THE ASSAM VALLEY SCHOOL

ACE

BUSINESS OPPORTUNITIES ARE LIKE BUSES, THERE'S ALWAYS ANOTHER ONE COMING

~ RICHARD BRANSON

Founders' Semester Volume 6

COMMERCE DEPARTMENT PUBLICATIONS

ACCOUNTS COMMERCE ECONOMICS

CONTENT

Editor's Note

In the sixth journal of ACE, the entire team tried to put forward details in depth on the subjects of Accounts, Commerce, and Economics.
Our main objective is to provide information to the students on what is happening around the globe by connecting it to the world of commerce. We've tried to keep the content on common grounds so that students from all streams can understand and benefit from it.
People limit commerce just to production and consumption but ACE tries to divert the minds of students from stereotypes that limit commerce.
This edition of ACE relates to different genres of commerce. It formulates the idea from e-commerce to tourism and foreign exchange, from the problem of printing money to taxation policies and aspects of Geo-economics.
Lastly, I would like to express my gratitude to the entire team, teacher in-charge and the school authorities for giving us their constant support.

By Praveka Kasera

Amazing Facts

Facebook is primarily blue because Mark Zuckerberg suffers from red-green colour blindness.

Samsung was once renowned for selling dried fish and other groceries.

In response to the polluted breathing air in China, millionaire Chen Guangbiao began selling fresh air in a can, going on to sell eight million cans in 10 days, and earning $6 million in a year.

Google was originally known as BackRub.

Buy Now , Pay Later ?

Sanchi Poddar , Class XI

Imagine a payment option that lets people buy something and pay for it gradually, rather than all at once. Now stop imagining as it has already knocked on our doors. Buy Now Pay Later (BNPL) is presently provided by different types of companies, like online stores, banks, and financial tech start-ups.

With Buy Now Pay Later, buyers usually have to pay a little bit at first, and then make payments at regular intervals for a certain amount of time.

Buy now, pay later services are typically presented as an option in the payment flow, alongside credit cards and other payment methods. When customers make a one-time purchase, they simply select a buy now, pay later provider in the payment form, and are redirected to the provider's site or app to create an account or log in. Customers choose whether to accept the terms of the repayment plan—typically selecting bi-weekly or monthly instalments—and complete the purchase.

The advantages of this feature are that it can help consumers manage their budgets by spreading payments over time, making it easier to afford larger purchases. BNPL makes shopping more convenient by allowing customers to take home their purchases immediately without paying the full amount upfront. Some BNPL services offer interest-free repayment plans if payments are made on time, making it cost-effective.

Some of its shortcomings may include that the ease of BNPL can lead to impulse buying and overspending, which may result in financial strain. Some BNPL services may not be transparent about fees, making it crucial to read the terms and conditions.

While BNPL usually doesn't affect your credit score positively, it can harm your credit if you fail to make payments. Repeated use of BNPL can lead to accumulating debt if one is not careful with their spending habits.

Buy Now, Pay Later methods are beneficial for most businesses, especially: Retailers selling high-value goods and services, such as luxury items or travel fares that want to boost conversion and retailers selling low-value goods and services that want to increase average cart size and reach new customers who might not have credit cards or the means to pay the full cost upfront.

The current economic uncertainty and inflationary pressures in non-discretionary spending categories are prompting consumers to delay purchase payments by leveraging buy now pay later options (BNPL). Categories that have shown increased demand in BNPL purchases include groceries and home furnishings. In the first two months of 2023, online groceries' share of BNPL orders grew by a staggering 40%, while home furnishings grew by 38%.

Therefore, it's essential to use BNPL responsibly, understand the terms and consider your financial situation before choosing this payment option. Usage of this good evil created by mankind should be first thoroughly understood and then tried, rather than going along with it just as a trend, ignoring all its advantages and disadvantages.

The Real Problem Of printing Money Is ?

Aakanksha Kumar, class XI

Have you ever wondered why the government can't just print more money to solve all of our problems? It seems like a simple solution: if we need more money, just print it! Unfortunately, it's not that simple.

The real problem behind printing money revolves solely or mostly around inflation. Inflation is the rate at which prices for goods and services increase over time. When the government prints more money, it increases the supply of money in the economy.

This can lead to inflation, because businesses will be able to charge more for their goods and services, knowing that people have more money to spend. For example, there are 10 apples in the economy and 10 rupees in circulation. Each apple costs Rs 1. Now, imagine that the government prints 10 more rupees. There are now 20 rupees in circulation, but there are still only 10 apples in the economy. As a result, the price of each apple will double to Rs 2, proving not only to be detrimental for the people but also to worsen the economic situation even more. Inflation can have several negative consequences.

It can erode people's savings, make it difficult for people on fixed incomes to afford necessities, and reduce the competitiveness of businesses in the global economy One more reason why this seemingly simple solution remains outside the grid is that when there is too much money in circulation, the value of the currency can decrease, which in a country like India is the last thing the country needs. It can also make it more difficult for people to buy goods and services from other countries, and can also make it more difficult for businesses to export their products, hindering the overall growth of the economy.

Impact Of Income Tax On Society

Vivek Gattani, class XI

As we know, the Tax System in India is of two types – One is Direct Tax and the other is Indirect Tax. Income Tax comes under Direct Tax, which means the individual earning income, needs to pay this tax on the income earned by him, in India.

Currently an individual earning Rs. 2,50,000/- annually (i.e. monthly Rs. 20,800/- approx.) need not pay any Income Tax to the government. An individual earning more than the above stated figure needs to pay Income Tax to the government.

Recently, the government has come up with a brilliant masterstroke of exempting those people to pay any Income tax, if they earn up to Rs. 7,00,000/- annually (i.e. monthly 58,300/- approx.) . Rebates have been given to the individual on the Income tax on that amount. However, if an individual earns more than Rs. 7,00,000/-, he loses the rebate provided and needs to pay the full Income Tax to the government.

From FY 2023-24, the rates of Income Tax are more favourable to the Indian Citizen as compared to previous years. Going as per current rate of Income Tax, an Individual needs to pay Rs. 90,000/- as Income Tax if he earns Rs. 12,00,000/- annually (i.e. monthly Income – Rs. 1,00,000/- and Income tax – Rs. 7,500/-). The rates are much higher for income above Rs. 15,00,000/-, as it comes to 30% for every rupee earned beyond Rs. 15,00,000/-.

Income Tax affects an individual depending upon his Socio-Economic status. Let us see the impact of the same on various segments of society.

India has very few taxpayers not because millions of them are hiding their incomes and evading taxes. It is because India's income tax structure as explained above is designed in a way that allows only for a small percentage of people to pay income tax. Now why do I say this is because according to the Government's Economic Survey of 2020, India's per capita income is Rs 1.4 lakhs. That is, the average Indian earns Rs 1.4 lakhs a year.

For BPL and low-income earning segments, they are obviously exempted from paying Income Tax. The Income Tax which is collected by the Government is used for the well-being of the poor people. Education facilities, nutritious mid-day meals, medical facilities and other subsidies are provided to them out of the revenue collected by the government.

FOR MIDDLE CLASS segment (including Salaried Class), Income Tax is like a burden for them. No doubt the New Tax regime has given some relief to this class of individual. They have limited income in which they need to provide their children with good education, be ready for any emergency situation, deal with regular rising inflation, business losses, and other mandatory necessities. It may not be wrong to say that the whole burden of the tax is on the middle class (as the poor don't pay and rich people are less). In short, Income Tax acts as a stress-bearing machine for them which sometimes forces them to dodge this Tax System.

FOR RICH Segment, they pay the highest rate of Income Tax i.e. 30% of tax on any amount earned above Rs. 15,00,000/- and additional surcharge of 10% of total tax calculated, if their earning is more than Rs. 50,00,000/-.

Considering the Socio-Economic inequalities in India, this may sound good; taxing the rich people more. Needless to say that if 1/3rd of an individual's income is taken away as Tax by the government, it leads or I will say it motivates an individual to again dodge this Tax System.

To conclude, this Tax System needs a similar master-stroke at the higher level of income, just like the government has done at the lower level in the new tax regime. I am sure even the rich want to share their hard-earned money for the development of the country and for the poor, but not for the political mileage of the politicians.

How Do Foreign Exchange Rates Affect Tourism

Dharini Karwa, Class XI

"Foreign exchange rates are the invisible lenses through which tourists see the world." A country's currency value can be both an advantage and a disadvantage. A high currency can build walls that become barriers while at the same time a comparatively lower currency value can become the bridge leading to more tourism helping the economy boom. It is undeniable that tourism and the economy go hand in hand. Several countries earn their maximum profits through tourism and foreign exchange rates.

For tourists, exchange rates become the difference between a budget friendly expedition and a luxury experience. They tend to juggle their minds contemplating whether to spend a huge sum of money for a trip or be sensible in order to save money for their other needs. If we see the average cost for a person traveling to a country like Vietnam it would be around INR 60,000-70,000. However, on the other hand, for the same person going to a place like Singapore, they would have to pay an average of at least 1.5 lakhs for a single person. This itself shows how exchange rates tend to be a barrier for a person as they have to sacrifice their desire to visit certain places.

Apart from this even when it comes to purchasing items, the prices differ vastly, especially with the luxurious brands. The brands that originate from a particular country tend to be cheaper in price in comparison to the prices in the other countries. When we purchase a purse from Charles & Keith from Singapore one would get the most favourable prices and when we purchase the same item in India we have to pay at least double the price. Thus, even the origin of a brand plays an important role in the pricing.

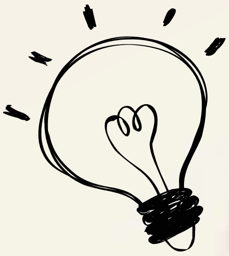
As we read through the above paragraphs we conclude that tourism and exchange rates share a love-hate relationship; they love favourable exchange rates and hate unfavourable ones. However, this is not always the case. The economic conditions of a country determine the foreign exchange rates keeping in mind the survival of the economy. In certain cases if the country is taking international aid, the bodies like IMF dictate that the country taking the loan ease the foreign exchange rate which may not be in favour of the country asking for aid. Thus, it can be concluded that foreign exchange rates affect tourism but the countries are well aware of the consequences.

Future Of Gulf Countries

Saanchit Agarwal , Class XI

This article includes the various solutions for the problems that can be faced by Saudi, UAE and Qatar in the future and what initiatives they taken to solve it. The future of the Saudi, UAE, and Qatar oil industries depends on market demand, renewable energy transition and economic diversification. As the world shifts towards cleaner energy options, these countries need to diversify their economies by exploring alternative sectors such as renewable energy, technology, and infrastructure. Collaborative efforts among oil-producing nations are also crucial in managing production levels and stabilizing prices. Factors such as fluctuating oil prices, investment in downstream industries, technological advancements, and policies and strategies implemented by governments play a significant role in shaping the future of the industry. Saudi Arabia, UAE, and Qatar have recognized the need to prepare for a post-oil future and have launched initiatives to diversify their economies, attract foreign investments, and create new job opportunities. However, the success of these efforts depends on various factors, including political stability, economic policies, etc.

Saudi Arabia, UAE, and Qatar are preparing for a post-oil future by implementing various strategies. Saudi Arabia's "Vision 2030" plan focuses on diversifying the economy through sectors like tourism, technology, and renewable energy. The UAE has become a regional business hub, diversifying its economy through tourism, real estate, and finance. Qatar is developing industries such as natural gas, infrastructure projects and tourism. While uncertainties exist, these countries are taking proactive measures to build sustainable economies beyond oil. Vision 2030 is an economic transformation plan launched by Saudi Arabia to diversify its economy and reduce dependency on oil. It aims to develop sectors such as tourism, entertainment, technology, and renewable energy to create new job opportunities and attract foreign investments. The goal of Vision 2030 is to sustain Saudi Arabia's economy even after the depletion of oil reserves. "TOURISM" - The aim is to make the country an attractive destination for tourists by highlighting its cultural heritage, natural beauty, and historical sites. Efforts are being made to enhance infrastructure, promote tourism events and festivals, and improve the overall visitor experience through the establishment of hotels, resorts, and entertainment facilities.



RIDDLES

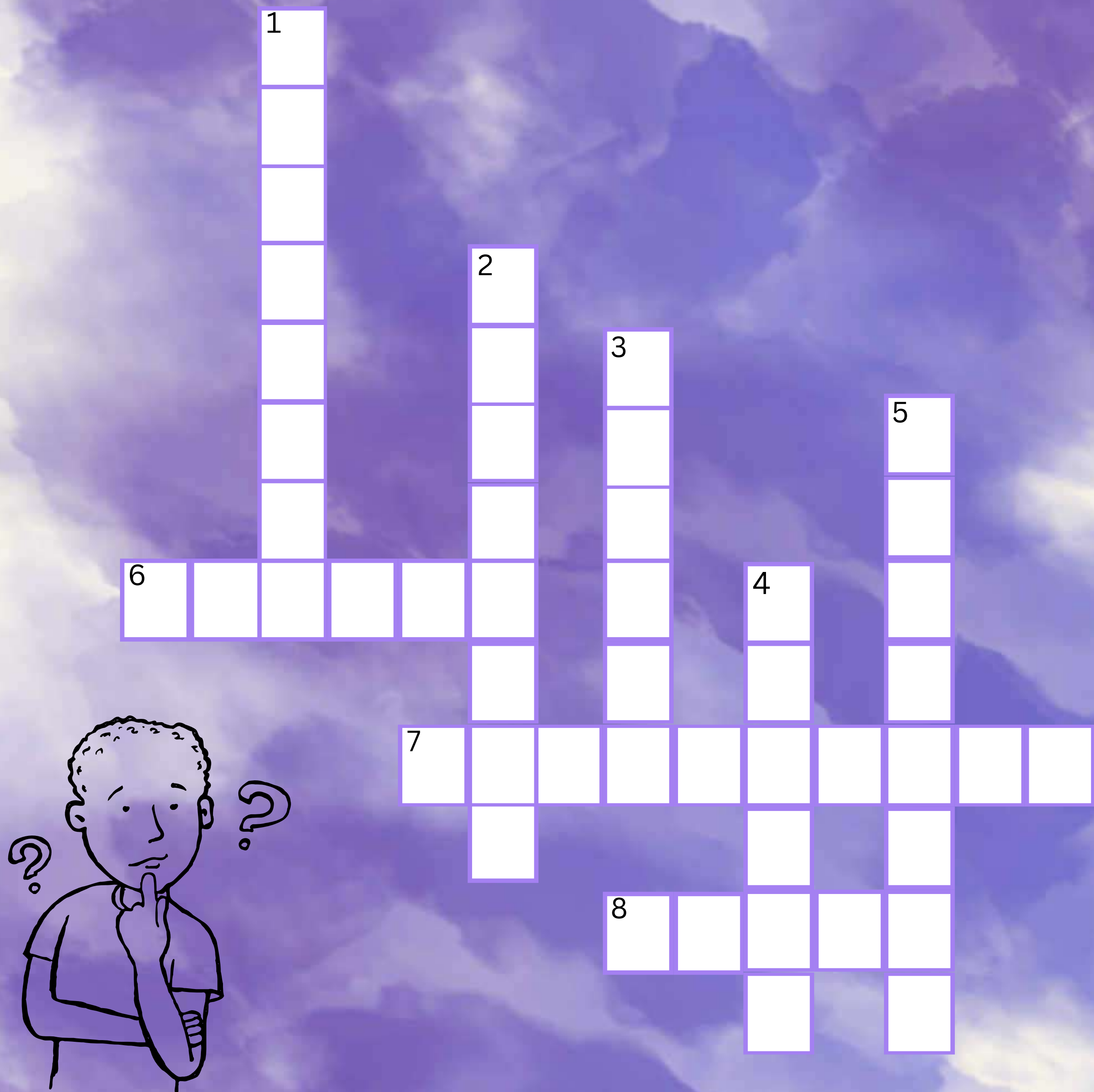
What has two banks but no money?

What kind of book can make money?

What do gymnasts and accountants have in common?

Why are most accountants so good looking?

CROSSWORD



Across

6. The swapping or exchanging of one good for another
7. When the offeree agrees to the proposal
9. Items that you can see and touch

Down

1. Someone who purchases goods and services to satisfy needs and wants
2. A legally binding agreement
3. A written communication ordering your financial institution to pay a person a specific amount of money
4. Any organisation that produces and sells, for a profit, the goods and services that satisfy the needs and wants of the consumer
5. Electronic Funds Transfer at Point Of Sale

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&
COMMERCE EXHIBITION

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