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The Finance and Investment Cell
Hansraj College

FROM THE CONVENOR'S DESK

Ashutosh Yadav

The Finance and Investment Cell, Hansraj College is a voluntary group of students aiming to disseminate quintessential knowledge on finance, investment and related aspects through the conduct of its activities throughout the year.

Since its inception in 2012, the cell has traversed a great path to grow in size, scope and shape so as to make it more engaging for its members and community. We've diversified ourselves from activities eponymous to the name by launching our very own in-house mentorship and consulting wing and social wing last year.

Moving ahead a successful volume 1, in the first edition of volume 2, we hope that we can curate the best content for all our readers so as to make it not only informative but also interesting and relatable. We promise to be unfettered in our efforts so as to make finance easy and simple for you. With the hope that these pieces help you enhance your knowledge, we wish that you have a pleasant reading experience.

The FIC Editorial Board

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FINANCIAL HIGHLIGHTS

SENSEX hits the mark of 50,000 for the first time

The Stock Market Index Sensex crossed the mark of 40,000 for the first time in May 2019. Leaping by 10K points in just 415 sessions it crossed the mark of 50,000 on January 21st, making it the fastest rally bouncing back from its March's bottom. NIFTY also recorded a new high of 14,738 points. Besides this, other Asian markets also recorded new highs and the US equities made huge comebacks. The reason behind these rises can partly be owed to strong capital inflows, high liquidity and lower interest rates in the global market. Many critics also claim direct participation by retail investors to be one of the key reasons behind the huge spike.

Impressive corporate results in the 2nd and the 3rd quarter, expectations of bold economic reforms from the upcoming budget and increased buying by FII are some of the other factors. Besides these, the decline in the number of covid cases and mass vaccination is planting new hopes in the minds of the investors. The smooth transition of power in the US, after which President Joe Biden proposed a stimulus of $1.9 trillion to boost the economy and to improve relations with the rest of the world lifted the sentiments of the investors resulting in the spike in the global markets.

India is now among the top 10 buyers of the US Treasuries

For the first time, India has made it to the top 10 buyers of US Treasuries List. This is primarily because India was the biggest buyer of these securities from April to July. There have been multiple factors acting to keep the rupee strong since March such as weakening of the dollar, fall in the crude oil prices, foreign portfolio inflows in the equity market and external commercial borrowings of Indian companies. As a result, the RBI has been trying to keep the rupee from appreciating too much, by buying dollars. This is reflected in the foreign exchange reserves surging to $586 billion.

India has now outpaced the Cayman Islands, Taiwan and Singapore in improving its UST investment rank to 10 from 13. However, Japan and China remained the top two investors in the US Treasuries and Hong Kong is just ahead of India by about $7 billion. Although with the ongoing increase in investment in these securities, India's foreign currency asset holdings may take a hit if the dollar depreciates further. Also, the interest earned from securities backing forex reserves will decline if the RBI keeps hiking its exposure to dollar-backed securities. Nonetheless, according to the RBI governor Shaktikanta Das, “controlled increase in foreign exchange reserves has improved reserve adequacy in terms of conventional metrics such as cover for imports”.

NSE launches derivatives on Nifty Financial Services Index

The National Stock Exchange (NSE) launched derivatives on the Nifty Financial Service Index on 11th January 2021. It is aimed to provide more flexibility to institutional and retail investors to manage their hedge. The index consists of 20 stocks which are featured to reflect the performance of the Indian financial market which includes banks, housing finance, insurance companies and other financial services companies which will ultimately help the investors to make good investment decisions and thus make profits.

The financial service sector accounts for roughly 33.5 per cent of the Nifty 500 Index. On the launch date, there were as many as 5,464 contracts which got traded in futures and 81,772 contracts were traded in options. The index witnessed a turnover of over Rs 378 crore at that time. At present, the exchange offers index derivatives on only two equity indices- Nifty 50 Index and Nifty Bank Index. The recent investment data of foreign portfolio investors (FPIs) reflects that 48 per cent of the investment flows were directed towards the financial services sector, which accounted for 35 per cent of the assets under the FPIs.

Is the Bear preparing its ground or has it found no place?

The current scenario of the Indian Stock Market is record-breaking in terms of numbers as the Sensex nears 50,000 points. Low-Interest rates and high liquidity have given impetus to the current markets where the quarterly results are terrific. How long can we see these results?. The lower interest rates have led to all-time high borrowings from the banks and any changes in the rates in the upcoming budget session will have a cascading effect on the stock markets.

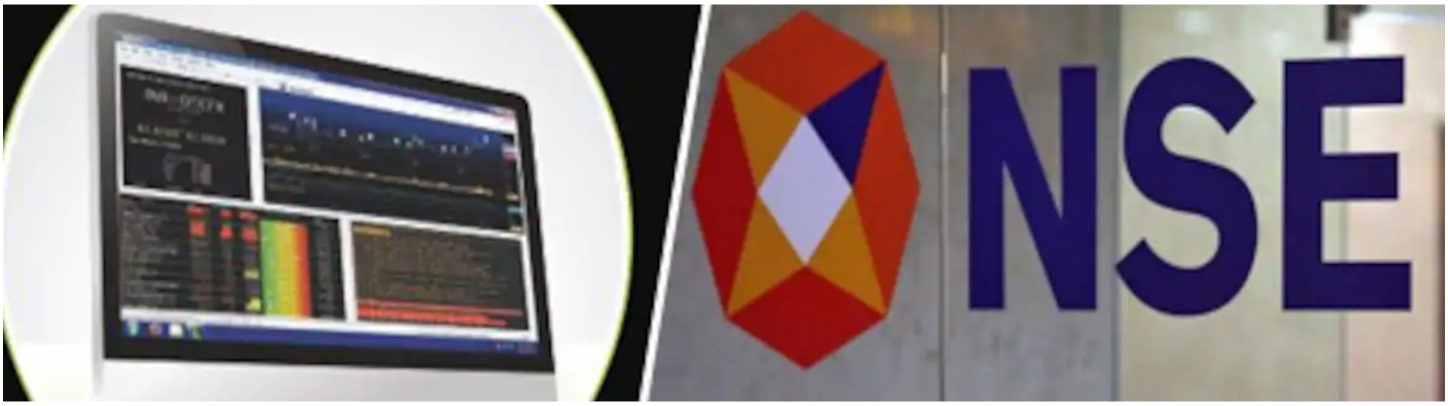
Investing in the tech giants like Wipro, Infosys, TCS etc seem viable as they have wondrous deals in the pipeline. Companies which have opened their market for a 100% FPI might face high volatility and can risk a sudden price drop. There are many upcoming IPOs such as IRFC, Indigo Paints, Swiggy etc where the expectations are quite high. This year's budget is very significant, as its allocations will play a major role in reviving many sectors. There is speculation for a booster package to be provided for the tourism and hospitality sectors like the ones furnished in Italy and Norway. Though the levels of employment aren't the pre-covid level, reviving the dormant sectors will satisfy the unemployed and the investors. Looking at the complete scenario, the Union Budget of 2021 will determine the bear's next move; to conquer or to slumber.

With Stellar Q3 growth, Infosys and Wipro predict the growth of the Indian IT sector

"For the next year, we remain extremely confident. We will have double-digit growth in the next financial year.", said Salil Parekh, CEO, Infosys.Infosys, India's second-largest software services company, recorded its fastest growth in eight years with a 5.3% increase in revenue for the quarter, sequentially. While profits rose 16.6% to ₹ 5,197 crores in the third fiscal quarter, the revenue was up 12.3 % to ₹ 25,927 crores. Contrary to its earlier prediction of 0-2% growth for the year, the company raised its growth forecast to 4.5-5% for FY21.Another IT giant and a crosstown rival Wipro reported a nearly 21% increase in profit to ₹2,967 crores. Furthermore, its revenue rose 1.3% to ₹15,670 crores during the October- December quarter. Wipro's total contract value during the quarter was more than $1.2 billion and its large deal with German wholesaler METRO AG had an anticipated total value of $1 billion. Such large deal wins have contributed to Wipro's growth in sequential revenue by 3.7%. The company adopted a new operating model on January 1, 2021, which intends to lessen the dependency of the company's growth solely on the US market.Broadly, strong deals wins and a pandemic led higher spending on digital help has favoured the IT sector as evident from the robust quarterly number of Infosys and Wipro. Therefore, the results of the 'Big Two' indicate a higher growth momentum in the Indian IT sector over the next few years.

Using the GeM portal, local startups have been able to participate in government tenders at par with big companies. So far, nearly 8000 startups have been registered and these startups have helped in coming up with new and innovative solutions during the pandemic. Nearly a business of Rs.2300 crores has been done by these startups which has also supported the government's efforts to bring the economic activity on normal levels. The aim for the next five years is that the startups should become global giants. They are helping in bringing about a change in the demographic characteristics of the business and according to PM Modi, people are now inclined to build a startup to make human lives more convenient.

NSE acquires Cogencis for an undisclosed amount



NSE Data & Analytics ltd. , a subsidiary of NSE has acquired the terminal business of Cogencis and has sold the news arm of the company to Informist Media Private Ltd. Cogencis provides real-time market data and financial news in India to trading clients through its Cogencis WorkStation. The amount for the acquisition was not disclosed. Informist Media Pvt. Ltd would exclusively provide news to Cogencis workstation for five years to ensure continuity of service to existing customers. Cogencis envisions to be a trusted global provider of financial data, news and analytics. Vikram Limaye, MD and CEO, NSE exclaimed that he is delighted to announce this acquisition as NSE data and Cogencis are complementary businesses.

Indian IPO Boom: “2021- The Year of IPOs”

The stock market soared to historical highs in January 2021 coupled with the announcements of IPO releases company after company. The pandemic halted the economy for a while but it has not been all blue. In reality, it actually may have sowed the seeds for a positive market environment. Every day there's a new company which reports going public. The question that arises is, what is propelling them to do so?

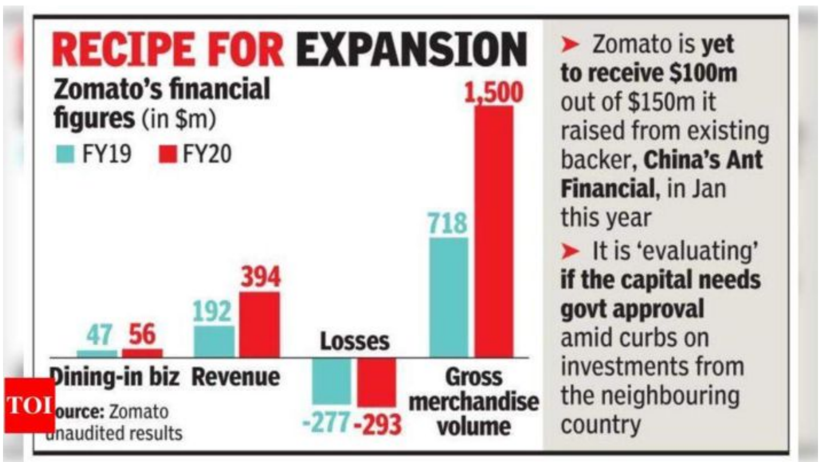
Firstly, all the firms that had put their IPO plans on hold or delayed them due to COVID-19 have accelerated their plans. Of the 13 companies that went public or came out with the second issue of shares, nine have delivered outranking results for the investors. The economy is not only “re-pacing” itself but bouncing back strongly which has given many companies confidence in the market. Firms such as Burger King India Ltd and Happiest Minds Technologies Ltd saw their share price doubling on the release date. The growth has been accelerated by continuous foreign inflows, which also has been the key reason for the benchmark high of the share market.

Foreign investment has laid down a back-wall for the secondary market. Economists and experts assert that as long as the bullishness of the secondary market persists, the primary market will remain actionable. The efficacious highlight amidst this has been the Indian start-ups that are creating headlines. Nyka, Nazara (being the first Indian gaming firm to file for an IPO), Bumble, Delhivery are just a few names out of the 29 firms that have received the SEBI nod. All of this has created a conducive environment in the country and has revived the dream of a $5 trillion economy by 2025.

Zomato's Pre-IPO Shuffle

In this year of raining IPOs in the public capital market, one of the most awaited listings is that of India's food-tech giant Zomato, the first large consumer internet IPO in India. Zomato plans to go public by June this year and is in full action to take the company's valuation to $6-8 billion by that time. The food delivery platform closed in a fresh $500 million investment recently, valuing the company at $5.5 billion and taking its pocket of cash to $1 billion, inching it closer to the aim.

The latest round of Zomato fundraise was in two ways: first, existing investors brought in a fresh cash infusion of around $250 million, and second, the partial exit of Alibaba's Jack Ma backed Ant group. Dragoneer Investment group entered as a new investor through this round of funding. Existing investors Kora, Tiger Global, Fidelity, Bow Wave, and some more also participated in the round regarded as Pre-IPO funding to an extent of around $250 million. The other $250 million was by way of secondary sale of shares by the Chinese investor, Ant Group amid the crackdown by the government on Chinese institutional investment into India after heightened geopolitical tensions. Once owning around a 25% stake in Zomato, Ant's investment plans into Zomato have ever faced roadblocks since India brought in new rules to curb Chinese capital flowing into Indian companies. With Ant's partial exit, InfoEdge has emerged as the largest shareholder with around 17% share.



PM Modi announces Rs 1,000 Crore seed fund for startups

On 16th January 2021, Prime Minister Narendra Modi announced a Start-up India seed fund worth Rs 1,000 crore to enable startups to raise initial funding. The basic objective of this initiative is to provide the startups with initial capital to start and grow their business. This fund has been created for the facilitation of a startup ecosystem which focuses on the principle of the youth, by the youth and for the youth. Today India has approximately 41,000 startups which include 5,700, 3,600 and 1,700 startups in the IT, health and agricultural sectors respectively.

Using the GeM portal, local startups have been able to participate in government tenders at par with big companies. So far, nearly 8,000 startups have been registered and these startups have helped in coming up with new and innovative solutions during the pandemic. Nearly a business of Rs 2,300 crore has been done by these startups which has also supported the government's efforts to bring the economic activity on normal levels. The aim for the next five years is that the startups should become global giants. They are helping in bringing about a change in the demographic characteristics of the business and according to PM Modi, people are now inclined to build a startup to make human lives more convenient.

Amazon partners with Startup India to boost E-commerce exports

Amazon has invited applications for its Mega Startup Accelerator Program: AMAZON GLOBAL SELLING PROPEL (AGSP) in partnership with Startup India. Startup India is a flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation and startups in the country. AGSP will be a 6-week program aimed at launching Indian consumer products in 200+ countries thereby transforming them into global brands.

To get very beneficial funding opportunities, the applicants will have to showcase their business skills to the best of their abilities as only the top three performers will have access to the $50,000 Equity free grant. The shortlisted applicants would get a chance to partner with VC firms, Sequoia Capital India & Fireside Ventures. This head start is being given to ensure that the level playing field remains perennial so that the customers are assured of the best quality products. Amazon would also host open virtual mentorship sessions so that each startup can network and learn from the existing ecosystem. Making exports simple and accessible to businesses of all sizes and benefits from specialisation is the aim of this program. Hopes are high that Amazon would be able to achieve its commitment of $10 billion in e-commerce exports from India by 2025, given that AGSP would yield fruitful results.

Reliance Industries Limited (RIL) net profit rises by 12.5% to Rs 13,101 crore in the third quarter

Billionaire Mukesh Ambani's Reliance Industries Limited (RIL) reported a 12.6 per cent uprise in its consolidated net profit for the third quarter (Q3) ending December 2020 mainly on account of improving the oil-to-chemical business. The company posted a net profit of Rs 11,640 crore posted in the same period a year ago. In terms of quarter-on-quarter (QoQ) growth, RIL reported a 37 per cent jump in its net profit to Rs 11,640 crore in the period under consideration as compared to Rs 9,567 crore recorded in the previous quarter of September 2020.

Revenue from operations of the company was lower at Rs 1,28,450 crore in Q3 of the current fiscal, as against Rs 1,57,165 crore a year back. Meanwhile, Reliance Jio, the telecom wing of the company, recorded a 15.5 per cent QoQ rise in net profit to Rs 3,489 crore for October-December 2020. Jio Platforms, that provide digital and telecom services, had posted a net profit of Rs 3,020 crore in the previous quarter. Jio Platforms have reported a total customer base of 41 crores as of December 31, 2020. Reliance's retail division reported an 18.7 per cent drop in revenue, as only half of its over 12,000 stores were fully operational and footfall remained below pre-Covid levels. Also, Reliance has employed more than 50,000 more people since March 2020.

Is there a future of Future Retail? A glimpse of the present

On the 25th October 2020, Amazon through an international arbitrator, The Singapore International Arbitration Centre (SIAC) had put the $3.4bn deal between Reliance Industries and Future Retail on an interim hold due to a breach of terms of the contract. It is considered as a move by Amazon to avoid the monopolistic power Reliance would have in the $1 trillion retail markets of India.

Acquiring Future's retail would almost double Reliance's footprint and give it an unparalleled edge over rivals - an advantage Bezos is not willing to cede. Through SIAC, the deal was on hold for the interim period of 90 days, till 23 January 2021. However, it stands extended until further notice due to the provisions of the arbitration laws. To settle, one party has to approach the arbitrator to modify the interim order and settle the dispute. However, in this case, both parties have been stringent in following their own ways to settle the issue. On one hand, Reliance and Future Retail have approached the Delhi HC to order Amazon and SIAC to stay out of this deal and have also received clearance from the market and antitrust regulators. On the other hand, Amazon has filed a petition in an Indian court seeking detention of Future Group's Kishore Biyani and seizure of assets for deliberate and wilful disobedience of the arbitrator's orders. What holds ahead in this deal for Reliance and Amazon will be decided by the Delhi HC and SIAC, but it is the cash-short, debt-burdened Biyani, suffering from the deal.

Elon Musk targets TELECOM with STARLINK internet

Elon Musk became the world's richest person this month by riding on Tesla and SpaceX's success. His innovations in the auto industry with electric cars and the aerospace industry with reusable rockets have led to him being among the most successful entrepreneurs of all time. Now he's eyeing upon another business dominated by entrenched incumbents: telecommunications. Till now Elon's space technology company SpaceX has launched over 1,000 satellites in space for the Starlink internet service and signing up early customers in the U.S., U.K. and Canada. Now the question arises what is Starlink?

Starlink being constructed by SpaceX is a satellite internet constellation providing satellite Internet access. The constellation will consist of thousands of mass-produced small satellites in low Earth orbit, working in combination with ground transceivers and providing internet services with speeds ranging from 50mbs-150mbs. The picture above is the representation of the same.

SpaceX has told investors that it is sighting a $1 trillion market consisting of in-flight internet, maritime services, demand in China and India, and rural customers such as Brian Rendel. Rendel became a part of Starlink's beta program after struggling for years with sluggish internet speeds at his 160-acre farm in Michigan's Upper Peninsula. After paying about $500 for the equipment, FedEx arrived at his farm with a flat dish and antenna. For $99 a month, Rendel is now getting speeds of 100 megabytes per second for downloads and 15 to 20 for uploads — far faster, he says, than his previous internet provider. Rendel said it was a game-changer. Rendel is a mental health counselor who can now with the help of Starlink's fast internet speed watch movies and holds meetings with his clients online. He further added that he feels like he is part of civilization again.

John Byrne, a telecom analyst at GlobalData said that there will be early adopters of Starlink who feel anything from Elon Musk is cool. And his statement seems to be true; various people are ordering Starlink's dish and doing an unboxing and review video on YouTube. He further added that it's hard to see the satellite trajectory keeping pace with the improvements coming with cellular.

Starlink is preparing for 2021 in full gear, hiring software engineers, customer support managers, a director of sales, and a country launch manager. With Elon Musk entering the telecom market the clash between the existing players and Musk will be a thrilling one to watch

REGULATION AND ADMINISTRATION

RBI predicts V-Shaped Recovery for the Indian economy

Predicting a V-Shaped economic recovery, the Reserve Bank of India has said that if the growth momentum continues and inflation stays mild, then there could be a room for policy action to support the growth. This observation was highlighted in the 'State of the Economy Report' released by the Reserve Bank of India on 21st January 2021. The prediction is crucial because it has come at a time when the Central bank started normalizing the excess liquidity in the money market which it initially pumped in to stave off the economic crisis in the wake of the Covid-19 pandemic.

According to the report, the consumer sentiment is expected to improve from January 2021, peak in July 2021 and continue till September ahead of the next festive season in Q3. The Central Bank also foresees a revival in non-oil exports due to rise in the shipments of drugs and pharmaceuticals, agricultural items and iron ore. Furthermore, the PLI scheme introduced by the government for bulk drugs and medical devices has received a commendable response from the manufacturers and is expected to support the medical and pharmaceutical exports going ahead. In its report, RBI has said that the recent shifts in the macroeconomic landscape have enlightened the outlook and if these movements sustain, policy space could open up to further support the recovery. With GDP in striking distance of attaining positive territory and inflation easing closer to the target, the Indian economy is moving towards a V-Shaped recovery.

RBI proposes a 4-tier structure for NBFCs, calling in for greater control like banks

The RBI, in its discussion paper on Revised Regulatory Framework for NBFCs, has proposed a novel categorization for the NBFCs or shadow banks into four layers- a Base layer, a Middle layer, an Upper layer and a possible Top layer, giving a pyramid-like structure for directing non-banking financial companies (NBFCs) focused on more tight capital loaning and administration standards to forestall defaults, for example, those at Infrastructure Leasing and Financial Services (IL&FS) and Dewan Housing Finance Corp. Ltd (DHFL).

The purpose is to identify those NBFCs which pose a greater risk and require a higher degree of supervision, thus placing them in the upper layer. As one moves in an upward fashion on the pyramid, regulatory measures increases. The base layer (NBFC-BL) will consist of NBFCs with lighter regulations, presently categorized as non-systemically important (NBFC-ND/Non-deposit taking) and specialised NBFCs such as NBFC P2P (Peer to Peer), and NBFC-AA (Account Aggregator). The asset size for the base layer NBFCs will be raised from Rs 500 crores to Rs 1,000 crores which will bring in more NBFCs, while the capital requirement for these NBFCs will be raised from Rs 2 crores to Rs 20 crores to regulate the entry. The NBFC NPA (Non-performing asset) classification norm shall also be harmonised to 90 days from the present 180 days. The middle layer (NBFC-ML) will have Non-Deposit Taking-Systemically Important NBFCs, deposit-taking NBFCs and Housing Finance Companies etc. among others, witnessing greater restrictions on IPO financing and lending. Around 25-30 NBFCs will be placed in the upper layer, based on factors like size, interconnectedness, complexity etc. with regulations as strict as banks. However, the top 10 NBFCs in terms of asset size will be there by default. The top layer will remain empty but NBFCs requiring greater control can be pushed here. Those in the upper level could incorporate Housing Development Finance Corp. (HDFC), Bajaj Finance, Shriram Capital, Tata Capital and Mahindra and Mahindra Financial Services. The controller has looked for input on the recommendations before settling standards.

RBI sets up working group on Digital Lending

In November 2020, Aravind - an IT professional from Andhra Pradesh - committed suicide after being highly pressured by a money lending app Rupee Bazaar. As part of the formality to sanction Aravind’s loan, Rupee Bazaar had gained access to all his phone contacts. On Aravind’s inability to repay his loan, the lenders allegedly started harassing and intimidating both Aravind and his contacts to pressure him. After a series of such cases and multiple complaints, the RBI felt the need to reassess its precautionary and regulatory measures after all.

An important thing to know is that every lending institution must work in conjunction with a bank or NBFC. Thus, the same rules imposed on these regulated financial institutions are applied to lending entities too. There is adequate protection in the code concerning loan recovery, and it safeguards the borrowers from undue harassment. But for starters, a lot of these lending apps are illegal. Further, even if they are legal, enforcement has still been a problem. Till now, the RBI has relied majorly on awareness programs instead of actively cracking down on unlicensed operators. But on January 13 2021, the RBI announced that it has set up a Working Group (WG) on digital lending, which will assess the reach and standards of tertiarily regulated digital lending platforms and suggest measures to tackle the problem of unregulated and illegal lending. The group will submit its report within three months.

SEBI imposes Rs 15 Crore fine on Mukesh Ambani

India's billionaire businessman, Mukesh Ambani, has been imposed upon a fine of Rs 15 crores for alleged manipulative and fraudulent trading done in November 2007. Reliance Industries Limited (RIL) fraudulently traded through Futures contract in the shares of Reliance Petroleum Limited (RPL), which had merged with RIL in 2009. The deal meant that RIL would gain more as the stock price of RPL declined.

The day when the futures contracts were meant to be paid out, RIL sold 5% shares of RPL just 10 minutes before the trading for the day ended. When the supply of the RPL shares increased suddenly, investors assumed that a problem may have occurred in the company and they increased the supply even more. This resulted in a drastic fall in prices of RPL, which benefitted RIL and earned them Rs 47 Crores according to SEBI.

To execute this sale, RIL hired 12 agents so that the company do not exceed the maximum permissible limit of sale of shares. However, two of these agents exceeded the maximum permissible limit adding to the rest, who were almost suspiciously close to the limit. The two agents who exceeded the limit were Navi Mumbai SEZ Pvt Ltd and Mumbai SEZ Ltd. They have been fined Rs 20 crores and Rs 10 crores respectively. Reliance Industries Limited also has been fined with an amount of Rs 25 crores.

Excise duty collection jumps 48% this fiscal on the record hike in taxes on petrol, diesel

Prime Minister Narendra Modi on Saturday, 16 January 2021 announced a Start-up India seed fund worth Rs 1,000 crore to enable startups to raise initial funding. The basic objective of this initiative is to provide the startups with initial capital to start and grow their business. This fund has been created for the facilitation of a startup ecosystem which focuses on the principle of the youth, by the youth and for the youth.Today India has approximately 41000 startups which include 5700, 3600 and 1700 startups in the IT, health and agricultural sector respectively.

Using the GeM portal, local startups have been able to participate in government tenders at par with big companies. So far, nearly 8000 startups have been registered and these startups have helped in coming up with new and innovative solutions during the pandemic. Nearly a business of Rs.2300 crores has been done by these startups which has also supported the government's efforts to bring the economic activity on normal levels. The aim for the next five years is that the startups should become global giants. They are helping in bringing about a change in the demographic characteristics of the business and according to PM Modi, people are now inclined to build a startup to make human lives more convenient.

SEBI reduces registration fee for investment advisors

The fees prescribed under the Securities and Exchange Board of India (Investment Advisers) (Amendment) Regulations, 2021 has been amended on 11th January 2021. The application and registration fees for investment advisors have now been reduced by the market regulator. An amount of Rs 5,000 had to be paid as application fee by individuals and firms (partnership) earlier while applying for an investment advisor certificate. The amount has now been cut down to Rs 2,000. The application fee for Limited Liability Partnerships (LLPs) has been reduced significantly from Rs 25,000 to Rs 10,000.

When the certificate was permitted, an amount of Rs 10,000 had to be paid by individuals and firms (partnership) which has now been brought down to Rs 3,000. Body corporates will now be paying a sum of Rs 15,000 instead of an enormous amount of Rs 5 Lakh for registration after the certificate grant. The renewal fee has also been cut down along with the registration fee. However, net-worth requirements remain the same. The reduction in the fees by SEBI will help individuals and corporates seek the status of a registered investment advisor comfortably after the amendment and encourage more entities.

MISCELLANEOUS

Volkswagen faces fine for missing 2020 EU emissions targets

Volkswagen, the world's largest automaker, has missed its 2020 CO2 emissions target set by the European Union, a setback for the organisation planning the most ambitious drive into electric cars. A fine of 100 million Euros (121 million USD) is levied on the German carmaker for a shortfall of 0.5 gram of carbon dioxide per kilometre. The amount will not affect VW's earnings, as the company already had a provision for missing its target. "We narrowly missed the fleet target for 2020, thwarted by the COVID-19 pandemic," Chief Executive Officer Herbert Diess said.

Although the company was able to sell the most fully electric vehicles on the European market, taking nearly 25% of the market share, the deliveries were not enough to reduce over-emissions from the rest of its fleet. "Expanding electric-car offerings across the group's stable of brands will allow us to achieve our fleet target this year," VW Chief Executive Officer Herbert Diess said in a statement. The automaker has little time to rest, as its German competitors, BMW and Daimler were able to meet the emission targets. Electric Tesla too plans to open a Giga factory in its home town this year.

Kotak Mahindra Asset Management Company signs up with Climate Action 100+

Climate Action 100+ is an investor-led initiative to ensure that the world's largest corporate greenhouse emitters take necessary action on climate change. This is a five-year plan that had begun in 2018 and will run until 2023. It focuses on the companies across the global economy that have substantial opportunities to expedite the transition to renewable and clean energy and help achieve the objectives of the Paris agreement.

It is organised by five partner cooperations: Asia investor group on climate change (AIGCC); Ceres; Investor Group on climate change (IGCC); Institutional Investors Group on climate change (IIGCC); and Principles for responsible investment (PRI).On 12th January 2021, Kotak Mahindra Asset Management Company (KMAMC) became a signatory to Climate Action 100+. Back in April 2018, KMAMC was also the first asset management company to sign up with the Principles for responsible investment supported by the United Nations (UN). The basis of the company's investment philosophy has been to deliver optimal and efficient returns to its investors regularly and the initiative forms a part of the wider sustainability and responsible investment strategy of KMAMC to raise understanding, enforcement and disclosure of ESG factors and opportunities in the Indian context. This will surely prove to be a step forward in the competitive world, for a company that is already a pioneer in the field of Environmental, Social, (ESG), and Governance adoption.

Warner Bros will release all its 2021 movies on HBO Max at the same time of its theatrical release

Since the pandemic started there is an ongoing war between streaming services and movie theatres. The former won the battle in 2020. Then came 2021. Talks of vaccines began, various restrictions were removed. Things began to look up for theatres. Then, Warner Bros. dropped a bomb by declaring that all their movies for 2021 would release on HBO Max (their streaming service) on the same day as they do in theatres. If winter was coming for theatres in 2020, it seems to have come in 2021.

This decision faced a lot of backlash from stars, theatre chains, and directors for going behind their back. This is because making a movie is a collaborative effort that involves many people whose income is directly proportionate to the amount the movie makes at the box office. So, if an option is given to the viewers to watch the new release on their couch from the comfort of their homes or go to the cinemas while risking their lives, a lot might choose the former which tips the scale in favour of the streaming services. Dune's director, Denis Villeneuve said,'' AT&T [Warner Bros. owner] has hijacked one of the most respectable and important studios in the film history.``However, to any Marvel fans reading this, remember the ambience of the theatre when you went to watch Avengers: Endgame? The excitement in the air, the tears you shared with people you never met, how everyone cheered when Captain America said “Avengers Assemble”? That can't be recreated while watching on an online streaming service.
So the question remains as to what will be the outcome of the Battle of 2021, and will it decide the outcome of the war?

Hefty fines on Deutsche bank for spoofing and bribery amounting to $130 million

Lately, the Deutsche Bank has been charged with a hefty fine amounting to a total of $130 million. The total fines include a penalty amounting approximately to $43.3 million to the Securities and Exchange Commission (SCA) along with & 7.5 million to Commodity Future Trading Commission on grounds of illegal spoofing in the commodity market and $80 million as penalties for violating the Foreign Corrupt Practices Act (FCPA) to the Department Of Justice (DOJ).

The following developments lead to these allegations and charges- A couple of traders at the bank are being accused of spoofing in the commodity market between 2008 and 2013. Spoofing refers to a series of transactions involving buy and selling of commodities and cancelling the orders before execution with malicious motive to manipulate the prices to your advantage. The traders were found to have placed numerous precious metal orders in exchanges of New York, Singapore, and Hong Kong before cancelling them just before execution. On the other side, Deutsche Bank is also accused of violating the bribery laws, between 2009 and 2016, the bank paid more than $7 million third party business development consultants in China, the United Arab Emirates and Saudi Arabia who further passed the money to the decision-makers in form of bribe which was masked as fees to the consultants.

China on a road to supremacy

Almost a year after its first coronavirus lockdown, the Chinese economy is rapidly accelerating. Given that the nation quite successfully controlled the virus, thereby, allowing the economy to boost its global share of trade and investment. China in fact stands as the only major economy to have reported a gross domestic product that increased by 2.1% in 2020, according to a Bloomberg survey of Economists. Economists expect China's GDP to expand by 8.2% this year, thereby, outpacing all the other large peers including the US. Ever since its trade war with the US, China has been strengthening economic ties within Asia and Europe which have significantly augmented its economic power. However, the increase in the global share remains to be just one aspect of its prolific growth.

China's GDP was 71.4% of US levels in 2020, according to the IMF, up by 4.2% from the previous year. Already the topmost exporter of the world, China's shipments rose by 3.6% while the world trade contracted by nearly 5.6% according to UNCTAD. Moreover, the Fortune Global 500 list of the world's largest companies by revenue for the first time consisted of more companies based in China than in the US. In the year 2020, foreign investors bought 1.1 trillion yuan of Chinese bonds. This clearly reflects a soaring optimism of investors towards China and therefore, as much as all the countries in the world want to turn inward, their dependency on China makes it almost impossible to cut off ties with the leading juggernaut of this century.

Why is our Fuel is so costly?

Fuel, one of the key vehicle driver's in today's life. Fuel has been one of the greatest necessities in the 21st century. From the richest to the poorest everyone needs some kind of fuel to live his/her daily routine. Since such great masses use fuel and it has varied uses it is evident that its demand is high throughout the year. To meet such demand prices are kept relatively high. Now one might wonder who benefits from such great prices. Is it that the cost of extracting the fuel is high or that a single company gets all the profit?

Let's get through some numbers, 1 barrel of crude oil (i.e. 158 litres of crude oil) costs anywhere between Rs 750 to Rs 2,500. Now, it is imported in India at a price of around Rs 4,500- Rs 6,000. This amounts to an average cost price of Rs 32 to Rs 38. Now, since petrol and Diesel don't come under the purview of Goods and Service tax which has a maximum limit of only 40% tax; Excise duty, VAT and other taxes are applicable on such fuels. The central government charged only Rs 19.98 Excise duty on petrol per litre in 2019, this has increased to Rs 32.98 per litre. An increase of about 70% tax rate. The State government also charges a VAT of around Rs 19.32. On 1 litre of petrol. Thus, if the petrol price is Rs 84 per litre the public gives around 62% i.e., Rs 54 (33+19) in form of taxes. This forms a tax rate of around 180% (CG &SG combined) on the base value of Rs 30-34.

Similar is the case of Diesel, the Central government charged about Rs 15.83 in 2019 which was increased to Rs 31.83 in form of Excise duties. An increase of about 100% in taxes. The state government also charges a VAT of around Rs 10.05 on 1 litre of diesel. Thus, if the diesel price is Rs 74 per litre the public gives around 57% i.e., Rs 42 (31+10) in form of taxes. This forms a tax rate of around 132% (CG &SG combined) on the base value of Rs 30-34. If the government brings these fuels under the purview of GST then it will suffer a huge loss of revenue as the Section 5 of the IGST Act, 2017, gives a maximum limit of 40% on any good. After understanding all this, we get why the government both central and state don't want petrol and diesel to fall under GST. Due to this even if the prices of crude oil increase by 10 paise the public has to pay around 27 to 35 paise on it.


BUDGET
2021

1. Health and Well-Being

The budget of FY 2021-22 has been termed a crucial one as the pandemic has revealed the deep fissures in the Indian Economy and especially the Health Sector. The unavailability of ventilators, beds in government hospitals, isolation facilities are some of the many issues of the healthcare sector. The initial Rs 20 lakh crores stimulus package titled as the "Atmanirbhar Bharat Abhiyan" has assured higher spending towards the healthcare sector in the upcoming budget (current one). This pandemic has taught many policymakers and ministers the necessity to invest in healthcare, research and innovation. Human Capital is deemed to be the most potential, yet, an unexplored form of asset in the current world. Proper health can increase the productivity of any given human no matter the occupation pursued. Healthcare is a form of long-term investment into the human capital which yields permanent results in the long run.

Though there were many healthcare schemes such as Central Government Healthcare Scheme (CGHS), Employees State Insurance Scheme (ESIS) etc., these were provided for a targeted set of the population under a certain category. There wasn't any Pan-India scheme which covers every person in the nation who cannot afford proper health and nutrition. Nutrition was not given much heed in the past years, but, when immunity was directly correlated with nutrition level by various scientists which is a crucial factor in combating the Covid-19 pandemic.

With the budget announced for the fiscal year 2021-22, Health and Well-Being sector has emerged to be the top-notch priority in the funding and expenditure, bagging a sterling Rs 2,23,846 crores allocation this time, which is an all-time 137% rise as against the last year allocation of Rs 94,452 crores. The novel scheme 'PM Atma Nirbhar Swastha Bharat Yojna' is the major hit of FM's Health Budget with an outlay of Rs 64,180 crores across 6 years, the key area of focus being the development of primary, secondary and tertiary healthcare systems and stress on medical infrastructure.

The pharmaceutical sector has already started seeing the benefits. Since the announcement of the budget, medical operators like Apollo Hospitals Enterprise Ltd, Max Healthcare Institute Ltd. have witnessed a rise in their shares, clearly being the winners in the picture. As a percentage of GDP, this is an over 2 per cent allocation to the health sector as against the usual less than 1 per cent. However, on a closer look towards the composition of the health budget, a finding can be made that the allocation for the health ministry is around Rs 73,932 crores which surely is an up from the Budget Estimates of previous year i.e. Rs 67,112 crores, but the increase is a modest one, 10.16%.

But this is even lesser than the revised budget estimates of Rs 82,928 crores for the current year, which experts believe can be a concern for a pandemic time like this.

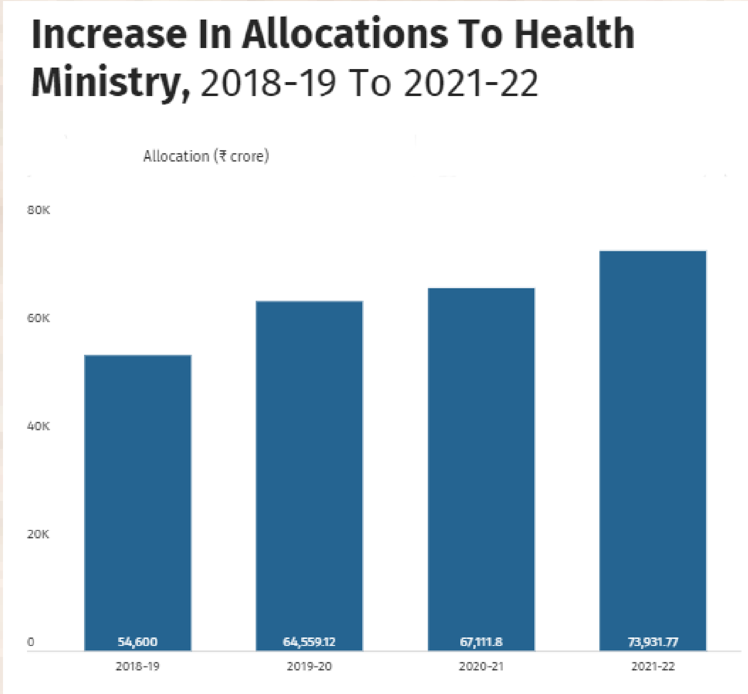
Addressing the nutritional requirements has been more or less the same as the previous year; the launch of the Mission Poshan 2.0 is expected to improve nutritional levels, especially among children and women, but the allocation to this department has fallen from the previous year's Rs 3,700 crores to Rs 2,700 crores, not giving a healthy sign. The mid-day meal scheme has been allocated Rs 11,500 crores, which is Rs. 500 crores more in comparison to the previous year.

A new fund of Rs 35,000 crores has been created specifically for the Covid-19 vaccination which is decent for a first-time measure, as the budget is laid in an unprecedented time. Analysing this further, if the cost of a vaccine is assumed to be Rs 400 per individual (covering 2 doses, and being the minimum to expect), around 50% of India's population can be vaccinated free of cost, in Rs. 27,053 crores from this fund. Yet, other factors like professional and infrastructural requirements will also have to be considered.

As for the Department of Drinking water and Sanitation, this department has seen a remarkable maximum upsurge in its funding in the health budget, Rs 60,030 crores compared to past Rs 21,518 crores, combined with the Jal Jeevan Mission which will be launched with a view of increasing the access to water supply in urban areas and liquid waste management. This will be a good next step towards preventing the spread of infectious diseases too.

Learning from the success of the Swachh Bharat Campaign, its second phase will now be launched with an allocation of Rs 1,41,678 crores spread across 5 years. The interesting 'Scrapping Policy' also has all eyes on it. Under this, old and unfit vehicles, causing more pollution and consuming more fuel will have to be scrapped after 20 years (personal vehicles) and 15 years (commercial vehicles). The owners of such vehicles will not have to worry about the price they'll get, for that will come with some incentives only. As for the automobile sector, this is going to be a massive boost, since the scrap from the vehicles could be processed and transformed, cutting costs of importing raw material from foreign markets, which will ultimately lower down the prices, benefitting the consumers. This is definitely a win-win situation for all.

Whether the budget is a growth-oriented one or not, experts have a mixed say on this. Considering the fiscal deficit which is expected to soar up to 9.5% of GDP, it seems there may be an imbalance in the targets set and the resources available, according to some experts. While to others, it is a big, bold budget. The allocation is good and needs to be consistent and the revenues too should be recurring. With changing times, new needs should be captured such as telemedicine, insurance cover as a must, household healthcare, growth through public-private partnerships and training of staff and workers with better incentives.



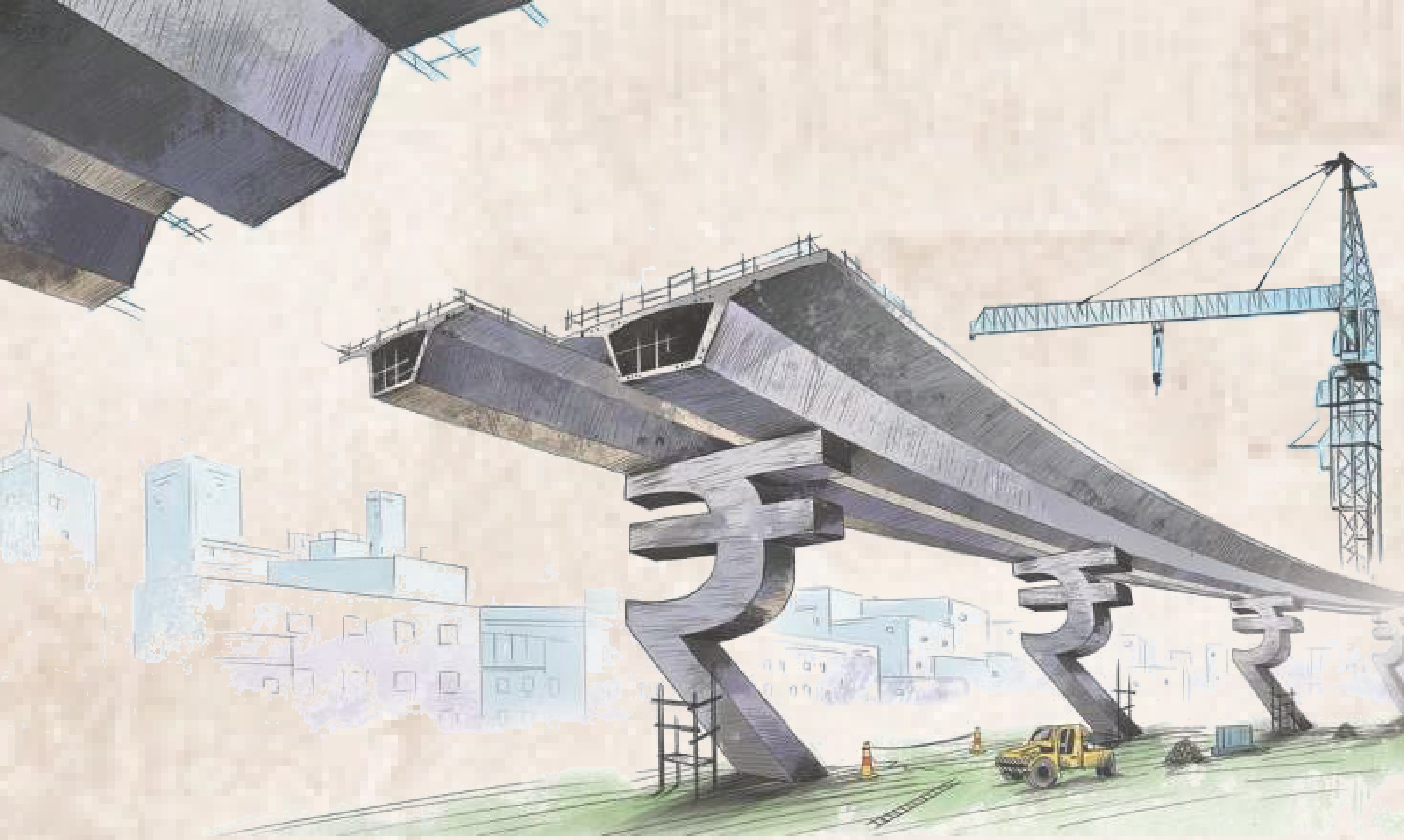
Health and Wellbeing – Expenditure

(In ₹ crores)

Ministry/Department	Actuals 2019-20	BE 2020-21	BE 2021-22
D/o Health & Family Welfare	62,397	65,012	71,269
D/o Health Research	1,934	2,100	2,663
M/o AYUSH	1,784	2,122	2,970
CoVID related Special Provisions			
Vaccination			35,000
D/o Drinking Water & Sanitation	18,264	21,518	60,030
Nutrition	1,880	3,700	2,700
FC Grants for Water and Sanitation			36,022
FC Grants for Health			13,192
TOTAL	**86,259**	**94,452**	**2,23,846**

While some measures may seem inadequate at the moment, but the intent is sure an optimistic one and set in the right direction towards ensuring a Covid free India. On the whole, it is indeed a comprehensive and holistic health budget this time, covering healthcare as a wholesome term including clean drinking water, cleaner and positive environment, nutrition, research and development and many more, and these all can be achieved through proper and structured planning for a longer period of time where we can, in turn, achieve a dream for this country-

“A nation where a common man needn’t worry about his health.” For now, it’s BIG NUMBERS, BIG BUDGET AND EVEN BIGGER HOPES!



2. Physical & Financial Capital and Infrastructure

The Budget FY 2021-22 came as a huge boost for the infrastructure sector. The FM stated that the already established National Infrastructure Pipeline (NIP) is proving to be a success and has around 7400 projects under it. This project will require huge fundings and The FM planned to take forward the financing in 3 ways:

Firstly, the FM states that Infrastructure needs long term debt financing. Therefore, a professionally managed Development Financial Institution (DFI) is being initiated for infrastructure financing. A sum of Rs 20,000 crores is provided to capitalise this institution. The FM plans to have a lending portfolio of at least Rs 5 lakh crores for this DFI in three years time. Debt Financing of InVITs and REITs by Foreign Portfolio Investors will be enabled. All of these initiatives were much needed for easy financing of Infrastructure and real estate sectors.

Secondly, monetising operating public infrastructure assets is a very important financing option. Therefore, a "National Monetization Pipeline" of potential brownfield infrastructure assets will be launched. An Asset Monetization dashboard will also be created for tracking the progress and to provide visibility to investors. Some measures are, NHAI and PGCIL each has sponsored one InvIT. Five operational roads valuing Rs 5,000 crores are being transferred to the NHAI InvIT. Similarly, transmission assets valuing of Rs 7,000 crores will be transferred to the PGCIL InvIT, Railways will monetise Dedicated Freight Corridor assets, the next lot of Airports will be monetised among many others. Monetising will bring a lot of privatisation in the public sectors which if isn't regulated in a good way can also backfire but this step will ensure smooth financing of the sector.

Thirdly, Rs 4.12 lakh crores for Capital Expenditure have been provided in the budget. The FM proposes a sharp increase in capital expenditure and thus has provided Rs 5.54 lakh crores which are 34.5% more than the BE of 2020-21. Of this, Rs 44,000 crores have been kept in the Budget head of the Department of Economic Affairs to be provided for projects that show good progress on Capital Expenditure and are in need of further funds. An additional Rs 2 lakh crores are provided to States and Autonomous Bodies for their Capital Expenditure. This hike in the capital expenditure will ensure the construction and renovation of new infrastructure thus improving the overall sector in a massive way.

The budget depicts growth and comes with several initiatives in the infrastructure sector such as:

1.Road and highways

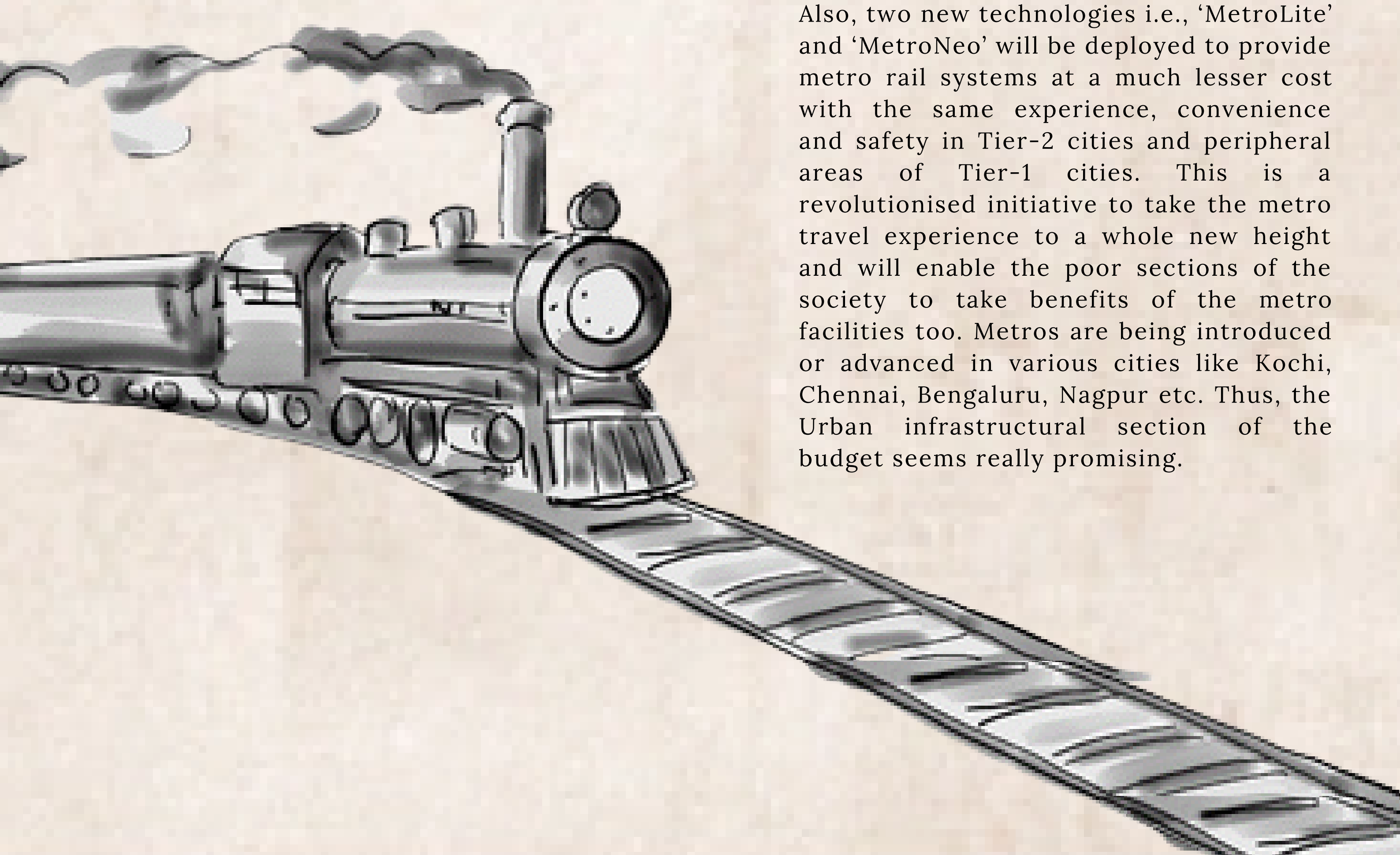
The FM plan to award 8,500 km of roads and complete an additional 11,000 km of national highway corridors by March 2022. Four new National Highway projects of Rs 2.27 lakh crores have been announced to be constructed in Tamil Nadu, Kerala, West Bengal, and Assam. Alongside, Rs 1.18 lakh crore financial allocation for the Ministry of Road Transport and Highways has been done. This is a commendable step because roads in India are in a really poor condition and an improvement is much welcomed. Also, watching the last year's work of NHAI i.e. completion of around 88% of highway construction work, this year's target also seems to be achievable to a large extent.

2. Railways

A National Rail Plan for India-2030 has been created for a future-ready railway network by 2030. A record sum of Rs 1.1 lakh crores has been allotted for Railways. This will help to improve the depleting condition of the railways. The Western Dedicated Freight Corridor (DFC) and Eastern DFC are expected to be commissioned by June 2022. The priority is to bring down the logistics cost for industry to promote 'Make in India'. This is a great initiative towards the Atma Nirbhar Bharat project.100% electrification of Broad-Gauge routes will be completed by December 2023. All of these are great initiatives to revolutionise the entire Railway system of India.

3. Urban

The FM plans to increase the share of public transports in urban areas. For this task, an amount of Rs 18,000 crores are allotted to support the public bus transportation services. A PPP model is adopted and around 20,000 buses have been planned to be privatised. These initiatives will help to fasten the transportation system of these urban areas and will provide ample employment opportunities to the youth.



Also, two new technologies i.e., 'MetroLite' and 'MetroNeo' will be deployed to provide metro rail systems at a much lesser cost with the same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities. This is a revolutionised initiative to take the metro travel experience to a whole new height and will enable the poor sections of the society to take benefits of the metro facilities too. Metros are being introduced or advanced in various cities like Kochi, Chennai, Bengaluru, Nagpur etc. Thus, the Urban infrastructural section of the budget seems really promising.

4. Power

A revamped reforms-based result-linked power distribution sector scheme will be launched with an outlay of Rs 3,05,984 crores over 5 years. The scheme will provide assistance to DISCOMS for Infrastructure creation. The power sector is already improving and this scheme will help to revamp the situation and provide more power to more households. Also, A framework will be put in place to give consumers alternatives to choose from among more than one Distribution Company whether Public or Private. This will help to keep up the competition between the companies and to prevent monopolies from being formed.

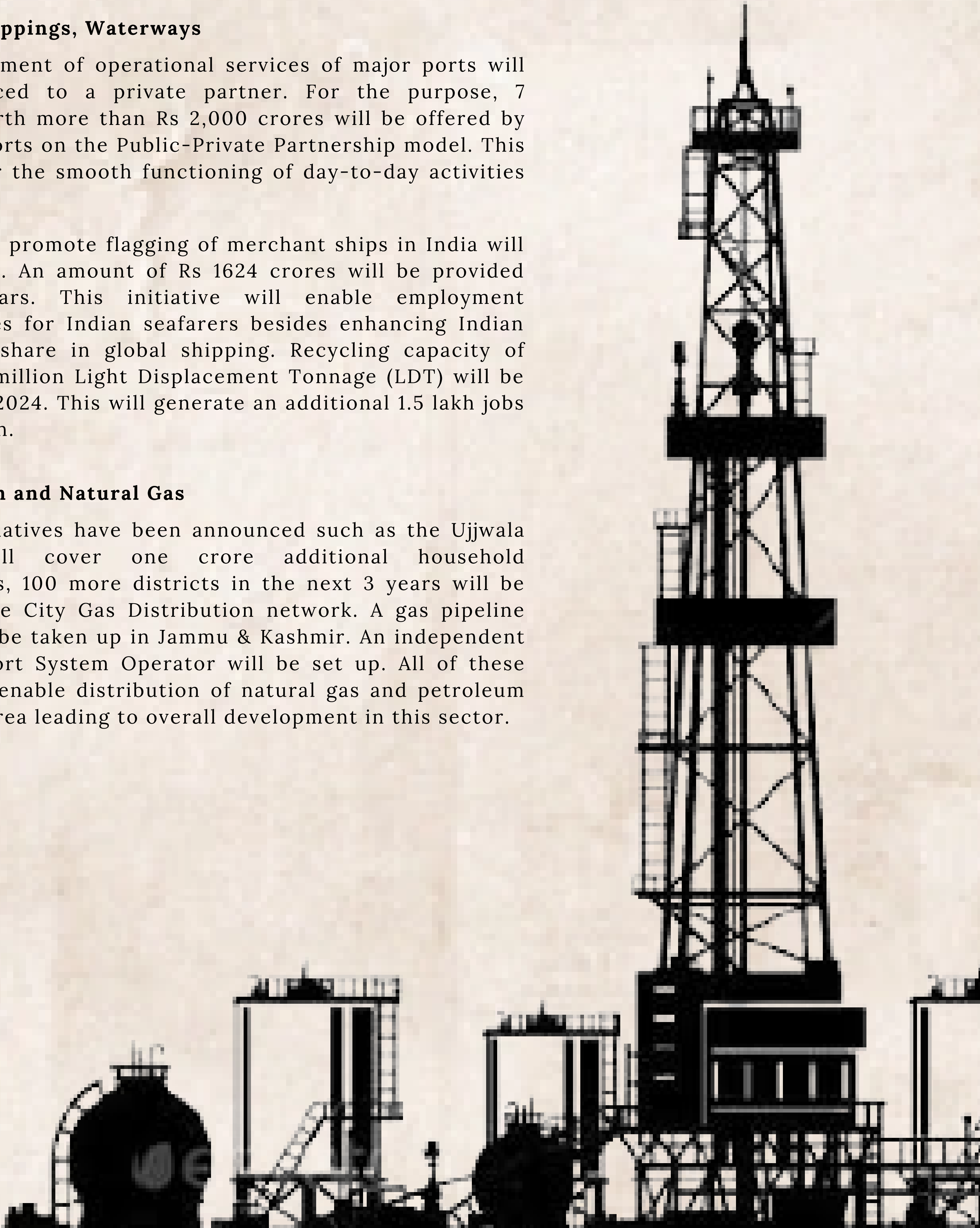
5. Ports, Shippings, Waterways

The Management of operational services of major ports will be outsourced to a private partner. For the purpose, 7 projects worth more than Rs 2,000 crores will be offered by the major ports on the Public-Private Partnership model. This will help for the smooth functioning of day-to-day activities of the ports.

A scheme to promote flagging of merchant ships in India will be launched. An amount of Rs 1624 crores will be provided over 5 years. This initiative will enable employment opportunities for Indian seafarers besides enhancing Indian companies' share in global shipping. Recycling capacity of around 4.5 million Light Displacement Tonnage (LDT) will be doubled by 2024. This will generate an additional 1.5 lakh jobs for the youth.

6. Petroleum and Natural Gas

Various initiatives have been announced such as the Ujjwala scheme will cover one crore additional household beneficiaries, 100 more districts in the next 3 years will be added to the City Gas Distribution network. A gas pipeline project will be taken up in Jammu & Kashmir. An independent Gas Transport System Operator will be set up. All of these efforts will enable distribution of natural gas and petroleum to a wider area leading to overall development in this sector.



Finance Capital:

The FM Nirmala Sitharaman in her speech announced that the government intends to increase the FDI limit to 74% from the present 49% in the insurance sector. The Government has also permitted foreign ownership in the insurance sector with certain safeguards. The government also plans to launch a Securities Market Code which will include the SEBI Act, Govt Sec act, Depositories Act. SEBI will be notified as to the regulator for gold exchange. Two PSU banks and one General insurance company are to be divested. In 2021-22, we would also witness the IPO of LIC for which the Govt would make the requisite amendments. The Government now plans to provide incentives to one-person companies.

A bad bank-like structure is to be set up to manage the NPAs (non-performing assets) in a better way. The FM during her speech said that an asset management and reconstruction company like structure is to be set up to which public sector banks can transfer their non-performing loans. The structure according to Sitharaman's speech will "consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realisation". As per RBI's estimates, the NPAs are expected to spike up to 13.5% of advances by September 2021 compared to 7.5% in September 2020 which would delay repayments consequently leading to economic slow-down. Although there has been no disclosure of the formal structure by the FM.

3. Inclusive Development For Inspirational India

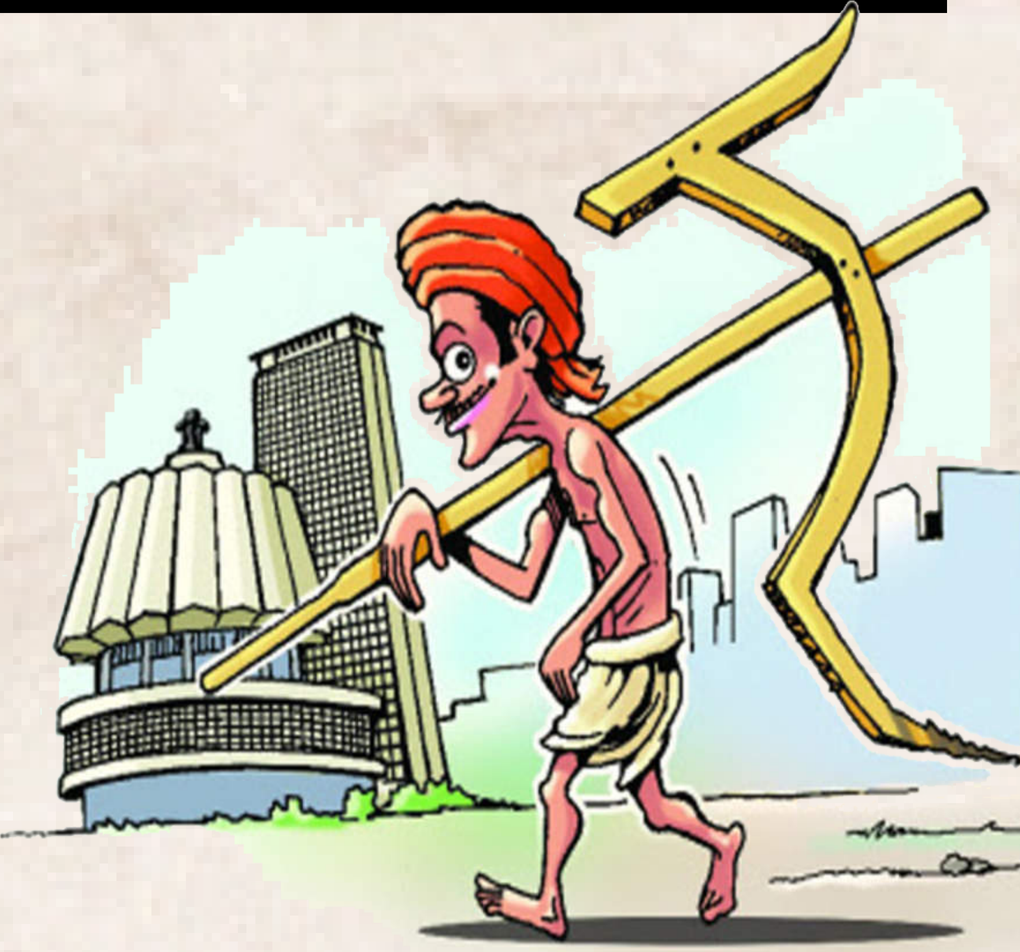
Indian agriculture has evolved over the years and has seen several policy interventions by the governments in power. The problems faced by Indian agriculture have been addressed over the years with the sector having to witness a large flow of capital. Approximately 263 million people are engaged in agriculture and related activities and it accounts to about 17% of the GDP. Even after all the policy interventions over the years, there hasn't been a substantial improvement in the income of farmers.

Finance minister Nirmala Sitharaman brought a 16 point action plan with a goal to double farmer's income by 2022 and to revive the agriculture sector in the budget of 2021. Incoherence with that, the government brought three farm bills which received enormous criticism and didn't go down well with the farmers.

The three laws talk about giving farmers an option to sell their produce outside APMC (agriculture produce market committee) mandis, contract farming and amendments to the ECA (Essential Commodities A). These laws were received with a lot of resistance from the farmers and the protests to repeal the laws are still going on. MSP (Minimum Support Price) is one of the major concerns of the farmers. Finance Minister Nirmala Sitharaman talked about agriculture in the third pillar "Inclusive development for aspirational India" and laid out some figures about MSP in the very beginning. The procurement of wheat, rice, pulses and cotton has increased substantially and so has the MSP paid for each of these products. This budget not only focuses on the agriculture sector but on the allied sectors as well because of the fact that an average farmer's income consists of income from both the mentioned sources and hence this is a step to increase the income of the farmers.

Another important thing to note here is that the SWAMITVA scheme which aims at giving 'a record of rights' to the property owners in villages, will be extended to cover all the states and union territories. In this budget the agriculture credit target has been increased from Rs 15.5 lakh crore to Rs 16 lakh crore as well as the allocation for the rural infrastructure development fund has been increased to Rs 40,000 crore from Rs 30.000 crore. The micro-irrigation fund has also been doubled to Rs 10,000 crore. The budget also focuses on the gross capital formation to push agricultural growth, the betterment of the rural infrastructure, strengthening the value chain, post-harvest management, MSP based procurement and food processing and storage.

'Operation green scheme' is also being revised to include 22 other perishable products to augment the value addition in agriculture and boost exports. One of the major apprehensions that the farmers have with regards to the farm laws 2020 is that the APMC mandis will not exist. Addressing this concern, the finance minister also announced that 1000 more mandis will be integrated with e-NAM (national agriculture market). Also, the agriculture infrastructure fund will now be available to the APMCs for improving their infrastructure. The budget also acknowledges that seaweed farming is an emerging sector and to promote it, a multipurpose seaweed park will be set up in Tamil Nadu. In the coming years, the government also aims to develop 5 major fishing harbours which will serve as centres of economic activity.



According to the National Food Security Act (NFSA), 2013, about 81 crore persons are entitled to buy subsidized food grains — rice at Rs 3/kg, wheat at Rs 2/kg, and coarse grains at Rs 1/kg — from their designated Fair Price Shops (FPS) of the Targeted Public Distribution System (TPDS). One nation one ration card system will change the present ration system which allows the ration cardholder to buy food grains only from an FPS that has been assigned to him/her in the locality in which he/she lives. The new ration system resolves the issue of the existing plan. Under this plan, the beneficiary will be able to buy food grains at a subsidised rate from any FPS in the nearby locality. The beneficiary will be identified at the FPS through biometric authentication on the electronic point of sales devices. A standard bilingual format for ration cards will be adopted whenever the states or union territories decide to issue new ration cards under NFSA in the future. The plan is under implementation by 32 states and some UTs, reaching about 69 crores beneficiaries – which covers 86 per cent of the beneficiaries. The remaining 4 states and UTs will be integrated in the next few months.

The term 'unorganized worker' has been defined under the Unorganized Workers' Social Security Act, 2008. It involves 'a home based-worker, self-employed worker or a wage worker in the unorganized sector and includes a worker in the organized sector who is not covered by any of the acts mentioned in schedule II of its Act'. Budget 2021 focuses on the unorganized sector of the economy, particularly migrant workers. It has been proposed by the government to launch a portal to collect relevant information on gig workers to help formulate social security schemes for them, particularly the migrant workers.

The portal and the extensive information collected through it will help the government in formulating schemes relating to health, housing, skill, insurance, credit and food schemes. For the first time globally, gig and platform workers will be able to enjoy social security benefits. Minimum wages will apply to all categories of

workers, and this will be covered by Employee State Insurance Corporation.. Announcing more benefits for women workers, Nirmala Sitharaman said, “women will be allowed to work in all categories and also in night-shifts with adequate protection”.

Single registration, licensing and online returns will reduce the compliance burden on the employers. The scheme of stand up India was launched by the government of India on April 5, 2016. The scheme basically focuses on scheduled castes, scheduled tribes and women. The scheme facilitates bank loans between Rs 10 lakhs and Rs 1 crore to at least one scheduled class or scheduled tribe borrower and at least one woman borrower per bank for setting up greenfield enterprises. The enterprise can be in the manufacturing, services or the trading sector. At least 51 per cent of the shareholding and controlling stake should be held either by SC or ST or women entrepreneur in case of non-individual enterprises.

Budget 2021 has made certain alterations in the scheme to improve and further facilitate the credit flow for SC, ST and women. The government has proposed to reduce the margin money requirement from 25 to 15 per cent. Basically, the margin requirement is the difference between the current value of security offered for a loan and the amount of loan granted. For example- a person mortgages his house worth 10 lakhs rupees with the bank for a loan of 8 lakh rupees, the margin requirement, in this case, will be 2 lakh rupees. By reducing the margin requirement the government is trying to increase the credit flow in the economy. The government has also proposed to include loans for activities allied to agriculture. Further, Rs 15,700 crore has been allocated for the growth and development of the MSME sector, with this amount being double the amount earmarked in the 2020-2021 budget. So briefly, there haven’t been any radical policy interventions. Even so, the budget focuses on the betterment of the existing infrastructure.

4. Reinvigorating Human Capital

The Budget proposal 2021-22 of the Central Government, has stood strong with the expectations related to its fourth pillar i.e. Reinvigorating Human Capital.

Unlike physical capital, human capital is an intangible asset and a mark of talent and ability.It is a concept that recognises the worth of people or labour force in terms of knowledge and skills and thereby calls for capital investment in training and education in order to improve the quality and level of production and add to the collective wealth of society.Perhaps not a centre of attention, human infrastructure is poised to receive a substantial boost through the government budget 2020-21.

On 29 July 2020, the New Education Policy (NEP) replaced the 34-year old National Policy on Education (NPE), 1986 of India with an aim to make India a 'global knowledge superpower'.

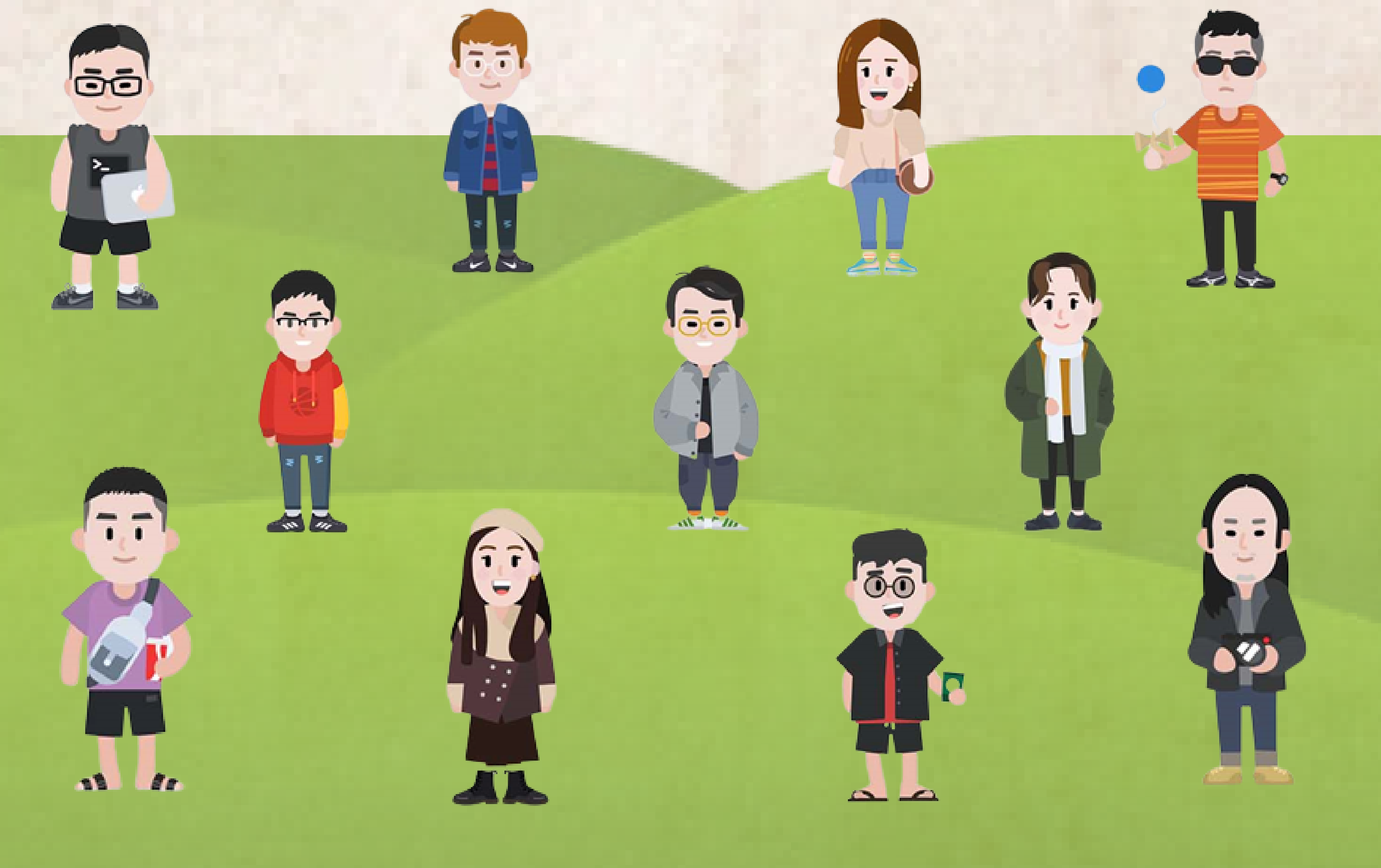
In a bid to create sustainable avenues for employable skills and integrate all components of the NEP 2020, the central government has targeted 15,000 schools to be qualitatively strengthened in its budget this year.

On the educational front, the Ministry Of Education will set up 100 new Sainik schools in partnership with NGOs, private schools, and states. This will further fulfil the objective of preparing the students to lead as officers in the Defence Services of the country. The government proposed introduction of legislation to implement setting-up of Higher Education Commission of India as reiterated in the budget of the previous FY which shall act as an umbrella body for four verticals namely; standard-setting, accreditation, regulation, and funding.

The existing definition associated with higher education is likely to change in a long haul. Here are some key provisions of the NEP 2020; a) HEIs in the country will become multi-disciplinary institutions with high-quality teaching, research, and community engagement. b) Increase in Gross Enrolment Ratio in higher education including vocational education from 26.3% to 50% by 2035. c) The policy also speaks for creating a National Research Foundation (NRF). The NRF outlay decided in this year’s budget is said to be of Rs 50,000 crores over 5 years which would ensure that the overall research ecosystem of the country is strengthened with focus on identifying national-priority thrust areas.

Since the Covid-hit Indian economy disrupted the credibility of education facilities especially in the remote areas, Nirmala Sitharaman has announced the establishment of a Central University in Leh for higher education in Ladakh with the latter aligning with the principles of increased access, equity, and inclusion.

The FM further stated that to promote innovation and research and development, the Government proposes to create a formal umbrella-like structure for 40+ research institutions across 9 cities in the country and will set aside ‘Glue Grant’ for the same, which would basically be a fund for inter-disciplinary proposals that bridge the gap between laboratory or field research and its application to clinical and policy outcomes. Moving ahead to shed light on its efforts to incentivize the merit of students belonging to SC, ST, OBC, and other SEDGs, the government promises robust infrastructure facilities for the welfare of tribal students. It aims to establish 750 Eklavya model residential schools (flagship residential schools by the Ministry of Tribal Affairs), in the tribal areas of the country and proposes an increase in the unit cost of each such school from Rs 20 crores to Rs 38 crores.



Allocation for schemes for the welfare of the Scheduled Castes by all Ministries went up by over 50% in the Budget 2021-2022 compared to the previous year, a testimony to the government's mantra of "sabka saath, sabka vikas, sabka vishwas"Owing to the former, the Post Matric Scholarship Scheme for SC students has been revamped with enhanced central assistance in this regard. Earlier, the scheme operated on a committed liability model, but now the Centre and the States would have a fixed share of expenditure of 60% and 40% respectively. Additionally, in a move to benefit 4 crore Scheduled castes, an allocation of Rs 35,219 crores has been proposed for six years till 2025-2026.

Budget 2021 is the ideal opportunity for the Ministries of Education as well as Skill Development and Entrepreneurship to work as one to revise the university curriculum and skilling programmes as per industry needs. If India seeks to join the committee of nations renowned as knowledge economies, its talent pool must be trained in the relevant digital age skills.

The Ministry is undertaking an initiative in partnership with the United Arab Emirates, to benchmark skill qualifications, assessment, and certification, accompanied by the deployment of certified workforce. The Government also has a collaborative Training Inter Training Programme (TITP) between India and Japan to facilitate the transfer of Japanese industrial and vocational skills, technique, and knowledge and the same would be taken forward with many more countries. An amount of Rs 3,000 crore is allotted for realignment of existing National Apprenticeship Training Scheme (NATS) towards a post-education apprenticeship, training of graduates and diploma holders in Engineering.

The Union Budget 2021-2022 presents an excellent opportunity for addressing educational and societal shortfalls to raise the skills of India's youth. The country's legendary demographic dividend will then begin paying ground-level dividends benefitting both its youthful talent pool and the industry at large.

5. Minimum Goverment, Maximum Governance

This budget comprehensively laid down reforms on the core principles of Minimum Government, Maximum Governance which is also the motto of the incumbent central government. It aims to increase efficiency and transparency by reducing the quantity and ensuring quality in all forms of administrative exercises.

The judicial system of India has been criticized for its inefficiency, the result of which a number of reforms have been undertaken in the last few years to ensure better and speedy delivery of justice. Further measures have been taken to rationalize the functioning of the tribunals. The National Company Law Tribunal (NCLT) was set up on June 1st,2016, under section 408 of The Companies Act which is now going digital by adapting virtual means and online submissions. It deals with cases of companies and corporate matters and is facing challenges in terms of infrastructure with numerous insolvency matters piling up. The government aims to strengthen the framework of NCLT and implement e-courts along with alternate methods of debt resolution.

The government introduced the National Commission to Allied Healthcare Professional Bill in 2020, by the minister of Health & Family Welfare to regulate and standardize the education and practice of 56 allied health care professionals. Many reforms had been made in the countries health care sector in the last few years to cope with the rising demand in the sector but unfortunately, the nursing sector has been neglected and needed reforms to realize its potential. The National Nursing & Midwifery Commission (NNMC) Bill, will be introduced replacing the former - The Indian Nursing Council (INC) Act, 1947. The Act aims to standardize entry and exit by conducting entrance tests and bring about professionalism in nursing services. The Act is currently in the public domain for feedback and possible alterations.

To ease the business for those dealing with the government or CPSE's (Central Public Sector Enterprises), FM proposed to set up a conciliation Mechanism for quick resolution of contractual disputes. Through this, the existing Permanent Mechanism of Arbitration (PMA) has been replaced with a new two-tier mechanism to resolve commercial disputes. This would help to instill confidence among contractors and private investors.

The forthcoming census to determine the population of the country will be the first digital census in the history of India. FM has allocated Rs 3768 crores for this census. This will be done to move away from traditional pen and paper methodology of collection of data and promote digital India. Home Minister Amit Shah announced that the 2021 census will be conducted through an online application using the latest technology. This will be a big revolution in the country Census's exercise.

FM also granted a sum of Rs 300 crores on behalf of the government of India to the state of Goa as the state will be celebrating 60 years of liberation from the Portuguese rule which is a significant milestone in India's sovereignty. CM Pramod Sawant had earlier sought for Rs 100 crores from the centre for the yearlong celebration was thankful enough to the FM and home minister for the grant.

Also keeping an eye on the forthcoming elections in West Bengal and Assam, the FM proposed to provide Rs 1,000 crores for the welfare of tea plantation workers especially women and children in these states.

6. Innovation and Research & Development

Historical change in this year's budget was the introduction of investment in the R&D sector. A major factor which influences a country's development is its innovation of new products and services. This helps in entering new international markets which can purchase our products, which in turn increases the GDP. The higher the investment in Innovation and R&D, the higher the chances of a country to be self-dependent which also coincides with India's goal of being Atma Nirbhar. The R&D sector was less emphasized in the earlier budgets but as India progresses to make 2 coronavirus vaccines successfully, the need for investing in R&D was strongly felt. Along with this, there were other reasons too which are as follows:

- **Global Innovation Index(48th rank)**- India's rank has jumped by 4 places to make it to the top 50 countries in the Global Innovation Index.
- **Patents filed by Indian applicants**- The number of patents filed by Indians has doubled since the last few years but still it counts less than 1% of the global filings.
- **PhD students from India**- Indian students usually become university professors after completing their PhD because of the comparatively lower salaries in Research and Development.
- **Gaining reputation by successful space missions**- The success of India's Chandrayaan missions and Mars Orbiter Mission along with successfully launching a record 104 satellites altogether into space gained India immense pride and reputation worldwide.

The investment outlay in Innovation and R&D sector is as follows:

National Research Foundation, Rs 50,000 crore (over 5 years): This is a centralised body which will fund the research programmes across a range of disciplines from science and technology to humanities. It will ensure overall development in R&D by all the sectors including universities and colleges. This will also benefit companies like Mindtree, IBM and other companies dealing in Artificial Intelligence, Semiconductors, Communication Technology, Quantum Technology, Blockchain-Based Technology and Electric Vehicles.

Deep Ocean Mission, Rs 4,000 crore: India will soon launch a Rs 4,000 crore Deep Ocean Mission to explore minerals, energy and marine diversity. It can help in forming solid decisions on climate change and develop a desalination plant which will be powered by tidal energy, and a submersible vehicle that can explore depths of at least 20,000 feet. Companies like Adani Power and Adani Green Energy will be benefited by this.

Digital Transactions, Rs 1,500 crore: Technological advancement in this sector will ensure a cashless economy which will increase the tax revenue of the government. Companies like Paytm, PhonePe and Mobikwik will be benefited.

PSLV mission and Gaganyaan Mission: The New Space India Limited (NSIL), a PSU under the Department of Space will execute the PSLV-CS51 launch, carrying the Amazonia Satellite from Brazil, along with a few smaller Indian satellites. As a part of the Gaganyaan mission activities, four Indian astronauts are being trained on Generic Space Flight aspects, in Russia. The first unmanned launch is slated for December 2021. This will show India's technological capabilities to the world which could increase trade; it will in turn increase employment in research opportunities and technology development benefitting large numbers of students and researchers. This will also benefit companies making scientific research equipment and companies manufacturing rockets and satellites.

National Language Translation Mission-This will ensure that people understand everything present on the government websites and that the research of the government bodies will now be conveyed to a larger number of audience. This will benefit companies which provide website translation services.

7. Taxes

From the perspective of revenue, the Budget did not levy any new tax, direct or indirect which itself is a great relief given the economic performance of India in 2020. However, a host of minute measures in the budget have the propensity to make tax compliance easier. Centre's tax revenue is budgeted to increase by almost 15% in the fiscal year 2021-22.

In 2019, the tax slabs for people in the income group Rs 5-10lakhs was 20% and those having an income above Rs 10 lakh was 30%.However, in the previous year's budget, the Rs 5-10 lakh income category was split into two different slabs:

- Rs 5-7.5lakh 10%
- Rs 7.5-10lakhs 15%

Above Rs. 10lakhs was split into 3 slabs

- Rs 10-12.5 lakhs 20%
- Rs 12.5-15 lakh 25%
- Above Rs 15lakh 30%

The slabs of previous year have been carried forward to this year as well and no changes have been made in this year's budget.

Senior citizens above 75 years of age and having pension as their only source of income will be exempted from filing tax returns . The intention is to reduce the compliance burden on the older strata of the population. However, the exception is that if such senior citizens have investment incomes like capital gains, then they have to continue filing for income tax returns. Earlier, senior citizens were on a par with other taxpayers, i.e., exemption from filing ITR only when taxable income did not exceed the basic exemption limit. While this move brings relief to a certain portion of the population, the salaried middle class got no tax relief in terms of hike in the standard tax deduction limit amidst the COVID-19 pandemic. Furthermore, if an individual's annual contribution to EPF (Employees' Provident Fund) is more than Rs 2.5 lakhs, any interest earned on that amount will be taxable. This move is expected to generate additional revenue.

In Budget 2021, the government extended the extra tax write-off of Rs1.5 lakh on interest paid on housing loan for the purchase of affordable homes by another year to March 31, 2022. The tax holiday period has been extended to 2022 for startups and housing loans. This is expected to positively affect these sectors. The middle-class first-time homebuyers will benefit as, in this scenario, home loan rates, as well as property prices, are down. Startups will be considerably protected from incurring losses and ensure smooth flow of capital gains which would attract investment and consequently create jobs.

Dispute Resolution Committee (DRC) for small taxpayers is a significant step to reduce unnecessary litigation. All proceedings before the DRC are to be 'faceless' and jurisdiction- less. Apart from reducing litigation, it will incentivise small and medium taxpayers to settle disputes in the initial stages. In fact, this makes the disposal of appeals more transparent and can ensure work distribution in different benches for better utilisation of resources which comes under the ambit of increased efficiency.

The tax audit is a method through which it is analyzed if the taxpayer, whether a company or person, has fulfilled its tax obligations. In Budget 2021, the limit for Tax Audit has been increased from Rs 5 crore to Rs 10 crore for NRIs. This brings relief particularly to those NRIs who carry on 95% of their transactions digitally. In 2020, the limit was increased from Rs 1 crore to Rs 5 crore via the Finance Act, 2020. Thus, increasing the threshold further induces non-cash digital payment and tries to save NRIs from double taxation.

The government has also decided to exempt dividend payments to REITs (Real Estate Investment Trusts) and InvITs (Infrastructure Investment Trusts) from Tax Deduction at Source (TDS). TDS means that the person responsible for making specific payments is supposed to deduct a certain percentage of tax before making a payment in full to the receiver of the payment. This increases tax compliance and saves payment of interest by taxpayers due to underestimation of dividend while making advance tax payment.

In cases of tax disputes, the reopening window for Income Tax assessments have been reduced to three years from six years except and serious fraud cases, where the assessment can go back to 10 years, will be those where the undisclosed income is above Rs 50 lakh. This is not a considerable boon for honest taxpayers given the advancement in technology that has made such assessments smoother and faster. Simultaneously, it can be deduced that this measure addresses the concerns of investors, and makes India more business-friendly. Such measures highlight the focus of this year's budget on capital expenditure.

To generate direct revenue, the government has added an Agri-Infra cess. The cess is applicable to items such as alcoholic beverages. There would be an extra charge for petrol and diesel— Rs 2.5 and Rs 4 respectively. However, this won't affect the price of these items to a considerable degree. Quintessentially, it would not affect the price of fuel. This is because besides charging cess on these items, the government also decreased the excise duty by the same amount. Thus, they added a cess which made fuel more expensive. Then, they hamper duties by an identical margin to negate the impact of the cess. You would possibly think what's the purpose of reducing one thing and increasing another. Well, the thing is—Money raised from cess goes to the centre directly. The custom and excise duties go to the Consolidated Fund of India and the proceeds of the fund are often shared with the states. Therefore, the government ensured that the consumers were protected even if the cess was increased at the expense of the states.

FEATURED

ARTICLES

1.3 Billion and Counting: Proud Indians

By Subham Agarwal
(President)

When we talk of the population we usually call it a ***double-edged sword*** - something that has both favourable and unfavourable consequences. On one hand, it may contribute to greater prosperity, labour and thus economic opportunity. On the other hand, it becomes a cause of concern when put against scarce resources. In different countries, declining infant mortality coupled with an increase in the life expectancy has led to a population boom of sorts. The situation is more intense in developing countries, where this phenomenon has been characterised with an increasing population for a sustained period of time. A perfect case study for such a phenomenon is ***India***.

Numerous accounts of India's population have characterised it to be a national dividend. A detailed understanding of India's population across parameters such as health, age, gender breakup etc and the impact these dependent variables have on the overall picture is much deliberated on. India finds itself with a potentially higher share of workers as compared with dependents. If working-age people can be productively employed, India's economic growth stands to ***accelerate***. Policy choices can potentiate India's realization of economic benefits stemming from demographic change. However, failure to take advantage of these opportunities inherent in demographic change can lead to ***economic stagnation***.

India has seen a great indication of positive demography with statistics show a bulging workforce and a low fertility rate among others. However, to reap the benefits of this demographic dividend, a broad pragmatic policy approach is needed. India has ***several opportunities*** to increase the chances of its success. They must first increase their investment in the health of the people. This investment can help stimulate development in the economy through a meaningful increase in productivity, which will ultimately lead to higher income. India has taken a significant step in this direction by establishing the Public Health Foundation of India and the National Rural Health Mission. Further, it must also take advantage of the fertility decline. Secondly, the country must invest more in Family Planning in a way that is respectful to people's reproductive rights. Probably a ***mid-point*** between the BJP's population control plans and UPA's infamous compulsory vasectomy will give the needed direction to India's baby boom boon. Next, India must popularize female contraception as well as child survival. For child survival, it must educate and vaccinate the child. Vaccination saves the child from death by disease and education coupled with the Midday Meal schemes secures its future while taking care of its nutrition needs. In fact, education, by and large, will play a great role in shaping India's capitalization on this demographic dividend. Skill-building should be a priority for the youth of this country. A strict shift in how Indians perceive education in the policy level is thus needed, for enrolment is essential, however, attendance is what matters. More focus must be laid on both tertiary and secondary levels of education.

To sum up, India can definitely make use of its demographic dividend and for the same, a path must be ascertained by policymakers. Indian policymakers will need to recognize that realization of the demographic dividend depends on an economy's capacity to absorb workers into productive employment. It is therefore important for India to focus on good governance through progressive policies adjustable to different mindsets - common-sense policy might be accepted in cities by the educated but in rural India, things that control population might always be a tough sell. The country must hence be well prepared to use a mixture of pragmatic policy to help reap benefits of this dividend. If India does things all right, it's almost certain that India will see economic growth in the upcoming period. The question is only by how much and the answer is only within the Lutyens where pragmatic policies need to be drafted. The demographic gift of India is not automatic and not certain and India needs to increase its capabilities sooner than later. Failure in this endeavour could result in a demographic disaster rather than a demographic dividend. Policies such as the NEP show that India will score high on policy but even so, the age-old doubts on implementation shall always haunt us as we continue to hope that we reap into this gold mine that is our demographic dividend.

Anchoring Bias in Investing

By Ashwika Agarwal and Bharat Surana
(Research and Development Department)

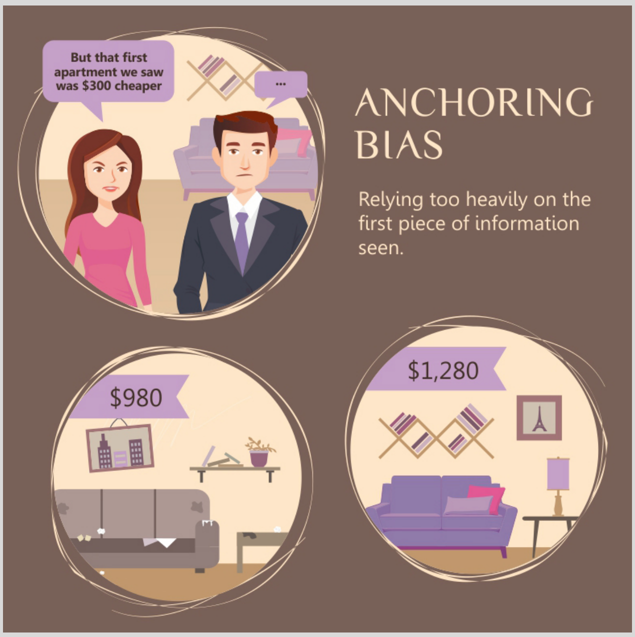
While shopping on online platforms, have you ever noticed that the MRP stated is always higher in most of the items, then there is a discount price, and at last, they show how much you are saving?
Ever wondered why? Well, when you see the higher MRP, you start believing that the item is costly and that you are getting a good discount on that item. However, this might not be true. A tool of sorts, known as anchoring bias, is used by companies to increase their sales. In this article, we will discuss the power concept of anchoring bias on investors.

What is Anchoring Bias?

When people are trying to decide, they often use an anchor or focal point as a reference or starting point. It is observed that people tend to rely too heavily on the very first piece of information they learn, which can have a serious impact on the decision they end up making. In psychology, this type of cognitive bias is known as the anchoring bias, anchoring effect or 'focalism'.

In the purview of Investment

Anchoring bias is a psychological tendency to make irrational, illogical investment decisions based on the first information or assumption. Investors get anchored to the first piece of information they come across and tend to ignore all other facts and possibilities. Let us consider an example to understand this better.



Mr A invests in an IPO of Company X that is going to be listed next week on the stock exchange. He strongly believes that Company X will give a good listing gain (anchor) and decides to sell his stocks of Company X on the day of listing.

On the day before the listing, Mr A revisits Company X's financial statements and business model. His analysis concludes that the stock has the potential to double soon.

Ignoring his analysis and being anchored to the first thought process of encashing the listing gains, Mr A sells his stocks of Company X on the day of listing and makes 9% in listing gains.

However, a month after the listing, the stock price of Company X increases by 150% and Mr A regrets his decision to sell at just 9% listing gains.

Through this example, we get to know that if Mr A would have relied upon his analysis rather than being merely driven by the listing bias, he would have certainly been in a better position and made greater profits.

Effects Of Anchoring Bias:

1. ***Misleading:*** The bias makes the current price look cheap, even if the security is overvalued.
2. ***Distortion of Perception and Skewed Judgement:*** When plans are being set and estimates about something are being made, any new information is interpreted from the reference point of the anchor, instead of being seen objectively. This can lead to a skewed judgement and can cause investors to cling to a particular number or value, even when it is irrational.
3. ***Behavioural changes:*** When investors become anchored to a specific figure or plan of action, they end up filtering all new information through the framework they had initially drawn up. This makes them reluctant to make significant changes to the exiting plans, even if the circumstance requires for it.

How to avoid anchoring bias in trading?

Anchoring itself is not necessarily a bad thing. However, it's going to cause you some problems if you employ a poor anchor to base your judgements on. Here we explain how to use anchoring to your potential advantage:

Acknowledge it. Recognize whether most of your decisions are emotionally driven, think whether you are giving enough consideration to all of the available information and possible options, or just basing your decision on an existing anchor point.

Set your anchor and adjust as needed. Anchoring can be a beneficial tool as long as your anchor is appropriate in your particular situation. Hence, it is essential to set up an anchor based on your personal financial goals and needs, and adjusting it as circumstances change.

Take advantage of objective resources when establishing an anchor. When setting an anchor, analyse the underlying fundamentals of the given security. While making investment decisions, look at a company's financial statements, goals, competitors, expert analysis, and other factors.

Conclusion

The anchoring concept examines how emotions and other external factors affect economic choices. To minimize the effect of these emotions on our investment decisions, we need to consider all the facts holistically. We must keep in mind that comprehensive research and assessment of factors affecting security prices or markets are necessary to eliminate anchoring bias from decision-making in the investment process. So put on your critical thinking cap, be objective and flexible, evaluate prices and make decisions impartially, regardless of what your current position is.

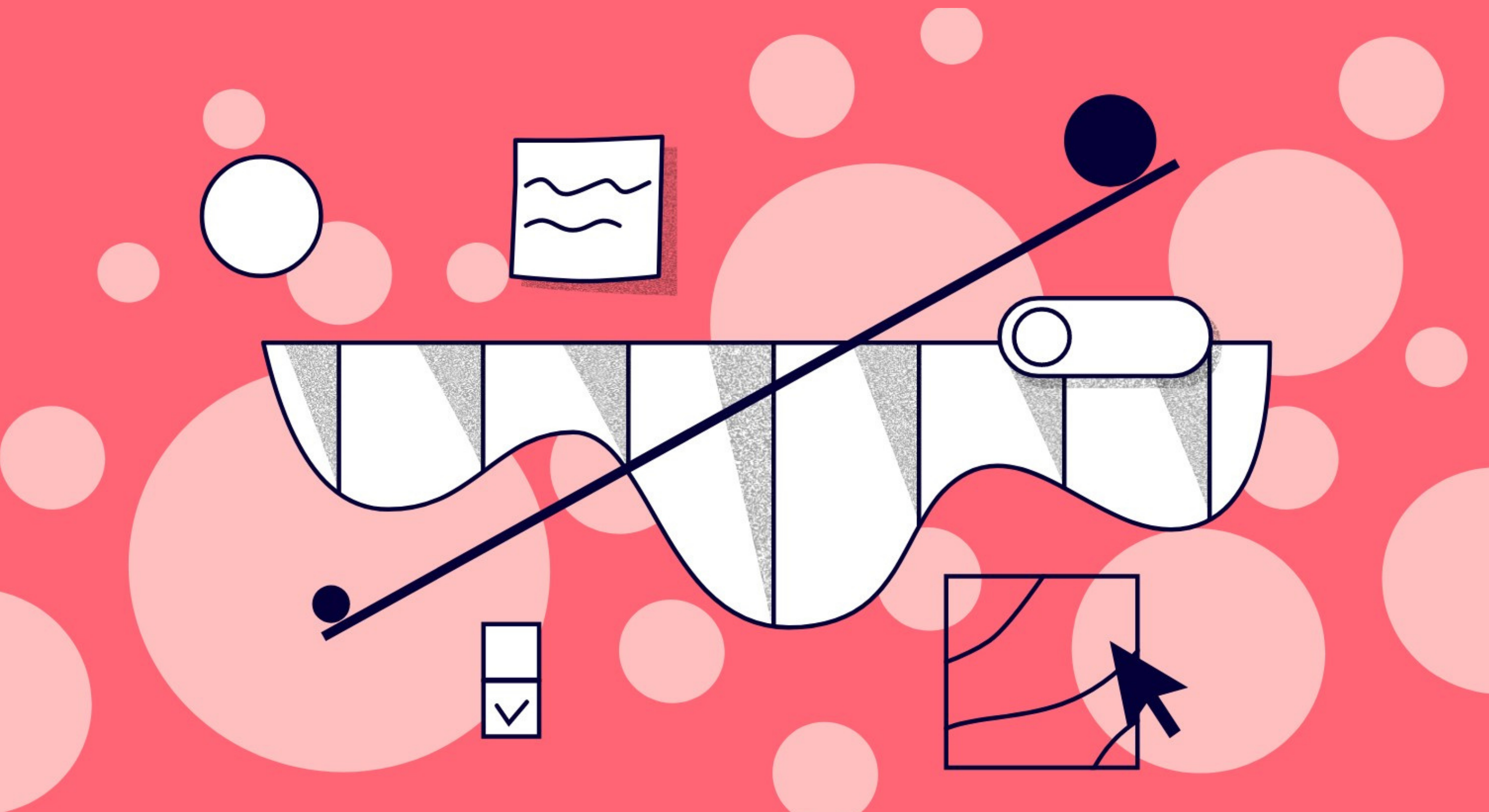
Social Finance

By Khushi Jindal
(Social Wing)

Social innovation is the implementation of various strategies and ideas to deal with current social and environmental problems. Such a social innovation or an idea is social finance. Social finance can be understood as an umbrella term for financial products and services which strive to achieve a positive social, environmental or sustainability impact. It could be to improve lives, environment and/or governance method. Social banking, impact finance and microfinance can be incorporated under this broad term.

Social banks are institutions that offer products and services that create a social impact. They cater especially to the development needs of the poor. The objective of a social bank is to provide credit facility to poor and small farmers, traders, self-employed people and cottage industries. They mainly provide financial resources for welfare objectives, giving preference to essential goods producers. For example, Triodos Bank is one of the biggest social banks in Europe. It aims to help build a society that encourages quality of life and upholds the value of human dignity at its core. The bank develops and offers investment funds that are invested based on social, environmental and sustainability criteria connected with the concept of socially responsible investment (SRI). Another example is the New Resource Bank, a U.S. based social bank, that focuses on renewable energy. They design programs to finance green projects and green businesses more efficiently. They also engage in sustainability-related projects, initiatives and movements and provide customised banking services for NGOs.

Impact investing aims to give rise to specific beneficial social or environmental effects besides financial gains. This concept lies somewhere between pure social and pure financial returns. The distinction between impact investing and social finance is that the latter originates from European credit unions and financial cooperatives while the former has its roots in the United States. Investors who follow impact investing take it as a company's commitment to corporate social responsibility or the duty of constructively serving society as a whole.



Microfinance is a type of banking service offered to unemployed or low-income individuals or groups who otherwise would have no access to financial services. Their goal is to improve the lives of poor people. They provide a loan without collateral. The term microfinance includes microloans, micro-savings, and microinsurance. According to the World Bank, more than 500 million people have benefited from microfinance-related operations. Without microfinance, a lot of people may have resorted to the informal sector for loans and would have ended up in a debt trap because of the high-interest rate charged.

Social Finance is a wide term which involves several other socially-oriented financial activities. Apart from it, many companies and groups try to make a positive impact on society and the environment. They donate a part of their profits for this concern. But it should be noted that they are not directly involved in social finance as their business itself is not focused on social impact. They still aspire to maximize profits and grow usually at the expense of human or environmental aspects. This is where the need for social finance comes into the picture. It enables investors to derive maximum social impact compatible with some financial returns.

Investments can be made as:

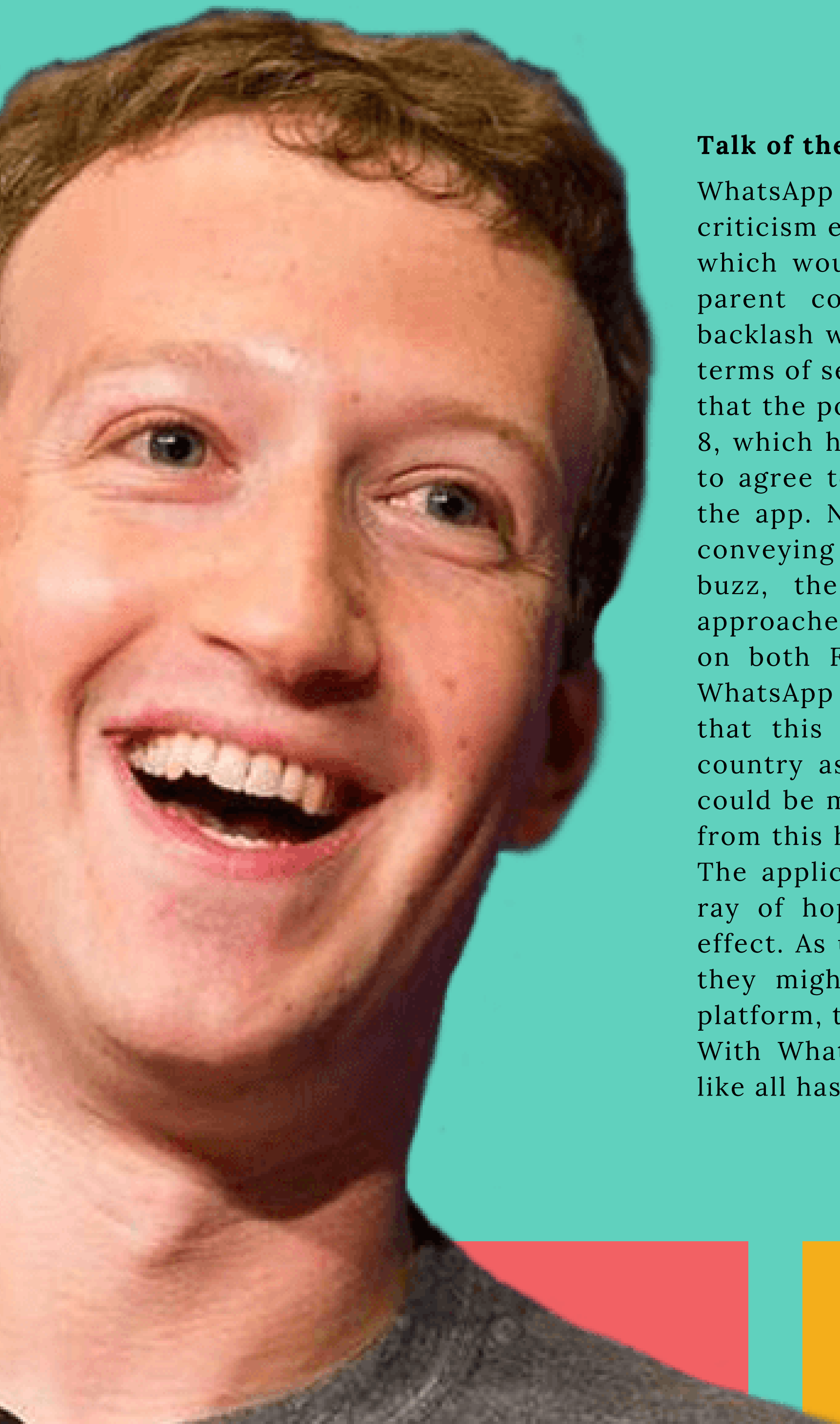
- ***Loans:*** *Investments can be made through secured or unsecured bonds or short-term or long-term loans.*
- ***Share subscription****: Investing in equity or preference shares, redeemable or withdrawable shares.*
- ***Social impact bonds****: It is a contract with the public sector in which it commits to pay for improved social outcomes. Unlike normal bonds, social impact bonds are not influenced by factors such as interest rate risk, reinvestment risk, or market risk. However, they are still subject to default and inflation risk.*
- ***Collaboration****: Investing through a joint venture, contractual arrangements for a particular project aiming for social good.*

These investments if directed to projects and business which focus on social betterment can give positive results. Therefore, social finance is a way to manage investments that produce financial returns along with measurable positive social and environmental impact. It is a practice of managing as well as investing funds to solve challenges like poverty, climate change, etc. or issues related to health and education that are prevailing in the society. Social finance is against the conventional notion that financial returns are in contradiction to positive social outcomes, and this unconventionality makes the concept even more fascinating.

The Road Ahead for WhatsApp

Lishika Sahni, Mitali Bhatia, Mahek Jain, Sahil Mehra
(Mentorship and Consulting Department)

WhatsApp Messenger is a proprietary, cross-platform, encrypted instant messaging app for smartphones founded by Brian Acton and Jan Koum, who were former employees of Yahoo. The application provides the facility to send text messages, documents, GIFs, images, videos, user location and audio messages to other users. WhatsApp boasted of a user base of one billion in February 2016 making it the most popular messaging app. Based in Mountain View, California, it was acquired by Facebook Inc. on February 19, 2014, for US$19.3 billion.



Talk of the Hour

WhatsApp has been the target of controversies and criticism ever since it announced the new privacy policy which would link the user data from WhatsApp to the parent company Facebook. What led to the major backlash was the fact that users needed to agree to the terms of service and privacy policy. WhatsApp told users that the policy would come into effect starting February 8, which has now been extended. The users would have to agree to these terms if they wish to continue using the app. Netizens started making memes on WhatsApp conveying their displeasure at the move. Amidst the buzz, the Confederation of All India Traders also approached the Union IT Ministry seeking either a ban on both Facebook and WhatsApp or a restriction on WhatsApp from implementing this policy. They asserted that this policy would pose a serious threat to the country as data from 20 crore Indians using the apps could be misused. If there's someone who has benefited from this haphazard situation, it is Signal and Telegram. The applications are now flooded with users. The only ray of hope for WhatsApp is its humongous network effect. As users gradually start realising that the person they might want to text isn't available on the same platform, they would most likely shift back to WhatsApp. With WhatsApp putting up a "privacy" status, it looks like all hasn't sunk in too well.

STRENGTHS

1. ***Popularity***: With over one billion people using it worldwide, WhatsApp boasts of a massive customer base. The platform has seen extensive use whether it be about to stay in touch with family or to discuss business plans with employees.
2. ***Robust Functioning***: WhatsApp is a go-to choice for everyone because there are no major outrages with the app. No stagnancy in communication ensures its loyal customer base.
3. ***Negligent Bug Reports***: With no reported bugs or failures, WhatsApp is a hassle-free messenger.
4. ***Free of Charge***: The feature of WhatsApp being 100 per cent free has enhanced its popularity, and then its availability on Windows, Android and iOS is a win.

WEAKNESS

1. ***Data Privacy***: Making headlines for this very issue, data privacy has been a continuous problem for the users. Privacy advocates have called for WhatsApp's users to ditch the messaging app and alternatively opt for encrypted platforms like Signal. This surely is a confusing situation for the users.
2. ***Cannot operate without the internet***: The Internet is a prerequisite for the app to function. This has led to a large number of people who do not have access to the internet not being able to use it.

OPPORTUNITIES

1. ***Ever-increasing internet penetration*** even in developing countries provides a big opportunity to WhatsApp to tap an escalating number of users in new regions as the internet has become available in previously inaccessible areas.
2. With a ***massive consumer base*** at hand, WhatsApp is in a great position to generate revenue for itself be it through ads or by charging a monthly or annual fee for premium services.
3. One of the major benefits to WhatsApp is the ***penetration of smartphones and its adaptation*** by a growing number of users across the world helping it to expand as one of the world's leading apps for instant communication.

THREATS

1. ***Upcoming Alternatives***: Where WhatsApp seems to have become synonymous with mobile messaging, there are ready alternatives for people suffering from WhatsApp fatigue or concerned with the related privacy issues. Coming to alternatives, Signal is upfront because of the company's stance on user privacy. Other upcoming alternatives include Telegram, Discord, Keybase and Google Hangouts.
2. ***Nothing Unique***: WhatsApp is a technological product. In theory, it only takes a single new idea to make the app redundant and replace it with a better, more responsive and easier-to-use app. This can easily make users migrate to other options leaving WhatsApp forgotten.
3. ***Not the best choice for business use***: While individual professionals might be excused for not understanding the risks of using WhatsApp, for work, it is becoming increasingly hard for businesses to ignore the risks. As Facebook integrates WhatsApp with Instagram, Messenger and Facebook, and brings ads to WhatsApp, business professionals are becoming apprehensive about its use.

Privacy Policy

WhatsApp recently updated its terms of service and privacy policy for users globally as well as in India. Android, as well as iOS mobile users, have been receiving in-app notifications for the new update stating that they must accept it to continue services. With the new privacy policy in place, the Facebook-owned messaging app has given an insight to the kind of data it collects from its users and shares with other Facebook services which includes account information, messages (including undelivered messages and media forwards), connections, status information, transactions and payment data, usage and login information, device and connection information, location information, cookies and much more. In its privacy policy, the messaging platform shared that it shares information with its parent company Facebook. They claim to use the information they receive to help operate, provide, improve, understand, customize, support, and market their services and offerings, including Facebook's products.

Public Reaction

As WhatsApp updated its new privacy policy expecting users to agree to the changes before February 8, there were talks about how businesses use Facebook hosted services to store and manage their WhatsApp chats and how WhatsApp further partners with Facebook to offer integrations across the company. This caused a lot of alarm and many were unhappy with the "acceptor leave" condition added by WhatsApp in the terms and conditions. Due to data privacy concerns, many switched to the messaging app, Signal causing it to achieve the number one position on App Store in India and number three position on Google Play Store. A lot of people also shifted to Signal when Tesla CEO Elon Musk publicly urged users to make the switch. Many also moved to Telegram which saw a spike in downloads.

Suggestions

WhatsApp being an app used by countless individuals all over the globe has become really popular but recently some information has been uncovered about this product that has raised significant criticism. There is a feature wherein the user's messages are automatically backed up. Here, the application simply asks how often you want to back up but there's no option for doing it as per the user's need. This feature can be modified to allow users to backup details only when required. Also, WhatsApp must abide by the privacy rules and regulations of different countries. While Facebook had records of privacy issues, so sharing data with it can be highly risky. Facebook has acquired WhatsApp for a whopping $19 billion but unfortunately, it has a risk of user's metadata. Metadata is information regarding whom you chat with, how often and the group chats you are a part of. This information is stored by WhatsApp and is transferable to Facebook. The worst thing for users is that one can't opt-out of this either. WhatsApp should refrain from updating this feature else users would easily find alternatives for their use.

Conclusion

As more people resort to rival services, there is little evidence indicating that they are using WhatsApp any less. People would essentially have to keep using WhatsApp if they wish to keep communicating with certain contacts. With the recent surge in users, Signal and Telegram have 8.3 million and 44 million users respectively. This might lead to people having more than one messaging app on their phone. The parent company, "Facebook" has also been in numerous controversies but what's noteworthy is the fact that their "rinse and repeat" policy has generated them high billables. The road ahead for WhatsApp might be bumpy but clearing its image in the public domain would ensure a smooth journey ahead.

INVESTORS'

CORNER

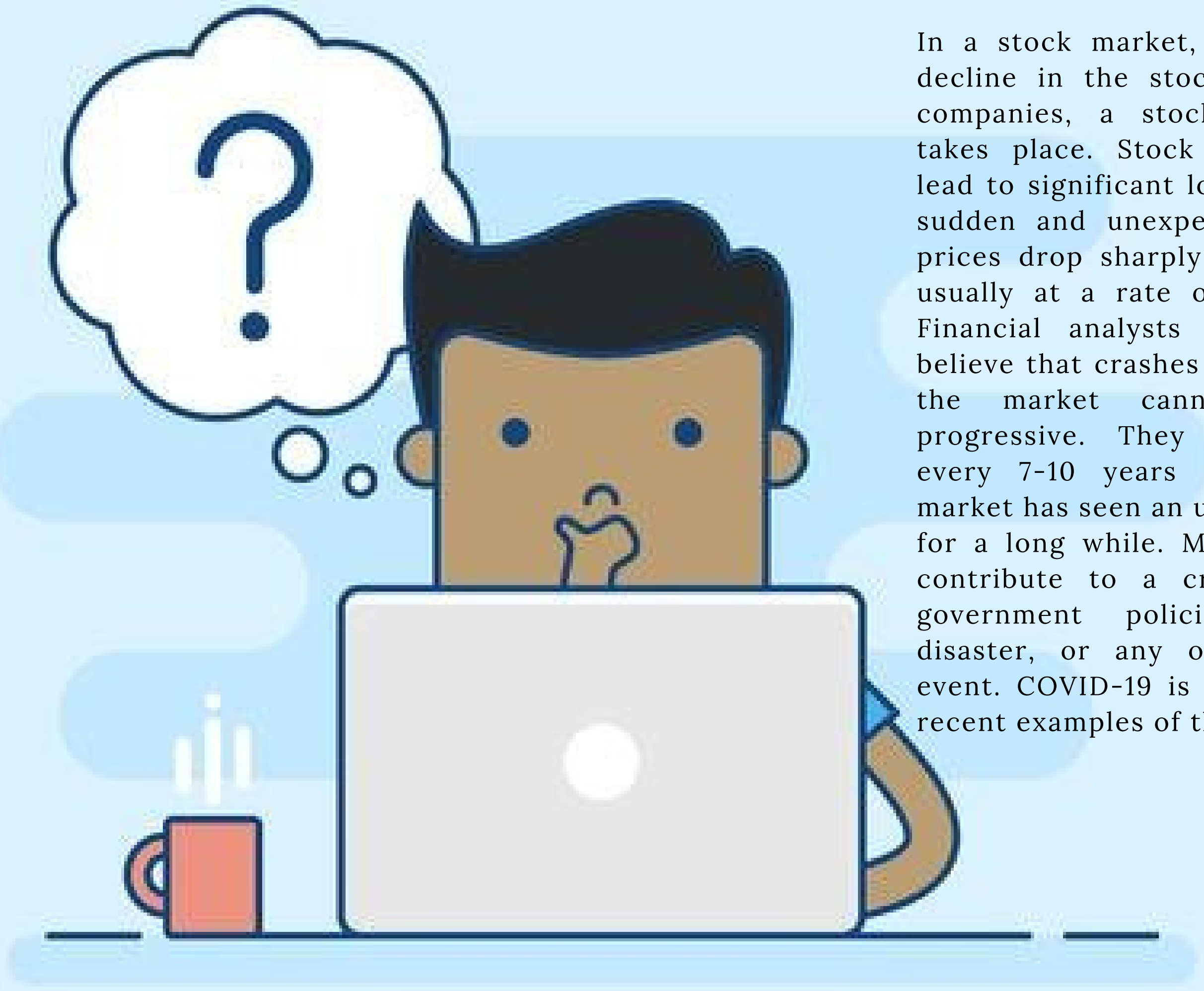
Stock Prices and its Analysis

In a stock market, the amount a trader would pay to buy one share of a company is called its stock price. The price of the share of the company at which it is being traded fluctuates due to change in the market conditions causing significant highs and lows in the stock market.

The stock prices are initially, regulated by the Initial Public Offering (IPO) of the company when the stocks first set foot in the market. After the IPO, a company's stock prices are affected deeply by factors including demand and supply, news and scandals, macroeconomic data releases etc. Demand and supply of the stocks play a major role in impacting the share price; assuming the supply remains constant, a fall in the demand of the stock would decrease the share price. Similarly, a rise in the number of shares would lead to a reduction in the price of the share.

A stock price indicates the current market value of a company. However, its intrinsic value can only be estimated by the stock value which can be higher or lower than the current stock price. Intrinsic value is an estimate of the true value of a company, regardless of the market value. Market value is the price that the share commands in the market for itself and can be determined if hired brokers analyse the financial statements of the company and the investor does a detailed examination before making an investment decision.

Analysing stock prices, on can take place either fundamentally or technically. The future price fluctuations and trends are predicted by looking at historical data in technical analysis. Whereas, fundamental analysis focuses on evaluating whether the stock is undervalued or overvalued. The same is done by analysing the macroeconomic data, financial statements and other public information.



In a stock market, due to a steep decline in the stock prices of the companies, a stock market crash takes place. Stock market crashes lead to significant losses as they are sudden and unexpected, and share prices drop sharply during a crash, usually at a rate of 10% or more. Financial analysts and economists believe that crashes are inevitable as the market cannot always be progressive. They transpire once every 7-10 years after the stock market has seen an upward trajectory for a long while. Many factors may contribute to a crash; change in government policies, a natural disaster, or any other unforeseen event. COVID-19 is one of the most recent examples of the same.

Then there exist the stock market corrections which are gradual and relatively slow-paced. To put it simply, think about the demand-supply equilibrium, whenever price moves away from the equilibrium point, market forces pull it back. Stock prices correct themselves at a slower rate. Both stock crashes and corrections take place frequently. According to several analytical companies, there have been 38 separate stock market corrections in the benchmark S&P 500 since 1950. This means that on average a correction occurs every 1.84 years. Predicting changes in stock prices due to crashes and corrections is far-fetched.

In a volatile stock market, investors try to minimise the risk to maximise their rate of return. One way investors can averse risk is by having a diverse portfolio and researching stock prices based on logic and prudent calculations. Diversification across investment product types and economic sectors help lessen the existing risk as well as understanding the difference between intrinsic and market value of a share is paramount here. The difference between the two makes a share overvalued or undervalued.

Stock prices of different companies vacillate daily and the trading market isn't the safest but investors play the odds to maximise their wealth.

Introduction to Stock Markets

The Stock market is an investment avenue that almost every educated person thinks of entering. Some tend to do so, while others due to lack of knowledge sit back from taking the 'risk'. Before talking about the stock market, there is a need to ask ourselves, why is investment essential anyway?

You work your entire life and get paid for it. You use some money to meet your everyday expenditures and save some for your future. But the saved money sitting idle isn't adding any value. If you think you have a good salary and even saving a little amount every month, will be enough to fund your retirement or any other financial goal is a wrong mindset. Take 2020 as an example. No one saw this pandemic coming. People began to depend on their savings during this lockdown. To fight unpredicted circumstances like future inflation or fund any particular financial aspiration, investment plays an important role. It is never too late to start investing.

Now, we know that investing is extremely important, we can discuss one of the investment avenues- The Stock Market. Equity should be a part of one's investment if we want to beat inflation in the long run.

The Stock Market is a place where the trading of shares of public listed companies takes place. Stock trading refers to the buying and selling of shares. If you own a share of the company, you own a part of the company. The prime purpose of the stock market is to help the interaction between the buyers and sellers. The Indian stock market comprises mainly two exchanges- the Bombayy Stock Exchange(BSE) and the National Stock Exchange(NSE). A stock can only be bought or sold if it is listed on the stock exchange. Most of the trading of Indian stocks takes place on these two exchanges. These exchanges track the supply and demand of each stock.

The types of securities dealt in the stock market can be grouped in various manners depending on factors such as ownership, voting rights, duration, etc. The basic division of securities based on ownership takes us to equity and debentures. A debenture is a debt instrument that does not provide ownership rights but is accompanied by a fixed rate of interest which guarantees earnings to the debenture holders irrespective of the earnings of the company. Shares, on the other hand, refers to the percentage of ownership in a company or the financial assets of a corporate entity. The earning of the shareholders might dwindle based upon the performance of the company, but it surely provides the right of ownership and thus the voting rights to the shareholders. Also, the shares are further comprehended based on risks and preferential rights. equity shares or equity stocks are securities that involve the greatest risk for investors with no preferential rights. However, the appealing income which the inventors aspire to gain could only be earned through this type of stock, and thus, it pools a large section of Indian society towards it. On the contrary, preference shares enjoy the best feature of both debentures and equity shares as it provides a fixed rate of return along with the ownership rights to its investors. Therefore, the wide variety of securities available in the stock market along with appealing returns is emerging as a prospective sector to pool the savings of almost all the sections of Indian society.

After skimming through the intriguing information about the stock market and trading, you must be curious about how these numerous transactions are executed and who manages them. Transacting in the stock market is not a two-party task that is, only the buyer and seller. It involves several intermediaries to streamline the intricate process so that no party suffers on account of the default of the other. The functioning of the stock market comes under the purview of a statutory body named the Securities and Exchange Board of India (SEBI). To start trading, you have to open a trading account with a broker authorized for this purpose. He will help you in connecting and trading with the market. The shares are then traded electronically through your Demat account maintained by either National Securities Depository Limited (NSDL) or Central Depository Service Limited (CDSL). The guaranteed settlement of your transactions is ensured by the clearinghouses - National Security Clearing Corporation Ltd (NSCCL) and Indian Clearing Corporation (ICCL).

Investors can make a lot of money by investing in stocks or trading in the stock market. The investor must have a solid understanding of stocks and how they trade in the market. Otherwise, they will risk losing money in a volatile type of investment.

There are two main types of stocks: common and preferred. Furthermore, they can be classified into different classes depending on the company. Investments in the stock market are becoming less risky and more transparent due to constant regulation by the Security and Exchange Board of India (SEBI). In stock market investment, the "Greater the risk, Greater the return" fundamental reflects in stock market transactions.

(Ir)rationality Paradox

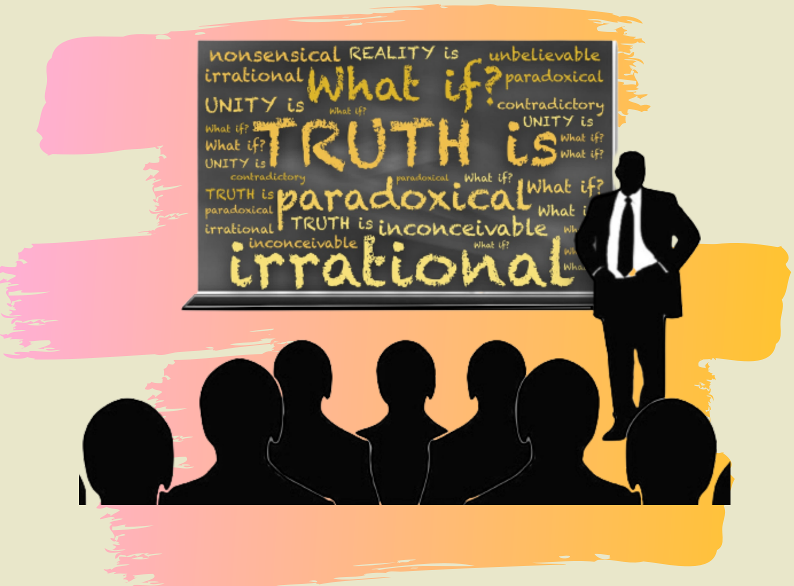
Let's start with a simple question. "How much would you pay for a dollar?"

With such a simple answer, the question itself sounds absurd, doesn't it? If you think rationally, you'd pay no more than a dollar for a dollar.

But wait, can rationality be so easily defined? Maybe yes, maybe no. Let's find out with the help of the famous **"dollar auction theory."**

Imagine a person auctioning a dollar bill to a bunch of people. The bid begins at five cents. Just like any auction, the person who bids the highest gets the dollar. But there is a catch. The second highest bidder must also pay all the money he bids but does not get anything in return. This means that the second-highest bidder gets zilch even after paying his bid and therefore, loses.

Here's how the auction goes. A person - we'll call him Upsilon - bids 5 cents, hoping to make a 95-cent profit. Another person - Ramesh - bids 10 cents, because even a 90-cent profit is highly desirable. The bidding war continues normally till, say, Upsilon offers 50 cents and suddenly, it strikes Ramesh that if he doesn't raise the bid any further, he'll lose his 45 cents. So he raises the bid to 55 cents, again hoping to get a pretty decent 45-cent profit. Finally, Ramesh bids 95 cents for a dollar. Now, Upsilon doesn't want to lose his 90 cents, so he offers a dollar for a dollar, trying to avoid the loss. Then Ramesh has no choice but to raise his bid to 1.05 dollars to lower his 95-cent loss to 5 cents. Upsilon follows his lead and tries to minimise his loss from a dollar to 10 cents. And so, the auction goes on until someone finally says that enough is enough and opts out from the bidding war, but this may not happen even till the price of the dollar bill rises to 3-4 dollars!



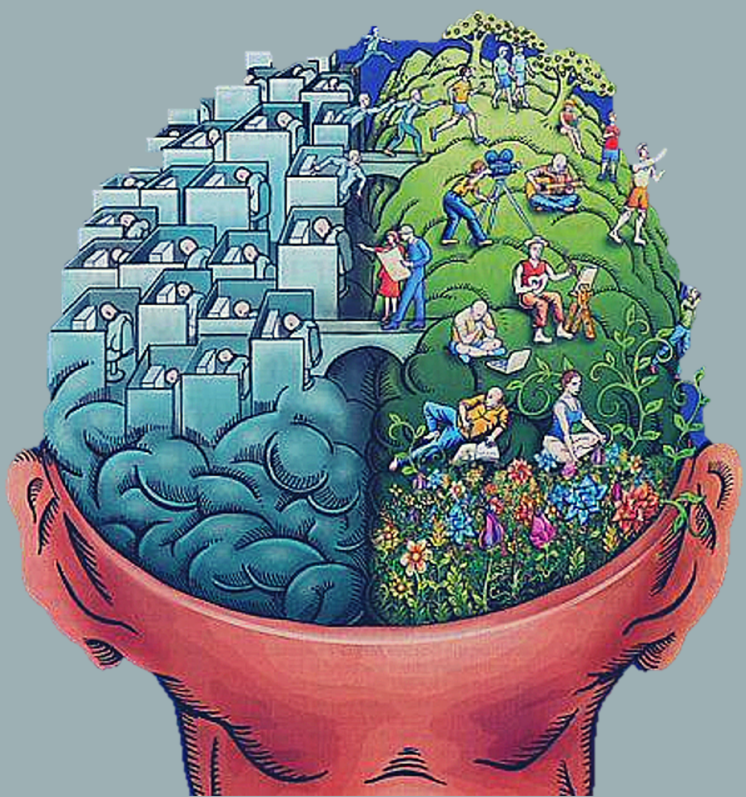
So, what is your take on the bidders' decisions? Were they irrational because they were ready to pay more than a dollar for a dollar? Or do you see their decisions as rational, since they were just trying to minimise their losses?

In retrospect, yes paying more than a dollar seems irrational but in the heat of the moment, the loss-aversion sentiments and in fact, strong emotions clasp the human mind.
This is what makes the line between rationality and irrationality blurry.

You might find the entire premise of the auction to be a little hard to believe and wonder if such situations occur in the real financial world as well. Let’s look at a real-world example to demonstrate how often we miss the vague line between rationality and absurdity.

In 2007, a group of investment bankers followed suit after news started circulating that the housing market might crash, therefore all of them decided to short the market while borrowing money from the banks.. Gradually, an uncanny phenomenon followed as the cost of shorting the housing market rose, but so did the housing market.

This put the investors in a big dilemma, they got stuck between paying huge sums of money as interests to barely keep custody of the securities, hinging on the belief that once the market crashes, they would set off their costs against the profits. Unfortunately, over time, the interests and costs incurred to keep the securities outweighed the projected profits in the event of a market crash.



For a textbook rational investor, it would’ve made sense to pull out as soon as the cost started exceeding the intrinsic return.

However, the real-world investors wanted to maximise their loss coverage by holding the bonds till the market crashed, and therefore, kept paying the interest.

This brings us to one fundamental conclusion which is that seemingly rational decisions can often be deemed irrational when taken too far, hence the paradox. We’d like to end this article by posing the opening question again, how much would you pay for a dollar?

Value Investing

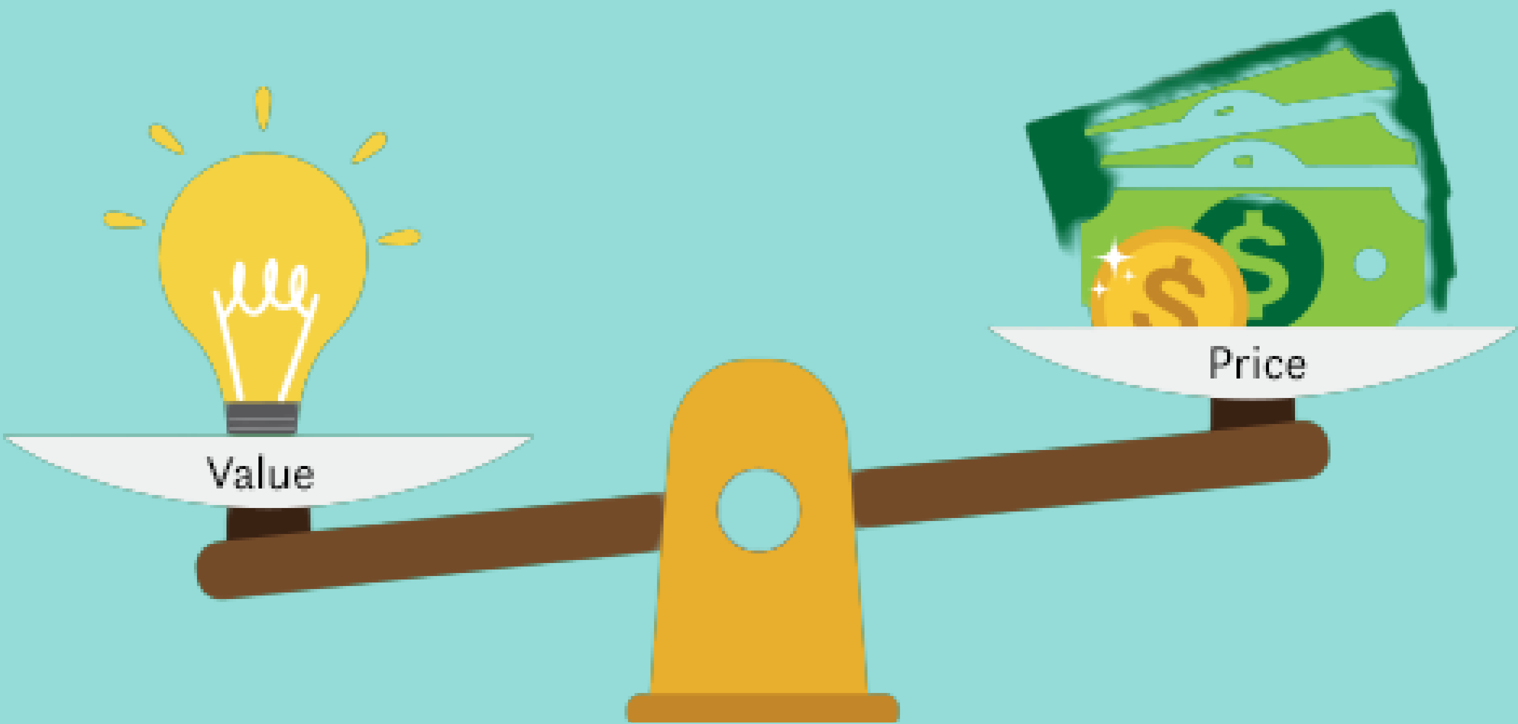
A plant needs a suitable soil to thrive similarly for an investment to grow, there needs to be an befitting investment strategy. There are some people whose words are considered as those of the Oracle and if Warren Buffet isn't one in this field, we don't know who is. This business tycoon believes in the strategy of value investing. He says, "Don't purchase w stock if you are not ready to hold it for the rest of your life."

Value investing means investing in those stocks which have been undervalued such that they are trading at a low in comparison to their intrinsic value. Fundamental analysis is the key to determining this intrinsic value. These stocks are usually those which have not gained traction from the public yet.

It's the potential of the company that matters instead of the stock price because the company deserves more and thus the investor can earn profits when the stock starts to trade at or is above its book value. An in-depth analysis of the company's books is required to recognize such kinds of value stocks.

There are several tools people use for calculating the intrinsic value of a stock and the most common of them being the Discounted Cash Flow(DCF) Analysis. This method weighs over the other method in the way that it accounts for the future free cash flows which is the amount one would receive on-sell the business today, including the assets. This value just calculated helps us in terming a stock as "overvalued" or "undervalued" on comparing with the current market price.

If we plan to invest in stocks, we must consider a few parameters which would provide us some in-depth before making the investments. These parameters are certain ratios that are derived to understand the valuation of the stock-



PE ratio-This is a yardstick that compares earning per share and its current market price. This is calculated by dividing the current market price of a stock with current earnings per share but we must remember PE ratio is a tool that compares stocks within one particular industry.

Debt to equity ratio-This is an indicator to show how a company is using equity and debt to finance its assets. We divide the company's debt with the equity of the shareholders to calculate this ratio. In ideal circumstances, the ideal debt to equity ratio should be 2:1

Price-earnings to growth ratio-This is a very useful parameter from an investors parameter as it helps to find out the cheap stocks which are on a growth path as investor's we must always pick such stocks which have positive price-earnings to growth ratio.

The biggest advantage of value investing is that it helps us to identify stocks that have good potential and are being traded at a lower value. Since these stocks are not much sort after in stock markets, these can be obtained at lower values but these stocks offer higher returns in the future.Besides the above advantages, value investing carries risk too since it involves investment in undervalued stock any wrong interpretation or calculation may result in huge losses.

Example: EPS of Britannia grew from 20.26(2013)to 73.72 (2017) and its share price grew from 388(2013) to 2180 (2017) which is just one of the several examples that analyzing such stocks can be beneficial for an investor.

Therefore we may conclude that value investing is a long-term investment strategy where an investor should patiently allow the stock to grow to its actual value and give profits.

Analysis of Reliance Industries Ltd. for the month of January 2021.

Reliance Industries Ltd. incorporated in the year 1973, is a large-cap company having its operations in diversified sectors. Reliance Industries Ltd. Product Chemicals / Revenue includes Refinery contributed Rs 2,34,687.00 Crore to Sales (66.88% of Total Sales), Petrochemicals contributed Rs 112726.00 Crore to Sales Value (32.12% of Total Sales), and other services contributed Rs 1236.00 Crore to Value (0.35% of Total Sales), Oil and Gas donated Rs 1093.00 Crore to Value (0.31% of Total Sales), Income From Financial Services contributed Rs 616.00 Crore to Value (0.17 % of Total Sales), Others contributed Rs 522.00 Crore to Sales (0.14% of Total Sales) for the year ended 31-Mar-2020.

Certain Ratios and information which will make the picture of the Stock better has been given below:

PE RATIO - 30.25
EPS-TTM 62.48
MCAP (Rs Cr.) - 1271945
FACE VALUE - Rs10

Returns over the Past Week has been -9.97 %

Shares of Reliance Industries Ltd has not been performing well in the past six months, declining as much as 9.65% in the last three sessions. The stocks weightage in NIFTY 50 which was once as high as 15% slipped to as low as 9.82%, losing its position to India's largest private sector lender HDFC Bank. This month experienced a bearish session of RIL in the Stock Exchange within a range of 1888 and 2100.

The Stock identified a rise from 18th Jan to 23rd Jan on an average of 2.3% after which it again went back to this bearish trend with a constant falling percentage. The market Capital of RIL has declined Rs. 97880.97 crore in the last three sessions.

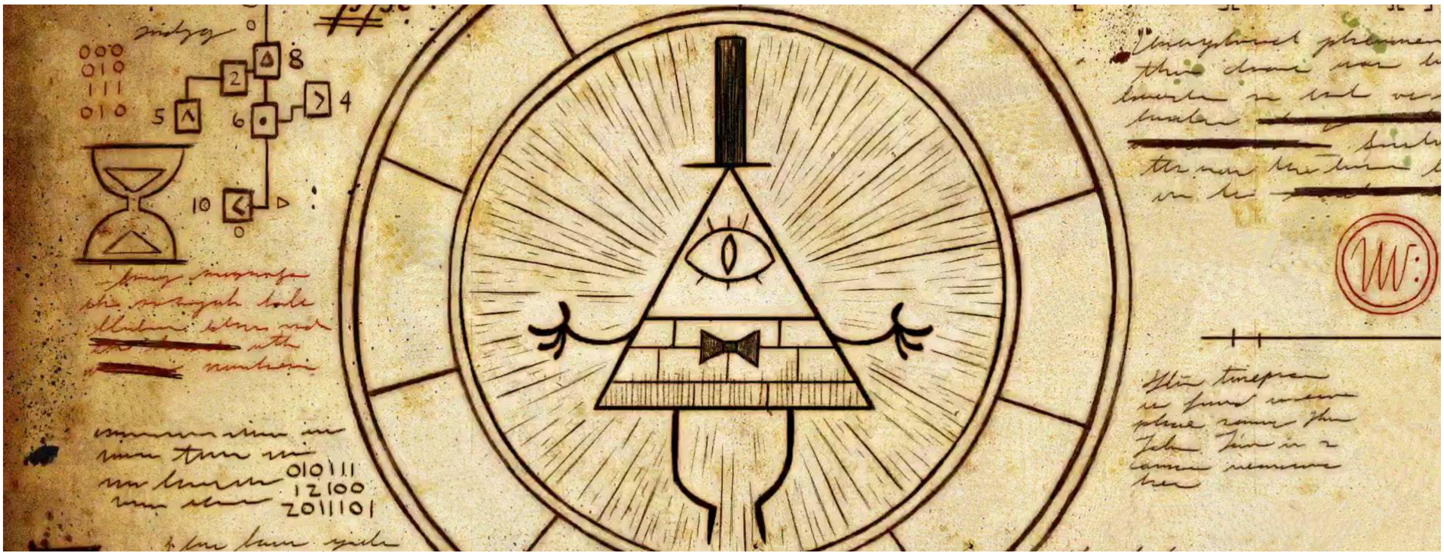
SYMBOL	SECURITY	WEIGHTAGE(%)
HDFCBANK	HDFC BANK LTD.	10.26
RELIANCE	RELIANCE INDUSTRIES LTD.	10.08
INFY	INFOSYS LTD.	8.1
HDFC	HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	7.86
ICICIBANK	ICICI BANK LTD.	6.02
TCS	TATA CONSULTANCY SERVICES LTD.	5.31
KOTAKBANK	KOTAK MAHINDRA BANK LTD.	4.44
HINDUNILVR	HINDUSTAN UNILEVER LTD.	3.38
ITC	ITC LTD.	2.87
AXISBANK	AXIS BANK LTD.	2.67

Some reasons which justify the fall of the RIL stock have been listed here. The Future Retail engaged in an agreement with the Reliance Industries to sell its Supermarket Chain including, Big Bazaar, Food Hall, Brand Factory Retail, etc. However, Amazon moved the High Court with a complaint against the said deal stating that it was a violation of the Non-Compete Clause and A Right of First Refusal Pact which it had signed with the Future Group. Amazon also sought the detention of the Director of the Future Group, Mr Biyani including the seizure of his assets. Following this revolt against the deal, On January 25, the Reliance share closed 5.36% lower at Rs 1,939.70 on BSE. Another important reason for the fall of RIL can be listed to be the ongoing Farmers' protest where they have targeted all the sectors of Reliance, be it JIO or its Retail Business. They have launched a Boycott Movement against Reliance and are damaging their Jio towers and forcing the retail shops to remain closed in the areas of Protest.

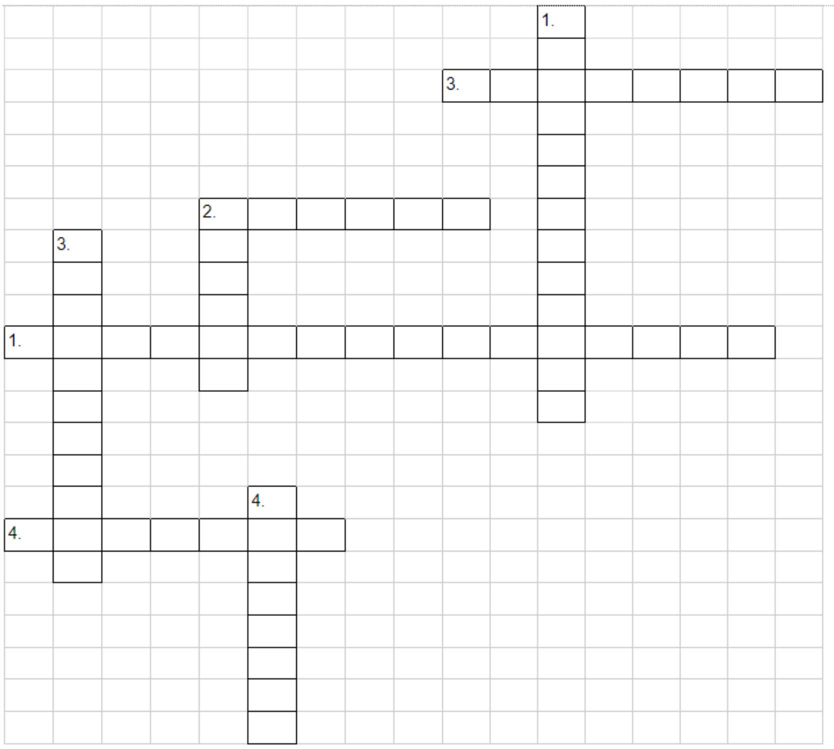
Mr Motilal Oswal who is a pioneer in India when it comes to financial services has a viewpoint that this is the best time to start buying the shares of RIL listed at Rs 1,955 as of 25th January 2021 and he predicts that the shares will touch a price of Rs 2,325 in the coming month.

If you are a long-term investor, then this is the best time to buy the Shares of RIL which have stooped below the benchmark of the BSE List. These temporary happenings will not affect the stock in the long-term as significantly said by many of the financial analysts. The future plans of Reliance which includes the launch of JIO 5G have had a significant impact on its current business model as experts applaud RIL's Future Plan and say that Jio can be Rs 10 Lakh Crore in the coming 2 years.

FINFUN



Solve the Crossword



DOWN:

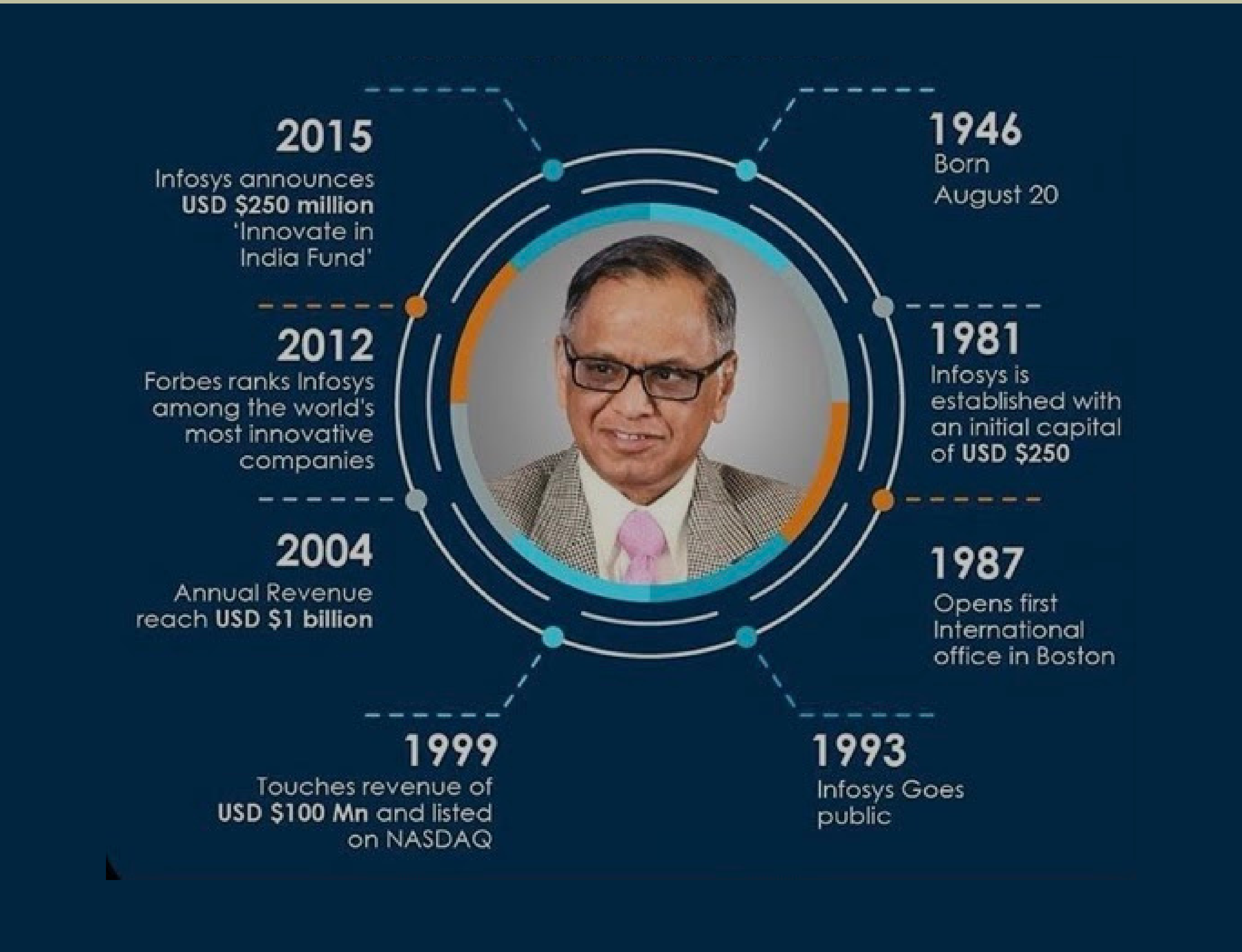
Q.1. 'Risk comes from not knowing what you're doing' - Oracle of Omaha. Who is this?
Q.2. X and Y, two companies recently split their ways after an 18-year long run which had an exponential impact on the tech industry. Identify X
Q.3. Wall street of India
Q.4. The motto of a company X is "Growth is Life". Identify X

ACROSS:

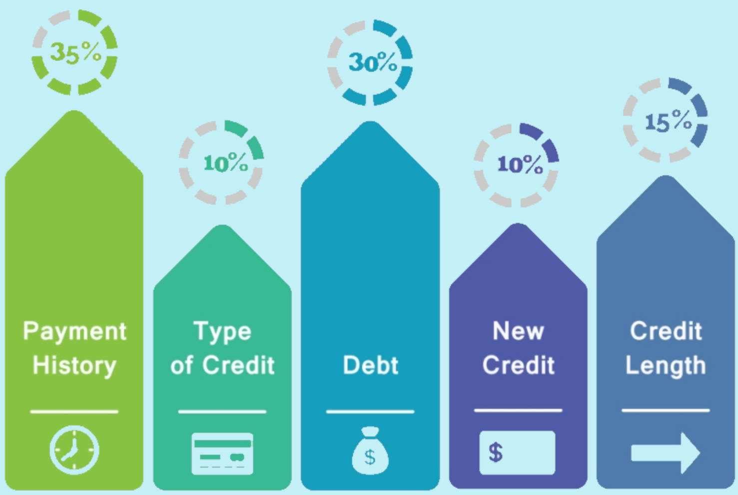
Q.5. A federal law that established sweeping auditing and financial regulations for public companies.
Q.6. Which term most accurately describes selling shares at a higher price than the price at which they were bought?
Q.7. X was the president of company Y which is best known for its assembly line production but was fired because of his clash with the Chairman. In 1978, he joined company Z which was on the verge of bankruptcy and brought it back to profitability in the 1980s. Identify company Z
Q.8. The basic tenet of consultancy under promise, over ____

Guess the famous personality

HINTS:
- Recognized as the 'Poster boy of Economic Liberalisation'.
- He was jailed for 72 hours in Bulgaria for speaking against the communist government in 1974.
- This brilliant expert started his company with 6 other like-minded people with a meagre amount of ₹10,000 and saw it rise to a billion-dollar enterprise.
- His company became the first Indian company to be listed on the NYSE Euronext's London and Paris market.
- A philanthropist who once said- "The real power of money is the power to give it away".



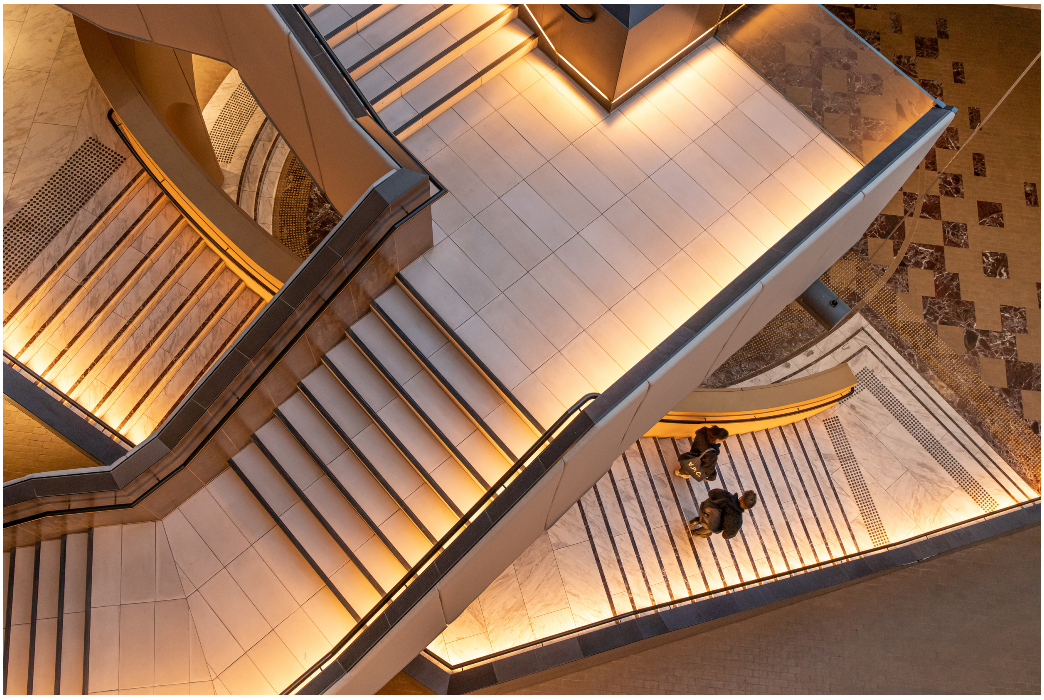
EXPLORE THE CREDIT SCORE



What Makes Up Credit Score

Let's solve some Riddles

Q1. Whoever makes it, tells it not. Whoever takes it, knows it not. Whoever knew it, wanted it not. What is it?
Q2. If an ant receives Rs 21, a spider receives Rs 28, how much will a dog get?
Q3. At a fruit stand, if an orange costs Rs 18, a pineapple costs Rs 27, a grape costs Rs 15, what is the cost of a mango?
Q4. Jyoti's friends were chipping in cash to buy her a birthday gift. At first, ten friends chipped in, but two of them flaked out. Each of the eight had to give in another dollar to bring the amount back up. How much did they plan to collect?
Q5. If you have a 7-minute hourglass and an 11-minute hourglass, how can you boil an egg in exactly 15 minutes?



FIC Recommends

The Big Short

"You smell that, What is that?"

"What?"

"I smell money!" ~ Jared Vennet portrayed by Ryan Gosling

Based on a book by Michael Lewis called ‘Inside the Doomsday Machine’, the film explores the insider stories of the 2008 Financial Crisis, naming the ‘US Housing Market Bubble’ as the key stimulant. The film tells the true story of three sets of investors, namely Dr Michael J Burry run Scion Capital, Frontpoint Partners parented by Morgan Stanley and small-time firm Brownfield Capital, from different backdrops of life, who had foreseen the collapse of the bubble and minted a boatload of money

The first rule of fight club First Lesson from The Big Short: “I guess when someone’s wrong, they never…They never know how” - Michael J Burry.

A crash is always the culmination of years and years of ignorant market appreciation and when the investor’s sentiments don’t add up with the numbers, it is always better to trust numbers because finding rationality in bubble markets otherwise will involve backtracking to ancient history when totally unrelated policies sparked the initial flare.

The film is a deep dive into the housing market, using various meta-references and narrated cameos to explain financial jargons such as ‘subprime mortgages’ and ‘collateralized debt obligations’, so as to ensure understanding among the audience. Making several references to actual incidents of the crisis such as the internal state of Deutsche Bank and Morgan Stanley, as well as the fraudulent functioning of the credit rating agencies like Standard & Poor’s 500, the story encompasses the entire build-up to the eventual crash and bankruptcy of Lehman Brothers and the following AIG bailout by the US Government.

Lesson Strikes Back

“We're going to make the big banks hurt.” - Mark Baum

Leverage often causes more harm than good. Popularly, leverage is used by corporations to multiply their potential profits. Although common, it can not be deemed a good practice, mainly due to its tendency to create tremendous pain in the markets when the conditions are unfavorable.This also applies to one’s personal financial strategies; the use of leverage by an individual such as in real estate or a brokerage account, can aggravate not just the losses but also the gains.

Exploring the prevailing macro-environment, the plot did not shy away from alleging the erstwhile federal reserve chair Alan Greenspan and his monetary easing policies under the Greenspan Put as the initial spark that fuelled the crisis. The characters of Mark Baum (Steve Carell) and ex-investment banker Ben Rickert (Brad Pitt) symbolise the moral conscience of the banking system whereas protagonists like Michael Burry (Christian Bale) and Jared Vennet (Ryan Gosling) portray the analytical mindset who went against the herd mentality and betted against the housing market which was on the boom than with a very slim margin of default. The film depicts a very accurate rock bottom image of the crisis and how it affected the entire world.

The Return of the Lesson

"People hate to think about bad things happening, so they always underestimate their likelihood-" Charlie Gellar

Always know your risk appetite. When the chaos starts, all formal institutions fall like domino pieces and no matter how "solid" the investments are, having contingent savings to sustain yourself during the harsh times is an essential fundamental of investing. Every portfolio should have constants which stay true irrespective of the circumstances.

AHovering in the dark realism territory, the movie explores the mindset of the protagonists as it shifts from an urge to mint money to the eventual feeling of horror as they realise the consequences of their bet against the American Economy. The film is a brutal criticism of the american banking & credit system and its fraudulent practices fuelled by greed, which eventually formed and inflated the bubble that came to be known as the 2008 Financial Crisis, ending with the claim that another economic breakdown is inevitable.

Answers to FinFun

Crossword

DOWN-
A1. Warren Buffett
A2. Paypal
A3. Dalal Street
A4.Reliance

ACROSS-
A1. Sarbanes Oxley Act
A2.Profit
A3. Chrysler
A4. Deliver

Riddles

A1. Counterfeit Money
A2. 14 (3.5 per leg)
A3.15 (3 per alphabet)
A4. 40 (10x = 8x + 8)
A5. Take the following steps-

- Start both hourglasses as you start boiling the egg.

1. After the 7-minute hourglass runs out, turn it to start it again.

- Four minutes later, when the 11-minute hourglass runs out, turn the 7-minute hourglass again.
- Wait for the 7-minute hourglass to run out, which will take another four minutes and get you to exactly 15 minutes of boiling time.

Guess the Famous Personality

N.R. Narayan Murthy

Description:
An epitome of simple living and high thinking, N.R Narayan Murthy transformed the structure of the IT industry. He is the illustrious co-founder and retired chairman of Indian tech giant Infosys. He was born in Koral, Karnataka. From the year 1981-2002, he served as the CEO at Infosys and played a pivotal role in shaping the aisle for Indians in the IT sector. This IT expert has been awarded numerous laurels including the Padma Bhushan and Padma Shri. Recently, in the year 2016, he was awarded the 'Philanthropist of the year' in the Asian Awards. He is married to Sudha Murthy, who acts as the wind beneath his wings. 'A Better India' comes as a remarkably well- worded book written by him which offers simple solutions to seemingly complex problems.

Not only did he lead Infosys to become a top-ranking information-technology company in the world, but he also showed that it is possible to do business ethically and achieve success without violating any laws or making compromises. An iconic leader, a living legend, one of the prominent entrepreneurs of time - Narayan Murthy is all this and more.

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