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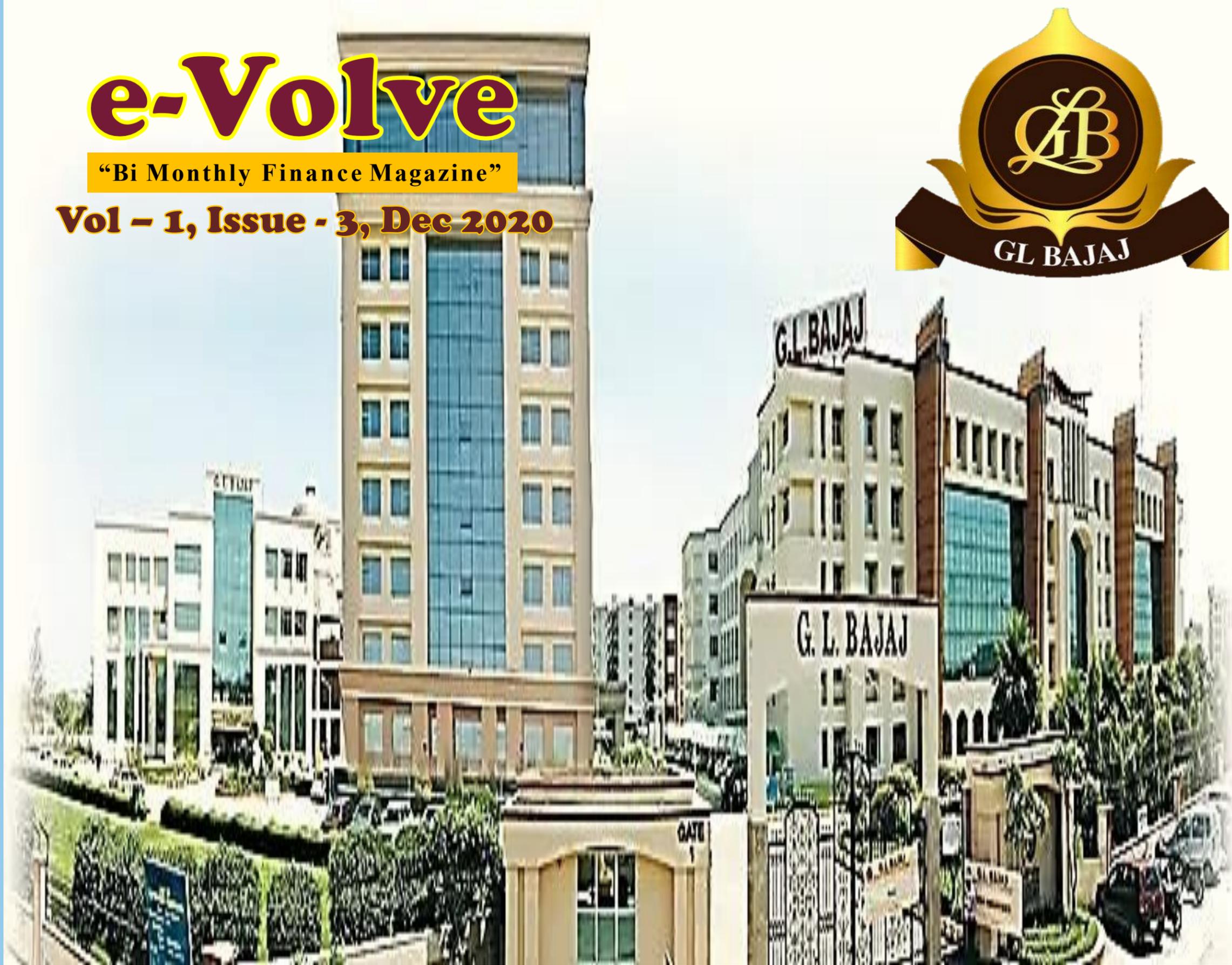
Faculty Coordinators

- Dr. Uma Luthra
- Dr. Anand Rai

e-Volve

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GL Bajaj Institute of Management & Research

Plot No. 2, Knowledge Park-III, Greater Noida, U.P.-201306

Website: www.glbimr.org

☎ : 8010-081-081
director@glbimr.org

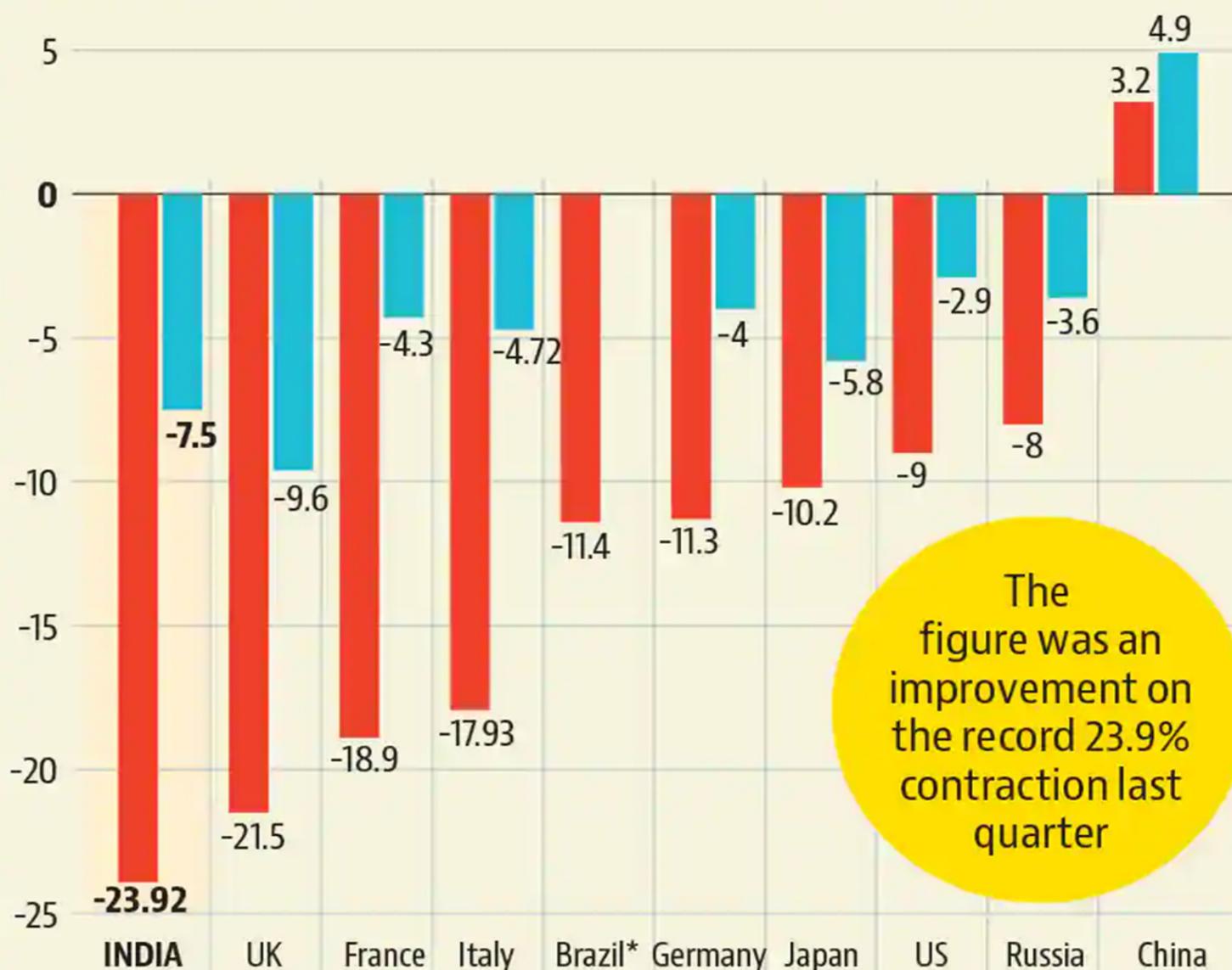


INDIA TECHNICALLY ENTERS INTO RECESSION AS Q2 GDP SHRINKS BY 7.5%

GDP growth in major economies

GDP growth in the September quarter is higher than UK, but it still lags behind most economies

GDP growth in quarter ending ■ Jun 2020 ■ Sep 2020 (in %)



The figure was an improvement on the record 23.9% contraction last quarter

*Sep quarter not available; Source: Bloomberg

The year 2020 will go down in history as one of the weirdest and most disturbing years. With the covid-19 pandemic pushing many global economies deep into decline, many significant global events such as the US elections also made this year full of many economic discrepancies. This year has been so full of ups and downs, that even the moment of an economic recession is being seen as a glimmer of hope. The first quarter of this fiscal year was depressing for almost the entire world. Countries like the UK, France, Italy, Spain, Mexico, Singapore, Japan, to name a few, were all caught in a period of grave economic decline. And not surprisingly, India topped this list, with its Q1 GDP contracting by a massive 23.9%. However, after the results of the first quarter, and the apparent “slowdown” of the pandemic, India, just like many other countries in the world, started unlocking the economy gradually. Businesses were once again back on the market, trying to get back up on their feet. Unfortunately, though, India officially entered recession in the second quarter. The GDP data which was released yesterday showed that the Indian economy has shrunk by 7.5% in Q2. This is the second consecutive negative GDP. Technically, when an economy faces a negative GDP growth for two consecutive quarters, it is said to have officially entered the recession period. Now, as grave as the word ‘recession’ sounds, this situation is being considered as a sign of a speedy economic recovery, and positive numbers are expected ahead.

According to the official data released on Friday, the Gross Domestic Product (GDP) of India contracted by 7.5% in the second quarter period from July-September. This indicates that after two consecutive negative GDP figures; India has officially entered its first recession, since 1996, when the country began keeping quarterly records. Despite the negative figure, this data is a sign of a speedy, positive recovery as the economy rebounded from the record economic decline of 23.9% in the first quarter, which was a result of the Covid-19 induced nationwide lockdown. Also, this performance came in as quite a surprise to most as the numbers were much better than what was anticipated. An economic poll by news agency Reuters had predicted that India's GDP reading of the second quarter would be around 8.8%, while RBI had forecast a contraction of 8.6%. Proving the experts wrong, India, even though in a phase of recession, has shown a positive road ahead, and thus, this figure is quite relieving for the markets.

Which Sectors are leading the way towards recovery?

The period of the second quarter from July-September this year was a time when most of the economy was still “unlocking” itself. Even though the government had started re-opening the economy gradually, the pandemic was still at large, which thus reflected a positive performance only in a handful of sectors.

The current data shows that only three out of eight economic sectors saw positive growth. Sectors like agriculture, manufacturing, and utility services like water, gas, electricity marked growth. The agriculture sector grew by 3.4%, manufacturing by 0.6% from -39.9% in Q1, and electricity gas, water supply, and other utility services grew by 4.4% from -7.0% in Q1 of the current year. This positive growth, especially in the agriculture and manufacturing sectors raises glimmers of hope as, after the recent announcement of the covid-19 vaccine, the government is prepping up for the distribution of covid-19 vaccines to a country with about 140 crores people.

The data also showed that consumer spending, which is considered as the main driver of the economy, dropped 11.3% year-on-year in July-September as compared to a revised 26.7% fall in the last quarter. On the other hand, the capital investments were down 7.3% as compared to a 47.1% fall in Q1. According to the Chief Economic Adviser at the Ministry of Finance Krishnamurthy Subramanian, “The Q2 GDP numbers are encouraging”. He said that considering this growth in the farming and manufacturing sectors; there were signs of a “V” shaped recovery which will be encouraged by increased demand for consumer and investment goods.

Disclaimer : Views are Personal opinion of the Author:

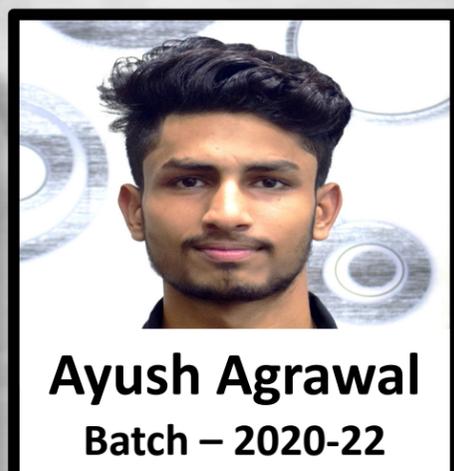
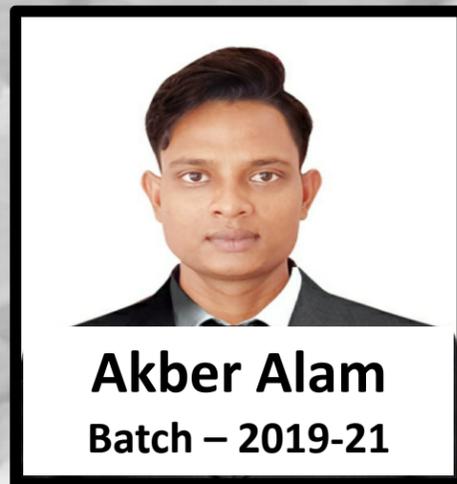


Written by:
Kanshik Gupta
PGDM Batch (2020-22)

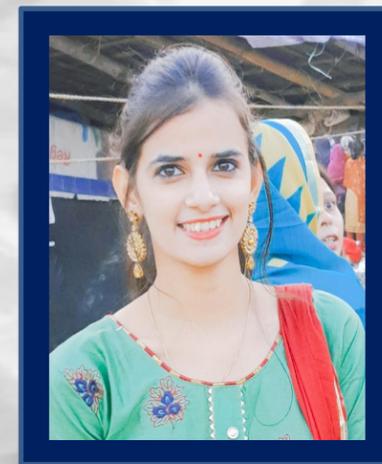
Above Article is Selected among the articles contributed by:

- 1 Kanshik Gupta (Batch – 2020-22)
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- 4 Jyotica Srivastava (Batch – 2020-22)
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GAME

Can you crack the code?



CODE

Will you crack the code?

- | | | | |
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| <input type="text" value="5"/> | <input type="text" value="4"/> | <input type="text" value="8"/> | One number is correct and well placed |
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- Responses will be accepted through link only.
- Name of the winner will be published in Next issue.

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Stock

Trading Terminology



What do Stock Trading Terminology mean?

Stock market terminologies are industry-specific terms which are frequently used when we read or talk about the stock market.

Experts and novice often use these terms to talk about strategies, stock market charts, indices and other elements of the stock market.

Buy



Means to buy shares or take position in a company.

Sell



Getting rid of the shares as you have achieved your goal or want to cut down losses.

Ask



Ask is what people who are looking to sell their stocks are looking to get for their shares.

Bid



Bid is what you are willing to pay for a stock.

Ask-Bid Spread



Spread is the difference between what people want to spend and what people want to get.

Bull



A bull market is a market condition where investors are expecting prices to rise.

Bear

A bear market is a market condition where investors are expecting prices to fall.

Limit order

A limit order is a type of order which executes at the price placed for buy or sell.

Market order

A market order is a type of order which executes as quickly as possible at the market price

Authorized Shares

This is the total number of shares that a company can trade.

IPO

It is an Initial Public Offering that happens when the private company becomes a publicly traded company.

Secondary Offering

This is another offering in order to sell more stocks and to raise more money from the public.

Day order

A day order is a direction to a broker to execute a trade at a specific price that expires at the end of the trading day if it is not completed.

Volatility

Means how fast a stock moves up or down.

Going Long

Betting on the stock's price will increase so that you can buy low and sell high.

Dividend

Portion of the company's earnings which is paid to the shareholders.

Broker

A broker is a person who buy or sell stocks on your behalf.

Exchange

An exchange is a place where different types of investment are traded.

Averaging Down

This is when an investor buys as the stock goes down so as to decrease the price at which purchased.

Capitalization

This is what the market thinks a company's value is.

Float

This is the number of shares which can be actually traded after deducting the shares held by insiders.

Portfolio

A collection of investments owned by you.

Margin

Margin account lets a person to borrow money from the broker to buy shares.

Sector

A group of stocks in the same sector.