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CHAANAKYA

ARTHASUTRA NEWSLETTER
BROUGHT BY TEUTATES

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Editor's Note

Greetings readers!

It is our pleasure to bring to you the contributions of the first year Finance student writers from Teutates for the month of January 2020. Teutates is a group of students under the mentorship of Professor Aparna Hawaldar from the MBA Finance Department. 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. The issue also offers a brief overview of the recent regulatory announcements and actions as well as the unfortunate frauds that happened. We believe that this newsletter will provide you with a quick and balanced insight of the recent financial activity as well as a peek into the students' co-curricular activities held through the Finance Club.

Team Chaanakya expresses sincere gratitude to our Dean, Dr. Jain Mathew, Head of Specialisation, Dr. Mareena Mathew, Dr. Latha Ramesh, our expert specialisation 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

Hot Stock of the Month: Wockhardt

Wockhardt Ltd. is a research based global pharmaceutical and biotech company. Wockhardt's 'New Drug Discovery' Programme has focused on an unmet need for anti-bacterial drugs that are effective against the menace of 'Untreatable Superbugs'. Wockhardt is the only company in the world to whom U.S Food and Drug Administration (USFDA) has given a Qualified Infectious Diseases Programme (QIDP) status; for five of their anti-bacterial discovery programmes - two of them being Gram Negative and three being Gram Positive, effective against untreatable superbugs. It has with it, a comprehensive Drug Discovery Team and Clinical Organization. Wockhardt currently employs over 7,000 people and has presence in more than 27 nationalities such as USA, UK, Ireland, Switzerland, France, Mexico and Russia. It has manufacturing and research facilities in India, USA & UK and also a manufacturing facility in Ireland. Wockhardt has a significant presence in USA, Europe and India, with 72% of its global revenues coming from international business.

Wockhardt Q3FY20 sales stood at Rs. 869 crores, EBITDA at Rs. 109 crores (Previous Year (PY) Rs. 19 crores), PAT at Rs. 9 crores compared to loss of Rs. 71 crores in PY, as announced during board meeting in Mumbai on 27th Jan, 2019.

Price on 1st Jan = 235.7
Price on 31st Jan = 358.2
% Change = + 51.97
Face Value = 5.0

Wockhardt stock is suitable for long term investments and for daily trading. The stock price has an all-time high of Rs. 1,930. So, if one is thinking of investing in the pharmaceutical sector, it is better to invest in Wockhardt's stocks. Wockpharma has 31 subsidiaries and has the potential to grow in future.

Reference:https://in.finance.yahoo.com

Praveen KP

Why Soverign Gold Bonds Could be a Better Bet Than Physical Metal

The Sovereign Gold Bond Scheme was launched by the Government of India in November 2015 to reduce the demand for physical gold and to shift a part of the domestic savings into financial savings. The scheme comes under the Gold Monetization Scheme. The issues are made open for subscription by the RBI in consultation with the Government of India. The issues are prepared by first pooling the bonds and are then made available for subscriptions. From time to time, the terms and conditions of the scheme are reviewed and notified by the Reserve Bank of India. Before every new pool, the RBI declares the coupon rate of the Bond in a press release. All the branches of the State Bank of India have the authority to accept the subscription. Eligible investors include Individuals, Hindu Undivided Family (HUF), Trusts, Universities and Charitable Institutions. The maximum limit of subscription in Gold is 4 kg for Individual, 4 kg for HUF and 20 kg for Trusts and similar entities per fiscal year (April-March) notified by the Government from time to time.

The annual ceiling includes the bonds subscribed under different pools during initial issuance by Government and those purchased from the secondary market. Sovereign Gold Bonds are a kind of Government Bonds that are issued by the RBI on behalf of the Government for investors to purchase. These are denominated in grams of gold. The Series VIII of the Sovereign Gold Bond 2020 was opened from 13th-17th January in accordance with a notification that was issued in September 2019 by the Ministry of Finance, Government of India. The issue price for the subscription period was fixed at Rs. 4,016 per gram of gold. The Govt. decided to allow a discount of Rs. 50 per gram from issue price to the investors who applied online and made the payment through digital mode. This attracted more investors to invest online, as for such investors, the issue price would stand at Rs. 3,966 per gram.

The investors get an interest income on redemption of the bonds along with the prevailing price of gold. This return is subject to how gold performs as a separate security and also these returns are matched to inflation. Therefore, the returns of the investor mainly depend on how well gold performs, taking into account inflation in the economy. However, for higher returns, the market experts advise the investors to target equity as an asset class.

The advantage of this product is that the investment that the investor makes is safer and more secure compared to many other assets. The investor receives the ongoing market price along with interest on redemption. The risks and costs associated with possession and storage are eliminated. It is not necessary to prepare issues separately for 'making charges' in the case of gold that is in jewelry form. There is very less or no risk of loss as the bonds are held in the books of the RBI. Individual investors with subsequent change in residential status from resident to a non-resident may continue to hold Sovereign Gold Bonds till early redemption/maturity.

C.P. Prathika

Indigo Feud: Here's all You Need to Know

Yet another corporate governance issue came to light when one of the promoters of IndiGo, Mr. Rakesh Gangawal wrote a letter to SEBI alleging lack of corporate governance in the company. When Inter Globe Enterprises (IGE) Group, owned by Mr. Rahul Bhatia and Caelum Investment, owned by Mr. Rakesh Gangwal, came together to form IndiGo in 2005, they would not have thought that such a conflict will happen in future.

At the center of this conflict is the management control, which lies with Mr. Bhatia, and the questionable Related Party Transactions (RPTs). The management control is in hands of Mr. Bhatia because of the clause mentioned in the company's Article of Association - which gives IGE Group's rights of appointing three out of six directors, nominating and appointing the Chairman, CEO and President. It also includes a voting arrangement that requires Mr. Gangwal to vote for appointment of directors. These rights were given in return of Rs. 1,100 crores personal loan and personal guarantee given by IGE group. IndiGo transacts with IGE group for several services like ticketing, crew accommodation, simulation training etc. The value of these RPTs has increased from Rs. 31 crores in 2010-11 to Rs. 315 crores in 2017-18. These two issues have forced Mr. Gangwal to write a letter to SEBI and call an EGM for making changes in the Article of Association of the company. But he has failed to achieve the same. Now, we have to wait and watch as the issue unfolds in the coming days.

Abhishek Kumar Tiwary

Review: "Money" is Korea's Take on "Wall Street"

'Money' (Don) is a 2019 South Korean financial thriller movie. Director Noo-Ri Park who adapted the screen play from a novel written by former stockbroker Jang Hyun-do, works some miracle here. He uses humour to explore the heart of darkness. The film has an outstanding cast and an appealing story. The film features a great cast of Ryu Jun-Yeol, Yoo Ji-Tae and Jo Woo-Jin. This film is about a stockbroker and how he emerges as a multi-millionaire through various 'dark' activities.

Jo Il-Hyun (Ryu Jun-Yeol) always wanted to become rich. To pursue his dream, he starts working as a stockbroker in the financial district of Yeouido (The Wall Street of South Korea) where he is expected to get lunch for senior brokers and fund managers. He is gifted with numbers. Since he has no connections, his output is zero and he is just about to get fired. Just then, he receives a mysterious call from a man known as "Number tag" (Yoo Ji-Tae) and is offered an unreasonable amount of money for a job. After much deliberation, Hyun takes up the proposal and starts making money. The moment money starts rolling, a dangerous transaction begins. His irregular trade activities catches the eye of an officer (Han Ji-chul), at the Financial Supervisory Service, who is chasing "Number Tag" for years, and so he starts hunting Hyun down.

The movie succeeds in engaging its audience with an interesting story blended with humour. 'Money' is at its best when director Park focuses on the workplace dynamics, dropping in the little details, thus illuminating Korean corporate culture. It gives a social message on how Korea's society is placing money before happiness. It also shows how the main character gets trapped deeper with the accumulation of money instead of becoming freer. 'Money' explores its most interesting ideas, bringing characters to the edge and dives wholeheartedly into the financial thriller territory.

Amitaa Sinha

How Tata MF Uses Machine Learning

The financial sector has come a long way from using pocket calculators to employing emerging technologies for maximizing investment returns. Tata's Open-End Fund has designed the Tata Quant Fund, which is an Artificial Intelligence (AI) and Machine Learning (ML) powered fund. This fund's framework combines multiple rule engines and predictive models to make investment portfolios that are aimed towards maximizing returns and minimizing losses during upward & downward trending phases. Tata Quant Fund has also been made available with digital partners like Paytm Money and Grow apps.

A quant fund has algorithms at its core that drive the investment strategy. Development of quant systems requires employing advanced enabling technologies. The resulting system analyses complex correlations, identifies hidden patterns and formulates predictive models. Therefore, it manages the portfolios excluding human emotions and biases. The fund has a lively multiple factor investment model with embedded AI modules. These models use historical correlations and patterns to assess the impact of the latest economic and market conditions on portfolio returns.

The process for rule-based stock selection and portfolio allocation makes use of proven factor strategies like Value, Quality, Momentum and Market-Capitalization. For each month during the past twenty years, every stock was scored on a set of factor models: Value, Quality, Momentum, Value plus Quality, Quality plus Momentum and Market Capitalization. The scores consider one-year data of the underlying variables for individual stocks. A portfolio comprising top scoring stocks is made for every factor model for every historical month. The machine is fed with information for 22 years with varied data points starting from Macro-Economic, Inflation, GDP, Exchange rates, International Market Index Movement and Portfolio Momentum. These algorithms do Factor Engineering themselves.

A second algorithm predicts the direction (positive / negative) of portfolio returns. This predictive engine learns and predicts directions for portfolio returns independently for thirty subsequent days. The expected benefits of removing human intervention from the investment process is to eliminate various behavioral biases like confirmation bias, loss aversion, and recency bias. As of date, the processes are quite efficient and take only three hours to sense data and re-learn. The Machine Learning modules self-learn and suits changing market dynamics. This would help in protecting decline in the investments' value etc., thus minimizing loss of investment capital and helping in consistent capital gain.

Reference : The Economic Times

Yamini Rekha CS

IMF MD's Views on Indian Economy

While speaking at the World Economic Forum 2020, IMF's Managing Director Kristalina Georgieva said that the world appears to be a better place in January 2020 relative to what it was when the IMF released its World Economic Outlook in October 2019. According to her, the factors driving this include a decrease in trade tension after the first phase of the US-China trade deal and synchronized
tax cuts, among others. Nonetheless, she said that a 3.3 per cent growth rate is not good for the world economy. She also stressed on the need for aggressive fiscal policies, structural reforms
and more dynamism.

With the emerging markets moving ahead but India receiving a downgrade by Moody's which is hopefully temporary, she expects the momentum of the country to improve while going further ahead in future times.

This comes a few days after the IMF's Chief Economist, Gita Gopinath commented that the IMF will review forecasts for India's January's economic growth, which is likely to be a major downward reduction over the previous estimate.

According to her, India seems to be suffering from very weak private demand. It relies quite heavily on Government spending, while on the other hand, investment has slowed down very strikingly and consumption growth is also slowing down albeit, still holding up to an extent.

Based on the comments stated above, Mr. Athar Khan, Consulting Editor, Times Now, noted that the IMF forecasts have been altered in the past and are likely to be altered again. Therefore, what the IMF Chief said in the above discussion should therefore be taken with a pinch of salt.

Reference: https://www.indiatoday.in

Shivani Sehgal

Nightmare for Indian Banking Sector - FSDR Bill

Reports indicated that BJP-led Government of India is reintroducing the Bill of Financial Resolution and Deposit Insurance (FRDI), 2017 with amendments. It will be renamed as Financial Sector Development and Regulation (Resolution) Bill, 2019. FSDR will be reintroduced in the Parliament post Cabinet's approval.

The new bill is intended to provide certain essential competences to banks, such as the right to end contracts, write-off defaults, setting up bridge facilities and also as a system for settling cross-border foreign banking.

Depositors and account holders in banks can sit back and relax now - their cash will not be utilized to bail out a failing bank. The administration reported that it has pulled back the Financial Resolution and Deposit Insurance (FRDI) Bill, 2017 from the Lok Sabha. The FRDI Bill, which triggered considerable anger among the overall population, contained a 'bail-in' clause for resolution of bank failures, which was seen to be against the interest of the depositors.

According to the Deposit Insurance and Credit Guarantee Corporation (DICGC), any depositor in a bank shall be protected, for the same capital and interest amount kept on the day the bank's license is suspended and cancelled, or the day the amalgamation or merger scheme enters into effect, up to a maximum of Rs. 5 lakhs. The limit has been raised from Rs. 1 lakh after the Government of India gave approval on 4th February, 2020. If the depositors have deposits in more than one bank, deposit insurance coverage limit is applied separately to the deposits in each bank. Further, all funds held in the same type of ownership at the same bank are added together before deposit insurance is determined. If the funds are in different types of ownership, or are deposited into separate banks, they would then be separately insured.

Adhesh Dheeraj

India's Economy: When Will the Elephant Dance?

Mr. Duvvuri Subbarao, former Governor of the Reserve Bank of India, talks about how the Indian economy can get back on track.

The East Asian Economies - Taiwan, Korea, Singapore, Hong Kong are referred to as the 'Tigers' in the parlance of development economics. The next generation of fast-growing Asian Economies - Thailand, Philippines, Malaysia, Indonesia - are called the 'Cubs'. China is called the 'Dragon'. Over the last 40 years, all these countries have grown miraculously. The first off the block were the 'Tigers' from East Asia who transformed from poverty into wealthy communities in just one generation. The next miracle of growth, hopefully, is coming from India. India is referred to as an 'Elephant' as it is a large animal with enormous potential, but it is traveling at a lumbering rate and the goal is to start dancing and deliver the next miracle of growth.

In India, growth has dropped to 5%, or indeed less than 5%, on an annualized basis. Growth is derived from private consumption, consumption by Governments, production and net exports. Consumption, both Governmental and private, has been the biggest growth factor in the last five years. Fiscal constraints prevent the Government from further expanding spending. Private consumption has shrunk as credit is being choked and households have run their savings down. The net result is that not only is the 'Elephant' not dancing, but it can hardly walk.

What advice should be made to the Government?

The Government should state unequivocally that fixing the economy, getting it on track as quickly as possible to a five trillion production, will be the one-point policy, and will receive the undivided attention, excluding almost all other social and political issues. The Government should back up this argument with an action plan and a roadmap with consistent goals and measurable results in order to be convincing. We need structural reforms that address the real economic sectors, and governance reforms to make business easier.

G Chidvilas Varma

Equity and Retirement Planning: Best Ways to Enjoy Your 60s

Is it required for a retired person to have equity in retirement portfolio? Many people at the age of 50 get convinced to make Systematic Investment Plan (SIP) as they consider equity investing as gambling.

There was a time when retired people queued up at the post offices, as the Government paid interest on the money they invested. Safety was also guaranteed for their investment. Today, we live in a place where risk is omnipresent. Because of this, many investors are becoming risk averse, as the bad borrowers have made the lending markets too risky.

These days retirees are wealthy compared to the past. They mostly live in their own house, have assets and high savings. As many retirees' children are earning well, they also get support from their children for their post retirement needs.

What does equity do to a retirement portfolio? It gives long-term growth. Growth in portfolio value is a powerful tool against inflation. Inflation is a major threat to retirees. If their financial savings cannot manage to pay for inflation, then they will be facing a hard time. Equity helps in getting more returns for the investment made.

It is preferable to make investments in equity, fixed deposits and others sources as the risk can be diversified. For someone to invest for retirement, he/she has to see long term growth prospects as well because keeping the money at home will not increase its value.

Reference : The Economic Times

Balimidi Lakshmi Likhitha

How Spectre of Stagflation Looms over India

An economics teacher at the Johns Hopkins University (USA), Steve Hanke, pointed out that India will struggle to achieve the 5% GDP by 2020, as it witnessed an unsustainable credit boom, and with a huge number of non-performing loans piled up, primarily with the state-owned banks.

Stagflation looms as, India's growth rate declines to a six-year low of 4.5%. and Inflation breaches 6% upper limit of target on food prices. Stagflation pertains to a condition of accelerating inflation and weakening growth. The core of India's problems is the slump in consumption due to a combination of policy missteps like demonetisation, that banned the high-value cash notes from November 2016 and the chaotic implementation of GST in the following year. This created a credit crunch for small loans to hundreds of consumers and businesses. Oil consumption makes up about 60% of GDP, and expenditure in the economy has increased.

Teresa John, an economist at Nirmal Bang Equities Pvt in Mumbai, said, - "The recovery is likely to be very gradual and a stagflation scenario is likely." The central bank's five interest-rate cuts last year and seventy thousand crores of liquidity pumped into financial markets has not helped because banks are already burdened with the worst stressed-asset ratios in the world and are neither lending much nor reducing the lending rates to borrowers.

The Government has taken measures to revive the economy, it has merged weak state-run banks with stronger ones and also eased foreign investment rules. The government will also sell state assets in its biggest privatization drive. Economists are currently forecasting a rebound in growth to 6.2% in the fiscal year through March 2021, although much will depend on how quickly the global demand and domestic spending recovers. This can be done by increasing demand and public consumption, mainly by increasing the purchasing power of the people.

Reference: Bloomberg Businessweek

Girish L Reddy

Could Blockchain make the Financial Services Sector Irrelevant?

The first industrial revolution of mechanization began in 1780. It was followed by electrification in 1870, and later automation in 1970 and finally globalization in the 1980s. Currently, we have digitalization of the industrial process and in the future, there will be "personalization" (Industrial revolution 5.0).

Blockchain is one of the hottest and fastest-growing technologies in the IT sector today. A block chain is a shared digital ledger which allows online transactions to be recorded and verified electronically over a network of computers without a central ledger. Cryptography is used to protect the data from fraud or hackers. It is believed that there are around 44% of organizations which have adopted blockchain globally. We all know that the block chain adoptions have taken place in these organizations because of its popularity of providing safe and secured online transactions.

Blockchain is already gaining importance in the tech world. Although it is a multiplex technology, most of the individuals and companies have started adopting blockchain because of the numerous benefits it provides to the industry.

Recently though, Business 5.0 expert John Straw, suggested that the emergence of block chain would make the city of London irrelevant, which in turn would take away valuable personal and corporate taxes.

Block chain technology can be deployed, and made relevant by the financial services sector for achieving the following: minimizing inflation or currency deprecation risk, decline in currency movement, reduction in financial transactions' cost through efficiency gains, availability of real time data of stocks and shares, removal of time limits and failures of payment, prevention of fraud and money laundering and tracking of financial transactions.

Even though block ch ain technology has the power to change the entire traditional banking system, it might not affect the city of London. All of a sudden, the traceability of transactions and tax evasion cannot be mitigated immediately; indeed, block chain can help to resolve critical tax evasion and avoidance issues.

Reference : The Economic Times

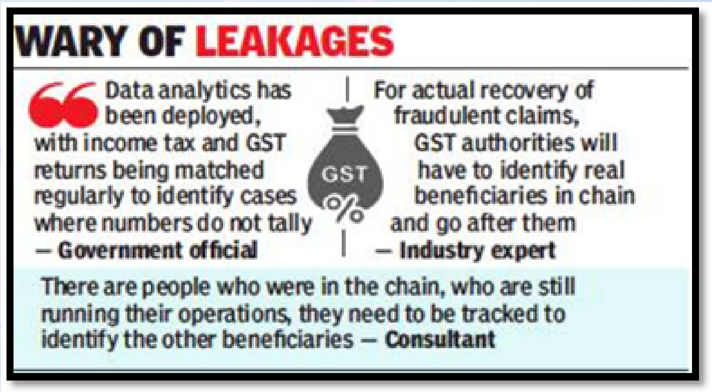
Anila D S

Pre-Budget Scramble for Revenue? GST Returns Mismatch Exposed

In India, companies are entitled for tax credits, for taxes which are paid on inputs in the production chain, which are meant to avoid the cascading effects on taxes paid. There are fraudulent transactions by these companies; and a lot of manipulations take place when money is involved, that too in huge numbers.

To bring this down, the Government had come up with an idea to crack the whip. The Central Board of Indirect Taxes and Customs (CBIC) had frozen tax credits of around Rs 40,000 crore, the reasons being that, it did not match with the actual returns, exposing a fraud by allegedly
close to 2000 entities and in some cases, the returns were not filed as well.

There have been various ways in which frauds have taken place. According to the sources of CBIC, the department had collected data on mismatch of over 20% in the initial GSTR-1 filing and the final GSTR-3B returns, for the month. Subsequently, the bar was lowered to a difference of 10%, and the government used various red flags to then identify companies, while completely relying on data instead of sending tax inspectors to premises, to check for books. The standard operating procedure developed by the revenue department is to share the data with the state governments, which then move in, first asking these companies to make the corrections or pay up.



WARY OF LEAKAGES

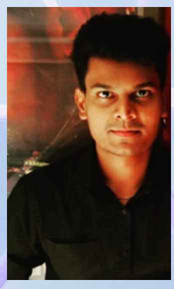
Data analytics has been deployed, with income tax and GST returns being matched regularly to identify cases where numbers do not tally
— Government official

For actual recovery of fraudulent claims, GST authorities will have to identify real beneficiaries in chain and go after them
— Industry expert

There are people who were in the chain, who are still running their operations, they need to be tracked to identify the other beneficiaries — Consultant

Based on the outcome of these procedures, it came to light that several flyby-night operators were misusing the benefit. There were many dummy entities, which were set up for the sake of showing that a huge turnover was made, many of these companies used forged documents, which were later being vanished into thin air; this led the government to strengthen the norms for GST registration. It was found that traders purchased iron and steel scrap but raised GST bills for garments and exports, and in turn claimed refund of IGST (integrated GST) which was paid on export.

Reference : The Economic Times



Abishek P

Hear from Your Faculty

Interview with Prof. Krishna MC on Recent Financial and Economic Scenario

1. What is the effect of the new tax regime in the years to come?

Indian tax payers are very intelligent and are aware of tax implications on every transaction. Therefore, if there is a choice, they will judiciously avail the benefits. From the tax structure perspective, there are too many slabs. Therefore, the impact in the short tax payer is likely to play it safe as many of the salary earners in the higher tax bracket would have already committed to housing loan, insurance premium etc. So, we may only be able to see the real impact over the next couple of years. But choices are always welcome, it makes people think and act.

2. What is lacking in our Budget?

Personally, I am not fully convinced if the initiatives will have any immediate impact on the consumption side and consequently the growth. However, the current issues needed for increasing immediate consumption seems to be lacking. There are initiatives on the supply side. I feel the Government could have been a little bolder by putting more money in people's hand, which would have enhanced demand side.

3. Any economic factors that can be dealt at the ground level by common people?

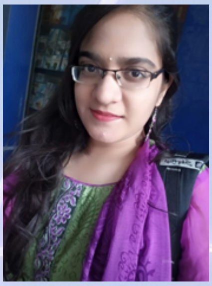
I think people should trust the Economy (I am not talking about the Government as they will come and go) and increase spending on right kind of goods and services e. g. housing, food, clothing, health, education, tourist activities etc. This can generate more economic activity. Also, pay up taxes properly and repay loans when they are due.

4. How is our budget different from other developed countries?

The process is more or less the same in both the developing and developed countries. Budget is presented as an act either in one or more than one Appropriation Bills. Larger countries have federal level budgets. Only key aspect would be that developing countries would are more likely to have deficit budgets, where the spends are higher than the receipts. The idea is to promote public welfare. The concern is that it could lead to lack of prudence on the part of the Government agencies in dealing with tax payers' money. Surplus or balanced budgets seen in the developed countries seem to have much more accountability to tax payers.

5. **What is your opinion about the impact of the Budget on the stock market?**

Stock markets normally reacts on the short-term impact of the budgets and corrects it over the long term. Also, if you see the very day of presentation of the budget, the Sensexfell by about 1000 points (2nd February, 2020). The traders took time till 4th February, 2020
to rebound back and the Sensex rose by about 1000 points. I would call it 'a storm in the tea cup'. For students (who are not necessarily traders), the short-term changes in the market should not matter much as markets many times reacts without getting into details. So, I would not attach too much of importance to short term movements in the market. It should worry only traders. We should be looking at longer term (at least 6 months) impact on the market. I guess it would be good, as the Government has held on to the fiscal discipline at 3.5% deficit and has focused on investment infrastructure, removing DDT, support for MSMEs for their exports etc.



Rashmi Mittal

All You Need to Know About BREXIT

What is Brexit?

Brexit - British exit, it alludes to the UK leaving the European Union (EU). An open vote (known as a choice) was held in June 2016, when 17.4 million individuals picked Brexit. This gave the Leave side 52% of votes, on top with 48% of votes for Remain.

What is the European Union?

The EU is a financial and political association which includes 28 (now 27) European countries. It permits organized commerce, which implies that products can move between part nations (or participant nations) with no checks or additional charges. The EU likewise permits free movement of individuals, to live and work in whichever nation they pick. The UK participated in 1973 and hence, will be a major part nation to pull back.

Why Brexit?

There are three principle reasons why the Brits left the EU. These are as follows:

1.Financial Reasons -The EU had neglected to address the monetary issues that had been developing since 2008. The difference between the lives of South Europeans and Germans is significant. Europe in general has stagnated financially. The Brits realized that staying in the EU would make Britain follow Europe's lead.

2. Sovereignty or the ascent of patriotism over the world - Many who oppose the EU believe that institutions like IMF and NATO no longer serve a purpose. Additionally, establishments like these remove control from singular countries. Mistrust and fear of losing control made Brexit a reasonable solution for the Brits.

3.Political Elitism - A three-way battle appeared. Two parties wanted to stay in the EU and a fraction drawn from both parties wanted to leave. The financial industry's recklessness and incompetence was a blunder of the established party. That is what drove the Brits to cast a ballot against the current system.

What happens after Brexit Day?

After the UK officially left the EU on 31st January 2020, a great deal of arrangements is yet to be managed. UK has concurred with the terms of EU departure, and both sides still need to decide what the future relations will depend on. This all will be worked out during the transition time frame which starts immediately after the Brexit day and is due to end on 31st

December 2020. During these 11 months, UK will keep on adhering to all the EU rules and its exchange relationships will continue as before.

Probable outcomes of Brexit:

1. Trade Barriers against Britain
2. Germany - Britain trade war
3. Relocation of London's bank to Frankfurt

Edwin Jiji

Financial Jargons You Need to Know

Follow on Public Offer (FPO) - FPO is a process in which a company which is already listed in the stock market issues new shares to the shareholders and investors. This process is mainly used by companies to increase their equity base. FPOs are used once the company has already gone through the IPO process and decides to expand its capital.

Bid-Ask Spread – Bid price is the price which the buyer is ready to pay. Ask price is the price at which the seller sells. These are decided by the demand and supply market forces and the gap between the two determines the Bid-Ask Spread.

Blue Ocean Strategy – It is a market for a product with no or very less competition. Blue Ocean exists when there is high scope of profit. This strategy captures new demand, introduces products with unique features and also helps to make profits by higher pricing due to these superior features. For example, Apple has been successful in capturing the huge demand for music in users. All the products of Apple have iTunes to download music.

Blue Chip Stocks – Shares of well recognised firms which have a long history of sound financial performance are known as blue chip stocks. They are usually of high cost as they are the market leaders in their particular industries. This term was coined by Mr. Oliver Gingold, who noticed at a brokerage firm that several stocks were traded for $200 and more.

Bootstrapping – Bootstrapping is a process of constructing a fixed income curve that is a zero-coupon curve from the setoff prices of coupon bearing products like bonds and swaps. The prices of the instrument are given as an input to the curve and other instruments are valued under the curve.

Appropriation Bill - Appropriation Bill is a law that authorises the Government to withdraw funds from the consolidated funds for its expenditures during the financial year. It is also called Spending Bill or Supply Bill. It was introduced in the Lok Sabha after the Budget proposal and voting of Demand for Grant.

Butterfly Spread Option – It is an operation strategy that is neutral and has limited risk and limited profits. It has a combination of bull and bear spreads. It has three striking prices which can be constructed by using call and put. Butterfly spread is used when the trader believes that the price will remain within the relative tight range.

Floating Stock - The number of outstanding shares that is available for the public for trading in the stock market is known as floating stock.

References: https://m.economictimes.com/definition

Smrithy Samuel

Make In India: The Lion Moving Forward

Make in India was an initiative that had been launched in the year 2014 with an objective of bringing the ideology of Swadeshi into the context. Just like how the freedom fighters had boycotted all the foreign goods to promote our Nation's welfare, the Make in India initiative has been encouraging the Indian manufacturers to be more inclined towards our Nation's wealth and growth.

Contributing to this thought of uplifting the nations pride and prosperity, many new moves are in progress this year. On a survey, the Government has analyzed that most of the products like footwear, papers, rubber items and toys are all imported. Government proposes a hike in the import duty of around 300 items with the basic motive of "Make in India". Besides this, MKU, a leading defense and security solutions provider committed to 'Make in India', has been transforming the defense industry landscape in India by deploying newer and advanced technologies in Electro-Optics and Armor solutions. The Defense Expo 2020 presents the latest version of Sniper Rifles, Assault Rifles, Upgrade Kits, Optics, Small Caliber Ammunition & Tactical Gears displayed by the Bengaluru based SSS Defense Company; all these weapons are purely made in India. Right from the common consumer's goods to the nation's security, things should happen in a way to foster this idea. Thus, "Make in India" is taking a great leap to success. This can be taken as the main shareholder in the GDP of the India, which can surely be expected to rise with the rise in the domestic production levels.

Reference: https://www.linkedin.com/feed/news/4497931

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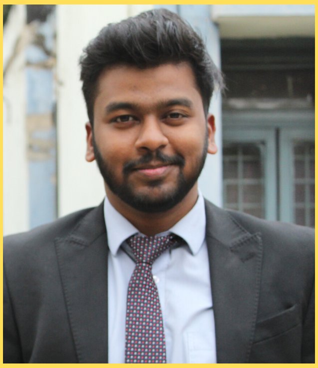

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