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Insight September 2015

Commerce and Trade:

I. The fast food industry also known as Quick Service Restaurants (QSR), has been serving up tasty morsels for as long as people have lived in cities. Indian segment recognized it with the entry of Mc Donalds . The McDonald's Corporation is the world's largest chain of hamburger fast food restaurants, serving around 68 million customers daily in 118 countries. Headquartered in the United States, the company began in 1940 as a barbecue restaurant operated by Richard and Maurice McDonald; in 1948 they reorganized their business as a hamburger stand using production line principles. Businessman Ray Kroc joined the company as a franchise agent in 1955. A McDonald's restaurant is operated by a franchisee, an affiliate, or the corporation itself.

McDonald's entered India in 1995 via two partners. It played ball with Amit Jatia, but is playing hardball with Vikram Bakshi.

Vikram Bakshi is not lovin' it.

The two partnerships have unravelled—financially, structurally, behaviourally—are as different as chalk and cheese.



VIKRAM BAKSHI

Entity
Connaught Plaza Restaurants

Territories
North India, East India

Arrangement
Equal JV till 2020; McDonald's seeking control since 2008



Outlets
164

Valuation
By McDonald's: \$10 mn in Aug 2008, \$14 mn in Nov 2008
By Grant Thornton in 2009 (for Bakshi): \$331 mn

AMIT JATIA

Entity
Hardcastle Restaurants

Territories
West India, South India



Arrangement
Equal JV till 2010, now 100% owned by Jatia

Outlets
161

Valuation
₹5,656 crore* (about \$900 mn)



On August 30, 2013, Mc-Donald's dramatically issued a public notice to announce a change of guard: "Vikram Bakshi has ceased to be the managing director of CPRL pursuant to expiry of Bakshi's term on July 17." wo years on, with no end to the fight in sight and no sign of a clear winner emerging, there is one clear loser: brand McDonald's.

HOW TOP QSR PLAYERS STACK UP IN INDIA

MARKETSHARE (%)

McDonald's which was No. 1 five years ago has slipped to third slot, with Domino's taking pole position



REVENUE (₹crore)

McDonald's revenues have barely grown in the past three years, whilst Domino's and KFC have grown three-fold in the past five years



NUMBER OF OUTLETS

Faster growth translates into faster store expansion



* Till August
Source: Euromonitor and company

The table above speaks about the growth story of the competitive brands and of the Mc Donalds post 2013 . Mc Donalds Management team identified that Mr Bakshi, has been unable to give full focus and attention to the company, and he had shown no desire to remedy the failure and shortcomings repeatedly brought to his attention. McDonald's claimed that during its annual reviews conducted by its internal audit team between 2007 and 2013, McDonald's also alleged that Bakshi had once drawn a sum of Rs 7 crore from the company's bank account and transferred it to his group company under the pretext of an urgent necessity without the approval of the board of directors or any formal documentation.

Whereas In his CLB filings, Bakshi alleged that during 2007 and 2008, McDonald's started attempting to usurp investments of CPRL unfairly, illegally and oppressively by armtwisting the Indian partner to sell (his) entire shareholding. He was offered \$ 5 million to \$ 7 million for selling its stake whereas he agreed to settle with \$100 million as the initial amt quoted

was his investment made to set up Mc Donalds outlet in India. Whatever are the allegation made by the parties in the Company Law Board , the brand has been hampered upto the greatest extent right from the market position to the Customer Satisfaction. Specially when the European segment of Mc Donalds are at risk and the possible similar threat signals in Indian market as stated CPRL has been facing operational issues since August 2013

- Fungus in Buns,
- Number of pest in the outlets
- High temperature in outlets due to non functioning of A/C
- Leakage inside the restaurant ...

These are surely a large danger signals for the Brand , Franchiser and the Company.They are one of the most common challenge faced by International Brand who offer license for global expansion .

Reference

[http://www.academia.edu/6465022/Global Strategy of McDonald and How It Reached All corners of World](http://www.academia.edu/6465022/Global_Strategy_of_McDonald_and_How_It_Reached_All_corners_of_World)

http://articles.economicstimes.indiatimes.com/2013-09_24/news/42361242_1_india-wazir-advisors-countries

Economic Times issue dated 30th August 2015

II. Ecommerce- the new happening mantra in the Post Office corridors

India Post, may be seen as a relic of a bygone era. The appearance of postal employees may no longer be generating the same level of excitement as it used to do earlier. In fact, few in the current generation would have even stepped into a post office, at least in urban India.

But a new baby in India Post has arrived to change the scene. E-commerce is the new happening mantra in the Post Office corridors. E-commerce tie-ups of India Post with major players like Amazon, Flipkart and E-bay companies are changing all this. While adapting to the vagaries of the online shopping business, postal employees are not only helping their organisation shed its government-office skin but also reaping the benefits of its newfangled sophistication.

But what makes India Post, so attractive to these online portals?

India Post has an unmatched network that is critical for the growth of e-commerce in India. This network covers about 25,000 pin codes, while even large private courier companies like DTDC reach only about 10,000. India Post's network depth makes it ideal for catering to non-metro cities where popularity of online shopping is increasing by leaps and bounds. With the central government agency, already handling over 1.5 lakh e-commerce deliveries a day, India Post is one of the largest delivery partners for the industry. But more needs to be done in terms of technology adoption to ensure transparency and instant system updates.

This technology integration between India Post and e-commerce companies coupled with their local knowledge and network can make India Post the unbeatable delivery partner for e-commerce in India.

Read more on:

<http://timesofindia.indiatimes.com/city/mumbai/E-commerce-is-the-new-happening-mantra-in-the-post-office-corridors/>

<http://yourstory.com/2015/06/india-post-ecommerce/>

III. Disruption: Startups & Banks

Traditional banking sector is being threatened by disruptive technologies in financial services industry and startups, which are developing technologies to solve customers' query in a jiffy. Alternative financial solutions for tech-savvy consumers such as the new-age payments banks, mobile wallets and digital currencies such as Bitcoin have the potential to significantly disrupt traditional banking.

Banks such as Citibank and SBI, desirous of 'leapfrogging' are trying to adopt the technology innovations disrupting the banking industry by engaging with startups involved in developing pointsolutions. The purpose is to create a platform that would give users the maximum number of options for different solutions being provided.

Read more on:

<http://www.businessinsider.in/Wary-of-disruptive-technologies-CitiBank-is-engaging-with-startups-through-hackathon/>

<http://articles.economictimes.indiatimes.com/2015-08-24/news/>

Foreign Trade:

IV. DEVALUATION OF YUAN-IT'S CAUSE AND IMPACTS

China's move to devalue its currency was, on the face of it, offered as part of measures to open up its financial system. America has been long demanding that China should open its currency market for reforms and allow foreign exchange markets more say over the value of the Yuan. For the same reason, The International Monetary Fund (IMF) described China's step to devalue Yuan, as welcome.

This devaluation of Yuan represented the largest yuan depreciation for 20 years; and the ripples may yet be felt thousands of miles away. So what difference will it make to the rest of the world?

Most of the impact of this devaluation will be visible in the short and medium term.

The message that China's devaluation sends is that China's economy is not as strong as it has been projected, for the last so many years. It may be best seen as a distress signal from Beijing policymakers – in which case the world's second-largest economy may be far weaker than the 7% a year growth that official figures suggests. If its economy really much weaker than Beijing has let on, it would be alarming for any company hoping to export to China.

In coming months, weak Chinese demand could force down the cost of many commodities, from oil to iron ore. It should be a worry for emerging markets that export heavily to China, particularly commodity producers such as Brazil, Russia, South Africa, Indonesia, and Malaysia. The economies of these countries will see a significant downslide.

A weaker Yuan is also a concern for developing nations that compete with China in exporting similar goods and services to similar destinations. These countries will now have to compete with cheaper Chinese exports, which will put their economy under stress.

Central bankers in the US and the UK have been issuing warnings for months that, with growth strengthening, they are preparing to start pushing up interest rates. However, if the cheaper Yuan cuts the price of imports, this will reduce inflation, which is already at zero in the countries like USA and UK. Thus with lower inflation, the need of these countries, to increase the interest rates will be greatly reduced. In the short term, lower-than-expected borrowing costs will benefit indebted consumers in the west.

There will be a direct disinflationary effect from cheaper imports due to devaluation of Yuan. Some analysts believe China's decision is the latest evidence of a deep-seated lack of demand in the global economy, which will unleash deflation. Brief periods of falling prices – particularly if concentrated among one or two commodities – can be good news in short to medium term. However, in the long term but persistently falling prices, will reduce spending which can undermine spending –people expecting goods to be even cheaper in future and postponing spending.

The new investments are reduced gradually due to lower demand as consumers and businesses delay spending,

The devaluation of Yuan is also expected to start currency war among the competing nations. Since it is not too difficult to pursue growth through currency depreciation – whether overt or covert – it should come as no surprise that if nation A devalues its currency, nation B will soon follow suit, followed by nation C, and so on. This is the essence of competitive devaluation.

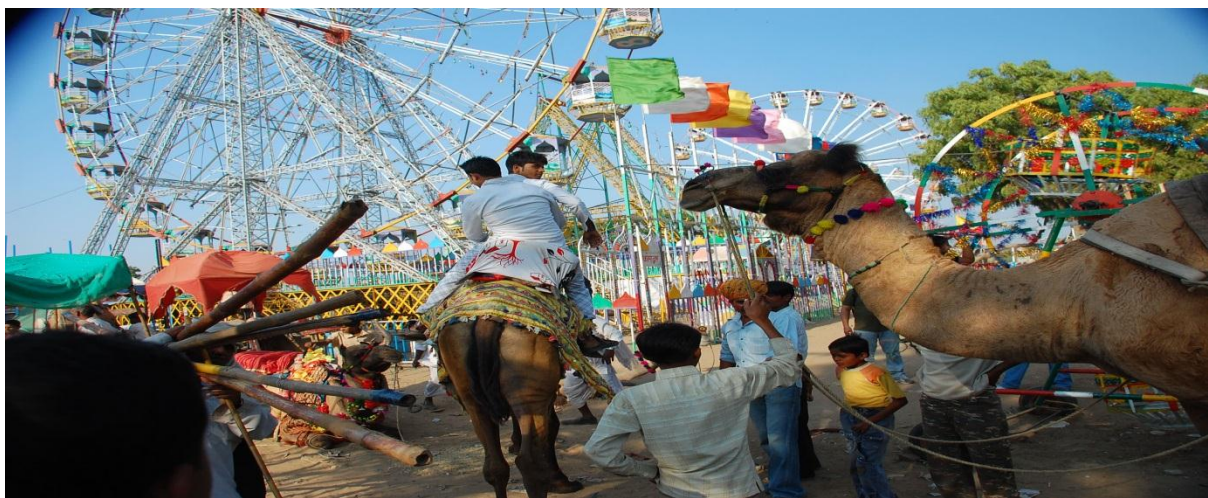
This phenomenon is also known as "beggar thy neighbor," and refers to the fact that a nation which follows a policy of competitive devaluation is vigorously pursuing its own self interests to the exclusion of everything else.

Source: www.economicstimes.com

www.in.reuters.com, www.financialtimes.com

V. Mall Or Mela

Trade the unctuous store attendants for glib salesmen, replace security with armed policemen and swap mall rats for a motley bunch of sadhus and saints, and we wager it would be hard to tell malls and melas apart. The two are more similar than different: sharply focused on apparel, essentials, entertainment, footwear and food, and given to an influx of large numbers of people looking for a discount or an exciting experience among other things. The similarity extends to stores where the entire assortment is available at a fixed price point. Or a massive size and spread of assortment; some melas have as many as 3,000 different stalls.



The 2013 Maha Kumbh was a watershed moment in mela marketing with Colgate, Vodafone, Dabur and HUL all participating. But the history of mela marketing is ancient: perhaps older than marketing as we know it today.

Predictably enough, marketers want in on melas to the extent possible and permissible. Both psLive (the rural specialist division of Dentsu Aegis) and WPP's Geometry Global claim to create mela calendars for marketers to tell them which among the 25,000 odd events every year are worth their while. According to Deepak Oberoi, chairman and CEO, RCM, "There's a difference between religious melas like the Kumbh that draw 5 crores to 8 crores of people over 30 to 40 days and smaller, festive melas that last for a shorter time frame and typically bring in 10,000 to 20,000 people a day, with a mix of urban and rural audience." The latter are a better bet since they tend to be more marketing friendly, he says.

Why is this such a big deal, you ask? Quite simply it's the greatest aggregator of an otherwise very diverse and hard to reach audience. Mass media is not a safe bet and rural marketing operations that go from village to village are prohibitively expensive. Says Ashish Bhasin, chairman and CEO, Dentsu Aegis South Asia, "It's an opportunity to get a sizable number of rural consumers at one go and in a way they come to you with money in their pockets." "The choice is getting to be between the 50,000 villages or the 200 melas," adds Rahul Saigal, president, Geometry Global. A choice that isn't really a choice for marketers in these cash strapped times.

Credits: The Economics Times: Brand Equity, August 26-September 01, 2015.

VI. AAI and IOAA join hands to channel OOH advertising growth

The Advertising Agencies Association of India (AAAI) and Indian Outdoor Advertising Association (IOAA) have signed an agreement to better regulate OOH advertising in India.

The agreement was signed between AAAI president Dr MG Parameswaran and IOAA chairman N D Mehta, on 28 August in Mumbai.

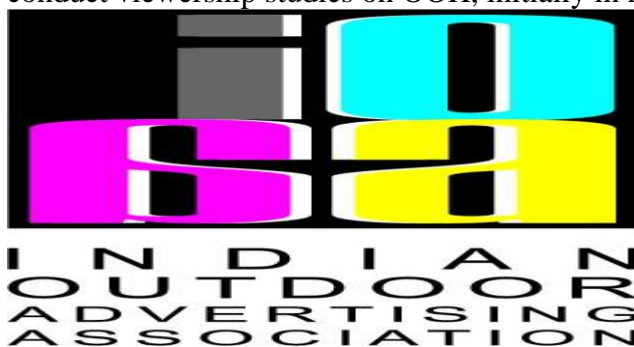
The agreement, Dr Parameswaran informed, will allow the outdoor advertising industry in India to grow 'in an organised and regulated fashion, to ensure that proper systems and processes are followed and timelines adhered to, as well as commitments honoured on both sides.'

The focus will be on regulating and disciplining advertiser behaviour in matters concerning outdoor trade, agency remuneration, corporate governance and adherence to payment deadlines, informed a joint statement.



As part of the agreement, it is envisaged that the advertiser will not be allowed to shift their business to another agency until dues of the earlier agency are fully settled.

Mehta mentioned that IOAA on its part has also embarked on 'an ambitious project' to conduct viewership studies on OOH, initially in major cities.



'Further, it will ensure 100 percent listing of all sites with unique ID number in a scientific manner for the benefit of all concerned', the statement added.

The Indian OOH industry was estimated to be at Rs 22 billion in 2014, and expected to touch Rs 29.6 billion in 2017/2018 (FICCI KPMG Report).....Credits: CampaignIndia.in

Green Diaries

Editorial

The Green Diaries, an editorial initiative in the subject of Environmental studies presents this month, a bulletin on the graving problem faced by the world- Hunger.

I hope you enjoy reading this bulletin.

Happy Reading!

-Siddhant Bhide.

In an effort to protect species, many national parks and wildlife reserves have rangers who guard endangered species from harm. Given the high potential pay-off for the sale of wildlife parts, poachers will do whatever it takes to kill wildlife ... even if that means killing humans as well.

VII. HUNGER IN THE WORLD

There are 795 million undernourished people in the world today. That means one in nine people do not get enough food to be healthy and lead an active life. Hunger and malnutrition are in fact the number one risk to health worldwide — greater than AIDS, malaria and tuberculosis combined. The good news is that hunger is entirely solvable. There is enough food in the world to feed everyone and no scientific breakthroughs are needed. Today's knowledge, tools and policies, combined with political will, can solve the problem.

Solving hunger is a “best buy” in today's tough economy. When nations work together to solve hunger and invest in good nutrition, they increase productivity and create economic opportunities. Conversely, studies have shown that countries lose millions of dollars in economic output as a result of child undernutrition. Solving hunger is also a contribution to peace and stability. When governments can no longer guarantee adequate food supplies, states are prone to fall. Volatility on food markets can quickly translate into volatility on the streets.

Causes for Hunger in the world:

The world produces enough to feed the entire global population of 7 billion people. And yet, one person in eight on the planet goes to bed hungry each night. In some countries, one child in three is underweight.

Poverty trap

People living in poverty cannot afford nutritious food for themselves and their families. This makes them weaker and less able to earn the money that would help them escape poverty and hunger. This is not just a day-to-day problem: when children are chronically malnourished, or ‘stunted’, it can affect their future income, condemning them to a life of poverty and hunger.

Lack of investment in agriculture

Too many developing countries lack key agricultural infrastructure, such as enough roads, warehouses and irrigation. The results are high transport costs, lack of storage facilities and unreliable water supplies. All conspire to limit agricultural yields and access to food.

Climate and weather

Natural disasters such as floods, tropical storms and long periods of drought are on the increase -- with calamitous consequences for the hungry poor in developing countries.

Drought is one of the most common causes of food shortages in the world. In 2011, recurrent drought caused crop failures and heavy livestock losses in parts of Ethiopia, Somalia and Kenya. In 2012 there was a similar situation in the Sahel region of West Africa.

In many countries, [climate change](#) is exacerbating already adverse natural conditions. Increasingly, the world's fertile farmland is under threat from erosion, salination and desertification. Deforestation by human hands accelerates the erosion of land which could be used for growing food.

War and displacement

Across the globe, conflicts consistently disrupt farming and food production. Fighting also forces millions of people to flee their homes, leading to hunger [emergencies](#) as the displaced find themselves without the means to feed themselves. The conflict in Syria is a recent example.

In war, food sometimes becomes a weapon. Soldiers will starve opponents into submission by seizing or destroying food and livestock and systematically wrecking local markets. Fields are often mined and water wells contaminated, forcing farmers to abandon their land.

Ongoing conflict in Somalia and the [Democratic Republic of Congo](#) has contributed significantly to the level of hunger in the two countries. By comparison, hunger is on the retreat in more peaceful parts of Africa such as [Ghana](#) and [Rwanda](#).

Unstable markets

In recent years, the price of food products has been very unstable. Roller-coaster food prices make it difficult for the poorest people to access nutritious food consistently. The poor need access to adequate food all year round.

Food wastage: One third of all food produced (1.3 billion tons) is never consumed. This food wastage represents a missed opportunity to improve global food security in a world where one in 8 is hungry.

Finally, solving hunger lays the foundation for progress in many other areas of development, including health and education. Well-nourished women have healthier, heavier babies whose immune systems are stronger for life. A healthy, well-fed child is also more likely to attend school.

Good progress was made in reducing chronic hunger in the 1980s and the 1990s, but progress began to level off between 2000 and 2010. All of us – citizens, employers, corporate leaders and governments – must work together to end hunger.

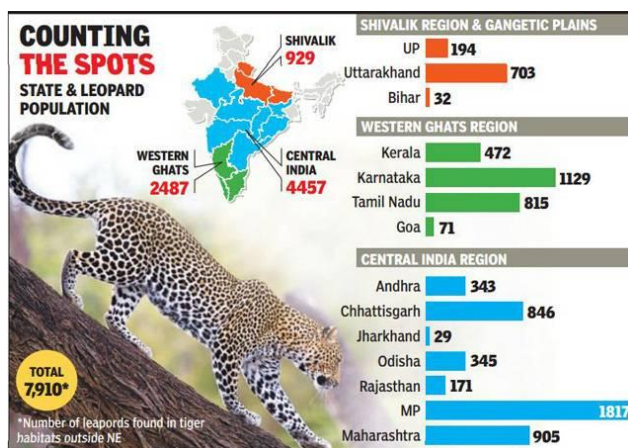
Source: www.wfp.org

VIII. Recent News in the Field of environment

Finally, India gets a count of its leopard numbers: 12,000-14,000

TNN | Sep 7, 2015, 04.35 AM IST

NEW DELHI: India finally has an estimate of its most populous and elusive large predator, the leopard. The first ever count of India's leopards, conducted alongside last year's tiger census, has put the spotted cat population at 7,910 in and around tiger habitats across the country, except the northeast. The leopards were counted using the same methods adopted for the tiger census, which involved getting pictures of animals through camera-trapping and gathering other evidence of their presence, and then extrapolating the numbers to cover the entire forest landscape. "There are leopards outside the areas we covered. Based on these numbers, we estimate India's total leopard population to be in the range of 12,000 to 14,000," said Yadvendra V Jhala, the lead scientist of the tiger census, who presented the leopard figures at Wildlife Institute of India's annual research seminar in Dehradun last week. The exercise covered 3,50,000 sq km of forested habitat across the Shivalik hills and Gangetic plains, central India and the Western Ghats landscape. As many as 17,143 pictures of 1,647 individual leopards were obtained during the exercise that covered most forested landscapes, even the low-grade revenue forests.



The study found the species well distributed across the country, indicating that India's leopard population is "quite healthy". "Most of the leopard populations are contiguous, ensuring a healthy genetic exchange. So, leopards do not face the problems of isolated populations that plague Indian tigers," Jhala told TOI.

The wildlife biologist said since there were no previous estimates, there was no way of knowing whether the leopard population was growing or declining. "But leopards are doing far better than tigers because they can survive in scrubs and human-impacted forests as well. That's why they are not in imminent danger as the tigers," he said. However, healthy forests remain crucial to the long-term survival of leopards in India.

"There's an impression that leopards are everywhere. That's not the case. Leopards need a protected patch of forest to occur in the vicinity. They aren't found in purely agricultural stretches," Jhala noted.

With an estimated population of 1,817, Madhya Pradesh has emerged as the top leopard state in the country. It's followed by Karnataka (1,129), Maharashtra (905), Chhattisgarh (846) and Tamil Nadu (815).

In another major leopard state, Uttarakhand, the study estimated a population of 703. But Jhala said the actual number could be higher by 300-400, because the census did not cover the higher Himalayas.

The census also did not cover Gujarat, parts of Rajasthan and east India, and the entire northeast.

"We have included 34 leopards that were captured in camera traps in the northeast. The region could not be properly covered because all forest areas were not sampled in phase I of the census by the respective forests departments," Jhala explained.

IX. National Park of the Month

Bharatpur Bird Sanctuary

The Keoladeo National Park or Keoladeo Ghana National Park formerly known as the Bharatpur Bird Sanctuary in [Bharatpur, Rajasthan](#), India is a famous [avifauna](#) sanctuary that plays host to thousands of birds especially during the winter season. Over 230 species of birds are known to have made the [National Park](#) their home. It is also a major tourist centre with scores of [ornithologists](#) arriving here in the hibernal season. It was declared a protected sanctuary in 1971.

Official Name:	Keoladeo National park
Location:	Bharatpur, Rajasthan
Area:	29 sq. km.
Major attractions:	Tourist Center, Richest Bird areas of the world, Siberian Crane.
Activities that can be done:	Tourism, Bird Watching
Best time to visit:	Winter season

Important Days in September

September 16 World Ozone Day -The United Nations declared this day as the International Day for the Preservation of the Ozone Layer. It is the day the Montreal Protocol was signed.

September 28 Green Consumer Day-The problems of consumerism and its impact on the environment is an area of major concern in today's world. Awareness building on the importance of recycling-reusing-reducing should be taken up seriously.