



ACE

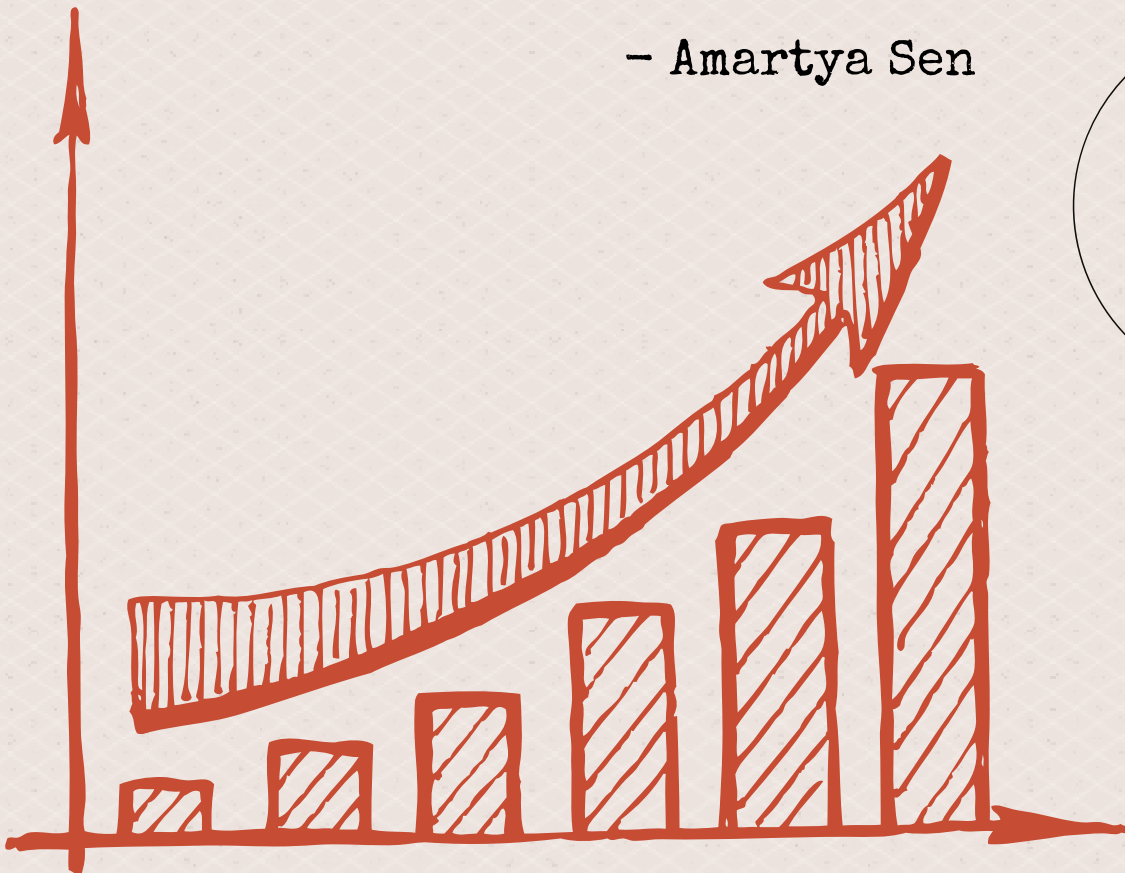
COMMERCE DEPARTMENT PUBLICATION



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"Education can really transform the insecurities in the world into a bigger vision of what we are as human beings."

- Amartya Sen



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Editorial



Times are changing and many countries are facing recessions so much so that the world was on the brink of a war, while our neighboring country– Sri Lanka is trying its best to recover from its economic crisis. In these uncertain times, the decrease in the number of covid cases has come up with a ray of hope for us as well as for the entire world. The attack on Ukraine by Russia is potentially the onset of war in Europe at Russia's behest for an end to NATO's eastward expansion. The launch of the major invasion by Russia on Ukraine, that started with air and missile assaults on Ukrainian military targets before sending troops and tanks across the country's northern, eastern, and southern borders has been highlighted in the publication. We also have an article how CRED proves to be an appropriate app for people who love shopping with credit cards and who wish to get the best deals. Now that we have the statistical data for the year 2021 complete, it is time for a comparison of the current status of the electric vehicle uptake in the world's largest markets. This year we saw several major automakers reveal their plans of electrification by announcing to invest money on new models and tie-ups with EV battery companies. Students are always keen when it comes to the stock market and this is a topic which excites and attracts everyone because of the huge returns which it provides, hence we have an interesting article on the same. I hope you take the time out to read what the publication has to offer. There is so much to read, so much to ponder upon and so much more to know because like we always say, we are truly, still learning.

Happy and fruitful reading!

- Barsha Goel
Utkarsh Jajodia

RACE TO ELECTRIFICATION



- Aayush Agarwal, 12CA

This year we saw several major automakers reveal their plans of electrification by announcing to invest money on new models and tie-ups with EV battery companies. The most recent example of this was the world's largest car-maker, Toyota, declaring an investment of 4 trillion yen (\$35 billion) in the development of at least 30 new models of battery-powered vehicles. Another such company was Stellantis which made similar announcements. However, the largest and the riskiest commitment was made by General Motors (GM) in January 2021 which announced that it would go all electric by 2035 and would be producing around 30 new EV models through these 15 years. Other such companies were Ford, Volkswagen, BMW, Daimler and Volvo.

This sudden change observed in the auto-market is a result of a number of push factors motivating automakers to diversify. The primary factor here was the government regulations imposed all across the world such as the US which mandated automobile companies to reduce greenhouse gas emissions from their vehicles by 10% and the EU which set a target of reducing CO2 emissions by 37%. Therefore, major auto-makers have announced plans to electrify as soon as possible in anticipation of more regulations which are slowly making fossil-fuel vehicles unfavourable. Another reason for this transformation is also the astonishingly increased demand for EV which has developed in the past few years, irrespective of COVID-19. Its sales have increased to 6.2 million units in 2021. This has happened chiefly because of two reasons, higher efficiency of EVs and increased public awareness about climate change. If the same growth rate of the EVs market is observed for a longer period of time, it could indicate several positive as well as negative impacts on the world.

This electrification process would leave the biggest mark on climate change as our asset. If we are successfully able to popularize the use of EVs, 1.5 gigatons of carbon emissions could be reduced by 2050. This happens because electric vehicles produce 17-30% less of carbon emission than conventional vehicles and they also have a shorter life span than them. The rising production of electric vehicles results in an increased supply of lithium batteries which has resulted in reduced prices of the same and is expected to fall even lower. They have fallen from \$1100/kWh in 2010 to \$137/kWh and are expected to fall to \$100/kWh. Apart from this, the oil industry could also take a major hit from this electrification as its usage is expected to fall from 20.3 million barrels/day in 2019 to 15 barrels/day by 2050 in the US. Currently, Norway has been the leading country in the world in terms of the race to electrification.

This year 83% of its passenger cars were electric and it aims to phase out the sale of conventional vehicles in four years. Other than that, China has also managed to become one of the countries which beat the US in this race. It has 40% of the total worldwide sales of EVs in the world and it also controls 30% of the world's battery market. When we come to India, it may not be in a decent position at the moment but if the current rate of development is kept up, it could become a market of \$206 billion in 2030. To reach this target, the central government has also taken steps such as the allowance of 100% FDI, implementing a Production Linked Incentive Scheme, and the development of charging infrastructure. In conclusion, the race to electrification has begun between countries and major companies but it is the responsibility of our governments and international institutions like the IMF to keep it in check and protect the world from its ugly impacts.

HOW CRED EARNS MONEY?

- Alda Nongmeikapam, I2CA

CRED is a Fintech platform which is based in Bangalore. CRED allows customers to make credit card payments and receive unique deals through its app. Kunal Shah, the former creator of Free Charge, started CRED in April 2018. CRED lets its users manage and pay off all credit card debts in one place. It not only offers unique credit card discounts but also keeps track of our spending. CRED pays customers for using the app to pay their bills. The incentives are provided by CRED in collaboration with businesses. As a result, the companies receive visibility and attraction on a platform where customers are already willing to spend. In this way CRED can present more deals on their app and visitors have additional reasons to download the app and use it to pay their bills. The 3 pillars of the CRED business model - Customers who pay credit card bills, The CRED app, and the Businesses who provide offers on the app.

- Customers of CRED - Many consumers pay using their credit cards with payment applications or by connecting into their bank accounts directly. They may execute the identical purpose of paying their credit card bills more efficiently by utilizing the CRED app. As more people utilize CRED to gain rewards, they are more likely to share those benefits.

- CRED App - The app allows users to sign up and view all the available credit card bill payment offerings. As you pay your bills, you earn CRED coins, which you may exchange for rewards.

- Brands that provide deals through the app: CRED needs to bring businesses on board and develop partnerships with them. As purchasers of all types use the CRED app, it provides visibility to both small and large firms. To access CRED programs, a credit score of more than 750 must be obtained. This application also allows users to share certain data such as credit card numbers, access to emails to track users expenses and due amounts, credit score, and how they invest their money. CRED rewards its users with CRED coins for bill payments which can later be redeemed with the offers available. In simple terms, CRED provides a basic incentive to make prompt bill payments.

To make offers more attractive to the users, CRED partners with various businesses. In turn, businesses achieve exposure to buyers from all walks of life. Businesses pay CRED listing fees to have their items and services shown on their app. Financial organizations also have access to the financial data received from users, allowing them to adapt their offers accordingly. We can get products and offers from firms that have paid for access to get discovered through CRED. Fashion boutiques, spas, Amazon gift cards, and more are among the options. Users can choose from a variety of incentives with these offers. As a result, it captures the attention of users. Every time a user redeems CRED coins from the app to choose an offer, CRED receives a fee from the company. As we use the app and continue to pay our bills, CRED collects our financial data to provide us with better offers in the future. This is their secondary revenue stream.

Institutions are constantly on the lookout for the most trustworthy consumers to use their credit.

CRED partners will be able to see incentives on the application to businesses. Clients of these firms become consumers who redeem CRED coins for deals in exchange. With more credit card clients using the app, they will be able to get more customized financial information. Financial entities, such as banks and credit card companies, benefit from such a comprehensive strategy since consumer transaction costs are decreased.



WHAT DO YOU THINK WILL BE THE IMPACT ON INDIA OF THE RUSSIA-UKRAINE WAR?



The evacuation of Indian students from Ukraine may have been recognised by the world as a sign of friendship and stable diplomatic ties with Russia. However all may not be as rosy as it looks. India may have probably exhausted its diplomatic ties with Russia after the evacuation.

India couldn't have shown its inclination towards any of the warring countries, therefore took the stance of being neutral. However, being in this stage of status quo, India does get affected.

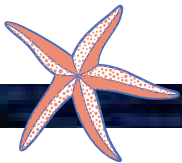
According to the reports between 2017-21 Russia's share of India's defence imports was 46% and 28% of Russia's defence exports. With the war on and Russia divesting its arms and ammunition/technology towards the war, India will find it difficult to procure Russian equipment. Russia is already in talks with China to create a military technology supply chain.

If this move does materialise, the transfer of technology and military supplies to India will dry up, India's balancing act with China will be tested.

In the book written by Mr. S. Jayashankar, he has constantly quoted the word 'Equilibrium' between India and China, of a strategy where both countries share a balanced power.

India's worry may increase if China takes a lesson from the Russia-Ukraine war and interferes in POK's independence. India really needs to understand and introspect on its future strategy in maintaining the balance of power in Asia.

**- DR. AMIT JUGRAN,
HEADMASTER**



In the 60s a group of Russian children were playing the war game with snowballs. An adult came shouting and broke the snow barriers and got all the children together. He told them that after the 2nd World War at least one chair was empty at every dining table in Russia so war was not a game.

The common people hate wars that the politicians create. In the Russia-Ukraine war, India stands with the common people and not with the politicians.

**- MR. SAMIK GHOSH
DIRECTOR**



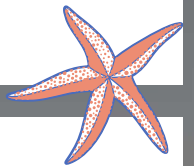


WHAT DO YOU THINK WILL BE THE IMPACT ON INDIA OF THE RUSSIA-UKRAINE WAR?



The war between Russia and Ukraine, which began approximately a month ago, is threatening global order stability. There will most likely be three types of effects on the Indian economy: direct, affecting trade between India and both Russia and Ukraine; indirect, through global commodity and energy market shifts; and macroeconomic, as policy implementation and business decisions may have to be postponed or adjusted to deal with the crisis' fallout. While the Russia-Ukraine conflict has pushed up commodities prices, India may benefit from an uptick in rural sentiment and demand in the coming months."

- **CHESTA NOWAL,**
XII CA



The Russian invasion of Ukraine in February was the largest conventional military attack seen since World War II . India had taken a neutral stance, born of its historic strategic partnership with Russia. Russia supplies almost half of India's crude oil along with military infrastructure. Whereas, Ukraine's economic crisis has skyrocketed the prices of oil, natural gas and other oil products, as India is its largest export target in Asia. Yet, this is unlikely to shield India from the ravages of a war of such a scale.

- **JEEVESH AGARWAL,**
XII CB



MR. SAMIK CHOSH
DIRECTOR

FUN FACTS

- AMERICAN AIRLINES SAVED \$40,000 IN 1987 BY ELIMINATING ONE OLIVE FROM EACH SALAD SERVED IN FIRST-CLASS.
- THERE'S ENOUGH GOLD INSIDE EARTH TO COAT THE PLANET.
- ACCORDING TO ESTIMATES, JEFF BEZOS NET WORTH HAS GROWN AT A SPEED OF 34% OVER THE LAST FIVE YEARS, WHICH COULD MAKE HIM THE WORLD'S FIRST TRILLIONAIRE BY 2026.
- MORE THAN 80 PERCENT OF THE ONLINE POPULATION HAS USED THE INTERNET TO PURCHASE GOODS AND SERVICES.

BULLS AND THE BEARS

- *Utkarsh Jajodia, 12CA*

CAN INVESTING IN STOCKS MAKE YOU RICH?

If someone invested Rs. 10,000 in Wipro 40 years ago, one would have 700 crores today.

OR

If someone invested Rs. 100 in Wipro 40 years ago, one would have 7 crores today.

THIS IS THE POTENTIAL OF STOCK MARKET.

Students are always keen when it comes to the stock market and this is a topic which excites and attracts everyone because of the huge returns which it provides, but what I have observed is that only a few people actually know what this market is about. Hence, this article is to give a glimpse of how the stock market works. Now, if I want to open a company or expand my business, I would require a huge sum of money which can be termed as capital. It would be very difficult for me to gather this capital by myself, so what I can do is, I can list my company in the stock market, and dilute some shares of my company. This simply means that the public would be investing their money into the company and in return I would be giving some part of the ownership of my company to the shareholders. Now, do the shareholders directly get the profits from the company? NO, instead if the company performs well its listed price increases and the shareholders can hence earn money by selling the shares at high prices. Earlier there was a system of physical trading but now with the advancement of technology we can be sitting at our home and invest our money in any company and de invest at any moment. The stock market is this platform which acts as a bridge between the investors and the company.

If the thought of investing in the stock market scares you, you are not alone. Individuals with very limited experience in stock investing are either terrified by horror stories of the average investor losing 50% of their portfolio value or are beguiled by "hot tips" that bear the promise of huge rewards but seldom pay off. It is not surprising, then, that the pendulum of investment sentiment is said to swing between fear and greed.

The stock market serves two very important purposes. The first is to provide capital to companies that they can use to fund and expand their businesses. If a company issues one million shares of stock that initially sells for \$10 a share, then that provides the company with \$10 million of capital that it can use to grow its business (minus whatever fees the company pays for an investment bank to manage the stock offering). By offering stock shares instead of borrowing the capital needed for expansion, the company avoids incurring debt and paying interest charges on that debt.

The secondary purpose the stock market serves is to give investors – those who purchase stocks – the opportunity to share in the profits of publicly-traded companies. Investors can profit from stock buying in one of two ways. Some stocks pay regular dividends (a given amount of

money per share of stock someone owns). The other way investors can profit from buying stocks is by selling their stock for a profit if the stock price increases from their purchase price.



For example, if an investor buys shares of a company's stock at \$10 a share and the price of the stock subsequently rises to \$15 a share, the investor can then realize a 50% profit on their investment by selling their shares.

The reality is that investing in the stock market carries risk, but when approached in a disciplined manner, it is one of the most efficient ways to build up one's net worth. While the value of one's home typically accounts for most of the net worth of the average individual, most of the affluent and very rich generally have the majority of their wealth invested in stocks.

If you're actively buying and selling stocks, there's a good chance you'll get it wrong at some point, buying or selling at the wrong time, resulting in a loss. The key to investing safely is to stay invested — through the ups and the downs — in low-cost index funds that track the whole market, so that your returns might mirror the historical average.

The Journey back Home

- Yuvraj Sureka; 12CB

Is privatization something to be thankful for? Indulging in privatization or not is often related to political ideology. The right wing economists worldwide, in general, favour privatization and the left wing economists, in general, are against it. Let's say there is a private company and there is a public one. What are the differences between the two? The purpose of a private company is to earn profits and where does that profit go? To the shareholders of that company or the owners of that company. Where does the profit of a public company go? It goes to the government. The government can use it for the citizens of the country. The main purpose of a public company is not to earn profit but to impart welfare for the public. Now that earning money serves as a better motivation for people to work, it is believed that private companies in general, are more efficient. Their employees work more effectively and work harder because the benefit of money is discernible. In order to remain profitable, the company, in general, takes a lot of decisions that a public company would never take and since public benefit is not such a great motivation for the employees, it is believed that public companies are lazy and their employees do not work well. Their customer service is not that great, especially in India.

The ones in favour of privatization maintain that this is a free market economy, that is, anyone can come up, create their own company and compete with the rest of the companies if a sector has been privatized. For example, airlines have been privatized, so anyone can come up and create their own airlines and this would enhance competition. An increase in competition would mean that all the companies would try and offer better customer services, ensure lower prices for the customers and at the same time make a profit too. So everyone benefits here. There is a simple rule: wherever there are higher chances of monopoly, we should not indulge in privatization there. For example, consider ONGC and Bharat Petroleum- The Oil, gas and petroleum industry is an industry in which it is next to impossible for the common man to enter and compete. It is next to impossible that one of us would create an oil and gas company and be able to buy oil fields. This can only be done by established and rich businessmen. Secondly, oil, gas and petroleum are natural resources which are the property of the entire country. To sell them would mean selling a part of the country in a way. You're giving an opportunity to others to make a profit of the resources of the whole country. On top of that, Bharat Petroleum is a company that has been earning profits. So it does not make sense to sell it off. So there are very high chances that selling off such a public sector company would mean the country could incur losses in the long term and a monopoly could possibly be created.

The similar thing between them is corruption, with both privatized as well as public sector companies. The public sector employees are accused of taking bribes while they work. Bribes are also taken during customer service or it is extremely delayed. The same thing ensues in private companies too. A common employee is not corrupt in private companies but their top bosses might be corrupt. They might bribe the politicians to create a monopoly for themselves. So corruption can happen both ways.



TEACHER'S NOTE

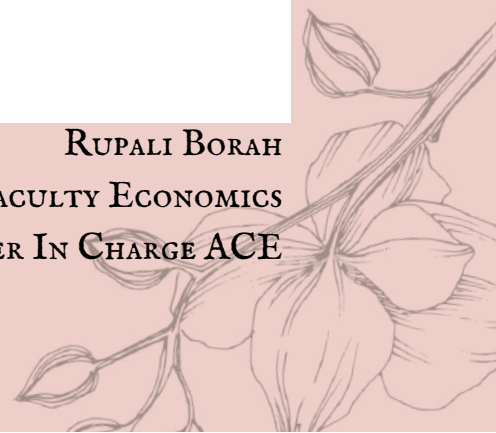
Don't decrease your goal, Increase your effort.....

Welcome everyone to yet another volume of ACE, a journal published by the Department of Commerce. Like every journal of ACE, this journal also brings a few very enriching and informative articles for us. We all know the world economy is changing very fast, due to which its impact can be seen in the Indian economy as well. The Russia – Ukraine war is impacting the economy of most of the country. So, we all need to understand that due to the globalization policy, we will be impacted if any such situation occurs in any country around the world. The economic crisis of Sri Lanka are another major hit for all countries to think of once again about the importance of self-sufficiency of a country. The economic mismanagement by the Sri Lankan Government and the lucrative tourism industry sapped by the pandemic created the major economic crises where people have to face hyperinflation, food and essential service crises. We should be conscious and alert about what is happening in the economic and business world as it has a major impact in our life.

I would like to thank our Headmaster Dr. Amit Jugran for his encouragement and support. I would like to thank Mr. Tusbar Bharadwaj for his valuable advice.

I would also like to thank each one of my department colleagues for all their help and cooperation. Last but not the least, I would like to congratulate my ACE team for their hard work and cooperation to publish the journal on time. Hope, the readers will enjoy reading ACE and keep showing their love to this journal.

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