



SADHANA EDUCATION SOCIETY'S
L. S. RAHEJA COLLEGE OF ARTS AND COMMERCE
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L.S. Raheja College of Arts & Commerce

Inhouse Departmental Publication

RUMINATIONS



Department Of Commerce

SES'S L. S. RAHEJA COLLEGE OF ARTS AND COMMERCE

INHOUSE DEPARTMENT PUBLICATION

NAME: Ruminations

DEPARTMENT: Department of Commerce and Management

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EDITOR: Dr. Anupama Nerurker

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GIST OF GST.

Dr. Satish Naringrekar

Which Central and State taxes are proposed to be subsumed under GST?

The various Central, State and Local levies were examined to identify their possibility of being subsumed under GST. While identifying, the following principles were kept in mind:

Taxes or levies to be subsumed should be primarily in the nature of indirect taxes, either on the supply of goods or on the supply of services.

Taxes or levies to be subsumed should be part of the transaction chain, which commences with import/ manufacture/ production of goods or provision of services at one end and the consumption of goods and services at the other.

The subsumption should result in free flow of tax credit in intra and inter-State levels.

The taxes, levies and fees that are not specifically related to supply of goods & services should not be subsumed under GST.

Revenue fairness for both the Union and the States individually would need to be attempted. On application of the above principles, the Empowered Committee has recommended that the following Central Taxes should be, to begin with, subsumed under the Goods and Services Tax:

Central Excise Duty: Additional Excise Duties

The Excise Duty levied under the Medicinal and Toiletries Preparation Act
Service Tax

Additional Customs Duty, commonly known as Countervailing Duty (CVD)

Special Additional Duty of Customs - 4% (SAD) Surcharges, and Cesses.

The following State taxes and levies would be, to begin with, subsumed under GST:

VAT / Sales tax / Entertainment tax (unless it is levied by the local bodies). Luxury tax /Taxes on lottery, betting and gambling.

State Cesses and Surcharges in so far as they relate to supply of goods and services. Entry tax not in lieu of Octroi.

Purchase tax: Some of the States felt that they are getting substantial revenue from Purchase Tax and, therefore, it should not be subsumed under GST while majority of the States were of the view that no such exemptions should be given. The difficulties of the food grain producing States was appreciated as substantial revenue is being earned by them from Purchase Tax and it was, therefore, felt that in case Purchase Tax has to be subsumed then adequate and continuing compensation has to be provided to such States. This issue is being discussed in consultation with the Government of India.

Tax on items containing Alcohol: Alcoholic beverages would be kept out of the purview of GST. Sales Tax/VAT could be continued to be levied on alcoholic beverages as per the existing practice. In case it has been made Vatable by some States, there is no objection to that. Excise Duty, which is presently levied by the States may not also be affected. Tax on Tobacco products: Tobacco products would be subjected to GST with ITC. Centre may be allowed to levy excise duty on tobacco products over and above GST with ITC.

Tax on Petroleum Products: As far as petroleum products are concerned, it was decided that the basket of petroleum products, i.e. crude, motor spirit (including ATF) and HSD would be kept outside GST as is the prevailing practice in India. Sales Tax could continue to be levied by the States on these products with prevailing floor rate. Similarly, Centre could also continue its levies. A final view whether Natural Gas should be kept outside the GST will be taken after further deliberations.

Taxation of Services: As indicated earlier, both the Centre and the States will have concurrent power to levy tax on goods and services. In the case of States, the principle for taxation of intra-State and inter-State has already been formulated by the Working Group of Principal Secretaries / Secretaries of Finance / Taxation and Commissioners of Trade Taxes with senior representatives of Department of Revenue, Government of India. For inter-State transactions an innovative model of Integrated GST will be adopted by appropriately aligning and integrating CGST and IGST.

What is the rate structure proposed under GST?

The Empowered Committee has decided to adopt a two-rate structure – a lower rate for necessary items and items of basic importance and a standard rate for goods in general. There will also be a special rate for precious metals and a list of exempted items. For upholding of special needs of each State as well as a balanced approach to federal flexibility, it is being discussed whether the exempted list under VAT regime including Goods of Local Importance may be retained in the exempted list under State GST in the initial years. It is also being discussed whether the Government of India may adopt, to begin with, a similar approach towards exempted list under the CGST. For CGST relating to goods, the States considered that the Government of India might also have a two-rate structure, with conformity in the levels of rate with the SGST. For taxation of services, there may be a single rate for both CGST and SGST.

The exact value of the SGST and CGST rates, including the rate for services, will be made known duly in course of appropriate legislative actions.

What is the concept of providing threshold exemption for GST?

: Threshold exemption is built into a tax regime to keep small traders out of tax net. This has three-fold objectives:

It is difficult to administer small traders and cost of administering of such traders is very high in comparison to the tax paid by them.

The compliance cost and compliance effort would be saved for such small traders.

Small traders get relative advantage over large enterprises on account of lower tax incidence.

The present thresholds prescribed in different State VAT Acts below which VAT is not applicable varies from State to State. A uniform State GST threshold across States is desirable and, therefore, as already mentioned in Answer to Question 6, it has been considered that a threshold of gross annual turnover of Rs. 10 lakhs both for goods and services for all the States and Union Territories might be adopted with adequate compensation for the States (particularly, the States in North-Eastern Region and Special Category States) where lower threshold had prevailed in the VAT regime. Keeping in view the interest of small traders and small scale industries and to avoid dual control, the States also considered that the threshold

for Central GST for goods may be kept Rs.1.5 Crore and the threshold for services should also be appropriately high.

What is the scope of composition and compounding scheme under GST?

As already mentioned in Answer to Question 6, a Composition/Compounding Scheme will be an important feature of GST to protect the interests of small traders and small scale industries. The Composition/Compounding scheme for the purpose of GST should have an upper ceiling on gross annual turnover and a floor tax rate with respect to gross annual turnover. In particular, there will be a compounding cut-off at Rs. 50 lakhs of the gross annual turnover and the floor rate of 0.5% across the States. The scheme would allow option for GST registration for dealers with turnover below the compounding cut-off.

How will imports be taxed under GST?

With Constitutional Amendments, both CGST and SGST will be levied on import of goods and services into the country. The incidence of tax will follow the destination principle and the tax revenue in case of SGST will accrue to the State where the imported goods and services are consumed. Full and complete set-off will be available on the GST paid on import on goods and services.

Will cross utilization of credits between goods and services be allowed under GST regime?

Cross utilization of credit of CGST between goods and services would be allowed. Similarly, the facility of cross utilization of credit will be available in case of SGST. However, the cross utilization of CGST and SGST would generally not be allowed except in the case of inter-State supply of goods and services under the IGST model which is explained in answer to the next question.

How will be Inter-State Transactions of Goods and Services be taxed under GST in terms of IGST method?

The Empowered Committee has accepted the recommendation for adoption of IGST model for taxation of inter-State transaction of Goods and Services. The scope of IGST Model is that Centre would levy IGST which would be CGST plus SGST on all inter-State transactions of taxable goods and services. The inter-State seller will pay IGST on value addition after adjusting available credit of IGST, CGST, and SGST on his purchases. The Exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The Importing dealer will claim credit of IGST while discharging his output tax liability in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST. The relevant information is also submitted to the Central Agency which will act as a clearing house mechanism, verify the claims and inform the respective governments to transfer the funds.

The major advantages of IGST Model are:

Maintenance of uninterrupted ITC chain on inter-State transactions.

No upfront payment of tax or substantial blockage of funds for the inter-State seller or buyer.

No refund claim in exporting State, as ITC is used up while paying the tax.

Self-monitoring model. Level of computerisation is limited to inter-State dealers and Central and State Governments should be able to computerise their processes expeditiously. As all inter-State dealers will be e-registered and correspondence with them will be by e-mail, the compliance level will improve substantially. Model can take 'Business to Business' as well as 'Business to Consumer' transactions into account.

Why does introduction of GST require a Constitutional Amendment?

The Constitution provides for delineation of power to tax between the Centre and States. While the Centre is empowered to tax services and goods upto the production stage, the States have the power to tax sale of goods. The States do not have the powers to levy a tax on supply of services while the Centre does not have power to levy tax on the sale of goods. Thus, the Constitution does not vest express power either in the Central or State Government to levy a tax on the 'supply of goods and services'. Moreover, the Constitution also does not empower the States to impose tax on imports. Therefore, it is essential to have Constitutional Amendments for empowering the Centre to levy tax on sale of goods and States for levy of service tax and tax on imports and other consequential issues. As part of the exercise on Constitutional Amendment, there would be a special attention to the formulation of a mechanism for upholding the need for a harmonious structure for GST along with the concern for the powers of the Centre and the States in a federal structure.

How are the legislative steps being taken for CGST and SGST?

A Joint Working Group has been constituted (September 30, 2009) comprising of the officials of the Central and State Governments to prepare, in a time-bound manner a draft legislation for Constitutional Amendment.

How will the rules for administration of CGST and SGST be framed?

The Joint Working Group, as mentioned above, has also been entrusted the task of preparing draft legislation for CGST, a suitable Model Legislation for SGST and rules and procedures for CGST and SGST. Simultaneous steps have also been initiated for drafting of legislation for IGST and rules and procedures. As a part of this exercise, the Working Group will also address to the issues of dispute resolution and advance ruling.

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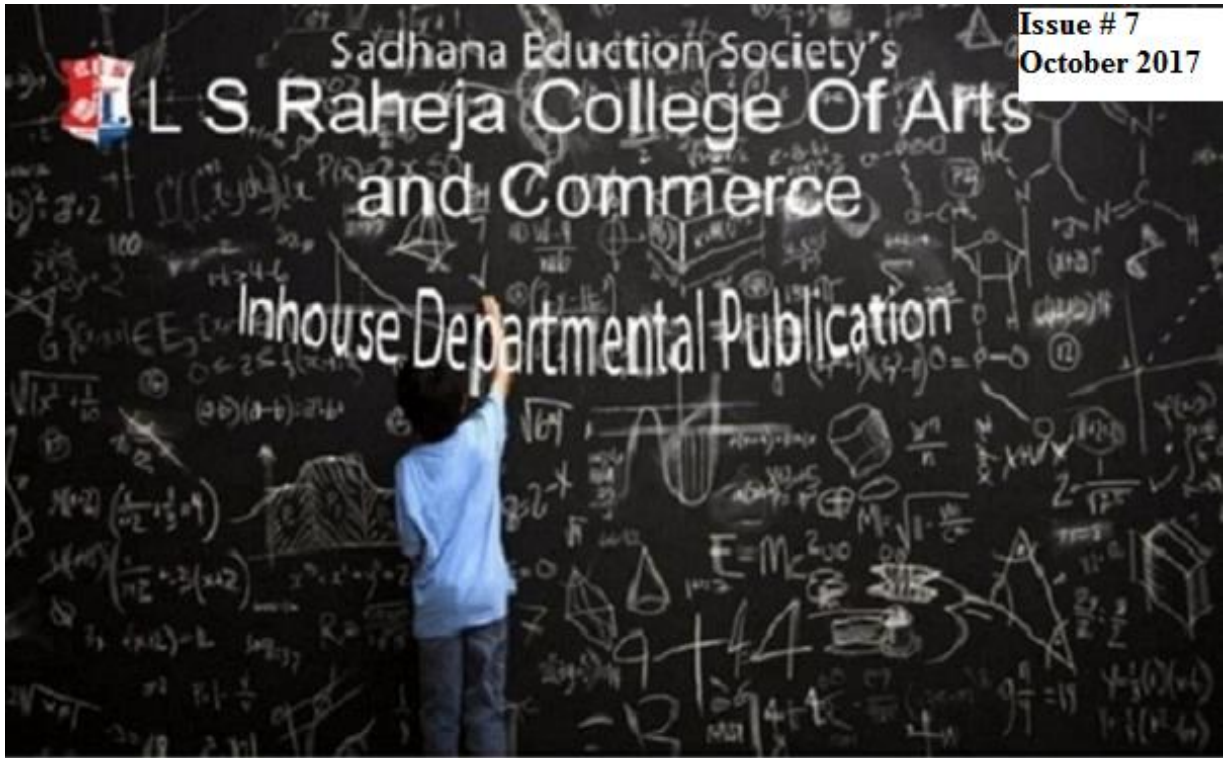
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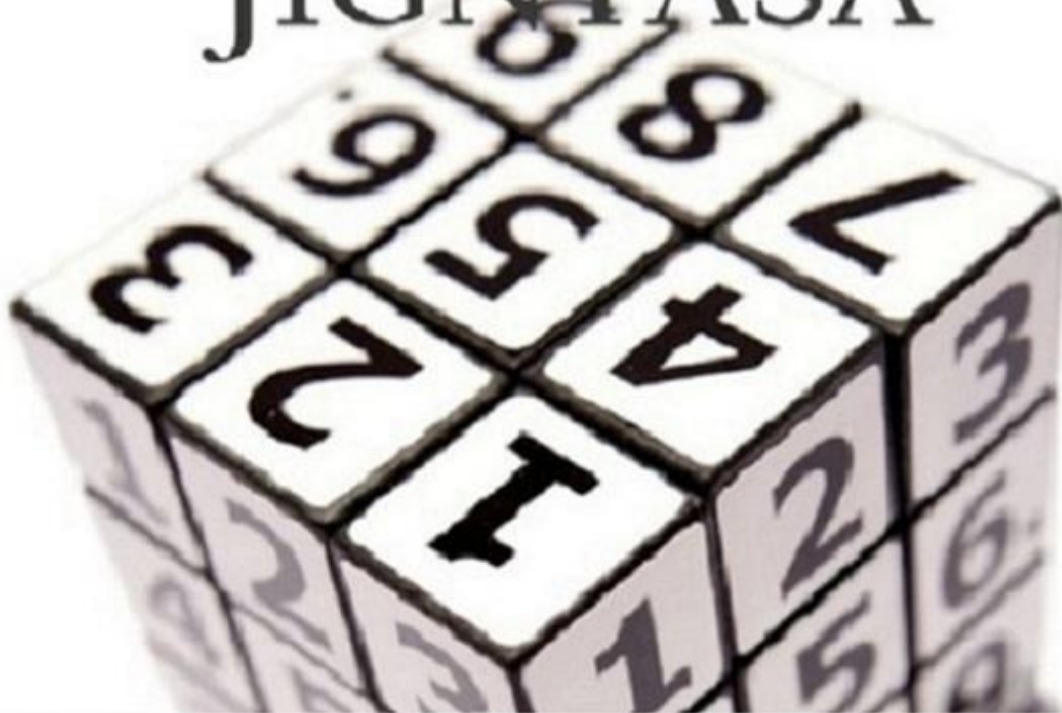
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JIGNYASA



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NAME: JIGNYASA

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CONTRIBUTORS: 1. Dr. Neelam Yadav

AN ALGORITHM THAT KNOWS WHEN YOU'LL GET BORED WITH YOUR FAVOURITE MOBILE GAME

Dr. Neelam Yadav

The model, called a survival ensemble, can predict what day and at what stage of the game a user will stop playing.

Researchers from the Tokyo-based company Silicon Studio, led by Spanish data scientist África Perriñez, have developed a new algorithm that predicts when a user will leave a mobile game. This information is useful for game studios so that they can design strategies to maintain the player's interest.

The video game industry has been shaken up by the emergence of smartphone games, aimed at users who are constantly connected to the Internet and change games very frequently.

África Perriñez –Head of Game Data Science at the video game company Silicon Studio, in Tokyo and her team have developed a mathematical model that predicts when a user will leave a specific mobile game.

The algorithm they developed uses ‘*ensemble*’ method, “a model that is based on many learning algorithms instead of a single one, thereby improving the prediction accuracy by examining many more correlations and alternative models.”

The team also used a survival analysis algorithm within each submodel. These models are used in medical research, for example, to predict when a patient will experience an event of interest, and in biology, to know how particular cells are going to behave in the body.

Combination of mathematical models

The Silicon Studio researchers have now, for the first time, combined the power of survival algorithms and ‘*ensemble*’ models in the field of video games to achieve a high level of prediction accuracy, as the algorithm automatically adapts to the data of the game we want to analyse.”

Applied to videogames, the model, called a survival ensemble, can predict what day and at what stage of the game a user will stop playing, and why they will do so.

The industry has undergone a paradigm shift since the appearance of games for smartphones. companies store a lot of information on users, their actions, connections, purchases, etc. And they are beginning to realise that they need to move towards a data-based development model, which allows them to know who their players are and what they like, and also to predict their reactions.

According to the researcher, the system can predict who will leave the game very accurately.

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Inhouse Departmental Publication

PSYnalysis



Department Of Psychology

Designed By : Sushant Thakur
[TY.B.Sc.(I.T)]

SES'S L.S.RAHEJA COLLEGE OF ARTS AND COMMERCE

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NAME: PSYnalysis

DEPARTMENT: Department of Psychology

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EDITOR: Dr. Chitra Munshi

CONTRIBUTORS: 1. Mrs. Neha Dalal

INTERESTING SOCIAL PSYCHOLOGY EXPERIMENTS

By Mrs. Neha Dalal

1. Conflicts and why do they occur?

Why do conflicts tend to occur between different groups? According to psychologist Muzafer Sherif, intergroup conflicts tend to arise from competition for resources, stereotypes, and prejudices. In a controversial experiment, the researchers placed 22 boys between the ages of 11 and 12 in two groups at a camp in the Robbers Cave Park in Oklahoma. The boys were separated into two groups and spent the first week of the experiment bonding with their other group members.

It wasn't until the second phase of the experiment that the children learned that there was another group, at which point the experimenters placed the two groups in direct competition with each other. This led to considerable discord, as the boys clearly favored their own group members while they disparaged the members of the other group. In the final phase, the researchers staged tasks that required the two groups to work together. These shared tasks helped the boys get to know members of the other group and eventually led to a truce between the rivals.

2. Can we appreciate beauty in everyday lives?

In 2007, acclaimed violinist Josh Bell posed as a street musician at a busy Washington, D.C. subway station. Bell had just sold out a concert with an average ticket price of \$100 each. He is one of the most renowned musicians in the world and was playing on a handcrafted violin worth more than \$3.5 million. Yet most people scurried on their way without stopping to listen to the music. When children would occasionally stop to listen, their parents would grab them and quickly usher them on their way. The experiment raised some interesting questions about how we not only value beauty but whether we truly stop to appreciate the remarkable works of beauty that are around us.

3. The Marshmallow experiment

During the late 1960s and early 1970s, a psychologist named Walter Mischel led a series of experiments on delayed gratification. Mischel was interested in learning whether the ability to delay gratification might be a predictor of future life success. In the experiments, children between the ages of 4 and 6 were placed in a room with a treat (often a marshmallow or cookie). Before leaving the room, the experimenter told each child that they would receive a second treat if the first treat was still on the table after 15 minutes.

Follow-up studies conducted years later found that the children who were able to delay gratification did better in a variety of areas, including academically. Those who had been able to wait the 15 minutes for the second treat tended to have higher SAT scores and higher educational levels. The results suggest that this ability to wait for gratification is not only an essential skill for success but also something that forms early on and lasts throughout life.

4. Bystander effect

The phenomenon came to the public's attention after the gruesome murder of a young woman named Kitty Genovese. While multiple people may have witnessed her attack, no one called for help until it was much too late. This behavior was identified as an example of the bystander effect, or the failure of people to take action when there are other people present.

In one classic experiment, researchers had participants sit in a room to fill out questionnaires. Suddenly, the room began to fill with smoke. In some cases, the participant was alone, in some there were three unsuspecting participants in the room, and in the final condition there was one participant and two confederates. In the situation involving the two confederates who were in on the experiment, these actors ignored the smoke and went on filling out their questionnaires.

When the participants were alone, about three-quarters of the participants left the room calmly to report the smoke to the researchers. In the condition with three real participants, only a little under 40 percent reported the smoke. In the final condition where the two confederates ignored the smoke, a mere 10 percent of participants left to report the smoke.

The experiment is a great example of how much people rely on the responses of others to guide their actions. When something is happening, but no one seems to be responding, people tend to take their cues from the group and assume that a response is not required.

5. Halo Effect

In an experiment described in a paper published in 1920, psychologist Edward Thorndike asked commanding officers in the military to give ratings of various characteristics of their subordinates. Thorndike was interested in learning how impressions of one quality, such as intelligence, bled over onto perceptions of other personal characteristics, such as leadership, loyalty, and honesty.

Thorndike discovered that when people hold a good impression of one characteristic, those good feelings tend to affect perceptions of other qualities. For example, thinking someone is attractive can create a halo effect that leads people also to believe that person is kind, smart, and funny. The opposite effect is also true. Negative feelings about one characteristic lead to negative impressions of an individual's other features.

6. False consensus effect

During the late 1970s, researcher Lee Ross at his colleagues performed some eye-opening experiments. In one experiment, the researchers had participants choose a way to respond to an imagined conflict and then estimate how many people would also select the same resolution. They found that no matter which option the respondents chose, they tended to believe that the vast majority of other people would also choose the same option.

In another study, the experimenters asked students on campus to walk around carrying a large advertisement that read "Eat at Joe's." The researchers then asked the students to estimate how many other people would agree to wear the advertisement. They found that those who agreed

to carry the sign believed that the majority of people would also agree to carry the sign. Those who refused felt that the majority of people would refuse as well.

The results of these experiments demonstrate what is known in psychology as the false consensus effect. No matter what our beliefs, options, or behaviors, we tend to believe that the majority of other people also agree with us and act the same way we do.

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L.S. Raheja College of Arts & Commerce

Inhouse Departmental Publication

SOCIAL ISSUES



Department Of Sociology

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SES'S L. S. RAHEJA COLLEGE OF ARTS AND COMMERCE

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NAME: Social Issues

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CONTRIBUTORS: 1. Mrs. Samya Shinde

DARK CHAPTER: RELIVING DARK ENCOUNTER

Mrs Samya Shinde.

Dark Chapter by Winnie Li, winner of 2017 Not the Booker Prize and published by Legend Press, is a debut novel published in 2017 based on true life events- a defiant retelling of the author's personal trauma. Through creative work of fiction Li has weaved an intensely personal trauma into the novel. Li was raped twice in 2008 while on a walk through Colin Glen Forest park in Belfast, capital and largest city of Northern Ireland. She was 29 years old and her attacker 15 years old. The message she wants to give through the book is that crimes like rape leave an indelible and lifelong impact on victim and the society often overlooks it hardly ever speaking about it to the extent of shaming the victim herself.

What is unique about the book is how she views crime from the perspective of the perpetrator. She bravely ventures into the mind of the attacker whose life experience and other factors contributed to his predatory behaviour. In her own words "if we aren't willing to consider where perpetrators are coming from, we won't be any closer to preventing crimes like this from taking place in the future".

The offbeat crime novel's plot revolves around Vivian- a cosmopolitan Taiwanese- American; an avid adventurer and traveller based in London and Johnny- a 15-year-old Irish teenager- a psychologically distraught teenager living a neglected life on the margins of the society. Based on real life events it is a story of the dark chapters and chance encounters- a one off incident that can irrevocably determine the shape of one's life. It describes the rape of Vivian by Johnny and the traumatic after effects of the attack. With Vivian's deep love for travel during a nature walk in Belfast, where she is attending the reunion of former Mitchell scholars, she is raped by 15 years old Johnny, who thinks it is fair game to attack tourists who he refers to as beaours- Irish slang word for attractive women.

In the events that follow the incident, both Johnny and Vivian are forced to confront the chain of events that led to the attack. The aftermath is addressed with clarity. Vivian struggles to survive –to come to terms with herself as a woman she was and the woman she aspired to be while dealing with the societal mind-set that sees assault victims as less than humans. With gripping details the book portrays that justice is not always swift and fair with cultural and judicial system heavily skewed against the assault victims. Deviating from Li's own assault wherein the attacker pleads guilty, here in the novel the attacker pleads not guilty. In fearless details Li explains the sordid ordeal of medical examinations following Vivian's rape as well as the humiliating cross examination in court where the defendant's lawyers tries to discredit her version of chain of events suspecting her decision to hike all by herself as if she has invited it upon herself.

The exploration of the aftermath and the cruelty of the justice system set both this book apart. It is a thoughtful, empathetic portrayal of the challenges rape victims face when seeking justice. The police interviews, medical examinations, frightening procedures and cross examinations questioning her conduct all resonate with what often happens in real life sexual assault cases.

What sets the book apart and is unusual is the attempt of the author to get inside the mind of the perpetrator to explain his thought processes and explore his emotions. It describes the brutal life and story of Johnny as the causative factors that lead him to the attack. In the plot

the author vividly describes the abusive upbringing of Johnny- the delinquent brother, alcoholic abusive father battering his mother and who is separated at young age from his mother and sister contributing to his violent nature- a reflection of upbringing and the importance of social environment in upbringing.

Li alternates in the novel between the characters of Johnny and Vivian's point of view with the powerful empathy. She has intricately woven into the novel the respective biographies from childhood to young adulthood of her characters. The reader can gain insight into what could have contributed to Johnny's predatory attitude towards women. He has grown up in a family where crime is a custom and violence an everyday affair and a ritual. It is book that will change the way one thinks about crime, violence and the law. She has given each character substance and depth to ensure objectivity to her characters.

A highly readable book; which is not very easy to read; it has lessons to learn –important in the sense of providing a platform to speak about sexual assault, the reflection of male attitudes towards women, the deeply entrenched cultural bias in the society. It is also a reflection of the strong character of the author who does not look at herself as a survivor to be pitied on by the society. She wants to pass the message that there is great strength and resilience in survivors.

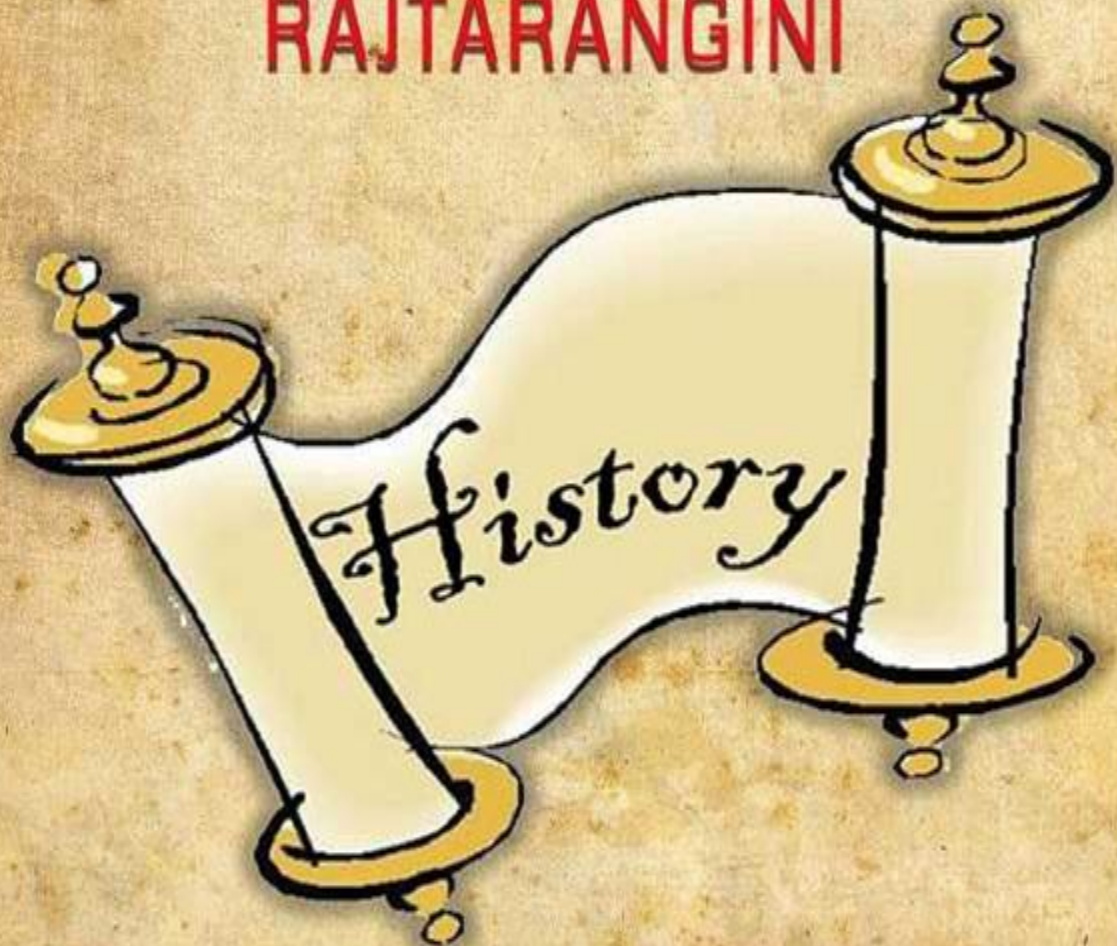


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RAJTARANGINI



Department Of History

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SES'S L. S. RAHEJA COLLEGE OF ARTS AND COMMERCE

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NAME: Rajtarangini

DEPARTMENT: Department of History

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EDITOR: Mrs. Pooja Yadav

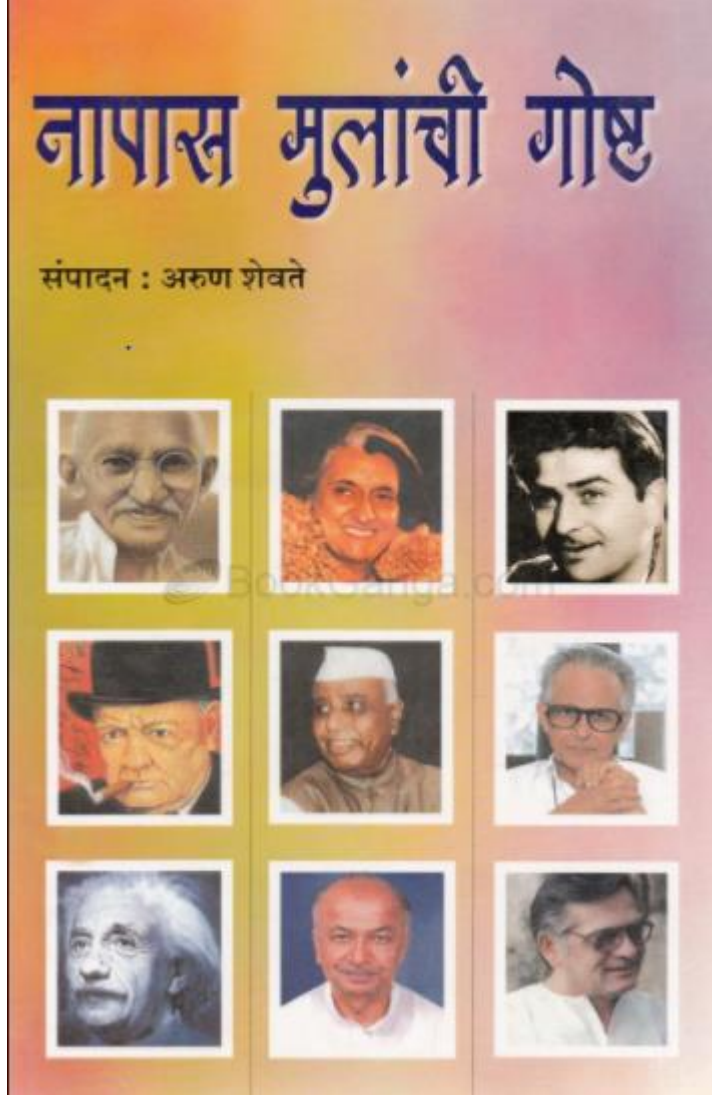
CONTRIBUTORS: 1. Mrs. Pooja Yadav

Book review

Name of the Book: Napas Mulanchi Goshta (Marathi)

Mrs Pooja Yadav

Department of History



Name of the Book: Napas Mulanchi Goshta

Author: Arun Shevte (Edit)

Publication: Ruturang Publication

Year of Publication: 2004

The Above book is a collection of stories written or translated by many author and compiled and edited by Arun Shevte. The Book content the failure stories of successful people like Mahatma Gandhi, Indira Gandhi, Einstein, Auguste Rodin, Ramanuja, Raj Kapoor, Yashwant Rao Chavan, Kusumagraja, R. K. Laxman, Guljar, Sushil Kumar Shinde, R.K. Narayan, C. Ramchandra, Shanta Shelke, Laxman Mane, Daya Pawar who were philosopher, artists, writer have failed in their school or college in the subject like Mathematics, English and other languages. The book talks about the circumstances in which they have failed but it did not made them to give up. The book talks about how they got up again and continued their struggle, succeeded and became the role models for the entire world.

Because parents love their children and want the best for them, they worry about them a lot. They always expect that their child should do well in his life. Many a time student commits suicide in their life if they failed. They give up and go in the depression. As a collection of stories about failure of such role models of the society, the book is truly relevant to the current social scenario where the parents are over expecting from their children. Failure in itself is important. People don't succeed at everything they do all of the time. But the most important is not to give up. The book gives us a positive ray of hope when we come to know that academic failure is not a stigma but it is a lesson in our life which teach us where we need to work hard and improve our self.

Reading about the setback faced by those epitomes of the modern world gives us an inspiration that nobody is perfect and hard work is what shapes us to become a mentor. Journey of success in life is not determined by academic failure but by sheer instinct to achieve the goal of life over coming those downfalls. People who are good in arts and creativity may not always be very bright in their schools or colleges, but that did not make them any less hero than their counterparts.

Life is about competing with yourself and education is the only, first step. Falling or failing in the first step doesn't mean the person cannot climb up in his life. Especially teenage is a very

crucial phase, where you try to attempt most of the challenges, very adventures and you feel that things are under your control and can get influenced easily either to positive or negative things and can get distracted to their aims and goals. I totally agree with the book and the message about leaving your failures behind and moving on determined and focused on our goal to achieve. We all know about this great personality's right from our childhood and inspired by them as a successful people in their domain. But never heard about their failure stories which inspire the most as how they cope up their failure and made them most admirable. We could relate it, as in our life also ups and downs often come but we must not give up.

The stories are very well compiled by the editor. The language used is Marathi and the Comprehension of the book is very simple and easy to understand. Reading stories of the great personalities with different lens makes it very interesting and the reader is glued to the book. I would love to recommend this book to everyone and anyone especially students as well as their parents which can guide them to accept the academic calibre of very child and encourage them to do well in the field which they really like and enjoy.

One thing that I have gained from this book is an attitude towards looking at my failure, which is a part and parcel of the life. Never grumble upon the circumstances and your failure for too long, just get up and dust yourself off and keep your journey on unless and until you hit the success.



Sadhana Education Society's
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PENNY TALKS

Bachelors of Commerce (Financial Markets)

829.49

662.25



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NAME: PENNY TALKS

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(FINANCIAL MARKETS)

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EDITOR: Ms DIVYA KANCHAN

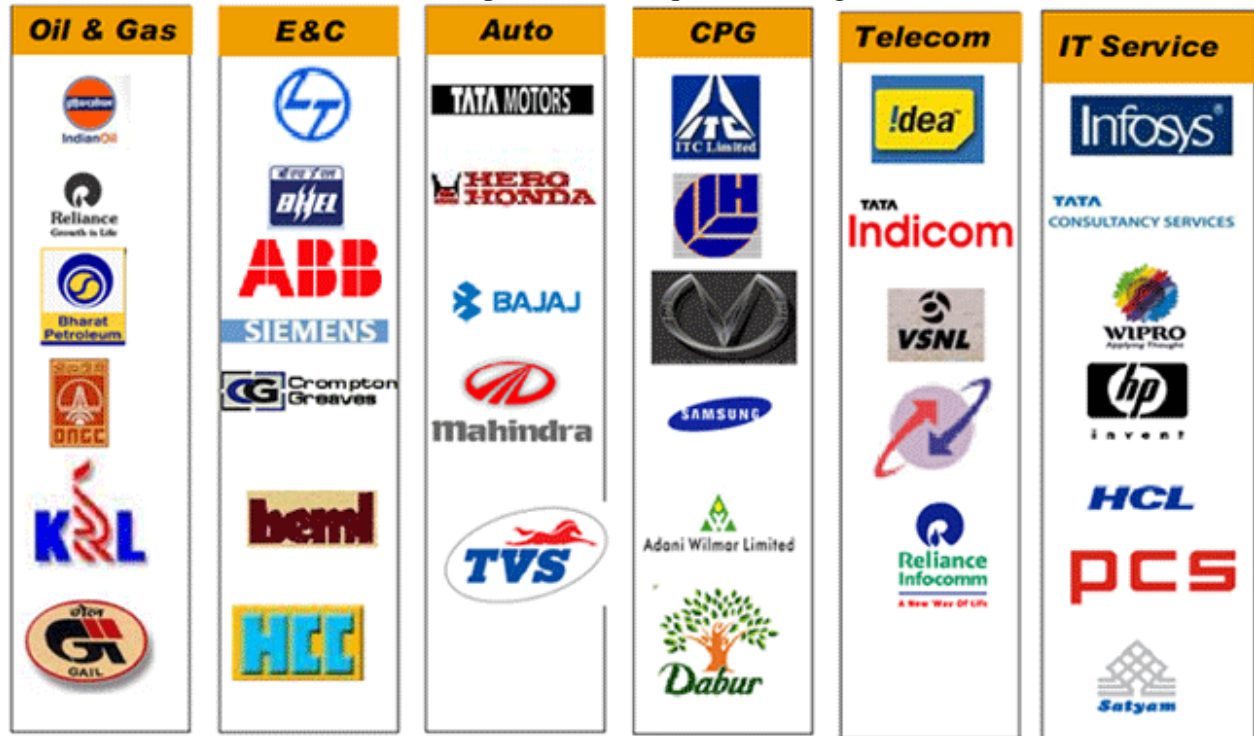
CONTRIBUTORS: 1. Ms DIVYA KANCHAN

PROSPECTS OF CONSUMPTION SECTOR

☆ Introduction

Indian consumer segment is broadly segregated into urban and rural markets, and is attracting marketers from across the world. The sector comprises of a huge middle class, relatively large affluent class and a small economically disadvantaged class, with spending anticipated to more than double by 2025.

India hit ten-year high and stood first among the 63 nations surveyed in the global consumer confidence index with a score of 100 points for the quarter ending November 2017.



Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India's consumer market would be primarily driven by a favourable population composition and increasing disposable incomes.

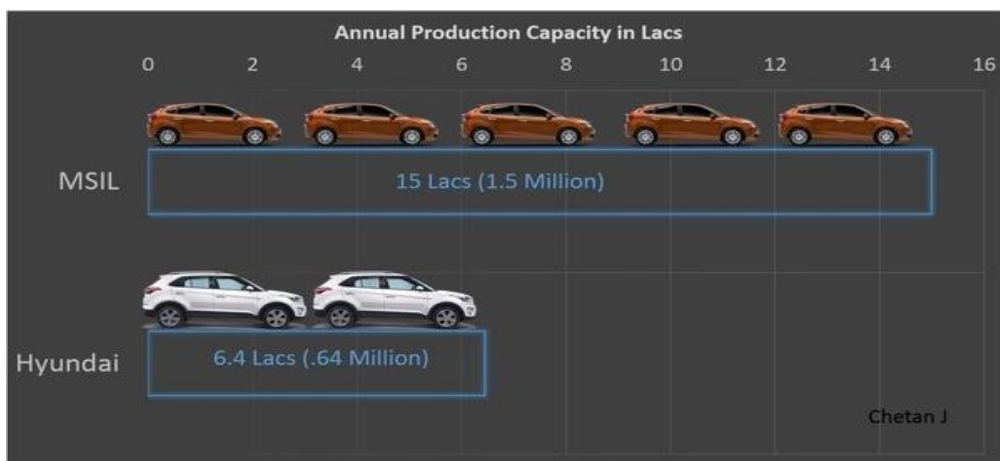
India's robust economic growth and rising household incomes are expected to increase consumer spending to US\$ 4 trillion by 2025. The maximum consumer spending is likely to occur in food, housing, consumer durables, and transport and communication sectors.

If you were to look at the broad scenario in India, **India is likely to save about \$600 billion plus of savings this year that is more than the GDP of Pakistan, a country with whom we started the journey together in 1947.** Till about three years ago, most of the savings was going into physical assets and bank deposits. This money is now beginning to flow into equities and that provides a very large impetus for both mutual funds as well as professional fund managers who would generally not qualify as institutional investors.

- Talking about the manufacturing side, has capacity utilization been an area of concern because capacities have remained underutilised for a very long time -- picking up as well because exports are growing?

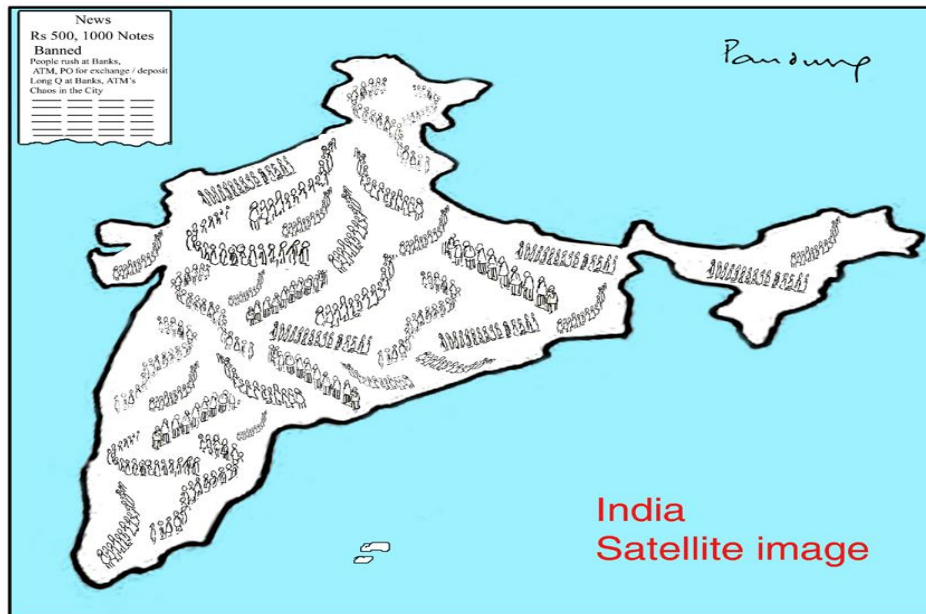
If you look at the economic structure of the country, we have three or four major growth drivers -- one is the consumption, the second is the export side and third is the infrastructure.

These are three broad legs given that agriculture has stayed subdued for very long period of time. Now India was running on just one of these legs which was infrastructure. Ever since Modi government came in there has been a huge amount of fiscal stimuli towards infrastructure spending but consumption and exports were clearly lacking behind. Now what you are seeing is that global exports have shot up almost 11%. This is the kind of a growth that you saw in the bull years of 2002 to 2006, a cycle where the global exports were up almost 11-12%. You are heading those kinds of numbers. India till now was not participating. Over last couple of months, that data is beginning to change. Engineering good exports in the last month was \$7.5 billion which is an all-time high, up 40%. Similarly, textiles grew by 30%.



- How come consumption is not getting captured?

It is getting captured. There were green shoots which were beginning to come in but because of **Demonetisation**, within two quarters, **GST** happened. You had two very major large events which had a big impact. Our recent conversations with some of the mid and small cap industries is clearly telling us that demand is beginning to pick up on the industrial side.



The underutilisation was on an average 60%. Where do you think the utilisation levels are right now on an average?

Our sense was that the utilisation level was about 73% to 74% in the system wide level. That number, over next couple of quarters, should begin to inch up. It is still early days because exports data is just very nascent. If the exports pick up and then consumption picks up, given that infrastructure is already doing so well, our sense is that the consumption will actually begin to pick up even on the private capex side though that will happen with a lag.

☆ Other factors influencing consumption sector

Market Size

The growing purchasing power and rising influence of the social media have enabled Indian consumers to splurge on good things.

By 2020, the electronics market in India is expected to increase to US\$ 100 billion from US\$ 28 billion in FY17. The production is expected to reach to US\$ 104 billion by 2020. By 2018, the television industry in India is expected to grow to US\$ 11.78 billion from US\$ 9.23 billion in 2016, registering a growth of 12.97 per cent.

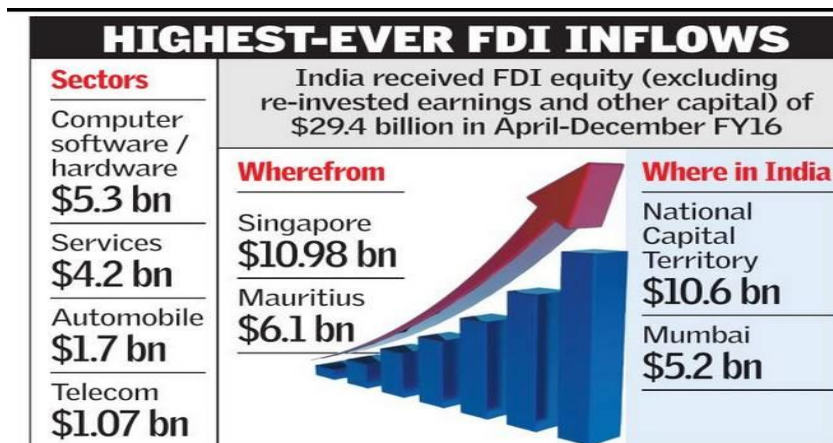
Smartphone shipments rose 15 per cent year-on-year to 29 million between January-March 2017. India's tablet PC shipments increased 2.9 per cent to 722,000 between April-June 2017 over the previous quarter,

Investments

According to the data released by the Department of Industrial Policy and Promotion (DIPP), the electronics sector attracted foreign direct investment (FDI) worth US\$ 1.78 billion between April 2000 and June 2017.

Following are some major investments and developments in the Indian consumer market sector.

- Japan-based imaging major, Nikon, expects India to be one of its top five markets in the world over the coming 3-4 years as it retains its lead in the DSLR segment and expands its retail presence in India by adding 10-15 Nikon Experience Zone stores.
- South Korean electronics major, LG, is planning to make India as its export hub, on the back of improved ties between South Korea and India, as per Mr Ki Wan Kim, Managing Director, LG Electronics India (LGEI).
- Amazon India has set up seven new warehouses in India, which will be used exclusively for large appliances and furniture, with an aim to boost the sales of its high-priced products such as televisions, refrigerators and furniture.
- Dyson, the UK-based manufacturer of innovative vacuum cleaners and air purifiers, plans to enter Indian consumer market by 2017 and invest GBP 154 million (US\$ 190 million) over the next five years in areas of retail infrastructure, marketing, promotion and taxes to the government.
- AO Smith, a US based water technology and air purification solutions company, sees India as one of key markets and plans to grow at double-digit growth rate, having invested US\$ 75 million so far.



Government Initiatives

- In the Union Budget 2017-18, the Government of India increased the allocation for incentive schemes like the Modified Special Incentive Package Scheme (M-SIPS) and the Electronic Development Fund (EDF) to Rs 745 crore (US\$ 111 million) for providing a boost to the semiconductor as well as the electronics manufacturing industry.
- In the Union Budget 2017, the government has proposed to spend more on the rural side with an aim to double the farmer's income in five years; as well as the cut in income tax rate targeting mainly the small tax payers, focus on affordable housing and

infrastructure development will provide multiple growth drivers for the consumer market industry.

- The Union Cabinet has approved incentives up to Rs 10,000 crore (US\$ 1.47 billion) for investors by amending the M-SIPS scheme, in order to further incentivise investments in electronics sector, create employment opportunities and reduce dependence on imports by 2020.
- The Ministry of Electronics and Information Technology plans to revise its policy framework, which would involve the government taking a more active role in developing the sector by providing initial capital, with the aim to attract more private players and make India a global semiconductor hub.
- The Government of India has allowed 100 per cent Foreign Direct Investment (FDI) under the automatic route in Electronics Systems Design & Manufacturing sector. FDI into single brand retail has been increased from 51 per cent to 100 per cent; the government is planning to hike FDI limit in multi-brand retail to 51 per cent

On the contrary, it is like the demographic dividend—it has lots of potential, but miles to go before it gets fulfilled. Consumer India comprises lots of people, but no regular income or formal jobs or decent living conditions, no social security either; perforce settling for micro-entrepreneurship livelihoods to compensate for no formal jobs, but with so little financial inclusion to enable them to grow to generate reasonable and stable incomes. If India doesn't earn regularly and properly, if it has no social security, how can the spending engine be regular and confident?