

# 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

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#### INDEX

- SENSEX **49858.24**
- NIFTY 50 **14744.00**
- NASDAQ **13215.24**
- DOWJONES **32627.97**

#### CURRENCY

- USD/INR **₹ 72.44**
- GBP/INR **₹ 100.48**
- YEN/INR **₹ 0.67**
- EURO/INR **₹ 86.56**

LATEST BY:  
Mar 21st, 2021

### TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Hind Uniliver	2191.50	2315.00	4.51	2325.25/2191.50
NTPC	103.80	108.20	4.24	109.55/102.00
JSW Steel	423.15	439.90	3.96	446.30/410.00
UPL	601.30	625.00	3.94	628.90/586.20
Tata Steel	704.85	731.55	3.79	736.75/681.25

### TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
Tech M	996.20	983.70	1.25	1000.75/975.15
LT	1428.10	1413.65	1.01	1421.85/1378.60
Bajaj Auto	3664.50	3645.80	0.51	3673.00/3570.20
Coal India	137.05	136.40	0.47	140.00/133.50
Titan	1468.20	1463.00	0.35	1470.85/1432.05

### TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Ambuja Cement	BUY	291.00	310.00	350.00	270.00
Emami	BUY	517.00	560.00	600.00	495.00
Sobha	BUY	500.00	550.00	623.00	482.00

#### Market Watch

- Sensex is forming negative candle suggesting bearish momentum but the market took reversal in Friday closing
- Make sure you do not indulge in counter trend trading
- Sectors effect will shape the broader market
- Most Volatile sector are financials, banking and steel sector.

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?

### Minimum air fares hiked by 5%

The civil aviation ministry has decided to continue with the existing 80 per cent cap on airline capacity and increase the lower fare band by 5 per cent due to the rise in aviation turbine fuel (ATF) prices. "The past few days have seen a decline in the number of air passengers largely due to restrictions and imposition of compulsory RT-PCR test by various states. Due to this, we have decided to retain the permissible (capacity) limit to 80 per cent of the schedule," Civil Aviation Minister Hardeep Singh Puri said in a tweet.

"There has been a continuous rise in the price of ATF. So it has been decided to increase the lower fare band by 5 per cent, keeping the upper fare band unchanged. We may open the sector for 100 per cent operations when daily passenger traffic crosses 350,000 on three occasions in a month," he said. This is the second consecutive fare hike allowed by the government in a month. Last month, the ministry had extended the cap on airline capacity and fares till March 31.

However, with a view to help the airlines, it had increased the cap on the lowest and the highest price bands by 10- 30 per cent. According to its February decision, lower fare cap was increased to Rs.3,900 from Rs.3,500 for flights of 90-120-minute duration whereas the cap on maximum chargeable fare was increased to Rs.13,000 from Rs.10,000. However, due to low demand, most of the tickets are being sold in lower price bands, an executive said.

Passenger loads have declined from 72-75 per cent to 65-67 per cent. "Domestic air traffic has not crossed 300,000 for 17 consecutive days. The highest before that has been 313,000 and crossing 350,000-mark could take a long time. I expect the airlines to scale back planned capacity expansion in the summer schedule," said aviation expert Ameya Joshi.

### India to grow 5% in 2021: UN body

India's economy, estimated to contract by 6.9 per cent in 2020 due to the coronavirus pandemic, is forecast to record a "stronger recovery" in 2021 and grow by 5 per cent, according to a UN report which said the country's current fiscal year budget points to a shift towards demand-side stimulus, with an uptick in public investment.

The report, 'Out of the frying pan ... Into the fire?' published on Thursday said that India's economy was forecast to contract by 5.9 per cent in 2020 and recover to 3.9 per cent in 2021. "India's growth performance in 2020 fell below our mid-2020 expectations.

Actual fiscal stimulus fell short of initial announcements that suggested a large increase of public spending for pandemic relief," UNCTAD said. The UN agency added that the relief measures adopted by India "were not only much smaller in scale, but also centred on easing supply-side constraints and providing liquidity support rather than aggregate demand support.

"Moreover, restrictions to people's movement not only severely affected incomes and consumption, they also proved largely unsuccessful in containing the spread of the virus. As a result, the fall in economic activity proved to be larger than we had envisaged in mid-2020," it said.

### Ola Electric plans Li-ion battery plant

Ola Electric is working on a plan to set up a cell manufacturing plant to power its lithium-ion (Li-ion) battery. Once executed, it could become one among the first few Indian manufacturers to do so since all the cells for the battery are currently imported.

Ola will initially source the cells for the Li-ion battery used in its soon-to-be-launched e-scooters from South Korea. The batteries are going to be made in the upcoming integrated plant near Bengaluru where the e-scooter will also be manufactured.

South Korea, China, and Japan account for nearly 85 per cent of the global cell production. The key cell-making companies include LG Chemicals, Panasonic, BYD, Samsung, and others. Most of them also make the batteries.

Many companies assemble the Li-ion batteries, such as scooter maker Ather Energy, and a joint venture between Suzuki, Toshiba and Dentsu. The others include Exide, Sun Mobility, Exicom, and Okaya. In the cell space, Mahindra & Mahindra had announced that it was collaborating with LG Chemicals for making unique cells exclusively for the Indian market. Manufacturing the cells in India is a key element under the government's Atmanirbhar Bharat, or self-reliance, campaign.

It has already announced a production-linked incentive scheme (PLI) to provide financial incentives to potential cell manufacturers. The government believes this will lead to a substantial saving in foreign exchange as well as reducing the price of the battery. A senior member of the Ola Electric leadership team confirmed the decision. "Yes, we will manufacture the cells. The batteries will be made in our in-house future factory. Our plan is to go for end-to-end integration," he said, without going into further details. The company is investing Rs.2,400 crore to set up a plant. In Phase 1 (June 2021), it will have the capacity to make two million two wheelers. By the next year, the figure will rise to 10 million. According to experts, Li-ion batteries account for anything between 35-40 per cent of the cost of an e-scooter and cells constitute around 70 per cent of the battery cost. In short, it is a key determinant of the price.



#### REWING UP

- The battery accounts for 40 per cent of the cost of a scooter and cells are 70 per cent of the battery cost
- Cell manufacturing is dominated by China, South Korea and Japan
- Ola is investing ₹2,400 crore to set up the plant
- It will have the capacity to make 2 million two-wheelers by June 2021, and 10 million by next year



## NPAs expected to increase in first half of 2021: FICCI-IBA survey

Asset quality of banks, which saw some improvement in the second half of 2020, is likely to worsen during the first six months of 2021, according to a survey. The findings are part of the 12th round of bankers' survey carried out by FICCI-IBA between July and December 2020.

The survey was conducted on 20 banks, including public sector, private sector and foreign banks, representing about 59 per cent of the banking industry, as classified by asset size.

In the current round of the survey, half of the respondent banks reported a decline in NPAs during the second half of 2020. About 78 per cent of participating state-run banks have cited a reduction in NPA levels.

"However, in terms of outlook, nearly 68 per cent of respondent bankers expect the NPA levels to be above 10 per cent in the first half of 2021," the survey showed. Close to 37 per cent of respondents expect NPA levels to be upwards of 12 per cent.



The Reserve Bank of India's Financial Stability Report, released in January this year, showed that gross non-performing assets (NPAs) of banks may rise to 13.5 per cent by September 2021, under the baseline stress scenario. Some of the high NPA risk sectors identified by majority of respondent bankers in the current round of survey include tourism and hospitality, MSME, aviation and restaurants, the survey showed.

Around 55 per cent of respondents believe NPAs to rise substantially in the tourism and hospitality sector, while another 45 per cent reported that NPAs are likely to increase moderately in this sector. Another high NPA risk sector reported in the current round of survey is the MSME sector, with 84 per cent respondents expecting an increase in NPAs in this sector.

Close to 89 per cent respondents also expect the restaurant sector to see an increase in NPAs, though only 26 per cent expect NPAs to increase substantially in this segment, it showed. The survey revealed that there was a significant increase in the requests for one-time restructuring for MSMEs, announced by the RBI in August last year.

"An overwhelming 85 per cent of the respondent banks have cited an increase in requests for restructuring of advances as against 39 per cent in the last round," it said. The long-term credit demand has been growing for sectors such as infrastructure, pharmaceuticals and food processing, the findings showed.

"Particularly for the pharma sector, 45 per cent of the respondents have indicated an increase in long term loans in the current round of survey as against 29 per cent in the previous round," it showed.

Over half of the respondents indicated that they did not avail funds under on-tap targeted long-term repo operations (TLTRO) while about 33 per cent said that TLTRO funds were deployed completely in securities issued by NBFCs/ MFIs, the survey showed.



## Bravo Generali is reinventing insurance in the digital age

Digital technology has been a growing part of our daily lives since the first PC came out in the 1970s, but it is only in the past decade that there have been significant changes in consumer behaviour. In short, the rise of the digital age has changed consumer behaviour and it has transformed ecommerce. To put things into perspective, Hong Kong's ecommerce revenue amounts to \$4,742 million in 2019, while China's ecommerce revenue totals \$723,131 million, the highest among other global markets.

In other parts of Asia, Indonesia is predicted to become the next big ecommerce market, put behind China and India, with a projected growth of 50 percent annually and a market value of \$130 billion by 2020. New-age consumers are constantly connected to the internet with their smartphones, and millennials are leading the way for shoppers who are willing to buy everything, from books to insurance policies using a device.

With increasing competition and range of services offered online, new expectations for online versus physical locations have emerged. Studies show that the average website has just 15 seconds to hook a viewer, meaning that consumers expect flawless web design, quick loading time and easy navigation. Product reviews and price comparisons are just a click away, putting pressure on businesses to ensure full consumer satisfaction. Choice and convenience of shopping from anywhere dominates consumer motivations, while affordability also plays a key role. Transitioning from physical shops to online services has also transformed how consumers interact with businesses. Traditionally, the financial services industry, especially insurance often emphasises on face-to-face engagement. However, with having wealth of information at their fingertips, consumers depend on websites and social media channels to access product reviews and information, and even to make a purchase. Online engagements have become more important than one might think—with over 67 percent of consumers perceiving reviews to be an important element of online shopping.

### What's next?

As web browsing and mobile payment systems become more and more sophisticated, experts suggest that the majority of purchases will eventually be made from smartphones, using payment technology and digital fingerprint recognition. In turn, online retailers and services will need to offer more personalised options for customers to grab their attention away from competitors.

Physical shops, on the other hand, will need to invest in new strategies such as better delivery services, interactive stores and competitive pricing to compete with the online market. From news to KOL to video feeds to drone deliveries, it is clear that the way we use retailers and services will never be the same—and the time has come for businesses to accept the future and embrace digital evolution.

### Embracing digital for sophisticated products

Against this background, Generali Hong Kong understands the importance of embracing the digital age. The insurer has launched a simple and hassle-free smart single-trip travel product, Bravo Travel Protector, to meet the specific needs of new-age consumers. It provides travellers with comprehensive global coverage in minutes, regardless of their travel destination, at competitive prices with a few simple clicks on Generali's digital platform, Bravo Generali.

Along the ease of buying a new policy, Bravo Travel Protector attracts loyalty with its "buy again" function, bypassing the repeated motions of filling in personal details. This seamless experience continues across the customer journey, with simple claim procedures. Customers can submit a claim by uploading relevant photos and documents and overcome the tedious process form by moving into the digital age.

In this context, Bravo Travel Protector won the International Finance Awards for Best Travel Insurance Product 2020. Bravo Generali's first B2B2C digital platform not only serves customers, but also brokers, distributors and business partners. The platform's API capability is integrated into all retail GI products on shelf. "Starting to look at customer needs at a micro level. Actually other insurers also start to follow suit after our first move," said Windian Lai, B2B2C Business Head of Generali Hong Kong. "We partner and develop innovative products that target customers' needs particularly during this time. For example, in introducing a bill insurance, there are a lot of flexible, casual, or self-employed workers, whose income will cease when they stop working. Hence, this insurance provides a way for life to keep moving. We also introduced Covid-related campaigns, offering coverage for our brokers and customers. We also partnered with different companies to provide complimentary coverage, and embedded Covid-protection in Bravo Shield."

There are customers who are now conscious of undiscovered diseases and seek protection against them, creating an overall awareness on the importance of health and insurance. "We see more adoption of our Bravo Generali platform by our brokers and business partners when ecommerce is becoming a more prominent trend," said Windian. "We strive to create innovative and competitive products customised to the people in Hong Kong and [meet] their needs. We plan to dive further into the digital age and enhance our digital tools and offerings, build new strategic partnerships, increase brand awareness and Generali's position in the market. Our ambition is to be a lifetime partner to our customers."



## **Lump Sum VS SIP**

If you are new to investing and want to find a scheme that meets your needs, you must first create a financial plan. Financial planning may appear to be a complicated process, but it is actually very straightforward. It encourages investors to manage their money wisely and to set short- and long-term financial objectives. When you thoroughly assess your current financial situation, you gain a better understanding of how and where you may need to invest to improve it.

Before investing their hard-earned money in any kind of financial scheme, investors must first assess their risk appetite. The willingness to invest is defined as a person's risk appetite. It's the amount of risk one would take with their money in the hopes of profiting from capital growth in the future. If you take a conservative approach to investing, you may have a low risk tolerance. In such circumstances, investors often turn to fixed-interest investment options. These conservative plans, on the other hand, offer lower interest rates. Investors may or may not be able to achieve their ultimate financial goal through investments in such schemes. However, those individuals who do not mind taking some added risk and wish to give their investment portfolio an aggressive approach can consider investing in mutual funds.

Mutual funds are market-linked investments that do not guarantee a certain rate of return. They do, however, provide active risk management as well as a diversified investment portfolio. Many investors are switching from conventional investment vehicles to mutual funds, which are thought to have a good risk/reward ratio.

Mutual funds invest in a variety of asset classes, including both equity and debt. The nature of the scheme and the risk profile it carries determine how assets are allocated. Mutual fund investors are given units in proportion to their investment amount, as well as depending on the scheme's nature. The performance of a mutual fund is thought to be influenced by the performance of its underlying assets as well as market movements.

### **What is SIP and Lump sum investment?**

As a mutual fund investor you can either stick to the traditional way of investment i.e. making a lump sum investment or you can opt for starting a mutual fund SIP. To find out the difference between SIP and lump sum and to determine which mode of investment is more effective, we need to understand these two terms in detail.

#### **Lump sum investment:**

If you have extra cash and believe you can put it to better use, you can consider a lump sum investment. One of the advantages of investing is that investors are given a large number of mutual fund units in proportion to their investment amount, as well as depending on the fund's current net asset value (NAV).

#### **SIP investment:**

SIP (Systematic Investment Plan) is a simple and convenient way to invest in mutual funds. Previously, investors could only make a lump-sum investment in mutual funds. However, you can now start a mutual fund SIP to give your mutual fund investments a more comprehensive approach. SIP is an electronic payment option in which you simply instruct your bank to debit a fixed amount from your savings account and direct it to your mutual fund every month on a predetermined date.

### **Is SIP better than Lump Sum? If so, why?**

Investing in mutual funds through SIP may have several advantages as compared to making a lump sum investment. Here is why: When you start a mutual fund SIP, you have an opportunity to buy NAV units over a longer time period. This gives investors an advantage of taking advantage of making the most out of rising and falling market conditions. When the NAV of the fund is low, investors are allotted more units. Similarly, when the NAV of the fund is high, lesser units are allotted. This is referred to as rupee cost averaging. Investors do not need a large amount to make an investment in mutual funds through SIP. They can decide a fixed amount that they are comfortable with and invest this amount at regular intervals till their investment objective is achieved. Investing in mutual funds over the long run through systematic investing may also allow investments to benefit from the power of compounding. You can even stop an investment in mutual funds through SIP at any point of time. Investors are not obligated to carry on their investments for any particular time frame.

# TEAM FINARTHA

The **FINANCE CLUB OF MDIM**

**BATCH OF 2019-21 & BATCH 2020-22**

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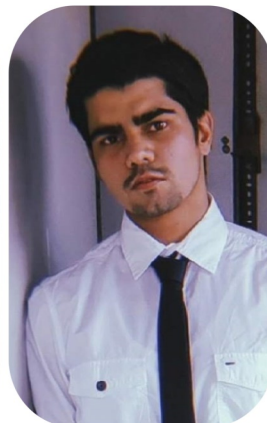
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Bhattacharya



Joy  
Dutta



Megha Poddar



Rahul  
Dhankhar



Navin  
Srivastava