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CHAANAKYA

SCHOOL OF BUSINESS AND MANAGEMENT

MBA - FINANCE SPECIALIZATION

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EDITOR'S NOTE

It is better late than never...

Greetings readers!

It is our pleasure to bring to you the contributions of the MBA Finance student writers for the month of April 2020. The Pandemic had taken its toll leading to a delay in publishing this issue. However, we have embraced the Christite Spirit by bringing our efforts back on track and not cancelling the issue. We will be releasing the remaining issues in the coming weeks.

This issue is presented by **Team Athena** which is a group of students under the mentorship of **Dr. Mareena Mathew** from the MBA Finance Specialization. The writers have put in their effort on different topics and put forth a variety of content ranging from highlighting the achievements of financial leaders and companies to noting the recent financial innovations and economic numbers in wake of COVID-19. This newsletter also covers "Creative Corner" wherein students have showcased their passion for writing their hearts out. We believe that this Newsletter will provide you with a quick and balanced insight into the recent financial activity. This issue also includes "Snapshot" at the end of every article covering a brief summary of the same.

Team Chaanakya expresses sincere gratitude to our Dean, Dr. Jain Mathew and the entire leadership team, Head of Specialization, Dr. Mareena Mathew, Faculty Coordinator of Chaanakya, Dr. Nisha Shankar and our expert specialization mentors and all the contributors whose active co-operation made this issue possible and fruitful.

Wishing our readers, A happy reading

Best wishes,
Team Chaanakya

This issue is presented by team

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ALUMNI SPEAK

OUR DISTINGUISHED ALUMNI – MR. VAMSI GANESH

Mr. Vamsi Ganesh has completed MBA (Finance) at Christ during the 2017-19 batch. He had a great two years at Christ University where he learned not only theoretical and practical education but also the importance of networking with people which helped him in his growth as a person. He now has 18 months of work experience in a Big four firm and the journey so far has been smooth and successful for which he gives special thanks to the learnings from his MBA days. Whenever there was a workplace challenge regarding a deadline on client deliverable, he could think of his MBA days and correlate it with timely submissions of CIAs and handling pressure situations. Those experiences gave him confidence and helped him in getting the work done in time and this kind of realization has made his MBA days and memories even more special and valuable. In his words, time flies but memories and learnings do not.

Mr. VAMSI GANESH

CHANAKYA

INTERVIEW WITH MR. VAMSI GANESH

Q) What do you think are some good investments in an economic downturn?

Investments which are generally perceived as good during regular times would become not so good choices during times of economic downturn and vice versa. So, it is always good to look into short term investments during these times rather than long term because once the economy is on the recovery track, the usual golden bets would be back to their potential. However, this pandemic has taught us the importance of having enough cash in hand and ultra-liquid assets to meet the need for a few months and everyone ought to have a proper health insurance policy going. Gold as an asset class has proven its evergreen nature and any investments in capital/financial markets require proper analysis on the risk-taking capacity of the investor and identification of proper entry-exit points.

Q) What are the trends in capital markets job careers in the coming years?

Compared to other developed countries which have well-established job structure and public awareness about capital markets, India has fewer penetration about investment awareness in this sector. Having said that, there has been a conscious effort in promoting (eg: recent “mutual fund Sahi hai” campaign) and with many new companies being floated coupled with increased regulations on private chit funds and jobs in banking sector reaching near saturation point, the opportunities in financial markets field are on the rise like never before. Practical level domain knowledge, clarity of concepts, analytical skills and decent communication skills are pre-requisites of cracking a job in this field.

Q) Impact of Covid – 19 on Financial markets and economy?

At the onset of the pandemic, the global markets in general and Indian markets, in particular, have taken a huge hit with multiple lower circuits in a span of the single month because of increased vix factor, fear of unknown and no knowledge about how long this would last. We have seen stock indices, mutual fund NAVs and ancillary yields hit record lows. As the lockdown is lifted and news about possible vaccine started coming in and with few other global macro factors, we have fascinatingly seen a V-shaped recovery and currently markets are higher level than pre-covid times. However, this should not be treated as the end of tough times as markets are just leading indicators and economy is still not totally on track and as the negative GDP forecasts suggest, there is a long way to go before normalcy is restored.

Q) **Which sectors are affected economically by COVID19 in a developing country?**

Due to covid, many sectors have faced the brunt few of them being construction and agriculture sector due to lack of labour, retail sector, entertainment, hospitality, tourism and automobile sector due to lack of discretionary income and reduction in public spending, imports-exports, airways, road and rail transport industry due to lockdowns, etc. On the flip side, online retail, online education, online entertainment and network provider businesses have thrived during this opportunity provided and multiplied their footprint.

INTERVIEW WITH MR. VAMSI (CONTD.)

Software sector and global technology outsourcing industry are not affected as expected initially because they are learning that their reduction in profit margins is not as high as a decrease in revenue because during the last 6 months, these companies have done a lot of cost-saving owing to work from home practice, reduction in lease rentals for office space, transport costs, etc.

Q) What are the main "Financial stress Indicators" in order to study the financial condition of capital markets?

One should do a comprehensive study of fundamental, market and macro-economic variables and extrapolate their combined outcome to analyze financial stress. There are few indicators which are exclusive but not exhaustive to study the capital markets because of the highly volatile nature of various sectors and underlying stocks. Fundamental indicators include working capital to total assets ratio, EBIT/Total assets ratio, retained earnings/total assets ratio, sales/total assets ratio, etc. Market indicators include share price, P/E ratio, Price/Sales ratio, the market size of the company, market capitalization/total debt ratio, etc. Macro-economic variables include Treasury bill rate, stimulus packages by Central banks, GDP, GDP per capita, CPI, unemployment rate, etc.

FACULTY INTERVIEW

OUR DISTINGUISHED FACULTY - PROF. S. G. RAJASEKHARAN

Prof. S.G. Rajasekharan has twenty plus years of experience, with more than fifteen of these years in the IT industry. He has worked in HCL, Wipro, SRF, Ramco systems, SAP India and Keane.

His last role was Senior Vice President (HR) for Keane (now called NTT Data) in India – where he managed about 8000 employees in India. Prior to this, he was managing the business for the company in Asiapac, India, Middle East and South Africa where he was guiding teams in Sydney, Singapore, Dubai, Johannesburg, Bangalore, Mumbai and Delhi.

Since 2010, Prof. Rajasekharan has left corporate roles and spends time teaching MBA students Management strategy and Wealth management in School of Business and Management, Christ (Deemed to be) University, Bangalore and IIT Mandi. He has written and published a book called “How to get rich and retire early”. He is a popular speaker on the topic on investing in India and has addressed more than 140 sessions in the past three years in companies like Cisco, Intel, SAP Labs, Microsoft, NTT Data, Mindtree, HCL Tech, Happiest minds, Mphasis etc.

Prof. Rajasekharan is a chemical engineer from CIT, Coimbatore and has a PGDBM with specialisation in Marketing and Finance from XLRI, Jamshedpur.

Prof. S G Rajasekharan

INTERVIEW WITH PROF. S G RAJASEKHARAN

Q1) The wall-street, Greenback, India and the US Elections. What is the underlying relationship & its effects?

Ans: "There is a need to look at the 'Bigger Picture' here. Consider the U.S. Dollar Index which contains six component currencies: the euro, Japanese yen, British pound, Canadian dollar, Swedish krona and Swiss franc. The US dollar index has a typical cycle of 7 years. Two years back today, the rupee stood at Rs.65.03 per dollar and down the line to a few months back in July, it stood at Rs. 75 for a dollar. But currently, we are in the cycle where the dollar index is getting weaker. As of today, Rupee has appreciated and stands at Rs. 73.95 per dollar.

The cycle tells us that the Dollar index is getting weaker and as per the forecast till 2025, the rupee will keep getting stronger. 'Goldman Sachs & Citi Group have both predicted that the Greenback might decline by 20% in 2021". It will appreciate while the dollar index depreciates. When an event such as this occurs, global money will flow out from the emerged economies and will flow into the emerging ones. The bigger thought is to see that in the next 18-24 months, dollars will be entering to the India territory. Let us not avoid this unignorable fact - India is a big story among the emerging markets.

Indian markets will come to be in a bullish mode. Investments are pouring down into India. It would rather be right to say that, "India is the flavour of the season". First thing.

Second thing. From the economic point of view, the interest is kept low in the globally developed economies all the way from the United States of America, Europe to Japan and China due to the current pandemic and other economic situations. This indicates that they are pumping money, trying to slosh the global markets with liquidity. In simple terms, the cost of capital is kept low. Tons of liquid cash is flowing out searching for investments in emerging economies where returns are to be expected. Gold has spiked. Real-estate investments have gone up. Money is available at low cost.

Coming to the candidates of the Presidential elections and their impact towards India, honestly, neither of them can change big-time policies towards India. Huge changes cannot be brought through since the policy directions are already set. Speaking of Joe Biden, the elected president who is from the democratic party is looking at the bigger money printing exercise – a 3 Trillion Dollar Liquidity Boost. Trump was on the same page as well.

Q2) Banks such as ICICI, BoB & HDFC have recently announced that there will be fees levied on Fixed Deposits (Rs. 150 after 3 transactions) and withdrawals. Is it right for a customer to pay for his own saved money to put it in his FD Account? Cause, in fact, the bank does use the same money for its gain.

Ans: To be honest, these banks are in no dire need of liquid cash. They are awash with liquidity. Although retail money is cheap, they do not require it as of now. Thus, they are trying to implement such impediments. Keeping in mind the pandemic situation, it is pretty evident that the expenses of an average individual have come down in comparison to his/her savings. And while an individual might prefer an FD or a debt-based investment, the keepers don't need it. Although from the customer's point of view it might be considered to be a bad move, this is a simple Demand-Supply issue.

INTERVIEW WITH PROF. S G RAJASEKHARAN

When speaking of the poor sections of the economy, they usually use post offices and much smaller co-operative banks. The banks which have announced the changes consist of customers who are not in the bottom 80% of the country. But let us again look at the bigger picture here. More than 50% of the savings in India is in terms of FD's or debt-based investments (mutual funds).

A tip for the young aspirers, the specifics to look at in the current situation are, "Safety, Liquidity and Return".

For example, He who is saving more decides to invest his savings in FD's, the gain he is getting is around 5% of interest on the FD. Post which a deduction of 20-25% tax, the net gain would somewhere stand between 4.75% to 4.80%. This just doesn't make sense. If asked why it is because the inflation level in India is standing at more than 6% plus today (7.69% in 2019). Thus, the net interest gain is less than the inflation level itself. It can be rightly said that post-tax, what you are earning in terms of the value of money is a 'Loss'. Hence one needs to be smart enough to aim at an ROI of 8-9% and more. Few of the options would be to turn towards 'Gold', 'Real estate'. 'Equity markets' if one is willing to take the required risk. "Focus on the big things".

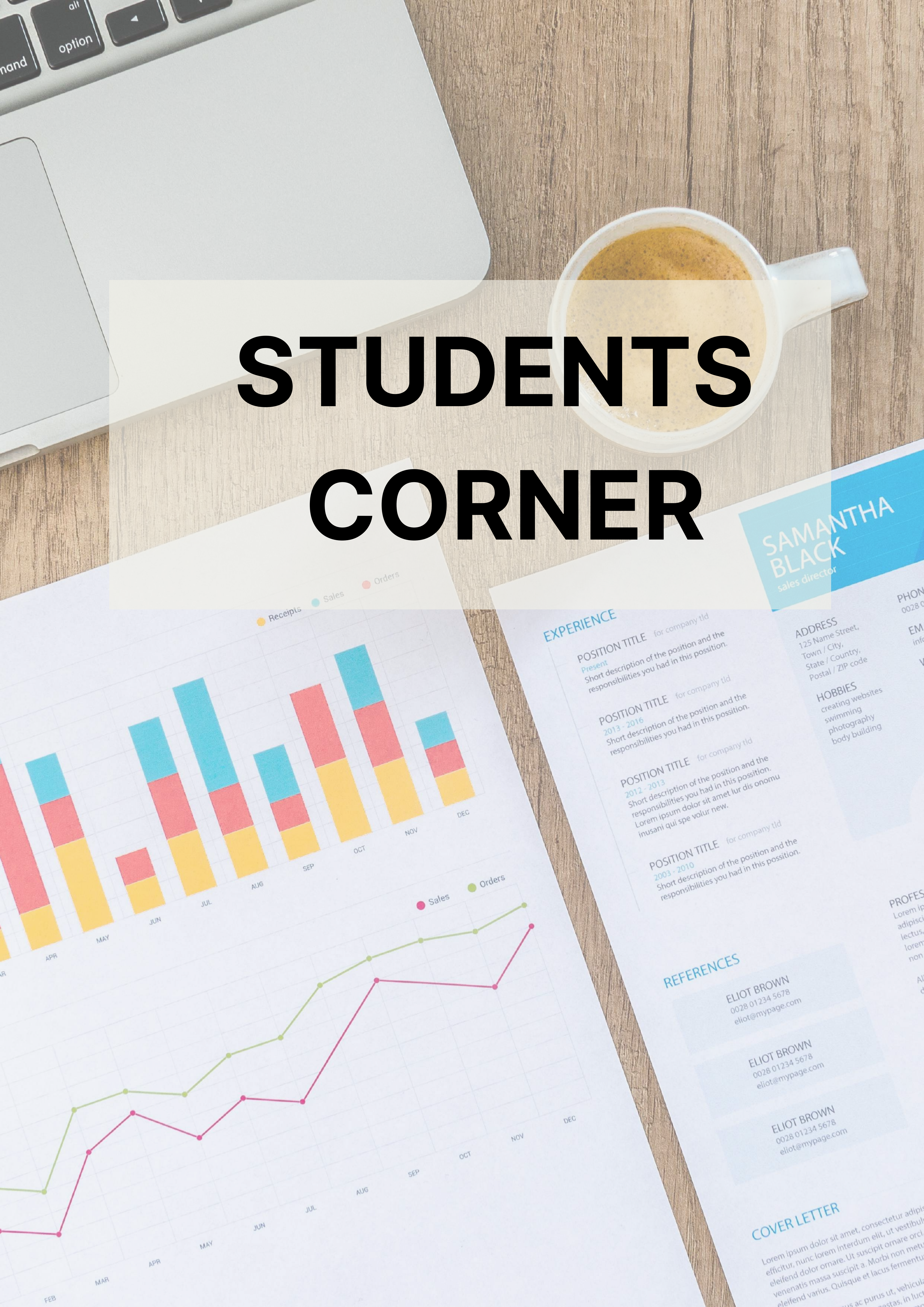
Q3) Bangladesh has been ranked 76 in the Global Hunger Index while India is ranked at 106 & at the same time, the per capita income in India is set at $1,877 while that of Bangladesh is set at $1,888. Does this mean that Bangladesh is overtaking India in terms of economy?

Ans: The two indicators stated are a point of time data. It cannot be said that Bangladesh is doing a way better job in running its economy when compared to India because of the share size in the two neighbours. India has a much bigger population, in fact, bigger than the population of Europe itself. The comparison between India and Bangladesh is like saying 'Compare Singapore and Russia' which just does not seem viable.

But seeing this in a 'good-light', Bangladesh deserves acknowledgement for the way it has carried out its economical drive from its past-state. This should serve as a wake-up alert for India and see where is it lacking and what is the next step to be taken. Positive competition with your neighbours. This is what it needs to be. Singapore in the 1960-70s started competing with countries and cities such as Malaysia, Bangkok & Kolalumpur in terms of having a greener city. Now, look at Singapore. It has achieved its goal of 'Garden city' with a sustainable strategy. India needs to look at these indicators and try to come up with better economic decisions and carry out a friend and a positive competition with its neighbouring countries. But this does not mean that the fact can be ignored that the neighbouring country which was prone to geographical problems of flooding and unemployment has indeed grown over the years.

If we look at the West Bengal elections, the discussions have moved towards subjects like economic development, financial well-being and job opportunities. There are candidates like Arvind Kejriwal and Kanhaiya Kumar who have come up. People are turning towards the aspect of 'Aspiration'. To lead a better life. To aim for a better future. This should be the outlook of the people and the society throughout the country and across the borders.

STUDENTS CORNER



SUBSTITUTE FOR PHYSICAL GOLD

About Sovereign Gold Bonds

As the saying goes *"Gold is no longer an investment. Gold is no longer a portfolio item. Gold is certainly not a trading vehicle. Gold is your lifeline"*. For Indians Gold has always been a haven wherein they invest blindly without having two thoughts about the same. Presently, there are approaches to possess gold without its innate dangers of bearing creation charges. Sovereign Gold Bonds are one such option, offered by the Government of India and RBI. Here, you can possess gold in the 'certificate' format. The Government of India presented the Sovereign Gold Bond (SGB) Scheme in November 2015 to offer investors a choice to possess gold. Additionally, this bond is listed under the debt fund category. Throughout the long term, the market has seen an extensive decrease in physical gold's interest. SGB does not just track the import-trade estimation of the benefit yet also guarantees straightforwardness simultaneously. SGBs are government securities and are considered a safe investment. Their worth is named in products of gold grams. SGBs have seen a huge increment in investors while considering it as a substitute for physical gold.

SGB is safe as no risk is associated except the market risk. It is government-regulated security hence chances of defaulting are bare minimum or rather null. No TDS is applicable on this security. The investor can avail of the indexation benefits. SGBs can also be used as collateral against secured loans.

Who can invest in SGBs?

Individuals who have a liking towards gold speculations can think about Sovereign Gold Bonds. It is ideal for those investors who have a low-risk appetite. It likewise gives you a fixed pay bi-annually every year. Contrasted with physical gold, the expense to buy or sell SGBs is very low. The cost of purchasing or selling the SGB is additionally ostensible in contrast with the physical gold.

Key Attribute of SGBs

❖ Value of the bond - Denomination or value of gold is determined via grams the minimum gold an individual or HUF can hold is 1 gram and the maximum limit is 4 grams.

❖ Tenure - The maturity of the bond is eight years. Be that as it may, you can decide to leave the bond from the fifth year (only on interest pay-out dates).

❖ Interest Rate - The current interest fee for SGB is 2.50% every year. They are paid two times per year on the ostensible worth.

❖ Tax Treatment - The enthusiasm for Sovereign Gold Bonds is available according to the IT Act, 1961. On account of SGB reclamation, the capital additions charge appropriate to an individual is excluded.

❖ Commission – The office will levy 1% of the subscription amount as commission.

Rida Madani
1927541

CORONA RAKSHAK POLICY

We know that the outbreak of the Coronavirus pandemic has impacted the sentiments of people towards their finance, health situations, and future purchases of insurances. The Health and Life insurance policies (25% growth) have played a crucial role in these 4 months. A Health Insurance Policy covers the entire medical costs and is providing coverage up to 2.5 lakhs INR for the medical expenses related to Covid-19. The policy is named "CORONA RAKSHAK POLICY" followed by the name of the Insurance company.

The issue of policy will be for 3, 6, and 9 months and can be availed by people aged between 18-65 years. The proposer of higher age can take the policy for his family without covering himself/ herself. If we go by the statistics, 94,423 people claimed Rs 1,345 crores from insurance companies as of August, for Covid-19 treatment. Till now, Health Insurance claims are 18% of the total people who have caught the virus till now and the average claim per person is 1.60 lakhs.

There are two types of circuits:
Upper circuit: This is the maximum allowable percentage increase in price for a share or any index in a day.
Lower circuit: This is the maximum allowable percentage decrease in price for a share of any index in a day.
For example: If a stock has a circuit upper limit of 10% and the stock closed at Rs. 100 on the previous day. Then the upside becomes Rs. 110 i.e. 100 + 10% of 100. So, the circuit is triggered at any price above Rs. 110. The vice versa happens for the Lower circuit.

Over the last few months, digital technologies have been transforming the insurance industry. As the demand for Health Insurance is increasing, there is an additional burden if people are treated outside government hospitals. The private health insurance companies have to date covered 21% of the population in urban areas and a little over 15% in rural areas. Considering the unprecedented times and an increase in deaths from 34k in July to 1 lakh in October, this is putting stress on life insurance claims, both in terms of dispensation and amount.
The insurance providers are struggling with the shrinking market shares and profit levels, thus there is a very high probability that the payable premiums will be increased in the next year to cover the losses incurred, and using mitigation strategies, it represents an opportunity.

To sum it up, let us follow the phrase: LIVE AND LET OTHERS LIVE!!

It is wise to opt for the Corona Rakshak policy. The COVID devil is not going anywhere anytime sooner and thus this policy can be a helping hand to face this challenge of humanity. We have to start looking into our inner devils and develop a positive attitude towards living beings.

Siddhant Kumar Aggarwal
1927724

RUTH PORAT – AN INSPIRATION

Ruth Porat, an England born American business magnate, is the Chief Financial Officer of Google and its parent company Alphabet Inc. She graduated from Stanford University with an economics degree and completed M.Sc. in Industrial Relations from London School of Economics (LSE), she later completed her MBA from Pennsylvania University's Wharton School. I was personally influenced by her when she featured in the list of the world's most powerful women in technology and finance. She is also been making waves in the industry through her stern leadership and firm actions.

Be it with showing her sport against sexual harassment at the workplace, or cutting down funding for impractical divisions at Google, she had a solution ready for any crisis, even before it happens. Having survived her struggle with breast cancer twice, Ruth finds a reason to continue working with renewed zest every day of her life. Moreover, she also spoke about this publicly and also about how her firm worked on improving early cancer detection and post-care which was more inspiring.

In 2000, along with Mary Meeker she has played a pivotal role in finding a solution to European debt financing and saving many companies, including Amazon, from the dot-com crash and during the financial crisis in 2008, she led Morgan Stanley's team of advisors to help the US Treasury Department takeover and also played an important advisory role in the New York Federal Reserve Bank's dealing of insurance firm AIG was her major roles in careers.

On the records, she is the most influential woman in 2020. She was named the 'Best Financial Institution CFO' in the year 2014 and 'Best Internet CFO' in 2018, by Institutional internet magazine. She has also been ranked 21 on the Forbes list of the world's most powerful women and 9th on the most powerful women list by Fortune magazine in 2018. Her career was also been studied as a topic written by McKinsey & Company in the book, "How Remarkable Women Lead" in 2009.

SHARLY V
1927649

WILL DOLLAR SMILE DURING PANDEMIC?

Nineteen years ago, former Morgan Stanley Currency Analyst Stephen Jen coined the "dollar smile" theory: as a safe haven, the US dollar appreciates over all rivals in times of recession; as the recession fades and the threat of capital flows again, the currency weakens; and as the world economy improves and the US outperforms, the greenback follows suit.

U.S. Dollar has always emerged as a strong currency at the time of weak economy and recession, taking an example of the 2008 US recession, Dollar was the most affected currency and also a currency that came out to be the strongest one in comparison to the rest of the world.

But what about Dollar now? Will it continue to be the King of Currency or will it come down? There are a lot of questions being raised on the future of the World's strongest currency. Goldman Sachs recently warned about inflation in the US and the Dollar being at risk of losing its place as a reserve and strongest currency in the world.

Looking at the Dollar Smile Theory, in the current global pandemic, the US economy has been suffering and is on the road to recovering just like the rest of the world. Hence, the analyst says that the Dollar looks more like a grin than a smile, as monetary and fiscal authorities in the US are getting the economy in an enormous amount of debt on an unprecedented scale which is leading to a slowdown in the national savings rate and investment potential.

As the US moves towards elections, every country of the world and citizens of the US are looking towards the election of a government that will be able to take the US out of this situation and make it smile again. As many analysts have forecasted that looking at coronavirus affects and governmental issues, Dollar might lose out its position of safe currency, but this is also a proven fact that the dollar bounces back stronger than ever in the time of recession. What will happen in this pandemic, let time tell?

- The US Dollar is widely known for the Dollar Smile Theory
- As a safe haven, the US dollar appreciates over all rivals in times of recession; as the recession fades and the threat of capital flows again, the currency weakens; and as the world economy improves and the US outperforms, the greenback follows suit.
- Many analysts have forecasted that looking at coronavirus affects and governmental issues, Dollar might lose out its position of safe currency, but this is also a proven fact that the dollar bounces back stronger than ever in the time of recession

PRAGYA MISHRA
1927742

COVID-19 AND INDIAN MSME

India's base for micro, small, and medium-sized enterprises (MSMEs) is the world's largest after China. The sector offers a broad array of services and produces over 6,000 goods – from conventional to hi-tech goods.

The escalation of Covid-19 has affected the country drastically. MSME is one of the categories which needs repairs caused due to this economic emergency. According to the Covid-19 special economic package Atmanirbhar Bharat Abhiyan the government has proposed improvements in the way it will categorize MSMEs, in light of this.

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- INR 3 trillion (US$ 39.84 billion) collateral-free loan for MSMEs with a turnover of up to INR 1 billion (US$ 13.24 million). That will support 4.5 million units to continue work and save jobs. It can take advantage of this scheme until October 31, 2020.
- For stressed MSMEs, a subordinate INR 200 billion (US$ 2.65 billion) debt provision has been declared for 200,000 MSMEs.
- Infusion of equity worth INR 500 billion (USD 6.6 billion) through a special fund for MSMEs, which has viable operations but needs hand-holding due to Covid19.
- A corpus fund of INR 100 billion (US$1.3 billion) would be set aside to support these units' capacity expansion, including allowing them to be placed on the market if they chose to do so.
- The deadline for filing of income tax returns is extended from July 31, 2020, to November 30 2020.
- The Vivaad se Vishwas scheme, which deals with conflicts over indirect tax payments, was extended until December 31 2020.

Though the Indian government is providing Rs 3.7 trillion for the MSME, the sector will not completely recover from the negative impact of COVID-19 because this sector was under stress even before the pandemic outbreak. That is because the Indian economy was facing slowdown from the past 18 months. With the extended loan moratorium and collateral-free loans, the NPA ratio will spike, which eventually leads to the leads to the impairment of financial institutions.

- India has the largest MSME base after China
- MSME is one of the most drastically hit sector during COVID 19
- Indian Government has planned to infuse Rs. 3.7 trillion for reviving the MSME sector

SRI LALITHA AISHWARYA YADAVALLI
1927952

THE TUSSLE OVER GOODS & SERVICES TAX

State governments are known as the leading driver of investments by many economists, With the GST compensation on hold, and their own tax revenues on only electronic form, it would risk not only the state finances but also the prospects of India's quick economic recovery during this pandemic.

The total of the capital expenditure of all states summed up is now greater than twice of the Centre. The states' capex added up to 2.9% of the GDP and that of Centre is only 1.4%. the states will be facing a huge shortfall in the revenue department. This will demand the states to borrow short term borrowings at a much higher rate but would not be enough to cover the budgeted expenses. The funds procured by the states will be needed to meet the current expenditure.

Many economists are predicting that the states will not be in a position to incur any capital expenditure post this pandemic. Many states have started to postpone the tender for the new infrastructure projects while others are facing delays due the funds crunch.

The data from CMIE's capex tracker show that new projects by state have fallen sharply in the 2nd Quarter of 2020. The drop will derail the investment cycle completely and in return will make it difficult for the India's recovery post this pandemic. The recovery rate of the country and the tax revenues are positively correlated.

The states would have budgeted its capital expenditure after estimating the future GST inflow, the tussle between states and centre for the GST collection will put the states in a hard position as they would have been committed to many expenditures such as – salaries, pension, among others. Punjab had reported the highest committed expenditure of 82% of its budget.

The centre has allowed the state to borrow funds if they meet certain performance goals. But this would mean that the state will have to take on additional debt at a cost which was not budgeted earlier. The states will also have to pay the interest component of the loan. This is the time when states need a stability in flow of funds, to be able to plan their expenditure, but the plan rolled out by the Centre will not help the states during this slowdown, the states will also be exposed to macro-economic uncertainty, not just the centre government.

In theory the GST was expected to generate the same revenues as much as the VAT did, but in GST the consumption is taxed and not the manufacturing itself. This meant that the manufacturing states like Tamil Nadu and Andhra Pradesh would lose out.

- A tussle over Goods and Services tax is going on between the State and Central government
- The centre has allowed the state to borrow funds if they meet certain performance goals. But this would mean that the state will have to take on additional debt at a cost which was not budgeted earlier.

C V ADITYA PRABHU UJJINI
1928609

THE IPO STORY

Due to the pandemic, the IPO market witnessed limited to no activity. Overall, the global IPO activity slowed down drastically during the peak of Covid-19. Post the lockdown scenario, only four IPOs worth USD 2.08 million were seen in the Indian exchanges by the end of June. The active sectors were the consumer products & retail and diversified industrial products.

Almost the majority of the companies consider their long-term growth plan and have started to initiate their IPO preparation in this economic slowdown. According to reports, the IPO activity is expected to pick up by the end of 2020 or early 2021.

The main reason for such a downfall in the IPO market was, people were dependent on market sentiments. The economy was hit badly due to the complete shutdown of major industries, uncountable job losses, a decrease in the flow of money, etc.

The fear of Covid-19 made the people to be locked in their homes, where importance was given to essential amenities like health, food supplements, and enough amount of money to run the family. People were not ready to make deals with the stock market since the situation was unfortunate. Money circulation in the country was declining due to the shutdown of workplaces. When there was no demand from the investor side, companies were also struggling with the WFH scenario and they made job cuts to save money.

This unpleasant situation gave a break to any IPO declaration and any such activities.

The rescue source

In general, due to the COVID-19 outbreak and its negative impact on global economic activities, governments around the world should continue to implement policies and stimulate economies against rising unemployment. The central banks have to inject more liquidity into the financial systems, which would strengthen the equity markets and IPO.

- Overall, the global IPO activity slowed down drastically during the peak of Covid-19
- The main reason for such a downfall in the IPO market was, people were dependent on market sentiments
- Money circulation in the country was declining due to the shutdown of workplaces

HARSHINI S
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CASH TO GDP RATIO

India is currently the fifth-largest country by nominal GDP, with the country being the fastest growing country in the world from 2014-2018 from an average increase of 6%-7% YoY in GDP numbers. Cash has always been the preferred mode of payment for many decades. All this changed on November 8th, 2016, due to demonetization. With this move, the biggest gainers were Fintech companies that were still new to the market in India. It gave them a much-needed boost to be relevant, and consumers were forced to start using digital payment methods like mobile wallets, UPI, and card and cheque payments instead of cash. This move by the government aimed to reduce the cash circulation in the economy that was used to amass illegal wealth and evade taxes causing the government to lose out on huge sources of revenue.

As per the Reserve Bank of India Annual Report 2016-17, India's cash to GDP ratio stood at 8.8% as compared to 12.2% pre-demonetization. The cash used in the economy in 2017 was on par with developed economies like France, Germany, and Italy. Before demonetization, India's cash circulation stood at Rs 18 Trillion, which was an all-time high figure. Following demonetization, the Reserve Bank of India pumped in Rs 5,450 Billion in value to remonetize the economy after such a drastic step taken by the government in 2016 after the GDP number release hinted at a 1% drop compared to the previous year. With this move, another aspect came to light, i.e., counterfeit notes circulated with 762,072 pieces found in FY2016-17.

The government had anticipated that the shift to digital payments will be drastic, which indeed was the case earlier, post demonetization.

In 2018, less than 18 months after demonetization, the cash to GDP levels was hovering at pre-demonetization levels which stood at 11.3% as of April 2018 (RBI Annual Report, 2018-19). With access to remonetized currency and the economy recovering from GST norms, the cash circulation increased. The volume of digital transactions increased from 71.19 crores in 2016 to 210.32 in 2018, with a value of Rs 135.97 lakh crore. The pandemic in 2020 has dealt a blow to the growth in GDP numbers as business activity took a beating for the last 15 days in FY19-20.

The current cash to GDP ratio is estimated at over 12.2%, which is higher than 2016 levels. India's Fintech companies have gotten a second boost post the Covid 19 pandemic, but the most crucial point is that the citizen's love for cash/physical currency has not faded away, despite various measures taken to boost digital payments and shift towards a cashless economy.

- As per the Reserve Bank of India Annual Report 2016-17, India's cash to GDP ratio stood at 8.8% as compared to 12.2% pre-demonetization
- The government had anticipated that the shift to digital payments will be drastic, which indeed was the case earlier, post demonetization
- The current cash to GDP ratio is estimated at over 12.2%

ROHAN MUNTHA
1928507

TSUNAMI OF IPO - A TRAP ?

The market is currently witnessing a tsunami of IPOs, with eight of them getting listed in the month of September as compared to only two in the month of August. The two major government-owned companies recently listed in the stock market were Mazagon dock shipbuilders and UTI asset management co. Both the companies saw a positive response from the market, as they oversubscribed by 157.41 times and 2.31 times respectively. The reason there was a big rush of IPOs in the market is because of the measures taken by RBI to increase the liquidity. The improving sentiment of the market was another reason for the rush. IPO investing has changed a lot in recent years. In the early 1990s, the issue generally used to be priced between the Range of ₹ 10 - 30. The premium used not to be higher than three times.

Various things need to be taken care of before investing in an IPO. The first and foremost thing is the valuation at which the company is getting launched. The promoters usually decide to launch their IPO when the market is performing well and when the sentiments are positive. Valuations of IPOs are generally high, as the promoters do not want the dilution of the stock. As per the analysis of ICRA, 80% of the companies that are getting listed, demand richer valuation from the investors as compared to their peers. The retail investors need to be aware of this and should do an extensive study of the company's fundamentals before investing in it, as 80% of the IPOs tend to fail in the future.

The only criterion used for investing is oversubscription, which is the main criterion used by retail investors before investing. Whenever the IPO is oversubscribed, it is concluded by the retail investors that there is a huge demand for IPO. Thus, their gains are assured, and at the same time, it is assumed that the company is financially stable. Artificial demand is created by the cross-holding structure.

The retail investors should do detailed fundamental research of the company before investing in an IPO. I know it is sometimes tempting to invest in an IPO after looking at the oversubscription numbers. Positive reviews of a company on various websites can deceive your views about the company as well. You should be aware that most of the companies go for paid promotions before taking their IPO to the market. So, it is always better that you study the fundamentals of the company before coming to any decision. There are few instances where the company which has strong financials will look for a higher valuation at the time of IPO. In these cases, you should enter the stock in a secondary market rather than the primary market.

- There was a big rush of IPOs in the market is because of the measures taken by RBI to increase the liquidity
- The retail investors should do detailed fundamental research of the company before investing in an IPO

RISHUL SEHTYA
1928019

CHANAKYA

CREATIVE CORNER

WHEN GOD STEPS IN MIRACLES HAPPEN...

Oh Dear! you believe in magic, fiction movies
But don't you have faith on your movie?
You know ending can never be wrong
Then what's not make you go along?

You're searching for him everywhere
But he is with you in your prayers!
Storms bring up real challenges to test you
Show them you have God with you!

Miracles happen every day if you feel them
But you call them your luck! Is it really?
If it is, then why not every time...
Maybe you should realize that he's bigger than your fear.

When nothing works out,
Don't you think they're waiting signal?
Saving you from evil!

You're too occupied in protecting your material wealth
But forgot to protect your valuable mind and heart and health!
Assets, securities can regain its value,
But once you lost your worth, will you be
able to?

Things are taking longer time as he's fighting your battles
Making a way for you!
You just have to trust his timing…
Your capabilities are limited,
but his capabilities are limitless.

NIKITA RAMCHANDANI
1927841

PROPHET NATURE

As the days pass by in our homely dwellings,
We do everything inside, laugh and cry...
When true normal returns, there's just no telling,
Till then, everything inside, some food we fry...

The situation around us, like a grim-reaper looming,
But all it takes is our self-discipline swelling.

A wise man said, if all the world just meditated,
Lived like a saint for fourteen days straight,

The horror would subside,
Clearer would be the sky,
It would make us all wise,
And, nature would smile.

The Greatest Teacher of all decided to teach,
When it teaches, human beings can't help but listen;
But Nature gives live examples, it doesn't just preach,
There is no delay or lag, just promptness with full expedition.

People seem to have forgotten,
The consequences of a crime;
Weren't we all begotten,
From Nature, in the melody of a Chime ...

People think that they can exploit,
Bulldoze everything in their path;
But Nature keeps its own count,
And then, it unleashes its wrath.

But don't we see, that Nature acts out of love,
If we don't realize now, wont it be too late?
Though if we make our consciousness alive,
We can really extinguish a really grave fate.

Let me give you a trick, that may help you thrive,
Follow on your path, trust in your own advice;
Help all who you can, from it no-one should you deprive,
And always question your path: Does nature harmonize? (... with you in your path)

MANAS PROTIM DEKA
1927813

MUSIC IS SANITY

Amidst the insane pandemic, what kept me sane? What'd I do to keep myself at bay?

Insta? Facebook? WhatsApp (which is filled with CIA-alerts)??? Nah!! Nada!!

It was **'Music'**. And this time, it wasn't all about listening to tons of songs, it was about venturing out to **'Create music'**. So, where would I start? Well, I got my dead-beat laptop geared up to run a production software it wasn't capable of. Started playing my guitar chords with a string cut-off its body. Got in touch with a buddy who was good at articulating words. Stayed awake for about a month till 4 a.m. Screamed and strummed in the middle of the night, making sure my neighbors stayed awake. I mean, who else gonna think about their sleep? That's right. ***Me!***

I went a bit ahead, had saved around 25k from two and a half years. Got me a studio mic and some gears. In between those lovely and beautiful Mind-boggling CIA's, I continued my journey of helping my neighbors have their sleep-less nights. Now don't ask me ***"Why not during the day?"***. **In silence, comes a breeze of ideas** (at least that's how I work). Now, what did all those **Disguised blessings** of being **Thanos** on my neighbors' sleep fetch me?

Three good songs. Yup! Original stuff right there. That's what I got. Now look, I'm not a pro. I got no technical knowledge of music. I'm just one of those tiny teeny 'Lost stars' (and if Adam Levine didn't just pop up in your head right now, you're being judged. Brutally!). But honestly, I don't look at having the technical knowledge that way. Remember the Beatles?

The reason everyone cites the Beatles as great **'Untrained musicians'** is that they were great. But the main reason the Beatles were so revered is because of their ability to create studio recordings. Their albums from **Revolver** and those late albums were masterpieces of recording, editing, mixing, and effects, of hyperrealist timbral and spatial manipulation, and surrealist tape editing.

Now I'm not saying I'm great, but it's the perspective I sort of look at. Creation is everywhere and the beauty of it exists in every form. May it be the birth of a new-born, or writing a new song. Painting a picture or bringing out the beauty of imagination into motion. **Creation is Extraordinary!** Period.

And as I quote, "**Melodies are born out of emotions. You write to let go. You create to feel free. Music is freedom for me and that's what has kept me at the bay of sanity**". I think music is what has kept most of us sane. **Even you.**

HIMANTH VENKATESH
1928109

TOP MICHAEL JORDAN MOVEMENT

A sport has a collection of moments that are hard to translate into words. Not every moment is great or inspiring. Some are weird and embarrassing. Sports reflect life in the truest sense, with all the good, bad, and ugly moments it has. Though, like in life, in sports too, we all tend to look for moments of greatness which inspire and fire us. The so-called 'greatest moments', are what we all live for after all. Capable of reviving the dead, these moments act as an elixir for humanity. We all love them, we all want to be part of them, or re-live them. So, in order to relive and get inspired by that let's see the legendary movement of Michael Jordan's Flu Game and take lessons for life.

Michael Jordan's Flu Game on June 11, 1997. It's Chicago Bulls V/S Utah, Jazz, Game 5 of the NBA Finals. The series was tied at 2-2, making the match more significant for both the teams. Unarguably the greatest Basketball player of all time, Michael Jordan's sights were set on winning his fifth NBA ring. There was a problem though, not a minuscule one, but one which can force Jordan to not play the game.

He looked frail, weak, with signs of major illness. Hell, he was not even taking part in the Bull's pre-game shooting practice, which he has never missed. News arrived at the Delta Center, Salt Lake City, that Michael was suffering from a flu. He could miss the game!

With the game about to start, 5 minutes before, Michael informed coach Phil Jackson, about his decision to play. Coming out of the tunnel, everyone in the stadium could see Michael's poor condition.

His face conveyed it all, fans were happy to see him but concerned about his health too. The first quarter began, the Utah Jazz built a 16-point lead over the Bulls, Michael struggled, failing to register a single point. Jordan ended the game, scoring 38 points, 5 assists, 3 steals, and 1 block. Not a bad statistic for someone who was playing with an illness. The Bulls won the match 90-88, with Jordan scoring the match-winning three-pointer.

So, this shows despite whatever comes through in life one becomes legendary once they overcome those barriers and do what they actually believe in, despite what other thinks of them.

TANYA GOEL
1928055

CHANAKYA

WHO SAID "VIDEO GAMES ARE A WASTE OF TIME"?

It all starts with a beautiful anecdote, an instance, an idea that gives birth to something so significant that it is talked about for years. Confused much?

Let us start from the beginning, you all must know about an English chap called Isaac Newton, well he is addressed as Sir Isaac Newton!! Why? The man came up with the concept of gravity, and how did he manage to do that??? an apple or 'the Apple', which fell on the ground and inspired a man who in turn inspired a generation.

Fast forward that to the 21st century and here I am, not inspired by an apple but inspired by video-games.

Yes, you heard that right. Thanks to the Indian Government and its feud with China where China had played its move and it was time for the Indian officials to counter and as a result, they banned an application, an application which is loved by all the Indians, the young Indians, who have all the time in the world to master their art, an art of gaming. Well, as all disruptive innovations go, gaming as an art is another disruptive innovation and you better get used to it.

These youngsters, their video games, and their gaming prowess. They had many stories, memories, adventures, and achievements attached to it, but in a split second, their greatest asset was snatched away from them. Yes, this government is not new to giving surprises (you all know what I am talking about).

Now this poor helpless me, who was wandering like a lone wolf and looking for a new game, a new adventure, something to spend my leisure time in, and boom, a thought popped up in my mind. As I am a finance student, it is an implied contract with the sorcery of finance (pun intended) to observe things from a financial perspective. I thought, how can these games be helpful to the fund managers in assessing the risk appetite of gamers as these gamers are going to be future investors.

I asked myself, why can't these gamers become the present investors?

In my observation, all these games that I have ever played in my life, one thing was common and that was reward coins. You play a game, you win a game, you earn a reward and what you do with that reward. You invest in assets.

From my experience of playing games since my childhood, I've come to an understanding that I am a conservative spender, I like to save and wait for opportunities, while my friends in the gaming community have different habits. Machine learning tools and analytics can be applied to understand the decision making and risk appetite of a gamer.

This is an opportunity for all the financial institutions, fund managers, and other associated institutions for a major financial inclusion of a unique and unidentified psychographic segment. If not that, they can invent games of their own to understand, read, and predict the behavior of a potential customer.

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