GREY MATTERS

A Monthly Magazine by Finance and Marketing Club

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"Whether you think you can or whether you think you can't, you're right!"

-Henry Ford

NATIONAL INSTITUTE OF AGRICULTURAL EXTENSION MANAGEMENT (MANAGE)

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

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Other Sombers while Amul Shines During Pandemic

Amul, a dairy brand managed by a cooperative system through Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF) working in a three-tiered structure with the dairy cooperative societies at the village level federated under a milk union at the district level & a federation of member unions at the state level, which includes 18 member dairies & 3.6 million farmers & operated through a network of 10,000 dealers & 1 million retailers.

Repercussions of Covid-19 pandemic on dairy industry

Due to Covid-19 pandemic & danger of its spread, the imposition of nation-wide lockdown makes the country in turmoil, all hopes of growth & economy were about to be dashed, many businesses were struggling for their survival, several Billion-dollar industries stand still, inflation was elevated for most part of the year led by supply chain disruptions due to the pandemic. Total consumption expenditure shows negative growth of 7.1%. One such industry, that was heavily impacted due to the pandemic was the dairy industry & it costs the milk producers of India as they are not able to supply their produce from villages to the large collection centres. Dairy companies slow down there processing plants, reduces their procurement & transportation & just try to make the company's supply chain going by minimising their losses. Also, the other businesses like Cafes, Hotels, Sweets & Deserts, Catering etc. were shut down who consumes approx. 20% of the milk supplied through organised dairy sector.

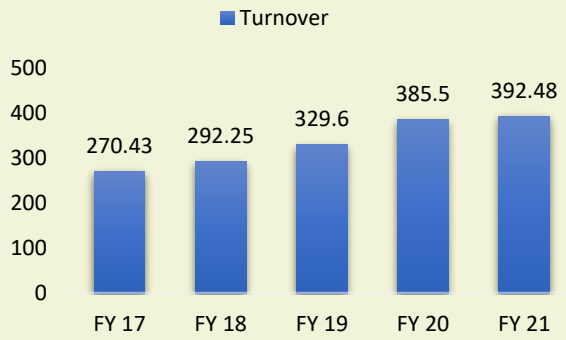
"Highlights"

The unduplicated turnover of GCMMF, is ₹39,248 Cr. for FY'21, which is nearly 2% up from the previous financial year ₹38,550 Cr. This is the perfect example of analysing the consumer behaviour & marketing studies & the managing the vast supply chain system, third party collaboration & digital transformation, labour incentivisation & agile advertisement.

Converting Threat into Opportunity

In this grappling period, one such business model came into picture that was so strategically able to navigate & analyse the situation, enlightens the industry & show their growth by increase in their revenue by ₹698 cr. in these tough times filled with full of uncertainties is Amul,

Amul went down to launch 33 new products in the market & procured an additional 35 lakhs litres of milk everyday & even paid ₹800 cr. extra to the milk producers. The Managing Director of Amul, Mr. R.S. Sodhi saw an opportunity, & start engaging their resources in supply chain & marketing activities in order to reach the consumers who stayed at home. They analyse the changes in Consumer behaviour, the household consumption of milk & milk products were sky rocketed & also people becomes health conscious & prefers buying packed milk instead of buying loose milk from daily milk vendor due to the danger of contamination. When the other companies had to step out & reduces their marketing expenses, Amul stood firm & they decide to invest more in this space even they double the budget for advertisement & marketing, the ad volumes of Amul in the months of April and May, 2020 increased 316% when compared to the numbers of April and May, 2019. Their campaign was so well



built that the Amul Kool ad was viewed 10 times more than the Indian Premier League itself. When Doordarshan started broadcasting their epic shows Ramayana & Mahabharata during lockdown, Amul parallelly starts running their own ads resonating with the nostalgic mood of the people.

Technical Intervention

Amul fully exploit the technology to manage its vast supply chain, The contract between IBM & Amul that was done in 2009 come into picture in which the Amul invests to transform the information & technology landscape of the company, where Amul's management system is able to track every details of the operations that were carried out in the supply chain & they exactly get able to know exactly which plant works at what capacity, location of trucks that supply their products at real time basis, thus they managed there systems of supply chain at its optimum level, as Amul saw that there was a downfall in ice-cream & frozen food segment, they rapidly shifts their resources engaged in this vertical to the milk & other highly demanded verticals. Amul also used third party e-commerce websites like bigbasket, Flipkart, Swiggy, Zomato to sell milkshakes, butter & cheese.

Conclusion

As a result of this, the unduplicated turnover of GCMMF, is ₹39,248 Cr. for FY'21, which is nearly 2% up from the previous financial year ₹38,550 Cr. This is the perfect example of analysing the consumer behaviour & marketing studies & the managing the vast supply chain system, third party collaboration & digital transformation, labour incentivisation & agile advertisement strategies. AMUL

established benchmark for crisis management & become the market leader & the inspiration for other companies which apart from their growth also made the small milk producers to sustain their life by additional purchase of milk as well as incentivising milk producers by providing them financial helps & arranging cattle feed for them.

Brain Bulb Facts

1. Bank of India was the first Indian bank to open a branch outside of India. In 1946, it opened a branch in London. After that it opened branches in Tokyo and Osaka in 1950 and in Singapore in 1951.
2. Carl Benz should be given credit for the first modern gasoline-powered automobile and not Henry Ford because Carl Benz produced his car in 1885/1886 while Henry Ford around in 1893.

BUY NOW PAY LATER COMPANIES

Everyone would be delighted if we can buy a most aspired product without having a second thought about the budget, this desire of people is being exploited by the 'Buy Now Pay Later Companies' or BNPL companies. These companies can be considered as short-term microcredit options which provide the customer with interest-free payment within the stipulated time, which makes this mode of payment attractive to the customers. Recently, Square a US payment giant has acquired an Australian 'Buy Now Pay Later' fintech for $29 billion. The transaction did not involve any cash, but a pure stock deal; this is how much crazy people are for BNPL companies.

Why do companies go for such a kind of payment?

The sole purpose is to ensure each and every potential sale happen and the customer to be retained. At the time of purchase, the companies pay the amount to the retailers, and the company gets back the money when the customer pays it after a month or two whichever was mentioned during the transaction. If the customer fails to pay within the stipulated time frame, the companies may or may not levy late charges. Some of the BNPL companies which operate in India are Capital Float, Paytm Postpaid, Flipkart Pay Later, Amazonpay, Zest, PayLater by ICICI Bank, OLAMONEY Postpaid, LAZYPAY, etc. For initiatives like food delivery app or e-commerce companies, the BNPL mode of payment can act as an opportunity to increase the transactions and can ensure repeat purchases and larger order values. For customers who are promptly making the payment, the companies can offer other privileges like the EMI facility which encourages the customers to buy more.

"Highlights"

Buy Now Pay Later companies are those companies that encourage the customers to buy a product without making any initial payment; the payment can be done either as installments or as a whole within a stipulated period.

This lead the global market size of such companies to reach USD 4.07 billion in 2020 and is expected to attain a CAGR of 24.2% from 2021 to 2028.

What are the risks associated?

Most of the BNPL companies prefer small transactions due reduce the risk factor associated with each transaction, but at the same time, the realizable margin is very narrow for such small transactions. Another factor that contributes to the risk is that these companies do not consider the credit/cibil score before initiating a payment; this can lead to higher chances for failure in payment on the part of customers. That is why manipulation of risks has an important role to play in the existence and growth of such companies in the industry. There can be instances that people fail to pay or do not pay at all, this can be one of the greatest challenges for such companies. Higher-end retailers are nowadays coming up with their BNPL solutions, this can be a threat to standalone companies functioning in the field.

Contradicting to the statements, one of its risks is considered as a boon by BNPL companies because miss payments are meant to be their great business as it will end up in greater revenue. For every transaction the retailers can accept money through four modes of payment, they are

1) Cash

2) Debit card

3) Credit card

4) Buy Now Pay Later

Interestingly, the company (i.e., the intermediary BNPL companies) gets different profits through each mode of payment method. The transaction mode what the company prefers would be in the order BNPL, credit card, debit card, and cash; with which the BNPL being the most preferred and cash being the least.

Conclusion

Businesses are moving away from traditional banking these days. The pandemic has resulted in a fundamental shift in how people interact with the business. This is one or the other way beneficial for e-commerce companies to widen their province. In this context, the Buy Now Pay Later companies are gaining importance among the public due to the fact that it fascinates the customers to buy whatever is needed without being bothered about the current budget. The BNPL companies even though it give the customers an apparent impression of no interest and is thereby profitable, is not actually the case. The companies are immensely benefited through such transactions and specifically through miss payments because when the customer pays off after the stipulated time, the company is benefited with huge revenue.

Financial Inclusion Index

Financial inclusion is the process of making formal banking services and products available to the country's unbanked population. It refers to the provision of equally available and affordable access to financial services for everyone, regardless of their level of income.

According to RBI, Financial inclusion supports inclusive growth by making services, such as loans and safety nets, available to the bottom of the pyramid. Lessons from the past and experiences gained during the Covid-19 pandemic indicate that financial inclusion and inclusive growth reinforce financial stability.

Steps taken to improve Financial Inclusion

The national government has made financial inclusion a priority. Nearly half of Indians held a bank account in 2014.

The Jan Dhan Yojana was launched on August 15, 2014, and it provides unbanked people with easy access to banking services, increased financial product awareness, a RuPay debit card, in-built accident insurance coverage.

"Highlights"

An index has been developed to get a broad picture of India's financial inclusion situation. The index is calculated utilising three dimensions relating to the measurement of financial service access and consumption.

Annual Financial Inclusion Index (FII) will track the availability and use of a range of formal financial goods and services, including savings, remittances, credit, insurance, and pensions. It would assign a score to states based on their availability of last-mile financial services.

The total number of PMJDY accounts had grown to 42 crores by March 2021. Beneficiaries are having deposits of Rs 1.39 lakh crore, according to the most recent data. RuPay cards were used by roughly 31 crores of the 42 crore account holders, including the poorest people living in the most remote corners of the country. To promote financial inclusion, the central bank has launched a pilot initiative in collaboration with banks, under which at least one district in each State/UT will be fully digitalized.

The initiative began in 2019 with 42 districts as its initial focus. According to Shakti Kanta Das, it will make it easier for the average person to access and use digital payments. As of March 2021, banks

had reached 95.9% digital coverage for consumers and 89.8% for companies.

Financial Inclusion Index

The first Bi-monthly Monetary Policy Statement for 2021-2022, published April 7, 2021, the Reserve Bank of India (RBI) announced the creation of the Financial Inclusion Index in the Statement on Developmental and Regulatory Policies and launched the FI-Index on August 17, 2021, to track the process of ensuring access to financial services, timely and adequate credit for vulnerable communities such as weaker sections and low-income groups at an affordable level.

Purpose

The Financial Inclusion Index (FI- Index) aims to capture the extent of financial inclusion across the country. In consultation with the government and other relevant industry regulators, it has been designed as a complete index that includes information on banking, investments, insurance, postal services, and the pension sector. The main purpose is to achieve ease of access, availability, and usage of services and quality of services.

The FI-Index was created without a base year, as the index reflects the cumulative efforts of all stakeholders over the years towards financial inclusion.

Parameters

According to RBI, FI-Index is comprised of three major parameters: access, usage, and quality, each with a different weighting.

Access to financial institutions carries a weightage of 35%, Usage carries a weightage of 45%, and Quality has a weightage of 20%. Each of them is made up of different dimensions that are calculated using a variety of indicators.

The Quality component, which measures the quality of financial inclusion as reflected by financial literacy, consumer protection, inequities, and service shortcomings, is a distinctive characteristic of the Index.

What is Access in financial inclusion?

According to the central bank, Access in Financial inclusion is defined as having access to bank branches, ATMs, banking correspondents, and point-of-sale terminals.

Even if an access point is established, it is critical to determine who can use it. The elderly, differently-abled, women, and transgender people are all more excluded than others. Equal access to financial services should also be a priority.

Score

The index aggregates information on a range of financial inclusion factors into a single figure ranging from 0 to 100, with 0 denotes complete financial exclusion and

100 denotes complete financial inclusion. The annual FI-Index for March 2021 is 53.9, whereas it was 43.4 for March 2017. The RBI releases the Fi-Index every year in July.

Challenges in achieving financial inclusion

To achieve comprehensive financial inclusion, both supply (financial institutions) and demand barriers (target segment) must be evaluated.

A huge majority of families lack familiarity with and understanding of financial products, resulting in a complete disregard for financial services. Rather than concentrating on financial services, the approach should be to concentrate on achieving objectives and making progress.

Brain Bulb Facts

The Index captures information on different aspects of financial inclusion in a single value in the range of 0 and 100. 0 indicates complete financial exclusion while 100 indicates complete financial inclusion. It is responsive to ease of access, availability & usage of services along with quality of services, comprising of all 97 indicators.

Unique feature is its quality parameter that captures the quality aspect of financial inclusion on the line of financial literacy, consumer protection etc.FI-Index has been created without any base year. It reflects cumulative efforts of all stakeholders towards financial inclusion. It will be published annually in July.

E-RUPEE

Prime minister Narendra Modi launched E- Rupee an electronic voucher based digital payment, a first step towards digital currency which id a person and purpose specific payments system. It was developed by national payments corporation of India (NPCI), Department of financial services, Ministry of health and family welfare and National Health Authority.

E- Rupee works as a pre-paid gift voucher that can be redeemable at accepting centers without any credit or debit cards, a mobile app or internet banking. It will be delivered to beneficiaries in form of SMS or QR code

Why Digital currency?

There is a in private digital currencies such as bitcoin, so central government claims to issue digital currencies which are promised as reliable, alternatives to private currencies which are unregulated. Also, the cost of issue of digital currency is lower than cost of printing and distribution of physical cash.

Why it is expected to succeed:

There is a time when technology was considered a domain of rich people and no scope for technology in a country like India. But when government took technology a s mission, it was questioned by opponent politicians and experts. But today the country proved it wrong, the thinking of the country has changed, now technology is a tool for progress. Now India is second to none in adopting to technology. It is expected to succeed due to:

"Highlights"

E- Rupee works as a pre-paid gift voucher that can be redeemable at accepting centers without any credit or debit cards, a mobile app or internet banking. It will be delivered to beneficiaries in form of SMS or QR code

E-Rupee is not a digital currency which is government regulated, it is built for a specific transaction for services provided by welfare center. It is backed by Indian rupee.

- As there is an increase in penetration of digital currency in India alongside sustainability in cash usage
- It might be due to India's high currency to GDP ratio
- There is a spread of private virtual currencies like Bitcoin, Ethereum
- CDBC's is showing interest as it might cushion the public in an environment of virtual currency

Its major role in strengthening DBT:

The futuristic reform initiative e rupee has come at a time of when country celebrating Amrit Mahotsav which is

going to make a key role in making DBT (Direct benefit transfer) more effective in digital transactions and can give new dimension in digital governance in terms of providing targeted, transparent and leakage free delivery o everyone. In India more than 300 schemes are using DBT. 90 crore people are benefiting through different areas like LPG, ration, medical treatment, pension, scholarship etc. The biggest benefit of this DBT IS around 1laqkh 78 thousand crores are prevented from going to wrong hands.

How it will change the digital payment behavior:

The government is adamant about introducing new digital e- voucher: E-Rupee. Now cash in not the king. People are also leaning into the idea of single hub for handling the payments. The most interesting feature of is that it does not require any credit and debit card or net banking. The firm or agency looking for a e- voucher has to visit to the listed bank and state them their purpose for declaration of voucher and who are the beneficiaries of it. After issuing of e-voucher it acts as mediator for trade deals, and ensure safe and secure transactions and payments thus it essentially cuts the mediators

How it is difference than digital currency:

The purpose of digital currency and E-Rupee is similar in terms of their purpose to serve unbanked population. E-Rupee is not a digital currency which is government regulated, it is built for a specific transaction for services provided by welfare center. It is backed by Indian rupee. The way of voucher-based payment is the different character from digital currency. The cryptocurrency that makes you to purchase goods and services or trade them for profit making.

Global examples of voucher-based welfare system:

In countries like US, Colombia, Chile, Sweden, Hong Kong etc. has a system of giving educational vouchers or school vouchers which is a certificate of government funding for students selected for State funded institutions

E- Rupee is an initiative that can bring revolution in digital payment platforms and can make payments simplified and smooth.

Global Shipping Crisis

Shipping crisis is not the one which happens often. But the during the covid pandemic There are some countries which are shut while others are started opening it has made container imbalance where the exports outstrip imports to greater extent Than bunch of containers will pile up in one place and it creates deficit at other parts of the globe.

Origin of Crisis

When the WTO created new regulations in 1990's favouring the outsourcing from different countries where the production was far cheaper as long as the ocean transport cost is cheaper. China reaps the fruits of this rule when it became WTO member in 2001.Industries like Electronics, Pharmaceuticals, textiles, chemicals and plastics are shifted to China as the cost of shipment to west is lower. China has become the top shipping country it has shipped to countries like Los Angeles, California in the US and Rotterdam in Europe. Walmart has huge share of its goods from China.

When the WHO announced the novel coronavirus first appearing in Wuhan China, was declared as global pandemic in march 2020, impact on world trade was added to it as the countries locked their economies, westerns buyers have cancelled their orders from China and Asian suppliers. Then US and EU governments came to know that trillions of dollars in unprecedented stimulus, At this time there was shit from ocean container shipping to automated cranes. At destination ports like Hamburg or Long Beach the containers are then off-loaded to trucks and brought to their target cities before being returned to the port for return shipping. It is this complex supply chain that is now in juncture

"Highlights"

Global shipping Crisis which is one which is raised due to the supremacy of China over the Global shipping and it is also the major exporter of Electronics, Pharmaceuticals, textiles, chemicals and plastics to US and Europe Markets.

Container Imbalance is also on another hand Give rise to the Crisis positives.

During 2019 before the pandemic crisis, the cost involved in shipping a Forty-foot-long container from China to Europe by sea cost between USD 800-2,500 and the

bulk of products such as textiles, pharmaceuticals or smart phones, ocean containers were clearly the best low-cost option for Asia-Europe trade despite rail possibilities.

Reason for shipping crisis

- Shipping shortage caused numerous cancelations of cargo Voyage-during March 2020 the freights companies unable to measure the risk which could potential have meant a drop demand of 5, 15,30, or 50 percent and profitability of these companies depend on their huge ships operating below 100 percent capacity. because of this, the freight companies began to rise the freight crossings
- No parking so traffic jams developed at sea ports-For First six months of 2020, less than 5 % consignments stayed at port longer than 5 days there was a change in this trend in 2021 where the 55 ships parked at Los Angeles and long beach ports for more than two weeks
- No proper shipping containers circulation caused shortage

Brain Bulb Facts

Oldest Bank in India but Liquidated is Bank of Hindustan (1770-1832) and one which is in Operation is State Bank of India (Since 1806)

Punjab National Bank (1895) is First bank purely managed by Indian

Bank of India has opened branch at London in 1946 and Continental Europe at Paris in 1974 which is First Indian bank to open a branch outside the country

Afghanistan Turmoil: Impact on Indian Agri-Business

India and Afghanistan have a long history of cultural and historical exchanges. Afghanistan has natural trading partners in India. In the last 20 years, India has invested more than $3 billion in Afghanistan, with over 400 projects now underway. Total bilateral trade between India and Afghanistan was $ 1.5 billion in FY 2019-20, and is expected to reach $1.42 billion in FY 2020-21, with agri commodities accounting for the majority of the trade. Because of the challenges of transiting via Pakistan, this is the case. Pakistan has let Afghan traders to send commodities to India, but not Indian goods.

"Highlights"

Afghanistan has natural trading partners in India.

India has invested more than $3 billion in Afghanistan, with over 400 projects now underway.

Taliban takeover on Afghanistan has affected the trade between India and Afghanistan.

Taliban takeover has its direct impact on India's dry fruits, textiles and commodity markets.

Trading between India and Afghanistan

The Taliban, a militant group that ruled Afghanistan within the late 1990s, has reclaimed power. After nearly 20 years of war, quite 6,000 American lives are lost, over 100,000 Afghans are killed, and we has spent quite $2 trillion on the country, the outlook for the country's future remains bleak, with regional experts predicting that the Taliban will retake control of the majority of Afghanistan. Few expected such a quick takeover with such little resistance from the Afghan government and Afghan National Army, which was sponsored and trained with $89 billion from US taxpayers.

As the Taliban continued their military offensives across Afghanistan, the dried fruit, textile, and commodities markets in India were severely damaged. Afghanistan export to India includes dried raisins, walnuts, pine nuts, pistachios, edible fruit and fresh fruits like apricot, cherry, watermelon, and a few of medicinal herbs. On the opposite hand, India's exports to Afghanistan include tea, coffee, pepper and cotton, toys, footwear and other commodity etc.

India's exports totalled USD 826 million, with imports primarily consisting of sugar, cereals, tea, spices, pharmaceuticals, and textiles. In 2020-21, the value of figs, raisins, and apples was estimated to be USD 510 million. India imports dry fruits worth Rs.2000 crore from Afghanistan every year. Because 85 percent of dry fruits in India are imported from Afghanistan, the Taliban's takeover has resulted in a 7-12 percent increase in dry fruit costs ahead of the festive season. The price of dry fruits in Delhi's Khari Baoli market has increased by 10% and is expected to rise higher. Afghan Almonds, Figs, Apricots, and Raisins prices have risen by Rs 200 per kilogramme, from Rs 800 to Rs 1000, while pistachio prices have risen by Rs 250 per kilogramme.

According to the All-India Sugar Trade Association, Afghanistan was the second largest consumer of Indian sugar in the 2020-21 marketing year, purchasing a total of 624,000 tonnes. Afghanistan's demand for sugar and other critical commodities is strong, and imports may increase if banks begin to operate. Even throughout the Taliban's administration from 1996 to 2001, India continued buying and exporting goods from Afghanistan.

Conclusion

The Taliban has now lowered import fees on a variety of goods. This will end in a rise in imports. All imports and exports from India via Pakistani transit channels have been halted by the Taliban. Afghanistan must continue to trade with India despite the poor scenario. Even Taliban is looking forward to continue trading with India. India must retain its traditional and historic interest in Afghanistan and its people by continuing its trading with Afghanistan.

National Monetization Pipeline

As of now, government finances are stretched, especially after a huge blow to the economy due to COVID-19. So, to take public welfare measures government needs more funding, more so in this moment of need when the responsibility is on the government to prop up economic activity. And the situation gets more complicated as the fiscal deficit comes into the picture as it is already exceeded its limits, government needs to formulate an alternative way to shore up the budget. The very easy decision to take in this situation for the government will be to increase the pace of the divestment plan but, there are already many hurdles for it. So, what's the better option?

Well, the government has introduced National Monetization Pipeline. NMP will help to realize value from idle assets, and it would be done without the center transferring ownership of public sector assets to private entities. Indian Government's National Infrastructure Pipeline (NIP) foresee an infrastructure investment of Rs 111 lakh crore in the five-year period (FY 2020-25). But, the government has also reiterated that the primary owner of all the assets under the National Monetization Policy will remain with the government. Funds from National Monetization Pipeline will be utilized for infrastructure creation under the NMP. Private entities will use these assets for a certain set tenure, at the end of which they will be handed back to the center. But sill it remains to be seen that how close the government can actually get to its goal of Rs 6 lakh crore though, as that may require faultless execution.

"Highlights"

Indian Government's National Infrastructure Pipeline (NIP) foresee an infrastructure investment of Rs 111 lakh crore in the five-year period (FY 2020-25).

National Monetization Pipeline is formulated to unlock the potential value of investments in brownfield public sector assets under tapping into institutional and long-term capital.

What is actually NMP?

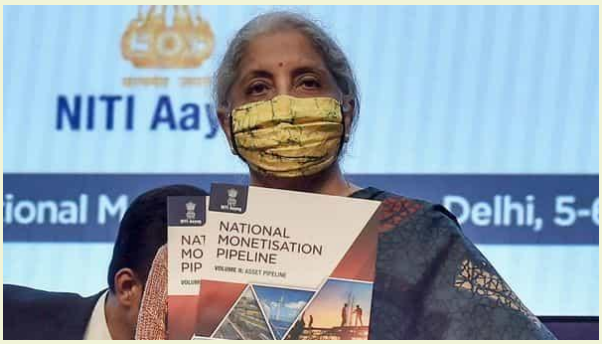
National Monetization Pipeline is formulated to unlock the potential value of investments in brownfield public sector assets under tapping into institutional and long-term capital. According to NMP center-owned roads, railways, power plants, gas pipelines, airports, ports, warehouses will be leased out for a defined period to non-government entities.

This will add to the government's source of money for the transfer either in the form of upfront payment or as a revenue share. But as of now, the complete details are not out yet, but it is expected that NMC could be executed through a range of instruments. An instrument such as a public-private partnership could see a private entity run an asset such as a toll road for a given period and earn revenue, after paying an upfront sum or revenue share to the government. Or the other scenario could be the use of structure like the Power Grid Infrastructure Investment Trusts, in which assets like transmission lines are transferred to the InvIT (Infrastructure Investment Trusts) and units in the InvIT are sold to public investors who have paid in upfront for a share in the future distribution.

What's in it for us?

The National Monetization Pipeline is proof that the government may have built many assets, but the private entities have the potential to put them to more efficient and productive use. Managing infrastructure projects is not everybody's cup of tea and National Monetization Pipeline aims to have selected private entities who have a track record in doing it. As there are only a handful of such private industrial groups in Indian that can manage these large infra-assets, efforts to rope in private partners could lead to allegations of cronyism if the same entities participate across sectors.

The formulation of the National



Monetization Policy is such that the private sector entities will have to realize value from the asset. This can lead to higher pricing and leaner business practices to get a higher return on investment from those assets and could lead to a spike in the cost of utilizing that service for consumers. But once the centre hands projects to private entities for a set price, it should not interfere in the workings during the shelf life, even if the services/products cost rises for the end-consumer.

Many ideas, on the surface, appear astounding and it's no different for National Monetization Pipeline. But lack of identifiable revenue sources in various assets, dispute resolution, presence of regulated tariffs in various sectors, and lack of independent sectoral regulators are some major obstacles NMP needs to solve. Lastly, the most important is that a regime change, should not throw a spanner in the operation of National Monetization Pipeline projects. It's usually observed that new regimes always accuse old ones of corruption and this can lead to legal cases that stretch for years.

Is it a Boon or Bane?

The National Monetization pipeline is a good concept, but proof of it lies in which manner it will be executed. It is still in its very initial stages and much more is still to be clarified by the government. The major challenge is going to identify the right source of revenue for different assets, and how effectively and efficiently government can utilize it to their benefit?

Brain Bulb Facts

Afghanistan exports dry fruits, nuts and medicinal herbs mainly to India and Pakistan. But the trade volume between Afghanistan and Pakistan has reduced by blocking some of the trade, because of the conflict between these countries. It imports oil, food and machinery from other countries. Afghanistan is the largest producer of Opium and Heroin in the world. It contributes 80% in global opium and heroin supply. Opium production constituted about 7% of its GDP in 2017.

Telecos Oligopoly

After the privatization of the telecom sector in 1994 in India, it has evolved so much that currently, it is the 2nd largest telecom industry in the world with a total subscriber base of 1187.9 million till February 2021. India is also standing 2nd globally in terms of internet users with 765.09 million users till February 2021. Tele-density which decides the telecom penetration increased to 87.26% in FY 21 from 18.23% in FY 16.

Reliance Jio Infocomm, Bharti Airtel Limited and Vodafone Idea Limited are the private players in the industry occupying around 90 percent of the sector.

What is oligopoly?

In simple terms, when there are only a few players operating in a particular sector and no one of them enjoys a large amount of market power then such an industry is called an 'Oligopoly'. In an oligopoly, not a single player can raise its prices above what would exist in a perfectly competitive scenario. Mostly oligopoly exists in the industries where the products offered by companies are relatively undifferentiable and provides the same benefits to the consumers. The Telecom sector in India is a perfect example of an oligopoly because there are only a few players currently operating in the industry.

"Highlights"

Indian Telecom Industry is the 2nd largest Telecom industry in the world with a total subscriber base of 1187.9 million till February 2021. When there are only a few players operating in a particular sector and no one of them enjoys a large amount of market power then such an industry is called an 'Oligopoly'. Before Reliance Jio entering into the market, there were more than 10 players in the market. Companies used to get more than 75% of their total revenues from voice services.

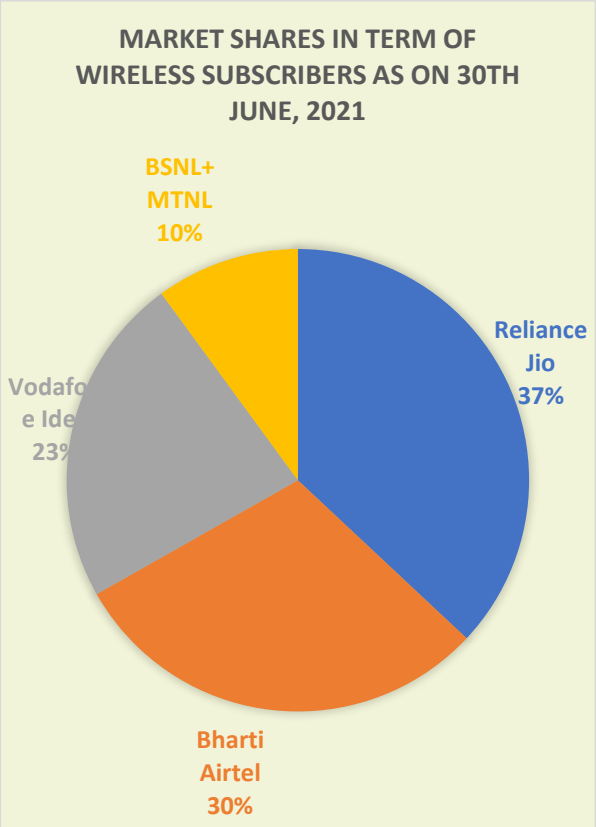
Why telecom sector in India is oligopoly?

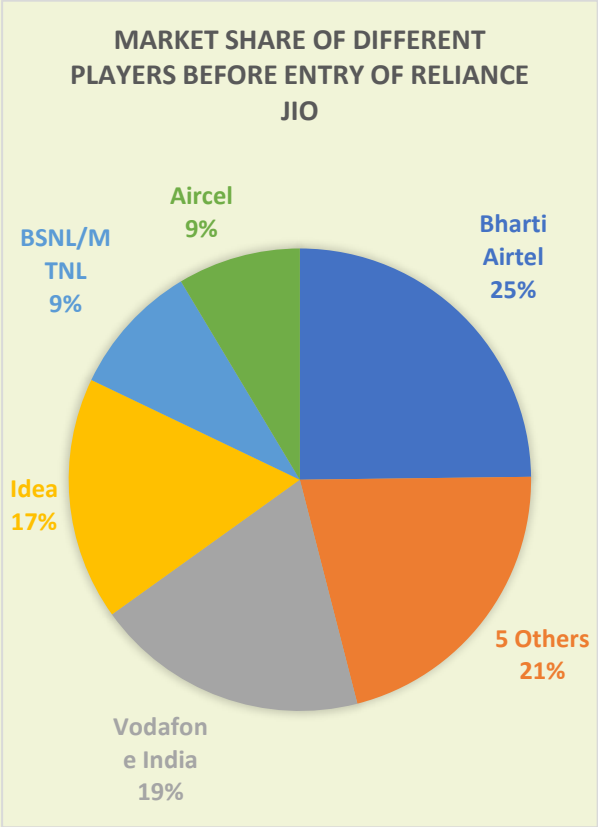
There is an oligopoly in the Indian telecom sector because only 3 major players are operating in the sector and there are many entry barriers for new players to enter into the sector due to-

- A very high initial investment
- The average revenue per user is very low
- Very high-priced spectrum
- Very high levies

- Policy uncertainties from government

and some companies like Telenor exited the market after realizing that they will not





Pre-Jio Era

Before Reliance Jio entering into the market, there were more than 10 players in the market. Companies used to get more than 75% of their total revenues from voice services. We all could remember those days when the 1 GB data limit was exhausted and recharging it was quite expensive. Also, the companies were charging very high for different tariff plans.

After entry of Reliance Jio

Due to the entry of Reliance Jio almost every company lose its market share to Jio be able to survive much. Also, various developments took place after the entry of Reliance Jio in the Indian telecom industry as follows-

1. Ultra-Cheap Data – Jio initially offered high-speed free data to consumers and even after they start charging for data, they kept tariffs so low that eventually, other players had to bring out new plans with low tariffs.
2. Free Voice Calls – Voice call was the major source of income for players in the sector before the entry of Jio but Jio made it free and thus other

players had to change their plans accordingly.

3. Increased in the consumption of online content – Due to the availability of free data, online content consumption increased exponentially. According to TRAI, the average wireless data usage per wireless data subscriber was 11 GB per month during FY 20 and it will reach up to 18 GB by 2024.

VI Crisis

Vodafone Idea Ltd. was the largest telecom company in India with 40 million customers after the merger of Vodafone India and Idea Cellular in 2018. But it lost its subscribers rapidly and currently, it has 26.8 million subscribers. Vodafone has to pay the huge debt of Rs. 1.8 Lakh Crores. Also, Vodafone Idea's March quarter losses increased to almost Rs. 7000 Cr. These continuous widening losses, pending AGR dues and downgrading of the rating shadows on the company's future.

Conclusion

It is good to have competition among different companies but the large market share of only a few companies is not good from the point of pricing. Is the Indian telecom sector going towards a duopoly? Can't say but it will definitely go towards duopoly if Vodafone Idea doesn't find out a way from its financial crisis. If this happens then due to low competition, companies will once again raise tariffs accordingly. More than 2 players require in Indian Telecom Sector for healthy competition and also to handle a large user base.

Startup Watch

Udaan

Founders: Amod Malviya, Vaibhav Gupta & Sujeet Kumar (left to right)

Year: 2016

Sector: E-commerce, retail, internet, operations, and Fintech

Headquarters: Bengaluru, Karnataka

Legal Name: Hiveloop Technology Private Limited

Website Link: www.udaan.com

Innovative Idea:

Udaan is a B2B trade platform that is specifically for small & medium businesses in India. It acts as a single platform to traders, wholesalers, retailers, manufacturers, and brands in India, with real-time insights into active trends and great B2B trader features. Udaan helps to bring the power of technology to SMEs to scale and nurture their business.

Hiveloop Technology Private Limited which has the Brand name Udaan was founded in 2016 by former Flipkart employees, Amod Malviya, Vaibhav Gupta, Sujeet Kumar with a vision of transforming the trade ecosystem in-country by leveraging technology. Udaan is the largest B2B e-Commerce platform that is empowering small and medium businesses.

Vision:

The company has a vision to transform the trade ecosystem by leveraging the technology.

Mission:

Their mission is to empower the small businesses and accelerate e-commerce in India.

Products and reach:

They currently work with around 2500 brands, including HUL, ITC, and PNG. They have a sound technology for daily delivery across 900 cities and 12000 pin codes through their Udaan Express. It enables financial products and trade credit services to small and medium businesses, retailers, manufacturers, and buyers through Udaan Capital to expand their business.

Funding:

The key investors are Octahedron Capital, Moonstone Capital,Citi Ventures, Trustroot Internet and Altimeter Capital

Total Funding

$ 280 M

Competitors:

Reliance Retail, Amazon, Flipkart, IndiaMART, Jumbotail, etc,

BigHaat

"One Stop Agro Store"

Founders: Satheesh Nakula (right side) & Sachin Nandwana (left side)

Year: 2015

Sector: Agritech (B2C, D2C), e- commerce
Headquarters: Bengaluru, Karnataka

Legal Name: BigHaat Agro Pvt. Ltd.

Website Link: www.bighaat.com

Innovative Idea:

BigHaat is a digital marketplace for Agri inputs. Being a farmer-centric model, they provide a holistic solution by offering personalized Agro advisory and accessibility to various inputs to the farmers.

Founded in 2015 with the vision of transforming the future of millions of farmers by exploiting the power of data science, technology, thereby significantly improving the sustainability and profitability of farmers across the country.

Their 'Direct-to-Farmer' model is an efficient and transparent Agri inputs ecosystem and transforming factory to farm supply-chain. The data analytics platform for Agri input manufacturers is offering various insights on demand-supply, new opportunities, product feedback. This reduces marketing and distribution costs to more than 200 manufacturers.

The industry-leading platform of BigHaat is growing rapidly along with the penetration of the internet in rural India. They aim to build India's largest Agri-digital platform to impact millions of farmers in the coming years.

Mission:

Their mission is "Transforming the future of farmers".

Vision:

Their vision is to drive the efficiencies of Agri-input manufacturers in the area of distribution, marketing and operations with data-driven business intelligence.

Products and reach:

BigHaat is present all over the country covering nearly 16,000 pincodes out of 21,000 pincodes. Over 2 million farmers are engaged in this platform for crop advisory and agronomy related aspects. The company works with 22 logistic partners including IndiaPost for the delivery of products.

They sell over 3500 products including seeds, Fertilizers, Plant Protection Chemicals and small farm equipment from 160 brands that include Dupont, Mahyco, Rasi seeds. They offer Agro advisory services for various crops through dial-in numbers. 'Crop Doctor' is an Artificial Intelligence-based tool to diagnose the crop problem instantly by clicking the image of the crop. They also provide weather forecasts through the mobile app.

Users and Revenue:

BigHaat e-commerce platform and mobile app cater directly to customers, has app downloads of more than 1 Lakh.

In terms of revenue, in the last fiscal year, BigHaat has witnessed 3x growth and with tech-driven engagement, the startup aims to scale further.

Funding and Investors:

The key investors are Ankur Capital, Rockstud Capital and Beyond Next Ventures.

Total Funding

$2.6 M

Competitors:

Agrostar, Biocarve seeds, Kisanmandi.com, Agrihub, etc.

Quiz Matters

1. Favourable attitude toward and consistently purchase of single brand over the time is referred as

A. Behavioural loyalty
B. Brand loyalty
C. Brand bias
D. Consumer allegiance

2. First stage in purchasing decision process is

A. Information search
B. Purchase decision
C. Problem recognition
D. Post purchase behaviour

3. The service segment that has seen immense growth in exports as compared to other service sectors

A. Software
B. Engineering
C. Finance
D. Community

4. The marketing in which the target audience are driven by emotions

A. B2B
B. B2C
C. D2C
D. both A & B

5. Variation in products that a company offers within one product line can we termed as

A. Product length
B. Product Width
C. Product depth
D. Product mix

6. What is the name of the recently launched digital commerce platform app launched by Infosys?

A. Equinox
B. BharatMarket
C. Dukaan
D. Volusion

7. Which type of marketing did domino's use during the Olympic Games Tokyo 2020?

A. Guerilla marketing

B. Occasional Marketing

C. Moment Marketing

D. Event Marketing

8. Who is the current Director-general of WTO?

A. Tedros Adhanom

B. Ngozi Okonjo-Iweala

C. Antonio Guterres

D. Joan Donoghue

9. Who is the Chief Economic Advisor of India?

A. Dr. Krishnamurthy Subramanian

B. Dr. Arvind Subramanian

C. Mr. Anurag Thakur

D. Dr. Ramamurthy Subramanian

10. Which of the following institutions does not regulate capital market in India?

A. RBI

B. SEBI

C. Ministry of Finance

D. IRDA

ANSWERS

1. **B. Brand loyalty**
2. **C. Problem recognition**
3. **B. Engineering**
4. **B. B2C**
5. **C. Product depth**
6. **A. Equinox**
7. **C. Moment Marketing**
8. **B. Ngozi Okonjo-Iweala**
9. **A. Dr. Krishnamurthy Subramanian**
10. **D. IRDA**

Business Scan

August 1

Poultry industry seeks extension of loans, import of GM soybean

August 2

Global fertiliser prices likely to go up as China suspends exports: ICRA

August 3

Dragon fruit from Gujarat, West Bengal exported to London, Bahrain

August 4

Soaring freight rates displace Indian Gherkhin exports from Europe

August 5

Brazil Frost Effect: ICO expects coffee prices to stay high for 2-3 years

August 6

India's Rice Exports to Vietnam in Trouble; Prices hit a 4-year low

August 7

NCLT admits tea producer McLeod Russel for bankruptcy proceedings

August 8

PSBS to push co-lending with NBFCs, digital, agri financing

August 9

PM Modi launches ₹11,000 cr oil palm mission

August 10

Fertiliser subsidy, import up in 3 years

August 11

Godrej Agrovet Q1 profit up 4.1% at Rs 105 cr

August 12

With rainfall deficit at 64%, Gujarat releases dam waters for kharif crops

August 13

India exports first consignment of five unique varieties of apples from Himachal Pradesh to Bahrain

August 14

DMK govt presents exclusive farm budget, first in Tamil Nadu

August 15

First Farm Budget eyes Top 3 slot for TN in key food, cash crops

August 16

India's First Cattle Genomic Chip "IndiGau" Launched

August 17

Agdhi, Agritech Startup awarded the Biotechnology Ignition Grant (BIG), a Flagship Program by BIRAC

August 18

Farmkart launches farm machinery rentals platform rent4farm

August 19

Cabinet okays Rs.11,040 Cr to cut palm oil imports

August 20:

Godrej Agrovet eyes oil palm expansion

August 21

Demand for small onions from S-E Asia comes to exporters' rescue

August 22

Sowing area of kharif crops 1.55 pc lower than last year so far

August 23

Global black tea production up 14%

August 24

Egypt throws a spatula in Indian Basmati Rice exports

August 25

Sugar export to afghanistan halted but rising prices-and demand uplifts industry spirit

August 26

Cane FRP will not overburden industry: ISMA

August 27

UPL' s nurture.farm offers free spray service

August 28

Kisan Rail: Govt to Provide 50% Freight Subsidy for Transportation of Agricultural Goods

August 29

PJTSAU to have its footprint in agri innovation ecosystem

August 30

Tomato prices crash to Rs. 4/kg amid supply glut in most growing states

August 31

Indian wheat exports gain as global prices surge'

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