



**Summer Internship
Final Report
Research Based Project**



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MBA (FT) 2019-21

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Date of submission: 5th July

Table of Contents

Title Page	3
Acknowledgement	4
Executive Summary	5
PART A: Profile of the Organization.....	6
1. Description	6
a. Company Details	6
b. Services.....	6
c. Customers	6
d. Market and Competition.....	7
e. Financial Performance	7
2. Industry	8
a. Industry Classification.....	8
b. Industry Overview	8
c. Market size	9
d. Investment and Development.....	9
e. PESTEL Analysis.....	10
3. Analysis.....	11
a. Growth Story of the Company.....	11
b. Organisation's Culture.....	11
c. Comparative Performance	12
4. 7-S Framework	12
5. Porter's Five Force Analysis.....	13
PART B: Research Based Project	15
1. Introduction	15
a. Title of the project.....	15
b. Brief description of the project.....	15
c. Objective	15
d. Research Problem	15
2. Methodology	15
a. Approach	15
b. Sources of data	16
c. Method of data collection	16

d. Problems faced while collecting data	16
3. Presentation of data.....	16
a. Examples of textual data used	17
b. Examples of flow chart used	17
c. Examples of some tabular data used	18
d. Examples of graphical data used	19
4. Findings of the Project	19
5. Problem Areas and Solutions	21
a. Problems	21
b. Solutions.....	22
PART C: Learnings from the Project.....	23
Bibliography	24

Title Page

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- Ontrust Capital Markets Pvt. Ltd.

Company Address

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Date of the Report

- 5th June 2020

Purpose of the Report

- To help the company reach to a conclusion whether the government initiatives are helpful or not.

Prepared for the organization

- Institute of Management, Nirma University

Faculty Mentor

- Prof. Tirthank Shah

Acknowledgement

I would like to express my sincere respect to all the members who helped me carry out the research work related to the report. Without their continued advice, assistance, cooperation and encouragement, I would have not been able to progress at this rate.

The topics offered were very good and corresponds to industry trends in the areas of industrialization and commercialization. There is no doubt that this will be very beneficial for my future work and for the business in the real world.

In addition, I would also like to thank Prof. Tirthank Shah for providing me with the right knowledge when needed

I would also like to take this opportunity to thank my family and friends for their love and support, who have always insisted and provided all the support they needed during this difficult time. Overall, it is this sense of security that always gives people the ability to move forward easily.

Executive Summary

This project report is based on the survey of some government reports and authorized persons who are involved with Kolkata's startup-based stock broking firm 'Ontrust Capital Markets Pvt. Ltd.' The objective of the project was to identify the satisfaction level of some of the startup firms with the government schemes and how to make full utilization of the prevailing government schemes for a startup. The company's activities auxiliary to financial intermediation except insurance and pension funding. It also provides share broking and management services. As I had to do desk research, I collected secondary data from various sources and interacted with some agencies for data which was not readily available.

The report first tells about the profile of the organization which includes the details of the company, its market and competition, services offered and financial performance. Further this project is all about the research project which I had to do and this was deeply studied to identify the areas for improvement. It also includes some observations made by me during the internship about the company's work culture and employees. Next, there are some findings, analysis and suggestions based on my time period of working with the company. The report finally ends with the overall learnings from the internship.

(208 words)

PART A: Profile of the Organization

1. Description

a. Company Details: -

- **Name:** Ontrust Capital Markets Private Limited
- **Age:** 9 years 9 months
- **Historical Landmark:** As such no historical landmark because it is a private startup incorporated approximately 10 years ago.
- **Type of Company:** Private limited company which is limited by shares.
- **Activity:** Activities auxiliary to financial intermediation except insurance and pension funding.
- **Business Scope:** There is a lot of scope in growth in the stock broking and wealth management business as not too many people are still educated or aware of the stock market.

b. Services: -

Share Broking and Management Services which include-

- Wealth Management
- Financial Planning
- Build Business Plan
- Raise funds for business
- Buy Business
- Sell Business

c. Customers: -

Over the years, Ontrust has worked with many players across various Industries like Consumer Products, Healthcare, Manufacturing, Financial Services, Infrastructure, Power, Engineering, Real Estate, Retail, Education, amongst others – both within and outside India.

d. Market and Competition: -

Any company can enter the market and replicate the model of the firm which has been established. The number of competitors in this industry are very much which means that with equivalent services and products there is less power in the market. There are many such firms who are in the same business.

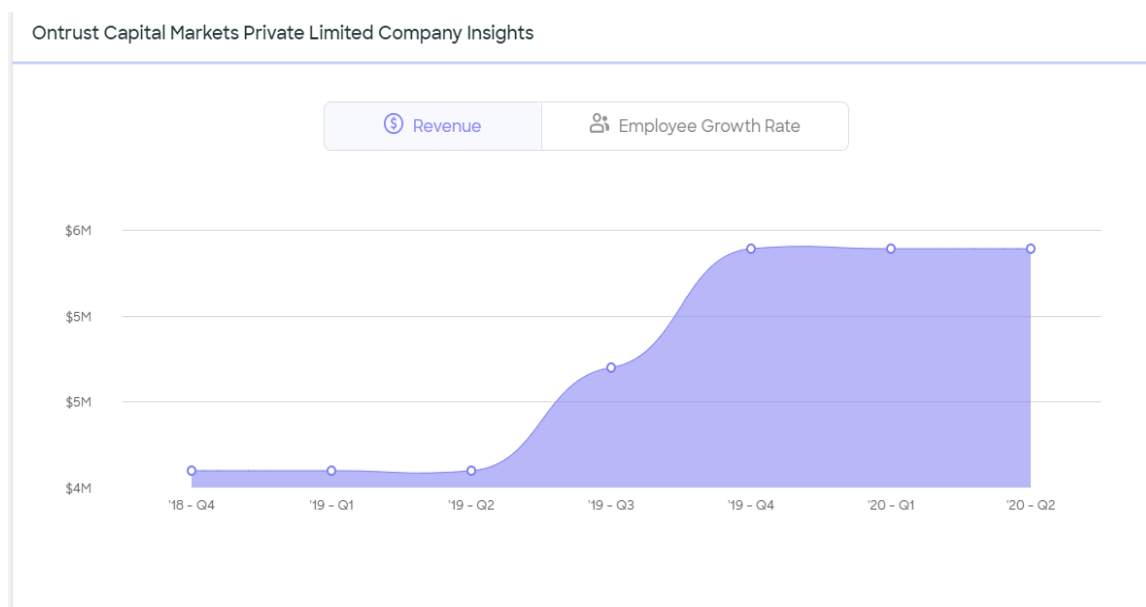
To name a few:

- Sapphire Trade Associates Private Limited
- Landscape Solutions Private Limited
- J.J. Petrochemicals Private Limited
- Elecom Toon Private Limited

These firms are located within 1km radius of Ontrust Capital which increases the scope and competition. The cream of the market is institutional investing which is well organized and informed. The percent share of both the segments is likely to be stable in future as more and more institutional entities venture into Asset Management businesses.

e. Financial Performance: -

The details of financial performance have not been disclosed by the company. However, some details on revenue was available on the website.



The chart above indicates that the revenue of the company has been rising since the last two years.

2. Industry:

a. Industry Classification: -

Investment Banking, Stock Broking and Financial Services Industry.

b. Industry Overview: -

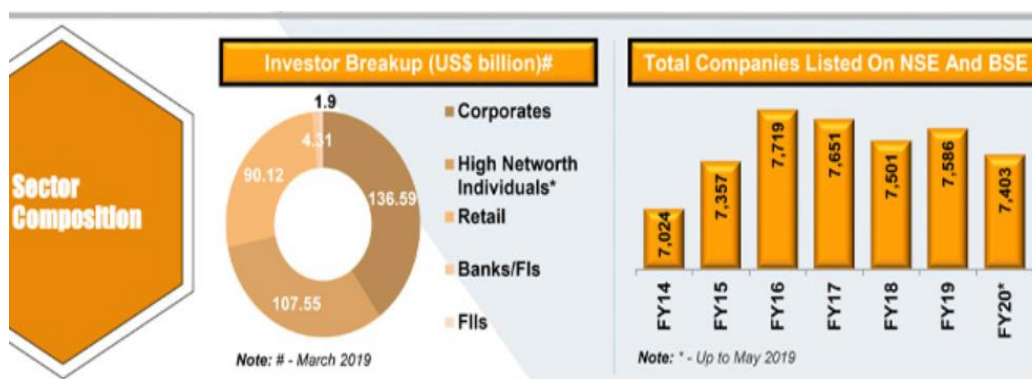
Over the past decade, the size and scope of the Indian brokerage industry has grown considerably. Brokers who have in-depth knowledge of the business and the stock market can always help investors make the right investment decisions and charge a fee for the services provided. Since small investors can be novices, the knowledge accumulated by brokers based on their experience can be very useful to small investors, as they may be the first time trying to become a new entrant in the stock market. The Indian government has undertaken several reforms to open, regulate and strengthen the industry. The Indian government and the Reserve Bank (RBI) have taken various measures to facilitate the financing of micro, small and medium-sized enterprises (MSMEs).

- **Growing Demand:** Rising incomes are driving the demand for financial services across income brackets.
- **Innovation:** India benefits from a large cross-utilization of channels to expand the reach of financial services.
- **Policy Support:** Government has approved new banking licenses and increased the FDI limit in the insurance sector. It has also approved 100% FDI for the insurance intermediaries.
- **Growing Penetration:** Credit, insurance and investment penetration is rising in rural areas. Moreover, the wealth management segment has witnessed growing HNWI participation.



c. Market size: -

- The country's financial services sector consists of capital markets, insurance sector and non-banking financial companies (NBFCs). India's gross national savings (GDS) as a percentage of Gross Domestic Product (GDP) stood at 30.50 per cent in 2019. In 2019, US\$ 2.5 billion was raised across 17 initial public offerings (IPOs). The number of Ultra High Net Worth Individuals (UHNWI) are estimated to increase to 10,354 in 2024 from 5,986 in 2019.
- The Indian asset management industry is one of the fastest growing industries in the world. In March 2019, the total assets under management (AUM) of corporate investors was 9.55 billion rupees (136.59 billion US dollars), while wealthy individuals and retail investors were 7.52 billion rupees (107.55 billion U.S. dollars) and 63 billion rupees (90.12 U.S. dollars). US \$) billion). In the Asia-Pacific region, India is one of the top five countries for the wealthy. The value of alternative investment funds increased from Rs 137.76 billion (US \$ 1.97 billion) in June 2016 to Rs 74 817 crore (US \$ 10.7 billion) in June 2019.
- Along with the secondary market, the market for Initial Public Offers (IPOs) has also witnessed rapid expansion. In FY19, Rs 14,674 crore (US\$ 2.10 billion) has been raised from Initial Public Offerings (IPOs).



d. Investment and Development: -

- FPI investments in Indian equities touched a five-year high of Rs 101,122 crore
- Total Merger and Acquisition (M&A) worth US\$ 25.162 billion was recorded in first ten months of 2019.
- The equity mutual funds registered a net inflow of Rs 6,489 crore in September 2019.

- There were 9,659 non-banking financial companies (NBFCs) registered with the Reserve Bank as on March 31, 2019.
- In FY19, over 3,133 core digital transactions were registered and reached 1,527 crores in FY20.

e. PESTEL Analysis: -

- **Political and Legal Factors:** Political and legal factors that can affect the broking industry are the government policies, deregulation of the market, tax policies, laws and regulations, trade restrictions and tariffs. As we know SEBI is the regulator for equity markets, the markets have to be within the legal framework set by SEBI. Brokers and companies have to comply with the policies framed by them. The government plays a major part in financial services by formulating policies, changing tax structures, deciding how much is to be invested in the financial markets. They also play an important role in framing policies for FIIs and FDIs, which have a huge impact on equity markets.
- **Economic Factors:** Economic environment is the most important factor for any company or industry. The equity markets are directly impacted from the economic condition of the country. Today in India, the cost of living, high inflation, greater spending power and low saving power are all factors of the economic environment.
- **Technological Factors:** Electronic trading, digital certification, straight through processing, electronic contract notes, online broking have emerged as major trends in technology. With the widespread of internet facilities many customers wish to do online trading. There are a lot of software's that are used by the broking agencies to provide online trading facilities to its customers. Growing technology integration is bringing the markets closure, its making trading transparent and really fast. But the dependence on technology and internet can be disadvantageous when the systems don't work and prove to fail.
- **Social Factors:** Social factors related to equity markets can be understood as market sentiments. The sentiments of people are very important factor for the markets and broking houses as well. Many people do not understand the markets but go with their sentiments or just indulge in trading. It's very important for the investors to have market knowledge and for brokers to understand their sentiments and invest accordingly.

3. Analysis:

a. Growth Story of the Company: -

In 2010, three entrepreneurs, Shekhar Jain, Lalit Chetani and Manoj Agarwal had set up Ontrust Capital Markets Private Limited, an entity dedicated to happenings in Indian Stock Markets and Financial Services. Gradually, this team made foray into the stock broking and quantum of turnover started to witness a huge rise over the years generating more employees who are now an essential part of the organisation. Also, because of the low-cost structure and the trade-and-scoot type of policy, they are very popular among traders. A big spurt in share prices this year and a surge in retail investment flow into equity mutual funds have kicked off a race among top Indian brokerages to expand client base. But the rat race shows the coming of age of an industry, which was almost in peril five years back and has come out of great trials. In spite of these the growth rate of the company has been rising significantly rising over the five years. They are also growing their clients at a fast clip. Stock trading volumes have been growing in double digits over the past 15 months as falling returns on fixed income assets and a gradual decline of physical asset. Ontrust is a technology-centric stock broking and management services company and aims to grow continuously and face all challenges that are coming forward.

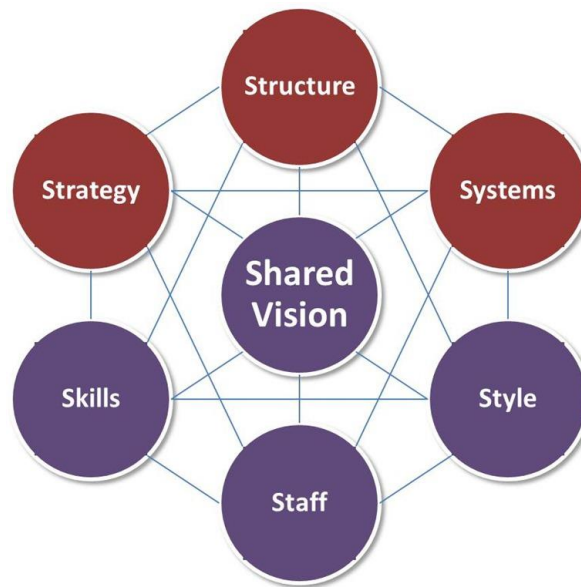
b. Organisation's Culture: -

It is an organisation run by just 25-30 employees. They are like a small close-knit family within themselves. All employees think highly of the company. Not only that, almost all employees are aware of the journey and milestones of the company. Till now I have interacted with 4-5 employees and they know themselves as well as their colleagues inside out. They know their work, targets, goals and objectives and work rigorously to achieve them. They are not afraid to make mistakes and take chances. As per my observation, employees are satisfied. One reason for this is that the HODs (Head of Departments) are extremely cordial and not bossy. So, employees come up to them with almost any query, issue, doubt, help etc. Compensation was therefore at the heart of their motivation and shaped their everyday attitude, as well as their long-term goals. In this pandemic Covid19, the company has been taking measures to motivate the employees and is ready to help the employees in every way possible.

c. **Comparative Performance: -**

The financial performance of the company hasn't been disclosed. So, there isn't any basis on which the performance can be compared with the competitors,

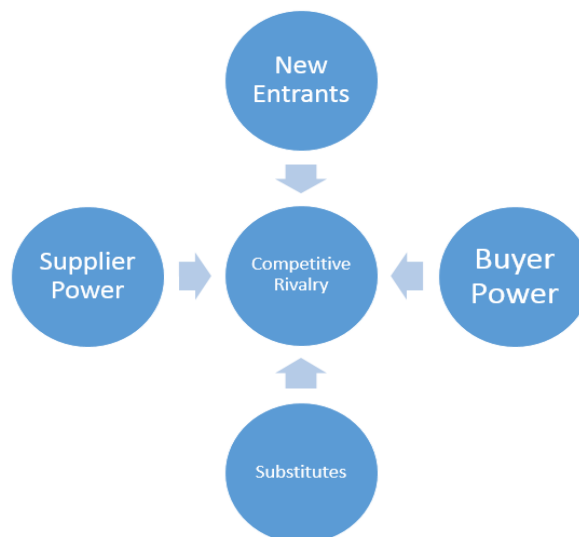
4. **7-S Framework:**



- **Strategy:** The strategy at Ontrust is to study the internal capabilities of the company and accordingly identify a few strategic decisions and define the new business model. So, this is Ontrust's plan for building and maintaining a competitive advantage over its competitors.
- **Structure:** This is how Ontrust is organized (that is, how departments and teams are structured, including who reports to whom). It is a single floor office divided into different cabins. There are cabins for marketing and sales, design team, top level executives and research analysts and merchant banking heads.
- **Systems:** It includes the daily activities and procedures that staff use to get the job done at Ontrust. Punctual behaviour is shown by everyone and there is a fixed routine that every employee follows. There is a biometric system for attendance and number of hours worked.
- **Shared values:** These are the core values of Ontrust, as shown in its corporate culture and general work ethic. They were called "superordinate goals" when the model was first developed. The company believes in equality, hard work, and ethical means.

- **Style:** It is the style of leadership adopted by the company. After talking to my mentor, I could figure out that the style of leadership is democratic. They share information with employees about anything that affects their work responsibilities. They also seek employees' opinions before approving a final decision.
- **Staff:** It constitutes all the employees and their general capabilities at Ontrust. All employees are treated respectfully and are highly disciplined. However, prior work experience is required for almost all the preferred candidates.
- **Skills:** It includes the actual skills and competencies of the employees. Hard work, excel know-how, basic computer knowledge, documentation and proper soft skills are present in almost every employee.

5. Porter's Five Force Analysis:



- **Threat of New Entrants:** There are no barriers to entry in the market i.e. any company can enter the market and replicate the model of the firm which has been established. Also, new forms of trading including T+2 settlement system, dematerialization etc are strengthening the retail brokerage market and attracting companies to enter. The less time and cash it cost for a contender to enter an organization's market and be a compelling contender, the more an organization's position might be altogether debilitated. As a result, threat of new entrants may decrease the returns.

- **Bargaining Power of Customers:** Lack of expertise curtails the bargaining power. Due to lack of knowledge and expertise the retail investors approach broking houses which charge less fees. The retail broking services provided by the various companies is homogeneous with very low product differentiation. This allows customers to enjoy a greater bargaining power.
- **Bargaining Power of Suppliers:** There is a growing dependence of corporates on broking houses with the rising number of IPO's coming to the market. Online trading competes with traditional brokerage and there is an increasing demand for online trading due to consumer's growing preference for internet as compared to approaching the brokers.
- **Threat of Substitute Products:** Various alternative forms of investment including fixed deposits with banks and post offices etc. act as substitutes to retail broking products and services. Nowadays various banks provide similar type of services. They also give the same service of portfolio management and wealth management.
- **Competitive Rivalry:** The number of competitors in this industry are very much which means that with equivalent services and products there is less power in the market. The intensity of competitive rivalry is very high so a lot of brokerage companies are moving towards consolidation with the smaller one becoming either franchisees for the larger brokers or closing operations.

PART B: Research Based Project

1. Introduction

a. Title of the project:

The project title is, “A study on Startup India and MSMEs”

b. Brief description of the project:

In order to understand what is the approach of the startups to get benefited from the government schemes, I have been allotted desk search on topics like Startup India and MSME's. I had to research on the various regulations of Startup India and the procedure for getting certified under this scheme. Desk research is very different from primary research. The data is readily available but we have to explore more to get the most appropriate data. During the second phase of my internship, I had to make a report on MSMEs. I had to know from the scratch the various details of MSMEs and had to be updated with the current news.

c. Objective:

To study about the various government regulations and initiatives through which a startup can be benefitted.

d. Research Problem:

To analyze whether the government policies are viable for startups and the funds allocated for startups are reaching to them or not.

2. Methodology

a. Approach:

The study involved use of both quantitative and qualitative data.

Quantitative data was used to know about the current status of the startups and compare the figures over past years. It was also used to know about the key statistics pertaining to MSMEs,

Whereas qualitative data was used to know about experience of some enterprises which have already been benefitted by these schemes and initiatives. It was also used to know about some schemes and the process for applying for it.

b. Sources of data:

I have been allotted desk research which is a research method involving use of existing data. This data is summarized and collated to increase the overall effectiveness of the research. So basically, I worked on secondary data.

c. Method of data collection:

Secondary data was obtained in the following ways.

- **Data available on the internet:** This is one of the most popular ways of collecting secondary data. However, I had to be careful while collecting data and had to consider only authentic and trusted websites.
- **Commercial information sources:** Local newspapers, journals and magazines were used to obtain data for desk research.
- **Calling certified personnel:** I had to call up entities which do MSME registration and know about the existing rules and regulations of registration.

d. Problems faced while collecting data:

In spite of data being readily available, there were some problems faced while conducting the research.

- Difficult to evaluate whether the data was authentic or not.
- Even if data was accurate, some of the websites did not show updated data.
- Especially during the phase two of my internship, the government regulations were changing rapidly and amendments were being made. So, it was becoming very difficult to identify the authentic source because the government websites were not updated.

3. Presentation of data:

Data was organized in tables, charts and graphs so that logical and statistical conclusions could be derived. However, data was presented in all three forms i.e. textual, tabular and graphical. Textual data was used to represent qualitative data.

a. Examples of textual data used:

Review of Orahi

“The office was buzzing with lot of energy. There we met a team of Startup India program. All these individuals had excellent understanding of startup echo system and came from top colleges and consulting firms. We spent time in explaining our concept, which was very interactive. We answered all the questions. At the end we were asked about what additional information and help we needed from Startup India team. We got information that we were looking for. Overall our experience in interacting with Startup India team has been very good.”

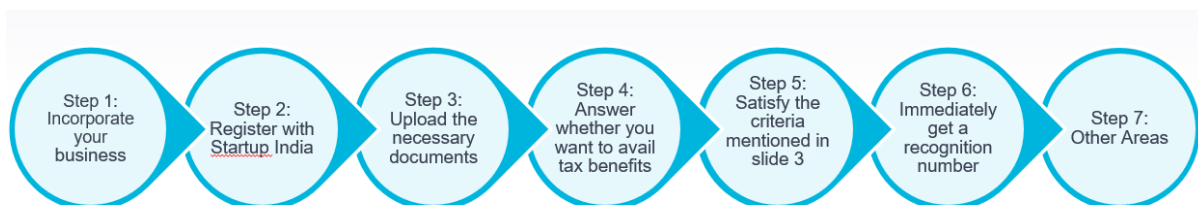
Why categorization of MSME?

Small scale industry is at present defined by notification under section 11B of the Industries (Development and Regulation) Act, 1951. Section 29B of the Act provides for notifying reservation of items for exclusive manufacture in the small-scale industry sector. Except for these two provisions, there exists no legal framework for this dynamic and vibrant sector of the country’s economy...Central enactment to provide an appropriate legal framework for the sector to facilitate its growth and development...a growing need is being felt to extend policy support for the small enterprises so that they are enabled to grow into medium ones, adopt better and higher levels of technology and achieve higher productivity to remain competitive in a fast globalization area”

(MSMED Act, 2006)

b. Examples of flow chart used:

How to apply for StartUp India?



c. Examples of some tabular data used:

Table 1: Classification of Units on the Basis of Number of Employees

Number of Employees	Type of Unit
0	Self-employed
2-9	Micro Enterprise
10-49	Small Enterprise
50-249	Medium Enterprise

Table 2: Key Statistics on Economic Contribution of MSME

(Figures in Rs. Crores adjusted for FISIM ³ at current prices)						
Year	MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	Total GDP	Share of MSME in GDP (in %)
2011-12	2622574	-	8106946	32.35	8736329	30.00
2012-13	3020528	15.17	9202692	32.82	9944013	30.40
2013-14	3389922	12.23	10363153	32.71	11233522	30.20
2014-15	3704956	9.29	11504279	32.21	12467959	29.70
2015-16	4025595	8.65	12566646	32.03	13764037	29.20
2016-17	4405753	9.44	13841591	31.83	15253714	28.90

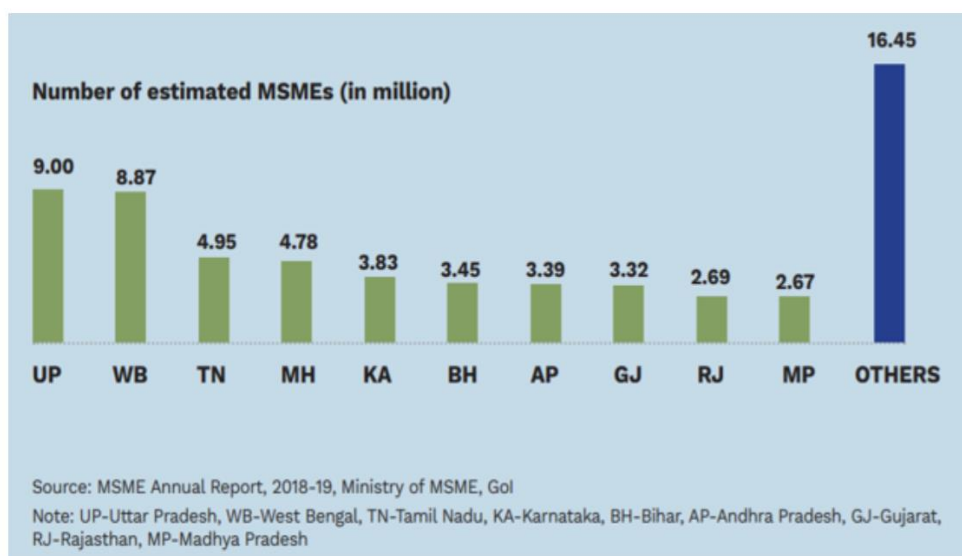
Source: Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation

Table 3: Balance Sheet Commercial Lending Exposure

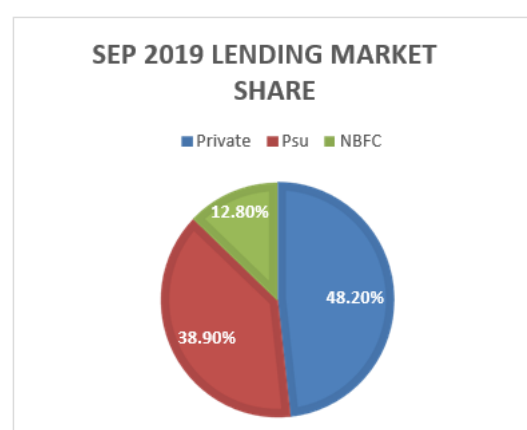
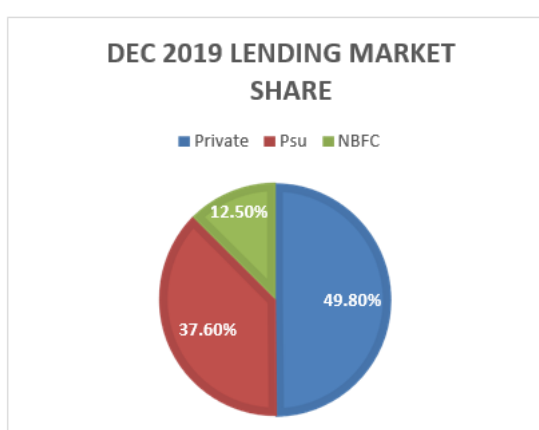
	<i>Very small</i>	<i>Micro 1</i>	<i>Micro 2</i>	<i>Small</i>	<i>Medium</i>	<i>Large</i>	<i>Overall</i>
Dec-19	0.93	2.15	1.44	8.74	4.68	46.10	64.04
Jan-20	0.88	2.17	1.46	8.72	4.51	46.72	64.45

d. Examples of graphical data used

Bar chart: State wise number of MSMEs



Pie Chart: MSME Lending Market Share



4. Findings of the Project

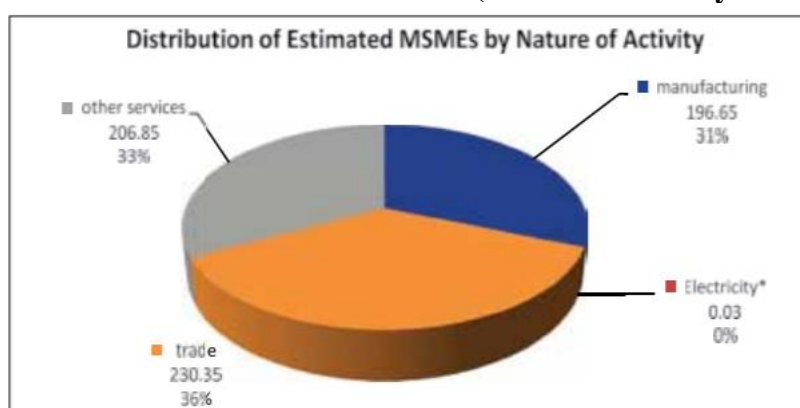
Here are some of the findings from the Startup India Research

- Over the last five years, more startups have emerged in India.
- Entrepreneurial Ecosystem of India has developed dynamically.
- Investment in physical and digital infrastructure have improved because of startups.
- Lack of government support to startups in tier 2 and tier 3 cities.
- Most of the entities certified have found these regulations and initiatives to be beneficial.

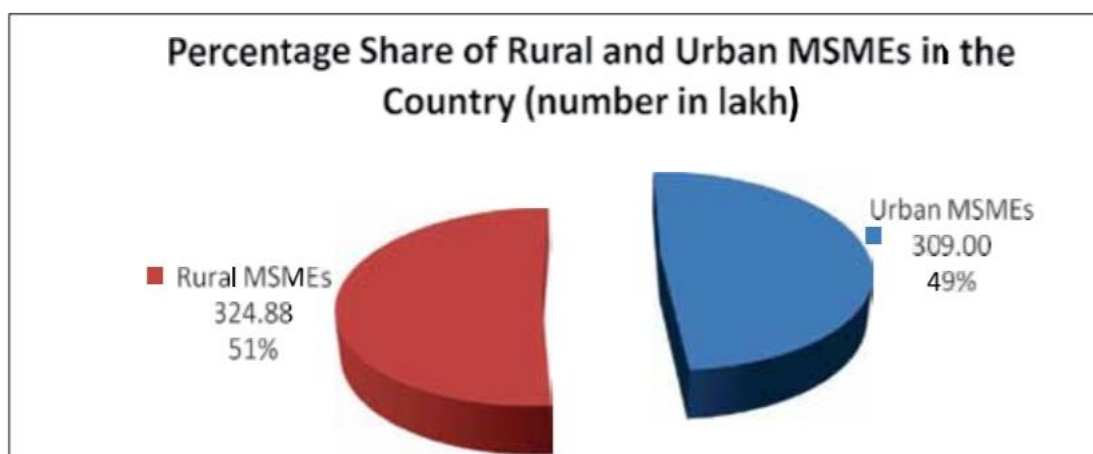
Here are some of the findings from MSME Research

- State governments, especially in West Bengal do not provide all schemes mentioned by the Central Government.
- Government have taken many measures to promote the development of micro, small and medium enterprises. These measures include supply of credit, technology upgrading plans, quality improvement and market support. The increased coverage of credit guarantee funds for micro and small enterprises and the higher credit limits granted by banks to MSMEs have increased their support for credit.
- It is seen that 31% MSMEs were found to be engaged in Manufacturing activities, while 36% were in Trade and 33% in Other Services. Again, out of 633.88 estimated number of MSMEs, 324.88 lakh MSMEs (51.25%) were in rural area and 309 lakh MSMEs (48.75%) were in the urban areas as is evident from the below chart.

Distribution of Estimated MSMEs (Nature of Activity Wise)



Percentage Share of Rural and Urban MSMEs in the Country (number in lakh)



- On basis of the report the following challenges were identified for the growth of MSME sector.

Challenges for the growth of MSMEs			
Access	Availability	Awareness	Adoption
<ul style="list-style-type: none"> • Adequate & timely credit • Markets for quality supply and good demand 	<ul style="list-style-type: none"> • Skilled man power in rural areas • MSME specific incubation centers • Basic Infrastructure 	<ul style="list-style-type: none"> • New export Markets • Regulatory & Government Support • New technologies and processes 	<ul style="list-style-type: none"> • Digital Payments • Regulatory Compliance • New technologies and processes

5. Problem Areas and Solutions

a. Problems:

- Lack of awareness of Ontrust's brand name in investment banking and management services industry outside Kolkata.
- Not all the existing clients and potential clients are techno savy and comfortable with current online trading software.
- CoronaVirus pandemic has shaved off nearly one third of global market cap. The spread of virus has triggered panic across the world and shaken the confidence of investors.
- Lack of innovation
- The need for more sophisticated risk management, real-time analysis, automated testing, customer-accessible portals and increasing security requirements has put increasing pressure on banks' technical capabilities.
- Cyber-threats are ever on the increase and with legacy technology has become a risk factor. The increasing digitalization is clearly giving an opportunity to cyber criminals who are already targeting bank accounts in ever great numbers.

b. Solutions:

- The company should target young generation people because of their increasing interest towards stock market. The company can start with some courses which will inflate the interest of these people and also act as a mode of increasing revenues.
- The company should keep educating their clients by giving tips and advices and making them aware of the market happenings in form of newsletters or podcasts. Also, spread the awareness of online trading among the clients.
- They should be well prepared in advance for any unforeseen circumstances. And a revival strategy needs to be prepared to bring back the interest of investors.
- Innovation is a key feature to survive in this competitive world. The company should focus on innovation with least cost.
- A change to back end operations is needed to bring down the digitizing risks.
- The management and goodwill of the company is very important to acquire and retain clients. For this, they should hire talented individuals and provide them necessary training.
- The company should set up an IT department would qualified individuals who will work on digital innovation and cyber security issues.

PART C: Learnings from the Project

i. Industry Potential:

Comprehensive knowledge about Ontrust Capital Markets Pvt. Ltd. made me understand the importance of government regulations for a startup. There was macroscopic knowledge that I figured out when I began working on the project during the orientation phase, and microscopic insights that I got to know after working.

ii. Geographic Understanding:

Data helped me to know about the emerging startups in different cities. Like in Bangalore there were maximum startups. However, there were not many emerging startups in tier 2 and tier 3 cities because of lack of government support in these areas. Also, the government provisions differ from city to city. I also got to know that different states have different schemes and concession limit.

iii. Gap Analysis:

This study has given me a lot of insights into the gap present between the government and entities, in terms of what the government shows the benefits would be but what it actually is. It also helped me perform an analysis from the point of view of business entities.

iv. Command over formal written communication:

Reaching out to different people have helped me improve my formal written communication skills. Emailing them and asking them about their experience, talking to my mentor and making presentations have helped me polish my writing skills.

v. Creativity and Innovation:

Occasionally I was told to make presentations which was awarded based on how I looked at monotonous things through my relative and innovative prospective by looking at both sides of the story.

vi. Data mining and data authenticity:

Finding out data from different sources have helped me fetch data from every possible resource. Reading the fetched data has improved my command over language and made of aware of some jargons. I also know about the sources which will provide authentic data.

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