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# MANAGEMENT VISTA

MONTHLY E-NEWSLETTER- AMITY BUSINESS SCHOOL

## Management Thought

**Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.**

**-Stephen Covey**

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## Why currency won't be back to normal before June, 2017



**Rajeev Dubey, Managing Editor, Business Today (<http://www.businesstoday.in/>)**

In the midst of claims and counter-claims that India now has sufficient currency in circulation, ATMs continue to remain dry or shut for most part of the day, banks continue to impose withdrawal limits lower than prescribed by the RBI and government and life just doesn't seem to be back to normal.

So how is it that the government's and RBI's claim that over Rs 9 lakh crore of currency is back in circulation doesn't translate into normalcy on the streets? The answer lies in the deliberate ambiguity of the numbers being put out. It is also the reason why the claim of life-as-usual by the end of January does not hold water.

Rather, it won't be until June before the government and the RBI will have enough currency in circulation to lift withdrawal restrictions (if they will be fully withdrawn at all!).

As per the latest data released by the RBI, as of December 23 it had Rs 9.42 lakh crore of currency in circulation. That number, however, is highly deceptive. For, it includes all valid notes in circulation (Rs 10, 20, 50, 100, 500 and Rs 2000)-not just the Rs 15.44 lakh crore worth of Rs 500 and Rs 1000 that were demonetised.

Break that up and you will know why both the government as well as the RBI are shy of disclosing the number of notes in circulation and, rather, continue to disclose a consolidated amount of money in circulation instead.

On November 8, the day the Rs 500 and Rs 1000 notes were demonetized, India had Rs 17.97 lakh crore of currency in circulation. Of that Rs 15.44 lakh crore was demonetised. Hence, the valid currency in Rs 100, 50, 20 & 10 were worth Rs 2.53 lakh crore which continued to remain in circulation. Rather, since RBI printed more Rs 100 notes, it probably expanded, but the RBI hasn't disclosed the additional notes printed.

So, the Rs 9.42 lakh crore in circulation as of December 23 already includes Rs 2.53 lakh crore (probably more). Meanwhile, the RBI had printed nearly 2.5 billion (of the targeted 3.5 billion) Rs 2000 notes before it was stopped to devote all printing presses to print Rs 500 notes. Hence, the Rs 2000 notes in circulation amount to Rs 5 lakh crore. That makes it at least Rs 7.53 lakh crore in Rs 2000, 100, 50, 20 and 10 notes.

Which means that as of Dec 23, only Rs 1.89 lakh crore (or less, if more Rs 100 had been put into circulation) worth of Rs 500 notes had been printed and brought back into circulation. That's short of 4 billion notes as against 17.17 billion Rs 500 notes that were demonetized.

With RBI woefully short of Rs 500 notes to issue to public, it's little surprise that it continues to evade the question of the number of Rs 500 notes in circulation. Instead, the only number being disclosed is the total currency in circulation (Rs 9.42 lakh crore as of Dec 23), a number that cleverly masks the real numbers and the shortage. That explains the ATMs running dry all across the country nearly 70 days since November 28.

And though RBI has refused to release any details of printing, it is believed that another factor slowing the print run is the shortage of paper, ink and security threads. The government has ordered nearly 27,000 tonnes of paper. However, that lot is only going to be delivered by March, 2017. So the earliest to expect things getting back to normal or near normal is at least 4-5 months away. That's a far cry from the government's claim of normalcy by the end of January.

**State Bank of India hopes rate cuts to help boost sagging loan market**

January 2, 2017, <http://indianexpress.com/>

The nation's largest lender State Bank of India today said the 90-basis points-reduction in the lending rates is likely to prop up its sagging loan growth and expects to boost the loan book to 8-9 per cent for the current financial year. The lender had, yesterday, reduced its marginal cost based lending rate (MCLR) by 90 basis points or 0.9 per cent across various maturities.

Interest rate for the Bridge-loan will be 10.45 per cent for the first year and 11.45 per cent in the second year, while the Insta Home Top-up Loan is priced at 9 per cent.

Managing director for national banking group Rajnish Kumar said out of the 49,000 ATMs of SBI Group, 40,000-41,000 machines are dispensing cash currently.

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**Google plans to get India's 51 million SMBs online with 'Digital Unlocked'**

January 3, 2017, <http://mashable.com/>

Google just took a major step in its years-long efforts to get more businesses in India to come online and grow on the web.

Google CEO Sundar Pichai today announced Digital Unlocked, an initiative through which the company will facilitate training and certification to assist India's 51 million small and medium businesses — bakeries, apparel stores, grocery shops, what have you — to embrace digital.

Google has long shown interest in helping Indian small businesses find their way on the web — running campaigns, offering free domains and web hosting — but with Digital Unlocked, it's taking a leap forward. "Any small business with internet access can sign up," Pichai said at the event.

Google says it also has offline centres in India in Haridwar, Chandigarh, Bhuvneshwar, and Jaipur. Through its partnership with FICCI, there are several classroom centres across India that will also offer eight-hour sessions. The company says it will conduct 5,000 workshops across 40 cities in the country over the next three years.

Pichai also announced that the company will release a tool called "My Business" that will allow people to easily create websites. The tool will first debut in India later this year and eventually be made available elsewhere.

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**Own a Small or Medium Business in India? These New Programmes from Google Can Help You Grow!**

January 5, 2017, <http://www.thebetterindia.com/>

This training programme called Digital Unlocked has been drafted in association with the Indian School of Business and Federation of Indian Chambers of Commerce and Industry (FICCI). It consists of online training, offline training and via-app training.

The online training contains 90 self-paced videos that can be accessed here. The tutorials cover a range of topics that will help the user learn about leveraging and using their web presence to expand their business and reach out to a new customer base.

The offline training will be taking place over the next three years with support from FICCI. According to a press release by Google, a total of 5,000 workshops will be held in 40 cities across India. Currently, people can sign up for the workshops online for Delhi, Jalandhar, Indore, and Bhopal.

An app called *Primer* was also launched. Offering bite-sized modules, the app will help users equip themselves with marketing skills. It is free of cost and Google promises that new lessons will be added every week.

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**'BSE's India INX will usher in new chapter in financial services sector'**

January 8, 2017, <http://www.thehindubusinessline.com/>

With the launch of country's first international exchange at Gujarat International Finance-Tec City (GIFT) in Gandhinagar, the country is set to leapfrog on the global financial services sphere.

As the Prime Minister Narendra Modi inaugurates BSE's India International Exchange (India INX) at GIFT-IFSC on Monday, the Managing Director and CEO of BSE, Ashishkumar Chauhan, terms it the beginning of a new chapter in the country's financial services industry.

The international exchange will help us compete with other international financial centres such as Dubai, Singapore, Hong Kong, New York, London. Indian individuals are currently not allowed to trade. So, effectively it will be allowing hedging for corporate, which are currently hedging outside India. The stock brokers, who wish to service the rest of the world, would set up their offices and companies here. Foreign individuals, foreign trusts, foreign institutional investors all of them would be able to trade here. India has already exported a large portion of its underlying transactions to Singapore, Dubai and the US largely because of heavy regulations and high tax structures. World futures can't take place on Indian territory.

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**India, Kenya sign MoU on cooperation in agriculture sector**

January 11, 2017, <http://www.business-standard.com/>

India and Kenya have signed a Memorandum of Understanding on Cooperation in the agriculture sector and allied sector and Line of Credit for USD100 million for agricultural mechanisation.

Prime Minister Narendra Modi and Kenyan President Uhuru Kenyatta held delegation level talks and praised the strength of the re-invigorated partnership between the two countries, which serves to increase stability, prosperity, and security in the Indian Ocean region and in the Asia-Pacific.

The two leaders reflected on the significant progress they have achieved in strengthening the bilateral relationship through resumption of high level exchanges.

Prime Minister Modi in his meeting with President Kenyatta expressed gratitude for his leadership and friendship, since the first State visit of an Indian Prime Minister to Kenya in July 2016.

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**NITI wants Make in India to focus on labour-intensive sectors**

January 16, 2017, <http://www.business-standard.com/>

The NITI Aayog wants the Prime Minister's flagship initiative, Make in India, to lay special focus on labour-intensive sectors such as leather, textiles and garments to increase jobs potential.

In its appraisal of the 12th Five-Year Plan (2012-13 to 2016-17), the government's key think tank said the Make in India programme was focussed on sectors such as automobiles, automobile components, aviation, biotechnology, chemicals, defence manufacturing, electrical machinery, electronics, food processing, leather, pharmaceuticals, textiles and garments, sources said.

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**The good, bad or ugly! What Trump regime would mean for Indian market**

January 20, 2017, <http://economictimes.indiatimes.com/>

It is a big day for the US as President-elect Donald Trump will officially become the 45th President of the US on Friday. This will be watched by market community across the globe, including India.

Donald Trump's protectionist stance could have a major impact on Indian exporters such as IT and pharma, trade relations, as well as fund flows coming into India.

US business accounts for 50-80 per cent of the total business of Indian IT companies. Minimum wage hike to \$100,000 may translate into 9-25 per cent earnings per share (EPS) cut for FY18. However, management commentary for TCS as well as InfosysBSE -0.39 % rebuffed those fears.

The pharma sector will have to face its own set of challenges. Proposed import tax of 35 per cent is likely to impact companies with higher sales from non-US facilities. "Non-US manufactured sales account for nearly 40-100 per cent for major pharma companies," said an ET report.

"The stated policies may have a sizeable impact on Nifty earnings as nearly 15 per cent of the total revenue of the Nifty companies is derived from direct exports to the US," it said.

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### **Positive budget expectations and strong rupee lifts equities**

January 20, 2017 , <http://www.businessinsider.in/>

Rupee a Rupee appreciation, coupled with hopes of positive incentives in the upcoming Union Budget and broadly positive Asian indices, lifted the Indian equities markets on Monday.

The key indices provisionally closed in the positive territory, as healthy buying was witnessed in metal, automobile and oil and gas stocks.

The wider 51-scrip Nifty of the National Stock Exchange (NSE) rose by 42.15 points or 0.50 per cent, to 8,391.50 points.

The barometer 30-scrip sensitive index (Sensex) of the BSE, which opened at 26,990.93 points, provisionally closed at 27,117.34 points (at 3.30 p.m.) -- up 82.84 points or 0.31 per cent from the previous close at 27,034.50 points.

The Sensex touched a high of 27,167.79 points and a low of 26,963.58 points during the intra-day trade.

The BSE market breadth was tilted in favour of the bulls -- with 1,613 advances and 1,130 declines. On last Friday, the benchmark indices were dragged lower by negative global cues, disappointing quarterly results and a weak rupee.

The NSE Nifty receded by 85.75 points or 1.02 per cent, to 8,349.35 points, while the BSE Sensex was down 274.10 points or 1.00 per cent.

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### **Budget 2017: 'Business as usual' not enough to solve India's education crisis**

January 25, 2017, <http://www.hindustantimes.com/>

The 2017-18 budget is an opportunity for the government to concentrate on improving school education for over 260.5 million children who enrolled in elementary and secondary school in 2015-16—children who will form the core of India's working-age population, one billion by 2030, the largest in the world.

“Business as usual” will not solve the problem, submitted Pratham, an education nonprofit, in a pre-budget consultation with India's finance ministry. “Unless major shifts are undertaken on an urgent basis to build children's foundational skills, we are losing huge opportunities each year for improving the life chances of an entire generation of children and youth in this country,” the consultation note added.

India spend reached out to the education ministry for a comment on the 2017-18 budget, but we had not received a response at the time of publishing.

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## DEMONETIZATION: A WAY FORWARD

Demonetization is a profound strike on black money. It has killed the very inspiration of those individuals who can keep black money. A person who had black money has officially paid more than the effective tax rate just to change over his black money into legally tender-able currency / assets. They are in a state of shock as though they have already paid tax at a higher effective tax rate but still their black money has not got converted into legitimate income.

It would produce lot of indirect taxes. Demonetization has made the common man realize that he was the one who though paid his taxes, ended up playing a big role in generation of black money. This was because most of his spending was in cash. Common man is street smart and with this harrowing experience he would change his bad habit of withdrawing cash from ATM and then spending it on purchases. Demonetization seeks to bring in a sharp, sudden but long lasting behavior change that encourages electronic payments. That means a lot many transactions would get reported and that would lead to a direct increase in income taxes. Demonetization has re-capitalized banks in 49 days flat. The total NPA of banking sector is Rs. 6 Lakh crore. Banks have got low cost deposits of Rs. 14 Lakh crore and still counting. An aggressive RBI can now reduce base rate by 2 - 3 percentage points that would lead to a reduction in interest burden on farm loans, housing loans and corporate loans thereby benefiting farmers, SME, middle class and Corporate.

Demonetization is advantageous in short, medium and long term.

- Mr. Naresh Kedia  
Assistant Professor  
Amity Business School

## National Youth Day celebration at Amity Business School

**January 12, 2017:** The 154<sup>th</sup> Birth Anniversary of the legend who, long after his adieu to the world, still influences numerous legends, Swami Vivekananda, was celebrated by Amity Business School, AUMP, Gwalior on January 12. The birth anniversary of Swami Vivekananda is celebrated across the country as the National Youth Day. Many students volunteered and coordinated for the events that were organized on this day.

“The events received overwhelming response. The students participated very promptly and exhibited great enthusiasm and zeal in celebrating the day meant for them”, said the faculty coordinator for the event.

The charisma and personality that the great man possessed should indeed be applauded. The present state of the country and the world are certainly not what he would have dreamt of. We need to keep in our minds the beautiful picture of the future that he would have wanted to paint on the world’s canvass.

“Five events, namely: T-shirt painting, Calendar making, three-leg race, Beach Ball relay and Pass the Hula Hoop, were organized which engrossed more than 100 students, collectively”, said a student coordinator, Himani Suchdeva.

The students of the 4<sup>th</sup> and 6<sup>th</sup> semesters of the courses B.B.A. and B.Com (H) BAE and MBA marked their presence in the event both as participants and volunteers.

“While the volunteers exhibited their utmost sense of responsibility, the participants were all through a step forward in exhibiting their talents and various qualities of team work from coordination to cooperation to what not”, said the faculty coordinator.

Head of Institution, Dr Anil Vashisht marked his presence on the occasion along with all the faculty members. The judges for the events were Dr Rajesh Jain, Registrar, Dr. Iti Roy Choudhari, HOI, ASCENT and Col S.K. Sethi.

Vice chancellor Lt. General V.K. Sharma, AVSM Retd., witnessed the event as the chief guest and other guests included Dr M.P. Kaushik, pro vice chancellor, AUMP and HODs and HOIs of other departments. The results were then declared shortly after the events got over.

“The learned Swami Vivekananda has left an imprint which can never fade away. Best known for his speech of 1893 in Chicago where he introduced Hinduism at the Parliament of World’s Religions, the Indian Hindu monk cannot be forgotten for the many contributions that he made to the mankind. Celebrating his birth anniversary as the National Youth Day is the least we can do to commemorate his efforts. The most that we and the youth of the country can do to materialize his efforts and intentions for the nation is to enhance our skills in various fields and utilize them towards the betterment of the society.”

The winners were as follows:

- BEACH BALL: (1) Kunal-Naman; (2) Ranjeet-Shivansh
- HULA HOOP: (1) Harshit, Gagan, Adarsh, Anumeet, Monash; (2) Naman, Aditi, Deepali, Ayushi, Kunal
- 3-LEG RACE: (1) Shivansh-Rudraksh; (2) Harshit-Adarsh
- T-SHIRT PAINTING: (1) Monica, Sidhant, Monash, Anjali
- CALENDAR MAKING: (1) Ruchita-Prachi; (2) Priya, Shanu, Deepali, Anupriya

Also, the faculties participated in various activities sports. The winners were as follows:

- 3-LEG RACE: (1) Vikrant Singh & Naresh Kedia
- BEACH BALL: (1) Dr. D. K. Pandey & Harendra Singh

The overall event was coordinated by Dr. Deepika singh Tomar and Dr. Astha Joshi.

### Glimpses of National Youth Day celebration at Amity Business School



## Think Express: An initiative by Amity Business School

**20-01-17: “THINK EXPRESS”** is an initiative envisioned by our Director Dr. Anil Vashisht. The initiative was in fact a major learning and discussion on the current topic From **“Eradicating black money to cashless India”** . This was for the management graduates and the students belonging to masters which made them an opportunity to be as the mentors of their junior.

This event was scheduled at 3:15 pm in the seminar hall of (ABS) which began with a welcoming speech by Ms. Chinnu.J.Koshy student of MBA 2<sup>nd</sup> semester laid down the objectivity and need and idea behind its conduct, besides introducing the rival groups. The stage was then ready for the showdown, as all the 11 groups were thoroughly mentored by a dedicated team of MBA mentors who showcased their mentorship and learning variables. The main theme was “Eradicating black money to cashless India”

The event finally ended up with a vote of thanks and off course much awaited result. The proud winner was Group 7 under the apt leadership of Ms.Neha Sharma MBA 2<sup>ND</sup> SEM and the group members of BBA 4TH SEM each one felicitated with encouraging remarks and some sweets by Mr. Rajeev Diwedi and Dr.A.Shanker Prakash who was an instrument in making the event possible. The Coordinators of the event were Ms.Chinnu J Koshy and Mr.Sarien Mathew Zacharia rest 10 Groups as runner ups but ended up with special appreciation to Ms .Deepali Bharti (BBA 4<sup>TH</sup> Sem) for her excellent performance. Mentoring the runner up groups were Ms. Aditi Bisht, Ms. Arti Bhadouria , Ms. Jayshree Khandelwal , Ms. Lavi Mukharia , Ms. Manjushika Kota , Mr. Navneet Dhingra , Ms. Pallak Shaw ,Ms. Sonali Yadav ,Mr. Manish Varghese and Mr. Sorik Singhal of MBA 2<sup>nd</sup> semester .

Think express has accomplished its second phase successfully and is expected to get effective in the upcoming phases which shall be organized in times to come.

### Few Glimpses of Think Express



Attrition	Decrease in total employment of an organisation or industry through the normal course of events such as resignation, retirement or death.
Balanced Scorecard	A strategic, measurement-based management system, originated by Robert Kaplan and David Norton, which provides a method of aligning business activities to the strategy, and monitoring performance of strategic goals over time .
Barriers to entry	Barriers to entry are those things that make it difficult for a new company to compete against companies already established in the field. Examples include such things as patents, trademarks, copyrighted technology, and a dominant brand.
Coalface	The place where the actual physical work gets done as opposed to managing and administration .
Competitive Advantage	What leads to a firm being able to outmatch its rivals in attracting & maintaining its targeted customers.
Due Diligence	The process of enquiry made during a merger and acquisition and by the purchaser as to the various financial, logistical and legal matters involved in such a transaction.
Ergonomics	An approach to job design by focusing on the worker and considering how s/he interacts with the machine.
Gantt Chart	Developed by Henry Gantt, an associate of Frederick Taylor. This is part of the planning process and is an early method of scheduling .
Hostile Takeover	Acquisition of a company which opposes the transaction.
Legacy Systems	Systems based on outdated technology. Organisations usually have invested much money and effort in them and are often unwilling or unable to replace them.

### Test your knowledge

#1018

1. Nitesh Tiwari the director of this year's big hit Dangal was the Chief Creative officer of a well known ad agency. Name the agency
2. What is Google's project in India internally called Project Nilgiri?
3. Name the two big brands one from Italy and another from France that are merging to become a global eyewear giant.
4. Who among the following is the writer of the bestseller of last decade "The World Is Flat: A Brief History of the Twenty-First Century"?
5. Who founded the famous Wall Street Journal?

### ANSWERS: 1017

1. Leo Burnett
2. Amortization
3. CPI- Consumer Price Index
4. Tarini Vaidya of KBC Bank, India and South Asia
5. John Bogle



### The Awe-Inspiring Journey of Mukesh Bansal (Man behind success of Mynta)

Now labeled by the media as the “Merchant of Fashion” in India, Bansal’s Mynta initially started out as B2B (Business to Business) company, catering personalized gift items to corporate firms before they delved into what they are now famous for- E-Commerce.

Getting back to its rudimentary stage of evolution to a giant E-commerce retailer, Mynta was founded in 2007 and headquartered in South Bangalore from a three-bedroom flat. Amalgamated by graduates from the Indian Institute of Technology, Mukesh Bansal along with Ashutosh Lawania and Vineet Saxena founded the very base of Mynta. Ashutosh Lawania and Vineet Saxena then stepped aside in 2010 when the company pivoted towards online retailing and branched into lines suiting their forte.

ware of their competition and the importance of seamless logistics – a make or break factor for any E-commerce company – Bansal and his board members decided to strategize on a hybrid logistic model, one that would firstly put them on the map and secondly further their reach to customers. By bifurcating their operational logistics between themselves and third-party distributors, Mynta was able to grasp a good section of the population with their efficiency and trust in meeting deadlines and their COD (Cash on delivery) mode of transaction being an additional bonus to customers.

A stepping stone to making Mynta a realization, Erasmic Venture Fund now known as Accel Partners invested in the proposed model laid by Bansal after they had shifted their course from dealing with personalized gifts.

Much of the success Mynta has achieved can be correlated to Bansal’s work ethic. His business acumen, ability to formulate a business plan that is more pragmatic than assumptious, set the rock-hard base for the company. According to him, “Without the help of the best team, the best technology and the best infrastructure, it is impossible to set up a successful ecommerce business in India. “The high bar the company has set for employees and recruits is yet another factor why the company continues to thrive with a startling financial growth every year. From making 9-crores in the first financial year (2009-10), to 773-crores the last financial year, the 78% jump in revenue is a validation of the popularity of the company and the trust customers share with them. And to make the numbers ever increasing, the company is resolute in its supply chain management and its employment of quality service providers to enrich the experience for the customers.

Apart from the threat of the losses the company faced, Mynta was in the soup for allegedly promoting cow slaughter. According to activists, they were apparently selling shoes made from cowhide and rubbed salt on the wound by offering 80% discounts on these items, leaving the Hindu communities peeved by their naivety towards their sentiments.

“We will unearth the talent from every part of India and give them a platform to make it big.” – Mukesh Bansal

#### FEEDBACK AND SUGGESTION FORM

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