N. L. Dalmia®

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FINANCE FORUM

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.

IN THIS EDITION

FROM THE DIRECTOR'S DESK

When we discuss about The Role of Financial Reporting and Transparency in Corporate Governance we need to review the recent corporate governance literature that examines the role of financial reporting in resolving agency conflicts among a firm's managers, directors, and capital providers. We view governance as the set of contracts that help align managers' interests with those of shareholders, and we focus on the central role of information asymmetry in agency conflicts between these parties. The general conclusion is that financial reporting is valuable because contracts can be more efficient when the parties commit themselves to a more transparent information environment.

We tend to argue that financial reporting can alleviate information asymmetries that would otherwise impair the efficiency of important governance mechanisms. Empirical studies have found that information transparency is positively associated with the proportion of outside directors on the board, the proportion of outside directors on the audit committee, and the proportion of outside directors with financial expertise. One interpretation of these findings is that financial reporting transparency reduces information asymmetry between insiders and outsiders, which is more conducive to outsiders (and directors with financial expertise). Several attempts are made to discern the direction of causality in the relation between information transparency and board structure: shareholders may choose to appoint more outside directors when the information environment is more transparent, or outside directors might be able to influence the information environment of the firm. It is seen that major highlights in the distinction between formal and informal contracting relationships, and discussion pertaining to how both play an important role in shaping a firm's overall governance structure and information environment are an imperative. Formal contracts, such as written employment agreements, are often quite narrow in scope and are typically relatively straightforward to analyze. Informal contracts govern implicit multi-period relationships and allow contracting parties to engage in a broad set of activities for which a formal contract is either impractical or infeasible. Another key theme which concern us is that a firm's governance structure and its information environment evolve together over time to resolve agency conflicts. That is, certain governance mechanisms and financial reporting attributes work more efficiently within certain operating environments. Consequently, one should not necessarily expect to see every firm converge to a single dominant type of corporate governance structure or compensation contract, or adopt a similar financial reporting system. Instead, one should expect to observe heterogeneity in these mechanisms that is related to differences in firms' economic characteristics. We generally argue that the corporate governance literature seems to be unduly burdened by the normative notion that certain governance structures can be categorically identified and labelled as "good" or "bad."

When we tend to discuss about the governance of banks and other financial intermediaries we find that unlike the governance of traditional firms, bank governance is likely to differ in important ways due to the existence of certain external monitoring mechanisms (e.g., regulatory oversight and capital constraints), which may either substitute for or complement internal mechanisms, such as the board. In particular, external monitoring mechanisms are likely to serve the interests of various public constituencies who expect safe and sound financial institutions. These objectives do not necessarily coincide with those of investors who demand performance, which necessarily entails taking risks. The incentives for information production are also different in banks. Policies such as living wills, the explicit prohibition against future bailouts, and annual stress testing can encourage voluntary disclosure by banks. However, at the same time, regulations such as the annual stress testing may reduce other parties (e.g., credit analysts) incentives for information production. Bank creditors could take a more prominent role in demanding timely and accurate information, which could improve not only the efficacy and efficiency of their own monitoring, but also that of other interested stakeholders.

High time corporate governance ensures greater transparency and enables institutions to avoid or stop the unending financial irregularities and scams which have become a part and parcel of our business environment.

Dr Raja Roy Choudhury
Director
N. L. Dalmia Institute of Management Studies and Research

EDITORIAL

Either write something worth reading or do something worth writing. - Benjamin Franklin

Welcome to the seventeenth volume of the bi-annual e-magazine DELTA, comprising contributions from young leaders in the making, esteemed faculties, and alumni, on the latest business and economic trends, summer internship interview experiences, industry expert seminars and expert views on the finance industry.

We would like to thank our Director in charge Dr. Raja Roy Choudhury for his support. 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, Chirag Shah and Yogesh Bhawnani for their help and constructive feedback, and the entire Finance Forum team for their help in making this tabloid a success.

The magazine hopes to facilitate the students in their journey of discovering knowledge through pieces on not only current events and trends, but also on real life experiences and learnings of industry experts. We hope that the readers find the issue an interesting and knowledge enriching read.

BUDGET 2018 – WELFARE MEETS POLITICS

Budget 2018 can be seen as an exercise in welfare economics with political gains attached. With the elections around the corner, Mr. Arun Jaitley has been able to achieve a fine balance between increased Government spending to boost economic growth, sops for MSME and agricultural sector and at the same time, remain populist. Announcement of Agri Market Fund, Operation Green, Bamboo Mission, revision of MSP to 1.5 times the cost of produce, increased agri -credit, increased allocation to food processing, fisheries and aquaculture reiterates Government's emphasis on generating higher income for farmers. These measures will immensely benefit consumers and farmers. Never has any earlier budget focussed so much on health care, insurance and social security of people. Micro insurance and pension scheme, social inclusion scheme for SC/ST, National Healthcare Protection scheme to benefit 50 crs Indians, Ayushman Bharat Program, proposal to set up medical colleges are significant steps to herald a much needed era of social security measures in India. Other measures announced to uplift the standard of living of rural India are LPG connection to 8 crs poor women, power connection to 4 crs poor people, 2 crs toilets under Swachh Bharat Mission, 1 cr houses in rural areas under Pradhan Mantri Aawas Yojana, allocation of 5750 crs for National Livelihood scheme. Infrastructure is critical for a developing economy like India. Development of roads and highways through Bharatmala project, construction of smart cities, increasing airport capacity, connecting 64 airports through Udaan scheme, increased allocation for Mumbai rail network and Bengaluru metro are important announcements to address the infrastructure needs of the nation. Senior citizens have also been offered goodies in the form of interest income exemption up to Rs.50000 and medical insurance deduction up to Rs.50000. All these with a planned fiscal deficit of 3.3% of GDP is like walking a tightrope. Increased custom duty, divestments, increased education cess is expected to contribute to the Governments kitty. The only dampeners were no major relief for salaried class, re introduction of long term capital gains tax and introduction of dividend distribution tax on mutual funds. The Finance Minister is expecting an economic growth of 7.2% - 7.5% which would contain the fiscal deficit to 3.3 % in fiscal year 2018-19 as projected. The budget will provide the much needed impetus to agriculture sector, boost infrastructure and insurance sector, boost rural economy but the challenge lies in the implementation of the plans. Budget 2018 may look like a populist budget but it has all the elements of a welfare budget.

Professor Dr. Jyoti Nair
N. L. Dalmia Institute of Management Studies and Research

CAMPUS TO CORPORATE

MUNMUN DESAI

NL Dalmia to me will always be very special. It is like that umbilical cord that keeps you connected to the womb. Two years spent there have shaped my life the way it is today. I was fortunate enough to have such amazing teachers who helped me in learning and mentored me to make right career choices. I was lucky to find my life partner at the campus (not recommending that though ☺), but yes NLDIMSR means more than educational institute to me. It was the most enriching two years of my life. Coming from Jaipur to Mumbai to pursue my higher studies and make a mark for myself in the corporate world. NLDALMIA made me equipped enough to face challenges in the professional arena and be successful by utilizing strong educational background coupled with an emphasis on all round development.

Giving back to alma mater in any which way has always been the priority so when asked to share my experience from campus to be successful corporate leader and influencer today, I thought of sharing my experience with my fellow friends to help them to be better prepared for a good corporate citizen.

When we ask a question why you want to do MBA, the top answer is career success – what type of job should I aim for, what I should focus on during the MBA program, how I ensure I get my dream job, how to get my scores. I have gone through the same phases of life that you are going through, and thought would share some perspectives from campus to corporate world and what matters the most, at least after spending a decade in corporate life I can reflect back and share with you.

Let me tell you a secret, as a Recruiter now the profile of all the students is almost similar except that some students excel in their studies, some students have different projects to their credit while some have relevant experience. When a corporate leader visits the campus, with the purpose of hiring, for them all the students are of similar profiles. The selection process is based on the softer aspects which as a college student we tend to ignore with the single focus on scores/credits in the curriculum. As a corporate leader, we are looking for that edge in fresh recruits which aids their selection.

I want to share few factors which helped me be successful in my professional journey and today feeling proud on being the most successful financial advisor in my area of expertise:

1. Communication
2. Presentation Skills
3. Leadership
4. Relationship Skills
5. Time management
6. Interpersonal skills
7. Business acumen

I would rate Personal traits like personality and communication skill higher than intellectual skills as these two gets you entry and then you can build success through your business acumen and knowledge. I often use this phrase shared with me by Professor Subbu (Professor Subramanian) My mentor and most loved marketing Guru, at the time of placement he asked me to think "**You want to be small Fish in Big Pond or Big Fish in the small Pond"**

This is a very powerful statement and has defined so many careers and personal decisions in my life. In my 12 years of career, I have grown from being Relationship Manager to today heading the business and building the business from scratch to 2.5 bn dollars. Unlike college life where the single focus is to score well in exams, corporate life is very dynamic with no fixed curriculum to fall back on. With so much disruption in the world around if you don't **Adopt**, **Innovate** and **Learn** each day you will be behind the curve fast without even realizing it. I often interact with MBA Graduates and get surprised to know their awareness of economy. You are a brand ambassador for yourself. I would urge that invest in YOU every day. At the end of every day, you should ask yourself what I have added to myself today. In any phase of your career be a student, learner or professional always aspire to be in the top quartile.

Give a thought to your most loved achievement or your relationship or most loved possession any of those things would not have been possible without you being persistent to achieve it. Follow the same for your career it could be salary, fancy designation, profile, etc. Make it as your goal and invest every day to make it a reality, start from today to achieve it.

Think Big, Get Aggressive, put everything that you have to achieve your dream. The Difference between Ordinary and Extra Ordinary is that little **EXTRA** and this is what makes you successful as a student and a professional.

B&K SECURITIES
WE UNDERSTAND MONEY

HARSHIL DOSHI

Hello Everyone,

To give a short introduction, my name is Harshil Doshi. I graduated from NL Dalmia College in the year 2016 (PGDBM – Finance). I am currently working with CRISIL Ltd. in the Global Analytical Center (GAC) department as a Credit Analyst, and have completed a tenure of around two years.

The journey so far has been amazing and I cherish every moment spent in this organization. Before sharing my experience of the corporate world, I would like to give you a glimpse of the campus placements and factors that acted as a catalyst to land me a job in CRISIL.

A. Placement Season:

CRISIL was one of the first recruiters to come to our college. With initial shortlisting on the basis of resume, followed by a round of an aptitude test and a personal interview. They selected their final list of students to be hired for the job and I was one of them.

What really helped me crack the interview was the subject matter knowledge of AFSA (Accounting and Financial Statement Analysis), AFM (Advance Financial Management) and IF (International Finance), along with the summer internship project.

In addition to the above, during mid second semester, I selected 2-3 industries of my interest and started tracking the performance of the top companies in those industries/sector, read its annual reports, studied the key drivers, analyzed its trends with the impact of global and govt. factors on the same. This is what really helped me differentiate between book knowledge and what we term ‘practical application’.

However, I was required to take a decision to move outside the city as the opening for the profile was only in Pune. For me it was an opportunity of a lifetime and I grabbed it with both hands. For many who resist change, even if it is only a city/location, one suggestion with my limited experience: In the job you grow as an employee, but staying alone you grow as a person. Both time and money management will follow you at a great speed.

B. Life @ CRISIL:

CRISIL offers one of the core finance profile, which offers tremendous learning opportunity, especially at the beginning of the career graph. It has an open culture with friendly atmosphere that gives every chance to improve and showcase one’s talents.

Like every other fresher, I too, was nervous and excited on the first day at work. I along with my fellow placed friends from Dalmia, were made to settle down in a conference room and the day majorly passed in completing the joining formalities.

By the end of the day, I was assigned a team. Rather than me trying to impress them on the very first day, it was the managers and other colleagues in Pune who went out of their way to put their best efforts to make me comfortable. It was quite a warm welcome and in no time, I found a home away from home.

The work that we do at CRISIL is quite stimulating, making us think and analyze deeply on the core issues going on in the world of finance. During the first month, we had a comprehensive group training along with a mentor assigned whom I could reach out to anytime for queries. This helped me to ramp up faster and get used to the work environment.

After this, I was assigned live cases which required practical application of my learnings. During the course of my work, I learnt about various economies, key drivers, risk and how to build in forecasts. While working I realized, that as students we looked at various economic data points, but at work I learnt how to analyze, derive and create reports using these data points, making it useful for various stake holders.

Being a global company, CRISIL gave me a platform to interact with people from different, regions, countries and lateral work experiences via internal meetings and forums on a regular basis. This helped me enhance and develop my overall personality.

I had heard a lot about CRISIL’s open culture from my alumnus and while researching about the company, I experienced it within a couple of days after joining. There is no concept of “Sir/Madam”, discussions with the seniors are quite friendly and informal. There are frequent team lunch/dinners, office outings, birthday celebrations and much more. It’s like a complete family environment.

Also, one wouldn’t feel disconnected from college life, as there is a dedicated “Fun Committee”, which plans fun activities on a monthly basis, like some sports competition, bay decoration, festive melas etc. One gets ample opportunities to showcase their creativeness and talents.

I got thorough support from my senior team members; they backed me whenever I needed a shot of confidence, motivation or guidance. What differentiates them is that they take suggestions, accept and act upon them even if it is from the junior most member of the team. It has been almost two years since I got placed with this company, and I can say that there has been a significant change in how I look and interpret things now.

To summarize,

- be different and proactive, because everyone is hardworking and capable;
- be patient and positive, your time will always come;
- be confident with a 'Can Do' attitude , there will always be a solution.

GREEN ACCOUNTING

PRIYANK SANGANI
PGDM FINANCE
FIRST YEAR

INTRODUCTION

An account is a statement that provides financial information with respect to the business. It is a discipline of measuring, communicating and interpreting financial activities and thus performs a vital role in business activities. Through accounting the company's financial performance is available to stakeholders which help them take economically useful decision.
Green accounting is a subset of accounting. Economist and Professor Peter Wood was the first to introduce the term Green Accounting in 1980. Also known as Environmental accounting it incorporates environmental assets and their sources and includes the same in corporate and national accounts. Improving environmental performance, controlling costs, investing in cleaner technologies, development of greener processes or products, retention of such product and its pricing are the areas where Green Accounting can be used. It is a popular term for environmental and natural resource accounting and takes into account the economic damage and depletion in the natural resource base of an economy for computation of income.

OBJECTIVE OF GREEN ACCOUNTING

Green Accounting helps the corporate and government to know whether they are discharging their responsibility towards sustainable development while meeting their objectives. Green Accounting helps in addressing issues like meeting of regulatory environment, ensuring safe disposal of hazardous waste, promotion of environment friendly culture amongst the workers.

SCOPE OF GREEN ACCOUNTING

Green Accounting is a tool that is very wide and extended to corporate, national and international level. They are classified into two aspects i.e., Internal and External aspects.
i. Internal Aspects: It comprises of investments made by corporates on environment saving equipment devices which minimizes the losses to the environment. As money measurement is possible so this type of accounting is easy.
ii. External Aspects: It comprises of all types of losses which are due to business operations and activities like degradation of soil, air and water pollution, problem of solid waste and marine pollution, depletion of non-renewable natural resources like minerals, water and gas. However, this type of accounting is not easy as it is difficult to measure these losses exactly in terms of money. Also it is difficult to quantify as to how much environmental loss was caused by a particular industry.

TYPES OF GREEN ACCOUNTING

- Environmental Financial Accounting: The environmental dimensions is mentioned or disclosed in the financial statement at the end of the period.
- Environmental Management Account: It involves development and implementation of various environment related accounting practices and gauging the management of environment and economic performance through the same. It also includes life cycle costing, benefits assessment and strategic planning for environmental management.
- Environmental Cost Accounting: The environmental cost is identified, evaluated and allocated in the cost accounting. It takes into account polluter pay principle (PPP) which means that the polluter has to bear the cost for dealing with the pollution arising from their operations.
- Iv. Ecological Accounting: It is a type of Environmental Accounting which is used to make asset management plans and acts as a tool for evaluating the condition and life cycle of a physical asset. .
- Natural resource Accounting: It includes environmental aspects into the system of national accounting. The environmentally adjusted economic indicators such as environmental gross national income are calculated by considering the natural assets and deterioration in its quality.

ACCOUNTING APPROACH

There are 2 approaches to Green Accounting i.e., Physical Approach and Monetary Approach which are applied at Macro level, Local Administration level and Micro Level.
i. *Physical Approach*: This approach was suggested by United Nations. In this approach all the available resources within the country are first classified as per their state and uses (e.g. agriculture, desert land, forest etc.) and a guide is created. The addition and deduction of the

resources is done and the current balance of the resources is obtained. However, no monetary value is assigned to this. It is a good way to get information and create statistics about the resources.

ii. *Monetary Approach*: This approach was created because physical approach was not serving the purpose of Green accounting. The physical approach is the first step towards monetary approach. This approach helps to know the profit and loss associated with the environmental operations and helps to calculate environmentally adjusted economic indicators.

ADVANTAGES AND DISADVANTAGES OF GREEN ACCOUNTING

Advantages

- Pollution control and sustainable development
- Projection, cost and life cycle estimation
- Environmental – centered management system
- Assessing, testing and reporting performance of environmental activities.

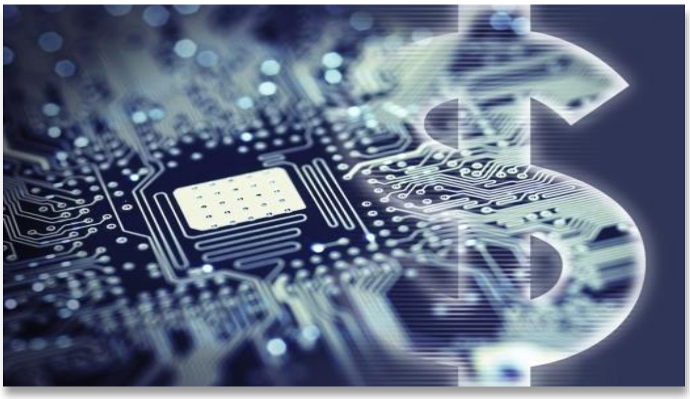
Disadvantages

- Lack of standard accounting method
- Mainly considers internal cost to company and ignores the cost to society.
- Input for Green Accounting is not easily available as costs and benefits relevant to the environment are not easily measurable and difficult to quantify. Also it is a long term process.
- High initial costs for tools and applications
- Corporates and government organizations don't adequately track the use of energy and material or the cost of inefficient material use, waste management and related issue.
- Integrating with financial accounting is difficult.
- No reliable industry data available.

CONCLUSION

Green Accounting is an emerging trend in accounting. It will benefit industry and society as a whole. As more and more companies start adopting Green Accounting its importance will grow.

EMBRACING FINANCE: THE TECH WAY



DRUMIL SHAH
PGDM FINANCE
FIRST YEAR

INTRODUCTION

Technology has evolved leaps and bounds over the years with a move to create a positive impact in people's lives and make their tasks simpler. Technology has changed the way people communicate, work, perform daily chores and conduct business. All the industries have had some or the other major technology disruptors which has changed the way traditional businesses work, making some of the traditional business models obsolete. This has created more employment opportunities by creating new job profiles barring the existing traditional job profiles. With data being termed as the new oil, the generation of data every second enables tech firms to provide service in a better, easy and speedy way.

CURRENT AND FUTURE TRENDS

The current technological advancements include digitisation in the banking industry right from opening a bank account to making transactions easily at just your fingertips. The exponential growth of next-gen chatbots for interaction with customers are only supposed to get smarter, accurate, interactive and speedy with the application of machine learning. The latest buzz word "blockchain technology (BCT)" is another technology which banks are considering to adopt in order to reduce fraud, speed up the contract enforcement and increase transparency. Bitcoin which rocked the world in 2017 with its staggering ~1800% rise is a major disruptor in the payments world.

It does not involve any third-party institutions, or any fees, and can be transferred online with ease. If and when the revolution to digital currency happens, it will slash all the financial fees and make payment processors obsolete as the job can be managed by computers and algorithms, creating more spending and earning opportunities for people. The traditional transactions take 2-3 days to settle with transaction fees whereas bitcoin transactions can be settled in minutes without any charges.

India, a country where several people still do not have access to banking facility, fintech has provided the solution of ‘phygital’ (a combination of physical and digital). Canara Bank has successfully implemented such a system with CANDI. YES Bank along with few other banks use chat bots for customer interactions. HDFC Bank launched a humanoid ‘Ira’ with a vision to assist customers at branches and also aims to adopt Artificial Intelligence (AI) as a technology to be fully equipped for the future. Additionally, South Indian Bank successfully executed an overseas transaction using BCT. These examples highlight the proactive initiatives by Indian banks to embrace the technology of the future.

Internet of Things (IoT) refers to communication between wirelessly connected smart devices, and its impact cannot be shrugged away. The concept of telematics has already been adopted in the car insurance industry and it is only a matter of time before it is ported to health and life insurance as well. Vital health indicators measured with the help of fitness bands can be used to modify one’s health insurance to suit the present situation in a best possible manner. Another example is of making payment instruments communicate with consumer electronics. If a refrigerator detects low count of fruits, it can automatically place an order at a grocery store and make payment with one’s credit/debit card or even an e-wallet. It is predicted that payment as a process will become an inherent part of everyday life with the application of IoT along with data analytics, heuristics and predictive technologies.

The traditional lending business models have also changed with Non-Banking Financial Corporations (NBFCs) providing peer-to-peer (P2P) lending platform at a mutually agreeable rate by both parties and almost everything at your fingertips digitally. The traditional business model which used to take few days for loan processing can be done within minutes with these P2P platforms. These platforms are a huge boost to SMEs and borrowers needing to borrow small amount of money for a short period of time.

A PwC report suggests that by 2020 sharing economy, which has been embraced by cars, taxis and hotel rooms, will be embedded in every part of the financial system. The report mentions that sharing economy in this case, will refer to decentralized asset ownership and using IT to find efficient matches between providers and users of capital, rather than automatically turning to a bank as an intermediary. The report further focuses on the influence of robotics and AI and how tech firms are helping financial services firms to address current issues. They are targeting a specific combination of capabilities such as social and emotional intelligence, natural language processing, logical reasoning, identification of patterns and self-supervised learning, physical sensors, mobility, navigation and more. And they are looking far beyond replacing the bank teller. AI is already playing a prominent role in capital markets, with high speed algorithmic trading which is now been made available even to private investors. AI currently drives investment strategies generating greater returns and is also expected to become a core part of investment fund design process. AI is expected to automate majority of underwriting work in developed markets allowing underwriters to concentrate on assessing and pricing risks in emerging markets and indeed providing higher value support to clients.

CHALLENGES

Cyber-security will be one of the top risks for the financial institutions. According to PwC’s Global CEO Survey, 69% of financial services’ CEOs reported that they are either somewhat or extremely concerned about cyber-threats, compared to 61% of CEOs across all sectors. The issue is not going to get any better as there is use of third-party vendors, evolution of complex and sophisticated technologies, cross-border data exchanges and rapid growth of IoT. Adoption of IoT technology with insecure interfaces increases the risk of unauthorized access. Hackers can gain unauthorized access to corporate data through IoT devices, consumer privacy issues and device management are few of the challenges for adoption of IoT technology. As data becomes an integral part of business models, hackers try to devise new ways to acquire data and earn money which will only increase as dependence on cloud computing, AI, Machine Learning and other technologies is growing exponentially. Most of the cyber security measures have been reactive in nature rather than being preventive, and thus traditional methods of facing cyber threats has to be replaced by evolving the measures as the cyber-crime methods evolve.

CONCLUSION

The impact and influence of technology in financial industry or for that matter any other industry is inevitable. Thus, embracing the digital rush is the only alternative to avoid being perished. Thus, upgrading IT infrastructure, building intelligent technology as per customers' needs, preparing architecture where you can connect anything anywhere and training/employing people with the necessary skills becomes of utmost importance for the industry.

GREEN BONDS

PRANAY SHAH
PGDM FINANCE
FIRST YEAR

WHAT ARE GREEN BONDS?

Green bonds are innovative financial instruments where the proceeds are invested solely (either by specifying the use of the proceeds, direct project exposure, or securitization) in green projects that generate climate or other environmental benefits. i.e. in renewable energy, sustainable waste management, sustainable land use (forestry and agriculture), biodiversity, clean transportation and clean water. There are four principles by Climate board standards that define green bonds namely Use of Proceeds, Process for project evaluation & selection, Management of proceeds and Reporting.

These bonds are further classified into green labelled bonds (i.e. certified as green) and unlabelled green bonds (issuances linked to projects that bring about environmental benefits). Climate bonds are a sub-type where the proceeds are linked to projects that address climate change. Climate Bond Initiative (CBI) has listed four main types of Green bonds: Green use of Proceeds (Recourse bon), Green use of Proceeds Revenue Bond (Non- Recourse), Green Project Bond, Green Securitized Bond.

FACTS ON GREEN AND CLIMATE BONDS

Green bonds were conventionally preferred by environmentally and socially responsible citizens. However, now the market has expanded beyond this category to include several other participants among which Asian countries are emerging as the biggest issuers. Recently, Yes Bank announced that it will raise INR 500 crore via India's First Green Infrastructure Bond for period of 10 years.

The climate aligned bond universe has taken a jump of $201 billion from 2016 with it now standing at a figure of $895 billion. Out of the total, green bonds stand at $221 billion. The volume of green bonds as well as climate bonds have grown tremendously since 2013 in sectors dominated by Low carbon transport at $544 billion; Clean energy at $173.4 billion; Building and Industry, Agriculture and Forestry, Waste and Pollution, Water collectively comprising 7% and Multi-Sector bonds at 13%.

In the climate-aligned bond universe, the Chinese RMB is the dominant currency (with 32% of the total amount outstanding), followed by the US dollar (26%) and the Euro (20%). The majority of bonds have tenors of 10 years or more and are also government-backed**.** The largest labelled green bond issuers in descending order are Supranationals, USA, China, France, Germany, Netherlands, Sweden, Spain, Canada, Australia, India and Brazil.

70% of global greenhouse gas emissions come from cities, and many of the world's most populated cities sit on coastlines, rivers and flood plains. For this reason, they are particularly vulnerable to negative impacts from a changing climate. Owing to the above justification, Mumbai is considered as one of the five potential cities for issuer of green bonds. An increase in green issuance from banks and corporates with more labelling of green bonds is essential to market growth and momentum.

The need to shift from fixed income investment towards climate change solutions is growing. As is the need to increase alignment with the emerging city based, sub sovereign and national emissions reduction plans in order to support our country's global commitment of achieving 175 GW renewable energy capacity in the next few years.

PROS:

- High demand from socially responsible investors can lead to oversubscribing of issue from which companies can profit.
- Good source to brand companies and government as innovative and sustainable.
- These bonds support environmental projects for which funding is unavailable or expensive.
- A company can raise capital at lower interest rate for large amounts as compared to banks and most importantly there is greater transparency in use of proceeds.

CONS:

- Uncertainty regarding what constitutes a green bond. Retail investment is still limited.
- The reputational risk for green bonds issuers, i.e. when bonds labelled as green issued by others are found not to be "green".
- Default risk persists if such green projects do not generate positive cash flows.

GREEN BONDS AND INDIA

Green Bonds issuance for the country has been on a rise at 30% y-o-y, which amounts to $2.7 billion and making India the 7th largest green bond market. This can be seen from various issues such as RENEW POWER, IREDA, GREENKO, award winning green masala bond with Internal Finance Corporation in London and SBI's prospective $3 billion bond.

Out of the $2.7 billion, 62% is allocated to renewable energy projects, 17.5% in low carbon transport, 14% in low carbon buildings and 2.2% each towards water management and waste management which is limited due to sector specific issues and small project size.

The recent official green bond guidelines issued by Securities and Exchange Board of India and requirements for Indian issuers for such issuance highlights the regulatory bodies' recognition of this new source of financing. In addition, RBI passed regulatory reforms to strengthen & expand India's corporate bond market by enhancing partial credit provided by banks to 50% from 20% of the bond issue size, while also permitting banks to issue masala bonds which will bolster the Indian green bond market. Following global trends, India is about to witness first 'Blue bond' issue, which is a bond used to finance water infrastructure. While credit enhancement has given an impetus to green bonds and will remain crucial, there is a scope for other innovative mechanisms such as securitisation. Aggregation and securitisation of such projects could be a welcome move in providing mainstream debt to small-scale green projects. The recent drive by Prime Minister to revive municipal bond market for water supply projects in Pune, Hyderabad and government's push for smart cities has opened emerging points that may be suitable for private sector participation and may soon culminate into India's first green muni bond.

FUTURE GROWTH

The Nationally Determined Contributions (NDCs) set in the Paris Agreement are a first step for countries to benchmark their progress towards sustainable economic growth with global climate targets. In mid-2017 global climate leaders, including Christiana Figueres, have advocated that the green bond market needs to reach $1 trillion of issuance by 2020. 90% of the climate-aligned bond universe was issued by pure-play issuers, whereas in the labelled green bond universe only 5% of issuance is made up of pure-play issuers. The vast majority of issuance comes from diversified corporates, commercial banks, and development banks or from cities and sub-sovereigns. So looking at the statistics of having a $90 trillion bond market and only 5% issuance by pure play players there is huge potential for green bonds market to reach new heights.

- The Sectors that will play an important role in the transition to a low carbon economy are: Electric utilities (renewable energy), Banks, Industrial Sector, Auto manufacture, Smart cities.
- Central Banks are increasingly concerned with evaluation of climate related risks and their effect on financial stability, which now they plan to increase exposure to Green Lending and allowing green bonds as collateral to avail cheap financing.
- The need to shift fixed income investment towards climate change solutions is growing, as is the need to increase alignment with the emerging city based, sub sovereign and national emissions reduction plans as our country has a global commitment of achieving 175 GW renewable energy capacity in the next few years.
- Low interest rates in the U.S., Europe and Japan means that investors are looking to increase their portfolio allocation to higher yielding assets, some of which will be in emerging market economies. In developing countries, green bond markets, with their added transparency, can attract foreign investors to support the development of a domestic green economy.

PENNY STOCKS

NIDHISHA WORAH
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FIRST YEAR

WHAT ARE PENNY STOCKS?

Penny stocks are those stocks that trade at a very low price i.e. around INR 10, have very low market capitalisation usually less than INR 100 crore, and are usually listed on a smaller exchange or traded over the counter. By 2017-18, there were many stocks on the Bombay Stock Exchange which were earlier trading below INR 10 and had delivered up to 20,000% return over the past seven years.

However, penny stocks are considered to be highly risky due to the following reasons:
Lack of fundamentals – Penny stocks are primarily considered to be one of the riskiest investment due to the lack of fundamentals of the companies. There are no proper research reports available of penny stock companies and even the credibility of audited accounts could be questionable. This makes it difficult to predict the performance of the stock.

Lack of current or historical information on the company – There is lack of any information on the history, management, financials, current operations and services of most of the penny stock companies. In many instances, the companies are without any business operations and act just as an avenue to move profits. This makes it difficult to make informed investment decisions.

Lack of liquidity – By definition 'an asset is said to be liquid if it is easy to sell or convert into cash without any loss in its value'. Penny stocks are considered to be highly illiquid due to the lack of buyers for it in the market. Lack of buyers could be due to several reasons including the general idea of penny stocks being riskier in the market, unknown companies, or stationary penny stock market due to hesitance of new investors into entering the market among several others. This lack of buyers makes it difficult for the holder of the stock to convert it into cash.

Non-governance - Penny stocks are traded in the secondary stock market where there is a minimum requirement for submission and filing of documents. The penny stocks are often traded over-the-counter through the OTC Bulletin Board and pink sheets. The pinks sheets have no such requirements and minimum safety standards.

***Easily manipulated* –** The major features of penny stock namely low price and low volume, makes it easily susceptible to manipulation. The prices of penny stock can be easily manipulated by using the pump and dump technique. Under this technique, cheap and worthless stock are bought in huge quantities and subsequently inexperienced investors are convinced to buy it at inflated prices (pump). Later the shares are sold off when the investors push the price up (dump) due to increased buying.

Thus, first time investors are almost always recommended to avoid penny stocks. A study by ICICI Direct stated that there was only a 42% chance that an investment in penny stocks would yield returns, that too if you could hold it for at least three years. It is important for the investor to do his own research on the penny stock companies. The company must have a business of a few years with promoters holding reasonably 30-40% minimum stake in these stocks. Also, the data of their financial credentials like revenue, EBITDA, debt-to-equity ratio, earnings per share and price multiples must also be available. These indicate the health of a business and helps in determining whether it would be a potential stock. The investor should also limit the holdings in the stock to no more than 1% or 2% of the overall portfolio and regularly monitor the performance. Additionally, the liquidity and trading volume should also be checked so that it is easier to sell the stock when the investor wants to exit his holding. The stock exchanges have been keeping an eye on the penny stocks following any sharp increase in the prices in order to check whether these price surges were supported by their financial health or fundamentals. The aim of the stock exchanges and regulators is to prevent small investors from investing their money into penny stocks which are enjoying surging prices due to manipulation and not strong fundamentals which can later lead to a crash in the prices, making investors lose their hard-earned money.

Thus, it is very important to be cautious and well informed before investing into penny stocks as the probability of losing is much higher than winning.

EQUITY RELEASE

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RIGHT TO THE BASICS

Many people are asset rich and cash poor when they reach retirement. They have to trade-off between their standard of living and their property. Equity release is a means of retaining use and the possession of a house which has capital value, while also obtaining a lump sum or a steady stream of income, using the value of the house. This financial instrument is targeted at elderly homeowners who struggle to take on a regular mortgage and have little or no income to make regular repayments. It allows the elderly homeowners to tap into the wealth they have accumulated in property without the hassle of having to move. It can be used for variety of reasons – home improvements, clear existing mortgage, enhancing lifestyle, gift an early inheritance, realise ambitious travel plans, and boost business with some capital.

FEATURES:

- It provides a lump-sum of tax-free cash or a steady income, which can be index-linked, for the rest of the life of the individual .The amount received is exempted from tax.
- It is possible for the individual not to make repayments during their lifetime unless the individual chooses for a particular type of issue.
- No restrictions are imposed on the way the individual chooses to spend the amount received.
- The individual doesn't have to move from their house and they also retain the ownership for the same.
- It reduces the amount of inheritance tax paid.
- The no negative equity guarantee protects the borrower in the event of a downturn in the housing market. No Negative equity essentially guarantees that the amount to repay the equity release plan on death or entry into long term care can never exceed the value of the

property itself, and so no debt can ever be left behind for beneficiaries of the equity release borrower.
- If interest rates fall, borrowers are free to refine their mortgages at a lower cost with other providers.

RISKS

- As it involves taking money from your property now, all equity release plans may impact the value of your estate later.
- It may decrease the amount of money the heirs will inherit upon the individual’s death - assuming the value of the property grows at a slower pace than the interest rate on the mortgage.
- It may reduce the amount that you can bequeath to charity.
- It is more expensive than selling the property to release equity.

CHOICES TO PICK

There are two main types of scheme –

Lifetime mortgage: A loan secured on the individual's home is made. Compounded interest is added to the capital throughout the term of the loan, which is then repaid by selling the property when the borrower dies or moves out .The individual retains legal title to the home while living in it, and also retains the responsibilities and costs of ownership. This scheme doesn’t usually involve monthly repayments. The minimum age typically revolves around 55 on lifetime mortgages.

Home reversion: The individual sell all or part of their home to a third party, normally a reversion company or an individual. This means all or part of their home belongs to somebody else. In return, the individual receive a regular income or cash lump sum and they continue to live in their home for as long as they wish. The scheme usually involves monthly repayment of the loan taken by the individual. The minimum age typically revolves around 60 on home reversion plans.

TRENDS IN INDIA

Though introduced in 2007 in India, Equity Release has not gained much popularity in India for the following reasons:

- Inadequate marketing of the financial instrument. Recent reports indicate that many of the senior citizens are not aware of the existence of such a financial instrument
- Many banks which offer Equity Release have capped the maximum loan amount available for individuals to a maximum amount of Rs. 50 lakhs to 1 crore
- Children have resentment for Equity Release instrument as they see it as giving away their family home or legacy.
- General guidelines for Equity Release: The Reserve Bank of India has formulated the following guidelines for Equity Release:
- Maximum loan amount would be up to 60% of the value of the residential property.
- Maximum tenure of the mortgage is 15 years and minimum is 10 years. Some banks also offer a maximum tenure of 20 years.
- Option of monthly, quarterly, annual or lump sum loan payment.

- Property revaluation to be undertaken by the lender once every 5 years. If at such time, the valuation has increased, borrowers have the option of increasing the quantum of the loan. In such a case, they are given the incremental amount in lump-sum.
- Amount received through Equity Release is a loan and not income. Hence it will not attract any tax. However, a borrower is liable to capital gains tax, at the point of alienation of the mortgaged property by the mortgagee for the purposes of recovering the loan.
- Reverse mortgage interest rates could be either fixed or floating. The rate would be determined by the prevailing market interest rates.
- Equity Release is a relatively new concept in India. It would take some time for the change in mind set of individuals to accept it. As a financial tool, Equity Release is ideal to augment a senior citizen's income in his years ahead. Despite all its shortcomings in India, it could make good the shortfall in one's pension or income to live a quality life ahead.

2017 – A YEAR OF BUBBLE?

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"A bubble is an economic cycle characterized by rapid escalation of asset prices followed by a contraction. It is created by a surge in asset prices unwarranted by the fundamentals of the asset and driven by exuberant market behavior". We all know that. But in reality, how does it look like?

Swiss National Bank (now one of the largest hedge funds in the world) holds around CHF 800 billion (almost $800 dollars) on its balance sheet which is 125% of its GDP. By comparison, the US Fed's balance sheet is of $4.5 trillion but 25% of the US GDP. So, it can be said that the Fed is being expansionary but SNB is being explosive!

In June 2017, Argentina startled the markets by issuing century bonds worth $2.75 billion, with an effective yield of 8%. You might have thought this would be a hard thing to sell, after all Argentina has defaulted on its debts eight times in its 200-year history, with no fewer than five defaults in the past century alone, most recently in 2014 amidst a legal dispute with the Elliott Management. Right? Apparently not. It was oversubscribed with $9.75 billion worth bids!

Double-B rated bonds — the highest-rated category of junk bonds, make up around three-quarters of the European high-yield index. The index is comprised of debt sold by companies whose credit ratings are on average below the investment grade threshold. The so-called "yield-to-worst" on ICE Bank of America Merrill Lynch's Euro high-yield index slipped to just 2.002%, an all-time low and is the most commonly used benchmark in the European junk bond market. So much for the demand of junk!

Don't you think India is lagging behind? Indian stock market became the most expensive stock market in the world based on its price to earnings ratio. In November 2017, the Sensex's P/E ratio on a trailing basis was 24.53 times compared with 19.67 of the Dow Jones, 23.32 for the

UK and 17.04 times of the Shanghai composite. And we still think PM Modi hasn't delivered on his 'acche din'!

Still there? Some more in short:

- A Mona Lisa painting (which may be fake) sold for US $450 million.
- Global stock market capitalization skyrocketed by $15 trillion to over $85 trillion and a record 113% of global GDP.
- Global debt rose above $225 trillion to more than 324% of global GDP.
- The market cap of the FANGs (Facebook, Amazon, Netflix, and Google) increased by more than $1 trillion.
- Money-losing Tesla Inc. sold 5% bonds with no covenants as it burned over $4 billion in cash and produced very few cars.

I guess Quantitative easing has pumped so much liquidity into the markets that investors are frantically and desperately chasing any investment that might produce a return.

P.S.: There are many more Bits and Coins being made and lost every day especially in a Ripple of bull market! But I think I have covered all the big ones.

EXOTIC OPTIONS

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The human nature is such that it always gets attracted to something that is remotely achievable. The most eccentric thing about the same is that nobody likes to encounter the outrageous risks that comes along with it. Deep-rooted skills and expertise are required by risk takers to achieve that seem far-flung. Investments follow the same principle. If an investor deciphers an unorthodox avenue, then it can lead to mind-boggling results.

The exotic option is a fine example of one such investment avenue. The name itself refers to the complexity of these options. These are traded over-the-counter. These options distinguish itself from regular options in terms of the determination of payoff, underlying asset, and when an option can be exercised. The adaptability of exotic options to discrete risk management needs of investors and diverse range of investment strategies are some of the many advantages that make them alluring.

Some of the exotic options are as follows:

a) ***Chooser Option:*** This type gives the holder of the option the right to choose/decide whether the option will be a call or put prior to its expiration. This gives pliability to the investor to gauge the stocks that are extremely volatile. For example, an investor can pick up a company where large variations are expected in the near future, but ambiguity exists in the direction of movement. An investor can hold the option contract of a company which at the moment is under a legal dispute and verdict is expected in some time.

b) ***Bermuda Option:*** A fusion of American and European option, this option gets its name from the fact that geographically, Bermuda lies between US and Europe. European option can be exercised only on the expiry date of the contract, while an American option can be exercised at any point between the date of purchase and expiry date. The holder of the Bermuda contract has the right to exercise the option during designated dates that fall at uniform intervals throughout the life of the contract. Forex and interest rate contracts are the usual underlying assets.

c) ***Shout Option:*** A holder of this contract has more than one chance to “shout” i.e. lock in profits. This option gives the holder the right to continue participating without losing the profits that are already locked earlier. For example, the holder can lock in the gain, when he is in the money at a point, say Rs 25 per share. The feature that makes this option different from others is that, the investor will get Rs 25 per share regardless of the fluctuations in the price at the expiration of the contract.

d) ***Asian Option:*** These options are also called as “Average options”. This type of option is an apt choice for highly volatile stocks. In this exotic option, payoff is determined by the average price of the underlying asset during the contract period. It can be computed on the basis of arithmetic and geometric mean. For example, an investor purchases a 90 days call option based on arithmetic mean, with an exercise price of Rs 50. The payoff is evaluated after every 30 days. Let’s assume that the on 30th, 60th and 90th day, price of the underlying asset was 55, 48, and 50 respectively. Then the payoff can be calculated as = max [0, (55+48+50)/3-50] =1. In case of geometric, it is max [0,(55*48*51)^1/3 -50]=1.2536

e) ***Barrier Option:*** In this option, payoff is determined whether the underlying asset has reached or surpassed the agreed price. There are four variants of barrier options:

- *Call option with a knock-in barrier:* Under this variant, when underlying asset surpasses the price level which is more than strike price, then difference between market price and strike price is paid.
- *Call option with a knock-out barrier:* This terminates when the price of the underlying asset reaches above the strike price.
- *Put option with a knock-in barrier:* Under this variant, the option pays off when the price of the underlying asset falls below the strike price.
- *Put option with a knock-out barrier:* This option ceases to exist when a certain price is reached below the strike price.

The path of using exotic options as investment vehicle has few roadblocks along with substantial advantages. Low liquidity on few exotic option markets poses a hazy picture of returns for the investors. Sometimes the transaction cost involved is too high. The bottom line is that unique features of exotic options makes them a good fit for portfolio management. The complexity of these avenues make it unwise to plunge into this world with little knowledge.
These alternatives can be followed prudently for managing diversification, but the time tested investment vehicles like debt, gold and equity should continue to hold some portion of the allocation.

BLOCKCHAIN IN SUPPLY CHAIN

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WHAT IS BLOCKCHAIN?

A blockchain is a distributed, digital ledger. The ledger records transactions in a series of blocks. It exists in multiple copies spread over multiple computers, which are also called nodes. The ledger is secure because each new block of transactions is linked to previous blocks in a way that makes tampering practically impossible. As it is decentralized, it does not depend on any single entity (like a bank) for safekeeping. The nodes connected to the blockchain network get updated versions of the ledger as new transactions are made. The multiple copies of the ledger are the “truth” about every transaction made so far in the blockchain. Trying to falsify the ledger would mean having to falsify the copies at the same moment. The chances of being able to do this in blockchain networks of any useful size are negligible.

Let’s look at the real-life example of the Bitcoin. Bitcoin is recently invented currency which is not controlled by any state. Thanks to the distributed ledger of transaction across the world. You can buy bitcoin from bitcoin exchanges. You can then use bitcoin over the Internet to make and receive payments. Each payment transaction is added to the ledger, which can be consulted by anyone at any time. Details like the amount, time and date of each payment are visible, although your personal identity is not. Bitcoin holders, therefore, usually do not know each other. To deal with this anonymity, bitcoin uses another distributed mechanism called mining to add blocks of transactions to the ledger in a secure, tamperproof way.

BLOCKCHAIN IN SUPPLY CHAIN

Now let's look at the supply chain. The supply chain has become little clumsy. It usually takes days to make the payment between the manufacturer and supplier or a customer and a vendor. Sometimes the supplier and manufacturer have to make contracts and they are handled by lawyers and bankers that means it will need extra cost and may cause delay. Also, the products or parts are often hard to trace back to supplier be it food product, or an industrial equipment. Disharmony in the supply chain is a very big problem to handle. There are too many go-betweens. A product has to go to and fro many times. And therefore there is uncertainty in the supply chain which stops it from working smoothly. The simple transaction has been turned into lengthy procedures. Blockchain could be the solution for many of such problems. The technology which is now driving bitcoin and many of such cryptocurrencies. Blockchain can be used for any exchange or agreements. Specifically talking about supply chain we can apply it to anything from self-executive supply contracts to automated chain management.

We can compare the key features of blockchain technology (which are being currently used by Bitcoin) with the supply chain.

- **Unanimity:**

  Everyone in the chain agrees that each transaction is valid. If we take the example of bitcoin, it means the transfer of the amount of bitcoin. For supply chain, it could be payment, transport, warehousing or delivery.

- **Origin:**

  The source of each asset is known by entities in the chain. These entities also know the owner and at what time the owner bought it. For supply chain, the asset can be anything from money, sugar, gold to iron ore. It can be machines and copyrights too.

- **Invariability:**

  The entry in the distributed ledger cannot be tampered by any entity. The transaction of bitcoin cannot be erased. Only a new bitcoin transaction can reverse the effect of previous one. Similarly, the transaction of the supply chain cannot be falsified. And therefore no one can falsify the record of inventory, warehousing, dates and delivery item and so on.

- **Finality:**

  The copies of the shared ledger all hold the same version of the truth. What works for the bitcoin network also works for any other blockchain network, supply chain included. As bitcoin needs mining and it consumes too much computer power and also needs many teams to work on it. Blockchain for business and specifically for supply chain is not obliged to use mining. There are other options for securely updating a business blockchain. Second, the applications for blockchain in the supply chain are far more diverse than making or receiving payments. A large part of this diversity comes from the use of smart contracts.

HOW CAN WE APPLY BLOCKCHAIN IN THE SUPPLY CHAIN?

- **Automotive supply payments**

As blockchain allows transfer of funds everywhere in the world and the transfer is directly between a payer and payee traditional banking methods are not needed. This saves crucial time for money transfer.

- **Electric power microgrids**

The blockchain is not only for big players .We can redirect the excess power from solar panel through the smarts contracts in the blockchain. There is an application called transactive grid through which we can monitor and redistribute energy in nearby microgrids. The program automates the buying and selling of green energy to save costs and pollution.

- **Blockchain and IoT (Internet of things)**

There are many ideas which come from using blockchain and IOT. One of the suggestions is monitoring the driverless car rental. The smart contracts can check if the payments are made or not and it can automatically cancel the authority of the driver, if the payments are not made on a timely basis. Blockchain can transform supply chain industry. Also, the banks that seem to be losing out can use this technology to make their own business into the streamline. But this transformation from traditional ways to blockchain in the supply chain will not happen overnight. But if we start using this technology for small operations, we can eliminate the cost of delay in the time duration which is taken unnecessarily. We can save the manual handling of the project and paperwork would be saved.

Although, it seems a long road ahead now, blockchain technology running the business efficiently is not a dream that is far-fetched.

AI MANEUVER IN FINANCE INDUSTRY

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As artificial intelligence transforms, an increasing number of domains, financial institutions and companies are moving fast to keep pace. This can affect the way we bank, invest, receive loans and prevent financial crimes. At the heart of the AI, revolution is machine learning algorithms, software that self-improves as it is fed more and more data, a trend that the financial industry can benefit from immensely. Here are some of the key trends that are making inroads in the space.

- **Algorithmic trading**:

If there's one thing computer have always been good at, it's crunching numbers. Thanks to machine learning, they can now take on the subtleties and complexities involved in tasks such as trading stocks. A handful of hedge funds are exploring the concept and have managed to get results that rival the intuition of human experts.

Sentient Technologies, an AI company based in San Francisco that also runs a hedge fund, has developed an algorithm that ingests millions of data points to find trading patterns and forecast trends, which enable it to make successful stock trading decisions. Sentient runs trillions of simulated trading scenarios created from the vast amounts of public data available online. Its algorithms use those scenarios to identify and blend successful trading patterns and devise new strategies. These techniques enable the startup to squeeze 1,800 days of trading into a few minutes. Successful trading strategies, which it calls "genes," are then tested in live trading, where they evolve autonomously as they gain experience.

Another hedge fund, Numerai, uses artificial intelligence to make trading decisions. Instead of developing the algorithms themselves, they've outsourced the task to thousands of anonymous data scientists, who compete to create the best algorithms and win cryptocurrency for their efforts. Numerai shares trading data with the scientists in a way that prevents them from replicating the fund's trades while allowing them to build models for better trades.

- **Fraud**

As e-commerce has risen in popularity, so has online fraud. Yet fighting online fraud is very challenging. By analysing various data points, machine learning algorithms can detect fraudulent transactions that would go unnoticed by human analysts while improving the accuracy of real-time approvals and reducing false declines.

One example is Mastercard's recently launched Decision Intelligence technology. Instead of limiting itself to predefined rules, DI gleans patterns from historical shopping and spending habits of cardholders to set a behavioural baseline against which it will compare and score each new transaction. This is a major improvement over traditional prevention technologies, which rely on a one-size-fits-all approach to evaluate all transactions.

- **Chatbots**

There are several ways that AI Chatbots can improve the banking industry, including helping users manage their money and savings. Plum, a Chatbot accessible through Facebook Messenger, helps to save money in small increments. When registering, you connect Plum to your bank account, after which the AI engine behind it analyses your income and spending habits and predicts how much you can afford to save. It then deposits small amounts to your Plum savings account at opportune moments and reports to you periodically.

Another example is Cleo, a Chatbot that assists you in tracking your income and expenses across multiple accounts. The Chatbot lets you query your financial data in a conversational way as if you're speaking to a personal accountant. The assistant can also help you by providing tips on how to manage your money and save for future plans.

Artificial intelligence as we know it today is still in its infancy and has hurdles to overcome, including legal, ethical, economic and social challenges. However, the prospects for smarter trading, less damage and a more personalized experience are great. The future of money just got more exciting.

IS YOUR BITCOIN WALLET HOT OR COLD

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"A fool and his money are soon parted" – Thomas Tusser

WHAT IS A CRYPTOCURRENCY WALLET?

Where do you keep the exorbitant bitcoins that you bought? Do you keep them like a coin in your regular wallet? Do you keep them in safe deposit boxes? Or do you deposit them in your bank account?

No. The answer to all those questions above is a big NO. Bitcoin is a cryptocurrency or in simpler terms it is a currency in the electronic form. Thus, in the most obvious sense it has to be stored in something called as a 'cryptocurrency wallet'.
Now the question that may arise in your mind as a reader is what is a 'cryptocurrency wallet'? It is basically a secure digital wallet used to store, send and receive digital currency such as Bitcoins.

The cryptocurrency wallet does not actually store bitcoins, it secures a private key given to every bitcoin owner. The private key is a string of alphanumeric characters which accesses a user's address. This address is then used as the user's unique ID to make transactions and receive bitcoins. In today's world if your safety deposit or bank account gets stolen, then the bank may give you back the stolen amount. However, if your cryptocurrency wallet gets hacked or stolen, then there is no possibility of receiving that sum back as it is still an unregulated form of currency. Hence the need and awareness of a cryptocurrency wallet is the need of the hour.

WHAT ARE HOT WALLETS?

There is nothing literally hot about it, it is termed a 'hot wallet' because the file containing your wallet details is stored on a device that is connected to the internet.

Hot Wallets are like your checking accounts, where bitcoins can be easily withdrawn and deposited. To explain in simpler terms, hot wallets are for everyday usage of cryptocurrencies in small amounts just like real wallets. Hot wallet facilitates quick and easy access to the people to their bitcoins for daily use, which is one of the prime reasons for storing money in hot wallet. Some of the most commonly and widely used Hot Wallets are Poloniex and Bittrex which hold your bitcoins on their infrastructures and servers.

However, as hot wallets are always connected to the internet, they are more prone to hacking and data theft. Hence it is advisable not to store huge chunks of bitcoins in your hot wallet. The hot wallets are secured to the extent of the security habits of the customer and the third party. But today anything connected to the internet is exposed to huge risk.

WHAT ARE COLD WALLETS?

If hot wallets are like checking accounts, then your cold wallets are the savings account. Cold Wallets are used for long term secure storage of cryptocurrencies and typically hold huge amount, which is not used much frequently. The biggest difference between cold and hot wallets is that hot wallets are connected to the internet whereas the cold wallets. This also makes cold wallets more secure and reliable in comparison to hot wallets. Cold wallets are only ever connected to the internet to make a transaction, thereby protecting it from unauthorised access, cyber hacks and other vulnerabilities that a system connected to the internet is usually prone to.

TYPES OF COLD WALLETS:

- *Paper Wallets:* The paper wallet is the most basic form of cold storage. It is a document printed from a bitcoin online wallet tool with an offline printer. This particular document usually has a QR code embedded on it, which is just scanned while making transactions or receiving bitcoins. The drawback to this type of wallet is that if the document containing the private key or access key is destroyed, lost or stolen then the user will never be able to access his funds as the cold storage is accessed only through the private key.

- *Storage Devices:* Storage devices such as USB drive are also being used to store private keys. In order to ensure the safety of the private key, in addition to storing it in storage devices such as USB, the holders also keep the USB in safety deposit boxes or lockers to ensure that they don’t fall in wrong hands.

- *Sound Wallets:* Sounds wallets are the next generation method of storing virtual currency. The technology behind this is that the private keys are kept in encrypted files in products like Compact Disks (CD) and vinyl disks. The code hidden in these encrypted files are deciphered using a spectroscope app or a high-resolution spectroscope.

- *Hardware Wallets:* Hardware wallets are soon becoming the most preferred choice of cold storage. Hardware wallets are small devices which are water proof and even virus proof. They support multi – signature transactions and are quite convenient for sending and receiving bitcoins. They even have a micro storage device with a QR code scanner. Pi Wallet and Bitsafe are some of the Hardware wallets available.

WHAT IS DEEP COLD STORAGE SERVICE?

The newest thing catching the eye of the bitcoin investors is the concept of a deep cold storage device. This concept was introduced by a London based company which was ready to offer the security of the bank vault for securing keys of bitcoins. Additionally, they were also insuring this service with the help of an underwriter who would be further protecting the bitcoins against loss and theft. However, the major drawback perceived by many with this service was that the people availing this service would need to furnish identity proof and the address proof which many people were not very keen on providing as they preferred to be anonymous while trading in cryptocurrencies.

CONCLUSION

On the basis of the usage and the volume of transactions the user can choose his type of wallet. If the transactions are quite frequent and not too large then the hot wallet is preferred or else the cold wallet is much more secure as it is offline and less prone to hacking and stealing.
Just buying a bitcoin is not enough. Keeping one secure is what matters in today’s age.

E-WAY BILL

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With the agenda of "One Nation One tax", Goods and Services tax was rolled out from July 1, 2017.

One of the greatest promises of GST was that it would simplify the tax compliance to a great extent and bring every state under same tax window. The motive behind this was to reduce the incentive to do cross-border shopping and arbitrage scope.

The introduced e-way bill, implemented under GST regime is an electronically generated document for the movement of goods and services worth more than Rs. 50,000 from one place to another. This bill replaces the WAY bill under VAT regime, which was a physical document required earlier from 1st February, 2018.

Now let us look at the bill in detail and fathom as to why there was a need to bring it in the system:

- To remove the ills of erstwhile way bill prevailing under VAT in different states, which was a major contributor to the bottlenecks of the check post
- To make the tax avoidance extremely difficult by keeping a track and look for the mismatch while filing tax returns either on the purchaser or supplier end
- It is speculated to have an increment in the revenue by 15-20% besides plugging tax evasion
- To bring uniformity across states for seamless interstate movement of goods

The core of the GST is to have unrestricted movement of goods and thus, it seems to be perfect on the front to implement the E-way bill but when we look at the implementation clauses, it puts forth some major issues.

One of the key issues around it is its **validity** depending upon the distance to be travelled. For example, the validity is set 1 day for less than 100 km. Likewise, the distance and days are decided in the bill framework. According to experts, the specific validity of way bills is a huge problem and it will make things more difficult.

Another issue is associated with the IT infrastructure of the companies. The real challenge is to issue real-time waybill along with the invoice unlike a return. At this moment, we are running short of time to implement the necessary infrastructure. There are then issues like whenever the mode of transport changes, a new waybill needs to be generated for the same consignment. This can pose a serious problem for e-commerce companies that use various modes of transport for delivery of the same item.

This has both a good and a bad side. The good side is that all changes that we are seeing now will benefit the business. The bad side is that each of these changes will lead to a major overhaul of businesses, which take time to implement. The entire situation is very challenging and it will be very interesting to see which side turns up significantly.

GLOBAL REINSURANCES

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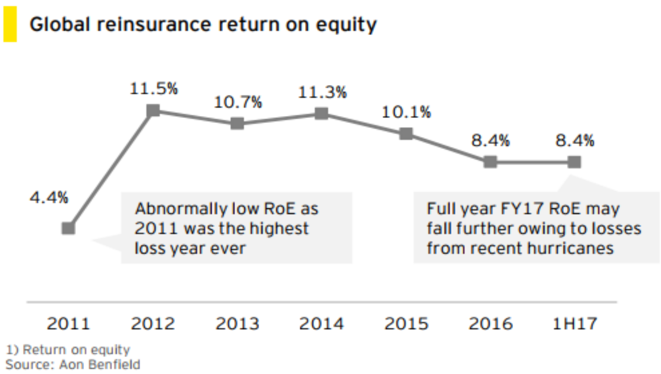
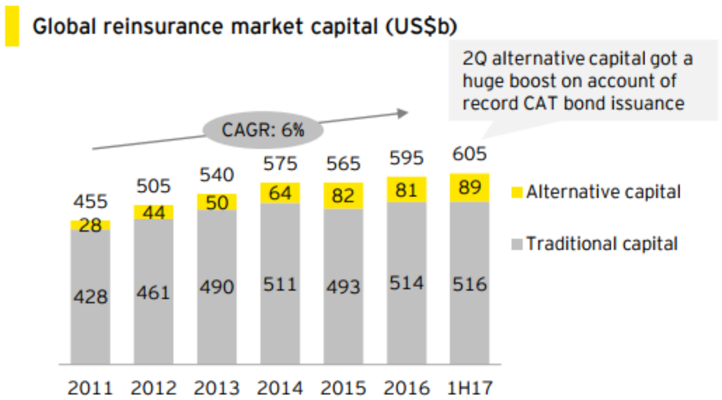
Reinsurances are also known as insurance for insurers or stop-loss insurance. Insurers transfer portions of risk portfolios to other parties to reduce the likelihood of having to pay a large obligation resulting from an insurance claim. For decades, reinsurers have operated without major changes to the way they do business or collaborate with others in the industry. Reinsurance has been the highest-performing part of the insurance industry in recent years.
But recent natural calamities and man-made disasters have put tremendous pressure on global reinsurances. The cost of environment destruction has come around to bite us in the form of huge life and property losses. Global disasters in 2017 caused an estimated $306 billion in economic loss.

Three hurricanes, two huge earthquakes coupled with a host of fires and floods are just some of the natural disasters. The global insured losses from disaster events in 2017 alone totalled to about $136 billion. Overall, 2017 ranks as the third-most expensive year for insured losses.
Due to heavy property loss, a lot of cash has flown out of the industry and this has directly affected the stocks of the insurance companies.



The above chart shows that the RoE has declined, and a further fall is expected due to increasing calamities. In addition, with chances of interest rate hikes gradually reducing insurers' investment income gains may see only a limited positive movement.

But at the same time there is a flip side to this. While the short-term impact may be severe, high magnitude of losses have the potential to reverse the weak pricing environment across several lines and increase the demand of both reinsurance capital and reinsurer's expertise in product design and pricing for both traditional and emerging risks. Due to increased calamities, more catastrophe bonds (CAT bonds) were issued which increased the global reinsurance market capital at a CAGR of 6%.



Looking ahead, the insurance M&A market could remain active against a backdrop of an improving global macroeconomic environment. Insurers' focus on profitability through inorganic top-line growth and expense rationalization, coupled with technology driven investments will continue to drive M&A in the sector.

It cannot be easily concluded whether the sector is burdened or is opening doors for new opportunities, but the importance of the industry may become more starkly apparent if there is a sudden, unanticipated risk which materializes. Even though the reinsurance companies may be fit to provide solutions in case of any calamities but more events like these will put pressure on the economy and not to forget the loss of life in the process.

Often natural disasters are referred as disasters which are beyond the control of humans, but the fact of the matter today is that we play a major role in building up the environment for such calamities through pollution, deforestation and unwanted waste which increases global warming. Scientists refer to this new category as 'Man-made Natural Disasters'.

"If we destroy creation, creation will destroy us", a quote that humans need to keep in mind and avoid destruction in the first place rather than looking for new ways to get themselves insured.

NATIONAL COMPANY LAW TRIBUNAL

ANSHUL CHHAJER
PGDM MARKETING
FIRST YEAR

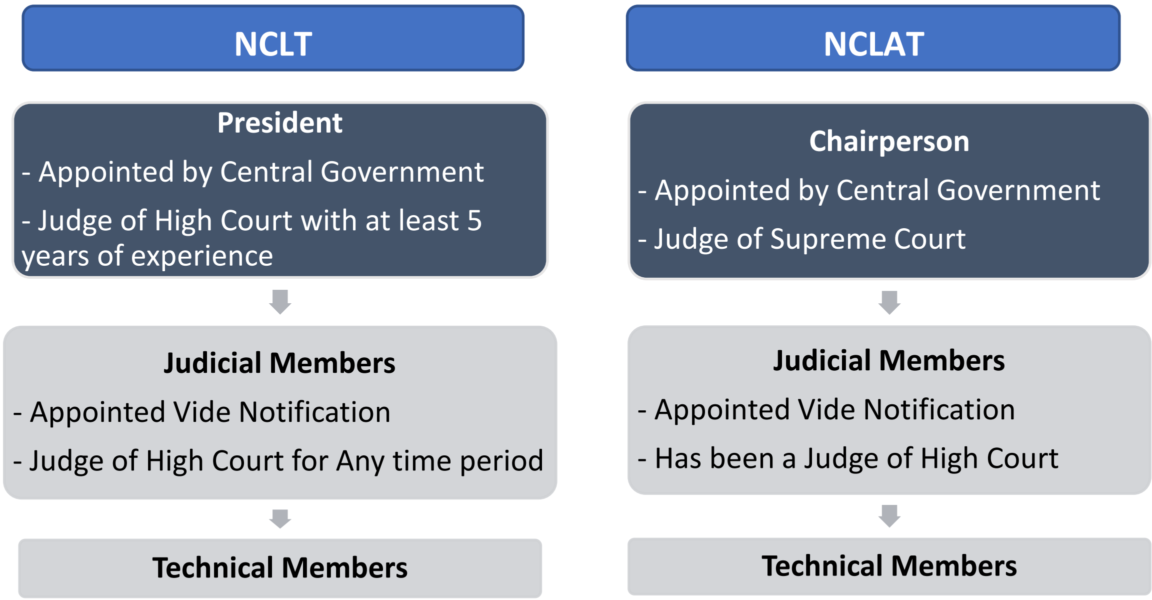
RUPEN CHAWLA
PGDM MARKETING
FIRST YEAR

After a hold back period of 14 years since we first came across the name, National Company Law Tribunal (NCLT) was constituted by the Central Government on 1 June 2016. A quasi-judicial body, NCLT adjudicates issues relating to companies in India in exercise of the powers conferred to it by the Companies Act, 2013.

The term NCLT was conceptualised by Eradi Committee. Later, it was the Companies Amendment Act, 2002 that provided for setting up of the body to supersede the then existing Company Law Board (CLB). It was Companies Act, 2013 that actually retained the concept. However, there still existed a big debate concerning the need of the board. Although a big shadow of clouds hovered over its constitution, NCLT found its way after an order of the Apex Court. The major reason cited in favour of the constitution of NCLT was to reduce burden of high number of cases piled at the High Courts and to provide for a speedy resolution of matters at its hand, which generally involved a high chunk of money. In addition to that, NCLT also helps in avoiding litigation and ambiguity to ensure resolution of cases in a fair and effective manner.

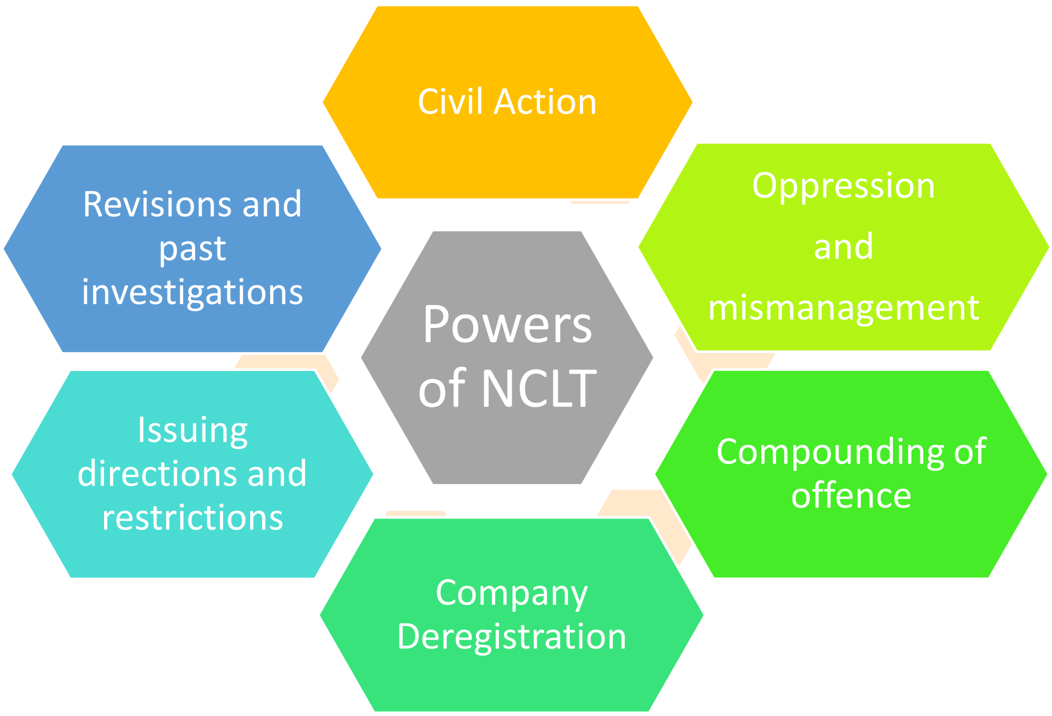
Post the constitution of NCLT, all the proceedings pending before the CLB were transferred to NCLT for disposal of such matters in pursuance of powers in its jurisdictions.
Constituted along with NCLT was NCLAT, a body that plays the role of an Appellate Tribunal, a forum which is higher than the NCLT. NCLAT hears appeals against the orders passed by NCLT on the point of fact or law. It is responsible for hearing cases under the recently incorporated Insolvency and Bankruptcy Code (IBC) and appeals on orders made by Competition Commission of India. The maximum number of members in either bodies should be 10 or less than 10.

COMPOSITION OF THE BODIES



NCLT is coined as a Mega Tribunal due to integration of various bodies and powers:
The powers of NCLT are similar to those vested in a court and the residing bench possess the powers similar to the judges in the court of law. The orders passed can impose corrective actions and remedy situations that affect rights and duties of the parties' subject matter of specific conditions.

CERTAIN POWERS CONFERRED TO NCLT THAT ALSO HIGHLIGHT ITS IMPORTANCE ARE:



- A ***civil action*** may possibly protect the interests of stakeholders which are more likely to be parties outside the company. The offenders are liable to compensate the aggrieved parties who are generally individuals.
- One of the main functions also involves prevention of ***oppression and mismanagement*** caused to effected parties which is also a matter covered under Companies Act, 2013. The Act provides for a far stricter approach towards mismanagement.
- ***Compounding of offences*** which can lead to prosecution to attach a monetary value in place of possible prosecution.
- ***Company Deregistration*** was a much desired action which has also come under the ambit of NCLT powers. The body can order dissolution of companies but at the same time order to revive many companies already registered by the government, due to them being falsely alleged shell companies.
- It can also ***issue directions and impose restrictions*** over specific actions, which also involves ordering investigation, freezing assets, and viewing ownership.
- It may direct ***reopening/ revision of accounts*** of past years as a part of investigations. The Tribunal also has the powers to convene the AGM in cases of suspicious actions.

Around a year and a half past the embodiment of NCLT, majority of the issues handled by it concerning the provisions of IBC. As issued by NCLT in a press release, it decided a major chunk of 655 cases under the Bankruptcy Code as on 1 September 2017, a big move as this is a major concern for the incumbent government and an important step to curb the menace caused. A report by the Indira Gandhi Institute of Development Research showed that majority of operational creditors have recovered dues as per reports of NCLT due to the bankruptcy code provisions. According to the report, between December 2016 and August 2017, operational creditors filed 267 petitions with NCLT, or 52% of the total number of petitions were filed.

CERTAIN NCLT CASES WHICH CAN BE EASILY RECOLLECTED WHICH ALSO FORMED THE RECENT HEADLINES AND GAINED THE SPOTLIGHT ARE:

Following a petition by IDBI Bank, Jaypee Infratech was allegedly declared insolvent by NCLT in a big move with an instruction to repay debts. In 2017, RBI had referred 12 major companies, for insolvency proceedings under IBC. Another famous case involved a stay on NCLT order which directed government to take control of the management of Unitech due to alleged oppression and mismanagement. Other cases that came into limelight in 2017 were the one filed by Mr. Cyrus Mistry against Tata Sons; and China Development Bank's)CDB) appeal in the Tribunal over allegation against Reliance Communication)RCOM(for non-payment of loan amount.

Cases like above and all the achievements that NCLT is setting out for in the current turbulent environment proves its metal in a true sense. These facts not only dignify the presence, but also keep the question hanging and keeping us wondering in amazement over how situation would have turned out in case the bankruptcy and dispute resolution would have been pending for period longer than they already were? Also other concerns as to how this situation would have really turned out for the authorities to handle, coupled with reforms like Goods and Service Tax and demonetisation which had alongside given much needed leverage to collude to majorly due to lack of proper implementation.

Critics may find faults in right things, for them to be more right than they actually are. But a practical approach in this scenario reflects the wrong that has been prevented due to curative and timely actions the board is implementing. This is silently contributing to building the new economic system the government is aiming for, that is to be a system that is standing on strong pillars. Hence, a fundamentally strong economy is slowly being achieved due to decisions such as the constitution of the long awaited, and much needed NCLT.

ISLAMIC BANKING

ABHISHEK BHOSLE
PGDM FINANCE
FIRST YEAR

What the former president Obasanjo of Nigeria, Nick the UK homebuyer and Faisal the American student all have in common? They are all trying to pay off loans that seem to increase every single day. What started off with a seemingly small interest rate ballooned into something completely unattainable. Let’s start off with $10,000. The traditional bank finds a credit worthy customer and lends him at 5% pa. The bank is particularly not concerned what happens to this money unless it gets repaid. The customer, on the other hand, has already found a borrower willing to pay 7%.This borrower runs a small credit co-op for students and lends at 10%. One of these students is enterprising enough to lend it to his unemployed brother at 15%, who has just discovered the power of compounding interest and now lends to the street vendor at 25%. As we read, there are poor people paying more than 40% pa. We cannot blame conventional banks for everything that happens after they have given out the initial loan but we can blame the power of compounding interest. Interest and the fact that you actually don’t need any cash to lend money means that the original $10,000 could keep passing hands until we pump out over one hundred thousand dollars of artificial wealth.

Now what happens if the street vendor goes out of business or the unemployed brother doesn't find his job or the credit co-op goes bankrupt which leads to unpaid loans.Since enough people can’t repay their loans, lenders can get into all sort of troubles. This vicious cycle sets off a domino effect of default and imagines that instead of a $10,000 personal loan, it is a $1 million business loan or a $1 billion World Bank loan. The compound interest grows so fast that the borrowers are often unable to repay the loans. People, economies and the environment pay the price as we grow more desperate to meet rising debts.

Now let’s take an example of an Islamic bank. The Islamic bank only invests in actual assets and services. It might buy machinery, lease out a car or invest in a small business but throughout transaction is always tied to a real asset or service and this is the central point. The assets and services cannot be compounded by the interest rates based loans. An asset or services can only have one buyer and one seller at any given time. Interest, on the other hand, allows cash to circulate and grow into enormous sums. Islamic Finance and Conventional finance has this difference.

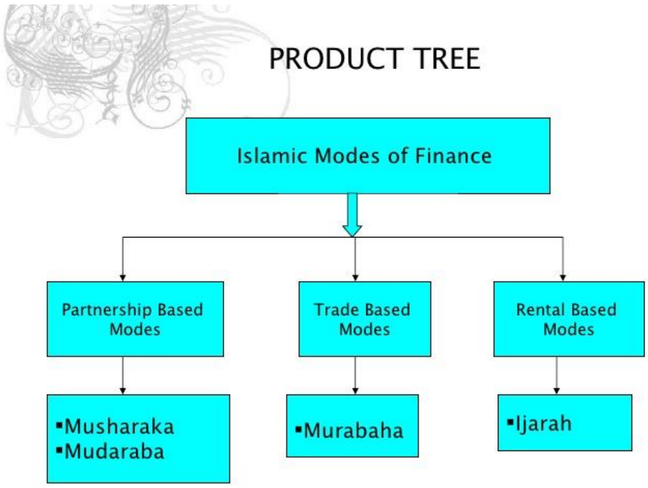
WHAT IS ISLAMIC BANKING?

A system of financial activities consistent with Shariah, based on Islamic principles which at the core refuses collecting interest, transactions involving uncertainty and speculation. It is based on the Islamic economic system and is not restricted to Muslims only.

Terminologies:

Takaful (Islamic Insurance)-Takaful is an alternative form of cover that a Muslim can avail himself against a risk of loss due to misfortunes.

Sukuk (Islamic Bonds)- It is the Arabic name for a financial certificate but can be seen as an Islamic equivalent of a bond.



Murabaha: It is a contract for purchase and resale. It allows the customers to make purchases without having to take a loan and pay interest. Bank purchases the goods on behalf of the customers and resells them to the customer on an agreed profit margin and the customer pays the sales price of the goods in instalments.

Musharaka: It means a partnership. It involves placing the capital with another person and both sharing the risk and reward with the profit-sharing ratio, with the losses in proportion to the amount invested.

Mudaraba: It refers to an investment on your behalf by a more skilful person. It takes the form of a contract between two parties .In this, one party provides the funds and the other provides the expertise and agrees to the division of any profits made in advance. The bank would make Sharia’s compliant investment and share the profits with the customer. If no profit is made, the loss is borne by the customer and the Islamic Bank takes no fee.

Ijarah: It is a form of leasing. It involves a contract where the bank buys and then leases an item. For example, auto Ijarah is simply an agreement under which a vehicle will be given on rent for a period, agreed at the time of a contract. Bank purchases the vehicle and rents it out to the consumer for a period upon the completion of which the consumer gets ownership of the vehicle through a separate sale agreement.

PRINCIPLES

Any predetermined payment over and above the actual number of principals is prohibited (interest), the only loan it allows is qard-ul-hassna whereby, the lender does not charge any interest. The Islamic financial system employs the concept of participation, utilizing funds on a profit-and-loss-sharing basis.

HISTORY

The pioneering effort, led by Ahmad Elnaggar, took the form of a savings bank based on the profit-sharing in the Egyptian town of Mit Ghamr in 1963. In 1973 the Islamic Development Bank was set up. The first Islamic Bank was established in Malaysia in 1983. In 1993, commercial and merchant banks were allowed to offer Islamic banking products and services under the Islamic Banking Scheme (IBS).These institutions, however, are required to separate the funds and activities of Islamic Banking transactions from that of the conventional banking business.

OVERVIEW

Islamic Banking is growing rapidly in the world by 15-20% annually. Estimated $270 billion in assets are controlled by Islamic banks of the world. Future projections suggest that within eight to ten years as much as half the savings of the world's 1.67 billion Muslims will be in Islamic banks. According to the Bahrain based General Council for Islamic banks and financial institutions, more than 500 Islamic banks and investment firms exist globally. According to the analysts at Deloitte and Touche, Islamic finance and banking is worth $1 trillion and is destined to grow more than four times the rate of conventional investing,.

SWOT ANALYSIS

S: Zakat, Innovative aspect, all bigger banks carry an Islamic portfolio because of its success. Islamic Banking will unequivocally mitigate the deplorable condition of the poor and marginalized segments of the society.

W: Lack of standardization, there are differences in theory and practice. Misinterpretation of Islam. Conflict of opinions in different Sharia boards.

O: Traditional interest-based banking losing its value especially after the global recession. New markets have emerged in non-Islamic regions.

T: Loopholes are present in its proper implementation, lack research in products.

INTERVIEW EXPERIENCES

SHAILESH HOTCHANDANI - ARCESIUM

Two days before the ‘D’ day, all the Students were busy in preparations of Aptitude test. Studying various books, the books that we used for preparations of CAT, CMAT, and CET. The students were stressed and nervous, as the best company on the campus was coming for summer internship. All the students made sure that they had all the documents ready for the next day.

The D day came, 8^{th} of October 2017 when Arcesium India Pvt Ltd. came in our college for summers. First, we had a Pre-Placement Talk from the executives of the company. In the Pre-Placement talk we were given information about the company, the culture, workings, and information about the summer intern profile.

The process comprised of three stages, first was the Aptitude Test – if you clear this stage then you are eligible to sit for the Group Discussion. If You Clear Group Discussion process you have to appear for two interviews, 1- Technical Round. 2- General Knowledge Round.
The whole process was spread over a time span of two days. On day one, there was Pre-Placement talk, Aptitude Test and Group Discussion. On day two, there were two rounds of interview.

The day started with the Pre-Placement talk where all the students were gathered in Auditorium. The Pre-Placement talk lasted for an hour after which we were divided into Groups of 50 each for the online aptitude test. The test basically covered all aspects of finance, Statistics, Logical reasoning and General Knowledge. The results were declared in 15 mins after the last group gave the test. Out of 168, 68 students were shortlisted for the group discussion round. For GD, we were divided into 6 groups out of which 4 group had 11 members and two groups had 12 members.

The topics that were given to groups in GD were – Demonetisation, GST, Social Media, Digital Currency, etc. My Group had 12 Members and our topic was Digital Currency. I had written few points on the paper that was given to us before the GD. I had clear plans what I have to speak and when I have to speak. If you want to make an impact in a GD you have to make your entry in first 3 chances, this thought was running in my mind, and I gave my view in the third entry of the GD. When you speak, speak with confidence and have eye contact with everyone in the group. I spoke for around 30 seconds and then again after few minutes I entered into the discussion with a strong point about how digital currency will help India and other countries. The GD’s results were announced in which only 14 people were shortlisted out of 68 for the interview process. I had mixed feelings when I got selected for the interview process which was scheduled next day.

I was happy to get shortlisted amongst those 14, but there was nervousness as well because I had got just one night to prepare for the dream company. Many people came and gave their best wishes and suggestions for the interview. After college I came to my house and sat in my room and planned how to go about the preparations for the interview. My room mates were all happy for me that I have made through two rounds of my dream company. My room mates came and sat with me giving me suggestions about what to do in the interview and they were continuously motivating me. There was nervousness and excitement for the interview process.

The night before the interview was the longest night of my life. There were various thoughts going on in my mind. Around 3 am in the morning I woke up and started my preparations as planned the night before. I covered all finance related topics, accounts and studied everything about the company, their working process and their history.

On the D day 9th October 2017, the nervousness was visible. People were coming and wishing us luck but I was mentally thinking have I covered this topic and if I was asked this question how would I answer that? We 14 shortlisted were asked to be seated in a classroom where we were told that your names will be called and then you have to come for the interview. The atmosphere in that room was full of tension. People were reading various books, newspapers, discussing various topics, teaching each other topics that they knew, sharing their past job interview experience. As the process began one could clearly hear the heartbeats of all the candidates. The first person came after giving the interview and everyone surrounded him asking what are they asking? How are the interviewers? Are they grilling? And the answer that that person gave was that the interview is based on your technical knowledge about finance and accounts. And the interviewers are also good and they make you feel comfortable. This took off some pressure from the students in the waiting room. My name was called for the interview and I took a deep breath before entering the interview room.

The first question that was asked was tell me about yourself? And then few questions were on my work experience and few questions were related to accounts and finance, ratios and how would you judge a company is doing well or not in the sector? There were few questions which I didn't knew and I told them that sorry sir I have no idea about this topic, because in interview you have to be the real you. The next question which I was asked were about my graduation subjects, and what share markets means to me. Then a few questions on financial statements of a company, and lastly, they asked if I had any questions to ask.

Then out of fourteen, four got shortlisted for second round of interview. And Yes, I was one of those. We had a lunch break after that the last round of interview.

The second interview was basically about the general aspects and the current affairs. I was asked about my views on GST, Brexit, and some basic questions on derivatives, why the company should hire you? Views on strategy that JIO has followed, is this correct? And lastly, any questions that I had about the company.

After this we were made to wait for 45 minutes till they decide the results. Those 45 minutes were the longest 45 minutes of my life, each second was full of excitement and nervousness. And finally, the result was declared that two were selected for the summer internship and I was one of them. That moment when they said, we have selected Shailesh Hotchandani for the summer internship was the best moment of my life till date. We were given a t-shirt, a cap and a Bluetooth speaker as a gift.

SHEETAL MODI – RBI

RBI - The Reserve Bank of India. Dream come true workplace for every finance student. Not at all easy to crack. Going through Bloomberg, newspapers, books, banking, finance and a lot more in 7 days. After all, it was an RBI's interview for Summer Internship. From shortlisting to the interview process everything was properly scheduled and critically examined.

It was totally a different experience. 7 days full of tension. Started with first tension of which sector to take first. As RBI covers a mixture of banking, monetary policy, currency, forex, government finance management, etc. My goal became to grab as much knowledge as I can but deciding on what to start with was the biggest problem. But once you take the flight you will definitely reach the destination. I felt like the process opened the gate for me to discover the not so known things and brush up my concepts. In this way it became an interesting process for me. I took this opportunity as more of learning concepts rather than just grabbing a seat for the summer internship.

Seniors and Deepa ma'am also helped us a lot by giving us guidelines, glimpse of past asked questions and also conducted mock interview sessions.

Then finally came the interview day. Feeling of going to RBI for an interview in itself was a proud moment. In its premises, I could sense the great opportunity that we were just one step behind. Heartbeats were running Olympics.

Results could not define what I learnt. The experience I got was prize in itself for me.

FINANCE FORUM EVENTS

MULYANKAN 2017

N.L. Dalmia Institute of Management Studies and Research organized Mulyankan, their flagship event which included an annual national level finance paper presentation on 15th September 2017 followed by a Seminar by eminent speakers from the financial sector on 16th September 2017. The topic for the competition was “Consolidation of Banks: Solution to Resolve NPAs?”

On Day 1 i.e. 15th September, Mulyankan 2017 saw participants from various B-schools across India. Six teams representing Welingkar, NITK, SIMSREE, Thakur Institute of Management Studies and Research, SIES and NLDIMSR competed to win the coveted title of Mulyankan 2017. The presentations of all the teams included a brief about NPA which included classification, impacts and the challenges being faced by our economy. The judges assessed the performance of each team, posed questions, and also suggested areas of improvement.

The panel of honourable judges included former Chief Economist State Bank of India Dr.Brinda Jagirdar, Former General Manager Union Bank of India Mr. R.G. Kelkar and Chief Financial Risk Officer SBI Global Factors Ltd Mr. Pankaj Gupta. They enlightened the participants and the audience with their valuable inputs and also threw light upon scope of improvement.

The winner of esteemed Mulyankan 2017 trophy was the one man army from NITK, followed by NLDIMSR and SIMSREE teams as the first and second runner up respectively.

REINVENTING INDIA AS INNOVATION NATION

N. L. Dalmia Institute of Management Studies and Research organized a knowledge enriching memorial lecture on **'Reinventing India as Innovation Nation'** on Thursday 30th November, 2017 at JW Marriott, Juhu delivered by Padma Vibhushan **Dr. R. A. Mashelkar, FRS National Research Professor and President, Global Research Alliance and Chairman, National Innovation Foundation.**

The event started with a memorial speech from NLDIMSR CEO Professor Seema Saini for the Founder of the Institute Late Shri Niranjanlalji Dalmia and his accomplishments. Professor Dr. R. A. Mashelkar stepped in emphasizing on the most powerful equation in the world i.e. E=F where E, stands for Education and F, stands for Future. He proceeded to explain the Education 3.0 version, which is moving from Right to education to Right Education. He explained to the students the education, research and innovation approaches followed by the world class educational institutions. The dangerously optimistic Dr. R. A. Mashelkar, emphasized on the 5 mantras of Paradigm Shift and how FAIL stands for First Attempt in Learning. He cited several examples of world class Indian innovation like affordable ECG and Hemoglobin test and how India is moving towards becoming an Innovation leader.

He also explained how talent, technology and trust are the three key drivers of innovation and how "I" in every individual must stand for innovation.

The honorable Secretary Shri. Shailesh Dalmia felicitated the guest. The lecture was brought to an end with a thank you note from Dr. Dinesh Hegde to Dr. R. A. Mashelkar.

GUEST LECTURE ON CERTIFIED CREDIT RESEARCH ANALYST

N. L. Dalmia Institute of Management Studies and Research organized an informative seminar on Certified Credit Research Analyst program on 21st December, 2017. This program was conducted by Mr. Biharilal Deora, who has 15 years of experience in credit research strategy and business analysis. With his sheer dedication and commitment, he is currently serving as an advisor to various single family offices on credit investments and governance related issues.

The major objective of this session was to encourage students to consider Credit Research as a career option. Mr. Deora also enlightened the students about the 4 C's of Credit research namely: Character, Capacity, Collateral and Covenant.

Management students were made aware of recent regulatory updates and the role of credit analyst in the industry. He also informed the students about the Credit Research Challenge which is an annual B-School three-part competition involving an online test, report submission and final presentations as a part of this competition.

The event proved to be a great platform for the students to get the knowledge about credit industry.

INS AND OUTS OF CAREER IN BUSINESS MEDIA

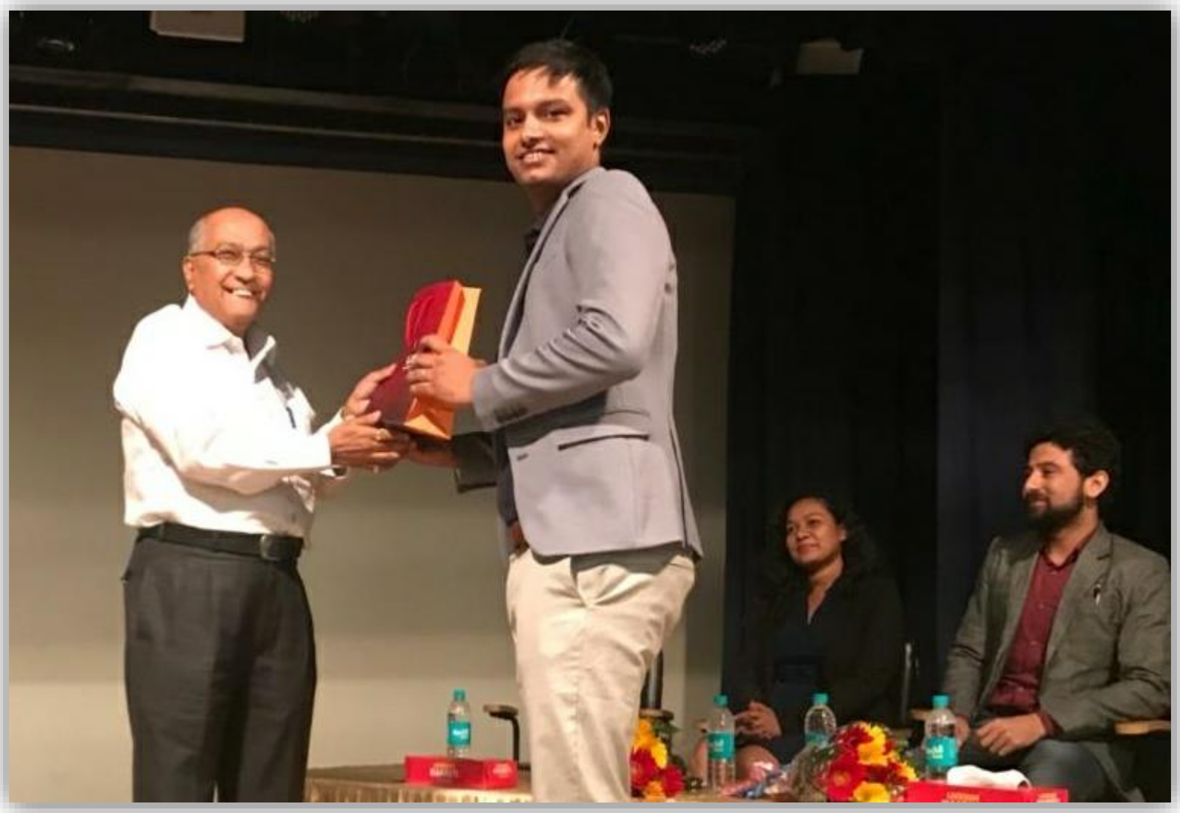
The Finance Forum of N.L. Dalmia Institute of Management Studies and Research organised a knowledge enriching seminar on “Career in Business Media” on 6th January, 2018 delivered by its alumnus Mr. Mangalam Maloo, Senior Research Analyst and Market Anchor at CNBC-TV18. Mr. Maloo tracks the FMCG, retail, logistics and building products and anchors CNBC-TV18 shows Power Breakfast, Midcap Radar and The Weekender.

Mr. Maloo started off the session with enlightening the students with the honest truth about a career in media and what it entails. He emphasised on three key important components to succeed in any career namely - awareness of the competition, attention to simple and small things and keep chipping away. He encouraged the students to regularly update themselves with a set of new “social media websites” which includes the BSE and NSE websites, Annual Reports and Corporate management information which helps in telling a story with facts and figures.

Lastly, he explained that life is a multifactor model and not a single factor model and encouraged the students to run an extra mile to achieve their goals. The session ended with the guest addressing the queries of the students, making it an exhaustingly interactive session.

GUEST LECTURE ON BLOCKCHAIN TECHNOLOGY

The Finance Forum of N.L. Dalmia Institute of Management Studies and Research organised a knowledge enriching seminar on “Block Chain Technology” on 15th January, 2018.The session was addressed by Mr. Chinmaya Sharma, Co-founder of BigStylist.com. He was accompanied by Mr. Amit Dudani, Senior Manager at Academic Affiliations and Ms. Divya Singh, Senior Marketing Manager at Blockchain Semantics.



Mr. Amit Dudani started off the session with enlightening the students regarding the paradigm shift in technology and the revolution that came along. Mr. Chinmaya Sharma talked about the career options in the current scenario of emerging technologies. He explained blockchain technology and it’s applications that are going to shape the future of all industries. He emphasized on how this technology will be the biggest trendsetter in the near future. He ensured active participation from students by involving them in the discussions. He briefly touched upon the concept of bitcoin mining and consensus algorithm. The simple real life examples by Mr. Sharma made the learning effortless.

He also explained the law of leadership to the students and encouraged them to have enough courage to chase their passion. The session ended with the guest addressing the queries of the students, making it an exhaustingly interactive session.

ENABLING E – COMMERCE

The Finance Forum of N.L. Dalmia Institute of Management Studies and Research organised a knowledge enriching seminar on “Enabling E - commerce” on 20th January, 2018 delivered by its alumnus Mr. Abhishek Patodia, VP &Strategist at Olympia Industries Limited, one of the top sellers on Amazon India portal.

Mr. Patodia started off the session with a brief explanation on what is e-commerce, types of e-commerce sites and the evolution and growth of e-retail. He further spoke on the primary factors responsible for e-commerce’s growth in India namely cash on delivery, mobile internet and the discounts/returns facility offered by the e-retail companies. Mr. Patodia further enlightened the students by explaining the role and importance of each stakeholder involved in the e-retail ecosystem namely portal, retailer, warehouse, logistics, Information Technology, data analytics, content management service, packaging and liquidators and the career opportunities in them. He emphasised on the fact that the e-commerce companies in India are making huge investments in their efforts to change the consumer behaviour of planned buying and replace it with impulsive buying.

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

COMMODITY CONNECT

The Finance Forum of N.L. Dalmia Institute of Management Studies and Research organised an informative seminar on commodities namely “Commodity Connect” on 29th & 30th January, 2018 delivered by Mr.Shrikant Koundinya, VP Marketing Development, Training and Consulting at Universal Commodity Exchange and Mr. Satyajit Chattopadhyay, AVP Training and Education at Multi Commodity Exchange.

On Day 1, Mr. Koundinya & Mr. Chattopadhyay started off the session with a brief explanation on the different types of commodities and contracts of the same. They further spoke on the need of a commodity contract for better management of risk and price discovery. They also enlightened the students with the difference between contracts in a stock market and a commodity exchange. They emphasised on the contract specifications, the clearing and settlement system, types of margins, order management: validation, modification, cancellation. Lastly, they spoke about Multi Commodity Exchange, India’s first listed commodity derivatives exchange.

On Day 2, Mr. Koundinya focused primarily on risk management strategies. He spoke about the exchange’s surveillance policies and the risk mitigation by the regulator. He briefly touched upon about the delivery process on exchange platform and basics of technical analysis.
The session ended with the guest addressing the queries of the students, making it an exhilarating session.

LIVE BUDGET STREAMING

Knowledge becomes wisdom when you put it into practice" - With this agenda the Finance Forum of N. L. Dalmia Institute of Management Studies and Research organized a live broadcast of the Union Budget 2018-2019 on 1st February, 2018 which was followed by expert views on the same by Mr. Anil Talreja, Partner at Delloite India.

During the event students understood and analysed the budgetary provisions. They discussed the scope of the budget and were guided on the analysis by Mr. Anil Talreja. He expressed his views on how the budget was a booster for rural India and a bitter pill for investors. He commented that taxing long term capital gains would create a level playing field for unlisted and listed mutual funds. He suggested that the budget focuses on the monetarily weaker section of the society and not the upper-class. According to him, the budget was favoured towards agriculture and rural India and these were good signs as in the future it will help India to grow economically. Overall the event was a huge success.

BUSINESS QUIZ

1. D in SDR stands for
   a) Debt b) Debentures c) Domestic d) None

2. In the year 2000, Company X invested $20 Million in Company Y. Company Y got listed on NYSE in 2014. At that point of time, investment made by X was worth $58 Billion. Identify Y.
   a) Google b) Facebook c) Alibaba d) Amazon

3. I am an Investor, Businessman and a philanthropist. I am known by the name 'Oracle of Omaha'. Identify who I am?
   a) Jeff Bezos b) Warren Buffet c) Bill Gates d) None

4. Who is the Finance Minister of Maharashtra?
   a) Sudhir Mungantiwar b) Vinod Tawde c) Prakash Mehta d) Eknath Khadse

5. Company X is an Internet Company which was acquired by Company Y in $26.2 Billion all cash deal. X is a social networking service company having more than 546 Million registered users. Identify X
   a) Whatsapp b) Instagram c) LinkedIn d) Snapchat

6. Which of the following is India's First Payment Bank?
   a) Paytm b) Airtel Payments Bank c) Axis Payments Bank d) Freecharge

7. Which is the first Exchange to launch Bitcoin Futures Contract on 10th December 2017?
   a) CME b) CBOE c) NSE d) Nasdaq

8. I am a participant in the derivatives market. Normally, I take an opposite position in derivatives market to what I have taken in underlying market. Identify who I am?
   a) Speculator b) Hedger c) None

9. X is a high yielding high risk fixed income instrument which carry a BB or lower rating by S&P. It is issued by companies to raise capital quickly. Identify *X*
   a) Munis b) Junk Bonds c) T-Bills d) G-Sec

10. X is a special provision by which government obtains vote of parliament for a sum sufficient to incur expenditure on various items for a part of the year. Identify X
    a) Parliament's Vote b) Vote on Account c) Vote for Consent d) Vote of Motion

11. I belong to Paypal mafia. I am also the first investor of Facebook. Identify me.
    a) Elon Musk b) Peter Thiel c) Charlie Munger d) Nikesh Arora

12. The concept of GST originated in…..
    a) Canada b) Switzerland c) Britain d) Japan

1-a,2-c,3-b,4-a,5-c,6-b,7-b,8-b,9-b,10-b,11-b,12-a





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