M.L.Dahanukar College of Commerce

The BAF Times

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INSIDE THIS ISSUE

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 Make it a point to read each and every article in this issue and stay updated so that you don't get outdated.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

HOW CAN ONLINE LEARNING BE MADE MORE INCLUSIVE FOR RURAL INDIA AT A TIME WHEN A VISIBLE DIVIDE IN EDUCATION IS BEING WITNESSED VIS-A-VIS URBAN INDIA?

The BAF Times

Ms. Isha Hule,
Alumni,
M.L.Dahanukar College of Commerce

India's educational service has always been divisive. The schism between urban and rural educational institutes and facilities has always been a major topic of dispute. Around 250 million students are enrolled in 1.5 million schools and 37.4 million students are enrolled in 50,000 higher educational institutes in India. But do all these students receive similar education?

After the Covid 19 pandemic, central government had to announce a nationwide lockdown. Everything including schools was shut down. As the lockdown extended, schools, colleges, universities and all other educational institutes had to resort to online teaching mode. But online teaching was more adaptable for students in urban areas than the economically backward students in rural areas. In rural India, certain villages already considered schools as a taboo subject. Many efforts and schemes were made to allow young girls and boys to attend primary school and raise the literacy rate in such places. To add on, many economically backward families work hard to keep a roof over their heads and some food in their stomachs. Sending their kids to high money demanding private schools is a huge task for them. For such kids going to a half equipped government school was a big hurrah. Providing these kids fancy gadgets to adapt to this new online teaching method would be like a fantasy for these poor parents. Having smartphones or internet access is next to impossible for these families. Many villages still struggle to get electricity on a daily basis. As opposed to urban lifestyle, wifi systems, internet availability, smartphones, laptops are not easily accessible and usable by people in rural parts. Even when some families' hard earned money goes towards any of these gadgets, the educational institutes and teachers are not well equipped and trained to take online classes.

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The education ministry should take into consideration all students and educational institutes, whether from rural parts of India or urban. To bridge the gap during times like these, they should consider equipping all schools and colleges in both urban and rural areas. Training for all teachers should be compulsory. And most importantly, they should consider providing financial aid to economically backward students or providing necessary means like smartphones, internet accessibility, electricity and availability of equipped tools and teachers even in government schools for them to receive education. Improving educational schemes for kids in rural areas and increasing their educational funding can help these young geniuses. After all, these young minds are said to be the future of our country.

PRIVATIZATION OF BANKS

Ms. Rhea Pinto,
Alumni,
M.L.Dahanukar College of Commerce

The term 'Privatization' means the sale of government-held assets or shares to the private sector.

The Finance Minister, Nirmala Sitharaman, while presenting the Union Budget 2021, made an announcement regarding privatisation of two public sector banks (PSBs) and one general insurance company in 2021-22. NITI Aayog, who has been given the responsibility of suggesting names of PSUs in strategic sectors to be privatised, have submitted a report in which they have mentioned the names of Central Bank of India and Indian Overseas Bank, that would be privatized this fiscal.

Now, let us look at the pros and cons of privatization of Banks.

Pros:

- Most of the private banks are profitable to a great extent. However, most of the PSUs are unprofitable. The government feels that the privatization of PSU banks, may convert them from loss-making ventures to profitable businesses.
- It can also be seen that the Private sector banks are more advanced than Public sector Banks. One of the main goals of private banks is profit. This makes them offer better service in order to gain customers.
- Privatization will help to reduce the burden of the Government, as private banks are stricter towards loans and frauds.
- The foreign investors prefer to invest in private sector banks rather than public sector banks.

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Cons:

Privatization also comes with its own set of challenges. Some of these are as follows:

- Privatization will adversely affect the poorer sections of society, as private banks will stop functioning for the social benefits of the poor.
- Public banks open branches and ATMs even in the non-profitable rural areas, due to government or political demands. However, Private banks may wish to open such facilities mostly in urban areas.
- Privatization does not appear to be just, and will create further problems for employees who have greatly strived to secure government jobs. This decision could lead to panic and protests across the country.

Conclusion:

As the advantages exceed the disadvantages, privatization would gradually turn the banking sector around. This does not mean that the government must sell its share and get rid of the banking sector. It is very important to remember that Privatization alone would not solve all the problems faced by the sector.

BNPL: THE NEW BUZZWORD?

Ms. Isha Mahajan,
TYBAF,
M.L.Dahanukar College of Commerce

2 weeks ago, US payments giant Square recently acquired an Australian "Buy now pay later" Fintech called Afterpay for $29 billion.

What started as a way for consumers to purchase mostly higher-end items (fashion, jewellery, shoes, home goods) in instalments has become a massive industry by becoming a commonly available option for smaller transactions (Even Zomato accepts BNPL payments now)

So, what exactly is BNPL?

BNPL is, as its name states, an emerging payment option where you can 'Buy Now and Pay Later'. It basically allows you to purchase something in real time and pay for it afterwards --much like a credit card or loan however without any charging any interest or extra charges on it.

Now you would think how are the BNPL companies letting you buy a product right now without even getting you to pay for it. Here's how BNPL companies actually work.

BNPL tries to make a large purchase look more palatable. If people don't have a way to finance their purchases, they would skip on the purchase altogether and the e-commerce retailer would lose out on a potential sale. To counter this, companies like Afterpay or Lazypay offer a BNPL solution where company will pay the e-commerce retailer the purchase price after deducting a small fee which the BNPL company will collect from their customers next month. If they don't pay up, the companies may charge a late fee. But that's about it. No other charges. Now for e-commerce companies, food delivery apps, and other such entities, this is a very nice opportunity to drive up transactions. They can get you to commit to "repeat purchases" and larger order values. And for BNPL companies, it a way to earn good revenues.

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In a country like India, where finance is quite fragmented, hard to access, and filled with processes and paperwork, BNPL positions itself as a hassle-free, ready to use product — and it has been well-received especially in lower-tier cities and rural areas. BNPL can serve more people because the purchase amounts are lower — generally between Rs 200 to Rs 2 lakh — and the cost of operations is much lower than traditional loan products. BNPL also has massive opportunities to grow due to commonly raised fears associated with the use of credit cards like hidden charges and fees and high interest rates. With this, BNPL companies driving business away from traditional banks. Thus far, FinTechs have diverted around $8 billion to $10 billion in annual revenues away from banks, according to McKinsey's Consumer Lending Pools data.

The Covid-19 pandemic has forced the shift of business operations to an online platform. With the majority of customers also shifting to online platforms as their primary source for shopping, BNPL has quickly emerged as a popular form of payment within the consumer market and has permanently shifted the dynamics between e-commerce businesses and their customers. With its initial global value set to US$7.3 billion in 2019, the BNPL market has especially skyrocketed during 2020 and is estimated to reach US$33.6 billion by 2027.

Some of the major BNPL players in India include ZestMoney, LazyPay, Simpl, Amazon Pay, Paytm Postpaid, etc., however, some of the leading banks have also begun to offer BNPL services. So standalone companies might see some tough competition soon enough.

But what is undeniable is the impact BNPL has had on consumer behaviour, especially in India.

HCL TECHNOLOGIES BECOMES 4TH IT FIRM TO HIT RS 3 TRILLION MARKET-CAP

Ms. Akshata Khandekar,
Alumni,
M.L.Dahanukar College of Commerce

HCL Technologies' market capitalisation (market-cap) touched Rs 3 trillion for the first time. HCL became the fourth Indian information technology (IT) firm to achieve this milestone after Tata Consultancy Services (TCS), Infosys and Wipro. Shares of HCL Tech hit a fresh record high of Rs 1,118.55, up 2 per cent on the BSE in intra-day trade, surpassing its previous high of Rs 1,101 touched on 12th Aug in intra-day deal.

HCL Tech is the third-largest Indian IT services company by revenue, after TCS and Infosys. The company has a strong globally diversified presence and provides comprehensive IT services to an established customer base. It has strong expertise in engineering and R&D services and its end customers are spread across industry segments.

FIXED DEPOSITS VS. BONDS

Mr. Gaurav Rangnekar,
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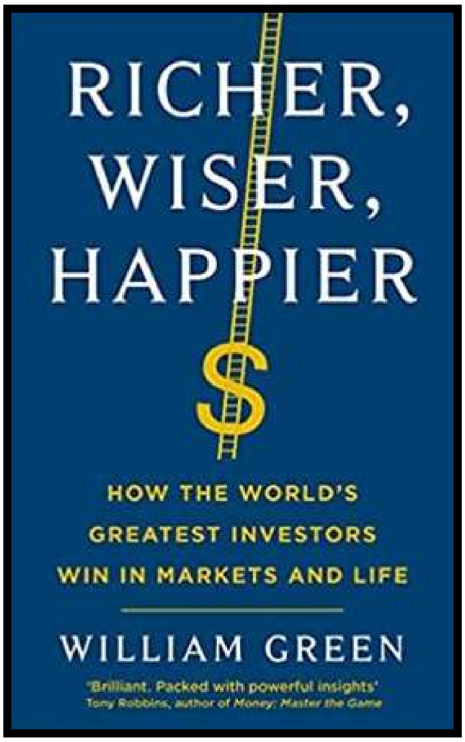
There has been a strong hit on the pockets of the Fixed Deposit interest earners in India as the Rate of Interest has been coming down in each Financial Year and now stands between 5.25% to 5.75 % pa. The Inflation in India is rising and it stands at round 5- 5.2 %. In realistic terms, the most of the FD interest earners are losing out their real value of Money. On other hand, the Yields on Bonds offered by Large Companies in India are more than that of FD Rates. It is pre- determined that investing in these Bonds would be risky and hence the investors need to select and Invest in the right valuable Bond. The Yield on Bonds from large companies in India with AAA Ratings is at around 6.8 % to 7.5 % beating inflation with a considerable good rate.

Risk Management plays a very important role here while investing in these bonds over Fixed Deposits. The Liquidity in Fixed Deposits is very high as compared to Bonds as banks allow withdrawing the amount on the same day. But in case of Bonds, there arises a liquidity issue because the investor needs to sell those bonds in the secondary Market and money gets credited in the Bank account within 4 - 5 Business Days. Unlike that, some Bonds cannot be sold and have a holding period till Maturity. Taxation affects both these Investments (FD as well as Bonds) and is added in the Income of the Investor and taxed as per the respective tax Slabs.
As per my analysis, investors should not invest all the amount in Bonds over Fixed Deposits. A proportion should be made and invested in FD's and Bonds in order to mitigate the risk and also to tackle inflation. Proper analysis should be made while selecting and investing in the bonds.

READ TO LEAD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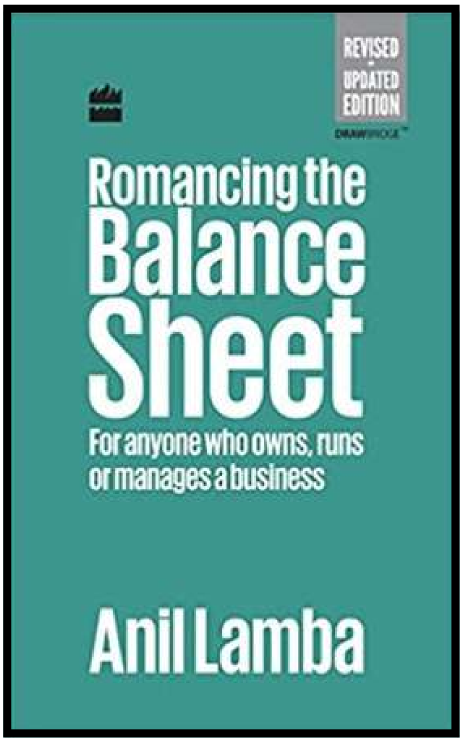
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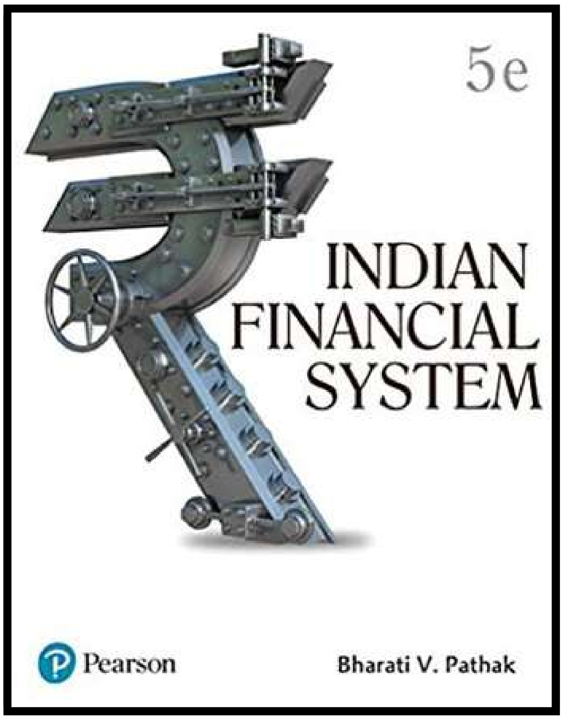
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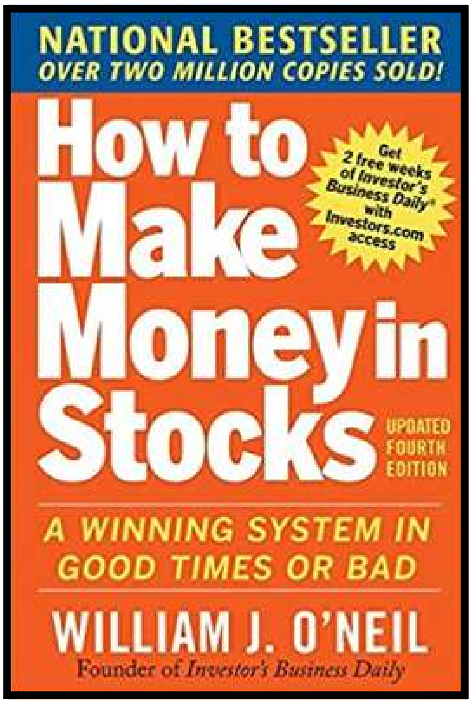
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