



# International Finance Olympiad

## Knowledge Primer

**Book 3**



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# Chapter 1

## WORLD'S LARGEST ECONOMIES



A country's economic growth is determined through various sector and the GDP. Every country has their own sector which contribute to the economy.

The top 10 economies around the world keep changing, but the major players remain the same. The United States has been the world's biggest economy since 1871.

We will be discussing the top 10 economies and what contributes to make them be in top 10.

This list is based on the IMF's World Economic Outlook Database, October 2019.

### 1. United States

**U.S. Nominal GDP: \$21.44 trillion - U.S. GDP (PPP): \$21.44 trillion**



The U.S. has retained its position of being the world's largest economy since 1871. The size of the U.S. economy was at \$20.58 trillion in 2018 in nominal terms and is expected to reach \$22.32 trillion in 2020. The U.S. is often dubbed as an economic superpower and that's because the economy constitutes almost a quarter of the global economy, backed by advanced infrastructure, technology, and an abundance of natural resources. When the economies are assessed in terms of purchasing power parity, the U.S. loses its top spot to its close competitor China. In 2019, the U.S. economy, in terms of GDP (PPP), was at \$21.44 trillion, while the Chinese economy was measured at \$27.31 trillion. The gap between the size of the two economies in terms of nominal GDP is expected to lessen by 2023; the U.S. economy is projected to grow to \$24.88 trillion by 2023, followed closely by China at \$19.41 trillion.

### 2. China

**China Nominal GDP: \$14.14 trillion - China GDP (PPP): \$27.31 trillion**



China has experienced exponential growth over the past few decades, breaking the barriers of a centrally-planned closed economy to evolve into a manufacturing and exporting hub of the world. China is often referred to as the "world's factory," given its huge manufacturing and export base.

However, over the years, the role of services has gradually increased and that of manufacturing as a contributor to GDP has declined relatively. Back in 1980, China was the seventh-largest economy, with a GDP of \$305.35 billion, while the size of the U.S. then was \$2.86 trillion. Since it initiated market reforms in 1978, the Asian giant has seen an economic growth averaging 10% annually. In recent years, the pace of growth has slowed, although it remains high in comparison to its peer nations. The IMF projects a growth of 5.8% in 2020, which would sober down to around 5.6% by 2023. Over the years, the difference in the size of the Chinese and the U.S. economy has been shrinking rapidly. In 2018, the Chinese GDP in nominal terms stood at \$13.37 trillion, lower than the U.S. by \$7.21 trillion. In 2020, the gap is expected to reduce to \$7.05 trillion, and by 2023, the difference would be \$5.47 trillion. In terms of GDP in PPP, China is the largest economy, with a GDP (PPP) of \$25.27 trillion. By 2023, China's GDP (PPP) would be \$36.99 trillion. China's huge population brings down its GDP per capita to \$10,100 (seventieth position).

### 3. Japan

**Japan Nominal GDP: \$5.15 trillion- Japan GDP (PPP): \$5.75 trillion**

Japan is the third-largest economy in the world, with its GDP crossing the \$5 trillion mark in 2019. The financial crisis of 2008 rocked the Japanese economy and it's been a challenging time for its economy since then. The global crisis triggered a recession, followed by weak domestic demand and huge public debt. When the economy was beginning to recover, it suffered a massive earthquake that hit the country socially and economically. While the economy has broken the deflationary spiral, economic growth remains muted. Its economy will get some stimulus with the 2020 Olympics keeping the investment flow strong, which is backed by a lax monetary policy by the Bank of Japan. Japan slips to the fourth spot when GDP is measured in terms of PPP; GDP (PPP) is \$5.75 trillion in 2019, while its GDP per capita is \$40,850 (24th spot).



#### 4. Germany

**Germany Nominal GDP: \$3.86 trillion -  
Germany GDP (PPP): \$4.44 trillion**



Germany is not just Europe's largest economy but also the strongest. On the global scale, it is the fourth-largest economy in terms of nominal GDP, with a \$4 trillion GDP. The size of its GDP in terms of purchasing power parity is \$4.44 trillion, while its GDP per capita is \$46,560 (18th place). Germany was the third-largest economy in nominal terms in 1980, with a GDP of \$850.47 billion. The nation has been dependent upon capital good exports, which suffered a setback post-2008 financial crisis. The economy grew by 2.2% and 2.5% in 2016 and 2017, respectively. However, the IMF says this slipped to 1.5% and 0.5% in 2018 and 2019, respectively. To bolster its manufacturing strength in the current global scenario, Germany has launched Industries' 4.0—its strategic initiative to establish the country as a lead market and provider of advanced manufacturing solutions.

#### 5. India

**India Nominal GDP: \$2.94 trillion-India GDP  
(PPP): \$10.51 trillion**



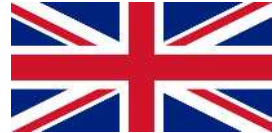
India is the fastest-growing trillion-dollar economy in the world and the fifth-largest overall, with a nominal GDP of \$2.94 trillion. India has become the fifth-largest economy in 2019, overtaking the United Kingdom and France. The country ranks third when GDP is compared in terms of purchasing power parity at \$11.33 trillion. When it comes to calculating GDP per capita, India's high population drags its nominal GDP per capita down to \$2,170. The Indian economy was just \$189.438 billion in 1980, ranking 13th on the list globally. India's growth rate is expected to rise from 7.3% in 2018 to 7.5% in 2019 as drags from the currency exchange initiative and the introduction of the goods and services tax fade, according to the IMF. India's post-independence journey began as an agrarian nation; however, over the years the manufacturing and services sector has emerged strongly. Today, its service sector is the fastest-growing sector in the world, contributing to more than 60% to its economy and accounting for 28% of employment. Manufacturing remains as one of its



crucial sectors and is being given due push via the governments' initiatives, such as "Make in India." Although the contribution of its agricultural sector has declined to around 17%, it still is way higher in comparison to the western nations. The economy's strength lies in a limited dependence on exports, high saving rates, favourable demographics, and a rising middle class.

## 6. United Kingdom

**U.K. Nominal GDP: \$2.83 trillion - U.K. GDP (PPP): \$3.04 trillion**



The United Kingdom, with a \$2.83 trillion GDP is the sixth largest economy in the world. When compared in terms of GDP purchasing-power-parity, U.K. slips to the ninth spot with a GDP-PPP of \$3.04 trillion. It ranks 23rd in terms of GDP per capita, which is \$42,558. Its nominal GDP is estimated to remain at \$2.83 trillion during 2019, but its ranking is expected to slide to the seventh spot by 2023 with its GDP of \$3.27 trillion. Starting from 1992 until 2008, the economy of the U.K. witnessed an uptrend in each quarter. However, it witnessed a decline in its output for five consecutive quarters starting April 2008. The economy shrunk by 6% during this time (between the first quarter of 2008 and the second quarter of 2009) and eventually took five years to grow back to the pre-recession levels, according to data from the Office of National Statistics. The economy of the U.K. is primarily driven by the services sector, which contributes more than 75% of its GDP, with manufacturing the second prominent segment, followed by agriculture. Although agriculture is not a major contributor to its GDP, 60% of the U.K.'s food needs are produced domestically, even though less than 2% of its labor force is employed in the sector.

## 7. France

**France Nominal GDP: \$2.71 trillion - France GDP (PPP): \$2.96 trillion**



France, the most-visited country in the world, is the third largest economy of Europe and the Seventh-largest in the world, with a nominal GDP of \$2.78 trillion. Its GDP in terms of purchasing power parity is around \$2.96 trillion. The country offers a high standard of living to its people as reflected in its GDP per capita of \$42,877.56. In

recent years, the economic growth has slowed, resulting in unemployment that has placed immense pressure on the government to reboot the economy. The World Bank has recorded unemployment rates at 10% during 2014, 2015, and 2016. During 2017, it declined to 9.681%. In addition to tourism, which remains very important for its economy, France is a leading agricultural producer, accounting for about one-third of all agricultural land within the European Union. France is the world's sixth-largest agricultural producer and the second-largest agricultural exporter, after the United States. The manufacturing sector is primarily dominated by the chemical industry, automotive, and armament industries. The economy has grown by 2.3% during 2017 and is expected to grow 1.8% and 1.7% during 2018 and 2019 as per the IMF.

## 8. Italy

**Italy Nominal GDP: \$1.99 trillion - Italy GDP (PPP): \$2.40 trillion**

With a nominal GDP of \$2.07 trillion, Italy is the world's eighth-largest economy. Its economy is expected to expand to \$2.26 trillion by 2023. In terms of GDP (PPP), its economy is worth \$2.40 trillion and it has a per capita GDP of \$34,260.34. Italy—a prominent member of the Eurozone—has been facing deep political and economic chaos. Its unemployment rate continues to be in double-digits, while its public debt remains sticky at around 132% of GDP. On the positive side, exports and business investment are driving economic recovery. The economy clocked 0.9% and 1.5% in 2016 and 2017, respectively. It is projected to edge down to 1.2% in 2018 and 1.0% in 2019.



## 9. Brazil

**Brazil Nominal GDP: \$1.85 trillion - Brazil GDP (PPP): \$3.37 trillion**

Brazil is the largest and most populous nation in Latin America. With a nominal GDP of \$1.87 trillion, Brazil is the ninth-largest economy in the world. The nation that had been riding on the commodity wave suffered multiple setbacks with the end of the commodity supercycle, in addition to internal problems of corruption and political





uncertainty, which dampened the investment and business environment. During 2006–2010, the nation grew at an average 4.5%, moderating to around 2.8% in 2011–2013. By 2014, it was barely growing at 0.1%. In 2016, Brazil contracted by 3.5% before rebounding by 1% in 2017. Brazil is part of the BRICS, along with Russia, India, China, and South Africa. The country has a GDP (PPP) of \$3.37 trillion and a GDP per capita of \$8,967.66.

## 10. Canada

**Canada Nominal GDP: \$1.73 trillion - Canada GDP (PPP): \$1.84 trillion**

Canada displaced Russia to take the 10th spot in 2015 and has retained its position since then.



Canada's nominal GDP is currently at \$1.71 trillion and is expected to touch \$1.74 trillion in 2019 and \$2.13 trillion by 2023. Its per capita GDP of \$46,260.71 is ranked 20th globally, while its GDP of \$1.84 trillion in terms of PPP pulls it down to the 17th spot. The country has contained its level of unemployment and it's likely to further shrink. While services are the major sector, manufacturing is the cornerstone of the economy, with 68% of its exports constituting of merchandise exports. Canada is laying a lot of emphasis on manufacturing, which is crucial to its future economic growth.



## Increase Your Knowledge Further !

Q.1 Everyone knows about the largest economies of the world. Find out 5 economies which are worst performing.

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Q. 2 Now when you have identified these economies, find out their GDP for the previous year.

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Q. 3 Compare the sector wise contribution in the GDP for :

a. United States

b. China

c. Japan

d. India

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## Make Notes:

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# Chapter 2

## FINANCIAL MARKETS



Financial Market is a mechanism that allows people to buy and sell (trade) financial securities (such as stocks and bonds), commodities (such as precious metals or agricultural goods) and other fungible (equivalent no matter who produces it) items of value at low transaction costs.

The Financial Markets can be found in nearly every nation in the world. They are where businesses are able to raise cash to grow, reduce their risk and investors gain money. The Market being public provides an open platform and a transparent way to set prices on everything being traded.

We will now discuss various types of Financial Markets:

### **1.Foreign Exchange Market**

Foreign Exchange Market is the largest and the most liquid market in the world where currencies are traded. It is considered to be the largest market in the world in terms of the total cash value traded.

It was creation of Gold Standard monetary system in 1875 which is considered to be the most important event in the history of forex market. During the late 19th century, the major economic countries had pegged an amount of currency to an ounce of gold. It was during this time, the difference between the price of an ounce of gold between two currencies became the exchange rate for those two countries. Thus becoming the 1st official means of currency exchange in history.



The huge trading volume, Geographical dispersion, continuous operation (24 hours a day except weekends) makes the market a unique medium for trading.

It's the financial centres around the world which acts as anchors of trading between the buyers and sellers. The top 5 global financial centres are :

- London
- New York
- Singapore
- Hong Kong
- Tokyo

Foreign Exchange trading has increased to an average of USD 5.3 trillion a day i.e. USD 220 billion per hour. The foreign exchange market consists of institutional investors, corporations, governments, banks as well as currency speculators.

Dollar makes up to 85% of Forex trading volume while Euro and Japanese Yen takes 40% and 20% respectively.

## 2. Stock Market

Stock Exchange is an exchange where stock brokers and traders can buy and sell stocks, bonds and other securities.

Stock Market, also known as Equity Market, is a collection of markets and exchanges where issuing and trading of equities, bonds and other sorts of securities takes place, either through formal exchanges or over the counter markets. Stock market is divided in 2 main sections:

- Primary Market –

New shares are issued through initial public offerings. These shares are often purchased from investment banks. For Example, Facebook held its IPO on May 18, 2012, the IPO was the biggest in technology and internet history with peak market capitalization of over USD 104 billion.

- Secondary Market -

All the subsequent trading post primary market's IPO goes on secondary market, which includes both organisation and individual investors as participants. The fund generated by the stock trading in secondary market is not received by the company. Currently, the stock of Facebook is being traded at USD 186.36 as on 20th August 2019.

There are total of 60 stock exchanges in the world with total market capitalization of more than USD 70 trillion. Around 87% of global market capitalization is accounted by 16 exchanges which hold close to USD 1.5 trillion. Amsterdam Stock Exchange is oldest stock exchange in the world.

The major stock exchanges in world are New York Stock Exchange, NASDAQ, London Stock Exchange Group, Japan Exchange Group- Tokyo and Shanghai Stock Exchange.

## 3. Commodity Market

A physical or a virtual marketplace for buying, selling and trading raw or primary products is called a commodity market. There are about 50 major commodity markets worldwide.

Commodities can be divided into 2 types :

- Hard Commodity: They are typically natural resources that must be mined or extracted such as gold, rubber and oil.
- Soft Commodity : They are agricultural products or livestock such as wheat, cocoa and sugar.



Commodity Market also trades foreign currencies, emissions credits, bandwidth and certain financial instruments also these days.

An exchange where various commodities are traded is known as commodity exchange. The largest commodity exchange's are CME Group (USA), Tokyo Commodity Exchange (Japan), Euro next (France, Belgium, Netherlands, Portugal, UK) and Dalian Commodity Exchange (China).

The top traded commodities are mineral fuels, oils, distillation products, electrical and electronic equipment, machinery, vehicles and plastics. The tradable commodities fall into 4 categories:

- Metals (Gold, Silver and Copper)
- Energy (Crude Oil, Natural Gas and Gasoline)
- Livestock and Meat (Live Cattle, Feeder Cattle and Pork Bellies)
- Agricultural (Wheat, Rice and Sugar)







## Increase Your Knowledge Further !

**Now you understood the concept of Financial Markets.**

**Q.1** Find out the top 3 exchanges of the world.

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**Q. 2** As India is the growing economy, list here the National Stock Exchange of India.

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**Q. 3** List 5 Commodity Markets across world.

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**Make Notes:**

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# Chapter 3

## WORLD's GREATEST INVESTORS



Everyone wants to multiply money. One can do it by investing it.  
Let's know about World's top 5 investors of all time.

## John (Jack) Bogle

He is an American investor, business magnate, and philanthropist. He is the founder and retired chief executive of The Vanguard Group. It was under his leadership that the company grew to be the second largest mutual fund company in the world. He focused much of his attention on low-cost and low-turnover funds that are passively managed. With an eye toward helping individual investors to grow their assets and recommended the following considerations:



- A focus on simplicity in investment strategy (not rebalancing asset allocation too frequently, for instance)
- The reduction of costs and expenses associated with investments
- Consideration of the long-term investment horizon
- A reliance on rational analysis and an avoidance of emotions in the investment decision-making process
- The universality of index investing as an appropriate strategy for individual investors

His own portfolio has maintained a strict focus on U.S. markets. This has drawn some criticism and confusion from contemporary investors, but Bogle has long asserted that his approach is not U.S.-centric, but rather that he invests in what he knows best, and U.S. companies best fit that description.

## Warren Buffett

With net worth of USD 82 billion, Warren Buffett is known as "Oracle of Omaha". He is one of the most successful investors of all time. He is the CEO of Berkshire Hathaway which owns more than 60 companies including Geico, Duracell and Dairy Queen. He bought his first stock at the age of 11 and filed his first tax at age of 13. It was by the age of 29 that he had opened a total of seven partnerships and had a 9.5% stake in more than a million dollars of partnership assets.



During the Great Recession, Warren invested and lent money to companies that were facing financial disaster. Seven years later, the effects of these transactions are surfacing and they're enormous:

1. A loan to Mars Inc. resulted in a USD 680 million profit
2. Wells Fargo & Co. (WFC), of which Berkshire Hathaway bought almost 120 million shares during the Great Recession, is up 6.75 times from its 2009 low.

3. American Express Co. (AXP) is up about five times since Warren's investment in 2008

4. Bank of America Corp. (BAC) pays USD 300 million a year and Berkshire Hathaway has the option to buy additional shares at around USD 7 each – less than half of what it trades at today

5. Goldman Sachs Group Inc. (GS) paid out USD 500 million in dividends a year and a USD 500 million redemption bonus when they repurchased the shares.

Most recently, Warren has partnered up with 3G Capital to merge J.H. Heinz Company and Kraft Foods to create the Kraft Heinz Food Company (KHC). The new company is the third largest food and beverage company in North America and fifth largest in the world, and boosts annual revenues of USD 28 billion.

## John Templeton

Sir John Marks Templeton was an American born British investor and Fund Manager. He had been named as arguably the greatest global stock picker of the century.

In 1937, while the Great Depression was still hitting the nation hard, Templeton co-founded an investment firm that later became Templeton, Dobbrow & Vance. Under Templeton's leadership, the firm was highly successful, accumulating some \$300 million in assets and expanding to include eight mutual funds.



In 1939, he purchased \$100 worth of every stock which was trading below \$1 per share on the New York and American stock exchanges, which totalled to about 104 different companies, a whopping 34 of which were bankrupt, and Templeton's initial investment was \$10,400. After four years, he managed to sell those shares for nearly four times the money he had initially invested.

Over the next 25 years, Templeton had a hand in creating a number of highly successful international investment funds. In 1992, at age 80, Templeton sold off his funds to the Franklin Group.

## Benjamin Graham

A British-born American investor, economist, and professor, Benjamin Graham is widely known as the "Father of Value Investing". Graham studied at Columbia University, graduating in 1914, and began working at Newburger, Henderson & Loeb as a messenger immediately after graduation. Graham rose through the ranks exceptionally quickly and was named partner at the company by 1920.



Working together with partner Jerome Newman, Graham founded an investment partnership in 1926 and began to lecture at Columbia University on matters of finance. He continued to lecture on these topics until his retirement in 1956. Although the Graham-Newman Corporation suffered greatly during the stock market crash of 1929, the partnership survived and eventually managed to recoup its losses. From that time until its termination in 1956, the Graham-Newman Corporation thrived, sporting an average annual return of 17%.

## **Peter Lynch**

Peter Lynch is an American investor, mutual fund manager, and philanthropist. As the manager of the Magellan Fund at Fidelity Investments between 1977 and 1990, he averaged a 29.2% annual return, consistently more than doubling the S&P 500 market index and making it the best performing mutual fund in the world. During his tenure, assets under management increased from USD18 million to \$14 billion.



Lynch's earliest career move was as an investment analyst at Fidelity Investments. He eventually rose through the ranks to become the firm's Director of Research (1974-77). In 1977, Lynch became manager of the low-profile Magellan Fund, where his career really took off. He retired in 1990 from his work with Magellan.

Lynch continued to work part-time as Vice Chairman of Fidelity Management & Research Company, though most of his efforts in the time since his retirement have focused on philanthropy.



## Increase Your Knowledge Further !

- Q.1 Generally investing is done by the CEO's or the owner of firms.  
Write about 5 powerful CEO's across the world and what they have achieved ?

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- Q. 2 Search and write one quote given by each of these great investors.

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- Q. 3 After reading about the types of investment they have done.  
What is your approach towards the same.

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### Make Notes:

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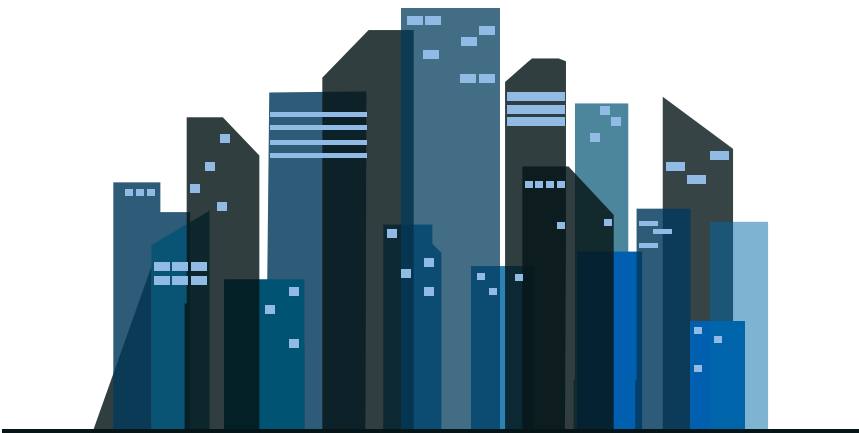
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# Chapter 4

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## The Global 2000 World's Largest Public Companies



## The GLOBAL 2000

World Largest Public Companies

We will be discussing the World's 10 Largest Public Companies, according to Forbes Global 2000 List, released in May 2020.

## 1. ICBC- Industrial and Commercial Bank of China

<b>MARKET CAP</b>	\$242.3B
<b>INDUSTRY</b>	Banking
<b>FOUNDED</b>	1984
<b>COUNTRY/TERRITORY</b>	China
<b>CHIEF EXECUTIVE OFFICER</b>	Shu Gu
<b>EMPLOYEES</b>	449,296
<b>SALES</b>	\$177.2B
<b>HEADQUARTERS</b>	Beijing



Industrial & Commercial Bank of China Ltd. engages in the provision of commercial banking and financial services. It operates through the following business segments: Corporate Banking, Personal Banking, Treasury Operations, and Others. The Corporate Banking segment provides corporate loans, trade financing, deposit-taking activities, corporate wealth management services, custody activities, and various types of corporate intermediary services to corporations, government agencies and financial institutions. The Personal Banking segment offers personal loans, deposit-taking activities, card business, personal wealth management services, and various types of personal intermediary services to individual customers. The Treasury Operations segment issues money market transactions, investment securities, foreign exchange transactions and the holding of derivative positions, for its own account or on behalf of customers. The Others segment includes assets, liabilities, income, and expenses that cannot be allocated to a segment. The company was founded on January 1, 1984 and is headquartered in Beijing, China.

## 2. China Construction Bank

<b>MARKET CAP</b>	\$203.8B
<b>INDUSTRY</b>	Banking
<b>FOUNDED</b>	1954
<b>COUNTRY/TERRITORY</b>	China
<b>CHIEF EXECUTIVE OFFICER</b>	Wang Zuji
<b>EMPLOYEES</b>	352,621
<b>SALES</b>	\$162.1B
<b>HEADQUARTERS</b>	Beijing



China Construction Bank Corp. engages in the provision of a wide range of financial services to corporate and personal customers. It operates through the following business segments: Corporate Banking, Personal Banking, Treasury, and Others. The Corporate Banking segment provides a range of financial products and services to corporations, government agencies and financial institutions, which comprises of corporate loans, trade financing, deposit taking and wealth management services, agency services, financial consulting and advisory services, cash management services, remittance and settlement services, custody services,

and guarantee services. The Personal Banking segment provides personal loans, deposit taking and wealth management services, card business, remittance services, and agency services to individual customers. The Treasury segment represents inter-bank money market transactions, repurchase and resale transactions, investments in debt securities, and trade of derivatives and foreign currency. The Others segment refers to equity investments and revenues, results, assets and liabilities of overseas branches and subsidiaries. The company was founded in October 1954 and is headquartered in Beijing, China.

### 3. JPMorgan Chase

<b>INDUSTRY</b>	Diversified Financials
<b>FOUNDED</b>	1968
<b>COUNTRY/TERRITORY</b>	United States
<b>CHIEF EXECUTIVE OFFICER</b>	Jamie Dimon
<b>EMPLOYEES</b>	256,981
<b>SALES</b>	\$142.9B
<b>HEADQUARTERS</b>	New York, New York

**JPMORGAN  
CHASE & CO.**

JPMorgan Chase & Co. is a financial holding company. It provides financial and investment banking services. The firm offers a range of investment banking products and services in all capital markets, including advising on corporate strategy and structure, capital raising in equity and debt markets, risk management, market making in cash securities and derivative instruments, and brokerage and research. It operates through the following segments: Consumer and Community Banking, Corporate and Investment Bank, Commercial Banking and Asset and Wealth Management. The Consumer and Community Banking segment serves consumers and businesses through personal service at bank branches and through automated teller machine, online, mobile, and telephone banking. The Corporate and Investment Bank segment offers a suite of investment banking, market-making, prime brokerage, and treasury and securities products and services to a global client base of corporations, investors, financial institutions, government and municipal entities. The Commercial Banking segment delivers services to U.S. and its multinational clients, including corporations, municipalities, financial institutions, and non-profit entities. It also provides financing to real estate investors and owners as well as financial solutions, including lending, treasury services, investment banking, and asset management. The Asset and Wealth Management segment provides asset and wealth management services. The company was founded in 1968 and is headquartered in New York.

### 4. Berkshire Hathaway

<b>INDUSTRY</b>	Diversified Financials
<b>FOUNDED</b>	1839
<b>COUNTRY/TERRITORY</b>	United States
<b>CHIEF EXECUTIVE OFFICER</b>	Warren Edward Buffett
<b>EMPLOYEES</b>	391,500
<b>SALES</b>	\$254.6B
<b>HEADQUARTERS</b>	Omaha, Nebraska

**BERKSHIRE  
HATHAWAY INC.**

Berkshire Hathaway, Inc. provides property and casualty insurance and reinsurance, utilities and energy, freight rail transportation, finance, manufacturing, retailing, and services. It operates through following segments: GEICO, Berkshire Hathaway Reinsurance Group, Berkshire Hathaway Primary Group, Burlington Northern Santa Fe, LLC (BNSF), Berkshire Hathaway Energy, McLane Company, Manufacturing, and Service and Retailing. The GEICO segments involves in underwriting private passenger automobile insurance mainly by direct response methods. The Berkshire Hathaway Reinsurance Group segment consists of underwriting excess-of-loss and quota-share and facultative reinsurance worldwide. The Berkshire Hathaway Primary Group segment comprises of underwriting multiple lines of property and casualty insurance policies for primarily commercial accounts. The BNSF segment operates railroad systems in North America. The Berkshire Hathaway Energy segments deals with regulated electric and gas utility, including power generation and distribution activities, and real estate brokerage activities. The McLane Company segment offers wholesale distribution of groceries and non-food items. The Manufacturing segment includes industrial and end-user products, building products, and apparel. The Service and Retailing segment provides fractional aircraft ownership programs, aviation pilot training, electronic components distribution, and various retailing businesses, including automobile dealerships, and trailer and furniture leasing. The company was founded by Oliver Chace in 1839 and is headquartered in Omaha, NE.

## 5. Agricultural Bank of China

<b>MARKET CAP</b>	\$147.2B
<b>INDUSTRY</b>	Banking
<b>FOUNDED</b>	1951
<b>COUNTRY/TERRITORY</b>	China
<b>CHIEF EXECUTIVE OFFICER</b>	Huan Zhao
<b>EMPLOYEES</b>	464,011
<b>SALES</b>	\$148.7B
<b>HEADQUARTERS</b>	Beijing



Agricultural Bank of China engages in the provision of international commercial banking and financial services. It operates through the following segments: Corporate Banking, Personal Banking, Treasury Operations and Others & Unallocated. The Corporate Banking segment provides financial products and services to corporations, government agencies and financial institutions. The Personal Banking segment provides financial products and services to individual customers. The Treasury Operations segment conducts money market or repurchases transactions, debt instrument investments, and holding of derivative positions. The Others & Unallocated segment deals with primarily equity investments. The company was founded on July 10, 1951 and is headquartered in Beijing, China.

## 6. Saudi Arabian Oil Company

<b>MARKET CAP</b>	\$1,684.8B
<b>INDUSTRY</b>	Oil & Gas Operations
<b>FOUNDED</b>	1933
<b>COUNTRY/TERRITORY</b>	Saudi Arabia
<b>CHIEF EXECUTIVE OFFICER</b>	Amin bin Hasan Al-Nasser
<b>EMPLOYEES</b>	69,867
<b>SALES</b>	\$329.8B
<b>HEADQUARTERS</b>	Dhahran



Saudi Arabian Oil Co. engages in the exploration, production, transportation, and sale of crude oil and natural gas. It operates through the following segments: Upstream, Downstream, and Corporate. The Upstream segment includes crude oil, natural gas and natural gas liquids exploration, field development, and production. The Downstream segment focuses on refining, logistics, power generation, and the marketing of crude oil, petroleum and petrochemical products, and related services to international and domestic customers. The Corporate segment offers supporting services including human resources, finance, and information technology. The company was founded on May 29, 1933 and is headquartered in Dhahran, Saudi Arabia.

## 7. Ping An Insurance Group

<b>MARKET CAP</b>	\$187.2B
<b>INDUSTRY</b>	Insurance
<b>FOUNDED</b>	1988
<b>COUNTRY/TERRITORY</b>	China
<b>CHIEF EXECUTIVE OFFICER</b>	Xin Ying Chen, Ming Zhe Ma
<b>EMPLOYEES</b>	372,194
<b>SALES</b>	\$155B
<b>HEADQUARTERS</b>	Shenzhen



Ping An Insurance (Group) Co. of China Ltd. engages in the provision of financial products and services. It operates through the following segments: Insurance, Banking, Trust, Securities, Other Asset Management, Technology, and Others. The Insurance segment offers life, property and casualty, pension, and health insurance services. The Banking segment undertakes loan and intermediary business, wealth management, and credit card services. The Trust segment provides trust services and undertakes investing activities. The Securities segment undertakes brokerage, trading, investment banking and asset management services. The Other Asset Management business segment provides investment management services and financial leasing business, reflecting performance of asset management and financial leasing and the other asset management subsidiaries. The Technology business segment provides financial and daily-life services through internet platforms such as financial transaction information service platform, health care service platform, reflecting performance summary of the technology business subsidiaries, associates and jointly controlled entities. The company was founded by Ming Zhe Ma on March 21, 1988 and is headquartered in Shenzhen, China.

## 8. Bank of America (BAC)

<b>INDUSTRY</b>	Banking
<b>FOUNDED</b>	1904
<b>COUNTRY/TERRITORY</b>	United States
<b>CHIEF EXECUTIVE OFFICER</b>	Brian T. Moynihan
<b>EMPLOYEES</b>	208,000
<b>SALES</b>	\$112.1B
<b>HEADQUARTERS</b>	Charlotte, North Carolina



Bank of America Corp. is a bank and financial holding company, which engages in the provision of banking and nonbank financial services. It operates through the following segments: Consumer Banking, Global Wealth and Investment Management, Global Banking, Global Markets, and All Other. The Consumer Banking segment offers credit, banking, and investment products and services to consumers and small businesses. The Global Wealth and Investment Management provide client experience through a network of financial advisors focused on to meet their needs through a full set of investment management, brokerage, banking, and retirement products. The Global Banking segment deals with lending-related products and services, integrated working capital management and treasury solutions to clients, and underwriting and advisory services. The Global Markets segment includes sales and trading services, as well as research, to institutional clients across fixed-income, credit, currency, commodity, and equity businesses. The All Other segment consists of asset and liability management activities, equity investments, non-core mortgage loans and servicing activities, the net impact of periodic revisions to the mortgage servicing rights (MSR) valuation model for both core and non-core MSRs, other liquidating businesses, residual expense allocations and other. The company was founded by Amadeo Peter Giannini in 1904 is headquartered in Charlotte, NC.

## 9. Apple Inc.

<b>INDUSTRY</b>	Technology Hardware & Equipment
<b>FOUNDED</b>	1976
<b>COUNTRY/TERRITORY</b>	United States
<b>CHIEF EXECUTIVE OFFICER</b>	Tim Cook
<b>EMPLOYEES</b>	137,000
<b>SALES</b>	\$267.7B
<b>HEADQUARTERS</b>	Cupertino, California



Apple, Inc. engages in the design, manufacture, and sale of smartphones, personal computers, tablets, wearables and accessories, and other variety of related services. It operates through the following geographical segments: Americas, Europe, Greater China, Japan, and Rest of Asia Pacific. The Americas segment includes North and South America. The Europe segment consists of European countries, as well as India, the Middle East, and Africa. The Greater China segment comprises of China, Hong Kong, and Taiwan. The Rest of Asia Pacific segment includes Australia and Asian countries. Its products and services



include iPhone, Mac, iPad, AirPods, Apple TV, Apple Watch, Beats products, Apple Care, iCloud, digital content stores, streaming, and licensing services. The company was founded by Steven Paul Jobs, Ronald Gerald Wayne, and Stephen G. Wozniak on April 1, 1976 and is headquartered in Cupertino, CA.

## 10. Bank of China

<b>MARKET CAP</b>	\$112.8B
<b>INDUSTRY</b>	Banking
<b>FOUNDED</b>	1912
<b>COUNTRY/TERRITORY</b>	China
<b>CHIEF EXECUTIVE OFFICER</b>	Wang Jiang
<b>EMPLOYEES</b>	311,133
<b>SALES</b>	\$135.4B
<b>HEADQUARTERS</b>	Beijing



Bank of China Ltd. engages in the provision of banking and financial services. It operates through the following business segments: Corporate Banking, Personal Banking, Treasury Operations, Investment Banking, Insurance, and Others. The Corporate Banking segment offers services to corporate customers, government authorities, and financial institutions such as current accounts, deposits, overdrafts, loans, custody, trade related products and other credit facilities, foreign currency, and derivative products. The Personal Banking segment provides services to retail customers such as current accounts, savings, deposits, investment savings products, credit and debit cards, consumer loans, and mortgages. The Treasury Operations segment deals in foreign exchange transactions, customer-based interest rate and foreign exchange derivative transactions, money market transactions, proprietary trading, and asset and liability management. The Investment Banking segment includes debt and equity underwriting and financial advisory, sales and trading of securities, stock brokerage, investment research and asset management services, and private equity investment services. The Insurance segment specializes in the underwriting of general and life insurance business and insurance agency services. The other segments comprises of investment holding and miscellaneous activities. The company was founded on February 5, 1912 and is headquartered in Beijing, China.



## Increase Your Knowledge Further !

Q.1 Find about the Forbes List of Largest Private Companies.

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Q. 2 Which Indian companies are in the list of Forbes Global 2000 and at what rank ?

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Q. 3 Similar to Forbes Global 2000, there is a list of "The Banker Top 1000 list of World Banks". Write about it .

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### Make Notes:

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# Chapter 5

## INDIAN COMPANIES GONE GLOBAL



Companies started with both short as well as long term objective. There are companies which started with a small idea and today have grown to reach international heights. The list tells you about Indian companies which have established and grown overseas.

## 1. ONGC (ONGC Videsh)

ONGC Videsh Limited is the international division of ONGC. Established on 15th June 1989, ONGC Videsh today has spread across 17 countries with 38 projects producing about 23.4 % of oil and 18.9% of India's domestic oil and natural gas production, making it the second largest petroleum company of India, next to its parent company ONGC.

The primary business is to prospect for oil and gas including exploration, development and production of oil and gas.

With presence across Vietnam, Russia, Sudan, South Sudan, Iran, Iraq, Libya, Myanmar, Syria, Brazil, Colombia, Venezuela, Kazakhstan, Azerbaijan, Mozambique, Bangladesh and New Zealand, ONGC completed 741 km product pipeline project in Sudan in 2005. ONGC Videsh is the first Indian Company to produce equity oil and gas abroad.



## 2. TATA Motors

Established in 1945, TATA Motors, today is a USD 42 billion organisation being a leading global automobile manufacturer. TATA Motors expanded internationally through exports in 1961. The group has presence in over 170 countries having close to 6600 touch points. The company has grown consistently through acquisitions after launching

indigenously-built passenger car Tata Indica. It's notable acquisitions include Daewoo Commercial Vehicles Company, Hispano Carrocera, and Jaguar-Land Rover. Guenter Butschek is the CEO of TATA Motors operating under the leadership of Natarajan Chandrasekaran, Chairman of TATA Sons. TATA Motors is also listed on Bombay Stock Exchange.



## 3. Motherson Sumi Systems

Established in 1986, the company came into existence as a joint venture between Samvardhana Motherson Group and Japan's Sumitomo Wiring Systems. Today, the company is considered to be the leading automotive mirror and wiring harness manufacturer for passenger cars. Motherson Sumi Systems today has offices and manufacturing units in 24 international and 11 Indian locations having a revenue



of USD 5 billion. With close to 80,000 employees , the company has done 10 acquisitions till now.

#### 4. Hindalco Industries Ltd.

Established in 1958 , Hindalco Industries Ltd. is the industry leader in aluminium and copper. It is the world's largest aluminium rolling company and of the Asia's biggest producers of primary aluminium. Hindalco ranks among the global aluminium majors as an integrated producer and a footprint in 13 countries outside India.

Its copper smelter is today one of the world's largest custom smelter at a single location. The acquisition of Novelis Inc, the world's largest aluminium rolling company, in 2007, made Hindalco an international organisation making it amongst the top 5 global aluminium majors.



#### 5. Jubilant Life Sciences

Established in 1978, Jubilant Life Sciences is an integrated pharmaceutical and life sciences company which also provides services in contract manufacturing of sterile injectables and drug discovery solutions. Jubilant Life Sciences have global sales in over 100 countries and ground presence in India, Europe, China and North America.



It owns world class manufacturing facilities in India and North America. It has relationship with 19 of Top 20 pharmaceutical companies and 6 amongst top 10 agrochemical companies across the globe. The parent company of Jubilant Life Sciences is Jubilant Bhartia Group which has 3 flagship companies listed on Stock exchange i.e. Jubilant Life Sciences Ltd, Jubilant FoodWorks Ltd and Jubilant Industries Ltd.

#### 6. Infosys

Started in 1981 by 7 engineers, Infosys Ltd. today has grown by leaps and bounds to become one of the biggest IT Company. Started with a capital of Rs. 10,000, Infosys is a global leader in technology and consulting services enabling clients in more than 50 countries to create and execute strategies for their digital transformation.



Global leader in technology and consulting services. Today, Infosys has grown to market capitalization of USD 36.3 billion. Infosys is growing its global presence in India, United States, China, Australia, Japan , Middle East and Europe.

## 7. Punj Lloyd

Established in 1988 , as Punj Lloyd Engineering Private Limited, Punj Lloyd is an international EPC Contractor providing services for energy, infrastructure and defence sectors. It provides integrated design, engineering, procurement, construction and project management services in the energy and infrastructure sectors. Punj Lloyd employs 6,500 people from 30 nationalities in its 50+ subsidiaries in 60 + countries with operations in Middle East, Asia Pacific, South Asia, Africa and Europe.



## 8. Dr. Reddy Laboratories

Established in 1984 by Anji Reddy , Dr. Reddy Laboratories is an Indian Multinational Pharmaceutical Company which manufactures and markets a wide range of pharmaceuticals in India and overseas. Today, it has manufacturing plants and research centres around the globe including markets such as US, UK and Mexico. It is considered to be the India's most trusted brand. It has operations in close to 80 countries. The move to Russia in 1992 made the company expand internationally. With revenue of USD 2.6 billion, Dr. Reddy Laboratories is own for its quality.



## 9. Suzlon Energy

Established in 1995, Suzlon Energy is one of the leading renewable energy solutions providers in the world. It has presence in 19 countries across 6 continents with over 10000 employees of diverse nationalities. Suzlon Energy today has presence across Brazil, China, Europe, North America and Australia. Suzlon is synonymous with green energy , with its 15 manufacturing units set up in India and China supported by 8 R&D facilities in Germany, India, Denmark and the Netherlands. They have installed around 15.50 GW of wind globally. Suzlon is listed on National Stock Exchange and Bombay Stock Exchange , having a vision to be a technology leader in the renewable energy sector and be in the top 3 renewable energy companies in the key markets of the world.



## 10. HCL Technologies

Established in 1986, HCL Technologies is a subsidiary of HCL Enterprise. It offers services including IT consulting, enterprise transformation, remote infrastructure management, engineering and R&D and business process outsourcing. HCL Technologies has its presence in 32 countries globally with offices in United States, European countries like France and Germany and Northern Ireland. HCL Technologies is headed by Shiv Nadar, generating revenue of USD 7 billion. HCL operates across number of sectors such as aerospace and defence, automotive, consumer electronics, energy and utilities, financial services, government, industrial manufacturing, life sciences and healthcare etc.





## Increase Your Knowledge Further !

Q.1 TATA Sons has no. of companies operating under its banner. TATA Motors is one of the companies which has gone global. Find and gain knowledge about other TATA companies which have gone global.

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Q. 2 Find a start up from India which has gone global.

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Q. 3 Write about the global telecommunications company which is global and has presence in about 19 countries.

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### Make Notes:

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# Chapter 6

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## FINANCIAL SERVICES & INSTITUTIONS OF INDIA





The financial system of a country has a great impact on the economy as the financial services companies are responsible for the vigorous economic growth.

Financial services provided by finance companies include insurance, housing , financing, mutual funds, stock broking and investment advisory.

The top financial services companies are as follows :

### 1. SBI Capital Markets Limited

SBI Capital Markets Limited (SBICAP) is an investment bank which was founded in 1986. It is India's largest domestic investment Bank which offers the complete range of investment banking and corporate advisory services. It is a wholly owned subsidiary and the Investment Banking arm of SBI.



SBICAP has 5 subsidiaries SBICAP Securities Limited, SBICAP Trustee Company Limited, SBICAP Ventures Limited, SBICAP(UK) Limited and SBICAP (Singapore) Limited.

It has 5 regional offices in India with headquarters at Mumbai, Maharashtra.

SBICAP is the sole member of M&A International Inc which offers the unparalleled resources of over 600 professionals in 46 M&A advisory and investment banking firms operating in 40 countries.

### 2. PNB Housing Finance Ltd.

PNB Housing is a housing finance company, registered with National Housing Bank, which commenced operations in 1988. Promoted by Punjab National Bank, it is headquartered in New Delhi. It provides housing loans to individual and companies for construction, purchase, repair and up gradation of houses.



It has Pan India presence in more than 60 location and 18 hubs which support branch operations. PNB Housing got its equity shares listed on National Stock Exchange and Bombay Stock Exchange.

PNB Housing offers Home Loans (Housing loans to individuals for construction, purchase , repair and upgrade of houses), Non Home Loan (Loan against property, commercial property loan, etc) and Deposits (Public Deposits of different maturities and various interest payment options).

### 3. ICICI Group

ICICI Group offers a wide range of banking products and financial services to corporate and retail customers. Due to their customer approach and focus, the group companies have been able to maintain and enhance the leadership position in the respective sectors.



The Group's companies consist of ICICI Bank, ICICI Prudential Life Insurance Company, ICICI Securities Limited, ICICI Lombard General Insurance Company, ICICI Prudential AMC & Trust, ICICI Venture, ICICI Direct, ICICI Foundation, Disha Financial Counselling.

ICICI Bank is considered to be one of the leading company of ICICI group. ICICI Bank is India's largest private sector bank with a network of 4,850 branches and 13,722 ATM's across India.

### 4. Birla Sun Life Asset Management

Birla Sun Life Asset Management, the investment managers of Birla Sun Life Mutual Fund, is a joint venture between the Aditya Birla Group and the Sun Life Financial Inc. of Canada. Incorporated in 1994, it spans across 26 countries & headed by Mr. A Balasubramanian.



It strives to provide transparent, ethical and research-based investments and wealth management services.

Birla Sun Life Asset Management has one of the largest team of research analysts in the industry.

The joint venture between Aditya Birla Group and Sun Life Financial Services Inc. of Canada bring the experience of former in the Indian Market and latter's global experience.

Birla Sun Life Mutual Fund manages assets of large investor base. They offer a range of investment options, including diversified and sector specific schemes, fund of fund schemes, hybrid and monthly income funds, a wide range of debt and treasury products and offshore funds.

### 5. L & T Financial Services

L & T Financial Services, incorporated in 1994, is the brand name of L&T Finance Holdings Ltd. It is a National



Stock Exchange and Bombay Stock Exchange listed company, which is also registered with RBI as an NBFC and CIC.

The retail business of the company has grown both organically and inorganically to reach an asset size of around Rs. 28,000 crore while serving more than 30 lakh customers.

L & T Finance offers various financial products and services for trade, industry and agriculture such as Home Loans, Personal Vehicle Loans, Commercial Home Loans, etc.

L & T Financial Services has subsidiaries which include L & T Finance Limited, L & T Infrastructure Finance Company Limited and L & T Asset Management Company Limited. It also provides Insurance related services through L & T General Insurance Company Limited.

## **All India Financial Institutions**

It is a group composed of Development Finance and Investment Institutions which play pivotal role in the financial markets. They act as an intermediary between borrowers and final lenders, providing safety and liquidity. This ensures earnings on the investments and savings involved.

### **1. Export – Import Bank of India (Exim Bank)**

Commencing operations in 1982, Exim Bank was established by the Government of India under the Export – Import Bank of India Act, 1981 as a provider of export credit, mirroring global Export Credit Agencies. Today, Exim bank serves as a growth engine for industries and SME's through a wide range of products and services. Exim bank is both a catalyst and a key player in the promotion of cross border trade and investment.



It offers a gamut of unique products and need based services that boost Indian businesses across the globe. Exim bank operates from its headquarters in Mumbai and 9 domestic and 9 overseas offices.

### **2. National Bank of Agriculture and Rural Development (NABARD)**

NABARD is an apex development bank in India which came into existence on 12 July 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation (ARDC). NABARD was set up with an initial capital of Rs. 100 crore, but today it has a paid up capital at Rs. 5,000 crore. NABARD build an empowered and financially inclusive rural India through specific goal oriented departments i.e. Financial , Developmental and Supervision.



### **3. Small Industries Development Bank of India (SIDBI)**

Small Industries Development Bank of India was established on April 2, 1990 under an Act of Indian Parliament and is headquartered in Lucknow, Uttar Pradesh. It acts as the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise sector and for Co-

ordination of the functions of the institutions engaged in similar activities.



The Micro, Small and Medium Enterprises contributes to the growth of Indian economy with a network of around 5.1 crore units, employing 11.7 crore workforce and manufacturing 6000 products.

SIDBI contributes about 45% to manufacturing output and about 40% of exports. It has made cumulative disbursements of about 4.50 lakh crore which has benefitted 350 lakh persons till now.

#### **4. National Housing Bank (NHB)**

National Housing Bank was set up on July 9, 1988 under the National Housing Bank Act, 1987. It is the apex financial institution for housing. An wholly owned subsidiary of Reserve Bank of India, it is headquartered at New Delhi.



The objective to establish NHB was to operate it as a principal agency to promote housing finance institutions at both local as well as regional levels. At the same time its aim is to provide financial and other support incidental to such institutions.

NHB registers, regulates and supervises Housing Finance Company (HFC's) keeps surveillance through On-site and Off-site mechanisms and coordinates with other regulations.

NHB had 84 professionals at different levels who are committed to pursuit of excellence through innovation, doer work culture and contemporary work practices and technology intervention.



## Increase Your Knowledge Further !

Q.1 You have studied about the top financial services companies of India. Now find out top 3 financial services companies across the globe.

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Q. 2 Learn about Bank of International Settlements and list three functions of it.

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Q. 3 Find out which all financial services companies mentioned in this chapter have their global reach.

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## Make Notes:

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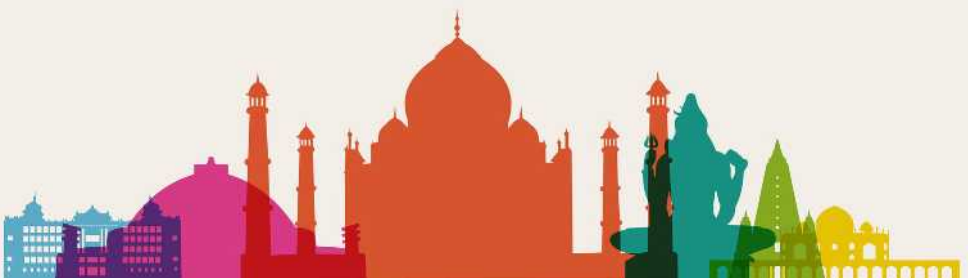
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# Chapter 7

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## EMINENT BUSINESS HOUSES OF INDIA



The module takes you through the traditional, eminent and well established business houses of India. Let us study their success stories.

## **WIPRO**

**Founded on : 29th December 1945**

**Founded by : Mohamed Hasham Premji**

**Headquarters : Bengaluru , Karnataka**



Started initially as a manufacturer of vegetable and refined oils, the company shifted its focus to new business opportunities in the IT and computing industry, in 1970's and 1980's. Wipro was established as Wipro India Products subsequently changing it to Wipro Products Ltd. and to Wipro limited in 1982 with the arrival of Wipro into IT domain. Wipro, since its establishment, has diversified its product line with Wipro Group being the parent company and having its subsidiaries as Western India Products Limited, Wipro Consumer Care and Lighting, Wipro Infrastructure Engineering and Wipro GE Medical Systems. Listed on Bombay Stock Exchange and National Stock Exchange of India, Wipro has a workforce of 170000+ employees in 175 cities across 6 continents. The global information technology company registered revenue of USD 7.7 billion in 2016.

Wipro has strategic alliances with globally recognised companies like Google, Hewlett Packard Enterprise, CISCO, Adobe, Microsoft, IBM etc as well as Technology Alliances with Intel, Amazon Web Services, Sonic Software, Dell Boomi etc.

## **GMR Group**

**Founded in : 1978**

**Founded by : Grandhi Malikarjuna Rao**

**Headquarters : New Delhi**



GMR Group was started with Agri based industries like Jute, Sugar and Breweries which slowly diversified itself into the Infrastructure space. Today, the interest of the company lies in Airports, Energy, Highways and Urban Infra. The group is a major player in the infrastructure sector with world class projects in India and abroad.

GMR group has also forayed into sports by promoting Delhi Daredevils in IPL.

With Indira Gandhi International Airport, New Delhi and Rajiv Gandhi International Airport, Hyderabad operated by the Group, it employs close to 12000 workforce generating USD 140 billion of revenue. The Group's Global Presence with infrastructure operating assets and projects in several countries including Nepal, Turkey, South Africa, Indonesia, Singapore, Maldives and Philippines.

## **Adani Group**

**Founded in : 1988**

**Founded by : Gautam Adani**

**Headquarters : Ahemdabad, Gujarat**



Adani Group was founded as a commodity trading business and later on it diversified its businesses into resources, logistics, agribusiness and energy sectors. Today, the Group is the largest port developer and operator in India. It is considered to be one of the leading business houses with revenue of over USD 12 billion. The group's subsidiaries include Adani Ports & SEZ Limited, Adani Power, Adani Gas Limited.

## **Wadia Group**

**Founded in : 1736**

**Founded by : Lovji Nusserwanjee Wadia**

**Headquarters : Mumbai, Maharashtra**



One of the oldest conglomerates of India, Wadia Group initially secured contracts with the British East India Company to build ships and docks in Bombay.

Over the last 140 years, the Wadias have diversified into various fields of industry and commerce in collaboration with world leaders.

The new companies under the wadia banner have become market leaders in their respective fields under the vision and leadership of the Wadia Group Chairman Mr. Nusli Wadia.

The diversification led to formulation of following companies

1. Bombay Dyeing
2. Bombay Realty
3. Britannia Industries
4. Go Airlines
5. Wadia Techno Engineering Services
6. Bombay Buramah



## **Jaypee Group**

**Founded in : 1979**

**Founded by : Jaiprakash Gaur**

**Headquarters : Noida, Uttar Pradesh**



Jaypee Group is a conglomerate which is involved in well diversified infrastructure conglomerate with business interests in Engineering & Construction, Power, Cement, Real Estate, Hospitality, Expressways, IT, Sports & Education.

Jaypee is India's first largest cement producer and the largest private sector hydropower company with 1,700 MW in operation. The Jaypee Group successfully completed projects in 18 states of India and Bhutan. Today, Jaypee Group operates through its various subsidiaries like Jaypee Infratech Limited (JIL), Bhilai Jaypee Cement Limited, Himalayan Expressway Ltd., Yamuna Expressway Tolling Limited, Jaypee Infrastructure Development Ltd. etc.

Jaypee is known for its infrastructure like Buddh International Circuit and Yamuna Expressway.

## **Aditya Birla Group**

**Founded in : 1857**

**Founded by : Seth Shiv Narayan Birla/Ghanshyamdas Birla**

**Headquarters : Mumbai, Maharashtra**



The multinational conglomerate has interests in sectors such as viscose staple fibre, metals, cement, viscose filament yarn, branded apparel, carbonblack, chemicals, fertilisers, insulators, financial services, telecom, BPO and IT services.

It employs over 1,20,000 employees with operations spanning 36 countries. Today the group is in league of Fortune 500 with revenue of USD 41 billion. It is the third largest Indian private sector conglomerate behind TATA Group and RIL.

UltraTech Cement, Grasim Industries, Idea Cellular and Hindalco are few of its products which have established themselves. The Philanthropic side of the group is run by Mrs. Rajashree Birla which runs 45 schools and 18 hospitals.

Aditya Birla Group is the 4th largest producer of insulators and 5th largest producer of acrylic fibre globally. It is the largest Indian MNC with manufacturing operations in the USA, wherein 95% of the workforce comprises of Americans.

## **Bajaj Group**

**Founded in : 1926**

**Founded by : Jamnalal Bajaj**

**Headquarters : Mumbai, Maharashtra**



The Bajaj Group is one of the most respected and renowned business houses of India. The Group comprises of 36 companies which are involved in various industries such as automobiles, home appliances, lighting, iron and steel, insurance, travel and finance.

The group has revenue of close to USD 7 billion with a team of 45000 people. Some of the notable companies under the group are Bajaj Auto Ltd, Bajaj Finance Ltd., Bajaj Finserv Ltd, Bajaj Electricals Ltd, Bajaj Allianz General Insurance Company Ltd. and Bajaj Allianz Life Insurance Co Ltd.

Bajaj Group is also involved in variety of welfare activities which are carried out through trusts and foundations established by the group. The various trusts and foundations spend upto USD 1.8 million every year for these activities in education, health, women empowerment, self reliance, rural development and environment.

## **TATA Group**

**Founded in : 1868**

**Founded by : Jamsetji Tata**

**Headquarters : Mumbai, Maharashtra**



The Group is India's largest conglomerate employing 660,000 people comprises of 29 publicly listed TATA enterprises with a combined market capitalisation of about USD 130.13 billion. The TATA Group's global footprint spans in more than 100 countries in 6 continents. The Group comprises of over 100 independent operating companies such as TATA Steel, TATA Motors, TATA Consultancy Service, Titan, TATA Chemicals etc.

The independent operating companies have achieved global leadership in their businesses be the No. 1 international wholesale voice provider TATA Communications or TATA Motors which is considered to be among top 10 commercial vehicle manufacturer in the world. Similarly, TATA Steel is among the top 15 steelmakers and TCS is the 2nd largest IT service company in the world.

## RELIANCE INDUSTRIES LIMITED

**Founded in : 1966**

**Founded by : Dhirubhai H. Ambani**

**Headquarters : Mumbai, Maharashtra**



Reliance Industries Limited (RIL) is an Indian conglomerate holding company with businesses across India engaged in energy, petrochemicals, textiles, natural resources, retail and telecommunications. Reliance is the most profitable company in India, the second-largest publicly traded company in India by market capitalization and the second largest company in India as measured by revenue after the government-controlled Indian Oil Corporation.

### De- Merger of RIL

In October 2005, the split of Reliance Group was formalized. Mukesh Ambani acquired Reliance Industries and IPCL, while Anil Ambani received telecom, power, entertainment and financial services business of the group hence forming The Reliance - Anil Dhirubhai Ambani Group includes Reliance Communications, Reliance Infrastructure, Reliance Capital, Reliance Natural Resources and Reliance Power. The division of Reliance group business between the two brothers also resulted in de-merger of 4 businesses from RIL. These businesses immediately became part of Anil Dhirubhai Ambani Group

### RELIANCE ADA GROUP

The company, which was formed after Dhirubhai Ambani's business was divided up, is headed Anil Ambani. It has a market capitalization of US\$13 billion and net assets worth US\$27 billion. The Reliance Group operates in over 25,000 cities and 400,000 villages.



Across different companies, the group has a customer base of over 100 million, the largest in India, and a shareholder base of over 12 million, among the largest in the world. Through its products and services, the Reliance –ADA Group touches the life of one in every 5 Indians every single day. Through its products and services, the Reliance - ADA Group touches the life of 1 in 10 Indians every single day.

It has a business presence that extends to over 20,000 towns and 4.5 lakhs villages in India, and 5 continents across the world.



## Increase Your Knowledge Further !

**You have learnt about traditional and eminent business houses of India. Now search for the leaders who emerged by themselves.**

Q.1 OLA

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Q. 2 FlipKart

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Q. 3 Book My Show

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### Make Notes:

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**INTERNATIONAL FINANCE OLYMPIAD**

**Head Office : HS 13, 2nd Floor, Kailash Colony Main Market, Delhi 110048**

# Chapter 8

## DEMONETIZATION AND GST





Demonetization and GST have captured the nation's attention in the financial year 2016-17. Let us study about these topics in detail.

## **DEMONETISATION**

Demonetization is considered to be a move of depriving a currency unit from its status of being a legal tender. Example of such demonetisation include when Zimbabwean government demonetized its dollar to combat the country's hyperinflation and the recent demonetisation by Indian government of its 500 and 1000 rupee note.

### **INDIA's Demonetization**

On 8th November 2016, the Indian Government led by Mr. Narendra Modi took a step to demonetize the 500 and 1000 rupee notes. The two biggest denominations in the currency system which accounts 84% of the country are circulating cash. The move so taken by the government was to curtail the shadow economy and crack down the use to illicit and counterfeit cash.

Through this move up to 98% of the demonetized bank notes were deposited back into banks totalling the deposit account to 14.97 trillion out of the 15.4 trillion cash demonetized. Post the announcement of demonetization, the Indian government also announced the issuance of new 500 and 2000 banknotes in exchange for the old notes.

## **GST**

Goods and Services Tax (GST) is an indirect tax for the whole nation, which will make India one unified common market.

The GST is governed by GST Council and its Chairman is Union Finance Minister of India i.e. Nirmala Sitharaman. GST has been applicable from July 1st, 2017.

Four types of taxes have been combined together to form GST:

- Entertainment Tax
- Entry Tax
- Advertisement taxes
- Taxes applicable on lotteries

GST will be levied on all transactions such as sale, transfer, purchase, barter, lease, or import of goods and/or services. India is adopting a dual GST model, meaning that taxation is administered by both the Union and State Governments.

It is a single tax on the supply of goods and services, right from the manufacturer to the consumer. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set off benefits at previous stages.

### **Benefits of GST:**

#### **1. For Business and Industry**

- Easy Compliance
- Uniformity of tax rates and structures
- Removal of Cascading
- Improved Competitiveness
- Gain to manufacturers and exporters

#### **2. For Central and State Government**

- Simple and easy to administer
- Better controls on leakage
- Higher revenue efficiency

#### **3. For the consumer**

- Single and transparent tax proportionate to the value of goods and service
- Relief in over tax burden





## Increase Your Knowledge Further !

Q.1 We have discussed about India's demonetization in 2016. Find out the other demonetization which occurred in India post independence.

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Q. 2 Find and write about Demonetization in Zimbabwe.

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Q. 3 Find 10 more countries who have implemented GST.

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### Make Notes:

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