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 -135

TOP GAINERS

Securities	Previous Closing	Closing Price	Percentage increase	High/Low
NESTLEIND	19,805.35	20,260.00	2.30%	20,294/19,844
SUNPHARMA	980.80	993.00	1.24%	997.00/980.00
ITC	338.40	342.00	1.06%	342.50/338.00
DRREDDY	4,356.20	4400.00	1.01%	4,414.80/4,354.25
TITAN	2,583.50	2,609.25	1.00%	2,629.90/2,567.95

INDEX

SENSEX **62,181.67**

NIFTY 50 **18,496.60**

NASDAQ **11,004.62**

DOW JONES **33,476.46**

TOP LOSERS

Securities	Previous Closing	Closing Price	Percentage increase	High/Low
HCLTECH	1,101.35	1,029.80	-6.50%	1,075.00/1,020.70
TECHM	1,074.15	1,036.75	-3.48%	1,075.70/1,030.20
INFY	1,620.15	1,570.20	-3.08%	1,628.00/1,561.10
WIPRO	403.70	394.15	-2.37%	406.00/391.25
TCS	3,350.55	3,290.00	-1.81%	3,374.10/3,276.35

CURRENCY

- **USD/INR** **₹ 82.42**
- **GBP/INR** **₹ 101.03**
- **YEN/INR** **₹ 00.60**
- **EURO/INR** **₹ 86.88**

TAKE-O-TRADE

SPOT	*SIGNAL*	*TAKE AT*	*TARGET 1*	*STOP LOSS*
ITC	Buy	330	396	300
HINDUNILVR	Buy	2520	3000	2268
ADANIPORTS	Buy	860	1030	770

Market Watch

- LIC aims to reach a mix of 75:25 between par and non-par in individual biz
- FPI invest Rs 30385 Cr in Indian equities in Nov so far

FINANCIAL NEWS -NATIONAL

All information on cryptocurrency is misleading: Vice-Governor Rabi of the RBI

T. Rabi Sankar, Deputy Governor of the Reserve Bank of India (RBI), claimed that all information about cryptocurrencies is inaccurate and urged lawmakers to base all relevant regulations on a clear knowledge of what virtual currencies are and what they are intended to accomplish. In order to effectively regulate cryptocurrency, he also asked for a single communication to be sent to all parties. "No data are available. Whatever information is available is false. And there's a good chance we'll come up with the wrong set of guidelines if we try to make laws without enough knowledge, "T Sankar made this statement on Saturday during a virtual conference held by the International Monetary Fund (IMF). He stated that "adequate, reliable, and consistent information" must be gathered. In order to effectively regulate cryptocurrencies, he urged the creation of all relevant rules based on a clear knowledge of what cryptocurrencies are and what they are intended to accomplish.

India's aviation business offers prospects, but taxes is a problem, according to the IATA head

According to IATA head Willie Walsh, there are exciting and big prospects in the Indian civil aviation business, but taxes has always been a problem, which also reduces competition in the sector. A global organisation called the International Air Transport Association (IATA) includes around 300 airlines, including those from India, and its members handle almost 83% of all air travel worldwide. According to IATA, India is experiencing a "far stronger rebound" than the Asia Pacific area as a whole. The organisation warned that procuring new aircraft and replacement parts would be difficult. "The Indian market... The opportunity in India must be viewed as being of the utmost importance. In India, there are problems that are not specific to aviation, but the regulatory structure and bureaucracy can slow down expansion, according to Walsh, who was speaking to reporters from the Asia Pacific area earlier this week, according to news agency PTI.

To support its ethics culture, Air India has established an ethics governance structure.

Tata group-owned Air India has established an ethics governance structure and is also forming committees at the top and regional levels in order to strengthen the ethics culture at the airline. The chief ethics counsellor, chief human resources officer, chief financial officer, and chief operations officer of the airline are all members of the supreme ethical committee, which is led by Air India Managing Director and Chief Executive Officer Campbell Wilson.

What Is Value Chain Finance?

Value chain finance is the term for financial goods and services that enter or pass through any point in a value chain and enable for investments that boost actors' returns as well as the chain's expansion and competitiveness. Although value chain financial transactions are not new (production finance might be termed "value chain finance"), a value chain finance strategy differs in numerous ways. These include of enhancing finance at particular points in the value chain to boost the overall value chain's competitiveness as well as involving many actors and leveraging relationships to reduce or mitigate risk. When using a value chain method, one must take into account both the risks and rewards of the financier and those of the value chain player requesting the financing. Financing for a value chain can be provided or facilitated by value chain actors themselves, banks, microfinance institutions, other non-bank financial institutions, or a mix of these actors. For a variety of reasons, these actors might take part in a value chain financing arrangement, and those motives will influence the ways in which they are willing to facilitate funding for value chain upgrading investments. In order to minimise transaction costs and lessen risks that might otherwise restrict access to traditional financial services, value chain finance frequently entails the formation of some sort of strategic agreement between the financial provider and one or more value chain participants. In such arrangements, private sector players may help facilitate funding from a more formal financial institution or they may directly finance a specific investment or cash flow requirement. Understanding how value chain governance, interactions, and linkages are organised to take advantage of market possibilities is crucial since this will affect whether a financing arrangement is viable. Value chain finance functions best in environments with high end-market demand, transparency, trust, and robust, frequent inter-firm transactions. Players in the value chain can rely on their ties to allow access to money more quickly the stronger the relationships are. The following are the most typical ways value chain participants enable financing:

Screening Borrowers: Value chain participants may be able to provide important information on potential borrowers. Financial institutions can use this data to estimate the risk of default, measure profitability, and screen for dependability.

Loan disbursement and repayment: Value chain participants may directly participate in loan transactions. They may be able to dispense loans on behalf of the financial institution, and they may also handle loan repayments. These positions can aid in lowering transaction costs and decreasing the possibility of default and arrears.

Default Risk/Collateral: Actors throughout the value chain may offer a type of "soft" collateral. In contrast to "hard" collateral like property titles, "soft" collateral might take the shape of direct guarantees or co-signatures, whether official or informal, putting a value on merchandise in a warehouse, etc. If legal collateral is not available to secure the loan, value chain participants may nonetheless offer an alternative that is acceptable to a financial institution. To the degree that a financial institution would waive customary restrictions, purchase orders and purchasers' contracts may offer a fair assurance of repayment.

Value chain financing may help ensure that firms have the liquidity they need to satisfy customer demands, whether those needs are for them to continue or grow their operations or to engage in modernization to take advantage of new market possibilities.

US wholesale inflation eases to 7.4% in Nov; 5th straight slowdown

Wholesale prices in the United States rose 7.4 per cent in November from a year earlier, a fifth straight slowdown and a hopeful sign that inflation pressures across the economy are continuing to cool.

The latest year-over-year figure was down from 8 per cent in October and from a recent peak of 11.7 per cent in March. On a monthly basis, the government said Friday that its producer price index, which measures costs before they reach consumers, rose 0.3 per cent from October to November for the third straight month.

Rising prices are still straining Americans' finances, particularly for food, rent and services such as haircuts, medical care and restaurant meals. Yet several emerging trends have combined to slow inflation from the four-decade peak it reached during the summer.

Gas prices have tumbled after topping out at USD 5 a gallon in June. Nationally, they averaged USD 3.33 a gallon Thursday, according to AAA, just below their average a year ago.

And the supply chain snarls that caused chronic transportation delays and shortages of many goods, from patio furniture to curtains, are unravelling. US ports have cleared the backlog of ships that earlier this year took weeks to unload. And the cost of shipping a cargo container from Asia has fallen sharply back to pre-pandemic levels.

As a result, the prices of long-lasting goods, from used cars and furniture to appliances and certain electronics, are easing.

Friday's producer price data captures inflation at an early stage of production and can often signal where consumer prices are headed. Next week, the government will report its highest-profile inflation figure, the consumer price index.

The most recent CPI report, for October, showed a moderation in inflation, with prices up 7.7 per cent from a year earlier. Though still high, that was lowest year-over-year figure since January.

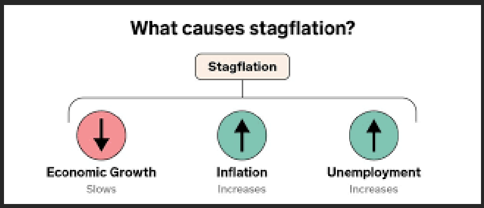
Federal Reserve Chair Jerome Powell, in a speech last week, pointed to the decline in goods prices as an encouraging sign. Powell suggested that housing costs, including rent, which have been a major driver of inflation, should also start to slow next year.

The Fed chair also signalled that the central bank will likely raise its benchmark interest rate by a smaller increment when it meets next week. Investors foresee a half-point Fed hike, after four straight three-quarter-point increases.

Yet Powell noted that services prices, which reflect the largest sector of the US economy, are still increasing at a historically fast pace. Rapidly rising wages are a key driver of services inflation, he noted. That's because as wages rise, many businesses pass on their higher labour costs to their customers through higher prices, which drives up inflation.

STAGFLATION

“Stagflation” is **a combination of high inflation and economic stagnation**. Inflation drives prices up but purchasing power down. Imagine spending 50 euros on the same groceries every week. As prices go up, you'll start to get less bang for your buck.



What happens during Stagflation:

Stagflation is an economic cycle characterized by **slow growth and a high unemployment rate accompanied by inflation**. Economic policymakers find this combination particularly difficult to handle, as attempting to correct one of the factors can exacerbate another. Stagflation, also called recession inflation, is often accompanied by consumer belt-tightening due to anxiety about the long-term effects of economic uncertainty.

Difference between stagflation and Inflation:

Stagflation is a situation where unemployment is very high, the economic growth rate is too low, and the inflation rate is high. Inflation is the rate at which prices of services and goods in an economy increase. Stagflation should be avoided as it is unhealthy for the economy of the nation whereas inflation is expected and natural.

What investors do during Stagflation:

The mainstream media is focused on comparing the 2020 economy to the Great Recession and Great Depression. It’s because these events sound so great that they become the focal point of everyone’s economic fears. The reality is we’re more likely to face a long period of stagflation. Understanding what that means and which assets do well in stagflation are the keys to outlasting this rough market. Consumers should treat their finances like a small business. That involves keeping track of operational and overhead costs, along with tracking revenue versus spending. Increased prices and decreased wages equate to razor-thin margins. The working class is presumably in a bind, and the government’s economic stimulus is unlikely to change that.

How to Get of Stagflation:

- Diversify Your Investment Portfolio.
- Short Sell.
- Cut Operation Costs.
- Automate Business Processes.
- Evaluate Your Prices and Improve Product Quality.
- Reduce or Eliminate Debt.
- Acquire Property, Assets, or Other Businesses.

Image source- https://www.educba.com/stagflation/

IPO WATCH : Sula Vineyards IPO

In 1993, Rajeev Samant quit his job in the Silicon Valley to do something on his own. His entrepreneurial journey commenced in Nashik, where he started growing a variety of grapes with an aim to produce wine. By 2000, Sula Vineyard produced its first bottle of wine.
Since then, the company has grown leaps and bounds. Today, it is India’s largest wine producer and seller. Sula Shiraz Cabernet was India’s largest selling wine by value in FY21.
The company’s business can be classified into two categories – the wine business (production of wine, import of wines and spirits, and the distribution of wines and spirits) and wine tourism (vineyard resorts and tasting rooms).
Besides the flagship brand Sula, the company owns and operates popular brands such as RASA, Dindori, The Source, Satori, Madera and Dia. Currently, it produces 56 different labels of wine at four owned and two leased production facilities located in Maharashtra and Karnataka.
Now, this company is all set to launch the Sula Vineyards IPO and hit the stock exchanges. The Sula Vineyards ltd IPO will be completely an offer for sale.

Here are the key details about the Sula Vineyards IPO:

Company Name	Sula Vineyards Limited	Company Type	**Private**
Founder's Name	Rajeev Samant	Company Established On	2003
IPO Opening Date	12 December 2022	IPO Closing Date	14 December 2022
IPO Allotment Status	19 December 2022	Credit of Shares to	
IPO Listing Date	22 December 2022	the Demat Account	21 December 2022
IPO Face Value	₹ 2 per share	IPO Lot Size	42 shares
IPO Issue Size	₹ 960 crore	IPO Price band	₹ 340 –₹ 357
IPO to be Listed on	**NSE, BSE**		

Financial Snapshot

Particulars	FY 20	FY 21	FY 22
Revenue From Operations	**₹ 521.6 crore**	**₹ 417.9 crore**	**₹ 453.9 crore**
Net Profit	₹ -15.9 crore	₹ 3.0 crore	₹ 52.1 crore

Source- Upstox & Google

Relationship between RBI and Government of India

Reserve bank of India - As per the RBI Act, the Central Board is made up of the following members (21): Governor, four Deputy Governors, Four Directors (one each from the four regional boards of the RBI), 10 directors to be nominated by the Centre, and two government officials, also to be nominated by the Centre

The relationship between the Board and the Governor is not comparable to a corporate setup where the managing director (the corporate equivalent of the Governor) reports to the board and draws his powers from it. While a managing director is an agent of the board in a company, in the RBI, the Governor is not. He draws his powers from the RBI Act and not from the Central Board. He is appointed by the Prime Minister in consultation with the Finance Minister. The RBI Board has no say whatsoever in his appointment. In a company, the board of directors chooses one of its own to be appointed as the managing director. In the RBI, the Governor secures board membership only after he is appointed to the post. It is, thus, wrong to compare a corporate board to the RBI's and suggest that the Governor is subservient to it.

In RBI, policy decisions are taken by the Governor with its 4 deputy governors and the (Central) Board is just engaged in providing a broader vision to the RBI. RBI Board has always functioned in an advisory role with the understanding that the Governor would consider its advice while making policy decisions. In other words, there is mutual respect between the Board and the Governor, with both operating in a spirit of accommodation.

Relationship between Centre (GoI) and RBI

Centre (GoI) and RBI both has their task cut out but they work in close coordination. But in case of a fundamental disagreement between the Centre and the Governor (RBI management), where they are unable to arrive at a common ground, then Centre has the upper hand and can use **Section 7** of the RBI Act to give written direction to RBI and in that case RBI decision making will pass on to the RBI (Central) Board and then RBI Governor will have no say. *Section 7 has never been unleashed in the 85 -year existence of RBI. It is not as if there have not been any disagreements between RBI Governors and governments before this but, things did not reach the brink and were sorted out quietly behind the scenes. Centre also understands that using Sections 7 will necessarily come with a price and will set a bad precedent.*

RBI has been kept at arm's length from the Centre and bestowed with acertain independence. That is because the Centre is the spender and the RBI is the creator of money, and there has to be a natural separation between the two. The Centre arming itself with powers to run the RBI runs afoul of this precept. But there is also a clear reason why, even while it is conceded that control of the nation's currency should be with an independent authority removed from the sway of elected representatives, the RBI Act has the veto option to the Government in the form of Section 7. And that's because it is not the technocrats and economists sitting in Mumbai's Mint Street who carry the can for the policies they frame; it is the rulers in Delhi who do. Ultimately, it is the elected representative ruling the country who is answerable to the citizen every five years. The representative cannot split hairs before the voter while explaining the economy's performance — he has to own up for everything, including the RBI's actions, as his own. In a democracy, it is unthinkable that we will have an institution that is so autonomous that it is not answerable to the people. The risk of such an institution is that it will impose its preferences on society against the latter's will, which is undemocratic. Seen from this perspective, the limits to the RBI's autonomy will be clear. It is autonomous and accountable to the people ultimately, through the government. The onus is thus on responsible behaviour by both sides. There is enough creative tension between the two built into the system. The Governor has to be conscious of the limits to his autonomy at all times, and the government has to consider the advice coming from Mint Street in all seriousness.

Interpretation of RBI Act regarding its autonomy by previous Governors

• **Dr. Manmohan Singh:**The dynamic between the RBI and the government is one of give and take but if the finance minister insists on a certain course of action, his view need to prevail and the governor may not refuse, unless he is willing to quit his job. The governor of the Reserve Bank is not superior to the finance minister.

• **D. Subbarao:** RBI does not have the absolute autonomy but it is autonomous within the framework of RBI Act 1934. The existence of Section 7 in the RBI Act, even if it has never been used till now, proves that the RBI is not fully autonomous. The fact that it has never been used is testimony to the sense of responsibility that the government and the central bank have displayed. The Central Bank is autonomous within the limits set by the government and its extent depends on the subject and the context.

• **Y. V. Reddy:** RBI is independent, but within the limits set by the government. I believe that, in operational issues, RBI has total freedom. But, in case of policy related matters, RBI should prior consult with the mandarins in the Finance ministry. Coming to the issues that were thrown up in the recent spat, these are mostly operational and it would have been unwise for government to use Section 7 to issue instructions. It would have sent out the wrong signals both at home and abroad. It is good that the government has desisted from using Section 7. Nevertheless, one must say that Section 7 hangs like the sword of Damocles. It is important to have continuous and sustained dialogue, and an atmosphere of give and take is much needed.

FUTURE OF WEALTH MANAGEMENT IN INDIA

A growing number of Indians are becoming millionaires, and wealth management is becoming more popular in India. The economic growth and consequent rise in income levels are functioning as a driving force in propelling India forward. The vast sums of money that these millionaires hold must be carefully handled, which is why wealth management in India is quickly becoming one of the most in-demand professions. Wealth management is investment advice or aid in managing one's finances. These services are provided to clients with two key goals in mind: expansion and the protection of their existing investment. Currently, there are three major types of wealth management service providers: banks, brokerage firms, and boutique advice organizations. Banks have a more extensive investment distribution plan, which implies they focus on a broader investment portfolio. They serve clients in the mid-level market as well as HNWIs. Brokerage businesses invest their customers' money mostly in shares and initial public offerings (IPOs), which are stock market goods. Boutique consulting firms offer clients, primarily ultra-HNWIs and HNWIs, specialized financial solutions. In India, the twenty-first century saw a surge in entrepreneurial enterprises, resulting in an ever-increasing number of High Net Worth Individuals, or HNWIs. After Japan, China, and Australia, India currently has the fourth-highest number of HNWIs in the Asia-Pacific area.

The HNWI segment is the fastest expanding segment, which is fueling the rise of the wealth management industry, which may be the most sought-after employment option. The wealth management sector in India is quickly expanding due to two factors: a changing regulatory framework and more competition. Many prominent companies have established their wealth management branch in India in recent years due to the growth rate. Existing businesses are also diversifying their offerings and expanding into wealth management. Various financial institutions and banks are always looking for new ways to attract customers to their wealth management services. Customers can now seek the best services from a variety of wealth managers.

This trend is expected to continue, with India on track to become the world's third-largest economy by 2030. Today, wealth management in India is still in its infancy and is very fragmented. The organized players primarily target the metropolitan segment, leaving a big group of HNWI untouched in other Indian cities. The changing regulatory environment and tax structure will provide numerous opportunities for asset managers to diversify their product offerings.

Competitive rivalry is intensifying in the wealth management sector in India, as it is in any growing industry, with incumbent firms expanding their products and the development of new local and global players. This industry is currently fragmented with brokers, sub-brokers, financial counselors, insurance agents, and tax consultants. In India, wealth management services are provided by financial institutions, private banking departments of well-known lenders, and public sector banks. They have significant brand equity, influence, and business links, making them a formidable challenger to the incumbent competitors.

Wealth management in India is still thriving and appears to be a promising career for the new India. This could be only the start of the boom that this business is about to see.

TEAM FINARTHA

THE FINANCE CLUB OF MDIM

Issue-135 Date-11 December 2022

BATCH 2021-23 & 2022-2024

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