



GREY MATTERS

A Monthly Magazine by Finance and Marketing Club



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Edition



"Beware of little expenses, a small leak will sink a great ship"

~ Benjamin Franklin



NATIONAL INSTITUTE OF AGRICULTURAL EXTENSION MANAGEMENT (MANAGE)

(An Organization of Ministry of Agriculture & Farmers Welfare, Government of India)

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Operation Green: A Potential Game Changer in Fruits and Vegetable Production

While delivering the recent annual budget of FY 2021-22, Union Finance Minister Nirmala Sitharaman announced that Operation Green would be expanded to include 22 perishable commodities including the three major vegetable potato, tomato, and onion for which the scheme has actually started. This move comes as a positive sign from the government to improve the value chain of fruits and vegetables in India.



What is Operation Green?

Originally launched by the late Finance Minister Arun Jaitley in the Union budget 2018-2019. It aims to give the right prices to the farmers for their produce, specifically perishable horticultural crops. Started for TOP i.e., tomato, onion, and potato it has not been extended to 22 perishable horticultural commodities. They call it TOP to the TOTAL scheme.

It was launched with three objectives. First to reduce the price volatility for TOP

“Highlights”

An initial sum of Rs.500 crore was set out for the scheme out of which Rs.50 crore is set aside for the price stabilization purpose

The price volatility remains as high as ever and farmers' share in consumer rupee is still as low as 26.6 percent for potatoes, 29.1 percent in the case of onions, and 32.4 percent for tomatoes

Operation Flood resulted in farmers receiving 75% to 80% of the consumer rupee, which is still a distant goal for Operation Green

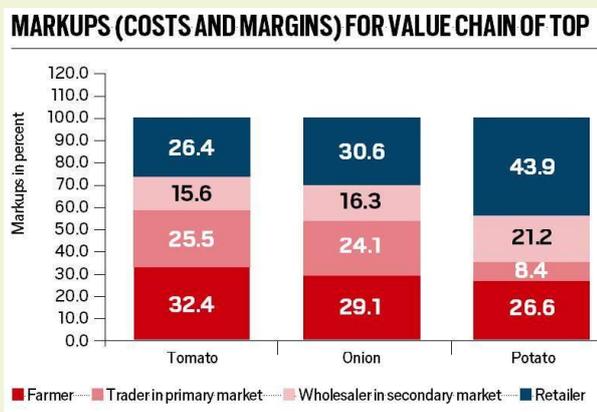
vegetables. Second to build sufficient value chain infrastructure for these commodities' value addition thereby helping the farmers to get the higher share of the consumer rupee. And third, was to build enough cold storage and warehouse facilities to reduce the post-harvest losses of perishable commodities.

Design of the scheme and performance so far

The scheme is headed by a Joint Secretary under the MoFPI (Ministry of Food Processing Industries). An initial



sum of Rs.500 crore was set out for the scheme out of which Rs.50 crore is set aside for the price stabilization purpose wherein NAFED has to take up procurement whenever the market prices fall drastically due to boom production and store the products for future disposal. Another Rs.450 crore is to fund integrated value chain projects. Such projects are given 50 percent grants-in-aid with a maximum limit of Rs 50 crore per project. This subsidy goes up to 70 percent in case the project is of a Farmer Producer Organization (FPO). As of February 2021, six projects worth Rs. 363.3 crore have been selected and funding of Rs. 136.82 crore for these projects have been approved, but only a mere Rs.8.45 crore has been actually released till now, mainly because of the reason the subsidy is released on a reimbursement basis.



Source: ICRIER

A detailed examination of the performance of the scheme reveals that it has been very slow in marching towards its objective's attainment. With its objective aimed at increasing the farmer's share in consumer rupee, the scheme has not been impressive enough in attaining it.

According to a report by ICRIER (Indian Council for Research on International Economic Relations), the price volatility remains as high as ever and farmers' share in consumer rupee is still as low as 26.6 percent for potatoes, 29.1 percent in the case of onions, and 32.4 percent for tomatoes.

Way Ahead:

Operation Green (OG) was started by taking inspiration from Operation Flood (OF), which revolutionized the milk industry in India. But over time OG has not been able to keep up with OF when it comes to increasing farmers' income. OF resulted in farmers receiving 75% to 80% of the consumer rupee, which is still a distant goal for OG. However, OG can take learnings from OF and can bring similar wonders like the dairy industry in the horticulture industry.

First, wonders don't happen in days, it took almost 20 years for OF for getting the milk value-chain on track and propel India as the largest producer of milk in the world. Similarly, to sustain such amount of time OG would need a separate body for effective implementation of the OG, as is National Dairy Development Board (NDDB) for milk.

Second, OG needs a visionary like Verghese Kurien to head the new board with ample amount of resources and autonomy to get effective results. The MoFPI can have its evaluation every six months but making MoFPI the nodal



agency for implementing OG with faceless leaders (joint secretaries who can move from one ministry to another at the drop of a hat) is not very promising.

Third, the criteria for selecting clusters for OG crops are not very transparent and clearly defined. There are situations where some of the important crop-growing regions are left out and a few of the less important ones are included. For example, Nashik, a well-known tomato-growing region, with one of the largest tomatoes mandis in Pimpalgaon, has been left out, while less important districts from states like Odisha (Kendujhar and Mayurbhanj), Gujarat

(Sabarkantha, Anand, and Kheda), and West Bengal have been included. There need to be clearly defined selection criteria (unbiased) for the OG to deliver fruitful results.

Fourth, there need to be more and more innovations and entrepreneurial ventures in this sector which needs to be backed by government support. This will catalyze the whole performance of the scheme. Governments' recent initiatives to create 10,000 FPOs and Agricultural Infrastructure Fund (AIF) are promising steps but need to be implemented fast and with utmost sincerity.



Brain Bulb Facts

The Infosys Technologies IPO was undersubscribed

The Infosys IPO that came out in June 1993 and priced its shares at Rs 95 apiece was undersubscribed. Morgan Stanley bailed it out by picking up 13% of the equity. The stock listed at Rs 145, a listing gain of over 52%. Rs 9,500 invested in the IPO is now worth over Rs 2 crore along with almost Rs 20 lakh in dividends.

97.75% was the highest income tax slab!

In 1970-71, income tax was spread over 11 slabs with the highest bracket attracting 85% tax. Combined with a surcharge of 15%, the marginal rate of income tax reached 97.75%! Over the past fifty years, the tax slabs have reduced to 3 with the maximum bracket attracting 30% tax.



Dogecoin: the joke currency

What is a Dogecoin?

Dogecoin is one of the fast-growing types of cryptocurrency. It is a peer-to-peer digital currency, just like Bitcoin and Litecoin or any other type of digital currency.



Dogecoin is a part meme, a part functional token, and a part legend in the cryptocurrency community. It is based on the popular "doge" Internet meme and features a Shiba Inu on its logo, which is a Japanese breed dog. The Shibe dog is known for its inner monologue expressed, with pearls of wisdom such as "so scare," "much noble," "wow."

Who invented Dogecoin?

This digital currency was created by Software engineers Billy Markus from Portland and Jackson Palmer from Sydney, Australia as a payment system



Billy Markus

that is instant, fun, and free from traditional banking fees. It is based on the Doge meme and despite starting as a joke,

"Highlights"

In July 2020, with 47 million followers Musk took to Twitter to claim that 'the Dogecoin standard' would inevitably take over the global financial system. The single statement was enough to send Dogecoin's price up by 14%

2014 Winter Olympics- Funds has been raised for the Jamaican Bobsled Team which couldn't afford to go to Sochi Winter Olympics and by the 2nd day itself 36,000\$ were collected and also the Dogecoin to bitcoin exchange rate rose by 50%

The Coinbase is available in 40+ countries, and is both one of the world's most popular exchanges and one of the easiest ways to get started with crypto



Jackson Palmer

it has become the fastest-growing crypto. Palmer still joked at the time:



"Investing in Dogecoin. Pretty sure it's the next big thing."

The tweet got so much attention that he decided to keep the joke going by registering the Dogecoin.com domain and the dogecoin officially launched on December 6, 2013, and 2weeks later value jumped to 300% & within the first 30 days there were over a million visitors to Dogecoin.com.

How it can be used?

It is used with a wallet on your computer, your smartphone, or a website. You can use dogecoin to buy goods and services, or trade it for other currencies (both other cryptocurrencies or traditional currency like US dollars). One of the most popular uses for Dogecoin is "tipping" fellow internet-goers who create or share great content.



Exchange & Usage:

- Dogecoin is used in Several online exchanges offer DOGE/BTC and DOGE/LTC trading.
- The Mainstream commercial applications of this currency have

gained traction on internet, such as a tipping system, in which social media users tip others for providing interesting or noteworthy content.

- Trading physical, tangible items in exchange for DOGE takes place on online communities such as Reddit and Twitter, where users frequently share currency-related information.
- It has also been used to try to sell a house, and has been used in the pornography and poker industries.

Where to Buy Dogecoin?

There are many ways to purchase Dogecoin with fiat currency or the US dollar, but you will often need to buy using Bitcoin through an exchange. Most traders purchase Doge using an exchange, like Coinbase. This involves buying cryptocurrency with fiat currency and storing them in a virtual wallet. The Coinbase is available in 40+ countries, and is both one of the world's most popular exchanges and one of the easiest ways to get started with crypto. While this approach is common it is not without risks but one must do their own research and select a reputable exchange

Charity & Fundraisings:

The Dogecoin community and foundation have encouraged many fundraising for charities and other notable causes

- **2014 Winter Olympics-** Funds has been raised for the Jamaican Bobsled



Team which couldn't afford to go to Sochi Winter Olympics and by the 2nd day itself 36,000\$ were collected and also the Dogecoin to bitcoin exchange rate rose by 50%

- **NASCAR-** Dogecoin community raised almost 67.8 million Dogecoins (around \$55,000 at that time) to sponsor a NASCAR driver Josh Wise.
- **Doge4Water-** Dogecoin Foundation, led by Eric Nakagawa, collected donations to build a well in the Tana river basin in Kenya in cooperation with Charity: Water and succeeded in collected almost 40,00,000 dogecoins (\$30,000 at that time) from 4,000 donors
- They've also donated Dogecoin to charity initiatives and raised money to help train assistance dogs for autistic children

What is with elon musk and dogecoin:

In July 2020, with 47 million followers Musk took to Twitter to claim

that 'the Dogecoin standard' would inevitably take over the global financial system. The single statement was enough to send Dogecoin's price up by 14%. Again, on December 20, 2020, Musk tweeted, "One word: DOGE". Only a few hours later, the token saw its valuation spike by at least 20%. Around the same time, Bitcoin surpassed its 2017 all-time high price of \$20,000. Also, throughout January 2021, Elon Musk relentlessly evangelized Dogecoin on Twitter. While he later backpedalled by saying that most of his remarks were made in jest, Dogecoin's valuation continued to rise. In that very same interview, Musk also said, *"The most ironic outcome would be that dogecoin becomes the currency of Earth in the future."*

By February 6, Elon Musk began posting full-blown cryptocurrency instructional videos on Twitter. At one point, Musk even garnered the support of celebrities and billionaire investors but all these have led to the sudden rise and fall of the value of Dogecoin.



Why does GOI want privatisation of banks?

Need of privatisation

The union budget has announced the privatization of two public sector banks (in addition to IDBI) and one general insurance company in the upcoming fiscal. It also announced a strategic sale/disinvestment policy for four strategic sectors including banking, insurance and financial services in which the government will have a **“bare minimum presence”**.

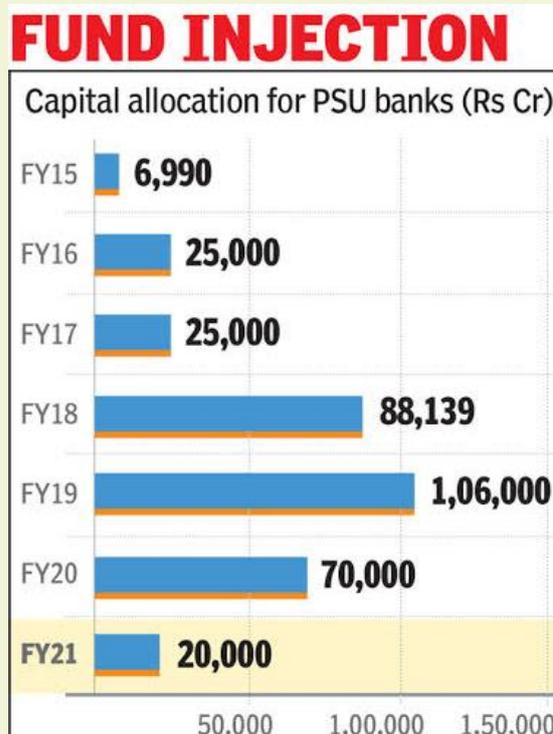
- ✚ All this is because years of capital injections and government reforms have not been able to improve the financial position of public sector banks significantly
- ✚ Many of them have higher level of stressed assets than private banks and also lag the latter on profitability, market privatisation and dividend payment record
- ✚ The government front loaded Rs. 70,000 crores into government run banks in September 2019, Rs. 80,000 in FY18 and Rs. 1.08 lakh crore in FY19 through recapitalisation bonds
- ✚ In 2019, the government merged 10 PSU banks into four

Privatisation of two public sector banks will set the ball rolling for a long-term project that envisages only a handful of state-owned banks, with the rest either consolidated with strong banks or

“Highlights”

The banking landscape in India is set to change in India with the government’s decision to privatise two public sector banks and after this only 10 public sectors banks will be left and this number may go further down if the proposed privatisation becomes successful. Coming after 51 years of nationalisation of government owned banks in 1969, the move will give the private sector a key role in the banking sector.

privatised. This will free up the government, the majority owner, from continuing to provide equity support to the banks year after year.



Source: Economic Times



What are the issues plaguing PSU banks?

After a series of mergers and equity injections by the government, the performance of public sector banks has shown improvement over the last couple of years.

However, compared with private banks, they continue to have high non-performing assets although this has started declining.

After the covid related regulatory relaxations are lifted, banks are expected to report higher NPA's and loan losses. As per the RBI's recent financial stability report, gross NPA ratio of all commercial banks may increase from 7.5% in September 2020 to 13.5% by September 2021. This would mean the government would again need to inject equity into weak public sector banks.

The government is trying to strengthen the strong banks and also minimise their numbers through privatization to reduce its burden of support.

Are private banks doing better?

- ✚ Private banks' market share in loans has risen to 36% in 2020 from 21.26% in 2015, while public sector banks' share has fallen to 59.8% from 74.28%
- ✚ Competition heated up after the RBI allowed more private banks since the 1990s
- ✚ They have expanded the market share through new products, technology and

better services valuations in stock markets

- ✚ HDFC Bank (set up in 1994) has a market capitalization of Rs. 8.80 lakhs crore while SBI commands just Rs. 3.50 lakh crore

Concerns regarding private banks

In the last couple of years, some questions have been raised over the performance of private banks, especially on governance issues.

- ✚ ICICI Bank MD and CEO Chanda Kochhar was sacked for allegedly extending dubious loans
- ✚ Yes, Bank CEO Rana Kapoor was not given extension by the RBI and now faces investigations by various agencies
- ✚ Lakshmi Vilas Bank faces operational issues and was recently merged with DBS Bank of Singapore
- ✚ Moreover, when the RBI ordered an asset quality review of banks in 2015, many private sector banks, including Yes Bank, were found under-reporting NPAs
- ✚ Former Axis Bank MS Shikha Sharma too was denied an extension

Government and RBI stand on privatisation

- ✚ Many committees had proposed bringing down the government stake in public banks below 51% - the Narasimhan Committee proposed 33%



and P J Nayak Committee suggested below 50%

- ✚ The UPA government of 2004-14 refrained from taking any decision on privatisation

The NDA government, in its second term, has been pushing for privatisation and reducing the number of PSU banks to five or six



Brain Bulb Facts

Tax rates on gold depend on investment vehicles!

The yellow metal held in physical form or through gold funds attracts long term capital gains tax (LTCG) of 20% with indexation, while gold bonds do not attract any LTCG if held till maturity. However, the tax rate for such bonds is 10% without indexation if sold before maturity.

Warren Buffett's net worth at age 52 was only 0.3% of current value

Warren Buffett, considered as the world's most successful investor, made 99.6% of his \$87.5 billion fortune after the age of 52. As much as \$72 billion of his wealth came after he turned 65. He started investing at a tender age of 11 and filed his taxes for the first time when he was 13.

A month to settle trades

When shares were traded in physical form in the 1980s, the settlement of stock trades could take more than a month. After the introduction of electronic matching engines in the mid 1990s, the process of settlement was reduced to 14 days. Now the same process takes two days.



India's Impressive Rise in Foreign Exchange Reserves

As of March 20, 2020, India's foreign exchange reserves totalled US\$ 477 billion. As of March 15, 2021, this figure stood at US\$ 580.3 billion, a rise of US\$ 103 billion in just over 11 months. It should be remembered that during the 1991 balance of payments crisis, India's foreign exchange reserves fell to as low as US\$ 5 billion, barely enough to fund three weeks of imports instead of the traditional six months. The current level of reserves can provide 18 months of import cover, according to the RBI's Report on Management of Foreign Exchange Reserves (15 March 2021).



India's foreign-exchange reserves have exceeded Russia's to become the world's fourth highest, as the central bank of the South Asian nation continues to stockpile dollars to protect the economy from any unexpected outflows. On the International Monetary Fund table, China has the most reserves, followed by Japan and Switzerland.

India's success in accumulating foreign currency reserves is timely and impressive in the midst of the coronavirus pandemic. It comes at a good time because it has

"Highlights"

It may be recalled that at the time of balance of payments crisis in 1991, foreign exchange reserves of India had dipped to as low as US\$ 5 billion, barely sufficient to finance 3 weeks of imports against the traditional benchmark of 6 months.

As per RBI's Report on Management of Foreign Exchange Reserves (15 March, 2021), the current level of reserves can provide 18 months of import cover. In the midst of coronavirus pandemic, the performance of India in accumulating foreign currency reserves is timely and remarkable. It is timely because it has provided a breather to an otherwise distressed Indian economy.

It is remarkable because it has happened when the global economy is in shambles in the wake of the pandemic and the consequent lockdowns in almost every country of the world.

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Why are Foreign Exchange Reserves Surging

Following Covid, India's imports have decreased dramatically in volume and value as compared to exports.

Crude oil is India's most significant import. Owing to a drop in demand for petroleum products, crude oil imports have decreased. In August 2009, crude oil hit a record high of US\$ 147 per barrel (the highest in history). When

Foreign Exchange Reserves								
Item	As on March 5, 2021		Variation over					
			Week		End-March 2020		Year	
	₹ Cr.	US\$ Mn.	₹ Cr.	US\$ Mn.	₹ Cr.	US\$ Mn.	₹ Cr.	US\$ Mn.
	1	2	3	4	5	6	7	8
Total Reserves	4236665	580299	-57846	-4255	634510	102492	644230	93061
Foreign Currency Assets	3939741	539613	-46856	-3002	605926	97400	613469	88478
Gold	249807	34215	-10432	-1206	19280	3637	21241	3215
SDRs	10993	1506	-153	-11	192	73	327	59
Reserve Position in the IMF	36124	4965	-405	-36	9111	1382	9194	1309

* Difference, if any, is due to rounding off

Source: RBI, Weekly Statistical Supplement

the coronavirus outbreak was declared a pandemic by the World Health Organization (WHO) on March 11, 2020, it fell to as low as US\$ 20 per barrel. India's oil import bill has been drastically reduced as a result of lower demand and lower crude oil prices, saving valuable foreign exchange.

Similarly, as a result of the Indo-China standoff at the Ladakh border, the import of many electronics goods from China has decreased. The

government's import substitution strategy under the Aatmanirbar Bharat Abhiyan is also to blame for the decrease in imports.

Not surprisingly, India's current account balance (value of exports and imports of goods and services) posted a surplus of US\$ 19.8 billion in the first quarter (April to June) of 2020-21.

Non-debt inflows in the form of direct and portfolio foreign investments have also risen in the capital account,



resulting in a rise in foreign exchange reserves. Several Indian companies have recently been purchased by foreign investors, including Google and Facebook.

Deployment of Foreign Exchange Reserves

The disparity between interest paid on external debt and returns on external assets in reserves is the direct financial cost of keeping reserves. Because of the RBI's emphasis on liquidity (assets that can be converted into dollars when needed) and protection, a large portion of reserves is invested in foreign government securities (primarily US) that pay a low interest rate of around 1%. This low rate must be contrasted with the interest rate paid on the country's foreign borrowings.

The 1993 High Level Committee on Balance of Payments (Chairman: C. Rangarajan) proposed that the foreign exchange reserve target be set so that it can usually absorb three months' worth of imports. It's also worth noting that the Committee on Capital Account Convertibility of 1997 recommended a 6-month import cover. The current level of reserves can provide 18 months of import cover, according to the RBI's Report on Management of Foreign Exchange Reserves (15 March 2021).

Strategic Value of Foreign Exchange Reserves

Foreign exchange reserves serve as a buffer against rupee fluctuations, which can be caused by a variety of factors, including interest rate changes in the United States and other developed countries. When there is undue volatility in the exchange rate, the RBI intervenes to stabilise the rupee against the dollar. When the rupee weakens, it sells dollars in the foreign exchange market and buys them when the rupee strengthens. India's strong and growing foreign exchange reserves give credit rating agencies and potential foreign investors hope that the country's external obligations will still be met and that it will be able to handle its balance of payments. Hefty reserves ensure prompt payment of earnings repatriation and fund outflows, both of which are essential to attract direct and portfolio foreign investment.

Similarly, ample foreign exchange reserves raise domestic investor and public confidence by showing that the national currency is backed by external assets. Furthermore, foreign currency reserves function as a first line of defence in the event of unanticipated contingencies (war or natural calamity). They are kept in the national interest in order to satisfy any unpredictably high demand for foreign currency and to avoid crises.



RIL: Big Winner of 2020

For many businesses, the year 2020 will be remembered as the most unfortunate.



Some businesses were hit so badly that they were forced to shut down, but during this phase of disruption, some firms had emerged as winners. Reliance Industries Limited is one of the many winners of 2020 who were able to show their resilience in the business arena. During the month of April, when the whole world was under lock down, some top executives of RIL were working relentlessly to secure the potential deals with world's major PE funds and technology giants.

Debt Free Dream

Finally, the hard work paid off. Reliance was able to raise over \$28.09 billion during the next eight months through its two companies- Jio Platforms and Reliance Retail. The most amazing fact about this fund raising was that these investments accounted for 81 percent of the total foreign direct investment of the year 2020. Continuing its fund-raising spree, RIL raised over Rs.53,000 crore via rights issue. The final result of all this money raising was that RIL became debt free. With the help of this money, Mr. Mukesh Ambani, Chairman RIL, wiped out the huge debt of Rs.1,61,000 crore.

"Highlights"

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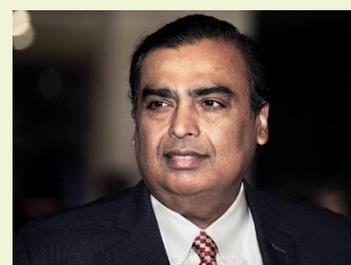
Mr. Mukesh Ambani, Chairman RIL, wiped out the huge debt of Rs.1,61,000 crore.

Google and Reliance have joined hands to develop a low-cost Android 4G smart phone.

With the home grown 5G technology, Mr. Ambani is challenging the long-established domination of incumbent gear makers such as Ericsson, Huawei and ZTE.

Technological Transformation

For RIL, the year 2020 was not all about the money. Other than mobilizing its great money



raising machine, Mr. Ambani was able to attract top technological giants of the world like Google, Facebook, Intel, Qualcomm etc. He sold his vision to transform RIL into a tech company from an oil and gas company. This transformation is the biggest need of the



hour. A lot of businesses were already going through this transformation. The pandemic has just increased the pace of this transformation.

Future Plans

Hyper-local is the delivery model of the future. Understanding the importance of this newer model, Facebook's WhatsApp and Reliance's JioMart are going to collaborate and the 30 million kirana stores will become the last-mile delivery partners. Other than this, Google and Reliance have joined hands to develop a low-cost Android 4G smart phone. Reliance is also working for fulfilling the 5G dream of India. For this Reliance acquired Radisys is working with Qualcomm to develop 5G software. The peculiarity of this endeavor is that Reliance has decided to go directly for standalone 5G networks instead of non-standalone. The advantage of this system is that the existing 4G core can be used for 5G.

Tough Competition

With the help of JioMart, Mr. Ambani is aspiring to give a tough time to the e-commerce giants such as Amazon and Flipkart. Reliance's acquisition of Future group's retail business will increase RIL's revenue market share to 16%. The collaboration of Google and RIL to

develop a budget smartphone is targeted at Chinese phone makers which are currently dominating the Indian smartphone market. With the home grown 5G technology, Mr. Ambani is challenging the long-established domination of incumbent gear makers such as Ericsson, Huawei and ZTE.



Core Competence

It sounds like RIL is going to revolutionize a lot of industries, but the path to this revolution is not easy. The reality is that RIL is trying to leverage its 400 million plus 4G customers to build the foundation of this technology transformation. It is quite evident that Reliance is jumping into a lot of boats at the same time. RIL bought online pharmacy NetMeds and online furniture company Urban Ladder. There is a need to find a core competence. All other businesses can be built on that core competence. Mr. Ambani was able to mobilize funds with the help of RIL's brand image but the usage of this war chest will decide the success of this digitalization movement.



Future Prospects of Broking Firm

Brokerage firm is a place where investors and traders go for buying and selling stocks & plays a role of middleman who connects buyers and sellers to facilitate a transaction. They typically receive compensation by means of commissions or fees that are charged once the transaction completed successfully.

In financial markets, a different type of brokerage firms offers a wide range of products and services.

Full-service brokerage: It provides a professional financial adviser who manages all investment decisions and provides ongoing advice and support. This brokerage, with their high-touch services, is the most expensive option.

Discount brokerages: Brokers who carry out buy and sells orders at reduced commission rates are called as discount brokers. Also, working with them can provide cheap access to investments, ensuring bigger profits over time. And also, they don't offer personal advice, consultations and research to customers.

Robo-advisors: Automated investment advisory platforms also called as robo-advisors, are a relatively new form of a digital financial advisor which offers investment management services carried out by algorithms with minimal human intervention at a very low cost. There are several robo-advisors, who offer zero commissions or fees.

"Highlights"

Domestic broking industry's revenue is expected to moderate to 7-8 per cent growth in 2021-22 to Rs 29,500-30,500 Cr, according to ICRA report.

The top 10 broker's market share in terms of number of clients moderated to 63 per cent in September 2019, against 65 per cent in July 2019, it added. With respect to active clients as a percentage of total clients, Zerodha dominates with 69 per cent, while for other it's in the range of 24-32% & the increase in clientele and orders boosts the top-line in terms of brokerage fees.

Indian equity brokerage turnover has been growing at more than 30% CAGR since Financial Year 1999-2000 which initially attributed to the growth in trading turnover in the derivative segment, which commenced operations in FY20-01 and now accounts for almost ~75% of total turnover.

Conventionally stock trading is done through brokers either personally or through telephones. As number of people who trades in stock market increase enormously in recent years, some issues like location constrains, busy phone lines, miss communication etc start growing in stock broker offices. Information



technology (Stock Market Software) helps stock brokers in solving these problems with Online Stock Trading.

Online Stock Market Trading is an internet-based stock trading facility where investor can trade through a website without any manual intervention from Stock Broker.

In this case these Online Stock Trading companies are stock broker for the investor. They are registered with one or more Stock Exchanges. There are two different type of trading environments available for online equity trading.

- ✚ Installable software-based Stock Trading Terminals: This trading environment requires software to be installed on investors computer & provided by the stock broker.

- ✚ Online Stock Trading

Future prospects:

Broking industry is heading for evolution according to ICICI Securities report. The market share which is dominant for Discount brokers are going to change their business model, and also the Indian broking industry is set to witness a gradual shift from transaction-based model to service or fee-based model, going to offer services such as wealth management and investment advisory, & also there is a focus on fund-based activities, including margin funding and loan against shares in which the brokers are engaged in, seems to increase further,

offering brokers a sustainable earnings revenue.

The arrival of discount brokers who offers low brokerage on a per-order basis has led to a shift in the market share of active clientele.

The top 10 broker’s market share in terms of number of clients moderated to 63 per cent in September 2019, against 65 per cent in July 2019, it added. With respect to active clients as a percentage of total clients, Zerodha dominates with 69 per cent, while for other it’s in the range of 24-32% & the increase in clientele and orders boosts the top-line in terms of brokerage fees. Yet, the sustainability of this growth is yet to be seen.



People working in stock markets are in benediction with several brokerages planning to hand out hefty bonuses and increments to their employees this year for larger transaction volumes, and opening of more than 10 million new Demat accounts. Exceptional performers, in areas like account opening and large-ticket trade facilitation, may get fatter bonuses ranging from 120-300% of annual CTC



High interest shown by both foreign and retail investors within the markets will lead the domestic broking industry's revenue to reach a 30-35% growth to Rs 27,500-28,500 Cr in 2020-21, according to ICRA report. Also it is expected to moderate to 7-8 per cent growth in 2021-22 to Rs 29,500-30,500 Cr, it added.

The Association of National Exchanges Members of India (Anmi) writes to SEBI, expressing the concern over T+1 settlement proposal, by quoting that the implementation of the new system would increase working capital requirements for brokers and enhance the work load on the banks and depository participants (DPs) also it will put the entire broking industry in jeopardy and cause undue hardships. Therefore, Anmi requested Sebi not to implement the new T+1 settlement system till the time where all the operational

issues are resolved.

Also, they requested Sebi to set up a joint committee representing officials from exchanges and Anmi (grouping of over 900 stock brokers across the country) to deliberate on concerns of members in the matter.

The Indian stock market has been witnessing a endless rise in volumes traded, from FY15 to Q2 FY20. However, there has been a growing divergence between the cash and derivatives product segments.

According to the broking house report, that the proportion of cash segment has remained steady at 3% of total volumes, & options as a product which has been gaining prominence with the share in total volume rising from 79% in FY15 to 88% in FY19 and 92% in Q2 FY20."



Brain Bulb Facts

Content marketing costs 62% less than traditional marketing and generates about 3 times as many leads. Content marketing isn't just great for showing your knowledge and expertise in your area – it's cost-effective! While traditional marketing, which incorporates paid advertising and pricey PR, have forced companies to downsize in other areas, content marketing reduces your cost so that you can use your money to gain leads and customers



Organic Food Market in India

We have been hearing a lot about organic food, especially since the past 10 years or so. As the coronavirus (COVID-19) continues to spread across the world, there is a huge impact of this rapidly evolving situation on the markets and the consumer purchase behaviours and current market trends, forecast will exhaustively reflect the effects of this emerging pandemic. There has been a growing level of health consciousness across the country, Advanced demographic dividend, improved purchasing power, rapid urbanization and increased interest for the perceived health and wellness benefits of certain organic products are few of the key factors driving the demand for organic food. The India organic food market is experiencing a robust growth with the rising awareness about the products. The nutritional content and quality of the food they eat have begun to be paid attention to by Indian consumers leading to the growing demand for organic food.

The India organic food market stood at a value of USD 849.5 million in 2020. The market is further expected to grow at a CAGR of about 20.5% in the forecast period of 2021 and 2026 to reach a value of about USD 2601 million by 2026, making it the 30th largest market in the world by value. The market landscape of organic foods and beverage is fragmented, where the top companies by sales include Sresta Natural Bioproducts, with a market share

“Highlights”

The India organic food market stood at a value of USD 849.5 million in 2020. The market is further expected to grow at a CAGR of about 20.5% in the forecast period of 2021 and 2026 to reach a value of about USD 2601 million by 2026.

India organic food market is highly fragmented with the presence of several small and large manufacturers competing in terms of price and quality. Some of the major players in the market are Sresta Natural Bioproducts Pvt.Ltd, Suminter India Organics Private Limited, Nature Bio-Foods Limited.

of 26.8 percent, followed by Organic India (15.1 percent) and Chamong Tea Exports. (7.8 percent). However, in recent years, these leading companies have lost market share to fairly smaller enterprises.

India organic food market is highly fragmented with the presence of several small and large manufacturers competing in terms of price and quality. Some of the major players in the market are:

- Suminter India Organics Private Limited
- Nature Bio-Foods Limited

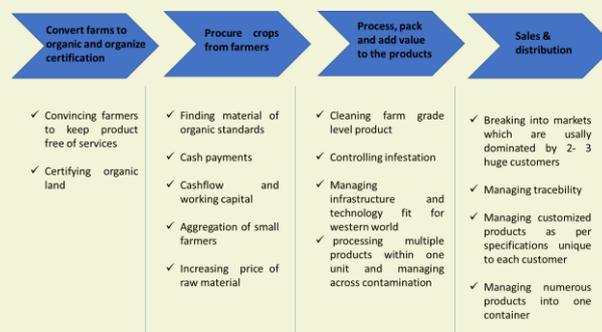


- Organic India Private Limited
- Sresta Natural Bioproducts Pvt.Ltd
- Phalada Agro Research Foundations Pvt. Ltd
- ElWorld Agro
- Mother Earth

The Government of India mandates the NPOP. Established in 2002, NPOP serves as the central system responsible for organic agriculture regulations. NPOP also includes rules for the accreditation of certification authorities and certification schemes and guidelines for the certification of growers/grower groups and the rules for the use of the India Organic label. The NPOP falls under APEDA (The Agricultural and Processed Food Products Export Development Authority), located within the Ministry of Commerce and Industry (GOI). Furthermore, Food Safety and Standards Authority of India (FSSAI) has the mandate to regulate manufacture, imports, distribution or sale of organic foods as per the notifications under Food Safety and Standards (Organic Foods) Regulations, 2017.

As on 31st March 2020 total area under organic certification process (registered under National Programme for Organic Production) is 3.67 million Hectare (2019-20). This includes 2.299 million ha cultivable area and another 1.37 million Hectare for wild harvest collection. Among all the states, Madhya Pradesh has covered largest area under organic certification followed by Rajasthan,

Maharashtra, Gujarat, Karnataka, Odhisa, Sikkim and Uttar Pradesh. During 2016, Sikkim has achieved a remarkable distinction of converting its entire cultivable land (more than 75000 ha) under organic certification. The total volume of export during 2019-20 was 6.389 lakh MT. The organic food export realization was around INR 4,686 crore (689 million USD). Organic products are exported to USA, European Union, Canada, Switzerland, Australia, Japan, Israel, UAE, New Zealand, Vietnam etc. In terms of export value of Processed foods including soya meal (45.87%) lead among the products followed by Oilseeds (13.25%), Plantation crop products such as Tea and Coffee (9.61%), Cereals and millets (8.19%), Spices and condiments (5.20%), Dry fruits (4.98%, Sugar (3.91), Medicinal plants (3.84%) and others.



Organic food value chain

The Indian domestic organic food sector is still at an emerging stage yet rapidly developing due to increased consumer demand. This growth is attributed to new consumer-oriented products, a wider availability of products in the market, and the development of new brands selling packaged organic products. In recent years, multiple certification systems has



enabled the entry of many smaller sized companies (private labels or new entrepreneurs) thereby increasing price competition. Organic products are however still priced at a premium as mentioned earlier. Indians are price

conscious, discount seeking consumers. Post analysis suggests bundling two or more complimenting products at an attractive price could be an effective strategy to push sales in organized retail formats, as is conventional in consumer-packaged goods



Brain Bulb Facts

India was the country with the highest number of recorded Internet shutdowns last year, with 109 out of 155 incidents globally. India has earned the dubious distinction for the third consecutive year, a new report by digital rights and privacy organisation Access Now has found. India was followed by Yemen with at least six shutdowns, Ethiopia (four) and Jordan (three). India, Yemen, and Ethiopia had topped the list in 2019. From Belarus to Bangladesh, authorities in 29 countries shut down or interfered with the internet at least 155 times in 2020, said the report titled “Shattered dreams and lost opportunities: a year in the fight to #KeepItOn”.

The reasons behind India’s shutdowns ranged from political instability (75), elections (10), protests (8), religious holiday or anniversary (5), communal violence (4) and exam cheating (2). Conflict topped the reasons in other parts of the world, followed by elections, protests, exam cheating and political instability.



Startup Watch

KhetiGaddi

'World's first Agri-Mechanism for Indian Agriculture'



Founders: Mr. Pravin Shinde and Vishnu Dhas



Year: 2016

Sector: AgroTech

Headquarters: Pune, Maharashtra

Website Link: Khetigaadi.Com

Innovative Idea:

Khetigaadi.com is world's first destination where one can buy, sell, rent, compare and review tractors and farm mechanization, all with a simple click. It has been established to encourage farm mechanization and usage of technology and hi-tech products in agriculture to optimize yield in less man-hours. It is not just an online market place to source

agricultural implements, but is also a knowledge based advisory platform for the farming community and provides insurance and loan assistance on various agricultural equipment.

"Farmers are the most important ones – our 'Annadata'. My quest is to empower them, improve their current situation and bring them into the mainstream. They deserve limelight and I want them to realize how important their part is in our lives. My conscious is continuously hunting for novel ideas to better their situation." *says Pravin explaining the motto behind starting Khetigaadi.*

Application Details:

Its mobile app, available in 10 regional languages, has recorded 3.5 lakh installs across platforms, and has a monthly engagement rate of 1.9 million.

The start-up signed up 50,000 farmers within a year. Since then, it has connected four million farmers and 22 tractor manufacturers and suppliers through its platform, registering a gross



merchandise volume (GMV) of Rs 50 crore.

Vision & Mission:

Khetigaadi recently achieved a significant milestone by registering 30 lakh farming communities on Khetigaadi platform. They also have on board 8 reputed tractor brands as clients.

Going forward their ambition is to provide one single platform for tractor and farm equipment brands where they can sell and service their products alongside assisting them in business development. Khetigaadi's mission is to connect 10 Million farmers to mechanized ways of farming. In the near future, Khetigaadi will also introduce AI based products.

Revenue model:

Khetigaadi serves as an Advertising and Marketing platform for all manufacturers, and dealers. Khetigaadi earns revenue from-

1. Display Advertising
2. Enquiry Selling
3. Transaction base
4. Google AdSense
5. Product Promotion
6. Dealer Promotion
7. Reach Media

Competitors:

Tractor Junction, EM3, MachinePhD, TractotGyan

Future Ahead:

At present, KhetiGaadi's business predominantly comes from farmers in north-western India across Maharashtra, Madhya Pradesh, Gujarat, Rajasthan, Punjab, and Haryana.

The agritech startup plans to expand its pan-India presence in the next two years by setting up KhetiGaadi Experience Centres at multiple locations.

"These would be farm mechanisation touchpoints for farmers where they can walk in to see and feel tractors, implements, and other equipment before they purchase or rent them on KhetiGaadi," the founder explains.

Pune-based KhetiGaadi has 25 team members at present.

To fund its expansion, KhetiGaadi is looking at a Series A round of \$5-7 million this year. "We also need a lot more manpower – about 1,000 people who can directly engage with farmers on farm mechanisation," says Pravin.

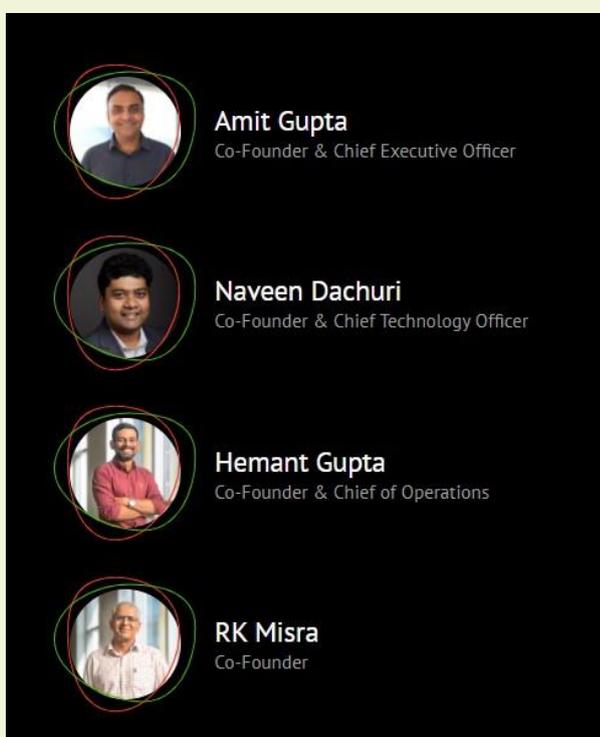


YULU

“Moving India towards a sustainable future”



Founder:



Founded: 2017

Headquarters: Bengaluru, Karnataka

Business Model: B2C

Legal Name: Yulu Bikes Pvt Ltd

Website: www.yulu.bike

Innovative Idea:

It aims to address traffic problems with an IoT solution. Its light blue cycles and

electric bikes are visible even in some of the most traffic-congested areas of cities. There are different moving parts in Yulu’s system that ensure these bikes are available in the right density at every location at the right time.

Target Market:

B2B

With an aim to address the rising air pollution and traffic congestion in India, Yulu was founded in 2017. Yulu provides an eco-friendly UMaaS - Urban Mobility as a Service which is an affordable, sharable and scalable solution commute option.

Client Segment: Technology, Mobility / Transportation

Target Companies: Start-up, Large Enterprise, Medium Enterprise, Small Enterprise

Target Geography: India Tier 1, India Tier 2

B2C

With more than 14,000 eco-friendly vehicles and 1.8 Mn users, Yulu runs



Indias largest EV led micro-mobility platform. Yulu's mission is to create sustainable cities of tomorrow by revolutionizing the way people commute

User Age: 35 to 45, 26 to 34, 18 to 25, 46 to 60

User Income: Lower Income, Lower-middle Income, High Income, Upper-middle Income

Location: India Tier 1, India Tier 2

Business model:

Yulu uses IoT, Machine learning & AI and Cloud computing to deliver a seamless experience via a user-friendly app. Using IoT as the backbone of the operation, their dock-less vehicles can be rented seamlessly on a pay-per- use basis. Users can book a ride via the iOS or Android app and the smart bikes can be unlocked via QR codes.

After running the service with bicycles and understanding the need of the market, they decided to add electric mobility to their service. Looking at the gap in the market, they decided to design “YULU Miracle” which is a unique battery operated, lightweight, easy to ride, small 2-wheeler.

Investors:

1. Bajaj Auto Finance
2. Wavemaker Partners
3. 3one4capital
4. Blume Ventures
5. rocketship.vc



Competitors:

Bolt Mobility, Gridwise, Zypp

Growth &Annual revenue:

YULU has the largest fleet of bicycles or e-bikes in India, with 10,000 bikes (known as Yulu Move) and close to 5000 e-bikes (known as YULU Miracles). YULU now has 1.5 Mn registered users and is currently present in Bengaluru, New Delhi, Greater Mumbai, Pune, and Bhubaneswar.

The company is on their way to annualized operating revenue of Rs 9.12 crore during FY20. The company earned Rs 85 lakhs in operating revenue during FY19,

Yulu claims to do between 30,000-35,000 rides a day, of which 12,000-13,000 comes from its electric scooters. Ride-hailing giant - Uber has also partnered with them for making urban commute efficient and eco-friendly.

Success Stories:

Yulu has been awarded -

- ✚ Emerging startup of the year by Entrepreneur India
- ✚ Coolest start-up of the Year by Business Today.
- ✚ Most Innovative Startup by Inc42
- ✚ Cypher - Great Learning Data Science Awards 2019 for AI implementation in mobility



Future Plans:

Their goal is to run Yulu service in all Tier 1 and the rest of the Smart cities in India. They envision to be the largest micro-mobility player in India and increase its

fleet size to 100,000 electric two-wheelers by December 2020 from 15,000 vehicles at present and 1 Million by 2022. The company is also planning to launch their service outside of India by forming strategic partnerships.



Brain Bulb Facts

Mad rush for Mastergain 92

Prospective investors slept outside the offices of UTI to collect the application forms for Mastergain 92 when it was launched in the midst of a stock market boom in 1992. It made its debut as a close-ended fund with 65 lakh investors, a world record for any equity fund. The reasons behind India's shutdowns ranged from political instability (75), elections (10), protests (8), religious holiday or anniversary (5), communal violence (4) and exam cheating (2). Conflict topped the reasons in other parts of the world, followed by elections, protests, exam cheating and political instability.

Apple's market cap is higher than entire BSE 500 companies

Apple Inc's market cap was more than Rs 164 lakh crore in 2020. This is more than the combined market cap of BSE 500 companies and twice as big as that of the 30-share index. Since 24 August 2019, Apple shares have more than doubled in value from \$212 to more than \$500.

2020 saw highest-ever public equity fundraising

The calendar year 2020 saw an all-time high fund raising through the public equity markets at Rs 1,77,468 crore, despite being overshadowed by the pandemic. This was 116% higher than that of calendar 2019. This included IPO, QIP and OFS proceeds.



Quiz Matters

1. In Double-Win strategy, the salesperson and customers are personally and professionally satisfied with the _____
 - a) Income of sale transaction
 - b) Outcome of sale transaction
 - c) Passive income
 - d) Portfolio income

2. Under the amended Companies (Share Capital and Debentures) Rules, start-ups can now issue Employee Stock Options (ESOPs) to promoters holding more than 10% equity for a period of _____ years from the date of incorporation.
 - a) 15 Years
 - b) 12 Years
 - c) 8 Years
 - d) 10 Years

3. Service marketing is the same as _____
 - a) Transaction marketing
 - b) Relationship marketing
 - c) Internal marketing
 - d) Outdoor marketing

4. _____ is the USP of Saving Account
 - a) Easy to return
 - b) Rate of Interest
 - c) Security
 - d) Easy to Operate

5. In India, mergers and acquisition of firms are regulated by
 - a) National Manufacturing Competitiveness Council
 - b) Competition Commission of India
 - c) Security and Exchange Board of India
 - d) Department of Industrial Policy and Promotion



- 6. Is there any difference between currency forwards and futures markets?**
- a) No, both deal with future delivery of foreign exchange
 - b) No, both markets can be availed of through the internet
 - c) Yes, only a limited number of currencies are traded in the futures market and that also in standardized amounts
 - d) No, if one agrees on the date of delivery and brokerage, it is immaterial which of the markets one is talking of
- 7. The concept of Management by objectives MBO is given by who?**
- a) Peter Drucker
 - b) Philip Kotler
 - c) John Caples
 - d) David Ogilvy
- 8. The Market Share of the companies are increased by increasing**
- a) Sales Volumes
 - b) Number of Staff
 - c) Number of Products
 - d) Profit Percentage
- 9. Who has been elected as the new Director-General of the International Solar Alliance?**
- a) Dr. Ajay Mathur
 - b) Upendra Tripathy
 - c) Arun Kumar
 - d) Madhur Dipankar
- 10. Who has been appointed as new chief of World Trade Organisation?**
- a) Ngozi Okonjo- Iweala
 - b) Yoo Myung-hee
 - c) Kristalina Georgieva
 - d) Jim Yong Kim



ANSWERS

1. Outcome of sale transaction
2. 10 Years
3. Relationship marketing
4. Easy to Operate
5. Competition Commission of India
6. Yes, only a limited number of currencies are traded in the futures market and that also in standardized amounts
7. Peter Drucker
8. Sales Volumes
9. Dr. Ajay Mathur
10. Ngozi Okonjo-Iweala



Business Scan

February 1:

[Govt cuts imports tax on gold, silver to 7.5% from 12.5%](#)

February 2:

[Budget 2021: Goodwill depreciation out; companies face higher tax outgo](#)

February 3:

[Asian Development Bank in talks to set up Fintech hub at Gift city](#)

February 4:

[Moody's projects nominal growth of 17% for next fiscal](#)

February 5:

[UP sugar mills owe around ₹12,400 crore in cane payment](#)

February 6:

[Eleven commodities get CDAC approval for futures trading](#)

February 7:

[IIHR develops chilli hybrids resistant to leaf curl virus](#)

February 8:

['New farm laws hold potential for horticulture crop diversification'](#)

February 9:

[FSSAI sets norms limiting use of industrial trans-fats by 2022](#)



February 10:

[Centre targets 32-million tonne pulses production by 2030](#)

February 11:

[Mission value addition: Spices Board eyes \\$5-billion exports by 2025](#)

February 12:

[Farmers can benefit by converting their old tractors to CNG-based tractors](#)

February 13:

[Popularise good agricultural practices for quality production of spices: Experts](#)

February 14:

[After Punjab, BJP-JJP govt risks facing farm fury in Haryana panchayat polls](#)

February 15:

[Telangana, Odisha and Punjab top in CCI's cotton procurement](#)

February 16:

[Cess introduced in budget will boost states' agri infra: Govt](#)

February 17:

[Cabinet approves trade pact between India, Mauritius](#)

February 18:

[Privatisation of CPSEs during recession time a horrible idea: Sen](#)



February 19:

[CBDT to keep double tax avoidance, international practices in view on NRI tax residency](#)

February 20:

[View: Why India cannot apply rich countries' current orthodoxy of running on debt](#)

February 21:

[Poor returns for castor may force farmers to switch to other crops](#)

February 22:

[China steps up focus on food security in major policy document](#)

February 23:

[Muted demand from Europe to weigh on Indian coffee shipments IN 2021](#)

February 24:

[Food grains output to touch RECORD 303 MILLION TONNES](#)

February 25:

[66 FPOs onboarded to Unified Market Platform](#)

February 26:

[Seed makers worry over illegal Bt cotton usage](#)

February 27:

[Telangana to set up CoE for horticultural crops](#)



February 28:

[Pakistan may resume import of cotton from India: Report](#)

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