VOL.3 ISSUE 5

H.R. COLLEGE of Commerce & Economics

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HSNC UNIVERSITY MUMBAI

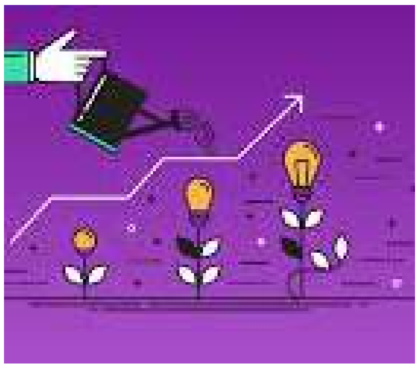
OCTOBER 2021

FINNACLE









INDIA'S AMBITIOUS ETHANOL BLENDING PLANS

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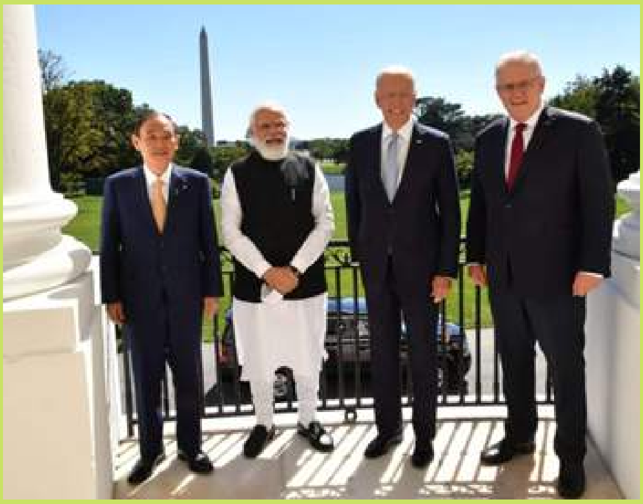


What is the quad?

Known as the 'Quadrilateral Security Dialogue' (QSD), the Quad is an informal strategic forum comprising four nations, namely -- USA, India, Australia and Japan. It is considered an alliance of maritime democracies, and the forum is maintained by meetings, semi-regular summits, information exchanges and military drills of all the member countries.

What is AUKUS?

The AUKUS is a trilateral security deal between Australia, the UK and the US in which the three nations have committed to protecting the Indo-Pacific from China's dominance and build a class of nuclear-propelled submarines. The initial talks of the AUKUS deal began at the G7 Summit hosted by the UK in June 2021 while the AUKUS pact was announced in September.

Objectives of AUKUS:

AUKUS will involve a new architecture of meetings and engagements between the three countries, as well as cooperation across emerging technologies like applied AI, quantum technologies and undersea capabilities.
In its first project, the US and the UK have committed to help Australia in developing and deploying nuclear-powered submarines.

Key Differences between the quad and AUKUS:

1. The major difference between both the alliances is that the AUKUS is a military alliance, whereas QUAD is not, it is a diplomatic alliance.

2. Another difference would be that the AUKUS specifically will deal with the security and military situation in the Indo-Pacific region, however, the QUAD focuses on the affairs of the whole world, for instance in the 2021 virtual meet -- they discussed the COVID-19 situation, vaccines, climate change, Afghanistan situation etc.

3. The AUKUS trilateral military pact to protect the Indo-Pacific from China's dominance and shield the post-1945 global order. However, the QUAD has an agenda of its own that suits shared interests of all the members.


Narendra Modi @n... · Mar 12, 2021
Had fruitful discussions with @POTUS @JoeBiden, PM @ScottMorrisonMP and PM @sugawitter at the 1st Quad Summit.

Reiterated India's commitment to a free, open and inclusive Indo-Pacific in line with our vision of SAGAR - Security and Growth for All in the Region.

Narendra Modi
@narendramodi

United in our fight against COVID-19, we launched a landmark Quad partnership to ensure accessibility of safe COVID-19 vaccines. India's formidable vaccine production capacity will be expanded with support from Japan, US & Australia to assist countries in the Indo-Pacific region.

10:18 PM · Mar 12, 2021

16.8K See the latest COVID-19 infor...

What are India's strategic interests in Quad ?

- India as a Net Security provider in the Indian Ocean Region:
- Countering China's Dominance:
- Framing post-COVID-19 international order
- Ensuring a free Indo Pacific:
- Convergence on other issues like:

i.connectivity and infrastructure development
ii.security including counter-terrorism
iii.cyber and maritime security
iv.reform of multilateral institutions

Major takeaways from the recent Quad summit:

Vaccine Initiative
The leaders from the four nations have decided to launch a mega vaccine initiative in which India will manufacture American vaccines with Japanese and US funding while Australia will provide the logistical support in the Indo-Pacific region.

Free & open Indo-Pacific
In a joint statement, the Quad leaders said: "We bring diverse perspectives and are united in a shared vision for the free and open Indo-Pacific. We strive for a region that is free, open, inclusive, healthy, anchored by democratic values, and unconstrained by coercion."

Climate Change & Critical and Emerging Technology
The leaders also discussed and exchanged views on climate change, post-pandemic recovery, and emerging and critical technologies.

What impact does AUKUS have on India?

The AUKUS pact seems to have received a positive response from an Indian perspective which signals Washington's political resolve to confront the growing security challenges in the Indo-Pacific region.

Although the pact would be focusing mainly on the Pacific and the South China Sea region, any action designed to deter China with or without New Delhi's active participation is a welcome move.

What does the future hold for both alliances?

The Indo-Pacific great game has begun and it is going to be a long one.
With AUKUS now formed to assist QUAD, the future course of action will now be dependent on China's response.

Glossary:

1. **Coercion**: To make one do something by force.
2. **Maritime**: Used to refer to places situated near a water body.
3. **Trilateral**: Term to denote three parties jointly collaborating or involved into something.
4. **Coalition:** Joining of two or more parties to secure mutual benefit.

Researcher: **Dhruv Punamiya**
Writer: **Sharan Israni**
Editor: **Neel Patira**
Article Designer: **Sharan Israni**

Sources : Business Standard, The Hindu, The Bridge Chronicle

PANDORA PAPERS: AN OFFSHORE DATA TSUNAMI

READ TIME: 4 MINS

Synonymous with the idiom, 'Opening Pandora's Box', the Pandora Papers have exposed financial data of the world's elitist. Before we dive into these papers, the phrase Pandora's Box is derived from Greek Mythology and means to open up a source of unforeseen trouble.

Going by the name of the Pandora Papers, these documents contain financial data of international icons who are avoiding tax payments by finding loopholes in their country's tax laws with the help of crafty wealth managers.

So, who leaked the Pandora Papers and what do they reveal? In the year 2019, an international consortium of investigative journalists (ICIJ), from more than a 100 countries and media organisations was formed. The offshore companies handed over damning financial data to the ICIJ. Tax haven or offshore countries are where there are less tax or no taxes. There are some countries which allow no taxes or less taxes in order to bring investors in their countries and for their economic growth. Most island countries are tax havens.

And, what makes the Pandora Papers such a flabbergasting controversy are the names of the household celebrities that it features. More than 35 world leaders, 300 public officials, over a 100 billionaires and business leaders were also listed.

Pakistan:

Members of Pakistani Prime Minister Imran Khan's government, donors to his party and family members of the country's powerful military generals moved millions of dollars of wealth through offshore companies. Water Resources Minister, Moonis Elahi and Finance Minister, Shaukat Tarin, were prominent in the leaks, alongside more than 700 other Pakistani citizens.

India:

Businessman Anil Ambani and his representatives owned at least 18 offshore companies in Jersey, the British Virgin Islands and Cyprus.

Among the celebrities implicated, is famed cricketer Sachin Tendulkar. Who, along with members of his family, is listed as Beneficial Owners of an offshore business in the British Virgin Islands, which was liquidated in 2016.

John Shaw, husband of Kiran Mazumder Shaw, established a trust with keys to a person prohibited by SEBI for insider trading. Kunal Ashok Kashyap was suspended for a year by SEBI in July 2021 in a case involving alleged insider trading in Biocon shares. John Shaw owns 99% of Glentec, which owns shares in Biocon Ltd. Jackie Shroff, a prominent Bollywood actor, was the primary beneficiary of a trust established in New Zealand by his mother-in-law. He also made "significant payments" to this trust, which had a Swiss bank account and was the owner of an offshore corporation incorporated in the British Virgin Islands.

While these papers have brought a lot of anger amongst the people which has led us to ask the pertinent question, what is the government going to do?

“To ensure effective investigation in these cases, the government will also proactively engage with foreign jurisdictions for obtaining information in respect of relevant taxpayers and entities," read a statement from the finance ministry.

Even though the government has promised to take the necessary steps it is important for us to know how people evade tax in INDIA and the causes of it:

- Lack of accurate tax legislation
- Significantly informal economy
- Lack of dissemination regarding the use of resources originating from taxes, and many more.

In India, there are various ways through which citizens evade tax. Smuggling, Sales Evasions and VAT etc. Taxes are a major source of revenue for the Government of India, this causes economic inequality and such vast socio-economic disparity. Paying your taxes is your civic duty as a citizen of your country. Hopefully, after the revelation of the Pandora Papers, more stringent laws will be enforced and regardless of someone’s status in the society nobody will be able to evade tax.

Glossary
Offshore: in a foreign country, especially in order to take advantage of lower taxes or costs or less stringent regulation.

Researchers: **Pooja Jogriya**
Writer: **Khushi Chhadva**
Editor: **Caelean Tavares**
Article Designer: **Bhavika Jeswani**

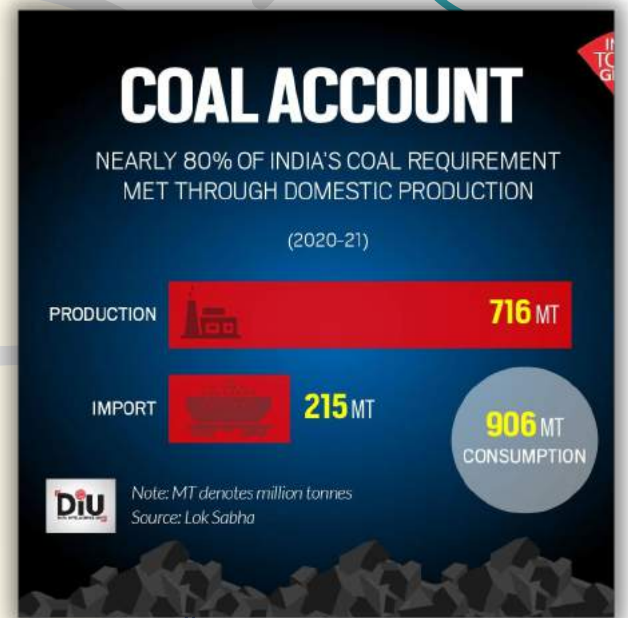
Sources: **The Hindu, Good Returns, India.com, Hindustan Times.**

Coal Crisis: Is India Heading for a Blackout?

READ TIME : 3 MINS

Imagine you are attending a lecture quietly sitting in your room and suddenly the light goes off and literally everything stops and there is a blackout. Isn't that too scary for today's world? Where everything is because of energy, power and electricity!

Non-renewable resources are a necessity for us, especially coal. Interestingly, our country produces almost **70%** of its energy **through coal**. India is also one of the top producers and exporters of it, moreover, our nation also produced 12% more coal in the first half of the current financial year, compared to the same period last year. The **2021 output** is **nearly six per cent more than the pre-pandemic year of 2019-20.** Besides, coal dispatches between April-September this year went up 20% in comparison with the corresponding period of 2020, and 13% compared to the year before that.



The Consequences of the Coal Crisis

A number of states including Delhi, Punjab and Rajasthan have raised concerns about potential blackouts as a result of low coal inventory at thermal power plants. Rajasthan, Punjab and Bihar have already reported load shedding as a result of thermal power plants operating at low capacity. Why are our country's power plants forced to work at a capacity which is inconveniently low? There are a few reasons:

- The demand for domestic coal has outstripped the supply by quite a margin, therefore the coal prices have increased. The shortage in coal is a result of a sharp uptick in power demand as the economy recovered from the effects of the pandemic. Total power demand in August was 124 billion units up from 106 billion units in August 2019.
- A sharp increase in the international prices of coal due to a shortage in China and low accumulation of stock by thermal power plants in the April-June period have also contributed to the coal shortage.
- Heavy rains in coal bearing areas in September has also led to a slowdown in the supply of coal to thermal plants.

How have the officials reacted?

The Ministry of Coal has assured that ample coal is available in the country to meet the demand of power plants. “Any fear of disruption in power supply is entirely misplaced. The coal stock at power plant end is about 72 Lakh tonnes, sufficient for 4 days requirement, and that the Coal India Limited (CIL) end is more than **400 Lakh tonnes**, which is being supplied to the power plants," The coal available at the power plants is a rolling stock which gets replenished by the supplies from the coal companies on a daily basis.

Furthermore, Central Coalfields CMD PM Prasad is also of the view that there is no coal shortage, stocks are at a low level because of high power generation this year.

How has the government responded to the coal crisis?

To defuse the crisis, the Union power ministry has issued instructions, ranging from asking states not to sell power at high prices on the power exchange to ordering state electricity generators to ensure provision of adequate supplies.

State-owned Coal India Ltd (CIL) has been asked to augment the coal supply to power producers to 1.55-1.6 million tonnes per day and to further scale it up to 1.7 million tonnes daily after 20th October.

In addition, guidelines have also been issued regarding utilization of unallocated power, to meet the increased demand from coal-based power generation.

Under these guidelines, the states have been requested to use the unallocated power for supplying electricity to the consumers of the state; and in case of surplus power, the states are requested to intimate Centre so that this power can be reallocated to other needy states. Further, if any state is found selling power in power exchange or not scheduling this unallocated power, their unallocated power may be temporarily reduced or withdrawn and reallocated to other States which are in need of such power.

The government is also ready to neglect large pending payments to Coal India and has promised to maintain supplies notwithstanding outstanding bills. States have huge pending dues of Coal India on them. It is learnt from sources that Maharashtra, Rajasthan, Madhya Pradesh, Karnataka, West Bengal and Tamil Nadu are big defaulters. All States have to pay dues of Rs 20,000 crores to Coal India.
Government sources said despite large sums of dues, supply continues and it will continue to provide power and coal supplies, providing assurance to the public.

Evidently, we are highly dependent on thermal energy however, we need to strategize ways to efficiently utilize alternative resources of energy so that our current coal crisis does not snowball into an unsolvable catastrophe. We need to promote renewable energy resources as well as educate the masses about the same in order to reduce our dependence on non-renewable forms of energy.

Researcher- Jainam Shah
Writer- Mitali Chhattani
Editor- Vidhi Barman
Article Designer - Disha Biyani

Sources : India Today, Live Mint, Indian Express

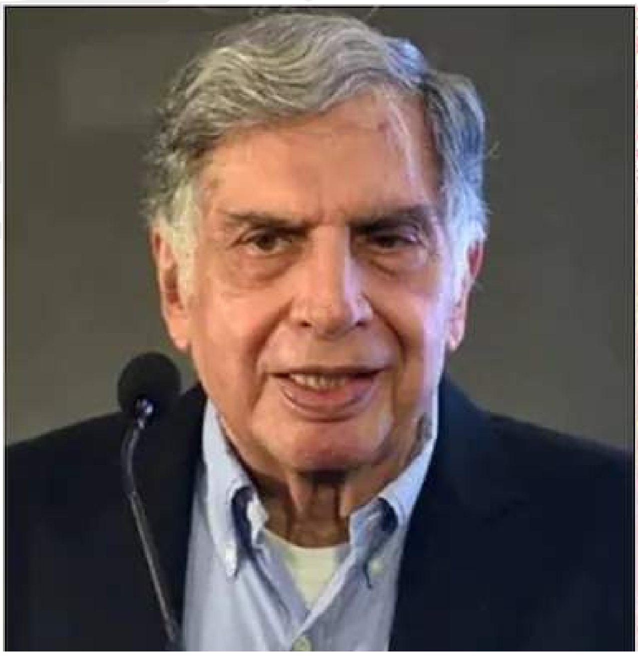
Glossary

Load shedding- the deliberate shutdown of electric power in a part or parts of a power-distribution system, generally to prevent the failure of the entire system when the demand strains the capacity of the system.
Coal bearing areas- areas containing or yielding coal
Power Exchange- the entity that operates an electricity market at which electricity is traded. The two power exchanges in India are Indian Energy Exchange and Power Exchange of India Ltd.

Deconstructing what the Air India takeover means for Tata

READ TIME : 3 MINS

The recent takeover of Air India, the third-largest airline in India in terms of domestic market share by Tata Sons, has created a huge buzz in the aviation sector. There has been a lot of speculation going on about its consequences and future for Tata Group and Air India. After a gap of 68 years, national carrier Air India returned to Tata Sons by the winning bid of Rs 18,000 crore. Apart from a 100% stake in Air India and its low-cost arm, Air India Express, the winning bid also includes a 50% stake in ground-handling company Air India SATS Airport Services Private Limited (AISATS). Tata outbid Spicejet and added a third airline brand to the group.



Air India, formerly known as Tata Airlines was founded in 1932 by JRD Tata. In 1946, the aviation division of Tata Sons was listed as Air India. It was among the first public-private partnership in India, with 49% government holding, 25% held by tata, and the rest by the public. The Airline was nationalized in 1953. For the next few decades, the national carrier dominated Indian skies. However, with economic liberalization and the growing presence of private players, this dominance came under serious threat.

Surprisingly Air India Limited has suffered losses every year since its merger with Indian Airlines in 2007-08. It had accumulated losses of ₹70,820 crores till 31 March 2020. The airline was suffering a whopping loss of Rs 20 Crore every day and a net loss of almost Rs 9500 crores was suffered by the airline in the last financial year. The Tata group will take over Rs 15,300 Crore of debt out of Rs 61,562 crore and the rest of Rs 2,700 crore will be paid by cash.

The first attempt to reduce the stake by 40% in the airlines made in 2001 by the NDA government failed. It was evident by the rising debt that it was on the verge of privatization. The trick of offering a 100% stake did the trick as private players were not interested in part ownership. The sale was never about the proceeds, it was decreasing the burden on the taxpayers and it also aligned with PM's commitment to reducing the government's role in the economy.

For Tata Group it was an emotional aspect getting the airline back which they founded. Since 1978 when JRD Tata was fired as Chairman of Air India till he passed away, he always wanted to protect the airline from the central government. So, in a way, Tata Group managed to achieve JRD Tata's goal, but it is a long bet for Tata group since they have to invest a lot of money to revive the airlines.

Tata has to retain all Air India employees for a year as part of the agreement and they will give an option of VRS if they want to retrench employees. There may be a few changes in the insurance policies of the current employees. Tata is planning to hire a new CEO for a makeover of the carrier, also TCS would step in to revamp the digital operations of airlines which would increase efficiency and reduce costs. Tata Sons have a gargantuan task ahead of it with accumulated losses, reducing lease liabilities, and re-establishing vendor contracts. But this may be a chance for a brighter future for the airline and for Tata Group to reclaim glory for their pioneer airline.

Researchers: Vidhi Nihalani
Writer: Vaidehi Kharde
Editor: Sana Mashurwala
Article Designer: Nikunj Sureka

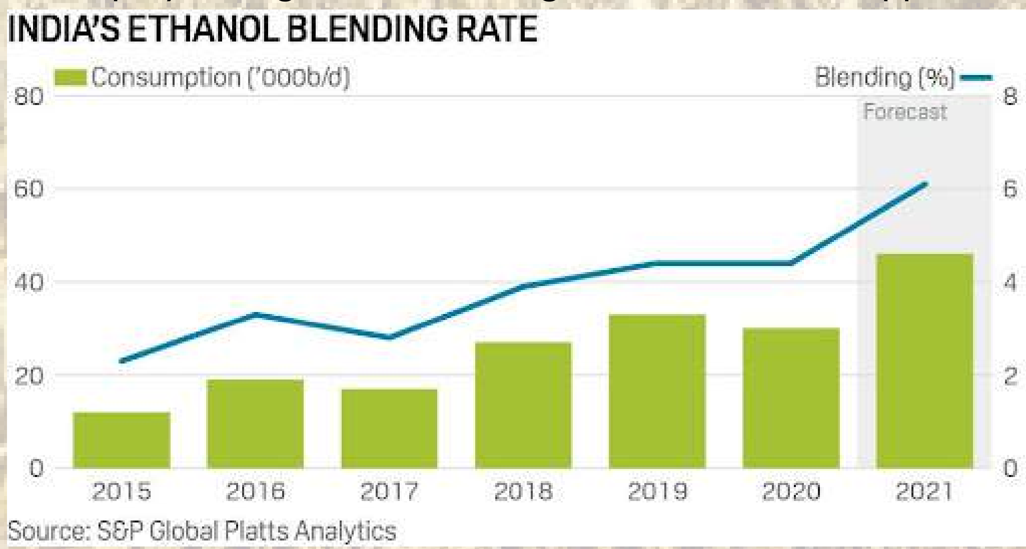
Sources: Economist, Indian express, Live mint, India times

India's Ambitious Ethanol Blending Plans

READ TIME : 3 MINS

Ethanol is an Agro-based product, produced from a by-product of the sugar industry, namely molasses. In years of surplus production of sugarcane, when prices are depressed, the sugar industry is unable to make timely payment of cane price to farmers. The Ethanol Blending Programme (EBP) seeks to achieve blending of Ethanol with motor spirit with a view to reducing pollution, conserving foreign exchange and increasing value addition in the sugar industry enabling them to clear cane price arrears of farmers.

In June 2021, the Prime Minister accelerated the nation's ethanol goal by 5 years. The policy seeks to double production and to have gasoline 20% blended with the spirit by 2025. To help meet the target, the government is offering financial assistance to biofuel producers and faster environmental clearances. Immense benefits can accrue to the country by 20% ethanol blending by 2025, such as saving Rs 30,000 crore of foreign exchange per year, energy security, lower carbon emissions, better air quality, self-reliance, use of damaged food grains, increasing farmers' incomes, employment generation, and greater investment opportunities.



What is needed to meet the blending target?

Many developed countries debate limiting policy support for grain-based biofuels. Steps are being taken amid reports of food-price increases and greenhouse gas emissions from deforestation.

In his World Environment Day speech, he made the announcement on ethanol mixing, Modi said that whereas till 2014 an average of only 1.5 percent ethanol could be blended in India, that proportion has now reached about 8.5 percent. So, while in 2013-14, about 38 crore litres of ethanol were purchased in the country, that figure now stands at more than 320 crore litres. The prime minister noted that a majority of the ethanol units are "concentrated in 4 to 5 states where sugar production is high", but said that food grain-based distilleries are now being set up across India along with modern tech-based plants to make ethanol from agricultural waste.

Raw materials:

Following raw materials apart from heavy molasses were allowed for ethanol production, sugarcane juice, sugar, sugar syrup, damaged food grains like wheat and rice unfit for human consumption. Also, different ex-mill prices of ethanol, based on raw material used for ethanol production, was fixed by the Government in case of sugarcane juice/sugar/sugar syrup.

Production:

Under the aforesaid scheme of DFPD, interest subvention at the rate of 6% per annum or 50% of rate of interest charged, whichever is lower on the loan sanctioned was borne by the central government for a period of 5 years.

To produce 684 crore litres of ethanol by the sugar industry by 2025-26, sugarcane equivalent to 60 LMT of surplus sugar would be diverted to ethanol. In the current sugar season 2020-21 more than 20 LMT of sugar is estimated to be diverted. To produce 666 crore litres of ethanol/ alcohol from food grains by 2025-26, about 165 LMT of food grains would be utilized.

Molasses-based distilleries have also been offered interest subvention to convert them to dual feed, to convert both food-grains & molasses into ethanol. DFPD is effectively monitoring the situation and encouraging states and investors to set up new industries and make sufficient availability of ethanol for blending.

Advantages:

- **Impact on emissions**

Use of ethanol-blended petrol *decreases emissions such as carbon monoxide (CO), hydrocarbons (HC) and nitrogen oxides (NOx).* Higher reductions in CO emissions were observed with E20 fuel — 50 per cent lower in two-wheelers and 30 percent lower in four-wheelers.

- **Energy Security**

India is the third-largest consumer of energy in the world after China and the US.

Ethanol will promote Atma Nirbhar Bharat Abhiyan by ensuring energy self-dependency to some extent.

- **Reduction in import dependency**

India is dependent on imports for about 82.1% of its crude oil requirement. EBP will reduce oil import bills and can save precious USD 4 billion (Rs. 300 billion) per year.

- **Entrepreneurial Opportunity**

India is expected to need 10 billion litres of ethanol annually to meet the 20% blending target in 2030 if petrol consumption continues to grow at the current pace. At present, the capacity stands at 1.55 billion litres a year.

- **Support for the agricultural sector**

It will help the sugar mill owner to pay farmers their pending FRP for sugarcane.

It will also mitigate the problem of low sugar prices in the international market.

Disadvantages:

- **Threat to Food Security**

Ethanol derived from rice, corn and sugar could undermine food security in the world's second-most populous country. India still ranks 94th on the Global Hunger Index 2020 comprising 107 nations. The coronavirus pandemic is also pushing more people into poverty, dealing a blow to decades of progress.

- **Water Crisis**

Rice and sugarcane, along with wheat, consume about 80% of India's irrigation water. A ton of corn can typically produce about 350 litres of ethanol, while a similar quantity of rice can yield about 450 litres of the spirit. For sugarcane, it's about 70 litres.

- **Competition between the distilleries and the public distribution system**:

The food grains meant for the impoverished are being sold to distilleries at prices cheaper than what states pay for their public distribution networks. *Many ethanol producers are getting rice at 2,000 rupees per 100 kilograms, which compares with an estimated 4,300 rupees FCI pays to stock up the grain.*
It could have adverse consequences for the rural poor and expose them to an enhanced risk of hunger.

	(₹/KL)	(₹/KL)	Change
Sugarcane Juice	62,650	59,480	5
C-heavy molasses	45,690	43,750	4
B-heavy molasses	57,610	54,270	6
Surplus rice	56,870	-	-
Damaged	51,550	50,360	2%

Researcher: **Shreya Bhutra**
Writer: **Harshika Surti**
Editor: **Nishika Kogta**
Article Designer: **Harshika Surti**

Sources::Times of India, Niti Ayog, First Post, Economic Times.

SPACE POLICY IS FINALLY MOVING INTO THE 21ST CENTURY

READ TIME : 3 MINS

Space is increasingly critical to modern life on Earth. However, there is growing concern that as space becomes more economically and strategically important, tensions between different space actors could lead to conflict.Now, countries are realizing that they need to update those agreements.

When and Where ?

On 27th and 28th September 2021, The United Nations Institute for Disarmament Research held its annual Outer Space Security Conference in **Geneva, Switzerland**

HIGHLIGHTS FROM THE PANEL:

1)Discussions on how the space domain has changed in recent years with the emergence of new State actors as well as non-governmental entities and effects on arms control and disarmament efforts.

2)Deliberation of why many nation's space policies continue to shift towards treating outer space as a contested, operational, or even warfighting, domain.

3)The dual-use nature of space assets has increased with the emergence of commercial companies making it difficult to discern whether the military capabilities of a satellite are for defensive or offensive purposes.

UNIDIR
UNITED NATIONS INSTITUTE FOR DISARMAMENT RESEARCH

HERE ARE SOME OF THE MOST SIGNIFICANT TAKEAWAYS:

An arms race could be brewing

Some experts are worried that space could turn into the next battlefield. The use of counter-space technologies has been on the rise. For example, Russia and China have recently performed **Anti-satellite missile tests**, and the US has long possessed similar capabilities.

Treaties must be updated

As of this year, 111 nations have signed the Outer Space Treaty of 1967, which bans military activities on celestial bodies.Today, space commerce relies heavily on the law of due regard, or the principle that countries should respect and take into account other countries' interests. But with the proliferation of commercial and nongovernmental entities in space, some nations agree it's time to change the rules.

The right technology can help:

Experts say it's possible to use technology to help regulate space traffic and defense, but doing so will require developing better "space situational awareness," a term that refers to keeping track of objects in orbit and predicting where they will be at any given time.

The Road Ahead:

Nations no longer are the only stakeholders in space. Non-governmental entities, such as commercial space companies, have become particularly prominent in recent years. Collaboration with these non-traditional stakeholders, as well as with academic research could lead to novel and diverse approaches to discussing space security.

Researchers: **Sachin Chhajer**
Writer: **Disha Biyani**
Editor: Sahil Mehta
Article Designer: **Jaee Pai**

Sources: unidir.org, MIT Technology Review, Communications Today.

BOOTSTRAPPING

READ TIME : 3 MINS

Ever dreamed of starting your own startup? Curated cool names for your company? Imagined yourself as a founder? Yet got stuck up when you thought about financing?
Well if yes, we got you covered.

Bootstrapping describes a situation in which an entrepreneur starts a company with little/no assets/capital, relying on money other than outside investments, unlike starting a company the regular way.

Bootstrapping is when one attempts to find and build a company from the personal finances / operating revenues of a new company.
A company considering bootstrapping will look towards the following ways:

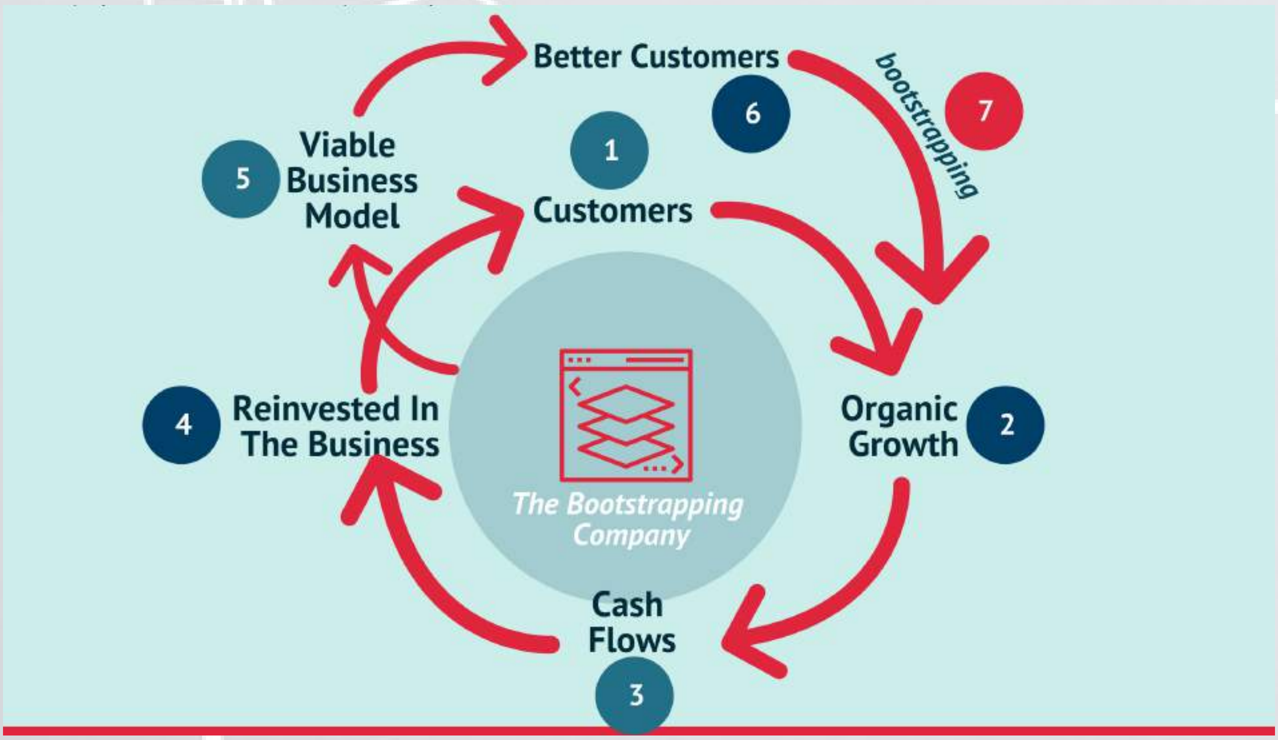
- ***Owner Financing***: Use of personal income and savings.
- ***Personal Debt***: Usually incurring personal credit card debt.
- ***Sweat Equity:*** A party's contribution to the company in the form of effort.
- ***Operating Costs:*** Keep costs as low as possible.
- ***Inventory Minimization:*** Requires a fast turnaround of inventory.
- ***Subsidy Finance:*** Government cash payments / tax reductions.
- ***Selling:*** Cash to run the business comes from sales.

Bootstrapping has predetermined stages to ensure proper execution & achieve set targets.
The growth of a bootstrapped company will usually follow 3 stages :

1. Beginning Stage
This stage normally starts with some personal savings, borrowed/ investment money or as a side business.

2. Customer-Funded Stage
Money from customers is used to keep the business operating & eventually, funds growth. Once operating expenses are met, growth will speed up.

3. Credit Stage
The entrepreneur must focus on the funding of specific activities*. The company takes out loans or may even find venture capital for expansion.



While every organisation has various objectives to be achieved which are quite distinct from one another, pros & cons here serve as an aid to decision making:

Pros of bootstrapping :

Low Cost of Entry
Bootstrapping is cheap—working with your own money means that super-efficiency is necessary.

You Call the Shots
Without any external investors, the founders' control over the company is not diluted. This ensures the business is moving in direction of the founders' vision.

Concentrate on Building the Business
The fact that raising external finance is not an issue, allows for full concentration on the core aspects of the business.

Cons of bootstrapping:

Cash Flow Issues
Because of the lack of capital & cash flow, problems can arise , also lack of experience causes stagnation & disasters.

Equity Issues Among Multiple Founders
When there is more than one founder, there could be an imbalance between the founders regarding the resources devoted and this could cause disharmony.

Risk of Failure Can Be High
Some bootstrapped companies are unsuccessful due to the lack of revenue.Starting a business requires very long hours of work just to keep your business going, along with the fact that there is no fixed pay.

Personal Stress
You'll need to become adept at handling stressful situations.

In the past, many well known organisations have resorted to bootstrapping and have proved how bootstrapping could be the key to ace the game!

Dell Computers (DELL)
Facebook Inc. (FB)
Apple Inc. (AAPL)
Clorox Co. (CLX)
Coca Cola Co. (KO)
Hewlett-Packard. (HPQ)
Microsoft Corp. (MSFT)
Oracle Corp. (ORCL)
eBay Inc. (EBAY)
Cisco Systems Inc. (CSCO)
SAP (SAP)

Bootstrapping could be a future norm towards developing businesses. With masses being 'vocal for local', business bootstrapping sees its way into the future of business financing.

"Successful bootstrapping is all about discipline & stamina" - Kevin Hale, co-founder , Wufoo.

Sources: Investopedia, Corporatefinanceinstitution, Forbes, Foundr, www.entrepreneur.com

Researcher: Sanam Maheshwari
Writer: Jhalak Thakur
Editor: Leesheeta Bansal
Article Designer: Nikunj Sureka

IPL ECONOMICS

READ TIME : 3 MINS

How did the Indian Premier League become one of the world's richest leagues?

If you live in India then you would have either accidentally or willingly watched at least a clip of a cricket match. The majority of Indians are insanely dedicated fans of cricket, but with the current situation of covid-19 unfortunately they are not allowed into the stadium to watch their favourite matches live.

The core of IPL's business model is the idea of inviting private firms to own franchises. When the franchise rights are sold at soaring prices, investing firms saw the value of investing in IPL. By selling off the franchise rights IPL was able to create money.

The BCCI collects colossal revenues by selling the media rights of IPL. With this revenue model, the BCCI gains revenue from broadcasters and online streamers, and after it deducts its share from the revenue it shares it with the teams after deducting share. The final winning team which has the highest ranks at the end of all matches gets the highest amount. According to Business Insider, around 60-70% of all revenue earned by IPL teams is generated through media rights.

IPL teams generate a large percentage of their revenue through brand sponsorship

.All franchises which partner with brands, sign contracts agreeing to endorse their logos on their kits. Around 20-30% of the IPL teams' revenue is from Sponsorship.

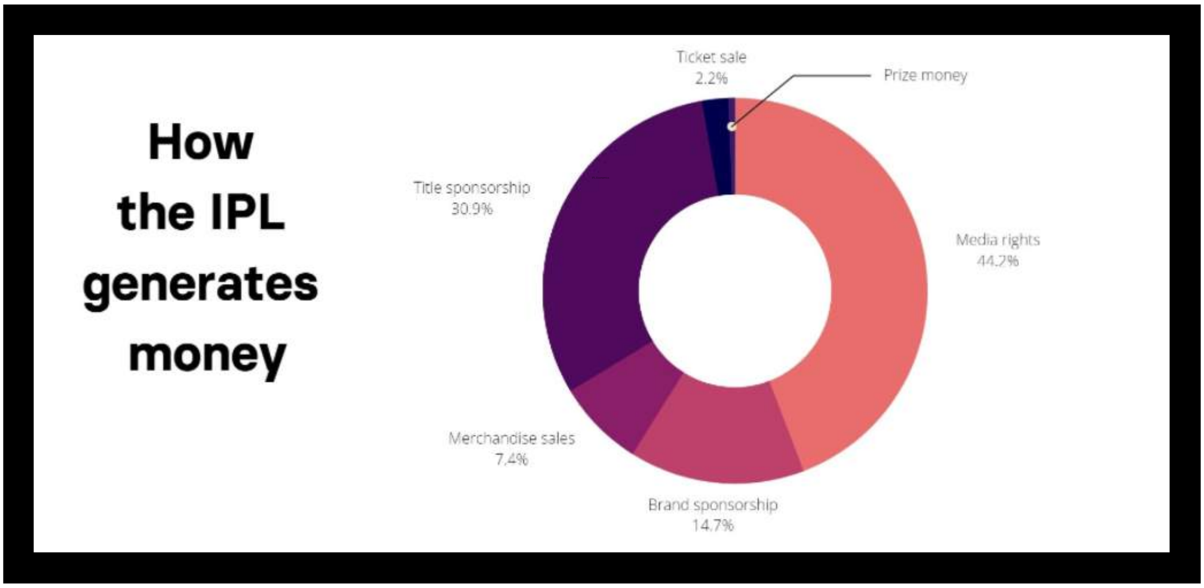
Team owners fix the ticket price for the match

If an IPL franchise the home team for a particular match they also get ticket shares. Around 10% of the revenue for IPL teams comes from ticket sales.

When an IPL team wins the tournament, they generate additional revenue.

The hefty prize money is distributed between the owners and the players of the winning team. Around 50% of the prize amount must go to the players.

The IPL teams also sell merchandise like T-shirts, caps, kits and wristwatches of all teams which can also be a form of revenue.



Expansion plans:

While IPL has guaranteed BCCI a sustained revenue stream, it still has unlimited untapped potential. The BCCI has a chance to make the IPL the greatest thing in sport . The expansion has to start in the domestic market first, by increasing the number of teams that participate in the IPL without diluting the quality of the contests.

The BCCI should sell franchises to cities, states and regions that are still underrepresented in the IPL. There is a massive appetite for cricket all across India, and getting a local team to cheer for will hook fans even more. Create franchises for Assam, for UP, for Gujarat, etc., and have them play the second division for the first couple of years if you have to.

KEY FINANCIAL FACTS:

- When an IPL match is broadcast, displaying a 10-second advertisement between the matches costs 12.5 lakhs - and this money is distributed between the two participating teams and the BCCI.
- Star Sports bagged the IPL's television and digital rights for 2018-22 for ₹16,348 crores, agreeing to pay about ₹54.5 crores per game in a 60-match season.
- The overall valuation of the IPL ecosystem stood at Rs 45,800 crore in 2020, down from Rs 47,500 crore in 2019, as per the IPL Brand Valuation Report 2020.

Glossary:

- **Franchise:** Franchising is based on a marketing concept that can be adopted by an organization as a strategy for business expansion.
- **Brand Valuation Report:** Overview of the brand valuation including executive summary, explanation of changes in brand value and historic and peer group comparisons.
- **BCCI:** The Board of Control for Cricket in India (BCCI) is the governing body for cricket in India and is under the jurisdiction of the Ministry of Youth Affairs and Sports, Government of India.

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Sources : DNA, TOI, Blue Ocean Strategy

SEAL OF TRUST

Paytm

WE CARE

PAYTM

READ TIME: 3 MINS

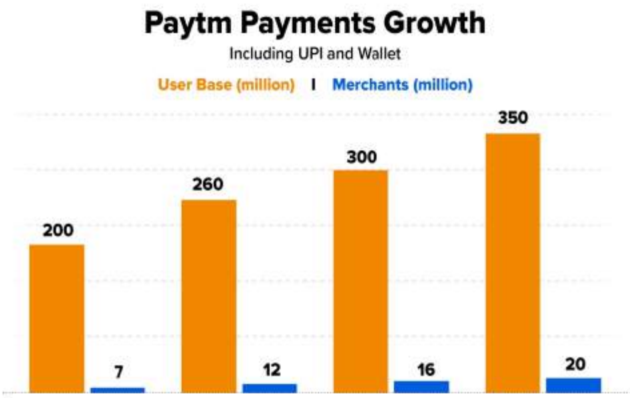
Paytm (One 97 Communications Ltd.) was founded by Vijay Shekhar Sharma in August 2010, as a prepaid mobile recharge website with an initial investment of $2 million. The word Paytm is an abbreviation for "pay through mobile." For a country that had 95% of monetary transactions made in cash before demonetization, it was difficult for Paytm to make customers believe in digital money. But, Paytm did the drill and enabled them to do cashless transactions.

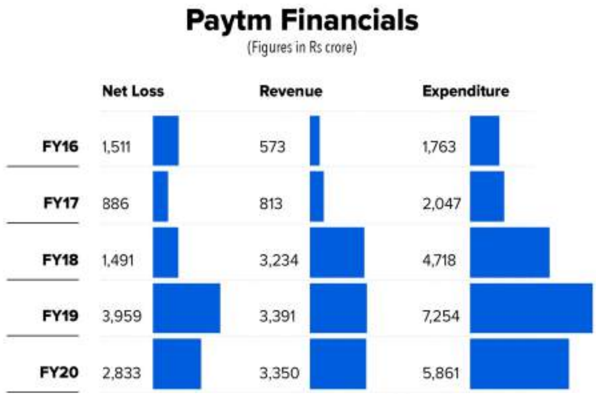
Vision: To enhance digital excellence, increase earning growth, cross-selling opportunities, leverage its capabilities and value propositions to increase its market position.

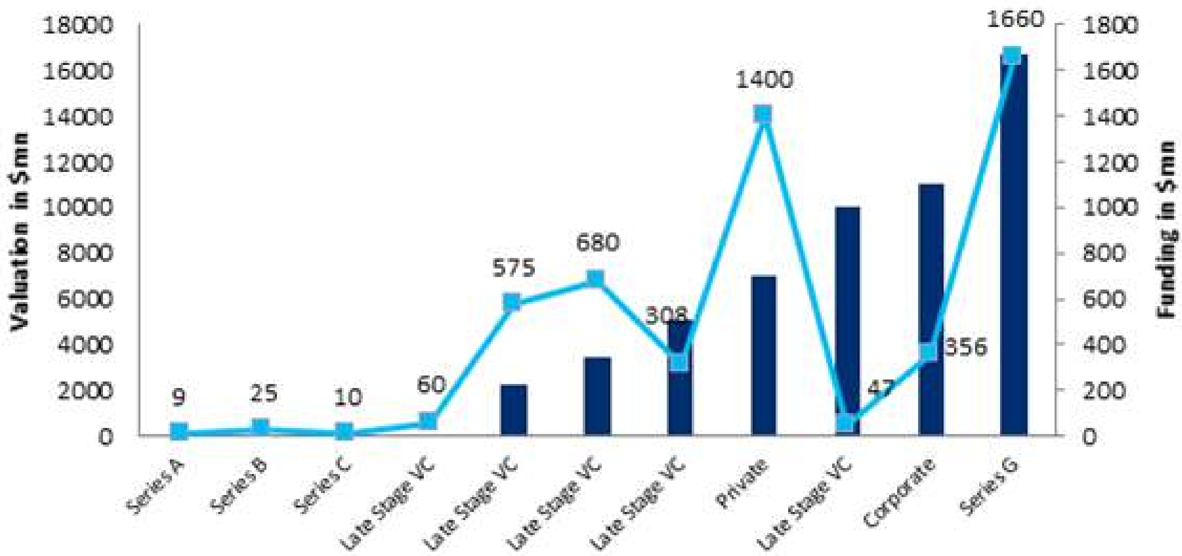
Mission: To bring half a billion Indians into the mainstream economy through payments, commerce, banking, investments, and financial services.

Key Financials and Quick Facts

- Vijay Shekhar got the idea to build Paytm during his visit to China when he saw vegetable vendors using their cell phones to accept payments from buyers.
- The digital wallet segment is completely dominated by Paytm with close to 50% market share.
- Paytm is available in 11 Indian languages.
- Paytm wallets applications have 100 Million downloads on the Google play store. There are over 350 million Paytm users.
- Each Rs 10 received via a single user was donated to the PM Cares fund via the Paytm app. In 10 days, Paytm had collected Rs 100 crore, 21000 oxygen cans were shipped to patients in need, and oxygen plants were donated.







PAYTM

Business Model and Major Sources of Revenue

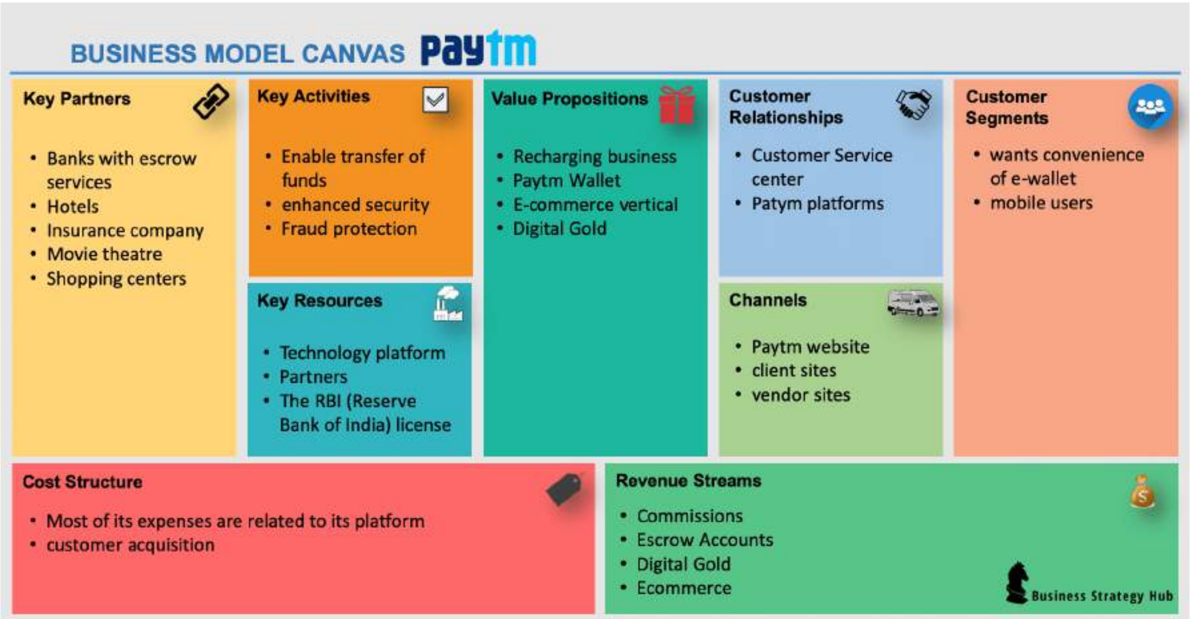
Paytm's core focus is on serving its Indians client base, especially the cell phone clients. Paytm proceeded to differentiate and progressed to creating more current administrations from any semblance of Paytm Wallet, E-business vertical to Digital Gold. Paytm used cricket and TV advertising to attract more clients.

Paytm Business Model is a marketplace-cum-payments-bank business model which also deals in recharge & bill payments and provides users with an e-wallet and reservation/booking options.

It is backed by some of the most prominent investors such as Alipay, Alibaba groups, SAIF partners, Silicon Valley Bank, and Sapphire venture, Softbank, Ant Financial, AGH Holdings, Berkshire Hathaway, T Rowe Price, and Discovery Capital.

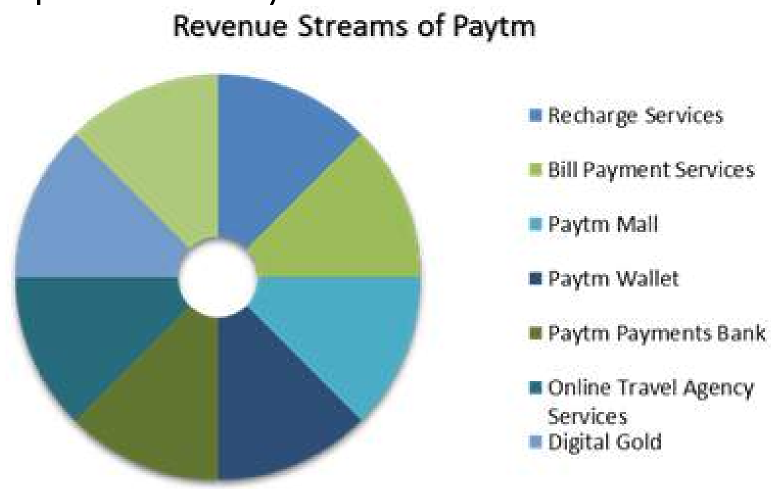
PAYTM FUNDING TIMELINE

Round (Series)	Amount ($m)	Investors	Year
Series A	8.3	SAIF Partners, Silicon Valley Bank	2007
Series B	9.8	Silicon Valley Bank, Intel	2008
Series C	10	Sapphire Ventures	2011
Series D	213	Alibaba	2015
Series E	471	Alibaba, Ant Financial	2016
Series F	1400	SoftBank	2017
Series F	357	Berkshire Hathway	2018
Series G	1000	Alibaba, Ant Financial	2019



Paytm Revenue model is divided into:

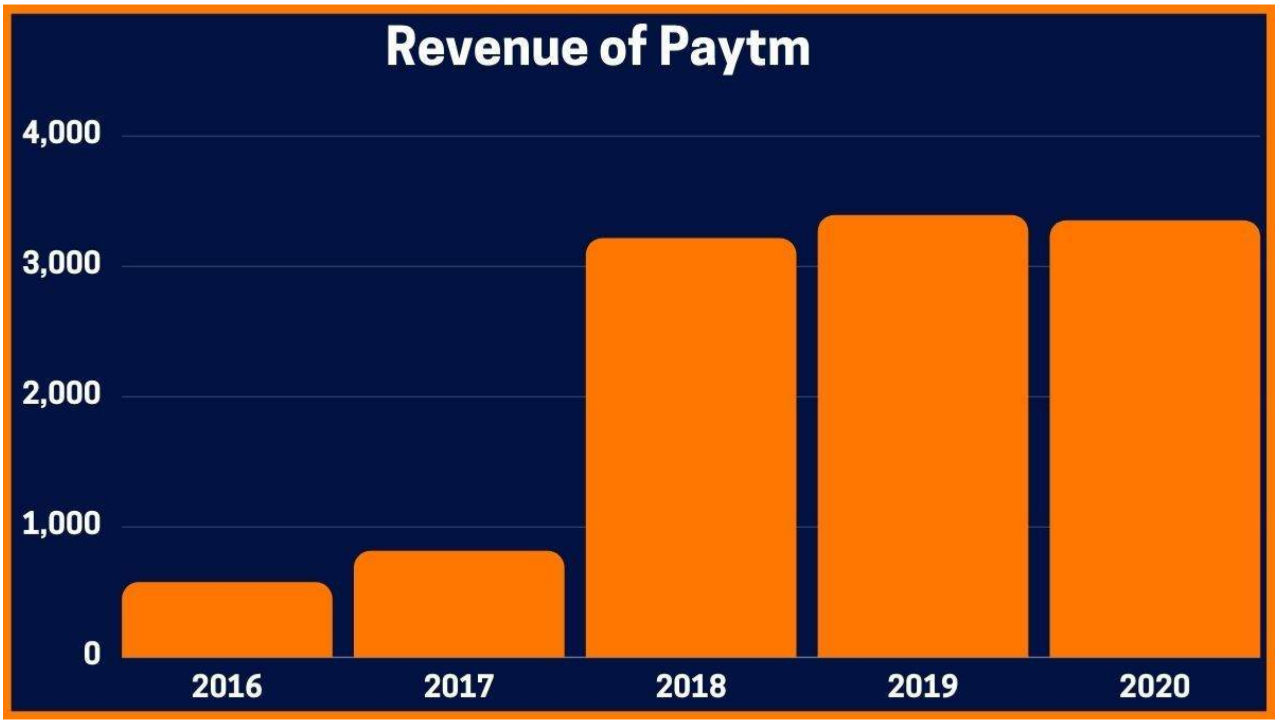
- Advertising Revenue Model: Paytm allows sellers to show their advertisements on Paytm websites and charges some amount for their advertisement.
- Subscription Model: Paytm allows different sellers to list their products on their websites and charges some annual subscription fees from sellers which generates revenue.
- Advance Payment Model: Paytm receives the interest on the payment of customers until they do not transfer the money in the seller account.
- Commission Revenue Model: Paytm charges commission from the seller for their listed product on Paytm websites.



PAYTM

Furthermore, the Paytm Revenue Model can be divided into the following categories:-

- Marketplace (Paytm Mall)
- Recharge Services
- Bill Payments
- Payment Solutions
- Paytm Wallet
- Digital Gold
- Paytm Bank



Important Developments:

- Paytm users can now store Aadhaar, driving license, vehicle RC, insurance via Digilocker. Digilocker Mini App on Paytm offers access to these documents to users even when they're offline or in a low connectivity zone.
- Paytm is India's first platform to accept international remittances directly into digital wallets.
- Paytm is looking forward to bringing in sovereign wealth funds as anchor investors in the company's pre-IPO placement.

- Switzerland-based insurance giant, Swiss RE might join Paytm's insurance business board.
- Paytm Money, a wholly-owned subsidiary of Paytm launches WealthBasket, a wealth and advisory marketplace designed to offer curated advisory products and services for the retail investors of the country.

Expansion Plans

- One 97 Communications, the parent company of Paytm, is all set to raise its capital target of over Rs. 16,600 crore ($2.2 billion) through an IPO that it had filed earlier in July 2021.
- Besides fresh issue worth Rs. 8,300 crores, it will comprise an offer for sale of the same proportion. It is one of the biggest stock market listings in the country.
- Deployment of Rs 2,000 crore in new business initiatives, acquisitions, and strategic partnerships.
- Paytm Payments Bank was proactive in entering into a partnership with ride-hailing companies like Ola and Uber. This will empower more than 1 lakh driver-partners to conveniently use Paytm FASTags and seamlessly commute across the country.

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Sources: **Economic Times, Startuptalky, India Times, Paytm**

Excellent Career options in Financial Services area

READ TIME: 4 MINS

Financial Services is an area that is frequently in the spotlight for right or wrong reasons. Stock markets were in the spotlight at the turn of the century as the IT stocks had soared to insane valuations and quite expectedly there was a crash. Many companies had changed their name to indicate that they had a connection with IT and their stocks shot through the roof overnight!

From 2003 to 2007, it was a boom cycle in the stock market, resulting in frenzied investments. Then the markets crashed in 2008, precipitated by housing bubble crisis in the USA as well as Mortgage-Backed Securities (MBS) and Credit Default Swaps (CDS) issued based on them, among other causes.

There was a global contagion and markets across the world crashed. Due to the stress emanating out of this global meltdown, Goldman Sachs went belly up and many other companies went bankrupt or had to be supported by the US Government.

Consumer Protection:

This crisis eroded the trust in financial services fraternity, which to start with was not very high!

The vulnerability of the customers came into start relief. Regulators across the world realized the need for protecting the investors more than ever before and a slew of regulations started coming up across the globe.

Regulators across the globe started coming up with frameworks where the financial services intermediary does the right thing for the customer. They came up with suitability norms where a distributor can sell products that are broadly suited to the client's situation, needs, risk taking ability etc.

Also, wild promises of returns were proscribed and a clear indication that the product has certain risk inherent in them was to be clearly declared to the customer. These helped to some extent. But, considering the extent of financial illiteracy and general apathy towards finances, this was only partially useful.

Regulators also wanted to create a new class of advisors who will act in customers' best interests and act in a Fiduciary capacity to their clients. Fiduciaries are those who put their client's interests ahead of everything, including their own self-interest.

The Opportunity:

While there is a lot of churn in the Financial services space, the prospects for those who want to come into this area is undiminished. If anything, the prospects have become brighter.

Everyone spends the prime of their life working to earn money, meet their goals and expenses and create wealth for themselves and even pass on a legacy. Hence, every one of them needs help on finances.

Also, our population is rapidly becoming wealthy. The number of High Networth Individuals (HNI) was 6.6 Lakhs in 2020. The wealth that these people had was USD 3 Trillion (about Rs.225 lakh crores) which is higher than the GDP of India for year 2020!

MF industry in comparison is only USD 440 billion. The wealth of these HNIs is growing rapidly at about 20% or so. Also, new millionaires and billionaires are being minted and they join the legions of wealthy people every year.

We need committed and talented people to serve these and the other segments of the population who also have decent amount of money to invest.
The opportunity is enormous.

Career Opportunites:

There are two broad areas in which those who are graduating in finance-oriented courses can fit in.

One is in sales & distribution of financial products. There are dozens of financial products which Banks, Wealth management firms, Investment bankers, Distributions firms, small boutique outfits and even individual distributors resell.

This is an enormous opportunity and extremely rewarding career option for those who have the patience and perseverance to stay the course.Sales may be a difficult profession; but it is absolutely needed for any business to succeed and hence this is a vital function. For these reasons, those in sales do well and tend to rise rapidly in their careers.

It is possible for a person to join a firm and work as a Relationship manager or a Sales executive, learn the ropes and grow in the firm. If one has the aspiration to do one's own thing, then that is also a great opportunity that Financial Services area truly presents. In this area, there is no entry barrier as the investment needed to start a business is very small.

Hence this profession has tremendous scope considering the scale of our population and their varied needs.

To get into sales and distribution, graduation in commerce, economics, banking and finance, insurance etc. should be fine. Along with this, one may need to do some basic courses like a MF distributors module or an insurance agent module etc., which are not difficult to clear.

The second path is that of an advisor. Financial advisory is now a regulated field and advisors are professionals who understand their client's situation, their needs & goals, risk profile and then create a financial architecture to ensure the outcomes sought. Here the Financial advisor is expected to act in the client's best interests, have no conflicts of interests and act in a fiduciary capacity.

This profession is akin to a doctor who takes on a fiduciary responsibility and acts in the best interests of the patients, at all times.

The requirements are somewhat higher here. As per the latest SEBI Regulation, those who want to act as advisors will need to have a post graduate qualification in finance or related area, have five years of experience in fund management or related field and also have appropriate certification in a financial planning/ advisory domain like a Certified Financial Planner (CFP).

It should be evident that Financial Advisory area has very high entry barriers and can become an option after a few years in the financial services domain.

There are many other career options in financial services areas like a research analyst, fund manager, insurance underwriter, actuary, operations personnel, compliance personnel etc. For each of these areas, the base requirement would be a graduation in the financial or allied domain after which one may have to pursue other specialized courses and certifications.

Conclusion:

The opportunities in the financial services are enormous and a graduation in finance or related domain may be a good place to start. One has lots of options in this field. As per the aptitude and inclination, one may choose the area, qualify there, and move in to pursue opportunities and reap the rewards.

The times ahead for this sector can certainly be described as glorious; and that is an understatement!

Authored by :

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ESG – How to Avoid making it just a Fad

READ TIME : 5 MINS

All across the globe companies and governments are talking about how well they are doing on the ESG front. What's all this noise about? If you are late to the party, and do not know what ESG means, here's a quick one sentence on it – it stands for Environmental, Social and Governance and companies are increasingly being forced to show how good they are in adopting the best-in-class policies related to these 3.

Nearly every board discussion includes a session on how the company is doing on the ESG front. My worry is that it is now a fad and a 'tick-the-box' exercise. Way back in 2005, before ESG became a common word, at IDFC Private Equity we signed up to follow the ESG guidelines before investors asked us to do so. We did that not because we were compelled to do so, but we believed they were good practices to follow for running good businesses. Many companies said they followed good governance, but were in fact, huge defaulters. For example, in 2008 Satyam Computer Systems was awarded the Golden Peacock Award for Corporate Governance.

One of their directors was on another board where I was on and he would ask this company to follow the excellent corporate governance standards of Satyam. That was all whitewash and Satyam imploded because of huge corporate governance failures. Similarly, Abraaj, a large private equity group in Dubai was flying high as a posterchild of the ESG world and was invited for most major global events. In 2018 the firm imploded when there were allegations of serious financial fraud.

Larry Fink, the billionaire Chairman of BlackRock has been pushing the agenda for sustainability as the new standard for investing. Yet, about five years ago, at a panel discussion in Davos, he pushed back on ESG and said he is only concerned about the returns his investors make. But he is a very smart investor and realised that investors are interested in sustainability and that by positioning his investment firm as a leader in this space, we can increase assets under management.

I strongly believe on the need for business to focus on sustainability. And that is why it is important for governments to draft rules that ensure that companies are incentivised to genuinely follow ESG norms and not pay lip service to them, like Satyam and Abraaj did. Luigi Zingales and Bethany McLean have a lovely podcast series titled ‘Capital Isn’t’ run by Chicago Booth. I recommend listening to two episode – the first is “The Smoke and Mirrors of ESG Investing with Tariq Fancy” and the second is titled “When the Profit Motive Kills with Anand Giridharadas”. You can access the podcasts by clicking on the links. Tariq Fancy was the former Global CIO for sustainable investing at BlackRock.

Why would a CEO want to follow best ESG practices?

Obviously if regulations force you to do so, you would; but that would remain a tick-the box-exercise. The best reason to be an ESG believer is when being a good ESG citizen helps you improve sales, reduce cost, be regulatory compliant, increase employee productivity and optimise investments and assets ("Five ways that ESG creates value", McKinsey Quarterly, November 2019).

When I was a student at HR College 40 years ago, I was not taught about Milton Friedman, the famous economist from The University of Chicago. In the 1960s he wrote about the centricity of shareholders in business. In 1970 he wrote an essay in the New York Times titled, "The social purpose of business is to increase its profits." In recent years he has been severely criticised for saying that. But most people quote him out of context. What he actually was, "... there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays in the rules of the game, which is to say, engages in open and free competition, without deception or fraud."

He was against CEOs using corporate money to fund their pet charities. At the same time, he agreed that companies may want to provide facilities to communities since that would help it attract employees. But the real reason for doing so is not 'social responsibility' but to increase its profits. So if investors like Larry Fink insist that companies be good ESG citizens, companies will do so – it makes business sense.
Hence, if companies can increase their profits by focusing on ESG, they would do so. This is what will make ESG compliance not just a tick-the-box exercise, but a serious strategy to improve its profitability and the world around us.

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