



INTERVIEW PREPARATION KIT

A REFERENCE GUIDE FOR ASPIRANTS

ASPIRANT ENGAGEMENT PROGRAM
IIM UDAIPUR



INTERVIEW TIPS

By Silvertongues
the Toastmasters Club of IIM Udaipur

Tips to Ace the PI Process

The Personal Interview Process of the IIMs and other business schools plays the role of checking whether the candidate will fit into the B – School culture. The most important tip anyone can give you regarding the interview process is to be true to yourself. Only then can you answer the questions as confidently as possible. IIM Udaipur puts a 15% weightage on the candidate's Personal Interview. The points for this criteria are given on the candidate's general attentiveness, responsiveness, and confidence. It becomes imperative that the candidate answer the questions thoughtfully in such a case.

Below are some of the important questions that you must keep in mind:

- **Tell me about yourself**

This is the question you can use to set the interview's tone. Try to be as concise and clear as possible. It is an accepted norm that the answer to this question is somewhere between 1 – 2 minutes. For preparing this question, list down all the relevant points about yourself. You can include your educational background, work experience and hobbies. Once these points have been identified, try to think of how these have shaped you and prepared you for the MBA life. For example, it is not enough to tell that you love playing basketball. It would be best to describe how the sport has affected you or made you a better person.

- **Take the interviewer through your journey**

Every interview is basically a journey through your life. So, try to talk about your journey as if it were a story. Please write down your answers and then practice them several times with the pauses and the expressions.

- **Zoom Interviews**

The pandemic has shifted the interview process over to zoom. This becomes a bit of a hassle for all those people who aren't in the habit of conversing over video calls. Ensure that you are comfortable in the clothes that you are wearing. Find a quiet room to attend the process. Ensure good internet connectivity so that the process is hassle-free. For most college interviews, the candidates are given a time slot to log in to the zoom meeting. Ensure that you are joining the meet at the given time. There might be the case that you are put in a waiting room. Please do not leave the computer and wait for your turn to be let into the room.

- **Know when to stop**

Speak only about what you know and try not to fake an answer. The professors are knowledgeable enough to understand that you are faking an answer. So try to be honest. If you don't know something, there is no harm in saying that you don't know the answer.

- **Questions are usually asked based on your background**

The questions in the interview are generally asked based on your background. For example, freshers can expect most of the questions to come from their educational background, whereas candidates with work experience will be asked questions about their work.

- **Guesstimate type questions**

Many times, you may be asked a question that doesn't have a straight answer. For example, you might be asked how to increase the productivity of a factory given certain constraints. Questions like these are just there to check whether you can think on your feet or not. While there might be no correct answer to such questions, do try your best to show the interviewer your thought process of approaching the questions.

- **Do you have any questions for us?**

This is an important question to show that you are genuinely interested in the program. Do read up about the college and try to form 2-3 questions regarding the college.

- **Smile**

A lot of B-School interviews move towards the grilling side because the interviewers want to see if you can handle the pressure or not. It would help if you kept a calm composure and smile as much as possible while answering the questions.



INTERVIEW TOPICS

By dHRuva
the HR Club of IIM Udaipur

General Awareness Topics

1. Challenges and Solution of Work from Home (WFH) Trend

Despite all the perks remote workers enjoy, there are several challenges that arise from working out of the office. According to Buffer's [2019 State of Remote Work report](#), the most common problem remote workers have is unplugging after work – an issue 22% of respondents said they experience. Loneliness is the second most common problem (19%), while collaboration (17%), distractions at home (10%), time zones (8%), and staying motivated (8%) are all issues that affect remote workers and the companies they work for.

<https://zapier.com/blog/remote-work-challenges/>

2. Workplace trends Post COVID

A recent Gartner poll showed that 48% of employees would likely work remotely at least part of the time after COVID-19 versus 30% before the pandemic. As [organizations shift to more remote work operations](#), the challenge would surface to shift performance goal-setting and employee evaluations for a remote context. The focus for management becomes improving productivity—supporting teammates with the resources they need and scoping projects in a straightforward workflow.

<https://www.mckinsey.com/business-functions/organization/our-insights/reimagining-the-office-and-work-life-after-covid-19#>

3. Hope & Resilience (HR) in the post-Covid world

Describing 2020 as an unusual year would be an understatement. We lived through a little over three-quarters of fear, uncertainty, and confusion. The impact of Covid-19 has been universal though sadly, some countries suffered a little more than others, and some sections of our society paid a higher price than the rest. The very nature of the pandemic placed parts of the economy like manufacturing at a more significant disadvantage than IT, where the work from home option helped retain some semblance of normalcy within weeks of going into a national lockdown announced in the third week of March this year.

With safety concerns overriding all others, human resources (HR) as a function came under the spotlight with little time or room to accommodate any failure. The unprecedented situation narrowed our focus on three challenges – a) how do we keep

people safe, b) how quickly can we adapt to the new ways of working, and c) how can we sustain the gains we have managed since the lockdown.

<https://www.peoplematters.in/article/life-at-work/hope-resilience-hr-in-the-post-covid-world-28020>

4. The Impact of Artificial Intelligence - Widespread Job Losses

Artificial intelligence (AI) is no longer a thing of science fiction. It exists in the world all around us, automating simple tasks and dramatically improving our lives. But as AI and automation become increasingly capable, how will this alternative labor source affect your future workforce? In this article, we'll look at some optimistic and pessimistic views of the future of our jobs amidst increasing AI capabilities.

Technology-driven societal changes, like what we're experiencing with AI and automation, consistently engender concern and fear—and for a good reason. A two-year study from McKinsey Global Institute suggests that by 2030, intelligent agents and robots could replace as much as 30 percent of the world's current human labor. McKinsey suggests that, in terms of scale, the automation revolution could rival the move away from agricultural work during the 1900s in the United States and Europe, and more recently, the explosion of the Chinese labor economy.

<https://www.iotforall.com/impact-of-artificial-intelligence-job-losses>

5. Women's Empowerment – Hiring on merit beyond numbers

In a world of mandates that have succeeded in increasing numbers, but not necessarily in changing mindsets, it's time to take a step back and revisit diversity strategies within organizations. The global scenario has shown promising developments, improving female representation amongst C-Suite employees. However, globally and in India, diversity across hierarchies and blue- & white-collar jobs is yet to be seen. There's a lot to be addressed beyond the numbers and a lot of unlearning and relearning to be done.

India is currently in the bottom ten countries regarding women's participation in the labor force. Is it enough then to simply recruit a certain mandated number of women, with no changes in hiring policies and no deeper understanding of merit-based recognition and promotion?

<https://www.peoplematters.in/blog/employee-relations/womens-empowerment-hiring-on-merit-beyond-numbers-27400>

6. Ethics and morals cannot be taught in classrooms

The ethics and morals of a person are defined by the actions and values with which one lives in society. Most of the time, morals are built based on the lessons learned from the community. Morals are the guidelines that one follows in professional and personal life, whereas ethics take care of the needs of the group within the society to which one belongs.

<https://anurodh2008.wordpress.com/2014/02/10/ethics-and-morals- cannot-be-taught-in-class-rooms-only/>

7. Relevance of gender sensitivity and #MeToo movement

The #MeToo movement began in the United States more than a year ago in response to accusations of sexual abuse and harassment by powerful men in the entertainment industry and other sectors. It soon became a global movement as women shared their stories of harassment or gender-based discrimination.

<https://www.channelnewsasia.com/news/world/metoo-takes-fight-for-gender-equality-to-new-heights-un-women-11012250>

8. Challenges faced by educated and working women

“Nature has given women too much power, and the law gives them too little.” In the contemporary world, women no longer lag in terms of careers. They are keeping themselves shoulder to shoulder with the opposite sex. However, even today, they are expected to do multi-tasking. They have to take care of family and household even if they are working.

<https://blogs.siliconindia.com/munmungarg/Problems-faced-by- Working-Women-bid-6o9R741r50475322.html>

9. Time for paternity leave policies?

Though Indian companies are increasingly waking up to the need to introduce paternity leave policies, the question is, are they doing enough? Paternity leave is a benefit given to a male employee on becoming a parent. A standard benefit across most companies, this policy was introduced in India a decade ago by technology companies who wanted to attract talent and be known for their HR practices. This benefit is now also prevalent

in government and public sector companies, which offer up to a maximum of 15 days of leave.

<https://timesofindia.indiatimes.com/life-style/relationships/work/time-for-paternity-leave-policies/articleshow/47954505.cms?>

10. Why aren't women working in cybersecurity?

Industry professionals say companies can close the gender gap in the cybersecurity field by working with schools to educate girls, marketing cybersecurity career opportunities to women, and promoting women to high-level cybersecurity jobs to provide role models for these new workers.

<https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/women-working-cybersecurity-gender-gap.aspx>

Some Other Topics

- Online education, work from home: Have we arrived in a virtual world
- National Recruitment Agency – Pros & Challenges.
- Lessons for the World from COVID Pandemic
- Nurturing Innovation in the workplaces
- Impact of technology/digitization on our lives
- Strategic role of HR Manager
- Can e-government limit the scope of the informal economy?
- How to train remote employees to work more effectively?
- Training & Development in 2021
- Browsing at the Workplace affects productivity
- Gig Economy: Statistics, why is it growing, Pros & Cons, Impact of Covid 19
- Has employee work-life balance reached a crisis point?
- Is gender pay disparity within global organizations justified?
- A positive attitude can make a huge difference in your productivity. It can also improve workplace morale. Yes, or no?
- Peer pressure: does it make or mar your future?
- Issues about article 370 (history, provisions)
- Cashless Economy- Boon or Bane?
- Amazon forest fire- who is to be blamed?
- Privatisation of Government Sectors

- E-commerce: Unrealistic Discounts are dangerous
- Pros and Cons of agriculture bill 2020
- Is social distancing the new world order?

PI Questions

1. Tell me something about yourself in brief.
2. Tell me about your background.
3. What are your strengths and weaknesses?
4. How did Covid-19 impact your life?
5. How did you utilize your time during a lockdown?
6. Advantages & Disadvantages of lockdown due to COVID-19?
7. There is a trend of people going for 2 MBAs. What is your view about it?
8. You have changed jobs/jumped ship too many times already; why so?
9. What is your greatest fear?
10. If I call up your current or previous reporting manager now, what will be their opinion about you?
11. What was your worst argument? How did you resolve it?
12. Did you ever have a conflict with your current/previous boss or professor?
13. What did you do in the last year to improve your knowledge?
14. Explain the difference between group and team. Are you a team player?
15. Have you ever had to fire anyone? How did you feel about that?
16. What is the most challenging thing that you've ever accomplished?
17. What is the difference between hard work and smart work?
18. Where do you see yourself three years from now? Where do you see yourself in 5 years?
19. On a scale of 1 to 10, how would you rate yourself as a leader?

20. What makes you angry?
21. Are you open to taking risks? Do you like experimenting?
22. What are your future goals? Tell me about your short-term and long-term goals.
23. What motivates you?
24. What are your hobbies? What are you passionate about?
25. What are your most significant achievements to date?
26. What has been your greatest failure?
27. What do you always regret? Do you have any regrets?
28. How do you respond to change?
29. Are you an organized person?
30. Can you describe your time management skills?
31. Are you reliable? Can you be trusted with responsibilities?
32. What are the three things that are most important for you in life?
33. What was the most challenging decision you ever had to make?
34. If you win an Rs.10-crore lottery, what would you do with the money?
35. Give me an example of your creativity.
36. What makes you happy?
37. How do you work under pressure? Can you handle the pressure?
38. What do you know about us?
39. Why do you want to join us? Who will you pick between us and college X?
40. Why should we select you over your equally talented peers?

41. Do you have a good work ethic?
42. How do you deal with feedback and criticism?
43. Give an example of a situation when you had to respond to an unhappy manager/ customer/ colleague/ professor/ friend.
44. How quickly do you adapt to a new technology?

Your interview is coming to an end when the interviewer asks you, "Do you have any questions for me?"



GENERAL AWARENESS

By Public Policy Group
IIM Udaipur

General Awareness Topics

1. The Election Laws (Amendment) Bill 2021

The Election Laws (Amendment) Bill 2021 was passed from both the houses of parliament in the winter session of the parliament in December 2021 through a voice vote.

Background

The Election Laws (Amendment) Bill seeks to allow the electoral officer to ask for the Aadhaar number of the person who wants to register as a voter to establish identity.

It also allows the electoral registration officer to ask for the Aadhaar number of people enlisted in the existing electoral roll to authenticate entries and to identify registration of the name of the same person for more than one constituency.

It also states that if a person cannot provide the Aadhaar number, they won't be denied the opportunity to register if they can provide alternative proof.

It also amended a few provisions of the Representation of People act to allow the linking of the electoral roll with the Aadhaar in order to curb the menace of multiple enrolments of the same person in multiple locations.

Now the people will get up to four qualifying dates to register in the voter list, which until now was only 1st January of every year. The eligible person would get the qualifying dates as 1st January, 1st April, 1st July and 1st October of every year.

The new amendment would make the election gender-neutral for service voters by replacing the word "wife" with "spouse". The army man's wife is currently entitled to be enrolled as a service voter, but a women army officer's husband is not.

It also empowers the Election Commission to requisition premises for any purpose related to election and not just for creating polling stations and storage of ballot boxes.

Through this bill, the government wants to reduce the possibility of the duplicity of voter ID and names in the electoral roll to curb the chances of bogus voting.

2. The Prohibition of Child Marriage (Amendment) Bill 2021

The story around it

The Prohibition of Child Marriage (Amendment) Bill 2021 was introduced in Lok Sabha in the winter session of 2021. It seeks to raise the legal marriage age for women from 18 to 21 years and will apply to all religions and supersede any existing religious, marriage, and personal laws. The bill was sent to the parliament's standing committee for further discussion and deliberation.

What's in it?

The proposed bill seeks to increase women's legal age for marriage from 18 years to 21 years, thus prohibiting child marriage and bringing gender neutrality. By increasing the marriage age of women to 21 years, the government wants to reduce:

- Incidence of teenage pregnancy
- Lower maternal mortality rate and infant mortality rate
- Improve mental well-being, nutritional level, and sex ratio at birth
- Aid women to continue education and livelihood
- Provide the equal right to men and women to enter into matrimony

This amendment is in line with the proposal given by the center's task force of the Niti Aayog headed by Jaya Jaitly.

Benefits

This change aims to empower women by giving them equal opportunity in higher education.

It has also sought access to schools and universities for girls, including transportation in the case of educational institutes in far-flung areas.

Provide training to women in polytechnic institutes, skills and business training, and livelihood enhancement.

The increase in the legal age of marriage age has positive economic, social, and health effects for families, women, children, and the society at large. It also reduces the risk of poor child health as the age between 21 years and 35 years is chosen to be optimal for motherhood.

It would also increase the mean marriage age and lead to more females pursuing graduation, hence improving female labour force participation.

Counterviews

As the bill proposes to increase the age for marriage to 21 years, it should not be treated as a mandatory age, i.e., people might take it as mandatory age and do the marriage of women when they attain 21 years.

Increasing the age could also mean that girls will have no say in matters until they turn 21.

The law could be used against eloping daughters. It can become a tool for parental control and punishment of boys or men whom girls choose as their husbands.

It can also have an unintentional consequence of increasing the prevalence of female infanticide and sex-selective abortion in societies where the preference for a boy child is high.

3. Right to be forgotten

Why in the news?

There have been several petitions by people in the Delhi High Court regarding removing information related to them from the public domain.

Global rules

The General Data Protection Regulation of the European Union talks about the right to be forgotten when the information is no longer considered necessary and relevant or for which consent has been withdrawn or where there is a legal obligation to remove the data.

India's stand

The Ministry of Electronics and Information Technology (MeitY), in an affidavit, stated that the international legal concept of 'right to be forgotten' is evolving in India. "The right to privacy is a fundamental right, and it also includes the right to be forgotten", the Ministry said. The affidavit highlighted two judgments passed by the Orissa High Court and the Karnataka High Court. They have accepted the doctrine of the 'right to be forgotten' as an essential part of the 'right to privacy'.

Views

It is essential to delink a person's name with an incident that happened with them. Having embarrassing information published on the internet can lead to immense stress. It can harm mental health.

Counterview

It is important to have data stored for research and record purposes. It will also undermine the importance of the judiciary in the eyes of the public when there is no information available to the public.

4. National Monetisation Pipeline

Between FY22 and FY25, part of the government's infrastructure assets, such as airports, motorways, and coal mines, would be leased to private entities under the **National Monetisation Pipeline (NMP)**.

The assets to be leased are brownfield projects, which means they have already been invested in but are underutilized and under-monetized.

The idea is in accordance with Prime Minister Narendra Modi's strategic divestment strategy, which calls for the government to maintain a presence in only a few critical areas while leaving the rest to the private sector.

The government intends to lease 2,229 kilometers of GAIL's gas pipelines as a first step.

Why in the news?

The Indian government just created the National Monetisation Pipeline (NMP). Over four years, from FY 2022 to FY 2025, the NMP anticipates a total monetization potential of Rs 6 lakh crores through the Central Government's core assets. The scheme was launched in August 2021.

Monetization of the assets

Within the monetization of the assets, the government would only be transferring the revenue rights to the private partners for a specific transaction period. In return, these private companies would provide upfront money, revenue share, and a commitment of investment in the assets.

Within this regime, Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (INVITs) are the key assets that would be monetized in the road and power sector.

Greenfield v/s. Brownfield Investment

Greenfield project:

- It refers to those investments in a manufacturing plant, office, or any other business-related physical structure or a group of structures in an area where no such facility previously existed

Brownfield project:

- It refers to those investments modified and upgraded to initiate the production activity. These projects already have the required investment to layout production facilities and are leased out to launch a new production activity

Arguments

1. The efficiency of the scheme

View: Going with an optimistic view, the government is expecting to fetch approximately 6 lakh crore rupees through NMP and plans to use this money for building new infrastructures under the National Infrastructure Pipeline (NIP)

Counterview: Pertaining to the current systemic hurdles which are impacting the returns of these core assets, it would be too early to expect that private investments would improve the situation.

2. Creation of jobs

View: With a successful execution of NMP, it is expected that plenty of jobs would be created with investments in the NIP projects.

Counterview: It is very likely to expect job losses with the incoming of private players as they would focus more on efficiency by reducing human resources.

3. Profitability of the assets

View: It is believed that investments specifically on the core assets would generate returns within a short period of time.

Counterview: Companies laden with too much debt might not be able to make these assets profitable.

4. Utilization of the money generated

View: As per the scheme, the revenue generated would be used to finance new infrastructure projects under the ambitious NIP.

Counterview: With the rising fiscal deficit, the government might prioritize using the money to settle it instead of using it on infrastructure projects.

5. German Elections

- Elections are held once in 4 years
- German chancellor Angela Merkel has stood down, ending her 16 years office tenure

German Election System

- Each candidate has two votes, first to nominate the candidate (Direct vote) and second to nominate the party from the electoral district
- Bundestag: Comprises members from each electoral seat and additional seats for proportionality-based voting
- As of now, Germany has 299 electoral districts. Hence all the direct vote candidates would be the members of Bundestag
- 598 mandates seats will be distributed on the proportion bases of the voting received
- A party must secure a minimum of 5% of total votes to nominate itself for Bundestag
- The 598 electoral are subjected to change based on the election results
- From January 2008, the distribution of seats is according to the Sainte-Lague /Schepers method

2021 Elections Results

- The Social Democratic Party (SPD) has emerged as the single largest party with 25.7% votes, a significant rise of 5.2% from 2017.
- Conservative Christian Democrats (CDU) came second with 24.1% or 196 seats, i.e., 8% lower than 2017 and their worst result since World War II.
- Environmentalist Greens recorded their best-ever result, coming in third on 14.8%
- Neoliberal Free Democrats (FDP) also made significant gains compared to the previous election in 2017
- Other parties in the new parliament are the far-right Alternative for Germany (AfD) and the socialist Left party

6. Semiconductor Shortage

Context

The global shortage of semiconductor chips had started making its effect felt in India's small and medium-sized enterprises (SME) sector.

- As Original Equipment Manufacturers (OEM) slow down production, smaller players are being impacted as their business orders & hence the revenues dry up

Reasons for Semiconductor Shortage

- The rise in Covid-19 cases in supplying countries, especially those in Asia, led to disruption of production (shutdown of factories), thereby causing the current shortage
- An atrocious winter storm in Texas shut down semiconductor factories, and a fire at a plant in Japan caused similar delays
- The chief executives of Intel and IBM have both said recently that the chip shortage could last two years

Semiconductor Chips and the Automobile Sector

- Semiconductor chips are integral parts of the power train, chassis, safety systems, advanced driver assistance systems, and other parts of automobiles

- They are used more in passenger vehicles compared to commercial vehicles or two-wheelers
- With the supply of semiconductor chips slowing down, the production in the automobile sector is also adversely impacted

Consequences of Chip Shortage on Automobile Sector

- Due to a longer lead time (the time between when the order is placed, and the shipment is delivered) the automobile sector has been forced to cut down on its production
- The slowing down of production by big automotive players has led to a reduction in new orders being placed to MSME vendors (who supply parts)
- While the local MSME industrial sector was slowly returning to normal after the second wave of Covid-19, the recovery has been hampered by the high price of raw materials and low orders

Impact

- The crisis is expected to cost the global automotive industry \$210 billion in revenue in 2021
- The global semiconductor shortage has affected many industries for more than a year and because of that, they are either forced to pay more for products or being asked to wait a little more
- The consumption of integrated circuits in products is ever increasing and a large manufacturing sector for these kinds of integrated circuits is a part of the supply chain

How is the Chip Crisis Playing Out in Geopolitics?

- Once a leader in chip manufacturing, the US wants the crown back
- The protectionist US wants to bring manufacturing back to America and reduce its dependency on a handful of chipmakers mainly concentrated in Taiwan and South Korea
- China's renewed aggression towards Taiwan is also being seen in the light of the chip crisis

How can India play its role?

- Since chip fabrication is capital-intensive (an average-sized facility costs \$7-10 billion) with long gestation and rapid technology, it is difficult for India to strive for self-sufficiency on-chip fabrication
- But, government-owned semiconductor facilities already operated by ISRO and DRDO can be expanded and upgraded

- Government can attract global manufacturers by showcasing a skilled talent pool in R&D, low labour costs, large market and policy support (Production-linked incentive scheme)

7. Wildlife Protection (Amendment) Bill 2021

The Forest Minister of India has introduced the Wildlife Protection (Amendment) Bill in Lok Sabha. This bill is brought to ensure that the original act of 1972 complies with the Convention of International Trade in Endangered Species of Wild Flora and Fauna. It is a multilateral treaty to protect endangered species. It aims to protect the international trade of plants and animals so that such practices do not threaten their survival.

The revisions suggest creating Standing Committees of State Boards of Wildlife to streamline wildlife management and monitoring. These committees will function similarly to the National Board for Wildlife, which is in charge of monitoring the country's protected areas and granting or denying permits to projects that pose a threat to wildlife.

State Wildlife Boards, according to officials, are under the jurisdiction of Chief Ministers in most states and are thus neglected due to a lack of time. Without needing to send most projects to the NBWL, state Standing Committees will be able to judge wildlife management and project clearances if approved.

According to the Ministry, Wildlife Management Plans, which are produced for sanctuaries and national parks around the country, will now be part of the Wildlife Act and must be authorized by the state's Chief Wildlife Warden.

8. National Judicial Infrastructure Authority (NJIA)

Why in the News?

CJI N.V. Ramana had proposed the National Judicial Infrastructure Corporation in March this year to develop judicial infrastructure in trial courts.

About

NJIAI will take control of the budgeting and infrastructure development of subordinate courts in the country. The proposed NJIAI should be placed under the Supreme Court of India, unlike the National Legal Services Authority (NALSA), which is the Ministry of Law and Justice services.

Need of NJIAI

To manage funds and the rising number of litigations. The improvement and maintenance of judicial infrastructure are still being carried out in an ad-hoc and unplanned manner, so greater autonomy is required.

The reason behind infrastructural lag is the lack of funds and funds for non-judicial purposes.

Way Forward

1. Digitalization plays a prominent role. For example - digital computer rooms will improve the digital capability of the courts
2. Creating a state-of-the-art judicial infrastructure will be good
3. This will motivate people to participate more in the judiciary processes and examinations as they will see the increase in the availability of equipped quote halls and residential accommodations

9. International News

India's Development Cooperation

- The first effort by India to shape a framework for India's development cooperation was in 2003 with the announcement of the India Development Initiative (IDI). Subsequently, the Indian Development and Economic Assistance Scheme (IDEAS) was launched in 2005
- The Indian model of developmental cooperation is comprehensive and involves multiple instruments, including grant-in-aid, line of credit and capacity building, and technical assistance
- Currently, India's development cooperation objectives are broadly based on the South-South cooperation (SSC) framework — a technical cooperation tool among the developing countries in the Global South
- Although the allocation is less than 1% of India's overall budget, it is still a significant contribution compared to other high-income countries
- India's Development Cooperation Act, 2022 should reflect that a focused approach towards addressing the global crisis is in its national interest

India – Central Asia

- Recently, the foreign minister was in Kyrgyzstan on a bilateral visit. He announced a \$200 million credit line and later attended a meeting of the Conference on Interaction and Confidence- Building Measures in Asia (CICA) in Kazakhstan
- Relations with Central Asia are significant in terms of Natural & mineral resources, Geostrategic terms, Security, Agriculture, Trade & investment, etc.
- Challenges in relationship development lie in poor connectivity, unrealized trade potential, Energy geopolitics, and Volatile Security scenario

United Nations Human Rights Council (UNHRC)

- India was re-elected to the United Nations Human Rights Council (UNHRC) for the 2022-24 term
- The UNHRC consists of 47 Member States elected directly and individually by secret ballot by the majority of the members of the General Assembly

India - Eurasia

- Eurasia refers to the largest continental area on Earth, comprising 93 countries of Europe, the Middle East, and Asia, and is home to over 5 billion people
- Eurasia has grown in significance in the present world order due to:
 - Dramatic rise of China and its growing strategic assertiveness
 - Changing Geostrategic Alignments
 - Regional geostrategic alliances
 - Strong prospects for economic growth
- India needs to have an integrated approach towards Eurasia as it forms a robust platform in energy security, tourism potential. It can be an economic hub due to its strategic peninsular location and aims to set up a Central Asian e-network for medical & pharmaceutical industries
- Strategic objectives include the urge of Eurasia to decrease dependence on China & Russia and its aim to complement the Indo-Pacific Strategy

Bilateral Investment Treaties

- BIT establishes minimum guarantees between the two countries regarding foreign investments, such as National Treatment, Fair & equitable treatment, protection from expropriation
- There are more than 2,500 BITs active in the world today, and United Nations Conference on Trade and Development (UNCTAD) maintains a database of all BITs between all states
- India signed its first BIT with the United Kingdom in 1994, and the negotiation was based on the Indian model BIT of 1993
- These BITs have been one of the major drivers of FDI inflows into India between 2001- 2012
- The Committee formed to monitor BITs observed that the number of BITs signed by India after 2015 and the number under negotiation is inadequate to attract the required FDI in the country and thus recommends signing & drafting more BITs, revising the model BIT, developing local expertise, etc.

India - Russia Military Cooperation

- At the recently held 21st India-Russia summit, both nations signed a 10-year defence cooperation pact in the background of ongoing deliveries of the S-400 air defence systems
- In 1971, both nations signed the Treaty of Peace, Friendship, and Cooperation and became Strategic partners in 2000
- Along with the defence cooperation, the major agreements signed include:
- Joint production of more than 600,000 AK-203 assault rifles to advance self-reliance in the defence manufacturing sector
- Promote greater economic cooperation with a target to increase bilateral trade to \$30b and bilateral investments to \$50b by 2025
- Reserve Bank of India and Bank of Russia to jointly respond against cyberattacks

India and USA on Equalisation Levy (EL)

- EL was introduced in 2016 to tax foreign firms with no permanent establishments in India (Ex. Amazon, Google, etc.)
- Later, the US investigated such digital taxes adopted by Austria, India, Italy, the UK, etc., stating these discriminated against US digital companies
- In October 2021, 136 countries, including India, agreed to enforce a global minimum corporate tax rate of 15% and an equitable system of taxing profits of big companies in markets where they are earned
- The deal requires countries to remove all digital services tax and similar unilateral measures

Preparation Tips

- Think of the right questions to ask the interviewer; it could be related to research facilities or anything related to college
- You need to have good knowledge about the state you belong to; you need to be aware of recent happenings and famous things about your place of residence

Interview Questions

1. Who is the CM of your state?
2. Positives and negatives of Budget
3. One Nation, One Election
4. Name the woman leader who has inspired you.
5. Data for the inflation rate, repo rate, and GDP at present, in the country
6. Questions on important personalities like the finance minister of the country, Telecom Minister of India, Chief Economic Advisor, etc
7. Which is the oldest court in India? What is the Foundation Year for the same?
8. Name some rivers around your place, along with their origin point and the point where they meet the ocean/sea.
9. Which are the Scandinavian countries?
10. Name the countries in Southern Africa.
11. CEOs of major organizations (Google, Alibaba, Microsoft, GE, etc.)

Topics for Extempore

1. US - China Trade War
2. Make in India
3. Tourism: The boon for India
4. Role of sports in the overall development
5. Effect of COVID in India and the world
6. Climate change
7. Lessons learned from COVID-19
8. Sustainable Development Goals
9. Corporate Social Responsibility
10. Death Penalty
11. Role of Artificial Intelligence
12. Gig Economy
13. Should the government increase the age of a woman's marriage to 21 years like men?

Defence Awareness Topics

1. The Ordnance Factory Board (OFB) has been ordered to be dissolved by the Defence Ministry, with effect from October 1, 2021. Its assets, workers, and administration have been transferred to seven newly formed Defence Public Sector Undertakings after October 1.
2. Defence Minister Rajnath Singh honored the winners of the Defence Research and Development Organization's 'Dare to Dream 2.0' Contest on October 4, 2021. (DRDO). There were 40 winners, including 22 in the Individual category and 18 in the Start-up category.
3. INS Vikrant, India's first indigenous aircraft carrier, began its second phase of sea testing on October 24, 2021, ahead of her anticipated induction into the Indian Navy in August 2022.
4. Russia has started supplying S-400 Triumf air defense system to India. It would be deployed near Western borders to tackle the threats from both Northern and Western borders with China and Pakistan.
5. The Defence Acquisition Council (DAC) has granted permission for mass production of AK- 203 rifles, providing fire power to the standard weapon profile of armed forces.
6. An IAF Mi-17V5 helicopter crashed near Coonoor on December 8, 2021. This helicopter crash adds to the growing record of VVIP-related mishaps. Chief of Defence Staff Gen. Bipin Rawat, his wife, and 11 members of his personal staff passed away in the accident.
7. On December 18, 2021, the Defence Research and Development Organisation (DRDO) successfully tested the new generation nuclear capable ballistic missile 'Agni P'.
8. The Indian Army launched a contemporary messaging application named, ASIGMA, which is dubbed as 'Army Secure IndiGeneous Messaging Application'.
9. The Indian Army recently established the "Quantum Laboratory" at Mhow in Madhya Pradesh, highlighting its steady and significant strides in emerging technology domains.



ANALYTICS

By Technalytics
the Analytics and IT Club of IIM Udaipur

Topics – Analytics

Explain the digitization of the economy

The digital economy is the worldwide network of economic activities, commercial transactions, and professional interactions enabled by information and communications technologies.

The digital economy reflects the move from the third industrial revolution to the fourth industrial revolution. The third industrial revolution, sometimes called the digital revolution, refers to the changes in the late 20th century with the transition from analog electronic and mechanical devices to digital technologies. The fourth industrial revolution builds on the digital revolution as technologies today continue to bridge the physical and cyber worlds.

The digital economy extends well beyond digitization and automation. Instead, this new paradigm harnesses multiple advanced technologies and new technology platforms. Those technologies and platforms include but aren't limited to hyperconnectivity, the internet of things (IoT), big data, advanced analytics, wireless networks, mobile devices, and social media. The digital economy uses these technologies, both individually and in concert, to rework traditional exchanges and enable new ones.

<https://searchcio.techtarget.com/definition/digital-economy>

Why are tech companies turning into Unicorns? Why do tech companies have a high valuation compared to revenue?

Unicorn status is given to a firm based on a valuation of \$1 billion or above. The valuation of a start-up is a function of the number of funding rounds and the perceived potential of that firm to generate revenues and bring in cash flows in the future.

A start-up can generate negative profits but gain a very high valuation. These firms are judged based on the market impact post the customer acquisition phase, a different methodology adopted for tech companies compared to traditional manufacturing firms.

The Work from Home (WFH) approach and a raging pandemic in 2020 fuelled the digitization of various sectors of the Indian economy. Rising internet penetration and a

thriving digital payments system acted as a catalyst, and tech companies in India were perceived to be the primary beneficiaries of this tectonic shift which immensely drove investor sentiments towards the positive side resulting in high valuations. Fintech, eCommerce, SAAS, and marketplace players are the dominant players in this category.

<https://www.investindia.gov.in/indian-unicorn-landscape>

Digital Transformation of Business: Choice or Mandate?

Digital transformation of businesses is a mandate and has long been described as another industrial revolution in the making. Shifting to a digital or omnichannel setup before the pandemic was a choice, but the lockdown and a rapidly changing society and government protocols have made Indian businesses rethink their online strategies.

In the midst of all this change, organisations must not just create a web presence and roll out the software but design the entire value proposition to deliver exceptional experiences to all stakeholders involved. The automotive, hospitality, travel, and logistics have been the most vulnerable during the pandemic-induced lockdowns and have been forced to adapt digitally accordingly. Businesses can optimize operations and gain maximum out of their existing product mix with digital channels.

<https://www.thehindu.com/sci-tech/technology/internet/digital-transformation-experts-on-how-indian-companies-and-businesses-are-adapting-to-automation-and-ai-during-the-coronavirus-pandemic/article31982466.ece>

AI/ ML/ Deep Learning: Similarities and Differences

Artificial Intelligence: Artificial Intelligence is the mechanism to incorporate human intelligence into machines through a set of rules(algorithm). AI is a combination of two words: “Artificial,” meaning something made by humans or non-natural things, and “Intelligence,” meaning the ability to understand or think accordingly. Another definition could be that “AI is the study of training your machine(computers) to mimic a human brain and its thinking capabilities.” AI focuses on three significant aspects(skills): learning, reasoning, and self-correction to maximize efficiency.

Machine Learning: Machine Learning is the study/process which provides the system(computer) to learn automatically on its own through experiences it had and improve accordingly without being explicitly programmed. ML is an application or subset of AI. ML focuses on developing programs to access data to use it for

themselves. The entire process makes observations on data to identify the possible patterns being formed and make better future decisions as per the examples provided. The primary aim of ML is to allow the systems to learn by themselves through the experience without any human intervention or assistance.

Deep Learning: Deep Learning is a sub-part of the broader family of Machine Learning, which uses Neural Networks (similar to the neurons working in our brain) to mimic human brain-like behaviour. DL algorithms focus on information processing patterns mechanism to identify the patterns just like our human brain does and classify the information accordingly. DL works on larger sets of data compared to ML, and the prediction mechanism is self-administered by machines.

Significance of Government Generated and Controlled Big Data

Here are four ways governments worldwide use data analytics to improve citizens' lives:

1. Improving neighbourhood healthcare services - As populations around the world age, governments must think about making healthcare services more accessible. Governments can start with demographic mapping to look at the population density of a neighbourhood, the number of people who have bought health insurance, and the number of residents with a particular health condition, like diabetes. Officials can even do a route analysis to see which hospital's patients access and calculate the drive time to reach them.
2. Keeping crime rates low - If data can capture a serial killer, what else can it do for the police? The officers at the Avon and Somerset Constabulary in the UK are using data analytics to look out for the top 20 most risky offenders every day so they can deploy early intervention measures if necessary. This has helped them make more accurate arrests – police officers managed to make 40 accurate arrests between January and February 2018.
3. Sustainability - Big issues call for big data solutions. C40 Cities, a global city network dedicated to fighting climate change, is making the data it collects on water quality, air quality, and vehicle emissions publicly available on the C40 Knowledge Hub. Policymakers, public servants, and citizens alike can quickly determine their city's impact on the environment. The available data explorer dashboards, which are already available, show a variety of interesting insights. For instance, users can determine which cities in Asia have the worst air quality and which countries worldwide manage waste relatively well.

4. Identifying domestic violence early - Big data can also help identify cases where children are at risk of domestic violence. Bristol, a city in the UK, combines datasets across agencies to look out for muted cries for help through its Office of Data Analytics (ODA).

Software exports from India and challenges posed by automation.

Software exports include exporting software services, including services delivered by foreign affiliates of Indian organisations. Computer services account for 65% of such exports. These exports have formed a significant share of the Total Exports from India, and their contributions have increased with time and reached \$148 billion in the fiscal year 2020-21. The United States continues to be a significant trading partner in the software space, with the US dollar being the principal invoicing denomination for such transactions.

The challenges to the two-decade-old software exports segment come in the face of automation and the cloud. Indian companies traditionally offered development and maintenance services through periodic contracts delivered onshore and offshore. The jobs related to these activities are being automated. The other significant change is the move to cloud services. Earlier, organisations used to host their hardware packages. There has been an accelerated move of hardware to servers through the internet. IT functions like data warehousing to applications have moved to servers, neither owned nor operated by the parent company. Significant cost savings through the rent instead of its own model have accelerated this change. Indian IT firms can help automate routine and SOP-based activities of their clients with automation platforms.

<https://telecom.economicstimes.indiatimes.com/news/exports-of-software-services-up-2-1-to-148-3-bn-in-2020-21-rbi-survey/86386267>

<https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/3031>

Personal Interview Topics

Explain the following:

Blockchain

A blockchain is a distributed database shared among the nodes of a computer network. As a database, a blockchain stores information electronically in digital format. Blockchains are best known for their crucial role in cryptocurrency systems, such as Bitcoin, for maintaining a secure and decentralised record of transactions. The innovation with a blockchain guarantees the fidelity and security of a record of data and generates trust without the need for a trusted third party.

https://www.youtube.com/watch?v=SSo_ElwHSd4

Cloud

Cloud computing delivers computing services—including servers, storage, databases, networking, software, analytics, and intelligence—over the Internet (“the cloud”) to offer faster innovation, flexible resources, and economies of scale. You typically pay only for cloud services you use, helping lower your operating costs, run your infrastructure more efficiently and scale as your business needs change.

Types of cloud computing:

- **Infrastructure as a Service (IaaS)** - It is the most basic category of cloud computing services. With IaaS, you rent IT infrastructure, servers and virtual machines (VMs), storage, networks, operating systems from a cloud provider on a pay-as-you-go basis.
- **Platform as a Service (PaaS)** - Platform refers to cloud computing services that supply an on-demand environment for developing, testing, delivering, and managing software applications. PaaS is designed to make it easier for developers to quickly create web or mobile apps without worrying about setting up or managing the underlying infrastructure of servers, storage, network, and databases needed for development.
- **Software as a service (SaaS)** - Software as a service is a method for delivering software applications over the Internet, on-demand, typically on a subscription basis. With SaaS, cloud providers host and manage the software application and

underlying infrastructure and handle any maintenance, like software upgrades and security patching. Users connect to the application over the Internet, usually with a web browser on their phone, tablet, or PC.

https://www.youtube.com/watch?v=M988_fsOSWo

Digital Marketing

At a high level, digital marketing refers to advertising delivered through digital channels such as search engines, websites, social media, email, and mobile apps. Using these online media channels, digital marketing is how companies endorse goods, services, and brands. Consumers heavily rely on digital means to research products. For example, Google's marketing insights found that 48% of consumers start their inquiries on search engines, while 33% look to brand websites and 26% search within mobile applications.

While modern-day digital marketing is an enormous system of channels to which marketers simply must onboard their brands, advertising online is much more complex than the channels alone. To achieve the true potential of digital marketing, marketers have to dig deep into today's vast and intricate cross-channel world to discover strategies that make an impact through engagement marketing. Engagement marketing is the method of forming meaningful interactions with potential and returning customers based on the data you collect over time. Engaging customers in a digital landscape builds brand awareness, sets yourself as an industry thought leader, and places your business at the forefront when the customer is ready to buy. The various channels available with the marketers of the modern workplace are Search which includes SEO, SEM, social media, YouTube, Email marketing, mobile marketing, which provides for on-device and off the device, SMS, blog posts, content marketing, and Inbound.

<https://www.youtube.com/watch?v=bixR-KIJKYM>

Cryptocurrency

Cryptocurrencies are digital or virtual currencies underpinned by cryptographic systems. They enable secure online payments without the use of third-party intermediaries. "Crypto" refers to the various encryption algorithms and cryptographic techniques that safeguard these entries, such as elliptical curve encryption, public-private key pairs, and hashing functions.

Cryptocurrencies can be mined or purchased from crypto exchanges. Not all e-commerce sites allow purchases using cryptocurrencies. In fact, cryptocurrencies, even popular ones like Bitcoin is hardly used for retail transactions. However, the skyrocketing value of cryptocurrencies has made them popular as trading instruments. To a limited extent, they are also used for cross-border transfers.

Predictive Modelling

Predictive modelling is a statistical technique to predict future behaviour or missing values. Predictive modelling solutions are a form of data-mining technology that works by analyzing historical and currently available data, generating a model to help predict the future outcome, and applying the available values of the missing dataset to predict the target variable.

In predictive modelling, data is collected, a statistical model is formulated, predictions are made, and the model is validated (or revised) as additional data becomes available. Predictive models analyze past performance to assess how likely a customer is to exhibit a specific behaviour in the future. This category also encompasses models that seek out subtle data patterns to answer questions about customer performance, such as fraud detection and default behaviour models used by Banks. Predictive models often perform calculations during live transactions - for example, to evaluate the risk or opportunity of a given customer or transaction to guide a decision.

https://en.wikipedia.org/wiki/Predictive_modelling

Dashboard

The dashboard is a user interface to provide a user-friendly at-a-glance overview of Key Performance Indicators (KPI), Leading and Lagging Indicators, and organisational metrics. Dashboards help predict or display the current trend of KPIs, thus helping organisations take future corrective actions. Dashboards may be manual data entry driven, i.e., updated upon feeding data manually to the system. Automated dashboards provide real-time trends by pulling data from another system without manually entering data. The most commonly used dashboard tools are Power BI and Tableau.

<https://www.smartsheet.com/how-create-dashboard-excel>

Process automation

Process automation uses technology to automate complex business processes. It has three functions: automating processes, centralising information, and reducing the requirement for input from people. It is designed to remove bottlenecks and reduce errors and loss of data while increasing transparency, communication across departments, and processing speed. The automated car wash is the perfect example of automating a series of human-input-driven processes and using software, sensors, and an integrated payment process to eliminate human inputs. This increases the efficiency of the entire process by removing bottlenecks.

<https://kissflow.com/workflow/bpm/business-process-automation/reasons-why-you-automate-your-business-process/>

Data Centers

A data center is a physical facility where organisations house critical applications and data. A data center's design is based on a network of computing and storage resources that enable the delivery of shared applications and data. The critical components of a data center design include routers, switches, firewalls, storage systems, servers, and application delivery controllers. Data centers were highly controlled physical infrastructures in the past, but the public cloud has since changed that model. Modern data center infrastructure has evolved from on-premises physical servers to virtualized infrastructure supporting applications and workloads across multi-cloud environments.

One of the characteristics of data centers is the optimum temperature required for cooling, especially in countries like India, which has a high ambient temperature. Modern data centers are increasingly being constructed in cooler regions, while a few have also come up submerged in water to benefit from the cooling characteristics of the ocean.

<https://www.checkpoint.com/cyber-hub/cyber-security/what-is-data-center/>

What is Data Analytics? What are its different types and applications?

Data analytics is a broad term that encompasses many diverse types of data analysis. Any information can be subjected to data analytics techniques to get insight that can improve things. Data analytics techniques can reveal trends and metrics that would otherwise be lost in the mass of information. This information can then be used to optimize processes to increase the overall efficiency of a business or system.

For example, Manufacturing companies often record the runtime, downtime, and work queue for various machines and then analyze the data to better plan the workloads so the machines operate closer to peak capacity.

Data analytics can do much more than point out bottlenecks in production. Gaming companies use data analytics to set reward schedules for players that keep most players active in the game. Content companies use many data analytics to keep you clicking, watching, or re-organizing content to get another view or another click.

Types of Data Analytics

Data analytics is broken down into four basic types.

1. **Descriptive analytics:** This describes what has happened over a given period. Have the number of views gone up? Are sales stronger this month than last?
2. **Diagnostic analytics:** This focuses more on why something happened. This involves more diverse data inputs and a bit of hypothesizing. Did the weather affect beer sales? Did that latest marketing campaign impact sales?
3. **Predictive analytics:** This moves to what will likely happen in the near term. What happened to sales the last time we had a hot summer? How many weather models predict a hot summer this year?
4. **Prescriptive analytics:** This suggests a course of action. If the likelihood of a hot summer is measured as an average of these five weather models is above 58%, we should add an evening shift to the brewery and rent an additional tank to increase output.

Data Analysis Steps

The process involved in data analysis involves several different steps:

1. The first step is to determine the data requirements or grouped data. Data may be separated by age, demographic, income, or gender. Data values may be numerical or be divided by category.
2. The second step in data analytics is the process of collecting it. This can be done through various sources such as computers, online sources, cameras, environmental sources, or personnel.

3. Once the data is collected, it must be organized to be analyzed. This may occur on a spreadsheet or other software that can take statistical information.
4. The data is then cleaned up before analysis. This means it is scrubbed and checked to ensure no duplication or error and that it is not incomplete. This step helps correct any errors before it goes on to a data analyst to be analyzed.

2021 Tech Trends

Applied AI

AI is one of the biggest tech trends. We are still only in the early days of the development of AI. As the technology becomes more sophisticated, it will be applied to develop further tech-based tools, such as training machines to recognize patterns, then act upon what it has detected. By 2024, AI-generated speech will be behind more than 50% of people's interactions with computers. Companies are still searching for ways to use AI effectively.

Techstack

The expanded physical tech stack has the potential to change how companies create and deliver value dramatically. Their business models may evolve because of the capabilities to drive revenue from industrial insights and human-machine interactions. For example, a company might sell monitoring and maintenance of devices as a service as an add-on to device deployment; develop a shared asset model in which customers sell extra capacity back into the market; leverage sensors to develop a program for automatic reordering of consumables such as printer cartridges; expand from a reseller model to direct-to-consumer model; or monetize their device data, to name only a few.

5G/6G

Every generation of wireless connectivity is faster than its predecessor in terms of speed. 5G is an upgrade and is currently being tested in selective cities across the planet. Critical requirements for accessing 5G connectivity are 5G devices with 5G radios and 5G network (5G E excluding). 5G is built on millimeter waves in the range of 20 Gig Hz to 90 Giga Hz. As with any wave, higher frequency leads to a reduced range. 5G may work on direct line-of-sight and physical impediments like trees and walls will block 5G waves from reaching the device. A carrier provides the 5G network through a 5G node. Key characteristics are high speeds- of the order of 1000 MBps, low latency- high reaction times and dense connections- connecting with up to ten times the number of devices as 4G. 6G has been scheduled for 2025-2030, and organisations are already working on the technology. The recently launched 6G has theoretical speeds up to 11 Gbps.

Telematics

Telematics is the continuous capturing of data of the various processes of an equipment or machine and uploading the same in the cloud. The process of data

capturing is real-time and only limited by the network connectivity of the location of the equipment. The equipment control unit (ECU) generating and logging the data is connected to the Telematics unit, whose primary responsibility is to upload the captured data into the registered cloud. Data from the cloud can be analyzed, real-time or later, to provide feedback on the working condition. It has significantly helped predict breakdowns of mining equipment and detect fuel consumption.



CONSULTING

By ConsultU
the Strategy and Consulting Club of IIM Udaipur

Some Important Concepts

About Consulting

Let's define Consulting according to the Oxford dictionary, which says, "Engaged in the business of giving expert advice to people working in a specific field." In other words, a consultant is someone who advises a specific group of people.

That's it! It's just that simple.

So, Who is a Consultant?

A consultant has some level of expertise that a group of people find valuable, and people within that group are willing to pay the consultant to access their knowledge.



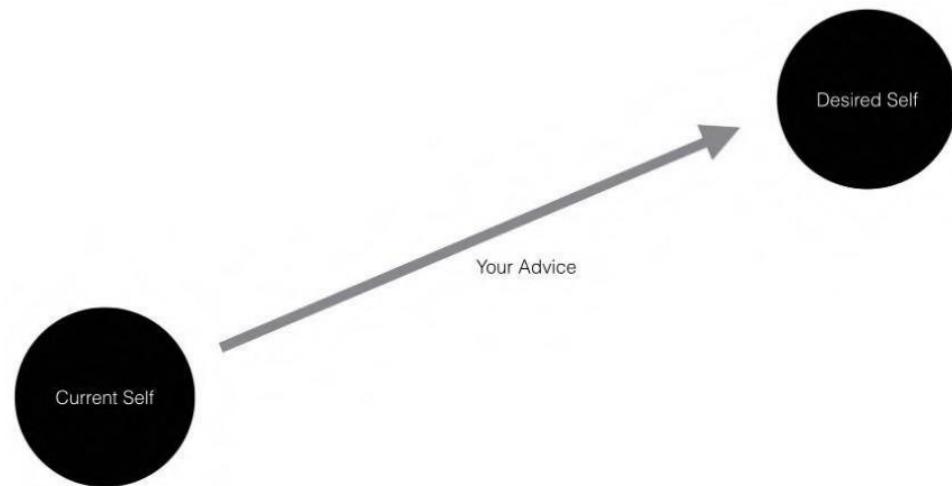
Why is Consulting so valuable?

The answer to that lies in the core meaning of Consulting.

The true meaning of Consulting

Suppose the consultant is someone who gives advice. Then, the question is, why do people need guidance, and why are they willing to pay for it?

People ask for advice because they want to change something, attain something, or become something.



That's why people want advice, to get to a certain point, but they don't know how to get there. They are either facing obstacles or can't overcome them.

The true meaning of consulting is helping people solve problems and move from their current state to their desired state. The more valuable that desired state is to someone, the more they are willing to pay for help in getting there.

Why people hire Consultants?

There are three main reasons people decide to bring in outside advice:

1. They are unable to figure it out or get to their desired state on their own.
2. They have a general idea, but they want to get there faster.
3. They want to save time and effort by following an efficient and proven system.

Consulting is more than just giving advice. It involves a hierarchy of purpose:

1. Providing information to a client.
2. Solving a client's problems.
3. Making a diagnosis, which may necessitate the redefinition of the problem.
4. Making recommendations based on the diagnosis.
5. Assisting with the implementation of recommended solutions.
6. Building a consensus and commitment around corrective action.
7. Facilitating client learning—that is, teaching clients how to resolve similar problems in the future.
8. Permanently improving organizational effectiveness.

Broad classification of Consulting:

When someone says, "I'm a consultant," they will typically fall into one of three categories.

1. **Management Consulting** - Management Consulting is what most people think of when someone says "consulting." This field is dominated by large firms like McKinsey, Bain & Company, and Boston Consulting Group, which are hired to help enterprise businesses improve strategy and operations or manage significant business events like mergers and acquisitions.
2. **Corporate Consulting** - This is more of a catch-all category for those with a "Consulting" job description in the corporate world. It involves in-house consulting services, implementation teams, B2B consulting businesses, and a host of other things.
3. **Independent Consulting** - When someone has developed expertise in an area, they choose to build and run their own business around that expertise.

Classification based on functionality

1. **Management Consulting** - Management consultants, also known as business consultants or organisational advisors in practice, focus on all sorts of regulatory concerns, from strategy to a variety of elements within management. Management Consulting is a collective term used for all services that fall under Strategy Consulting, Operations Consulting, and HR Consulting. Management Consultancy frameworks are often used to assess several factors.
 - a) **Strategy Consulting** - The term Strategy Consulting is used to describe consultants who operate at the highest level of the consultancy market, focusing on strategic topics like corporate and organisational strategy, economic policy, government policy, and functional strategy. Their focus lies more on quantitative/analytics skills, and their job description revolves more around advising and overseeing implementation. Examples of Strategy consulting:
 - (i) Corporate Strategy
 - (ii) Business Model Transformation
 - (iii) Mergers and Acquisitions
 - (iv) Organisational Strategy
 - (v) Digital Strategy

- b) **Operations Consulting** - Operations consultants are consultants who help clients improve the performance of their operations. Consultancy activities in this segment vary from advisory services to hands-on implementation support for primary functions (e.g., Sales, Marketing, Production, etc.) and secondary purposes (e.g., Finance, HR, Supply Chain, ICT, Legal, etc.).
- c) **Human Resource Consulting** - HR consultants help clients with human capital challenges within their organisations and improve the HR department's performance. Chief topics central to HR consultants' job descriptions are organisational changes, change management, terms of employment, learning & development, talent management, and retirement.

2. Financial Advisory Consulting – This segment generally works on questions that address financial capabilities and, in many cases, the analytical capabilities within an organisation. A financial consultant often works with a company's CFO or the strategic consultant to help the business align its financial goals (e.g., overhead costs, return on investments, profit margins, etc.) with strategic goals.

3. IT Consulting - Technology consultants, also known as IT, ICT, or digital consultants, focus on helping clients with the development and application of Information Technology (IT) within their organisation. IT consultants focus on transitions (projects) in the ICT landscape, contrary to regular IT employees, who work on day-to-day IT operations (so-called 'business as usual' activities).

4. Marketing Consulting – Whether you need a new logo for your company, a new market position for one of your brands, a new social media strategy to interact with your customers or planning and implementing a marketing strategy, a marketing consultant helps in all marketing aspects of a firm's business.

5. Compliance and Legal Consulting – These consulting services help firms adhere to federal and local laws and regulations. A compliance consultant must have a sound knowledge of local laws and regulations as it's essential for successful businesses to be compliant with local and federal laws.

6. Others – This includes consulting groups that are not commonly practised and can be classified as "**Small Shops**".

- a) Real Estate consulting
- b) Engineering consulting
- c) Design consulting

- d) Pharma consulting
- e) Petro consulting
- f) Sustainability consulting
- g) PR consulting

Tools and Methodologies for Consulting

Business experts have several tools at hand to analyse company performance that consultants and business analysts use and that you might consider adding to your own set of tools.

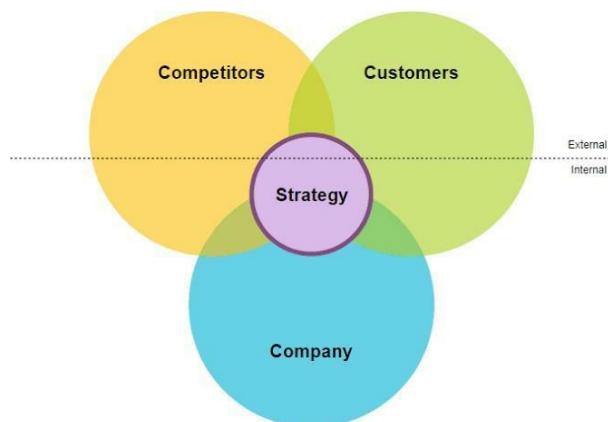
What is a Business Framework?

As an independent consultant, clients ultimately hire you to solve a problem or pain point. Frameworks are useful tools that help you analyse the issue, structure your thinking, and communicate your recommendations. Business frameworks can help you articulate goals with strong business writing and develop a blueprint for success. You can take a broader conceptual framework and scale it to fit your needs. A business framework also gives you a starting place and a common vocabulary that you can edit to fit your client's goals.

Business Frameworks for Consultants

There are seven business frameworks that can be used across disciplines to answer some of the most common business questions:

1. The 3C: Corporation, Competition, and Customer



The 3C model is a classic strategy model. Whether you are a management consultant hired to improve costs or a technology consultant tasked with adding infrastructure, the 3C model can support analysing intrinsic and extrinsic factors to develop sustainable solutions.

(<https://online.visual-paradigm.com/knowledge/strategic-analysis/what-is-ohmaes-3c-model/>)

2. Porter's 5 Forces

Power is a key element in your and your client's success. To sustain profitability and a competitive position, you want to balance the power in your favour. Porter's Five Forces is a valuable tool in helping you to understand both the power of your current competitive position and the planned position.

Porter's five forces



(<https://yourfreetemplates.com/wp-content/uploads/2019/03/Porter%20Five%20Forces-e1552181129804.png>)

Porter's five forces are:

1. Competition in the industry
2. Potential of new entrants into the industry
3. Power of suppliers
4. Power of customers
5. The threat of substitute products

KEY TAKEAWAYS

- Porter's Five Forces is a framework for analysing a company's competitive environment.
- The number and power of a company's competitive rivals, potential new market entrants, suppliers, customers, and substitute products influence a company's profitability.
- Five Forces analysis can be used to guide business strategy to increase competitive advantage.

3. SWOT Matrix

The SWOT Analysis framework is used to evaluate the Strengths (S), Weaknesses (W), Opportunities (O), and Threats (T) of a venture or a project.

Strengths <ul style="list-style-type: none"> Things your company does well Qualities that separate you from your competitors Internal resources such as skilled, knowledgeable staff Tangible assets such as intellectual property, capital, proprietary technologies etc. 	Weaknesses <ul style="list-style-type: none"> Things your company lacks Things your competitors do better than you Resource limitations Unclear unique selling proposition
Opportunities <ul style="list-style-type: none"> Underserved markets for specific products Few competitors in your area Emerging need for your products or services Press/media coverage of your company 	Threats <ul style="list-style-type: none"> Emerging competitors Changing regulatory environment Negative press/media coverage Changing customer attitudes toward your company

The process of identifying your company's core competencies helps you define your company's positioning and competitive advantage. A core competency is a proficiency in an area that competitors do not easily replicate. It allows your company to deliver unique value to customers, thus giving it a "leg up" on the competition. One example is how the employees and the unique culture of Southwest Airlines allow them to provide better customer service and faster turnaround times for planes.

4. PEST Analysis

PEST helps you understand the broader Political, Economic, Socio-Cultural, and Technological environment in which you operate.

The fundamental PEST analysis includes four factors:

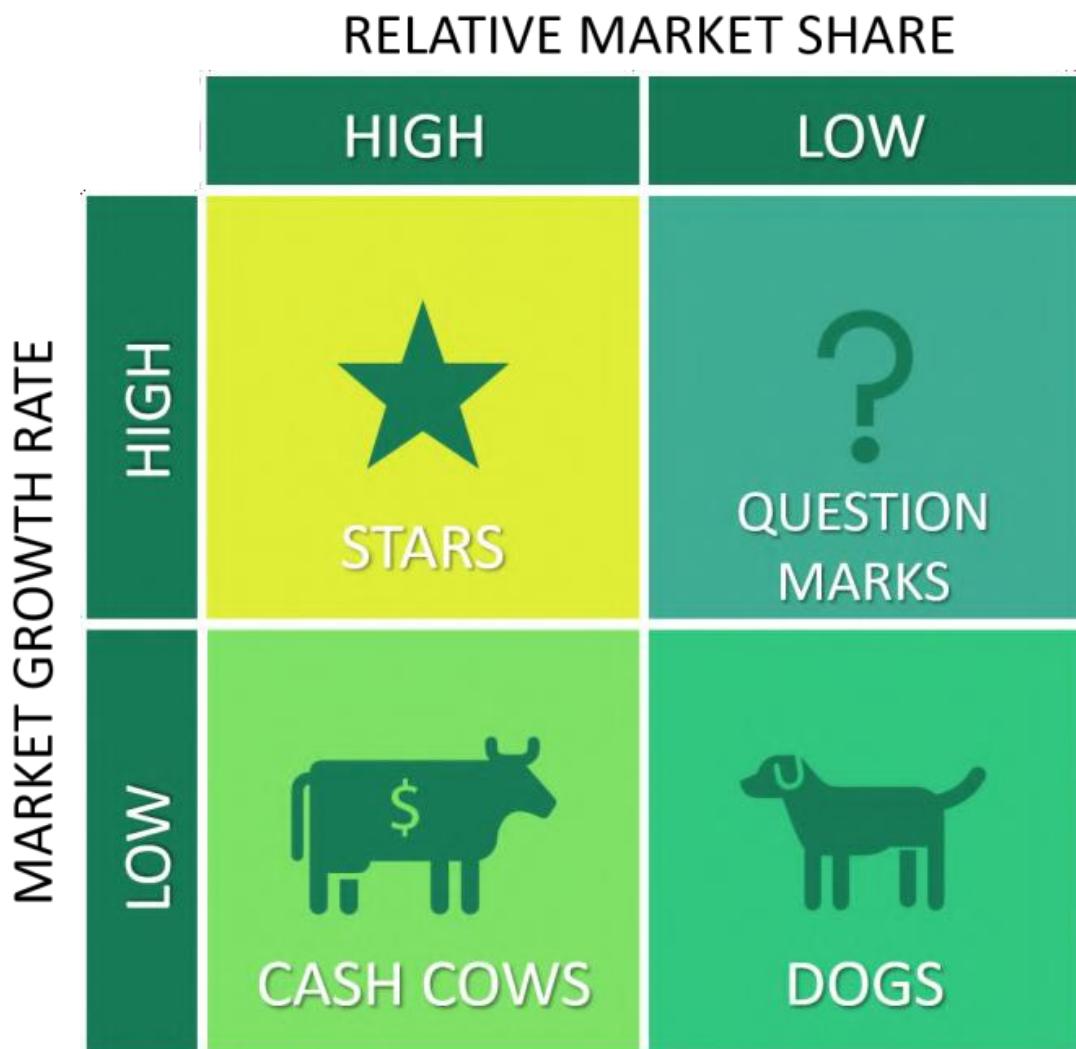
- **Political** factors relate to how the government intervenes in the economy. Specifically, political factors have areas including tax policies, labour laws, environmental laws, and political stability.
- **Economic** factors include economic growth, exchange rate, inflation, and interest rate. These factors significantly affect how businesses operate and make decisions. For example, interest rates affect a firm's cost of capital and, therefore, to what extent a business grows and expands. Exchange rates can affect the costs of exporting goods and the supply and price of imported goods in an economy.

- **Social factors** include the cultural aspects and health consciousness, population growth rate, age distribution, career attitudes, and emphasis on safety. High trends in social factors affect the demand for a company's products and how that company operates. For example, an ageing population may imply a smaller and less-willing workforce (thus increasing the cost of labour). Furthermore, companies may change various management strategies to adapt to social trends caused by this (such as recruiting older workers).
- **Technological factors** include technological aspects like R&D activity, automation, technology incentives, and the rate of technological change. These can determine barriers to entry, minimum efficient production level, and influence the outsourcing decisions.



5. BCG Matrix

The BCG Growth-Share Matrix provides a framework for deciding how to use resources. It is also helpful in assessing each product or business unit's ability to generate profit continuously.



(<https://www.business-to-you.com/bcg-matrix/>)

Four categories of BCG matrix

The BCG growth-share matrix breaks down products into four categories:

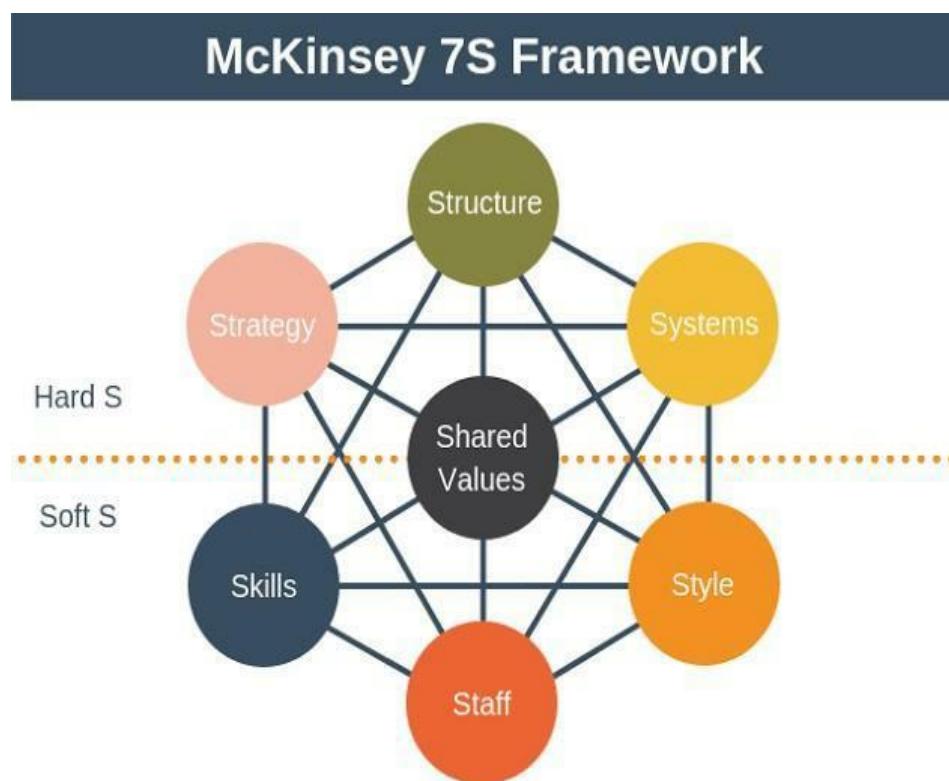
- **Question marks** – High Growth, Low Market Share (Uncertainty)
- **Dogs** – Low Growth, Low Market Share (Less Profitable)
- **Stars** – High Growth, High Market Share (High Competition)
- **Cash cows** – Low Growth, High Market Share (Most Profitable)

It is simple to implement and easy to understand. Larger companies can use it for seeking volume and experience effects. It predicts the future actions of a company.

Hence, the company can decide its proper management strategy. It helps managers evaluate balance in the firm's current Question Marks, Dogs, Stars, and Cash Cows portfolio.

6. McKinsey 7S

The McKinsey 7S Framework is an excellent tool to help you find and fix internal organisational problems.



(<https://www.intology.co.uk/the-mckinsey-7s-framework>)

McKinsey 7S Framework is a strategic planning tool designed to help an organisation understand if it is set up in a way that allows it to achieve its objectives.

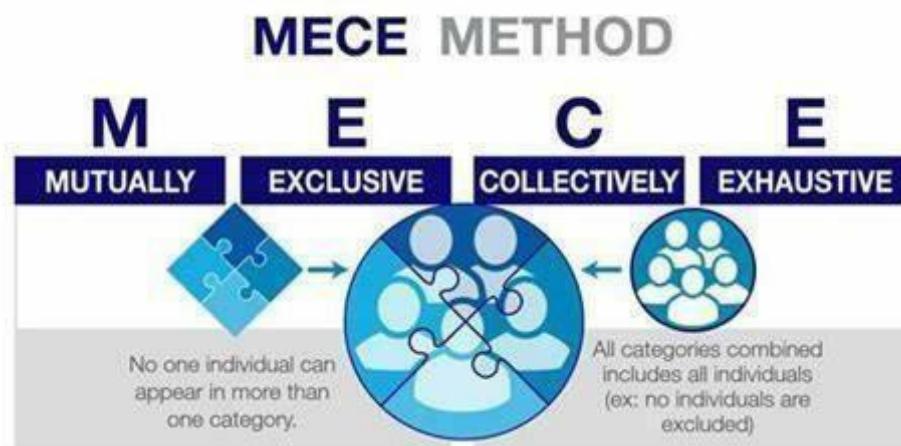
Before the advent of the 7S Model, when managers thought about organisational design, they tended to focus on structure and strategy. They thought about who is responsible for what, who reports to whom, how many layers of management should be there, and how to beat the competition.

It is used for:

- Organisational change
- Mergers and acquisitions
- Implementation of a new strategy
- Understanding the weaknesses (blind spots) of an organisation

7. MECE

MECE is a **systematic problem-solving framework** that helps to solve complex problems. It can help you eliminate confusion and focus on critical data that points the way towards success.



(<https://www.caseinterview.com/mece>)

Benefits of using a Business Strategy Framework

A business framework can analyse and guide decisions for your client and your own business. For example, the 3C Model can help you develop a competitive strategy for your client or can be applied to develop a social media marketing plan for your personal brand.

There is no one best framework, and often you may find that you are using multiple frameworks in your client's work. Frameworks save you time by providing a starting point for information gathering and analysis, but remember, your expertise and common sense is the most powerful framework you have. These tools are time-savers, but your business insight will ultimately deliver value to your client.

Guesstimate Questions

1. Calculate the number of Covid tests to be conducted in Delhi daily.
2. How many Samsung phones are currently being used in India?
3. How many masks were sold in April 2021?
4. How many masks were sold in the previous month?
5. How much drinking water is needed for your hometown?
6. How many volleyballs can you place inside the room we are currently in?
7. How many weddings are held in India each day?
8. Estimate the total revenues from Harry Potter films if they are released today.
9. How many people fly in and out of Mumbai Airport every day?
10. What is the size of the market for disposable masks in a day?
11. How many golf balls/ footballs would fit inside a Boeing 747?
12. Guesstimate the total revenue earned by the Indian tourism industry in February and March in 2021.
13. How would you estimate the market size of the food delivery industry?
14. How many extra petrol pumps are needed in India in the current scenario?
15. How would you estimate the revenue of a Cricket stadium hosting a T20 match?
16. What's the daily requirement of tomatoes for McDonald's?

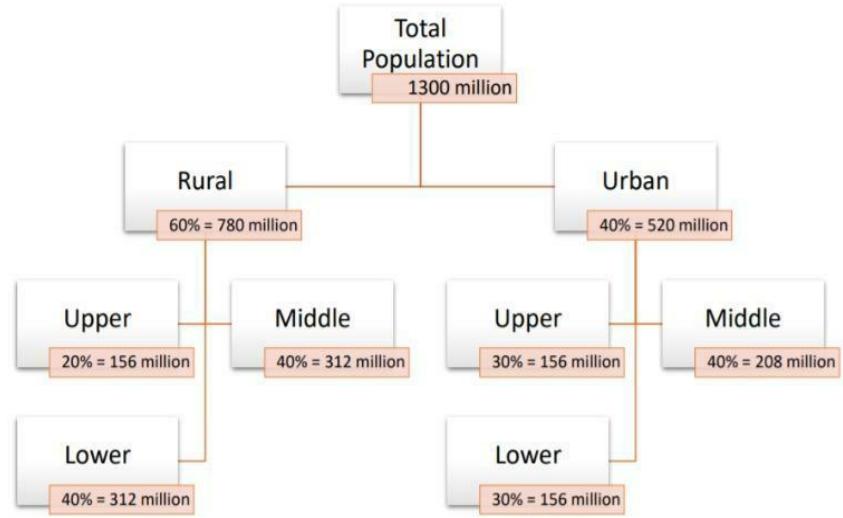
Example of a Guesstimate

Estimate the total number of regular size pizzas consumed in India on a Sunday?



Assumptions & Approach

- Total population of India: 130 crore
- Rural: 60% ; Urban: 40%
- For Rural: Upper: 20% ; Middle: 40%; Lower: 40%
- For Urban: Upper: 30% ; Middle: 40%; Lower: 30%
- Monthly Consumption:
 - Rural
 - Upper: Once a month: 1
 - Middle: Once every 2 months: 0.5
 - Lower: No consumption
 - Urban
 - Upper: Twice a month: 2
 - Middle: Once a month: 1
 - Lower: Once every 2 months: 0.5
- Weekly consumption distribution:
 - Weekday (Monday, Tuesday, Wednesday, Thursday) = 10% each
 - Weekend (Friday, Saturday, Sunday) = 20% each
- Distribution of Different size pizza:
 - Regular: 40%; Medium: 30%; Large: 30%
- One Regular sized pizza is eaten by one person in one meal



$$\text{Monthly Consumption} = 156 \times 1 + 312 \times 0.5 + 156 \times 2 + 208 \times 1 + 156 \times 0.5$$

$$\text{Monthly Consumption} = 910 \text{ million}$$

$$\text{Weekly Consumption} = 910 / 4 = 227.5 \text{ million}$$

$$\text{Consumption of Pizzas on a Sunday} = 20\% \text{ of } 227.5 = 45.5 \text{ million}$$

$$\text{Consumption of Regular sized Pizzas on a Sunday} = 40\% \text{ of } 45.5 = \mathbf{18.2 \text{ million}}$$

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Interview Questions

1. Why do you want to pursue consulting?
2. What makes a good consultant?
3. What, according to you, is essential to be a consultant?
4. What is the primary cause of concern for consulting firms around the world?
5. Facts vs instincts. Which is more important?
6. Bottom-up vs top-down approach. Which is better according to you?
7. How should consultants set prices for projects?
8. How do you size a market?
9. Why do companies need consultants?
10. Tell me about a time when you faced an ethical dilemma and how you managed it?
11. How would you explain a complicated technical issue to a client?
12. How does a consultant segment a market?
13. If you want to start a McDonald's outlet in India, what factors will you consider?
14. What skills do you believe are crucial for success in management consulting?
15. Which industry do you see evolving and why?
16. What are some important ethical considerations for consultants?

Typical Business Problems

- Does an alliance make sense? Would the market share value of the whole be higher than the sum of the parts?
- Five new competitors are about to enter the market in the next three years. We need a sales forecast for the next five years. Develop a strategy that would allow us to preserve/gain market share.
- My marketing department is burning money. I need to reduce costs without affecting performance and sales in any way.
- I need a Data warehouse built for my company. As of today, I don't even have a single centralised data repository – everything exists on employees' laptops in a thousand spreadsheets. How do I go about it?
- I want to introduce my product/service in China, Taiwan, and Malaysia. Build me a roadmap and entry/launch strategy.

Following articles/videos may help you:

[How Consultants Project Expertise and Learn at the Same Time | Coworking Consulting](#)

[Consulting Is More Than Giving Advice \(hbr.org\)](#)

[6 Tools Every Business Consultant Should Know \(harvard.edu\)](#)

[Project Management Consulting Skills - How consultants manage projects and file structures - YouTube](#)

[What Does A Consultant Do - Successful Coaching & Consulting Secrets Ep. 4 - YouTube](#)

Other Sources:

<https://www.mbppartners.com/blog/how-grow-small-business/top-business-frameworks/>

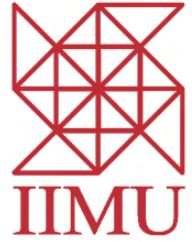
<https://www.bcg.com/en-in/about/our-history/growth-share-matrix>

<https://fourweekmba.com/3c-model/>

<https://expertprogrammanagement.com/2018/05/pest-analysis/>

<https://www.consultancy.in/career/types-of-consultants>

<https://www.consulting.com/what-is-consulting-definition>



ECONOMICS

By PiE
the Economics Club of IIM Udaipur

Some Important Concepts

Inflation

It is a quantitative measure of a sustained rise in the general price level of goods and services in an economy where a currency unit buys less than before. Rising inflation leads to a decrease in the currency's purchasing power (meaning a loss in the real value of money).

There are several types of inflation:

- **Deflation:** The opposite of inflation, when the general level of prices falls
- **Stagflation:** Combination of high unemployment and economic stagnation with inflation
- **Hyperinflation:** It refers to unusually rapid inflation. In extreme cases, this can lead to the breakdown of a nation's monetary system

Fiscal Policies

It is the means through which a country controls its revenues and expenditures to achieve economic objectives and influence its economy. The two principal fiscal policy instruments are:

- Taxation
- Government spending

Changes made in the two components are expected to change the aggregate demand, savings, investments, and income distribution. The two types of fiscal policy are:

- **Contractionary** – increase in taxes and/or decrease in government expenditure to fight inflation
- **Expansionary** – decrease in taxes and/or increase in government expenditure used in recession

Monetary policies

It is the process by which the monetary authority of a country controls the supply of money, often targeting an inflation rate or interest rate to ensure price stability and general trust in the currency. Monetary policy is maintained by increasing the interest rate or changing the amount of money banks need to keep in the vault (bank reserves).

The two types of monetary policy are:

- **Contractionary** – aimed to reduce the rate of monetary expansion to fight inflation. The policy reduces the money supply in the economy to prevent unsustainable capital investment.
- **Expansionary** – aimed to increase the rate of monetary expansion to stimulate growth in the economy. An additional money supply must support economic growth.

Gross Domestic Product

GDP is the market value of all the finished goods and services produced within a country in a particular period and is a measure of its economy.

$$\text{GDP} = C + I + G + NX$$

where,

"C" represents all private consumption or consumer spending in a nation's economy

"I" is the investment or sum of all the country's businesses' capital spent

"G" is the sum of government spending

"NX" is the nation's total net exports, calculated as total exports minus total imports.

Real v/s Nominal GDP

Real GDP is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, expressed in base-year prices. On the other hand, Nominal GDP is GDP evaluated at current market prices.

The main difference between the two values is that real GDP is adjusted for inflation while nominal GDP is not. Generally, nominal GDP will often appear higher than real GDP for a country with positive inflation.

Consumer Price Index (CPI): It is a measure of price changes in consumer goods and services purchased by households.

Wholesale Price Index (WPI): It represents the price of a representative basket of wholesale goods.

Taxes

Direct Taxes are taxes directly paid to the government by the taxpayer. It is a tax applied to individuals and organisations by the government, e.g., income tax, corporation tax, wealth tax, etc. The individual or organisation upon which the tax is levied is responsible for fulfilling the tax payment and cannot shift it to another individual or entity.

Indirect Taxes are applied to the manufacture or sale of commodities. These are initially paid to the government by an intermediary, who then adds the amount to the commodities' value, e.g., GST is a comprehensive tax levy on manufacture, sale, and consumption of goods and services nationally. GST is collected on value-added to the goods and services at each stage of sale or purchase in the supply chain through a tax credit mechanism. The system allows the set-off of GST paid on the procurement of goods and services against the GST, which is payable on the supply of goods or services. However, the end consumer bears this tax, being the last person in the supply chain.

Experts say that GST will likely improve tax collections and boost India's economic development by breaking tax barriers between states and integrating India through a uniform tax rate. (Source: <https://cleartax.in/s/gst-impact-income-tax-collection/>)

Balance of Payments

Balance of Payments shows a country's transactions with the rest of the world. It encompasses all transactions (inflows and outflows) between a country's residents and its non-residents involving goods, services, and income; financial claims and liabilities to the rest of the world; and transfers such as gifts.

The two sections of the BOP are:

1. Current Account BOP measures the inflow and outflow of goods, services, and investment incomes. The current account comprises the trade balance in goods and services. The account's main components are:

- a. Trade-in goods (visible balance)
- b. Trade-in services (invisible balance), e.g., insurance and services
- c. Investment incomes, e.g., dividends, interest, migrant's remittances from abroad
- d. Net transfers – e.g., International aid

Current Account Deficit - measure a country's trade in which the value of goods and services imported exceeds the value of goods and services exported. The current account also includes net income, such as interest and dividends, and transfers, such as foreign aid. However, these components tend to make up a smaller percentage of the current account than exports and imports.

A current account deficit represents negative net sales abroad. Developed countries, such as the United States, often run current account deficits, while emerging economies often run current account surpluses. Impoverished countries tend to run current account deficits.

2. Financial Account (Capital) BOP measures the outflow and inflow of capital into the economy. It considers the movement of capital, both short term and long term, and the loan repayments, which includes:

- a) Foreign direct investment
- b) Purchase of securities by investors
- c) Loans by international financial institutions

Balance of Payments Crisis

Also called a currency crisis, it occurs when the current account deficit cannot be maintained. It leads to a fall in foreign exchange reserves, and the country can no longer attract sufficient capital flows to finance the current account deficit. Crises are generally preceded by large capital inflows, which are associated at first with rapid economic growth. However, a point is reached where overseas investors become concerned about the level of debt their inbound capital generates and decide to pull out their funds. The resulting outbound capital flows lead to a rapid drop in the affected nation's currency value.

Balance of Trade

The difference between a country's imports and exports is termed the Balance of Trade. Balance of Trade is the most significant component of a country's balance of payments. Debit items include imports, foreign aid, domestic spending abroad and domestic investments abroad. Credit items include exports, foreign spending & investments in the domestic economy. A country has a trade deficit if it imports more than exports; the opposite scenario is a trade surplus.

Foreign Direct Investment (FDI)

An investment made by a company or entity based in one country into a company or entity based in another country. The investing company may make its overseas investment in many ways - by setting up a subsidiary or associate company in the foreign country, acquiring shares of an overseas company, or a merger or joint venture.

Entities making direct investments typically have a significant influence and control over the company into which the investment is made.

Types of Markets

Comparison of monopoly, oligopoly, and perfect competition markets.

Parameters	Perfect Competition	Monopolistic Competition	Oligopoly	Monopoly
Number of firms	Large	Large	Small	One
Products	Identical	Differentiated	Similar, differentiated	No close substitutes
Entry, Exit Barriers	No barriers	Free of barriers	Some entry barriers	Effective entry barriers
Market price control	No control	Small control	Substantial control	Significant control

Important Financial Rates* (as of 31 December 2021)

*Check the latest figures before the interviews

Policy Rates	
Policy Repo Rate	4.00%
Reverse Repo Rate	3.35%
Marginal Standing Facility Rate	4.25%
Bank Rate	4.25%

Reserve Ratios	
CRR	4.00%
SLR	18.00%

Lending/Deposit Rates	
Base Rate	7.25% - 8.80%
MCLR (overnight)	6.50% - 7.00%
Savings Deposit Rate	2.70% - 3.00%
Term Deposit Rate > 1 year	4.90% - 5.60%

Cash Reserve Ratio (CRR): It refers to the ratio of demand deposits, time deposits, and cash-on-hand that commercial banks are required to maintain with RBI. Lowering CRR will leave the banks with excess reserves to make loans and, therefore, increase the money supply.

Repo Rate: Repo rate is the rate at which the central bank of a country (RBI in the case of India) lends money to commercial banks in any shortfall of funds. In inflation, central banks increase the repo rate, which acts as a disincentive for banks to borrow from the central bank. This ultimately reduces the money supply in the economy and thus helps in arresting inflation.

Reverse Repo Rate: Reverse repo rate is the rate at which the central bank of a country borrows money from commercial banks within the country. An increase in the reverse repo rate means that commercial banks will get more incentives to park their funds with the RBI, decreasing the market money supply.

Bank Rate: This is the rate at which RBI lends money to banks or financial institutions. The Bank rate signals RBI's long-term view of the economy and outlook for interest rates. If the bank rates were to increase, banks would increase lending rates to their customers to maintain their profit margins.

The Rise of E-Commerce

E-commerce, or business on the internet and other computer networks, can be between businesses (B2B), between firms and consumers (B2C), or between firms and the government (B2G). Over the past decades, e-business has provided various methods for buyers and sellers to transact, and exploitation of the full potential of developments can profoundly impact both individual sectors and macroeconomic performance and economic policies. At the aggregate level, productivity and economic growth increase efficiency in supply and distribution, lower transaction costs, and lower barriers to entry and improved access to information.

In the B2B context, higher efficiency comes from exchanges via lower procurement costs and better supply chain management.

Important Links of Current Affairs and Articles:

<http://www.rbi.org.in/scripts/Glossary.aspx>

<http://www.google.com/publicdata/directory>

<http://www.tradingeconomics.com/>

<http://www.economist.com/debate/archive>

<http://forbesindia.com/blog/category/economy-policy/>

<http://blogs.lse.ac.uk/indiatlse/>

<https://www.investopedia.com/terms/e/economics.asp>

Latest Economic News

1. Economic Impact of Taliban Takeover

<https://finshots.in/archive/the-economic-impact-of-the-taliban-takeover/>

<https://www.financialexpress.com/industry/sme/msme-exim-impact-of-taliban-takeover-in-afghanistan-on-bilateral-trade-with-india/2335674/>

2. Indian Economic performance in 2021

<https://indianexpress.com/article/explained/explainspeaking-how-the-indian-economy-performed-in-2021-7691943/>

3. Bank mergers in 2021

<https://www.bankbazaar.com/ifsc/list-of-merged-public-sector-banks-in-india-2021.html>

4. Indian Industries inks 12 MOUs with Vietnam

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indian-industry-inks-12-business-mous-with-vietnam/articleshow/88341327.cms>

5. India Economy highlights 2021

<https://www.drishtiias.com/daily-updates/daily-news-analysis/highlights-of-economic-survey-2021>

6. IMF about Indian Economy

<https://www.imf.org/en/News/Articles/2021/11/02/na111121-indias-economy-to-rebound-as-pandemic-prompts-reforms>

7. Covid Impact on the Labor market

<https://pieiimu.wordpress.com/2021/10/10/how-covid-19-has-changed-the-labor-market-the-global-labor-shortage/>

8. Union Government 6 Lakhs monetisation Scheme

<https://www.thenewsminute.com/article/explainer-union-govt-s-rs-6-lakh-crore-asset-monetisation-scheme-154380>

9. Electricity bill 2021

<https://www.financialexpress.com/opinion/electricity-amendments-bill-2021-a-game-changer-for-the-power-sector/2368955/>

10. Suez Canal Blockage impact on the economy

<https://www.project44.com/blog/economic-impact-suez-canal-blockage>

11. Budget 2021 Highlights

<https://pieiimu.wordpress.com/2021/03/01/budget-2021-22-highlights/>

Other sources that can be used for preparation:

- <https://economictimes.indiatimes.com/blogs/et-editorials/page/1/>
- <https://indianexpress.com/about/explained-economics/>
- <https://www.khanacademy.org/economics-finance-domain/macroeconomics>
- <https://www.econlib.org/library/Topics/College/whatiseconomics.html>
- <https://pieiimu.wordpress.com>



FINANCE

By Finomina
the Finance and Investments Club of IIM Udaipur

Some Important Finance Concepts

What is Finance?

Finance is a broad term describing the study and system of money, investments, and other financial instruments. Bonds, Stocks, Derivatives, Mutual Funds are some examples of financial instruments.

Finance is classified into:

- **Public Finance** - This includes tax systems, government expenditures, budget procedures. The Government oversees the allocation of resources, distribution of income, and stabilisation of the economy.
- **Corporate Finance** - To put it simply, Corporate Finance manages the assets and debts of a business. Calculating whether a project would give considerable returns on a given investment comes under Corporate Finance.
- **Personal Finance** - The proper management of an individual's income and expenses. Retirement planning is one example of this.
- **Behavioral Finance** - It seeks to understand the emotional, social, and psychological reasons behind making financial decisions. An example would be studying investors' reactions to a lawsuit against a company.

Domains of Finance

Banking

The banking industry handles money, credit, and other monetary exchanges. Banks offer investment accounts, authentications of stores, and financial records. They utilise these stores to make credits. These advances incorporate home loans, business credits, and vehicle advances. Business banks offer different types of assistance to private people and organisations. Retail banking gives credit, store, and cash to executives, people, and families.

Web banking offers these types of assistance using the internet. The area is additionally called E-banking, Internet banking, and net banking. Most banks presently offer online administrations. Since they have no branches, they can pass the cost reserve funds onto the buyer.

Venture banking discovers financing for companies through starting public stock contributions or bonds. They additionally encourage consolidations and acquisitions.

The biggest U.S. speculation banks incorporate Bank of America, Citigroup, Goldman Sachs, J.P. Morgan Chase, and Morgan Stanley.

Insurance

The insurance sector comprises companies that offer risk management in terms of insurance contracts. The insurer will guarantee payment for a certain future event, and in return, they will charge a premium from the insured or the policyholder. The insurance industry is considered a slow-growing and safe sector for investors.

Life insurance is a sector with tremendous growth potential – that is how the life insurance sector is often touted due to the country's low insurance penetration and density among its comparable peers.

Portfolio Management

Portfolio management can be understood as a process of managing an individual's investments to maximise their earnings in a certain time interval. Furthermore, efficient portfolio management ensures that the risk of the capital invested is reduced to counter financial or economic threats. Portfolio managers optimise the investment risk, provide investment mix, and diversify the portfolio to achieve financial goals.

Principally, portfolio management can be visualised as a SWOT analysis of various industries and sectors and classified according to their risks.

Objectives of portfolio management are as follows:

- Capital appreciation
- To maximise Returns on Investment (ROI)
- Risk optimisation

What is Accounting?

Accounting could be understood as recording, classifying, summarising, and reporting the business transactions and economic activities from business operations over time to the stakeholders such as shareholders, employees, the general public, or the regulators.

Remember this equation:

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

Example: You take a loan of 1 crore; 1 crore gets added to the assets side as cash, which you received from the lender(s). And one crore gets added to the liabilities side

as a loan you took from the bank. The same goes for all transactions. **The equation is always balanced.**

Check the company's annual reports to get an idea about the Balance sheet, Income Statement, and Statement of Cash Flows. We just discussed how transactions get recorded in the balance sheet. The income statement is simply a statement of income and expenses. Cash flow statements describe where the cash is coming from and where it is going.

Types of Business

There are four types of business organisations: Sole Proprietorship, Partnership, Company, and Limited Liability Company (LLC).

- **Sole Proprietorship** - A business owned and run by one person for their benefit. The business's existence is entirely dependent on the owner's decisions.
- **Partnership** - Refers to a business owned by a minimum of 2 and a maximum of 50 people. They are of two types - General partnership (which does not require a formal agreement, but all partners' liability is unlimited) and Limited partnerships (which requires a formal agreement and partners' debt can be limited).
- **Company** - It's a separate legal entity from its owners. A private limited Company has a minimum of 2 and a maximum of 200 shareholders. In contrast, a public limited company can have as many shareholders as possible.
- **Limited Liability Company** - Similar to a limited partnership, an LLC provides owners with limited liability while providing some of the income advantages of a partnership.

Financial Market

A financial market is where people trade financial securities, commodities, etc. The stock market, bond market, forex market, derivatives market are a few examples of the financial market.

Money Market deals with trading debt instruments like inter-corporate deposits, certificates of deposits, treasury bonds, commercial papers, commercial bills, etc. Trading occurs in the very short term in the money market. Money market participants are large institutional investors, mutual funds, and commercial banks.

Capital market deals with the trading of financial instruments like equity, public sector bonds, and units of mutual funds. Capital markets are composed of the suppliers and users of funds. Capital markets are mainly composed of primary and secondary markets. The stock market and bond market are the most common capital markets.

Forex, also known as F.X. or Foreign Exchange market, is an over-the-counter global marketplace. The foreign exchange market determines the currency's exchange around the world. Forex is the largest financial market globally, working 24 hours a day. The trade of currency always takes place in pairs. Hence, the value of one currency will be relative to the value of another currency in the pair. The most liquid trading pair is EUR/USD.

Financial Statements

Financial statements are formal records of the financial activities and position of a business, person, or other entity. Income Statement, Balance Sheet and Cashflow Statement are the three primary financial statements.

The income statement shows a business's income and expenditures. It also indicates whether the company is making a profit or a loss for a given period. It also provides information about the enterprise's operations, including sales and the various expenses incurred in the stated period.

The balance sheet shows the position of the business at a particular point in time. It shows the company's assets, liabilities, and equity. In a balance sheet,

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

The Cash Flow Statement measures how well a company generates cash to pay its debt obligations, fund its operating expenses, and fund investments. It helps stakeholders understand how its operations are running, where it is getting cash, and how money is spent. The cash flow statement has three sections that report cash flow for three different activities - **Operating Activities, Investing Activities, and Financing Activities**.

GAAP vs IFRS

GAAP (Generally Accepted Accounting Principles) is a common set of accepted accounting principles, standards, and procedures that companies and their accountants must follow when they compile their financial statements.

IFRS (International Financial Reporting Standards) is a set of international accounting standards, which state how particular types of transactions and other events should be

reported in financial statements. IFRS guidelines are less comprehensive and lack details compared to GAAP.

The International Accounting Standards Board is the independent accounting standard-setting body of the IFRS Foundation outside the United States.

The Financial Accounting Standards Board is a private, non-profit organisation standard-setting body formed to establish and improve GAAP in the United States.

Fixed Asset Valuation	Only the cost model can be used to value fixed assets in GAAP	IFRS also recognises revaluation models in addition to cost models
Intangible Assets	Intangible assets are valued at fair value	Intangible assets are valued based on future economic benefits
Earnings per share	This averages the Individual Interim period	This does not average the Individual Interim period
Development Cost	All development costs are expensed under GAAP	Some developmental costs are expensed, and others are capitalised
Liabilities Grouping	GAAP requires splitting of liabilities into current and non-current	IFRS does not make such a classification
Income Statement	Extraordinary and unusual amounts are shown below net income	Such items come under income statements
Preparation of Cons	GAAP prefers a risks-	IFRS is in favour of a control model

F.S.	and-rewards model	
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Scope of Finance Function: Investment, Financing, and Dividend Decisions

- Investment Decision:** Investment decisions are often referred to as Capital Budgeting or Capital Expenditure (CAPEX) decisions. These decisions create revenue and profits for the firms.
- Financing Decisions:** These decisions have to do with the source of funds. A corporation can raise money from lenders or shareholders. Overall, the financing choices available to large corporations are endless, and these decisions are financing decisions.
- Dividend Decisions:** The profits after tax can be distributed to the shareholders or retained by the firm. These decisions related to the appropriation of profits after tax are dividend decisions.

Business cycle

A business cycle refers to the cycle of fluctuations in the Gross Domestic Product (GDP). It explains the expansion and contraction in the economy.

Various stages of the Business Cycle are:

- Expansion:** Expansion is the first stage in the business cycle. This stage depicts an increase in positive economic indicators like income, output, employment, and profits.
- Peak:** The economy then reaches its upper saturation point, i.e., peak. The peak is the second stage of the business cycle. The economic indicators do not increase any further and are at their highest.
- Recession:** The recession is the next stage. The demand starts falling rapidly, and all the positive economic indicators like income, output, employment, etc., begin to fall.
- Depression:** The next stage is Depression, which indicates a commensurate rise in unemployment. The growth in the economy in this phase continues to decline.
- Trough:** In the Trough Stage, there is further decline until the positive indicators reach their lowest point. It is the negative saturation point for the economy.

6. **Recovery:** After reaching its negative saturation point, the economy comes to the stage of recovery. The economy now has a positive attitude, and positive indicators start increasing.

IPO & FPO

Initial Public Offering (IPO) is the issuance of public shares by a company to raise capital from public investors. By issuing an IPO, a private company transforms into a public company. Once a company decides to go public, it will be regulated by SEBI. Hence, the company must disclose a few details mandatorily for investors' knowledge.

Follow-on Public Offering (FPO) is the issuance of shares by a company listed on a stock exchange. After an Initial Public Offering (IPO), the company issues additional shares to raise more capital to expand or pay off the debt. Companies use FPO to diversify their equity base. FPO is also known as secondary offerings.

Details of the significant IPOs of 2021

Summary			
Company Name	Listing Date	List Price	Listing Gain/ (Loss)
Indian Railway Finance Corporation (IRFC)	29-Jan	25.00	-4.42%
Indigo Paints	02-Feb	2607.50	109%
Nazara Technologies	30-Mar	1971.00	43.22%
Powergrid Infrastructure Investment Trust	14-May	104.00	2.98%
Krishna Institute of Medical Sciences	28-Jun	1008.90	32.95%
Zomato	23-Jul	115.00	65.59%
Glenmark Life Sciences	06-Aug	751.00	3.92%
Aditya Birla Sun Life AMC	11-Oct	712.00	-1.73%
FSN E-Commerce Ventures (Nykaa)	10-Nov	2001.00	96.15%
PB Fintech (Paisabazaar and Policybazaar)	15-Nov	1150.00	22.74%
One97 Communications (Paytm)	18-Nov	1955.00	-27.25%
Star Health and Allied Insurance Company	10-Dec	848.80	0.76%

What is Fundamental & Technical Analysis

Fundamental Analysis refers to analysing securities by determining the stock's intrinsic value. It involves analysing the financial performance and position of the company. It assesses all the factors that can influence the value of the stock, called fundamentals, which are nothing but financial statements, management, business concept, competition, etc. It aims at analysing the economy as a whole, the industry to which it belongs, and the firm itself.

It focuses on both the past and the present data and is relevant for long-term investments.

Technical Analysis refers to the process of analysing price volume movements. It predicts the change in the price of a security based on market information. It determines whether the uptrend or downtrend in price will continue or reverse in the future. The main objective of the technical analysis is to identify the right time to enter or exit the market. It focuses only on past data and is relevant for short-term investments.

There are **two methods** for conducting technical analysis:

- **Understanding Chart Patterns:** The chart patterns help determine the direction of the trend. A green-coloured candlestick shows a bullish trend, while a red-coloured candlestick shows a bearish trend.

Examples of Chart Patterns are Spinning Top, Hammer and Hanging Man, Head and Shoulders, Double Top, etc.

- **Technical Indicators:** These indicators are heuristic or mathematical calculations based on price, volume, or open interest of security used by traders who follow technical analysis. They predict as well as confirm the trends.

Examples of Technical Indicators are Simple Moving Average (SMA), Relative Strength Indicator (RSI), Stochastic Oscillator, Moving Average Convergence Divergence (MACD), etc.

Shares, Bonds, and a few basic concepts related to them

Share

It refers to a unit of ownership in the company. A share is a unit in the share capital of a company and includes stock.

Types of Shares

1. **Equity Shares:** Those shares which are not preference shares are known as equity shares. Members holding equity shares **carry voting rights**. The rate of dividend is not fixed.
2. **Preference Shares:** It carries the following two preferential rights over holders of equity shares.
 - a. Preferential right in respect of dividend at a fixed rate or a fixed amount
 - b. Preferential right in respect of repayment of capital in the event of winding up

Primary Market: Primary market is the market where the bond or new stock is sold for the first time.

Share Market/ Stock Market: It refers to a collection of markets and exchanges where regular activities of buying, selling and issuing shares of publicly held companies occur. Example: SENSEX, NASDAQ, etc.

Market Capitalization: It refers to the market value of a company's outstanding shares of stock. It is calculated by multiplying the total number of the company's outstanding shares by the market price of its share.

Net Worth: Net worth refers to the difference between the assets and liabilities of the company. It presents a snapshot of the company's current financial position.

Bond

It refers to the unit of corporate debt issued by the company. It is a long-term debt security that enables firms to borrow money for a fixed period at a fixed rate by multiple lenders.

Coupon: The bondholder receives the annual interest payment from the date of issue of bond till its maturity.

Coupon Rate: It is calculated by dividing the periodic interest payments received by the bond's face value.

Yield to Maturity: It refers to the total return anticipated on a bond if the bond is held until it matures.

Zero-Coupon Bond: It refers to the debt security that does not pay any interest but instead trades at a deep discount, offering total face value at the time of maturity. The difference between the face value and the price of a zero-coupon bond indicates the investor's return.

Golden Rules of Accounting

There are 3 Golden Rules of Accounting that are followed when recording any transaction:

1. For a Real a/c - Debit what comes in, credit what goes out
2. For a Personal a/c - Debit the receiver, credit the giver
3. For a Nominal a/c - Debit all expenses and losses, credit all incomes and gains

To understand these golden rules better, one needs to understand the three types of accounts mentioned above:

- a) **Real Accounts:** These accounts are recorded in the ledger as Assets or Liabilities. The balances of these accounts are not closed at year-end, and the balance amount remaining is carried forward to the following year.
Eg. Building a/c of a business
- b) **Personal Accounts:** These are recorded as accounts belonging to individuals, firms, and associations.
Eg. Creditor a/c: creditor of a business
- c) **Nominal Accounts:** Ledger accounts of all incomes, expenses, losses, or gains.
Eg. Interest a/c

Discounting

We use discounting to find the present values of payment or a stream of payments to be received in the future. As we know, A dollar is always worth more today than it would be worth tomorrow if money had a time value. As the discount rate increases, the level of risk associated with an investment and its future cash flows also increases.

Eg. At the beginning of a year, the present value of \$110 is \$100 if the discount rate is 10% per annum.

Time Value of Money

Time Value of Money is a concept which states that the same amount of money will have a higher value today than it will have in the future. The reason behind money having higher value is its ability to earn interest. As money can be deposited in a bank to earn interest or invested in assets (Real or Financial) to earn a return, any amount of money is worth more the sooner it is received.

How is TVM calculated?

FV = Future value of money

PV = Present value of money

i = Interest rate

n = Number of compounding periods per year

t = Number of years

Based on these variables, the formula for TVM is:

$$FV = PV \times [1 + (i / n)]^{(n \times t)}$$

Net Present Value (NPV)

Suppose we want to identify whether a project is a good investment opportunity or not. The simplest way to do this is by comparing the initial investment with the cash generated using that investment. If the money generated using the investment is more than what we had invested, it is an excellent opportunity and vice versa. Cash received is called cash inflow, and the money paid is called cash outflow.

Since cash inflows and outflows take place during different periods, and because of the time value of money, their value can differ significantly from the amount, we need to find the present value of these cash flows and then subtract outflows from inflows. Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. NPV is used in capital budgeting and investment planning to analyse the profitability of a projected investment or project.

Internal Rate of Return (IRR)

IRR is a measure of an investment's rate of return. The term 'Internal' refers to the fact that IRR does not consider external factors like inflation, cost of capital, or financial risks.

Generally, we accept the project if the IRR is more than the Discounting Rate. If IRR is less than the Discounting Rate, we reject the project.

The net present value becomes zero at the discount rate equal to IRR. Sometimes more than one IRR is also possible for an investment opportunity.

Annuity

An annuity is a stream of equal cash flows at equal time intervals made over a predetermined period. Annuities can be used for various purposes, but the most common is providing a steady income for retirees.

The formula for the present value of an ordinary annuity is given below. (An ordinary annuity pays interest at the end of a particular period, rather than at the beginning, as is the case with an annuity due.)

$$PV = PMT \times \{1 - (1 / (1+r)^n)\} \div r$$

where,

PV = Present value of an annuity stream

PMT = Money value of each annuity payment

r = Interest rate (also known as the discount rate)

n = number of periods in which payments will be made

Perpetuity

A perpetuity is a security that pays for an infinite amount of time. In Finance, perpetuity is a constant stream of identical cash flows with no end.

The present value of a perpetuity is calculated as follows:

$$PV = PMT \div r$$

where,

PV = Present value of a perpetuity

PMT = Money value of each cash flow

r = Interest rate (also known as the discount rate)

Non-performing asset (NPA)

A Non-performing asset (NPA) is described as a classification for loans or advances in respect of which the interest and/or instalment of the principal amount has remained 'past due' for a specified prolonged period. In other words, an asset (loan or advances made by a bank) is labelled as a non-performing asset when it ceases to generate any

income for the lender. Once the borrower has failed to make interest or principal payments for 90 days, the loan is considered a non-performing asset.

NPAs impose financial burdens on the lender; a large number of NPAs over time can suggest to regulators that the bank's financial health is at risk.

NPAs may be categorised as substandard assets, doubtful assets, or loss assets based on the length of time overdue and the likelihood of repayment.

According to a report by CARE Ratings, the ratio of gross NPAs of banks for the quarter ended in September 2020 has fallen to 7.7% from 8.2% in June 2020 and 7.9% in March 2020.

NBFC

A Non-Banking Financial Corporation (NBFC), also known as a non-bank financial institution (NBFI), offers certain bank-like services but has not been granted a banking license from the regulator. They are not allowed to accept demand deposits from the public, and this limitation keeps them outside the purview of conventional oversight from the financial regulator.

There are several NBFCs, and below is a non-exhaustive list of some of these:

- Asset Financing Companies (AFCs)
- Housing Finance Companies (HFCs).
- Investment Companies (I.C.s)
- Loan Companies (LCs)
- Micro Finance Institution (MFIs). For more info on NBFCs: [Click here](#)

Corporate Governance

It refers to the rules, processes, or laws by which an enterprise's business is operated, regulated, or controlled. It involves keeping in mind the best interests of all stakeholders.

Corporate governance can be based on 4Ps: People, Process, Performance, and Purpose. It makes companies accountable and transparent to minimise expropriation and unfairness for stakeholders.

Arbitrage

Arbitrage is a type of trade when security, currency, or commodity is nearly simultaneously bought and sold. The purpose is to benefit from the price difference for the same financial instrument offered on different exchanges.

To know more about Arbitrage and a few compelling examples: [Click Here](#)

Diversification

Diversification includes different types of investments like stocks, bonds, real estate, commodities, etc., in the portfolio to mitigate the risk. One should invest in more than one industry for stocks to diversify the portfolio. It will help hedge against market volatility and reduce the chance to give higher returns in the long term.

Mutual Funds

A mutual fund professionally manages a well-diversified investment portfolio on behalf of the investors, and they charge small fees in return. It could be an ideal investment vehicle for those who do not know how to invest or do not have enough time to follow market trends regularly. Investors can select a mutual fund scheme based on their financial goals.

Mergers and Acquisitions

When a company takes over another company, it becomes the new owner; it is called an Acquisition. The target company ceases to exist; the buyer controls the business. The buyer's stock continues to be traded while the target company's stock ends to trade.

A Merger is the voluntary fusion of two companies into one new legal entity. The firms that agree to merge are roughly equal in size, customers, the scale of operations, etc. Therefore, the term "merger of two equals" is sometimes used. Mergers are mostly done to gain market share, reduce operational costs, expand to new territories, unite common products, and increase profits—all of which should benefit the firms' shareholders. After a merger, shares of the new company are distributed to existing shareholders of both original businesses.

Reserve Bank of India (RBI)

RBI is the central bank of India, which is the only bank that is authorised to plan, prepare, and implement the monetary policy for India. The primary objective of RBI is to maintain price stability by keeping inflation in check. It also ensures the consistent growth of the economy while making decisions. RBI issues currency and also exchanges or destroys currency not fit for circulation. RBI is known as the 'bank of all banks' because it regulates all banks in India.

Security and Exchange Board of India (SEBI)

SEBI, also known as the Securities and Exchange Board of India, is the regulator and controller of the capital markets of India. The stock market, money market, etc., fall under the bracket of the capital market. SEBI primarily works for the best interest of the investors to maintain their confidence in the market by ensuring many checks and balances to maintain transparency. SEBI was given statutory power under the SEBI Act, 1992, on 30 January 1992.

Basel Norms

Basel Norms are the international standards issued by the Basel Committee that aim to deal with the banking regulations and strengthen the banking system worldwide. The committee was established in 1974 and included central bank governors of ten countries to solve the issues regarding the regulatory framework of financial institutions.

Basel I

Basel is the first accord issued by the Basel Committee on Banking Supervision (BCBS) in Basel, Switzerland. The accords were first established in 1988 and dealt with the minimum capital requirements for banks. The main aim of these norms is to minimise the risks associated with the financial institutions, including the credit risks that occur when a borrower from the bank cannot repay his loan.

Basel II

The Basel 2 accord was first published in June 2004 and has devised rules regarding cash that financial institutions have to maintain to compensate for their operations and other liquidity risks. This norm is second in the Basel Committee on Banking Supervision (BCBS) issued in the series of accords. The Basel 2 norms were added to the Basel I norms to accommodate more deep models for calculating regulatory capital. These norms suggested mandating the

financial institutions to hold more capital, which is in correspondence with the risks associated with the institution.

The three crucial pillars of Basel II are:

- Minimum Capital Requirement: It deals with the regulatory capitals for the bank which will compensate for the credit risk, market risk, and regulatory risk associated with the bank
- Supervisory Review: This pillar works as a regulator for pillar I and provides a framework to deal with systematic risk, liquidity risk, and legal risk associated with the bank.
- Market discipline mandates the institution to provide information relating to the institution to the investors and the various stakeholders. This pillar helps them to establish the capital sufficiency of the financial institution.

Basel III

These norms were published in the aftermath of the financial crisis of 2008. These were first published in November 2010 and were scheduled to be introduced from 2013; however, they were extended to 31 March 2019. The accord deals with the problems faced during the financial crisis. It aims to strengthen the bank's capital requirements by increasing the banks' liquidity and decreasing the financial leverage associated with the banks.

Career Opportunities

- Investment Banks - Investment Bankers, Security Salespeople, Traders
- Commercial Banks - Loan officer, Branch Manager, Investment Bankers, Traders
- Money Management Firms - Portfolio Manager, Equity Research Analyst
- Hedge Funds - Portfolio Manager, Equity Research Analyst
- Private Equity Firms - Investment Bankers
- Real Estate Firms - Financing Specialist, Analyst, Deal Manager

Financial Awareness Topics

1. Role of AI/ML in Finance
2. Bank Mergers
3. The anticipation of the world towards the turnaround of global financial markets
4. How can the MSME sector evolve in these recessionary conditions?
5. The exploding use of AI in the investment and banking sector
6. The implication of US-China trade wars on the macroeconomic growth of the Indian economy
7. Impact of Covid-19 on investment decisions
8. Steps the Indian Government is taking to combat an economic slowdown
9. Is Insolvency and Bankruptcy Code, 2016, a helpful reform to recover bad loans?
10. ESG Investing
11. Structural changes in the Indian banking system to tackle the problem of growing NPAs
12. Evergrande Crisis
13. Rise of Cryptocurrencies and Blockchain
14. Rise of Gig Economy
15. The rapid growth of IPOs in India
16. Digital Currency by RBI

PI Questions and Tips

1. What are the various capital budgeting methods?
2. Explain NPV and IRR
3. Can we have multiple IRR? When do we have a different IRR?
4. Which method is better to make an investment decision - NPV or IRR?
5. What do you mean by the financial statements? What are its types? How are they interlinked with each other? State the treatment of prepaid expenses in each of the financial statements?
6. What is the market cap of the company? Is it the same as the net worth of the company?
7. What is depreciation? Why do we calculate it? What is the rate of depreciation on furniture? Compute the depreciation on the chair you are sitting by both methods?
8. If you invest in a company's share, what are the three things you will check in their books of accounts?
9. What is the importance of the different financial statements? Which, according to you, is the most important and why?
10. How is Corporate Income double taxed?
11. How will you decide which project to Finance?
12. Extempore on Budget
13. What is GDP (Purchasing Power Parity)
14. Difference between cost, financial, and management accounting.
15. What is the difference between operating leverage and financial leverage?
16. What is the difference between the company's balance sheet and a bank?

17.What is the difference between Depreciation and Amortization?

18.What is the difference between Gross Profit and Contribution?

19.What are critical financial ratios for the banking sector?

Preparation Tips or Potential Interview questions:

1. Read financial statements from the company's annual reports in which you were working if you have work experience.
2. Pick any sector and thoroughly prepare for the growth, investments, vital financial parameters used in the sector analysis, and recent current affairs.
3. Be very clear with the basic concepts, especially if you have a commerce/economics background. Financial statements, capital budgeting methods, financial ratios are some essential topics. Be clear with the concepts of depreciation, amortisation, tangible and intangible assets, and other basic accounting terms. You should be able to answer everything if your basics are clear.
4. Must study Financial Crisis 2008 and recent M&A deals in India.
5. In case you are sure that Finance is the domain you wish to choose, be clear about various career opportunities in Finance and your preference among them.
6. Have a basic understanding of SENSEX, NIFTY, and stock markets.
7. How did the COVID-19 pandemic boost monopolisation and market power?

Must-read articles

1. [The Best Scam Stories from 2021](#)
2. [What is the Metaverse?](#): An explainer on the Metaverse and see why so many tech companies are spending billions to realise this dream
3. [Are oil bonds to blame for the high fuel prices?](#) - An explainer on whether UPA era policies are to blame for the high fuel prices
4. [What is e-RUPI?](#) - An explainer on a digital payment initiative that the Government believes could revolutionize the public distribution system

5. [Why did India invest up to \\$3Bn in Afghanistan?](#) - An explainer on why India decided to pour money into a politically unstable country
6. [Will the Bubble Finally Pop in 2022?](#)
7. [India's Mega Semiconductor Push](#) - A story on India's bid to become a semiconductor manufacturing hub
8. [Indian Banks partnering with Non-Banks?](#) - An explainer on why Indian banks are partnering with non-banks
9. [The Payment Network Wars](#) - An explainer on why Visa is miffed with the Indian Government
10. [Why is cash still 'King'](#) - An explainer on why cash is king despite soaring digital transactions



MARKETING

By MarClan
the Marketing Club of IIM Udaipur

Key Marketing Concepts

What is Marketing?

Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value to others.

What are Sales?

Sales is an agreement between a buyer and a seller on the price of a security. e.g., An insurance agent trying to sell insurance, a salesperson selling encyclopedias door to door.

What is the difference between Marketing and Sales?

The selling concept takes an inside-out perspective. It starts from the factory, focuses on its existing products, and calls for heavy selling and promotion to produce profitable sales. The marketing concept takes an outside-in perspective. It starts with a well-defined market, focuses on customer needs, coordinates all the activities that will affect customers, and produces profits through creating customer satisfaction.

Marketing	Selling
Customer Focused	Product-Focused
Product is designed as per customer needs	Revenue is generated from the product sold
Profit through customer satisfaction	Profit through sales maximization
Pull Strategy	Push Strategy

What is a Product?

Product is anything that can be offered to a market for attention, acquisition, use, or consumption.

What is a Service?

A service is an act of performance that one party can offer to another that is essentially tangible and does not result in ownership. It is a transaction in which no physical goods are transferred from the seller to the buyer.

What are Needs, Wants, and Demands?

Needs describe basic human requirements. Examples are the need for food, air, water, education, entertainment, etc.

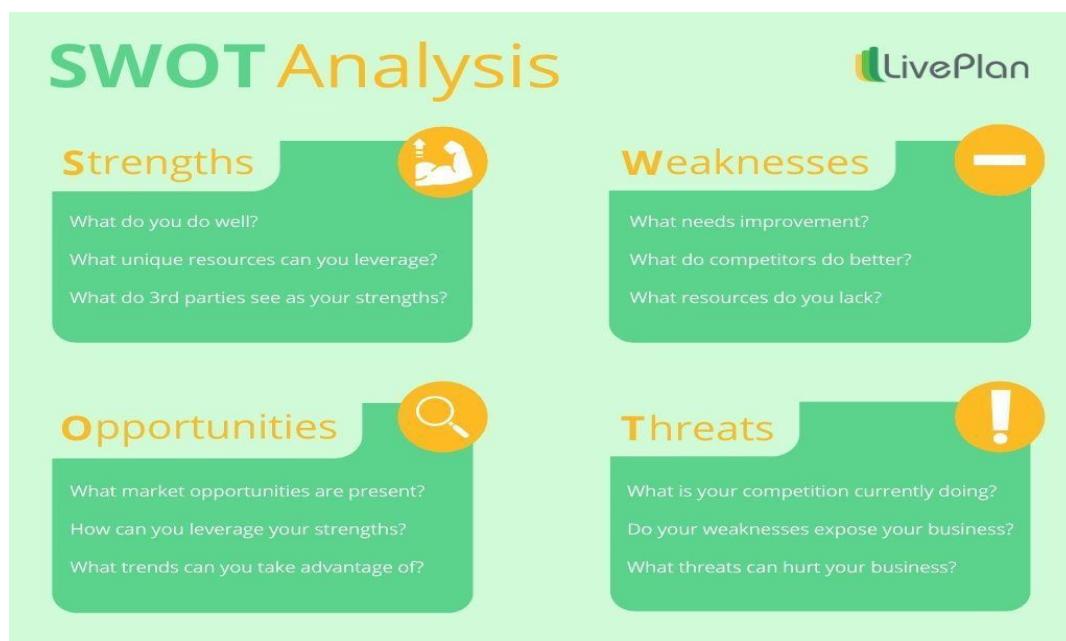
Needs become wants when they are directed to specific objects that might satisfy the need. Need for food turned into Want for a Hamburger (KFC Zinger).

Demands are wants for specific products backed by a willingness and ability to pay.

What is Segmentation, Targeting, and Positioning?

Segmentation is a marketing technique that helps a marketer identify and profile a distinct group of buyers with everyday needs. Once the segmentation is complete, the marketer must decide which segment to target to sell their product or service. After segmentation and targeting, the marketer must establish and communicate the benefits of offering to develop an image in the customer's mind.

SWOT Analysis



4 Ps of Marketing:

Product

A product is an item offered for sale. A product can be a service or an object. Each product has a useful life after which it needs replacement and a life cycle after which it has to be re-invented.

Price

To Buy or Not to Buy? This is probably the main question that comes to our mind after seeing the price tag. A great product at the wrong price can fail terribly. The primary determinants of pricing of a product are the perceived value, the utility of the product, and the price the target segment is willing to pay.

Below are the methods of pricing:

1. Value-based Pricing

You set your prices according to what consumers think your product is worth with value-based pricing.

2. Competitive Pricing

When you use a competitive pricing strategy, you set your prices based on what the competition is charging. This can be a good strategy in the right circumstances, such as a business is just starting out, but it doesn't leave a lot of room for growth.

3. Price Skimming

If you set your prices as high as the market will possibly tolerate and then lower them over time, you'll be using the price skimming strategy. The goal is to skim the top off the market by reducing prices to attract the mass. It can work with the right product, but you should be very cautious using it.

4. Cost-Plus Pricing

This is one of the simplest pricing strategies. You take the product's production cost and add a certain percentage to it. While simple, it is less than ideal for anything but physical products.

5. Penetration Pricing

It can be challenging for new companies to get a foothold in highly competitive markets. Some companies attempt to push new products by offering prices that are much lower than the competition. This is penetration pricing. While it may get you customers and decent sales volume, you'll need a lot of them, and you'll need them to be very loyal to stick around when the price increases in the future.

6. Economy Pricing

This strategy is popular in the commodity goods sector. The goal is to price a product cheaper than the competition and make money with increased volume. While it's an excellent method to get people to buy your generic soda, it's not a great fit for SaaS and subscription businesses.

7. Dynamic Pricing

In some industries, you can get away with constantly changing your prices to match the current demand for the item. This doesn't work well for subscription and SaaS businesses because customers expect consistent monthly or yearly expenses.

Place

So, how does a product move from production to consumption? The place is the channel of distribution a company chooses to increase the reach of its products. Various distribution channels that can be used:

- Direct Sales: Door to door, Selling at Manufacturer's Plant
- Indirect Marketing Channel: One-Level Channel, Hybrid Distribution Channel, or Multi-Channel Distribution System.
- Ecommerce

Promotion

How does a new product reach people? It begins with the inception of the new product idea; the price is fixed, and then the product is distributed, but how will people know about it? Promotions play a significant role in increasing the awareness of the product. Promotion helps in increasing brand/product awareness and in lead generations. Marketing campaigns include promotional activities to engage and attract consumers.

There are two types of Promotions:

- Sales Promotion: Bundle offers, Discounts, BTL activities, etc.
- Marketing Promotions: Digital Campaigns, Sponsorships, etc.

What is Product Mix?

Product mix, also known as product assortment or product portfolio, refers to the complete set of products and services. A product mix consists of product lines, which are associated items that consumers use together or think of as similar products or services.

Product Line

Similar kinds of products having a different colour, size, taste, etc., sold under one brand name.

E.g., Oreo's Chocolate, Normal, Orange, etc., flavours & its different weights.

Product Line Length

It is defined as the number of products in a single product line. The previous example shows that Oreo has a product line length of 3.

Product Line Width

It is defined as the number of similar product lines parallel. You may have two or more brands under the biscuits or beverage category.

E.g., Coca-Cola has a Minute maid line, Coke line, Sprite, Powerade. Each of these lines has different variants & SKUs, which makes product length.

Product Mix Width

It is the total of all different product lines under all the categories. If we see Unilever's product mix, we will find various types such as skin soap, detergent, deodorant, ice cream, shampoo, etc. Sum total of the entire range makes the product mix width.

BCG Matrix

The BCG matrix (or Growth-Share Matrix) is a planning tool used to evaluate the strategic position of a business brand portfolio and its potential. It classifies a business brand portfolio into four categories based on industry attractiveness (growth rate of that industry) and competitive position (relative market share). The BCG analysis helps the company decide which entities in the business portfolio are profitable and which are not. This helps businesses identify what they should concentrate on and a competitive advantage over others.

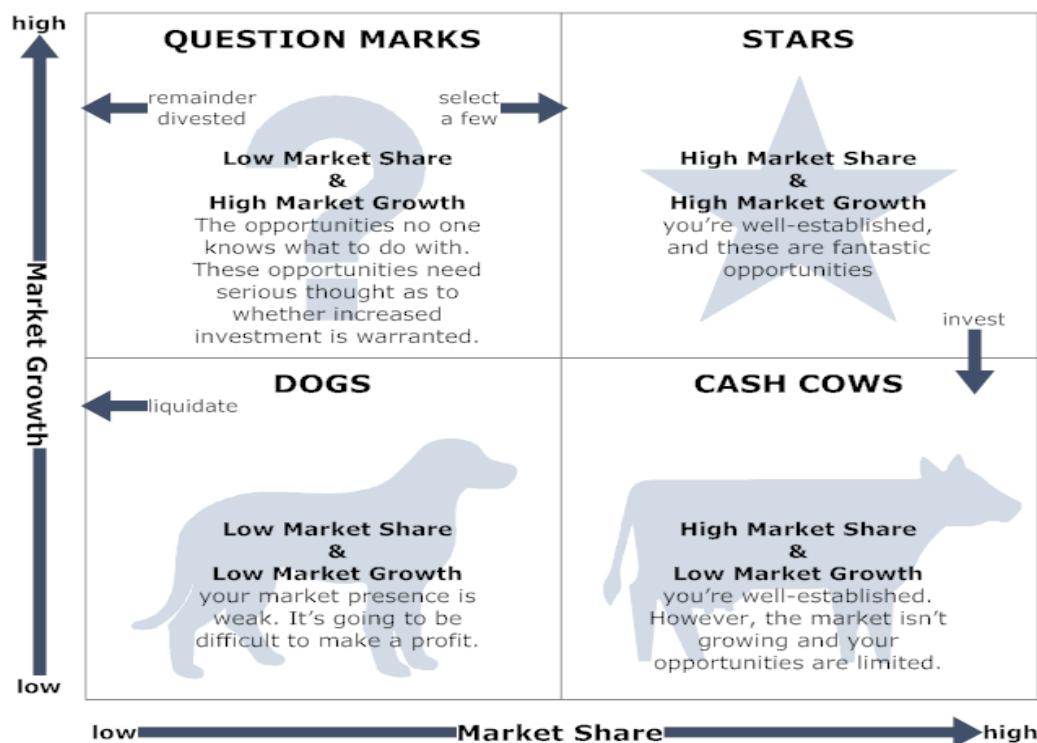
Relative Market Share

It is represented by the horizontal axis. Higher market share results in higher cash returns. The mid-point is generally set at 1.0.

Market Growth Rate

It is represented by the vertical axis. A higher market growth rate might lead to higher returns in the future, but this requires investment to stimulate further growth. So, this would lead to higher cash usage.

Growth-Share Matrix



What are the 5 Cs of Marketing?

The 5 Cs are good guidelines for making the right decisions and constructing a well-defined marketing plan and strategy.

- 1. Customer** – Determine what the needs are and from which clients you're trying to satisfy. A few research areas can be market segments, frequency of purchases, the number of purchases, retail channels, and customer needs depending on trends over time.
- 2. Company** – Determine if your company is in a position to meet those customer needs. For example, whether your company has the right product line and technical expertise. An excellent tool to discover your company's strengths and weaknesses are the "SWOT" analysis.
- 3. Competition** – Determine who competes with your company in meeting the customer's needs. Is the competitor an active competitor, or is it a potential threat? What are their products exactly? What are their strengths and weaknesses?
- 4. Collaborators** – Determine if an outside source or third-party help can help the company, such as distributors, suppliers, etc.

5. Context/Climate – Determine if there are any limitations due to:

- Political issues: legal problems, trade regulations, taxes, or labor laws
- Economic issues: growth rate, labor costs, and business cycle stage
- Social impacts: demographics, education, and culture
- Technological developments: impact on cost structures
- Environmental Issues: Climate, recycling procedures, waste disposal, and sustainability
- Legal Framework: Employment legislation, consumer law, health and safety regulations

This is also known as "**PESTEL**" analysis.

What is the difference between Customer and Consumer?

Customer - Buyer, not necessarily a user

Consumer - May or may not be a buyer, but an end-user

A product is designed to give maximum satisfaction to the consumer, and a product is branded and advertised in a manner that makes a maximum appeal to the customer.

Example – A father purchases a 5 star for his son: in this case, the father is the customer, and the son is the consumer.

Flash Words to Remember Before Interview

What is Digital Marketing?

Digital marketing is a form of direct marketing that links consumers with sellers electronically using interactive technologies like emails, websites, online forums and newsgroups, interactive television, mobile communications, etc.

What is Social Media Marketing?

It is a marketing technique to market your product and brand on various social media channels like Facebook, Twitter, etc., to increase brand awareness and generate a lead for the business.

What is Content Marketing?

Content Marketing is the creation and promotion of content for the product, brand or customer awareness, lead generation, and traffic growth for the website.

What does AIDA stand for in advertising?

The AIDA model is an acronym for attention, interest, desire, and action. It is a model used in marketing that describes the steps a customer goes through in purchasing a product.

Pure Monopoly

A monopoly is a market situation in which there is only one seller of a product with barriers to entry of others. The product has no close substitutes. He is a price maker who can set the price to his maximum advantage.

Oligopoly

Oligopoly is a market situation in which a few firms sell homogeneous or differentiated products. It is also known as the competition among the few.

Monopolistic Competition

Monopolistic competition refers to a market situation where many firms sell differentiated products. No firm can have any perceptible influence on the price-output policies of the other sellers, nor can it be influenced much by their actions.

Pure Competition

In pure competition, the number of buyers and sellers is huge. There is perfect competition among them. Every firm is a price taker and a quality adjuster.

What is a Brand, and what is the importance of Brand Management?

A brand is the set of product or service attributes imbibed in the consumer's mind in the form of a name, symbol, logo, design, and trademark. The importance of brand management is:

- Product differentiation from competitors
- Building a corporate image
- Creating a bundle of benefits for different product categories
- Attract and retain the most loyal customers

Visit the below links for Marketing News and Current Affairs

<https://www.marketingweekly.in/blog>

<https://brandequity.economictimes.indiatimes.com/news/marketing>



OPERATIONS

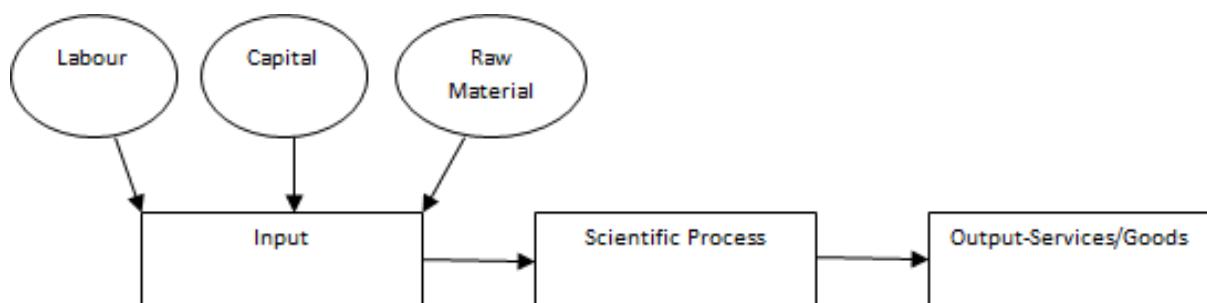
By SKEIN

the Operations and Supply Chain Club of IIM Udaipur

Operations and Supply Chain Concepts

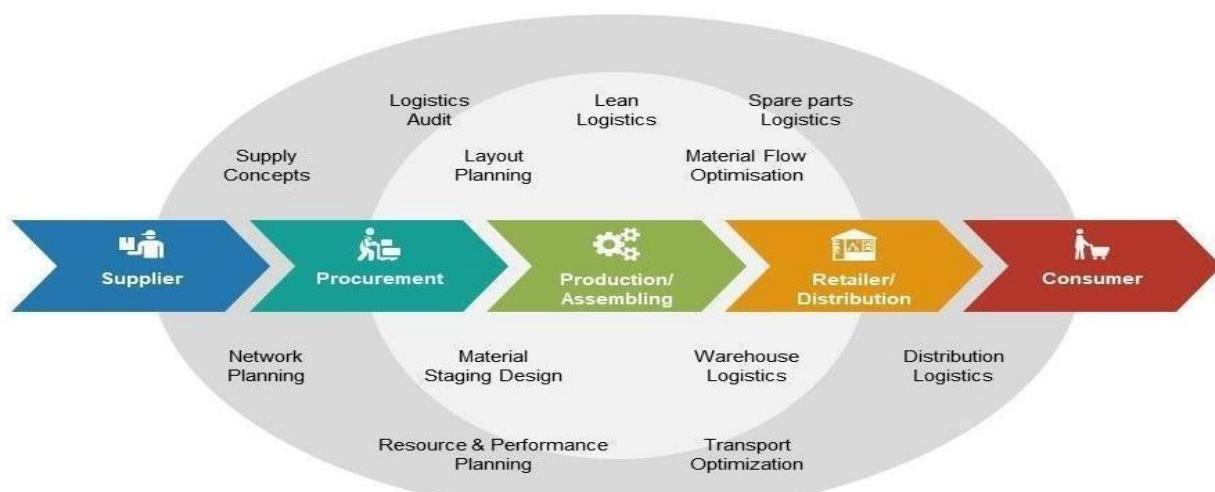
Operations Management

Operations Management is the administration of business practices to create the highest level of efficiency possible within an organization. It is concerned with converting materials and labor into goods and services as efficiently as possible. Operations management professionals balance costs with revenue to maximize net operating profit.



Supply Chain Management

Supply chain management can be described as managing the flow of products and services, beginning from the origin of the products and ending at the product's consumption. It also involves transporting and storing raw materials involved in advancing research, production, and fully furnished items.



Advantages

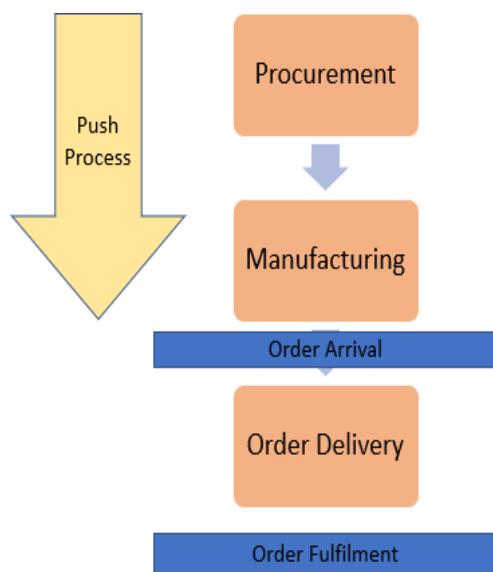
The key advantages of Supply Chain Management are:

1. Develops improved customer relations and service by meeting customer demands
2. Improves efficiency and organizational functions
3. Minimizes storage and distribution cost
4. Assists in getting goods shipped to the right place at the right time
5. Improves inventory management and supports the successful implementation of just-in-time stock models
6. Assists business in waste minimization cost reduction and efficiency throughout the supply chain process

Supply Chain Strategies

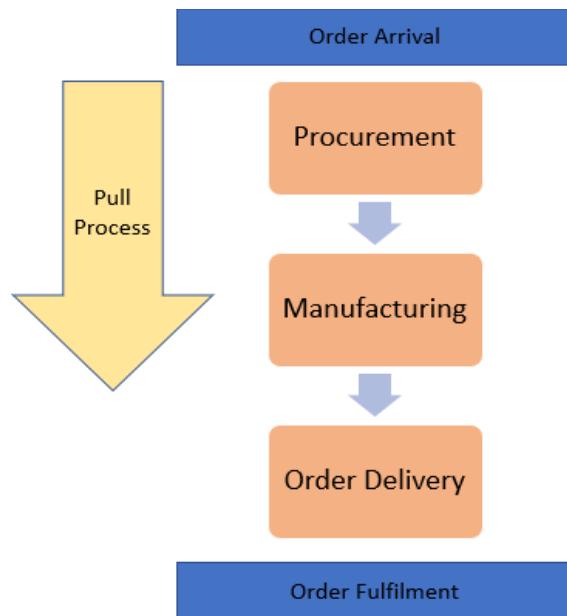
1. Push Strategy:

Push strategy relies on modelling customer demand forecasts and pushing as many goods onto the market as possible. The companies foresee the demand long before it arrives and plan production and inventory to meet their needs. For example, winter clothing reaches the retailers at the end of summer so that as soon as winters arrive, new stock is there in the shop.



2. Pull Strategy:

Pull Policy is based on customer orders. It helps the company generate the number of required items. In business, production and distribution depend on demand. An example of a pull strategy is McDonald's, where they start preparing burgers after they receive an order.



Scheduling

Scheduling involves allocating available capacity or resources (equipment, labor, and space) to jobs, activities, tasks, or customers over time.

Different types of Scheduling Strategy

- **Chase Strategy:** Companies that use the chase strategy, or demand matching strategy, produce only enough goods to meet the demand for goods or exactly match that demand.
- **Make-to-Stock:** Instead of setting a production level and then attempting to sell goods, a company using make-to-stock would estimate how many orders its products could generate and then supply enough stock to meet those orders.
- **Make-to-Order:** Companies using a make-to-order strategy produce goods after the customer has placed an order. Most often, a company that produces one-of-a-kind goods uses the make-to-order strategy.

- **Assemble-to-Order:** Assemble-to-order (ATO) is a strategy where products that customers order are quickly produced and customizable to a certain extent.

Inventory Management

What is Inventory?

Inventory is an idle stock of physical goods that contain an economic value and are held in various forms by an organization in its custody, awaiting packing, processing, transformation, use, or sale at a future point in time.

Types of Inventory by Function-

INPUT	PROCESS	OUTPUT
Raw Materials	Work In Process	Finished Goods
Consumables required for processing. E.g., Fuel, Stationery, Bolts & Nuts, etc. required in manufacturing	Semi-Finished production in various stages, lying with multiple departments like Production, WIP Stores, QC, Final Assembly, Paint Shop, Packing, Outbound Store, etc.	Finished Goods at Distribution Centers throughout Supply Chain
Maintenance Items/Consumables	Production Waste and Scrap material	Finished Goods in transit
Packing Materials	Rejections and Defectives	Finished Goods with Stockist and Dealers
Local purchased Items required for production		Spare Parts Stocks & Bought Out items
		Spare Parts Stocks & Bought Out items
		Repaired Stock and Parts

Why do manufacturers/organizations hold inventory?

1. Meet variation in production demand
2. Cater to cyclical and seasonal demand
3. Economies of scale in procurement
4. Taking advantage of the price increase and quantity discounts
5. Reduce transit cost and transit time, which in turn will reduce the overall lead time

Some More Important Terms

Throughput Time/ Flow rate

It measures the number of flow units moving through the process in the given unit of time.

Process	Process Time
Batching of raw materials (cement, aggregate, water, admixture)	180 secs
Mixing of raw materials	120 secs
Dispatch of finished products	90 secs

In the above example, the maximum quantity of concrete produced is one cubic meter in a single iteration.

Processing time for each activity is shown. So, the **throughput time** is the total time it takes to manufacture one cubic meter of concrete.

Cycle Time

There are two types of cycle time- one which can be calculated for each process involved in the production and the other which can be calculated for the entire concrete production. The cycle time depends on the processing capacity (how many units can be produced in an hour; in this case, the unit will be one cubic meter).

Process	Stations available	Cycle time = (process time)/ (no. of workstation)
Batching	4	45 secs
Mixing	2	60 secs
Dispatch	2	45 secs

The **cycle time** of each station is the average amount of time it will take to produce one cubic meter of concrete as output. Assuming each station can carry out one process simultaneously, the process time is divided by the number of workstations. For example, mixing takes 120 secs per 1 cubic meter of concrete produced. But since there are two stations available, one cubic meter of concrete can be produced in 60 secs of **cycle time**.

Bottleneck

The **bottleneck** is the slowest cycle time (longest cycle time) in the process, and it determines the rate at which the entire system can produce concrete. In other words, the **bottleneck** determines the capacity for the whole manufacturing process. The mixing process is the bottleneck in the above example of concrete manufacturing.

Just-in-Time

The Just-in-Time (JIT) inventory system is a management strategy that aligns raw-material orders from suppliers directly with production schedules. Companies employ this inventory strategy to increase efficiency and decrease waste by receiving goods only as they need them for the production process, which reduces inventory costs. This method requires producers to forecast demand accurately.

For example, some retailers now use the JIT method to streamline delivery. For example, a company that markets office furniture but does not manufacture it may order the furniture from the manufacturer only when a customer makes a purchase. The manufacturer delivers it directly to the customer. The retailer has saved the cost of storing inventory.

Six Sigma

Six Sigma is a disciplined, statistical-based, data-driven approach and continuous improvement methodology for eliminating defects in a product, process, or service. The table below demonstrates the number of defects per million at different sigma levels. Sigma represents the population standard deviation, which measures the variation in a data set collected about the process. Suppose a defect is defined by specification limits separating good from bad outcomes of a process. In that case, a six-sigma process has a process mean (average) that is six standard deviations from the nearest specification limit. This provides enough buffer between the process' natural variation and the specification limits.

Sigma Level	Defects per Million	Yield
6	3.4	99.99966%
5	230	99.977%
4	6,210	99.38%
3	66,800	93.32%
2	308,000	69.15%
1	690,000	30.85%

A Trending Topic In Supply Chain

How technology can help you track your favourite food from farm to fork

<https://economictimes.indiatimes.com/industry/cons-products/food/how-technology-can-help-you-track-your-favourite-food-from-farm-to-fork/articleshow/87888930.cms>

Every business in every industry looks for tailored solutions that can complement them. Thus, there is a need for new-age technology that can help businesses thrive in the digital world, keeping them ahead of the curve. It's not much different for the Supply Chain Management industry. One of the most crucial aspects for any organization, supply chain management, is the backbone of the entire flow of goods and services, including storage, movement, and end-to-end order fulfilment. In implementing every meticulous step in this chain, several challenges arise that need constant and real-time management. Some challenges in supply chain management are the pressure of data management and cash flow management, keeping continuous and real-time checks on quality control.

Blockchain uses digital ledgers shared between independent computers where supply chain participants can record all transactions relating to their raw materials, components, production processes, assemblies, etc. This can help manufacturers, suppliers, and retailers maintain transparency while keeping complete track of the origin and quality of the products from the source until they reach the customer.

A backbone for the F&B industry

Blockchain comes as a great advantage for supply chain management within the Food & Beverage industry. A substantial market rise in the global Blockchain in the agriculture and food supply chain is projected to reach \$948 million by 2025. The entire process of blockchain technology, when applied to supply chain management within the F&B industry, helps businesses thrive while also benefiting the end consumer. With Blockchain, restaurants easily track all that and more.

Equal benefits to consumers

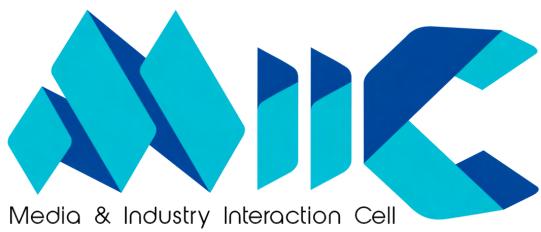
Today's consumers have a lot more knowledge and insight into what they consume. Blockchain as a technology can be leveraged here, benefiting all parties – the manufacturer, supplier, and consumer. With Blockchain, individual customers and consumers can also access the data of the entire lifecycle of the food they

consume. Blockchain will drive credibility and public trust with the shared data and increase traceability to meet desired standards.

To conclude, we can safely say that Blockchain as a future-driven technology service is well on its way to revolutionizing the supply chain management industry, leading businesses into an efficient, sustainable, lucrative, and secure digital future.

10 YEARS  **UNSTOPPABLE**

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All The Best



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