



**MARATHWADA MITRA MANDAL'S**  
**COLLEGE OF COMMERCE**

Affiliated to Savitribai Phule Pune University, Re-Accredited by NAAC with "A" Grade  
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List of Projects

Sr.No	Title of Project
1	Project on a study of working capital management from M.Com Part 2
2	Screen shot of project submission for TYBBA (CA) on Google Classroom
3	Screen shot of project submission for TYB.Sc CS on Google Classroom
4	Project on banking sector for SYBBA
5	Project on a core banking solution SYBBA
6	Project on a podcast production MAJMC
7	Project on a financial literacy among homepreneuers TYBBA

**‘ A STUDY OF WORKING CAPITAL MANAGEMENT IN KIRLOSKAR  
BROTHERS LIMITED ’**

PROJECT REPORT

Submitted To

**SAVITRIBAI PHULE PUNE UNIVERSITY, PUNE**

In partial fulfilment of the requirement for the Degree of

**Master of Commerce (In Business Administration)**

Submitted By

**Ms. Divya Shriprakash Soman**

Under the guidance of

**Dr.S.S Pokharna**

PG Centre

**Marathwada Mitra Mandal's College of Commerce, Pune**

**2020-2021**

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**Dr. Devidas Golhar**  
Principal

**CERTIFICATE**

This is to certify that ~~Mr.~~/Miss. DIVYA SHRIPRAKASH SOMAN  
is a student of our College for M. Com. Part II. He /She has submitted a project  
research report entitled 'A STUDY OF WORKING CAPITAL  
MANAGEMENT IN KIRLOSKAR BROTHERS LTD.' in partial fulfillment  
of the requirement of M. Com. Degree Course June 2021 under the Savitribai  
Phule Pune University curriculum.

To the best of my knowledge the material presented here is his /her original work  
and all references from other sources have been duly acknowledged in this project  
work.

**Project Research Guide**

**Principal**

**VIVA-VOCE RECORD**

Exam Seat No. \_\_\_\_\_

Date: \_\_\_\_\_

**Internal Examiner**

**External Examiner**

## **ACKNOWLEDGEMENT**

I wish to express my sincere gratitude to the respected Principal Dr. Devidas Golhar and to Dr.Nasir B. Shaikh, Head of Department of M.Com Department.

I would like to thank my Project Guide Dr. S.S Pokharna for guiding me and devoting her valuable time towards the completion of my project.

I also take the opportunity to thank all the other faculty and staff whose help made this project successful.

Last but not the least, I thank my parents for their constant support and encouragement.

## **DECLARATION**

I hereby declare that the Project titled 'A Study Of Working Capital Management in Kirloskar Brothers Limited, Pune' is written and submitted by me to Marathwada Mitramandal's College Of Commerce, Pune towards the partial fulfillment of M.Com Degree in the year 2020-21.

The report is an original work based on secondary data and the information obtained from Kirloskar Brothers Limited Pune. The contents provided are true.

This Project has not been submitted to any other university or for any course requirements.

PLACE: PUNE

DIVYA S. SOMAN

DATE:

## **ABSTRACT**

Working Capital is the required for carrying out day to day business operations. The present day competitive market environment calls for an efficient management of working capital. Proper management of working capital is essential to a company's fundamental financial health and operational success as a business. A hallmark of good business management is the ability to utilize working capital management to maintain a solid balance between growth, profitability and liquidity.

The Project titled 'A Study of Working Capital Management in Kirloskar Brothers Limited ' aims to study the various aspects of Working Capital Management.

This study is based on Kirloskar Brothers Limited (KBL) Pune, which is a pump manufacturing company involved in engineering and manufacture of systems for fluid management.

The period considered for the study is five years i.e from Financial year 2015-16 to 2019-20.

The research methodology adopted for this study is secondary source of data which include annual reports and other proprietary reports of Kirloskar Brothers Limited.

This project tries to evaluate how the management of working capital is done in Kirloskar Brothers Limited through Intra Firm Ratio Analysis and Comparative Statement Analysis. The study of working capital management has shown that Kirloskar Brothers Limited has a fairly strong working capital position. The Company is also enjoying reasonable profits.

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# CHAPTER 1. INTRODUCTION

## ➤ CONCEPT OF WORKING CAPITAL MANAGEMENT

Financial management can be divided into two broad areas of responsibility as the management of long-term capital and the management of short-term funds or working capital. Working capital means the funds available and used for day-to-day operations of an enterprise. It consists broadly of that portion of assets of a business which are used in or related to its current operations. Efficient management of working capital is an essential pre-requisite for the successful operation of a business enterprise and improving its rate of return on the capital invested in short-term assets.

The components of Working Capital Management are as follows:

- Cash Management
- Inventory Management
- Receivables Management
- Payables Management

## ➤ TYPES OF WORKING CAPITAL

According to the needs of business, the working capital may be classified as follows:

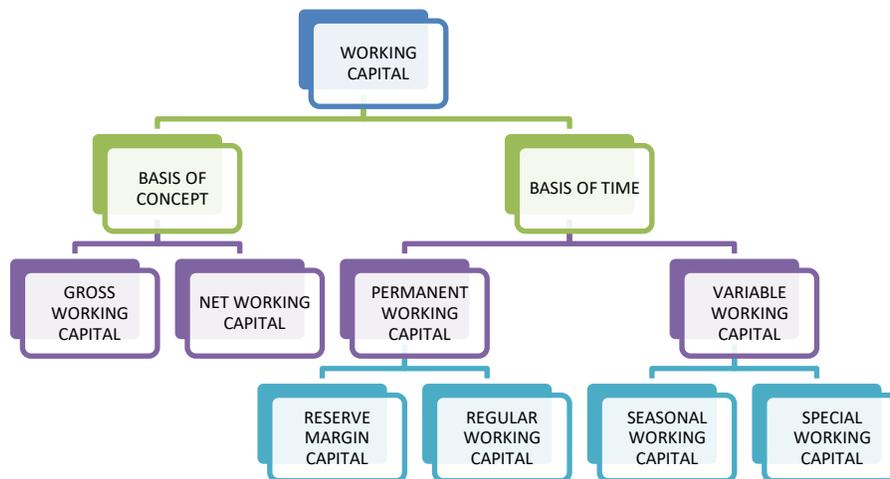


Figure 1 Classification of Working Capital

**A. ON THE BASIS OF PERIODICITY:** On the basis of periodicity working capital can be divided under two categories as under:

**1) Permanent working capital:** This refers to that minimum amount of investment in all current assets which is required at all times to carry out minimum level of business activities.

The Tandon Committee has referred to this type of working capital as —Core current assets.

Fixed working capital can further be divided into two categories as under:

**i) Regular Working capital:** Minimum amount of working capital required to keep the primary circulation. Some amount of cash is necessary for the payment of wages, salaries etc.

**ii) Reserve Margin Working capital:** Additional working capital may also be required for contingencies that may arise any time. The reserve working capital is the excess of capital over the needs of the regular working capital is kept aside as reserve for contingencies, such as strike, business depression etc.

**2) Variable or Temporary Working Capital:** The amount of such working capital keeps on fluctuating from time to time on the basis of business activities. In other words, it represents additional current assets required at different times during the operating year. For example, extra inventory has to be maintained to support sales during peak sales period. The variable working capital may also be subdivided into following two sub-groups:

**i) Seasonal Variable Working capital:** Seasonal working capital is the additional amount which is required during the active business seasons of the year. Raw materials like raw-cotton or jute or sugarcane are purchased in particular season. The industry has to borrow funds for short period. It is particularly suited to a business of a seasonal nature. In short, seasonal working capital is required to meet the seasonal liquidity of the business.

**ii) Special variable working capital:** Additional working capital may also be needed to provide additional current assets to meet the unexpected events or special operations such as extensive marketing campaigns or carrying of special job etc.

### **B. ON THE BASIS OF CONCEPT:**

On the basis of concept working capital is divided into two categories as under:

**1) Gross Working Capital:** Gross working capital refers to total investment in current assets. The current assets employed in business give the idea about the utilization of working capital and idea about the economic position of the company. Gross working capital concept is popular and acceptable concept in the field of finance.

**2) Net Working Capital:** Net working capital means current assets minus current liabilities. The difference between current assets and current liabilities is called the net working capital. If the net working capital is positive, business is able to meet its current liabilities. Net working capital concept provides the measurement for determining the creditworthiness of company.

### **➤ FACTORS DETERMINING WORKING CAPITAL**

The following factors determine the requirement of working capital :

**1. Nature of Companies:** Needs for working capital are determined by the nature of an enterprise. Small companies have smaller proportions of cash, receivables and inventory than large corporation. This difference becomes more marked in large corporations. A public utility, for example, mostly employs fixed assets in its operations, while a merchandising department depends generally on inventory and receivable.

**2. Nature and Size of Business:** The working capital requirements of a firm are basically influenced by the nature of its business. Trading and financial firms have a very less investment in fixed assets, but require a large sum of money to be invested in working capital. Retail stores, for example, must carry large stocks of a variety of goods to satisfy the varied and continues demand of their customers.

**3. Time:** The level of working capital depends upon the time required to manufacturing goods. If the time is longer, the size of working capital is great. Moreover, the amount of working capital depends upon inventory turnover and the unit cost of the goods that are sold.

**4. Volume of Sales:** This is the most important factor affecting the size and components of working capital. The volume of sales and the size of the working capital are directly related to each other. As the volume of sales increase, there is an increase in the investment of working capital-in the cost of operations, in inventories and receivables.

**5. Terms of Purchases and Sales:** If the credit terms of purchases are more favourable and those of sales liberal, less cash will be invested in inventory. With more favourable credit terms, working capital requirements can be reduced.

**6. Business Cycle:** Business expands during periods of prosperity and declines during the period of depression. Consequently, more working capital required during periods of prosperity and less during the periods of depression.

**7. Liquidity and Profitability:** If it is interested in improving its liquidity, it can increase the level of its working capital. However, this policy is likely to result in a reduction of the sales volume, and therefore, profitability. A firm should choose between liquidity and profitability and decide about its working capital requirements accordingly.

## ➤ **COMPONENTS OF WORKING CAPITAL MANAGEMENT**

### **1. CASH MANAGEMENT**

Cash management is one of the most important areas in the day-to-day management of the firm's deals with the management of working capital, which is defined as all the short term assets used in daily operations. This consists primarily of cash, marketable securities, accounts receivable and inventory. The balances in these accounts can be highly volatile as they respond very quickly to changes in the firm's operating environment. Healthy circulation of cash in the entire business operation is the basis of business solvency. Ultimately every transaction in a business results

either in an inflow or an outflow of cash. There should be sufficient cash with a firm all the time to meet the needs of the business. If the cash balance with a firm at any time is surplus or deficit, it is obvious that the finances are mismanaged. Cash Management needs strategies to deal with various facets of cash. Following are some of its facets.

## **2. INVENTORY MANAGEMENT**

Inventory constitutes an important item in the working capital of many business concerns. Inventory is a major item of current assets. The term inventory refers to the stocks of the product of a firm is offering for sale and the components that make up the product. Inventory is stores of goods and stocks. This includes raw materials, work-in-process and finished goods. Raw materials consist of those units or input which are used to manufacture goods that require further processing to become finished goods. Finished goods are products ready for sale. The classification of inventories and the levels of the components vary from organisation to organisation depending upon the nature of business.

## **3. RECEIVABLES MANAGEMENT**

Management of Receivables refers to planning and controlling of debt owed to the firm from customer on account of credit sales.

When large amounts of money is tied up in receivables, there are chances of bad debts. On the contrary, if the investment in receivables is low, the sales may be low since competitors offer liberal terms. Therefore, management of receivables require proper policies and their implementation.

There are basically three aspects of receivables management:

1. Credit Policy
2. Credit Analysis
3. Control of Receivables

## **4. PAYABLES MANAGEMENT**

A considerable segment of procurement of products and services in a company are on credit conditions to a certain extent. Account Payables Management refers to the set of policies, procedures, and practices employed by a company with respect to managing its trade credit purchases. They consist of seeking trade credit lines, acquiring favorable terms of purchase, and managing the flow and timing of purchases so as to efficiently control the company's working capital.

## ➤ WORKING CAPITAL CYCLE

Every business organisation needs adequate working capital because the conversion of cash into finished goods to debtors and back to cash is not instantaneous. The continuing flow from cash to suppliers, to inventory, to accounts receivable and back into cash is called the working capital cycle or operating cycle. In other words, the term operating cycle refers to the length of time which begins with the acquisition of raw materials of a firm and ends with the final realisation of cash from debtors. The amount of working capital depends upon the length of working capital cycle. Longer the working cycle, higher is the need of working capital to be maintained. This is because the fund will then remain tied-up in various items of current assets for a longer period. The length of operating cycle varies from industry to industry and from business to business.

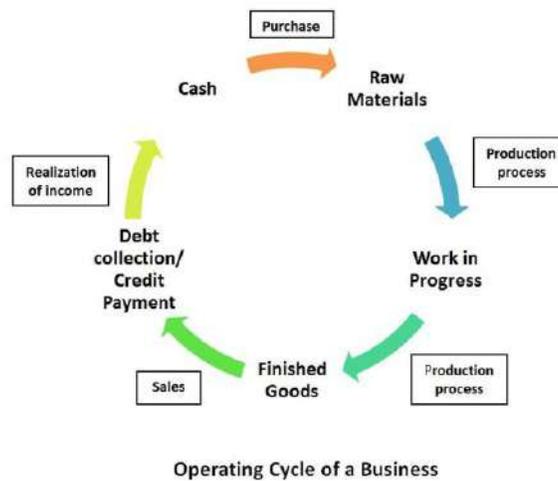


Figure 2

## **CHAPTER 2. RESEARCH METHODOLOGY**

### **2.1 JUSTIFICATION OF TOPIC**

In today's competitive world maintaining financial strength on a day to day basis has become a challenge. Every firm wants to see themselves financially sound. The financial attributes like liquidity, solvency and profitability can be improved by effective implementation of the working capital management. Working capital supports the day to day operations of the firm. As it includes items like cash, inventory, receivables, payables etc the working capital shows the activities of the companies. Empirical studies have shown that ineffective management of working capital as one of the major cause of industrial sickness. So, efficient management of working capital is one of the important indicators of financial soundness.

### **2.2 STATEMENT OF PROBLEM**

This Project report tries to evaluate how the management of working capital is carried out in Kirloskar Brothers Limited,Pune.

### **2.3 OBJECTIVES OF THE STUDY:**

- 1) To understand the concept of Working Capital Management.
- 2) To study the components of Working Capital Management.
- 3) To analyze the efficiency of working capital management in Kirloskar Brothers Ltd. using Intra Firm Ratio Analysis.
- 4) To find out the changes in working capital of Kirloskar Brothers Ltd using Comparative Financial Statement Analysis.

### **2.4 AREA OF STUDY**

Area of study is Financial Management.

### **2.5 PERIOD OF STUDY**

Data of 5 years (2015-16 to 2019-20) has been collected for the study.

### **2.6 SAMPLE SIZE**

The sample for the study has been selected a company named Kirloskar Brothers Ltd,Pune which is one of the market leader in fluid management.

## **2.7 TECHNIQUE OF ANALYSIS**

The study is based on secondary data which is collected from the annual reports and other proprietary reports of Kirloskar Brothers Ltd.

Ratio Analysis and Comparative Statement Analysis is used for analysis of the data.

The data is presented using various graphs and charts.

## **2.8 LIMITATIONS OF STUDY**

This study is based on secondary data.

The period of study is restricted to 5 years.

## CHAPTER 3. REVIEW OF LITERATURE

**Rao and Rao (1991)** in their study among a few public enterprises belonging to manufacturing sector in the state of Karnataka, have attempted to probe in to the capacity of the various techniques I evaluating working capital efficiency of business enterprises. The study revealed that the investment working capital was considerably high when compared to the total investment. The Tandon Committee norms were found to be yielding better results among the surveyed companies. However, the study also revealed that the working capital planning and control was found to be disorderly and ineffective and hence, the urgent need for full focus on working capital management.

**Singh (2004)** study on Working capital in Lupin Laboratories Ltd. attempted to assess the significance of management of working capital through working capital ratio and operating cycle. Having analysed seven years data (1995 – 2002), he concluded that the liquidity position of the company was good, mean percentage of current assets was very high when compared to the percentage of net fixed assets and the operating cycle showed declining trend. The element wise analysis of working capital also revealed that trade debtors constituted the highest percentage of current assets followed by loan and advances, inventories and cash and bank balances.

**Parasuraman (2004)** study attempts to understand the relationship between credit period given by companies and their actual performance in terms of sales and profitability. He has also attempted to find average level of other key financial parameters connected to working capital management. Having laid the emphasis on Indian Pharmaceutical companies, he found out that leading companies have employed greater working capital for enhancing profitability. The study also revealed the days sales outstanding had gone up in the sample companies. The study inferred that the top pharmacy companies strategies on their working capital policy to relax the credit policy to achieve greater sales and greater profits.

**Arindam Ghosh (2007)** “Working Capital Management Practice in some selected industries in India – A case study of impact of working capital ratios on profitability in Cement Industry”. The study which attempted to examine the efficiency of working capital management of the Indian cement companies during 92-93 to 2001–02.

**Thappa Sankar (2007)** focuses on the importance of proper working capital management of Sun Pharmaceutical Company. The paper throws light on the concepts of working capital, working capital policy, components of working capital and factors affecting working capital in the Sun Pharma Industries Ltd during the last five years, and identifies certain factors which are responsible for the improvement of working capital of the company. The article concludes with a warning to the Company that if satisfactory level of working capital is not maintained, the company would become bankrupt.

**Kushwah, Mathur&Ball(2009)** The study undergone to evaluate the working capital management and direction in selected five major cement companies i.e. ACC, Grasim, Ambuja, Prism and Ultra- Tech.. For the research purpose secondary data are used like authors collected the financial statement of selected cements companies for the years from 2007 to 2009. There is liquidity ratios and activities ratios are used to analyse the condition of working capital of the companies. The study revealed the truth of study is that, most companies not maintain their

working capital in a systematic way while overall ACC shows appropriate management of working capital.

**Kaur Harsh V. and Singh Sukhdev (2013)** This article focuses on cash conversion efficiency and setting up the operating cycle days. The study tests the relationship between the working capital attain and profitability calculated by income to current assets and income to average total assets. Authors did study with companies listed in BSE 200 that is spread over 19 industries for the period 2000 to 2010. At the end, the study lay emphasis on that proficient management of working capital notably affects profitability.

**Mr.V.Venkatachalam (2016)**, the researcher conducted a study on “Working Capital Management on Mahindra and Mahindra Private Limited”. The main objective of the study is to analyze whether the companies are viable in the long run through ratio analysis and statement of changes in working capital. He concluded that the overall working stability-soundness of the company has improved over the years very well.

**Akash B. Selkari and Omdeo Ghyar (2016)** conducted a “Study on Working capital of Mahindra and Mahindra Ltd” for a period of 3 years from 2015-18. To study the working capital of the company ratio analysis technique was used. They came to an end that the working capital of the company was satisfactory because of maintaining proper inventory levels, cash, and other current assets and a decrease in the current liabilities and provisions

**Singh et al. (2017)** indicated that WCM is negatively connected with corporate profitability, which means an aggressive WCM policy leads to higher profitability

**Dr.V. Bhuvaneshwari (2020)** highlighted the working capital which will determine whether the position of the company from the working capital point of view is sound and satisfactory. She concluded that the overall working stability, soundness and overall financial performance have improved over the years.

## **CHAPTER 4. PROFILE OF COMPANY**

Kirloskar Group, is an Indian conglomerate headquartered in Pune, Maharashtra, India. The company exports to over 70 countries over most of Africa, Southeast Asia and Europe. The flagship & holding company, Kirloskar Brothers Ltd established in 1888, is India's largest maker of pumps and valves.

### **➤ NATURE OF BUSINESS**

Kirloskar Brothers Limited (KBL) is a pump manufacturing company involved in engineering and manufacture of systems for fluid management. The market leader in fluid management, KBL provides fluid management solutions for large infrastructure projects in the areas of water supply, power plants, irrigation, oil & gas and marine & defence. The company engineers and manufactures industrial & petrochemical, agriculture & domestic pumps, valves and hydro turbines.

### **➤ HISTORY OF THE COMPANY**

Established in 1888 and incorporated in 1920, KBL is among the pioneers of industrial revolution in India. From developing the country's first plough to being India's first manufacturer of centrifugal pumps, KBL, with its rich legacy extending over a span of 130 years, has many "firsts" to its credit. Be it India's first diesel engine, electric motor, lathe or the specialised Concrete Volute Pump (CVP), KBL's long list of revolutionary achievements and contribution to the Indian industry is impeccable.

The foundation of Kirloskar Brothers was laid by founder, Shri Laxmanrao Kirloskar and his brothers, Shri. Ramuanna Kirloskar, in the form of a small bicycle shop in 1896, which later went on to pioneer an industrial revolution in India with the establishment of Kirloskar Brothers Limited. If Shri Laxmanrao sowed the seeds of industrialisation in the country with the establishment of Kirloskar Brothers Limited, his son, Shri Shantanurao Kirloskar, who joined his father's business in 1936, ensured its growth and expansion under his leadership. From selling bicycles in 1888, the company, under the leadership of Shri Shantanurao, later divested into a conglomerate group of companies. This included the establishment of Mysore Kirloskar Ltd. and Kirloskar Electric Company, founded by Shri Rajaram Kirloskar and Shri Ravi Kirloskar in 1941 and 1946, respectively.

From a humble beginning in a tiny factory-shed in Kirloskarvadi in 1910, the group has taken giant steps towards becoming one of India's top multinational conglomerates over the last century. KBL's transformation from being the country's leading pump manufacturer to one of the market leaders in the global pumping industry is remarkable.

The company under Shantanurao Laxmanrao Kirloskar achieved one of the highest growth rates in Indian history, with 32,401% growth of assets from 1950–1991.

In 1988, Rajiv Gandhi, the then Prime Minister of India released a commemorative stamp marking the Kirloskar Group's 100th anniversary.

### **➤ ACQUISITIONS AND JOINT VENTURES**

In 2003, KBL acquired SPP Pumps, United Kingdom and established SPP Inc., Atlanta, USA, as a wholly owned subsidiary of SPP, UK and expanded its international presence.

In 2010, KBL further consolidated its global position by acquiring Braybar Pumps, South Africa.

KBL acquired The Kolhapur Steel Limited in 2007 and Hematic Motors in 2010.

In 2014, KBL acquired SyncroFlo Inc., the largest independent fabricator of commercial and municipal domestic water.

In 2007, Kirloskar Brothers International B.V., The Netherlands and Kirloskar Brothers (Thailand) Ltd, a wholly owned subsidiary in Thailand were incorporated.

In 2008, KBL incorporated Kirloskar Brothers Europe BV (Kirloskar Pompen BV since June 2014), a joint venture between Kirloskar Brothers International BV and Industrial Pump Group, The Netherlands. In 2008, KBL incorporated Kirloskar Pompen B.V. which acquired Rodelta Pumps International B.V. in 2015 in The Netherlands.

SPP MENA was established in Egypt in 2012.

KBL has a joint venture company with Ebara Corporation, Japan since 1988 for the manufacture of API 610 standard pumps.

Kirloskar Corrocoat Private Limited is joint venture cooperation with Corrocoat Ltd., UK since 2006.

#### ➤ **AREA SERVED**

KBL has eight manufacturing facilities in India at Kirloskarvadi, Dewas, Kondhapuri, Shirval, Sanand, Kaniyur, Kolhapur and Karad. In addition, KBL has seven manufacturing and packaging facilities in Egypt, South Africa, Thailand, The Netherlands, United Arab Emirates, United Kingdom and United States of America. KBL has 12,700 channel partners in India and 80 overseas and is supported by best in class network of Authorised Centres and Authorised Refurbishment Centres across the country.

#### ➤ **CERTIFICATIONS**

All plants of KBL are ISO 9001 & ISO 14001, OHSAS 18001 and ISO 14000 Environment Standard certified. These plants apply Total Quality Management (TQM) tools using European Foundation for Quality Management (EFQM) model. The Kirloskarvadi plant of KBL is a state-of-the-art integrated manufacturing facility having Asia's largest hydraulic research centre with testing facility up to 5000 kW and 50,000 m<sup>3</sup>/hr.

#### ➤ **ACHIEVEMENTS**

- Kirloskar Brothers Ltd created the world's largest irrigation project, which was commissioned in March 2007, the Sardar Sarovar Dam project for the Gujarat Government. This was done for Sardar Sarovar Narmada Nigam, and on 14 March 2008,

commissioned the world's second largest water supply system, with the world's highest head in Andhra Pradesh.

- Kirloskar Brothers is associated with India's nuclear program and has made canned motor pumps for pumping heavy water which are deployed at Indian Nuclear Power Plants.
- Kirloskar Brothers Limited is also a supplier of FM UL certified pumps along with its subsidiary SPP Pumps (UK). It was the first Indian company to get FM certification for its valves.
- Kirloskar Brothers Ltd is also one of the first pump companies to have an all women operated and managed manufacturing plant at Coimbatore, Tamil Nadu.
- The company was one of the country's top ten wealth creators in 2007.
- Kirloskar Brothers Ltd won the first "best of all" Rajiv Gandhi National Quality Award in 1992.
- KBL is the only pump manufacturing company in India and ninth in the world to be accredited with the N and NPT certification by American Society of Mechanical Engineers (ASME).

#### ➤ BOARD OF DIRECTORS

<b>Name</b>	<b>Designation</b>
Mr. Sanjay Kirloskar	Chairman & Managing Director
Mr. Rajeev Kher	Independent Director
Mr. Pradyumna Vyas	Independent Director
Mr. Pratap Shirke	Non Executive & Non Independent Director
Ms. Shailaja Kher	Independent Director
Mr. Alok Kirloskar	Non Executive & Non Independent Director
Mr. M.S Unnikrishnan	Independent Director
Dr. Rakesh Mohan	Independent Director
Ms. Rama Kirloskar	Non Executive & Non Independent Director
Mr. Shobhinder Duggal	Additional Director
Mr. Shrinivas Dempo	Additional Director
Ms. Ramni Nirula	Additional Director

<b>Name</b>	<b>Designation</b>
Mr. Sandeep Phadnis	Company Secretary
Mr. Chittaranjan Mate	Chief Financial Officer

## CHAPTER 5. ANALYSIS AND INTERPRETATION OF DATA

### A. LIQUIDITY RATIOS

Liquidity ratios are calculated to measure the short-term solvency of the business, i.e. the firm's ability to meet its current obligations. These are analysed by looking at the amounts of current assets and current liabilities in the balance sheet.

#### 1) CURRENT RATIO

A Current Ratio is that liquidity ratio with which we can identify a company's ability to pay its short term obligations or those that are to be due within one year.

$$\text{Current Ratio} = \frac{\text{Current assets}}{\text{Current Liabilities}}$$

Conventionally, a current ratio of 2:1 is considered satisfactory. This ratio can be considered as safe and conservative because even if the current assets get reduced to half, then also the company will be able to clear off its short term debts and liabilities. A very high current ratio indicates that a company is unable to utilize its assets efficiently. A persistent trend of poor current ratio (of less than 1) is a warning signal of impending sickness.

Year	Current Assets(Amt.)	Current Liabilities(Amt.)	Current Ratio(in times)
2015-16	10668.068	9759.669	1.09
2016-17	11026.936	9875.649	1.12
2017-18	13041.904	10609.414	1.23
2018-19	14085.748	11462.187	1.23
2019-20	15058.757	12370.614	1.22

**Table 1 ( Amounts in Million Rupees)**

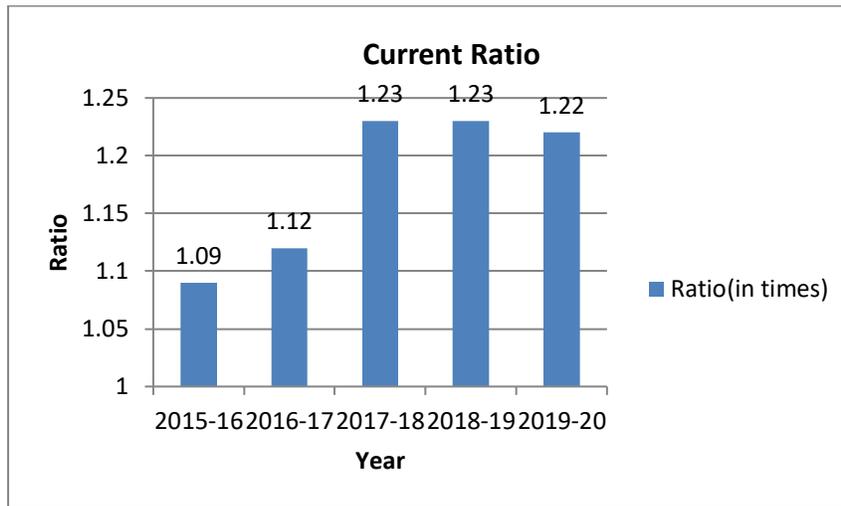


Figure 3

### INTERPRETATION:

It can be seen from the above graph that the company's liquidity position is not ideal as per the standard ratio 2:1 but still it is greater than 1 which indicates the company's ability to pay off its current obligations. A higher ratio means the company can easily fund its day-to-day operations. The more working capital a company has, the less it's likely to have to take on debt to fund the growth of its business. In the years 2017-18 and 2018-19, the company has Rs. 1.23 of assets to clear its debt of Rupee 1. The year 2015-16 had the most unsatisfactory current ratio as compared to the current ratios of other years. The ratio 1.09 shows there are almost equal current assets and liabilities.

### 2) QUICK RATIO

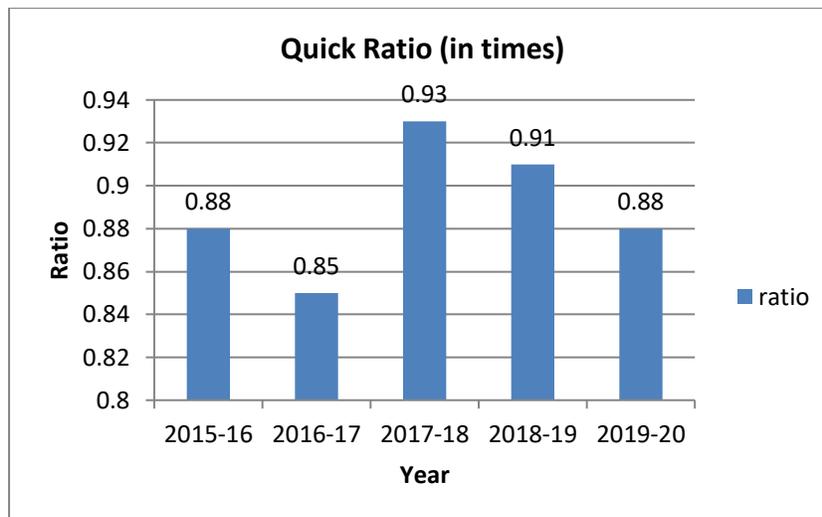
The ratio provides a measure of the capacity of the business to meet its short-term obligations. It is calculated to serve as a supplementary check on liquidity position of the business and is therefore, also known as 'Acid-Test Ratio'. While calculating quick assets we exclude the inventories. The quick assets are defined as those assets which are quickly convertible into cash.

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Assets}}$$

Normally, it is advocated to be safe to have a ratio of 1:1 as unnecessarily low ratio will be very risky and a high ratio suggests unnecessarily deployment of resources in otherwise less profitable short-term investments.

Year	Current Assets (A) (Amt.)	Inventory (B) (Amt.)	Quick Assets (A-B) (Amt.)	Current Liabilities (Amt.)	Quick Ratio(in times)
2015-16	10668.068	2062.218	8605.85	9759.669	0.88
2016-17	11026.936	2595.112	8431.824	9875.649	0.85
2017-18	13041.904	3126.530	9915.374	10609.414	0.93
2018-19	14085.748	3670.251	10415.497	11462.187	0.91
2019-20	15058.757	4196.971	10861.786	12370.614	0.88

**Table 2 (Amounts in Million Rupees)**



**Figure 4**

**INTERPRETATION:**

In all the years, KBL has ratio less than 1. A company which has a quick ratio of less than 1 may not be able to fully pay off its current liabilities in the short term. Higher the ratio result, the better a company's liquidity and financial health and the lower the ratio, the more likely the company will struggle with paying debts.

➤ **A COMPARISON OF CURRENT ASSETS AND CURRENT LIABILITIES**

Positive working capital is the excess of current assets over current liabilities. In other words, when the net working capital is a positive figure, it is said that the firm has a positive working

capital. Working capital can be negative if a company's current assets are less than its current liabilities.

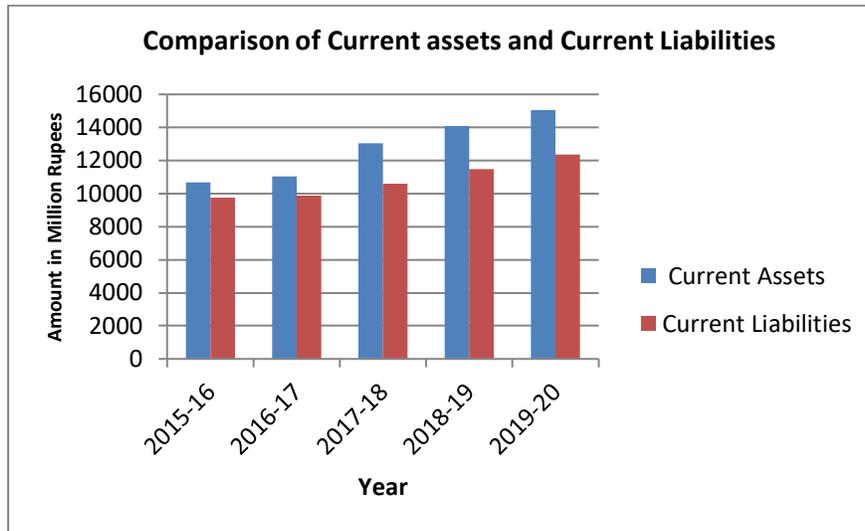


Figure 5 (Amounts in Million Rupees)

**INTERPRETATION:**

The company has more current assets than current liabilities, which means it has positive working capital. Having enough working capital ensures that a company can fully cover its short-term liabilities as they come due in the next twelve months. This is a sign of a company's financial strength.

➤ **ANALYSIS OF WORKING CAPITAL COMPONENTS**

**1. INVENTORY**

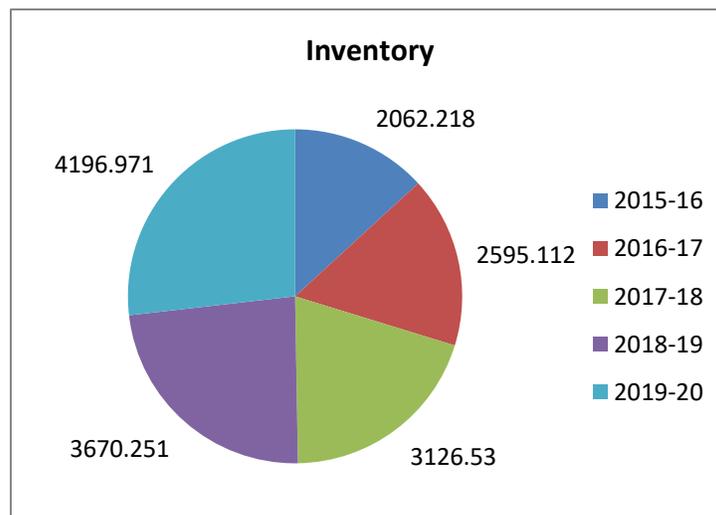


Figure 6 (Amounts in Million Rupees)

**INTERPRETATION:**

- **Advantages of Higher Side(Profitability):**

Ensures adequate stockholding and increases profitability. The highest inventory was in 2019-20 at 4196.971.

- **Advantages of lower side (Liquidity):**

Lower Inventory requires less capital but holding low stocks can affect goodwill adversely if the demands of customers is not met. Lowest inventory holding was in 2015-16 at 2062.218.

- **Trade off between Profitability and liquidity:**

Using techniques like Economic Ordering Quantity(EOQ), Just in Time(JIT) can help to carry optimum level of inventory.

## 2. RECEIVABLES

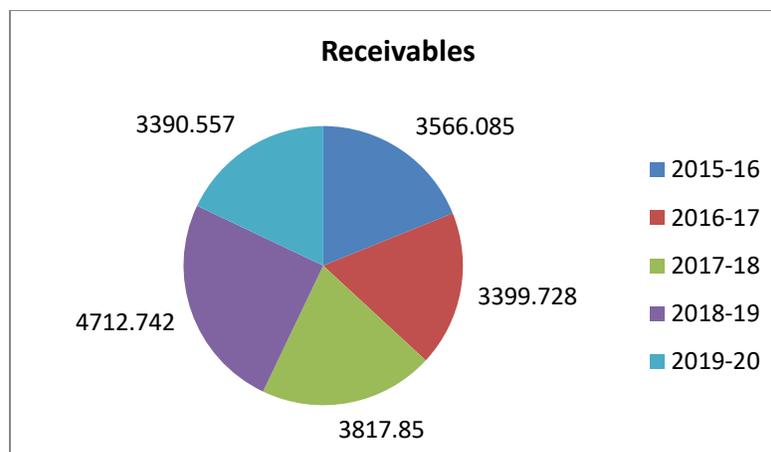


Figure 7 (Amounts in Million Rupees)

### INTERPRETATION:

- **Advantages of Higher Side(Profitability):**

A higher credit period attracts customers and increases revenue. The highest amount of receivables were in 2018-19 at 4712.742.

- **Advantages of lower side (Liquidity):**

Cash sales boosts liquidity but does not increase sales and revenue. The lowest receivables were in 2019-20 at 3390.557.

- **Trade off between Profitability and liquidity:**

Evaluate credit policy and use of debt management services like factoring can help to achieve optimum amount of receivables.

### 3. PAYABLES

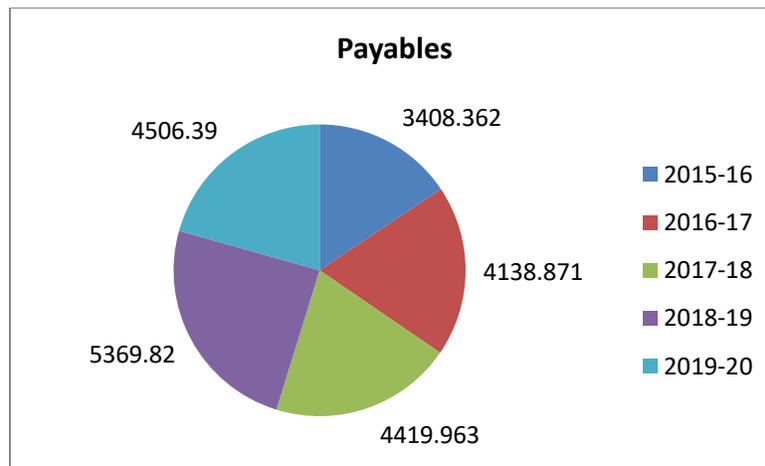


Figure 8 (Amounts in Million Rupees)

#### INTERPRETATION:

- **Advantages of Higher Side(Profitability):**

Capital can be used in some other investment avenues. Highest payables were in 2018-19 at 5369.82.

- **Advantages of lower side (Liquidity):**

Payables are honoured in time,improves goodwill and is helpful in getting future discounts.Lowest payables were in 2015-16 at 3402.362.

- **Trade off between Profitability and liquidity:**

Evaluating the credit policy and related cost.

### 4. CASH AND CASH EQUIVALENTS

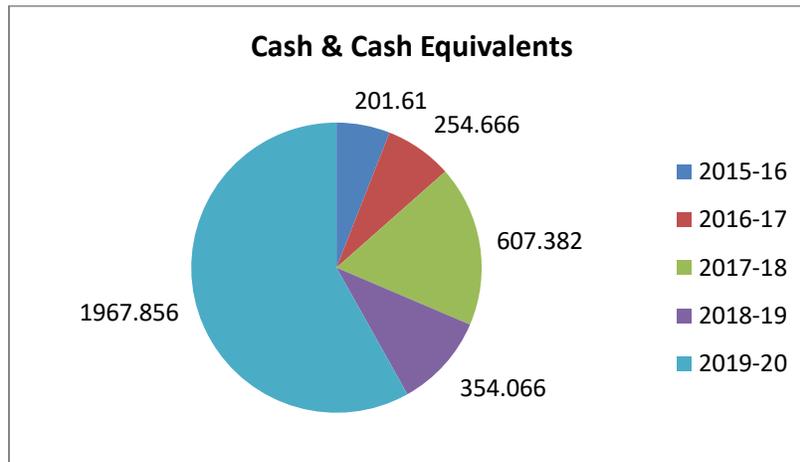


Figure 9 (Amounts in Million Rupees)

### INTERPRETATION:

- **Advantages of Higher Side(Profitability):**

Payables are honoured in time,improves thegoodwill and helps in getting future discounts.Highest Cash balance was in 2019-20 at 1967.856.

- **Advantages of lower side (Liquidity):**

Cash can be invested in other investment avenues which can help to generate profits.The lowest cash balance was in 2015-16 at 254.666.

- **Trade off between Profitability and liquidity:**

Cash budgets and other cash management techniques can be used to boost and maintain adequate cash flow.

### **B. EFFICIENCY RATIOS**

Efficiency ratios are metrics that are used in analyzing a company’s ability to effectively employ its resources, such as capital and assets, to produce income. The following ratios are presented in this study:

1. Working Capital Turnover Ratio
2. Inventory Turnover Ratio
3. Trade Receivables Turnover Ratio
4. Trade Payables Turnover Ratio

#### **1. WORKING CAPITAL TURNOVER RATIO**

It is defined as the difference between the current assets and current liabilities and working capital turnover ratio establishes a relationship between the working capital and net sales generated by the business.

$$\text{Working Capital turnover Ratio} = \frac{\text{Net Sales}}{\text{Net Working Capital}}$$

Year	Net Sales(Amt.)	Net Working Capital(Amt.)	Ratio (in times)
2015-16	17212.231	908.369	18.94
2016-17	18230.387	1151.287	15.83
2017-18	19345.627	2432.490	7.95
2018-19	22234.860	2323.561	8.47
2019-20	20970.322	2688.143	7.80

Table 3 (Amounts in Million Rupees)

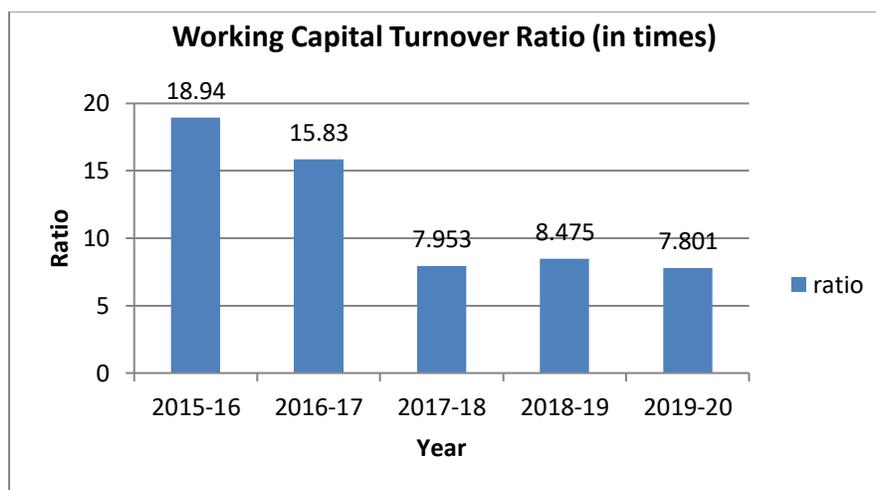


Figure 10

### INTERPRETATION :

It can be seen from the graph that the ratio is continuously fluctuating. The year 2015-16 had the highest working capital turnover ratio amongst the other years. A high turnover ratio shows that management is being very efficient in using a company's short-term assets and liabilities for supporting sales. Over the years, the ratio has come to 7.801 in 2019-20 which signifies a shortage of working capital in the company which is not favourable. A low ratio indicates that a business is investing in too many accounts receivable and inventory assets to support its sales, which could eventually lead to an excessive amount of bad debts and obsolete inventory.

## 2. INVENTORY TURNOVER RATIO

It determines the number of times inventory is converted into revenue from operations during the accounting period under consideration. It expresses the relationship between the cost of revenue from operations and average inventory.

Year	Net Sales(Amt.)	Opening Inventory(Amt.)	Closing Inventory(Amt.)	Average Inventory (Amt.)	Ratio (in times)	Inventory Holding Period(Days)
2015-16	17212.231	1876.566	2062.218	1969.391	8.739	41.76
2016-17	18230.387	2062.218	2595.112	2328.665	7.828	46.62
2017-18	19345.627	2595.112	3126.530	2860.821	6.762	53.97
2018-19	22234.860	3126.530	3670.251	3398.39	6.542	55.79
2019-20	20970.322	3670.251	4196.971	3933.611	5.331	68.47

**Table 3 (Amounts in Million Rupees)**

$$\text{Average Inventory} = \frac{\text{Opening Inventory} + \text{Closing Inventory}}{2}$$

$$\text{Inventory Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Inventory}}$$

$$\text{Inventory Holding Period} = \frac{\text{Days in a year i.e 365}}{\text{Ratio}}$$

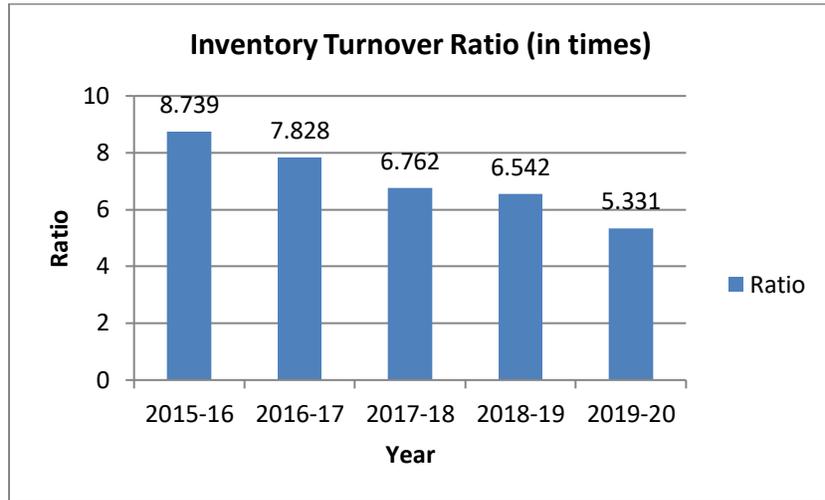


Figure 11

**INTERPRETATION:**

In the year 2015-16 the company had inventory ratio of 8.739 which was the highest compared to the other years. This signifies strong sales and that the company is able to sell its stocks. In 2019-20, the ratio is the lowest which is 5.331. Over the years, the ratio is declining. This can be a sign of poor selling or inventory policy which can lead to working capital blockage, piling up of inventory and quality deterioration of inventory.

**INVENTORY HOLDING PERIOD**

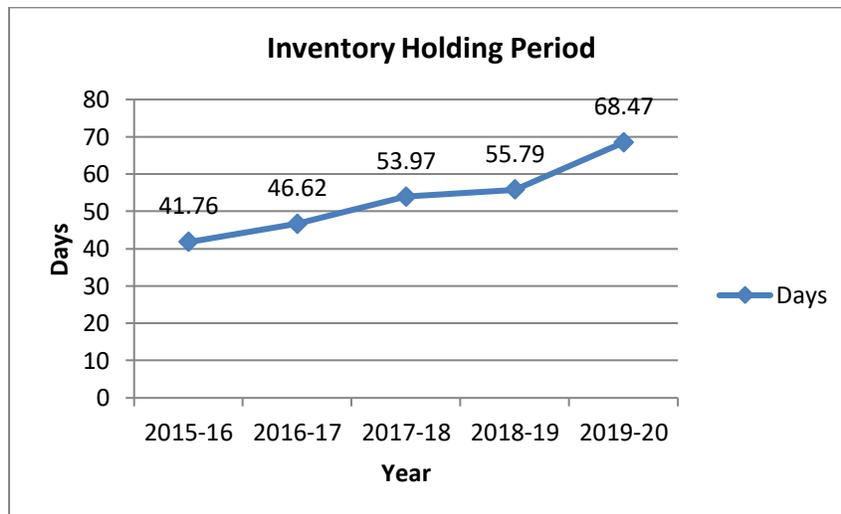


Figure 12

**INTERPRETATION:**

In the year 2015-16, the company took approximately 41.76 days to clear its inventory. A shorter period means that the inventory is moving at a fast pace. It shows efficient inventory management. The days taken to clear the inventory has gradually increased over the years. In 2019-20, the company took 68.47 days to clear its inventory which means that the company holds the inventory for a long period of time and signifies poor management of inventory.

### 3. TRADE RECEIVABLES TURNOVER RATIO

The receivables turnover ratio is an accounting measure used to quantify a company's effectiveness in collecting its accounts receivable, or the money owed by customers or clients. This ratio indicates the number of times the receivables are turned over and converted into cash in an accounting period.

$$\text{Receivables Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Accounts Receivable}}$$

**Table 5 (Amounts in Million Rupees)**

Year	Opening Trade Receivables(Amt.)	Closing Trade Receivables(Amt.)	Average Receivables (Amt.)	Net Sales (Amt.)	Ratio(in times)	Average Collection Days
2015-16	3946.738	3566.085	3756.411	17212.231	4.582	79.66
2016-17	3566.085	3399.728	3482.906	18230.387	5.234	69.73
2017-18	3399.728	3817.850	3608.789	19345.627	5.360	68.00
2018-19	3817.850	4712.743	4265.296	22234.860	5.212	70.00
2019-20	4712.743	3390.557	4051.650	20970.322	5.175	70.53

$$\text{Average Collection Days} = \frac{\text{Days in a year i.e 365}}{\text{Ratio}}$$

$$\text{Average Receivables} = \frac{\text{Opening Receivables} + \text{Closing Receivables}}{2}$$

2

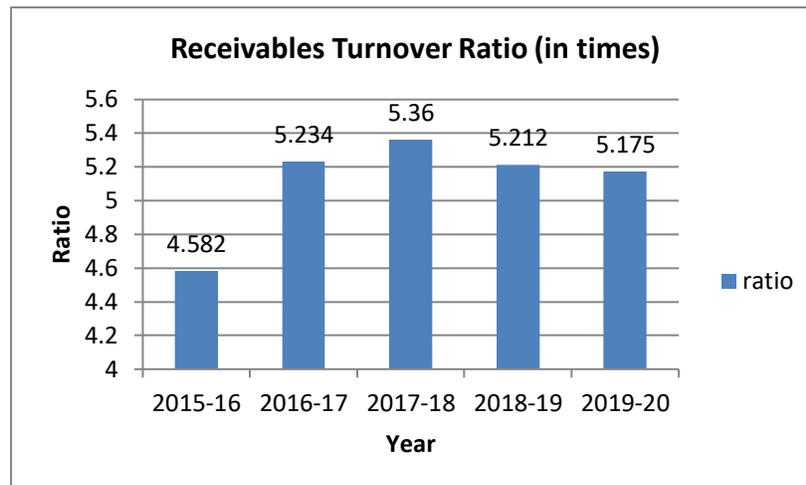


Figure 13

### INTERPRETATION:

In the year 2015-16, the company collected its average receivables approximately 4.582 times in a year. A low ratio indicates the company's collection process is poor. However, this ratio has increased steadily and in the year 2017-18 it was at 5.36 which is the highest among the other years. A high ratio is desirable as it indicates that the company's collection of receivables is frequent and efficient.

### AVERAGE COLLECTION PERIOD

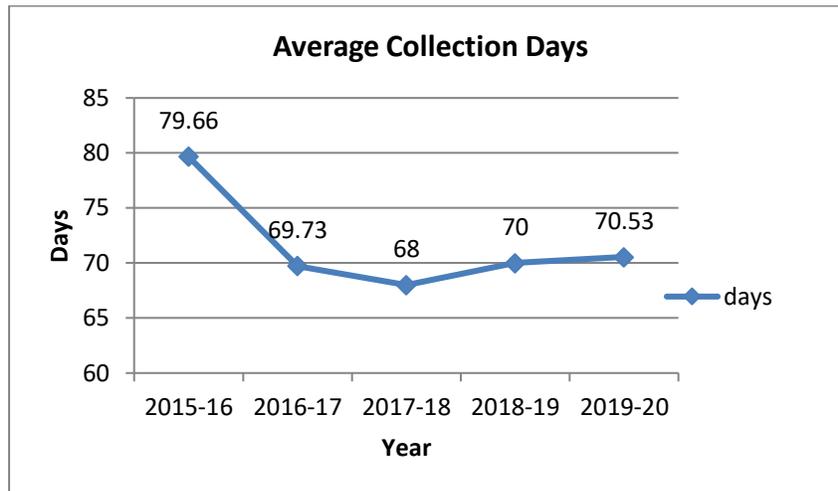


Figure 14

### INTERPRETATION:

In the year 2015-16, the customer took approximately 79.66 days to repay their debt. This is the longest duration among the 5 years. A longer period of repayment is generally not favourable. It can be because of liberal credit policies. The year 2017-18 had the lowest collection period which indicates that the organization collects payments faster. The company may have imposed shorter payment terms on its customers. Management may restrict the granting of credit to customers for a number of reasons, such as in anticipation of a decline in economic conditions or not having enough working capital to support the current level of accounts receivable. A shorter collection is preferred and it represents efficient collection policies.

### 4. TRADE PAYABLES TURNOVER RATIO

Trade payables turnover ratio indicates the pattern of payment of trade payable. As trade payable arise on account of credit purchases, it expresses relationship between credit purchases and trade payable. It is calculated as follows:

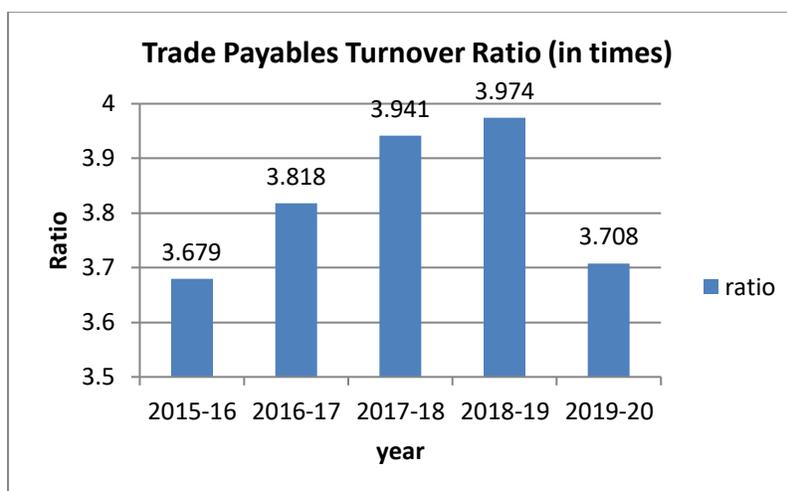
$$\text{Trade Payables Turnover Ratio} = \frac{\text{Net Purchases OR COGS}}{\text{Average Trade Payables}}$$

$$\text{Average Trade Payables} = \frac{\text{Opening Trade Payables} + \text{Closing Trade Payables}}{2}$$

2

Year	Opening Trade Payables(Amt.)	Closing Trade Payables(Amt.)	Average Trade Payables(Amt.)	Net Purchases or COGS(Amt.)	Ratio(in times)	Average Payment Period
2015-16	4037.365	3908.362	3972.863	14616.164	3.679	99.21
2016-17	3908.362	4138.871	4023.616	15363.739	3.818	95.59
2017-18	4138.871	4419.963	4279.417	16866.291	3.941	92.61
2018-19	4419.963	5369.820	4894.891	19455.899	3.974	91.83
2019-20	5369.820	4506.390	4938.105	18315.296	3.708	98.41

**Table 6 (Amounts in Million Rupees)**



**Figure 15**

### **INTERPRETATION:**

In 2015-16, the ratio was the lowest at 3.679. From 2016-17 it showed an increasing trend. Increasing accounts payable turnover ratio could be an indication that the company is managing its debts and cash flow effectively. In the year 2018-19, the ratio was at 3.974 which is the highest in the 5-year period. However, in 2019-20 it fell down to 3.708. A decreasing turnover ratio indicates that a company is taking longer to pay off its suppliers than in previous periods.

### **AVERAGE PAYMENT PERIOD**

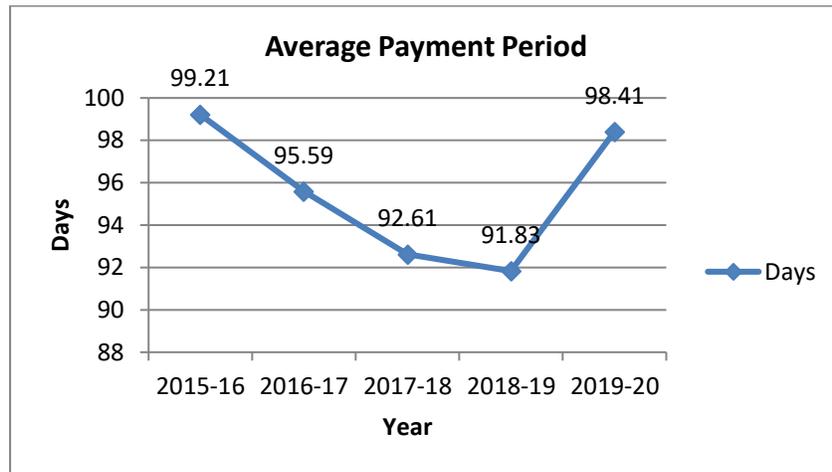


Figure 16

### INTERPRETATION:

The year 2018-19 had the shortest payment period of 91.83 days. A shorter payment period indicates prompt payments to creditors. Like accounts payable turnover ratio, average payment period also indicates the creditworthiness of the company. In the 2019-20, it increased to reach 98.41 days. Companies having long payment period can use the available cash for short-term investments and to increase their working capital and cash flow. Companies that obtain favorable credit terms usually report a relatively longer payment period.

### ➤ NET OPERATING CYCLE

The Net Operating Cycle or the Cash Conversion Cycle (CCC) is a metric that expresses the length of time (in days) that it takes for a company to convert its investments in inventory and other resources into cash flows from sales.

The Net Operating Cycle can be calculated as follows:

Net Operating Cycle = (Inventory Holding Days + Receivables Collection Days) – Payables Payment Days

Year	Inventory Holding Days (A)	Receivables Collection Days(B)	Payables Payment Days(C)	Gross Operating Cycle(A+B)	Net Operating Cycle(A+B)-C
2015-16	41.76	79.66	99.21	121.42	22.21
2016-17	46.62	69.73	95.59	116.35	20.66
2017-18	53.97	68.00	92.61	121.97	29.36
2018-19	55.79	70.00	91.83	125.79	33.96
2019-20	68.47	70.53	98.41	139	40.59

Table 7 (Amounts in Million Rupees)

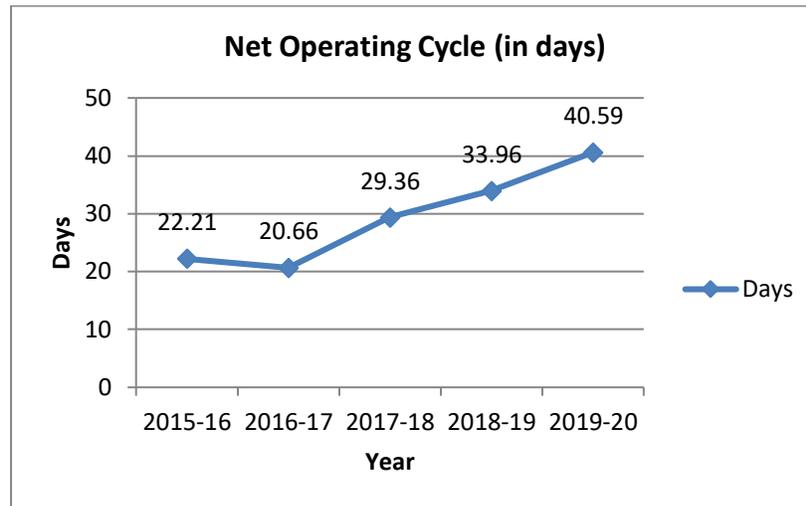


Figure 17

### INTERPRETATION:

In the year 2019-20, the company takes 40.59 days to receive cash and to pay the creditors. This means that the cash is tied up for 40.59 days. In 2016-17, the company could generate cash in only 20.66 days. Having a shorter net operating cycle signifies an effective management of working capital. Having longer operating cycles means that the company takes a longer time for generating cash which can pose liquidity problems. The longer the cash is tied up, the more money will be needed to be borrowed to run the day-to-day operation. In the case of Kirloskar Brothers Ltd, the net operating cycle has lengthened over the years which indicates that the cash is tied up in the operations and is not conducive to a healthy working capital level. For all years, Kirloskar Brothers Ltd has a positive working cycle.

Sometimes, businesses can have a negative working capital cycle where they collect money faster than they pay off bills.

### C. PROFITABILITY RATIOS

Profitability ratio is used to evaluate the company's ability to generate income as compared to its expenses and other cost associated with the generation of income during a particular period. There is a close relationship between the profit and the efficiency with which the resources employed in the business are utilized.

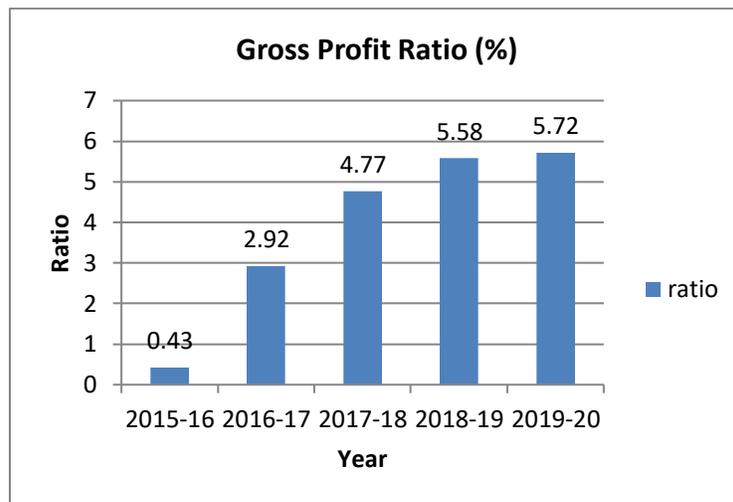
#### 1. GROSS PROFIT RATIO

Gross profit ratio as a percentage of revenue from operations is computed to have an idea about gross margin. It is calculated using the following formula:

$$\text{Gross Profit Ratio} = \left( \frac{\text{Gross Profit i.e Profit Before Tax}}{\text{Revenue from operations}} \right) \times 100$$

Year	Gross Profit(Amt.)	Revenue from Operations(Amt.)	Ratio(%)
2015-16	74.438	17212.231	0.43
2016-17	532.889	18230.387	2.92
2017-18	923.322	19345.627	4.77
2018-19	1241.561	22234.860	5.58
2019-20	1200.083	20970.322	5.72

**Table 8 (Amounts in Million Rupees)**



**Figure 18**

### **INTERPRETATION:**

The Gross Profit Ratio graph shows a clear rise. In 2015-16, the ratio was lowest at 0.43. It steadily increased every year and was the highest in the year 2019-20 at 5.72. A higher Gross Profit Ratio is favourable as it means that the company can cover all expenses and provide for profit. A consistent improvement in gross profit ratio over the past years is the indication of efficient management.

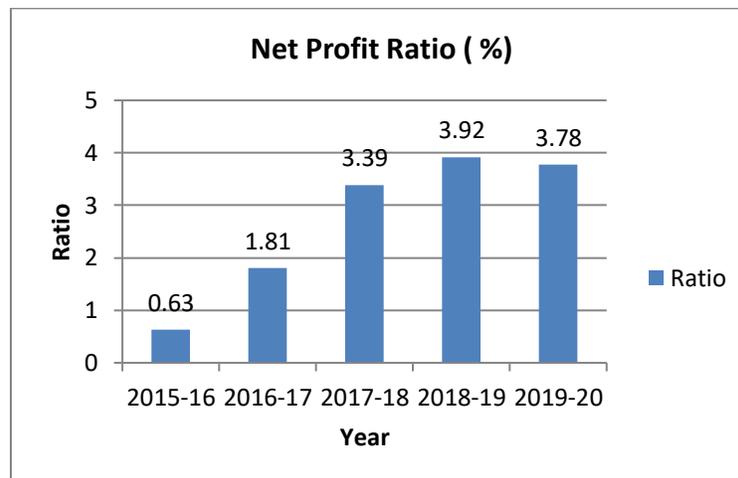
### **1. NET PROFIT RATIO**

This ratio measures the overall profitability of company considering all direct as well as indirect cost. Generally, net profit refers to profit after tax (PAT).

$$\text{Net Profit Ratio} = \left( \frac{\text{Net Profit}}{\text{Revenue from Operations}} \right) \times 100$$

Year	Net Profit(Amt.)	Revenue from Operations(Amt.)	Ratio(%)
2015-16	107.774	17212.231	0.63
2016-17	329.970	18230.387	1.81
2017-18	655.864	19345.627	3.39
2018-19	873.215	22234.860	3.92
2019-20	791.699	20970.322	3.78

**Table 9 (Amounts in Million Rupees)**



**Figure 19**

**INTERPRETATION:**

The Net Profit Ratio has increased over the years. In the year 2015-16 it was 0.63, the lowest among the 5 years. From next year onwards it showed an increasing trend. In 2018-19, It was the highest at 3.92. A higher ratio shows the overall profitability of the business and efficient management of the business affairs. A high net profit margin means that a company is able to effectively control its costs and/or provide goods or services at a price significantly higher than its costs. Therefore, a high ratio can result from efficient management, low costs and expenses or strong pricing strategies.

➤ **COMPARATIVE ANALYSIS OF WORKING CAPITAL**

**1. CHANGES IN WORKING CAPITAL FOR THE YEAR 2019-2020**

<b>Particulars</b>	<b>31 March 19</b>	<b>31 March 20</b>	<b>Increase/Decrease</b>	<b>% Change</b>
<b>Current Assets:</b>				
Inventories	3670.251	4196.971	526.72	14.35
Financial Assets:				
1)Investments	Nil	450.285	450.285	Nil
2)Trade Receivables	4712.743	3390.557	(1322.186)	(28.05)
3)Cash & Cash Equivalents	333.002	1946.069	1613.067	484.40
5)Other Bank Balance	21.064	21.787	0.723	3.43
6)Loans	950.007	1139.455	189.448	19.94
7)Other Financial Assets	19.459	41.460	22.001	113.06
Other Current Assets	4379.222	3872.173	(507.049)	(11.57)
<b>Total Current Assets</b>	<b>14085.748</b>	<b>15058.757</b>	<b>973.009</b>	<b>6.9</b>
<b>Gross Working Capital</b>	<b>14085.748</b>	<b>15058.757</b>	<b>973.009</b>	<b>6.9</b>
<b>(-) Current Liabilities</b>				
Financial Liabilities:				
1)Borrowings	1237.703	2250.000	1012.297	81.78
2)Trade Payables				
i)MSME	1042.931	673.640	(369.291)	(35.4)
ii)Others	4326.889	3832.750	(494.139)	(11.42)
Other Financial Liabilities	771.839	1407.152	635.313	82.31
Other Current Liabilities	3666.831	3778.968	112.137	3.05
Provisions	415.994	428.104	12.11	2.91
<b>Total Current Liabilities</b>	<b>11462.187</b>	<b>12370.614</b>	<b>908.427</b>	<b>7.92</b>
<b>Net Working Capital</b>	<b>2623.561</b>	<b>2688.143</b>	<b>64.582</b>	<b>2.46</b>

(Amounts in Million Rupees)

**INTERPRETATION:**

We can see from the above table that there is an increase of 2.46% in the Net Working Capital. If the Net Working capital is increasing, we can conclude that the company's liquidity is increasing. It could indicate that the company is able to utilize its existing resources in a better way. This can be attributed to the major increase in the Cash & Cash Equivalents(C & CE) and Other Financial Assets. Cash & Cash Equivalents were at 333.002 Mn. Rs. in 2018-19 which increased to 1946.069 Mn. Rs in 2019-20. The change in C & CE was 484.40%. Companies with a healthy amount of cash and cash equivalents can reflect positively in their ability to meet their short-term debt obligations. Other Financial Assets increased by 113.06%.

## 2. CHANGES IN WORKING CAPITAL FOR THE YEAR 2018-2019

Particulars	31 March 18	31 March 19	Increase/Decrease	% Change
<b>Current Assets:</b>				
Inventories	3126.530	3670.251	543.721	17.39
Financial Assets:				
1)Investments	Nil	Nil	Nil	Nil
2)Trade Receivables	3817.850	4712.743	894.893	23.43
3)Cash & Cash Equivalents	582.763	333.002	(249.761)	(42.85)
5)Other Bank Balance	24.619	21.064	(3.555)	(14.44)
6)Loans	975.737	950.007	(25.73)	(2.63)
7)Other Financial Assets	20.306	19.459	(0.847)	(4.17)
Other Current Assets	4494.099	4379.222	(114.877)	(2.55)
Total Current Assets	13041.904	14085.748	1043.844	8.00
<b>Gross Working Capital</b>	13041.904	14085.748	1043.844	8.00
<b>(-) Current Liabilities</b>				
Financial Liabilities:				
1)Borrowings	1168.980	1237.703	68.723	5.87
2)Trade Payables				
i)MSME	654.408	1042.931	388.523	59.37
ii)Others	3765.555	4326.889	561.334	14.90
Other Financial Liabilities	826.116	771.839	(54.277)	(6.57)
Other Current Liabilities	3810.573	3666.831	(143.742)	(3.77)
Provisions	383.782	415.994	32.212	8.39
Total Current Liabilities	10609.414	11462.187	852.773	8.03
<b>Net Working Capital</b>	2432.490	2623.561	191.071	7.85

(Amounts in Million Rupees)

### INTERPRETATION:

The Net working Capital has increased by 7.85% . There is a decrease in many components of Financial Assets. The Trade Payables have increased considerably. The amount payable to MSME has increased by 59.37% and the Other Trade Payables have increased by 14.9%.If Average Payables increases over a period, it means the company is buying more goods or services on credit, rather than paying cash.

### 3. CHANGES IN WORKING CAPITAL FOR THE YEAR 2017-2018

Particulars	31 March 17	31 March 18	Increase/Decrease	% Change
<b>Current Assets:</b>				
Inventories	2595.112	3126.530	531.418	20.47
Financial Assets:				
1)Investments	Nil	Nil	Nil	Nil
2)Trade Receivables	3399.728	3817.850	418.122	12.29
3)Cash & Cash Equivalents	223.753	582.763	359.01	160.44
5)Other Bank Balance	30.913	24.619	(6.294)	(20.36)
6)Loans	933.927	975.737	41.81	4.47
7)Other Financial Assets	28.455	20.306	(8.149)	(28.63)
Other Current Assets	3815.048	4494.099	679.051	17.79
Total Current Assets	11026.936	13041.904	2014.968	18.27
<b>Gross Working Capital</b>	11026.936	13041.904	2014.968	18.27
<b>(-) Current Liabilities</b>				
Financial Liabilities:				
1)Borrowings	1877.632	1168.980	(708.652)	(37.74)
2)Trade Payables				
i)MSME	648.965	654.408	5.443	0.83
ii)Others	3489.906	3765.555	275.649	7.89
Other Financial Liabilities	816.159	826.116	9.957	1.21
Other Current Liabilities	2671.613	3810.573	1138.960	42.63
Provisions	371.374	383.782	12.408	3.34
<b>Total Current Liabilities</b>	9875.649	10609.414	733.765	7.43
<b>Net Working Capital</b>	1151.287	2432.49	1281.203	111.28

(Amounts in Million Rupees)

#### INTERPRETATION:

The Inventories have increased by 20.47% .The Cash Balance has increased by 160.44%.The Borrowing have reduced by 37.74%.There is a substantial increase in the Net Working Capital by 111.28%.

#### 4. CHANGES IN WORKING CAPITAL FOR THE YEAR 2016-2017

Particulars	31 March 16	31 March 17	Increase/Decrease	% Change
<b>Current Assets:</b>				
Inventories	2062.218	2595.112	532.894	25.84
Financial Assets:				
1)Investments	Nil	Nil	Nil	Nil
2)Trade Receivables	3566.085	3399.728	(166.357)	(4.66)
3)Cash & Cash Equivalents	201.610	254.666	53.056	26.31
4)Loans	928.905	933.927	5.022	0.54
5)Other Financial Assets	10.161	28.455	18.294	180.04
Other Current Assets	3899.089	3815.048	(84.041)	(2.15)
<b>Total Current Assets</b>	10668.068	11026.936	358.868	3.36
<b>Gross Working Capital</b>	10668.068	11026.936	358.868	3.36
(-) Current Liabilities				
Financial Liabilities:				
1)Borrowings	2517.167	1877.632	(639.535)	(25.40)
2)Trade Payables	3908.362	4138.871	230.509	5.89
Other Financial Liabilities	601.958	816.159	214.201	35.59
Other Current Liabilities	2410.275	2671.613	261.338	10.84
Provisions	321.937	371.374	49.437	15.35
<b>Total Current Liabilities</b>	9759.699	9875.649	115.95	1.18
<b>Net Working Capital</b>	908.369	1151.287	242.918	26.74

(Amounts in Million Rupees)

#### INTERPRETATION:

The Net Working Capital has significantly increased from 908.369 Million Rupees to 1151.287 Million Rupees in the year ended 31st March 2017. This can be attributed to the rise in Other Financial Assets by 180.04%. Cash & Cash Equivalents have increased by 26.31%. The Borrowings have reduced by 25.40%.

## 5. CHANGES IN WORKING CAPITAL FOR THE YEAR 2015-2016

Particulars	31 March 15	31 March 16	Increase/Decrease	% Change
<b>Current Assets:</b>				
Inventories	1876.566	2062.218	185.652	9.89
Financial Assets:				
1)Investments	Nil	Nil	Nil	Nil
2)Trade Receivables	4005.885	3566.085	(439.8)	(10.97)
3)Cash & Cash Equivalents	151.408	201.610	50.202	33.15
4)Loans	966.179	928.905	(37.274)	(3.85)
5)Other Financial Assets	22.551	10.161	(12.39)	(54.94)
Other Current Assets	4218.796	3899.089	(319.707)	(7.57)
<b>Total Current Assets</b>	11241.385	10668.068	(573.317)	(5.1)
<b>Gross Working Capital</b>	11241.385	10668.068	(573.317)	(5.1)
(-) Current Liabilities				
Financial Liabilities:				
1)Borrowings	2431.936	2517.167	85.231	3.50
2)Trade Payables	4037.365	3908.362	(129.003)	(3.19)
Other Financial Liabilities	651.875	601.958	(49.917)	(7.65)
Other Current Liabilities	2729.639	2410.275	(319.364)	(11.69)
Provisions	297.129	321.937	24.808	8.34
<b>Total Current Liabilities</b>	10057.944	9759.699	(298.245)	(2.96)
<b>Net Working Capital</b>	1183.441	908.369	(275.072)	(23.24)

(Amounts in Million Rupees)

### INTERPRETATION:

In the year 2015-16, the current assets have decreased by 5.1%. A component of current assets, namely Other Financial Assets have decreased by 54.94%. Other Current Liabilities have also decreased by 11.69%. This has led to the decrease in Net Working Capital by 23.24%.

## **CHAPTER 6 . FINDINGS, SUGGESTIONS AND CONCLUSION**

### **FINDINGS :**

The Current Ratio shows that the company's liquidity position is not ideal as per the standard ratio 2:1 but still it is greater than 1 which indicates the company's ability to pay off its current obligations.

The Net Operating Cycle has increased from 22.21 days in 2015-16 to 40.59 days in 2019-20.

The Working Capital Ratio has declined over the years from 18.94 in 2015-16 to 7.8 in 2019-20 which is not favourable.

Trade Payables Ratio, Quick Ratio and Receivables Ratio is stable.

Net Profit Ratio has shown increasing trend.

### **CONCLUSION :**

The Project Report was initiated with the objective to study study the working capital management in Kirloskar Brothers Limited. We can conclude that the company's profitability has increased over the years. The Ratios of the company are satisfactory and the company enjoys a balance of liquidity and profitability. On the basis of the analysis, we can further conclude that the overall management of working capital is sound.

### **SUGGESTIONS :**

There are no major deficiencies in the management of working capital, however, there is a need for improvement in some ratios like Receivables and Working Capital Turnover in order to enhance the liquidity and profitability position to the greater level. The Working Capital Turnover Ratio can also be improved by maintaining an optimal level of working capital without incurring liquidity risks which will be beneficial to the company's daily operations and long term investments and the company can reduce the average collection days by reviewing its credit terms and policies with an aim to shorten its Net Operating Cycle.

## **BIBLIOGRAPHY**

### **Books:**

1. Financial Management, Theory and Practice 10th Edition by Prasanna Chandra.
2. Financial Management for CA Intermediate by Institute of Chartered Accountants of India.
3. Financial Analysis & Control for M.Com by Nirali Prakashan.

### **Websites:**

[www.kirloskarpumps.com](http://www.kirloskarpumps.com)

[www.moneycontrol.com](http://www.moneycontrol.com)

## ANNEXURE

### BALANCE SHEET AS AT MARCH 31, 2016

Particulars		Note No.	Figures as at March 31, 2016	Figures as at March 31, 2015
<b>₹</b>				
<b>I. EQUITY AND LIABILITIES</b>				
1	<b>Shareholders' funds</b>			
	(a) Share capital	A - 1	158,817,852	158,776,352
	(b) Reserves and surplus	A-2	7,882,861,053	7,804,283,918
	(c) Money received against share warrants		-	-
			<b>8,041,678,905</b>	<b>7,963,060,270</b>
2	<b>Share application money pending allotment</b>		-	-
3	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	A-3	21,153,330	31,729,996
	(b) Deferred tax liabilities (net)	A-4	-	-
	(c) Other long term liabilities	A-5	1,455,944,002	1,112,761,763
	(d) Long-term provisions	A-6	157,056,593	126,024,567
			<b>1,634,153,925</b>	<b>1,270,516,326</b>
4	<b>Current liabilities</b>			
	(a) Short-term borrowings	A-7	2,517,167,328	2,341,936,145
	(b) Trade payables			
	Total outstanding dues of micro enterprises & small enterprises	C-23	285,081,031	-
	Total outstanding dues of creditors other than micro enterprises & small enterprises		3,654,361,411	4,050,160,006
	(c) Other current liabilities	A-8	2,945,327,704	3,317,700,053
	(d) Short-term provisions	A-9	321,509,154	338,287,272
			<b>9,723,446,628</b>	<b>10,048,083,476</b>
	<b>TOTAL</b>		<b>19,399,279,458</b>	<b>19,281,660,072</b>
<b>II. ASSETS</b>				
1	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	A-10	2,928,397,405	3,090,979,251
	(ii) Intangible assets	A-10	38,709,957	14,070,523
	(iii) Capital work-in-progress		61,347,963	70,657,137
	(iv) Intangible assets under development		-	-
	(b) Non-current investments	A-11	2,434,093,770	2,334,093,770
	(c) Deferred tax assets (net)	A-4	188,404,609	109,888,478
	(d) Long-term loans and advances	A-12	1,473,428,266	1,503,734,427
	(e) Other non-current assets	A-13	1,358,752,331	938,275,211
			<b>8,483,134,301</b>	<b>8,061,698,797</b>
2	<b>Current assets</b>			
	(a) Current investments		-	-
	(b) Inventories	A-14	2,062,218,087	1,876,565,671
	(c) Trade receivables	A-15	3,492,230,220	3,946,738,979
	(d) Cash and bank balances	A-16	200,019,882	142,527,376
	(e) Short-term loans and advances	A-17	1,458,435,898	1,220,744,271
	(f) Other current assets	A-18	3,703,241,070	4,033,384,978
			<b>10,916,145,157</b>	<b>11,219,961,275</b>
	<b>TOTAL</b>		<b>19,399,279,458</b>	<b>19,281,660,072</b>

NOTE: Figures of Financial Year 2015-16 onwards are as per revised accounting standards (Ind AS) and for earlier Financial Years figures are as per old accounting standards (IGAAP). Previous years' figures have been regrouped to make them comparable.

## STATEMENT OF PROFIT & LOSS FOR THE YEAR 2016-17 & 2015-16 COMBINED

### STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH 2017

(Amounts in Million ₹)

Particulars	Notes	2016-17	2015-16
Revenue from Operations	16	18,230.387	17,212.231
Other Income	17	182.381	207.864
<b>Total Income</b>		<b>18,412.768</b>	<b>17,420.095</b>
Expenses			
Cost of materials consumed	18	7,117.803	7,512.728
Purchases of Stock-in-Trade		3,248.883	2,590.984
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	18	(374.886)	(205.984)
Employee benefits expense	19	2,165.563	1,915.524
Finance costs	20	315.090	381.891
Depreciation and amortization expense	21	396.688	408.067
Other expenses	22	5,010.738	4,742.447
<b>Total expenses</b>		<b>17,879.879</b>	<b>17,345.657</b>
Profit / (Loss) before exceptional items and tax		532.889	74.438
Exceptional items		-	-
<b>Profit / (Loss) before tax</b>		<b>532.889</b>	<b>74.438</b>
Tax expenses			
Current tax	6	111.250	41.827
Deferred tax	6	(4.995)	(75.321)
Short provision of earlier years		96.664	0.158
<b>Total Tax expenses</b>		<b>202.919</b>	<b>(33.336)</b>
<b>Profit/(Loss) for the period from continuing operations</b>		<b>329.970</b>	<b>107.774</b>
Profit/(Loss) from discontinued operations		-	-
Tax expenses of discontinued operations		-	-
<b>Profit/(Loss) from discontinued operations (after tax)</b>		<b>-</b>	<b>-</b>
<b>Profit/(Loss) for the period</b>		<b>329.970</b>	<b>107.774</b>
Other Comprehensive Income			
Items that will not be reclassified to profit or loss	23	(17.505)	22.504
Income tax relating to items that will not be reclassified to profit or loss		6.058	(7.788)
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total Comprehensive Income for the period (Comprising Profit/(Loss) and Other Comprehensive Income for the period)</b>		<b>318.523</b>	<b>122.490</b>
<b>Earnings per equity share (for continuing operations)</b>			
Basic	28	4.16	1.36
Diluted		4.16	1.36
<b>Earnings per equity share (for discontinued operations)</b>			
Basic		-	-
Diluted		-	-
<b>Earnings per equity share (for discontinued and continuing operations)</b>	28		
Basic		4.16	1.36
Diluted		4.16	1.36

**BALANCE SHEET AS AT 31 MARCH 2017**

(Amounts in Million ₹)

Particulars	Note	31 March 2017	31 March 2016	1 April 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	3 a	2,851.601	2,911.318	3,088.699
Capital work-in-progress		32.625	61.345	70.655
Investment Property	3 b	5.020	5.020	5.020
Other Intangible assets	3 a	60.813	44.534	23.024
<b>Financial Assets</b>				
Investments	4	2,387.958	2,387.953	2,287.953
Trade receivables	5 a	115.982	23.451	29.326
Loans	5 b	193.440	304.274	271.099
Others	5 c	17.688	11.120	39.729
Deferred tax assets (net)	6	191.697	186.702	111.381
Other non-current assets	7	2,845.057	2,948.217	2,289.770
<b>Total non-current assets</b>		<b>8,501.881</b>	<b>8,883.934</b>	<b>8,216.656</b>
<b>Current assets</b>				
Inventories	8	2,595.112	2,062.218	1,876.566
<b>Financial Assets</b>				
Trade receivables	5 a	3,399.728	3,566.085	4,005.885
Cash and cash equivalents	9	254.666	201.610	151.408
Loans	5 b	933.927	928.905	966.179
Others	5 c	28.455	10.161	22.551
Other current assets	7	3,815.048	3,899.089	4,218.796
<b>Total current assets</b>		<b>11,026.936</b>	<b>10,668.068</b>	<b>11,241.385</b>
<b>TOTAL ASSETS</b>		<b>19,528.817</b>	<b>19,552.002</b>	<b>19,458.041</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	10	158.818	158.818	158.776
Other equity	11	8,221.316	7,902.793	7,869.873
<b>Total equity</b>		<b>8,380.134</b>	<b>8,061.611</b>	<b>8,028.649</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	12	8.587	17.260	25.078
Trade payables	13 a	313.109	408.732	319.434
Other financial liabilities	13 b	30.625	2.002	5.550
Provisions	14	163.862	161.521	131.340
Deferred tax liabilities (net)	6	-	-	-
Other non-current liabilities	15	756.851	1,141.177	890.046
<b>Total non-current liabilities</b>		<b>1,273.034</b>	<b>1,730.692</b>	<b>1,371.448</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	12	1,877.632	2,517.167	2,341.936
Trade payables	13 a	4,138.871	3,908.362	4,037.365
Other financial liabilities	13 b	816.159	601.958	651.875
Other current liabilities	15	2,671.613	2,410.275	2,729.639
Provisions	14	371.374	321.937	297.129
Current tax liabilities (net)		-	-	-
<b>Total current liabilities</b>		<b>9,875.649</b>	<b>9,759.699</b>	<b>10,057.944</b>
<b>Total liabilities</b>		<b>11,148.683</b>	<b>11,490.391</b>	<b>11,429.392</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,528.817</b>	<b>19,552.002</b>	<b>19,458.041</b>

## BALANCE SHEET AS AT 31 MARCH 2018

(Amounts in Million ₹)

Particulars	Notes	31 March 2018	31 March 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,754.622	2,851.601
Capital work-in-progress		117.654	32.625
Investment property	4	5.020	5.020
Other intangible assets	3	53.750	60.813
Financial assets			
Investments	5	2,731.128	2,387.958
Trade receivables	6	159.255	115.982
Loans	7	131.748	168.610
Others	8	61.542	42.518
Deferred tax assets (net)	19	230.400	191.697
Other non-current assets	9	1,353.979	2,560.807
<b>Total non-current assets</b>		<b>7,599.098</b>	<b>8,417.631</b>
<b>Current assets</b>			
Inventories	10	3,126.530	2,595.112
Financial assets			
Trade receivables	6	3,817.850	3,399.728
Cash and cash equivalents	11 A	582.763	223.753
Other bank balances	11 B	24.619	30.913
Loans	7	975.737	933.927
Others	8	20.306	28.455
Other current assets	9	4,494.099	3,815.048
<b>Total current assets</b>		<b>13,041.904</b>	<b>11,026.936</b>
<b>TOTAL ASSETS</b>		<b>20,641.002</b>	<b>19,444.567</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	158.818	158.818
Other equity	13	8,796.185	8,221.316
<b>Total equity</b>		<b>8,955.003</b>	<b>8,380.134</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	14	358.469	8.587
Trade payables	15	185.826	313.109
Other financial liabilities	16	30.052	30.625
Provisions	17	179.316	163.862
Deferred tax liabilities (net)			
Other non-current liabilities	18	322.922	672.601
<b>Total non-current liabilities</b>		<b>1,076.585</b>	<b>1,188.784</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	14	1,168.980	1,677.632
Trade payables			
- Micro, small and medium enterprises	15	654.408	648.965
- Others	15	3,765.555	3,489.906
Other financial liabilities	16	826.116	816.159
Other current liabilities	18	3,810.573	2,671.613
Provisions	17	383.782	371.374
Current tax liabilities (net)			
<b>Total current liabilities</b>		<b>10,609.414</b>	<b>9,875.649</b>
<b>Total liabilities</b>		<b>11,685.999</b>	<b>11,064.433</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,641.002</b>	<b>19,444.567</b>

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(Amounts in Million ₹)

Particulars	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	20	19,345.627	16,230.387
Other income	21	188.650	182.381
<b>Total income</b>		<b>19,534.277</b>	<b>18,412.768</b>
<b>Expenses</b>			
Cost of materials consumed	22	8,819.320	7,100.656
Purchases of stock-in-trade		2,845.094	3,248.883
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(331.414)	(374.886)
Employee benefits expense	23	2,273.119	2,165.563
Finance costs	24	252.788	315.090
Depreciation and amortization expense	25	351.827	396.688
Other expenses	26	4,400.221	5,027.885
<b>Total expenses</b>		<b>18,610.955</b>	<b>17,879.879</b>
Profit before exceptional items and tax		923.322	532.889
Exceptional items		-	-
<b>Profit before tax</b>		<b>923.322</b>	<b>532.889</b>
<b>Tax expenses</b>	19		
(1) Current tax		365.990	168.063
(2) Deferred tax		(98.532)	(61.808)
(3) Short provision of earlier years		-	96.664
<b>Total Tax expenses</b>		<b>267.458</b>	<b>202.919</b>
<b>Profit after tax for the year</b>		<b>655.864</b>	<b>329.970</b>
<b>Other comprehensive income</b>	27		
Items that will not be reclassified to profit or loss		14.477	(17.505)
Income tax relating to items that will not be reclassified to profit or loss		(5.010)	6.058
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income</b>		<b>9.467</b>	<b>(11.447)</b>
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>665.331</b>	<b>318.523</b>
<b>Earnings per equity share</b>	32		
(1) Basic		8.26	4.16
(2) Diluted		8.26	4.16

## BALANCE SHEET AS AT 31 MARCH 2019

(Amounts in Million ₹)

Particulars	Notes	31 March 2019	31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,765.810	2,754.622
Capital work-in-progress		237.538	117.654
Investment property	4	5.020	5.020
Other intangible assets	3	30.153	53.750
Financial assets			
Investments	5	2,979.211	2,731.128
Trade receivables	6	70.070	159.255
Loans	7	102.240	131.748
Others	8	37.667	61.542
Deferred tax assets (net)	19	340.833	230.400
Other non-current assets	9	1,078.417	1,353.979
<b>Total non-current assets</b>		<b>7,646.959</b>	<b>7,599.098</b>
<b>Current assets</b>			
Inventories	10	3,670.251	3,126.530
Financial assets			
Trade receivables	6	4,712.743	3,817.850
Cash and cash equivalents	11 A	333.002	582.763
Other bank balances	11 B	21.064	24.619
Loans	7	950.007	975.737
Others	8	19.459	20.306
Other current assets	9	4,379.222	4,494.099
<b>Total current assets</b>		<b>14,085.748</b>	<b>13,041.904</b>
<b>TOTAL ASSETS</b>		<b>21,732.707</b>	<b>20,641.002</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	158.818	158.818
Other equity	13	9,243.838	8,796.185
<b>Total equity</b>		<b>9,402.656</b>	<b>8,955.003</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	14	237.200	358.469
Trade payables	15	155.381	185.828
Other financial liabilities	16	11.319	30.052
Provisions	17	206.718	179.316
Other non-current liabilities	18	257.246	322.922
<b>Total non-current liabilities</b>		<b>867.864</b>	<b>1,076.585</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	14	1,237.703	1,168.980
Trade payables			
- Micro, small and medium enterprises	15	1,042.931	654.408
- Others	15	4,326.889	3,765.555
Other financial liabilities	16	771.839	826.116
Other current liabilities	18	3,666.831	3,810.573
Provisions	17	415.994	383.782
<b>Total current liabilities</b>		<b>11,462.187</b>	<b>10,609.414</b>
<b>Total liabilities</b>		<b>12,330.051</b>	<b>11,685.999</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21,732.707</b>	<b>20,641.002</b>

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Million ₹)

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations	20	22,234.860	19,345.627
Other income	21	247.080	188.650
<b>Total income</b>		<b>22,481.940</b>	<b>19,534.277</b>
<b>Expenses</b>			
Cost of materials consumed	22	10,814.449	8,774.200
Purchases of stock-in-trade		2,872.761	2,845.094
Changes in inventories of finished goods, stock -in- trade and work-in-progress	22	(481.835)	(331.414)
Employee benefits expense	23	2,407.469	2,273.119
Finance costs	24	262.381	252.788
Depreciation and amortization expense	25	365.854	351.827
Other expenses	26	4,999.300	4,445.341
<b>Total expenses</b>		<b>21,240.379</b>	<b>18,610.955</b>
Profit before exceptional items and tax		1,241.561	923.322
Exceptional items		-	-
<b>Profit before tax</b>		<b>1,241.561</b>	<b>923.322</b>
<b>Tax expenses</b>	19		
(1) Current tax		432.905	365.990
(2) Deferred tax		(64.559)	(98.532)
<b>Total Tax expenses</b>		<b>368.346</b>	<b>267.458</b>
<b>Profit after tax for the year</b>		<b>873.215</b>	<b>655.864</b>
Profit/(loss) from discontinued operations		-	-
Tax expenses of discontinued operations		-	-
<b>Profit/(loss) from discontinued operations (after tax)</b>		<b>-</b>	<b>-</b>
<b>Profit/(loss) for the period</b>		<b>873.215</b>	<b>655.864</b>
<b>Other comprehensive income</b>	27		
Items that will not be reclassified to profit or loss		(2.616)	14.477
Income tax relating to items that will not be reclassified to profit or loss		0.905	(5.010)
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income</b>		<b>(1.711)</b>	<b>9.467</b>
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>871.504</b>	<b>665.331</b>
<b>Earnings per equity share</b>	32		
(1) Basic		11.00	8.26
(2) Diluted		11.00	8.26

**BALANCE SHEET AS AT 31 MARCH 2020**

(Amounts in Million Rupees)

Particulars	Note	31 March 2020	31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,844.689	2,765.810
Capital work-in-progress		480.048	237.538
Investment property	4	5.020	5.020
Other intangible assets	3	38.060	30.153
Right to use assets	46	160.293	-
Financial assets			
Investments	5	2,915.684	2,979.211
Trade receivables	6	549.381	205.070
Loans	7	68.865	102.240
Other financial assets	8	49.888	37.667
Deferred tax assets (net)	19	287.784	340.833
Other non-current assets	9	933.332	943.417
<b>Total non-current assets</b>		<b>8,333.044</b>	<b>7,646.959</b>
<b>Current assets</b>			
Inventories	10	4,196.971	3,670.251
Financial assets			
Investments	5	450.285	-
Trade receivables	6	3,390.557	4,712.743
Cash and cash equivalents	11 A	1,946.069	333.002
Other bank balances	11 B	21.787	21.084
Loans	7	1,139.455	950.007
Other financial assets	8	41.460	19.459
Other current assets	9	3,872.173	4,379.222
<b>Total current assets</b>		<b>15,058.757</b>	<b>14,085.748</b>
<b>TOTAL ASSETS</b>		<b>23,391.801</b>	<b>21,732.707</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	158.818	158.818
Other equity	13	9,607.906	9,243.838
<b>Total equity</b>		<b>9,766.724</b>	<b>9,402.656</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	14	592.090	237.200
Trade payables	15	101.308	155.381
Other financial liabilities	16	113.861	11.319
Provisions	17	202.837	206.718
Other non-current liabilities	18	244.367	257.246
<b>Total non-current liabilities</b>		<b>1,254.463</b>	<b>867.864</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	14	2,250.000	1,237.703
Trade payables			
- Micro, small and medium enterprises	15	673.640	1,042.931
- Others	15	3,832.750	4,326.889
Other financial liabilities	16	1,407.152	771.839
Other current liabilities	18	3,778.968	3,666.831
Provisions	17	428.104	415.994
<b>Total current liabilities</b>		<b>12,370.614</b>	<b>11,462.187</b>
<b>Total liabilities</b>		<b>13,625.077</b>	<b>12,330.051</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,391.801</b>	<b>21,732.707</b>

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Million Rupees)

Particulars	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	20	20,970.322	22,234.860
Other income	21	254.070	247.080
<b>Total income</b>		<b>21,224.392</b>	22,481.940
<b>Expenses</b>			
Cost of raw materials consumed	22a	10,324.577	10,814.449
Purchases of stock-in-trade		1,724.260	2,872.761
Changes in inventories of finished goods, stock -in- trade and work-in-progress	22b	(430.932)	(481.835)
Employee benefits expense	23	2,581.664	2,407.469
Finance costs	24	302.082	262.381
Depreciation and amortization expense	25	400.365	365.854
Other expenses	26	5,058.766	4,999.300
<b>Total expenses</b>		<b>19,960.782</b>	21,240.379
Profit before exceptional items and tax		1,263.610	1,241.561
Exceptional item	5	63.527	-
<b>Profit before tax</b>		<b>1,200.083</b>	1,241.561
<b>Tax expenses</b>	19		
(1) Current tax		355.336	432.905
(2) Deferred tax		53.048	(64.559)
(3) Short provision of earlier years		-	-
<b>Total tax expenses</b>		<b>408.384</b>	368.346
<b>Profit after tax for the year</b>		<b>791.699</b>	873.215
<b>Other comprehensive income</b>	27		
Items that will not be reclassified to profit or loss		(7.213)	(2.616)
Income tax relating to items that will not be reclassified to profit or loss		0.336	0.905
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income</b>		<b>(6.877)</b>	(1.711)
<b>Total Comprehensive Income for the year (Comprising of Profit for the year and Other Comprehensive Income for the year)</b>		<b>784.822</b>	871.504
<b>Earnings per equity share</b>	32		
(1) Basic		9.97	11.00
(2) Diluted		9.97	11.00



**“CRYPTOCURRENCY – A NEW INVESTMENT  
OPPORTUNITY”**

**A PROJECT REPORT ON**

**SUBMITTED TO**



**“SAVITRIBAI PHULE PUNE UNIVERSITY”**

**IN THE PARTIAL FULFILMENT OF THE  
REQUIREMENT FOR THE**

**DEGREE OF**

**“MASTER OF COMMERCE”**

**( IN BUSINESS ADMINISTRATION )**

**SUBMITTED BY**

**PRACHI CHAPARWAL**

**UNDER THE GUIDANCE OF**

**DR. SUNITA POKHARNA**

**PG CENTRE**

**MARATHWADA MITRA MANDAL  
COLLEGE OF COMMERCE, PUNE**

**2020 - 2021**

MARATHWADA MITRA MANDAL'S  
**COLLEGE OF COMMERCE**

Affiliated to Savitribai Phule Pune University, Re-Accredited by NAAC with "A" Grade,  
ISO 9001:2008 Certified, Awarded as Best College by Savitribai Phule Pune University



**Dr. Devidas Golhar**  
Principal

**CERTIFICATE**

This is to certify that Mr. /Miss. Prachi Chaparwal

is a student of our College for M. Com. Part II. He /She has submitted a project  
research report entitled Cryptocurrency - A New

Investment Opportunity in partial fulfillment  
of the requirement of M. Com. Degree Course June 2021 under the Savitribai  
Phule Pune University curriculum.

To the best of my knowledge the material presented here is his /her original work  
and all references from other sources have been duly acknowledged in this project  
work.

Project Research Guide  
**Dr. Sunita Pokharna**

Principal  
**Dr. Devidas Golhar**

**VIVA-VOCE RECORD**

Exam Seat No. 514

Date: \_\_\_\_\_

Internal Examiner

External Examiner

# **ACKNOWLEDGEMENT**

**I wish to express sincere gratitude to everyone who supported me throughout this Project.**

**I would like to thank Principal Sir, Dr. Devidhar Golhar. I would like to express my special thanks and gratitude to my teacher and guide Dr. Sunita Pokharna Mam, for all her guidance and motivation in completing this project.**

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**Lastly, I would like to thank my friends and parents for their support in completing information and helping me to complete the project in the limited time frame.**

**Thank you**

**Prachi Chaparwal**

# **DECLARATION**

I hereby declare that the project on “**CRYPTOCURRENCY – A NEW INVESTMENT OPPORTUNITY**” is written and submitted by me to **MARATHWADA MITRA MANDAL COLLEGE OF COMMERCE, PUNE**, towards the partial fulfillment for the study of M.COM degree in the year 2020-21. The report is written original work, this project is based on the primary and secondary data. The contents provided are true. This project is not been submitted to any other university or any other Degree courses.

**Place: Pune**

**Prachi Chaparwal**

**Date:**

# EXECUTIVE SUMMARY

The shortcomings of existing financial systems became widely criticized in the aftermath of the 2007–08 financial crisis leading to an unprecedented wave of interest in new ways of efficiently executing economic transactions while ensuring high levels of transparency and accountability. With over 2,000 in existence at the time of writing this report, cryptocurrencies have received a great deal of attention as a potential tool for radically altering financial landscapes for the betterment of society. The purpose of this report is to provide a comprehensive overview of how crypto-currencies could be used to achieve this purpose. This includes how cryptocurrencies currently function relative to the intentions of their pioneers, and how the general public, use, understand, and trust them. Cryptocurrencies are virtual currencies that are created, stored and governed electronically by an open, decentralized, crypto currency system. Cryptocurrencies can be used as to exchange money, to buy certain goods / services or as an investment purpose. Crypto currencies extremely rapid growth and then fall, both in terms of number of cryptocurrencies and prices and challenge to the current financial infrastructure, are forcing all market participants to closely monitor and understand this new market. Crypto currency based lending applications and decentralized trading venues currently command \$65 billion in on-boarded assets. Crypto currencies are now maturing and have demonstrable utility. As of this writing, cryptocurrencies in aggregate are valued at over \$2 trillion in market capitalization. One of the biggest benefits of cryptocurrencies is that they do not involve financial institution intermediaries. Still, cryptocurrencies are not completely immune from security threats. Certain cryptocurrencies can confer other benefits to their holders, including limited ownership and voting rights.

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# **CHAPTER I** **INTRODUCTION**

# 1.1 INTRODUCTION

There is no doubt that the era of information and communication technologies has created many golden opportunities in several aspects. One of the fields that benefit from these technologies and online connections is the financial and business sector. A growing number of online users has activated virtual world concepts and created a new business phenomenon. Thus, new types of trading, transactions and currencies have been arising. One of the remarkable financial forms that have been emerged in the past few years is Cryptocurrency.

Cryptocurrency can be defined as any medium of exchange, apart from real world money, that can be used in many financial transactions whether they are virtual or real transactions. Cryptocurrencies represent valuable and intangible objects which can be used electronically or virtually in different applications and networks such as online social networks, online social games, virtual worlds and peer to peer networks.

Over in the recent past crypto currency has been a subject of discussion among the public at large. In the world of technological advancements, crypto currency is becoming more comfortable for investors who values privacy and creation of money. In these days crypto currencies like Bitcoin, Ethereum, Ripple, Litecoin, etc. are trending in the financial market as people are showing interest in buying crypto currencies. On the other hand there is a greater population at a confused state of mind with regards to the overall performance of crypto currency. Bitcoin was the first decentralized crypto currency created in the year 2009. Crypto currency doesn't form any physical form as it is completely a digital value in the web. These currencies can be used as cash equivalent for transactions and other business. Crypto currency doesn't rely on the financial institutional regulations but are encrypted and protected which makes it difficult to increase the supply of money over a predefined algorithm

rate. Crypto currency charges fee at a minimum rate which are comparatively lesser than the fee collected by a financial institution for the processing of a credit card. Crypto currency can be changed over into different types of money and kept into client's records at a faster pace. The detailed study will be processed which will show the impact of all types of crypto currencies on Indian economy and also will help to understand the current status of the virtual currencies and awareness about these currencies. And it will also show the vision of government intervention & involvement to develop crypto currency as legal mode.

Cryptocurrency is neither commodity money nor fiat money – it is a new, experimental kind of money. The cryptocurrency experiment may or may not ultimately succeed, but it offers a new mix of technical and monetary characteristics that raise different economic questions than other kinds of currency. A Cryptocurrency is defined as “a digital asset designed to work as a medium of exchange using cryptography to secure the transaction and to control the creation of additional units of the currency”. Completely non-reversible transactions are not really possible, since financial institutions cannot avoid mediating disputes. The cost of mediation increases transaction costs, limiting the minimum practical transaction size and cutting off the possibility for small casual transactions, and there is a broader cost in the loss of ability to make non-reversible payments for nonreversible services. People started to invest a large sum of money that had no history of producing revenue. Crores of money was invested into more than 1000 new digital coins. Cryptocurrencies typically use decentralized control as opposed to a central bank digital currency (CBDC). When a cryptocurrency is minted or created prior to issuance or issued by a single issuer, it is generally considered centralized. When implemented with decentralized control, each cryptocurrency works through distributed ledger technology, typically a blockchain, that serves as a public financial transaction database.

## 1.2 DEFINITION

Cryptocurrencies are virtual assets in decentralized systems that are secured by cryptography. The cryptography controls the transactions, prevents fraud and manages the supply of these assets. Unlike bank account balances, the ownership of these assets is not controlled by a third party. All confirmed transactions are stored digitally in a “blockchain” that serves as a public ledger or accounting system and is transparent to every user in the network. The systems do not have any financial intermediaries or authorities that control transactions. They operate worldwide and can be used for any purchases (for virtual or physical goods) and are therefore competing against official. Transactions with cryptocurrencies have shared attributes such as low transaction costs, fast transactions (compared to traditional bank services), anonymity, transparency and no restrictions about the transfer amounts. Critics argue that cryptocurrencies are not frequently used in retail transactions and that individuals rather store them instead of using them as a currency. Furthermore, the increase of cryptocurrency prices, without a proportional change of transactions and real usage, raised the question about their valuation. Prominent economist such as Robert Shiller or Paul Krugman claim that cryptocurrencies do not have an intrinsic value and that the market is in a speculative bubble which will eventually burst. Blockchains, which are organizational methods for ensuring the integrity of transactional data, are an essential component of many cryptocurrencies.

- Many experts believe that blockchain and related technology will disrupt many industries, including finance and law.
- Cryptocurrencies face criticism for a number of reasons, including their use for illegal activities, exchange rate volatility, and vulnerabilities of

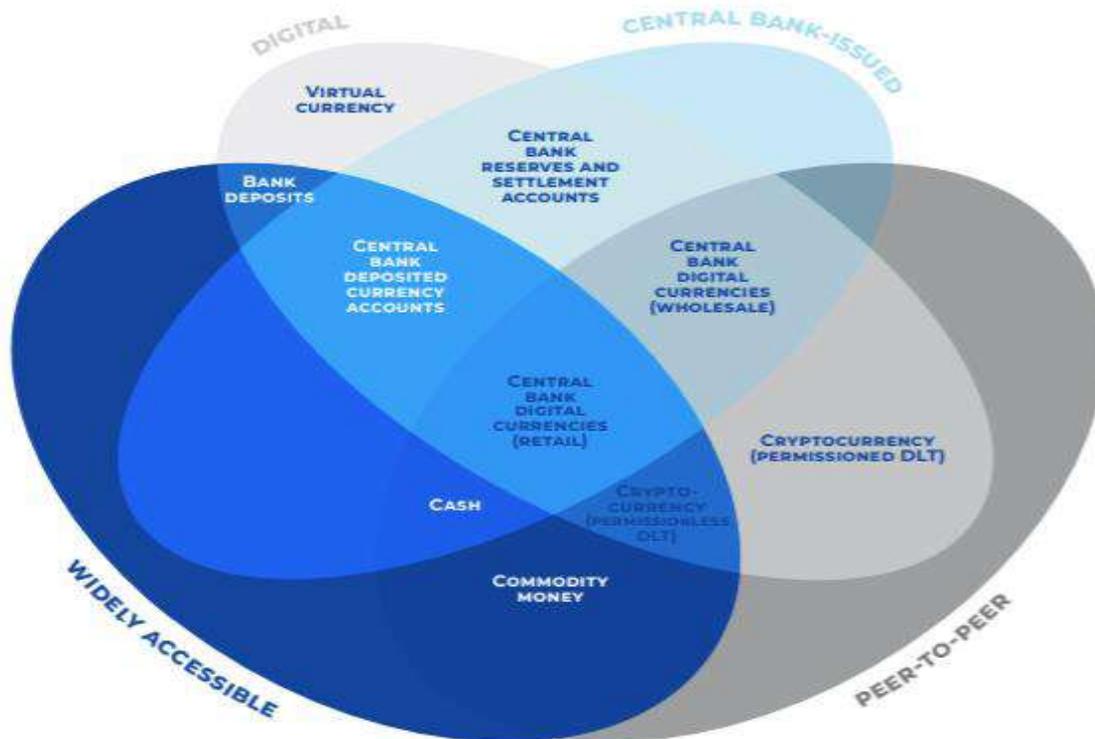
the infrastructure underlying them. However, they also have been praised for their portability, divisibility, inflation resistance, and transparency.

According to Jan Lansky, a cryptocurrency is a system that meets five conditions:

- The system does not require a central authority; its state maintained through distributed consensus.
- The system defines whether new cryptocurrency units can be created. If new cryptocurrency units can be created, the system defines the circumstances of their origin and how to determine the ownership of these new units.
- Ownership of cryptocurrency units can be proved exclusively cryptographically.
- The system allows transactions to be performed in which ownership of the cryptographic units is changed. A transaction statement can only be issued by an entity proving the current ownership of these units.
- If two different instructions for changing the ownership of the same cryptographic units are simultaneously entered, the system performs at most one of them.

## 1.3 MEANING

The word “cryptocurrency” is derived from the encryption techniques which are used to secure the network. A cryptocurrency is a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend. Many cryptocurrencies are decentralized networks based on blockchain technology—a distributed ledger enforced by a disparate network of computers. A defining feature of cryptocurrencies is that they are generally not issued by any central authority, rendering them theoretically immune to government interference or manipulation. Without any dividends, interests or profits, questions about the reasons for an investment and the justification of the enormous price increases, seem legitimate. An understanding of the price formation is a fundamental aspect of finance and especially crucial for new assets. It allows to comprehend underlying economics, reveal potential risks and evaluate investment opportunities.



## 1.4 STATEMENT OF PROBLEM

- The preceding cases were typical electronic-money issues, but as we've already said, cryptocurrencies add their own wrinkles. For example, there is a risk that's very specific to cryptocurrencies — loss of money due to an error in the address to which the money transfer is made. The preceding cases were typical electronic-money issues, but as we've already said, cryptocurrencies add their own wrinkles. For example, there is a risk that's very specific to cryptocurrencies - loss of money due to an error in the address to which the money transfer is made.
- The problem is that the cryptocurrency market still isn't regulated by any means, there are no risk assessment mechanisms, and there is no guarantee — like at all — of return on investments, except the word of honor of people.
- Sometimes, a money-grabbing scheme is even simpler. Collection of funds in an ICO usually opens at a specified time and closes when the required amount has been collected. The collection address is posted on the project website when it opens (it's not necessary, just common practice).
- There's one more problem that is typical of cryptocurrencies: loss or theft of a wallet. Most users store their cryptocurrency wallet files on their computers. Therefore, they can be stolen using malware or lost if the hard disk crashes.
- So most advanced users make hard copies of their secret key and purchase USB hardware wallets. But the number of such users is small.
- Crypto is very complex technology and organization - difficult to understand. It is still at the beginning of its development - difficult for most people. Human habits are the most difficult to change.

Furthermore, I will use insights of the analysis to draw implications about cryptocurrencies as an investment vehicle and involved how much risks and chances are for different investors.

## **1.5 OBJECTIVES OF STUDY**

- To learn the impact of crypto currency on Indian Economy.
- To study the current status of crypto currency in India and the future it holds.
- To study the level of awareness regarding crypto currency as a virtual currency.
- To study the perception of people regarding acceptance of crypto currency as mode of cash less transaction.
- To study the opinion regarding government intervention & involvement to develop crypto currency as legal mode for cash less transaction.

## **1.6**

# **SCOPE OF STUDY**

- This study was carried out on crypto currency to assess the awareness and effectiveness in investing any of the cryptocurrency.
- The analysis of investing in cryptocurrency was based on the currency economic market and awareness about the market.
- To analyze the understanding cryptocurrency market and invest accordingly in any of the crypto coins.
- To understand more about the virtual currency as a cashless transaction.
- To understand the government involvement in cryptocurrencies transaction for any of the particular investor.

## **1.7**

# **LIMITATION OF STUDY**

- Due to time constraint, the research was limited.
- Some of the researchers were less co-operative and they provide vague data, which leads to less accuracy.
- Due to Coronavirus Pandemic and Lockdown, majority of the content of the research is collected through Secondary Data Collection Methods (i.e. Internet)
- Some cases were difficult to understand context of phenomenon, difficult to analyze and doesn't fit in standardized categories.
- This study will not focus on psychological factors that lead such as privacy & security issues, perceived risk and transaction inconvenience.

**CHAPTER II**  
**RESEARCH METHODOLOGY**

## 2.1 RESEARCH METHODOLOGY

“Research is a careful inquiry or examination to discover new information or relation and to expand and to verify existing knowledge”

**-Francis Rummel**

Research in common refers to a search for knowledge. One can also define research as a scientific and systematic search for pertinent information of a specific topic. It is the pursuit of truth the help of study observation, comparison, opportunity, and experiment.

This section is related to the diverse steps and methods followed by the researcher in the process of collecting the data. It will also provide an insight into the analytical tool used by the researcher.

- **Primary Data:**
  - In order to conduct the study, researcher had done detailed study on cryptocurrencies where people are aware or not about this virtual currency and analyze the different aspects about crypto currencies.
  - Also, the researcher had prepared the questionnaire. The information for the questionnaire was retrieved from 30 respondents. Both physical as well as a social media platform was used for this purpose.



**Figure showing the methods of collecting primary data for completing the research**

- **Secondary Data:**
  - Various Google Websites will be one of the resource.
  - Magazines will also be used for the research. Websites of cryptocurrencies have been used.
  - Times of India newspapers & Inshorts will be used for the research.

## 2.2 RESEARCH DESIGN

### Descriptive Research

Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual or a group. Studies concerned with specific predictions, with narrations of facts and characteristics concerning individual, group or situation are all examples of descriptive research studies. Every respondents undertaken surveys to learn about people knowledge, beliefs, preference and satisfaction, it require development of a surveys instrument a questionnaire, which the respondents are asked to fill up.

## **2.3 SAMPLING TECHNIQUES**

“List of all population elements from which the sample will be drawn is called as sampling frame”

Descriptive study was carried out among a different age group of within 14 to 25 years and above years from Pune in the state of Maharashtra. Methods of collecting information are based on the questionnaire. The sample size was collected from respondents.

## **2.4 METHODS OF DATA COLLECTION**

To meet the said objectives, the study used both qualitative and quantitative researches. The exploratory study was done through review of existing literature that helped in validation and extraction of the important variables and factors. For descriptive phase, A Cross-sectional survey of respondents was done using a structured questionnaire. Data was collected from primary as well as secondary sources. Primary sources were in-depth interviews and questionnaires whereas secondary sources were journals, newspapers, national and international publications, internet, personal books and libraries.

A combination of Interview method and Questionnaire method is used to collect data from the respondents.

**CHAPTER III**  
**REVIEW LITERATURE**

## 3.1 LITERATURE REVIEW

Since cryptocurrencies are a relatively new invention, attracting attention only in recent years due to their rapid growth and price surges, academic literature about this topic is scarce, especially compared to other economic and financial topics. However, research on this field has increased, with a focus on areas such as the analysis of the price formation of cryptocurrencies, their functionality as assets or medium of exchange and the discovery of their role in an investment portfolio against other asset classes; the latter being the topic of interest for our paper. Studies on the price formation of cryptocurrencies became more relevant as the attractiveness of digital currencies, as well as their supply, demand and values have changed significantly over time, increasing their impact on financial markets. Ciaian, Rajcaniova and Kancs (2016) compare Bitcoin with other currency characteristics. They, not only discover similar price formation patterns impacted by market forces of supply and demand but also test on specific Bitcoin variables such as the increase on attractiveness with the appearance of new information and the impact of speculation on the value of Bitcoin. On the other hand, by following a method called Empirical Mode Decomposition, Bouoiyour et al. (2016) analyze Bitcoin price formation. They conclude that the price variations of Bitcoin are based on long-term fundamentals, even though in the short run it looks like a speculative asset. Other studies within this area, such as the ones by Bouoiyour and Selmi (2015) and Kristoufek (2013), suggest that speculation behavior affects cryptocurrency prices, creating more ambiguity surrounding the price formation. e analyzes the convenience of using cryptocurrencies in an investment portfolio, their correlation with different asset classes and possible hedging, safe haven or diversification properties. This approach is most related to our research and will therefore be discussed in depth. Firstly, we consider different papers that

analyze Bitcoin as a hedge, safe haven or diversifier. Dyhrberg (2016a) investigates the hedging properties of Bitcoin against stocks and the USD exchange by applying the asymmetric GARCH methodology and thereby concludes that Bitcoin is uncorrelated to stocks and can help reduce specific market risks. Dyhrberg (2016b) further compares asset capabilities and behavior of Bitcoin to those of gold and USD. The author explains that Bitcoin is similar to gold in the way it reacts to news, hence allowing similar hedging properties to be observed. On the other hand, Baur, Hong and Lee (2015) present how Bitcoin is used as an investment asset by conducting a correlation analysis in terms of returns between the cryptocurrency and traditional asset classes. They conclude that cryptocurrencies and traditional asset classes are uncorrelated, thus making Bitcoin a useful diversification instrument in an investment portfolio. Brière, Oosterlinck and Szafarz (2015) analyze how the low correlation between Bitcoin and a diversified portfolio of assets can be useful as an investment strategy, as the cryptocurrency adds to a higher trade-off between risk and return. However, they advise to be cautious as possible changes can occur in the future in terms of correlation between different asset classes and Bitcoin, proven by historical events where the considered safe haven assets did not keep that function during the times of crisis. Komal Dhande (2017) in his Bitcoin and Its Prospects in India study focuses on the remarkable growth in the acceptance of cryptocurrencies but does not see it replacing paper currencies anytime soon. The problem is to structure it for the law enforcement agencies and users to ensure safety in transactions and the problems to determine a way to charge cryptocurrency tax. The high growth on bitcoins has attracted a lot of interest but the high amount of risk involved in keeping the investors hesitant to invest. Though the study shows belief in virtual currencies, a good legal and regulatory framework is required for investors to trust this form of currency in India. C.A. (Dr.) Pramod Kumar Pandey (2017) in his Bitcoin as Emerging Virtual Currency and Its Related Impact on India focused on the high returns

and the high risk that comes along. He believed bitcoins aren't mature and investing in bitcoins would be like jumping in a dark well without knowing the depth, since bitcoin is not backed by anything. One of the challenges to be faced would be to establish it as a currency or commodity. If this is established as a currency, probably RBI will play a leading role in its regulation, while if this is a commodity, SEBI will initiate regulations. Dr. Vijeta Banwari (2017) cryptocurrency in India discusses the change in finance and the world of money. Cryptocurrencies have a huge risk factor but are increasingly popular and it will be difficult for the government to control the transaction. According to the Blockchain Foundation of India, (lobby of around 45 crypto dealers,) claimed that more than 30 new exchanges have applied for membership in the recent two months. (The Print, 2018). Blockchain has huge potential to improve the way data is stored. Despite the ban on cryptocurrency, the blockchain is adopted in various government organizations (Andhra Pradesh, Maharashtra, and so on). Over the counter, markets could come up in the future instead of routing transactions through banks. Rahman and Dawood (2019) in their Bitcoin and Future of Cryptocurrency focused on cryptocurrency as an imaginative and technically advanced alternative for globalization. It examined the possibility of an alternative for processing payments across geographical boundaries and if regulated effectively cryptocurrency could remove a lot of the financial challenges faced in the present. Rahul J. Nikam (2018) in his model draft regulation on Cryptocurrencies in India focuses on aspects of India to start taking a firm decision on cryptocurrency trading and regulate it and also speaks about how the RBI should be more open to the idea of cryptocurrencies and understand the value and opportunities that come with it. in their Legal acceptance of bitcoin in India discuss how bitcoin plays a pivotal role in aggregating the growth percentage of the nation and how it would not be possible unless the government pushes towards making the transactions legal and implies its regulations on it.

**CHAPTER IV**  
**COMPANY PROFILE**

## 4.1

# OVERVIEW

## Positive impact of crypto currency in India

### Growth in Jobs

According to the job search site, there has been a rapid growth in the crypto and blockchain market. The U.S. jobs related to blockchain technology, cryptocurrency, and bitcoin grew over 90%. It was also revealed that Bangalore and Pune have great potential for blockchain, crypto job opportunities.

Lately, there's been a huge hike in the number of unemployment in almost all the sectors in the country. The CEO (Nischal Shetty) of crypto exchange wazir believes that cryptocurrency can help the country with more job opportunities as well as help stabilize the employment rates of the country (Helms, 2020)

### Wealth Creation

Initial coin offerings (ICO) could globally be a fundraising platform for startups. Globally ICOs this year raised over \$346 million globally. This could attract foreign venture capital investments in Indian startups. (Chandrashekhar, Kar & Manikandan, 2020).

The cryptocurrency and blockchain sector has great potential for economic growth and With India's current economic status, it would be a great loss of opportunity to not start with cryptocurrency. Globally blockchain startups raised over 5.5billion American dollars and Indian companies are currently receiving below 0.2% of these investments. The fintech company in Singapore received over \$744million (Gupta, 2020).

## **Blockchain technology helping traditional financial institutions**

Cryptocurrency in India does not necessarily need to compete with the fiat currency or any of the traditional financial institutions. They could both coexist parallelly. Cryptocurrency and blockchain technology and traditional financial institutes could complement each other. Working together would attract more investors to the country, the blockchain technology would improve bank security and transactions and provide better traceability and accountability.

## **The increasing trend of Digital payments**

There has been a huge increase in the trend of digital payments which has shown great potential for the future. Using cryptocurrency for transactions within a country would attract the public (Martucci, 2020). With the ease of availability of cryptocurrency since they are not attached to a country, investors could use this medium to invest more with the internet. With the blockchain technology, they would be safer and reduce the risk of theft. Intercountry businesses could use cryptocurrency for faster and easier transactions with it being hassle free and having low transaction fees.

## **Negative impact of crypto currency in India**

### **Scalability**

While digital coins are getting adopted rapidly it is still outnumbered by the number of transactions that payment companies like Visa. Unless the infrastructure of delivering these technologies is massively scaled. Such an evolution to currency is rather more complex.

### **Cyber security concerns**

Since this currency and its dependency revolves completely on the world wide web it will be subject to certain security breaches and might fall into the hands

of non-state actors. Mitigating this will require continuous updates of the security infrastructure and keeping track of these individuals can be a long and tedious process.

### **Funding of Non-state organizations**

The mechanisms of how these transactions work knowing that end to end meet with no trace of the receiver or sender would make funding of non-state organizations simpler and untraceable.

### **Devaluation of Currency**

With the introduction of cryptocurrencies there are chances that there will be a shift from currencies and that will affect the valuation of the nation's already existing currency. That might negatively impact the economy. Now, when it comes to the legal aspects of cryptocurrencies, we have to keep in mind that there has to be a new body that would overlook the functioning of this currency and they would be in charge of forming the rules and regulations. With the introduction of this currency, many other amendments will have to be made in different aspects of the constitutions.

## **Challenges and Issues**

The form of cryptocurrencies is not free from some financial problems and security concerns. I analysed several studies and cryptocurrency platforms and also observed some cryptocurrency selling forums in order to explore challenges and issues that are exist in such virtual phenomenon. The main problems and impacts of cryptocurrency can include:

### **Security threats**

Hackers and malicious users can create as much as they want from virtual

currency if they break the system and know the method of virtual currency creations. This will lead to the ability to create fake virtual currency or steal virtual currency by just changing the accounts balances. For example, selling in-game virtual items and virtual currency is against World of Warcraft (WoW) game policies. Therefore, many users log into WoW gold selling websites to buy virtual gold in order to pay for virtual items that they need. Many of WoW gold selling websites are not reliable and they are vulnerable to hacking and many users are complaining about paying real money for nothing or for fake virtual currency.

### **Collapse concerns in cryptocurrency systems**

Unlimited issuing of virtual currency in the variety virtual communities will lead to economic problems since its issuing is not based on the demand and supply. It is possible for some providers such as Second Life to issue unlimited Linden Dollars and increase their virtual items prices in order to gain more real revenues. On the other hand, it will suffer from inflation and economic issues leading to collapse in the virtual currency system.

### **Impact on real monetary systems**

Since some virtual currency systems are connected with real world monetary systems, they may affect the demands and supply facilities of real world money. For example, enabling users to purchase virtual and real goods and services with virtual currency in some platforms may reduce the demands on real money. Users will no longer depend on real money to buy what they want and they will use virtual money instead. On the other hand, some platforms enable users to exchange their virtual currency with real currency and this will increase the demands on real world currency. This fluctuation will affect on the real monetary systems.

# **Legal Aspect of Cryptocurrency in India**

## **Legal Aspect**

After the supreme court scrapped the RBI report regarding the functioning of cryptocurrencies in India. The Indian government is inching towards banning the transactions in Cryptocurrencies with a new law, they believe that this would cause some threats and pave a new currency within the country. The companies dealing with crypto believe banning this new aspect of technology would set India far behind and that “thoughtful regulations” would be the best way to go about it. Keeping this in mind there are a couple of laws that will be amended with the introduction of cryptocurrency, they are: The securities Contracts (Regulations) Act 1959, Companies act 2013, Prevention of money laundering act 2002.

## **Taxation**

Taxation law in virtual currency industry is vary from country to country. Some countries impose taxes on incomes that are generated from virtual currency transactions and some others have just considered taxation law. In India, if any such instrument is notified by RBI, any trading in it will be subject to The Foreign Exchange Management (FEMA) Act, 1999. The Crypto like bitcoins are deemed a capital asset if they are purchased for investment. Any gain arising on transfer of a bitcoin shall be taxable as capital gain.

## **Governance**

Cryptocurrencies do not have central banks to regulate the money supply or oversee financial institutions, but no one should neglect the importance of cryptocurrency governance institutions. We focus our discussion on two separate but interrelated ways that cryptocurrencies can be said to be governed.

# **Economics of Cryptocurrencies**

The cryptocurrency value is completely based on the dynamics of supply and demand and is determined on the markets. Hence, the standard microeconomic theory delivers a theoretical foundation for price determination and the development of price efficiencies. This chapter reviews existing literature on the price determination and applies the microeconomic theory on the cryptocurrency market to deliver an economic reasoning for the empirical analysis. The distinct supply system and describe the intentions behind the demand. Following, I describe the investment intentions analyze the price determination in the short- and long-run.

## **Price Determination**

This section forms the foundation for the empirical part and delivers essential insights to the price mechanism, what will be useful the analysis of market efficiency and price drivers. I mainly focus on the short and long-term price determination of cryptocurrencies as investment vehicles.

## **How Cryptocurrencies Can Help Global Economy and Build a Better Future?**

- A Beneficial Rise in Economic Activities
- Great Opportunities for Poorly Banked Countries
- Low Transaction Costs
- Increased Transparency of Transactions
- More Power to Entrepreneurs

**CHAPTER V**  
**DATA ANALYSIS AND**  
**INTERPRETATION**

# DATA INTERPRETATION

**Data Analysis:** - The collected data is statistically analyzed using various analysis techniques such as percentage analysis; cross tabulation and ranking etc. was used. This research paper is based on the primary data. A structured questionnaire was prepared & survey has been conducted to collect the data. After collecting the data it has been analyzed with the help of tables & graphs to present them in an understandable form.

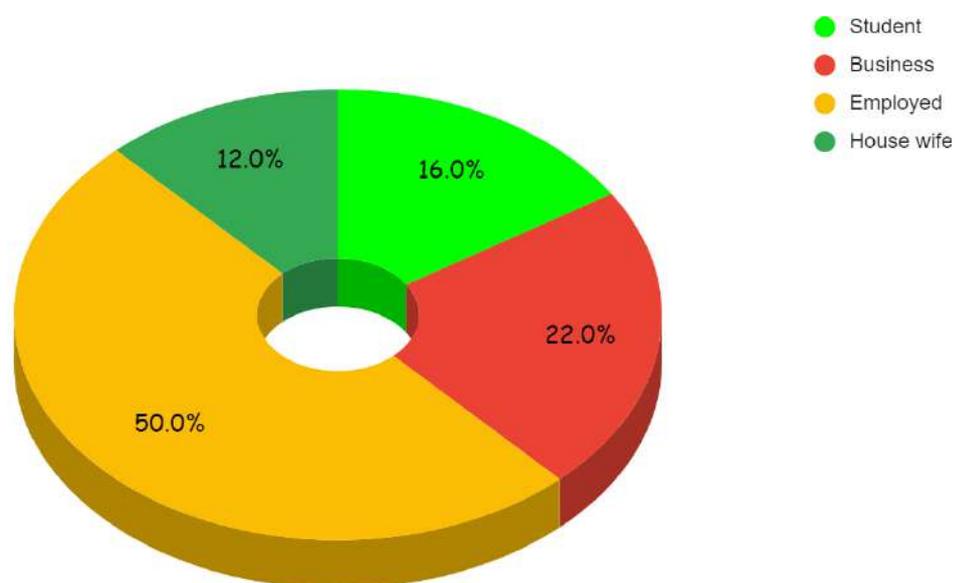
In this part, the results from the questionnaire and the distribution of collected data among the respondents has been discussed and presented. The questionnaire was designed to collect the primary data and further on to analyse the data and how consumers behave against the importance of price, convenience, trust, loyalty when they purchase online. The questionnaire was divided to, first, the demographics segmentation among the respondents and second to, collect the data about the factors like awareness about crypto currencies, their investment in it, government interventions , overview on frequency about cryptocurrency market which effect directly or indirectly to the decision making process and ultimately highlight about the crypto currencies is a good investment opportunity.

The questionnaire as you know divided into four main segments such as general, Awareness about the crypto currencies, whether they invest in any of the crypto currencies and how likely is their investment and views on different perspectives. In general segmentation we have received following responses such as;

## STATUS ANALYSIS

STATUS	FREQUENCY	PERCENTAGE
STUDENT	8	16.0%
BUSINESS	11	22.0%
EMPLOYED	25	50.0%
HOUSE WIFE	6	12.0%
TOTAL	50	100.0%

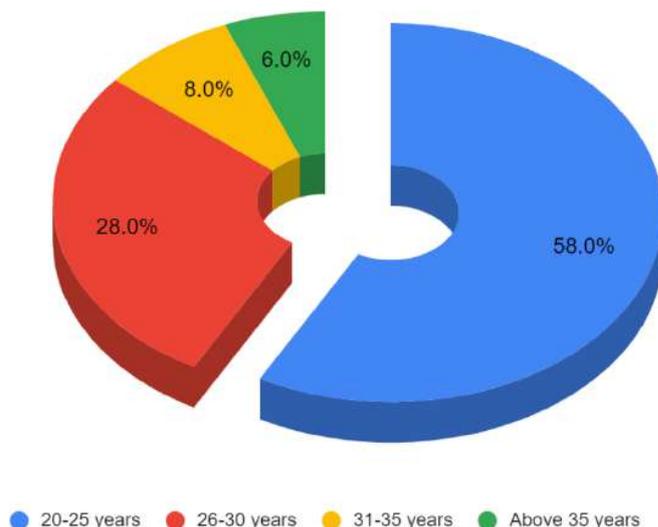
The study shows that the statuses divided into 4 categories wherein it shows out of total respondents of 50 and out of 100% it categorized by students category which falls under frequency of 8 and lies range of 16%, Business category which falls under frequency of 11 and lies range of 22%, Employed category which falls under frequency of 25 and lies range of 50% , House wife category which falls under frequency of 6 and lies range of 6.



## AGE GROUP ANALYSIS

AGE GROUP	FREQUENCY	PERCENTAGE
14 – 19 Years	0	0.0%
20 – 25 Years	29	58.0%
26 – 30 Years	14	28.0%
31 – 35 Years	4	8.0%
Above 35 Years	3	6.0%
<b>TOTAL</b>	<b>50</b>	<b>100.0%</b>

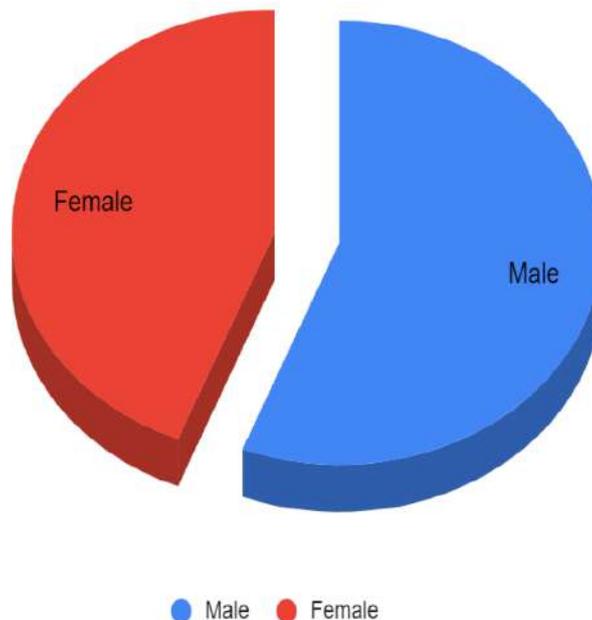
According to the study analysis shows that divided groups in 5, 14 – 19 years the frequency valued to 0 as there were no respondents of that category, 20 – 25 years of group which showed the frequency of 29 and the percentage range in 58%, 26 – 30 years of group showed the frequency of 14 and following with the percentage rate of 28%, 31 – 35 years age group showed the frequency of 4 and lies the percentage rate to 8%, Lastly the group of above 35 years viewed frequency of 3 and the percentage lies to 6%.



## GENDER ANALYSIS

GENDER	FREQUENCY	PERCENTAGE
MALE	28.0	56.0%
FEMALE	22	44.0%
NOT TO PREFER	0	0.0%
TOTAL	50	100.0%

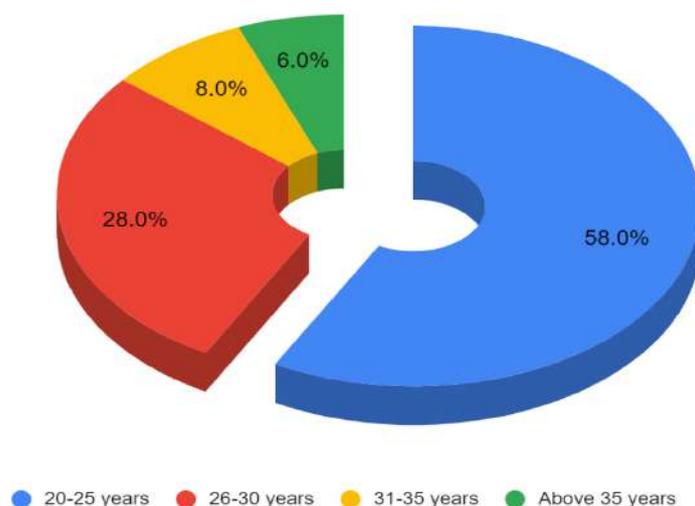
In total of 50 respondents, Males were 28 which were showing the frequency and 22 were the females that led to the frequency and all respondents were fine to share the gender analysis which led to 0 frequency for category not to Prefer. 56 percent were belonging to Male category and 22 percent were belonged to female category.



## INCOME PER MONTH ANALYSIS

INCOME	FREQUENCY	PERCENTAGE
BELOW 20,000	20	40.0%
21,000 – 50,000	18	36.0%
51,000 – 80,000	4	8.0%
81,000 – 1,10,000	4	8.0%
Above 1,10,000	4	8.0%
<b>TOTAL</b>	<b>50</b>	<b>100.0%</b>

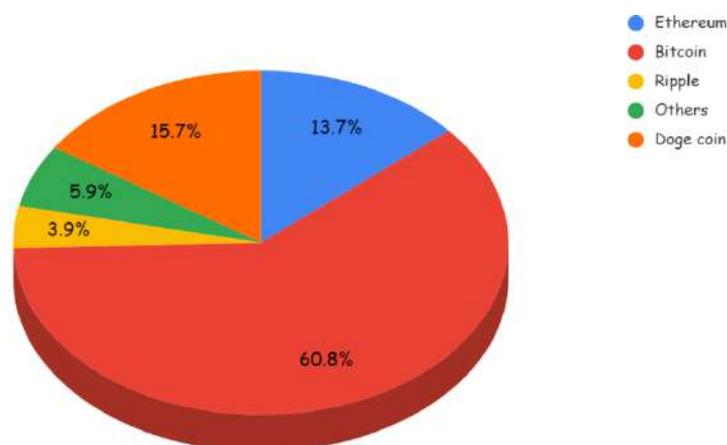
As per the study, Below 20000 shows that frequency is 20 with 40%, 21000 – 50000 group shows the frequency of 18 with 36%, 51000 – 80000 group income shows the frequency of 4 with 8%, 81000 – 110000 group of income shows the frequency of 4 with 8%, and lastly above 110000 group income shows the frequency of 4 with 8%.



## CRYPTO CURRENCY IS KNOWN TO BE THE BEST ANALYSIS

CRYPTOCURRENCY	FREQUENCY	PERCENTAGE
BITCOIN	31	62.0%
ETHEREUM	6	12.0%
RIPPLE	2	4.0%
DOGE COIN	8	16.0%
OTHERS	3	6.0%
TOTAL	50	100.0%

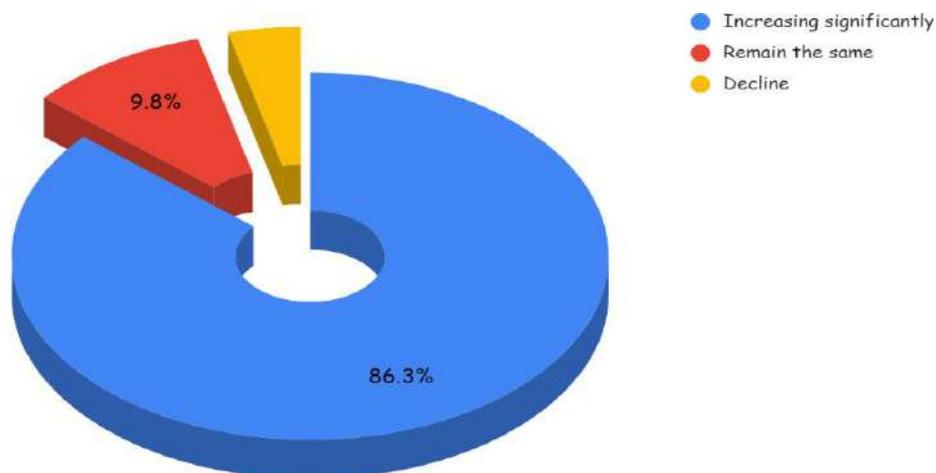
As per the study, amongst some of the crypto currency Bitcoin was the one crypto currency where respondents have majorly invested in it, showing the frequency of 31 following with 62 percent, Ethereum currency showing frequency of 6 and 12 percent, Ripple currency showing the least with frequency of 2 and concluding with 4 percent, Doge coin currency shows 8 frequency and 16 percent, others cryptocurrencies show the frequency of 3 and conclude with the 6 percent.



## CRYPTO CURRENCIES DEMAND IN THE NEXT 5 YEARS ANALYSIS

DEMAND	FREQUENCY	PERCENTAGE
INCREASE SIGNIFICANTLY	43	86.0%
REMAIN THE SAME	5	1.0%
NEVER	2	4.0%
TOTAL	50	100

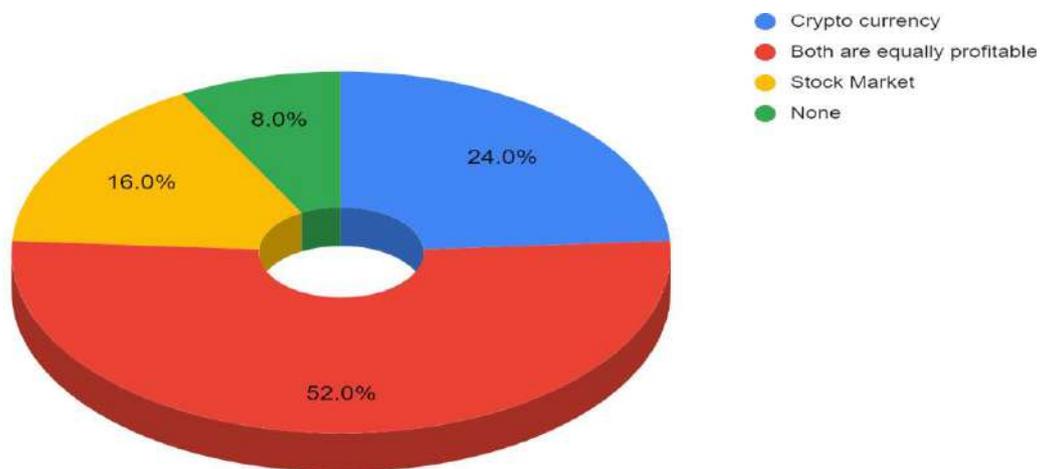
In the following table, frequency for increasingly significantly shows 43 and, it shows 86% respondents think crypto currencies will strongly rise high, frequency of 5 and 1 percent respondents think it will be stable, frequency of 2 and 4 percent respondents think crypto currencies will never have a demand. Majorly part of respondents think there will be a demand to crypto currencies a lot later as well.



## WHICH IS MORE PROFITABLE ANALYSIS

PROFITABLE	FREQUENCY	PERCENTAGE
CRYPTOCURRENCY	12	24.0%
STOCK MARKET	8	16.0%
BOTH ARE EQUAL	26	52.0%
NONE	4	8%
TOTAL	50	100

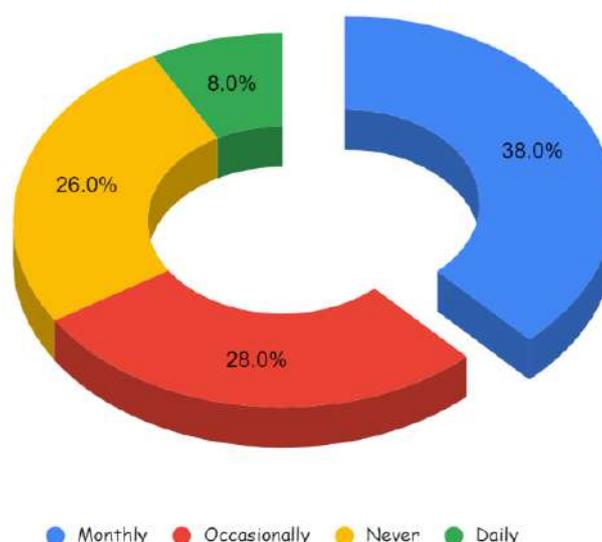
As per the following table, frequency for crypto currencies show 12 which means 24 percent respondents think crypto currency are more profitable to invest it, Stock market showing the frequency of 8 which means 16 percent respondents think stock markets are profitable, On the other side frequency with 4 that means 52 percent respondents think both are equally profitable. Frequency of 4 following with 8 percent respondents think nor stock market neither crypto currency market is profitable.



## HOW LIKELY INVESTMENT IS DONE IN CRYPTO CURRENCIES ANALYSIS

LIKELY	FREQUENCY	PERCENTAGE
DAILY	4	8.0%
MONTHLY	19	38.0%
OCCASIONALLY	14	28.0%
NEVER	13	26%
TOTAL	50	100

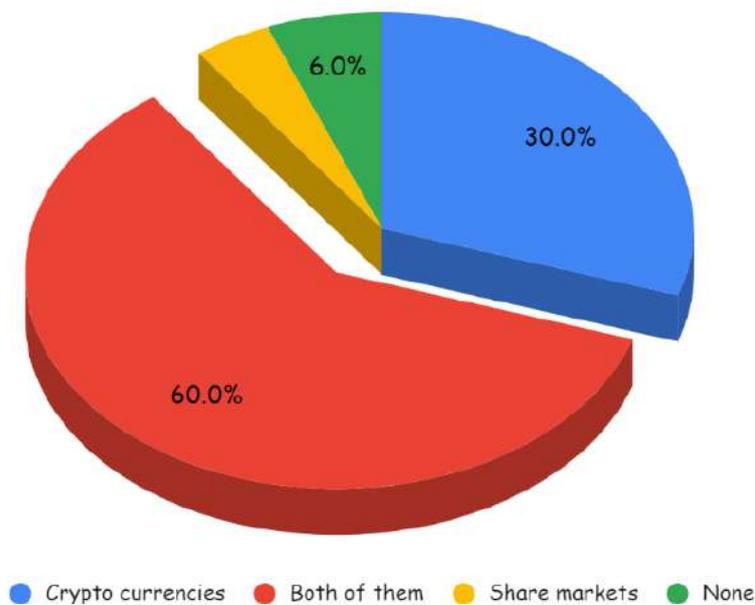
As per the above table, its understood that hardly any respondents follow to do investment daily showing the frequency of 4 and 8 percent. Some respondents invest monthly shows the frequency of 19 and 38 percent, occasionally it shows that 14 is frequency and its 28 percent. Frequency of 13, 26 percent shows it for never who invest in it.



## WHAT IS MORE RISKY ANALYSIS

RISKY	FREQUENCY	PERCENTAGE
CRYPTO CURRENCIES	15	30.0%
SHARE MARKET	2	4.0%
BOTH	30	60.0%
NONE	3	6.0%
TOTAL	50	100

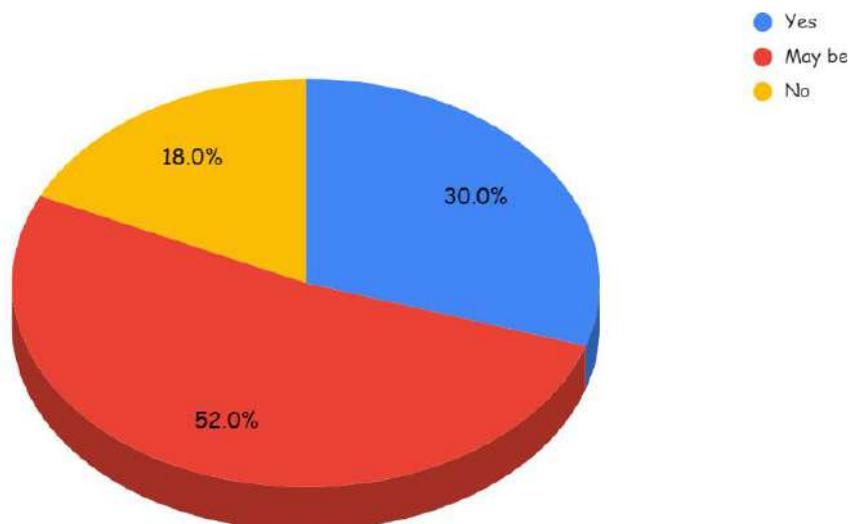
The risk analysis shows that crypto currencies has a risk of 30 percent following with frequency of 15, share market shows the frequency of 2 and it shows 4 percent, both are risky shows that 60 percent is risky with frequency of 30, Crypto currencies and share market both are not risky shows the frequency of 3 and it follows with 6 percent.



## GOVERNMENT CONSIDERING CITIZENS ATTITUDE TOWARDS CRYPTO CURRENCY ANALYSIS

GOVERNMENT	FREQUENCY	PERCENTAGE
YES	15	30.0%
NO	9	18.0%
MAY BE	26	52.0%
TOTAL	50	100

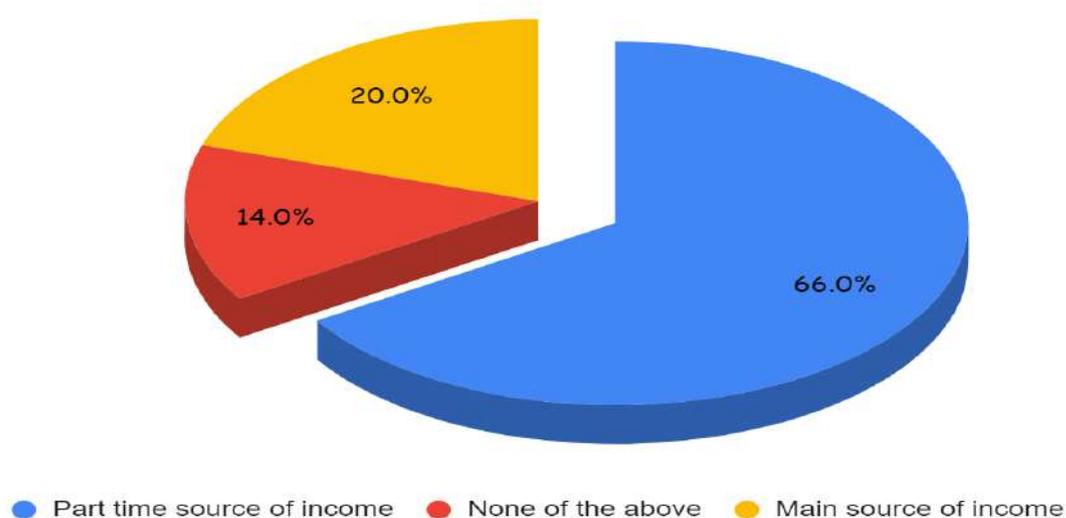
As per the study, frequency of 15 and 30 percent respondents think that government considering citizens attitude towards crypto currencies, whereas 9 of them think it does not consider, and may be due to lack of awareness unsure were showing the frequency of 26 concluding with 5 percent.



## SOURCE BEHIND INVESTING IN CRYPTO CURRENCIES ANALYSIS

SOURCE	FREQUENCY	PERCENTAGE
MAIN TIME	10	20.0%
PART TIME	33	66.0%
NONE OF THE ABOVE	7	14.0%
TOTAL	50	100

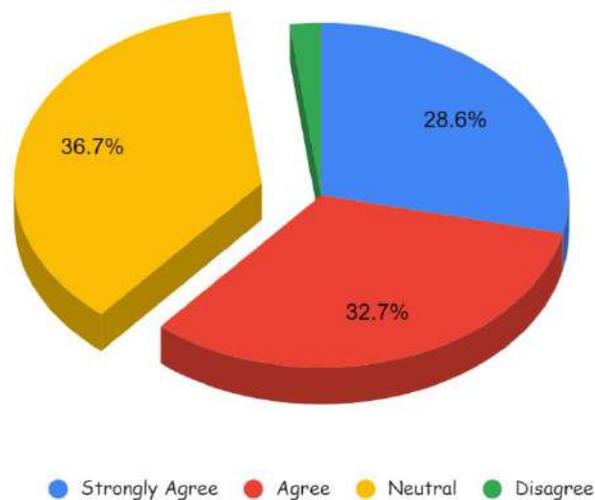
According to the above table, it shows that main time source investment is followed by showing the frequency of 10 and 20 percent, Part time source investment is done through by 33 of them which means 66 percent, and those who was not doing it shows the frequency of 7 and concludes with 14 percent.



## RISK ANALYSIS IN INVESTING CRYPTO CURRENCY

RISK	FREQUENCY	PERCENTAGE
STRONGLY AGREE	14	28.6%
AGREE	16	32.7%
NEUTRAL	18	36.7%
DISAGREE	1	2.0%
TOTAL	49	100

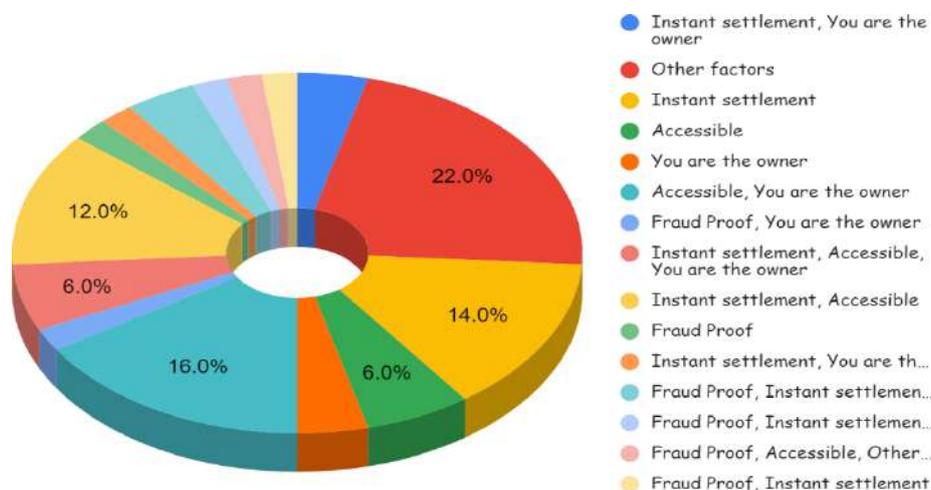
As per the study, 14 of them strongly agrees that there is high risk in investing crypto currency which means 28.6 percent, 16 of them agrees that there is risk which means 32.7 percent, frequency of 18 shows that they were neutral which means 36.7 percent, Only 1 respondent disagrees in risk factor which means 2 percent. It shows the odd figure due to 1 respondent did not responded.



## ANALYSIS ON ADAPTION OF CRYPTO CURRENCIES AS MEDIUM OF EXCHANGE

ADAPTION	FREQUENCY	PERCENTAGE
<b>FRAUD PROOF</b>	<b>7</b>	<b>14.0%</b>
<b>INSTANT SETTLEMENT</b>	<b>23</b>	<b>46.0%</b>
<b>ACCESSIBLE</b>	<b>24</b>	<b>48.0%</b>
<b>YOU ARE THE QWNER</b>	<b>18</b>	<b>36.0%</b>
<b>OTHER FACTORS</b>	<b>13</b>	<b>26.0%</b>
<b>TOTAL</b>	<b>85</b>	<b>130</b>

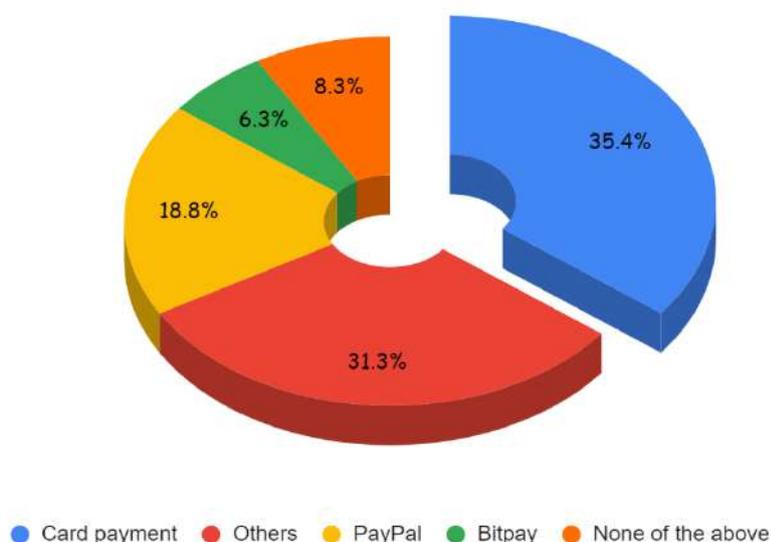
As per the pie chart which is shown below, it showed varied responses in detailed, fraud proof, instant settlement, Accessible, You are the owner of the money you have invested it, these were categories which led to the adaption of crypto currencies as medium of exchange, considered virtual currency over traditional method of exchange. Those who think adaption of crypto currency is due to fraud proof is 7 which means 14%, Instant settlement is 23 which means 46%, Accessible shows 24 which means 48%, You are the consider it shows frequency of 18 follows with 36%, Other factors showed frequency of 13 which means 26%



## PAYMENT SYSTEM ANALYSIS

RISK	FREQUENCY	PERCENTAGE
BIT PAY	3	6.3%
GO COIN	0	0.0%
PAY PAL	9	18.8%
CARD PAYMENTS	17	35.4%
OTHERS	15	31.3%
NONE OF THE ABOVE	4	8.3%
TOTAL	48	100%

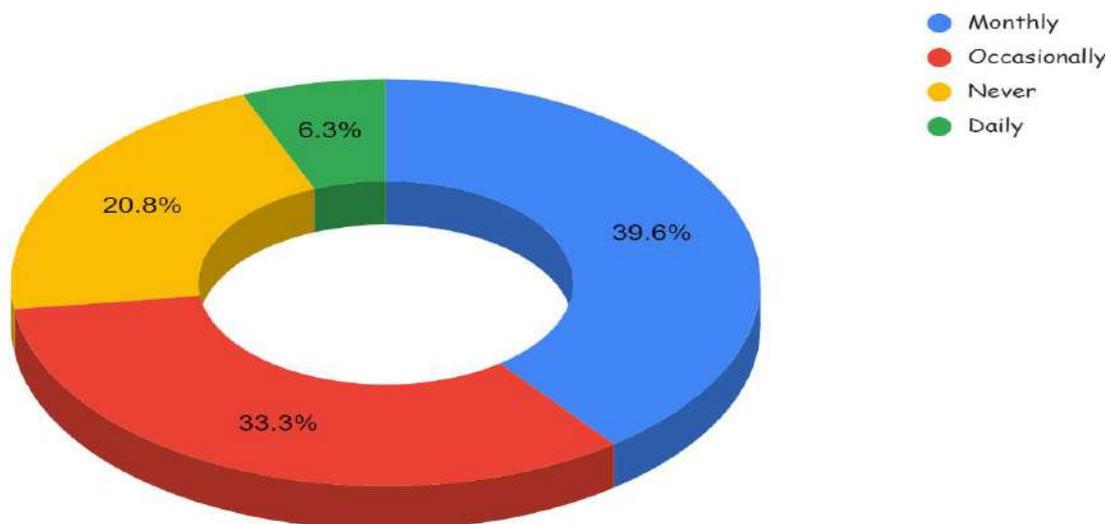
As per the above study, frequency of 3 which means 6.3% shows that payment is done through Bit pay, None of them do payment through Go coin which means frequency of 0, i.e. 0%, Pay pal is used by 9 which means 18.8%, Card payments is done mostly which shows frequency of 17 and that is 35.4%, other payment modes like upi etc. is done by 15 which shows 31.3%, none of it is used who haven't invested yet which shows the frequency of 4 i.e. 8.3%. It shows odd figures due to some of them has not responded.



## ANALYSIS OF OVERVIEW ON CRYPTO CURRENCY MARKET

OVERVIEW	FREQUENCY	PERCENTAGE
DAILY	3	6.3%
MONTHLY	19	39.6%
QUARTERLY	16	33.3%
NEVER	10	20.8%
TOTAL	48	131.3%

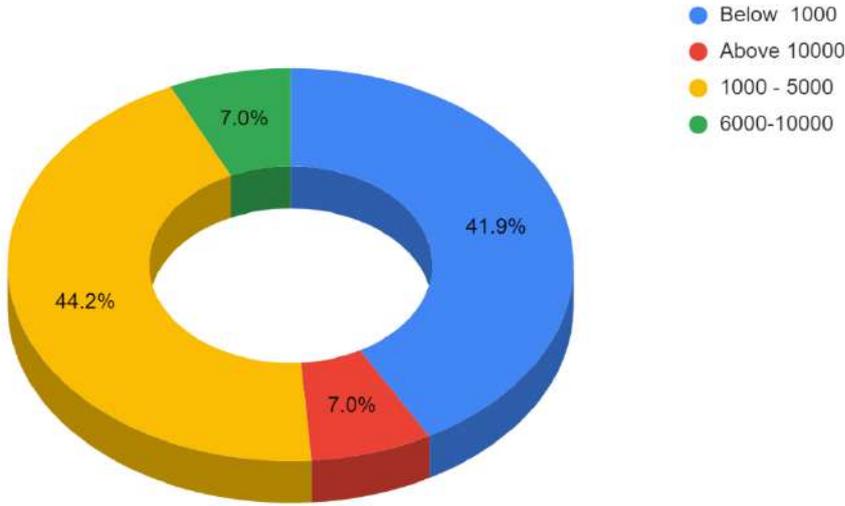
As per the above study, frequency of 3 which means 6.3% respondents overview the crypto currency market daily, frequency showing 19 which means 39.6% over views market monthly, 16 of them which means 33.3% analysis the market on quarter basis, frequency showing 10 which means 20.8% shows that they analyses the market never. It shows the odd figure due to some respondents did not responded this response.



# MONTHLY INVESTMENT IN CRYPTO CURRENCY

MONTHLY INVEST	FREQUENCY	PERCENTAGE
BELOW 1000	18	41.9%
1000 – 5000	19	44.2%
6000 - 10000	3	7.0%
ABOVE 10000	3	7.0%
<b>TOTAL</b>	<b>43</b>	<b>100%</b>

As per the study frequency of 18 which means 41.9% respondent invest below 1000 on monthly basis, 1000 – 5000 shows the frequency of 19 which means 44.2% invest monthly, 6000 – 10000 shows the frequency of 3 which means 7% invest monthly and lastly above 10000 invest monthly. The frequency remains same from 6000 and above as due to limited respondents and 7 of them did not responded to this particular response.



**CHAPTER VI**  
**FINDINGS, CONCLUSIONS &**  
**SUGGESTIONS**

# FINDINGS OF STUDY

- ✓ In the above study, out of 50 frequency status of the respondents in which half of it, major part falls under category of employed with 25 frequencies, least frequency of 6 falls under housewife.
- ✓ Mostly up to 5000 rupees approximately are invested in crypto currencies majorly, in rare cases more than 5000 rupees is invested as it has major risk in investing crypto currencies.
- ✓ Crypto currency market analysis updates are followed on monthly or even quarterly basis as it can also help to understand the market, hardly any of them follow on a regular basis,
- ✓ Payment mode are mostly done through the card payments or other factors like UPI or some other factor than Go coin, Bit pay , Pay pal payment modes.
- ✓ Various reasons are considered while adapting the crypto currency as medium of exchange over traditional offline transactions to have accessibility, considering the owner of our investment, Instant settlement, it acts as fraud proof as well.
- ✓ Risk factor is also seeming to be high for investing in cryptocurrencies, major of them thinks that it creates a risk in investing in crypto currencies, rarely any of them thinks that its not a risky in investing in any crypto currency market.
- ✓ Investing in crypto currencies is considered to be more of part time source of investment to get as income, not much of them it should be considered as main source for income purpose.
- ✓ Government considering the attitude of citizens regards to investing in crypto currencies are not much aware of it.
- ✓ Crypto currency market and stock market is equally risky to invest in it,

as it majorly depends on the analysis of market is done and understanding the market suspects and overall situations.

- ✓ Cryptocurrency market and stock market seems to be equally profitable more, as they can be dependable on the market.
- ✓ Hardly any of them invest in crypto currencies daily, most of them invest on monthly basis as its more ideal to invest monthly according to the changes occurred in any of the market.
- ✓ Crypto currency will show a significant demand after five years according to the study, it will grow more in later years as per increase in awareness about the virtual currency market.
- ✓ Amongst the various crypto currencies, Bitcoin, Ethereum, Doge coin seems to be more efficient in investing in it, as the market value also leads more than the other digital currencies.
- ✓ Investment in crypto currencies is more done by the ones who are employees and then the business category and students who lately will increase further investing in it as it grows.
- ✓ Recent youth is more aware about the crypto currency market as major category of 20 – 25 years category invest more in any crypto currencies.
- ✓ Awareness about the digital currencies seems to be slight low in the recent years but in later, it will increase the awareness about the market.
- ✓ Crypto currency market will hold a high rise in future years and understanding about the market as well.
- ✓ They are not controlled and regulated by a central authority or the government. However, this does not mean that you are not required to pay tax if you invest in cryptos.

## SUGGESTIONS OF STUDY

- Cryptocurrency can serve as a great tool from the financial point of view.
- As the study reveals that, there are some firms accepting Bitcoin, the investigation has begun about the transparency, business module of those firms and the people who deal with Bitcoin.
- Legalization of cryptocurrency can take the Indians and India as a nation at a platform which promises progressive growth.
- The currencies of some countries are unstable, suffering from inflation and other issues. Cryptocurrencies, which are decentralized and accessible across most of the world, could serve as a safer alternative in those cases.
- Some mainstream means of transferring of money may take many days to clear, particularly if the money is being transferred internationally. Cryptocurrencies can offer a streamlined system that doesn't require the same types of checks and balances. In turn, they could allow for potentially faster transfers.
- Scientific advancements could become easier to facilitate in the process. With access to a wider pool of information and with fewer barriers to sharing knowledge, it's likely that many industries could see innovation pick up as blockchain becomes more popular.
- Many people are reluctant to keep their money in a bank or other financial institution, but the alternative of keeping all of your money in cash and at home is not the safest option. Cryptocurrencies could provide an alternative access point to the broader financial world in these cases, allowing individuals more control over their own finances in the process.
- Knowledge, use, and understanding, of cryptocurrencies remains highly limited in all countries.
- Cryptocurrency and blockchain based start-ups can have exploded in

visibility and are all the rage.

- A good online marketing campaign with a clear and open communication can do wonders and help differentiate your business in the jungle of thousands of projects.
- Crypto transactions are complex, and if you're using an unfriendly middleman to convert your transactions to fiat currencies, you could pay a hefty amount—but on the whole, cryptocurrencies are designed to support lower transactional costs, since you don't have to go through a bank to process your payment.
- Take time to learn about the different currencies on offer, in addition to researching blockchain technology.
- After diligent research, you've likely developed a feel for the cryptocurrency industry and you may have determined one or more projects in which to invest.
- It's important to explore blockchain technology to get a sense of how this aspect of the cryptocurrency world works.
- By better understanding cryptocurrencies and blockchain technology, you'll be more fully equipped to determine whether a potential investment opportunity is worthwhile.
- Particularly for those investors who are new to digital currencies, it's essential that they develop a sense of how the digital currency world works before investing.

# CONCLUSIONS

Cryptocurrencies are more present in the public perception than ever. Hence, there is a growing interest in understanding the economics and the price mechanisms among investors and economists. It also started increasing the awareness about the various cryptocurrencies. I investigated the factors that influence prices and whether prices follow a random walk by using the price data of the five most popular cryptocurrencies. Furthermore, I analyzed underlying economics with microeconomic principles and described the price determination in the market.

Cryptocurrency is an impressive technical achievement, but it remains a monetary experiment. Even if cryptocurrencies survive, they may not fully displace fiat currencies. As we have tried to show in this article, they provide an interesting new perspective from which to view economic questions surrounding currency governance, the characteristics of money, the political economy of financial intermediaries, and the nature of currency competition. Cryptocurrency has potential to replace the traditional monetary system. In order to adopt this phase of Cryptocurrency it must first evolve and accept a secure network of currency exchange. According to the findings of the present study, if crypto currencies are in the form of Lakshmi Coin then the society can be motivated to make investors adapt gradually which will in turn pave a way towards rapid progress in usage of Cryptocurrency. This will help India to reach to the next platform of E-commerce. Indians are to be benefited by Bitcoin, but it may not be the same for the nation as the whole.

Innovation has not been limited to new cryptocurrency protocol designs but has touched many areas of computer security, distributed systems, hardware design and economics. This is a rich and deep space and it should not be overlooked simply because many ideas did not originate from traditional

currency transactions. Yet while our knowledge has grown considerably, our understanding is often still lacking. A simple fact demonstrates this given the chance to design a currency system from scratch, it is unclear what significant deviations from crypto currency would be desirable or what effects they would have in practice. This is not to say crypto currencies is flawless, as its many design quirks show. There are also several areas, such as anonymity, in which clearly superior designs have been proposed. Yet for basic stability and efficiency, it remains unclear if it is possible to design an alternate decentralized consensus system which can improve on crypto coin. The literature does not even provide adequate tools to assess under which economic and social assumptions Crypto currencies itself will remain stable.

Crypto currencies community, however, we advocate an important role for research in place of simply “letting the market decide.” Crypto currencies is a rare case where practice seems to be ahead of theory. We consider that a tremendous opportunity for the research community to tackle the many open questions about crypto currencies which we have laid out.

Cryptocurrency is an attractive model of payment methods that are effective and secure that could boost companies. They also act as an alternative method of payment apart from currency notes, which allows users to take part in financial activities such as transferring, exchange, buying, and selling easily with the blockchain technology adds on more security to your transaction. Various factors could bring positive changes to e-commerce or e-business and e-payment sectors which also carries several negative factors that affect this method of transactions. Cryptocurrency needs to be well regulated and controlled to gain more trust. But with the high growth of interest in cryptocurrency and blockchain around the world, banning it in India wouldn't be an option and we shall look forward to what the RBI takes forward regarding cryptocurrency in India. The sooner, the better.

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# ANNEXURE

## Questionnaire

**1.Name of the Respondent**

**2. Status**

- Student
- Employed
- Business
- Unemployed
- Housewife

**3. Age Group**

- 14-19 years
- 20- 25 years
- 26-30 years
- 31-35 years
- Above 35 years

**4. Gender**

- Female
- Male
- Prefer not to say
- Other

**5. Income per month**

- Below 20000
- 21000 – 50000
- 51000 – 80000
- 81000 – 110000
- Above 110000

**6.Which crypto currency is known to be best according to you?**

- Bitcoin
- Ethereum
- Ripple
- Doge Coin
- Others

**7.What you think about crypto currencies demand in the next 5 years?**

- **Increasing significantly**
- **Remain the same**
- **Decline**

**8. Which you think is more profitable?**

- **Crypto currency**
- **Stock Market**
- **Both are equally profitable**
- **None**

**9. How likely do you invest in crypto currencies?**

- **Daily**
- **Monthly**
- **Occasionally**
- **Never**

**10. In your opinion what is more risky?**

- **Share markets**
- **Crypto currencies**
- **Both of them**
- **None**

**11. When crafting regulation policies, what do you think governments will take into account their citizens' attitude towards crypto currencies?**

- **Yes**
- **No**
- **May be**

**12. If you invest in crypto currencies, what is the source behind investing in it?**

- **Main source of income**
- **Part time source of income**
- **None of the above**

**13. How likely you think it includes risk in investing cryptocurrency?**

- **Strongly Agree**
- **Agree**
- **Neutral**
- **Disagree**

**Strongly disagree**

**14. According to you, what are the factors which led to the adoption of Crypto currencies as mediums of exchange?**

- **Fraud Proof**
- **Instant settlement**
- **Accessible**
- **You are the owner**
- **Other factors**

**15. Which payment system is used for investing?**

- **Bit pay**
- **Go coin**
- **PayPal**
- **Card payment**
- **Others**
- **None of the above**

**16. How frequently you overview on cryptocurrency market?**

- **Daily**
- **Monthly**
- **Occasionally**
- **Never**

**17. How much monthly you invest on cryptocurrency?**

- **Below 1000**
- **1000 – 5000**
- **6000-10000**
- **Above 10000**

**Google Form Link –**

**<https://docs.google.com/forms/d/1GQPy5SLjWhXB9YkleFDpJfLNIRfeNNQsYCYCZVCstnPJA/edit>**

# TYBBA (CA) 2020-21

## Project Submission on Google Classroom

The screenshot shows the Google Classroom interface for a class titled "TYBBA(CA) 20-21". The page is under the "Student work" tab, displaying a grid of submitted PDF files. A notification at the bottom left states "Class is archived. Restore it to add or edit anything." The grid contains the following submissions:

Student Name	Submission Title	Status
Arastious Unnore	seat no. 12820.pdf	Turned in
TUVRaj Unnore	12919.pdf	Turned in
Swayamrishi Unnor	12821.pdf	Turned in
Mikal Divate	12822.pdf	Turned in
PRATHMESH DODE	seat no. 12861.pdf	Turned in late
Prasad Dolphode	12823 project.pdf	Turned in
SHUBHAM DORGE	12824.pdf	Turned in
Domnic Dsouza	Seat no. 12825.pdf	Turned in
Mallinath Elekar		
Harshal Gaikwad		
PIYUSH GAIKWAD		
Latika Gangurde		

The screenshot shows a Google Docs document titled "Seat no.12825" containing a certificate template. The certificate is from Marathwada Mitra Mandal's College of Commerce, Bachelors of Computer Application, 2021A, Deccan Gymkhana, Pune-411004. It certifies that Prathmesh Mane and Domnic O'Souza have completed the project titled "Plant Nursery Store Management" in fulfillment of the award for the Bachelors of Computer Application at the University of Pune for the academic year 2020-2021. The certificate is signed by Meenal Kabra, submitted by Prathmesh Mane and Domnic O'Souza.

**MARATHWADA MITRA MANDAL'S COLLEGE OF COMMERCE**  
BACHELORS OF COMPUTER APPLICATION  
2021A, Deccan Gymkhana, PUNE-411004

**CERTIFICATE**  
(TO WHOMSOEVER IT MAY CONCERN)

This is to certify that the following students  
**PRATHMESH MANE**  
**DOMNIC O'SOUZA**  
Have completed the project entitled  
**Plant Nursery Store Management**  
In a particular fulfillment for the award of  
**BACHELORS OF COMPUTER APPLICATION**  
UNIVERSITY OF PUNE  
In the academic year 2020-2021

This work has been carried out by them under my supervision and Guidance Prof.  
**Meenal Kabra**  
Submitted by  
**PRATHMESH MANE**  
**DOMNIC O'SOUZA**

Inbox (424) - meenal.kabra@mm... x TYBCA SEM-5 Project submission x +

classroom.google.com/c/MTA3NDYwMzc5NzUy/a/MzE4NjY1MzlwMzk0/submissions/by-status/and-sort-last-name/all

12800.pdf

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Full Address:   
 Location:   
 Author Name:   
 Date changed:   
 Full Name:   
 ID:   
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	DATA FLOW DIAGRAM	
	FILE DESIGN	

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Class is archived. Restore it to add or edit anything. Restore

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12800.pdf

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**E-R DIAGRAM**

**CONTEXT LEVEL DIAGRAM**

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Class is archived. Restore it to add or edit anything. Restore

PM03:42 12-01-2022

# TYBBA (CA) 2020-21

## Project Submission on Google Classroom

The screenshot shows the Google Classroom interface for a class titled "TYBBA(CA) 20-21". The page is under the "Student work" tab, displaying a grid of submitted PDF files. A notification at the bottom left states "Class is archived. Restore it to add or edit anything." The grid includes submissions from students like Gautam, Prathmesh Dode, Prasad Dolphode, Shubham Dorge, and others, with their respective seat numbers and submission statuses (e.g., "Turned in", "Turned in late").

The screenshot shows a Google Docs document titled "Seat no.12825". The document is a certificate from Marathwada Mitra Mandal's College of Commerce, Bachelors of Computer Application, 2021A, Deccan Gymkhana, Pune-411004. The certificate certifies that Prathmesh Mane and Dominic O'Souza have completed the project titled "Plant Nursery Store Management" in fulfillment of the award for the Bachelors of Computer Application at the University of Pune for the academic year 2020-2021. The certificate is signed by Meenal Kabra, submitted by Prathmesh Mane and Dominic O'Souza.



# TYBSc (CS) 2020-21

## Project Submission on Google Classroom

The screenshot shows the Google Classroom interface for a class named 'T.Y. B.Sc(20-21)'. The 'Student work' tab is active, displaying a grid of submitted projects. A notification at the bottom of the grid reads: 'Class is archived. Restore it to add or edit anything. Restore'. The projects are submitted by the following students:

Student Name	Project Name	Status
Neha Bandre	Project Documentatio...	Turned in
Mihir Bhamre	HelpingHand Final Do...	Turned in
Amit Bhandwalkar	DEVCLUB.pdf	Turned in
Ketan Bhansali	Travel management s...	Turned in
Hartik Bhanuse	Project Report Final.pdf	Turned in
Pranit Bhegade	final report.pdf	Turned in
Tanuja Bhingare	project-Amit Bhandwa...	Turned in
Akash Bhurat	BDFinal.docx	Turned in
AJITSIN...	PROJECT-1.docx	Turned in
	BDFinal-2.docx	Turned in
	final_project_rollo16	Turned in
	tr1-22-125.pdf	Turned in late

The screenshot shows a Google Docs document titled 'PROJECT DOCUMENTATION'. The document is a project report for 'MARATHWADA MIT MANDAL'S COLLEGE OF COMMERCE' on the topic 'BIKE RENTAL SYSTEM'. The document includes a table of contents on the left and a title page with submission details.

**MARATHWADA MIT MANDAL'S COLLEGE OF COMMERCE**  
202/A, Deccan Gymkhana, PUNE-411004

**A PROJECT REPORT ON**  
**BIKE RENTAL SYSTEM**

Submitted in partial fulfillment of the requirements For the award of the Degree  
of **Bachelor of Science (Computer Science)**

Under guidance of  
Asst.Prof. Mulani S.M

Submitted by:  
**ANIKET INGOLE**  
**NUPUR ZILE**

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- 1.3 Proposed System:
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- 2.2 Feasibility Study:
- 3. Requirement Specification
- 3.2 Software Requirement:
- table: admin
- table:booking
- table:BRANDS
- table: contact us

Inbox (2,553) - shaheenmulani@... Project\_documentation Project\_documentation

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Project\_documentation

Jigisha Lokhande Turned in

Return

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PHARMAPRIX

Pharmacy Administration System

Ashitosh Jagdale (Roll No 54)  
Jigisha Lokhande (Roll No 52)

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Project\_documentation

Jigisha Lokhande Turned in

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2. UML Diagram

```

classDiagram
    class Prescription_Items {
        id
        stock_id
        drug_name
        strength
        dose
        quantity
    }
    class Prescription {
        id
        prescription_id
        customer_id
        customer_name
        age
        gender
        address
        pharmacy_id
        drug_name
        strength
        dose
        quantity
    }
    class Doctor {
        customer_id
        first_name
        last_name
        staff_id
        social_address
        phone
        email
        password
    }
    class Patient {
        customer_id
        first_name
        last_name
        staff_id
        social_address
        phone
        email
        password
    }
    class Pharmacy {
        pharmacy_id
        first_name
        last_name
        staff_id
        social_address
        phone
        email
        password
        pharmacy_id
        stock_id
    }
    class Manager {
        manager_id
        first_name
        last_name
        staff_id
        social_address
        phone
        email
        password
    }
    class Stock {
        stock_id
        drug_name
        category
        description
        company
        supplier
        cost
        quantity
    }
    class Receipts_Details {
        id
        invoice
        drug
        cost
        quantity
    }
    Prescription_Items --> Prescription
    Prescription --> Doctor
    Prescription --> Patient
    Prescription --> Pharmacy
    Prescription --> Manager
    Prescription --> Stock
    Prescription --> Receipts_Details
  
```

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- Med.pptx
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Private comments

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12-01-2022

**A  
PROJECT REPORT  
ON  
IT IN BANKING SECTOR  
SUBMITTED TO  
SAVITRIBAI PHULE PUNE UNIVERSITY  
IN PARTIAL FULFILMENT OF THE COURSE  
BACHELOR OF BUSINESS ADMINISTRATION  
BY**

**ADITI KONDALWADE**

**SEAT NO:**

**B.B.A. Sem-III**

**UNDER THE GUIDANCE OF PROJECT GUIDE**

**Asst. Prof. Snehal H. Borkar**

**MARATHAWADA MITRA MANDAL's COLLEGE OF  
COMMERCE, PUNE 302/A, DECCAN GYMKHANA,  
PUNE-411004**

**YEAR 2020-21**



## **DECLARATION**

This is to certify that the project-work titled IT IN BANKING SECTOR has been completed satisfactorily and submitted in partial fulfilment of Bachelor Degree in Business Administration of Savitribai Phule Pune University for the academic year 2020-2021 by the following student of MARATHAWADA MITRA MANDAL's COLLEGE OF COMMERCE, PUNE 411004. My intention to understanding this project lies towards enhancing my knowledge in the field of Financial Management.

**PROJECT GUIDE**

**Asst. Prof. Snehal Borkar**

**B.B.A. CO-ORDINATOR**

**Dr. Ashwini Kulkarni**

**PRINCIPAL**

**Dr. Devidas Golhar**

## **ACKNOWLEDGEMENT**

I would like to express my sincere thanks to the Savitribai Phule Pune University and Principal- Dr DEVIDAS GOLHAR, Co-Ordinator of Department- Dr. ASHWINI KULKARNI, and Marathwada Mitra Mandal's college of Commerce for giving me the opportunity to prepare and present this report.

“There is a good saying that the work is successfully completed if the person is guided properly at the right time by the right person”, with that the good opportunities that we receive as well as the efficient supervision and the most valuable the internal guidance.

Hereby, I would like to express my deep gratitude towards our ‘Asst. Prof. SNEHAL BORKAR, who helped and guide me in project work. Her encouragement and whole-hearted co-operation throughout the progress helped me in completion of project.

Last but not the least I would like to thank my family and friends for their encouragement and direct or indirect support in completion of the project.

ADITI KONDALWADE  
SYBBA (Finance)

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# PART-A

## REPORT ON GUEST LECTURE

**Guest Lecturer:** Sri Harsha

**Designation :** Stock Analyst

### About the guest:

- Certified stock market analyst.
- Active speaker in share markets.
- Article writer
- Macro economics expert .

### **Experience:**

### About the program :

He explained about shares and stock markets and some tips about the following information:

### **What is share?**

A share (or shares) is issued by a company as a way to raise money for future development and reinvestment into the company, or for the owners benefit.

If the company pays dividends, then those who hold the stocks (known as shareholders) get some of these future profits.

### **What is IPO?**

- An initial public offering (IPO) refers to the process of offering shares of a private corporation to the public in a new stock issuance.
- Companies must meet requirements by exchanges and the Securities and Exchange Commission (SEC) to hold an initial public offering (IPO).
- IPOs provide companies with an opportunity to obtain capital by offering shares through the primary market.
- Companies hire investment banks to market, gauge demand, set the IPO price and date, and more.
- An IPO can be seen as an exit strategy for the company's founders and early investors, realizing the full profit from their private investment.

### **What is a stock exchange?**

Stock exchanges are places where stocks are traded. They allow investors to buy and sell shares of a company among each other in a regulated physical or electronic space. A stock exchange is just as likely to

be a physical space as a virtual one because these highly regulated institutions are now dominated by electronic trading.

.

## **What is difference between SENSEX and NIFTY ?**

Sensex and Nifty are broad market indices and benchmarks of the equity market. They represent the entire stock market, and hence any change in these two indices affects the entire market. The only difference between the two is that Sensex comprises 30 stocks while Nifty has 50. Sensex is more niche, and in a bullish market, top companies push its index value higher. In contrast, Nifty is broader as it has 50 companies in the index. Hence in a bullish market, the increase in the

value of Nifty is lesser than Sensex. Therefore Nifty value is lesser than Sensex. Sensex and Nifty are independent indices that represent the stock market. Hence, one is not superior to the other.

## **How to invest in share markets?**

### **1. Investing in the Primary Market (IPOs)**

Investing in the primary market involves investing in an IPO. You will need a Demat account to hold the allotted shares and a trading account to apply online. You can also apply through your bank account. Now

it's important to remember the number of shares allotted to you will depend upon the market's response to the IPO. Once the company receives all IPO applications, it allots shares based on the demand and availability of shares. You can easily apply for an IPO through your net banking account through a process called ASBA (Application Supported by Blocked Amount). In this process, if you have applied for shares worth Rs.1 lakh in an IPO, the amount is blocked in your banking account instead of being sent to the company. Once the shares are allotted the exact amount is debited and the balance is released. It is mandatory for all IPO applications to follow this procedure. Once the shares are allotted, they are listed on a stock exchange within a week and you can start trading them.

## 2. Investing in the Secondary Market

This is where all the action is. The secondary market is usually what we refer to when we say the stock market. It is the place where investors and traders buy and sell stocks. To invest in the secondary market, you will need a trading account, Demat account, and a linked banking account. If you are thinking about how to invest in share market online, then the answer is simple:

- Open a Demat and trading account with a linked banking account
- Log in to the trading account
- Choose the share that you want to buy or sell • Ensure that you have funds in your account for buying and shares in your Demat account before selling • Determine the price at which you want to buy/sell • Wait for the seller/buyer respectively
- Complete the transaction by transferring shares/money and receive money/shares.

## **Conclusion**

- Having stock in a company means you are an owner. How many shares of stock you have determines the extent of that ownership. As part owner, you receive dividends and have voting rights.
- A stock represents equity, while a bond is a debt. Bonds are low-risk investment vehicles with guaranteed returns, while stocks involve more risk. This is why stocks have a higher rate of return compared to bonds.
- In investing, the riskier the investment the bigger the chance of making more money. Investing in stocks can make you lots of money if you invest in the right company. However, you can lose all of it too.

- There are two main types of stocks: common and preferred. Stocks can be further classified into different classes depending on the company.
- The stock market is a place where people go to trade stocks. Two of the most important stock exchanges in the United States are the NYSE and Nasdaq.
- Purchase of stocks are commonly done through a brokerage. You can also get a dividend reinvestment plan (DRIP).
- Stocks are volatile. Prices change according to supply and demand. Many people have different opinions on why stock prices move the way they do. One of the most important factors that influence prices is earnings.
- Learning how to read stock tables or a stock quote is a must if you are planning to be a serious investor in stocks. It is not hard to read a stock quote once you know what the different terms and symbols stand for.
- Always remember the old stock market saying: “Bulls make money, bears make money, but pigs get slaughtered!”. This will perhaps save you many times from losing on your investment.

# PART-B

## IT IN BANKING SECTOR

### INTRODUCTION:

With the globalization trends in all over world it is difficult for any nation big or small, developed or developing, to remain isolated from what is happening around. For a country like India, which is one of the most promising emerging markets, such isolation is nearly impossible. More particularly in the area of Information technology, where India has definitely an edge over its competitors, remaining away or uniformity of the world trends is untenable.

How technology has changed banking forever



Financial sector in general and banking industry in particular is the largest spender and beneficiary from information technology. This endeavours to relate the international trends in it with the Indian banking

industry. otherwise. Now a day, Banks are using electronic mode for providing better, efficient, frequent, transparent, speedy services to customers. E-Banking or Internet banking is a form of electronic bank that provides financial services for the individual client by the means of internet. E-Banking provides benefits to consumers in terms of ease and cost of transaction through internet, telephone or electronic delivery. The last lot includes possibly all foreign banks and newly established Private sector banks, which have fully computerized all the operations. With these variations in the level of information technology in Indian banks, it is useful to take account of the trends in Information technology internationally as also to see the comparative position with Indian banks. The present article starts with the banks perception when they get into IT up gradation. All the trends in IT sector are then discussed to see their relevance to the status of Indian banks.

## **OBJECTIVES:**

The IT revolution has set the stage for unprecedented increase in financial activity across the globe. The progress of technology and the development of worldwide networks have significantly reduced the cost of global funds transfer. It is information technology which enables banks in meeting such high expectations of the customers who are more demanding and are also

more techno-savvy compared to their counterparts of the yester years. They demand instant, anytime and anywhere banking facilities.

The main objectives of this paper are

- The main objective of this paper is to review the implementation of information technology in the banking sector.
- IT has been providing solutions to banks to take care of their accounting and back office requirements.
- To study the recent trends in Indian Banking Industry.
- To highlight various challenges faced by banks in the changing scenario.
- To study the opportunities available for Indian Banking Industry.
- To study the role of Information Technology in Indian Banking Industry.
- 

## **RESEARCH METHODOLOGY:**

It is necessary to state the primary objectives of the research having stated the problems in information technology and economic objectives that they are expected in the banking industry. They are as follows

- This work is set out to find out the major cause of information technology in the banking industry.
- This find out whether the information technology is efficient or not in the achievement of certain objectives of banking industry in particular.
- To see if the non -realization of the information technology objective is due to chosen instrument or in appropriate application of the instrument.

## **SWOT ANALYSIS:**

### **A] STRENGTHS**

1. Ease in utilizing large-scale financial service data access and ease of transaction anytime and anywhere.
2. The ability to reach groups of people who are not served by financial institution offices, especially in remote areas that are difficult to reach by the internet network.
3. Can improve financial literacy for the government, people can enjoy financial services easily, cheaply and quickly. While for Financial Technology investors can enjoy the benefits of the business produced. The most important thing is to improve the welfare of the community because of the ease of accessing financial or capital sources.

### **B] WEAKNESS.**

1. Requires an internet connection that supports both in terms of access speed and stable server in sending data files, because financial transactions will take place smoothly when internet access does not experience interference.
2. Community knowledge of financial technology is relatively low enabling them to not be able to get maximum access to financial services. so that financial technology services need to socialize the use of financial technology.
3. Inequality of access to financial services due to uneven information technology infrastructure between urban areas and regions, causing difficulties for people to conduct financial transactions online so that financial services cannot be felt to the maximum.
4. The emergence of online crime such as wiretapping, burglary, and cybercrime in financial transactions, making people hesitant to conduct online transactions.
5. Lack of attention to risk management, every business entity has a business risk. This is less noticed by some founders of financial technology. Whereas by knowing the risks that might be caused, the company knows how to handle or minimize the risks that arise.

## **C] OPPORTUNITIES:**

Financial Technology business opportunities are growing because of the many conveniences offered to customers by these business people. Financial technology will help create an inclusive financial industry. The presence of financial technology will help people who are still unbankable, whose numbers are still large.

The presence of financial technology will cause banks to digitize and automate in order to facilitate more practical services. People also need more modern banking services.

This encourages banks to prioritize technology-based services. Therefore, banks can collaborate with financial technology to facilitate financial services.

#### **D] THEARTS:**

The closer the relationship between technology and financial services, where financial activities can be carried out anytime and anywhere, the greater the threat of a more sophisticated threat of crime. There is no more vulnerable sector exposed to this threat than the financial services sector and especially financial technology. Although the most common cybercrime is related to malware (virus) but the most worrying is the crime associated with financial transactions such as fictitious transactions, carding (the use of other credit

cards), fraud in the marketplace, which of course will lead to financial technology. The risk of this can result in loss of customer confidence which is precisely the main basis of future financial growth in technology.

# FINTECH

What Is Financial Technology – Fintech?

Financial technology (Fintech) is used to describe new tech that seeks to improve and automate the delivery and use of financial services. At its core, fintech is utilized to help companies, business owners and consumers better manage their financial operations, processes, and lives by utilizing specialized software and algorithms that are used on computers and, increasingly, smartphones. Fintech, the word, is a combination of "financial technology"

When fintech emerged in the 21st Century, the term was initially applied to the technology employed at the back-end systems of established financial institutions. Since then, however, there has been a shift to more consumer-oriented services and therefore a more consumer-oriented definition. Fintech now includes different sectors and industries such as education, retail banking, fundraising and nonprofit, and investment management to name a few.

Fintech also includes the development and use of crypto-currencies such as bitcoin. While that segment of fintech may see the most headlines, the big money still lies in the traditional global banking industry and its multi-trillion-dollar market capitalization.

## **FINTECH IN INDIA**

According to the report of (KPMG 2016), India is transitioning into a dynamic ecosystem offering fintech start-ups a platform to potentially grow into billion dollar unicorns. From tapping new segments to exploring foreign markets, fintech start-ups in India are pursuing multiple aspirations. The Indian fintech software market is forecasted to touch USD 2.4 billion by 2020 from a current USD 1.2 billion, as per NASSCOM. The traditionally cash-driven Indian economy has responded well to the fintech opportunity, primarily triggered by a surge in e-commerce, and Smartphone penetration. The transaction value for the Indian fintech sector is estimated to be approximately USD 33 billion in 2016 and is forecasted to reach USD 73 billion in 2020 growing at a five-year CAGR of 22 percent. The investor attention has been concentrated towards hitech cities in 2015, with Bengaluru witnessing eleven VC-backed investment deals of USD 57 million, followed by Mumbai and Gurgaon with nine and six deals, respectively. Bengaluru, the start-up capital of India has

benefitted from the same and is ranked 15 among the world's major start-up cities.

## **THE FUTURE OF FINTECH IN INDIA**

As we understood, Fintech has already caused a revolution and Fintech entrepreneurs have begun to disrupt the financial services industry in several forms. Let us now explore the Fintech ecosystem and the sectors in Fintech which will roll the next set of innovations.

- **Blockchains-** Traditionally, transactions needed a third-party validation to take place. Then came blockchains which did away with third part reconciliation and provided cryptographic security. Bitcoins, which use the blockchain technology, have already become a rage. But blockchains are expected to go way beyond just bitcoins, payment transactions, banking industry and foray into various other sectors like media, telecom, travel and hospitality etc.
- **Alternate lending-** Traditional banking industry found it unprofitable to lend to small entrepreneurs. Fintech entrepreneurs took advantage of this opportunity by diving into Peer to peer (P2P) based lending and building web platforms to bring together the lenders and borrowers at lower interest rates. This trend is set to continue and other alternate lending

avenues like crowd funding are set to emerge further.

- Robo advisory- Earlier intermediaries played an important role between the stock market and the investors. Many times this led to non-traceable and inefficient transactions. Robo advisory will make the stock market easier to access, transparent and traceable and give more value addition to the smarter investors.
- Digital payments- Fintech start-ups have increased the speed and convenience of payments. Mobile wallets have already replaced traditional wallets in a lot of places and will penetrate further with better and faster payment options. And yes, ATMs will become redundant too.
- Insurance sector- Currently, we can find various online market places where consumers can compare their insurance policies and take prudent decisions. Fintech will further bring in technological revolution in the insurance value chain through automation driven by data and thereby not only reduce the cost of operations but increase the length and breadth of products available in the market.

# Applications of Fintech

## 1. Crowdfunding Platforms

Crowdfunding platforms like Kickstarter, GoFundMe, and Patreon are the result of developments in fintech. The platforms allow entrepreneurs and early-stage businesses to raise funds from all over the world, allowing them to bypass geographical boundaries and reach international markets and investors

## 2. Mobile Payments

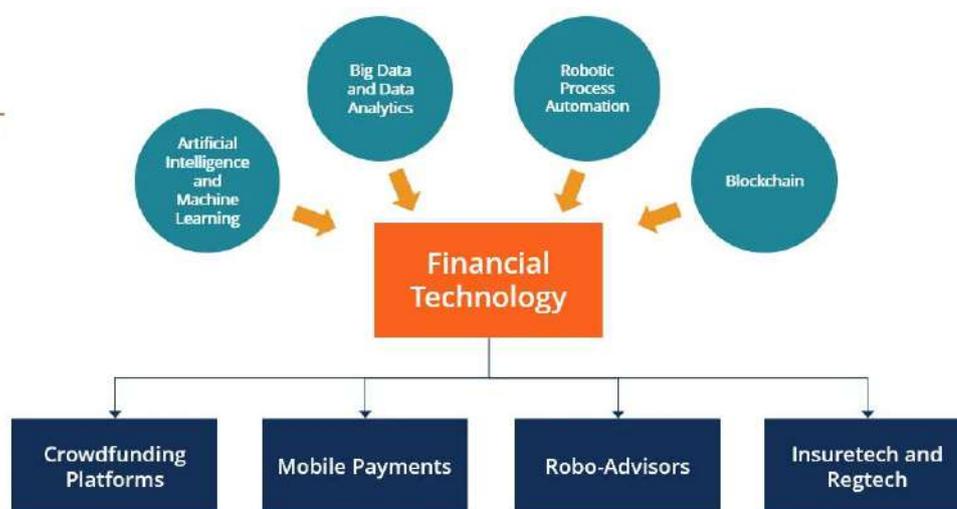
Mobile payment applications and gateways are one of the most prevalent uses of fintech. Such applications allow users to carry out banking activities without physically visiting a bank. For example, companies like Venmo and Interac allow customers to send and receive money through smartphones at minimal transaction fees.

## 3. Robo-Advisors

Robo-advisors are online investment management services that use algorithms to optimally allocate assets and generate portfolios for customers. They allow users of all age groups to engage in investment activities at low fees with minimal manual effort.

#### 4. Insuretech

The term insuretech refers to the application of technology to the insurance model, which allows

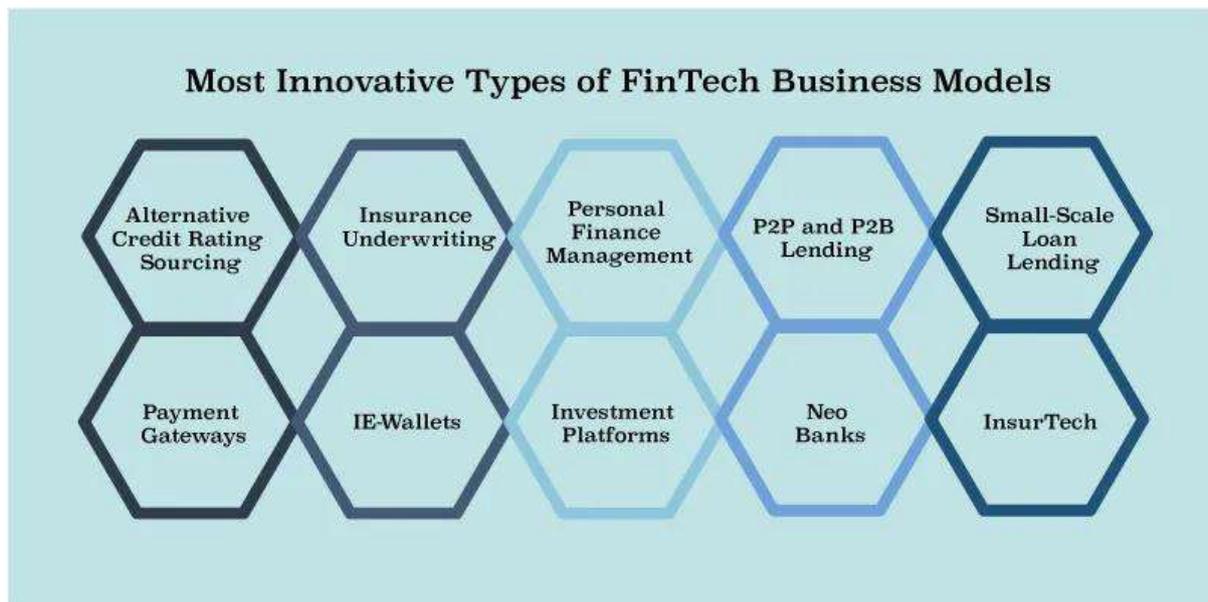


companies to provide tailored insurance services and data security. Insuretech helps streamline the insurance process through online claims filing and policy management

#### 5. Regtech

Regtech (regulatory technology) focuses on the automation of compliance processes for financial institutions. It offers fast and cost-effective management of large amounts of data, including transaction records and compliance documents, such as corporate tax returns.

# TYPES OF FINTECH COMPANIES



According to Accenture, financial technology companies can be classified into two major categories that are Competitive Fintech Ventures and Collaborative Fintech Ventures. In the latest report in 2016, Accenture explains that the Competitive Fintech Companies are those who will cause direct obstacles as well as create challenges for the financial services organizations. These companies have achieved a lot of success over the years by focusing mainly on providing new experiences and benefits to their customers through technology products instead of targeting at high profits. For example, the professional business strategies with the preferred price offered by eToro aim at supporting, advising and providing optimal solutions for the retail investors. Moreover, the card service has also been upgraded and developed by Square to maximize benefits for micro merchants.

(Accenture 2016) On the other hand, Accenture also does not forget to emphasize the importance of Collaborative Fintech Companies in driving the evolution of the financial institutions. In fact, the Collaborative Fintech Ventures consider the existing financial institutions as their potential customers. Therefore, they always try to cooperate, support, and provide solutions to improve the position and the interests of these financial institutions in the market. To illustrate, the Collaborative Fintech Firms help the financial institutions to innovate their products and services as well as break their traditional business model to bring a new and more sustainable development in the future. Besides that, they also help financial institutions optimize their existing enterprise, minimize costs and simplify procedures as well as everyday financial services through the innovation and the application of the high-tech products

## **CHALLENGES AND FUTURE PERSPECTIVES**

- In India, acceptance of various cashless modes payments was seen after demonetization notes. The government itself encouraged everyone towards the cashless technologies like digital wallets, Internet banking, and the mobile-driven point of sale (POS).

- Linking with the Aadhaar card, eKYC, UPI and BHIM had restructured the financial sector in India. After the ban of 500 and 1000 notes, it was reported that digital transactions raised up to 22% in India FinTech start-ups like PayTM saw 435% of more traffic to the websites and Apps. This led to the growth of many FinTech start-ups in India as there are many opportunities to grow.
- Digital Finance firms have benefited from many government's start-up policies. Reserve Bank of India also allowed an easy way to start a FinTech start-up. Government is also providing the financial assistance for start-up's up to 1 crore. Customers started accepting the digital currency for both personal and commercial use
- . Due to various changes in the Indian economy, the financial structure of Indian banks and financial institutions were changed and digital wallet became a mandatory channel for the transfer of payments
- . Integration of IT with finance led to the increase in the value of digital money like Bitcoins. Crypto currency, Block chain system led to faster transactions of digital payments
- . □ Banks like HDFC, Federal Bank etc. linked there official digital transactions with the small

startup in India like Startup Village which led to the growth even in small FinTech start-ups.

- Modernization of the tradition sector of banking and finance had increased more customers, reduced the time and were able to provide fast and quick services to the customers.
- FinTech industry also has few challenges, like Fintech startups, find a little difficult to reach the growing phase in the business cycle.
- Collaboration and adoption rate is quite less but the ratio is moving upwards with a 59% increase in the digital payments
- . Integration of many other techniques like blockchain management, cryptocurrency is not still in a niche stage in India.
- Transparency of the regulatory issues and hiring of tech personnel are among the key challenges of the Indian FinTech space

The top 10 Fintech startups and Fintech companies in India are: (Saumya Uniyal 2020) Paytm PhonePe  
MobiKwik PayU Policy Bazaar LendingKart  
Freecharge Billdesk

## **RBI pioneering Fintech Growth**

RBI has given a boost to Bharat Bill Payments System and Unified Payments Interface along with P2P lending, digital payments etc. The use of automated algorithms has disrupted the industry and has made it simpler for consumers to utilise these facilities. RBI has granted 11 Fintech entities licences to introduce payment banks that offer deposit, savings, and remittance services

## **Advantages of Fintech**

- Saving. They say time is money, and never better. In this case, the possibility of carrying out the procedures much faster and through automated processes increases the efficiency in the day to day of the companies (also at the user level). Which also translates into more than visible economic savings
- Faster Rate of Approval, Fintech has the potential to increase accessibility and greatly speed up the rate of approval for finance or insurance. In fact, in many situations, the application and approval process can be completed within 24 hours
- More efficient and lower-cost than traditional financial services: Fintech solutions work for customers too. Fintech solutions, with their simplified and more user-centric approach, offer

transparency and clarity and, in turn, a better overall experience for the users (YS, T,2017)

- Transparency: companies can manage in a transparent and fast way. All in one click on your home community from computer.

## **Disadvantages to Fintech**

- Going digital for payments can be complicated in an economy like India's which is dominated by micro, small and medium enterprises (MSMEs) as they cannot bear the costs (Drishti IAS,2018)
- Cyber security: Fending off cyber-attacks is one of the greatest challenges faced by businesses and governments around the world, and given the sensitive nature of the client data they hold, they're a serious concern for Fintech firms
- Regulations: One of the main Fintech challenges facing new institutions is managing regulatory risk and compliance. It's a factor inherent to the financial industry, but one felt particularly keenly by Fintech companies (Chris D,2020)
- User retention and user experience: User experience and retention is one of the biggest concerns during any banking app development. A Fintech app should keep a balance between user experience and security: for example, you should

make sure it's neither too easy nor too hard to get access to a mobile banking application

- Lack of awareness: More than 70% population of India live in the villages and use of these digital payment platforms are done by most of the urban people. This sector needs to make its way through awareness in rural India (Modi, A,2019)

Fintech is still a nascent player in the Indian financial sector. Hence, collaboration with the ailing traditional financial institutions would help provide a new direction to India's financial sector (Gurung 2018)

## TECHNOLOGIES:



### 1] ARTIFICIAL INTELLIGENCE:

Artificial Intelligence is the future of banking as it brings the power of advanced data analytics to combat fraudulent transactions and improve compliance.

AI also enables banks to manage huge volumes of data at record speed to derive valuable insights from it. Features such as AI bots, digital payment advisers and biometric fraud detection mechanisms lead to higher quality of services to a wider customer base. All this translates to increased revenue, reduced costs and boost in profits.

- Enhanced customer experience: Based on past interactions, AI develops a better understanding of customers and their behavior.
- Prediction of future outcomes and trends: With its power to predict future scenarios by analyzing past behaviors, AI helps banks predict future outcomes and trends.

Artificial intelligence impacts a broad array of technologies including Data Science, Internet of Things (IoT) and Natural Language Programming (NLP). All these technologies advance financial institutions' operations. Most banks leverage AI to enhance their customer processes as the technology already showed its potential to other industries. Taking these factors at the top, banks need to invest in this banking technology. Artificial Intelligence (AI) and Machine Learning (ML) are some of the most used technologies in fintech,

offering the potential to play an even bigger role in the finance industry as developments continue. Some of the fintech applications of AI and ML include, fraud detection, credit scoring ,regulatory compliance, and wealth management, among others.

## 2] **BIG DATA:**

The global financial service industry generates massive amounts of structured and unstructured data every day by processing hundreds of billions of financial transactions as well as through interactions such as email, audio and video communications, call logs, weblogs, and mentions on social media. Big Data helps in making banks learn about their customers in a better way enabling them to make real-time business decisions through analysis of customer's purchase habits, sales management, etc. Other added benefits of big data are better marketing, product cross-selling, fraud detection, customer feedback analysis and many more.

Additionally, it aids in identifying the latest market trends and streamlining internal processes to reduce risks.

Big data is defined by four main characteristics: volume, velocity, variety, and veracity.

- Volume: the amount of data being generated

- Velocity: the speed at which data is being generated
- Variety: the various types of data being generated, which can largely be grouped into three categories: structured data, semi-structured data, and unstructured data
- Veracity: the trustworthiness of the data

With the increasing amount of data generated every day by the banking sector, it is becoming difficult to extract actionable insights that can help in growing more opportunities. Big Data is the answer! This technology has undoubtedly put all the banking data i.e. debit/credit card transactions, ATM withdrawals, money transfer, etc. to make informed decisions and process it effectively to gain valuable information that is needed to stay competitive in the future.

### **3]ROBOTIC PROCESS AUTOMATION (RPA):**

Using RPA, the bank can use customer service bots to deal with low-priority questions from customers like account balance check, payment queries, etc. and save the time of human agents to deal with high-priority concerns. This will not only improve productivity but reduce labor/operational costs and the error rate. With instant resolution through RPA, users can make a quick

decision for their credit card application without getting any human agents involved in the process.

Though robotic innovations are still in the adolescent phase, banking organizations should be aware of all the benefits it offers to maintain long-term AI results.

Leverage RPA technology to deliver the best possible customer experience in the banking world through robots and virtual assistants. Automate your repetitive tasks without human intervention and save costs efficiently.

#### **4] THE CONTROLLER OF CERTIFYING AUTHORITIES:**

The Public Key Infrastructure of India comprises the Controller of Certifying Authorities (CCA) and the Certifying Authorities (CAs), with CCA being at the root of the trust chain in India. CCA certifies the CA Public Keys and issues certificate.

The Controller of Certifying Authorities (CCA), appointed by the Central Government, has established the Root Certifying Authority (RCAI) of India under section 18(b) of the Information Technology Act to digitally sign the public keys of Certifying Authorities (CA) in the country. The Certifying Authorities (CAs) issue digital signature certificates for electronic authentication of users.

The CCA certifies the public keys of CAs using its own private key, which enables users in the cyberspace to verify that a given certificate is issued by a licensed CA. For this purpose it operates, the Root Certifying Authority of India (RCAI). The CCA also maintains the Repository of Digital Certificates, which contains all the certificates issued to the CAs in the country. Central Government -Appoints Controller of Certifying Authorities (CCA) -Gives licence and regulates Certifying Authorities (CA)- Certifying Authorities (CA) issues Electronic Signature Certificate (ESC) i.e Digital Signature Certificate to subscribers/ owners.

Controller of Certifying Authorities (CCA)

The Controller of Certifying Authorities (CCA) is appointed by the Central Government.

CCA gives licence and regulates the working of Certifying Authorities (CA).

CCA also makes sure that none of the provisions of the IT Act are violated.

### **5] IDRBT (Institute of Development and Research in Banking Technology):**

IDRBT is an autonomous center for Development and Research in Banking Technology set up by Reserve Bank of India in 1996. IDRBT owns the Indian

Financial Network (INFINET), the communication backbone for the Indian Banking and Financial sector.

## **IMPACT OF TECHNOLOGY IN BANKING SECTOR**

### **Positive impact of technology on banking sector :-**

- The biggest revolution came in banks is Digitization.
- Banking process is faster than before and more reliable. Maintenance and retrieval of documents and records have become much faster and easier.
- Computerized banking also improves the core banking system. With CBS (core banking system) all branches have access to common centralized data and are interconnected.
- With the innovation of MICR cheque processing system, the processing of cheques becomes more faster and efficient than before.
- USSD (Unstructured supplementary service data) was launched by Government, so people with no internet-connectivity too can access their bank accounts without visiting the branch.
- With increasing internet reach, Internet Banking was developed and now offered by almost every

bank. Through this, every transaction details and inquiries can be performed online without visiting the bank.

- It offered more transparency in transactions.
- The scope of frauds in banks is being minimized through the use of passwords, double authentication in online banking.
- Technology also leads to competition among the banks which eventually provides better services to people.
- With introduction of mobile banking, one can access their bank from anywhere-anytime. Everything is one quick tap away.
- To facilitates better services, Banks have introduced Automated Banking Services Solution like Cash Deposit Machine, Cheque Deposit Machine, Passbook Printing Machine through these service have become easier.

### **Negative impact of technology on banking sector :-**

- The biggest negative impact of technology is loss of Jobs as automation has replaced number of jobs in banking sector.

- Through technology comes the threat of Cyber Attack, a loophole in the system, millions of data can be lost in the blink of an eye.
- These technologies consumes less time, it also sometimes makes people careless-which causes loss of personal details ,many debit cards details of big banks were compromised.

## **SUGGESTIONS AND RECOMMENDATIONS:**

1. Some highly advanced softwares / programs should be implemented in banking sector in order to prevent hackers and frauds.
2. Online banking operations cost or banking transaction cost should be reduced so that middle class customer can have access to online banking facility.
3. Awareness programs related to online banking for middle class people.
4. Information technology should be fully funded and receive unconditional support from the management. Financial constraints are part of the problems that limit the effectiveness of information technology in the banking industry.
5. Proper enlightenment programs and mediums should be put in place to enhance communication between the institution

and their customer. This will ease the flow of information hereby keeping customers current and updated.

6. Committee should be setup to monitor the implementation of information technology in the banking industry. These should be periodic reviewer of the planning techniques to ensure they suit the objectives of the organization.

7. Prioritize the customer before the technology. It is important to first and foremost identify the needs of the customer before introducing technology. The technique chosen must be relevant to the total corporate objective so as to avoid stagnation or loss.

8. The impact of information technology on banking operations.

9. The effect of information technology on bank profitability.

10. The level on increase in the performance of commercial banks via the use of information technology.

## **CONCLUSION:**

In conclusion, the banking sector is now using new technologies to provide better services to customers. The banking sector realises that customers needs have changed with the advancements in technology and their own needs. IT has allowed for improved banking products, competitive markets, implementation of consistent methods for control of threats and has aided mobile banking services to reach geographic distance and varied markets. Extensive work needs to be done in the acceptance of IT in the banking sector so that the risks are eradicated. Customers need to be informed on suitable precautionary measures for safety. To

avoid failure regular security checks are also required. Back-up and recovery plans to restore customer confidence in IT. Applications of IT in banks enables sophisticated product development, reliable techniques for risk management, brings transparency to the system and helps banking sector reach geographically distant and diversified markets. IT and communication networking system have crucial impact on money, capital and foreign exchange market. Banks should have a clear strategy driven from the top and should ensure proper management of risks involved in internet banking through adopting effective polices, procedures, and controlling measures. Policy makers and supervisors must continuously assess the existing framework and should introduce required modification in it.

IT plays a vital role in Banking

- Saves time
- Eases Monitoring
- Can be accessed from anywhere
- User-friendly
- Secure
- Less human error in accounting

Certain technological changes have improved the Banking sector tremendously.

Policy makers have made some notable changes like enhancing payments system, integrating regulations between commercial & co-operative banks.

Solutions need to be developed to solve security and trust issues customers may have with mobile banking

# PART- C

## MOBILE BANKING

### INTRODUCTION:

**Mobile banking** is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smartphone or tablet.

Unlike the related internet banking it uses software, usually called an app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24-hour basis. Some financial institutions have restrictions on which accounts may be accessed through mobile banking, as well as a limit on the amount that can be transacted. Mobile banking is dependent on the availability of an internet or data connection to the mobile device.

Transactions through mobile banking depend on the features of the mobile banking app provided and typically includes obtaining account balances and lists of latest transactions, electronic bill payments, remote check deposits, P2P payments, and funds

transfers between a customer's or another's accounts.<sup>[1]</sup> Some apps also enable copies of statements to be downloaded and sometimes printed at the customer's premises. Using a mobile banking app increases ease of use, speed, flexibility and also improves security because it integrates with the user built-in mobile device security mechanisms.

From the bank's point of view, mobile banking reduces the cost of handling transactions by reducing the need for customers to visit a bank branch for non-cash withdrawal and deposit transactions. Mobile banking does not handle transactions involving cash, and a customer needs to visit an ATM or bank branch for cash withdrawals or deposits. Many apps now have a remote deposit option; using the device's camera to digitally transmit cheques to their financial institution.

## BENEFITS:

### **FOR CONSUMERS**

- **Convenient, user-friendly experience** – For many people carrying a phone is standard, but a wallet is carried intentionally. As smartphones become all-in-one devices, digital wallets and financial technology are natural progressions to meet

consumer needs. By adding acceptance of mobile payments, you understand your customer's pain points and allows for deeper engagement with consumers. With mobile wallets, consumers won't run out of cash or need to carry a wallet, allowing for impulse purchases.

- **Safer payment method** – Using a mobile phone for payment reduces the risk associated with carrying cash or a card. Consumers' data is not vulnerable to hacking or their cards being cloned. Additionally biometric authentication offers an extra layer of security for consumers.
- **Speed** – With mobile wallets, consumers only need to present their phone, and they are free to go in seconds. Unlike chip and pin cards, consumers are free to put their phone away while the transaction processes.

## **FOR OPERATORS**

- **More sales and engagement** – Offering customers their preferred payment method operators can increase conversion. Accepting newer payment types show consumers you are keeping up with technology trends and can help develop trust and engagement.

- **Wider appeal** – As people become more accustomed and expect mobile wallet payment as a standard, providing mobile wallet acceptance will make the difference between them choosing one business over another. Research has shown that early adopters of mobile wallets have also consistently spend twice as much as customers paying with other payment methods.
- **Integrate loyalty** – Loyalty is a driving factor for many mobile wallet adopters. These customers choose a program based on the benefits it can give them and include rewards, discounts, alerts and e-receipts. With NFC payment technology, merchants can integrate customer loyalty programs into mobile payment, and customize reward programs. This can be especially effective because loyalty programs can help operators gather analytics about their customers to provide a more customized offering.

# **TYPES OF MOBILE** **BANKING**

## **1. Google Pay (formerly known as Tez)**



As its part of the Google ecosystem, they have scaled up their user base quickly, despite being a late entrant. It is currently the No.1 digital wallet and one of the top online payments apps in India. With Google Pay you can send money to friends, pay bills and buy online, recharge your phone - all via UPI and directly from your bank account. Since Google Pay works with your existing bank account, which means your money is safe with your bank. There's no need to worry about reloading wallets and you don't need to do additional KYC - which is required for all the other apps. You can also earn scratch cards and other rewards, with the cashback directly being transferred into your bank account. Now you can also recharge your mobile or

monthly utility bills. Since the introduction of UPI, wallets have become passé with users preferring account to account transfer via UPI.

Number of installs: 100,000,000+ (100 Million or 10 crore) on Android Play Store,

## 2. PhonePe :



Next in the list of top online payment apps in India is PhonePe. PhonePe started in 2015 and in just 4 years it has been able to cross the 100 million download mark. From UPI payments to recharges, money transfers to online bill payments, you can do it all on PhonePe. Its

got a very good user interface and is one of the safest and fastest online payment experience in India.

### 3. PayTM:



PayTM is one of the largest mobile commerce platforms and one of the top online payments apps in India, offering its customers a digital wallet to store money and make quick payments. Launched in 2010, this e-wallet app works on a semi-closed model and has a mobile market, where a customer can load money and make payments to merchants who have operational tie-ups with the company. It was originally the No.1 digital wallet in India before UPI being introduced. Apart from making e-commerce transactions, this e-wallet app can also be used to make bill payments, transfer money and

avail services from merchants from travel, entertainment and retail industry. They also have UPI enabled payments now.

#### **4. Amazon Pay:**



Amazon Pay is an online payments processing service that is owned by Amazon. It is also a top online payment app in India and the global market. Launched in 2007 globally and India in 2017, Amazon Pay uses the consumer base of Amazon and focuses on giving users the option to pay with their Amazon accounts on external merchant websites, including apps like BigBazaar etc. You also get to shop on Amazon using Amazon Pay. Amazon Pay has also tied up with fintech companies such as Zest Money to enable no-cost EMI payment options on its platform. This makes it easy for consumers to purchase products on Amazon and pay for it through affordable monthly instalments.

## 5. BHIM- Bharat Interface for Money:



**BHIM (Bharat Interface for Money)** is an Indian mobile payment App developed by the National Payments Corporation of India (NPCI), based on the Unified Payments Interface (UPI). Named after B. R. Ambedkar and launched on 30 December 2016,<sup>[1]</sup> it is intended to facilitate e-payments directly through banks and encourage cashless transactions.

The application supports all Indian banks which use UPI, which is built over the [Immediate Payment Service \(IMPS\)](#) infrastructure and allows the user to instantly transfer money between bank accounts of any two parties.<sup>[3]</sup> It can be used on all mobile devices.<sup>[4]</sup>

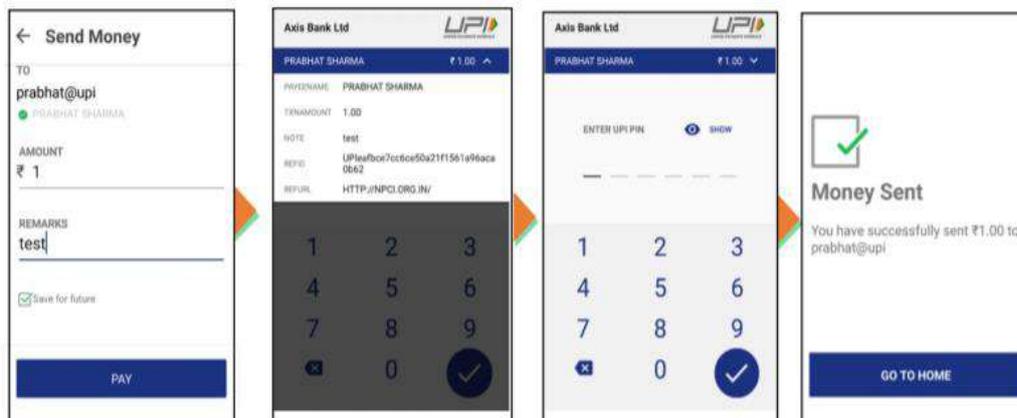
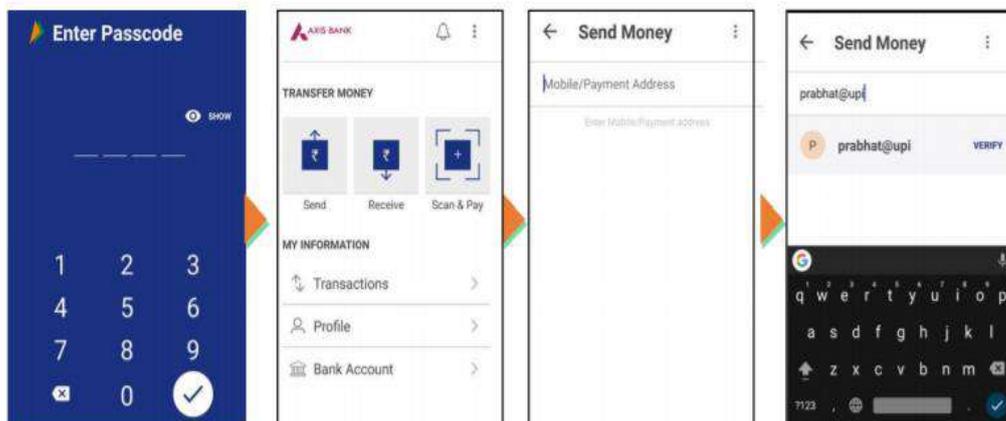
## **HOW TO USE BHIM APP:**

**Here's a step-by-step guide on how to use the app:**

1. Android users can download the application from Play Store by searching for 'BHIM'. The app is not available for iOS users yet.
2. Install the application and choose your language. The app will prompt you to verify your phone number using an SMS. Click on Next and wait for the verification process to be completed.
3. Once the verification is complete, input a four digit passcode.
4. After a passcode is set, the app will ask you to select your bank. Once the bank is selected, the app automatically picks up your details using your phone number. Select the primary bank account that will be used for all your transactions.
5. The app displays three options — send, request and scan/pay. Transactions are possible only between verified phone numbers.
6. To send money to someone, type in their phone number and the amount to be transferred. The app will prompt you to input your MPIN, usually a four or a six digit code that authenticates a mobile transaction.

7. Likewise, you can request money from someone, using their phone number.

8. The third option, scan & pay, allows users to transfer money using a QR code, a two dimensional black and white barcode which can be decoded by a smartphone or a tablet. Each phone number is assigned a QR code which can be accessed under profile on the home screen.



# HOW TO USE GOOGLE PAY:

**Step 1:** Open your Google Pay account

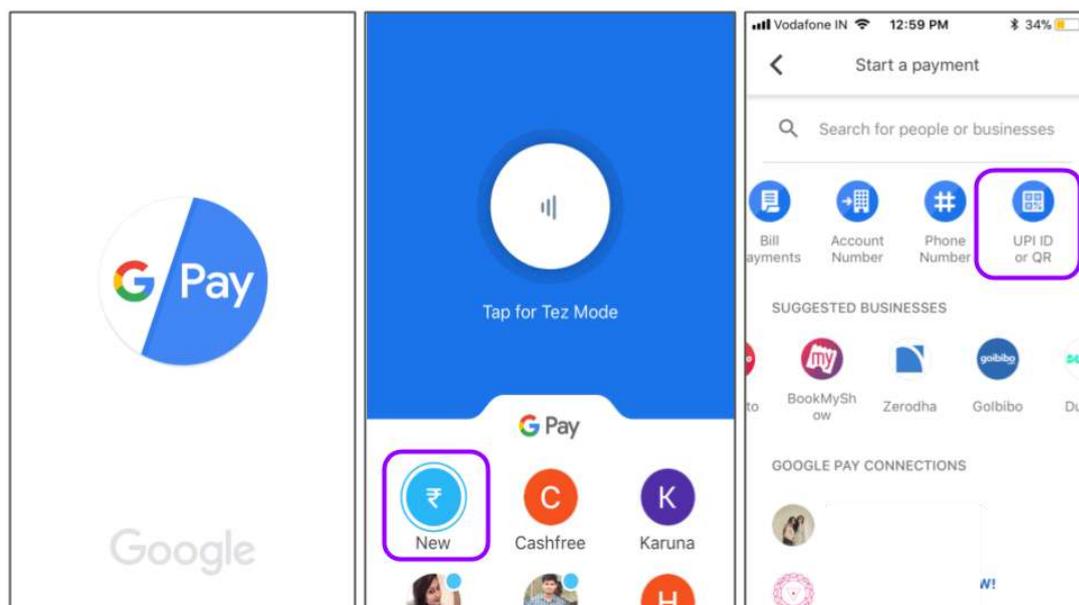
**Step 2:** Tap a contact to make a payment. If you don't see the person that you want to send money to, tap on 'New Payment' on the home screen and tap the third option 'Bank transfer.' Enter all the Bank details and tap 'Continue.'

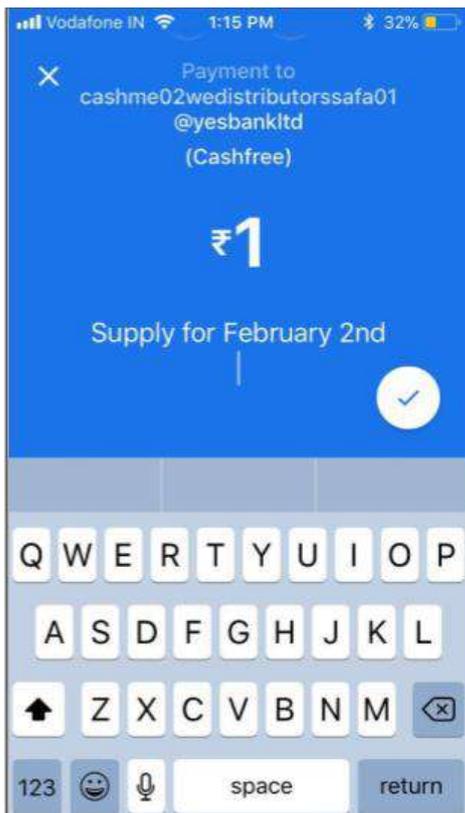
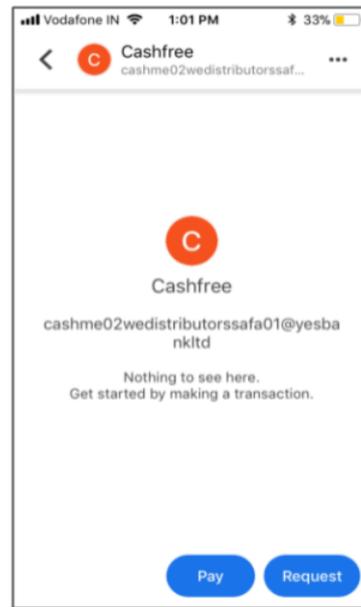
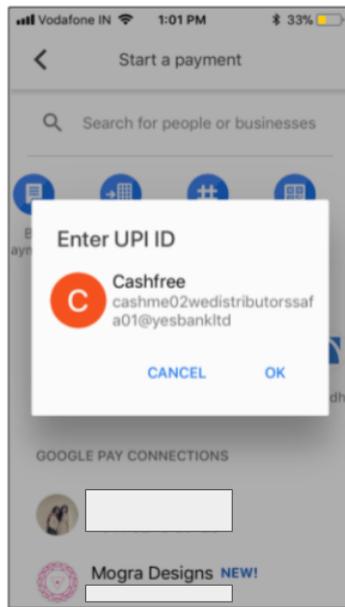
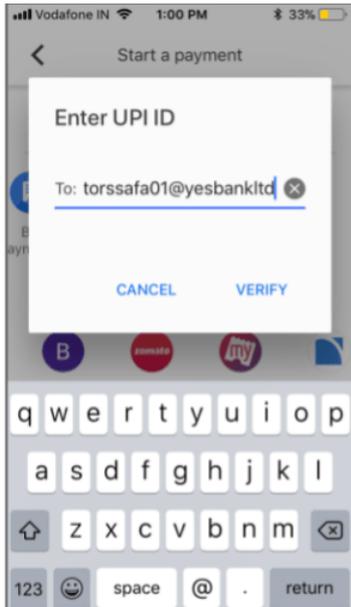
**Step 3:** Tap 'Pay' and enter the amount with description (what's this for?)

**Step 4:** Tap Proceed to pay.

**Step 5:** Enter your UPI PIN.

When the money has been transferred, you'll receive a notification. You'll also get a complete SMS from your bank about the debited amount.





## **CONCLUSION:**

With the rapid development of transport and communication, people and services are coming together as if they were just around the corner. If this is the case for many services, then why should the banking industry lag behind? Internet banking, phone banking, e- banking and now mobile banking all enable the bank to be better connected with the customer and vice versa. A customer who is provided with a variety of additional services feels appreciated and is more likely to be loyal to that bank, which is always a good sign for a bank. In the end mobile banking not only helps a bank to reduce costs but also helps it to retain its valuable customers. And as far as customers are concerned, this facility enables the customer to bank anywhere, at anytime and in any condition, definitely a boon if a customer is stuck in the middle of nowhere and requires banking services as soon as possible. Thus mobile banking helps both, the customer as well as the bank, to lighten the burden of today's world and to save time, money and energy which is greatly required and appreciated. In a competitive world where everyone is waiting to out do the other, a helping hand, in whatever

forms and from whatever source, is definitely god sent and should not go unrecognized.

A  
PROJECT REPORT  
ON  
**CORE BANKING SOLUTION**  
SUBMITTED TO  
**SAVITRIBAI PHULE PUNE UNIVERSITY**  
IN PARTIAL FULFILMENT OF THE COURSE  
BACHELOR OF BUSINESS ADMINISTRATION

BY  
**SWAMI AJINKYA SHANKAR**

B.B.A. Sem- IV

UNDER THE GUIDANCE OF PROJECT GUIDE  
**Asst. Prof. Snehal H. Borkar**

**MARATHAWADA MITRA MANDAL's COLLEGE OF  
COMMERCE, PUNE 302/A, DECCAN GYMKHANA,  
PUNE-411004**

**YEAR 2020-21**



## **DECLARATION**

This is to certify that the project-work titled **CORE BANKING SOLUTION** has been completed satisfactorily and submitted in partial fulfilment of Bachelor Degree in Business Administration of Savitribai Phule Pune University for the academic year 2020-2021 by the following student of MARATHAWADA MITRA MANDAL's COLLEGE OF COMMERCE, PUNE 411004. My intention to understanding this project lies towards enhancing my knowledge in the field of Financial Management.

**PROJECT GUIDE**

**Asst. Prof. Snehal Borkar**

**B.B.A. CO-ORDINATOR**

**Dr. Ashwini Kulkarni**

**PRINCIPAL**

**Dr. Devidas Golhar**

## **ACKNOWLEDGEMENT**

I would like to express my sincere thanks to the Savitribai Phule Pune University and Principal- Dr DEVIDAS GOLHAR, Co-Ordinator of Department- Dr. ASHWINI KULKARNI, and Marathwada Mitra Mandal's college of Commerce for giving me the opportunity to prepare and present this report.

“There is a good saying that the work is successfully completed if the person is guided properly at the right time by the right person”, with that the good opportunities that we receive as well as the efficient supervision and the most valuable the internal guidance.

Hereby, I would like to express my deep gratitude towards our 'Asst. Prof. SNEHAL BORKAR, who helped and guide me in project work. Her encouragement and whole-hearted co-operation throughout the progress helped me in completion of project.

Last but not the least I would like to thank my family and friends for their encouragement and direct or indirect support in completion of the project.

**Swami Ajinkya Shankar**

SYBBA (Finance)

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**PART A**  
**REPORT ON GUEST LECTURE**

# REPORT ON GUEST LECTURE

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## INTRODUCTION:

On 10<sup>th</sup> of May 2021, Monday 04 pm, there was an online session conducted by BBA Department (finance) of Marathwada Mitramandal's College of Commerce. The online guest lecture's topic was **Stock Market** which was conducted by speaker Mr. Shri Harsha.

**Name:** Mr. Shri Harsha.

**Website:** [www.shineprojects.in](http://www.shineprojects.in)

**Designation:** MD of Shine Projects

**Lecture Date:** 10/05/2021

**Lecture Timing:** 04:00 to 5:30 PM

**Report By:** Swami Ajinkya Shankar

## SUMMARY :

Mr. Harsha is a MD of Shine Projects which is an online and offline education company and it is ISO certified and recognised by government of India. He is a B Tech Engineer and completed his post-graduation in MBA. He is a certified stock market analyst and active speaker in share market. He is a very good article writer and a macroeconomic expert. As Mr. Harsha's company performing very good in their field, various institutes and universities like Symbiosis, NMIMS, IIM Amritsar are their collaborators.

In this webinar he covered the Topics like Shares, IPO, Stock Exchange. He also covered NIFTY ,SENSEX , market capitalisation, top industries and stocks in current market. He also explained about the primary market and secondary market, derivatives market and technical analysis in brief share market. He also shared his personal experience in the share market. This session was very helpful for us to learn about the stock market and it's functions. Everyone had heard this term 'stock market' but very few people know about it's working and

current scenario. So Mr. Harsha help us to know about the current scenario. This session provided the information of share market and the various aspects about investing in a stock market. At the end of session, we asked several questions related to the topic and Mr. Harsh answered them in skilful manner.

## **OBSERVATION:**

Mr. Harsha started the session by asking what is stock market. He explained it in a very convincing way about stock exchange, and how it works, how shares are bought and sold. He mentioned that stock market is the “BAROMETER” of a country’s economic development. It measures the growth of the country. He told about jobber.

He then explained about the trading method in secondary market. He gave insights into different types of orders used in stock markets, Ask ,Bid ,Limit order ,Market order etc and their practical application. He also talked about responsiveness of share prices to dividend payments, details about the working of brokers, how to place an order. Students also gained knowledge in the areas of portfolio management.

Mr. Harsha explained the basic concepts of stock market, Forms of business are Sole Proprietary firm, Partnership Firm, Private Ltd companies and Public Ltd companies. Why shares are sold by companies to collect equity capital, Capital can also be collected through debts. Usually, public ltd companies raise capital through public offerings. Public ltd companies to raise capital from public need to register their company with SEBI. Stock market is a place where two types of people come together one who needs funds for business and other who have excess fund and want to invest in business. When you buy a share of any company you become partial or proportionate owner of that company.

Later on, he told us share market is divided into two parts; Primary Market: IPO, FPO, offer for sale takes place. Secondary Market is where sellers and buyers come together through e-platform to trade the shares and earn money. He explained the transaction at stock market through flow chart. He logged in the portal which showed live status of buying and selling of shares at secondary market. Various reports generate through the portal, with some examples he showed the demo how trading takes place. How documentation takes place, when you buy shares. Contracts from brokers and other related documents received. How does Demat account function, who all can open demat account? what is

concept of T+2 Transaction day and second working day after transaction your accounts will be settled , shares will be sold from your demat or if you have purchased shares amount will get deducted and shares will be seen in your demat account. How people earn money from the market and what can make you lose money in market is a question of experience and study.

He also explained the meaning of Options and Futures and Speculators in the Stock Exchange. Since this topic is in the curriculum of Financial Services of Second year BBA, it was a very informative session to us.

## **CONCLUSION:**

You can make a lot of money investing in stocks or trading in the stock market, but it is not something for the new investors. Care must be taken when it comes to stock investments. But before investing, it is always wise to learn the basics of Stock Market. The investor must have a solid understanding of stocks and how they are going to trade in the market or risk of losing money in a volatile type of investment. And this session covered all the important point regarding same.

You need to have your basics clear. Unless you do, you will be wasting your time and losing money. You need to be crystal clear of each and every aspect of Investments, stock options, Stock Trading, Company, Shares, Dividend & Types of Shares, Debentures, Securities, Mutual Funds, IPO, Futures & Options, what does the Share Market consist of? Exchanges, Indices, SEBI , Analysis of Stocks – How to check on what to buy?, Trading Terms (Limit Order, Stop Loss, Put, Call, Booking Profit & Loss, Short & Long), Trading Options – Brokerage Houses etc. And all these points are covered briefly in this session. And student's queries and the doubts were answered by Mr. Harsha in very well manner.

On the whole, the session was highly informative and interesting where we all gained several inputs on the practical areas in stock markets and stock trading. It was also a great initiative taken by the faculties of finance department for conducting this wonderful session of knowledge sharing and gaining virtually especially during this pandemic.

**PART B**  
**CORE BANKING SOLUTION**

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# CORE BANKING SOLUTION

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## 1. INTRODUCTION

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Banking as a service and business sector has grown tremendously in the past few years and transformed itself from only a deposit taking and loan providing system to an institution which provides an entire gamut of products and services under a wide umbrella. From typical loan and deposit functions, the banking industry has moved on to cover a range of activities: from introducing new financial products to loans/accounts/transactions management and customer onboarding. Because the banking accounting system covers core services crucial to banks and customers alike, banking software is also classified as core banking software.

“Core banking is a banking service provided by a group of networked bank branches where customers may access their bank account and perform basic transactions from any of the member branch offices”.

It is a back-end system that processes banking transactions across the various branches of a bank. The system essentially includes deposit, loan and credit processing. Among the integral core banking services are floating new accounts, servicing loans, calculating interests, processing deposits and withdrawals, and customer relationship management activities. Banks make these services available across multiple channels like Automated Teller Machines, internet banking, mobile banking and branches. It often associated with retail banking and many banks treat the retail customers as their core banking customers. Businesses are usually managed via the corporate banking division of the institution. Banking software and network technology allows a bank to centralise its record keeping and allow access from any location.

In simple terms, there is no need to visit your own branch to do banking transactions. You can do it from any location, any time. You can enjoy banking services from any branch of the bank which is on the CBS network regardless of the branch you have opened your account. For the bank which implements CBS, the customer becomes the bank’s customer instead of the customer of a particular branch

## **2. PROFILE:**

---

The core banking system is one of the very first additions to banking technology. It was only after liberalization that the Indian banking sector started exploring the potential of IT and fast developing technologies. Computerization of urban banks began in the 1980s and it has come a long way. However, digitalization of rural and semi-urban banks is still in process. Truth be told, accepting and absorbing new ways of banking has been a challenge. Both urban and rural branches of banks have shown hesitation and reluctance to adopt new technology.

### **2.1 History of Core Banking in the World:**

The very first experiment with core banking solutions was conducted in the 1970s in the United States. Banks and third-party vendors designed a few applications for the big banks in the USA. It was in the 1980s that this system was introduced in other parts of the world like Europe, Australia, and Asia. Unfortunately, many of these packaged solutions had limitations. This newly developed technology was still in its infant stage and was subjected to immense criticism. It was highly customer-centric and there were issues with the system that failed to handle a large volume of data. In the 1990s, things changed radically when new companies brought forth some innovative and improved ideas of core banking concepts. Finally, the many branches of the bank had a common data network that is updated in real time and could be accessed anytime and anywhere. The transactions which were made reflected immediately on the bank's server, and the customers could retract information about their accounts and withdraw money from any of the bank's branches.

### **2.2 History of Core Banking in India:**

The need for computerization of banks in India was felt around the 1980s. The first attempt was made in 1981 and it further extended in the year 1984. The Indian banks began the process at the branch level. This was done with the help of the Microsoft Disk Operating System or MS-DOS-based computers. Several national-level committees were formed by the government in an attempt to modernize the Indian banking system.

In 1988, the Deputy Governor of RBI Dr. C Rangrajan implemented the concept of core banking with the help of Total Branch Automation package that ran on a LAN or a UNIX Operating System. This laid down the foundation of facilities like telebanking, off-site ATMs, customer terminal.

The 1990s witnessed core banking transformation when private sector banks and foreign banks gained access to the Indian banking sector. The new generation banks created a competition of sorts for the indigenous banks. This forced the native banks to adopt the new methods of the banking system.

The progress continued due to factors like globalization, liberalization and the enactment of TRAI (Telecom Regulatory Authority of India). All of this enabled the Indian government and its regulators to bring technology at a reduced cost. Now, most of the banks are on their path of a transformation.

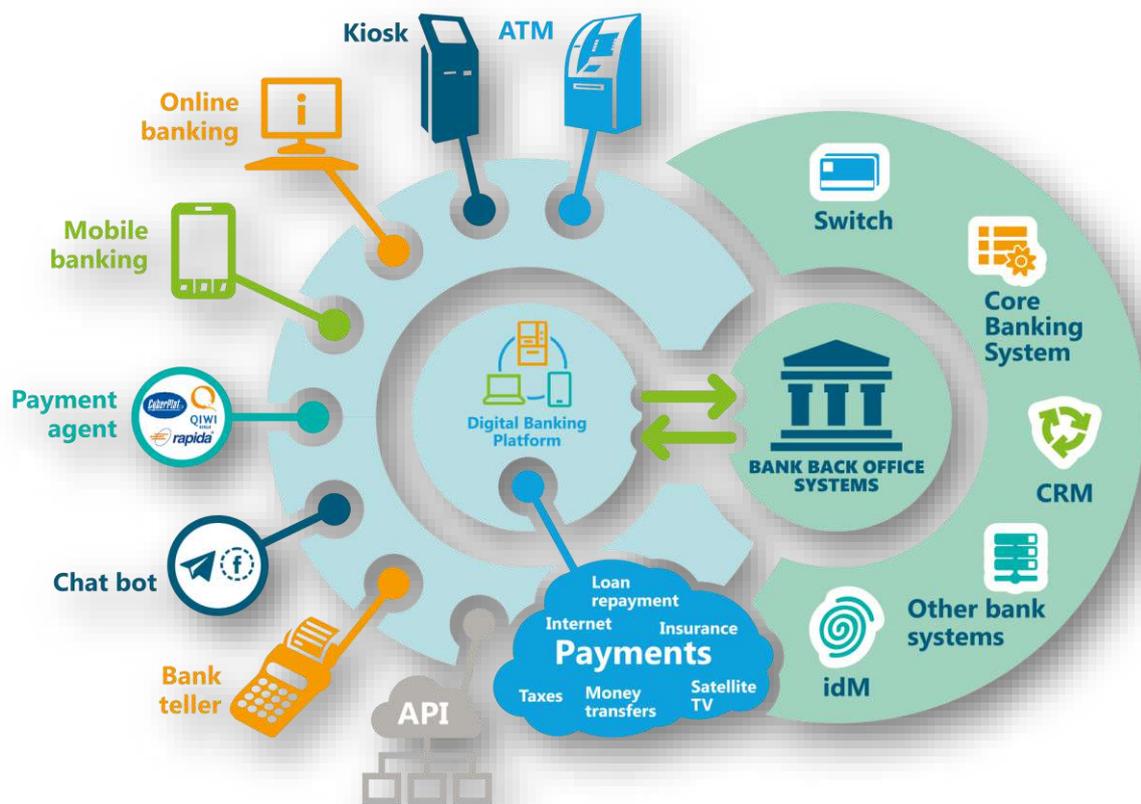


Fig.2.1 Core Banking System.

### 3. OBJECTIVES:

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Core banking system is to improve the customer experience. It aims to provide convenient banking to its customers where the customers are able to access banks anytime and from anywhere.

- To study about how the actual banking system works.
- To know automated banking system functions.
- To examine what are the features in new era of core banking
- To understand the purpose behind the core banking system.
- To make informed decisions with facts and figures and study the various financial operation taken by software.
- To understand the technical work of Indian banking.
- The study is descriptive in nature. It is descriptive as it describes the existing financial and banking problems and how new system make it easy for the customers.
- To understand the software, its achievements and tasks, services and also to collect information about its competitors, and services offered.

Objective of the core banking system is to make informed decisions with facts and figures. The different process of core banking allows the storage of data in a proper format. All such data can be accessed by an authentication system and helps the customers to make informed decisions. Moreover, it allows generation and providing statutory and regulatory reports to the regulators of the government.

## **4. FEATURES:**

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The Core banking system is an operating system or software used by banks to provide core banking solutions to their clients. It supports the banks in carrying out and recording the basic functions of the banks. Most of these systems are created to suit the needs and specificity of the banks. Therefore, each system is unique. Some of the best examples of core banking software applications available in India are Infosys Finacle, Oracle Financial Services Software by Oracle Corporation, BaNCS by TCS and Fidelity National Information Services (FIS).

### **4.1 Security alerts:**

In banking software development, protection, and confidentiality are heavily emphasized. Banks need to ensure that their systems are safe, that confidential information is secured, and that all feedback is checked in the app. Some have enhanced security features such as touch ID and recognition of face or speech. Another sophisticated technology is Iris scanning. There is no doubt that every day, fraudsters get savvier, but so do app developers. Thousands of transactions per second to detect cheating are tracked by systems. You'll be the first one to know if suspicious behaviour is observed.

### **4.2 Bank account management:**

Users can track their accounts and banking information, check their deposits and transaction history, and make cash transactions with a bank account management feature. This advanced feature helps users to do something with the app without the web browser having to be used. This feature also includes sub-features like:

- Invest.
- Make repeat payments.
- Set a goal.

### **4.3 Chatbot integration:**

The path to success is empowering your customers with the most customized approach. You ought to make sure you provide 24/7 help for your

customers who can get expert advice or guidance when they need it. The best choice here is an AI chatbot. Hundreds of clients will quickly be addressed at the very same time by a smart chatbot without having them wait for hours. Chatbots run around the hour, have always been respectful, and don't get exhausted.

#### **4.4 QR-based payments:**

A simple, quick, and comfortable way to pay for services is to scan QR codes straight from a banking app. Consequently, mobile is all that users need to search for QR codes. While QR codes are not a revolutionary innovation, thus far, just some very bank applications have introduced QR code payments.

#### **4.5 Multi-currency feature:**

To endorse the concept of multicultural banking, a proper Core Banking software solution should be multilingual. The following attributes are attractive.

- The choice for Base Currency
- Set-up of multi-currency
- Accounting for Base Currency and multi-currency accounting
- Base currency and balance sheets of multi-currencies.

#### **4.6 Nearest ATM finder:**

It might seem like a straightforward function for an ATM locator, but you shouldn't ignore it. The small items demonstrate your customer service. Other than that, you could accomplish some fantastic outcomes if you add innovations to make your app more compelling.

#### **4.7 Mobile deposit:**

For individuals who still bank conventionally, this feature may sound like sci-fi material, but customers are generally advanced with it. Remote deposit control, also known as remote deposit control, has become mobile banking's increasingly searched features. Mobile deposits require scanning and transmitting the digital picture of a check to a banking institution. Mobile deposits require scanning and sharing the digital picture of a check to a banking institution. The most evident advantage is that it saves a lot of time. You wouldn't have to travel to a bank or credit union of a bank and queue for an appropriate cashier in line

#### **4.8 Other features:**

- Opening new accounts in the bank
- Processing and recording money deposits and cash withdrawal
- Calculating loan interest
- Processing loans
- Cheque clearance
- Payment clearance
- Managing customer information
- Calculating and managing interest rate
- Maintaining customer relationship
- Assists in developing new banking products
- Banking analytics
- Helps in creating new banking products;
- Availability of mobile banking, internet banking, ATMs etc.

TCS BaNCS includes functions for universal banking, core banking, payments, wealth management, forex and money markets, compliance, insurance, securities processing, custody, financial inclusion, Islamic banking and treasury operations.

#### **A Core Banking solution is especially beneficial because of its:**

- Scalability: As transactions are processed in bulk volumes daily, the business priority is to be able to scale up without any breaks.
- Flexibility: Banking has numerous modules that requires a solution which is extremely flexible that is able to configure the right mix of IT resources at the right time.
- Agility: To be competitive in the market the solution can quickly adapt to changes and transformations.
- Cost-effectiveness: These solutions not just deliver customer-satisfaction but also benefit the bank by saving them lots of man hours and maintaining accuracy.

## **5. PURPOSE:**

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Nowadays, the use of Information Technology (IT) is a must for the survival & growth of any organization and the same applies to the banking industry also. By using IT in any industry, banks can minimize the operation cost; also, banks can offer products & services to customers at competitive rates.

### **Purpose of the Core Banking Software:**

Use of Information Technology is vital for the growth, and long-term survival of any industry, and the same applies to the banking industry as well. Banks can benefit by using such technologies in terms of reduction in operation costs etc. The need for core banking is significant because it can satisfy the needs of the market and customers. Core banking is needed as it can improve and simplify the process of banking and provide convenience to customers and banks.

Mainly recently, essential bank functions include keeping account holders' records, deposits, transfers, maintaining records of ledgers, customer details, loan accounts, and many others were carried out manually. Different approaches have been proposed with the implementation of IT technology to simplify these procedures. Presently, through software that allows automated tracking in the digital back – end database, it's indeed easy to record transactions, measure, assimilate customer data, and maintain a massive list. The same program is installed across the networks of several bank branches, forming the bank's core banking infrastructure. The rural areas are unexposed to such technologies, and they are unable to access banking facilities due to various reasons. Core banking can help in expanding the banking facilities to the remote and rural areas of this country.

### **Purpose of the TCS BaNCS:**

- **Accounts management:** Banking accounting systems provide accounting services to customers and can be operated easily through mobile applications or portals. Due to this feature, bank account software is relied upon for looking after communication, documentation and transaction information.
- **Bank account management:** Monitor cards, check balance amount, analyse bank accounts, transfer money and view transaction history with core banking software

- AI chatbot support :Chatbots have been created by banking software companies for providing the best customer support service to its clients and customers. These chatbots are not just polite and customer friendly but also capable enough to be used in core banking services for answering several customers at one go.
- Secure simple sign-in: Banking software functions with a secure and single sign-in process where signing in steps include simple password and login-id typing. Then there are biometric authentication methods where fingerprints, voice, etc. are being used. All these are time-saving mechanisms, preventing users from wasting time on multifactor authentication processes.
- QR Code payments: Many banking accounting systems have QR code payment features enabled to let customers pay via these code scans. They are simple to use, convenient and fast.
- ATM locator: As part of CRM in the banking sector, banking software has advanced search features for locating nearest ATM machines. Whether in a new area or searching for an ATM in an emergency situation, the store locator tool serves its purpose well.
- Spending tracker :Track the amount of money spent and saved with banking software. With the help of analytical reports, end users can track spending/savings to meet their monthly or yearly saving targets. The feature also supports scheduled payments and bills notifications.
- Customer onboarding: Customer onboarding improves and enhances customer/client relationships. Core banking software thus is helpful in leveraging customer data for proposing them the right type of product and services.
- Transactions management: Managing transactions involve product designing, operational scalability and transaction processing. Banking software ensures the safe processing of above in a transparent and fully automated manner.

## 6. SOFTWARE:

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### 6.1 TCS BaNCS in SBI



TCS BaNCS, from Tata Consultancy Services, is a globally acclaimed software brand that enables transformation in financial services through a superior and holistic suite of solutions for banks, capital market firms, insurance companies, and other diversified financial institutions.

Each solution in the TCS BaNCS family has been designed to fully integrate with existing business models, enterprise infrastructures and technology architectures. Adopted as a platform of choice by financial institutions around the world of all sizes, TCS BaNCS addresses critical industry needs and enables business transformation by providing customers with scalable, customizable, market-ready solutions.

The State Bank of India (SBI), the largest and oldest bank in India, had computerized its branches in the 1990s, but it was losing market share to private-sector banks that had implemented more modern centralized core processing systems. To remain competitive with its private-sector counterparts, in 2002, SBI began the largest implementation of a centralized core system ever undertaken in the banking industry. The State Bank of India selected Tata Consultancy Services to customize the software, implement the new core system, and provide ongoing operational support for its centralized information technology. The implementation of Core Banking solution from TCS BaNCS at SBI and its affiliate banks represents the largest centralized core system implementation ever undertaken.

Although SBI initially planned to convert only 3,300 of its branches, it was so successful that it expanded the project to include all of the more than 14,600 SBI and affiliate bank branches in 2002. The overall effort included the conversion of approximately 420 million accounts held at over 24,000 domestic branches of SBI and its affiliate banks in current situation.

The State Bank of India has achieved its goal of offering its full range of products and services to all its branches and customers, spreading economic growth to rural areas and providing financial inclusion for all of India's citizens.

## **7. PROCESS:**

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The strategies and technologies outlined in Banking Operations Strategies and Technologies are having a considerable impact on core banking processes. This report examines what strategies and technologies are affecting specific product processing functions within banks.

We divide these core banking processes into the following categories. Read a description of the major investment strategies and our opinions of them for each of the operational areas below:

- Lending Operations – Personal
- Lending Operations – Business
- Lending Operations – Security
- Customer Accounting
- Cheque Processing
- Other Payments Processing
- Account Maintenance
- Cash Handling

### **7.1 Lending Operations – Personal :**

For most banks, personal lending operations has been the beneficiary of substantial efficiency investment in recent years and so further break-through may not be easy. Activities that most banks have been undertaking to a greater or lesser extent include:

- Centralising the loan application processing/sanctioning activities. This facilitates:
  - Multi-branding
  - Call Centre/internet loan applications
  - Outsourcing /offshore
  - Efficiency from economies of scale
- Automating the sanctioning process via the use of on-line application forms, credit scoring, on-line links to Credit Agencies
- Automating production and posting of letters and documentation.
- Automating decision-making on excesses and automated action of consequences (e.g., automated charges taking).

## **7.2 Lending Operations – Business**

We believe this area has lagged behind the personal sector in terms of automation and efficiency because of the emphasis on relationship banking to date. We believe this will change. Computers can beat Kasparov at chess and are reducing in price at 50% per annum; they can make good lending decisions, even for relatively complex things like businesses. Hence, the main operational design principles of personal lending will increasingly apply to business lending as well; i.e.

- Automate the credit sanctioning process using credit scoring techniques.
- Centralise and automate the monitoring process for excesses.
- Probable investments that are more specific to the business market include:
- Greater use of electronic forms, filled in directly by the customer.
- Fund developments by the accounting package manufacturers (SAGE, SAP, etc) to automate the extract of statutory and management accounts into the credit monitoring software in the bank.

## **7.3 Lending Operations – Security**

We think this really is an area that lends itself to cross industry consolidation in that it is usually only loosely connected to the main lending process and would benefit from centralisation and economies of scale. Firstly, for example, there are distinct processes involved in perfecting a security depending on the nature of the security (i.e., it is different for property or stocks and shares). Each of these processes is very similar in whatever bank it is carried out because much of the process is determined by law and external agencies. Finally, the systems that support it are not that integrated into the bank's main systems, hence consolidation of the IT platforms supporting securities processing is relatively straightforward. For banks this cross-industry consolidation essentially means the use of an outsourcer or multiple banks setting up a joint venture.

Even if the security operation is retained in house, we think considerable cost reduction progress will be made by the use of image technology. This is because managing security (perfection, reviewing, releasing) involves significant correspondence with external agencies such as the Land Registry, Share Registrars, Valuers etc. Image copies of all this documentation would –

- Allow for process re-engineering within the securities handling area (organise work by security type or by customer group)
- Speed up processes in other areas such as recoveries and sanctioning.

This latter item will require the ability to view the security documentation in those areas (for example, it would be necessary that these documents can be viewed via a Web browser in locations across the bank).

#### **7.4 Customer Accounting Processes**

There are many banking processes that are already very heavily automated (e.g., interest calculation) and have been so for a long time. Just because a process has been automated does not mean it does not need investment. A factory with a production line needs continual improvements and enhancements to that line. This is so for the bank's computer systems. In particular we believe the core banking systems, mainframe based and mainly batch, need continued investment. This is because they form the heart of the bank's operations and businessmen and IT professionals alike feel bitterly frustrated at how intractable they are to change.

In most banks, what we call "Customer Accounting" systems have the following functions packed into a very large, complex, knotty bundle

- Customer accounting
- Financial accounting
- Interest processing
- Charge's processing
- Clearing/deferment
- Account opening /closing
- Group Accounts
- Statement processing
- Customer data
- Limit's processing
- Loan repayments
- Product processing
- Auto transfers/sweep accounts
- Report's production

The result of this complexity is that a change to one part (e.g., a new limit structure) requires change and testing in all the other parts.

Everything indicates that these systems will be around for decades (although, as Banking Operations Strategies & Technologies concludes, there is

a move toward investing in the ‘gradual break-up of legacy banking software’) and so there is a strategic business need to unpick the knot and break down the core systems into their constituent parts. The aim here will not be very ambitious in IT terms (previous attempts to leap several generations of technology have generally failed) but rather to stay with the mainframe and the reliable early nineties technologies of mainframe relational databases, COBOL mainframe transactions and combine them with a web browser presentation layer.

## **7.5 Cheque Processing**

Many banks’ activities in this area have recently focused on outsourcing. It is our opinion that there remains considerable room for cost savings and service improvements in cheque processing across the banking industry through “image copy processing”. Photo imaging of vouchers would cut out the need for physical movement of vouchers within and between banks. The clearing cycle would no longer be dependent on this physical movement of the cheques; instead, the clearing process would revolve around the transfer of the image copies. We think this will have a number of benefits –

- The exchange of images as well as IBDE files between banks could eliminate almost the entirety of the ‘in-clearing’ function from the banking industry;
- Image technology would free up centralisation opportunities (e.g., technical checks, exceptions and queries currently have to be handled where the voucher lands – a centralised unit could be set up to handle these instead). This could lead to cost savings (especially with opportunities to move such units overseas).
- Finally, those customers that receive their cheques back could be offered electronic image copies of their cheques, routed via email or electronic banking to wherever in their organisation they are wanted (and indeed with any number of copies).

As is expected in other areas image capture at the first point of entry would realise the most benefits. However, having to image scan large numbers of cheques brought to a branch by a commercial customer would cause long delays at counters. Therefore, the relative benefits of centralised or decentralised image capture would depend on the customer profile of a bank. Alternatively, it may be better to create data files from cheques when they land in the branch and have the image copying done at a central location.

## **7.6 Other Payments Processing**

For the purposes of this framework, we divide payments (other than cheques) into four types

- High value payments (CHAPS, CHAPS-euro, and Currency Payments)
- Low value automated payments (standing orders, direct debits and direct credits)
- Credit and Debit card payment processing (out of scope of this Framework)
- Cash Payments – see Cash Handling

Other step changes in high value payments cost reduction would require change outside the payments centres by getting customers to key the details of the payments. The principal ways would be to

- Extend CHAPS payment entry to online personal banking (maybe using digital certificates to improve security)
- Using electronic forms in branches/online to be filled in by customers

In the area of low value automated payments, the actual processing of the payments is achieved with a very high degree of STP and it is very hard to achieve significant extra savings. Where large numbers of staff are still involved is in the area of setup, amendment and deletion of mandates. This is covered in the section on Account Maintenance.

## **7.7 Account Maintenance**

We include three large areas of activity under this heading:

1. Create/delete/amend records – accounts, regular payment instructions, customer data (these normally require signed customer instructions);
2. Bank driven processes – Unapplied items, suspense account processing, branch balancing etc;
3. “Odds and Sods” – a large number of miscellaneous processes that are individually small in frequency but collectively add up to a lot (e.g., audit letters, cheque book orders, and copy statement requests).

The other way we look at these processes are the speed of interaction with the customer.

Postal speed – by which the customer signals he is prepared to accept some delay to an activity. Examples are:

- Letters in the post
- E-mails
- Dropping off a completed form at a branch

Real time – by which the customer signals he is expecting the action to be completed while he waits:

- Phoning a request
- Setting up a standing order mandate via the internet
- Opening an account with a Branch Officer on-line.

The bank can, to some extent, set the customer's expectations on the speed of interaction. So, if a customer wants to open an account over the phone, the operator can say that he will get a form sent to him hence re-setting the expectation that we are working at postal speed.

The strategy for handling the service/processing varies according to the type of activity and the time demands. See the suggested approach below.

- Create/Delete/Amend – Postal Speed
- Create/Delete/Amend – Real Time
- Bank Driven Processes (Postal Speed)

### **Create/Delete/Amend – Postal Speed**

The principal characteristic of these processes is a requirement to have a high degree of certainty that the customer has authorised the task and that the customer is who he says he is. This boils down to

- Signatures on paper in most cases,
- Additional proof of identity (passport etc) in some cases,
- And a high degree of authentication of the customer if the change is communicated over the phone or internet (some cases).

Because of the signature and proof of identity, many of the processes have to be carried out at postal speed. We believe postal speed activities will be (if they are not already) centralised (e.g., not carried out in the branch or relationship manager's office). We expect the branch will act as an intelligent post box, converting (via branch scanners) any proof of identity documentation and signed forms into electronic images and then E-mailing these to a central processing area.

## **Create/Delete/Amend – Real Time**

We think Banks want customers to key in data as much as possible themselves and that banks still have work to do to let them. Most banks offer a capability to set up standing orders and open a second account via the internet with the customer effectively keying the data directly into the product engine. We think this will be supplemented with a number of additional approaches.

- Electronic versions (e.g., HTML or Word documents) of all forms will be available over the internet.
- Workstations for filling in and/or downloading forms by customers will be available in branches (the Easy Jet ticket purchase model at airports).
- Branch staff will encourage people to key in data in the branch, much as they encouraged people to use ATMs in the early days of that technology.
- Customers may well be able (and encouraged) to bring in diskettes with forms or e-Mail them to a central ID.

In central processing areas, software will be needed to “scrape” the data out of the forms and automatically transfer it into the legacy systems. Although some forms will be filled in incorrectly, the amount of Straight-Through-Processing will be hugely increased. In Call Centres the expectation is that the work should be keyed wherever possible by the Call Operator directly (i.e., in real time). Although Call Centre staff will be more expensive than processing staff, the cost incurred in the Call Centre staff writing the work down and faxing or emailing the work to a processing centre will be too high.

## **Bank Driven Processes – Postal Speed**

These are essentially driven by the 24-hour batch processing cycle that nearly all banks run. The overnight batch processing of the legacy banking systems produces large numbers of reports that require action by the account maintenance function; examples are –

- Branch balancing
- Unapplied items
- Returned items
- Failed Data Create/Delete/Amend
- Diarised actions

Some of the processes are control processes and others are about errors processing. In many respects these are only indirectly in support of customers and, because of the 24-hour cycle, they inherently run at “Postal speed”.

It is our view that in the spirit of “only electrons move in the bank”, the current implementation of these processes based around printed reports will substantially reduce. It appears that electronic versions of the reports online or e-mailed versions of the reports are now feasible.

In a longer-term sense, many of the error handling issues require better data validation at the point of data entry and a move away from batch-based processing. This typically will require the “gradual break-up of the core processing systems”. For example, separating out statement data and its maintenance update from the customer accounting system.

## 7.8 Cash Handling

The principal costs associated with cash handling are those of

- Secure transportation
- Stock holding costs charged by the Bank of England

The latter is not the object of this framework, it requires very specific strategies. Notwithstanding some false starts in the recent past, the former is amenable to centralisation and cross industry sharing of resources, presumably by outsourcing or a joint venture arrangement. The centralisation of activities allows for investment in high volume cash counting and coin weighing machines as well as other packaging technology to allow re-use of notes and coins. There could also be room for sharing secure transport runs.

A crucial element in this strategy will be in persuading the customers, particularly business customers, to allow the cash to be counted in the centres and not in the branches.



## 8. SWOT ANALYSIS:

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### **Strengths :**

The concept of CBS has helped banks become one-stop shops for all the financial needs of retail and corporate customers by offering multiple services under one roof. Through CBS, customers can now access their accounts from any branch of their bank, irrespective of which branch the account was opened at.

CBS increases employee efficiency and reduces human error and fraud and it also facilitates the correction of errors. CBS adoption has given bank employees the opportunity to strengthen their relationships with customers. In current financial system or banking system customers

### **Weakness :**

All Financial sectors have individual core system. In current financial system or banking system customer have to carry different cards for different account.

In current financial system pan card and account cards are separate so it's difficult for Income Tax department to maintain and control individual details and transactions of customer accounts for Income Tax purpose. In current financial system ATM, Bank, Shares, Post Office, Loan, Insurance, Income tax, Import/Export, Bonds each have made separate transaction.

All financial sectors, including Government, Private, and Public are working in under different roof. So, it's difficult for the government to monitor and make decisions regarding financial crises in current financial system the current finance system won't monitor and manage the customer's transactions in assorted banks or other finance institute under one roof so it's difficult to detect the defaulter and can't take suitable action in current financial system.

Financial institutes are not maintaining transparency in account opening system and its transactions. Financial institutes won't take biometric details while opening new account and also not verify his/her accounts in assorted financial institutes.

Software application, like internet banking, insurance etc which are exposed to users on public networks, are vulnerable for security purpose. Customers are not aware about RBI policy and their own transactions. The data warehouse used in current core financial architecture is based on individual

financial organization like Bank, insurance etc. Data warehouse used in current core financial architecture is not integration of overall financial organization and this architecture is not helping to all government organization to take proper decision at right time and place.

## **Opportunity**

Old technology slows innovation and decreases productivity. Banks need new systems that empower the enterprise through an integrated infrastructure and processes aligned with strategic objectives.

The right core banking solution can help your bank quickly deploy new products and lower costs to enhance your ability to compete. Compliance is complex and expensive.

The right regulatory platform will lower costs through improved asset reusability, faster turnaround times, and increased accuracy. To improve the speed and accuracy of decision-making, banks must deploy systems that streamline integration and unite corporate information to create a comprehensive analytical infrastructure.

Through a holistic core banking architecture, banks can target customers with the right offers at the right time with the right channel to increase profitability.

## **Threats**

The increasing empowerment of the collective voice of customers continues to raise the pressure on banks to improve their relationships, stay relevant and demonstrate their added value.

Modernizing legacy core banking systems is a matter of addressing IT cost and efficiency. The integration of risk management across the enterprise to meet an increasingly complex series of compliance requirements while mitigating operational risk, fighting crime and optimizing financial returns.

Computer failure is the one of the threats of core banking. If any failure in computer system occurs, it can cause entire network go down. Excessive reliance on technology and any failure in computer systems can cause entire network to go down. If Data is not protected properly and if proper care is not taken, hackers can gain access to the sensitive data. The current core architecture has threat from physical damage and natural disaster.

## 9. CONCLUSION:

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- The purpose of this project was to study, analyse and identify the working system of core banking. Based on the analysis conveyed, it can be concluded that there are multiple functions and operations happens in a single entry.
- We can say that a relevant modern core banking technology helps banks scale new heights, augment efficiency, provide improved customer experience, and gain customer loyalty. Ultimately, this surpasses the challenges presented by the Core banking technology.
- By the collected information core banking transformation helps to overcome the legacy challenges associated with redundant IT infrastructure and obsolete systems, and therefore brings about a reduction in application maintenance costs.
- The transformation helps in increasing operational efficiency and bringing systems standardization from front-office to back-office. Given the high risk associated with core banking transformation, it is essential for a bank to have strong governance and change management structure in place that would smoothly manage all aspects of the transformation from internal stakeholders to external partners
- Through my analysis it is true, the banking sector has benefited enormously from ever-evolving technology. Impact of core banking solutions has changed the way the business of money is handled and how banks function. Implementation of core banking system is a landmark moment in the Indian banking sector.
- While studying about Core banking in India, Almost all private sector banks and public sector banks in India have adopted the core banking system. Still, some are left to adopt, but RBI is hopeful of 100% implementation of this system all over India.
- It was a wonderful learning experience for me while working on this project. This project took me through the various phases of project development and gave me real insight into the world of software. It was due to this project I came to know how professional software is designed.

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**PART C**  
**MOBILE BANKING**

# MOBILE BANKING

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## MOBILE BANKING :



Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smartphone or tablet. Unlike the related internet banking it uses software, usually called an app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24-hour basis. Some financial institutions have restrictions on which accounts may be accessed through mobile banking, as well as a limit on the amount that can be transacted. Mobile banking is dependent on the availability of an internet or data connection to the mobile device.

Transactions through mobile banking depend on the features of the mobile banking app provided and typically includes obtaining account balances and lists of latest transactions, electronic bill payments, remote check deposits, P2P payments, and funds transfers between a customer's or another's accounts. Some apps also enable copies of statements to be downloaded and sometimes printed at the customer's premises. Using a mobile banking app increases ease of use, speed, flexibility and also improves security because it integrates with the user built-in mobile device security mechanisms

## **FUNCTIONS:**

The function of a Bank is to collect deposits from the public and lend those deposits for the development of Agriculture, Industry, Trade and Commerce. Bank pays interest at lower rates to the depositors and receives interests on loans and advances from them at higher rates.

### **Account information:**

- Mini-statements and checking of account history.
- Alerts on account activity or passing of set thresholds.
- Monitoring of term deposits.
- Access to loan statements.
- Access to card statements.
- Mutual funds / equity statements.
- Insurance policy management.

### **Transaction:**

- Funds transfers between the customer's linked accounts
- Paying third parties, including bill payments and third-party fund transfers(see, e.g., FAST)
- Check Remote Deposit

### **Investments:**

- Portfolio management services
- Real-time stock

### **Support:**

- Status of requests for credit, including mortgage approval, and insurance coverage.
- Check (cheque) book and card requests
- Exchange of data messages and email, including complaint submission and tracking.
- ATM Location

### **Content services:**

- General information such as finance related news
- Loyalty-related offers

## **Personalization:**

It would be expected from the mobile application to support personalization such as:

- Preferred Language
- Date / Time format
- Amount format
- Default transactions
- Standard Beneficiary list
- Alerts

## **SECURITY:**

Mobile banking is more secure than internet banking. Mobile banking can be conducted only from one specific device (smartphone or tablet) which has a SIM card, the phone number of which is already registered with the bank account unlike internet banking which can be conducted using any number of devices connected to the internet such as smartphone, tablet, laptop, desktop computer. In case of internet banking, a hacker needs to steal the credentials (username and password) which is possible by remotely installing a keystroke logging software in the victim's device, where as in case of mobile banking, either the fraudster needs to steal the mobile device which has a SIM card, the phone number of which is already registered with the bank account or steal the phone number using SIM card swapping. If the victim's mobile device is stolen then he would realise it or if his phone number is stolen using SIM card swapping then he would not get any signal on his mobile device and he would realise that something is wrong. But if a victim's internet banking credentials (username and password) are stolen then by the time he would realise it, the hacker would have already hacked into his bank account.

One-time password (OTPs) is the latest tool used by financial and banking service providers in the fight against cyber fraud. Instead of relying on traditional memorized passwords, OTPs are requested by consumers each time they want to perform transactions using the online or mobile banking interface. When the request is received the password is sent to the consumer's phone via SMS. The password is expired once it has been used or once its scheduled life-cycle has expired.

## Mobile Banking Applications:

- ICICI iMobile Application.
- HDFC MobileBanking App.
- State Bank of India YONO App.
- HDFC PayZapp.
- Bank of Baroda M-Connect Plus App.
- Axis Mobile App.
- Kotak- 811 & Mobile Banking App.
- IDBI Go Mobile+ App.

## YONO SBI



**1.Bank** refers to the State Bank of India, a body corporate constituted as per the State Bank of India Act, 1955 and having its Corporate Office at "State Bank Bhavan", Madame Cama Road, Nariman Point, Mumbai - 400 021(which expression shall, unless it is repugnant to the subject or context thereof, includes its successors and assigns).

**2.Account** refers to the user's savings bank account and/or current account and/or Fixed Deposit Account or any other type of account so designated by the bank to be eligible account(s) for the operations through the use of Digital Banking including any Demat account opened with NSDL or CDSL.

**3.Digital Account** refers to the user's savings bank account opened digitally using the new yono App and Portal.

**4.Customer** refers to Customer named in the Application Form and / or the person who logs in to yono App and Portal using his ID & Password/ mPIN [and shall, where the context requires, includes any authorized representative of the Customer, accepted by the bank].

**5.Confidential Information** refers to the information obtained by the customer from/or through the Bank for availing various services through Digital Banking.

**6.Digital Banking** means the digital services provided by the Bank to the Users on its digital platform through mobile application and/or web portal to access account information, products and other services (including Transaction of financial and non-financial in nature) as may be provided by the Bank from time to time in accordance with this terms and conditions.

**7.Instruction** means any request or instruction that is received by the Bank from the customer through Digital Banking Services. Loan Account means any loan applied from the yono App and Portal.

**8.Username** refers to the login ID that a customer sets for themselves to access the online services.

**9.Login Password** refers to the alphanumeric password that Customers sets themselves against the Username.

**10.mPIN** refers to the six-digit numeric password that Customers set themselves against the login credentials for easy access.

**11.One Time Password (OTP) or SMS Password** refers to one time 8-digit (or such other higher digits as may be approved by the Bank) pass code that would be sent to a customer's mobile number registered on the Bank's record.

**12.Personal Information** refers to the information about the User submitted to the Bank in connection with the Digital Banking Service. The Site means yono Portal.

**13.Apply Online Services** are the Bank's services which provide the facility of applying for account opening and loan product through the yono App and Portal.

**YONO Krishi** is a multi - lingual platform offering available on State Bank of India's YONO App/portal. It is currently available in 4 different languages that are Hindi, Tamil, Telegu, Malayalam besides English. YONO Krishi is an easier and flexible option to use most of the YONO services in regional language(s)

with internet. Apart from specialised vernacular services, this platform also offers some other important services like Agri Gold Loan. Customer can choose the language on “Select Language” page at the time of accessing the section in YONO, which can later be changed to other available languages through hamburger menu. YONO Krishi is currently available for retail customers having internet banking credentials and offers services across following categories.

- **YONO Khata :** Regular financial & non-financial banking services like fund transfer, recharges, bill payment, etc; specialised services like Agriculture Gold Loan, Tractor Loan, Kisan Credit Card, are available under this category.
- **YONO Bachat :** This category of YONO Krishi will offer investment products and insurance products like Mutual Funds, Life Insurance, General Insurance, Demat accounts etc.
- **YONO Mitra:** The prominent non-banking services section of YONO Krishi offers crop advisory/animal husbandry and other Agri related services of current market information and weather forecast etc.
- **YONO Mandi:** This segment is an online market place which will enable farmers to purchase farm inputs from merchants e.g., fertilizers, seeds, tractors, pesticides etc.

## **MOBILE PAYMENTS :**

Mobile payments are a mode of payment using mobile phones. Instead of using methods like cash, cheque, and credit card, a customer can use a mobile phone to transfer money or to pay for goods and services. A customer can transfer money or pay for goods and services by sending an SMS, using a Java application over GPRS, a WAP service, over IVR or other mobile communication technologies. In India, this service is bank-led. Customers wishing to avail themselves of this service will have to register with banks which provide this service. Currently, this service is being offered by several major banks and is expected to grow further. Mobile Payment Forum of India (MPFI) is the umbrella organisation which is responsible for deploying mobile payments in India. Unified Payments Interface (UPI) is an instant payment system developed by the National Payments Corporation of India (NPCI); an RBI regulated entity. UPI is built over the IMPS infrastructure and allows you to instantly transfer money between any two parties' bank accounts.

The key features of IMPS Funds Transfer are as follows:

- Instant funds transfer
- 24-hour, 365-day availability
- Credit and debit confirmations to sender and receiver
- Simple and easy to use
- Fast, inexpensive, safe and secure, accessible
- Currently IMPS service is provided to the customers over various channels including SMS, Bank Mobile Application and USSD

Mobile payments enable a variety of possible uses, considering that the underlying architecture is interoperable and supports payments to other peers, merchants and government offices.

### **Pre-paid mobile top-up**

Mobile top-up for prepaid mobile subscribers is one of the most common mobile-related financial transactions. This is made considerably easier, if the payment for topping up the mobile account can also be made over the mobile phone. There are already many online recharge options available and emerging, which point to the rapid growth in this business segment.

### **Domestic peer-to-peer remittances**

Mobile payments can also be used to remit money. Migrant workers (from other states) in India need to transfer money to their kin in their native states. Using this service, transfer of money is safe, fast and effective as established by a pilot study conducted. This has potential to act as a very significant driver for adoption of mobile payment services in this demographic.

### **Bill and merchant payments:**

Bill payments provide convenience for the user and for utility companies. For payment to merchants, they offer another medium for the customer which vastly reduces cash management.

### **Governance**

Mobile payments can have a large impact on interaction with government services and are being explored in India. Mobile payments are convenient to track and account for, key requirements in government payment transactions. Government to peer payments can also be made easier by using mobile payment channels and is being explored for schemes like NREGA.

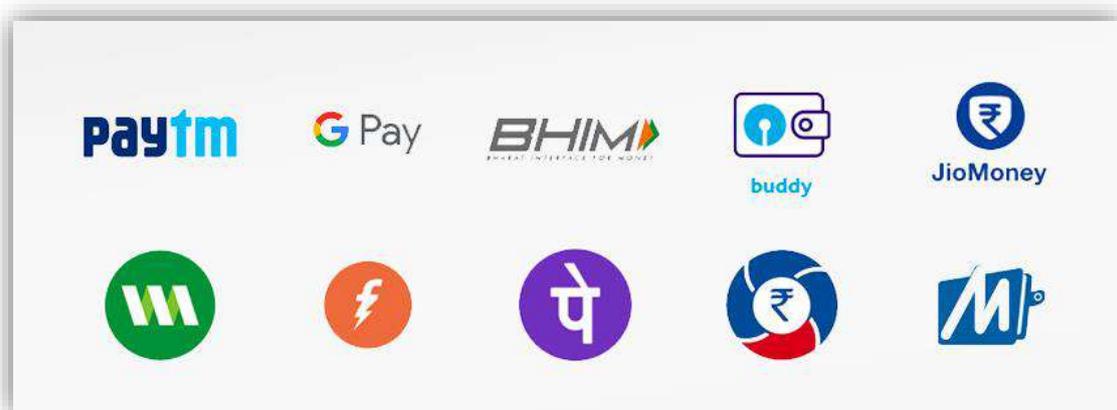
## New business opportunities:

Mobile payments could also open the possibility for new business models, as now one would have the ability to pay and receive even small sums of money, almost instantaneously. A variety of value-added services based on mobile payment transactions are already entering the market.

The major difference between mobile banking and mobile payments is the total absenteeism of the bank account number. In mobile banking or Internet banking, money can be transferred only when the account number of the payee is known before-hand. The account of the payee has to be registered with the payer and only then can a fund transfer happen. In mobile payments, the account number is masked from being public. One need not know the account number of a person to transfer money. This opens up a range of possibilities from buying tickets to paying auto fare, both of which would not have been feasible had the account number been mandatory for a simple transaction.

## Mobile Payment Applications:

- PhonePe
- Google Pay
- WhatsApp Payment
- Amazon Pay
- BHIM App
- Mobikwik
- Paytm



## PhonePeS



**PhonePe**  
INDIA'S PAYMENTS APP



PhonePe is an Indian digital payments and financial services company headquartered in Bangalore, India. PhonePe was founded in December 2015, by Sameer Nigam, Rahul Chari and Burzin Engineer. The PhonePe app, based on the Unified Payments Interface (UPI), went live in August 2016.

The PhonePe app is available in over 11 Indian languages. PhonePe is accepted as a payment option at over 17.5 million offline and online merchant outlets across 500 cities in India covering food, travel, groceries, medicines, movie tickets etc.

### **Working:**

This mobile application works on the UPI system that has been developed by the National Payments Corporation of India (NCPI). The service as of now is powered in collaboration with Yes Bank. When a user downloads PhonePe, he/she will have to key their registered mobile number to register. Once this is done, all information necessary for a transaction becomes live and a user will have a UPI ID, through which all transactions can be carried out. The money will get deducted per transaction through the UPI interface. This app allows users to transact up to Rs.1 lakh in one go.

### **Here is a list of what you can do with PhonePe:**

- Shop online on a list of e-commerce platforms and pay through UPI
- Pay utility bills
- Send and receive money from your phone contact list using UPI

- Recharge mobile and DTH connections
- Check bank account balance
- Register beneficiary
- Handle more than one bank account
- Become eligible for cashbacks
- Split bills

You can carry out transactions in the PhonePe app by following any of these methods:

- UPI Debit Card
- UPI Credit Card
- Via linked Bank account
- Using PhonePe Wallet

PhonePe for business allows payments across over 70 bhim UPI apps. As a bhim UPI app user, you can trigger a merchant payment by using the "PhonePe for business - accept all digital payments". The merchant account for PhonePe is stable and convenient. The PhonePe super fund helps you choose the best fund from multiple mutual fund companies. You can choose from moderate fund, aggressive fund and conservative fund. A professional fund manager will track your portfolios and will make adjustments in your allocations based on the market conditions.

### Features of PhonePe

- **Recharge and pay bills:** Just like other mobile wallet apps in the market, it is possible to pay utility bills and recharge your mobile number through PhonePe. It is very easy to recharge your phone using this app. To do so, go to the 'Recharge' tab, enter the amount, choose the bank account and pay for the same at the click of a button.
- **Split a bill with a friend with PhonePe:** Going for dinner, the movies, or a trip and wondering how to split the bill? This feature is available on PhonePe. To split a bill, go to the 'Split a bill' option. This is a very easy and convenient option to split expenses when you go out as a group.

- **Send, transfer funds using QR code:** One of the other features of the PhonePe app is the option to send and receive money using a QR code option. You can simply scan the QR code using the camera of your smartphone.
- **Single app for UPI:** The main advantage of the app is that it is one stop solution for all UPI transactions. This means that you can have a bank account with any bank and still use the PhonePe app to link multiple bank accounts in the same app. This eliminates the need to install multiple apps.

### **How to Transfer Money through PhonePe**

**Step 1:** Open the PhonePe app

**Step 2:** Go to the ‘Send’ option on the main screen

**Step 3:** Key in the VPA of payee

**Step 4:** Enter the transaction amount

**Step 5:** Select the bank account from which you want the money to be debited

**Step 6:** Verify details and send

### **How to Collect Money through PhonePe**

**Step 1:** Log on to the app

**Step 2:** Navigate to the home screen and click on the ‘Request’ option

**Step 3:** Enter the VPA of the person from whom you want to request money.

**Step 4:** Enter the transaction amount and also enter the deadline within which the request has to be cleared

**Step 5:** Click on the request option after verifying details

# PODCAST PRODUCTION

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*A report submitted in partial fulfilment of the requirements to complete  
Individual Project in the department of*

## **Masters of Journalism & Mass Communication**

*As prescribed by*

**Savitribai Phule Pune University**

*By*

**Karina Anilkumar Rupani**

*Under the supervision of*  
**Prof. Swapnaja Ma'am**



“येथे बहुतांचे हित”

**Marathwada Mitramandal's  
College of Commerce (MMCC)**

202/A, Deccan Gymkhana, Pune 411004

## **ACKNOWLEDGEMENT**

With a deep sense of gratitude and proud respect, I convey my heartfelt indebtedness to Marathwada Mitramandal's College of Commerce (MMCC) for its encouragement during my project.

I am also thankful to **Prof. Swapnaja Ma'am and our HOD Shenai Sir** for their support and for giving an immense knowledge and guidance about the topic and the academics and curriculum overall.

It was very helpful for me to have immense knowledge about project and the various measures taken for it. It was helpful because the topic was different and new.

I am also thankful to my parents, my seniors, juniors and my colleagues for their kind cooperation and support. Lastly, I am very grateful to all the professors, of Masters of Journalism & Mass Communication department and the people who directly and indirectly helped me.

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## **1. Why Podcast Production?**

I believe that podcasts are here to stay, and will become the most important storytelling medium. Hence, I would like to use this opportunity of project and guidance to produce a podcast that would become an asset to my professional work profile, even after I pass out from the college.

The idea is to go with a interview format wherein I will be speaking with or interviewing social or environmental entrepreneurs about their foundations or innovations, their journeys and how they are helping or making an impact in the society or the world as a whole.

I plan on working on this by purchasing a micro mic to record the interviews. The application that I will use to record will be Anchor by Spotify. For editing the episodes, I shall make use of the Audacity software.

## **2. Relevance Of The Topic**

With a belief that anyone, anywhere can be a changemaker and together a difference can be made in the society, be it a social change or an environmental change, I chose the topic, namely '*Changemaker's Cassette*' with an aim to not only bring about awareness on various social start-ups, but also inspire people on working towards a similar path for the society's good.

Changemaker's Cassette not only speaks with the associations or foundations about the initiatives and innovations but also social entrepreneurship as a whole. The entrepreneurs share their stories, journeys, life experiences, tips and ideas on how others can create their own path in social entrepreneurship for the betterment of the society.

## **3. The Approach**

1. Research: I started with research on multiple topics; understanding relevance of each topic, listening to various podcasts to understand their voice pitch, types of questions asked if it's an interview format, carrying forward the talk until the end of the episode in case of another formats.

2. Finalising a Topic: After an excessive time spent on research, it was time to settle on a topic. I went for a topic that has a relevance irrespective of a time or event. A podcast on social or environmental entrepreneurship is not only a vast subject to speak on but can also attempt on making a difference.
3. Podcast Format: Since I chose a theme of topic such as the social entrepreneurship, it was only apt to go for an interview format wherein I invite different organisations to speak about their journeys and innovations or start-ups.
4. Understanding Audience Target: Before I could begin with preparing questions to be asked to my guests or finalising my guests, I had to understand the target audience based on which the questions could prove useful and valid. For instance, if the target audience of any podcast is 18-44, they would have to ask questions that this particular audience could either relate to or apply in their daily lives.

However, since my topic is so vast, the target audience is anybody listening as everybody today would want to hear about a topic such as social or environmental entrepreneurship or even want to take inspiration from it.

5. Reaching out to the Organisations / Foundations: I made use of my Instagram account to find entrepreneurs by posting a story. I received reverts and references through which I reached out to them and understood the work that they do. Other than this, my professors helped me with a few contacts and suggestions of some incredible entrepreneurs.

I reached out to each and understood their work as well as explained mine to them. Every firm was quite welcoming about this idea and gave it a go.

6. Preparing Questions: I prepared a set of 12-15 questions on each firm based on their work and cause. Questions other than these were asked based on their answers.
7. Recording: I used Anchor by Spotify to record the interviews as my guests were from all over India and it wasn't feasible to conduct a face-to-face interview.
8. Editing: I used Audacity to edit the interviews, add music where necessary, introduction, etc.

9. Scripting and Writing Introductions for each episode: After the episodes were ready, I wrote pieces of introduction for each episode and the podcast itself to add it on the platforms.
10. Artwork: I created an artwork inspired by the topic itself. The artwork I created is a show of different raised hands that symbols that everyone can be a changemaker.
11. Distribution: Through Anchor, the distribution of my podcast on different platforms such as Spotify, Google Podcasts, Etc. became much easier than I had imagined. I added all the required details on the Anchor app and within a week my podcast was live on more than 7 platforms.

#### **4. Difficulties Faced**

- Having no prior experience in producing a podcast, the first difficulty I faced was to decide where to start – whether to decide the format or to select a topic, what topic could attract the audience, how would my podcast reach the platforms, etc.
- Once I had decided on the topic, it took me time on finalising the firms to interview as even though I had multiple options, to reach out and take a face-to-face interview in times such as this pandemic was quite a hurdle. Fortunately, I was able to take virtual interviews at the end of it all.
- Virtual interviews, however, has its own drawbacks. The technical issues were one of the biggest difficulties faced. I had to try and interview one firm for a number of three times to get a good, uninterrupted episode.
- Since the technical issues were at peak, the editing part became even harder to handle since the cuts and add-ons were endless.

I believe my only difficulties were the above mentioned as once I had the episodes edited and ready, it was a very easy ride through the Anchor app. Also, I was grateful to have had the guidance of my Prof. Swapnaja Ma'am; and my guests, too, were unbelievably cooperative and warm.

## **5. About Changemaker's Cassette**

Changemaker's Cassette chats with social entrepreneurs who have dedicated their lives to making an impact in the society or the world as a whole. Each episode will talk you through the stories, journeys, ideas and tips from some of the most creative and impactful foundations with one – on – one interviews hosted by Karina Rupani.

- For the first episode, Rudra Environmental Solutions speaks about their involvement in research of converting waste plastic into fuel technology. Since the inception, the company has been involved in research of converting waste plastic into fuel technology through TCD i.e. Thermo Catalytic Depolymerisation Process. The first pilot plant was established in March 2010, second-generation plant in 2013 and now its patented third generation plant is running successfully in company's own factory situated in Jejuri M.I.D.C. area, Pune, MHS, India.

The founder, Dr. Megha, other than the incredible impact the company is able to bring into the society or environment, also speaks about social or environmental entrepreneurship, her journey throughout, shares tips, ideas and advices, and a lot more...

- For the second episode, I spoke with the founder of Young India Foundation (YIF). The Young India Foundation (YIF), established in January 2017, is a nonpartisan national youth organization which primarily works on youth rights and their representation by recruiting and training young candidates for local level positions. It provides consultation and advocates for youth rights in India, which currently has over 600 million young people below the age of 25 in India.

Other than the impactful change that the foundation is able to bring into the electoral thinking process in the country, Sudhanshu also speaks on the depths of it, what needs to be done and how YOU can take up active participation in Indian politics.

- For the third episode, I invited a firm based out of Pune that is involved in creating sustainable societies by enhancing hygiene standards. PADCARE LABS aims to rebuild the way people experience washrooms. It is a futuristic and eco-friendly menstrual hygiene disposal solution centred on the dignity of womanhood.

Industrial Designer, Jesha Shah talks in detail about the firm, their journey, menstrual hygiene and how it affects society and the environment.

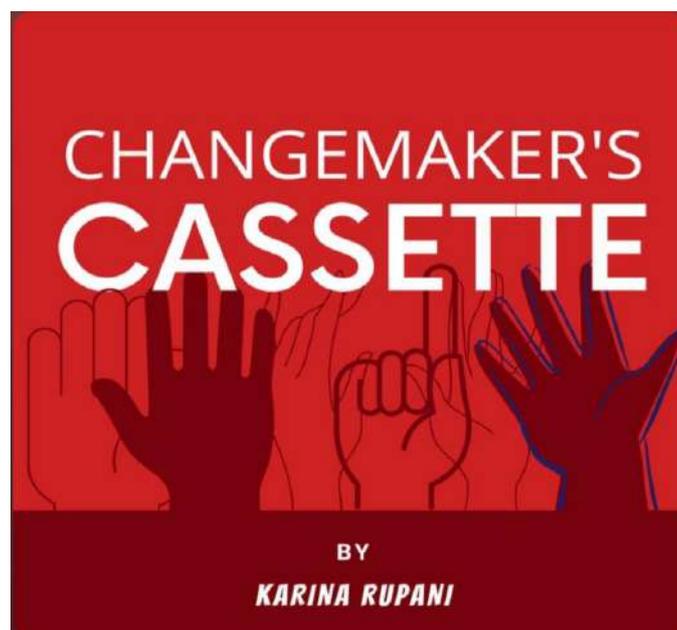
- For the fourth episode, I invited the founders of ASAR, Association for Socially Applicable Research that are into social problem-solving through research, awareness, and action, to talk about their journey and how the firm is helping the society form opinions that are well informed.

Founders Surabhi Dharmadhikari, Siddhesh Zadey and Sweta Dubey shared their insights on how they believe that public discourse driven by evidence and values is the only way ahead for a better India.

- For the fifth episode, I spoke with Dr. Shardul Garud, a dentist from Pune who went out of his way from treating dental problems to the COVID – 19 testing problems in the city. Pune city was the most affected city in the state of Maharashtra and soon, in the country. While the city was in a chaos with infections not known to any, he took upon himself, to not only help its people out of this but also got them tested.

Other than his incredible and impactful drive/initiative, Dr. Shardul also spoke on social entrepreneurship and what one must take into consideration in order to lead a successful social drive.

## **6. Artwork**

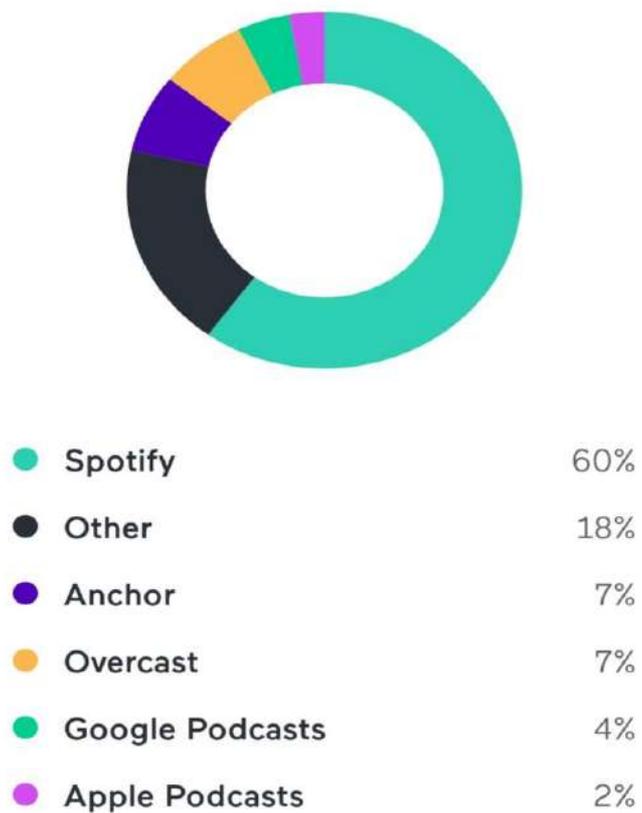


## 7. Listening Platforms

Changemaker's Cassette is available on:

1. Spotify
2. Anchor
3. Overcast
4. Google Podcasts
5. Apple Podcasts
6. Breaker
7. PocketCasts
8. RadioPublic

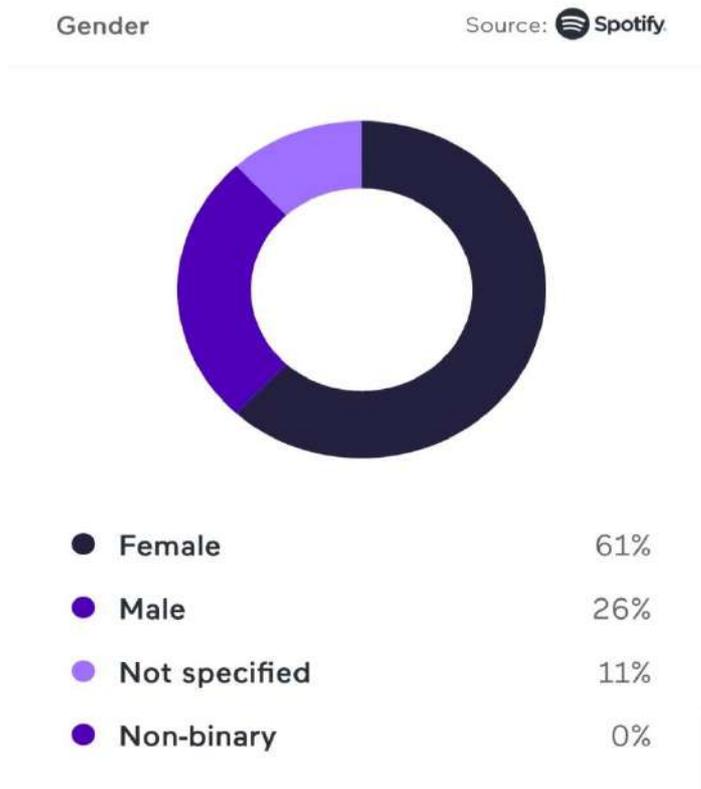
Listening platforms



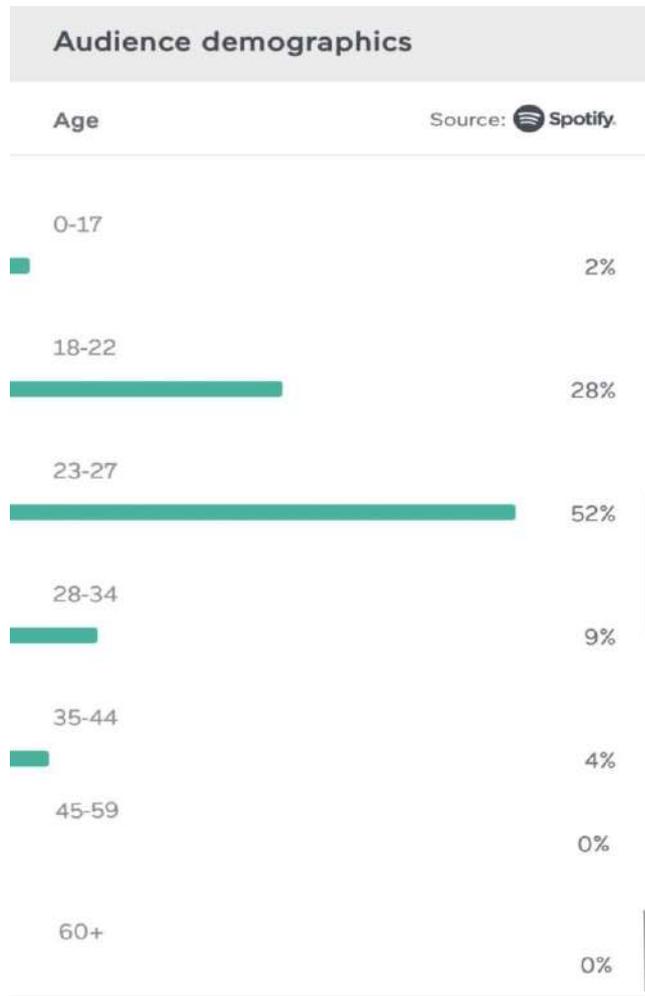
## 8. Audience's Geographic Region



## 9. Audience Demographics: Gender



## 10. Audience Demographics: Age



## 11. Conclusion

The main reason why podcasts are important as much as they are popular is that they allow their audience to save time. People listen to audio blogs at home, in a car, while walking around or working out. Podcasting allows you to build a stronger relationship with your audience, faster.

When you have a podcast, you have your own scalable stage and I am grateful to have had an opportunity to not only learn something new but also create it.

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**A**  
**PROJECT REPORT**  
**ON**  
**SECURITIES AND EXCHANGE OF BOARD INDIA**  
**SUBMITTED TO**  
**SAVITRIBAI PHULE PUNE UNIVERSITY**  
**IN PARTIAL FULFILMENT OF THE COURSE**  
**BACHELOR OF BUSINESS ADMINISTRATION**  
**BY**  
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**SEAT NO :-20646**  
**B.B.A. Sem-III**  
**UNDER THE GUIDANCE OF PROJECT GUIDE**  
**Asst. Prof. Snehal H. Borkar**  
**MARATHAWADA MITRA MANDAL's COLLEGE OF**  
**COMMERCE, PUNE 302/A, DECCAN GYMKHANA, PUNE-**  
**411004**  
**YEAR 2020-21**



“ येथे बहुतांचे हित ”

## DECLARATION

This is to certify that the project-work titled “**SECURITIES AND EXCHANGE BOARD OF INDIA**”, has been completed satisfactorily and submitted in partial fulfilment of Bachelor Degree in Business Administration of Savitribai Phule Pune University for the academic year 2020-2021 by the following student of MARATHAWADA MITRA MANDAL’s COLLEGE OF COMMERCE, PUNE 411004. My intention to understanding this project lies towards enhancing my knowledge in the field of Financial Management.

**PROJECTOR GUIDE**

**B.B.A.CO-ORDINATOR**

**PRINCIPAL**

**Asst. Prof. Snehal Borkar**

**Dr. Ashwini Kulkarni**

**Dr. Devidas Golhar**

## **ACKNOWLEDGEMENT**

I would like to express my sincere thanks to the Savitribai Phule Pune University and Principal- Dr DEVIDAS GOLHAR, Co-Ordinator of Department- Dr. ASHWINI KULKARNI, and Marathwada Mitra Mandal's college of Commerce for giving me the opportunity to prepare and present this report.

“There is a good saying that the work is successfully completed if the person is guided properly at the right time by the right person”, with that the good opportunities that we receive as well as the efficient supervision and the most valuable the internal guidance.

Hereby, I would like to express my deep gratitude towards our ‘Asst. Prof. SNEHAL BORKAR, who helped and guide me in project work. Her encouragement and whole-hearted co-operation throughout the progress helped me in completion of project.

Last but not the least I would like to thank my family and friends for their encouragement and direct or indirect support in completion of the project.

**(Prathamesh Vilas Wagh)**

## **SYBBA (Finance)**

### **Part A :Report On Guest Lecturer**

#### **AGENDA OF LECTURE**

- HOW TO DO CYBER CRIME
- DIGITAL EVIDENCE
- HOW TO PROTECT
- MAJOR CASES HANDLE

In the Technology Era, Cyber Security has become inevitable. With a motive, to Create awareness to students and staff, BBA Department has organized Guest Lecture on “Cyber Security”.

**Speaker :** Adv.Dattatray Bhagwan Dhainje

**Designation :** cyber expert &Advocate

**Venue:** Marathwada mitra mandal college of commerce

The Guest Lecture embarked by Prof . snehal mam giving a brief introduction of Adv.dattatray bhagwan dhainje to the audience dhainje sir, initiated the talk by emphasis on The significance of Data. He voice that the next World War will be only for Cyber Data. His Talk geared on various facets of Cyber Stalking, Extortion, Spoofing, Cyber Crimes and Cyber Forensics. He discussed about crime investigation case studies. His talk pursued about Privacy Policy for various applications that are freely available. He catered usage of Disposable Email Accounts and explained the importance of it. Mr dhainje sir discussed the NETIQUETTES – the network etiquette, the do’s and don’ts of online communication. He Discussed both common courtesy online and the informal “rules of the road” of cyberspace. The students of Digital World must be equipped with proper knowledge about the job Opportunities in this field. Prospective Employment Careers in this Cyber Security are still in Disguise. He gave a deep insight on various technical jobs for professionals in Cyber Security To our students. He gave information about various Universities and Courses in India that Give Certification required in this field. His talk concluded with usage of security Countermeasures from AdBlock Plus, Dumpster, ChatSecure.org,

VirusTotal.com, Donottrackme and others. The talk ended with young minds with an urge for Privacy and Security in Mobiles and Cyber World and take precautions to safe guard against cyber Crimes.

IT plays crucial role in personal lives and business. Technological innovation is an evolutionary process. Personally the researcher also finds IT to be interesting, intriguing and powerful, at a same time challenging, confusing and risky. As well as there are inherent challenges to the field of IT Security. Pune, the IT hub is also suffering due to cybercrimes and variety of security issues. Obviously better and smarter defensive systems will help, though it must also be noted that in the cyber world, hackers always tend to keep a step or two ahead of large outfits. Being a source of large infrastructural facilities and environmental factors Pune city continuously growing. Including colleges, institutes offering various courses and corporate sector from manufacturing industries to IT sector are giving the first preference to Pune city. In today's internet world almost all are connected globally. This global connectivity now emerging as a biggest challenge for the law enforcers to secure the society from cyberattacks. In this research paper researchers have share the cybercrime scenario along with different types of cybercrimes and their analysis based on IT act and IPC.

### **What is cybercrime?**

Cybercrime is criminal activity that either targets or uses a computer, a computer network or A networked device. Most, but not all, cybercrime is committed by cybercriminals or hackers who want to make Money. Cybercrime is carried out by individuals or organizations. Some cybercriminals are organized, use advanced techniques and are highly technically Skilled. Others are novice hackers. Rarely, cybercrime aims to damage computers for reasons other than profit. These could be Political or personal.

### **Types of cybercrime**

Here are some specific examples of the different types of cybercrime:

- Email and internet fraud.
- Identity fraud (where personal information is stolen and used).
- Theft of financial or card payment data.
- Theft and sale of corporate data.

- Cyberextortion (demanding money to prevent a threatened attack).
- Ransomware attacks (a type of cyberextortion).
- Cryptojacking (where hackers mine cryptocurrency using resources they do not own).
- Cyberespionage (where hackers access government or company data). Most cybercrime falls under two main categories:
  - Criminal activity that targets
  - Criminal activity that uses computers to commit other crimes.

Cybercrime that targets computers often involves viruses and other types of malware. Cybercriminals may infect computers with viruses and malware to damage devices or stop them working. They may also use malware to delete or steal data.

The term „cyber“ is derived from the word „cybernetics“ which means science of communication and control over machine and man. Cyberspace is the new horizon which is controlled by machine for information and communication between human beings across the world. Therefore, crimes committed in cyberspace are to be treated as cybercrimes. In wider sense, cybercrime is a crime on the Internet which includes hacking, terrorism, fraud, gambling, cyber stalking, cyber theft, cyber pornography, flowing of viruses etc. Cybercrime means unlawful act wherein the computer is either a tool or a target or both Any use of a computer as an instrument to further illegal ends, such as committing fraud, trafficking in child pornography and intellectual property, stealing identities or violating privacy. Cybercrime is defined as a crime in which a computer is the object of the crime (hacking, phishing, spamming etc.) or is used as a tool to commit an offense.

Cybercrime is also known as crime against an organization or an individual in which the perpetrator of the crime uses a computer or any computer enabled technology for all or part of the time. Cybercrime is evolving as a serious threat. Worldwide governments, police departments and intelligence units have started to react. Initiatives to control cross border cyber threats are taking shape. Indian police has initiated special cyber cells across the country and have started educating the personnel. Introducing the cyber law in India helps to reduce the cybercrimes to some extent, through cyber law many people get arrested and they are now behind the bars but the frequency of incidences leaves significant impact on the society. Cybercrime security system requirements are continuously increasing everyday as crimes rate is swelling

**Examples of cybercrime :**

So, what exactly counts as cybercrime? And are there any well-known examples?

In this section, we look at famous examples of different types of cybercrime attack used by Cybercriminals. Read on to understand what counts as cybercrime.

## How to protect yourself against cybercrime

- So, now you understand the threat cybercrime represents, what are the best ways to protect
- your computer and your personal data? Here are our top tips:
- Keep software and operating system updated
- Keeping your software and operating system up to date ensures that you benefit from the
- latest security patches to protect your computer.
- Use anti-virus software and keep it updated
- Using anti-virus or a comprehensive internet security solution like Kaspersky Total
- Security is a smart way to protect your system from attacks.
- Anti-virus software allows you to scan, detect and remove threats before they become a
- problem. Having this protection in place helps to protect your computer and your data from
- cybercrime, giving you piece of mind.
- If you use anti-virus software, make sure you keep it updated to get the best level of
- protection.
- Use strong passwords
- Be sure to use strong passwords that people will not guess and do not record them anywhere.
- Or use a reputable password manager to generate strong passwords randomly to make this
- easier.
- Never open attachments in spam emails



Primary data of 510 internet users has been collected from the four different zones of Pune on the basis of number of internet users in Pune according to IMEI report-20116 . Sample size selection was made on the basis of „Morgan“ table7 using multistage stratified random sampling8 . Secondary data was collected from the website of National Crime Record Bureau. Data analysis has been performed using SPSS21 and Microsoft excel.

## **CYBERCRIME CLASSIFICATION**

Cybercrimes on the basis of nature and divergent types of attacks are classified into following main categories. Knowingly or unknowingly internet users becoming the victims of different types cyber-attacks. These attacks may vary in nature and their impact moreover it difficult to understand these attacks.

Crimes against individual:- These are the crimes against person, against property of an individual are included. Against persons include harassment through e-mail, cyber stalking, dissemination of obscene material on the Internet, defamation, hacking / cracking and by indecent exposure. Cybercrimes against property of an individual include computer vandalism, transmitting virus, Internet intrusion, unauthorized control over computer system and hacking / cracking etc.

Crimes against organizations:- Includes crimes against government, private firm, company, group of individual etc. These crimes can be made by hacking and cracking, by possession of unauthorized information and through cyber terrorism against the government organization. Distribution of pirated softwares also covered under these attacks

Crimes against property- Involve credit card frauds, crimes related to intellectual property and internet time theft etc.

Crimes against society:- These crimes not only affect individual or any organization but the society at large. They include Pornography (especially child pornography), polluting the youth through indecent exposure and trafficking etc.

Cybercrimes emanating from UseNet newsgroups :- These attacks may carry very offensive, harmful, inaccurate or otherwise inappropriate material, or in some cases posting have been mislabeled or are deceptive in another way<sup>10</sup> .

## **CONCLUSION**

Cybercrimes are varying in its nature due to enhancement in technologies. Due to diversified nature it is difficult to identify the cybersecurity problems which leads to unawareness on security issues. The proliferation in registering the cybercrimes under various sections of IT act and IPC shows the severity of such cyber threats however most of the cases were still unreported because of various reasons. Considering this scenario security and awareness training model towards public security will be developed in preliminary phase. In next phase of the research a tool will be designed with the implementation of multilayer security algorithm.

**PART B**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

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## **1. ABSTRACT**

SEBI refers to Securities and Exchange Board of India (SEBI). The present investigation is to know the client mindfulness about investor protection Act and furthermore investor satisfaction against protection. Despite the fact that SEBI has enacted an act to ensure the investor, it isn't up to the level of investor satisfaction. In this setting we have distinguished a hole between investor protection guidelines and investor grievances.

## 2. INTRODUCTION

Securities and Exchange Board of India (SEBI) was set up with an unmistakable mandate to ensure the enthusiasm of financial specialists in securities showcase and have initiated a number of measures in this respect to protect the interest of investors in securities market. Essentially, while remarking upon the rebuilding of speculators' certainty, Gupta (1998) inspected different measures utilized for their security. He upheld that blue chip organizations be urged to issue new value offers to retail financial specialists at a sensible low cost to profit them since the free evaluating has taken an overwhelming toll on the reserve funds of speculators. He upheld for giving way out course to little speculators of the outdated organizations and further related these measurements with the ascent in financial specialists' certainty especially with Secondary Market exercises. Then again, Aggarwal (2001) expounded different financial specialist insurance measures and exposure necessities for essential and optional markets, sorts of speculator grievances and redressal. He endeavoured to educate the financial specialist about the methodology for influencing an application to Company Law To board for infringement of his rights by organizations. He examined in his book most recent improvements in securities showcase identified with speculator insurance measure and identified with reasonable corporate administration standards for every recorded organization and different measures to guarantee straightforwardness and better divulgence homes. Himmelberg, and Hubbard (2004) talked about the impact of financial specialist security on the cost of capital and the conceivable exchange off between the two. The paper researched the cost of capital in a model with financial specialist security and the conceivable clash between within administrators and outside investors. The creators were of the view that at whatever point there was a feeble speculator assurance, there was high centralization of inside value proprietorship (value possession with the promoters/chiefs). Also, higher the centralization of inside possession, higher would be the cost of capital. These two outcomes were closed from an example of firms crosswise over 38 nations over the globe. Association of Private Clients Investment Managers and Stock Brokers, London (APCIMS) (2002) contemplated the financial specialist security, straightforwardness and speculator instruction in US. The examination found that from the point of view of the assurance of financial specialist, he is best secured on the off chance that he can pick the administrations that he needs and the conditions that he expects in an all around managed and straightforward commercial center, where there are adequate number of options accessible to him. Limitations cause imposing business model and result into the diminished rivalry and higher cost of proprietorship. The examination watched that International Journal of Pure and Applied Mathematics Special Issue 530 individual financial specialist ought to perceive his duties, e.g., think about the market, make inquiries, and understand their proposed activities before entering the market. Castro et al. (2002) watched that financial specialist insurance encourages monetary development in an economy since it guarantees constant stream of capital. The paper anticipated that constructive outcome of speculator assurance on development is bigger for nations that force bring down

limitations on capital inflows, subsequently, they upheld for better financial specialists security laws. A correlation of Indian and South Korean market has been taken in the investigation where in it has been discovered that the two nations have set significant confinement of capital streams and India has better ensured the enthusiasm of financial specialist than Korea. The investigation inferred that better financial specialist insurance condition prompts quicker capital aggregation. Sinha (2002) gave subtle elements of different changes comprising of measures keeping in mind the end goal to change, manage and create Indian Securities Market. The creator focused on that these measures would assemble ability of middle people to benefit financial specialists enough, engage controllers and Self-Regulatory Organizations (SROs) to rebuff the guilty parties quickly, make establishments to change the grievances of speculators viably and enhance corporate administration. He additionally referred to different changes in securities showcase since the time of 1990s and from there on, for enhancing the financial specialists' certainty. The main aim of this study is to identify whether the SEBI takes measures to prevent investors who invests in share market and saves them.

### 3. SEBI PROFILE

SEBI is a statutory regulatory body established on the 12th of April, 1992. It monitors and regulates the Indian capital and securities market while ensuring to protect the interests of the investors formulating regulations and guidelines to be adhered to. The head office of SEBI is in Bandra Kurla Complex, Mumbai.

#### Structure of SEBI

SEBI has a corporate framework comprising various departments each managed by a department head. There are about 20+ departments under SEBI. Some of these departments are corporation finance, economic and policy analysis, debt and hybrid securities, enforcement, human resources, investment management, commodity derivatives market regulation, legal affairs, and more.

The hierarchical structure of SEBI consists of the following members:

- The chairman of SEBI is nominated by the Union Government of India.
- Two officers from the Union Finance Ministry will be a part of this structure.
- One member will be appointed from the Reserve Bank of India.
- Five other members will be nominated by the Union Government of India.

#### Functions of SEBI

- SEBI is primarily set up to protect the interests of investors in the securities market.
- It promotes the development of the securities market and regulates the business.
- SEBI provides a platform for stockbrokers, sub-brokers, portfolio managers, investment advisers, share transfer agents, bankers, merchant bankers, trustees of trust deeds, registrars, underwriters, and other associated people to register and regulate work.
- It regulates the operations of depositories, participants, custodians of securities, foreign portfolio investors, and credit rating agencies.
- It prohibits inner trades in securities, i.e. fraudulent and unfair trade practices related to the securities market.
- It ensures that investors are educated on the intermediaries of securities markets.
- It monitors substantial acquisitions of shares and take-over of companies.
- SEBI takes care of research and development to ensure the securities market is efficient at all times

## 4. OBJECTIVES OF STUDY

The fundamental objective of SEBI is to safeguard the interest of all the parties involved in trading. It also regulates the functioning of the stock market. SEBI's objectives are:

- To monitor the activities of the stock exchange.
- To safeguard the rights of the investors
- To curb fraudulent practices by maintaining a balance between statutory regulations and self-regulation.
- To define the code of conduct for the brokers, underwriters, and other intermediaries.

The main objectives of SEBI are:

### 1) Regulation of Stock Exchanges:

The first objective of SEBI is to regulate stock exchanges so that efficient services may be provided to all the parties operating there.

### 2) Protection to the Investors:

The capital market is meaningless in the absence of the investors. Therefore, it is important to protect the interests of the investors.

The protection of the interests of the investors means protecting them from the wrong information given by the companies in their prospectus, reducing the risk of delivery and payment, etc. Hence, the foremost objective of the SEBI is to provide security to the investors.

### 3) Prevention of Stock Exchange:

To combat the malpractice in trading of securities was the basic reason for the establishment of SEBI. Malpractice such as insider trading violation of rules and regulations, non-adherence to companies Act. Etc. erodes the confidence of

investors. SEBI aims at checking these malpractice by creating a balance between the self regulation of a business and the legal statutory regulations.

#### 4) Code to conduct :

Through efficient regulation, SEBI aims at developing a code of conduct for fair trade practice by intermediaries such as brokers merchant bankers, underwriters, etc. this helps in making them competitive and professional .

#### 5) Checking the Insider Trading:

Insider trading means the buying and selling of securities by those people's directors Promoters, etc. who have some secret information about the company and who wish to take advantage of this secret information.

This hurts the interests of the general investors. It was very essential to check this tendency. Many steps have been taken to check inside trading through the medium of the SEBI.

#### 6) Control over Brokers:

It is important to keep an eye on the activities of the brokers and other middlemen in order to control the capital market. To have a control over them, it was necessary to establish the SEBI.

## 5. THEORETICAL BACKGROUND OF SEBI

Securities and Exchange Board of India (SEBI) was first established in 1988 as a non-statutory body for regulating the securities market. It became an autonomous body on 12 April 1992 and was accorded statutory powers with the passing of the SEBI Act 1992 by the [Indian Parliament](#). SEBI has its headquarters at the business district of [Bandra Kurla Complex](#) in [Mumbai](#) and has Northern, Eastern, Southern and Western Regional Offices in [New Delhi](#), [Kolkata](#), [Chennai](#), and [Ahmedabad](#) respectively. It has opened local offices at [Jaipur](#) and [Bangalore](#) and has also opened offices at [Guwahati](#), [Bhubaneswar](#), [Patna](#), [Kochi](#) and [Chandigarh](#) in Financial Year 2013–2014.

Controller of Capital Issues was the regulatory authority before SEBI came into existence; it derived authority from the Capital Issues (Control) Act, 1947.

The SEBI is managed by its members, which consists of the following:

- The chairman is nominated by the Union Government of India.
- Two members, i.e., Officers from the Union Finance Ministry.
- One member from the [Reserve Bank of India](#).
- The remaining five members are nominated by the Union Government of India, out of them at least three shall be whole-time members.

After the amendment of 1999, collective investment schemes were brought under SEBI except [nidhis](#), chit funds and cooperatives.

## 6. ANALYSIS AND INTERPRETATION OF DATA OF SEBI

1. How the research analysts are regulated in India?

The SEBI (Research Analysts) Regulations, 2014 (“RA Regulations”) were notified on September 01, 2014. The RA Regulations have come into effect from December 01, 2014. The regulations specify conditions for registration, certification, limitations on trading by research analysts, limitations on compensations of research analyst, various disclosures to be made during public appearance and during making recommendations through public media, code of conduct, records to be maintained, manner of conducting inspection, etc. The RA Regulations are available on the SEBI website [www.sebi.gov.in](http://www.sebi.gov.in).

2. What is the transition period provided for the existing persons acting as research analyst or research entity for obtaining registration under RA Regulations?

Transition period of six months from the date of commencement of RA Regulations has been provided to the existing persons acting as research analyst or research entity before commencement of the RA Regulations to comply with certification, qualification, segregation of research activity from other activities, etc. However, they are required to file an application for grant registration within the said period of six months from the commencement of the regulations i.e. December 01, 2014, to continue to do so thereafter. Such persons who have made applications for grant of registration can continue to do so till the disposal of the application. The person who fails to file an application for grant Page 2 of 12 of registration within the aforesaid time period of six months from the commencement of the regulations, shall stop acting as research analyst. If any person found to be acting as research analyst without making an application for grant of registration under RA regulations after expiry of such period i.e. May 31, 2015, appropriate action as deemed fit, under SEBI Act, 1992 may be initiated.[Ref. Regulation 3(1)].

3. Whether the individuals employed as research analyst with an entity are required to obtain registration certificate under RA Regulations?

No. Individuals employed as research analyst with an entity are not required obtain registration certificate from SEBI. The research entity which employs individuals as research analysts is required to obtain registration certificate under RA Regulations. The individuals employed as research analyst by research entity are required to comply with qualification and certification requirements as specified in the regulations. The trading limitations prescribed under the regulations are applicable to them.[Ref Regulation 7 and 16]

4. Whether the personnel involved in publication activities like marketing and editing are covered under the definition of Research Analyst under RA Regulations.

The RA Regulations do not cover personnel engaged in clerical activities/marketing activities, back office assistance, support services, etc, in relation to publication and/or distribution of research report. As per the regulations, “research analyst” means a person who is primarily responsible for,- i. preparation or publication of the content of the research report; or ii. providing research report; or iii. making 'buy/sell/hold' recommendation; or iv. giving price target; or v. offering an opinion concerning public offer, with respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis. Explanation.-The term also includes any associated person who reports. Page 3 of 12

5. What are all the communications excluded from the definition of research report?

"Research report" does not include the following communications:- i. comments on general trends in the securities market ii. discussions on the broad-based indices; iii. commentaries on economic, political or market conditions; iv. periodic reports or other communications prepared for unit holders of Mutual Fund or Alternative Investment Fund or clients of Portfolio Managers and Investment Advisers; v. internal communications that are not given to current or prospective clients; vi. communications that constitute offer documents or prospectus that are circulated as per regulations made by SEBI vii. statistical summaries of financial data of the companies viii. technical analyses relating to the demand and supply in a sector or index ix. any other communication which SEBI may specify from time to time [Ref. Regulation 2(1)(w)]

7. Whether technical analysis is exempted under the purview of the RA Regulations?

Making buy/sell/hold recommendation on individual stocks based on the technical analysis is not exempted under the purview of the RA Regulations. However, technical analyses relating to the demand and supply for a particular sector or index is exempted from the purview of the RA Regulations. [Ref. Regulation 2(1)(w)]

8. What are all communications excluded under periodic reports as per definition of research report?

Periodic reports such as sending financial account statements, annual reports and any other communication as required under the specific regulations prepared for unit holders of Mutual Fund or Alternative Investment Fund or clients of Portfolio Managers and Investment Advisers are excluded from the definition of research report under RA Regulations.

9. Does RA Regulations cover only equity and equity linked securities?

No. RA Regulations covers all the securities as defined under clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956. Page 4 of 12

10. Who are all covered under the definition of Research Entity?

Intermediaries registered with SEBI who is engaged in merchant banking or investment banking or brokerage services or underwriting services and issue research report or research analysis and other intermediaries to whom there is no specific exemption under RA Regulations are covered under the definition of research entity. Accordingly, SEBI registered Stock Brokers, Merchant Bankers and Underwriters and other intermediaries except those who are exempted from making application under RA Regulations are required to make application for grant of registration under RA Regulations, if they are engaged in issuance of research reports or research analyses. [refer to Regulation 2(v) for the definition of research entity]

10. Who is an independent research analyst?

"Independent research analyst" means a person whose only business activity is research analysis or preparation and/or publication of research report and includes individuals engaged in providing research services without being employed with any research entity(intermediary) and entities other than SEBI registered intermediaries who are engaged in research activities. [refer to Regulation 2(h)]

## 7 . FINDINGS OF SEBI

Securities and Exchange Board of India (SEBI) was first established in 1988 as a non-statutory body for regulating the securities market. It became an autonomous body on 12 April 1992 and was accorded statutory powers with the passing of the SEBI Act 1992 by the [Indian Parliament](#). SEBI has its headquarters at the business district of [Bandra Kurla Complex](#) in [Mumbai](#) and has Northern, Eastern, Southern and Western Regional Offices in [New Delhi](#), [Kolkata](#), [Chennai](#), and [Ahmedabad](#) respectively. It has opened local offices at [Jaipur](#) and [Bangalore](#) and has also opened offices at [Guwahati](#), [Bhubaneswar](#), [Patna](#), [Kochi](#) and [Chandigarh](#) in Financial Year 2013–2014.

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After the amendment of 1999, collective investment schemes were brought under SEBI except [nidhis](#), chit funds and cooperatives.

## **8 . CONCLUSION**

The establishment of the SEBI Act inside the setting of different statutes, for example, the Companies Act, Depositories Act and Securities Contracts Regulation Act has given a solid administrative structure to the Indian market. In this manner a significant part of the development of the Indian market can be credited to the strong procedures for issuance, estimating, distribution and posting of securities empowered by SEBI. Reinforcing SEBI's energy in the investigative, managerial and lawful parts of implementation would empower it to quickly address legitimate difficulties, for example, those looked amid dematerialisation or revelation necessities.

Later on, SEBI ought to receive more straightforwardness to increase higher open certainty.

## **9. REFERENCES**

- 1] [www.SEBI gov.in](http://www.SEBI.gov.in) @page no. 11, 15, 18
- 2] A peoples stock market in india (THE STOCK EXCHANGE BOMBAY 1979)  
@page no. 12,14,
- 3] Present conditions of stock market and new guidlience given by SEBI  
(BOMBAY STOCK EXCHANGE 2020)

**PART C**  
**EXPERIENTIAL LEARNING**

## **1. SAVING ACCOUNT:**

A savings account is an interest-bearing deposit account held at a bank or other financial institution. Though these accounts typically pay a modest interest rate, their safety and reliability make them a great option for parking cash you want available for short-term . In simple terms, a savings account is a bank-offered service, which allows you to store your money while earning interest on your contributions.

A savings account is an interest-bearing deposit account held at a bank or other financial institution. Though these accounts typically pay a modest interest rate, their safety and reliability make them a great option for parking cash you want available for shrt term Savings accounts pay interest on money in your account.

As a result, your bank will make small additions to your account, typically every month. The interest rate depends on economic conditions and your bank's desire to compete with other banks.

## Deposit slip :

A deposit slip is a small paper form that a bank customer includes when depositing funds into a bank account. A deposit slip, by definition, contains the date, the name of the depositor, the depositor's account number, and the amounts being deposited. The deposit slip works as a proof for the bank acknowledging the payment received from the customer.

Upon entering a bank, a customer can find a pile of deposit slips with designated fields to fill in the required information to complete the deposit process.

**पंजाब नेशनल बैंक**  
Punjab National Bank

₹ 50,000 तक अधिक की नकद जमा हेतु दिन द्वारा संभव /  
For Cash Deposit of Rs. 50,000/- & Above

ब्रांच / Branch: **Nanyangon** तिथि / Date: **20/12/2026**

व्यक्ति / नाम / नकद जमा / कार्ड / क्रेडिट कार्ड / सांख्यिक खाता संख्या / बैंकिंग कार्ड संख्या /  
SP/CAOD/CREDIT/UL/ A/c No./Credit Card No.

नकद जमा/CASH DEPOSIT

मूल्य वर्ग/संख्या Notes No.	₹	₹. P.
2000 X		
500 X		
200 X		
100 X		
50 X		
20 X		
10 X		
5 X		
Coins		

कुल/Total: ₹ 10000/-

नाम/Name: **Prathameth vilas wagh**

दस्तावेज सं./मो. नं./Tel. No./Mobile No.:

पता/Address:

राशि शब्दों में/Total Amount(in words/Rupees): **Ten thousand only.**

चेक नं./Cheque No. / बैंक का नाम एवं शाखा/Name of Bank & Branch:

दस्तावेज सं./Transaction ID

किसी/Signature: **Prathameth vilas wagh**

कुल/Total: ₹ 10000/-

कैशियर/S/O

## DEPOSITE SLIP

The account number to which the funds must be transferred must be written at the bottom of the slip for a successful transfer. You must fill up the details in a deposit slip before you approach a bank teller to deposit funds. The slip also states if the deposit was made through cash, check, or if the depositor needs some cash from the check.

## WITHDRAWAL SLIP

A withdrawal slip is a bank document on which a person writes the date, account number and amount of money to withdraw from a bank. It is called a withdrawal slip because it is used to make a withdrawal from a person's account. A withdrawal slip is a bank document on which a person writes the date, account number and amount of money to withdraw from a bank.

It is called a withdrawal slip because it is used to make a withdrawal from a person's account. It includes important information that allows the bank to keep an accurate record of the withdrawal and provide the required amount.

<b>पंजाब नेशनल बैंक Punjab National Bank</b> (केवल मूल शाखा में प्रयोग हेतु) (USABLE AT BASE BRANCH ONLY)		यह फॉर्म चेक नहीं है। कृपया पास-बुक के साथ प्रस्तुत करें। This Form is not a cheque. Please present with the Pass Book	
रुपयें को/Pay to self the sum of ₹ <u>10,000/-</u>		दिनांक/Date <u>20-12-2020</u>	
मेरे/हमारे बचत निधि खाता सं. को नामें कर भुगतान करें। to the debit of my/our Savings Fund A/c No-		₹ <u>10,000/-</u>	
XXXXXXXXXX123		खाताधारक के हस्ताक्षर Sig. of A/c Holder नाम Name(s) <u>[Signature]</u>	
<b>कार्यालय के प्रयोग हेतु/For Office Use</b>			
ट्रां. आईडी/Trans. ID _____		श्री/श्रीमती/सुश्री/Pay to Sh./Smt./Ms. _____	
टोकन सं. Token No. _____		को ₹ _____	
श्री/श्रीमती/सुश्री/Pay to Sh./Smt./Ms. _____		का भुगतान किया।	
को ₹ _____		का भुगतान करें।	
परिचालक के हस्ताक्षर/Signature of Passing Officer _____		भुगतानकर्ता के हस्ताक्षर/Signature of Paying Official _____	

## WITHDRAWAL SLIP

## **2 . CURRENT ACCOUNT**

The current account deficit is a measurement of a country's trade where the value of the goods and services it imports exceeds the value of the products it exports. The current account includes net income, such as interest and dividends, and transfers, such as foreign aid, although these components make up only a small percentage of the total current account.

The current account represents a country's foreign transactions and, like the capital account, is a component of a country's balance of payments (BOP). The current account is one half of the balance of payments, the other half being the capital account. While the capital account measures cross-border investments in financial instruments and changes in central bank reserves, the current account measures imports and exports of goods, investments, payments received from investments abroad, and transfers such as foreign aid and remittances. Some countries will split the capital account into two top-level divisions (i.e., the financial account and the capital account).

In this context, the financial account measures increases or decreases in international ownership of assets, while the capital account measures financial transactions that do not affect income, production, or savings

## DEPOSITE SLIP:

A deposit slip is a small physical form that a bank customer includes when depositing money into a bank account. A deposit slip contains the date of deposit, the name of the depositor, the depositor's account number, and the amount being deposited. Additionally, deposit slips are often included in the back of checkbooks, which have the customer's account number and the bank routing number pre-painted on them.

<b>पंजाब नेशनल बैंक</b> Punjab National Bank		<b>पंजाब नेशनल बैंक</b> Punjab National Bank	
शाखा/Branch: <u>Namanganam</u>		शाखा/Branch: <u>Namanganam</u>	
दिनांक/Date: <u>20/11/2026</u>		दिनांक/Date: <u>20/11/2026</u>	
खाता नं./अ/c: <u>XXXXXXXXXXXXXXXXXXXX18</u>		खाता नं./अ/c: <u>XXXXXXXXXXXXXXXXXXXX18</u>	
नाम/Name: <u>Panthamesh vilas wagh</u>		नाम/Name: <u>Panthamesh vilas wagh</u>	
राशि/Amount: <u>10000/-</u>		राशि/Amount: <u>10000/-</u>	
राशि शब्दों में/Amount in words: <u>Ten thousand only</u>		राशि शब्दों में/Amount in words: <u>Ten thousand only</u>	
कुल/Total: <u>10000/-</u>		कुल/Total: <u>10,000/-</u>	
Cashier/SWO		Cashier/SWO	

## DEPOSITE SLIP

## WITHDRAWAL SLIP /CHEQUE :

A withdrawal slip is a written instruction to the bank to pay the said amount to the account holder. The funds are debited from the account number mentioned. Much like the deposit slip, a bank withdrawal slip is a record of your banking transaction. It helps the bank keep track of your withdrawals.

ओरियन्टल बैंक ऑफ कॉमर्स  
ORIENTAL BANK OF COMMERCE

नारायणगांव, तह. जुन्नार, जिला पुणे - 410504  
Narayangaon, Teh. Junnar, Dist. PUNE - 410504  
IFSC : ORBC0101656

VALID FOR THREE MONTHS FROM THE DATE  
D D M Y Y Y Y

या धारक को OR BEARER

PAY  
रुपये RUPEES

अदा करें ₹

क्या सं.  
A/c. No.

6562191044689

NTSP  
MSB/C

सभी शाखाओं पर देय PAYABLE AT ALL BRANCHES

Please sign above

704511 400221521 31

## WITHDRAWAL SLIP /CHEQUE

### 3.RTGS/NEFT FORM

Inter Bank Transfer enables electronic transfer of funds from the account of the remitter in one Bank to the account of the beneficiary maintained with any other Bank branch. There are two systems of Inter Bank Transfer – RTGS and NEFT.

Both these systems are maintained by Reserve Bank of India. RTGS- Real Time Gross Settlement - This is a system where the processing of funds transfer instructions takes place at the time they are received (real time). Also the settlement of funds transfer instructions occurs individually on an instruction by instruction basis (gross settlement). RTGS is the fastest possible interbank money transfer facility available through secure banking channels in India.

NEFT- National Electronic Fund Transfer - This system of fund transfer operates on a Deferred Net Settlement basis. Fund transfer transactions are settled in batches as opposed to the continuous, individual settlement in RTGS. Presently, NEFT operates in half hourly batches.

There will be 48 half-hourly batches every day. The settlement of first batch will commence after 00:30 hours and the last batch will end at 00:00 hours. The system will be available on all days of the year, on a 24 x 7 basis, including holidays

<b>पंजाब नैशनल बैंक</b> Punjab National Bank शा. का. / B.O.: <u>Narayanga</u> दिनांक / Date: <u>20/12/2020</u>		<b>आवेदन फार्म</b> APPLICATION FORM (जो लागू न हो उसे काट दें) Strike down which is not applicable		आरटीजीएस RTGS	एनईएफटी NEFT	ड्राफ्ट DRAFT	शा. का. / B.O.: <u>Narayanga</u> दिनांक / Date: <u>20/12/2020</u>	
कृपया नीचे बताये अनुसार Please issue draft on ₹ (in words) <u>Ten thousand only.</u>		का ड्राफ्ट जारी करें / आरटीजीएस/एनईएफटी द्वारा अंतरित करें पीछे दी गई सर्तों एवं शर्तों के अनुसार। / transfer through RTGS/NEFT for ₹ <u>10,000/-</u> as under as per terms & conditions mentioned overleaf.						
प्राप्त कैश / चेक / पेय ऑर्डर / request to debit / SFICA/OD/CC with ₹ <u>10,000/-</u> (Rupees in words: <u>Ten thousand</u> <u>only.</u> ) towards RTGS/NEFT/Draft		आरटीजीएस/एनईएफटी के लिए खाता सं./सम्प्राप्ति का नाम Account No. for RTGS/NEFT/ Name of Beneficiary		लाभकारी बैंक का नाम / Beneficiary Bank & Branch name	आरटीजीएस नं./ FSC No./ Branch Serial No.	राशि Amount ₹ <u>10,000/-</u>	कमीशन Comm. ₹	जोड़ Total ₹ <u>10,000/-</u>
प्राप्त संस्था / Account No.: <u>XXXXXX123</u> आईएफएस कोड / IFS Code: <u>XXXXXX123</u> प्राप्ति की तारीख / Date of Receipt: प्राप्ति का समय / Time of Receipt:		लाभकारी के खाते में की पुष्टि करें / Confirm Beneficiary's A/c No. XXXXXX XXXXXX XXXX123		कृपया रुपये की कुल राशि मेरे बचत निधि/बालू खाते/ओडी/सीडी खाता सं. के नामे डाल दें अथवा नकद/पूछ भाग पर दिये गये ब्योरे के अनुसार प्रस्तुत है / के नाम आहरित बैंक/पुस्तान आवेदा संस्था सलमन है। (जो लागू न हो उसे काट दें) Please debit the total amount ₹ <u>10,000/-</u> to my SFICA/OD/CC Account No. <u>XXXXXXXXXXXX123</u> or I lender ₹ _____ by cash (details overleaf) / enclose cheques/pay order No. _____ drawn on _____ (delete whichever is not applicable).				
केवल कार्यालय के प्रयोग के लिए / For official use only ट्रांजे आईडी/ यूटीआर सं. TXN ID/IUTR No.		आवेदक के हस्ताक्षर / Applicant's Sign. आवेदक का नाम / Applicant's Name पता / Address मो. सं. / Mobile No. अनुरोध समय / Time of Request		कर्मचारी / Cashier प्राधिकृत अधिकारी / Auth. Officer				

### RTGS/NEFT FORM

**A**  
**PROJECT REPORT**  
**ON**  
**(AWARENESS OF FINANCIAL LITERACY AMONG**  
**HOMEPRENEURS)**

**SUBMITTED TO**  
**SAVITRIBAI PHULE PUNE UNIVERSITY**  
**IN PARTIAL FULFILMENT OF THE COURSE**  
**BACHELOR OF BUSINESS ADMINISTRATION**  
**BY**

**(MEGHANA KRISHNAMURTHY RAMASWAMY)**

**SEAT NO:20629**

**B.B.A. Sem-III**

**UNDER THE GUIDANCE OF PROJECT GUIDE**

**Asst. Prof. Snehal H. Borkar**

**MARATHAWADA MITRA MANDAL's COLLEGE OF**  
**COMMERCE, PUNE 302/A, DECCAN GYMKHANA,**  
**PUNE-411004**

**YEAR 2020-21**



## DECLARATION

This is to certify that the project-work titled (**Awareness of financial literacy among homepreneurs**), has been completed satisfactorily and submitted in partial fulfilment of Bachelor Degree in Business Administration of Savitribai Phule Pune University for the academic year 2020-2021 by the following student of MARATHAWADA MITRA MANDAL's COLLEGE OF COMMERCE, PUNE 411004. My intention to understanding this project lies towards enhancing my knowledge in the field of Financial Management.

**PROJECT GUIDE**

**Asst. Prof. Snehal Borkar**

**B.B.A. CO-ORDINATOR**

**Dr. Ashwini Kulkarni**

**PRINCIPAL**

**Dr. Devidas Golhar**

## **ACKNOWLEDGEMENT**

I would like to express my sincere thanks to the Savitribai Phule Pune University and Principal- Dr DEVIDAS GOLHAR, Co-Ordinator of Department- Dr. ASHWINI KULKARNI, and Marathwada Mitra Mandal's college of Commerce for giving me the opportunity to prepare and present this report.

“There is a good saying that the work is successfully completed if the person is guided properly at the right time by the right person”, with that the good opportunities that we receive as well as the efficient supervision and the most valuable the internal guidance.

Hereby, I would like to express my deep gratitude towards our ‘Asst. Prof. SNEHAL BORKAR, who helped and guide me in project work. Her encouragement and whole-hearted co-operation throughout the progress helped me in completion of project.

Last but not the least I would like to thank my family and friends for their encouragement and direct or indirect support in completion of the project.

**(Meghana Krishnamurthy Ramaswamy)**

SYBBA (Finance)

# **INDEX**

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CYBER CRIME IN BANKING**

**(B) PROJECT**

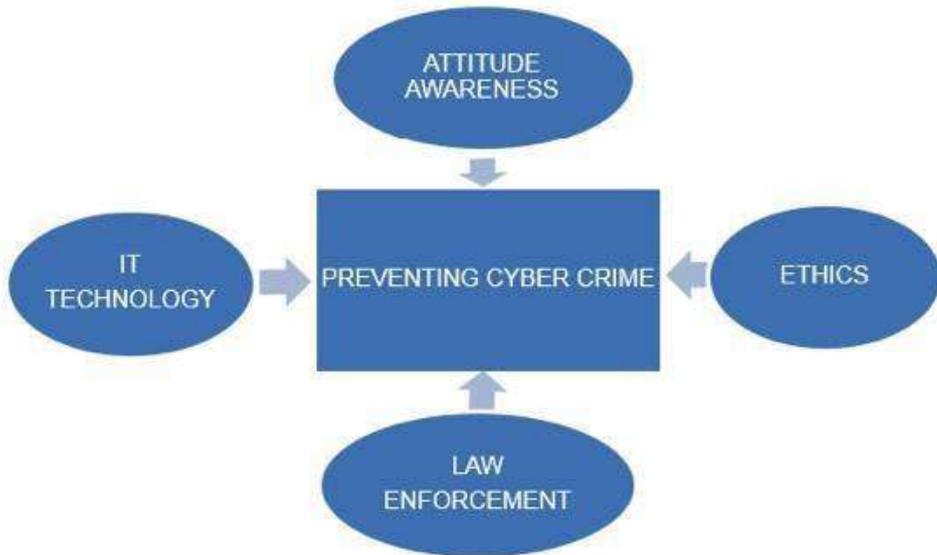
**a) AWARENESS OF  
FINANCIAL LITERACY  
AMONG HOMEPRENEURS**

**(C) EXPERIENTIAL LEARNING**

**(A) A REPORT ON GUEST LECTURE ON  
CYBER CRIME IN BANKING**

In the technology era, cyber security has become inevitable. With a motive, to create awareness to students, the MMCC college has organized a guest lecture on ‘**Cyber crime in banking**’.

<b>Speaker:</b>	Adv. Dattatray Bhagwan Dhainje
<b>Designation:</b>	Cyber expert and Advocate.
<b>Date &amp; Time:</b>	11 <sup>th</sup> December, 2020 Friday 10 am to 12 am
<b>Targeted Audience:</b>	Students of mmcc BBA department
<b>Co-ordinated by:</b>	Prof. Snehal Borkar
<b>Participants:</b>	50+ students





The Guest lecture embarked by prof. Snehal Borkar giving a brief introduction of Mr. Dattatray Bhagwan Dhainje to the students.

Mr. Dhainje has done B.E in Information Technology from Pune University with First class.

He has also done M.B.A in Technology from Savitribai Phule Pune University.

He also holds a 3<sup>rd</sup> rank in L.L.B from Savitribai Phule Pune University. He is also a Gold Medallist in Cyber from Savitribai Phule Pune University.

He has also completed his L.L.M with first class from Shankar Rao Chavan Law College Pune .

He is a PHD scholar from MNLU Nagpur.

Dhainje sir initiated the lecture by emphasis on the significance of data.

He stated that we should always choose multifactor authentication for logging to our Bank Account, Social Networking or all kinds of accounts which we are using on the virtual space.

- He also told that we should never share our bank credentials like Debit or Credit card details on browser or on any digital wallet.
- He stated that always use authenticated and genuine website which have https in the URL (address bar) and a lock icon in the address bar of the site.
- He emphasized on the fact that we should always keep our operating system and application software updated.
- We should always use a strong and long password which can be done with the help of password manager application. In password we should always use lowercase, uppercase, numbers, special character and change the password regularly after a certain time period.
- He also told that it is very essential to install licensed copy antivirus and firewall.
- We should always check our financial statements and credit report regularly.
- We should always be aware and stay away from key logger. Key loggers invade PCs in the same way other malwares do. They install when we

click on a file attachment that we have been duped into opening.

- We should also be aware of suspicious link and attachment and wrong names of government departments used on any website.

He stated that we should always keep backup of our computer and never forward a message without knowing the original source and authenticity of the message.

- We should never keep same passwords for all accounts.
- Never reply to Spam emails.
- On a Matrimonial sites while chatting with anyone never share your personal details like number, email-id, address, photos, etc. until you are sure that you have done a thorough background check.
- We should also never do any kind of financial transactions on matrimonial sites.
- Be very cautious about NRI profile.
- He stated that we should always keep location service turned OFF on our devices until it is necessary.
- He mentioned that we should always verify and install authenticated e-wallet apps directly from app store.
- Never pay for the job and always be aware of e-mails which offer jobs in exchange of money because such emails are spam.

- No organization/company ever asks for money to work for them.
- We should always keep our PIN secret and close our transaction before leaving the ATM and if there is any kind of suspicions then immediately cancel the transaction.
- Be aware that while swiping your debit card always enter the PIN yourselves never let the sales person to enter your PIN.

Always log off from online banking website/portal after completing an online transaction with your Debit/Credit card.

- And always delete the browsing data of your web browser.
- He mentioned a tip which is especially for girls. He also advised girls that not to talk to any person until you are sure that you know that person personally on a social media platform. He also said that girls should not share their personal information like number, address, photos with a stranger on social media.
- Never provide information to Unknown, Unverified, Unreliable, Unsolicited phone calls, messages or texts especially bank account number, OTP (One Time Pin), etc.

He provided very useful information on cybercrime which was very helpful.

He also explained the need and importance of technology in the banking sector.

NEED OF TECHNOLOGY:

- Information Technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets. Internet has significantly influenced delivery channels of the banks.

## IMPORTANCE OF TECHNOLOGY IN BANKING SECTOR:

- Internet has emerged as an important medium for delivery of banking products and services. Banking environment has become highly competitive today.
  - To be able to survive and grow in the changing market environment banks are going for the latest technologies, which is being perceived as an ‘enabling resource’ that can help in developing learner and more flexible structure that can respond quickly.
- To the dynamics of a changing market scenario. It is also viewed as an instrument of cost reduction and effective communication with people and institutions associated with the banking business.

He also explained about SWIFT (society for worldwide interbank financial telecommunications):

- SWIFT is the way the world moves value. We do this every single day, right across the world. No other organization can address the scale, precision, pace and trust that it demands.
- SWIFT is unique. We were established to find better way for the global financial community to move value-a reliable, safe and secure approach that the

community can trust, completely. We have constantly evolved in an everchanging landscape, without undermining that trust. Nearly five decades on, our vibrant community reflects the complexity and diversity of the financial ecosystem.

**(B) AWARENESS OF FINANCIAL LITERACY AMONG  
HOMEPRENEURS**



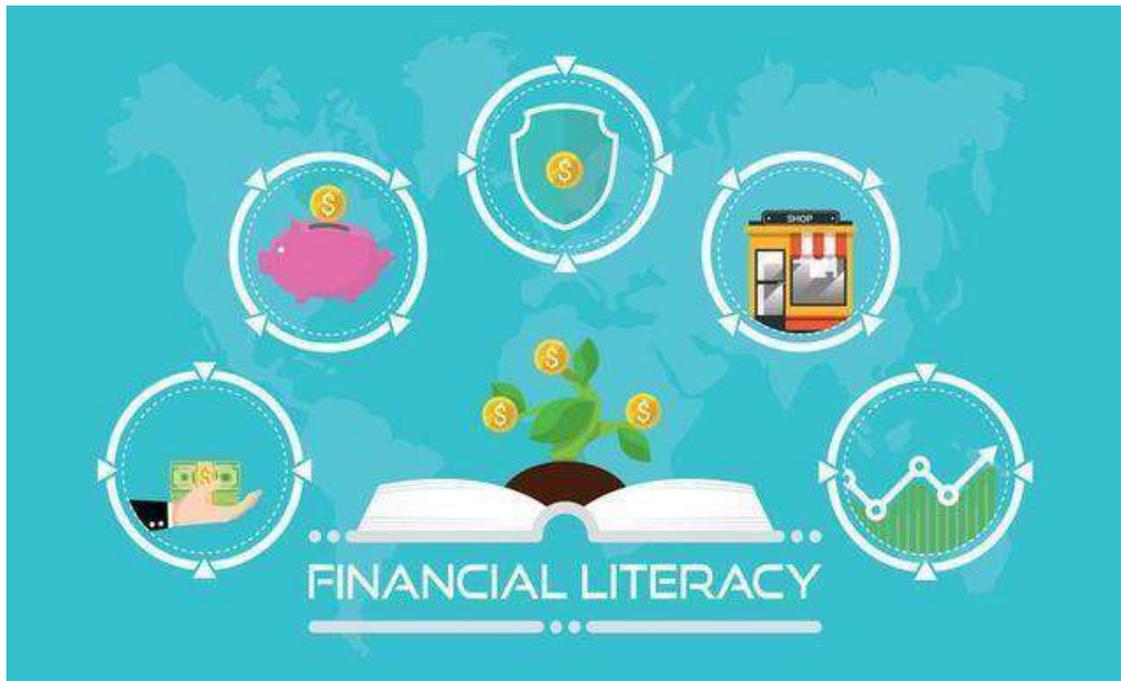
**FINANCIAL LITERACY**





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- 2. OBJECTIVES OF THE PROJECT**
- 3. DATA COLLECTION**
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## **(1) INTRODUCTION:**

### **HOMEPRENEURS**

Many women have taken up business freelancing work in small or medium scale by working from home and generating revenue. These women are called as **HOMEPRENEURS**. To put it in simple terms it is an **ENTREPRENEURSHIP** from **HOME**.

Empowered by a multitude of tools and platforms online, homepreneurs can successfully vendor their wares and services in a flexible, self-driven framework and context.

Conventional office hours, distribution channels and operations have undergone a drastic change; the future of work will be remote working, especially as it is now known to be the most productive and engaging way to work.

Steve Jobs, Bill Gates, Walt Disney and even Jeff Bezos may have started out from their tiny home offices, but what is even more interesting is how their own contributions have powered the global gig economy and ushered in the era of convenience. Their counterparts in this generation and the next have successfully scaled start-ups and achieved greater business milestones, all from the comfort of their own home. It's the new normal.

From creative services, business support, consulting and even STEM projects, the right person, at the right price, is just a click away. The Internet eliminates the need for a 'right place', with a selection of experts available on demand, at all hours.

But with the power to be self-employed and home employed comes the responsibility to be self-driven at all times. The flipside of being a homepreneur and being able to choose your own hours of work is that successful entrepreneurship is very much powered by the work and hours choosing you instead. An idea and dream worth believing and bringing to life frequently takes on a life of its own, and demands hours of hard work far beyond a typical 9-5 job. Most work a 35-hour week. There is, quite literally, no switching off, in sickness and in health.

Till an idea takes off, a homepreneur is their own unpaid intern. When the idea takes off, the homepreneur handles the implementation of each function, as a veritable one-person army. To be successful, against the backdrop of these peaks and troughs in demand, homepreneurs need to get certain skills down to a science.

The drive to build something from the ground requires backbreaking work, unerring dedication, and a level of multitasking that is at times almost superhuman. A day without movement and expansion is a day lost. Homepreneurs need to have the hustle to constantly upskill, and connect between the dots to create tangible results. Putting in the requisite 10,000 hours towards the mastery of a new skill, and then starting work on another is mandatory, and brings a king of satisfaction that only passion for work can bring.

Whether it be potential investors, family and friends, or nosy neighbors and potential employees, there are always naysayers for the path less taken. A strong self of self, conviction in your objectives and vision can help chart a path away from the negativity of the ‘home-business’ or ‘hobbyist’ stigma. Remember studies show that most homepreneurs are not only highly skilled, but visionary risk-takers. No need to fit in when you were born to stand out.

Being a homepreneur does not mean that running a business has to be a lonely affair. With tech solutions to every problem, a constant effort is needed to maintain a humanized approach to service and interactions. In fact, it increases the importance of meeting more people, for expertise as well as moral support, as you evolve in business. Join groups and clubs, and constantly strive to meet supportive, like-minded people who can be erstwhile mentors in your journey. Meaningful relationships add value in varied ways.

Last, but not the least; in fact, the most important skill of all is imagination. Building a brand, identifying USPs and solving for pain points require imagination. Looking beyond what everyone else can see, and creating value requires imagination

steeled with practicality. An entrepreneur's vision and dreams serve as a beacon of light in uncertain times, buoying spirits and carrying the ship of dreams far into the horizon, where business giants are made in garages and home offices.

## **(2) OBJECTIVES OF THE PROJECT:**

Following objectives gives the impetus to conduct the present study:

- (a) To study the level of financial literacy among homepreneurs.
- (b) To study the money management skills of homepreneurs.
- (c) To examine how a homepreneurs knowledge influence his/her personal decisions and opinions on issue related to finance.
- (d) To examine the awareness level of homepreneurs about various financial products.

## **(3) DATA COLLECTION:**

Data were collected using questionnaire, the most common tool to evaluate the people's perception. The sample unit of the study are homepreneurs in the city of Pune. The total sample of the study is.

**Primary research data** is collected in the form of structured survey results from various respondents in the city of Pune.

**Secondary research data** is collected in the form of reference literature on the research topic Magazine, Website, Organizational Report and the collected data were used for data

input and analysis. Discriminate analysis is used for data analysis in this study.

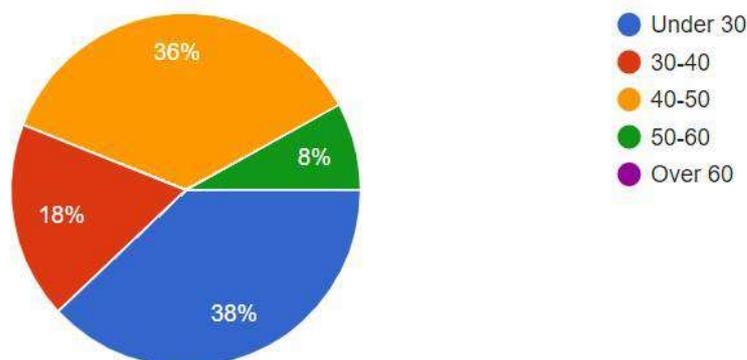
#### **(4) SAMPLE SIZE:**

The sample size in this study of financial literacy among homepreneurs is 50.

#### **(5) DATA ANALYSIS:**

Here are the response of 50 individuals/homepreneurs to the questions :-

##### **(a) Which age group do you belong to?**



According to these pie chart most of the homepreneurs i.e.38% belong to the age group of under 30.

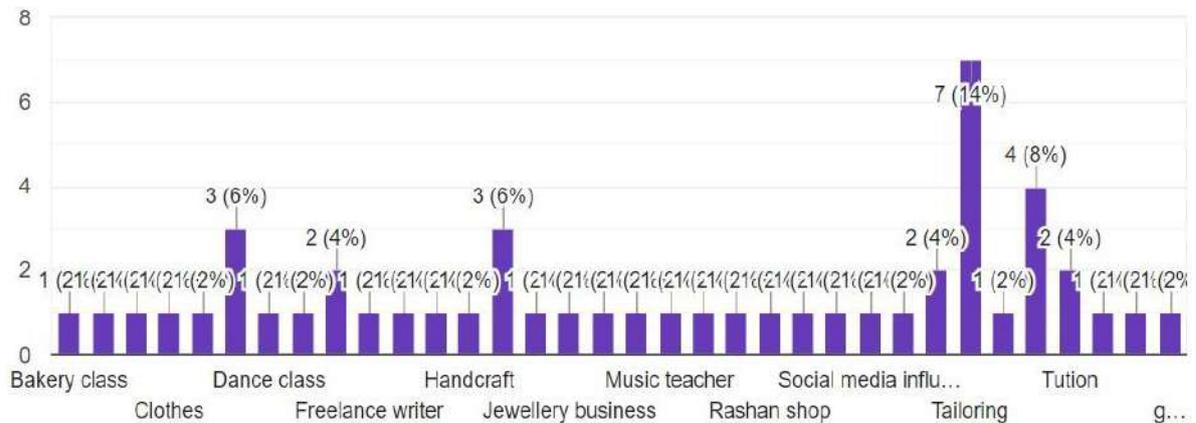
36% homepreneurs belong to the age group of 40-50.

18% homepreneurs belong to the age group of 30-40.

And the remaining 8% homepreneurs belong to the age group of 50-60.

So according to the chart most of the homepreneurs are still young.

**(b) What type of business do you run?**

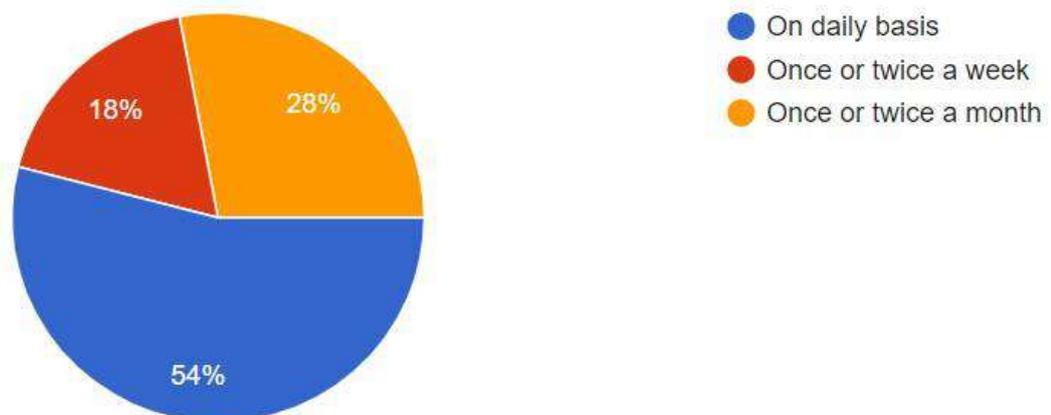


According to this chart most of the homepreneurs are engaged in tailoring.

Most of them also do home tutoring and handicrafts.

All business have a fair amount of people engaged in it.

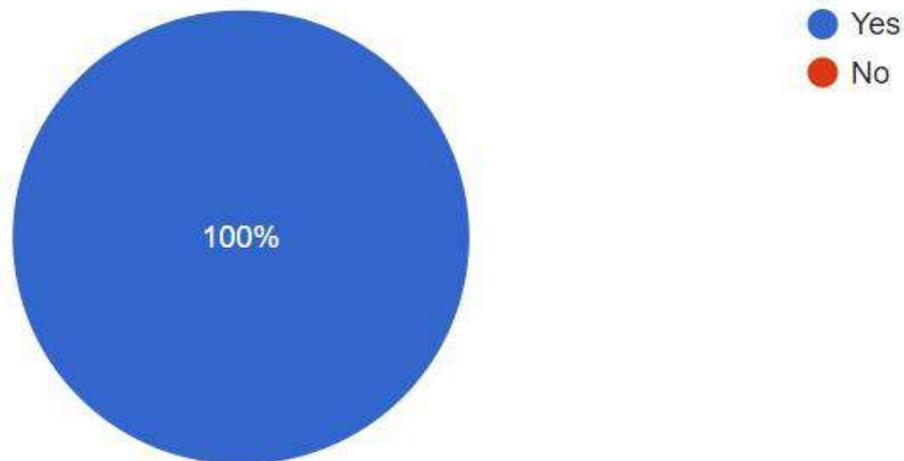
**(c) How many times do you do savings in a month?**



According to these pie chart maximum amount i.e. 54% of homepreneurs do savings on a daily basis.

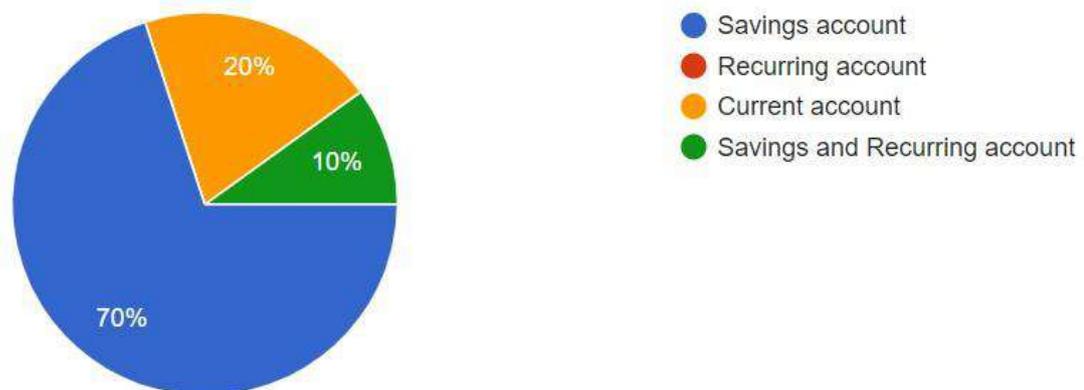
28% of homepreneurs save once or twice a month and 18% of them save once or twice a week.

**(e) Do you have a bank account?**



As we can see this chart shows that all the 50 individuals have a bank account.

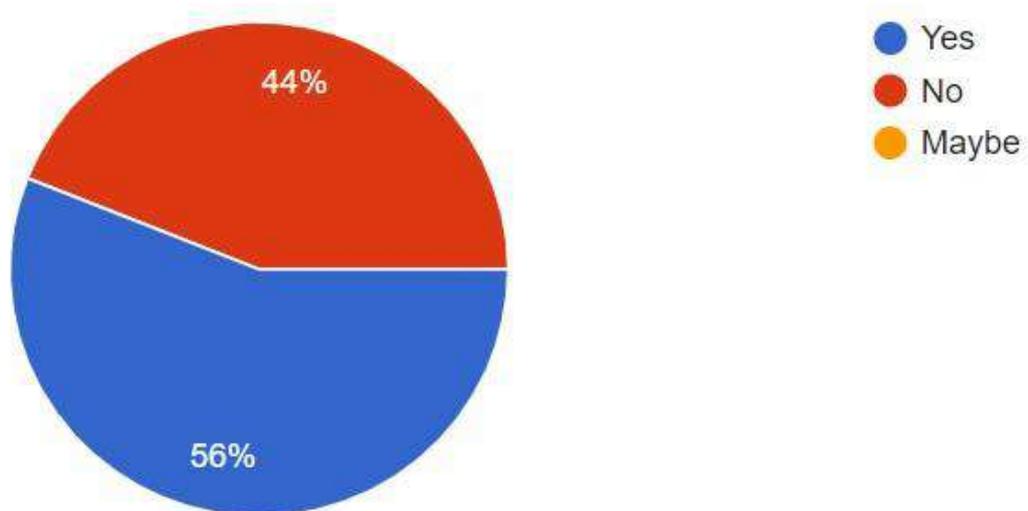
**(f) What kind of financial account/bank account you have?**



According to these pie chart maximum i.e. 70% of homepreneurs have a savings account in the bank.

20% have a current account and the remaining 10% have savings and recurring account in the bank.

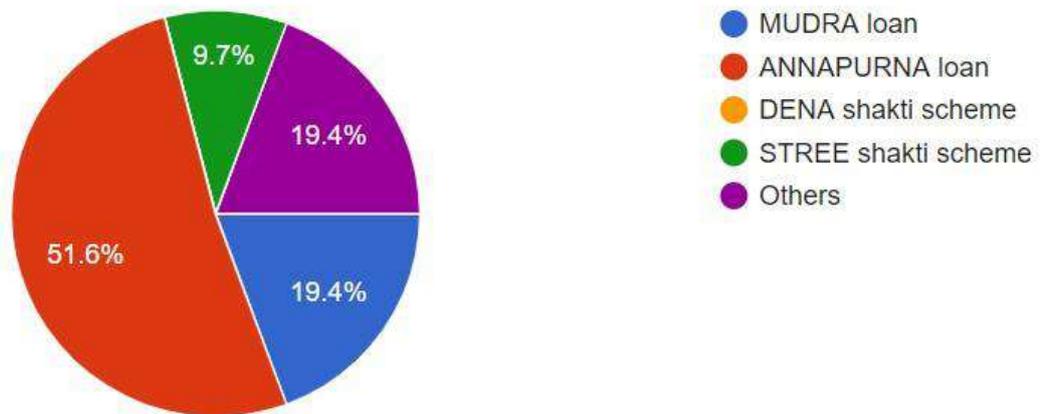
**(g) Have you taken any loan advantages which are provided by the bank?**



In these chart almost 56% individuals have taken loan advantages provided by the bank.

And the remaining 44% did not avail the loan advantages provided by the bank.

**(h) If yes, which loan advantages have you taken?**

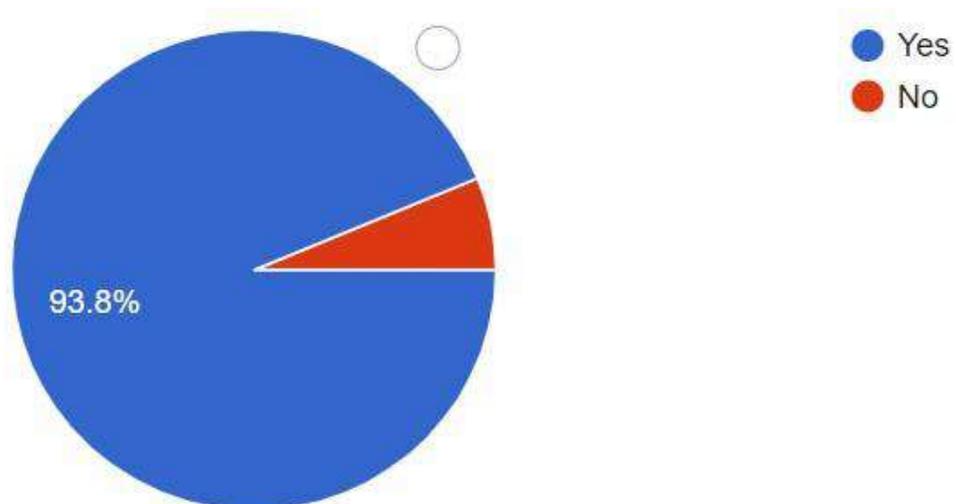


As per the chart most of the individuals i.e.51.6% have applied for the annapurna loan.

Then 19.4% individuals availed the benefits of mudra loans and few other loans

And 9.7% individuals have availed the benefits of stree shakti scheme which is provide to the women who want to start home business.

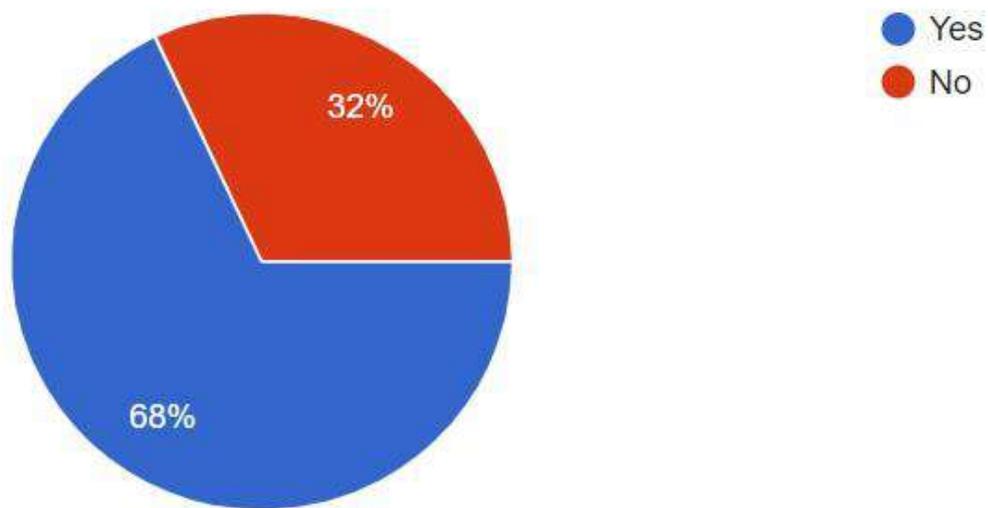
**(i) Have you used any banking services provided by the bank?**



As seen in these chart 93.8% i.e.almost all the people have used various banking services provided by the bank

And the remaining individuals are either not aware or have not used the banking services.

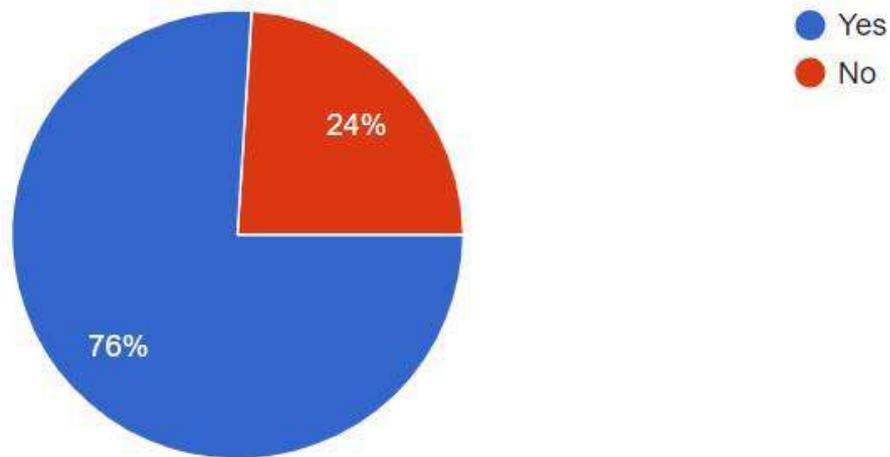
**(j) Do you use internet banking facilities?**



According to these chart most of the i.e.68% individuals do use and prefer internet banking.

While the remaining 32% individuals do not use internet banking.

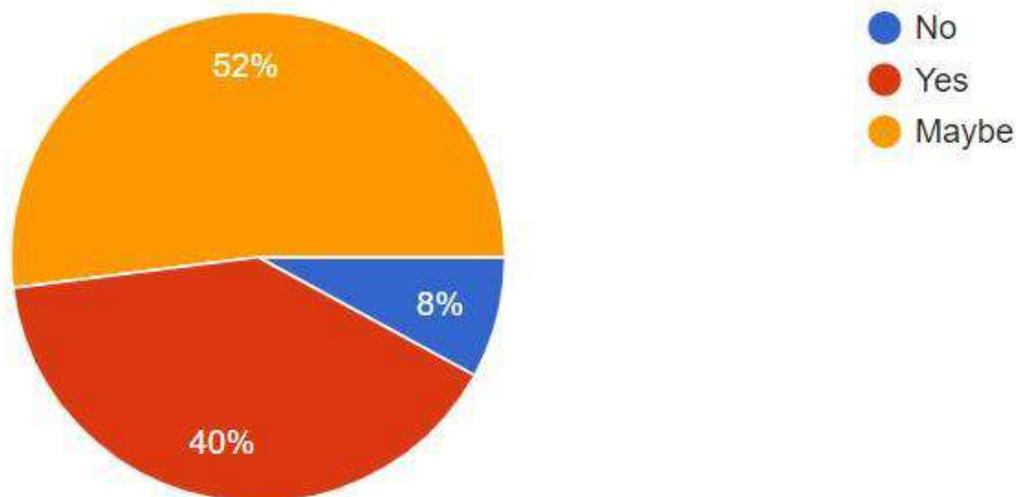
**(k) Do you use online payment system/apps?**



As per this chart 76% individuals do you use and prefer online payment apps like Paytm, Phone pe, Google pay, etc.

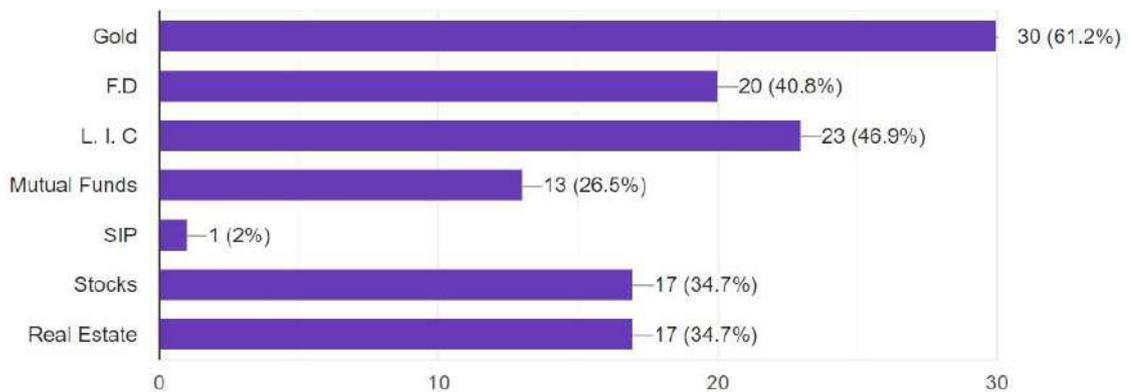
And the remaining 24% individuals do not use the online payment apps.

**(I) Can you break a fixed deposit before maturity?**



As we can see that 40% individuals are correct. We can break a fixed deposit before maturity.

**(m) Which of the following is the best investment option for you?**



In these chart as we can see 61.2% individuals prefer to invest in gold.

46.9% individuals prefer to invest in life insurance.

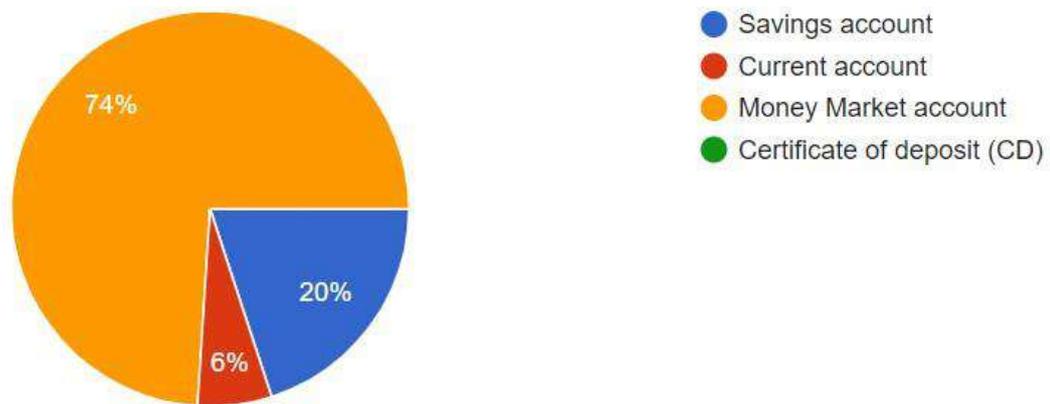
40.8% individuals see fixed deposit (F.D) as the best investment options.

34.7% individuals prefer stocks and real estate as their investment option.

26.5% homepreneurs think that mutual funds are their best investment option.

And few that is only 2% people prefer sip.

**(n) Which account usually pays the MOST interest?**



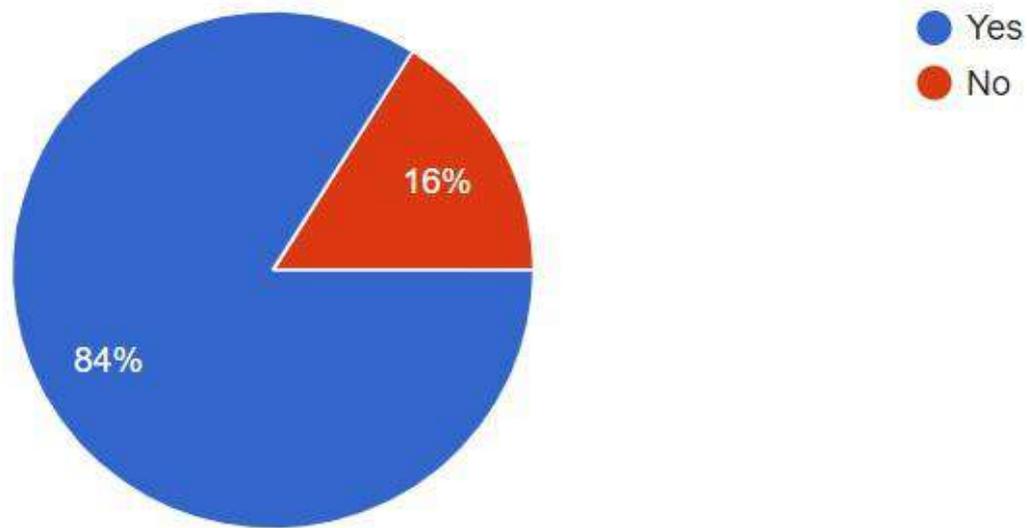
The answer to this question is that money market account provides the most interest.

And 74% of homepreneurs are correct.

Money market account are able to offer higher interest rates because they're permitted to invest in certificates of deposit (CDs), government securities, and commercial paper, which savings account cannot do.

Savings account provides interest rate which ranges from 0.50% to 7.50%. Sometimes it can go up to 9.25%.

**(o) Do you make financial investment/decisions for your family?**



As we can see that 84% individuals make the financial decisions for their family.

And the remaining 16% individuals do not play a part in the financial decisions of their family.

## **(6) OBSERVATION:**

- It was observed that most of the homepreneurs were financially aware.
- All of the homepreneurs are having a bank account.
- Most of the homepreneurs do use the banking services.
- Most of the homepreneurs have availed the loan benefits provided of the bank.
- Almost all the homepreneurs make financial decisions for their family.

## **(7) SUGGESTIONS:**

- Government should take more initiative to increase the awareness of financial literacy among people.
- People can increase their financial knowledge by reading newspapers or books related to finance.
- People can also learn how to plan a budget which in turn can help them to increase their financial literacy.

## **(8) CONCLUSION:**

Homepreneur is a growing global phenomenon, in countries both rich and poor. With the rise of complex global chains of production over the past half-century, Homepreneur ship has grown exponentially. Around the world, women are overrepresented among homepreneur ship. Women are more likely than men to work mainly at home. Tiny drop of water makes a mighty ocean, this set of women homepreneur ship should be concentrated more to make them a successful entrepreneur.

The sample used to assess the financial literacy level sum 50 respondents, a number that ensures its representatives, and they are mainly from Pune district.

In India, RBI is doing commendable job for achieving the objectives of financial inclusion and financial literacy. Many NGOs and SHGs are also contributing towards improving the financial education of the people. Currently there are only few

studies on the levels of financial literacy of the people. The need of the hour is to strengthen financial education initiatives in India and comprehensive research should be done on financial literacy in India.

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## (C) EXPERIENTIAL LEARNING

- **SAVINGS ACCOUNT:**

A Savings Account is a basic type of bank account that allows you to deposit money, keep it safe, and withdraw funds, while earning interest. Savings Accounts help feed your banking needs and provide a small interest on the deposit maintained. There are various variants depending on the profile of customers.

Though these accounts typically pay a modest interest rate, their safety and reliability make them a great option of for parking cash you want available for short-term needs.

Savings accounts have some limitations on how often you can withdraw funds, but generally offer exceptional flexibility that's ideal for building an emergency fund, saving for a short-term goal like buying a car or going on vacation, or simply sweeping surplus cash you don't need in your checking account so it can earn more interest elsewhere.

- **CURRENT ACCOUNT:**

Current bank accounts are very popular among companies, firms, public enterprises, businessmen who generally have higher number of regular transactions with the bank. The current account includes deposits, withdrawals, and contra transactions. Such accounts are also called the Demand Deposit Account.

A Current account can be opened in most of the commercial banks. A current account being a zero account, is generally associated with huge transactions on a regular basis. Because of the fluidity that these accounts offer, they don't earn any interest. These also usually do not carry a limit on the number of transactions which can be made.

There are no restrictions applied on the deposits made into the current accounts opened at the bank's home branch. Additionally, account holders can also deposit cash at other branches upon paying small fees as applicable.

(1) DEPOSIT SLIP:

A deposit slip is a small paper form that a bank customer includes when depositing funds into a bank account. A deposit slip, by definition, contains the date, the name of the depositor, the depositor's account number, and the amounts being deposited as well as break down of whether the deposit is comprised of checks, cash, or if the depositor wants a specific amount of cash back from a check. The deposit slip serves as proof that the bank acknowledged receiving the funds from the customer.

The deposit slip is same for savings, current, recurring deposit, cash credit account.







#### (4) CHEQUE:

A cheque, or check (American English; see spelling differences), is a document that orders a bank to pay a specific amount of money from a person's account to the person in whose name the cheque has been issued. The person writing the cheque, known as the drawer, has a transaction banking account (often called a current, savings, recurring account, etc.) where their money is held. The drawer writes the various details including the monetary amount, date, and a payee on the cheque, and signs it, ordering their bank, known as the drawee, to pay that person or company the amount of money stated.

Definition of a cheque as per The National Provincial Bank circa 1968 was "an unconditional order in writing drawn on a Banker, signed by the drawer, instructing the Banker to pay on demand a sum certain in money to or to the order of a specified person or to Bearer and which does not order any act to be done in addition to the payment of money".

Although forms of cheques have been in use since ancient times and at least since the 9th century, it was during the 20th century that cheques became a highly popular non-cash method for making payments and the usage of cheques peaked. By the second half of the 20th century, as cheque processing became automated, billions of cheques were issued annually; these volumes peaked in or around the early 1990s. Since then cheque usage has fallen, being partly replaced by electronic payment systems. In an increasing number of

countries cheques have either become a marginal payment system or have been completely phased out.



#### (5) REAL TIME GROSS SETTLEMENT / NATIONAL ELECTRONICS FUNDS TRANSFER (RTGS/NEFT):

The term real-time gross settlement (RTGS) refers to a funds transfer system that allows for the instantaneous transfer of money and/or securities. RTGS is the continuous process of settling payments on an individual order basis without netting debits with credits across the books of a central bank. Once completed, real-time gross settlement payments are final and irrevocable. In most countries, the systems are managed and run by their central banks.

When you hear the term real-time, it means the settlement happens as soon as it is received. So, in simpler terms, the transaction settles in the receiving bank immediately after it is transferred from the sending bank. Gross settlement means transactions are handled and settled individually, so multiple

transactions aren't bunched or grouped together. This is the basis of a real-time gross settlement system.

An RTGS system is generally used for large-value interbank funds transfers operated and organized by a country's central bank. These transfers often require immediate and complete clearing. As mentioned above, once transactions are settled, they cannot be reversed.

National Electronic Funds Transfer (NEFT) is an Indian system of electronic transfer of money from one bank or bank branch to another.

The banks or their branches that support such transactions have to participate in the NEFT network. An updated list of banks and branches that are NEFT-enabled can be found on the Reserve Bank of India (RBI) website.

The transfer of money from the customer remitting it to the beneficiary account usually takes place on the same day. Settlement or clearance of funds takes place in batches as specified by the guidelines by the RBI. Any amount of money can be transferred using NEFT, making it usually the best method for retail remittances. Customers with Internet banking accounts can use the NEFT facility to transfer funds nationwide on their own. Funds can also be transferred via NEFT by customers by walking into any bank branch (which is NEFT-enabled) and leaving relevant instructions for such transfer - either from their bank accounts or by payment of cash. Transfer of funds to Nepal using NEFT, is also allowed subject to limits.

In order to make a remittance via NEFT, the customer initiating the transfer needs to have the IFSC (Indian Financial System Code) of the bank branch where the beneficiary account is located. IFSC is an alphanumeric 11-digit code that functions as a unique address for a particular branch. Customers will also need to input the beneficiary account number and name as well as the name of the bank being transferred to.


**State Bank of India**  
*With you - all the way*

Khadki Branch, \_\_\_\_\_ Date: 21/12/2020  
00/00/0000

**REAL TIME GROSS SETTLEMENT/ NATIONAL ELECTRONIC FUNDS TRANSFER (RTGS/NEFT) APPLICATION FORM**  
*(To be filled in by the Applicant in Block Letters)*

(A) Detail of Applicant (Remitter)

(1) Account Name: MEGHANA KRISHNAMURTHY RAMASWAMY  
 (2) Account No: -

(B) Detail of Beneficiary (Receiver of the Funds)

(1) Beneficiary Name: ASHISH SHARMA  
 (2) Beneficiary's Bank: UNION BANK OF INDIA  
 (3) Branch: Khadki  
 (4) IFS Code: -  
 (5) Account No: -

(6) Amount to be remitted	Rs.	<u>50,000</u>
Add. Bank Charges	Rs.	<u>25</u>
<b>Total Amount</b>	<b>Rs.</b>	<b><u>50,025</u></b>

Cheque No: 000000 Date: 21/12/2020 Mob: 91+0000000000

(Rupees: Fifty Thousand and Twenty five only )

Remit the amount as per above details by RTGS/NEFT, by debiting my / our account for the amount of remittance plus your charges. We agree to abide by the terms and conditions for the transfer.

MKT  
 Authorised Signatory

FOR BANK'S USE ONLY

Debited Applicant's A/c Total Rs. \_\_\_\_\_

Date of Transfer: \_\_\_\_\_ Remittance No. \_\_\_\_\_

Authorised Signatory \_\_\_\_\_

**Conditions:** Remitting banks shall not be liable for any loss or damages arising or resulting from delay in transmission delivery or non-delivery of Electronic message or any mistake, omission, or error in transmission or delivery thereof or in deciphering the message from any cause whatsoever or from the misinterpretation received on the action of destination Bank or any act beyond our control