M.L.Dahanukar College of Commerce

THE BAF TIMES

ISSUE V | 1 JAN 2022 | VOL III

FEATURES

IT'S OUR BIRTHDAY!

The BAF Times turns 1 today!

CROSSWORD | PAGE 16

Increase your finance knowledge while having fun

FOREWORD

Idea Behind This Weekly Newsletter

Being a Commerce College, students are expected to know the changes in the business world. This weekly newsletter will help the students get acquainted with a glimpse of what happened in the week gone by. It will also have insights into various business and commerce related updates which will help you gain in-depth knowledge. Make it a point to read each and every article in this issue and stay updated so that you don't get outdated.

- DR. D. M. Doke, Principal

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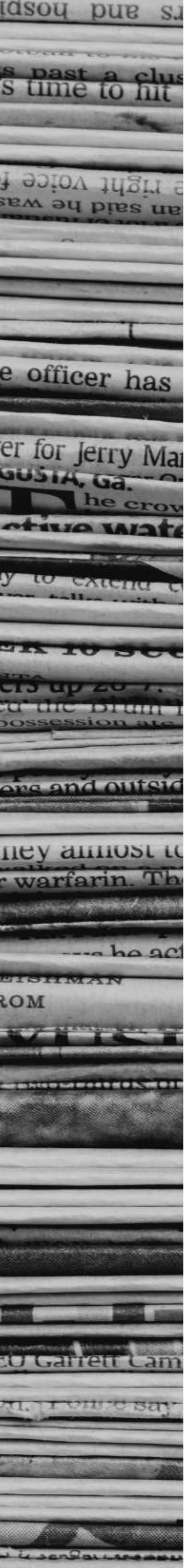
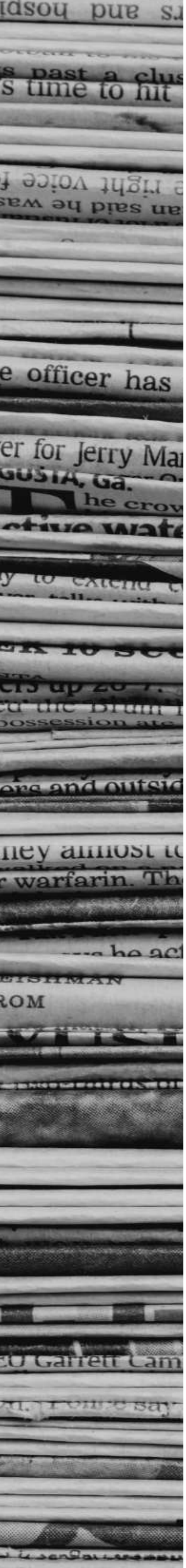


AAJ KI KHABAR

- RBI’s weekly auction sees 30% devolution on low demand
- Aditya Birla money allots 16 lakh non-convertible preference shares to promoter
- AIS can put an end to all bogus HRA exemption claims
- New ESIC (Employees State Insurance Corporation) scheme enrolments fall to four-month low in Oct
- SEBI to auction properties of Sun Plant Agro, Sun Plant business next month
- DMF’s fund manager, his parents pay nearly Rs 5 CR to settle case with SEBI
- RBI extends card tokenisation deadline by months till June-end
- Govt appoints Non-official Directors on boards of various banks



AAJ KI KHABAR

- No cabinet decision on Privatisation of two public sector banks: FM Nirmala Sitharaman
- CBI files supplementary chargesheets over illegal remittance worth crores through BOB
- L&T finance holdings to sell its Mutual Fund business to HSBC AMC
- RBI imposes monetary penalty on MUFG Bank
- RBI to conduct three-day variable rate reverse repo auction on 27 December
- Perfume Industrialist Piyush Jain arrested over tax evasion charges
- SBI card raises rs 650 crore via bond issue

THE HIDDEN THREAT OF RISING WPI

Ms. Isha Mahajan,
TYBAF

Last month, the wholesale price index as well as the consumer price index figures were released. First, there's the Wholesale Price Index (WPI). It measures how prices are changing at the wholesale level—when goods are traded in bulk between businesses. Then, there's the Consumer Price Index (CPI). It tells us about the change in prices of goods and services that we consume on a daily basis. In other words, WPI affects businesses and CPI affects the end consumers.

Now here's the worrying bit. India's WPI figure at the moment stands at a whopping 14.2%. It means prices have increased by a staggering 14% in November 2021, compared to the same period last year. In fact, it's the highest since 1991! But why should we, as the consumers, worry about the WPI?

The WPI has been heading upwards for a while now but the CPI is still hovering at a modest 4.9%. Certainly, the CPI figure isn't something to boast of but it's still not rising exponentially like the wholesale price index. This has led to a widening gap between the WPI and CPI. Now, why is that?

There are quite a few factors at play here. The first is the constitution of the wholesale and consumer price indices. Let's take food for instance. 50% of the CPI is attributable to food prices alone. However, in the WPI index, food contributes only 15% to the final figure. The largest weights are assigned to "manufactured products". This includes a lot of things that businesses use,like textiles, chemicals, cement, metals, etc.

Another popular theory explains that businesses are recovering faster from the pandemic. So, they're demanding raw materials to produce more goods. And more demand inevitably leads to higher prices. But there have been disruptions in the supply chain as well. And when these disruptions don't ease quickly, prices start climbing some more. You look at fuel prices, shipping costs, distribution costs – they all are soaring. But you see, consumer prices aren't rising at the same pace. If businesses in India are experiencing high prices, why aren't they passing it along to consumers?

FMCG companies have slowly been hiking prices. Paint companies are revising their pricing structure. And cooking oil is on a high. However, the companies haven't been able to pass on all of their costs because they're still tentative about demand. Indians are very sensitive to price changes and hiking the prices may affect their businesses even more.

Inflation is happening. Its impact isn't reflecting significantly on CPI only because of the increased costs not being passed fully to the consumers. But make no mistake, companies can't keep absorbing costs forever. Even on the services side (classified under miscellaneous), prices are rising. Telecom companies have hiked prices by 25% after a long hiatus. Recreation and amusement inflation is also at its highest since 2012. And restaurants are also taking a good look at their prices. However, these don't reflect much in the CPI, because food and beverages dominate that index. If you remove food & beverages, as well as fuel, and measure the variation in prices in core CPI,then you'll see that figure is at a 5-month high of 6.08%.

As we can see, the WPI does have an effect on the consumer prices even if we cannot really feel it. Let's hope that WPI inflation comes down into the new year. Because if it doesn't, we are likely to feel the heat soon enough.

LAW AMENDMENTS: ALL YOU NEED TO KNOW

Ms. Hirvi Shah,
SYBCom,
Matushri Pushpaben Vinubhai Valia College of Commerce

Indians are backed by emotions and love for people. We Indians give importance to family and respect elders in family. Indian elders think that respect is gained from agreeing to and following rules and regulations set by our family. Is the rules and regulations same for every person of differing age? The answer is NO.

Rules are changed according to situations and as years pass.

The same is applicable to jurisdiction. Businesses and corporate sector aims at boosting economic growth and development.

Domestic businesses, international FDIs aims at encouraging employment, income, aggregate demand and thus improving economic efficiency in terms of development. Hence, rules, regulations and laws for businesses and corporate sector shall be such as they help in corporate governance and in shaping the future of business and employment structure.

Companies law govern the business and corporate along with other laws such as Securities Exchange Board of India(SEBI), Foreign Exchange Management Act(FEMA), Information Technology Act (IT) and so on.

Our main focus here is on companies act, their rules, amendments and pros and cons of such. An act or rule is framed in accordance with existing economic, business and competitive environment, environmental forces and need for law.

Our first companies law was Companies Act 1956 scrapping Joint Stock Companies Act 1857 made by British government.

Every act or law passed cant be uniform for several years as years passes, there arises need for upgrading to current situation and amending the act for the cause of the same. Also, we came across many scams and scandals such as Harshad Mehta scam,1992, Ketan Parekh scam and Satyam scam which took advantage of loopholes in the system and law.

To overcome this, to rectify mistakes, to improve act which is burdened with flaws, amendments are needed.

Amendments can be changes to old law, inclusion of new rule, deletion of old rule, etc.

Companies Act,1956, had many flaws and also cannot tackle the situation of globalisation, liberalization and privatization. It amended majorly on 2013 replacing Companies Act, 1956 to Companies Act, 2013.

Companies Act, 2013 came into existence

- To promote the development of economy by encouraging entrepreneurship and enterprise efficiency and creating flexibility and simplicity in the formation and maintenance of companies.
- To enforce stricter action against fraud and gross non compliance with company law regulations.

It amended on various areas such as

- women director
- Corporate Social Responsibility
- Key Managerial Personnel
- Class Action Suit
- Entrenchment clause in articles of association
- Introduction of new types of companies such as one person company, small company, associate company, dormant company.
- It needs to be emphasized that by adding 'as may be prescribed' in various places in this act the government has retain the power to amend by ministry of corporate affairs itself rather than going to parliament.

Then looking towards various flaws and to cater to the needs of changing world it got amended on 2015.

Areas of amendments were:

- Common seal was made optional by deleting the words and common seal from section 9 of Companies Act, 2013.
- Declaration of dividend and restriction of declaring dividend when suffered losses.
- Reporting of fraud by auditor to Central government in case amount of fraud exceeds one crore.

After that significant amendments took place in 2017. The highlights were:

- Revision in concept of key managerial personnel
- Section 3A was inserted which relates to liability of continuing members in case of reduction in number of members below statutory limits
- Amendment related to issue of shares at discount to its creditors
- ·Introduction of the concept of significant beneficial owner and its reporting
- Voting by electronic means

Companies Amendment Act, 2019:

Majorly it was amended by substituting 'liable to penalty' in place of 'fines' in several provisions thereby further easing the mounting work pressure on NCLT i.e. National Company Law Tribunal, Registrar of companies and Regional Director can impose penalties directly after issuing show cause notice in place of going to judiciary for imposing fines under several provisions.

Looking towards amendment 2021:

- Amendment in rule 11 of companies (management and administration) rules, 2014 - One person company and small company shall file annual return for the financial year 2020- 2021 onwards in form number MGT-7A
- Rule 12 of companies (management and administration) rules, 2014 - Ease in filing copy of annual return.

- Inserted explanatory terms
- Some particulars are not required to be furnished in the annual return
- The amendment in schedule V is brought pursuant to the changes made by companies Act, 2020 which relates to remuneration of non executive directors.
- For financial year commencing on or after the first day of April, 2021, every company which uses accounting software for maintaining its books of accounts shall use only such accounting software which has a feature of recording audit trail and creating and edit log.
- Inclusion of additional matters in audit report to provide more transparency and disclosure about related parties, notes to accounts.
- Introduced the facility to take shops and establishment registration at the time of incorporation itself.
- Amendments in Investor Education and Protection Fund requiring the funds to be credited including all shares held by authority in accordance with proviso of section 90(9) of act and all resultant benefits arising out of such shares, without any restriction.
- Inclusion of section 6A (the shares in accordance with section 90(9) to be credited to demat account of authority).
- Insertion of Rule 33A, allotment of new name to existing company under section 16(3).
- Amidst pandemic to ease the difficulties faced by companies/ corporates to conduct board meetings, the Ministry of Corporate Affairs amended and omitted Rule 4 thus relaxing the restriction of conducting board meeting through video conferencing other audio video visual means for selected agenda items.

DIGITALIZATION OF THE BUSINESS WORLD - OPPORTUNITY & CHALLENGES

Mr. Jay Narkhede,
SYBAF
Maturshri Pushpaben Vinubhai Valia College of Commerce

What is Digitalization?
According to the Definition by Gartner, digitalization refers to using digital technologies to change a business model and provide new revenue and value-producing opportunities. Due to digitalization, businesses have become much more efficient, the revenues and the scalability of business have increased tremendously. Digitalization in business has brought up success for many businesses. Also, now due to integrating technology with the businesses a lot of work could be automated such as marketing activities which again increases the efficiency by many folds. Human interventions are almost eradicated from the business, so the chances of errors and mistakes are very much lowered.

So now let's take a brief understanding of how digitalization has played its role in the business world.

Opportunities of digitalization:
1) Change in Customer Behavior:
There is a drastic change in the behavior of the customer. It can be understood by the following example. Just remember, how did you buy anything 15 years ago? And how are you buying today? It is fascinating to know that now more than 80% of the customers conduct research about a product online from different websites, blogs, Youtube videos, etc. before heading out to the store.

By fully embracing digital technology, customers are now using the web and mobile apps to find whatever information they might want, whenever they want it. Also, on top of it due to lightning-fast delivery of the products customers can order products and get them delivered in less than 30 minutes.

2) Effects of digitalization on sources of knowledge:
Digitalization has been a boon as it has blessed us with tonnes of sources of knowledge. It could be illustrated by an example of the investor's community.

For example in the past i.e. in the 90s it was so much difficult to get information regarding the company for investing purposes. The investors would have to visit the companies, talk with the management to get the reports for analysis. But now it has become so much easier to get information related to any Listed company, its possible for the investors to download the annual reports, financial statements, also they can watch the conference calls and can make analysis based on it.

3) Increased digital presence:
It’s safe to say that this benefit is the most visible one. If a company is present through social media websites, online stores, and business directories, its visibility is clearly multiplied. Many companies only have a digital presence, meaning there’s almost no offline presence whatsoever. For instance, if I were to ask you 10 inspirational personalities, I would bet that 8 out of 10 would be digitally present. These personalities could be entrepreneurs, sportspersons, movie stars, etc. But the main point to emphasize is these people have a strong digital presence. Also, nowadays due to their solid fan following they have integrated their businesses online.

Examples of successful digitalization

1) Technology in Banking

The world of online banking has become the most notable example of digitalization. You no longer need to leave the comfort of your home and wait in a never-ending queue just to deposit money into your savings account. Or to pay off the credit card. Mobile banking apps have become reliable, secure, and fast. They make it even easier to handle your money than by doing it in the actual bank.

To additionally spark your imagination, just imagine a bank with no physical branch. Well, there are many out there to be exact. And they are the ones leading the way and creating a fully automated system of online banking. Ten years ago, not so many people could even imagine this happening.

2) Digitalization in advertising

Facebook Ads and Google Ads are one of the most used advertising platforms nowadays. Just try to remember how advertising looked before these two advertising platforms came to life. Today, we are able to conduct market research thanks to digital technologies and use Facebook Ads and Google Ads to target the specific audience, which wasn't exactly possible in the golden age of TV commercials.

3) METAVERSE

By definition, metaverse is a digital reality that combines aspects of social media, online gaming, augmented reality (AR), virtual reality (VR), and cryptocurrencies to allow users to interact virtually. Augmented reality overlays visual elements, sound, and other sensory input onto real-world settings to enhance the user experience. In contrast, virtual reality is entirely virtual and enhances fictional realities.

As the metaverse grows, it will create online spaces where user interactions are more multidimensional than current technology supports. Instead of just viewing digital content, users in the metaverse will be able to immerse themselves in a space where the digital and physical worlds converge.

Some popular names which have invested in Metaverse are Facebook(Meta), Microsoft, NVIDIA, Epic Games, etc

Challenges of Digitalisation of businesses

1)Lack of Technical-know how:

Behind every successful digitalized business is a dedicated, highly-skilled IT team. However, building this team is getting harder. As more companies pursue new technologies, a labor deficit is developing. According to one recent survey, 54% of organizations reported that skill shortages were holding them back from pursuing their transformation goals. In particular, they were lacking expertise in Technical architecture, Enterprise architecture, Advanced data analytics

2)Resistance to change:

According to sources that perhaps 10-15% of people in the world love change. They are excited by constantly having new challenges to tackle and new things to learn. But for the other 85-90%, change equals pain. It means that businesses don't like uncertainty. After all, once you’ve got a good thing going, it's nature not to want to see your applecart overturned. Digital transformation, by its very nature, upsets a lot of apple carts. However, the truth is that in times of change, not changing is far riskier than taking the leap. It just doesn’t always feel that way.

3. Inefficient gathering and leveraging of customer data:

The customer data adds huge value to the success of the Tech. based startups and companies. There’s more to the tree than the root, to be sure, but whether it’s Facebook, Amazon, Netflix, or Uber, digital success stories have the effective gathering, storing, and leveraging of customer data at the core. Many organizations today have tonnes of siloed systems containing various scraps of data about customer interactions, but no clear way to pull them together and increase its value.

Others have petabytes of data centralized in an information warehouse that they may use for reporting, however, they haven’t figured out what to do with all that data in a manner that provides value to the customer.

Also, there's a high risk of getting the customer confidential data getting out. So it's very important for these organizations to have their data stored securely without falling into the wrong hands.

MORE THAN 4.43 CRORE INCOME TAX RETURNS FILED FOR FY'21

Ms. Dipti Jadhav,
SYBAF

More than 4.43 crore income tax returns (ITRs) for the 2020-21 fiscal have been filed, which includes over 11.68 lakh returns was filed, the I-T department said on Sunday. That covers over 2.41 crore ITR-1 and 1.09 crore ITR-4 got filed for FY 2020-21 (Assessment year 2021-22).

ITR-1, also known as Sahaj Form, that cater to a large number of small and medium taxpayers. Sahaj can be filed by an individual having income up to Rs 50 lakh and who receives income from salary, one house property / other sources (interest etc).

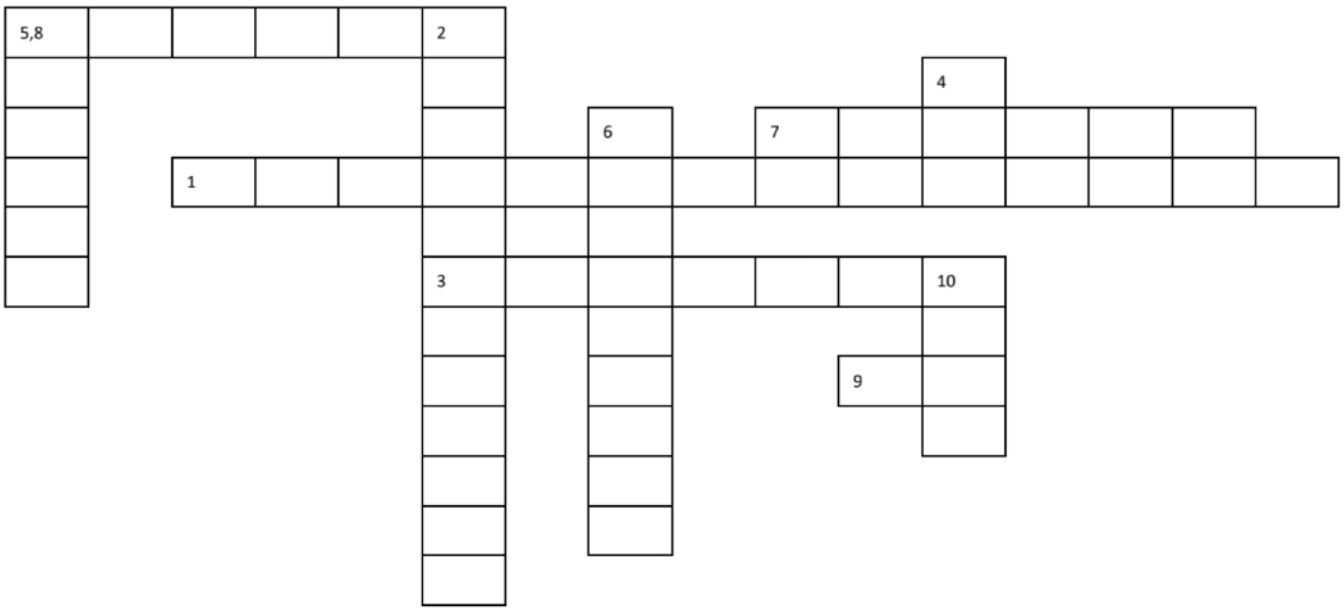
ITR-4 Form is the Income Tax Return form for the taxpayers who opt for a presumptive income scheme under Section 44AD, Section 44ADA and Section 44AE of the Income Tax Act. ITR-4 can be filed by individuals, HUFs and firms with total income up to Rs 50 lakh and having income from business and profession.

"A total of 4,43,17,697 ITRs have been filed up to 25.12.2021 including 11,68,027 ITRs having been filed on the day itself," the department tweeted.

The department has been reminding taxpayers to file their returns for FY 2020-21 by sending SMS and emails.

The extended deadline for filing ITR by individuals ends on December 31. The original deadline was July 31, 2021.

CROSSWORD



ACROSS:

1. Opposite of microeconomics.
3. Excess of assets over liabilities.
5. Desire backed by a willingness and ability to pay.
7. Stock of goods available with a seller for sale.
9. Newly levied tax which has replaced all other indirect taxes in India.

DOWN:

2. Wear and tear of capital assets.
4. Organizations not established with a profit motive.
6. Credit balance of Profit and Loss Account.
8. A person who is liable to pay.
10. Cost – Sales.

Answers will be given on the last page of the newsletter

Designed by:
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If you wish to contribute your articles to be featured in the next issue, please mail your articles on swapnils@mldc.edu.in or contact on 9987094858 by Tuesday of every week and wait for the issue to be released on Saturday.

All Articles in this issue are the personal views of the authors and the college does not necessarily subscribe to the personal views of the authors.

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