



FINAETHA



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JOBS HIT IN INDIA DUE TO GLOBAL LAYOFF: DEUTSCHE

The largest German lender Deutsche Bank of India had announced over the weekend shuttering of its global equities business and cutting fixed income operation, which will in turn impact as many as 18000 jobs globally while help the bank save USD 8.3 billion annually.

INDEX

- BSE 37,847.65
- NSE 11,271.30
- NASDAQ 8316.67
- DOWJONES 27263.75

CURRENCY

- INR/USD ₹ 68.94
- INR/GBP ₹ 86.14
- INR/YEN ₹ 0.64
- INR/EURO ₹ 76.86

According to industry sources, a foreign bank usually employs 25-35 in its institutional equities businesses, but there are other employees serving global markets through its offshore global delivery centers in the country which will also be impacted.

The layoffs were going beyond the major financial centers, a Deutsche bank employee in Bengaluru told Reuters that he and several colleagues think that their jobs were going, this is how it would adversely impact the equity desk in India.

Latest By July, 24th
2019





“ Don't tell me what you value, show me your budget, and I'll tell you what you value”.

-JOE BIDEN

SITHARAMAN'S MAIDEN BUDGET PLUNGED INVESTORS

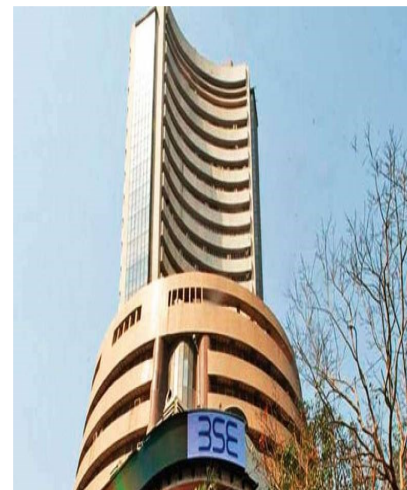
Equity benchmark indices stumbled on Friday as the Finance minister presented the Union budget for 2019-20.

She said it's high time to consider increasing minimum public shareholding to 35% from 25%. According to PTI the liquidity got affected by this decision. The decision was very quick, and the big surcharge tax on high income group and increased public shareholding have resulted in this drop.

Many PSUs have not been able to meet even the 25% public shareholding norm. There was no big fiscal stimulus plan and contrary to it , it was decided to narrow the budget gap target to 3.3% as compared to 3.4% set in February's interim plan.

Corporate taxes were cut to 25%, but government raised import tariffs on gold and imposed additional duty on petrol and diesel.

Shares of many IT companies fell down nearly 5% after the budget proposed to extend the buyback tax at 20% to listed companies.



The BSE sector affected by this decision, from the 30 share pack, 24 companies fell with YES bank emerging as the top loser dropping 8.36%, followed by NTPC , m&m and Vedanta.



Tax Buoyancy An aspect for future growth

Tax Buoyancy is the relationship between the change in government's tax revenue growth and change in GDP, which means when a tax is buoyant government's revenue increases with-out increasing the tax rate.

In the 2019 Union Budget of India presented by Nirmala Sitharaman, Finance Minister of India took bold steps to deviate from the path of reduction of their deficits and accumulation debt stock (Fiscal Consolidation) is essential to spur growth as she believes more public investment on capital infrastructure is pre-requisite.

However, if the fiscal consolidation is achieved not through tax buoyancy (as tax revenue realized below target) but through cuts in spending, it can lead to ad-verse long-term growth consequences. Tax Buoyancy can be increased only through appropriate tax re-forms. In the last Budget, corporate tax was cut to 25%, but this was announced only for the small and medium firms. On the expenditure side, it is plausible that schemes for farmers and women are announced or solidified. However, it would be crucial to back up such mega announcements with appropriate budgetary allocations. Hence a rejig of corporate tax is expected in the upcoming budget to spur growth.



“Time is free, but it’s priceless. You can’t own it, but also you can use it. You can’t keep it, but you can spend it. Once you have lost it, you can never get it back.”

-Harvey Spector

Disinvestment is defined as the action of an organization selling or liquidating an asset or subsidiary.

Finance Minister of India, Nirmala Sitharaman in her budget presentation of 2019 increased the target of disinvestment 105000 crores for next year from 90000 crore as presented in the interim budget. This shows that the government is relying on proceeds from selling its stake in Central Public Sector Enterprises (CPSE) to increase its revenue in the light of un-certainty over tax collection especially the GST. Hence leading to sale of government stake in national carrier Air India.

Significantly, the finance minister said that the government's stake in non-financial public sector units (PSUs) can go below the majority stake of 51 per cent. Instead of holding a direct stake of 51 per cent in PSUs, "government-controlled institutions" can chip in the remaining sum which the government will look to divest. This move will enable the government to retain control over such firms.

CFA KRISNAMURTHY SUBRAMANIAN SAID INDIA NEEDS TO SUSTAIN REAL GDP GROWTH OF 8% TO BE A FIVE TRILLION ECONOMY.

With the proposition by Prime Minister of making economy a "\$5 trillion economy" many questions come in-to picture. Number one being is it achievable? The target herein is in terms of dollar hence there are two major aspect which can impact India's growth towards achieving target. First, inflation rate, with an increase in inflation there is decline in the purchasing power of money which further reduces GDP,

In past 4 years we have seen that India's inflation rate has been in check being below 4% , which is a positive sign towards achieving the target.

Will increase in disinvestment decrease the rate of growth?



WORD OF THE WEEK

INTELLECTUAL PROPERTY

Knowledge, Creative ideas, or expressions of human mind that have commercial value and are protectable under copyright, or trade secret laws from imitation, infringement and dilution

GDP AT CURRENT PRICES/ NOMINAL GDP

India will be a \$5 trillion economy by every growth parameter (between 11-12 pc) in 2025; and will fall shot by every growth rate in 2024

Year	GDP ₹ cr 11 pc growth	GDP \$ Tn	GDP ₹ cr 11.25 pc growth	GDP \$ Tn	GDP ₹ cr 11.5 pc growth	GDP \$ Tn	GDP ₹ cr 12 pc growth	GDP \$ Tn
18-19	19010164	2.71	19010164	2.71	19010164	2.71	19010164.19	2.71
19-20	21101282	3.01	21148808	3.02	21196333	3.03	21291383.89	3.04
20-21	23422423	3.35	23528049	3.36	23633911	3.38	23846349.96	3.41
21-22	25998890	3.71	26174954	3.74	26351811	3.76	26707911.96	3.82
22-23	28858768	4.12	29119636	4.16	29382269	4.20	29912861.39	4.27
23-24	32033232	4.58	32395595	4.63	32761230	4.68	33502404.76	4.79
24-25	35556888	5.08	36040100	5.15	36528772	5.22	3722693.33	5.36

There is actually more to the story . As projected India is emerging to-wards world's most populous country by 2024-25. The challenge to hit \$3 trillion economy in fiscal 2019-20 and \$5 trillion economy by 2024- 25 , one can argue if \$5 trillion should be the minimum we aspire for given our size and population. Ahead of India in PPP terms (average \$ 6,777) are countries like china (\$16,187), Canada (44,051) USA (\$55, 681), japan (\$39,294) looks better-off us.

The major domain to work are investment , savings , demographic phase , jobs , energy consumption.

Household savings rate have declined steadily over the past years - 17.2% in 2017-2018 from 23.16% in 2011-12. Private investment is still stagnant . The ambitious fiscal deficit target of 33% of GDP revealed by Sitharaman was not answered by short on numbers, 2019-20 budget.