



**CHRIST**  
UNIVERSITY  
BENGALURU, INDIA

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# MUD ₹A

Department of Commerce

E-Newsletter

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# CONTENTS

Yet Another Promise? .....	3
Africa's Struggle to Retain Talent.....	4
Union Budget – Banking Sector .....	6
The Era of Startups.....	8
Actually an Actuary!.....	9
The Eurozone Crisis in a Nutshell.....	10
CUCA Inauguration Report.....	12
Word Search .....	16
Mudra Quiz of the Month .....	17

# YET ANOTHER PROMISE?

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Indian politics and popular promises are perhaps as old a love story as that of Romeo and Juliet. From the exploitation of the caste system to religious differences over the land in Ayodhya, to claims of having the key to eradicate corruption, and to the more recent statements of idealism like “Sabkasaathsabkavikaas (*support of all, progress of all*)”, such promises have always attracted attention but have never achieved delivery to the people. Yet, they are continued to be made and people are still swayed by them, be it through promises of “Acche Din” by Narendra Modi or those of “sweeping” corruption by Arvind Kejriwal or the ones of strict anti-rape laws by Rahul Gandhi.

In the latest budget presented in the House of Parliament, another promise seems to have been added to this long list of promises. The Finance Minister has made the promise of ensuring housing for all Indians by 2022 as per the Sardar Patel Housing Mission. Of course you would want to see such a stage wherein no fellow countryman is living without a rooftop. But, being practical and realistic and putting aside our idealism and blind faith in Narendra Modi’s government (in which the P.M. seems to be no less than a God to the existing youth), we need to ask the Finance Minister to what extent this promise is possible.

There are over 1.2 billion people in India. Nearly one third of them (400 million) are living below the poverty line. The Housing Census of 2011 claims that India has 330 million houses. Let us assume for the sake of argument that as of 2015, the number of houses in India is approximately 350 million. These 350 million houses have come up over a period of 68 years; on an average of a little over 5 million houses per decade.



Promises

The Sardar Patel Housing Mission, going by the words of the Finance Minister, promises 30 million new houses by 2022; this implies that in the next 7 years, the number of houses built would be 6 times more than the average of the number previously built in a decade for close to 7 decades. Not only is this appearing to be impossible even by Napoleonic standards, but it also seems to be a project in which even the Government would have no intention of delivering, perhaps knowing that this was one promise too many.

Not only is the history of delayed construction projects an obstacle, but it also seems evident that there is no proper roadmap to execute this ambitious promise. It was a mere statement by the Minister of Finance, given as an objective without any plan to achieve the same. There was no light shed on fund allocation, funding instruments and entities, exact timelines and project locations, going to show that the project is indeed like how it was described by a Times of India Article: “High on Intent but lacks clarity on mass housing.”

# AFRICA'S STRUGGLE TO RETAIN TALENT

Aaron Mahambe  
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In terms of human resources, the market for talent is one that is very competitive as companies all around the world compete to get the best of what the market has to offer. Businesses across Africa however have been under pressure to align their strategies with the retention of talent, the compensation of employees, and the integration of international practices. This is because they face stiff competition for skills from international companies in the diaspora to which most of the talent pool is flooding to seek bigger salaries. One study conducted by EY found that 70% of African firms are recruiting and yet many report that filling vacancies is taking a long time and they are experiencing high labour turnover.

According to a survey by KPMG, companies in Africa are spending up to 25% of their income on the development of their Human Resources Management which is a sign that Africa now sees their employees as a worthwhile investment. Therefore there is a huge hunger for skills in Africa which requires HR departments to step up to the plate. As a result, businesses in Africa have taken up various strategies to help them attract and retain talent as well as develop Human Resources in a manner that delivers a high return on investment to firms across Africa. Such strategies include:

1. Building the employer brand

According to the surveys conducted by EY the strength of the employer brand is the most important factor to attract talent. Companies in Africa are therefore focusing on building a reputation of being innovative so as to attract talent.

2. Remunerations and rewards

Most companies in Africa have come to understand that the importance of benefits and compensation packages cannot be overlooked as high quality employees know their value and expect employers to provide them with favourable packages. Therefore businesses in Africa are now benchmarking their rewards against those existing in the rest of the world so as to attract and retain talent.

3. Learning and development opportunities

Companies all across Africa are now concentrating on providing learning and development opportunities to their employees as this makes ambitious high performers feel like they are being given the chance to go up the career ladder. Companies are thus engaging in the mapping of the career paths of their employees and providing of sufficient technology that allows employees to develop themselves.

#### 4. Performance management

Companies have also come to understand that a transparent performance management process does not only help them to boost employee satisfaction while optimising performance but also helps to retain talent. Thus companies are now focusing on aligning the individual career goals with the strategies of the firm so as to retain talent.

#### 5. Employee engagement

Employee engagement is being used by firms all across Africa to get employees motivated about their work and keep them engaged in the firm's business strategies, values and culture. HR departments have started using instruments such as employee satisfaction surveys, exit interviews and informal feedback to discover how to improve their Human Resources Management.

The pressure that Africa has been experiencing as far as Human Resources is concerned has brought to light the importance of employees as the most significant assets a firm has and this enlightenment is what will make Africa develop in relation to their Human Resources and in turn, their performance.



# UNION BUDGET 2015

## BANKING SECTOR

Charu Solanki  
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### Changes in the budget:

Despite the continuous reports of the RBI on the need for re-capitalization of the PSB's by the government, the current budget failed to address the issue. The Rs 7,940 crore capital infusions announced in the budget is nearly half of what state-run banks require and lower than what the government committed for fiscal year 2015. Even for last year, the government has so far infused only about Rs 6,990 crore out of the promised capital infusion of Rs 11,200 crore, based on performance.

Capital infusion by govt in PSBs	In Rs crore
FY09	1,900
FY10	1,200
FY11	20,117
FY12	12,000
FY13	12,517
FY14	14,000
FY15*	11,200
FY16*	7,940
*proposed	

Interestingly, even though the government has cut down the capital infusion for banks, the budget for 2015-16 has increased the farm loan lending target for these lenders to Rs 8.5 lakh crore or 14 percent of the total bank credit. This has irked bankers.

The above mentioned policies have infused fury amongst bankers because, on one hand the government wants them to lend more and on the other hand they have been deprived of the required capital, also the banks will now have to strive harder to meet the Basel III requirements of Capital (Rs 2.4 lakh crore.)

### RBI's View:

The RBI Governor, RaghuramRajan, along with the Technical Advisory Committee, is of the view that the current growth rate is deceptive and the reduction in inflation is no good for the economy either.

*"We are under no illusion that the economy – especially investment – is up and running. It is not. It needs support," Rajan said. "We are trying to use whatever room we have to undertake measures that revive the economy."*

The TAC minutes, released on Tuesday, repeated the warning. Its members noted that the initial optimism (after the Narendra Modi government came to power) regarding growth and investment was waning, corporate earnings are subdued, growth in industrial production was muted, investment indicators showed no sign of turnaround, credit expansion was yet to pick up, manufacturing growth was at a five-month low and exports are declining.

This clearly shows the central bank's apprehension towards the current budget's allocation of resources. The central bank also reiterates its stance by pointing out the need for such re-capitalization; the reason for the need for such re-capitalization is the aspirations of the government itself from the PSB's.



### Conclusion:

The recent drop in the repo rates is a sign that even after portraying a growth in GDP of 7.5% the economy is in a sensitive stage. Moreover, the current plight of farmers is a sign that there is high need to revive the economy; only way to do this to infuse more money into the economy for use by the affected sectors. This target can only be achieved by re-capitalizing the Public Sector Banks, who are the main mediators of such funds to the local public. This is something the economic survey too pointed out as a prerequisite to revive growth.

Faced by continuous pressure from the central bank, the central government is forced to rethink the increase in the amount allocated to PSB's. Traditionally, state-run banks are heavily dependent on government funds for capital. Logically, the reluctance of the government to infuse capital would step up pressure on banks to seek options to merge with large banks or shrink their business size.

# THE ERA OF STARTUPS

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Lately, the business sector has seen a rise in the number of startups in India. India is a hub for young minds to grow, and hence it is no wonder that startups are all the rage now. So, what are startups? Startups are businesses in the form of companies, partnerships or even temporary organizations, designed to search for repeatable and scalable business models. The essence of a startup is innovation, scalability and growth.

The reason why startups are very much preferred is that they are companies that are designed to grow fast. Since their values rest solely on their future growth potential, entrepreneurs are committed to solving a harder type of problem than those with ordinary businesses. Startups can be of any variety, however, building a co-founder team is very important to secure key skills and resources and to be able to expand the startup further in future.

Startups, though small in size, can imbibe a lot of qualities in individuals working for them such as more responsibility, more opportunities, creativity, lessons from true innovators, recognition of employees' work and failures, good and healthy work atmosphere, monetary responsibility, hard work, ownership, self-sustainability, development of business ideas, greater autonomy and authority and collaboration with enthusiastic and creative professionals.

Some successful Indian startups are:

Flipkart  
Ad Pushup  
Hike  
MadRat Games  
Exotel  
Healthkart  
Web Engage

TaxiForSure  
Cucumbertown  
Zomato  
Urban Ladder  
Zoomcar  
Bigbasket



The list goes on and on. Of late, we've also seen a gradual shift in investments, as more and more investors are investing in startups that appeal to them. This revolution will soon take the dynamic world of business by storm and establish their presence in the world. More efforts should be taken to invest in private sector, as they are the face of Indian business today. A simple step taken today can result in a giant leap tomorrow. We must encourage more such startups to hasten our economic development as well and become the No.1 nation in the world for startups.

# ACTUALLY AN ACTUARY!

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Risk is opportunity; this is what actuaries believe in. The future is uncertain and filled with risk. There is always a chance that an undesirable event may occur, but at times this risk can also be an opportunity. That's where actuaries come in.

Actuaries are professionals who manage and analyze the financial consequences of risk in the most efficient way. They help predict the impact of undesirable events by using mathematical and statistical tools like probability. For instance, if a person takes a life insurance policy then an actuary will determine a projected loss and help insurance companies decide on the premium. They are the analytical backbone of our society's financial security programs.

Want to build your career in this field? This is a well emerging field and a good career option with amazing opportunities. Any higher secondary passed, graduate, post graduate, engineer, MBA, CA, ICWA etc. and who have sound knowledge in mathematics and statistics is eligible to become an actuary. One will need to appear for ACET (Actuarial Common Entrance Test) which is held twice a year with a registration fee of Rs.3000. This covers the cost of the study material, online exam and online tutorial. So grab your opportunity and think out of the mainstream options that society offers you!

Interested to know what actuaries do?

- They are experts in evaluating the financial impact of the near future. Indirectly they help you make better financial decisions.
- They add value by helping you make better informed decisions and prepare you well in advance.
- Their analytical skills and modelling of problems in finance, risk management and product design are used extensively in the areas of insurance, pensions, investment and more recently in wider fields such as project management, banking and health care.
- Help companies establish their retirement plans.
- Assist banks in managing their assets and liabilities and develop ways to manage financial risk.
- Helps determine the real value of insurance policies and the appropriate insurable amount for the same.

# THE EUROZONE CRISIS IN A NUTSHELL

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The RMS Titanic was the world's largest passenger liner before it hit an iceberg and sank, just like the Euro is (*one of the*) most widely used foreign currencies for exchange reserves, before it sinks of course.

Hopefully, most of you have heard of Greece. You would have also heard, going by my previous analogy that they're currently sailing in treacherous waters, that Greece is not the only EU country that's about to sink; it's just the only one that has hit the iceberg.

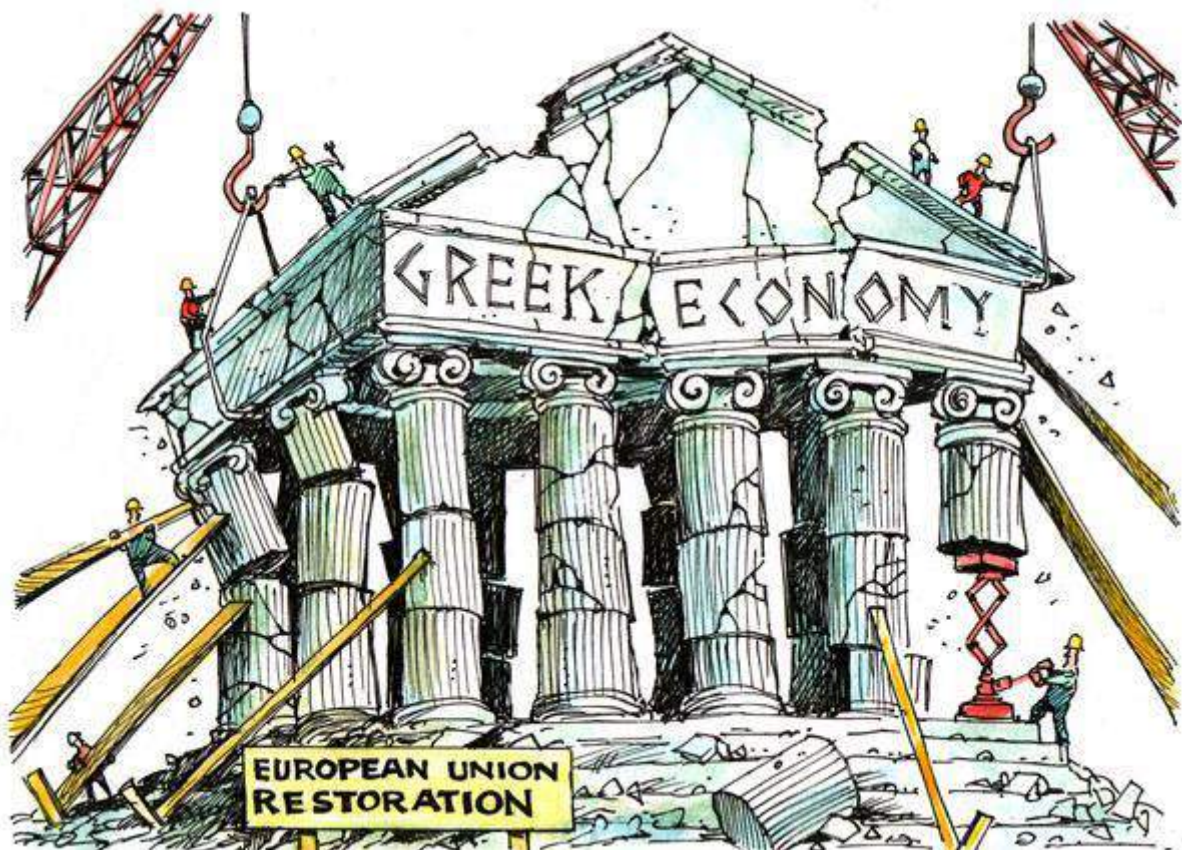
The European Union (EU) was created in 1993 as an escape to the extreme nationalism that caused both World Wars. The Eurozone is a monetary union of 19 out of 28 states in the EU that have adopted the Euro as a replacement for their indigenous currencies. The EU has considerable power, and its monetary policies apply to all of its member states. It has developed a single market through this singular monetary policy, and ensures the free movement of people, goods, services and capital throughout its member countries. However, one power it does not possess is the power to implement a uniform *fiscal policy*. This weakness in the EU's constitution can be seen as the singular reason for the present-day crisis in Greece.

Before the creation of the EU, Europe was a continent in conflict with itself, with numerous wars breaking out time and again. This constant conflict adversely affected the economies of all European countries. Another issue plaguing the continent was the presence of myriad currencies. Thus, if one had a distribution centre in France and had a manufacturing centre in Germany, one would have to pay excise and export duties in the Mark, and pay import and sales duties in the Franc. Also, the larger part of the expenditure would be in the Mark and the income would be in the Franc. Thus, in order to expand the factory located in Germany....

And so the creation of the EU was seen as a logical step in promotion of free trade and easing the conduct of business throughout Europe. Membership in the EU also allowed economically weaker countries to avail cheap credit from the European Central Bank (ECB) for the development of their economies, i.e., loans that would otherwise attract interest rates of 8-10% would now cost only 2-3%. Also, these loans were guaranteed by stronger economies like Germany. This was a boon for weaker economies like Greece and Portugal. Thus, caution was thrown overboard and politicians in most countries used this cheap credit to purchase the votes of their citizens by offering fat government pensions, huge subsidies and ludicrous tax sops. Austerity was practiced only by Germany, which had learnt its lessons from the aftermath of WW II.

Now that the creditors of Greece et al are demanding repayment of their loans, they are caught between an iceberg and Germany's austerity measures. And of course, austere policies don't make their way into the winning party's election manifesto, which is precisely why the extreme-left Syriza was elected into power in Greece. Extreme-leftism also poses its issues, for a "Grexit" and a shift back to the Drachma would cause extreme hyperinflation in the country, while accepting austerity would cause civil unrest, which is why PM Nikolas Tsipras agreed to initiate dialogue to search for a mutual consensus on the issue.

However, exit from the EU and implementation of austerity measures are the only solutions available to Greece and other indebted countries, both of which are hard choices to make. The rest of the world can only wait and watch as the whole of Europe navigates its way through the crisis that it has created.



# CUCA INAUGURATION REPORT

The Inauguration Ceremony of all the associations and clubs of the Department of Commerce for the Academic Year 2015-16 took place on the 24<sup>th</sup> of June in the Main Auditorium. The event acted as a precursor to all the activities that will happen through the course of the year in the department.

The event was memorable because of the fact that the South Indian Bank launched its new mobile app, the SIB Mirror. The Chief Guest of the event was Mr. V.G Mathew, CEO and MD of South Indian Bank. The other dignitaries included Mr. Ajit Jacob, DGM Karnataka Region and Mr. Raphael, GM Marketing. Our Honorable Vice Chancellor Col. Rev. Fr Dr. Thomas C Mathew also graced the occasion and likened the department to a university within itself, brimming with talent in everything we take on.

After the dignitaries addressed the gathering, the various associations of the department were introduced through videos. The associations which will have its activities this year are CUCA, Suyukti-The Oratory Club, Mercurius – The Marketing Club, Arthaprabandha – The Finance Club, Udaan – The Entrepreneurship Club and Mudra- the official newsletter of the department.

**CUCA**









# WORD SEARCH

A	B	H	I	G	S	E	K	J	O	B	M	A	H	S
B	I	D	E	L	O	V	E	S	W	A	R	I	F	C
I	N	I	P	O	L	I	C	Y	H	R	I	S	E	R
L	C	V	D	B	F	O	R	W	H	S	A	T	E	E
I	E	E	J	A	P	P	L	I	C	A	N	T	D	E
T	N	R	A	L	F	M	U	P	A	Y	C	K	B	N
Y	T	S	K	I	B	U	N	X	R	O	G	F	A	I
L	I	I	I	S	H	D	O	L	E	H	A	T	C	N
O	V	T	L	A	A	R	T	S	E	D	O	G	K	G
L	E	Y	P	T	K	A	I	B	R	E	S	U	M	E
Q	U	A	L	I	T	Y	C	O	N	T	R	O	L	S
F	C	K	A	O	I	Y	E	L	A	Y	O	F	F	W
Y	A	M	N	N	S	I	X	S	I	G	M	A	P	O
M	A	D	A	R	I	C	H	L	O	C	K	O	U	T
Z	Y	R	E	C	R	U	I	T	M	E	N	T	G	O

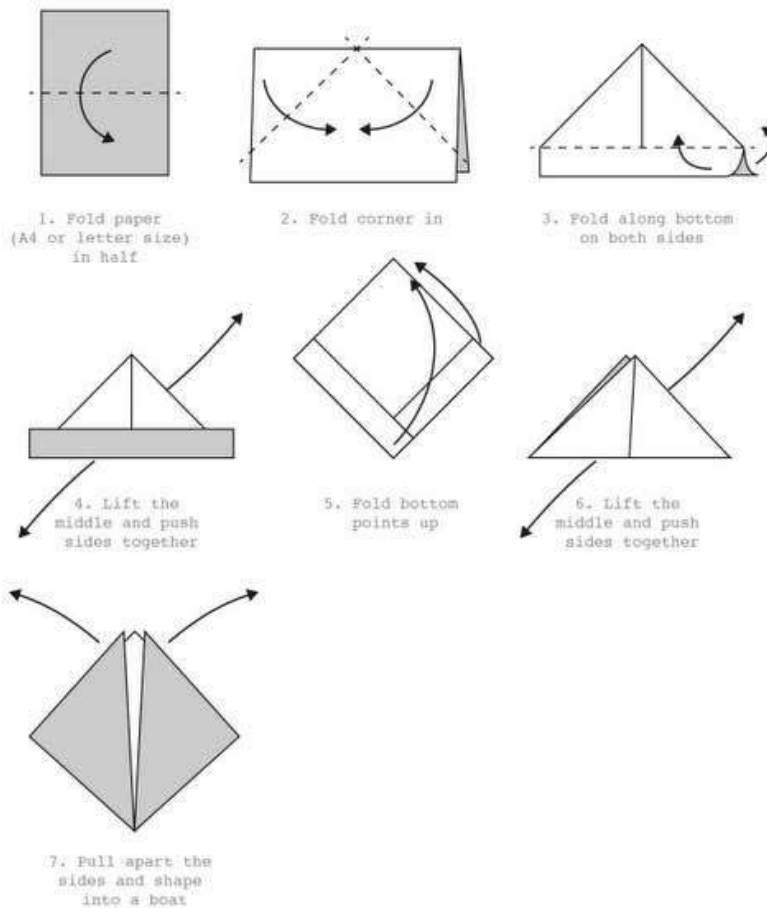
Find the HR terms in the above word puzzle.

Terms are

1. Ability
2. Applicant
3. BARS
4. Career
5. Diversity
6. Feedback
7. Forecasting
8. Globalisation
9. Harassment
10. HRIS
11. Incentives
12. Job
13. Layoff
14. Plan
15. Notice
16. Pay
17. Policy
18. Quality controls
19. Recruitment
20. Resume
21. Screening
22. Six sigma
23. Interview
24. SWOT
25. Transfer
26. Union

# MUDRA QUIZ OF THE MONTH

1. Flipkart, InMobi, Paytm, Quikr, Snapdeal, Ola and Zomato are the only Indian companies to be a part of which elite list?
2. Which brand is denoted here?



3. If you were to go to the website [www.prideforever.com](http://www.prideforever.com), where would you find yourself?



4. Logo of?
5. Ola Cabs : Bhavish Aggarwal::Taxi For Sure : \_\_\_\_\_
6. What is the name of the space probe launched by NASA to study the dwarf planet Pluto?
7. Expand MOOC?
8. World : Bill Gates :: India : \_\_\_\_\_
9. Connect: Shailendra Singh, Percept Communications, Avicii.
10. Which famous organization is in charge of counting the votes and declaring the winner at the Academy Awards every year?