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arthaprajna

An insight into the world of finance

Hello Everyone.

A warm welcome to the 1oth issue of Arthaprajna (Volume-10). We are contented to inform you that we have successfully completed 10 issues for this Academic Year 2018-19. Working as a team in “Fin-Bodhi” under the guidance of our Finance faculty Co-ordinator Dr. Bharathi Karanth and the everlasting support which we receive from our Director and Dean was always a very effective learning experience.

We have always been motivated and supported by the alumni of our great institution and in this edition, we have a contribution from Alumna Meenakshi Acharya who is rendering her extreme service as an Assistant Professor at Poornaprajna College, Udupi. This particular step to take the articles written by the Alumni, have helped us to reach you all and understand the depths of our career path and mould us and devote us more towards this Institution. The paper presented in this edition will point out the significance of identifying ecological issues in exchange with the stakeholders of the company, social entrepreneurship, product innovations, new approaches to have a better and changed society and how CSR and innovations contributes to the continuous growth of the business

Facts always seems to be interesting and we have been able to present before you certain finance related facts to make it much more interesting especially in relation to stock market so as to protect the interests of the investors. Fin-Personality is always an inspirational soul for every person to hold him ideal. Shiv Nadar is such personality, who led an inspirational and exceptional life and contributed so much to the economy. Yes, he was also termed to be a powerful personality of India in the year 2017.

Embarking upon Investment, it always plays a prominent role in everyday Business. Each and every person and even the country invests in something or the other. And for every investment, an investor expects a high return, though certain amount of risk is involved in it. Hence, the investment scenario in India is briefly explained to you with respect to how the economy is progressing today.

Coming to Digital payments, they play a vital role these days through various apps or other devices. But sometimes they may also pose certain threats to the economy. Hence, the customers should be protected from such big tech-giants. The financial institution’s work slowly compared to other digital modes. Hence the pros and cons along with their stability to execute its operations strategically is clearly narrated in Fin-Tech.

A new Fin-Term is also been introduced and explained. Fin-Quiz is presented for you at the end to solve and win prizes. Answer for 9th issue is been published along with the winner’s name. Congratulations to the winner!

Your valuable feedbacks and suggestions are solicited. We look forward for your replies @arthaprajna.ac.in.

Regards,

Jackline Nikita (Chief Editor)

ALUMNI PAGE:

CSR and Innovations: A boost for business growth in India

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Corporate Social Responsibility is not a new concept in India. It was always practiced as corporate philanthropy. The pioneers of industrialization in the 19th century Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Singhania, and Mahindra were devoted to philanthropically motivated CSR. The underlying pattern was that the businesses donated money to schools or hospitals etc., without any long-term engagement .CSR is nothing but a self-regulatory mechanism adopted by corporates to ensure that all its business activities are according to law, follow ethical standards and international norms is a business practice that involves participating in initiative that benefits society. CSR is not about environment conservation or about having a recycling policy. It is a procedure where corporates learn to respect legislative laws, moral values, people, communities and the natural environment. To assess and ensure that their day to day operations have a positive impact on communities, cultures, societies and the environments in which they operate. World Bank Group states that "CSR is the commitment of business to contribute to sustainable economic development by working with employees, their families, the local community and society at large, to improve their lives in ways that are good for business and for development".

The Companies Act 2013, made a provision concerning CSR. According to the Act, for the companies with net worth of more than Rs.500crore and turnover of more than Rs.1000crore and net profit of more than Rs.5 crore in any of the previous three years CSR provisions are applicable and they need to contribute at least 2% of their net profit for the purpose of CSR. Company should form a CSR committee consisting of three or more directors with at least one independent director and the company should have a separate CSR policy too., Innovative methods adopted to discharge CSR by Indian companies are eradication of poverty and hunger, Promotion of education in rural parts of India, Priority is given to environment protection, Women empowerment, reducing child mortality and improving maternal health and Keeping India clean.

Recommendations to the companies that take up CSR is as follows: -

- **Employee engagement:** unlocking human potentials: whenever an organization thinks of adopting social innovation, it should induce its employees to contribute their maximum effort to convert social innovation into reality.
- **Product innovation: from social issues to business opportunity:** it is said that "Every single social and global issue of our day is a business opportunity in disguise", but pathetic part is that nowadays most of the organizations and shareholders

concentrate on short term profit ignoring the necessity of having community improving products and service innovations.

- **Strategic partnership: scaling innovations through collaboration:** there are untapped source of innovations in the society. Many organizations underestimate the diversity of communities, organizations and people they impact within their ecosystem in order to build sustainable growth in business one should understand their collaborations with others.
- **Governance and sustainability need to come from within:** in order to have sustainable strategic growth through CSR activities, it is necessary to have whole hearted support of senior executives and shareholders. These shifts represent large investments which will increase the business growth. This can be achieved with the help of strong leadership.
- **Community engagement: giving back to people you sell to:** organizations may not tackle the community problems individually as they may face the problems of finance. This can be better addressed with collaborations between businesses, NGOs and governments

The line between CSR and corporate innovations are thin. It is only the time by which one can judge whether a new socially driven corporate initiative is a strategic shift. Such innovations and initiatives will be successful only if business firms tend to be more responsible and more transparent in their approach while discharging CSR. Business should concentrate on developing new products and rendering such services which form value for customers. If CSR is used strategically and correctly, it will enable the companies to develop innovative ways to create value and new operational ways which will result into optimum utilization of resources that will benefit the company in future years and move ahead of competitors.

INVESTMENT SCENARIO IN INDIA

Emerging strong, even during the scariest phase of global financial meltdown, India has become one of the favourite investment destinations for the foreign investors across the globe. The investment scenario in India is getting better and better with each passing day due to high confidence level of the investors. Today, India is considered the 4th biggest economy in the world. Its impressive GDP rate, especially in the field of purchasing power, has catapulted it to second position among all the developing nations.

According to forecasts, Indian economy will grow to become 60% in size of the economy of US. It will also witness macro-level stability in economic conditions. Behind all this, investment can be said to be the key player. To know investment environment in India in the best possible way, it will be wise to consider the performance of 3 core sectors including education, infrastructure and security.

Private Education Investment

Since Independence, Indian education scene has improved for the better. As against 0.1 Million enrolment in 1947, India experienced over 11 Million enrolments in 2005-06. At present, the educational sector has become more attractive with its growing enrolment rates and the credit for this can be given to the whole fresh team of education providers, consisting of distance learning course providers, private institutes, foreign education providers and public institutions.

Infrastructure Investment:

Investment scenario in India in infrastructure sector is attractive. Many sectors have been allowed to receive private investment, which is truly a turning point. In past few years, many road projects have been launched under National Highway Development Programme. The project costing neared about US$ 12 billion. In this, the foreign construction companies have also been invited to take part. Telecom sector and power reforms have also experienced massive improvement. Telecom and Oil and Gas sector are seeing disinvestments processes. Government is also thinking of introducing a more integrated transport system with chalking out plans for the investment.

Security Investment:

Security investment scenario in India is also bright. While several industries in India are grappling with the impact of global meltdown and recent Mumbai attacks by terrorists, the one industry which is predicted to register profits in near future is the Indian security industry. The private security business in India is expected to become Rs.50,000 crore worth industry.

Current Investment Scenario in India: -

Globalization and Foreign Direct Investment form an integral part of all the developed as well as developing economies. In fact, the growth of the underdeveloped economies is also dependant on these key factors. These components equip any nation with new skills, new items and provide smooth access to markets and technology. Today, every nation across the globe is looking for foreign and overseas investors. Whether it's India or China, everyone wants foreign investments. According to recent trends, India is only second to China in the league of favourite investment destinations. In the report issued by Department of Industrial Policy and Promotion, the fund inflow to India reached US$ 27.3 billion in the period 2008-09, considered from the month of April 2008 to the month of March 2009. Last quarter of 2008-09 alone witnessed an inflow of approx. US$ 6.2 billion. In the reports issued by Reserve Bank of India for outward investment from India, a growth of 29.6% to US$17.4 billion has been seen in the period 2007-08. The figures do not include individuals and banks. India is considered the 2nd highest foreign employer in the United Kingdom after the United States.

Global Investment Scenario: -

Along with India, the others who are participating in the race of investment among the developing economies are China, Singapore, Malaysia, Russia and Brazil. Most of them are vying for contracts from USA and Europe.

By: - Annapoorna

Source: - Wikipedia

FIN-FACTS

7 Facts That Will Free You from a Fear of Stock Market Crashes

The current bull market in stocks is closing in an astounding 10 years in length, making it the longest bull market run in all of modern history. Everyone remembers the mayhem of 2008 – and with stock prices at all-time highs, the fear of a market meltdown is a valid concern for many investors.

1) On average, corrections happen once per year

For more than a century, the market has seen close to one correction (a decline of 10% or more) per year. In other words, corrections are a regular part of financial seasons – and you can expect to see as many corrections as birthdays throughout your life. The average correction looks something like this: - 54 days long, 13.5% market decline, Occurs once per year. The uncertainty of a correction prompts people to make big mistakes – but in reality, most corrections are over before you know it. If you hold on tight, it's likely the storm will pass.

2) Fewer than 20% of all corrections turn into a bear market

When the stock market starts tumbling, it can be tempting to abandon ship by selling assets and moving into cash. However, doing so could be a big mistake. We would likely be selling all of our assets at a low, right before the market rebounds!

This is because fewer than 20% of corrections turn into bear markets. Put another way, 80% of corrections are just short breaks in otherwise intact bull markets – meaning that selling early would make you miss the rest of the upward trend.

3) Nobody can predict consistently whether the market will rise or fall

The media perpetuates a myth that, if you're smart enough, you can predict the market's moves and avoid its downdrafts. But the reality is: no one can time the market. During the current nine-year bull market, there have been dozens of calls for stock market crashes from even very seasoned investors. None of these calls have come true, and if you'd have listened to these experts, you would have missed the upside.

4) The market has always risen, despite short-term setbacks

Market drops are a very regular occurrence. For example, the S&P 500 – the main index that tracks the U.S. stock market – has fallen on average 14.2% at least one point each year between 1980-2015. Like winter, these drops are a part of the market's seasons. Over this same period of time, despite these temporary drops, the market ended up achieving a positive return 27 of 36 years. That's 75% of the time!

5) Historically, bear markets have happened every three to five years

In the 115-year span between 1900-2015, there have been 34 bear markets. But bear markets don't last. Over that timeframe, they've varied in length from 45 days to 694 days, but on average they lasted about a year.

6) Bear markets become bull markets

Do you remember how fragile the world seemed in 2008 when banks were collapsing and the stock market was in free fall? When we pictured the future, did it seem dark and dangerous? Or did it seem like the good times were just around the corner and the party was about to begin? The fact is, once a bear market ends, the following 12 months can see crucial market gains.

7) The greatest danger is being out of the market

From 1996 through 2015, the S&P 500 returned an average of 8.2% a year. But if we had missed out on the top 10 trading days during that period, our returns dwindled to just 4.5% a year. It gets worse! If we missed out on the top 20 trading days, our returns were just 2.1%. And if we missed out on the top 30 trading days our returns would vanish into thin air, falling all the way to zero!

By: - Ashmitha

Source: - Google.com

FIN TERM

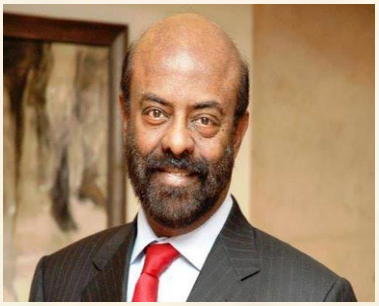
Fibonacci was a mathematician and the term applies to his number sequence. The Fibonacci sequence is used in technical analysis to determine levels of support and resistance.

The analysis used suggests that price trends will change around levels determined by Fibonacci analysis.

By: - Akshay U.S

Source: - Google

FIN IDOL



Shiv Nadar is an Indian billionaire industrialist and philanthropist. He is the founder and chairman of HCL and the Shiv Nadar Foundation. Nadar founded HCL in the mid-1970s and transformed the IT hardware company into an IT enterprise over the next three decades by constantly reinventing his company's focus. In 2008, Nadar was awarded Padma Bhushan for his efforts in the IT industry. Nadar, nicknamed by friends as Magus (Old Persian for "wizard"), since the mid-1990s has focused his efforts on developing the educational system of India through the Shiv Nadar Foundation. He is the brother of Tamil novelist Ramanichandran.

Nadar was born on 14th July 1945 in Moolaipozhi Village, about 10 kilometres from Tiruchendur in Thoothukudi district, Tamil Nadu, India. His parents were Sivasubramaniya Nadar and Vamasundari Devi. His mother, Vamasundari Devi, is the sister of S. P. Adithanar, founder of Dina Thanthi newspaper. Nadar studied at Town Higher Secondary School, Kumbakonam. He was admitted into the first form (Sixth Standard) in June 1955 and continued his education in Town High School until June 1957. Later, he joined to Elango corporation Higher secondary school, Shenoy Nagar, Madurai for his higher school studies. Nadar received a pre-university degree in the American College, Madurai and a degree in Electrical and Electronics Engineering from PSG College of Technology, Coimbatore.

Nadar began his career at Walchand group's Cooper Engineering in Pune in 1967. He soon gave it up to begin his own venture, in partnerships with several friends and colleagues. These partners were Ajai Chowdhry (Ex-Chairman, HCL Infosystems), Arjun Malhotra (CEO and Chairman, Headstrong), Subhash Arora, Yogesh Vaidya, S. Raman, Mahendra Pratap and DS Puri.

The initial enterprise which Nadar and his partners began was Microcomp, a company which focused on selling tele-digital calculators in the Indian market. HCL was founded in 1976, with an investment of Rs. 187,000.

In 1980, HCL ventured into the international market with the opening of Far East Computers in Singapore to sell IT hardware. The venture reported Rs 1 million revenue in the first year and continued to address the Singapore operations. Nadar remained the largest shareholder without retaining any management control.

In 1996, Nadar founded SSN College of Engineering in Chennai, Tamil Nadu in the name of his father, Sivasubramaniya Nadar. Nadar took an active role in the college activities, including the gifting of Rs. 1 million worth of HCL shares to the college. In 2006, Nadar announced that the college will promote research apart from ensuring that students benefit from foreign university tie-ups. Nadar joined the executive board of Indian School of Business in 2005. In March 2008, Nadar's SSN Trust announced the setting up of two Vidyagyan schools in UP for rural students, where free scholarship will be provided for 200 students from 50 districts of Uttar Pradesh. He visited Town Higher Secondary School in February 2011 and donated computers and other equipment worth Rs. 80 lakhs. He served as chairman of the board of governors, IIT Kharagpur, a technical institute until 2014.

His only daughter Roshni Nadar is vice-chairman of HCL.

In 2008, the government of India awarded Nadar with a Padma Bhushan, the third highest civilian award, for his contribution to the IT industry. In 2007, Madras University awarded him an honorary doctorate degree Nadar was also recognised as E&Y Entrepreneur of the Year 2007 (Services). In 1995 he became the Dataquest IT Man of the year. In 2005 he was bestowed with CNBC Business Excellence Award. In 2006 he received an honorary fellowship from the All India Management Association. In 2011 he was counted amongst Forbes' 48 Heroes of Philanthropy in Asia Pacific. In 2010 he received the Dataquest Lifetime Achievement Award. In April 2017, India Today magazine ranked Nadar 16th in India's 50 most powerful people of 2017 list. Nadar has committed more than $1 billion to philanthropy.

By: - Sudindra

Source: - Wikipedia

INDICES		COMMODITIES		CURRENCIES	
BSE SENSEX	**36063.81**	**GOLD**	**33660.00**	**USD**	**70.85**
NIFTY 50	**10863.50**	**CRUDEOIL**	**56.30**	**EUR**	**80.36**

FIN TECH

How Open Banking Can Save Banking from Threat of Tech Giants

Open banking provides both a threat and opportunity for financial institutions in the future. Banks and credit unions can either sit on the side-line, or leverage the power of open APIs to compete with both small and big fintech providers. Regulations around open banking, like PSD2, will soon prove to be a boon for technology giants like Google, Amazon, Facebook, Apple and other tech giants – providing wider access to customers' financial data (currently held by banks) and allowing these firms to restructure their marketing strategy towards product/service expansions. With consumers in their 20s and early 30s becoming more and more receptive towards banking services offered by non-financial services companies, open APIs come at an opportune moment for these tech giants.

These players have already entered the financial industry with Google Pay, Apple Pay, WhatsApp Pay and Amazon Pay. Amazon is also reportedly in talks with JPMorgan Chase, Capital One, and other financial services firms to set up an Amazon-branded checking account for its customers. These new-age tech giants are characterized by their younger, more innovative approach to customer engagement; and experts think its time for banks to follow suit. Though banks have managed to survive the threat from fintech start-ups till now, the threat from large tech companies continue to loom large for the banks to survive in the fast-evolving financial sector.

Amazon Cash is a good example of the kind of innovation that has allowed tech companies to become a threat to established financial institutions. A simple online debit solution, Cash allows users to add money to their Amazon Balance and shop at a participating store by showing the cashier a barcode.

The growing alternatives have left traditional banks in a state of vulnerability; and the banks' legacy and histories may not come as a rescue when it comes to win the next generation consumers. According to McKinsey report, 73% of US millennial would be more excited about a new financial service from Amazon, Google, Square or PayPal than from their traditional bank. Faced with this new wave of digital competition, banks are moving quickly to develop their digital platforms, and the Open API economy is a clear sign that banks are stepping out of their legacy set-ups and actively seeking to create value for their customers.

Open API is nothing but an infrastructure to build connections between the products and services of one entity with that of others. Open banking describes banks sharing customer accounts, transaction data, product data and other financial data with third party providers, forming a strong banking ecosystem. Banks possess customers' data and trust in abundance, while the third party fintech developers with their technological innovations can raise the bar higher in improving customer services. An approach towards API enabled open banking will help banks change the game of rules and drive innovation on par with fintech giants.

Open API is only one of a myriad of innovations that are possible with the bank's abundance of financial data and it is the kind of offering banks needs to continue to produce to serve their customers and stay competitive. To maintain their status in finance, banks must be proactive in enhancing and transforming their current offerings, increasing their appeal to existing and

Delivering customer-centric services should be on the top of the agenda for banks when it comes to fighting against the threat posed by non-bank competitors and respond to the evolving demands of their customers. For example, a Facebook messenger payment enables users transfer money by partnering with major players like Stripe, PayPal, Visa, MasterCard and American Express.

A handful of banks have recently launched chatbots which can interact with customers using natural language processing. Bank of America has recently launched Erica, a chatbot that can help users check balance, put reminder for the bills and get answers of all the bank-related queries. Mastercard has also launched AI enabled bot, Mastercard KAI through which users can transact, manage finances and shop through messaging platforms.

However, banks should understand how open APIs will align with their existing business strategies and how can execute the initiative strategically. Banks also requires brainstorming on the future market and revenue streams for the API powered products and services. The business models of banks should be restructured as API first so that they can operate like Fintech rather than traditional banks.

The rise of the open API economy poses a great opportunity for banks to sustain their leadership and relevance in the market. Unlocking the value of customer data will be more conducive for banks to increase revenue and serve the customers in a better way. Banks should immediately respond and act to the changing market dynamics and execute new business models without waiting for regulations like PSD2 is being imposed on them.

By: - Jnanesh

Source: - fintechblogs.com

FIN-QUIZ

1) What do the first three digits of an MICR code represent?

1. Account number
2. Bank name
3. Customer name
4. City
5. None of these

2) The headquarters of National Investment and Infrastructure Fund (NIIF) are located in which of the following cities?

1. New Delhi
2. Kolkata
3. Mumbai
4. Hyderabad
5. Bangalore

3) Industrial Investment Bank of India is located in which state?

1. Delhi
2. Maharashtra
3. West Bengal

4. Karnataka
5. Gujarat

4) Jeevan Jyoti Bheema Nigam can be availed by persons between the age of

1. 21 to 60 years
2. 18 to 45 years
3. 18 to 50 years
4. 18 to 65 years
5. None of these

5) Bank Boards Bureau is to be instituted in which city?

1. New Delhi
2. Mumbai
3. Jaipur
4. Hyderabad
5. Bengaluru

6) What is the minimum size requirement for an Urban cooperative bank to be allowed to convert into universal commercial banks?

1. Rs. 5000 cr
2. Rs. 20,000 cr
3. Rs. 25,000 cr
4. Rs. 40,000 cr
5. More than Rs. 50,000 cr

7) What is the term given to the net flow of funds that a country invests abroad during a certain period of time?

1. NCO
2. CAT
3. NEW
4. MSC
5. None of the above

8) How many countries are a part of South African Customs Union?

1. 5
2. 10
3. 9
4. 15
5. 8

9) The payments made by a company to its shareholders from its profit is called

1. Payment
2. Taxes
3. Interest on borrowings
4. Dividends
5. Call money

10) What is the other name for an Equity share?

1. Stock plan
2. Debenture
3. Ordinary shares
4. Security Receipt
5. Preferred stock

ANSWER FOR QUIZ [9TH ISSUE]-

1. Which among the following was set up by RBI in 1988 jointly with public sector banks and all India Financial Institutions to develop the money market & provide liquidity to money market instruments as sequel to Vaghul Working Group recommendations?

[A] Discount and Finance House of India Ltd (DFHI)

2. Which among the following correctly defines Hundi?

[C] They are key instruments of credit in the unorganized money market in India

3. Which among the following helps RBI to manage liquidity conditions in the economy with banks having an avenue to surplus funds or avail funds?

[A] Repos

4. Which among the following sentence is true?

[B] RBI Introduced Repos in 1992 & Reverse Repos in 1996

5. As we know that RBI has two departments Issue Department and Banking Department. Which among them is responsible for maintaining a Minimum reserve system against printing of currency notes?

[A] Issue Department

6. What is the main function of banking department of Reserve Bank of India?

[C] To issue the currency in circulation and its withdrawal from circulation

7. Which among the following is correct regarding BPLR or bench mark prime lending rate?

[A] It is lowest interest rate below PLR charged by a bank from the best customer of the financial year

8. Which among the following is correct regarding "progressive Tax"?

[B] rate of tax increased for increased value or volume

9. Which among the following coined the term 'Second generation Reforms"?

[B] International Monetary Fund

10. Many a times we read in the newspapers about "Cartel". Which among the following is most appropriate definition of Cartel?

[A] Association of producers to regulate prices by restricting output and competition

WINNER
ROSHNI LINET QUADROUS
2ND MBA

FIN TOON

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