CHRIST UNIVERSITY
BENGALURU, INDIA
Declared as Deemed to be University under Section 3 of UGC Act 1956

FINOMETRICS

MBA (FINANCIAL MANAGEMENT)

DEPARTMENT OF MANAGEMENT STUDIES

FEBRUARY EDITION (Vol 44)

CONTENTS

- MINDBLOWING RETURN FROM EQUITIES
- MSMEs AND THEIR CONTRIBUTION TO THE INDIAN ECONOMY
- IS HR A DYING PROFESSION?
- BLOCK CHAIN TECHNOLOGY DEMYSTIFIED
- DIRECT CHANNEL OF THE RBI RECAPTILISING COMMERCIAL BANKS MAY NOT BE APPROPIATE
- IS GDP GROWTH POST DEMONITISATION “TOO GOOD TO BE TRUE”
- CASH LESS ECONOMY AND PROBLEMS AND PROBLEMS IN THE RURAL AREAS
- INDIAN INVESTMENT : FROM FD’S TO EQUITIES
- NASDAQ

MINDBLOWING RETURNS FROM EQUITIES……….

The habit of saving and investing are seen among Indians by nature. When compared to all other nations, Indians show more interest to save and invest their money to meet their future, expected and unexpected expenses. In the rural areas of India, the people still save their money in the form of cash itself, without understanding that the time value of money may depreciate the value of their savings. Even in the developed urban areas, the investment is generally done in Gold and Realty. It is really disgusting to know that among the huge amount of Indian household investment, only 2.8% of the total amount is been invested in equities, while the rest are just pumped into banks for a mere rate of interest. Some feel comfortable with investing in lands, buildings and properties, and a majority of the population invest only in the yellow metal and are satisfied.

Majority of the population are not aware of the investment in the capital market, and the most among the very few who are aware, are reluctant to take risks. Without taking any risk, you can never reach the top of the Everest. Equity is the best way to maximize one's wealth. Overflow of returns can be seen only in the case of equities. This could be more interesting if it is being discussed with a particular equity stock as an example and its 10-year return.

Ajanta Pharma is a specialty pharmaceutical company engaged in developing, manufacturing and marketing finished dosages. Their shares were traded at Rs.9.60 per share (01/01/2007) 10 years back and now the value per share is Rs.1761 (01/01/2017), which gave the investors a return of 18344%. If you would have invested Rs.1 Lakh, now its value would have been Rs.1,84,44,000, a real jackpot. There are many other stocks like this, which created enormous wealth to the investors. Any other mode of investment wouldn't give this return. That's why it is said, "generally 1+1=2, but in the case of equities, 1+1=11".

Apart from these huge returns, there are also some many other benefits from investing in equities. In India, there is no tax for the capital gains of the stocks that are been held for more than a year. Also, there is no tax for the dividend received by the share-holders. Moreover, the problem of inflation can be faced easily by the means of equity investment. Especially in developing countries like India, the inflation may be higher than the expected rates in the upcoming years. Unlike other investments, equities can be easily liquidated, that too very quickly with highly improved technological facilities available today.

Above all, the RBI steadily decreases the bank interest rates, which indirectly forces the investors to find an alternative for the commonly done bank deposits. Even other medium like Post office deposits, Government bonds, Insurance policies etc., can't fetch a return that an equity can. There is no doubt that investment is a necessity in everyone's life. As well said by Warren Buffett, "someone is sitting in the shade today because someone else has planted the tree a long time ago". If not investment may help you, it would definitely benefit your future generation. Riskier is the investment, more is the returns. Choose equity and expect the unexpected. Enjoy a wealthy future.

KARTHICK G

1628813

MSMEs and their contribution to the Indian economy

Medium Small and Micro Enterprises (SMEs) have constantly been the establishment of an economy when all is said in done and discretionary division particularly. For a capital uncommon making country like India, SMEs are considered as panacea for a couple of budgetary weights like unemployment, destitution, pay aberrations and regional unbalanced nature.

The MSME Development act orders delivering units into medium, little and scaled down scale endeavours depending on the hypothesis made in plant and equipment. Any endeavour with enthusiasm for plant and equipment of up to INR 50 million is considered as medium wander while those having theory between INR1.0 million to INR2.5 million is a little attempt and one with under INR1.0 million is a small scale try. In organization territory, any wander with the hypothesis farthest reaches of INR1.0 million, between INR 1.0-20 million and of up to INR 50 million is called as scaled down scale, close to nothing and medium undertaking independently. Challenges for MSMEs

The time ahead for the MSMEs in India is inspiration to stretch. In the event of expanding globalization when now and then an unhindered trade assertion is being set apart with a country or a territory, MSMEs in India would go up against constant competition from the mechanical moved business enterprises of out of reach territories. Remembering the true objective to keep up such contention, SMEs in India would require extremely skilled work influence nearby lucky redressed of cash related needs and creative up degree. Nonattendance of ideal and attractive credit to MSMEs is a critical impediment for the improvement of MSMEs. Modestly high cost of credit, essential of protection and limited access to esteem capital every now and again put such firms outside the net of institutional credit. Distinctive troubles encountering the MSMEs join high cost of rough material, limited access to overall markets, nonappearance of infrastructural workplaces, obliged access to cutting edge advancement, nonattendance of compelled work, stringent work laws and detachment of business environment.

In order to make SMEs stand erect in the event of solidified contention from remote endeavours, government should exhibit changes in credit, advancing, work, reclamation and way out approach, system, development and fitness progression and duty gathering areas.

Akash Madhusudanan

1628802

Is HR a Dying Profession?

It depends on one’s perception to decide if Human Resource is a dying profession or not. But according to us it is surely not a dying profession because it is an expanding and emerging profession. Human Resources is the blood of any organization, and the HR policies and functions enable the business to perform smoothly and allowing the business to make right decisions. Most of the leading organizations consider Human Resources as PEOPLE department as it understands the skills available to the business to achieve the strategic goals of the organization.

Here are the main reasons to prove why HR will continue to live on,

- HR is a business enabler Although most organizations are transforming rapidly and bringing great efficiencies to their functions, there will always remain a higher demand for HR specialists who can wear multiple hats and diversify their capabilities.
- Hunger for innovation in HR There’s a hunger for innovation and high growth in HR. The 21 st century is the “talent era” and young companies are in search of new talents and in a verge of changing the face of the profession.
- Globalization has undoubtedly liberated the Human Resources and has led to greater diversification between countries, regions, communications and also teams. We can see that there is an increase in number of HR personnel because of the growth and diversity in organizations and definitely HR is having a great future as a number of talented candidates in HR are increasing, giving a high stability to a growing organization.

HR is also dying for those candidates who are not able to find business values and who can’t attain significant Return On Investment in an organization. Determination of skills that a company requires, training and facilitating the employees and providing flexible policies and projects are some of the responsibilities of HR, and if an employee’s perception says that these are not important in an organization, then HR is surely a dying field.

HR profession will always remain viable career choice to those who can find growth. Although the perceptions are different for different people, HR will never have death because it is the blood of any organization and the main functions of business is carried on by the HR specialists. Having a look at the future of HR with big data analytics, testing, technology etc. HR is experiencing evolution and will continue to live on.

Joel Allen Rodrigues

1628809

Block-chain technology demystified!

Block chain is the underlying technology behind bitcoin. So you might well say, bit coins or crypto currencies are not legal in most countries and why should I care? The answer is yes, it is not legal in most parts of the world and has certainly more volatility but the underlying block chain technology is here to stay. Some believe that block chain technology is going to revolutionize the world more than the internet has.

Block chain is a distributed public ledger of transactions of things of value. If you take the bitcoin, whenever there is a transaction using bit coin it is recorded one way or another and it all goes into a central block chain and the block chain exists not in one place but in hundreds of different places called the nodes on the network. Every single node has a copy of the block chain. So this is a distributed network of information and in every single node we have a ledger of every single transaction that has taken place. This means that it is virtually impossible to hack this. Hacker cannot hack it because it exists in hundreds of different places and if a hacker manages to get into one particular location and hack that version, all the other versions are going to stay as they were before and it will be found out immediately. Mining a bit coin is a process of solving complicated mathematical equations and if one does it successfully one can submit that and get a new bit coin. So how does it all work?

In the bit coin universe, all the transactions that take place with the bit coin are recorded and all of the different nodes get copies of all of these transactions. If a person successfully mines a bit coin, the person who has successfully created that bit coin can submit all of the transactions that has taken place since the last bit coin was mined as a new block which gets added to the block chain because it’s a series of blocks. Every time a new bit coin is mined, a new block of the latest transactions gets added to the block chain. The new person who adds the block has a financial incentive to do it correctly because they get their bit coin in exchange for this work of theirs. They get the bit coin when they upload the block of latest transactions. There is also a check on this system. So as soon as that block of new transactions is uploaded, all the other nodes that have all the blocks of all previous iterations plus the latest transactions are cross checked to see if the process is done correctly. This means that if anyone tries to upload an incorrect transaction or a fraudulent activity, it would be found out immediately by all the other nodes.

An approximately 51% of the nodes have to agree that the latest transaction done on the block is correct. If they agree on that, then the block becomes a part of the block chain, the person who mined the bit coin gets his bit coin and the block moves on likewise. Thus we would always have a trusted public ledger of thousands of nodes that everybody agrees to.

- John Ranjith R (1628810)

Direct Channel Of The RBI Recapitalising Commercial Banks May Not Be Appropriate

The Government has been attempting to restore health by recapitalising banks. The suggested solutions in the ES include creating a public sector asset rehabilitating agency (PARA). This has been adopted in some countriesbut not always successfully. It comes at a price which finally the taxpayers have to shell out.

Another source could be funding from the capital market. Finally, as in the previous year, the ES suggests that the Reserve Bank of India (RBI) could transfer some of its reserves to ailing commercial banks and PARA. This measure, not argued in the ES, would make the RBI vulnerable to market forces.

RBI deputy governor Viral V Acharya suggested that using a part of the Reserve Bank reserves for recapitalising state-run banks may not be a good idea. After an assessment of the money required for handling various stress scenarios in the banking system and the financial markets, the RBI transfers its surplus or the dividend, to the government. Once it transfers the money, it is for the government to use is the way it wants

Growing NPAs which close the capital reserves, higher insurance requirements under the new Basel-III context which the program is migrating to and the restrictive resources available by all of the fiscally constrained government are bounded by the factors that had influenced to such a plan.

Acharya, who implicit a new ideal for dealing with the threats of capital constraints and uprising NPAs, reputed a restructuring of the banking affiliate is needed.

A robust balance sheet of the RBI is a first line of defence in any crisis and should not be weakened for short-term benefits, especially when the world faces unprecedented uncertainty. Rather, it would be prudent for the RBI to maintain the traditional discipline of paying dividend to the Government. The Government could then consider distributing such dividends, through the Budget, to PSBs.

The opening of the direct channel of the RBI recapitalising commercial banks may not be appropriate and may set a wrong precedent. After all, the RBI is the regulator and supervisor of commercial banks, including PSBs.

JEFFY JACOB

1628830

Is GDP growth post-demonestisation ‘too good to be true’?

According to the advanced estimation of CSO, when demonetisation took place, the GDP growth was 7% in the third quarter of the current fiscal. GDP growth has been fixed at 7.1%. If one goes by the expenditure side of demonetisation, there is more than what the numbers speak on the surface impact of demonetisation.

In the recent released report of SBI, it is said that,” Interestingly, the impact of valuables on the total estimates from the expenditure side tell the story of demonetization. After demonetisation, there was a steep fall in the international price of gold partly because Indian demand had momentarily subsided”.

The percentage share of Private Final Consumption Expenditure (PECE) may have increased in the total expenditure pie. It includes final consumption of households and non-profit institutions serving households (NPISH) like temples, gurudwara etc. It concerns to outlay on new durable as well as non-durable goods (except land) and on services.

But estimation of GDP indicates minimal impact of demonetisation. According to SBI, it is fascinating to see that the growth rates of these segments show a significant recovery in fourth quarter even after the cement dispatches for January’17 declined a whopping 13%. It is not clear how construction activity is reviving in the current quarter. Similarly, bank credit growth is still at December 2016 levels. The study also pointed that there is a need for more economic investigation into various aspects pertaining to demonstisation.

SHALINI

1628850

Cashless Economy and Problems in Rural areas

A cashless economy is one in which all the transactions are done using cards or digital means. India. Once a substantial part of transactions are cashless, it would bring down the cost of printing, managing and moving money around. Further, the cashless economy automatically solves the problems of cash out on long holidays, risk of carrying currency notes etc. Of them all, there would not be any problem of counterfeit currency. But we cannot say that cashless economy promotes only benefits.

In general, a rural area or countryside is a geographic area that is located outside towns and cities. Typical rural areas have a low population density and small settlements. Agricultural areas are commonly rural, though so are others such as forests. There is a lot of resistance from this group for implementation of cashless economy. The reasons for resistance are:

- **Poor and illiterate people:** Illiteracy, patriarchy and a lack of familiarity with technology make poor people highly vulnerable in a cashless economy. People who live in rural area face difficulty in adjusting to a world without currency notes.
- **Lack of infrastructure facilities:** There are very limited PoS machines in the rural area. Internet is not accessible for every Indian even if they are, there exist lack speed.
- **Lack of access to banking:** A share of the Indian population does not fall in any banking system. The people in rural area are still not close to the banking culture.
- **Limited internet and smart phone penetration:** The internet penetration is very low compared to countries like Nigeria, Kenya, and Indonesia etc. Only few rural group use smart phones which is not sufficient to become a cashless economy.
- **Risk and security threats are high:** Anything that's technological comes with a baggage of risk and securities threats. Villagers with less technical knowledge are easily attacked by hackers and cyber criminals.
- **People don't accept the changes:** People with strong old believe and culture will never support the new developments. They are strongly attached with the old system and these types of people blindly reject the new changes.

Implementation of cashless economy in rural area is not easy as in urban region. India has to face many problems to become a cashless economy, and it will take the impact of time in developing a country like India to apply the cashless economy.

GOLDY P GEORGE

1628828

Indian Investment: From FDs To Equities

India has always had a culture of savings, and like they say, old habits die hard. So, it comes as no surprise that from 2012-13 to 2015-16, the net financial savings of households grew from 7.2% to 7.7% of the Gross National Disposable Income (GNDI). However, there is also change in the air, as Indians are gradually shifting away from deposits when deciding where to put their savings.

Indians households are increasingly putting their money into equities and debentures, choosing these higher risk avenues over traditional ones like fixed deposits, per the 2015-16 annual report of the RBI. The share of equities and debentures grew from 0.4% in 2014-15 to 0.7% in 2015-16. The share of deposits meanwhile, fell from 4.9% to 4.7% in the same time frame. Of course, the shift is still slow, and despite the decrease, deposits occupy the highest share in household investments.

While the move to values and debentures is little, money related organizers demand that it is still a huge move. What's more, more youthful eras have the benefit of the web, which, makes them more certain about putting their funds in non-unmistakable resources. Another variable adding to the diminishing inclination for stores is the falling loan cost. As indicated by a report in the Times of India, most banks give a rate of enthusiasm of around 7.25% on a one-year store. "The yearly comes back from a bank FD is just around 4.9% on a net reason for a man in the 30.9% expense section now. This would not be even ready to coordinate the normal CPI (buyer value record) swelling of 5.24% in the most recent one year," the report says. Low swelling has added to low loan costs on settled stores.

Less individuals will place cash into settled stores, which adds to their diminishing notoriety. Indeed, even the more seasoned era, who might fervently put their reserve funds into stores, are currently annoyed with the bringing down profits for premium, the eagerness to put resources into values and debentures is in all cases, and not simply in the more youthful well informed era.

The mindfulness about riches creation over essentially saving reserve funds is additionally expanding. What's more, given that the values advertise has been rising and turning out to be more steady in the last couple of years, it is turning into a lucrative alternative.

The change of national government in 2014, and the view of the present government as expert economy constructed individuals' certainty. Later changes like the GST bill and SEBI boosting common store ventures by giving tax reductions additionally added to the move far from stores. The points of interest, however, are noteworthy: It helps capital markets develop by making capital era less demanding for organizations. This is likewise uplifting news for new businesses. For the normal individual, it implies more roads to contribute and turn into a partner.

Nonetheless, for the advantages of value markets to defeat the hazard remainder, financial specialists must embrace a long-haul point of view. A case is how Sensex dropped by 500 focuses when news broke of the Indian armed force leading surgical strikes on fear over the LOC. Values set aside opportunity to acknowledge, and speculators need to remember that.

Richa Saxena (1628847)

2MBAFM

NASDAQ

While studying commerce from standard eleven, we have always heard about stock markets. A few stock markets in India are BSE (Bombay Stock Exchange), NSE (National Stock Exchange), OTCEI (Over the Counter Exchange of India), etc. What we tend to forget is that the world is a global village now. Globalisation is now of big relevance. Having knowledge of just mere domestic stock markets in not enough, there is a need for looking into the stock markets of other nations as well. One such stock market is NASDAQ. It is rising in popularity attracting investors and companies looking for enlistment all the day from India.

The NASDAQ Stock Market, commonly known as the NASDAQ, is an American stock exchange. It is the second-largest exchange in the world by market capitalization, behind only the New York Stock Exchange. The exchange platform is owned by NASDAQ Inc., which also owns the OMX stock market network and several other US stock and options exchanges. NASDAQ is an acronym of National Association of Securities Dealers Automated Quotations. It was started in the year 1971. In the beginning its only operations were quotations of securities but as time passed by it entered into buying and selling of securities of stocks and other stock options. On February 8, 1971, NASDAQ became the world‘s first electronic stock market. The NASDAQ helped lower the spread (the difference between the bid price and the ask price of the stock) but was unpopular among brokerages which made much of their money on the spread. Over the years, NASDAQ became more of a stock market by adding trade and volume reporting and automated trading systems. NASDAQ was also the first stock market in the United States to start trading online, highlighting NASDAQ traded companies (usually in technology) and closing with the declaration that NASDAQ is "the stock market for the next hundred years."

NASDAQ possesses quite a few indices which cover different markets. However its primary index is the NASDAQ composite. Other indices are NASDAQ Global Market Composite, NASDAQ Global Select Market Composite, NASDAQ-100, NASDAQ OMX 100 Index, etc. Here is a record of NASDAQ composite – NASDAQ Composite

INDEXNASDAQ: .IXIC – 1st march, 5:15 PM GMT-4 5,211.89 ↑85.98 (1.68%) In 1992, NASDAQ joined with the London Stock Exchange to form the first intercontinental linkage of securities markets. The National Association of Securities Dealers spun off NASDAQ in 2000 to form a public company, the NASDAQ Stock Market, Inc. In order for a company to get listed on NASDAQ it was to satisfy certain condition.

These conditions are listed below –

- A company must be registered with the United States Securities and Exchange Commission (SEC).
- Must have at least three market makers (financial firms that act as brokers or dealers for specific securities).
- Must meet minimum requirements for assets, capital, public shares, and shareholders.

The trading schedule of the NASDAQ is listed as below –

1. NASDAQ had a pre-market session from 4 A.M. to 9:30 A.M. (Eastern).

2. A normal trading session from 9:30 A.M. to 4 P.M.

3. A post-market session from 4 P.M. to 8 P.M. NASDAQ quotes are available at three levels:

    - Level 1 shows the highest bid and lowest ask—inside quote.
    - Level 2 shows all public quotes of market makers together with information of market dealers wishing to buy or sell stock and recently executed orders.
    - Level 3 is used by the market makers and allows them to enter their quotes and execute orders.

NASDAQ has three different market tiers:

- NASDAQ capital market (small capital)
- NASDAQ global market (mid capital)
- NASDAQ global select market (large capital)

Jeril Shaji

2MBA FM

EDITORIAL TEAM

CHIEF EDITOR

DR JAIN MATHEW

PROFESSOR & HEAD

DEPARTMENT OF MANAGEMENT STUDIES

ACEDEMIC CO-ORDINATOR

PROF SURESHA B

FALCULTY CO-ORDINATOR

DR SUNITA PANICKER

FINOMETRICS CORE TEAM

EDITORIAL TEAM

ROHAN

PRARTHANA

VINUTHA

PRATHYUSHA

CREATIVE TEAM

KEVIN A JOSE

MANOJ R