

“Knowledge comes from learning. Wisdom comes from living.”



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Chartered Accountants

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## Foreword

We, at Suresh & Co. are indeed delighted to release the series “EMERGING THOUGHTS”. This publication is a compilation of constructive thoughts and amusing updates of articled assistants (Interns undergoing Chartered Accountancy course).

Our main purpose is to help inculcate the essential habit of reading and update one’s knowledge bank through a continuous series of updates which services to the whole organization every morning giving them a new idea about the happenings in this diverse world.

The response we receive from the readers are always overwhelming and this ongoing enlightening ritual has been a wonderful journey as the learning opportunities have never failed to enlighten us.

As a organization, our main moto is to enable the articled assistants of Suresh & Co. to think out of box and be updated on recent happenings which not only helps them to enhance their knowledge but also gives them the opportunity to explore things which do not fall under the ambit of their studies.

We at SURESH & CO., wanted to share these gems of infant thoughts as conceived by these young minds. It is to be noted that these updates may or may not have been reviewed by any senior or a technical expert and thus these should be used only to kindle thoughts in certain positive direction. Readers are advised to do further research and analysis on the topics which they find interesting. Professional advice should be sought before acting on any of the information contained in it.

***“Learning is not compulsory .. neither is survival ”***

## Update for the day #451 | 401(k) vs Pension Plan

### What is a 401(k) plan?

In the United States, 401(k) plans, named for the section of the tax code that governs them i.e., it is defined in subsection 401(k) of the Internal Revenue Code.

A 401(k) plan is retirement account that's made available to employees who wish to save for their retirement (provided their employer offers a plan). In this case, it's the employer that holds back a part of your salary (tax-deferred) and places it into a fund that you'll receive when you retire. Since, 401(k) plans are meant to encourage you to save for retirement, there are heavy tax penalties imposed for early withdrawals (before age 59½).

### Types of a 401(k):

The 2 common types of 401(k) are summarized in the table below for better understanding:

401(k) type	Tax rules	Withdrawal rules
Traditional	<ul style="list-style-type: none"> <li>Wages are contributed before taxes from each paycheck, like a deferred salary.</li> <li>Taxable income drops by the amount you contribute.</li> <li>Income taxes are paid on contributions and earnings only on withdrawal.</li> </ul>	<ul style="list-style-type: none"> <li>No access to your funds before age 59 ½</li> <li>If you dip in early, expect a 10% penalty on top of the usual tax bill.</li> </ul>
Roth	<ul style="list-style-type: none"> <li>Contributions are made with money that's already been taxed.</li> <li>No taxes paid upon withdrawal.</li> </ul>	<ul style="list-style-type: none"> <li>Better flexibility. Free access to your money as long as you've held the account for 5 years</li> </ul>

### The biggest difference between a 401(k) plan and a traditional pension plan -

**Pensions** are defined benefit plans i.e. they guarantee a given amount of monthly income in retirement and place the investment and longevity risk on the plan provider. Employees do not have control of investment decisions with a pension plan, and they do not assume the investment risk. Rather, contributions are made, either by the employer or by the employee, often both, to an investment portfolio that is managed by an investment professional. The sponsor, in turn, promises to provide a certain monthly income to retired employees for life based on the amount contributed

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and, often, the number of years spent working for the company. Therefore, pension plans present individual employees with significantly less market risk than 401(k) plans.

**401(k)s** are defined contribution plans i.e. they place the investment and longevity risk on individual employees, asking them to choose their own retirement investments with no guaranteed minimum or maximum benefits. Employees assume the risk of both not investing well and outliving their savings. It requires the pensioner to contribute their savings and make investment decisions for the money in the plan. Therefore, you have control over how much you put into the plan, but not how much you can get out of it when you retire, which would depend on the market.

### **Simran S Jain**



## Update for the day #452 | Radium

Nothing in life is to be feared, it is only to be understood. Now is the time to understand more, so that we may fear less.

Radium is a chemical element with the symbol Ra and atomic number 88. It is the sixth element among alkaline earth metals of the periodic table. Radium is the heaviest known alkaline earth metal. Pure radium is soft, shiny and silvery-white in appearance.

Radium, in the form of radium chloride, was discovered by Marie and Pierre Curie in 1898. They extracted the radium compound from uraninite and published the discovery at the French Academy of Sciences.

In nature, radium is found in uranium and to a lesser extent in thorium ores

All isotopes of radium have half-lives much shorter than the age of the Earth, so that any primordial radium would have decayed long ago. The half-life of radium is 1600 years. Because of its relative longevity, Ra is the most common isotope of the element, making up about one part per trillion of the Earth's crust.

Historical applications:

Radium was formerly used in self-luminous paints for watches, nuclear panels, aircraft switches, clocks, and instrument dials. Radium was once an additive in products such as toothpaste, hair creams, and even food items due to its supposed curative powers. Such products soon fell out of vogue and were prohibited by authorities in many countries after it was discovered they could have serious adverse health effects. Radium was used in medicine to produce radon gas which in turn was used as a cancer treatment. However, many treatments that were used in the early 1900s are not used anymore because of the harmful effects radium bromide exposure caused. Some examples of these effects are anemia, cancer, and genetic mutations.

Though it has dangerous features, some of the few practical uses of radium are derived from its radioactive properties.

Radium is used in industrial production of radon gas. One gram of the element is capable of producing 0.0001 ml of radon gas. Radon gas is widely used in tracking air masses, treatment of cell damage and cancer, radiation therapy and in many other fields.

Radium is widely used in the manufacture of medical equipment like calibrators, lightening rods, etc. Beryllium when mixed with radium also serves as a source of neutrons and has wide application in physics experiments. Radium is used as a radiation source in some industrial radiography devices to check for flawed metallic parts, radiotherapy, X-ray imaging etc.

Harmful effects and causes:

Radium is highly radioactive and its immediate daughter, radon gas, is also radioactive. Exposure to radium, internal or external, can cause cancer and other disorders, because radium and radon emit alpha and gamma rays upon their decay, which kill and mutate cells.

How can radium enter and leave human body?

Radium can enter the body when it is breathed in or swallowed. It is not known if it can be taken in through the skin. If you breathe radium into your lungs, some may remain there for months; but it will gradually enter the blood stream and be carried to all parts of the body, especially the bones.

If radium is swallowed in water or with food, most of it (about 80%) will promptly leave the body through excretion. The other 20% will enter the blood stream and be carried to all parts of the body, especially the bones.

How can radium affect health?

There is no clear evidence that long-term exposure to radium at the levels that are normally present in the environment is likely to result in harmful health effects. However, exposure to higher levels of radium over a long period of time may result in harmful effects including anemia, cataracts, fractured teeth, cancer and death. Some of these effects may take years to develop and are mostly due to gamma radiation. Radium gives off gamma radiation, which can travel fairly long distances through air.

Therefore, be cautious, just being near radium at the high levels may cause some fatal health issues.

**Hamsashree H S**



## Update for the day #453 | Target Costing

### What is Target Costing?

It can be defined as **“a structured approach for determining the cost at which a proposed product with specified functionality and quality must be produced to generate a desired level of profitability at its anticipated selling price”**.

It is aimed at helping a firm to survive in an increasingly competitive environment and it is a management technique which helps in reducing a product's life-cycle costs.

The price and cost are for specified product functionality, which is determined from understanding the needs of the customer and the willingness of the customer to pay for each function.

**Target costing is a formal process that attempts to match a proposed product's features (benefits) with a viable market price that achieves the company's profitability goals by:**

- (a) Determining a price point (or range of prices) for an approximate combination of features and benefits.
- (b) Subtracting a desired profit from the market price to determine the maximum bearable level of costs.
- (c) Developing the product design—eliminating or reducing unnecessary attributes with costs that can't be recovered in higher prices until the cost target is met.

### Steps in Target Costing:

- (a) To conduct market research in order to see what products are in the market place, what new products the competitors are trying to bring in the market, to ascertain customer's requirement and the price they can afford for the product.
- (b) Determining the price, margin and cost feasibility. Target price is determined on the basis of market survey, at which the product can be sold. On the selling price a standard margin is determined to finally come to the cost figure (Target Price – Target Profit = Target Cost).
- (c) To meet margin target by design improvement. If the product designed cannot be produced in the cost range decided, value engineering is used to drive down the product cost to a level, at which target price and margin can be attained.

### Objectives of Target Costing:

- (a) To lower the costs of new products so that the required profit level can be ensured.
- (b) The new products meet the levels of quality, delivery timing and price required by the market.
- (c) To motivate all company employees to achieve the target profit during new product development by making target costing a company wide profit management activity.

### Target Costing Process

- (a) Establishing the target price in the context of market needs and competition;
- (b) Establishing the target profit margin;
- (c) Determining the allowable cost that must be achieved; this cost should motivate all personnel to achieve;
- (d) Calculating the probable cost of current products and processes; and finally,

**Advantages of Target Costing:**

- (a) It reinforces top to bottom commitment to process and product innovation to achieve some competitive advantages.
- (b) It helps to create a company's market-driven management for designing and manufacturing products that meet the price required for the market success.
- (c) It uses management control system to support and reinforce manufacturing strategies, and to identify market opportunities that can be converted into real saving to achieve the best value for money rather than simply achieving the lowest cost.
- (d) Assures that products are better matched to their customer's needs.
- (e) Aligns the costs of features with customer's willingness to pay for them.
- (f) Reduces the development cycle of a product.
- (g) Reduces the costs of products significantly.
- (h) Increases the teamwork among all internal organizations associated with conceiving, marketing, planning, developing, manufacturing, selling, distributing and installing a product.
- (i) Engages customers and suppliers to design the right product and to more effectively integrate the entire supply chain.

**Karthik Kumar P**



## Update for the day #454 | An Insight of the Essar Steel Case

*'If there were no teachers, all other professions would not exist'*

**A very Happy Teachers Day to every guru who has mentored us in every step of our lives**

Recently, we've heard a news regarding Essar Steel trickery one of which has shaken the Indian laws and courts. Here is an insight about the facts and decisions relating to the case, Happy Reading!

On 7th May, Prashant Ruia, director of Essar Steel, moved the bankruptcy court, yet again, in an attempt to derail Arcelor Mittal's Rs42,000-crore bid for the family's flagship company. Mr Ruia has attempted to link Arcelor Mittal's promoter, Lakshmi Niwas Mittal (LNM), to his defaulter brothers Pramod and Vinod Mittal, because LNM had settled a massive outstanding payment on their behalf with State Trading Corporation (STC).

By way of comparison, this is like Prashant Ruia arguing that Reliance Industries be disallowed from bidding for any stressed assets because Mukesh Ambani 'continued to have business relations' with Anil Ambani, as evident from the Ericsson bailout that helped keep the younger brother out of jail. It is absurd, but serves his purpose of delaying the handover of Essar Steel until the bankruptcy court and, probably, the Supreme Court decides the case as well. This is exactly how the resolution that is supposed to be completed in 270 days has dragged on for over 600 days with no sign of ending.

LNM has paid over Rs7,500 crore, under pressure from banks, to clear the dues of Uttam Galva and other companies he had invested in, to be eligible to bid for Essar Steel. Meanwhile, the Ruia's found a way to delay matters and foment litigation with a gimmicky offer to pay over Rs54,000 crore to secured and unsecured creditors. The proposal was made after Arcelor Mittal won the bid and the source of their sudden access to such large funds remains hazy.

Indian banks, especially public sector banks (PSBs), are the biggest losers in this long delay. Other group companies also owe thousands of crores of rupees to PSBs with little hope of full recovery. Why then are banks such passive spectators in this litigation? Do they have no role in convincing courts that the Ruia's are not fit to retain control?

**Personal Guarantees:** A clutch of banks, led by State Bank of India (SBI), has approached the debt recovery tribunal (DRT), Ahmedabad (652 of 2018), to invoke personal guarantees of a massive Rs13,000 crore plus interest by Prashant Ruia and Ravi Ruia. These guarantees were obtained against loans to Essar Investments, a company whose borrowings are rarely reported. Notice how large the amount is—it would have kept Kingfisher Airlines (which owes Rs9,000 crore with interest to banks) as well as Jet Airways (Rs8,500 crore) afloat and saved over 30,000 jobs. Prashant has only one entity—Bamboo International Holdings Ltd—which is 100% owned by him. Ravi Ruia, the second defendant, shows just two entities in which he has a 100% holding—Briar Gardens Ltd and Euro Global Investments FZE. Ravi Ruia's son, Rewant Ruia, also lives in Dubai. Lenders, who are part of this DRT action, are: SBI (on behalf of affiliate banks since merged with it), Bank of India, Canara Bank, Edelweiss Asset Reconstruction, ICICI Bank, IDBI Bank, Punjab National Bank and Union

Bank of India. Again, it is PSBs who have maximum exposure and have probably written off these loans, leaving the exchequer and investors to take the hit.

**Misleading RBI:** *Indian Express* has a report on how Chanda Kochhar, of ICICI Bank, had ‘misled’ RBI in 2014 on a \$365-million loan disbursed to Essar Steel Minnesota LLC. The report said that she responded to RBI’s query regarding ever-greening of Essar loans saying no additional funding had been provided to the Minnesota company. In fact, ICICI Bank extended a \$365-million foreign currency term loan to Essar Steel Ltd, Mauritius, for infusion into Essar Minnesota. Such active collusion by Indian bankers is evident in almost all lending to the group.

**US Award:** While the Ruias continue to game the Indian judicial system, Arcelor Mittal has stepped up the heat on them in international courts with significantly faster results. The US arbitration relates to Arcelor Mittal USA’s (AMUSA) agreement in 2014 to purchase iron ore pellets produced by Essar’s Minnesota plant for 10 years, but it failed to deliver them. Although the Minnesota company filed for bankruptcy in the US, AMUSA could continue its claim against Essar Steel Ltd. An arbitration order on 19 December 2017 by the International Chamber of Commerce (ICC), Paris, said that AMUSA was entitled to recover \$1.38 billion plus interest and costs in damages from Essar Steel Ltd. Essar failed to pay up.

The UK High Court noted how Essar Steel had presented ‘deliberately false information’ during the ICC arbitration with regard to the ‘dissipation of \$1.5 billion’ to benefit the Ruia family. Essar has been ordered by the Court to pay the arbitration award of \$1.5 billion plus interest and costs. Arcelor Mittal continues to pursue action against the group in UK, Cayman Islands (against Essar Global Fund Limited) and Mauritius where various Essar group companies are registered.

Surprisingly, Indian bankers (not surprisingly PSBs) are making no attempt to present a holistic picture of the true extent of dues by the Ruias, across group companies and the world. Shouldn’t our lenders present some of these facts to the Indian courts, when they have so much more money to recover from the Ruias? If Essar is unable to pay \$1.5 billion ordered by the UK and US courts, how serious is their claim to bring in Rs54,000 crore to save their control over Essar Steel?

It is Indian PSBs that have allowed Essar to delay the sale of Essar Steel by repeated filings before the bankruptcy courts or the Supreme Court. This will continue, until the government holds bankers accountable for their acts of commission and omission while colluding with wilful defaulters.

### Vijaya Simha S

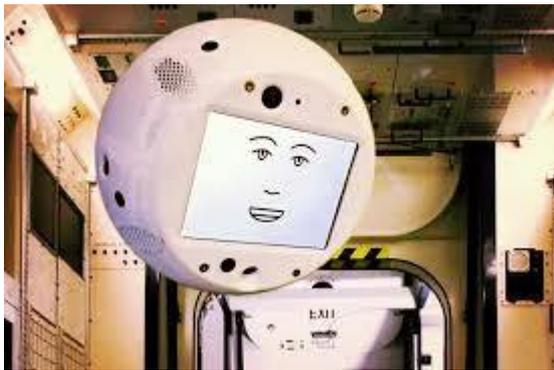


## Update for the day #455 | CIMON – Flying Robot

**“The best way to predict future is to invent it”**

**Meet CIMON, the 1st Robot with Artificial Intelligence to Fly in Space.**

A small robot named CIMON (short for "Crew Interactive Mobile Companion"), CIMON is the first robot with artificial intelligence ever to fly to space.



A beautiful space-exploration friendship between human and machine has just begun.

On 29 June 2018 a small robot endowed with artificial intelligence (AI) launched to the International Space Station aboard SpaceX's Dragon cargo capsule. No other AI-equipped machine has ever flown to space before.

The mission of the bantam astronaut assistant — known as CIMON, short for "Crew Interactive Mobile companiON" — is relatively short and modest. But its work off-Earth could help pave the way for some pretty big things, according to NASA officials.

“Having AI — having that knowledge base and the ability to tap into it in a way that's useful for the task that you're doing — is really critical for having humans further and further away from the planet," Kirk Shireman, NASA's International Space Station (ISS) program manager.

He added “We have to have autonomy; we'll have to have tools like this to have the species successfully live far away from Earth.

A smart flying sphere:

CIMON was developed by the European aerospace company Airbus on behalf of the German space agency, which is known by its German acronym, DLR. The robot's AI is IBM's famous Watson system.

CIMON is roughly spherical and weighs 11 lbs. (5 kilograms). The robot can converse with people, and it knows whom it's talking to thanks to facial-recognition software. (CIMON has a face of its own — a simple cartoon one.) The astronaut assistant is also mobile; once aboard the ISS, CIMON will be able to fly around, by sucking air in and expelling it through special tubes.

Astronauts will experiment with crystals, work together to solve the Rubik's cube and perform a complex medical experiment using CIMON as an 'intelligent' flying camera.

CIMON will be able to access lots of relevant information, including photos and videos, about the procedure in question. And the astronaut assistant is smart enough to deal with.

A step towards the future:

CIMON's mission is a technology demonstration designed to show researchers how humans and machines can interact and collaborate in the space environment. It'll be a while before intelligent robots are ready to do any really heavy lifting in the final frontier — say, helping astronauts repair damaged spacecraft systems or treating sick crew members. But that day is probably coming.

"If you go out to the moon or to Mars, you cannot take all mankind and engineers with you so, the astronauts, they will be on their own. But with an artificial intelligence, you have instantly all the knowledge of mankind."

Christian Karrasch, CIMON Project Manager at the German Aerospace Center Space Administration. He looks back on the past few months: "CIMON is a technology demonstration that has completely met our expectations. During its initial operation in space - a 90-minute mission with the German ESA astronaut Alexander Gerst on the ISS in November 2018 - it showed that it functions well in micro-gravity conditions and can interact successfully with astronauts. We are very proud to have been the first to use AI on the Space Station and have been working for several months on an improved successor model. With CIMON, we were able to lay the foundations for human assistance systems in space to support astronauts in their tasks and perhaps, in the future, to take over some of their work."

The new CIMON - like its predecessor - will be built by Airbus in Friedrichshafen and Bremen on behalf of the DLR Space Administration with funds from the German Federal Ministry of Economic Affairs and Energy. Airbus in Friedrichshafen has assembled and tested the new CIMON hardware. Airbus in Bremen is working on improving the software for flight and attitude control, while IBM is implementing new functions for the AI. Till Eisenberg, CIMON Project Manager at Airbus says: "Overall, there are several upgrades such as better microphones, a more robust computer, improved flight and attitude control, and new software features for conversation, such as speech recognition, call history and intent analysis."

In 2018, the CIMON project won the US 'Popular Science Award' in the category 'Best of What's New in 2018' for space. Airbus was also awarded the 'German Innovation Award 2019' in the category 'Large Enterprises'.

### **Nikhil Habib**



## Update for the day #456 | Mars Orbiter Mission (Mangalyaan)

First off, let us all congratulate ISRO and all the scientists that are part of Chandrayaan -2. Success is just around the corner and let us all wish them luck.

Today, let us learn about one of such success stories of ISRO, Mangalyaan a.k.a Mars Orbiter Mission.

India successfully launched Mars Orbiter Mission (MOM) into Martian orbit to become the first country in the world to achieve success in its maiden attempt.

India's first interplanetary spacecraft, Mars Orbiter was launched on November 05, 2013 at 14:38 hrs (IST), by India's Polar Satellite Launch Vehicle PSLV-C25, from Satish Dhawan Space Centre.

On September 24, 2019, the Indian Space Research Organisation's Mars Orbiter Mission (MoM) will have been orbiting the Red Planet for exactly five years: 10 times its original designed mission life of 6 months! It will be yet another distinction for the little 1337-kg spacecraft that was built and launched, all within a span of 18 months, in November 2013, and which then went on to become the first-ever Mars mission to be successful on debut.

The MoM is also hailed as an example of frugal engineering: the \$74-million spacecraft made it to Mars at a fraction of the production budget of many Hollywood space movies. For all these reasons, Mangalyaan, as the mission is popularly known, is considered a massive success by space aficionados.

### **Why did ISRO choose Mars for its first interplanetary mission?**

Mars and Venus are our closest planetary neighbours in space. Of the two, Mars is more scientifically interesting, particularly since there are hints of water on it. You could send a mission to Venus [ISRO is actually planning a Venus mission, possibly in 2023], but the planet's sulphuric acid clouds would prevent a clear view of the surface. One of ISRO's primary goals was to enhance its long-term scientific understanding of Mars, and that's what the Mars Orbiter Mission is all about.

### **What challenges would ISRO have dealt with**

Someone at NASA once used a golfing analogy to answer a similar question. They said a successful mission is like putting the ball into the hole with your first swing—except that the hole is thousands of miles away. That's how it would have been with the MoM as well. Many things had to go just right: the boosters had to fire at the right time, the steering had to be accurate, and the spacecraft's antenna had to be pointed directly at Earth. One slip, and all would have been lost.

When we were younger, we had used to have ignition trouble in winter. So we used to start and warm it up daily, else the engine just wouldn't respond. Now imagine powering up a spacecraft after it has spent months hibernating in deep space. During the Mars orbit injection, the MoM was autonomous; all the manoeuvres had been pre-programmed. Scientists couldn't even see or control the spacecraft in real time, since even light takes nearly 20 minutes to travel from there to Earth.

Given all this, the fact that ISRO succeeded the first time when other countries have failed so many times over the decades is a remarkable achievement.

### **What are some of the ‘firsts’ that Mangalyaan achieved?**

At a global level, it was the first time a space agency had attained success on its first Mars mission. Also from ISRO’s point of view, it was the farthest they had navigated a spacecraft. It also marked a big success for the Indian Deep Space Network (ISDN) which is tracking the mission

### **What significant facts or information has the MoM sent back so far?**

ISRO has said that MoM was the first human satellite to send back full disc of Mars in one view frame and also image the far side of Deimos(Moon). However, ISRO has been putting data obtained from MoM’s five payloads about Mars’ atmosphere, geology, mineralogy, etc. in public for registered users, and a number of peer-reviewed publications have been written about it.

### **What are conditions on Mars like?**

Mars’ atmosphere is thin and there’s too much carbon dioxide in the air for humans to safely breathe it. Mars also has crazy global dust storms that last for months. It was one such storm in June 2018 that caused the solar battery on NASA Opportunity rover to drain out, ending its mission. In addition, gravity on Mars is about 62% lower than Earth, due to its smaller size and density. This means that even if you create an artificial atmosphere near the surface to make life easier for humans, it won’t stay there because of the low gravity. Hence, if humans are to live there, they will most probably do so within high-pressure domes.

This is just a general information about MoM. If you’re interested to know more, here is the detailed documentary on it filmed by Nat Geo.

<https://www.hotstar.com/movies/mangalyaan-indias-mission-to-mars/1770005017>

Sri Ganesh



## Update for the day #457 | Employee Burnout : How to handle it ?

This article is divided into **two parts**, the *first part* looks into how the employee burnout is happening and how to tackle it using leadership and *the second part* of the article accepts that burning out is inevitable and gives a smooth ride for employees in handling it. Tackling the burnout is only related to the **huge organisations** that expect the best employees, and these best employees look forward to get a consumer-like experience. Apart from those big organisations where the work is not much related to innovation, there comes in the second part of the article which guides the managers and employees to take up the task of taking a free ride through the burnout and stressful situations.

When it comes to working conditions, we've come a long way in the past 100 years and not just in the wealthiest countries. Global unemployment rates have been down since the 2008 financial crisis, and the number of new jobs created by technological disruption exceeds the number of old jobs that are automated. Yes, there are still ghastly sweatshops, windowless call centers, and asbestos-ridden factories. But, for the most part, there has arguably never been a better time in history to be employed, and it has also never been easier.

In this industrialized world, most employees desire consumer-like experiences. Stable jobs that pay well and give recognition are no longer enough. People want meaning and purpose, a sense of calling, and jobs that are crafted to their unique personalities. They want flexibility, fair compensation, tasks that stimulate, and perhaps most of all, they want to feel safe showing their "authentic selves." Top employers know that they must cater to these significant expectations to be a serious competitor in the war for talent.

Millions of employees around the world suffer the consequences of *bad leadership*, including burnout, alienation, and decreased mental and physical well-being. This is particularly true when managers practice abusive behaviors, but at times, it's their sheer incompetence that demotivates, demoralizes, and stresses out their teams. Lacking technical expertise, having no clue how to give or receive feedback, failing to understand potential, or a general inability to evaluate their subordinates' performance, are just some of the common signs of incompetence.

Organizations therefore need to ensure that their workforce doesn't over-index in EQ or emotional stability. If you mostly recruit people who are dispositionally happy and cheerful as opposed to analytical and honest, it will be harder for you to detect problems with your leadership. Sure, this profile will generally be associated with higher levels of well-being, but it will also mask underlying leadership issues that need to be fixed. It is a bit like only reading customer reviews from your most lenient, positive, and friendly customers: just because they are polite or have low standards doesn't mean you are doing a great job.

If companies are really interested in boosting their workforce's well-being, they should spend less time and money worrying about perks like office layout, team off-sites, and organic snacks, and more time ensuring that their employees are not traumatized by toxic or mediocre leaders. To provide a stress-free work environment, they need to hire competent leaders. Finding the right person may take more time, but the pay off will be worth the investment for employees and for the organization at large.

Now comes the *second part of the article* on how to handle the burnout especially for **startups and mediocre organisations**.

Employees who can successfully navigate tensions tend to flourish at work, and feel a sense of equilibrium. They get the distinct sense that they have the right mix of values, that they can work in a way that fits their unique style and preferences. They tend to find work engaging and perhaps even more important, meaningful. Perhaps the most common theme among happy employees is agency. Employees who feel empowered to make changes, to choose a unique working style, tend to navigate tensions successfully. Rather than feeling boxed in, they can re-calibrate and adapt as their life or circumstances change. This agency can manifest itself in three different areas. Those three areas are policy, tools, culture.

It's worth considering whether company policies empower employees, versus simply giving the organization power over them. A good policy helps an employee in a sticky situation (i.e. how to privately report harassment), or provide clarity in the midst of confusion (i.e. what to do during a crisis). Meanwhile, some policies simply limit employees in order to keep everyone in line. When policies can focus on "power with" rather than "power over," employees feel protected without being limited.

With the number of workplace tools growing everyday, it becomes all the more important to keep the human in mind. Machines have, and will continue to, make work better. But when humans feel cut out entirely, when the processes start to resemble a sterile lab or assembly line, employees begin to feel anxious and resentful. When implementing new technology, it pays to consider how people . That being said, what happens when employees still can't quite find equilibrium, despite their best efforts to navigate tensions across policies, tools, and culture? It is found that employees are more likely to accept slight imbalances when they find purpose in their work, like helping others or contributing to society. But even when a company's contribution to the greater good is more opaque, employees are similarly motivated by a sense of purposefulness i.e a feeling that everything they do.

### Going forward

If employees can find agency when it comes to policies, tools, and culture, and to feel a sense of purposefulness, we stand a much better chance of winding up somewhere better than where we started. In the end, the problem isn't necessarily with productivity itself, but the way we've tricked ourselves into a "more work, faster," mindset. Perhaps we should focus less on volume and speed and more on successfully navigating workplace tensions. If employees can find equilibrium in their work, maybe we can actually get to the outcomes and the impact we've been looking for—both for employees and companies alike.

**After all the start ups and mediocre organisations need to push through the stressful situations to prove their existence and it's all with the potential leader leading the organisation to keep up the morale of the employees.**

Ashrith A R K



## Update for the day #458 | Volkswagen Scandal

The **Volkswagen Group** with its headquarters in Wolfsburg, Germany is one of the world's leading manufacturers of automobiles and commercial vehicles. Volkswagen ("People's Car" in German) was founded in the year 1937, under the rule and support of Adolf Hitler. Volkswagen was the second biggest car manufacturer in 2014 until things went wrong for it in 2015.



### **But what went wrong to Volkswagen in 2014 & 2015?**

The International Council on Clean Transportation performed independent – and crucially on-road emissions test on 3 Diesel cars Volkswagen Passat, Volkswagen Jetta and BMW X5 in early 2014 using portable emission measurement system. While the emissions of BMW were at or below the standards, Jetta exceeded US emissions limits "by a factor of 15 to 35" while the Passat exceeded the limit "by a factor of 5 to 20. When ICCT ran further tests on Dynamometer, the cars passed with flying colours. It was at this point that the ICCT contacted the US Environmental Protection Agency (EPA) and California Air Resources Board.

On 18 September 2015, the US EPA served a Notice of Violation (NOV) on Volkswagen Group alleging that approximately 480,000 Volkswagen and Audi automobiles equipped with 2-litre TDI engines, and sold in the US between 2009 and 2015, had an emissions-compliance "defeat device" installed. The EPA's NOV alleged that under normal driving conditions, the software suppressed the emissions controls, allowing better fuel economy, at the expense of emitting up to 40 times more nitrogen oxides than allowed by law.

According to the EPA, Volkswagen had insisted for a year before the outbreak of the scandal that discrepancies were mere technical glitches. Volkswagen only fully acknowledged that they had manipulated the vehicle emission tests after being confronted with evidence regarding the "defeat device" and a threat from EPA to withhold approval for the company's 2016 Volkswagen and Audi diesel models.

Formal acknowledgement of the deception was made by Volkswagen executives in Germany and the United States to EPA and California officials during a 3 September. Volkswagen's CEO Martin Winterkorn, from the start of 2008 to September 2015, resigned as CEO on 23 September 2015. Volkswagen announced that 11 million cars were involved in the falsified emission reports, and that over seven billion dollars would be earmarked to deal with the costs of rectifying the software at the heart of the pollution statements.

**Technicalities of the “Defeat Device”:**

Volkswagen had intentionally programmed turbocharged direct injection (TDI) diesel engines to activate their emissions controls only during laboratory emissions testing which caused the vehicles' Nitrogen Oxide output to meet US standards during regulatory testing, but emit up to 40 times more Nitrogen Oxide in real-world driving. In simple terms – Volkswagen had been cheating in emission tests by making its cars appear far less polluting than they are. The defeat device used to achieve this was a programme in the engine's software that lets car perceive if it is being driven under test conditions – and only then pull out all the anti-pollution stops. Diesel engines are known to give fuel economy. But the allegedly used so called “Defeat device” works by turning on emission control (that requires more fuel consumption) only when undergoing emissions testing, but not when the car is actually being driven normally and pollution is at its peaks. This ensured fuel economy during normal operations but emitted Nitrogen Oxides up to 40 times the standards.

**Repercussions of the Scandal:**

27 October 2015, the European Parliament voted a resolution urging the bloc to establish a federal authority to oversee car-emissions, following reports in the press that top EU environmental officials had warned, since early 2013, that manufacturers are tweaking vehicles to perform better in the lab than on the road. The resolution urged for tougher emissions tests to be fully implemented in 2017, instead of being phased in between 2017–2019, as had been originally planned. However, the European Commission proceeded with passing legislation that allowed the car industry an extra year before having to comply with the newer regulation.

On 21 September 2015, the first day of trading after the EPA's Notice of Violation to Volkswagen became public, share prices of Volkswagen AG fell 20 percent on the Frankfurt Stock Exchange and further down to 10.5% on 23, September 2015. Share prices of other German automakers were also affected, with BMW down 4.9 percent and Daimler down 5.8%.

The US sale of Volkswagen was 23,882 vehicles in November 2015, a 24.7 percent decline from November 2014. However, in Great Britain, the scandal did not affect sales, which increased in 2016 to an all-point high, placing Volkswagen second in the league of best-selling cars.

Industry Consequences were that some car manufacturers worried diesel cars would become significantly more expensive when re-engineered to comply with new emissions regulations as a result of the Volkswagen disclosures, to the point that diesel cars may not be competitive. Industry-wide, small diesel engines began being replaced by bigger ones, and electric car sales rose. On 16 June 2016, Volkswagen announced plans to make major investments into the production of electric vehicles. In November 2016, Volkswagen and its labour unions agreed to reduce the workforce by 30,000 people until 2021 as a result of the costs from the violations.

**Aishwarya R Bhat**

## Update for the day #459 | Blue Origin

### BLUE ORIGIN



Blue Origin founder Jeff Bezos has been interested in space from an early age. A profile published in 2013 described a 1982 Miami Herald interview Bezos gave after he was named valedictorian of his high school class. The 18-year-old Bezos said he wanted "to build space hotels, amusement parks and colonies for 2 million or 3 million people who would be in orbit. 'The whole idea is to preserve the earth' he told the newspaper ... The goal was to be able to evacuate humans. The planet would become a park."

Blue Origin was founded in 2000 in Kent, Washington, and began developing both rocket propulsion systems and launch vehicles. Since the founding, the company was very secretive about its plans and emerged from its "self-imposed silence" only after 2015. While the company was formally incorporated in 2000, its existence became public only in 2003, when Bezos began buying land in Texas, and interested parties followed up on the purchases.

In July 2013, the company employed approximately 250 people. By May 2015, they had grown to approximately 400 employees, with 350 of those working on engineering, manufacturing and business operations in the Kent location and approximately 50 in Texas supporting the engine-test and suborbital test-flight facility. By April 2017, the company had more than 1000 employees. In August 2018, the company was more than 1500 employees, more than double the number in early 2016, and stated that they expected that "to double again by the time New Glenn is flying." In April 2019, Blue had more than 2000 employees, with plans to have more than 2600 by the end of 2019.

As of 2016, Blue Origin was spending US\$1 billion a year, funded by Jeff Bezos' sales of Amazon stock. In both 2017, and again in 2018, Bezos made public statements that he intends to fund Blue Origin with US\$1 billion per year from sales of his equity in Amazon.

Blue Origin, LLC is an American privately funded aerospace manufacturer and sub-orbital spaceflight services company headquartered in Kent, Washington. The company is led by CEO Bob Smith and is developing technologies to enable private human access to space with the goal to dramatically lower costs and increase reliability. Blue Origin is employing an incremental approach from suborbital to orbital flight, with each developmental step building on its prior work. The company motto is *Gradatim Ferociter*, Latin for "Step by Step, Ferociously"

Blue Origin is developing a variety of technologies, with a focus on rocket-powered vertical take-off and vertical landing (VTVL) vehicles for access to suborbital and orbital space. The company's name refers to the blue planet, Earth, as the point of origin.

Blue Origin moved into the orbital spaceflight technology business in 2014, initially as a rocket engine supplier for others via a contractual agreement to build a new large rocket engine, the BE-4, for major US launch system operator United Launch Alliance (ULA). By 2015, Blue Origin had announced plans to also manufacture and fly its own orbital launch vehicle from the Florida Space Coast, known as the New Glenn. BE-4 had been expected to complete engine qualification testing by late 2018, but the test program continued into 2019.

In May 2019, Jeff Bezos unveiled Blue Origin's vision for space and plans for a moon lander known as "Blue Moon", set to be ready by 2024.

Blue Origin has a development facility near Seattle, Washington, and an operational launch facility in West Texas, where they also test rocket engines. Blue Origin has continued to expand its Seattle-area office and rocket production facilities in 2016—purchasing an adjacent 11,000 m<sup>2</sup> (120,000 sq. ft)-building—and 2017, with permits filed to build a new 21,900 m<sup>2</sup> (236,000 sq. ft) warehouse complex and an additional 9,560 m<sup>2</sup> (102,900 sq. ft) of office space.

Blue Origin manufactures rocket engines, launch vehicles, and space capsules in Washington. Its largest engine – BE-4 – will be produced at a new manufacturing facility currently being built in Alabama, announced in 2017 but with ground-breaking occurring only in January 2019. In 2017, Blue Origin established a manufacturing facility for launch vehicles in Florida near where they will launch New Glenn from the Cape Canaveral Air Force Station, after initiating design and construction in 2015.

### **Blue Origin's reusable New Shepard suborbital system**

Blue Origin is a rocket-making company, and for now, it makes rockets that can reach space, but not orbit the Earth. That makes them ideal to take astronauts and research payloads past the internationally recognised boundary of space. A 60-foot. reusable sub-orbital rocket, New Shepard (named after Mercury astronaut Alan Shepard, the first American to go to space) is powered by a BE-3PM rocket engine. First flown in April 2015, New Shepard launches from a conventional launchpad, and a 12 ft. diameter crew capsule detaches and travels past the Kármán Line (62 miles/100km). It then parachutes back to Earth to be refurbished and reused.

It's important to appreciate that Blue Origin, as well as SpaceX and even Virgin Galactic, are not specifically space tourism companies, but it's probably going to be a good way to raise revenue for their bigger, off-planet ambitions. So far Blue Origin has only sent 'Mannequin Skywalker' into space in New Shepard, but it has big and advanced plans for human spaceflight. In fact, its crew capsule is custom-made for observing Earth, with 43x29-inch windows alongside six reclining leather chairs. Blue Origin now looks to be close to going live on space tourism after 10 missions, including a successful escape test in July 2018, when it fired the crew capsule escape motor at the highest altitude ever.

### What will Blue Origin astronauts experience?



The 11-minute Blue Origin trip to the edge of space is going to be something akin to what Apollo astronauts experienced in the 1960s and 1970s on their missions to the moon. Six paying passengers will sit in the crew capsule on top of a New Shepard rocket. After a vertical launch, the engines will burn for two-and-a-half minutes and reach three times the speed of sound before the rockets and crew capsule detach from one another.

Those six passengers will keep going until they reach space, where they will enjoy three minutes of weightlessness while looking at the curvature of the Earth from space. They will then plummet to Earth before parachutes unfurl to take them slowly and safely back to the surface.

### Commercial Contracts:

A secretive, privately funded research company with only a few small development contracts from NASA, Blue Origin is fully now out in the open, pitching for and winning large commercial contracts in the rocket launch business. That's a big deal for a company that needs to rapidly grow if it's going to achieve its goal of dramatically lowering launch costs.

In January 2019 it also worked under NASA's Flight Opportunities program, taking a cabin full of NASA payloads to space on its New Shepard mission (NS-10). In August 2018 Blue Origin signed a \$10 million (about £8 million, AU\$14 million) contract with NASA on developing a system for landing on the moon. Blue Origin will work on cryogenic liquid propulsion for a lunar lander-scaled integrated propulsion system; it could eventually mean a Blue Origin moon landing.

Blue Origin has also snagged a \$500 million (about £400 million, AU\$700 million) contract to develop its next-generation New Glenn rocket for the US Air Force. And in a further boost for development costs, two of its BE-4 rocket engines, now being designed for New Glenn, have been selected to power United Launch Alliance's upcoming Vulcan rocket, due to fly in 2021.

### Adarsh S



## Update for the day #460 | Reverse merger and its benefits

A reverse merger is a merger in which a private company becomes a public company by acquiring it. Reverse mergers are typically through a simpler, shorter, and less expensive process than that of a conventional initial public offering (IPO), in which private companies hire an investment bank to underwrite and issue shares of the new soon-to-be public entity.

### **ADVANTAGES OF A REVERSE MERGER**

#### **Access to capital markets**

A reverse merger enables a private company to access the public capital markets in a relatively short time-frame. Becoming a public company increases the visibility of the business within the investment community.

#### **Lower Costs**

Going public through a reverse merger allows a private company to go public typically at a lower cost and with less stock dilution than through an IPO. The transaction costs are much lower in a reverse merger than in an IPO for the following reasons:

- The private company does not typically require underwriters or broker-dealers to execute the transaction. These services are costly during a traditional IPO process.
- There is no road show. Therefore, all the costs associated with a road show including hiring advisors to prepare the business for the strict pre-IPO examination process, preparing a prospectus, and travel & entertainment expenses are absent.

#### **Liquidity**

Shares of privately-held businesses are highly illiquid. Hence going public is the Holy Grail for most entrepreneurs. The shareholders of the private company give their illiquid shares in return for the liquid shares of the publicly-traded company.

Liquid stock provides more options when planning to offer compensation packages to key employees.

In addition, through a reverse merger, there can often be less dilution of ownership control for the private company's shareholders.

#### **Higher Profile and Visibility**

A private company can raise its profile and credibility by going public. It may become much easier to attract, incentivize, and retain talent with creative stock option plans.

The availability of company information disseminated in the public domain may attract press coverage that was previously unavailable as a private entity.

### **Acquisition Capital**

The new public company's stock can be used to make acquisitions of other businesses.

For technology companies that want to grow fast, acquiring talent, technology, or even entire businesses is vital.

### **Minimizes Risk**

Undergoing the conventional IPO process does not guarantee that the company will ultimately go public. Managers can spend hundreds of hours planning for a traditional IPO. But if stock market conditions become unfavorable to the proposed offering, the deal may be cancelled, and all of those hours will have become a wasted effort. Pursuing a reverse merger minimizes this risk.

### **Less Dependent on Market Conditions**

As the reverse merger is solely a mechanism to convert a private company into a public entity, the process is less dependent on market conditions (because the company is not proposing to raise capital). Since a reverse merger functions solely as a conversion mechanism, market conditions have little bearing on the offering. Rather, the process is undertaken in order to attempt to realize the benefits of being a public entity.

### **Conclusion**

Such a merger has become a popular mode of business restructuring. It not only benefits the company but also the shareholders. It results in efficient use of available resources and safeguards the interest of different stakeholders. This merger adds value to the business and enhances its future sustainability helping unlock tremendous business value

### **Namratha L R**



## Update for the day #461 | Alibaba CEO Retire!

The founder and CEO of Alibaba retired on Tuesday, let us know more about him.

Jack Ma is the founder of the E-commerce giant Alibaba and is a stakeholder at Alipay, it's sister company which is an e-payment portal. He is now officially the **richest man in China** with an estimated **net worth of \$25 Billion**, on the back of the recent world record \$150 Billion IPO filing of his company. Given all of this, Jack Ma only holds a 7.8% stake in Alibaba and a 50% stake in Alipay. Alibaba and Jack Ma, although are not household names out of China, you must know that **Alibaba is worth more than Facebook, and processes goods more than eBay and Amazon combined!**

In his early childhood, Jack Ma Failed in his Primary School examinations, not once, but Twice! **He Failed Thrice during his Middle School exams.** When applying to universities after his High school, Jack failed the entrance exams thrice, before finally joining Hangzhou Normal University. He even applied and wrote to Harvard University ten times about being admitted – and got rejected each time. This was only during his education!

During and after his Bachelor's degree Jack tried and failed to get a job at a multitude of places. After spending three years to get into a University, **Jack failed to land a job** after applying to them 30 times! He recollects in his interview, “When KFC came to China, 24 people went for the job. Twenty-three people were accepted. I was the only guy who wasn't.” He also one of the 5 applicants to a job in Police force and was the only one getting rejected after being told, “No, you're no good.”

Also, on his Entrepreneurial undertakings, Jack Ma went on to fail on two of his initial ventures. But that didn't stop him in any way of dreaming bigger.

### **Down, but not Out!**

In one of his interviews, when asked about his rejections, this is what he had to say, “**Well, I think we have to get used to it. We're not that good.**” Overcoming the pain of rejections and treating rejections as opportunities to learn and grow was what Jack Ma made of it.

After finally coming to terms with all of his rejections and failures, Jack Ma visited US in 1995, for a Government undertaking project related to the building of highways. It was then that Jack Ma was first introduced to the Internet and Computers. Computers were pretty rare in China then, given the high costs associated with them and Internet or E-mails were non-existent. The first word he searched on the Mosaic browser was 'Beer', and it popped out results from different countries, but no signs of China anywhere. He then searched 'China' and not a single result popped out! He decided it was time for China and its people to get on the Internet.

Finally, **after persuading 17 of his other friends to invest and join him in his new e-commerce start up – Alibaba**, the company began from his apartment. Initially, Alibaba didn't had a single penny in investment from outside investors, but they later raised \$20 Million from SoftBank and another \$5 Million from Goldman Sachs in 1999. Building trust among the people of China that an online system of payment and package transfers is safe was the biggest challenge Jack Ma and Alibaba faced, a challenge that Jack will cherish for his lifetime.

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Having started **his first successful company at the age of 31** and even after never having written a single line of code or selling something to anyone, Jack Ma runs one of the biggest E-commerce networks in the world. The company went on to grow rapidly, expanding all across the world, quickly growing out of its China shell. Only second to Walmart now in terms of sales per year, Alibaba has become the E-commerce giant that Jack Ma has envisioned for it.

### Some of His Famous Quotes

Believing in yourself, Being Persistent in the face of adversities and treating rejections and failures as opportunities to propel yourselves ahead is what Jack Ma's extraordinary life speaks out to the world. Here are some of my favorite quotes by **Jack Ma**:

Never give up. Today is hard, tomorrow will be worse, but the day after tomorrow will be sunshine.  
-**Jack Ma**

You should learn from your competitor, but never copy. Copy, and you die. **Jack Ma**

### Shashank K E





## Update for the day #462 | New GST Return System

“Yeah, everything is beautiful. We keep moving forward, opening new doors, and doing new things, because we're curious and curiosity keeps leading us down to new paths. Don't let fear or insecurity stop you from trying new things. Believe in yourself.”

We are seeing that there are lot of reforms being taking place in economy to have data visibility and to achieve objective of ease of doing business. In this regard Government is taking a bold step in introducing New GST Returns.

In my today's update I am bringing you a gist of basics of New GST Return system and a comparative analysis of existing returns with New Returns.

### 1. What is the New GST Return System?

In the 31st GST Council Meet, it was decided that a New Return System under GST would be introduced for taxpayers. This return system will contain simplified return forms. Under this New Return System, there will be one main return “GST RET-1” and 2 annexures “GST ANX-1” and “GST ANX-2”. This return needs to be filed on a monthly basis, except for small taxpayers who can opt to file the same quarterly. Small taxpayers are taxpayers with a turnover up to Rs 5 crore in the preceding financial year.

### 2. Forms to be filed under the New GST Return System:

The main return GST RET-1 will contain summary of supplies made, input tax credit availed, and the payment of taxes, along with interest, if any. This return will contain two annexure forms namely GST ANX-1, GST ANX-2 and payment challan GST PMT-08.

**GST ANX-1** (Annexure of Supplies) is for reporting details of

All outward supplies, inward supplies liable to reverse charge, and import of goods and services, that will need to be reported invoice-wise (except for B2C supplies) on a real-time basis.

**GST ANX-2** (Annexure of Inward Supplies)

Will report details of all inward supplies. Most of these details will be auto-drafted from the details uploaded by the suppliers in their GST ANX-1. The recipient of supplies will be able to take action on these auto-drafted documents, which will be available to them on a real-time basis.

**GST PMT-08** (Payment Challan)

Taxpayers opting to file the return on quarterly basis have to make payment on monthly basis on the supplies made during the month.

### 3. New terms introduced under New GST Returns:

There are several terms introduced in the new return system, with regard to the [upload of invoices](#)–

- **Missing invoices**
- **Locking of invoices**
- **Unlocking of the invoices**
- **Pending invoices**
- **Rejected invoices**

### 4. Differences between Current Vs New GST Return Systems

Old Return-filing System	New Simplified Return System
Multiple return forms to be filed depending on the category of taxpayers, such as – <a href="#">GSTR-1</a> and GSTR-3B	A single simplified main return form GST RET-1 containing 2 annexures GST ANX-1 and GST ANX-2 to be filed by all categories of taxpayers
Revenue invoices can be uploaded only at the time of filing of returns of outward supplies	A mechanism for the continuous upload of revenue invoices on a real-time basis
Input tax credit could be claimed on a self-declaration basis	Input tax credit can be claimed based on invoices uploaded by the supplier which have to be accepted in GST ANX-2 if the same has not been accepted by the due date it gets auto-accepted
Missing invoices and amendments, if any, could only be made in the return of the following tax period.	Missing invoices and amendments, if any, can be made by filing an Amendment Return.

### 5. Transition plan to the New GST Return System:

The New GST Return System has been launched on a trial basis from July 2019, and the full-fledged system is planned to be put in place for October 2019 return onwards. This transition plan will be carried out in a phased manner. The trial phase will be for users to familiarize themselves with the annexure forms of the new return system. From July-19 to September-19, during the trial phase, taxpayers will continue to file their GSTR-1 and GSTR-3B returns as per the current system in place.

- From October 2019, GST ANX-1 will need to be filed by large taxpayers, which will replace the GSTR-1 return. However, GSTR-3B will still need to be filed up to November 2019.

- In the case of small taxpayers. they will need to pay taxes using PMT-08, which will replace their GSTR-3B return.
- From December 2019, large taxpayers will have to start filing GST RET-01, the main return under the new return system. For small taxpayers, their first GST RET-01 will need to be filed for the quarter of October-December 2019.

#### **6. Important dates under New Return System:**

- GST ANX-1 shall be filled within 17<sup>th</sup> of following month for monthly return filers and 22<sup>nd</sup> of following month for quarterly return filers.
- Due date for filing GST RET-1 is 20<sup>th</sup> of following month for monthly return filers and 25<sup>th</sup> of following month for quarterly return filers.

#### **7. Important Changes introduced in the New GST Return System:**

These are some of the changes introduced in the new return system-

- Harmonized System of Nomenclature (HSN) code will be needed in order to submit details at a document level (on the basis of turnover) versus a separate HSN summary.
- A user will also get HSN via his GST ANX-2, wherever a supplier was supposed to declare the HSN code.
- Outward supplies, liable to reverse charge mechanism need not be shown by the supplier in the GST ANX-1, however, the aggregate figure will need to be shown in GST RET-1.
- Inward supplies which are liable to RCM shall be declared in GST ANX-1 at the GSTIN level, by the recipient of supplies.
- The concept of B2C-L and B2C-S has been removed. The turnover limit for quarterly filers (small taxpayers) will be considered as Rs 5 crore versus the present limit of Rs 1.5 crore.

A recipient can report missing invoices at an invoice level.

#### **8. Input Tax Credit (ITC) under the New GST Return System:**

Availing of ITC will depend on uploading of invoices or debit notes by the supplier, within the stipulated time frame. An invoice uploaded by the supplier within the 10th of the following month will be visible continuously for the recipient. The taxes payable thereafter which can be claimed as ITC will be posted in the GST ANX-2 of the recipient before the 11th of the following month. These invoices will be available for availing ITC in the return which is filed by the recipient. Invoices that are uploaded by the supplier after the 10th of the following month will get posted in the concerned field of the recipient's return of the subsequent month.

9. **Below is the summarized tabulation of New GST Return Forms:**

S. No.	Particulars	Normal (GST RET-1)	Sahaj (GST RET-2)	Sugam (GST RET-3)
1.	Periodicity of Return	Quarterly or monthly	Quarterly	Quarterly
2.	Aggregate Turnover	More than 5 Crore-mandatory, Up to 5 Crore -optional	Up to 5 Crore-Optional	Up to 5 Crore-Optional
3.	Type of Outward Supply			
	-B2B	Yes	No	Yes
	-B2C	Yes	Yes	Yes
	-Exports	Yes	No	No
	-SEZ units/developers	Yes	No	No
	-Deemed Exports	Yes	No	No
	-Supply to E-Commerce Operators	Yes	No	No
	-Nil Rated, Exempted or Non-GST	Yes	Yes (even without declaration)	Yes (even without declaration)
4.	Type of Inward Supply			
	-RCM	Yes	Yes	Yes
	-Import of Services	Yes	No	No
	-Import of Goods	Yes	No	No
	-Import of Goods from SEZ	Yes	No	No
5.	The credit of Missing Invoices Available	Yes	No	No
6.	ISD Credits Received	Yes	No	No
7.	HSN Code (6 Digits) on the basis of Annual Aggregate Turnover	T/o > 5 crores, in relation to exports, imports and SEZ supplies, mandatory; T/o <5 crore or equals to 5 crores then optional.	Optional	Optional

**10. Structure of New GST Return:**

S.No.	Name	Description
1.	FORM GST ANX-1	Annexure of outward supplies and inward supplies attracting reverse charge
2.	FORM GST ANX-2	Annexure of inward supplies
3.	FORM GST RET-01/02/03	Monthly/Quarterly return
4.	FORM GST ANX- 1A	Amendment to FORM GST ANX-1
5.	FORM GST RET-1A/2A/3A	Amendment to FORM GST RET-01/02/03
6.	FORM GST PMT-08	Payment of Self-assessed tax

Let us appreciate the efforts put in by Government for bringing out the New GST Returns for the timely compliance with less resources and time and to curb the illicit availment of GST Credit.

**Nikhil Habib**



Update for the day #463 | Make-a-wish



### Make-A-Wish

***“Wishes make life better for kids with life-threatening medical conditions. This simple, but powerful belief drives Make-A-Wish.”***

The creation of Make-A-Wish was inspired in the U.S. in 1980 by the fulfillment of a wish of a 7-year-old boy with leukemia named Chris Greicius, who wished to be a police officer. His mother, several friends and a group of police officers, with the cooperation of the Arizona Department of Public Safety, granted his wish with a custom-made uniform, helmet, badge, and helicopter ride! After the wish, those involved were inspired and eager to bring that same hope, strength and joy they saw as a result of Chris’ wish, to more children. Their simple idea has led to the continued growth of the world’s largest wish-granting organization, now operating in nearly 50 countries.



In India, the non-profit organization registered on 10th March 1995 and started granting wishes in 1996 and since then they have fulfilled over 39,243 (as on 31st December 2015) wishes across 11 divisions in India. They have a goal of fulfilling 75,000 wishes by 2020. The Foundation is dedicated to granting the most cherished wishes of children between the ages of 3 and 18 years, living with life-threatening illnesses, irrespective of their socio-economic status, caste, race or religion.



## The Mission

*“Together, we create life changing wishes for children with critical illnesses” — Make-A-Wish*

## The Process

A child with a critical condition, who has reached the age of 2.5 and is under the age of 18 can be referred by one of the following three sources:

- Medical professionals treating the child.
- A parent or legal guardian.
- The potential wish child.

To refer a child, any of the above can use Make-A-Wish’s online inquiry form or contact the Make-A-Wish branch close to them. All medical information is kept confidential unless it is required for the wish and the child’s parent or guardian have given their consent.

Make-A-Wish works closely with the wish child’s physician and family to determine the most appropriate time to grant the wish, keeping in mind the child’s treatment protocol or other concerns.

Most wish requests fall into five categories: I wish to go, I wish to be, I wish to meet, I wish to have, or I wish to give.

## The Impact/Result

### **Power of a Wish**

For children battling life-threatening illnesses, the joys of childhood are replaced with a daily battle for survival, painful treatment and medication and endless rounds of hospitals. The fulfillment of the most cherished wish of a child who has very little hope of enjoying a normal and healthy life not only gives happiness and joy to him / her but also has a therapeutic effect on the child. Doctors have often reported an improvement in the child’s physical condition, after the fulfillment of his / her dearest wish. A wish fulfillment makes a sick child believe that anything is possible – even a future.



**Fulfilling The Wish**

Fulfilling the wish of a child is an unique experience. The joy, hope and strength that the child and the family experience at that time are beyond the expression of words.

**Happiness With Every Wish Accomplishment**

The smiles and joy of those children has brought positivity and happiness with every wish accomplishment in their lives. This has even helped the child to overcome the medical condition and strengthen its hope for the future.



Arnav, the Bengaluru boy who was battling cancer, wished for a ride in a Lamborghini.

A wish granting involves tremendous opportunity to one and to several members and it is a team effort. Each one of us could play a role and take part in our own way to make this society/world a happier place.

**N Yash Jain**

## Update for the day #464 | Slowdown in Automobile Industry

As we all know that the automobile industry in India is in a bad shape right now as the sales numbers continue to drop drastically. According to the latest SIAM (Society of Indian Automobile Manufacturers) data, the cumulative domestic sales for the period April-August 2019 have plunged 15.89 per cent to 97,32,040 units. The domestic sales fell 23.55% in August, 18.71% in July, 12.34% in June, 8.62% in May and 15.93% in April.

**Some of the reasons for such a downturn in the automobile sales can be understood as follows:**

- From last few months, CIBIL has become stricter in credit rating because of which people with lower CIBIL score are finding it very difficult to get motor vehicle loans.
- People see electric vehicles coming ahead which is the future of automobiles. However, there are very few options available for electric vehicles in the market today. That's why the potential customers are waiting for better Electric Vehicles and are postponing their purchase. Further, those buying electric vehicles will get an additional income tax deduction of Rs 1.5 lakh on the interest paid on loans taken to buy EVs. These tax benefits on buying electric vehicles have attracted customers which reduced the demand for petrol/diesel vehicles.
- Pressure from cab aggregators - Recently, Nirmala Sitaraman also said that the Indian youths opt to use cab aggregators like Ola/ Uber over buying and using an owned car.

Now, why is Ola/Uber attractive?

- o No initial heavy capital expenditure is required
- o No worries of the increasing traffic penalties
- o No regular car maintenance expenses to be incurred
- o Highly scalable cars as per demand (hatchback/sedan/SUV)
- o Pay-per-use rather than committed costs
- o Chauffeur driven car on demand
- o No hassle of driving in heavy traffic
- o No worries to find parking slots in city congestion

Therefore, the Ola and Uber factor may be considered as one of the reasons but they are definitely not strong enough to contribute to the current state of slowdown because clearly the Ola/Uber are in Indian markets from many years but this fall in car sale is observed just from last 8-10 months.

Also, the sales of trucks/ tractors/ heavy duty commercial vehicles have dropped by 59% year over year. Hence, Ola/Uber is not the only reason for slow-down in the automobile industry.

- Supreme court recently passed an order that Bharat Stage 4 (BS IV) vehicles sale must be stopped from 1 Apr 2020 and only BS VI would be sold thereafter. As a result of which, few potential customers are waiting for the offers in the early 2020's which the companies are expected to provide for moving out their BS-IV stock.

- Nevertheless, the Indian GDP is at its 6 Years low. Overall consumption expense of India (the avoidable expenses) has fallen by 52% year over year. Poor economy has also adversely impacted the automobile sector.

The consequences of this downturn include the fact that the vehicle manufacturers are having to cut jobs as they reduce their output in an attempt to maintain their own fiscal balances. Between bank loans and establishment costs, the players may find it prudent to shut down/slow down i.e., companies are declaring production holidays and are laying off their workforce in huge numbers.

**However, the government has taken the following measures to help revive the sector:**

- Finance Minister Nirmala Sitharaman had announced on 23 August that the government departments would be allowed to buy new vehicles, which means that the ban on the purchase of new vehicles by the various government departments has been removed.
- Additionally, automobiles purchased till 31 March 2020 can avail the benefit of additional depreciation of 15%, with total depreciation coming up to 30%.
- Now, the BS IV vehicles purchased till March 31, 2020, will remain in operation for the entire period of registration.
- The implementation of the one-time registration fee has been deferred until June 2020.

In spite of the severe downfall, people in the industry and other experts are positive that the automobile sector will recover quickly and ups-downs are inherent part of any market. However, we have very little say about what future holds for the automobile industry

**Chirag Jain**



## Update for the day #465 | [Theranos](#) - The Thanos of Medical Industry

In 2014, Theranos, a blood-testing startup pitching a supposedly revolutionary technology was flying high. While existing technology required one vial of blood for each diagnostic test conducted upon it, Theranos claimed to be able to perform hundreds of tests (supposedly over 240) ranging from cholesterol levels to complex genetic analysis, with just a single pinprick of blood. Automated, fast and inexpensive, Theranos seemed to be offering technology that could revolutionize medicine and save lives the world over.

Elizabeth Holmes, founder and CEO of Theranos, had famously dropped out of Stanford to found the company using her tuition money, and was just 30 when Theranos was at its peak. Having raised over \$700m in investment from the likes of Larry Ellison and Tim Draper, the company had become the rising star of Silicon Valley and was valued at over \$9 billion, while Holmes, with a share of more than half that, was heralded as the female Steve Jobs.

The only problem? The technology didn't work.

It was John Carreyrou, twice-Pulitzer-prize-winning journalist of the Wall Street Journal who first broke the story in 2015. Having received a tip doubting the performance of the Theranos technology, John's interest was triggered further by Holmes' purported ability to invent groundbreaking medical technology after just two semesters of chemical engineering classes at Stanford.

Despite intimidation and threats of legal action, former Theranos employees Erika Cheung and Tyler Schultz, whose Grandfather George Schultz was a member of the Theranos board, began sharing their experiences of the company, its technology and practices with John. They revealed lies to board members, a culture of intimidation and secrecy, a technology that repeatedly failed quality assurance and crucially, results sent to real patients that were fundamentally incorrect, upon which life-changing medical decisions were being made. It would seem that the company had been built on nothing more than audacious lies.

Thanks in large part to the information from Theranos whistleblowers, John was able to publish his report in the Wall Street Journal, revealing that Theranos was not using its own technology to run

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the majority of its tests due to the inefficiency of its own technology. FDA investigations ensued and all that was written in John's report was proven correct.

The reaction from Theranos was astonishing. At first, Holmes vehemently denied the claims made against her and the company. Theranos even threatened to sue John himself who became a perceived enemy to the company.

Nonetheless, in 2018, Holmes stepped down as CEO and, alongside former company president Ramesh Balwani, was charged with criminal fraud, having allegedly misled investors and deliberately made false claims made about the efficiency of the company's blood-testing technology.

Three months later the company officially shut down following an investigation by the FBI, leaving thousands of former employees, many of whom John found to be talented people with integrity, unaware of the company's fraudulent activity, uncertain about their future.

The scandal had also been aired on screen on HBO on March 31<sup>st</sup> 2019, *The Inventor: Out for Blood in Silicon Valley*; a documentary produced and directed by the oscar-winning Alex Gibney.

**Naman A shahji**



## Update for the day #466 | Happy Birthday to the Roaring Face of India

**“It was never about a person, it was always about a nation”**



Narendra Damodardas Modi is an Indian politician serving as the 14th and current Prime Minister of India since 2014. He was the Chief Minister of Gujarat from 2001 to 2014, and is the Member of Parliament for Varanasi. Modi is a member of the Bharatiya Janata Party (BJP), and of the Rashtriya Swayamsevak Sangh (RSS), a Hindu nationalist volunteer organisation. He is the first prime minister outside of the Indian National Congress to win two consecutive terms with a full majority, and the second one to complete five years in office after Atal Bihari Vajpayee.

Born to a Gujarati family in Vadnagar, Modi helped his father sell tea as a child, and has said he later ran his own stall. He was introduced to the RSS at the age of eight, beginning a long association with the organisation. Modi left home after finishing high-school in part due to an arranged marriage to Jashodaben Chimanlal, which he abandoned, and publicly acknowledged only many decades later. Modi travelled around India for two years and visited a number of religious centres before returning to Gujarat. In 1971 he became a full-time worker for the RSS. During the state of emergency imposed across the country in 1975, Modi was forced to go into hiding. The RSS assigned him to the BJP in 1985, and he held several positions within the party hierarchy until 2001, rising to the rank of general secretary.

Modi was appointed Chief Minister of Gujarat in 2001, due to Keshubhai Patel's failing health and poor public image following the earthquake in Bhuj. Modi was elected to the legislative assembly soon after. His administration has been considered complicit in the 2002 Gujarat riots, or otherwise criticised for its handling of it. A Supreme Court-appointed Special Investigation Team found no evidence to initiate prosecution proceedings against Modi personally. His policies as chief minister, credited with encouraging economic growth, have received praise. His administration has been criticised for failing to significantly improve health, poverty, and education indices in the state.

Modi led the BJP in the 2014 general election, which gave the party a majority in the Indian lower house of parliament, the Lok Sabha, the first time for any single party since 1984. Modi's administration has tried to raise foreign direct investment in the Indian economy, and reduced spending on healthcare and social welfare programmes. Modi has attempted to improve efficiency in the bureaucracy; he has centralised power by abolishing the Planning Commission. He began a high-profile sanitation campaign, and weakened or abolished environmental and labour laws. He initiated a controversial demonetisation of high-denomination banknotes. Described as engineering a political realignment towards right-wing politics, Modi remains a figure of controversy domestically and internationally over his Hindu nationalist beliefs and his role during the 2002 Gujarat riots, cited as evidence of an exclusionary social agenda.

On September 2014, Modi introduced the Make in India initiative to encourage foreign companies to manufacture products in India, with the goal of turning the country into a global manufacturing hub. Modi's government put in place the Goods and Services Tax, the biggest tax reform in the country since independence. It subsumed around 17 different taxes and became effective from 1 July 2017.

Over the first four years of Modi's premiership, India's GDP grew at an average rate of 7.23%, higher than the rate of 6.39% under the previous government. The level of income inequality increased, while an internal government report said that in 2017, unemployment had increased to its highest level in 45 years. The loss of jobs was attributed to the 2016 demonetization, and to the effects of the Goods and Services Tax

Foreign policy played a relatively small role in Modi's election campaign, and did not feature prominently in the BJP's election manifesto. Modi invited all the other leaders of SAARC countries to his swearing in ceremony as prime minister. He was the first Indian prime minister to do so.

India's nominal military spending increased steadily under Modi. The military budget declined over Modi's tenure both as a fraction of GDP and when adjusted for inflation. Modi promised to be "tough on Pakistan" during his election campaign, and repeatedly stated that Pakistan was an exporter of terrorism. On 29 September 2016, the Indian Army stated that it had conducted a surgical strike on terror launchpads in Azad Kashmir. The Indian media claimed that up to 50 terrorists and Pakistani soldiers had been killed in the strike. In February 2019 India carried out airstrikes in Pakistan against a supposed terrorist camp. Further military skirmishes followed, including cross-border shelling and the loss of an Indian aircraft.

In the release of Wing Commander Abhinandan, Narendra Modi's international connections have played a prominent role. We are proud to have a bold face for India who said, "My warning forced Pakistan to free Wing Commander Abhinandan."

He believed, in order to succeed, your desire for success should be greater than your fear for failure.

He makes every Indian proud by saying, "I will make such a wonderful India that all Americans will stand in line to get a visa for India". He is a person who works all around the clock. He makes sure he is present in all the turning points India has seen in his time of rule.

**“Happy Birthday to the living legend – Honourable Prime Minister Narendra Modi ji.”**

We walk together, we move together, we think together, we resolve together, and together we take this country forward.

**Sushmitha S**



## Update for the day #467 | Balloon financing

In the 21st century, the needs of society are growing rapidly. People are resorting to different modes for financing such needs depending on their requirements. Balloon financing is one of the different modes to fund our growing needs.

### Balloon financing

What does it mean?

A balloon loan is a type of loan that does not fully amortize over its term. Since it is not fully amortized, a balloon payment is required at the end of the term to repay the remaining principal balance of the loan. Balloon payment refers to a lumpsum payment at the end of the loan term to repay the loan amount due (Principal + Interest).

How do Balloon Payments Work?

Balloon payments are most commonly associated with mortgage loans. Balloon mortgaged typically have short terms ranging from five to seven years. However, the monthly payments through this short term are not set up to cover the entire loan repayment.

That said, the payment structure for a balloon loan is very different from a traditional loan. At the end of the five to seven-year term, the borrower has paid off only a fraction of the principal balance, and the rest is due all at once. At that point, the borrower may sell the asset mortgaged to cover the balloon payment or take out a new loan to cover the payment, effectively refinancing the mortgage. Alternatively, they may make the payment when it becomes due at the end of the term.

Reset option

Some balloon loans, such as a five-year balloon mortgage, have a reset option at the end of the five-year term that allows for a resetting of the interest rate, based on current interest rates, and a recalculation of the repayment schedule, based on a new term. If a balloon loan does not have a reset option, the lender expects the borrower to pay the balloon payment or refinance the loan before the end of the original term.

Pros and Cons of Balloon Loans

Pros

- Much lower monthly payments than a traditional amortized loan because very little of the principal is being repaid; this may permit an individual to borrow more than they otherwise could.
- If interest rates are high, not feeling the full impact of that because the borrower is just repaying interest.
- If interest rates are high, not committing to decades of paying at that rate; the term is probably five to seven years, after which the borrower gets to refinance, possibly at a lower interest rate.

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### Cons

- Defaulting on the loan if the borrower cannot convince the current lender or another entity to finance the balloon payment – and cannot raise the funds to pay off the principal balance.
- If asset value has fallen, being unable to sell the asset at a high enough price to pay the balloon payment, and then defaulting on the loan
- Being able to successfully refinance the balloon loan, but at a higher interest rate, driving up monthly payments

### Ashweeja A Bhat



## Update for the day #469 | Advance Authorisation Scheme

This is one of the schemes in the Foreign Trade Policy (FTP), which is aimed at enhancing the country's exports and use trade expansion as an effective instrument of economic growth and employment generation.

The present Foreign Trade Policy (2015-2020) aims to keep in line with the 'Make in India' vision and support exports made by Special Economic Zones (SEZs), Export Oriented Units (EOUs), etc. It also contains various export promotion schemes which involve either the exemption or remission of customs duty. The Advance Authorisation Scheme is one such export promotion scheme.

### Schemes under Foreign Trade Policy:

- **Export from India Schemes** - Merchandise Export for India Scheme (MEIS) and Service Export from India Scheme (SEIS) to encourage exports of specified goods to specified countries and also export of services.
- **Duty Exemption and Remission Schemes** - Advance Authorisation, Duty-free Import Authorisation (DFIA), Duty Drawback scheme and duty remission scheme under GST to enable exporters to import inputs without payment of customs duty.
- **Export Promotion Capital Goods (EPCG) scheme** - to obtain capital goods without payment of customs duty.
- **Units undertaking to export their entire production of goods and services (Except some permissible amount sale to Domestic Tariff Territory)** - Export Oriented Unit (EOU) Scheme, Electronics Hardware Technology Park (EHTP) Scheme, Software Technology Park (STP) Scheme or Bio-Technology Park (BTP).
- **Deemed Exports** – They are treated as exports if supplier supply to a specified category even though the goods don't leave the country.

### In Today's Update we are going to learn about Advance Authorisation Scheme:

#### Advance Authorisation:

The Advance Authorisation Scheme is a scheme where the import of inputs will be allowed to be made duty-free if they are used in a product which is going to be exported. An export obligation is usually set as a condition for issuing Advance Authorisation.

#### Ø Duties Exempted under the Advance Authorisation:

- Basic Customs Duty
- Additional Customs Duty
- Education Cess
- Anti-Dumping Duty
- Safeguard Duty
- Transition Product-Specific Safeguard duty
- Integrated tax
- Compensation Cess

Wherever applicable, subject to certain condition.

#### Ø **Duty-free importable items under the scheme:**

- Inputs, which are physically incorporated in export product (making normal allowance for wastage).
- Fuel, oil, catalysts which are consumed/utilised to obtain export product.
- Mandatory spares which are required to be exported/supplied with the resultant product permitted up to 10% of the CIF value of Authorisation.
- Specified spices only when used for activities like crushing/ grinding/sterilization/ manufacture of oils or oleoresins and not cleaning, grading, re-packing etc

#### Ø **Who are eligible for advance Authorisation?**

The Advance Authorisation Scheme is available to either a manufacturer exporter directly or a merchant exporter tied with a supporting manufacturer. The Authorisation is available for the following:

- 1) Physical exports (Including exports to SEZ)
- 2) Intermediate supply - The Advance Authorisation Holder has to get into an agreement with the Ultimate Exporter about the quantity that should be exported by him.
- 3) Supplies made to specified categories (6 Categories) of deemed exports
- 4) Supply of goods on board of a foreign going vessel/aircraft provided that there are specific Standard Input Output Norms (SION) in respect of items supplied.

#### Ø **Validity of Advanced Authorisation:**

Advance Authorisation is valid for 12 months from the date of issue of such Authorisation. In the case of deemed exports, the Authorisation is linked to the contracted duration of project execution or 12 months from the date of issue of such Authorisation, whichever is more.

However, the export obligation may be fulfilled within 18 months from the date of issue of Authorisation or as notified by the DGFT. Unless specified, the export proceeds should be realized in freely convertible currency.

This Scheme is applicable up to 31st March 2020.

#### Ø **Grounds for issuing Advance Authorisation:**

Advance Authorisation can be issued for inputs used in the product that is to be exported on the basis of the following:

1. Standard Input-Output Norms (SION) notified: The Director-General of Foreign Trade (DGFT), on the recommendation of the Norms Committee, issues standard norms that define the amount of input required in the manufacture of a unit of the output product that will be exported. It is available for a wide range of products.
2. Self-Declaration: Sometimes the SION is not available for a particular product. In such a case, an application maybe made to the Regional Authority who will issue the Advance Authorisation upon review.

### Ø Annual Advance Authorisation:

The Exporter need not take for each time import of raw material for the export purpose. He can apply for annual advance Authorisation. It shall be issued only if it is notified in Standard Input Output Norms for a year.

· Who is eligible to take this benefit:

- 1) Exporter having the past export performance of at least 2 preceding financial year.
- 2) FOB value of Export realized in foreign currency is more than 15% of CIF value of input (i.e. imported) cover by Authorisation.

· Eligible Quantum:

Entitlement of the amount of raw material imported under Annual Advance Authorisation Scheme:

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- Higher of the following:

- 1) 300% of (FOB value of Physical export or/ and FOR value of Deemed export) or
- 2) 1 crore

### Ø How much Value addition is needed and Calculation of value addition?

Under Advance Authorisation, the minimum Value Addition to be achieved is 15%, except for physical exports for which payments are not received in freely convertible currency and other specified export products. For tea, minimum Value Addition is 50% Advance Authorisation Scheme Where certain items are supplied free of cost by the foreign buyer, its notional value will be added in the CIF value of import and FOB value of export for the purpose of calculating Value Addition. Irrespective of the currency of realization, Exports to SEZ units/supplies to developers/co-developers would be covered.

### Ø Export Obligation:

Export Obligation (EO) in the case of Advance Authorisation is the value of export that needs to compulsorily be achieved within a prescribed time period. The EO is usually mentioned in the Authorisation issued. After achieving the EO, the entity has to provide evidence of the same. Not achieving the EO in the prescribed time period could result in penalties. Other export promotion schemes like the Export Promotion Capital Goods (EPCG) Scheme has different conditions when it comes to the export obligation.

### Ø What happens if Authorisation holder has not satisfied the conditions of exports obligation and validity period?

If any Authorisation holder not satisfying the conditions of Export obligation (i.e. Export realisation = CIF of input +15% and manufacture & Export), Validity period (i.e. 18 months), raw material which is imported under Advance Authorisation shall require to pay all custom duties with interest on import of such goods.

**Prathyush Kumar Maddula**

## Update for the day #470 | Hindi Diwas- 14th September

Hindi diwas is celebrated every year on 14 September. On September 14, 1949, the Constituent Assembly decided with one vote that Hindi will be the official language of India. To propose the importance of this important decision and to spread Hindi in every region, on the request of Rashtrabhasha Prachar Samiti (Founded by Mahatma Gandhi, Dr. Rajendra Prasad, Jawaharlal Nehru, Subash Chandra Bose etc. Wardha, Maharashtra on September 14, India is celebrated as Hindi-Diwas every year since 1953. There is also a fact that 14 September 1949 was the 50 -th birthday of Rajendra Sinha, a pioneer of Hindi, who struggled for a long time to make Hindi the national language. Kaka Kalelkar, Maithili Sharan Gupta to establish Hindi as the national language after independence.

### History

Hindi was given the status of official language on 14 September 1949. Since then, this day is celebrated as 'Hindi Day' every year. But do you know why Hindi day is celebrated? There is a reason behind this. Let's know ...

In 1947, when India became free from English rule, the biggest question was about the language in front of it. Because India has hundreds of languages and dialects spoken. On 6 December 1946, the Constitution was formed to prepare the Constitution of independent India. The Constituent Assembly approved its final draft of the Constitution on 26 November 1949. The Constitution of independent India came into force from 26 January 1950 across the country. Protest demonstrations started in some parts of the country on the news of the removal of the English language. There were riots in Tamil Nadu in January 1965 over a language dispute.

But which national language of India will be chosen, this issue was very important. After much thought, Hindi and English were chosen as the languages of the new nation. The Constituent Assembly accepted Hindi written in Devanagari script as the official language of the nation along with the British. On September 14, 1949, the Constituent Assembly decided with one vote that Hindi will be the official language of India.

The country's first Prime Minister Jawaharlal Nehru said that seeing the importance of this day, Hindi Day should be celebrated on September 14 every year. The first Hindi day was celebrated on 14 September 1953.

### Hindi is the language of the public

In the year 1918, Mahatma Gandhi had asked to make Hindi language a national language in Hindi Sahitya Sammelan. Gandhiji also called it the language of the public.

### National Language Week

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Rashtrabhasha Week or Hindi Week is celebrated for one week from Hindi Day on 14 September. Different competitions are organized throughout this week. The event is held both in school and office. Its basic objective is to increase the spirit of development for the Hindi language by not limiting it to the Hindi Day only among the people. In these seven days, people are explained about the development of Hindi language and the advantages and disadvantages of not using it through essay writing, etc.

### Harsh Jain



## Update for the day #471 | Secondary adjustment (Sec 92CE r.w. Rule 10CB)

In taxation and accounting, transfer pricing refers to the rules and methods for pricing transactions within and between enterprises under common ownership or control. According to the Indian Income-tax Act, 1961, income arising from such transactions must be computed using the arm's length price principle. The regulations define the arm's length price to mean, "a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions".

"Primary adjustment" to a transfer price, means the determination of transfer price in accordance with the arm's length principle resulting in an increase in the total income or reduction in the loss, as the case may be, of the assessee; The same arises on account of any of the following:

- a) suo moto by the assessee in his return of income
- b) made by the Assessing Officer has been accepted by the assessee
- c) is determined by an advance pricing agreement (APA)
- d) is made as per the safe harbor rules
- e) is arising as a result of resolution of an assessment by way of the mutual agreement procedure (MAP)

"Secondary Adjustment" means an adjustment in the books of account of the assessee and its associated enterprise to reflect that the actual allocation of profits between the assessee and its associated enterprise are consistent with the transfer price determined as a result of primary adjustments, thereby removing the imbalance between cash account and actual profit of the assessee.

The Finance Act 2017 had introduced Secondary Adjustment arising out of primary adjustment made due to reasons mentioned above. Thereby re-classifying the adjustment amount as advance given by the assessee to its associated enterprise. It further laid down procedure to calculate interest at prescribed rates until repatriation of the advance.

The provision shall not be applicable to primary adjustments exceeding Rs. 1 crore or pertains to the assessment year before 2017-18.

Where as a result of primary adjustment to the transfer price, there is an increase in total income or reduction in loss, as the case may be, of the assessee, the excess money which is available with its AE, if not repatriated to India on or before 90 days shall be deemed to be an advance made by the assessee to such AE and the interest on such advance shall be computed. It may be noted that such excess money or part thereof may be repatriated from any of the associated enterprises of the assessee which is not a resident in India.

Nature of Primary Adjustment	Time limit for repatriation (Rule 10CB)	Interest rate applicable in case of failure to repatriate the excess money	
		Transaction in Indian Rupee (INR)	Transaction in Foreign Currency (FC)
Suo motu by the assessee in his return of income	On or before 90 days from the due date of filing return of income	1 year marginal cost of fund lending rate of State Bank of India as on 1 April of the relevant previous year plus 325 basis points	6 month London Interbank Offered Rate as on 30 September of the relevant previous year plus 300 basis points
made by the Assessing Officer /Appellate has been accepted by the assessee	On or before 90 days from the date of the order of Assessing Officer or the appellate authority		
Is determined under APA	On or before 90 days from the date of entering into APA,		
Under MAP	On or before 90 days from the date of giving effect by the Assessing Officer,		
Under Safe Harbour	On or before 90 days from the due date of filing return of income		

**Amendment related to Secondary adjustment in the Finance Act (No. 2), 2019:** This amendment provides an option to the taxpayers to make one-time payment of tax including surcharge on the amount of transfer pricing adjustment or part thereof, instead of tax on deemed interest every year in case the taxpayer does not repatriate money from its AE in India.

It is to be noted here that the assessee's could think of bringing in a clause in their Master service agreement for the repatriation of the primary adjustment amount if any.

**Deeksha A**



## Update for the day #472 | 'The Master of Concentration

"Empty your mind, be formless, shapeless--like water. You put water into a cup, it becomes the cup, you put water into a bottle, it becomes the bottle, you put it in a teapot, it becomes the teapot. Water can flow or it can crash. Be water, my friend."

– The most popular metaphor of water by the renowned martial artist **Bruce Lee**.



Lee Jun-fan known professionally as Bruce Lee was a Hong Kong-American actor, director, martial artist, martial arts instructor, and philosopher. He was the founder of Jeet Kune Do, a hybrid martial arts philosophy drawing from different combat disciplines that are often credited with paving the way for modern mixed martial arts (MMA). Lee is considered by

commentators, critics, media, and other martial artists to be the most influential martial artist of all time who played an instrumental in introducing Eastern traditions to Western audiences.

Bruce Lee was famous for his **legendary powers of focus**. But, that ability to focus was the result of experience and discipline. Bruce Lee realized early on that, what separated the merely good from the truly exceptional, was the concentrated mind. To develop his mind into a weapon he took the lessons that life gave him and molded them to his advantage.



Meditation was one exercise that gave Lee a Zen-like mastery over his emotions.

Bruce Lee's meditation technique is referred to as the qigong, otherwise called chi kung, which revolves around the concept of the chi, which is believed to be the universal energy, or what Bruce Lee calls the "life force." In meditation, chi is spread in every part of the body through breathing exercises and slow graceful movements involving the entire body, thus giving inner strength and developing mental concentration.

Meditation is important in martial arts because it helps improve one's self-discipline. Since meditation promotes self-control through intense concentration and having the ability to listen to your inner self while at the same time being able to observe what is going on around you, it is considered very important and instrumental to attaining great martial arts skills.

One of the affirmations of Bruce Lee is stated below-

**“Recognizing that the power of will is the supreme court over all other departments of my mind, I will exercise it daily when I need the urge to act for any purpose, and I will form habits designed to bring the power of my will into action at least once daily.”**

Bruce believed that a self-willed man has no other aim than his own growth. He values only one thing – the mysterious power in himself, which helps him grow.

Bruce Lee didn't view willpower as the voice in your head forcing you into action, but more as the energy of mastery over one's soul. Being a self-willed man is about tapping into your heart, your life force, that power within you, that thing that is tugging at you to live, and go for the things that speak to you and speak to your heart which in return, serves as a catalyst for action or willpower.

Bruce Lee was just 32 when he was murdered. By then, almost the entire world knew who Bruce Lee was. Some of his inspirational quotes that keep his legacy alive are:

" What you habitually think largely DETERMINES what you will ultimately become."

" I fear not the man who has practiced 10,000 kicks once, but I fear the man who has practiced one kick 10,000 times"

" Knowledge is not enough, we must apply. Willing is not enough, we must do"

" Knowledge will give you power but character the respect" and many more.....

### Vaishnavi GR



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## Update for the day #473 | DEFORESTATION ANALYZED – ECONOMICAL, SOCIAL, ECOLOGICAL, POLITICAL IMPACTS.

A very generic, widely discussed topic & issue – Deforestation, by definition, is the elimination of a forest or copse of trees where the land is thereafter converted to a non-forest use.

The adverse impacts of deforestation are through multiple channels. Affecting directly or indirectly deforestation plays the role of a butterfly effect to various kinds of losses. Briefly quoting these impacts by section in this blog post.

### ECONOMICAL IMPACT

People focus only on the incomes / short term gains that happen out of deforestation followed by an urbanization. However, the short and long term economic impacts are adverse. The forest-products industry is a large part of the economy in both developed and developing countries. To quote a couple of examples, the massive biodiversity loss affects that large number of pharmaceuticals that are derived from these genetic resources.

A second relevant example could be the financial loss upon the natural calamities and epidemics that result from deforestation, global warming, climate change etc.

### SOCIAL IMPACT

The social impacts of deforestation are shattering. Deforestation has triggered the destruction of the traditional life-style of indigenous communities. Their social institutions are broken down. Individual and collaborative rights to the forest pool have been routinely ignored and indigenous people and local communities have typically been excluded from the decisions that right away influence upon their lives.

### ECOLOGICAL IMPACT

The ecological impact of deforestation has the most number of streams – the water & soil chemistry, atmosphere, biodiversity and many more.

The soil that dispenses nutrients & richness for verdure in ecosystems is also influenced by deforestation. Soil in deforested zones is unveiled to furthermore sunlight, which aggravates the temperature of the soil and oxidizes the carbon in the soil to carbon dioxide. A portion of the carbon dioxide that is emancipated into the atmosphere comes from dead flora that disintegrates into the ground. In copiously deforested belts, soil abrasion and nutrient unloads are quotidian after a rainfall. Soil erosion gravitates to be sizeable in shrivelled and more elevated tracts, where there is less vegetation to pre-empt the motion of topsoil and to blot- up the nutrients.

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## POLITICAL IMPACT

Deforestation accounts for a major chunk of the greenhouse gas emissions, causing rave threats to ecosystems. Much of this is driven by illegal logging. An escalation in the number of political jurisdictions lead to increased deforestation and lower forest-product prices. Illegal logging and local oil and gas rents are short-run proxies, but this impact fades over time with political turnover.

### **Aarthi B**



## Update for the day #474 | ONE NATION, ONE ELECTION

### What is One Nation One Election?

Currently, elections to the state assemblies and the Lok Sabha are held separately — that is whenever the incumbent government's five-year term ends or whenever it is dissolved due to various reasons. This applies to both the state legislatures and the Lok Sabha. The terms of Legislative Assemblies and the Lok Sabha may not synchronise with one another. For instance, Rajasthan faced elections in late 2018, whereas Tamil Nadu will go to elections only in 2021.

But the idea of “One Nation, One Election” envisages a system where elections to all states and the Lok Sabha will have to be held simultaneously. This will involve the restructuring of the Indian election cycle in a manner that elections to the states and the centre synchronise. This would mean that the voters will cast their vote for electing members of the LS and the state assemblies on a single day, at the same time (or in a phased manner as the case may be).

### What is the background?

Simultaneous elections are not new to India. They were the norm until 1967. But following dissolution of some Legislative Assemblies in 1968 and 1969 and that of the Lok Sabha in December 1970, elections to State Assemblies and Parliament have been held separately.

The idea of reverting to simultaneous polls was mooted in the annual report of the Election Commission in 1983. The Law Commission's Report also referred to it in 1999. The recent push came ahead of the 2014 Lok Sabha polls in the BJP manifesto. After Mr. Modi floated the idea once again in 2016, the Niti Aayog prepared a working paper on the subject in January 2017. In the working paper that the Law Commission brought out in April 2018, it said that at least “five Constitutional recommendations” would be required to get this off the ground. The final decision on holding simultaneous elections is yet to be taken.

### How will it work?

There were two proposals to conduct simultaneous elections along with 17th Lok Sabha elections. However, both didn't materialise.

One proposal was to make the shift to simultaneous polls in a phased manner, where general elections, 12 State Assemblies (which by themselves face elections in late 2018 or 2019) and a Union Territory may be synchronised in 2019, as the rest of the states are in the middle of their five-year term.

These 12 states were Andhra Pradesh, Arunachal Pradesh, Odisha, Sikkim, Telangana, Haryana, Jharkhand, Maharashtra, Chhattisgarh, Madhya Pradesh, Mizoram and Rajasthan. NCT of Delhi (Union Territory with Legislature) also faces polls in 2019. For such a synchronisation to happen, besides political consensus and extension of term up to six months in some states, amendments to the Constitution have to be made. Elections to the remaining State Legislative Assemblies and Union Territory with Legislature (Puducherry) will be synchronised by the end of 2021. Thereafter, elections to the Lok Sabha, all the State Legislative Assemblies and Union Territories (with legislatures) will be held simultaneously from 2024.

The second option involved synchronisation in two batches. First, elections to the 12 State Legislative Assemblies and one Union Territory would be synchronised with elections to the Lok

Sabha in 2019. Next, elections to the remaining State Legislative Assemblies will be synchronised with that of one Union Territory by the end of 2021. This makes elections across the country synchronised in such a manner that they will be held twice every five years.

**Pros:**

- Simultaneous polls will reduce enormous costs involved in separate elections.
- The system will help ruling parties focus on governance instead of being constantly in election mode.
- Simultaneous polls will boost voter turnout, according to the Law Commission.

**Cons:**

- National and state issues are different, and holding simultaneous elections is likely to affect the judgment of voters.
- Since elections will be held once in five years, it will reduce the government's accountability to the people. Repeated elections keep legislators on their toes and increases accountability.
- When an election in a State is postponed until the synchronised phase, President's rule will have to be imposed in the interim period in that state. This will be a blow to democracy and federalism.

**Pratiksha JS**

## Update for the day #475 | 'There is no Planet B!

*“We have a single mission: to protect and hand on the planet to the next generation”*

- *Francois Hollande (ex-president of France).*

The Earth's climate has changed throughout history. Just in the last 650,000 years there have been seven cycles of glacial advance and retreat, with the abrupt end of the last ice age about 7,000 years ago marking the beginning of the modern climate era — and of human civilization. Most of these climate changes are attributed to very small variations in Earth's orbit that change the amount of solar energy our planet receives.

The current warming trend is of particular significance because most of it is extremely likely (greater than 95 percent probability) to be the result of human activity since the mid-20th century and proceeding at a rate that is unprecedented over decades to millennia.

### **The Effects of Climate Change:**

Global climate change has already had observable effects on the environment. Glaciers have shrunk, ice on rivers and lakes is breaking up earlier, plant and animal ranges have shifted and trees are flowering sooner. Effects that scientists had predicted in the past would result from global climate change are now occurring: loss of sea ice, accelerated sea level rise and longer, more intense heat waves.

**Global Temperature Rise** - The planet's average surface temperature has risen about 1.62 degrees Fahrenheit (0.9 degrees Celsius) since the late 19th century, a change driven largely by increased carbon dioxide and other human-made emissions into the atmosphere.

**Warming oceans** - The oceans have absorbed much of this increased heat, with the top 700 meters (about 2,300 feet) of ocean showing warming of more than 0.4 degrees Fahrenheit since 1969.

**Decreased snow cover** - Satellite observations reveal that the amount of spring snow cover in the Northern Hemisphere has decreased over the past five decades and that the snow is melting earlier.

**Sea level rise** - Global sea level rose about 8 inches in the last century. The rate in the last two decades, however, is nearly double that of the last century and is accelerating slightly every year.

## What can we do to help?

### 1. Speak up!

What's the single biggest way you can make an impact on global climate change? "Talk to your friends and family, and make sure your representatives are making good decisions," By voicing your concerns—via social media or, better yet, directly to your elected officials.

### 2. Power your home with renewable energy.

Choose a utility company that generates at least half its power from wind or solar. If that isn't possible for you, take a look at your electric bill; many utilities now list other ways to support renewable sources on their monthly statements and websites.

### 3. Reduce water waste.

Saving water reduces carbon pollution, too. That's because it takes a lot of energy to pump, heat, and treat your water so take shorter showers, turn off the tap while brushing your teeth and use water effectively.

### 4. Buy better bulbs.

LED lightbulbs use up to 80 percent less energy than conventional incandescent bulbs. They're also cheaper in the long run.

### 5. Rethink planes, trains, and automobiles.

Choosing to live in walkable smart-growth cities and towns with quality public transportation leads to less driving, less money spent on fuel, and less pollution in the air.

## Greta Thunberg

Greta Thunberg is a Swedish environmental activist on climate change whose campaigning has gained international recognition.

Thunberg first became known for her activism in August 2018 when, at age 15, she began spending her school days outside the Swedish parliament to call for stronger action on global warming by holding up a sign saying "School strike for climate". Soon, other students engaged in similar protests in their own communities. Together they organized a school climate strike movement under the name Fridays for Future. After Thunberg addressed the 2018 United Nations Climate Change Conference, student strikes took place every week somewhere in the world. In 2019, there were at least two coordinated multi-city protests involving over one million students each.

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Thunberg is known for her blunt, matter-of-fact speaking manner, both in public and to political leaders and assemblies, in which she urges immediate action to address what she describes as the climate crisis.

Her sudden rise to world fame has made her a leader and a target. In May 2019, Thunberg was featured on the cover of Time magazine, which named her a "next generation leader" and noted that many see her as a role model. Thunberg and the school strike movement were also featured in a 30-minute Vice documentary titled Make the World Greta Again. Some media have described her impact on the world stage as the "Greta Thunberg effect".

This also had a massive impact in India. Many people from all across India are protesting against the climate change and marched to the beats of 16 year old Greta Thunberg.

**Let's all take a step towards saving our planet, well, not for our but for our future generation's sake. You must be wondering that what can a single person do that will have such a huge impact, *but a journey of a thousand miles begins with a single step!***

**It's high time we do something about this, don't you think?**

**Afza Lazeeb**



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## Update for the day #476 | ONGOING AMAZON FIRES & ILLEGAL LOGGING

### **The Amazon is still on fire. Conservation groups blame illegal logging and criminal networks.**

As the Amazon continues to burn in a record fire season, experts say that the problem is rooted in illegal logging and criminal networks exploiting the forests for its natural resources and agricultural potential.

Fires in the rainforest gained global attention last month when images of the smoke darkening skies over Brazil prompted an international outcry towards the same. The dry season creates the favourable conditions for the use and spread of fire, but starting a fire is the work of humans, either deliberately or by accident.

Human activities — farming, mining and drilling — are what scientists say are exacerbating the situation now. It was found that, illegal logging is also the main cause for the disappearance of a part of the rainforest. Loggers remove valuable trees that can be sold in the market and the remaining vegetation is then burned, resulting in widespread fires.

According to NBC news reports, earlier this month, the country's federal police estimated that 90 percent of timber removed from the Brazilian Amazon is done so illegally. The cleared land — which is far more profitable than the untouched forest — is then used for cattle ranching, soy production or other industrial purposes. Land grabbing and large scale timber extraction have apparently caused a "showdown" between criminal networks and the people trying to protect the forests.

Usually, such fire outbreaks tend to have a catastrophic impact on the wildlife. In the long term, the entire ecosystem of the burning sections of rainforest will be altered. Surviving in a fundamentally transformed ecosystem would be a struggle for many species. Lots of amphibians, for instance, have textured, camouflaged skin that resembles the bark or leaves of a tree, allowing them to blend in. Now, all of a sudden, the frogs are forced to be on a different background.



Jair Messias Bolsonaro, a Brazilian politician and retired military officer, initially suggested that the fires were normal. However, eventually he said that non-government organizations themselves were setting the fires to hurt his government. The government has now decided to mobilize the military to fight the fires and several Amazon states have subsequently requested support. It remains unclear exactly how the armed forces will be deployed and how effective they will be.

World leaders like French President- Emmanuel Macron, British Prime Minister- Boris Johnson, German Chancellor- Angela Merkel and President Donald Trump also promised to do their part in saving the amazon forest by extending help to the government and environmental groups to prevent such future widespread fires and by spreading awareness about the environmental crisis politically.

**RS Jahnavi**



## Update for the day #477 | Guerrilla marketing

**Guerrilla marketing** is an advertisement strategy in which a company uses surprise and/or unconventional interactions in order to promote a product or service. It is a type of publicity. The term was popularized by Jay Conrad Levinson's 1984 book *Guerrilla Marketing*.

Guerrilla Marketing uses multiple techniques and practices in order to establish direct contact with the customers. One of the goals of this interaction is to cause an emotional reaction in the clients, and the ultimate goal of marketing is to get people to remember products or brands in a different way than they are accustomed to.

As traditional advertising media channels—such as print, radio, television, and direct mail—lose popularity, marketers and advertisers have to find new strategies to get their commercial messages to the consumer. Guerrilla marketing focuses on taking the consumer by surprise to make a big impression about the product or brand. This in turn creates buzz about the product being marketed. It is a way of advertising that increases consumers' engagement with the product or service, and is designed to create a memorable experience. By creating a memorable experience, it also increases the likelihood that a consumer, or someone who interacted with the campaign, will tell their friends about the product. Thus, via word of mouth, the product or service being advertised reaches more people than initially anticipated.

Guerrilla marketing is relatively inexpensive, and focuses more on reach rather than frequency. For guerrilla campaigns to be successful, companies don't need to spend large amounts, they just need to have imagination, energy and time. Therefore, it has the potential to be effective for small businesses, especially if they are competing against bigger companies.

The message to consumers is often designed to be clear and concise. This type of marketing also works on the unconscious mind, as purchasing decisions are often made by the unconscious mind. To keep the product or service in the unconscious mind requires repetition, so if a buzz is created around a product, and it is shared amongst friends, it enables repetition.

The term “Guerrilla” was often used in the context of warfare tactics and that is where this form of marketing got its name. Similar to the warfare tactics which were formulated to take the enemy by surprise. Guerrilla marketing aims to advertise in a way that surprises that audience and tempts them to participate in the campaign yielding better results.

Guerrilla marketing is perfect for any small or medium size businesses to bring their product or services to its consumers without investing more money on advertisements. This has also been used by large companies to show the difference from its competitors and to make use of [social media campaigns](#). As a result, the concept of street marketing was born. It has evolved from being only the application of activities on the streets, to be the development of innovative practices of promotion.

### **Types of Guerrilla marketing.**

1. **Ambient:** It's an outdoor advertising which aims to surprise the audience by placing ads in public places like railway stations, theatres, airports, benches on public parks. It is the most entertaining and engaging campaign as users in least expecting to see anything of this sort and are pleasantly surprised. People are more likely to be fascinated by the creative ideas of the brands and they usually end up engaging with the brand.

2. **Viral:** This is where the word of mouth and social media platforms comes into action. It encourages consumers to share their feedback on social platforms. Social media platforms serve as the perfect avenue for the messages to get viral due to their ease of access and sharing of the content.
3. **Sensation:** Sudden flash mobs or fashion shows are organized to promote a brand or a specific product. Being impromptu, an element of surprise works perfectly to engage the audience.
4. **Ambush:** Also known as Stealth Marketing, aims to take advantage of the publicity or hype created by an ongoing national event or some sports event. Products are promoted in these events which catch the attention of the larger group of people without even realizing that they are being advertised.

### Strategic risk:

Given that within the main purpose of these actions is to generate voice to voice, one of the cares that companies should have when putting this approach into practice is to avoid that their message is misunderstood or give rise to different interpretations that have nothing to do with them. This requires that from a strategic point of view, define very well what is the message you want to communicate, in addition to raising very well the objective of the campaign.

Transmitting an impression or message that may become misunderstood or misunderstood just for the sake of making people talk about it and the brand, could be very costly for the company's image and even more, if the voice a voice generated will transcend the media as in some case has come into happen.

### Examples for Guerrilla Marketing :

- McDonald's painted zebra crossing like a packet of French fries.
- Coco-Cola happiness vending machines: Coke dispensing machines were installed in a college campus wherein it dispensed not only cold drink but also pizza, chips, flowers, balloons. It took the students by surprise and created a buzz in the campus.
- Similarly, happy trucks in Brazil distributed free cokes and t-shirts.
- Marathon was organized by Adidas and Nike made a runner wear their shoes and participate in the race. Nike gained a lot more publicity as compared to Adidas which had actually organized the race.

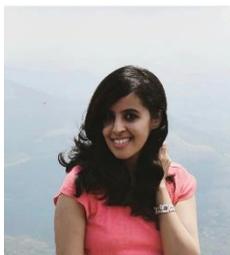




### Conclusion

Guerrilla Marketing is an interesting alternative to apply in our marketing strategies, because it allows to communicate with the clients and potentials through unconventional channels, generating a positive memory and consolidating the brand image.

### Meghana KR



## Update for the day #478 | What is Side Pocketing?



In plain English, side pocketing is the splitting of a mutual fund unit into a bad unit and a good unit when part of the investment of a mutual fund goes sour.

The Securities and Exchange Board of India (SEBI) introduced the framework in December, primarily triggered by the IL&FS fiasco.

### How does it work?

- Side pocketing is an accounting method used to separate illiquid investments from the more liquid and

quality investments in a debt portfolio.

- During any rating downgrade, the fund pushes illiquid assets into a side pocket and existing holders receive a pro rata allocation in it.
- The fund's NAV will then reflect the value of the liquid assets, with a separate NAV assigned to the side pocket assets based on the estimated realisable value for investors.
- The side pocket ensures that only investors who were in it at the time of the write off, will get the benefit of any future recovery from the bond.
- A side pocket ensures that liquidity is not choked for investors holding the units of the main scheme as allotment and redemption happens on more liquid assets.

### How does it benefit the investors?

Side-pocketing achieves two benefits.

Firstly, person has a choice or an option of selling the good unit at an accurate price while keeping or selling the bad unit. The investor has three other choices besides selling both units: One, retain both units till maturity. Two, sell the good unit and retain the bad one. Three, sell the bad unit and retain the good one. Clearly a person with four choices is better than a person with one choice, especially when those four choices include that one choice.

### Shreya R Mahendrakar



## Update for the day #479 | Article 35A Of The Constitution

*"Our ability to reach **unity in diversity** will be the beauty and test of our civilization"- Narendra Modi*

We've been witnessing various struggles regarding Kashmir in the nation. To give a thought about the same here's a glimpse of Article 35A of our Constitution.

Article 35A of the Indian Constitution is an article that allows the Jammu and Kashmir state's legislature to define "permanent resident" of the state. It was added to the Constitution through a situational Presidential Order, i.e., The Constitution (Application to Jammu and Kashmir) Order, 1954 – issued by the President of India on 14 May 1954, exercising the powers conferred by the clause (1) of the Article 370 of the Indian Constitution, and with the concurrence of the Government of the State of Jammu and Kashmir

Prior to 1947, Jammu and Kashmir was a princely state under the British Paramountcy. The people of the princely states were "state subjects", not British colonial subjects. In the case of Jammu and Kashmir, the political movements in the state in the early 20th century led to the emergence of "hereditary state subject" as a political identity for the State's people. The local community had launched a "Kashmir for the Kashmiri" movement demanding that only Kashmiris should be employed in state government jobs. Legal provisions for the recognition of the status were enacted by the Maharaja of Jammu and Kashmir between 1912 and 1932. The 1927 Hereditary State Subject Order granted to the state subjects the right to government office and the right to land use and ownership, which were not available to non-state subjects

Following the accession of Jammu and Kashmir to the Indian Union on 26 October 1947, The Maharaja ceded control over defence, external affairs and communications (the 'ceded subjects') to the Government of India. The Article 370 of the Constitution of India and the concomitant Constitutional Order of 1950 formalised this relationship. Discussions for furthering the relationship between the State and the Union continued, culminating in the 1952 Delhi Agreement, whereby the governments of the State and the Union agreed that Indian citizenship would be extended to all the residents of the state but the state would be empowered to legislate over the rights and privileges of the state subjects, who would now be called permanent residents.

### Text of the Article

"Saving of laws with respect to permanent residents and their rights." — Notwithstanding anything contained in this Constitution, no existing law in force in the State of Jammu and Kashmir, and no law hereafter enacted by the Legislature of the State

- (a) defining the classes of persons who are, or shall be, permanent residents of the State of Jammu and Kashmir; or
- (b) conferring on such permanent residents any special rights and privileges or imposing upon other persons any restrictions as respects—
  - (i) employment under the State Government;
  - (ii) acquisition of immovable property in the State;

(iii) settlement in the State; or

(iv) right to scholarships and such other forms of aid as the State Government may provide,

shall be void on the ground that it is inconsistent with or takes away or abridges any rights conferred on the other citizens of India by any provision of this part."

### **Enactment**

The Constitution (Application to Jammu and Kashmir) Order, 1954 was issued by President Rajendra Prasad under Article 370, with the advice of the Union Government headed by Jawaharlal Nehru. It was enacted as a subsequent to the '1952 Delhi agreement', reached between Nehru and the then Prime Minister of Jammu and Kashmir Sheikh Abdullah, which dealt with the extension of Indian citizenship to the Jammu and Kashmir "state subjects".

The state is empowered, both in the Instrument of Accession and the Article 370, to decree exceptions to any extension of the Indian Constitution to the state, other than in the matter of ceded subjects. So Article 35A is seen as an exception allowed by the Article 370, clause(1)(d).

Bakshi Ghulam Mohammad of the Jammu and Kashmir National Conference was the Prime Minister of Jammu and Kashmir at the time of the 1954 Presidential order.

As the Article 35A was added to the Constitution by the executive head without any discussion in the Parliament, questions have been raised about the manner of its enactment.

### **Criticism**

In July 2015, a think-tank called the Jammu & Kashmir Study Centre first came up with the idea to challenge Article 35A in the Supreme Court. A petition was filed in the Delhi High Court against the Article. Later, it was also challenged in the Supreme Court.

The legality issues pointed are:

Article 35A was not added to the Constitution by following the procedure prescribed for amendment of the Constitution of India under Article 368. Article 370 does not anywhere confer on the President legislative or executive powers so vast that he can amend the Constitution or perform the function of Parliament. It has been brought about by the executive organ when actually the right of amendment of the Constitution lies with the legislative organ. Therefore, it is, allegedly, ultra vires the basic structure of the Constitution since it violates the Constitutional procedures established by law.

Besides carrying out many modifications and changes, this order 'added' a new "Article 35A" to the Constitution of India. Addition or deletion of an Article amounted to an amendment to the Constitution which could be done only by Parliament as per procedure laid down in Article 368. But, Article 35A was never presented before Parliament. This meant the President had bypassed Parliament in this order to add Article 35A.

The PRC classification created by Article 35A suffers from the violation of Article 14, Equality before the Law. The non-resident Indian citizens cannot have the rights and privileges, same as permanent residents of Jammu and Kashmir.

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This also meant that the amending power of Parliament under Article 368 of the Constitution itself was abridged in its application to Jammu and Kashmir, another amendment, without any reference to Parliament. When the President of India does not have legislative powers, he performed the function of Parliament.

The BJP has consistently advocated ending Kashmir's special constitutional status, which prevents outsiders from buying property in the state, arguing that such laws have hindered its integration with the rest of the country. "We believe that Article 35A is an obstacle in the development of the state," the BJP manifesto said, referring to the 1954 amendment to the constitution.

Political leaders in Kashmir have warned that repealing the law would lead to widespread unrest.

BJP says so, as it believes India is one nation and such laws hinder the equality of the country.

The same is under dispute and as citizens we hope for harmony in the nation in relation to such issues.

### **Nandish Keni**



## Update for the day #480 | Intrinsic Valuation

“Price is what you pay. Value is what you get.”-Warren Buffett

In order to find the value of an asset, there are many ways and one of them is Intrinsic Valuation.

The word “Intrinsic” refers to something that is natural or inherent and is not dependent on external circumstances.

Therefore, “Intrinsic value” is a concept, wherein the worth of an object is derived in itself, independent of other external factors. A company's stock also is capable of holding intrinsic value, outside of what its perceived market price is, and is often touted as an important aspect to consider by value investors when picking a company to invest in.

Some buyers may simply have a "gut feeling" about the price of a stock, taking into deep consideration its corporate fundamentals. Others may base their purchase on the hype behind the stock ("everyone is talking positively about it; it must be good!") However, in this article, we will look at figuring out the intrinsic value of a stock by analyzing its fundamentals and determining the worth of a stock in and of itself (in other words, how it generates cash).

Intrinsic value can be calculated by looking at aspects of a business that include both qualitative—such as business model, governance, and target market factors—and quantitative—such as financial ratios and financial statement analysis. The resulting value is compared to the market value to determine whether the business or asset is over- or undervalued.

The intrinsic value uses assumptions, and the result is somewhat subjective. Some analysts and investors might place a higher weighting on a corporation's management team while others might view earnings and revenue as the gold standard. For example, a company might have steady profits, but the management has violated the law or government regulations, the stock price would likely decline. By performing an analysis of the company's financials, however, the findings might show that the company is undervalued.

### DISCOUNTED CASH FLOW VALUATION

The discounted cash flow (D C F) model is a commonly used valuation method to determine a company's intrinsic value. The D C F model uses a company's free cash flow and the weighted average cost of capital (WACC). WACC accounts for the time value of money and then discounts all its future cash flow back to the present day. For example, let's assume that a particular stock is being traded at ₹350 and we estimate the future cash flows of that company to be ₹100 for next 6 years with a required return of 10%p.a. By discounting future estimated cash flows at 10%, The Present value of the stock arrives at ₹435. since, what we get (value) is more than what we pay (price) it can be considered as a good investment with adequate Margin of safety.

The weighted-average cost of capital is the expected rate of return that investors want to earn. A company raises capital funding by issuing debt such as bonds and equity or stock shares. The D C F model also estimates the future revenue streams that might be received from a project or investment in a company. Ideally, the rate of return and intrinsic value should be above the company's cost of capital.

### THE BOTTOM LINE

Every valuation model ever developed by an economist or financial academic is subject to the risk and volatility that exists in the market as well as the sheer irrationality of investors. While calculating intrinsic value may not be a guaranteed way of mitigating all losses to your portfolio, it does provide a clearer indication

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of a company's financial health, which is vital when picking stocks you intend on holding for the long-term. Moreover, picking stocks with market prices below their intrinsic value can also help in saving money when building a portfolio.

Although a stock may be climbing in price in one period, if it appears over valued, it may be best to wait until the market brings it down to below its intrinsic value to realize a bargain. This not only saves you from deeper losses but also allows you to allocate cash into other safer investment vehicles.

### **Nagasarwesh E**



## Update for the day #481 | 'The Iconic Man' Lal Bahadur Shastri

*"We all have to work in our respective spheres with the same dedication, the same zeal and the same determination which inspired and motivated the warrior on the battle front. And this has to be shown not by mere words, but by actual deeds."*

The date 2nd October will instantly ring a bell in people who possess an obsessive enthusiasm for our motherland. And, it is the way it should have been because it's day when India's greatest statesman Mohandas Karamchand Gandhi was born. But, what most of us tend to forget (let's assume we don't ignore) is the fact that on the exact same date after 35 years of Gandhi's birth, that is in 1904, a boy named Lal Bahadur, who later grew up to become the second Prime Minister of India and became the greatest man to shout **"JAI JAWAN JAI KISSAN"**, was born in Uttar Pradesh's Mughalsarai town.

Just like not giving much thought before forgetting the fact that 2nd October also marks the birthday of India's second and one of the greatest Prime Ministers ever, most of us also remain oblivious to the extraordinary things Lal Bahadur Shastri did to bring a change in our society. Let's know a part of his historic life story.

The life of Lal Bahadur Shastri (1904-66), India's second prime minister and successor to Jawaharlal Nehru, is the saga of a little man who, while suffering the rigours of poverty in early life, rose to political eminence on the strength of moral principle. When Shastri died, he left no house, no land, and no money. But he did leave behind an example which is morally inspiring. In an age riddled with political corruption, his career of exemplary integrity possesses a special relevance for readers in contemporary India as well as abroad." "Although Shastri's tenure as Prime Minister lasted only nineteen months, it was a period of high excitement and drama. Under Shastri's leadership India successfully fought a major war against Pakistan. The Indo-Pak war was followed by successful peace negotiations between the two countries at the famous Tashkent Conference, where, with the ink scarcely dry after all the momentous signatures, Shastri dramatically died of a heart attack." Several social and political issues of national importance and international interest emerged or found successful resolution during the time that Shastri held political power in Nehru's cabinet, as well as when he took over the premiership of India.

During his reign there was the Kamaraj Plan; the question of Nehru's successor; the English-Hindi national language controversy; the problems of food scarcity and food grain imports; the Hazratbal episode of the stolen sacred relic from the shrine in Kashmir; the complicated diplomatic negotiations over Kashmir in the United Nations; the tangled web of tightrope relations with China, the USA and the USSR and a lot more things.

So, here are some of the most interesting facts about the man;

1. He was a believer of equality and considered caste system a social evil that creates divide. Therefore, Lal Bahadur Shastri gave up his family name at an early age. It was only after joining the Kashi Vidyapeeth and after getting a degree in Philosophy, he received the epithet 'Shastri'
2. Caste system was not the only social evil Lal Bahadur Shastri was fighting against. He also raised his voice against the dowry system and refused to accept anything from his wife's

family at his wedding. It was only after repeated requests from his father-in-law, he took few meters of Khadi cloth as a wedding gift

3. Taking inspiration from Mohandas Gandhi and Bal Gangadhar Tilak, Lal Bahadur Shastri gave up his studies to join the freedom movement in 1921

4. Being a part of the freedom movement landed up him in jail quite often which is why he had to be on parole of 15 days when his daughter fell sick. He was there with her when she succumbed to the disease. But, without waiting any longer and even after having some parole time at hand, he went back to jail soon after performing his daughter's last rites

5. After India's independence, Govind Ballabh Pant took over as the Chief Minister of Uttar Pradesh and he appointed Shastri as the Minister of Police and Transport Control. As the in charge of the transport department, Shastri brought about a meaningful change by appointing women as conductors for the first time. As the in charge of the police department, he replaced the traditional lathis with water jets to put crowds under control. He was also successfully able to control communal riots of 1947

6. When Shastri was completing his term in prison, his wife received a pension of Rs. 50 every month. Once, when his wife visited him in the jail and told him that she was able to save Rs. 10 from the pension, he got annoyed and asked the Servants of People's Society to cut down his pension and give that Rs. 10 to someone needy family

7. When his son received an undue promotion at his job, it irked Lal Bahadur Shastri and he immediately released an order to reverse the promotion

8. A man with high self-esteem and morals, Shastri did not own a car even after becoming the Prime Minister of India. After pestering from family members, Shastri finally asked his secretary to find out the price of a Fiat car. The cost turned out to be Rs. 12,000 and Shastri was short of Rs. 5000. As a result, he applied for a car loan which was sanctioned to him in a jiffy. The bank officer was immediately summoned and inquired whether the bank was equally swift in sanctioning of loans to other customers also.

The list continues about the iconic man who urged Indians to sacrifice their food to save itself from terror attacks and to strengthen the army. Contributions of such heroes are ever-lasting in the nation.

### Vijaya Simha S



## Update for the day #482 | The Festival of Dance and Colours

Today let us learn the Significance of each day of Navratri.

Navaratri is a Hindu festival that spans nine nights (and ten days) and is celebrated every year. It is observed for different reasons and celebrated differently in various parts of the Indian subcontinent. The post-monsoon autumn festival called Sharada Navaratri is the most observed in the honour of the divine feminine Devi. The festival is celebrated in the bright half of the Hindu calendar month Ashvin, which typically falls in the months of September and October.

In the eastern and north - eastern states of India, the **Durga Puja** is synonymous with Navaratri, wherein goddess Durga battles and emerges victorious over the buffalo demon to help restore Dharma. In the northern and western states, the festival is synonymous with **Rama Lila** and **Dussehra** that celebrates the battle and victory of god Rama over the demon king Ravana. In southern states, the victory of different goddesses, of Rama or Saraswati is celebrated. In all cases, the common theme is **the battle and victory of Good over Evil** based on a regionally famous epic or legend such as the Ramayana or the Devi `.

On the final day, called the Vijayadashami or Dussehra, the statues are either immersed in a water body such as river and ocean, or alternatively the statue symbolizing the evil is burnt with fireworks marking evil's destruction. The festival also starts the preparation for one of the most important and widely celebrated festivals, Diwali, the festival of lights, which is celebrated twenty days after the Vijayadashami or Dussehra.

### Significance of each day of Navratri:

#### Day 1 - Shailaputri:

Known as Pratipada, this day is associated to Shailaputri, an incarnation of Parvati. It is in this form that the Goddess is worshiped as the consort of Shiva; she is depicted as riding the bull, Nandi, with a trishula in her right hand and lotus in her left. Shailaputri is considered to be the direct incarnation of Mahakali. The colour of the day is red, which depicts action and vigour.

#### Day 2 - Brahmacharini:

On Dwitiya, Goddess Brahmacharini, another incarnation of Parvati, is worshiped. In this form, Parvati became Sati, her unmarried self. Brahmacharini is worshiped for emancipation or moksha and endowment of peace and prosperity. Depicted as walking bare feet and holding a japamala and kamandal in her hands, she symbolizes bliss and calm. Blue is the colour code of this day. Blue colour depicts tranquillity yet strong energy.

#### Day 3 - Chandraghanta:

Tritiya commemorates the worship of Chandraghanta - the name derived from the fact that after marrying Shiva, Parvati adorned her forehead with half-chandra (lit. moon). She is the embodiment of beauty and is also symbolic of bravery. Yellow is the colour of the third day, which is a vivacious colour and can pep up everyone's mood.

**Day 4 - Kushmanda:**

Goddess Kushmanda is worshiped on Chaturthi. Believed to be the creative power of universe, Kushmanda associated to the endowment of vegetation on earth and hence, the colour of the day is Green. She is depicted as having eight arms and sits on a Tiger.

**Day 5 - Skandmata:**

Skandamata, the goddess worshiped on Panchami, is the mother of Skanda. The colour Grey is symbolic of the transforming strength of a mother when her child is confronted with danger. She is depicted riding a ferocious lion, having four arms and holding her baby.

**Day 6 - Katyayani:**

Born to a sage, Katyayana, she is an incarnation of Durga and is shown to exhibit courage which is symbolized by the colour Orange. Known as the warrior goddess, she is considered one of the most violent forms of Goddess Parvati. In this avatar, Katyayani rides a lion and has four hands.

**Day 7 - Kalaratri:**

Considered the most ferocious form of Goddess Durga, Kalaratri is revered on Saptami. It is believed that Parvati removed her fair skin to kill the demons Sumbha and Nisumbha. The colour of the day is White. On Saptami, the Goddess appears in a white colour attire with a lot of rage in her fiery eyes, her skin turns black. The white colour portrays prayer and peace and ensures the devotees that the Goddess will protect them from harm.

**Day 8 - Mahagauri:**

Mahagauri symbolizes intelligence and peace. The colour associated to this day is Pink which depicts optimism.

**Day 9 - Sidhidatri:**

On the last day of the festival also known as Navami, people pray to Siddhidhatri. Sitting on a lotus, she is believed to possess and bestows all type of Siddhis. Here she has four hands. Also known as Saraswati Devi. The light blue colour of the day portrays an admiration towards nature's beauty.

**Other Religions:**

Navaratri and goddess worship is mentioned in the historic **Sikhism** literature, particularly in the Dasam Granth traditionally attributed to Guru Gobind Singh. The **Jains** have observed the social and cultural celebrations of Navaratri with Hindus, such as the folk dances.

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