



Drachma

About Us

Drachma is a student-led finance club, founded in July 2020. The Finance Club intends to facilitate information sharing on all financial aspects and the economy at Amity School of Economics and at the university level, leading towards holistic development of the student community.

The club aims to inculcate financial instincts in college students through events, workshops, seminars and continuous industry engagements, to bridge the gap between textbook knowledge and reality. We aim at skill development in the field of finance to allow individuals to achieve financial competency in the long term.

Drachma also publishes a quarterly newsletter called "Drachma Bulletin," which incorporates articles on various financial aspects. It provides a platform for every individual with a financial viewpoint to express themselves.

In the community, we promote financial literacy.

Every day, the Drachma team expands their horizons through learning and unlearning. We're hoping that our investments yield great dividends.

Our Vision

We at drachma aim to inculcate expertise and knowledge of finance through our inclusive sessions. We aim to upskill the students of today about life-long personal financial management and become an interface for students interested in a career in finance.

1. Our events are planned in a way to acquaint participants with the nitty-gritty of finance.
2. Incorporate guidance from experts ranging from industry, academia and policy firms.
3. Reach out to other institutional clubs and colleges for participation and collaboration.
4. Raise awareness about news on business and finance through our quarterly newsletter- Drachma Bulletin.

Our Team

Tanishq Arora
President

Anannya Varshney
Vice President

Varun Tiwari
Core Member

Paul Joseph
Vice President

Parthiv Raj
Core Member

Sanjana Goswami
Core Member

Paritosh Gupta
Core Member

Palak Nangia
Core Member

Arya Roy
Core Member

V Tushaar
Core member

Rishabh Kumar Jha
Core member

Liyanshi Choudhary
Core Member

Being the faculty coordinator of this prestigious club is a moment of extreme pride for me. I am immensely grateful to be blessed with such a holistic and hardworking team. Being a finance graduate myself, I am well-aware of the necessity of financial education for today's budding economists and for everyone else who is breathing in this ever-changing world, which is highly integrated with financial markets.

Drachma, the financial club of Amity School of Economics, is always coming up with new ideas to make financial education an enjoyable and captivating experience for Amitians.

I, on behalf of the entire Drachma's team, hope that you'll enjoy and appreciate what our team has put forward for you and gain knowledge.



DR . MANISHA RAJ
FACULTY COORDINATOR

Words From our Co-ordinator

About the Event

MONEY TALKS

“Formal education will make you a living; self-education will make you a fortune.” --Jim Rohn

If you're looking for a fortune, Drachma is the best place to start. As our first step towards success, Drachma is delighted to present its first event.

“Money Talks - Ep.1: Personal Finance, Education Loans and Business in India”

Where we talk about mindful savings and investing in student life with just your pocket money, saving more on your student loans and avoiding future financial losses in your business (large or small). We are discussing this and will also be exploring topics on different ways to save, investing trends and markets, current bank interest rates, and basics on starting a business and becoming an entrepreneur.

To solve your queries, we are bringing in professional pundits along with our faculty guide Dr. Manisha Raj

Contact Details.

DRACHMA

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DRACHMA

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DRACHMA BULLETIN

NEWSLETTER BROUGHT BY DRACHMA,
THE FINANCE CLUB OF
AMITY SCHOOL OF ECONOMICS

WORDS OF INSPIRATION



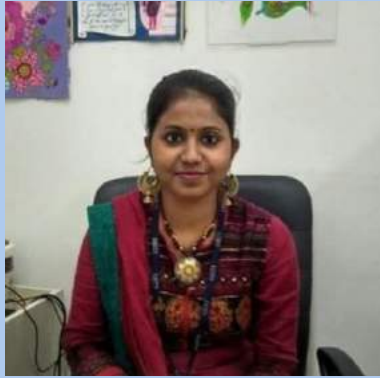
Prof. Dr. Kavita Indapurkar
Jt Administrator of ASE
AUUP Noida

At the very outset, let me congratulate the enthusiastic students of ASE who look forward to learn beyond books. I am proud for your yet another initiative of publishing Drachma's newsletter, Drachma Bulletin.

This new endeavor shall definitely work towards enhancing the written communication skills on one hand but will also help all to keep abreast with the current happenings in the area of finance and economics.

I am sure this activity will also make the news-letter team to learn better coordination, better team work and better time management along with other things.

I wish you all the very best



Prof. Dr. Manisha Raj
Teacher In-charge, Drachma
AUUP Noida

Greetings to my respected colleagues and my dear students.

Today we are delighted to launch the first news bulletin of The Finance Club- Drachma of Amity School Of Economics. As we all are students of Economics, we perhaps better understand the importance of financial wellbeing, even though it is essential for every individual to have sound financial planning.

This club is formed to help our students understand the current trends of the financial market and interpret its implications on our life. For eg., we all are affected by the price inflations, the turbulences in the stock market due to national or international economic/political/sociological changes, the bank lending, and borrowing rates, govt policies of pension schemes, mutual funds, and the list go on. This club is designed to provide a dynamic platform for discussing and understanding these critical perspectives of financial challenges and keep you informed about the changes which will help us undertake better financial planning.

In the last one and half years of the covid-19 pandemic, the need to have a better understanding of managing finance, in the long run, has become even more pronounced. The importance of saving and investment, which adds to the value of individual or family assets, or for that matter business assets is the need of the hour. During the pandemic the net worth of most of the households at the middle class and lower-middle level has miserably deteriorated and corporate houses of all sizes have had a turbulent time. The effect has been rippling in nature from one product to another and from one country to another, hence awareness and right decision making to utilize the funds at the individual and corporate or governmental level is the need of the hour.

Through the activities of Drachma, we will promote the basics of financial literacy and better financial planning to the upcoming budding economists as well as to the entire student fraternity.

Finally, I wish you good luck with your upcoming endeavors.



Pulkrit Tiwari
Founder President
Drachma

As I sit back to write down a foreword for what will be Drachma's first newsletter, I cannot help but feel an immense swell of pride and satisfaction over what the club has achieved in the tiny span of the past 11 months.

While the idea of a finance club was lodged in my head ever since I set foot on the third floor of the famous K3 block, the wheels were only set in motion during the summer of 2020. It was only after several calls, emails, and texts over a period of numerous months that Amity School of Economics finally had a well-deserved finance society. I wanted to provide a one-stop place for all the students of the institution with a knack and interest for finance to gain knowledge according to their passion. This was meant to be something practical, professional, and completely out of our vast economics curriculum.

As Founder President, I was exceedingly lucky to have the privilege to choose a core team, and I daresay that I couldn't have done better. The attitude and passion that each member has shown towards the club and the field of finance has been unmatched. It is because of their efforts that the club has quickly risen through the ranks to become one of the most important in ASE. Our efforts were fueled by the support of Dr. Manisha Raj, who gave us all the guidance that we needed and stood by us while shooing all the problems that came along the way. Additionally, not enough thanks can be given to the founding executives Mihika and Mannat who have been part of this journey since the very beginning.

While I wait to pass the baton to the next president and the core team expands to include more students, I implore all the readers of the bulletin to realize the importance and value of sound financial knowledge in their lives. You can choose to enter any profession after the end of your academic life, but in this modern capitalistic society, money and finance will be central to everything you do. Ancient Greek playwright Sophocles said: "Wisdom outweighs any wealth", and this certainly has a ring of truth to it. However, the times we live in have taught us that in reality, it is this wisdom that creates real wealth. Together, let's move towards wisdom. At the finish line, whatever may be the case; money always matters.

I congratulate the entire newsletter team on producing what I am sure will be an enriching and enlightening experience for all the readers. Best of luck to the team on future editions as well.

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DRACHMA BULLETIN

The official newsletter of Drachma



Barter To Bitcoin

The economic exchange started with the beginning of the Barter system, (an exchange system of goods or services). One major problem that arose with the barter system was that there was no standardized exchange rate. Then, around late 5000 BC, metal coins replaced the barter system. The Lydians were the first ones in the western world to make coins. Later, countries began to mint their own coins and assigned different values accordingly. A few centuries later, Fiat Money was introduced. This form of money is valid to be used to make any form of payment, as it is a legal tender.

But, Fiat money had some flaws:

- 1- Centralized- Only central authority controls and issues this legal tender, and it has the power to make one's current piled wealth worthless.
- 2- Unlimited- Fiat money is unlimited, the government can print as much money as they want and can inflate the money supply in the market.

After people became familiar with fiat money, the transition of fiat money to digital payments was easy. Nowadays, people prefer e-cash (Gpay, Paytm, PayPal, e.t.c.) over cash because of its convenience. But with money being digital today, how the central authorities keep track of this? For example, if someone has a file representing 5 rupees, what stops them from copying the same file 1000 times and making 5000 rupees. This is known as the "double-spend problem" The solution



that bank uses to prevent this issue is a "centralized solution."

Moreover, there has been several attempts to create alternative forms of digital currencies without a centralized authority; however, none successfully solved the double-spend problem. As, whenever someone has absolute control over the money supply, it gives them enormous power, leading to 3 significant issues: Corruption; Mismanagement, and Control.

To address these problems, mainly the issue of control, a decentralized solution was taken into consideration. In 2009, a document named "Whitepaper" was published online by Satoshi Nakamoto, which suggested creating a system for a decentralized currency called Bitcoin.

This system was designed and claimed to solve double-spending without the need for interference from the central authority.

Bitcoin is Pseudo-anonymous, i.e., everything is open, transparent, and trackable. This new digital currency is decentralized, and no one computer holds the ledger. It is also known as the "Internet of money" and has offered a decentralized solution to currency. As it is a digital currency, it provides the potential to further add various layers of programming over it to convert it into a smarter currency.



Bitcoin has two main advantages:

1. It gives one complete control over one's money, and only that person can access his/her funds when needed.

2. There is no involvement of middlemen in the process of transferring money. Hence, it is comparatively cheaper and easier than traditional wire transfers.



At present, many investors and IT firms are interested in trading cryptocurrencies and creating a separate new platform for them. Blockchain innovation and Bitcoin are considered niche, and the technological risk associated with creating and funding them is sky-high.

Regardless, as an increasing number of investors are emerging in the market, brand new and cost-effective technologies are anticipated to arise, paving the way for extensive acquisition of Cryptocurrencies in India.



DO YOU KNOW?

Satoshi Nakamoto is a presumed pseudo name for the person/persons/organization that created the Bitcoin. His/Her/Their identity is not known!!!

The Asian Financial Crisis of 1997



Thailand's economy and other East Asian countries' economies were booming from 1988 to 1996. With foreign capital investments flooding into the countries, there was a sense of economic prosperity and development.

On 2nd July 1997, the Thai Baht collapsed, which was followed by a financial crisis in East Asian countries (known then as the Asian tigers).

The Thailand government announced that it lacked foreign currency resources, and due to which it had to abandon its fixed exchange rate against the US dollar. This forced the Thai Baht into a floating exchange rate which in turn devalued due to market forces. Capital flight ensued almost immediately, beginning an international chain reaction. The Thai Baht fell by around 38%, as a result, there was a decline in the

stock market as well.

In June 1997, Indonesia seemed far from the crisis. Unlike the crisis origin country, Indonesia had low inflation and a trade surplus of more than \$900 million. It had a huge foreign exchange reserve of more than \$20 billion and a good banking sector. In July 1997, when Thai floated the Baht, Indonesia's monetary authorities widened the rupiah currency trading band from 8% to 12%. The Rupiah came under severe attack by August. On 14th August 1997, the managed floating regime was replaced by a free-floating exchange rate. This caused the Rupiah to fall further.

There were corruption problems and scandals that exposed the weak financial system of South Korea. The Seoul Stock exchange fell by 4% on 7th November. On 8th November, The Seoul Stock Exchange fell by

7%, which is considered to be the biggest 1-day rate drop to date. On 24 November, stocks fell a further 7.2% on fears that the IMF would demand tough reforms. In 1998, Hyundai Motor Company took over Kia Motors. Samsung Motors' \$5 billion venture was dissolved due to the crisis, and eventually, DaewooMotors was sold to the American company General Motors (GM).

The other countries that were affected were Japan, Singapore, Hong Kong, etc. It was considered an international crisis after the Russian and Brazilian economies got affected by the chain effect.

One of the reasons for the crisis was that, in the mid-1990s, following the recovery of the US economy from recession, the Federal Reserve raised the interest rate against inflation which attracted hot money

to the US market from other countries.

One of the lessons learned from this crisis was for countries to build up their foreign reserves to hedge against external shocks. The Asian Crisis also raised

concerns about the role that the government should play in the market. Supporters of neoliberalism promote free-market capitalism. They considered the crisis to be the result of government intervention and crony capitalism.

Trader's Template

'Stocks have agitated millions of potential investors over the years because these amateur stockholders often enter the market without properly understanding the fundamentals of investing and, as a result, lose all that they had invested.

This unsavory trend that persists in the market is called 'investing by following the crowd,' where new traders, invest blindly on shares, that "according to them" would yield good returns in the imminent future. The rationalization of these investments can be the subconscious instinct of the trader, short-term bullish market, or merely a market gossip. Such investments may lead to short-term success on the shareholders' behalf but in the long run, they can result in enormous losses. Hence, it is crucial to understand the concept of investment before entering the financial market.

It is better to make oneself familiar with the rules of a game beforehand but to know and understand these rules clearly. Hence, traders should be familiar with the technicalities of the share that they are going to purchase, namely, cash position (which represents the debt of the company), return on equity (ROE), total returns (which helps in predicting the estimated returns on investment), price to earnings ratio (P/E) (effective in comparing the performance of one stock to other in the same industry) and many more. These indicators can help to get a better understanding of both, the present and future financial position of the company, and can help investors to reach a well-informed decision.

Furthermore, one should also know why companies sell shares and which companies can trade their shares in the market.

Companies sell shares to raise capital for a new outlet, liquidate the ownership of the firm, or pay off its debt.



For new companies, IPOs are issued in the primary market while the existing shares are traded on both the primary and secondary markets on a buy/sell basis.

Companies that offer shares to the general public are public limited firms, while the shares of private holdings are not liable to be offered to the public.

Moreover, a good investment portfolio generally has four types of stocks, namely, blue-chip stocks, growth stocks, speculative stocks, and range bound stocks. Though, these can be further reconsidered based on the goals of the individual investors.

The stock market is a deep ocean, and to comprehend it completely, is nearly impossible. However, even with its ceaseless complexities, it presents promising opportunities for individuals who want to play their hand in this unpredictable ever-surprising ocean.

Moreover, books like Market Wizards, Common Stocks and Uncommon Stocks, A Beginners Guide to Stock Market, and What Every Indian Should Know Before Investing has helped many beginners to excel in the financial market. These books can successfully bestow immeasurable knowledge about the trends and tricks of investing in the market, and to get more familiar with the market, one can search below mentioned terms:

IPO (Initial Public Offering), EPS (Earnings Per Share), Primary Market, Secondary Market and Offer-for-Sale, Bear Market, Bull Market, Trading Volume.

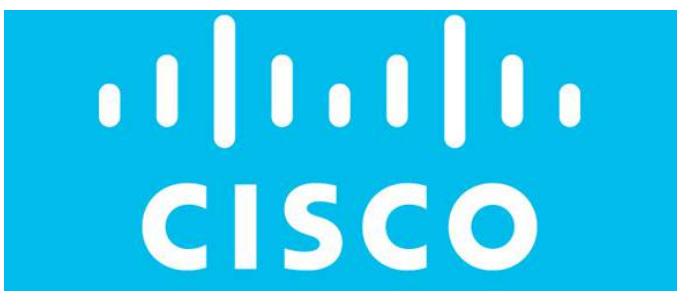
A Billion Dollar Purchase

Cisco Systems, Inc., established in 1984, is one of the largest IT and networking market players at present. Since its inception, Cisco has been able to acquire over 200 firms, and was able to make one of its largest acquisitions by purchasing Acacia Communications in March 2021. The acquisition was made for Acacia's production of high-speed optical interconnects for approximately \$4.5 billion at \$115 per share (A surge from \$70 per share). This acquisition was an integral part of Cisco's project, "The Internet for the Future", as it relied upon the pillars of Silicon, optics, software, and the optical technology acquired from Acacia. Cisco's willingness and belief in this acquisition strengthened its 5G networking system and enabled it to be a step ahead of its competitors.

In almost two years, while this billion-dollar purchase was brewing, a plethora of hindrances had followed that made this a hot topic amongst the analysts. Although the commencement of this acquisition was decided for the month of July in 2019, the deal could only be closed by the first calendar quarter of 2021. Due to the numerous legal obligations that followed the acquisition, Cisco failed to gain the approval for the acquisition from the Chinese Government's State Administration for Market Regulation (SAMR).

On January 8, 2021, Acacia announced that the acquisition deal with Cisco had been terminated to which Cisco responded by obtaining a court order that precluded Acacia from walking away from the deal.

Although the SAMR's approval was finally received, Acacia reverted with a counterclaim stating that the



"WE ARE THRILLED TO WELCOME THE ACACIA TEAM TO CISCO. OUR INTERNET FOR THE FUTURE STRATEGY PUTS ACACIA'S HIGH-SPEED COHERENT OPTICS TECHNOLOGIES FRONT AND CENTRE AS WE WORK TO EMPOWER WEB SCALE COMPANIES, SERVICE PROVIDERS AND DATA CENTRE OPERATORS TO MEET TODAY'S FAST-GROWING DEMANDS FOR DATA."

CHUCK ROBBINS, CEO OF CISCO

requirements were not fulfilled within the given time-frame. Due to this unsettling situation, On January 14, the share price for Cisco dropped by 0.5%, and Acacia soared by 31.5%.

As a result, a new agreement was formulated, and the companies decided upon a new buying price, which rose from \$2.6 billion to \$4.5 billion.

The official acquisition took place in March 2021 where the employees of Acacia joined Cisco's optical department. The contract was agreed upon \$4.5 billion on a fully diluted basis, net of cash and marketable securities. Acacia has now been fully incorporated under Cisco. As a result, it is no longer a publicly traded company and has been delisted by NASDAQ.

Acacia communications proved to be the most expensive acquisition that followed Cisco's history of acquisitions starting from Crescendo Communications back in September 1993 for \$90 million.

The success of this acquisition even after the rise in the deal price, where Cisco managed to cough up another \$1.9 billion to buy a company with approximately 380 employees, serves as a strong evidence towards Cisco's dedication towards its strategy "Internet for the future"

A Merge For Survival

On 20th March 2017, Idea, India's third-largest telecommunication company, announced its merger with Vodafone India Limited to build one of India's most lucrative companies.

"The brand integration not only marks the completion of the largest telecom merger in the world but also sets us on our future journey to offer world-class digital experiences to one billion Indians on our strong 4G network," said Ravinder Takkar, managing director and chief executive officer at Vodafone Idea, in an online interview. Vodafone Idea Ltd. has rebranded itself as 'VI' after two years of announcing the merger.

TERM TO KNOW

A MERGER IS A BUSINESS AGREEMENT AGREED UPON BY TWO OR MORE COMPANIES BY GROUPING EACH OTHER INTO A NEW SINGLE ENTITY. THEY ARE EXECUTED TO EXPAND COMPANIES' REACH, DIVERSIFY THEIR PORTFOLIOS, AND GAIN MARKET SHARE.

"In less than two years, we have achieved the mammoth task of the world's largest integration. As the two brands' integration is complete, it is time for a fresh start," Takkar said. According to the terms of this agreement, both companies enjoys equal merger. This means that Vodafone and Idea will have joint control over this new merged company, and once the two companies' customers are combined, the merged entity would become one of India's biggest telecom companies. VI will approximately cater to 40 crore customers and be the sole proprietor of 35% of the customer market share.



The two companies agreed to merge with a swap ratio of 1:1, implying that every Idea share one holds will be exchanged with a new share of the merged company. This shows that the two mergers are equal; however, Vodafone's business is worth more when individually evaluated. Vodafone's net worth is Rs. 82,800 crores while Idea is valued at Rs. 72,200 crores. Both, Vodafone and Idea, have annual savings of Rs 14000 crore in terms of operating expenditure and capital expenditure which will be achieved by the fourth full year of operation from the merger's date as a combined entity. The net present value of total savings is estimated at Rs 70,000 crore.

After the merger's announcement, Vodafone's share price jumped up by 3%, and Idea's share price soared more than 27% in India. Before the merger, 18.16% of Vodafone India's market share with 20,46,00,000 customers and 16.0% of Idea Cellular Ltd.'s market share with 19,05,10,000 customers were slain. The merger of Vodafone India and Idea Cellular has boosted the market share to 35%, making it the country's largest telecom operator, leaving Bharti Airtel off its top position.

FINANCE IS FUNNY

We live in an age where the news for digital rupees is received by parts of the nation via a newspaper.

US Treasury note hits a record high , only second to the US rappers in their Music Videos.

It's being reported that Brexit is tormenting chocolate makers ... Its not the first time British decisions have tormenting something brown.

Apple Aims to replace wallets with their Apple Watch , Their prices suggest the SAME thing

There is a British horror movie on finance , surprisingly it doesn't involve Brexit

Unemployment in Delhi has risen so high that the govt. took a decision to lower legal drinking age to ease the pain and allow home delivery.