



ST. XAVIER'S COLLEGE
(AUTONOMOUS)
KOLKATA
DEPARTMENT OF COMMERCE

ISSN: 2347-6222



YOUTHINK

VOL XV | 2021

A PEER REVIEWED JOURNAL



ALLEGIANCE

INTERVIEWS BY:

GULZAR | GAUTAM GAMBHIR | MOHAMMAD HAMID ANSARI | SHAAN
MEDHA PATKAR | CNR RAO

A XAVIER'S COMMERCE SOCIETY ENDEAVOUR



YOUTHINK

2021 | Vol. XV

ISSN : 2347-6222

ALLEGIANCE



XAVIER'S COMMERCE SOCIETY

CREDITS

PATRON

Rev. Dr. Dominic Savio, S.J. – Principal

EDITORIAL ADVISORY BOARD

Rev. Joseph Kulandai, S.J. – Vice Principal, Dept. of Commerce (Morning)

Rev. Peter Arockiam, S.J. – Vice Principal, Dept. of Commerce (Evening)

Dr. Amitava Roy – Dean, Dept. of Commerce (Morning)

Dr. Soheli Ghose – Dean, Dept. of Commerce (Evening)

EDITORIAL AND REVIEWER BOARD

Dr. Partha Pratim Ghosh, Dr. Atish Prosad Mondal, Dr. Amitava Roy, Dr. Saswati Chaudhuri, Dr. Shivaji Banerjee, Dr. Samrat Roy, Prof. Soumi Bhattacharya, Dr. Arup Kumar Mitra, Prof. Sougata Banerjee, Dr. Madhu Agnihotri, Dr. Debanjana Dey, Prof. Saptarshi Ray, Dr. Jayita Bit, Dr. Soma Nath, Prof. Souvik Sircar, Prof. Rinita Das, Prof. Sarodiya Dutta, Prof. Chandrima Banerjee, Prof. Kaushik Chatterjee, Prof. Ramit Roy, Prof. Shaunak Roy, Dr. Tapalina Bhattashali, Dr. Tuhina Manna, Dr. Soheli Ghose, Dr. Sanjib Kumar Basu, Dr. Sreemoyee Guha Roy, Dr. Anulekha Banerjee.

Dr. Vaneeta Patnaiyk (WNUJS), Dr. Anjan Ghosh (Indian Institute of Engineering Science and Technology, Shibpur), Dr. Mohua Banerjee (IMI, Kolkata), Dr. Kumarjit Mandal (Department of Economics, CU), Dr. Sanjay Mukherjee (IIM, Shillong), Dr. Bibek Raychowdhury (Indian Institute of Foreign Trade), Prof. Arabinda Bhattacharya (Department of Business Management, CU), Dr. Ananda Mohan Pal (Department of Business Management, CU), Mr. Malay Mitra (Tata Consultancy Services, Kolkata), Dr. Debrupa Pal (Narula Institute of Technology, Kolkata), Dr. Sunil Karforma (Burdwan University, Burdwan).

EDITORIAL BOARD (STUDENT)

Abhimanyu Kakrania, Aleya Ghosh, Ayush Tharad, Madhav Poddar, Reet Nahata, Saksham Dalmia.

MANAGING EDITOR

Dr. Sumona Ghosh.

JOINT EDITORS

Rishika Saria and Soham Chakraborty.

FINANCE COMMITTEE

Aaron Gerard Daniel, Abhimanyu Kakrania, Abhishek Agarwala, Aleya Ghosh, Aniket Poddar, Anuska Saha, Arihant Jain, Arham Baid, Aveepsa Sarkar, Ayush Garodia, Ayush Mehra, Ayush Tharad, Bhagwan Parnani, Deepak Kandoi, Devansh Gupta, Iccha Kankani, Ishika Poddar, Ishprit Singh Batra, Keshav Agarwal, Khushboo Singhal, Kriti Toshniwal, Kritvi Agarwal, Kshitij Bansal, Madhav Poddar, Maisha Jain, Megh Gupta, Nikhil Kumar Agarwal, Nimisha Bothra, Pragya Goenka, Pranay Mukherjee, Pranjali Sharma, Reet Nahata, Rishav Raj Singhania, Rishika Saria, Roshani Toshniwal, Saksham Dalmia, Shinjini Sengupta, Shradha Mehta, Shresth Mour, Soham Chakraborty, Sonal Baid, Sriruj Beriwal, Tanay Agarwal, Yash Haralalka

Published by the Department of Commerce, St. Xavier's College (Autonomous), Kolkata. Copyright in the Journal belongs to the Department of Commerce, St. Xavier's College (Autonomous), Kolkata. Copyright in individual articles belongs to the authors who have asserted their moral rights ©2021. No part of this publication may be reproduced or transmitted in any form without the prior written permission of the publishers.

Information contained in this journal has been obtained from sources believed to be reliable. However, neither the Department of Commerce, St. Xavier's College (Autonomous), Kolkata nor its contributors guarantee the accuracy of or completeness of any information published here, and shall not be held for any errors or omissions.

Printed at The Cybernetics

Youthink is a free-distribution journal. NOT FOR SALE.

Feedback and suggestions are welcome at youthink.editor@xavcomsociety.com

CONTENTS

MESSAGES 04

EDITORIAL 08

FEATURE

An Outlook of the Indian Insurance Sector 9
Pranav Agarwal

Can the World Sustain China Anymore? 14
Abhishek Agarwala

Reality of Microinsurance in Context of the Indian Scenario 20
Pratham Bengani

Transforming Monetary Landscapes 27
Akshat Madhogaria

The Golden Adage 32
Devansh Modi

The Emergence of a New Era Analyzing the Impact of Artificial Intelligence 38
Anuska Saha

India's Tryst with 5G: Moulding the Mirage 43
Rishav Raj Singhania

INTERVIEWS

DR. C.N.R. RAO 49

MR. GAUTAM GAMBHIR 51

MR. GULZAR 54

MR. MOHAMMAD HAMID ANSARI 58

MS. MEDHA PATKAR 63

MR. SHAAN 68

GUEST ARTICLES

How the News Ecosystem is Changing in India 73
Suvojit Bagchi

Obedience to the Unenforceable 76
Dr. Debolina Dutta

Prudent Asset-liability Management in the time of Covid-19 80
Dr. Tapash Chandra Paul



BEYOND

Financial Performances of Leading Indian Fin-tech Start-ups 83
Dr. Amitava Roy and Tonoy Dey

Dollar Trumped Bolivar 88
Prof. Ruby Mary Notts and Dinky Gupta

Financial Performance of the Indian Cement Industry 97
Late Dr. Samir Lobwo and Jayesh Jaiswal

Impulsive Buying Behaviour among Consumers over the Internet and how Marketers Exploit this to their Advantage 110
Prof. Chandrima Banerjee and Ishika Jalan

Economic Moats: Why Does it Matter in Companies? 117
Prof. Arpita Dey and Anshika Lohia

Experiential Marketing in the Covid-19 Circa 125
Samuel S Mitra

What Factors Decide the Success of Repayment of A Home Loan 129
Prof. Saswati Bagchi and Shresth Modi

Underpricing of IPOs in India and in Public Sector Units 136
Prof. Puja Bhowmik and Nishant Nahata

An Analytical Study on the Prospects of the Gig Economy 144
Prof. Sonali Saha and Tanvi Patodia

Role of BSE in the Growth of Indian Economy 152
Prof. Sarodiya Dutta and Vandana Siraswa

Making Way for the New Entrant in the Marketing Empire 159
Aastha Talwar and Suswet Sukumar Patra

ASCENT

Will Make in India Make India? 165
Prof. Anirban Ghoshal and Rishita Agarwal

Impact of Monetary Policy on the Real Sector of the Indian Economy 174
Prof. Soumi Bhattacharya and Jenika Vipul Bhimani

Surveillance Capitalism - Venomous or Venerable? 183
Prof. Soumi Bhattacharya and Tanisha Kaur Chandhok

Impact of Coronavirus lockdown on Bangladesh 194
Rev. Milton Costa, S.J.

Digital Nomads: the Global Transformation of Work Culture 198
Prof. Arpita Dey and Anushka Gupta

Blockchain and the Industrial Revolution 4.0 205
Dr. Madhu Agnihotri and Siddhartha Karak

Emergence of UPI as a Disruptor 212
Dr. Tapalina Bhattasali and Adarsh Kathotia

Impact of COVID-19 on Higher Education System in India 220
Rev. Fr. Joseph Kulandai, S.J.

The Future of Electric Vehicles in India 223
Dr. Madhusree Mukherjee and Akshay Kumar

The Unicorn Myth: A Trend Analysis of the Unicorn IPOs 230
Prof. Joyita Banerji and Raj Rajeshwar Sharma

UPI Payments in India 238
Dr. Madhusree Mukherjee and Siddharth Shrestha

PROJECTS

Gamification: Dark Side & AIDA Model Analysis 247
Dr. Jayita Bit and Pallavi Agarwal

Tourism: Cruising Beyond the Realm of Visible! 257
Prof. Ruby Mary Notts and Riddhi Agarwal

Making Subtlety Obvious 265
Dr. Soma Nath and Riya Agarwal

Assessing the Relevance of the Indian IT Sector in the COVID and Post-COVID Paradigm 273
Prof. Shaunak Roy and Rudra Debnath

Contrarian Investing: An Odd Bet! 281
Prof. Sarodiya Dutta and Rashika Dutta

The 5S Methodology – A Japanese Lean System Innovation Model 285
Prof. Saptarshi Ray and Radhika Garg

A study on the Impact of Visual Merchandising and Online Marketing on Consumer Behaviour 293
Dr. Tridib Sengupta and Gaurav Giani

Fake Fast-Moving Consumer Goods and the Consumption Psychology of Rural People 301
Prof. Ayan Banerjee and Pern Jhavar

Intelligent and Smart Future Banks and Banking Operations 310
Prof. Ayan Banerjee and Harsh Kumar Sharaff

The Irrational Investor: An insight into the behavioural biases in investment decision-making 320
Prof. Hanzala Awais and Anshuman Singh

PROFESSOR'S DESK

Seeds of Tech: From Lab to Battlefield 330
Dr. Mahua Basu

LOOKING BACK 342

TRIBUTE 345

FUN SECTION 347

ADVERTISEMENTS 348



Prudent Asset-liability Management in the time of Covid-19

Dr. Tapash Chandra Paul
Chief Financial Officer
Mercantile Bank Limited



Without being able to maintain proper spread and enough diversity in their portfolio, banks face the risk of extra provisioning which in turn will affect the capital adversely.



ABSTRACT

This article focuses on the importance of prudent Asset-Liability Management (ALM) that has come to the forefront following the onset of the Covid-19 pandemic. It outlines the meaning, significance, and the implication of Asset-Liability Management in the current scenario. The article highlights the various setbacks that economies throughout the world presently face, the steps taken by the different governments to address the crises and the effectiveness of the same with special emphasis on the methods adopted by the Bangladesh Bank. Finally, the article discusses the two kinds of assets- income generating and non-income generating, and the risks associated with them.

KEYWORDS: Asset-Liability Management, Covid-19, Market Risk, Financial Stability.

2020 has been a happening year to say the least. The pandemic, Covid-19, has hit every aspect of the economy throughout the world quite badly. The central banks as well as the governments of all countries are coming ahead with different plans to support the economy. Without these plans and stimulus packages, it will be very difficult for the world economy to revive. First world countries like USA, UK, Japan, Germany and Italy have all come forward with very large sums of stimulus packages. USA is currently topping the chart with \$2.3 trillion, followed by Japan with \$1.09 trillion, Italy with \$823 billion, UK with \$496 billion, and Germany with \$384 billion. The

Bangladeshi Government has already announced 19 different stimulus packages worth \$11.6 billion which is about 3.5 percent of the country's GDP since the first reported positive case of Covid-19 on 8th March, 2020. Being in the thick of the matters, banks have not been spared from the mayhem of this pandemic. On top of that, most of the funding of these stimulus packages are being done through banks. To ensure that both the borrower and the banks survive, banks will have to manage their asset-liability prudently.

Asset-Liability Management (ALM) is the process of planning, organizing and controlling asset and liability volumes, maturities, rates, and yields in order to minimize interest rate risk and maintain an acceptable profitability level as well as strengthen the core of the bank. Simply stated, ALM is another form of planning. It allows banks to be proactive and anticipate change, rather than react to unanticipated change. Realizing the importance of ALM, the central banks of all the countries have instructed to form an Asset-Liability Committee (ALCO) presided over by the senior management of the bank to oversee the matters. As we all know, banks collect deposits from the customers at a lower rate and lend the money to other customers at a higher rate. The difference between these two rates is called the 'Interest Rate Spread'. Now, to maintain profitability, the banks must keep this spread up to a certain level. Along with this, diversification of loan portfolio is a must. This has always been emphasized by all the regulatory authorities throughout the world. The reason behind this is that during any kind of economic slowdown, those banks or financial institutions having a diversified portfolio have always fared better than the others. Without being able to maintain proper spread and enough diversity in their portfolio, banks face the risk of extra provisioning which in turn will affect the capital adversely. Apart from these, there are other aspects like duration as well. Duration is an aspect that needs to be taken into account as banks have to run day to day activities and pay off its depositors whenever necessary.

Banks have various kinds of assets which can broadly be classified into two categories. One is income generating assets and the other is fixed or non-income generating assets. Amidst the pandemic, it's the income generating

assets that should be the concern of banks. The reason for this is that they are the ones that are most closely linked with liquidity. The banks borrow money and then lend. The banks cannot lend all the money as they have some regulatory requirements to be fulfilled. Banks have to maintain an ADR (Advance Deposit Ratio). In Bangladesh, the banks have to generally maintain an ADR of 85 percent. But due to this pandemic situation and with a view to inject liquidity into the economy, Bangladesh Bank has allowed the ADR (Advance Deposit Ratio) to be as high as 87 percent. A higher ADR will allow the banks to lend more to its customers as well as help the government fulfill its targets. However, this exposes the banks to more risk. Also, while the higher ADR will inject money supply into the economy, it may create a liquidity crisis for the banks. Due to the current situation, the customers may not be able to pay back the loan and hence, it will impose liquidity pressure on the banks as well as inflict loss. Thankfully, many governments have thought about the loss aspect and that is the reason why deferral periods have been announced. In that way, the banks have been spared of some losses for the time being. Bangladesh Bank has announced a loan deferral period for the whole of 2020. This will have both long term and short term effects. In the short term, it will bring some good results for the banks in terms of profit. However, on the other hand, banks will likely face liquidity crisis for both short term and long term. Because of this liquidity risk, banks may become unable to pay off its depositors which in turn can lead to a serious reputation loss for the banks.

ALM guidelines around the world have broadly mentioned two specific risks that are likely to impact a financial institution. They are – market risk and liquidity risk. As the liquidity risk has been addressed earlier, let's look at the market risk. Market risk is the risk of potential losses in the on-balance sheet and off-balance sheet positions of a bank. It stems from adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices. During this period, the banks need to reevaluate some key points related to ALM as well as the risks mentioned. These points are–

1. Managing the market risk: Market risk is the

combination of all the risk factors of the market. The fluctuation in exchange rates need to be monitored. As the demand for luxury items is likely to be slowed down, the prices of these products will fall. So, financing in these sectors should be monitored closely. Hence, diversification of the loan portfolio in managing the asset-liability is of more importance than ever before.

2. **Balance sheet cash flows:** Balance sheets will continue to grow during the pandemic, but the cash flow is likely to change. Banks must consider the impact of loan amortizations and maturities, prepayments, curtailments, deferrals, as well as the changing frequency of loan originations. Also, they must consider the impact of the reduced fee income from loan originations or sales.
3. **Interest rate regime:** Interest rates all over the world are likely to face a shock. The current situation will not allow the banks to raise interest

rate on loans. On the other hand, customers, knowing the risks, may want to invest in government securities as they are perceived to be a safer option. As a result, because of this risk premium, the customer will want more return. This is going to be a definite challenge. In Bangladesh, the Central Bank has set the upper limit for loans at 9 per cent. As the return on government securities is more than this, the banks will have to come out with strategies to maintain a favourable spread.

All the matters addressed above will determine how the overall economy fares. Banks are at the centre of any economy and the health of the banks is of foremost importance. In the upcoming months, Asset-Liability Management (ALM) will be one of the key factors in determining how each bank maintains their profitability and whether they barely survive or are able to thrive under the current situation.