



# FinWorld

## The Genesis of 'The Debt Trap'

By Mr. Mayur Swadia,  
Chartered Accountants



I take this opportunity to deliberate on a very interesting aspect pertaining to financial markets that we have accepted as sound economic and financial policy. As we all know any economic activity or a business broadly runs through two sources i.e. own funds (equity capital) and/or loan funds (borrowed funds). Both the sources serve a common objective of providing funds to run any economic activity. Both the sources have an identical cost in the form of time value of money which is generally called 'interest'. Therefore, conceptually speaking, interest cost should be treated at par for tax purposes, irrespective of its source. However, world over, the tax laws have created a discrimination in allowance of interest cost.

Interest costs on borrowed funds are tax deductible while similar cost on own funds is not tax deductible. As a result, debt is more cost effective than equity for the purpose of financing any economic activity.

This has created a bias in favour on debt financing and has encouraged economic entities to finance their activities through debt rather than through equity. The impact is for all of us to see. Today, the financial world is mired in debt. The global debt is almost three times global GDP as against the healthy norm of debt to GDP ratio of 1:1.

Owners of business too prefer debt as it enables them to retain control on their business without parting with equity. This has increased the risks associated with business as entities are under-capitalized and ownership is centralized in the hands of few. The risks of lenders have exceeded the risk of owners due to high debt vis-a-vis equity in businesses.

Such an uncalled for bias in the tax system has significantly contributed to the financial difficulties that the world is facing today on account of rising debt.

Historically, tax breaks were introduced in the tax system in 1918 in America as a part of a package to help companies struggling from the effects of the world war. Over the decades, tax breaks for debt are embedded in all economies and viewed as a part of a natural order.

Is there a need for course correction? I think it may not be out of place to generate a healthy debate on the merits of such a policy. This is precisely the objective of this piece.



## People Talk



### HR Analytics

By Sudhir Sethi,  
Vice President HR, Admn and Legal

Human resource management is considered to be most dynamic aspect of management because of rapidly changing socio-eco-psycho dimensions of workforce, particularly the younger workforce.

HR Managers are constantly looking for guidance/ideas to get insights from the information available with them to enable them to take effective decisions and logical actions to respond to challenges of linking H R strategy to organization business strategy.

H R analytics tools are increasingly becoming popular among H R Managers as it empowers them to use information, data and analysis available with them to align H R metrics with strategic business goals.

H R analytics is defined as linking analytic process to the Human Resource Department with an objective of improving employee effectiveness by applying logic and reasoning to past available data and predict the future.

Though, analytics uses available data analyzed, it further

works on understanding the reason behind the available analysis and predicts the decisions and future. HR analytics extends beyond reporting "what is going on" to predicting and analyzing that "what will be the future". Hence, it is basically a tool for improvement of performance of the human resources of the organization.

There are three levels of H R analytics namely, descriptive analysis, operational metrics and predictive analysis. H R analytic can be understood better with the following example:

In a rubber component manufacturing unit, the data available states that the absenteeism in the month of June is 20%. Through analysis of 3 years data, one may find that every year absenteeism in May is 7 % higher than the average absenteeism during the year.

Through analytics it emerges that due to peak summer month, poor ventilation in the plant leads to abnormal rise in temperature in the premises, leading 25% of workmen to prefer to skip work particularly in second shift.

Hence, H R analytics does not just deal with gathering data on employee efficiency only, but it leads to discovery and communication of meaningful patterns in data. It provides actual and logical insight into the problem by establishing a cause and effect relationship, facilitating formation of strategies based on that information leading to positive business outcomes.



## My Visit To Lahore

By Ms. Anita Jandial,  
Proprietor, Fiscals



When I decided to attend Women Leadership summit at Lahore I got to hear all sort of remarks from the people I talked. Some of them discouraged me to go to Lahore. One of my friends commented "A women leadership Summit "in Pakistan. By saying this, he meant we can imagine. Some 300 women all over Pakistan had participated in the Summit organized by Nutshell forum .From India AIMA delegation was of 21 delegates. All belonged to North India except me. Well everybody here in our country feel that women in Pakistan wear Burkha all the time and they remain housebound taking care of their husband and children. But the real situation out there is not the same. I have seen more educated women wearing Burkhas and Hijab in India than I saw in Pakistan. The speakers included Pakistani actors, industrialist, social

activist, and singer and media persons. Participants mainly comprised of college students and working women. Out of this huge crowd hardly 5-7 had covered their head. All of them wore suits and some wore jeans and tops. Pakistani women have more than 25% representation in their government bodies .While in India it is very less. They are very independent. They run business .They fight for the rights of children and downtrodden. There are single mothers with adopted children. These things we can never think off when generally we talk about status of women in Pakistan. I met Muniba Mazari who has lost her legs in an accident .She is an inspirational speaker and has adopted a son. Some of them run NGOS to help poor women. I also happened to attend Alumni function of University of Central Lahore. This is private University. The university felicitates its toppers every year by giving cars. This year one of the lady students topped Pakistan civil services examination. For that she was given a Corolla Car. All the students worked hand in hand to make this function a grand success. It was like any other alumni function in India. No military, no police or fear of terrorism. We left around 12. P.M. still the function was on with both boys and girls enjoying the show they had put up. One thing I observed was that the moment they come to know you are an Indian you will be given VIP treatment. They have a soft corner for Indians. All the educated as well as uneducated person on the road feel Pakistan should have friendly relations with India .They all feel the relations between the two countries are not normal because of politicians. Of course as cricket was being played in the country after a decade the government was very particular about the safety of players and more than necessary security arrangements were made for the same. I would like to end my experience by a statement made by Immigration Officer of Pakistan "Madamji hum aapko welcome karte hai, phir apki Sarkar kyo hame visa nahi deti".

## Glimpses

### 1) Book Launch of Dr. Rekha Shetty



Dr. Rekha Shetty, launching her book "Happiness & Innovation", during a book launch session on 6th Aug 15 at the Parul University.

Dr. Rekha Shetty emphasized on the theme- “Happiness & Innovation”, there is no such thing as instant fame and instant money. Innovation is all about having creative ideas and turning out these ideas into actions. In this process, the ideas which are turned into actions and realities give a lot of satisfaction and happiness. Innovation is to be made simpler and user friendly so that they bring happiness in our day to day lives.

The Book that was released at the Parul University was named, ‘Everyday Happiness Mantras’, the book focuses on one’s love and for his own self. “ The most important person in your life should be ‘you’. The voice with which you speak to yourself should be kind, gentle and nurturing. Most of us treat ourselves like harsh jailors rather than gentle caregivers. Forgive yourself, encourage yourself”.

Divided into fifty-two articles for each week of the year this book concentrates on one home truth at a time, observing each of which will ensure that you never have a bad day. Covering topics as varied as the power of communication and everyday love, to the importance of observing the annual rituals of the International Family Day and International Women s Day, Everyday Happiness Mantras takes old habits and imbues them with new significance that gives them renewed relevance.

## 2) Book Launch of Dr. Radhakrishna Pillai



**Dr. Radhakrishnan Pillai addressing audience at the Presidency Club**

The book – Chanakya In You, emphasized on the pursuit of following one’s dreams and passion in all seriousness, to attend wisdom through the Arthashastra’s principles. The book covers a story of a young child who learns from his grandfather, what Arthashastra is all about and how to live life according to the principles of Chanakya to accomplish his dreams.

Adventures of a Modern Kingmaker Chanakya in You is the charming, lighthearted yet profound tale of a man inspired by his grandfather to seek the wisdom of the Arthashastra. Journey with a modern-day disciple of Chanakya as he goes from being an aimless youth to the richest man in the world, inspiring the whole nation to take up study of Sanskrit and ancient Indian literature for business success. Interestingly, this book does not have a single character



**Dr. Radhakrishna Pillai, with the dignitaries (PGI)**

with a name. The story is about you and your journey through life.

The book launch took place at Parul institute and Presidency Club, on 18th August’15. Where in at Parul University, more than 400 students actively became part of the event. The launch at the Presidency club included the member of BMA as well as other interested and intellectual group of individuals.

## 3) Enhancing Leadership Effectiveness



**Ms. Nanda Dave, with the participants in a group photo after the MDP Session on “Enhancing Leadership Effectiveness”.**

The Management Development Program on “Enhancing Leadership Effectiveness” was held on 20th Aug, 2015 at The Gurunarayana Centre for Leadership, Vadodara. The topic dealt with, “Making change happen, coaching for high performance, Mastering Emotional Intelligence, Handling Challenging Situations with courage and developing organizational Talent, Translating strategy into results, Cultivating Networks and Partnerships.

## 4) Certification course on

### a) Fintelligent Women

A professional Chartered Accountant, Mr. Rajiv Khatlawala, briefed the importance of Finance and Investments to the women exclusively under this certification series. The course focuses on “Why all women must know about Finance and Investments”, creativity in corporate corpus and issues and myths about insurance.





**CA- Rajiv Khatlawala, addressing the participants on "Certification Series on Fintelligent Women"**

The major contents of the course were:

- ✓ Meaning of the terms Finance and Investments
- ✓ Why should all women must know about finance and investing
- ✓ Misconceptions about money
- ✓ Money flow in life
- ✓ Protecting your and family's financial interest
- ✓ Low risk mutual fund investing
- ✓ Key issues and myths about insurance
- ✓ Creating your hidden corpus!
- ✓ Meaning of Financial goals with example and other topics.

#### **b) Spoken English and Personality Development**



**Mr. Jyotish Babu, addressing the batch for the Certification Course Series of Spoken English & personality Development for the Housewives.**

Mr. Jyotish Babu, highlighted the importance of English as a language and how the housewives can be benefited out of the grooming sessions by pursuing the basic spoken English and personality development sessions through the right vocabulary, phonetics and pronunciations.

The course also highlights a practical exposure towards "public speaking", "group discussion", "role play" and "presentations". The candidates are encouraged to share and interact about the current affairs and given a chance to execute an extempore on their favorite topics, authors, plays and about life. This helped them in making an expressive presentation and focused on pitching and pronunciations.

#### **5) Etiquette for Global Business**



**Ms. Sabira Merchant, with the participants of "Etiquette for Global Business".**

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## **Winning**

### **has become a Habit to BMA !!!**

BMA is the proud winner of 'Special Award for consistently doing excellent work during 2014-2015'

AIMA Best LMA Award Jury, Chaired by Mr. D Shivakumar, Past President, AIMA & Chairman & CEO - India Region PepsiCo India Holdings Pvt. Ltd, unanimously honored Baroda Management Association by Special Award for consistently doing excellent work during 2014-2015.

The award shall be presented at a glittering ceremony during the National Management Convention of All India Management Association in New Delhi during 30th Sept & 01st Oct' 2015.

It is the 4th consecutive award that BMA has bagged over a span of last Four years. This would be the 15th award to be won by BMA.

## **Forthcoming Events**

### **Use of Agriculture Inputs to Get Maximum Production of Crops Program Details**

Date: 7th October'15

Time: 10:00 am to 04:00 pm

Venue: The Gateway Hotel (Taj), Akota, Vadodara.



## **27<sup>th</sup> Annual Management Convention**

### **Reimagining India Unlocking The True Potential**

India's abundance of life—vibrant but quiet, chaotic and harmonized and tumultuous yet peaceful — has long been its foremost mystical asset. The nation's rising economy and burgeoning middle class is becoming one of the most indispensable emerging market. At the same time, India's tech-savvy executives and rapidly growing firms are altering key sectors of the world economy.

But what is India's true potential? | And what can be done to unlock it? | Come, reimagine at 27th AMC of BMA

Reimagining India shall pull in wisdom from many corners—social and cultural as well as economic and political—to launch a feisty two days of interaction about the future of Asia's "other superpower."

Reimagining India shall bring together leading thinkers from all over to explore the challenges and opportunities faced by one of the most important and least understood nations on earth.

Reimagining India is the theme of BMA's 27th Annual Management Convention to address to understand how this vast and vital nation is changing—and how it promises to change the world around us. BMA is inviting leading executives, entrepreneurs, economists, foreign policy experts, journalists, historians, and cultural luminaries.

The Convention shall address the scope of fiscal, societal, political, economic, technical, managerial and intellectual environment and other sub-theme necessary to capsule the theme and imagine a new India and set out priorities to fulfill this imagination to address growth trajectory of India as a nation.

The poster features a central graphic with the word "INDIA" in large, bold, black letters. The letter "O" is replaced by the Ashoka Chakra. An orange hand is positioned above the "O", and a green hand is positioned below it, both reaching towards the center. The text "REIMAGINING" is written in smaller, bold, black letters above "INDIA". Below "INDIA", the text "UNLOCKING THE TRUE POTENTIAL" is written in bold, blue letters. Underneath that, the dates "28<sup>th</sup> & 29<sup>th</sup> OCTOBER '15" are displayed in bold, black letters. At the bottom of the central graphic, the BMA logo is shown next to the text "BARODA MANAGEMENT ASSOCIATION" in bold, blue letters. Below this, the phrase "BLOCK YOUR DATES" is written in large, bold, black letters, followed by the dates "28<sup>th</sup> & 29<sup>th</sup> OCTOBER '15" in bold, red letters. The entire central graphic is framed by a thick black border. The top of the poster has an orange background with a white silhouette of a city skyline, and the bottom has a green background with a white silhouette of a city skyline.

**27<sup>th</sup> ANNUAL MANAGEMENT CONVENTION**

**REIMAGINING**

**INDIA**

**UNLOCKING THE TRUE POTENTIAL**

**28<sup>th</sup> & 29<sup>th</sup> OCTOBER '15**

 **BARODA MANAGEMENT ASSOCIATION**

**BLOCK YOUR DATES**

**28<sup>th</sup> & 29<sup>th</sup> OCTOBER '15**

## Forthcoming Events

### MDP ON

#### Cyber Crime, Forensic Audit & Office Network Security

by Mr. Sachin Dedhia

Cyber Crime • Understanding IP & MAC addresses • Proxy Servers • Complete PC Hacking & detecting if anyone has hacked the PC • Steganography tools • Mobile Hacking & Security( Live Demos of mobile hacking & how to secure your mobiles) • Creating Virtual Machines, VPN • Wi-Fi Hacking & security tools • Live demos of Office network security tools

Securing your social network accounts( Gmail, Facebook, LinkedIn) • Cyber Law & its administration • Website Hacking & Security • Patch Management Tools • Web server Security Tools • Understanding Data leakage solutions or data security. • Penetration testing tools • Firewall Configurations • Cryptography

#### BRIEF OF THE FACULTY

Mr. Sachin Dedhia has completed the Cyber Crime Investigation (ASCL) and Ethical Hacking course from EC-Council, USA. Since past few years he has been working as an independent Cyber Crime Investigator and also as a Security Expert for several IT Companies. He has also been Assisting & providing Trainings to the Cyber Cell Dept of Mumbai Police, INDIA with respect to their investigations. He has been a guest lecturer for various refresher courses & orientation programs in various institution.

#### TOOLS

Backtrack : Kali Linux, Nmap, NetScan Tools Pro, Nessus, SAINT, GFI LANGuard, TOR, OmniPeek Network Analyzer, Sandcat, Wikto, Acunetix, Havij, TrueCrypt & lot more . Over 2 GB of materials would be provided in the form of: PowerPoint slides (step by Step Instructions on operating the tools), open source software, Video tutorials. For each & every module & concept which will be taught, we will be giving minimum 2 tools for each module which can be use later on.

#### Program Details

Date : Friday, October 9, 2015

Time : 9:30 am to 5:30 pm

Venue : The Gateway Hotel (Taj), Akota, Vadodara

#### Fees Details

Student - Rs. 2000/- | Patron/Life Member – Rs. 2500/-  
BMA Member – Rs. 3000/- | Non – Members – Rs. 3500/-  
(above fee is exclusive of Service Tax , 14%)

### Leading Change

By Mr. Bharat Darjee

#### Objectives

- To identify the reasons for initiating an organisational change.
- Recognise the impact of change on employees, organisations, customers and other stakeholders.
- To understand the importance of clear vision for change or for desired results.
- To develop a thoughtful strategy for effectively implementing change and sustaining employee commitment to the change.

#### Contents

What is Change? Nature and niceties of change.  
Why are we scared of Change? Psychology of fear.  
Uncover the real Forces causing change.  
Emotional Journey of change.  
Components of a change implementation plan.  
Journey through change.  
Help people through change.  
Leading change - a model.  
Actions for introducing and leading change

#### Faculty

Faculty is a Certified Trainer and a free lancer .Got trained in NLP & Managerial Grid. He keeps profound interest in cognitive science. He is also certified in Extended DISC profiling. Grid International – Austin certified him as a Seminar Manager.. He has facilitated and conducted many experiential learning events on a variety of subjects which includes workshops on : Communicate for Results, 7 Habits, Step In Excellence, Managerial Excellence, Supervising for Success, Teaming and Team Work, Shop floor Cohesiveness, Out Bound Training, English Improvements, Customer Care, Sell like a super star, Present Without Pitfalls, Improved Worker Participation for Productivity Improvement.

#### Program Details

Date : Monday, September 28, 2015

Time : 9:30 am to 5:30 pm

Venue: Baroda Management Association

#### Fees Details

Patron/Life Members : Rs. 1250/- | Members : Rs. 1500/-  
| Non Members : 1800/-

(The above fee is exclusive of Service Tax , 14%)

For Registrations

**Baroda Management Association**

2nd Floor Anmol Plaza,  
Opp McDonalds, Manisha Circle, O P Road, Vadodara

**Contact : 0265-2344135**

Email us on: **bmabaroda1@gmail.com**





**Baroda Management Association**



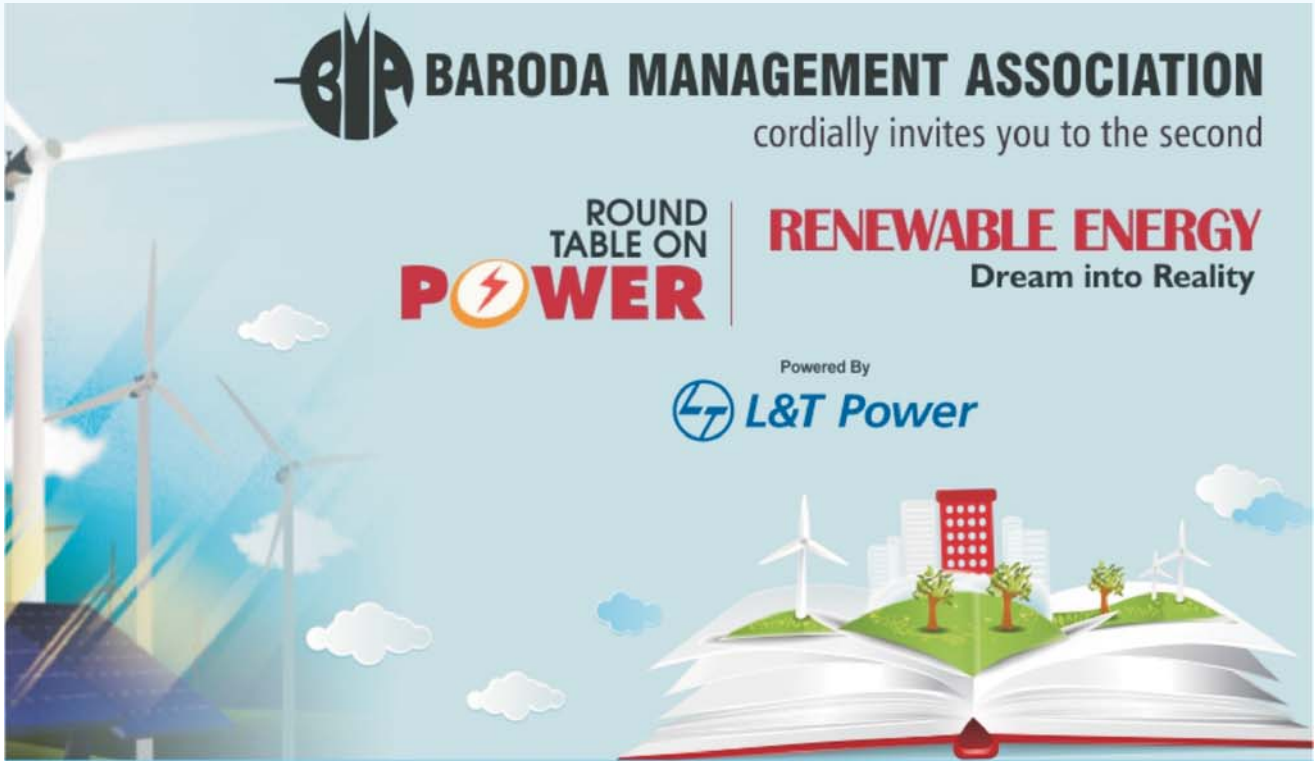
**BARODA MANAGEMENT ASSOCIATION**

cordially invites you to the second

ROUND  
TABLE ON  
**POWER**

**RENEWABLE ENERGY**  
Dream into Reality

Powered By



Inauguration & Keynote Address By

**Shri Saurabhbhai Patel**

Hon'ble Minister for Energy & Petrochemicals,  
Govt. Of Gujarat

On

10<sup>th</sup> September 2015 (Thursday)  
9:30 am to 4:00 pm

Tropicana Hall,  
The Gateway Hotel(Taj),  
Akota, Vadodara



Theme Perspective Speaker & Special Address by :

**Shri L.Chuaungo, IAS\***

Principal Secretary of Govt. of Gujarat, Energy & Petrochemicals Dept.

\*To be Confirmed

#### Resource Team

S.K. Negi | Romi Bhatia | Venu Birappa | Shashank | Rajiv Thakkar | Amita Jaspal

**For Registration : Contact BMA**

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### Appeal Note

Dear Members,

For Members who have not renewed their BMA Membership for the year 2015-16, kindly renew your membership at the earliest and avail all the benefits further. The Revised Membership Fees will be applicable as mentioned below:

#### MEMBERSHIP FEES

Categor- ories	Criteria	Annual Fees Rs.
<b>INSTITUTIONAL</b>		
Patron		225000
Special	Above 20 crores	25000
A	5 to 20 crores	12000
B	1 to 5 crores	10000
C	Upto Rs. 1 crore	5000
D	Multiple Combined Institutional Member of AIMA, amount as per AIMA rules or Rs. 1000/- whichever is more	5000
E	Non-profit organization (Local Bodies, Educational & Professional Bodies)	5000
Categories	One Time Entrance fees Rs.	Annual Fees Rs.
<b>INDIVIDUAL</b>		
Student	200	600
Associate	300	2000
Professional	300	2500
Life		25000
Service Tax 14% Extra		
Contact : 0265-2344135/2353364/6531234   bmabaroda1@gmail.com		

#### FRIDAY EVENING TALKS

SR	DATE	TOPIC & SPEAKERS
1	21.08.2015	Legal Systems: Pre and Post Sayajirao III Era by Mr. Tushar Vyas
2.	28.08.2015	Mind Servicing by Mr. Ashit Pathak
3	04.09.2015	Cloud Competency for Common Man by Mr. Samir Rohadia
4	11.09.2015	Emotional Literacy by Mr. Sunil Karkare
5	18.09.2015	Know your Personality and Career in 3 minutes by Mr. Manish Soni

Venue : BMA, Guru Narayana Centre for Leadership,  
2nd Floor, Anmol Plaza, Old Padra Road, Vadodara.

### From the Editor's Desk

SAMANVAYA as a magazine is a culmination of all aspects of management, not only to suit the needs of its varied readers, but also to read and understand other functions which may not be one's core area. This reminds me of the Prime Minister's message from the ramparts of the Red Fort on 15th of August 2015, wherein he called upon the nation and its citizens to work as a TEAM. This implies that each one of us should contribute, appreciate and facilitate others in the team to bring out the synergy. To add on this, a thought that comes very often, when we live in a diversified society is that variety brings in innovative ideas to many traditional problems. Yet it is challenging how we resolve differences. This happens by not only accepting different view points but also appreciate it. This ultimately creates synergy.

In the Aug. issue, People Talk, is H R Analytics, one of the roles that H.R professional will see themselves as doing, which is going to be pivotal and imperative to business.

The Fin world section the article on Debt Trap convinces for the need of a healthy debate on financial policy.

The personal take away from this issue is the book launch one for self development and the second to follow your passion. A brief of the books makes a reader to own one. So here's wishing our readers happy growing and grooming!

**Prof. (Dr.) Sunita Nambiyar**

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