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ISSUE - 02
2019-20

NiSM

Vriddhi

Students Magazine

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Editorial

I initiate my writing by describing about life at NISM. The journey began on a rainy day morning in the month of June 2019 when reaching at Patalganga (campus) seemed like a challenging task. But the scenery of the hills, with lush green trees and storm-laden clouds above filled me with joy and wonder. The woods of the hills behind me looked cool and clammy. It felt like the paint would rub off if I pressed too hard.

The presence of students from all across India with various qualifications and diverse occupational backgrounds makes it hard to describe the archetypal student and even harder to describe the exemplary student experience.

This revered institution was built in 2006 and since its inception it has significantly contributed towards fostering quality education and keeping high standards to meet the needs of stakeholders in the financial market.

The distinguished infrastructure adds more value to its description. The dining hall is quite an active site of interactions and a central hub for meals, watching TV, and getting together. The recreation area eventually became one of the favourites of NISM students with facilities like gym, swimming, yoga, squash and a number of other game facilities. It quickly turned out to be a hot spot for most students post lectures. A night walk with friends around the campus is one of the most soothing things to experience. One of the country's best libraries aims to provide a creative learning environment with innovative and relevant services that help create, disseminate and preserve knowledge. It has a collection of all possible financial market-related books. Of course, the Bloomberg terminal is an added benefit. The 72-acre campus has MSF guards to ensure safety and provide protection to the inhabitants.

On the part of academics, the faculty here are no exception to the standard of excellence. The Fridays deserve a shout out, when eminent personalities from the industry pay visits to make our acquaintance and interact with us.

There's much more to this academic institute than lectures and seminars. Whatever your interests, NISM has a wide range of activities and societies to choose from. The four houses that rule the cultural, sports, literary and financial club activities are- Yankee, Shogun, Samurai and Maples, where the students have to be part of any one to display their talent.

When I came here, I was struck by how extraordinarily "put together" everything seemed, in every sense. Aesthetically, academically, extracurricular-wise – people seemed to have a place and a direction and a sense of how to accommodate themselves in the atmosphere.

Time has been flying by and it's hard to believe that we have been on campus for six months already. We continually strive to become the best versions of ourselves and make a difference in the world beyond the little campus we've learned to call home.

Being Literary Club Secretary, I take immense pleasure in introducing the long awaited second edition of 'Vridhi' magazine. The magazine is bifurcated in two segments. The segment one includes articles contributed by NISM students and second segment covers life at NISM portrayed through the activities held at NISM campus.

I express gratitude to my editorial team for supporting me in compiling this magazine. I express my considerable gratefulness to all the authors of the articles in this magazine for devoting a substantial amount of time and effort. The inclination towards sharing knowledge, concerns and special acumens with companions has completed this magazine.

As we lift our hearts with gratitude for the accomplishments of NISM, we seek the blessings of almighty to continue our journey!

Rishita Kabi

Use of Fintech in Capital Markets Evidence from International Stock Exchanges
-Akash Sherry

FinTech is new generation technology in financial services which is integrated with Technological ecosystem. Financial Stability Board defines FinTech as technology-enabled financial innovation that could result in new business models, applications, processes or products with an associated material effect on financial markets and institutions and the provision of financial services . FinTech holds tremendous potential to transform finance and capital markets . It has been observed that Venture Capitalists are the key investors in FinTech Markets as year 2017 recorded $16.3 billion investment from 1128 deals by Venture Capitalists globally with an upward trajectory growth of CAGR (Compounded Annual Growth Rate) of 34.30% for the period of 5 years from 2013 to 2017; accelerating at 28.28% in 2017 relative to 2016.

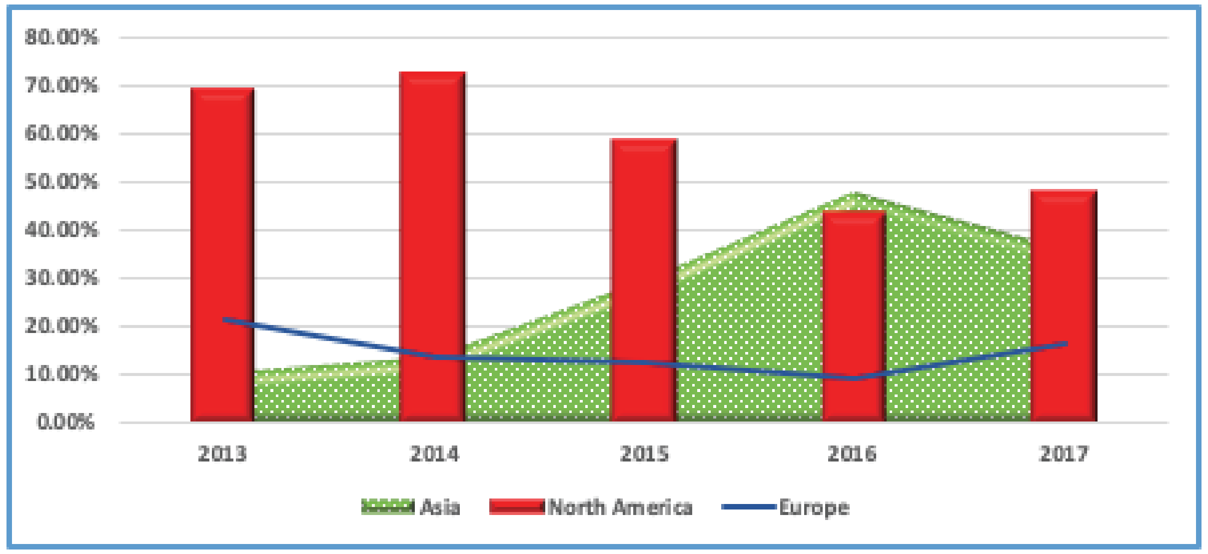
Table 1. Investment Pattern in Global FinTech Portfolio
(Venture Capitalist Backed FinTech Funding) (In $mn)

Region	2017	2016	2015	2014	2013
North America	$7,837.00	$5,891.00	$8,281.00	$5,570.00	$2,583.00
Asia	$5,794.00	$6,438.00	$4,127.00	$1,065.00	$377.00
Europe	$2,676.00	$1,210.00	$1,765.00	$1,065.00	$801.00
Total	$16,307.00	$13,539.00	$14,173.00	$7,700.00	$3,761.00

Source: Report on 'FinTech Trends to Watch in 2018' by CBINSIGHTS, p. 10

Table 1 evidences that Asian nations, predominantly China and India with their inherent advantage of BEST⁎ have been the major beneficiaries of FinTech inward investments. Asian countries recorded a growth of 1436.87% in 2017. Europe recorded the growth of 234.08% while North America could attract meagre 203.41% during the same period. From the Global FinTech Portfolio (2017) perspective, North America, Asia and Europe contribute 48.06%, 35.53% and 16.41% respectively.

https://rbidocs.rbi.org.in/rdocs/Speeches/PDFs/FMSME20022017F516044CD30041C481009DD4DE33E174.PDF
https://blogs.worldbank.org/voices/fintech-and-capital-markets-what-next
⁎ BEST – Business Management, Engineering, Science and Technology Professionals



1. Region-wise Contribution (FinTech Funding) (In Per cent) on the basis of Table 1

Source: Author calculation on the basis of Table 1

It may observe (Figure 1) that North America contribution was 68.68% in FinTech Funding in 2013 and 48.06% in 2017, Europe contribution was 21.30% in FinTech Funding in 2013 and 16.41% in 2017 while Asia contribution was 10.02% in FinTech Funding in 2013 and 35.53% in 2017. It is clear the contribution of Asia in FinTech Funding increased drastically in the Global FinTech Portfolio.
FinTech offers an ocean of wide-ranging opportunities in the highly complex financial markets. FinTech is also widely used as a risk mitigation tool in the financial markets. Given the immense embedded advantages, FinTech is presently being globally used in following areas of financial markets:

- Lending – Automated Algorithm based Peer-to-peer lending
- Blockchain – Facilitating Financial Operations
- RegTech – Using technology in regulation for efficient compliance
- Personal Finance – Providing tools for bills management and tracking management for personal and credit accounts
- Payment Billing – Digital Payments
- Insurance – Facilitating Insurance services with the help of technology
- Capital Markets – Access to Capital, Trade Execution, Post Trade Services, Data, Analytics and Information Services, Operations and Technology
- Wealth Management – Developing platforms and analytical tools using technology to provide wealth management services
- Money Transfer/Remittances – Tracking money transfers and international remittances
- Mortgage – Technological based mortgage platforms

World Bank has observed that FinTech support the economic development and strengthen the regulatory environment by doing innovations and technological upgradation . FinTech has made deep inroads into financial payments sector in India; full exploitation of FinTech in the capital markets sector is wanting. India stands at an advantageous position, it has technological and professional capabilities. It is thus imperative that this marvel of technological innovation must be fully exploited in the capital markets for the benefit of all the stakeholders in the ecosystem.

Policy effectiveness and balanced regulations are important for the stability and growth of FinTech in the economy. In India, several governing bodies and regulators including Reserve Bank of India (RBI) – As a Banking Regulator for Financial Services in Banking Domain, Securities and Exchange Board of India (SEBI) – As a Capital Market Regulator for Financial Services in Capital Market Domain, Telecom Regulatory Authority of India (TRAI) – As a regulator in Telecommunication Services Domain, Insurance Regulatory and Development Authority (IRDA) – As Insurance Regulator in for Financial Services in Insurance Domain and Ministry of Finance, Government of India – As a representative of the Central Government comes regulatory umbrella of FinTech. At presents, there is no centralize policy for regulating the FinTech as various rules and regulations are coming on the basis of various development phases of FinTech.

Time Frame	Regulatory Highlights of FinTech
Sept 2019	Report submitted by Steering Committee on FinTech related issues to the Government of India
March 2018	Established Steering Committee on FinTech related issues by Government of India
Nov 2017	Report of the Working Group on FinTech and Digital Banking by RBI
Dec 2016	BHIM App launched by the Government of India.
Nov 2016	Government of India announced the Demonetization Policy.
Aug 2016	Government of India started to bear transaction cost for payments made to it using cards.
June 2016	Easing of listing for Startups by Securities and Exchange Board of India. Set up the Panel to study the Indian FinTech sector by Reserve Bank of India. Government of India released the Discussion Paper for facilitating the e-Transactions. Norms for selling and servicing the insurance products through e-commerce by IRDA.
May 2016	Authorization of Bharat Bill Payment System and draft regulation to curb fraud in e-transactions and promotion of cashless economy.
April 2016	UPI system launched and P2P regulations proposed by Reserve Bank of India.
Feb 2016	Regulatory relaxations related to Startups proposed by Reserve Bank of India.
Jan 2016	Startup India Action Plan launched by the Government of India.
Dec 2015	Payment System Innovation Awards announced by the Reserve Bank of India.
Nov 2015	Set up of T-Hub in Telangana by the State Government.
Sept 2015	Reserve Bank of India Issued 10 Small Bank Licenses.
Aug 2015	Reserve Bank of India Issued 11 Payment Bank Licenses.
July 2015	Digital India Campaign launched by the Government of India.
June 2015	Reserve Bank of India launched the Centralised KYC Norms.
April 2015	GIFT IFSC operationalized by the Government of India.
Aug 2014	JAM trinity launched by Government of India and KYC Norms simplified by Reserve Bank of India.
June 2014	Consultation Paper on Crowd Funding released by Securities and Exchange Board of India.
Sept 2013	Consultation Paper on USSD based Mobile Banking Services for Financial Inclusion released by Telecom Regulatory Authority of India.
June 2013	Draft on Payment System Vision released by Reserve Bank of India.

[4] The Bali Fintech Agenda - IMF

Government of India established Steering Committee on FinTech on 05th March, 2018 to study the various issues in the development on FinTech space in India and identify the regulatory barriers. Steering Committee submitted its report to the Government of India on 02nd September, 2019 . It has been highlighted in the report that Blockchain may be used in 'Cross Border Payments', 'Settlement of Securities', 'Trade Finance' and 'Smart Contracts'. The committee suggested the following recommendations to facilitate FinTech in Financial System :

• Removing discriminatory regulatory barriers in the digital payments infrastructure sector
• Fintech for cybersecurity, fraud control & AML
• Expanding agricultural credit guarantee schemes+
• Flow-based lending for MSMEs
• Reforming P2P markets and creating a marketplace model for debt financing

https://pib.gov.in/newsite/PrintRelease.aspx?relid=176943
https://pib.gov.in/newsite/PrintRelease.aspx?relid=192951
Report of the Steering Committee on FinTech related issue (2019), Department of Economic Affairs, Ministry of Finance, Government of India, Page No. 127-145

- Virtual banking
- Dematerialisation of financial instruments:
- Reform of Pre-paid instruments (PPI) system
- Reformed KYC process in the light of the recent Supreme Court judgement on Aadhaar
- Using unconventional data sources for better credit scoring and increasing access to credit
- Dedicated innovation teams in Public Sector Financial Services companies
- Artificial Intelligence for back-end processes
- Public sector block chain-based trade finance
- Remote Sensing & Drone Tech for Credit & Insurance
- Digitisation of Land Records
- Re-engineering Legal Processes for the Digital world
- Open APIs
- Expanding Open Government Data
- Support for new business models
- Competitive ‘neutrality’ in regulation
- Regulatory Sandboxes
- Planning for high impact fintech scenario
- Open Data for enhancing competition
- Eliminating costs of on-boarding KYC data on eKYC Depository
- Mandatory use of C-KYC Registry
- Consumer Protection framework
- Tech-enabled calibration of regulatory burden
- Regulation Technology (RegTech)
- Supervisory Technology (SupTech) for Regulators
- Fintech for lending by Cooperatives and other financial institution
- Leveraging Fintech in Agri-insurance/PMFBY
- Fintech in micro-Insurance and Employees Insurance
- Fintech in micro-Pension & EPFO
- Fintech adoption in MUDRA
- Common Fintech Platform for Small Saving Schemes
- Fintech in PS Bank Education Loans
- Cooperation with leading nations
- Fintech advisory council in each financial sector regulator
- Taskforce on data protection in the financial sector
- Inter-regulatory coordination on fintech
- Inter-Ministerial Steering Committee on fintech in the financial sector
- Ministry level fintech working groups
- Inter-ministerial group on fintech
- Centres of excellence in fintech
- Capacity building

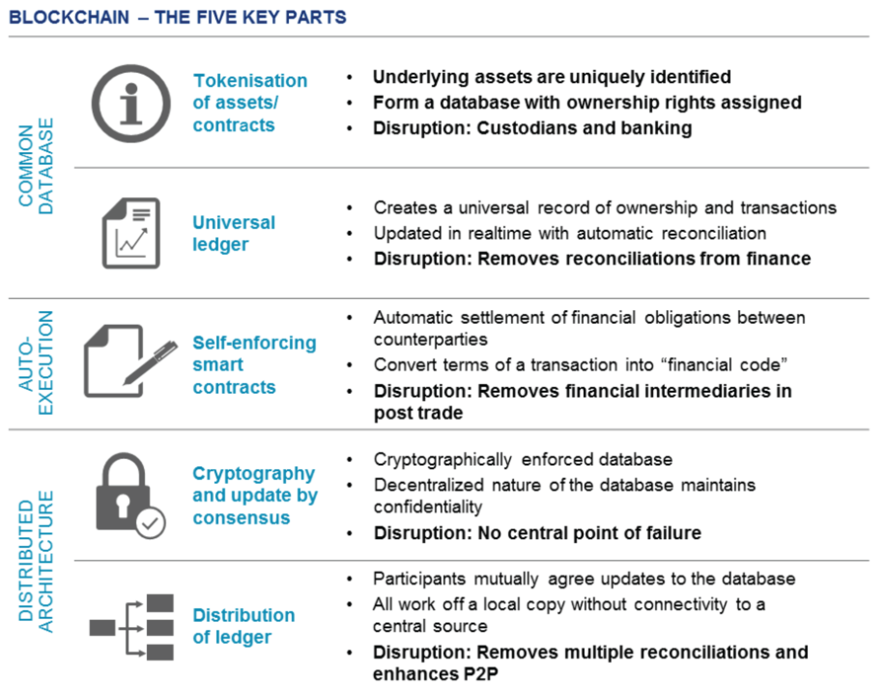
Objective

This concept paper focus on use of Blockchain in International Stock Exchanges to provide Capital Market Services which includes Access to Capital, Trade Execution and Post Trade Services.

Study

FinTech in Capital Market is used in four areas viz. Access to Capital, Trade Execution, Post-Trade Activities such as Clearing and Settlement, KYC and Proxy Voting and Data, Analytics and Information Services.

Blockchain is the one of key FinTech which is used in Capital Market by the International Stock Exchanges. Network of distributed database is the key component in Blockchain where database is simulated in the whole network. Updates in Blockchain is safeguarded through algorithms which make sure prevention from the technological malfunction and malicious attacks from other networks. Cryptography ensures the confidentiality and decentralization of database on the basis of structure and design of the Blockchain where transactions are signed using digital which prevent fraud. Data stored in a Blockchain cannot be counterfeit, changed, or removed without the consent of others. Blockchain facilitate to embed logic in the database known as smart contracts. So basically Blockchain has five key parts viz. Tokenization of Assets/Contracts, Universal Ledger, Self-enforcing Smart Contracts, Cryptography and update by consensus, Distribution of Ledger.



International Stock Exchanges such London Stock Exchange, NASDAQ, Stock Exchange of Hong Kong, Singapore Exchange etc. are using Blockchain Technology (FinTech) to facilitate Capital Market Operations.

Access to capital		London Stock Exchange	Cooperation with IBM to digitally issue private shares of Italian SMEs and digitize shareholding structures
		NASDAQ	LINQ—a platform that allows private companies to simplify share management and powers capitalization tables
		Stock Exchange of Hong Kong	Plans to launch a blockchain-powered private market in 2018, aimed at helping early-stage and smaller firms obtain financing
		Korea Exchange	Launched Korea Startup Market in November 2016 with blockchain technology to enable equity shares of start-up companies to be traded in the open market
Trade execution		CME Group	Provides a "fast, cost-effective, and cryptographically secure method" of buying, holding, and trading Royal Mint Gold
		Intercontinental Exchange	Minority investments in digital currency exchange Coinbase
		Singapore Exchange Limited	Exploring making trading and settlement of fixed-income trading more efficient with blockchain
		Six Swiss Exchange	Cooperation with NASDAQ providing DLT to SIX for a minimum viable product for its OTC structured products business
		Cboe Global Markets/CME Group	Launched bitcoin futures contracts in December 2017
Post-trade services	Clearing and settlement	Australian Securities Exchange	Using DLT to record shareholdings and manage the clearing and settlement of equity transactions in Australia
		Euronext	LiquidShare for SMEs improving the transparency, speed, and security of post-trade operations
		DTCC	Launching industrywide DLT platform for its trade information warehouse for cleared and bilateral credit derivatives by 2018
		Deutsche Börse AG	Prototype for the settlement of securities in delivery-vs.-payment mode for centrally issued digital coins or digital securities
		Euroclear	Partnership with itBit to create Bankchain, a distributed ledger settlement service for the London bullion market
		TMX Group	Development of a blockchain-based prototype to power a new service offering from Natural Gas Exchange to optimize the NGX gas settlement process
		Tokyo Stock Exchange	Cooperation with IBM testing a trade confirmation prototype for trading and settlement in low liquidity markets
	KYC	NSE (National Stock Exchange of India)	Trial allowing participants to access KYC data information in real time
		Bolsa de Madrid	Part of a Spanish multisector network developing blockchain-based identification network
	Proxy voting	Moscow Exchange	Developing e-voting for shareholders via blockchain
		Strate	Agreement with NASDAQ to deliver an e-proxy voting system based on blockchain

Source: FINTECH DECODED – Creating the Opportunity in Capital Market Infrastructure, McKinsey&Company and World Federations of Exchanges

It is clear from the above that International Stock Exchanges are Blockchain in Access to Capital, Trade Execution, Clearing and Settlement, KYC and Proxy Voting. However, India is using the Blockchain to access the KYC data information in real-time basis only.

Conclusion

Blockchain is one of the most effective and powerful FinTech in Capital Market space as this technology is used by various international stock exchanges in Capital Market Operations such as Access to Capital so that firms can raise finance from the capital market, Trade Execution, providing fast and cost effective trading in securities and commodities to the market participants and Post-Trade Activities to facilitate Clearing and Settlement, KYC and e-voting for shareholders via Blockchain. India (National Stock Exchange) is only country using the Blockchain in KYC space but it can be used in other capital market operations such as Access to Capital, Trade Execution, Clearing and Settlement and Proxy Voting.

The Risk in Equities?!

- Akshay Awasthi

Inspiration has been taken from late Mr. Parag Parikh's book – "Value Investing and Behavioural Finance". Throughout the article, excerpts and statements have been taken from the book in both direct and implied sense.

The objective of this article is to understand if and why equity markets are risky and what drives this risk – from the perspective of human behaviour guided by fear and greed in the markets. The article uses empirical data collected from Bloomberg terminal at NISM and tries to separate out the speculative and fundamental return from the total return (excluding dividend) given by the NSE Nifty 50 index on a year on year basis from 2006-20019(as on date – 06/12/2019).

The question is - what makes equities riskier than bonds/FDs/PPF etc. Has it anything to do with the inconsistent performance of the companies behind the stocks? Or has it got to do with the way the equities are approached and appraised by the broader market participants who are prone to fear and greed, leading to wide swings in the returns for the investor?
For an investor, there are two main sources of stock returns – dividends and appreciation in price. For the sake of this article, we'll take the dividends out of consideration and focus on the capital appreciation.

Unlike bonds, where the returns are dependent on only one source under normal circumstances, which itself is known beforehand, i.e interest income, the returns (capital appreciation) in equities are dependent on two sources-

1. Fundamental
2. Speculative

Fundamental element concerns the earnings behind the enterprise (along with the dividend paid out during the holding period which we are not considering for this article).

Speculative element concerns the changes in the appraisal of the current performance and prospective profitability by the market participants, as a group, having a bearing on the PE expansion or contraction, thereby increasing or decreasing the total shareholder return. The speculative return can be calculated as earnings multiplied by the change in PE ratio and that number divided by the price paid, expressed as a percentage.

The speculative element is the product of general sentiment prevailing and the presence of greed and fear amongst the investors. This is subject to fast changes and this is what makes the markets volatile.

Let's take a hypothetical example-

There is a company ABC Ltd. With earnings per share of Rs.10 and is quoting at a PE ratio of 20, resulting in a stock price of Rs.200. Fast forward one year and imagine that ABC Ltd. grew its earnings by 20%, resulting in earnings per share of Rs.12. In essence, with the business growing at 20%, what is the type of result that we can expect ABC Ltd. would have created for its shareholders?
In this, the 20% growth in earnings constitutes the fundamental source of shareholder return but the overall return will also be a function of sentiment prevailing and the behaviour of investors guided by their emotions of greed and fear. We discuss three different scenarios-

Scenario 1 – Stable PE ratio

In this scenario, we assume that the earnings would be appraised at the same multiple of 20. This would result in the stock price rising to Rs.240 [EPS of 12 multiplied by 20]. In the absence of any speculative element having any impact on the earnings, the total returns would only contain fundamental aspect and nothing else.

Scenario 1 – Stable PE ratio	
Fundamental Return	20%
Speculative Return	-
Total Return	**20%**

Scenario 2 – PE Ratio expansion

Under this scenario, let us assume that the earnings will be appraised at a PE multiple of 25. This increase in high speculative interest could be due to various reasons such as, a change in sentiments, expected better fortunes of the sector or the company, or optimistic outlook for investors. This results in overall expansion of market valuations with a considerable impact on PE multiples of companies across the whole index.

Scenario 2 – PE ratio expansion	
Fundamental return	20%
Speculative return	30%
Total Return	**50%**

Note: Speculative return $= \frac{EPS\ at\ the\ end\ of\ the\ year * change\ in\ PE\ ratio}{Price\ Paid} * 100$

In the current example: $\frac{(12*(+5))}{200} = 30\%$

Scenario 3 – PE Ratio contraction

The above examples drive home the importance of the PE ratio contraction or expansion to the quality of returns generated by investors. This expansion and contraction of PE is governed by the perception and sentiment related to the earnings in addition to the earnings itself.
Methodology (dividends excluded)

If one would have bought the Nifty on the last trading day of 2006 at 3966.4, one's capital would have grown by 54.8% at the end of 2007, as the Nifty closed at 6138.6. What led to this spectacular 54.8% return for the Nifty? Was it the superior performance of the business constituting the Nifty or was it something else?

Year	Date	Nifty 50	PE	Total Return	Fundamental Return		Speculative Return
					EPS	EPS Return	
CY 2006	31-Dec-06	3966.4	17.5		226.4		
CY 2007	31-Dec-07	6138.6	22.5	54.8%	272.7	20.4%	34.3%

The EPS for the Nifty was Rs.226.41 when it was trading at 3966.4 at the end of 2006. This discounts the earnings at 17.5. Fast forward on year at the end of 2007, the EPS was Rs.272.7. Presuming that at the end of 2007, the market was discounting the earnings at the same multiple of 17.5, the Nifty would have been trading at 4772. This would have delivered a return of 20%.

Analysis of Fundamental Return		
	2006	**2007**
Nifty EPS	226.4	272.7
Nifty PE	17.5	17.5
Estimated Nifty	3996.4	4772.25
Total Return	**~ 20.4%**	

approximation at the first decimal has been made by rounding off.

This 20.4% represents the fundamental change in the total return for the Nifty Index.
But as discussed above the PE ratios are subject to change as the expectations and sentiments of investors change. In the above example the PE ratio was not 17.5 but 22.5. The impact this change in PE has on the investor return is speculative in nature because this change, in part, is subject to fear and greed of the market participants from time to time and not predictable over a one-year period. The impact of this speculation can be calculated as below-

$$\text{Speculative return} = \frac{\text{EPS at the end of the year} * \text{change in PE ratio}}{\text{Price Paid}} * 100$$

$$\text{In the current example: } \frac{(272.7 * (+5))}{3966.4} \sim 34.3\%$$

Thus, it can be seen that the total return of 54.8% for the Nifty during 2006-07 period was a combination of fundamental change to the extent of 20.4% while the remaining 34.3% was the result of change in market's view about stocks in general.

Based on the methodology above, we now analyse the returns for Nifty 50 for 13 years starting from 2006-2019 (as on 06/12/2019 at the time of writing the article).

Year	Date	Nifty 50	PE	Total Return	Fundamental Return		Speculative Return
					EPS	EPS Return	
CY 2006	31-Dec-06	3966.4	17.5		226.4		
CY 2007	31-Dec-07	6138.6	22.5	54.8%	272.7	20.4%	34.3%
CY 2008	31-Dec-08	2959.2	11.4	-51.8%	260.0	-4.6%	-47.2%
CY 2009	31-Dec-09	5201.1	23.5	75.8%	221.2	-14.9%	90.7%
CY 2010	31-Dec-10	6134.5	20.0	17.9%	307.3	39.0%	-21.0%
CY 2011	31-Dec-11	4624.3	13.8	-24.6%	335.4	9.2%	-33.8%
CY 2012	31-Dec-12	5905.1	16.1	27.7%	366.2	9.2%	18.5%
CY 2013	31-Dec-13	6304.0	16.2	6.8%	389.2	6.3%	0.5%
CY 2014	31-Dec-14	8282.7	19.4	31.4%	427.8	9.9%	21.5%
CY 2015	31-Dec-15	7946.4	20.7	-4.1%	383.3	-10.4%	6.3%
CY 2016	31-Dec-16	8185.8	20.4	3.0%	401.6	4.8%	-1.8%
CY 2017	31-Dec-17	10530.7	22.8	28.6%	462.2	15.1%	13.6%
CY 2018	31-Dec-18	10862.6	24.3	3.2%	447.4	-3.2%	6.4%
Current	31-Dec-19	11921.5	26.0	9.7%	458.0	2.4%	7.4%

2006 and 2007 was the pre-financial crisis era where the market was continuing it's bull run from 2002(post tech bubble crisis recovery). With the GDP of India booming and companies reporting better earnings, there was widespread optimism in the markets and the sentiments were positive among market participants. This is clearly reflected in the table above where the speculative return in 2007 was 34.3% against the fundamental return of 20.4%.

In 2008, post the financial crisis, this fundamental return dipped to -4.6% while the speculative return was a whopping -47.2% due to widespread pessimism and fear in the market. The following year in 2009, the fundamental return was -14.9% while the speculative return was +90.17%. In the following year the fundamental return was 39% while the speculative return, again, caused by fear in the markets post crisis was -21.0%. The ratio of speculative to fundamental return has been fairly high over the years and has comparatively reduced in the recent years.

In 2019 the ratio of fundamental to speculative return has been low as compared to the pre and post financial crisis period where greed and fear were at their highest respectively.
The above study clearly depicts how investor behaviour affects stock prices. The total returns for the Nifty 50 index have been consistent if not spectacular barring a few off years primarily due to irrational investor behaviour. This highlights an important fact – returns in the market not only depend on the earnings of the corporations but also their PE ratios which signifies the change in sentiments and emotions – and this is where the risk comes from.

So, what does an investor do? Mr. Parag Parikh summarizes the answers as below-
1. Acquisition price determines the stock returns. An investor who buys at high valuations bears the pain of poor or even negative returns even if the business is a good one.

2. Market oscillates between greed and fear. One needs to take control of his emotions and biases in order be a successful investor.

3. Discipline. Real discipline and courage is: you buy when you emotionally don't feel like buying, and sell when your heart says no but the mind and the logic says yes.

Yes Bank’s Run for Capital

-Akshay Awasthi

‘A stitch in time saves nine’ is an old proverb that holds relevance even in current times. It literally means that if we stitch a torn cloth when the first stitch comes off, we shall be able to stitch it faster and prevent it from tearing further. Private sector lender Yes Bank Ltd has surely realized the importance of being timely. The bank has found itself in an unfavourable position now because it was unsuccessful in raising capital when funds were needed the most.

The mid-sized lender has been passing through a barrage of troubles since August 2018, when the RBI refused to give co-founder and chief executive Rana Kapoor a new term and instead asked him to leave the bank by 31 January 2019 citing governance lapses. At the beginning of 2019, when the new management indicated it would clean up the balance sheet, it was obvious that provisions would require capital. As the lender began labelling dubious loans as toxic and provisioning against them, its capital began to deplete. The balance sheet size has shrunk by around 4 percentage points since then as a result. In April 2019, for the first time the bank posted a net loss, amounting to ₹1506.64 crore for the three months ending on 31 March, compared to a profit of ₹1179.44 crore in the year-ago period. Provisions during the quarter increased more than 9 folds to ₹3661.7 crore as against ₹399.64 crore in the year-ago quarter. Yes Bank has exposure towards troubled sectors like real estate and non-bank lenders.

(₹ in thousands)

Particulars	As at Jun 30, 2019	As at Mar 31, 2019
Common Equity Tier I Capital	257,197,787	256,989,710
Additional Tier I Capital	87,871,000	87,871,000
Tier I capital	345,068,787	344,860,710
Tier II capital	159,484,941	159,730,587
Total capital	504,553,728	504,591,297
Credit Risk – Risk Weighted Assets (RWA)	2,739,218,026	2,678,862,119
Market Risk – RWA	261,618,739	191,932,330
Operational Risk – RWA	228,985,676	184,986,564
Total risk weighted assets	3,229,822,442	3,055,781,013
Common Equity capital adequacy ratio (%)	8.0%	8.4%
Tier-1 capital adequacy ratio (%)	10.7%	11.3%
Tier-2 capital adequacy ratio (%)	4.9%	5.2%
Total capital adequacy ratio (%)	15.6%	16.5%
Amount raised during the period / year by issue of IPDI	-	-
Amount raised during the period / year by issue of Tier II Capital	-	30,420,000

Figure 1: https://www.yesbank.in/pdf/condensed_standalone_balance_sheet_30june2019_pdf

As of the June quarter, the bank’s tier 1 capital adequacy ratio stood at 10.7% as against the regulatory requirement of 8.875%. The bank’s common equity tier 1 capital stood at 8%, which is marginally above the regulatory requirement of 7.375%. It was clear that Yes Bank had no option but to raise more capital.

In May, the bank’s new chief, Ravneet Gill, said that talks were on with marquee investors to raise $1 Billion (₹7,200 crores). But fundraising was nowhere in sight except for statements by the management. It took Yes Bank four months to finally raise a fraction of its originally intended capital. The lender raised ₹1,930 crore through a qualified institutional placement on 14 August 2019. The issue price was fixed at ₹83.55 apiece and a little over two million fresh shares were issued which resulted in a 9.96% stake dilution.

Analysts at Edelweiss Securities Ltd noted that even if Yes Bank raised the total $1 billion, its Common Equity Tier-1 (CET-1) ratio would not cross 11%. “Moreover, the bank’s target of greater than 20% growth will entail imminent further dilutions," they said in a note dated 18 July.

“Yes Bank is in advanced stage of capital raising from investors, including global tech majors, to grow the balance-sheet that has been consciously shrunk in recent months”, said Gill. Raising more capital will be crucial for Yes Bank to achieve regulatory balance between capital adequacy rules and business growth. However, since the bank’s stock has witnessed an 80% drop in its price from ₹404 a year ago, larger the capital issuance, higher will be the dilution in stake. With a higher dilution of stake, new investors will tend to have a significant holding in the bank. This is why Yes Bank will try to on-board a long-term strategic player in the next capital raising issue. At the current market price, $600 million of capital raising may lead to a stake dilution of over 20%.

The question is – is this run for capital really the answer to the bank’s problems? Is capital alone going to reduce the stress of defaults and allow the bank to grow at the pace it has been accustomed to?

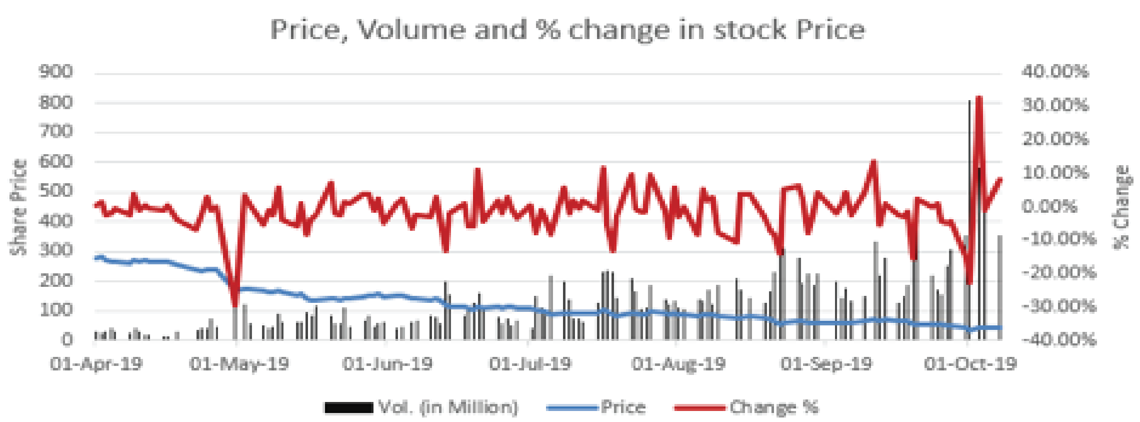
The business model of the bank itself makes it more prone to failure. Corporate loans are cheaper to make as they do not entail the costs of setting up branches and reaching out small retail customers. In order to cut costs and boost growth, small banks simply rely on corporates who take huge loans in one go. This works wonders if all is good and the corporates do not default, but even if a few do, the bank’s balance sheet takes a huge hit. Since inception, Yes Bank adopted a policy of giving big ticket loans to corporates due to which their loan book has been ~65-80% corporate loans with the retail side never picking up. Yes Bank’s insatiable desire to grow meant that they had to delve into uncharted territories—offer loans to small and medium enterprises whose credit history was sketchy at best. The company refused to hire traditional loan officers, instead bringing in domain experts to adjudge creditworthiness based on business potential. Yes Bank, in the traditional sense, did not have the complete rainbow of services which a bank would require for risk adjusted sustainable growth. One could say that Yes Bank got a banking license from RBI but operated like a NBFC throughout its life.

Figure 2: Loan book break-up for Yes Bank

I feel that bank needs to modify its business model and grow the retail side of its loan book, thereby reducing the percentage of corporate loans. Doing this would ideally slow the bottom-line growth of the bank as retail loans entail a higher cost but it would surely reduce the bank's exposure towards the riskier corporate loans. Ideal recommendation would be to achieve a 50-50 retail-corporate loans ratio in a couple of years' time. The management should try to maintain a liberal liquidity ratio as per Basal III norms defined by RBI, stabilize the bottom-line by making it free of provisions and take strategic call depending on the credit demand in the forthcoming years.

Secondly, I feel given the current price for the bank's stock, the dilution in shareholding that would come in with a QIP is not justified. Add to that a strategic partnership with the investor, as mentioned by the CEO in various statements to the media, it would mean giving up a seat at the board or in other words, giving up control. This to me bears a very high cost of capital. The bank should rather consider doing QIP in multiple tranches of small amounts over a course of couple of years. Small QIPs at the current share price would allow the bank to stay afloat with little dilution. With provisions reducing over the course of time and share price picking up, further QIPs can be done with less dilution and thereby less cost.

Thirdly, the bank has seen its market capitalization erode by 80% in the course of the last one year. The share price has fallen from Rs 393 in Oct 2018 to Rs 39 at the time of writing this article. From the prospect of a smaal/retail investor, there is little one can do.



Although valuations are pretty cheap, for a new investor it'd be prudent to stay away from the stock as there is still more uncertainty to justify the risk one would take by investing right now. For an investor already holding Yes Bank shares from the 52-week high, it'd be best to stay put for a couple of quarters and not sell the stock in panic. If any signs of progress are seen in the two forthcoming quarters, one could average their position. Provided the status of NPA, provisions and capital adequacy, one can take a call on the liquidity position of the bank to see if capital raised in the current QIP was good enough keep the bank comfortably afloat. Operating performance, increase in CASA ratio, net interest income and net interest margin can tell if the fundamentals are intact. One should give at least 2 more quarters to see if loss needs to be booked or if further investment needs to be done.

Below is a correlation of Yes Bank's share price with quarterly NPA figures to show how the markets have reacted with the increase in the NPA numbers in the recent past.

Current conditions do not bode well for Yes Bank. With resolutions for big insolvency cases far from visible, the liquidity crunch and lending freeze among non-bank lenders too hasn't reduced, and the deepening slowdown in the economy entails a benign outlook for loan growth. The bank and the management need to remain strong and stick together to see off this economic cycle. Yes Bank needs to arrange capital, focus on growing the retail side of the loan book, and be conservative in their growth ambitions.

IKIGAI - The Japanese Secret To Long And Happy Life

-Kirtana Srinivasan

This book is by the world-famous authors Hector Garcia and Francesc Miralles. In a condensed form this book will tell you how to leave urgency behind, find your purpose, nurture your friendship and throw yourself into your passion.

What is IKIGAI? Ikigai is a Japanese word whose meaning translates roughly to a reason of being, encompassing joy and a feeling of wellbeing. The word derives from "iki" meaning life and "kai" meaning the realisation of hopes and expectations. The advantage of ikigai is very clear, it is the reason you get up in the morning. It can be anything from enjoying your work loving what you do the thing that is giving meaning to your existence. To understand this let's divide it into categories 1) Activity 2) Food 3) Psychology 4) Flow

Activity: Too much idle time seated at work or at home = Reduce desire to participate in any activity. A secret of keeping one's body young is by keeping their mind active. Multitasking -> A great obstacle, we are switching between tasks too quickly hence we will not be able to concentrate on one thing completely.

Multitasking = low productivity = less sleep = less connected to community = more signs of depression

Too much stress is accused of killing longevity. They believe in the idea "Gentle movements, longer life".

Food: Japanese take "Hara hachi bu" to seriously i.e. eat only till your tummy is 80% full. They believe in the idea of "Eat less and live longer". Their staples are food containing high antioxidants mainly their green tea. "Eat sleep and you will live a long time. You have to learn to relax."

Psychology: "He who has a why to live for can bear with almost any how", hence existential frustration happens when life is without purpose or when purpose is skewed.

Flow: When you do a thing that you love there is no past nor future there is only present, you are completely immersed in the experience, not thinking about distraction by anything else. Your ego dissolves and you become part of what you are doing. Even this can happen when you start enjoying your mundane activity. If you want to get better at reaching a state of flow, meditation is an excellent antidote to our smartphones and their notification constantly clamouring for our attention.

Conclusion:

1) Anything in a small dose is a positive thing.
2) One thing common with people having a clearly defined ikigai is that they will pursue their passion no matter what, they will never give up, even if the cards seem stacked against them or they face one hurdle after another.
3) At any given circumstances no one can takeaway a person's ability to choose one's attitude.
4) What matters the most is not what happens to you it is how you react to it.
5) Present is the most important part as this moment exist only now and won't come again.

Stay active, Don't Retire, Find the purpose

Whale Done !!
-Kirtana Srinivasan
This book is by Ken Blanchard and his co-authors from Sea World (a whale aquarium). The author explains, that by accentuating (bring out) the positive, a technique learned at SeaWorld. your effectiveness at work and at home can change, just as it did with the killer whales.
Wes Kingsley a visitor in Orlando had come for a business conference, post his conference he had time to go for a show at Shamu Stadium at Sea World to see the whale dance. There he met Dave a whale trainer, talking to him he came across some techniques of whale training that he can include in his day to day office and personal life. The 3 main technique are as follows:

•BUILD TRUST
•ACCENTUATE THE POSITIVE
• WHEN MISTAKES OCCURE REDIRECT THE ENERGY

Over the talk with Dave, he introduced Wes to the top women executive management consultant Anne Marie Butler. From her he came to know some of the versatile management technique which can be used both at office and home.
ABC's of Performances (Set goals – Observe – Respond)
A = Activator (Something that stimulates the behaviour or performance that you want)
B = Behaviour (Observe the Performance that occurs)
C = Consequence (Your Response to the performance)
There are 4 kind of consequence:
1)No Response 2) Negative Response 3) Redirection 4) Positive Response
First and second being the most common consequence. For example, at work your good works usually had no response but the same way even a small mistake will get all the eyes in the world.

Redirection Response
Describe the error or problem as soon as possible, clearly without blame. Show its negative impact. If appropriate take the blame for not making the task clear. Go over the task and make sure it is clearly understood. Express your continuing trust and confidence in the person. Praise progress.

Positive Response
Also known as the Whale Done Response.
Whale Done! > GOTcha
Whale Done – Catching people doing things right.
GOTcha – Catching people doing things wrong.

Conclusion

1)The one thing your competition can never steal from you is the relationship you have with your people, and the relationship they have with your customers. Hence the first priority is to building a trusting relationship and motivating your people.
2)Never assume you know what motivates a person.
3)It never hurts to toot your own horn once in a while, as attention is mandatory for a human.
4)Coming to the hiring part, we either hire winners or potential winners, people you think will perform well when they are trained and encouraged. In other words, if you don't hire people on a performance review curve why grade them on one?
5)The more attention you pay to a behaviour, the more it will be repeated. If you don't want to encourage poor behaviour, don't spend a lot of time on it.

The Journey of Bandhan; From an NGO to "The Banker of East"

-Manideep Kanduri

Started as Bandhan-konnagar in the year 2001, was an NGO with an objective to serve socially and economically disadvantaged women of rural west Bengal by providing microfinance services. Mr. Chandra Shekhar Ghosh, the now MD & CEO of listed entity was the pioneer who started the operations back in 2001. Ghosh himself was a small entrepreneur, but it was not his choice. His father ran a small sweet shop in the North-Eastern state of Tripura, in order to supplement his family's income, Ghosh started working even as he attended college. Later in his journey he worked at a Dhaka based International Development Agency -BRAC, for women empowerment in Bangladesh. In 1998, he joined a microfinance company, Village welfare society. Soon he set out to venture a profitable business with a social cause of lending to small entrepreneurs.

Ghosh started Bandhan with a corpus of two lakh rupees, most of it being love money and rest borrowed from a private lender. With a pursuit to empower the poor and ill-treated women of rural Bengal, knowing that they had the power to improve their lives and all they need is some monetary support, he travelled to various villages around konnagar in Hooghly district to convince women to take loans for goals like setting up a business or to fund their children's education. "Initially they eyed me with suspicion" said by Ghosh in an interview tells us that his journey with a social cause was not a cakewalk. In the year 2006 Bandhan Financial Services Limited (BFSL) was established to conduct the microfinance business. Fast forward to 2009, Bandhan got registered as a Non-Banking Finance Company (NBFC) undertaking the entire microfinance business and later growing into India's largest microfinance company in terms of number of customers and size of loan book.

On December 23, 2014 Bandhan Bank limited was formed as a public limited company. Later, on July 17, 2015 it received license from RBI to conduct its banking business under section 22 of the Banking Regulation Act, making it the first bank to be established post-independence in the eastern part of India. The bank commenced operations from August 23, 2015 as a subsidiary of BFSL. BFSL transferred its entire microfinance business to Bandhan Bank, simultaneously the bank had also commenced general banking business. It initially began with a network of 501 branches and 50 ATM's, within a year the numbers grew to 656 branches and 2022 Doorstep service centres (DSC's) expanding its footprint to 34 states & Union territories across India. 2018 was a big year for the bank, as it came up with its Initial Public Offer (IPO) in order to comply with the statutory norms and bring in additional funds into the business. On 15 March, 2018 the issue opened for public subscription at a price-band of 370-375. It is the biggest IPO by any bank in India, the issue was subscribed by 14.5X times. It made its debut at the BSE at an opening price of Rs.499 which is 1.32 times the issue price. On the day of listing Bandhan had a network of 840 branches, 2546 DSC's and 383 ATM's across the country, with its rapidly growing business and operations, it managed to attract the investors in the market. As a recent development there has been a merger deal between Bandhan Bank and Gruh Finance, the affordable housing finance arm of the HDFC ltd. This merger helps Bandhan to diversify its loan portfolio of 45,400 crore into housing loans, which is now majorly skewed towards micro loans with 85% of the loan book.

Bandhan currently serves the nation with 4,229 banking outlets through which it is reaching out to customer base of 1.83 crore people. This network now comprises 1,009 bank branches, 3,025 DSC's and 195 GRUH centres. 485 ATMs are an addition to it. The loan book now stands at Rs. 64,186 crores and with 35,486 employees on roll Bandhan has come a long way from the day it was created. But one thing remains the same, its purpose to serve and help the deprived and that still resonates in "Aapka Bhala, Sabki Bhalai".

Create Your Own Market Mantra

-Pancharatna Ahinave

When I was a youngster, I used to wonder looking at financial news channels like CNBC or Bloomberg, looking at fascinating green and red coloured lines, what are these prices? why do they change? What's the logic behind it? Moreover, how are people earning so much money through this weird market where prices of are ever changing, every second or should I say every tick. I embarked on a journey to understand this market and it consuming and confusing. Anyone that has tried their hand in this domain will have gone through the same. I hope to clear some air for anyone who's still in this turbulence of this market.

At primary stage you get introduced to many financial terms, concepts, methods to earn money from the market. But after exhausting yourself for few years you will get confused which one to use when and where? Then what makes difference between a profitable and non-profitable trader?
When we are dealing with the market, we are effectively dealing with collective intelligence of us all which means there is something else behind all trading rules and methods.

Since childhood, we have been taught inherently to never give up. This is exactly what shows up in trading wherein we don't give up on a stock. Sometimes we are so emotionally attached to particular stock which is falling continually still we don't want to book a loss and exit. As JESSE LIVERMORE says, "Never argue with the market. Market is never wrong but opinions often are"

We have been conditioned in a "Particular structured environment" where you will see a set of rules and a fixed system E.g. our school -office-college timings. This is one of the reasons why we find it difficult to adjust to markets which are highly unstructured. Buying and selling is pretty simple anyone can do that but it's the mind that is difficult to tame and manage and this is where people flatter themselves.
One thing to remember is "Whenever your emotions ride high your intelligence falls low". Then what's the solution? Keep a cool and calm temperament. Have your own method, system & strategies. People say I catch a trend, I made money but it's the system that gives signals and help you to make a decision. System is your boss if you follow & use properly you will get highly rewarded if not then the outcome is adverse. Keep back testing them, have different scenarios analysis for different situation because when you listen to the market, you are initially game that you can win. Also, you need to keep in mind that different systems and strategies work on different investment instruments like in stocks, strategy which will work on Mid cap stock would not work for small and large cap. Similarly, different approach is required for commodity, currency and debt. You can read and follow remarkable series by schwagger called "The market wizards" where he interviewed successful traders and investors and at the end, he concluded that all of them have found their system, methodology that was right for them.

Change your limiting beliefs. For that first be aware of them that what kind of beliefs are stopping you and identify the source then know your emotions and replace with good, confident, powerful, positive faith and attitude with help of affirmation.

For this you can do simple exercise by writing few advantages
E.g.
1. I will have no boss & I can work freely
2. No office politics or any other adverse group behaviour
3. I can retire early
4. it'll give me ample amount of time to pursue my hobbies and I can share my time with family and go out

And don't forget to accept that you have failed but don't stop analysing why you failed then search for lesson and try again. Try to find your why? means why you want to become trader or investor?

As Jim Rohn SAYS, "The bigger the why, the easier the How."

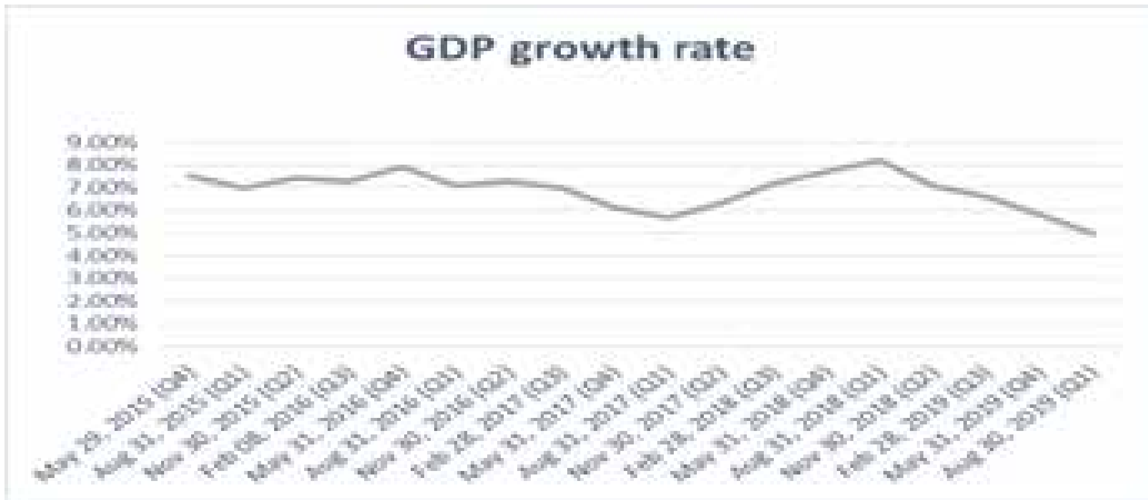
India fighting battle against recession
-Rishita Kabi

Sluggish demand conditions are not only adding downside risk to growth potential but is threatening to push Indian economy into a severe slowdown. Quick to realise the impact of lingering demand weakness on economy, the country's central bank revised its GDP growth forecast. Similar changes are incorporated by international bodies such as IMF and World Bank by revising downwards their India GDP growth predictions.

The moderation in macroeconomic indicators are caused by several factors which includes dip in private consumption demand, investment, rise in non- performing assets, unemployment, fall in automobile sales, etc. Adding pressure to already bleak economic scenario are weak global growth and trade slugfest between China-US.

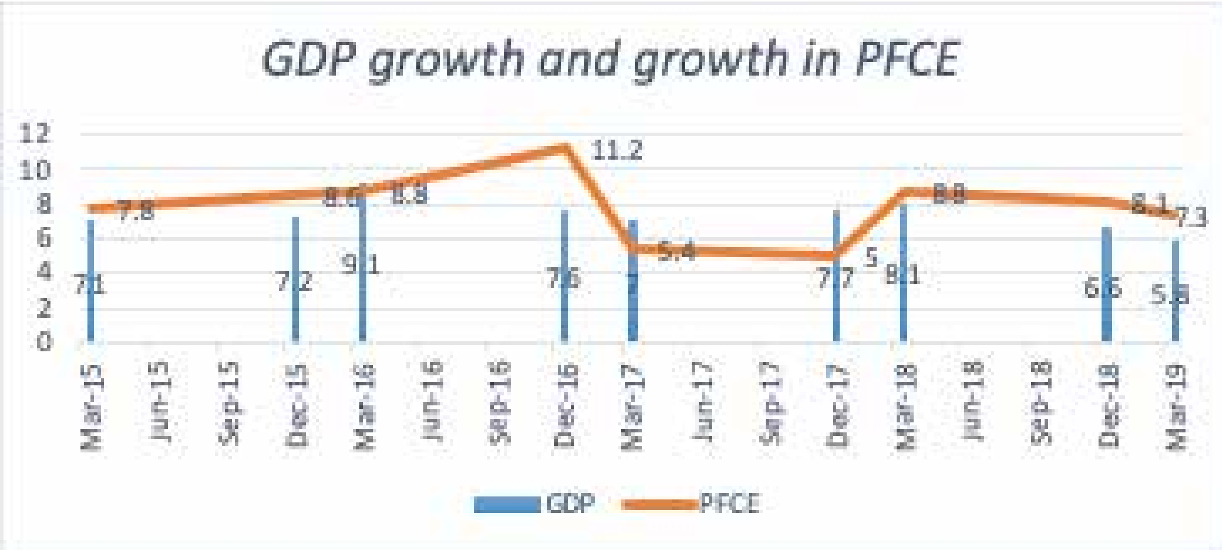
As for India, it is vital to know whether the Asia's fastest growing economy has entered cyclical/structural slowdown or a recession cycle. In economics, the period of recession is reflected in falling business cycle, or deterioration in GDP growth rate or negative growth rate for three consecutive quarters. Whereas, the economic slowdown exhibits slower GDP growth rate but not decline.

India's economy witnessed a consecutive five quarters of slowdown and a lower September quarter numbers would mean, six consecutive quarter. In light of the present scenario the Reserve Bank of India (RBI), for the first time, has pegged second quarter GDP growth at all-time low of 5%.



Source: CMIE

Consumption and investment are the two main drivers of GDP. Consumption that contributes 60% to the GDP, is reflected by private final consumption expenditure (PFCE), displaying a lower growth of 7.3%. Investment or gross fixed capital formation (GFCF) is estimated at Rs 55.70 lakh crore in 2018-19 at current price but pressure of current account deficit and low new investment pipeline.

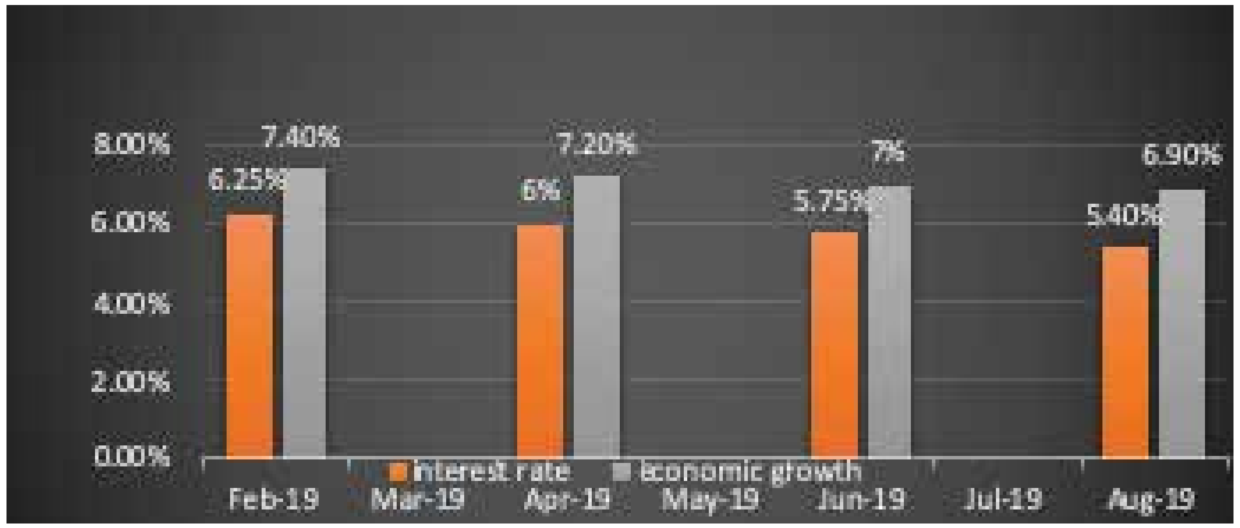


Source: CMIE

To reverse the falling trend in consumption and investment, the RBI's Monetary Policy Committee (MPC) lowered interest rate. However, the step seems to failed in providing any breather against the deepening slowdown.

The MPC slashed the repo rate for the fifth time this year to revive Asia's third-largest economy. It now runs the risk of putting pressure on the fiscal balance.

One more cut in interest rate will lead to a fall in projected nominal growth rate and make the situation difficult for government as it may face shortfall in taxes. The GST collections dropped below Rs 1 lakh crore for the second straight time, suggesting no relief from the slowdown pain.



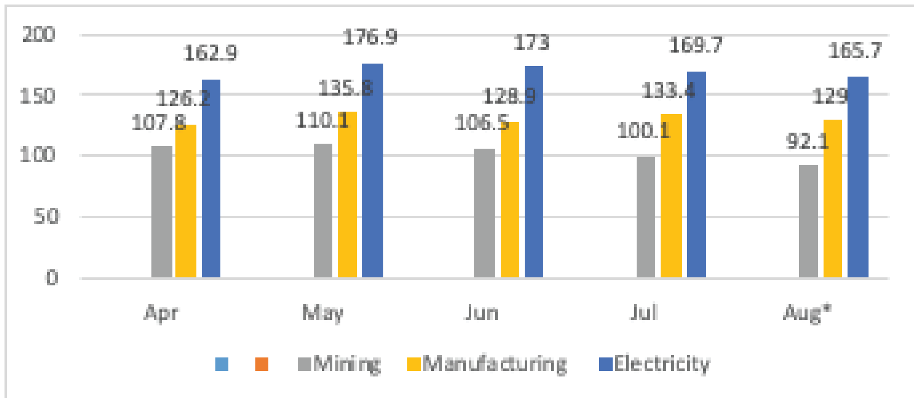
The revenue growth of corporate sector moderated due to lower demand appetite. According to a CRISIL report, decline in revenue was largely from consumer-linked sectors, automobiles sector on lower sales, auto components revenue due to production cuts, construction-linked sectors, metal and Oil & Gas. Recently, the government has cut corporate tax rates in an effort to spur investment and improve growth.

Source: CRISIL Report

Another major area of concern is unemployment and fall in wages. The 2017-18 Periodic Labour Force Survey (PLFS) showed unemployment to be at a four-decade high. Also, the rural and urban wage growth has been on the decline which could possibly be one of the reason leading to slowdown in consumption.

Crisis in the non-banking finance space (NBFC) is posing challenges to the economic growth and liquidity in the system, specially at a time when the banks are grappling with the NPA issues. The liquidity crunch in the system began with the collapse of IL&FS. NBFCs provide funding to commercial, private and two wheeler vehicles makers. Tight liquidity conditions resulted in less money available for spending by customers, which in turn leads to a demand fall, lesser vehicles being sold, fall in production by automakers. Thus, squeeze in liquidity have gripped credit growth, and lending by NBFCs.

Recently, a self regulatory body Finance Industry Development Council (FIDC), registered with RBI released data showing a fall in lending by NBFCs. Industrial activity too suffered in recent times. A sharper-than-expected fall in India's August Industrial output growth, mainly from mining manufacturing and electricity, further raised concern about the economy.



Source: MOSPI

Meanwhile, the RBIs Consumer Confidence Surveys (CCS) showed a weakening in both Current situation and Future Expectation Index. The current situation index fell to 89.4 in September as optimism about the general economic condition deteriorates.

The domestic condition worsens as the global economy continues to reel under slowdown worries. Deepening of slowdown in world's second largest economy- China is creating a pressure on global growth, coupled with continuous geopolitical tensions. Global debt markets are also witnessing sour investor sentiment with an inverted US yield curve. The 10-years long-term bond yields have fallen below 2-years short-term yields, triggering signs for an impending slowdown.

Against such sluggish backdrop and the Indian economy showing mixed sign of cyclical and structural slowdown, going forward will be a crucial period for the government and the policy makers.

How Chinese FDI inflows are likely to affect India?

-Rujuta Tamhankar

According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflows in India in 2019-20 (till August) stood at US$ 19.33 billion, indicating that government's effort to improve ease of doing business and relaxation in FDI norms is yielding results. India ranked 63rd in the ease of doing business rankings 2020 released by the World Bank where India jumped 14 places from last year.

Out of the USD $19.33 billion equity inflows, 32% comes from Mauritius while from china it is merely 0.53%. FDI inflows from china were 0.01% in 2009, it now occupies 18th place from 52ndposition in 2009. Even though this amount is negligible we should not underestimate china's investment capacity.
Chinese investments in Indian markets have mainly been through start-ups, ecommerce and digital payments. Chinese investors have become increasingly active in the last few years and the volume of investments has increased five-fold at $5.6 billion in 2018 compared to a mere $668 million in 2016 and around $3 billion in 2017. According to reports, Chinese investments in Indian start-ups crossed $5 billion in 2018.

According to the available data, most of the Chinese investments were concentrated in the service sector, manufacturing sector follows closely.

Most of the successful unicorns in India are backed by Chinese companies and manufacturing firms. The biggest investors among them are Tencent and Alibaba Group. Start-ups like Paytm, Snapdeal, Zomato, Firstcry, Bigbasket are backed by Alibaba and Ola, Flipkart, etc. by Tencent. Other key investors include Ant Financial, DidiChuxing, Fosun, China Lodging Group. China's financial services major Ping An Group runs a global fintech and health-tech focused growth stage fund Global Voyager Fund has picked online startup CarDekho as its maiden start-up investment in India.

Chinese mobile phone companies like one plus, Huawei, Vivo, Oppo, Xiaomi have become very popular mobile phone brands in India. Xiaomi's market share in the Smartphone market was 29 percent in the 1st quarter of 2019, while that of Samsung was 25 percent. Chinese companies were at an advantage due to lower costs over domestic and other international brands like Samsung. Domestic players like lava, Carbonn, Intex, Micromax have been thrown out of the competition.

Modi government needs Chinese FDI in new age technologies not only to fund government schemes like start-up India, make in India and digital India but also to achieve job growth and also to consolidate his status in Indian political environment.

The top recipient for Chinese FDI was US followed by Australia, UK, Switzerland etc. while China invests only 10% of its FDI in India, Chinese outbound investments have been on the rise. It is estimated that China will soon become India's top 10 FDI source.

India has welcomed Chinese FDI with open arms even at the cost of pushing out domestic players in the market. It has definitely accelerated and provided those extra funds that were crucial for the Indian start-up industry to expand but the fact that India's and the budding Indian start-ups growing dependence on Chinese investments cannot be neglected. Though Chinese FDI is still very less compared to Mauritius and Singapore, it is very much concentrated in the services and manufacturing sector.

China is notorious for its interference in politics of the various countries in which it has a substantial amount of investments like most of the countries in the BRI scheme. (Most of the countries in Africa like Nigeria, Ethiopia, Libya and Pakistan Afghanistan, Srilanka). It is capable of influencing economic and political variables to its advantage.

On the political front India vehemently opposes China' BRI move, china has claimed Arunachal Pradesh as its own territory and China refuses to cooperate with India on its antiterrorism move.
It is quite possible that India could become its victim in the governments conquest of more investments. This crony capitalism will most likely affect our international relations with other countries and as a result India's status in the global economy.

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Performance Analysis of Mutual Funds: Selected Equity, Debt & Hybrid Schemes

Shivam Ashish (PGDM 2019-21)
-Malaya Mohapatra (PGDM 2019-21)

The mutual fund is a trust or pool of investment by investors who share a common financial goal. The fund manager then invests the pooled money in financial instruments such as shares, debt instruments, and bonds, etc. And in India today, a total of 45 mutual fund companies are existing. But it's important to know how it all began.

The concept of mutual funds in India dates back to 1963. Between that time and 1987, only one mutual fund company existed with an asset worth Rs.67 billion under management (AUM), Later known to be Unit trust of India. The first private sector mutual fund registered in 1993 was Kothari Pioneer. Except for UTI, all mutual funds brought under the regulation of SEBI during 1992-97. Gradually, Mutual Funds improved the quality of their services, and investors were given tax benefits, which resulted in significant growth in investable funds to INR 1,10,000 crore in the year 2000, and UTI captured 68 % of market share.

There is a significant growth in the Indian mutual fund industry since May 2014. The Asset Under Management of the Indian mutual fund industry has crossed the landmark of ₹10 Lakh Crore on 31st May 2014 for the very first time. The AUM of this industry has achieved a milestone of ₹15 Lakh Crore in July 2016. There is a notable increase in the overall size of the mutual fund industry from ₹3.26 Lakh Crore to ₹15.63 Lakh Crore (dated from 31st March 2007 to 31st August 2016). This is the appreciable increase in a short span of 10 years only. The remarkable growth is that the industry's AUM has doubled itself from ₹5.87 Lakh Crore to ₹12.33 Lakh Crore (dated from 31st March 2012 to 31st March 2016). In two years only, the investor's portfolio has grown from 3.95 crores to 4.98 crores (dated from 31st March 2014 to 31st August 2016). The average addition of new folios every month since June 2014 id 3.38 Lakh. Currently, the monthly contribution of retail investors is around ₹3,500 crores via SIPs. The number of SIP accounts has already exceeded one crore in April 2016.

The analysis is made on secondary data, which is collected from Bloomberg. The data of NAV is collected for the period from Q1-2017 to Q2-2019. The data so obtained has been tabulated and analyzed with the help of MS Excel. The benchmark index for this analysis is taken to be the Nifty 50 Index.

Tools for the analysis
•NAV – used to compare the return of various schemes.
•Average return – used for return analysis.
•Alpha tool - used as a degree of performance towards a benchmark or a marketplace index over a unique go back.
•Beta tool – used to measure systematic risk.
•R Squared value - used to check the reliability of Beta number.
•Standard Deviation – used to measure total risk.
•Sharpe Ratio – measures the performance of a portfolio in a given period of time by dividing the risk premium of the portfolio by its standard deviation.
•Treynor Ratio – shows the risk adjusted performance of the fund.

TOOLS USED	EQUITY: LARGE CAP	
Mutual Fund Scheme	Mirae Asset India Equity Fund	SBI Bluechip Fund
Return	7.66%	4.47%
Standard Deviation	0.039948941	0.040792083
Correlation Coefficient	0.930303557	0.90624919
R-Squared	0.865464709	0.821287595
Beta	0.897857052	0.856563449
Alpha	0.003117477	-0.004446303
Sharpe Ratio	0.289985988	-0.49875773
Treynor Ratio	0.012902536	-0.023752317

Return: Mirae Asset India Equity Fund has generated a return of 20% with a CAGR of 7.66% with an average QOQ return of 2.05 % whereas SBI magnum has generated a return of 11.5% with a CAGR of 4.47% and a QOQ growth of 1.2% so we can conclude that Mirae Asset India Equity Fund is a better choice than SBI Bluechip (in terms of return).

Standard Deviation: Mirae Asset India Equity Fund NAV has a higher standard deviation than SBI bluechip's NAV, it means Mirae NAV's movement is more volatile than SBI's NAV. The standard deviation of return of both Mirae and SBI is same 4%.

Correlation: Mirae Asset India Equity Fund NAV has a high correlation of 0.97 with Nifty whereas SBI has a correlation of 0.84 with Nifty. In terms of return both of them has high correlation with Nifty return.

Beta: Return of both Mirae and SBI have +ve Beta of 0.89 and 0.85 respectively with Nifty return which means both Mirae and SBI move in the same direction as Nifty.

Alpha: Mirae's alpha is slightly positive it means it somehow outperforming the Nifty return but SBI has a negative alpha which means it underperforming the Nifty return.

Sharpe Ratio: Sharpe ratio of both the schemes are less than 1, but SBI has a negative figure which means it is riskier.

TOOLS USED	EQUITY: MULTI CAP	
Mutual Fund Scheme	Motilal Oswal MOSL Focused Equity 35 Fund	SBI Magnum Multicap Fund
Return	3.45%	6.66%
Standard Deviation	0.049158387	0.044106956
Correlation Coefficient	0.868304502	0.879823323
R-Squared	0.753952709	0.77408908
Beta	0.68102369	0.769088251
Alpha	-0.003754309	0.003010048
Sharpe Ratio	-0.619893956	0.035238676
Treynor Ratio	-0.044745854	0.002020926

Return: Motilal Oswal MOSL Focused Equity 35 Fund has generated a return of 8.9% with a CAGR of 3.45% with an average QOQ return of 0.94 % whereas SBI Magmum Multicap has generated a return of 17.5% with a CAGR of 6.66% and a QOQ growth of 1.8% so we can conclude that SBI Multicap Fund is a better choice than Motilal Multicap fund (in terms of return).

Standard Deviation: SBI Magnum Multicap's NAV has a higher standard deviation than Motilal Multicap's NAV it means SBI Magnum Multicap NAV's movement is more volatile than Motilal's NAV. The Standard Deviation of return of both SBI and Motilal is almost same 5% and 4.4%.

Correlation: SBI Magnum Multicap's NAV has a high correlation of 0.89 with Nifty whereas Motilal Multicap has a correlation of 0.55 with Nifty it means SBI is more correlated to Nifty than Motilal. In terms of return both of them has high correlation of 0.86 and 0.87 with Nifty return.

Beta: Return of both Motilal and SBI have +ve Beta of 0.68 and 0.76 respectively with Nifty return which means both Motilal and SBI move in the same direction as Nifty but SBI reflects the movement better than Motilal.

Alpha: SBI Multicap's alpha is slightly positive it means it somehow outperforming the Nifty return but Motilal Multicap has a negative alpha which means it underperforming the Nifty return.

Sharpe Ratio: Sharpe ratio of both the schemes are less than 1, but Motilal has a negative figure which means it is riskier.

TOOLS USED	EQUITY: MID CAP	
Mutual Fund Scheme	Mirae Asset Emerging Bluechip Fund	L&T Midcap Fund
Return	6.16%	-0.88%
Standard Deviation	0.039076242	0.048202406
Correlation Coefficient	0.813939308	0.772549728
R-Squared	0.662497196	0.596833082
Beta	0.803095191	0.617938874
Alpha	0.001060665	-0.014419147
Sharpe Ratio	-0.086790175	-1.531176612
Treynor Ratio	-0.004222954	-0.11943964

Return: Mirae Midcap has generated a return of 16.12% with a CAGR of 6.16% with an average QOQ return of 1.66 % whereas L&T Midcap has generated a return of 2.19% with a CAGR of 0.88% and a QOQ growth of 0.25% so we can conclude that Mirae Midcap Fund is a better choice than L&T Midcap fund (in terms of return).

Standard Deviation: The Standard Deviation of return of Mirae Midcap is 4% and L&T MIDCAP is 4.8% it means L&T is more volatile than Mirae.

Correlation: Mirae Midcap's NAV has a high correlation of 0.89 with Nifty whereas L&T Midcap has a negative correlation of 0.03 with Nifty it means Mirae moves in the same direction as Nifty but L&T moves in the opposite direction of the Nifty. In terms of return both of them has high correlation of 0.81 and 0.77 with Nifty return.

Beta: Return of both Mirae Midcap and L&T Midcap have +ve Beta of 0.80 and 0.6 respectively with Nifty return which means both Mirae and L&T move in the same direction as Nifty but Mirae reflects the movement better than L&T.

Alpha: Mirae Midcap's alpha is slightly positive 0.00106 it means it somehow out performing the Nifty return but L&T has a negative alpha of 0.01442 which means it is underperforming the Nifty return.

Sharpe Ratio: Sharpe ratio of both the schemes are Negative, but L&T has a higher negative figure which means it is riskier.

TOOLS USED	**EQUITY: SMALL CAP**	
Mutual Fund Scheme	SBI Small & Midcap Fund	Franklin India Smaller Companies Fund
Return	9.56%	-3.69%
Standard Deviation	0.084133739	0.062065263
Correlation Coefficient	0.399855273	0.755634449
R-Squared	0.15988424	0.570983421
Beta	0.183240061	0.469408484
Alpha	0.021811518	-0.019539511
Sharpe Ratio	0.363564948	-1.642310714
Treynor Ratio	0.166928989	-0.21714658

Return: SBI Smallcap has generated a return of 25.64% with a CAGR wof 9.56% with an average QOQ return of 2.54 % whereas FRANKLIN SMALLCAP has generated a return of (8.98) % with a CAGR of (3.69) % and a QOQ growth of (1.05) % so we can conclude that SBI smallcap Fund is a better choice than Franklin smallcap fund (in terms of return).

Standard Deviation: SBI Smallcap's NAV has a higher standard deviation of 5.36 than FRANKLIN Smallcap's NAV of 4.13 it means SBI NAV's movement is more volatile than Franklin's NAV. The Standard Deviation of return of both SBI and Franklin are 8% and 6% respectively.

Correlation: SBI Smallcap's NAV has a moderate correlation of 0.46 with Nifty whereas FRANKLIN SMALLCAP has a negative correlation of 0.23 with Nifty it means SBI moves in the same direction as Nifty in a reduced rate but L&T moves in the opposite direction of the Nifty. In terms of return SBI has a low correlation of .39 but Franklin has a moderate to high correlation of 0.75 with Nifty return.

Beta: Return of both SBI Smallcap Vs FRANKLIN Smallcap have +ve Beta of 0.18 and 0.46 respectively with Nifty return which means both SBI & Franklin move in the same direction as Nifty but Franklin reflects the movement better than SBI. This affected SBI positively because as Nifty went down SBI reflected it in reduced manner.

Alpha: SBI Smallcap's alpha is positive 0.021 it means it is outperforming the Nifty return but Franklin has a negative alpha of 0.0195 which means it underperforming the Nifty return.

Sharpe Ratio: Sharpe ratio of SBI Smallcap is 0.36 which is moderate risky, but Franklin has a negative figure of 1.64 which means it is Extremely risky.

TOOLS USED	**EQUITY: TAX SAVING**	
Mutual Fund Scheme	Aditya BirlaSun Life Tax Relief 96	Tata India Tax Savings Fund
Return	3.39%	6.77%
Standard Deviation	0.060291098	0.041645367
Correlation Coefficient	0.676975799	0.529550867
R-Squared	0.458296232	0.280424121
Beta	0.432920089	0.490262612
Alpha	0.000889946	0.008696479
Sharpe Ratio	-0.515221877	0.063972242
Treynor Ratio	-0.071752948	0.005434123

Return: BirlaTax has generated a return of 8.7% with a CAGR of 3.39% with an average QOQ return of 0.93 % whereas Tata tax saving has generated a return of 17.78% with a CAGR of 6.77% and a QOQ growth of 1.82% so we can conclude that Tata tax saving Fund is a better choice than Birlatax saving fund (in terms of return).

Standard Deviation: The Standard Deviation of return of Birlatax saving fund is 0.06 whereas Tata has a Standard Deviation of 0.04 it means Birlais more volatile than the Tata tax saving fund.

Correlation: BirlaTax NAV has a low correlation of 0.23 with Nifty whereas Tata tax saving has a moderate to high correlation of 0.74 with Nifty it means both move in the same direction as Nifty but Birlamoves in a reduced rate but Tata reflects the movement of Nifty better. In terms of return Both Birla& Tata have a moderate correlation of 0.67 and 0.52 respectively.

Beta: Return of both BirlaTax Relief and Tata Tax Saving have +ve Beta of 0.43 and 0.49 respectively with Nifty return which means both BirlaTax Relief and Tata Tax Saving move in the same direction as Nifty but Tata reflects the movement better than Birla.

Alpha: Both BirlaTax Relief and Tata Tax Saving fund has slightly positive alpha it means they somehow outperforming the Nifty return.

Sharpe Ratio: Sharpe ratio of BirlaTax Relief is 0.51 which is high risky, but Tata has a ratio of 0.06 which is moderate risky, between Tata and Birlaschemes Birlais riskier than Tata.

TOOLS USED	DEBT: INCOME	
Mutual Fund Scheme	Aditya BirlaSun Life Treasury Optimizer Fund	ICICI Prudential Banking & PSU Debt Fund
Return	6.90%	11.03%
Standard Deviation	0.008912335	0.040832813
Correlation Coefficient	-0.256102336	0.218485943
R-Squared	0.065588406	0.047736107
Beta	-1.107923626	0.206301309
Alpha	0.039981368	0.025077989
Sharpe Ratio	0.448724191	1.11014791
Treynor Ratio	-0.003609617	0.219729398

Return: Birla has generated a return of 18.15% with a CAGR of 6.9% with an average QOQ return of 1.85 % whereas ICICI has generated a return of 29.91% with a CAGR of 11.03% and a QOQ growth of 2.91% so we can conclude that ICICI PSU DEBT Fund is a better choice than Birla fund (in terms of return)

Standard Deviation: The Standard Deviation of Birla fund return is 0.008 which shows that this fund is very stable in terms of NAV price change, whereas ICICI has a Standard Deviation of 0.04 which shows that it is slightly volatile.

Correlation: Both Birla and ICICI Fund NAV have a high correlation of 0.83 and 0.87 respectively with Nifty it means both move in the same direction as Nifty, whereas Birla fund's Return has negative Correlation 0f (0.25) with Nifty return which means it moves slightly opposite of Nifty but ICICI debt has positive correlation of .21 which moves in a reduced rate in comparison to Nifty return.

Beta: Return of Birla Fund has negative Beta of 1.10 but ICICI fund has a positive Beta of 0.20 with Nifty return which means Birla Fund moves highly opposite of Nifty whereas ICICI moves in same direction as Nifty in a reduced manner.

Alpha: Both Birla and ICICI has positive alpha it means they are outperforming the Nifty return.

Sharpe Ratio: Sharpe ratio of Birla Fund is 0.44 which is moderate risky, but ICICI has a ratio of 1.11 which is a good bet because for 1 rupee of risk we are getting 1.11 rupee of return, so ICICI is better than Birla.

TOOLS USED	DEBT: SHORT TERM	
Mutual Fund Scheme	Franklin India Short Term Income Plan	HDFC Short Term Opportunities Fund
Return	7.67%	6.92%
Standard Deviation	0.006488211	0.005466856
Correlation Coefficient	0.205626017	-0.186345819
R-Squared	0.042282059	0.034724764
Beta	1.221914763	-1.314225354
Alpha	-0.003117454	0.04401767
Sharpe Ratio	1.808305995	0.761595208
Treynor Ratio	0.009601873	-0.00316805

Return: Franklin short term has generated a return of 20.30% with a CAGR of 7.67% with an average QOQ return of 2.05% whereas HDFC short term has generated a return of 18.2% with a CAGR of 6.92% and a QOQ growth of 1.86% so we can conclude that Franklin Short Term Fund is a better choice than HDFC Short term fund (in terms of return).

Standard Deviation: The Standard Deviation of Franklin short term return is 0.006 which shows that this fund is very stable in terms of return on NAV price change, whereas HDFC has a Standard Deviation of 0.005 which shows the stability of return.

Correlation: Franklin short term fund's Return has positive Correlation 0f 0.20 with Nifty return which means it moves in a reduced rate in comparison to Nifty return but HDFC Short term has negative correlation of 0.18 it moves slightly opposite of Nifty return.

Beta: Return of HDFC Short Term Fund has negative Beta of 1.3 but Franklin Short term fund has a positive Beta of 1.22 with Nifty return which means HDFC Short Term Fund moves highly opposite of Nifty whereas Franklin moves in same direction as Nifty in an increased manner.

Alpha: HDFC short term fund's alpha is positive 0.04 it means it is outperforming the Nifty return but Franklin has a negative alpha of 0.003 which means it is slightly underperforming the Nifty return.

Sharpe Ratio: Sharpe ratio of Franklin Short Term Fund is 1.8 which is extremely risk free, but ICICI has a ratio of 0.76 which is less risky so Franklin short term is better than HDFC Short term fund.

TOOLS USED	DEBT: ULTRA SHORT TERM	
Mutual Fund Scheme	BOI AXA Treasury Advantage Fund	Kotak Low Duration Fund
Return	6.95%	7.30%
Standard Deviation	0.001659115	0.002460848
Correlation Coefficient	-0.08185061	0.129317951
R-Squared	0.006699522	0.016723132
Beta	-1.90209935	2.026104228
Alpha	0.055493573	-0.019656535
Sharpe Ratio	2.731796608	3.240068974
Treynor Ratio	-0.002382822	0.003935295

Return: BOI Axa Treasury has generated a return of 18.3% with a CAGR of 6.95% with an average QOQ return of 1.87% whereas Kotak low duration has generated a return of 19.25% with a CAGR of 7.3% and a QOQ growth of 1.96% so we can conclude that Kotak Low Duration Fund is a better choice than BOI AXA fund (in terms of return).

Standard Deviation: The Standard Deviation of BOI Axa Treasury return is 0.0016 which shows that this fund is very stable in terms of return on NAV price change, whereas KOTAK has a Standard Deviation of 0.0024 which shows the stability of return.

Correlation: Kotak low duration's Return has positive Correlation 0f 0.129 with Nifty return which means it moves in a very reduced rate in comparison to Nifty return but BOI AXA has negative correlarion of (.08) it moves slightly opposite of Nifty return.

Beta: Return of BOI AXA has Negative Beta of (1.9) but Franklin Short term fund has a positive Beta of 2.02 with Nifty return which means BOI AXA moves highly opposite of Nifty.

Alpha: BOI AXA's alpha is positive 0.055 it means it is outperforming the Nifty return but Kotak has a negative alpha of (0.019) which means it is slightly underperforming the Nifty return.

Sharpe Ratio: Sharpe ratio of BOI AXA TREASURY and KOTAK LOW DURATION is 2.73 and 3.24 respectively which is extremely risk free, Kotak is more attractive.

TOOLS USED	HYBRID: DEBT ORIENTED CONSERVATIVE	
Mutual Fund Scheme	SBI Magnum Monthly Income Plan	UTI MIS Advantage Fund
Return	3.05%	4.00%
Standard Deviation	0.016259465	0.016678074
Correlation Coefficient	0.546653616	0.869668635
R-Squared	0.298830176	0.756323534
Beta	1.296264882	2.010461272
Alpha	-0.01674502	-0.02803602
Sharpe Ratio	-2.121259523	-1.501680561
Treynor Ratio	-0.026607637	-0.012457409

Return: SBI debt oriented has generated a return of 7.8% with a CAGR of 3.05% with an average QOQ return of 0.83% whereas UTI MIS has generated a return of 10.29% with a CAGR of 4% and a QOQ growth of 1.09% so we can conclude that UTI MIS is better than SBI MIS (in terms of return).

Standard Deviation: The Standard Deviation of both SBI & UTI MIS return are 0.016 which shows that both funds are very stable in terms of return on NAV price change.

Correlation: SBI MIS's Return has positive Correlation 0f 0.564 with Nifty return which means it moves in a reduced rate in comparison to Nifty return and UTI MIS has positive correlation of .86 it means it moves in a slightly reduced rate in comparison to Nifty return.

Beta: Return of both SBI MAGNUM Vs UTI MIS has a positive Beta of 1.29 and 2.01 with Nifty return which means Both move at the same direction of Nifty.

Alpha: Both SBI MAGNUM and UTI MIS has a negative alpha of 0.016 and 0.028 which means they are underperforming the Nifty return.

Sharpe Ratio: Sharpe ratio of both SBI MAGNUM Vs UTI MIS are negative 2.12 and 1.5 respectively which are extremely risky.

TOOLS USED	HYBRID: EQUITY-ORIENTED	
Mutual Fund Scheme	ICICI Prudential Balanced Fund	SBI Magnum Balanced Fund
Return	6.99%	7.98%
Standard Deviation	0.017923433	0.03076506
Correlation Coefficient	0.852491715	0.291252697
R-Squared	0.726742125	0.084828133
Beta	1.833820265	0.365005976
Alpha	-0.016737862	0.014250608
Sharpe Ratio	0.271926402	0.479775099
Treynor Ratio	0.00265776	0.040438543

Return: ICICI balanced has generated a return of 18.39% with a CAGR of 6.99% with an average QOQ return of 1.88% whereas SBI Balanced has generated a return of 21.15% with a CAGR of 7.98% and a QOQ growth of 2.13% so we can conclude that SBI Balanced Fund is a better choice than ICICI Balanced fund (in terms of return).

Standard Deviation: The Standard Deviation of both ICICI BALANCED and SBI MAGNUM BALANCED return are 0.017 and 0.03 which shows that SBI Balanced is slightly voltile in terms of return on NAV price change.

Correlation: ICICI Balanced Return has positive Correlation 0f 0.85 with Nifty return which means it moves in a slightly reduced rate in comparison to Nifty return and SBI Balanced has posetive correlarion of .29 it means it moves in a highly reduced rate in comparison to Nifty return.

Beta: Return of both ICICI BALANCED and SBI MAGNUM BALANCED has a positive Beta of 1.83 and 0.36 respectively with Nifty return which means Both move at the same direction of Nifty but ICICI moves 1.83 point BOI Axa Treasury for every 1-point change in Nifty whereas SBI moves only 0.36 point.

Alpha: ICICI Balanced has a negative alpha of 0.016 which means it is underperforming the Nifty return, whereas SBI has a positive alpha of 0.014 which means it out performed the Nifty return.

Sharpe Ratio: Sharpe ratio of both ICICI BALANCED and SBI MAGNUM BALANCED are positive 0.27 and 0.47 respectively which are high to moderate risky.

IL&FS Case Study

-Tangudu Neelakantha

Non banking financial Company is also called shadow banking. It is different from traditional banking which they take deposits from customers and lend money whose is in need. IL&fS (infrastructure leasing & Finance Services) is a core investment company in which life insurance corporation of india owns 25.34% is the largest stake holder. Other stake holders include State bank of India(SBI), Central Bank of India, Housing Development finance Corporation (HDFC), Japan's Orix Corporation and Abu Dhabi Investment Authority.

After elections in 2014, when prime minister modi announced major projects in tunnels, highways, housing and renewable- ifls was the major winner. Given its strong ratings of AAA and and major shareholders profile it was all good for the company until it break the silence in September 14 when it first defaulted on the payments of Commercial papers. It not only defaulted in commercial papers but it defaulted on bank loans which includes interest and deposits of both short term and long term. Later the company accepted the notices it received due to the delay in the payments of the loans and other borrowings. Soon ICRA the credit rating company downgraded the rating for long term and short term borrowing of the company. Many mutual funds who have invested around 5200 cr in the form of bonds, commercial papers in the company was also at stake. This led to hue and cry in the stock market which became very volatile based on the news proceeding of the company. Retail investors, banks and govt went to panic mode as it is India largest nbfc.

The major problem was assest liability mismatch. The company borrowed short term loans and bonds to lend for huge term projects which needs a lot of time to repay. Other problems were

1. The rating agencies rated the company AAA rating without any signs of this major crisis.
2. Major shareholders failed to look into the problems and did not monitor it.
3. All the board of directors have resigned from their posts. But later a new panel of six members were added including uday kotak of kotak Mahindra bank and former Icici chairman GC Chaturvedi.
4. Other major drawback was the complex structure of the company having more than 250 subsidiaries which made auditing and regulating difficult.

The major effect of the crisis was the loss of confidence in the investors and money. If Govt decides to pump more money than it will increase its fiscial deficit which will have some obvious problems. Some ways in which there could a solution to the revival of the company are;

1. We have to make stringent laws which will counter lack of transparency in both rating agencies and company structure.
2. Board of directors should be accountable for such major setback and default for the company.
3. it should under strict review and control of the rbi and sebi so that it further will not have such crisis.
4. if the company can restructure itself and make it into simpler terms it will be easy to regulate.
5. A good check on the auditors of the company as well there should be an independent auditor to look into the transparency and fairness of the company.

Psychology of Money
-Tangudu Neelakantha

First of all before proceeding let us understand where the term "money" came from. It all started from ancient markets where people used to exchange good with each other to satisfy their needs. This system was called barter system. For example A had excess of wheat and B had surplus of rice, then if A wants rice then he can trade off grain with rice if B wants wheat in return. This lead to lots of problem in standardization of goods and understanding the value of goods exchanged.

To overcome that problem concept of money was introduced. There is no exact timeline when did this concept of universal money came to existence as many parts of world used in different timelines.
Down the line money has become an integral part of life. This money has to a lot of capacity to do which we can't even think of may be good ones and bad ones. People have different approaches when it comes to money some invest, some save and some spend, of course there is a thin gap which is ideal for managing the money. Greed and fear are two emotions which need to keep in check while handling money. Greed of wanting more and fear of losing what you have. These two emotions are good to some extent, anything of excess is not good as they say.

Let's us take an example of credit card and understand how the psychology of money works. Credit card companies lure customers by playing mind games offering discounts on purchases and make us spend more than our capacity. Say there two individuals A and B. Assuming these two have same salary and same spending power. Both A & B somehow gets convinced and get credit cards. Even having a credit card, A is clever not to overdo his spending which is not in his capacity and uses it timely to avail the offers and discounts and repays back on time. On the other hand, B is weak when it comes to control his emotions, whenever he sees a product even if he doesn't want he goes for it because he a credit card which pays for it. To pay for that he ends up burning money several months saving and lives pay check to pay check and ends up giving high rate of interest. Here both A & B have used credit card but the approach and emotions carried with it played the major difference.

There are many ways in which you can control things when it comes to money. Some things are subtle but so effective that they save a lot. One of the best examples is late fees. People often are lazy and end up paying late fees but this can save a lot of money. One can master how things can be managed related to money if they understand and most importantly implement it with discipline by balancing each other.

Does money buy you happiness? Does money is all if ask for any super power? Does money make man wealthy? The answers to these questions are dependent on the individuals how they answer it. Make sure money does not control you, you control the money.

Why people choose Stock Market?
-Tangudu Neelakantha

In a broad perspective, the first thing that people think about stock market is it is a game of poker where luck plays a vital role or kind of some gamble where people usually lose money and only experts and people having surplus money can afford it.

On the other hand, some people have different way of seeing it. Here some people according to latest data available only 2-3% of India's population has invested into securities markets. People of this niche category are usually aware of the financial products available in stock market and stay updated with latest trends going in the industry. Such low percentage of people invested also has many reasons to it.

1.Lack of awareness
2.People fear of losing money in case of market crashes like 2008 crash which shook the whole country.
3.Some huge scams have given bad name to markets. Thanks to Harshal Mehta and Ketan Parekh.
4.People in India are heavily influenced by relatives, family and friends.
5.People either believe markets can double their money or it is too risk for them. Both are extreme ends.
6.There are lesser number of recognized or government affiliated institutions which impart education on stock trading. This leaves lesser space for people to consider various options.
7.People believe so called "Pandit" in TV's and other firms who fool them of unrealistic returns.

Coming to investment some people are into day trading and others believe in investing. These two kinds of people have different ways of looking into investing. First kind of people normally have short term plans and mostly rely on technical analysis, corporate actions and emotions up to some extent. On the other hand, people of later kind normally investing in stock market having a long term perspective and of course these are the ones who generally make huge junk of money compared to other parties.

Currently our Indian markets are slowing increasing their pace with 3.5 cr of registered trading accounts and trend is looking ahead. If there can be some kind of aggressive awareness camp taken by different government regulators where people can understand different products available in the markets and invest in those according to their risk appetite, it will be a win-win for both the economy of the country as well as investors. Recently govt has taken good steps on mutual funds by TV ads and giving a good penetration in digital media has good number of 25 lakhs cr funds collected. Looking forward to have some good initiatives like this and motivate people to come this marketplace.

Every individual has some own point of view to why they choose stock markets or not. If numbers have to say it of course India is pessimistic view on markets. Hope we can make it bigger marketplace by encouraging others by educating others instead of brain washing people.

Life at NISM

NiSM Musical Evening and Fresher's Day

NISM organized musical evening for the delegates of Securities Exchange Organization of Iran, newly recruited probationary officers of Indian Corporate Law Service, NISM Staff and students followed by Fresher's Day Party for new batches of PGDM, PGPSM and PGCSM on 1st August, 2019 from 7:00 pm to 11:30 pm.

The evening started with the addresses by Registrar-NISM Mr. Sunil Kadam, Dean-SSE, Prof. K Sukumaran and Dean-SRSS Dr. V. R. Narasimhan. The performer team mesmerized evening with melodious songs of Bollywood.

The student's council organized Mr. and Ms. Fresher Contest. A DJ party was also organized for students to give an effervescent end to the evening.

Cultural Event

The NISM students' council organized Cultural Event on 9th August, 2019. The event consisted of performances by the four houses of NISM students: Maples, Yankees, Shoguns and Samurais. There were also performances by the Music Club, Dance Club and a tremendous show by our Maharashtra Security Force team. The glimpses of the event are portrayed below;

The evening was made colorful with student performances viz music, dance, drama, mimics etc. The vastness of the cultural backgrounds of the students of the college was displayed beautifully through the team work and performances. Filled with happiness and excitement the night was concluded with the announcement of the winners of the evening; Team Shoguns, and Team Yankees have won the first prize and second prize respectively.

A Session on Introduction to Indexing and Passive Investing

The Finance club of NISM Students' Council organized a session on "Introduction to Indexing and Passive Investing" on 13th September, 2019 for PGDM, PGPSM and PGCSM students.

The session was handled by Mr. Mhavir Kaswa, Associate Director, Asia Index Pvt. Ltd. He enlightened the participants about what is a Stock Index; its construction, calculation and maintenance; different indices available in market; overview of BSE Indices; Introduction to passive investing like ETF etc.

The session was very interactive and informative. Mr. Meraj Inamdar, Faculty, NISM presented vote of thanks to conclude the session.

Indoor Sports Tournament

The INDOOR SPORTS TOURNAMENT for PGDM, PGPSM and PGCSM students was held from 25th August to 30th August 2019. The students entered into the spirit of the tournament with great zeal, excitement and created frolicsome atmosphere.

The tournament was organized by the Sports Committee of NISM Students' Council which consisted of Badminton, Squash, Chess, Carom and Table Tennis competitions among four houses viz. the Yankees, the Shoguns, the Samurais and the Maples . The houses competed stringently with each other to raise their scores towards champion's trophy.

On the Finale day Mr. Sunil Kadam, Registrar of NISM encouraged students and spoke about the importance of sports in one's life. The glimpses of the tournament are portrayed here;

During the tournament, team Yankees scored maximum points to lead in different categories of Badminton, Table Tennis and Carom whereas Shoguns bewildered with their performance in Chess and in Badminton Men's Singles followed by the Samurais who smashed opponents in Squash and Men's Doubles Table Tennis. The Maples had to rest without any gain.

Teacher's Day Celebration

It is the supreme art to awaken creative joy in creative expression and Knowledge. – Albert Einstein

As quoted above, a teacher possesses this art and to present a tribute to their dedication and hard work, Teacher's Day was celebrated in NISM Patalganga Campus, on 5th September, 2019 by NISM Student's Council. The occasion was graced by the presence of NISM Faculties. A portrayal indicating teachers as pillars of student's development is displayed here along with some more glimpses of the event;

The celebration was concluded with cake cutting ceremony.

Intercollegiate Sports Competition

Sports are integral part of students' holistic development. 25 students have represented NISM in an intercollegiate sports competition organised by SPJIMR held on 10th Jan, 2020 – 12th Jan, 2020 at Mumbai and won quarterfinals of table tennis and chess.

The Republic Day Celebration
The 71st Republic Day of India was celebrated in NISM with great enthusiasm and vigor. The occasion was graced by the presence of Shri SK Mohanty - Director NISM, Shri Sunil Kadam - Registrar NISM, faculties, other staff members, students and the local residents. The event commenced with flag hoisting ceremony by Director NISM followed by the National Anthem and Director's address to the audience.

The march past by the NISM Security Personnel thrilled the event. In a sequence, the prize distribution ceremony was held in which the best team of the student council was announced and awarded followed by the medal distribution for the Indoor Sports Tournament held in August 2019. The concluding remarks consisted of the special prizes for academic excellence was awarded to Mr. Tejas Sane s/o Mrs. Jaisheela Sane - a Sr. NISM Employee for scoring 91% in his SSC exam held last year and to the security supervisors and security guards for their outstanding performance on duty as they identified danger of fire in the Utility Block and the Data Center on time and protected the NISM people and property from damage.