What was the need of Technology driven robotics in existing package sorting solutions?

Before this I was in Flipkart. At Flipkart, my role was to deploy automation for their supply chain and warehouse distribution centres. I used to work there a lot with automation or robotics companies and while working with them we observed certain challenges in terms of installation time, the area they need, a bunch of other scalability issues.

This is something I kind of personally suffered, or I would say observed when I was dealing with this project. And that was kind of a trigger point for me, and we said can we solve this by building a better system? So, in 2019 I met my co-founder, Shahid and I just came from Flipkart, having seen all these problems, and then we just started brainstorming about how we can solve this? Can we make it much better for our customers? And over the last three years, we basically converted that concept into an actual system and we are able to deliver that to customers deploying this in the actual facilities where they are using this system. So that was a trigger point.

And the industry was still known to me, like I was in the logistics industry or supply chain industry. So, it was not a new kind of industry for me, but of course it was a new area in terms of application robotics, applying robotics as a founder or entrepreneur, that was something new for me. Earlier, I was on the other side of the table.

Initially, I was a customer of these systems. Now I'm the one who is trying to sell these systems to our customers.

Q) How do you check the feasibility of this idea? Did you conduct any pilots or a survey sort of thing and how do you check the practicality of Scott's structure?

The interesting thing is this system has a lot of complex hardware systems. It's a multi robot system. Let's say 20, 30, 50 plus or 100 plus robots, which might need to get deployed in one setup in one go. So, you cannot probably wait for 50 robots to get manufactured and then test the idea.
What we did in the initial stages was we had the basic concepts and designs that, okay, this is how it will look. We predicted the cost as well. In 2019, we kind of assumed certain things and we predicted that, okay, this will cost, let's say, this amount of money for customers. And this will be able to build this concept for them, then this is the savings they can have, or this is the speed improvement or the productivity improvement they can achieve.

So, we started showing this concept to the customer. We didn't really start right away, manufacturing, or prototyping. We just set a concept business case calculation, and we started interacting with customers globally, just to validate if our thought process was in line with them, whether they are really interested in something like this.So, we spent a few weeks just talking to customers, not just in India, but also abroad and then validated the concept. Based on that, then we knew that this is something. If we are able to build this, then it will create a lot of value to our customers and they will be able to use it. And eventually it will also help us.

That is how we started. And then later. Once we got the initial round of funding done, based on the initial validation from the customers. Then we started doing a lot of interactions as we started building the prototypes. Let's say, prototype one, we showed it to the customer. We got the feedback, we improved it further. So, we started improvising the system.

Then later, after almost a year. We started deploying this as a trial. Let's say putting 8 to 10 robots in a customer facility for, let's say a couple of weeks or a month and taking all the feedback from them and then improvising the system further. So this was another validation point or kind of a proof point for us. To get the feedback from the customers and then improve it further. So, as we started doing trials, we started converting those trials into actual sales. Let's say, after a demo customer signed up with a contract, and after the pilot, they signed up with another contract. So those kinds of convergence started happening for us last year after we actually put something in the warehouse till then it was just our system, which was still being tried in our own facility. Customers used to come to us or have a video and give us feedback. But late last year we converted those trials and then eventually we started deploying the systems.

Q) Could you please also elaborate on your customer base?

Today we focus on logistics or e-commerce driven supply chains. E-commerce companies who are handling their warehouses, fulfillment centres, distribution centres, or let's say delivery hubs can be a target customer. It can be a small, medium, large enterprise. It may not be only large ones because we are not saying it is only meant to automate only the large setups. We can also go in, let's say 1,500 square feet or even smaller areas, and we can do the job. We can automate the sorting aspect, even in smaller hubs for a small company or a smaller hub for a large company or bigger help for a large company. So, it doesn't really matter, like whether it is a smaller company, it may not make sense. We are able to deliver that value at the lower throughput as well. Of course, there is a threshold. Let's say a particular number of packages per day, they handle, there will be a thumb minimum cut-off beyond which it will make sense, if it is below that then probably doesn't make sense financially to put our robotic system.

But that value is very low. We can even start with 5-10 robots and we can scale it up to a hundred plus robots in one environment or one facility. So just to give context, for example, we started deployment of 20 or 25 robots' systems, kind of a relatively small setup.Now, in the coming quarters, we are also looking at 60, 70 or a hundred plus robot systems in one setup. So, it's very flexible. They don't have to look at a large kind of order to make a business case or business sense. They can even start small. Starting something of your own, that too from scratch is definitely not a cakewalk.

Q) What are the various challenges you faced as a founder when you felt like giving up and how did you overcome them?

The first challenge you have is you need to raise the funds in order to kind of build a team, run the show, run the operations, acquire customers. there will be various kinds of prototyping or product development efforts. That is one aspect where you need to kind of sell the vision of the company. You sell the value proposition to your customers, investors and raise funds.

The other big aspect is how do you get the right set of people? Because ultimately without them, you cannot build anything. You need the right set of people, talent and value all the cultural aspects, like it should be a cultural fit within the organization. So, these are some of the things which we kind of faced as a challenge. Like nowadays, it has been highlighted much more in terms of talent shortage in India. Like at least like people are struggling to hire a good number of let's say good or relevant candidates to their organizations. So how do we deal with it? We kind of look at it as a team, we look at our weak areas or where we are struggling. And then we go out of the way. For example, for hiring, we are basically, involving a lot of other people from the team, giving reference policies, involving them to kind of come up with good candidates, not just relying on only HR or TA or those people. So, it's a collective effort as a team so that we get good people in our company.

The other aspects are, how do you build the right product for the customer? I would say that, what we have been doing is right from the start, we are in touch with our customers. We did open a discussion only after let's say building something. We started talking to them much at a very early stage, even before we kind of registered our company.We started talking to them, validating whether this concept works, or validating whether this product will work or whether this can do the right set of values. And whether that value addition is important to them, if it is just a very small value add, people may just ignore that product.

So those things you need to kind of account for and minimize your risks by continuously talking to your customers, taking the feedback, and improving the product. So these are the things which we kind of have been figuring out over the last few years so that we remain relevant to our customers and kind of add value to their operations.

Q) What kind of people are you looking for your organization at this stage?

If you look at the roles we are hiring across functions. From robotics engineering to mechanical, electronics to the business side, we are hiring for finance, marketing and content marketing. So basically everywhere, we are hiring at almost every function of the company. We are in a phase where we are establishing the processes as we are getting a lot of interest from the customer. Customer adoption is going to scale up and then that's how we kind of also need to prepare ourselves so that we can fulfill those many orders for these customers and not just in India, but also overseas. In order to do that we need a great set of talent at our end. We will be hiring across these functions. And the kind of fitment we are looking at is of course one is a skill set, like a technical skill set. We also look at what is the motivation of that person, how he or she can perform in a dynamic environment when things are changing at a very rapid pace. Companies are growing at a fast pace, so how can they deliver value, stay motivated? What is the kind of overall value adding they can provide to the company while remaining agile in a start-up like environment? Because it's not a typical corporate structure, it's a very dynamic environment. So, we look at those kinds of culture fits as well, whether that employee can be a culture fit for us, even though they may have a good technical skill set. But whether they have the right set of cultural or value match with our organization, that also is kind of very important to us. Basically, we are hiring across functions and a lot of positions are still open.

Q) Could you please tell how big the company is right now?

Today we are about 75 people and we are still hiring in a very aggressive mode. So, we'll soon be touching a hundred plus people in the coming months.

Q) If you were given a chance to travel back to day 1 of your start-up and have a chat with your former self to communicate the lessons you have acquired with the intention of preventing mistakes, what would you tell yourself?

I think one thing which we have observed, and I think that has also some impact from COVID, is like we over expected a certain timeline. For example, we wanted to do, let's say XYZ work, in let's say a certain timeframe, but probably we all kind of underestimated a lot of other risk factors or other external circumstances. So, we didn't manage to meet those milestones within a certain timeframe, which we aggressively put in front of us.

So, we have to be really realistic in terms of what we want to achieve in a certain timeframe. Otherwise, it basically becomes more of a disappointment. If you are chasing an unrealistic target. You have to look out for a lot of external factors, which might affect your business. COVID was one of them. COVID impacted us, not anymore though, but in 2020-21, we had a lot of impact because of lockdowns and supply chain issues, which are still there. But getting these components on time, manufacturing it on time, delivering or installing these systems on customer premises in lockdown or those kinds of scenarios was a very hard time for us. So, some of the things like this, of course, we may not be able to predict all of this, but you need to consider some realistic scenarios or some buffer in your timelines when you kind of aggressively push yourself to meet those milestones. So, that is one thing which we can look at.

Q) As you mentioned about COVID-19, what do you think were the benefits that Unbox Robotics received during the Covid-19 pandemic?

COVID-19 has highlighted the fact that you need to automate a lot of processes, which are still dependent on people.
A lot of people showed interest in robotics during that time period. And that adoption rate has increased over the last couple of years, of course we were still building the product. So, if our product was ready in 2019, or let's say 2020, we would have probably started much more deployment by now.

But as an industry, it gave a lot of increased interest from customers across the globe. People are looking at robotics in a much more important manner right now. And they want to automate things where people can do a much better job, when they use these kinds of systems to improve their efficiency. And one more thing is the safety, the other challenges, physical challenges where the people might suffer when they handle so many heavy packages, which can be handled by the robots.

Q) You were earlier working at Flipkart, and you implemented India's first Robot based sorting project there, why did you then enter the world of entrepreneurship?

I always wanted to, in the back of my mind, do something on my own. I had some attempts in the past as well. When I was studying in Singapore. I have some work going on in terms of building my own start-up. But somehow that didn't kind of kick off or continue and then I joined Flipkart. So, it was already there in my mind. It was just that 2019 was the right time. Probably I felt that this is the point I want to kind of quit and then start something on my own. And at the same time, of course, I had a problem in my hand where I had seen these problems on the ground and I wanted to solve them. And I felt that this is the right time. I have a concept in mind, which we can build with my co-founder. Probably if I look in the past, I think that was the best decision. Because if I had not started then, we would have missed so many things. So, I think that's kind of a good decision that I moved on and kind of started building on Unbox Robotics.

Q) Are failures a disappointment or discouragement that start-up won't really work for me or rather they were a push for you to do better?

Definitely one thing is you analyze why you failed. If you are able to analyze, that can be a strength to you because now you know that these are the things you should avoid, or these are the things you should not do, or these other things you should definitely do. Compare different aspects the start-up can fail. It should be the right team, right skill set, right customer understanding, right timing. So, all those aspects really matter and then you can avoid those things, like mistakes from the past, and you can use those to your advantage when you're building a new start-up.

I definitely don't see any discouragement and from the failure or from the previous attempt, I see a lot of actually learning. Like what should I be doing so that the mistakes do not happen. And we tried to kind of minimize the risks associated with the start-up, in the last few years we have been doing them.

Q) Who according to you are your biggest competitors and how do you differentiate yourself from them? What is your U.S.P?

So, what we are building is a very unique, sorting and consolidation system. It is a plug and play robotic system. Through our differentiated software and the hardware, we are able to automate these parcels sorting order consolidation processes for customers in almost one third or half the space and improve the productivity of a person by almost more than three to five times. So, this becomes a differentiation point for us compared to other systems which take almost twice or three times the area if we compare with our system. It also takes a lot of installation time, we can deploy our plug and play set up in a matter of days versus the traditional systems which might take a few months, or three to six months kind of activity when a lot of construction or infrastructure work is involved.

We are able to differentiate through both software and hardware. Through software, we are using a lot of unique algorithms where we're able to reduce the number of robots required in a system so that it essentially helps the customer. Because now they can do much more using fewer robots and in less area. So, these are some of the differentiation points for us compared to the existing methods.

In terms of competition, we are looking at all the other ways of doing sorting automation or similar kinds of systems or manual methods as a competition. We are doing it in a very different manner by enabling customers to do sorting in a very unique fashion. We have not seen something like that in the global context or anybody else doing in the similar fashion. And, we want to push this adoption and let the customers adopt this kind of way of sorting.

Q) The E-commerce and D2C boom is creating a large need for automation solutions within warehouses and Fulfillment Companies. The industry is slated to grow to $32 billion over the next 2-3 years. How do you think robotics will prove to be a priority for both e-commerce and FCs?

If you look at the overall global trend e-commerce adoption varies from 3-25% in terms of total retail market. In India, e-commerce penetration is about 3-4%. There is a huge room. E-commerce is still at a very starting point in India. And at this point, we are looking at a lot, many, almost a billion plus packages being delivered every year in India. This number is going to grow significantly and rapidly. In order to manage those many deliveries and handle these many shipments in a very fast paced environment, you are going to run short of people.

Second thing is, uh, the manual processes might have a lot of challenges like management safety, availability of people, certain peaks also happen because of the clearance sale, diwali sale, etc. So the companies are going through a lot of challenges. In this kind of environment, you need some predictable and automated system where you can manage this load in a much better and reliable manner.

We see that this is the trend, which the industry is going to follow. Robotics basically has to solve this particular problem through automation with reliability and accuracy. This trend is across the globe, right from India to the US and Europe. People need automation in order to overcome these challenges.

Q) You have been the Winner of Swiss tech experience and Indian innovation growth programme 2.0. What according to you was the turning point or the biggest achievement of Unbox?

In 2019, we won the IGP competition and Swiss tech experience also happened recently. We won that as well. These are definitely great milestones that encourage any kind of team to go further and further in terms of innovation. However, I wouldn't be able to refer to any one event which was the biggest one, but every day we are trying to solve the problems for a customer which itself acts as a milestone.

It is a continuous process for us. Instead of looking at one milestone, we are looking at the various challenges that we are solving on a daily basis. But yeah all these types of recognition are definitely a great encouragement to us. Whenever we win some kind of competition or there is any feature from any established firm, then that actually gives a lot of boost to us to innovate further and give value back to the customers.

IGP was one big milestone during the start of our journey that gave us a lot of visibility and a lot of interest from the relevant stakeholders. The Swiss Tech experience was another big milestone for us where we were able to tap into Switzerland's ecosystem as well. We are looking to do some partnerships with the industries, union cities, or potential customers in the Switzerland region going forward. So all of these aspects help us in terms of our business and ultimately, build the value for the customers.

Q) Unbox Robotics raised USD 7 million in a Series-A round led by 3one4 Capital with participation from Sixth Sense Ventures and Redstart Labs. How do you wish to use these funds?

The first and foremost is building the team. We are increasing the team size. We have been already kind of hiring people from the last few months very aggressively.

Second thing is our R&D efforts including new products and new developments within the existing systems. The other aspect will be running the regular operations, setting up the manufacturing line in India and also opening an office in the US.

So, the funds will be utilized across the functions. The large chunk of it will be spent on building our team.

Q) How did you procure funding in the first place while establishing the organization?

I and Shahid, who's my co-founder, were part of the program called Entrepreneur First where we came up with this concept and we established the company. This program is run by a VC fund called Entrepreneur First. They provided us with the first round of funding along with another VC firm called SOSV. So, these two VC funds basically provided us with the pre-seed funding, which was enough for us to achieve the initial milestones.

In those programs, we were performing very well in terms of the overall progress. Initially, in a startup, the investors will look at certain metrics like what is the customer interest? Whether it is the right team? Whether it is a large market. We addressed those areas securing funding from these two VCs in the pre-seed funding round. Then eventually using that fund we achieved the initial milestones after which we started getting more interest from other investors and we started raising the subsequent rounds of funding.

Basically you need to tell your story, like what you're building, what the customer is and how big the market is. Is it really a hair on fire problem for the customer?

You need to show those proof points. Of course you may not have a full fledged product in the beginning, but at least you need to show some signals where the investors can take a decision whether they want to invest in you or not.

Q) Today, mostly in colleges, there is a hustle culture everywhere. Everyone wants to start their own startup. Do you think, in practicality, do college students even have that much maturity and the right kind of mindset to start something of their own? Or should they wait for the right time to come and see the industry first?

I don't think there is a right place. Like there's no one single specific place. People can start in colleges. People can start at their workplace, even schools. The location doesn't matter as long as the problem statement is large enough to have an impact on the society. I think they can start anywhere as long as they are solving the right problem. I think that is very important. And if they have the capability to solve that problem, how do they differentiate themselves from other competitors. It's not necessary to wait for the right time, because you may never know when is the right time. If you see a problem big enough and you feel very passionate about solving it, you may reach out to the right set of people who can guide you. You should approach the seniors in that industry for seeking insights.

Just like for Unbox, right? I saw this problem when I was in the industry and now I'm solving that problem. During my college days, I was not even aware of such processes. So it basically depends on the kind of environment you are into. It's better to grab those opportunities if you feel really passionate about that problem and that problem is big enough.

I think I'm putting a lot of emphasis on whether the problem is big enough. The reason is if you're solving a very small problem that people hardly care about. Then probably you will not have a big success as an entrepreneur.

Q) What, according to you, makes a successful entrepreneur? What kind of qualities should be inculcated in an entrepreneur to be successful?

I think perseverance is one quality that every entrepreneur should have as there are so many ups and downs daily in this journey. There are so many challenges around you and so many new concepts which are new to you. As an entrepreneur, you're still learning on the go. You need to really stick to the game. You need to have patience and have the right people around you to motivate you, guide you and crticize you when you move in the wrong direction.

Q) You started along with your Co-Founder Shahid. What role do you think a partner plays in the success of a start-up?

When you're building a startup, you're looking at a hundred different areas, right? There are so many things to manage but you're not an expert there and you don't have an army of people with you. If you're the only founder, then it might become challenging to do so many things. So it's better to have co-founders.

First thing that is affected is the speed of your start-up. The speed at which you're hitting the milestones might reduce. The second thing is emotional support. The other person can understand the pain which you are going through, provide you feedback and help you overcome your weaknesses.

Of course there might be a lot of success stories with a single founder, but it definitely helps when we have a partner.

Q) Where do you see Unbox robotics five years down the line? Are there any plans of diversification?

In the next five years, we are looking at the global leadership in plug-and-play and compact robotic systems for the inter-logistics industry. Internationally, we are looking at deploying our systems in different warehousing distribution center facilities and delivering hubs. We have a global goal. We don't want to restrict ourselves to a particular geography. In terms of diversification, we have built certain technology which can be deployed across different industries like pharma, manufacturing and other related industries and not just e-commerce and logistics.

So, in the future, we may find some synergies there when we have the right time and the right capability in terms of the team and the bandwidth.

Q)Today, consumer demand is shifting towards a more eco-friendly and budget conscious one. So how does Unbox achieve this? What all are you doing to achieve the goals of sustainable environment?

If you look at our systems, the energy consumption is very low compared to a large, giant traditional sorting system or other similar systems. We are able to reduce the energy consumed per unit robot or in a particular area. We are also trying to reduce the number of robots in our system by optimizing our software and building better hardware which also impacts the energy usage directly.

Another thing is in terms of processes. We are able to reduce the touch points. Let's say, you handle right from the pickup of the package to delivery of the package. There are so many times the package gets handled. Through our automation system we can reduce those touch points and can also significantly reduce the overall efforts and resources used there.

There is another aspect - all the consolidation processes. For example, one process is where you can deliver multiple items of a customer in one single box. Let's say you ordered a mobile phone, t-shirt and shampoo on an e-commerce platform. Ideally you would want these three things to come in a single box. If three different boxes are delivered to you, then that means that the entire process happened three times. Thrice the fuel consumption and twice the material wasted.

Our robotic systems can consolidate those three boxes into one particular unit as well. It's called auto consolidation. So that is another kind of impact which our systems can make on the environment.

Q) On a personal front, from your own experiences, could you leave our readers and viewers with tips regarding proper time management and leading a disciplined and purposeful life?

I don't know whether I'll have the best answer to this question but I would say you should be aware of what you're doing in a particular week and on a particular day; list down the things which you are doing.I personally use this app on my phone where I list down the tasks and put a deadline and it gives it right there on my screen that this task I need to do. You can plan the things that you're doing on a daily basis or weekly basis, so that you can hit those goals. You can break those goals down to tasks and you can start completing those tasks so that you can hit that goal. Learn how to manage your time. Of course you have to also track your sleep time and health because that also impacts your productivity during the day.

Q) How were you as a student and what kind of mindset did you have back when you were a student?

I was not a typical studious guy who would study regularly, but I used to score good. I used to be one of the toppers. But I was very interested in certain topics like math, science. I really used to enjoy them. I also used to participate in various other activities like technical competitions.

For example, in my engineering days, I worked with my friends to build some robotic systems during competitions. Organized other similar events. So working with other people in those kinds of events was also something I really enjoyed. Along with that, I used to make sure that I study enough so that I get good marks. I was also one of the toppers in my college.

As a student, I always wanted to catch some problem statements and solve them. I kept looking at problems, challenges and figuring out how to solve them. I never limited myself on anything that I couldn't do. If I saw something and I wanted to solve that, then I became obsessed with it.

TERMS

Cohort Analysis

An analysis of customer behaviours, during a specified time frame, of a subset of your ecommerce customers that have been segmented from all your visitors based on shared characteristics.

Conversion Funnel

A Google Analytics metric that details the events that your customers follow to conversion. It's called a funnel because a percentage of visitors leave your website at each event along the journey. At conversion, there are fewer potential customers than there were at the start.

Drop Shipping

Drop shipping is the process of an online store working with wholesale suppliers for the delivery of products by passing them shipping information about each customer order.

Payment Card Industry (PCI) Requirements

PCI is a set of requirements to ensure you protect your customers' credit card information when stored, processed, or transmitted.

800-Pound Gorilla

An American English expression for a person or organization so powerful that it can act without regard to the rights of others or the law.

IN CONVERSATION WITH

AYUSH AGARWAL

Co-Founder and Director of Tournafest

Read on as Tanushi Dhawan and Saharash Jhunjhunwala take an interview the Co-Founder and the director of Tournafest.

" In today's world, the most important asset is perseverance. "

" MANAGE LIKE A PRO Seamless and Intuitive tournament management at one place."

Ayush Agarwal is the Co-Founder and the director of Tournafest, an App-based platform offering gaming tournaments. Founded in 2020 in Jaipur, Tournafest is the one-stop destination, created by young gamers, for the ESports community of India. They aim at providing a platform to both organisers and gamers so that they can connect and build a network with their likes.

The gaming community in India is rapidly expanding and their objective is to give recognition to all the talented gamers out there because gaming is no more "just for fun". Currently, tournafest is a community of over 50K users and they conduct tournaments for FreeFire, BGMI, and COD but they'll soon be adding more games to their GamesBundle. They are solidifying a gaming ecosystem in which gamers can play, interact, contest, and grow together. So, if Esports is your forte, Toranafest is the perfect place for you.

We found his story really inspiring and hence, we bring to you all the insights from his journey of hard-work and consistency in a nutshell.

Q1. Thomso, which was your college fest, was the first time when you held your gaming tournament and it was a success. You immediately started building Tournafest and after that launched your first prototype. What motivated you to start this incredible journey?

So, like if I start from the very beginning, I was a gamer by heart. I used to play a lot of mobile games, PC games. I was playing PUBG on a daily basis and I used to play it very seriously. So,I have taken part in a lot of gaming tournaments. But the sort of the overall experience was not that great because I didn't know the communities, I didn't know about the gaming tournaments which are good. Or I don't know, I just participated in it randomly, So the overall experience was not great. So I decided with some of my friends that we should organise our own gaming government. Thomso was a great festival for that, because a lot of students from other colleges participated in it and we saw it as a great opportunity. So we conducted a gaming tournament of FIFA, PUBG, Call of Duty and some other games.

And it was a huge success. Like everyone liked the overall thrill. And we also did streaming on YouTube and it was great. But I thought that the overall management process was very difficult. Because in order to organise a tournament, you have to maintain registration and validating information. Then we have a lot of information flowing from one person to another. There are a lot of hotchpotch and adhocism related to it. So we thought that there exists a platform because it's a very common problem. There are a lot of tournaments or competitions happening online or offline. There should be a platform, but when we were exploring and when we were searching about these types of platforms, we found none. So , this is when we decided that this has a very huge market of opportunity. And we love gaming by itself, So why don't we build a platform where anyone can organise and play these games tournaments. So that's when the idea of TournaFest started. After that, we did a lot of research, we did a lot of market analysis, competitive analysis. Before starting or building any product or in VP, we did a lot of user surveys, which actually shows that it has a lot of demand and it has a huge potential. So that's when we started working upon this.

Q2. At present, there are more than 400 gaming companies in India that include Infosys Limited, Hyperlink InfoSystem, Zensar Technologies, among others. What makes you different from these and how will you compete with them?

If you talk about these companies, these companies are mostly service based companies or gaming studios. So either they provide service to external parties in order to develop their gaming or web application or they build their own gaming app for India and the world. One example for this is FauG, which we all know, persuaded by Akshay Kumar, last year in the pandemic. It never took off, but yeah, it was a great start then. So we are a marketplace kind of a platform where we host tournaments of these games like we help people to host and participate in ornaments of these games. So if these companies grow, Develop more and more apps, so it will eventually help us. So basically rather than competing with them, we want to work with them and provide a sort of a boost to the overall gaming ecosystem of India.

Q3. Finance Minister Nirmala Sitharaman while presenting the Union Budget this year, announced the setting up of a new task force that will look at ways to build domestic capacity and also to serve the global demand in the animation, visual effects, gaming and comic (AVGC) sector. How do you think you can make the best use of the above opportunity?

This was sort of the first time when something related to gaming was introduced in the union budget. So we think that this was pretty much needed in the past as well because gaming has recently boomed. Getting recognition in the union budget, it's a great thing and I hope that this will really give a boost to the new upcoming gaming studios and startups that are present in India and to the world as well. So basically we will be able to see PUBG alternatives coming from India in the near decade, or like in the next five years or something. So I have a lot of expectations. We will not be directly benefiting from that. But if I told you before, right. If new games will come, more communities will grow, then our platform will eventually get some benefit out of that. So, it's a win-win situation for all.

Q4. Invest India put out a survey by an AdTech firm which revealed that nearly 45 per cent of India's mobile users started playing games on their smartphones during the pandemic. How far do you think that pandemic helped you scale up?

Before pandemic gaming was sort of in the very initial stages, in India, if we talk about. So the pandemic did give it a huge boost. A lot of new gamers, a lot of new streamers have come during the pandemic time and it has given opportunities to these gamers and other gaming ecosystems where they can grow and actually deserve what they are needing for the past few years. This is definitely needed. And we saw a lot of gaming startups coming in the time of pandemic. We also started during the pandemic. If the pandemic was not there, I was sort of doing something else. Or I might not be pursuing TournaFest full-time.It really helped us a lot. And gave us a lot of free time where we can think about gaming or startups in general.

Q5. Gaming is often not seen as a career in India. What opportunities do Gaming sector provide and how will you guide the students who wish to establish their career in this sector? What would be the one piece of advice that you would like to give to future entrepreneurs or maybe any student who wants to excel in the same field?

What I have to say on this is that gaming often has a bad reputation in terms of our Indian parents, society or any type of generation, like one or two generations above us. This will definitely be going on. But what I can convey from the statistics is that gaming has equal or more opportunities compared to other extracurricular activities like singing, dancing, and all.

Like if someone wants to be a singer, then everyone says that if you are good at singing, then you should pursue it full-time or try to excel at that. So in the same way, we can say in terms of gaming as well, because there are a lot of ways where you can prove your gaming skills. So if you really think you want to become a professional gamer or you're really good at playing a particular type of mobile game, then you should definitely pursue it. And caution to viewers or readers who are watching or reading this, you should also focus on your studies as well. Being a gamer is a nice thing, but also passing your exams is a bigger thing compared to gaming. So do that first and after that pursue gaming, so this was my piece of advice. Apart from being a gamer, there are a lot of professions like video editing or casting, or maybe script writing for gaming streams. So there are a lot of professions related to gaming. So if you want to be in this gaming industry, then it's not necessary to become a gamer, rather being a supportive role or side royals and from that also you can make a lot of money. So that should not be a problem.

Q6. The global cloud gaming market size is projected to reach around twenty two thousand million dollars by 2030. In a recent blog, you wrote about cloud gaming and its long term implications on the gaming and e-sport industry. Could you please brief us about the same here as well?

PC gaming was there for a long time but it didn't really take off in India because of the high cost of setting up a PC as it was only affordable for the middle class or upper middle class or higher class than that. So they were not able to afford a PC and do PC gaming in that. But when geo gaming came or the internet became accessible to everyone. When mobile phones become cheaper and more available to every class of society, it gives people a way where they can spend their time playing games on their mobile. PC gaming never really took off. But mobile gaming captured the whole Indian market. The limitation on that was cost as well as portability and oral experience because we can play games anywhere. If we talk about cloud gaming, you don't need any setup. Like you can play high-end PC games on your normal computer or normal laptop having an IP processor in which normal games like GTA couldn't even think to work. Cloud gaming has a lot of capability in general, but right now the technologies are not here. That is because latency issues are here and playing these games on cloud data on 90 or 60 frame rate is really difficult right now.

If we talk about internet technologies and other technologies in general, but I think in the next coming four or five years, definitely, we have a lot of scope in terms of cloud gaming, because it will play a major role in making games accessible to everyone.

Q7. Tournafest has raised Rs 3.05 crore in a pre-seed funding round from a clutch of investors, including India Quotient, FirstCheque, and other angel investors. How do you intend to use these funds in your startup?

While building a startup the first and the most important step is to build a very strong team. We are sort of utilising the most percentage of these funds in building a very strong team and making them sustainable.The rest we are spending on,marketing and other expenses, and giving the team a space where they can go very freely and sort of in a very productive way. So that's really important for us from the very beginning.

Q8. What are some of the issues Tournafest is facing and how do you plan to overcome it?

The issue that we are facing right now, It's not a kind of an issue but one problem, I can say, is finding the right employees for the right job. Because in a startup we have a lot of work in different areas cumulative. Let's say if we hire a tester then we will have some other work for the tester as well. So getting an employee or a team member who does not do one kind of work but 4-5 kinds of work. It's really difficult and some portions get untreated. There's obviously a lot of work, so it's really difficult to find that kind of guy who is passionate about building something, working for startups rather than doing a corporate job. So that's a big problem.

Q9. Your co-founder happens to be our batchmate. How far do you think personal bonding between Co-founders is essential for a successful startup or any business for that matter?

I, along with my co-founder, had been participating in various hackathons which added to a personal bonding with him. We had been doing projects together for a very long time. I know him very well and it's really important because teaming up with a bad co-founder or a co-founder who doesn't agree with you or doesn't support you will never work in the case of a company as Co-founders are someone who defines the internal ecosystem and shape up a company. So, incorporating a company is just like a marriage wherein the founders have to coordinate with each other to make it a success.

Q10. How did you come up with the name 'TournaFest' ?

If you remember, there was a festival in Harry Potter, the Quidditch Festival, in which they rode on their brooms and they used to catch the golden snitch in order to score and win a tournament. So, we were inspired by the Quidditch tournament and our logo is also inspired by the Golden Snitch only. So, this was a tournament and more of a festival. Hence, we chose the word 'Tournafest'.

Q11. According to you, what is the most important asset a startup must-have?

In today's world, the most important asset is perseverance. Everyone sees a startup as a growth journey. If we talk about swiggy, zepto or any other startup that has boomed in recent times, everyone sees their peak. But if you look at the other side, companies like these have been running for the past 10 to 12 years and it requires a lot of perseverance and hard work to actually sustain what you are doing because there will be lots of ups and downs. You will find your product-market fit and then the startup shoots up. People say that 90% of startups fail because the founders actually stopped while they were experimenting with their product, right, but if someone overcomes this experimentation, works hard and discovers product-market fit, then there is no limit. So, perseverance and getting the most conviction in your idea is the biggest thing.

Q12. Coming from a very prestigious institution, you must have a very wide network of eminent personalities out there. So, what role do you think a network plays in your professional and personal life?

Networking plays a vital role in everyone's life. If you know people who have done great things in life and whenever you have a problem, you just reach out to them. I also have an incident to narrate: I was working as I was having a bug in my code and I spent 2-3 days solving it. In the end, I just went to my senior who was really good at that particular task and I just asked him and he solved it within 5 minutes. This is how networking works. It gives you a lot of life lessons. As in my case itself, it reduced my 3-day work to 5 minutes. Also, having great mentors and such a wide network of people definitely helped me shape up as a person.

TERMS

Crack Spread

The "crack spread" is the difference between cost of crude oil and price of a refined petroleum product, usually using gasoline and distillate fuel. Both single and multi-product crack spreads are calculated. The most common multi product figure is the 3:2:1 crack spread, calculated by subtracting the cost of three barrels of crude oil from the price of two barrels of gasoline, and one barrel of distillate.

Contango

"Contango" is when the prices along a futures curve rises successively as the contracts' expiration increases. More basically, it is when the futures price is trading above the spot price for a commodity.

Swap Spread

A swap spread is the difference between the rate paid on an interest rate swap and the rate of the most recently issued treasury with the same maturity as the swap.

Bear hug

An offer made by a would-be acquirer to buy a company's shares for far more than they're worth. This usually happens when the target company's management isn't inclined to sell and needs extra enticement.

IN CONVERSATION WITH

ANKIT AGGARWAL

Founder and CEO of Unstop
(formerly Dare2compete)

Read on as Jyoti Rustagi and Saharash Jhunjhunwala take an interview of the Founder and CEO of Unstop (formerly Dare2compete).

“ The intention for me was not to make money, it was a lot of passion because I wanted to participate in . ”

“ Connecting Unstoppable Talent with the World”

From completing engineering to earning a full scholarship to Harvard Business School for a coveted leadership programme, Mr. Ankit Aggarwal, founder & CEO of Dare2compete, always had the zeal for entrepreneurship within him all along.

After working with industry giants such as Sapient and Deloitte, and improving the education inequity dilemma by dedicating three years to Teach For India, he finally let that entrepreneur loose and embarked on a journey to disrupt the education space. Failure never left him, and success never got the best of him! Dare2Compete, his entrepreneurial venture, today serves over 2.4 million users from 30,000+ companies and colleges across domains, including B-Schools, Engineering Colleges, Arts and Science. D2C reinforces positive interactions and interventions to improve and democratise learning and hiring through intellectual gamified engagements.

Q1. You started D2C as a blog, while you were pursuing your MBA, before establishing it as a company in 2016, what made you take this leap of faith and made you believe that this could become a huge platform for B-schools as it is now? What were the drivers behind the success of the company?

I think the journey has been a bit different for me, what is mean is, when I started off dare2compete as a blog, the intention for me was not to make money, it was a lot of passion because i wanted to participate in competitions and I was not able to do so, only because the information was not reaching me in time. And at that time, there were not too many engagements that we used to have. While I was maintaining it as a blog, in late 2016, I got a call from Reliance and Aditya Birla Group, stating that they were looking for doing campus engagements for B-schools, because there are not too many engagements to do this. That basically gave me that cake, that there is a category that dare2compete can create and there is a demand for it. So that was the trigger, in terms of that let's move out and actually establish d2c from a blog to an actual platform and a website that makes business and start creating products. In 2017, we went live with the platform and we had a dedicated team of 3 to 4 members and we are focusing on scaling it further now.

Q2. Do you consider the online mode of studying and the whole paradigm shift in the corporate world towards digitalization, an advantage or a disadvantage for the dare2compete platform as you have now seen that almost every educational institution is going offline, limiting their reach to online engagements? Would D2C be able to maintain its status quo?

Everybody is going digital, almost every company. I'll give you some specific reasons, so whether the students are on ground or virtual, companies would want to reach out to as many students as possible in the least amount of time with the least budget, that is the problem statement of our company, to engage with students. They won't be able to engage with a large majority of students on campus, that may only be for a specific list of campuses that they would want to go and hire people from. But every company nowadays is sort of democratising hiring, which means that they are open to taking anybody and everybody irrespective of their background till the time they cross their thresholds in terms of scores for those specific skill sets that they are hiring. Now, companies have opened up to a level wherein they were only going to say, 10 campuses, now they are looking at all campuses across India. One example is DAS (Data Administrative service) programs, which was only for elite 10 B-schools, but now, through the data imagination challenge, people can get into DAS and you don't even need an MBA degree. Those campaigns, employer branding, hiring will keep going on. Plus, I think, from the students' perspective as well, you're doing those initiatives, for example various events, their registrations and participation will happen online.

And also, if there has been an inclination towards going digital and you have formed a habit of basically seeing large numbers, then I don't think an offline version would upset the online version. Naturally, the colleges will open offline and I am glad they did because studies can happen in your peer groups while you are interacting with your professor. College life is critical for your professional as well as personal upbringing. But, I think digital spaces are here to stay and I don't see any backdrop of colleges opening up, in fact, it might be better only because the peer pressure that gets along in college is much higher than the virtual model.

Q3. At the beginning of your career as an entrepreneur, you've mentioned in one of your ted talks, your experience with the first cold call that you did, how do you think cold calling and mailing helps to kickstart any venture or business idea that a person is working upon in the early stages of his/her career?

In my view, it's critical. I don't say that you have to make a cold call, you have to make a connection, whether you do it through e-mails or cold calls. I'm simply not a fan of direct cold calls. Till date, our sales team doesn't do that kind of direct cold calls as such, but you'll have to make connects if you want to sell anything, you'll have to reach out to the consumers to sell it. That's where you need to define your users specifically and see how best you can reach out to them, some might be just a call away, or an email. In every startup, there is a journey, so first, you need to have the product-market fit, wherein you need to be very sure about the customer experience and you need to be sure that you need to get the customer, no matter what.
I was viewing a video the other day, one of the founders of a certain company took a flight from point A to point B to sell a product which itself was only $50 but the flight cost was more than the product itself, only because he knew, that if the product has been sold to this person then we will get more orders. So, I think there can be multiple ways to connect but you'll have to find the best way which works for you, your consumers, and users.

Q4. How to face setbacks at the beginning of your career and not let them consume you?

Very frankly, the sooner you realise these things, the better it is for you. It's not that I have not cried or I have not felt bad in my early days but when many things hit you multiple times, you grow as a person and become mature, and then what others are saying or what happens in your career doesn't impact you. Because what I've realised is, no matter what, you need to move forward, either you can sort of cry about it or you can sort of not do anything, but indirectly you're wasting your time. So, the faster you get up, the better it is for you and the people around you, that's the bottom line. Now, how do you do that, you need to figure out the best way in which your mind changes or you become happy, that might be just maybe talking to your spouse, girlfriend, boyfriend, parents or maybe even listening to a song. It might be just that, Hey, I want to go to Goa and just chill and come back. But, the faster you realise, the better it is for you.

Q5. Creating an engaging platform and capitalising on a particular market segment could be considered as one of the most difficult tasks that an entrepreneur can imagine, whereas, D2C has been able to achieve both these goals along with creating a community of B-schools, and various corporate leaders. What were the hurdles that came in your way during this journey?

There are different hurdles and different obstacles that you get at different points in time during your entrepreneurial journey. Forget about the entrepreneurial journey, if you're a manager working in a company and you're given a project. Now, the first generally happens is how you crack your first deal, your first sales or your first user. Then, how do you ensure that how do I create a community so that students get on dare2compete so that it's a matter of parity that you want to do a competition, you have to do it on dare2compete because that's where the public is. So for that when we thought through, who are we fighting with and in one of the discussions internally, we came to an understanding that we are fighting with google forms and Facebook, because if a person is not listing a competition on d2c, the best available option for them is to create a google form and take up registrations, and if they're not promoting on you, they might go to these social media platforms. So, then we realised that to create a community, we'll have to open up our platform (In 2017-18, our platform was a closed platform and we were only doing exclusive deals with only a few colleges or so).

When we opened up, anybody can actually put their competitions on dare2compete. Our stats say that, and we call them organic listing, so let's say when your college does an organic listing on dare2compete, 80% of registration that you get are through dare2compete , which is why you come to us. But the 20% are new user acquisitions for us. But, this 80-20 ratio keeps changing, right now, this ratio is 95:5, because we have already penetrated to most of the premier colleges and the students are already there. But in those months of the first quarter of the academic year, this may become 70:30 because the more opportunities we give them, the better it is for the users to come and engage with us.

Fortunately, for dare2compete, that cycle has started, for let's say in the last 12 months, people have been listing competitions on d2c and they have been benefitting from it.

Q6.There are various alternatives in the digital market segment offering internships, interactive competitions, and online learning, etc individually but D2C is considered to be the one-stop-shop for all with both B2B AND B2C business models with connections to various leading corporate firms. How were you able to tap this market segment and get them on your platform?

In terms of that whole vicious circle, we expanded to the needs of that particular audience, they are not only looking forward to participating in competitions, they are also looking forward to internships and jobs. During the curriculum, they look for internships and at the end, for jobs. So that was a natural extension of what we were doing. What we are doing is that we are giving you new opportunities to learn, upskill and explore those industries, companies, and profile kinds of stuff. So then we thought that it should not just be competitions, it should be possibly everything that gives you more opportunities to align your hobbies and interests to the industry and companies that you want to get into. Then, from the corporate's point of view, I think we've been lucky enough to say that our users become our brand ambassadors. Till date, all our conversions have been pull-based, which is companies reach out to us and we convert them, only because, let's say you used dare2compete, you may go to XYZ company and you may tell them about dare2compete as a platform to engage with students. So, that's our biggest selling channel I would say and we're happy to have those ambassadors and all our users who talk about dare2compete in their companies and that's how we've been able to scale. But that's as of now, the word of mouth is strong, but now we are looking at the exponential growth where we basically go out in the market and talk about ourselves, shamelessly. We need to tell them what is the benefit of being on dare2compete and how we can help you and all of that. So I think the community model has worked wonders for us and that's how we are scaling up.

Q7. The Indian startup ecosystem has thrived over the past few years, fueled by factors such as funding, evolving technologies, and an expanding global market. Does this create a sense of competition for your company being challenged by any other startup or do you consider this entrepreneurial wave as a boon or assistance for your business?

No matter which business you are in, an entrepreneur is always afraid of a bunch of 3 to 4 IIT guys coming up, establishing a website, and killing your market and selling possibly at half the cost because funding is there in the market already. So, in any business, you need to have some set of differentiators that is not easy to crack. So, the first is the network effect, which is our community. Second is the brand recall and the trust that we have been able to generate in the users as well as the customers. So when a company is working with us, now they know as to what is the value of Dare2Compete and that only comes when you basically have good customer experience with that user and the third thing is product-led growth. What generally happens is when people start using those products, they start forming habits of those, which are much difficult to outgrow. For example, in a freemium model, let's say for students to actually hop on to dare2compete and launch a competition, we want that process to be as easy as possible so that even in their mind, they don't think of anything else. We are also doing various things with gamification also, where very soon, we'll start giving you, as an organiser, some gratification in terms of let's say 10,000 D2C coins or rupees, which you can actually give to your winners so you don't have to raise any sponsorships. The winners can then hop on to dare2compete and redeem them for different vouchers. So, for any business, differentiators are very critical to the point that maybe 3 to 5 IIT or IIM guys or any other students cannot create a website just like yours and kill your market.

Q8. What were your expectations from the budget and what were your opinions on the latest fiscal budget, which focused more on the start-up sector and digitalization than it has ever done before?

My personal view was that it's a balanced and a good budget. It has batting for Indian growth. Very frankly, I don't see too many incentives given for the start-up ecosystem apart from the extension of the timeline to take tax breaks as such which is a good surprise but outside of that there is nothing very phenomenal about the budget or a disaster about the budget. The good part is they are eyeing greener resource uses. The expense on Capex is much higher and trust me the expense on Capex impacts each and every one of us. That's the biggest highlight of the budget. But, overall, I see it's a balanced budget.

Q9. Considering D2C is now almost associated with every B-School and company in India, what would be your plan of action going forward in the post covid world?

I think the plan of action is simple. We're now trying to create a global community. So, In the post covid world Companies based In India should be able to hire people in US through D2C or should be able to engage with people in US, Australia or Europe irrespective of where you are. They should be able to engage with them in real-time with gamification and everything. So, we're moving forward in that manner where we are creating more products, nicer products, scalable products, and everything is driven by our sass which we're launching for B2C in a month's time or so. So, if you want to go ahead and launch an engagement just like you guys, anybody will be able to do that, you'll be able to do that for your committee members, for your college for pan India, globally whatever purpose it may be but you'll be able to use D2C for all purposes.

Q10. Are there any particular ad campaigns or marketing campaigns that you're planning to go global on a large scale because it would take a lot of work to create this kind of scalability in the market?

We're working on those marketing campaigns, brand campaigns or so. In fact, we're looking at changing our name as well and we might do that in a couple of months or so. All of that is work in progress. Let's see how we sort of move ahead.

Q11. You have given various ted talks and interviews all over India. So, what impact do you think public speaking has on the personal life of a person?

I think it is not about public speaking. I sort of divide that into two or three different elements. I basically tell my kids as well; you should be your anybody for that matter. You should be able to articulate your thoughts really well. That's the first thing. Whether you're speaking with yourself in front of a mirror or with your family, friends, or publicly anywhere. You should be moving forward in everything in terms of articulating yourself. Once you start forming that habit of articulation, what happens is that your thought processes become more streamlined and when that happens whenever you're speaking to anybody, that thought process actually automatically churns in your mind and you start speaking things in a very streamlined and smooth manner because you've been doing that. The second thing is that when you're going in public you need to see who you are speaking with and based on that, you need to speak. But you'll only be able to speak once you know what you're trying to think and what you're trying to say. Many times, where people go wrong is that generally they don't prepare or their thoughts are not well articulated in their mind. In that case, they feel nervous and that's where they fumble. I would say that articulation of thoughts needs to be crystal clear and just target your audience in terms of whom you are speaking to and based on that you basically channel those words you are speaking out. The third thing is irrespective of whom you are speaking to, it doesn't really matter. You just need to go out there on the stage because you're going to take the limelight. I've sort of experienced it and learnt it the hard way, if you're afraid and not trying out new things, you're anyway a failure. But only by trying, you may see success. My advice is to sort of keep on going forward and trying out new things.

Q12. You've mentioned in your ted talks that one of your biggest fears is that "you don't know what you don't know", relating that to this fact that articulating your thought when someone is fumbling, they certainly in the back of their head don't know something and they're not able to present that in front of an audience and we're stuck in a situation that we cannot answer a particular question . So How to deal with such situations even while we're working or giving a presentation or even talking to people ?

It basically happens based on your practice or based on your knowledge. Essentially, why you fumble is because you don't know those things, it might be a question that might have been thrown at you. Whatever you're doing, let's say if you're presenting something the best thing you can do is make sure you know it inside out. Many a times, because you don't know the subject, the fear of failure creeps in and that stays because the last time you were on stage it was a disaster because last time you didn't study and this time around you're afraid because last time was a disaster, this may also go a disaster. You'll have to figure out ways in which it is best for you. One thing I've learned at Teach for India is the teachers-they we're practising a lot. The recruitment team practised 10 times to deliver a PPT. That's why, when they deliver, it's an absolute pleasure to hear them.

Q13. While you were building D2C, what were the starting points that you started with, was it R&D, was it looking for a team you can build or funding?

I did look out for funding but the team plays a major role. The tech team, the product team, and so on. For me, the first 5-10 hires that I did were very critical as they laid the foundation for the company. So, hiring those 5-10 guys was the biggest challenge for me but eventually, we were able to do that over a few weeks.

Q14. In the early stages of a startup or any company or any firm in particular, what are the talents or merits that you look forward to while hiring a person or an employee and for building a team or a venture that's so close to your heart?

Right now, I look forward to whether I can trust that person or that person seems genuine. But more importantly, whether that person has the ability to change and learn things. I think adaptability is one of the main things I look for. I'm not saying you need to be a jack of all trades but you should be open to trying out new things rather than being restricted in your professional life. I basically see the person's adaptability and whether the thought process of that person is crystal-clear or not. Whatever questions we ask, whether that person is able to think in an analytical way and give us a sensible answer or not.

Q15. Can you share with us something about your Harvard experience? How was it being there and how did you grow as a person?

I think it's good. The only thing that I realised and I've only realised when I had the privilege of working in those groups at Harvard- the diversity factor, which in India we don't use often as we should. I think more interactions, more discussions, no books were the highlight. The more discussions you have, your thoughts become clearer and you start seeing things from different vantage points. I mean, here in India the students should also do. I am a big fan of offline colleges rather than online because there you have peer-to-peer interactions and you interact with professors. This paves way in developing your personality.

Q16. If you had to sum up this whole experience of being a CEO of a digital company who is based totally on an online platform what would that sentence be that you would dedicate to all these experiences you had through these years?

In this digital era, it is easier to make an impact on a larger set of people through technology. Earlier, it could not and I wouldn't have but during covid, my eventual vision is to impact at least 1% of the world's population. Only through digital technology, we been able to move forward in that direction and I'm really happy. In the last 10 months itself, we've onboarded close to 1.5 million users on D2C which is phenomenal from where we were. So yes, we're sort of moving forward happy that we're creating an impact in this digital world.

Q17. Are there any opinions or any advice that you would like to share in general?

I think this is a fast-paced world. If you have a thought in your mind, you need to implement that ASAP. Don't wait for others to hop on to that idea or for somebody else to be with you. Be confident and mature enough to go solo for whatever you want to do. All the best to everyone who either wants to start a new venture or a job or whatever their endeavours may be.

TERMS

Rule of 72

The Rule of 72 is a quick, useful formula that is popularly used to estimate the number of years required to double the invested money at a given annual rate of return. The Rule of 72 applies to compounded interest rates and is reasonably accurate for interest rates that fall in the range of 6% and 10%.

Simply divide 72 by the Annual Interest Rate and this is the time it will take you to double up your money. For e.g.:- If you Invest 10,000 at 8% p.a., it will take you 9 years (72/8), to double up your money.

Butterfly Effect

In business, the butterfly effect describes the phenomenon where the simplest actions yield the largest rewards. The butterfly effect was coined by meteorologist Edward Lorenz in 1960 and as a result, it is most often associated with weather in pop culture. Lorenz noted that the small action of a butterfly fluttering its wings had the potential to cause progressively larger actions resulting in a typhoon.

Gnomes of Zurich

An unflattering term applied to Swiss bankers and financiers, alluding to their secrecy and speculative activity.

Sushi bond

A bond issued by a Japanese issuer in a market outside Japan and denominated in a currency other than the yen.

ALL THAT WENT WRONG

EVERGRANDE'S FAILURE THREATENS TO DESTABILIZE AN INDUSTRY THAT ACCOUNTS FOR 29% OF CHINA'S ECONOMY.

By
Saharsh Jhunjhunwala

EVERGRANDE

Introduction and Brief History

From being the most valued real estate company in the world back in 2018 to becoming a liability on the shoulders of the government, things have become pretty messy for a company whose business was disrupted during the covid era resulting in payments due on its debt, which is hundreds of billions of dollars. Founded in 1996 by Xu Jiayin, the company ranked 122 in Fortunes global 500 and had a vast business operation ranging from wealth management to making electric cars and food items.
What made this giant crumble?
How did the 'asset' turn into a 'liability'?
Why is this company backed by the government?

The Actual Case

Evergrande had many pending projects across the country but instead of completing those, it continued on taking up new projects. Also, the company took up limitless loans from international investors, and at the time of making payments, it defaulted. On 9th December, Fitch Ratings, a leading American credit rating company, declared Evergrande 'default'. Well, the declaration of the company getting 'default' is a consequence of a chain of events. It all started when the company made a payment of 83.5 million dollars due on some of its dollar-denominated bonds on 21st October when the due date for the same was 23rd September 2021. A similar set of events occurred frequently and the company on 3rd December said that it was unlikely to meet its financial obligations.

Evergrande was once in such a state that it asked its employees to lend some cash to the company or forget their bonus.

Also, Evergrande said that it would "actively engage" with its foreign creditors and see what it could do to formulate a play with them for its restructuring. On Dec. 6, Evergrande's board announced that a "risk management committee" headed by the provincial officials would be formed and they would look further into the company's dealings with its creditors.

On 3rd January 2022, the shares of the company were suspended from trading, without any reason being provided by the company. They resumed trading a day later and the stock prices rose by 10%. Now, the government officials are working to save the company from going bankrupt.

Reasons & Analysis

Dirty Borrowing Habits: For months, Evergrande kept the financial markets in a precarious position as it narrowly turned away being declared default several times by making last-minute payments on its bonds. But under mounting pressure and with no cash to keep things going, Evergrande had no choice but to refuse to make payments.

Slow growth of real estate market in China: Evergrande accounted for 75% of apartments for high and average-income people groups. Demand for new apartments has fallen down in China as a result of which there wasn't enough cash flow for the company to continue its operation. This is in a way, contributing to the overall slowdown in China's economic growth too for the times to come.
Poor Business Management: Even though the company had a vast business line ranging from real-estate to electric car manufacturing, it did not

capitalize on its opportunities. Evergrande took up many loans and new projects without completing their previous ones and repaying earlier loans. The management should have made effective utilization of funds available in its projects.

The Way Forward

As said by the government officials themselves, the government will work to “resolve risks, protect the interests of all parties, and maintain social stability,”. Investors, however, are worried whether the fallout could spill over and hit global markets. The government will do its best to save the company from the fallout. Evergrande going bankrupt will have a lot of serious consequences on the world’s largest economy. Some of the reasons of which are:

Evergrande pre-sold thousands of apartments across 8000 sites before they were done. It means that half-built apartments remain unfinished, even though people already paid the amount. It will lead to a major housing crisis and in turn many people going homeless which the government will surely take care of.

There are also the companies that do business with Evergrande. Firms including construction and design firms and materials suppliers are at risk of incurring major losses, which could force them into bankruptcy. Evergrande’s failure threatens to destabilize an industry that accounts for 29% of China’s economy.

Evergrande’s bankruptcy will have a potential impact on China’s financial system. Other banks and money-lending firms will be forced to lend less. It will also lead to a credit crunch when companies find it very hard to borrow money at affordable rates. If this happens, companies that can’t borrow find it difficult to grow, and in some cases are unable to continue operating.

Foreign investors will also hesitate to invest in China after this fallout. This will have a direct impact on the Gross Domestic Product (GDP) of the economy.

FACTS

Evergrande is estimated to have $300 billion in liabilities. That’s enough to cover the entire debts of Peru ($93.3 billion), the Philippines ($97 billion), Iceland ($20.3 billion), Bulgaria ($46.5 billion), and Panama ($31.7 billion) combined

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JET DEFAULTED ON ITS DEBTS OF MORE THAN RS. 8,000 CR AND LEASE PAYMENTS TO AIRCRAFT LESSORS DUE TO RISING CRUDE OIL PRICES AND A WEAK RUPEE

By Veides Kasera

JET AIRWAYS

Introduction

The sky was the limit.

Or so thought Mr. Naresh Goyal, the founder and former Chairman of Jet Airways. One of the most successful aviation companies in India, what happened to Jet Airways? The story of India's prime airline has stunned most of the industry as well as the entire country. Let's start with a brief history of the company and its humble beginnings.

A brief history

The Tata Group established the first Indian airline, Tata Airlines, in 1932. It was nationalized soon after independence and rechristened as Air India along with 8 other domestic airlines. From independence until the early 1990s, the government had sole control over the air transport system.
About one year after deregulation, Jet Airways was incorporated on 1st April 1992, as a limited liability company. It began only as an air-taxi provider in 1993, leasing four aircraft from some Middle-Eastern investors. From this, Jet Airways grew to a fleet of over 120 aircraft and was the pride of India, being 'Vocal for Local' far before its time. Jet raised the bar from the incumbent Air India in terms of punctuality as well as service and revolutionized the aviation industry.

What Went Wrong?

Despite posting its first operational loss in FY 01-02, things were going relatively well for Jet throughout the early 2000s. It saw its first international flight in 2004 along with an IPO on the BSE in the same year. However, things started going downhill for Jet by the end of 2007. The company had gone ahead with a deal to acquire Air Sahara, the only airline other than Jet and Air India with international flights. The deal was originally slated for $500 million in 2006 but it fell through. One year later in 2007, it was finalized for around $350 million (Rs. 1450 cr) and Jet Airways fulfilled its dream of being the only private airline to fly abroad in India. Air Sahara was rebranded as JetLite to compete with low-cost carriers (LCCs) such as SpiceJet and IndiGo which were just beginning to grow. Sadly, many experts call this decision one of the first big strategic mistakes (more in the next section).

The first major HR and PR debacle occurred in October 2008. Over 1900 temporary and probationary cabin crew workers were terminated without any notice, and in such a manner; many of them found out after reaching the airport by themselves since office transport did not arrive to pick them up. After backlash from the government and other stakeholders, Chairman Naresh Goyal dramatically reinstated the employees, stating that he did not know about the decision taken by senior management.

Despite these setbacks, Jet managed to become the largest airline in 2009-10 by securing 22% of the market share. Furthermore, Jet Airways sold 24% of its stake to Etihad Airways in late 2013 after the government opened aviation for FDI in India, bringing in much-needed cash around $380 million. But it wasn't enough.

In the final decade of Jet's story, LCCs forced it to cut down prices in order to stay competitive. Jet wasn't able to manage its position as the dominant full-service airline in India since more people were willing to travel in cramped, economy class cabins for much cheaper rates than what Jet was charging. After posting losses for most of 2017 and every single quarter in 2018 due to rising crude oil prices and a weak rupee, Jet defaulted on its debts of more than Rs. 8,000 crores and lease payments to aircraft lessors. Employees and pilots had not been paid for months. IOCL stopped supplying aviation fuel on April 5, 2019, due to non-payment of funds. Consequently, its fleet was grounded by the DGCA on April 17, 2019, and Jet filed for bankruptcy a few months later.

Reasons & Analysis

Merger with Air Sahara: What the management failed to realise was that the acquisition put immense pressure on the already starved financial and management resources of the company. And this was also happening at a time when LCCs such as IndiGo and SpiceJet were coming into the aviation market.

Full-service airline: Little did Jet know that being a full-service airline (catering to first, middle, and economy class) would cost it the entire future of its company. A full-service airline needs formidable financial support, superb customer relationships along with strategic and operational excellence. Jet Airways focused on catering to the luxury segment along with the middle/economy class, which forced it to raise costs and become much more uncompetitive compared to LCCs.

Management issues: It was quite evident that Naresh Goyal and other senior managers were not able to properly manage Jet Airways. Goyal has been criticized by insiders for poor financial acumen, his emotional nature on certain topics, or his lack of creating specialized management teams. The communication gaps and fissures between top management were also quite evident in the mistake with 1900 employees.

The Way Forward?

After its collapse in 2019, many propositions for its acquisition and support were explored, and finally, the Jalan-Kalrock Consortium was able to take up the burden of Jet Airways on 18 October 2020. The lenders of Jet Airways approved a resolution plan submitted by UK-based Kalrock Capital and UAE-based entrepreneur Murari Lal Jalan to revive and operate Jet Airways.

The new management's vision for Jet 2.0 is inclined towards increasing the cargo services to include dedicated freighter service. Jet Airways 2.0 could take to the skies next summer as a full-service domestic airline with a fleet of six aircraft along with new cargo services. Looks like Jet can take to the skies once again!

FACTS

On the 1st of April 1992, Jet Airways was incorporated as an air taxi operator, starting commercial operations one year later, with a fleet of four Boeing 737-300 aircraft.

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ACCORDING TO A REPORT BY MACQUARIE GROUP LIMITED, "PAYTM WILL FIND IT CHALLENGING TO FURTHER EXPAND ITS BUSINESS GOING AHEAD"

By
Saharsh Jhunjhunwala

PAYTM

Introduction and Brief History

Paytm Karo' - Founded in 2010 by Vijay Shekhar Sharma with an initial investment of 2 million dollars and a mission of to bring half a billion Indians into the mainstream of digital payment systems, e-commerce, and financial services, Paytm is now one of the most highly valued fintech companies in the world being valued at 20 billion dollars at the time of raising its IPO. Paytm, a Noida-based multinational technology company, offers online use cases ranging from mobile recharge to in-store payments at various places like fruits and vegetable shops to parking tolls. Currently, the app is used by around 333 million customers and 21 million merchants around the globe to make and receive payments.

The Actual Case

Introducing Digital Banking to the country and by bringing millions of people under the ambit of cashless transactions by revolutionising India's payment environment, Paytm must have thought of reigning in the market after launching its IPO in November,2021. However, little did Paytm know that things were not rosy as it seemed to be. Asking for an enormous amount of 18,300 crores (2.4 billion dollars) at a valuation of 20 billion dollars, shares of the company were offered to the public at Rs. 2,150 per share and started trading on 18th November,2021. India's largest IPO, listed at a discount of 9% at Rs 1,955 on the BSE, and closed at Rs 1,564.15, down by 27.24% from the IPO price. Trading of the scrip was halted after it hit the lower circuit in the latter half of market hours, making it the biggest drop on a listing day in Indian IPO history. Indications of a poor debut were also visible in the slower subscription of the public offering the issue was fully subscribed only on the last day at 1.51 times, while the retail portion was booked over by 1.62 times.

Reasons & analysis

Different market participants had different views regarding the stock crash:

1.**Stock Analysts** believe that the valuation of the company had traditionally been decided by foreign investors with a higher risk appetite, whereas Indian public markets decide based on conventional profitability and earnings metrics. They were of the view that a flawed business model and weak listing of the IPO made Paytm a company not worth investing in.

2.Institutional and Retail investors flagged concerns with the company's growth prospects, considering the absence of a licence to enter the lending business. Also, they felt that the IPO is overvalued, given the company's inability to deliver profit after so many years of staying in business. Though the company has managed to bring down its losses and diversify its business over the years, it has not yet delivered a profit.

The Way Forward

After not performing the way, it intended to in the stock market, the road ahead is not very smooth for Paytm. The stock hit a price of Rs. 875 in the last week of January which is not a good sign for the company and the low price depicts the company's performance. According to a report by Macquarie Group Limited, "Paytm will find it challenging to further expand its business going ahead. Paytm's payments-based business model has been disrupted by Unified Payment Interface

(UPI), a real-time retail payment system developed by the government-backed National Payments Corporation of India (NPCI). UPI now accounts for 65 percent of Paytm's GMV (gross merchandise value), which is expected to increase further to 85 per cent by FY26. Hence, Paytm's take-rates should continue to decline in the times to come." Paytm, undoubtably, has a vast consumer base but the future of the company is unpredictable as the market does not know about the core business of the company and the timing of its profitability.

Indian start-ups raised a whooping 9.7 billion dollars in the first 9 months of 2021. This statistic shows the extent to which Indian companies have influenced the general public. However, Paytm's failure has raised doubts about impending IPOs, some of which include OYO, LIC and Paytm's small rival, MobiKwik. Given the state the stock market is in, investors will now be more cautious and risk-averse especially for loss-making new age technology companies. For the companies, they need not be over-ambitious and keep their valuations fair and raise funds as per the sentiments of the market.

FACTS

PayPal filed a case against Paytm in 2016 on the grounds of using similar blends of colours in its logo. Paypal claimed Paytm had stolen from its logo and created a logo that was "blatantly and strikingly similar" to its own logo.

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THE GAMESTOP STOCK SAGA IS A LONG, TWISTED AFFAIR WITH A "LOTTA INS, LOTTA OUTS, LOTTA WHAT-HAVE-YOUS," IN THE WORDS OF THE BIG LEBOWSKI'S THE DUDE, WHO MIGHT JUST HAVE BOUGHT SOME $GME HIMSELF IF THE TIMING WAS RIGHT.

By
Mayank Choudhary

THE GAMESTOP SAGA

Overview

The first two months of 2021 saw an extraordinary saga unfold, which went on to become one of the biggest underdog stories ever told in the history of stock markets. GameStop, a struggling video game retailer which saw its sales plummeting due to dying malls and the pandemic, saw its share price rise to unprecedented levels. Well, if unprecedented doesn't justify this meteoric rise, perhaps the numbers will. At its height, on January 28, GameStop had a pre-market value of over US$500 per share, nearly 30 times the $17.25 valuation at the beginning of the month.

Once this settles in, the first question arises. How did this ever happen? At the center of the events were a group of amateur investors on the Reddit community WallStreetBets taking on billion-dollar hedge funds, the giants of Wall Street. And why this story is often compared to the David vs Goliath battle is because the seemingly insignificant retail investors of Reddit actually won, performing what many call 'a squeeze of the lifetime'.

Short Sell and Short Squeeze

To understand the 'squeeze', officially known as a short squeeze, one must know what it means to short a stock. Short selling is a trade practice in which an investor borrows shares from a broker-dealer and immediately sells them at the market price, hoping to buy them back later at a lower price, return the borrowed shares to the lender and profit off the difference. However, the catch is you've got to buy the stock back and return it at some point, even when the price is higher and you know you're going to lose money.

A similar thing happens in a short squeeze- the price of the stock being shorted starts to climb, maybe because of a sudden piece of favourable news or any other reason for that matter. Short sellers are then forced to buy back the stock they had initially shorted, in an effort to keep their losses from mounting. That drives up the price of the stock even higher, triggering more short sellers to cover their positions by buying the stock, causing an even bigger jump in the price of the stock.

A Quick Timeline of the Series of Events That Unfolded-

Ailing GameStop

GameStop's health had been declining in recent years due to an outdated business model and competition from digital distribution services. The pandemic too hit it hard, with the number of people shopping in-person dwindling and a number of stores shutting down. During the first COVID-19 lockdown in March 2020, GameStop stock dropped to a value of $2 to $4 per share, the lowest in the company's history.

Signs of Redemption

The first boost to GameStop's share price came in September when Ryan Cohen, co-founder of the pet e-commerce company Chewy, bought a 13 per cent stake in the company. Another reason why GameStop had the backing of some investors was that Michael Burry, the legendary trader of The Big Short fame, too revealed in August that he had a big stake in the company. This led some to believe that the stock was undervalued, and they helped push its price higher during the final quarter of 2020 to almost $20. On January 11, GameStop added three new directors to its board, including Cohen. This modest announcement generated quite the buzz on WallStreetBets, with traders jumping on the news and on January 13 the stock closed at $31.40- a spike of more than 50% in 2 odd days.

Shorting the Stock

This recovery caught the eyes of Wall Street, including many significant hedge funds. Their analysis, however, deemed GameStop to be doomed and its stock overvalued, and they began shorting it as a result. At the center of the saga was Citron Research, a stock research firm run by famed short seller Andrew Left. On January 19, Citron took an aim at those buying GameStop in a snappy tweet and predicted that the shares would soon go back to $20. Another notable short was placed by the $13 billion hedge fund Melvin Capital. On January 22, 2021, approximately 140 percent of GameStop's public float had been sold short i.e., about 71.66 million GameStop shares worth about $4.66 billion had been shorted, making it the most heavily shorted stock on Wall Street.

Online Discussion

Upon noticing this shorting activity, a significant number of WallStreetBets members hatched a plan to buy and hold GameStop stock as a way to drive the stock price higher and trigger a short squeeze. WallStreetBets has always had an antagonistic relationship with shorts — many retail traders are betting stocks will go up, not down. And they figured out a way that, if they all acted together, they could screw the shorts over and make a profit while doing it. Any news suggesting progress in this direction was therefore met with much fanfare on WallStreetBets. For many subscribers of WallStreetBets, getting rich was not the purpose of driving up GameStop's stock value. In fact, its purpose was to bring hedge funds, or investors that use high-risk methods to obtain as much capital as possible, to their knees. This form of digital protest is unlike anything ever seen in the stock exchange.

Phenomenal Rise in Stock Prices

As the tug-of-war between the everyday investors and hedge funds heated up and support grew for GameStop on WallStreetBets, the stock skyrocketed more than 50% in the trading session on January 22. It opened that day at $42.59 a share and closed at $65.01. During after-hours and pre-market trading that weekend, GameStop continued to climb. On Jan. 25, it opened at $96.73. According to Dow Jones market data, more than 175 million shares of GameStop were traded on January 25, the second-largest total in a single day.

Right after GameStop's stock closed up 92.7 percent on January 26 at $147.98, business magnate Elon Musk tweeted "Gamestonk!!"—a reference to the "stonks" meme rising in popularity at the time—along with a link to the r/wallstreetbets subreddit. The Tesla chief executive who is known to sway the market with his tweets has some 75 million Twitter followers and was already a popular figure among users of the Reddit forum. Shares soared by nearly 140% in after-hours trading. The stock opened on January 27 at a whopping $354.83 a share.

Halting of Stock Purchases and the Resulting Volatility

On January 28, Robinhood halted purchases of GameStop and other volatile stocks from its trading platform; customers could no longer open new positions in the stock, although they could still close them. Other brokerages soon followed suit. Robinhood cited the reason as volatility first and said this was in the interest of mitigating risk. However, they later said this decision was made based on clearinghouse-mandated deposit requirements that it said increased ten-fold. This led to a massive backlash and protests by the traders where "the rich and powerful" were accused of manipulating the stock market in a way that kept others out. This triggered an extremely volatile trading day that saw shares reach an all-time high intraday stock price of $483.00 -- before plunging down to $112.25 by the time markets closed. In pre-market trading hours the same day, it briefly hit over $500, nearly 2900% up from $17.25 at the start of the month. On that day, GameStop's total market cap reached $33.7 billion which made it temporarily the highest valued company on the Russell 2000, a market index comprised of 2,000 small-cap companies.

Losses by Short Sellers

Meanwhile the shorts were definitely hurting: By January 28, 2021, Melvin Capital had lost 30 percent of its value since the start of 2021, and by the end of January had suffered a loss of 53 percent of its investments. Left, the Citron short-seller, made the announcement that Citron Capital let go of the majority of their bets and took a "100%" loss in doing so. It was reported by Bloomberg that short-sellers had lost a total of $6 billion due to the squeeze.

Loss in Value

The stock plummeted throughout the week, trading at a little over $50 per share just a week after reaching that all-time stratospheric high. Reports estimated that about $27 billion in value had been erased. Despite the decline, some WallStreetBets users rallied to convince other users to hold on to the shares, arguing either that they would increase in value or that such an action would send a political message. As the stock prices continued to decline, some of the recent investors held on to their shares, and suffered significant losses.

Aftermath

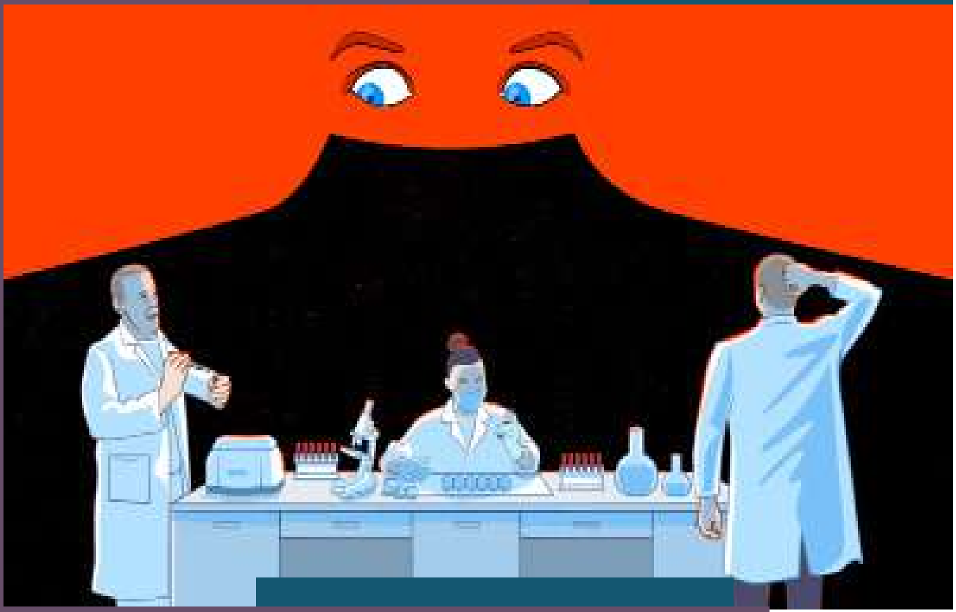
GameStop picked up pace soon after and continued to stand up to its name of being a turbulent stock, with many more peaks and troughs in the coming months, ranging from $300 to $100. It's difficult to predict what's next for GameStop, but the price doesn't look to settle anytime soon. Over the last decade, sales at GameStop locations have slowed in response to the growth of online gaming, and GameStop's online ambitions are still in the nascent stages. But even so, it is unlikely that GameStop will go bankrupt any time soon.

Conclusion

This isn't the first time day trading has become trendy, nor is it the first time day traders have been accused, often rightly, of being a little bit reckless. Many of them treat trading like a game, which can obviously be dangerous. But it's hard to root against them. Plenty of hedge funds, short sellers, billionaires, and institutional investors treat investing like a game, too. And every once in a while, they're bound to lose too, even to the little guys. All in all, this fluke in the stock market has baffled and amazed many and will likely go down as one of the most unusual moves against Wall Street in financial history.

FACTS

Philadelphia-area GameStop locations once required customers to have their fingerprint scanned if they were selling or trading in a used game: The prints were checked against a database operated by law enforcement that tracked stolen goods. Not surprisingly, customers were slightly offended by the measure. Riding a wave of negative publicity, the Philly-area stores abandoned the policy in August 2014, just a month after it had been enacted.



A YOUNG WOMAN THOUGHT TO BE A BRILLIANT INVENTOR LIKE STEVE JOBS, CLAIMING TO HAVE MADE A BREAKTHROUGH IN MODERN MEDICAL SCIENCE.

By Tanushi Dhawan

THERANOS

Introduction

In 2003, a 19-year-old ambitious girl, Elizabeth Holmes thought of changing the world for the better and decided to drop out of Stanford to pursue her newfound idea on blood testing. To make her ambition a reality, she took money from her education fund and started a company called Theranos.

The company was a healthcare technology startup that was once worth 9 billion dollars but eventually came crashing down in one of history's biggest frauds. The simple idea of Theranos was to create a much more advanced and economical blood testing device- a revolutionary blood analyzer that could do multiple blood tests on fingerprints, in the comfort of your home.

But the idea was more ambitious than it looked. Moreover, all of this, was monitored over carefully placed lies that would eventually lead to its failure.

The Rise

Elizabeth was inclined towards making money from a young age. She was in her initial years of college studying chemical engineering when she met Sunny Balwani who had some recent success in the '.com' boom of 1999 and had exactly the thing that Holmes was looking for i.e., Money. She wanted to change the world and Sunny would help her a lot in the process.

The initial patent that she created was to develop a wearable patch that could adjust the dosage of drug delivery and notify doctors of variables in patients' blood while also suggesting medicines for any disease. The first few months were not so easy because she was met by doubtful medical investors. Nevertheless, even with little knowledge of the subject matter she still had 6 million in funding at the end of that year. In the beginning, blood testing would be done by cartridge and a reader system. The Theranos machines would interpret the result in much less time in comparison to the traditional method. Their business model was based around the idea that it ran blood tests using proprietary technology that required only a pinprick in your finger and a small amount of blood. This was supposed to bypass the need for a doctor and make the detection smoother.

But keep in mind, the fact that all of this was not being implemented, rather just being promised.

Problems

The following points well explain the problems related with Theranos-

1. Poor work culture

The working environment of Theranos was not very healthy. There were punishments for working less than 8 hours. Moreover, there was always constant firing of employees. To reach a better place they hired a parallel team to compete with the original one for the same product, the only trick being that the failed team would be fired.
They were even forced to write confidentiality agreements.

2. Leadership Issues

Holmes was not willing to let anyone go against her and in fact when confronted by the CFO, about her countless lies, she fired him on the spot and the company did not have any CFO for a decade. Theranos tried to conduct live testing on physically ill people. The management had received some constant problems with the testing. A new member of the sales team found out that the financial projections were based on pilot tests that weren't honest. The management even wanted to fire her but her incredible manipulation helped her get through.

3. Poor Management

The board of Theranos was filled with many popular faces like George Shultz and Henry Kissinger but the only issue was that most of them were well experienced in Politics or the Military and only a few had actual medical knowledge. This made it easy
for Holmes to convince the board for anything she wanted. They overlooked the most obvious shortcomings and became incompetent in playing their part.

4. False Promises

When 'Edison', their flagship testing device, was launched it was said that 192 different tests could be performed but only half of them were theoretically possible with
the technology they had. They promised that the Edison test could detect conditions such as cancer and diabetes without the hassle of needles.

Fall

Theranos's fall from grace was one of the highest-profile cases of alleged fraud which the healthcare industry has ever seen. It began to unravel in 2015 when a whistleblower raised concerns about Edison. A series of damning exposes claimed that the results were fake and most of the testing had been done by using third-party devices made by other manufacturers. After this the FDA did a surprise inspection and it was found that only 12 out of 250 tests were done using the Edison test and even those produced erratic results. Investors started suing Theranos for millions of dollars and Holmes was finally ontrial. In the end, she lost her voting rights, gave up all her shares and the SEC refrained her to be an officer of management position of a company for 10 years. Eventually, the healthcare technology startup came to an end when the officials decided to dissolve it in September 2018.

Conclusion

The reason why Theranos went this long without any real working technology was major because of her outlandish persuasion. The technology she backed did not work at all. Theranos was highlighted only because of its over-the-top innovation marketing and lies. A breakthrough was never met because no prototype of Theranos machine would ever work to its full potential.
In the end, it was a game of manipulation. Elizabeth and Sunny knew what they were doing, lying to investors, clients, patients but they still went along.

This story was a manifestation of what a lie can do when said enough times. A story about a person who stops at nothing to make her company a success. A story of how the once spotlighted self-proclaimed changer of the world came crashing down to the ground to be called Silicon Valley's greatest fraud.

FACTS

- Founder Thomas Cook believed alcohol was to blame for social problems. He organized his first excursion in 1841- a special train to carry around 500 temperance supporters from Leicester to a meeting 12 miles away in Loughborough. The cost? One shilling
- By June 2016, Theranos founder Elizabeth Holmes' net worth reportedly dropped from $4.5 billion to nothing.

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THOMAS COOK'S FAILURE WAS A DISASTER PLAYED OUT IN SLOW MOTION. AN ILL-FATED ACQUISITION AND THE CHANGING BUSINESS ENVIRONMENT WAS ITS UNDOING.

By Veides Kasera and Mayank Choudhary

THOMAS COOK

Introduction

The oldest and perhaps the most popular travel company on the planet, Thomas Cook ruled the tourism landscape for over 178 years. The company was renowned for its all-inclusive holidays to hundreds of spots across the world, at an affordable and cost-effective price.

But how did this massively successful company spiral out of control to land in the domain of bankruptcy? As commonly seen in many of the companies that fail, Thomas Cook fell prey to the common combination of poor decision-making, lack of adapting to the rapidly changing business environment, and unfavorable economic situations.

Brief History

The company's humble origins lie in 1841 when founder Thomas Cook organized his first excursion, a roundtrip rail journey for 500 people to a temperance (anti-alcohol) meeting at a cost of merely one shilling. In 1845, he organized the first for-profit railway excursion in the world. Slowly yet steadily, the company expanded since Cook's tours, with their discounted organized group rates, made it possible for a lot of working and middle-class people to travel for the first time.

Over a period of nearly 200 years, the company changed hands many times. The family-owned company Thomas Cook and Sons was sold to Compagnie Internationale des Wagons-Lits et des Grandes Express Européens (operator of the Orient Express) in 1926. Then it was nationalised by the British Government in 1948. Lastly, in 2001, Thomas Cook was acquired by the German travel company Condor & Neckermann and its name was changed to Thomas Cook AG.

What went wrong?

Starting from an expensive merger with MyTravel in 2007, Thomas Cook fell into heavy debts and losses. In 2019, despite being on the verge of securing a deal to stay afloat with its main shareholder, (Chinese conglomerate Fosun International) negotiations fell through at the eleventh hour. This is because, on the morning of 23 September 2019, the group's funders Royal Bank of Scotland and a range of other banks demanded that Thomas Cook Group find an additional £200 million ($250 million) in contingency funding to sustain themselves during the quieter winter months. When the deal with Fosun International fell through, the company announced in a statement that "it had no choice but to take steps to enter into compulsory liquidation with immediate effect." The move triggered the largest ever peacetime repatriation in the history of the United Kingdom, affecting nearly 150,000 Thomas Cook customers from Britain and a total of 600,000 customers from other countries.

Reasons

Failure to adapt to the new ways

Failure to adapt and stay competitive with a new generation of more flexible travel companies, travel-related online services, and low-cost airlines, meant that it became gradually tougher for Thomas Cook to win business throughout the last decade.

The rise of online travel information shifted power in the industry so that individual consumers no longer had to rely on brick and mortar travel agencies like Thomas Cook for the expertise and were becoming increasingly accustomed to devising their own holidays rather than using travel agents.

Thomas Cook travel agents were still selling travel packages in high-street stores, while online sales in the UK were growing by as much as 30%. Thomas Cook began closing some of its physical stores and changed its strategy to an online platform. But it was too little too late and the online solution presented its own challenges apart from job losses which were significant.

Merger with MyTravel Group

Its 2007 merger with MyTravel Group—a company that had achieved a profit only once in the previous six years—saddled the group with excessive debt and is thought to be the key to its downfall.

The idea was to create a juggernaut, but combining the two companies proved a hugely expensive misstep. By 2010, debt at the newly christened Thomas Cook Group had more than doubled, to the equivalent of $1 billion. Most of that £1.5 billion loss announced in May 2019 was attributed by the company to the MyTravel merger.

Brexit

Brexit added further problems to the mix, including a drastic weakening of the pound which hit UK customers' purchasing power abroad. The original March 29, 2019, Brexit deadline also caused high levels of uncertainty and anxiety among the British people. With neither the government nor the media shedding light on the issues at hand, the agency's customers in the UK decided to postpone their summer holidays.

Overwhelming debt

It was insurmountable debt that sealed Thomas Cook's fate in the end. Over the years, following many acquisitions and mergers, the company acquired a $2 billion debt which it wasn't able to solve. The company failed to clear a debt burden of £1.1 billion that had almost destroyed it back in 2011. And despite raising £425 billion from shareholders in 2013, this ultimately proved insufficient in pulling the company out of this mess, with vast sums of money being paid out just to service outstanding debt- £1.2 billion was paid in interest alone from 2011 onwards. And by the end, it had racked up debts of around £1.9 billion, meaning that it needed to sell three million holidays a year just to cover its interest payments.

The Way Forward

But while Thomas Cook itself may be no more, its name is not about to be forgotten any time soon. Thomas Cook is being resurrected as an online-only travel business, exactly a year after the 178-year-old company ceased trading. Fosun International has spent $14.4 million to buy the Thomas Cook brand and online assets. Meanwhile, Thomas Cook India, which was under independent ownership separate from the group, will acquire the Thomas Cook name for its Indian, Sri Lankan, and Mauritian markets for a sum of $2 million.

The website features tens of thousands of hotels, as well as flights, transfers, and other add-ons, for customers to tailor trips, which will be protected by ATOL, the government-run financial protection scheme operated by the Civil Aviation Authority (CAA). The new company hopes to sell holidays to up to 50,000 passengers a year.

TERMS

Over-the-counter (OTC)

It refers to the process of how securities are traded via a broker-dealer network as opposed to on a centralized exchange. Over-the-counter trading can involve equities, debt instruments, and derivatives, which are financial contracts that derive their value from an underlying asset such as a commodity.

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IN FY 2020, VODAFONE IDEA REGISTERED A NET LOSS OF AROUND 73000 CRORE, THE BIGGEST IN INDIA'S CORPORATE HISTORY, AND JUST IN THE FIRST QUARTER OF FY 2021, IT HAD A LOSS OF 7300 CRORES

By
Naman Singh Rawat

VODAFONE IDEA

The telecom industry has been instrumental in providing huge financial aid to the country's GDP in the Covid times and the rise of some top players has been consistent as well. But while this has been the case, there remains a company whose journey has become a case study for people to know about telecom failures. In FY 2020, Vodafone Idea registered a net loss of around 73000 Crore, the biggest in India's corporate history, and just in the first quarter of FY 2021, it had a loss of 7300 crores. However big these numbers look, it is nothing in comparison to the amount "that" it has as dues," both to the government and to the banks". Moreover, Vodafone Idea lost 1.9 million subscribers in November last year, the biggest drop in five months, leading to the loss of 1.2 million users in rural markets. The telecommunications company has a subscriber base of 270 million but it has been losing active subscribers consistently for years now. The cash-strapped user added only 1.4 million 4G users last year.

Now consider this chain of events.

31 August 2018- Vodafone merged with Idea to form Vodafone Idea Limited.

7 September 2020- Vodafone Idea unveiled their new brand Vi which signified the integration of both companies.

5 August 2021- Kumar Manglam Birla stepped down as the CEO of Vi after offering a 27% stake to the government in an open letter.

Noticing the trajectory of events, what seemed like the merger of the decade turned into a fiasco. From a market capitalization of over 3 lakh crore to Vi turning into a penny stock. Why would the CEO give up his position and offer his take to the government? Fairly simple but let's go back a little.
In 2016 Vodafone was at the peak of its success. So much so that it was the most successful telecom company in the world with around 24% of users in India. It was during this time that the country saw the advent of the biggest game-changer JIO. Targeting data rates instead of call rates quickly turned the game upside down to a point that the country saw a decline in the number of players. From 10-15 players in 2010 to 3 in 2022, we have seen a lot happen this past decade, and a lot of that centrally revolved around JIO. The gap widened for many companies leading to price wars which Vodafone could not handle very well but that was not the only issue.

To talk specifically, in 2016 Vodafone was the second-largest telecom company in India which made them think the future will only be better from here. Sadly this was not the case. Vodafone has always preferred to choose debt financing as a means of raising funds, diluting its shares, thinking they would easily pay it off and the good run would continue. But after the emergence of JIO, Vodafone started going haywire and could not have much dominance over prices which was when the change from profit to loss took place. Unsecured loans turned out to be a whooping 1,50,000+ Crore in comparison to 1500+ Crore in 2012. Realizing this they started focussing on equity financing in 2018, but it was already late as the debt became a burden for them.
The amount of dividend in FY 2016 was 260 crore on a profit of 2600 crore and surprisingly when they garnered a loss of 800 crores in FY 2017 the dividend still remained the same as last year which shows the financial miss management on their part.

Competition remains a huge part of what comes next and plays an important role in every aspect. JIO came with 4g which soon became the best thing for people to get their hands at and everyone realized that this was the future. Vodafone had already done a significant investment in 2g and 3g infrastructure. Technologically there was no advancement; rather they waited for JIO to launch 4g and got started into the act quite late which wasn't the case for AIRTEL. Unlike JIO, Vodafone still focuses on 2g and 3g which increases their operational cost. To add to their misery, they could not sell their plans at a higher price to maintain order since JIO was already in the market and others were catching up.

The biggest reason for their debacle is the most famous debt story in telecom history. Vodafone Idea collectively owed a mind-boggling 90,000+ Crore to the government and Banks as adjusted gross revenue (AGR), deferred spectrum charges, and bank loans. To save itself from the AGR the board has recently decided to convert the amount of interest to equity shares and give it to the government which will become the single largest shareholder in the telecom firm with a stake of 35.8 percent. According to the company's estimates, the net present value of the interest is expected to be Rs 16,000 crore. The Promoter shareholders would hold around 28.5 percent (Vodafone Group) and around 17.8% (Aditya Birla Group), respectively. This was a big move to play as this would make it a government entity.

Anyway, the stigma around privatization is increasing because of Air India becoming private and LIC ready to offer its first IPO and now it would be even more interesting to watch how the company will progress. We already know how the government has taken care of telecom companies before like in the case of BSNL and MTNL which are nowhere to be found today. As for now Vi will survive but will they come back to the hot seat is a question that still remains.

FACTS

Vodafone India, a 100 per cent subsidiary of UK-based Vodafone Group, and Idea Cellular (an Aditya Birla Group company) both started operations in 1994.

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THE COMPANY BECAME ONE OF THE MOST PUBLICLY CRITICISED STARTUPS. SO, ITS FOUNDER AND CEO, KARAN BAJAJ LEFT THE COMPANY ALMOST A YEAR AFTER BYJU'S ACQUISITION

By
Tanushi Dhawan

WHITEHAT JR.

The journey of WhiteHat Jr is quite unique. An 18-month-old coding for kids EdTech startup, WhiteHat Jr, made one of the India's largest and fastest venture exits with an all-cash deal of a whopping $300 million by the EdTech unicorn Byju's. This was a monumental moment in the Indian startup ecosystem because it's the first time an Indian startup has been acquired by another Indian startup for more than $100M in cash. Karan Bajaj, the founder of WhiteHat Jr, being one of the major shareholders of the company made a sweet fortune.

WhiteHat Jr came to dizzying heights in India when it launched a multimillion-dollar advertising blitzkrieg, flooding television screens and digital media. WhiteHat Jr provides AI (Artificial Intelligence) courses for 6 to 14 years old children. It encourages children so that they can see themselves as creators. This app empowers children to learn computer programming and helps them to create games, animations, applications, and more.

History

In 2018, an Indian entrepreneur who taught meditation and led Discovery Networks in South Asia, Karan Bajaj, founded WhiteHat Jr in 2018. In 2019, WhiteHat Jr grew its user and teacher base and secured its first major round of funding, valued at $10 million. The investment came from Omidyar Network, Owl Ventures, and Nexus Ventures, and took the overall amount raised by the company to $11 million.
In early August of 2020, Mumbai-based coding startup WhiteHat Jr and its founder Karan Bajaj became the toast of India's startup ecosystem when the country's largest ed-tech unicorn BYJU'S bought it in a $300 million (about ₹2,240 crores) all-cash deal.

The news was surprising for a bunch of people because of the following reasons:

1- This type of exit was unparalleled for a merely 18-month-old startup, which, until then, was almost non-existent within the glare.

2-WhiteHat Jr was valued at just $30 million in August 2019, but its valuation ballooned 10X within a year. It had also hit a splendid ARR of $150 million at the time of being acquired.

3-The deal generated record returns (10-15X) for WhiteHat Jr's early backers Omidyar Network India, Nexus Venture Partners, and Owl Ventures, who'd invested $10 million cumulatively just 11 months ago in September 2019.

At the time of exit, Bajaj who owned a little over 40% of WhiteHat Jr, also shot to fame for becoming a multi-millionaire ($120.9 million i.e., close to Rs 900 crore) overnight. Suddenly, just like the 'Monk Who Sold His Ferrari' became 'The Yogi Who Sold His Startup' as the perfect inspirational tale for everyone as he became an overnight sensation. He began making appearances during a series of interviews, podcasts, and virtual events to speak about blitz scaling a startup in India.

However, it all went downhill rather rapidly. The company became one of the most publicly criticised startups. So, Karan Bajaj (Founder and CEO of WhiteHat Jr) left the company almost a year after Byju's acquisition and Trupti Mukker (Head of Customer Experience and Delivery) took over to lead the organisation.

Reasons why it went down?

The following reasons explain well why it went down-

1- Advertisements

As the company's status solidified, WhiteHat Jr revenue run rate ballooned from just $75 million in June to $220 million in August; the same month when it was acquired by Byju's. Flooded with funds, WhiteHat Jr launched an advertising blitzkrieg across various social media platforms, allegedly making odious claims about its product offering. As cited by The Economic Times, estimates from media planners indicate that the company was spending between Rs. 10-15 crore.
In September 2020, the case of misleading advertisements started circulating on social media with people criticising the company for bombarding them with ads on TV and digital platforms.

2- An Imaginary Child

Many people also flagged the deceptive claims WhiteHat Jr made through its ads, including one that showcased a 7-year-old kid as a TEDx speaker and the youngest app developer. One of the WhiteHat Jr's ads which attracted significant criticism, featured 'Wolf Gupta' (9 to 13 years old imaginary kid) who received a Rs 1.2- 150 crore job from Google. His age and salary package kept differing in the ads.
At an age of 9 to 13, where importance has to be placed on the joy of learning and not be crowded with worldly ambitions of earning money, they were putting both parents and kids in a race to see who will become a coder with the highest pay package.

3- Complaints Filed With ASCI

The company also targeted parents with examples of Jeff Bezos, Mark Zuckerberg, Sundar Pichai, Bill Gates, without their explicit consent to prove their point that how they are all running multi-billion-dollar companies after they all started coding early. Everyone was not against making kids learn how to code. But, the desire to balance everything with potential money-spinners needs to go away from society. 15 complaints were filed with the Advertising Standard Council of India (ASCI) over seven such criticised advertisements. ASCI found five of the seven ads in violation of its code and asked WhiteHat Jr to remove them. The company agreed to follow the order.

4- Silenced The Voices

WhiteHat Jr came under the spotlight for various other reasons as well. The company had taken two of its most vocal critics Pradeep Poonia (software engineer and UPSC aspirant) and Aniruddha Malpani (IVF specialist and angel investor) to court.
Poonia blamed the startup for posting fake 5-star reviews of the app and silenced the voices of people speaking out against dubious marketing tactics by getting their posts taken down across social media channels. WhiteHat Jr also filed a defamation suit against Dr. Aniruddha Malpani. All of these had cost the company much in regard to its revenue and goodwill already.

Analysis and Way Forward

The advertising agencies play quite smartly to influence the minds of ordinary individuals. We generally do things that fascinate us, regardless of what the outcome is. WhiteHat Jr had a good marketing strategy and hence was able to influence those parents who were not in the IT Field or are not aware of it. It fooled parents by telling them that their child will earn 10 crores in a year and also might become the next Elon Musk. A child nourishes and learns from its surroundings and real-world problems.

While every brand has the freedom to do things their way, the question here arises how far will these money-minded individuals go to get more people to invest in their product? Although, regardless of their advertising backlash, the company is still doing pretty well. With the National Education Policy on its way, making coding a compulsory subject in school, there's an enormous opportunity in India as well. Both Byju's and White Hat Jr see over 65% of their users coming in from all over the country, their aim together is to go deeper into India. The 21st century is the coming technology world and WhiteHat Jr is aiming to make the next generation fully prepared to make the most out of it.

FACTS

WhiteHat Jr's multimillion-dollar advertising blitzkrieg, flooding television screens and digital media, was a big success, atleast monetarily: the company said its revenue run rate ballooned from just $75 million in June to $220 million in August. Also that same month, the company was acquired by India's largest ed-tech unicorn, Byju's, for $300 million in cash.

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THE WAY FORWARD

ALGORITHMIC TRADING

AI and ML Transforming the world of Financial Markets

By Mritunjay Menaria

The stock market is a sophisticated and volatile investment avenue. Choosing an appropriate investing plan is really tough. Furthermore, estimating future premises and producing reliable forecasts makes it even more difficult. Not only does the interplay of politics, the economy, and the market bears a substantial impact on stock prices, but also the individual variables like investor behavior might lead stock values to swing dramatically. Hence, due to such complex nature of the stock market, establishing a linear function expression between stock prices and various other factors is not feasible. While many traditional investing models may make investment recommendations, they are frequently unsuitable for predicting financial instruments with irregularities.

Such irregularities in the world of financial markets have given rise to algo-trading. Algorithmic trading is the activity of buying or selling securities based on a pre-determined set of rules that have been tested using historical data. These set of rules is based on charts, indicators, technical analysis, and stock fundamentals. Nonlinearity, self-organization, and self-adaptation are all hallmarks of artificial intelligence. It may effectively compensate for the inadequacies of classic financial measuring methods in complicated settings. As a result, quantitative investing based on artificial intelligence and machine learning technology has advanced quickly, giving excellent support to investors. AI helps to develop such algorithms which can be accommodated among diverse trading patterns. Nowadays, algo-trading is also moving towards a more pragmatic ML dexterity, which can handle the real-time decoding of massive amounts of data from a variety of sources.

To understand how algo-trading works, Let's assume a trader follows the following simple trading criteria:

- When a stock's 100-day moving average crosses above its 300-day moving average, buy 100 shares.
- When the stock's 100-day moving average falls below the 300-day moving average, sell 100 shares.

Computer software will automatically watch the stock price (and the moving average indicators) and make buy and sell orders when the aforesaid criteria are satisfied using these two simple commands. The trader no longer has to manually enter orders or check live prices and graphs. This is done automatically by the algorithmic trading system accurately detecting the trading opportunity. Thus, the use of algo-trading helps in executing the trades at the best possible prices, instantly, accurately, and timely in order to avoid fluctuations in market prices. Moreover, it reduces transaction costs, manual errors while placing orders, and the risk of human dealers making errors due to emotional and psychological variables.

Being successful with the help of algo-trading requires a proper trading strategy. There are various algorithmic trading strategies, the most common of which are discussed below :

1. Trend following strategies:
Moving averages, channel breakouts, price level fluctuations, and other technical indicators are used in the most prevalent algorithmic trading techniques. Because these methods do not require any predictions or price projections, they are the easiest and simplest to apply using algorithmic trading. Without entering into the complexities of predictive analysis, trades are made based on the occurrence of favourable patterns, which are simple and basic to apply using algorithms.

2. Arbitrage:
Buying a dual-listed stock at a lower price in one market and selling it at a higher price in another market provides a risk-free profit or arbitrage opportunity. Because price differentials actually happen from time to time, the identical technique may be performed for stocks vs. futures products. Profitable chances can be found by using an algorithm to discover such price differentials and placing orders quickly.

3. Mean Aversion: The notion behind a mean reversion approach is that an asset's high and low values are a transient occurrence that reverts to its mean value (average value) on a regular basis. Identifying and establishing a price range, as well as designing an algorithm based on it, allows transactions to be executed automatically when an asset's price moves inside or outside of its stated range.

4. Volume Weighted Average Price:
Using stock-specific historical volume profiles, the volume-weighted average pricing technique splits up a big order and releases dynamically determined smaller parts of the order to the market.

5. Time-weighted Average Price:
Using equally split time intervals between a start and finish time, the time-weighted average pricing technique breaks up a large order and releases dynamically determined smaller parts of the order to the market. The goal is to execute the order as close to the average price between the start and finish timings as possible in order to minimize market effect.

6. Implementation Shortfall:
The implementation shortfall technique tries to reduce an order's execution cost by trading off the real-time market, saving money on the order and taking advantage of the opportunity cost of delayed execution. When the stock price goes in a positive direction, the approach will increase the desired participation rate and lower it when the stock price moves in a negative direction.

At a glance, the benefits of algo-trading may seem appealing. However, as there are always two sides to a coin, similarly, the technique of algorithmic trading, on the other hand, is not easy to manage and implement. Keep in mind that if one investor can execute an algo-generated transaction, so can the rest of the market. As a result, prices may wing in milliseconds. System failure risks, network connectivity issues, time gaps between trading orders and execution, and, most importantly, flawed algorithms are all risks and obstacles. The more sophisticated an algorithm is, the more rigorous backtesting is required before it can be implemented. Still, there are many avenues in the field of algo-trading which are yet to be explored.

FACTS

Apple's market cap is higher than entire BSE 500 companies

Apple Inc's market cap was more than Rs 164 lakh crore in 2020. This is more than the combined market cap of BSE 500 companies and twice as big as that of the 30 share index. Since 24 August 2019, Apple shares have more than doubled in value from $212 to more than $500.

TERMS

Syndicated loan: A very large loan extended by a group of small banks to a single borrower ,especially corporate borrowers. In most of the cases, there is a lead bank which provides a part of loan and syndicates the balance amount to other banks.

Ballpark Figure: A Ballpark figure is a rough numerical estimate or approximation of the value of something that is otherwise unknown. Ballpark figures are commonly used by accountants, salespersons & other professionals to estimate current or future results.

Zero coupon bond: A bond that pays no annual interest but is sold at a discount below par , thus providing compensation to investors in the form of capital appreciation.

FINTECH

How is it changing the world ?

By Khushi Bansal

Overview

“The Uber of India is Uber.
The Google of India is Google.
I can sign it on a wall that the PayPal of India will not be PayPal.”

The confidence that **Mr. Vijay Shekar Sharma** reflects in these lines is proof that Fintech has definitely taken a huge leap in India.

The technology and innovation known as financial technology (abbreviated fintech or FinTech) aspires to compete with established financial methods in the supply of financial services. It is a new industry that employs technology to improve financial activities. Smartphones for mobile banking, investing, and borrowing services are examples of innovations aimed at making financial services more accessible to the general public. Financial technology firms include both start-ups and established financial institutions, as well as technology firms attempting to replace or enhance the use of existing financial services. Insurtech or insure-tech firms are a subgroup of fintech companies that specialize in the insurance market.

Investments, insurance, trading, banking services, and risk management have all been automated with financial technology. From $930 million in 2008 to $121.6 billion in 2020, global investment in financial technology has surged by more than 12,000 percent. [11] The entire global investment in financial technology reached a new high of $215.3 billion in 2019, with $144.7 billion invested in Q3 alone.

In H1 2021, Fintech deal volume hit a new high of 2,456 deals accounting for $98 billion in investment. Global VC investment was higher than $52 billion in H1’21 — very close to the annual record of $54 billion seen in 2018.[13] H1’21 saw $21 billion in corporate-affiliated VC investment. CVC deal volume reached a high of 284 in Q1’21, and then grew further to 312 in Q2’21.

Artificial intelligence (AI), big data, robotic process automation (RPA), and blockchain are among the technologies used by fintech organisations.
Financial organisations can gain a deeper understanding of their customers by using AI algorithms to provide insight into their spending habits. Another AI-driven tool that banks are beginning to embrace to assist with customer care is chatbots.
Big data may help establish new strategies and portfolios, assess consumer spending habits, increase fraud detection, and generate marketing campaigns by predicting client investments and market changes. Robotic Process Automation (RPA) is a type of artificial intelligence that automates specific repetitive operations. RPA speeds up and improves the accuracy of financial data processing, such as accounts payable and receivable, compared to manual methods.
Blockchain is a new financial technology that has attracted significant investment from a number of companies.

Blockchain's decentralised nature can eliminate the requirement for a third party to complete transactions.

Because financial services, like publishing, are made of information rather than tangible things, they are viewed as one of the industry's most vulnerable to disruption by software. Blockchains, in particular, have the potential to lower the cost of financial transactions. While finance has been mostly untouched by regulation and has remained relatively unaffected by the dot-com boom, a new wave of start-ups is progressively "disaggregating" global banks. However, the Bank Secrecy Act and money transportation laws are being aggressively enforced, posing a continuing danger to fintech enterprises. In response, on October 11, 2018, the International Monetary Fund (IMF) and the World Bank jointly presented the Bali Fintech Agenda, which includes 12 policy features that serve as guidelines for various governments and central banks.

Fintech start-ups frequently encounter uncertainties from financial regulators such as issuing banks and the federal government, in addition to existing competitors. In July 2018, the Trump Administration announced a policy statement allowing FinTech companies to apply to the federal Office of the Comptroller of the Currency for special purpose national bank charters. In the case of federally chartered banks, federal pre-emption applies to state law.

Because of the possibility of hacking and the necessity to protect sensitive consumer and business financial data, data security is another problem that authorities are concerned about. To fulfil more strict compliance rules, leading global fintech organisations are aggressively turning to cloud technologies.

The Federal Trade Commission (FTC) offers free materials to help businesses of all sizes comply with their legal requirements to secure sensitive data. [52] Multiple layers of defence, according to several commercial projects, can help isolate and secure financial data. [53]

Fintech companies in the European Union are required to follow data protection rules such as GDPR. Companies must secure users' and companies' data proactively or face fines of up to 20 million euros, or up to 4% of their total global turnover in the case of an undertaking. [54] In addition to GDPR, European financial institutions, including fintech firms, must upgrade their regulatory relations departments in order to comply with the Payment Services Directive (PSD2), which requires them to arrange their income around a fundamental purpose of privacy.

Any data breach, no matter how minor, can expose a corporation to direct responsibility (see the Gramm–Leach–Bliley Act) and harm its reputation. Distributed denial of service extortion assaults are becoming more common in the internet financial sector. Because they provide Internet-connected consumer services, historical bank firms face this security risk as well. Many FinTech technologies have significant startup costs but low marginal costs of attracting new clients, effectively forcing many FinTechs to operate as natural monopolies.

Can crypto and NFTs change the world for good?

Cryptocurrency is a digital payment mechanism that does not rely on banks for transaction verification. It's a peer-to-peer system that allows anyone to make and receive payments from anywhere. Cryptocurrency payments exist solely as digital entries to an online database identifying specific transactions, rather than as tangible money carried around and exchanged in the real world. The transactions that you make with cryptocurrency funds are recorded in a public ledger. Digital wallets are used to store cryptocurrency.

The moniker "cryptocurrency" comes from the fact that it uses encryption to verify transactions. This means that storing and sending cryptocurrency data between wallets and to public ledgers requires complex coding. Encryption's goal is to ensure security and safety. Cryptocurrencies operate without a central issuing or regulating authority, instead relying on a decentralised system to track transactions and create new units.

A **Non-fungible token (NFT)** is a non-transferable unit of data that may be sold and traded and is held on a blockchain, a type of digital ledger. [1] Digital media such as photographs, videos, and audio may be connected with several types of NFT data units. NFTs differ from blockchain cryptocurrencies like Bitcoin in that each token is uniquely recognised.

Although NFT ledgers purport to give a public certificate of authenticity or proof of ownership, the legal rights that an NFT conveys can be ambiguous. NFTs do not block the creation of NFTs with identical related files, nor do they restrict the sharing or copying of the underlying digital data. They also do not impart the copyright of the digital files.

An NFT is a unit of data that can be sold and traded and is maintained on a digital ledger called a blockchain. [3] The NFT can be linked to a digital or physical asset (such a file or a physical object) as well as a licence to use that asset for a specific purpose. [4] On digital markets, an NFT (and, if applicable, the related licence to use, copy, or display the underlying asset) can be bought and sold. [5] The extralegal nature of NFT trading frequently results in an unofficial transfer of ownership of the item with no legal basis for enforcement,[6] often resulting in little more than a status symbol. [7]

NFTs work in the same way as cryptographic tokens, but unlike cryptocurrencies like Bitcoin or Ethereum, they are not interchangeable and thus not fungible. While all bitcoins have the same value, each NFT represents a different underlying asset and thus has a different value. [8] Blockchains build NFTs by stringing records of cryptographic hashes, a set of characters that identify a collection of data, onto previous records, resulting in a chain of identifiable data blocks. [9] This cryptographic transaction procedure provides a digital signature that is used to track NFT ownership, ensuring that each digital file is authenticated. [9] Link rot, on the other hand, can harm data linkages that point to details like where the art is housed. [10]

Cryptocurrency and NFTs are already changing the world as we know it.

Cryptocurrency may appear to be a futuristic technology. It has revolutionised and will continue to revolutionise how we store money, pay for goods and services, and do business. In addition, there are other ways in which cryptocurrencies will improve the world.

1. Changes the way money is transferred-

Before monies may be deposited, cryptocurrency transfers do not require all of the same checks and balances that banks perform. Cryptocurrency transfers, whether domestic or international, are instant, fee-free, and can be monitored and securely kept in the blockchain.

2. Increases crowdfunding-

Entrepreneurs are increasingly using crowdfunding to raise funds for their ideas and/or goods. Rather than a few wealthy investors, many investors can make tiny amounts. As a result, risk is reduced. More investors prefer to participate if the risk is reduced.

Cryptocurrency is still having a beneficial impact on crowdfunding. Initial coin offers (ICOs) are based on cryptocurrencies and are used to fund a new company's initiative.

3. Makes e-commerce stronger-

The usage of bitcoin not only reduces the danger of fraud for customers, but it also reduces the risk of fraud for vendors and merchants. Transactions with cryptocurrency are irreversible. In addition to risk reduction, the use of bitcoin expands global commercial potential.

4. Offer a stable alternative to unstable currencies-

The level of inflation and volatility experienced by certain countries' conventional currencies is astounding. While not all countries' currencies are vulnerable to exorbitant inflation rates, others could gain greatly from switching to cryptocurrency.

Cryptocurrency is accepted all across the world and is not affected by exchange or interest rates. It would also give those living in economically unstable countries more stability and predictability.

5. Gives people control of their own money-

Many people are leery of banks and financial organisations, but keeping all of their money at home isn't the greatest option for a variety of reasons. Any indication of an economic downturn, on the other hand, might create significant anxiety and concern about the funds they have set aside.

Cryptocurrency helps people to regain control of their money by transferring it from banks to them. It is exempt from the laws and regulations that banks and other financial organisations impose. It's a positive thing when more people are able to manage their own finances. And that's just one more reason why cryptocurrencies will improve the planet.

But it's not all petals and roses. Since the launch of bitcoin in 2009, the popularity of and demand for online currencies has grown, raising fears that the uncontrolled person-to-person global market that cryptocurrencies provide could pose a threat to civilization. There are fears that cryptocurrency will be used by anonymous web criminals.

Cryptocurrency networks have been accused of allowing criminals to escape taxes and launder money due to a lack of regulation. Regular bank transactions have money laundering difficulties as well, although with bank-to-bank wire transfers, for example, the account holder must at least show proof of identity. Because transactions involving the use and exchange of these altcoins are not governed by traditional banking institutions, they can make tax evasion easier for individuals.

Because taxable income is calculated primarily on what a recipient discloses to the revenue agency, it becomes incredibly difficult to account for transactions involving existing cryptocurrencies, a complicated and difficult-to-track means of exchange. Most cryptocurrencies have anonymity systems, which can be used to make money laundering easier. Rather than a complex web of financial actors and offshore bank accounts, money laundering through cryptocurrencies can be accomplished through anonymous transactions. Cryptocurrency complicates legal enforcement against extremist groups, strengthening them as a result. Richard Spencer, a white nationalist, even called Bitcoin the "money of the alt-right."

How can blockchain help growing economies?

Whereas most technologies tend to automate workers on the periphery doing menial tasks, blockchains automate away the center. Instead of putting the taxi driver out of a job, blockchain puts Uber out of a job and lets the taxi drivers work with the customer directly.

-Vitalik Buterin

Blockchain is a decentralized form of ledger technology that records information in such a way that it becomes quite impossible for anyone to have access, change or hack the data.

The data on a blockchain cannot be modified which makes it a recognized disruptor in various industries like, cybersecurity and payments.

It is a revolutionary technology with various advantages being reduced risk of fraud, increased transparency, scalability of the payments sector and many more.

From performing anonymized tracking and transaction of digital currencies across the globe, all the assistance can duly be provided with the support of blockchain technology.

Even though the common conception of blockchain is limited to its use in assistance of cryptocurrencies, but its scope lies way more than that. In developing economies like india and countries of east Africa, banking and financial sector, supply chains and agriculture can make the best use of this upcoming technology. It help the financial sector through several ways, like speeding up and reducing the cost of transactions that are taking place, both domestically and internationally, and the augmented rate of financial inclusion in emerging economies by providing them easy access to various services.

Many analysts have also argues that if the blockchain technology would have existed during the 2008 crisis, it could have mybe prevented the events of 2008 financial crisis, as it creates a sense of trust and transparency in financial institutions.

There are also many obstructions in developing economies that are hampering the whole process of adoption of blockchain technology. There is still a need of paper-based documentation, which prevents the public to take full advantage of the technology.

India has proved to be a frontrunner in adopting the technology with ConsesSys, a blockchain software firm, closely working with NITI Aayog for the implementation of blockchain technology in a land titling project and also for an array of uses in supply chains and healthcare management.

Even as blockchain technology has made inroads into developing countries like

Blockchain also comes with its limitation in countries like India. Due to inadequate digital infrastructure and low financial literacy, the technology hasn't been able to develop at a fast pace and to its full potential. Outdated laws and rules are proving to be the biggest impediments to achieving blockchain's full potential.

Blockchain payments provides a solution to many new emerging markets while boosting economic growth in developing countries.

Almost 90% of all businesses worldwide are SMEs and SMEs in the formal sector contribute atleast 40% of the national income. Their role in economic growth is critical, as the World Bank estimates 600 million jobs need to be created by 2030 to absorb the growing global workforce. And, the connected nature of blockchain means developing economy SMEs can access new markets.

TERMS

Pareto analysis

It is a technique used for business decision-making, but which also has applications in several different fields from welfare economics to quality control. It is based largely on the "80-20 rule." Pareto analysis is premised on the idea that 80% of a project's benefit can be achieved by doing 20% of the work—or, conversely, 80% of problems can be traced to 20% of the causes. Pareto analysis is a powerful quality and decision-making tool.

FACTS

- It costs six times as much to start a small business in India as it does in the U.S. There is a reason people from around the world still believe in the American dream!
- On a related note, 12.5 percent of small businesses are made up of immigrants from other countries. As this Forbes study reveals: diversity is essential for innovation in the workplace.
- Since 1990, large companies have eliminated 4 million jobs—but small businesses have added 8 million new ones. Way to go, small business owners!

INTRO AND INNOVATIVE STARTUPS

The Rise of Innovation-centric Startups in India

By Kshitij Kaushik

“Change is the only constant”, it is a widely agreed principle that everything changes, whether it is the people, the situations, the tastes and preferences of people etc. In the same manner, the corporate world has been seeing a variety of changes which when put to a timeline are quite gradual but when they take place; they feel to be sudden and unexpected in nature.

The same can be noticed when we see the shift of the economy from the industrial to the service sector. To explain the phenomenon in a deeper and more coherent way, it can be looked upon in such a way that most of the economies of the world before the World War-I, were majorly dependent on agriculture for their source of income, this scenario was common in both the West and East. But as and when the countries saw great potential in developing the industries, they started to build machines. The first industries were related to agriculture itself (Cotton Mills by Richard Arkright) but then slowly and gradually the dynamics of the economy started shifting from agriculture to Industries and that was when industrialisation of the world started to take place.

In the last century, people saw a gradual shift from the manufacturing industries to the service sector. More and more people started to indulge in activities that were more and more oriented towards providing services to people rather than plainly producing something or the other.

However, quite recently a shift towards startups has been quite well evident, people have been coming up with really innovative business ideas which are unusual in nature but are gaining popularity among the masses and are earning a fortune of money.

This comes as a major shift in recent times where the youth has a mindset for entrepreneurship and startup culture that has been blooming for quite some time now. Not only this but also the fact that the government has also been encouraging these initiatives by the virtue of various incentives and schemes like the “Make in India” campaign etc. apart from this subjects like entrepreneurship and management have been introduced for the children to study under the NEP (New Education Policy) 2021.

Innovative Startups

1. Let’s Barter India!

During a casual discussion over coffee last year, Pooja Bhayana and Sahil Dhingra came up with the notion of providing friends with a virtual platform to swap their belongings. Sahil needed to get rid of his tabs, which were frequently underestimated on the market. Pooja then advised that he barter the tabs with his pals for other items. Sahil was immediately enamored with the concept. They started with a Facebook group because they didn’t have any money to invest at the time. Today, the organization has grown to include 1,83,000 active members from throughout the country who barter their goods and services for a better price than the market.

Let’s Barter India is based on a community-driven business strategy that allows people to barter in a safe environment. Let’s Barter India’s newest members are anxious about the success of their barter dealings. The cofounders address this issue by assisting members in locating items and services

in their immediate vicinity. “Our venture’s USP is trust and security,” Pooja explains.
Pooja and Sahil’s purpose and ambition for Let’s Barter India is to expand it to all tier 2 and tier 3 cities, where they’ve observed fascinating traction patterns. They’re devising marketing strategies to focus on client acquisition for the app and to strengthen the notion of bartering. The software may be downloaded for free from the Google Play Store and the Apple App Store.

2. Wow! Momo

Wow! Momo is an Indian fast food restaurant chain with its headquarters in Kolkata. Momos, momo-filled burgers (MoBurgs), and momo-based desserts are the chain’s specialties. Sagar Daryani and Binod Homagai, both graduates of St. Xavier’s College founded it in 2008.
There are around 425 outlets in India as of December 2021, spread over 19 cities. Wow! Wow!, Momo Foods Pvt. Ltd., Momo Foods Pvt. Ltd., Momo Foods Pvt. Ltd., Momo Foods P Wow, Momo! Wow! Chicken, a joint venture between China and the United States, had debuted in December 2021. The firm intends to go public in a few years with the goal of gaining a global presence, i.e., competing with Domino’s and McDonald’s.

3. Ispirock

By combining local knowledge with cutting-edge artificial intelligence, Inspirock allows users to swiftly and simply explore a destination’s attractions and develop tailored touring itineraries. With over 80,000 destinations in its database, Inspirock makes trip planning simple, intuitive, and pleasant for over 25 million travelers each year.
Inspirock, which was founded by Prakash Sikchi and Anoop Goyal, effectively eliminates the burden of visiting 1000 websites to plan your itinerary by providing a personalized travel plan for each user based on their specific interests.

4. Batman Delivers

One of the greatest start-ups out there that saves the day for those like us who can’t sleep at night! Batman will transport all of your late-night necessities, including food and drugs, to your home.

5. ClearTax

Filing income tax returns is a time-consuming task that most of us are unable to complete without the assistance of a CPA or other expert. That’s no longer the case, thanks to Cleartax, which aims to make everything easier for you. All you have to do is sign up for an account on their website and follow the prompts. Archit Gupta’s Delhi-based e-filing tax website provides its services to all elderly folks for free.

6. PassItON

It’s excellent for the soul to Pass It On. Going out, meeting new people, listening to their stories, and assisting them with tasks that we take for granted are all things that we take for granted. Reminding us, as well as others who end up on the streets, that we are still human. What an incredible opportunity to be a part of this.

7. EduKart

EduKart will assist academics from the beginning of their educational careers for the serious student in all of us. EduKart, founded by Stanford University alumnus Ishan Gupta and IIM graduate Mayank Gupta, is a massive portal featuring a myriad of online and distance learning courses linked with reputable colleges and institutes. Some of them were also created by the EduKart crew. Its major goal is to provide greater flexibility to India’s education system, which it appears to be achieving rather effectively.

FACTS

Contrary to the popular belief that 50 percent of startups fail within the first year and 95 percent close shop by the 5-year mark, the truth is: 70 percent of small businesses remain in operation for at least two years, 50 percent are still around in five years, 33 percent in 10 years, and 25 percent after 15 years.

TERMS

Bootstrapping

Using your own money to finance the start-up and growth of your small business. Think of it as being your own investor. Once the business is up and running successfully, the business finance term and definition bootstrapping refers to the use of profits earned to reinvest in the business.

NEW MARKETS

REAL VALUE TO A CUSTOMER

By Aman Yadav

With companies diversifying their product lines and people coming up with new and innovative product ideas, new markets are being tapped. With existing markets saturating, existing companies are left with no other way to expand themselves. Even the start-ups are finding new markets to be less competitive and are eyeing the opportunities for their growth in them. Markets have been emerging for a long time. If we look at a very simple evolution cycle of computers, we will see how the market emerged and new markets were tapped. In the 1930s the simple calculation machine was invented which marked the beginning of the era of digital computers. Although computers evolved but until 1965, they were limited to engineers and mathematicians in lab settings. Then, the new market of personal computers was tapped when Programma 101 came. The 65-pound machine, with 37 keys and a built-in printer, was the size of a typewriter that could be used by anyone. Then there was development in personal computer fields and the ways to make it more accessible to people. Then came in the concept of portable computers with the introduction of laptops which was altogether a new market of portable technology. Now computers come in all shapes and sizes. They are as small as a smartphone.

If your product allows a big number of customers to accomplish something they couldn't before you came, you've established a new market. Customers and their preferences are unknown in a new market, and direct competitors are non-existent. Let's see some dominant examples of new markets that are emerging and are the way forward.

5G Market

5G is a next-generation cellular technology that will deliver ultra-low latency connectivity at high speeds. 5G technology encompasses the full ecosystem of hardware, software, and services required to deploy 5G networks. 5G connectivity technologies such as increased mobile broadband, ultra-reliable low latency communications, and large machine type communications are all part of the 5G technology industry. 5G technology is expected to change the way people communicate, enjoy themselves, and connect to the internet.

The global market for 5G services was estimated at USD 47.3 billion in 2021, and it is predicted to increase at a CAGR of 52.0 percent between 2022 and 2030. By supplying a wide range of use cases and business models to users, 5G wireless mobile services enable a completely mobile and connected environment. Furthermore, the 5G technology's faster data speeds and extremely low latency would improve the user experience when using 5G services for a variety of use cases, including Virtual Reality (VR) and Augmented Reality (AR) gaming, seamless video calling, and Ultra-High Definition (UHD) videos, to name a few. Over the forecast period, the growing demand for high-speed data connectivity for unified Internet of Things (IoT) applications like smart home energy management is expected to drive the adoption of these services.

Metaverse

The global Metaverse market is predicted to increase significantly over the forecast period, owing to a growing emphasis on using the Internet to connect the digital and physical worlds. According to MRFR, the Metaverse market is expected to reach USD 105,597.5 million by 2030, growing at a 45.2 percent CAGR from 2024 to 2030.
The metaverse has recently become a hot topic of debate, with Facebook and Microsoft claiming control. But what is the metaverse, exactly? When will it be delivered? In his 1992 science fiction novel "Snow Crash," author Neal Stephenson invented the term "metaverse," in which he foresaw lifelike avatars meeting in realistic 3D buildings and other virtual reality scenarios. Significant progress has been made since then, paving the way for a true metaverse, an online virtual environment that combines augmented reality, virtual reality, 3D holographic avatars, video, and other kinds of communication. As the metaverse grows, users will be able to coexist in a hyper-real parallel universe. Online game worlds like Fortnite, Minecraft, and Roblox have already shown metaverse hints. And the companies who make such games want to be a part of the metaverse's development. It's unclear whether there will be a single metaverse or several separate metaverses, but one thing seems certain: the metaverse will be a virtual or augmented reality-enhanced next-generation internet.

Digital Fitness

The addition of digital applications and gadgets to modern health and fitness trends is what the digital fitness market is all about. The demand for fitness gadgets that can track users' fitness characteristics and physical activities, such as smart watches, smart sports shoes, and other wearable devices, is increasing, encouraging the growth of the digital fitness market. Consumers prefer digital fitness subscriptions over traditional gym memberships, thus leading techcompanies are cooperating with market leaders in the sports and fitness business to break into the digital fitness market.
With prospects in smart wearable fitness devices and smart wearable sports devices, the global digital fitness market appears to have a bright future. From 2017 to 2022, the global digital fitness market is predicted to increase at a CAGR of 32.6 percent, reaching an estimated $27.4 billion. Increased fitness awareness and increased demand for user-friendly and self-monitoring gadgets are the main drivers of this market's growth.

There are a few other new markets that are emerging and innumerable ones that will emerge in the future. A technology when perfected and becomes ready to be commercialized there is a tendency for a new market to emerge. If it requires heavy investments then it is tapped by existing giants that work in similar fields. In case the investment requirement is not that large then even start-ups and new businesses try to enter the market. However, the emergence of a new market is not very easy. A lot of calculations, research and rational decision-making have to be done before entering because it is the most vulnerable form of a market. The risk for failure is quite high. On the other hand, if it is successfully tapped then the returns are also very high because competitors are very few.

FACTS

Ronald Wayne, also known as the third founder of Apple alongside Steve Jobs and Steve Wozniak, sold his shares for only $800 after 12 days working with the company. His stake, which was 10% of the company, would be worth $35 billion today with Apple's current valuation.

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SPACE ECONOMY

The space economy is ready for lift-off: first into orbit, and then to the Moon

By Srishti Gupta

Space economy as defined by OECD consists of all activities and use of resources that add value to human beings in the course of exploring, researching, understanding, managing and utilizing space. It includes industries like rocket and satellite manufacturers, climate change researchers, telecommunications, data and finance experts, defense etc. The real meat of the space economy right now is launching satellites and using them for things back on earth but there's more to expect. The original space economy was centralized and restricted to government programs but the new age space economy is absolutely global, entrepreneurial, and accessible. More competition is bringing the price down enabling younger companies and startups to do more business in space. SpaceX is already engaged in carrying astronauts and cargo in space for NASA Virgin galactic, Blue Virgin has plans to fly tourists to suborbital space. NASA is also changing its role from providing services in orbit to buying them from other companies. The space economy is projected to be a 1 trillion dollar industry by 2040. The implications for business, policy, and society at large are hard to overstate. The transition from a space-for-earth economy to a space-for-space economy. In 2019, out of a $366 billion revenue in the space sector, 95% was from the space-for-earth economy alone. Space-for-earth economy essentially implies production of goods and services in space for use on earth. It includes telecommunications, internet infrastructure, earth observation capabilities, national security satellites and more. Though the increase in the number of companies competing for this scarce natural resource has led to rising challenges of overcrowding and monopolization in this economy, indications for its future are still optimistic. In contrast, the space-for-space economy means producing goods and services in space for use in space. For example- Mining the moon or asteroids for material for constructing in-space habitats or supply refueling depots. In the 1970s, a research commissioned by NASA predicted the rise of a space based economy that would supply the demands of thousands or even millions of humans living in space eventually reducing the share of the space-for-earth economy. Today, we are just in the beginning phase of a real space-for-space economy starting to take flight. SpaceX's achievements as well as upcoming efforts by Boeing, Blue Origin, and Virgin Galactic to put people in space sustainably and at scale, marks the opening of a new chapter of spaceflight led by private firms. These firms have both the intention and capability to bring private citizens to space as passengers, tourists, and — eventually— settlers, opening the door for businesses to start meeting the demand those people create over the next several decades with an array of space-for-space goods and services.

The Commercial Space Age

The government's push to outsource space activities not considered core to its mission has brought a mega trend to the space economy, i.e. commercialization. Centralized, government-led space programs necessarily focus on space-for-earth activities that are in the interest of people, such as national security, basic science, and national pride whereas, the private sector is eager to settle people in space and then supply the demand they create. For example, instead of supplying people who are already in space, i.e. a few astronauts, SpaceX has grand visions of supporting large numbers of private space travelers. While SpaceX is focussed on space-for-space transportation, another opportunity in this ever growing industry is manufacturing. Made In Space Inc has been the pioneer of manufacturing " In space, for space" since 2014 experimenting with things like 3D printing a wrench onboard ISIS.

Another untapped area of space-for-space investment is constructing and operating space infrastructures like habitats, laboratories and factories. Axiom Space, a current leader in this field, recently announced that it would be flying the "first fully private commercial mission to space" in 2022 onboard SpaceX's Crew Dragon Capsule. In February 2020, Maxar Technologies received a $140 million contract from NASA to develop a robotic construction tool that would be assembled in space for use on low-Earth orbit spacecraft. Private sector spacecraft or settlements will no doubt have need for a variety of similar construction and repair tools.

Humans need comfort and luxury. So, the private sector is definitely not about industrial equipment only. Creating comfort also seems to be a promising area as companies try to establish human life in a harsh space environment. In 2015, for example, Argotec and Lavazza collaborated to build an espresso machine that could function in the zero-gravity environment of the ISS, delivering a bit of everyday luxury to the crew.

Challenges Ahead

1) Need for Appropriate Regulatory Framework

Activities in space cannot remain confined to a country's border and have the ability to affect assets or areas of the planet well beyond the launching country.

Therefore, the international regulatory framework should limit the capabilities of countries to use less stringent regulations as a means to attract foreign business.

The challenge lies in creating a regulating framework that protects the interests of stakeholders and countries, preserves the rights of humans while giving them the freedom to generate new ideas and implement new applications.

2) Technical Challenges

Coming to technical challenges, propulsion system performance remains a significant hurdle in the space sector. Besides the push towards green propellants, nothing substantial has changed in solid or liquid propellants, which are key to overall launcher capability. The Use of reusable launchers has reduced cost to some extent but truly economic access to space is yet to be achieved. The challenge is to develop and use technologies like hypersonic air breathing rocket engines to cut the need for large amounts of oxygen that have to be carried by current vehicles. Launch vehicles that could take off and land without the need for extensive and expensive service also need to be developed.

3) Protection of Human

The challenge here lies in the creation of such an artificial environment that supports people's well being, their mental and physical health. This means providing them protection against the negative effects of the space environment.

This includes creating efficient closed loop systems to replenish resources and minimize waste. Objects like asteroids and comets pose a significant threat too.

4) Large Space Structures

The capability to deploy LSS is another factor that, similarly to advances in propulsion, would enable a range of applications, but they present a series of significant challenges which depend on the specific areas. On the one hand, there are instruments like telescopes, cameras, and antennas that require large high-precision reflective surfaces. On the other hand, there are future applications like Satellite Solar Power where the sheer size of the structure is the challenge, rather than the geometrical precision that must be achieved by the assembled structure. Extreme light- weight and packaging efficiency have to be achieved, as well as in-orbit deployment and assembly capabilities that are beyond the state of the art.

OUR JOURNEY


SPEAK STREET
WHERE EXPERIENCE SPEAKS
BIZSTREET 2022
SHRI RAM
2021
COMMERCE SUMMIT

SOCIETY'S TIMELINE

2021

YEAR IN

NOV 2021

NOVEMBER

Shri Ram Commerce Summit'21

DECEMBER

Commerce Quiz for the batch of 2024, SRCC

5TH DECEMBER

An article writing research paper compet for the third publicatio Mudra

"

22 OCT — **CA Atul Gupta,** President, ICAI
Topic: Preparing future-ready professionals

4 FEB — **Mr. Sriram Krishnan,** MD, Co-head, GTB
Topic: Roadmap for the financial Sector and the Union Budget 2022

28 FEB — **Mr. Anil Shyam,** Head- Alternate business at Aditya Birla Sun Life Mutual Fund
Topic: Indian Macroeconomics Scenarios and Associated Linkages

17 MAR — **Ms. Nabonita Mazumdar,** Founder- Nabonita.com
Topic: Business in the post-pandemic world

"

26TH FEBRUARY

Webinar on the topic "**Study** **Business Schools**" headed b Senior Consultant at Crimson of Clovely Estate, member of th and Dean (External Relations) a of Technology. From New Zeala

1-22 REVIEW

FEBRUARY

Workshop on basics of the stock **market** with Srishti Jain, Chief Product Officer at Finology

8TH FEBRUARY

MARCH

Round Table Conference

12TH MARCH

Workshop on InDesign by **Vikramaditya Sardar**

MAY

Research Reports

MAY 2022

and
ition
n of

Jan end to Feb

APRIL

BIZSTREET'22

Barrato	Genesis
BidBizz	Dynasty Doom
BizFare	Speaker Sessions

20 APR

Mr. Niel George, MD, Nivea India
Topic: Careers and Leadership

21 APR

Mr. Deepak Pareek, Co-Founder, Career Keeda & TEDx Speaker
Topic: Social Media: Creating new possibilities for entrepreneurs

22 APRIL

Mr. Rory Moore, Advisor to UK Government
Topic: Changing the world with ESG

Mr. Shankar Prasad, Founder- Pureplay Skin Sciences- Plum Goodness
Topic: Entrepreneurship in growing India

Mr. Prashant Sanghvi, MD, Accenture Global Strategy & Consulting
Topic: Masterclass on Modern Consulting

Mr. Mukund Bhatnagar, Partner at Kearney
Topic: Consulting in the era of business disruptions- Client and consultant relationship

y MBA Abroad at Top by **Mr. David Buisson**, Education, formerly CEO he Board of EmSolutions, at Queensland University nd.

BIZSTREET 2022

1

BARRATO

Barrato is the ultimate trade simulation competition under bizstreet,2022. This year, the event witnessed more than 2000 participants from top tier institutions across India with a cumulative reach of 62000+. The participants had to make through two intense, mind boggling and equally thrilling rounds. The preliminary round consisted of a comprehensive quiz to test participants' knowledge in the domain of finance, marketing, business, commerce and economics. The highlight of the competition was its final round, The Trade Simulation Showdown, wherein the finalists experienced the business world in an entirely different environment.

2

GENESIS

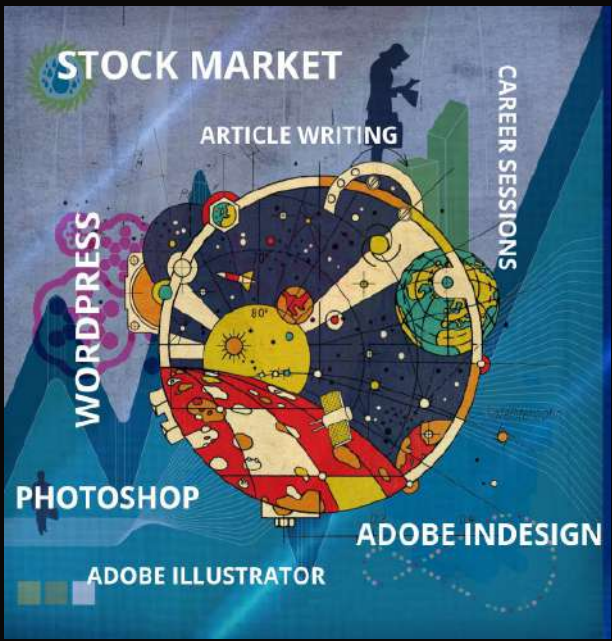
The incubator challenge of Bizstreet'22 truly resonated with its tagline, " IDEATE. IMPLEMENT. CONQUER". It offered a golden chance to its 2300 participants to push through all the hurdles and pitch their startup ideas to top leaders and get some valuable insights. It had 3 rounds under its ambit- War of Wit, Synopsis and Showdown. War of Wit consisted of intriguing questions from various domains to test participants' entrepreneurial acumen and general managerial knowledge. The Synopsis tested the teams' ability to handle dynamic changes and Showdown was the ultimate chance to prove their mettle and emerge victoriously.

3

DYNASTY DOOM

Dynasty Doom was a mystery hunt event under Bizstreet to the ingenious hawkshaw inside participants. Clues and mystery, imagination and facts, altogether to turn into a mysterious treasure hunt is what was offered in this 'Old but Gold' game of Treasure hunt. The event received 1700+ registrations with a cumulative reach of 15000+.

WORKSHOPS



There was more and that too pertained to one of the hottest topics right now in the financial world, a workshop on basics of stock market.We organised it in collaboration with Srishti Jain, Chief Product Officer at Finology. Moreover, to diversify our skillset, we had various intra society workshops on the basics of Adobe Indesign, Wordpress, photoshop and Adobe Illustrator. To top it all we had a Webinar on the topic "Study MBA Abroad at Top Business Schools" headed by Mr. David Buisson, Senior Consultant at Crimson Education, formerly CEO of Clovely Estate, member of the Board of EmSolutions, and Dean (External Relations) at Queensland University of Technology From New Zealand. Being one of the most sought after courses, an MBA from a top business school provides a good headstart to our career and hence the webinar was very relevant and enriching at the same time.

5

BIZFARE

The judicial reincarnation competition provided an exciting opportunity to its participants to showcase their talent by participating in a competition inclusive of quizzes, report writing and case competitions. The event witnessed around 3200+ participants from prestigious institutions across the country. The highlight of the event was Moot Court, wherein the qualifying teams were put up against each other in pairs: a plaintiff and a defendant.

4

BIDBIZZ

Bidbizz was an IPL auction simulation organised under Bizstreet. A cricket bidding simulation competition which provided the participants an ideal platform for exercising their bidding skills during the two-day mega auction. In the main round, The Mega Auction, participants were given a fixed budget which they could use to purchase an IPL Franchise and building the best IPL Team. The event had close to 1900 participants from top institutions across the country.

SHRI RAM COMMERCE SUMMIT 2021

SEMI ANNUAL FEST

CASE CONVOLUTE

A CASE STUDY COMPETITION

The Case Convolute is the flagship case study competition under Shri Ram Commerce Summit. It focuses on harnessing the ability of individuals to solve, negotiate and deliberate dynamic situations arising in an organisation. This year, it witnessed 1100+ participants from eminent instituitions like IIMs, IITs and other top undergraduate institutes across the country with a cumulative reach of 75000+. From an online quiz testing problem solving and analytical skills to breaking down case studies and presenting ground breaking solutions for the same, The Case Convolute, 2021 had it all.

WEALTHFOLIO

A STRATEGIC ASSET MANAGEMENT COMPETITION

Wealthfolio, one-of-its-kind trading simulation tests the decision making and negotiation skills of participants. It aims to judge an individual's investment management and risk taking skills. With over 500 participants from top institutes across the country, wealthfolio was conducted in 3 rounds. The first round being a quiz consisting of mind boggling questions related to finance, trade, currents affairs etc followed by a stock analysis round. The last and the final round being Trading & Asset Management wherein finalists had to trade among themselves and build a self sufficient company.

RISE IN CRISIS

A CRISIS MANAGEMENT COMPETITION

Rise in Crisis is a crisis management competition organised under Shri Ram Commerce Summit. It tests and hones one's acumen, skills and mindset of how to avoid the crises, practice decision making and safely get out of tricky situations. The event with a cumulative reach of 50000+ was organised in 3 legs. The first being a preliminary quiz to test participants' sense of awareness, analytical skills and knowledge, followed by a marketing case submission round. The last round was of Crises Managment wherein shortlisted teams stepped into the shoes of an HR & PR manager and confronted some real life crises situations.

SPEAK STREET 2021

CA Atul Gupta, former President of the Institute of Chartered Accountants of India, marked the beginning of our speaker series, ' Speak Street - Where experience speaks'. He has a history of working in the legal services industry and is skilled in Direct Tax, Income Tax, Management Information systems, Auditing, and Financial Analysis.

He undertook an erudite discussion on the topic - 'preparing future-ready professionals' wherein he emphasized upon enhancing and improving professionalization, the need of setting stringent standards, and the importance of making breakthroughs in informatization through digital transformation. The attendees were truly enriched by this wonderful session with Sir on the nuances of the commercial world.

Mr. Sriram Krishnan, Managing Director, Co-Head, Global Transaction Banking, India Head, Securities Services, India & Sub-Continent- Deutsche Bank delivered an insightful session on the topic ' Roadmap for the Financial Sector and the Union Budget 2022"

It is very well said that a budget is more than just a series of numbers on a page; it is an embodiment of our values. A union budget is something everyone waits for. However, understanding a budget in its entirety can be a difficult process as it involves complex terms which are not so easy to comprehend. Mr. Krishnan helped the attendees solve the intricacies of the same.

Mr. Anil Shyam, Head - Alternative Business & PCG at Aditya Birla Sun Life Mutual Fund took an enriching session on the topic ' Indian Macroeconomic scenarios and Associated linkages'. He discussed how despite India's overall macroeconomic situation being in the recovery mode, the concentration of growth at the top end is a worrying trend. He also discussed how the country is facing stagflation and the carefully curated policy interventions that would be required to handle the same. The session besides being insightful helped the attendees in better assessment of the various macroeconomic trends taking place in the country.

Ms. Nabomita Mazumdar - Founder of Nabomita.com, Board Advisor at Asian- African Chamber of Commerce and Industry, National Chairman on Confederation Indian micro, Small and Medium enterprises.

The Covid-19 pandemic has had a profound impact not only on businesses but also on the economy as a whole. For instance, during 2020, GDP in advanced economies plummeted, with many businesses having to shut for prolonged periods, and nearly all having to rapidly adapt to the changing conditions. Thus to dig deeper into the changes in dynamics of the business world post-pandemic, we organized an enlightening discussion on the topic ' Business in the Post-Pandemic World' with Ma'am.

ROUND TABLE CONFERENCE

Metaverse and India & Geopolitics - 4th and 5th March

METAVERSE- A ROAD NOT YET TRANSVERSED

The metaverse has become the newest macro goal for many of the world's tach giants. But there's lot more to it that's still not explored. Many of us are still skeptical of its success. Thus to clear all the doubts, a round table conference was organised by The Commerce Society for the same.

We had an interesting discussion on metaverse. It started off with opening remarks by each panelists, giving insights on what is metaverse. We then covered the aspects such as 3 layers of metaverse-immersive layer (to fix our real life moments into virtual world) , AI layer/Logic layer(doing interactions) , Blockchain-enabling the data layer and transaction layer.

To add to it, Transformation from Web 2.O to Web 3.O and the challenges in it were discussed upon. Virtual real-estate, Crypto, NFTs , Block Chain transactions , and security of transactions were explained well which made the entire programme very interesting for the audience.

Last but not the least , Government's take on the metaverse , Environement in the next 5-10 years regarding it were taken up as they helped us visualize the future with this technology.

INDIA AND GEOPOLITICS- CURRENT AND FUTURE PROSPECTS

Geopolitcial issues are a major concern today, especially when the world is on the verge of war. To clear the stance on what's happening worldwide and how it affects us, we organised a Round Table conference on ' India and Geopolitics' with exquisite minds as our panelists.

The conference kickstarted with a discussion on 'Climate change and its role in India's foreign policy', measures to reduce pollution and bringing initiatives for a greener environment. We had meaningful discussions and deliberations on these topics. The topics comprised 'Glasgow pact cop26', the ongoing war between Russia and Ukraine and India's involvement in it, and India's role in the world progress by providing the world by labour and food . In these changing times - the pandemic, the Russia Ukraine war and Indo-China ties were the topics taken up for discussion. Eventually the participants' eagerness set up a great platform for brushing up each others' geopolitical knowledge in a healthy discourse.

RESEARCH REPORTS

"Research is formalized curiosity. It is poking and prying with a purpose."

Research report helps in conveying important facts to the concerned parties. They play an important role in providing new insights and new opportunities to the people. Keeping these facts in mind, the Commerce Society made research report on three topics: PLIs, trade wars and e-commerce. Preparing the research report helped the members of the society get a peek in the process of producing extensive reports and learning about the various aspects involved in assessing and analysing any topic, right from ideating to structuring and presenting the same in an intriguing manner. These topics of the reports are pertinent developments, which need to be brought to the forefront of conscious discussion so that better forms of such reforms can be undertaken in the future.

SPEAKER SESSIONS

A plethora of speaker sessions were organised under the ambit of Shri Ram Commerce Summit, 2021 to widen the knowledge horizon of the attendees as well as giving them an opportunity to learn directly from the industry experts. We had few of the most eminent personalities such as Mr. Bipul Chandra, MD of Duccati India, Mr. Rajan Ratna, Senior Economic Affairs Officer at UN ESCAP, Mr. Shiv Sharma, Vice President International Stockwits, Ms. Nabila Jamshed, Programme Officer at UN, Mr. Pushkaraj Shenai, CEO , Lakme Lever and Mr. Sudiip Goswami, Director and GM, Dell technologies as speakers who enlightened us with their insightful talks on most diversified set of topics ranging from Impact of Covid-19 on global trade, importance of investing for millennials, manager's core values, important business metrics to strategies for moving up the corporate ladder.

COVER NOTES

SHAKTI GARG
PRESIDENT

The Commerce Society, throughout its marvelous history, has always focused on putting vigorous efforts towards providing a challenging and holistic learning environment to its members, while taking forth its legacy to even greater heights. This year too, we've added a myriad of events, competitions, platforms, elements, and series on various emerging topics encouraging the members to challenge themselves more and grow exponentially. I would also like to extend my gratitude to our faculty advisor, Mr. Alok Sir for providing his guidance, constant support, and encouragement.

My entire journey with this organization has been a life-changing experience. From having online meets till late at night to having offline discussion meets at dawn, from onboarding sponsors, and hosting speakers, to managing an entire team of more than 80 people has been nothing, but an enriching, fulfilling and wholesome experience to be cherished for a lifetime. The past year has challenged me in so many ways and made me learn, lead and transform into what I am today. I wish all the best to the new team, hoping for them to continue raising the bar to even greater heights!

Being the General Secretary of The Commerce Society, SRCC has been one of the most learning and diverse experiences for me. The society as a whole helped me grow tremendously. Be it organizing fests, managing departments and synchronizing activities, or mentoring juniors, it's truly been an enriching journey. SRCC is a life-changing experience, and ComSoc its finest essence; you wriggle out of so much and you grow into so much more.

ComSoc has taught me great leadership, cooperation, time management and other skills which makes all the time I spent worth all the efforts. I've learnt a lot through this journey of peaks and troughs, and managing this team of 100 bright minds has been fulfilling to the core! Brought down through generations of novel prodigies, ComSoc is a breathing legacy that chooses to live on through its members. To be a part of ComSoc, has been my greatest privilege and it will always have a special place in my heart. I hope this revolution grows in all glory, each day, each year.

ARYAMAN MALVIYA
GENERAL SECRETARY

MANYA MITTAL
JOINT SECRETARY

The Commerce Society will always be a really crucial part of my college life. My journey as the Joint Secretary gave me the prestigious chance of sharing a 50 year long legacy. It has been a platform to exhibit my creativity and take lifelong lessons with me as the tenure ends. It has provided me with great learning opportunities and holistic development. From ideating events, tapping speakers, heading national level events, writing articles and research reports to making memorable connections, Comsoc has indeed added a lot to my personality. I have always strived to contribute my fullest to the organisation that has helped me in every way.

Comsoc has provided me with a great learning opportunity.A society that has helped me develop more in each and every aspect.It is a basic highlight of my college life.It has provided me with experiences and opportunities that one doesn't usually get at such a stage in life.Be it contacting corporates for sponsorship or communicating with speakers, comsoc has assisted me gaining a different perspective.It has helped me get a glance at the corporate atmosphere and how various organisations work.I am grateful that I got the chance to be part of this society.

TRISH GUPTA
CHIEF COORDINATOR

COVER NOTES

My experience here in the society has been quite wholesome. It was a roller coaster ride and I had my share of ups and downs. There were new learning opportunities and new experiences at every step of the way. Being a part of this esteemed organisation and holding a position of responsibility gave me the much needed exposure and made me learn how to adjust & work professionally in a dynamic environment and take ownership of one's actions. From ideating and pulling off national level events & competitions to handling crisis situations to conducting meets to having fun chit chat conversations with the team mates to shoo away the monotony, it has been an amazing journey and I feel glad to have been associated with The Commerce Society and getting the chance to live the legacy.

HARNOOR KAUR
CHIEF COORDINATOR

My journey in the organisation is one of the most memorable and cherished experiences of my life. The time that has been invested in the organisation has led to fruitful development of my personality and candidature. The kind of growth and boosted confidence I have witnessed in my personality is exceptional and quite special. From meetings, raising sponsorship, ideating competitions to organising events and successfully comprehending everything one can offer, this learning experience was in itself phenomenal. It added on my courage to trust my gut, solely take the decisions and be accountable for them. It gave me a chance to prove myself as a worthy leader and I think there won't be any better platform to do the same. Apart from that, it helped me build connections which will be cherished forever. ComSoc was truly more than just a society for me, it has embraced me in ways I had never imagined, thus making my college life more bearable, exciting, unforgettable and worthy.

BHAVI JAIN
EMCC DIRECTOR

The Commerce Society has been an integral part of my college life, while the college was in online mode, comsoc was one of the few ways in which I was able to connect with my peers and have a glimpse as to what true college life is. The Society has given me abundant opportunities and has provided me with the platform to showcase as well as polish my abilities and skills. I have learnt a lot from the society from collaborating with corporates to organising national level events, the tenure has been full of learning and fun. I will always cherish my time here at comsoc and wish best of luck to the juniors who will carry forward this legacy!

DEVANSH SAINI
EMCC DIRECTOR

Some of my best memories of college with some of the best people I've met in life, were made possible because of The Commerce Society. The Commerce Society gave me an opportunity to represent the PR & Marketing Wing of the society and pursue my passion, an experience that added immeasurable value to my life and helped me develop a dynamic perspective. It also made it possible for me to meet talented people with diverse backgrounds whom I've learnt a lot from. Becoming the PR & Marketing Director of The Commerce Society was a proudful moment but it also came with a lot of responsibilities. It gave me the space to experiment with various marketing strategies which helped achieve new milestones by enhancing the reputation of the society. I'll forever be grateful for the unforgettable legacy of the Commerce Society that I was able to experience and be a part of.

HIMANSHI
PR & MARKETING DIRECTOR

COVER NOTES

The commerce society has given me those friends and experiences which I will cherish forever in my life. As a Pr and Marketing Head I got the opportunity to work with wonderful juniors who always come up with enthrilling ideas .Comsoc will always be close to my heart as I didn't even realise when it became a family for me. It has not only given me beautiful experiences but also taught me some important lessons of life. I really feel lucky to be part of such a society.

YASHIKA BANSAL
PR & MARKETING DIRECTOR

Being a part of a dynamic society like Comsoc, taught me a lot of things to increase my skill set. When as a junior I joined the society, I was worried about adjusting to a new culture but it was so smooth of a transition that how I bore a cabinet position felt like yesterday. This journey has been so fulfilling, joyful, tremendous and fruitful. From working on Mudra to knowing everyone in the other wings, Comsoc gave me cherishable bonds for my future and memories I can never forget. I always wish that society keeps the torch of excellence burning and passes on the legacy to the coming batches.

MANSI KOTRA
RESEARCH DIRECTOR

Being a part of The Commerce Society has not just been fun but also a privilege. In the past two years people I had no idea existed, not just became friends or acquaintances but more as a family, who were there in all good times celebrating and in all bad times helping me out. As a part of the team, I have been extremely lucky to have a wonderful team of juniors, who not only have proved their worth with skills but also as friends upto all tasks and always ready to be there for their society. The experiences I have had with this society are beyond comparison with all the fun outings and the little disagreements between the heads have now acquired a special place in my life and will always be a fond memory. With my tenure coming to end I wish The Commerce Society to beat more existing barriers and strive for excellence for which it has always been known for.

ARJUN MADAAN
TECHNICAL DIRECTOR

The journey at The Commerce Society from the start to the end has been memorable. The journey was full of adventures with learnings at every stop. Society has helped me make a better version of myself and learn many new things. Being a person who was never tech-savvy and today holding the Technical Director of the society clearly portrays the learnings and opportunities provided by the organisation. Moreover, besides the technical aspect, it has also helped me enlarge my network. From organising events, online meetings and managing work as the technical head, the experience provided was unmatchable. I thank The Commerce Society for giving me such a great opportunity.

MUDIT JAIN
TECHNICAL DIRECTOR

The Commerce Society has been a great part of my journey throughout. I have learned a lot from it. When I started as a junior I learnt so many things and got support from the seniors. Now as a Technical Director, I am able to lead a good team of juniors. In short, Comsoc has made a lot of memories, learnings and lessons for me.

YESHASVI TICKOO
TECHNICAL DIRECTOR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