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FOREWORD



Idea Behind This Weekly Newsletter

Being a Commerce College, students are expected to know the changes in the business world. This weekly newsletter will help the students get acquainted with a glimpse of what happened in the week gone by. It will also have insights into various business and commerce related updates which will help you gain in-depth knowledge. Make it a point to read each and every article in this issue and stay updated so that you don't get outdated.

- DR. D. M. Doke
Principal

FIRST LOVE OF JOB GIVER

**Ms. Manasi Mule,
Placement Coordinator**

The BAF
Times

Many of us believe in "First Love". Today I am going to talk about an interviewer's first love. If you are still wondering what I am talking about...Let me elaborate. Every interviewer's first love is the candidate resume or CV. We as future candidates need to get this first step very well. Always remember that any company first sees your CV and then decides whether to call you for an interview. If we need an interview from a company, we need to make our resume flawless. Just a discretion line that in this article I will give you some tips to make a flawless resume from my experience as a placement coordinator has taught me.

1. Choose a format: We really need to thank our technology for this. Microsoft word, Google.com as a search engine have various formats for freshers. You can choose from the list. A combination of Chronological and function resume is said to be the best for freshers.
2. Contact Information: Many people add the contact information at the end but experienced managers who do the hiring prefer to have contact information as the header. Contact information includes- Name, Address, Email id, Contact number.
3. Objective: This implies to set a direction of your career. It gives an idea to the hiring manager as to what you want in your future. Avoid writing vague statement. The objective should give a precise goal to the interviewer. Example of career objective: "Looking for opportunities to incorporate my skills and training to help the company grow".
4. Education: This section covers your academic details. You need to mention your year, School/Board/University and even grades or percentages as applicable. This section covers standard X, XII, Graduation, Post-graduation and doctorate. You also need to mention any diploma course if you have done.

5. Work Experience: Freshers generally do not add this. But if candidates have any internship experience, they can add it here. This section covers your corporate experience in different companies. Here you add the number of months, name of the company, profile and annual package in a particular company. Again, adding annual package is optional.

6. Skills and abilities: It should be a combination of hard and soft skills. Hard skills are technical skills that are related to the job profile. Examples of hard skills are Accounting, data entry, data analysis, data privacy etc. Soft skills reflect one's personality and personal attributes. Examples of soft skills are adaptability, communication, to collaborate etc.

7. Extra-Curricular activities: This is an important section for young talent with no experience. If a candidate has participated or handled many activities in school and college then it can showcase many skills of the candidate. If the candidate has won awards or honors that can also be added in this section.

8. Personal details: This section deals with hobbies, date of birth, languages known, Marital status. It can come after contact information or as the last section of resume.

9. References: In the resume in this section, you just write as: "Will be provided on when asked for". Once the interview process starts the hiring manager will ask for references which can be your previous supervisors or for freshers it can be your teachers or mentors.

If you want more detailed guidance or feedback on building a powerful resume you can connect on

Email id : placement@mldc.edu.in

Contact no: 9833691223

A STRONG NEGATIVE CORRELATION BETWEEN GOLD AND EQUITY

Mr. Gaurav Rangnekar,
Alumni,
M.L.Dahanukar College of Commerce

Gold and Equity both have a very strong relation but they are inversely related to each-other. There are fundamental reasons regarding this inverse relationship between both this Investment instruments. The level of risk also varies between them (Gold being assumed to be a safe investment while Equity is quite riskier). If we analyse the Gold prices in India and Nifty 50, Sensex index, we can see that the prices majorly goes in the opposite direction. (Example If Nifty and Sensex goes up in a trading day, then there is a high chance that Gold prices may decline). In more-simpler way we can say that they are negatively correlated with each-other.

- Reasons regarding the Inverse Relationship.

Every Market works on one basic factor. i.e Demand and Supply. If there is a high demand and limited supply for a particular investment option , the prices will shoot up and if there is a high supply and low demand, it will drag the prices down. So, in relation to Gold and Equity, if the demand for Gold as an investment is higher than the Equity then investors will add more gold in their investment kitty which will shoot up the prices of gold AND if the investors demands more Equity stocks than gold then this will shoot the demand for Equity stocks, naturally the prices of Equity will go up.

(Note – There might be other additional reasons for the inverse relation. The analysis varies from Investor to Investor)

- A classic example of the Negative Correlation during the Covid-19 Pandemic (FY 2020-21)

The price of Gold had reached to its Peak of INR 52,900 (Per 10 Gram) during the three quarters of FY 2020-21) and Nifty, Sensex had reached its bottom point (INR 7511 and INR 25,639). The reason of Shooting up of Gold prices was that the Investors started selling their Equity Stocks (Supply > Demand) which led to crash in the prices AND in parallel, the Investors started Investing their funds in Gold (Demand > Supply) which led to shooting up of Gold prices.

So, we can interpret that there was a shift in the investment option because the investors wanted to safeguard their Capital and gold being a safe instrument the demand was very high. Hence this led to Gold Prices > Equity Stock Prices.

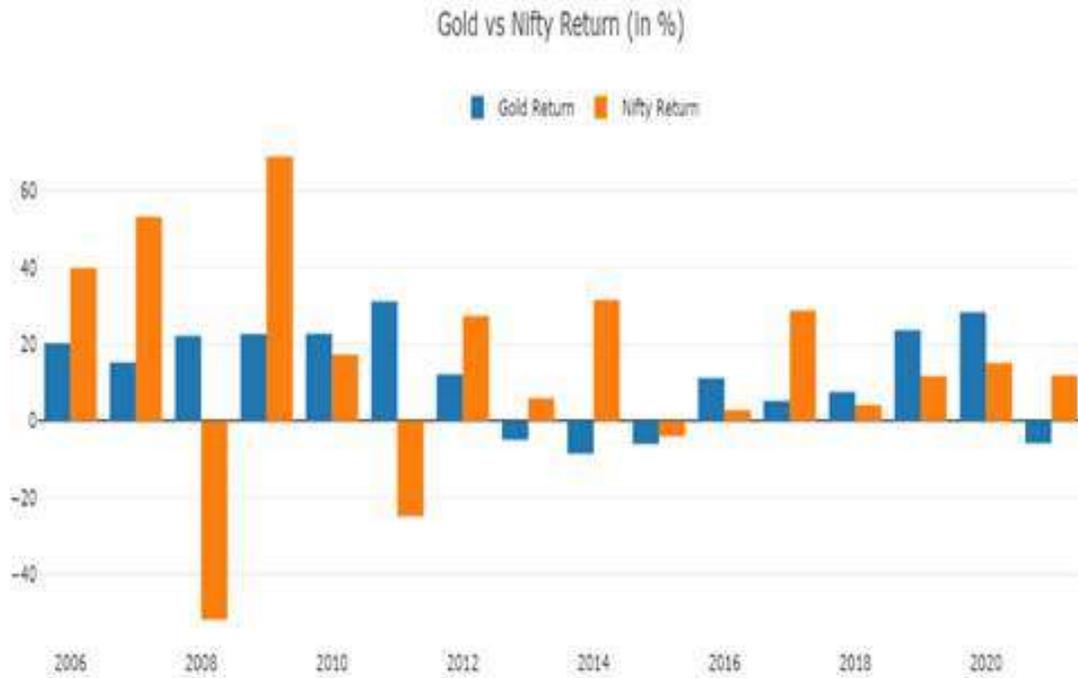
But if we see the current situation, Equity Index has again risen up to its 52 -week high peak and Gold prices have crashed down to INR 47,200 (Inverse relation). The reasons remains the same (Demand and Supply mechanism). Investors shifted their funds from Gold to Equity as we can see a great future of Indian Economy, Government Relief Support to combat Covid 19, Foreign Investments, Investor Awareness etc.

For Reference –



Analysis –

From 2008 and 2020, we can interpret that there is a strong negative correlation between GOLD and Equity and it can be majorly seen during 2008 Financial Crisis and 2020 Covid -19 Pandemic.



Analysis-

In most of the financial Years, we can interpret that the Returns delivered by GOLD and Equity are negative correlated.

IS TAPER TANTRUM COMING OUR WAY?

Ms. Isha Mahajan,
TYBAF

The BAF
Times

First let's talk about the phenomenon known as taper tantrum.

After the financial crisis of 2008 in the USA, the Federal Reserve came up with a new plan to improve the condition of the banks and the economy. The plan was called Quantitative Easing or QE in short. As a part of QE, the Federal Reserve, which is the central bank of America, helped commercial banks increase their reserves. The Federal Reserve purchased non-performing assets/unpaid loans, which had accumulated due to the financial crisis, for a lot of money. The Federal Reserve also introduced a lot of money into the banking ecosystem.

While borrowing rates for short term loans were already near zero, interest rates on long term loans were still high. Once the Federal Reserve started pumping money into the economy, the lending capacity of banks also increased. Banks tried disbursing as many new loans as possible. And in a bid to entice people to borrow, the banks began offering low interest rates. In this way, long term interest rates came down as well. The Fed kept pumping money into the economy and the effects of the financial crisis lessened. Until one day in 2013, the Federal Reserve indicated that it would scale back on their Quantitative Easing programme.

The effects of this announcement were far reaching and affected India as well. When new money enters the economy, it is reinvested into the source that yields the best returns. So an investor in the US might invest in emerging markets like India where rate of returns are higher. Foreign Direct Investment (FDI) in India increased by 46%.

However, when the Fed indicated that they were stopping Quantitative Easing, the investors believed interest rates back home (in the US) would trend upwards. And the investors realized they no longer needed to stay put in the emerging economies and pulled out their money overnight. India saw an outflow of foreign money - the likes of which we hadn't seen before. Investors began exchanging the local currency, Rupees, for US dollars. And with this, we saw the value of our currency depreciate quickly. The rupee depreciated over 15 per cent between May 31 and August 31, 2013. This forced the RBI to suddenly raise interest rates to stem the outflows.

The incident was dubbed "Taper Tantrum." Taper because the Federal Reserve promised to reduce or "taper" its Quantitative Easing. Tantrum because of the investor overreaction.

It is said history repeats itself. This Taper Tantrum happened in 2013 but now similar circumstances are being observed in the USA. USA has declared economic stimulus packages of value over 25% of its GDP to boost the COVID struck economy. In January, Raghuram Rajan hinted about a new Taper Tantrum episode, saying that The Federal Reserve had pumped a lot of money in a bid to support the US economy during Covid. And some of that money made its way into India. In the event the Fed Reserve scales back this QE initiative, maybe we will see the old episode recur once again and so we should be careful.

This week, the Federal Reserve's board indicated that it may raise current low interest rates, sooner than expected. Until its latest policy meeting this week, the Fed had maintained that it saw no hikes at least till 2024. Now it's forecasting raising interest rates twice in 2023. The Fed is in talks about slowing its \$120 billion of monthly bond purchases, which are helping to keep mortgages and other longer-term borrowing cheap.

The shift to an earlier timeline for a rate hike, accompanied with an upward revision in core inflation forecast to 3%, seems to suggest that the Fed may still be concerned about inflationary pressures to some extent. This may lead to Taper Tantrum happening again.

It may affect the financial stability of Indian markets. The currencies of the emerging market may see high depreciation. The turmoil can be observed in the rising current account deficits (imports more than exports) and other macroeconomic imbalances. This turbulence can destabilize emerging markets and provoke fears of crisis.

However, times have changed. The Indian Rupee has outperformed major emerging market currencies, in contrast to 2013. The major reason for its outperformance can be attributed to the gross external financing requirement of India as a share of its forex reserves, which is at a decade low level. The external debt of India has also been trending downwards in the past couple of years, external debt stands at 19.4 % of GDP. At 19.4%, it is much lower than other emerging market countries. India's Net International liabilities at 15.7% of GDP as of 2019 also favoured the rupee to stand out against its peers. The Indian government has also assured that they are taking all steps to prevent a Taper Tantrum.

Only time will tell if the measures are effective in preventing another Taper Tantrum episode.

BRAND (RE)PLACEMENT

Ms. Madhura Gawade,
Alumni,
M.L.Dahanukar College of Commerce

The BAF
Times

The ongoing EURO Cup 2020 has magical moments of its own. Players cast their spell on and off field. One such moment was witnessed few days ago, when world class player Cristiano Ronaldo snubbed two bottles of Coca Cola for Agua (water in Portuguese) during a press conference.

Coca-Cola is the tournament's official non-alcoholic beverage sponsor. The sponsorship deal signed in 2019 with organizers UEFA, gives the global beverage giant the opportunity to showcase its brand during the course of the European Football Championship.

Given his global superstar status, Ronaldo's actions are likely to have implications. The 36-year old G.O.A.T removed two bottles of carbonated soft drinks and raised a bottle of 'Agua' encouraging people to drink water instead. The reaction to his gesture included news articles stating that Ronaldo's action was responsible for Coca-Cola losing \$4 billion.

It is true that Ronaldo declined to drink the strategically placed Coca-Colas and that by the time press conference was over Coca Cola's value was down from \$242 billion to \$238 billion. However there were other factors at play affecting the beverage giant's share price. The proof that Ronaldo did not cause Coca Cola shares to plummet comes from taking a closer look at stock market data.

On the said day the whole US Market was trading low. Shares in Coca Cola were already down on New York Stock Market prior to the conference.

Moreover, on June 14, Coca-Cola shares became ex-dividend. This date was announced more than a year in advance. When you own company shares, you receive dividends on certain days. Once Coca-Cola became ex-dividend, that dividend had already been distributed. On the day that stock ceases to carry dividend rights, share prices adjust mechanically to lower number. In this case, the ex-dividend date happened to coincide with Ronaldo's conference. So Ronaldo's snub was embarrassing for Coca-Cola, an official sponsor for Euro 2020 but not the financial hammer blow it might have seemed.

THE OTHER SIDE OF THE COIN -WHY RONALDO DID NOT MOVE COCA-COLA SHARE PRICE?

**Ms. Riya Giridhar,
SYBAF**

Before Portugal's Euro 2020 football championship opener, Cristiano Ronaldo was preparing for a pre-match press conference. Two minutes before it began, the Juventus megastar forward put aside the two Coca-Cola bottles placed in front of him and said "agua" (water) while smiling to the journalists. It is true that Ronaldo, in front of the press, declined to drink the strategically-placed Coca-Colas on offer. It is also true that, by the time the press conference was over, Coca-Cola's value was down \$4 billion. However, there were other factors affecting the beverage giant's stock price.

- **FACTS:**

1. Coca-Cola has 4.3 billion shares, and closed on Friday, June 11, with a share price of \$56.16 for a market value of \$242 billion.
2. On Monday, June 14, Coca-Cola opened lower, at 9:30 a.m. EST.
3. At 9:40 a.m. EST, its stock price was \$55.26 (down 1.6%) and the market value had dipped to \$238 billion, \$4 billion lower than the prior day.
4. Cristiano Ronaldo moves the Coca-Cola bottles at 9.43 a.m. EST, and says "Água".
5. It is a fact, then, that Coca-Cola's market value was already down \$4 billion by the time of Ronaldo's snub. In fact, at 9.40 a.m. EST, the whole US stock market was trading low. Ford Motor Company was down more than \$2 billion in market value.
6. On June 14, Coca-Cola shares became ex-dividend. Ex- dividend date means when you own company shares, you receive dividends on certain days. In Coca-Cola's case, this date was announced more than a year in advance. Once Coca-Cola became ex-dividend, that dividend had already been distributed. Of course, on the day that stocks cease to carry dividend rights, share prices adjust mechanically to a lower number. In this case, the ex-dividend date happened to coincide with Ronaldo's conference call.

7. A final fact. From the moment CR7 moved the bottles (9.43 a.m. EST), until the end of the Wall Street trading day, Coca-Cola's share price went up \$0.30, adding \$1.3 billion in valuation to the company.

8. These various factors which have nothing to do with CR7 explain the drop.

- CONCLUSION:

Stock movements are often too complex to attribute to a single factor. Rather, they are vulnerable to "confounding events" that happen concurrently and whose relationship to each other is blurry.

STATE BANK OF INDIA GETS NOD FROM CENTRAL BOARD TO RAISE RS 14,000 CRORE VIA ISSUING BASEL-III COMPLAINT BOND.

**Ms. Isha Amdaskar,
SYBAF**

SBI (State Bank of India), the largest money lender of India, on Monday June 21 confirmed that the central board has proposed to raise up to Rs 14,000 crore by issuing Basel-III compliant bonds. "The central board of the bank at its meeting held today on June 21, 2021, accorded approval for raising capital by way of issuance of Basel III compliant debt instruments in USD and/or INR during FY22," SBI said in a regulatory filing.

Bonds are raised to be in US currency or Indian currency. Under this, bank plans to raise fresh additional tier 1 capital up to 14,000 crores subject to the Government of India concurrence, they added. Tier 1 capital refers to a bank's core capital, a lender uses tier 1 capital to function on regular basis and it forms basis of a financial institutional strength.

To comply with Basel – III capital regulates, banks globally need to improve and strengthen their planning process, also added norms are being implemented to mitigate concerns on stress on asset and consequential impact on performance and profitability of bank.

NO TAX ON CASH DEPOSITS MADE BY HOUSEWIVES

Ms. Gauri Borhade

Alumni,

M.L.Dahanukar College of Commerce

A housewife now may not face any problem from the income tax department on deposit of cash upto Rs.2.5 lakh during demonetization (2016). A bench of income Tax Appellate Tribunal (ITAT) has held that such deposits cannot be treated as income of the assessee.

The source of such an amount has to be either household savings/savings from past income or amounts claimed to have been received from any of the sources such as tax-free income, bank withdrawal or from relatives.

In the present case, a housewife Uma Agrawal of Gwailor declared a total income of Rs.1.30 lakh in her returns for AY18 . During the demonetization period, she had deposited over Rs.2.22 lakh cash in a bank.

The assessee said she had collected the said sum from her previous savings, given by her husband, son and relatives for the future of her & her family. The case was picked up for scrutiny on the basis of the deposit. The assessee was asked to produce evidence and give explanation. She said she has no business activities in her name and gets interest on her savings.

However, the assessing officer observed that the cash deposits made during FY16 and FY17 before demonetization was nil and only cash deposits were made during the period of demonetization.

Women all over the country had been accumulating cash saved for themselves from household budgets. However, suddenly they were left with no option but to deposit the amount in the demonetization of Rs.500 & Rs.1000 notes in banks on account of 2016 demonetisation scheme; these notes were no longer legal tenders.

Thus tribunal exempted women who deposits less than Rs.2.50 lakh during the notes recall period.

**Designed by:
Bhavya Bhat, TYBAF**

If you wish to contribute your articles to be featured in the next issue, please mail your articles on swapnils@mldc.edu.in or contact on 9987094858 by Tuesday of every week and wait for the issue to be released on Saturday.

All Articles in this issue are the personal views of the authors and the college does not necessarily subscribe to the personal views of the authors.

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