MDI MURSHIDABAD

Management Development Institute

FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM

Weekly financial magazine for the students of MDIM

FINODATE

ABOUT US

Finartha, the finance club of Management Development Institute Murshidabad formed with the ambitions of bridging the gap between the academic and professional worlds. As a student— run organization, the club brings together students with a shared interest in Finance to enjoy presentations from industry professionals, competitions, quizzes, finance-related discussions, casual and formal networking events as well as a variety of social events. It provides the platform for interactive discussions and orients oneself towards the world of business and commerce. The club plans to get into media through social as well as print media to update the students, academic professionals and industry veterans about its various activities. It thrives on providing the students with additional resources needed to develop themselves into strong candidates for the prospective job market. If one is zealous enough for the activities which go into finance and its substrates then 'Finartha' is the platform to quench that zeal.

Issue - 121

TOP GAINERS

INDEX

SENSEX 58,833.87

NIFTY 50 17,558.90

NASDAQ 12141.71

DOW JONES 32283.40

Securities	Prev closing	Closing Price	Percentage increase	High/Low
GRASIM	*1624.85%*	*1675.25*	*3.58*	*1687.45/1629.95*
NTPC LIMITED	*158.90*	*163.40*	*2.96%*	*164.70/158.90*
ADANI PORTS	*816.00*	*837.70*	*2.94%*	*845.00/816.00*
JSW STEEL	*648.70*	*667.00*	*2.84*	*670.55/654.00*
TITAN	*2466.45*	*2532.90*	*2.78*	*2556.00/2481.55*

TOP LOSERS

CURRENCY

- **USD/INR ₹ 79.96**
- **GBP/INR ₹ 93.81**
- **YEN/INR ₹ 0.58**
- **EURO/INR ₹ 79.67**

Securities	Prev closing	Closing Price	Percentage increase	High/Low
EICHERMOT	*3481.45*	*3355.10*	*-3.67*	*3453.80/3341.80*
INDUSINDBK	*1089.95*	*1069.75*	*-1.65*	*1101.70/1064.65*
BHARTIARTL	*741.00*	*730.85*	*-1.32*	*741.50/728.00*
ASIANPAINT	*3362.50*	*3323.55*	*-1.91*	*3384.50/3305.65*
HDFC	*2419.75*	*2396.70*	*-0.76*	*2445.00/2390.50*

TAKE-O-TRADE

SPOT	*SIGNAL*	*TAKE AT*	*TARGET 1*	*TARGET 2*	*STOP LOSS*
Adani Ports	Buy	830	900	930	790
Hindalco	Buy	430	460	480	410
Adani Power	Buy	360	390	410	340

Market Watch

- 62 small cap gain 10-33% despite market breaking 5 week really
- NDTV share hit the roof after on Adani deal.

NATIONAL FINANCIAL NEWS

Rajasthan accounts for the highest share in the cost of projects approved by banks in FY22

Rajasthan has accounted for the biggest percentage of the overall cost of projects sanctioned by banks and financial institutions in FY22 (2021–2022), according to the RBI bulletin. Utter Pradesh stood at the second position followed by Gujarat. Rajasthan retained the first position for two consecutive years. The infrastructure sector continued to attract maximum Capex projects, led by the 'power' and 'road and bridges' sectors. As a result of the pandemic's setbacks, "announcements of new investment projects grew dramatically during 2021–22, with total project costs showing an increase of roughly 90% over 2020–21, but still remaining below the pre-pandemic level," the report claimed.

Rakesh Jhunjhunwala passes away at 62: ace investor was known as “the big bull of India”.

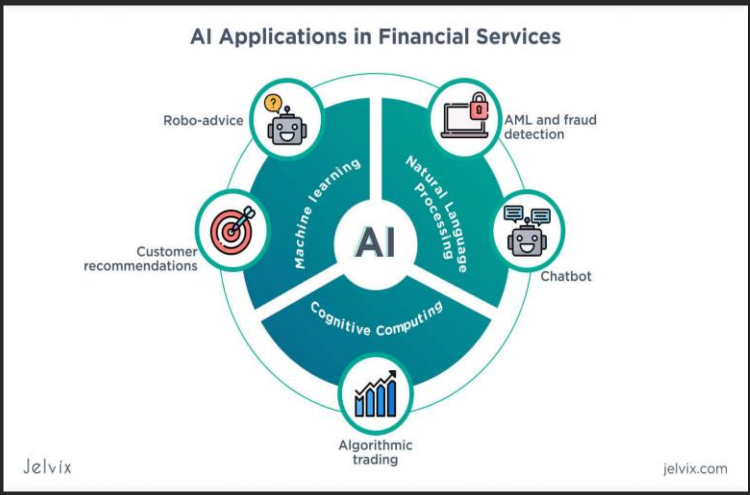
The financial world was in shock after hearing the news of the demise of Jhunjhunwala. The billionaire whose net worth was USD 5.8 billion according to FORBES passed away in Mumbai due to cardiac arrest. Also known as “Warren Buffet of India” had recently launched a budget airline called Akasa air. He was also the 48th richest person in the country, reported PTI. He also had investments in many companies including Star Health, Rallis India, Escorts, Indian Hotels Company, Nazara Technologies, Canara bank, Tata Motors, and of course the watch and jewelry maker, Titan. Jhunjhunwala was also the chairman of Hungama Media and Aptech. He was also part of the board of directors of firms such as Viceroy Hotels, Concord Biotech, Geojit, and Provogue India. His 5.05 percent stake in Titan alone, according to PTI, is worth more than Rs 11,000 crore.

HDFC Bank hikes FD rates: Fixed deposit interest rates compared with SBI, PNB, ICICI Bank rates

One of the largest private sector banks in the nation, HDFC Bank, has raised the interest rates offered on its fixed deposits in line with the trend following the Reserve Bank of India's (RBI) increases in policy rates (FDs). Investors under 60 years of age can now take advantage of HDFC Bank's highest interest rate of 6.10 percent on deposits under Rs 2 crore for a term of 3 years, 1 day to 5 years, while senior citizens can take advantage of 6.60 percent on the same deposit.

The Leverage of Artificial intelligence and Machine learning in Financial services.

An estimated 1.14 trillion MB of data generated every single day, the amount of alternative data available to quantitative analysts and investors is staggering. The sources include web scraping, credit card transactions, satellite imagery, geolocation, NLP e-commerce transactions, and all types of phone data. According to a survey by Deloitte Insights, 70 per cent of all financial services firms are using machine learning to predict cash flow events, fine-tune credit scores, and detect fraud. From processing of data to contactless banking, algorithms in emerging technologies are fast becoming the key drivers of growth for financial institutions. Many lenders use these forms of data, regardless of their amount, value, or velocity, for their business needs. The adoption of artificial intelligence and machine learning evaluation models has enabled lenders to leverage this data to enhance credit approvals because there is a sizable data pool of potential clients.



Machine learning and artificial intelligence can merge to identify patterns that predict behaviour and estimate a borrower's credit worthiness. Lenders can boost profits per loan by using AI to decrease the costs and delays associated with underwriting. Chatbots based on artificial intelligence can quickly to client inquiries and handle low-ticket items for a faster turnaround time. Sentiment analysis and natural language processing (NLP) is one of the most common and useful applications of machine learning for finance. With the massive amount of text data available on equities, NLP allows investors to efficiently analyse this data and gain insights into the entire corpus of data. Another application of machine learning for alternative data is ranking stocks based on a variety of factors, otherwise known as predictive equity ranking. Social sentiment, news sentiment, sec filling sentiment are different tools that gather and analyse information to make correct investment decisions. For predictions on customer behaviour or recommendations for customers availing financial services through traditional or new age banking systems, markets are creating models with the help of AI which utilise existing data for customer retention, acquisition, risk assessment, resource utilisation, and knowledge sharing for effective planning and decision making. Cyber frauds in financial institutions can be blocked through artificial intelligence by identifying suspicious activities or malicious bugs in the system. Pattern irregularity can also be identified by AI which can prove useful for banking services. People nowadays use financial services virtually which is hassle-free and effective and would ideally prefer being recommended products through the platforms that they are using extensively. Tapping into the platforms that they are active on, their approach towards monetary transactions, etc. can only be derived from strategic use of Artificial Intelligence.

Source of Image: Jelvix.com

GLOBAL FINANCIAL AFFAIRS

Crude price surges after Saudi's output cut warning

The price of Brent crude spiked during the conflict between Ukraine and Russia, reaching its highest level since 2008. However, after a few months, the price of Brent petroleum fell as a result of the global economic downturn and abrasive US interest rate rises.

Image Source: Shutter Stock

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Brent for October settlement reached a three-week high, trading up $1.30, or 1.3%, at $101.52 a barrel by 0850 GMT. U.S. crude was up $1.18, or 1.3%, at $94.92 a barrel.

Investors will now be watching Fed Chair Jerome Powell closely when he speaks on Friday at the annual international central banking conference in Jackson Hole, Wyoming.

Biden's plan to forgive big student loans, fear of inflation rises

On Wednesday, President Joe Biden announced that the federal government will cancel $10,000 in student debts for several graduates who are heavily indebted. Since canceling the debt would release hundreds of billions of dollars, this will establish a new front in the US's fight against inflation.

The White House claims that the nation's "skyrocketing cumulative federal student loan debt, which is present $1.6 trillion and increasing for more than 45 million borrowers," is a significant burden on the middle class in America.

Americans are saddled with a whopping $1.75 trillion in student loan debt, the bulk of which is held by the federal government, as a result of American university tuition being far higher than that of the majority of other rich nations

Next Generation of Financial Technology

Over the years Fintech has blossomed and evolved through many significant stages starting about 20 years ago and a new era of Fintech is emerging post-pandemic. This is expected with so many rapid changes in the world. While there is no single definitive history of Fintech since it's still being written, this helps to think of the original pioneers in the space as Fintech1.0, Companies varied in size, approach, and ultimately success. Many start-ups had with scaling, at this point banks and fintech companies recognize the synergistic opportunity around partnership most often with distribution agreements this is where **fintech 2.0** comes in. we all have this question, how fintech 2.0 is different? The fintech 2.0 approach centers on what can be called re-bundling which means seamlessly integrating all the things a customer needs to manage their financial life in a single place. To be successful in fintech 2.0 organizations will require mastering several aspects of the overall financial experience all equally important. **Firstly** Customer-centric thinking is perhaps the core 2.0 philosophy, not just determining a solution to a single problem point but recognizing all of the customer's needs and devising ways to meet them holistically. **Secondly,** Cutting edge technology, the best platform for fintech2.0 will be those that effectively leverage data to learn and adapt to a customer's changing needs. **Thirdly** sophisticated design fintech start-ups are largely leading the way in this area coming right out which focuses on building user-friendly digital experiences. Legacy banks are also investing in this area as well but can be constrained by the traditional business models. **Fourthly** bank charters legacy banks have used charters as their mode to fend off competition, fintech 1.0 didn't worry about obtaining bank charters as they were laser-focused on narrow offerings without a charter, that's changing rapidly and while true digital banks are rare, they are likely to continue to increase in number. **Lastly** market validation, the markets are already signaling that they are ready for fintech 2.0 with gain for companies in the space that dwarf even those of big tech and venture capital increasingly showing a willingness to back neo bank. The building blocks that will go on to establish fintech 2.0 over the next few years will include firstly assets and central bank digital currencies will be used worldwide there's an ever-growing focus on central bank digital currencies (**CBDC**). According to the world economic forum, more than 40 central banks worldwide are experimenting with blockchain this means that they will be able to complement currencies in circulation enable diversified payment formats, and allow for the exchange of tokens in central bank money. **Secondly**, banking technology stacks will need to be cloud-based to keep up, banking has the chance to break out of its physical constraints and become more of a persuasive and embedded service. **Lastly**, the fintech ecosystem to become a more critical part of the economy, there has been a systematic shift in the industry and the next era of fintech is here to stay it is going to move the needle for the sector, as companies focus on re-bundling and building customer-centric sustainable profitable business models where customers, investors, and regulators are satisfied that's the ultimate Win-Win-Win scenario.

Source of Image: volafinance.com / istockphoto.com

IPO WATCH : Dreamfolks Services Limited

About DreamFolks IPO

You might have used services like lounges, nap rooms, and food and drinks while taking a flight at airports in India. And it's very possible that Dreamfolks Services enabled these services. It is the biggest platform for aggregating airport services in India. The business facilitates services like lounges, food, and drink, spa treatments, meet and assist, airport transfers, transit motels with access to nap rooms, and baggage delivery. Simply put, the number of distinct times customers use these services determines the company's revenue.

It is the market leader in India and controls 95% market share of all India-issued credit card and debit card access to airport lounges.

When the business first started operating in 2013, it offered MasterCard users lounge access services. Since then, it has advanced significantly and now offers services to numerous card networks, including Visa, MasterCard, and RuPay. With a market share of more than 80% in India's domestic lounge access market, its first-of-its-kind business model has allowed it to grow into a significant player in the sector.

Now, Dreamfolks is all set to launch the IPO & will be on offer for sale.

Here are key details about the Dreamfolks IPO:

Founder’s Name	Liberatha Kallat	Company Established on:	24 April 2008
Opening Date	24 Aug 2022	Closing Date	26 April 2008
Allotment Status	1 Sep 2022	Credit of Shares to the	
Listing Date	6 Sep 2022	Demat Account	5 September 2022
Lot Size	46 Shares	Issue Size	Rs. 2 per size
Listed On:	NSE, BSE	Price Band	308-326 per share

Financial Snapshot

Particulars	FY20	FY21	FY22
Revenue	₹ 367.0 crore	₹ 105.6 crore	₹ 282.4 crore
Profit/Loss	₹ 31.6 crore	₹ -1.4 crore	₹ 16.2 crore

Monetary Policy

Recently in the Kautilya Economic Conclave organized by the Institute of Economic Growth in New Delhi the Reserve Bank of India Governor addressed the Globalisation of Inflation and Conduct of Monetary Policy. The Governor mentioned the Black Swan Events. The Black Swan Event is an incalculable event with maximum singularity and severe repercussions. The Covid-19 and geopolitical turbulence in Europe are the two black swan events mentioned in Governor's speech at the conclave. To safeguard the economy and maintain fiscal prudence it was important for the RBI to be perspicuous about its monetary policy objectives. The RBI through its bi-monthly monetary policy uses quantitative and qualitative instruments for credit control. This article talks about different quantitative tools used by RBI in framing monetary policy. Quantitative tools deal with the volume of money in the economy. These tools create a significant impact on the quantity of credit flow in the economy. Some of these tools used by RBI are Repo Rate, Reserve Repo Rate, Cash Reserve Ratio, and Statutory Liquidity Ratio. The other popular tool used by RBI is Open Market Operations where the sale and purchase of securities take place. Let us understand these tools and the implications these tools have in the formulation of Monetary Policy.

Repo Rate – It is a bank rate policy at which commercial banks borrow money from RBI by selling their securities. In this way, the bank maintains its liquidity. This is also used by RBI to control Inflation. The current policy repo rate is 5.40%.

Reverse Repo Rate – When there is enough liquidity in the economy to be absorbed, RBI borrows money from the bank. In return, RBI provides interest rates on the holdings of the bank. The current policy reserve repo rates are 3.35 %.

Cash Reserve Ratio – It is a share that the bank keeps with RBI. It is in the form of net demand and time liabilities. The current cash reserve ratio is 4.50%.

Statutory Liquidity Ratio – It is the minimum percentage of pledges that commercial banks maintain in the form of liquid cash, gold, or other securities. This is the prerequisite before banks extend credit facilities to customers.

Open Market Operations – As we know sales and purchases of securities take place in the market. This is done by the central bank to infuse or absorb excess liquidity in the market. RBI makes use of the sale of securities and sucks out liquidity and further buys securities to infuse liquidity in the market.

REVDI CULTURE: IS THE END NIGH?

A dangerous trend that has been on the rise throughout the country in recent times has been the "Revdi Culture" that is trying to corrupt the gullible minds into manipulating the electoral poles. Several ministers from the government in power have raised calls to delegitimize such welfare schemes implemented by the opposition parties.

The Reserve Bank of India (RBI) in recent reports has raised concerns about the precarious situation of state finances due to the rising impact of so-called "freebies". The recent statistics do support the argument made by the RBI spokesperson on how it has had an impact on the economic rationale and fiscal consequences.

One of the petitioners argued in the Supreme court that " Irrational freebies is analogous to bribery". This view was also echoed by the solicitor General, Tushar Mehra who stated that " Populist freebies distort the decision-making of the voter." Voters thus are assumed to be passive and unsophisticated and therefore there is a need to be circumspect.

But who defines what is an irrational freebie or to what extent should it be done? What is a good and bad freebie will always be a political choice. It's quite ironic that the system which objects to the rampant increase of "Revdi culture" is the very system that has failed to deliver economic relief to the lower strata of the society. All the experts, most of them being urban elites, have been skeptical of these welfare schemes. Government initiatives have found themselves in hot waters, suggesting that it encourages corruption. But is it really so? After all, it was these schemes that came to peoples' rescue during the peak pandemic situation. We often criticize the freebie culture, but doesn't it indicate to something preposterous? It indicates the abject failure of the system to build a welfare sustainable society. The economic boom post-1991 hasn't made it to the market yet. An open market with sufficient resources and massive cheap labor to explore hasn't fully reverberated yet. We have the results right in front of us. A high unemployment rate coupled with rampant corruption has led to an economic juggernaut going all haywire. Still, most of India continues to live under perilous economic conditions with limited opportunities. Hence, it is in this context that the demand for so-called 'freebies' has found a legitimate place in our society.

The response to this has neither been robust nor enough. We need to create genuine economic opportunities which would build a sense of responsibility among the masses. It is this incompetency from our former managers that we confront such circumstances today. The system will have to come up with economic models to provide proper employment opportunities complemented with basic amenities to the people.

This isn't to imply that the fiscal realities that the RBI is worrying about should be ignored. But the solution doesn't lie in rapping each other for political mileage. People in power should recognize that the problem at hand is not due to vulnerable voters but due to limited economic opportunities. We need a more robust system where the central and state would democratically come to a consensus and work towards a better future.

Image credit: Hindustan Times, Image credit : RBI , India Today

TEAM FINARTHA

THE FINANCE CLUB OF MDIM

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BATCH 2021-23 &2022-2024

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SHUBH TANEJA

SHIVANI TRIPATHI

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ELIZABETH REJI

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