

# XTRAVAGATE

- THE BUSINESS PROBE

ISSUE 10, MAR 2017

DEPARTMENT OF MANAGEMENT STUDIES, NATIONAL INSTITUTE OF TECHNOLOGY (TRICHY)



BARCELONA 27 FEB-2 MAR 2017



## In This Issue

- Journey That I Sailed !
- Mobile World Congress 2017
- Interest Free Banking —The Need Of The Hour
- Revival Of Repairs And Services In The Electronics Industry
- Women In Entrepreneurship
- Wall Painting Competition At NITT Fest '17
- Glimpses From Alumni Chapter Meet (Chennai) 2017
- Team Xtravagate



*"The best time to plant a tree was 20 years ago. The second best time is now"*

*- Chinese Proverb*

## AUTHOR



**Pushpendra Shukla**

The author is a Director in Stop Press Communications, advising on brand and strategies.

***“Success is no accident. It is hard work, perseverance, learning, studying, sacrifice and most of all, love of what you are doing or learning to do ....”***

**- Pele**

## Journey that I sailed!

**“** If you want roles, responsibilities and empowerment, become a manager, if you want to take risks, accept failures, make decisions and execute them successfully, become an entrepreneur” was what was told by Dhirubhai Ambani to Mukesh Ambani after he came back from Stanford. It was obvious that Mukesh chose to follow his father’s path as he built Reliance to what it is today.

Incidentally, I was posed this question twenty five years back after I had completed my college and was handed over the family business to run. I chose to do what my heart wanted and became a journalist instead against everyone’s wishes.

Though I worked for paltry amounts to eke out a living, I thoroughly enjoyed my stint and knew deep down I would always run my own establishment one day. I did run my own firm few years later quitting a well-paying job. After five years, I ran out of money and had to close down as some well-placed decisions misfired.

**My regret was giving up half way the fight and seeking employment to tide over my financial losses and not those decisions that I took.**

It was worse when I would read of success going to people who stood, fought and emerged smelling of the proverbial rose and I then knew I was a coward deep down. I had taken the easy way out. I promised I will never back down from any decision that I take and will see it through and it stood by me when I was employed and had to fight my way through proving to everyone I am no pushover.

It took me 12 long years to restart what I had left half way through (with no finan-

cial backing once again) but sheer determination and will power to prove to myself that I won’t be defeated again.

Today, we are finding the going tough but, age brings in wisdom, experience brings in maturity and being grounded and being employed in billion dollar companies brings in contacts.

We are sought after by many and we are in a position to say NO to clients whom we are not comfortable working with.

I know, We have a long way to go and we are in no hurry. We have faith and patience.

Now, this is my story.

What is your story?

I am sure many of you are itching to go all out with your ideas and storm the world, be the next Facebook or LinkedIn or even India’s Jack Ma. It is good to have ambition, goal and burning passion, but learn to channelize this energy.

If your heart says something, learn to listen to it. Don’t be shy of taking a risk. It was risks that led to TVS being a conglomerate today. It was risks and opportunities that made Reliance what it is today.

The business environment, which has always been competitive right from the days of the Silk route, always threw out opportunities that many took up and capitalised on. So, even if you are managing another’s business but nurturing a desire to be your own master, be patient, for your time will come.

**No one can snatch away what is destined for you, for it is yours to accept or leave.**

## Mobile World Congress 2017

**M**obile World Congress is the world's largest gathering for the mobile industry, organised by the GSMA and was held in the Mobile World Capital Barcelona, 27 February - 2 March 2017. Various OEMs (Original Equipment Manufacturers) took part in this trade show to showcase the new product portfolios they are launching. Some OEMs tend to launch their flagship devices and this year was no different. LG introduced its flagship device known as the LG G6.

There was a collaboration between 29 mobile visionaries who decided to showcase their portfolio for the mobile devices. The awards for best mobile devices were also given in the show. New innovations displayed included the showing of the new 960FPS video capture present in the newly shown Sony Xperia XZ Premium.

Nokia tried to gather some fanboy and nostalgia with relaunching of the Nokia 3310, an iconic device from the early 2000s. Though the specifications of the phone are no match for the amount of money it is taking, the nostalgia it bears in the minds of the people can prove to be a strong factor for high sales. There is an upsurge in the interest for the device among the crowd.

Blackberry, on the other hand, tried to be gimmicky by announcing the Keyone. This is an interesting device as it is both, touch enabled and has a qwerty keyboard attached to it. Blackberry is still trying to get back the customer base it once had, but to no avail. The interest in the Keyone will be of lukewarm nature but chances of Blackberry spoiling that is as high as it was in the past. Blackberry is known for pricing its product wrongly and may incur more losses instead of profits from the launching of the new device.

LG launched its new device the LG G6. It is trying to compete with the likes of Samsung which will be releasing its flagship on March 29<sup>th</sup>. LG wanted a head start for the competition and as of now, the sales aren't going excessively well. This is mainly because the earlier flagship that LG poses (LG V20) has almost similar specifications and is priced significantly lower.

With the major players covered, the MWC awaits people from different cultures and backgrounds to come in and showcase the resources they have. This is exactly what they will be doing again next year to mesmerize consumers.

### AUTHOR



**Tryambak Chatterjee**

**MBA 1st Year**

**DoMS NITT**

tryambak15@gmail.com

---

***“ Fit no stereotypes.  
Don’t chase the latest  
management fads. The  
situation dictates  
which approach best  
accomplishes the  
team’s mission .... “***

***- Colin Powell***

---



## AUTHOR



**Ahmed Unais**

**MBA 1st Year**

**DoMS NITT**

[findahmedunais@gmail.com](mailto:findahmedunais@gmail.com)

***“To give real service you must add something which cannot be bought or measured with money, and that is sincerity and integrity ....”***

**- Douglas Adams**

## Interest-free Banking: the need of the hour!

**T**oday, our well economically developed world has the total debt of **\$223.3 trillion** (yes, the number with twelve zeros in the end), including all parts of the public and private sectors, amounting to 313% of the global gross domestic product. There will be no two opinions that, the major cause of this problem is compound interest, which remains as a part of debt even if one has paid their principal amount unless and until total interest amount is being paid. Now, what if I tell you we can run banks without any interest or you don't have to pay an excess amount as a part of interest? You will say, come on!! How can you run a bank without considering interest amount. But fortunately, it is true...i.e. interest-free banking...as an *Islamic banking*.

Let us first understand how a conventional bank works. Banks basically make money by lending money at rates higher than the cost of the money they lend. More specifically, banks collect interest on loans and interest payments from the debt securities they own and pay interest on deposits, CDs, and short-term borrowings.

On the other hand, Islamic Banks work on the principles of an interest-free banking. It is a banking system which works on the principles of Islamic law, also referred to as '*Shariah law*', and guided by Islamic economics. Two basic principles behind Islamic banking are the sharing of profit and loss and, significantly, the prohibition of the collection and payment of interest by lenders and investors. Collecting interest or '*riba*' is not permitted under Islamic law. Thus, Islamic banks make available accounts which provide profit or loss instead of interest rates.

### What's wrong with interest !

One can claim that interest rate gives you time value of money & can act as a revenue generation tool. Then what makes interest a bane?? To understand the problem, let's take an example of Nigeria- it had borrowed around \$5 Billion in 1985 or 1986. Till 2000, the country has repaid around \$16 Billion and was still having a loan of \$28 Billion as debt. So, what caused this \$5 Billion to transform into \$44 Billion? Is it high-interest rate?? No, if you calculate, it will come around 15% which seems fair, legal and not exorbitant. Then why is it a bane for an economic system? The problem is with the consequences an interest rate creates. Interest money is basically an artificial creation of wealth which means you can sell money when there is no money or sell assets before they exist. When a borrower is unable to pay a loan, then lender faces a loss due to which he can't pay further to his lenders and it ultimately creates a domino effect. Quite often billions of monies vanish into thin air. In the final analysis, the compound interest grows so fast, that its recovery creates a negative impact on people, economies, and the environment, which leads to an increase in crime, number of defaulters and economic instability.

### So how Islamic banking works?

The origin of Islamic banking dates back to the very beginning of Islam in the seventh century. In order to earn money without charging interest, Islamic banks use equity-participation systems. This means that if a bank loans money to a business, the business pays back the loan without interest, but it gives the bank a share in its profits. If the business defaults on the loan or doesn't earn any profits, the bank does not receive any profit either.

## Xtravagate - The Business Probe

'Riba' or interest under Islamic Law basically means anything in "excess" – the investor should not make an "undue" profit from the hard work of the other.

But it is permitted to follow a system of reasonable profit and return from an investment where the investor takes a risk that is well calculated. The banks use this money collected by them and invest in something that is *shariah* compliant, that is not '*haram*' and that does not involve high risks. Thus, businesses involving alcohol, drugs, war weapons etc. as well as all other high risk and speculative activities are prohibited. Islamic Banking, therefore, acts as an agent by collecting the money on behalf of its customers, investing them in shariah-compliant projects and sharing the profits or losses with them.

Let's say if an Islamic bank has an amount of 10 lakh rupees, it can invest in buying a machinery, leasing out a car or investing in business, but one thing for sure is that the whole transaction will be tied to real asset or services. This is the central point, that we can't simply compound assets or services like we can compound interest based loans. Assets and services can have only one buyer one seller at any given time. Interest, on the other hand, allows cash to circulate and grow into enormous sums, and that's where comes the difference. In Islamic finance, buying and selling of something real happens, while in conventional finance, borrowing and lending happens for something which fleets. Thus, in Islamic banking ethical investing is the only acceptable form of Investment, and moral purchasing is encouraged.

### Implementation

Islamic Banking system can be implemented either by establishing a banking system (which fully runs according to Islamic laws) or by opening Islamic window in conventional banks. Banking institutions providing Islamic banking products and services (IBS banks) need to set up shariah advisory committee/consultant. The latter offers advice so that bank operations comply with Shariah principles.

The introduction of Islamic Banking was mooted by Raghuram Rajan in his report on the Financial Sector in the year 2008 where he recommended that interest-free banking techniques should be operated on a larger scale. There are many advantages in introducing an Islamic window in the banks. For instance, the majority of companies in the Stock Exchange are *Shariah* compliant (this number is more than the Sharia-compliant companies on the Stock Exchange in Malaysia), thus, this would result in attracting huge funds in the domestic market alone. An Islamic Banking window will encourage many from the Muslim community to come forward and invest in projects, thereby, mobilizing a huge amount of capital which they may not be willing to put in the banks. Hence the Islamic banking is the need of the hour. It should be implemented to have fair and ethical banking, which can bring economic stability and a better wealth creation facility.

---

***“Adventure is the life of commerce, but caution is the life of banking .... “***

***- Walter Bagehot***

---

---

***“Bank gets in trouble for one reason : They make bad loans .... “***

***- Carl Webb***

---

## AUTHOR



**Imteyaz Alam**

MBA 1st Year

DoMS NITT

Imteyazalam.hit@gmail.com

***“Sustainability is the key to our survival on this planet and will also determine success on all levels. ...”***

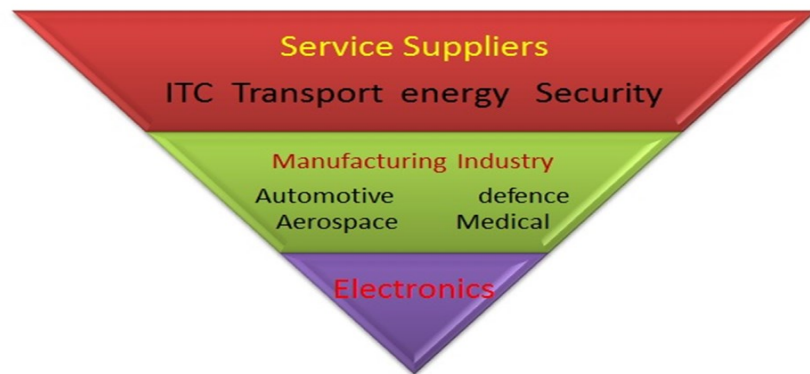
**- Shari Arison**

## Revival of Repair and Services in Electronics Industry

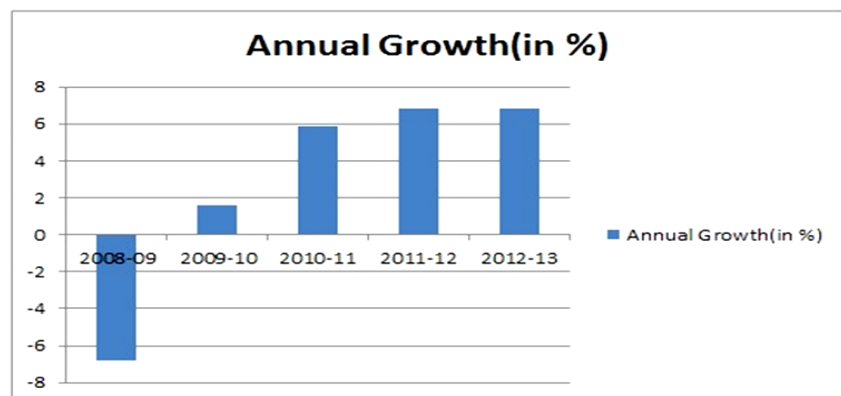
In the 21st century almost all the humans are dependent on electronic gadgets for their daily needs. They are surrounded by electronic gadgets. Technology is developing more rapidly than ever. Consumer electronics market has reached a pinnacle. It won't be wrong if we call the 21st century as the century of electronics. The 1st consumer electronic good was produced in the early 20th century, in the form of

Radio receivers, which was then followed by record players and then TV, a revolution in consumer electronics.

There was a huge demand for these electronic items and mass production continued for these. More and more investment started to come in this sector and right now the industry is estimated to reach **US\$ 2,976.1Bn** by 2020. The electronics market is the **3rd** largest market in the world.



If we see over the last few years the compound growth rate in this industry has been round 2.4%.



Source :- [http://www.semi.org/eu/MarketInfo/ctr\\_032718](http://www.semi.org/eu/MarketInfo/ctr_032718)

## Xtravagate - The Business Probe

With so much of advancement it also brings in its Dark side i.e. pollution. Due to mass production and huge demand for electronics, the electronic waste has also been ever increasing and it is affecting our mother nature.

The Industry is still following the linear economy, where flow of resource is finite, going from raw materials to factory to users to landfill. This is an unsustainable model.



The world should move towards circular economy, which uses the principle of Reduce, Re-use and Recycle.



It might be difficult for companies to stop or lower their production level and focus on this circular economy. But it can be beneficial as well. Earlier, the services portion of the Consumer electronics segment used to generate a lot of revenue, but now the focus has shifted to only mass production. The prices of these gadgets are so low that people are very reluctant in getting a service repair done, if these gadgets suffer from some problem. Instead of getting it repaired, they buy a new one, thereby causing serious environmental damage.

The main reason here for people not going for the service of their gadget can be that

1. The cost of service equals the price of a new product with almost the same feature and performance.
2. There not enough service centres.
3. People don't want to wait for longer periods for getting their gadgets repaired. This has been a major drawback in the service industry.

---

***“We live in a disposable society. It's easier to throw things out than to fix them. We even give it a name— We call it recycling .....”***

**- Neil LaBute**

---

---

***“Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion .....”***

**- Jack Welch**

---

---

***“Success is peace of mind which is a result of self—satisfaction in knowing you did your best to become the best you are capable of becoming ...”***

***- John Wooden***

---

---

***“Life is 10% what happens to us and 90% how we react to it ...”***

***- Dennis P. Kimbro***

---

If we take an example of **Micromax**, a customer with a problem in its handset worth Rs 8000 goes to their service centre for repair of its screen. Then it will take around 5 days in the metro city to get it done and in the lower tier cities the scenario is even worse. This makes the customer not go for service, he, instead, buys a new model from some other company at lower price. This is not a small loss for the company because it not only **SEE** a **loyal customer** but also the customer will spread this incident as a bad reputation of Micromax company and its service among its peer group, which will be directly affecting its brand equity.

There is a need to revive the repair and service industry for electronics. If we look into the statistics of US alone in last 5 years till 2015, the annual revenue of the industry has fallen down by 2.9% to \$19.9bn, and is expected to decline more in the future. The industry which is in a decline stage will require efforts from all the industry majors to take it back to the growth stage. The major setback came in the Mobile and computer industry where due to rapid technological advancement, the production level has gone up and the repair service industry of smartphones/PC have come down. This is also due to the lower prices of the smartphones/PC and rising prices of the services.

Revival of repair and services industry is pretty much essential to keep a check on the effects of electronics waste on mother Earth. This will not only give big corporations revenue through services and repair but it will also bring brand loyalty from customers which is very hard to gain in these highly competitive times of rapid technological advancement. Increasing the price of electronic goods will also facilitate the consumers to move towards service and repair. Will this be a good way to think forward? Only time will tell.



## Women in Entrepreneurship

Women have come a long way from being surrounded by four walls to handling the most intricate and cumbersome world of entrepreneurship. The stereotypes are broken and negative notions were overcome by the new generation women across the world. Be it e-commerce, investing, fashion, retail, fitness and anything under the sun, they showcase unrestrained enthusiasm in running successful ventures and generate employment to others. Subsequently, they are making a difference around the world and giving rise to sustainable development.

List of female entrepreneurs is incessantly rising. Shradha Sharma who is the founder and CEO of yourstory.com, has had experience of working with Times of India and CNBC and strongly felt that young entrepreneurs had no platform to showcase their ideas. She started blogging about businesses with the knowledge that she gained while working with TV channels and newspapers and it was because of this that “yourstory” emerged as a platform for entrepreneurs to read about business practices and their experiences of upcoming entrepreneurs.

Next on the list is Aditi Gupta. She was not allowed to enter the kitchen, temple or to come in contact with men. Further, she had no clue on what was going on with her body and why she was shunned in her very own home. The scenario of young girls in most of the rural and certain urban areas in India was pathetic and cruel. Aditi wrote a comic book to educate girls about menstruation. It has now come upto being a website called menstrupedia.com which simplifies menstruation to the readers, guides on hygiene and other FAQs.

Lijjat Papad most appropriately Shri Mahila Griha Udyog Lijjat Papad is an-

other brand in India, which is an example of a successful female entrepreneurship. Though they started with a loan of just Rs.80, their annual sales are a whopping 301 crore rupees now. This is possible due to their self-driven motive. They have been maintaining quality, and hence, sustainability with the rise in demand of sales the papads.

Sabina Chopra, a Delhi University graduate, is the co-founder of yatra.com. In her 16 years of experience, taking up challenges, maintaining discipline, and consistent hard work became her forte. She quotes that ‘considering yesterday’s road blocks as today’s opportunities’ has become her success mantra.

Also on the list is Deepa Reddy, the designer who curates clothes for women as old as 80. She is the mastermind behind the multi-designer online portal named, Open Trunk. The portal provides a platform for over 40 designers from all over India to display their collection on a single platform. Her portal has a special emphasis for women over 50 years of age. For strong and individualistic women, clothes become a way to reflect their confidence, and that became the motive behind her successful venture.

Though opportunities for female entrepreneurs are booming, there are challenges that they face in the process. One major challenge is the impact of traditional gender-roles society has on women. Entrepreneurship is still considered as a male-job. Further, business related complications also stand as a hurdle that have underlying influence due to gender bias. However, persistence and optimism will do wonders and one has to believe that changes happen over time.

### AUTHOR



**Hima Bindu**

**MBA 1st Year**

**DoMS NITT**

hima.bindu599@gmail.com

---

***“By failing to prepare,  
you are preparing to  
fail....”***

**- Benjamin Franklin**

---

## Wall Painting Competition at NITT Fest 2017

Theme :- *Imperium*



Painted by : Pranav Kumar, Vishnu S, Bharath P Rajeev ( 2nd Year DoMS) with Basila Sali (1st year DoMS)

Paintings from other departments





## Glimpses From DoMS Alumni Chapter Meet (Chennai) 2017



## **TEAM XTRAVAGATE**



**PRANAV KUMAR**

Editor - in - Chief

MBA 2<sup>nd</sup> Year

pranavkmrprasad@gmail.com



**PRADEEP KUMAR DONTA**

Editor (Design, Concept and Layout)

MBA 2<sup>nd</sup> Year

pradeepdontha@gmail.com



**Shriya Chandrababu**

Editor (Proof Reading)

MBA 2nd Year

shriyababu@gmail.com



**Monisha Ravi**

Editor (Proof Reading)

MBA 1st Year

moni.ravi@gmail.com

***Xtravagate -The Business Probe, is an initiative by the 37th & 38th batch of  
MBA Department, NIT Trichy.***





**For Xtravagate Archives**



**Department of Management Studies  
National Institute of Technology, Trichy  
Tanjore Main Road, NH 67,  
Tiruchirappalli, Tamil Nadu PIN - 620015**

**[www.domsnitt.in](http://www.domsnitt.in)**