

EDITION
27



NSB | Business
School
ACADEMY

GDP CONTRACTION



06/06/2021

A | ABSOLUTE
FINANCE

UPCOMING IPOS

- Shyam Metals And Energy Limited
- Abhishek Integrations Limited
- Dodla Dairy Limited
- Devyani International Ltd
- KIMS Hospital
- Sona Comstar Ltd
- Seven Islands Shipping Ltd
- Aadhar Housing Finance Ltd
- ESAF Small Finance Bank Ltd
- Studs Accessories Ltd
- Zomato Ltd

APPOINTED



Adar Poonawalla
appointed as Magma
Fincorp's Chairman

NATIONAL AND INTERNATIONAL

- Serum institute gets Government nod to make Russia's Sputnik V in India
- Kerala government announces ₹20000 Cr COVID-19 package in budget
- India's fiscal deficit at 9.3% of GDP in 2020-21
- Cipla about to give \$1bn to Moderna for booster vaccine in India
- 'Three-child' policy switch lifts Chinese baby and health stocks
- Lebanon's financial crisis among world's worst in 150 years : world bank
- HAL, BEL stocks surge as MoD puts 108 items on import ban list
- J&J plea over \$2.1bn fine in talc case rejected by US top court
- Adani, GMR, Oberoi among 9 bidders for Mumbai's CSMT redevelopment



BANKING AND FINANCE

- Central bank of India allots ₹4800Cr preference shares to government
- Soft bank weighs selling a \$1.5bn stake in Paytm
- FPIs pull out ₹1730Cr from Indian market in may
- Crypto's rising popularity great concern says Ireland's Central Bank enforcer
- RBI cancels license of Maharashtra's Shivajirao Bhosale Sahakari Bank
- Crypto cure to current financial system: Ethereum co-founder Charles
- BSE,ESC sign pact to encourage listing of SMEs and Startups
- Shares of India's largest lender SBI rise to 52-weeks high
- CBI books Guwahati firm's directors for cheating IDBI Bank of ₹168Cr
- Income tax collections surpass corporate tax for the first time
- Non-Banks' NPAs to increase about 4.5-5% by march 2022: ICRA

APPOINTED



Ola hires former Vedanta executive GR Arun Kumar as group CFO

FMCG

- Maggi-maker Nestle' admits 60% of it's products not healthy
- Amul urges PM to ban PETA , says 'It is attempting to ruin livelihood f 10 Cr people'
- Global food prices have surged to their highest in a decade
- TCPL enters premium coffee market , launches 'Sonnets By Tata Coffee' brand



AUTOMOBILE

- Renault - Nissan TN plant to be inspected over COVID-19 safety
- Tesla prices increasing due to supply chain pressure, says CEO Elon Musk
- Tata Motors Passenger Vehicles sales fall 40% to 15181 units in May
- In less than 10 years, half of new cars sold globally will be electric, said by Uday Kotak
- Bajaj Auto sales increases 114% to 2.71 lakh units in may 2021
- Railway records highest-ever freight loading at 114.8 MT in May
- Electric cab operator Blu Smart aims for 500 women drivers in 1 year
- Centre proposes to exempt registration certificate fee for EVs
- GM-backed auto data startup Wejo to go public at \$800mn valuation
- Tesla's China vehicle's orders fall by nearly half in May

OIL & GAS

- Fuel prices hit fresh record highs, petrol nears ₹101/L in Mumbai
- Brent Crude oil prices hit \$71 reaches highest level since march
- Commercial LPG cylinder becomes cheaper by ₹122 per unit
- CBI files FIR against Gujarat-based oil firm for alleged fraud of ₹678 Cr

FUNDING

- PNB Housing Finance to raise ₹4000 Cr via investment led by Carlyle
- Tata Motors arm raises over ₹3100 via offshore bonds
- Indian Entrepreneur's startup Justos gets fund from 7 Unicorn 's CEO
- Delhivery raises \$277mn led by Fidelity ahead of it's IPO
- Rural fintech startup Jai Kisan raises \$30mn led by Mirae Asset
- Health Insurance startup Plum raises \$15.6mn led by Tiger Global
- Ex-Myntra CEO Ananth Narayanan's Mensa brand raises \$50mn
- IIT Madras-incubated GalaxEye raises funds by speciale Invest
- Urban Company raises \$255mn, plans IPO in 18-24 months
- Lending startup KreditBee raises ₹60Cr from SIDBI's investment arm
- Handset maker Lava plans to raise ₹1500Cr via IPO



LG TO CLOSE MOBILE PHONE BUSINESS WORLDWIDE

Stepping Away from Phone Manufacturing and Sales Enables Company to Focus on Growth Sectors Including EVs, IoT and B2B Solutions

M&A

- TBO group acquires Gemini Tours & Travels
- Binny Bansal's xto 10x acquires HR tech startup Dockabl
- Etsy to acquire UK-based fashion resale app Depop for \$1.6bn
- Rossari Biotech to acquire Unitop chemicals for ₹421Cr
- Snowman logistics shares each 3-month-high on tie-up with Dr.Reddy's for Sputnik V delivery
- Manipal Hospitals acquire Bengaluru's Vikram Hospital

INFORMATION & TECHNOLOGY

- Infosys Co-founder buys firm's shares worth ₹93 Cr from wife
- SAP adopts flexible working for it's employees worldwide
- Amazon plans to enter India's satellite broad band space
- TCS creates road map to bring 25% of staff back to office
- Dunzo to test drone delivery of medicines in Telangana
- US Tech company Ful crum digital to hire 500 people in India this year
- Wipro becomes third IT company to hit ₹3 lakh Cr market capital
- Infosys begins internal probe as SEBI bans 2 employees for insider trading
- Apple working on iPad Pro with wireless charging



IMPACT OF COVID-19

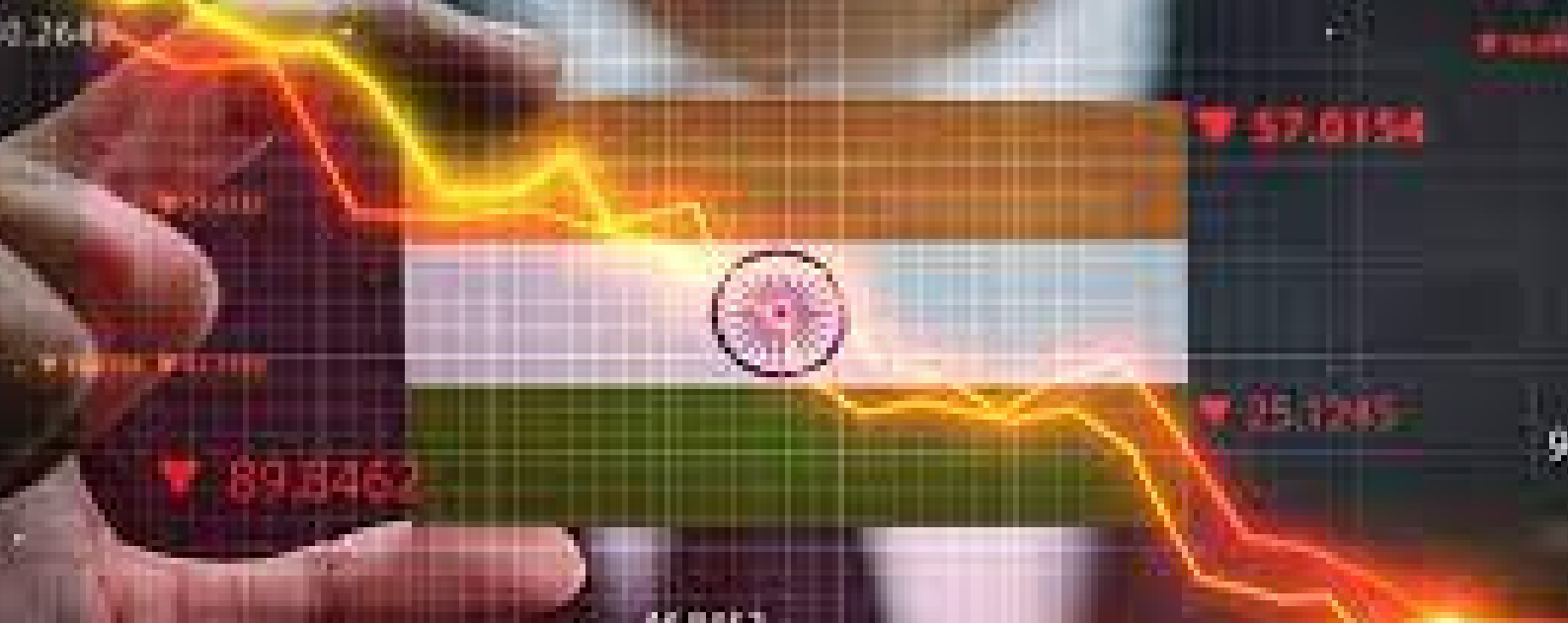
- 70 year old-luggage retail chain Witco from Chennai shuts business due to COVID-19
- Top Thai meat producer shuts factory after 245 test COVID-19 +ve
- Vietnam asks Samsung and other firms to find vaccines for workers
- Indigo imposes leave without any pay for staffs amid second COVID-19 wave
- Bloomsbury sees cookbooks, novel sales climbs further amid pandemic
- Seafood exports dip 11% in FY 21 due to COVID-19 impact
- Reliance Industries Limited to pay 5 year's salary to families of staff who died of covid-19
- L&T to offer quarantine facilities to about 2.5 lakh contract laborers and 45000 employees
- Aviation industry facing one of the toughest times says Vistara CEO Leslie Thung
- Mukesh Ambani's Reliance working on new COVID-19 drug, cheaper testing kits
- COVID-19 will cost Indian airlines \$8 billion, says CAPA

INTERESTING FACTS

Tesla files for trade mark to enter restaurant business

Reliance industries chairman Mukesh Ambani draws nil salary in 2020-21

Parking spot sells for a record of ₹9.6 Cr in Hong Kong



GDP CONTRACTION

Gross domestic product (GDP) is the total value of everything produced within a country's borders. An economic contraction is a decline in national output as measured by gross domestic product (GDP). That includes a drop in real personal income, industrial production, and retail sales. It increases unemployment rates. Companies stop hiring to save money in the face of lower demand.

Amid coronavirus pandemic, India's gross domestic product (GDP) grew at 1.6 per cent in the January-March quarter of fiscal year 2020-21, but witnessed a contraction of 7.3% to ₹135.13 trillion in 2020-21 (in real terms adjusted for inflation). It was at ₹145.69 trillion in 2019-20. GDP is a measure of the economic size of a country, and inflation is the rate of price rise.

This is the first full-year contraction in the Indian economy in the last four decades since 1979-80, when GDP had shrunk by 5.2 per cent. This is also the second straight quarter of expansion since India exited a rare recession.

GVA from Trade, Hotels, Transport, Communication and Broadcasting-related services recorded the sharpest decline of 18.2%, followed by Construction (-8.6%), Mining and quarrying (-8.5%) and Manufacturing (-7.2%).

RBI approves

₹99,122 cr

as surplus to the Central Govt.



Why & how does the RBI transfer
'surplus' to the government?



Money Matters

Recently, RBI approved a surplus transfer worth ₹99,122 crore to the Central gov't for a nine-month period from June 2020 to March 2021.

However, RBI isn't a company that announces a dividend.

Then how does it earn this surplus/profit?



Full Service Bank

RBI makes a profit by carrying out a number of operations and services.

Its income also comes from the returns it earns on its foreign currency assets, deposits with other central banks, as well as its holdings of local rupee-denominated government bonds/securities.

Its expenditure is mainly on the printing of currency notes, on staff & on commissions to other banks.

WHY AND HOW?



Transfer of Profits

RBI transfers this surplus, i.e., the excess of income over expenditure, to the gov't in accordance with Section 47 of the Reserve Bank of India Act, 1934.

RBI is also exempted from paying income tax or any other tax, including wealth tax on these profits.



Big Numbers

In February, Finance Minister Nirmala Sitharaman had projected ₹53,511 cr as surplus transfer from RBI. The actual amount is over 85% higher than the Budget estimate.

By and large, with a few exceptions, the quantum of surplus transfer averages around 0.5% of the GDP.



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FINANCIAL TERMS & ABBREVIATIONS

- NoD : Notice of Decision, a formal notice provided in response to a formal request, such as to a government entity.
- MoD : Ministry Of Defense
- FPI : Foreign portfolio investment (FPI) is a common way to invest in overseas economies.
- PETA : People for the Ethical Treatment of Animals
- OFFSHORE BONDS : Offshore funds, also called international funds, are mutual fund schemes that invest in international markets. These schemes invest in equities of a foreign country or region, or fixed income securities of foreign countries.