

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



FIN-O-DATE THE FINANCE MAGAZINE

January 31, 2021

ISSUE- 81

INDEX

- SENSEX **46285.77**
- NIFTY 50 **13634.60**
- NASDAQ **13070.69**
- DOWJONES **29982.62**

CURRENCY

- USD/INR **₹ 72.91**
- GBP/INR **₹ 99.92**
- YEN/INR **₹ 0.70**
- EURO/INR **₹ 88.49**

LATEST BY:

Jan 31st, 2021

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
IndusInd	802.60	846.10	6.14%	860.85/815.65
SunPharma	564.35	586.20	4.26%	600.00/554.10
ICICI Bank	528.25	537.00	2.03%	544.95/529.45
HDFC Bank	1371.45	1390.50	1.43%	1408.75/1364.50
HDFC Life	671.80	677.95	1.19%	684.95/668.15

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
Dr Reddy	4871.80	4602.70	5.30%	4915.00/4550.00
Maruti	7588.50	7206.65	4.83%	7685.00/7170.00
Hero MotoCorp	3397.40	3256.05	3.69%	3485.00/3226.40
Tata Steel	623.70	601.00	3.33%	633.80/596.00
Bharti Airtel	570.90	553.60	3.27%	578.50/550.60

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
TVS Motors	BUY	570	600.00	620.00	550.00
Grasim	BUY	1070.00	1115.00	1200.00	1049.00
Sobha	BUY	500.00	550.00	623.00	482.00

Market Watch

- Nifty is going through a major pullback
- Instead of selling, profit booking is taking place in the market.
- Market is awaiting budget and the movements in February will be based on budgets being laid down on 1st Feb
- I would recommend you to have a close look at IT, Pharma and Infra structure stocks. Auto will be volatile.

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 .

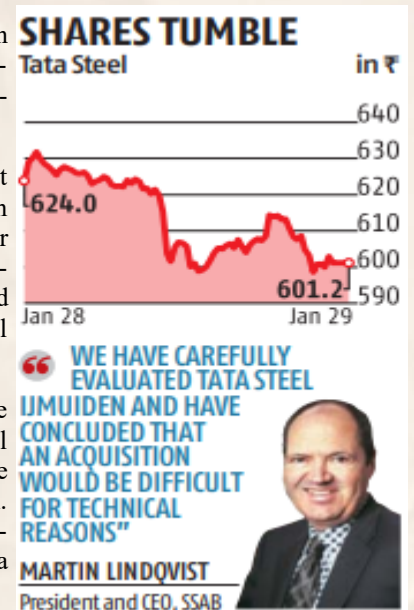
What's Brewing In The Market?

SSAB deals a blow to Tata Steel

Sweden's SSAB has withdrawn its initial interest for Tata Steel's Netherlands business. On November 13, Tata Steel announced that it had started discussions with SSAB for a potential acquisition of its Netherlands business, including IJmuiden steelworks, and due diligence was expected to be completed by the end of December.

However, Tata Steel confirmed on Friday that SSAB had withdrawn its initial interest, but the company said it was committed to arriving at a strategic resolution for its European portfolio. In its earnings release, SSAB President and CEO Martin Lindqvist said, "After deeper analysis and discussions, it became clear that there were limited possibilities to integrate IJmuiden into the framework of SSAB's strategies." "We have carefully evaluated Tata Steel IJmuiden and have concluded that an acquisition would be difficult for technical reasons.

We cannot be sufficiently certain that we could implement our industrial plan with the preferred technical solutions as quickly as we would wish. We cannot align Tata Steel IJmuiden with our sustainability strategy in the way desired," he added. He also said the synergies in the transaction would not fully justify the costs required for transformation. "This means that overall, the transaction would not meet our financial expectations. Discussions with Tata Steel have therefore concluded," the CEO commented. Shares of Tata Steel fell 3.68 per cent on the BSE following the news



Govt set to amend security clearance policy for investors



STRICTER SCRUTINY

- Committee head ed by Dipam secretary considering proposal to mandate security clearance of all investors submitting bids
- Current policy mandates security clearance of only highest bidder
- Changes proposed so that privatisation process doesn't get derailed if H1 bidder fails security clearance
- Changes being aligned with FDI policy; govt finalising what data needs to be sought from bidders

To tighten the noose on investment from bordering countries, the government is set to amend its security clearance policy for investors participating in privatisation or strategic divestment in public sector undertakings (PSUs).

The security committee that gives clearance to the highest bidder (H1) in privatisation or strategic divestment is set to mandate security approval for all entities participating in financial bidding and not just the highest bidder, which is the practice now, according to a top government official.

The proposal is to bring security clearance in line with the government's foreign direct investment policy, which was tweaked to curb hostile takeovers of Indian companies by Chinese investors amid the pandemic.

The changes are being proposed to obviate situations when a highest or successful bidder fails the security clearance in the case of investment from China or other bordering nations on grounds of national security. This hampers the privatisation process. The security committee, chaired by Department of Investment and Public Asset Management (Dipam) Secretary Tuhin Kanta Pandey, is considering the amendment and has members from other ministries.

According to the proposal, all entities participating in financial bidding, which is the second stage in strategic divestment, will be vetted. Security clearance will be done before opening the bids, and the bidders that do not meet the security criteria will not be part of the process, said the official quoted above. The disqualified entities' bids will not be opened, he added. According to current rules, the administrative ministry under which the PSU concerned falls approaches the security committee for clearance of the highest bidder.

After security clearance is received, details including the name of the highest bidder, the price quoted by it, and the terms and conditions in the share-purchase agreement are placed before the Core Group of Secretaries on Divestment (CGD), headed by the cabinet secretary. The CGD then makes recommendations to the Cabinet Committee on Economic Affairs. If H1 fails to get security clearance, the CGD can give the option to the next highest bidder (H2) for matching the bidding price of H1. "It's always not possible that the second-highest bidder will match the price offered by the highest bidder," the official said. This would then derail the privatisation process. The changes will be approved and implemented in a month as the government starts receiving financial bids for privatising Bharat Petroleum Corporation, Shipping Corporation of India, Air India, etc.

The security committee will finalise what information will be sought from financial bidders, the official quoted above said.

IN THE PIPELINE

PSUs in various stages of privatisation

- | | |
|---|--|
| <ul style="list-style-type: none"> Pawan Hans BEML Shipping Corporation of India | <ul style="list-style-type: none"> Air India Bharat Petroleum Corporation Neelachal Ispat Nigam |
|---|--|

What is off Budget financing and why everyone wants to know about it this time

What is it?

Off-budget financing refers to expenditure that's not funded through the budget. For instance, the government may set up a special purpose vehicle (SPV) to borrow money for a particular task such as to construct a bridge. Since the loan is not taken directly by the govt, it does not reflect in the budget document.

So, what's the fuss?

Since such off-budget financing are not mentioned in the Budget document, the numbers also do not reflect in fiscal deficit. Such financing tends to hide the actual extent of government spending, borrowings and debt and increase the interest burden.



Fiscal deficit suppression

Experts and others have repeatedly raised the issue of India's fiscal deficit numbers being understated. The Comptroller and Auditor General (CAG) had in July said in a presentation to the Finance Commission that the central government's key deficit figures may be considerably higher than those stated in the Union budget. The International Monetary Fund (IMF) had also pointed to fiscal deficit suppression.



Ballooning fiscal deficit

India's fiscal deficit is expected to be around 7.5 per cent of the GDP for the current fiscal owing to moderation in revenue collection due to the COVID-19 crisis. This would be a 100 per cent jump from the Budget estimate of 3.5 per cent of GDP pegged for the current fiscal.

Time for clear picture

CAG had earlier suggested a policy framework for off-budget financing that should include disclosures to parliament about the amount, rationale and objective of such funding. Meanwhile, the Centre is also now planning include a host of off-budget spending and other government liabilities on its books to give a clearer picture of finances though this could raise the fiscal deficit sharply. "Top government officials have held discussions on the move amid budget preparations and there is a growing view that a full picture is needed," ET had reported earlier.





Can bitcoin surge guarantee a future for cryptos?

While many cryptocurrency enthusiasts argue that they will play an important role in the future, some counter with the fact that cryptocurrencies are dangerous because of their volatile nature and the lack of regulation. However, it is still unclear what role will cryptocurrencies play in our future. But as things stand, the role of cryptocurrencies is increasing at a fast rate and more and more countries are opening to the ideas of such assets.

There is also this growing prospect of central bank digital currencies (CBDCs). Many countries such as China and Japan have reached an advanced stage in their quest to have their own CBDC. Currently, around 20 countries are working on their own CBDC projects. Social media giant Facebook also made news with the launch of its stablecoin Libra, now known as Diem to take on cryptocurrencies. All these developments do point out that cryptocurrency does have a role in the financial landscape of the future.

Can bitcoin help secure a future for cryptocurrencies?

Bitcoin is probably the most famous cryptocurrency currently. It was also the first cryptocurrency to be ever created in 2009 by presumably pseudonymous developer Satoshi Nakamoto. Recently, bitcoin, the most popular cryptocurrency to date, has caught everyone's attention as its value increased over 300 percent during the last one year. However, staying true to its volatile nature, bitcoin's value also dropped by about 15 percent from a record high of about \$41,800 to \$34,645. To add to this, US-based multinational investment bank JP Morgan has made a bold prediction when it comes to bitcoin. Comparing Bitcoin to the traditional store of value assets such as gold, lead analyst Nikolaos Panigirtzoglou suggested that Bitcoin's current market capitalisation of around \$580 billion would have to rise by 4.6 times which would create a theoretical price of \$146,000.

Entrepreneur and business magnate Elon Musk, who is also one of the richest men on earth, recently tweeted that he would accept his salary in bitcoin, suggesting that he sees bitcoin being a success in the future. Many businesses in some developed countries have also started accepting bitcoin as a source of payment. While we are staring at the unknown, we do know for sure that if cryptocurrencies have a future, bitcoin will play an important role in securing and sustaining that future.

Will cryptos be a success in the future?

For cryptocurrencies to be a success in the future, it will depend on factors such as consumer demand and an amenable regulatory environment. For cryptocurrencies to be a success, it has to reach a wider public and it needs a widespread acceptance by consumers as a viable form of money. However, for this to happen, cryptocurrencies have to overcome numerous technical and regulatory challenges. Cryptos will also have to eradicate the lack of trust among authorities which will ultimately lead to trust among consumers. Value fluctuation and volatility are challenges that cryptos need to overcome to become a viable payment option. It will also need to preserve user anonymity without being a conduit for tax evasion, or money laundering. When it comes to the technical aspect, cryptocurrencies have to be technically sound to avoid fraud and threats such as cyberattacks.

They also need to be decentralised but with adequate consumer safeguards and protection.

Currently, those who invest in cryptocurrencies such as bitcoin are only focused on speculative trading, driven by price and volatility. Also, investors who dare to put their money on cryptocurrencies are significantly lower, when compared to traditional investors. Also, cryptocurrencies are still illegal in some parts of the world and the chances of a legal status change in those regions remain slim. There are some formidable challenges that lie ahead of cryptocurrencies, however, we believe, with time, cryptocurrencies will get to the position where it wants to be, that is to become a viable payment option across the globe.



Why do Indian avoid to invest in Stock Market?

Native Americans refer to the stock market as the hate of love. Research shows that only 2% of Indian investors invest in the stock market. The general view of those who keep away from stocks is that the stock market cannot guarantee the same trust that other types of investments (fixed deposits) offer. In addition, financial literacy encourages investors to prefer traditional investment methods that guarantee income. Other reasons could be:

1. Economic illiteracy

Lack or lack of knowledge of the stock market moves investors away from the stock market. The general belief that "this is where you invest to lose" should be eliminated. Trade education also did not gain the understanding and trust of investors.

2. Lack of money

Lack of funds often drives investors away from the stock market. It is generally accepted that investing in stocks requires a lot of money. But if you do your research and invest in stocks, you can also start small.

3. Perseverance

Indians are not patient with the stock market. Most people think this is a good place to make money quickly. Lack of patience usually leads investors to start or leave trading at the wrong time. Such early decisions often lead to investors.

4. Traditional Investment

Compared to the stock market, traditional investment methods such as bank deposits, deeds and gold provide stable returns. People don't have time to study stocks and invest accordingly. Therefore, most Indian middle classes prefer to invest in traditional and risk-free products.

5. Previous experience

If an investor has suffered losses in the stock market due to past bad investments, they will usually try to get out of the stock market. Instead of analyzing the cause of the failure, investors will find it safer to invest in other forms farther away.

6. Lack of courage

When money is lost, investors show no courage when investing in stocks. Also, the "bad" experiences of people around us in the stock market are very depressing.

7. Approach to safe play

When it comes to investments, Indians are less likely to take risks. So, despite the high returns on the stock market, fixed deposits are a win for most Indians.

8. A little advice

Indian elders love to induce and motivate young people to invest. But they are also wary of investing because they don't understand the stock market. From their point of view, this is an uncertain place to invest their hard-earned money. This keeps most young investors away from the stock market.

Today there is a huge gap between the Indian stock market and Indian investors. This is due to a lack of awareness, risk concerns, and the need for risk-free investments that provide high returns and stable returns. This affects the investor's ability to generate revenue and the long-term benefits.

TEAM FINARTHA

The **FINANCE CLUB OF MDIM**

BATCH OF 2019-21 & BATCH 2020-22

ISSUE - 81 | DATE - 31st January



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Bhattacharya



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Dutta



Megha Poddar



Rahul
Dhankhar



Navin
Srivastava