KESHAV MAHAVIDYALAYA
NAAC ACCREDITED 'A' GRADE INSTITUTION - CYCLE 2
(UNIVERSITY OF DELHI)

ARTHVYAWASTHA '24

BRIDGING THE GAP: EXPLORING THE NEXUS BETWEEN INDIAN DEBT MARKETS AND MACROECONOMIC TRENDS

NIVESH EXPRESS

2024
VOLUME VI

NIVESH

VISION

'Investing minds today for a prudent tomorrow' is what we preach and follow. Nivesh has always envisioned to create a platform that fosters cohesive learning and helps its members discover their best selves.

- To impart financial knowledge to the members.
- To bring about awareness related to recent financial and economic happenings.
- To provide a stimulus to knowledge sharing through the organization and management of interactive discussions, seminars, etc.
- To help in recognizing the challenges of a competitive world.
- To allow members of our society to express their opinions on the subject logically.

MISSION

IN THIS ISSUE

PRINCIPAL'S MESSAGE

"The results you achieve will be in direct proportion to the effort you apply."
- Denis Waitley

While education undeniably holds immense importance, the application of acquired knowledge and the infusion of wisdom into practical scenarios are of even greater significance. At Keshav Mahavidyalaya, our commitment goes beyond delivering excellent education; we actively foster the development of management and leadership skills, urging students to embrace adventure and resourcefulness. The various societies and cells on our campus serve as platforms for students to cultivate practical skills outside the conventional classroom setting. Nivesh, the Finance and Investment Cell of our college, stands out as a prime example, offering students unparalleled opportunities to learn and showcase financial management skills.
The enthusiasm exhibited by our students in organizing a multitude of events and activities throughout the year to enhance their financial knowledge is truly commendable. Arthvyawastha, the annual finance fest orchestrated by the cell, serves as a conduit for both organizers and participants to gain insights from renowned industry professionals. The cell's pride increases when its members win competitions organized by colleges of the University of Delhi and other universities or institutions. A heartfelt congratulations is extended to the cell's students and faculty members for their efforts in inviting distinguished speakers to seminars and curating thoughtfully designed competitions aimed at refining financial acumen.

My appreciation extends to the members of the cell for their dedicated efforts in crafting the sixth edition of "Nivesh Express," the official annual newsletter of Nivesh. This publication not only provides students with a creative outlet but also serves as a platform to showcase their financial knowledge. From articles covering recent economic crises to significant developments in the finance industry, the newsletter promises to inspire its readers. Best wishes to Team Nivesh for a successful and exhilarating fest.

- Prof. Madhu Pruthi

FACULTY CO-ORDINATORS

Nivesh - The Finance and Investment Cell of Keshav Mahavidyalaya has been highly effective in sharing knowledge about finance since its inception in 2018. The yearly newsletter, "Nivesh Express," includes recent economic events and financial studies, as well as documentation of group discussions, interactive sessions, and presentations held throughout the year to help students develop their financial acumen and analytical skills.

It's impressive that the cell also arranges corporate seminars and academic competitions, providing students with valuable educational experience. I feel honored to continue being a part of this cell for yet another year. I commend the students for representing the finance cell of our college in various competitions and winning several awards. I hope that the annual finance fest, "Arthvyawastha," will contribute significantly to the financial knowledge of the participants.

I express my gratitude to our esteemed Principal, Prof. Madhu Pruthi, for her wise counsel and support throughout. I also extend my appreciation to the faculty and student members of Nivesh in prior years for their hard work in building the cell to its current state.

- Ms. Sonu Mehta

Nivesh – The Finance & Investment Cell of Keshav Mahavidyalaya encourages knowledge sharing among students while demystifying everything falling within the parlance of business and finance. Through its driven set of members and a plethora of value on offer, Nivesh strives to foster the stage for cohesive learning. This year, I'm honored to be part of the cell. I applaud the cell's current student members for their exceptional performance during the academic year 2023-24.

-Ms. Astha Kanjlia

Nivesh has given its members numerous opportunities to form their opinions through a "learning by doing" approach to all its initiatives and activities. It is remarkable that the members of the cell organize Arthvyawastha, which includes meticulously curated events involving the elements of finance and economics and speaker sessions by eminent speakers. I wish good luck to the entire team of Nivesh for their future endeavors.

-Mr. Hemant Yadav

ROUND THE YEAR

PAPER TRADING

Nivesh continued to hold the in-house Paper Trading activity wherein the teams compete with each other every week, to maximize their portfolios. Each team is supposed to invest in various stocks using the fixed virtual cash corpus provided to them. This is followed by a group presentation wherein they have to explain their rationale behind choosing the stocks. The results are declared based on anonymous polling by the society members, except for the competitors.

FINANCIAL COURT

The core team conducted an offline in-house event named "The Financial Court" on January 24, 2024, wherein all the members had active participation and paired up for a stock debate competition where each team defended or attacked two assigned stocks. With 15 minutes of research, they presented arguments and counterpoints. The event featured 10 stocks, involving 5 teams engaged in rounds of debates showcasing their rationale, research skills, and knowledge.

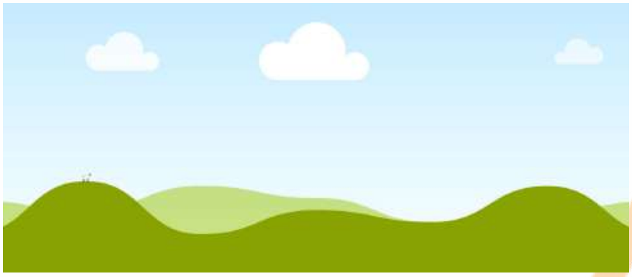
PRESENTATIONS

Members at Nivesh gave presentations on topics such as "Financial statement analysis", "Real Estate Investment Trust (REIT)", " Dotcom Bubble", "Management Analysis" etc. The presentations were attended by the members of the cell and contributed significantly to improving their financial acumen.

GROUP DISCUSSION

Group discussion (GD), by the term, means the exchange of views by participants on a given subject. The whole idea is to bring together a set of members on a common platform to share their ideas, thereby allowing exhibiting not only their knowledge but also to understand and enhance their learning by absorbing the thoughts of other people. Group discussions on various motions such as " Is writing off NPAs of banks good for the economy?" And "Are extensive legal compliances in capital markets and for business a boon or bane?" were conducted. The panels consisted of members namely Harshit Bansal, Parth Bhatia, Pratul Prakhar, Udipt Gupta, Prishita Arora, Yatin Nayyar, and Aditya Jain.

EQUITY RESEARCH REPORT



Nivesh members focused on preparing equity research reports for two major pharmaceutical companies, Sun Pharma and Cipla. This helped the members get valuable insights into the pharmaceutical market, the financial health of the companies and the valuation of these companies. It offered a practical and comprehensive learning experience in investment analysis.

LIVE PROJECT

The members of Nivesh worked on a live project offered by SailThru Ventures, a venture capital firm. The duration of the project was one month (January 2024 - February 2024). The members performed detailed research on various mutual funds and prepared a comprehensive report on the same. The members working on the live project were Parth Bhatia, Pratul Prakhar, Pulkit Sethi, Manav and Harshit Bansal.

ARTHVYAWASTHA '24

India's bond market plays a pivotal role in the economy, boasting a government bond market size of $1.3 trillion and corporate bonds valued at $0.6 trillion as of September 2023. However, foreign portfolio investment (FPI) remains relatively modest at $8.5 billion, indicating significant untapped potential. Comparatively, India's corporate bond market is only 18% of GDP, much lower than countries like Korea (80%) and China (36%), while the US stands at 120%. This disparity underscores an imbalance and untapped opportunities in India. In contrast to the mature markets of the USA and UK, India's bond market is still evolving. Regulatory frameworks, market depth, and investor participation require substantial growth for India to catch up. Despite these challenges, the Indian corporate bond market is expanding rapidly, with a 77% surge in total market value over the last five years. The corporate bond market is expected to double within six years, reaching ₹100-120 lakh crore in FY30. Recent inclusions of India in prominent indices, such as JP Morgan’s GBI-EM index and India’s FAR bonds in the Bloomberg EM Local Currency Indices, signal positive momentum. These developments are poised to enhance demand-supply dynamics and attract a broader investor base. They align with India’s broader macroeconomic trajectory, marked by resilience, robust GDP growth, and fiscal prudence. The synergy between India’s debt markets and macroeconomic fundamentals is unmistakable. As India’s economic fundamentals continue to strengthen, including substantial foreign exchange reserves and progress in addressing structural challenges, the bond market is poised for significant expansion.

India’s macroeconomic fundamentals have shown significant improvement in recent years. Some of these improvements include:

- Fast GDP Growth
- Fiscal Consolidation
- Capital Expenditure
- Inflation Control
- Solving the Twin Balance Sheet Problem
- Becoming the 5th Largest Equity Market

These improvements in macroeconomic fundamentals have positioned India as a rising economic power in the 21st century. Today’s India aims to delve into this symbiotic relationship, exploring avenues for leveraging India’s debt markets to propel sustainable economic growth and financial inclusivity. By bridging the gap between debt markets and macroeconomic trends, we aim to uncover opportunities for fostering a more resilient and prosperous India in the 21st century.

GUEST SPEAKERS

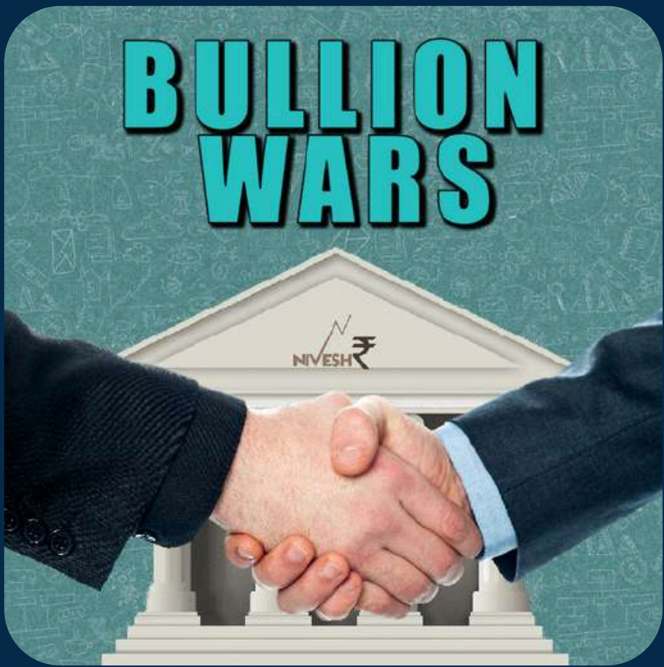
MR. DHRUV SHARMA

Mr. Dhruv Sharma is a **Senior Economist at The World Bank**, providing economic policy advice to the government of India on macro-fiscal policy issues. He also offers economic policy guidance to various state governments on macro-fiscal matters. Before his assignment in India, he was based in Jakarta with the World Bank's Indonesia team, where he focused on macroeconomic analysis and a technical advisory program for Indonesia's Fiscal Policy Agency. Prior to joining the World Bank, he worked in the **Australian Treasury**, initially analyzing economic developments in China. Later, with the Australian Treasury, he spent some time in Papua New Guinea's Treasury as an economic advisor. During his tenure in Australia, he was also involved in economic forecasting and modeling to inform policymakers. Dhruv received his B.Economics (Hons) and PhD from the University of Sydney.

Dr. S P Sharma brings over 25 years of diverse experience. He commenced his career with the Government of Punjab in 1997 before transitioning to roles within the Government of India, ASSOCHAM, PwC, and TATA Capital. Currently, for more than 13 years, he has been an integral part of the prestigious industry body, **PHD Chamber of Commerce and Industry, serving as Chief Economist and Deputy Secretary General**. Throughout his career, Dr. Sharma has conducted over 200 research studies, papers, and projects in collaboration with esteemed organizations such as the Government of India, various State Governments, UNCTAD, the European Commission, etc.
He has also addressed numerous international conferences and seminars, including those at the University of Portsmouth, UK, University of Leeds, UK, and IIM Trichy.

DR. S.P SHARMA

COMPETITIVE EVENTS



Bullion Wars is an exciting event where teams will assume the roles of influential figures behind the central banks of diverse nations, aiming to engage in trade with other countries and effectively manage their assets. The first round will be an online quiz testing participants' quick thinking and proficiency in the financial realm. In the final round, teams will compete head-to-head to maximize their portfolios and outmaneuver their rival banks.

***Event Heads* - Divyanshi Arora & Mehak**

An enthralling event where participants step into the shoes of real estate tycoons, immersing themselves in the fast-paced world of property trading. The preliminary round features an online quiz covering fundamental real estate concepts alongside diverse financial domains. In the showdown, qualified teams compete to craft the optimal portfolio through strategic bidding, outcry trading, navigating the complexities of news, rumors, mortgage meltdowns, and adversity.

***Event Heads* - Lakshay Bansal & Arnav Jain**

MEMBERS' COLUMN

We understand the importance of reading and writing articles on finance topics. This practice helps improve clarity, gain valuable insights, and build knowledge. Additionally, we encourage members of our society to express their opinions on these subjects in a logical and thoughtful manner.

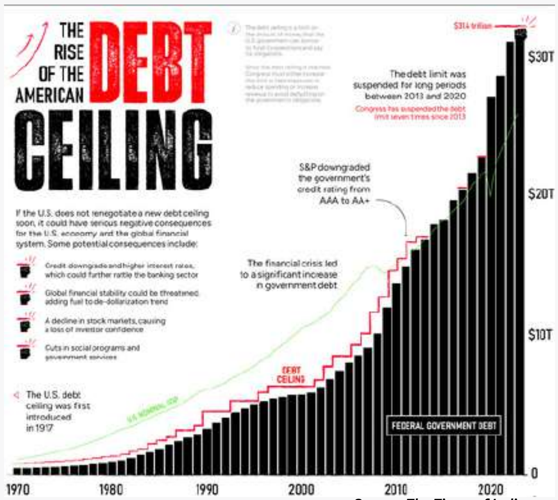
- *US Debt Ceiling Crisis*
- *Aftermath of Adani-Hindenburg issue*
- *India bond inclusion in JP Morgan index*
- *Navigating Turmoil: The Red Sea Crisis*
- *China's Looming Storm: Debt, Deflation, and the Intertwined Threats*
- *The Unsung Hero: Financial Services Fueling India's Ascent to the Third Spot*
- *GIFT City: Next Global Offshore Financial Centre?*
- *Reshaping Supply Chains*
- *Navigating Turbulence in the Global Airline Industry*
- *Tech Titans: The Magnificent 7 Powering the S&P 500*
- *IPO Euphoria*
- *Fall Of Byjus*

Disclaimer: *The content within this section comprises individual opinions and analyses contributed by student members and these viewpoints do not intend to cause offense or initiate political debate.*

US DEBT CEILING CRISIS

By Jayshree Dugar & Kanan Gupta
B.Com(H) 1st Year, B.Com(H) 1st Year

The current federal debt of the US stands close to $34 trillion, with a debt-to-GDP ratio of around 120%. In October 2021, the debt ceiling was increased by $480 billion as a temporary measure, which required new legislation by December 3, 2021. That same month, the debt ceiling was further increased by $2.5 trillion, allowing borrowing to continue until the total government borrowing reached this new limit. This limit was finally reached on January 19, 2023, and was subsequently suspended untill 2025.



Source: The Times of India

The US Economy

The US dollar stands as a pillar of global financial stability, its strength underpinning international trade and investment. America's currency is so reliable that merchants in some unstable economies demand payment in dollars, instead of their own country's currency.

A CLOSER LOOK AT AMERICA'S FINANCIAL FLEXIBILITY

The major reasons the United States can take on a large amount of debt are due to:

1. **Economic Size and Stability:** The U.S. has one of the largest and most stable economies in the world, which gives creditors confidence that the U.S. government will be able to repay its debt.
2. **Global Reserve Currency:** The U.S. dollar is the world's primary reserve currency. This means that many global transactions are done in dollars, and many countries hold dollars as reserves. This creates a constant demand for U.S. dollars and U.S. debt, which eventually lowers the interest rates that the U.S. has to pay to borrow money.

These two factors remain the most important to allow USA to keep pushing the debt ceiling. An impact on these two can hinder this ability.

Source: Bloomberg

In August 2023, a downgrade by Fitch Ratings shifted the US government's long-term credit rating from AAA to AA+. This revision reflects concerns regarding the country's financial health, mounting debt levels, and perceived governance challenges over the last two decades.

CONCLUSION : *The debt ceiling debates highlight the delicate balance between fiscal responsibility and economic stability. The U.S. faces borrowing limits, yet maintains global financial resilience due to its economic magnitude and investor confidence. However, the specter of default threatens both domestic and global economies. Though the likelihood remains low, the consequences are dire, risking economic turmoil. Policymakers must prioritize safeguarding the nation's finances as a global imperative. This responsibility extends beyond borders, impacting the stability and prosperity of nations worldwide.*

AFTERMATH OF THE ADANI - HINDENBURG ISSUE

By Parth Bhatia & Divyanshi
B.Com (H) 2nd year , B.Com (H) 1st year

In the world of finance, few stories stir as much buzz as the Adani - Hindenburg issue. This complex tale had everyone talking, as it shines a light on one of India's largest business groups, Adani, and a research firm named Hindenburg.

Hindenburg Research's report last year revealed undisclosed transactions and dubious financial practices within the Adani Group, leading to concerns about potential conflicts of interest. This report caused a $150 billion drop in Adani's publicly listed companies' shares. By February 14, 2023, Adani Enterprises' shares were trading at nearly half their value from the day before the report's release.

Adani's Defence and the Journey So Far

Adani had vehemently challenged the credibility of Hindenburg's report. SEBI started investigating the conglomerate after Hindenburg's allegations, and the Supreme Court was overseeing the probe. The Supreme Court's recent ruling favored the Adanii group by rejecting the transfer of the investigation to other bodies. The court deemed the Hindenburg report unreliable that intended to manipulate the market with biased and distorted information.

The US government also dismissed the allegations made by Hindenburg Research against the Adani Group as not relevant. These allegations were examined during a due diligence investigation conducted by the International Development Finance Corp. (DFC) while considering an extension of up to $553 million for the Adani Group's container terminal project in Sri Lanka.

> **"HINDENBURG PROFITS, ADANI SURVIVES, RETAIL INVESTORS PAY THE PRICE"**

Though the shares are still down roughly $47 billion from their levels before the Hindenburg report, they have staged a smart recovery. Some of the Adani Group stocks, including Adani Enterprises, Adani Green Energy, Adani Ports, Adani Power, and Adani Total Gas, have more than doubled when compared to their lows touched last year post the Hindenburg report. However, many group companies like Adani Total Gas, Adani Wilmar, Adani Energy Solutions, Adani Enterprises, and Adani Green Energy are yet to touch the highs or levels seen before the Hindenburg report was released.

The Bottom Line

Though the challenges still linger—sparked by a Hindenburg report alleging accounting fraud, stock manipulation, and routing of funds through foreign shell companies, all of which the firm has refuted—there is some breathing space. The group, which has a top line of Rs 2.62 lakh crore and had lost over $100 billion in market capitalization at one point, is now gradually charting a new course by rebalancing its growth ambitions, slowing down on big-ticket acquisitions, deleveraging, and strengthening its balance sheet.

INDIAN BOND INCLUSION IN JP MORGAN INDEX

By Varun Kukreja & Nikhil
BMS 1st Year, B.Com(H) 1st Year

ALL THESE BONDS FALL UNDER THE "FULLY ACCESSIBLE" CATEGORY FOR NON-RESIDENTS

The JP Morgan Government Bond Index-Emerging Markets (GBI-EM) Index is a widely used benchmark that tracks the performance of local currency-denominated government bonds issued by emerging market countries. Established by JP Morgan, this index provides investors with a comprehensive measure of the fixed income securities within emerging markets, offering insights into the sovereign debt markets of developing economies. The GBI-EM Index serves as a crucial tool for investors and analysts to assess the relative strength and stability of emerging market economies, as well as to gauge the risk and return characteristics of investing in their sovereign debt instruments. It is considered a vital reference point for portfolio managers, policymakers, and researchers seeking to understand and navigate the dynamics of emerging market fixed income securities.

This acceptance, set for June 2024, is a significant milestone. It underscores India's persistent reforms, dismantling barriers such as stringent foreign investment regulations and tax obstacles. Now, 23 carefully selected Indian government bonds, valued at an impressive $330 billion, will gradually integrate into the GBI-EM index, capturing the attention of global investors overseeing a substantial $236 billion.

Experts anticipate these inflows could reach $23 billion, potentially lowering interest rates for the Indian government and businesses. This enhanced liquidity could translate into cheaper borrowing costs, stimulating economic growth and development.

Furthermore, the inclusion signifies international recognition of India's maturing bond market and its commitment to financial reforms. This elevates its profile among global investors, fostering wider diversification and potentially attracting fresh capital, contributing to financial stability. However, managing this influx of capital requires prudent measures. Ensuring smooth integration and mitigating potential risks to currency stability and inflation will be crucial. India must continue addressing structural issues like fiscal consolidation and enhancing market infrastructure to maintain investor confidence.

This acceptance isn't merely a financial victory; it's a symbolic triumph. It's India asserting its rightful position on the world stage, showcasing its potential to the globe. As India embarks on this exciting journey, remember: success lies in leveraging this opportunity astutely, confronting challenges head-on, and unlocking the full potential of this historic accomplishment.

NAVIGATING TURMOIL

The Red Sea Crisis

By Anushka Goel & Mehak Gupta
BMS 1st Year, BMS 1st Year

The Red Sea Crisis of 2024 has emerged as a major conflict that has persisted for several months. The crisis began when Houthi rebels in Yemen began attacking commercial vessels in the Red Sea, a critical conduit for global trade. These assaults have caused significant disruptions to the global economy, and have escalated tensions between the Houthis and the international community.

Both the United States and the United Kingdom have deployed naval forces to the region to deter further attacks. Despite these efforts, the Houthi rebels have persisted in their assaults, and there are no indications that the crisis will ease anytime soon.

Houthi rebels in Yemen, locked in a long-running civil war, have increasingly targeted commercial ships traversing the vital waterway, prompting international condemnation and military responses. This escalating conflict, dubbed the "Red Sea Crisis," threatens to destabilize the region, disrupt global commerce, and impact economies worldwide.

The Houthis, trained and equipped by the theocratic dictatorship in Tehran, have unleashed chaos on the global supply chain and sent shockwaves through international markets. Now that the US is attacking Iranian targets proxies in Syria and Iraq while the UK and US are bombing Houthis in the Red Sea targets. The cost to the global economy is ticking upwards.

Nearly 30 percent of global container shipping navigates through the Suez Canal via the Red Sea, with 15 percent of global trade passing through the Red Sea, mostly destined for Asia. This traffic includes not only strategic resources like oil and gas but also everyday goods and commodities that keep the global economic engine humming.

An estimated 12% of global trade passes through the Red Sea every year, worth more than $1tn (£790bn). It's a critical cog in maritime trade. However many shipping firms have begun avoiding the area altogether. Hundreds of giant container ships, some of them more than 300m (984ft) long, are now choosing a lengthy detour around the continent of Africa instead of heading up the Red Sea and through the Suez Canal on voyages from Asia to Europe

ECONOMIC IMPACT

Disrupted Trade Routes: With attacks raising insurance premiums and shipping companies wary of navigating the Red Sea, trade routes face major disruptions. The Suez Canal, handling roughly 12% of global trade, experiences delays, adding time to goods transportation.

Surging Shipping Costs: Amidst heightened risk, insurance costs for Red Sea voyages have skyrocketed, leading to a domino effect. Shipping companies pass on these increased costs to consumers, translating into potentially higher prices for everyday goods.

Supply Chain Challenges: The disruption to established trade routes throws global supply chains into disarray. Delays in shipments of crucial commodities like oil, manufactured goods, and agricultural products exacerbate existing supply chain bottlenecks, potentially leading to shortages and price fluctuations.

Oil Prices are rising: Cargo ships are looking at alternative routes for transportation of goods. They're already turning to the routes from the pre-Suez Canal era. But that entails sailing down the Atlantic Ocean and taking a U-turn around the Cape of Good Hope in South Africa. So spending more time at sea can add to the costs quickly.

CONCLUSION

The suspension of transit through the Red Sea and, consequently, the Suez Canal has compelled the world's largest shipping lines to halt their operations. Given that nearly a third of global container traffic usually passes through the Suez Canal, this disruption has had a profound effect on world trade.

The impact of the crisis on inflationary pressures is still uncertain. Although the Global Supply Chain Pressure Index from the New York Federal Reserve did not indicate a notable increase in December or January, the repercussions of shipping disruptions may become apparent with time. Similarly, while the European Central Bank has upheld its forecast for eurozone inflation to decline from 5.4% in 2023 to 2.7% in the current year, an extended closure of the Red Sea would probably hinder the rate at which inflation returns to a more typical level.

The Red Sea crisis remains a complex and evolving situation. While international efforts are underway, the future trajectory remains uncertain. The duration and severity of the crisis will depend on several factors, including the success of diplomatic efforts, the level of sustained international commitment to maritime security, and the evolution of the Yemeni conflict.

CHINA'S LOOMING STORM:

DEBT, DEFLATION, AND THE INTERTWINED THREATS

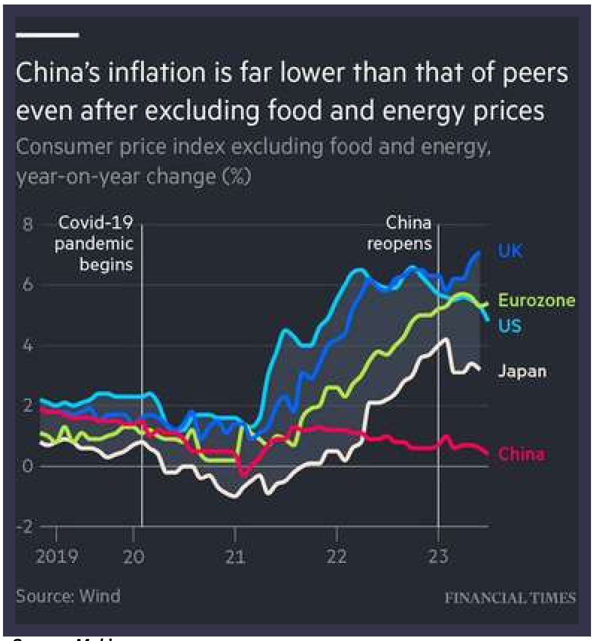
By Rishabh Kalra & Kanan Goel
B.Com(H) 1st Year, B.Com(H) 1st Year

China's economic miracle, once the envy of the world, now faces a multitude of interconnected challenges. A teetering real estate market, deflationary pressures, high youth unemployment, weak domestic spending, rising tensions with Taiwan, and global supply chain disruptions form a complex web of threats that could have significant ramifications not only for China but also for the global economy.

The Real Estate Wobble: China's property sector, a key driver of growth, is on shaky ground. Excessive debt, coupled with cooling demand, has led to a slowdown in construction and falling prices. This has triggered defaults by major developers, eroded confidence, and cast a shadow over the broader economy.

Deflationary Downturn: The real estate slump is exacerbating deflationary trends already present in the Chinese economy. Producer and consumer price indices have been subdued for months, indicating weak demand and potential stagnation. This could lead to a vicious cycle of falling prices, reduced investment, and further economic slowdown.

Jobless Youth, Frustrated Dreams: China's youth, a demographic dividend once hailed as a key driver of future growth, now faces a daunting job market. Rising unemployment, particularly among graduates, fuels social discontent and raises concerns about the country's ability to tap into its full human capital potential.



Source: Mckinsey

Empty Storefronts, Stingy Consumers: Weak consumer spending further dampens the economic outlook. Household debt, rising living costs, and uncertainties about the future are making people cautious about spending. This, coupled with an aging population, creates a challenging environment for businesses reliant on domestic demand.

Taiwan Tensions, Trade Tremors: The simmering tensions between China and Taiwan add another layer of complexity to the economic picture. Any escalation could disrupt global supply chains, particularly in the crucial semiconductor industry, where Taiwan plays a dominant role. This could have cascading effects on economies worldwide.

The Looming Storm: These intertwined challenges paint a concerning picture for China's economic future. The government faces a delicate balancing act: addressing the immediate issues like the real estate crisis and unemployment while navigating long-term challenges like demographics and geopolitical tensions.

CONCLUSION

China's economic deceleration casts a global shadow, necessitating a multifaceted response: comprehensive financial reforms, targeted stimuli, innovation drives, and demographic adjustments. The resulting outcome will not only shape China's trajectory but also wield significant influence over the global economic stage.

THE UNSUNG HERO: FINANCIAL SERVICES FUELING INDIA'S ASCENT TO THE THIRD SPOT

By Anish Raj & Harshita
BMS 1st Year,B.com(H) 2nd Year

India's journey to securing its position as the globe's third-largest economy is significantly bolstered by its financial services sector. This crucial industry serves as the backbone of economic vitality, playing an essential role in channeling funds, enabling investment opportunities, and promoting broad-based development. Let's take a closer look at the figures to appreciate how this overlooked champion is driving India's economic ascent.

The Significance of Financial Services:

GDP Impact: Representing a notable 18% of India's GDP, the financial services sector's contribution exceeds US$621 billion. Expected to expand at an 8.5% compound annual growth rate (CAGR) by 2030, it is set to outstrip overall GDP growth rates.

Enhancing Financial Access: Efforts such as the Pradhan Mantri Jan Dhan Yojana have resulted in the creation of over 450 million new banking accounts, integrating countless individuals into the formal banking ecosystem. Yet, with an account penetration rate of 80%, India still has considerable scope for enhancing financial inclusivity.

Insurance Sector Growth: Insurance coverage in India, currently at 3.7%, significantly lags behind that of developed nations like the US (6.3%) and the UK (9.5%), revealing a large, untapped market with substantial growth prospects.

Market Engagement: Only 5% to 6% of Indians participate in the equity markets, a stark contrast to the 50% seen in more developed markets. This gap underscores the potential for heightened financial education and engagement, crucial for spurring capital accumulation and economic advancement.

Diving Deeper

Despite its swift expansion, India's financial services sector still trails behind its developed counterparts in penetration and sophistication. For example, India's credit-to-GDP ratio hovers around 50%, considerably lower than the 100% or more typical in developed economies, pointing towards the necessity for deeper financial integration to stimulate investment and economic activities.

At this critical point, India's financial services industry is poised to turbocharge the nation's ascent to becoming the third-largest global economy. By overcoming hurdles related to market penetration, enhancing financial education, and capitalizing on technological advancements, the sector is set to be a formidable force in steering India towards its economic destiny. With a commitment to innovation and inclusivity, the future appears exceptionally promising for India's financial landscape and its economic prospects at large.

GIFT CITY: NEXT GLOBAL OFFSHORE FINANCIAL CENTRE?

By Aakshit Goyal & Keshav Narang
Maths (H) 1st year , B.Com (H) 1st year

In the bustling landscape of global finance, one name has been making significant waves: Gujarat International Finance Tec-City (GIFT City). Positioned as India's answer to the world's leading offshore financial centers, GIFT City stands as a testament to India's ambition to become a key player in the global financial arena. Established in Gujarat, this burgeoning financial district is rapidly gaining momentum, attracting attention from investors, multinational corporations, and financial institutions worldwide. GIFT City's allure emanates from its strategic locale and cutting-edge infrastructure. Crafted to mirror the sophistication of global financial hubs, it boasts unparalleled amenities, dedicated utilities, and seamless connectivity. Such infrastructure fosters an ecosystem ripe for businesses to flourish within India's burgeoning market. At the heart of GIFT City's appeal is its coveted status as an International Financial Services Centre (IFSC). This prestigious classification entices multinational corporations and financial institutions with a treasure trove of regulatory and tax incentives. It serves as a conduit for a myriad of international financial transactions, spanning banking, insurance, and asset management, with unprecedented efficiency and ease.

The unwavering support of the Indian government has been instrumental in propelling GIFT City to the forefront of international finance. Through strategic initiatives and judicious policy reforms, the government has sculpted an environment conducive to business growth. From streamlined regulatory frameworks to enticing tax incentives and robust infrastructure development, every facet has been meticulously crafted to fortify GIFT City's status as a preeminent financial hub.

The city's allure is undeniable, attracting leading corporations like MUFG Bank and Standard Chartered Bank, contributing to job creation and investment inflows.

Source: Mckinsey

"INDIA'S SINGAPORE IN MAKING"

Yet, concerns linger regarding infrastructure deficiencies and limited corporate appeal, prompting introspection.The aircraft and ship-leasing sectors face hurdles in accessing capital and navigating regulatory landscape, coupled with the absence of residential communities within GIFT City, also pose challenges in attracting and retaining talent. Yet, optimism persists, with officials projecting a prosperous future.

The resonance of GIFT City's vision reverberates in the multitude of multinational corporations that have established a presence within its precincts. Banking titans, technological juggernauts, and financial stalwarts are among the myriad industry leaders capitalizing on the abundant opportunities afforded by GIFT City. Their resolute presence not only validates GIFT City's potential but also propels it towards greater echelons of success

Reshaping Supply Chains

By Khush Malik & Nirbhay Nagpal
B.Com (H) 1st year , B.Com (H) 1st year

The world is characterized by constant shifts and unpredictability, influencing various interconnected aspects of our global landscape. Recent events such as the COVID-19 pandemic, and geopolitical tensions like Russia's war with Ukraine and the Israel-Palestine conflict have spurred a re-evaluation of global value chains and prompted a move towards deglobalization.

"GEOPOLITICAL DYNAMICS IN A POST-PANDEMIC WORLD"

Deglobalization Trends

In response to crises and conflicts, governments and corporations are prioritizing security and resilience over the benefits of global value chains. The period of hyper-globalization from 1990 to 2008 gave way to "slowbalization," characterized by stagnant global trade. Now, the trend is shifting towards deglobalization as recent disruptions underscore the risks of overreliance on external dependencies.

For instance, US restrictions on tech chips have hampered China's tech industry and led to the emergence of tech companies relocating outside of China.

Supply Chain Disruptions

The disruptions caused by geopolitical tensions are evident in supply chains. The recent Israel-Palestine conflict now poses a threat to the India-Middle East-Europe Economic Corridor (IMEEC), impacting the flow of goods between these regions. Additionally, sanctions imposed by the US and other Western powers on Russian vessels and shippers have affected oil imports to India, a major oil consumer. This disruption in supply chains highlights the vulnerability of interconnected global trade routes to geopolitical events.

.

Commodities Market Impact

Geopolitical factors have a profound impact on commodity markets. The imposition of sanctions and trade restrictions can disrupt the flow of commodities, leading to fluctuations in prices. For example, the sanctions on Russian vessels and shippers, coupled with the conflict in Ukraine, have affected the global oil market, with implications for both producers and consumers. The surge in crude oil prices following the Israel-Palestine conflict underscores the volatility introduced by geopolitical tensions.

Conclusion: *Geopolitical factors exert a significant influence on financial markets, supply chains, and commodities. From the deglobalization trend driven by crises and conflicts to the disruptions in supply chains and commodity markets, the interplay between geopolitics and the global economy underscores the importance of resilience and adaptability in navigating an increasingly volatile geopolitical landscape. Adapting to these changes requires a nuanced understanding of geopolitical dynamics and proactive measures to mitigate risks and ensure stability in the interconnected global economy.*

NAVIGATING TURBULENCE IN THE GLOBAL AIRLINE INDUSTRY

By Komal Sharma & Ram Arora
B.Com (H) 1st year , B.Com (H) 1st year

Navigating Turbulence in the Global Airline Industry

The global airline industry is influenced by several factors, including fuel prices, passenger demand, competition, and regulatory issues. The COVID-19 pandemic, which significantly decreased demand for air travel and resulted in revenue loss, has been a major challenge for the industry. To survive, airlines had to swiftly adapt through contract negotiations, cost-cutting initiatives, and government funding requests.

Fuel Price Volatility and Passenger Demand

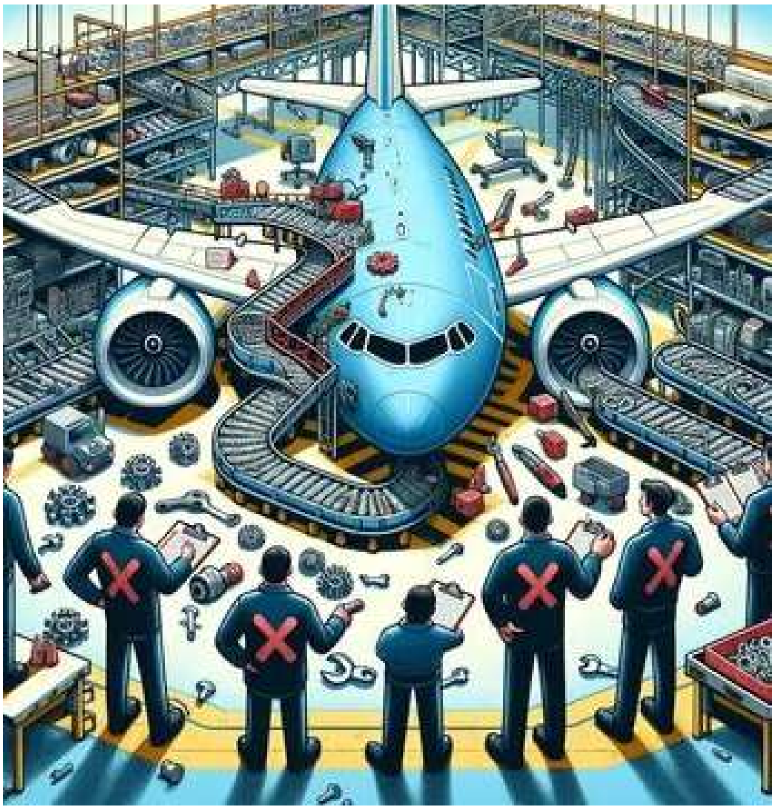
Fuel prices significantly impact airlines due to their substantial expenditure on fuel. Fluctuations in oil prices directly affect airline profits, prompting them to devise various strategies to manage this volatility. To reduce overall expenses, airlines are increasingly opting for fuel-efficient aircraft. Passenger demand, influenced by factors such as economic conditions, travel regulations, and health concerns, also determines airline's profitability. The sharp decline in passenger demand due to COVID-19 led to significant financial losses for airlines. However, as conditions improve, airlines anticipate a resurgence in air travel.

Competitive Landscape

The airline industry is highly competitive, with carriers constantly striving to enhance customer service, expand their routes, and adjust their pricing policies. Low-cost airlines (LCCs), with their affordable prices and efficient services, have significantly disrupted The Aviation Industry. This has put pressure on legacy carriers to adapt and evolve to meet changing consumer needs. The competitive environment has further evolved due to alliances and consolidations among major carriers, aimed at enhancing market positions and expanding networks.

Regulatory Impact

Government regulations, environmental constraints, and safety rules significantly influence airlines' operations and financial performance. Compliance with regulatory requirements necessitates substantial investment in infrastructure, technology, and training to ensure operational efficiency and passenger safety. Moreover, industry participants are focusing on environmental issues, such as carbon emissions and sustainable aviation fuel programs, to mitigate the adverse environmental impacts of air travel and promote environmentally responsible practices.



Motives for Hope

The International Air Transport Association (IATA) projects that passenger demand will rebound, with an expected 4.2 billion passengers flying in 2024—approaching pre-pandemic levels. This resurgence is driven by pent-up travel demand and economic growth in certain regions. The global airline industry is on the path to profitability again, with the market projected to grow at a CAGR of 25.5% from 2022 to 2027. Furthermore, the Asia Pacific region (comprising India, China, Japan, Malaysia, Singapore, and the rest of Asia Pacific) is expected to be the fastest-growing segment in the airline industry market.

TECH TITANS: THE MAGNIFICENT 7 POWERING THE S&P 500

By Mehak Mangla & Navya Khanna
B.Com (H) 2nd year , B.Com (H) 2nd year

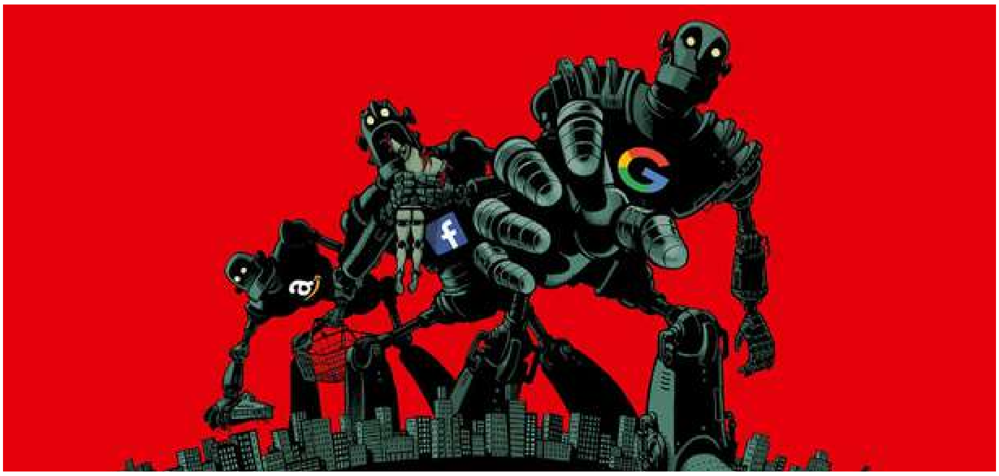
MUCH OF THE REASON THE S&P 500 REACHED RECORD HIGHS IN 2023 WAS DUE TO GAINS IN THE MAGNIFICENT 7 TECH STOCKS.

In 2023, the market capitalization of the index increased by $588 billion, totalling $40.626 trillion. Only $125 billion remained for the other 493 companies in the index, with the seven tech giants- Tesla, Nvidia, Meta Platforms, Alphabet, Microsoft, Apple, and Amazon accounting for $463 billion of that gain.

MAGNIFICENT 7 HELPED FUEL STOCK MARKET GAINS

After a dismal year for U.S. equities, with the S&P 500 posting its worst performance since the Great Recession, the stock market staged a remarkable recovery. The index was up over 24% by the end of the year, driven by gains made by the Magnificent 7. Since the start of 2023, Nvidia shares more than tripled in value, while Meta and Tesla more than doubled. Amazon gained 80% in the same period, while Apple, Alphabet, and Microsoft rose nearly 60%.

The other 493 stocks of the S&P 500, or the "Meager 493," collectively gained a little. The tech giants' overperformance compared to their peers within the index was largely fueled by the potential of artificial intelligence. Without that spike, which was partially driven by optimism regarding the future of AI, the index would have been roughly flat.



IN A LEAGUE OF ITS OWN: "NVIDIA: SOARING HIGH WITH AI"

Nvidia, a leading chipmaker, has been experiencing soaring demand for its semiconductors. These are primarily used to power artificial intelligence (AI) applications. The robust demand for Nvidia's data centre chips and graphics processing units (GPUs) continues to rise as companies strive to expand their AI capabilities. In an extraordinary event, Nvidia's stock price jumped 16%, increasing the company's market value by a staggering $273 billion in just one day.. Currently, Nvidia holds a substantial market share in the GPU chips used for AI training and inference, ranging anywhere between 70-90%.Nvidia continues to beat earnings estimates quarter after quarter, in its FY24 (ended January) Q4 results, Nvidia reported a revenue of $22.1 billion, marking a 265% increase versus Q4 FY23.

CONCLUSION The Magnificent Seven stocks have relatively high valuations based on fundamental metrics like price-to-sales ratios and forward earnings multiples. However, all seven stocks have easily outperformed the S&P 500's 163% return over the last few years, and they are well-positioned to lead their respective markets going forward due to their exposure to high-growth technologies.

IPO EUPHORIA

By Brinda Chhabra & Pulkit Singhal
B.Com (H) 1st year , B.Com (H) 2nd year

The year 2023 saw a total of 57 IPOs offered by companies in a range of sectors, from finance to pharma to cables. The number of IPOs for 2023 is the second highest in the past decade, second only to 2021, which notched 63 IPOs. Additionally, about 182 SME firms raised a record Rs 4,681 crore in the SME segment in 2023. Last year, the Tata Tech IPO was oversubscribed 69.43 times as investors poured in Rs 1.57 lakh crore by making a record number of 73.58 lakh applications.

Building on the momentum from the record number of companies that went public in 2023, the IPO trend is persisting in 2024.

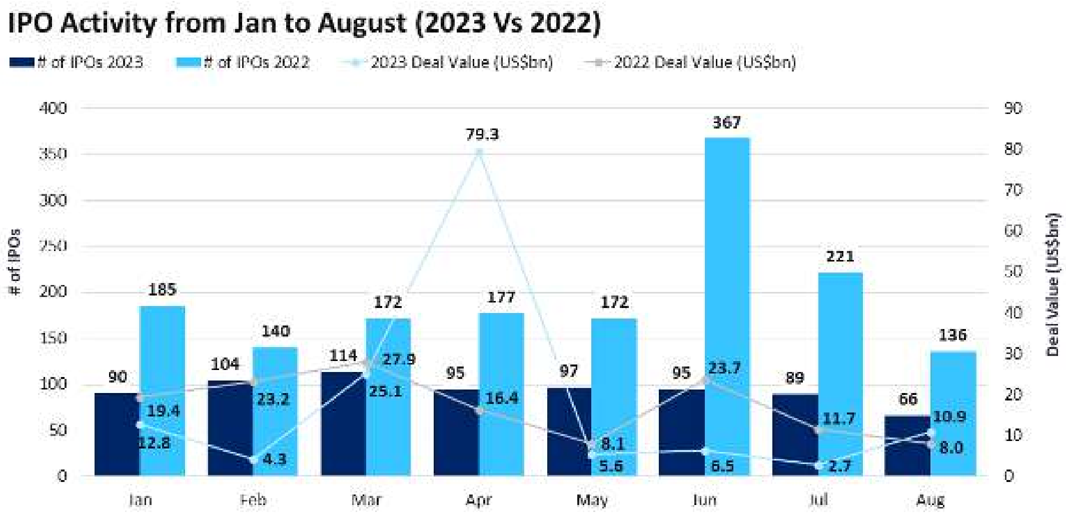
IPO Euphoria is a situation of overexcitement during IPOs. This is the state of enthusiasm among the public to rush towards investment in IPOs, leading to overvaluations. Hype is created in the public through excessive media coverage, celebrity endorsements, market trends, and momentum. This leads to the creation of a speculative bubble kind of situation where people assess the company's growth rate and fundamentals to earn short-term gains, leading to hikes in prices and overvaluations.

Media hype, FOMO, limited supply, and a positive investment attitude create a storm of excitement and speculation. There is another common term heard, i.e., GMP (grey market price), which reflects the extra amount investors are willing to pay above the IPO price in the grey market. Investors must exercise caution and engage in comprehensive research before basing investment decisions solely on grey market premiums. The lack of regulation in the grey market and the possibility of price manipulation underscores the critical need for careful decision-making when contemplating IPO investments.

Normally, people focus solely on quick returns on the listing day, falling into hype, and external influences. To avoid all this, an investor must research, evaluate the fundamentals of the company concerned, diversify, and analyse market trends and news. By doing so, one can capitalize on opportunities while managing risks associated with speculative fervour.

Source: Bloomberg

IPO oversubscription can have both positive and negative implications for companies and investors. While it may indicate strong demand and confidence in a company's offering, it also carries risks such as inflated prices and potential post-listing volatility if not supported by underlying fundamentals. Investors should carefully evaluate the reasons behind oversubscription and consider the long-term prospects of the company before making investment decisions. One must focus on long-term value to the portfolio. While IPO presents opportunities for initial investments, which are driven by creating a buzz in the market, investors must conduct research and consider risk tolerance before subscribing to IPOs.



Source: mint

FALL OF BYJU'S

By Vansh Gupta& Priya Jalan
BMS 1st year , B.Com(H) 3rd Year

Once a shining star in the edtech sector, BYJU'S has experienced a dramatic reversal of fortune. The company, which revolutionized online learning in India, has been grappling with a series of challenges that have led to its current predicament. This article delves into the factors that contributed to BYJU's downfall.

As BYJU's expanded, it encountered a plethora of challenges that ultimately contributed to its downfall. A significant issue was market oversaturation. With the proliferation of online learning platforms, BYJU'S faced stiff competition from both domestic and international players offering similar services. This situation intensified pricing pressures and eroded the company's profit margins. Additionally, concerns arose regarding the efficacy of BYJU'S teaching methods, with critics questioning the depth and quality of its educational content. Such doubts undermined the platform's credibility, leading to a loss of trust among users.

Moreover, BYJU'S expansion into new markets, particularly overseas, proved more challenging than anticipated. Cultural differences, varying educational systems, and regulatory hurdles presented formidable obstacles, hindering the company's growth trajectory. The COVID-19 pandemic exacerbated these difficulties, as schools worldwide shifted to online learning, increasing competition while straining BYJU'S operational capabilities. Some of its other problems also include sponsorship dues with BCCI, a massive drop in valuation, aggressive sales techniques adopted by the company, financial irregularities, and an acquisition spree.

In June 2023, Deloitte Haskins and Sells resigned as Byju's auditor, citing a delay in submitting financial statements. Directors - GV Ravishankar, Russell Dreisenstock, and Vivian Wu — also resigned from Byju's board. After quitting, Deloitte explained its inability to commence an audit for FY22 financial statements due to delays in accessing financial statements and the underlying books of account. Another critical factor in BYJU'S decline was internal management and leadership issues. As the company scaled rapidly, maintaining cohesive leadership and a clear strategic direction became increasingly challenging. Reports of internal conflicts, turnover among key executives, and allegations of a toxic work culture surfaced, casting doubt on BYJU'S ability to sustain its growth momentum. Recently, investors at BYJU'S unanimously approved a solution to remove the Founder-CEO, Byju Raveendran, at a general meeting. However, BYJU'S stated that the shareholders' meeting was ineffective and invalid, highlighting the control struggle within BYJU'S between the founder and shareholders. Concerns over corporate governance practices and transparency in financial reporting further dented investor confidence, leading to a loss of funding and market valuation.

The fall of BYJU'S offers valuable lessons for aspiring startups and established businesses alike. Firstly, sustaining success in a competitive market requires continuous innovation and differentiation. Startups must constantly evolve their offerings to meet changing consumer needs and preferences and stay ahead of the curve. Moreover, maintaining a strong corporate culture and fostering effective leadership are essential for long-term viability. Companies must prioritize employee well-being, transparency, and ethical business practices to build trust and loyalty among stakeholders.

COMMODITY ANALYSIS

By Keshav Garg & Samarth Lahar
B.Com (H) 2nd year , B.M.S 2nd year

CRUDE OIL

2023 marked a tumultuous year for crude oil, often referred to as "black gold," as geopolitical conflicts in the Middle East and global oil output fears took center stage. Crude futures fell significantly by 10%, which was the largest drop since 2020. The Organization of Petroleum Exporting Countries (OPEC) implemented a six million barrels per day reduction in output, about 6% of global supply.

G7 capped Russian oil shipments at $60 per barrel as a response to Ukraine conflict, contributing to crude price volatility. Brent crude closed the year at $77.04 per barrel, down 11 cents. Crude oil futures settled at ₹5,998 per bbl on Multi Commodity Exchange (MCX).

OPEC+ decided to further reduce production targets by 1.4 million bpd from 2024. Puzzles emerged on whether OPEC could maintain committed cuts with falling demand and market share. In October, U.S Energy Information Administration also showed strong demand for oil supporting prices for a while. Nevertheless, escalating Middle East tensions and better supply conditions in the Red Sea caused prices to slump to their lowest since 2020 at the close of 2023.

Analysts noted that crude oil continued its decline as tensions eased in the Red Sea.
The situation improved with the deployment of a multi-national task force for patrolling in the Red Sea. The decrease in US oil inventories provided some support at lower price levels.

OUTLOOK FOR 2024

Increasing production from outside of the OPEC+ led by the United States was encouraged by higher prices for crude oil in general, which means that supply cuts have no future. It should be noted that Kurt Barrow, who is a Head of Oil Markets at S&P Global Commodity Insights stressed about OPEC+'s difficulty to stay disciplined as non-OPEC+ output expanded and demand growth slowed. According to S&P estimates, average annual prices on the crude market in 2024 and 2025 will likely remain close to the 2023 level implying Brent oil at $82/b in 2024. Consequently, during Q1-24 there may be an increase towards $85/b due to OPEC+ cuts followed by slow decrease after April as global supply exceeds consumption due to weak worldwide economy and geopolitical tensions.

STEEL

The Indian government acts as a facilitator in the deregulated steel sector by releasing the National Steel Policy 2017 and implementing a Production-linked Incentive (PLI) Scheme for Specialty Steel. The crude steel capacity of India would be 161.3 mt by 2022-23, with an expected growth rate of 7.3% and 6.2% in steel demand for the year 2023-2024, surpassing global growth rates. Global crude steel production during January-August 2023 stood at 1256.4 mt, a YoY increase of +0.2%. With China accounting for around half of this production, it was followed by India at only ~7%. Global steel prices were impacted by factors such as weakness in China's property sector, European construction slowdown, uncertainty over US auto market, stagnation in Turkey and ongoing Russia-Ukraine conflict. Despite declining trends prevailing in major steel producing markets like India, China, Russia and Iran managed to stabilize their output levels. From August 2023 up to current times there has been an upward trend observed on the prices of raw material used in making steel such as: iron ore; scrap; coal etc

The ferrous industry in 2024 will be shaped by two key factors: the spreads and Chinese steel exports.

Despite the possibility of a challenging second half of the 2024 fiscal year for Indian steel producers, a resurgence in China may boost world steel prices. Additionally, a renaissance in China's steel industry might mean lower Chinese exports; something that would be good for India and hence the global ferrous industry.

By 2026-27, it is expected that specialty steel production may touch about 42 MT.

GOLD

Gold is the most precious metal and, along with that, it is seen as one of the safest options for investment. The price of gold went above $2,000 at a certain point when it hit $2,050, but this was mainly due to a decline in the US dollar. By 2023, gold had appreciated by 12% as it is usually seen as a safe haven during inflation. When the value of currencies falls due to rising inflation, investors tend to buy gold to preserve the value of their investment. Throughout the year, its price ranged from $1,808 to $2,152, following the trend of fluctuations evident over the past decade, with a peak of $2,058.40 in 2020 and a lowest point of $1,811.27 in 2023.

Gold prices remain fluctuating in the Indian Commodity Market. The first half of 2023 saw an increase in gold prices in India by about Rs.3,000, a rise of 6.5%. These factors include the Russia-Ukraine conflict, pause in rate hikes by the United States Federal Reserve, and inflation. Gold reached an all-time high of Rs. 63380 levels on December 3, caused due to indications from the US Fed that rate cuts may be in the offing in the first quarter of the next year.

Outlook: Gold could continue its upward movement in 2024, as uncertain interest rate cuts may increase market volatility, affecting gold prices. Its outlook seems positive, with central banks buying gold on dips. Last year, they bought over 1000 tonnes, and this year, nearly 800 tonnes in the first nine months, marking a 14% increase from the previous year. This central bank activity suggests strong confidence in gold, making it an attractive option for investors looking for stability amidst economic uncertainty and fluctuating interest rates.

Source: Bloomberg

SILVER

Silver has been an excellent performer in the last twenty years, beginning at Rs 7,550 on MCX in 2003 and peaking at a record Rs 78,590 in 2023. This represents a tremendous gain of 941%, which was driven by, among others, rising industrial consumption rates and improvements in solar power as well as fifth-generation technology. A close correlation exists between silver and the wider economy due to its various applications in industries, thereby making it price sensitive regarding economic activity. The projected peak demand of 632 million ounces in 2023 underpins its importance to photovoltaics, electrical grids, mobile networks, electronics, and automobile production.

Beyond industrial use, silver's exceptional properties, including high conductivity and antibacterial features, drive demand in electronics, solar panels, healthcare, and photography. As a hedge against inflation, silver attracts investors seeking wealth preservation amid economic uncertainty. Recent factors such as a depreciating US dollar rate and a 10-year US bond yield descending close to 4 per cent from 16-year higher levels of 5 per cent helped the silver price rally, and increased industrial demand in China have further propelled silver prices, reaching Rs 79,700 per kg in December 2023.

Outlook: The future for silver continues to show promise as it is swayed by a range of factors. It's primarily driven by industrial demand, specifically in fields such as solar power and 5G technology, greatly adding to its worth. Silver's unique capabilities render it vital in sectors like electronics and healthcare, among others. As an added bonus, silver acts as a safeguard against inflation, drawing investors who aim to protect their wealth during unstable economic times. Contemporary geopolitical issues, along with a decrease in the Dollar Index, coupled with advancements in sustainable technology, significantly support high prices for silver. Nevertheless, market insiders are constantly on alert for elements like shifts in monetary policies or relevant economic data that might potentially redirect the course of silver within the next year.

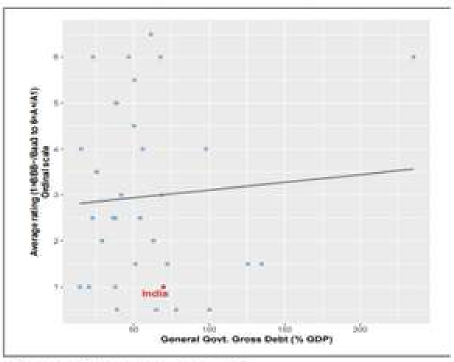
India: Unjustly Labelled the Lowest Investment Grade?

By Harshit Bansal
B.com(H),2nd Year

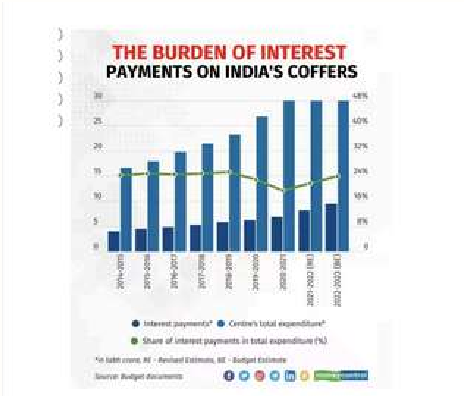
India, recognized as a global economic powerhouse and the fastest-growing major economy, has not seen an improvement in its credit ratings from international rating agencies for more than a decade. Despite being the world's fifth-largest economy and having a flawless repayment history, India's credit rating is lower than that of countries like Peru, the Philippines, and Kazakhstan. Global credit rating agencies, including S&P, Fitch, and Moody's, assign India the lowest possible investment grade, 'BBB-' and 'Baa3' respectively, despite a stable outlook. These ratings consider factors such as the rate of economic growth, inflation, government debt, short-term external debt as a percentage of GDP, political stability, etc.

India's ability to repay external debt is exceptionally strong, with over $600 billion in foreign exchange reserves, a well-capitalized banking system, and a profitable corporate sector.

Figure 7: Sovereign Credit Ratings and General Government Gross Debt (per cent of GDP)



Source: Bloomberg and IMF



Source: The Economic Times

Economists argue that rating agencies should not use the same criteria for emerging and developed countries and should consider the context, not just the numbers.

In a collection of essays titled "Re-examining Narratives" published by India's Finance Ministry, the government criticizes the "opaque" methodologies used by credit rating agencies for sovereign ratings. The report calls for urgent reforms in the credit rating system and a level playing field for cheaper global capital. It emphasizes the importance of these ratings for developing economies in attracting necessary funds and supports reforms that would reduce funding costs and aid in achieving development goals.

Credit rating methodologies often rely heavily on qualitative variables to assess the 'willingness to pay'. The lack of transparency in these methodologies makes it difficult to quantify the impact of qualitative factors on credit ratings. Economists stress the need for reform in the credit rating process, suggesting that increased transparency could lead to the use of hard data, potentially resulting in credit rating upgrades for many sovereigns.

Improvements in macro-economic parameters may not significantly impact a credit rating if qualitative parameters are deemed to require improvement. This can cause the ratings of developing countries remaining relatively unchanged, even with significant changes in relevant macroeconomic fundamentals. This is because qualitative considerations often override the base rating, determined through the quantitative scoring of macro-fundamentals when finalizing the published ratings.

India is currently seeking an upgrade to its sovereign credit rating, which is at the lowest possible investment grade. The country believes its economic metrics have significantly improved since the pandemic. Following the presentation of its annual budget on February 1, the finance ministry met with representatives from the top three rating agencies–Fitch Ratings, Moody's Investors Service, and S&P Global Ratings.

Figure 38: India's General Government Debt (as % of GDP) and Sovereign Credit Rating Changes

Note: Red signifies year of rating downgrade. Green signifies year of rating upgrade.
Source: IMF

The main criticism of India's poor credit rating has been its fiscal strength and credit profile. India has a relatively high level of general government debt, estimated at around 81.8% of GDP for 2022–23, compared with the Baa-rated median of around 56%. India also has low debt affordability, with general government interest payments as a percentage of revenues estimated at 26% for 2022–23, compared with the Baa median of around 8.4%. However, the fiscal deficit has decreased to 6.4% of GDP in 2022–23 from 6.7% in 2021–22.
Some argue that it is absurd for India not to have a local rating agency that can rate its sovereign debt and that of other countries, similar to Japan's Japan Credit Rating Agency (JCRA) and China's China Chengxin International Credit Rating (CCXI). They question why India continues to follow directives from foreign entities based in the West. Since, local agencies would be better positioned to understand the nuances of India's economy and could offer more tailored and relevant assessments.

Sovereign ratings are not only significant for the government but also have a profound impact on businesses within that country. This is because the government is typically viewed as the most secure entity within a country. If a country's government has a low sovereign rating, businesses in that country may face higher interest rates when borrowing from international investors. A lower credit rating can impede the growth of emerging economies like India. A higher credit rating could cause substantial interest savings and more productive use of funds.
In India's case, nearly all of its debt is in rupees, meaning there isn't much global borrowing. Therefore, credit ratings by global Credit Rating Agencies (CRAs) should not have a significant impact. However, these ratings can affect Indian companies' borrowing from international markets because of reputational considerations.
In conclusion, while it may not be appropriate to assign India an AAA rating, it certainly does not warrant a BBB rating and deserves an upgrade.

Credit ratings reflect both the ability and the willingness to pay. India has never defaulted on its debt, showing a strong willingness to repay. Most of India's debt is in rupees, and the country has a growing GDP, demonstrating its ability to pay. However, Christin de Guzman from Moody's Investors Service points out that most countries have never defaulted on their debt, so a lack of default history is not necessarily indicative of a high credit rating. In the past, global rating agencies have complained about India's fiscal discipline, the credibility of the government's fiscal roadmap, and missed divestment targets. These concerns have often prevented them from upgrading India's investment grade. However, now the quality of government spending has improved, with higher allocations for capital expenditure to boost infrastructure development, create jobs, and stimulate growth.

INTERNSHIPS
2023-24

Name	Course	Year	Profile	Company
Priya Jalan	B.COM. (H)	III	Project Intern	AGS Tech Exim Pvt. Ltd
Rahul Dhali	B.M.S.	III	Private Equity Analyst	LH2 Holdings
Pratul Prakhar	B.M.S.	II	Associate	The 80/20 Consultants
Pratul Prakhar	B.M.S.	II	Intern	The Impact Project
Prishita Arora	B.COM. (H)	II	Founder's office intern	AcquX
Prishita Arora	B.COM. (H)	II	Finance intern	Youth India Foundation
Pulkit Singhal	B.COM. (H)	II	Finance Intern	Spark Minda
Shivam Prabhakar	B.M.S.	II	Research and marketing intern	Meteor Venture
Anushka Goel	B.M.S.	I	Finance Intern	Studifysuccess

STUDENTS' ACHIEVEMENTS

Name	Course	Year	Event Name	College	Position Secured
Pratul Prakhar	B.M.S	II	Eureka : The B-Plan competition	SGGSCC, DU	First
Pratul Prakhar	B.M.S	II	Delhi Darpan Quiz Competition	Keshav Mahavidyalaya	First
Pratul Prakhar	B.M.S	II	Quiz Crusade Event	Keshav Mahavidyalaya	First
Nirbhay Nagpal	B.Com. (H)	I	MarketNomics	Aryabhatta College	First
Shivam Prabhakar	B.M.S	II	Guesstimates: what gets measured, gets managed	VGSoM, IIT Kharagpur	Second
Pulkit Sethi	B.Com. (H)	II	Bid-a-Wiz	Aryabhatta College	Second
Nirbhay Nagpal	B.Com. (H)	I	BizMinds	Ramanujan College	Second
Anushka Goel	B.M.S	I	tHRive'23	Jesus & Mary College	Second
Arnav Jain	B.M.S	I	tHRive'23	Jesus & Mary College	Second
Arnav Jain	B.M.S	I	Casepresso- Ecognizance	Shaheed Rajguru	Second
Lakshay Bansal	B.M.S	I	tHRive'23	Jesus & Mary College	Second
Khush Malik	B.Com. (H)	I	izMinds	Ramanujan College	Second
Pulkit Sethi	B.Com. (H)	II	Market Mayhem	Sri Venkateswara College	Third
Harshit Bansal	B.Com. (H)	II	Market Mayhem	Sri Venkateswara College	Third
Samarth Lahar	B.M.S	II	Market Mayhem	Sri Venkateswara College	Third
Pratul Prakhar	B.M.S	II	National Case Competition	XLRI Jamshedpur	Fourth
Pratul Prakhar	B.M.S	II	Ideate: Pitch Deck Event	IIT Dhanbad	Finalist
Pulkit Sethi	B.Com. (H)	II	Econjecture	IIM INDORE	Finalist
Harshit Bansal	B.Com. (H)	II	Econjecture	IIM INDORE	Finalist
Pratul Prakhar	B.M.S	II	National Startup Pitching Comepetition	IIT BHU	Finalist
Nirbhay Nagpal	B.Com. (H)	I	The Visionary's Arena	Sri Guru Nanak Dev Khalsa College	Runner Up

OTHER ACHIEVEMENTS

- Udipt Gupta of B.Com. (H) 2nd year has cleared FRM Level 1.
- Khyati Gupta of B.Com. (H). 2nd year has cleared CA Foundation.
- Vansh Gupta of B.M.S. 1st year has cleared CA Foundation with a distinction.
- Somya Goel of B.Com. (H) 1st year has cleared CA Foundation with a distinction.
- Keshav Narang of B.Com. (H) 1st year has cleared CA Foundation with a distinction.
- Ansh Garg of B.M.S. 2nd year has cleared CFA Level 1.

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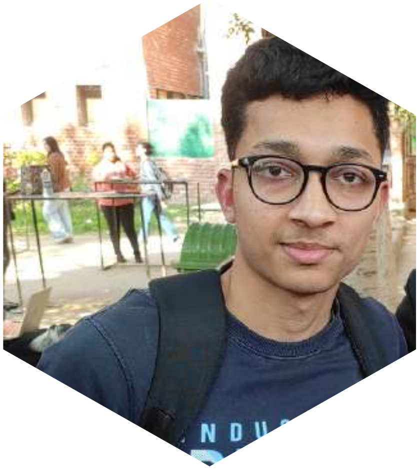

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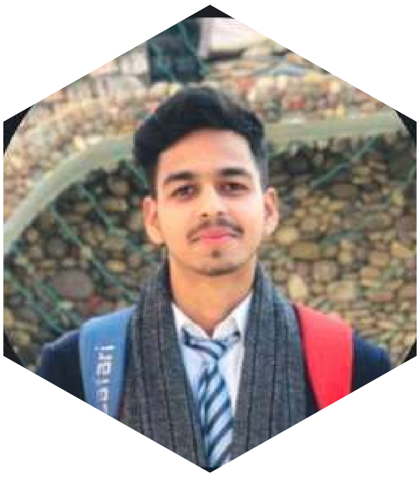

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