



DELTA

ENVISIONING CHANGE



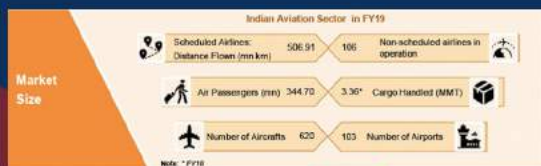
Steel



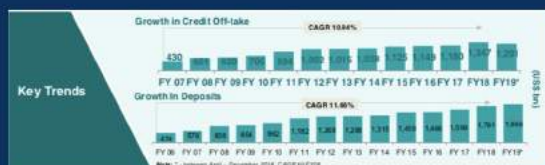
Automobile



SECTORS



Banking



Aviation



ABOUT NLDIMSR

N. L. Dalmia Institute of Management Studies and Research (NLDIMSR) was established in the year 1995 by the Late Shri Niranjanalji Dalmia with a vision to become a World Class Management Institute. Currently, N. L. Dalmia Institute of Management Studies and Research ranks among the top B-schools of India and is one of the most preferred business schools in Mumbai.

N. L. Dalmia Institute of Management Studies and Research commenced its academic programme in the year 1997. NLDIMSR strives to achieve its mission, “To provide value based quality management education with a global outlook and social conscience” under the power-packed leadership of Hon. Secretary of N.L Dalmia Educational Society Shri Shailesh Dalmia. Our CEO Prof. Seema Saini has played an instrumental role in grooming the future leaders. Our Dean Academics Prof Dr. Dinesh Hegde encourages the students to strive for excellence imbibing knowledge and wisdom



**Shree Shailesh Dalmia
Hon. Secretary
N. L. Dalmia Education
Society, Mumbai.**



**Prof. Seema Saini
CEO
N. L. Dalmia Education
Society, Mumbai.**



**Dr. Dinesh Hegde
Dean - Academics
N. L. Dalmia Institute of
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Mumbai.**

ABOUT FINANCE FORUM

Finance Forum is an executive body of N. L. Dalmia Institute of Management Studies and Research managed by student representatives. It organizes and aims at inspiring students to participate in National Level B-School competitions. It also encourages them to undertake research and enhance their career prospects.

Apart from Mulyankan, a National Level B-school paper presentation competition, Finance Forum also organizes various Finance related events, workshops, guest lectures and seminars by prominent personalities from the finance industry.

It also publishes DELTA, a semi-annual financial e-magazine prepared by students of N. L. Dalmia Institute of Management Studies and Research.

The Finance Forum is currently headed by Prof. Dr. Anil Gor - Ph.D. (Mergers and Acquisition), LL.M, MFM, M. Com, FCS and CAIIB.



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FROM THE DESK OF HOD FINANCE



It is a matter of great pleasure that the 20th Volume of Delta- an E-magazine of Finance Forum, is being released on the occasion of Mulyankan, 2019 on 5th October 2019. This means the completion of one decade of publishing Delta which is a bi-annual E-magazines published once in every semester on the occasion of Mulyankan- event of Finance conclave in the first semester and on the occasion of Vishleshan: Case study competition event in February in the second semester. The zeal and consistency with which our Delta Team of Finance Forum publishes Delta E-magazine deserves compliments. The underlying theme of Delta is to encourage the students to think and write. The entire process of writing, editing and publishing work is done by the students. The articles selected in this magazine are written by the students reflecting their thought process on various topics

The Editors of Delta are also recognized as Campus Reporters for Business Standard and many of the events of the Institute reported by these campus reporters have been published in Business Standard under the column “Campus Talk.” Apart from writing of articles by the students, Finance Forum- an Executive Body of Finance students, has been very active in organizing various events the details of which have been covered in this issue, which will be sent to all the students and alumni as well as placement partners via email.

I wish all of you a very happy reading and take this opportunity to wish you all in advance, a happy festive season ahead

With regards,

Dr. Anil Gor

M.Com, LL.M. M.F.M, Ph.D.FCS, CAIIB

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FROM THE DESK OF CO-EDITOR

Mr. Raju Ramanathan did his Post Graduation (M.M.S.) with specialization in Finance from NLDIMSR in the years 1999-01. He then joined TATA Finance as Executive – Marketing working in areas of Product Management, Budgeting, Sales, Credit Risk etc.

He then worked at numerous other organizations like: -

- **ICICI Bank Limited (Area Credit Manager),**
- **HDFC Bank Limited (Area Credit Manager),**
- **Indiabulls Credit Services Ltd (Regional Credit Manager),**
- **Mphasis Ltd (Senior Business Analyst)**
- **Pershing Ltd (Product Analyst)**
- **Lombard Risk (Business Analyst)**

After working as, a Business Analyst at Lombard Risk, London, United Kingdom, he joined Nomura, London in September 2014 as Vice President – BA/PM. During the same time, he also completed his Masters in Finance from London Business School. He holds a total of 15 years of Industry Experience.

The whole Delta Team is glad and privileged to have him on board as our Co- Editor.



FINANCE FACULTY



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HEAD OF
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PROF. S NARAYAN
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FACULTY

EDITORIAL

Welcome to the twentieth edition of the bi-annual e-magazine DELTA, comprising contributions from young leaders in the making, esteemed faculties, and alumni, on diverse finance topics, summer internship interview experiences, industry expert seminars and expert views on the finance industry from our experienced faculties.

Heartfelt appreciation to Professor Dr. Anil Gor, Head of Finance Forum, for his constant guidance and support. We would also like to extend our gratitude to Professors Dr. Jyoti Nair, Dr. Chetna Asbe, Dr. Ruchika Aggarwal and Prof. Khushboo Vora for their insightful articles, and the entire Finance Forum team for their help in making this magazine a success. Special acknowledgments to Dr. Jyoti Nair, Dr. Chetna Asbe, Prof. Narayan Murthy, Prof. Khushboo Vora and Prof. Vijay Kanchan for reviewing and shortlisting the articles.

The magazine hopes to facilitate the students in their journey of discovering knowledge through pieces on not only current events and trends but also real-life experiences and learnings of industry internship experiences. We hope that the readers find the issue an interesting and knowledge enriching read. Editors of the Delta magazine were awarded certificates from Business Standard for their articles published in the newspaper.



IMPENDING RECESSION – SHOULD INDIA WORRY?

Impending the global recession has been the buzzword for the last one year. Ongoing trade war between the US and China and its visible impact on global trade has further fuelled the speculation that the recession has set in. All major economies are reporting a slump in economic growth – US, China, Germany, and even Japan is fighting to tackle slowdown. India had been on a dream run since the last decade surpassing every other economy when it comes to GDP growth. Just as India was able to dodge the 2008 global crisis, will it be able to survive the current slowdown?

Economics defines a recession as a contraction of Gross Domestic Product for three consecutive quarters. There is a significant decline in economic activity indicated by GDP, production levels, consumption level, retail sales, unemployment, etc. India's GDP growth has been pegged at 5% in the first quarter of FY19, a reduction from 5.8% growth in the March quarter of FY18. India's growth though high, its deceleration is worrying. Production, consumption and employment has decreased. Thus, on all parameters, India is looking at a recession.



Dr. Jyoti Nair
Faculty - Finance

Both internal and external factors have contributed to this slowdown. The question to be addressed remains: is it a cyclical downturn or a more deep-rooted structural issue? Experts claim that this weakening has to do more with structural and sectoral issues which is more long term in nature than cyclical concerns. India's GDP is largely consumption expenditure driven, both private and government. There was a huge decline in private consumption expenditure in the last few quarters. This leads to lower production and consequently lower employment thereby depressing the economy. The prices fall leading to further reduction in production due to losses and the cycle continues. Let's look at the reasons that would have led to this decline in consumer spending. Reduction in rural income growth over the last few years due to depressed food prices has led to a contraction of rural demand. Likewise, inflation and rising unemployment have affected income levels leading to reduced private spending. Liquidity crunch due to the ILFS crisis has also contributed to the same. There is a credit crunch for consumer loans leading to reduced spending on consumer durables. The second important contributor to GDP is investment or capital spending. Household capital investment has declined drastically in the last two years. The majority of the private investment is in real estate which has reduced due to demonetization. Also, many sectors like real estate, banking, and automobile are reporting demand induced contraction. Unsold inventories in real estate, consumption saturation in the auto sector, unproductive manpower in the banking sector due to digitalization and liquidity crisis in the NBFC sector are all signs of structural problems. There is a slump in manufacturing activity as seen by the IIPM index. This has led to job losses. Government spending on infrastructure projects also dropped on account of reduced GST collection and need to maintain fiscal deficit numbers.

The recent stimulus measures announced by the Government can to some extent arrest the declining numbers. The government's decision to pump funds into the banking system can result in improving liquidity, increasing the bank's lending capacity with moderate interest rates would increase consumer spending. Higher liquidity would also revive the MSME sector which has been badly affected due to the implementation of GST, the inadequacy of funds on account of high-interest rates, lack of innovative technology and skills. MSME sector can hugely influence India's GDP growth. Reduction of tax rates – both corporate and personal, would release more disposable income. Increased Government spending on infrastructure will boost employment and capital formation. Also, tax incentives for badly hit sectors, policies for improving ease of doing business are some of the other immediate steps to be taken. RBI has reduced the repo rate which will improve exports. It has also transferred surplus reserves to the government which if used prudently in investment and research can have long term positive impacts on the economy. Recapitalization of banks will improve liquidity in banks leading to stimulation of consumption. The Government has embarked upon confidence-building measures to revive the mood of the economy.

As per a report issued by Morgan Stanley, India is seeing a massive slowdown but not recession, at least, not as yet. If appropriate and timely fiscal and monetary measures are implemented by the government and RBI, this cycle can be reversed.

MACROECONOMIC POLICY FRAMEWORK

Critical for Economic Growth

The macroeconomic policy framework of any country paves the way for its economic growth. The main objectives of this framework are sustainable growth, the balance of payment equilibrium, price stability, full employment of resources and income equality. Any disruptions in the economic policies can put a question mark on the prosperity of the economy.

Venezuela is a classic example of mismanagement of macroeconomic policy which led to an irreversible economic crisis. Venezuela, the home of the largest proven oil reserves in the world, is on the verge of collapsing. The benefits of an increase in oil prices could have been leveraged to fuel the growth in the economy. However, the intention to maintain political power led to overspending on social programs rather than investing in oil production. As a result, there was a momentary improvement in the economic, social and cultural status of people in the economy but oil production, on which the economy survives, dropped by 65 percent in less than 10 years as seen below in Chart 1.



Dr. Ruchika Agarwal
Faculty - Finance



Chart 1: Venezuela Oil Production, (in BBL/D/1K); Source: Tradeeconomics.com, OPEC

In 2010, the then President, declared an economic war in Venezuela owing to unsustainable inflation. The country is in the state of hyperinflation with price increase reaching an unimaginable figure of more than 3 lakh percent in April 2019 coupled with a negative GDP growth. The chart 2 below demonstrates the worsening GDP and price situation in Venezuela.

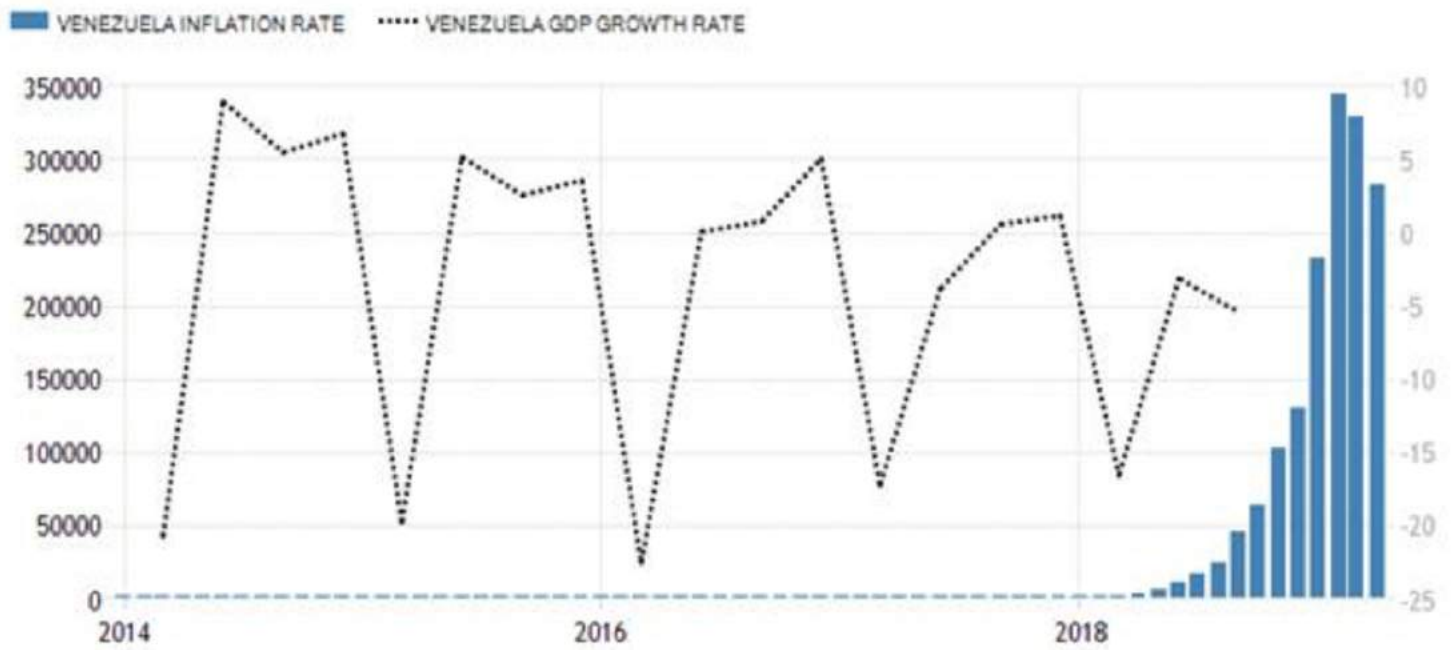


Chart 2: Venezuela Inflation Rate and GDP Growth Rate (%)

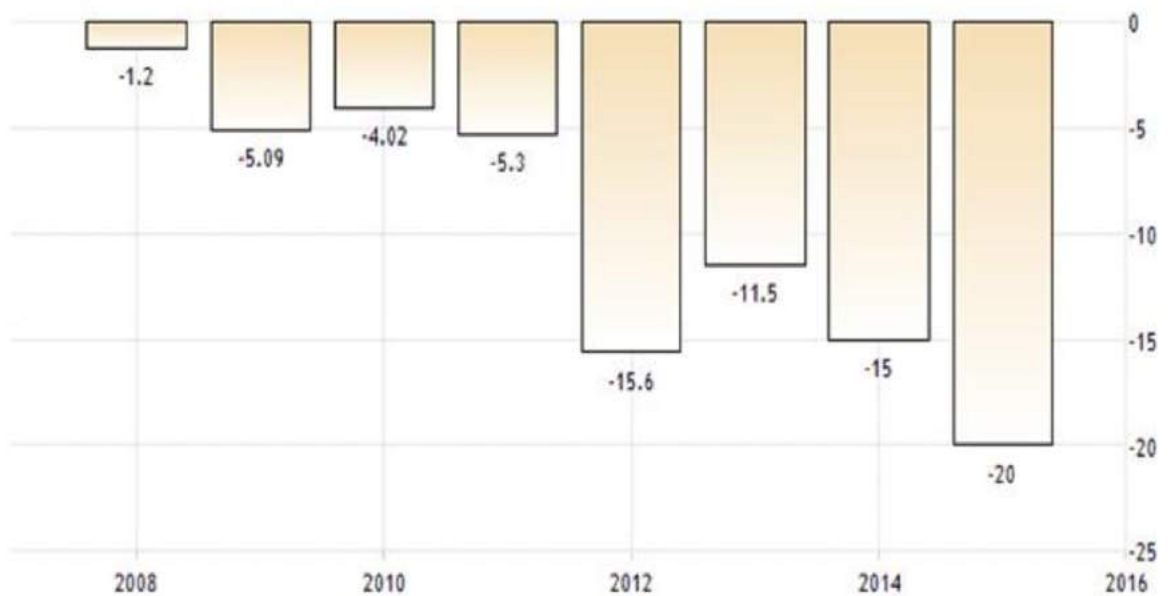


Chart 3: Venezuela Budget Deficit



Chart 4: India GDP Growth (%)
Source: National Statistics Office (NSO), CRISIL

Owing to the irrational and unstructured spending, the government today is in a deficit of more than 20 percent as depicted in Chart 3. The economy took a turn around towards depression only as a result of inappropriate policies.

Currently, India is also sailing through an economic slowdown with GDP growth for the first quarter of 2019-20 reaching a low of 5 percent. The country grew by 8.7 percent in fiscal 2017, the fastest over the last decade. However, the downturn got triggered because of disruptions shaped by policy initiatives and reforms, demonetization, GST roll-out along with uncertainty in the global environment.

There is immense pressure on India's exports due to weak global growth, GST, rising crude oil prices and trade disputes. The core sectors of the economy including auto, real estate, banking, and manufacturing are also not in a good shape which has further exacerbated the pain.

Inflation targeted Monetary Policy and reforms under Fiscal Responsibility and Budgetary Management Act would pay off over the medium term. However, the need of the hour is to take near-term monetary and fiscal policy measures to increase the investments and revive the economy. To be back on the path of a 5 trillion-dollar economy, appropriate and quick macroeconomic measures are critical. A stable but dynamic macroeconomic framework is necessary for India to regain its title of the fastest-growing economy in the developing world.

The prospects of the global economy also look cloudy. There is a slowdown in the world economy as well due to trade tensions and tariff disputes. Growth in all the major economies including the US, Europe, and China is set to moderate. In such a bleak scenario, thoughtful policy actions become critical to ease the pressure on the developed as well as emerging economies. As elucidated in the case of India and Venezuela, a macroeconomic policy framework is a two-way sword that can put the economy on an either prospective or gloomy path. In today's uncertain global environment, careful policy decisions can help the major economies to catch the growth trajectory and thus help the world economy to grow.

JOURNEY TOWARDS INVESTMENT IN MUTUAL FUNDS



Prof. Khushboo Vora
Faculty - Finance

Indices are ending in red since a month, gold rates are soaring at an all-time high at 40,000, fixed deposits rates are decreasing every quarter, the only feasible investment avenue to fall back on in such times is mutual funds.

The journey to invest in a mutual fund scheme, for a naive retail investor, starts with penning down his future goals; at least of next 10 years (e.g. latest iPhone, 1 long vacation a year, marriage, car, house, etc.). Now it's the time to attach a cost to each of the goals. Cost because, to achieve these goals, you will spend that much amount and then you can summarize how much you need to start saving today so that you can make your goals/dreams financially possible.

The next step in the investment journey is to know your current financial status i.e. current saving and probability of future income stability. This will also help us understand what is your yearly expenditure for living. Now, is the time to understand your behaviour as an investor. Can you trust yourself, to religiously and with discipline save first and then spend every month? This will help you decide, lump-sum or SIP.

The next step is deciding whether you want to invest through a broker or agent (regular scheme) or yourself (direct schemes). The difference is, in regular schemes, a professional financial advisor can help you to understand and manage your funds more efficiently. Whereas the direct plan of mutual funds gives higher returns than the regular funds as they do not include broker fees.

Mutual funds companies mainly offer 2 kinds of schemes, growth, and dividend. In case of growth option, the profit is reinvested back into the scheme. Dividends are declared only when the schemes make a profit. The dividends scheme has 3 choices: monthly dividend, quarterly dividend and finally dividend reinvestment. Most of the investors prefer investing in open-ended schemes only.

The final step towards your investment journey is the selection of a suitable mutual fund scheme that will meet your expected returns, risk profile, and timelines. The different fund categories and the sub-categories available in each AMC are tabulated below.

1. Equity Schemes: Multi-Cap Fund, Large Cap Fund, Large & Mid Cap Fund, Mid Cap Fund, Small cap Fund, Dividend Yield Fund, Value Fund, Contra Fund, Focused Fund, Sectoral/ Thematic and ELSS
2. Debt Schemes: Overnight Fund, Liquid Fund, Ultra Short Duration Fund, Low Duration Fund, Money Market Fund, Short Duration Fund, Medium Duration Fund, Medium to Long Duration Fund, Long Duration Fund, Dynamic Bond, Corporate Bond Fund, Credit Risk Fund, Banking and PSU Fund, Gilt Fund, Gilt Fund with 10-year constant duration and Floater Fund

3. Hybrid Schemes: Conservative Hybrid Fund, Balanced Hybrid Fund, Aggressive Hybrid Fund, Balanced Advantage, Multi Asset Allocation, Arbitrage Fund, Equity Savings
4. Solution-Oriented Schemes: Retirement Fund and Children's Fund
5. Other Schemes: Index Funds/ ETFs and FoFs (Overseas/ Domestic)

The destination is only one stop away, choosing the AMC. This is the most difficult part of the whole journey. An investor can choose different schemes, with different AMC to fulfil different financial goals or combine all in one. The choice is all in the hands of the investor. To take the final call, performance evaluation over time horizon and risk assessment of each scheme of each fund house is very crucial. This can be done through various websites, a famous one is www.valueresearchonline.com. The final thing to be noted is “mutual funds are subject to market risk, please read the offer document carefully before investing”.

Happy investing & safe investing!!

DOES TOO MUCH EXPECTATION LEADS TO INFLATION?



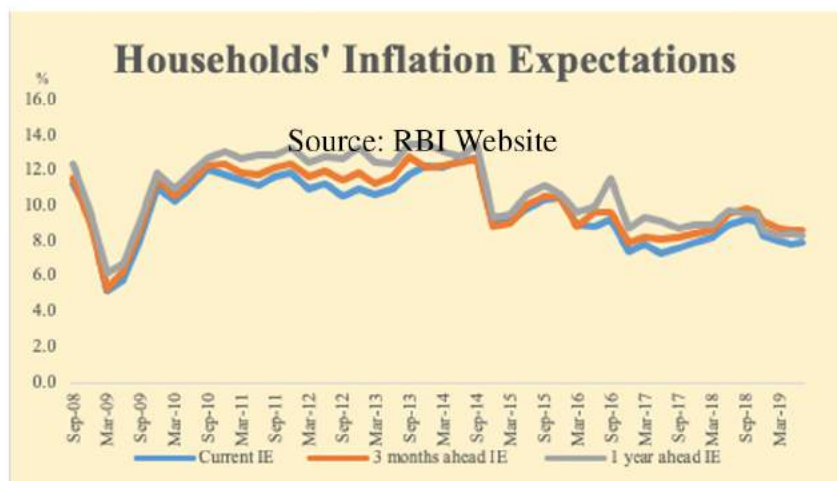
Dr. Chetna Asbe
Faculty - Finance

Ever since the economists first began to write on economic matters, the intermittent occurrence of wide movements in the general level of prices has attracted special attention. World Bank defines inflation rate as ‘an annual increase in the price of a basket of goods and services that are purchased by consumers in an economy’. In 2013, India was observing a trend of high inflation rate and therefore there was a clear case for bringing it down. RBI, therefore, appointed a committee to amend the Indian monetary policy framework. As a result of the committee’s recommendations, India (informally) adopted flexible inflation targeting since January 2014 with consumer price index (CPI) inflation as the nominal anchor. Consequently, the primary objective of monetary policy it is to achieve the pre-determined inflation target.

The chief objective of monetary policy establishes the goals of RBI’s communication policy. It has been believed that the communication policy aids in continued vigilance over inflation, anchoring inflation expectations and fostering macroeconomic stability. Inflation expectations (IE) can be inferred as the rate of inflation that different sections of people including workers, business people and investors expect to prevail in the future. As these groups consider this rate while taking their decision about their future economic activities, RBI has started conducting inflation expectations survey of households since September 2005 on a quarterly basis.

The survey seeks qualitative and quantitative responses of 5000 households on expectations of prices and inflation. It collects samples from 16 cities across four regions of the country. The survey’s results provide the perception of current quarter, one-quarter ahead and one-year ahead expectations of the inflation rate. The following chart gives the quantitative responses of the survey since the quarter-ended September 2008 (post-recession period) :

The results suggest that inflation expectations of households have declined and stabilised over the period. A sudden drop can be noted after December 2014 which coincides with the adoption of a flexible inflation targeting regime. Apart from the few transitory upticks subsequently, the earlier double digit plateau was never regained and there was a softening bias. The success of monetary policy depends on how well it understands the nature of inflation expectations of economic agents and this fact has been amplified with India’s adoption of inflation-targeting framework.



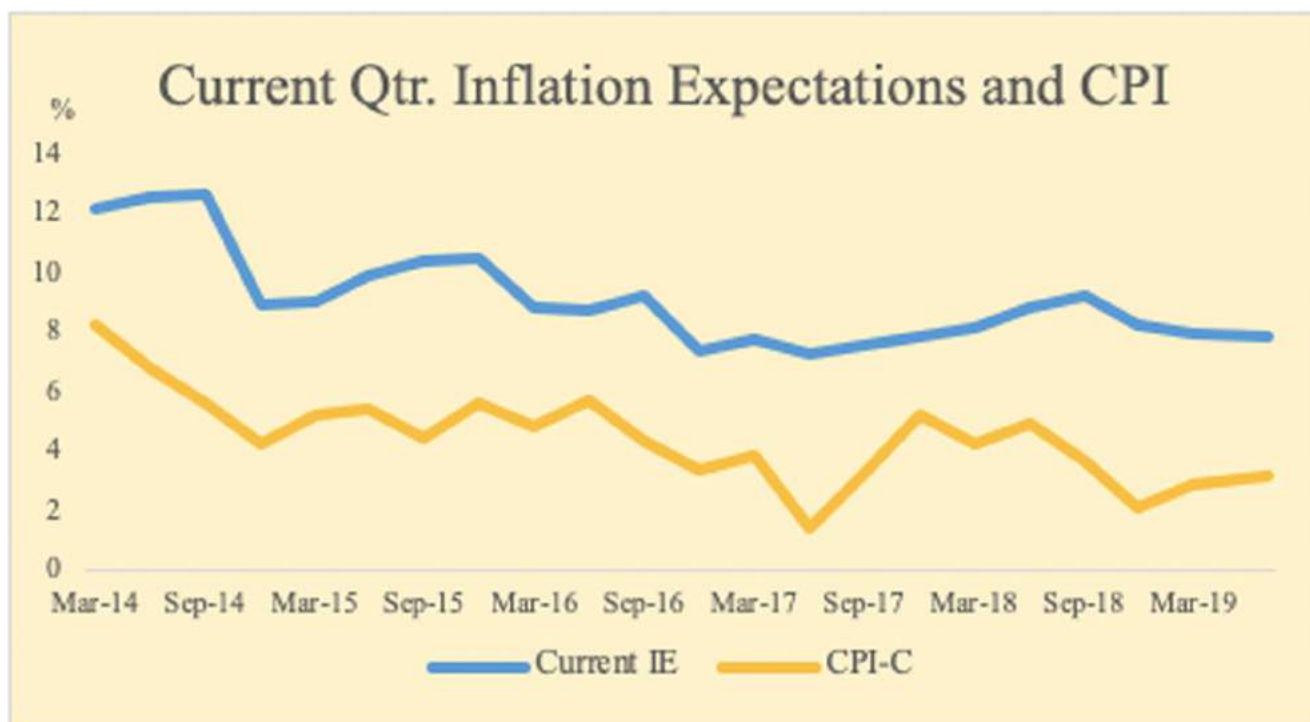
Since the perceptions influence the future inflation situation in the economy, RBI's strategy to maintain price stability should not only consider present rate of inflation, but also the household decisions driven by inflation expectations. Let us try to understand the relationship between households' expectations and CPI for the quarters ended from March 2014 to July 2019.

It can be observed through the above table that the current quarter expectations are highly correlated with the three-month ahead expectations (0.98). Also, there's a strong association between the households' current quarter expectations and those one-year ahead (0.94) and between three-month ahead expectations and one-year ahead (0.93). However, the expectations are quite moderately correlated with the CPI indicating scope for further anchoring by RBI.

Correlation Between Households' Expectations and CPI-C

	CPI	Current IE	3 months ahead IE	1 year ahead IE
CPI	1			
Current IE	0.770417223	1		
3 months ahead IE	0.728721196	0.981769691	1	
1 year ahead IE	0.747667098	0.939480844	0.93499917	1

The chart below supplements these results by depicting current quarter households' expectations and CPI.



It shows that for the period starting from January 2014 to July 2019, inflation expectations have overestimated CPI inflation. This implies that the RBI monetary policy has not been credible in anchoring expectations around the nominal anchor. The inflation expectations have throughout remained higher than the official inflation rates. The next section displays some basic descriptive statistics of expectations of inflation, in comparison with the actual inflation rate for the same period.

Descriptive Statistics of the Inflation Expectations and CPI				
	Current IE	3 months ahead IE	1 year ahead IE	CPI
Mean	9.17	9.54	10.02	4.50
Median	8.90	9.05	9.60	4.40
Mode	8.90	8.80	9.30	4.28
Standard Deviation	1.62	1.42	1.55	1.52
Minimum	7.30	7.90	8.30	1.46
Maximum	12.70	12.70	13.50	8.25

It can be seen here that the mean values of expectations over different forecasting horizons and CPI inflation show considerable differences. However, the standard deviation shows that the variations have oscillated around the mean values almost evenly. A higher standard deviation for the current quarter inflation than for the one-quarter and one-year ahead indicates more uncertainty prevailing in the current perception.

Despite the differences between the expectations and official inflation rates, it can be affirmed that the inflation expectations are declining and moderating and therefore are anchoring better. This steadiness in inflation expectations is possibly through the implementation of flexible inflation targeting. Thus, RBI must work towards increasing its credibility by making its communication policy more transparent and informative. An effective signaling channel will help the survey respondents to form expectations rationally and map the changing economic circumstances in anticipation with reasonable accuracy.

ENGINEERED FINANCE



SHRUTI TIWADI
GLOBAL MBA
FIRST YEAR

In the techno-innovative generation today each and every aspect is engineered to its maximum productivity and so are the financial markets.

Every act around us needs a flow, technically we call it an algorithm. Algorithm The algorithm can be called a set of instructions so as to achieve a particular goal or decision. In the techno-innovative generation today each and every aspect is engineered to its maximum productivity and so are the financial markets. Trade Trade-in financial markets is a dynamic activity which that needs a trader to be highly efficient. Humans are bound to make mistakes and often social and psychological traits of humans make them prone to errors.

Computerization of trade orders started way back in the 1970's and was first experimented in New York Stock Exchange.

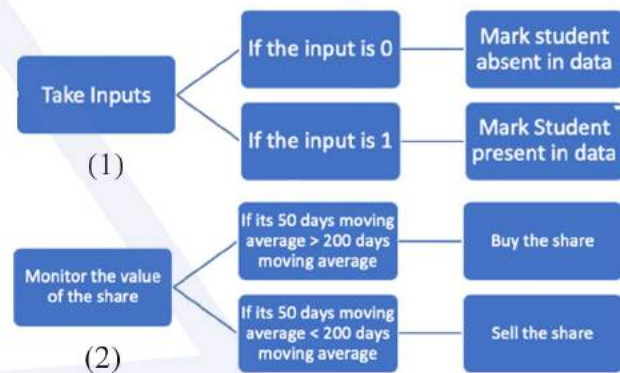
HOW WILL A COMPUTER TRADE?

Programming. One might use any programming language to let a computer know what it is supposed to do. In Layman's term, a programmer will engineer a computer to trade using some programming language like Python, Java, C or CPP. How will an engineer write a program? He will decide the flow of execution of how the computer reacts to any input feed, and this flow of execution is termed as Algorithm. And hence such a trade using programming algorithms is called as Algorithmic trading. Algorithmic trading is also known as automated trading, black-box trading and algo-trading.

Unlike humans, computers once instructed are not prone to make errors and can trade to generate profits at a speed that is unreachable for humans. Such trading will bring high high-profit opportunities. Algo-trading depends on various factors like timing, price, and quantity of the trade. Computer trade will increase the liquidity in the market and make it more systematic by decreasing the impact of psychological factors of human beings.

ALGORITHM?

Consider an everyday example of counting attendance, assume a student enters 1 when he is present and the teacher enters 0 when he is absent, now if I want to know about the attendance at a later part or as a part of a database so made the flow of execution will be (Refer Fig.1)



Similarly, consider an example (Refer to Fig.2) where in the computer wants to dynamically buy or sale sell a share, it will first monitor the face value of the share. Evaluate if 50 days moving average of the share is less/greater than its 200 days moving average. And finally, decide if to buy or sell the share. This is one of the strategies used to monitor the trade in financial markets with trade-based strategies which we will put a light on further.

TECHNICAL REQUIREMENTS FOR SUCH TRADE?

Before you assume just implementing algorithms brings you easy trade, you might be mistaking. Implementing any algorithm using computer programming is the last milestone in algo-trade. Algorithmic trading is expected to be supported with a strong back testing wherein programmers try different algorithms on historical periods of past stock market performances to monitor if the algorithm is profitable. Planning a strategy for a successful trade is easy, but converting it into an integrated computerized process is a challenge. Appreciated programming knowledge, Network Connectivity, access to market data feed, ability to back test and availability of historical data for back testing are the basic technical requirements for such trade.

STRATEGIES?

Counting onto many, some strategies are trial and tested to have a practically profitable computerized trade such as trend-based strategy, Arbitrage based strategy, Mean Reversion based strategy, Statistical Arbitrage based strategy and Weighted average price-based strategy. The most basic strategy to algo-trade is the trend-based strategy. There are different indicators in trade which give you mathematically calculated volume activity of a particular company. Trend based strategy checks on various trends like moving averages, channel breakouts, price level movements, and related technical indicators.

Here's a Snapshot snap shot of a live chart of Nifty500. We can see this live chart has only the closing prices for a period of 15 mins' time. We can use various indicators to decide the volume activity of a stock. When we manually trade, we can consider the nature of the graph of the moving average of the stock, which is one of the indicators. Here it is given in blue line. The vertical boxes are termed as candles and showcase the closing price of the stock. As in the above example we are considering the 50 days moving average and 200 days moving average. The same logic is used to build the algorithm but the difficult part is to decide how to program so as to decrease the time lag between the realization and execution. For example, the green candle at 8680 showcases the intersection of the 9 days moving average and the closing stock.



But previously the candle had a lower value to the moving average which implied the growth of the value of the share in coming future, and hence the algorithm would buy shares in this scenario. Similarly, the green candle at 9025 intersects the moving average again, but the previous closing stock is greater to the moving average and hence implies a decline in the value of the shares. In this case the algorithm will sell the shares.

PROS

1. If Programmed right, the trades can be executed at the best price possible.
2. Computerized trade orders would be instant and accurate.
3. Timeliness of the trade will be highly efficient.
4. Transactions costs would be reduced.
5. One would simultaneously keep an automated check on multiple market conditions.
6. No Humans, No manual errors.

CONS

1. Such a Program program could be used by every investor.
2. It's unpredictable if a buy trade is executed but then the sell trade is nullified because the sell prices changed by the time the order hits the financial market.
3. System Failure risks
4. Network Connectivity errors
5. Time lag between trade orders and execution
6. Imperfect Algorithms.

CONCLUSION

Algorithmic trading is a proper integration of statistical methods and information technology. Algorithmic trading is a catalyst to the high high-frequency trade. It improves market efficiency by enhancing liquidity and facilitating price discovery. On the other hand, it is also observed that algorithmic traders use their technological advantage to extract rent from other market participants and thereby increase their transaction costs.

GREEK DEBT CRISIS



DEEP CHITALIA
PGDM - FINANCE
FIRST YEAR

Many argue that Eurozone membership is to blame for the current debt crisis. Nevertheless, I disagree: Euro membership in fact provided a means, by way of both funding and structures, to spur the Greek economy's development. Unfortunately, the opportunity was not taken advantage of.

WHAT IS GREEK DEBT CRISIS?

1. The Greek debt crisis is the dangerous amount of sovereign bonds Greece owed from the European union between 2008 and 2018. In 2010, Greece said it might default on its debt, threatening the viability of the eurozone itself.
2. In 2009, Greece's budget deficit exceeded 15 percent of its gross domestic product. The investors developed a fear on the 10-year bond spread and which will eventually lead to the collapse of Greece's bond market.
3. The crisis had triggered Eurozone debt crises, creating fears that it would spread into a global financial crisis. This massive crisis was triggered by a country whose economic output is no bigger than the U.S. State of Connecticut. It warned of the fate of other heavily indebted EU members.

WHAT ARE THE KEY FACTORS LEADING TO GREEK DEBT CRISES?

GREECE ADOPTED EURO

1. The seeds were sown back in 2001 when Greece adopted the euro as its currency. Greece had been an EU member since 1981 but couldn't enter the Eurozone. Its budget deficit had been too high for the euro's Maastricht Criteria.
2. It lowered interest rates and brought in investment capital and loans. All went well for the first several years. Like other European countries, Greece benefited from the power of the euro.
3. The EU wanted to strengthen the power of the euro in international currency markets. A strong euro would convince other EU countries, like the United Kingdom, Denmark, and Sweden, to adopt the euro. As a result, Greek debt continued to rise until the crisis erupted in 2008.

IMPOSITION OF AUSTERITY MEASURES

1. To avoid default, the EU loaned Greece enough to continue making payments. Since the debt crisis began in 2010, the various European authorities and private investors have loaned Greece nearly 320 billion euros.
2. In return for the loan, the EU wanted Greece to adopt austerity measures. These reforms were intended to strengthen the Greek government and financial structures. They did that, but they also mired Greece in a recession that didn't end until 2017.

3. The austerity measures forced the government to cut spending and increase taxes. They cost 72 billion euros or 40 percent of GDP. As a result, the Greek economy shrank 25 percent. That reduced the tax revenues needed to repay the debt. Unemployment rose to 25 percent, while youth unemployment hit 50 percent.

TRADE RELATIONS WITH OTHER COUNTRIES AFFECTED

1. Plummeting drachma (Greek economy) would have triggered hyperinflation, as the cost of imports skyrocketed. Greece imports 40 percent of its food and pharmaceuticals and 80 percent of its energy.
2. Many companies refused to export these items to a country that might not pay its bills. The country couldn't attract new foreign direct investment in such an unstable situation. The only countries that would have lent to Greece are Russia and China. In the long run, Greece would find itself back to where it began: burdened with debt it couldn't repay.



DAVE GRANLUND © www.davegranlund.com

AFFECTS ON ECONOMY AND CITIZENS

1. The labour market also stands out as the EU's most troubled. Unemployment is the highest at 18% and among young people it is 40%. The percentage of the working age population who have jobs is the EU's lowest.
2. The annual deficit in the government finances is far down from the 2009 peak.

OUTLOOK

1. Despite austerity measures, many aspects of Greece's economy are still problematic. Government spending makes up 48 percent of the GDP while EU bailouts contribute around 3 percent.
2. There is too much political patronage. Government decision-making is centralized, further slowing response time.
3. Tax evasion has gone underground as more people operate in the black economy. It now comprises 21.5 percent of GDP. As a result, fewer people are paying higher taxes to receive less from the government than they did before the crisis.
4. Banks haven't completely recuperated, and are hesitant to make new loans to businesses. It will be a slow road to recovery.
5. Greece has now returned to the financial markets to meet its further borrowing needs, and the costs it faces there are also modest compared with those faced at the height of the debt crisis.



MULTI-BAGGER STOCKS

People have a misconception that the stocks which are trading at 52 weeks lows may turn around and become Multi-baggers.



HARDIK JAIN
PGDM-FINANCE
FIRST YEAR

An equity stock that which gives a return of more than 100% is called a Multi bagger stock.

The term was coined by Peter Lynch in his 1988 book, 'One Up on Wall Street' and comes from baseball where 'bags' or 'bases' that a runner reaches are the measures of the success of a play. For example, a ten-bagger is a stock which that gives returns equal to 10 times the investment, while a twenty bagger stock gives a return of 20 times.

In layman terms, Multi-baggers, as the name suggests, are the stocks which that can generate multiple bags of money over the next few years. These are the stocks that which have the potential to report explosive growth over a while period. There is a lot of misconceptions relating to multi-baggers. People have a misconception that the stocks which are trading at 52 weeks lows may turn around and become Multi-baggers. There might be many reasons for such low trading of stocks. The decline in price may be justified and stock might plummet further. The Price of a stock on a standalone basis does not give any information about future potential.

Every investor is chasing and every investment advisor is luring clients in the name of Multi-baggers. Every multiyear rally in the stock market gets termed as a bull market and seeing stock prices multiply, people start rushing into stocks only to realize that they are late to the party. In recent years we saw small caps and mid-caps create tones of wealth for investors.

Important things to keep in mind while chasing multi-baggers:

THEY ARE RARE: Yes, multi-baggers exist but they are not easy to find. From more than 7000 listed companies, only a handful truly go on to become multi-baggers. It's like a game of Tambola, a game where the odds are definitely against you. Why do you think the world's best investors make only 20% to 22% in the long run? That is because they find these rare stocks and invest in them.

UNTOUCHABLE: No one would touch a diamond if it was in its raw form, except someone who knew what the stone really is. Similarly, no one will buy a company that is in doldrums and is turning around - The real multi-bagger.

No one will buy a company which that is trading much below its intrinsic value and there is no big fund or big investor is holding it in their portfolio. So someone who identifies the stock in its raw firm generally benefits from the movement

TEST OF PATIENCE: A true multi-bagger will test your patience. It might do nothing for 3-4 years and suddenly shoot up 500% in a single year. Stocks like Lupin, Titan, etc. went nowhere for many years before rising. You need to be patient and patience has to be backed by conviction
Examples of Multi-bagger stocks in India in 2019 are:

- Meenakshi Enterprises – up by 300 points in 4 months
- BCC Fuba India – up by 225 percent
- Ashari Agencies – up by 212 percent

To be sure, none of the multi-baggers was part of the BSE500 index. They were mostly small-caps (The Economic Times).

Even a single multi-bagger stock in our portfolio can make us wealthy.

THE REASONS THAT STOP US FROM BECOMING WEALTHY IN THE STOCK MARKET ARE:

- We don't know how to identify multi-bagger stock for investment

We are not blessed with a skill to identify stock like Warren buffet. We make an investment based on the advice of friends, relatives or so-called stock market experts and suffer badly at a later stage.

- We don't know when to enter and when to exit from the stock market

Our emotion controls our investment decision. Every time whenever the stock market goes up we run behind investing money in the stock market. A few months later when the market crashes, we get panic and pull out our investments and book the losses.



THE MOST IMPORTANT TRAITS WE SHOULD LOOK FOR WHILE PICKING MULTIBAGGERS ARE:

- Future Business Potential
- Low Debt Level
- Good Performance History
- Expansion or New Product development
- EPS Growth Vs Valuation

FOUR PROVEN APPROACHES THAT CAN HELP YOU FIND MULTI-BAGGER STOCKS ARE

APPROCH ONE: Buying Stocks With Low Price in Relation to Earnings.

APPROCH TWO: Buying Stocks With Low Price in Relation to Book Value.

APPROCH THREE: Buying Stocks With Low Price in Relation to Liquidating Value.

APPROCH FOUR: Buying Stocks Using Benjamin Graham's Magic Multiple.

IL & FS ISSUE



JUEELI KADAM
PGDM - FINANCE
FIRST YEAR

The projects undertaken include in various sectors like Transportation, Area development, E-governance, Health Initiatives, Water Management, Urban Infrastructure, etc.

Infrastructure Leasing and financial services is an Indian infrastructure development and finance company. It operates through more than 250 subsidiaries including IL & FS Investment managers, IL & FS financial services, IL&FS transportation networks India Limited, etc. Major stakeholders are LIC-25%, ORIX -23%, Abu Dhabi Investment Authority-12%. The projects undertaken include in various sectors like Transportation, Area development, E-governance, Health Initiatives, Water Management, Urban Infrastructure, etc. Since September 12, IL & FS has defaulted in payments of interest more than 7 times so far. The total debt is of Rs 91000 crores.

THE REASONS FOR THE CRISIS ARE AS FOLLOWS:

1. Improper management of company resources by the top management.
2. Higher salaries to upper management.
3. Being a shadow bank, lesser compliances.
4. Increase in the cost due to project delays. For eg – IL & FS did a project for Nagaland Government at an estimated cost of
5. ₹ 1200 /1300 crores but due to delay, the cost increased to 29000 crores)
6. Problems in land acquisitions i.e title clearances leads in the increase in cost.

IMPACT OF THE CRISIS:

1. Fall in the prices of Nifty and Sensex.
2. People started selling mutual funds in the fear of further crisis.
3. Credit ratings went down.
4. 60% fall in share prices of housing finance companies like DHFL, L&T, Bajaj, etc.

• STEPS BY THE GOVERNMENT

1. RBI conducted a forensic audit.
2. RBI sacked the existing board and now Mr. Uday Kotak is the new chairman along with other experts.

STEPS BY THE COMPANY:

1. Taking bailout from shareholders. The company is thinking to subscribe to ₹4500 crores right issue.
2. 700 Crores recovery from NHAI, National Highway Authority of India.

DHFL CRISIS

- DHFL i.e Deewan Housing Finance and Limited is a non -banking finance company, also known as a shadow bank. It does not have a banking license or liquidity to central bank giving, but involved in giving loans to home buyers in India's tier 2 and tier 3 cities.
- On June 5, DHFL has seen its commercial paper, a short term debt instrument downgraded to rating D, meaning default. In other words, ratings do not expect DHFL to be able to pay back the short term debts it owes including Rs.800 Crores of commercial papers.
- In 2018, another major NBFC, IL & FS went into crisis, leading to the liquidity crunch as there was limited access to credit generation. NBFC's rely on short term borrowings to finance long term lending.
- The combination of factors put DHFL in a difficult place, forcing it to sell a number of its businesses to ensure it could pay its debts. The company has failed to pay about ₹900 crores worth interest.

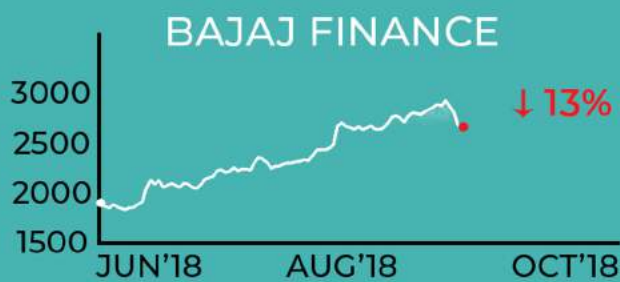
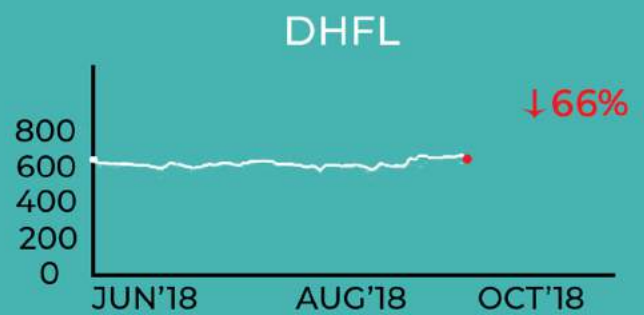
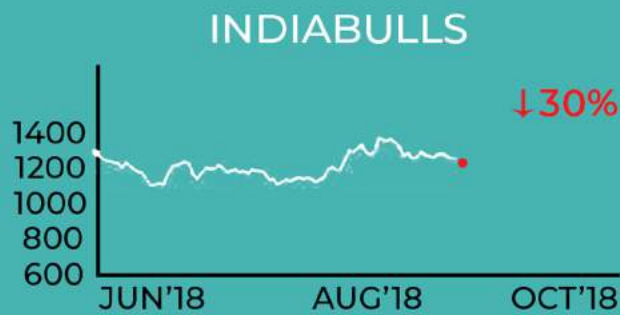
IMPACT ON MUTUAL FUND MARKET:

The rating agencies rated the company "D" grade. Subsequently, the mutual fund companies have to immediately follow suit, and mark down all DHFL debt 75%. For eg, IDFC Mutual Fund, which owns a large amount of DHFL paper has written down all of the debt completely, meaning it does not expect to get anything back.

IMPACT ON THE BROADER ECONOMY:

The failure of DHFL could have massive repercussions on the economy, which is dealing with twin balance sheet crises, NPA, indebtedness, etc. It could lead to tighter liquidity crunch. It is the time for a mega bailout, or else things would be worsened.

NBFC STOCKS POST IL&FS FALLOUT



*SEP 4TH - FIRST DEFAULT BY IL&FS

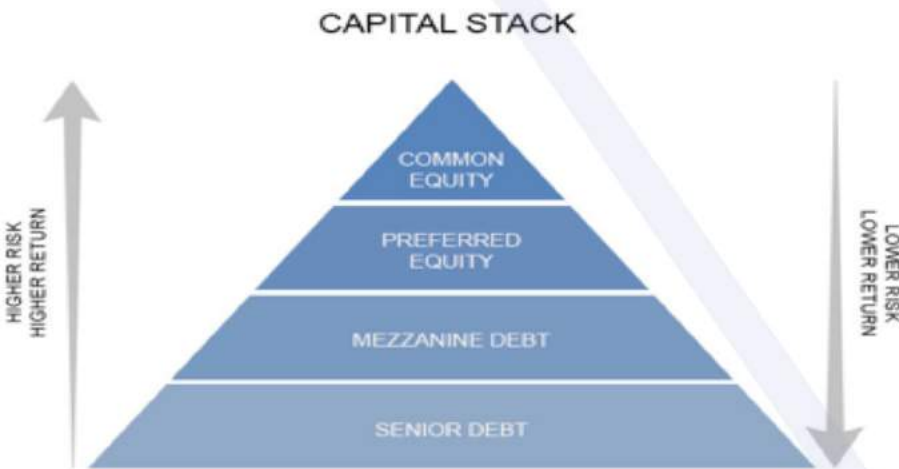
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POST IL & FS NBFC'S	OCTOBER 2018 (%) FALL
1.INDIABULLS	30%
2.DHFL	66%
3.BAJAJ FINANCE	13%
4.LIC HOUSING FINANCE	17%

MEZZANINE FINANCING



GAURAV ARJUN
PGDM - FINANCE
FIRST YEAR



Mezzanine financing is a financial instrument that is an unsecured, junior liability in a company's capital structure. Such financial instruments earn high returns (in India between 18-22%) through a blend of cash coupon and equity-linked components in the form of warrants and are optionally convertible into equity shares in case of default. Investors in mezzanine capital are usually Venture Capitalists who aim to earn higher returns and have flexibility in converting debt into equity. A distinguishing feature of mezzanine investors is that they have legally binding interest payments to be received each month/quarter/year, unlike equity investors who are not entitled to any fixed and assured regular return. Mezzanine financing also allows its borrowers to roll over its interest payments into the loan balance in case of issues with payment during a period which is a unique feature. Also in case, the company performs exceptionally well and its share price rises the interest rate can also be negotiated back at a lower rate in the future besides the lower tax payment since the interest paid is also tax-deductible.

In the case of dissolution, mezzanine financiers are paid back only after the secured senior debt holders are paid back. Senior debt holders are those debt holders whose loans are secured by assets of the company and are first in line in case of default in repayment obligations of the company. However, mezzanine financiers have a higher claim on remaining assets than the equity shareholders in the pay-off hierarchy. Despite payoff of higher rates of interest due to high risks involved, companies prefer it as it helps in avoiding equity dilution for raising money, lower taxes payment and flexibility in payment of interest. For Example

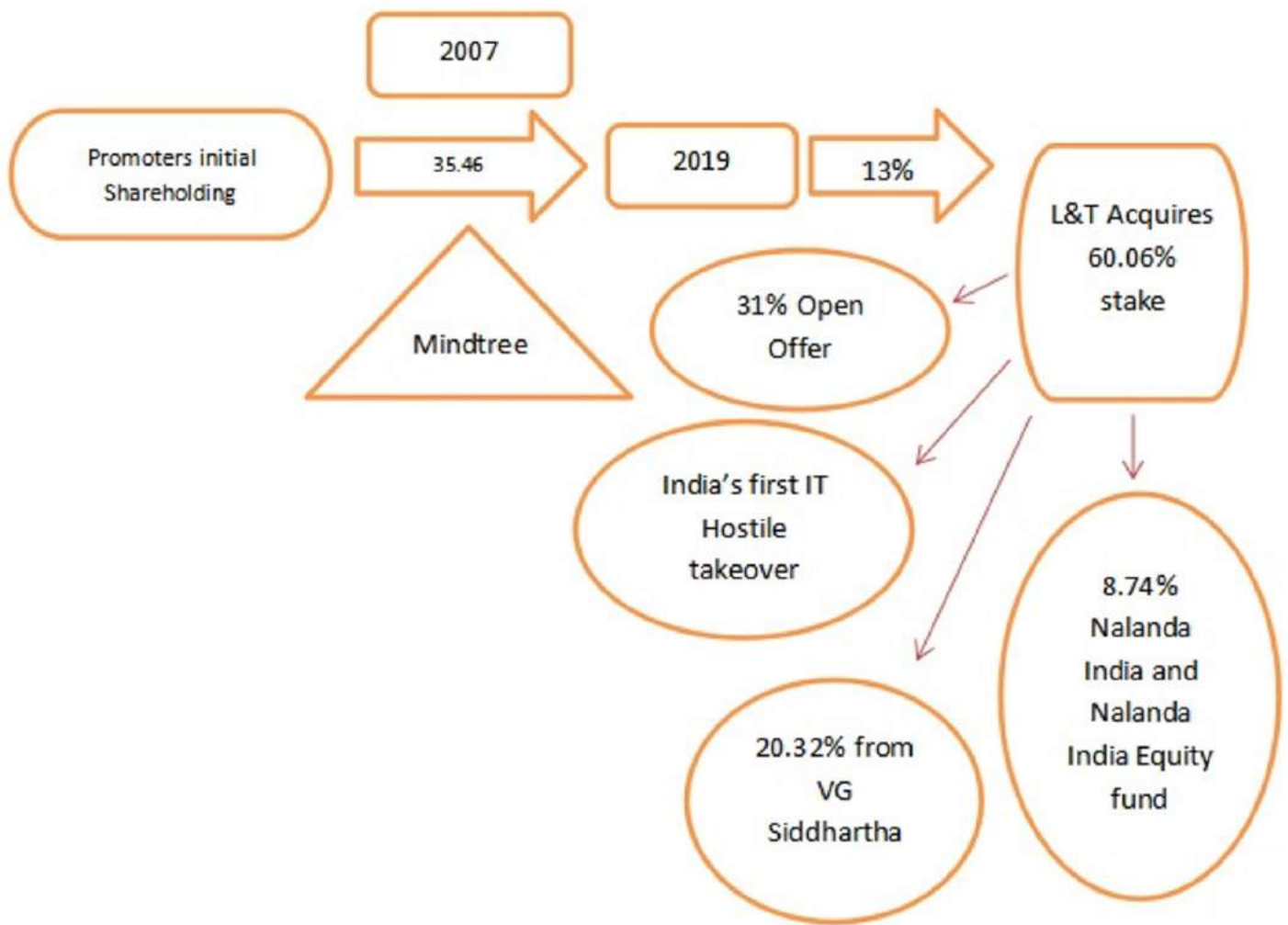


Similarly, if the intention is to acquire controlling rights of another company:



In India, the first mezzanine focussed finance fund was started by ICICI Venture's Mezzanine Fund. Mezzanine funds aid in reducing the financing gap in a company's capital structure and is placed in-between senior debt and equity. Besides providing flexibility to the investor's and company's requirements such funds also provide medium to long term capital without significant ownership dilution and the threat of hostile takeovers by other companies.

Such type of financing has a huge potential as a large number of companies would like to finance their costs with minimal ownership dilution and these funds provide exactly that. Mezzanine finance is not restricted to just a few industries since it is a structured and hybrid product targeted to provide growth and acquisition capital which is currently not available to medium-sized companies in India. While raising funds through mezzanine finance, a company must ensure that it has credibility in the industry, consistent profits, and a practical proposal for expansion through an initial public offering or acquisition. Hence mezzanine finance is usually provided to firms that have positive revenues and such type of financing usually becomes due for repayment after five years or more.



The high rate of return offered on mezzanine finance in comparison to traditional finance makes issuers prefer shorter maturities. Mandatory redemption/prepayment is required in the event of asset sales or a change in control transactions. The reason for the reluctance of significant equity dilution can be found in the below example of the dangers of equity dilution. In India, mezzanine finance is yet to fully reach its full potential and scope similar to the situation of mutual funds in the first decade of the twenty-first century. The first step in this direction could be to put up a proper collateral system and strict parameters in place to ensure recovery of loans in case of defaults in payment so that this method of financing doesn't turn out to be another type of Non-Performing Assets for financial institutions.

As corporates are slowly switching over to debt in place of equity financing, this type of financing will be the right mix as the premium on equity is very high. It is expected that Indian GDP will grow exponentially in the near future if proper measures are taken and in such a scenario as India is a home to a very huge young population which would prefer consumption rather than savings corporates would be stirred to boost their investment spending which will ultimately increase demand for alternative sources of financing in place of traditional financing and we can expect mezzanine financing to become an alternative source of finance in that situation.

TRADE WAR & ITS IMPLICATIONS



ASHISH BANSAL
PGDM - FINANCE
FIRST YEAR

A trade war is something that has been making news for over a year. So, let's understand **“What is a Trade War?”**

Trade war, also known as a toll war or Custom war, is a type of economic conflict between two or more countries. To pressure a country, the other raises taxes or tariffs for some products of that country. As a reprisal, the latter state may also do the same. Opium war is one of the oldest known tariff wars that occurred between the British Empire and China. The Opium Wars were two wars in the 19th century involving the Great Qing and the British Government and concerned their imposition of trade of opium upon China, thus compromising China's sovereignty and economic power for almost a century. The wars and subsequently imposed treaties that weakened the Qing dynasty and Chinese governments and forced China to increase its imports from colonial and imperial powers.

In the 20th century, the world had seen many such wars. Some of the prime examples were The Weimar Republic and Poland during 1920s, Chicken war between France, Germany, and the US, implementation of Smoot Hawley tariff Act 1930 on trading partners in 1920's and early '30s due to which overall world trade declined about 66% between 1929 and 1934 which was famously named “The Great Depression”.

To curb such trade wars, the general agreement of tariffs and trade was signed by many countries which lead to the birth of The World Trade Organization (WTO). Other than just WTO many nations have formed, joined different groups to promote trade and many have signed bilateral agreements for the same. India is a signatory of many bilateral agreements with countries like Sri Lanka, Singapore, Thailand, Malaysia, etc and is also a member of organizations like SCO, BRICS, WTO, Australian Group, ASEAN, European Union, etc. Though such organizations are helping promote Trade these organizations in the present era are also being used by powerful nations to impose sanctions on other countries.

Approximately a year ago America triggered a trade war by imposing heavy tariffs on India and China. The US was irked that it runs a substantial trade deficit which was \$27.3 billion in 2017—with India. Another problem is India's protectionist impulses, especially in agriculture. In the last two years, India has raised tariffs on several manufactured products, such as mobile phones and auto parts.

The US has raised concerns regarding China buys fewer US goods than the US buys from China, a gap worth \$419.5 billion. The US has also accused Chinese firms of stealing US companies' intellectual property and called for Beijing to alter its rules.

The economic impact of the US-China tariff war will be astronomical. According to a Bloomberg Economics report, uncertainty over trade could lower world gross domestic product by 0.6 percent in 2021 compared to a no-trade-war scenario. That's double the direct impact of the tariffs themselves and the equivalent of \$585 billion shaved off the International Monetary Fund's estimated world GDP of \$97 trillion in 2021. The report added that while monetary policy can be used to mitigate uncertainty shocks, it cannot prevent the damage entirely.

Presently, the value of the rupee has dropped to an all-time low, when on some occasions it was hovering around the mid 68s against the US dollar. China's Shanghai Composite Index fell 3.8% on Tuesday, hit by escalating trade tensions with the US. Benchmark emerging markets such as Hong Kong (down 2.8%), Taiwan (down 1.7%) and South Korea (down 1.5%) too felt the heat.

The United States, China, and India should seize the opportunity in their ongoing trade crisis to build the capacity for a better relationship and dialogue. India is taking certain measures to reduce the deficits. India plans to purchase defense equipment on a large scale to do the same. In the past 5 years, India has purchased M777, Apache, Chinook, P18i, etc and has also diverted export-oriented goods from the US to China. China has told the US to stop acting like a "school bully" as the two countries imposed further tariffs on each other's goods last week.



"Voice of China" recently published a statement of Zhong Sheng who is the voice of the Chinese Communist Party "China's booming economy has made China a fertile ground for investment that foreign companies cannot ignore.". China has consistently denied Washington's accusations that it engages in unfair trade practices, vowing to fight back in kind and criticizing US measures as protectionist. While everything is up in the air currently, one thing is for sure: The tariff war between the world's biggest economies is going to hurt the global economy deeply.

BAN OF CRYPTOCURRENCIES

Good or Bad?

Recently, the government proposed a ban on virtual currencies in India. It plans to come up with a law wherein, it will be illegal to hold and trade cryptocurrency. The committee headed by finance secretary Subhash Chandra Garg has proposed a draft bill "Banning of Cryptocurrency & Regulation of Official Digital Currency Bill, 2019", which has been placed in the public domain.

In this digital era, is it wise of the government to come up with such a proposal?

Let's start by discussing the pros of using virtual currencies.

TRANSACTIONS

Traditional transactions have an intermediary e.g. banks present between two parties involved in the transaction. With the advent of cryptocurrency, the compulsion of an intermediary is eliminated. With cryptocurrency, users can directly send money to other users.

ASSET TRANSFERS

Cryptocurrency blockchain can be considered a "large property rights database," which can on one level be used to execute and enforce two-party contracts on commodities like automobiles or real estate.

GREATER ACCESS TO CREDIT

Digital data transfer and the internet are the media facilitating the exchange in cryptocurrencies. So these services are potentially available to anyone who has a viable data connection, some knowledge of the cryptocurrency networks on offer, and ready access to their relevant websites and portals.

STRONG SECURITY

Every transaction will be recorded in a public ledger, and it is almost impossible to modify these details by hacking because if someone modifies the details in one block, other blocks that are connected to it will not accept the modification. To make it work, one has to hack all the blocks in the chain, which is impossible at least for now. So, it is a step towards ensuring transparency and security in financial transactions.

CURRENCY VALUE

Cryptocurrency can be a good alternative for the countries which have weak economies. Because the weak economy results in the fall of currency value.



DIKSHA NATARAJAN
PGDM - FINANCE
FIRST YEAR

Then they have to pay more money to other countries for trade, services, etc. But if they use cryptocurrency as an alternative currency, they can avoid this situation to some extent, because the value of cryptocurrency depends on international demand and not on the national economy.

WHAT WILL BE THE IMPACT IF THERE IS A BAN?

There are several implications, both for India and cryptocurrency traders in India. Technology changes every day. The virtual currency world undergoes several changes consistently. Japan has regulated cryptocurrencies. In G20, cryptocurrencies weren't considered as any threat. If the ban becomes effective, it is only going to lead to brain drain to more favorable countries.

In October 2018, India's biggest exchange Zebpay moved out to Malta after RBI tightened the noose, and more such firms may do the same. The startups dealing with cryptocurrency have taken the worst hit. Angel Investors and Venture Capitalists, who have invested in startups dealing with cryptocurrencies are going to be largely affected. This is only going to result in these startups moving to other countries where the norms are less strict around cryptos.

There is even a chance of all driving all transactions underground, consequently resulting in a huge black economy. Instead of planning to ban cryptocurrencies, the government should focus on making the transactions more secure and come with up rules and regulations for using virtual currencies. A total ban is not a solution because, if five years down the line, the entire world is moving in the virtual currency path, then India would be lagging behind a lot in the same and it would be very difficult for us to establish ourselves again.

INDIA'S ECONOMIC SLOWDOWN



ANANYA NEMA
PGDM - FINANCE
FIRST YEAR

The GDP of any Economy is sum of Private Consumption Expenditure, Government Consumption Expenditure and Net Exports. A number of economic factors affect and bring about changes in the GDP. India has been experiencing a slowdown in almost all sectors. The condition has worsened as India isn't experiencing just this slowdown but a state of poor quality growth. It can be easily concluded that India is facing a severe downfall in revenue generating activities and business confidence.

An overview of major factors that have led to this slowdown can be listed under:

CONSUMPTION RELATED FACTORS

Consumption forms almost 3/5th of the Indian Economy and a slowdown here will affect the overall economy.

Real Estate: India's top cities have recorded a total of 1.20 million unsold housing units in March 2019. This indicates that builders are building new houses at a faster rate than consumers are willing to purchase these houses. The real estate sector has 250 direct and indirect auxiliary industries like paints, steel, furnishing, etc and hence when there is a slowdown in this sector, everyone takes a hit.

FAST MOVING CONSUMER GOODS (FMCG): Dabur India recorded a reduced growth rate of 15% and Hindustan Unilever of 7%. This reduction indicates that the slowdown has huge implications; to the extent that citizens are cutting even their everyday purchases. Even though these reductions don't have major impact on the GDP but indicates a worrying situation.

AUTOMOBILE SECTOR: During April to June, car sales fell by 23% which was stated to be a huge contraction. Like the real estate sector this sector also has many ancillary industries like steel industry and tyre manufacturers and is affected equally when their parent industry is affected.

RETAIL LOANS: Even though the housing sector is witnessing a downfall, numbers of housing loans in the recent years have increased by 18%. The new home buyers prefer to buy existing homes from owners rather than freshly built houses through builders. The real estate players have taken a huge hit because of this.

NET EXPORTS: The net export figure from June 2018 to June 2019 chained merely by 0.6 billion. The figure indicates that there isn't any increase in Economic activity on the export front irrespective of the fact that during same time, increase in Government Expenditure was at 5.9% .

INVESTMENT RELATED FACTORS:

Investment in any avenue generates revenues for the economy through increased income, spending and accelerates economic growth.

NEW INVESTMENT PROJECTS:

There were hardly any new investment projects announced in the past financial year and the figure fell by 79% (71.3 Crore) in June 2019. This indicates that the sentiment of businesses and investors is highly negative and they are becoming risk averse by the day. Also the investment projects that were completed this year fell by 48%. Lack of revenues, reduced risk appetite and impact caused by IL&FS has impacted the new investment projects in a negative way.

EARNINGS THROUGH RAIL FREIGHT:

Indian Railways earn a major chunk of its income through bulk carriage of products like coal, petroleum, fertilizers, etc along the lengths and breadths of the country. A higher income number in through this segment indicates that the investment and industrial sectors are flourishing. There hasn't been any substantial growth in income through rail freight which highlights slowdown in the economy and reluctance on part of the industry.

All these indicators highlight that we are well into an economic slowdown and in urgent need of rescue. We are in dire need of reforms that boost business morale and recover investor's trust and boost consumption through a stimulus given directly to citizens.

THE SEVEN POLICIES

that promote economic development



SUMIT BADWANE
PGDM - FINANCE
SECOND YEAR

The National Democratic Front, led by Prime Minister Narendra Modi, has completed five years in power. From the point of view of global and domestic investors, India was perceived to be an economy with hollow growth prospects and was having a hanging sword of junk credit rating. It was their responsibility to strengthen such a fragile economy. Over the last few years of the last government period, the increasing deficit in fiscal and current account, high inflation rates, the constant depreciation of the rupee and all the climax of it all became the hallmark of the country's natural resources and its allocation in irregular ways in the occupation of certain individuals as hidden capitalists. In such a difficult situation, Modi accepted the economy. For them, it was like a gift to them.

1) GST: This shows increased tax liability, restructuring of the goods and product sectors, diminishing trade barriers and increase in aggregate demand. The country's largest improvement in indirect taxes after independence is the Goods and Services Tax (GST). This led to a radical change in the mode of transport, distribution, and production. The GST made it possible to permanently remove the barriers at the lower level and instead built a more efficient, comprehensive and direct market for customers and hubs. Until now, the taxpayer component has been in the net of tax, and the economy's shift from unorganized to organized due to tax evasion has led to a huge increase in the country's total tax revenue.

2) BANKRUPTCY CODE (IBC): The barriers to companies that have been financially troubled have been removed. The giant loans of billions of rupees lend by the banks for various projects of the companies were stagnant as the project itself became a money laundering source. As a result, the Indian banking sector got caught in the debt trap. Some entrepreneurs have blamed the creditors for the cost of the projects as a gold rush. Due to this, the borrower was leaning towards the borrower's credit - the principle of 'benefit to the private sector and the burden of loss on society'. To overcome these problems in this area, Modi sought settlement by merger and bankruptcy law (IBC). According to a World Bank study, before the IBC law, a debt-ridden company had to spend four-and-a-half years to find a settlement. Now, the same procedure is being completed in 5 days. Before the IBC Act, the debt-ridden corporation had an average income of just 2.5 paise per rupee. However, it has grown because of IBC.

3) DEMONETIZATION: This was the axe over the economization of the Indian economy, tax evaders, terrorist financiers and black money. Another feature of the Indian economic system is that it is a friendly economy for cash transactions which created a parallel economy in the country and deprived the Indian citizens of their taxation rights. As a result, transparency was abolished and challenges were posed to law and security agencies. Mutual funds and the insurance industry's growth has been strengthened several times by the concrete steps of demonetization. The money trapped in banks' deposits turned to the stock market through these two factors. With this one step, the foundation and expansion of local institutional investors and foreign investors have widened. Also, the credibility of the Indian market has strengthened in a large number of countries.

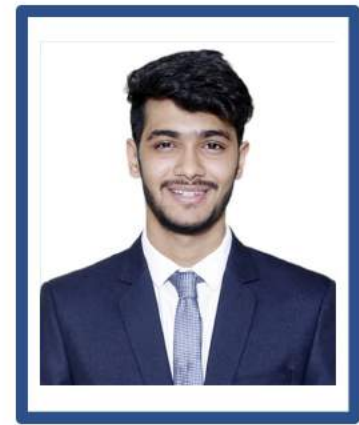
4) NATURAL RESOURCES AUCTION: Transparent, Competitive and Fair Value Distribution From Unlawful Distribution to Uniform Capitalist Distribution. The first step was taken by Modi, when he came to power was to initiate a transparent and unrestricted distribution of natural resources by a transparent and unlawful distribution of a handful of natural resources. The arbitrary distribution of resources such as coal, minerals, telecommunication spectrum, land, etc. is no longer done. In addition to promoting competitiveness, giving priority to transparency while benefiting the government at the right price and optionally has benefitted Indian citizens.

5) INFRASTRUCTURE INVESTMENT: Overcoming the obstacles in infrastructure, including billions of capital investments in roads, railways, and energy sectors. In Indian infrastructure, many major obstacles to the level of supply were obstructed, especially in roads, railways, power distribution. The investment in the transport sector has given the macroeconomic momentum and strength in the medium to long term. Due to this, speeding up of employment generation and development gave financial strength to the interconnection of cities, the establishment of health and educational facilities in India and remote areas. In the last four years, the government has invested Rs 1 lakh crore each in the road and railway sector.

6) REDUCED INFLATION: Inflation is a feature of the pre-Modi era. The present government has been tasked to set inflation rates in line with the Reserve Bank of India in a financial policy framework to meet the target of constant price inflation. The government, through the Financial Strategic Committee on the Reserve Bank, has placed the responsibility of keeping inflation within four percent (at least two percent) for the medium term.

7) EXTENSION OF FINANCIAL INCLUSION: Increase in the grant of funding and increase transparency. Modi expanded financial inclusion through the triangulation of Jam (Jan Dhan Yojana, Aadhar and Mobile). It has prevented the beneficiaries from gulping mutually exclusive benefits and subsidies. Thirty-one crore bank accounts have been opened under Jan Dhan Yojana and three-fifths of them are in rural areas. It has a profit of Rs. 73,690 crores. These account holders have received debit cards and got benefits like insurance and pension.

THE GREAT INDIAN AUTO CRISIS

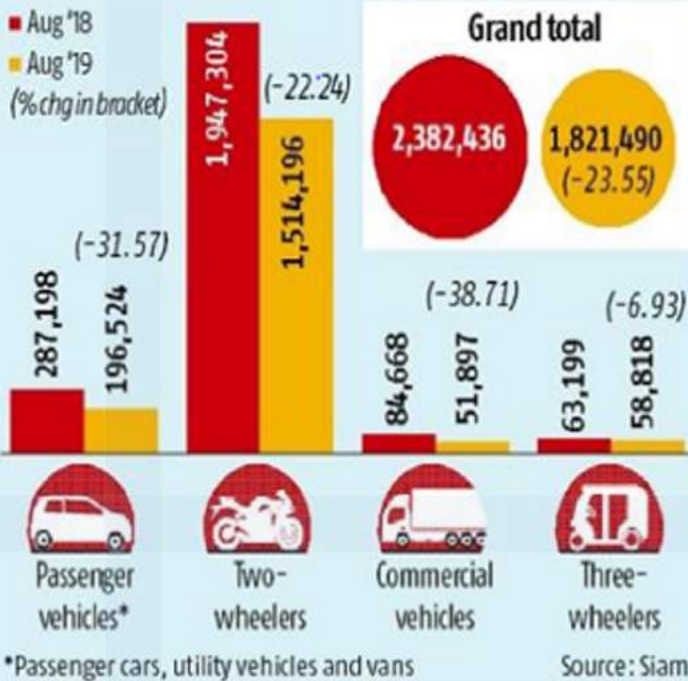


VARUN BHANDARI
PGDM - FINANCE
SECOND YEAR

Passenger vehicles sales fell as much as 32 percent to 1,96,524 units over the same month last year. Commercial vehicles sales fell 39% to 51897 units, three wheeler sales fell 7% to 58818 units and two wheeler sales fell 22% to nearly 1.51 million units.

DOWNTURN CONTINUES

This is the steepest fall in vehicle sales since Siam started recording data in 1997-98. Number of units sold in August



The Indian automobile market was the 4th largest automobile market in 2017 and is expected to become the 3rd largest market by 2021. The automobile industry is very important for the economy as it contributes to 7.1% of the country's gross domestic product and 49% of its manufacturing GDP and according to Automotive Mission Plan, it is expected that by 2026 its contribution to the GDP is about to increase to 12%. The industry attracted Foreign Direct Investment worth US\$20.85 billion from during the period of April 2000 to December 2018, according to the data released by the Government's Department of Industrial Policy and Promotion (DIPP). The auto sector has been facing some heat in recent months with sales of the top five manufacturers of passenger vehicles including Maruti Suzuki (36% YoY decline), Hyundai Motor India (17% YoY decline), Mahindra and Mahindra and Toyota Kirloskar Motor. Passenger vehicles sales fell as much as 32 percent to 1,96,524 units over the same month last year. Commercial vehicles sales fell 39% to 51897 units, three wheeler sales fell 7% to 58818 units and two wheeler sales fell 22% to nearly 1.51 million units.

WHAT'S BEHIND INDIA'S AUTOMOBILE CRISIS?

CYCLICAL & STRUCTURAL SLOWDOWN

The slowdown in the auto segment began as a recurrent lull which had cycles in 2008-09, 2013-14 and now in 2018-19 however what has further hose the log jam is that the expense of the vehicle has altogether gone up and that has happened on account of numerous auxiliary changes by the GOI and State Govt. It was additionally influenced by

NBFC CRISIS

The liquidity crunch among the NBFC 'S has been said to have been the single biggest factor in the Auto sector's fall. The default by NBFC giant IL&FS hasve dried up funding for the rivals and increased their cost of borrowing. In India NBFC in recent years hasve funded 55-60%of the commercial vehicles both new and old, 30% of passenger cars and ~65% of the Two- wheelers in the country. The log jam in the NBFC area has hauled down the vehicle deals development. To add further stress in the automobile sector has forced banks to reduce their exposure to this sector. Before ~75% of car sales were financed by NBFC or bank by agents sitting at a dealership which now has fallen to about 50% as buyers now have to qualify under strict lending norms set by the banks.

DECLINE IN DEMAND The top 4 automobile industry in India has reported a drop in sales of vehicles as consumer sentiment and demand continued to be subdued. The decline has been in all segments two-wheeler, commercial vehicles, and passenger vehicles. There is a slowdown in consumption due to the liquidity crunch which is prevailing in the market due to this the automotive production declined from 14.8% in 2017-18 to 6.2% in 2018-19. Lower crop realization and a patchy monsoon have made rural consumers cautious leading to cut in discretionary purchases.

INCREASED COSTS Higher GST rate, increased in insurance cost for third party insurance, BS-VI norms are the reasons why consumers are deferring from their purchase of vehicles. The BS-VI norms are estimated to increase the cost of petrol vehicles by 1-3% and that of diesel vehicles by 5-10%. The insurance costs are another factor which affects sales and the new rules set by IRDAI have forced the customers to pay the third-party motor insurance up front rather than paying it annually

GOVERNMENT DECISIONS AND ELECTRIC VEHICLE PUSH The Government of India has set a deadline for 2023 and 2025 for 100% electrification of two and three -wheelers. The GOI is also pushing the EV sales by offering subsidies to those who buy electric vehicles. The constant push for EV's couldn't have come at a worse time when the industry is facing one of the worst sales slowdown in its history. Multiple shocks by the Govt. in terms of like sudden ban on diesel vehicles and mandated transmission from BS-IV to BS-VI

AXLE LOAD RULES The GOI approved new axle load norms which caused sluggishness in the sale of medium and heavy commercial vehicles. According to the new norms, the GOI increased the permissible Gross vehicle weight of over 16 tonne heavy trucks by 12-15%. The higher limit approved by the authorities gave fleet owners to sweat their existing capacity instead of purchasing new trucks. EFor e.g.- According to the new norms a 27- tonne vehicle can be certified to carry load up to 32 tonnes so there was no need for the owners of trucks to invest in new trucks if the existing trucks can hold such capacity which created lesser demand for heavy commercial vehicles

TRANSPORTATION by trains Car manufacturers have slowly started transporting finished cars through trains as it provides a better quantity to transport cars than roads. A passenger vehicle car maker can send up to 200 cars on a train while it would have to hire 50 trailer trucks to transport the same amount of cars. As companies preferring trains than trucks to transport their cars, the trucks which were a tailor -made solution to transport cars could not transport any other cargo.

OTHER FACTORS In the recent years the pre-owned car markets have grown better than the new car market. In 2018-19 new car sales were only 3.6 million while there were ~4million pre-owned cars bought and sold according to a recent report. A slowdown in new car market perfectly sums up that demand is shifting towards the pre-owned car markets. Also, the increase in rental vehicles has created an impact on the auto sector as it promotes consumers to rent cars rather than buy them and save on the costs of buying the cars. The vehicle registration fees will also hurt the sales of automobiles it is expected that these costs will increase the passenger car price by 2.5% and by 1% of medium and heavy commercial vehicles as these costs are ex -showroom costs which are not financed and hence the burden of these costs will have to be borne by the buyers. Apart from these buyers have postponed their purchases because of high congestion on roads, lack of parking space, improving public transport options and also volatility in fuel prices.

MEASURES TO REVIVE AUTO SECTOR

REDUCTION IN GST RATES The current GST rates on automobiles are 28% which is the highest bracket of taxes apart from Cess which is levied on auto sales. The auto slowdown has already affected GST collections from auto sales by 8% according to SIAM reports. The GST rate should be brought down from the current 28% to 18% as it will help in the reduction of prices for purchasing the cars. If no immediate reduction in costs then a temporary reduction in costs will give a breathing space for auto manufacturing companies, plus the state road taxes which is expected to increase costs if delayed for some period can aid to further growth in sales of automobiles

INCREASE RURAL CONSUMPTION The Majority of auto sales (~50-55%) are on the back of rural demand for auto sales. The government should come with packages to stimulate growth in the rural parts of India, like increasing standard of living in rural areas, minimum wages to the rural population, increasing minimum support price so that more incomes lie in the hands of farmers which will in turn increase sales of tractors and scooters. Better credit availability in the rural areas with better repaying options like EMI's, lower interest rates for rural population will aid growth in the auto sector

FOCUS ON HYBRID AND CNG CARS RATHER ON AGGRESSIVE PUSH OF EV'S The auto manufacturers in India are not well prepared for the hasty EV transition and also people are having second thoughts on purchasing of cars currently as they think it would become obsolete in some years. The GOI should halt the aggressive EV push for some time, Focus on CNG and HYBRID cars provide benefits in forms of GST cuts, duty cuts, and tax benefits. CNG and hybrid cars can provide 25-30% more fuel efficiency, which that will reduce the oil imports by 20-30%. The GOI should understand that the EV transition will take some time to come.

INCREASE IN RATE OF DEPRECIATION The current rate of depreciation on vehicles is 15%. if an increase in depreciation rates on vehicles happens that will help the auto companies as the resale value of the vehicles will come down which in turn will force customers to sell or replace their cars soon, Increase in depreciation will allow in increase expenses which in turn will lead to more tax benefits and also the insurance premium which has increased the costs will also come down from the second year

EASIER AND CHEAPER ACCESS OF FUNDS TO DEALERS On 07/08/2019 RBI slashed its benchmark interest rate for the fourth time to 5.40% slicing 35 basis points. Although RBI has slashed its lending rate the transmission is a bit of a worry as banks and NBFC are overburdened by bad loans and are finding it difficult to borrow from the markets. NBFC's which formed 70% of the credit provided to the dealers or to the consumers is in a very tight spot. Capital infusion in banks and NBFC's will help them in providing enough liquidity to consumers and dealers which will help to revive the declining sales in the sector

A LUCRATIVE SCRAPPAGE POLICY The government should provide incentives to those who participate in the proper scrapping of old cars. The government can waive-off registration fees on new purchases for those who provides a scrappage certificate the government should also give some other benefits in terms of monetary to the customers who scraps their old vehicle and buys a new vehicle

The decline in the automotive industry coincides with an general financial slowdown in the industrial sector that has influenced almost all sections. The automobile sector has a strong backward linkage with overall economic growth since auto production influences the demand for automotive parts and production of intermediary materials like steel, rubber, plastic, glass, paint, electronics and other services. Growth in the automotive industry is therefore critical to the country's general economic growth. A resurgence of the automotive industry would assist to revive freight, which would revive the sales of trucks, which would assist to revive employment, and it would boost consumption at the end. Even despite of the entire crisis, the auto makers are hopeful of a recovery in the coming months because of the festive season which will start from September all the way to December as people tend to spend more during the festive season.

INSOLVENCY & BANKRUPTCY CODE



TANVI PAWAR
PGDM - FINANCE
FIRST YEAR

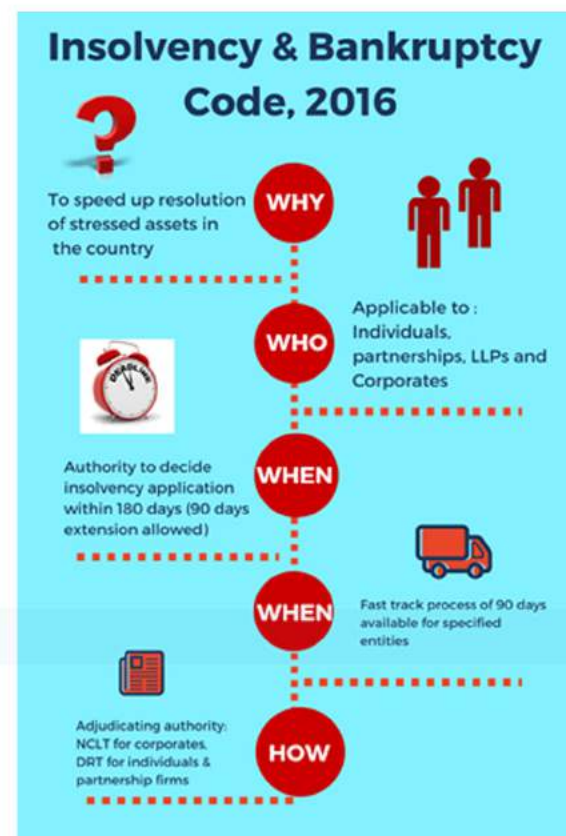
INCEPTION:

As of 2015, various insolvency resolutions in India took around 4.3 years on an average which was highest when compared to other countries like the United Kingdom (1 year), United States (1.5 years) and Brazil (4 years). These delays were caused due to time taken to resolve the case in courts or confusion due to lack of clarity of the current bankruptcy framework. This led to a negative impact on the investors and businessmen in India. To encourage 'the ease to do businesses in India', the then Finance Minister Late Mr. Arun Jaitley on 21 December 2015 introduced the Insolvency and Bankruptcy Code (IBC) 2016 in the Lok Sabha which became effective on December 2016. IBC aimed to consolidate all past provisions and institutionalize common legislation for insolvency resolution and reorganization of corporate entities, partnership firms, and individuals in a time-bound manner. It also envisioned to transparently and expeditiously resolve India's overwhelming nonperforming assets (NPAs) conundrum. The success of this code is seen through the 30 place jump in India's 2018's 'Ease of Doing Business' ranking.

EVERYTHING ABOUT IBC:

Insolvency is a financial state where an entity is unable to repay its debts to its financial or operational creditor. Without a resolution, this state is perpetual and therefore there is a need for a regulatory body to make sure that the debtor is relieved of their debts and the creditors are repaid their debts in a fair and expedited manner. The provisions of this code apply to companies, LLPs, partnership firms, individuals and other entities for insolvency, liquidation, voluntary liquidation and bankruptcy. Being a time-bound process, the time limit to resolve the cases is 180 days extendable to 270 days in case of companies and 90 days extendable up to 135 days in case of others. The IBC has brought about a paradigm shift in the recovery and resolution process by introducing the concept of 'creditor in control' instead of 'debtor in possession'. Once the process starts, the board cedes control of the company and the insolvency professionals along with advisors start managing the company. The key players that facilitate the resolution of insolvency are:

- Insolvency professionals who administer the resolution process, manage the assets of the debtor and provide information for creditors to assist them in decision making.



- Insolvency professional agencies conduct examinations to certify insolvency professionals and enforce a code of conduct for their performance.

- The adjudicating authorities- National Companies Law Tribunal (NCLT) for companies and Debt Recovery Tribunal (DRT) for individuals- includes approval to initiate the resolution process, appoint the insolvency professional and approve the final decision of creditors.

- Insolvency and Bankruptcy Board regulates insolvency professionals and insolvency professional agencies. The Board consists of representatives of Reserve Bank of India and Ministries of Finance, Corporate Affairs and Law.

When a default occurs, the resolution process can be initiated by the debtor or the creditor. This process lasts for 180 days and any legal action against the debtor is prohibited during this period. A committee consisting of the creditor who lent money to the debtor will be formed by the insolvency professional. This committee will make a decision either to revive the debt owed to them by changing the repayment schedule or liquidate the assets the debtor to get their money back. If the debtor's assets go into liquidation, the sale proceeds are distributed in the following order: i) insolvency costs, ii) secured creditors, employees, iii) unsecured creditors, iv) dues to government v) priority shareholders and vi) equity shareholders.

Some of the recent cases of IBC are Nizamiya Construction Pvt Ltd v/s ThyssenKrupp Industries India Pvt Ltd (August 2019), State Bank of India v/s Videocon Industries Limited (October 2108) and Rural Electrification Corporation v/s Ferro Alloys Corporation Limited.

IMPACT OF IBC:

- IBC has made sure that the insolvency proceedings can be completed within a minimum period, thereby reducing the risk of losing investments and encouraging foreign investments.
- More accentuation can be put towards startups that are more likely to succeed.
- Even when a company goes insolvent, IBC is geared up to maximize the value of assets thus becoming a boon for investors.
- It is expected to be a major driver for the spurt of M&A deals in India. Tata Steel acquiring Bhushan Steel for USD 5.5 billion was the largest such acquisition of 2018.

The following recent amendments proposed to the IBC are expected to strengthen the IBC framework:

- Change in the current timeline from 270 days to 330 days including time spent for litigation.
- More power to a committee of creditors to make decisions regarding the distribution of funds to various creditors categories.
- Majority voting threshold reduced from 66% to 50% present and voting. The same rule applies for homebuyers who file a case against builders for nondelivery of houses.

CONCLUSION:

The IBC has become the preferred route of resolution for creditors. Also, the rate at which applications for resolutions are either being accepted or rejected is encouraging more and more creditors to take this route for efficient resolution. Given that it is a nascent law in India, hopefully, it will evolve over some time and provide the much-needed overhaul to the debt situations in India.

THE SURPLUS FUNDS FROM RBI & ITS FISCAL DEFICIT TARGET



RITESH GODAMBE
PGDM - FINANCE
FIRST YEAR

Will the surplus funds from RBI help the government meet its fiscal deficit target?

The surplus funds from RBI would help the government achieve its fiscal deficit target for the current fiscal. The government has set a fiscal deficit target of 3.3 percent of the GDP in the current fiscal, revised downwards from the goal of 3.4 percent mentioned in the Interim Budget in February. The Reserve Bank of India has accepted the recommendations by Bimal Jalan committee on handing over surplus reserves to the Centre. The Bimal Jalan Committee on Economic Capital Framework had suggested that surplus reserves of the Reserve Bank of India (RBI) should be transferred to the government in phases over three-five years.

In its meeting on 26th August 2019, the RBI board approved the transfer of Rs 1.76 lakh crore to the government of India. This sum will comprise of Rs 1.23 lakh crore of surplus for the year 2018-19 and Rs 52,637 crore of excess provisions identified as per the revised Economic Capital Framework (ECF) adopted at the meeting.

Considering that financial resilience was within the desired range, the entire net income of Rs 1,23,414 crore for the year 2018-19 will be transferred to the Government of India. Out of this, Rs 28,000 crore has already been paid as interim dividend. This would be in addition to the Rs 52,637 crore of excess risk provisions which have been written back and consequently will be transferred to the government.

"The Committee's recommendations were based on the consideration of the role of central banks' financial resilience, cross-country practices, statutory provisions and the impact of the RBI's public policy mandate and operating environment on its balance sheet and the risks involved," RBI said in a statement. In its recommendations, the Jalan panel recognized that the RBI's provisioning for monetary, financial and external stability risks is the country's savings to survive a monetary or financial stability crisis.

"Only if realized equity is above its requirement, will the entire net income be transferable to the Government. If it is below the lower bound of requirement, risk provisioning will be made to the

extent necessary and only the residual net income (if any) transferred to the Government," RBI stated.

CONCERN: The RBI had been contributing a chunk of its profit to the contingency fund up to 2012-13. Between 2010-11 and 2012-13, the RBI had set aside 32-45 per cent of its gross income to this fund. Hence CF was a high 9-10 per cent of total assets. Additions to this fund though had ceased since 2013-14. The entire surplus in the RBI's coffers was being transferred to the Centre. But from 2016-17, the RBI once again started transferring funds to the CF. The CF has been 6-7 per cent of assets over the past three to four years. The Jalan panel has chosen to opt for a lower 5.5

percent level for the CF (as against the upper end of 6.5 percent). This is the lowest level that the RBI has maintained thus far under the fund. This lowers the RBI's flexibility to maneuver in the future.



A peek into RBI's key reserves

FY	Balance in CF (Rs cr)	Balance in CGRA (Rs cr)	CF % of total assets	Total reserves % of total assets
2009	153,392	198,842	10.9	25
2010	158,561	119,134	10.2	17.9
2011	170,728	182,286	9.5	19.6
2012	195,405	473,172	8.8	30.3
2013	221,652	520,113	9.3	31
2014	221,652	572,163	8.4	30.2
2015	221,614	559,193	7.7	27
2016	220,183	637,478	6.8	26.4
2017	228,207	529,945	6.9	22.9
2018	232,108	691,641	6.4	25.5
Jalan panel recommendation			5.5-6.5	20-24.5

MAY NOT REPEAT: The current year's transfer from the CF has also lowered the buffer for excess transfer of provisions next year. Strong growth in the balance sheet may, in turn, require the RBI to transfer some portion of its earnings to the CF next year to maintain the 5.5 percent threshold, eating into the surplus funds accruing to the Centre. Over the last eight years, the RBI's balance sheet has grown by 10-11 percent annually. Secondly, the net income of Rs 1,23,414 crore earned by the RBI 2018-19 (July - June), is quite large. In 2017-18, the RBI had earned a net income of Rs 50,000 crore. Such a robust growth may also not recur next year. The strong net income in 2018-19 may have come about due to the net interest on LAF (liquidity adjustment facility) operations turning positive after being negative for two years. In 2016-17, the net interest on LAF operations slipped to a negative of Rs 17,426 crore. Banks flush with funds post-demonetization lent to the RBI through the reverse repo option under LAF. The interest paid by the RBI to the banks under reverse repo in 2016-17 had eaten into its income. In 2017-18, lower surplus liquidity in the banking system vis-a-vis the previous year led to a lower interest outgo for the RBI under reverse repo window. The RBI's net interest income from LAF operations, increased by about Rs 7,900 crore in 2017-18, though still a negative Rs 9,541 crore, owing to continuing interest outgo under reverse repo. It is possible that in 2018-19, the net interest income was positive owing to tight liquidity, leading banks to borrow from the RBI, earning it a tidy income. Such a steep growth in net income may not necessarily recur, hence limiting the funds transferred to the Centre next year.

INVESTMENT IDEAS : GAZA OR REALITY



VALLABH HAYATNAGARKAR
PGDM-FINANCE
SECOND YEAR

The statistics game that describes the Indian Economy is confusing day by day. On the one hand, it is a matter of pride that India surpassed France and ranked as the sixth-largest economy in the world. Moreover, we maintain the fastest growing economy to date. Dr. A Nobel laureate like Amartya Sen, however, said his economy was heading in the wrong direction while giving India a home run. It's been a year now since the Goods and Services Tax was imposed. This new structure, which is fundamentally changing the tax system of India, is now in the midst of a steady decline in taxation. The trade war between the US and China, which is disrupting the world's economic clocks, is destroying the balance of the rupee / dollar exchange value.

On the backdrop of rising mineral oil prices, the International Monetary Fund (IMF) predicts India's growth rate for the current year to be 7.1 percent in FY19 and is expected to accelerate to 7.3% in FY21. Compared with European countries like France, one thing to keep in mind is that over the last decade, India's growth rate has been averaging 5.9 percent, while France's growth rate has declined by 8.5 percent. Considering the net figures, India's gross national income has more than doubled in the last ten years. India's annual gross national income was estimated at \$ 5,959 billion, while it reached \$ 1,949 billion in five years.

All too often the tone of resentment is found in job creation. As a part of GDP, the manufacturing sector accounted for 8.5 percent of the GDP during the last financial year. The government's policy of make-in-India, which has become quite a buzzword, has not been able to make any significant changes in this situation. In the fiscal year 2001, the contribution of the manufacturing sector to the gross domestic product was 8.5 percent. The government's efforts to bring this share to 5 per cent have not been successful. But after four years, the share of the service sector has risen to 5% from 8%. Has reached 5 percent. It is a matter of concern that our economy is becoming fragile, dependent on both rainfall and crude oil prices. Despite campaigns like 'Make in India', the manufacturing sector does not seem to be growing significantly. More than 5% of India's population breaks down into the age group of 30 to 35, that is the active category. It is spread that it is a big force of the economy. The government provides loans to small and medium enterprises under the Mudra Yojana. The Prime Minister recently announced that a loan of Rs1 lakh crore has been made available to 4 crore small and medium enterprises under the Mudra Yojana, which started on April 1. The target of Rs.3 Lakh Crore has been set in the current financial year. But despite the creation of jobs, the government has expressed its inability to provide statistics. If youths do not get employment, it will be a cause of great dissatisfaction which will be detrimental to the economy. Wholesale inflation reached the highest level in the last four years, at 8.5 per cent. This led to the rise in prices of crude oil, vegetables, and other foods. That was followed by a five percent increase in retail inflation. Retail inflation rose for the third consecutive month. If retail inflation continues to rise, it will be compulsory for the Reserve Bank to raise interest rates, taking into account the risk of inflation. The industry is unhappy with its economy as interest rates rise to adversely affect debt rates.

India's exports are disappointing even though global trade is booming. Over the past four years, our exports have been steady. In comparison to India's gross income, these exports have been near the lowest level in the last thirteen years. The international trade deficit is expected to rise from 9 billion to 5 billion over the previous year. Rising crude oil prices can adversely affect the country's fiscal deficit, current account deficit, economic growth rate. During the financial year 2006-08, \$ 5 billion was spent on imports of mineral oil. Due to the fall in the price of mineral oil, imports were about half in the range of \$ 3 billion. With such a decline, the government did not allow the people to get the benefit of falling prices by raising tax rates. Now, with the rise in the price of mineral oil, no steps have been taken to make any changes to the tax system or to bring goods and services under petrol and diesel.

Such policies are fuels public dissatisfaction. If the Reserve Bank raises the repo rate when such a policy is implemented, then the government has no moral right to express its displeasure. The steps that the State Governments will now impose on the Seventh Pay Commission, in turn, lead to technically rising inflation. There is a satisfying picture on the fronts of passenger vehicles, commercial vehicles, steel, cement production, railways, and air transport. Many government banks are unable to provide loans because they are under the supervision of the Reserve Bank. There is no encouraging increase in consumer demand in rural areas. Imports are lower for machinery or other capital equipment, and about 5 percent for oil, gold or electronic goods. 8 billion US dollars for imports of gems, precious metals, followed by oil and similar minerals (US \$ 4 billion) in the first year, US \$ 8 billion for electrical appliances and equipment and US \$ 3 billion for computers and mechanical devices. In order tTo sustain the Indian economy in such a state, it is important to maintain financial stability by prioritizing the basics, not following artificial economic growth in any way.

SUMMER INTERNSHIP EXPERIENCES

TRANSPARENT VALUE



KEVIN MADAPALLY
PGDM - FINANCE

Transparent Value is one of the most sought after companies that visit the campus because of the profile and learning curve it offers and I was fortunate enough to have spent my 8 weeks of Summer Internship with them.

Transparent Value, a Guggenheim Partners Company is an Investment Research and Advisory Arm of Guggenheim Partners which is a global investment and advisory financial services firm that engages in investment banking, asset management, capital markets services, and insurance services. I, along with my co-interns Hemangi Dhonde and Shubham Agrawal was part of the Credit Research Team. We were under the able guidance of Gaurav Maheshwari and Neel Jadeja who were our mentors during our tenure with the company.

INTERVIEW EXPERIENCE:

After an initial shortlisting based on profile, there was a single round of Interview. My Interview was conducted by the VP of the Credit Research Team and it indeed was a very good experience. I was grilled on my basic conceptual knowledge about subjects such as Financial Accounting, Advanced Financial Statement Analysis (AFSA), Financial Management, Bond Markets, and Bond Valuation, etc.

WORK CULTURE:

The work culture at Transparent Value is a very open one. Our mentors and seniors were very approachable and always solved even the silliest of our queries with the utmost zeal. Our work was reviewed regularly by our mentors and seniors and effective feedback was communicated to us which greatly helped us to improve the quality of our work. It was very heartening on the very first day of our internships to meet a lot of ex-Dalmiaites who were part of the Credit Research Team.

WORK EXPERIENCE:

The nature of work that we were assigned during our Summer Internship stint was based on Fundamental Analysis concerning Corporate Credit Research. We had to conduct an In-depth Fundamental Research of U.S. Based Tech Companies and to find a viable avenue for Investment in the Debt Securities of the company.

Our work included conducting Capital Structure Analysis, Liquidity and Free Cash Flow Analysis, preparing Company Profiles, Financial Statement Analysis, Strength and Weaknesses Analysis and determination of various metrics such as Adjusted EBITDA, Operating Cash Flows, Free Cash Flows, etc. for each of the companies. Apart from this, we were also mentored on how to conduct a preliminary analysis of a Merger and Acquisition Deal and to prepare Pro-forma Financials based on the data available.

The work included an extensive reading of the 10K, 10Q Reports and various other SEC Filings, CIM Reports Credit Rating Agency Reports, usage of databases such as Bloomberg and S&P Capital IQ.

The best thing about the work was that we were given a glimpse of what a full-time Credit Analyst at



A-1 FENCE



JAY BAGWE
MMS FINANCE

I had the opportunity to work with the leading manufacturing company in the fencing industry in India. Fencing industry is one of the fastest-growing industries in India and to intern in such an industry was a very informative experience for me.

Let's start with the selection process. The entire process of A1 was divided into 3 stages namely, Shortlisting, Case study, and Personal Interview. The shortlisting was based on work experience and resume submitted by the students. I am a B.com graduate with work experience of 20 months in Swami Samarth Industries as an Accounts Executive for 8 months and the remaining 12 months I was working as an Executive Operations in Accounts Payable department with Intelenet Global Services.

A total of 6 finance students were shortlisted and a case study was presented to us. The case study was based on three core finance subjects, Financial Accounts, Financial Management, and Cost Accounting. We were given 1½ hours to analyze the case and be ready with a presentation as a group. During this time, one HR and one manager were closely observing us and noting down remarks for each one of us. After the completion of the presentation, they further shortlisted 2 candidates. This was followed by a personal interview round by a panel of 3 – Finance department head, Assistant manager and HR. The interview went on for almost 40 minutes where they grilled me on my financial knowledge along with ratio analysis, costing concepts and general knowledge. I was selected for internship post final evaluation and as a Finance intern, was offered a project on Benchmarking the Financial Health for A1 Fence.

Since the Fencing Industry is a growing industry in India, there are no benchmarks or set standards for industry comparison. This made my project an R&D project for the company. I started my work by finding competitors of A1 that were comparable on parameters such as turnover, life, employee strength, CAPEX, etc. Based on the following, I selected 5 companies. Henceforth, my work revolved around performing a financial analysis of these competitor companies, mainly ratio analysis and comparing each ratio with that of A1. This helped me evaluate the growth strategies of A1 compared to the key performance indicators of the competitors and formulate benchmarks for the company.

In all, it was a qualitative learning experience. The best part about the company and my experience were the employees. Even the top management treated us as equal. Everyone in the company was approachable and shared their valuable experiences with us. This, in turn, helped us shape both our project and our lives. In these 2 months of internship, I lived the saying, 'there is no substitute to hard work' but I also learned that smart work is equally important to be held high in this competitive world.



A-1 FENCE

CITI CORP

I would like to share my Summer internship experience of 2 months at one of the biggest corporations on our campus Citi Corp Services Private Limited.

Citi Corp Services Private Limited provides financial services

I was a part of Treasury and Trade Solutions team of Finance and Risk Infrastructure business (FRI). I have worked under the guidance of Chaitanya Ghasiyas and Kedar Kshirsagar. We began with HR workshops to training modules, understanding the various business across Citi level and a thorough understanding of my project and how it is to be undertaken.

My project was to understand and analyze the system used by the Finance and Risk Infrastructure business (FRI). To understand how to leverage the same for reporting purpose and its importance across the business level. Extensive work was carried out on MS Excel involving a lot of functions and quality data set.

Throughout the 2 months, I had through the support of my team from understanding the project and a directed flow to carry out the same.

The work culture at Citi was extremely good and cordial. Everyone around was very helpful in terms of understanding Citi and its multiple products offered. Our project process was reviewed regularly and effective feedback was communicated to us which was helpful to us to improve the quality of our project work.

I have taken back with me a lot of professional and personal learnings which will help me in my future endeavors. The best part was we as interns were also allowed to explore and think out aloud in terms of our project.



SHIVANI DAVE
PGDM FINANCE

LEARNING FOR ME:

Excel Skills

Attention to Detail

Effective Communication





MEGHNA ASHTEKAR
PGDM FINANCE

As rightly said by Swami Vivekanand, “You are the creator of your destiny”. It is upon us to make the most of an opportunity that life offers us with and create our destiny. I believe that Internship is just the right opportunity offered to us, that enables us to establish a link between theoretical knowledge we learn in college and the application of that knowledge.

I did my MBA Summer Internship at CRISIL (Credit Rating Information Services of India Limited), one of the most prestigious companies on our campus.

CRISIL is a global analytical company providing a wide spectrum of services like Ratings, India and Global research and Risk solutions to clients globally. I interned in the Global Analytical Centre (GAC). It is a department within CRISIL dealing with analytical, research and data services for S & P Global, the parent organization of CRISIL.

I consider myself fortunate to have been able to perform two projects during my internship tenure of 2 months. My projects involved delving into the details of Environmental, Social and Governance Evaluation and understanding methodology of performing credit estimates at S & P Global. CRISIL internship will always remain a memorable experience for me in terms of my learnings as well as enjoyment. CRISIL has the best cafeteria I have seen so far with various fun events organized to energize all employees once in a while.

There were several educational seminars arranged just for interns during those 2 months amongst which a particular one was when the Chief Economist of CRISIL Mr. Dharmakirti Joshi gave his insights on several general economic topics.

I also got an opportunity to attend a meeting with an amazing personality, Preeti Arora who is the Business head of GAC. Besides performing my projects and attending educational seminars, I got to participate in CRISIL’s CSR activity, a Beach Clean-up drive, on a weekend.

Right from my 1st day when I was introduced to my mentor and my team till my last day when I was given a farewell kit, it was just a pure knowledge enriching journey.

At last, I would have to say, CRISIL indeed gave me my dream internship!



RESERVE BANK OF INDIA



JAYRAJ BS SHEKHAWAT
MMS FINANCE

I had the opportunity of interning with the central bank of our country – The Reserve Bank of India (RBI) for my summers. Let me first take you through the selection process. So the whole process began in the first week of September 2018 wherein we had to physically fill out the application form for domestic students which is also available on the RBI website.

The institute collected and sent out all the application forms to RBI, which shortlisted 15 students from the institute for the next round - Personal interviews. This shortlist came by the end of December and interviews were scheduled in the first week of January 2019. So basically we had a little less than 2 weeks to prepare ourselves for the personal interviews. Deepa ma'am, from the Placement Department, arranged an interactive session with our immediate seniors who had interned with RBI. They shared with us the topics to be prepared and also took our mock interviews. I made notes too for reference as part of my preparations. Also, Murthy sir, who taught us Banking & Insurance at that time, took RBI preparatory sessions where he covered the topics on which questions may be asked in the interview. His sessions were extensive enough to provide us with that extra push towards being more prepared. So a special thanks to Murthy sir. We had to go to RBI's Central Office at Fort for the personal interview round. My interview was based predominantly on my work experience, which involved working with banks in concurrent bank audits. So a major chunk of the questions consisted of concepts revolving around the work I handled during my work experience. The results of the final selects were announced a week later and finally, 5 students were selected to intern with RBI. So this was a gist of the selection process.

Now I will talk about my internship experience there. I was allotted the Foreign Exchange Department (FED), Central Office, RBI. I interned at RBI from 02nd May 2019 to 28th June 2019. The first week was all about getting a hang of all the divisions working under FED. So it was an orientation week for me. The project allotted to me was "Re-evaluating penal provisions under FEMA, 1999 - Bringing legislative harmony." The project was majorly related to RBI regulations, FEMA and other statutes like Income Tax Act, Companies Act, SEBI Act, GST, etc. I had to provide suggestions and an approach of bringing about a change in the existing regulations notified by RBI for cases which involve deriding any provisions of FEMA and penalty imposed thereupon. I won't go into the technicalities of my project as it won't be the same for the next batch of interns. But it is important to know that my project was a different kind of project which didn't involve core finance, yet I made sure to add things used in core finance to help support the validity of my project report. So it is all about applying all that you have learned, in the right manner and at the right place. I even learned a lot about the processes followed by RBI in areas other than my area of the project, thanks to my mentor Mr. Kamlesh Sharma, who gave me additional knowledge of different departments and other functions of RBI too. I also got an opportunity to attend a knowledge enriching session hosted by the present governor, Shri Shaktikanta Das on "India's trade policy and the road ahead." The people at RBI are very sweet enough and you can strike a conversation with them anytime. They are quite approachable and co-operative.

My summer internship experience has been extremely delightful enough and I am grateful for the opportunity I got with RBI. I conclude by advising to make the best use of the opportunity you get for your internship and make the most out of it. All the best for the days to come.



STUDENTS ACHIEVEMENTS

CORPORATE EXCELLENCE AWARD 2018



For the 4th Time in
a Row,
B&K Securities
is the Winner of
the
**Corporate
Excellence
Award**
*By Mr. Uday
Kotak*

The success of any institute can be measured by the contribution the alumni makes. N. L. Dalmia Institute of Management Studies and Research is proud of such alumnus that bring great pride to the institute. One such alumnus is Munmun Desai. A 2004-2006 PGDM student of N. L. Dalmia Institute of Management Studies and Research, Munmun Desai is a Deputy Managing Director – Institutional Sales at B&K Securities India Pvt. Ltd. She has a demonstrated history of working in the financial services industry. She is skilled in mutual fund advisory, equity research, portfolio management, risk management, investment banking and equities. She has grown from being Relationship Manager to today heading the business and building the business from scratch to 2.5 billion dollars. Her strong business professionalism has helped her win many accolades and awards through the years like Best Financial Advisor in three consecutive years from 2016 to 2018. With a super team and unflinching focus on values, she received yet another award of Corporate Excellence for B&K Securities India Pvt. Ltd 4th year in a row. The award was handed by Mr. Uday Kotak.

NLDIMSR STUDENT REPRESENTS INDIA IN JAPAN IN AN INTERNATIONAL CONVENTION



Ameya Chandak, a student of PGDM from N.L. Dalmia Institute of Management Studies and Research, Mumbai represented India as a Peace Ambassador in Fukuoka, Japan. More than 60 countries from around the world participate in this convention called Asia Pacific Children's Convention held in Fukuoka Japan.

The aim of this organisation is to make global citizens out of participants and learn the spirit of co-existence and harmony. The organisation and its local branches called Bridge Clubs conduct small social activities such as planting trees, raise awareness about global warming and other social issues, blood donation drives, etc.

This is a very big platform to showcase yourself and gain international exposure, make friends across the globe. It helps a person to become a true global citizen and contribute to make the world a better place to live than yesterday. NLDIMSR encourages its students to take part in such conventions to develop the overall personality of an MBA student.

NLDIMSR STUDENT DELIVERS LECTURE ON CAPITAL MARKET



Srishti Thorat, a student of MBA(Finance) from NLDIMSR was invited by Swami Hansumani Maharaj Degree College of Commerce, Kalyan on 14th August, 2019 to deliver a lecture on “Capital Markets.”

Capital markets are venues where savings and investments are channelled between the suppliers who have capital and those who are in need of capital. The entities that have capital include retail and institutional investors while those who seek capital are businesses, governments, and people. They are composed of primary and secondary markets. The most common capital markets are the stock market and the bond market.

NLDIMSR'S STUDENTS BECOME THE 1ST RUNNER UP IN AN INTER-COLLEGE STOCK MARKET CHAMPIONSHIP ORGANIZED BY BSE

An inter college stock market championship “Stock Torero-Tame The Bull”, held on December 7th, 2018 organized by BSE Institute Limited, Mumbai in association with BSE Investors’ Protection Fund held at International Convention Hall of Bombay Stock Exchange. The students of N L Dalmia Institute of Management Studies and Research- Akash Agarwal and Neha Deshmukh (PGDM Finance) were the 1st runner up in the contest.

The participants were given 4 asset classes – Equity Shares, Fixed Deposits, ETF’s and Government Securities to invest in amongst which Equity shares were traded on BOLT-BOW in simulated environment and the fixed income securities were issued in an ‘offline mode’ through a ‘silent auction’.

It was an intra-day trading session and the winners were decided by the highest ROI on their portfolio.



(Above Akash Agarwal and Neha Deshmukh with Mr. Ambarish Datta (MD and CEO, BSE Institute Limited) and Mr Vinod Nair (Head Academics and Product Development, BSE Institute Limited))

NLDIMSR'S STUDENTS BAGS THE 1ST PRIZE IN AN INTER-COLLEGE FINANCE COMPETITION ORGANIZED BY SIMSREE.



An inter college finance competition “FINVESTO”, held on October 31st ,2018 organized by SYDENHAM Institute of Management Studies Research and Entrepreneurship education (SIMSREE), Mumbai in association with The New India Assurance Company LTD and Central Bank of India. The students of N L Dalmia Institute of Management Studies and Research- Akash Agarwal and Neha Deshmukh (PGDM Finance) secured 1st position in the contest.

The theme of the competition was Personal Finance and Value Investing. The competition comprised of three rounds. The first round was Quiz on general finance. The second round was Online Mock Stock Exchange event on real market. Each round was an elimination round. The third and the final round was a Portfolio Management round based on the given case study.

The strategy used by winning team was to build a diversified portfolio comprising of Fixed Income Securities and complex Financial Derivative product using futures and options.

NLDIMSR ALUMNI WINS A PRESTIGIOUS PLACE IN “INDIA’S TOP 100 WOMEN IN FINANCE”



It is said, “Behind every successful woman is herself “, and our beloved alumni, Miss Ami Sampat has proved this right. Miss Ami Sampat, AVP-Debt Markets Derivium Traditional Securities India Pvt Ltd.and the alumni of N. L. Dalmia Institute of Management Studies and Research has made the Institute proud by achieving a place in “INDIA’S TOP 100 “WOMEN IN FINANCE” – 2019, on08th March 2019 celebrated as International Women’s Day worldwide. India’s Top 100 “Women in Finance” organized by AIWMI (Association for International Wealth Management of India) is a campaign designed to identify the most successful and respected women professionals working in the areas of finance, financial services, financial education & financial journalism in the categories of Guiding, Leading, Progressing, Promising and Supporting Women.

Derivium Traditional Securities India Pvt Ltd is involved in Activities auxiliary to financial intermediation. Ami Sampat, MBA Batch 2010-12 student started her career with Derivium Traditional Securities India Pvt Ltd as Fixed Income Dealer in 2016 and with her zeal and passion for work, became the Assistant Vice President- Debt Markets in just 4 years’ time.

Ami Sampat excels in capital markets, fixed income and valuation.

Ami Sampat stands tall and proud with her achievements in professional life inspiring other women to fight for their goals.

FINANCE FORUM EVENTS

SESSION ON FIXED INCOME SECURITIES



N.L.Dalmia Institute of Management Studies and Research organized a knowledge enriching session on Fixed Income securities on 2nd February 2019. The institute invited Mr. Jatin Mehta to enlighten the students with his vast experience in this field. Mr. Mehta has completed his FRM. He is currently working with Reliance Life Insurance as a Treasury Manager. He has also worked in the treasury department of NSE and ShamraoViththal in his past 9 years of professional experience.

Mr. Mehta discussed the key points of interim budget. He led the students to the importance of fixed income securities by explaining how the Government borrows

deficit in the form of SLR requirements. He threw light on the industries linked to debt market- Banks, PFs, Insurance, Mutual funds- and how this is a booming sector to make careers in. Mr. Mehta also explained the structure of treasury of such companies. While explaining the yield curve showing the inverse relationship between prices and yield to maturity, Mr. Mehta put forth the 3 things you should look while investing in fixed income securities-1) Cost of the bond 2) Amortized cost of the bond and 3) Market price.

INTERIM BUDGET 2019

The Interim Budget was presented on 1st of February 2019 the Interim Union Finance Minister Mr. Piyush Goyal. The budget is a political correction to appease the middle class and low income constituency of the nation. But economically speaking this budget has been presented when the Indian economy is not in the pink of its health. The fiscal deficit target was missed for fiscal year 2018-19 and now it stands at 3.4 per cent. Despite the move towards a simpler tax structure through the Good and Services tax (GST), certain far-reaching reforms on the financial front through the new insolvency laws and benign crude oil prices for most of its tenure, the government had been grappling with a precarious economy. Employment remains a bigger concern for the growing economy to sustain what it demands of becoming a \$10 trillion economy by 2028.

The budget has brought a glimpse of tax haven sought by taxpayers with a taxable income upto Rs 5 lakh. Taxpayers will enjoy Tax Rebate on income of upto Rs 5 lakh with addition to this there is an increase in standard deduction from Rs 40,000 to Rs 50,000. Tax exemptions for individuals investing in provident funds, specified savings, insurance and prescribed equities will increase this tax slab to a minimum of Rs 6.5 Lakh to a maximum of Rs 9.85 Lakh (including home loan*).

Pension for organised Sector was introduced under 'Pradhan Mantri Shram Yogi Mandhan' which will provide monthly pension of Rs 3000.

Pension for unorganised Sector can avail the same by investing Rs 100 per month during their working age. This is a mega scheme affecting 10 crore workers in organised and unorganised sector.

Direct Income Support for Small and Marginal Farmers with 'Pradhan Mantri Kisan Samman Nidhi' specifies a Rs 6000 annual direct support for farmers owning a land less than 2 hectares. An additional 2% interest subvention and additional 3% interest subvention upon timely repayment This will add to income support run by state governments and thus improve upon the MSP (Minimum Support Price) which stands at 50% of the invested fund.

Gratuity Limit has increased from Rs 10 Lakh to Rs 20 Lakh thus making it a prospect for increased savings by an individual.

Income Tax Returns are getting digital and all refunds are to be issued simultaneously with introduction of Electronic I-T return which will assess and verify to make an assessee-friendly process.

The Defence budget has been the highest till now with Rs 3 lakh crore, and this was achieved with a hike in military service pay. Also introduction of OROP introduced a Rs 35000 crore revenue deployment in defence sector.

Lastly, TDS threshold has been increased on house rent upto Rs 2,40,000 with tax exemption on notional rent of second house.

TDS on interest earned from Bank or Post office deposits has been raised from Rs 10,000 to Rs 40,000.

This free hand in the proposed budget was possible because of increase in tax base to 6.85 Crore contributing to Rs 12 Lakh Crore showing an increase of 80% in last 5 years. Concluding we await the final budget coming in July which will revise budget keeping in mind the need to disclose important statistics on farmer suicides , labour data and NSSO survey on employment.

CCRA SESSION BY MR. ADITYA GADGE

N. L. Dalmia Institute of Management Studies and Research organized an informative seminar on Certified Credit Research Analyst program on 14th July, 2018. This program was conducted by Mr. Aditya Gadge, CEO, Association of International Wealth Management of India (AIWMI).

Mr. Gadge enlightened the students about the several career opportunities within the credit industry. The event proved to be a great platform for the students to get the insights on debt markets. The major objective of this session was to encourage students to consider Credit Research as a career option. Management students were made aware of recent regulatory updates and the role of credit analyst in the industry.

The session ended with the guest addressing the queries of the students, making it an exhaustingly interactive session.



BIG DATA & ANALYTICS – THE FUTURE OF SUSTAINABLE DEVELOPMENT



N. L. Dalmia Institute of Management Studies and Research organized a round table conference on 28 July 2018, bringing together highly esteemed dignitaries from various fields to discuss the topic of 'Big Data & Analytics'.

The panel consisted of IIM graduates and Data Analytic specialists such as Mr. Manojit Saha, Mr. Shailesh Dhuri, Mr. Kiran Surve, banking industry consultant from SAS, Mr. Yogesh Rao

It also included Mr. Pinaki Bhowmick, founder of 'DX&Beyond' and Mr. Prasanna Lohar, Innovation & Architecture specialist of DCB Bank Ltd. Mr. Amarkant Jain, a digital expert and co-founder of Sarvashreshtha Solutions LLP moderated the discussion.

The conference started with elemental questions such as what 'Big Data' meant, where did it originate from and how would it affect the coming generations. The esteemed guests also talked about the skillsets required to grasp the subject. The diversity in career fields brought forth new perspectives. The discussion further proceeded into advanced topics of its applications, data models, and advancement into new sectors, data democracies and even credit rating models.

The guest addressed the queries of the students institutes' alumni and faculty, making it an intensive interactive session. The session ended with a vote of thanks from NLDIMSR's esteemed faculty Dr. Dinesh Hegde and thus concluded the brilliantly informative session.

VISHLESHAN 2019

The Finance Forum of N.L. Dalmia Institute of Management Studies and Research conducted its annual intra-college case study competition, 'VISHLESHAN 2019' on 9th February, 2019. Its theme was on a "Case Study on Apollo Hospitals hiving off its pharmacy arm into a separate entity." Mr. Kunal Valia was invited to judge the competition. He is an investment product specialist and an alumnus of the 3rd batch (1999-2001). To begin with, the shortlisting for Vishleshan from every class was done based on the 5 best performances of students from each class in BizQuiz competition, organized by Business Standard. It was a quiz competition comprising of 50 questions testing the GK and awareness skills of students. Further, a team of maximum 3 was formed from every class to present the case study and its analysis thereafter. The teams came up with a plethora of information dug deep by them and their future analysis & forecast based on various assumptions. Team E from MMS Finance, comprising of Namita Palkhe, Bharat Jaju and Arjun Sudarshan bagged the first prize. Team C from PGDM Marketing, comprising of Aditya Pradhan, Vaibhavi Mehta and Aditya Patil were the runners up of Vishleshan 2019.

Mr. Valia also gave his valuable inputs with regards to students, to go through the financials of any company thoroughly to better analyse the future growth prospects.

Alongside that, Mr. Valia inaugurated the 19th Volume of the bi-annual e-Magazine 'DELTA' which consists of contributions from students, faculties and alumni, specifically related to the financial world. The event ended with our HOD Finance, Prof Dr. Anil Gor felicitating Mr. Valia for taking time out from his busy schedule.



NLDIMSR ORGANIZES “GUEST SESSION ON INVESTING”

N. L. Dalmia Institute of Management Studies and Research organized a guest session on “Today’s Mid-Cap is Tomorrow’s Large-Cap” on 23rd March, 2019. The session saw guests coming from Motilal Oswal and the session was delivered by Mr. Pankaj Murarkha of Renaissance Investment Managers. Mr. Murarkha has a vast & varied experience in the field of investment management. The session began with Mr. Murarkha talking about his investment experiences with few companies and explained how they grew over time. He told the students about the importance of value investing and how it makes you wealthy in the long run.



He also spoke about abiding by an “Investment Philosophy” and its importance. He quoted “Investment Philosophy for an investor is like what religion is to all of us.” He mentioned how successful investors have a philosophy & how they abide and stick by the same throughout.

He told that investment is a field where boundaries are not confined, it’s ever evolving and that we should have a philosophy which sustains and endures even when markets are not doing well. He gave a gist of the “Miracle of High Growth Investing”. At the end, students asked few questions which were well answered in detail by Mr. Murarkha. The session ended with our CEO, Prof. Seema Saini felicitating Mr. Murarkha for taking time out from his busy schedule.

GUEST SEMINAR ON ALTERNATIVE INVESTMENT FUNDS

The Finance Forum of N. L. Dalmia Institute of Management Studies and Research organized a guest session on Alternative Investment Funds on 19th July, 2019. The session was delivered by Mr. Nalin Moniz. Mr. Nalin Moniz, CFA is the Chief Investment Officer – Alternative Equity at Edelweiss Global Asset Management where he leads the Portfolio Management and Research Efforts for all Alternative and Risk-Adjusted strategies across the AIF, PMS, FPI and other mutual funds. He graduated magna cum laude from Management and Technology Program at University of Pennsylvania with B.Sc in Economics (Finance, Statistics) from the Wharton School and a B.S.E in Computer Engineering from the School of Engineering.



Mr. Moniz provided ‘An Alternative view to Alternatives!’. Over the last 25 years, Mutual funds have done extremely well with over a ₹25 lakh crore market. AIFs are the next biggest wave that started from a ₹20 crores market in 2012 to a whopping ₹2.5 lakh crore in 2019. AIFs are not restricted to bond and equity market but also widespread in the infrastructure, capital markets, real estate funds, hence providing a lot of variety. AIFs are broadly divided into 3 categories – Category I, II and III in an ad-hoc manner where Category I and II deal with unlisted and nascent businesses and Category III deals with the capital markets.

AIFs allow the operational ease of Mutual Funds with the flexibility of Portfolio Management Services which has made an economic revolution. AIFs are popular not only in the metro cities but also tier 2/3 regions of the country. With over 700 registered players only in the last 6 years, AIFs have paved way for immense job opportunities.

Category I – a ₹30000 to 35000 crores market includes Infrastructure and Venture Capital funds. Category II, a ₹1.5 lakh crores offers funds that perform lending activities and funds that invest in unlisted companies such as Real Estate funds, Structured Credit, Distressed Credit, Private Equity and Pre IPO/IPO funds. Category III includes long-only investments primarily investing in small to mid-cap space and Hedge funds like Long-Short Debt Funds providing 7-8% returns and Long-Short Equity Funds providing 13-15% returns.

The session ended with an interactive Q&A between the students and the speaker making it an engaging and knowledgeable session.

GUEST SEMINAR ON INVESTMENT APPROACH

The Finance Forum of N. L. Dalmia Institute of Management Studies and Research invited Mr. Vipul Sharma to deliver a session on Investment Approach on 27th July 2019. Mr. Vipul Sharma is the Institutional Sales (Equities) Head at SMC Global Securities Ltd. Mr. Sharma is an MBA and DFM from NMIMS.

Mr. Sharma started his session by throwing light on how Indian Economy has outpaced the World Economy in terms of growth, making it an attractive avenue for investment. The reasons attributed to this growth, according to him, are Proactive Government Reforms like GST implementation, revised IBC Framework, Financial Inclusion, etc.

While investing, it is a general practice to undertake the Top-Down approach. But while doing this we often concentrate more on the macro-economic factors such as GDP, Fiscal deficit, inflation and ignore the factors driving them.

Mr. Sharma explained what is the approach at SMC which involves analyzing the factors like- economic cycle and which level of the cycle will benefit what sector, what future plans the management has for enhancing the profitability, how efficiently are they using the capital employed, at what level is the company leveraged, how the company is taking care of the competition and risks like business, liquidity, valuation and management risks. He highlighted that management risk is intolerable as an incompetent management can change the fate of a company. The session ended with a QnA between the students and the guest making it a knowledge enriching session.



GUEST SEMINAR ON FACTORING SERVICES IN INDIA

The Finance Forum of N. L. Dalmia Institute of Management Studies and Research(NLDIMSR) invited Mr. Pankaj Gupta to deliver a session Factoring in India on 17th of August, 2019. Mr. Pankaj Gupta is Sr. Vice President and CFRO of SBI Global Factors Limited. He has a long distinguished career in the banking industry of more than 30 years.

Mr. Gupta started his session by throwing light on what factoring actually is and how it works. He explained how factoring is different from banking and why traditionally banks in India have now entered into the business of Factoring.

The industry was also not well regulated by as late as 2011 when the legislation Factoring Regulation Act, 2011 was passed in India.

In India, Factoring as an industry is still not matured and is in a nascent stage. Though being a very big industry globally, its void is generally filled by banks giving cash credit to businesses.

The session ended with a Question and Answer session between the students and the guest making it a knowledge enriching session. Mr. Gupta was felicitated by Prof.Dr. Anil Gor of NLDIMSR.



KNOWLEDGE BUILDING SESSION ON THE PORTFOLIO MANAGEMENT SCENARIO

The Finance Forum of N.L. Dalmia Institute of Management Studies and Research organized a knowledge enriching seminar on the “Portfolio Management Scenario” on 31st of August, 2019. The seminar was conducted by Mr. Amit V. Shah, Associate Director at PNB MetLife. As it is rightfully said, ‘A portfolio manager must focus on the global economic scenario’, Mr. Shah rightfully briefed the students on this very same aspect.

The session began with Mr. Shah highlighting on three main aspects that affect the economic growth currently, namely ‘Debt’, ‘Demography’ and ‘Industry Disruption’. He highlighted how asset structures were changing from asset ownership to asset sharing. Mr. Shah covered a variety of emerging trends such as Fintech, Medtech, Education growth, IoT and product to platform shift.



Also, light was shed on how excess money had entered the financial markets that went on to create ‘ETFisation’ and correlation-based trading. He also explained the NIFTY index weights and touched upon the degree of export driven industries in the same. Mr. Amit V. Shah also explained a financial model created and tweaked the numbers for analyzing shifts in share valuation according to new developments. The event was a great knowledge building session as it covered a variety of topics and connected the dots up to a huge level of detail. The session ended with Prof. Dr. Anil Gor felicitating the guest.

GUEST SESSION ON CREDIT RATING OF THE BFSI SECTOR

The Finance Forum of N. L. Dalmia Institute of Management Studies and Research organized a guest session on Credit Rating of the BFSI Sector on 7th September, 2019. The session was delivered by the institute's alumni Mr. Viraj Dhond and Ms. Aditi Gupta, both currently working with CARE Ratings Ltd. as a Deputy Manager, BFSI Sector ratings.

Ms. Gupta provided us with an elementary explanation of credit and the primary functions of a credit rating agency. Credit rating is an assessment of the creditworthiness of a borrower in general terms or with respect to a particular debt or financial obligation. Keeping this view in mind, credit rating agencies impart ratings to the debt instruments of companies. The credit ratings include AAA, AA, BBB, BB, C, and D with AAA being the highest rating and D (Default) being the lowest. Key factors considered while giving ratings are political risk, economical risk and industrial risk. Historical performances of the companies are also crucial factors in determining the ability of the company to repay all its debts. Rating framework can be well captured by the acronym CRAMELS (C – Capital, R – Resources, A – Asset Quality, M – Management, E – Earnings, L – Liquidity and S – Systems & Processes), considered as a golden rule for guidance. Mr. Dhond took the session further by throwing light on the various risks involved in different types of loans given by the companies of the BFSI sector and how these risks are analyzed by the credit rating agencies to impart ratings. Most common loans advances are towards housing which are considered risk-averse and the safest type of loans. Auto loans are another crucial avenue where the depreciating factor plays a defining role and adds on a little risk. Market volatility make loans advances against shares highly risky. Another type of loan where the risk concentration is high are corporate loans.

They highlighted the fact that the NBFCs market owing to its specialization is increasing gradually as compared to banks that cater to different needs of the customers.

The session ended with an interactive Q&A between the students and the speaker making it an engaging and knowledgeable session.



KNOWLEDGE BUILDING SESSION ON MERGERS AND ACQUISITIONS

The Finance Forum of N.L. Dalmia Institute of Management Studies and Research organized a knowledge enriching seminar on “Mergers and Acquisitions” on 28th of July, 2018. The seminar was conducted by Mr. Rajan Janjani, Senior Director, Capgemini Technology Services India Ltd. Mr. Janjani regularly conducts lectures on topics like Strategy, Technology, M&A and Operations Management.

The session was based on an interesting case study on the acquisition of Patni Computer Systems Ltd, a big IT company by iGATE Corp, a much smaller US based IT company. During the lecture, Mr. Janjani explained how he personally witnessed the complexity of the transaction and his experiences gave a good insight into the transaction. Students also came to know about different types of M&A's. iGATE and PATNI Computers is a classic example of Horizontal Acquisition.

He also explained that iGATE and Patni Computers had different management styles. Patni was an Indian listed company which was family driven and iGATE was process driven. He also narrated the story of how later iGate went on to rebrand itself in an innovative way, and was acquired by Capgemini, a European company.

The event was an introduction into the exciting world of M&A's for the students and they were encouraged to delve into it further. The session ended with Prof. Dr. Anil Gor felicitating the guest.



GUEST SESSION ON TREASURY MANAGEMENT OF BANKS



The Finance Forum at N. L. Dalmia Institute of Management Studies and Research organized a session on Treasury Management of Banks on 10th September, 2019. The session was conducted by Mr. Raghunathan K N, Executive Vice President, Treasury, South Indian Bank, Mumbai.

Mr. Raghunathan, with about 40 years of experience as Treasury Dealer, explained the nitty-gritties of how a treasury of bank functions. The main function is maintaining SLR and CRR as a pre-determined percentage of Net Demand and Time Liabilities (NDTL) and thereby managing liquidity.

Treasuries are the profit centers for banks. They make money through- 1) Bond Trading 2) Forex trading 3) Derivative Trading and 4) Equity Trading. However, the banks are not permitted to trade on equity futures.

In case of excess liquidity, banks can- 1) Invest in short term securities or 2) Lend for short term. CCIL plays a significant role in the settlement of trades taking place in Treasury. He also explained the Bond-Yield relationship, which is crucial to understand while trading in the debt market. Some selected students at NLDIMSR have been taken to Treasury departments of few banks. In order for all the finance students to get more knowledge on Treasury, HOD Finance, Prof Dr. Anil Gor and Finance Faculty Narayan Murthy arranged this guest session and through such guest lecture, imparted knowledge to the students.

GUEST SEMINAR ON ARTIFICIAL INTELLIGENCE & MACHINE LEARNING

N. L. Dalmia Institute of Management Studies and Research organized a Seminar on Artificial Intelligence and Machine Learning delivered by our own alumni Mr. Wasim Shaikh, Senior Manager at Willis Tower Watson on 28th September, 2019.

Mr. Shaikh explained how Artificial Intelligence is all about building intelligent systems whereas Machine Learning is teaching intelligent systems. Machine learning is a subset of Artificial Intelligence. Machine Learning can be defined by three terms – Task, Performance and Experience.

Before ML, there were other learning robots that did not survive for long like Rule Based Learning where rules and data was predefined to fetch answers from the computer.

With ML, the machine is fed in with data and answers and the machine sets its own rules and instructions. Process has become more efficient. With time, the data and processing speed has improved exponentially with 9 crore rows of data are processed in merely 3-4 seconds. There are broadly three types of Machine Learning namely, Supervised, Unsupervised and Reinforcement Learning. Machine Learning can be used for Predictive Analysis, Natural Language Processing, Computer Vision, Recommendations, Dimensionality Reduction and Anomaly Detection.



GUEST SEMINAR ON VALUATION OF A FINANCIAL INSTITUTION

N. L. Dalmia Institute of Management Studies and Research organized a Seminar on Valuation of a Financial Institution delivered by our own alumni Mr. Harsh Shah, Research Analyst at ICICI Securities on 28th September, 2019.

Mr. Shah started by explaining the fundamental difference between the financial statements of a typical banking institution and a non-banking institution. He further went on to describe a bank as an intermediary between two parties with an intention to earn spread between the rate it receives and rate it pays. He then elucidated the key terminologies with respect to a bank such as the Net Interest Income, Net Interest Margin, Cost to Income Ratio and Credit Cost. According to him, there are two ways to value a bank, one using the Relative Valuation approach, and the other using the Residual Valuation approach.

Relative valuation uses the P/BV, P/ABV and P/E multiples whereas Residual Valuation is an approach to equity valuation that formally accounts for the cost of equity capital. DCF valuation is not advised because future cash flows of a bank are not predictable.

The session ended with an interactive Q&A between the students and the speaker making it an engaging and knowledgeable session.



BUSINESS QUIZ & TRIVIA

BUSINESS QUIZ & TRIVIA

Q.1 What is the approx share of Agriculture in Gross Domestic Product (GDP) in India?

- 1) 14%
- 2) 10%
- 3) 25%
- 4) 35%

Q. 2 Which one of the following sectors has attracted the highest foreign direct investment inflows into India during last one decade?

- 1) Chemicals other than Fertilizers
- 2) Service Sector
- 3) Food Processing
- 4) Telecommunications

Q. 3 Which of the following Ministries publishes the Economic Survey of India?

- 1) Ministry of Finance
- 2) Ministry of External Affairs
- 3) Ministry of Home Affairs
- 4) Ministry of Commerce and Industry

Q. 4 Which of the following statements correctly depicts Take off stage in an economy?

- 1) It means steady growth begins.
- 2) It means economy is stagnant.
- 3) It means all controls are removed from economy.
- 4) It means economy is about to collapse.

Q. 5 A popular statistical simulation named after a city -

- 1) Monaco
- 2) Vienna
- 3) Berlin

Q. 6 The headquarters of Economic and social Commission for Asia and the Pacific is located at -

- 1) Singapore
- 2) Manila
- 3) Bangkok
- 4) Hong Kong

Q. 7 According to extant RBI guidelines, Payment Banks are not permitted to -

- 1) set up branches or ATMs
- 2) accept remittances to be sent to multiple banks
- 3) distribute mutual fund/ insurance/ pension products
- 4) set up subsidiaries to under take NBFC activities

Q. 8 The last six characters of the alphanumeric IFSC printed on the cheques helps in identifying the -

- 1) Bank branch
- 2) Type of account
- 3) Bank name
- 4) Business or profession

Q.9 Operation Clean Money is started by -

- 1) NITI Ayog
- 2) Income Tax Department
- 3) Ministry of Finance
- 4) Central Board of Direct Taxes

Q.10 The Microfinance institutions (MFI) registered as Non-Banking Finance Companies (NBFC) are presently regulated by

- 1) SEBI
- 2) Reserve Bank of India
- 3) NABARD
- 4) SIDBI

Q. 11 Which is the first Private Sector Bank in India to use Software Robotics?

- 1) ICICI Bank
- 2) IDBI Bank
- 3) Axis Bank
- 4) Bandhan Bank

Q. 12 The Union Government has constituted a committee to form a strategy to expedite the process of transforming India into a cashless economy. The name of the committee is -

- 1) Tarapore Committee
- 2) Shah Committee
- 3) Amitabh Kant Committee
- 4) Bimal Julka Committee

Q. 13 What is 'Hawala'?

- 1) Full details of a subject
- 2) Illegal transactions of foreign exchange
- 3) Illegal trading of shares
- 4) Tax evasion

Q. 14 How much amount is allocated in the Union Budget 2019 to boost credit in Public Sector Banks?

- 1) Rs 20,000 crore
- 2) Rs 50,000 crore
- 3) Rs 70,000 crore
- 4) Rs 90,000 crore

Q. 15 For which sector a new TV channel would be launched as announced in Budget 2019?

- 1) Banking
- 2) Start-ups
- 3) Education
- 4) Parenting

ANSWERS:

1. 1; 2. 4; 3. 1; 4. 1; 5. 4; 6. 3; 7. 4; 8. 1; 9. 2; 10. 2; 11. 1; 12. 3; 13. 2; 14. 3; 15. 2.



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