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No.37 October-December 2016



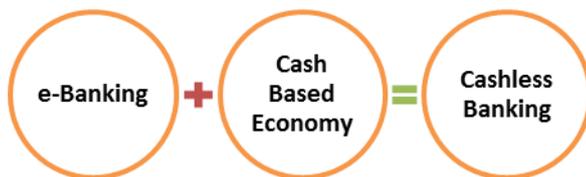
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INDIA: A CASHLESS ECONOMY

“Cash may not be king for long: the coins jangling in pockets or paper neatly folded in wallets are under threat.”

A Panoramic View of the Cashless Policy



Cashless banking is that banking system which aims at reducing, but not eliminating the volume of physical cash circulating in the economy whilst encouraging more electronic transactions.

CASH FLOW IN INDIA

Consumer Payment Media BY VALUE (% of Total)

Payment Types	2014	2015
Card Payment Transactions (Excluding Commercial)	2.8%	3.5%
Electronic Direct / ACH Transactions	4.5%	5.6%
Cash Transactions	89.5%	87.9%
Other Paper Transactions (Checks, Demand Drafts)	3.2%	2.9%

Source: Euromonitor Passport 2015

Global Cash Perspective and India's Position

In 2015, 87% of the total transactions in India took place in cash. Even Indians with access to formal banking carry a lot of cash with them, usually in high denomination bills. Furthermore, cash fuels India's huge informal or 'black' economy, where transactions are either kept off the books or are under-reported which worth at least 23% of the GDP. While both the bankers and the social activists wanted to see fewer cash

transactions, they fundamentally disagreed on the best way to bring this out.

BENEFITS OF THE CASH-LESS ECONOMY

- ⇒ Reduces cost of currency printing expenses
- ⇒ Attacks the problem of black money
- ⇒ Greater efficiency in welfare programs
- ⇒ Increase tax collection

To mitigate the challenges of the cashless policy it is recommended that power and electricity infrastructures should be put in place to provide support for electronic banking. Legal and regulatory framework that will prevent cyber crime, should be put in place by the regulators. The mandate of anti-graft agencies should be expanded to cover fraudulent practices that are associated with operations of cash-less economy. Finally, the Reserve Bank of India (RBI) should embark on public enlightenment to educate the population on the nitty-gritties of the cashless system. This will raise the level of awareness and reduce possible resistance by the public.

So, cashless economy will act as panacea for Indian economy if and only if the regulators keep a sharp eye on any potential restrictive practices that banks may indulge in to maintain their current dominance over the lucrative payments business.

Sachin Singh
PGDM (ABM) 2016-18

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THE DEMONETIZATION ADAPTATION

Since the evening of Nov 8, the perception of an 'average' Indian towards the cash in his hand took a new course. Looking at the freshly drawn 500 and 1000 rupee notes in his wallet erupted a sense of dejection, suspicion and confusion. The way cash functions is never going to be the same. In fact, to get rid of these notes will become a matter of knack and forbearance in the following days. And the situation was no different in MANAGE campus. But the standpoint people had towards Demonetization varied significantly. So here are some of the views from the MANAGE community.

ECONOMIST'S OUTLOOK



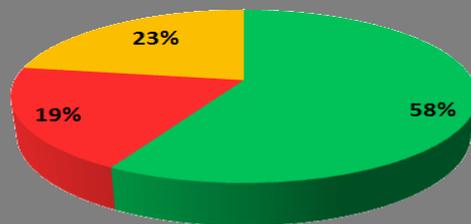
Dr. K. Anand Reddy
Director (HRD) & Principal
Coordinator
MANAGE

Demonetisation is a great step but not necessarily a soul measure. It could have been done in a less painful way by making proper arrangements. The demonetisation is a useful move to check counterfeit money from Pakistan and to eliminate the black money hoarded in the form of cash. But to curb the entire black money, there is a necessity for the government to tap the sources of unaccounted money in all forms.

The larger chunk of Indian population- low & medium income people- are the ones that have to bear the inconvenience. Cash crunch in the post harvest season of kharif crops and at the start of rabi season doesn't seem logical.

Aman Kumar
PGDM (ABM) 2016-18

Do you think Demonetization is the best solution for curbing Black Money?



Although it's painful at first sight, the secrecy with which it was implemented was a must. The way in which it was implemented seems to be tough but is the best way to curb black money within India

Abhiraj Prakash
PGDM (ABM) 2016-18

In this single move, the Government has attempted to tackle all the three issues affecting the economy i.e. a parallel economy, counterfeit currency in circulation and terror financing. There is no doubt that Prime Minister has pulled out a major coup and substantially enhanced his reputation as a strong leader.

Neeraj Kumar
PGDM (ABM) 2016-18

It's true that it's not wise to jump to conclusions about Demonetization. But when the Prime Minister himself is fickle minded about his real motive behind this move sounds kind of miserable- Was this all for curbing black money or step towards cashless economy. Inconvenience is evident but the timeline allotted must be accurate. Current situation looks like it has been let for chance.

Vivek.S
PGDM (ABM) 2016-18

ALUMNI SPEAKS

Mukesh Chandra Madhukar is one of the distinguished alumni from the first batch of PGDM ABM of MANAGE, class of 1996-1998. He has hands on experience of developing and leading procurement, supply chain, trading, imports and rural management across very diverse portfolio of commodities and raw materials. He aims to build sustainably business models and supply chains that deliver economic, social and environmental objectives with equal rigor.



Q. What is the value addition of MANAGE to your career?

A. The USP of MANAGE is that the learning here is through participatory method. Its strong domain expertise has helped to attract the right diverse faculty. My initial journey was very bumpy and had to work through my own ways. Got a good break at PepsiCo from MANAGE and this led to other bigger opportunities at ITC, Walmart and today at BILT I feel, "I am, because of MANAGE!"

Q. How do you see the supply chain shift from being a cost-centric to profit driver?

A. Supply chain has metamorphosed from a department to an enterprise itself specially with the application of Information Technology, GPS, modern platforms of distribution and modern trade like e-commerce. These technologies have been instrumental in managing inventories, tracking shipments and exchanging products at larger platforms.

Q. In what ways can we bring changes in the present course structure and pedagogy to match the industry requirements?

A. New courses must be introduced such as supply chain models of other sectors, new financial platforms, sustainability and environment management, social inclusion and corporate social responsibility along with real time experts from the industry to prepare for the future requirements and problems. Emphasis should be on new live cases. Also a customized course on emerging startup culture right from writing business plan, setting up a plan, business models, company structure and financial tools is of utmost importance today.

Q. In what ways can the manageites be industry ready and more competitive in the industry?

A. There has been a gradual shift from narrating your resume about what have you done in your past to what can you do in the future and how successful can you be in your job to be ready for future problems. With age on your side and given the fresh thinking in the present ecosystem, you need to offer to the employers the innovative thinking to generate alternate options as a team member, supporter and leader for the bigger opportunities and challenges.

Q. Few words to current batches

A. First of all good job doing tremendous initiatives like this remembering the oldest batch. Don't narrow yourself in terms of expertise. And try to work with MANAGE administration to elevate the brand of MANAGE as a whole. Start from small activities like improving the website, National Level Conferences, talk with people from institutions like Ministry of Agriculture, NIRD, NIAM, etc. Thus increase MANAGE visibility .

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So Far at MANAGE



The Annual B-Fest of MANAGE , Krishi Chanakya (KC), was held on 3rd & 4th of September 2016. Krishi Chanakya continues to outgrow its predecessors which was evident from the way the event was conducted. The event kick started with online preliminary events attracting students from top B-Schools across the country. After careful scrutiny, the best groups of participants were selected to take part in the main events of KC such as AKANKSHA, CHAKRAVYUH, KHOJ, SUSODH and VISHLESHAN. KC'16 also presented with new events such as Photography and other On-spot events. A total of 240 participants from around 30 B-Schools such as IIM-A, XLRI, IIT-K, IBS, IMT, etc. took part in various events to prove their mettle. One of the highlights of the first day was the IPL auction event which was a quite a crowd puller and the participants' enthusiasm was immensely overwhelming. Another key event was the Panel Discussion, SHIKAR- Agri Summit, which was conducted in jam packed Samanvay Hall full of excited students. This edition of KC certainly did end in fun way with the cultural performance by the students and a professional stand up comedy show. The current KC Team certainly have set their bars high for their successors.



OLYMPUS

MANAGE hosted its first ever inter-college sports meet OLYMPUS-'16 with four flagship events- Badminton, Basketball, Table tennis and Snooker. The event saw participation from premier institutes like IBS, TISS, SABM and FABS. The overall championship was won by IBS and MANAGE secured the runner up position. Over 100 students added to the zest and zeal of the two day event, a humble start to encourage the sportsmanship among management students.



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Hindi Day - For the Pandits in you

Respecting the unity and integrity of the nation 'Hindi Day' was celebrated on September 16 on the last day of Hindi Pakhwada Week (1st to 16th September). Under the aegis of MANAGE administration a number of events were conducted for the students. The event concluded with prize distribution ceremony to the winners of poem and slogan competition.

RTP (Rural Technology Park) VISIT

On November 26, MANAGE PGDM (ABM) first year students visited Rural Technology and Crafts Mela organized by National Institute of Rural Development and Panchayati Raj (NIRD&PR). In its 14th edition, the Mela provided an excellent opportunity for students to learn about recent developments in the arena of rural technologies, handicrafts and handlooms. Students also get to interact with the farmers and entrepreneurs involved in sustainable agriculture, organic food production and processing enhancing the domain knowledge of the students.



Dandiya Night



Ravan Dahan



Children's Day



Christmas Celebration

MANAGE in many ways paints the picture of the Utopian society that the rest of India strives to be. There is a huge difference between allowance and acceptance. And that's where MANAGE stands out from the rest by accepting each other's cultural differences and respecting their sentiments. We accept each other's flaws and admire their prowess. It is this sense of support and encouragement for each other that makes MANAGE feel like home.

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Game of Accords

In this global era of capitalism where the world works on free trade and is underpinned by the trust of being transparent, there are powers who work in stealth mode. While in India we boast about ever cascading Rupee, there are countries who has formed a cartel in past to devalue currencies in order to make a stout global economy. Though its effectiveness is questionable.

On September 22, 1985, the then pentagonal robust economies G-5 of the world- France, West Germany, Japan, the US, and the UK met at the Plaza hotel in New York to sign an accord which later would have its own repercussions.

To tackle the stagflation of the 1970s the interest rates in America were raised, this gradually contributed to an overvalued dollar. Between 1980-1985 dollar had appreciated by about 50% against Japanese yen, Deutsche mark, French franc and British pound. The appreciating dollar was creating trouble for American industries, as exports were getting tough. Manufacturers, farmers, service providers formed an alliance to run a campaign to get the protectionist law passed which would help local industries grow and will make imports tough. The CAD (Current Account Deficit) of the the US also reached to 3.5% of the GDP, these all reasons contributed to the decision of The Accord.

As the dollar devalued the US goods became cheaper for its trading partners and the purchase of American goods and services started increasing. The Accord helped the US in reducing its trade deficit but failed to alleviate its trade deficit with Japan, this happened because of the restrictions to import by Japan. An unplanned strategy cost Japan, this accord sets the stage for the period which is known as the 'Lost Decade.'

On February 26, 2016, central bankers and finance ministers of G20 met in Shanghai. It is speculated that another secret pact was made to manipulate the global currency market which can be referred to as 'Shanghai Accord.' dollar and yuan are among the major currencies of the world presently, their struggle to gain stability will make the global market struggle and this exactly what Shanghai Accord is all about. In January there was a sudden devaluation of yuan in response to the Fed Rate hike made in December, this led to the collapse of the stock market in both the countries. This crisis stimulated the need of this accord. The idea here was to give room to devalue their currency to the countries facing slowdown to temporarily boost their export. China was facing economic slowdown but there was no further scope of devaluation as it would have created a havoc in the global market as it did in past. So they came up with an idea of strengthening other currencies compared to yuan.

Afterward, all the major banks acted opposite to the market expectations to help yuan devaluation, Bank of Japan and European Central Bank were expected to do more aggressive quantitative easing but they did not make any move which led to the strengthening of their currency and comparatively weaken the yuan. This move by the major economic power of the world is seen as the biggest currency manipulation in recent history.

In India when we envisage ourselves becoming a major economic power, we do not fail to criticize the depreciating rupee, we need to be vigilant of what is going in around. The global market is becoming one by the virtue of free trade and we need to make our policies accordingly, a temporary slowdown is acceptable to be a game changer of future.

Tanmaya Krishna

PGDM ABM (2015-17)

THE DAY THAT **AMERICA** GOT TRUMPED

As his signature theme song from Air Force One plays in the background, Donald Trump treads on the podium for his victory speech. As he speaks, I put myself in his position, a billionaire, TV personality, real estate king, no direct political experiences, impudent, grandiose, has reputation for being a narcissist and misogynist and wondered **is there any other way to become the POTUS against Hillary Clinton other than being Trump**. It certainly didn't work for Bernie Sanders who sounded like a legit democratic socialist who vouched for increasing minimum wage rate to \$15/hr from \$12, voted against the Iraq War, proposed ban on fracking and tax on carbon to aggressively control climatic changes all of which Clinton was against for. And it's quite absurd to hold Trump responsible for his victory. Yes no doubt it's a run for the President of the US. But does that mean there are certain limits for a candidate to behave? Are there certain norms or set of code of conduct for a candidate?

Donald Trump had the dream of running for Presidency ever since 1988. But he took his time to strike at the right moment. And the timing and political scenario he chose was bullseye. He chipped in at a time when middle class American's economic scale was sliding, foresaw the fall of Sanders and a weak competition in the Republican Party. In fact his nomination was the hostile takeover of Republican Party. And he chose to compete as himself and not how others want him to be. In 17 months Donald broke every rule of American Politics. He blurted out what he felt and never apologized or backed out from his personal stand. He had the guts to hold his chin high and accept that he did say something offensive. And these traits of Donald somehow resonated among his supporters. He was a great salesman and marketed himself as a leader who is tough to crack and unassailable and someone who actually says what he believes in (regardless of how brutal his thoughts were). On the other hand, they saw deception in Hillary (and again not in Sanders) especially when WikiLeaks and the FBI pounded her at the very last moment. His business expertise to gain publicity by all means

clearly helped in getting widespread notice. He gathered the support of people who despise the system, turned people against media (who were interested in showing Trump as a clown), blamed immigrants and fed people with fear. To his critics it is fear mongering, to his supporters its truth telling. If you are on TV, considered as a celebrity and considered a success then you get essentially traded on as that for ever. With 14 seasons of Apprentice on TV, he created an image among Americans what it means to be successful and everyone aspired to be him. Elites say its reality TV. But voters don't see it that way. TV news and TV entertainment. It's all TV. The states he chose had fewer immigrants, more whites and he played his strengths. Politicians do dirty tricks all the time. But Trump way was an open book. It agonizes people to learn later how they were tricked to vote for a particular politician. But then here is a man who shows you the trick and ask you to hop aboard.



I cannot see even with a slightest idea how he would make a good President. But I just see this whole turn of events as a man against all odds bag a job he has no idea about in the most spectacular and unorthodox manner ever. I see a man who was seen as a joke, eventually having the last laugh by breaking every rule in the book to become the President. I see a country choosing a man for what he is, clearly expecting a roller coaster ride. And I see that **there is no other way to win 2016 US President Election other than the Trump way**.

Vivek S
PGP ABM (2016-18)

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Commodity Supercycle and its Impact on the World Economy

Commodity Supercycle

The commodity supercycle is the increase in the prices of commodities and then subsequent fall. A commodity supercycle usually last from one to four decades. Rapid population growth, development and expansion in emerging markets, political unrest are the key reasons behind rise in long term demand and price of commodities. Increasing population also adds demand for agricultural commodities. Especially, emerging economies like China and India require constant supply of petroleum and metals in very large quantities for their development projects.

A typical commodity supercycle has 3 phases. These phases can be termed as boom, peak and decline. The upward (bullish) trend in prices of commodities over a long period is the Boom phase, then reaches a Peak, a saturation point, after which prices start to fall. The continuous downward (bearish) trend in the prices for a long period (few years) is termed as fall or fallout.

History

Historically there have been four great commodity super cycles since 19th century, each with a different duration, degree of magnitude and overall intensity.

Impact on the World Economy

The impact of the commodity supercycle varies significantly from country to country. This can

be correlated with the contribution of particular commodity in the total export and import of the country. Low oil price for long period of time (5-10 years) has negative impact on the Gross Domestic Product (GDP) of countries whose economy is largely dependent on oil export. Countries like Venezuela, United Arab Emirates whose economy is largely based on oil export suffer most during the period of low oil prices in international market. On the other hand India, China who are the net importers of oil are benefited by low oil prices.

Great Commodity Supercycles

- 1894-1932 (peak at 1917)
- 1932-1971(peak at 1951)
- 1971-1999(peak at 1973)
- 1999-Current

In today's open economy commodity supercycle has negative impact on macroeconomics of some country at the expense of others. The recent downturn in Chinese economy resulted in low demand for oil and iron ore which have severely impacted revenues of oil and exporters of iron ore around the world.

Historically it has been found that political and civil unrest also affects demand and price for the commodity which results in commodity supercycles.

Ankit Mohta

PGDM (ABM) 2016-18

SPICE is Published by:

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Agricultural Extension
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