

Fin-Glory

FROM THE EDITOR'S DESK.

Greetings from PIM family!

“I believe that through knowledge and discipline, financial peace is possible for all of us”- Dave Ramsey

A warm welcome to you all to the of ARTHAPRAJNA, 13(2). Teamwork makes the dream work. I am happy to present before you the team ‘Fin-plans’ who verbalized their thoughts through this issue.

Neobanks are taking over the fin-tech industry by a storm, on a global level. We see a new player on the market every day whose primary intension is to simplify financial services to a greater extent. Let's understand what it truly means through the cover story penned by my classmate Ms. Namitha.

You can find a brief description of Paper-Trading in Fin-Unit section. The fin-personality talks about Gautham Adani, who is a founder and chairman of the ‘Adani Group’. Role of Debenture Trustee is presented in column Fin Tools and Blue-chip funds is explained in the column Fin term.

Bill Gates once said and I quote “We all need people who will give us feedback. That's how we improve.” We the students of Finance forum express our gratitude to all our seniors who motivated us by giving their valuable feedback.

Thank you and look forward for further suggestions for improvement. Please do mail us at arthaprajna@pim.ac.in .

With Best Regards,

Mr. Naveen R. Bhat

Chief Editor,

Arthaprajna

FIN-TECH

NEO BANK

The term Neo Bank has been in use since 2016 to describe fintech – based financial providers that were challenging traditional banks. There are two main types of company that provides services digitally:

1. Companies that applied for their own banking licence
2. Companies in relationship with the traditional bank to provide those Financial Services.

Neo Bank is also known as an Internet Bank or virtual Bank or Digital bank. It is a type of direct bank which operates virtually without any physical branch. The large portion of the income of Neo Banks is mainly made up of transaction fees received when customers pay using debit card.

In India the Neo Banks do not have the licences of their own, but they rely on bank partners to offer licensed service because the Reserve Bank of India doesn't want 100% digitalization.

Advantages:

- Speed:-
The process of opening account online is quick. Using smartphone, we can open an account without any assistance. New products are also being developed and made available at a rapidly.
- Convenience: -
Neo Banks are very convenient because we can access it anywhere and at anytime using smartphone.
- Technological advantage: -
Neo Bank customers are usually tech-savvy and also use all the technology which makes the online banking easy, fast and convenient to the customers.
- Cost saving: -
Compared to branch network it's a system that costs less. The customers get benefits from lower prices and higher interest rates.

Challenges:

- No Branch Network:
One of the most important challenges of Neo Banks is - there is no branch network. There is no face-to-face contact with customers. Some people have negative attitude towards online banking hence they prefer branch system banking.
- Confidence:

Customers play an important role. The older customers do not prefer online banking. Here the trust factor is less. Even they do not have the confidence to deposit the cash in online banking system.

- **Security:**

Even though the technology is improving every single day, many people are facing data security issues. Cybercrimes are increasing and that's why security is one of the major challenges for online banking system.

Neo Banks V/S Traditional Banks:

- Traditional banks have lot of advantages over Neo Banks: Traditional Banks gain the customers' trust and even fund deposits. But it lacks in Neo Banks.
- Neo banks cannot understand the behaviour of the customers but in traditional banking system, the banks come to know the behaviour of the customers.
- Traditional banks provide required information to it's customers which they expect from them but Neo Banks are useful to those who are educated and who use smartphones.

By:

Source: <http://en.m.wikipedia.or>



FIN-UNIT

PAPER TRADING

Paper Trading is buying and selling of securities without an investment using actual money. This is a type of trading which saves us from suffering losses. 90% of people lose money because they just go on trading without an understanding of the market strategy. Paper Trading helps us to gain some experience of market. We can trade in real market with fake money in demo account.

Paper Trading gives us the bulk capital say, one lakh dollars. People can invest any amount of money as they do not invest real money. People invest bulk amount even though they do not have that much of amount in real. It will make them emotionless and does not provide accurate experience.

In my opinion, people should invest huge amount of money first in paper trading. If they are planning to invest real money in stock market in future, it may make them understand how much they have gain or lose. Then they can try to analyze the market. It will help them experience the real fluctuations, situations of market etc.

When trading in paper currency, the investors do not feel happy for gaining loss by saying, "It was good that I didn't invest real money" and also, they do not feel sad for earning profit by saying that, "I wish I would have invested real money". It is just a process of learning and getting ready for the real market situations.

Paper trading can be done through some apps and also it by writing on paper. We can write the amount which we are planning to invest in a particular Company (or stocks of multiple companies). Then we must note down changes in the price of the stocks. To calculate the profit or loss on securities we must divide the present value by number of shares we purchase. After that, we should deduct ₹20 from the resulting amount. ₹20 is the brokerage the account charges which is a nominal fee per trade. So, paper trading is a training period which helps to learn about the market scenarios. It helps us to draw our own strategies and to know whether they are right for investment.

By:

Source: Investopedia



Divya
2nd MBA

FIN-TERM

BLUE CHIP FUNDS

Blue Chip funds are equity mutual funds that invest in stocks of companies with large market capitalization. These are well-established companies with a track record of performance over some time. A blue chip is very large, easily recognized and financially stable company with a large distribution network. These companies typically sell high quality products and services that are widely accepted across the country.

Benefits:

1. These funds have a record of stable earning power.
2. Blue chip funds are priced less than other market capital.
3. These funds invest in stocks of large size companies.
4. Blue chip fund aims to outperform the benchmark with risk lower than the benchmark.
5. Beneficial for long term goals such as children education and their other long-term growth that needs wealth creation plan

Blue Chip fund is an equity plan that aims to provide possibilities for investors to create wealth, assist them to achieve their economic objectives. Blue chip funds are generally known brands offering goods and services widely and their output reflects their sales, profitability and dividend outcomes. Investment in this is safe and most reliable.

This scheme also has investments in the money market tools that provide for recurrence revenue. The investment objectives such as retirement planning, the future of the child etc., can be met by investing in Blue-Chip funds. Blue chip fund is an open-ended scheme that can be withdrawn by the investor. If the investors are looking for short term investments, then debt funds are more suitable.

Source: Investopedia

By:



FIN-TOOL

DEBENTURE TRUSTEE

Debenture Trustee is a liaison or connector between the issuer company and the debenture holder. Debenture Trustee holds the secured property on behalf of the issuer company which is mortgaged in favour of the debenture Trustee for the purpose of securing the interest of debenture holders.

Under the Provision of Companies Act 2013, it is mandatory to appoint a full-time Debenture Trustee for a company intending to issue debentures/bonds with a maturity period of more than 18 months regardless of whether debentures/bonds are

fully secured or not. Companies having debentures/bonds whose maturity period is less than 18 months are exempted from the obligation of appointing a Debenture Trustee.

To act as a Debenture Trustee, an entity should either be:

- A scheduled bank which carries commercial activities or
- A public financial institution or
- An insurance company
- A body corporate

To act as a Debenture Trustee, an entity should be registered with SEBI (Securities and Exchange Board of India) as well as should be an independent body from the issuer Company and should not be related to company in any of the ways.

The trustee has the right to ask any reports related to the use of funds raised through the issue of debentures. If there are any defaults from debenture holders regarding the payment of interest or recovery of debentures actions can be taken.

The capital market regulator has announced provision regarding strengthening the role of Debenture Trustees by providing them additional power to evaluate independently and oversee the asset cover in line with the interest of the consumers. It is noticed that this decision has been taken after several defaults were noticed in the debt market. Therefore, to make it effective the SEBI has amended the norms related to Debenture Trustees as per the notification. As per new norms the Debenture Trustees can practice independent due diligence of the assets on which a charge is being secured.

By:

Source: Investopedia



Sowmya
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INDEX	COMMODITIES	CURRENCIES
BSE SENSEX: 55822.01	GOLD: 48211.00	1 USD = 75.90₹
NSE NIFTY: 16614.2	CRUDE OIL: 5114.00	1EUR = 85.66₹



FIN-TOON

By: Sowmya

FIN-PERSONALITY

GAUTAM ADANI

Gautam Adani is the founder and the chairman of the 'Adani Group' which ranks among the top 3 conglomerates in India. He diversified his business into mining and resources, port and logistics, energy, agriculture, defence and aerospace. Mr. Adani, the first-generation entrepreneur, is driven by the core philosophy of infusing '*Growth with Goodness*' through his vision of nation building. Each of the group's businesses are mainly focused towards the growth of India. They help to build the world class infrastructure capabilities. The group took the leadership position in each business area. Nation building for Mr. Adani means to create thousands of jobs in coastline of India by building a service of ports and logistics hubs.

His journey started in 1978 as a teenager. Adani moved to Mumbai to work as a diamond sorter for Mahendra Brothers. He worked for 2-3 years before establishing his own diamond brokerage firm. Then in 1981 his elder brother Mansukhbhai Adani invited him to manage his plastic unit operations. This turned out to be Adani's gateway to global trading. In 1985 he started importing primary polymers for small



scale industries. Then in 1988 he established Adani Exports, which is now known as 'Adani Enterprises'. In 1991 the Economic Liberalisation Policies turned out to be favourable for his company and he started expanding the business in trading of metals, textiles and agro products. In 1995 he got the contract and set up the first jetty. It is operated by Mundra port. It is the largest private sector port in India with the capacity of handling close to 210 million tons of cargo per annum. In 1996 he founded Adani power. Then in 2006 he entered the power generation business. From 2009 to 2012, he acquired Abbot point port in Australia and Carmichael Coal Mine in Queensland. In 2020 he won the world's largest solar bid by the Solar Energy Corporation of India (SECI) worth \$6 billion. In September 2020 he acquired 74% stake in Mumbai International Airport. In November 2021 he became Asia's richest person, surpassing Mukesh Ambani.

By:

Source: Wikipedia



FIN-FACT

CRYPTOCURRENCY

Cryptocurrency is a virtual currency and it is secured by cryptography. It is decentralized digital money based on blockchain technology. Crypto works as a medium of exchange and there is no central authority that manages and maintains the value of a Cryptocurrency. Buying and selling tasks are done by the Cryptocurrency users via internet. There are some platforms where Cryptocurrency can be exchanged to buy goods or receive services.

You may have heard about BITCOIN which was the first ever Cryptocurrency introduced by a Japanese named 'SATOSHI NAKAMOTO'. Later on, many coins came into existence. There are more than 10000 coins in crypto, Bitcoin was most popular coin among those. Bitcoin paper was titled as "*bitcoin - a peer to peer electronic cash system*". He described the project as "an electronic payment system based on cryptographic proof instead of trust". Cryptography proof, in the sense it is a form of

transaction recorded on a blockchain. Blockchain is a ledger book where every transaction gets recorded and also similar to cashbook which is distributed across countless computer around the world.

Cryptocurrency can be purchased on peer-to-peer networks and Cryptocurrency exchange but you should have Cryptocurrency wallet. There are many apps which gives Cryptocurrency wallet. The most popular apps are WAZIRX, COINDCX, BINANCE. They charge some fee for every transaction. But we have to keep in mind that buying individual Cryptocurrency is little like buying individual stocks but in stock market there is slight fluctuation of price in case of crypto. It highly fluctuates; price swing will be more than stock market. Because of high price swing people are very much interested in Cryptocurrency. Some of them invest blindly without a proper analysis which results in loss for them.

Disadvantage of Crypto is it provokes people to host illegal activities such as money laundering and tax evasion. There are some coins which are made for the purpose of scam. Recently a coin named squid which is inspired by "Squid Game" series, introduced by an anonymous programmer. This coin went down to 0\$ within two weeks of its launch; a clear scam of 25cr.

There is no question that they're legal in the US, though China has already banned Cryptocurrency. Ultimately, it's legality depends on the country. In India there are more than 100 million users. So Indian Govt wants to take action towards Cryptocurrency and the Government already planned to ban but it didn't work. Currently Indian government is planning to crack down Crypto advertisement.

The crypto bill draft reportedly also appoints the SEBI as a chief regulator of Crypto Asset and Exchange. That means Crypto Exchange will be regulated and news rules will be introduced in order to protect traditional financial sector from Crypto. The bill is yet to propose as India's Finance Minister Ms. Nirmala Sitaraman stated that the bill will be proposed in winter session of 2022.

Source: Investopedia

Forbes.com

By:



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FIN-QUIZ

CLICK HERE TO
ANSWER

By:
Sowmya

ANSWER FOR THE PREVIOUS QUIZ

- 1) 1.5-3
- 2) 2
- 3) Expected standard
- 4) Agenda
- 5) UNCTAD
- 6) Earning per share
- 7) Horizontal
- 8) Vouching
- 9) Revenue receipt
- 10) Marginal cost
- 11) Absolute liquid ratio
- 12) Capital Reserve
- 13) Autocratic leadership
- 14) Bonus issue
- 15) Rolling settlement

WINNER

PANCHAMI V NAYAK

2nd MBA

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