

THE BANKRUPTCY



SPECIAL MENTION: PULWAMA ATTACK



IMAGE SOURCES:
thehindustanbusinessline.com
indianexpress.com ·

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Cover Story- The Bankruptcy



The stock exchange has recently been informed that the Anil Ambani owned RCom is filing for bankruptcy proceedings in the NCLT (National Company Law Tribunal). The decision has come after the telco failed to take necessary approvals from lenders and DoT to conclude its deal with Reliance Jio. Lenders have received zero proceeds from the proposed asset monetisation plans, and the overall debt resolution process is yet to make any headway. The National Company Law Tribunal has admitted three insolvency petitions filed against RCom and its subsidiaries by telecom gear maker Ericsson to recover Rs 1,150 crore in dues. Crisis-ridden for long, RCom was aiming to sell its towers, fibre, spectrum and nodes to elder brother's company Reliance Jio for about Rs 18,000 crore. Now it cannot sell any of its assets. The past few years have been a slow death and a topsy-turvy ride for the company. When it started out, it chose CDMA, an emerging technology, instead of GSM, which was used by its competitors Airtel and Hutchison Max. CDMA could only be used for 2G and 3G and not 4G or 5G. RCom kept investing in CDMA and by the time it realised its drawbacks, it was too late. At one point, the telco was left with limited resources to make a significant shift towards GSM. The shift which was made

was half-hearted. The lower-than-expected investments in GSM networks in the following years led to RCom losing out to telecom behemoths in a highly competitive telecom market. The shares of RCom are already plummeting and along with that Reliance Capital, Reliance Power and Reliance Naval and Engineering Ltd have also taken a pounding on the markets. The brand 'Reliance' had come to be so big that few could imagine a Reliance company being chased by creditors and going bankrupt, even though the business of Anil Ambani group has not been as big and promising as that of Mukesh Ambani. On failing to pay the dues, Anil Ambani would be sentenced to three months' imprisonment. RCom has always had a challenging journey in the telecom market and unlike other operators, it could not even find a peaceful exit.

Sources: Business Today, Business Standard, Economic Times, Bloomberg Quint

Image Source: Dawn.com



Special Mention- Pulwama Attack

On 14 February 2019, a convoy of vehicles carrying security personnel on the Jammu - Srinagar National Highway was attacked by a vehicle-borne suicide bomber at Lethpora in the Pulwama District. The attack was carried out when a car laden with IED explosives crashed a bus carrying CRPF soldiers. The attack resulted in the deaths of 40 Central Reserve Force (CRPF) jawans and the attacker. The responsibility for the attack was claimed by the Pakistan based Islamist militant group Jaish-e-Mohammed (JEM). A JEM member named Adil Ahmad Dar, a Kashmiri local, was identified as the attacker. The convoy included 2500 soldiers and most were on their way back to the army base, after being on leave.

In retaliation, our Government has done the following:

1. Withdrawal of MFN (Most Favoured Nation) status, and imposition of 200% customs duties hike.
2. Renew push to have Masood Azhar (leader of JEM) designated a global terrorist.
3. Getting UNSC to pass strongly-worded resolution against the attack

4. Cooperation with Iran against Pakistan's support for terrorism
5. Pushed for censure from FATF (Financial Action Task Force, focussing on Money Laundering and Terror Funding)
6. Shut the door on dialogue with Pakistani Officials.
7. Publicly authorised revenge for the attack.
8. Stepped up anti-terror operations in Kashmir.

While France, Russia and other countries have condemned the attack, the US has gone the extra mile in saying that the attack strengthens the resolve to bolster counter terrorism and cooperation between India and the US. China, whose closest ally in South East Asia tried to water down the statement issued by the UNSC and delayed the release of the statement by suggesting multiple amendments however the final stance taken by UNSC supported India's claims.

Our Government taken a strong diplomatic offence in isolating Pakistan internationally for funding terrorism and is determined to bring the Pulwama attackers to justice.

The martyred jawans were laid to rest with full state honours. Thousands of citizens sent their condolences and support to the families of the jawans. The 'Bharat Ke Veer' website launched by the Home Ministry has been the official platform of accepting donations for soldiers making the ultimate sacrifice. State Governments have also extended financial aid to the family members.

As of now, there is uneasiness settling in Kashmir, where people have stocked up on food and medicine supplies, anticipating a retaliation by the armed forces.

Resources – India Times, Economic Times, DNA, NDTV.

Image Source: hindustantimes

Fictionary – Random Walk Theory.

The random walk theory suggests that previous trends of a stock price or market cannot be used to predict the future movement of a stock price. In short, the idea that stocks take a random and unpredictable path and that it is impossible to outperform the overall market average other than by sheer chance. The theory was proposed in 1973 in Burton Malkiel's Book - "A RANDOM WALK DOWN WALL STREET". Malkiel was an Economics professor at Princeton university.

BASIC ASSUMPTIONS OF THE RANDOM WALK THEORY

- 1) The random walk theory assumes that price of each security in the stock market follows a random walk.
- 2) The random walk theory also assumes that the movement in the price of one security is independent of the movement in the price of another security

PRACTICAL IMPLICATIONS

The random walk hypothesis has some practical implications for investors. For example, since the short-term movement of a stock is random, there is no sense in stressing about timing the market. A Buy and Hold Strategy is suggested by Malkiel as the most effective to gain maximum returns. If the theory stands true, then an investor's ability to outperform the stock market is more LUCK than analytical skill.

HOW IT WORKS:

The central idea behind the random walk theory is that the randomness of stock prices renders attempts to find price patterns or take advantage of new information futile. Here is why –

- 1) Malkiel calls the notion of intrinsic value undependable because it relies on subjective estimates of future earnings using factors like expected growth rates, expected dividend pay-outs, and interest rates.

- 2) The theory considers technical analysis undependable because chartists buy only after price trends are established and sell only after price trends are broken; essentially, the chartists buy or sell too late and miss the boat
- 3) Further, Malkiel finds fundamental analysis flawed because analysts often collect bad or useless information and then poorly or incorrectly interpret that information when predicting stock values. Factors outside of a company or its industry may affect a stock price, rendering further the fundamental analysis irrelevant.

Critics of the theory however claim that it is possible to outperform the market through careful analysis and stock prices are predictable. The most controversial aspect of the theory would be that it renders investment analysts and portfolio managers as redundant and gives support to the individual intimidated investors.

TWO FORMS of the Random Walk theory are -

- 1) The semi-strong form states that public information will not help an investor or analyst select securities because the information is already reflected in the current stock price.
- 2) The strong form states that no information, public or private, will benefit an investor or analyst because even inside (private) information is reflected in the current stock price.

Reference: Investing

Answers, InvestarIndia, Investopedia.



Person of the Issue— Mary Barra

position of Vice President of Global Human Resources, which she held until February 2011, when she was named Executive Vice President of Global Product Development. When Barra took over as chief executive of General Motors in January 2014, she became the first ever female to head an automobile manufacturer. In 2017 Barra was the highest paid Detroit Three executive, with a total remuneration of \$21.96 million.

Mary Teresa Barra is the Chairwoman and CEO of General Motors Company. General Motors Company is an American Multinational Company headquartered in Detroit and owns subsidiaries such as Chevrolet, GMC, Ford, Cadillac and many more. She has held the CEO position since January 15, 2014, and she is the first female CEO of a major global automaker.

EDUCATION: Barra graduated from the General Motors Institute (now Kettering University), where she obtained a Bachelor of Science degree in electrical engineering. She then attended Stanford Graduate School of Business on a GM fellowship, receiving her Master's in Business Administration degree in 1990.

AWARDS:

- 1) Barra was listed number one in Fortune's Most Powerful Women list in 2015, moving from second place the year before.
- 2) She remained in the number one spot in Fortune's Most Powerful Women of 2016 and 2017 and Number 5 on Forbes World's 100 Most Powerful Women List in 2017.
- 3) In April 2014, Barra was featured on the cover of Time's "100 Most Influential People in the World."

CAREER: Barra started working for General Motors at the age of 18 as a co-op student in 1980 and subsequently held a variety of engineering and administrative positions, including managing the Detroit/Hamtramck Assembly plant. In February 2008, she became Vice President of Global Manufacturing Engineering. In July 2009, she advanced to the

Under Barra's leadership, GM envisions a world with zero crashes, to save lives; zero emissions, so future generations can inherit a healthier planet; and zero congestion, so customers get back a precious commodity – time. She's focused on strengthening GM's core business of great cars, trucks and crossovers, while also working to lead the transformation of personal mobility through advanced technologies like electrification, autonomous driving. Barra has also established a strategic direction based on putting the customer at the centre of everything the company does. She truly is an inspiration to all women aspiring to break the glass ceiling.

Reference: Money Inc and GM (Official Website).

Image Source: Forbesimg



THE LEARNING CURVE

Today on the learning curve we are going to list down some of the best business, finance and entrepreneurship podcasts for you to check out.

So Money by Farnoosh Torabi

This podcast, which happens thrice a week, covers a wide range of topics from investing to entrepreneurship and more. She also has some of the best guests which allows for a great conversation.

Stacking Benjamins – Joe Saul-Sehy

It covers a wide range of financial topics and has a very entertaining and friendly tone. It was also named the best business podcast of 2017.

Afford Anything-Paula Pant

This podcast covers finance, real estate, entrepreneurship, personal development and more. They feature guests from a wide array of fields and answer audience submitted questions.

Listen, Money Matters- Andrew Fiebert and Thomas Frank

This podcast covers topics related to personal finance and the resources provide personal finance knowledge and great advice to all.

Money for the rest of us-David Stein

This podcast focuses on providing information about the economy and financial markets and how it impacts individual portfolios. The thoughtful and experienced advice by David Stein is really beneficial.

Sources: Forbes, collegeinvestor.com

Rapid News

- Ø India to remain fastest growing economy: Reportolder
- Ø RCom case: SC dismisses contempt plea against SBI
- Ø Govt calls meeting next week on mandatory hallmarking of gold jewellery
- Ø Moody's upgrades outlook on Yes Bank to stable
- Ø Vodafone Idea eyes 100% network integration by June 2020
- Ø Mukesh Ambani's RIL world's 6th fastest growing retailer; beats Jeff Bezos' Amazon, Nike
- Ø Maruti Suzuki, Hyundai rule list of top 10 cars sold in January
- Ø Tata Motors betting big on electric buses, hopeful demand will grow
- Ø Rupee drops 13 paise to 71.24 against dollar as crude rises
- Ø Edelweiss, Kotak, JM Financials named in NSEL case
- Ø RCom wants lenders to release Rs 260 crore

THANK YOU

For further queries, details, suggestions etc email us at
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