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FINOMETRICS

MBA (FINANCIAL MANAGEMENT)

DEPARTMENT OF MANAGEMENT STUDIES

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IN THIS EDITION

HAS SOCIAL MEDIA INTERFERRED IN ONE'S SPACE IN PERSONAL LIFE?

Internet technology has been growing at a very fast pace. These days anything can be shared and transferred through internet. Social media has become one of the most common platforms where anything and everything can be shared without much restriction. The power of social media which on one side has helped people grow, on the other hand has equally led to ruin people's life. On one side where social media has helped the far ones connect with their family, contradicting to which it has increased the distance between closed ones.

Social media has become such a commonplace part of modern existence that few of us give much thought to the psychology behind why we're so drawn to it, what it's really doing to our brains and the impact of our growing obsession. The obsession has grown to such an extent that just a pop of a notification will immediately instinct our brain to check our phones. According to scientists at Stanford University, social media is also affecting our ability to multitask, with a study showing people who spend a significant time on social media were "more susceptible to interference from irrelevant environmental stimuli" and less able to complete more than one task simultaneously.

More seriously, social media is contributing to the rise of internet addiction, one of the fastest growing addictions around the world. Internet addiction can take many different forms, such as net compulsions, compulsive information overload and online game addiction. Users start to compulsively go onto the internet, are unable to switch off, or feel more comfortable around their online friends than with their real-life ones, putting their personal relationships, work and daily life at risk.

Social media has interfered in our lives up to such an extent that imagining a day without internet connection in our phones has become a difficult task. The trolls and other insults on platforms like Facebook and Instagram have caused people to take extreme steps like depression and suicides.

Everything that exists has its own pros and cons. We should learn to identify the extent to which internet should be used and the extent to which it can interfere in our personal space.

Researchers have found that exercise, meditation, yoga and laughing exercises helps the mind to stay fit and calm. Social media is a powerful tool which can if help a person prosper, can also destroy a person equally. One should learn to maintain the balance between social and private life. Researchers have found that meditation is a powerful tool to counterbalance the saturation of social media in our lives. Anything until not used in the right manner will destroy the well-being. Therefore, we should know to maintain the balance between social and private life.

INTERNET TAXES

From the beginning of websites till 1990's internet was free of restrictions from the federal government and also free from all types of laces, duties, imposts or licence fees. But by 1996 the US States and municipalities started to see online sites as a potential source of earnings.

But proponents argued that there was a huge capacity of spreading a whole lot of knowledge, trade communication and so on. Internet was bringing all of this, in ways that no other technology would, it was also said that these were worth the tax earnings losses because they thought that if internet was taxed people would stop using it. But on the other hand someothers believed that the use of websites would prosper even if this was taxed.

The 1998 Internet tax freedom act stopped the expansion of direct taxation of the internet, grandfathering existing income tax in 10 other areas. This law did not affect the sales taxation applied to online acquisitions. Due to the software of tax people started out debating if they need to continue to use the service of the internet. In February 2006 the U.S.A government approved the Permanent Internet Tax Freedom Act. This act makes permanent many of the provisions which are mentioned in the Internet Tax Freedom Act permanent. Internet tax freedom Act is required to be authorized by Obama.

- Internet Access Tax

These kinds of taxes take the form of taxation on the Internet service provider access charges. ISP's levy these kind of charges on the users. Yet this fess is enforced on the state level there is no nation-wide tax on ISP customer charges. There is no uniform description for internet tax they fall under certain category, that could be sales taxes in certain areas or telecommunication taxes in others, but as they may be considered as service charges, they may be exempted from taxation.

The ten states which were grandfathered under the Internet Tax Freedom Act are:

- Hawaii
- New Hampshire
- New Mexico
- North Dakota
- South Dakota
- Ohio
- Tennessee
- Texas
- Washington
- Wisconsin

Amongst these states Texas is currently collecting $25 each month as internet access charges.

- Telecommunication Tax

Few states like Tennessee and Wisconsin treat internet tax as telecommunication services. Different methods of accessing the internet are often controlled by different level of taxation for a similar service.

- Franchise Tax

The areas as well as the localities experienced levied franchised tax on utilities and cable television set. Before the Internet Tax Freedom Act the municipalities thought of ways to increase the business tax to ISP‘s, their customers or both. But the challenges related with collection of the operation tax was that the municipality puts taxes on single retail customers but the response they received was the ban on multiple taxation in the internet freedom tax.

• Bit Tax Many countries desired to tax internet on the basis of quantity. The Bit tax will not discriminate between telephony, data, images, voice or any other content. It would be applied based on the amount of data transported. This tax is specially banned in the USA by the Internet Tax Freedom Act.

- E-mail Tax

E-mail tax is a type of bit tax which is taxed on the volume of email sent or received. That can be quantified either on the basis of number of messages or data size of the messages.

- Bandwidth tax

The concept of the bandwidth tax is continuous; it would be applied in line with the speed of one's Internet connection. The Bandwidth duty is also one of those taxes which are banned by the Internet Tax Freedom Act.

KTM Sidharth

2MBA FM

TIPS ON INVESTING

It requires a great deal of boldness and a great deal of caution to make a fortune ; and when you have got it , it requires ten times as much wit to keep it"
- NATHAN MAYER ROTHSCHILD

With the sudden increase in volatility there is a high risk of investors being swayed away from their ultimate abode. Sentiments describe a group of people‘s opinions, emotions or views and these affect market mood.

Do you sell when the stock market falls?

80% of amateur investors tend to sell when the stock falls and buy when the stock rises continuously for a week expecting it to continue its bull run. The reason for their fatalistic act maybe lack of knowledge, sentiments taking control of their mind, it may be the only source of income for the family, etc. for example; with the huge April 2000 losses the investors' expectations of the future returns didn‘t significantly fall, instead of adjusting their portfolio many investors ―expected‖ a positive reversal despite current financial facts and figures. Extremely bullish sentiments come after long market run-ups.

What is the reason that the stock which was cheaper yesterday became expensive today? The reason is simple, regardless of any fundamental change the value has been affected by a so called ―human sentiment‖. Investors without thinking tend to follow other people's recommendations .How often have you seen your relatives quoting about a script and telling you about its future? How often have you bought shares on your analysis? The answer to these may clarify the reason for your loss! With the help of technical analysis; one may trade. Using stop loss is recommended. Often it is seen that investor‘s turn into speculators, they tend to predict prices of certain shares, the only available advice for them is to ―STAY AWAY‖. Before buying a share just is sure why you are buying it! - As a long term investment or as a short term investment? Remember owning a share is like owning the company, as a smart investor, you must know about your company

Manoj R

2MBA FM

YET ANOTHER PROMISE?

Indian politics and popular promises are perhaps as old a love story as that of Romeo and Juliet. From the exploitation of the caste system to religious differences over the land in Ayodhya, to claims of having the key to eradicate corruption, and to the more recent statements of idealism like "Sabkasaathsabkavikaas" (support of all, progress of all)", such promises have always attracted attention but have never achieved delivery to the people. Yet, they are continued to be made and people are still swayed by them, be it through promises of "AccheDin" by Narendra Modi or those of "sweeping" corruption by Arvind Kejriwal or the ones of strict anti-rape laws by Rahul Gandhi.

In the latest budget presented in the House of Parliament, another promise seems to have been added to this long list of promises. The Finance Minister has made the promise of ensuring housing for all Indians by 2022 as per the Sardar Patel Housing Mission. Of course you would want to see such a stage wherein no fellow countryman is living without a rooftop. But, being practical and realistic and putting aside our idealism and blind faith in Narendra Modi's government(in which the P.M. seems to be no less than a God to the existing youth), we need to ask the Finance Minister to what extent this promise is possible.

There are over 1.2 billion people in India. Nearly one third of them (400 million) are living below the poverty line. The Housing Census of 2011 claims that India has 330 million houses. Let us assume for the sake of argument that as of 2015, the number of houses in India is approximately 350 million. These 350 million houses have come up over a period of 68 years; on an average of a little over 5 million houses per decade.

The Sardar Patel Housing Mission, going by the words of the Finance Minister, promises 30 million new houses by 2022; this implies that in the next 7 years, the number of houses built would be 6 times more than the average of the number previously built in a decade for close to 7 decades. Not only is this appearing to be impossible even by Napoleonic standards, but it also seems to be a project in which even the Government would have no intention of delivering, perhaps knowing that this was one promise too many.

Not only is the history of delayed construction projects an obstacle, but it also seems evident that there is no proper roadmap to execute this ambitious promise. It was a mere statement by the Minister of Finance, given as an objective without any plan to achieve the same. There was no light shed on fund allocation, funding instruments and entities, exact timelines and project locations, going to show that the project is indeed like how it was described by a Times of India Article: “High on Intent but lacks clarity on mass housing.

Manoj R

2MBA FM

AFRICA'S STRUGGLE TO RETAIN TALENT

In terms of human resources, the market for talent is one that is very competitive as companies all around the world compete to get the best of what the market has to offer. Businesses across Africa however have been under pressure to align their strategies with the retention of talent, the compensation of employees, and the integration of international practices. This is because they face stiff competition for skills from international companies in the diaspora to which most of the talent pool is flooding to seek bigger salaries. One study conducted by EY found that 70% of African firms are recruiting and yet many report that filling vacancies is taking a long time and they are experiencing high labour turnover.

According to a survey by KPMG, companies in Africa are spending up to 25% of their income on the development of their Human Resources Management which is a sign that Africa now sees their employees as a worthwhile investment. Therefore there is a huge hunger for skills in Africa which requires HR departments to step up to the plate. As a result, businesses in Africa have taken up various strategies to help them attract and retain talent as well as develop Human Resources in a manner that delivers a high return on investment to firms across Africa. Such strategies include:

1. Building the employer brand

According to the surveys conducted by EY the strength of the employer brand is the most important factor to attract talent. Companies in Africa are therefore focusing on building a reputation of being innovative so as to attract talent.

2. Remunerations and rewards

Most companies in Africa have come to understand that the importance of benefits and compensation packages cannot be overlooked as high quality employees know their value and expect employers to provide them with favourable packages. Therefore businesses in Africa are now benchmarking their rewards against those existing in the rest of the world so as to attract and retain talent.

3. Learning and development opportunities

Companies all across Africa are now concentrating on providing learning and development opportunities to their employees as this makes ambitious high performers feel like they are being given the chance to go up the career ladder. Companies are thus engaging in the mapping of the career paths of their employees and providing of sufficient technology that allows employees to develop themselves.

4. Performance management

Companies have also come to understand that a transparent performance management process does not only help them to boost employee satisfaction while optimising performance but also helps to retain talent. Thus companies are now focusing on aligning the individual career goals with the strategies of the firm so as to retain talent.

5. Employee engagement

Employee engagement is being used by firms all across Africa to get employees motivated about their work and keep them engaged in the firm’s business strategies, values and culture.HR departments have started using instruments such as employee satisfaction surveys, exit interviews and informal feedback to discover how to improve their Human Resources Management.

The pressure that Africa has been experiencing as far as Human Resources is concerned has brought to light the importance of employees as the most significant assets a firm has and this enlightenment is what will make Africa develop in relation to their Human Resources and in turn, their performance.

Manoj R

2MBA FM

ACTUALLY AN ACTUARY

Risk is opportunity; this is what actuaries believe in. The future is uncertain and filled with risk. There is always a chance that an undesirable event may occur, but at times this risk can also be an opportunity. That's where actuaries come in. Actuaries are professionals who manage and analyze the financial consequences of risk in the most efficient way. They help predict the impact of undesirable events by using mathematical and statistical tools like probability. For instance, if a person takes a life insurance policy then an actuary will determine a projected loss and help insurance companies decide on the premium.They are the analytical backbone of our society's financial security programs. Want to build your career in this field? This is a well emerging field and a good career option with amazing opportunities. Any higher secondary passed, graduate, post graduate, engineer, MBA, CA, ICWA etc. and who have sound knowledge in mathematics and statisticsis eligible to become an actuary. One will need to appear for ACET (Actuarial Common Entrance Test) which is held twice a year with a registration fee of Rs.3000. This covers the cost of the study material, online exam and online tutorial. So grab your opportunity and think out of the mainstream options that society offers you!

Interested to know what actuaries do?

- They are experts in evaluating the financial impact of the near future. Indirectly they help you make better financial decisions.
- They add value by helping you make better informed decisions and prepare you well in advance.
- Their analytical skills and modelling of problems in finance, risk management and product design are used extensively in the areas of insurance, pensions, investment and more recently in wider fields such as project management, banking and health care.
- Help companies establish their retirement plans.
- Assist banks in managing their assets and liabilities and develop ways to manage financial risk.
- Helps determine the real value of insurance policies and the appropriate insurable amount for the same.

THE EUROZONE CRISIS IN A NUTSHELL

The RMS Titanic was the world's largest passenger liner before it hit an iceberg and sank, just like the Euro is (one of the) most widely used foreign currencies for exchange reserves, before it sinks of course.

Hopefully, most of you have heard of Greece. You would have also heard, going by my previous analogy that they're currently sailing in treacherous waters, that Greece is not the only EU country that's about to sink; it's just the only one that has hit the iceberg.

The European Union (EU) was created in 1993 as an escape to the extreme nationalism that caused both World Wars. The Eurozone is a monetary union of 19 out of 28 states in the EU that have adopted the Euro as a replacement for their indigenous currencies. The EU has considerable power, and its monetary policies apply to all of its member states. It has developed a single market through this singular monetary policy, and ensures the free movement of people, goods, services and capital throughout its member countries. However, one power it does not possess is the power to implement a uniform fiscal policy. This weakness in the EU's constitution can be seen as the singular reason for the presentday crisis in Greece.

Before the creation of the EU, Europe was a continent in conflict with itself, with numerous wars breaking out time and again. This constant conflict adversely affected the economies of all European countries. Another issue plaguing the continent was the presence of myriad currencies. Thus, if one had a distribution centre in France and had a manufacturing centre in Germany, one would have to pay excise and export duties in the Mark, and pay import and sales duties in the Franc. Also, the larger part of the expenditure would be in the Mark and the income would be in the Franc. Thus, in order to expand the factory located in Germany….

And so the creation of the EU was seen as a logical step in promotion of free trade and easing the conduct of business throughout Europe. Membership in the EU also allowed economically weaker countries to avail cheap credit from the European Central Bank (ECB) for the development of their economies, i.e., loans that would otherwise attract interest rates of 8-10% would now cost only 2-3%. Also, these loans were guaranteed by stronger economies like Germany. This was a boon for weaker economies like Greece and Portugal. Thus, caution was thrown overboard and politicians in most countries used this cheap credit to purchase the votes of their citizens by offering fat government pensions, huge subsidies and ludicrous tax sops. Austerity was practiced only by Germany, which had learnt its lessons from the aftermath of WW II.

Now that the creditors of Greece et al are demanding repayment of their loans, they are caught between an iceberg and Germany's austerity measures. And of course, austere policies don't make their way into the winning party's election manifesto, which is precisely why the extreme-left Syriza was elected into power in Greece. Extreme-leftism also poses its issues, for a "Grexit" and a shift back to the Drachma would cause extreme hyperinflation in the country, while accepting austerity would cause civil unrest, which is why PM Nikolas Tsipras agreed to initiate dialogue to search for a mutual consensus on the issue.

However, exit from the EU and implementation of austerity measures are the only solutions available to Greece and other indebted countries, both of which are hard choices to make.The rest of the world can only wait and watch as the whole of Europe navigates its way through the crisis that it has created.

DIGITAL INDIA

Recent days we can hear a lot about the digitalization, Present prime minister Narendra Modi launched a digital India scheme on 1 July 2015 with an objective of connecting rural areas with high-speed Internet networks and improving digital literacy. The vision of Digital India program is mainly focus on inclusive growth in key areas of electronic services, products, manufacturing and job opportunities etc. The main importance is given for 3 aspects such as Digital Infrastructure as a Utility to Every Citizen, Governance & Services on Demand and Digital Empowerment of Citizens. Government of India is taking help of BSNL to connect the villages. It is main is to connect the all sections of people into this scheme. To connect the people, all services are availed in all languages. It is aim is Digital Literacy mission will cover six crore rural households and to connect 550 farmer markets in the country. Government took any initiatives to achieve their aim by inviting global leaders which gained fruitful results such as many global companies want to invest ₹224.5 lakh crore in manufacturing smart phones as well as the internet devices at cheaper prices in India which in turn create a lot jobs, Facebook gave the wifi spots in rural India, Google gave free wiki in 500 railway stations. Microsoft provided broadband connectivity to five hundred thousand villages in India and make in India its cloud hub through Indian data centers. Qualcomm invested US$150 million in Indian startups. Oracle invested in 20 states and helped in payments and Smart city initiatives. After the demonetization effect, the digital India scheme gained its recognition. This helps to account the every penny earned in the India due to restrictions impose on cash transactions by the government of India. It is helps to eradicate the corruption and also can see the transformational change in the economy.

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2 MBA(FM)

BABA RAMDEV EFFECT: PATANJALI

Patanjali Ayurveda Kendra Pvt. Ltd is an Indian FMCG company. Located in the industrial area of Haridwar, the company manufactures mineral and herbal products. It also has manufacturing units in Nepal under the trademark Nepal Gramudhyog and imports majority of herbs in India from Himalayas of Nepal.Patanjali Ayurveda Kendra had made achievements in treating thousands suffering from diseases like arthritis, osteoporosis, low back ache, cervical spondylsis, psoriasis, allergic respiratory disorders, multiple sclerosis, and age related mental stress. It is a holistic healing science. Going beyond just curing an ailment it provides a total well being of an individual. The Patanjali products have started to gain momentum in the FMCG segment over the recent years giving a tough competition to major FMCG players in the market like HUL and Dabur to name a few.

With its formidable range of products like toothpastes, noodles, rice, chyawanprash, personal care and Ayurveda products. Patanjali products are making steady inroads into the FMCG space, even as HUL is facing sluggish growth which was very much reflected in the third quarter results of the company. According to the reports Kishore Biyani, CEO of Future Group that retails Patanjali products through its Big Bazaar outlets, said that the demand for Patanjali products has out grown its supply and therefore the supply of products need to be fixed in the future. As he also mentioned that they target is to reach Rs. 1000 crore in the coming year.

Currently, sales of Patanjali products have reached around Rs 30 crore per month. It has also been ranked as one of the top 10 brands in India during the second week of 2016 by television audience research firm BARC Bhabha Atomic Research Centre India.

The increasing popularity of Ayurveda and naturals is prompting Dabur India also to strengthen its existing range of products like chyawanprash, which contributes 40% to its sales and expand with new offerings like post-natal health tonic dashmularishta and menstrual pain relief tonic ashokarishta. Any aggressive gains by Patanjali in these categories may threaten desi players such as Emami, Dabur India or Amul far more than the MNCs.

SUBMITTED BY

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Save More Money to Reduce Financial Stress

Too much debt, not enough money, kids, marriage and the list can go on. There are a lot of reasons that you may be feeling some financial stress. It is one of the largest stressors on relationships. When you are stressed out it affects other aspects of your life. You may have a hard time concentrating at work or completing tasks at home or focusing on your relationships because you have the financial stress hanging over your head all the time. If you can reduce your worry, you will be able to focus more on your life and relax knowing you have a plan that can help you handle your financial situation. There are a few things you can do now to relieve your financial stress and make it easier to function every day.

Tips for reducing Financial stress

- Create a Budget

  At first, you may think that a budget is only going to add to your financial stress, but it is the best tool you have to get control of your finances and stop worrying about money. A budget allows you to decide when and how you are going to spend your money. It is really a spending plan that makes sure you are reaching your retirement, and savings goals. It can help you find extra money to put towards debt.

  The first few months of planning a budget are the most difficult, but once you understand what to do you can often reduce the amount of period you spend on it, and you can really reduce the amount of time you spend worrying about money. Your budget will give you the control that you need over your finances. It is the best tool to help you change your financial situation. Start with just one month's of expenses and then go from there cutting back in different areas each month until you find the perfect balance.

- Get Outside help

  If you are really struggling with getting a handle on your budget and spending issues, do not be afraid to get outside help. You can take classes on basic money management and investing that will help you plan out a budget and do the things you need to succeed financially. A financial planner can help you create a long-term investing strategy that will help you plan for retirement. It is important to realize that you do not have to face the problems alone. If you are feeling overwhelmed by debt you can also use a credit counseling service. You can also take a financial class that coaches you through budgeting and other aspects of your personal finances.

- Determine what you can change

  Often if you are having financial issues you have an income or a spending issue or a combination of the two. If you know that you do not make enough money, decide what you can do to change the situation. It may mean that you go back to school so you qualify for a higher paying job. If you have a spending problem, and it is an addiction you may want to attend a group like Shopaholics Anonymous to get help dealing with the issues you are facing. Once you have a plan that will help you change your situation permanently, you should be able to reduce your stress. One way that you can prioritize what to cut back on is to determine the hourly cost of your wants. This may make choosing which items to cut much easier. Mastering these twenty financial skills can help reduce your financial stress too.

AJAY B

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BEHAVIORAL FINANCE

Behavioral finance is relatively new concept in the field of finance which combines the behavioural aspect and cognitive theories of psychology with conventional economics and finance.

It is usually believed and also assumed that people are “wealth maximizers” who think and act rationally without any emotional influence. This can be seen in the case of Capital Asset Pricing Model (CAPM) and Effecient Market Hypothesis (EMH), where the theory assumes that most of the times people act rationally and predictably when making decisions especially financial decisions.

For example in the case of lottery, the chances of winning a lottery is very minimal ie., 0.000009% (rough estimate). Even then people do not think rationally and go invest in them. It is such irregularities that prompted the academicians to study the cognitive theories to understand the illogical behaviour patterns of the common people. Through behavioural finance what can be proved is that people not always act rationally. Also it provides answers as to why people make irrational financial decisions. Through this theory we can understand what the various conventional theories have failed to explain. The important benefit of understanding behavioural finance is that it helps in making better and efficient financial decisions.

Like any field of finance, there are some eminent personalities who provided major theoretical and empirical contributions to this concept of behavioural finance. They are:

1. Daniel Kahneman
2. Amos Tversky
3. Richard Thaler

Every field of study has its own set of critics, so behavioural finance is no exception. The main critics were the supporters of efficient market hypothesis theory especially its founder Eugene Fama. He argues that many of the findings in behavioral finance appear to contradict each other, and that all in all, behavioral finance itself appears to be a collection of anomalies that can be explained by market efficiency.

PRIYANKA (1628845)

DEMONITISATION

Corruption is present everywhere in our society. But have we taken any measures to minimize or eliminate it? India is a country which is developing day by day. But corruption is one of the factors which obstructs the country’s growth. Cases of corruption are very high especially when it comes to hoarding of money. The amount of black money circulating in the economy is unknown.

Modi Government has taken steps to eliminate black money in India. To what extent is this successful, is not yet known. Demonetization was a bold move taking by the government in curbing the use of Rs. 500 and Rs. 1000 notes. The main purpose that demonetization as implemented was to curb terrorism, black money and counterfeit currency. Though demonization was implemented years back, it did not have an effect as the recent one did.

This idea was implemented immediately, and the people were taken by surprise.This is mainly because 68% of the transactions in India are cash based. Up until December, people found it really hard to purchase necessary things as the cash required was not available. There was a lot of discrepancies and chaos since Rs. 500 and Rs. 1000 notes had to be deposited in the bank within a short period of time and also people could not withdraw money as there was shortage of lower denomination currencies in the bank.

Though for a short period people found it difficult to transact, things are getting better day by day. India is moving towards a cashless economy. Most of the people are using electronic mode of payments which is promoting digitalization further. For a short term, the economic activity reduced. But this will definitely reap great benefits in the future. It will help in reducing corruption, promote digitization and also there will be more flow of financial savings.

It can be seen that remonitization is starting to pick up and it will soon come up to normal pace. Since people started depositing money in the bank, there is surplus liquidity in the banking system, which will eventually lower the borrowing costs and also there will be increase in the credit facility.

Demonetization was a bold move taken by the Modi Government. There are many people who support this and others who are against this implementation. But, for the betterment of the country, taking measures which will help the country grow is what matters at the moment, as India is a developing country and has the potential to be one of leading countries in the nation.

Jenita Monteiro
1628831

GOLDEN FIBER-DEMONETIZED

This article aims addressing the affect of demonetization on a specific sick industry in India: Jute industry. The article focuses on the various issues faced by the industry and also provides feasible solutions, which may be apt for a demonetized Indian economy.

Jute is considered to be the Golden fiber, as it is 100% biodegradable, recyclable therefore making it eco-friendly. It is a natural fiber with golden and silky shine and hence it is famously known as “The Golden Fiber.”

The jute industry occupies a significant place in the Indian economy. The Indian Jute industry is predominant in the eastern part of the country. The jute industry was included in the National Common Minimum Programme by the government of India to provide special attention to this industry. It without doubt forms an integral part of the Textile industry, also contributing to the national exchequer from exports and imports.

With all that said and done this industry definitely has a few loophole worthy of attention. The 10-year CAGR of the Jute industry is less than 01 per cent. The Jute Industry is up close and personal with a noteworthy emergency. While the world interest for jute manufactures is solid, the Industry can't take care of this demand by virtue of deficiency of raw jute. The factories are dealing with a limited premise of 42/2 hours for every week when they should create on the premise of a 48-hour working week. The position is to a great degree inadmissible. Along with this we can identify the major issues with the industry as given below:

- High cost of Production
- Capacity of raw materials
- Deficiency of Power supply
- Development of Mills in Bangladesh
- Rise of Substitutes

The list can be further expanded by adding ‘Demonetization’ as one of the issue that has recently affected the Jute industry. The process of Demonetization has its own pros and cons. It has deeply affected the day-to-day monetary transactions of the nation. This is clearly depicted in the misery of the lower and middle strata of our society. Jute industry as such has also fallen prey to this misery. In the recent article published by the Hindu times on December 2016 clearly explains this. It focuses on a jute mill in West Bengal's Howrah district, which has been temporarily shut down citing the inability to pay the workers in the absence of Rs 500 and Rs 1000, which were subjected to demonetization by the Modi government. This is one such example where the flip side of demonetization is bought into light. There are many such instances and examples where the workers have been exterminated from the mills due to the lack of funds as payments. As nearly 95% of the workers receive their wages in the form of cash, this was a huge blow to the Jute industry. There are also many units that have been shut down due to the lack of funds.

SUGGESTION AND CONCLUSION:

Though the government has always been favorable to the Jute industry, the following measures could be considered. They are:

- They should encourage privatization.
- Government could have taken an initiative to explain to them why the process of Demonetization is necessary.
- They could have conducted awareness programs teaching the laborers how to convert the money.
- The Make in India platform should be used as a platform to advertise more Jute products so they can improve the circulation of Jute products in India as well.
- The government can encourage new business ventures, which make use of Jute products in a innovative manner through the Startup India medium.

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INDIAN DERIVATIVE MARKETS: SOME POLICY ISSUES

History of money related markets is packed with cases of development of business sectors offering ascend to requests for new, extraordinary instruments to empower financial specialists to oversee dangers and markets improving to fulfill these requests. As a case, the advancement and development of subsidiary instruments was the aftereffect of fulfillment of request of market players at a way to support cost danger of holding a stock of wares. While they initially rose as supporting gadgets against variances in item costs and commodity linked subordinates and were the sole types of such items for quite a while, they were imitated for monetary instruments too in the post-1970 period because of developing flimsiness in the money related markets. In the current years, the market for budgetary subordinates has become both as far as assortment of instruments accessible, their multifaceted nature and turnover.

As per the Futures Industry Association (FIA) Annual Volume Survey, more than 15 billion futures and options contracts were traded during 2007 on the 54 exchanges that report to the FIA, an increase of 28% from the previous year. The growth rates were 19% in 2006, 12% in 2005, and 9% in 2004. As regards the position of derivatives trading in India, among the top derivatives exchanges worldwide, the National Stock Exchange of India (NSE) ranked 9th in 2007 in terms of futures and options volume with 379 mn contracts being traded in 2007. In terms of trading volumes in single stock futures, while the NSE was ranked first (1st) in terms on number of contracts traded in 2006, it has shifted to second position as the Johannesburg Stock Exchange (JSE) overtook NSE with a 265.49 million contracts traded in 2007 at the JSE as against 179.33 contracts on the NSE.

The factors that have been driving the growth of financial derivatives worldwide are technological developments leading to development of more sophisticated risk management tools; increased volatility in asset prices in financial markets; increased integration of national financial markets with international markets and the inherent characteristic of the derivatives markets to be able to optimally combine the risks and returns over a large number of financial assets. These financial instruments are becoming an increasingly important vehicle for unbundling risks as they enhance the ability to differentiate risk and allocate it to those investors most able and willing to take it.

India's experience with derivative products has been very encouraging and we quickly emerged as one of the most successful developing countries in terms of a vibrant market for exchange-traded derivatives. The turnover in the derivatives segment of the NSE soon overtook the turnover in the capital markets segment of the exchange. As per the latest data for the period April 08 to Nov 08, the turnover in the derivatives segment of the NSE was around 3.8 times that on its capital markets segment. This speaks aloud on the way derivative instruments have been accepted by the market participants in India. Overtime, the number of contracts available for trading in the derivatives segment of the exchanges has increased. On the NSE, as at end November 2008, 42,218 contracts were available for trading. To expand the universe of risk hedging products available to the market, Interest rate futures were launched in June, 2003. However, the product did not pick up as the design of the product had some flaws and also banks were not permitted to take trading positions in these instruments. The product was now been reintroduced and RBI has permitted banks to take trading positions in October, 2008. SEBI set up a Derivatives Market Review Committee, in March 2007, to look into the developments in derivatives market in India and also suggest future possibilities and course of action. The Committee, in December 2007, recommended introduction of certain new derivative instruments based on global experience and the perceived appetite for new products in the Indian markets. These included mini contract in equity indices; long term option contracts, options on futures; exchange traded currency futures and Exchange-traded Products Involving Different Strategies. Based on these recommendations the new products that have been launched by the NSE in 2008 are the mini Nifty contracts, long tenure options and exchange traded currency futures.

Derivatives trading can be organized in two ways. The first way is through bi-lateral agreement between counterparties, called the `over the counter' or `OTC derivatives' transactions. Another way is through the anonymous order matching platform of the stock exchange. Exchange-traded contracts are standardized, with regard to maturity date, contract size and delivery terms, whereas OTC contracts are custom-tailored to the client's needs.

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