

FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM



FINARITHA

THE FINANCE CLUB OF MDIM

WEEKLY
FINANCIAL
MAGAZINE
FOR THE
STUDENTS
OF
MDIM



**LET BUSINESSES OWN THE WORLD
YOU BE THE RULER**

ABOUT US



Finartha, the finance club of Management Development Institute Murshidabad formed with the ambitions of bridging the gap between the academic and professional worlds. As a student—run organization, the club brings together students with a shared interest in Finance to enjoy presentations from industry professionals, competitions, quizzes, finance-related discussions, casual and formal networking events as well as a variety of social events. It provides the platform for interactive discussions and orients oneself towards the world of business and commerce. The club plans to get into media through social as well as print media to update the students, academic professionals and industry veterans about its various activities. It thrives on providing the students with additional resources needed to develop themselves into strong candidates for the prospective job market. If one is zealous enough for the activities which go into finance and its substrates then 'Finartha' is the platform to quench that zeal.



FINARATHA



MDI | Management Development Institute MURSHIDABAD



SEPTEMBER 26, 2020

ISSUE- 63

INDEX

- **SENSEX** 37388.66
- **NIFTY 50** 11050.25
- **NASDAQ** 10913.56
- **DOWJONES** 27173.96

CURRENCY

- **USD/INR** ₹ 73.61
- **GBP/INR** ₹ 93.89
- **YEN/INR** ₹ 0.69
- **EURO/INR** ₹ 85.67

LATEST BY:

SEP 26th, 2020

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Bajaj Finserv	5425.70	5803.30	6.60%	5906.15/5430.15
HCL Tech	788.30	827.70	5.30%	836.00/792.60
Cipla	733.45	770.10	5.12%	777.00/740.40
Bharti Airtel	419.30	439.65	4.94%	444.95/422.15
IndusInd Bank	490.25	514.85	4.44%	521.30/491.20

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
SBI Life	804.40	797.05	1.11%	813.50/780.00
Havells	664.20	659.05	1.01%	669.90/650.70
BPCL	377.25	375.75	0.86%	381.50/365.30
UPL Limited	505.15	504.65	0.58%	513.80/500.75
SBI Card	812.45	812.05	0.45%	824.25/806.90

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
CIPLA	SELL	728.00	705.00	695.00	745.00
CADILA	BUY	401.00	420.00	430.00	392.00
LUPIN	SELL	967.00	954.00	940.00	984.00

Market Watch

- Nifty 50 took strong support at 10,800 level, holds the psychological level of 11,000.
- Nifty forms bullish candle on daily chart but bearish candle on weekly chart, there could be a pull back but charts are projecting a negative picture.
- Nifty 50 may touch the next strong support at 10600-10700 level, entering the equity gradually is advised.

Disclaimer: Futures, stocks and options trading involves substantial risk of loss and is not suitable for every investor. You are responsible for all the risks and financial resources you use and for the chosen trading system. You should not engage in trading unless you fully understand the nature of the transactions you are entering into.

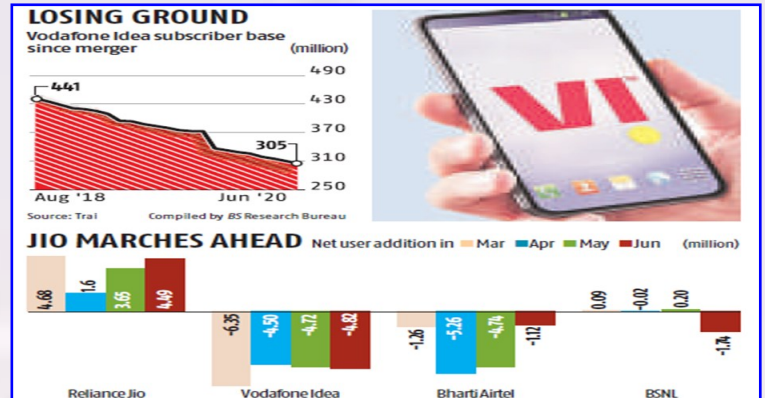


What's Brewing In The Market?

- TRAI: JIO ADDS 4.4 MILLION USERS, Vi DOWN BY 4.8 MN IN JUNE**

Reliance Jio continued to race ahead in subscriber addition while Vodafone Idea (Vi) lost a significant user base in June, the latest data from the Telecom Regulatory Authority of India (Trai) shows.

While Jio added 4.4 million, Vodafone Idea lost 4.8 million subscribers. Bharti Airtel's drop stood at 1.1 million users. In June, 5.83 million subscribers submitted a request for mobile number portability.



The country's wireless subscriber base shrunk by 0.28 percent to 1.14 billion at the end of June. In June, 5.83 million subscribers submitted their request for mobile number portability.

The country's overall wireless subscriber base shrunk by 0.28 percent to 1.14 billion at the end of June, recording a decline in both urban and rural areas. The share of urban and rural mobile subscribers was pegged at 54.3 percent and 45.7 percent, respectively. With this, the tally of Jio, which had started off four years ago, rose to 397.24 million.

In sharp contrast, Vi, which announced its rebranding recently, has declined 30.8 percent from the time of the merger between Vodafone and Aditya Birla Group's Idea Cellular in 2018, primarily due to the high-pitched competition in the telecom sector.

- Netflix, Amazon Latest Weapons in Telecom War**



WHAT'S ON OFFER

Reliance Infocomm: ₹399-plan for 75 GB

Bharti: ₹499-plan for 75 GB (doesn't include access to Disney+ Hotstar and Netflix)

Vodafone Idea: 40 GB (doesn't include access to Disney+ Hotstar and Netflix)

Losses since Jio's entry (user base)

Bharti Airtel: 9%

Vodafone Idea: 12.7%

India's telecom price war is back, and this time the battle is being fought with freebies.

After announcing the first tariff increase in three years in 2019, telecom carriers are offering incentives such as subscriptions to services from Netflix to Amazon Prime to win customers in the content-hungry market.

On Tuesday, Reliance Jio Infocomm launched a new ~399-plan for users who opt for monthly billing instead of pay-as-you-go packs. Besides 75 gigabytes of data, customers would get access to Netflix on a mobile device and a one-year subscription to two OTT applications and access to Jio's movie and songs library.

Over the past four years, the number of users opting for monthly billing of mobile services has come down sharply and such users now form about 5 percent of the total 1.14 billion subscribers and generate 15 percent of the sector's revenue, according to Jefferies analysts.

"This time extremely aggressive content offerings could be the key attraction for consumers," Emkay Global Financial Services analysts Naval Seth and Sonali Shah said in a note.

They expect Bharti and Vodafone Idea to follow Jio with similar tie-ups with OTT platforms to retain the monthly bill-paying customers whose average monthly spending is higher than the prepaid users.

Bharti Airtel has lost nearly 9 percent, while Vodafone Idea has fallen 12.7 per cent in two sessions since Jio announced the enhanced post-paid plans.

The story behind Paytm's delisting from Google Play Store

On Friday, 18 September 2020, India's most preferred payments and financial services app – **Paytm was temporarily removed from the Google Play Store**. The app was put back by late in the evening, after Paytm 'temporarily' removed cashback component to meet the Play Store requirements. Industry sources pointed out that Google without naming it directly might be indicating towards Paytm First Games, the challenger to fantasy gaming platforms like Dream11, HalaPlay, Mobile Premier League and many others.



A sequence of events as they unfolded.

◆ Paytm's launch of UPI cashback campaign called 'Paytm Cricket League'

In the evening of September 11, Paytm launched a campaign where users could collect cricket stickers & scratch cards to earn UPI cashback. This offer was applicable on recharges, utility payments, UPI money transfers and adding money to Paytm wallet.

◆ Google de-listed Paytm app without an opportunity to respond

Paytm stated that its delisting from the Play Store was owing to its new cashback feature. Paytm said Google didn't give it an opportunity to explain its new cashback sticker feature. The ban amounting to Google insinuating Paytm to be a gambling app was defamatory in nature.

◆ Similar cash back being offered by Google Pay

Google Pay regularly runs similar campaigns in India. At the beginning of this Cricket Season itself, Google Pay has started its 'Tez Shots' campaign which clearly says, "Score Runs to earn assured rewards worth up to Rs 1. lakh." Presumably, such cashback campaigns of Google Pay are not in breach of Play Store policies, or maybe they are, but a different set of rules apply to Google's own apps.

◆ There are some questions about whether there were previous "policy violations" and communications from Google

The Google Play Support team had written to Paytm on 3 occasions (on August 20th, August 28th and September 1st) with some concerns on a separate matter of Paytm First Games' promotion through the Paytm app. While Paytm disagreed with the allegation that they were breaching the policy, they immediately com-

Paytm stated that Google's recent action on de-listing Paytm app because of a cashback campaign was unjustified and that their cashback campaign was within guidelines, and there was no violation.

THINGS TO PONDER ABOUT !

The power of Google over the Indian app ecosystem

A few weeks back another fintech app, Mobikwik, was taken down from the Play Store as well. Bipin Preet Singh, the co-founder of Mobikwik had highlighted that Google took down Mobikwik since it was promoting the Aarogya Setu app, meant for COVID-19 contract tracing among Indians. Interestingly, it was done as a mandate from the central bank in order to push up adoption of the app among Indians. Mobikwik was eventually reinstated into the Play Store.

Google's control over digital banking service in India.

Paytm is after all a digital banking service provider. If Google removed the app outright from the Play Store, it goes on to show the kind of power an American company has over Indian digital services. Further with India being primarily an Android market, it reflects on the amount of dependence Indian banking applications might be having on a foreign entity.

What is Mudra ?



MUDRA stands for Micro Units Development and Refinance Agency Limited . It is a loan scheme under Pradhan Mantri Mudra Yojna (PMMY) an initiative by Government of India for refinancing micro unit enterprises . The purpose of MUDRA isto provide funding to non-corporate small business sector through various Last mile Financial Institutions like banks , non-banking finance Companies (NBFC) and micro-finance Institution .

The Main Features are:

- No Minimum loan amount
- Maximum loan amount is up to 10 Lakhs
- No collateral or security is require by banks or financial institution to avail Mudra loan.
- Repayment tenure is between 3-5 years with flexible EMI options.
- Mudra loan are majorly offered to shopkeepers, traders, vendors and MSME engaged in manufacturing, trading and service sector activities.
- Availed loans can be used for term loans & overdraft facilities.

Sub Categories of borrowers : Sanctions (FY 2019-20)

(in Rs crore)

Category	Sanction Amount FY 2019-20	Sanction Amount FY 2018-19	% Change
Shishu	1,63,559	1,42,345	15%
Kishor	95,578	1,04,387	-8%
Tarun	78,358	74,991	4%
TOTAL	3,37,495	3,21,723	5%

Purpose of Setting Up of MUDRA Bank :

The biggest challenge of entrepreneurship growth in Non-corporate Small business sector (NCSB) is lack of financial support . So MUDRA Ltd has been set up as a subsidiary of Small Industrial Development Bank of India (SIDBI). They provide loans mainly to the following

- Purchase of commercial transport vehicle like tractors, auto-rickshaw, e-rickshaw
- Starting small shops like salon, repair shop
- Financing of equipment purchase up to maximum of Rs 10 lakhs
- Loan for fishery, agro-processing, pisciculture, livestock rearing, dairy etc
- Loans to women, minority section to be self dependent.

Key Highlights for FY 2019-20

- Total loan sanctioned stood at Rs 3.37 lakh crore
- Average loan size being Rs 54,218
- Tamil Nadu stood first in terms amount of loan disbursed
- The borrowers from minority community accounted for 9% of total amount.
- A debit card on RuPay platform named Mudra Card has been issued to enable the MSE borrowers to effectively avail the working capital funds at reasonable and affordable cost.

Sub-categories of borrowers : Sanctions (FY 2019-20)

(in Rs crore)

CATEGORY	Amount Sanctioned			TOTAL	
	SISHU	KISHOR	Tarun		
General	86660	67332	69620	223612	
SC	27326	6064	1272	34662	
ST	10087	2828	879	13794	
OBC	39486	19354	6588	65428	
TOTAL	163559	95578	78359	337496	
WOMAN	109660	26477	9045	145182	
NEW	ENTREPRENEURS	28230	38710	32323	99263
MINORITIES	16080	9448	5396	30924	

Top 10 states in terms of loan sanctioned (in Rs crore)

RANK	Name of the State	Sanction Amount 2019-20	Sanction Amount 2018-19	Growth
1	Tamil Nadu	35,017	34,260	2%
2	Uttar Pradesh	30,949	26,191	18%
3	Karnataka	30,188	29,995	1%
4	Maharashtra	27,903	26,439	6%
5	Bihar	27,442	24,406	12%
6	West Bengal	26,790	26,462	1%
7	Rajasthan	19,662	17,506	12%
8	Madhya Pradesh	19,060	17,408	9%
9	Odisha	15,419	15,770	-2%
10	Gujrat	13,746	13,217	4%
TOTAL		2,46,176	2,31,654	6%

Adani Green- Shinning Too Bright?

Key Highlights

- Market Capitalisation: ~105,500 Crore ₹
- Adani Green entered Nifty Next 50
- Bagged a contract worth \$6 Billion
- Joint Venture with Total SA
- 1 Year ROE 1165%



Gautam Adani
Chairman, Adani Group

Price of Adani Green is sending chills to all the participants in the market. From being an unknown stock to giving approximately 500% return in the last 6 months. Adani Green made some promising deals because of which its Market cap is floating around 1T ₹, so let's find out about the private affair of Adani Green.

The Bigger Picture

Globally, India is ranked 5th in terms of installed renewable energy capacity. INDC has outlined a growth prospects for installing 175 GW of renewable energy by the end of 2022, just in case you do not know the significance of that number then currently we have ~85 GW of total installed renewable energy capacity, so we are basically doubling in the next two years.

The total installed rooftop solar panels in houses and building constitute to 5.5 GW as of 2020 and since India has the one of the cheapest rates for producing solar power in the world, ₹ 2.47 per unit cost of solar power, many states have joined hands with the government's vision regarding renewable energy.

Therefore, there is no doubt that the future of renewable energy in India is definitely looking positive, also with the oath of reducing carbon footprints, the world has started focussing in the direction of renewable energy.

So, what's up with Adani Green?

The company has won the worlds largest solar bid of 8 GW, with a \$6 Billion contract. With 2,595 MW of operating power asset and 3400 MW under construction, to be commissioned in 2020-21 the company shows promising road ahead. Mind you, these orders are not easy to pitch, you need proven track record and maintainable financial and operational conditions. Glimpses of profitability in the last two quarter signal the fact that the company will be capable to pitch in for further offers in the future.



But Everything is not Rosy!

The company is operating on excessive debt of about ₹14500 Crore, it has recently entered into a joint venture with Total SA, French energy titan for which it would receive ₹3700 Crore which could ultimately be used to finance its humongous debt. This group project has also raised \$863 Million from the international debt market.

The Company is indulging in refinancing debt at lower interest rate and elongating the maturity dates.

A long Road Ahead

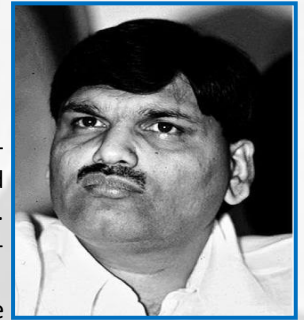
Adani Green is striving to be the largest solar power player in the world by installing a total of 25 GW solar power capacity by 2025. With Vanguard Group Inc. acquiring 0.83% stake in Adani Green things are definitely looking in favour of Adani Green. If the company manages the debt efficiently and mitigate the operational risks, it has a potential to stand along with the titans, across various industries.

FIN-SCAMS: This series will cover some major scams which occurred in the financial market and significantly affected the economy.

Harshad Mehta also known as the “**BIG BULL**” was a stock broker and an active trader. He is infamous for conducting one of the biggest scams that occurred in the Indian capital market, which brought about a critical fall of the financial exchange.

Till the early 90's, Indian banks were not allowed to invest in the equity markets, but it was mandatory for the banks to invest some amount in Government securities. In order to meet these stated criteria, many banks used to purchase securities from another bank that had securities in surplus. When the government is short of funds for its functioning, the bank is compelled to buy government securities. In return, the bank pays money to the Government.

Most of the time, the banks suffer from blockage of liquidity. The only possible option which the banks have in this situation is that they, for a short period, give the government securities to another bank on loan. This was termed as the ‘**Ready Forward Deal.**’



Harshad Mehta



Source: FinnovationZ.com



In order to execute this transaction between both the banks, a broker was appointed who acted as a mediator between the banks that were interested to buy such securities. Harshad exploited this loophole in the banking system and used his reputation to formulate a scam where he used the time gap which was given to a broker.

Harshad searched for a selling bank who wanted to sell their securities, and subsequently looked for banks who wanted to buy the same. He held both the bank receipts and the money for some period and instead of transferring the money to the selling bank he injected the money in the share market, to manipulate the prices of the stocks. When the selling banks demanded for the amount, Harshad found another selling bank and continued the same process. Though RBI had a strict policy that the buyer banks should directly issue the cheque in the name of the seller bank but as Harshad had a good reputation in the market, banks used to issue the cheque in his name.

Moreover he started issuing fake bank receipts to the lending banks and used to take money from them in return. This caused Harshad to have a lot of liquidity in his grasp by the assistance of which he proceeded with his activities in the capital market.

Harshad continued to invest heavily in the share market and as a result the broader market became bullish, as the prices of the shares started to increase subsequently. Within few months, Harshad increased the share price of “ACC” to Rs 9000 from a mere Rs 200. These things attracted the general traders as well, as they thought it was the right time to invest and with more inflow of money the share market saw an upward trend. When the prices of the shares were at peak, Harshad sold his stock and earned a handsome profit.

With the profit so generated, he used to return the money to the banks and collect his fake bank receipts. This whole process was going fine until the market faced a bearish run and Harshad in particular incurred a significant amount of loss. As a result, he was unable to return the money to the lender banks. His forgery came to an end. On 23rd April 1992, a writer named Sucheta Dalal distributed an article about Harshad Mehta's trick in “The Times of India”. Only after this, the matter was looked into by the authorities, who later declared the scam to be true.

Impact of the scam:

The total loss suffered by the banks were approximately 3000-4000 crores. This brought about a savage accident in the offer market. Sensex which rose to approach around 4500 at the hour of the trick tumbled down to 2500. Many investors lost their hard earned money which resulted in a negative impact for the economy. The general manager of Vijaya Bank committed suicide as soon as the news of this scam broke out. After this the Government placed restrictions on the foreign capital inflow for one year. RBI completely removed the concept of bank receipts as it played a major role in this scam.

Subsequently Harshad Mehta was banned by SEBI for a lifetime period. On 9th November 1992, CBI arrested Harshad and a total of 600 Civil Action Suits and 70 criminal cases were filed against him.

India's 2nd richest man Mr. Radhakishan Damani was highly benefitted from this scam and it substantially increased his wealth as he was able to predict that the price of ACC is being manipulated by Harshad Mehta. Mr Damani short sold all the stocks which Harshad bought. Though he faced some losses initially, but when the scam got exposed, the price of the shares fell subsequently which ultimately resulted as a gain for Mr Damani.

TEAM FINARTHA

The **FINANCE CLUB OF MDIM**

BATCH OF 2019-21 & BATCH 2020-22

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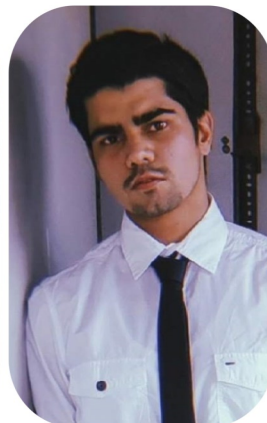
Shubham
Bhattacharya



Joy
Dutta



Megha Poddar



Rahul
Dhankhar



Navin
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