

LOYOLA COLLEGE  
(AUTONOMOUS)  
COLLEGE OF EXCELLENCE  
CHENNAI -34



PG & Research Department of Commerce

# PULSE

LCA'S BUSINESS NEWSLETTER

HUMAN EXPERIENCE  
MANAGEMENT : THE  
NEXT BIG THING

Have a deep insight on what's  
sensory marketing and why it's  
the next big thing.

IS THERE SOMETHING  
BETWEEN SENSES &  
COMMERCE

Get to know more about  
Sensory Marketing

TAKING OVER  
THE WORLD DIGITALLY

A detailed insight on digital  
marketing.



# GREETINGS & WISHES

**REV.DR A THOMAS SJ**  
Principal



I appreciate the Department for this new initiative. I hope this Newsletter will be e-Newsletter. May this become a vehicle of knowledge sharing. God bless your initiative. All the best

**REV.DR SELVANAYAKAM SJ**  
Secretary



I am happy to note “PULSE” the Newsletter is an initiative taken by the Department of Commerce. The Newsletter focuses on the theme of the prevailing situation that has an impact on the Commerce and the related matters. The prevalence of pandemic over the years has put the industries on the crossroads and has made the world to redefine on each aspect. The present issue of “PULSE” revolves around the pandemic effect and with the intellectual contributions made by our students along with our faculty members.

I congratulate the editorial team for taking this laudable effort and I wish them all the best in this endeavor.

## FROM THE HOD'S DESK

### Dr. A Marcus



It is happy to note that Loyola Commerce Association (LCA) is bringing its e-Newsletter “PULSE” in the 77th year anniversary of the Department of Commerce. This initiative is taken by our students of BCom and MCom coordinated by the Office Bearers of LCA under the guidance of Dr. N. Maria Joseph, the LCA President.



The universe has re-positioned itself based on its experience due to the pandemic situation that was prevailing in the past two years. As a blessing in disguise, new format of learning has come into practice, business modules got developed and the knowledge sharing has got into practice, across the boundaries.

Science and technology have become a common usage and the business enterprises are leaning their lessons through the vagaries over the years. Consumers have become health conscious and make decisions based on the pros and cons. Olden day practices of our ancestors, specially in health care is now being adopted by our present generation and the pandemic has become a good teacher, which teaches lessons in a hard way.

The e-newsletter “PULSE” is proposed to be released twice in an academic year with each version semester wise. The contribution made by our students is amazing and thought provoking. Despite, it being the first edition, I find meticulous has been put in by the office bearers and the President of LCA. I wish them all the best and the light of Commerce lit the our students community, beyond the boundaries.

# FROM THE PRESIDENT'S DESK

**Dr. N Maria Joseph**

“

Education is the most powerful weapon which you can use to change the world” said Nelson Mandela. Education causes optimistic vibes in the minds of students, besides building character and preparing them to encounter the imminent challenges.



The PG & Research Department of Commerce, Loyola College is mindful in educating the students imperatively in both academic and non-academic accomplishments. Loyola Commerce Association (LCA) sturdily believe that education is not something that happens within the four walls of classroom. Hence, we explore various avenues to accommodate the creativity of the students in various co-curricular activities, including their writing skills.

LCA is now coming up with a new initiative “PULSE”, an e-newsletter that assists our students to contribute intellectually and get their write-ups related to various functional areas of Commerce, Current Affairs, Recent Trends in Business etc. published. The first volume of PULSE focuses on the impact of pandemic on various sectors and also attempts to address the glitches confronted by business.

Team work is the hallmark of LCA, and our collaborative efforts are always supported by the Management and Department of Commerce. At this juncture, I express my sincere gratitude to Fr. Secretary, Fr. Principal, Head of the Department and Faculties of Commerce for their incessant support and encouragement to make the LCA dream come true. Finally, it is my duty to appreciate and thank the LCA Office Bearers for their assiduous efforts and meticulous work.

# DOES PANDEMIC UPSURGE PAROXYSM :

## FOR GLOBAL STARTUPS

-Rakshana Shannikha . B

Getting into the third stage of economic meltdown due the global health catastrophe - Covid19 which hit many streams to evanesce or disappear. As quoted by Steve jobs “Innovation is the ability to see change as an opportunity-not a threat” which struck hard in the minds of the youngsters globally and gave birth to the startups globally. This upsurge of entrepreneurship has been attributed to the workers who have been laid and started their own business. The onset of the coronavirus pandemic it wasn't only the masks and sanitizers which breakthrough the market force rather consumer changing needs and behavior has pulled the market forces to innovate a beaten path. The Financial Times reports that the paroxysm for global. start-ups is in a boom as it has been recorded against the backdrop of the coronavirus pandemic of 2020.



According to the McKinsey report, in France 84,000 of new businesses were registered by the month of October as this being the historical maximum record and it also a 20% rise from the month of October in 2019. In July 2020 according to the census bureau of the United States ,there was an increase of 95% in the number of applications for starting a business reached its all-time high compared to July 2019. Programs to aid new business formation from the government have offered less to emerge new companies still, several governments have established a few programs to aid new business formation during the pandemic. Despite the whammy situation, the governments of the developing countries are emphasizing their best to their countries. As a seed of revolution India's prime minister declares January 16 as startup day and also says that “the golden era of startups has just begun”.

The post-covid19 economy will continue to have a high growth rate of entrepreneurship as analysts predict notwithstanding the rate of vaccination of population and passing of the turning point in the fight against the pandemic. This kind of natural accelerator of startups as the pandemic had both positive and negative scars on the global economy. The developments on the individual entrepreneurship level are likely to aid numerous economies to quickly defeat the consequences of the pandemic. At the same time some of the newly formed enterprises may not be able to withstand competition or find an application and are likely to quickly go bankrupt.

# INVESTING IN FUTURE & OPTIONS

- Kabeesh Varma

Whenever someone speaks of investing and stock market many tend to think of shares and maybe Warren Buffet. But obviously there's much more to the world of stock market than these. So let me explain something that even commerce students (including me until recently) aren't aware of : Futures and Options.

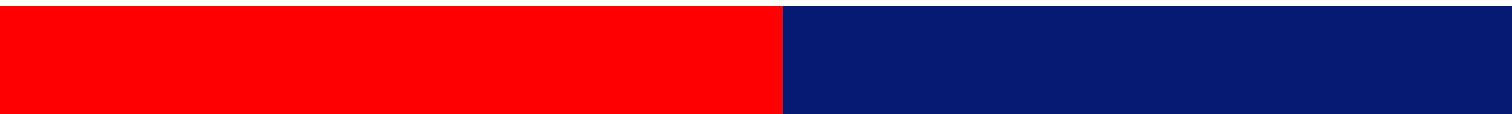
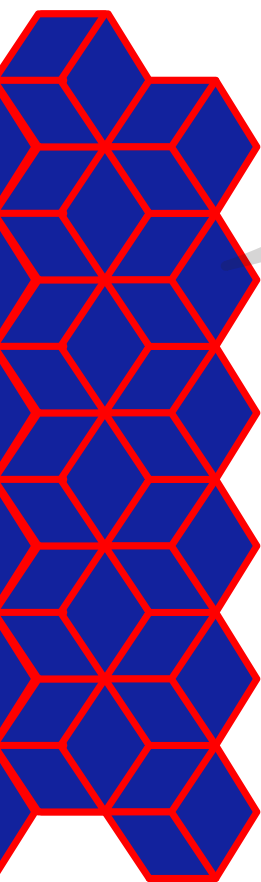
To understand Future and Options commonly referred to as F&O we have to have a grasp of derivatives. Derivatives, as the name suggests, is a financial instrument that derives its value from an underlying asset. The asset can be a stock, a exchange rate, a commodity or a currency or an index. To put it simply the value of the derivatives is directly proportional to the value of its underlying asset i.e. the value of a derivative increases with an increase in the value of an underlying asset and vice versa. Futures and Options are standardized derivatives that is it can be traded in an exchange. Now one might wonder 'Why derivatives?'.

Well there are actually two important uses that derivatives have become popular for since its inception in the year 2000: To make profits and to minimize losses.

Speculators are the traders who trade in the derivative market to earn profits by correctly predicting the price movement of the underlying asset. Hedgers are the traders who aim to reduce losses by trading in the derivatives market. This can be done by entering into a futures or options contract where you can sell or buy the asset at a predetermined price at a future date.

Suppose if you expect the price of your shares to drop you can enter into a futures or option contract to sell the shares at a price which doesn't hurt your financials much. This is hedging. Now if you think your share value will soar in the near future you can enter into a contract to buy shares at a price lower than the market price to earn profit.

The difference between futures and options is that you have the right to fulfill the terms of a options contract whereas you are obliged to fulfill the terms of a contract. That is option contracts gives you an option to act or not act upon the terms of the contract. Futures contract doesn't give you that privilege.



# WHY INDIAN ECONOMY IS GROWING AT A SLOW RATE IN RECENT TIMES?

- Jebin Nicksteve Roger S.

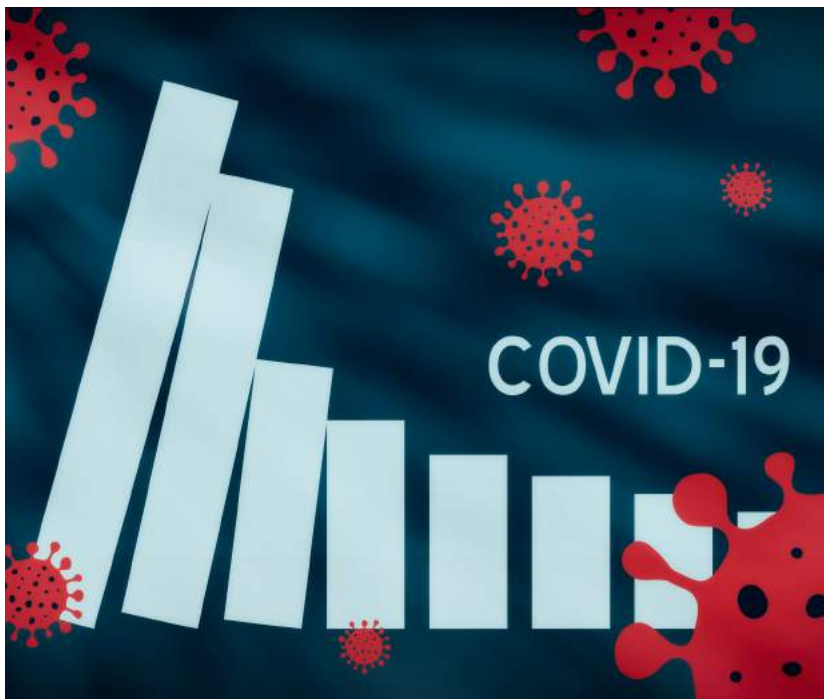


## ***Why is the growth of the Indian economy stumbling?***

We have to turn back the pages in the previous yearbooks to grasp what caused the setback. The deceleration of Indian economic growth began in late 2016 when our Honourable PM Mr. Modi announced the demonetization of high-value notes of the country to abolish black money and counterfeit. This demonetization disrupted the growth of the economy that started to recover in 2013. In 2017, the Government of India introduced Goods and Service Tax which collapsed most of the industries even though it had some positives.

During the early 2000s, India saw an investment boom where state banks offered more loans for big infrastructure projects. But some of them failed to repay their debts. contributes

Thus, banks were unable to issue new loans. At this time Shadow Banking came into the scene i.e.; Financial Institutions came into the scenario. As they don't follow banking rules, it was easy for small businesses and individuals to obtain loans for their needs. In 2018, Infrastructure Leading & Financial Institutions failed to repay their debts, which shook up more traditional banks that supported the sector. NBFCs stopped issuing loans. Many people weren't able to buy expensive items like cars as they depended on financial institutions to obtain loans to buy expensive goods. This collapsed the automobile sector, which is one of the largest sectors in the country. The collapse in the automobile industry impacted the growth of the economy negatively as the automobile industry



about 7% of India's total GDP. Many people lost their jobs due to this collapse. The shortage of Semiconductors or electronic chips exacerbated the collapse in the automobile sector.

Before the Pandemic, Semiconductor manufacturing factories known as fabs were working at full capacity. They didn't have the capacity or idea to increase production to meet the uncertainty. Some Fabs focused on producing modern bleeding edge chips. But the automobile and appliances industries require basic chips for their production and the fabs failed to produce basic chips. These activities had a negative impact at the start of the pandemic when there was a huge demand for electronic devices and personal vehicles as people were switching to remote lifestyles and the fabs diverted the available basic chips to the appliances sector thus reducing their supply to the automobile sector. This activity heavily impacted the automobile sector as they manufactured their cars using semiconductors for advanced technologies. The unavailability of chips forced them to reduce their production. Some companies were shut down permanently due to the unavailability of electronic chips. In the mid of the pandemic, appliances industries started to face a shortage of electronic chips and they reduced their

production amidst the demand. Due to this, the price of personal vehicles and electronic devices got inflated. The shutdown of the companies boosted the unemployment rate. The decline of the automobile sector worsened. The decline in the agriculture industry also affects the growth of the economy. The COVID-19 Pandemic has worsened the agriculture sector. The economic growth and made it difficult to recover soon. Restrictions due to the pandemic had a significant impact on the prices of agricultural commodities. It became very difficult for the farmers to sell their products due to the lack of transportation and less demand for the products. IMF has forecasted that India's GDP growth will be 9.5% during the financial year 2021-22 and 8.5% during the financial Year 2022-23. Let's hope that the upcoming budget will focus on the areas to be recovered and will help to make the projections true.



# HUMAN EXPERIENCE MANAGEMENT

- Arockia Pio J

## We need a revolution in HCM

# HXM

## Is here

*"You can get everything in life you desire  
if you assist enough other people get  
what they want,"*

The traditional way of Human Capital Management is a way out of thinking and it's time to move out to Human Experience Management, which is all about powering your organisation with human capital and their experiences by just providing them the tools and technology they needed, which enables a meaningful employee experience that drives results productive and personal results.

Employees are the heart of every organisation, whether from NASA to local metropolitan, without its employee an organisation or business can't survive in this competitive world. That's why customer-centric businesses are shifting to put employees first through a concept called human experience management (HXM). It's a complete rethinking of what the HR function does, and how, with a human-first approach, to impact the entire enterprise. The traditional way of Human Capital Management is a way out of thinking and it's time to move

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Human Capital Management has been designed in a way to support HR driven process, but the business has changed likewise the technology and processes.

HCM is void and no longer enough to meet the requirements of the organisations especially their important assets; its peoples, hence forth to fill this void HXM (Human Experience Management) is created.

HXM is reinventing the employee experience at work to make what they do easier, more instinctive and seamless. This is to ensure to bridge the huge gap emerged, considering the expectations and experience of the employees, manager and candidates and their realities of everyday life within and outside the organisation. HCM didn't comprehend the setup or the rethinking of the HR activities like making an engaging, creative and productive employee. Whereas HXM flips the old school coin, the typical narrative to create the better environment that empowers the employee with all tech and personal support that the employee needs.

## **HXM . Is it right ?**

HXM adds a thin layer of data and understanding that wasn't available when the HCM was coined, this clashes HXM from other approaches and it also get hitched with the operational and experiential data to provide the comprehensive data of the organisation. Experience data is a relatively new tool for firms that focuses on managing customer experiences. It provides insight into how employees feel and what businesses can do to better assist them. This necessitates continual data collection and proactive listening to employees in order to grasp essential facts and figures such as how employees feel, how they perform, and what proportion of candidates who begin an application complete it. These qualitative and

quantitative measures can assist firms in identifying problems before they become a problem.

## **Why Now ?**

2020 has been a difficult year for businesses around the world and across industries, emphasising the importance of HXM efficiency. Switching supply chains or dealing with increasing demand demands having the proper individuals on staff who can roll with the punches and help the firm win. Employees have achieved these goals while juggling childcare from home or wearing a mask and being separated from co-workers on the job. Consider a successful e-commerce business that experienced a significant and persistent rise in orders during COVID-19. The company needs to expand quickly in order to keep up with the increase in orders and customer care requirements. It's critical to be able to hire the top people and train new staff rapidly in order to maximise revenue potential.

HXM systems are specifically created with people, how they operate, and what they require to be productive in mind. All of this is done so that HR managers can hire rapidly and new team members can be on boarded, taught, and paid quickly.

HXM is about using the insights provided by HCM data to build a more respectful and nuanced connection between the company and its employees. It links the aspects that affect human motivation, awareness, consciousness, decision-making, and leadership behaviour in order to boost performance.

HXM goes beyond simply facilitating transactions to truly rethink employee experiences, where HCM has typically taken a transactional and segmented approach to HR activities. And it all starts with incorporating meaningful, personalised end-to-end experiences into the company plan for everyone. This method recognises that experiences exist between company decisions and behaviour, as well as performance and business consequences. Consider the decision

connect individuals to something larger as personal and professional lives grow more entwined than ever.

## Looking Forward

HXM is here to stay, and it will continue to develop as businesses focus more on their people strategy. Employees will be the biggest admirers of their firm if HXM is implemented correctly, because they will



to alter your rewards programme. Employee experience will be altered as a result of this adjustment, and employees will have a reaction. The most important factor to evaluate is if the reaction will help your company achieve its goals - will it engage and encourage your employees in a way that frees up discretionary energy? Or will it inspire apathy, if not outright hostility, which will lower employee engagement?

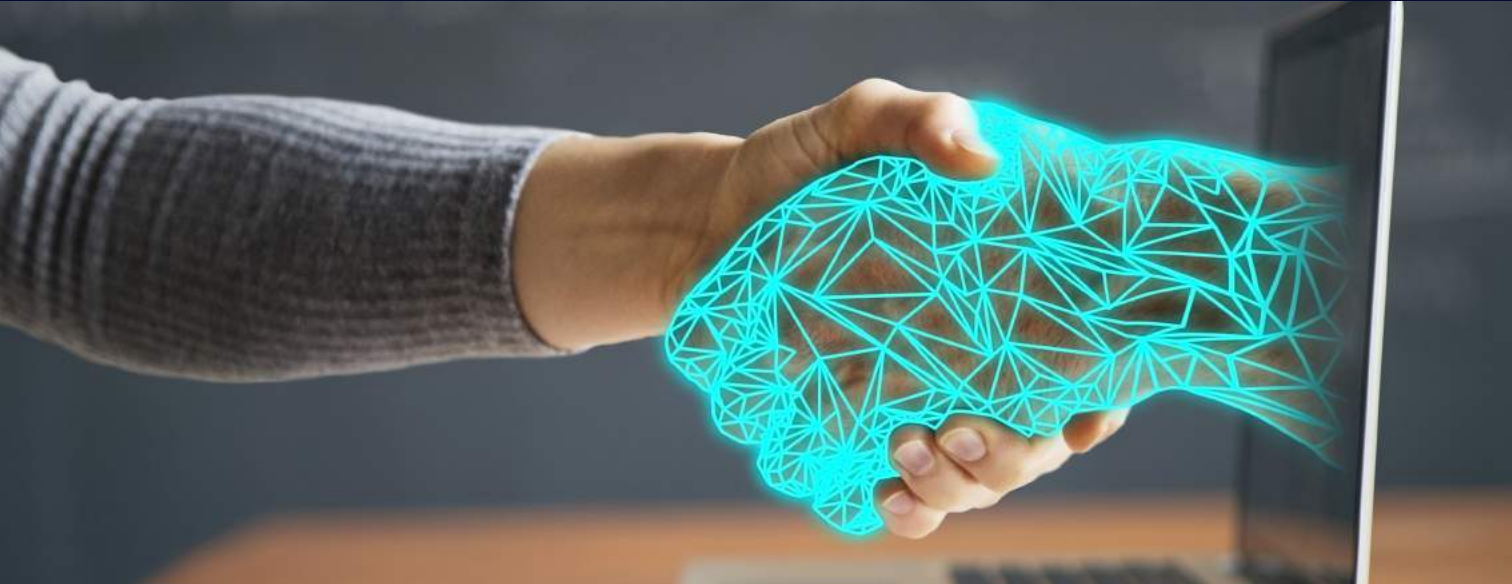
As we attempt to recover from the pandemic, the employee experience will become increasingly important. Leaders must continue to increase their awareness of their employees' unique demands and experiences. Organizations may engage and drive their employees by developing experiences that

have received top-level support. They will achieve their objectives, refer good prospects, and receive further promotions. And this has real-world implications for businesses, such as higher morale, lower turnover, improved performance, and a competitive advantage.

The challenge for modern businesses is to better understand its employees and applicants in order to provide really personalised experiences that enable them to work more efficiently and empower them in new ways. HXM offers a method to address this problem in a way that elevates HR from a checkbox to a true partner across the enterprise.

# DIGITAL MARKETING

- Anjelene Antonette Bosco A



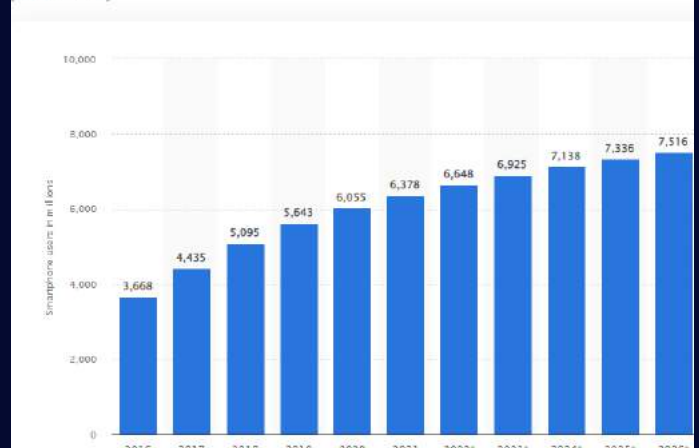
The term "digital marketing" has undeniably become viral these days. As the entire economy was severely impacted by the COVID epidemic, the only business that thrived and expanded significantly was digital marketing. Many consumers and company owners feel that digital marketing is an essential and rapidly increasing sector. The old marketing model has shifted dramatically as more people prefer to purchase online

## REASON WHY DIGITAL MARKETING IS THE FUTURE

### Everyone Is Online

The expansion of digital marketing is unavoidable since there are many services available to customers digitally and a great majority of people are becoming more involved in the digital world. For many entrepreneurs and small firms, digital marketing has become a terrific way to acquire a competitive advantage in the market. Because everyone is online, every firm is going digital. Mobile has been one of the primary factors fueling 50% of all online traffic.

Number of smartphone users from 2016 to 2021  
(in billions)



According to the following statistics chart, the number of mobile users has grown dramatically, resulting in higher web traffic as more individuals explore online.



## **ARTIFICIAL INTELLIGENCE-DRIVEN MARKETING STRATEGY**

AI has entered the digital marketing scene, and organisations will use data analytics insights to automate more digital operations and make smart business decisions. AI-powered chatbots becomes a customer service norm, increasingly displacing real employees while ml algorithms become more advanced and capable of emulating humans with near eerie precision. AI is now being utilised in advertising, although it is still a long way from matching human inventiveness. Google uses artificial intelligence (AI) to improve campaigns by recognising the best-performing ad styles and automatically updating based on user interaction.



## **IMPROVED VOICE CONTROL OPTIMIZATION**

Voice-enabled solutions have contributed in the expansion of digital users. Though smart speakers such as Alexa and Siri, as well as assistants such as Google Assistant, have been available for a while, they began to gain popularity in 2017 and 2018. Almost 70% of people who have activated digital assistants prefer to use voice commands than typing since it is much easier. SEO's underlying methodology is the same as speech recognition. Because keyword optimization for voice-based search is unique.

## **ENGAGEMENT WITH LARGER AUDIENCE**

Another advantage of digital marketing is the direct interaction with potential customers using digital marketing platforms such as Instagram, Facebook, Twitter, Youtube, Linkden, and so on. Because social media has a greater audience than any other virtual or physical medium, the engagement rate is expected to be high. This enables businesses to more effectively recognise their consumers' demands, as well as build trust and a distinct feeling of their brand with their customers. As a result, digital marketing provides a platform for firms to communicate with their consumers and audiences. Another advantage of digital marketing is the direct interaction with potential customers using digital marketing platforms



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## **AGUMENTED REALITY ADAPTATION**

A Virtual and augmented reality AR is a growing trend in digital marketing and sales methods, in which firms provide customers with a one-of-a-kind experience by tapping into their mobile devices. Most firms now employ augmented reality (AR) to allow customers to experience things before purchasing them. Customers like to purchase with augmented reality, which is expected to become quite popular in the future.



## **WRAP UP**

Digital marketing is anticipated to aspire and expand tremendously in the next years, and the future of company and purchasing decisions is said to be heavily impacted by it. Therefore it is evident that Digital marketing has an inevitable role in the future.



# IS HDI A BETTER ECONOMIC INDICATOR THAN GDP?

- G.Rajesh Kanna

We all could have probably heard about GDP (Gross Domestic Product) being said by the leader of our country every year like GDP has increased by x % or decreased by x % due to so and so reasons. At the same time, many economists argue that GDP is not the right metric to measure the performance of a country. So, what is GDP? Why do many economists suggest that HDI (Human Development Index) can be a very inclusive indicator than GDP? What is so special with HDI? This paper is intended to explain it in a comprehensive manner as much as possible

## GDP AND HDI

**Gross Domestic Product** is basically the value of goods produced in a country for a specific period say 1 year. It was introduced by Russian economist Simon Kuznets during the Economic depression and the outbreak of World War 2 in order to evaluate economic production in a single measure.

**Human Development Index** is basically an index of the performance of education index, life expectancy index, and Gross National Income (GNI) index in a country. HDI was introduced by Pakistani Economist Mahbub ul Haq and further introduced by United Nations Development Programme (UNDP) in 1990.



# WHY HDI IS BETTER THAN GDP?

From the above, it is very apparent that while GDP considers only one aspect (produced value), HDI takes into consideration three aspects (education, life expectancy, income) which is very inclusive and fair. That's why many economists and country leaders have told GDP is a flawed measure. When people spend on harmful goods such as cigarettes and alcohol, according to GDP, it means the country has performed better. But in real terms, it's not. SO, HDI will give a better picture in this case. Also, when the government spends on reliefs due to natural calamities or pandemics, it artificially inflates GDP.

GDP disproportionately focuses only on production. But service sector contribution is more nowadays. Also, GDP fails to include health, education, etc. It is the people that make up a country. But GDP fails to include even the things meant for those people. On the other hand, HDI is made up of these basic things. As GDP fails in this, the government fails to frame policies based on those basic things, which is even worse.

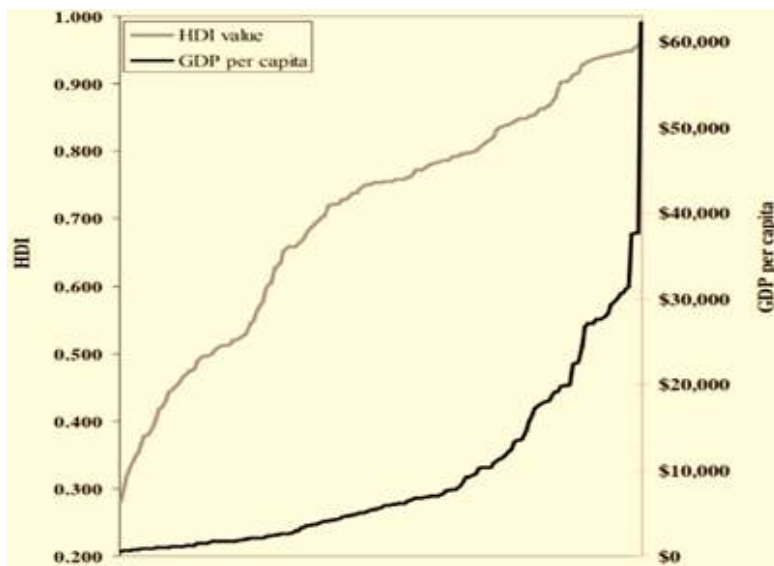
GDP also includes waste. But in real terms, wastes actually decline the well-being of people. So, the more the production, the more the wastes, the more the pollution, the more the GDP. Thus, HDI wins here too. As far as we understood, GDP only includes the produced capital but terribly ignores the human capital (well-being) and natural capital (air, water, sunlight). As the world progresses towards sustainable energy, 4 days work/week, etc., it is necessary to give more priority to HDI than GDP. To summarise all these, let's recall the words of Robert F. Kennedy;

“[GDP] includes air pollution, cigarette advertising, ambulances, jails, napalm, nuclear warheads and armored cars for the police to fight the riots in our cities... Yet it does not allow for the health of our children, the quality of their education, or the joy of their play... it measures everything in short, except that which makes life worthwhile. And it can tell us everything about America except why we are proud to be Americans.”



## WHAT IF COUNTRIES ADOPT HDI AS THE PRIMARY MEASURE?

The government will frame policies by giving more weightage to the well-being of the people and by giving less weightage to industrialization. For example, New Zealand's 2019 budget included \$1.9 Billion for mental health as New Zealand's suicide rate is among the highest in the world. They were also able to see a significant decline in the suicide rate. Through HDI, minor aspects of a country can be focused on such as inequality, the standard of living, state of education, etc. Also, importance can be given to sustainable living such as renewable resources, electric vehicles, pure water, hospitalization, etc. as these aspects indirectly influence the well-being of the people. A country will be ranked based on its welfare state and not just merely on its productive capacity. In this regard, Norway is 1st rank and not some bigger countries like USA and China.



From the a figure, it is very apparent that for countries in the developing state (between two extremes in the graph), it is irrelevant to look at GDP and just frame policies to boost GDP thereby reducing HDI. As it is the people that make up a country, all we need is just a good well-being in the end. So, when we think from that perspective, a country will develop with sustainability.

## WHAT LIES AHEAD OF HDI?

Although HDI is far better than GDP, it still has some limitations. As HDI relies more on quality rather than quantity, it is difficult to put it in numbers. So, there have to be some reliable methods to convert the quality into quantity. Also, HDI doesn't account for inequality. Although economists introduced the Inequality-adjusted Human Development Index (IHDI) to address the issue, it is still far from perfection. So, the nature index which shall include the number of trees/sq. feet, the number of pure rivers, lakes, ponds, etc. and maintenance of wildlife sanctuaries; can be included as an additional index for the computation of HDI by applying appropriate weights to each of the indices. Now, it covers almost every aspect of a country. So, this updated HDI appears to be a better metric for the performance of a country. Thus, it is a matter of time when all countries adopt HDI to align with their Sustainable Development Goals.



# Green consumerism- Is it the future?

- J Harshini

Growing consumer consciousness has boosted green consumerism and humans today are increasingly adopting sustainable consumption habits, evaluating their purchase choices and preferring brands that are more eco friendly. Considering consumers pro environmental motivations it is worth asking what affect their green behaviors have on environmental sustainability. If one considers a free market perspective, 'greener' products may be a means for consumers to vote their pocketbooks, leading to large scale environmental benefits via systemic policy changes example car makers self instituting policies to manufacture more fuel efficient cars. From a psychological perspective, recent evidence suggests that relatively low cost green behaviors such as buying green products might act as gateway to more significant and more committal pro environmental behavior, such as habitual recycling or expressing support for alternative energy sources. So for the most part it appears that green consumerism has a neutral to positive impact on the environment.

Green consumerism refers to a state in which consumers demand products and services that have undergone an eco-friendly production process or one that involves recycling and safeguarding the planets' resources. In other words, green consumerism entails the production, promotion, and advancement of the utilization or use of goods and services based on their pro-environment benefits. In some instances, green consumerism may have the undesirable effect of actually increasing carbon emissions or diminishing other types of environmental gains. Research on spillover, licensing, rebound or boomerang effects sheds some light on when positive green intentions or actions may have undesirable outcomes .On the one hand, environmental behaviors have the potential to create positive spillover effects, such as when the initial adoption of smaller green behaviors (e.g., the purchase of green consumer products) increases support for larger green projects further down the road (such as the adoption of wind energy). On the other hand, environmental behaviors can allow individuals to feel morally licensed and subsequently behave less prosocial. For example, households that managed to conserve water subsequently increased their energy consumption, and recycling decreased people's likelihood of using reusable grocery bags. Consumers are given more choices in the society and green

consumerism creates safer goods for consumers. On the other hand we waste our money on goods that we often do not need and the poor are always left behind by consumerism.



Green consumerism, especially in the light of the pandemic and changing trends, is seeing constant shifts. Brands must constantly track these changes and keep abreast with

changing consumer behavioral patterns. It is especially important in view of growing environmental concerns, to understand the importance of implementing sustainable consumption practices. With consumers pledging to adopt new habits, companies across industries have introduced new products and initiatives. The fashion industry, as an example, is embracing sustainable fashion, advocating less chemicals, organic fabrics, and upcycled clothing. Shifting from plastic to metal straws, adopting biodegradable cutlery in the form of eco-friendly paper plates, bamboo toothbrushes, menstrual cups and utilizing cloth bags for purchases, are few such trends taking consumers by storm. Apple claiming to eventually stop mining rare metals for its products, companies across the globe are taking measures to move towards a sustainable livelihood.

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With growing digital consumption, tech will also play an important role in maintaining sustainable consumption patterns. Sustainability is the path towards a more concrete and healthy future. It is only together that we can aim to embark on a conscious path of green consumerism.

# Aversion of Loss in Finance

-Asish Pradeep

The statement is one of the more famous advices or maxims in speculation and investing, heard by almost everyone starting to invest. The effect of our minds' tendency to treat a loss as almost doubly painful than the happiness of a gain of exactly the same amount has been studied extensively and obtained the name, "The bias of Loss Aversion". As humans we inherently fear losses more than we welcome gains, take for example a simple game:

A coin is tossed and if -

- Heads, the participant wins 50
- Tails, the participant loses 50

This of course is an experiment appearing in "Thinking Fast and Slow" by Daniel Kahneman. No one chooses to play this game despite the losses being the same as the gains. In fact, people only started to play this game in the experiment when the gain was increased to double the loss. (ie. Gain of 100 for heads & loss of 50 for tails). One can see how this affects much behaviour in finance. A simple inspection of trade cycles or even any short term cycles in the market would reveal that it takes much longer for the market to reach its peak than for the market to plunge. This phenomenon is easily visible in stock charts where it can be observed that when the prices are increasing, the slope of the line to the peak (the windward



**“A Loss is twice as powerful as a gain”**

side, if you will) is not as steep as the slope of line after the peak where the prices are falling (the leeward side). This is partly because when people notice a possibility of prices falling, the fear of loss drives them to sell their shares much more urgently than they would buy for a gain of the same amount. This aversion of loss

feeds into itself and creates a slope for the leeward side much steeper than the windward side.

This observation in market cycles is proof that almost every investor is affected by this bias. But the maxim, “a loss is twice as powerful as a gain” was never intended to be a tool for new investors to understand the market better. It wasn't even intended purely

for investors or understanding large scale behavioural economical phenomena in its debut. Its true purpose was to inform us of our minds' general ambiguity in mental accounting while making decisions. To understand how this bias shapes decisions in our everyday life we must take the bias to a logical conclusion that reveals certain peculiarities in our way of thinking. Take for example these two scenarios:

- I. A person is given the option to buy a product for Rs 500 through his credit card or pay Rs 25 less and finish the transaction through cash.
- II. A person is given the option to buy a product for Rs 475 through cash or pay Rs 25 more to finish the transaction through his credit card.

**In which scenario is the person more likely to use the credit card?**

Even though both scenarios have the exact same outcomes, most people agree that the person in scenario A is more likely to use the credit card. The experiment gives a good picture of how ill advised it is to use mental accounting in making decisions as the decision in the scenarios was influenced not by some subliminal external force but merely the framing of a sentence. This framing of sentences that nudge us to make certain decision over others is called by cognitive

psychologists as the “Framing effect”. With loss aversion in mind, the strange preference in the experiment is because Scenario A makes the Rs 25 look like a cost whereas Scenario B makes the Rs 25 look like a loss and as previously emphasized, humans prefer to avoid losses and in this case it can be more particularly said that humans prefer to avoid losses even if it costs us. This also explains to a certain extent why products with peripherals sold separately did not do well in the market and why many services and products (even digital ones) are sold in bundles (for example a phone maybe sold with a



earphone) as the companies may be aware that the customer may feel more at ease if they bought a single product (the bundle) rather than buying a product and then buying something to go with it as they would react to it as if to a loss.

Knowing how susceptible our minds are to such simple forces, it brings about the question of how we avoid biases such as this. Avoiding the bias of loss aversion is as simple as reframing all financial decisions in terms of losses or costs or to substitute mental accounting for physical accounting. But to be at least partially aware that we are being influenced by them takes tremendous amounts of practice and experience. Though even understanding a small portion of our aversion of losses can help in taking risks more reasonably and will probably lead to better returns.

## Fun Corner !

**Find out the Theorists names hidden in the grid:**

1. Classical Management Theory
2. Behavioural Management Theory (starts with E)
3. Modern Theory of Management
4. Needs Theory
5. Motivation Theory (starts with A)
6. Equity Theory of Motivation
7. Path-Goal Theory
8. Attribution Theory of Leadership (starts with H)
9. Leader Member Exchange Theory
10. Contingency Theory

H	E	N	R	I	F	A	Y	O	L	A	F	G	A	F
B	L	G	B	F	C	E	D	D	E	C	H	B	Y	R
A	T	G	J	H	L	I	K	J	M	K	I	L	H	E
D	O	U	G	L	A	S	G	R	E	G	O	R	E	D
A	N	C	H	M	I	N	R	I	J	K	O	P	I	E
V	M	Q	D	R	N	S	A	T	M	U	L	V	D	D
I	A	W	O	E	X	Y	E	Z	A	E	B	F	E	W
D	Y	P	Z	Q	F	C	N	R	Y	S	D	T	R	A
C	O	N	T	O	U	G	P	V	Q	W	R	X	S	R
L	U	R	O	B	E	R	T	H	O	U	S	E	X	D
E	S	V	T	W	U	H	I	J	X	V	Y	W	Z	F
L	E	R	I	Q	J	P	R	K	L	O	T	V	Y	I
L	T	G	U	K	V	O	W	P	X	U	Y	N	Z	E
A	B	R	A	H	A	M	M	A	S	L	O	W	X	D
N	F	I	M	J	N	Q	K	C	L	M	B	Z	A	L
D	S	H	R	D	Q	F	R	P	G	O	H	N	M	E
A	U	C	T	L	S	B	S	D	A	N	O	P	Q	R
V	B	W	C	X	D	Y	F	Z	G	H	I	J	K	L
J	O	H	N	S	T	A	C	E	Y	A	D	A	M	S

# BUSINESS Case Studies



## HOW ITC MADE OUR FARMERS RICH



**- Allen Jeff Arul**

The so called Multi-Billion-dollar companies in current world are even failing with advanced supply chain technologies. In this article we're going to see how ITC used their supply chain technology so effectively to change people lives better. This is a story that dates back to 1999 when the agricultural export division of ITC was not performing well. During that time, soybean was a primary export commodity of ITC, and in 1999, 80% of the soybean of India came from rural Madhya Pradesh (MP). So, the farmers who produced soybean

supposed to be rich but the exact opposite happened. The farmers in MP were leading a miserable life, And at the same time, even companies like ITC that were procuring these crops were not able to make profits. So, the question was, when soybean was in such high demand in the international market, how is it possible that neither the farmers nor the export companies were able to make healthy profits?

It was because of a major inefficiency in the supply chain of soybean.

On paper, there were three elements in the supply chain, the farmers, the APMC (Agricultural Produce Market

Committee), and then we had ITC and the wholesalers. APMC was nothing but a body of licensed traders set up by the government to ensure that farmers are not exploited by open trade. It's also called the mandi. So at mandi, only government licensed traders could buy the produce from the farmers and no other trader was allowed. So these traders were supposed to auction for the crops, and the highest bidder procured the crops from the farmers. This way, the farmers are supposed to get the best prices and they were supposed to be rich. But in reality, this was far away from the truth

trader was allowed to procure crops from the mandi, the licenced traders formed a cartel and instead of auctioning for the highest price, they all quoted the same price which was less than the standard price. The mandi traders did not pay the farmers right away, and they took the hard on produce at an unofficial credit and paid the farmers only when they made a profit. And this pathetic system put the farmers in a very dangerous vicious cycle. But this is when ITC came out with a revolutionary initiative called the E-choupal , and they installed a super amazing tool the computer in the remotest villages of India in 1999 itself. And under this initiative, ITC supplied a Windows PC and internet connection and a dot matrix printer to all



for three major reasons. Firstly, the mandis are about far away from the farmers. So, they either had to rent a truck or they had to sell it to a junior contractor who then sold it to the senior contractor, who then took it to them mandi. So they had to sell their produce to the middlemen at an low cost. Secondly, the farmers had no way to find out what exactly was a price being offered at a particular mandi on a particular day. And lastly, since no other

the village centres in its canopy. They also launched a website called soyachaupal.com, which consisted of three of the most important information tabs needed for the farmers, firstly, data and weather reports to help the farmers decide what is the best time to sow his seeds and to prevent him from sowing seeds at the wrong time. Secondly, was the best practices section. And thirdly, they had the Market Information section that gave the important market metrics, including the daily price and



volume traded at the mandis and the ITC centres. And this was supported by other important pages like the Q&A section, the new section and even the crop Information section. Also, they appointed a lead farmer called the sanchalak who was responsible for helping the farmers out with a computer operation. And he was given a commission of 0.5% on the basis of the farmers productivity

So, because of the incentive, he automatically worked hard to help the farmers out with the computer operation and to enable them to improve their productivity. ITC convinced the government to allow the company to procure the produce directly from the farmers with the promise that they will provide reasonable cost and will build an efficient and profitable supply chain. And that is how the implementation of the E-choupal began in 1999. Back then ITC had five processing units in Madhya Pradesh and 39 warehouses making a total of 44 touch points, covering 80% of the farmers in Madhya Pradesh, to which the farmers could bring the soybean produce. The best part was that it's very near to the farmers as compared to the range of the mandis. And this amazing setup changed the way the farmers of Madhya Pradesh traded soybeans. And this is how the system worked out. First of all, the farmers were given all the important information through the E-choupal computers, which included everything from weather forecasts all the way up to the seed sowing techniques. Therefore, the farmers were confidently able to invest in their

crop. This reduced the risk of the spoiled crops and at the same time it increased the yield. Then after the harvesting was done, they could directly have a look at the website to see how much price was being offered at the APMC and the ITC centre on a daily basis. Eventually, they could compare the prices and then decide where to go to have higher profits. In this case, ITC even reimburse the transportation cost to the farmers. After that, when they arrived at the ITC centre, the processing facility also included a soil testing lab. And here's where top great scientists offered the best recommendation for fertilizers or additives based on the chemical composition of the farmers soil sample. And this wonderful system, turned the disastrous, vicious cycle into a virtuous cycle by which the farmers had good cash flow, which led to high investment into farming equipment that led to high productivity, eventually giving them thicker margins and better cash flow. Furthermore, this move turned out to be extremely profitable for ITC, because they got raw material from the farmers at a low cost. And were able to use that for their FMCG division. And today, each E-choupal initiative already has become the largest initiative among the internet based interventions in rural India.

If a company can give such a effective digital supply chain back in 1999, you can imagine the companies' potential in today's world and what they can do.





## RENOWNED COMMERCE LEGEND

- Roger Joshwva B

An American financier and banker who dominated corporate finance on Wall Street throughout the Gilded Age. In September 1851, he passed the entrance exam for The English High School of Boston. After his studies Morgan went into banking in 1857 at the London branch of merchant banking firm Peabody, Morgan & Co., a partnership between his father and George Peabody founded three years earlier. In 1858, he moved to New York City to join the banking house of Duncan, Sherman & Company, the American representatives of George Peabody and Company. From 1860 to 1864, as J. Pierpont Morgan & Company, he acted as agent in New York for his father's firm, renamed "J.S. Morgan & Co. From 1864 to 1872, he was a member of the firm of Dabney, Morgan, and Company. In 1871, Anthony J. Drexel founded the New York firm of Drexel, Morgan & Company. After his death the firm was rechristened J. P. Morgan & Company in 1895. By 1900 it was one of the world's most powerful banking houses, focused primarily on reorganizations and consolidations. In his ascent to power, Morgan focused on railroads, America's largest business enterprises. He wrested control of the Albany and Susquehanna Railroad from Jay Gould and Jim Fisk in 1869; led the syndicate that broke the government-financing privileges of Jay Cooke; and developed and financed a railroad empire by reorganization and consolidation in all parts of the United States. The Northern Pacific Railway went bankrupt in the great depression of 1893. The bankruptcy wiped out the railroad's bondholders, leaving it free of debt, and a complex financial battle for its control ensued. As the head of the banking firm that ultimately became known as J.P. Morgan and Co. Morgan redefined conservatism in terms of financial prowess coupled with strong commitments to religion and high culture. After his father's death Morgan took control of J. S. Morgan & Co. He began talks with Charles M. Schwab, president of Carnegie Co., and businessman Andrew Carnegie, with the goal of buying Carnegie's steel business and merging it with several other steel, coal, mining and shipping firms. After financing the creation of the Federal Steel Company, he merged it with the Carnegie Steel Company and several other steel and iron businesses forming the United States Steel Corporation. In 1901, U.S. Steel was the world's first billion-dollar company, with an authorized capitalization of \$1.4 billion. Morgan died while traveling abroad on March 31, 1913. Flags on Wall Street flew at half-staff, and in an honor usually reserved for heads of state, the stock market closed for two hours when his body passed through New York City. His estate was worth \$68.3 million of which about \$30 million represented his share in the New York and Philadelphia banks. He offered solutions to the world's most important corporations, governments and institutions in more than 100 countries. Today, John Pierpont Morgan is remembered as one of the greatest bankers in American history. In his time, he was called the "Jupiter of Wall Street." We come and go empty handed the fortune you made won't be buried or cremated along with you. Spend the money to spread the joy.

# J.P

# Morgan

"Go as far as  
you can see;  
when you get  
there, you'll  
be able to see  
farther."

- J.P Morgan



2021-2022

# ODD SEMESTER TIMELINE

JUNE

16.06.2021

Collaborative Program with School of Commerce and Economics, Loyola Alumni Association – UAE Chapter and Loyola Placement Cell - Skilling for Industry 4.0 – Post-Pandemic Preparedness. The Speaker for the day was Prof. Reuben S. Andrews Specialist consultant, 720 Transform, Dubai UAE.

JULY

17.07.2021

A program in memory of Prof Alston was organized virtually and the participants paid rich tribute to their teacher and colleague.

SEPTEMBER

13.09.2021

Tribute to Rev. Dr. Andrew SJ

30.09.2021

Guest Lecture on the Role of Underwriters. The lecture was arranged with an aim to enlighten the second year B. Com. Students the role of underwriters. Mr. Parag Kapadia, CA & Founder Principal of Kapital Konnect was the guest speaker.

OCTOBER

12.10.2021

Workshop on HR & Stock Analysis using SPSS was organized and Dr. S. Xavier, Assistant Professor, Department of Statistics, Loyola College was the resource person.

20.10.2021

Guest Lecture on "Technopreneur and innovation" for the students of M.Sc. Zoology. The resource person was Mr. Balajee Manoharan, Assistant Director of the Development & Commissioner, Micro Small & Medium Enterprises under the Ministry of MSME, Government of India, Chennai.

28.10.2021

Guest Lecture on the Procedure and Registration of GST for the students of II M.Com. Mr. S. Venkata Subramaniam, Chartered Accountant, GST Auditor of MRF Ltd., was the resource person.

NOVEMBER

01.11.2021

Loyola Commerce Association 2021-2022 was inaugurated. Mr. Manoj Parekh, Director, Premier Elmech Systems Pvt Ltd. was the chief guest.

25.11.2021

Collaborative Program with Loyola Institutions Innovation Council (LIIC) - Entrepreneurial Career Connect. The speaker of the day was Mr. Vijay Kapoor, Founder and MD of Derby Fashion.

## 01.12.2021

The workshop on Personal Branding was held for III UG and II PG students. Mr. Rahul, a young Youtuber was the Speaker of the day.

## 04.12.2021

- Loyola Commerce Association organized a certified webinar on Money Management in collaboration with Bombay Stock Exchange. The guest speaker was CA Darshana Rampuria, carries an experience in the field of business consulting and debt capital raising.
- Movie Exhibit-Recce was convened and Thozhar Nirmala Kotravai was the resource person who addressed the students on the movie “சிவரஞ்சினியும் இன்னும் சில பெண்களும்” and its reverberation.

## 06.12.2021

- Guest Lecture on Industry 4.0-Supply Chain Perspective was organized for the III-year students based on the paper “Logistics and Supply Chain Management”. The resource person was Mr. S. Sukumaran, Director - The school of Business Logistics, Singapore.
- Avensis’21, Inter-Class Cultural was conducted for two consecutive days class wise for the students to showcase their talents. The object is to pool fresh and exciting talents from the participants.

## 08.12.2021

- Loyola Commerce Association conducted Department Orientation for I UG Students on 8 and 9 of December respectively.
- The PG & Research Department of Commerce conducted Collaborative Awareness Program with the Office of the RBI Ombudsman - Awareness Programme on Reserve Bank Integrated Ombudsman Scheme. Smt. Sharmila Sampath Kumar, Deputy Ombudsman & GM, Chennai presided over the event.

DECEMBER

17.12.2021

Loyola Commerce Association conducted Department Orientation for I PG to welcome Students in a friendly atmosphere and to encourage their creative impulses to boost their confidence.

20.12.2021

Guest Lecture on Accounting Standards for II M. Com students. The resource person was CA. Parag Kapadia B.com, FCA, ACA (ICAEW - London), ACNA, Insolvency Professional and Independent Director Founder Principal- Kapital Konnect.

21.12.2021

A guest lecture was organized for the first-year students studying “Business Management” on Business Management-Manager’s Perspective. The resource person was Mr. Seshadri Rangachari, Senior Manager, Accenture Pvt. Ltd.

JANUARY

20.01.2022

Two-Days Workshop on “Publishing Articles in Journals Indexed Globally in collaboration with Internal Quality Assurance Cell (IQAC), and Dean of Research, Loyola College (Autonomous) Chennai.

# MOMENTS





# MEET THE TEAM

2022



## PATRON



**Dr. A. Marcus**  
Head of the Department

## CHIEF EDITOR



**Dr. N. Maria Joseph**  
President, LCA

## EDITORIAL & DESIGN TEAM



**Ananthu Subrramanian**



**Joseph Clarin Flemin**



**Kesava Perumal**



**Viviliaa Francis**

# CONTENT TEAM

2022



**Anjana Sojan**

**The Power of Sensory Marketing**



**A Allen Jeff Arul**

**How ITC's Business Strategies  
Revolutionised Indian Agriculture**



**Rajesh Kanna G**

**Is HDI a Better Economic Indicator  
Than GDP ?**



**Arockia Pio. J**

**The Rise of Human Experience  
Management**



**Jebin Nicksteve Roger S**

**Why Indian Economy Is Growing At A  
Slow Rate In Recent Times?**



**Anjelene Antonette Bosco.A**

**Digital Marketing-The Future**

# CONTENT TEAM

2022



**Roger Joshwva B**  
**J.P Morgan**



**Harshini J**  
**Green Consumerism - Is it the  
future?**



**Kabeesh Varma R**  
**Future & Options**



**Ashish Pradip Singh P**  
**Aversion of Loss in Finance**



**Rakshana Shannikha.B**  
**Does Pandemic Upsurge Paroxysm : For  
Global Startups**



**Hemalatha S**  
**Cryptocurrency Puzzle**