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e-Volve

"Bi Monthly Finance

Magazine"

Vol - 2, Issue - 3, July, 2022



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Is India moving towards recession?

Since the pandemic has hit badly in the past two years all over the world, there is a risk of economies going downwards in different countries. The geopolitical conflict between Russia and Ukraine has also added fuel to the fire among countries at such a critical time. The development of any country depends on its economy. When economic growth stops for some time (at least for at least three quarters) in the economy, employment decreases, inflation starts rising and people's income starts falling, then this situation is named economic recession arises. Now the fear of recession also deepened in a country like India. For the last two years, the whole world is battling through the corona crisis and now the conflict between Russia and Ukraine also made a strong impact on the economy of the whole world. According to the report, strict policies of central banks of different countries and the increasing cost of living for the common man is once again pushing all the economies towards recession.

Another major reason is inflation in the U.S and the all-time high of the Consumer Price Index(CPI) at 9.1%. The high CPI of the U.S will directly impact the Indian Markets as the cost of imports from the U.S will increase. According to Fortune India, there is two bad news in recent times. First, the World Bank projected a sharp decline in global output growth in the current fiscal – from 5.7% in 2021 to 2.9% in 2022. In January, before the Russia-Ukraine war broke out, it had projected a 4.1% growth. The impact is very sharp and given that there is no sign of an early end to the Russia-Ukraine war, hence the growth projections may further fall. Secondly, For India, it brought down the growth projection for FY23 (April 2022-March 2023) to 7.5% – from 8.7% projected in January 2022. RBI has lowered India's growth projection from 7.5% in April to 7.2% in May and June. Amidst the fear of recession, the stock market is also falling. The news related to the US fed hiking interest rates has adverse impacts on the Indian Markets. According to various reports, if the world goes into a recession like in 2008, then the economy of a country like America will also collapse by about 1.5 percent. Till now the prevailing global recession has not much affected India but according to the experts, it will impact the Indian economy in the coming few months.

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FINANCIAL INSTRUMENT

Fixed Deposit

It is the most secured investment but the risk & return is minimal compared to other investment. Risk: Low Risk Return: Low Return (3%-6% p. a)
a) Example: It can be open to any bank or NBFC, but Indusland Bank gives the highest FD.

ULIP (Unit- Linked Insurance Plan)

It is an insurance plan that offers dual benefits, as it is an investment as well as Insurance Cover for your family. Risk: Moderate Risk Return: Moderate Return (8%-15% p. a)
Examples: LIC Life Market Plus Secure Fund, Tata AIA Life Future Select Equity Fund, etc.

Equity

It is the most common financial instrument used by the public for their portfolio. The equity will be used as an income asset (Dividend) or Growth asset (Capital Gain) Risk: Highly Risky Return High Return (15%-30% p. a)
a) Examples: Reliance, Jubilant FoodWorks, TCS, etc.

Public Provident Fund

It is a long-term financial instrument popular among individuals who want to earn tax as well as stable returns. Risk: Less Risky Return: Moderate Return (7%-8% p. a)

Treasury Bills

Instrument issued in the money market by the Government of India as a promissory note with guaranteed repayment later. The life of the Treasury bill is less than 1 year. Risk: Low Risk Return: Low Return (5%-7% p. a)

Sovereign Gold Bonds

It is a gold bond issued by RBI every quarter of the year as it risk-heaven investment. Risk: Less Risky Return: Low Return (5%-7% p. a)

Mutual Fund

It is a more secured investment than equity because it mixes with a different kind of investment by the AMC based on investor risk, returns & Goal preference. Risk: Moderate Risk Return: High Return (20%-25% p. a. Examples: ICICI Prudential Focused Blue-chip Equity Fund, Tata Equity PE fund, L&T Tax Advantage Fund, etc.

Bonds

It is the most famous Debt Instrument used by the Investor as a safe investment because it does not change as the changes in economic condition. A debt security company issued to bondholders to raise capital. Risk: Less Risky Return: Moderate Return (8%-12% p. a) Examples: Mirae Asset corporate bonds, ICICI Prudential Corporate Bond, Nippon India, etc.

ELSS (Equity Linked Saving Scheme)

It is a type of Mutual Fund Scheme that primarily invests in equity. This scheme is Ideal for saving tax under Section 80C. Risk: Moderate Risk Return: Moderate return (15%-18% p. a) Examples: Axis Long-term Equity Fund, Mirae Asset Tax Saver Fund, etc.

What Is Windfall Taxes?

Windfall taxes are those taxes that the government implied on those companies when the company is benefiting from a certain event that is not in control of the company. Due to Ukraine- Russian war, the price of oil rises to \$110/per barrel in the International market. Due to this, many oil export companies gain unnecessary profits. That is why the government impose a tax on those companies on 1 July but after a week, the government slashed half of the windfall taxes. This affects the stock market as many oil-exporting companies reach a week low. The government recently levied export duties amounting to Rs6 per liter of \$12 per barrel on petrol & Rs13 per liter of \$26 per barrel on Diesel.

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Why cryptocurrency Price was Falling?

The sharp sell-off by investors amid heightened inflation fears and the suspension of withdrawals by cryptocurrency loan firm Celsius appears to have been the primary causes of the crypto meltdown. The stock markets are also being affected by investors' continued avoidance of risky assets. Bitcoin's value continued its dramatic slide on Monday after falling losing nearly 9% on Thursday and Friday amid a broader sell-off in financial markets.

The cryptocurrency traded Monday morning at around \$32,800 and is down 21% over the last month, according to CoinDesk. Bitcoin is now at its lowest price since July 2021, Reuters reported. Other major digital currencies, including ether, have also pulled back sharply in value. Ether traded at about \$2,360 Monday morning, its lowest price since February.

3 reasons cryptocurrency prices are still tumbling

1) Raging volatility:-The Federal Reserve raised interest rates half a percentage point earlier last week and Wall Street responded with huge gains in the stock market. One day later, investors reversed course and sent markets into a nosedive and took crypto prices down with it.

"Cryptos have been tending to trend recently with the stock market," said Michael Oliver, chief analyst at Momentum Structural Analysis. Bitcoin is mirroring the Nasdaq, said Edward Moya, senior market analyst at Oanda. The tech-centric index is down 21% this year, while bitcoin is down 22%, he noted.

Many investors piled into bitcoin last year when it was priced between \$32,000 and \$36,000. A further drop to around \$30,000 could trigger more selling, Moya said. "Bitcoin is really stuck in a sideways news cycle where you're just waiting for it to be calm on Wall Street and then you'll see more people confident in investing," he said. "I still think there's a lot of long-term potential value here, but you have to be able to stomach this volatility

2) Mainstream adoption lagging

Numerous events last year underscored the growing importance of crypto in financial services. More retail investors bought in using Cash App or Robinhood; a growing number of businesses accepted bitcoin as payment for goods and services and El Salvador adopted it as legal tender. This year has been quieter so far, with fewer milestones to chart crypto's progress as an investment and medium of exchange.

"There's a belief that mainstream adoption [of bitcoin] is taking a lot longer than people expected," Moya said. "Right now, what we're seeing is that the crypto market is in a wait-and-see mode."

Among other things, investors are watching to see what role crypto plays in the emerging metaverse and what rules a special Biden administration task force may put in place to regulate digital currency.

3) Investors seeking safer ground

Chris Kline, the co-founder of Bitcoin IRA, said much of the recent fade in crypto prices simply stems from investors reacting to what's happening in the broader economy.

When the stock market stumbles, many investors move their money into less risky, more stable assets, such as U.S. Treasury bonds. Some bitcoin investors are weighing other investing options and "moving their money back to the dollar, as a starting point, and then seeing what they're going to do from there," Kline said.

Bitcoin peaked at a price of \$69,000 last November. Analysts have said that bitcoin could fall as low as \$30,000 or \$25,000 in the coming weeks before climbing back up later this year.

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Important indices and exchange rates worldwide

Top Gainers of July

Lido DAO (LDO)
\$2.12 (345.04%)

Optimism (OP)
\$1.61 (207.09%)

Ethereum Classic (ETC)
\$36.24 (146.84%)

yearn.finance (YFI)
\$11262.57 (107.23%)

Top Losers of July

UNUS SED LEO (LEO)
\$5.12 (10.76%)

Amp (AMP)
\$0.0089 (3.16%)

PAX Gold (PAXG)
\$1768.36 (2.44%)

Basic Attention Token (BAT)
\$0.4102 (1.56%)

India Indices

NIFTY 50 - 17340.05 (10.08%)
SENSEX - 58115.50 (9.84%)

Commodity

Gold - 53230
Silver - 58000
Crude Oil - 7426.00
Natural Gas - 646.70

Global Indices

Nasdaq 12393.56 (10.88%)
FTSE 7413.42 (1.38%)
CAC 6436.86 (6.72%)
Nikkei 225 27993.35 (4.43%)

Currency

USDINR - 79.02
EURINR - 80.96
JPYINR - 0.60
AUSINR - 55.46

Top Cryptocurrency Prices July 28: Market volume rises 34%; Bitcoin up 5%, Polkadot biggest gainer

Major cryptocurrencies traded in the green early on July 28. The global crypto market cap rose 7.64 percent to \$1.05 trillion over the last day. The total crypto market volume surged 34.61 percent to \$84.71 billion over the last 24 hours.

India must stop blowing hot and cold on crypto regulation

The finance minister has said any action against cryptos has to be part of a globally coordinated move. While such a move is afoot in G20, it might not translate into any concrete action.

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Winner of last Finance Magazine



CONGRATULATIONS

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UNSCRAMBLE AND GUESS YOUR KNOWLEDGE

KEEP
CALM
ITS
GAME
TIME

1. The _____ method of accounting reports expenses when they are incurred **(CUCLARA)**.
2. An asset book value is its cost minus its _____ depreciation **(UDTCAMALUCE)**.
3. The amount of prepaid insurance that has expired in the accounting period is reported as an _____ **(SNEEEPX)**.
4. _____ debentures are the debenture that is Converted into equity shares at the time of maturity **(VNCROELEBAT)**.
5. _____ is the amount of money required to buy out an entire company as its current market price **(AETKMR IITAZTAPALOCNI)**.
6. The golden rule of _____ account is Debit what comes in & Credit what goes out **(ERLA)**.
7. _____ is the simultaneous purchase & sale of an asset to profit from discrepancies in their prices in two different markets **(BRTAIGAER)**.
8. Property is not reported at its current market value because of its cost _____ **(RECIILPN)**.
9. _____ value is the value of all future expected cash Inflows **(RETNPES)**.
10. A credit entry will cause the cash account balance to _____ **(EESRDAC)**.

[Click here to submit your answer](#)