M.L.Dahanukar College of Commerce

THE BAF TIMES

ISSUE II 11 DEC 2021 VOL III

FEATURES

AAJ KI KHABAR | PAGE 3

Weekly updates about the finance world

CROSSWORD | PAGE 11

Increase your finance knowledge while having fun

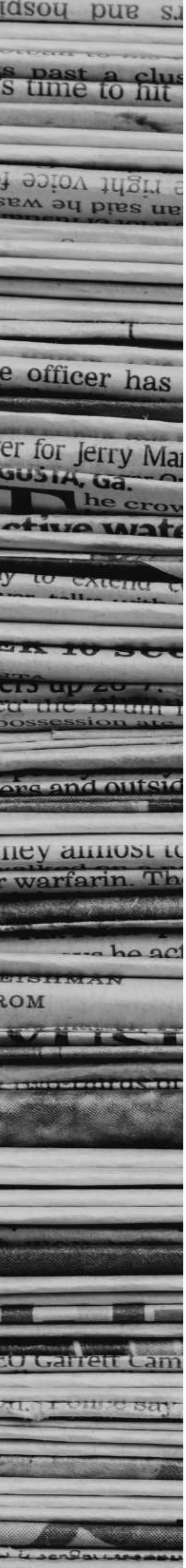
FOREWORD

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 Make it a point to read each and every article in this issue and stay updated so that you don't get outdated.

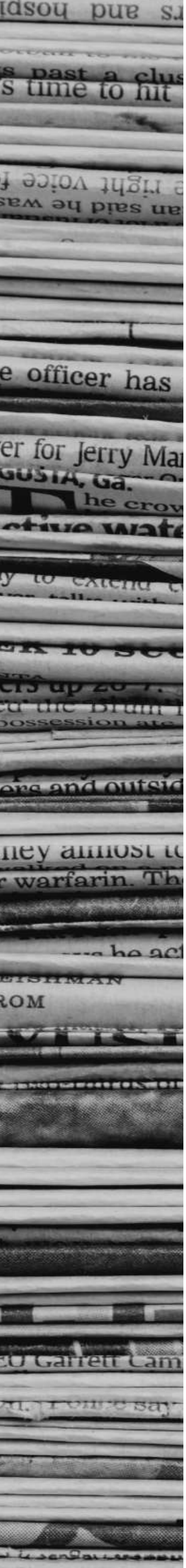
- DR. D. M. Doke, Principal

TABLE OF CONTENTS



AAJ KI KHABAR

- The Finance Ministry has indicated that up to 10 percent of LIC’s IPO issue size could be reserved for its Policyholders
- Anand Rathi IPO fully subscribed on one day
- PhonePe starts RS 999 Health Insurance aimed at young First time Buyers
- Bank officers’ union launches nationwide movement against Privatisation
- SBI join hands with Adani Capital for co-lending to farmers
- State-Owned Indian Bank has reported a fraud of more than Rs 33crore to the Reserve Bank, involving two of its accounts that turned into NPAs.
- Vodafone files application with government for settlement of retro tax dispute
- India’s services sector activity in November registers second-fastest pace of growth since July 2011



AAJ KI KHABAR

- Mukesh Ambani backs data privacy, cryptocurrency bills
- GST collections in November cross Rs 1.3 lakh crore, second-highest ever
- Government looking to add cryptocurrencies to tax law
- Tega Industries becomes 3rd most subscribed IPO of the year
- Over 30 million income tax returns for current fiscal year filed: FinMin
- Employees who choose to skip their full notice period while quitting a job may have to pay goods and service tax
- RBI’s new norms likely to increase NBFCs’ bad loans by one-third

COMPARATIVE STUDY BETWEEN MUTUAL FUNDS, PMS & PAS

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

Despite the common perception that 'millennials' are 'high on risk', millennial prefer fixed deposits over other investment vehicles such as mutual funds and stocks, revealed a recent report by a fintech company. This is very interesting. There can be several reasons for such investment behavior. Nonetheless, what really gels with the same survey report is that 91 per cent of them make their own financial decision, which means chances are high that they may be in doubt or are oblivious of other financial products that can give them better risk-adjusted returns.

We analyzed a range of investment products to demystify them for both novices as well as seasoned investors. Here are the highlights:

Definitions:

- Mutual Funds (MF): These are the companies (trust) that pool money from the public and invests it as per the fund's investment objectives. Every investor can find a fund that suits his or her requirement.
- Portfolio Advisory Services (PAS): These are the companies that give their clients both research and advisory on stocks.
- Portfolio Management Services (PMS): Under this, a company offers an investment portfolio of stocks, debt and other fixed income securities which are managed by a professional fund manager. In the entire report, we have considered the condition of a discretionary PMS, where your portfolio manager takes a decision on your behalf.

Now let us understand how these three options works and weigh them against each other.

- Approach:

MF: Pooling of funds from individual investors is the essence of this kind of investment model.
PAS: Neither the pooling of funds is done nor clients' portfolio is maintained. Here portfolio advice is provided. Client manages his own investment.
PMS: No pooling of investor funds is allowed. A separate portfolio for every client is to be maintained.
Winner: PAS is a clear winner as it enjoys customisation like PMS without forgoing investors' control over their portfolio.

- Number of Stocks:

MF: On an average any equity scheme other than 'Focused MF' hold anywhere between 50-60 stocks.
PAS: The number of holdings is limited to 15-20 stocks.
PMS: Mostly it will follow PAS as they too have a focused portfolio.
Winner: PAS & PMS have a tie. The primary reason for more number of stocks in a portfolio is to diversify, however, the research shows that beyond 15-20 stocks, it does not add much to the diversification benefits. PAS and PMS with a limited number of stocks reap the benefit of diversification.

- Liquidity:

MF: Lock-in period of maximum of 5 years if invested in solution-oriented schemes and lock-in period of maximum of 3 years if invested in ELSS mutual funds. For the rest, there is no lock-in period.
PAS: Highly liquid with no exit load and no lock-in period.
PMS: Here liquidity is high as an investor can withdraw at his or her own discretion in a manner specified under the agreement. However, exit load may be applicable on an early withdrawal.
Winner: PAS, as there is no exit load and an investor, can liquidate his position as and when he requires with minimum impact cost.

- Customisation:

MF: There is no customisation available when you invest in MF. There are categories under different asset classes such as equity and debt and you have to select any of them depending upon your requirement.
PAS: Highly customizable. You can customise your portfolio that matches your risk-return profile and you are in full control of your portfolio.
PMS: This is similar to PAS, however, once a broader level of agreement is reached between client and portfolio manager, the manager may invest on behalf of the client. Hence, he may lose stock specific control in his portfolio.
Winner: PAS, as the investor remains the captain of the ship with full control and can lead it to the desired destination with the help of advisors.

- Investment Size:

MF: Investor can invest in select mutual funds with as low as Rs. 100 per month through SIP or minimum lumpsum investment ranges from Rs. 1,000 to Rs. 5,000.
PAS: There is no minimum investment required. The investment amount depends on the investment corpus of the client.
PMS: Every investor is required to make a minimum investment of Rs. 25 lakhs.
Winner: MF as anyone with as little as Rs. 100 can start investing in MF. Even one can start with that amount in PAS, however, the cost dynamics will not work in their favour as they have to pay advisory service charges.

- Returns Profile:

MF: It will largely depend upon the market and can range between low to high
PAS: Returns will once again depend upon the market and can be medium to high depending upon the portfolio constituents.
PMS: Returns are medium to high.
Winner: PAS and PMS can generate similar returns and hence there is a tie between them.

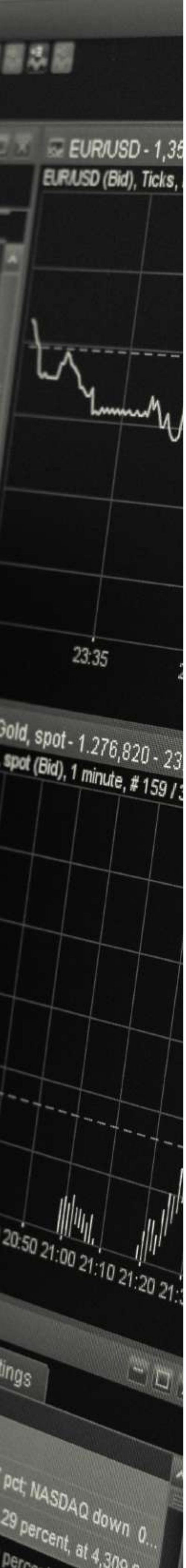
- Cost:

MF: The cost involved in mutual funds is the expense ratio which is accounted in the NAV (Net Asset Value) which includes the asset management fee, other administrative charges and distributors commission (only for regular plans). There are some online platforms who may charge you on transaction basis or a percentage on your investments. Therefore, the total cost may come out as high as 3.5 per cent of your investment amount depending upon how you are routing your investment. In case you are going for a 'direct' plan, it can be less than 2 per cent.
PAS: The cost of portfolio advisory services start anywhere between Rs. 20,000 to Rs. 25,000.
PMS: They charge on percentage on your investments annually and may also have a profit-sharing model wherein, in case an investor get more returns than promised by PMS then on that extra return investor needs to share the profit. On average, it comes out to be around 2.5 per cent in case of a fixed fee. However, in case of profit sharing, it is around 1 to 1.5 per cent plus profit sharing per cent.
Winner: Assuming investment corpus of Rs. 10 lakh in each case, PAS is a clear winner as the cost comes out be around 2.25 per cent of investment corpus.

- Service Provider:

MF: In more than 90 per cent of the case Broker or a mutual fund distributor would be helping you to buy a fund
PAS: You will receive only advisory on the number of stocks to buy and at what price to buy that helps you to build a portfolio that suits your risk-return profile.
PMS: You will not only receive advisory but your advisor who many times also happens to be a stockbroker will help you with execution.
Winner: PAS is a clear winner as there is no conflict of interest between the client and his service provider. In case of PMS and MF there is a conflict of interest because the more you churn your portfolio, the more your service provider will benefit in terms of getting brokerage or commission.

PAS as a product is right for all those individuals who'd like a team of professionals to manage their money so that it can create wealth for them that will help them fulfil the aspirations of their life.



WILL NEW COVID VARIANT OMICRON AFFECT STOCK MARKET?

Ms. Dipti Jadhav,
SYBAF

Market experts are worried as if quick decisions are taken by central government to prevent the spread of new covid variant will eventually end up hurting global economic recovery and markets.

As the cases of Covid variant Omicron are being obtained in India from few days, there is a hustle in stock market since then. Over the last several trading sessions, domestic stock market has seen a jump in volatility. As the markets have already started showing the trends of slowing down as the buyers have started pulling out their hands to avoid a market crash.

As the new variant is spreading across countries both, BSE Sensex and the NSE Nifty 50, as a result of scientists classifying the new variant is highly transmissible, some governments have imposed new limitations. Market experts are worried as if quick decisions are taken by central government to prevent the spread of new covid variant will eventually end up hurting global economic recovery and markets, which will, in turn, have a damaging effect on the stock markets as well.
Nikhil Singh Sumal, who is an ace stock market analyst said, “the market analysis can be quite complex in circumstances like this with the variant. Foreign investors are pulling out their money. Therefore, you cannot tell what will be the outcome of the market. Because the market trends can weigh anyside”.

The new omicron variant has led to a downfall in global markets while, Asian markets seem to have followed the trend as well, which can lead to cease in economic normality as well. The sectors that are doubtful to perform well in these times are IT, Pharma, FMCG.

WHAT IS THE FUTURE OF EDUCATION SECTOR?

Mr. Harsh Gorule
SYBAMMC

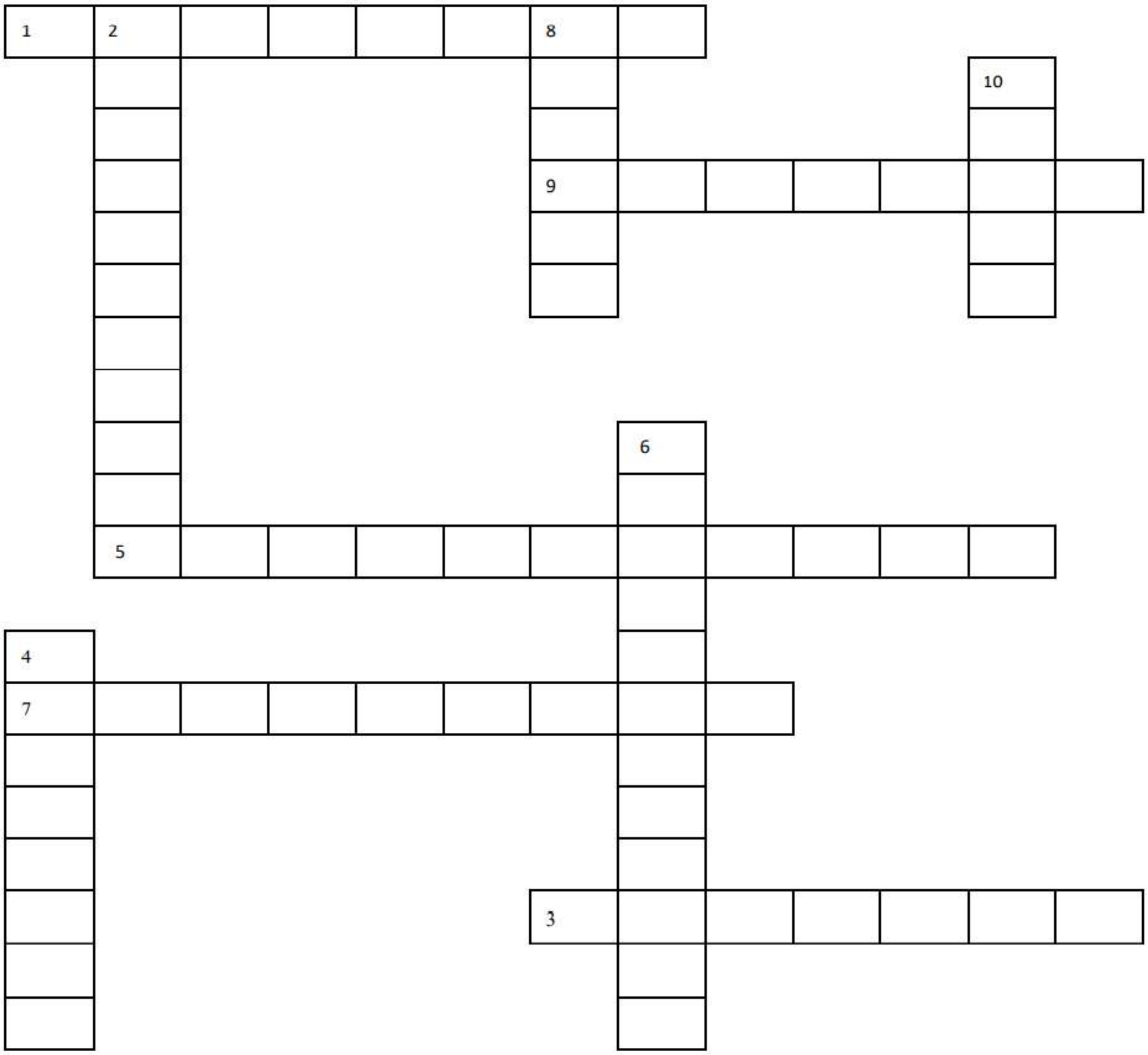
The pandemic has given birth to online learning to students. Extended period of lockdown made schools, colleges, universities to start online education for students, which increased use of internet, mobile, laptop for learning. This online mode of education made learning fun, effective and interactive.

Traditional learning is linear, standardized and fixed but internet is different. It made education available to everyone. Byju's, Upgrad, Udemy are some educational technology companies that provide online courses, degrees and one on one guidance to students.
2021 is full of innovations in education sector. It brings trends like using online video call platforms as classroom. Today 150 million students use google classroom across the world.

Innovation in learning pattern by using games is called gamification. It holds attention of students by using graphics, challenges, rewards. Using smart boards instead of black boards, using videos for learning can change education sector forever. It will make education model non-linear, value adding. Artificial intelligence in education sector will solve many problems of students. Virtual reality in learning helps to understand topic through simulation. Recently Facebook announced their new name 'Meta'. Next year Meta is launching VR devices called Cambria. AI tutor, online learning communities, smart content are just the beginning.

We can say that education sector in future is going to be effective, creative, constructive, value addition, quality. It will enable personalized learning for everyone. Students will have their personal artificial Aristotle with them.

CROSSWORD



<u>ACROSS</u>:

1. .A person who consumes product.
3. Assets used for the production of goods and services
5. Credit balance of Trading Account.
7. Something which you are liable to pay.
9. Demand and price have _ _ _ _ relationship..

<u>DOWN</u>:

2. Expenses yet to be paid.
4. Basic function of management.
6. Demand for a product by many consumers.
8. Term used for Character or Moral values.
10. Goodwill is a/an _ _ _ _ _.

Answers will be given on the last page of the newsletter

Designed by:
Bhavya Bhat, TYBAF

BAF TIMES Team
Aditya Patil, Bhavya Bhat, Gargi Chauhan, Nrupali Patkar

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.

Editor-in-Chief
CS Swapnil Shenvi, Coordinator – B.Com.(A&F)
M.L.Dahanukar College of Commerce

ANSWERS
ACROSS - 1. CONSUMER 3. CAPITAL 5. GROSS PROFIT 7. LIABILITY 9. INVERSE
DOWN - 2. OUTSTANDING 4. PLANNING 6. MARKET DEMAND 8. ETHICS 10. ASSET