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DEMONITISATION AND ITS AFTER EFFECTS



RESHMA (MBA FM)

The Centre's decision to demonetise Rs.500 and Rs.1, 000 currency notes will have a major impact on the country's real estate sector, which accounts for a majority of cash transactions. Shares of leading developers such as DLF and India Bulls Real Estate fell as much as 18 per cent on the bourses on Wednesday. "We can expect up to 30% drop in land and property prices over the next 12 months," said Rajesh Krishnan, MD & CEO, Brick Eagle Capital Group, a private equity and land-banking firm. "This is great news for the affordable housing sector. The cash component in affordable sector is typically minimal as buyers require home loans for up to 90 per cent of the property price. Hence, demand in the affordable housing sector will not be impacted," said Mr. Krishnan. The Centre's decision may lead to a sharp correction in realty prices but at the same time liquidity concerns for the builders, resulting in delays in construction in the short to medium-term.

Anshuman Magazine, chairman, India & South East Asia, CBRE, said that land prices are likely to be impacted, as the cash component is most prominent for land transactions. "The land transactions and/or sale of plots are expected to dip in the short-term, especially in the unorganised real estate segment. Transactions in the secondary market are also likely to be impacted negatively-especially in Tier II/smaller cities," said Mr. Magazine, who also believes that this move is likely to exert downward pressure on capital values, which is expected to result in increased affordability (particularly for the housing sector) in the long run. Anuj Puri, chairman, JLL India, said: "It will affect builders largely in tier three towns, where cash transactions are more prevalent.

EFFECTS OF US ELECTIONS ON INDIAN MARKETS

Donald Trump fought a bitter political battle to be elected as the 45th president of the world's oldest democracy. India's past experiences with US presidents show that a Republican president is generally better for us than a Democrat one. But in recent history, Indo-US relations have broadly stuck to a steady path — starting with Democrat Bill Clinton to republican Gorge W. Bush to Democrat Barack Obama.

What India stands to lose:

Trump's 'hawkish' trade policy of 'America first' and his plans to renegotiate all foreign trade deals will affect trade treaties with India, too. Trump terms H1B visa programme as 'unfair', and his stated purpose is to end the programme. If Trump wins, Indian IT stocks and IT companies like TCS and InfosysBSE -1.78 % are likely to be the first victims of this policy. He is often seen exhibiting a double standard towards India — on the one hand he has said India is doing great and on the other he said he would bring American jobs back from India. Bringing jobs back to America could mean harsher conditions for entry of immigrants from India. Trump's promise to reduce the US corporate tax rate from 35 per cent to 15 per cent could result in companies like Ford, GM and Microsoft rushing back to the US. This rush of US firms will hit Modi's Make in India push.

In India, black money refers to those funds which are earned on the black market, on which income and other taxes have not been paid. The total amount of black money deposited by Indians in various foreign banks is still unknown. Some reports claim that a total of US\$1.06 trillion is held illegally in Switzerland. A report by the Swiss Bankers Association and the Government of Switzerland, claim that these reports about black money are fake and false, and the total amount held in all Swiss bank accounts by Indian citizens is about US\$2 billion. Majority of this black money is kept up in physical assets such as real estate, gold, etc. Physical savings instruments have been historically preferred to financial savings instruments in India. The reason is that purchase of these physical assets can be funded using black money, while the purchase of financial assets cannot be funded in such a manner due to a strong paper trail. The new action implemented by our Prime Minister Sri Narendra Modi has helped to curb the evil of black income generation in Indian



Trump policies against the world or with the world?

Vaishali Sharma (1628856)

Donald Trump at Oval Office and the big questions in the mind of Indians is how should they react towards his win. He became the 45th president of the United States of America. Donald Trump in the last leg of the campaign saw Trump speaking in favour of Indians, delivering messages in Hindi and even calling himself a “great fan of Hindus”. Now we have to look at the factors how Trump will affect the India and how it matters to India. Trump has some economic interest in India. He wants to build luxurious hotels and various infrastructure. In the 15-point agenda, Trump said he will curtail Chinese trade, which is good news for India. If this happens India will get a big boost in pharma sector as China exports pharma products to USA. Trump also made some changes in the immigration from countries that export terror and this will effect Pakistan a lot. He will establish a commission on radical Islam, which will lead to an ideological offence. It will also help India to keep a check on Pakistan as it is continuously breaking cease fire. Trump has also promised to unleash the American Shale-oil and making the America self sufficient in the field of energy. Since India is a OPEC dependent country all these shale oil production will help India to get oil at cheaper rates as compared to other OPEC countries. Thus the Indian government will be eager to know the future and in action policies from Trump. There will be some upheaval period and then there will also be a period of opportunities, and then we will soon be able to know is Orange the new Black.



KNOW YOUR NEW NOTE

SHALINI (MBA FM)

Recently our Prime Minister has banned the usage of old note of Rs. 500 and Rs. 1000 and has launched fresh-off- the-mint new notes of Rs. 500 and Rs. 2000. There have been some unique changes in these new notes. The Rs. 2000 is of 66mm x 166mm, smaller than old notes of Rs. 1000 and Rs. 500 whereas the new size of Rs. 500 is of 66mm x 150mm. They also come in new colors. Rs. 2000 is in the color of magenta and the color of Rs. 500 is stone gray. Even the position of number panels, Mahatma Gandhi's portrait and the currency numeral on the front side has changed. In the reverse side of Rs. 2000 is the motif of Mangalyan, depicting India's first venture of interplanetary space and new Rs. 500 depicts the Red Fort. Leaving cosmetics aside, to prevent forgery they have installed new security features in it. New ones such as the currency denomination mentioned inside the identification mark add to the robustness. But there is no awesome user tracking features as the rumors say. There is see- through register near the left bottom on the front side of the note. Latent image of Rs. 2000 can be seen when the note is tilted. Denomination is given in Devanagari. In the note, there are micro letters of 'RBI' and '2000' and there is colour shift security thread with 'RBI' and '2000'. Governor's signature and RBI emblem on the right as guarantee clause. It has watermarks of Mahatma Gandhi and electrolyte 2000 numeral. It also have Ashoka pillar emblem. For visually impaired, there is a rectangle with Rs. 2000 in raised print on right and seven angular bleed lines in raised print. In new note of Rs. 500, most of the features are same as Rs. 2000 notes. Windowed security thread changes from green to blue when the note is tilted. For visually impaired, circle with Rs. 500 in raised print on the right and bleed lines on left and right in raised print. As per the rumors, new notes do not have embedded chip that beams signals to the power that be. The RBI has also indicated that the new design notes in other denominations will follow. So, the notes of Rs. 100, Rs. 50 and other notes will also see the makeover in the foreseeable future. Change is the only constant.

C - D

Corrupted India to Digital India

RICHA (MBA FM)

Our high tech Prime Minister of India Mr. Narendra Modi, launched the 'Digital India' campaign to make a digitally empowered society and knowledge economy. Knowingly or Unknowingly, Demonetization of Rs. 500 and Rs. 1000 notes have helped the digital wallets to increase their customer base and boost usage. Mobile payment and commerce platform, Paytm registered a massive growth within hours of the announcement to have a corruption-free India. It saw an overwhelming 435 percent increase in overall traffic, 200 percent hike in app downloads, 250 percent increase in overall transactions, 30% increase in customer repetition, 1000% increase in money added to wallet and 400% growth in transaction value of offline payments. With Demonetization, the usage of debit or credit cards didn't increase in a higher proportion due to the advantage that some of the wallets enjoy such as cashback, deals and offers at ever transaction especially during a big-ticket transaction like any book flight tickets. Many Indians such as, cigarette vendors, auto rickshaw drivers, small shopkeepers and milk booth owners turned towards digital wallets for their daily business. In the early days, not many were comfortable using electronic wallets, but today many have increased its usage and they've learned how much safer it is than debit or credit cards. Many online, even brick and mortar stores accept wallets. If you are shopping online, while making the payment, you must select the wallets option, select the wallet you want to use and give your wallet credentials. You will get a One-Time Password (OTP) in the mobile. Once you key in the OTP, the payment goes through. Now as India moves through a cleansing process towards a corrupt-free nation, it makes its way with a digital India. The demonetization helped in increasing the customer base for the digital wallets it can be surely said that to build a better India, one of the tool will be digitization and it starts with the acceptance of digital wallets technology.

Digital Money Gaining Currency

Prachee Jain (MBA FM)

Digital money or digital currency means the payment made purely in electronic form through internet. Here the money is exchanged through net banking, debit cards, credit cards, through smart phones. The digital money can be converted into cash by withdrawing from ATM.

Due to Modi government demonetization of Rs 500 and Rs 1000 notes on November 8 onwards people started using the digital money as there is a lack of 100 notes for their daily spending. There has been a long queues near the banks so it has made difficult to stand in the queue for some hours in order to withdraw the amount and the RBI had made withdrawal limit on counter as well as in ATM's as per daily and weekly basis. So the online payment is convenient for the people as it reduce such difficulties. The online grocers, taxi aggregators and even in small retail stores the non cash transactions are done. The payments are made through digital form. Because of the ban of 500 and 1000notes there has been a steady rise of noncash transactions in various sectors up to 1500%. People started purchasing through online groceries, and for transportation booking Ola or Uber etc. and payment is made in digital form. But now out of 100 transactions more than 80 people made payments through non cash options in Ola and Uber. Interestingly it was observed that there has been a significant increase in application downloading of taxi aggregators and in use of their services. The online groceries have huge demand of goods and services from November 8 onwards. For example in online grocer Big Basket there is an increase in the non cash transactions up to 20-22% and it is estimated that there is an increase up to 30-35% because of huge demand of products by the customers. Normally cash to non cash transactions in retail stores are in the ratio of 60:40. At present it became reverse more than 80% of payments are made through non cash options. In fact the Mom and pop outlets which means small retailers are finding the way in order to run their business. They also started downloading the online wallets such as paytm, freecharge and create their account in that wallets as an

alternative source of getting payments from customers. And some retailers still accepting old denominations in some places like Kolkata. Demonetization of currency gave rise to an increase in growth rate of an online services which shows the gaining of currency in digital form.



The Demonetization move may hit consumption, lower growth: India Ratings

Rakshitha Reddy (MBA FM)

The unforeseen decline in the money supply due to the demonetisation of the notes and the concurrent rise in the money deposits has unfavorably affected the consumption of the people in the short run of the economy, which would further lead to a lesser GDP growth of the economy.

As stated by the credit rating agency, India Ratings (Ind-Ra) the consequence of the new bank reform, that is demonetisation of the notes shall have an impact in the third quarter of the current fiscal, subsequently the economy is likely to be adjusted thereafter. The Ind-Ra has estimated the current fiscal to be 7.8%. And also stated that this move taken up by the government will slowly wipe out the black money in the economy in the longer run. The segments running on cash transactions shall be effected the most, such as the realty or constructions segments and the informal sectors. The Ind-Ra also reported that a huge amount of cash in circulation of the economy could be brought with the view of the formal banking systems by depositing the cash into the bank accounts. The demonetisation is a positive move for the bank as a huge amount of the cash gets deposited into the savings and currents and which would result in lower dependence of higher borrowing costs. The money deposits shall be a challenge in the short or medium term due extreme demand for the credit by the customers and thus which would result in low deposit rates.

REASONS FOR THE INCREASE IN DEMAND OF PATANJALI NOODLES

SURABHI MEHROTRA(MBA FM)

- Price factor: The Patanjali atta noodle was launched on December 2015 which was quoted Rs 15 for 70 gram pack where the competitor Nestle Maggie's is priced at Rs 25. The demand for Patanjali noodles has increased as the price for it is much lower than that of Maggie.
- Health factor: Patanjali has been known for its herbal and quality products. The noodle is safe to eat and the parents trust the Indian brand for the work they've done so far. After what happened with Maggie the previous year many consumers have chose Patanjali noodles over Maggie.
- Taste: The noodle is made out of atta but do not underestimate it because the taste of the atta noodles is unexpectedly good.
- Patriotic factor: After the make in India campaign many customers have changed their choice over products produced by foreign companies. So the consumers will defitinetly choose Patanjali over Nestle.
- Breakdown of biggest competitor: The biggest competitor Maggie was recently banned due t the high level of msg content which was an advantage for Patanjali.

THE DEMAND FOR PATANJALI NOODLE WAS HIGHLY ELASTIC

Note that a change in price or a new product in the market which results in a large change in quantity demanded. An example of products with an elastic demand is consumer durables. Patanjali which had a good brand name and image helped in selling the products at a greater

speed and didn't require much effort in selling the product. At the same time rival Maggie was at a downfall which was a plus point for them. Introduction of the new product in the market has been very successful as the consumer seems to respond very well. The demand has significantly increased one of the reasons may be when The Food Safety and Standards Authority of India (FSSAI) issued an order to recall Maggi noodles from the Indian market and banned its sale and production due to high level of lead content in it. A test in a lab revealed that the amount of MSG content was more than the accepted level. Further tests in one of the best laboratories in Kolkata confirmed the high MSG levels and lead content in Maggi samples. This discovery has prompted authorities in many states to either send samples or order the withdrawal of Maggi from the shops. This was an advantage for patanjali to take over the market with its ayurvedic noodles. The people found a substitute a savior.



Hindalco acquires Novelis

Simran Malik(MBA FM)

Novelis is a multinational aluminium product manufacturing company established in 2005 in Atlanta, Canada. It is world's leading producer of aluminium rollings and its operations are spread over 11 countries. It has a human capital of about 12,700 people. It is well known for recycling used aluminium cans. It is engaged in wide range of activities from building and construction to technology sales. Hindustan Aluminium Company was established by Aditya Birla Group in 1958 and is headquartered in Mumbai, Maharashtra. It is ranked as world's leading producer of aluminium. It has an employee base of over 20,000 people and is involved in activities like bauxite mining, aluminium refining, melting and fabrication. Hindalco wanted to ensure worldwide existence therefore it adopted a acquisition led strategy. On the other hand, inspite of being the leader in its field of operations, Novelis was incurring losses. Due to this reason it was unable to fulfil its fixed price contracts. This motivated both the companies to merger. So in may 2007 an agreement was signed between the companies whereby Hindalco agreed to acquire Novelis for a purchase consideration of \$6 billion (all cash). Hindalco purchased 100% equity shares of Novelis at \$44.93 per share, total amounting to \$3.6 billion. Out of this, \$2.85 billion was lent, \$300 billion was borrowed from Essel Mining which is a venture of Aditya Birla Group and remaining \$450 million was taken from cash rserve. Hindalco also took over debt of Novelis amounting to \$2.4 billion. The synergic value created by this deal benefitted both the companies. For Novelis, procurement of raw material was a major challenge prior to merger but after merger this problem will be solved. On the other hand, Hindalco will benefit from the market share possessed by Novelis. Other benefit from this merger includes benefits of large scale production, improvement in quality, lower cost of production etc. With this merger Hindalco was successful in acquiring a strong position in global market. Updragation of technology, expansion of operations, vertical integration and increased

market access resulted into increase in net sales of Hindalco by 213%. Even Novelis reported a rise in the pre-tax income by \$176 million, this increase was mainly because of the reduction in the cost(selling, interest, general costs). After the initial declaration about the merger, the share price of Hindalco fell but once the deal was execute share price started to rise. The combination of Hindalco and Novelis together created synergic value in the form of cost reduction, price improvement, economies of scale and efficient risk management. Post- merger the performance of both the companies improved drastically. After facing initial criticism from stakeholder on account of deal being over priced, this merger proved to be a wise decision.



KNOW THE WORLD AROUND YOU

ZEHRA FATIMA (MBA FM)

There has been a rising occurrence of misrepresentation with current records and credit cards. Theft is the biggest contributor of extortion cases with numerous budgetary items like car advances, contract advances and charge cards. As more shoppers get to and apply for monetary items over numerous channels, including on the web and portable false techniques additionally keep on evolving. Its involving 77 percent of general cases in 2015. Consumer advances keep on having the most astounding rate of cheats. Credit card is the second most focused on items by fraudsters. As per the latest report, industry misrepresentation cases per 10000 applications have expanded from 2014 to 2015. Fraudster keep on focusing on current records and credit cards. Current record have topped the diagrams for fake applications. The move by the RBI to present the free credit give an account of India is a positive stride by the purchasers. They trust that it will speak to the following level in the Indian customer mindfulness and association in their individual credit data. India has begun expanding on an extortion observing system by gaining from created nations where the event of misrepresentation is much more noteworthy than in India. The RBI have been progressive and ahead of the curve. One of the illustration is the two stage check set up for card exchanges that has helped lessened extortion emerging from the cards. Because of rising occurrences of the cards the focal government has additionally made it required for the all banks and money related establishments to promptly rupture of security to enhance the quality and proficiency of observing cheats.

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