“Power is gained by sharing knowledge and not hoarding it”

EMERGING THOUGHTS

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SURESH & CO.

Chartered Accountants

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Foreword

We are happy to release the third publication series "EMERGING THOUGHTS". As the name suggests, these updates are the emerging and constructive thoughts of article assistants (Interns undergoing Chartered Accountancy course). We, at SURESH & CO., have attempted to imbibe the habit of reading and updating one's knowledge library every single morning. The organisation has successfully implemented the concept of daily updates. This has been a beautiful journey of knowledge without any breaks. Many a times we ourselves have been surprised by the new learning opportunities that we got from these daily updates

The main objective of this publication is to enable the article assistants of SURESH & CO., to think beyond their capabilities. It also helps the articles to improve their knowledge and climb the professional ladder and reach greater achievements.

Every day is a learning day at SURESH & CO., As an organisation, we encourage all the budding professionals to share their views and opinions on various technical and non-technical aspects.

The article assistants have various practical insights which help them understand the theoretical aspects in a more efficient way, and they are able to share the same with all of us in these series of updates.

The intent behind these updates is imparting the skill of technical analysis and professional decision making of any case study/situation.

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.

A candle loses nothing by lighting another candle.

Update – 241
MUDRA Loan

MUDRA stands for Micro Units Development & Refinance Agency Ltd. It is a loan provided under the Pradhan Mantri MUDRA Yojana (PMMY) which was launched on April 8, 2015, by the Prime Minister of India to non-farming and non-corporate micro and small enterprises including :

1. Small manufacturers
2. Artisans
3. Fruit and vegetable dealers
4. Shopkeepers
5. Individuals engaged with agriculture livestock, poultry, pisciculture, etc.

There are 3 products under the Pradhan Mantri MUDRA loan:

1. Shishu

Shishu under the MUDRA loan scheme provides up to Rs.50,000 to those entrepreneurs who are either in their initial stages of business or looking to start one.

Conditions

- Details regarding machinery quotation and other items to be purchased.
- Details of the machinery to be purchased.

It is important to note that borrowers also have to provide details of the machinery supplier.

2. Kishor

Kishor under the MUDRA loan yojana offers up to Rs.5 Lakh to those businesspersons who are looking for additional funds to expand their operations.

Conditions

- Last 6 months of account statements from an existing banker, if any.
- Balance sheet for last 2 years.
- Income tax returns.
- Estimated balance sheet for 1 year or for the duration of the loan.
- Memorandum and articles of association, if any.
- Sales made before filing the loan application and in the current FY.

Borrowers also have to provide a report containing the economic and technical viability of the business.

3. Tarun

Under the Pradhan Mantri MUDRA yojana loan arrangement, Tarun sanctions up to Rs.10 Lakh if the business owner meets certain eligibility criterions.

Conditions

- Same as Kishor.

In addition to the above, borrowers also have to provide:

- Certificate of SC, ST, OBC, etc. (If Applicable)
- Address proof
- Identity proof

Benefits

• One of the key benefits of a Mudra loan is that borrowers are not required to provide security or collateral. Additionally, there are no processing charges on Mudra loans.

• The credit facilities extended under the PMMY can be for any type of fund or non-fund based requirements. Hence, borrowers can use Mudra loan scheme for a variety of purposes.

• The credit from Mudra loans can be used for term loans an overdraft facilities, or to apply for letters of credit and bank guarantees.

• There is no minimum loan amount for Mudra loans.

-Ashweeja A Bhat

Update - 242
Policies put forth to electrify India

Today's update is regarding how electricity reached all households of India through introduction of so many policies.
Those policies are as follows:

1) National Electricity Policy 2005

The National Electricity Policy aims at laying guidelines for accelerated development of the power sector, providing supply of electricity to all areas and protecting interests of consumers and other stakeholders keeping in view availability of energy resources, technology to exploit these resources, economics of generation using different resources, and energy security issues.

The aims and objectives of the policy are as follows:

- Access to Electricity - Available for all households in next five years
- Availability of Power-Demand to be fully met by 2012. Energy and peaking shortages to be overcome and adequate spinning reserve to be available.
- Supply of Reliable and Quality Power of specified standards in an efficient manner and at reasonable rates. Per capita availability of electricity to be increased to over 1000 units by 2012.
- Minimum lifeline consumption of 1 unit/household/day as a merit good by year 2012.
- Financial Turnaround and Commercial Viability of Electricity Sector.
- Protection of consumers' interests.

2) National Rural Electrification Policy,2006

Goals include provision of access to electricity to all households by the year 2009, quality and reliable power supply at reasonable rates, and minimum lifeline consumption of 1 unit/household/day as a merit good by year 2012.
For villages/habitations where grid connectivity would not be feasible or not cost effective, off-grid solutions based on stand-alone systems may be taken up for supply of electricity. Where these are also not feasible and if only alternative is to use isolated lighting technologies like solar photovoltaic, these may be adopted. However, such remote villages may not be designated as electrified.

3) Rajiv Gandhi Grameen Vidyutikaran Yojana

Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched in April 2005 by merging all ongoing schemes. The Government is implementing Decentralized Distributed Generation (DDG) under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) for electrification of villages where grid connectivity is either not feasible or not cost effective. In XII Plan period, DDG has also been extended to the grid connected area where supply of electricity is less than 6 hours a day. Decentralized Distributed Generation (DDG) can be from conventional or renewable sources such as Biomass, Biofuels, Biogas, Mini hydro, Solar etc.
Under the programme, 90% grant is provided by Govt. of India and 10% as loan by Rural Electrification Corporation (REC) to the State Governments. Rural Electrification Corporation (REC) is the nodal agency for the programme.

Aims:

· Electrifying all villages and habitations as per new definition
· Providing access to electricity to all rural households
· Providing electricity Connection to Below Poverty Line (BPL) families free of charge

At present, Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) has been subsumed in the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) as its rural electrification component.

The outcomes based on evaluation studies in 20 states:

- 75% of women surveyed in Rajasthan stated that they are able to work in the fields after electricity reached their homes.
- Students in all states reported to have benefited a great deal as after electrification under RGGVY, they are now able to study for longer hours and also save money & time which they had to spend on kerosene lamp.
- In Andhra Pradesh, 88% of beneficiaries reported positive impact on education. In UP, nearly 64% reported using electricity for education, 56% In Madhya Pradesh and 48 % In Bihar.
- In J & K, most people feel that security & standard of life has increased after RGGVY implementation. Villagers are able to get the treatment in the night. In some of the villages, it was found that the villagers use electrical appliances for crop processing. Many shops were also found to be electrified in the villages through RGGVY line.

4) Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

This scheme focuses on feeder separation (rural households & agricultural) and strengthening of sub-transmission & distribution infrastructure including metering at all levels in rural areas. This will help in providing round the clock power to rural households and adequate power to agricultural consumers. The earlier scheme for rural electrification viz. Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) has been subsumed in the new scheme as its rural electrification component.

Components:

The major components of the scheme are feeder separation; strengthening of sub-transmission and distribution network; Metering at all levels (input points, feeders and distribution transformers); Micro grid and off grid distribution network & Rural electrification- already sanctioned projects under RGGVY to be completed.

Benefits:

- All villages and households shall be electrified
- Increase in agriculture yield
- Business of Small and household enterprises shall grow resulting in new avenues for employment
- Improvement in accessibility to radio, telephone, television, internet and mobile etc.
- Betterment in social security due to availability of electricity
- Accessibility of electricity to schools, panchayats, hospitals and police stations etc.

Conclusion :

With the introduction of one after the other schemes, India has achieved significant progress in electrifying the nook and corner of the nation.

-Shri Raksha. S.

Update – 243
EPCG Scheme & Benefits

EPCG (Export Promotion Capital Goods) Scheme helps in facilitating the import of capital goods for manufacturing quality goods and to augment the competitiveness of India's export.
EPCG scheme enables the import of capital goods that are used in the pre-production, production, and post-production without the payment of customs duty.

EPCG Scheme: -
This is a Scheme which enables an importer (being an export-oriented business) to import capital goods at zero rate of customs duty. However, the scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within 6 years from the date of issuance of the authorization. In simple words, there is a compulsion on the business to bring in foreign currency which is equal to 600 percent of duty saved on such importation measured in domestic currency. This is to be done within six years from availing the Export Promotion Capital Goods scheme,
Example:-X imported capital goods for Rs.10,00,000 on that custom duty payable 1,00,000 (10%) (Which is not to be paid if registered under EPCG scheme), Minimum exports required to be made within 6 years from the date of issuance of the authorization is RS 6,00,000

Export Promotion Capital Goods: -
Export Promotion Capital Goods are capital goods used in the production of goods which are exported to other countries.
If a person wants to get EPCG Scheme benefit, he shall submit Form ANS-5A to DGFT (Directorate general of foreign trade).

Capital Goods allowed under Export Promotion Capital Goods Scheme: -
The capital goods allowed under Export Promotion Capital Goods Scheme shall include spares (including reconditioned/ refurbished), fixtures, jigs, tool, moulds and dies.
Under this scheme of Foreign Trade Policy (FTP), importation of capital goods required for the manufacturing of export-oriented product specified in the Export Promotion Capital Goods Authorization is permitted at concessional/nil rate of duty. This scheme under Foreign Trade Policy allows technological up-gradation of the indigenous industry. Export Promotion Capital Goods (EPCG) Authorizations are issued by licensing authority – Director General of Foreign Trade (DGFT) based on the certificate issued by an Independent chartered engineer.

Import procedure
The bill of entry under EPCG Schemes shall be filed only when complete details of registrations are available with the importer. In the absence of the same the bill of entry shell be filed as bill of entry for warehousing and the goods shell be bonded in the warehouse. When all the requisite registration details available, such goods may be cleared under EPCG license by filing of ex-bond bill of entry.

Benefit from this Scheme: -
EPCG is intended for promoting exports and the Indian Government with the help of this scheme offers incentives and financial support to the exporters. However, it is not advisable to go ahead for this scheme for those who don't expect to manufacture in quantity or expect to sell the produce entirely within the country, as it could become almost impossible to fulfill the obligations set under this scheme

-

Export obligation under the scheme: -
The Importation of capital goods under the scheme of EPCG is subject to an export obligation which is equal to six times of duty saved, to be satisfied within 6 years from date of issue of EPCG authorisation. If a holder of the EPCG authorization is unable to meet the stipulated export obligation, the importer of the capital goods is required to pay customs duties along with interest on it as prescribed.
As per the FTP (Foreign trade policy) 2015-20 authorization shall be valid for import for 18 months from the date of issue of Authorization. Re-validation of EPCG Authorisation shall not be permitted.

Penalty in case of Non-Compliance: -
In cases where the license holder under the EPCG scheme fails to fulfill the stipulated export obligation then the licensee shall be liable to pay the customs dues along with 15% interest per annum to the customs authority.

GST impact
If the registered person imports goods, he shall be required to pay IGST and claim the credit of GST paid. However, Notification No. 66/2018 – Customs dated 26th September 2018 has exempted the payment of IGST on goods imported against EPCG scheme.

-Jayakumar R

Update – 244
Trending Start-ups

Let us begin with the update for the day,
"As every cockroach knows, thriving on poisons is the secret of success"
Startup ecosystem did take some time to take off in India, but digitalization has made the country one of the fastest growing startup ecosystems in the world. Every day we are hearing about startups becoming unicorns, but the worldwide shift in focus from unicorn startups to cockroach startups becoming more and more suitable in India as well.

What is a Cockroach startup?

A cockroach is a business that - from inception forward - grows gradually and progressively. It puts a specific emphasis on revenues as well as profits and ensures a tight cost control in order to make its growth especially robust as far as finances are concerned. Oftentimes these cockroaches are much more scuff proof and thus considered a less risky investment than unicorns.

Features of a Cockroach startup:

1. Patience

A cockroach startup is never in a hurry to grow, it doesn't mean that founders of such startups don't want money and expansion, but they wait for the right time and right conditions to put their time and money in.

2. Less spending on fixed assets

Building any startup requires money but these startups avoid spending money on fixed assets. Renting a co-working space instead of owning an office is an example of how founders save money.

3. Keeping the focus on profit instead of market share

As a cockroach startup is in no hurry to become the favorite in the market by spending bucks, the focus always remains increasing revenues and profits.

4. Product/service is the Key to survive

Cockroach startups are adaptive in nature as they can survive in tough conditions by having a real product or service. Usually, when business starts picking up the right direction, founders tend to forget about the product or service and start focusing on getting funding. Whereas in a cockroach startup, the energies and money are always spent on improving the product or service.

An Example for Cockroach Startup: DAILYHUNT

- **Founder**
  Virendra Gupta (2007)
- **Funding**
  $58 million from Falcon Edge, Omdiyar, Matrix Partners and Sequoia Capital
- **What Makes It A Cockroach**
  Activating business in an area which is difficult while being capital efficient. Dailyhunt has healthy revenue and is growing 100% year-on-year. With a good audience engagement, experts think Dailyhunt can ride the wave smoothly without any falls.
- **Turning Point**
  It aggregates content from 100 news sources It focused on small towns. More than 95% of Dailyhunt's news is in 12 local languages. At a time when the top 10 daily papers have 24 million readers, it has 26 million readers, and readership is increasing by 2 million every month.

What is a Unicorn Startup?

A **unicorn** is a privately held **startup** company valued at over $1 billion. The term was coined in 2013 by venture capitalist Aileen Lee, choosing the mythical animal to represent the statistical rarity of such successful ventures. However, the number of unicorns has increased manifold. Similarly, a **decacorn** is a word used for those companies valued over $10 billion and **hectocorn** is the appropriate term for companies valued over $100 billion.

An Example for Unicorn Startup: UBER

- **Founders:** Garrett Camp, Oscar Salazar, Travis Kalanick (2009)
- **Current Valuation:** $69 billion (December 2017)
- **Total Equity Funding:** $10.7 billion
- **Market:** Transportation, Uber services are active in a total of 81 countries and 581 cities around the world.
- **Headquarters:** San Francisco, California

How is it different from Cockroach Startups?

A unicorn is characterised by superfast growth, fueled by VC money. Market share of the company is more emphasized than profitability. These create more hype than revenues as the high valuation makes investors put their money in these hoping for the growth. A cockroach, by contrast, is a business that builds slowly and steadily from the get-go, keeping a close eye on revenues and profits. Spending is kept in check so that it can weather any funding storm.

Nowadays, the investors are looking for cockroach startups rather than unicorns because of the funding. The year 2015 was characterised by free and easy funding and low-interest rates for startups driving more and more cash into venture capital. But 2016 got off to a very different start, with venture capital funding drying up amid wobbles for the global economy. This has revealed problems in the business models of many unicorns and other fast-growing tech businesses, most of which rely on easy VC money to fund their growth. To conclude, we can say that a cockroach startup is minimizing the risk of investors. We don't see them in the daily newspapers like the big names but silently they also contribute to the startup industry.

-Dhaarani.M.V

Update – 245
Six Stories of Super Successes Who Overcame Failure.

"Failure is the stepping stone to success."

Failure is not the alternative to success. It's something to be avoided, but it's also only a temporary setback on a bigger, r
point or another. What truly matters is how you react to and learn from that failure.

Take the stories of these six entrepreneurs. Their stories end in massive success, but all of them are rooted in failure. Th
from following your vision.

1. Arianna Huffington got rejected by 36 publishers.

It's hard to believe that one of the most recognizable names in online publications was once rejected by three dozen ma
publish long before she created the now ubiquitously recognizable Huffington Post empire, was rejected 36 times befor

Even Huffington Post itself wasn't a success right away. In fact, when it launched, there were dozens of highly neg
Huffington overcame those initial bouts of failure and has cemented her name as one of the most successful outlets on

2. Bill Gates watched his first company crumble.

Bill Gates is now one of the world's wealthiest individuals, but he didn't earn his fortune in a straight line to success. Ga
Traf-O-Data, which aimed to process and analyze the data from traffic tapes (think of it like an early version of big data

He tried to sell the idea alongside his business partner, Paul Allen, but the product barely even worked. It was a complete
exploring new opportunities, and a few years later, he created his first Microsoft product, and forged a new path to succ

3. George Steinbrenner bankrupted a team.

Before Steinbrenner made a name for himself when he acquired ownership of the New York Yankees, he owned a sm
By 1962, as a result of Steinbrenner's direction, the entire franchise went bankrupt.

That stretch of failure seemed to follow Steinbrenner when he took over the Yankees in the 1970s, as the team strugglec
and 1990s. However, despite public fear and criticism of Steinbrenner's controversial decisions, eventually he led the t
between 1996 and 2003, and a record as one of the most profitable teams in Major League Baseball

4. Walt Disney was told he lacked creativity.

One of the most creative geniuses of the 20th century was once fired from a newspaper because he was told he lac
animation company, which was called Laugh-O-Gram Films. He raised $15,000 for the company but eventually was
important distributor partner.

Desperate and out of money, Disney found his way to Hollywood and faced even more criticism and failure until finally

5. Steve Jobs was booted from his own company.

Steve Jobs is an impressive entrepreneur because of his boundless innovations, but also because of his emphatic comeb in his 20s when Apple became a massive empire, but when he was 30, Apple's board of directors decided to fire him.

Undaunted by the failure, Jobs founded a new company, NeXT, which was eventually acquired by Apple. Once back at the company's image and taking the Apple brand to new heights.

6. Milton Hershey started three candy companies before Hershey's.

Everyone knows Hershey's chocolate, but when Milton Hershey first started his candy production career, he was a nob Hershey started three separate candy-related ventures, and was forced to watch all of them fail.

In one last attempt, Hershey founded the Lancaster Caramel Company, and started seeing enormous results. Believing i founded the Hershey Company and became one of the most well-known names in the industry.

Draw inspiration from these stories the next time you experience failure, no matter the scale. In the moment, some failu are countless successful men and women in the world today who are only enjoying success because they decided to pus

"Learn from your mistakes, reflect and accept the failure, but revisit your passion and keep pursuing your goals no matt

-Adithya C V

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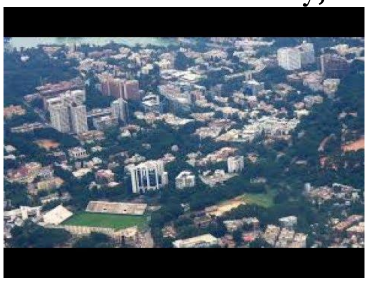
Update – 246
Bengaluru- Climate Change

"Its not every place on earth where bright sunlight lashes on your face and the cold breeze chills your body simultaneously; unless you are in Bengaluru."

Carvation of Garden City,



Did Bengaluru always have trees?
In 18th century there were very few trees. It is said that the historical archives talk about a massive afforestation drive in mid-18th century. Hence it can be safely said that there were two different climates were created in Bengaluru, by man.

1. Man-made Air-conditioning (In 18th century)
2. Man-made Heating (20th century)

Man-made Air-conditioning (In 18th century)

A city cannot exist without water, and Bengaluru did not have a river. The city originally had a few tanks as water sources, around which settlements were built, those who ruled Bengaluru. Kempe Gowda built Hundreds of more tanks and an incredible network of kaluves (canals) was also built to connect them all. Work on this design followed for generations of rulers; the Wodeyars in the last century continued to build kaluves and tanks and a couple of lakes were even added by influential citizens and farming communities. It was India's famous tank culture on steroids. The lakes of Bengaluru have always attracted attention, but it is the kaluves that make them work. Over 800 kilometers of these lake-connectors ensured that not a drop of rain left Bengaluru's three valleys until all tanks were filled.
A water culture was created. Everyone knows water is life, but to conserve and protect it became Bengaluru's religion. For centuries the lakes remained pure and one could drink from them because nobody would let any waste enter the lake system.
But the problem shifted from water storage to water itself – there was not enough rain to satiate a growing population.
How can we attract rain? Kempe Gowda and his successors knew that if Bengaluru grew a forest, it would rain.
And so a major investment into tree planting was made. It was an activity that continued for centuries. As the forest grew, its breath became bigger and started influencing the climate. The water released from the trees as transpiration and from the lakes as evaporation formed low-lying clouds and then came down as gentle showers.
The temperature dropped. Bengaluru became the coolest city in the south and later the coolest in the summer across India.
The world's first fully air-conditioned city was born. This AC needed no energy and was almost zero maintenance.

The problem of water scarcity was solved. The Vrishabhāvati started flowing out of the city perenially. Other side-effect such as the creation of a rich layer of topsoil that remained moist and a high water table also created lasting benefits in food security and livelihoods.

The salubrious climate of Bengaluru attracted many rulers and it was exchanged several times. 1n 1806, the British made it their military cantonment – a city-state inside the expanding boundaries. It attracted many Europeans, Anglo-Indians and missionaries. There were more tanks to store more water to satisfy rising demand. A demand fueled by a growing population and a new lifestyle of consumption.

Water was brought from new reservoirs farther and farther away as electricity and motors made their way into the planner's hands.

When the British left, the city still continued to grow, especially in scientific research and aeronautics. While Bangalore's reputation as the Garden City remained intact, sustainability indicators started moving off the charts and some foresaw water issues.

Man-made Heating (20th century)

In the 1960s Bengaluru started getting transformed.The groves of trees, hundreds of years old, with trunks as wide as cars were axed. About 85% of the vegetation was lost between 1992-2009 as per a study by Dr. T V Ramachandra and Dr. Bharath H Aithal from Indian Institute of Science (IISc).Thousands of 'calakes' – concrete and asphalt lakes (which include roads, parking lots, malls, and office complexes) come into being at faster and faster rates.

Lakes of water keep the ground and air cool and moist. So we replace water bodies with 'calakes' too. While it is not possible to own lakes privately in India, by exasperating the normal dry cycles of Bangalore's lake system allowed them to look like unoccupied and unsold land. The conversion (destruction) of lakes created much financial activity for builders, bureaucrats, politicians, and banks. And consumers and investors flocked in to own homes (and offices). In addition, since a quality water supply became absent, tankers and household filters become prominent.

With the removal of cooling lakes and trees and replacing them with highly efficient large heaters – the 'calakes' -a towering pillar of heat emanates from the new city. This ferocious pillar pushes monsoon clouds higher and to the side. So rainfall events start getting reduced. The monsoon is still mighty. Once in a while it will overpower the pillar of heat and heavy clouds will descend. And it will rain heavily.

Instead of regular gentle showers we will see a few of these heavy downpours resulting in floods and very little capture into the little left of Kempe Gowda's system.

Now Bangalore is hot and dry and extremely dusty. We have transformed the Garden City into the Oven City. Rapidly. The first climate transformation for Bengaluru started took at least three centuries; the second transformation for Bangalore took only a few decades.

"We could always choose to move to a new economic system, where people and nature matter, under which we could create a city with a pleasant and cool climate for the benefit of all."

-Bashar Hamdi

Update – 247
The Best Seller - Think and Grow Rich

The book **Think And Grow Rich** by *Napoleon Hill* first published in the year 1937 as self-help book is one of the best business or self help book almost from last 7–8 decades and by the 2016 over 100 million copies are sold. It talks about generating business idea, working hard towards it and living your dream with utmost satisfaction.
As the title says, 'Think' and 'Grow Rich' The book also contains the idea about thinking with great vision and simultaneously growing ourselves to earn high profits in any business.It also talks about to get self-improvement of a person and the mannerism of an individual towards the dreams and ideas of the person. There are many good stories about success and hard work of almost all successful people up to 1920s.There are many good points out there in the book to get inspire from.
These are some of the points/lines from the book from which would change your lives dramatically and with utmost effectiveness.

- The starting point of all achievement is DESIRE. Keep this constantly in mind. Weak desire brings weak results, just as a small fire makes a small amount of heat.
- You are the master of your destiny. You can influence, direct and control your own environment. You can make your life what you want it to be.
- When defeat comes, accept it as a signal that your plans are not sound, rebuild those plans, and set sail once more toward your coveted goal.
- The way of success is the way of continuous pursuit of knowledge.
- A quitter never wins-and-a winner never quits.
- Happiness is found in doing, not merely possessing.
- Every adversity, every failure, every heartbreak, carries with it the seed of an equal or greater benefit.
- More gold had been mined from the mind of men than the earth it self.
- Put your foot upon the neck of the fear of criticism by reaching a decision not to worry about what other people think, do, or say.
- Helen Keller became deaf, dumb, and blind shortly after birth. Despite her greatest misfortune, she has written her name indelibly in the pages of the history of the great. Her entire life has served as evidence that no one is ever defeated until defeat has been accepted as reality.

To conclude it I would suggest everyone of you to make time to read this book and it's worth it.
"Think big and give every nerve of yours to achieve it, which surely puts you at the top of the world."- Napoleon Hill

-K V Sreekar Tej

Update – 248
Marvel Studio

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INTRODUCTION

3

The Company is known for its Marvel Comics subsidiary and as of the late 2000s, its film productions from Marvel Studios.

It is an America entertainment company formed from the merger of Marvel Entertainment Group Inc. and Toy Biz Inc.

Marvel Entertainment LLC, formerly known as Marvel Enterprises and Toy Biz, Inc.,

HISTORY

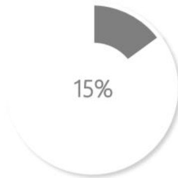
- Following Marvel Entertainment Group's (MEG) ToyBiz deal in 1993, Avi Arad of ToyBiz was named President and CEO of Marvel Films division and of New World Family Filmworks, Inc., a New World Entertainment subsidiary.
- New World was MEG's former parent corporation and later a fellow subsidiary of the Andrews Group. Marvel Productions became New World Animation by 1993 as Marvel would start up Marvel Films including Marvel Films Animation.
- New World Animation and Marvel Films Animation were sold along with the rest of New World by Andrews Group to News Corporation/Fox as announced in August 1996.
- In August 1996, Marvel created Marvel Studios, an incorporation of Marvel Films, due to the sale of New World Communications Group, Inc., Marvel's fellow Andrews Group subsidiary in film and television stations, to News Corporation/Fox.
- Filing with the U.S. Securities and Exchange Commission to raise money to finance the new corporation, Marvel, Isaac Perlmutter's Zib, Inc. and Avi Arad sold Toy Biz stocks, which Marvel had started and took public in February 1995.
- Toy Biz filed an offering of 7.5 million shares with a closing price of $20.125 at the time, making the offering worth approximately $150 million. Toy Biz sought to sell 1 million shares, and Marvel sought to sell 2.5 million shares.

BUSINESS MODEL

5

PUBLISHING

The Publishing segment produces, markets and sells comic books. This business publishes comic books and novels about the Company's characters, and licenses and characters from other sources and turns them into graphic novels



TOYS

The Toys segment collects royalties and service fees from Hasbro. The Company has an exclusive toy merchandising agreement with Hasbro until the year 2020.

LICENSING

The Licensing Segment earns revenues from selling rights to movies, television production companies, video game publishers and merchandise manufacturers to use its character properties.

BANKRUPTCY

6

- In December 27, 1996 Marvel filed for bankruptcy in U.S. Bankruptcy Court. The company was losing money hand-over-fist. Worse, it owed money. For a company that had created some of the most iconic and recognized characters the world over, the future seemed bleak.
- Bankruptcy paid off all existing debts, but if Marvel was going to survive, they needed to start actually making money. Marvel had grand new plans to create "Marvel Mania" theme restaurants, Marvel Interactive CD-ROMs and a new trading card initiative with Skybox. Marvel Mania opened one location in 1998 and closed a year later. The CD-ROM and trading card plans were woefully out of date before they were even announced. This was the kind of dated thinking that got Marvel into this mess.
- The 1996 bankruptcy came two years before the first modern Marvel movie, *Blade*, hit theaters. Blade made $70 million at the U.S. box office, but Marvel only pocketed a shocking $25,000 because of a flat-fee negotiation.
- In 2003, Endeavor talent agent David Maisel pitched Marvel a simple, but radical idea: why continue to give away your best assets to other companies for a paltry fee? Create your own production studio, develop and produce these titles in house and retain 100% of the profits. At the time, Marvel was intrigued but hesitant to move forward. After about seven years toiling away at profitability in the wake of their bankruptcy, they were finally starting to see some returns, as small as they were.

…BANKRUPTCY

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- In 2005, the Marvel board approved Maisel's plan and a seven-year, $525 million financing deal with Merrill Lynch was announced that would launch Marvel Studios, an internal production company that would "give Marvel complete creative control" over their films. But, to get that $525 million, Marvel had to put something up as collateral: almost everything they had.
- The deal included 10 properties — Captain America, The Avengers, Nick Fury, Black Panther, Ant-Man, Cloak & Dagger, Doctor Strange, Hawkeye, Power Pack, and Shang-Chi — and if the Marvel Studios plan failed, they would lose the rights to every single one of those properties.
- That put a lot of pressure on whatever Marvel's first film would be. And if they got to this point with a lot of shrewd planning, they'd also need a little luck.
- That initial list of Marvel films includes a lot of familiar faces, but is missing one of their biggest names: *Iron Man*. At the time, *Iron Man* was still owned by New Line Cinema (a subsidiary of Warner Bros.), but their option ran out and just two months after the above deal was announced, Marvel got the rights back to the character. But, because Iron Man was not part of their financing deal, they could not use the money they acquired to make that film. Marvel wanted to launch their films with a character who had never been in live-action before so, in another huge gamble, they fully financed the first *Iron Man* film themselves, with their own money.
- The rest is, as they say, history. The risk Marvel took in putting up *The Avengers* as collateral on their new studio worked. *Iron Man* made over $500 million and Marvel has never looked back, eventually selling to Disney for $4.3 million in 2014

TOP COMPETITORS

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MARVEL CINEMATIC UNIVERSE – IN NUMBERS

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Film	U.S. release date	Box office gross			All-time Ranking		Budget
		U.S. and Canada	Other territories	Worldwide	U.S. and Canada	Worldwide	
Iron Man	May 2, 2008	$318,412,101	$266,762,121	$585,174,222	65	156	$140 million
The Incredible Hulk	June 13, 2008	$134,806,913	$128,620,638	$263,427,551	431	537	$150 million
Iron Man 2	May 7, 2010	$312,433,331	$311,500,000	$623,933,331	70	137	$200 million
Thor	May 6, 2011	$181,030,624	$268,295,994	$449,326,618	244	238	$150 million
Captain America: The First Avenger	July 22, 2011	$176,654,505	$193,915,269	$370,569,774	260	319	$140–216.7 million
Marvel's The Avengers	May 4, 2012	$623,357,910	$895,455,078	$1,518,812,988	7	6	$220 million
Iron Man 3	May 3, 2013	$409,013,994	$805,797,258	$1,214,811,252	26	17	$178.4 million
Thor: The Dark World	November 8, 2013	$206,362,140	$438,209,262	$644,571,402	192	128	$152.7 million
Captain America: The Winter Soldier	April 4, 2014	$259,766,572	$454,497,695	$714,264,267	109	104	$177 million
Guardians of the Galaxy	August 1, 2014	$333,176,600	$440,152,029	$773,328,629	56	89	$195.9 million
Avengers: Age of Ultron	May 1, 2015	$459,005,868	$946,397,826	$1,405,403,694	16	8	$365.5 million
Ant-Man	July 17, 2015	$180,202,163	$339,109,802	$519,311,965	246	193	$109.3 million
Captain America: Civil War	May 6, 2016	$408,084,349	$745,220,146	$1,153,304,495	27	19	$230 million
Doctor Strange	November 4, 2016	$232,641,920	$445,076,475	$677,718,395	144	116	$165–236.6 million
Guardians of the Galaxy Vol. 2	May 5, 2017	$389,813,101	$473,942,950	$863,756,051	34	64	$200 million
Spider-Man: Homecoming	July 7, 2017	$334,201,140	$545,965,784	$880,166,924	54	56	$175 million
Thor: Ragnarok	November 3, 2017	$315,058,289	$538,918,837	$853,977,126	69	67	$180 million
Black Panther	February 16, 2018	$700,059,566	$646,853,595	$1,346,913,161	3	9	$200–210 million
Avengers: Infinity War	April 27, 2018	$678,815,482	$1,369,544,272	$2,048,359,754	4	4	$316–400 million
Ant-Man and the Wasp	July 6, 2018	$216,648,740	$406,025,399	$622,674,139	169	138	$162 million
Total		$6,869,545,308	$10,660,260,430	$17,529,805,738	1	1	$3.807–4.049 billion

-Afza

Update 249
ACQUI-HIRE

Acqui-hiring or Acq-hiring (a portmanteau of "acquisition" and "hiring") or talent acquisition, is the process of acquiring a company to recruit its employees, without necessarily showing an interest in its current products and services—or their continued operation. "Some technology blogs call it being 'acqhired.' The process of a talent acquisition also provides a relatively favourable exit strategy for employees with the prestige of being bought by a larger company, combined with the typical process of hiring.
Talent acquisitions, or acqui-hires, are generally pegged at $1-1.5 million per employee that joins the acquirer. This number goes up for employees that have a phenomenal reputation or brand. Employees that do not join the acquiring company are laid off. In most cases, the product is shut down. The team will be working on new projects for the acquirer.

The actual money is typically doled out in two parts: some cash for debt (investors, contracts, and liabilities), and a pool of stock and cash (bonus) for the acquired employees. Start-ups that raise convertible debt, for example, receive some cash to pay off the debt – i.e. investors get most of their money back. The acquired employees get stock that vests over a 4-5-year period, a small cash bonus, and a salary.
Benefit to the acquirer:

1. Each acquisition varies. For example, in some acquisitions the entire/majority of the team is required to stay employed at the acquirer for a minimum period (usually 2 or 3 years). If a member of that team leaves early, the whole team might lose money. From an acquirer's perspective, this is an affordable opportunity to hire an entire team of talented engineers that have a demonstrated history of working together. If parts of the team leave, value of the team at large drops.
2. An acqui-hire can reinvigorate a company and increase its earning potential. That's particularly true since most acqui-hires aren't expensive purchases for large businesses.

Soft landing
Acqui-hires happen so often that some start-ups don't worry about seed funding as much. They use the term "soft landing" to describe an inevitable acqui-hire. That's when a team proves itself enough that each member understands that a larger tech company will buy them.
Soft landings happen most often when a start-up fails to raise more capital after its first attempt. Without new money coming in, the business will die. The workers can earn a job with a bigger and better company, though. It's a mutually beneficial tactic for start-ups without business savvy and larger businesses with a constant need for talented technology employees.

Disadvantages:

1. Employees: A business in a different city will usually need the worker to move. They also won't be able to enjoy the benefits of working in the relaxed environment of a start-up. Many of the employees at start-ups are their own bosses. They set their own hours and come and go as they please. Working for a larger company comes with different rules that are more restrictive.
2. Business: For the business performing the acqui-hire, the biggest disadvantage is risk. Their hire assumes that the workers will come to the new cmompany. Unless the employees are under contract, that's not something anyone can guarantee. Also, many contracts have out clauses for situations in which a competitor performs a buyout.
3. Existing employees at a buying company get resentful of acquired start-up employees making tons of money to do essentially the same job. This can incentivize existing employees to leave to work at a start-up.

Reasons why acqui-hire occurs:

1. Makes failures seem like successes: The founder of a failed start-up doesn't have to take responsibility. Instead, the person can say that the company didn't fail. Someone purchased it instead.
2. Allows for Expensive Hiring's: A technology company is in an awkward position when it wants to hire a talented employee. If it brings in someone at a higher salary than an existing worker, the situation looks bad. An acqui-hire allows the company to bring in employees without negotiating salary the same way as a regular hiring.
3. Keeps venture capitalists happy: The primary benefactors of start-ups are venture capitalists (VCs). They also do a lot of business with large corporations, too. The big companies like Google and Facebook need good working relationships with VCs. Hiring away the talent behind a start-up could ruin a VC's investment in the new business. An acqui-hire protects the VC, keeping it happy.

Examples of Acqui-Hire.

Facebook acquired Drop.io and Hot Potato in New York, simply to get their hands on the companies' founders.

When Google bosses were developing a social media service to rival Facebook and Twitter, they didn't headhunt the best man for the job; instead, they bought Milk, and set the entire workforce the objective of developing Google+.

Recent examples of Acqui-hire: Swiggy acqui-hiring AI start-up Kint.io.

After the current move, the Kint.io team will be joining Swiggy to boost its computer vision technology and superior consumer experience. The founding members - Jagannathan Veraraghavan and Pavithra Solai Jawahar - will soon join the Swiggy team.

-Sri Ganesh N R

Update 250
INITIAL COIN OFFERING(ICO)

Historically, Initial Public Offering (IPO) or Venture Capital (VC) funding has financed for projects and ventures. Later, the concept of crowdfunding was made popular by platforms such as Kickstarter. In 2013, Ethereum, a cryptocurrency and decentralized app platform brought ICOs into the limelight. An ICO, is a crowdfunding platform where investors or contributors are offered units of a new cryptocurrency or crypto-tokens in exchange for money or existing cryptocurrency like bitcoin, Ethereum etc.

What is Initial Coin Offering (ICO)?

An initial coin offering (ICO) is a type of funding using cryptocurrencies. In an ICO, a quantity of cryptocurrency is sold in the form of "tokens" ("coins") to speculators or investors, in exchange for legal tender or other cryptocurrencies such as Bitcoin or Ethereum.

An ICO can be a source of capital for start-up companies. ICOs can allow start-ups to avoid regulatory compliance and intermediaries such as venture capitalists, banks and stock exchanges.

History of ICO:

The first token sale (also known as an ICO) was held by Mastercoin in July 2013. Ethereum raised money with a token sale named Ether in 2014, raising 3,700 BTC in its first 12 hours, equal to approximately $2.3 million at the time.

ICOs and token sales became popular in 2017. There were at least 18 websites tracking ICOs before mid-year. In May, the ICO for a new web browser called Brave generated about $35 million in under 30 seconds. Messaging app developer Kik's September 2017 ICO raised nearly $100 million. At the start of October 2017, ICO coin sales worth $2.3 billion had been conducted during the year, more than ten times as much as in all of 2016. As of November 2017, there were around 50 offerings a month, with the highest-grossing ICO as of January 2018, being Filecoin raising $257 million (and $200 million of that within the first hour of their token sale).

ICO vs IPO

Parallels can be drawn between ICOs and IPOs. In an IPO, the company lists its stocks or shares on a public exchange, and the funds collected from the sale of these shares provides the company with funding for their project. In an ICO, the company gives investors crypto-tokens that can be traded or sold later.

With an ICO, anyone from across the globe can invest, but IPOs usually have geographical boundaries and limitations. ICO has opened a large funding base for start-up’s that is otherwise not available. The ICO is closed when the required funds have been obtained within a stipulated period.

With ICOs, companies save on costs and cumbersome procedures that slow the growth of start-ups. The issuer of the tokens in an ICO usually creates a white paper that describes the platform and use of the new currency being launched. The white paper provides an investor with all the information needed to decide about investing in the currency. ICOs have raised more in capital than traditional fundraising methods, have emerged as the 'new vehicle for raising funds' and are revolutionizing the process of crowdfunding.

ICO in India

While the Government has not declared ICO's and cryptocurrencies as 'illegal'. whether the government would take absolute ban on ICOs or provide framework regulating ICOs (like is the case for IPOs) is yet to be seen.

So Indian Companies are facing a dilemma whether to raise ICO in India (or) Outside India.

Example where Indian company raised ICO outside India: Recently a Mumbai based company AS Just Ride Tours and Travels Pvt. Ltd, popularly known as Drivezy has raised $8 million through ICO concluded in April-18 in japan because it was unsure about laws in India, where existing investors and high net worth individuals (HNIs) from Japan and Singapore had participated in the ICO.

Opportunities offered by ICOs to Companies:

- **Cost Effective**

Since the market is mostly unregulated in India, start-ups can avoid the cost of regulatory compliances and intermediary costs, such as giving away large equity to VCs, or fees associated with banks and stock exchanges. The NSE charges anywhere between Rs 2.9 and 7.3 lakhs to list a company and prescribes several mandatory procedures. These costs are very high for start-ups. Comparatively, an ICO requires funding only to launch a website. The only drawback is that due to a regulatory grey area and absence of an overseeing body, investors are wary and sceptical about participating in an ICO.

Additionally, the ROI for investors on crypto- and ICO-related investments is much higher than on traditional investments. The average ROI on crypto-assets is about 1320%, while the global average for the stock market tends to be anywhere between 4% and 11%.

- **Community Building**

Successful ICOs focus on community building and provide ways for their investors to be in constant touch with the parent company to monitor the progress of the actual launch of the company's platform. Most crowdfunding platforms do not usually have extensive two-way communication between the investors and the company. In a successful ICO community, however, there is constant community interaction. Most ICO teams typically have an appointed community manager who only looks after the health and growth of the community. ICOs open your project to investors globally, which gives it more chances of succeeding.

Advantages of ICO to investors:

- **No entry constraints**

Most of the ICOs set the prices for their tokens very modestly and allow even small investors to reap benefits of the sale, unlike most traditional IPOs, small investors now have a chance to make a small investment and in an even that the invested project does well, the investor reaps huge benefits.

- **No geographical barriers**

With an ICO, anyone from across the globe can invest

- **Easy validation**

The Token buyers need only the private keys to be held to guarantee the ownership and it changes the whole market, the final decider of who owns what property is not a national court but an international blockchain.

Risks of investing in ICO to investors:

- The people behind the project are anonymous, use fake identities or have fake accounts on social networks.
- The whitepaper and business plan sound unrealistic and/or lack detailed analysis of the market and competitors.
- Unregulated Market

- Issues related to taxes might arise and leads to whole confusion on what bases and rates they have to be taxed.

Conclusion:

To sum it up, in the last few years, a host of industry analysts have predicted that cryptocurrencies are a bubble. Investors are cautiously bullish; there seems to be a consensus that the ICO method of funding will persist despite ambiguous regulations. The underlying technology – Blockchain technology, is here to stay and has already seen significant adoption even by various state governments in India for example Andhra Pradesh Government is using block chain for recording the information related to registration of land ownership.

ICO has become a tool that will continue to revolutionize not just currency and transactions, but the entire financial system. ICO tokens could become the securities and shares of tomorrow; only time will tell. For now, it's up to investors to recognize the vast potential and be early adopters in future.

-Prathyush Kumar Maddula

Update – 251
Tax provisions relating to political parties

India is the biggest democracy in the world. Political parties, being the embodiment of the people's representatives, are therefore the quintessential part of this system. In a good democratic system, political parties have to operate efficiently. For this to happen, the parties should have to expend on various activities like campaigns, meetings, internal administration, setting up party offices and so on. To expend, the prerequisite is obviously to earn income first. Political parties are barred from indulging in commercial activities as it conflicts with the very purpose for which they are constituted. Therefore, political parties have receipts significantly in the form of voluntary contributions and from other minor sources such as interest on deposits etc.

As regards the taxation of political parties, the income tax law prevalent in India has shown a kind and compassionate treatment. Section 13A of the Income-tax Act, 1961 confers tax-exemption to recognized political parties for **income from house property, income by way of voluntary contributions**, **income from capital gains** and **income from other sources**.

Political parties can enjoy the above said tax exemption if the following conditions are satisfied:

a) Political party keeps and maintains such **books of accounts** and other documents as would enable the assessing officer to properly deduce the income therefrom.

b) In respect of each such voluntary contribution [**other than contribution by way of electoral bond**] in excess of **twenty thousand rupees**, such political party keeps and maintains a record of such contribution and the name and address of the person who has made such contribution.

c) The accounts of such political party should be **audited** by the Chartered Accounatnt.

d) The said political party should receive any donation in excess of Rs **2,000** by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through electoral bond (that is, cash donation in excess of Rs 2000 is not allowed) (w.e.f A.Y. 2018-19).

e) Treasurer of political party / any person authorised by political party in this behalf has furnished a **report** of donations received in excess of Rs **20,000** to Election Commission of India for the financial year on or before due date for filing the return of income for such financial year.

f) Political party should have been **registered** under section 29A of the Representation of the People Act, 1951.

Since the income of political parties are governed by the special provisions of section 13A of the Income tax Act, 1961, the provisions of Chapter IV-D of the Act which are applicable for normal profits and gains of normal profession can not be applied in the cases of political parties. Further, income of political parties from voluntary contributions cannot be said to be income from profession so as to attract section 44AA or 44AB of the Income-tax Act. However, the political parties are required to maintain the accounts and get them audited by a chartered accountant, as provided u/s 13A for claiming exemption.

Income tax return

Under section 139(4B) of the Income tax Act, 1961, political parties are however under a statutory obligation to file return of income in respect of each assessment year if

- the total income without giving effect to provisions of section 13A exceeds the maximum amount which is not chargeable to tax.

In case of political parties, the returns are required to be signed by the 'Chief Executive Officer' of the parties.

Deductions for donors

Section **80GGB** enables Indian companies to get full deduction in their income-tax assessments for contributions made to political parties. Interestingly, there is no ceiling fixed on the amount of such contribution.

Section **80GGC** gives similar deduction for non-company taxpayers. In computing the total income of an assessee, being any person, except local authority and every artificial juridical person wholly or partly funded by the Government, there shall be deducted any amount of contribution made by him, in the previous year, to a political party or an electoral trust.

Provided that no deduction shall be allowed under these sections in respect of any sum contributed by way of cash.

-Preetham

Update – 252
GOA!!

"Goa is not only the land of beaches or city of churches; it's a feeling that defines thrill in the most amazing way"

Goa also known as **"Pearl of the Orient"** and a **"Tourist Paradise"**, the state of Goa is located on the western coast of India in the coastal belt known as Konkan. It is bounded by Maharashtra to the north and Karnataka to the east and south, with the Arabian Sea forming its western coast. Goa is much more than just beaches and sea. It has a soul which goes deep into unique history, rich culture and some of the prettiest natural scenery that India has to offer. The magnificent scenic beauty and the architectural splendors of its temples, churches and old houses have made Goa a firm favorite with travelers around the world.

<u>Facts on Goa</u>
<u>Historical Facts about Goa</u>

- The Portuguese made the city of Panaji, the capital of Goa in 1843.
- After independence the Indian government requested for Portuguese territories to be ceded to India. After their refusal, Goa, Daman & Diu was annexed by military operation called "**Operation Vijay**" on 19 Dec 1961.
- Goa along with Daman & Diu combined was a Union territory but on 30 May 1987 Goa was carved out from this territory and made separate state. Daman & Diu continued to remain territory.
- India's very first printing press was set up in Goa. All the way back in the 1500s when only a smattering of people went to school Goa was churning out dozens of pages of the written word. It was installed at St. Paul's college in Goa in 1956.
- The first medical school of India was established in Panaji, Goa in 1842 which was later demolished in 2004.

<u>Geographic Facts about Goa</u>

- It is India's smallest state by area and fourth smallest by population.
- The wildlife sanctuaries of Goa houses over 1512 documented genera of plants, over 275 species of birds, over 48 genera of animals and over 60 species of reptiles.
- Dudhsagar Falls which has a height of 310 m is one of the highest falls of India. It is on Zuari River. The lush greenery of the nearby Bhagwan Mahavir Sanctuary attracts thousands of visitors during monsoons.

- The Mormugoa harbor is virtually at the confluence of Mandovi and Zuari rivers.

Social and Cultural Facts about Goa

- The Se Cathedral church in Old Goa is the largest in Asia! Stretching 250 feet in length and 181 feet in breadth, the 16th century cathedral houses eight chapels within its confines, with the final edifice larger than any church in Portugal itself.
  
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- Literacy rate of Goa is 87.4 % which is very high than national average of 74.04 %. Goa is 4th most literate state of India.
- Main festivals of Goa are Carnival, Shigmotsav, Sabado Gardo, Beach Bonanza, Konkani Drama Fest, Chavoth, Diwali, Christmas, Easter, Shigmo etc.
- Mando, Dulpod, Dhalo, Dekni, Kumbi, Fado and Fugdi are popular folk dances. Bandhap is a women dance, while Ghode Mondi is the dance associated with Ranes victory over Portuguese.
- The architecture of most old buildings and churches resemble Portuguese style of tradition and culture.
- Mangueshi Temple is the largest temple of Goa which is famous for Lord Mangueshi which is incarnation of Lord Shiva.
- Dead body of Saint Francis Xavier is preserved in Basilica of Bom Jesus Church. This church is the iconic symbol of old Goa which shows the glimpse of Portuguese tradition. It was constructed in year 1605 and is one of UNESCO's World Heritage site. The importance of this Church is understood by the facts that no Roman Catholic Church can be awarded by "Basilica" honor unless it is built in a particular architectural style
  

Economic Facts about Goa

- Goa is known for its sound economy and is considered as India's richest state in terms of GDP per capita. The economy of Goa is driven by mainly tourism industry. In terms of GDP per capita, Goa stands first among all other Indian states. GDP per capita of Goa (US $4902) is almost twice that of National average (US $1628). (As per year 2014 GDP data).
- Agricultural Resources of Goa – Rice is the main agricultural product, followed by ragi, cashew, and coconut. Fishing also adds greatly to economy.
- Mineral Resources of Goa – Iron Ore, Manganese, Bauxite, Silica sand.

- Main Industries of Goa– Mining industries, breweries, fruit canning, fish canning etc.
- Mormugoa, Dona Paula and Panaji are the main Sea Ports of Goa.

-N Yash Jain

Update – 253
Google maps

Today in history, Pope Gregory the Great declared "God bless you" to be the correct response to a sneeze. It was once thought that sneezing was an omen of death, since many dying people fell into sneezing fits.

And continuing with our update, Google Maps is one of the best inventions that has happened till date in terms of mapping and navigation, as we all rely on maps whether we need any information about the routes, traffic. So, let's discuss the aspects how Google Maps work ?? and how they do it with so much of precision …

- **Google Map** gives you near real time traffic updates.
- **Google map** will use your data that is the path, distance, time to tell near real time traffic.

Now where does it gets the data??? Google has certain partners by the help of which it maintains the database of Google Maps. Since it has to be real time, so it is very important to cross verify that data and then get it published. So, Google takes help from -

- **Map partners:** Google has partnered with various data sources with the help of Base map partner program and a large number of agencies submit data to Google.
- **Street view:** Based on the GPS coordinates of vehicles, Google cover the surface it's street view images.
- **Satellites:** Google map also add satellite view with the collaboration of Google earth.
- **Location services:** Google access the location data collected by your smartphone.
- **Google Map makers:** it is another way which allow anyone to contribute their local knowledge top google maps.
- **Local Guides:** As well as its army of editors, Google also has millions of so-called local guides. When you're in Google Maps, go to **My Contributions** and you can search for different places in your area. By leaving a review, answering a few questions, and submitting a photo, you can contribute to this additional layer of data.

This is without doubt a *huge* task. That's why Google has teams around the world dedicated to keeping things up to date in every country in which it operates.

But what when there's a Mistake on Google Maps??

Everyday there are tonnes of changes suggested to Google maps as renaming of roads, shortcuts etc. These are suggested by the public yet on the top of this Google has a large team of people working through the thousands reports that are filed to Google each day.

A good amount of these reports is reviewed and acted on manually. New routes are drawn by hand, roads are connected etc. This is a project that will never end. With thousands of new roads being built each day and cities changing traffic rules when necessary, Google Maps will always be fighting a battle to stay accurate.

Now the most awesome feature: Real Time Traffic Updates

1. Early versions of Google Maps relied only on data from traffic sensors, most of which were installed by government transportation agencies that specialize in compiling traffic data. Using radar, the sensors are able to detect the size and speed of passing vehicles and then relentlessly transmit that information to a server.
2. Data was collected was used to provide real-time traffic updates and once collected was used to predict for the future dates. However, sensor data was largely limited to highways and primary roads. So, the limited amount of data cannot be used to predict the traffic for the whole city. What did they do??? Being smart folks, they did something really astonishing.
3. Beginning in 2009, Google turned to **crowdsourcing** to improve the accuracy of its traffic predictions.

Crowdsourcing??? This is something different, how it works??? I will tell you …

- When Android phone users turn on their Google Maps app with GPS location enabled, the phone sends back bits of data, anonymously, to Google that let the company know how fast their cars are moving.

· Google Maps continuously combines the data coming in from all the cars on the road and sends it back by way of those coloured lines on the traffic layers

· As more and more drivers use the app, the traffic predictions become more reliable because Google Maps can look at the average speed of cars traveling along the same route.

· If Google Maps doesn't have enough data to estimate the traffic flow for a particular section of road, that section will appear in **grey** on the traffic layer

· Also, with its acquisition of Waze in 2013, Google added a human element and drivers started contributing about the slowdowns, speed traps etc which in result made certain points on Google Maps, with small icons representing a dash.

So, in the end, Google Maps has made our life a lot simpler and easy going, so to make it easier you also contribute to the Google maps so that the accuracy can be enhanced, and you get the benefit out of that.

-Premsai.v

Update – 254
Tax planning for a land developer

There is no specific exemption is available in Income Tax Law to non-individual assesses to save tax on Gain on Sale of Immovable Property. This update is mainly for Land Developers to do proper tax planning. There is no way to escape tax but by proper tax planning, we can shift tax liability to future years.

What are the Land Development and Land Development Costs?
Land Development includes activities to make Infrastructure for basic facilities including water, electricity, road, drainage, sewerage etc. It increases the value of land and it makes the land livable by the human being. It also includes activities to take various approvals from government departments. So all costs associated with land development are land development costs but it doesn't include the basic cost of land. Land Development can be done by private builders. Government Authorities are also widely involved in land development.
There are mainly three different ways to show the expenditure done on Land Development by a developer and taxability depends on the accounting treatment of the transaction:

- **Option-1**: First one is to show the cost of development as non-depreciable assets i.e. investments
  - Sale of non-depreciable fixed assets will result in capital gain. Capital Gain is two type:
    - § Short Term Capital Gain (STCG) arises if capital asset is held for less than 36 months
    - § Long Term Capital Gain (LTCG) arises if capital asset is held for 36 months or more
    - § Indexation benefit is available in case of LTCG
- **Option-2:** Second option is to show developed land as depreciable fixed assets. (the same to be taken as infrastructure and grouped under plant and machinery)
  - Depreciation can be claimed @10% p.a.
  - Please be noted that land cannot be a depreciable asset
  - But expenditure on development can be capitalized as building
  - Sale of depreciable assets will result in STCG only
  - But no benefit of Indexation is available in case of sale of depreciable assets even if held for more than 3 years
  - **Business expenditure can be claimed against STCG**
- **Option-3:** The Third option is to show developed land as stock in trade
  - To show the business profit on the sale of such stock in trade
  - Neither depreciation nor indexation benefit will be available
  - Gain on sale of stock-in-trade is normal business income

One important thing to note is the benefit of both indexation and depreciation cannot be taken simultaneously. Now the question arises: Is it really beneficial to claim depreciation when we have the option to take benefit of indexation?

Indexation v/s Depreciation
One most important thing to be noted is that depreciation is not a permanent benefit. Whatever amount claimed as depreciation will increase future STCG whenever it occurs. While indexation is a permanent benefit and will never be reversed.
In case of Depreciable fixed assets, Sale proceeds are deducted from WDV (Written Down Value) of that block only unless WDV becomes NIL or all of the assets in that block is disposed of. Therefore by this method, we can postpone our tax liability provided there is some value left in WDV of that block or some assets remain undisposed.

While option 3 (to show stock-in-trade) is not suggested unless there is a statutory liability to show stock-in-trade, option 1 and option 2 can be chosen depending on various factors including below:

- Expected Sale amount as compared to the cost
  - STCG may arise when WDV becomes NIL
  - Tax can be postponed till unlimited years if WDV doesn't become NIL
- Profitability of the Business
  - LTCG cannot be set-off against business loss while STCG can be set-off against business loss
- Expected holding period

The better way to choose is to prepare two different project sheets based on Option-1 and Option-2; choose one which one suits best.

-Dhanush B S

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Update – 255
Passive foreign investment company

What is PFIC?

A non-US corporation held by US person is considered to be PFIC if it meets one of the following tests

- Income test - 75% or more of gross income in a particular year is from passive income (e.g. dividends, interest, royalties, rents or annuities, etc
- Asset test - The average value of the passive assets (e.g., cash, bonds, stocks, etc.) accounts for 50% or more of the total assets of the corporation.
  The PFIC tests must be applied annually. It is possible that an investment may not qualify as a PFIC one year, but qualify as a PFIC in a subsequent year. You should consider this when choosing investments that have the potential to change status

Passive Foreign Investment Company (PFIC) rules

The passive investment company rules are designed to prevent US persons from deferring tax on passive income earned through non-U S corporations or from converting these incomes into capital gains which are taxable at preferential rates. A PFIC is a non-US corporation (including non-US mutual fund trust and non-US pooled fund trust) which primarily invest in passive assets or generally earns passive income.

These rules apply only to US persons. A US person may include US Citizen, US green card holder or US resident. A person who spends a significant amount of time in US (i.e. more than 183 days in the calendar year) may be considered to be a US person for the purpose of PFIC rules.

US income Tax Filling requirements

Starting in 2013, all U.S. persons who directly or indirectly own shares in a PFIC at any time during the year are required to annually file IRS Form 8621, even if distributions are not received

Previously, IRS Form 8621 was required only when

- distributions were made from the PFIC
- the taxpayer wanted to make an election for an alternative taxation regime
- the PFIC was sold

The new regulations provide a list of exceptions to the annual PFIC reporting requirement. Two of these exceptions apply to:

- PFIC holdings with a total year-end value that is small (de minimis holdings exception);
- PFICs held in non-U.S. pension plans.

How can a resident of India be benefitted from the same?

A resident Indian paying the NIIT (Net Income Investment Tax) of 3.8% (currently for calendar year 2018) can claim the same as foreign tax credit u/s 90 and 91 of Income Tax Act,1961 and should also be read with rule 128 of Income Tax Rules,1962 for claiming the same.

The above mentioned foreign tax credit benefits, the assessee when the assessee claims the same for his tax computation which eventually reduces the tax and is also allowed by the Income Tax Act,1961.

-Pragathi.R

Update 256
Vodafone case study

Facts: Hutchison Essar Limited (HEL) is an Indian company which is the joint venture of Hutchison and Essar Group. HEL is carrying on the business of providing telecommunications services in India.
Hutchison Telecommunications International Ltd (HTIL) is a foreign company, registered in Hong Kong. This foreign company has a wholly owned subsidiary company CGP Investments Ltd. (CGP)which is also a foreign company registered in Cayman Islands, Mauritius. The company CGP holds 67% shares in HEL. Essar Group holds 33% shares in HEL.
A company Vodafone International holding B.V (Foreign company registered in Netherland) with a view to acquire the controlling interest in HEL purchased the 100% shares in CGP from HTIL. The agreement of sale of shares of CGP took place outside India.
Following amendments are made in Law:

1. Capital asset includes:
   Any right in an Indian Company, including rights of management or control.

   Therefore, capital asset shall include the rights of Hutchison Hong Kong in Indian Company including right of management and control, e.g. right to appoint directors, right to use Hutch brand in India and non- compete agreement. Therefore, Hutchison Hong Kong has transferred to Vodafone a capital asset in India, being rights in Indian company including right of management and control.

2. Explanation 5 to section 9: A capital asset being any share in a company incorporated outside India shall be deemed to be situated in India, if the share derives, directly or indirectly, its value substantially from the assets located in India.
   Explanation 5 provides that the shares of CGP Investment Mauritius, being the share in a company incorporated outside India, shall be deemed to be situated in India as the shares of CGP derives its value substantially from the business of Indian company located in India. Therefore, if shares of CGP are transferred outside India to a Non- resident, then capital gains on shares of CGP shall be deemed to accrue or arise in India and shall be taxable in India.

<u>CBDT Circular</u>
Explanation 5 would be applicable when shares of CGP i.e. the foreign company, are transferred and it has the effect of transferring, directly or indirectly, the underlying assets located in India.
Declaration of dividend by such a foreign company i.e. CGP, outside India does not have the effect of transfer of any underlying assets located in India. It is therefore, classified that the dividends declared and paid by the foreign company outside India in respect of shares which derive their value substantially from assets situated in India would not be deemed to be income accruing or arising in India by virtue of the provision s of Explanation 5 to section 9.
Therefore, if CGP investment declares dividend of say Rs. 100 crores on its shares and the said dividend is received by Hutchison Hong Kong, then such dividend shall not be deemed to accrue or arise in India in hands of Hutchison Hong Kong.
<u>Threshold Exemption to small shareholders of foreign company from indirect transfer</u>
Explanation 7 to section 9 provides that no income shall be deemed to accrue or arise to a non- resident from transfer outside India of any share of a company incorporated outside India, referred to in Explanation 5, if the transferor whether individually or along with its associated enterprises:

a) Neither holds the right of control or management,
b) Nor holds voting power or share capital or interest exceeding five percent of the voting power or total share capital,

At any time in 12 months preceding the date of transfer, in foreign company holding the Indian assets.

Illustration:

Suppose the shares of CGP Mauritius are held by the following shareholders:

1. Hutchison Hong Kong 95%
2. Mr. A 3%
3. Mr. B 2%

If Mr. A/ Mr. B transfers shares of CGP Mauritius to another non- resident on 1-1-2017 then no capital gains shall arise in hands of Mr. A/ Mr. b from transfer of shares of CGP although the shares of CGP derives their value substantially from assets located in India. This is because Mr. A/ Mr. B:

i.) Do not have the right or management of CGP at any time from 1-1-12016 to 31-12-2016

ii.) Their voting power does not exceed 5 % any time from 1-1-2016 to 31-12-2016

Proportional taxation of gains from indirect transfers

In a case where all the assets owned by a company referred to in Explanation 5 i.e. CGP, are not located in India, the income of the non- resident transferor, from transfer outside India of a share of such company, deemed to accrue or arise in India under this clause, shall be only such part of the income as **is reasonably attributable** to assets located in India and determined on proportionate basis.

Meaning of "Derive its value substantially"

The "shares" referred to in Explanation 5, shall be deemed to derive its value substantially from assets (whether tangible or intangible) located in India, if, on the specified date, the value of such assets-

i. Exceeds the amount of ten crore rupees: and

ii. Represents at least 50% of the value of all the assets owned by the company.

-Isha.R

Update – 257
TDS on Hotel Accommodation

There are lots of questions related to TDS deduction on Rent. Though section 194I of Income Tax Act, specifically defines the situations where TDS would be applicable however, there are situations when there are utter confusion whether the payment made is in the nature of Rent.

There are some questions which need careful study before taking a call whether TDS should be applied or not.

1. Whether TDS need to be deducted on payment of Room Rent to Hotel/ Guest House etc.? If yes, whether such Payment of Room Rent will be liable for TDS deduction u/s 194C or 194I?
2. Whether TDS would be applicable on payment to hotel by company for taking banquet/ conference hall/ party hall etc. If yes, under which section?
3. Whether TDS is deductible on payment of room rent of hotel booked through and paid to travel agent? If yes, under which section- 194C or 194I?

Let's have a look on the definition of Rent for the purpose of Section 194I.

"Rent" means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of (either separately or together) any, -

(a) land; or
(b) building or
(c) land appurtenant to a building or
(d) machinery; or
(e) plant; or
(f) equipment; or
(g) furniture; or
(h) fittings,

whether or not any or all of the above are owned by the payee;

Circular No. 715 / 1995

Question: Whether payments made to a hotel for rooms hired during the year would be of the nature of rent?

Answer: Payments made by persons, other individuals and HUFs for **hotel accommodation taken on regular basis** will be in the nature of rent subject to TDS under section 194-I.

Above circular specifies that TDS on payment of Hotel rooms shall be applicable wherein such rooms are taken on regular basis.

Now some other question erupts about what does taken on regular basis means?

The meaning of 'rent' in section 194-I is wide in its ambit and scope. For this reason, payment made to hotels for hotel accommodation, whether in the nature of lease or licence agreements are covered, so long as such accommodation has been taken on 'regular basis'. Where earmarked rooms are let out for a specified rate and specified period, they would be construed to be accommodation made available on 'regular basis'. Similar would be the case, where a room or set of rooms are not earmarked, but the hotel has a legal obligation to provide such types of rooms during the currency of the agreement.

As per the above Question 1, TDS u/s 194 I would be applicable @ 1% or 2% for Individuals/ HUF or Companies as the case may be.

Circular No. 5/2002

Point 2. The Board have considered the matter. First, it needs to be emphasised that the provisions of section 194-I do not normally cover any payment for rent made by an individual or HUF except in cases where the total sales, gross receipts or turnover from business and profession carried on by the individual or HUF exceed the monetary limits specified under clause (a) or clause (b) of section 44AB.

Where an employee or an individual representing a company (like a consultant, auditor, etc.) makes a payment for hotel accommodation directly to the hotel as and when he stays there, the question of tax

deduction at source would not normally arise (except where he is covered under section 44AB as mentioned above) since it is the employee or such individual who makes the payment and the company merely reimburses the expenditure.
Furthermore, for purposes of section 194-I, the meaning of 'rent' has also been considered. "'Rent' means any payment, by whatever name called, under any lease . . . or any other agreement or arrangement for the use of any land.
Point 3. However, often, there are instances, where corporate employers, tour operators and travel agents enter into agreements with hotels with a view to merely fix the room tariffs of hotel rooms for their executives/guests/customers.
Such agreements, usually entered into for lower tariff rates, are in the nature of **rate-contract agreements**. A rate-contract, therefore, may be said to be a contract for providing specified types of hotel rooms at pre-determined rates during an agreed period.
Where an agreement is merely in the nature of a rate contract, it cannot be said to be accommodation 'taken on regular basis', as there is no obligation on the part of the hotel to provide a room or specified set of rooms. The occupancy in such cases would be occasional or casual.
In other words, a rate-contract is different for this reason from other agreements, where rooms are taken on *regular* basis. Consequently, the provisions of section 194-I while applying to hotel accommodation taken on *regular* basis would not apply to rate contract agreements.
For Example: In our recent office trip to Goa, the payment was made to the travel agent Prakruthi Enterprises, which was a package of trip to Goa (i.e, Accomodation, Food, travel expenses etc). Hence this construed a contract between travel agent and SNC, and TDS u/s 194 C is attracted and not u/s 194 I because there is no contract between SNC and Alor Grande (Resort). Therefore TDS has been deducted u/s 194-C @ 1% (As the Agent is Sole proprietorship)

After going through above discussions, now it is clear that TDS will only be applicable on payment of Room Rent to Hotels where the rooms are taken on Regular Basis, however, where the arrangement is only for Rate-contract, this will not be construed as Rooms taken on a regular basis and therefore TDS shall not be applicable in such situation

-Harsh Jain

Update 258
SATOSHI

WHAT IS SATOSHI?

The **'satoshi'** is the smallest unit of the Bitcoin cryptocurrency. It is named after **Satoshi Nakamoto**, the creator of the protocol used in blockchains and the bitcoin cryptocurrency.

Unlike the physical versions of global currencies, such as the British pound or U.S. dollar, cryptocurrencies predominately exist in the digital world. Despite this difference, a cryptocurrency can be divided into smaller units, just as the pound is broken into pence and the dollar into cents. In the case of bitcoins, the smallest unit available is called the satoshi**.**

WHAT IS SATOSHI CYCLE?

Satoshi Cycle is a crypto theory that denotes to a high correlation between the **price of Bitcoin** and **internet search for Bitcoin**.

The term by Bitcoin expert Christopher Burniske on August 2017 when Bitcoin hit a record high. The name derives from the as-of-yet unidentified creator of Bitcoin, Satoshi Nakamoto.

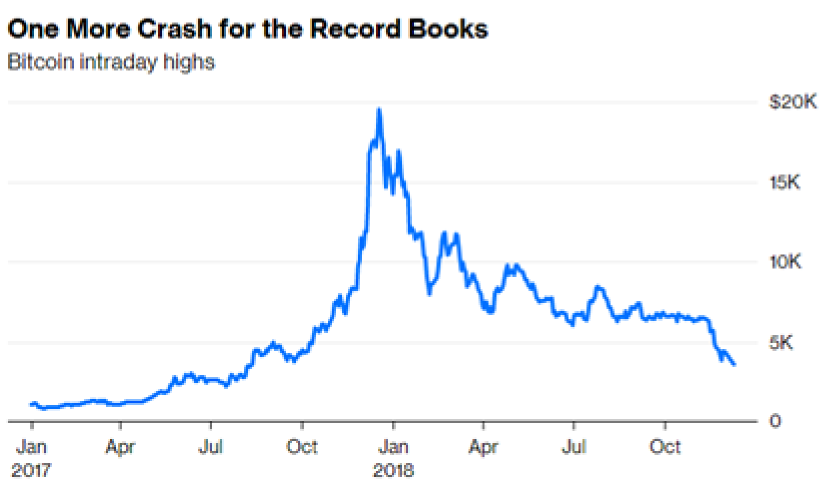
HOW DOES THE SATOSHI CYCLE WORK?

As interest increases, the price tends to increase and as the price increases, interest tends to increase further.

(Try saying that 10 times fast)

The Satoshi Cycle basically states that this rising interest or curiosity in Bitcoin leads to parties running searches for Bitcoin on Google and other search engines. The increasing search hits, in turn, increases the value of Bitcoin. The more Bitcoin rises in value, the more interest in it – the more interest, the higher the price of BTC. And so, the cycle continues. In effect, the rising interest in Bitcoin would lead to increased participation in the use of the currency. The increased participation translates into a higher demand for the coin. Like the stock market which is fueled by demand, an increase in demand for Bitcoin would lead to further increase in its value.

Check out this chart:

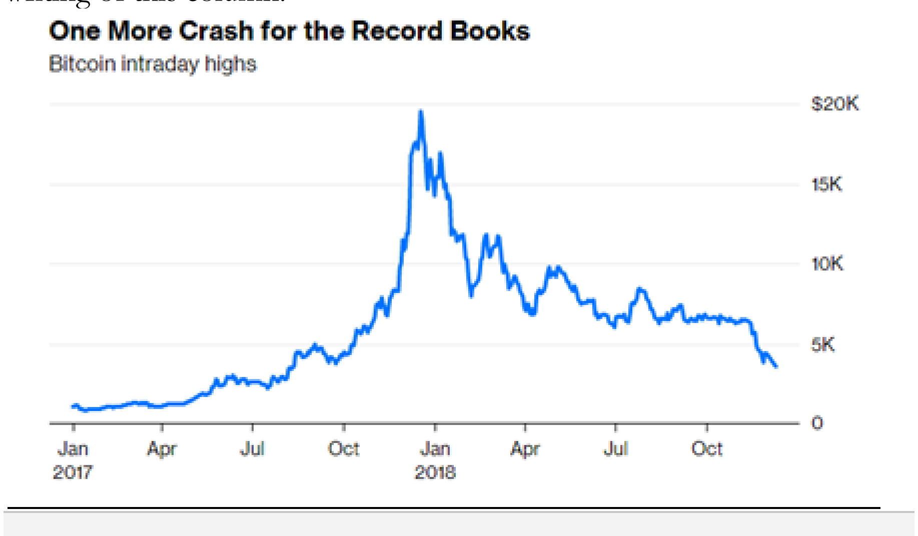


DOES THIS ACTUALLY HAPPEN?

Is the increased google searches causing the price to increase or is the increased price causing people to search for it more on google?
Probably a combination of the two, though it takes one of those two things to happen first in order to get things set in motion. It doesn't have to be the price going up first which causes users to show up, it can happen the other way around too, where users show up first and then the price follows etc.

WAS BITCOIN A BUBBLE?

Yes, bitcoin was a bubble and it popped.
An asset bubble is just a rapid rise and abrupt crash in prices. Defenders of the efficient-market theory argue that these price movements are based on changes in investor's beliefs about an asset's true value.
It was the last few months of 2017 when Bitcoin's price briefly peaked at $19,511, before it began an epic plunge that would see the original cryptocurrency lose approximately 82 percent of that value as of the writing of this column:



-Simran S Jain

Update 259
Few facts to have an idea about

"Who was the first man to step on the moon?
Neil Armstrong obviously. We all know that, but who was the second man?
Don't waste your time. It's not important. Nobody ever remembers the man who came in second."

let us give one more try..........
Do you remember your first client? I'm guessing yes.
Do you remember your second and third client? Hmmm…. Mostly doubtful…

So, let's now take a look into few firsts of **our country** which is worth having an idea about.

First Newspaper
Hickey's Bengal Gazette
An English newspaper published from Kolkata (then Calcutta), India. It was the first major newspaper in India, started in 1780. It was published for two years. Founded by James Augustus Hicky, a highly eccentric Irishman.


HICKY'S
BENGAL GAZETTE;
OR THE ORIGINAL
Calcutta General Advertiser.

First Magazine published
In India, the first magazine was published by the **British – Oriental Magazine** or Calcutta Amusement (1785–86).
However, first Indian Magazine was **The Week**. It was founded in the year 1982 and is published by The **Malayala Manorama** Co. Ltd., from Kochi.

First Telegram
India's telegram service began in 1850, the **first telegram** was sent from the eastern city of Calcutta to Diamond Harbour, a southern suburb nearly 25 miles from the city centre.

First Postage stamp

Postage stamps were first used in India in 1852 at district of scinde (also known as scinde dawk). On 1st October 1854, the first all India stamp was issued. Post independence, India's first postal stamp was issued on 21 November 1947.

First paper currency issued by RBI in India

The first paper currency issued by **RBI** was a **5 rupee** note bearing King George VI's portrait, in January 1938.

First rupee coin

The first **rupee coin** or **sicca** was minted in Kolkata and was circulated as the legal tender in the Mughal province of Bengal.

First rupee coin

First ATM
The ATMs installed were from Diebold. **HSBC** -- **the Hongkong and Shanghai Banking Corporation** -- was the first bank to introduce the ATM concept in India way back in 1987.

First mobile phone call made in India

The then Union Telecom Minister Sukh Ram and the then Chief Minister of West Bengal Jyoti Basu spoke to each other using hand held mobile phones on July 31, 1995 for the first time in India.

-Abhishek P A

Update 260
TEACH FOR INDIA

Teach For India (TFI) is a non-profit organisation that is a part of the Teach For All network. The Fellowship recruits college graduates and working professionals to serve as full-time teachers in low-income schools for two years. Teach For India is striving to end the problem of educational inequity in India and provide an excellent education to all children.

For nearly a decade now Teach For India is helping children from under resourced schools to realise their potential through a leadership oriented fellowship programme. This organisation with one vision is working across seven cities, with 6,000 fellows changing the way education works in India. The organisation has impacted 39,587 kids. Conceived in 2007 and first executed in 2009, today, Teach For India (TFI) has become a successful model for a youth movement.Heralding the change Shaheen Mistry, the CEO of Teach For India says that the dream is incomplete; education continues to remains inaccessible to a majority of children.

THE LEADERSHIP MODEL
The TFI-works on two part model with an aim to empower the children beyond classroom.

In the short-term through the Fellowship program TFI invites students and young professionals to serve as full-time teachers to children from low-income communities in some of India's most under-resourced schools. The fellows work directly at the grass-root level, interacting with students, principals, and parents. An in-depth classroom engagement spanning across two years also provides them with a window to get acquainted with the realities of India's education system— 76 percent of students do not make it to a higher education system; 52 percent of standard 5 students cannot read a standard 2 text-book; 52 percent, approximately 9 lakh teacher vacancies exist across primary and upper primary schools.

The Fellow is assigned a classroom in one of Teach For India's placement cities, and is expected to not only teach academics and values but they aim to give their students the access and exposure they need to reach their personal, long-term visions. **"We know that the kids are learning. The beautiful part is that it is**

not just academic learning but holistic learning. So how do kids grow values— though their ability to raise their voice and how empowered they feel", Shaheen explains.

In the long-term, TFI aims to advocate for change beyond their classrooms through their Alumni network.

THE JOURNEY, SO FAR

Education for children has been a cause closely followed by Shaheen, for decades now. Earlier in 1990 she founded 'The Akanksha Foundation', a non-profit organisation which provided education opportunities to children from low-income communities across Mumbai and Pune through our after-school centres, and since 2007, through the Akanksha Schools.

To address the issue of educational inequity at scale she met with Wendy Kopp, the Founder of Teach For America, and decided to bring this model to India. She says, **"In terms of the ten year journey— I think what's worked really well is seeing that idea play out in reality. When we started we were very unsure about everything. Would people join the program? It's a two year commitment which can possibly put them on a different life path in future."**

Things have, however, fallen in place. From an initial cohort of 87 "niners" (freshers) to over 1200 plus fellows in the current year, the young people are working relentlessly in the short-term to change the lives of students in their classrooms and become leaders for change themselves. Further 70 percent of the alumni continue to stay full-time in education. However this journey has been a challenging process for the fellows— irrespective of their previous career—are placed in difficult emotional situations when they come to a classroom.

"You have 40-50 kids in each classroom and they have a range of different issues. You are fully responsible for them and you are just 23-24 years old. So it is a huge responsibility and it is a difficult work", Shaheen adds.

She recalls in incident from the first year of TFI's functioning. In the first year of the fellowship she recalls how her first set of fellows called her to a coffee shop in Pune, just to complain. With a 17-page typed document, they "complained about everything"— from how dysfunctional the finance team was; to putting them in un-fair and hostile environments. Initially Shaheen was teary-eyed, hurt and angry for she tried to do "everything possibly humanly" to make this a holistic experience for all. Yet, after a thought she could feel that their journey, their model to make quality education a reality for all taking shape.

"These are first year teachers, they are so overwhelmed, they are so busy, and in the middle of all of that they cared enough to type 17 pages of complaints". The 1500 plus alumni are currently engaged in various education related work with an aim to work towards educational equity through long term systemic change. They are working in education, in corporate CSRs focused on education, working as school leaders, teacher trainers, curriculum developers, and teachers.

Such a great inspirational thought Ms. Shaheen has come up with. Let us all pledge that in some point of our life, when we are financially able to support anyone's education, let's all do it.

-Sakshi Bagrecha

Update – 261
Pulwama Attack

14 February 2019 can be considered as one of the painful day of the year.

What Happened on February 14?

* The convoy from Jammu has plied only thrice in the last fortnight, as snow blocked road and CRPF jawans were stranded in Jammu since February 4.
* 16 vehicles dropped out at Qazigund on reaching destination but 16 'mobile bunkers' joined convoy to deal with terrorist ambushes which increase beyond Qazigund. The convoy left Qazigund at 2:38 pm
* At Latoomode of Awantipora in Pulwama, an explosive laden vehicle entered the Jammu-Srinagar highway from a left by lane. It overtook a bus, fifth in the convoy and exploded. The bus was blown to smithereens. The sixth bus was also impacted by the blast.
* Thursday's convoy of 78 vehicles, transporting 2,547 jawans, left Jammu transit camp at 3:30 am. The jawans were returning from leave or going to areas of deployment
* 40 (Central Reserve Police Force) CRPF jawans died, 39 in the 5th bus and one from the ROP. Five more men in the sixth bus were injured.
* This is the first time a suicide bomber in an explosive laden vehicle has attacked a CRPF convoy. About 80kg of explosives suspected to have been used.

After few days of the attack the Indian Army came into action:

* Following intelligence inputs, in the early morning hours of 18 February, a joint team comprising 55 Rastriya Rifles, CRPF and Special Operations Group of India killed two terrorists and two supporters in an anti-terrorism encounter operation in the ensuing manhunt for the perpetrators in Pulwama.
* One of them, Abdul Rasheed Ghazi alias Kamran, was identified as a Pakistani national and was considered the mastermind of the attack and a commander of the terrorist group Jaish-e-Muhammed
* In addition, local Jem recruit Hilal Ahmed, along with two sympathisers who housed Ghazi and Ahmed to evade capture, were also shot dead in the encounter.

Days after Pulwama attack, 2500 Kasmiri youth turn up for army recruitment drive in Baramulla

2,500 Kashmiri youth took part in a recruitment drive by the Indian Army in Baramulla in Jammu and Kashmir for 111 vacancies.

"Entering the Army gives us a chance to serve the nation and helps protect the families" one of the army aspirants told when he came for army recruitment.

Steps taken by the Modi Governmemt:

*** Every drop of tear will be avenged, says PM Modi.**

*** India has withdrawn (Most Favoured Nation) MFN status to Pakistan after the Pulwama incident. Upon withdrawal, basic customs duty on all goods exported from Pakistan to India has been raised to 200% with immediate effect.**

* **India apprises P5 nations of the attack, garners unanimous support.**

Hours after the suicide bomber attack, claimed by Pakistan based militant group Jaish-e-Mohammad (JeM), India held meetings with 25 countries including the P5 nations US, China, Russia, the UK and France briefing them on the attack and the role of Pakistan in using terrorism as a state policy. The meeting was headed by Foreign Secretary Vijay Gokhale, who met with the representatives of various countries demanding them to cease all support to Pakistan.

Jai Hind

-Karthik Kumar P

Update – 262
UEFA Champions league ™

The **UEFA Champions League** (abbreviated as **UCL**) is an annual club football competition organized by the Union of European Football Associations (UEFA) and contested by top-division European clubs. It is one of the most prestigious tournaments in the world and the most prestigious club competition in European football, played by the national league champions (and, for some nations, one or more runners-up) of the strongest UEFA national associations.
This prestigious competition was introduced in the year 1955 as the European Champion Clubs' Cup, popularly known as the European Cup. It initially started as a straight knockout competition and allowed only the champion of each nation. The name "UCL" came into existence in the year 1992, adding a round-robin group stage and allowing multiple entrants from certain countries. It has expanded over time but most of the European nations allow only their champion to enter this stage.
In the current format, this begins in late June with 4 knockout qualifying rounds and a playoff round. The 6 surviving teams enter the group stage, joining 26 teams who are qualified from their respective positions in the leagues. The winner of this tournament qualifies for the UEFA Super Cup and FIFA Club World Cup.
Rewind
This competition first started as pan-European tournament and was called the Challenge Cup, a competition between clubs in the Austro-Hungarian Empire. The Mitropa Cup, a competition modelled after the Challenge Cup, was created in 1927, an idea of Austrian Hugo Meisl, and played between Central European clubs. In 1930, the Coupe des Nations (French: *Nations Cup*), the first attempt to create a cup for national champion clubs of Europe, was played and organized by Swiss club Servette. Held in Geneva, it brought together ten champions from across the continent. The tournament was won by **Újpest** of Hungary. Latin European nations came together to form the Latin Cup in 1949. After receiving reports from over the highly successful Campeonato Sudamericano de Campeones (South American Championship of Champions) of 1948, began a proposal for the creation of a continent-wide tournament. After Stan

Cullis declared Wolverhampton Wanderers "Champions of the World" following a successful run of friendlies in the 1950s, in particular, a 3-2 friendly victory against Budapest Honvéd, UEFA decided to put into practice such a tournament. It was conceived in Paris in 1955 as the **European Champion Clubs' Cup**.

The beginning

The first European Cup match took place on 4 September 1955 and ended in a 3–3 draw between Sporting CP and Partizan. The inaugural final took place at the Parc des Princes between Stade de Reims and Real Madrid. The Real Madrid squad came back from behind to win 4–3 thanks to goals from Alfredo Di Stéfano and Marquitos, as well as two goals from Héctor Rial. Real Madrid successfully defended the trophy next season in their home stadium, the Santiago Bernabéu, against Fiorentina. Real Madrid went on to defend the title for the next 4 seasons and having a streak of winning the title 5 seasons in a row which is a record not broken till date.

Real Madrid's reign ended when their bitter rivals dethroned them in the first round to end all hopes of retaining the title for the 6^{th} time in a row.

Anthem

The UEFA Champions League anthem, officially titled simply as "Champions League", was written by Tony Britten, and is an adaptation of George Frideric Handel's Zadok the Priest (one of his Coronation Anthems). UEFA's official website states, "the anthem is now almost as iconic as the trophy.

"Magic...it's magic above all else. When you hear the anthem, it captivates you straight away."

-**Zinedine Zidane**.

The chorus contains the three official languages used by UEFA: English, German, and French. The anthem's chorus is played before each UEFA Champions League game as the two teams are lined up, as well as at the beginning and end of television broadcasts of the matches. In addition to the anthem, there is also entrance music, which contains parts of the anthem itself, which is played as teams enter the field. The complete anthem is about three minutes long and has two short verses and the chorus.

Format

Since the 2009–10 season, the UEFA Champions League begins with a double round-robin group stage of 32 teams, which is preceded by two qualifications 'streams' for teams that do not receive direct entry to the tournament proper. The two streams are divided between teams qualified by virtue of being league champions, and those qualified by virtue of finishing 2nd–4th in their national championship.

In addition to sporting criteria, any club must be licensed by its national association to participate in the Champions League. To obtain a license, the club must meet certain stadium, infrastructure, and finance requirements.

In May 2013, it was decided that, starting from the 2015–16 season, the winners of the previous season's UEFA Europa League would qualify for the UEFA Champions League, entering at least the play-off round, and entering the group stage if the berth reserved for the Champions League title holders was not used. The previous limit of a maximum of four teams per association was increased from four to five.

The tournament proper begins with a group stage of 32 teams, divided into eight groups. Seeding (a Ranking system so that the top teams don't meet until the latter part of the tournament) is used whilst making the draw for this stage, whilst teams from the same nation may not be drawn into groups together. Each team meets the others in its group home and away in a round-robin format. The winning team and the runners-up from each group then progress to the next round. the winning team from one group plays against the runners-up from another group, and teams from the same association may not be drawn against each other. From the quarterfinals onwards, the draw is entirely random, without association protection. The tournament uses the away goals rule: if the aggregate score of the two games is tied, then the team who scored more goals at their opponent's stadium advances.

Prizes

As of 2018-19, the fixed amount of prize money paid to the clubs is as follows:

- Quarterfinals: €10,500,000 (roughly Rs.84,74,20,815)
- Semi-finals: €12,000,000 (roughly Rs.96,84,80,931)
- Losing finalist: €15,000,000 (roughly Rs. 1,21,06,01,164)
- Winning the Final: €19,000,000 (roughly Rs. 1,53,34,28,141)

Records and Statistics

Most titles won

1. Real Madrid – 13
2. AC Milan – 7
3. Bayern Munich – 5
4. Liverpool – 5
5. Barcelona – 5

All-time top scorers

1. Cristiano Ronaldo – 121
2. Lionel Messi – 106
3. Raúl – 71
4. Karim Benzema – 60
5. Ruud Van Nistelrooy – 56

Most appearances

1. St. Iker Casillas – 174
2. Cristiano Ronaldo – 158
3. Xavi – 151
4. Raúl -142
5. Ryan Giggs – 141

"Once you bid farewell to discipline, you say goodbye to success"
-Sir Alex Ferguson

-Srinidhi P Kumar

Update – 263
Peer to peer lending (P2P)

Lending has been one of the oldest professions in the world. With a rise in the demand of quick borrowing and the possibilities of better returns, P2P technology has emerged as the world's fastest growing lending platform and can be termed as one of the most innovative financial products of recent times.

What is Peer to peer lending (P2P)?

It's just like an online marketplace brings buyers and sellers on a single platform to transact, P2P lending marketplace brings borrowers & lenders together. P2P lending is a crowd-funding model where people, looking to invest their money & people who want to borrow can do so. Their website lists multiple borrowers under different risk categories, with varying interest rates. Borrowers are either individuals or small businessmen whose loan applications have been rejected by banks.

Lenders invest in qualified borrowers who are looking for a loan and the peer lending (P2P) platform facilitates this matchmaking.

- **The Lending**
  The P2P platform helps provide a new asset class to lenders that enables them to get higher returns compared to other asset classes. They also stand to earn regular monthly returns from their investments, in form of EMIs that the borrowers repay.
  In addition to the steady cash flows that the P2P platform provides, reinvesting this inflow back into the P2P platform or into other asset classes allows the lender to earn greater returns from the lender's original investment.
- **The Borrowing**
  Borrowers have access to credit online at relatively low interest rates, with ease of loan application and quick turn-around times for disbursal. P2P Borrowing is very beneficial to borrowers as it gets the instant money when they require compared to borrowing from banks/financial institutions.

Below are the five major trends in the P2P industry that observed in 2018

1. **Extended help to micro and small-sized enterprises (MSE)**: MSEs have always faced hurdles in getting credit from banks. Most of the MSEs need credit to efficiently manage their working capital requirements. P2P lending enabled them to get an instant loan based on their eligibility criteria.
2. **Festive loans through P2P**: With a surge in the demand for festival/wedding loans enquiries, P2P lending platforms witnessed increased traction during festival season last year, specifically in the months from September to December. There have been instances where the loans have been granted to individuals within 1 hour. This added with no penalties for repayment and discount of 50% on processing fees made P2P festive loans very popular amongst masses.
3. **Growth of P2P lending players**: 2018 has been a landmark year for P2P lending industry and specifically for the 12 players who have grown significantly in 2018 after the NBFC certification. The overall P2P lending sector was lending between the range of Rs 5-6 crores in the month of January and Rs 20-25 crores by the end of December. After the certification in hand, P2P is here to stay and growth anywhere from 100-400% is foreseen for the top 5 major players.
4. **P2P lending making it easier for medical emergencies**: Banks and NBFCs are not designed to offer loans in a very short time span and borrowing from friends and family is always equipped with the uncertainty of receiving money. P2P platforms in 2018 have been able to provide instant and hassle-free medical loans, saving individuals from hassles of going to banks. The entire process is seamless and transparent which is followed by an assessment and evaluation process of the loan. People availing medical loans through P2P platforms have skipped high-interest rates, debt traps, and long, stressful waits that a loan generally comes with.
   P2P platforms provide fixed medical loan up to Rs 10 lakh depending on the borrower's eligibility with three months to three years of repayment periods and zero payment penalties and quick loans which take

only 1-2 days to credit the loan amount into the bank. The interest rates offered by P2P lending platforms are very affordable too, it ranges from 12% – 25%.

5. **Growing popularity amongst millennials**: Millennials, unlike the previous generation are no longer fascinated with the idea of investing or saving. They believe in investing for their present circumstances, rather than planning a future. P2P witnessed more than 50% of 10,000 investors under the age of 30. This along with their inclination towards digital technologies, P2P lending is attracting greater attention of borrowers and lenders among the millennials.

Lists of few P2P NBFC operating in India

Below Are the few lists of P2P operating in India

1. i2ifunding
2. Faircent
3. Finzy
4. i-Lend
5. LenDen Club
6. PaisaDukan
7. RupeeCircle
8. Cashkumar etc.

RBI Regulations for NBFC – P2P Lending activities

Seeing the pivotal role P2P lending were likely to be playing in the near future, RBI came out with a set of regulations that will govern this sector. Only NBFC entities that are registered under the Companies Act can get a P2P registration from RBI.

- Companies registered as NBFC-P2P shall have a net owned fund of at least Rs. 2 cr unless a higher amount is specified by RBI
- NBFC shall only act as an intermediary/facilitator between borrower and lender and cannot mobilize deposits or give loans on its own
- They cannot provide credit enhancement or credit guarantee schemes
- They cannot facilitate or permit any secured lending linked to its platform; i.e. only clean loans will be permitted

RBI Regulations: NBFC – P2P Prudential Norms

- Leverage Ratio of not more than 2 shall be maintained
- Aggregate exposure of a lender to all its borrowers, at any point in time, across P2Ps, shall not exceed more than Rs. 10,00,000
- Aggregate loans taken by a borrower, across P2Ps, at any point in time, shall not exceeded more than Rs. 10,00,000
- Exposure of a single lender to a specific borrower, across P2Ps, shall not exceed more than Rs. 50,000
- Maturity of the loans shall be less than 36 months
- They must undertake due diligence on their participants including credit assessment and risk profiling of borrowers. This information must be disclosed to their prospective lenders
- NBFC-P2Ps shall adopt the loan recovery practices from other NBFCs. There should be proper redressal mechanisms for complaints. Funds should be directly transferred from lender's bank account to that of the borrowers.

For detailed RBI guidelines refer below link;
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11137

The guidelines on borrowing and lending on P2P platform issued by RBI is a welcome step in a direction to bring the localised market of money lenders to a formal platform by making borrowing / lending through banking channels. In addition to the benefit of borrowers by giving easy access to credit, it will also benefit the small lenders by giving them an avenue to lend the surplus funds in a secured manner which will yield higher rate of return as compared to bank deposits. The guidelines also expressly permit the existing player to apply to RBI within 3 months for registration. The cap on the number of borrowers / lenders, in single or in aggregate, would keep high net-worth individuals away from participating.

-Ashoka K K

Update – 264
India strikes Pakistan

A GRAND SALUTE TO THE DEDICATION & HARD WORK OF INDIAN AIR FORCE!!
It's exactly Twelve days after losing over 40 brave CRPF soldiers in a terror attack, India struck back by striking deep inside Pakistani territory of Balakot, and two sites in PoK -- Muzaffarabad and Chikoti.
This is the first time after the 1971 war that Indian fighter aircraft have violated Pakistani airspace.
Surgical strikes 2.0, in which 12 Mirage-2000 fighters have been used, are several times bigger in scale than the ones conducted after the Uri attack in September 2016.
Initial plan was for the Mirage 2000 aircraft to fire the bombs from inside the LoC, However, the wind was very strong from west to east, and hence the five fighters crossed over the LoC. As soon as the five fighters crossed over the LoC, the Pakistan Air Force scrambled two fighters. But they beat a hasty retreat as soon as they realised that the Indian formation was large. Within minutes, the IAF fighters had dropped the bombs and returned.
Why was Balakot camp targeted?
The Balakot camp was the largest training camp of the Jaish-e-Mohammed, where its chief Masood Azhar's son Abdullah was also trained. The camp was about 65 km from the LoC and was housing roughly about 200-300 terrorists at the time of the strike and it was headed by Maulana Yousuf Azhar, also known as Ustad Ghouri, the brother-in-law of Masood Azhar.
Three Reasons why this is bigger and bolder than 2016:

1. The first surgical strikes conducted on September 29, 11 days after the attack on Uri in which 19 army soldiers lost their lives, were carried out close to the LoC near Kupwara and Poonch by the Special Forces.
2. Tuesday's surgical strikes have been carried out deep inside Pakistani territory, apart from sites in PoK like Muzaffarabad and Chikoti.
3. This is the first time after the 1971 war that Indian fighter aircraft have violated Pakistani airspace. Indian aircraft did not cross the LoC even during the 1999 Kargil war.

Key Highlights:

- The strikes were carried out 3.30 am in the Tuesday morning.
- The aircraft dropped around 1,000 kg laser-guided bombs on major terror camp.
- The strikes were carried out in Balakot, Chakothi, and Muzzaffarbad across the LoC.
- Jaish-e-Mohammad control rooms were also destroyed in the process.
- The entire operation continued for 21 minutes.
- Sukhoi jets and Mirage were part of the operation.
- Over 350 terrorists killed in IAF airstrikes
- The Foreign Secretary Vijay Gokhale said, "Credible information was received that JeM was attempting other attacks in the country. India struck the biggest camp of JeM in Balakot."

2.205 Pounds = 1 Kg.

-Sunil Kumar V R

Update – 265
Slump Sale and its tax implication

<u>Slump Sale and its tax implication.</u>
A number of companies are going for restructuring in order to increase their profitability or to reduce their cost. During the course of restructuring, certain companies sell off. their unprofitable business activities or the business activity as a whole will be sold along with the assets and liabilities. Normally, the business activity as a whole is sold for a lumpsum consideration.

The Assessing Officer used to take the view that, the lumpsum consideration should be allocated to various assets namely:
- Non depreciable assets
- Depreciable assets
- Stock
- Others.

The Assessing officer used to compute income under the head capital gains or business income with respect to each asset. The companies represented to the government that in such cases the capital gains should not be computed with respect to each asset transferred but with respect to the undertaking or the division as a **<u>whole</u>**. It is in view of this, the concept of S**lump Sale** has been introduced.

As per Section 2(42C) of Income Tax Act, 1961, "Slump sale" means the transfer of one or more undertakings as a result of the sale for a lumpsum consideration without values being assigned to the individual assets and liabilities in such sales.

It has been provided that, if the agreement for transfer, determine the values of some assets and liabilities and it is provided in the agreement that the values are determined for the sole purposes of payment of stamp duty, registration fees or such similar taxes, then this **will not** amount to assignment of values to individual assets and liabilities. Normally, the agreement for transfer will specify the values of immovable properties for the payment of stamp duty and such specification of values does not amount to assignment of values.
No profits under the head PGBP shall arise in case of a slump sale even if the stock is transferred in such sale.

If the agreement for **<u>transfer specifies individual value of each asset</u>** to be transferred, then the provisions of **<u>slump sale shall not be applicable</u>** and capital gains on each asset will have to be computed separately.

Any profits or gains arising from slump sale effected in the previous year shall be chargeable to income tax as capital gains and shall be deemed to be the income of the previous year in which the transfer took place as per section 50B : Special provision for computation of Capital Gains in case of slump sale.

If the assessee has owned and held the undertaking for not more than 36 months, then it amounts to Short-term capital gains. If the period held is more than 36 months, then it amounts to Long-term capital gains.

Capital Gains = Slump sale consideration **minus** Net worth of the undertaking or division.

The "Net worth" of the undertaking or the division shall be deemed to be the cost of acquisition and the cost of improvement for the purposes of Section 48 and 49 and no indexation benefit will be given.

Net worth shall be the aggregate value of total assets of the undertaking or division as reduced by the value of liabilities as appearing in its books of account.
Any change in the value of assets on account of revaluation of assets shall be ignored for the purposes of computing the net worth.

While computing the net worth, the aggregate value of the assets shall be:
- In case of depreciable assets, the WDV of the block of assets as determined in accordance with the provisions of Sec 43(6)(C)(i)(c)
i.e., Actual cost of the asset falling within that block transferred by way of slump sale.
Less: Depreciation that would have been allowable as if the respective asset was the only asset in the block of assets.
- In case of capital assets, in respect of which the whole of the expenditure has been allowed or is allowable as a deduction under Sec 35AD, then Nil
- And in case of any other assets, the book value of such assets.

A report of a chartered accountant certifying the correctness of computation of net worth of the undertaking or division has to be furnished along with the return of income.

Example: The balance sheet of a company X Ltd. as on 31.03.2018 is as under:

Liabilities	
Paid-up-capital	5,00,000
Reserves & Surplus	6,00,000
Revaluation Reserve	2,00,000
Creditors	
Software division	1,50,000
Telecom division	2,50,000
Cement division	1,00,000
	18,00,000

Assets		
Software division		
Fixed Assets	2,00,000	(Revalued by ₹75,000)
Debtors	1,00,000	
Stock	50,000	
Telecom division		
Fixed Assets	1,00,000	(Revalued by ₹75,000)
Debtors	75,000	
Stock	2,10,000	
Investments	1,50,000	(Market value ₹3,00,000)
Cement division		
Fixed Assets	4,35,000	(Revalued by ₹50,000)
Debtors	3,00,000	
Stock	1,00,000	
Investments	80,000	(Market value ₹1,00,000)
	18,00,000	

Now on 01.04.2018, the company X Ltd. decides to sell its Cement division to another company Z Ltd for ₹14,00,000. The breakup of fixed assets is as under:

Land	₹1,30,000	(Revalued by ₹50,000)
Machinery (Depreciable)	₹3,05,000	(Depreciated @ 15%)
Total	**₹4,35,000**	

The cement division was setup on 30.06.2012. In the agreement to sell, the company specifies that the land is valued at ₹3,25,000 for the purposes of payment of stamp duty by the purchaser. It is clarified in the agreement that this value has nothing to do with the consideration of ₹14,00,000. The WDV of block of assets of Plant & Machinery as on 01.04.2018 is₹8,00,000. The actual cost of the machinery transferred in slump sale is ₹5,00,000 on 31.12.2012.

Solution: Calculation of capital gains on slump sale for AY 19-20:

Period of holding	:	30.06.2012 to 31.03.2018	Long Term
Sale Price	:	Slump Sale Consideration	₹14,00,000
Less: Net worth of the undertaking transferred			₹ 6,65,214
Long Term Capital Gain taxable at 20% plus applicable SC & Cess			**₹ 7,34,786**

Where, Net worth = BV of Non-Depreciable assets transferred + WDV of the depreciable assets transferred as per Sec 43(6)(C)(i)(c) - BV of liabilities

= ₹5,60,000 (Note-1) + ₹2,05,214 (Note-2) - 1,00,000

= **₹6,65,214/-**

Note-1: BV of Non-Depreciable assets transferred is as under:

Land	80,000
Debtors	3,00,000
Stock	1,00,000
Investments	80,000
	5,60,000

Note-2: Computation of WDV of the depreciable assets transferred:

Actual Cost of the machinery transferred		5,00,000
Less: Depreciation for		
AY 2013-14 @ 7.5%	37,500	
AY 2014-15 @ 15%	69,375	
AY 2015-16 @ 15%	58,969	
AY 2016-17 @ 15%	50,123	
AY 2017-18 @ 15%	42,605	
AY 2018-19 @ 15%	36,214	2,94,786
		2,05,214

-Ashwini.P.V

Update – 266
Karsamadhana Scheme

<u>Today's Update is on Karasamadhana Scheme, 2019.</u>

In the budget speech presented by Chief minister of Karnataka read on 8th February 2019, the Government of Karnataka has announced an comprehensive scheme with a view to reduce the arrears of taxes existence since the implementation of Goods & Services Tax in 2017. The scheme provides for waiver of Interest and penalties raised under the provisions of the following acts –

(a) Karnataka Sales Tax Act, 1957
(b) The Karnataka Value added Tax Act, 2003
(c) The Central Sales Tax Act, 1956
(d) The Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976
(e) The Karnataka Tax on Luxuries Act, 1979
(f) The Karnataka Agricultural Income Tax Act, 1957 &
(g) The Karnataka entertainment Tax Act, 1958.

<u>Objective of the Scheme</u>

The objective of the scheme were as follows –

(a) To reduce litigation cost for both Govt. and Assessee
(b) To ensure smoother transition towards GST
(c) Quicker and easy recovery of the arrears of tax and other demands

The above scheme is notified by the GoK recently on **21st February 2019**

The Salient features of this scheme are as follows –

(a) 100% waiver of arrears of penalty and interest payable by a dealer under KVAT / CST Act relating to assessments/reassessments already completed and are to be completed on or before 30/06/2019.

(b) 100% waiver of arrears of penalty and interest payable by a dealer under KST/ CST Act relating to assessments/reassessments years up to 31/03/2005 which are already completed and are to be completed on or before 30/06/2019.

(c) Waiver of penalty levied under Sec. 72(1)(a)/(b) for failure to furnishing return under the KVAT and the consequential interest thereon

(d) Waiver of penalty levied under Sec. 74(4) for failure to submit copy of audited statement of accounts in FORM VAT 240 under KVAT and consequential interest thereon.

(e) 100% waiver of arrears of penalty and interest payable by a dealer or a person or a proprietor as the case maybe relating to assessments/reassessments already completed and are to be completed on or before 30/06/2019 levied under

a. Karnataka Tax on Entry of Goods Act, 1979
b. The Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976
c. The Karnataka Tax on Luxuries Act, 1979
d. The Karnataka Agricultural Income Tax Act, 1957 &
e. The Karnataka entertainment Tax Act, 1958.

<u>Conditions for the availing the scheme</u>

In order to avail the scheme, a dealer or proprietor must comply with following conditions

a) Any dealer who makes 100% Payment of TAX / Arrears of TAX on or before 30/09/2019 shall be eligible for the waiver scheme.

b) In case of no arrears of tax is payable, such interest and penalty levied during assessments/re-assessments done up to 30/06/2019 shall be eligible for waiver.

c) In events where the dealer has filed an appeal for such arrears of Tax/Interest/penalty, then he shall, in order to avail such benefits, withdraw such application of appeal and produce a copy of withdrawal at the time of application for availing such scheme.
d) Any tax or penalty paid at the time of filing such appeal, shall be adjusted with the arrears of tax/penalty and the balance shall be eligible for waiver in accordance with the scheme. No dealer shall be entitled to the refund of amount which arises after adjustment of such payment against arrears.
e) The dealer shall not be eligible to file any appeal/rectification against any order passed under the scheme.
f) Further, the dealer shall not be eligible under this scheme, in any of the following circumstances –

   a. State (Revenue) has filed an appeal before the Appellate Tribunal/High court/Supreme Court.
   b. Against any revision proceedings initiated as on date of this order.
   c. Any rectifications mace after 30/06/2019.

Procedure for the availing the scheme.

(1) The Dealer opting for the scheme shall submit a separate application form in prescribed format electronically through www.ctax.kar.nic.in or www.gst.kar.nic.in on or before 30.09.2019 and shall download such copy and sign and submit the same to the concerned recovery officer / assessing authority.
(2) The concerned recovery officer/ assessing authority / prescribed authority shall scrutinize the application and work out the actual arrears of tax, penalty and interest payable up to the date of filing of such application and in case of any discrepancy, such officer shall inform the applicant about the discrepancy within 15 days from filing such application.
(3) On receipt of such information of discrepancy, the dealer shall be provided at his option, 15 days from the receipt of knowledge about such discrepancy or on or before 15-10-2019, to pay the balance amount. He shall not be eligible to avail the scheme on such discrepancy amount outstanding as arrear on the above date.
(4) In addition to the application, where the dealer has filed for appeal under any of the acts encompassed in the scheme, the dealer shall file a declaration of withdrawal of the appeal. Such declaration shall be filed for each year, for every relevant act, separately.
(5) On satisfaction that the applicant is eligible under the scheme to avail such benefits, the assessing officer / recovery officer / prescribed authority shall pass order waiving the amount of arrears/penalty under relevant act, for each assessment year or such period separately.
(6) In case of discrepancies as envisaged in (3), the order shall be passed with 30 days from making payment as specified in the said point.

In Conclusion, this is a welcome step brought in by GoK to reduce litigations and ensure smoother transition towards GST. However, one has to also consider the factors such as compliance of the order, pre-requisites and objections raised from the officer from time-to-time, which are foreseeable hindrance in effective implementation of such order.

-Chirag Solanki

Update – 267
Visual Merchandising

Imagine that you are strolling along a boardwalk when a bakery captures your attention. As you get closer, you see in the window an array of mouth-watering pastries artfully stacked on rustic wooden trays. Beside them are baskets full of baguettes and handwritten signs that read, "Hand-made" and "Baked fresh daily". Although you're not hungry, you can't resist the temptation. On the spur of the moment, you purchase a box of pastries. This is the power of visual merchandising.
Visual merchandising is a profession that involves displaying merchandise and décor in a store in a way that elicits a positive image of the store, gets customers' attention and entices them to buy.
Visual merchandising is presenting or displaying products in a way that makes them visually appealing and desirable. Things like themed window displays, dressed mannequins, the arrangement of running shoes on a wall, and fresh fruits organized by colour are all examples of visual merchandising. It can also be as simple as stacking toilet paper into a pyramid or as elaborate as recreating a scene from a fairy tale. The point here is, visual merchandising is all about using artistic product displays to capture the attention and interest of shoppers. Multiple considerations go into effective visual merchandising.

It's often said that visual merchandising is both an art and a science. Do you know why? It's art because there are visual elements; it uses lines, colours, lighting, proportions, and spacing to create beautiful and balanced presentations. It's also a science because it has a specific purpose and uses concepts from psychology to influence a shopper's emotions and purchasing behaviour.
Visual merchandising involves using the following elements appropriately:
• Flooring, such as carpet, tile or marble, which can affect what the customer buys
• Lighting (types and brightness), which can affect how displays appear to customers
• Décor (colours, wallpapers and shelving), which affect the overall atmosphere of the store
• Mannequins' clothes and body language that help to convey an overall impression
• Display design, which must be done properly, taking into consideration harmony, lighting, colour, emphasis, rhythm, proportion and balance - design principles
• Exterior signage along with marquees, banners and awnings, which tell the customer what the business is about and provide a first impression
• Walkways and entries that should blend into the building's overall design
• Landscaping that can aid in attracting a customer's eye to a sign
• Window displays that get the shopper's attention and welcome them into the store

The objectives of Visual Merchandising-
When it comes to visual merchandising, there's more than meets the eye. Product displays don't just look pretty for the sake of looking pretty. There is a specific purpose for why they look the way they do.
The primary goal of visual merchandising is to attract shoppers and increase sales. Yes, it's that simple, yet incredibly important. Thus, an effective visual merchandising strategy should draw shoppers into the store and keep them in there long enough to buy something.
Research has shown that most shoppers actually make most of their purchasing decisions while they are inside the store. As you can see, this makes visual merchandising a powerful marketing tool, one that can influence both impressionable and impulsive shoppers. So how do retailers accomplish this? They use certain shapes, colours, lighting, imagery, and other design elements in their product displays to create positive emotional experiences that can motivate a shopper to spend more.
Some retailers, like IKEA, use immersive product displays throughout their store. This increases the chance of an impulse, or unplanned, buy. Your intention might have been to buy a lamp, but you end up leaving with a dining room set. Did you really need to buy it? Not really. But you were in a good mood, and the set will look just as fantastic in your apartment as it did in the showroom.

Types and Roles of Visual Merchandiser in the Fashion Industry
A visual Merchandiser is a person who applies his or her design skills that helps to promote the image, create eye-catching product displays and store layouts, and design to attract customers and encourage them to buy. A visual merchandiser is a key person in the fashion industry who determines how a product is displayed to the public. Today in the fashion industry, there are three main types of visual merchandising roles are included. Every role is slightly different from other. Here the types are:

- In-store visual merchandiser- In-store visual merchandisers are needed to have a real fair for layout and composition, consciousness about the retailer's brand image, products and display techniques are combined with knowledge.
- Field visual merchandiser- Field visual merchandisers are to help and give guidance the retail stores of the fashion brands on all perspectives of visual merchandising like set guidelines, ensuring consistency and visual excellence across the brand. To move forward the fashion brand, the field visual merchandiser always inform to the district visual merchandising manager and area manager to discuss any identified chance, issues/ needs, put forward advice and agree actions.
- Head office display team- Head office Creative/visual merchandiser starts their career as a creative assistant, moving to creative manager, and then moving to head of creative or visual merchandiser. Some store retailers do not have a head office display team, that's why, marketing team maintain these responsibilities. But they are not enough creative as a display team. So, brand marketing manager try to recruit more creative candidate for this post.

Career path-
Visual merchandising is a fiercely competitive industry so climbing the career ladder can be tough, but with the right attitude, knowledge and preparation your next great position can be just around the corner. Visual merchandisers and store planners can work for individual stores or chains, or for agencies that provide services to a number of different clients in the retail sector. The responsibilities of a visual merchandiser or store planner vary based on the size of their team and the types of store for which they work. Their roles usually require a mixture of artistic, strategic, and practical skills to help drive product sales. Typical work might include doing research into lifestyle trends and regional habits, producing sketches of shop floor plans, and creating displays. Visual merchandisers and store planners also work with buying, and distribution departments.
Case Studies- How Visual Merchandising raked in revenue
• Raymond-
The textile and apparel major is constantly innovating and re-innovating to attract more and more consumers. Last year, in a stunning display of visual merchandising, Raymond created a "live" display window to showcase a new fabric, Techno Stretch, at JK House in Mumbai.
"We were launching our Techno Stretch fabric and needed a visual display that brought to life its key feature – that is stretch. We created a larger than life backdrop against which we got two artists posing as mannequins to wear our techno stretch outfits and break into dance forms that tested the ultimate stretch of the fabric. This act created a huge talking point at windows there by increasing walk-ins and overall sales of the offering," says Shradha Kurup, Head, VM (Visual Merchandising), Raymond Ltd.
She strongly feels that for any kind of VM to increase footfalls, it has to create an engagement at the point of sale. She feels windows should amplify and intrigue through messaging and treatment thereby creating curiosity and walk- ins.
• Raymond Khadi-
At Raymond Khadi, the newest theme is 'The Story Respun'. Through VM, the brand has effectively brought to life the key features of khadi in stores, highlighting its features through window displays, in-store planograms and mannequin styling.

Kurup says, "Khadi – The Story Respun is about showcasing khadi fabric in its new trendy avatar whilst retaining its core proposition. The Charkha has been showcased as an abstract sculpture form, placed in the window against a pure organic backdrop made of canvas. The simplicity and elegance of the fabric is translated through the use of media that is similar in nature and hence brings out the features of this beautiful fabric seamlessly. In-store, we have created units that house the charkha as well as mediums like canvas and jute rope to create backdrops against which we communicate the features of design and fabric to all customers.

-Deeksha A

Update – 268
Subprime Crisis

It may feel like longer to some, but it was just a decade ago that a catastrophic housing crisis destroyed the lives of many Americans, with effects that still exist today.

As we approach the 10-years of Lehman Brothers' collapse and the nationwide financial crises and a deep recession, we should take a look back at the subprime mortgage crisis. How did it start and who was to blame? What happened, and what is still happening in the wake of it? And what even makes a mortgage subprime?

What Is a Subprime Mortgage?
Subprime mortgages are named for the borrowers that the mortgages are given to. If the prime rate for a mortgage is what is offered to people with good credit and a history of dependability, subprime is for those who have struggled to meet those standards.

People who are approved of subprime mortgages historically have low credit scores and problems with debt. There is no exact established number, but a FICO ***(Fair, Issac and Company -a company focused on credit scoring services)*** score below 640 is generally seen as subprime for a loan like a mortgage.

People with spotty credit histories like this often have tremendous difficulty getting approval on a mortgage, and as such the monthly payments have much higher interest rates than normal (approximately from 8% to 20%) since the lenders view the loan as much riskier.

How Did the Subprime Mortgage Crisis Start?
How did the U.S. economy get to a point where in 2007, a full-on housing crisis began?

It doesn't happen overnight. In the early-to-mid 2000s, interest rates on house payments were actually quite low (approximately 2%). In what looked to be a solid economy after a brief early 2000s recession, more and more people with struggling credit were able to qualify for subprime mortgages with manageable rates, and happily acted on that.

This sudden increase in subprime mortgages was due in part to the Federal Reserve's decision to significantly lower the Federal funds rate to spur growth. People who couldn't afford homes or get approved for loans were suddenly qualifying for subprime loans and choosing to buy, and American home ownership rose exponentially.

Real estate purchases rose not only for subprime borrowers, but for well-off Americans as well. As prices rose and people expected a continuation of that, investors who got burned by the dot com bubble of the early 2000s and needed a replacement in their portfolio started investing in real estate.

Housing prices were rising rapidly, and the number of subprime mortgages given out was rising even more. By 2005, some began to fear that this was a housing bubble. From 2004-2006, the Federal Reserve raised the interest rate over a dozen times in an attempt to slow this down and avoid serious inflation. By the end of 2004, the interest rate was 2.25%; by mid-2006 it was 5.25% (approximate).

This was unable to stop the inevitable. The bubble burst. 2005 and 2006 see the housing market crash back down to earth. Subprime mortgage lenders begin laying thousands of employees off, if not filing for bankruptcy or shutting down entirely.

What Parties Were to Blame for the Crisis?

The subprime mortgage crisis, which guided us into the Great Recession, has many parties that can share blame for it. For one, lenders were selling these as mortgage-backed securities. After the lenders approved and gave out the loan, that loan would be sold to an investment bank. The investment bank would then bundle this mortgage with other similar mortgage for other parties to invest in, and the lender would, as a result of the sale, have more money to use for home loans.

It is a process that had worked in the past, but the housing bubble saw an unusually large number of subprime mortgages approved for people who struggled with credit and income. When the Fed began raising interest rates over and over, those loans became more expensive and the borrowers found themselves unable to pay it off.

Lenders were far too ready to give away so many risky loans at once, seemingly assuming that housing prices would continue to rise and interest rates would stay low. Investment banks seem to have had similar motives, getting bolder with their mortgage-backed securities investments.

Though these parties decidedly took advantage of people with bad credit in need of a place to live, homebuyers and the distinctly American pursuit of owning a home played a small role in this as well. The dream of upward mobility and owning larger homes led people to be riskier with their own real estate investments, and predatory lenders were all too ready to help them.

Effects of the Mortgage Crisis

Home prices fell tremendously as the housing bubble completely burst. This crushed many recent homeowners, who were seeing interest rates on their mortgage rise rapidly as the value of the home deteriorated.

Unable to pay their mortgage on a monthly payment and unable to sell the home without taking a massive loss, many had no choice. The banks foreclosed on their houses. Homeowners were left in ruins, and many suburbs turned into ghost towns. Even homeowners with good credit who qualified for standard mortgages struggled with the steadily rising interest rates.

By the time these homes were foreclosed upon, they had cratered in value. That meant banks were also taking massive losses on real estate. Investors got hit hard as well, as the value of the mortgage-backed securities they were investing in tumbled. This was made more difficult due to people still buying homes even as the bubble began to burst in 2006 into early 2007. Loans were still being given out and taken as sales slumped.

Investment banks who bought and sold these loans that were being defaulted on started failing. Lenders no longer had the money to continue giving them out. By 2008, the economy was in complete freefall.

Some institutions got bailed out by the government. Other banks, who had gotten so involved in the mortgage business, were not so lucky.

Subprime Mortgage Crisis and Lehman Brothers

Lehman Brothers was one of the largest investment banks in the world for years. It was also one of the first investment banks to get very involved with investing in mortgages, something that would pay off until it became their downfall.

The plummeting price of real estate and the widespread defaulting on mortgages crushed Lehman Brothers. They were forced to close their subprime lenders, and despite their many attempts to stop the bleeding (such as issuing stock) they continued to take on losses until, on Sept. 15, 2008, Lehman Brothers applied for bankruptcy.

Lehman Brothers was one of the most prominent financial-service firms in the world. Its rapid descent into bankruptcy was a major cause of the 2008 stock market crash.

Loss to Lehman Brothers
A significant portion of Lehman's investment was in housing-related assets. In 2008, Lehman had assets of $680 billion supported by only $22.5 billion of firm capital. No wonder it was hit hard by the subprime mortgage crisis.
Due to incessant losses, Lehman's stock plummeted to 73 per cent of its value in the first half of 2008. With investors losing confidence and falling ratings, Lehman filed for bankruptcy on September 15, 2008.

Subprime Mortgages Today
Subprime mortgages disappeared for a while after this, since they were seen as one of the largest parts of an economic collapse. But they've been somewhat rebranded, as lenders have begun selling "non-prime loans" to borrowers struggling with their credit.

There are also other forms of loans and debt that some economists fear have concerning similarities with the subprime mortgages of the mid-2000s. For example, a 2017 Citi report showed parallels between the subprime mortgage crisis and today's ever-growing student loan debt.

Millennials with student loan debt have been a prime candidate for lenders to offer these non-prime loans to, sparking concerns that financial institutions have failed to learn or are ignoring the lessons from a decade ago.

-Rekha A

Update – 269
Ways to improve business efficiency

Let us gain an understanding of few ways to improve business efficiency
Monitor Trends
No business operates in a vacuum. Events and changes in the global landscape have an effect on your business. **Stay current on trends and issues** happening in your industry and local community.
For example – **Nokia's** biggest failure was its unwillingness to embrace drastic change and adopt accordingly.

Transparency
Keeping **everything transparent** is an important underpinning. That means breaking down silos, communicating effectively, testing, and monitoring and approving your processes transparently in order to keep everything running smoothly. Another example is **documenting your processes** to avoid any miscommunication.
For example - **Buffer** really pioneered **"transparency marketing"**. It started when they began sharing a look behind the scenes into their revenue. Since then, they've shared just about everything else including **employee salaries**, **their pitch deck/valuation information**, and even where **your money goes as a customer** and by being transparent the **level of trust** both between team members and also with their customers have **increased**.
Know Your Limits
Successful business owners should have a **clear idea of their limitations**. By knowing your entrepreneurial personality type, you can manage your resources and find help in areas of weakness. This is a key driver to success.
Take a Break
Running business in the competitive world is a hard task. Sometimes the best way to improve your business and reignite your passion is to take **a vacation**. Don't underestimate the potential value of spending some time away from your work.
Limit interruptions
If employees are having trouble completing tasks efficiently, it might be a result of constant interruptions.
For e.g., Try to schedule multiple meetings on the same day rather than scattering them throughout the week, so that the number of interruptions shall be reduced and will increase their efficiency.
"Single-task" to get more done
We all think that we're excellent multitaskers; I currently have 9 tabs open on my laptop—and that's a conservative number compared with some days. However, it's thought that while people can potentially multitask, they're not necessarily being more productive. So, here's where the idea of **"single-tasking"** (or focusing on one task only until completion) comes into play.

-Abhishek P

Update – 270
Services of OYO that you did not know of

Oyo Rooms is the largest branded network of hotels currently operating in India and Malaysia. Oyo Rooms provide visitors with quality hotel room stays at different places around India. They have partnered with hotels and made them work with them under their name. Let's see how OYO took its inspiration from *John D Rockefeller's* quote and succeed.

Services Provided by Oyo Rooms
Oyo Rooms, started and is now famous as branded hotel rooms aggregator, provides many more services than just hotel rooms to visitors.
The services included in the Oyo Rooms business model are as follows:
Hotel Rooms
Oyo's earlier strategy was to book a part of the hotels' inventory, to maintain it as per the quality standards, and to hold it captive exclusively for Oyo customers. That is, they used to lease some rooms every month and provide them to their own customers under their brand at profits.

The only thing that has changed is that the rooms are now not leased but operated as Oyo Rooms franchise. Since the hotels and place owners act as the franchisee, they are bound to operate as per the pre-determined standards. The company even offers plans where it runs the place instead of the hotel staff or owner.

The partner hotels used to book their own hotels when they used to see less prices on the Oyo's platform and this became malpractice benefiting the partners while burning holes in Oyo's pockets. The Franchise Model has helped to curb this by taking full control.

Thus, the company transformed as the **business model changed from aggregator to franchise.** The company now gets 90% of its revenue from hotels under the franchise model.

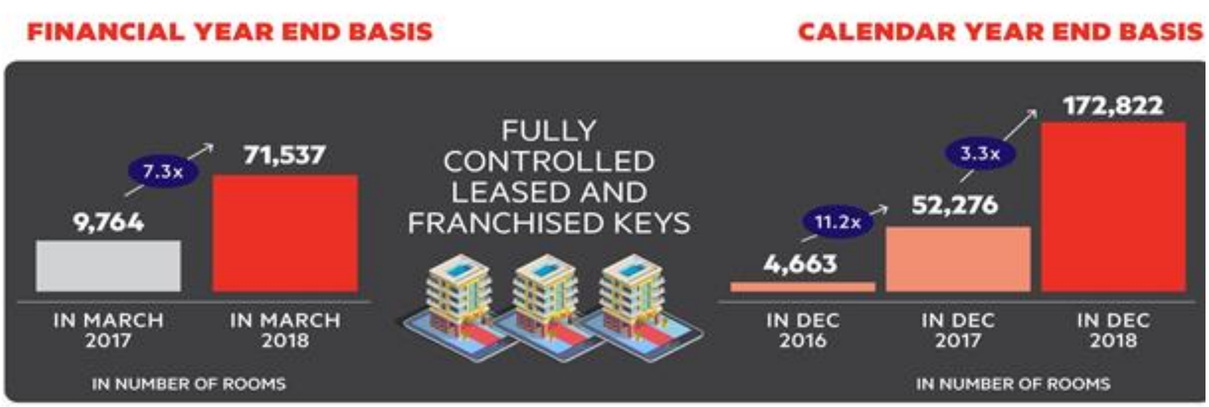
Oyo Townhouse
The company has recently launched the Oyo Townhouse to hone its value proposition and stand out of the competition when it comes to standardized hospitality. Oyo Townhouse is based on the needs of the millennial traveler. These hotels are planned and built based on the needs and wants of the millennials. They have –
Smarter Rooms – with specially designed beds, showers, sockets, and internet infrastructure. Even the TVs have Netflix installed.
Smarter Spaces – common spaces designed to have meetings. Free printer, business services, magazines, coffee and tea in the common area.
Smarter Menus – 24 x 7 Kitchen which lets you order from the mobile application.
.. and many more smart services.
Studio Stays
Apart from providing hotel rooms, Oyo Rooms also provides fully furnished rooms and flats for long stays like internships, corporate stays, etc. The rooms/flats can be rented on single occupancy as well as on twin sharing basis as well (other provisions are also applicable). Rents are paid monthly. Commission (take-up rate) is charged from the owners if the customer comes through Oyo rooms.
Events & Other Long Stays
Just like studio stays. There are many family functions (weddings, parties) as well as corporate functions (seminars, meetings, parties) which involve hotel rooms for their guests to stay for long. This service is also provided by Oyo.
Commercial Places

Oyo has expanded its branches in the commercial places domain as well. Now the customers can even book office spaces on Oyo as well.

Oyo Wizard

The company has also launched a subscription model where the subscribers get exclusive discounts, deals, and cashback offers.

<u>Growth of Oyo Rooms;</u>



<u>Oyo's Position in relation to other key players in the market;</u>

The key players include ITC Hotels, Taj, FabHotels, Treebo, Vistarooms, etc. OYO is significantly larger than all key players combined in the Indian Market. OYO has been able to achieve this mainly because of the following factors;

- OYO's change in business model from aggregator to franchise model was revolutionary in the industry. The company now gets 90% of its revenue from hotels under the franchise model which has contributed to its significant rise in the industry.

- OYO has been receiving continuous support from investors in series of funding rounds through which they are able to expand at a faster pace. They have been able to spend huge sums on marketing and thus they have the market captured.

- OYO also stands out with its superior most quality of services as compared to its competitors.

<u>OYO's Investors;</u>

SoftBank has been a keen observer and has done a great job in funding them twice. In the current fiscal, it raised about $260 million in a funding round led by SoftBank, which included participation from existing investors, and new ones like China Lodging Group and Hero Enterprises. The company is also backed by investors like the Lightspeed India, Greenoak Capital, and Sequoia India.

A disruptive business idea and funding make up the most important metrics for any startup and on this account OYO has scored big and is bound to succeed.

-Namratha LR

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