

# MARKET BYTES

MAY EDITION

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## GST COLLECTIONS IN APRIL TOUCH ALL-TIME HIGH OF RS 1.68 LAKH CRORE

- The gross GST collected in April is ₹ 1,67,540 crore out of which CGST is ₹ 33,159 crore, SGST is ₹ 41,793 crore.
- The revenues for the month of April 2022 are 20% higher than the GST revenues in the same month last year.
- In this month, revenue collected from import goods was 30% higher and that collected from domestic transactions increased by 17%.
- It was the first time that the GST collection has crossed the mark of Rs. 1.5 lakh crore.



# MARKET BYTES

**FINANCE CLUB MUDRA, AMITY BUSINESS SCHOOL  
LUCKNOW CAMPUS**

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## THE IMPACT OF DIGITAL FINANCE ON FINANCIAL STABILITY

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Digital finance plays a major role in achieving financial inclusion targets which have a positive impact on economic growth and people's welfare. One of the main elements of digital finance is digital payments, which are increasingly playing a role with the presence of e-commerce and financial technology. Apart from these positive impacts, digital finance is also feared to have a negative impact on financial system stability, especially in relation to systematic risk. The purpose of this article is to determine the role of risk factors in digital finance relations and financial stability.

### INTRODUCTION:

Currently, financial inclusion is a target that all countries must achieve, financial inclusion is believed to have a positive impact on economic growth and the prosperity of society. Financial inclusion is a condition in which every member of the community has access to a variety of quality, effective and efficient financial services. Increasing public accessibility to financial service products will further reduce the level of economic and social inequality in the community and increase economic growth which in turn is expected to improve the welfare of the community.

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**Industry Speak: Mr Satnam Singh**

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One of the efforts to achieve this financial inclusion target is through digital finance, namely financial products and services that use internet technology that makes it easier for people to directly access various kinds of payments, shopping, savings, investments, including loan and credit facilities.

Almost all countries started implementing digital payments with non-cash or payment electronification programs which later developed into an integrated digital payment instrument. The use of digital payment systems as one of the main elements of digital finance has been accelerating by the significant growth of online shops (e-commerce) and the presence of financial technology (fintech). This condition is very helpful in achieving the target of financial inclusion, but on the other hand it has raised concerns from various parties, both monetary authorities and academics, about the impact on financial stability.



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## **FINANCIAL STABILITY:**

There is no standard definition of financial stability or financial system stability, Bank Indonesia defines financial system stability as a condition that enables the national financial system to function effectively and efficiently and can withstand internal and external vulnerabilities, so that the allocation of sources of funding or financing can contribute to growth. The relationship between digital finance and financial system stability is related to financial infrastructure, that the challenging global business environment has driven banks around the world to be innovative and use alternative delivery channels such as Internet banking and mobile banking.

Internet technology facilities have made it easier for people to directly access various kinds of payments, savings, credit and even investments. With this convenience, it has stimulated an increase in demand for financing which is beneficial to the economy. However, this growth in financing can have direct implications for financial stability. There are many financial stability indicators, some of these indicators use banking as an object, even though banks are not the sole financial institution in the financial system, but banks are the main institutions in the financial system, therefore most indicators of financial stability are concentrated on indicators of banking sector health.

Several monetary authorities and governments have formulated an index as

a parameter of financial system stability, despite different names such as the Banking Stability Index, Financial Stress Index (FSI), Financial Stability Index, Monetary Conditions Index (MCI), etc. Indonesia also already has a Financial Stability Index (FSI) financial stability index, but because the FSI data cannot be accessed for the purposes of this study, the financial system stability in this study will use data on the percentage of loan availability or the growth of bank loans.

## **DIGITAL FINANCE:**

The definition of digital finance is still diverse, both from the point of view of academics and practitioners, some governments and monetary authorities also define digital finance differently, including the classification of payment data, some of which are still integrated with electronic transactions. Digital finance is defined as financial services delivered via cell phones, personal computers, internet, mobile banking, e-wallets, mobile wallets, and credit and debit cards. Based on the latest technological developments, digital finance also includes financial technology (fintech) which offers various investment products in the form of gold which is then referred to as digital gold, stocks, financial derivative products, and commodities. Fintech companies are also a financial marketplace that organizes peer-to-peer lending and crowdfunding, so that they can directly bring together lender and borrower, although this function as a financial inclusion. Further about the scope of digital finance in the future is crypto,



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assets, maybe one day crypto assets are considered as part of digital finance that contributes to financial inclusion, this is because crypto assets are allegedly a very effective and efficient means of payment.

The relationship of digital finance and financial stability can be studied through the influence of digital finance on banking as the main financial institution in the financial system. There are not many studies on this topic and the findings are mixed and some still use a qualitative approach due to limited sources of quantitative data. Several findings show negative results that digital finance, especially fintech and peer-to-peer lending, disrupt banking performance & financial stability, such as the empirical findings of Nugroho et al. (2020), Tang (2019), etc. On the other hand, the influence of digital finance in this case digital payments on financial stability are a positive impact on banking performance which helps banks in lending, expanding the reach of financing, helping people move from cash to non-cash payments.

### **SYSTEMATIC RISK:**

Digital finance is also a phenomenon of globalization in the financial sector, which is facilitated by technological advances, this is not only a positive thing in achieving financial inclusion targets which are useful for increasing economic growth and public welfare, but on the other hand this phenomenon has led to the emergence of an integrated financial

system without national borders. and the economy. This can expand the possible sources of financial system instability in macroeconomic terms. The interconnectivity of these interconnected financial transactions will have a chain effect, that is, when difficulties occur in one entity it can be transmitted quickly to other entities in the network. That financial system instability in other countries can easily be transmitted and destabilizes the financial system in any country, in other words, digital financial developments that are expected to help financial system stability will be reduced by increasing systematic risk. Systemic risk is defined as the potential for instability due to contagion in part or all the financial system due to the interaction of size factors, business complexity, inter-institutional linkages, financial markets, etc. Research on systematic risk or also known as market risk particularly the risk of transmission related to financial stability.





# ESCAPE BAKEHOUSE- BAKING MY WAY THROUGH COVID-19

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One thing out of many that we learned during COVID was baking or cooking. Not only it was a stress buster but it also gave a gear start to those who loved baking or cooking but could not do that regularly due to lack of time and no doubt COVID gave us ample of that while we were in lockdown or quarantine. Whether it was your family member's birthday or anniversary I am quite sure that you all must have once or twice tried to bake some cakes at home and for many of us, it was for the first time. Even while the coronavirus looms, there are ways to make some extra cash to assist yourselves, especially college students who aspire to do business and want some change and newness in their lives. Although the economy has suffered as a result of the coronavirus outbreak, this does not mean your personal finances have to suffer.

My journey began a year ago, in the midst of the pandemic, as a side company since everyone wants to make a little more money, particularly as a college student I have turned this into a passion because I have always wanted to own my own brand or business since I was a youngster. So, I along with my friend started our small business, our own bakery together.



## Entrepreneur speak: Shruti Maurya

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The power of small business is that you can start from home & can start with less investment.

According to a survey by Dun & Bradstreet, a provider of commercial data, analytics, and insights for enterprises, over 82 % of small firms have suffered a negative impact, and 70 % anticipate it will take them approximately a year to regain demand levels prior to covid-19. Small company owners said that the three most essential support measures they need to restore their enterprises after the pandemic are greater credit facilities (59 %), stronger marketing support (48 %), and technology adoption (35 %). Talking of finance, before launching my small bakery business, I borrowed money from my mother and combined it with the savings from me and my friend. Luckily, I don't have to go through all these impacts of COVID on small businesses and the reason could be the scale of my business and the capital I needed for funding my business is comparatively less than many other small businesses and we started with just Rs. 40,000.

Though we face tough competition I take it as a challenge as you will get competition everywhere you go irrespective of the field



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field or type of business you are in. You cannot get everything served on one plate but you have to make your way through these challenges in order to sustain in the market. If we see the current scenario of Lucknow, you can find numerous bakeries and small businesses like mine in every lane, and to stand out one needs to be different from others and that's what we are aiming for here in Escape Bakehouse. The current situation of the market is impacting us in a negative as well as in a positive manner.

The **positive impact** that is many people started to order online so we got to benefit from that as we are an **online business**. And we operate by keeping pace with ongoing trends, asking for opinions from customers, and testing new samples.

Some challenges faced by our small baking business are the increase in the cost of raw materials due to market inflation. Earlier we used to take cash on delivery but some customers try to do fault so we shifted to only online payments. And truly speaking digital payments are the best option for eliminating fraud in small businesses like ours. Another challenge was an increase in delivery cost as the result of high petrol rates which increases our cost and above all this, if delivery takes more time than needed it sometimes lead to melting of cakes and the customers refuse to accept it.

We started with Rs. 40000/- which included financial assistance from the parents and it was quite a task to convince them but now they are proud of my work.

Our specialty is Lunchbox cake and I believe we started that trend in Lucknow (but I can't claim). The idea behind that Lunchbox cake/bento cake is easy to carry & perfect for couples, and as the name suggests you can give it to your child to enjoy during lunch breaks and not only children but adults also enjoy this cake in their meals.





# ASSET MONETIZATION

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India's Finance Minister, Nirmala Sitharaman, introduced the National Monetization Pipeline a few days ago.

## **How is monetization connected to it?**

We define monetization as the process of converting tangible or intangible assets into a source of revenue. Now that you know what the word "monetization" means, let's look at how assets can be monetized. As a result, some assets become underutilized over time, which implies they might be rented to generate revenue. Instead of just selling the roads or highways, the government could reach an arrangement with private entities for a set length of time in which the private entity retains the rights to generate revenue from these roads or highways.

So the government is just leasing its roadways to private companies to generate cash, and the government can reclaim ownership of these roads or highways after a set period of time. They rent out underutilized assets to generate cash and invest the majority of the earnings towards infrastructure development. The question here is how the government intends to accomplish this. What are the assets that they intend to rent out?



**Alumni Speak: Ms. Ayushi Raje Sengar**

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## **How does the government intend to monetize assets?**

Before we go any further, it's important to emphasize that the government is not selling its assets; rather, it's leasing them out to make income for a specified length of time. The fundamental goal of this initiative is to unlock the value of public sector assets in order to generate long-term capital for future public investments, primarily in infrastructure projects. The Indian government has previously monetized assets, so this is nothing new for them.

For example, the government had previously raised Rs 17,000 crores through the NHAI's Toll-Operate-Transfer (TOT) program, as well as additional Rs 5000 crores through forthcoming infrastructure investment trusts (InvITs), for a total of Rs 22,000 crores. The information above can assist us to comprehend how the Finance Minister's National Monetization Pipeline scheme would help the government generate revenue.

Recently, NMP was in news for the same reasons mentioned above, Smt Nirmala Sitharaman, Union Minister for Finance and Corporate Affairs launched the 'National Monetisation Pipeline asset monetization pipeline for Central ministries



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for the creation of jobs, allowing for rapid economic growth and the seamless integration of rural and semi-urban areas for general public welfare. and the public sector enterprises. Based on the mandate for "Asset Monetisation" in the Union Budget 2021-22, NITI Aayog created the pipeline in conjunction with infrastructure line ministries. Over four-year time period, from FY 2022 to FY 2025, NMP anticipates a total monetization potential of Rs 6.0 lakh crores through the Central Government's key assets.

Asset monetization, which is based on the Creation via Monetisation ideology, aims to attract private sector investment for new infrastructure development. This is required After learning how the government intends to monetize its assets, you're probably asking what kind of assets will be monetized and in which public sectors. The road, railway, and electricity industries are the three key areas where the government intends to monetize assets. Power generation, natural gas pipelines, urban real estate, and telecommunications are among the other industries.

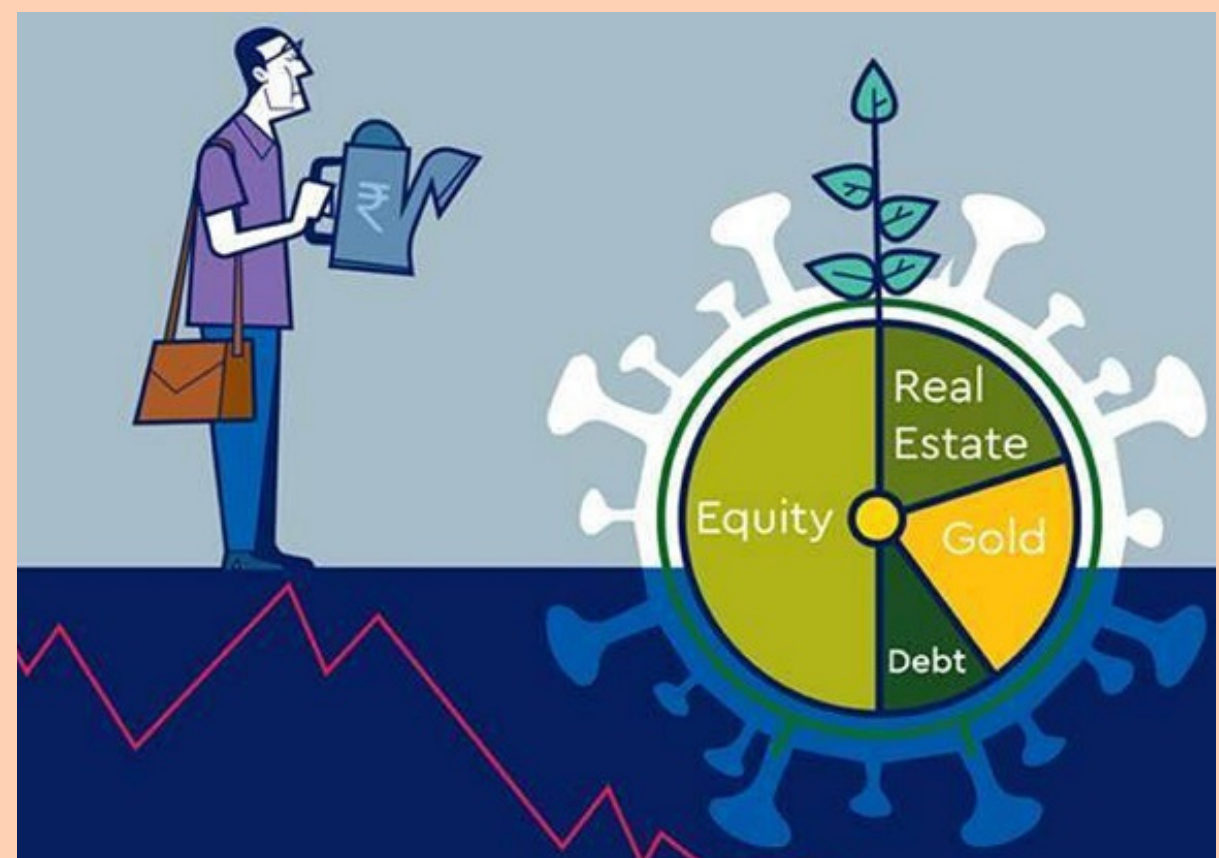
### PROS:

- As a result of these assets, new job possibilities will arise.
- This money will be spent on infrastructure, which will help India's economy grow and create more jobs.
- Overall, these assets' amenities and user experience have improved.
- We will receive a higher-quality product and service as consumers.

### CONS:

- The cost of products and services will grow.
- Taxes such as the road tax and toll charge will be raised.
- Because private actors are motivated by profit, facilities and services may fluctuate based on demand.
- This method has the potential to create a monopoly in certain industries.

As previously said, if we consider the current economic condition of the country this is a fantastic way to support economic infrastructure development and give the economy a boost by internally monetizing underutilized assets and producing a significant amount of revenue. It appears that we are getting closer to realizing our goals of India being a global superpower!





## ECONOMIC IMPACT OF INDIA'S HEATWAVE

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The heat this summer has already become unbearable in many parts of India. The month of March this year was the hottest in 122 years since the India meteorological department (met department or IMD) started maintaining records. It comes after the extreme heat in March last year, which was the third warmest on record. One of the reasons the short-lived spring season has metamorphosed into summer is the accumulation of greenhouse gases in the atmosphere, besides local weather conditions, scientists said.

Indeed, the maximum temperatures forecast for Delhi, India, will continue to reach over 40 °C for several days. The severe heat has strained healthcare systems across both nations, which are already stretched due to the continuing high numbers of COVID cases.

Temperatures overall have eased back to near-average in the last few days, but unfortunately, as the planet continues to warm, such extreme heat will become more commonplace. This is particularly dire for India as steps to improve air quality are an added factor that will actually increase temperatures during heatwaves.

At an average maximum nationwide temperature of 33.10 degrees Celsius, March heralded the early onset of summer, a trend that is becoming the norm.

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**Student Speak: Ms. Khalida Aziz**

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To be sure, the weather office attributed the high temperatures due to the scanty rainfall seen in the month. The rainfall deficiency was as high as 72% over India, rising to as much as 89% over the northwest parts of the country.

Summer temperatures have been rising across India in the past few decades. This is visible in the number of heatwave days the country experiences in the summer months between April and June. The number of heatwave days in India is increasing at a rapid pace every 10 years, an ongoing study by the Met Department showed. From 413 in 1981-90 to 575 in 2001-10 and 600 in 2011-20, the number of days that see extremely hot days is persistently increasing at 103 weather stations, mostly in inland areas, the study showed. The latest numbers, which are yet to be published, are an update of an earlier research, at the same weather stations till 2010. The ongoing study also showed most of the 103 weather stations have recorded a significantly increasing trend in heatwave frequency between April and June during the 1961-2020 period, researchers said.



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The most inland regions studied have seen more than eight heatwave days, on average, in the three months from April through June, and the affected areas have increased spatially between 1991 and 2020, compared with the previous three decades starting from 1961. India's weather office declares a heatwave when the maximum temperature is 40 degrees Celsius and at least 4.5 notches above normal. The bureau upgrades a heatwave to severe when the departure is 6.5 degrees above normal or higher.

It is now well established that extreme heat has a disproportionate impact on the poor and marginalized, of which there is a large number in India. Additionally, almost half of India's working-age population is engaged in farming, which requires long hours of outdoor heat exposure in summer. Add to that, the plight of construction workers, the second largest employer in the country, and a large number of people like rickshaw puller Das whose work requires them to be outdoors when the heat is high, and it becomes clear that India faces a problem of gigantic proportions.

By 2030 the average loss in daylight working hours could put between 2.5% and 4.5% of GDP at risk annually. Extreme heat will significantly lower the outdoor working capacity of India's labor workforce in the next three decades, putting at risk, the country's economic growth a recent report by the McKinsey

Global Institute has warned. The McKinsey report outlines the dramatic socio-economic impacts that will follow through nine test cases of regions that are most vulnerable and a separate global assessment. Without major adaptation and mitigation measures, large parts of India (a test case for the study) will become too hot to survive and / or work outdoors in, according to the report.

For instance, the effect heatwaves have on people who are out there slogging each day in the sun—the construction workers and the farmhands. When their productivity takes a turn for the worse, the whole country slows down. The economic impact will reach you. And it's not like they're a tiny minority. According to some estimates, the number could be as high as 49% of the total labour base. Or about 231 million people. These are folks working outside, facing the full wrath of the sun. A sick day for them doesn't just involve a pay cut. It means not making rent this month. And if the heatwaves persist, we could lose 5.8% of the total working hours by 2030. That's worth 34 million jobs.

Think wheat—a commodity in short supply since war broke out in Ukraine. As supplies dwindled, we hoped that India could jump in and meet the shortfall. However, the sudden rise in temperatures in wheat-growing states such as Uttar Pradesh, Punjab, and Madhya Pradesh has had a severe impact on wheat harvests.



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The Indian government had originally predicted wheat output to be over 122 million tonnes this year. But now, some estimates suggest that nearly 15% of this crop could've withered away because of the unbearable heat. And reports suggest that India is already considering banning the export of this staple commodity.

Now the Indian government has pledged to reduce emissions and become carbon neutral by 2070. But we also intend to become a \$5 trillion economy before FY29. So it seems the country will have to walk a tightrope—keep pace with growth while making sure we don't increase our carbon footprint by a huge margin. Well as the immediate cost to lives and livelihoods, a 3C or more scenario could threaten India's progress and prosperity in recent decades, and cost the five most impacted industries \$1.5 trillion a year by 2070. These account for more than 80% of India's GDP and are services, manufacturing, retail and tourism, construction, and transport.

Climate change globally is the biggest long-term threat to the economy, according to the Climate Economics Index from Swiss Re Institute. By 2050, the world economy could lose up to 18% of its GDP if temperatures increase by 3.2C. The good news is that India is well positioned to help the world transition to a green economy, and could achieve “significant economic growth” by supplying the products, services and financing the world will need to limit temperature increases, Deloitte says.





## LIC IPO- SHIFTING THE PERSPECTIVE OF CUSTOMER TO INVESTOR

The life insurance company LIC is the country's oldest and largest insurance company. On September 1, 1956, it was founded by merging and nationalizing 245 private life insurance companies, with an initial capital of Rs. 5 crores. LIC is the fifth largest life insurer in the world and the country's largest asset manager, with assets of roughly Rs 40 lakh crore. LIC is owned by the central government and the government will sell its shares of LIC through the public offering. The total value of LIC IPO is 21,000 crores which makes it India's biggest public issue to date.

Around 15.81 lakhs shares have been reserved for the employees of LIC and around 2.21 crores shares for the policyholders. LIC policy holders' reservation portion will be ten percent of the offered size, while employees will have five percent of post-offer equity share capital reserved. The LIC shares will be listed in both BSE and NSE. The Government of India (GoI) has fixed the LIC IPO price band at ₹902 to ₹949 per equity share announcing ₹60 discounts to the policyholders and ₹45 discount to LIC employees applying for the public issue.

Many of us were eagerly waiting for LIC's IPO since the government announced the same, but now when it has finally come to the market it makes



### Editor's Speak: Ms. Fiza Bano, Ms. Rashmi Singh

it makes me think that it's high time to change our perspective from a customer to an investor. And here we are with a SWOT Analysis of LIC IPO.

#### STRENGTH:

- The Life Insurance Corporation of India (LIC) has been providing life insurance in India for over 65 years and is the country's largest life insurer and the reason it is the most trusted Insurance company.
- The valuation of LIC IPO is decided by the government very smartly. According to the Embedded Value of LIC, the valuation of LIC is very reasonable and is almost at par with EV. Otherwise, on average 3.4 times the value of the company is considered.
- And due to this, the pricing of LIC IPO is less as compared to its peers. Here, the government has not planned a very aggressive pricing strategy for LIC and has tried to keep it appropriate and suitable.





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## WEAKNESS:

- Comparing the data for the last 8 years LIC has lost 8% of its market share because of the private players.
- Growth rate of LIC has reduced to 7% when compared to the Industry growth rate which is 17%. This slower revenue growth of LIC as compared to its competitors is because of two reasons i.e.,
- Online v/s offline conflict: 93% of LIC policies are sold by the individual agents and the company needs to take care of these agents who were with them since the beginning and this is the reason why that LIC cannot push its policies online. This does not necessarily mean that LIC policies are not digitally available but that push or cutting edge websites like that of private policy sellers is missing. And here LIC is lagging online as it cannot go against its agents.
- Profit Margin: Expected future profit growth of LIC is 10% whereas that of private players is 20%. This is because LIC's major business depends on Investment plans rather than term plans. Investment-linked products give less margin in comparison to Term Plans (pure-term life plans or protection plans). The logic behind this less profit margin in the investment plan is the high upfront premium they charge to allure their customers in re

-turn to which they have to give them reasonable returns, additionally the commission to its vast distribution network out of the premium which leaves them with less profit margin.



## OPPORTUNITIES:

- Reservation for employees is 5%, for policy holder is 10%, QIB is 50%, NIB IS 5%, and for Retail Investor is 35% giving opportunities to these people to invest in India's biggest public offering till date.
- Via. Digitalization and technological advancement LIC have the scope for improvement overall.
- LIC can increase its profit margin by selling more term plans.
- For the short-term Investment: Investing in LIC is good. In the short term, it will be stable and safe for investors to invest.

## THREATS:

- Financial Illiteracy as people do not invest in Insurance policy merely to protect themselves against risk but, unless and until they get something in return and this is the reason why LIC only has major business in Investment plans.



# RECENT HAPPENINGS AT A GLANCE

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## **Norms may be eased to make asset monetization lucrative for private companies:**

- The government might remove some conditions to make it more profitable for the private sector to engage in asset monetization programs for railways, warehouses, and the oil and gas industries.
- At a conference organized by cabinet secretary Rajiv Gauba to assess the government's National Monetisation Plan (NMP), certain ministries requested adjustments to asset monetization contracts, according to officials.
- Private players are not interested in the current paradigm, according to the ministers. The government is developing a model and will collaborate with the relevant ministries on it independently.
- A significant asset sale can offer funds for public infrastructure investment, which is a major government strategy for reviving investment and bolstering the economy.

## **Sudan is on the verge of financial and security disasters-UN envoy:**

- UN envoy has warned that the country is on the verge of economic and security breakdown, as well as a worsening humanitarian disaster. Since the military takeover on October 21, Sudan has been without a functioning government, and the lack of a political accord to return to an acceptable transitional route has exacerbated the economic, humanitarian, and security crisis.
- Country's central bank declared the currency floating on March 7, 2022. Sudanese pound lost approximately 45% of its value against the US dollar during the next 3 weeks, while bread, petrol, power, medicine, health care, and public transportation all saw significant price increases.



## **Forex reserves down \$3.271 bn to \$600.423 billion:**

- The country's foreign exchange reserves decreased by USD 3.271 billion to USD 600.423 billion in the week ended April 22, RBI data showed.



- In the previous week, the reserves had declined by USD 311 million to USD 603.694 billion. During the reporting week, the fall in the reserves was on the account of a decline in the Foreign Currency Assets (FCA), a major component of the overall reserves, and gold reserves,
- Reserve Bank of India's (RBI) weekly data released on Friday showed. FCA dropped by USD 2.835 billion to USD 533.933 billion in the week ended April 22.



**Centre to step on the gas to meet Rs. 1.62 lakh crore asset monetisation target:**

- The government is looking to speed up work to achieve its ambitious target to raise ₹1.62 lakh crore through asset monetisation in FY23.
- Cabinet secretary Rajiv Gauba has called a meeting on Friday of secretaries from 12 key ministries
- To discuss their detailed roadmap, with clear timelines for monetising assets such as power lines, gas pipelines, roads, and railway assets among others. The meeting will also seek an explanation from the ministries that missed the FY22 monetisation target.
- Officials from the ministries of petroleum and natural gas, telecommunication, railways, ports, shipping and waterways, civil aviation, power, coal, mines, road transport and highways, tourism, sports and food, and public distribution are likely to attend the meeting. Finance ministry officials will also be present at the meeting.

**GST compensation for 8 months released to states, Rs 78,704 cr pending: Finance Ministry:**

- The Finance Ministry on Wednesday said the Centre has already released eight months of GST compensation dues to the states for the fiscal ended March 2022 and Rs 78,704 crore is pending due to inadequate balance in the cess fund.
- In a statement, the ministry said normally, GST compensation for 10 months (April-January) of any financial year is released during that year and the compensation of February-March is released.



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- The pending amount will also be released as and when amount from cess accrues in the compensation fund," it said.



**State-run power gencos owe Rs 6,477.5 crore to Coal India Ltd:**

- State-run power generating companies of Maharashtra, West Bengal, Jharkhand, Tamil Nadu, Rajasthan and Madhya Pradesh owe Rs 6,477.5 crore to Coal India Ltd amid the country grappling with coal shortages.
- At present, the country is witnessing a power crisis on account of coal shortages. While Maharashtra State Power Generation Company owes the maximum Rs 2,608.07 crore to Coal India (CIL), West Bengal Power Development Corporation Limited (WBPDCCL) has to pay Rs 1,066.40 crore to the PSU, according to sources



**Defence ministry's procurement via e-market portal recorded at Rs 15,047 cr:**

- The Ministry of Defence (MoD) on Saturday said its procurement orders using the government e-Market (GeM) portal reached an all-time high of Rs 15,047 crore in 2021-22.
- It said the amount is a jump of more than 250 per cent compared to last year's procurement through the portal. :





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### **RBI issues norms for compensation key managerial staff at NBFCs:**

- The Reserve Bank of India (RBI) on Friday issued guidelines for compensation of key managerial personnel and senior management of non-banking finance companies where it has said that finance companies have to constitute a nomination and remuneration committee (NRC), which will have the mandate to oversee the framing, review and implementation of compensation policy of the company with the approval of the board. Further, the NRC will also have to work with the risk management committee of the company to achieve effective alignment between compensation and risks.



### **Australia PM promises to spend A\$150 mn for cheaper medicines if re-elected:**

- Australian Prime Minister Scott Morrison on Saturday announced the ruling coalition would spend A\$150 million (\$105 million) to reduce the out-of-pocket costs of medicines from 2023 if elected in the May 21 polls. Under the plan, the maximum cost of all medications subsidized by the government under the Pharmaceutical Benefits Scheme (PBS) would be reduced from A\$42.50 per prescription to A\$32.50, reports Xinhua news agency.
- Morrison said the measure would offer immediate cost of living relief to 19 million Australians. "In the Budget this year, we understood the need to take action to provide relief on cost of living pressures, and we know those pressures are real," he told reporters.





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## **China manufacturing weakens further as lockdowns continue:**

- China's manufacturing activity fell to a six-month low in April 2022 as lockdowns continued in Shanghai and other manufacturing hubs in an attempt to stem COVID-19 outbreaks, according to a survey released Saturday. The monthly purchasing managers' index, released by China's National Bureau of Statistics, fell to 47.4% in April 2022 down from 49.5% in March 2022 on a 100-point scale. Numbers below 50 show activity contracting.
- The domestic COVID-19 outbreaks have impacted China's factory activities and market demand, said the bureau's statistician Zhao Qinghe.
- Some enterprises have reduced or stopped production, with disruptions in logistics as well as the supply of raw materials and components. Shanghai, China's most populous city, spent weeks in April under lockdown. The capital, Beijing, began mass testing millions of residents this week.



## **GST on online games maybe increased by 28%:**

- The Goods and Services Tax (GST) Council may raise the tax rates for online gaming from 18% to 28%, as a means to discourage games involving gambling and betting.
- Currently, online gaming is taxed at 18% of the platform fee, which works out to 5-20% of the contest entry amount. But chance gaming such as racing, betting and lotteries are taxed at 28% of the contest entry amount.
- A group of ministers (GoM) on taxation of casinos, race courses and online gaming has resolved to recommend doing away with the distinction between skill gaming and chance gaming, which means the former category of games will also be taxed at 28%.





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# FINANCIAL GLOSSARY

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## A

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- **Acquisition:** One company purchases most or all of another company's shares to gain control of that company.
- **Asset Monetization:** Converting tangible or intangible assets into a source of generating revenue.

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## B

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- **Beta:** A measure of the volatility—or systematic risk—of a security or portfolio compared to the market as a whole.
- **Business Valuation:** A general process of determining the economic value of a whole business or company unit.

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## C

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- **Ceteris paribus:** Holding other things constant or all else being equal.
- **Closed economy:** Entirely self-sufficient, which means no imports come into the country and no exports leave the country.
- **Collateral :** An asset that a lender accepts as security for a loan.
- **Corporate tax:** A corporate tax is a tax on the profits of a corporation. The taxes are paid on a company's taxable income.
- **Credit rating:** refers to a quantified assessment of a borrower's creditworthiness in general terms or with respect to a particular debt or financial obligation.
- **Credit limit:** The term credit limit refers to the maximum amount of credit a financial institution extends to a client.

- **Credit score:** A credit score is a number between 300–850 that depicts a consumer's creditworthiness.

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## D

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- **Dividend:** Distribution of some of a company's earnings to a class of its shareholders, as determined by the company's board of directors.
- **Derivative:** The term derivative refers to a type of financial contract whose value is dependent on an underlying asset, group of assets, or benchmark.
- **Diversification:** A risk management strategy that mixes a wide variety of investments within a portfolio.
- **Demand:** A measure of how popular or necessary an item is and how many consumers want to buy it.

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## E

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- **Elasticity:** Elasticity is a measure of a variable's sensitivity to a change in another variable, most commonly this sensitivity is the change in quantity demanded relative to changes in other factors, such as price.
- **Embezzlement:** Embezzlement refers to a form of white-collar crime in which a person or entity intentionally misappropriates the assets entrusted to them.

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## F

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- **Fiat money:** Fiat money is a government-issued currency that is not backed by a physical commodity, such as gold or silver, but rather by the government that issued it..
- **Federal minimum wage:** The lowest national wage as established by law in the Fair Labor Standards Act (FLSA).



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- **Flat tax:** A flat tax system applies the same tax rate to every taxpayer regardless of income bracket.
  - **Fixed expenses:** Expenses, like bills, that must be paid each month and generally cost the same amount.
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## G

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- **Guarantor:** A guarantor is a financial term describing an individual who promises to pay a borrower's debt in the event that the borrower defaults on their loan obligation.
  - **Goods:** Objects people want that they can touch or hold, such as toys, clothes, and food.
  - **Giffen good:** A Giffen good is a low income, non-luxury product that defies standard economic and consumer demand theory.
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## H

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- **Hedge:** A hedge is an investment that is made with the intention of reducing the risk of adverse price movements in an asset.
  - **Hybrid Fund:** A hybrid fund is an investment fund that is characterized by diversification among two or more asset classes.
  - **Historic pricing:** Historic pricing is a unit pricing method used to calculate the value of an asset using the last valuation point calculated
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## I

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- **Inactivity fee:** A fee charged if you don't use your card for a certain period of time. The length of time that triggers an inactivity fee varies. Not all prepaid cards charge inactivity fees.
  - **Income tax:** Federal, state, and local taxes on income, both earned (salaries, wages, tips, commissions) and unearned (interest, dividends).
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- **Intrinsic value:** Intrinsic value is a measure of what an asset is worth. This measure is arrived at by means of an objective calculation or complex financial model, rather than using the currently trading market price of that asset.
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## J

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- **Joint account:** A joint account is a bank or brokerage account shared between two or more individuals. It typically allows anyone named on the account to access funds within it.
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## K

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- **Kaizen:** A Japanese term meaning "change for the better" or "continuous improvement." It is a Japanese business philosophy regarding the processes that continuously improve operations and involve all employees.
  - **Know Your Customer (KYC):** A standard in the investment industry that ensures investment advisors know detailed information about their clients' risk tolerance, investment knowledge, and financial position.
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## L

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- **Liquidity:** Liquidity is the ability of a firm, company, or even an individual to pay its debts without suffering catastrophic losses.
  - **Liability:** Something that is a disadvantage, money owed, or a debt or obligation according to law.
  - **Long-term goals:** Goals that can take more than five years to achieve.
  - **Liar loan:** A liar loan is a category of mortgage loan that requires little or no documentation of income.
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## M

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- **Microfinance:** Microfinance, also called microcredit, is a type of banking service provided to unemployed or low-income individuals or groups who otherwise would have no other access to financial services.
- **Microcredit:** A common form of microfinance also known as microlending or microloan that involves an extremely small loan given to an individual to help them become self-employed or grow a small business. These borrowers tend to be low-income individuals.

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## N

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- **Needs:** Basic things people must have to survive (such as food, clothing, and shelter), resources they need to do their jobs
- **Net income:** Amount of money you bring home in your paycheck after taxes and other deductions are taken out; also called take-home pay.

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## O

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- **Operational risk:** Operational risk summarizes the uncertainties and hazards a company faces when it attempts to do its day-to-day business activities within a given field or industry.
- **Optimal capital structure:** The optimal capital structure of a firm is the best mix of debt and equity financing that maximizes a company's market value while minimizing its cost of capital.

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## P

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- **Paper check:** A paper order to a bank or credit union to pay someone from a checking account.
- **Pay check:** A check for your salary or wages made out to you.

- **Progressive tax:** It is based on the taxpayer's ability to pay. It imposes a lower tax rate on low-income earners than on those with a higher income. This is usually achieved by creating tax brackets that group taxpayers by income ranges.

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## Q

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- **Quarter-to-date (QTD) :**Quarter-to-date (QTD) is a time interval that captures all relevant company activity that occurred between the beginning of the current quarter and the point at which the data was gathered later in the quarter. Quarter-to-date information is typically gathered in situations when the entire quarterly period has not yet ended, and it can allow management to see how the quarter is shaping up.
- **Quota :**A quota is a government-imposed trade restriction that limits the number or monetary value of goods that a country can import or export during a particular period.

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## R

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- **Residual income:** Residual income is income that one continues to receive after the completion of the income-producing work.
- **Regular income:** A set amount of money you receive at the same time each week or month.

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## S

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- **Solvency:** Solvency is the ability of a company to meet its long-term debts and financial obligations.
- **Securitization:** Securitization is the procedure where an issuer designs a marketable financial instrument by merging or pooling various financial assets into one group. The issuer then sells this group of repackaged assets to investors.
- **Sales tax:** A tax on retail products based on a set percentage of the retail price.



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- **Stagflation:** Characterized by slow economic growth and relatively high unemployment—or economic stagnation—which is at the same time accompanied by rising prices (i.e., inflation).
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**T**

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- **Tier 1 capital:** Tier 1 capital refers to the core capital held in a bank's reserves and is used to fund business activities for the bank's clients. It includes common stock, as well as disclosed reserves and certain other assets.
  - **Tier 2 Capital:** Tier 2 capital is designated as the second or supplementary layer of a bank's capital and is composed of items such as revaluation reserves, hybrid instruments, and subordinated term debt.
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**U**

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- **Underwriting:** Underwriting is the process through which an individual or institution takes on financial risk for a fee. This risk most typically involves loans, insurance, or investments.
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**V**

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- **Voluntary bankruptcy:** Voluntary bankruptcy is a type of bankruptcy where an insolvent debtor brings the petition to a court to declare bankruptcy because they are unable to pay off their debts. Both individuals and businesses are able to use this approach.
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**W**

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- **Wealth tax:** A wealth tax is a tax based on the market value of assets owned by a taxpayer.
  - **Watercraft insurance:** Watercraft insurance is an umbrella term for three types of insurance: boat insurance, yacht insurance, and personal watercraft insurance. It protects against damages to vessels powered by a motor that has a horsepower of at least 25 miles per hour (mph).
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**Y**

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- **Year to date (YTD) :**Year to date (YTD) refers to the period of time beginning the first day of the current calendar year or fiscal year up to the current date.
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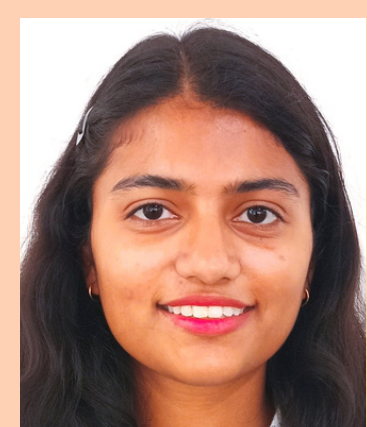
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