April 2018 Volume IV

Affiliated to GGSIP University, New Delhi
Approved by AICTE & Council of Architecture

SCHOOL OF MANAGEMENT XPRESSIONS

IN THE ISSUE

Strategies for Business Excellence Conference: Inaugural Address by Chief Guest Ms Sushma Yadav, Member UGC

Theme of the Current Issue

ECONOMIC ENVIRONMENT OF BUSINESS

Theme of the Upcoming June 2018 Edition of Xpressions

CAREER OPTIONS FOR MBA STUDENTS

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FROM THE

EDITOR'S DESK

At the very outset, I wish to make an honest confession that it is for the first time that the entire editorial team had to brainstorm on choosing an academically rigorous, intellectually challenging, and contemporarily relevant theme for the current issue of Xpressions. Several themes were tossed and the final choice rested on the most talked about and country's fast changing economic landscape "Economic Environment of Business."

Economic Environment of Business is probably the most significant category among the varied kinds of business environment. It is said to be mother of all categories of environment, be it Political Environment, Educational Environment, Social environment, Technological Environmental Legal Environment, etc. Besides, its complexities need to be grasped by our MBA students so that they can anticipate business opportunities by making reasoned guesses about future.

It will be useful if we take a pause and try to recollect how the history of economic environment of business has moved in phases in India. After independence, political leaders had some skepticism about private business and Pt. Nehru's socialist approach gained acceptance even with the private business houses. Bombay Plan is a living testimony to that. Public sector percolated down to most sectors of the economy, be it bread or tractors, transport or steel, the public sector was almost everywhere, and dominating the commanding heights of the economy.

The country traversed through the 1950s, 60s, 70s and the 1980s and there was a realization that the fondly established panacea called public sector was a non-performer parasite filled with corruption, red-tapism, Hindu rate of growth and what not. And by 1991, things reached a nadir. The economy had dwindled to a point when we did not have enough foreign currency for purchasing our imports. It was under such circumstances that the Indian economy decided to follow the path traversed by the nations which had grown through the 1950s, 60s, 70s and the 1980s. And it was the path of Liberalization, Privatization and Globalization, popularly abbreviated as LPG, which now determines and guides the direction of economic environment of business in India.

Let us examine the progress of LPG during 1991-2018. Has the Indian economy liberalized itself from the clutches of inspector-raj and moved away from the pitfalls of the public sector dominance? Gone are the days, when the people had to wait for ages to get a simple landline connection or a two-wheeler scooter. JRD Tata once famously ruminated that if he sips a cup of tea in London and does not report this to the Government of India, he violates FERA (now FEMA). Of course the situation is not that grim in 2018. No doubt, public sector is still prevalent, but is fast losing its sheen. Yes, the Government of India has stopped preparing bread (Modern bread sold to HUL), it has stopped assembling watches & tractors (HMT is almost on the verge of closure), ITDC and the State tourism corporations have sold many of their properties, BALCO sold out to Sterlite, majority of the Public Sector banks have disinvested, so on and so forth

The present economic scenario is quite encouraging for business in India. Two-pronged strategies by the government have helped in making the economic environment of business congenial --- practicing "Selective LPG" and adoption of certain pro-active innovative economic measures. Selective LPG ensured liberalization, privatization and globalization of Indian economy without opening the flood gates for a protected economy. It was due to this selective LPG that the Indian economy did not crash like the economies of South Asia and Latin America and had a firewall or bulwark against the sub-prime crisis. Pro-active measures like Demonetization, GST, Make in India, Skill India, Start-up India and several other measures ensured significantly qualitative improvement in the economic environment of business. Over 99 percent of the demonetized Rs 500 and Rs 1,000 notes are back in the banking system. According to the RBI annual report Rs 15.28 lakh crore came back, out of Rs 15.44 lakh crore in circulation. This increase in bank deposits has eased money supply in the economy and lowered lending rates by banks, resulting in boosting the consumer as well as private spending. Increase in digital transactions has resulted in larger business volumes. After demonetization stock market in India got bullish.

Critics view the economic policies pertaining to the economic environment of business as 1 step ahead 0.25 steps backwards. The government, nonetheless, has done well on most of the fronts in making the economic environment of business liberal and globalized.

Citizens should expect more and raise their demand for better economic environment in an effective manner. It is only when the economic environment undergoes significant improvement, largest sections of our working populace will hope to gain through greater productive employment opportunities, businessmen will find larger scope of ease of doing business, consumers will get wide varieties of goods and services resulting into higher and better standards of living, and governments will collect more revenues for expansion of infrastructural facilities and increased spending on social sectors. The dream of India becoming Super Power can be realized only through a better economic environment of business.

Prof. J.P. Mahajan

Remembering the Economic Liberalisation of 1991

Dr. Sudhir Bisht

It is a well known fact that the macro economic factors that constitute the overall economic environment have a huge impact on business. Factors like interest rates, inflation, taxes, exchange rates, recession and depression are some of the factors that impact the overall economic ecosystem of the country. Add to this list the role of government's economic policies and country's stability perception and you get an overall picture of how attractive a country can be for businesses to be able to invest in the country.

When the economic environment of the country is not positive, there are very little chances for that country to attract foreign investment. In January 1991, India had to pledge 67 tonnes of gold to International Monetary Fund (IMF) as India's foreign exchange reserves had dipped to 1.2 billion USD. Till about 1990, Indian economic policies were mired in socialistic moorings. The buzzwords then were “import substitution”, “licence-permit raj”, “public sector monopoly.”

The policy of economic liberalisation started in 1991 by the then Finance Minister, Dr. Manmohan Singh (MMS), and supported to the hilt by the then Prime Minister, PV. Narasimha Rao (PVNR), was nothing short of revolutionary to say the least. The basic tenet of the policy was to do away with protectionism and permit-raj and end the monopoly of public sector undertakings and selected private conglomerates in India. The new economic policy of 1991 set out to liberalise trade and commerce, allow multinationals companies (MNCs) to enter Indian market easily, privatise the loss-making or inefficient public sector undertakings and reduce farmer subsidies like that on fertilizers.

The fact that liberalisation policy has led to tremendous surge in India's economic growth over several decades is not in doubt, but it is not as if it was a cakewalk for the PVNR government to initiate the first steps of the policy. That the new economic policy was opposed by a large number of politicians is something that is on expected lines but what is interesting is the fact that many leaders within the ruling party, the Indian National Congress (INC), opposed the policy, some stealthily and some openly. An article titled, “IB gave Narasimha Rao list of Congmen, ministers against 1991 reforms” written by Vinay Sitapuri published in Indian Express in June 2016 gives insight into the way the most unsung Prime Minister of India, PVNR, backed his Finance Minister MMS to make rollout of liberalisation a success in his five-year tenure.

As per the author, the Intelligence Bureau report suggested that as many as 55 members of Parliament of INC, including cabinet ministers like Balram Jhakar and Madhavrao Scindia were opposed to liberalisation of trade policies. There were industrialists like KK Birla, member of Parliament who were opposed to the entry of multinationals in Indian market. Many MPs opposed removal/ reduction of farm subsidies and many MPs of Indian National Congress, including Arjun Singh, the Human Resource Development minister and Digvijaya Singh, the MP, were not happy that PV Narasimha Rao was able to strike a tacit understanding with the principal opposition party, the Bhartiya Janata Party (BJP), on economic reforms. PVNR persistently pushed the process of reforms by personally meeting those who opposed the reforms. He even termed the reforms an extension of Nehruvian socialism and thus appealed to the sentiments of old Congressmen. He sent emissaries to the opposition leaders and briefed them about the positive sides of reforms.

It may be mentioned here that the well entrenched business houses felt threatened by the process of reforms. These industrialists were safely ensconced in their home turfs with very little competition within India. Working with old and fully depreciated machinery, they were raking profits from whatever their factories produced. There existed waiting lists for purchase of Bajaj scooters and Fiat cars at that time. I myself remember that I bought my Bajaj Super scooter, UP (70C) 9080, while I was posted at Allahabad in 1990. I waited for over five months before I was asked by the dealer to come and take the delivery of my scooter. Upon reaching the dealer's showroom I was disappointed to find out that the scooter being given to me was not of the colour that I wanted to buy. But I had to buy whatever was available and for the next three years, I rode on my light blue coloured scooter even though I hated its colour!

The Indian businessmen got together and formed what is popularly called the Bombay Club. In 1993, eight prominent businessmen Rahul Bajaj, Jamshed Godrej, Arun Bharat Ram, LM Thapar, CK Birla, Hari Shankar Singhania, BK Modi and MV Arunachalam gave a signed petition to Dr. Manmohan Singh and demanded “level-playing field” to be able to compete with the foreign business players. These were some of the richest business houses who had made a fortune for themselves. Some of these were also highly respected leaders in the society due to their notable acts of philanthropy. The Finance Minister, not wanting to take them on directly, diplomatically agreed to ensure that these businesses were not disadvantaged. They were allowed to raise preference shares up to 25 percent of their authorised share capital to get funds, without diluting control over their enterprises as these shares didn't have the voting rights.

In the case of existing joint venture companies between a foreign and an Indian partner, the government insisted on the foreign partner getting a “No objection certificate (NOC)” from the local partner, if it wanted to establish a 100% establishment of its own. It is thanks to the policy of liberalisation that was conceived by Dr. Manmohan Singh and enforced by PV Narasimha Rao that Indian economy has now become the world's 6th largest economy by nominal GDP and the 3rd largest by purchasing power parity (PPP).

According to many students of History of Indian Economy, India had the largest and most advanced economy between the 1st century and 18th century. Though we are still far, far away from coming anywhere near the top two economies of the world in terms of nominal GDP, we are within the striking distance of overtaking the economies of United Kingdom and France.

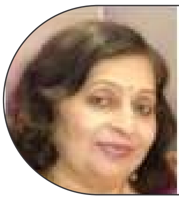
India has a lot to thank PVNR and MMs for their vision and ability to drive reforms in a hostile environment of protectionism.

Dr. Sudhir Bisht has worked with world class organizations in India like Indian Oil, Reliance, Exxon Mobil, all Fortune 500 companies. He has also been in the Top management positions in Africa in companies in Oil & Gas and in Telecoms and telecom infrastructure sectors. He has been advising Israeli, African and Indian companies on strategy and Business developments over the past six years and is on the Board of two companies.

Dr. Bisht is also a prolific columnist and his columns are published frequently by rediff.com He has also authored a book titled- “The First Lady of Roli Petroleum” that gives deep insight into the power play in big organizations that often spills into personal lives.

His twitter handle is @sudhir_bisht

India: on the Path of Global Economic Leadership



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India started its growth journey with the protectionist environment at the time of independence and continued with it for over four decades. The development during this period though witnessed transformation of the economy, with a highly diversified infrastructure, industrial development, institutional framework and significant changes in income and consumption levels, however these developments had imposed number of controls and regulations and restrictions on foreign investment and social development below desired levels. The adverse consequences of old economic policy required a quick turnaround.

The new economic policy was announced by the government in 1991 with a set of structural reforms with the objective of growth, modernisation, self-reliance and environmental protection. There was a total transformation of the economy from protectionist regime to liberalised, globalised and privatised regime. Such policies continued for about two-and-a-half decades and required changes in the globalising world.

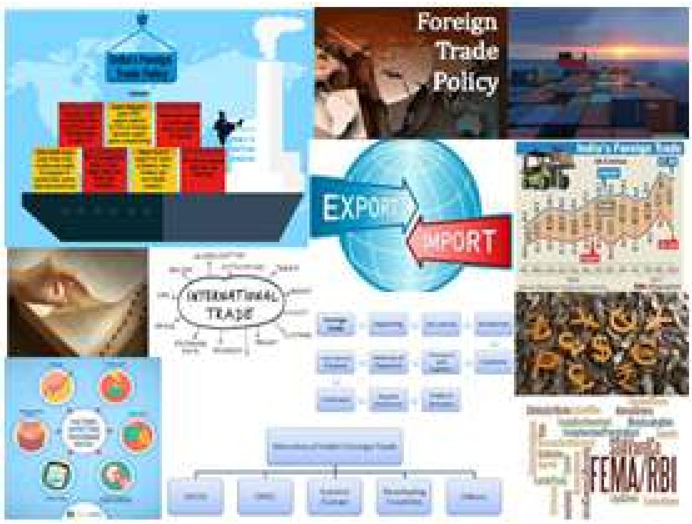
The economic environment was changed in favour of business promotions, entrepreneurial culture, long-term investment in the form of FDI flows, technology and managerial know-how, revolutionary marketing and distributional practices. Some of the initiatives which changed the scenario in recent years are Make-In-India, Digital India, Start-up-India, Skill India, and Mudra Yojna. Transparency in the services sector has been one of the significant contributors towards attracting foreign companies to set-up their manufacturing units in India. This has not only bought access to superior technology, but side-by-side has also resulted into increasing the export of the nation and is contributing towards maintaining positive foreign exchange reserves. Many foreign companies have got a fillip to set-up and operate their businesses with ease in India, with the help of Invest India. Invest India is the National Investment Promotion and Facilitation Agency of India and acts as the first point of reference for investors in India.

The ranking of the nation in Ease of Doing Business Index has improved over the years due to prevalence of such initiatives.

Besides, availability of skilled workforce, removal of bureaucratic hindrances, improvement in infrastructure facility and easy availability of various ancillary services have made India an attractive destination for investment. Policy initiatives have changed the image of India in the global scenario.

The International Monetary Fund (IMF) assessment about global growth has estimated India as amongst top seven (7) economies in the world, along with Japan, US, UK, China and Germany. For India alone, the growth forecast for 2018 is more than 7.4 percent and 7.8 percent in 2019, whereas the global economy is estimated to grow at 3.9 percent which indicates that recovery is more comprehensive than anticipated. India is positioning itself as the fastest growing large economy in the world. Moody's Corporation, often referred to as Moody's,

The growth story of India between 2013-14 and 2016-17 was witnessed by rise in FDI, inflows from \$36 billion to \$55 billion (Favourable Investment Climate), total power installation improved to 3,19,606 MW from 2,43,029 MW (Energy Efficiency), 16,000 kms of national highways compared to 362 kms (Infrastructure Reform), investment in housing scheme for people below poverty line went up to 96,262 crore from 32,730 crore (Social Sector Development), optical fibre network connectivity enhanced to 90,996 panchyats from just 59 panchyats (Digital India).



India is on the path of becoming global leader leaving China behind very soon. India is projected to be $2.5 trillion economy while that of China is $11.85 trillion according to recent estimates. The government is preparing the roadmap to identify the avenues in core sector which will make India to be $5 trillion economy in years to come. India registered the GDP growth rate of 7.2 percent in the recent quarter whereas in case of China it is only 6.8 per cent, clearly indicating that Indian economy is heading towards global leadership.

India has regained the world's fastest growing economy tag with the recent GDP growth rate. Once Indian economy reaches $5 trillion the subsequent growth will be at a much faster rate. Indian economy may take far less time to reach $10 trillion and above. Foreign trade is expected to contribute $2 trillion to the economy from both manufacturing and services. To achieve this target, exports of not only traditional products but new products are also added to the basket. Government has also identified twelve services as champion services and has also approved Rs. 5000 crore to promote such services sector as information and technology, tourism and hospitality. According to an Economic Impact Report published by World Travel and Tourism Council (WTTC), India is all set to establish itself as the third largest travel and tourism economy by 2028 in terms of direct and total GDP. This will lead to creation of nearly 10 million jobs in the tourism sector by 2028. Currently India is seventh (7) largest travel and tourism economy in the world. The revolutionary structural changes in the technology are also in line to drive the growth even faster. Leaders of various countries, after recognising the Indian economic growth potential, have therefore pledged their support in building India of tomorrow by investing and by making investment commitment. Owing to concerted efforts from all over the world India promises to hold, even brighter and stronger future.

Minister Speaks on India taking Global Economic Leadership

India can take over the global economic leadership in the 21st century if it manages to create $100 billion companies across sectors on the home soil, Union Minister Jayant Sinha said while speaking at the India Ideas Conclave. "Because if we build companies of that scale, scope, and size, that's how we will achieve economic leadership. That is how we will create economic opportunities for all our people… these very large-scale companies can power entire sectors forward, create millions and millions of jobs and really drive our gross domestic product from 2.5 trillion dollars to 5 trillion dollars," he said.

Impact of Changing Economic Environment in Retail Business

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In the present-day fast changing economic environment, firms are witnessing a unique situation, especially in retail business. Retail business enterprises are operating in a market structure which is a mix of competition and monopoly. This mix of competition and monopoly in a marketplace is commonly described as monopolistic competition. In a monopolistic competitive market, there are several firms involved in producing similar, but differentiated products. These firms compete with others in the market in terms of packaging and advertising campaigns and have some control over the prices of their products. Firms in a monopolistic competitive market have low entry barriers and enjoy full freedom to enter and leave the market.

Such a scenario is commonly seen among business enterprises operating in the fields of FMCG, automobile, banking, container and packaging, fashion and apparel retail, electronics, eating joints (restaurants), office equipment, hair dressing saloons, beauty parlors, print and electronic media, and personal and professional services.

To better understand the phenomenon of monopolistic competition, let us try to understand the mechanism involved in its operation. Firms often introduce valuable new products or innovative processes that give rise to above-normal rates of return/profit in the short-run. In the long-run, however, entry and imitation by new rival firms erode the dominant market share enjoyed by early innovators, and profit eventually returns to its normal level. For example, consumers are often seen to continue to prefer their old used and trusted brands such as Knorr soup, Nike, Olay, Tide and other favourite brands long after comparable products have been introduced by rivals.

In characterizing the descriptive relevance of monopolistic competitive market and its behaviour, it is important to recognize the dynamic nature of real world markets. For example, as late as the mid-1980s, it seemed appropriate to regard automobile and PC manufacturing as oligopolistic markets. Today, it seems more appropriate to regard such industries as engaged in monopolistic competition. In the automobile industry, for instance MarutiUdyog, Hyundai, Toyota, Honda, Nissan and a host of specialized competitors are waging a fiercely competitive war to win over customers.

Aggressive competitors like Dell, HP, Apple, Lenovo and Acer represent another very important example to explain the dynamic nature of monopolistic competition. These brands first weakened the dominant position of IBM in PC business, and then attempted to establish their own lead in the PC business. Now, these brands have established their strong position and command a niche market and are also competing against each other to retain their hard earned market share. Prices for PCs continue to fall as improving technology continues to enhance product quality. Similarly, in the tele-communication field, the dominant BSNL and MTNL are facing stiff competition from Airtel, Vodafone and Reliance.

It is the considered view of the author that in a democratic country like India, monopolistic competition is a fact of business life. It cannot be done away with. People have to learn to live with it. However, its adverse effects also need to be curbed. This can best be done by the government through legislative measures. It is heartening to note that several steps have been taken by the successive governments to minimize the adverse effects of monopoly and at the same time to foster competitive spirit in the market.For example, the Competition Act 2002 seeks to promote and sustain competition in the market and at the same time attempts to protect the interest of consumers. Another important legislation to regulate real estate sector in India was enacted in the form and style of Real Estate (Regulation and Development) Act 2016, popularly known as RERA. The purpose of RERA is to seek protection of the interests of home buyers and also boost investment in the real estate sector.

Business Model Innovation: The Game Changer

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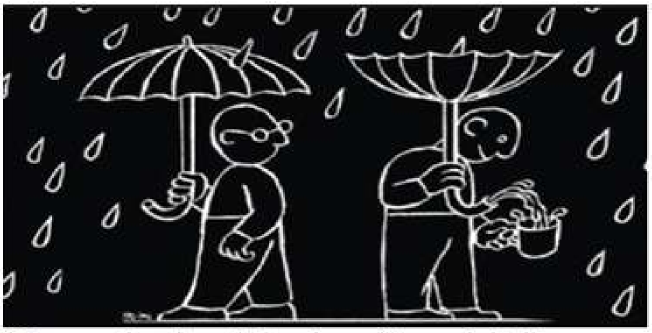
"When the game gets tough, change the game (BCG, 2009)"

In today's highly competitive and globalized marketplace, it is always challenging for the existing firms to stay competitive, expand and grow. It is even more challengingfor a new firm to enter any existing market. For survival and growth, firms need to discover the opportunities which are presently not being served properly. The firms are continuously struggling to recognize such un/under-served needs of the customers, and are pursuing innovations to meet such needs.

Creativity and innovation have become buzzwords in all spheres. While creativity means thinking of new ideas, innovation means launching of something new into socio-economic spheres for some use/ application based on such creative ideas. Figure given below highlights the innovation based on creative thinking.



"Innovation is celebration of creativity"- Dr. A.P.J. Abdul Kalam

Most of the time, a firm's focus and efforts are confined to innovations in existing products, processes and services, which provide the firm some advantage in the face of cut-throat competition. While pursuing innovations, areas of existing products/processes/services, it should also explore new/other areas for innovation. One such key area of innovation is Business Model (BM), which can change the game in favour of innovating firm. Business model innovations have reshaped many industries and redistributed and created enormous value.

Understanding Business Model Innovation

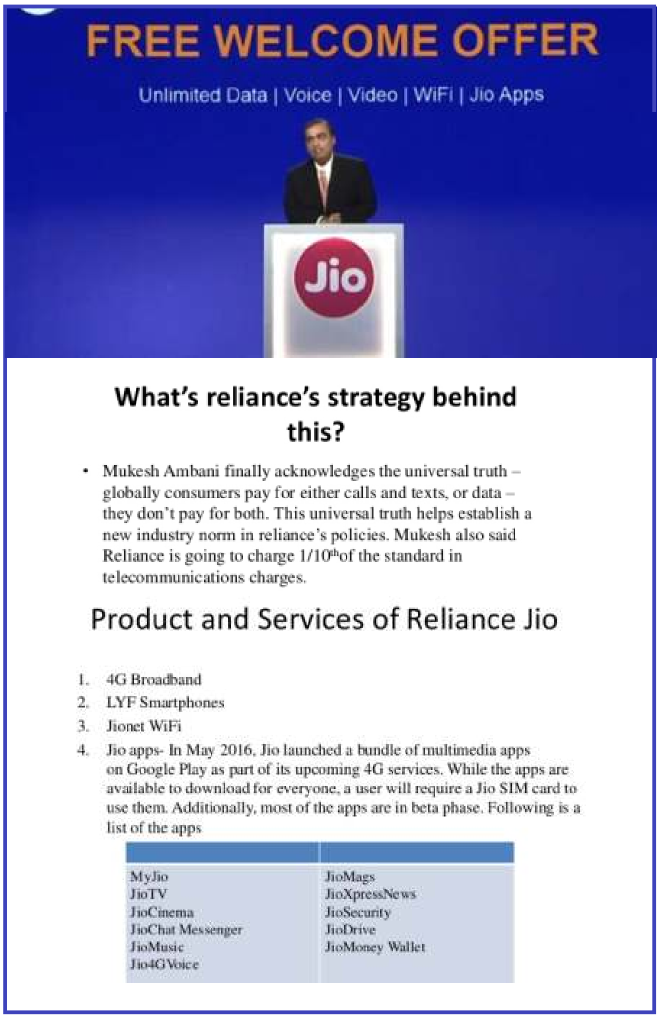
A business model describes the rationale of how an organisation creates, delivers and captures value. Business model innovation (BMI) refers to reinvention of the business itself. BMI occurs when a firm changes the rules of its industry and creates a new industry itself. BMI can be defined as creating value, for firms, customers and society, through new models(replacing outdated models) that respond to emerging user needs and pressing environmental concerns.

BMI Examples

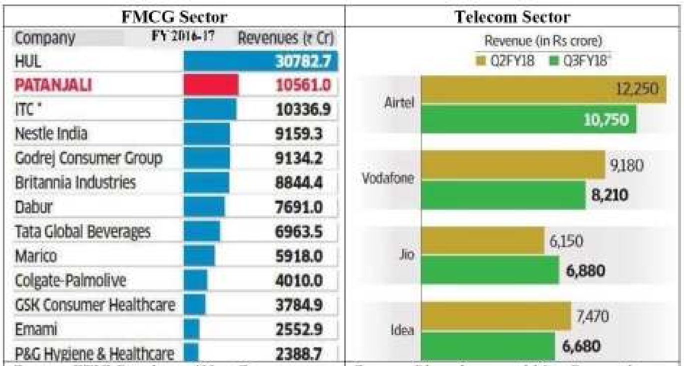
A prominent example in global context is Apple's introduction of products and services such as the iPod, iPhone and iTunes which expanded the company's offerings beyond the desktop computer market. The iPod and iTunes created ways to generate profit from downloadable music, while the iPhone was a breakthrough in the smart phone market.

In Indian context, Patanjali Ayurveda Ltd. can be said to have made business model innovation by providing a large variety of FMCG products with natural ingredients. Its strategy of targeting those consumers who craved for swadeshi/natural products, selling at prices lower than those charged by MNCs and setting up separate distribution network, helped it to capture a large market share despite high competition and problems in distribution. This different business model helped the company to earn revenue of around Rs. 10,500 crore in FY 2016-17.

Reliance Jio can be taken as another example. At the time of its entry in the telecom industry, call and data tariff were overpriced, making them somewhatlesser available to the lower strata of the society. Reliance Jio introduced free lifetime call services and data services at cheaper prices. For the quarter ending Dec 2017, the revenue from operations was Rs 6,879 crore, showing 11.9 per cent growth over the previous quarter; and its subscriber base stood at 160.1 million. The Figure given below presents new pecking order in Indian FMCG and Telecom sector due to business model changes.



New Pecking Order due to Business Model Changes



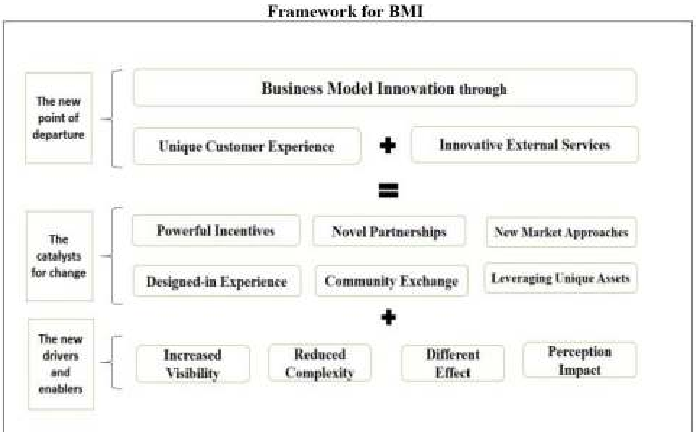
*Source: ETIG Database, *Non Cigarette* | *Source: Bloomberg, and Mint Research*

Designing New Business Model (BMI)

According to Hobcraft (2010), the starting point of a new business model is to know what the customer is trying to do that they cannot do as effectively as they would wish today. These customers' needs can be recognized through deeper observation to discover new opportunities. If firm can correctly identify these gaps/opportunities, then there is a scope for potential innovation match that might need a new business model. Figure 3 presents the framework for BMI proposed by Hobcraft.

The four 'drivers and enablers' that can galvanise BMI process are - increased visibility, reduced complexity, providing a different effect than the present, and altering the perception with significant impact on today's understanding. BMI process can be further sped up by using the 'catalysts of change' namely – new approaches to the market, providing powerful incentives and designed-in-experience with a focus placed on the quality of the user experience, leveraging unique assets of the firm, novel partnerships and community exchange.The combined effect of drivers and catalysts can lead to unique customer experience which coupled with innovative external services, can lead to sustainable business model innovation.

Framework for BMI



Source: Hobcraft, Paul (2010). The case for a more systematic understanding of business model innovation design.

Major Challenges in BMI Process

- High degree of ongoing ICT led technological change and ever- increasing competition.
- Digital disruption has shortened business model life-cycles from about 15 years to less than 5years.
- Leveraging ICT properly for business model innovation is a major challenge.
- BMI sometimes fail to capture opportunity if it is implemented late and delayed.
- Sometimes leaders think that their business model is the best or perhaps the only way to earn profit in their respective industries; however, there could be many business models.
- Whenever there is insufficient data, the firms move ahead without in-depth analysis and planning.
- A company may get bogged down in too many uncoordinated, bottom-up innovations through bloated, unbalanced, and overlapping portfolio of experiments.
- Some organizations are able to churn out ideas endlessly, but rarely move on to piloting and scaling them up.
- Every industry has zombies - projects that do not go anywhere but refuse to die; as some managers refuse to give up their pet ideas.
- A company may sometimes focus too much on the internal needs of the organization and fail to address the evolving needs of customers.

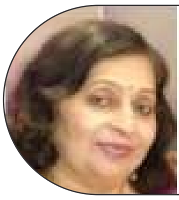
Managing Challenges in BMI Process

- The business leaders should be open to many business models instead of analysing only two or three models.
- The business leaders should accept that the new model can remain unprofitable for some time.
- It is vital to understand external forces of change in order to anticipate relevant impacts in the business model design.
- There should be proper focus (neither too narrow nor too wide), proper planning, proper scheduling/ sequencing of activities, matched by adequate resources, with continuous feedback, and by managing internal resistance to change.
- The business model development should follow the 'Trial and Error Principle: Design Prototype & Test'.
- The use of visual business model templates to design business models can help to provide structure, a shared language, and simplification.
- The existing model should be diagnosed and its limitations should be found, thereafter a new model which overcomes these limitations should be made.
- Successful business model innovation in the digital age requires an alignment of business objectives and ICT objectives.
- Top management involvement and support are prerequisites for success of a business model.
- Widespread external and internal collaboration can play an important role in successful implementation of BMI.
- Constant adjustments to the business model are required in order to account for diverse customer needs and changing business environments.
- Analogies are an important catalyst for generating new business model ideas.

Conclusion

Business model innovation can be used as a very important business strategy for survival and rapid growth. ICT tools can play a major role as a facilitator in the BMI process. Through successful implementation of BMI, firm can change the rules of the game (competition) and turn the tables around.

Participatory Notes In The Changing Business Environment



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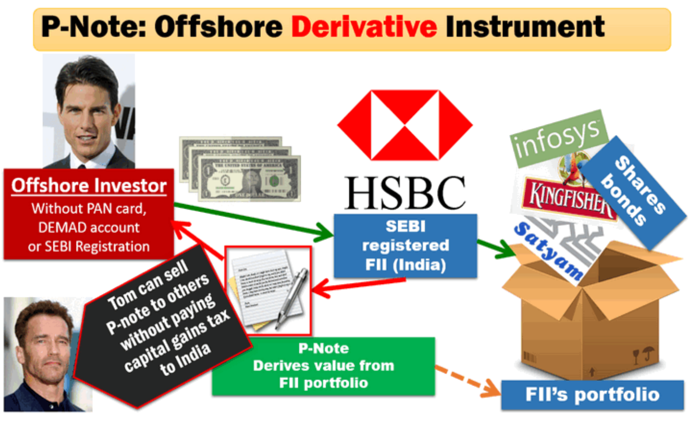
NEWS: SEBI's P-Notes regulated to game the system yet fails to dent Indian futures market volumes.

India is one of the rapidly thriving economies in the world where it has opened doors for investment not only to domestic investors but also to foreign entities. In fast changing economic environment, investment opportunities were thrown to the world at large. These opportunities are made available to off-shore investors to create wealth or to reap profits through stock market in form of Foreign Institution Investors (FIIs) or Foreign Direct Investment (FDI). These Investment opportunities are captured by foreign investors through off-shore Derivative Instruments (ODIs). The off-shore derivative instruments are an investment mechanism that is being prominently used by the foreign investors to invest in India through registered FIIs without any obligation or registration requirements with the SEBI. There are many types of ODIs but in India they are known as participatory notes, also referred as P-Notes. P-Notes are one type of ODI that is used by investors in India in which underlying assets could be stocks and return would be directly related to appreciation in prices of those stocks. In some complex forms, returns could be linked to appreciation in index over a given time frame and could be linked to a combination of change in index and a basket of Stocks. Thus, P-Notes or off-shore derivative instruments are instruments issued by foreign portfolio investors (FPIs) to overseas investors who wish to invest in Indian stock markets without registering themselves with SEBI. Initially these accounted for 50% of total FPI inflows.



This makes P-Notes susceptible to use for money laundering and round tripping. Due to anonymity and money laundering, SEBI regulated P-Notes by tightening norms like in January 2004, SEBI took the first step towards strengthening the "know your client" regime and made a press release informing the investors that ODIs such as P-Notes against underlying Indian securities can be issued only to regulated entities and further transfers can also be done to other regulated entities only.

In 2007, on the backdrop of a surge in capital flows and excess liquidity, SEBI banned P-Notes. This led to a knee-jerk crash in the market. The market recovered only after SEBI unveiled the rules saying FIIs could not take any fresh exposure, and their existing investments would have to be wound up in 18 months. But, because of the global economic crisis the year after, the then SEBI chief had to remove all the restrictions fearing capital outflows. In 2011, new rules were again introduced which required the FIIs to provide an undertaking saying that they have followed the KYC norms, and submit details of transactions. In 2014, new rules on Foreign Portfolio Investors made it mandatory for those issuing P-Notes to submit a monthly report disclosing their portfolios, after which the number of entities issuing these has come down. Now, following a report submitted by the Special Investigations Team (SIT) on black money appointed by the Supreme Court in June 2015, SEBI as further tightened the screws on P-Notes. Furthermore, Indian KYC and anti-money laundering (AML) rules were applicable to P-Note holders. Recent amendment in regulations includes stipulating a fee of $1,000 to be levied on each instrument to check any misuse for channelizing black money. Also, SEBI prohibited FPIs from issuing such notes where the underlying asset is a derivative, except those which are used for hedging purposes and barred resident Indians, NRIs and entities owned by them from making the investment through P- notes. The regulator had approved a

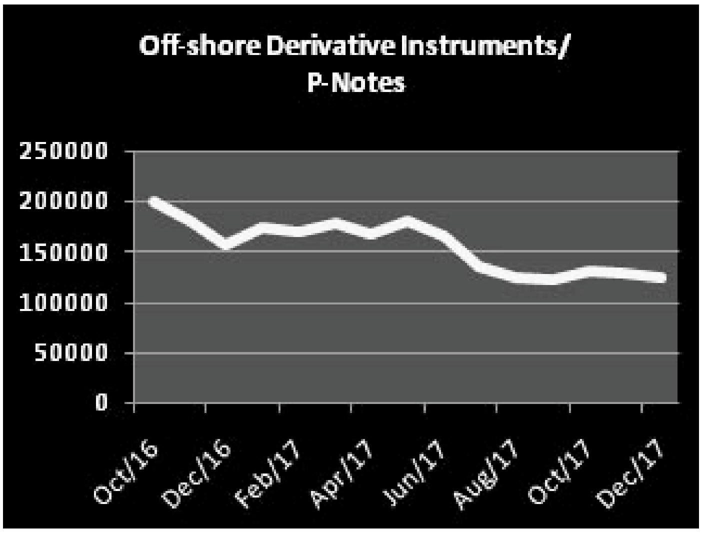
FACT CHECK

	Average daily turnover (₹ bn)					
	Stock option	Stock futures	Index option	Index futures	Overall	MoM % change
Jul'17	3,789	5,878	46,742	1,651	58,059	6.65
Aug'17	3,989	5,990	58,287	1,902	70,167	20.85
Sep'17	3,928	6,097	52,739	1,761	64,526	-8.04
Oct'17	3,899	6,306	53,411	1,791	65,409	1.37
Nov'17	3,904	6,347	58,265	1,718	70,234	7.38
Dec'17	3,691	6,220	56,592	2,033	68,536	-2.42
Jan'18	4,963	7,722	58,039	2,047	72,772	6.18
Feb'18	4,355	7,127	69,941	2,928	84,351	15.91

Compiled by BS Research Bureau; MoM is month-on-month Source: NSE

proposal to rationalize "fit and proper" criteria for FPIs as well as simplify broad-based requirements for such investors. The fears of liquidity crunch rose due to such norms and restrictions by SEBI but interestingly this did not lead to massive exit, in fact, the bulk of P-note subscribers are learnt to have directly registered with SEBI as foreign portfolio investors (FPIs) since the ban. SEBI also relaxed FPI registration process for this direct intervention. Although SEBI data states, the notional value of p-note exposure to derivatives has dipped 91 per cent to Rs 50.72 billion as of November 2017, from Rs 557.8 billion in January with further decrease in next month but on the contrary the number of FPIs increased to 9,042 in January 2018 from 7,807 in August 2017. The table below shows the increasing trend of stock future and options despite regulations by SEBI.

The graph below depicts the decreasing value of P-Notes in India from 2016 last quarter to last quarter of 2017 depicting the value of P-Notes/Offshore derivate instruments in Indian market.



The question that is left unanswered is whether the P-Notes should be banned entirely or not as there are genuine investors too who prefer this instrument for ease in transacting. Weighing both sides of scale is need of an hour for the regulator with genuine investors on one hand and black money creators on other.

Skilled Management

To run an organization we always need a good management,
So there are some skills which we teach to our each student.

Whatever they study like Accounting, Marketing or Finance,
We provide them the resources to feel the full independence.

Not only in virtuality, we used to solve problems in the reality,
Because in the MBA department, there are all excellent faculty.

As we know when a person can handle all kind of frustration,
Then he/she becomes the Master of Business Administration.

Our primary goal is to spread the pure diamonds of knowledge,
Therefore among all other institutes, DTC is the best College.

- Rohit Gupta

GLIMPSES OF INAUGURAL FUNCTION OF STRAT

TEGIES FOR BUSINESS EXCELLENCE CONFERENCE

GLIMPSES OF VALEDICTORY FUNCTION OF STRAT

TEGIES FOR BUSINESS EXCELLENCE CONFERENCE

ADIOS

Farewell titled "ADIOS" was organized by MBA 1st year students for MBA final year at Da Vinci Auditorium of the college on 21st April 2018. The auditorium was painted with the aura of zeal and enthusiasm of the students.

The function started with the "Tilak ceremony" of the seniors followed by speeches from the Director, Dean and HoD. The event moved forward with mesmerising performances from MBA 1st years and some really poignant messages by the MBA final year students. The bitter sweet moments of the occasion left all the students and faculty members overwhelmed.The function started with the welcoming speech by students which was followed by speeches of Director, Dr.A.K.Singh , Dean Academics Dr. Pranay Tanwar, HoD MBA Prof. J. P .Mahajan, Faculties MBA ,Mrs. Sanober Khan, Mrs. Megha Gaur for wishing them bright career and happy life ahead. The Department wished the students for their well-being in times ahead.

The event comprised several dances and singing performances and to make it more entertaining and engaging even paper dance was organised. The main attraction of the event was the fashion show put up by the seniors to showcase their talent on the ramp wherein the aspirants were adjudged for Mr. and Ms. Farewell by a panel of four judges from the Faculty Members. Finally, after three successive rounds, the judges declared Surya Prakash as Mr. Farewell and Ms.Tanya Bhagat as Miss. Farewell.

The programme ended with the cake cutting followed by a scrumptious luncheon and a sweet good-bye photo session.

Rising Stars of School of Management
Delhi Technical Campus

Kriti Bhatia
University Rank 11
82.33%

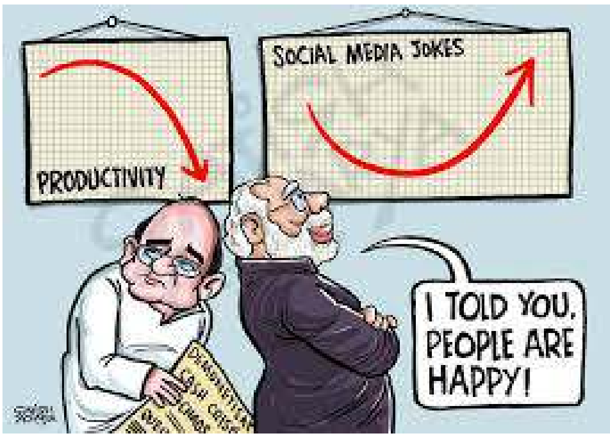
Abhishek Dwivedi
University Rank 32
80.33%

Faculty Members of School of Management, Delhi Technical Campus (DTC) Felicitating
Dr. Ravi Kant Swami on Donning the Mantle of Directorship of Delhi Metropolitan Education (DME)

MoU between ALTTC & DTC to provide Training to Engineering and Management Students

ALTTC Ghaziabad (BSNL)

Economic Environment: Lighter side



ABOUT DTC

Delhi Technical Campus (DTC) is an 'A' grade premier educational institute affiliated to Guru Gobind Singh Indraprastha University (GGSIPU), New Delhi. Delhi Technical Campus imparts education in the fields of **Management, Engineering and Architecture**, with courses approved by AICTE & Council of Architecture. The institute is located in Knowledge Park area of Greater Noida, a hub of Professional Education. DTC is housed in a splendid building laced with modern educational facilities, a sine qua non for providing congenial set-up to enhance students' creativity and capabilities.

The sister institutes of DTC include Mayoor School, Noida (in collaboration with Mayo College, Ajmer), Delhi Public World School, Greater Noida (West) and Delhi Metropolitan Education (DME). DME offers courses such as BA-LLB, BBA-LLB, BBA & BA (JMC), approved by GGSIPU & Bar Council of India.

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