N. L. Dalmia
Institute of Management Studies and Research
(A School of Excellence of N. L. Dalmia Educational Society)
ISO 9001:2008

*Accredited 'A' by NAAC*

# DELTA

## Envisioning Change

Sept. 2017

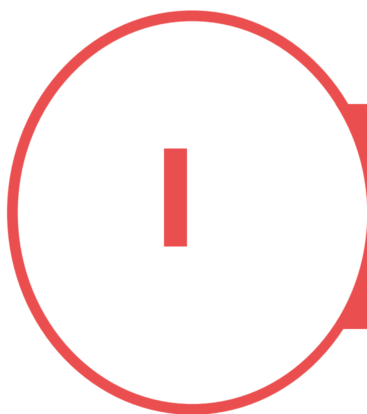
Finance Forum

Finance Forum is an executive body of N. L. Dalmia Institute of Management Studies and Research managed by student representatives. It organizes and aims at inspiring students to participate in National level B–School competitions. It also encourages them to undertake research and enhance their career prospects.

Apart from Mulyankan, a National level B-school paper presentation competition, Finance Forum also organizes various Finance related events, workshops, guest lectures and seminars by prominent personalities from the finance industry.

It also publishes DELTA, a semi-annual financial e-magazine prepared by students of N. L. Dalmia Institute of Management Studies and Research.

The Finance Forum is currently headed by Prof. Dr. Anil Gor - Ph.D. (Mergers and Acquisition), LL.M, MFM, M.Com, FCS and CAIIB.



# IN THIS EDITION

FROM THE DIRECTOR'S DESK 6

EDITORIAL 7

TRADE PROTECTIONISM BY TRUMP 8

A CASE FOR SOVEREIGN GOLD BONDS 11

SINGLE GLOBAL CURRENCY 14

ROLE OF CREDIT AGENCIES IN SUBPRIME CRISIS 16

RISE OF THE MACHINES – AI IN BANKING SECTOR 20

ALL ABOUT NPA 25

VENEZUELA CRISIS 28

ETHEREUM 32

FARM LOAN WAIVER 38

FINANCIAL PLANNING: A PLOY OR NEED? 41

RERA AND ITS IMPACT ON REAL ESTATE INDUSTRY 44

CRISIS MANAGEMENT INSURANCE 48

CROWDFUNDING - A DEMOCRATIC INVESTMENT 53

ALGORITHMIC TRADING 57

ATAL PENSION YOJANA 61

MSME SECTOR - THE NEXT BIG CHALLENGE 64

INTERNSHIP EXPERIENCE: NIHARIKA SHAHANE – CITI 69

INTERNSHIP EXPERIENCE: SATEJ RAO – RESERVE BANK OF INDIA (RBI) 71

INTERNSHIP EXPERIENCE: ADITI AGARWAL – FUTURE GROUP 73

INTERNSHIP EXPERIENCE: NISHANT SONKUSARE – L&T FINANCIAL SERVICES 75

INTERNSHIP EXPERIENCE: PRACHI BHOJANI – L&T FINANCIAL SERVICES 77

CITI CORP STUDENT ENGAGEMENT PROGRAM 79

CITI CORP CASE STUDY COMPETITION 80

FINANCE FORUM ACTIVITIES 81

FINANCIAL QUIZ 84

# FROM THE DIRECTOR'S DESK

In today's competitive environment, leaders need outstanding management skills and an expanded view of global scenario and cultures.

N. L. Dalmia Institute of Management Studies and Research provides an opportunity in a unique way, capitalizing on the strengths of the various business epicenters, be it India, USA, Canada or Australia, exposure to other technology and financial hubs in Asia Pacific and a learning culture centered on a commitment to scholarship, teamwork and collegiality.

We have set the pace for launching our School of Global Business offering Global MBA, Executive MBA, Family Managed Business & Entrepreneurship and School of Emerging Technology offering Big Data and Analytics, Business Analytics, Computational Finance and Financial Engineering. A special thrust is being given to Action Research, Management Consulting & Executive Education.

Our students, alumni and faculty are fearless in thinking about opportunity and innovation - in experimenting and discovering, in being a little non-conformist.

Our faculty has developed game changing initiatives to help transform modern day management by infusing our N. L. Dalmia classrooms with analytical rigor and bold thinking, challenging students to re-frame their reference points. Whether as part of communities, businesses or large corporate, our alumni are pragmatic and action oriented. They drive change.

"Thinking fearlessly is the freedom to think aloud, to think without judgment. It's the exploration that allows you to go into areas you couldn't go into the real world - the academic version of cave diving."

Sincere Regards,

**Prof. Dr. Raja R Choudhury,**
Director
PhD (Economics), PhD (Psychology)

# EDITORIAL

"The more that you read, the more things you will know. The more that you learn, the more places you'll go." — Dr. Seuss

Continuing our journey of change, we welcome all the readers to an illuminating and engaging tour of the sixteenth edition of the semi-annual E-magazine of N.L. Dalmia, DELTA. We thank you all for the overwhelming response to the previous issue. Keeping up with the tradition, we have, in this edition, amassed articles authored by the students of our very own institute.

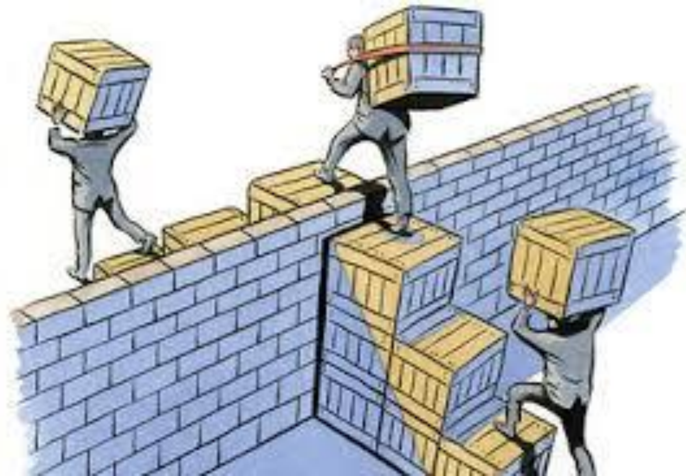
We would like to take this opportunity to thank our Director, Prof. Dr. Raja Roy Choudhury for his support. We would also like to thank Prof. Dr. Anil Gor, Head of the Finance Forum, for his constant back up, inspiring us to give our best, Prof. Jyoti Nair, and Prof. Amit Shrivastava for their valuable feedback and the entire team of Finance Forum for their contribution to make this tabloid a success.

Delta in a nutshell, is a financial paradigm for generating and gathering ideas, opinions and views in young minds of future financial leaders. Delta, being a semi-annual magazine, will keep you updated with current issues of business and give an overview of other important functions of management. The current edition has some brilliant articles which have been written after thorough research. We assure you this magazine will hook you from the very beginning and hoping that this edition encourages more students to use this platform to express their ideas freely. We do hope that the magazine enhances the knowledge of all our readers and is a value addition to our college compositions.

Kshitij Kalani
Editor
MMS – Finance

Hemangi Vyas
Editor
MMS – Finance

SONAKSHI MADAN
PGDM – Finance
First Year



# TRADE PROTECTIONIM BY TRUMP

The slogan of “**Make America Great Again**” adopted by Trump during presidential campaign said volumes about what the world will witness. With a dagger of fear, people awaited the presidential results. Much to the dismay of many people, Trump emerged victorious. With Trump steering the wheel of the global leader of economy, world is witnessing a change-an era of protectionism.

**What is protectionism?**

Protectionism is an economic policy adopted by countries as an attempt to safeguard the domestic industries by imposing restrictions on trade from overseas by adopting policies as tariffs on imported goods, restrictive quotas, and several other regulatory policies. This policy is mainly a political gimmick. This technique works for a while, but when considered for a longer span of time, it can prove to be detrimental for the economy of a country.

**Trump’s Protectionist Policies:**

1) **Threatening to terminate NAFTA: North American Free Trade Agreement** (**NAFTA**) is a trade agreement between Mexico, USA and Canada. The objective of this agreement was to create one of the world's largest free trade zones and foster strong economic growth for the involved nations. Time and again, Trump has threatened to withdraw from NAFTA.

2) **Trump’s TPP withdrawal: Trans-Pacific Partnership (TPP)** is a trade agreement between USA (exited in Jan 2017), Australia, Chile, Brunei Darussalam, Canada, Singapore, Malaysia, Mexico, New Zealand, Japan, Peru and Vietnam. The agreement targeted to slash tariffs and foster trade to augment growth between member nations. Trump's withdrawal from TPP is adjudged as a crucial movement towards protectionism. Trump has cited loss of U.S. jobs as a major reason for withdrawal from TPP.

3) **Trump’s trade policies against China:** Trump triggered a scrutiny against China’s trade. The probe is to determine whether China is getting hold of American technology and intellectual property without the apt means. These allegations will definitely pull the plug on cordial trade between USA and China. USA’s Trade Act of 1974, Section 301 states that government can conduct formal inquiry for foreign government acts which “burden, restrict, or discriminate against United States commerce.” Tariffs or other regulations can be imposed. The Chinese Commerce Ministry reverted with the statement “strong dissatisfaction with the U.S. approach to unilateralism and protectionism."

4) **H1B Visa Reforms:** "Buy American, Hire American" strategy adopted by Trump aims to impose stringent rules for H1B visa. This is a serious blow to Indian IT industry.

5) **Block “Start-ups Visas”:** When countries seek to attract the attention of talented entrepreneurs and welcome them with open arms, Trump emphasizes on absolutely contrasting opinion. He plans to rescind an Obama-era program to restrict the immigration flows.

**Impact of protectionist policies of America on India-**

With Trump’s victory in elections, foreign investors withdrew Rs. 28,919 Crore from India as they dashed to seek profit of sprinting USA’s yields and dollar. This resulted in declining position of Rupee.

On one hand protectionism policy of stringent H1B visa norms has an adverse impact on Indian IT sector; on the other hand India has a substantial scope to turn this mayhem into an opportunity by preventing brain drain and decentralisation of IT industry from the Silicon Valley. India holds capacity of development of regional IT hubs like Bangalore. It may trigger outflow of skilled labour from US back to India, which will strengthen us. We hold the chance to become manufacturing base of the world, with embarking on "Make in India" mission.

Trump's promise to reduce the USA’s corporate tax rate to 15 per cent could result in companies like Ford and Microsoft moving back to the USA, which could hit India’s “Make in India” mission considerably. This can hit our economy adversely.

**Impact of protectionist policies of America on Global Economy**

Trump’s policies can derail the global growth tremendously. With USA pulling out of TPP, it can be seen as a crucial issue for the member nations. If USA pulls out of NAFTA too, then Mexico and Canada will be in jeopardy.

Global GDP can see a downfall due to declining imports to USA and stronger dollar position due to Federal Reserve rate hikes. This can lead to high servicing costs for all the debts that are in dollars.

USA’s and China’s strained relationship due to Trump’s protectionism policy is likely to have ripple effects on global front.

Multinational businesses will witness paralyzing effect due to reduce imports from world’s largest economy. USA’s firmness on the trade policies can jostle global economy to tumble.

**Conclusion**

The biggest question arises that these policies adopted by Trump are really fruitful for America or just a beginning to a downfall? Only time will tell that these policies are worth the pain or is it the flawed protectionism by Trump.

KARINA RAGHANI
PGDM – Finance
First Year

# A CASE FOR SOVEREIGN GOLD BONDS

Reserve Bank of India on behalf of the Government, made the second series of Sovereign Gold Bonds (SGB) available for subscription in July this year. What are Sovereign Gold Bonds and why should you invest in them? Let's lay it out in simple terms. Sovereign Gold Bonds are government securities issued in the units of grams of gold available in paper or demat form. They are issued as a substitute for holding physical gold and basically pose as an opportunity for investors to earn fixed returns which are linked to the price of gold in addition to the underlying gold price.

**How to invest in Sovereign Gold Bonds?**

The bond is a fixed-term bond which represents the precise weight of gold purchased by the investor for a certain period till the maturity of the security. The application for Sovereign Gold Bonds is made by RBI on behalf of the Government. The latest tranche was offered from $10^{th}$ to $14^{th}$ July, 2017 called Sovereign Gold Bonds 2017-18 — Series II. An investor, who is a resident of India, can buy a minimum of 1 gram to a maximum of 500 grams through Banks, NSE, BSE, Stock Holding Corporation of India Ltd (SHCIL) and designated post offices by making a payment by cash, DD or cheque and adhering to the KYC norms. The bonds generally have a maturity of 8 years with an exit option from the 5th year. The nominal value of the bond is based on the simple average closing price published by the India Bullion and Jewellers Association Ltd (IBJA).

**Why were they introduced by the Government?**

The Government decided to introduce these bonds with a purpose to curb gold imports, which forms a significant chunk of the total imports of India. Raising funds and reducing the outflow of currency were other reasons to introduce these bonds. Sovereign Gold Bonds also give an option to the investors to own gold without worrying about its storage or safety and reduces their costs of buying gold.

**Advantages & Risks of investing in Sovereign Gold Bonds:**

The most significant advantage of owning Sovereign Gold Bonds for an investor is that there are no risks and costs of storage as it is available in paper and demat form. One can buy these with a click of a button. Unlike physical gold, an investor does not have to check the purity of gold or pay for making charges which are incurred while buying jewellery, gold coins or gold biscuits. There is no scope of the adulteration of gold as it is benchmarked against 999 purity gold. Another advantage is that these bonds can also be used as collaterals for loans. In terms of returns, they fetch a fixed interest of 2.75% per annum on the amount of initial investment in addition to the underlying price of gold. This interest earned is taxable but if capital gains tax arises on redemption, it is exempted to an individual.

In terms of disadvantages, there are limited risks involved in investing in Sovereign Gold Bonds. If the price of gold falls there will be capital loss for the investor although the fluctuations in the prices will be less considering the long tenure of the bond.

**Should you invest in Sovereign Gold Bonds?**

Sovereign Gold Bonds is a secure option to park your funds for a long term with a fixed income. For a conservative investor with limited risk taking ability and will, Sovereign Gold Bonds is a good option. It can be used to diversify one's portfolio and minimize risks.

**NIKITA BIRLA**
PGDM – Finance
First Year

# SINGLE GLOBAL CURRENCY

"One world, one currency!" Is it possible? Today we are living in a world having 195 countries with 180 different currencies. Unless world economy changes drastically i.e. free movement of goods, capital, and trade around the world along with similar economic growth of all the countries, one currency for all is not possible. But why do we really need it? And is it a good option? These are some questions we need to unravel.

**Why Single Global Currency?**

• Globally, 1.4 trillion dollars of currencies are traded per day. Its transaction cost, staff and equipment cost is around 1 trillion dollars per year. It also has indirect costs of time and inconvenience caused to customers. Single global currency solves this problem by eliminating the cost of exchange of currency.

• Developed countries would definitely enjoy the benefits of single global currency because there would not be any currency risk in international market. It will provide equal level of playing field for all trading countries. In order to trade goods at cheaper price China uses currency exchange as their weapon but because of single global currency such activities could be curbed.

• Floating exchange rate system causes currency fluctuations. In order to cope up with it, every year billions of dollars are spent. Single global currency would eliminate this cost of hedging.

• Central bank of countries maintains reserves of currencies of other countries but because of single global currency there would no need to hold such a huge amount of foreign currency especially by those countries which do not issue global currencies and that money could be used by them for further economic development.

• Presence of multiple currency causes issues of balance of payment which leads to fluctuations in currency. Within monetary unions balance of payment issues are not faced within member countries as they have same currency.

**Is it feasible?**

Introducing single global currency means letting go control through independent monetary policies of nation. In recent economic crisis in US, money supply was increased by reducing interest rates. Such aggressive decisions are not possible in single global market. Policies would need to be made considering all nations but still some nations would benefit at the cost of others. All policies to work effectively in all countries, they need to have similar economic condition which is not possible. If the global currency is introduced then countries in debt would not be able to devalue its currency as they used to do before in order to sell their product at a cheaper price in global market. Transition to global currency involves cost of withdrawing old currency and issuing and distributing new currency.

So, we can say that adapting a single global currency is not a practical option right now but it surely provides some major perks which would make us think about it in future. German Prime Minister Ludwig Erhard once said that "monetary stability is a basic human right". And a single global currency is one of the ways to achieve such stability.

ANKIT CHHAPARWAL
MMS – Finance
Second Year

# ROLE OF CREDIT AGENCIES IN SUBPRIME CRISIS

The institutional framework of the global financial system is far from perfect. It is periodically buffeted by successive crises and each crisis reveals a new gap in the institutional structure. US financial crisis is one of the typical example of this. The subprime crisis in the US financial markets led to a severe global financial meltdown. It was the most severe financial crisis since the Great Depression, which, through a global liquidity freeze, very quickly spilled over into a global economic crisis.

**Drivers of subprime lending:** The sub-prime mortgage market caters to customers who are unable to meet normal credit and documentation requirements for ordinary mortgages. Subprime lending is more risky than normal lending, generally bank charges more rate than normal lending because of the risk factor attached to it. . However, banks had largely stayed away from this customer segment due to their perception of the segment's high default risk. Only by the mid-1990's did the subprime mortgage market begin to take off as a number of factors emerged which apparently mitigated the default risk on such loans and hence led to an increasing number of banks lending ever-larger amounts to this sector. Some important factors which contributed to a boom in sub-prime lending are discussed below:

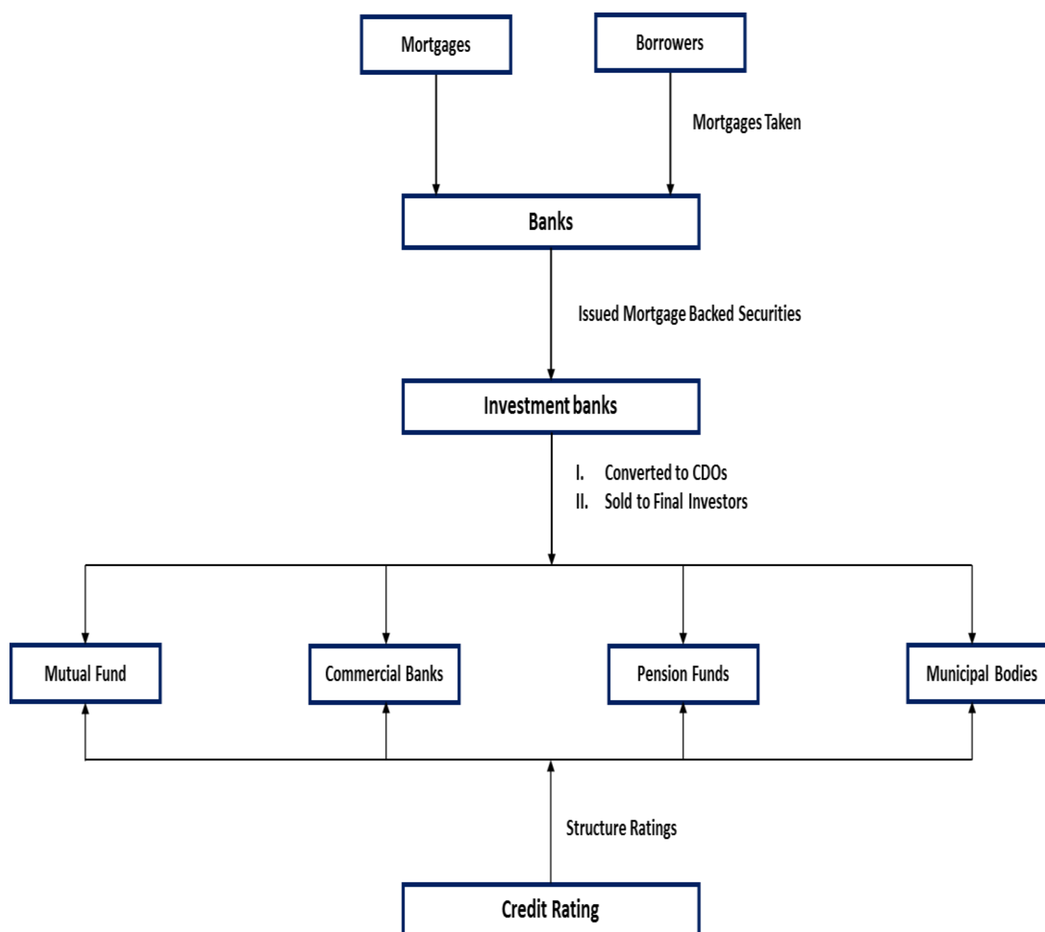
1. **Home price appreciation**: Appreciation in home prices seemed an irreversible trend from mid- 90's through till the end of 2006. With an annual growth of 5 - 10% in home prices, default was not seen as a real risk in mortgage lending even if the default happened eventually, the repossessed house could be resold to recover the original loan amount. Homeowners enjoyed average returns upto 54.5% in between 2001 to 2005. However there was no appreciation or depreciation in Aug 2007, but in September starting house prices began to fall.

2. **Drastic reduction in risk horizon for original mortgage lender:** As securitization became the rage, mortgage lenders started to resell their mortgage books to Wall Street firms and others. From being a holder of the loan till maturity, the original lender became an originator and distributor who would quickly pass on the risk to others.

3. **Lower interest rate, abundant liquidity and chase for yield**: Alan Greenspan had responded to crisis after crisis by slashing U.S. interest rates. In 2004, interbank rates in U.S. were around 1%. On the buy side such lower rates pushed up the demand for mortgages. On the sell side bank have enough cash, so they are seeking opportunity to deploy those funds and also investors were desperately seeking investment opportunities which offered returns better than the bank deposits.

4. **Adjustable mortgage rates**: Unlike traditional fixed rate mortgages, lenders started offering variable rates to borrowers. Borrowers with the low credit quality has also been given loan by charging higher interest rate. This innovation started hurting the borrowers when U.S. interest rates started rising from 2004.

**The financial alchemy and the final crisis**: To free up their capital in order to make fresh loans, mortgage banks started issuing mortgage backed securities (MBS) that is securities backed by pool of mortgaged loans made to home borrowers. Investors were keen to invest in such MBS as it provides them both yield and risk diversification. Investment banking then began to use these MBS as components for more complex structured products such as collateralized debt obligation (CDO) which was created by slicing the MBS into various tranches, each with a different level of risk and return.




## Role of credit rating agencies

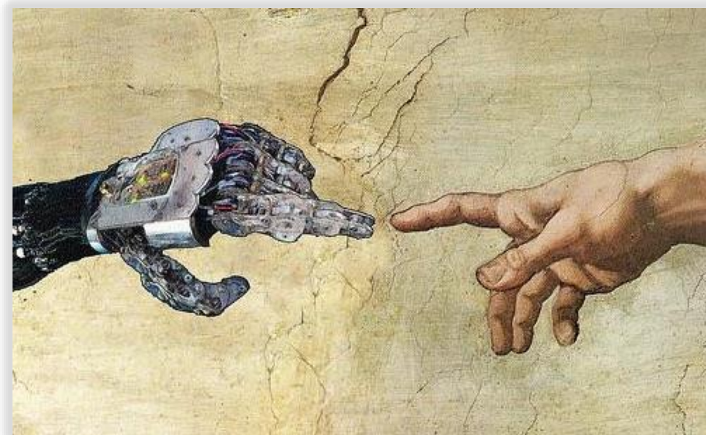
Investment banks converts this mortgages into complex structure called CDO. These CDO tranches were given credit rating by the established credit rating agencies. Very often, the structuring of the product itself was done by the investment bank and the credit rating agency working together. These CDOs were then sold across the world to a cross – section banks, mutual funds, pension funds and also municipal organizations. A good rating was vital as many of these were governed by strict internal rules of minimum ratings for their investment. Credit

rating agencies gave investment grade ratings to securitization transactions based on subprime mortgages. These ratings contributed in the flow of global investor’s funds into these securities, funding the house bubble in the US.

These mortgages could be bundled into MBS and CDO securities that received high ratings and therefore could be sold to global investors. At the inception of the structuring process, the CRAs took lower rated mortgage bonds combined with equity to form a Mezzanine CDO to enable it to receive a higher rating. During the second stage, these intermediate rated (AA or BB-) Mezzanine CDO or normal CDO were combined together again to form **AAA** rated securities. The rating agencies advised their clients on structuring the debt of the products thereby creating a chain of multilayered mortgage and then consequently rating them as AAA ratings. Thus the product created at every stage carried more risk and illiquid securities than the previous ones, yet carried a rating of AAA. As mortgage securities are increasingly complex with little transparency on composition and characteristics of these loans held in the pools, investors relied more on the CRAs.

The CRAs were playing a dual role in not only developing the product but in also assigning false ratings. These ratings so assigned failed to accurately estimate the creditworthiness of the underlying collateral assets and this led to downgrades of the ratings. In short Credit Rating Agencies were doing all this in order to close the deal and to retain their clients to make profits.

NEHA RAO
MMS – Finance
First Year



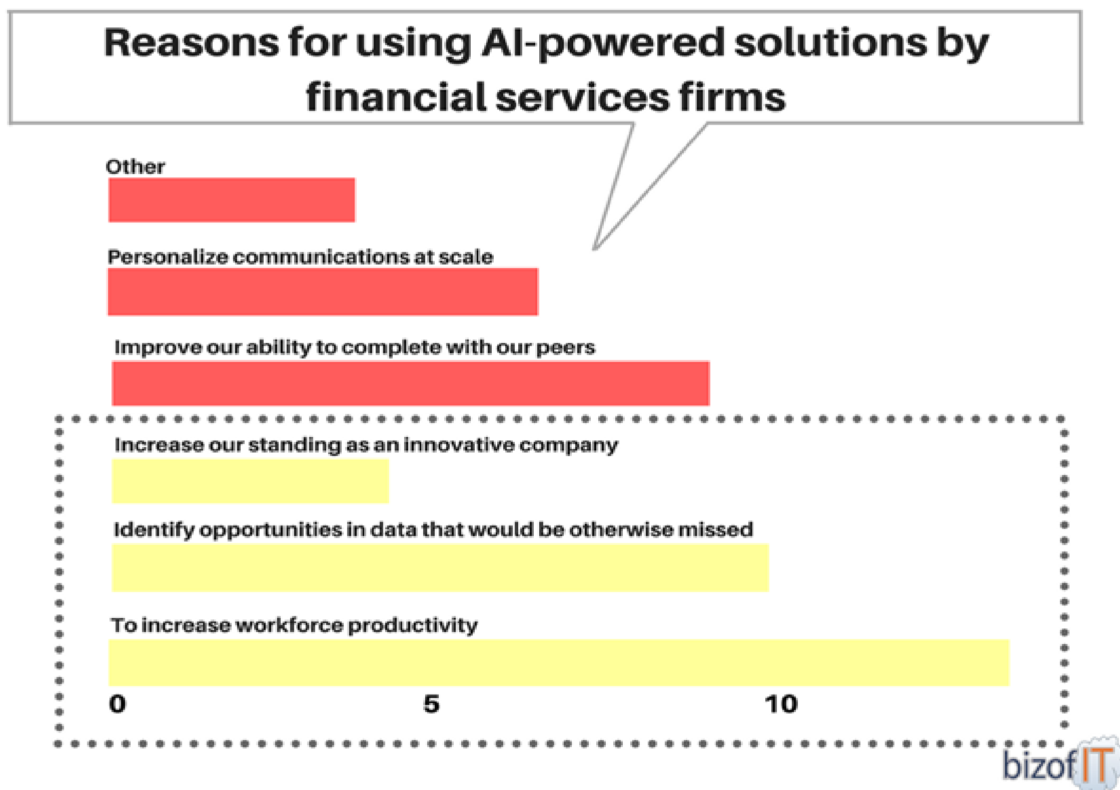
# RISE OF THE MACHINES – AI IN BANKING SECTOR

Artificial intelligence is a reality today and it is impacting our lives faster than we can imagine. It is already present everywhere, from Siri in your phone to the Netflix recommendations that you receive on your smart TV. The revolution brought by Artificial intelligence has been the biggest in some time.

The current AI technology is known as cognitive computing, which means it mimics certain mechanisms of the human brain, such as language and image processing. Artificial intelligence is the blend of three advanced technologies – machine learning, natural language processing and cognitive computing. The prime motive for the idea of transferring the intelligence from humans to machines is to overcome the very barrier of human intelligence: scalability.

Artificial Intelligence and Banking

In recent years, if Artificial Intelligence has impacted one industry more than any other, it's the Banking industry. For organizations in the banking industry, it has become increasingly crucial to keep up with competition, and maintain their standing as an innovative company. The following graphic shows reasons for its widespread adoption in Banking & Financial Services.



Here are five key applications of artificial intelligence in the Banking industry that will revolutionize the industry in the next 5 years:

- Anti-Money Laundering (AML) Pattern Detection

In most cases, money launderers hide their actions through a series of steps that disguise money that came from illegal or unethical sources as earned legitimately.

Most of the major banks across the globe are shifting from rule based software systems to artificial intelligence based systems which are more robust and intelligent about the anti-money laundering patterns. Over the coming years, these systems are only set to become more and more accurate and fast with the continuous innovations and improvements in the field of artificial intelligence.

- Chat bots

Chat bots are artificial intelligence based automated chat systems which simulate human chats without any human interventions. Chat bots are already being extensively used in the banking industry to revolutionize the customer relationship management at personal level. Bank of America plans to provide customers with a virtual assistant named “Erica” who will use artificial intelligence to make suggestions over mobile phones for improving their financial affairs.

- Algorithmic trading

Plenty of Hedge funds across the globe are using high end systems to deploy artificial intelligence models which learn by taking input from several sources of variation in financial markets and sentiments about the entity to make investment decisions on the fly. Most of these hedge funds follow different strategies for making high frequency trades (HFTs) as soon as they identify a trading opportunity based on the inputs.

- Fraud detection

One of the earliest uses of artificial intelligence in banking was around fraud detection. By an ongoing review of account activity patterns can be monitored, with aberrations to patterns being flagged for further review. Over the last decade, AI has not only significantly improved the monitoring process, but is now able to respond in real time to potential fraud. By analyzing various data points, machine learning algorithms can detect fraudulent transactions that would go unnoticed by human analysts while improving the accuracy of real-time approvals and reducing false declines.

- Customer recommendations

Recommendation engines are a key contribution of artificial intelligence in banking sector. It is based on using the data from the past about users and/ or various offerings from a bank like credit card plans, investment strategies, funds, etc. to make the most appropriate recommendation to the user based on their preferences and the users’ history.

Recommendation engines have been very successful and a key component in revenue growth accomplished by major banks in recent times.

AI in Indian Banking Sector

In April 2016, Singapore-headquartered DBS Bank Ltd launched a banking app in India with in-built artificial intelligence (AI). In the past few months, many large banks such as ICICI Bank Ltd and HDFC Bank Ltd have also been looking at introducing AI technology in various services, including retail banking. Many of these are in the pilot or testing phases.

The recent advancements in AI and ML have made the experience much preferred by both customers and banks alike. While natural conversation has allowed the banks to develop a genuine relationship with customers over the time, its simplicity and scalability adds to its popularity.

Few of such recent developments where chatbots and conversational AI have been introduced in Indian banking system:

- SBI utilizing IBM Watson-

SBI, in its recent blog post had mentioned that its new digital platforms like SBI inTouch is widely using bots and artificial intelligence such as IBM Watson, to perform a variety of jobs, especially in improving the customer experience.

- YES Bank along with Payjo launch AI-led digital initiatives-

YES Bank took an AI leap in the form of partnership with Payjo, a leading AI Banking Platform based out of Silicon Valley, California. The company stated that YES Pay Bot would be the first AI-driven Bot for a wallet and would complement the already trusted and popular YES Pay wallet service with over half-a-million users.

- 'YES TAG' Chatbot by YES Bank-

It allows customer to carry banking transactions in 5 different messaging apps to check their balance, mini statement, fixed deposit details, cheque status, transfer money and much more. It is currently available on Android and will be available soon on Apple App Store.

- Digibank by DBS-

Digibank, an offering by Asia's largest bank, DBS Bank, is India's first chatbot staffed mobile bank that can address all the banking related queries in real-time. This chatbot is powered by New York based start-up Kasisto that has a trained AI platform called KAI on various banking queries that can be asked by customers.

- HDFC Bank launched OnChat in association with Niki.ai

HDFC in association with Niki.ai introduced a conversational banking chatbot to facilitate ecommerce and banking transactions with much ease. Currently available on Facebook messenger, HDFC chatbot is available to anyone and not just those with HDFC bank account.

- HDFC Bank's another conversational chatbot- EVA

HDFC Bank also flaunts a chatbot exclusively for customer service—EVA, which is an electronic virtual assistant powered by artificial intelligence. The chatbot can answer millions of customer queries across multiple channels. The Chatbot is powered by Senseforth, a Bengaluru-based AI start-up.

- YES BANK's mPower is a chatbot for loan products

YES Bank in partnership with Gupshup, a leading bot platform, launched 'YES mPower' – a banking chatbot for its loan products. It helps customers get information about Loan products offered by the bank. With YES mPower, customer can get information on personal loans, auto loans, loan against securities and products like used car loans, etc.

- Lakshmi Bot by City Union Bank-

The humanoid Lakshmi, by City Union Bank, is a friendly robot powered by AI, that can chat with customers on more than 125 subjects including current interest rates on loans, account balance and other transactional history.

Conclusion

Artificial intelligence provides banks, capital markets firms and insurers with an enormously powerful set of tools to transform and streamline some of their most fundamental financial processes. The challenge for many, however, is not only to identify and adopt the best AI technologies but to reshape and rethink their operating model and talent development to take advantage of AI's transformative capabilities.

Artificial intelligence can help banks dramatically improve operational efficiency and gain a much clearer understanding of where they are going, but it is still up to humans to make the big strategic decisions and set the course for AI and related technologies to help deliver profitable growth. Talking about the rampant usage of AI and conversational technology, while it has eased out certain tedious jobs that banks demand, it has also generated a fear of automation and the employees losing out their jobs to the much welcomed AI chatbots. The banks however are certain that introduction of these technologies are not meant to replace the human executives but complement them to provide customers with a richer experience. Let's wait and watch!

**JAYDEEP HINGER**
MMS – Finance
Second Year

# ALL ABOUT NPA

**The assets of the banks which don't** bring any return to the bank are called Non-Performing Assets (NPA) or bad loans. Bank's assets are the loans and advances given to customers. If customers don't pay either interest or part of principal or both, the loan turns into a bad loan.

**Categories of a Loan coming under NPA**

**Stage 1: 90 days limitation:** According to RBI, term loans **on** which interest or installment of principal remains **overdue for a period of more than 90 days** is called a Non-Performing Asset.
**However, in terms of Agriculture / Farm Loans; the NPA is defined as under:**
For agriculture loans of short duration crop such as paddy, Jowar, Bajra etc. if the loan (installment / interest) is not paid for 2 crop seasons but for a period not exceeding two and a half years, such an advance would be termed as a NPA. For Long Duration Crops, the above would be 1 Crop season from the due date.

**Stage 2: Substandard Assets (NPA for a period less than or equal to 18 months after 90 days)**
It is the stage which will have well defined credit weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that the banks will sustain some loss only if the deficiencies are not corrected.

**Stage 3: Doubtful Assets (NPA for a period exceeding 18 months after 90 days)**
A loan classified as doubtful asset has all the weaknesses inherent in assets that were classified as sub-standard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values.

**Stage 4: Loss Assets:**
A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off completely.

**Reasons for Occurrence of NPAs**
NPAs can be termed as "Bad Loans" or defaults. It is the failure to meet financial obligations, non-payment of a loan installment. These loans can occur due to the following reasons:
**(i)** Normal banking operations
**(ii)** Bad lending practices
**(iii)** Incremental component (Credit policies)
**(iv)** Selling of unsecured loans by banks due to pressure of competition

**The Problems caused by NPAs:**
NPAs do not just reflect badly in a bank's account books, they adversely impact the national economy.

**Following are some of the impacts of NPAs:**

**1.** Depositors aren't able to receive rightful returns and many a times may lose uninsured deposits. Banks may begin charging higher interest rates on some products to compensate Non-performing loan losses

**2**. Bank shareholders are adversely affected

**3**. Bad loans imply redirecting of funds from good projects to bad ones. Hence, the economy suffers due to loss of good projects and failure of bad investments

**4.** When banks do not get loan repayment or interest payments, liquidity problems start to ensue.

**Result of NPAs on an organization**

**1.** Decrease profitability.

**2**. Reduce capital assets and lending limits.

**3**. Increase loan loss reserves.

**How to reduce NPA? –** Non-Performing Assets can be reduced by taking some major steps. Some steps are as follows by which bank can reduce NPA –

**1. SARFAESI ACT 2002**

**The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002** (SARFAESI) empowers Banks / Financial Institutions to recover their non-performing assets without the intervention of the Court.

The Act provides three alternative methods for recovery of non-performing assets, namely: -

**i.** Securitization

**ii.** Asset Reconstruction

**iii.** Enforcement of Security without the intervention of the Court.

**2. Lok Adalats:** Lok Adalat is for the recovery of small loans. According to RBI guidelines issued in 2001, they cover NPA up to Rs. 5 lakhs, both suit filed and non-suit filed are covered.

**3. Credit Information Bureau:** A Credit Information Bureau help banks by maintaining the data of an individual defaulter and provides this information to all banks so that they may avoid lending to such individuals.

**4. DEBT RECOVERY TRIBUNALS:** The debt recovery tribunal act was passed by The Indian Parliament in 1993 with the objective of facilitating the banks and financial institutions for speedy recovery of dues in cases where the loan amount is Rs. 10 lakhs and above.

**HARSH GUPTA**

MMS – Finance

First Year

# VENEZUELA CRISIS

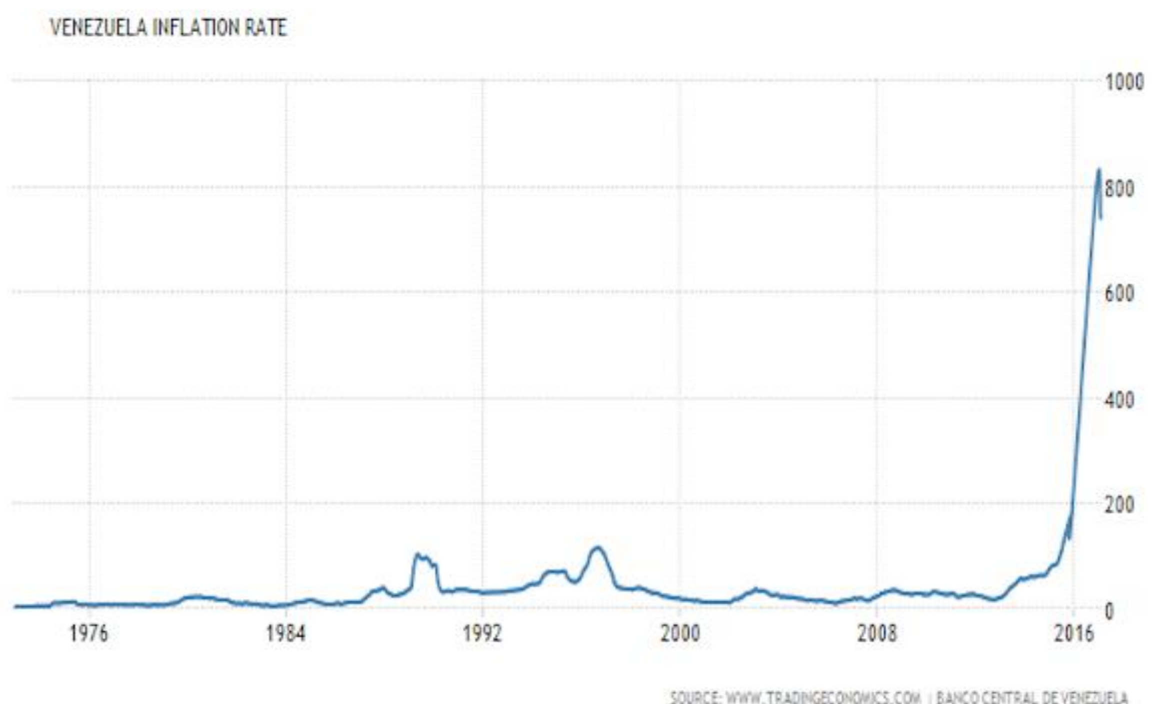
Venezuela has the world's largest known oil reserves and has been one of the world's leading exporters of oil. What could go wrong with a country that has the largest reserves of oil? Venezuela has been facing hyper-inflation since the last four years. The current scenario is such that nearly 75% of the population has lost an average of 8.7 kg weight due to lack of proper nutrition. The country faces payments on principal and interest of more than $5 billion in the remainder of the year, although no major payments are due before October 2017. Oil export makes up for over 90 per cent of Venezuela's export, producing about 1.9 million barrels per day but getting paid for only 700,000 to 800,000 barrels. Venezuela has just over $10 billion in its reserve which is a scary amount and experts say that by 2018 its interest and principal may balloon up to $10.2 billion.

**What is the cause of this predicament?**

Back in 1999 President Hugo Chávez introduced the Bolivarian Missions aimed to end poverty, improve economic, social and cultural conditions; all good right? The only problem was it was heavily backed by export of oil products. This in turn led to the country suffering from the 'Dutch disease' [where one sector of a country is growing rapidly and due to that the other sectors suffer]. After the death of Hugo Chávez, Nicolás Maduro took over in 2013 and continued with the same policies. Besides lower oil prices, decline of national currency (Venezuelan Bolivar), high government intervention are some reasons which have collectively contributed in aggravating the situation.

**Current situation**

Consumer prices in Venezuela have gone up by 741% year-over-year in February 2017. In December 2016, the inflation rate reached an all-time high of 800%.



Home to the largest crude oil reserves, Venezuela produces one fifth of what Saudi Arabia or US does. Its output has already fallen to a 14 year low in July. The implied probability of the country missing a payment over the next twelve months is sixty six per cent, according to the credit default swaps data compiled by Bloomberg. The odds of a credit default over the next five years are as high as ninety six per cent.
Venezuela has a total of just over $10 billion in its reserves, in 2015 it had $20 billion, and in 2011 it had $30 billion.

The above chart shows the decline in the reserves of the country which has been at its lowest since 2002. Some experts suggest that Venezuela may default in the next year itself.
World leaders are piling the pressure on Nicholás Maduro, The White House has declared Maduro as a dictator after seizing absolute power with the vote for a constitutional assembly, which happened in July 2017. President Donald Trump also said that financial sanctions will be imposed on Mr Maduro and all Americans are barred from doing any business with him.

**What next for Venezuela?**

President Trump is considering imposing a sanction on Venezuela. Export of oil being the only substantial income Venezuela has left, a sanction imposed by USA would prove to be a direct blow on the Venezuelan exports. If America is to impose a sanction on Venezuela the chances of it defaulting will rise significantly. Venezuela could be the next country to default after Greece. The reasons of the two defaults are completely different though, yet the prices of crude oil might spike up for a while.

On the other hand India could stand to gain from the sanctions imposed on Venezuela. India might get the crude oil at steep discounts from Venezuela thus reducing the oil prices in India itself. It can be said that currently Venezuela is not only facing an economic crisis but is also facing a revolt from its own people, and there is no saying if Venezuela will miraculously survive this crisis or stumble under the pressure.

Sources:
Washingtonpost.com, 11th August 2017
Bloomberg.com
Money.cnn.com, 13th July 2017
Economictimes.indiatimes.com, 5th May 2017
Telegraph.co.uk, 21st May 2017
Townhall.com

**SAAHIL RAI**
MMS – Finance
First Year

# ETHEREUM

**Ethereum: The Next Big Thing?**

- **INTRODUCTION:**

Ethereum is a technical evolution of Bitcoin, first proposed in 2013. Developed in Switzerland, the live Blockchain was launched in 2015, gaining enough interest from cryptocurrency insiders to give the currency (known as the Ether) a **valuation of over $1 billion in 2016**. Far less than the total value of Bitcoin, but still impressive.

Ethereum makes it easier to implement binding contracts, since "once a program starts running, no one has the power to modify or stop it." This is known as a "smart contract", and could give both parties an advantage in certain circumstances. Microsoft, IBM and Deloitte are investigating ways this could strengthen currency trading and cross-border payments. It is one to watch in 2017.

Ethereum is a decentralized platform that runs smart contracts: applications that run exactly as programmed without any possibility of downtime, censorship, and fraud or third-party interference. That allows you to almost fully implement the ideas of the Bitcoin 2.0 platform. The project was first introduced in January 2013 at the Bitcoin Conference in Miami. The official website of the new platform is https://ethereum.org/.

- **What makes Ethereum different from other crypto-currencies:**

The aim of Ethereum is creating an alternative protocol for building decentralized applications, providing a different set of tradeoffs that we believe will be very useful for a large class of decentralized applications, with particular emphasis on situations where rapid development time, security for small and rarely used applications, and the ability of different applications to very efficiently interact, are important. Ethereum does this by building the ultimate abstract foundational layer: a blockchain with a built-in Turing-complete programming language.

Smart contracts, cryptographic "boxes" that contain value and unlock it if certain conditions are met, can also be built on top of the platform, with vastly more power than that offered by Bitcoin scripting because of the added powers of Turing-completeness, value-awareness,

blockchain-awareness and state. Ethereum, unlike other 2.0 platforms (for example, Counterparty, Factom) that operate on the Bitcoin platform blockchain, is developed from scratch, has its own message system, its own programming languages, decentralized browser and data management system.
Bitcoin and Ethereum platforms have a lot of common features, in particular, open source code, blockchain, own crypto-currency, support community, decentralized confirmation mechanism. However, there are more differences in the technical side between these platforms than general characteristics. It should be noted that Bitcoin was initially developed as a crypto-cash decentralized network for the transfer of monetary value and the blockchain of the system is aimed at providing financial transactions. Only recently Bitcoin blockchain started being used in scenarios not having direct relationship to finance. Taking into consideration Bitcoin development experience, Ethereum creators eliminated main issues inherent in Bitcoin system.

➢ **Business prospects for using a new crypto-currency:**

The basic ideas of Ethereum's creators reveal the wide possibilities of using new platform and its crypto-currency in business. First of all, Ethereum platform is interesting for developers, it's very important for managers and entrepreneurs to understand and to assess the potential of decentralized applications. Some ideas are not always enough to discover the full potential of applications, it is important to cooperate with reliable business partners who are ready to apply their own knowledge and professional experience. The following companies and specialists should get familiar with Ethereum platform and its crypto-currency to introduce new technologies into business projects:

• Modern IT departments;
• enthusiastic developers;
• innovative start-ups;
• investors, leaders, visionaries;
• Bitcoin enthusiasts.

In order to develop your business successfully using Ethereum technology, progressive leaders should find resources that are needed to study the new platform, provide funding for projects aimed at realizing the potential of new Is Ethereum the Next Bitcoin? Is It the Next Big Thing After Bitcoin?

➢ **Bitcoin and Ethereum Differ In Purpose**

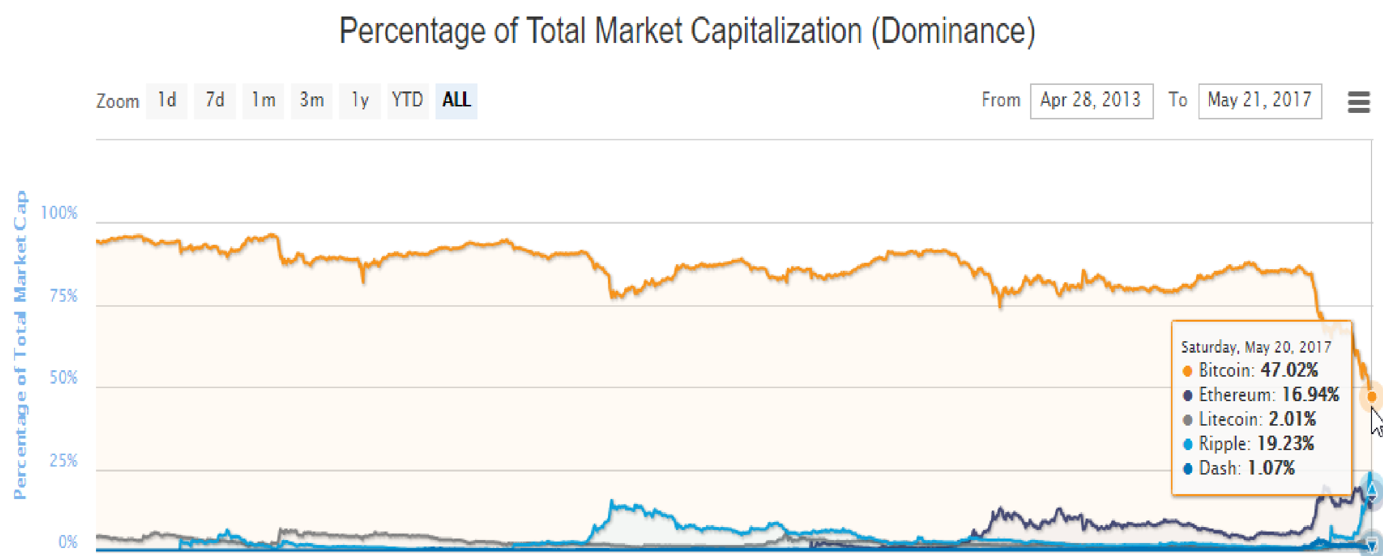
Bitcoin is created as an alternative to regular money and is thus a medium of payment transaction and store of value, Ethereum is developed as a platform which facilitates peer-to-peer contracts and applications via its own currency vehicle. While Bitcoin and Ether are both digital currencies, the primary purpose of Ether is not to establish itself as a payment

alternative (unlike Bitcoin) but to facilitate and monetize the working of Ethereum to enable developers to build and run distributed applications.

With Bitcoin, there is an industry developing to provide wallets and applications for peer-to-peer payments, the “internet-of-money”. Although it is possible to get an Ethereum wallet and exchange ethers across the Ethereum network, there seems to be no intention in Ethereum to develop it as a payments network, nor to encourage other developers to do so. Payments with ethers are a possible use of the network, but, as a “World computer”, Ethereum should be capable of much, much more.
Decentralized applications.

- **Market Capitalization:**

If you look at the growth rate of Ethereum, it is currently winning the race against Bitcoin. As you can see from the Percentage of Total Market Capitalization chart below, Ethereum’s market capitalization is racing at a higher rate. At the time of writing, ETH occupies nearly 17% of market dominance ranking 3rd in terms of market cap amongst all outstanding digital assets. On the other hand, BTC has lost 40% of market share YTD, while only experiencing a 2X increase in nominal price (USD).




The launch process of Ethereum is divided into 4 milestone phases (the release steps) in order to give the development a structure and thus to proceed as quickly as possible.

1. **Frontier**

The initial release of the Ethereum network that went live in July 2015. It was a bare bone beta release that allowed developers to learn, experiment, mine Ether (ETH), and begin building Dapps and tools.

2. **Homestead**

The second major version of the Ethereum platform and the first production release of Ethereum, which was made public in March 2016. It included several protocol revisions and

a network change that provided the ability for further network upgrades and sped up transactions.

**3. Metropolis**

The next phase of Ethereum development will be “Metropolis,” which is intended to provide greater flexibility to smart contract developers. Metropolis is the release that opens the gates to the masses. This is where there are fully fledged and tested user interfaces for the non-technical users. Although this is now being performed by individuals – for Ethereum the Ethereum desktop wallet. In short, smart contracts will eventually be able to automatically pay their own fees, eliminating the need for users to externally fund smart contracts themselves.

**4. Serenity**

A key goal of this phase will include the transition from proof-of-work (mining) to proof-of-stake (virtual mining) using the Casper consensus algorithm. One of the benefits of this transition is the reduction of external resources required for mining, as well as reducing the large amounts of electricity consumed in the process. There will also be an introduction to blockchain sharding which is the process of ‘cutting up the blockchain into thousands of pieces, that will allow each running node the ability to approve only their piece (or shard) of the network instead of having to do every bit whether it’s theirs or not.

➢ **Will Ethereum Price Go Higher than Bitcoin?**

There are some possibilities where Ethereum as a cryptocurrency may explode in Value like how Bitcoin did and there reasons alike that prevent it from doing so. Ethereum is a blockchain which has tremendous capabilities in comparison to the Bitcoin Blockchain. One of the major factors that come into the picture for valuation of any asset is demand for the product and in this case its the currency. Ethereum as a generalized platform to write and execute contracts apart from just transferring financial value sets it apart from the Bitcoin Blockchain in terms of motive. The Internet will continue to evolve, but it will not likely be replaced. Likewise, Bitcoin will evolve, but will not likely be replaced.
2017 is the year where cryptomining started to boost up again and ethereum saw a great increase in its price. There are several factors that affect the growth of cryptocurrencies such as Ethereum and Bitcoin.

**Community:** The community that provides support for the blockchain and harbors its growth impacts a lot in the early stages of any cryptocurrency altogether. Bitcoin community is comparatively the older one among the two, although Ethereum is harnessing a vast developer community that taps into core concepts of Ethereum, being Smart contracts.

➢ Remove smart contracts and its ease of programming into the blockchain, Ethereum community and gradually Ether as currency would cease to exist. Bitcoin is primarily the first blockchain to ever be implemented and there wasn’t any death for features apart from just transacting value easily over a decentralized network albeit the community is pretty huge and growing strong.

We can believe that Bitcoin is more valuable to hold on to for the long run and Ethereum can be used for building applications and minute transactions and I do not count on Ethereum spiking up in Value as the Bitcoin did although I might be wrong as people start accepting Ethereum given that Ethereum isn't as volatile as Bitcoin, It certainly has greater chances of being accepted and used in a day to day basis as norm compared to bitcoin.
Ethereum has a far better chance of being accepted as a currency norm than Bitcoin and that might give it the edge over bitcoin although I wouldn't put all my eggs in the same basket.

If you're asking if you should buy Ethererum or Bitcoin for long-term investment, then my recommendation would be to buy both, in small amounts that you're comfortable losing.

HARISH MALLAWAT
MMS – Finance
First Year

# FARM LOAN WAIVER

**Introduction:**

In recent months, our country witnessed a series of announcements by various state governments, declaring their intent to waive farm loans to varying extents. It all began with the new chief minister of Uttar Pradesh (UP), Yogi Adityanath, making this his first substantive economic announcement, in keeping with his party's manifesto, although there was no overt demand from UP farmers then. Ever since, farmer agitations and suicides have snowballed across the country, compelling other state governments to consider this as a serious option for relieving farmers' distress. Following are the states which have recently announced farm loan waiver:

| Sr.no | States | Loan waiver amount (in Crs) |
|---|---|---|
| 1. | Uttar Pradesh | 36400 |
| 2. | Maharashtra | 30500 |
| 3. | Punjab | 10000 |

**Effects of farm loan waiver**:

Farm loan waiver undermines an honest credit culture, it impacts credit discipline, it blunts incentives for future borrowers to repay, and in other words, waivers engender moral hazard. At the end of the day, transfer from taxpayers to borrowers is incumbent. If on account of this, overall government borrowing goes up; yields on government bonds are also impacted. Thereafter it can also lead to the crowding out of private borrowers as higher government borrowing can lead to an increase in cost of borrowing for others. Loan waivers also cost tax payers. For instance, about 525 billion rupees was spent on the loan waiver of 2008, as per the International Council for Research on International Economic Relations. The larger worry is that these costs may not be one-off, as politicians may wave this carrot to win elections.

**What if farm loans are not waived?**

Agricultural loans by banks in India are compulsorily insured by the Agricultural Insurance Company of India (AIC), whose liabilities are back-stopped by the Centre through budgetary support. Hence, even if loans aren't waived, there is no loss to banks. In situations of widespread and acute farmer distress leading to substantial defaults, the Centre will have to step in and provide funds. This too will entail "transfer from taxpayers to borrowers" and increase "overall government borrowing". The difference is that waivers are borne by states, and defaults are borne by the Centre. While government pay-outs are likely to be larger in case of waivers vis-à-vis defaults, the latter impose a heavy penalty on the most distressed and vulnerable, forcing them out of access to formal credit and possibly out of farming.

**Impact on India's GDP if all proposed farm loans are waived.**

So far, three major states—Uttar Pradesh, Punjab and Maharashtra—have announced large-scale farm debt waivers. The debt waiver packages of UP and Punjab were aimed to fulfil poll promises made by the Bharatiya Janata Party (BJP) and the Congress party, respectively, in these two states. The cumulative debt relief announced by the three states amounts to around Rs77, 000 Crore or 0.5% of India's 2016-17 GDP. If poll-bound states—including Gujarat, Karnataka, Rajasthan and Madhya Pradesh— too announce farm debt waivers and extend it to one-third of farm loans in their respective states, then the aggregate amount of farm debt waivers before the 2019 elections would balloon to Rs2 trillion, or 1.3% of India's GDP. This will increase the debt to GDP ratio of states. This will also jeopardize India's stated aim to reduce its total public debt, Centre and states combined, to 60% of the GDP.

**Conclusion:**

Farm waivers are unlikely to help the cause of either distressed farmers or troubled banks over the long run. And they may well impair the quality of public spending by states. The magic wand of a waiver can offer temporary relief, but long-term solutions are needed to solve farmer woes. Health of the banks is the Centre's concern, while the health of the farmers is that of the states. This division of responsibility is asymmetric because if states protect the interest of farmers, they also protect banks; while the Centre can protect banks without concern for farmers. The Centre and states need to work together to develop a farm loan model gradually, which protects both farmers and banks without bringing politics into it. This is the essence of "cooperative federalism" that this government sets such store by. Until such time, farm loan waivers need to be viewed less ideologically and with more compassion.

SAURABH RANE
MMS – Finance
Second Year

# FINANCIAL PLANNING: A PLOY OR NEED?

A lot of people say," What's there in financial planning? Anyone can do it. Just invest the surplus money in stock market, probably in equity and debt, or invest in a commodity such as gold, or in real estate and buy insurance cover. That's it, we have planned our finances. See, it's that easy." Well, it's not as easy as it seems.

What if an individual has just started working? He wants to start investing his money in order to achieve a few financial goals. Goals such as going for a dream vacation or marriage, or buying a car or a house. As time passes, his goals might change such as children's education, marriage or his and spouse's retirement life. Taking all these short term and long term goals into consideration, he needs to calculate and allocate the adequate amount of corpus required to achieve the goals. While calculating and allocating, he needs to take a few factors into consideration such as inflation, market sentiment, global and domestic economic and political scenario, tax implication and insurance covers to secure assets or family well-being. For this, he needs to have complete knowledge of all the fields which will be required to plan one's personal finances, time to track the market and the portfolio, thorough knowledge about all the market concepts, taxations and so on. Otherwise, there wouldn't be a need for certified financial planners in the industry.

So, what is the role of a Certified Financial Planner (CFP)? What knowledge does a CFP possess? What is the importance of a CFP? Simply put, a CFP has holistic knowledge about personal financial planning across various fields such as tax planning, retirement planning, investment planning, insurance planning and real estate planning.

Following are some of the reasons why the help of a financial planner will lead to achieving financial goals:

1. **Income:** It is possible to manage income more effectively through financial planning. Managing income helps an individual to understand how much money is required for tax payments, other monthly expenditures and savings.
2. **Cash flow:** Increase cash flows by carefully monitoring spending patterns and expenses. Tax planning, wise spending and careful budgeting will help an individual to keep more of their hard earned cash.
3. **Family security:** Providing an individual's family's financial security is an important part of the financial planning process. Having the proper insurance coverage and policies in place can provide security to the family.
4. **Investment:** A proper financial plan considers an individual's personal circumstances, objectives and risk appetite. It acts as a guide in helping choose the right types of investments to fit an individual's needs, personality and goals.
5. **Standard of living:** The savings created from good financial planning can prove beneficial in difficult times. For example, one can make sure that there is enough insurance coverage to replace any lost income if a family bread winner is unable to work.

6. **Assets:** A nice cushion in the form of assets is desirable. But many assets come with liabilities attached. So, it becomes important to determine the real value of an asset. The knowledge of settling or cancelling the liabilities, comes with the understanding of one's finances. The overall process helps to build assets that don't burden in the future.
7. **Savings:** Sudden financial changes can throw one off track. It is good to have some investments with high liquidity. These investments can be utilized in times of emergency or for educational purposes.

Let's have a look at an example of an individual's existing portfolio and a planned portfolio, taken from ETWealth:

Portfolio

| Asset | Current Value (Rs.) |
|---|---|
| Real estate | 4750000 |
| Cash | 35000 |
| FD | 750000 |
| EPF | 725000 |
| Mutual funds | 98000 |
| Total | 6358000 |
| Liabilities | Current Value (Rs.) |
| Loan | 450000 |
| Total | 450000 |
| Net worth (approx.) | 5908000 |

Cash flow

| | Existing | Planned |
|---|---|---|
| Income | 54000 | 54000 |
| Outflow | | |
| Household expenses | 23500 | 23500 |
| Kid's education | 8000 | 8000 |
| Insurance premium | 2904 | 4638 |
| Loan EMI | 3000 | 0 |
| Investment | 10000 | 17500 |
| Total outflow | 47404 | 53638 |
| Surplus | 6596 | 362 |

# RERA AND ITS IMPACT ON REAL ESTATE INDUSTRY

**NAGESH KADU**
PGDM – Finance
Second Year

**Introduction**

The Government of India enacted the Real Estate (Regulation and Development) Act 2016 on 26th March 2016 and all its provisions came into effect, from May 1, 2017.It will set in motion the process of making necessary operational rules and creation of institutional infrastructure for protecting the interests of consumers.

**What is the RERA (Real Estate Regulatory Act)?**

The Real Estate (Regulation and Development) Act, 2016 (RERA) is an Act passed by the Indian Parliament. The RERA seeks to protect the interests of home buyers and boost investments in the real estate sector. The Rajya Sabha passed the RERA bill on March 10, 2016, followed by the Lok Sabha on March 15, 2016 and it came into force from May 1, 2016. 59 of its 92 sections were notified on May 1, 2016 and the remaining provisions came into force from May 1, 2017. Under the Act, the central and state governments are required to notify their own rules under the Act, six months, on the basis of the model rules framed under the central Act.

**Why RERA?**

For long, home buyers have complained that real estate transactions were lopsided and heavily in favour of the developers. RERA and the government's model code, aim to create a more equitable and fair transaction between the seller and the buyer of properties, especially in the primary market. RERA, it is hoped, will make real estate purchase simpler, by bringing in better accountability and transparency, provided that states do not dilute the provisions and the spirit of the central act.

The RERA will give the Indian real estate industry its first regulator. The Real Estate Act makes it mandatory for each state and union territory, to form its own regulator and frame the rules that will govern the functioning of the regulator.

**Salient provisions of the Act**

- **Establishment of Real Estate Regulatory Authority ('RERA') and Real Estate Appellate Tribunal ('REAT')**

RERA can hear complaints filed by aggrieved persons for contravention or violation of provisions of the Act by any promoter, allottees or real estate agent. RERA's broad objectives and functions include ensuring transparency by registering and maintaining a database of real estate projects and publishing it on the website for public viewing, protection of interest of promoters, allottees and real estate agents, development of environmentally sustainable and affordable housing, rendering advice to the government and ensuring compliance with its Regulations and the Act in general.

- **Registration of real estate project with RERA**

Every real estate project having a planning area of more than 500 square meters or more than eight proposed number of apartments must be registered with RERA. The promoter must deposit 70% of the amount realized from the allottees in an escrow account, maintained by a scheduled bank to cover the cost of construction and the land cost and the amount must be used for that purpose only. This discourages the developers from notoriously diverting funds. It will also prevent delays in completion of project and handover to the consumers.

- **Adherence to sanctioned plans**

The promoter cannot make changes (additions or alterations) in sanctioned plans, layout designs or specifications as approved by RERA without the consent of person who has agreed to take one or more of the plots, apartments, or building. This will discourage the developers from increasing the cost of the project midway or acting against the interest of the consumers.

- **Compensation to the allottees**

If the promoter fails to complete the project or is unable to give the possession of apartment, plot or building then

- In case the allottee wishes to withdraw from project then he should receive interest and compensation as given in the Act or
- In case the allottee does not wish to withdraw from project then he should be paid interest for every month of delay at specified rate, till the handling of the possession.

Failure to do the same by the promoter entitles the allottee to compensation. This is a refreshing change from the previous position where the developers were not penalized or held responsible.

- **Penal provisions for promoters**

There is a penalty of 10% of estimated cost of project or an imprisonment of three years for a promoter who advertises, markets, books, sells or invites people to purchase any plot, apartment or building without registration with RERA. However, there are several projects that are exempted from such registration.

**Impact of RERA on real estate industry**

- Increased project cost.
- Tight liquidity
- Rise in cost of capital.
- Increase in project launch time.

## Benefits of RERA

| Industry | Developer | Buyer | Agents |
|---|---|---|---|
| • Governance and transparency<br>• Project efficiency and robust project delivery<br>• Standardization and quality<br>• Enhance confidence of investors<br>• Attract higher investments and PE funding<br>• Regulated Environment | • Common and best practices<br>• Increase efficiency<br>• Consolidation of sector<br>• Corporate branding<br>• Higher investment<br>• Increase in organised funding | • Significant buyers protection<br>• Quality products and timely delivery<br>• Balanced agreements and treatment<br>• Transparency – sale based on carpet area<br>• Safety of money and transparency on utilisation | • Consolidation of sector (due to mandatory state registration)<br>• Increased transparency<br>• Increased efficiency<br>• Minimum litigation by adopting best practices |

## Hurdles in implementation of the Act

Despite being a well-drafted piece of legislation due to various stages of negotiations that the Act has undergone in the past 9 years, there are many lacunae that it suffers from which has been discussed below:

1) The requirement of depositing 70% of project money in an escrow account is a likely source of confusion.
2) It will be difficult for builders to sell units based on carpet area for buildings which are under construction and where some units have already been sold under super built up area.
3) There is a provision on monetarily penalizing the promoter for delay in completion of projects. However, in case such a delay is caused due to delayed governmental approvals then the promoter should not be penalized. Hence, such an exemption should be added under the relevant provision.

## Conclusion

The Act is a positive change in terms of increasing transparency in the real-estate sector, increasing accountability of the promoters and developers and establishing efficient forums for grievance redress. Though it is a win-win situation for both the developers and the buyers and will help the sector grow in the long-run, the discrepancies in the Act needs to be urgently addressed. Further, the Act cannot be implemented effectively till the political reluctance in implementing the Act is removed which is a major roadblock.

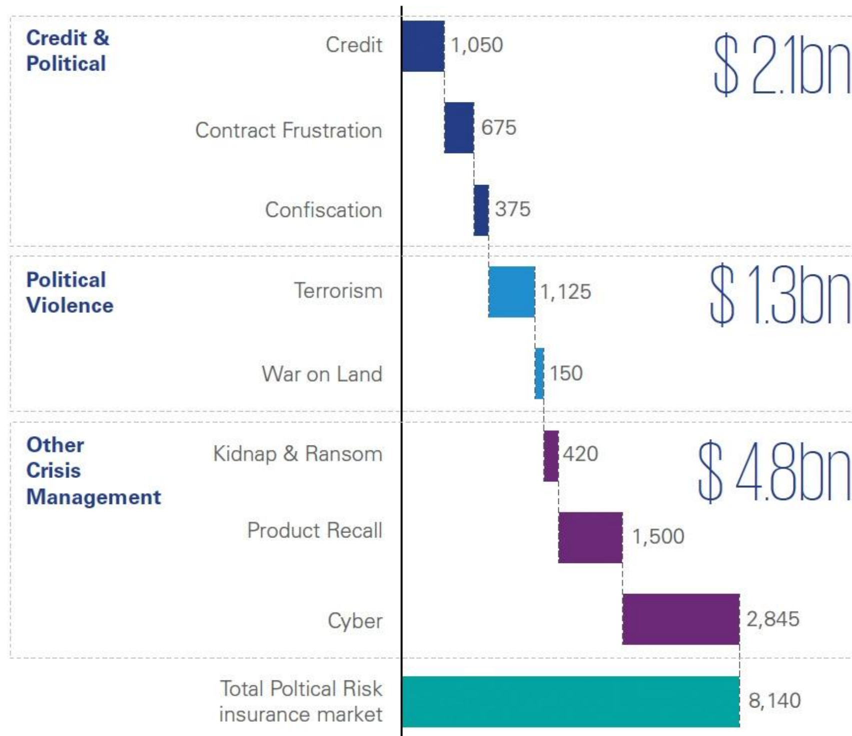
MRUNMAYI DANDE
MMS – Finance
Second Year

# CRISIS MANAGEMENT INSURANCE

*Life is unpredictable and you never know what is coming next. Don't ever get too comfortable. Always be ready to change – Anonymous*

Crisis Management is a phrase coined during the past 10 to 15 years in the insurance market as an umbrella term for four types of perils: Political risk, Terrorism risk, Kidnap, ransom and extortion risk, and product recall. It is a constantly evolving environment and the nature and complexity of risks has been changing dramatically during the past decade. It is also a fast-growing area of the insurance market, with KPMG estimating that the total size of the political risk and crisis management insurance market is expected to surpass **$10 Billion by 2018** with almost all sub-segments showing a growth in demand (Highest in Cyber Security Segment).

**KPMG 2016 Figures**




PwC's 20th annual CEO survey, published in 2017, found that more than two thirds of CEOs believe their businesses face more threats today than three years ago. This emphasises the need for companies to assess the risks they face, to understand how they would react in the event of a wide range of crises and what steps can be taken to mitigate these risks. Increased international travel and growth opportunities in emerging markets and unfamiliar territories are making security risks more complex. The current geopolitical environment is one of the reasons we are seeing an increased demand for insurance products and risk management

solutions that can respond to major crisis incidents. Countries that were not traditionally seen as hostile, notably in mainland Europe, have suffered attacks and the changing nature of these attacks highlights the dynamic and wide-ranging security crises these business face.

**According to ODM group**:

- Two thirds of the business decision makers have experienced a crisis in their current or previous company
- Half of the companies all over the world do not have a crisis plan in place
- Social media is a two headed sword – on one hand it makes crises more difficult to manage while on the other hand, it plays an important role in making a recovery.

**Perils and Examples Worldwide:**

- **Credit & Political risk** – The credit & political insurance market is expected to grow at around **4%,** mostly driven by Contract Frustration segment as insurance companies seek ways to participate in mitigating non-payment risks associated to export financing. As regulatory restrictions keep evolving, we expect higher demand from banks for capital relief mechanisms, particularly outside Europe.
- **Political violence** – According to the Global Terrorism Index, the costs of global terrorism reached $52.9 Billion in 2014 – an increase of 350% from the figures in 2010. The changing nature of terrorism and the overall perception of increased political volatility, driven by the conflicts in Ukraine, Syria and African countries will fuel significant increase in demand in the coming years.
- **Piracy, Kidnap & Ransom** – The insurance market for Piracy and Kidnap is likely to remain flat over the next few years. There is a decline in the number of pirate attacks on the sea due to intensive naval patrols and defence strategies.
- **Product Recall** – The year 2015 saw Volkswagen recalling half a million cars due to allegedly installed software to evade standards for reducing emissions. Such incidents are becoming more prominent and are expected to grow around **7% annually,** due to rising customer awareness of product quality. Product recall risk is starting to pick up in emerging markets. Insurers are still hesitant of taking on risks in India and China due to high number of product recalls.
- **Cyber** – It is one of the fastest growing insurance segments, showing an impressive **40% annual growth rate** over the last 5 years. Majority of cyber insurance business has come from the US due to more developed regulatory frameworks. Greater awareness of cyber risks, and the emergence of new markets makes this segment highly interesting for carriers and brokers and is expected to grow around **20% annually** over the next 3 years.

While terrorism is one strand of crisis management, businesses are faced with a myriad of risks they need to address, including stalking (Physical & Online), blackmail, civil commotion, assault, cyber extortion, and product tampering. These incidents can cause serious, non-

damage disruption to a business if not managed properly, such as denial of access, loss of attraction, financial loss and reputational damage.

**Being prepared is key**. More than half of the CEOs surveyed by PwC were concerned about their readiness to respond to a crisis. There is need to encourage a greater emphasis on building resilience within businesses and implementing procedures that mitigate those threats. Insurance is just one part, it is a responsive product and no insurance policy can save lives.

The rapidly changing environment we live in is altering the nature of the threats businesses face. It is imperative that organizations demonstrate their ability to adapt to this changing climate. Posing the right questions to managers about their organization's robustness is an important step towards embedding a culture of resilience within the business. This can include increasing security, providing training, implementing robust crisis management plans and ensuring regular testing of procedures.

Managers that zero-in on the issues can empower employees to respond effectively in a crisis, with well-rehearsed procedures and protocols. Insurance companies play a key role in facilitating clients' understanding of the risks they face in order to consider how they should respond to different crisis situations, be it a product recall or cyber extortion.

**Way Forward**

Insurance market players need to adapt to the changing market environment and evaluate their tactical approach and long term strategic options. The ability to be agile in challenging the traditional business and operating models will distinguish winners from losers and will allow carriers and brokers find ways to achieve profitable growth. Market players need to have a clear perspective on 'where to play?' and 'how to win' but it is not always straight forward and requires executives to consider a broad range of complex issues. Focus should be on the following points:

- How can there be an improvement in the response to the emerging customer needs
- Identifying the potential markets and customer segments
- Spending adequate time on product development and building winning propositions
- Creating innovative solutions to lead the market in short term and long term
- Creating operating model in adherence to the rapidly changing global scenario

Brokers play a pivotal role in helping clients prepare and respond to a crisis but need to develop their relationships with clients to have the biggest impact. The ones who manage to develop deep understanding of emerging risks with strong data and analytics capabilities and offer innovative propositions that span across all key segments, will stay ahead of the curve. Brokers can utilise partnerships with a panel of experts to be able to help clients respond to any crisis as an all-hazard approach to risk management is needed for many small and medium sized businesses. By focusing on the effect of a crisis event rather than the cause, business

owners and brokers can formulate a crisis management plan that can respond to different forms of emergency.

While a big part of any crisis response is filing an insurance claim, brokers also need to look beyond risk transfer to help clients; clients meanwhile need to think more about their people in preparation for a crisis. They would be able to charge premium for value added services rather than earning ever diminishing returns for standard insurance cover.

**Either you sit and wait and be disrupted; or you redefine the way you operate and win.**

**References**:

home.kpmg.com

www.pwc.in

www.deloitte.com

# CROWDFUNDING - A DEMOCRATIC INVESTMENT

**AYUSH KEDIA**
MMS – Finance
First Year

**What is Crowdfunding?**

'Crowdfunding' the name says for itself what the concept is all about. It is a form of investment which the 'crowd' at large is ready to believe and invest in. It is all about pooling of funds and efforts collectively from large group of individuals consisting of family members, friends, customers and even individual investors and investing in a project or an idea primarily online via social media and crowdfunding platforms.

**Why is everyone talking about it?**

Well to put it very bluntly we all need money. Raising money externally for a cause has never been easy, but crowdfunding is soon changing this. As it runs on an online platform, people have no problems in investing irrespective of time and location. The owner or the project initiator runs an online marketing campaign where he can make the audience at large aware about his project. This marketing campaign serves as a sales pitch for the creator and helps him in funding his project through the people at large. The investors or the contributors who are ready to put in their money do not carry a huge risk. They invest a part amount in whichever project they believe in and may receive some consideration if mentioned. This collection of small amounts from many investors cumulatively turns into a huge pool of money for the creator.
Hence as an investor you get to be a part of something big with a small contribution.

**Types of Crowdfunding**

As there are many kinds of capital raising for businesses in all stages of growth, in the same way there are various types of crowdfunding. Some of the types are:

**Donation-Based Crowdfunding**

Donation based as the name suggests is any crowdfunding campaign where there is no financial return for the investor or contributors. In donation based crowdfunding the funds are raised for pro – social or pro-environmental purposes like disaster relief, charity, non-profit and even a medical bill.
Donation based crowdfunding is sometimes also termed as Charity Crowdfunding.

**Reward Based Crowdfunding**

In Reward Based Crowdfunding the investors or the contributors invest in your project in exchange for a 'reward'. Rewards or incentives that an investor expects are non-monetary. This has been used for a wide range of purposes, especially on the creative side, such as, motion picture promotions, funding an upcoming music band, funds needed to go on a research expedition, book launch etc. This is one of the most popular types of crowdfunding as it lets business owners incentivize their contributors without incurring much extra expense or selling ownership stake.

**Equity Based Crowdfunding**

Unlike the donations or the rewards based methods, equity crowdfunding allows investors to become part owners of your company by trading capital for equity shares. It involves the offer of securities which include the potential return on investment and receive a share of the profits in the form of dividend or distribution. Equity crowdfunding is highly prone to 'information asymmetries'. The owner must not only produce the product or service for which he is raising capital but also create equity through the company. As of today, equity crowdfunding is not legal in India.

**What are the Benefits and Risks associated with Crowdfunding?**

**Benefits to the Creator/ Producer**

1 - **Low Cost Capital**: - Traditionally, a creator had to look at personal savings and credit cards and what not, to raise capital. Now through crowdfunding, he can find funders around the globe, sell both his idea and equity and benefit from information flow.

2 – **Audience Engagement**: - Crowdfunding creates a platform where project initiators can engage with audience. The audience can get a progress update through this and provide valuable feedback.

3 – **Profile**: - An interesting project can raise a producer/creator's profile and give a boost to his public reputation which will benefit him in creating a successful campaign

**Risks**

1 – **Failure to meet goals**: - The reputation of the owner or the creator is at stake if the owner fails to meet his campaign goals or even if he fails to deliver his product despite of collecting the money.

2 – **Plagiarism**: - As crowdfunding is mainly based on the online platform, the creators are at huge risks for their idea to get copied or plagiarised by anyone especially competitors.

3 – **Expertise of a Venture Capitalist**: - Because of crowdfunding, the creator has forgone the potential support and the expertise that an experienced VC might offer in exchange of funds from a large group of people.

**For the Investor**

**Benefits**

1 – **Reduction in Costs**: - Many individual investors who want to invest in early age companies and be a part of it can now be, otherwise it would have to been difficult for them to invest humungous amounts of money in a company as it requires a huge amount of capital.

2 – **Investments in New Sectors**: - Usually Venture Capitalists and Angel Investors invest in high tech start-ups and often neglect the consumer and the retail sector. Crowdfunding opens these markets to individual investors.

3 – **Creating Value**: - Crowdfunding helps in creating a brand for the company as well as the investors investing in it. It is the investors who add value to the company.

**Risks**

1 – **Non-Performance by the Owner**: - There is always a risk that the creator or the owner is not able to perform or achieve his goals which may result in a loss of the investor.

2- **Information Asymmetries**: - Crowdfunding has a high possibility of information asymmetries where the creator has more information than the investors and in this case the investors only know whatever the producer has disclosed to them.

3 – **Risk of Fraud**: - There is a possibility that the owner is utilising the funds for something else than the project itself.

**ABHISHEK BHOSLE**

PGDM – Finance

First Year

# ALGORITHMIC TRADING

The rise of high-frequency trading in the US stock market has been nothing if not controversial. A stock market was once like a large room with monitors on the wall showing continuously changing column of numbers. On the floor a hectic crowd of traders and babel of voices from which one repeatedly heard the sound of buy and sell, but this picture has changed. The room is still there along with the monitors but the crowd has become much smaller. Quietly humming computers have taken their place. The traders who monitor these computers are either sitting at home or in the office. These computers work much faster, never go on a holiday and rarely require a person to run them. These computers are equipped with trading programs based on mathematical formulas called algorithms. Instead of the traders it is these programs that evaluate stock market rates and are able to buy and sell stocks either fully or semi-automatically. Some of these trading programs only perform simple commands for e.g.: when the price of the grain fall below a certain value then buy certain number of grain stocks.

Other programs can follow several program at once but they are nothing compared to the custom-build high frequency trading computers. The trading programs installed on these computers can independently pursue complex strategies with incredible speed. These programs compete with one another. To ensure they do not lose they always have to be faster and more independent than the others. HFT only accounts for the small part of all traders yet are responsible for two-third of all stock market transactions in the wall-street. The high frequency trader's basic strategy is very simple: trade as much and as quickly as possible. The profit margin on each transaction is quite small but these small amounts add upto billions due to mass and velocity. To make this work HFT programs must always be a split second faster than the others and that's only possible when they are close to the stock markets. The shorter the cable, the faster the information be transmitted for e.g.: the buying price of certain commodity rises minimally. Since the HFT program can process this information and respond to the price trend and earn profits.

**PRO AND CONTRA**

They have many advantages as well as disadvantages:

Many market researchers believe that HFT increases liquidity. The market has high level of liquidity when trading partner can be found for every offer. However high frequency traders work especially well in markets that are already highly liquid. In crises situations when high frequency traders are most required, they pull back from the market and this benefit is lost.

HFT also facilitates pricing while reducing price volatility however these assertions are highly controversial as some HFT mechanisms have opposite effect.

Disadvantages include the fact that normal traders cannot match the speed of high frequency traders, firstly because not everyone can afford to rent space near markets and secondly they cannot always pay for the highly expensive algorithms. Due to more direct proximity to the stock markets the high frequency traders have a clear information edge. This means that all

classic dealers lose out to high frequency traders. Effectively every classic trader not only pays the explicit exchange fees but also implicit fee for the HFT.

High speed and lack of regulations is often exploited by the high frequency traders to manipulate the markets and deceive other market participants. It is difficult and costly to stay one step ahead; instead it is easier to slow down all other market participants. This happens through quote-stuffing. In this scenario the trading program makes thousands of unimportant offers thereby producing flood of information. Filtering out unimportant information other programs lose out valuable time and respond too late to interesting offers.

Another manipulation technique is called spoofing. For e.g.: a trading program will generate a number of overpriced purchase offers. Due to extreme speeds overpriced offers can be cancelled immediately before anyone purchases them but these offers are nevertheless seen which creates the illusion that number of dealers are interested in buying the offers and the prices for these goods will rise significantly. Other traders react to this illusion ensuring that the price actually does rise. The spoofers can now use previously acquired options at a non-manipulated price to make significant profits.

Computer controlled high speed trading also come with technical risks. Programmers say due to extreme complexity of the trading environment, algorithms themselves are no longer able to track everything that the programs do and such programs are also not completely error free. This leads to problem in interactions of various trading programs. These risks and manipulations are detrimental to the vast majority of market participants and cannot be compensated for the benefits. In addition to the already unfair advantages to high frequency traders these things can also have a fatal consequences on the real economy. They played a large role in stock market crash such as first flash crash of 2010 when US stock markets collapsed in a way never seen before. Since then many flash crashes have repeatedly been observed in many stock markets.

**REFORMS:**

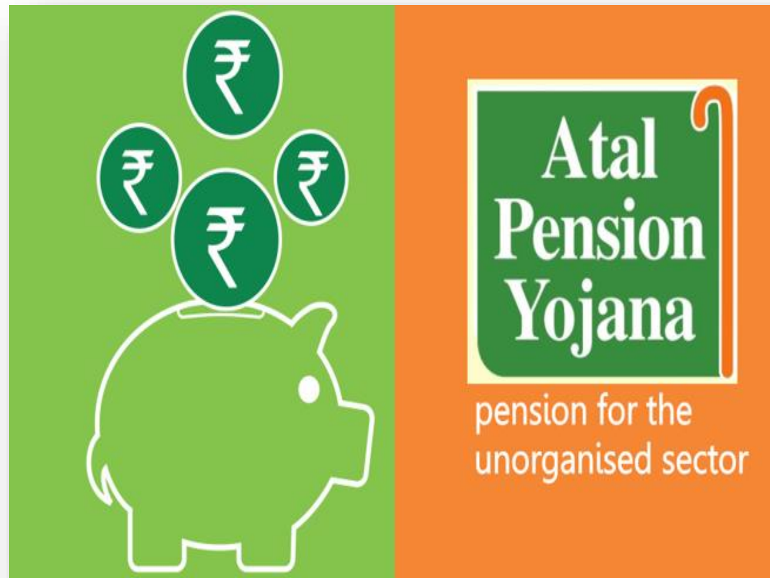
Unfortunately technological progress with computerized trading has led to a wide range of risk and possibilities of manipulation which are predominantly exploited by high frequency traders. In order to counter these the following reforms of European stock exchange acts

were adopted in the springs of 2014. The introduction of automated trading stops. If flash crashes occur trading will be interrupted briefly. Flash crashes cannot be prevented like this but the damages can atleast be limited. The increase of the tick-size: this is the minimum amount by which the market prize can change. This represents an indirect regulation of HFT as price changes would occur less frequently.

The following regulations were unfortunately left open by the stock market and are not sufficiently anchored by law. Stock exchanges therefore find themselves in a conflict of interests as they are mainly benefiting from HFT. To begin with the stock markets are being directed to make privileged electronic connections to stock exchange computers. However as long as slow and faster connections exist this will lead to structural inequality in the markets penalizing the traders who only have access to slower connections. Quote-stuffing and spoofing will still remain possible. Privileged connections to exchange computers called colocation should be eliminated inorder to obtain equal oppurtunities for all market participants.Likewise stock market operators have only been asked but are not obliged to prevent the mass occurrence of phantom offers. There are two options for dealing with these: either by introducing limits on offer cancellation or introducing a minimum holding period for offers. The European parliament has proposed 500 milliseconds as the minimum retention period but was unsuccessful in this initiative. Imbibing one of these options into the law will be especially advantageous as it will stringently prevent quote-stuffing and in particular spoofing while giving equal oppurtunities for all market participants, facilitating pricing and preventing flash crash.

Lastly there are two furthur ways to regulate HFT : the enforcement of minimum holfing period for securities would mean that it would not be possible to immediately resell shares that have just been acquired. This would prevent high frequency trader from inopposing themselves on transactions conducted. Ultimately the introduction of financial transaction tax would make HFT less lucrative and in all likelihood offset the social losses on the financial markets through tax revenues.

**FORAM DEVANI**
MMS – Finance
First Year




# ATAL PENSION YOJANA

The need for the pension arises due to various factors i.e. decreased earning potential with age, rise in the cost of living and want for dignified life in old age. The need is very dire for the unorganized sector or those with blue collar jobs who are financially illiterate .The unorganized sector constitutes eighty eight percentage of the total labour force according to the NSSO survey.

The government started the Swavalamban scheme in 2010-2011 for the unorganized sector to voluntarily save for their retirement. Under Swavalamban scheme, government contributed INR 1000 towards every pension account holder for several years. Due the inadequacy of this scheme, Prime Minister Narendra Modi launched the Atal pension Yojana (APY) on 9th may 2015.APY is operational since 1st June 2015. The Centre's flagship pension plan was launched with much fanfaronade. Guaranteed pension scheme of APY is administered by PFRDA (Pension Fund Regulatory and Development Authority).

The minimum age of joining APY is 18 years and maximum age is 40 years. Under the scheme, for every contribution by the pension account holder, the government also co-contributes 50 % of the total contribution up to INR 1,000 per annum, for a period of five years to those who joined the scheme before December 31, 2015. Depending on their contributions, the subscribers are eligible for fixed pension of INR 1000, INR 2000, INR 3000 ,INR 4000 per month or INR 5000 per month at the age of 60 years, which itself would depend on the age of joining the APY.

The Atal Pension Yojana (APY) aims at ensuring pension for those who have neither employment security nor retirement facilities. They seem to have run out of steam right from the start and are struggling to stay afloat. The data from the finance ministry states that the government aimed to sign up 2.25 crore people in the first phase, PSU banks could enrol only 13.68 lakh people in the first phase up to December 31, 2015, i.e.6.07 per cent of the target. In the second phase of January-March 2016, 26.11 lakh people were aimed but there were only 3.06 lakh enrolments, i.e. 11.73 per cent of the target. This accounts for 1 % of the eligible population. It is believed, the government is co-contributing to the plan so that corpus could gain maximum return in order to provide better return to the plan members. The reality is far from it.

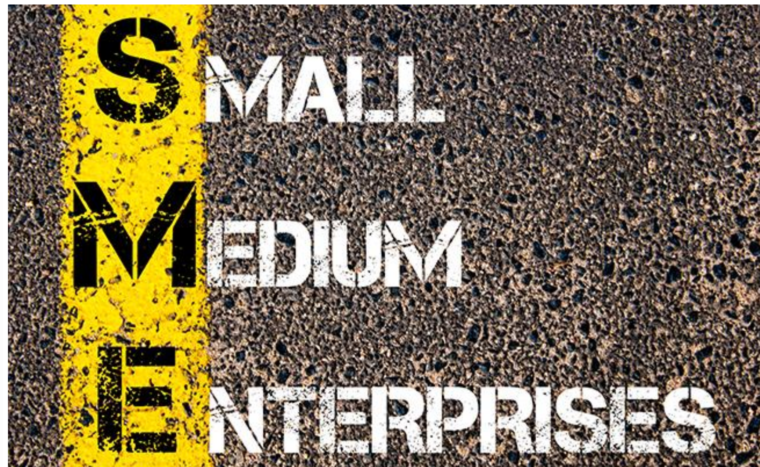
For a member who ages 30, a monthly pension of INR 5,000 per month with a return of corpus of INR 8.5 lakh requires the monthly contribution of INR 577. Therefore, the rate of interest (ROI) at which annual contribution, i.e. INR 6,924 reaches INR 8.5 lakh is approximately 7.90%. This rate of interest is less than the existing returns on Public Provident Fund (PPF) and Employees' Provident Fund (EPF). Adding the government contributions to this, an internal rate of return (IRR) of 7.48% yields INR 8.5 lakh. Hence we can say that the rate of one year bank fixed deposit is higher than growth of the corpus. This concludes that either the subscriber is not getting the government contribution or is getting a less than the standard return.

Considering an inflation of 5% p.a. over a period of 20 years, the real value of monthly pension of INR 1000 will be only INR 377.The APY has done a commendable job by providing sure benefit at bare minimum contribution ,it doesn't take the real time factors like inflation index in consideration. Cost benefit analysis and actuarial calculations would be required to bring insight so as to make the policy beneficial and profitable.

APY has set down strict default policy; it freezes account if no contribution is received in 6 months, deactivates an account after 12 months and closes it after 24 months. It defeats the whole purpose of savings. This scheme is primarily for workers in the informal sector who often have lack of liquidity in hands and thereby may not be able to contribute in the stipulated time. Provisions should be made for the comeback. A lump sum benefit rather than monthly annuity due will make the scheme more attractive and feasible. Timely withdrawals which work better than a lock in fund are not available when required. These choices should be also made available.

A look at traditional investment patterns in the middle and low income groups reveals that mass investment schemes need a humungous push. APY can be made a successful saving plan for the unorganized sector by enhancing the scope and the coverage. Awareness can be brought by targeting policy which considers the level of education, language skills and current financial behaviour of needy and eligible people of the country. This will help reasoning of the subscribers and question it for more clarity over the benefit structure. There should be adequate administrative infrastructure and an effective distribution network across the country, as this will help increase the reach, efficiency of and awareness about the policy.

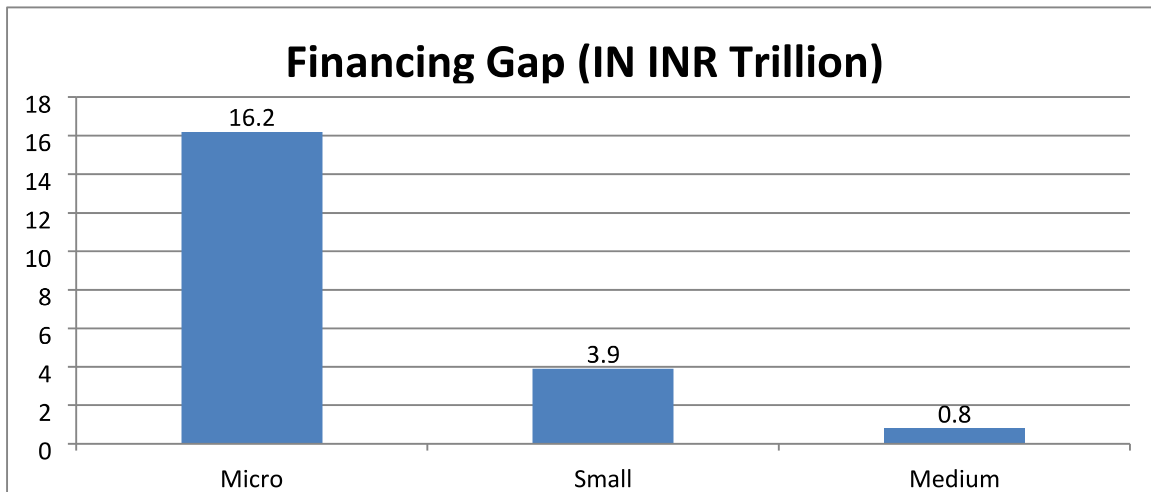
**ANSHUL AHUJA**
PGDM – Finance
First Year




# MSME SECTOR - THE NEXT BIG CHALLENGE

Amid a major decline in credit growth in the economy this year, micro, small and medium sector players are among the worst hit as banks continue to practice caution in lending to the industrial sector. But for India to pursue high growth plan, the MSME sector assumes a pivotal role in driving the growth engine.

With 45% contribution to industrial output and 40% employment opportunities, MSME is one of the most important sectors to drive growth.




**MSME in India:**

The MSME sector in India continues to demonstrate remarkable resilience in the face of trailing Global and domestic economic circumstances.

- The sector has sustained an annual growth rate of over 10% for the past few years.
- With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive economic shocks, even of gravest nature.

**The Diversity of the Indian MSME Sector:**

The MSME Sector in India boasts of diversity in terms of its size, level of technology employed, range of products and services provided and target markets.

- MSME Tool Rooms have been credited to provide at least ten components that were used in India's Mangalayan (Mars Orbiter Mission probe), the Indian Space Research Organization's (ISRO).
- With its vast resource pool of engineering talent and high skill labour at competitive costs, India has the potential to become a significant player in the global auto industry, especially in the engineering and component

manufacturing. MSMEs assume a dominant position in the automotive and auto components sector.

**Challenges:**

1. Crucial Demand Management

According to price purchase policy, 358 items are reserved for exclusive purchase from MSMEs with target purchase of 20% of annual value of goods. With 45% addition to gross industrial output it makes more sense to increase this limit to at least

30%. The direct impact will be increased revenue for MSMEs, increased profitability, better financial health.

2. Inadequate policies for Micro-Finance

Except for Micro Finance program, there is no policy in existence which can address issues such as

- Labour Management
- Non-transparent pricing by MFIs
- Over-indebtedness of borrower
- Limited financial literacy

The following table provides existing MFI structure, their limitations and inefficient financing practises adopted by them.

<table>
<tr><th>Type of MFI</th><th>Issues with MFI</th><th>Recommendations</th></tr>
<tr><td>NGOs<br>Number : 400-500</td><td rowspan="3">1. The biggest concern with MFI is its inability to raise enough funds. Though NBFC meets its fund requirement through private equity others are restricted from accessing the cheapest source of funds i.e. Public deposits.<br>2. MFIs have to rely on bank loans causing high debt to equity ratio.</td><td rowspan="2">Strong regulatory body is indeed required to monitor lending activities of MFIs.</td></tr>
<tr><td>Non Profit Companies<br>Number : 20</td></tr>
<tr><td>Mutual Benefit MFIs – Mutually Aided Cooperative Societies (MACS)<br>Number : 200 -250</td><td>Provide access to cheap fund raising with policies such as Micro finance program.</td></tr>
</table>

| Non – Banking Financial Companies ( NBFCs)<br>Number : 45 | 3. NGOs primarily rely on donations and government bonds.<br>4. MFIs get involved in the no transparent pricing. In absence of knowledge of the actual price borrower often end up borrowing more funds than capacity which leads to over- indebtedness.<br>5. Cluster formation (accessing only well-established market) defeats very goal of MFI leaving the untapped market. | Rating agency to rate performance of MFIs. |
|---|---|---|

3. Need Efficient Rating system

Government provides subsidy to credit rating agencies for the first tie credit rating of the MSME depending upon its size. Problem lies in defining the rating criterion for the new MSMEs. Rating is awarded based on industry risk analysis, project risk analysis and past data. Many of these MSMEs won't capture their routine transactions. Hence there is a need to alter the methodology of MSME rating. Also we recommend setting up external independent entity to make spread financial awareness to clients and also connect them to SMERA or similar rating agency.

4. Tax structure and Impact of GST

With existing Tax structure, MSMEs have to pay service tax, Vat, export duty. This is a big concern for many SMEs with poor financial health. This is a prime reason behind MSMEs not registering themselves with NSIC; hence failing to avail government policy advantages. With GST coming in picture, removing all indirect taxes, cost in terms of taxation will go down.

5. Improving Ease of Doing Business

India ranks 142$^{nd}$ in ease of doing business according to World Bank report. One of India's biggest concerns when it comes to the ease of doing business is that of clearing permits. Having more e- governance platforms would certainly make the process more transparent and open to the public but even transparency would not be significant. A tracking and monitoring system needs to be in place. Starting new business is costly and time consuming hence digitalisation of this process and single window clearance would help to quicken the process

Issues related to credit, like adequacy, timely availability, cost and mortgages continue to be a concern for MSME. These enterprises are dependent on self-finance. Profit margins are also low. The government drive for financial inclusion could benefit such entities. The government could consider dedicating specialised financial schemes for addressing difficulties in assessing and providing credit for small enterprises, as also providing line of credit to firms which are under financial stress. However, it remains to be seen whether new institutions such as MUDRA bank can open the credit markets for small enterprises.

# INTERNSHIP EXPERIENCE

**Niharika Shahane**

MMS – Finance

Interned at: **Citicorp Services India Private Limited**

I had the experience of working with one of the most sorted after multinational companies across the globe, Citicorp. I worked as part of the Global Consumer Banking segment with the GPO Client analytics team for two months. This was one of the most memorable experiences that I have had. The experience was an epitome of learning, expression, and exploring myriad skills, ideas, and opportunities.

**The learning Curve**

My experience at Citi was one of learning and unlearning every day. Right from the time I set foot into the organization there was learning at every step. The first one being to learn about Citi as a global company, a geographically spread financial giant and the array of products it provides to its customers across the globe. The next learning came when I started to work as part of the team I was assisting. I had to understand the process of customer segmentation at Citi and how it was being applied across the geographies, the challenges faced in doing so and the exceptions that needed to be made based on rules and regulations quintessential to each country Citi operated in. The unlearning aspect though was one that led me to metamorphize my skills set to fit the corporate arena. I was taught the techniques to handle humungous amounts of data on excel and to efficiently present an analysis using PowerPoint presentations. Through this unlearning I had learnt to exploit these tools rather than merely using them.

**The Expression Quotient**

Citi as an organization provided me with holistic views not just on the work I did but also on the ideas that I had in mind for my work teams and for the organization. The work culture gave interns the power and space for expressing not just their difficulties but also their ideas. The culture promoted lower power distance primarily through working on a first name basis and allowing interns to be part of the processes not just in letter but in spirit. I remember suggesting to my mentor to create a video for explaining the process of attribution to the clients that the GPO team undertook, to save on time and to improve productivity. This idea was appreciated and my mentor and I had a discussion on its merits and demerits. This

experience gave me resounding assurance that I did not need to go back home with questions or ideas stifled in my mind.

**Exploring Opportunities**

As an intern, my expectations were to adapt to the corporate world by synergizing myself with the aura of the company and engaging into the work processes. This objective could perhaps not have been so efficiently achieved elsewhere, other than Citi. I had the opportunity to not just understand the dynamics of my work in my team but also to meet up with various executives of the FP&A department and to have a deep dive into understanding the various reporting techniques, details of the products that Citi dealt in, their databases and the data analytics carried on in not just the Consumer Banking division but also in the Institutional Clients Group. The executives would spare time for interns to help us clear our queries and build up networks and associations which would be with us beyond the two months that we interned at the organization.

My internship experience was one where I had entered with certain goodies in my bag and while leaving I had shed off the superfluous baggage and retained onto more goods that added value and contributed to molding me into more corporate oriented individual, a person with more professionalism and skill set that I would carry on to whichever organization I would be part of in the future.

*My experience at Citi can be simply summarized as enriching, and holistically so!!*

# INTERNSHIP EXPERIENCE

**Satej Rao**

MMS – Finance

Interned at: **Reserve Bank of India**

I would like to share my internship experience at the apex bank of the country; the Reserve Bank of India (RBI). My internship was for a two-month period i.e. May and June 2017. For me these 2 months were one of the best periods during my MBA course.

**I was working with the Department of Payment and Settlement Systems (DPSS)** at The Reserve Bank of India (RBI) over the course of my internship. This department basically looks after the various payment and settlement systems of the economy. RBI constituted this department to assist BPSS (Board for Regulation and Supervision of Payment and Settlement Systems) which is empowered for authorizing, prescribing policies and setting standards for regulating and supervising all the payment and settlement systems in the country.

On the first day of my internship, I had to first meet the appointed person at Human Resource Management Department (HRMD) and then I was given an option to select my desired department among two or three choices and also my project title within the selected department.

I first met two Grade B Officers of my department, who turned out to be my mentors for my entire project, who would guide me and help me solve all my queries throughout my two months at the Reserve Bank. Later, I also met the Deputy General Manager (DGM) of my department who basically explained to me what the expectations were from me pertaining to the project title that I had selected. The DGM also guided me during his limited free time for any research related to my project.

**My Project Title: The work that I did at RBI.**

My project title was **"A study of Organized vs. Alternate Payment Systems and Emergence of Payment Products: An innovation in the Sphere"**. Under this project, I needed to study the various electronic payment products/systems that are existing in the current market like NEFT, RTGS, BHIM, IMPS, Aadhaar Pay, etc. & know the various features, advantages,

shortcomings of these systems. Further, I also researched about the new innovations that are being brought about in the payments space around the world.

During my internship I was also asked to conduct a 3-day survey to understand the awareness level of consumers about the existing electronic payment systems/products and their usage, to study the factors that influence consumers in adoption of different payment products, to study challenges faced by consumers in the use of payment systems and to understand their openness towards adopting a new payment system/product. The basic observation from the survey was that people in general are aware about the various electronic payment systems/products that are existing or being newly introduced in the payments space. But the main issue related to the frequency of those systems being used. The motive behind introduction of new electronic payment products is to reduce our country's reliance on cash and make it for cash less but consumers are not aware of the benefits of using these electronic systems which leads to cash being the primary way of executing transactions.

Finally, based on the study and the survey conducted, I had to make some recommendations of possible introduction of new payment products that can be adopted in India along with the possible limitations and the potential risks involved in the implementation of those payment systems/products.

**The people at RBI**

I would like to add that the people at RBI are the ones who made my experience a really memorable one. They helped me with all the little and sometimes silly queries that I had and also were a constant support at all times. Also, having a fellow Dalmiate (intern) with me in the same department helped.

**Things to keep in mind as an Intern**

- Show your assigned department that you are eager to learn
- Interact with as many people in the organization as possible in order to understand how the organization functions
- Always be on time
- Decent Behaviour and a cordial attitude with everyone
- An intern must put in extra efforts in their allotted work and realize that it is he/she who will be benefitting from this internship because of the exposure and experience.

P.S: Be patient during the internship placements. Do not settle for anything. See what suits you and you will get what you deserve! All the very best!

# INTERNSHIP EXPERIENCE

**Aditi Agarwal**

PGDM – Finance

Interned at: **Future Group**

I always knew that whether you're a budding analyst for a huge accounting firm or dipping your toes into the investment banking world with a Wall Street firm, an internship can be a wide open gateway into your dream financial services industry post - if you handle it right. With this aim in my mind I started my journey at India's one of the biggest retail businesses "The Future Group".

Future Group is an Indian private conglomerate, headquartered in Mumbai. The company is known for having a significant prominence in Indian retail and fashion sectors, with popular supermarket chains like Big Bazaar and Food Bazaar, lifestyle stores like Brand Factory, Central etc. and also for having a notable presence in integrated foods and FMCG manufacturing sectors. Future Retail (initially Pantaloons Retail India Ltd (PRIL)) and Future Lifestyle Fashions, two operating companies of Future Group, are among the top retail companies listed in BSE with respect to assets, and in NSE with respect to market capitalization

My internship was specifically at Future Retail and I was an intern under the Chief Financial Officer (CFO) of Big Bazaar. Since I was an intern in finance, I was working under the "Corporate Finance" department which helped me gain a better understanding on how the companies actually work. The internship, for me, was a whole new experience, the simple reason being I was a fresher and I was working for such a big company. My two-month internship was divided into two projects viz-

1) Study on the working capital management of Future Retail and,
2) Study on Big Bazaar's loss making units and to convert them into profit making

One more mini learning I got is that of the impact of GST on Big Bazaar and its influence on the consumer basket. All thanks to my internship period that I was interning when GST was adopted.

Speaking on the working culture, there is an open-door policy followed, wherein, other than the CFO's and likewise, everyone sits and works together. This helps to reduce barriers to communication and also thereby creating a healthy work environment. Also, an intern is not just an intern, it's a mini "you-will-work-like-fulltimers" kind of job which gives you an overall

new experience. Also, there is no dress code and no serious atmosphere. It's a fun-loving environment wherein you can be yourself and be comfortable. The only thing they expect from you in efficiency, sincerity and perfection.
The projects that were given to us were individualistic as well as group projects; and also they were not completely finance related in nature. This helped me in firstly discussing my ideas with students from different specializations and other B-Schools' like IIM's, JBIMS and likewise; and also understand their point of views and evaluate whichever is the best one.

My mentor was really helpful and taught me various things that I was completely unaware of and made me do them real-time. He helped me wherever I got stuck, and not just that, he also took my suggestion wherever he felt and tried to transform or do his work in a different manner, if required.
To sum up, Future Group was my first job experience and I must say I was highly satisfied with my internship and more satisfied with my profile.

# INTERNSHIP EXPERIENCE

**Nishant Sonkusare**

MMS – Finance

Interned at: **L&T Financial Services**

It's indeed a privilege for me to get this opportunity to share my Summer Internship experience; as being a fresher it was my very first step into the corporate world.

I worked in the **Economic Affairs Division** at **L&T Financial Services Ltd.** over the course of my internship. A relatively new department, this division continuously tracks and studies the various components of the Indian Economy. These components include interest rates, central and state budgets, important events to name a few.

My internship started with induction on the first day where the HR Department addressed all the interns and briefed us about the organization, the various lines of business it functions in and what our roles as interns would be. On the next day, I was introduced to my mentor, who taught me, directed me and helped me solve my queries throughout the course of my internship. I also had the privilege of meeting the head of the division, a renowned economist, who always guided us in the right direction during the project.

**Let me take you through my responsibilities and learnings at L&T Financial Services.**
My work primarily involved analysis of state budgets. I took into account 17 states and studied their budgets. Each state budget involves multiple budget documents. Each state budget comprises of one main budget document, called the **Annual Financial Statement**, which gives an account of all the expenses and incomes of the state for the previous year, and provides an estimate of the same for the coming year. Other documents involve **Budget Speeches**, **Debt Schedules**, **Specific Budgets** etc.
L&T Financial Services, being an NBFC, is involved into various lines of business- Real Estate Financing, Infra Financing, Two-Wheeler Financing, to name a few. The objective of my project was to study the budgets of various states, and to identify areas of opportunity under these lines of business for the organization. Each state, in its budget, allocates funds to various sectors for the coming year. This allocation might be revenue expenditure, capital expenditure, or even grants, loans etc. For incurring such expenses, states might take debt, therefore studying the debt position of the states also formed part of the project. I also took

into consideration recent developments like GST, Farm Loan Waivers, UDAY Bonds, Seventh Pay Commission Recommendations etc. and their impact on state finances.
The project helped me gain a more holistic and practical approach towards macro-economics. It also helped enhance my Excel skills to a great extent, since my project involved a lot of data collection and analysis.

**What is expected from an intern?**

- Decent Behaviour
- Formal attitude
- Willingness to learn as much as possible
- Dedication and commitment
- Attention to detail
- An intern must realize that it is him/her who will be benefitting from this internship because of the exposure and experience that they would get.

# INTERNSHIP EXPERIENCE

**Prachi Bhojani**

PGDM – Finance

Interned at: **L&T Financial Services**

As a first year MBA student at N. L. Dalmia Institute of Management Studies & Research, I did my two-month summer internship at L&T Financial Services.

LTFS is a non-banking financial institution-core investment company. The Company's segments include Retail and Mid-Market Finance, Wholesale Finance, Investment Management and Other Business, which consists of wealth management and financial product distribution. It offers a range of financial products and services across retail, corporate, housing and infrastructure finance sectors, as well as mutual fund products and investment management services.

Talking about my experience with the company, it was indeed a great one. Even though I had a prior experience of working in an MNC after doing my engineering, this internship was completely different. The entire internship was properly managed and the project deliverables were very well defined.

On the first day, all the interns were called at their Mahape office, where we were briefed about LTFS as an organization. This gave us a better understanding of its goals, various verticals and what the organization basically does. The next day, we were called at their head office in Santacruz, where all of us were stationed for the entire two months. We were introduced by our respective HR SPOCs to our mentors, who guided us throughout the internship.

I was a part of the Corporate Lending & Structured Finance Department which comes under Wholesale Finance segment. This department basically deals with lending to corporates and has a book size of Rs. 58000 crores.

The project assigned to me was "Fundamental Analysis of Shipping Industry in India and Credit Appraisal of Structured Finance Proposal for a shipping company". In order to go ahead with

this project, a thorough understanding of NBFCs, its basic operations and how these structured transactions are carried out was essential. I began understanding the sector first by reading various reports and then understood the company which was requesting a loan. Since I was involved in a live proposal, it was really interesting to learn how a debt proposal goes through different stages before it gets approved.

My mentor was very supportive throughout and taught me a lot of things from industry perspective. From understanding the key ratios involved in valuing a company to the due diligence, I got to learn all of it practically. My mentor would meet me daily, where he would brief me on how to go about with my work, this made my internship journey very smooth.

Like I mentioned above, the internship was very well designed. At the end of the first month of the internship there was a mid-review conducted by the mentor & HR. Here, we were given feedback on our performance till date. And at the end of two months, there was a final review, where we were graded on our performance and other aspects.

I found the finance concepts that I learned in class to be relevant and useful when working on the practical, real-world project. The best thing is, the sector report that I made during my internship was also circulated within the department, which really boosted my confidence. Overall, the experience proved to be both enjoyable and rewarding.

Thus, I was able to successfully achieve the goals set for me at the beginning of my internship.

# CITI CORP STUDENT ENGAGEMENT PROGRAM

**Citi India organizes a Student-Engagement Program in NLDIMSR**

The Finance Forum of N. L. Dalmia Institute of Management Studies and Research organized a Student-Engaging Program with Citi Services India Limited. The program was conducted in 10 sessions throughout the months of August and September 2017.

Citi conducted seminars wherein they enlightened the students regarding the various departments such as Financial Risk Management, Investment Banking Division, Financial Planning and Analysis, and Finance and Risk Shared Services in their organization. The seminars were conducted with the objective of having a one-to-one interaction with all the students so as to get to know them better and in-turn also help the students have a better understanding of the work culture in Citi and what the organization expects from them. The seminar helped the students have more clarity on the type of work in each department and help them evaluate what they are best suited for.

The guests actively questioned and interacted with the students thus ensuring maximum participation from them. The seminar ended with Prof. Dr. Anil Gor felicitating the guests.

# CITI CORP CASE STUDY COMPETITION

**CITI organizes a case study competition on credit risk analysis of an MNC in NLDIMSR.**

Citi Corp organized a case study competition in NLDIMSR on **'Credit risk analysis of MNCs – Husqvarna Group and Banco Popolare'** on 13th August, 2017 conducted by their ICG Risk Management Team**.**

The case study competition started with the ICG Team providing the students with a case on 13th August 2017 which was to be analyzed and evaluated for credit risk and management. The case was regarding the analysis of Banco Popolare - a bank in Italy. 85 students participated in the competition of which 17 students were shortlisted for a one-on-one question and answer round which was conducted on 25th August 2017. Further seven students were shortlisted. Based on their performance in the previous case, these candidates were given another case of Husqvarna Group which was a Europe based company involved in manufacturing of landscaping power tools and construction equipment. This case was presented to the whole ICG Risk Management Team in the Citi Bank Office on 1st September 2017.

Post case presentations and assessment, the winners were announced on 15th September 2017. Jay Agarwal secured the first position in the case study competition followed by Darshil Shah who stood second. These students along with other five participants were felicitated at the Citi office by their leadership team.

# FINANCE FORUM ACTIVITIES

## NLDIMSR organizes a session on 'Valuation of an e-commerce entity'

The Finance Forum of N. L. Dalmia Institute of Management Studies and Research organized a knowledge enriching seminar on **'**Valuation of an e-commerce entity**'** on 5th August 2017 delivered by keynote speaker **Mr. Anurag Gupta,** Chief Investment Officer of **Profound Consulting**, India**,** where he also manages its multi-crore portfolio.

The seminar commenced with a welcome address by Prof. Dr. Anil Gor, HOD, Finance Department of NLDIMSR. Mr. Anurag started with a light story related to valuation to get the students engaged. He then went on to explain the subtle nuances of the e-commerce industry. He spoke about the functioning and operations of such companies, explaining how they are different from the other conventional industries present in the market. Going ahead, he illustrated how valuation is all about uncertainty, describing it as a mix of both science and art.

Mr. Anurag used various examples and stories to help students understand better the concept of valuation. He also used the example of a currently active e-commerce company as a case study to elaborate and present a more lucid picture to the students of the various theories used for the valuation of an e-commerce company. He also used comparisons between various peers of the company in the industry to give the students a more holistic view on the various approaches to theories of valuation.

Concluding, Mr. Anurag Gupta addressed the queries by students and answered their questions exhaustively making it an interactive session. The seminar ended with Prof. Dr. Gor felicitating the guest with a memento.

# FINANCE FORUM ACTIVITIES

## NLDIMSR organizes a session on ‘Insolvency and Bankruptcy Code, 2016’

The Finance Forum of N. L. Dalmia Institute of Management Studies and Research organized a knowledge enriching seminar on **‘**Insolvency and Bankruptcy Code, 2016**’** on 27$^{th}$August 2017 delivered by keynote speakers, **Mr. Anshul Gupta,** Managing Director, **Finconnect**, and **Mr. Prateet Champawat**, Investment Associate, Alternate Asset Advisors, **Edelweiss.**

The seminar commenced with a welcome address by Prof. Dr. Anil Gor, HOD, Finance Department of NLDIMSR. Mr. Anshul Gupta was the first speaker of the day who started the session by explaining the financials of a bank. He explained the basics of the balance sheet and its components, focusing on NPAs. He explained the various types of NPAs, its impact on the Indian Economy and how can the banks work towards resolving it. Mr. Gupta also covered the Sick Industrial Companies Act, 1985. He then went on to expound the Insolvency Code, its applicability, filing, and resolution process.

The next speaker, Mr. Prateet Champawat, took the session forward by further explaining the bankruptcy code. He also explained the basic functions of an ARC and its role in the process of revival of NPAs. He simplified the laws and regulations with the help of two case studies on the topic. This helped the students get more clarity on the laws and better understand the functioning of the Insolvency and Bankruptcy code.
Concluding, the guests addressed the queries by students and answered their questions exhaustively making it an interactive session. The seminar ended with Prof. Dr. Gor felicitating the guests with a memento.

# FINANCE FORUM ACTIVITIES

The finance forum of N.L. Dalmia Institute of Management Studies and Research organized an informative session on 9th September, 2017 by ICICI Direct Centre for Financial Learning (ICFL) with respect to the 'Stock Mind' competition organized by them. The speaker for the session was Mr.Vismit Mehta, Zonal manager (West India) of ICICI Securities Limited.

The seminar commenced with a welcome address by Prof. Dr. Anil Gor, HOD, Finance Department of NLDIMSR. Mr. Vismeet Mehta, the speaker, started by explaining about the competition. It started 6 years ago with the objective of simplifying financial knowledge and increase financial literacy. He started by giving a brief introduction of the ICICI Direct platform and various educational courses provided by it. He then explained about the 'Stock Mind' competition giving comprehensive details as to how to go about the competition. He spoke about the importance of equity market as an asset class and how it has outperformed various other asset classes, by giving significant returns in the long term. To substantiate this, he gave examples of companies such as Eicher Motors, Colgate Palmolive, Pidilite, and Infosys and how these companies have rewarded their investors who have held their shares since they got listed. He then explained the concept of equity and margin trading in a very lucid and distinct manner and other trading options such as the day trading and BTST in a comprehensible language. After this he introduced the students to the ICICI Direct trading platform, its usage and laid down various guidelines to be followed while trading. The session helped all the students get a clear understanding on stock market trading, various concepts and terminologies associated with it and the general rules that the students need to follow to participate in the 'Stock Mind' competition organized by ICFL.

Concluding, Mr. Mehta addressed the queries of the students and answered their questions exhaustively making it an interactive session. The seminar ended with Prof. Dr. Anil Gor felicitating the speaker with a memento.

# FINANCIAL QUIZ

1. An asset is tagged a non-performing asset when it ceases to generate income for the lender after how many days?
   A. 90 days
   B. 120 days
   C. 180 days
   D. 360 days

2. Treasure bill is a
   A. Money market instrument
   B. Capital market instrument
   C. Foreign market instrument

3. Bonds issued by financial institutions are instruments of which market?
   A. Debt
   B. Equity
   C. Derivatives

4. What is the minimum amount of investment under Public Provident Fund (PPF)?
   A. 500
   B. 1000
   C. 1500
   D. 2000

5. The rate at which RBI lends money to commercial banks for long term is known as:
   A. Repo Rate
   B. Reverse Repo Rate
   C. Bank Rate
   D. SLR Rate

6. The financial term "ASBA", B stands for:
   A. Bill
   B. Balance
   C. Bounce
   D. Blocked

7. With which private bank is Bharat Financial Inclusion going to merge?

A. RBL bank
B. ICICI bank
C. IndusInd bank
D. HDFC bank

8. Which channel has bagged the global media rights for IPL?
   A. SONY
   B. Star India
   C. Ten sports

9. Which of the following is not an investment instrument for a retail investor?
   A. Line of credit
   B. Stocks
   C. Bonds

10. Which of the following is a hybrid security?
    A. Stocks
    B. Convertible debentures
    C. NCDs

11. Balanced funds invest in:
    A. Gold and Silver
    B. Bonds and Stocks
    C. Gold and Stocks

12. Which of these tax is abolished by the GST?
    A. Income tax
    B. Wealth tax
    C. Service tax
    D. Corporation tax

13. Which of these goods are not covered in GST?
    A. Petrol
    B. Liquor
    C. Cooking gas
    D. All the above

1 – A, 2 – A, 3 – A, 4 – A, 5 – C, 6 – D, 7 – C, 8 – B, 9 – A, 10 – B, 11 – B, 12 –

***Vol. 16***