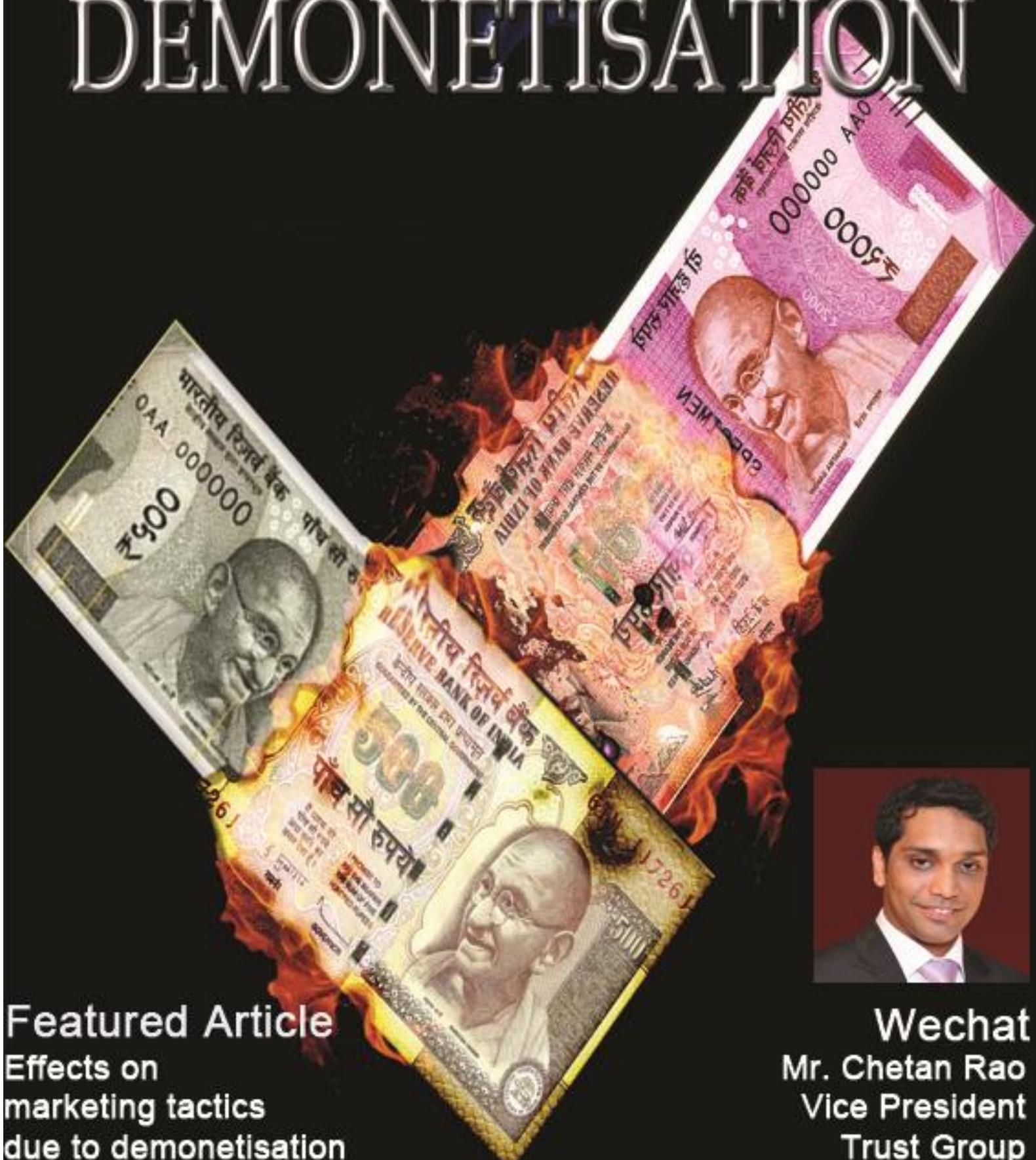




samvad

DEMONETISATION



Featured Article
Effects on
marketing tactics
due to demonetisation



Wechat
Mr. Chetan Rao
Vice President
Trust Group

ABOUT US



OUR VISION

“To nurture thought leaders and practitioners through inventive education”

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

“The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” - Alvin Toffler

At WeSchool, we are deeply inspired by these words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities need a new approach both in terms of thought as well as action. Cross disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy-the mind’s eye needs to be nurtured and differently so.

We school has chosen the ‘design thinking’ approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

MESSAGE FROM THE DIRECTOR

Dear Readers,

It gives me great pride to introduce Samvad's edition every month. Our Samvad team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone.



Prof. Dr. Uday Salunkhe
Group Director

As we begin a new journey with 2016, I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad Team.

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

Samvad is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Wishing everyone a very happy and prosperous new year.

Prof. Dr. Uday Salunkhe,
Group Director

FROM THE EDITOR'S DESK

Dear Readers,

Welcome to the April Issue of Samvad for the year 2016!

As we step into 2016, we promise to bring you the best that Samvad has offered till date. The response to Samvad has been overwhelming and the support and appreciation that we have received has truly encouraged and motivated us to work towards bringing out a better magazine every month. With renewed vigor and passion, we bring to you the December Issue of Samvad which revolves around the theme of "Demonetisation".

With WeSchool having courses pertaining to all spheres of management, it was natural for us to cater to all kinds of readers. And that has made us one of the few magazines in the country which invites articles from all spheres of management giving a complete holistic view.

We work on the platform of "***Igniting Thoughts of Tomorrow***" and we will constantly strive to provide articles which are thought provoking and at the same time adding value to your management education.

We hope you stay with us, read with us, share with us and grow with us!

Hope you have a great time reading Samvad!

Best Wishes,

Team Samvad.

*"For last year's words belong to last year's language
And next year's words await another voice."*

T. S. Eliot.

ACKNOWLEDGEMENT

Team Samvad would like to extend their heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always given us. His vision & result orientation has been the driving force in creating brilliant leaders and making WeSchool a name to reckon with, not only in India but also globally. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by **Prof. Deepa Dixit**. Her insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Indu Mehta** for help in selecting the best marketing articles.

We would also like to appreciate **Prof. Jyoti Kulkarni** for her help in selecting the best articles on general management.

The Human resources article was scrutinized by **Prof. Rimmi Joneja**. We thank her for choosing the best articles.

We would like to thank **Ms. Yashodhara Katkar**, General Manager - Liaison, WeSchool and her PR team for helping us to reach out to our readers. Also, we thank **Ms. Shilpa Kadam** and her team for helping us with the website updates of Samvad.

We are indebted to **Prof. Jalpa Thakker** for all her help and guidance in the making of Samvad. Her insight and suggestions have been of tremendous benefit to us. The Samvad Team would truly be incomplete without her.



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WE CHAT

MR. CHETAN RAO

VICE PRESIDENT, TRUST GROUP

Team Samvad

How has demonetization affected the financial sector, infrastructures and housing?

The impact of demonetisation has to be assessed both in the short term as well as the long run. The withdrawal of high denomination notes had a higher impact on cash-driven sectors. Demonetisation has to be seen as an innovative disruption for the economy with almost no precedent globally to evaluate the impact. The impact on most of the sectors is expected to be temporary with a majority of them expected to regain their growth trajectories within 2 quarters.

The high level of digitization in the financial sector including banks and NBFCs means that there has been no impact on these sectors. Microfinance being predominantly cash driven, their collections saw a temporary decline which was corrected as most of their borrowers are from the unbanked sector with low proportion of higher denominations. A positive impact of the move was the surplus liquidity with the banks due to large scale deposits and restrictions on cash withdrawals which significantly improved the CASA (current account savings account) deposits for all the banks. This has also forced banks to reduce their lending rates which could be a growth driver for the economy.



The infrastructure sector has a high dependence on the unorganized sector which has a large part of cash transactions- daily wages are made in cash. Shortage of cash meant that contractors were not able to make payments to the labourers.

While larger players managed to tide over the liquidity concerns, the MSME sector which is involved in subcontracting for the sector saw their revenues impacted during the period. Toll operators had to take a hit on their revenues as Government declared all toll roads around the country to be free for a certain period.

Real estate has been the most negatively impacted sector in the economy due to a significant proportion of cash (mostly unaccounted) involved in primary transactions. With almost 85% of the total currency under circulation being invalidated, real estate sector

which was already facing challenges of high inventory build-up and reduced product launches was further affected by the move. With buyers having no cash, purchases were postponed with developers trying to attract buyers by offering significant discounts. There is bound to be price-correction in the sector, though the quantum would vary depending on the size of the developer and their ability to hold onto current prices and the demand in the relevant micromarket.

What are your takes on the effects of demonetization in long run?

Demonetisation has to be looked upon as a “policy entrepreneurship” decision which may have immediate monetary and social costs but will yield benefits over the medium to long term. It is also important to note that the type of demonetization done by India does not have any precedents globally and experts (social economists included) do not have a benchmark to assess the impact clearly. To list out the costs: the cost of printing new notes, the social cost of hardship (though temporary) to people and the temporary disruption in the economy. Against this, there are enough benefits which could accrue to the exchequer and the economy.

First and foremost of the benefits is the huge dent made to those involved in counterfeiting the currencies. With such a significant amount of currency withdrawn, counterfeit currency would be reduced and with the new currency notes being “difficult to counterfeit”, additional counterfeit currency entering the economy would be restricted.

Secondly, India’s tax base is abysmally low with less than 5% of the population paying taxes

regularly. The spate of cash deposits in the accounts will allow the tax authorities to track cash balances and compare them to the reported income of the individuals. This will result in an increased tax base and higher tax collections thereby benefitting the government’s efforts to contain the fiscal deficit and increase GDP growth.

Thirdly, the sustained crackdown on black money will dissuade people from parking their savings in physical assets such as gold and property. This will boost the inflow of savings into the financial system to a significant extent. This will in turn reduce cost of funds for the financial institutions thereby reducing interest rates and propel growth.

Fourth, with a bank account being the only avenue to withdraw your demonetized currency, every citizen will have a bank account which will provide an impetus to the goal of financial inclusion and thereby provide the government with a convenient avenue to reach out to the lowest strata of the society through its social benefit plans.

What is the importance of renewable in this era of 21st century?

As the world continues to evolve, higher number of countries are getting into the development mode and taking measures to put in place infrastructure like transport, housing, water and other allied infrastructure. Most of this development is being carried out using fossil fuels meeting the energy needs. With a finite quantity of fossil fuel reserves and the huge negative impact of the fossil-fuel usage on the environment, use of renewable is an alternative that cannot be ignored any longer. The philosophy has been strengthened with

almost 134 countries ratifying the Paris Agreement and pledging to reduce their carbon footprints in a time bound manner. Renewable energy offers a cleaner and infinite source of energy which will help the countries in meeting their commitments under the Agreement

India has a big role to play in this transition with the country having ample wind and solar energy which could be harnessed to meet the energy needs of the growing population. The ambitious target of 175 GW of renewable energy by 2022 set by the Prime Minister is just the impetus required by the sector. Even large corporates have identified the need to adopt renewable energy with many corporates having a sustainability plan to prevent environmental damage and incrementally improve utilization of renewable energy. Green bonds – financing being raised by companies to be utilized for environment friendly practices (including use of renewable energy) has picked up in the last few years with

India currently among the top 7 nations (in terms of issuance). While renewable energy offers a viable and environment-friendly alternative, the successful transition to a low-carbon renewable energy model will be dependent on technology improvements reducing cost of renewable energy components (e.g. PV modules) and a facilitative environment by governments.

Sir, please share some of the policies taken by the government towards the infrastructure development?

The current Central Government has identified infrastructure as a key component for driving economic growth and therefore placed a higher focus on the sector. This increased focus has manifested through various channels including

structural reforms, higher Central-state cooperation, debottlenecking procedures and streamlining the approval processes. The key sectors of railways, roads, power and waterways have benefitted through the various steps taken by the government.

The railways has seen a number of structural reforms like constituting two new directorates- Mobility Directorate-to identify and prioritize train corridors for increasing speed and debottleneck stretches of the rail network; the other being a Non-Fare Revenue Directorate to focus on areas for enhancing revenue including advertisement avenues. Other measures included switching accounting systems to incentivize efficiency, introduction of an online tendering process, and the biggest policy action being the plan to increase the speed of trains and introduce bullet trains at a cost of ~ Rs 1 trillion.

The policy interventions undertaken by the government to ease bottlenecks in the road and highway sectors have helped the highway construction in the country to reach around 16 km/day. Additional policy measures included authorizing NORTH to appraise projects of up to Rs.1,000 crore and introduction of a favourable exit policy in highway projects for private developers.

The most welcome policy push has come in the form of enhanced focus on the neglected ports and inland waterways sector. The biggest achievement was the Parliament clearing The National Waterways Bill, 2015, which paved the way to develop or convert 106 rivers and creeks across India into transport waterways. Apart from it, to strengthen the inland waterways system, the shipping ministry also introduced a river information system (RIS) to facilitate

inland navigation safety and dissemination of information to vessels for planning of voyages. This clarity in vision was also reflected in the port sector when the government decided to exempt customs and excise duty levied on bunker fuels used in vessels carrying the Indian flag.

What is the role of technology in the advancement of financial sectors?

Like every other sector, even the financial sector is being transformed by technology aided by a competitive start-up ecosystem which is pushing towards improving the efficiency and effectiveness of the financial sector. For a long time, new market entrants found it difficult to break into the financial services industry- a trend which is now changing rapidly. For decades, banks and other financial institutions have employed the same relatively static, highly person-dependent business models. But today, the same model is being challenged by innovations seeking to disrupt their businesses. Tasks once handled with cash, bulky machines, and individual interaction are now being completed entirely on digital platforms.

Some of the technological innovations like blockchain are expected to transform the financial services industry significantly. Fintech companies are constantly challenging the legacy of the large incumbent financial institutions be it banks, insurance companies, financial intermediaries or investment companies. Today, institutions have seen the benefits of digital banking and the impact it has on profitability as well as customer loyalty. Block chain has a potential to change the way trade and supply chain will be managed by companies while Cloud and data analytics will be able to provide institutions a significant

insight into the likes and dislikes of the consumer. Each of these technologies could help companies to customize products and services to customers which will increase profitability and enhance customer experience.

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OPERATIONS

IMPACT OF DEMONETISATION ON INDIAN MANUFACTURING SECTOR

Rahul Thukral, PGDIE (2016-18), NITIE, Mumbai

Demonetization is the act of stripping a currency unit of its status as legal tender. Demonetization is necessary whenever there is a change of national currency. The old unit of currency must be retired and replaced with a new currency unit.

On November 8, 2016, Indian Prime Minister Narendra Modi declared that, at the stroke of midnight, some 14 trillion-rupee worth of 500- and 1,000-rupee notes (the two biggest denomination notes) – 86% of all the currency in circulation – would no longer be a legal tender. The government's goal was to eradicate counterfeit currency, combat tax evasion, knock out black money gotten from money laundering and terrorist financing activities, and promote a cashless economy.

The effect of demonetization is felt on all the quarters of industry. The country's logistics sector is the fundamental machine gear-piece in the wheel of Indian economy. Any effect on it will have direct consequences on the rest of the industry.

The industry expected an economic slowdown as trade and businesses struggle to infuse cash. Manufacturing which is labour intensive saw a drop in volumes. Trucking and road transportation are already witnessing an acute financial crunch, as 80% of operational costs are cash driven.

The lack of cash is leading to restrictions or disruptions in drivers' abilities to take care of basics like purchasing food, paying for repairs, or funding overnight stays. Overall, the situation is affecting the flow of both commercial cargo and essential commodities.

As per a DSP Merrill Lynch report, wholesale trade, Kirana retailers (forms over 40% of the sales for Indian consumer firms) works mainly on cash transactions is hurt which in turn could affect the payment cycles of wholesalers, FMCG companies, apparel retailers, and logistics businesses. This is likely due to liquidity constraints in the near term which disrupts the supply chain and therefore impact growth.

Small *Kirana* stores make 10 percent on transactions up to Rs 1 lakh and deal with Rs 500 and Rs 100 notes frequently. There are eight million *Kirana* stores in India who will have to wait for their consumers to exchange their Rs 500 and Rs 1,000 notes, at banks and post offices, before they start making retail transactions. These shops are the lifeline of the Indian economy, and they could be hurt for a while.

Since the retail and logistics industry is \$900 billion in size (according to E&Y), there can be a staggered credit delay of at least \$10 billion because of delayed payments to the distribution ecosystem which works on cash payments to distribute goods across the country.



Image 1: Shutterstock

Source: Google Images

- FMCG companies' inventory for the quarter was high; they will have to streamline their operations to new payment mechanisms
- Small truck transporters are also hit for about a month. There are less than 2 million point-of-sale outlets in the country and card transactions are not accepted across the country. So, if one does not have Rs 100 notes, then transacting with business will be very difficult in the entire production, distribution, and supply chain ecosystem.

According to Nikkei India, Manufacturing purchasing manager's index (PMI) fell to 49.6 in December from 52.3 in November. PMI is basically an indicator of economic health of manufacturing sector. The **PMI** is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

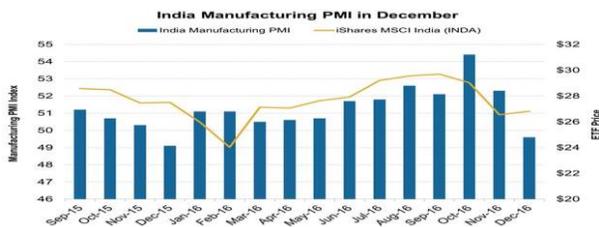


Image 2: India manufacturing PMI

Source: Google Images; Market Reality

Make to stock order companies for example FMCGs have faced many challenges related to consumption and it has resulted in the Bull Whip Effect. Automobile industry is another sector that saw tempered demand due to the lack of liquid cash in the market. For Example, German luxury carmaker Mercedes Benz said it has revised its sales growth target downwards for this year in India from an original double digit to flat, mainly due to impact of demonetization. They also said that they have to sell their 2016 models at large discounts because of demonetization. Similar dip in sales has been observed by other automobile companies.

Image 3: Production Cut in Automobile sector



Source: Google Images

There is a dip in the domestic demand for apparels and other end-products of the textile industry resulting in inventory accumulation causing deferred of purchases manufacturers thereby impacting both production and consumers. Director, Phoenix Market City, Pune, Rajiv Malla says, "The impact on the retail sector will be short termed due to sudden cash crunch and general public sentiments.

Head Marketing, Pepe Jeans, Neha Shah adds, "The day after the announcement was made, a 49 per cent sales dip was reported

Supply chains at small, medium and even larger companies are breaking down, underlining just how much corporate India - not just the shadow economy - relies on hard cash. Director of Rock

Dude Impex said The entire supply chain has broken, we are cutting production & If this goes on for two more months, then it will hit us very badly. He added his trucks are stranded with no money for fuel, workers won't load goods for free, and distributors can't pay up. Problems at Rockdude go from its network of suppliers to its 1,500 distributors and 150 stockists.

Direct Industry Insights:

1. Dr. Rakesh Sinha, Global Head Supply Chain, manufacturing & IT at Godrej said net availability of FMCG products has gone down both in reach and stock weight; Discretionary and impulsive purchases have taken a hit.
2. Miss Yashika Arora, Senior Engineer at Bajaj Auto Limited, Rudrapur said that production has gone down from 2500 units/day to 2000 units/day.
3. Mr. Aman Sharma, AUT at ITC limited said that impulsive purchases have taken a hit and net production has gone down.

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FINANCE

DEMONETISATION AND ITS EFFECT ON THE ECONOMY

Om Duseja, MMS (2016-18), SIMSREE, Mumbai

On 8th November 2016 along with the shocking results of the President elect of US, India witnessed the move of Demonetization taken by Prime Minister Mr. Narendra Modi. Notes of denomination 500 and 1000 rupees were banned and whole of the country got disrupted by this sudden move. Now talking about the Impacts of this move on Indian economy, many says that there is a short term pain but a long term gain as an impact of this move. Following are some of the impacts of this move on Indian economy.

Following the fear of the Fed rate hike the FPI's (Foreign Portfolio Investors) started pulling out the money from the Indian markets and this was further fueled by the move of Demonetization which results in a total outflow of Rs. 19,56 Crores from debt and equity markets.

As far as GDP is concerned, the IMF (Indian monetary Fund) reduces the growth forecast of India by a full percentage

Demonetization has negatively impacted the employment in India, as most of the SME's running on cash have suffered and are not able to pay the wages of the employees which has lead to unemployment. The labor intense sector like construction and infrastructure, Oil and gas, automobiles, textile and retail had suffered the most.

point to 6.6%. It is also said that India may lose the tag of "fastest growing major economy" to China in 2016-17.

Another major impact of the move is seen on the sectors like FMCG where the consumer spending has decreased sharply as it is largely dependent on cash. The sales were down by 50% in the first week of note ban. The other sectors which were hit hard include real estate, tourism and other SME's. The other important sector is the agriculture which has been hit strongly due to demonetization, Scarcity has appeared in the major vegetable and consumable items. Specially Cotton has witnessed a decline in the arrivals from 1.5-2 lakhs to 30,000-40,000 bales.

The other short impact on the Indian economy is the deflation. As the consumer spending reduced drastically after demonetization the prices of the goods and services started reducing leading to deflation

In the manufacturing sector most of the owners have cut their demand forecast due to non availability of cash which has given a strong impact on the whole supply chain distribution in India. The farmers are ready to sell the crops but there is no one ready to purchase the same. On the other hand the farmers at the mid stage of their sowing are suffering to get the seeds, fertilizers and other farming equipments.

The major aim of the government behind the move of demonetization was to curb the corruption, terrorism funding and to give an end to counterfeit notes. At this time one can say that definitely there is an end to counterfeit notes as the old notes are destroyed, but as far as black money is concerned the Bank of America Merrill Lynch estimates say that 25% of the GDP forms the black economy and out of which only 10% is in cash, hence even if the all the black money doesn't get returned to the economy we are still left with black money. There are no clear figures regarding the total deposits of the old demonetized notes in the banks but if all the old demonetized notes got returned than the move will have little effect on black money, but if succeeded than there will be an impact on the parallel economy of the India.

Since the demonetization has forced a large amount of money to be deposited in to the banks the marginal cost of capital has been reduced and hence the lending rates of most

| Bank | Before | After |
|---------------------|--------|-------|
| State Bank of India | 8.9% | 8% |
| Union Bank | 9.3% | 8.65% |
| IDBI Bank | 9.3% | 9.15% |
| IOB | 9.5% | 9.15% |
| PNB | 9.15% | 8.45% |

a limit on cash spending like cash transaction over Rs. 3 lakh in cash should be banned will further support the move and will help in making the correction needed in the sector.

With an aim to move to digital payments there has been an increase in the number of transactions from 17 lakh to 63 lakh as of 7th

of the banks have reduced. Below is a list of some banks with previous and new interest rates.

The above rate cuts will give a cheaper lending to the people and will give a boost to the Indian economy in the long run. Hence a prediction of increase in the growth rate of GDP is also expected in the long run.

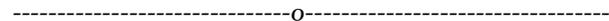
The impact of demonetization on tax revenue is on the positive side as there has been a 26.2% increase in central indirect tax till 30th November whereas the direct tax collection has been increased by 14.4% till 19th December 2016. The table also shows the city wise percentage increase in the tax paid by people in Nov 2016as compared to Nov 2015.

It is said that the most of the real estate industry is built on the black money and an estimate says that 40% of the real estate transactions in Delhi-NCR are in black. This move will stop the flow of black money in the industry and with government coming with the move of

December. In terms of value there has been a surge of 267% from Rs. 52 crore to 191 crore. The figure shows the split up of the digital payments.

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MARKETING

EFFECTS ON MARKETING TACTICS DUE TO DEMONETISATION

Varun Dwivedi, PGDM- Media & Entertainment, WeSchool, ,Mumbai

8th November 2016 at the fall of sunset when the Economic Times app on my phone pops up with a notification saying, 'All denominations of 500INR and 1000INR are to become invalid post-midnight' everything came to a halt with that small speck of aberration. And what followed was a barrage of questions, as to what prompted the Prime Minister of the country to make such a bold move along with a lot of us making cancelations to all the cash-on-delivery orders made from the respective e-commerce conglomerates.

Like it or not demonetization was in effect, and it also brought along with it a series of changes in the Indian markets. Going by my own experiences across the city of Mumbai and apart from the long queues outside the banks and the ATMs, I witnessed:

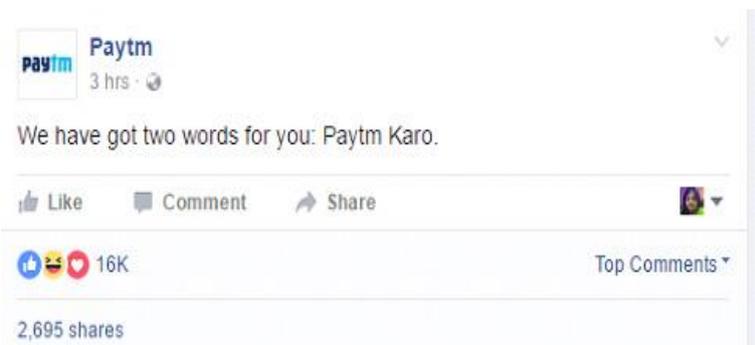
- The drivers of Uber and Ola being plagued by the customers resorting to pay via PayTM, thus making it difficult for the drivers to refill their gas tanks without cash.
- A sudden lack in the desired amount of tender change in market, making it difficult to make purchases via roadside vendors.
- Places not accepting payments through credit or debit cards were also a hit to the balance of the need and want of goods and services in the consumer market.

Demonetization had its impact and the situation was not going to change anytime soon. Neither

was the fact that the buying and selling of goods and services were going to stop. This made the marketers work around demonetization and this resulted in sudden change in marketing strategy in various industries.

The first to join the party was PayTM, with its hash tag "#PayTMKaro" and rightly so, this was the golden opportunity for the various mobile as well as e-wallets like FreeCharge, MobiKwik to take advantage of the situation and urge people to go cashless. In the wake of the situation this resulted in huge spend on advertisements by these mobile wallets.

- With PayTM spending ₹50-60 Crore on advertising. This being almost 300 percent more than their allotted budget.
- MobiKwik allotted to spend ₹30 Crore in mass media campaigns till January.



After the battle between the mobile wallets, it was also the battle of Uber versus Ola. Ola tried marketing its "Ola Money" feature which successfully recorded an increase of around 1500 percent in wallet recharges. Number of campaigns sent by Ola was 36 whereas Uber only made 12 campaigns.

Also, the other e-commerce websites were not left far behind. Both, Flipkart and Amazon went

on to hand up to 50% discounts with cashless transactions. Although initially sales went down by about 20%, with bunch of incentives in the prepaid order, accounted for a spike of about 50% in the prepaid orders being made through these websites.

Therefore, although the e-commerce websites witnessed some benefit but the basic brick and mortar retail stores faced the brunt of demonetization. Places like Connaught place and Khan Market saw a huge dip in their sales. Same was the case with Big Bazar, who in order to cope up with the announcement made, tried to keep their stores open till 11:50 P.M.

The unprecedented motive of demonetization to convert black money into white gave way to going cashless. Giving a push to Digital India initiative, the country saw an upsurge in the usage of digital wallets and online transactions. Furthermore, it was also a hit to the various brick-and-mortar retail shops who tried coping up with demonetization but wasn't quite as successful as the online retail.

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HUMAN RESOURCES

IMPACT OF DEMONETIZATION ON HR

Aditi Brahme, PGDM (2015-2017), WeSchool, Mumbai

The catastrophic day of November 8, 2016 saw the biggest ever move by the Indian Government for eradicating black money from the country. It was when Prime Minister Mr. Narendra Modi officially withdrew the 500 and 1000 rupee denomination notes from circulation in the public. Prior to this day, the word 'Demonetization' had hardly seen the light of the day. But one can very well say that November 8, 2016 was the official birth anniversary of this word. So much so, that it was the word which induced feelings of awe, respect and fear all at the same time.

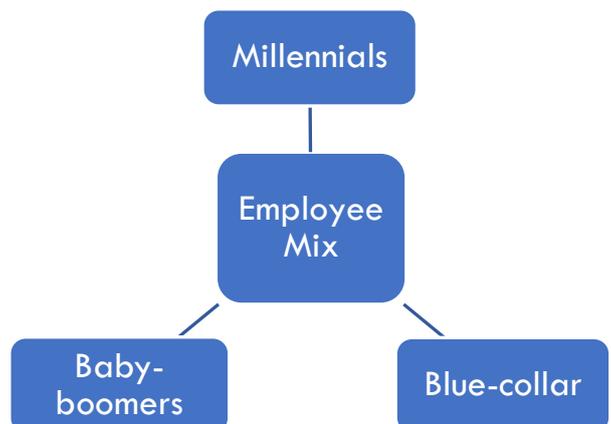
The 'Demon' in this word 'Demonetization' has an impact on all the sections of society and also on all the sectors of the industry. But this 'Demon' is not just to be feared. It comes up with a bag full of new opportunities, ready to set up the stage to welcome the new world of 'Digital India' in all its pride. This culture of digitization needs to be injected into the veins of the people at large who still find comfort to transact in cash. Being the custodians of organizational culture, the Human Resources department can certainly contribute in a big way to develop the psyche of their employees.

There are three kinds of employees in an organization: those who are very well versed with technology and new digital payment trends (generally the millennials), those who are acquainted with the new digital world but still prefer to go the cash-way (generally the baby-boomers) & those who still find it comfortable to accept their salaries in cash (generally the blue-collar workforce). With this kind of employee-mix, the HR department needs to align their

change management initiatives in such a way that the digitization culture percolates down the hierarchy across all the levels.

Digitization can be introduced as a change management initiative in the organization by the HR department in the following ways:

1. ATM centres can be installed within the organization premises to reduce the waiting time of the employees in the long queues outside the banks.
2. Those employees who are well equipped at handling digital payments can conduct



sessions/seminars to transfer this knowledge to their counterparts. This works as an employee engagement practice as well.

3. Food coupons like *Sodexo* and *Ticket Restaurant* can spread the cashless culture in the organization. The digital coupons like *Zeta* also ease out the transactions and avoid the use of paper coupons.
4. Blue-collar employees are accustomed to receiving salaries in cash. So HR can motivate the employees to open bank accounts so that they can promote cashless transactions. As they start getting familiar to this cashless world, they can be

introduced to the newer platforms of digital payments. It indirectly drives a change in the lifestyles of the blue-collar labourers.

5. Employees can be assisted in their financial planning exercises so that they can opt for better investment options. The newer schemes need to be introduced to the employees so that they can make avail of the better saving arenas.
6. Those employees having liquidity issues for buying daily goods can be benefited by tie-ups with retailers who can deliver the items and the salary can be deducted from the salary accounts of the employees directly.
7. Upcoming entrepreneurs working on newer digital platforms can be invited to the organization for a small talk that can create awareness amongst the employees.

Though digital payment is a strong move towards digitization, the 'Digital India' that our Prime Minister wants to create can only happen if the organization can incubate a digital environment. All the transactions or interactions with the employee right from the start till the end of the employee life-cycle should go the digital way. Unless this is mandated in day-to-day activities, this culture cannot proliferate in the organization.

- Adopt a digital attendance system rather than physical attendance system.
- Distribute e-coupons or digital coupons for Rewards & Recognition.
- Leverage virtual meetings with employees rather than physical meetings.
- Class-room learning can be replaced by e-learning, mobile learning etc.
- Physical notice boards can be digitized to display the real-time notices online.

Organizational leadership needs to drive this change initiative so that this digital wave encompasses all its people and processes. This bold initiative of our Prime Minister Mr. Narendra Modi should translate into reality and therefore it becomes one of the agendas of the HR department of every organization.

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GENERAL MANAGEMENT

IMPACT OF DEMONETIZATION ON INDIAN MANUFACTURING SECTOR

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Modern creation information for October 2016, the last point before demonetization, was discharged last Friday. This demonstrated general modern yield shrunk by 1.9%. The fall over September was more extreme at - 6.3%. The file (IIP) has developed by - 0.3% in this year up until now (April-October), contrasted with a comparing 4.8% development a year ago. This shows how powerless modern action was even without demonetization, a home-developed stun. The two noteworthy segments, buyer and capital products, shed some light on patterns in utilization and venture or total request. Development in customer merchandise, albeit positive at 1.2% in the year up until now, was weaker than the most recent year. What's more, capital merchandise yield development was - 22% in the period (- 26% in October) in respect to a better than average 9% development in April-October 2015.

In this way, industry was not in a decent a circumstance to begin with. Generation really dropped in April-October crosswise over mining (- 0.2% against 2.2% a year ago) and producing (- 1.0% against 5% development in April-October 2015) with just power portion demonstrating positive, 4.6% development. In the event that this was the state even before demonetization, by what method will the mechanical execution look like in coming months?

A great deal more regrettable, it appears. Consider the underlying proof from driving and episodic sources. November's assembling PMI as of now demonstrated control at 52.2 against 54.4

in October. Demonetization will hurt request with customer merchandise being the most

exceedingly awful influenced. Bond deal volumes split in November. This is probably not going to enhance considering the obscured viewpoint for land—property costs are expected to fall by 20-40% and engineers are pruning general costs, including staff, to manage on money and support primary concerns. Progressively outstretching influences will be felt in steel and different contributions also. Car deals in November were 5.48% lower—the slide is relied upon to quicken in coming months as listing retail deals input to producers who may even cut yield in next round. Buyer merchandise's organizations whose business volumes either fell or developed weakly in September quarter will likewise get affected.

Note however that November figures will downplay the effect of aggravation. Mechanical execution for November, as caught by the IIP (information due in January 2017) will likewise not mirror the full effect of interruption. The principal full effect of demonetization on industry will along these lines be known just from December information, which will arrive just in February one year from now.

Since the money crunch effect is broadly anticipated that would continue for two quarters, there is minimal possibility that mechanical development will enhance in the second 50% of 2016-17. Subsequently, the year as entire may see industry contracting. This would be for the first in three years. In 2013-14, add up to mechanical yield developed - 0.17% as the "decrease" stun

struck the economy. This time, the stun is home-developed and will affect both request and supply sides. Regardless of whether the repercussions for industry will persist past the close term is still far from being obviously true, however falling property costs and related chain impacts can be dependable.

Demonetization is an eras' paramount ordeal and will be one of the monetary occasions of our time. Its effect is felt by each Indian subject. Demonetization influences the economy through the liquidity side. Its impact will be a revealing to one on the grounds that almost 86% of cash an incentive available for use was pulled back without supplanting majority of it. Accordingly of the withdrawal of Rs 500 and Rs 1000 notes, there happened enormous hole in the money organization as after Rs 100; Rs 2000 is the main division.

Nonappearance of middle sections like Rs 500 and Rs 1000 will diminish the utility of Rs 2000. Viably, this will make Rs 2000 less helpful as an exchange cash however it can be a store esteem section.

Demonetization in fact is a liquidity stun; a sudden stop as far as cash accessibility. It makes a circumstance where absence of monetary forms jams utilization, speculation, creation, work and so on. In this specific circumstance, the practice may deliver taking after here and now/long haul/, utilization/venture, welfare/development impacts on Indian economy. The force of demonetization impacts unmistakably relies on the length of the liquidity stuns. Taking after are the fundamental effects.

Fabricating division development in India got hampered in November as rupee demonetization weighed on new work processes, purchasing movement and generation, while repressed inflationary weight may incite RBI to lessen key approach rate, a month to month review said on Thursday.

The Nikkei Markit India Fabricating Buying Administrators' List (PMI) - a gauge of assembling

execution - tumbled to 52.3, down from October's 22-month high of 54.4.

A perusing over 50 as far as assembling execution shows development, while anything underneath it implies withdrawal.

"PMI information for November demonstrated that the sudden withdrawal of high-esteem banknotes in India brought about issues for makers, as money deficiencies hampered development of new work, purchasing movement and generation," Pollyanna De Lima, Business analyst at IHS Markit and creator of the report, said. November information highlighted an eleventh sequential month to month change in assembling conditions crosswise over India.

"Be that as it may, though some may have foreseen a through and through downturn, the part held its ground and stayed in extension mode," Lima said.

Moreover, albeit many studied organizations remarked that further interruption is normal in the close term, the demonetization of the rupee is foreseen to light development over the long haul as unregulated organizations leave the market, Lima included.

Gentler development in new business inflows influenced producing segment development amid November as request books ascended at a direct pace which was the slowest since July. Specialists announced higher request from local and also outer customers, however demonstrated that development was hampered by the cash emergency, the review stated, including, cash issue was the fundamental reason recorded by respondents for gentler development in information purchasing.

On the costs front, the report said that however there was a general increment in info costs, the rate of expansion facilitated since October.

"Of reprieve to firms, cost inflationary weights mollified, which thusly supported by far most of organizations to keep their offering costs unaltered. In the event that this pattern is

managed, we will probably observe additionally slices to the benchmark rate," Lima said.

The Money related Strategy Board of trustees, headed by RBI Representative Urjit Patel, October cut benchmark loan costs by 0.25% to 6.25%.

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**“SUCCESS CONSISTS OF GOING FROM FAILURE TO
FAILURE WITHOUT LOSS OF ENTHUSIASM”**

WINSTON CHURCHILL

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