

The Luminary



COMMERCE SECTION

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Editorial

The Digital India is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge based economy. "Digital India" is an initiative of the government to make India ready for knowledge-based future. The focus is on using technology to create a participative, transparent and responsive government. It aims at ensuring that the Government services are made available to citizens electronically by reducing paper work. It will help in integrating the Government departments and the people of India.

This initiative will ensure that all the government services and informations are available anywhere and anytime on any device that is easy to use, seamless, highly available and secured. The Digital India program is just the beginning of a digital revolution. Digital India will have more transparency in the processes and governance. It will eliminate a lot of cheating. This programme will increase employment related to these technologies. A lot of activities will become automated. This programme will also make Indians go to a higher level of literacy and technical skills. The Digital economy is the new productivity platform which can be regarded as the third industrial revolution. This is also known as the internet economy and it is expected to generate new market growth opportunities, jobs and become the biggest business opportunity of mankind in the next 30 to 40 years.

But implementing this scheme is a great challenge for the Government as connecting 250000 Gram Panchayats through National Optical Fibre Network is not an easy task. It will require a lot of efforts and dedication from BSNL. Improving IT literacy is also a great task ahead because for the project to become successful, it is necessary that mass of people must know how to utilize the digital services. Moreover the security of data is very important because digital medium is still very unsafe.

Overall this great initiative will require great efforts from the entire government machinery and people concerned to make it successful.

After months of labour we finally present the Commerce section of **The Luminary**. I congratulate all the students who have

contributed to this section and hope others will also contribute their extra writings in future.

Prof. Neena Sareen
Department of Commerce

Student Editorial

The term demonetisation has become a household name since the government pulled the old Rs 500 and Rs 1,000 notes out of circulation. While as per dictionary demonetisation means "ending something (e.g. gold or silver) that is no longer the legal tender of a country.

When a currency note of a particular denomination ceases to be a legal tender it is termed as demonetisation. But since our government has replaced the old Rs 500 notes with newer ones and doing away with the Rs 1,000 notes, it would be more appropriate to call the move as 'scrapping' or 'phasing out' of certain currency notes.

Prime Minister Narendra Modi's decision to scrap high value notes of Rs 500 and Rs 1,000 has created a shortage of cash in the system, leading to a lot of discomfort for the general public and businesses. Also, since there is a shortage of newly printed Rs 500 and Rs 2,000 notes, the situation has worsened. The move has also led to a shortage of lower denomination notes such as Rs 100 and Rs 50 that are still legal tender, as people have taken to conserving whatever cash they have in hand

Since our economy is heavily dependent on cash, as only less than half the population uses banking system for monetary transactions, demonetisation has hit trade and consumption hard. With people scrambling for cash to pay for goods and services, the move is likely to take a big toll on the country's growth and output during the current fiscal year. Consumption makes up for around 56% of India's GDP, hence, a drop in spending will pull down growth. Growth in cash-intensive sectors such as real estate, construction and FMCG is likely to take a hit in the short term as consumers are deferring purchases. However, there is a positive side to the story: over the medium term, there would be benefits through higher government spending and greater financial inclusion.. The near-term fall in growth on account of spending slowdown, could push inflation down. Also, an increase in fiscal headroom will allow the government to maintain fiscal discipline, which in turn will support inflation target in the medium term.

Charisha Goel
M.Com.-I

Agile Retailers

Good persons convey the relevant demographic, psychographic, behavioral & need based attributes of target customers. Agile enterprises emphasis over perfection, the ability to move quickly and to constantly learn and adopt. It's the most important concept now-a-days. It is a direct consumer retail model that uses big data to predict trends, manage efficient production cycles, and faster turnaround on emerging styles. It aims to respond faster to customer needs. This retail model is used by AMAZON. The concept turns E-Commerce retailers into on demand platforms that identify stock and deliver desired products directly to consumer, thereby reducing costs.

The main focus of agile retailers is to identify trends that are popular with consumers at a given moment and deliver those products using agile production concepts. Experts in the fashion industry argue that agile retailer is the next step for fashion retail, especially with rising online sales. Agile retailer gives more options to customers usually at a lower price and delivers the product directly to them. It is a new form of fast fashion by serving customers better aligning to their changing needs. It is the concept applied mainly to manufacturing of hard goods such as automobiles.

Agile retailers turn fashion retailers into on demand platforms, that identify customer demand based on multiple data sources and deliver products directly to consumers. These retailers use big data to estimate what customers want and anticipate demand and quantities. These companies are able to respond more quickly to changing circumstances using the data from this process. The aim is to know what customer needs at any given point. The agile retailers figure out faster, what consumer wants, respond to changing needs faster than traditional retail, aims to personalize shopper's demands, intense use of big data & data analysis, more efficient supply chain by reducing waste.

Fashion retailing and manufacturing sector that supports it, are clearly highly dependent on an agile logistics capability. The ability to capture new design ideas and to convert these into products and to bring them to market in shortest possible timescale has become pre-requisite for success in fashion business.

So, it is has always regarded the customer as

the king of the market by fulfilling their requirements whenever demanded by them.

Latika Bansal
M.Com.-II

Cashless Transactions

With limited cash in hand and an indefinite crunch in sight, most people are rushing to cashless transactions. "Digital transactions bring in better transparency, scalability and accountability. The new move will compel more merchants to accept digital money", The RBI classifies every mode of cashless fund transfer or transaction using cards or mobile phones as 'prepaid payment instrument'. These can be issued as smart cards, magnetic stripe cards, Net accounts, Net wallets, mobile accounts, mobile wallets or paper vouchers.

For a citizen of India, there are many ways to go cashless. From meeting daily supplies to running big businesses, these options will surely make life a lot easier! There are some cashless modes, stated as:-

MOBILE WALLET, PLASTIC MONEY

Some Precautions should be taken while using different payment modes:-

1. General safety and minimizing risks:-

When the person receives a card, he should always put down his signature on it.

PIN code (Personal Identification Number) - is a combination of numbers, containing 4 digits and Information about the PIN code should be known only to the concerned person. Nobody has the right to ask you to report PIN codes.

- Do not store PIN and card number, do not write the PIN on the card itself.
- Do not pass the Card to outsiders for any operations.

2. Precautions for the transactions with the Card:-

- Perform all card transactions in trade and service enterprises only in front of card holder's presence.
- Before the card holder sign the cheque, make sure that the amount entered is correct.
- Do not forget to pick up the card after the transaction; at the same time make sure that returned card belongs to you.

There are some cards that are the most common form of cashless money handling in India. All you need is bank account with some money in it

All companies that offer platforms or services enabling digital payments should increase awareness among their customers about the risks, and educate them on ways to secure themselves. The government should check if the current policies regulating these platforms are adequate and update them regularly. People must be educated on the risks involved, strict policies must be enforced, and companies accountable for not meeting security standards must be held. Customers should educate themselves about the risks involved and take precautions. They must minimise vulnerability with two-factor authentication and change their password frequently. They must check the authenticity of applications by looking for the number of downloads and read reviews by other users - the higher the number of downloads and reviews, the higher the chances that the application is legitimate. Customers must also check for other application releases from that developer. Prime Minister Narendra Modi recently asked people to embrace the digital cashless world, reiterating that digitisation of economic activities is here to stay. In the midst of going cashless, we should not cast a blind eye to the security aspect of digital payments. We all share a collective responsibility to build a safe and secure digital infrastructure.

Latika Bansal
M.Com.-II

Crowd Sourcing

Crowd sourcing is the process of getting work or funding, usually online, from a crowd of people. The word is a combination of two words 'crowd' and 'outsourcing'. The idea is to take work and outsource it to a crowd of workers. Crowd sourcing is the practice of engaging a 'crowd' or group for a common goal—often innovation, problem solving, or efficiency. It is powered by new technologies, social media and web. Crowd sourcing can take place on many different levels and across various industries. It is now easier than ever for individuals to collectively contribute — whether with ideas, time, expertise, or funds — to a project or cause. This collective mobilization is crowd sourcing.

The principle of crowd sourcing is that more heads are better than one. By canvassing a large crowd of people for ideas, skills, or participation, the quality of content and idea generation will be superior. Crowd sourcing touches all social and

business interactions. It is changing the way we work, hire, research, make and market. Government is applying crowd sourcing to empower citizens and giving a greater voice to the people. In science and health care, crowd sourcing can democratize problem solving and accelerate innovation. In the realm of information technology projects, crowd sourcing usually involves engaging and blending business and IT services from a mix of internal and external providers, sometimes with input from customers and/or the general public. Advances in Web-based collaboration platforms have improved the execution of crowd sourcing projects.

A collaborative or crowd-centric approach can be applied to everything. But here are just a few areas where it has had significant impact and huge potential:

- Enterprise
- Education
- Government
- IT
- Finance
- Entrepreneurship
- Marketing
- Science & Health
- Social Enterprise & NonProfit Organisations

Pros & Cons

Crowd sourcing's biggest benefit is the ability to receive better quality results, since several people offer their best ideas, skills, & support. Crowd sourcing allows you to select the best result from the sea of 'best entries,' as opposed to receiving the best entry from a single provider. Results can be delivered much quicker than traditional methods, since crowd sourcing is a form of freelancing. Clear instructions are essential in crowd sourcing. You could potentially be searching through thousands of possible ideas, which can be painstaking, or even complicated, if the instructions are not clearly understood. Quality can be difficult to judge if proper expectations are not clearly stated.

Charisha Goel
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Debit Card Fraud: Is Your Money At Risk?

Debit card fraud occurs when a criminal gains access to your debit card number and, in some

cases, PIN, to make unauthorized purchases and/or withdraw cash from your account. There are many different methods of obtaining your information, from unscrupulous employees to hackers gaining access to your data from a retailer's unsecure computer.

When your debit card is used fraudulently, the money is missing from your account instantly. Payments you've scheduled or cheques you've mailed may bounce; you may not be able to afford necessities, and it can take a while for the fraud to be cleared up and the money to be restored to your account.

How to Detect Debit Card Fraud

Fortunately, it doesn't take any special skills to detect debit card fraud. The easiest way to spot problems early is to sign up for online banking, if you haven't already. Check your balance and recent transactions daily. The sooner you detect fraud, the easier it will be to limit its impact on your finances and your life. If you see unfamiliar transactions, call the bank right away. If you're the forgetful type, start hanging on to the receipts from your debit card transactions so you can compare these against your online transactions.

If you don't want to bank online, you can keep tabs on your recent transactions via phone banking. In the very last, you should review your monthly bank statement as soon as you receive them, and check your account balance whenever you visit an ATM or bank teller. However, it can take much longer to detect fraud using these methods.

9. Easy Ways to Protect Yourself

While you may not have any control over hackers and other thieves, there are many things you can control that will help you avoid becoming a victim.

✦ Get banking alerts

In addition to checking your balance and recent transactions online daily, you can sign up for banking alerts. Your bank will then contact you by email or text message when certain activity occurs on your account, such as a withdrawal exceeding an amount you specify or a change of address.

✦ Go paperless

Signing up for paperless bank statements will eliminate the possibility of having bank account information stolen from your mailbox. Shredding existing bank statements and debit card receipts using a diamond-cut shredder when you're done with them will greatly reduce the possibility of

having bank account information stolen from your trash.

✦ Don't make purchases with your debit card

Use a credit card instead, because it offers greater protection against fraud.

✦ Stick to bank ATMs

They tend to have better security (video cameras) than ATMs at convenience stores, restaurants and other places.

✦ Destroy old debit cards

Some shredders will take care of this for you.

Don't keep all your money in one place If your account is compromised, you will be able to access cash from another source to pay for necessities and meet your financial obligations.

✦ Beware of Phishing scams

When checking your email or doing business online, make sure you know who you're interacting with.

✦ Protect your computer

Use firewall, anti-virus and anti-spyware software on your computer, and keep it updated regularly.

✦ Use a secured network

Don't do financial transactions online, when using your computer in a public place and/or over an unsecured network.

If you have trouble making any of your monthly payments because of the fraud, contact those creditors, explain the situation and ask if they can do anything for you. This step is extremely important, as failure to do so implies your unwillingness to pay them. However, if they know about your hardship, they may be willing to work with you to reschedule the payments.

Geetanshu Bansal
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Derivatives Market

The derivatives market is the financial market for derivatives, financial instruments like futures contracts or options, which are derived from other forms of assets. In financial markets, individuals and organizations deal in financial assets such as shares, bonds, foreign currency, loans, etc.. The prices of these assets often fluctuate on a continuous basis. These fluctuations create uncertainty in the financial market regarding the future price of the assets and expose the dealers in the financial market to considerable risk. Financial

derivatives has evolved as an instrument for hedging the risk in buying, holding and selling various kinds of financial assets. The derivatives market perform a number of economic functions; They help in providing protection to participants in the financial markets against adverse movements in prices of underlined assets. They facilitate the exchange of financial assets in future at price determined in present. They enable the participants to "lock in" a particular price for financial assets to be exchanged in future.

The market can be divided into two, that for exchange-traded derivatives and that for over-the-counter derivatives. The legal nature of these products is very different, as well as the way they are traded, though many market participants are active in both .

Futures Markets

Future contracts constitute an improvement for managing or hedging the risk in commodity and financial markets. It is an agreement between two parties to buy or sell an asset at a certain time in future for a certain price. These contracts are normally traded on an organized or regulated exchange where traders used to assemble periodically on the floor of the exchange to buy and sell futures generally by open outcry. Standardized contracts, centralized trading and settlement through clearing houses to avoid counter party risk are some of the distinct features of future contracts.

Futures exchanges, such as Euronext, liffe and the Chicago Mercantile Exchange, trade in standardized derivative contracts.

Option Markets

An option involves a choice, however all the options are not free. An option to do something may have to be bought for a price and with certain conditions. Such an option gives the right to the buyer of the option and it forms the subject matter of an agreement or contract. Financial options may relate to individual stock, bonds, interest rates etc. An option is a right but not an obligation to buy or sell something at a specified date and at a specified price.

DERIVATIVES MARKET IN INDIA

Prior to liberalization, in Indian financial markets, there were only a few financial products. All Indian corporates were mainly relying on term lending institution for meeting their project financing or any other financing requirements and on commercial banks for meeting working capital

finance requirement. The only derivative product they were aware of is the foreign exchange forward contract. But the scenario has changed in the post liberalization period. Conservative Indian business practitioners began to take a different view of various aspects of their operations to remain competitive. Financial risks were given adequate attention and "treasury function" has assumed a significant role in all major corporates since then.

Galoria Arora

Ease To Individual Taxpayer - Budget 2017

Finance minister Arun Jaitley laid out on 1st feb 2017 a national budget that aimed to boost spending, as he sought to lift growth and assuage people's pain from the governmental drive to purge the economy of "black money".

Budget 2017 has revealed some major reforms which benefit the individual taxpayers at a major scale thereby affecting their taxes indirectly. Below are listed the reforms introduced budget 2017:

1. TAXATION ON HOUSING FOR BUILDERS

Finance minister gave relief to builders and promoters for whom the constructed properties are stock-in-trade by proposing to apply the rule of taxing the un-occupied houses at a notional rental income, post receiving the completion certificate, after one year at the end of the year when the completion certificate is received.

2. TAX RELIEF ON CAPITAL GAINS ON REAL STATES

The holding period for capital gains on sale of immovable property - land and building - to qualify as long term capital gains is proposed to be reduced to 2 years from 3 years in the Union Budget 2017. At present, capital gains on land and building qualify as long term capital gain if holding period is minimum 3 years.

3. PRESUMPTIVE TAXATION REFORMS

At present 8% of the turnover is counted as presumptive income but according to budget 2017, its 6% of turnover is received by non-cash means. It clearly relieves the small and middle class businessman, opting in the presumptive taxation scheme, by lowering their tax burden by 2 %.

4. RELAXATION TO INDIVIDUAL INSURANCE AGENTS

Presently a TDS of 5% is deducted from the commission payable to individual insurance agents even if their total income from all the heads altogether is below the threshold of taxable income. Budget 2017 proposed to exempt such deduction of TDS subject to the filling of a self-declaration that their income is below taxable limit.

5. BENEFITS EXTENDED TO TAXPAYERS FILING ITR FOR FIRST TIME

Taxpayers filing the ITR for 1ST time would not be subject to scrutiny assessment by the assessing officer for their 1st year return unless there is some information available with the department with regard to any high value transaction.

Juhi Goyal
B.Com.-III

Gold Monetization Scheme

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, gave its approval for introduction of Gold Monetization Schemes (GMS), as announced in the Union Budget 2015-16.

The objective of introducing the modifications in the scheme is to make the existing schemes more effective and to broaden the ambit of the existing schemes from merely mobilizing gold held by households and institutions in the country to putting this gold into productive use. The long term objective which is sought through this arrangement is to reduce the country's reliance on the import of gold to meet domestic demand.

GMS would benefit the Indian gems and jewellery sector which is a major contributor to India's exports. The mobilized gold will also supplement RBI's gold reserves and will help in reducing the government's borrowing cost.

The scheme will help in mobilizing the large amount of gold lying as an idle asset with households, trusts and various institutions in India and will provide a fillip to the gems and jewellery sector. Over the course of time it is also expected to reduce the country's dependence on import of gold. The new scheme consists of the revamped GDS and a revamped GML Scheme.

Revamped Gold Deposit Scheme

- **Gold Savings Account :-** In the revamped scheme, a Gold Savings Account will be opened by customers at any time, with KYC norms, as applicable. This account would be denominated in grams of gold.

- **Transfer of Gold to Refiners :-** Collection and purity testing centres will send the gold to the refiners. The refiners will keep the gold in their ware-houses, unless banks prefer to hold it themselves.

- **Tenure :-** The deposits under the revamped scheme can be made for short-term period of 1-3 years (with a roll out in multiples of one year); a medium-term period of 5-7 years and a long-term period, of 12-15 years (as decided from time to time).

- **Interest rate :-** The amount of interest rate payable for the short-term period would be decided by banks on basis of prevailing international lease rates, other costs, market conditions etc. and will be denominated in grams of gold. The interest rate for the medium and long-term deposits will be denominated and payable in rupees, based on value of gold deposited.

New scheme

- 1) Gold reserve fund:** The difference between the current borrowing cost for the government and the interest rate paid by the government under the medium/long term deposit will be credited to the Gold Reserve Fund.

- 2) Gold Metal Loan Account:** A Gold Metal Loan Account, denominated in grams of gold, will be opened by the banks for jewellers. The gold mobilized through the revamped GDS, under the short-term option, will be provided to jewellers on loan, on the basis of the terms and conditions set-out by banks, under the guidance of RBI.

- 3) Delivery of gold to jewellers:** When a gold loan is sanctioned, the jewellers will receive physical delivery of gold from refiners. The banks will, in turn, make the requisite entry in jewellers' Gold Loan Account.

- 4) Tenure:** The tenure of GML at present is 180 days.

Sakshi Jindal

Green Bonds

A green bond is a tax-exempted bond issued by federally qualified organizations or by municipalities for the development of Brownfield sites. Brownfield sites are areas of land that are underutilized, have abandoned buildings or are underdeveloped, often containing low levels of industrial pollution.

A green bond is like any other regular bond but

with one key difference that the money raised by the issuer is earmarked towards financing 'green' projects, i.e. assets or business activities that are environment-friendly. Such projects could be in the areas of renewable energy, clean transportation and sustainable water management.

In 2007, green bonds were launched by few development banks such as the European Investment Bank and the World Bank. Subsequently, in 2013, corporates too have started participating, which led to its overall growth.

In India, YES BANK was the first bank to adopt the concept of green bonds.

These funds can be invested in renewable and sustainable energy such as wind and solar, clean transportation, sustainable water management, climate change adaptation, energy efficiency, sustainable waste management and land use and biodiversity conservation.

Green bond enhances an issuer's reputation, as it helps in showcasing their commitment towards sustainable development. It also provides issuers access to specific set of global investors who invest only in green ventures. With an increasing focus of foreign investors towards green investments, it could also help in reducing the cost of capital.

India has embarked on ambitious target of building 175 gigawatt of renewable energy capacity by 2022 from just over 30 gigawatt now. This requires \$200 billion in funding. This isn't easy. For this purpose, green bond is imperative for India.

Parul Jain
B.Com.-II

International Monetary Fund

The International Monetary Fund (IMF) is an international organization working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world. It came into formal existence with the goal of reconstructing the international payment system. It now plays a central role in the management of balance of payments difficulties and international financial crisis. Countries contribute funds to a pool through a quota system from which countries experiencing balance of payments problems can borrow money. The IMF generally monitors the global economy,

and its core goal is to economically strengthen its member countries. The IMF is headquartered in Washington, D.C., but has offices in Paris, Tokyo, New York, and Geneva. Specifically, the IMF was created with the intention of:

1. Promoting global monetary and exchange stability.
2. Facilitating the expansion and balanced growth of international trade.
3. Assisting in the establishment of a multilateral system of payments for current transactions.

Functions

According to the IMF itself, it works to foster global growth and economic stability by providing policy, advice and financing to members, by working with developing nations to help them achieve macroeconomic stability and reduce poverty. The rationale for this is that private international capital markets function imperfectly and many countries have limited access to financial markets. Such market imperfections, together with balance-of-payments financing, provide the justification for official financing, without which many countries could only correct large external payment imbalances through measures with adverse economic consequences. The IMF provides alternate sources of financing.

Upon the founding of the IMF, its three primary functions were: to oversee the fixed exchange rate arrangements between countries, thus helping national governments to manage their exchange rates and allowing the government to prioritise economic growth, and to provide short-term capital to aid the balance of payment. This assistance was meant to prevent the spread of international economic crisis. The IMF was also intended to help mend the pieces of the international economy after the Great Depression and World War II, and provide capital investments for economic growth and projects such as infrastructure.

Criticism of IMF

Unsound policy for fixation of exchange rate by IMF

The unsound policy for fixation of exchange rate is one of the disadvantages of IMF. Some of the provisions of IMF are unsound. For example, devaluation is justified when international inflation causes fundamental disequilibrium. If inflation persists, devaluation of currency cannot be effective. Appropriate adjustments are desired only

through internal economic policy changes.

Non-removal of foreign exchange restrictions by IMF

One of the important objectives of the IMF has been to remove foreign exchange restrictions which retards the growth of global trade. Still, member countries follow unhealthy practices of exchange controls and multiple exchange rates. Consequently, the international business is adversely affected.

Inadequate resources

The resources at the disposal of the IMF are not adequate to cater to the needs of member countries which is a setback of IMF. Uncertain capital inflows into the international financial system necessitates the strengthening of the fund resources. The resources of the fund may be enhanced by raising the quota. But developed countries are reluctant to increase the quota of the fund.

Charisha Goel

M.Com.-I

Lease Financing

Lease financing is one of the important sources of medium and long term financing where the owner of an asset gives another person, the right to use that asset against periodical payments. The owner of the asset is known as lessor and the user is called lessee.

The periodical payments made by lessee to lessor are known as lease rental. Different types of leases are Finance lease & operating lease. Under finance lease, the lessor transfers all the risks and rewards of ownership of assets to lessee for lease rentals. It puts the lessee in the same condition as he/she has purchased the asset. It has 2 phases-Primary period which is non cancellable period and secondary period. The lessor recovers his investment in asset through high rental payment in primary period. Rental payments in secondary period are much smaller.

Lease other than finance lease is called operating lease, here risks and rewards incidental to the ownership of asset are not transferred by the lessor to the lessee. The term of such a lease is much less than the economic life of the asset and thus the total investment of the lessor is not recovered. Under it, the lessor provides advice to lessee for repair, maintenance and technical

knowhow. At the end of lease term the lessor can give the option to lessee to buy the asset. Lease financing has many advantages and disadvantages.

Its main benefits are-It assures regular income to lessor while his ownership is preserved. Tax benefit is enjoyed by lessor by way of depreciation in respect of leased asset. The business of leasing is highly profitable since rate of return is higher than interest payable on financing the asset. It has high potentiality of growth. The lessee can use capital goods by paying monthly or yearly rentals and can take tax benefits as lease payments can be deducted as a business expense. Lessee get technical assistance from lessor. It is inflation friendly –the lessee has to pay fixed sum even if the cost of asset goes up.

Its disadvantages are-It is unprofitable during inflation and there are greater chances of damage of asset and double taxation. Lessee is under compulsion to pay even he does not want to use the asset. He/she does not become the owner of the asset at the end of lease agreement unless he/she decides.

Despite of some drawbacks, the lease financing is gaining popularity and there are increasing number of companies in this business , some leading companies are-TATA Finance, Bajaj Holdings, ICICI, Muthoot Finance, L &T Finance etc.

Parneet Kaur

M.Com.-I

Mergers and Acquisitions

Till the year 1988, the concept of Merger and Acquisition in India was not much popular. During that period a very small percentage of businesses in the country used to come together, mostly into a friendly acquisition with a negotiated deal. The key factor contributing to fewer companies involved in the merger was the regulatory and prohibitory provisions of Monopolistic and Restrictive Trade Practices Act, 1969. According to this Act, a company or a firm has to follow a pressurized and burdensome procedure to get approval for the merger and acquisitions. Merger and Acquisitions (M&A) have been a very important market entry strategy as well as an expansion strategy. The concept of mergers and acquisitions is very much popular in the current scenario. Consolidation

through mergers and acquisitions is considered as one of the best ways of restructuring structure of corporate units. M&A gives a new life to the existing companies.

Mergers and Acquisitions (M&A) is the area of corporate finances, management and strategy dealing with purchasing or joining with other companies. In a merger, two organizations join forces to become a new business, usually with a new name. Because the companies involved are typically of similar size and stature, the term "merger of equals" is sometimes used. In an Acquisition, on the other hand, one business buys a second and generally smaller company which may be absorbed into the parent organization or run as a subsidiary. A company under consideration by another organization for a merger or acquisition is sometimes referred to as the target.

M&A are defined as consolidation of companies. Differentiating the two terms, Mergers is the combination of two companies to form one. Laws in India use the term 'amalgamation' for merger. It usually involves two companies of the same size and stature joining hands. There are different types of concept in which merging of the companies take place like, Horizontal Merger, Vertical Merger, Conglomerate Merger, and Reverse Merger, while in Acquisitions one company is taken over by the other. Even after the takeover, although there is a change in the management of both the firms, companies retain their separate legal identity. The Companies remain independent and separate; there is only a change in control of the Companies. M&A is one of the major aspects of corporate finance world.

The reasoning behind M&A generally given is that two separate companies together create more value compared to being on an individual stand. With the objective of wealth maximization, companies keep evaluating different opportunities through the route of merger or acquisition. As an aspect of strategic management, M&A can allow enterprises to grow, shrink and change the nature of their business or competitive position.

M&A can include a number of different transactions, such as mergers, acquisitions, consolidations, tender offers, purchase of assets and management acquisitions. In all cases, two companies are involved, where an acquiring company makes an offer to buy the other company in its entirety or purchase some of its assets.

Some of the top merger and acquisition deal in India are TATA STEEL-CORUS: Tata Steel is one of the biggest ever Indian's steel company and the Corus is Europe's second largest steel company. In 2007, Tata Steel's takeover European steel major Corus for the price of \$12.02 billion, making the Indian company, the world's fifth-largest steel producer. TATA MOTORS-JAGUAR LAND ROVER: Tata Motors Limited (TELCO), is an Indian multinational automotive manufacturing company a subsidiary of the Tata Group and the Jaguar Land Rover Automotive PLC is a British multinational automotive company Tata Motors acquisition of luxury car maker Jaguar Land Rover was for the price of \$2.3 billion and many more such as VODAFONE-HUTCHISON ESSAR, RANBAXY-DAIICHI SANKYO, MAHINDRA & MAHINDRA-SCHONEWEISS.

Puneet Sharma
Assistant Professor

Management Information System (MIS)

Management Information System is basically a software tool which gives a holistic report of processed information based on which management can take certain crucial decisions on which strategy and tactics could be figured out. MIS provides information that is needed to manage organizations efficiently and effectively. It is an organized approach for obtaining relevant and timely information on which managerial decisions are based.

MIS facilitates the decision making process and enables the organizational planning, control, and operational functions to be carried out effectively.

The need and importance of management information systems may be understood in the fact that in the absence of latest and accurate information, the growth and smooth functioning state of a business organization can be highly affected.

Using management information systems in an organization simplifies the processes and provides up-to-date information. It enables to get the information related to various aspects of a business through which the strengths and weaknesses of a business can be identified and in turn can lead to formulating strategies and implementing them

accordingly in order to bring improvements. MIS professionals help organizations in many ways. Whether it is a big, medium or small organization, it realizes maximum benefits from investments in personnel, equipment and business processes

IMPACT OF MANAGEMENT INFORMATION SYSTEM (MIS) ON THE ORGANISATION

MIS plays a very important role in the organization; it creates an impact on the organization's functions, performance and productivity.

a. The impact of MIS on the functions is in its management because a good MIS supports the management of marketing, finance, production and personnel. The tracking and monitoring of the functional targets becomes easy.

b. The MIS creates another impact in the organization which relates to the understanding of the business itself.

So, MIS is the subset of the overall planning and control activities covering the application of humans, technologies and procedures of the organization

As organization grow, MIS allows information to move between functional areas and departments instantly, reducing the need for face-to-face communication among employees, thus increasing the responsiveness of the organization.

Aakriti Sharma
M.Com.-II

Outsource Product Development

Outsourced product development (OPD) is a practice in which an organization hires a third-party provider for the development of products and services in a variety of fields (such as IT, business, communication and HR), and even idea generation.

OPD success depends on finely integrated strategic planning, communication, collaboration, management and specialized resources. OPD implementation success hinges on continuous and consistent communication between decision makers, especially managers, engineers and business owners. This collaboration streamlines communication, production quality and, ultimately, customer satisfaction.

OPD implementation recommendations include:

- Development during daylight hours
- Testing during evening hours

- Outsourcing to locations north and south of an organization's corporate office and production facilities to minimize time zone variances
- Recruiting and hiring high-quality team members.
- Small teams are more efficient than large teams. Thus, management must establish a balance to ensure team synergy.
- Intellectual property (IP) costs are part of doing business. If IP considerations are not enforced, it may be necessary to switch providers or create innovative products for customer retention.

Logistical skills require innovation, but the primary objective is closely monitoring OPD's effect on production quality and customer satisfaction.

The IT industry (including offshore branch offices of giants like Microsoft, Adobe and Cisco) accounts for approximately 15 percent of the OPD market.

Here are some of the largest Outsourced product development Companies in India:

- Tata Consultancy Services (TCS)
- Infosys
- Wipro
- HCL Technologies
- Tech Mahindra
- Larsen & Toubro Infotech
- Mphasis
- Mindtree
- Hexaware Technologies

Hishil Goel
B.Com.-I

Patanjali Business Model :A Challenge to MNCs (in FMCG market)

Baba Ramdev established the Patanjali Ayurveda Ltd in 2006 along with Acharya Balkrishan with the objective of establishing science of Ayurveda in accordance and coordination with the latest technology and ancient wisdom . Patanjali was started in 1997 as a pharmacy store to manufacture health care product in Haridwar. It got incorporated as a company in 2006. Patanjali Ayurveda Ltd is an Indian FMCG company. Manufacturing units and headquarters are located in the industrial area of haridwar while registered office is located at Delhi .According to CLSA and HSBC, patanjali is the fastest growing FMCG company in India .It is valued at Rs 30 billion.The company manufactures 444 products

including 45 types of cosmetics products and 30 types of food products. The products of the patanjali are sold through three types of medical centers which include patanjali arogya Kendra, patanjali chikitsalya, swadeshi kendras. The revenue of patanjali has crossed Rs 5000 crores in 2016.

A challenge to MNCs—Patanjali Ayurveda Ltd poses threats to MNCs and presents challenge to MNCs because of these major reasons .

Baba Ramdev a strong brand Ambassador:, yoga guru himself is promoting herbal and organic patanjali products. He endorsed the name of swadeshi factor associated with the company. He made them believe about corruption in society and how the big brands are dealing with the lives of people.

Customer centricity: Patanjali ayurveda has focused on one key aspect ,to understand the need for healthy and ayurvedic products and offer them to the customers .

Smart pricing: Products of the patanjali are 10 % to 30% cheaper than MNCs brand in market. Company sources product directly from farmers and cuts on middleman to boost profit to promote ayurveda and health. Simple packaging can be very effective way of promotion as well as cost cutting on packaging and advertising ,with a natural look ,consumer get a feeling of health and wellness and they get attracted to buy the product.

Strong distribution channels : The product are sold through three types of medical centers. These includes patanjali chikitsalyas ,then there are patanjali arogya kendras which are health and wellness centres. They also have non medicine outlets called swadeshi kendras .They also distribute through general retail stores. They plan to grow 100,000 outlets in next few years.

Reputation : Last but not least he has built his reputation among his non followers. When it comes to choosing between the P&G, Nestle, Unilever and Patanjali, most would trust the later than former.

Yachna
M.Com.-I

Advancing On Global Platform

State Bank of India has initiated the process of merging its five associate banks . This action was long overdue.

Five Associate Banks include:-

1) State Bank of Mysore

- 2) State Bank of Travancore
- 3) State Bank of Bikaner and Jaipur
- 4) State Bank of Hyderabad
- 5) State Bank of Patiala.

This merger will increase India's ranking on the Global Banking. The Benefits of the merger are

- It has improved the competitive skills of banking on international platform.
- It has increased the presence of banks in all geographies which will help to extend consumer base.
- It has resulted in reduction of operating costs, There is reduction in overheads, administrative offices & centralization of treasury.
- Consumer credit process approval has simplified. The consumer is benefited in the form of improved services, borrowing costs, etc.
- SBI has added 8 lakh crore of assets. The increased balance sheet size has enabled the bank to obtain better pricing on both internationally sourced funds and domestic deposits, thus helping it to lower lending rates and improve profitability.

DOWNSIDES OF MERGER

- The scale of task is substantially increased and with that the burden of staff has also increased. With more than two lakh employees, the parent has added, close to one fifth that number, by way of additions, posing a huge test in terms of integration of roles, salary, perquisites and pension structures.
- Consumer of smaller community may be discomforted by having to deal with a larger and impersonal lender.
- If the bank crashes, there can be depression like that of Lehman brothers in 2008.

Parul Jain
B.Com.-II

Student's Attitude Towards Entrepreneurship

Entrepreneurship is considered as an engine of economic growth that plays a great role in the economic growth and development of the country, more so in a rapidly developing country like India. Entrepreneurship development today has assumed a great significance as it is a key to economic development. Entrepreneurs are the seeds of industrial development and its fruits are greater employment opportunities, increase in per

capita income, higher standard of living and balanced regional development.

For generating economic growth and moving towards the entrepreneurial society, it is imperative in the opinion of economic theorists to have a development of entrepreneurship capital which reflects a number of different legal, institutional and social factors and involves a social acceptance of entrepreneurial behaviour and individuals who are willing to deal with the risk of creating new firms and favorable business environment. Hence, entrepreneurial initiative of individuals must be regarded as an important factor for economic growth, whereas a major role in working up attitudes towards life, is played by educational system, which should be developing and propagating entrepreneurial initiative among students and graduates. Opportunity identification is the very first step in entrepreneurship and this process is clearly an intentional process. Therefore, entrepreneurial intention merits scholarly research. It has been empirically proved to be the best and unbiased test of entrepreneurial behaviour. Understanding the antecedents of entrepreneurial intention, allows teachers, consultants, advisors and policy makers to get a clearer picture of how intentions are formed and how new venture founders' beliefs, perceptions and motives impact the intent to start a business.

Entrepreneurial intent among students: Recently there has been a growing interest in undertaking and intensifying actions promoting and supporting the idea of entrepreneurship as an attractive alternative to wage employment among students. There are several reasons for this interest. Firstly well educated entrepreneurs are expected to create ventures that grow faster than their counterparts. The importance of education to successful performance of new ventures is well recognized by management practitioners and researchers. Secondly, due to the process of restructuring in organizations following intensified competition in the market worldwide, previous advantages with wage employment in large established enterprises, such as job security or reward for loyalty have lost on their actuality, thus increasing the desirability of self employment. The unemployment among graduates has also been increasing.

Over the years the decision to become an entrepreneur has been analysed using different

methodologies. Researchers began looking for the existence of certain personality traits that could be associated with entrepreneurial ability. Later studies have pointed out the importance of different characteristics such as age, gender, origin, religion, level of studies, labour experience etc. They are usually called as demographic variables. Both these approaches have allowed the identification of significant relationship among certain traits or demographic characteristics of the person. However their predictive capacity has been very limited. From the theoretical perspective, these approaches have been criticized, both for their methodological and conceptual problems and for their low explanatory capacity. Since the decision to become an entrepreneur may be considered as voluntary and conscious, it seems reasonable to analyze how that decision is taken. In this sense, entrepreneurial intention would be a previous and determinant element towards performing entrepreneurial behaviour. In turn the intention to carry out a given behaviour will depend on the person's attitude towards that behaviour. A more favorable attitude would increase the intention of carrying it out. In this manner this "Attitude Approach" would be preferable to those traditionally used approaches used, such as the trait or the demographic approaches. Thus attitude would measure the extent to which individual positively or negatively evaluates something. Attitudes are relatively stable, but may change according to time and situation.

Harsimran Kaur

Success Story Of New Class Of Indian Entrepreneurs

An entrepreneur is a person who organizes and manages a business undertaking assuming the risk for the sake of profit. Any person who starts and operates a business is an entrepreneur. There are some personalities who earned their name as a successful entrepreneur and have inspiring stories.

"THE BANSAL BROTHERS" OWNER OF FLIPKART

Flipkart was founded in 2007 by Sachin Bansal and Binny Bansal, both alumni of the Indian Institute of Technology Delhi, computer science graduated from the 2005 batch. Sachin worked at Techspan for 6 months and then at Amazon. Binny worked at Sarnoff India for a year and a half and

then at Amazon India for 8 months. They quit their jobs in September 2007 to begin their own start up journey. Flipkart.com was founded on September 5, 2007. The website was launched on October 15, 2007. From a startup with an investment of just five lakh rupees, Flipkart has grown into a 100 million revenue online retail giant in just five years.

Both the brothers left their jobs in amazon.com in 2007 with a dream to become India's top retail Outlet in E-commerce industry. They come up with an idea to sell books including novels online and as their business grew up, they added mobile phones and accessories in 2010 and launched further products in 2011 and 2012. Now people can buy each and every item on it with a feature of 'cash on delivery'. Although, recently, Walmart has acquired 77% of controlling stake in Flipkart by investing \$16 billion

“VIJAY SHEKHAR SHARMA”- OWNER OF PAYTM

Vijay Shekhar Sharma owns a company whose current value is a little over \$10 billion in market in 2018, a dream dreamt when he was struggling to make ends meet with rupees 10 in pocket. But he tasted victory the hard way. Nothing came easy for him. He is an Indian entrepreneur and founder of paytm. Sharma was born in Aligarh, brought in a modest family. Sharma cites Alibaba founder Jack Ma and Masayoshi Son of Softbank as his inspiration. Paytm is an Indian e-commerce shopping website headquartered in Noida, launched in 2010. It is owned by one 97 communications. The firm started by offering mobile recharge, adding bill payment and e-commerce with product similar to business such as Flipkart, Amazon.com, Snapdeal. In 2015, it added booking bus travel. He had a very simple life and he completed his schooling in Hindi so it was difficult for him to read English but with hardwork he learnt English and made his business successful.

There are number of personalities who think lateral and became successful entrepreneurs and I am sure that one day due to these personalities, India will be a developed country and with their lateral thinking they will remove unemployment.

Emanpreet Kaur
M.Com.-I

Universal Basic Income (UBI)

The idea of universal basic income is gaining popularity not only in India but globally too. In 2016, 77% of people in Switzerland rejected UBI in a referendum where each citizen would get more than 2000\$. Experts are looking forward to eradicate two imperative problems via UBI:

- In this era of technological revolution where artificial intelligence and automation has gained importance, it may result in future unemployment.
- It will solve the problem of poverty and inequality which has resulted in the growth of social unrest.

So, UBI provides a more efficient way of delivering welfare and supplying monetary resources so that people can access basic necessities of life. UBI is mostly viewed from a negative perspective as it increases the fiscal burden of the government and may lead to misuse of money etc. But as we know no system is perfect, there are always some flaws. Arvind subramanian has defined UBI as “government depositing money in beneficiary's a/c each year to augment his or her purchasing power in open market”, where all welfare benefits are compressed into one singular platform i.e. JAM (jandhan, aadhaar and mobile). It will be Surprising to know that global tech sector is actually the biggest champion of UBI. They feel that giving cash to poor is better than traditional welfare (PDS, MNREGA, etc). On the other hand, it may be difficult to recognize proper beneficiary, able bodied men getting money and inevitably it depends on fiscal capacity of the government. In developed countries, it will be easy to implement it, as their tax to GDP ratio is high.

UBI would be a socialist measure where you are giving a different form what is already being given. It would increase the bargaining power of working class and also increment their income cushion. It will surely lift the dignity of the individual where he can fulfill his necessities according to his preferences. He will have economic freedom to spend his basic income. So, it can play a potential role in eliminating poverty and providing safety against deprivation. However in the light of afore mentioned challenges UBI should be designed and implemented in a manner that minimizes leakage and doesn't put heavy burden on fiscal resources.

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