



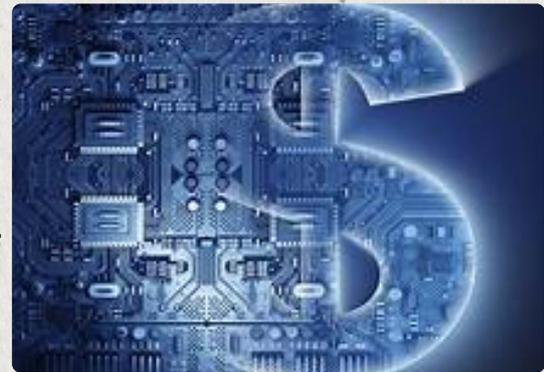
Compendium

Finance and Investment Cell

FEBRUARY' 24 EDITION

Fintech Disruption: Examining the Transformative Effects on Traditional Banking

By: Katyani Bahl



Fintech, or financial technology, has recently risen to prominence and triggered a seismic shift in the financial services industry. These forward-thinking businesses are redefining the banking industry from the ground up by using cutting-edge innovation to offer a wide range of financial services. The purpose of this essay is to investigate the far-reaching effects of fintech on conventional banking by looking closely at the main causes, current tendencies, and future consequences of this disruption.

The Financial Technology Industry's Ascent:

We need to understand the definition and breadth of fintech before we can understand its revolutionary impacts. Everything from digital payments to solutions driven by blockchain is encompassed under fintech. If we look back at how fintech has changed over the years, we can see the baby steps that led up to the explosive growth we've seen in the last decade.

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Beyond Speculation: The Power of Hedging using Derivatives for Smart Investors

Effects Of Ram Mandir On the Indian Economy

Role of green bonds in financing sustainable initiatives

Unleashing the Power of Peer-to-Peer Lending: The Rise of Decentralized Credit Systems

Interim Union Budget 2024

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Fintech Disruption Factors:



Technological developments are one of the main causes of the disruption caused by fintech. The fundamental structure of monetary transactions is being transformed by technologies like distributed ledger systems and blockchain. Revolutionizing the financial services industry include AI, ML, big data analytics, and predictive modeling.

Another factor driving the fintech industry forward is the growing desire for tailored and hassle-free financial services, as well as the changing habits of consumers, who are increasingly turning to digital platforms. Amid all the ups and downs of this ever-changing world, the regulatory environment is there to both slow down and speed up innovation.

The Influence of Fintech on Conventional Banking

A paradigm shift has occurred in the financial business as traditional institutions find themselves competing head-on with fintech companies. The already fierce competitive environment is getting even more so with the rise of neobanks and other digital-only businesses. New payment methods are appearing on the scene, such as cryptocurrency, digital wallets, and

mobile payments, which are shaking up the existing payment services industry. P2P lending platforms are changing the way people borrow and lend money, so it's not just other industries that could be upended. Conventional banks are seeing a sea change in their approach to creditworthiness evaluation as a result of algorithmic credit scoring and risk assessment.

Troubles That Conventional Banks Are Facing

Traditional banks face numerous hurdles on their transforming journey towards the digital future. The incorporation of new technologies is impeded by legacy systems and infrastructure, which provide tremendous challenges. Striking a balance between being innovative and fiscally responsible is crucial, especially when dealing with the operational and financial expenses of modernization and digital transformation. Traditional banks already face increased pressure to implement stringent measures to protect their customers' personal information and financial transactions from the growing number of cybercrimes in the modern day.



Partnerships Between Fintech and Conventional Banking

Partnerships and acquisitions between traditional banks and fintech firms are on the rise, as both parties see the mutual benefit in working together. The goal of these endeavors is to improve technical capacities and connect conventional financial services with state-of-the-art innovation. Conventional banks can gain access to fintech solutions through strategic acquisitions. More and more people are talking about open banking

projects, which aim to share financial data in order to enhance services and encourage innovation. There is a fine line to walk between encouraging innovation and ensuring the safety and soundness of financial institutions, and the implementation of these efforts is fraught with both possibilities and threats.



WHAT LIES AHEAD

Financial Technology :

The financial technology industry is changing at a dizzying rate, which bodes well for the future in terms of both innovation and the discovery of hitherto unexplored technological boundaries. In order to remain ahead of the curve, industry stakeholders must identify possible areas for future disruption in the fintech field.



In order to maintain a secure financial ecosystem while also encouraging competition, regulators and innovators will need to work together on a continuous basis to adjust the regulatory landscape to the ever-changing fintech industry. The significance of fintech in increasing worldwide access to financial services has important ramifications for financial inclusion as a whole.

CONCLUSION

To sum up, the conventional banking industry is being transformed by the fintech revolution, which is forcing traditional institutions to deal with regulatory changes and technological upheavals like never before. A more robust and inventive financial ecosystem can be created through the joint efforts of fintech firms and conventional banks. With all the exciting opportunities that lie ahead, stakeholders must be adept at navigating complexity, finding the sweet spot between innovation and compliance, and fully embracing the revolutionary power of fintech if they want to succeed in this ever-changing world. Here at the crossroads of tradition and innovation, decisions taken today will determine how the financial services industry looks in the years to come.

Beyond Speculation: The Power of Hedging using Derivatives for Smart Investors

By: Ada Sharma



"Rule No. 1: Never lose money. Rule No. 2: Never forget rule No.1" - Warren Buffet

In this dynamic world of finance, where market uncertainties are constant, smart investors are turning to derivatives as powerful tools for risk management and profit optimization.

For savvy investors, derivatives offer a powerful toolbox beyond mere speculation, transforming them into hedging instruments that safeguard capital and enhance portfolio resilience. This article delves into the art of using futures and options strategies to navigate market volatility and achieve smarter investment goals.

Mastering Short Hedges with Futures

Imagine you're an airline, heavily invested in jet fuel. Anticipating a price hike, you lock in a fixed price for future deliveries using short futures contracts. This guarantees a predictable fuel cost, shielding you from unexpected surges that could eat into profits. This "short hedge" essentially involves selling jet fuel contracts you don't own yet, profiting from the price decline if it occurs and offsetting potential losses on your actual fuel purchases.



Long Hedges

Now, consider a farmer with a bumper harvest, expecting grain prices to fall. To secure current market value, they can enter into long futures contracts, agreeing to buy grain at a predetermined price in the future. This guarantees a specific selling price, protecting them from a potential price drop and ensuring a known profit margin. This "long hedge" acts as a safety net, mitigating downside risk and securing a minimum return on their harvest.



Locking in Profits Weathering
Downturns

Options

Futures contracts offer straightforward hedging, but options unlock a wider range of strategies. Imagine an investor bullish on a tech stock but cautious about short-term fluctuations.

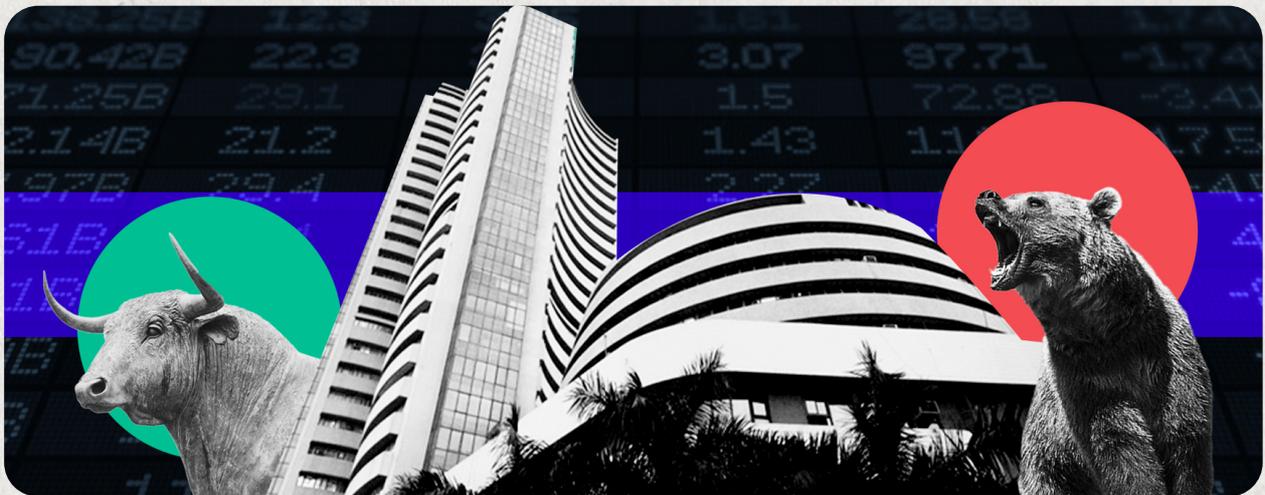
Expanding the
Hedging
Arsenal



This provides limited downside protection: if the stock price plummets, the option loses value, but the loss is capped at the option premium paid. If the stock soars, the investor profits from the appreciation, potentially exceeding the option cost.

They can buy a call option, giving them the right (but not the obligation) to buy the stock at a specific price (strike price) by a certain date (expiry).

Strategic Spreads



Options shine in their ability to be combined into spreads, customized risk-reward profiles. A bull spread involves buying a cheap out-of-the-money call option (higher strike price) and selling a more expensive in-the-money call option (lower strike price). This limits potential gains but guarantees some profit if the stock rises moderately within the expiry time frame. Conversely, a bear spread utilizes put options to profit from a stock price decline or limit losses on existing holdings.

Fine-Tuning Risk and Reward

Beyond the Basics

For experienced investors, more intricate strategies like butterfly spreads offer defined risk profiles with targeted profit potential, while calendar spreads leverage time decay to generate income or hedge against longer-term price movements. Diagonal spreads combine options with different expiry dates for directional bets with controlled risk.



The Verdict

While derivatives hold immense power, responsible usage is paramount. Understanding the risks involved, employing proper margin management, and aligning strategies with investment goals are crucial. Used wisely, derivatives transform from speculative instruments into powerful tools for hedging risks, securing profits, and navigating market uncertainties, embodying the spirit of "never losing money." Remember, even the most seasoned investor benefits from seeking professional guidance before venturing into advanced strategies.

Effects Of Ram Mandir On the Indian Economy

By: Krishna Mathur

The inauguration of the Ram Temple has not only marked a significant spiritual milestone but has also propelled Ayodhya in eastern Uttar Pradesh into the spotlight for corporate investments. Previously off the radar for leading corporate houses, the temple town has become a newfound destination for various sectors, including real estate, hospitality, and transportation.



1. Infrastructure Development

Ayodhya has undergone a remarkable transformation in its infrastructure. Beyond the beautification of roads, there has been a substantial focus on constructing public infrastructure, mutts, ashrams, dharamshalas, and commercially-oriented hotels. This extensive construction drive is not only enhancing the city's aesthetic appeal but is also contributing to economic growth by creating local

employment opportunities. The development includes connecting highways, revamped roads, and crucial water and power projects.



2. Hospitality Sector Upgrade

To accommodate the increasing number of daily devotees, Ayodhya is witnessing a significant upgrade in its hospitality sector. Over 50 major hotel projects, featuring renowned names like Taj, Oberoi, Trident, Marriott, Radisson, and Ginger, are currently underway. Notably, the city is set to house the world's first seven-star vegetarian-only hotel, a project initiated by Mumbai-based real estate firm The House Of Abhinandan Lodha (HoABL).



3. Spiritual Tourism Hub

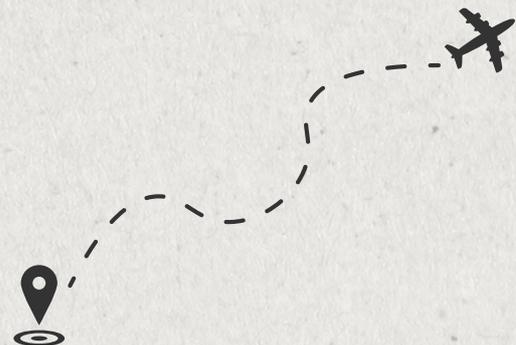
With an expected annual influx ranging from 10 to 50 million visitors globally, Ayodhya is on the brink of becoming a significant spiritual tourism destination. This surge in tourism is anticipated to catalyze further development in Ayodhya's tourism sector, facilitating the provision of world-class facilities to visitors.



3. Airlines and Railways Connectivity

The introduction of the Ayodhya international airport has prompted several Indian carriers to announce direct flights to the city. Indian Railways has complemented this by introducing 200 "Aastha Special Trains" to Ayodhya since January 22. This not only facilitates the daily influx of devotees but also

contributes to economic growth, creating jobs in the hospitality sector.



Local Business Impact

The impact of this transformative phase extends beyond Ayodhya's boundaries. The travel and tourism industry alone have already generated over 20,000 jobs in the city. With the anticipated growth in tourism and the hospitality sector, this number is expected to see an annual increase. Moreover, the positive ripple effect is not confined to Ayodhya alone;

neighbouring cities such as Lucknow, Kanpur, and Gorakhpur are also poised to witness a substantial boost in local business opportunities. The Ram Temple's inauguration has undeniably set in motion a wave of economic and infrastructural developments, transforming Ayodhya into a multifaceted hub of progress and prosperity.

Role of green bonds in financing sustainable initiatives

By: Palak Sindwani

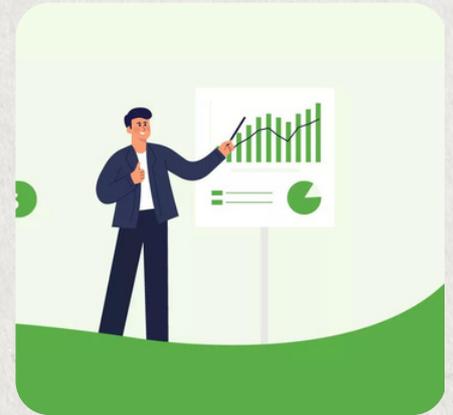


A green bond is a debt security issued by an organisation for the purpose of financing or refinancing projects that contribute positively to the environment and/or climate. A green bond is alternatively known as a climate bond.

Green bonds are fundamentally the same as conventional bonds: a loan made by an investor to an organisation to finance a project, with the investor receiving the principal amount at the end of the loan's life, in addition to interest payments (depending on the loan terms) throughout the loan's term.

Green Bonds V/s Conventional Bonds

The key differentiator between a green bond and a conventional bond is the underlying project that is financed with the proceeds. Green bonds are issued exclusively to finance projects that positively impact the environment. On the other hand, conventional bonds are primarily issued to finance general projects, general working capital purposes, or refinance existing debt.



Empowering Indian Startups: Green Bonds as Catalysts for Environmental Solutions

Green building projects etc. Green bonds play a vital role in fostering sustainability in finance, crucial for startups in India, where environmental issues pose significant challenges. These financial instruments fund eco-friendly projects, helping address

environmental concerns such as air and water pollution, deforestation, and climate change. By attracting investments towards renewable energy, waste management, and sustainable practices, green bonds contribute to mitigating these issues.

Green bonds are commonly used to finance the following types of projects: Energy efficiency projects, Renewable energy projects, Pollution prevention and control projects, Natural resources and land management projects, Clean transportation projects, Wastewater and water management projects,

Empowering Indian Startups for Sustainability

For Indian startups, embracing sustainability not only aligns with global SDGs but also addresses local environmental challenges, enhancing resilience and contributing to the country's commitment to a cleaner and healthier environment. It reflects a responsible approach, promoting both environmental well-being and economic growth.

By investing in green bonds, individuals can actively support environmentally-conscious projects and influence the sustainable practices of bond issuers. Additionally, green bonds provide a means to hedge against climate change risks. As the world grapples with the consequences of environmental shifts, investing in climate-resilient projects becomes paramount.

In a significant move towards environmental sustainability, the government had announced its intention to issue Sovereign Green Bonds (SGrBs) worth Rs 20,000 crore as part of its broader borrowing programme for the second half of fiscal year 2023-24.

Axis Bank: Leading the Way with Sustainable Innovation

Embracing a sustainable approach, Axis Bank, through its Mumbai-based corporate headquarters, Axis House, has not only achieved recognition as a 'Platinum' rated Green Building by the Indian Green Building Council but has also strategically utilised the proceeds from its green bonds. These funds have been instrumental in implementing cutting-edge technologies, such as a 7.05 MW solar power capacity and energy-efficient measures, fostering both operational efficiency and environmental responsibility.

Beyond the commitment to sustainability, these initiatives showcase Axis Bank's dedication to reaping financial benefits through innovative and eco-friendly practices, setting a notable example in the finance sector.



Navigating Ambiguity and Promoting Transparency

While green bonds have gained traction in India for financing environmentally sustainable projects, there are several challenges and issues associated with their implementation. Firstly, the lack of standardised definitions and criteria for what constitutes a "green" project

can lead to ambiguity and potential greenwashing, where projects may not deliver the expected environmental benefits. Additionally, there is a need for increased transparency and disclosure to ensure that funds raised through green bonds are genuinely

used for eco-friendly initiatives. The limited availability of green projects meeting investors' criteria can also hinder the growth of the green bond market in India. Addressing green bond challenges in India necessitates a comprehensive strategy. SEBI should standardise green project definitions and enhance transparency through stringent disclosure requirements. Encouraging third-party verification, like the Climate Bonds Initiative, ensures independent assessments. A mandated reporting system, overseen by SEBI, guarantees regular updates on environmental impacts. The upcoming

COP28 provides a platform to harmonise global standards. Investor education programs, supported by organisations like the Green Finance Institute, can boost confidence and mitigate greenwashing concerns. Furthermore, there could be concerns about the regulatory framework, necessitating clearer guidelines to ensure consistency and reliability in the evaluation and monitoring of green bonds. Addressing these issues is crucial for fostering confidence among investors and promoting the effective utilisation of green bonds to support sustainable development in India.

CONCLUSION

Green bonds play a crucial role in financing environmentally sustainable projects, addressing India's environmental challenges. These financial instruments fund eco-friendly initiatives, mitigating issues like pollution, deforestation, and climate change. For startups, embracing green bonds aligns with global SDGs and enhances resilience to local environmental challenges, promoting both environmental well-being and economic growth. Examples like Axis Bank's 'Platinum' rated Green Building and Greenko Group's Green Bond Framework underscore the financial benefits and environmental responsibility associated with such investments, setting notable examples in the finance sector.

Unleashing the Power of Peer-to-Peer Lending: The Rise of Decentralized Credit Systems

By: Alanda Joshi



Introduction

In the dynamic landscape of finance, a silent revolution is taking place, reshaping the way we perceive credit and lending. Peer-to-peer (P2P) lending has emerged as the vanguard of this transformation, transcending traditional banking structures. Imagine a world where individuals can directly connect, borrowing and lending without intermediaries. This is the promise of decentralized credit systems - a financial paradigm where trust, transparency, and community collaboration reign supreme.

As we delve into the depths of this disruptive force, one must ponder: Can P2P lending truly redefine the way we access credit? The journey begins by understanding the essence of decentralized credit systems.

Unveiling the Fabric of Decentralized Credit

Decentralised credit systems, facilitated by P2P lending platforms, operate on the principle of disintermediation. Traditional financial institutions, with their bureaucratic processes and stringent criteria, are circumvented. Borrowers and lenders connect directly, forging a symbiotic relationship that transcends borders and fosters financial inclusivity.

One of the key pillars of this system is the blockchain technology, ensuring transparency, immutability, and security. Smart contracts, powered by decentralized networks, automate lending processes, eliminating the need for trust brokers. This marriage of finance and technology is democratizing credit, empowering individuals who were once excluded from mainstream banking.

The Pinnacle of Financial Inclusivity

Peer-to-peer lending platforms have become the equalizers, providing access to credit for the unbanked and underserved. By leveraging decentralized credit, small businesses, entrepreneurs, and individuals gain a seat at the financial table. The elimination of geographical constraints and the ability to assess creditworthiness through innovative algorithms further amplify the inclusivity aspect. Moreover, decentralized credit systems open avenues for micro-lending, enabling investors to support diverse projects globally. This financial democratization not only transforms lives but also creates a more resilient and interconnected global economy.

Challenges and Innovations



As with any disruptive force, challenges emerge. Regulatory uncertainties, default risks, and technological vulnerabilities pose hurdles. However, the P2P lending ecosystem is not one to be deterred. Continuous innovation, adoption of AI-driven risk assessments, and collaborative efforts with regulators are steering the ship through uncharted waters.

CONCLUSION

In the grand tapestry of finance, decentralized credit systems emerge as a masterpiece, weaving together threads of innovation, trust, and inclusivity. Peer-to-peer lending is not merely a transaction; it is a testament to the human spirit of collaboration and empowerment. As we stand at the threshold of a financial renaissance, decentralized credit beckons us to reimagine the possibilities. The journey from borrower to lender becomes a shared voyage, transcending boundaries and building a future where credit is not a privilege but a fundamental right. The rise of P2P lending marks the dawn of a new era – one where the power of decentralized credit propels us towards a more equitable and interconnected financial ecosystem.

Interim Union Budget 2024

By: Krishna Mathur, Devika Chawla and
Ayushi Gupta

On February 1, Union Finance Minister Nirmala Sitharaman unveiled her sixth budget, an interim budget preceding the upcoming general elections. The Interim Budget 2024 prioritized youth and women empowerment, maintaining fiscal consolidation and ongoing capital expenditure. Sitharaman revised the fiscal deficit target for FY25 to 5.1% of the GDP.



Notably, there were no alterations to the existing direct tax and indirect tax rates. Despite the challenges posed by the global scenario, India has sustained three consecutive years of 7% GDP growth, maintaining its status as the fastest-growing economy in the G20. To alleviate financial burdens, 1.1 crore outstanding small direct tax demands will be withdrawn, incurring a cost of less than ₹3,500 crore to the exchequer.



Finance Ministry, while not setting a fixed disinvestment target for FY25, expressed commitment to fiscal consolidation, surpassing previous projections. In response to the COVID-19 impact, Finance Secretary TV Somanathan suggested a reevaluation of the target to reduce the Centre's debt-to-GDP ratio to 40%, initially set before the pandemic.

The budget unfolds with several notable figures:

- A significant stride toward sustainable energy as 10 million households are slated to receive free monthly electricity, totalling 300 units, through rooftop solarisation.
- As part of the net-zero progress, plans include establishing a 100 MT capacity for coal gasification and liquefaction by 2030.
- The revised estimate for total non-debt receipts for 2023-24 stands at ₹27.6 trillion, with a slightly lower revised estimate of ₹44.9 trillion for total expenditure compared to the budgeted ₹45 trillion.
- Additionally, the withdrawal of historical tax demands until 2014-15 is expected to benefit around 10 million taxpayers, while the budgeted expenditure for MGNREGA in 2024-25 remains consistent at ₹86,000 crore, mirroring the revised estimate for 2023-24.
- The capital expenditure for 2024-25 is pegged at ₹11.1 trillion, reflecting an 11.1% increase from the previous year's allocation.
- The fiscal deficit for 2023-24 is estimated at 5.8% of the GDP. The budget allocates ₹1.3 trillion for a 50-year interest-free loan initiative for state capital expenditures. Setting a fiscal discipline target, the fiscal deficit as a share of GDP for 2024-25 is aimed at 5.1%.
- Gross market borrowings through dated securities are projected at ₹14.1 trillion for 2024-25.

Where Does Rupee Come From?

The budget unveiled on Thursday delineates the sources of the rupee's inflow for the government. The highest share, constituting 28% of the total income, emanates from borrowings and other liabilities. Following closely are contributions from Income Tax (19%), GST (18%), and Corporation Tax (17%).

Non-tax receipts, encompassing revenue streams like rent, penalties, and fines, contribute 7% to the overall income. Additionally, Union Excise Duties make up 5%, Customs constitute 4%, and Non-Debt Capital Receipts contribute 1% to the total income. This breakdown provides insights into the diverse channels through which the government generates its revenue.

Where Does the Rupee Go To?

Regarding expenditures, the largest portions of the rupee allocation are directed towards paying interest and disbursing funds to the states in the form of taxes and duties, each constituting 20% of the total expenditure. The subsequent significant expense is the allocation towards central sector schemes, accounting for 16% of the total expenditure.

Other Expenditures follow at 9%, while Defense, Central Sponsored Schemes, Finance Commission, and other transfers each represent 8%. Subsidies account for 6% of the total expenditure. This breakdown illustrates the allocation of funds across various crucial sectors and initiatives in the government's expenditure structure.

Let us dive deeper into the budget and take a look at three important aspects- the tax regime, sector wise government plans, and what lies ahead for the Indian Economy

First up, the taxation system- there are no major changes in the tax regime. The same tax rates will be retained- both direct and indirect, including import duties. There will be no tax liability for taxpayers with an income up to ₹7 Lacs. The corporate taxes are 22% and 15% for existing and certain new companies respectively. A rise in the average monthly gross GST collection is also expected (up to ₹1.7 Lac Cr.)

The Centre allocated maximum funds to the Defense Ministry- a whopping ₹6.2 lac cr. The least amount of funds were allocated to the Ministry of Agriculture and Farmers Welfare with ₹1.72 lac cr. The FM, Nirmala Sitaraman has shared the government's vision on various sectors of our economy, for the Health Sector, health benefits and cover under Ayushman Bharat scheme to be extended to all ASHA, Angawadi workers and helpers.

Cervical Cancer vaccination for girls in the age bracket of 9-14 years have also been announced. To improve the Railways Sector, it has been announced that 40,000 normal rail bogies will be converted to Vande Bharat standards and three major railway corridors will be implemented which include Port corridors, High traffic density corridors, Energy, Mineral and Cement. Giving a major push to Sustainable and Green Energy

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To improve the Railways Sector, it has been announced that 40,000 normal rail bogies will be converted to Vande Bharat standards and three major railway corridors will be implemented which include Port corridors, High traffic density corridors, Energy, Mineral and Cement. Giving a major push to Sustainable and Green Energy, an increase in solar energy is being promoted as one crore households will be enabled to obtain up to 300 units of free electricity every month through rooftop solar power.

This will enable savings of up to ₹15000 to ₹18000 annually for households. India has been and will continue to be a major tourist attraction. To boost the tourism sector, projects for tourism have been undertaken especially in the Lakshadweep Islands. Long term interest free loans will also be provided to states which finance such developments. Agriculture has been the primary source of income for a large portion of the Indian population, being

Let us look at how differently the government plans to deal with various sectors

Infrastructure

The allocated ₹1.10 lakh crore (over \$1 trillion) for infrastructure development. This year, the government has dispensed 11.11 per cent more than in 2023 for infrastructural development.

Green Growth

Green growth was among the top seven priorities or 'Saptarishis' during the Amrit Kaal. The Union Budget 2023-24 focused on adopting green fuel, energy, and building practices to reduce carbon intensity and create new green job opportunities. In the interim Budget 2024, FM Sitharaman announced several measures to meet the 'net zero' target by 2070.

a major Agro based economy. To uplift this sector, the government will promote investments, both private and public, in post-harvest activities. Lastly, to bring about improvement in the housing sector the Government aims to provide 2 Cr. more houses in the next 5 years. PM Awas Grameen Yojana is implemented to meet the population requirements.

Let us take a look at how this year's budget is different from last year's - The Union Budget 2023 focused on fiscal consolidation, agricultural growth, improved infrastructure and green energy, while the 2024 budget increased capital expenditure, and announced new projects for the railways and SHGs

Agriculture and Rural Development

In 2023, the government proposed to set up a new agency to provide credit and other support services to farmers, including a new insurance scheme, to improve the livelihood of farmers. This year, FM Sitharaman mentioned that the government will promote private and public investment in post-harvest activities, including aggregation, modern storage, efficient supply chains, primary and secondary processing, marketing and branding to ensure growth.

Women Empowerment

In the Union Budget 2023-24, Finance Minister Nirmala Sitharaman highlighted the Pradhan Mantri Mahila Shakti Kendra and the Beti Bachao Beti Padhao initiatives. This year, in the interim Budget she mentioned that 83 lakh self-help groups (SHGs) with over nine crore women have been positively changing the rural socio-economic landscape by empowering and making them self-reliant.

These SHGs have already helped nearly one crore women to become 'Lakhpati Didi' (women with a net worth of more than one lakh). As a result of this success, the government has decided to raise the target for 'Lakhpati Didi' from 2 crore to 3 crore.

VOCABULARY

- **Interim Budget** - An interim budget is presented by the government in the Parliament if it does not have the time to present a full budget, or if the general elections are around the corner.
- **Disinvestment**- Disinvestment is the process of selling or liquidating assets or subsidiaries by organizations or governments. It can also refer to a reduction in capital expenditures.
- **Non debt receipts** - Non-debt creating capital receipts refer to those receipts of the government which lead to a decrease in assets, and not an increase in liabilities.
- **MGNREGA** – Mahatma Gandhi National Rural Employment Guarantee Act, 2005, aims to guarantee the 'right to work'
- **Net Zero** - Net zero is a goal of balancing the amount of greenhouse gases (GHGs) emitted into the atmosphere with the amount removed from it. It is also known as "carbon neutrality" or "climate neutrality".
- **Capital expenditure** – Capital Expenditure (capex) is the money that a company spends to buy, maintain, or improve its fixed assets
- **Fiscal Deficit** - A fiscal deficit is the difference between a government's total revenue and total expenditure in a fiscal year.

Conclusion

This year's Budget took on the Viksit Bharat theme, with the government visualising a developed India by 2047. 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth) and 'Annadata' (Farmers) are the four-pillars of the Viksit Bharat Budget 2024. The Budget has clearly focused on balancing growth and development, which is focus on ease of doing business and ease of living. Looking ahead, the 2024 Interim Budget presents a promising framework, embodying the assurance and fiscal wisdom of our government. It strikes a delicate equilibrium between fiscal prudence and the need for economic expansion. This budget endeavors to uplift the marginalized while nurturing creativity and reinforces our unwavering dedication to holistic progress.

This budget endeavors to uplift the marginalized while nurturing creativity and reinforces our unwavering dedication to holistic progress. To conclude, the 2024 interim budget may not revolutionize the landscape, it offers crucial glimpses into the nation's economic status and forthcoming objectives. Grasping the budget's emphasis and trajectory can aid businesses and individuals in charting strategic courses and making informed decisions. It's important to note that the interim budget isn't the conclusive step. The comprehensive budget for FY 2024-25 will be unveiled post-elections, embodying the vision and strategies of the incoming government. Therefore, anticipate the unfolding of the next phase in India's economic narrative!





Compendium

Finance and Investment Cell

JANUARY' 24 EDITION

Impact of the Geopolitical Situation in India on the Stock Market

By: Ayushi Gupta

Wikipedia defines geopolitics as the study of Earth's geography on politics and international relations. Putting it in simpler terms, geopolitics is the study of how political, economic, and social factors influence the relations and interactions between countries and regions. Geopolitical events can have a significant impact on the global stock market, as they can affect the supply and demand of goods and services,



the stability and confidence of investors, and the policies and regulations of governments. To understand this better let us take a look at some geopolitical events from the past and how they impacted the stock markets.

Demonetisation, 2016:

Demonetisation was announced by the Narendra Modi led government in 2016, outlawing ₹500 and ₹1000 notes. The Indian Stock Market saw a significant decline in both NSE (National Stock Exchange) and BSE (Bombay Stock Exchange) post this announcement.

Impact of the Geopolitical Situation in India on the Stock Market

Navigating the Economic Landscape of Space Exploration

Ascent in Consultancy: Exploring the Career Path of a Consultant

Corporate Social Responsibility (CSR) in finance

IN
Issue
THIS

The stock market fell mainly due to the ambiguity induced by the announcement. Investors were uncertain about how demonetization will affect the Indian economy soon and were concerned about the possible impact on corporate profits.

MOST AFFECTED SECTORS: Real estate & banking



COVID - 19 Pandemic, 2020:



The pandemic brought about a historic crash in the stock market as the normal functioning of the businesses were disrupted due to the lockdown affecting the supply demand chain, production and profitability of the companies. On the other side, the income and spending capacity of the consumers was also severely affected. This triggered fear and panic in the minds of the investors leading to large amounts of sell-offs.

MOST AFFECTED SECTORS: Aviation, Entertainment, Automobiles, FMCG

Russia Ukraine War, 2022:

Wars and conflicts can disrupt the production and trade of commodities, such as oil, gas, metals, and agricultural products, which can affect the prices and profits of companies that depend on them. Wars and conflicts can also increase the risk and uncertainty in the market, as they



can trigger sanctions, tariffs, boycotts, other measures that can hamper the flow of capital and goods across borders.

MOST AFFECTED SECTORS: Oil and Gas Industry

WHAT LIES AHEAD

Elections, 2024:



2024 will witness elections in 64 countries + the European Union, constituting about 49% of the global population. These countries include countries like the US, Taiwan, India and some of these could prove consequential in the years to come. Elections and changes of government can affect the stock market, as they can signal the direction and priorities of the policies

and regulations that can influence the business environment and the economic growth of a country or region. Elections and changes of government can also affect the market sentiment and expectations of investors, as they can indicate the level of stability and continuity in the political system and the international relations of a country or region.

INDIA IN 2024 - THE ROAD AHEAD

The Finance Minister, Shri Nirmala Sitaraman is set to announce the 2024 Budget on February 1st. This would be an interim budget and the final budget will be unveiled once the new government is formed post General Elections, 2024. Allocation of resources in various sectors would significantly impact the stock prices as they would determine the future path for the respective stocks. For example, an increase in investment in the Railway Sector could boost up the stocks of this sector as it is positive news for the investors.



The General Elections 2024 are also set to be conducted in the month of April-May 2024.

In conclusion, geopolitics can have a significant impact on the stock market, as it can affect the fundamental and technical factors that determine the value and movement of stocks. Geopolitical events can create opportunities and challenges for investors, as they can generate winners and losers in the market, depending on how they affect the different industries and sectors. Therefore, investors should pay attention to the geopolitical developments and trends that can influence the stock market, and adjust their strategies and portfolios accordingly.

Navigating the Economic Landscape of Space Exploration

By: Hiya Kesharwani

The “space race” marked a rivalry between two major powers, the United States and the Soviet Union, but presently, 90 nations actively participate in space endeavors. The space industry has witnessed a significant surge, with over 10,000 companies and approximately 5,000 investors engaged in various aspects of space exploration and technology development.

As per the Harvard Business Review, “space economy” includes the goods and services produced in space for use in space, such as mining the moon or asteroids for material. The dynamics of the space economy have evolved, with governments, aerospace, and defence companies no longer holding exclusive control. Private investors and startups have become significant contributors, making substantial investments in and contributions to space exploration. This shift reflects a diversification of stakeholders and a growing influence of the private sector in shaping the future of space endeavors.



Significant examples include SpaceX, Blue Origin, Boeing and many more.

According to The Space Foundation's The Space Report 2022, the space economy had an estimated \$469 billion in 2021, an increase of 9% from the previous year. Additionally, the research states that more than 1,000 spacecraft were launched in the first half of this year compared to the first 52 years of space exploration (1957-2009).

Private vs Public Sector Contributions

Recent research highlights a significant shift in the funding landscape of the space industry, with space companies generating a substantial \$224 billion in revenue from their products and services. Notably, the majority of this revenue is now sourced from the private sector rather than the government. Traditionally, major public organizations such as NASA, the US Department of Defense, and the Intelligence Community have been primary contributors, but evolving dynamics indicate a diminishing reliance on public funds.

The research reveals a 19% increase in government spending on both military and civilian space programs in the previous year. Additionally, India raised its investment by an impressive 36%, China by 23%, and the United States by 18%.

Private sector investment in space-related ventures reached an all-time high of \$10 billion in 2021, representing a remarkable ten-fold increase over the past decade. Concurrently, the US government's share of financing for global space research and development has experienced a relative decline, decreasing from around 70% to 50% from 2010 to 2021.

An interesting aspect is the increasing role of special-purpose acquisition companies



(SPACs) and private investors, fueled by reduced costs and advancements in technology. Private investment has become a driving force for innovation in the space industry. The data indicates that within the span of a decade, the number of space-related startups securing funding each year more than doubled from 2010 to 2018.

The research also points towards a potential future scenario where commercial funding could surpass government investment within two decades. This development is generally supported by the government, fostering the prospect of profitable public-private collaborations that may redefine the dynamics of space exploration and technology development.

Challenges and Opportunities

The space economy is at a critical turning point, with a wide range of opportunities and problems facing various players. The space exploration and utilization environment is constantly changing, with various entities such as government agencies, private enterprises, non-space industries, and academia contributing in different ways to the overall direction of the field.

Among the difficulties encountered are the enormous financial and technological barriers, which are especially intimidating for newcomers looking to create and implement space-based capabilities. It is a significant problem for non-space enterprises entering the space market to navigate the complex web of space-related rules and standards. In addition, in order to guarantee the sustainability of space activities, the expansion of space trash needs efficient governance and normative measures.

However, there are many opportunities. A more accessible and diverse space ecosystem is being fostered by ongoing technical developments and declining space access costs, creating previously unheard-of opportunities for innovation and expansion. The space economy is growing as a result of the increasing demand for space data and associated goods and services, which presents chances for both established businesses

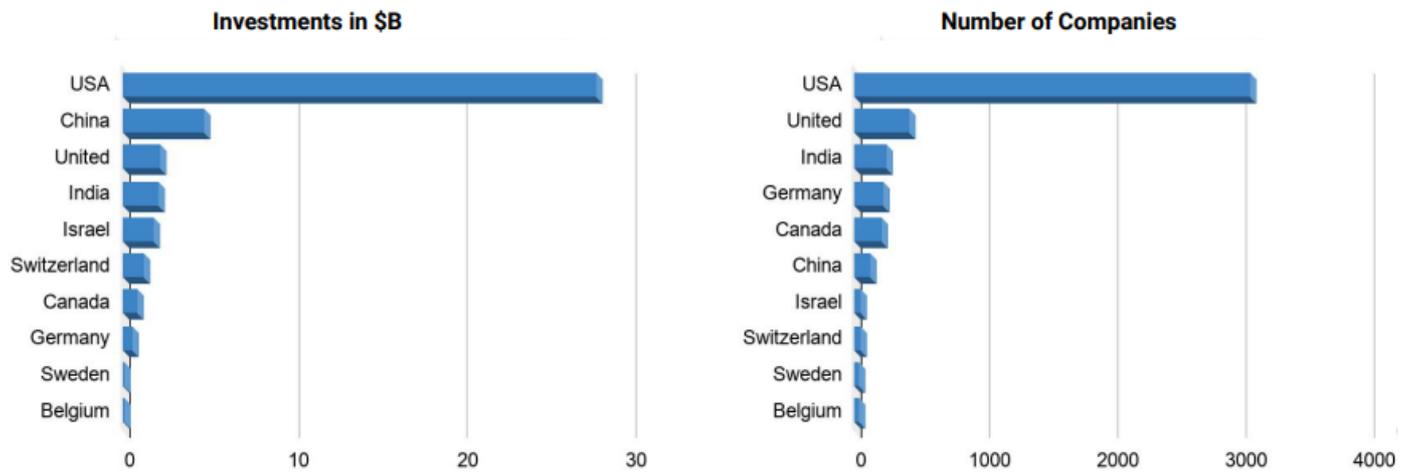
and newcomers to profit from this expanding sector. Furthermore, the possibility of interdisciplinary cooperation, utilizing knowledge from government agencies, the commercial sector, and academic institutions, presents a special chance to work together to solve challenging problems and promote innovation in the space economy. The future of humanity's interaction with space will be shaped by the careful balancing act between opportunities and problems as the space sector develops.



Conclusion

The space economy is poised for substantial growth, with projections ranging from \$926 billion to a "multi-trillion" dollar market by 2040. Various reports, including those by UBS, Goldman Sachs, GlobalData, and Bank of America, highlight this potential, with expectations of reaching a trillion-dollar value or more. Factors driving this growth include rapid technological advancements, increasing demand for space-based data and services, and the emergence of new ventures. Despite facing challenges such as technological hurdles, regulatory complexities, and space debris management, addressing these issues is crucial for sustainable space resource utilization and continued economic growth.

Top 10 Countries in SpaceTech Sector in 2021



With a total of **\$28B** invested in **3,086 companies**, the **US** is an undisputed leader in terms of SpaceTech investments. This is approximately 6 times the amount invested in SpaceTech companies in **China** - the second largest country in terms of spacetechnology investment (**\$4.786B** invested in **122 companies**). China is closely followed by the **United Kingdom** where funding is mostly raised from public sources and IPOs, and not by way of private funding.

In summary, the space economy is set for significant expansion, offering ample opportunities for innovation and economic advancement, while challenges must be navigated for long-term sustainability.

Ascent in Consultancy : Exploring the Career Path of a Consultant

By: Shreya Pandey

Starting a career in consultancy requires a strategic progression through various positions that ultimately lead to becoming an expert in the field. It's important to note that the consultancy industry is closely tied to finance, as many consulting services involve financial analysis, financial management, and financial advice. This article is a comprehensive guide that incorporates real-world data and industry insights to help individuals advance their consultancy careers. It provides a thorough breakdown of the different roles and corresponding responsibilities at each stage of the consultancy career path, including those related to finance.

1. Entry-Level Dynamics: Analysts, Business Analysts, and Junior Consultants

In 2022, over 8 lakh management consultants thrive in the United States (Statista). Freshly graduated professionals typically commence their consultancy journey as Analysts, Business Analysts, or Junior Consultants. Their day-to-day tasks range from research to data collection and sector analysis, with a significant focus on client engagement. Such consultants dedicate over 80% of their time to client projects, supporting analysis and project management activities.

2. Mid-Level Milestones: Consultants or Advisors (Associates)

Advancing from entry-level roles, professionals transition to Consultants or Advisors. McKinsey & Company, Boston Consulting Group, and Bain & Company, ranked as the top consulting firms in the U.S. according to the prestige rating of 2023 (Statista), set the industry standards. With two to five years of experience, consultants progress to defining problems, crafting hypotheses, and making recommendations to clients. At this stage, the focus extends beyond project execution to enhancing professional and sector knowledge.



3. Senior Leadership: Senior Consultants (Senior Advisors, Senior Associates)

As consultants gain experience, they ascend to Senior Consultant roles, managing client teams and contributing to sales, marketing, and leadership strategies. The Big Four Consulting Firms—PwC, Deloitte, EY, and KPMG—exemplify the industry's prowess by collectively generating around \$65 billion in revenue from consulting services in the U.S. in 2023 (Statista). This stage emphasizes not only individual expertise but also team and organizational leadership.

4. Managerial Prowess: Managers, Senior Managers

(Senior) Managers become accountable for all project aspects, ensuring project deadlines are met. Serving as primary client contacts, managers deliver solutions to business challenges. The consultancy market was valued at around \$132 billion in 2020 (Statista), underscoring the industry's significance. Managers actively engage in internal activities, contributing to service proposition development, business growth, and thought leadership initiatives.



5. Strategic Leadership: Principal or Director



The shift toward strategic leadership becomes apparent as professionals climb the career ladder. Principals, adopting a big-picture approach, guide client engagement and delivery. Directors, positioned between managerial and partner roles, oversee day-to-day team activities and cultivate relationships with senior clients. This transition involves a blend of strategic leadership and effective team management.

6. Pinnacle of Expertise: Partner

With approximately ten to fifteen years in consultancy, professionals can progress to Partner roles. Partners serve as sector experts and strategic advisors, responsible for generating sales, driving firm growth, and crafting innovative strategies. Partners can either be Equity Partners or Non-Equity Partners, both shouldering significant responsibilities.

As professionals progress in their consultancy careers, the balance shifts from hands-on client projects to a more prominent focus on sales, project management, and internal management affairs - many of which fall under the realm of finance. The consultancy career trajectory, supported by real data and industry insights, transforms from specialized project involvement to

strategic leadership and firm development, marking an exciting journey toward the zenith of professional expertise in finance. Choosing consultancy as a career is not just a path to professional success but a journey toward shaping the sustainable growth of organizations worldwide, especially in the financial sector.

Corporate Social Responsibility (CSR) in finance

By: Harshita Sharma

“The business of business should not just be about money but about responsibility and its concern must be about public good not private greed.”

~Anita Roddick

Corporate Social Responsibility (CSR) is a business model by which companies make a concerted effort to operate in ways that enhance rather than degrade society. CSR is a crucial aspect of modern business that aims at raising awareness about the impact that companies have on communities and the environment. As it is rightly said that “Success is not just about making money but about making a difference.” In the light of the aforementioned thought, CSR’s fundamental principle is environmental sustainability.

As per the provisions of Section 135 of the Companies Act, 2013 certain companies must mandatorily contribute a certain amount towards CSR activities. These include the companies that fulfil the following conditions in the preceding financial year:



- Net worth of more than ₹500 Cr
- Turnover of more than ₹1000 Cr
- Net profit of more than ₹5 Cr

Such companies must spend in every financial year at least 2% of the average net profits made during the immediately preceding three financial years as per its CSR policy.

In the words of Ratan Tata, “The first rule of the business must be to contribute to the well being of the society, it’s not about profits but to leave a positive impact.” Therefore corporate social responsibility can help to improve various aspects of the society as well as promote a positive brand image for the companies. CSR has been broken into four categories: Environmental impacts, ethical responsibility, philanthropic endeavours and financial responsibilities.



Environmental Responsibility:

Environmental responsibility is the pillar of corporate social responsibility rooted in preserving Mother Nature. By reducing pollution, waste, and natural resource consumption, a business can pursue environmental stewardship.

Ethical Responsibility:

Ethical responsibility is the pillar of corporate social responsibility rooted in acting in a fair, ethical manner. Fair treatment across all types of customers regardless of age, race, culture may help the business to shape their ethical stature.

Philanthropic Responsibility:

Philanthropic responsibility is the pillar of social responsibility that challenges how a company acts and how it contributes to society. The company’s transactions of donations to charities shows its philanthropic efforts to make the world a better place.

Financial Responsibility:

Financial responsibility is the pillar of corporate social responsibility that ties together the three areas above. It is concerned with backing the other plans with financial investments.



Compendium

Finance and Investment Cell

NOVEMBER' 23 EDITION

The Impact of Artificial Intelligence on Financial Decision Making

By: Kaatyayni Bahl

The advent of artificial intelligence (AI) has had a transformative impact, fundamentally reshaping the domain of financial decision-making and redefining the approaches employed by both organizations and individuals in addressing financial complexities. The implications of this have wide-ranging effects on various aspects of the financial industry, encompassing predictive analytics, fraud prevention, customer service, and ethical considerations, among others. The utilization of predictive analytics is significantly transforming the field of forecasting. Predictive analytics has emerged as a highly valuable use of artificial intelligence (AI) due to the utilization of machine learning algorithms



This phenomenon occurs due to the synergistic interaction between these two elements. Institutions possess the capacity to engage in prudent investment practices, mitigate risks, and optimize their portfolio management strategies due to their exceptional analytical abilities. The aforementioned departure from conventional methodologies serves as a manifestation of the possible impact of artificial intelligence (AI) on the trajectory of financial forecasting.

The Impact of Artificial Intelligence on Financial Decision Making

The implications of China's ongoing economic and financial crisis on the world

Sustainable investment

The impact of inflation on investment strategies

Investment banking as a career field

Impact of the stock market on the Indian economy

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Enhancing Security via the Integration of Artificial Intelligence for Fraud Mitigation

In recent times, the utilization of artificial intelligence has become increasingly prominent as a potent tool in combating fraudulent activities. The rapid identification of anomalies and suspicious activities within extensive datasets is facilitated by the remarkable computational speeds exhibited by contemporary algorithms. Implementing this proactive measure serves to guarantee the security of financial establishments and cultivates trust among consumers, both of which are vital for the establishment of a resilient financial framework.

The formation of a healthy financial system relies on the crucial factor of consumer confidence. The integration of artificial intelligence and fraud prevention is crucial for organizations seeking to enhance their security measures against emerging and evolving threats. The integration of artificial intelligence (AI) is catalyzing a transformative transformation presently occurring within the domain of customer service.

The utilization of artificial intelligence is leading to a rise in the popularity of chatbots and virtual assistants, which offer users rapid support and personalized ideas. Intelligent interfaces can augment user interactions, enabling financial institutions to



efficiently handle a greater volume of customer care demands within a reduced timeframe. AI algorithms also explore the intricacies of client behavior and decision-making, facilitating the development of more precise marketing campaigns and the formulation of tailored financial solutions.

Applying Artificial Intelligence for Ethically Sound Financial Decision-Making

Although the potential of AI to enhance financial decision-making is evident, there remains unresolved ethical concerns that must be addressed before its widespread implementation.

Certain artificial intelligence (AI) algorithms provide challenges in terms of comprehensibility, potentially resulting in biased outcomes and the amplification of pre-existing disparities within society.

Achieving a harmonious equilibrium between harnessing the advantages of artificial intelligence (AI) and effectively addressing ethical concerns is imperative in ensuring the appropriate and sustainable integration of AI within financial institutions. Failure to adhere to this requirement may potentially undermine the feasibility of AI implementation.

Contemporary predicament with ethical matters

The allocation of funds is subject to many influences from artificial intelligence, encompassing a wide range of areas such as predictive analytics, fraud detection, customer service, and marketing strategies, among others. Professionals in the financial sector face the formidable challenge of effectively incorporating artificial intelligence (AI) into their operations while also considering ethical considerations

The achievement of an ethical, reasonable, and fair financial system necessitates a meticulous endeavor to maintain a delicate equilibrium. To effectively navigate the future, it is imperative to possess a pragmatic understanding of the capabilities of artificial intelligence (AI) and to have a continuous readiness to adjust to the dynamic landscape of technological advancements.



The preservation of this equilibrium is imperative to facilitate the concurrent development of technology, economic advancement, and moral enlightenment, hence fostering a prosperous and ethically enlightened future.

The implications of china's ongoing economic and financial crisis on the world

By: Neksha Rana

China's ongoing economic and financial crisis:

China is the world's second largest economy, currently facing complications on its economic and financial front. From youth unemployment to the turmoil in the real estate market and slow industrial growth, the country's economy seems to be surrounded with disarray.

Will this crisis have certain implications on the global economy, supply chains and financial markets?

Implications

China holds a major position in global trade, any slowdown from China's side can lead to a negative vicinity inducing decrease in demand for goods and services from other economies. Additionally, disruptions in China's supply chains can lead to shortages of critical components like semiconductors and raw materials, affecting industries and businesses worldwide. The commodities such as oil metals, industrial and agricultural products might also take a dip in the global trading scenario. Such disruptions will have implications on the financial markets around the world.



China's stock market is one of the largest in the world, and any significant downturn in it can lead to increase in volatility in global financial markets having repercussions on stock prices, currency exchange rates, and commodity prices, affecting the value of investment portfolios and the cost of doing business internationally.

Many multinational corporations have established themselves strongly in China and any financial problems which overdo the benefits of having successful operations in China can decelerate the respective company's performance and might also result in withdrawal of investments from the country.

HOW WILL GLOBAL ECONOMIES REACT TO THIS?

The crisis could elicit reactions from other major economies. Central banks and governments might find it necessary to adopt measures to steady their respective economies amidst a worldwide economic downturn. Collaboration among central banks and international organisations might be essential to effectively tackle the challenges presented by the economic crisis in China. Moreover, shifts in global politics might occur. If China faces economic and financial difficulties, it could impact its capacity to assert influence internationally.



It's crucial for people and businesses to stay alert, keeping a close eye on what's happening and carefully considering how it might affect their investments and financial choices in China. Given the extensive economic interdependence globally, disruptions in one region can swiftly

reverberate across the entire system. This really highlights how vital it is for countries to work together, emphasising the need for them to get ready in advance for possible economic problems.

Sustainable Investment

By: Noor Trehan



We are all aware of the significance of sustainability in today's world, where the need for environmental and social responsibility plays a crucial role. Sustainable investment has emerged as a powerful and highly important approach, aligning financial goals with environmental and sustainability objectives for a better and safer future.

In the last decade, a promising investment strategy has emerged—sustainable investing. This strategy combines the best of both worlds: financial investment and sustainability. It involves contributing to a better world without sacrificing financial returns, essentially investing in companies that adhere to environmental, social, and governance standards (ESGs). These factors help investors identify companies and projects better positioned to manage risks and seize opportunities arising from global challenges, contributing to long-term financial performance and sustainability.

The more sustainable a company is, the more attractive it becomes to sustainable investors. Sustainable investing is also known as impact investing and Socially Responsible Investing (SRI). Its importance lies in addressing pressing global challenges such as climate change, social inequality, and resource scarcity, aiming to generate positive social and environmental outcomes alongside financial returns.

Recently, more companies and investment funds are incorporating sustainability criteria into their strategies due to heightened awareness of global issues, regulatory shifts, and mounting evidence of the positive link between ESG factors and financial performance. Furthermore, sustainable investing is crucial for addressing climate change.



To tackle climate change, substantial investments are needed to transition our global energy system away from fossil fuels. Sustainable investing redirects funds from the fossil fuel industry to climate solution companies, using investments to vote on aggressive shareholder climate resolutions. Investing in companies building climate solutions is not only a crucial mitigation strategy for climate change but also a smart investment.

It's essential to recognize that sustainable companies are often better positioned for long-term success, exhibiting strong governance practices, innovation, and adaptability, which can lead to enhanced financial performance. By investing in sustainable businesses, investors can potentially achieve competitive financial returns while supporting companies that contribute to a more sustainable future.

Actively selecting investments that align with social values sends a clear message to companies and the market about the importance of sustainability. This empowers investors to become agents of change, driving a positive impact to shape a better future for ourselves and the generations to come.

The impact of inflation on investment strategies

By: Anushka

The persistent rise in the average price of goods and services, known as inflation, has a big influence on investment strategies. In a financial environment that is constantly changing, knowing the causes and effects of inflation is essential for making wise investment decisions.

Effect on Investments with Fixed Income

Bondholders face difficulties when inflation reduces the real returns on fixed-income investments. To lessen this risk, investors might need to take shorter-duration bonds or inflation-protected securities into account.

Stocks as an Inflation Hedging Tool

Historically, stocks have acted as an inflation hedge. Increased costs can be passed on to customers by businesses, while stocks—which reflect ownership of real assets—tend to gain in value over time.



Real assets and Commodities

As a hedge against inflation, investors frequently look to physical assets like real estate and commodities like gold. These assets provide benefits of diversification since they have historically maintained or expanded in value during inflationary times.

TIPS (Treasury Inflation-Protected Securities):

TIPS are government bonds that are intended to shield holders from rising prices. Inflation causes their principal value to rise, whereas deflation causes it to fall. TIPS can be beneficial in an inflationary environment, but investors should carefully consider their risk-return profile.

Conclusion

One essential tactic for reducing the risks associated with inflation is still diversification. A well-diversified portfolio reduces specific risks related to inflation while offering resilience and capturing potential upside. It consists of real assets, fixed-income securities, equities, and inflation-protected investments.



Impact on Interest Rates and Fixed-Income Securities

Interest rates and inflation are directly correlated. Interest rates are frequently raised by central banks in response to growing inflation, which affects the value of already-issued fixed-income instruments. Investors must evaluate their expectations for interest rates and modify their portfolios appropriately.

Diversification Strategies

One essential tactic for reducing the risks associated with inflation is still diversification. A well-diversified portfolio reduces specific risks related to inflation while offering resilience and capturing potential upside. It consists of real assets, fixed-income securities, equities, and inflation-protected investments.

Unlocking the Gateway to Success: Navigating a Career in Investment Banking

By: Alanda Joshi



Introduction

Embarking on a career in investment banking is akin to entering a dynamic realm where opportunities abound, and the stakes are high. In the financial world, investment banking stands out with its myriad departments such as front office, credit management, share management, portfolio management, IT, risk management, HR, and marketing. This article delves into the potential careers within this field and aims to guide aspiring professionals on the path to success.

Breaking In

For fresh graduates, the allure of investment banking lies in its vertical and rapid career growth. The high-paced environment offers challenges that are as advanced as they are stressful, yet the rewards are undeniably lucrative. Breaking into this competitive industry often begins with securing an entry-level position in the department of choice. Whether a business graduate specializing in finance, an HR major, an IT enthusiast, or an economist/statistician, there are diverse entry points.

Internships serve as gateways for inexperienced individuals, providing a foot in the door and a chance to prove their mettle. However, certain elite firms like JP Morgan or Goldman Sachs tend to recruit exclusively from top-tier B-Schools, necessitating additional qualifications such as an MBA. The criteria for consideration often revolve around the 3G's: a good institute, a good degree, and great academic scores.

Professional courses like CA/CFA enhance one's chances of being shortlisted, while relevant work experience in Mergers and Acquisitions, Private Equity, or Equity Research is highly regarded. Developing an interest in finance, coupled with courses in financial modeling or valuation, can significantly bolster one's credentials.

The Path to Success

Undoubtedly, the journey into investment banking is demanding, characterized by long hours and stressful situations. Yet, the knowledge gained during the initial years proves invaluable. As an analyst and associate, individuals develop key business abilities that become the cornerstone of their careers.

Beyond the immediate role, myriad opportunities unfold, ranging from transitioning into investing realms like private equity, hedge funds, or venture capital to embracing operational roles, an increasingly popular choice in the current landscape.

Conclusion

In conclusion, a career in investment banking is not merely a job; it's a transformative experience that propels individuals toward excellence. The financial rewards are substantial, but more importantly, the doors it opens and the networking contacts it provides are unparalleled. For those daring enough to navigate the challenges, investment banking isn't just a career; it's a gateway to success, offering a fast-track route to honing skills, gaining experience, and ultimately shaping a future marked by professional accomplishment. As you embark on this journey, remember that the investment you make in your career today will pay dividends for a lifetime.



Impact of the stock market on the indian economy

By: Nandini Singhvi

Undoubtedly, the journey into investment banking is demanding, characterized by long hours and stressful situations. Yet, the knowledge gained during the initial years proves invaluable. As an analyst and associate, individuals develop key business abilities that become the cornerstone of their careers.



Indirectly, the stock market can influence consumer and investor confidence. When stock prices are rising, it can create a positive wealth effect, making individuals feel more financially secure and willing to spend. This increased consumer spending can stimulate economic activity and drive economic growth.

Conversely, when the stock market experiences a downturn, it can have negative effects on the economy. Investors may become cautious and reduce their spending, leading to decreased consumer demand. Additionally, declining stock prices can impact the net worth of individuals and businesses, potentially leading to reduced investment and economic slowdown.

It is important to note that the stock market is just one aspect of the overall economy, and other factors such as interest rates, government policies, and global events also influence economic conditions.

The Indian economy is one of the largest in purchasing power parity, which will continue to grow in the foreseeable future. That said, the country's booming economy is likely to experience several ups and downs, including movements in its stock market, which can significantly impact its growth.

For instance, from 1994-2005, the stock market in India underwent significant systematic restructuring. During this period, the highlights of the Indian economy included a GDP growth of 6.1% on average.

To discover such effects better, let's understand how does the stock market affect the Indian economy. The rise and fall in stock prices tend to influence numerous economic factors, including consumption and business investment. Moreover, just as how the stock market affects the economy, several conditions also impact the stock market.

Listed down is the role of stock market in Indian economy-

Wealth Effect

The markets get their volatile character from the price fluctuations of individual stocks. As prices increase or decrease, market volatility influences businesses and consumers.

During a bull phase, the stock prices go up. More often than not, it boosts the economy's overall confidence. Likewise, consumer spending also rises as individuals become more optimistic regarding the market and buy more goods and services. So, businesses offering these products and services begin to produce and sell more. Additionally, a larger number of investors may enter the market, which may push prices even higher.

When Stock Markets Fall

In contrast, when stock prices fall for a considerable period (known as the bear phase), they mostly affect negatively. Individuals may lose their optimism, with news reports on these price drops creating a sense of panic in the market. As a result, investors losing money are reluctant to spend more or turn to lower-risk assets, leading to a fall in consumer spending.

As a result, positive stock market movements can contribute towards economic development. However, this is not always the case.

A rise in stock markets is not always coupled with economic growth. If you see 2021-22, stock markets breached all-time highs consistently, and millions of new Demat accounts opened during this period, but our growth, measured by GDP, fell in almost every quarter during the financial year. This was because of the pandemic.

Influences Pension Fund

Any individual with an investment trust or private pension is affected by stock market movements, albeit indirectly. Many pension funds invest a considerable part in stocks; a drastic and consistent fall in prices can impact the value of these funds.

This also indicates lower payouts in the future. Furthermore, households will have a lower income from pensions, pushing them away from spending and saving more money.

Positively Impacts the Bond Market

A stock market crash generally makes other investment vehicles more attractive to investors. As a result, they can move out of shares and turn to invest in bonds or gold. In fact, these investment instruments are known to offer higher returns during periods of uncertainty.

Summing Up Impact of Stock Market on Indian Economy

In this blog, we have summarized how the stock markets affect the economy of India. There are multiple more factors attached that influence the economy and its growth overall.

There are many factors attached to the stock market that contribute to a growing economy. Since the stock market is unpredictable, it is hard to estimate precisely how it may affect the economy. However, we can learn from the past and try to forecast future market conditions based on the present one.



The stock market plays an important role in the development of an economy. It helps in mobilising funds into the core sectors of the economy. Thus deficiency of capital in core sectors can be eliminated. Thus the benefits of planned investment accrue to the investors also in the stock market. Although there is a bit of risk that we often hear from people around us the benefits are more than that.

India has a huge chunk of the population but their participation in the stock market is not as much as is required. For this, the government should encourage young investors by providing them with certain benefits like low rates of tax on capital gains, etc. This will help in creating a vibrant stock market and in return it will help the business community.



Compendium

Finance and Investment Cell

OCTOBER' 23 EDITION

Making a Difference: PM Vishwakarma Scheme

On September 17, Prime Minister Narendra Modi launched the PM Vishwakarma scheme, a government initiative aimed at supporting workers engaged in traditional crafts and skills. This scheme, with an outlay of Rs 13,000 crore, is fully funded by the Central government.

It is perceived as an opportunity for the government to extend its support to economically marginalized and socially backward communities, especially the Other Backward Classes (OBC) groups, in anticipation of the 2024 Lok Sabha polls.

By: Krishna Mathur



Understanding the Vishwakarma Scheme

The Vishwakarma scheme draws inspiration from Hindu mythology, where Vishwakarma is revered as the architect of the gods. He is known as the divine carpenter and master craftsman who built the weapons, cities, and chariots of the gods. In this scheme, Vishwakarma symbolizes the patron deity of workers, artisans, and artists.

Introduction to the PM Vishwakarma Scheme

Careers in Finance : FRM

Technology and humanity information age challenges

G20 crypto asset regulation, cybersecurity, human centric AI governance in India

Digital Public Infrastructure: Shaping a Smarter World

Zooming to the Top: The Story of Zomato

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Eligibility for the Vishwakarma Scheme

The scheme targets professionals engaged in traditional crafts and skills, who have often acquired their expertise through generations of family teachings. These skilled workers face various challenges, including a lack of professional training, inadequate access to modern tools, limited proximity to relevant markets, and insufficient capital for investment.

The following categories of workers are eligible for the Vishwakarma scheme:

- (i) Carpenters
- (ii) Boat Makers
- (iii) Armourers
- (iv) Blacksmiths
- (v) Hammer and Tool Kit Makers
- (vi) Locksmiths
- (vii) Goldsmiths
- (viii) Potters
- (ix) Sculptor, Stone breakers
- (x) Cobblers (Shoemiths/Footwear artisans)
- (xi) Masons (Rajmistri)
- (xii) Basket/Mat/Broom Makers/Coir Weavers
- (xiii) Doll & Toy Makers (Traditional)
- (xiv) Barbers
- (xv) Garland makers
- (xvi) Washermen
- (xvii) Tailors
- (xviii) Fishing Net Makers.



PM Vishwakarma

Central Sector Scheme to support traditional artisans & crafts people of rural and urban India



Highlights of the Programme:

- Financial outlay of **Rs. 13,000 crore**
- **18 Traditional trades** to be covered in 1st instance
- **Artisans and Craftspeople** to be provided recognition with PM Vishwakarma certificate and ID Card
- Credit support upto **Rs. 1 lakh (1st tranche)** and **Rs. 2 lakh (2nd tranche)** with concessional interest rate of 5%
- Will provide **Skill Upgradation, Toolkit Incentive and Incentive for Digital Transactions** and Marketing support

18 Traditional trades to be covered in 1st Instance

1. Carpenter (Suthar)
2. Boat Maker
3. Armourer
4. Blacksmith (Lohar)
5. Hammer and Toolkit Maker
6. Locksmith
7. Goldsmith (Sonar)
8. Potter (Kumhaar)
9. Sculptor (Moortikar, stone carver), Stone breaker
10. Cobbler (Charmkar)/Shoemith/Footwear artisan
11. Mason (Rajmistri)
12. Basket/Mat/Broom Maker/Coir Weaver
13. Doll & Toy Maker (Traditional)
14. Barber (Naai)
15. Garland maker (Malakar)
16. Washerman (Dhobi)
17. Tailor (Darzi)
18. Fishing Net Maker

Cabinet Decision
16 August, 2023



Benefits of the Vishwakarma Scheme

The scheme aims to enhance the skills of workers in the aforementioned fields and provide them with financial support for their livelihoods. Here are the benefits that can be availed through the Vishwakarma Scheme:

1. **Registration:** Vishwakarma workers will be registered free of cost through Common Services Centres using the biometric-based PM Vishwakarma portal.

2. **Recognition:** Workers will receive the PM Vishwakarma certificate and ID card, providing them with official recognition for their skills.

3. **Skill Upgradation:** The scheme offers basic and advanced training programs to upgrade the skills of workers, ensuring their professional growth.

4. **Toolkit Incentive:** Eligible workers will receive a toolkit incentive of ₹15,000, enabling them to perform their crafts more efficiently.

5. **Collateral-Free Credit Support:** Workers can avail collateral-free credit support up to ₹1 lakh (first tranche) and ₹2 lakh (second tranche) at a concessional interest rate of 5%. This financial assistance will aid their business operations and expansion.

6. **Incentives for Digital Transactions:** The scheme encourages workers to adopt digital transactions, offering incentives to promote the use of digital platforms for financial transactions.

7. **Marketing Support:** Vishwakarma workers will receive marketing support, which will help them showcase their crafts and products to a larger audience, fostering growth opportunities.



Conclusion

In conclusion, the PM Vishwakarma scheme aims to uplift skilled workers engaged in traditional crafts and skills by providing them with various benefits, including training, financial assistance, recognition, and marketing support. By empowering these individuals, the scheme aims to enhance their livelihoods and promote economic growth in marginalized communities.

Careers in Finance : FRM

By: Priyal

Pursuing a career dwelling into the risks, opportunities and dynamism of Finance is not only an exquisite domain to explore but also a monetarily stable and secure option. Such careers open avenues to all arenas of industry for “finance backs it all.” They also require good educational and meritorious experience. Out of the vast pool of multidimensional jobs offered in the finance sector - an emerging career is that of Financial Risk Manager (FRM).

Issued and presided by the Global Association of Risk Professionals (GARP); the certificate course is a meticulous journey of passing two rigorous examinations added with service of two years in the risk management segments practically. This certificate is a globally recognised and valued possession that asserts one's augmentation, risk taking, monitoring and management skills pertaining to finance.

The specializations that FRM candidates usually hold include augmenting risks for several insurance firms, accounting companies, banks, regulation agencies, and asset management companies

With the certification gap, candidates get to prove their proficiency at assessing, measuring and monitoring real world risks. It also affirms multi-functionality and makes one inter-industry expert.

What does the FRM exam consists of ?

The FRM examination is bifurcated into two parts. One having 100 questions, 80 on the other hand.

Part 1 consists of topics like, Foundations of risk management (20%), Quantitative analysis (20%), Financial markets and products (30%), Valuation and risk models (30%)

Part 2 includes, Market risk measurement and management (20%), Credit risk measurement and management (20%), Operational risk and resiliency (20%), Liquidity and treasury risk measurement and management (15%), Risk management and investment management (15%), Current issues in financial markets (10%).

The pay scale is usually higher than average. Big banks and companies are usual employers, bringing along healthy competitive working conditions which are flexible and creative at the same time. As per the US Bureau of Labor Statistics, in the year 2018, the median pay for all forms of financial managers including

FRM Certified ones was \$127,990 per annum. Apart from this lucrative amount, the field is set to grow much quicker than other contemporary professions by 16% from 2018 to 2028. Hence, it also acts like a favorable field for recent graduates and post graduates.

WHAT IS THE DIFFERENCE BETWEEN FRM AND CFA?

The quest to bridge the differences between CFA and FRM, both being globally the most renowned designations in the finance sector. While FRM is the platinum of financial risk managers, CFA holds the same value for financial analysts. However, the FRM certificate is more specific and specialized while CFA covers more diverse and broad spectrums..



Technology and Humanity : Challenges In The Information Age

By: Vrinda Gupta



The Information Age, with its promises of progress, has ushered in an era where technology deeply intertwines with humanity. The digital revolution's impacts are most palpable in fields such as finance, economy, and investment. These sectors have witnessed a radical transformation, opening doors to innovative opportunities, yet at the same time, introducing a range of unprecedented challenges.

Major Challenges

Overdependence on Technology: The rise of fintech, which encompasses everything from online banking to cryptocurrencies, has changed how we view and handle money. With the increasing trust in digital transactions, society is slowly moving away from traditional banking methods. This overreliance on technology can pose a risk when systems fail. For instance, in 2019, customers of a major UK bank were locked out of their accounts due to an IT glitch, highlighting the vulnerabilities inherent in a fully digital system.

High-speed Investments and Market Volatility: The Information Age has led to the rise of algorithmic trading. Computers can make thousands of trades in a fraction of a second, leading to market fluctuations. Flash crashes, like the one witnessed in 2010 that wiped off almost a trillion dollars in market value within minutes, can be attributed to this rapid, tech-driven trading style. This event underscored the fragility of a financial system heavily reliant on machines, devoid of human judgment.



Economic Disparities: While digital economies have created billionaires, they have also widened the chasm between the technologically literate and illiterate. Not everyone can navigate the intricacies of digital investment platforms or cryptocurrencies. The democratizing potential of technology often clashes with the reality of economic disparity.

The Ethical Quandaries of Technology: As AI begins to play a pivotal role in investment decisions, the lack of transparency in their decision-making processes raises ethical questions.

Whom do we hold accountable when robo-advisors provide misguided advice or when algorithms make biased decisions based on flawed data?

Data Privacy and Security: As financial institutions embrace digitalization, vast amounts of personal data are stored online. The infamous Equifax breach in 2017, where sensitive data of almost 147 million people was exposed, exemplifies the monumental challenges companies face in safeguarding information. Such breaches have significant repercussions, leading to monetary losses and a severe dent in customer trust.

Conclusion

The Information Age, while being a beacon of progress, casts shadows of challenges that humanity must address. Balancing the immense potential of technology with its inherent risks will be paramount, especially in finance, economy, and investment sectors. As we stand at this crossroads, understanding, adaptability, and foresight will determine the direction in which we steer our collective future.

India's Cryptocurrency Regulation Journey: Navigating G20's Milestone, Cybersecurity Challenges, and Human-Centric AI Governance

By: Ada Sharma

In the ever-evolving world of cryptocurrencies, India finds itself at a crossroads, shaping its approach to regulate these digital assets. Recent developments within the G20, an international forum for governments and central bank governors, have brought the spotlight onto India's stance on cryptocurrency regulation.



This article explores the multifaceted journey of cryptocurrency regulation in India, studies the implications of the G20's latest roadmap, and explains the significance of cybersecurity and human-centric AI governance.

India's ride with cryptocurrencies has been an absolute roller-coaster, marked by policy changes, legal battles, and evolving public sentiment. The most recent development in this saga is the G20's adoption of a roadmap that aims to guide countries in regulating cryptocurrencies effectively. This roadmap, based on a synthesis paper from the International Monetary Fund (IMF) and the Financial Stability Board (FSB), emphasises the importance of a coordinated and comprehensive approach to crypto asset regulation.



Regulatory Evolution in India

The cryptocurrency journey in India began in 2018, with policymakers and regulators taking various positions on this emerging digital asset class. In February 2018, the then Finance Minister Arun Jaitley made the government's stance clear during the Budget Speech. He emphasised that cryptocurrencies were not considered legal tender or coins and declared the government's intention to eliminate their use in financing illegitimate activities. However, he also expressed support for blockchain technology, the underlying technology of cryptocurrencies.

Just two months later, in April 2018, the Reserve Bank of India (RBI) issued a notification that restricted banks from enabling fund transfers for the purchase of digital currencies. This decision sent shockwaves through the Indian cryptocurrency community, as it effectively halted the flow of traditional funds into the crypto market. It also set the stage for legal battles that would follow.

The year 2020 marked a significant turning point. In March, a three-judge bench of the Supreme Court quashed the RBI's notification that had banned banks from dealing in cryptocurrencies. This ruling was a ray of hope for the cryptocurrency enthusiasts in India, as it signalled a shift in the regulatory environment.

However, the roller-coaster continued in February 2021 when a high-level committee recommended the prohibition of all private cryptocurrencies, except those issued by the government. This recommendation raised concerns within the crypto community about the future of digital assets in India.

By November 2021, Finance Minister Nirmala Sitharaman stated that the government had no proposal to recognize Bitcoin as a currency.

Furthermore, it was revealed that the government did not collect data on Bitcoin transactions, which highlighted the challenges in regulating this digital frontier. In a surprising turn of events, during the Budget speech on February 1, 2022, Finance Minister Nirmala Sitharaman introduced a 30 percent tax on gains made from the sale of cryptocurrencies. This was perceived as an implicit acceptance of cryptocurrencies, as it acknowledged their economic relevance. However, it was done without a comprehensive regulatory framework in place, leading to questions about the taxation's practical implementation.

In July 2022, Sitharaman emphasised that the ban on cryptocurrencies could only be effective through international collaboration, acknowledging the need for common standards and taxonomy. This hinted at India's willingness to align its approach with global initiatives and considerations.

The year 2023 saw the RBI Governor, Shaktikanta Das, making a bold statement by suggesting that bitcoins should be completely banned in India, categorising them as mere 'gambling' rather than a legitimate asset class.



G20's Roadmap and Its Implications

Board's (FSB) recommendations on the regulation of crypto assets. In October of the same year, the finance ministers of the G20 nations met in Marrakesh, Morocco, and adopted the synthesis paper released by the IMF-FSB, further solidifying the global commitment to regulate cryptocurrencies.

The G20's decision to adopt this roadmap represents a pivotal moment in the global cryptocurrency landscape. It offers a detailed and action-oriented plan for the coordinated regulation of crypto assets, aiming to ensure macroeconomic and financial stability while being flexible enough to adapt to this dynamic market.

The G20 roadmap recommends a regulatory approach rather than an outright ban on crypto assets. This is a significant shift from previous positions that emphasised prohibition. The change in perspective acknowledges the importance of regulating crypto assets to prevent them from undermining financial stability.

Key highlights of the roadmap include:



Swift and Coordinated Implementation: The G20 countries stress the need for swift and coordinated implementation of the roadmap, ensuring that the policy frameworks are put in place promptly.

Outreach Beyond G20 Jurisdictions: The impact of cryptocurrencies transcends national boundaries. The roadmap encourages outreach to non-G20 jurisdictions to address the global ramifications of crypto assets effectively.

Global Coordination and Cooperation: Recognizing that crypto transactions are borderless, the roadmap emphasises the necessity of global coordination and information sharing to combat risks and promote responsible cryptocurrency use.

Addressing Data Gaps: One of the challenges in regulating cryptocurrencies is the lack of comprehensive data. The roadmap intends to ensure that decision-makers have access to adequate data for informed policy-making.

Cybersecurity and Human-Centric AI Governance

The implications of cryptocurrency regulation extend beyond financial matters. Two crucial aspects are cybersecurity and human-centric AI governance.

Cryptocurrencies, being purely digital assets, are susceptible to cyber threats. Ensuring robust cybersecurity measures is vital to protect the interests of investors and the stability of the financial system. This is especially important as the adoption of cryptocurrencies continues to grow, making them an attractive target for malicious actors. As India progresses in its cryptocurrency regulation journey, it must prioritise cybersecurity to mitigate potential risks and protect stakeholders.

Moreover, cryptocurrencies and blockchain technology are closely intertwined with emerging technologies like artificial intelligence (AI). The responsible and ethical use of AI is paramount, and human-centric AI governance is essential.

This approach ensures that AI technologies benefit society, respect privacy, and adhere to ethical principles. As India navigates the cryptocurrency landscape, it must also consider the broader implications of AI and blockchain technology, fostering a regulatory environment that safeguards users' interests and privacy.

Conclusion

India's journey towards cryptocurrency regulation has been a complex and ever-evolving one. The recent adoption of the G20 roadmap is a promising development that marks a significant shift in the country's approach to crypto assets. As the G20 member nations and India align themselves with global efforts to regulate cryptocurrencies, the emphasis on coordinated implementation, global outreach, cooperation, and data-driven decision-making is critical.

After numerous twists and turns in the cryptocurrency industry, stakeholders in India hope that this time, they will witness the drafting of well-defined regulations that address the unique challenges and opportunities presented by cryptocurrencies. The future of cryptocurrencies in India and their place in the global financial landscape hinges on ability to find this delicate balance.

Digital Public Infrastructure: Shaping a Smarter World

By: Shreya Paliwal

Amid the ever-increasing influence of technology, India emerges as a digital innovation hub. At its core is the Digital Public Infrastructure (DPI), a dynamic framework reshaping the nation's landscape. India, driven by its vision to become a digital superpower, embarks on a transformative journey, promising more efficient government services, heightened economic growth, and empowered citizens. The DPI encompasses diverse initiatives, from the ambitious Aadhaar project to BharatNet and the Unified Payments Interface (UPI). Together, these elements lay the foundation for a digitally empowered society, marking a significant step in India's technological evolution and global prominence.

INDIA STACK

India's DPI ecosystem is also known as India Stack, comprises APIs enabling governments, businesses, startups, and developers to address challenges in achieving presence-less, paperless, and cashless service delivery through a unique digital infrastructure.



- **Aadhaar:** Aadhaar is the cornerstone of the India stack, providing a unique 12 digit identity number to each resident. It is widely used for identity verification and various applications from opening bank accounts to accessing government services.
- **E-Kyc (Know your customer):** Using Aadhar based E-Kyc, individuals can complete identity verification for services like mobile phone connections and financial accounts digitally reducing paperwork and time consuming processes.
- **Digilocker:** The Digilocker allows individuals to store and access government issued documents digitally. This is beneficial for tasks like accessing academic certificates or land records without physical copies
- **Unified payment interface (UPI):** UPI has transformed digital payments in India. Users can send and receive money, pay bills, make purchases securely through UPI enabled apps.
- **BharatNet:** It aims to connect over 2,50,000 gram panchayats with high speed broadband, extending Internet access to rural and remote areas, supporting digital education, telly, medicine and ecommerce.

Benefits

Digital Inclusion and Empowerment: Inclusive DPIs ensure that all segments of society, including marginalised and underserved communities, have access to essential digital services.

Efficient Governance: It streamlines government services and reduces bureaucratic hurdles through paperless document storage and digital signatures, enhancing the efficiency of public administration.

Reduced Fraud and Corruption: Aadhaar and e-KYC have enhanced identity verification, reducing identity fraud and improving the effectiveness of social welfare programs and public services.

Challenges

Privacy and Security Concerns: Fear of privacy breaches and data security issues can deter individuals from embracing digital technologies, especially when it comes to sensitive personal information.

Regulatory Challenges: Frequent changes in regulations and legal complexities pose challenges for businesses and startups operating within India's digital ecosystem.

Language and Content Barriers: The dominance of content in a few major languages can exclude non-English speakers or those who are not proficient in the predominant language. The lack of localised and relevant content can hinder access to vital information and services.

India's DPI Triumphs at G20

India's Prime Minister, Mr. Narendra Modi, underscores the nation's resolute commitment to innovation and the swift deployment of the Digital Public Infrastructure (DPI), emphasising inclusivity. India's soft power, rooted in ancient culture and hospitality, has been amplified by its digital revolution, bolstering global influence. Notably, the World Bank, in a G20 document, lauds DPI for its profound impact, transcending financial and cultural dimensions, with India achieving decades of milestones in just six years. The G20 summit serves as a platform to showcase India's digital journey, especially DPI and UPI technologies, extending UPI services to foreign delegates to highlight convenience and adaptability. Throughout its G20 presidency, India consistently champions robust digital public infrastructure and encourages other nations to explore DPI's foundational technologies through its "India Stack" initiative.



Zooming to the Top: The Story of Zomato

By: Siya Nandy

In the bustling and competitive world of online food delivery and restaurant discovery, one name has consistently stood out: Zomato. It is one of the primary attractions of the Indian start-up ecosystem founded by Deepinder Goyal and Pankaj Chaddah. From reporting a net consolidated profit of Rs. 2 crore to acquiring Blinkit, from the founder resigning to going global, Zomato has had its fair share of ups and downs. Let us examine the business model of this robust and innovative business model that has not only reshaped dining habits but also set new standards for the entire sector.



Zomato follows a business-to-business-to-consumer (B2B2C) business model. Under B2B, Zomato has the following practices:

Restaurant listing and advertising services: Restaurants can promote their banner to get better visibility and appeal to a large section of the audience via Zomato. Therefore, advertising revenue is one of the primary sources of income for Zomato.

Business Consultancy Services: Under the Zomato Whitelabel, the company provides offers to restaurants to develop a customised food delivery app. Since Zomato has a large chunk of a database of the food industry, they know people from which area prefer which food, at what time and in which price range. Therefore, it is convenient for them to analyse the data and provide consultancy services to the restaurants to develop a perfect business plan.



Zomato Cloud Kitchens: Zomato provides fully equipped kitchen spaces to restaurants and food entrepreneurs. These kitchens are located in areas with high demand with the aim of optimising delivery times. Cloud kitchens offer substantial cost savings. They eliminate the need for prime real estate and reduce overhead costs associated with running a traditional restaurant.

Under B2C, Zomato has the following practices:

Food delivery: Recognizing the growing demand for convenience, Zomato seamlessly integrated food delivery services into its platform. Zomato charges commissions from restaurants based on the orders. The commission is split among the delivery partners and the company. Commissions from restaurants vary based on whether Zomato is fulfilling the delivery or whether the restaurant uses its riders. Due to the heavy competition, there is a need to provide heavy discounts. Therefore, online delivery represents only a small fraction of the total revenue.

Zomato Gold: Zomato Gold is a premium subscription service wherein customers get complimentary food and drinks from partner restaurants. However, Zomato Gold faced criticism from numerous restaurant owners as many opted out of the program. Zomato discontinued its gold membership to make tweaks to make the subscription more acceptable to all and has now relaunched it.

Conclusion

Zomato's business model is a testament to its adaptability and foresight. By seamlessly integrating technology, personalised experiences, and community engagement, Zomato has created a holistic platform that caters to the diverse needs of both users and restaurant partners.





Compendium

Finance and Investment Cell

SEPTEMBER' 23 EDITION

Making a Difference: The Story of Zepto Founders

By: Aastha Arora

The grocery delivering business is booming. According to Zion Market Research the Indian grocery delivery business is expected to be worth USD 2,159 billion by 2030 and to grow with a CAGR of 26%. Even after fierce competition by Swiggy, Instamart, Blinkit, Big Basket, Zepto formerly known as Kiranakart quickly became many people's go-to grocery delivery service.

Zepto, a Mumbai based startup which was founded in April 2021 by Aadit Palicha and Kaivalya Vohra, 19 year old childhood pals after walking out of Stanford University's renowned Computer Science Department. After coming back to their home country India, these teenagers found themselves confined to their home in Mumbai due to Covid-19 Restrictions.



Craving your favourite snacks? Spontaneous family gatherings or Kitty Parties get your order delivered with Zepto within 10 mins.

The Story of Zepto Founders
How India is taking UPI Global
Can China Combat Deflation?
Pradhan Mantri Jan Dhan Yojana
Money Bills v/s Finance Bills

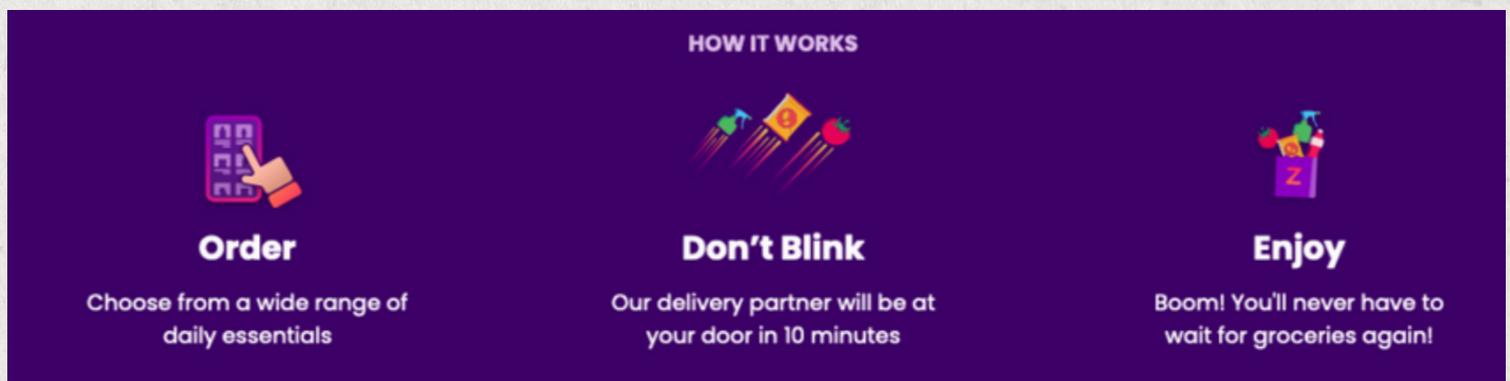
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Zepto's Swift Grocery Delivery Revolution

The increased demand for delivery services meant delay in essential items which helped them to discover the gap in the market. This insight led to the birth of the Zepto and after then there is no looking back. The company delivers groceries in ten minutes through the system of dark storefronts, which are small outlets which are not accessible by the visitors. These micro warehouses quickly and accurately fulfil orders and thus provides shoppers with resources.

Behind The Scenes

Besides employing dark storefronts, Zepto also uses a one-of-a-kind product, Locus. This Artificial Intelligence app tracks clients' geostatistical data, traffic dynamics, and how much time will be required for the last mile delivery, which helps the firm to decide on the number of warehouses that can be built in an area. PPB formula i.e. picking, packing and bagging which is done under 60 seconds is the backbone of delivering goods within 8-10 mins.



Understanding Business: How India is taking UPI Global

By: Srishti Beniwal

In recent years, the world has witnessed a significant transformation in the way financial transactions are conducted. This transformation has been primarily driven by the rise of digital payment systems, and one of the most notable contributions

to this evolution is the Unified Payments Interface (UPI) in India. UPI has not only revolutionized the country's payment landscape but is also poised to go global, changing the way the world looks at digital payments.

Launched in 2016 by the National Payments Corporation of India (NPCI), UPI has seen exponential growth, offering users a convenient and inclusive way to transact digitally. It connects bank accounts to a single platform, eliminating the need for traditional banking methods like cash and checks. Convenience here plays a pivotal role. It provides a user-friendly interface that allows seamless transactions, including payments, bill payments, and investments. This ease of use has made it attractive to users. Inclusivity has been another critical factor driving UPI's success.



The platform's widespread adoption has bridged the urban-rural divide, granting access to digital financial services across India. Even in the remotest regions, people can now participate in the digital economy. Security is paramount in any financial system, and UPI has not compromised in this. It employs robust security measures, including multi-factor authentication, ensuring safety of users. Interoperability is another essential element. UPI facilitates transactions between different banks and payment service providers, making it universal.

Challenges and future prospects

While UPI's global expansion holds tremendous promise, it is not without its challenges. Regulatory frameworks, interoperability issues, and security concerns must be addressed to ensure a smooth transition. Additionally, cultural and consumer behavior differences across nations may require tailored approaches.

In conclusion, the journey of UPI from its inception to its current global expansion is a testament to the potential of digital payment systems. India's success with UPI has paved the way for a more interconnected and financially inclusive world, where borders no longer limit the ease of financial transactions. As UPI continues to evolve, it will undoubtedly play a pivotal role in shaping the future of global finance.

UPI goes global

UPI's success in India has garnered global attention, leading other countries to explore its model for their financial ecosystems. As India's thriving fintech ecosystem, fueled by UPI, inspires other nations to foster similar innovation, the world is witnessing the dawn of a new era in digital payments.

Can China Combat Deflation?

China is the second-largest economy in the world, with a GDP of over \$17 trillion. The country has experienced rapid economic growth over the past few decades, thanks in part to its large population and abundant natural resources.

China is the second-largest economy in the world, with a GDP of over \$17 trillion. The country has experienced rapid economic growth over the past few decades, thanks in part to its large population and abundant natural resources.

WHAT IS DEFLATION?

Deflation is a sustained drop in the overall prices of goods and services in the economy over a period of time.



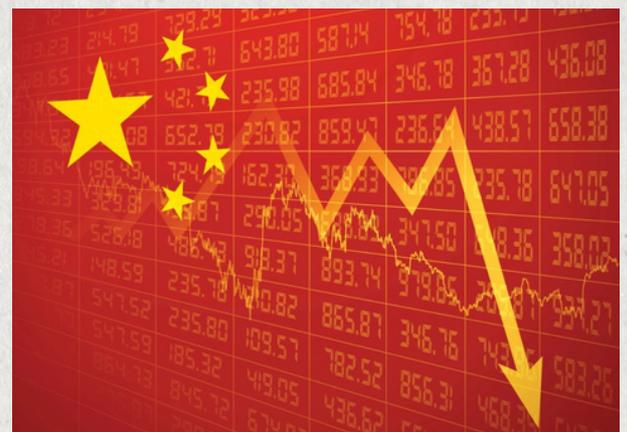
What caused deflation in the world's second largest economy?

Deflation can occur for a variety of reasons, such as reduced consumer demand, oversupply of goods, technological advancements that lower production costs, or tight monetary policies by central banks. In China's case, reduced consumer demand and economic slowdown are the primary reasons.

The consumer price index (CPI) fell by 0.3% in July from a year ago, according to China's National Bureau of Statistics. That's the first time the index has fallen since February 2021.

China is the second-largest economy in the world, with a GDP of over \$17 trillion. The country has experienced rapid economic growth over the past few decades, thanks in part to its large population and abundant natural resources.

The Chinese economy has slipped into deflation, with consumer prices falling for the first time in more than two years is another sign of weakening demand.



The cost of food, transportation, and household goods all declined in July. In particular, pork prices were down 26%, and vegetable prices were down 1.5%.



The producer price index (PPI), which measures goods prices at the factory gate, also dropped by 4.4% in July from a year earlier. It was the 10th straight drop in PPI, and the first time since November 2020 that consumer and producer prices have fallen in the same month.

Signs of deflation have become more prevalent in the world's second biggest economy in recent months, sparking concerns that China could enter a prolonged period of stagnation.

How China's Deflation Affects India?

Positive effect: If investment in the Chinese economy is lowered due to the increasing rate of economic slowdown, and now deflation, India could potentially emerge and take over as the manufacturing hub for the developed economies. This is also something the developed countries seem to have been pushing for in a bid to eliminate the monopoly-like hold China has over the manufacturing sector.

For India, if economic reforms are accelerated, India can become the next manufacturing hub.

Negative effect: China remains one of the biggest importers of iron ore from India. The east Asian country imports almost 70% of Iron-ore from India. Therefore, a slower Chinese economy could lead to a reduction in imports into China, potentially affecting India's economy negatively



How is China combating deflation?

Chinese authorities have pursued a variety of policies to boost the economy, including reducing mortgage interest rates, rescinding restrictions on real-estate firms' access to funding, and implementing measures aimed at boosting domestic stock prices (with the hope that this will raise consumer spending).

Pradhan Mantri Jan Dhan Yojana



The Pradhan Mantri Jan Dhan Yojana (PMJDY) is a financial inclusion program launched by the Government of India on August 28, 2014. The main objective of this scheme is to ensure that every household in India has access to basic financial services such as savings accounts, insurance, and credit facilities. The scheme is a part of the government's broader agenda to promote financial literacy, reduce economic inequality, and enhance the socio-economic development of the country.

Main Features

Universal Access: PMJDY ensures access to essential financial services for all, including marginalised populations in remote areas. It offers zero-balance savings accounts, enabling previously unbanked households to enter the formal banking system.

Financial Security: Account holders receive a RuPay debit card, accidental insurance coverage of up to Rs. 2 lakh, and an overdraft facility once their accounts are active. This enhances financial security and encourages savings while providing credit access.



Direct Benefit Transfer (DBT): PMJDY facilitates Direct Benefit Transfers, reducing leakages in government subsidies and streamlining financial aid delivery. It empowers individuals, especially women, and economically weaker sections, contributing to economic growth and poverty alleviation.



As of September 2021, over 43 crore (430 million) bank accounts have been opened under PMJDY, significantly increasing banking penetration. A large proportion of these accounts have been opened in rural areas. Over 31 crore (310 million) RuPay debit cards have been issued, enabling electronic transactions for millions. PMJDY has facilitated the transfer of government subsidies and benefits directly into bank accounts, reducing leakages.

It holds few negative aspects as well. Many PMJDY accounts remain inactive, leading to underutilization of resources. Some individuals misuse Jan Dhan accounts for money laundering or parking black money. Borrowers' inability to repay overdrafts can lead to debt cycles and financial stress. Instances of fraud and mismanagement in the implementation of the scheme have been reported.

The Pradhan Mantri Jan Dhan Yojana (PMJDY) has achieved significant success in promoting financial inclusion by providing millions of Indians with access to banking services. However, challenges like dormant accounts and concerns about the quality of services remain. Overall, it's a noteworthy step towards reducing economic inequality and enhancing financial access but needs ongoing improvements for sustained impact.

In the modern era of digitalization, the Pradhan Mantri Jan Dhan Yojana (PMJDY) remains relevant as it serves as a foundation for financial inclusion. While digitalization has expanded access, PMJDY's focus on such aspects ensuring that even the most vulnerable populations can participate in the digital economy, fostering inclusive growth.

Money Bill V/s Finance Bill

By: Noor & Rakshita

Money bills and finance bills are both important types of bills in the Indian Parliament. They are both related to financial matters, but there are some key differences between them.

Money Bill

A money bill is a bill that deals with financial matters, such as taxation, borrowing, and expenditure. It can only be introduced in the Lok Sabha (lower house of Parliament) and cannot be amended by the Rajya Sabha (upper house). This is because the Lok Sabha is directly elected by the people, while the Rajya Sabha is indirectly elected. The Lok Sabha is therefore considered to be more representative of the people's will, and so it has more power over financial matters.

A Money Bill is a type of financial bill that is introduced in the Lok Sabha, the lower house of the Parliament. A Money Bill can only be introduced on the recommendation of the President of India. It is concerned with matters such as taxation, borrowing of money by the government, expenditure from the Consolidated Fund of India, etc.

A Money Bill can be passed by the Lok Sabha without the approval of the Rajya Sabha, the upper house of the Parliament. However, the Rajya Sabha can make recommendations on a Money Bill, which the Lok Sabha can either accept or reject.



Finance Bill

A finance bill is a bill that is part of the annual budget. It contains proposals for changes in taxation and expenditure. It can be introduced in either house of Parliament, but must be passed by both houses in identical form. This is because the budget is a matter of national importance, and so it is important that both houses of Parliament have a say in it.

A Finance Bill is a type of financial bill that contains provisions related to taxation proposals, changes in the tax laws, and other financial matters. A Finance Bill can be introduced in either house of the Parliament.

Unlike a Money Bill, a Finance Bill has to be passed by both the Lok Sabha and the Rajya Sabha. If there are any differences between the two versions of the Finance Bill, a joint committee of both the houses is formed to resolve the differences.



Difference between Money and Finance Bill

The main difference between money bills and finance bills is that money bills can only be introduced in the Lok Sabha, while finance bills can be introduced in either house. Additionally, money bills cannot be amended by the Rajya Sabha, while finance bills can be amended by both houses.

It's important to understand the difference between money bills and finance bills because it affects the way that Parliament can scrutinise and approve these important pieces of legislation.

Additional Details

- Money bills can only be introduced by the Finance Minister.
- They must be certified by the President as money bills.
- The Rajya Sabha cannot delay the passage of a money bill for more than 14 days.
- If the Rajya Sabha does not pass a money bill within 14 days, the Lok Sabha can pass it by a simple majority.
- Finance bills must be passed by both houses of Parliament in identical form.
- If there are any differences between the two houses, a joint sitting of Parliament is held to resolve the differences.

Conclusion



In conclusion, both the Money Bill and Finance Bill are important financial bills that are introduced in the Parliament of India. While a Money Bill can only be introduced in the Lok Sabha and does not require the approval of the Rajya Sabha, a Finance Bill can be introduced in either house of the Parliament and has to be passed by both the Lok Sabha and the Rajya Sabha.