



Department of Finance



# FiNiTi



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<https://www.linkedin.com/in/itmfinanceforum>

## **TABLE OF CONTENTS**

<b>Sr No</b>	<b>Particular</b>	<b>Page No.</b>
1	Director's Message	2
2	From Dean's desk	3
3	Message from HOD-Finance	4
4	Editorial	5-6
5	Crafting a Resilient Portfolio: Investment Strategies in a Uncertain Market	7 - 8
6	The Future of Finance: Innovative Investment Product	9 - 10
7	Risk Assessment for Risk Management	11 - 12
8	The Impact of AI and Machine Learning on Trading	13 - 15
9	Zomato's Acquisition of Blinkit	16 - 18
10	Unlocking Investment Success	19 - 20
11	A New Era of Financial Forecasting and Analysis	21 - 22
10	Demystifying Hedge Funds	23 - 24
11	Impact of Russia-Ukraine War	25 - 27
12	Transforming Indian Agriculture	28 - 31
13	An Overview of the Impact of Fintech	32 - 35
14	World of Finance	36 - 37
15	Student Achievements	38

## **DIRECTOR'S MESSAGE**



Dear Friends

At the outset let me Congratulate the Editorial Team for launching Finiti on 5th September -Teachers Day!

Finiti's well-covered range of topics emphasise that the future of finance is not just about managing money—it's about leveraging innovation to drive inclusivity, sustainability, and growth in a rapidly changing world. I am glad that you explored the latest trends and innovations reshaping the industry—from acquisitions, to the impact of AI and machine learning, risk management, investment strategies and many others.

As the financial landscape evolves with rapid advancements in technology, sustainability, and inclusivity, there has never been a more exciting time to build a career in finance. From the power of AI and machine learning in transforming financial analysis to innovative investment strategies and the growing emphasis on Environmental, Social, and Governance (ESG) principles, the future of finance offers endless opportunities for those ready to tread the road. Students, to succeed in this dynamic field, focus on building a diverse skill set that blends financial acumen with technological know-how and a deep understanding of ethical and sustainable practices. The key is to stay curious, adaptable, and forward-thinking. Your journey in finance is just beginning—embrace the challenges and opportunities ahead, and I am hoping you will shape a more inclusive, innovative, and sustainable financial world.

Sending Positive Vibes

***Dr. Lakshmi Mohan***

***Pro Vice-Chancellor, ITM Skill University and Director, ITM Business School***

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## **DEAN'S MESSAGE**



Dear Finiti team,

I am pleased to extend my heartfelt congratulations to the Department of Finance on the release of Issue 02, Volume 03, September 2024 of "FiNiTi" magazine. This remarkable initiative continues to provide our students with an invaluable platform to articulate their excellent ideas and showcase their creative talents. I am confident that the magazine will persist in inspiring enthusiasm and encouraging innovative thinking among our students. Furthermore, it will undoubtedly foster a spirit of passion and collaboration among the dedicated members of the FiNiTi team.

My compliments to Team FiNiTi for their consistent outstanding work in producing a magazine that seamlessly integrates a wealth of data, information, and creative talent.

***Dr. Sarit Prava Das***

***Dean Academics***

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## **MESSAGE FROM HOD-FINANCE**



As we embrace digitalization and innovation, including technologies like block-chain and AI, it is crucial to anticipate disruptions and adapt with agility. Financial institutions and Fin-Tech start-ups must leverage robust strategies to seize new opportunities while managing risks.

As these future technologies continue to evolve, their integration into India's financial ecosystem will require strategic investments in research and development, collaboration across sectors, and proactive regulatory frameworks to ensure ethical deployment and mitigation of potential risks

I commend the FiNiTi team for their dedication to enhancing students' research skills and promoting sound financial practices. My best wishes to the editorial team and contributing students. I am confident that readers will enjoy the insights from our talented authors

***Dr Sankalp Srivastava***

***Professor & Head of Department, Finance***

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## **MESSAGE FROM CHIEF EDITOR**



A strong and dynamic financial sector is key to a nation's growth and development. Staying informed about economic trends is essential to making meaningful contributions to this progress. With this goal in mind, we encourage students to get involved in **Finiti** magazine, offering them a platform to share their thoughts and insights on various finance-related topics.

We would like to extend our sincere gratitude to the talented and dedicated students whose valuable contributions have shaped **Volume 03, Issue 02** of **Finiti Magazine**, which was successfully launched on September 5th, a day of significance as we celebrated Teachers' Day. This achievement is a testament to the collective effort and commitment of the entire team. In this edition, readers will find thought-provoking articles on critical subjects such as the Role of AI and Machine learning, Rise of ESG Investing, Zomato's Acquisition of Blinkit, Strategic Importance of Refinancing, Risk Management, Regulations and Controversies, and Impact of Fintech on Financial Inclusion, among others.

We would like to take this opportunity to extend our deep gratitude to **Dr. Lakshmi Mohan**, Pro Vice-Chancellor of ITM Skill University and Director of ITM Business School, for her enduring support and leadership. Our heartfelt thanks also go to **Dr. Sarit Prava Das**, Dean of Academics, for her invaluable guidance throughout the development of this edition. Additionally, we express our sincere appreciation to **Dr. Sankalp Srivastava**, Professor and Head of the Finance Department, for his continued encouragement, which has been instrumental in bringing this magazine to fruition.

We trust that our readers will find this edition of **Finiti Magazine** both insightful and enriching.

***Dr Yogesh Ingle***

***Associate Professor-Finance***

***Editor in Chief -Finiti Magazine***

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## **Crafting a Resilient Portfolio: Investment Strategies in an Uncertain Market**

As an MBA student in finance, transitioning from theory to practice can be challenging, especially in today's unpredictable market. While academic concepts provide a foundation, successful investing requires a strategic approach that considers real-world uncertainties. Building a robust investment portfolio is crucial for managing risk and achieving long-term financial goals. This article explores key investment strategies that can help candidates create a stable portfolio capable of withstanding market fluctuations.

### **Understanding the Market Environment**

At now, the world economy is experiencing change due to several factors such as shifting regulatory frameworks, inflationary pressures, geopolitical conflicts, and technology upheavals. Investors find it challenging to rely exclusively on conventional forecasting techniques because of these elements, which produce a complicated and frequently unpredictable market environment. However, MBA students can better position their portfolios to navigate uncertainty by keeping educated and understanding how these macroeconomic patterns effect various asset classes, sectors, and countries.

### **The Importance of Diversification**

Spreading risk across several asset classes, industries, and regions requires diversification. Equities, bonds, real estate, and even unconventional assets like cryptocurrencies can be found in a well-balanced portfolio. Returns within these categories can be stabilized over time by diversifying among markets, sectors, and geographical areas. Diversification aims to reduce risk as much as possible while increasing the possibility of steady returns. You can lower your portfolio's volatility and increase its resistance to market turbulence by making sure it isn't unduly concentrated in any one investment or market sector.

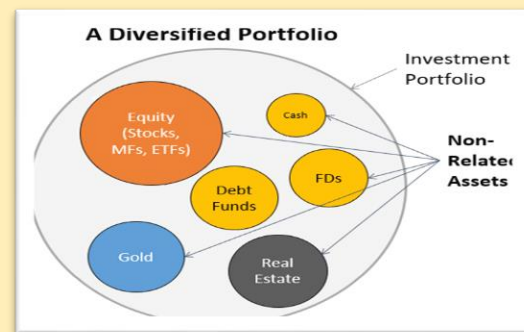


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Source: <https://getmoneyrich.com/investment-diversification/>

### **Embracing Long-Term Thinking**

An eye toward the long term is necessary for successful investing. The buy-and-hold approach takes advantage of the compounding effect to provide steady growth by making investments in high-quality assets and holding them over time. Your investments will continue to be in line with your goals and risk tolerance if you conduct regular portfolio evaluations and rebalancing.

### **Value Investing: Unearthing Hidden Opportunities**

Value investing focuses on finding undervalued stocks with strong fundamentals, such as solid balance sheets, consistent earnings, and robust management. Although it may take time for the market to recognize a stock's true value, patient investors can achieve significant gains as these undervalued stocks often see substantial price increases once the market corrects itself. This approach requires patience and discipline but offers the potential for high returns.

### **Growth Investing: Capitalizing on Future Leaders**

Growth investing focuses on companies in emerging industries with high potential. Although riskier due to market volatility, successful companies can yield substantial returns. Compared to value investing, growth investing involves greater risk because

valuations are based on future expectations rather than current performance, making growth stocks more volatile. If growth expectations aren't met, stock prices can fall sharply. Thus, growth investing requires higher risk tolerance and careful selection of companies with strong business models, promising growth prospects, and the ability to execute their ambitious plans.

### **Risk Management: Protecting Your Portfolio**

A comprehensive risk management plan is essential for any investment strategy. It involves setting clear objectives, regularly monitoring your portfolio, and adjusting your strategy as market conditions change. Keeping part of your portfolio in cash or low-risk assets, like government bonds, provides liquidity, stability, and a steady income, helping to manage volatility and capitalize on opportunities during market downturns.

### **Conclusion**

Effective investing requires analytical skills, strategic thinking, and a methodical approach to risk management. As MBA students, we have the knowledge to navigate financial market complexities. By adopting growth and value investing, diversification, long-term thinking, and strong risk management, we can build resilient portfolios that thrive amid market fluctuations. These strategies will help us achieve our financial goals as we embark on our careers, laying the foundation for a lifetime of prudent investing. The ability to create a flexible and robust investment portfolio will be crucial in today's uncertain economic environment.



Image : 02

Source: <https://www.wallstreetmojo.com/investment-strategies/>

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## The Future of Finance: Innovative Investment Product

The world of finance is evolving rapidly, driven by technological advancements and changing investor preferences. Traditional investment vehicles like stocks and bonds are no longer the sole domain of savvy investors. A new wave of innovative investment products is reshaping the landscape, offering investors a wider range of opportunities to grow their wealth and align their investments with their values.

### **What are Innovative Investment Products?**

Innovative investment products are a diverse set of financial instruments that go beyond the traditional stock and bond markets. They leverage technology, alternative asset classes, and new business models to provide investors with unique opportunities for growth and diversification. Some popular examples include:

- **Portfolio Management Services (PMS):** Fund managers create personalized investment portfolios based on your specific needs and goals. With a minimum investment of ₹50 lakhs, PMS is ideal for high-net-worth individuals looking for customized investment strategies.
- **Alternative Investment Funds (AIFs):** AIFs invest in assets beyond traditional markets, including real estate, private equity, hedge funds, and commodities. They typically require a minimum investment of ₹1 crore.
- **Peer-to-Peer Lending:** Investors lend money directly to borrowers through online platforms, bypassing traditional financial institutions.
- **Crowdfunding:** This allows individuals to invest in startups or small businesses directly, often in exchange for equity or rewards.
- **Real Estate Investment Trusts (REITs):** REITs pool investor capital to invest in real estate properties, providing income and potential capital appreciation.

- **Impact Investing:** This focuses on investments that generate a positive social or environmental impact alongside financial returns.

### **Benefits of Innovative Investment Products**

- **Accessibility:** Many innovative investment products offer lower entry barriers, making them accessible to a wider range of investors.
- **Diversification:** Investing in a variety of asset classes can help reduce risk and improve returns.
- **Customization:** Investors can tailor their portfolios to their specific financial goals, risk tolerance, and values.
- **Higher Potential Returns:** While not guaranteed, some innovative investment products may offer the potential for higher returns than traditional investments.
- **Impact:** Investors can align their investments with their values by supporting socially or environmentally responsible companies or projects.

### **Risks of Innovative Investment Products**

- **Volatility:** Many innovative investment products are more volatile than traditional investments, meaning their values can fluctuate significantly.
- **Liquidity:** Some products may be difficult to sell quickly, especially in volatile markets.

- **Complexity:** Understanding the intricacies of certain innovative investment products can be challenging.
- **Regulatory Uncertainty:** The regulatory landscape for some innovative products is still evolving, which can introduce risks and uncertainties.
- **Counterparty Risk:** In some cases, investors may face the risk of the issuer or counterparty defaulting on their obligations.

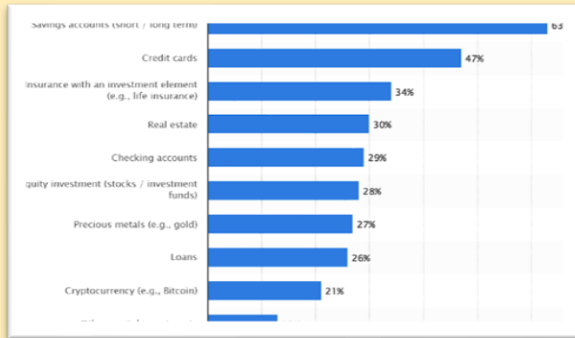


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Source : <https://www.google.com/search>

## Conclusion

Innovative investment products are reshaping the financial landscape, offering investors a wider range of opportunities and the potential for higher returns. However, it's essential to approach these investments with caution and conduct thorough research. By understanding the benefits and risks, investors can make informed decisions and potentially benefit from the growth and innovation taking place in the financial markets.

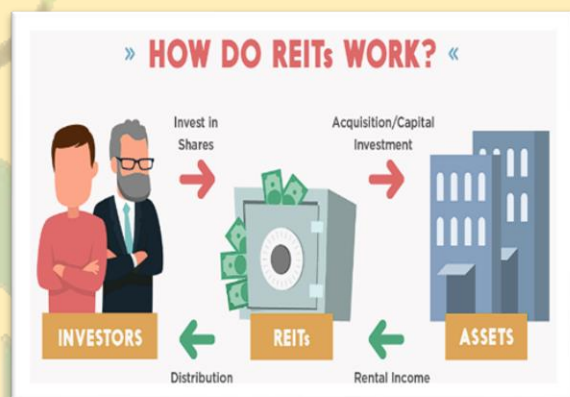


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Source : <https://www.google.com/search>

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## **Risk Assessment for Risk Management**

Risk assessment is a systematic process of identifying, analysing, and evaluating potential risks that could negatively impact individuals, assets, or the environment. It plays a crucial role in various fields, including business, healthcare, engineering, and environmental management, to ensure the safety and security of operations, projects, and systems.



Image : 01

Source : <https://www.google.com/search>

### **Objective of Risk Assessment**

The primary business objectives typically include profitability, growth, market expansion, and sustainability. Strategies to achieve these objectives might involve innovation, diversification, cost optimization, and customer satisfaction.

In the context of risk assessment, these objectives and strategies are analysed to identify potential risks, such as financial instability, market competition, regulatory changes, and operational disruptions. The goal is to develop a risk management plan that aligns with business strategies, ensuring that risks are mitigated or managed to support the achievement of these objectives.

### **Purpose of Risk Assessment**

The purpose of risk assessment is to identify, evaluate, and prioritize risks associated with a particular activity, project, or system. This process helps organizations and individuals understand potential hazards, their likelihood,

and their potential impact. The key objectives are:

1. Identify Risks: Recognize what could go wrong.
2. Evaluate Risks: Assess the potential impact and probability of these risks.
3. Prioritize Risks: Rank risks based on their severity and likelihood.
4. Mitigate Risks: Develop strategies and measures to minimize or manage the identified risks.
5. Ensure Compliance: Meet legal and regulatory requirements.
6. Enhance Decision-Making: Provide a basis for informed decisions and resource allocation.
7. Protect Assets: Safeguard people, property, and organizational resources.

By systematically addressing risks, organizations can better prepare for uncertainties and reduce the chances of negative outcomes.

### **Benefits of Risk Assessment**

Risk assessment offers several key benefits for organizations and individuals alike. First, it provides a structured approach to identifying potential threats and vulnerabilities, allowing for proactive measures to mitigate those risks.

Second, risk assessment fosters a culture of awareness and preparedness within an organization. It encourages employees to be vigilant about potential risks and empowers them to contribute to risk management efforts. Moreover, by regularly updating risk assessments, organizations can adapt to changing environments and emerging threats, ensuring long-term sustainability and competitive advantage.

## Why Risk Assessment Is Important

1. **Prevention and Preparedness:** By identifying potential risks, organizations and individuals can take proactive measures to prevent problems before they occur or prepare effective responses if they do.
2. **Resource Allocation:** It helps in prioritizing resources and efforts to areas where they are most needed, ensuring that critical issues are addressed first.
3. **Compliance:** Many industries have regulations and standards that require risk assessments. Meeting these requirements helps in maintaining legal and ethical standards.
4. **Financial Stability:** Identifying and managing risks can prevent costly incidents and losses, protecting an organization's financial health.
5. **Safety and Health:** It ensures that potential hazards are identified and managed to protect the health and safety of individuals involved.
6. **Reputation Management:** Proper risk management can help maintain a positive reputation by demonstrating that an organization is proactive and responsible.
7. **Strategic Planning:** It aids in making informed decisions and developing strategies that consider potential challenges and uncertainties.

## Conclusion of Risk Assessment

While certain risks can be identified, with proper management and mitigation strategies, these risks can be effectively controlled. It is crucial to continually monitor these risks and adjust strategies as necessary to adapt to changing conditions. Regular updates and reviews of the risk assessment should be scheduled to ensure ongoing risk management and to address any new risks that may arise.

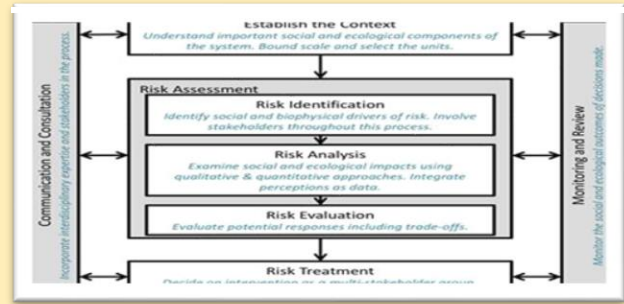


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- Joint Task Force

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## **The Impact of AI and Machine Learning on Trading**

AI and Machine Learning have moved from theoretical concepts to essential tools in trading, profoundly impacting financial markets. This article examines how these technologies are reshaping trading strategies, boosting market efficiency, and creating new challenges, supported by recent data and research.

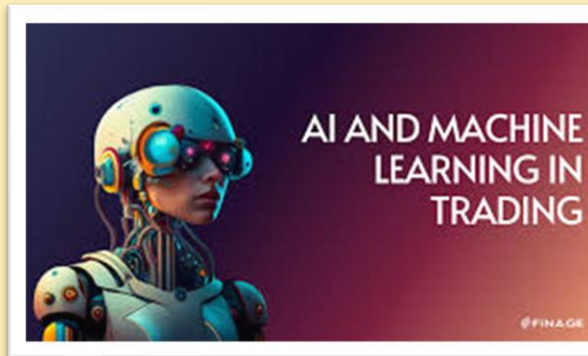


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Source : <https://finage.co.uk/blog>

### **AI and ML in Trading: A Quantitative Overview**

AI and ML are utilized in trading to process extensive datasets, identify trading opportunities, and enhance strategies. A 2022 study by Jiang et al. revealed that AI algorithms process market data 100 times faster than traditional methods, allowing traders to seize short-lived opportunities. High-frequency trading (HFT), which heavily depends on AI, now represents 50-60% of U.S. equity trading volume. This demonstrates AI's dominance in modern trading, especially where speed and precision are crucial.

### **Performance Metrics: AI vs. Traditional Trading Strategies**

Extensive research has evaluated the performance of AI-driven trading strategies against traditional



Image : 02

Source: <https://ai.icaai.org/articles>

methodologies. A 2023 study by Lopez de Prado demonstrated that AI-enhanced strategies yielded an average annual outperformance of 12%, with a Sharpe ratio increase of 0.3, indicating superior risk-adjusted returns. Additionally, AI-driven models achieved a 35% reduction in maximum drawdown during periods of market volatility, suggesting enhanced downside protection. This performance differential highlights AI's capacity to deliver improved alpha and manage risk more effectively in turbulent market conditions.

### **Market Efficiency and AI: A Double-Edged Sword**

While AI and ML have significantly improved market efficiency by reducing transaction costs and improving liquidity, they also introduce new complexities. According to a study by Kearns and Nevmyvaka (2021), the deployment of AI in trading has led to a 20% reduction in bid-ask spreads, benefiting investors by lowering trading costs (Kearns & Nevmyvaka, 2021).

However, the same study pointed out that the increasing reliance on AI could potentially exacerbate market crashes. The flash crash of May 6, 2010, for example, was partially attributed to algorithmic trading, which includes AI-driven strategies. During this event, the Dow Jones Industrial Average dropped nearly 1,000 points in a matter of minutes, wiping out nearly \$1 trillion in market value before

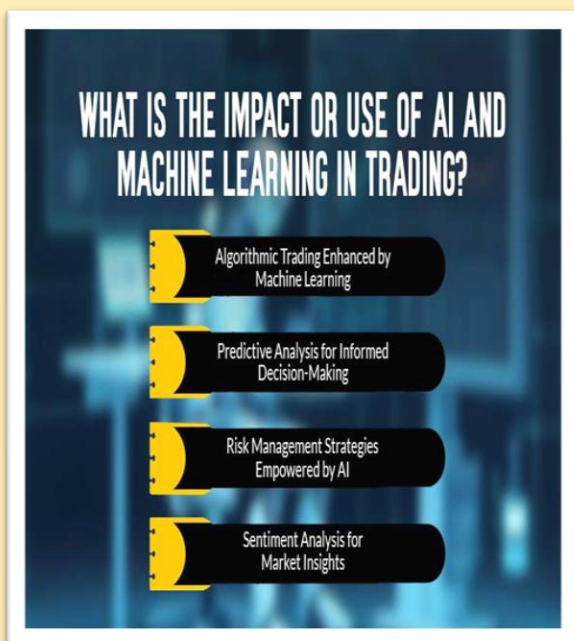


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Source: <https://www.truedata>

recovering just as quickly. This incident illustrates the potential risks associated with AI-driven trading strategies.

## Challenges and Ethical Considerations

The integration of AI in trading presents notable challenges, primarily due to the "black box" nature of many AI models, which execute trades with opaque decision-making processes. Buchanan (2020) found that 78% of financial institutions utilizing AI in trading reported a lack of model transparency, raising critical issues related to accountability, model risk, and regulatory compliance. Additionally, AI's competitive edge exacerbates market inequality, as smaller firms and retail traders often lack the capital to access advanced AI

tools, leading to increased market concentration. The World Economic Forum (2022) reported a 25% market share increase for firms with significant AI investments, underscoring the growing disparity between major players and smaller market participants.

## The Future of Trading

The integration of AI and ML in trading is still in its early stages. As technology advances, we can expect even more significant impacts:

- **Personalized Trading:** AI-powered platforms will offer tailored investment advice based on individual investor profiles and risk tolerance.
- **Autonomous Trading:** Fully autonomous trading systems may become commonplace, with minimal human intervention.
- **Democratization of Trading:** AI-driven tools can make trading more accessible to individual investors by providing advanced analytics and insights.

## Case Study on Citadel Securities

Focus: High-Frequency Trading, Market Making

- Citadel Securities is a major market maker, providing liquidity to various financial markets.
- Utilizes AI to optimize trading strategies, manage risk, and respond to market changes in real-time.
- Emphasizes the role of AI in improving market efficiency and reducing transaction costs.

## Case Study on Bridgewater Associates

Focus: Risk Management, AI-Driven Decision Making

- Bridgewater is known for its risk-focused investment approach and use of quantitative models.
- Employs AI to analyze economic data, assess market risks, and develop investment strategies.

- Highlights the importance of AI in managing complex portfolios and mitigating downside risks.

### **Conclusion**

Artificial Intelligence (AI) and Machine Learning (ML) are reshaping the trading paradigm by enhancing alpha generation, execution velocity, and portfolio risk mitigation. However, these technologies also introduce systemic risks, including market microstructure instability, liquidity fragmentation, and challenges to market parity. As AI and ML continue to advance and penetrate trading strategies, their influence will likely magnify, requiring stringent oversight by market participants and regulatory bodies to safeguard market stability and ensure equitable access to liquidity and pricing mechanisms.

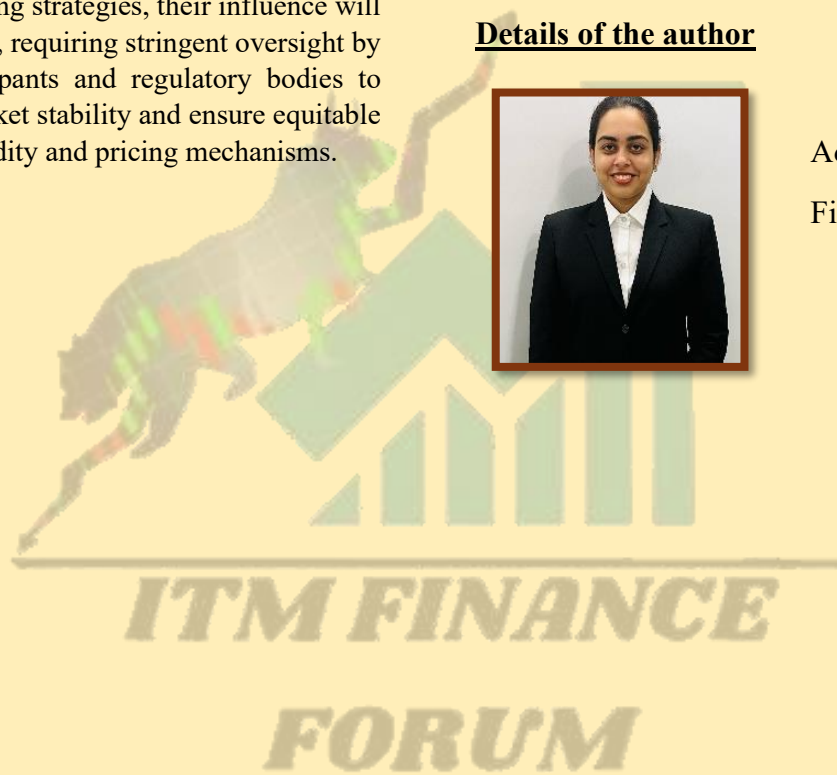
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## **Zomato's Acquisition of Blinkit**

This article delves into the strategic and financial aspects of Zomato's acquisition of Blinkit, a major move in the Indian quick-commerce and food delivery landscape. It explores the motivations behind the acquisition, the deal's financial implications, and how Zomato plans to leverage Blinkit's assets to enhance its market position. By analyzing key financial metrics and growth strategies, the article provides insights into how this merger is expected to shape the future of both companies and the broader industry.

Mergers and acquisitions (M&A) are the different ways companies are combined. Entire companies or their major business assets are consolidated through financial transactions between two or more companies. A company may:

- Purchase and absorb another company outright
- Merge with it to create a new company
- Acquire some or all its major assets
- Make a tender offer for its stock
- Stage a hostile takeover

### **Mergers**

In a merger, the boards of directors for two companies approve the combination and seek shareholders' approval. This type of M&A activity is designed to boost both brands, allowing each to bring their existing strengths to a new company and create a bigger piece of the industry pie for the new company that is formed.

### **Acquisitions**

In a simple acquisition, the acquiring company obtains the majority stake in the acquired firm, which does not change its name or alter its organizational structure. In

some cases, the target company may require the buyers to promise that the target business remains solvent for a period after acquisition using a whitewash resolution. An acquisition often allows the acquiring company to move into a new or related industry, expanding its offerings by

tapping into the acquired company's existing customer base and services.

### **Zomato**

Zomato is an Indian multinational company that connects customers with restaurants and delivery partners through an online food ordering and restaurant guide platform. Zomato was founded in 2008 by Deepinder Goyal and Pankaj Chaddah. As of 2022–2023, the company offers food delivery, dining-out services, and loyalty programs in more than 1,000 Indian cities and towns. Zomato also has a presence in 23 other countries.

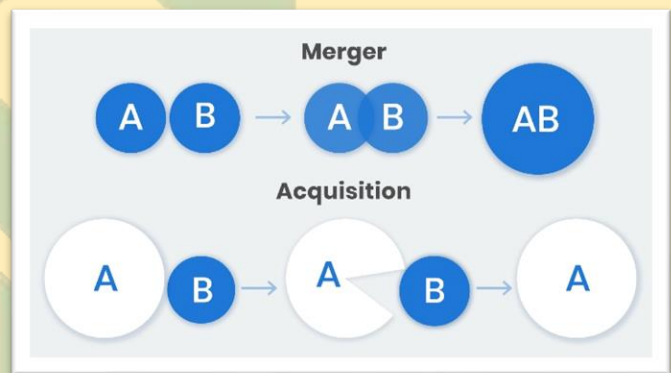


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Source: <https://www.google.com/search?q>

### **Blinkit**

Blinkit was founded in December 2013 by



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Source : <https://www.google.com/search?q>

Albinder Dhindsa and Saurabh Kumar as Grofers.

After seven years of operations as an online grocery delivery service, Blinkit introduced express grocery delivery in India, by building dark stores across cities. In July 2021, the company reported delivering over 7000 groceries in 15 minutes in Gurgaon. A month later, in August 2021, it introduced 10-minute delivery in

the top-12 cities, after completing over 20,000 under-15-minute deliveries per day across 10 cities. On 13 December 2021, Grofers changed its brand name to Blinkit in line with its vision to embrace quick-commerce.

Zomato's acquisition of Blinkit (formerly Grofers) in 2022 was a significant strategic move in the Indian online food delivery and grocery market. This all-stock deal, valued at approximately ₹4,447 crores, aimed to strengthen Zomato's position in the rapidly growing quick commerce sector.

GOV growth across our B2C businesses (food delivery, quick commerce and Going-out) accelerated to 53% YoY (14% QoQ) to INR 15,455 crore.

- Food delivery GOV grew 27% YoY (10% QoQ)
- Quick commerce GOV grew 130% YoY (22% QoQ), and
- Going-out GOV grew 106% YoY (19% QoQ)

Our B2B business Hyperpure's revenue grew 96% YoY (27% QoQ) with improving profitability.

Consolidated Adjusted Revenue growth accelerated to 62% YoY (17% QoQ) to INR 4,520 crore.

On the profitability front, consolidated Adjusted EBITDA increased by INR 287 crore YoY to INR 299 crore in Q1FY25 driven by margin expansion in all the four businesses. Business turned Adjusted EBITDA positive exactly one year ago

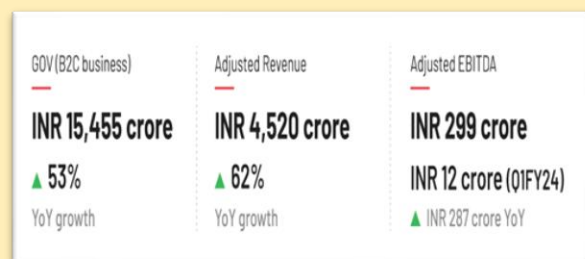


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Source : <https://www.google.com/search?q>

(in Q1FY24), and within a year we are now at an annualised profit of ~INR 1,200 crore.

Food delivery major Zomato is set to inject fresh funds to the tune of Rs 300 crore into its quick commerce arm Blinkit, we reported on June 11,

citing regulatory filing made with the Registrar of Companies (RoC).

Gurgaon-based Blinkit reported revenues of Rs 2,302 crore in FY24, more than double the Rs 1,064 crore in FY23. The company's adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) loss dropped to Rs 37 crore in the January-March

2024 quarter from Rs 203 crore the year ago.

Blinkit reported a gross order value (GOV) of Rs 4,027 crore in the March-quarter, up 97% year-on-year. However, its average order value (AOV) softened to Rs 617 from Rs 635 in the December quarter.

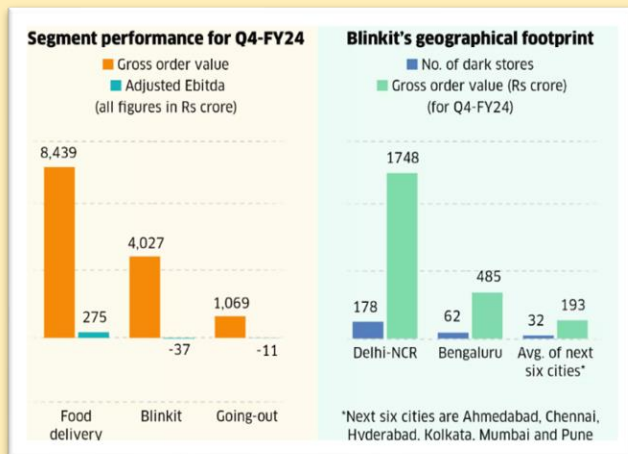
The company, which had 526 stores as of March 31, plans to have 1,000 dark stores, or micro warehouses from where the platform delivers goods, by the end of this fiscal, aiming to increase its penetration in cities such as Bengaluru, Mumbai and Hyderabad.

April 2020: The food delivery major was exploring the acquisition of Blinkit, formerly known as Grofers in an all-stock deal. At the time, Blinkit was expected to be valued at around \$750 million.

June 2021: After the talks for acquisition failed, Zomato invested in Blinkit's \$120 million funding round, post which the e-grocer turned into a unicorn with a valuation of a little over \$1 billion. While Zomato invested about \$100 million in Blinkit, the remain ..

March 2022: Zomato again infused an additional \$100 million in Blinkit through convertible notes. This was part of a larger \$400-million funding. Blinkit was looking to raise from Zomato and other investors. Along with the infusion, the food delivery firm also extended a loan of up to \$150

million to the quick commerce entity at an interest rate of 12% a year.



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Vidhi Sukla

Finance (2023-25)

Image : 04

Source : <https://www.google.com/search?q>

**“The first rule of entrepreneurship is that there is no rule”**

**- Deepinder Goyal**

(CEO of Zomato)

## Conclusion

In conclusion, Zomato's acquisition of Blinkit represents a bold strategic expansion into the quick-commerce sector, complementing its core food delivery business. The deal not only strengthens Zomato's market position but also offers significant growth potential through increased revenue streams and operational synergies. As Zomato integrates Blinkit's assets and scales its quick-commerce operations, the success of this acquisition will be pivotal in determining its long-term competitive advantage in the evolving Indian e-commerce landscape. This move highlights the broader industry trend of consolidation and diversification in response to changing consumer demands and market dynamics.

## **"Unlocking Investment Success: Exploring Top Strategies for Different Investor Goals"**

Investing is a cornerstone of financial growth and wealth accumulation, and understanding various strategies is crucial for making informed decisions. Each investment approach caters to different goals, risk tolerances, and market conditions. Value investing, for instance, centers on identifying stocks trading below their intrinsic value through in-depth fundamental analysis. Investors look for undervalued stocks, often characterized by low price-to-earnings (P/E) ratios and strong balance sheets, with the expectation that their true value will be recognized over time.

### **Exploring Growth Investing: Targeting High-Potential Companies for Future Returns:**

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Source: <https://www.google.com/>

In contrast, growth investing focuses on companies poised for above-average growth. Investors prioritize future earnings potential, particularly in dynamic sectors like technology and biotech, where innovation drives substantial revenue increases. Growth investors are drawn to companies with strong revenue growth and competitive advantages, even if current valuations seem high.

### **Steady Streams: Income Investing for Reliable Cash Flow and Stability:**

Income investing targets regular income generation through dividends or interest payments, appealing especially to retirees or those seeking steady cash flow. This strategy often involves investing in dividend-paying stocks, bonds, or real estate investment trusts

(REITs), aiming for a portfolio that balances consistent income with potential capital appreciation.

### **Capitalizing on Trends: A Guide to Momentum Investing and Market Timing:**

Momentum investing, on the other hand, leverages existing market trends by buying securities with upward price movements and selling those that are declining. This strategy relies on technical analysis and market psychology, focusing on short-term gains from ongoing price trends before they reverse.

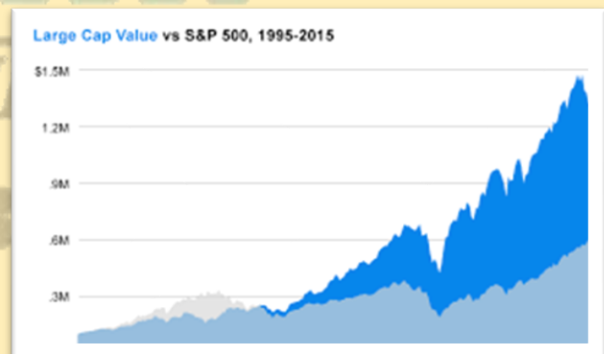


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Source : <https://www.google.com/>

Sector rotation involves adjusting investments among various sectors based on economic cycles and market conditions. Investors monitor indicators like GDP growth and interest rates to shift their allocations and capitalize on sector performance variations throughout economic phases.

Socially Responsible Investing (SRI) and Environmental, Social, and Governance (ESG) investing align financial goals with ethical, social, or environmental values. Investors select companies that meet specific criteria while also ensuring strong financial performance, aiming to achieve a balance between profit and positive societal impact.

Active investing involves frequent trading to outperform the market, driven by detailed research and analysis to identify mispriced assets. Conversely, passive investing emphasizes a long-term buy-and-hold strategy with minimal trading, relying on market averages to achieve steady returns.

Lastly, the buy-and-hold strategy involves acquiring securities and holding them for an extended period, irrespective of market fluctuations. This approach is grounded in the belief that investing in high-quality companies with strong fundamentals will lead to long-term appreciation.

Each investment strategy offers unique advantages and considerations, underscoring the importance of aligning one's approach with personal financial goals, risk tolerance, and market conditions for successful investing.

## **Conclusion: Navigating the World of Investing**

The key to successful investing lies in aligning strategies with personal goals, risk tolerance, and prevailing market conditions. By carefully evaluating these factors, investors can tailor their approach to fit their unique financial journey. Whether you are a seasoned investor or just starting out, a thoughtful and informed strategy will help pave the way toward achieving your financial objectives.

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## A New Era of Financial Forecasting and Analysis

In recent years, the convergence of finance and Artificial Intelligence (AI) has been reshaping the landscape of financial analysis and forecasting. As industries increasingly leverage AI's capabilities, the finance sector stands at the forefront of this transformation. Through my internship at Shenoy Innovation Studio, IDC, and IIT Bombay, I had the opportunity to explore this intersection in depth, focusing particularly on the application of AI in financial forecasting and analysis. This experience provided me with insights into how AI, particularly through techniques like forecasting and logistic regression, is revolutionizing the finance world.



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Source : <https://www.google.com/search>

### **AI in Financial Forecasting: A New Era of Predictive Analytics**

One of the most significant areas where AI is making an impact in finance is in forecasting. Traditionally, financial forecasting relied on historical data and statistical methods, which, while effective, often fell short in capturing complex, non-linear relationships within data. AI, however, offers a more advanced approach. Through machine learning algorithms and neural networks, AI can analyze vast datasets, identify patterns, and make predictions with a level of accuracy that was previously unattainable.

During my internship, I delved into the application of AI in forecasting financial statements. This involved experimenting with

**regression analysis, particularly linear and logistic regression**, to predict financial outcomes based on historical data. Linear regression, with its ability to model relationships between dependent and independent variables, provided a foundational understanding of how AI could be applied in financial forecasting. However, its limitations in handling non-linear relationships led to the exploration of more sophisticated techniques.

**Logistic regression** emerged as a powerful tool, especially in financial modeling for binary classification tasks, such as fraud detection. By analyzing past financial data, logistic regression can predict the likelihood of certain outcomes, such as whether a transaction is fraudulent. This technique goes beyond traditional methods, offering a more nuanced approach to financial forecasting that can significantly enhance decision-making processes.

### **Beyond Linear Relationships: The Power of Logistic Regression**

One of the most enlightening aspects of my internship was the exploration of logistic regression in financial analysis. Unlike linear regression, which is used to predict a continuous outcome, logistic regression is employed when the outcome is binary. In finance, this is particularly useful for tasks like fraud detection, where the goal is to classify transactions as either legitimate or fraudulent.

The power of logistic regression lies in its ability to handle categorical outcomes. During my internship, I applied logistic regression to real-world datasets, focusing on the classification of financial transactions. This hands-on experience underscored the importance of data quality and relevance, as the accuracy of the model's predictions was highly dependent on these factors.

Moreover, logistic regression's role in financial modeling extends beyond fraud detection. It is also crucial in risk assessment, where it can

predict the probability of default on loans or the likelihood of certain financial events occurring. By integrating logistic regression into financial analysis, organizations can develop more robust risk management strategies, reducing the potential for financial losses.

### AI's Broader Impact on Financial Accounting

The benefits of AI in finance extend far beyond forecasting and regression analysis. Throughout my internship, I gained a broader understanding of how AI can enhance various accounting processes. For instance, AI-powered tools can automate routine tasks such as data entry, allowing accountants to focus on more strategic activities. Additionally, AI can improve the accuracy of financial analysis by identifying trends and anomalies that might be missed by traditional methods.

One of the key takeaways from my internship was the realization that AI's potential in finance is not just about improving existing processes but also about enabling entirely new capabilities. For example, AI can be used to monitor financial data for risks and suggest corrective measures in real-time, providing a level of oversight that was previously impossible. This proactive approach to **risk management** is becoming increasingly important in a world where financial markets are more interconnected and volatile than ever before.



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Source : <https://www.google.com/search>

### Conclusion: Embracing the AI Revolution in Finance

The intersection of finance and AI represents a paradigm shift in how financial processes are conducted. From forecasting and regression analysis to fraud detection and decision-making, AI is enhancing the accuracy, efficiency, and depth of financial analysis. However, the key to success lies in integrating AI with human expertise, ensuring that technology serves as an enabler of innovation rather than a replacement for human intuition. My experience at Shenoy Innovation Studio, IDC, and IIT Bombay has provided me with a profound understanding of this intersection, equipping me with the skills and knowledge to navigate the future of finance.



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Source : <https://www.google.com/search>

AI is transforming how we forecast, analyze, and make decisions, offering unprecedented accuracy and insights.

In conclusion, the intersection of finance and AI is driving a new era of innovation in financial analysis and forecasting where technology and human expertise converge to create smarter, more efficient financial systems.

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## **"Demystifying Hedge Funds: A Comprehensive Overview of Their Unique Strategies and Exclusive Nature"**

In the intricate world of finance, hedge funds stand out as a unique and often enigmatic investment vehicle. Unlike traditional mutual funds, hedge funds are characterized by their exclusivity, aggressive strategies, and higher risk tolerance. Managed by financial professionals, these funds operate with more flexibility and pursue bolder investment approaches to deliver substantial profits for their investors. This article unravels the complexities surrounding hedge funds, exploring their characteristics, the regulatory environment, and the ongoing debates about their influence and fees.

### **What Are Hedge Funds?**

At their core, hedge funds are pooled investments that encompass various assets, including stocks and derivatives. What distinguishes them from mutual funds is their aggressive nature and higher risk appetite. Hedge fund managers have significant freedom in choosing a diverse range of assets and employing unconventional strategies such as leverage, short selling, and derivatives to maximize returns. This flexibility allows them to pursue profit in ways that traditional mutual funds typically cannot.

### **Exclusivity and High Barriers to Entry**

One of the defining features of hedge funds is their exclusivity. Unlike mutual funds, which cater to a broad audience, hedge funds are aimed at accredited investors with high incomes and existing net worths exceeding \$1 million. This exclusivity is further emphasized by the significantly higher minimum investment requirements, making hedge funds a speculative luxury reserved for the affluent.



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### **The Regulatory Landscape**

Hedge funds operate with fewer regulatory constraints compared to mutual funds. In the United States, the Securities and Exchange Commission (SEC) requires hedge funds to register only if they manage more than \$150 million in private funds and oversee one or more funds. This limited oversight has contributed to the growth of the hedge fund industry, which managed over \$4.3 trillion globally as of mid-2023, with 9,370 managers around the world.

Globally, hedge funds adhere to the regulatory frameworks of their home countries, allowing for diverse investment strategies and the ability to adapt to regional market conditions. For instance, India currently restricts investments in offshore hedge funds to qualified institutional investors, but evolving regulations under the Alternative Investment Funds (AIFs) framework may open avenues for domestic hedge funds in the future.

## The "2-and-20" Rule

Hedge fund managers are typically compensated through a fee structure known as the "2-and-20" rule. This comprises a 2% management fee and an additional 20% of profits earned above a specified minimum threshold. While this compensation model can be lucrative for managers, it has been the subject of considerable debate and scrutiny. Critics argue that these fees can be excessive and contribute to the ongoing discussions about the role and impact of hedge funds in the financial landscape.

## Debates and Controversies

Hedge funds frequently capture media attention, and debates about their influence, fees, and transparency have intensified. The sheer size of hedge fund assets might suggest the ability to manipulate entire economies. However, it is important to recognize that their impact is often concentrated on specific sectors or assets where they heavily invest. Regulations and market forces serve as essential checks and balances, preventing undue manipulation.

## Conclusion

Hedge funds represent a dynamic and exclusive facet of the financial sector, offering investors the potential for high returns through aggressive strategies. While their unique characteristics and the "2-and-20" compensation rule have fueled debates, understanding the nuanced role hedge funds play in global markets is crucial. As regulations evolve and the financial landscape continues to shift, staying informed about the complexities surrounding hedge funds will help form a well-rounded perspective on their place in the world of finance.

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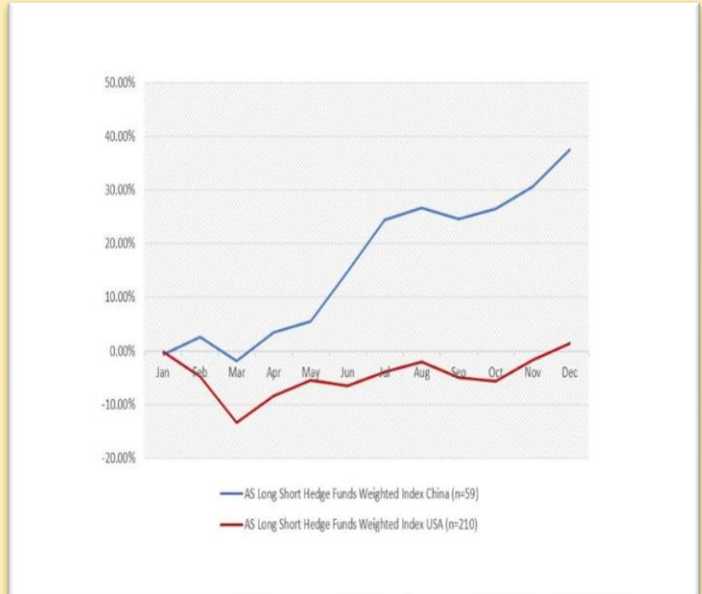


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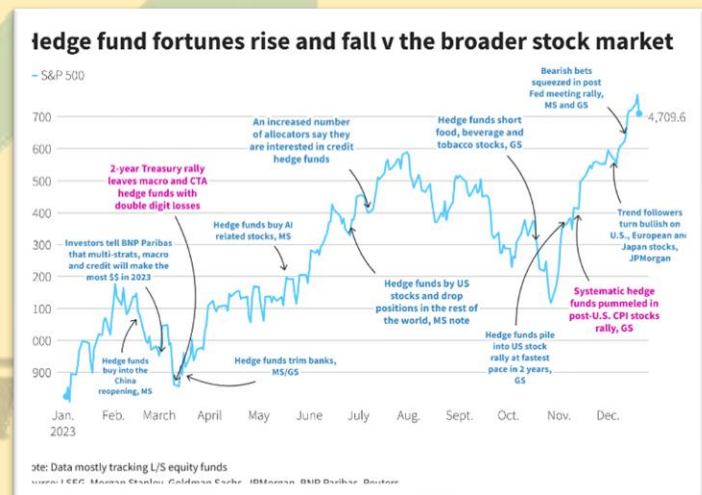


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## **Impact of Russia-Ukraine War on Global Energy Markets and India's Response**

Since the outbreak of the Russia-Ukraine war on February 24, 2022, the global economy has been significantly impacted through various channels, including the commodity, stock, and trade markets. However, the energy market has been hit the hardest. In 2021, global oil production reached 4.423 billion tons, with Russia accounting for 12%, making it the second-largest oil producer after the United States.

The war and subsequent Western energy sanctions against Russia caused a major surge in crude oil prices. On March 7, 2022, the WTI crude oil futures price hit \$133.46 per barrel, and Brent crude reached \$139.13 per barrel, the highest since July 2008. These prices remained high, fluctuating with ongoing developments like Russia-Ukraine negotiations, G7 sanctions, and varying responses from European and American countries.

### **India's Neutral Stance and Shifting Trade Dynamics**

India maintained a neutral position in the Russia-Ukraine conflict, which has led to several economic benefits. Historically, Russia accounted for just 1% of India's overall oil imports, as shipments took upwards of 45 days compared to 20 days from Iraq or 8 days from the UAE. However, the geopolitical situation and economic factors have dramatically altered this landscape.

In the nine months following Russia's invasion of Ukraine, India imported 357 shipments of Russian oil at an average price of \$78 per barrel. After Western countries implemented a price cap of \$60 per barrel, the pace of shipments increased, and the average price of Russian oil dropped to \$51 per barrel. This shift saved India approximately \$32.8 billion in oil imports.

### **Gains from Russian Oil in 2022**

India's neutral stance has opened new opportunities for its energy sector. By importing discounted Russian crude, India saved billions while reducing domestic energy costs and controlling inflation. Russian oil imports surged, surpassing traditional suppliers like Iraq and Saudi Arabia. This allowed Indian refiners to produce and export petroleum products globally, improving the country's trade balance and foreign currency reserves.

### **India's Growing Role in Global Oil Markets**

India, with its large refining capacity, is a key player in the global petroleum products market. The disruption of Russian oil supplies to Europe, following the conflict, created an opportunity for India to export refined products, such as diesel, to the continent. In recent months, Europe's diesel imports from India have increased significantly, while Saudi Arabia's diesel exports have decreased.

By leveraging its refining capacity, India has become a crucial supplier of diesel to Europe, contributing to global market stability and preventing oil price surges. This export activity also boosts India's revenue and strengthens its foreign currency reserves.

### **India's Crude Oil Import Trends**

As global market dynamics shifted, India's crude oil import bill dropped by 15.9% in FY24, from \$157.5 billion the previous year to \$132.4 billion, while import volumes remained stable. This reduction saved India \$25.1 billion.

Despite early benefits from discounted Russian oil, rising marine insurance and freight costs have

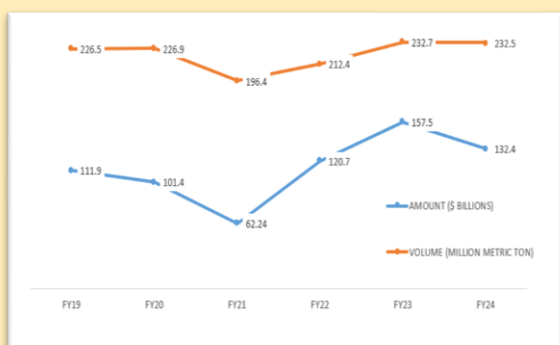


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pushed prices closer to the \$60 per barrel cap, reducing India's cost advantage. Consequently, India's crude oil imports from Russia declined from a peak of 2.15 million barrels per day in May 2023 to 1.48 million barrels in December 2023. However,

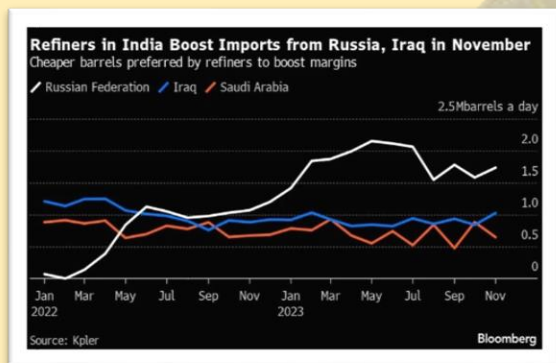


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for the full year, India's average imports from Russia more than doubled to 1.79 million barrels per day,

while imports from Iraq decreased by 11% to 908,000 barrels per day.

### Challenges in Russia-India Trade and Payment Mechanisms

To facilitate trade with Russia, the Reserve Bank of India (RBI) introduced a rupee trade settlement arrangement in July 2022, allowing countries like Russia to open Special Rupee Vostro accounts and invest surplus rupee earnings in Indian government securities. Russia currently holds between \$10 billion and \$22 billion in such accounts. However, challenges remain in converting rupees into rubles, complicating efforts to expand non-dollar trade.



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India-Russia oil trade also faces logistical challenges. High freight charges from Baltic and Black Sea ports, combined with a Western ban on marine insurance for Russian oil shipments, have raised transportation costs, reducing the price advantage of discounted Russian oil. Freight costs, ranging between \$11 and \$19 per barrel, have limited the benefits for Indian refineries.

The rupee-ruble payment mechanism has also been problematic. Russia has accumulated large rupee reserves in Indian banks, but converting these funds has proven difficult due to sanctions and currency volatility. Indian exporters receive payments in rupees, but Russian importers face challenges in using these rupees for their own imports. Additionally, the lack of a direct exchange rate between the rupee and ruble often necessitates double currency conversions, increasing costs and risks.

Russia has increasingly turned to the yuan for transactions due to Western sanctions, particularly for

oil trade. Some Indian refiners have begun paying for oil imports from Russia in yuan, although India's preference remains the US dollar. This shift reflects China's growing influence in Russia's trade relations, but India remains cautious about using the yuan, given its geopolitical tensions with China. Furthermore, using the yuan undermines India's efforts to promote the rupee for international trade.

#### **Way Forward – Safeguarding India's Energy Security and Economic Interests**

India has maintained a steady relationship with Russia for energy supplies despite international pressures. Minister of Petroleum and Natural Gas, Hardeep S. Puri, emphasized that India is open to purchasing oil from any supplier, provided it is cost-effective. External Affairs Minister S. Jaishankar defended India's imports of discounted Russian oil, highlighting that Europe, with six times the energy imports from Russia since the conflict began, has reduced imports in a comfortable manner due to its higher per capita income. He stressed that India, with a lower per capita income, also needs affordable energy to meet its vast domestic needs.

By importing discounted Russian oil, India has saved billions of dollars and stabilized domestic energy prices. As global oil markets face further uncertainty, including tensions in the Middle East, India's dynamic energy strategy will focus on ensuring stable, affordable energy supplies for its citizens.

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## **Transforming Indian Agriculture: Leveraging Future Exchange Platforms for Farmer Producer Organizations in the 2024-25 Budget"**

The 2024–25 budget of India marks a significant shift towards fostering agricultural growth, sustainability, and farmer empowerment. The central focus has been on innovative measures and strategic initiatives designed to enhance the agricultural sector's efficiency, productivity, and profitability. Among these, the promotion of farmer producer organizations (FPOs) using future exchange platforms stands out as a pivotal strategy.

### **Understanding Farmer Producer Organizations (FPOs)**

Farmer Producer Organizations (FPOs) are collectives of farmers who pool their resources to achieve common goals related to farming, procurement, and marketing of agricultural produce. By forming FPOs, farmers can leverage collective bargaining, access better market information, and achieve economies of scale. This collective approach empowers small and marginal farmers by providing them with a platform to negotiate better prices and reduce the cost of inputs.

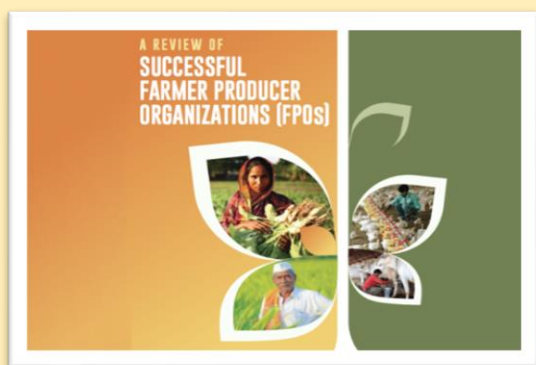


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### **Budget 2024-25: Key Initiatives for Agriculture**

The 2024–25 budget has introduced several specific initiatives aimed at boosting the agricultural sector. The budget for the agricultural sector has been increased to Rs. 1.5 lakh crore, reflecting the government's commitment to the sector. This increased allocation is expected to support various programs aimed at improving agricultural productivity and farmer welfare. An additional Rs. 20,000 crores have been allocated for fertilizer subsidies to reduce input costs for farmers. Rs. 10,000 crores have been earmarked for the Pradhan Mantri Fasal Bima Yojana (PMFBY) to enhance crop insurance coverage and safeguard farmers against natural calamities and price fluctuations. Furthermore, Rs. 5,000 crores have been allocated for the Agri Stack initiative, which aims to create a unified digital platform for farmers. This platform will provide real-time data on weather, soil health, and market prices. Rs. 2,000 crores have been allocated for promoting the use of drones in agriculture for crop monitoring and assessment. In addition, Rs. 15,000 crores have been allocated for the development of rural

infrastructure, including cold storage facilities, warehouses, and transportation networks to reduce post-harvest losses and improve market access. Finally, Rs. 5,000 crores have been allocated for the promotion of organic farming and sustainable agricultural practices to enhance soil health and reduce environmental impact.

### **Promotion of FPOs in the Budget:**

The 2024–25 budget places a strong emphasis on the promotion of FPOs. The budget allocates Rs. 2,500 crores for the formation and promotion of 10,000 new FPOs. This financial support will be used for capacity building, training, and infrastructure development for FPOs. Moreover, Rs. 5,000 crores have been allocated to enhance access to credit for FPOs through targeted schemes. The government has partnered with various financial institutions to provide low-interest loans to FPOs, ensuring they have the necessary capital to operate effectively. Additionally, Rs. 1,500 crores have been allocated for establishing direct market linkages for FPOs to ensure they get better prices for their produce. The government is facilitating tie-ups with e-commerce platforms and retail chains to provide a wider market reach for FPOs. Simplification of regulatory procedures for FPOs to encourage more farmers to join and benefit from collective farming is also a focus, which includes ease of registration and reduced compliance burdens.



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### **Role of Future Exchange Platforms:**

Future exchange platforms play a crucial role in the agricultural sector by providing a transparent and efficient mechanism for price discovery and risk management. These platforms enable farmers and FPOs to hedge against price volatility and secure better prices for their produce.

### **Integration of FPOs with Future Exchange Platforms**

The integration of FPOs with future exchange platforms is a significant step towards enhancing the profitability and sustainability of agriculture. The government is conducting extensive awareness and training programs to educate FPOs about the benefits and functioning of future exchange platforms. Rs. 500 crores have been allocated for workshops, seminars, and on-ground training sessions. Additionally, Rs. 300 crores have been allocated for the provision of technical support to FPOs to facilitate their participation in future markets. This includes access to market information, trading platforms, and advisory services. Furthermore, Rs. 200 crores have been allocated for subsidized membership fees for FPOs to join future exchange platforms. This makes it easier for small and marginal farmers to access and benefit from these platforms. Rs. 1,000 crores have been allocated to encourage FPOs to use future contracts for risk mitigation. By locking in prices through future contracts, FPOs can protect themselves against adverse price movements and ensure a stable income for their members.

### **The Role of Exchanges in FPO Promotion**

The role of exchanges in promoting FPOs is multifaceted, encompassing various aspects that enhance the effectiveness and reach of these organizations. Exchanges provide a platform for transparent price discovery, which is crucial for farmers and FPOs. By participating in futures markets, FPOs can get real-time price information, helping them make informed decisions about when and where to sell their produce. This transparency reduces

the information asymmetry between farmers and buyers, ensuring fair pricing. Futures exchanges offer hedging opportunities that allow FPOs to manage price risks effectively. By entering futures contracts, FPOs can lock in prices for their produce, protecting themselves from price volatility. This risk management tool is particularly beneficial for crops with seasonal price fluctuations. Participation in future exchanges can enhance the credibility of FPOs, making them more attractive to investors and financial institutions. This access to capital is crucial for scaling up operations, investing in technology, and improving infrastructure. The financial backing can also support the development of value-added products, increasing the income potential for farmers. Exchanges facilitate better market linkages for FPOs, connecting them with a broader network of buyers, traders, and exporters. This expanded market reach helps FPOs achieve better pricing and reduces their dependence on local markets. Online trading platforms and e-marketplaces integrated with future exchanges further enhance the market access for FPOs. Exchanges play a pivotal role in building the capacity of FPOs through training programs, workshops, and educational resources. These initiatives focus on enhancing the understanding of futures trading, risk management, and market dynamics among FPO members. This knowledge empowers farmers to make strategic decisions and participate effectively in future markets.

### **"Empowering FPOs: Enhancing Awareness, Financial Support, and Digital Access for Seamless Integration with Future Exchange Platforms"**

Despite the numerous benefits, there are challenges in the integration of FPOs with future exchange platforms. Many FPOs are still unaware of the benefits and functioning of future exchange platforms. There is a need for more extensive awareness campaigns and training programs. Technical barriers such as lack of access to digital tools and internet connectivity in rural areas hinder the participation of FPOs in future markets. Financial constraints and limited access to

credit make it difficult for some FPOs to participate in future markets. There is a need for more targeted financial support. Regulatory hurdles and complex procedures can discourage FPOs from participating in future markets. The simplification of these procedures is essential. To address these challenges, the government is focusing on expanding the reach of awareness and training programs to ensure that more FPOs are aware of and can benefit from future exchange platforms. Investing in digital infrastructure in rural areas to facilitate access to future exchange platforms. Initiatives such as the Bharat Net project aim to enhance internet connectivity in remote areas, enabling farmers to engage with digital platforms effectively. Partnering with financial institutions to provide targeted financial support to FPOs for their participation in future markets. Special credit lines and subsidies are being considered to ease the financial burden on FPOs. Simplifying regulatory procedures and reducing compliance burdens will encourage more FPOs to participate in future markets. The introduction of a single-window clearance system and the streamlining of documentation requirements are part of these reforms.

### **Conclusion**

The 2024-25 budget initiatives and the promotion of FPOs using future exchange platforms represent a significant step towards enhancing the agricultural sector's efficiency, productivity, and profitability. By empowering farmers through FPOs and providing them with the tools and platforms to secure better prices and manage risks, the government aims to create a more sustainable and resilient agricultural sector. The success of these initiatives will depend on effective implementation, continuous support, and addressing the challenges faced by FPOs. With the right measures in place, the integration of FPOs with future exchange platforms can transform the agricultural landscape of India, ensuring better incomes and improved livelihoods for millions of farmers. The journey ahead is filled with opportunities, and with collective effort and innovation, we can build a

thriving and sustainable future for Indian agriculture.

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## An Overview of the Impact of Fintech on Financial Inclusion

Financial inclusion, the general admittance to reasonable financial administrations, has become a basic part of encouraging economic development, particularly in developing business sectors. Technology is the enabler, the key trend shaping the landscape of financial inclusion in emerging markets. Moreover, the COVID-19 pandemic has underscored the importance of resilient and accessible financial systems. The ascent of mobile banking has been a distinct advantage, permitting people with restricted admittance to the conventional financial framework to go through with financial transactions consistently. The fields of computerized reasoning AI and ML have significantly affected finance sectors because of progressions in computing and algorithms. These advancements reshape different areas, especially finance, by improving trading procedures and risk management. Fintech-drove financial inclusion includes not just fintech firms but also the dynamic contribution of business partners, clients, state governments, central governments, common society associations, and altruistic establishments. Financial technology, including retail location, mechanized teller machines, web banking innovation, and mobile banking technology, has been utilized as an intermediary for evaluating financial inclusion all around the world. Besides, artificial intelligence and Machine Learning impacted significantly on financial markets, considering a few parts of industry execution and strength.

## High-Frequency Trading (HFT)

High-frequency trading (HFT) refers to a type of algorithmic trading that executes a large number of orders at extremely high speeds, often in fractions of a second. It uses sophisticated technology, like powerful computers and algorithms, to take



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advantage of market inefficiencies and make profits from small price changes across multiple trades.

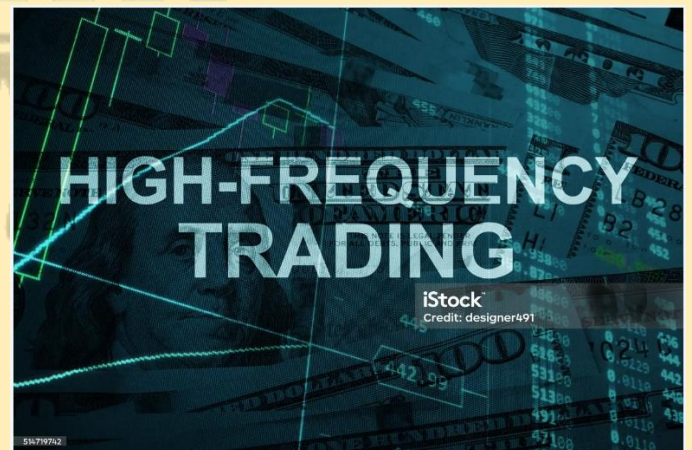


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Source : <https://www.google.com/search>

The unique idea of HFT, where choices are made in split seconds, requires advances that can cycle immense measures of information quickly make forecasts with outrageous exactness, and adjust to economic situations continuously. AI and ML address these

difficulties by giving the capacity to foresee market developments in light of authentic and constant information. With the assistance of AI and ML, brokers can expect cost changes, spot abnormalities, what's more, execute exchanges before customary frameworks even distinguish an open door. This proactive approach reduces the idleness that might cost dealers huge benefits in the high-speed climate of HFT. Research in the field affects high-recurrence exchanging (HFT). Experts investigated the capability of AI to support HFT execution. They created an AI calculation that utilized profound learning strategies to investigate authentic market information, considering factors like exchanging volume, bid-ask spreads, and volatility. The calculation handled this information to perceive designs, and, utilizing these examples, it anticipated momentary stock cost patterns. One of the inventive elements of their model was the versatile learning part, which permitted the calculation to change its expectations given new information persistently. This guaranteed that the expectations stayed applicable and precise, even as economic situations changed.

### **The Role of AI in Trading and Investment Strategies.**

The impact of AI and ML has changed the methodologies embraced by merchants and investors in their work. The complexities of monetary business sectors frequently lie in examples and subtleties that conventional factual models could neglect. Artificial intelligence, particularly profound learning models, can catch non-straight connections in information, which can be critical for procedures like HFT. Moreover, man-made intelligence has progressed socially responsible investing (SRI) by consolidating environmental, social, and governance (ESG) contemplations into investment choices, prompting upgraded portfolio management, and the risk decreases. One of artificial intelligence's most remarkable progressions is in the field of risk management. Complex algorithms can evaluate huge datasets and recognize designs that could get away from human notification, in this way upgrading risk

appraisal and moderation. Besides, AI-powered investment strategies have outperformed those managed by humans, exemplifying the potential for augmented investment returns. AI and Machine Learning (ML) are becoming essential tools in risk management, helping organizations better understand, predict, and mitigate financial and operational risks. By leveraging vast amounts of data and advanced algorithms, AI-driven risk management systems are enhancing accuracy, efficiency, and real-time decision-making.

### **Here's how AI and ML are transforming risk management:**

#### **Predictive Analytics and Risk Forecasting**

**Risk prediction:** AI and ML algorithms can analyse historical data to predict future risks, such as market volatility, credit defaults, or operational disruptions. By identifying patterns, these models provide early warnings about potential risk events.

**Dynamic risk assessment:** Traditional risk management relies on static models, but AI enables continuous risk assessment by adapting to new data in real-time, ensuring that risk forecasts remain relevant in a changing environment.

#### **Credit Risk Assessment**

**Improved credit scoring:** AI and ML can analyse both structured and unstructured data, such as transaction histories, social media behaviour, and economic indicators, to improve credit scoring models. This enhances the ability to assess creditworthiness more accurately.

**Real-time monitoring:** AI systems can continuously monitor borrower behavior, flagging early signs of potential defaults or financial distress. This dynamic approach allows lenders to take proactive measures to mitigate credit risks. This is how ML works.

		Linear methods	Non-linear methods
Problem type	<b>Supervised</b>		
	Regression	<ul style="list-style-type: none"> <li>Principal components</li> <li>Ridge</li> <li>Partial least squares</li> <li>LASSO</li> </ul>	<ul style="list-style-type: none"> <li>Penalized regression</li> <li>LASSO</li> <li>LARS</li> <li>elastic nets</li> <li>Neural networks and deep learning</li> </ul>
	Classification	Support vector machines	<ul style="list-style-type: none"> <li>Decision trees: <ul style="list-style-type: none"> <li>classification trees</li> <li>regression trees</li> <li>random forests</li> </ul> </li> <li>Support vector machines</li> <li>Deep learning</li> </ul>
	<b>Unsupervised</b>		
	Clustering*	Clustering methods: K- and X-means, hierarchica Principal components analysis Deep learning * Since unsupervised methods do not describe a relation between a dependent and interdependner variable, they cannot be labelled linear or non-linear.	

Image : 03

Source : <https://www.google.com/search>

Anomaly detection: ML algorithms excel at detecting patterns in large datasets and identifying anomalies that may indicate fraud. By analysing transactional data, AI can flag unusual activity, such as fraudulent transactions or insider trading.

Real-time detection: AI-driven systems can instantly detect and respond to fraudulent activities in real time, reducing the time taken to act and minimizing potential losses.

Behavioural analysis: AI can analyse user behaviour, such as transaction habits and login patterns, to identify abnormal activities, providing an additional layer of fraud prevention.

## Regulatory Compliance

Automated compliance monitoring: AI can monitor and analyse compliance with regulatory requirements in real time, ensuring that organizations meet legal and regulatory obligations. This reduces the risk of fines and sanctions.

Natural language processing (NLP): NLP, a branch of AI, is used to analyse and interpret regulatory documents and legal texts, allowing companies to understand complex regulations

and apply them effectively to their business operations.

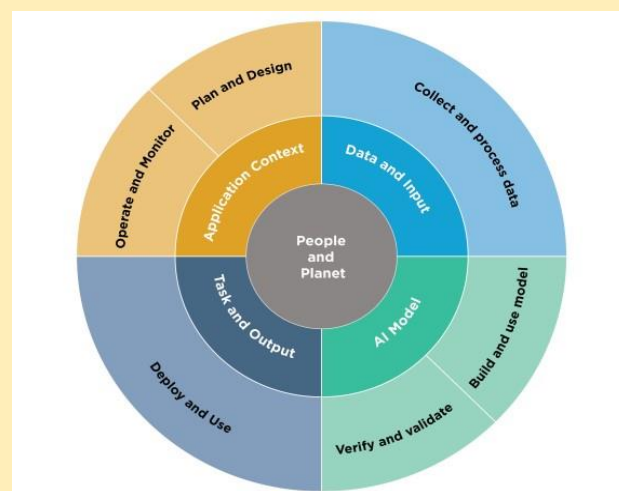


Image : 04

Source : <https://www.google.com/search>

This is a life cycle and key dimension of an AI System. The first and second inner circles show AI systems' key dimensions and the outer circle shows AI lifecycle stages. Ideally, risk management efforts start with the Plan and Design function in the application context and are performed throughout the AI system lifecycle.

## Conclusion

The impact of fintech on financial inclusion has been profound, offering unprecedented access to financial services for underserved populations across the globe. By leveraging digital technologies, fintech has bridged the gap between traditional financial institutions and millions of unbanked or underbanked individuals, providing them with affordable, convenient, and accessible financial tools.

However, despite the transformative potential, challenges remain. Issues such as digital literacy, data security, regulatory hurdles, and unequal access to technology continue to hinder fintech's full potential to drive financial inclusion. To maximize its impact, stakeholders—including governments, fintech firms, and regulators—must collaborate to create an inclusive and secure financial ecosystem that ensures equal access and safeguards the interests of all users.

In conclusion, fintech holds the promise of a more inclusive financial future, but its success depends on addressing existing barriers and ensuring that technological advancements reach the most marginalized communities.

### References

1. El Hajj, M., & Hammoud, J. (2023). Unveiling the influence of artificial intelligence and machine learning on financial markets: A comprehensive analysis of AI applications in trading, risk management, and financial operations. *Journal of Risk and Financial Management*, 16(10), 434.
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3. Laurie E. Locascio. NIST AI 100-1. Artificial Intelligence Risk Management Framework (AI RMF 1.0).

4. Van Liebergen, B. (2017). Machine learning: a revolution in risk management and compliance?. *Journal of Financial Transformation*, 45, 60-67.

### Details Of the Author :



Sneha Bhadra  
Finance (2023 – 25)



## **World of Finance**

1. Nationalization of Banks (1969): Government nationalized 14 major banks, increasing control over credit delivery to key sectors.
2. Economic Liberalization (1991): Major reforms began, including deregulation, reduced import tariffs, and liberalization of foreign investment.
3. Establishment of SEBI (1992): SEBI was formed to regulate the securities market and protect investor interests.
4. Introduction of the Income Tax Act (1961): Provided a comprehensive framework for income tax imposition and collection in India.
5. Formation of Bombay Stock Exchange (BSE) (1875): Asia's first stock exchange played a crucial role in India's capital market development.
6. Formation of National Stock Exchange (NSE) (1992): NSE modernized India's stock market with electronic trading and derivatives.
7. Rupee Devaluation (1966 and 1991): Significant devaluations impacted India's trade and economic policies.
8. Union Budget 1997 (Dream Budget): P. Chidambaram introduced significant tax reforms, including lower personal and corporate tax rates.
9. Harshad Mehta Scam (1992): The scam led to a major stock market crash and significant regulatory reforms.
10. Demonetization (2016): Government demonetized ₹500 and ₹1,000 notes to combat black money and corruption.
11. Introduction of GST (2017): GST replaced multiple indirect taxes with a single tax, simplifying India's tax structure.
12. Pradhan Mantri Jan Dhan Yojana (2014): Financial inclusion initiative aimed at providing banking access to the unbanked.
13. Insolvency and Bankruptcy Code (IBC) (2016): A major reform consolidating laws on insolvency resolution.
14. COVID-19 Economic Impact (2020-21): Pandemic led to economic downturn, prompting stimulus measures by the government and RBI.
15. Introduction of UPI (2016): Unified Payments Interface revolutionized digital payments in India, enabling instant transfers.
16. Rising NPAs and Banking Crisis (2010s): A surge in Non-Performing Assets led to a banking crisis and reforms.
17. Direct Benefit Transfer (DBT) (2013): Scheme to transfer subsidies and benefits directly to beneficiaries' bank accounts.
18. RBI's Digital Currency Pilot (2022): Reserve Bank of India launched a pilot for Digital Rupee (e₹), exploring digital currency use.
19. Formation of NITI Aayog (2015): NITI Aayog replaced the Planning Commission, marking a shift in economic planning.
20. Privatization of Air India (2021): Government sold its stake in Air India, marking a significant event in privatization.

21. IL&FS Crisis (2018): Financial crisis caused by defaults at Infrastructure Leasing & Financial Services, impacting NBFC sector.

22. Launch of Mudra Yojana (2015): Scheme providing micro-credit to small enterprises, boosting entrepreneurship.

23. Corporate Tax Cuts (2019): Significant reduction in corporate tax rates aimed at boosting investment and economic growth.

24. Formation of NABARD (1982): Established to promote rural development and agriculture in India.

25. Adani Group Stock Controversy (2023): Adani Group faced a stock market crash following allegations of stock manipulation.

26. India's First REIT Listing (2019): Embassy Office Parks listed India's first Real Estate Investment Trust (REIT).

27. Introduction of FASTag (2014): Electronic toll collection system introduced to promote digital payments in transportation.

28. Launch of Digital India (2015): Government initiative promoting digital infrastructure and literacy nationwide.

29. India's Unicorn Boom (2021-2023): Record number of Indian startups achieved unicorn status, reflecting tech ecosystem growth.

30. India's G20 Presidency (2023): India's leadership in G20 influenced global economic policies, highlighting its global role.

31. Adani Group Stock Controversy (2023): Allegations of stock manipulation

led to a significant market crisis for Adani Group.

32. India Becomes World's Most Populous Country (2023): Demographic milestone impacted labor markets, consumption, and economic strategies.

33. Digital Public Infrastructure Initiatives (2023-2024): Expansion of digital infrastructure, including ONDC, supporting small businesses.

34. Introduction of T+1 Settlement Cycle (2023): India implemented a T+1 settlement cycle, enhancing market liquidity and reducing risks.

35. India's Renewable Energy Milestones (2023-2024): Significant investments in renewable energy underscored India's clean energy leadership.

36. Corporate Tax Revenue Surge (2023): Significant surge in tax revenue reflected post-pandemic economic performance and reforms.

37. Union Budget 2023-24: Focused on infrastructure, green energy, and digital economy, reflecting sustainable development priorities.

38. RBI's Digital Rupee Expansion (2023-2024): RBI expanded its digital currency pilot, exploring broader use of Digital Rupee (e₹).

39. India's Startup Ecosystem Growth (2023-2024): Continued growth in startups with new unicorns and increased venture capital investment. India Issues Its First Sovereign

40. Green Bond Government emphasizes commitment to sustainable finance and environmental responsibility with this landmark issuance.

## **Student Achievements**

Heartfelt congratulations to our outstanding team of 2nd-year PGDM Financial Management students from the Institute for Technology and Management, Kharghar! Against the backdrop of fierce competition involving an astonishing 390,000 participants from across India, our brilliant duo, Sanith Thyagarajan and Nitesh Nalawade, has secured a magnificent 3rd place in the Western region category of the National Financial Literacy Quiz 2024! This prestigious and meticulously organized event unfolded in the picturesque surroundings of the NISM campus in Panvel, under the esteemed aegis of NISM and SEBI.



**ITM FINANCE**

