MARKET BYTES

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Insurance claims independent of human errors, say industry players

Human error or violation of rules is unlikely to vitiate an insurance policy and accidental death claims will continue to be honoured albeit in exceptional cases the compensation amount may be lowered.

MARKET BYTES

FINANCE CLUB MUDRA, AMITY BUSINESS SCHOOL LUCKNOW CAMPUS

Foreign Direct Investment (FDI) In India 2022

Foreign Direct Investment (FDI), in addition to being a key driver of economic growth, has been a significant non-debt financial resource for India's economic development. Foreign corporations invest in India to benefit from the country's particular investment privileges such as tax breaks and comparatively lower salaries. This helps India develop technological know-how and create jobs, as well as other benefits. These investments have been coming into India because of the government's supportive policy framework, vibrant business climate, rising global competitiveness, and economic influence.

FDI laws have lately been loosened in a number of industries, including PSUs, oil refineries, communications, and defence, among other initiatives undertaken by the government. During 2020–21, India received record amounts of FDI. The total amount of FDI inflows was US$ 81,973 million, an increase of 10% over the prior fiscal year. According to the World Investment Report 2022, India moved up one spot to eighth place among the world's top FDI receivers in 2020, from ninth place in 2019. The three industries that received the most FDI in FY22 were information and technology, communications, and automobiles.

Industry Speak: Mr. Tushar Pandey

Multinational corporations (MNCs) have explored strategic partnerships with leading local business groups with the aid of substantial deals in the technology and health sectors, driving an increase in cross-border M&A of 83% to US$ 27 billion.

From 2000-01 to 2021-22, India's FDI inflows have surged 20 times. The Department for Promotion of Industry and Internal Trade (DPIIT) estimates that between April 2000 and March 2022, India received US$ 847.40 billion in cumulative FDI, mostly as a result of the government's initiatives to make doing business easier and relax FDI regulations Between January and March 2022, FDI into India totaled US$ 22.03 billion, while FDI equity inflow for the same time period was US$ 15.59 billion.

From April 2021 to March 2022, India's computer software and hardware sectors attracted the most FDI equity investment, totaling US$14.46 billion, followed by the automotive sector at US$6.99 billion, trading at US$4.53 billion, and construction activities at US$3.37 billion. With US$ 15.87 billion, Singapore was the second-largest source of FDI behind the US (US$ 10.54 billion), Mauritius (US$ 9.39 billion), and the Netherlands (US$ 4.62 billion). Karnataka, with US$ 22.07 billion in FDI, received the most during this time period, followed by Maharashtra, US$ 15.43 billion, Delhi, US$ 8.18 billion, Gujarat, US$ 2.70 billion, and Haryana, US$ 2.79 billion.

- Top 5 sectors with the most FDI equity inflows in fiscal year 2021-22
- Computer Software & Hardware-24.60%
- Services Sector (Insurance, Banking, Non-Fin/Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis) -12.13%
- Automobile Industry-11.89%
- Trading-7.72%
- Construction (Infrastructure) Activities-5.52%

According to the UNCTAD World Investment Report (WIR) 2022, the Commerce Ministry said that India has risen one spot to take the seventh spot among the top 20 host economies for FDI inflows for 2021.

India's manufacturing sector solidified its position as one of the most popular investment opportunities for foreign investors by attracting FDI equity inflow to the tune of $21.34 billion in FY22, up 76% from $12.09 billion in FY21. India saw the greatest annual FDI inflows in FY22, with $84.835 billion, an increase of $2.8 billion over the prior fiscal year.

According to the Commerce Ministry, the service industry received 12.13 percent more FDI than the computer software & hardware sector in FY22, at 24.60 percent, and the automotive sector, which accounts for 11.89%.

Karnataka led the pack among states with a share of 37.55 percent of all FDI inflow in FY22, followed by Delhi, the national capital, and the neighbouring state of Maharashtra, both of which received 26.26 percent. The ministry noted that, compared to FY21, when FDI was recorded from 97 countries, 101 nations submitted FDI during FY22.

Author Profile: Mr. Tushar Pandey, Product Manager at IDFC First Bank.

Role of fintech market

Financial markets, which include the stock market, bond market, currency market, and derivatives market, among others, are any marketplace where trading in securities takes place. For capitalist economies to run smoothly, financial markets are essential. Any marketplace where securities are traded is referred to as a "financial market." The FX(Foreign Exchange) , money, stock, and bond markets are only a few examples of the various types of financial markets. Assets or securities that trade over the counter or are listed on regulated exchanges may be traded in these marketplaces (OTC).

Financial markets allocate resources and provide liquidity for firms and entrepreneurs, which is essential for the proper running of capitalist economies. The trading of financial holdings is made simple for buyers and sellers by the markets. Financial markets design securities as a way to reward investors and lenders who have extra money while also making that money available to those who need it (borrowers).

One form of a financial market is the stock market. The financial markets are created by buying and selling different kinds of financial assets, such as shares, bonds, currencies, and derivatives. Financial markets primarily rely on informational openness to guarantee that prices are efficient and appropriate. Due to macroeconomic factors like taxation, the market prices of securities may not reflect their true worth.

Entrepreneur Speak: Mr. Harsh Vardhan

Other financial markets, like the New York Stock Exchange (NYSE), exchange trillions of dollars' worth of assets every day, whereas some financial markets are tiny and inactive. The stock market is a financial market that allows investors to purchase and sell shares of publicly listed corporations. New stock issues, often known as initial public offerings (IPOs), are traded on the main stock market.

How Do Financial Markets Work?

All financial markets operate primarily by bringing together buyers and sellers of some asset or contract and allowing them to transact with one another, despite encompassing a wide range of asset classes and having a variety of structures and laws. A process for price discovery or an auction is frequently used for this .

Who Are the Main Participants in Financial Markets?

Stock and bond markets are used by businesses to solicit funding from investors. Hedgers utilise derivatives markets to reduce various risks, while arbitrageurs try to profit from mispricing or anomalies seen across numerous markets. Speculators employ different asset classes to make directional bets on future prices. Brokers frequently serve as matchmakers who connect buyers and sellers in exchange for a commission or other payment.

Financial markets' characteristics and functioning go hand in hand. What purposes do financial markets serve? I suppose they are fairly numerous. Although it is strictly controlled by the government, private businesses like banks, hedge funds, and just about everything else use it the most. Else, It is extremely competitive, which is why it is difficult to engage as a supplier (exchange, broker, or bank).

But it's quite easy for consumers (traders, investors) to become involved. This is mostly a result of it being digitalized. The nature and objectives of each component of the financial markets are unique. For instance, the Forex market's nature is to enable currency exchange in a global economy, not necessarily to assist individuals in making profits as a result of price movements.

If someone doesn't want to keep all of their money in the form of cash, the stock market naturally provides them with investment alternatives. Everything is becoming increasingly exchangeable thanks to the financial markets. Simply put, financial markets have the ability to assign a value to nearly anything and enable individuals to sell or purchase things.

Financial markets are a zero-sum game, despite the fact that opportunity is at the heart of their essence. This implies that there are winners and losers in every situation. As we will quickly discuss in this tutorial, traders invest countless hours in knowing how the markets function in order to avoid becoming someone else's payoff.

FINANCIAL TECHNOLOGY

The fusion of financial services and information technology is known as fintech. Fintech has been around since at least 1867, when Edward Calahan created the tickertape machine, if you think about it. Fintech has recently seen an accelerated evolutionary leap as a result of technology developers' focus on disrupting service patterns that the financial sector has depended on for millennia rather than merely enhancing and streamlining financial services.

Use of fintech

To understand Fintech precisely, it is necessary to know Fintech's conventional applications. In addition to the four categories mentioned above, let's concentrate on some of the most well-known examples that can help you grasp fintech.

"Blockchain and cryptocurrency"

The two most significant instances of fintech are blockchain and cryptocurrencies. Users may purchase or trade well-known cryptocurrencies like Bitcoin or Litecoin thanks to fintech businesses. Another very significant point to make here is that there are blockchain services that maintain the provenance data on the real blockchain in order to decrease fraud.

Cellular payments

There has never been a greater overuse of mobile payments. These days, no matter what they are doing, everyone is constantly using their smartphones. E-research marketers indicate that in 2020, 38.4% of smartphone users will utilise mobile payments, an increase of 4% from the previous year. Similar to this, it is anticipated that over 42% of smartphone users will use their phones to pay for specific services or commodities within the next three years. Credit cards, debit cards, and bank transfers are a few of the most widely used methods of mobile payment.

"THE SCIENCE OF TODAY IS THE TECHNOLOGY OF TOMORROW."

Technology has repeatedly shown itself to be a potent instrument for humanity. Technology has accelerated the pace and precision of production and service delivery to end consumers across all industries. This article focuses on how the financial sector is becoming more digitalized, the general function of financial markets in nations, and how Fintech has aided in the development of financial markets while also examining certain drawbacks. Fintech is the term used most frequently to describe technologies utilised and implemented in the financial services industry, primarily by financial institutions themselves on the back end of their companies. Fintech refers to technology that is upending traditional financial services, including fundraising, loans, mobile payments, and asset management. The advantages that fintech has given financial markets indicate that it has a solid position in the financial system:

Transparency

"Millennials love to participate in social networks, but there's still a trust deficit when it comes to their money," claims Callum Sinclair, Head of Technology. Everyone today is aware of their rights as customers and calls for a just and open financial system. Fintech combines goods, services, and data that provide information about product options, coverage, and costs, increasing system transparency as a result.

Providing Support and Guidance

For end consumers, navigating the financial system's intricate mechanics can be challenging. Fintech offers users cost-effective assistance via the use of artificial intelligence (AI) and big data analytics.

Speed and flexibility

Fintech has clearly had an influence on the financial services industry, but we know that the economy and society as a whole will eventually benefit from efficiency in one area of the economy.
The economic impact of financial inclusion is one of the main effects of fintech.

Fintech will provide individuals in developing nations access to financial services, opening up the potential for them to grow e-commerce and e-learning firms, which are now hindered by limited access to payment systems. Fintech is anticipated to do so by promoting economic growth.

By its very nature, fintech includes communication across a wide range of linked devices that each run a different piece of software and frequently have varying degrees of security.

The security breach associated with Fintech is one of the main factors discouraging investors and financial market consumers from embracing it. To make Fintech's security fail-proof and guarantee complete data privacy, cybersecurity experts are reviewing traditional security methods as the sector continues to develop. This will increase customer confidence and accelerate the uptake of Fintech.

In conclusion, I think that the many benefits of fintech and the significant enhancements it may bring to the financial system and global economies much exceed any drawbacks. Steve Jobs said it best when he said, "Innovation is the capacity to perceive change as an opportunity—not a threat."

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THE MEGA TEXTILE PUSH

The value of the textile exports from the Tamil Nadu town of Tiruppur in 2021 was 30,000 crores. It only exported 15 crores in 1985. In other words, during the previous 37 years, Tiruppur's textile industry has risen at an astounding 23% yearly. The growth story is so remarkable, in fact, that they now account for more than 50% of India's textile exports. And this led the authorities to wondering: Could Tiruppur's success be repeated in other regions of India? As a result, the administration made a bold decision a year ago. Seven giant textile parks would be established across the nation, it was reported. Consider sizable plants that could handle the complete garment production process, including yarn spinning, weaving, dyeing, printing, and final product fabrication all in one location. The government promised to set aside roughly 4,445 crores for this project, known as the Mega Integrated Textile Region and Apparel programme (MITRA). States were asked to apply for the programme. And the process of identifying the first few beneficiaries is currently nearing completion.

Why is the government so eager to create textile Mega parks, you ask?
Fabrics are important, to start. It adds around 2% to the GDP of the nation. In terms of employment, it is the second-largest sector in the nation, immediately behind agriculture.

Alumni Speak: Ms. Shriya Jadia

And expanding the textile business might, in some measure, contribute to resolving the nation's employment issue.
But there's also the issue that India's exports of clothing have lost some of their lustre. India was the world's second-largest exporter just ten years ago. Currently, our export share has decreased from 6% in FY10 to 4.2% in FY21. We are now ranked sixth among the leading exporters of apparel after falling in the rankings. As a result, these enormous textile parks are seen as an opportunity for India to reclaim its past prominence.

How much, though?
We must first comprehend what went wrong with India's textile sector in order to comprehend that. The best way to achieve this is to contrast our situation with Bangladesh, our neighbour. See, nations like Bangladesh have advanced rapidly in the garment industry during the past ten years. Take labour as an example. A survey from a few years ago revealed that Bangladeshi garment factory workers only received half of the average monthly income in India, which was 10,000.

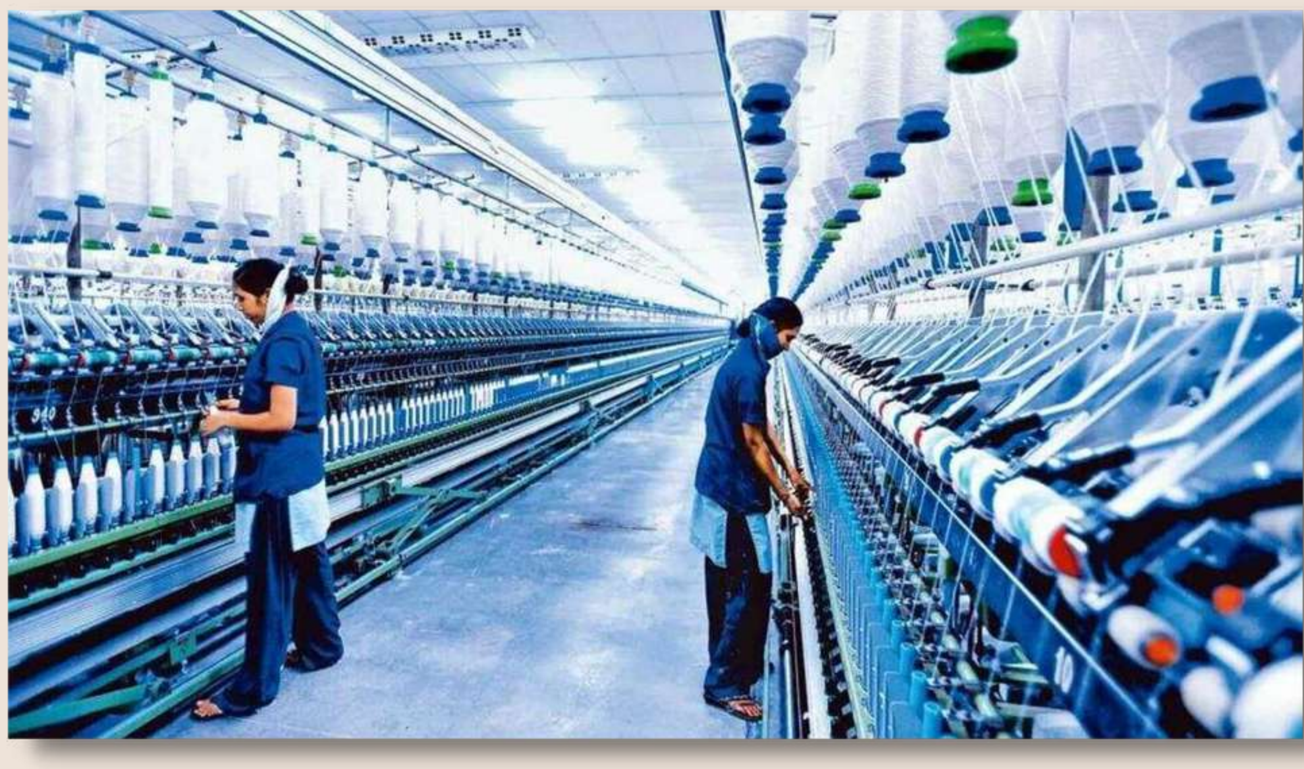
Despite the fact that this is an unethical practise, garment businesses would much rather send textile products from Bangladesh than India.

Then you include more overhead. The cost of electricity in India is 30–40% greater than in Bangladesh. This contributes to the final price that clothing makers estimate. The price of freight is another factor. For example, here is how the average Indian textile value chain operates. In Tamil Nadu, cotton is shipped from Gujarat and Maharashtra, where it is largely farmed. The cotton is spun here and transported back to Rajasthani processing facilities. The cloth is subsequently sent to industries in the NCR, Bengaluru, and Kolkata. Finally, products that are ready for export are packaged and sent to the ports of Mumbai and Kandla. It resembles an India tour with cotton crisscrossing the entire nation. All of this raises the price.

And for this reason, the government desires to consolidate the entire value chain in one location. In addition, they aim to expand benefits that might lower production overhead. For instance, the federal government wants the states to agree to a 15-year rate lock on their power tariff. Manufacturers can better arrange their operations in this way. The government is aware that this is insufficient, though. You see, Bangladesh has been given the designation of a Least Developed Country by the UN (LDC). As a result, they have priority access to the market.

Why does that matter?

Consider the European Union as an illustration. They have a programme known as Everything But Arms (EBA). Through this initiative, LDCs like Bangladesh are given duty-free access. Therefore, Bangladesh can export clothing to the EU without having to pay any duties. Indian exporters, meanwhile, must pay a tariff of around 10%. And you can see the advantages of that. However, Bangladesh is on track to leave its LDC classification by 2026. It will fall under the category of "developing country." It will no longer have preferential access to the EU and possibly even other regions as a result. It won't longer be accessible for free and when that occurs, perhaps India will be able to profit from it. To grant our textile industry unrestricted access to these markets, we are already making great efforts to secure Free Trade Agreements (FTAs) with the EU, Australia, the UK, Canada, and other nations. Additionally, perhaps the economies of scale that these Mega Textile Parks can offer will provide the much-needed push for the industry. We'll just have to wait and watch if India can recapture its prior stature in the textile industry.



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The impact of budgetary control on organisational performance.

Following the uncertainties prevailing in the business environment today, managers and stakeholders must be poised and prepared to compete favourably under these rapidly shifting conditions. To thrive in the face of environmental complexities and ambiguity, managers and stakeholders in both the private and public sectors require sharp tools and tried-and-true management techniques to forecast major changes that are likely to affect the business while deciding on future direction and dimension.

Budgetary control as a proven management tool helps organisation management and improves the performance of any economy in different ways. Its primary function is to serve as a guide for financial planning operators; it also establishes limits for departmental excesses. It helps administrative officials to make a careful analysis of all existing operations, thereby justifying expanding, eliminating, or restricting present practice. Budgeting and control entail a distinct pattern of decisions in an organisation that is capable of determining its objectives, purposes, or goals and how these goals are achieved by establishing principal policies and plans. However, the inability to recognise the problem concerned and fix the boundary of investigation creates an obstacle to the successful implementation of budgeting and control.

Student Speak: Ms. Kalida Aziz

Some organisations only look for narrow ranges of alternatives which they arrive at from their past expenses and present situation. Other management levels even avoid long-term planning and budgeting in favour of today's problems, thereby making the problems of tomorrow more severe.
The preceding reflects the need for organisations to establish a formal mechanism for scanning their environment for opportunities and early warning signs of future problems, resulting in an appropriate expectation of improved performance in the manufacturing sector, as seen in this study.

Various research on budgets and budgetary controls has clearly shown that organisations need to pay serious attention to budgetary processes, budgets, and budgetary controls. The researcher went on to explain that in light of these various issues facing organisations as a result of poor or mismanaged budgetary control systems and budgets, the researcher went ahead to research more on the topic, and came up with various recommendations and findings to help curb the problems organisations have with their various budgetary control systems. Interviews and casual discussions with managers, employees, government agencies, etc., formed the initial and informal stages of this study. When enough materials were gotten and reviewed by the researcher, it later developed into a full and complete academic research project. Various issues affecting budgetary processes, budgets, and budgetary control are fully addressed in this article.

In recent times, companies have performed poorly due to the fact that they lack effective and efficient budgets and budgetary control systems to adequately and judiciously allocate resources to meet organisational goals and maximise performance. A study conducted by Boquist (2011) observed that companies continue to blunder and fail because they have flawed budgetary planning and control systems, which they apparently fail to recognise. Some firms sense weaknesses in their budgetary analysis but view them as individual problems rather than systematic deficiencies. They misdirect their efforts and produce greater frustration. As a result, corporate strategy and capital allocation become misaligned and remain so, despite disapproving financial performance. Some business organisations do not even know the link between budgetary control and performance, and this affects their performances negatively. Various organisations, ranging from small-scale businesses to large-scale businesses, fail to recognise the power of budgets and budgetary control over performance outcomes. These organisations go ahead without paying more attention to improving their performance through their budgets.

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HOW TO ENHANCE YOUR DRIVE TO EARN MONEY

Everybody aspires to be financially independent, but only a small percentage of people take the necessary steps to make that dream a reality. With this in mind, I've put together this straightforward guide with several different methods for doing just that. So let's skip ahead and really examine them.

Set modest goals to begin with ,

Keep in mind that you might use a modest goal as a stepping stone to higher financial objectives that you wish to pursue. Your urge to advance and make bigger plans will increase whenever you achieve smaller ones, which can be financially empowering. Start out with a modest objective, such as saving up a certain sum of money over a specified period of time to purchase a new appliance or take a weekend holiday. Once you do it, you'll be inspired to scale your goals up and make them greater, but before you do that, make sure they're sensible and wise given your financial condition. A significant, long-term financial objective could be saving for retirement, purchasing a home or automobile, or paying off debt. However, it can depend on your goals and might even allow you to save enough money to go on a worldwide trip. Therefore, in order to move forward monetarily, start small.

Editor's Speak: Ms. Priyanshi Katiyar

To solve your financial problems, write them down.

Have you ever found yourself without money?
Not being broke but lacking knowledge of your financial status is what we're talking about. After spending all of your money in a week or after getting paid, After you've taken a trip and spent more money than you intended to, for example, We've all been in this circumstance at some point, so don't worry or freak out too much.

So, what is the best method to handle a financial situation you might unintentionally get into?

The most straightforward solution is to go old school and write down every experience you have, just as you might hoard or pile up all of your bills in the mistaken belief that you will remember them.However, you might put it off since you won't want to spend your free time on the math involved in estimating expenses.

The use of spreadsheets or Excel today makes it easier to keep track of your expenses and other financial details. Utilizing applications is a fantastic alternative. Your budget, costs, and spending patterns can all be planned here. It is a great technique to encourage you to focus on cutting back on unnecessary spending. There are many online resources available to help you identify the best investments for your money that can increase your returns over time.

Therefore, we should all try them and eventually achieve financial security.
Observe your development and give yourself rewards.

Always keep an eye on your progress and give yourself credit for what you are doing if you want to succeed in anything. You must periodically evaluate your financial strategies while making and adhering to them. It is a great tool to assess its effectiveness.
If everything goes as planned, keep doing what you're doing. If not, it might be time for you to give something new a go that will support your financial objectives.
When you accomplish a goal, don't forget to reward yourself in addition to tracking your progress. It can inspire you to work diligently on your subsequent objectives.

Avoid delays, as this could make you late.
Now is the time to take action and begin your path to financial independence. Although it may seem simple and straightforward, you'll need the appropriate drive to achieve financial security and freedom. Never forget that starting is never too late.

Therefore, fasten your seatbelt and initiate action.

Starting a systematic monthly investment plan is one option, as is occasionally noting your costs in a spreadsheet. By getting started as soon as possible, you may have an advantage over time.

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News Bulletin

IDBI Bank re-appoints S Jebaraj as deputy MD for 3 years effective Sept 20

- Jebaraj handles verticals for large and mid-sized corporates, trade finance and NPA management and he has been a member of internal committees for more than a decade, said IDBI Bank.
- Media reports last week said that the government is likely to invite preliminary bids for selling its stake in IDBI Bank and discussions with the Reserve Bank of India are at the final stages.
- The Cabinet Committee on Economic Affairs had given in-principle approval for strategic disinvestment and transfer of management control in IDBI Bank in May 2021.

HDFC Bank's Rs 3,000-crore AT1 bonds get FY23's best rate at 7.84%

- India's largest private sector lender HDFC Bank sold additional tier-1 (AT-1) bonds worth Rs 3,000 crore at a cut-off rate of 7.84 per cent -- the lowest rate shelled out by any bank, so far, in the current financial year.
- The rate paid by HDFC Bank is lower than the 7.88 per cent cut-off that was set for Bank of Baroda's AT-1 bond sale worth Rs 2,474 crore on August 30. On most occasions, debt offerings by state-owned lenders tend to be cheaper than those by their private

sector peers, because public sector banks are perceived to have sovereign backing.
The state-owned lender has already sold AT-1 debt worth Rs 2,000 crore, so far, this financial year, with its last such bond issue on July 15 being priced at 8.24 per cent.

Insurance claims independent of human errors, say industry players

- The death of former Tata group chairman Cyrus Mistry in a road accident has ignited a debate over the eligibility of insurance claims in accident cases but industry players say the very purpose of buying insurance is to hedge against risk, whether due to human error or otherwise.
- Human error or violation of rules is unlikely to vitiate an insurance policy and accidental death claims will continue to be honoured albeit in exceptional cases the compensation amount may be lowered.

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Canara Bank to raise benchmark lending rate by up to 0.15%

- Canara Bank said it has hiked the benchmark MCLR by up to 0.15 per cent, a move that will make loans costlier.

- The revised marginal cost of funds-based lending rate (MCLR) across various tenors would be effective from , the lender said in a regulatory filing.
- The benchmark one-year MCLR will be 7.75 per cent against the existing rate of 7.65 per cent.
- The one-year rate is used to fix most consumer loans such as auto, personal and home loans.
- The overnight and one-month tenor MCLRs are raised by 0.10 per cent each while the three-month maturity bucket increased by 0.15 per cent or 15 basis points to 7.25 per cent.

Conversion of Vodafone Idea's AGR-related dues into equity gets finance ministry nod

- The finance ministry has approved a proposal to convert Vodafone Idea's Rs 16,130-crore worth of accrued interest on deferred adjusted gross revenue (AGR)-related dues into equity, citing officials aware of the development.
- Once the conversion is finalised, the government is expected to own around 33 percent stake and become single largest shareholder in the cash-strapped telecom company.
- The co-promoters - the UK's Vodafone Group Plc and the Aditya Birla Group - will together continue to hold a combined majority stake of 50.1 percent in the Indian telco. Vodafone will hold 31.8 percent and ABG, 18.3 percent, according to brokerage Nomura.

Byju's expected to make financial results for 2020-2021 to the public next week:

- Byju's has now obtained an unqualified report from our audit partner Deloitte. The board has approved the audited financial results.

- Byju's is waiting for the shareholder meeting before announcing the results. Byju's is also in the midst of a round and it hopes to share details of that equally soon.

- The ministry had issued a notice to Byju's for the delay in filing the financial result. Byju's had posted around 82 per cent increasing operating revenue of ₹2,381 crore in the financial year 2019-20 and its losses were ₹262 crore.

Superior Plus Announces September 2022 Cash Dividend

- Superior Plus Corp. ("Superior") (TSX:SPB) announced its cash dividend for the month of September 2022 of $0.06 per share payable on October 17, 2022. The record date is September 30, 2022, and the ex-dividend date will be September 29, 2022. Superior's annualized cash dividend rate is currently $0.72 per share. This dividend is an eligible dividend for Canadian income tax purposes.

- Superior is a leading North American distributor and marketer of propane and distillates and related products and services, servicing approximately 890,000 customer locations in the U.S. and Canada.

Report on merger talks with Kotak Mahindra Bank speculative: Federal Bank

- Shares of Federal Bank remained upbeat on as the private sector lender denied rumours of its merger with Kotak Mahindra Bank. The Kerala-based lender, in an exchange filing, has termed the report as ‘speculative’. At closing, shares of Federal Bank were up 3.43% at Rs 123.55 on BSE.
- “We wish to clarify categorically that the news report of a merger between Federal Bank and another private bank is speculative in nature,” Federal bank said.
- Shares of Federal Bank jumped nearly 7% to hit a 52-week high level of Rs 129.70 per share on the BSE early deals following a news report saying that the top management of the two banks had met to discuss the merger. The bank stock has been on an upward trend as it is up about 12% in the last five trading sessions following the improved asset quality and expectation of higher loan growth in Q1FY23.

IDFC First Bank to give 7% interest on savings account opened through video KYC

- Private sector lender Kotak Mahindra Bank (KMB) on reduced interest rates on savings account, following 40 basis points (bps) repo rate cut by the Reserve Bank of India (RBI). For balance up to Rs 1 lakh, KMB had lowered interest rate on savings account by 25 bps to 3.5%. Similarly, the

- largest lender State Bank of India (SBI) had reduced rates on savings account by 25 bps to 2.75%. SBI has also announced 40 bps rate cut in fixed deposits (FD) for its customers. The one year FD of SBI will now fetch 5.1% return.

- IDFC first became the fourth bank to start video KYC after Kotak Mahindra Bank, IndusInd Bank, RBL Bank. “The start-to-finish digital journey makes savings account opening a delight, as it enables customers to complete the paperless KYC process in approximately two minutes and avail the industry’s best interest rates on savings balances, ” Amit Kumar said. The zero contact method completely does away with paper work or biometric verification, thereby removing physical interaction between the bank and customer from the KYC process, he further added.

Financial Services Institutions Bureau: FSIB to be much more than just a headhunter

- The Financial Services Institutions Bureau (FSIB), which will replace the Banks Board Bureau (BBB), will be much more than a mere headhunter to fill in key posts at state-run banks, insurers and other financial institutions (FIs).

- According to an official order, reviewed by FE, the FSIB will advise the government on a suitable performance appraisal system for whole-time directors and non-executive chairmen of the state-run financial services institutions. It will build a data bank relating to the performance of public-sector banks (PSBs), FIs and insurance companies. It will advise the government on “formulation and enforcement of a code of conduct

- and ethics for whole-time directors" in these institutions. The FSIB will even help these state-run banks, FIs and insurers in developing business strategies and capital raising plans, etc.

- These functions will be in addition to its role in recommending candidates for appointment as whole-time directors and non-executive chairpersons of public-sector banks (PSBs), financial institutions and public-sector insurers (PSI).

Bombay Mercantile Co-op Bank more than doubles NPA recoveries in FY22

- Bombay Mercantile Co-operative Bank more than doubled its NPA recoveries to Rs 13.54 crore in the fiscal ended March 2022. In FY21, the bank's non-performing assets (NPA) recoveries stood at Rs 6.10 crore.

- FY22, the bank registered a profit of Rs 2.36 crore despite the impacts of two Corona waves and their continuing after effects, its chairman Zeeshan Mehdi told shareholders at the bank's annual general meeting.

- The bank also launched its mobile banking app in FY22. And RTGS and NEFT transactions are also being made through the app, he said," We have also implemented UPI and BBPS services, and our customers can now make payments through Paytm, Google Pay and other payment platforms."

FINANCIAL GLOSSARY

A

- **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.

B

- **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.

C

- **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.

D

- **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.

E

- **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.

F

- **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).

- **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.

G

- **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.

H

- **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

I

- **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).
- **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.

J

- **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.

K

- **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.

L

- **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.

M

- **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.

N

- **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.

O

- **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.

P

- **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.

Q

- **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.

R

- **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.

S

- **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.

- **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).

T

- **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.

U

- **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.

V

- **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.

W

- **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).

Y

- **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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