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# FINDEPTH

CURATED BY  
**BULLS AND BEARS - FINANCE CLUB OF PDEU**



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THE GLOBAL  
RETAIL GIANT,  
IKEA

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BullsandBears

# NOTE FROM B&B

With every issue that BullsandBears comes out with, we try to make you fall in love with finance. As much as we love finance here, we also believe it's a necessary skill to survive. And every action of B&B has tried to help you learn that skill. Over the two issues of FINDEPTH, we have covered a wide range of topics and we continue to do the same in this issue.

Finance is omnipresent, everywhere you look, you can find the role it plays. And in an aim to remind you of that, this edition of FINDEPTH has tried to pair finance with every field, from the Olympics to the food industry. We have also attempted to cover the past, present as well as future of finance by taking into account the recent trends and developments in the field. In today's time, it is not only required but also imperative to recognize and study any sort of gender or diversity parity gaps that exist in our work domain; a step that we wished to take forward with this edition.

This edition also dwells into the multi-faceted nature of Finance by studying various companies and what went right-or-wrong in their respective cases, which we believe will be an interesting read for just about anyone! We were overwhelmed by the affection you showed to our segments like Fincheck and the world's most expensive and so we decided to bring them back for this edition; looking forward to your answer entries!

While taking into account all your feedback and suggestions, we aim to provide you with the most thought-provoking, statistical and fun-to-read edition, to excel with each coming edition. We can't wait for you to begin with Findepth 3.0! Happy reading!



**Avnee Satija**  
President



**Anika Dadhich**  
General Secretary

# Our Team



Avnee Satija-SLS'19  
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Anika Dadhich-SLS'19  
Editor



Vashishth Doshi-SLS'20  
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Ananya Chaturvedi-SLS'20  
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Bhavya Patel-SOT'19  
Graphic Head



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Writer



Rhythm Agrawal-SPT'19  
Writer



Megha Mistry-SOT'19  
Writer



Anugruh Singla-SPT'19  
Writer



Diya Desai-SLS'21  
Writer



**Naitik Patel-SOT'19**  
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**Avani Firke-SLS'21**  
Illustrator



**CA Pratik Dixit**  
Guest Writer



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# Are Neo Banks the future of the Banking Sector?

According to Zion Market Research, the global market for neo banking grew at a CAGR of 46.5 percent from 2018 to 2019. By 2026, it is estimated to generate \$394.6 billion.

What really are neo banks?

One wonders which type of banks really make these kinds of profit over 6 years, right? neo banks are online banks - they don't have any branches. They work truly in the digital space and manage most of their work through apps or websites themselves. Essentially providing on-the-go financial services, these banks are the newest addition to the innovation this era of fin-tech has brought about!

They open your account in literally 5 minutes and you can start transferring money instantly into this account. You cannot, however, transact a big amount or avail card services until you have had your KYC done with them. Even for that, they provide very-easy-to-complete kind of services with video-KYCs and such systems.

They solely focus on the services they provide and how easy they can make banking for us. They provide all the necessary Digital Bank Services traditional banks offer, but are a step ahead of them. In a cashless environment, these banks are best suitable.



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There are 3 types of Neo Banks currently present right now:

1. The non-licensed banks that have partnered with traditional banks: In this type, a neo bank performs usual banking services via a partner registered bank, while providing digital services on its own platform. For example, NiyoX Bank provides digital fin-tech solutions on its own platform but ATM services etc are provided by Equitas Small Finance Bank. Paytm also falls in the same category. It was formally launched by the Union Finance Minister of India, Arun Jaitley on November 28, 2017.
2. When a traditional bank launches its digital-only initiative in the form of a neo bank, for example SBI YONO.
3. The last type is the neo banks that have a Digital Banking License. These types are not present in India currently.

Most of the neo banks fall under the first category - when usual old-school banks have outdated technology and staff, and manage their online services through neo banks, and neo banks in return get core banking services done through these traditional banks.

Neo-Banks possess a lot of advantages like their user base UX. The app works so smoothly, the user just swipes through the in-app features and falls in love with them.

The user also gets everything handy, anything they want they just can get done with it within seconds.

Another important advantage is their facility of providing a Zero Balance account. While most of the traditional banks require some basic balance to be maintained in their account, neo banks allow you to withdraw all the amount. There's a personalization part as well, where you can see the services getting personalised for you - discounts on your favourite brands, food items and promo cards. Neo banks offer advanced and smart reporting as well.

However, there are disadvantages of neo banks as well. They have new and emerging, so it becomes very challenging to gain the customer's trust. However, if they partner with big private banks the customer has no issue trusting them.

Attracting the client and driving them towards a particular fin-tech service while private and public banks are expanding their arms digitally as well, is a task in itself.

There is also a lack of an offline presence - as some people still prefer to go to their bank branches and operate their account or resolve some issues from there. Also, a developed network of ATMs provides easy access to cash which is an issue here.

For profitability, as to have a boom in the market, Neo banks provide high-interest rates to gain customers and free services.



## Neo Bank and Digital Banks

There are a lot of similarities between Neo Banks and Digital Banks, Digital Bank provides similar services as Neo Banks. But Digital Banks do not fully function on a digital platform and are effectively a part of traditional banks, whereas Neo Banks are fully independent and are not associated with traditional banks.

If one is scared of the security of a transaction or the service in general, neo banks are known to leverage some of the most advanced security features. They use biometric verification, two-factor authentication, role-based access control (RBAC), top-notch encryption technology, and a variety of other advanced security measures to keep consumers safe while banking.

Even then, should any fraud be done with money in your account, your money is insured up to Rs. 5 Lakhs.



Neo Banks	Traditional Banks
Service Platform	Fully Digital
Customer Relationship	Flexible and Virtual
Fees	Transparent and lesser cost
Branches	No
Approval Process	Quick and Automatic
	Yes
	Manual and Lengthy

## Value-Added Services

With offering basic digital services, neo banks also provide other services that are personalised with your spending and investing powers.

They provide you with financial services based on proper data and graphs made by looking at the statistics and insights. These services can be easily used by customers. Also in some neo banks, they provide mutual funds with 0 commissions. Their AI helps you with the selection as per your income and saving capacities.

Also, In India neo banks are helping SMEs with their services and solutions in managing their financials conveniently and comprehensively. Neo banks are capable of providing a platform that allows businesses to send and receive payments, automate accounting and reconciliation, generate and track invoice compliance with tax laws. And access third-party banking and business applications from its platform, allowing multiple businesses to manage all of their banking needs from a single location.

## Rapid Growth of Neo Banks

Over the past few years, neo banks have seen some tremendous growth. As of 2019, neo banks have more than 30 million customers. What's remarkable about this figure is that it ignores giant markets like China and India.

Neo banks are fast expanding, as seen by aggressive investments, with some neo banks having fundraising rounds of about \$2.5 billion in 2019!

One of the major reasons for this sort of growth can be attributed to the fact that neo banks roll out advanced features at a faster rate which enhances their performance and thus, making them more attractive. As per the 2018 market analysis, neo banking apps are adding 10 new features per year. The number for traditional banking is just 6.

Neo banks are far ahead of traditional banks in terms of customer satisfaction. According to a recent study, over 90% of users in the United States are satisfied with neo banks. This figure is noteworthy because only 66 percent of users were satisfied by the top 50 worldwide banks.

Neo banks provide services such as accounting, budgeting, taxation, analytics to MSMEs at fractional costs. Because of the costs involved, such services were earlier accessible only to larger establishments

## RBI and Neo Banks

Virtual banking licences are still not awarded in India, even though there are some international national banks that have Indian subsidiaries that offer digital-only goods. The Reserve Bank of India (RBI) continues to emphasise the need for physical presence for banks and has recently underlined the requirement for digital banking service providers to maintain some physical presence.

In India, neo banks are currently dealing with the regulatory situation by outsourcing their banking responsibilities to licenced institutions, forming strategic relationships with traditional banks, and delivering enhanced services on behalf of existing institutions. Some of the greatest names in modern banking are already using this concept around the world.

Neo banks and traditional banks cooperate to offer corporate and consumer banking services. The neo bank provides financial and banking services to end customers, but monetary transactions are controlled by its partner banks from a regulatory standpoint.

## What About the Future?

Getting all the financial services, cost-effective multiple banking and financial functionalities under one umbrella, and personalisation, are some of the driving factors for neo banks globally. Second, fintech companies are developing specialist solutions that cater to blue-collar workers and the underserved needs of thin-file MSMEs, which is the way to go.

Even though digital and neo banks are gaining traction, the majority still has failed to show long-term viability. Nonetheless, they have a lot of potential to be disruptors in the banking and financial services industries, and convincing existing banks to invest in new-age technology and re-engineer procedures to give seamless and quick customer experiences would be the key to being profitable businesses.

With fierce competition from traditional banks, new-age fin-techs, IT corporations, and non-banking newcomers, it remains to be seen if the market is deep enough for neo banks to develop sustainably and fairly.

**Written by : Hemang Sharma (19BABBA173)**

**Edited By : Vashishth Doshi (20BABBA174)**

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# Growth of the global retail giant



Ikea is a Swedish furniture business that aids in the design and sale of ready to assemble furniture, home furnishings, and other items. Ingvar Kamprad started the business in 1943. He was raised on Swedish soil and spent years dominating the local market before expanding operations internationally. As of 2021, IKEA is worth more than USD 15 billion.

Compared to Walmart, Tesco, and others, IKEA's attempt to grow internationally was a huge success. Although there were several reasons for the failure of others, a specific reason was the lack of cultural knowledge of the new markets. Many companies, notable multinationals from the United States, have failed to grow internationally (or at least into specialized regions) because they attempted to reproduce their winning strategy in their home market in another country.

Some interesting cases are that of Best Buy, which attempted to introduce complicated electronics items to a Chinese market that was still buying simple technologies such as CDs and DVDs! Likewise, Walmart, obviously failed in the German markets in their attempt to sell the American Dream and American Lifestyle.

IKEA on the other hand did market research before establishing their business overseas. For instance, when IKEA first opened its first shop in Korea in 2004, it conducted market research on product designs and the market. **Korean bedrooms were observed to be considerably smaller than those of Europeans. This inspired IKEA to design a super single-sized bed that was bigger than a fixed single bed, but yet appropriate for Korean bedroom measurements.**

However, while IKEA has been successful in expanding to Korea, it has seen its fair share of failures as well. Before expanding to Japan in 1974, IKEA saw success in four different European markets apart from the States. Riding on the high, they opened shops in Japan only to close down within 12 years. Their problem? Lack of region-specific modifications to suit people's different needs.



Selling the distinctive European and American concept of ready-to-assemble by self – furniture, in a market where customer interaction was of optimal value and where bedrooms were far too tiny for the large beds from IKEA's usual product line. In fact, 90% of IKEA's product line is uniform and unchanging in nature.

The notion of assembling furniture didn't go well with the Japanese consumer, and sales dipped. Together with that, another factor was the fact that well established Japanese firms already had headway with the consumer due to better cultural knowledge leaving IKEA in trouble for survival.



Even then, **IKEA was not one to back down** – it returned in 2006 with renewed fervour. This time, they had about 5 years of cultural data analysis with them to understand the consumer of Japan better. This time they did all things right to be accepted as a formidable force in the furniture market in Japan. With the assistance of JETRO, the Japanese Foreign Trade Organization, **IKEA visited over a hundred households, conducted surveys, and conducted in-depth analyses of the Japanese market and competition**. The study revealed two primary conclusions:

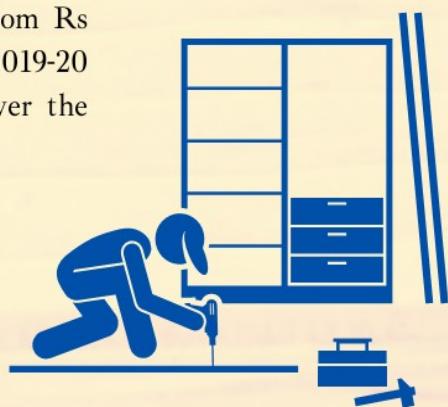
- Large sofas, beds, and tables, which are popular in Europe, would be unappealing to Japanese buyers since they would simply not fit in their homes.
- It is critical to offer home delivery and assembly (even if at an additional cost).

Finally, IKEA revised its approach from showcasing just affordability to also including the notion that an IKEA inspired home can be an ideal home. Customers who scarcely utilised their homes for purposes other than sleeping were informed of DIY culture and showcased IKEA furniture fit in every setting irrespective of size and background. Innovative marketing and informed marketing helped them make the change in their business outlook.

In the fiscal year 2020, the IKEA Group had total revenues of EUR 23.7 billion and a net profit of EUR 1.7 billion. In FY 2019-20, IKEA India's net sales grew 64.68 per cent to Rs 566 crore, up from Rs 343.7 crore in the previous fiscal year. Its total revenue in the 2019-20 fiscal year was Rs 665.6 crore, a 63.18 per cent increase over the previous fiscal year's total revenue of Rs 407.9 crore.

**Written by : Anugruh Singhal (19BPE011)**

**Edited By : Vashishth Doshi (20BABBA174)**





# OLYMPICS AND FINANCE

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**Surabhi Sinha, from IMT Hyderabad is the winner of 'Call for Article', which was organised by BullasandBears. B&B has edited her article while her work remains original.**

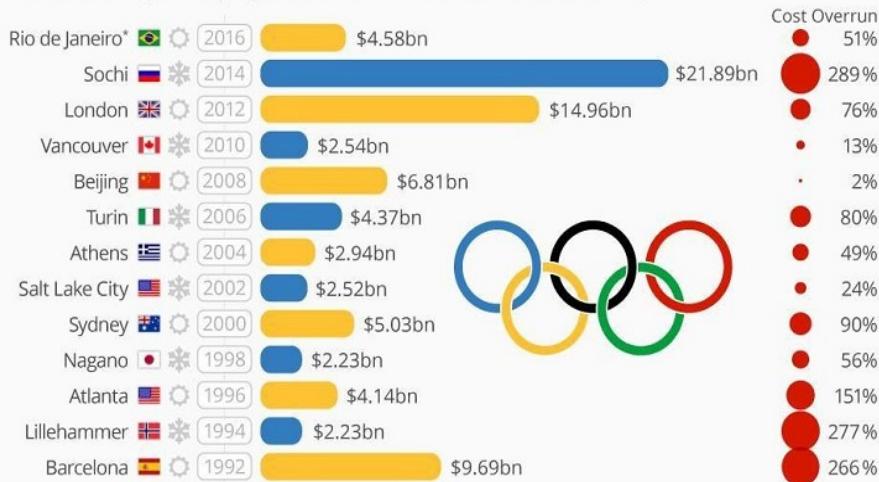
"For athletes, the Olympics are the ultimate test of their worth" – Mary Lou Retton (American gymnast, 1984 Summer Olympics).

The Olympics started in the year 1896, and ever since, it has been a great attraction for the world to showcase its sporting talent. It is since then, an emotion for people than just a competition. Olympics is an important platform for athletes to showcase their potential, so it naturally becomes important for the games to go on, but **the high costs attached to it both economically and environmentally has caused the craze for the hosting of the games to decrease drastically.**

Since 1960 all Olympics games saw significant overrun costs, whether it be summer games or winter games. Both have significant costs, but the Winter Games have fewer overrun costs compared to the Summer Games, the Sochi games being the only exception.

### The Massive Costs Behind The Olympic Games

Cost of hosting the Olympic Games since 1992 (billion U.S. dollars)



\* As of January 29, 2016 - survey did not take into account infrastructure such as airports, road & rail networks, etc.

@StatistaCharts

Source: The Oxford Olympics Study 2016:  
Cost and Cost Overrun at the Games

Forbes statista

"The Olympics need various facilities (Almost 35 different venues), and the bidding cost them a fortune. The construction of an Olympic village can cost up to \$2 billion, the media and television production facility can cost up to 1 billion dollars. In addition, the ceremonial space, the media facility, the transportation system altogether can cost them up to another \$3-5 billion dollar, all this cumulative can cost a fortune to the country, which is ideally the money of the taxpayers and ultimately is being wasted as the facilities are no more in use after the games. Along with all this, investment is also needed in improving the city's infrastructure, the transportation system for the visitors, the port systems and the overall development of the cities.

Although it sounds like these investments are made for the good of the hosting cities' infrastructure and employment, but in reality, the amount of benefits is far less than the amount of overspending, waste, debts, pollution and controversies it leaves behind for the cities. **Most of us don't even look at the lasting damage that the games cause to the hosting city. The cities don't just lose money but also have lasting environmental damage like CO<sub>2</sub> emissions and pollution, among others.**

"The costs were also in terms of the medal costs. There were only two medals earlier to the 1904 games, the silver – for the first position and Bronze – for the second position. After that, the system of gold, silver and Bronze came in, also increasing the costs. The costs also increased due to the increased participation and the doping tests and other related expenses, which also came in after some time. These developments also brought in significant costs that were unavoidable.

The cost to the environment is in terms of the harmful emission of CO<sub>2</sub> and the harm to the ecosystem for making space to construct such a huge infrastructure. The production of the raw materials for the construction projects, like cement alone, accounts for 8% of the total CO<sub>2</sub> emissions in the world and also construction also adds to that.

Keeping both economic and environmental costs, the IOC in its 2020 roadmap has aimed at having sustainable Olympic games in which the existing facilities in the cities will be used for the games. Countries bidding for the future games are rethinking the events to be taken place in the existing facilities by renovating the interior and investing little in large scale infrastructure and just invest in the important areas for the facilitation of the games. The sustainable goal of the IOC also focuses on the reduction of costs to the countries so that the tradition of the games go on.

To reduce costs significantly the IOC instead of allowing new developing nations to host the games can use the existing facilities built previously be used by rotating the hosting cities at a regular interval so that the same costs are not to be invested again and again. The countries can also use these facilities after the games to get revenues by putting them out for as assets on a monetization basis so that they can be both used by the investors for certain purposes as well as to get revenues out of it. These initiatives can significantly reduce costs and also help in earning future benefits from the investments made earlier.

The games should not just focus on the sustainability of the reduction of costs but also focus on the increasing awareness about the sporting culture in and around the world as it will help a lot of games popularity and help in the development of the sporting culture.



**Written by : Surabhi Sinha, IMT, Hyderabad (Call for article Winner)**

**Edited By : Avnee Satija (19BABBA075)**

# FUTURE OF *Sustainable Finance*

As the name suggests Sustainability is the soul of this rapidly growing financing and investment alternative. Investing decisions in Sustainable Finance not only incorporates potential risk and return it might deliver over the period for any financial product but also takes into consideration the impact this investment will have on the society and also the environmental, social and governance factors associated with any economic activity or project in which raised money is going to be utilized. Sustainable Finance provides investors with an opportunity to kill two birds with a stone as investors may get higher returns on their investments along with providing financial support to the businesses desired to work on practices and projects which are environmentally friendly and are meant to reduce the stress on the environment that gives investors lifelong satisfaction for doing something not only for themselves but also for the betterment of the society to ensure a sustainable future for their country and the world.

As a part of the same, Luxembourg started Luxembourg Green Exchange in 2016 and became the first country in the world to provide a dedicated platform for operating green, social and sustainable financial securities to allow green and sustainable investments. It is seen that the debt capital market has been most preferable for organizations willing to raise capital for sustainable or green projects and the majority of these investments have been done through the debt capital market, specifically through bonds and other debt instruments such as fixed deposits and loans. Organizations across the globe are using bonds as their medium of financing to raise the capital required for their green or sustainable projects. These bonds have created a whole new bond market within the existing market, this bond market is the “Sustainable Bond Market” and bonds issued in this market are called Sustainable Bonds.



Sustainable Bonds break out into four categories: Green Bonds, Social Bonds, Sustainability bonds and Sustainability linked bonds. The sustainable Bonds market is growing at a faster rate than in the past two years. The total sustainable bond issuance observed was \$326 billion in 2019, which nearly doubled in the succeeding year 2020 by \$600 billion. In 2020, the Sustainable bond market was growing at such a faster rate than it observed year-on-year (YOY) growth of 53% in 2019 as compared to \$214 billion of issuance in 2018 and this shows the potential it is carrying to capture a larger market share in the existing bond market in upcoming years. These numbers justify the potential growth it might be experiencing soon and it is fascinating! Money raised from green bonds is used in the projects which have positive impacts on the environment and are also useful to combat the climate crisis such as renewable energy, energy-efficient or green buildings, clean transportation such as electric vehicles, waste management, clean water etc. Social bonds help in financing social projects and activities to achieve a positive social outcome and address a social issue such as gender equality, human rights, racial equality and also for several socioeconomic projects like affordable housing, access to essential services etc. Likewise, sustainability bonds finance the projects which fall under both the categories green and social bonds. While Sustainability-linked bonds are issued to finance the projects which are working towards achieving Sustainable Development Goals (SDGs) such as mitigation of carbon or CO<sub>2</sub> emission and achieve net-zero carbon etc. Among all the sustainable bonds issuance, the biggest slice of the pie goes to the green bonds with around \$306 billion of issuance, which is around 50% of total sustainable bonds issued in 2020. It is forecasted that green bond issuance will be doubled in the upcoming year with total sustainable bond issuance worth \$1 trillion. According to the World Economic Forum, the green bond market alone is expected to attain an issuance value of \$2.36 trillion by 2023.

The sustainable finance market is creating records day by day displaying its potential and impact it might be having on the world in coming years, with European Union (EU) recently announcing the highest ever green bond issuance till now worth €12 billion for 15 years on 12th October 2021, which is going to be used for green and sustainable projects across the European Union. It was found that it was oversubscribed by 11 times on the issuance which shows the strong demand green bonds are having and also its ability to attract investors. This just might be the beginning of the revolution sustainable finance is going to start in the finance industry and make people realize the necessity of it for a more sustainable future of the globe taking into account the current situation of climate change and global warming.



## Where is India in adopting Sustainable Finance Practices?

In India, the first green bond was issued by "Yes Bank" in the year 2016 and since then India is experiencing exceptional growth in sustainable finance practices. Organizations including Indian companies and government bodies have also tried to deep dive into sustainable finance practices by issuing sustainable bonds. The importance of sustainability is also being reflected in the Indian capital markets with Indian companies issuing sustainable bonds and raising around \$5 billion in 2021 so far, which is the highest amount raised through these bonds compared to any of the previous years, with green bonds contributing largest in the issuance. In April 2021 Ghaziabad Municipal Corporation became India's First Municipal corporation to raise Rs. 150 crores by issuing a green bond, which will be utilized for the construction of a sewage treatment plant. In 2021, Adani Green Energy Ltd has also raised \$750 million by issuing green bonds along with other companies including JSW Hydro Energy, Greenko and Renew Power, which will be used for Renewable Energy. Shriram Transport has issued social bonds and Sustainability-linked bonds have been issued by Adani Electricity Ltd. And Ultratech cement. As 95% of Indians invest in fixed deposits, banks like HSBC and HDFC have launched their "Green Deposits" to support environmentally beneficial projects. Hence, sustainable finance provides investors with an opportunity to align their investment portfolio with Sustainability.



Written by : Naitik Patel (19BCH040)

Edited By : Anika Dadhich (19BABBA074)





Pete's Super Submarines, a fast-food joint in the United States, was founded in 1965 by 17-year-old Fred De Luca and financed by Peter Buck. The venture began with a \$1,000 investment. The eatery was called "Pete's Super Submarines" because it specialised in submarine sandwiches. Two years later, the restaurant was called Subway. Following its growth to 16 owned-and-operated outlets, the first franchised food establishments opened in 1974. By 1982, the company claimed to be the most prominent "sub chain" in the United States.

#### **A Spread - *hors concours:***

It was relatively easy to get a Subway franchise, the company expanded rapidly during the 1980s and 1990s. Subway is one of the most affordable brands to franchise. A Subway franchise costs between USD 116,000 and USD 263,000 to open. In comparison, the cost of opening a McDonald's is between USD 1 million and USD 2.2 million. As a result, Subway developed rapidly both within the United States and internationally. Subway launched its 5,000th restaurant in 1990, owing to the company's emphasis on developing franchises in unusual locations. Subway established franchises at gas stations, truck stops, rest stops, and even convenience shops. Its "**anyplace and all over the place**" mindset permitted it to extend quickly.

Bahrain was the first country to operate the main shop outside of the United States in 1984. There were approximately 40,000 Subway restaurants globally during the second decade of the 21st century. Through that time, franchisees owned all of the outlets.

#### **The USP:**

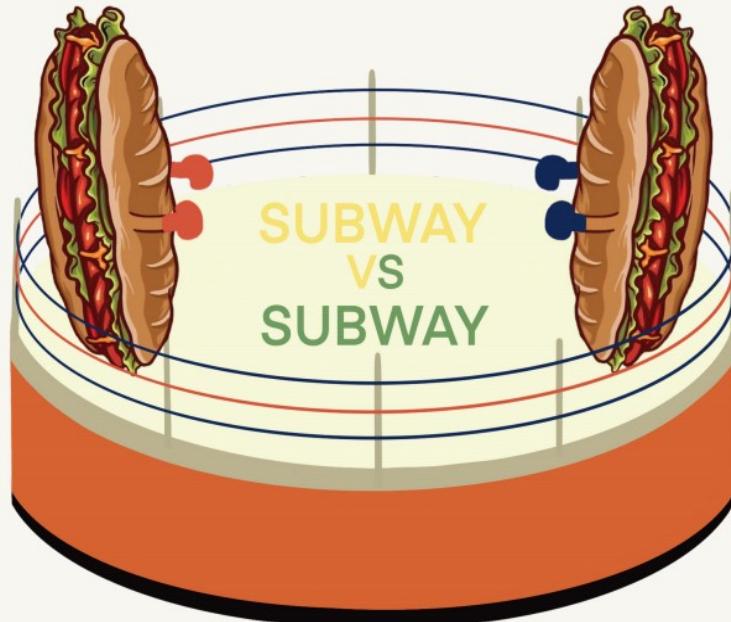
Subway products are usually not cooked, in contrast to a lot of the alimentation sold-out by building chains, and the area unit is lavishly fancy with contemporary veggies. Subway is eager to promote itself as a supplier of healthy food.

#### **Far-sighted Marketing:**

The company made a minor celebrity out of Jared Fogle, who claimed to have dropped over 200 pounds (90 kg) on a diet of Subway sandwiches. Fogle worked as a subway spokesperson from 2000 until 2015 when his career was ended by a scandal and criminal accusations, however, the campaign was so effective that sales increased by 20% after the first commercial aired. Subway's success continued into the early 2000s, and one of the reasons for that success was undoubtedly the advertising about losing 90 pounds. This tale was utilized for over a decade.

When the world was suffering from the impact of the Great Recession in 2008, the subway altered its marketing that would define a chain. Because it was more essential for Americans at the time to look for bargains rather than focus on weight loss. By 2009, when other restaurant companies were suffering the effects of the recession, Subway had drawn in customers owing to their USD 5 footlong. This resulted in a 17% increase in sales.





By 2014, Subway's sales had begun to decline. Subway, like other fast-food joints, was not very inventive.

#### **The Flipside:**

By 2014, Subway's sales had begun to decline. Subway, like other fast-food joints, was not very inventive with the menu. Other fast-food businesses brought new pipelines, which Subway did not. However, other fast-food businesses were not the only competitors for subway franchises. Because the subway franchising model is so easy to accomplish, subway fast food joints began sprouting up around the corner from one another in attractive markets and the locations were so near to each other which as a result cannibalized each other's sales.

The subway franchise agreement states that it may be opened anywhere and there are no such protected areas so, as a result, too many metro franchises have been established in proximity, posing a challenge for Subway itself. Initially, due to the increase in business, they opened an excessive number of franchisees. That first step, which they believed would be advantageous, turned out to be a nightmare for them since too many chain businesses are devouring each other's shares.

#### **What changed since:**

For the first time in the company's history, Subway shuttered more stores than it opened. Deals dropped to USD 11.3 billion out of 2016, down from USD 11.5 billion of every 2015. As a result, the firm shuttered 359 sites throughout the world. The trend continued in 2018, with the company closing 1,108 Subway locations in the United States. The company stated at the start of 2018 that it intended to shut 500 shops that year. It ended up shutting more than it had anticipated. Subway presently has 24,008 outlets in the United States.

Subway was formerly known as the world's largest food chain, and suddenly, that enormous chain became their biggest challenge. Instead of focusing on the locations, the company focused on the restaurant counts. Regardless of all other food chains, Subway has become the biggest competition for itself due to their decision of having too many locations.

**Written by : Vinita Godhwani (20BABBA316)**

**Edited By : Ananya Chaturvedi (20BABBA030)**

# THE RISING INFLUENCE OF

## BUY NOW PAY LATER

Buy Now Pay Later concept is settling into the Indian market nowadays. It is highly likely you have heard the term Buy Now Pay Later aka BNPL somewhere. But what exactly does it mean? The concept is as simple as it reads i.e. you buy now and pay your bills later on with the available payment option.



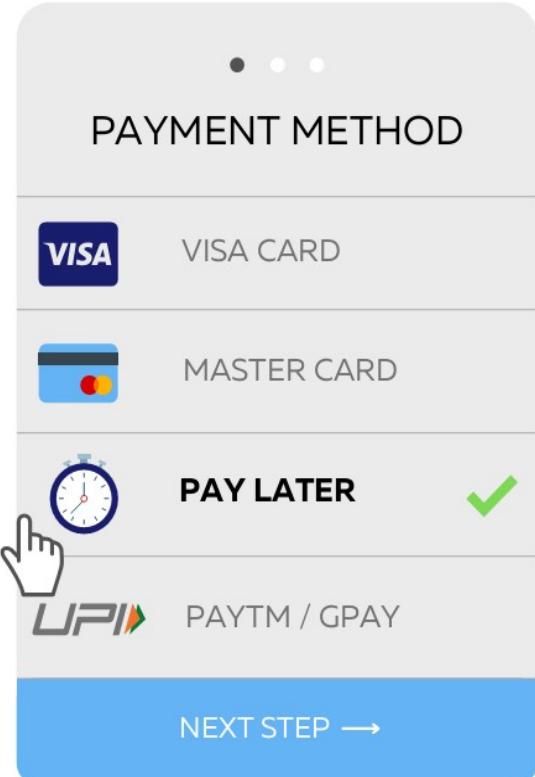
Let's dive deep into the concept of BNPL. By the grace of booming digitisation, we are now used to credit cards and EMI options. More often than not we buy electronics and household items on EMI options, but such an option is not accessible in the case where the purchase value is much lower. In that scenario, we can not opt for EMI as the processing of that transaction becomes much costlier to the buyer. This is where BNPL steps in and helps us, for instance, if you are going grocery shopping for a month stock and you choose to opt for BNPL, then you don't have to pay the amount on the spot, you can customize the payment option in periodic instalments.

When we talk about the cumulative advantages of BNPL, it is a low-cost pricing model, the approvals are very quick, and you can even have an interest free credit period of up to 4 years. It does not require any credit history and in the end, the whole process is transparent for both vendor and customer.



The BNPL market of India is estimated at \$15 Billion and has the potential to hit \$100 Billion by 2025 as stated by the Bernstein report. BNPL Sector is booming nowadays as the Startups and Fintech are stepping in and offering great deals to the customers. And when you look at the pandemic situation, a lot of people lost their job, increments, promotions, months' pay and savings, BNPL becomes one's saviour. Who would not opt for BNPL? You are not supposed to pay any other charges and you get an option to pay later.

When you generally hear about this concept, you think there might be some catch, how can they afford to not charge any fees or interest. Later on, you figure out that BNPL Service providers have partnerships with the retailers such as Amazon, Flipkart. For each transaction with their partners, they get commissions. You might wonder, commission for what? They get commissions because you tend to spend more with this scheme. Furthermore, BNPL providers provide loan offerings with interest and they charge you for late payment. Charges from missing the payment deadline is how they make money. This is a warning for those who think that it would not cost them a single penny when availing of BNPL services. Make a wise decision as to when to avail of the service because you surely don't want to end up paying interest and charges.



Whether BNPL is good for you or not, depends on you and your needs. One thing is for sure that you need to have control over your spending before you think about BNPL. There might be a situation where you end up overspending in the month. Check whether you have a history of overspending and if yes, they might want to reconsider your decision of BNPL. There is nothing wrong with making use of the benefits of the available facilities such as offers and cashback but the person should have financial knowledge about their spending habits.

When we talk about the human mentality here in India, we have a culture of saving more instead of spending more and on that basis, BNPL should not fit in our environment, but in actual it is quite opposite as BNPL has become quite popular among the millennials.

Further, if we talk about the lending sector, **BNPL has disrupted the market as it is offering a technology-driven credit facility at the spot of payment and is processed with the minimum time and paperwork.** The process of lending which was followed earlier used to take more paperwork and time of the vendor as well as of the customer, So, even from the vendor's perspective they would also prefer the BNPL model only.

All in all, it is safe to say that buy now pay later is a safe bet but only if you know how to play your cards right or might end up in a trap of charges.

**Written by : CA Pratik Dixit - Pratik is currently practicing chartered accountancy at his firm Pratik Dixit & Co.**

**One financial advice he'll give to all of us is 'For Better Future : Eat, Sleep, Work, Invest and Repeat'**

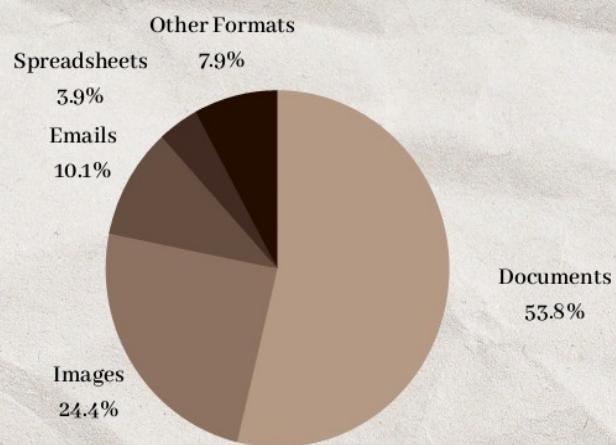
**Edited By : Avnee Satija (19BABBA075)**

# OPENING UP 2021'S PANDORA'S BOX

Back in Greek mythology, when Pandora, believably the first woman on Earth, opened the box out of curiosity, it resulted in various evils creeping over mankind. Bringing you back to present reality, opening up Pandora's box still seems to be problematic. Now, being aware of why one of the biggest global financial investigations involving millions of documents and terabytes of data is named after 'Pandora's Box', it becomes pretty elementary to get to the core of 'Pandora Paper Leak'.

## WHAT EXACTLY IS PANDORA PAPERS LEAK?

The Pandora Papers are 11.9 million files in the form of documents(53.78%), images(24.37%), emails(10.08%), spreadsheets(3.87%), and other formats(7.90%) published by ICIJ starting on 3rd October 2021. These almost 12 million files are obtained from 14 sources comprising 2.4 terabytes of data. The papers highlight the shadow financial system fueled by the most powerful and some of the richest in the world. The key highlights of the leak are hidden wealth and tax evasion in the form of offshore companies and in some cases, money laundering too.



**QUICK FACT CHECK:** The Pandora Papers involve names from nearly 100 countries across the globe.

## WHO IS ICIJ, RESPONSIBLE FOR PUBLISHING THE DATA?

ICIJ represents the International Consortium of Investigative Journalists. It is a non-profit, unique organization based in the US. They are both a newsroom with its reporting crew as well as a global network system of journalists and media outlets who collaborate to research, investigate and analyze the most crucial stories in the world. Their team encompasses 280 of the best investigative journalists from across 100 countries and territories across the globe. The core team is small but aspiring and extensive. Through their investigations, they aim and work to encourage their readers to be aware of the important issues occurring around themselves and the world.

**QUICK FACT CHECK:** ICIJ published the Panama Papers for which they won the Pulitzer Prize in 2017 for Explanatory Reporting along with McClatchy News and the Miami Herald.

## WHO WERE THE CONTRIBUTING SOURCES TO THE PANDORA PAPERS LEAK?

A global team was a prerequisite for this investigation as the 14 offshore service providers that are the origins of the leaked documents are headquartered across the globe from Seychelles to UAE. The 150 news outlets that joined the investigative collaboration from around 117 countries include The Washington Post, the BBC's Panorama, The Indian Express, Australian Broadcasting Corporation, Radio France, Le Soir, Ecuador's Diario El Universo, Zimbabwe's The Standard, etc.

**QUICK FACT CHECK:** As per *The New York Times*, about 600 journalists all over the world examined the documents and shreds of evidence for two years to come up to a concrete conclusion.



## WHAT DO WE MEAN BY 'OFFSHORE'?

Though 'offshore' has a metamorphic meaning in terms of finance, the literal meaning conveys the concept. It simply means something is not performed or done in accordance with how it should ethically go. The Pandora Papers disclose the complex web of offshore companies established on paper mostly for tax evasion purposes. It ultimately leads to covert ownership of wealth and assets across borders.

A group of countries and territories have been infamously recognized as 'tax havens' or 'secret jurisdictions'. The peculiar features that help them label themselves as 'offshore territories' are -- the convenience of setting up the business, the presence of laws that make it difficult to identify the owners of the business, and the absence of or negligible taxation rates. Bank accounts can be easily opened in the name of such offshore companies and transactions can be conveniently carried out without revealing the real identity.

**QUICK FACT CHECK:** Such offshore companies rarely have any physical existence, that is they have neither operating staff, office location, organization building, etc. nor do they have any real board of directors.

## WHAT IS THE MONETARY ASPECT OF TAX HAVENS?

According to ICIJ, the value of hidden wealth can range from \$5.6 trillion to approximately \$32 trillion. The International Monetary Fund mentions that the use of tax havens costs governments worldwide up to \$600bn in lost taxes each year.

Observing from the viewpoint of the elites who park their fortunes in such tax havens, setting up offshore companies costs them quite enough. Specialist firms are paid to establish and operate shell companies on the behalf of investors i.e the elites. These firms provide addresses and identities of paid directors so that there lay no grounds to reach the reality.

**QUICK FACT CHECK:** The values of hidden wealth mentioned are calculated estimates as the actual value is impossible to determine.

## HOW CAN THE NOTION OF 'TAX HAVENS' BE CONSIDERED LEGALLY?

To get a complete idea of the legal viewpoint, we'll consider an example:

Eg., Mr A is a UK citizen. He earns in billions and trillions and hence to avoid heavy taxation, he takes advantage of the loopholes in the government system and establishes a shell company in any of the secrecy jurisdictions. The list of board of directors does not have any mention of Mr A and as discussed, there is no physical existence of this company. What happens now is that Mr A starts investing in various asset options such as property, private yachts, planes, etc. across the globe in the name of the offshore institution as it holds a legal identity. Hence, in this manner, Mr A parks his excess funds through a dummy company and avoids taxation.

Analyzing the example, it is clear that **tax havens are not illegal but unethical**. Finding a loophole in the system and benefiting from it to avoid tax is legal but to a certain ground level. The UK government states that tax avoidance "involves operating within the boundaries, but not the integrity of the law". Making millions and billions of dollars in profit, such people consume and exploit resources of their home country and park/invest them in foreign lands. This would eventually lead to tax evasion which is a serious crime. Stating that it's not illegal, making a complex web of secret companies to invest money and assets seems an apt way to hide transactions of criminality. Hence, there have been repetitive reminders to formulate certain laws that make tax avoidance and tax evasion as hard as possible.

**QUICK FACT CHECK:** Not everyone named in the Pandora Papers have ill intention. There are several legitimate reasons why people wish to park funds in different countries such as protection against criminal attacks, safeguarding wealth against unstable governments, etc.

## WHY WOULD A COUNTRY WANT TO BE A TAX HAVEN?

Tax revenue is the primary reason. Though taxation rates are nominal still they do exist. Being a tax haven, it attracts foreign investments at a large scale, and hence, a notable rise in tax income is inevitable. Similarly, the respective government can demand various fees such as license fees, new registration fees, etc. for the smooth establishment process. Another aspect is the rise in employment opportunities. Some share of total foreign investments would go to homegrown corporate companies that would eventually give the rise to higher employment to local people.

**QUICK FACT CHECK:** Tax Havens are often referred to as *The Smoke Screens*.

## HOW ARE COMMON PEOPLE AFFECTED?

It is a bit surprising to know that tax haven has a direct impact on the global economy as the phenomenon is quite larger than one could have imagined. As per IMF Report, governments lose between \$500 billion to \$600 billion of corporate revenues due to tax havens which takes a bigger jibe at the GDP of the developing or low-developed economies. Ultimately, more tax is imposed on the middle and poor class as a result of which the living standard of the middle-class collapses and the poor suffer the most and the worst.

Another aspect is the involvement of the law and policymakers in the tax haven schemes. Powerful governments have huge stakes in tax havens located in advanced economies or territories functioning under them. If the ones from whom we expect the change are the ones getting the most benefit, then there seems a dim ray of hope. The Pandora Papers Leak, The Panama Papers Leak, and several others act as an alarm to the common people to wake them to reality and make rational decisions as to whom should the leadership positions go.

**QUICK FACT CHECK:** Maximum investment in tax havens come from the world's biggest democracies.

## SO WHAT DO THE PANDORA PAPERS CONCLUDE?

The wealthier an individual is, the higher chances of them dumping their wealth elsewhere and offshore. Such tax havens portray the greed of the top 1% elites of the world. Offshore investments broaden the class divide instead of blurring the lines. Each tax haven snatches someone's right to access to home, education and a decent lifestyle.



**Written by :** Diya Desai (21BABBA131)

**Edited By :** Ananya Chaturvedi (20BABBA030)

# Micro Small Medium Enterprises

## are the backbone of every economy

As we all know that India is one of the fastest growing economies within the world and far and away, we all know that India's 'MSME' (Micro, small and medium enterprise), has emerged as a crucial and dynamic sector of India's economy. If you shop around, you'll get a glimpse of an India that's changing right before your eyes. Not only that, but within the past years the tiny and medium enterprises have stood out as the key driver behind the economic and social development of the country. they need contributed to varied sectors. we've been listening about the businesses that drive change, and it's always the massive corporations that come to mind. And on the opposite hand, the MSMEs sector with about 37 million units each trying to develop themselves into an outsized enterprise and check out to return up with new ideas. It seems as if a couple of million drops of water have joined together to make an ocean of change. We will also say that it also has helped tons to large companies in providing various sorts of goods and services.

The MSMEs play a key role during a nation's economic development, as they assist in generating employment, inject household money into the economy, they assist the large-scale industry to run. MSME helps in making functions of the trade cycle run fluidly. we will also say that "MSMEs are the backbone of the economy". MSMEs also contribute 46% of total industrial production and 40% of total exports, which contribute very significantly to the GDP. And also, within the Manufacturing segment the MSMEs contributes about 7.09% of the GDP, it also contributes 30.5% of services sector. Therefore, the total contribution of MSMEs towards the GDP is 37.54. Thus, we will say that MSMEs play a key role within the development of the country. MSMEs employ around 40% of India's workforce, which is an estimated 81 million people, who are given a chance for livelihood and employment via low-skilled jobs. With about 48 million, India has the second largest number of MSMEs within the world, edging on the brink of China which has around 50 million MSMEs. There are above 6500 products manufactured by 31.8% MSMEs while the opposite 68.2% are engaged in delivering various services. If the MSMEs sector gets the proper support and strength, then it's the potential to spread industrial growth throughout the country. Despite employing 40% of India's workforce, MSMEs also are the bane of India's economic problems.

Nowadays India has become the hub of start-ups, within the previous couple of years, India has given many unicorn start-ups. Like Byju's, Zomato, Ola, and lots of more. These companies were also once small and medium enterprises, but thanks to their unique business model and methods. The MSMEs should also understand the "power of worldwide supply chain value", countries like China and other western countries have understood the concept of the worldwide supply chain. But still, India features a big road to hide up.



A good supply chain design will start with understanding what are customer values. Usually, poor on-time delivery performance by a supplier can cause the customer holding more inventory to the unreliability of a supplier. When a MSME supplier manages his inventory efficiently, the whole Supply chain benefits and therefore the buyer will have more confidence in his supplier. An efficient Supply chain leads to Supply chain delivery reliability, increased responsiveness, more flexibility, better asset management, lowered freight costs, improved supplier performance & accountability, improved customer satisfaction & customer relationships, Reduced the entire cost of fulfilment through the reduction of inventory, space, lead time, logistics costs, and increased fill rates.

The Government of India has introduced MSME (Micro, Small, and Medium Enterprises) in agreement with the Micro, Small and Medium Enterprises Development (MSMED) Act of 2006. These enterprises primarily engaged within the production, manufacturing, processing, or preservation of products and commodities. Now we'll be watching a number of the highlights from the ministry of MSME are:-

- There is a provision of Collateral Free Loans to MSMEs
- There are arrangements for loans to MSMEs worth Rs. 3 lac crores
- An offer for MSMEs to urge a Moratorium period of 12 months
- Consideration of producing and repairing MSMEs because the same entities
- MSM may be granted a repayment Tenure of 48 months
- MSMEs are assured a 100% Credit Guarantee
- Reclassification of MSMEs will benefit approximately 45 Lac units

Thus, we can say that MSME plays a vital role in the development of the nation and also contributes to the growth of the economy. The government is also helping MSME to grow more and more, as they have come across the power of the MSME. Their vision is to develop a huge community of MSMEs and unite them for the betterment of the nation.

**Written by : Advait Kabra (20BCO040)**

**Edited By : Anugrugh Singhla (19BPE011)**



# THE UNDESIRABLE ONES

Like any other industry, the finance and corporate sector is a ruthless field where one cannot sit back and relax. One must go out of their way to stand out and make a name for themselves. **Such an environment gives birth to this "aggressive culture" where only dominating personalities can thrive.** This common misconception causes gender and diversity parity gaps.

## Time to celebrate heroes and sheroes

Around equal percentages of men and women enter the finance field, but men tend to rise in the ranks quicker than women. There are several reasons behind the slow climb. The number one cause is the lack of role models. While talent and passion are needed to level up, having a mentor to guide does wonder in the industry. A mentor steers your journey to the top and prevents you from making the same mistakes as them. With fewer women holding higher position jobs like c-suite or directors, it makes it difficult for women to find mentors who'll help them to avoid the obstacles in their path.

Another significant reason is difficulty in finding a work and life balance, especially when it comes to networking. Due to the predefined notion that women are the caretakers of their families, many find it arduous to participate in social gathering events. These events help in elevating the status in the company ranks and create a bond with the higher-ups. Other reasons include gender stereotyping, behind-the-scenes politics, sexual violence and unsafe environment, shorter maternity leave, lack of quality jobs, and more.

Recently, India has been doing an excellent job in addressing this issue. Since the Companies Act in 2013, around 96% of the companies have at least one female on board. India has also managed to outrun the other Asian countries in terms of diversity in executive and non-executive boardrooms. The Zinnov-Intel Gender Diversity Study, conducted in 2019, states that women's representation in India has increased to 30%. They have seen more growth in non-technical roles than the technical ones. But only 11% are seen in leadership positions, whereas it's 20% in mid-level roles and 38% in junior posts. **According to the report, large firms have better gender parity while start-ups have the worst.** Although, in defence of start-ups, they mainly hire people based on their skills rather than their gender. In India, Bengaluru has the best gender diversity, about 34% better, followed by Mumbai at 33% and Pune at 32%.

On the other side of the Pacific Ocean, America faces similar problems with race and religion included in the mix. A Vault annual survey for bankers to rate their firms based on gender diversity from 1-10 gave an interesting outlook in the banking sector. Though there were ups and downs in the past ten years, ratings given by women have increased recently. It leads us to assume that companies are trying their best to improve gender parity. Looking at a different sector, say Venture Capitalists, around 82% of them are male, 70% are white and 60% are coming from Stanford or Harvard, according to a study conducted by Richard Kerby. One can paint the picture of average venture capitalists using these stats.

## Equal Opportunities



Diversity with Respect to Women

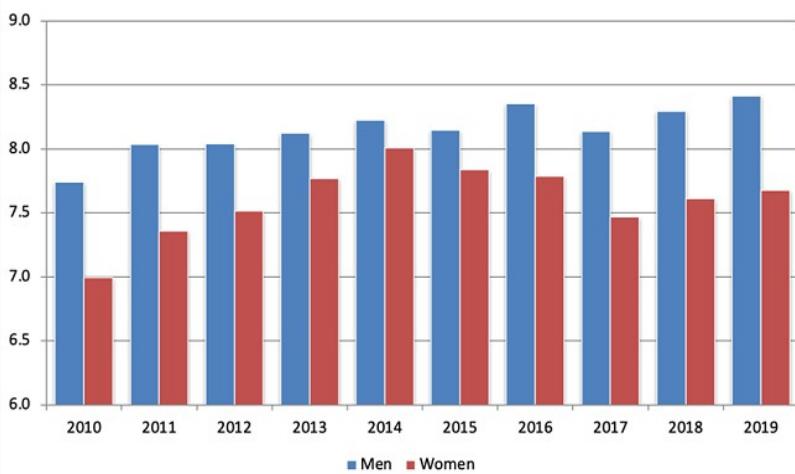
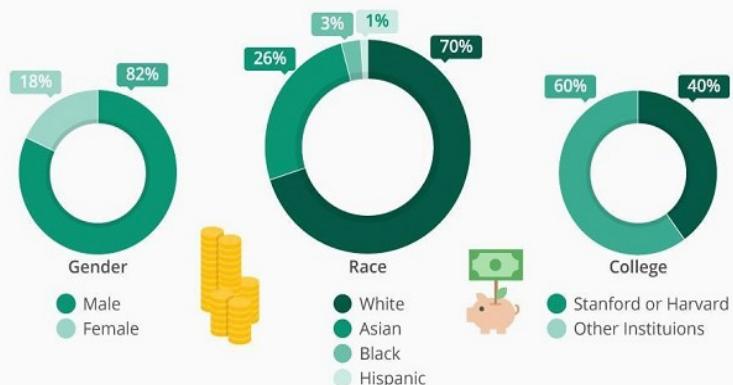


Fig.1 Vault Annual Survey based on Diversity

### Who Are Venture Capitalists?

Demographics of U.S. venture capitalists in July 2018



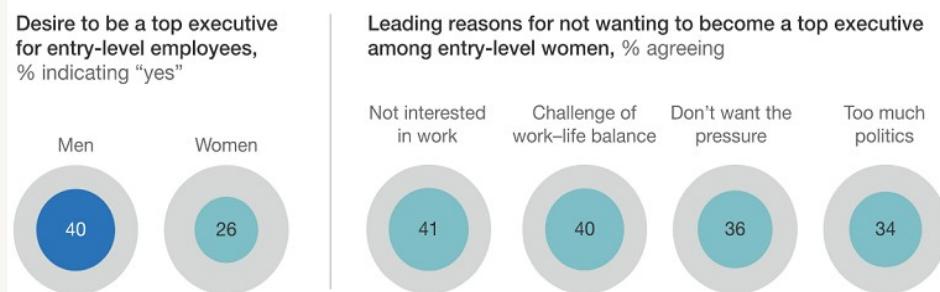
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statista

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In a research directed by LeanIn.Org and McKinsey, Women in Workplace collected data from three main sub-sectors in North America i.e. banking and consumer finance, asset management, insurance and wholesale banking. The data they collected shows that only 19% of women hold C-suite positions. They are 24% less likely to gain their first promotion at the same time compared to men. It is exceptionally lower for women of colour. They are very much under-represented and are at a loss of 34% when it comes to their first promotion. Only 26% of the entry-level women desire to aim for executive roles. The rest aren't much interested due to similar reasons noticed in the Indian industries.

Entry-level women in financial services cite several reasons for a lack of interest in top executive roles.



Source: Women in the workplace 2017, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

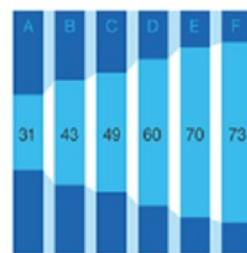
McKinsey&Company

Women, especially women of color, are underrepresented in the leadership of North American financial-services firms.

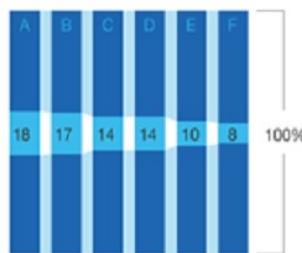
Employees by level, % share

A = Entry level    C = Senior manager/director    E = Senior vice president  
B = Manager    D = Vice president    F = C-suite

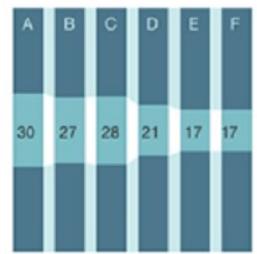
White men



Men of color



White women



Women of color



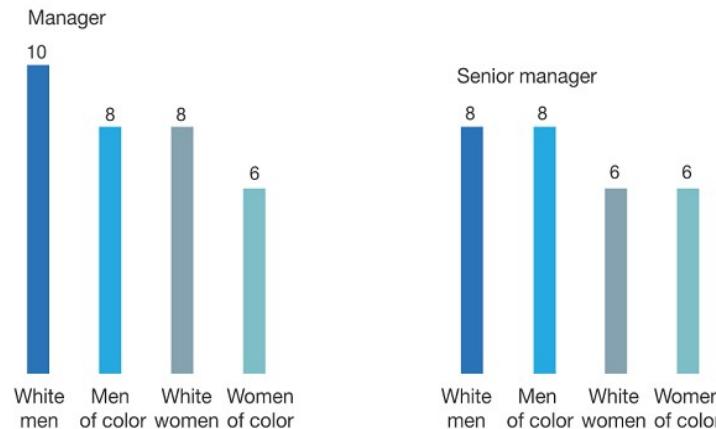
Source: Women in the workplace 2017, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

McKinsey&Company

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Women—and women of color in particular—are significantly less likely than men to attain their first promotion.

Promotions as share of total employees of the same gender/race in previous level, %



Source: *Women in the workplace 2017*, a joint report from LeanIn.org and McKinsey, 2017, [womenintheworkplace.com](http://womenintheworkplace.com)

McKinsey&Company

Some of you might question us, "What exactly is the need for diversity in the corporate world?" or "Doesn't it all come down to talent and skill in the end?". There's a very simple answer: the biggest need for diversity is the diverse consumers. They are of different genders, races, sexuality, caste, religion. To provide the best service, we need someone to represent their needs and who is better than someone from their own community. **Swati Piramal, an independent director on the board of Nestle India, noted that when they made the scientific R&D centre more gender-equal, it resulted in better performance.** The centre gave more detailed solutions along with nourishing the relationship with consumers by decreasing their mistakes. Lack of cultural parity in the top levels of the company can lead to a disaster. For example, *fashion companies like Gucci and Prada got involved in scandals regarding their blackface merchandise*. If there were a better representation of black people in their company ranks, their brand would not look ignorant and insensitive towards the black community. *Corporations with better gender and cultural diversity out-perform others by 21% and 33%, respectively.*

Many companies aim to increase diversity in terms of gender, culture, and religion. When it comes to the banking sector, India does a better job in promoting women to higher-level positions compared to America, according to a Forbes report. Behind this change is KV Kamath, the male CEO of ICICI bank from 1996 to 2009. Under his leadership, the bank offered many opportunities to women and produced the first Indian female bank CEO. ICICI bank made every effort to encourage and support women by guiding and promoting a balanced personal-professional life. Intel India did the same, and it resulted in reducing the gender gaps by having 25% female employees. *As of December 2020, we saw that out of all the Nifty 500 companies, 475 had at least one of the board members was female.* Inclusion and diversity report from Apple, states that the number of employees from underrepresented communities has increased by 64%. The number of black employees has risen by 50%, with a 60% rise in leadership roles. While the number of Hispanic employees has grown by 80%, with a 90% rise in leadership. Around 36% of the total employees in Apple are female.

Curated by Team BNB | 33

## Why be sad when you could be GLAAD?

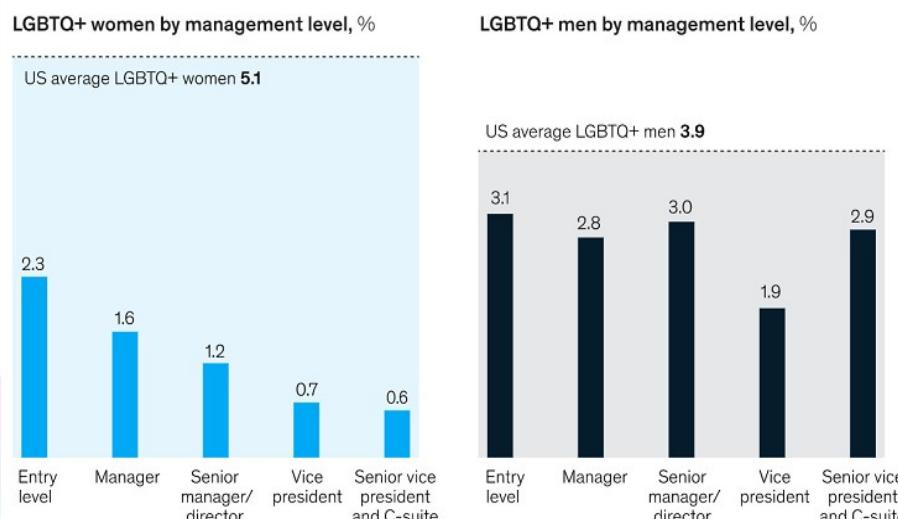
There's another diverse community that's been gaining momentum in the past 50 years. The LGBTQ+ representation is as low as you would expect. The majority of the world's LGBTQ+ population isn't out of the closet. A Yale School of Public Health study shows that about 83% of gay, lesbian, bisexuals keep their sexuality under wraps. The percentage is higher in African and Middle-Eastern countries and lower in Europe, North America, and Australia.

With the close involvement in this matter by the Gen-Z, many corporations have been open with their support by celebrating pride month. It has led to good progress for LGBTQ+ rights in the industry. But the written rules are yet to see a significant change. *For example, among the biggest companies in the world, only 5 of them have LGBTQ+ CEOs. Within those 5, only one of them is female, while there is no Trans representation.*

Amidst such poor portrayal, many of them feel like outsiders in their workplace. A McKinsey and LeanIn.Org report, based on LGBTQ+ in the American workplace, states that LGBTQ+ women face more sexual harassment and poor representation compared to LGBTQ+ men. **3 in 20 women feel that their sexual orientation will affect their career advancement, while 6 in 20 men believe the same.** LGBTQ+ women are 1.2 times more motivated than men to climb up the ladder.

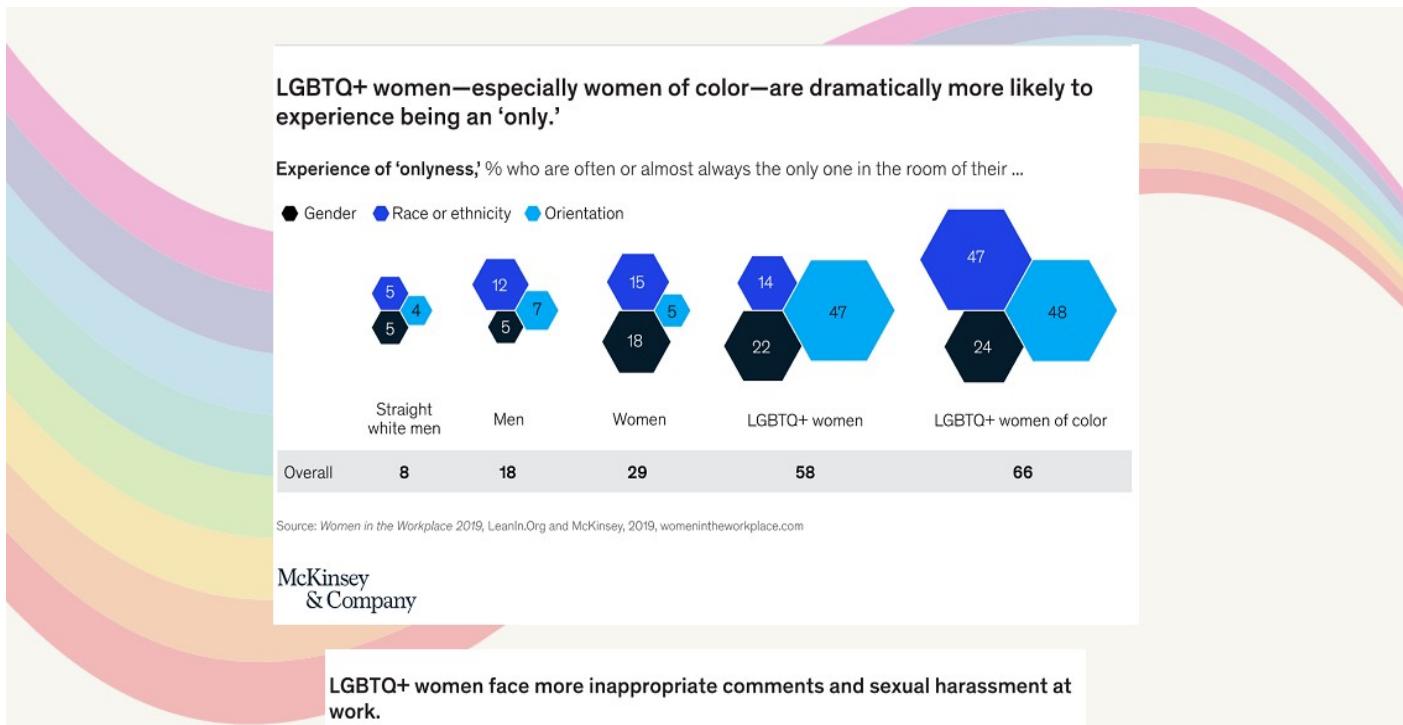
Trans and non-binary people compared to gay, lesbian, and bisexual experience the “only” factor more intensely. They are most likely selected for entry-level jobs and not considered for more responsible roles strictly based on their orientation. The barriers that they face often makes them think about quitting their jobs. But on the brighter side, Trans people are more likely to get promoted in the past year than cisgender people (25 percent versus 14 percent).

**LGBTQ+ women are underrepresented at every stage of the management pipeline, considerably worse than LGBTQ+ men's representation.**



Source: Williams Institute, UCLA School of Law; Women in the Workplace 2019, Leanin.Org and McKinsey, 2019, womenintheworkplace.com; Women in the Workplace 2018, Leanin.Org and McKinsey, 2018, womenintheworkplace.com

McKinsey  
& Company



#### LGBTQ+ women face more inappropriate comments and sexual harassment at work.

Experience at work <sup>1</sup> by sexual orientation, %	Straight men	LGBTQ+ men	Straight women	Lesbian women	LGBTQ+ women overall	Bisexual women
Experienced microaggressions	58	76	73	78	82	86
Experienced any form of sexual harassment	18	30	41	53	58	62
Heard sexist comments or jokes about people of your gender	10	19	33	48	50	53
Had obscene or sexually explicit comments directed at you	4	10	15	18	22	26
Been pressured to "play along" or participate in sexual discussions, humor, or actions	5	11	11	17	21	24

<sup>1</sup>Original poll question: Which of the following have you experienced at work?  
Source: *Women in the Workplace 2019*, LeanIn.Org and McKinsey, 2019, [womenintheworkplace.com](http://womenintheworkplace.com)

McKinsey & Company

In India, many big companies like Godrej, Tata Steel, and Infosys have applied trans-inclusive policies to support the Trans community. *It includes anti-discrimination policies and teaching the employees gender-neutral language while exercising firm punishments for those who disregard the policies.*

Though the growth is slow in the corporate world, many activists are working to normalize Trans people in the workplace. The 2016 World Bank report highlights that **India loses around \$32 million annually due to homophobia and transphobia**. That is an enormous figure that no company wants to leave behind. A diverse pool of talent provides creative solutions and makes more money. Another benefit includes boosting the company's image to Millennial and Gen-Z consumers.

A diverse workplace does not only perform well but also creates a happier work environment. It is our responsibility as the current generation to make the necessary changes. We need to remove the "un" and turn it to the desirable ones.

Written by : Megha Mistry (19BEE046)

Edited By : Rhythm Agrawal (19BPE108)

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Q.1. The concept of the time value of money is that:

- a) The cash flows that occur earlier are more valuable than cash flows that occur later
- b) The cash flows that occur earlier are less valuable than cash flows that occur later
- c) The longer the time cash flows are invested, the more valuable they are in the future
- d) The future value of cash flows is always higher than the present value of the cash flows

Q.2. Which of the following is not a financing activity?

- a) Repayment of long-term debt
- b) Issuance of equity
- c) Investments in businesses
- d) Payment of dividends

Q.3. Which is the most subscribed IPO in India 2020?

- a) MTAR technologies
- b) Zomato
- c). Paras Defense
- d) Nazara Technologies

Q.4. Who controls the capital market in India?

- a) SEBI
- b) RBI
- c) IRDA
- d) AMFI

Q.5. Where is the National stock exchange situated?

- a) Bombay
- b) Bengaluru
- c) Hyderabad
- d) Mumbai

Q.6. World's biggest stock exchange?

- a) Tokyo Stock Exchange
- b) New York Stock Exchange
- c) London Stock Exchange
- d) Nasdaq

Q.7. What is the settlement period in Stock Exchange in India?

- a) T+2
- b) T+3
- c) T+1

Q.8. What is the platform for the exchange of commodities?

- a) MCX
- b) MXC
- c) BSE
- d) NSE

Q.9. \_\_\_\_\_ is the main goal of financial management.

- a) profit maximization
- b) fund transfer
- c) maximum returns
- d) wealth maximization

Q.10. The concept of financial management is mainly related to \_\_\_\_\_

- a) arrangement of funds for the company
- b) procurement & utilization of funds for company operations
- c) profit maximization for the organization
- d) accounting of profit and loss on a yearly basis

6. (B) 7. (A) 8. (A) 9. (D) 10. (B)  
1. (C) 2. (A) 3. (A) 4. (A) 5. (D)

Answers:

Curated by Team BNB | 37

# World's Most Expensive Meals

## GRAND VELAS LOS CABOS TACOS

25,000  
USD



The foundation of this taco is a gold-infused corn tortilla, which is then layered with Kobe beef and lobster. It is topped with black truffle Brie, which itself costs \$100 per ounce and a dollop of Beluga caviar costing \$700 an ounce, being very expensive: it has been further covered in this article. As if this was not enough, more layers of gold are added on the top to finish. According to 'Secret Lives of the Super Rich', to pair with the taco, the resort suggests ordering a \$150,000 platinum and white gold bottle of Tequila Ley 925 which would bring the total bill amount to \$175,000, average value of a house in the United States.

If the price of this taco seemed out of this world to you, wait till you hear this:

To order the taco, you already need to be staying in the resort's presidential suite, plus, you'll need to put down a \$12,500 deposit to score the dish.

## THE FORTRESS STILT FISHERMAN INDULGENCE

This is an A-class dessert. It's a delicacy and the world's most expensive act of satisfying a sweet tooth rather than being just another expensive dessert.

Offered in the Fortress Resort and Spa in Galle, Sri Lanka, the highlight of the Fortress Stilt Fisherman Indulgence is an 80-carat aquamarine stone that sits on the fisherman's chocolate stilt having a diameter as wide as a soup spoon, making it truly unique. It is prepared only on special request with a minimum notice of 24 hours.

The dessert features a stilt fisherman, handmade from chocolate. The base is an Italian cassata, flavoured with Baileys Irish Cream. It is beautifully served with a mango and pomegranate compote and a Dom Perignon Champagne sabayon sauce and is decked with gold leaf. The dessert is served with custom handmade, studio-flared glass cutlery.

14,500  
USD





12,000  
USD

## LOUIS XIII PIZZA

The most expensive pizza in the world is Louis XIII, created by Renato Viola and is served in Salerno, Italy. The pizza is anything but ordinary, with sophisticated toppings, such as mozzarella di bufala, lobster, and caviar all flown in from around the globe. It is made of ingredients like three types of caviar – Oscietra Royal Prestige, Kaspia Oscietra Royal Classic from the Iranian coast, and Kaspia Beluga. Besides the caviar, the pizza also features a very expensive lobster which is shipped from Norway, along with seven types of cheese. You have the luxury of eating it on your bed, since it will be made in your home by Renato Viola or/and his catering team, one of Italy's best master pizza chefs. To add to this, the feast is served with Remy Martin Cognac Louis XIII and Champagne Krug Clos du Mesnil 1995.

## BELUGA'S ALMAS CAVIAR

The only caviar dedicated restaurant in Dubai, Beluga Beach Restaurant, serves a portion of 250 grams of Beluga's Almas caviar. Almas is known as 'King of Kings' in the caviar world as it is the rarest and the most expensive caviar in the world. Adding to this, a 24-karat Golden Cigar is served with the Almas Caviar which is worth US\$ 422.



9,884 USD

## THE POSH PIE AT THE LORD DUDLEY HOTEL

In the suburb of Paddington, Chef Paul Medcalf gave "surf and turf" a fancy interpretation and put it into an enormous meat pie form. The Posh Pie is served at The Lord Dudley Hotel in Sydney, Australia. Inside the dish, there are two different cuts of premium beef and two whole West Australian rock lobsters, along with two bottles of Penfolds Grange Reserve. Adding to the exquisite nature of the dish, Winter Black truffles and dried Italian porcini mushrooms are present on the inside. Not to miss out, the whole thing is topped off with a German gold leaf because of course, how can it not be?!



9,484 USD

If you prefer to eat your way through your money rather than investing or putting it towards retirement, then these meals are just the right options for you.

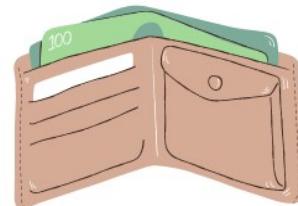
# PERSONAL FINANCE

Ever wondered why some people go broke despite being among the best in their respective fields. This is because of a lack of financial knowledge. What if they just knew the very basics of self-finance, wouldn't they have been able to avoid all these circumstances. Personal Finance isn't really tough to understand, all you need to understand is the simple rules of finance. Here are some rules from the book THE RICHEST MAN IN BABYLON by George S. Clason which will definitely help you increase your financial knowledge/discipline.



## 1 START THY PURSE TO FATTENING

This point states that you need to save a certain per cent of your income which will one day lead to your fat purse and satisfy your soul. The per cent of income saved completely depends on yourself. It is great to have fun today but one should even prepare for tomorrow. It will be your savings helping you in time of emergency.



## 2 CONTROL THY EXPENDITURES

We need to limit our expenditures to what we can achieve within our income after deducting our savings. People often confuse necessary expenses with their desires. What each of us calls our 'necessary expenses' will always equal our incomes until we protest with ourselves. You need to write your expenses on a piece of paper. Sit down and introspect and then select those that are necessary and those which are not. In the whole process, you need to be honest with yourself and even take advice from others if needed. Now cross out the rest and consider them as your desires which must go unsatisfied.

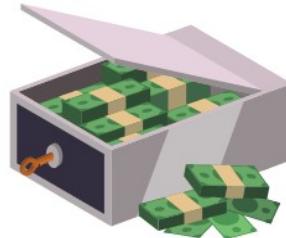
## 3 MAKE THY GOLD MULTIPLY

This point states that you need to save a certain per cent of your income which will one day lead to your fat purse and satisfy your soul. The per cent of income saved completely depends on yourself. It is great to have fun today but one should even prepare for tomorrow. It will be your savings helping you in time of emergency.



**4****GUARD THY TREASURES FROM LOSS**

Money in your purse needs to be protected, otherwise, it will be lost. We need to study carefully before making these important decisions. Don't be misled by your own desires to make wealth rapidly. Be familiar with the risks before investing in a particular field. Even my first investment was on the basis of a tip and all it resulted only in losses and regret.

**5****INSURE A FUTURE INCOME**

You need to make sure of a passive income source which will make sure a steady income source for many upcoming years. You don't really want to risk your old age and family protection, no matter how prosperous your business or job may be.

**6****MAKE OF THY DWELLING A PROFITABLE INVESTMENT**

No man's family can enjoy life unless they have a plot of ground where their children can play. Therefore, everyone wants to own the roof that shelters them. But remember to pay off the loan as soon as possible. Paying interest on loans might be considered better than paying rent as it will lead to the addition of an asset to your wealth.

**7****INCREASE THY ABILITY TO EARN**

You need to invest in yourself. And by this I mean you need to invest in learning and give your time to acquire new skills on a continuous basis. In this era, if you stop learning, you start dying. You are not required to learn each and every skill. Instead, you may know the basics of a particular topic and then decide whether you are interested in this topic or not.

# BNB RECOMMENDS



## PODCASTS

- **Money Control podcast:** This keeps you updated with business news, investment analysis and advice on stocks and the markets.
- **The personal finance podcast by Andrew Giancola:** Here Andrew Giancola discloses his personal finance, business strategies, real estate investing tips, sources of income etc.
- **Connecting the dots by Shashank Udupa:** This gives a perspective to people from the various founders' desks.
- **The wall street lab from Andreas Von Hirschhausen:** In this podcast, host interviews with top financial professionals in the fields of investment banking, private equity, asset management, hedge funds, venture capital, trading etc. The theme of discussion ranges from investment-related topics, financial markets and news, career development in finance etc.

## MOVIES



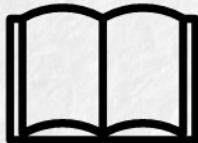
- **Trading places:** The subject of the film is the corruptness and advantage people desiring an immense amount of wealth take part in.
- **Betting on Zero:** Probing themes of fraud and greed, Betting on Zero is an engrossing deep dive into the moral complexities raised when astronomical sums of money—and no less than the American Dream itself—are on the line.
- **The Wizard of lies:** This film is based on real events—the story of Bernard Madoff, who founded his company on Wall Street in the early 1960s, which, over time, turned into one of the largest investment funds.
- **Industry:** It shows the story of graduates interning at a top investment bank in London, competing to grab few permanent jobs available at the bank.
- **The bottom line:** It is about two business executives and a consultant that meet at a trade show.



## FREE ONLINE FINANCE COURSES

- **Financial Markets**- Offered by Yale University at Coursera. Taught by Nobel Prize winner Robert Shiller, Financial Markets is one of the top free online courses in finance and is offered through Yale University.
- **Finance Theory 1**- Offered by MIT this graduate-level finance course is offered through MIT Open Courseware and covers the same materials taught on campus and it is entirely free.
- **Introduction to Corporate Finance**- Offered by Columbia Business School through edX. All first-year MBA students at Columbia are required to take this introductory finance course taught by world-class instructor Daniel Wolfenzon. In it, you will learn about time-honoured financial rules and concepts and how to apply them to value stocks, bonds, and firms.
- **How to Read Financial Statements** - Offered by Corporate Finance Institute (CFI) How to Read Financial Statements is an interactive course taught by industry expert Scott Powell and serves as an introduction to CFI's other more comprehensive classes.

## BOOKS



- **The Total Money Makeover**:- Debt management plays a major role in the state of your personal finances.
- **How to Pay Zero Taxes**:- promises a lot but the premise is simple: Armed with the right information, tax time can be less of a hassle, and you can save money like never before.
- **Peeps, let's talk about money**:- This book acts as a companion during 'adulting'. From saving to investing, from taxing to having plan B, it has everything, a teen beginner needs to know.
- **Wealth Creation**:- The book contains a mix of insightful yet humorous and entertaining quotes supported by caricatures to make it a good read. It's just about simple truths being told.
- **The Naked Trader**:- Gives you the low-down on the strategies one needs in order to make money by trading shares.



## RESEARCH PAPERS

- Financial Literacy and the need for financial education by Annamaria Lusardi
- A study on performance evaluation of equity shares and mutual funds by Deepak Kumar Adhana
- Rural Finance and poverty alleviation by Manfred Zeller and Manohar Sharma
- Does the stock market overreact by Werner F. M . De Bondt and Richard Thaler

## YOUTUBE



- Andrei Jikh talks about investing and financial minimalism
- Graham Stephen talks about real estate, personal finance and long term investing
- Mark Tilbury talks about business tips, side hustle knowledge and investing



## JOURNALS

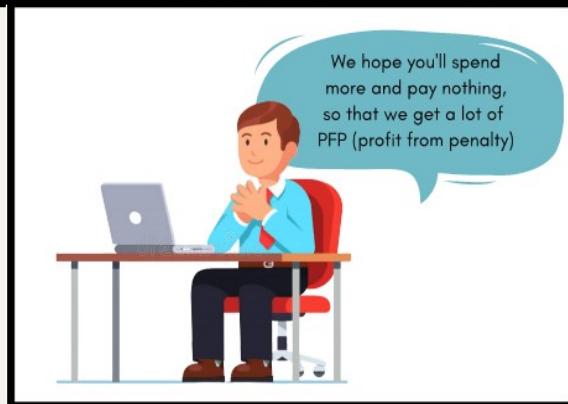
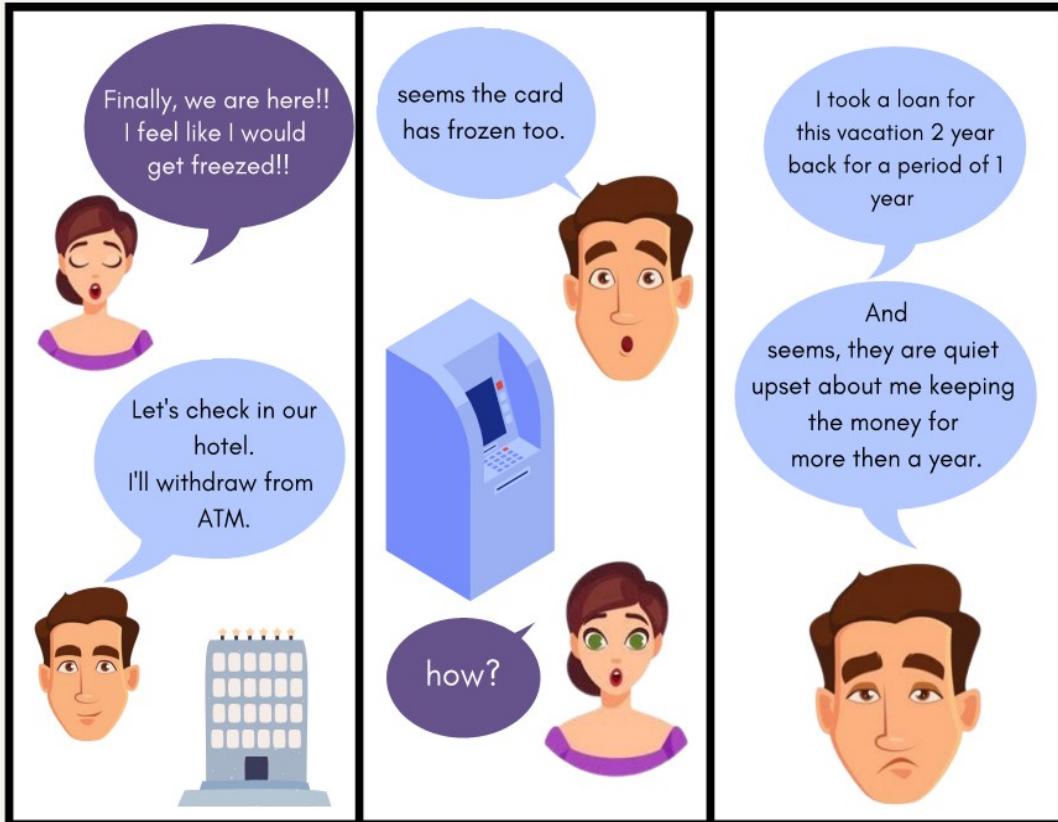
- Review of financial studies by Oxford University press
- Indian Journal of Finance
- Journal of financial markets by T. Chordia, G. Saar, P. Pasquariello



## CAREERS TO PURSUE IN FINANCE

- Investment Banking
- Corporate Finance
- Portfolio Management
- Financial Planning
- Risk Management

# FINTOONS



By: Anshika Singh  
& Diya Desai

Curated by Team BNB | 45

# JITTERY



**1. COCKROACH THEORY:** Whenever a company reveals bad news in the form of a lawsuit or some uncertain negative event, it is believed that there are more such negative events that will be revealed in future. This theory originated from a common belief that seeing one cockroach is evidence that there are more. The theory tends to have an adverse effect on the market as a whole.

**2. TOMBSTONE:** A tombstone is a written declaration of a public offering placed by investment bankers underwriting the issue. This is one of the oldest traditions in the financial world. It basically provides general information and directs potential investors to a link where they can avail of the prospectus.



**3. WASH SALES:** This is a manipulation technique used by investor. A wash sale involves a person, either directly or indirectly, being both the buyer and seller of securities in the same transaction, so that there is no actual change of ownership. The manipulator aims to gain financially through creating a small price differential between the buy and sell rates of the security in question.

**4. DABBA TRADING:** Trading of securities outside authorized stock exchanges. Bucketing serves as an operator who operates outside of the regular market zones. In a regular scenario, the transaction occurs through a broker via a demat account. Whereas herein, a dealer guides the customer to trade outside of a securities market. This is a serious punishable offence.



# JARGONS

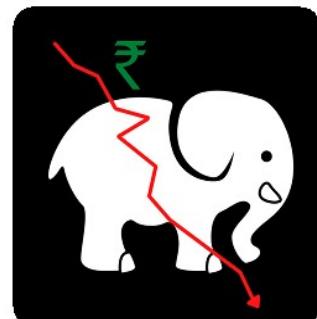


**5. BED and BREAKFAST:** In investing, bed and breakfast is a practice in the UK whereby the security holder sells the security at the end of the day on the last day of the financial year and buys it back the next morning. The purpose of the bed and breakfast deal is for the trader to take advantage of tax savings achieved by selling the security at the end of the financial year. The 30 day rule of 1998 banned this practice forcing investors to wait for 30 days before repurchasing the security they had just sold.

Avani Firke-SLS'21

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**6. WHITE ELEPHANT:** A white elephant is something whose cost of maintenance is not in line with its usefulness or value. From an investment perspective, the term refers to an asset that is too expensive for operations or maintenance to actually make a profit out of that. The term is derived from Thailand where the monarch would offer a white elephant as a gift of good or ill luck. The best example of such business is The Empire State Building.



Avani Firke-SLS'21

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**7. ANCHORING BIAS:** It is a situation where an irrelevant reference point influences our decision making simply because it was the first piece of information received. This reference point is called as 'anchor'. One common method showrooms use to encourage buyers is to put the most expensive and attractive cars at the front. That way, not only customers are drawn in but they see the highest price points first. Hence, every car is going to 'seem' cheaper to the customer.

# B&B Events



## Introductory Session

BullsandBears, the finance club of PDEU, hosted an introductory session on 14th August 2021. It was specifically organized for the new academic batch, to introduce them and other finance enthusiasts to BullsandBears as a club and community, as well as how the club promotes financial literacy. The session consisted of a fun learning financial activity followed by a fruitful discussion on finance as a discipline as well as a necessity in today's time.

## FinConomics Olympics

As a part of the Discord Fest organized by VGA, Anirveda along with Bulls & Bears club conducted The FinConomics Olympics on 18th August 2021. It was organized as a series of four games namely- The Logo Showdown, Brand Symphonies, Arey Deewano Mujhe Pehchano and Connect the Dots. A total of 62 participants attended the event and participated in the games.

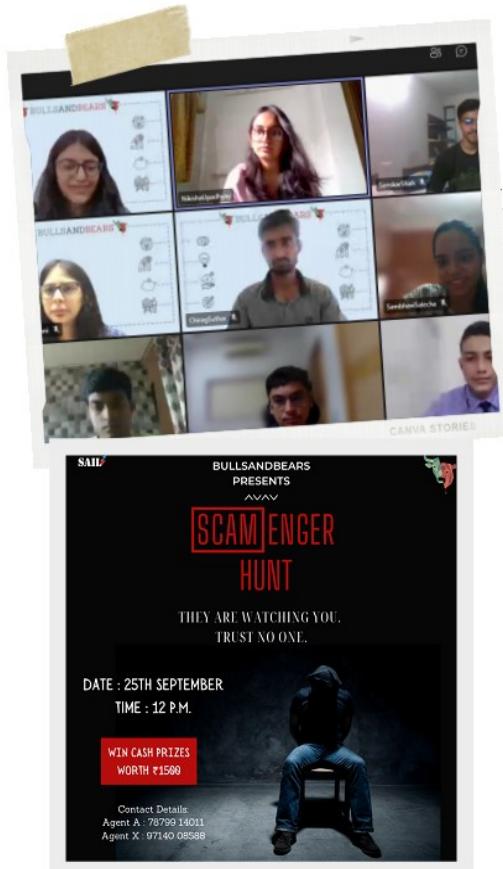


## Wealth-o-Mania

BullsandBears hosted Wealth-o-Mania, a webinar on personal finance on 28th August 2021. The event had the Indian finance guru Amit Trivedi;a financial markets author, speaker and trainer. It hosted 80+ audience members from various universities. Some of the topics that he covered were portfolio diversification, wealth management, mutual funds and introduction to the field of investments.

## Call For Articles

B&B organized a competition called "Call for Article" which gave readers a chance to get their article published in this edition of FINDEPTH. The team received multiple entries from several universities of the country and the article which bagged the first position was featured in the magazine. The rest, top three, were selected to be featured in the upcoming blogs. Through this, BullsandBears was able to utilize their platform efficiently for the purpose of financial literacy and awareness.

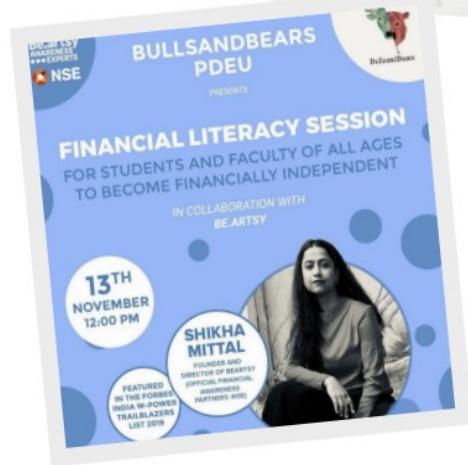
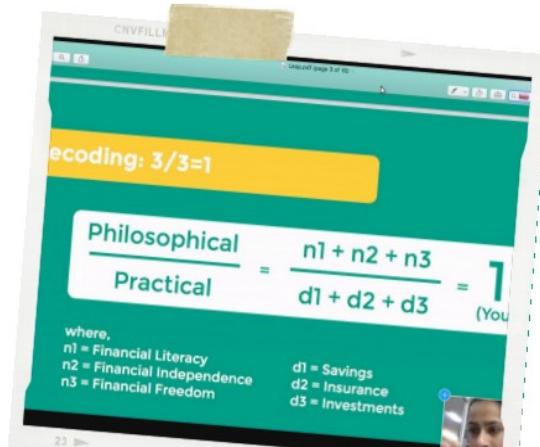
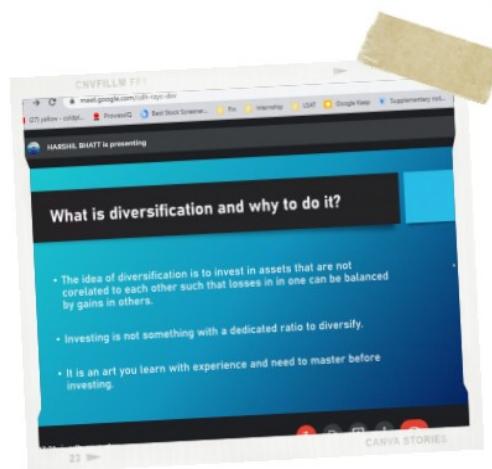


## Scamenger Hunt 2.0

Scamenger Hunt 2.0, the sequel to one of our most popular events, was organized by BullsandBears on 25th September. An eye-catching simulation, Scamenger hunt 2.0 combined the exciting features of crime with financial knowledge and education. It was open to all universities, and university students from all across India participated. Cash prizes worth Rs. 1500 were given to the winners who were from Christ University and PDEU.

## B&B Chai Coffee

B&B Chai Coffee was an online event that was conducted on 16th October 2021. It was a discussion led by B&B members. The aim of the event was to start conversation around active investing and portfolio discussion. Through this event we aimed to get more and more B&B members to actively start investing.



## Financial Literacy with Be.Artsy

A webinar was conducted in collaboration with BE.ARTSY and National Stock Exchange on financial literacy on 13th November 2021, aimed specifically towards young adults. The webinar started off with a lively discussion on the relation between money and happiness. Further, the practical and philosophical aspects of finance were explained through a formula curated by Ms. Shikha Mittal. Financial elements like financial literacy, financial freedom, savings, investment, insurance and financial freedom were discussed. The event was open for all colleges, universities and age groups.



# BullsandBears

**Reach out to us on:**

 @bullsandbears\_pdeu

 BullsandBears pdeu

[https://bullsandbearspdpu.wixsite.com/  
bullsandbears](https://bullsandbearspdpu.wixsite.com/bullsandbears)

**Thank you Reader!**

**We would love to hear your views on our third edition. You can send in your feedback/submissions to pdpubnb@gmail.com**