MANAGEMENT

VISTA

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Table of contents

Content	Page number
Our inspiration	-
Special Feature	1
Business Bytes	2-6
(i) Falling of banks	
(ii) Business Times	
(iii) Word of the month and Quiz Hour!	
Student corner	7-14
Institute corner	15-23

Our Inspiration!

Lt. Gen. V.K. Sharma
Vice Chancellor AUMP

Prof. (Dr.) M.P. Kaushik
Pro Vice Chancellor AUMP

Prof. (Dr.) Anil Vashisht
Dep. Pro. Vice Chancellor AUMP

SPECIAL FEATURE

Non-Performing Asset is referred to as NPA. It describes a loan or advance where the borrower has either stopped making payments or has defaulted on the loan, which has stopped providing income to the lender (often a bank). To put it another way, an NPA is a debt on which the borrower has missed at least 90 days of interest or principal payments.

NPAs are a key source of worry for banks because they can result in large losses and have a detrimental effect on the soundness of the bank's finances. The bank must set aside provisions to cover potential losses when a loan becomes an NPA, which may have an impact on its profitability.

Furthermore, a bank's capacity to lend may be impacted by the large proportion of NPAs in its portfolio, which may also have effects on the state of the banking industry as a whole.

Banks employ a range of strategies, including loan restructuring, asset recovery, and legal action against defaulters, to address the problem of NPAs. The Reserve Bank of India, the nation's central bank, also establishes policies and rules to help banks properly manage their non-performing assets.

Overall, managing non-performing assets (NPAs) is a crucial component of banking and has a big impact on the health of individual banks' finances as well as the sector's overall.

Dr. Pooja Jain
Amity Business School

BUSINESS BYTES

FALLING OF BANKS

The failure of banks has been a persistent problem for the world financial system, frequently causing economic crises and significant hardship for people worldwide. In recent years, we have seen numerous instances of bank failures in various parts of the world. The excessive risk-taking of banks, which is frequently motivated by short-term profit goals, is one of the main reasons for bank collapses. Banks that participate in risky lending practices or make significant investments in speculative projects put their finances in danger, which could result in significant losses if the investments don't produce the promised returns. Banks occasionally engage in dishonest practices such fabricating their financial accounts or insider trading, which can further jeopardize their stability. A lack of appropriate regulation and control is another issue that may be responsible for bank failures. In some instances, authorities' supervision of banks may be excessively relaxed, allowing banks to take on excessive risks without having adequate protections in place. Policymakers must utilize a multifaceted strategy that tackles the underlying causes of the issue to avert bank failures. To guarantee that banks are running securely and soundly, this may entail tightening regulation and control of them as well as putting in place systems for potential risk early detection. In addition, it is important to push banks to use more ethical financing methods that prioritize long-term sustainability over quick gains.

BUSINESS TIMES!

1. ***Rs 53,500 cr PLI investment till December 2022, govt disbursed Rs 2,874.71 cr till March***- PLI schemes for 14 sectors were announced during the Covid pandemic in 2020 with an outlay of Rs 1.97 lakh crore to boost domestic manufacturing and exports.
2. ***PLI schemes for 14 sectors were announced during the Covid pandemic in 2020 with an outlay of Rs 1.97 lakh crore to boost domestic manufacturing and exports.***- Tax Appellate Tribunal's (ITAT) Mumbai bench recently held that the rental compensation received from a builder due to a redevelopment project is not taxable in the hands of the former flat owner.
3. ***UTI Mutual Fund launches UTI Nifty 500 Value 50 Index Fund-*** The performance of UTI Nifty 500 Value 50 Index Fund will be benchmarked to Nifty 500 Value 50 TRI. Sharwan Kumar Goyal and Ayush Jain will be managing the scheme.
4. ***OIL, Assam Gas to form JV for piped natural gas distribution***- The Assam government-owned AGCL will have 51 per cent stake, while the OIL will hold the remaining 49 per cent share in the joint venture company. It will build local natural gas grids and provide piped natural gas to domestic and commercial establishments.

WORDS OF THE MONTH

CREDITWORTHINESS

The extent to which a person/company is considered suitable to receive financial credit.

DIVERSIFICATION

A strategy that mixes a wide variety of investment within a portfolio in an attempt to reduce portfolio risk.

QUIZ HOUR!

1. What is the minimum net worth required for Scheduled Commercial Banks to issue Credit Cards?

[A] Rs 10 Crores

[B] Rs 50 Crores

[C] Rs 100 Crores

[D] Rs 500 Crores

QUIZ HOUR!

2. Which start-up recently became the 100th unicorn of India?
[A] Fractal
[B] Games24x7
[C] Open
[D] Livspace

3. Who has been recommended as the MD of National Bank for Financing Infrastructure and Development (NaBFID)?
[A] G Rajkiran Rai
[B] K V Kamath
[C] Urjit Patel
[D] V K Singh

4. The government slashed the newly-introduced windfall tax on which products?
[A] Pharmaceuticals
[B] Petrol, diesel, aviation fuel, and crude oil
[C] Electronic Goods
[D] Semiconductor Chips

STUDENT CORNER

FALLING OF BANKS

The financial system and the economy may be significantly impacted by the failure of a bank. Losing depositor faith after a bank fail might result in a run-on other bank, which could eventually cause a wider financial crisis. Excessive risk-taking is one of the main factors that contribute to bank collapses. Risky lending practices such as lending to borrowers with bad credit or making significant investments in high-risk assets increase the likelihood of financial difficulty for banks. A lack of sufficient regulation is another issue that may contribute to bank collapses. Banks may behave riskily without concern for the repercussions if regulators are ineffective in monitoring and enforcing banking regulations, which increases the possibility of failure. There are several potential outcomes if a bank fails. The bank might occasionally be liquidated, with its assets being sold to pay creditors. In other situations, the government might intervene to save the bank, either directly with money or by enabling a merger with a more powerful organization. Regulators can prevent bank collapses by enforcing stricter lending criteria, requiring banks to maintain more capital, and performing frequent stress tests to gauge a bank's resilience to economic shocks. Overall, the financial system and the larger economy may suffer significantly if a bank fails. Maintaining strict regulatory monitoring of the banking industry and promoting solid risk management procedures within individual banks are crucial for reducing these risks.

-Prantika Sengar
BBA B (IV sem)

FALLING OF BANKS

The falling of banks is a serious issue that can have a significant impact on the economy. When a bank fails, it means that it cannot meet its financial obligations, which can lead to the loss of savings for depositors and cause widespread financial instability.

There are several reasons why banks can fail. One common cause is poor management or excessive risk-taking, where banks invest in risky assets or make bad loans that they cannot recover. Another reason can be external shocks, such as an economic recession or a global financial crisis, which can lead to a decrease in the value of assets held by banks.

When a bank fails, it can have serious consequences for its customers, employees, and the wider economy. Customers may lose their savings and investments, while employees may lose their jobs. In addition, the failure of one bank can trigger a chain reaction that can cause other banks to fail, leading to a widespread financial crisis.

To prevent banks from falling, governments and regulatory bodies have put in place various measures to ensure that banks are financially stable and have sufficient reserves to meet their obligations. These measures include requiring banks to hold a minimum amount of capital, conducting regular stress tests, and monitoring banks' activities to detect any signs of financial distress.

In conclusion, the falling of banks is a serious issue that can have far-reaching consequences for the economy. To prevent such incidents, it is crucial to ensure that banks are managed effectively, and appropriate regulatory measures are in place to ensure their financial stability.

-Himanshi Chaurasia
BBA B (IV sem)

FAILURE OF BANKS

What is bank failure?A bank failure is the closing of an insolvent bank by a federal or state regulator. The government has the power to close national banks and banking commissioners have the power to close state banks. Banks can be closed when they are unable to meet their obligations to depositors and others. When a bank fails, the Federal Deposit Insurance Corporation (FDIC) covers the insured portion of a depositor's balance, including money in money market accounts. Why the banks face failure?

The most common cause of bank failure occurs when the value of the bank's assets falls to below the market value of the bank's liabilities, which are the bank's obligations to creditors and depositors. For instance, During the 2008 financial crisis, the biggest bank failure in U.S. history occurred with the closure of Washington Mutual (WaMu), which had $307 billion in assets. Washington Mutual struggled for several reasons, including a poor housing market and a run on deposits. WaMu was eventually bought by JPMorgan Chase for $1.9 billion. Recently, On March 10, Silicon Valley Bank faced failure. The customers were frantically pulling their money from the California-based lender before US regulators intervened to take control. But the collapse panicked markets, piling pain on weaker financial institutions already struggling with the unintended consequences of soaring interest rates and self-inflicted wounds. What is the Protections Against Bank Failures?The Federal Reserve now usually requires banks to keep a certain amount of cash reserves on hand to try to reduce the risk of failure. The reserve amount is a portion of the deposits it holds. Typically a bank must hold over 10% of its liabilities in cash reserves, but this requirement was suspended in 2020 amid the COVID-19 pandemic and it had yet to be reinstated as of March 2023.

-Aditi Jain

FAILING BANKS

Banks are an integral part of the global economy, providing financial services such as lending, investing, and payment processing to individuals and businesses. However, banks can also be vulnerable to failure due to a variety of factors such as economic downturns, mismanagement, fraud, or external factors such as changes in regulations or technological disruption. In this article, we will examine the factors that contribute to the falling of banks and the consequences of bank failures.

One of the primary reasons for bank failures is financial mismanagement. Banks rely heavily on investments and loans, and when these are mismanaged or not properly evaluated, it can lead to significant losses. Another factor that can contribute to bank failures is fraud. Banks are often the target of fraudulent activities, such as money laundering, embezzlement, or accounting irregularities.

The falling of banks can have significant consequences for the global economy. Bank failures can lead to job losses, damage to investor confidence, and economic instability. Moreover, government bailouts, which may be necessary to prevent a complete financial collapse, can be controversial and may be seen as rewarding risky or irresponsible behavior. To mitigate the risks of bank failures, it is crucial for banks to adhere to strict regulatory requirements, implement effective risk management practices, and invest in innovative technologies and business models to remain competitive in a rapidly changing financial landscape.

-Aditya Sharma
BBA A (VI Sem)


Book
Review

Predictably IRRATIONAL

-Dan Ariely

About the book

Dan Ariely is an Israeli-american author.He is the founder of the research institution 'THE centre for advanced hindsight'.He did his phd in cognitive psychology and in business administration from duke university of north carlonia.He is known for Behavorial economics and his theories of decision making.

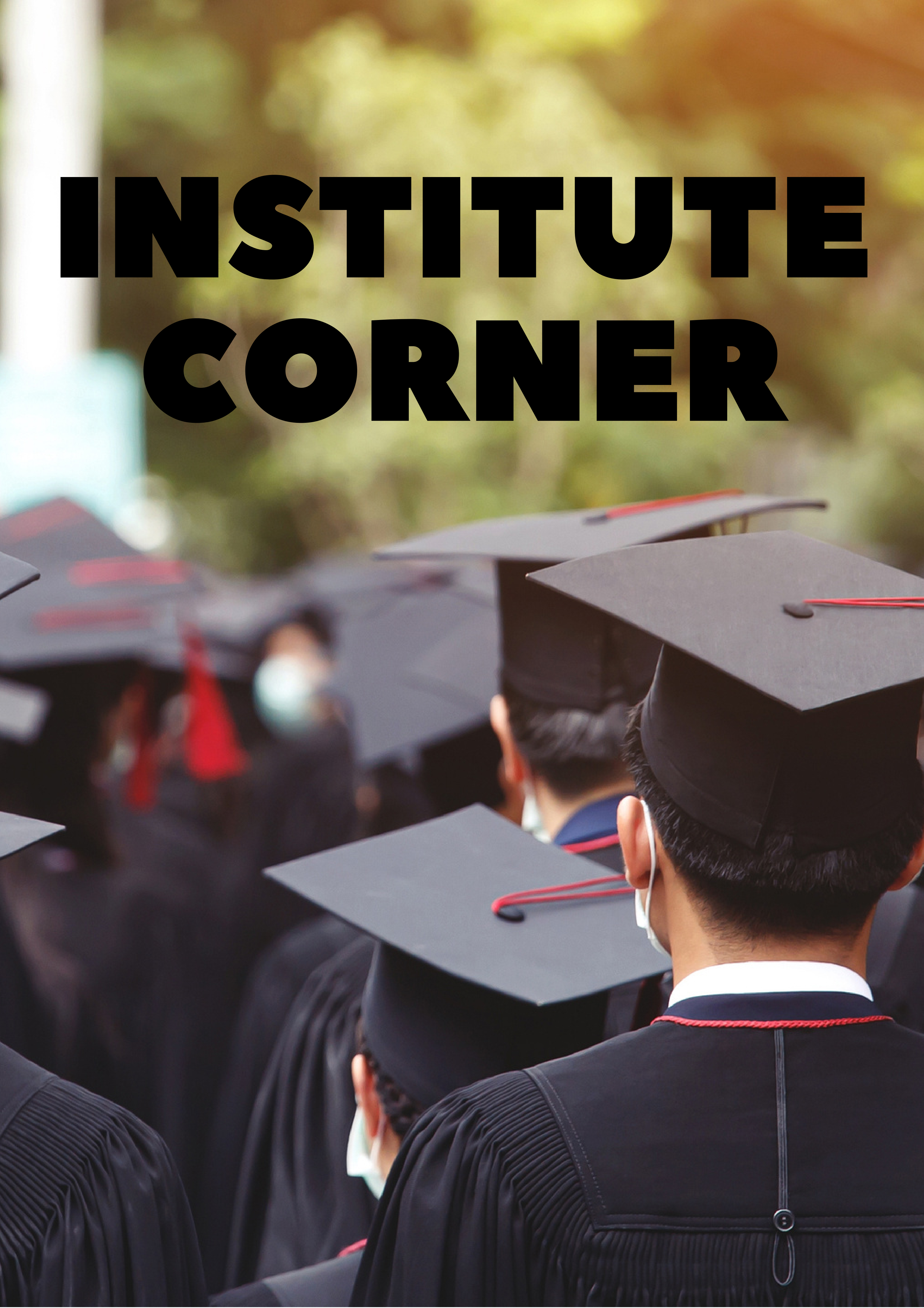
Decision that we live in our life are mostly Irrational. Decisions that we take our based on social norms,emotions,thoughts and marketing strategies but these irrational behaviour can be predict that is why this book called predictably irrational.

My opinions

The book was great. The book was based on experiments; the author proved everything with experiments. This book even made me aware about how marketers fool us and can we make our decision more rational. The only negative point that I found is the language of the book is quite tough. But overall, the book was great and you should read it once.

BOOK REVIEW BY:
Rohan Joshi
BBA C (II Semester)

INSTITUTE CORNER



guru mantra

As pr the recent report title "The Risk of 186 Bank Failures in 2023 'Monetary Tightening and US Bank Fragility in 2023: Mark-to-Market Losses and Uninsured Depositor Runs?' on the Social Science Research Network found that 186 banks in the United States are at risk of failure or collapse due to rising interest rates and a high proportion of uninsured deposits. This blog post aims to explore the implications of the report and why it matters to buyers and sellers.

According to the report, if half of the uninsured depositors quickly withdrew their funds from these 186 banks, even insured depositors may face impairments as the banks would not have enough assets to make all depositors whole. This could potentially force the Federal Deposit Insurance Corporation (FDIC) to step in.

The failure of Silicon Valley Bank serves as an example of the risks posed by rising interest rates and uninsured deposits. The bank's assets lost value due to the rate increases, and worried customers withdrew their uninsured deposits. As a result, the bank failed to meet its obligations to its depositors and was forced to close.

The report noted that "Even if only half of the uninsured depositors decide to withdraw, almost 190 banks are at potential risk of impairment to insured depositors, with potentially $300 billion of insured deposits at risk. If uninsured deposit withdrawals cause even small fire sales, substantially more banks are at risk." The economists who conducted the study warned that these 186 banks are at risk of a similar fate without government intervention or recapitalization.

The failure of Silicon Valley Bank serves as a cautionary tale for the banking industry, and it is essential to take proactive steps to mitigate the risks posed by these factors. The government may also need to step in to prevent a similar fate for the 186 banks identified in the report.

The potential impact of nearly 200 banks being at risk for the same fate as Silicon Valley Bank could be significant for the banking sector and the broader economy. If a large number of these banks were to fail, it could lead to a domino effect, causing other banks to fail as well. This could lead to a credit crunch, making it difficult for businesses and consumers to access credit and slowing economic growth.

In addition, a bank run on one of these vulnerable institutions could cause a ripple effect, causing depositors to withdraw funds from other banks as well. This could lead to a broader panic and a loss of confidence in the banking system as a whole, potentially leading to a recession or even a financial crisis. The federal government's promise to back all depositors in these banks is a step in the right direction to help prevent a wider panic.

However, this may not be enough to prevent a bank run if customers believe that the bank is insolvent. It is important for regulators and policymakers to monitor the situation closely and take action to prevent further bank failures. This could include recapitalizing vulnerable banks or providing government guarantees to support their operations. Overall, the situation highlights the importance of a stable banking system and the need for effective risk management practices in the financial sector.

-Dr. Dinesh Gupta
Assistant Professor
Amity Business School

TedX AUMP

On 26 April 2023, Amity University Madhya Pradesh hosted its first TEDx event - TEDx AUMP. The event aimed to bring together innovative thinkers, entrepreneurs and experts from various fields to share their ideas and insights on different topics.
Lt. Gen. V.K. Sharma AVSM Retd. Vice Chancellor AUMP inaugurated the TEDx AUMP 2023. During his speech, Lt. Gen. V.K. Sharma AVSM Retd. emphasized the importance of entrepreneurship in today's world and how it is becoming a key factor for the growth and development of the country. He also shared his views on the key factors of learning among the students, including the need to have a strong foundation of knowledge, a curious and questioning mind and a willingness to take risks and learn from failures.

The guest speakers of the event were Mr. Sanjay Maurya, co-founder of Ubreathe, Mr. Priyank Jain, co-founder of SoupX and Mr. Darpan Dixit, director of T.I.M.E., Gwalior. The event also featured several interactive activities including a Q&A session with the speakers, TEDx AUMP was a resounding success, inspiring and empowering attendees to drive change in their own communities.

Business Model Canvas

As a part of the initiative of Ministry of Education, Innovation Cell (Government of India) Institution's Innovation Council, Amity Business School, AUMP organized a workshop on Business Model Canvas.

Dr. Shaifali Garg, Associate professor, Amity Business School, Amity university Madhya Pradesh gave the welcome address and spoke about the significance of Business Model Canvas for Entrepreneurship Development.

The resource person for the workshop - Dr. Karthikeyan Soundarajan, Senior Manager, Accenture, Chennai, Tamil Nādu.

The application of BMC will make it easier for entrepreneurs to manage their business in a straightforward, structured way. About 120 students attended the workshop. The queries of the students were very well handled by the speaker. The overall feedback of the workshop was very positive.

Industrial Visit

EDUCATIONAL TOUR

Verka PVT. LTD.

The Verka Milk plant in Amritsar, is one of the company's major production facilities. The plant is equipped with modern machinery and infrastructure to ensure the quality of its products. Verka Milk follows strict quality control measures to ensure that its products are of high quality and meet the standards set by the Food Safety and Standards Authority of India (FSSAI).

During the visit, we were welcomed by the manager Mr. Satyandra Prasad and then the students were taken on a guided tour of the manufacturing facility by Miss Sandeep kaur Manager (QC). The plant was well-organized and appeared to be clean and well-maintained. The company has a dedicated quality control department that ensures all products are of the highest quality.

Wave Beverages PVT. LTD.

Mr TEJA SINGH KANDHARI in 1968 started his own bottling company called Amritsar bottling company. In 1972 they started bottling another brand called “RIM ZIM”. Then in 1987, they started their own plants for Mazza in Jandiala the capacity of this plant was 400 bottles per minute (BPM). In 1994 this Amritsar bottling company was renamed and become Amritsar Beverages Pvt. Ltd. In September 2006 Amritsar Beverages was converted into Wave Beverages (P) Ltd. During the visit, we were welcomed by the manager Mr Lalan Singh and Mr Nanak Singh the students were divided into two groups and taken on a guided tour of the manufacturing facility by the industry managers. The plant was well-organized and appeared to be clean and well-maintained. The company has a dedicated quality control department that ensures all products are of the highest quality.

OCM PVT. LTD.

OCM company culture is based on a strong foundation of collaboration, innovation, and client focus. The company encourages its employees to think creatively and find new ways to solve clients' problems. The company's focus on employee development was also evident, as it provides regular training and mentoring programs to its employees. During the visit, the student learned about the production process of OCM, which involves three phases: Design, Implementation, and Sustainment. The company uses a structured approach to change management, including stakeholder analysis, risk assessment and communication planning. The management emphasises the importance of involving all stakeholders in the change process and regularly monitores progress against set metrics.

FEEDBACK AND SUGGESTION FORM

Kindly give your feedback and suggestions in the space provided:

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CONTACT NO.:
FEEDBACK:

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SUGGESTIONS:

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