

Noida Institute of Engineering & Technology, Greater Noida

SCHOOL OF MANAGEMENT

30th May, 2023

FINANCE ACUMEN (Vol. 4)



FINANCE CLUB–FINZARD Management Bulletin



The first step to achieve wealth is building your inner strength, which is your ability to overcome your fear of failure and bounce back stronger than before.



What Happens to 2,000 Notes After September 30

RBI Decision on Bank Note-Rs. 2000

The Reserve Bank of India (RBI) stated on May 19, 2023, that the Rs 2,000 denomination banknotes would be phased out of circulation. The notes will remain legal tender, but the RBI will no longer issue them. The elimination of the Rs 2,000 notes is part of the RBI's "Clean Note Policy," which attempts to get rid of obsolete and defective notes.

The Reserve Bank of India has recommended the general people to deposit their Rs 2,000 notes into their bank accounts or swap them for notes of other denominations at any bank branch.

The service for exchanging currencies will be provided until September 30, 2023. Any Rs 2,000 notes that are not deposited or exchanged by that date will become void.

Income Tax -Union Budget 2023-24

- Tax Slabs under New Income Tax Regime have been changed as follows :

- Upto Rs. 3 Lacs - Nil
- From Rs. 3 Lacs to 6 Lacs - 5%
- From Rs. 6 Lacs to 9 Lacs - 10%
- From Rs. 9 Lacs to 12 Lacs - 15%
- From Rs. 12 Lacs to 15 Lacs - 20%
- Above Rs. 15 Lacs - 30%

Maximum surcharge capping at 25%

- Rebate limit under New Income Tax Regime which was earlier Rs. 5 Lacs has been increased to Rs. 7 Lacs (A person earning total income upto Rs. 7 Lacs have not to pay any taxes and any person earning more than Rs. 7 Lacs will have to pay taxes as normal slabs)
- Presumptive Income Scheme can be availed under Section 44AD upto gross receipts of Rs. 3 crores (previously Rs. 2 crores) provided aggregate cash receipts do not exceed 5% of total gross receipts
- Senior Citizen Saving Scheme (SCSS) limit increased from Rs. 15 Lacs to Rs. 30 Lacs
- Launching of a one-time new small saving scheme Mahila Samman Savings Certificate for 2 year period upto March 2025 in the name of women or girls:



- Contribution upto Rs. 2 Lakhs
- Tenure - 2 Years
- Interest rate - 7.5% with Partial withdrawal option

- Reducing the TDS rate from 30 percent to 20 percent on the taxable portion of EPF withdrawal in non-PAN cases
- Removing the minimum threshold of Rs. 10,000/- for TDS relating to online gaming Capping of the limit under Section 54 and 54F at Rs. 10 crores
- Limit on tax exemption for leave encashment is increased from Rs. 3,00,000 to Rs. 25,00,000

(Source: [Indianbudget.gov.in](https://indianbudget.gov.in))

Finance Bill for GST

While the Budget session of Parliament was concluded with the passage of Finance Bill 2023, this budget session is reported to be the least productive in recent years. GST rate rationalization is due for some time now but given the elections in the coming months in a few states, it is unlikely to happen before the general elections in 2024. **While frequent rate is not desirable, the Group of Ministers looking after rate changes may also require reconstitution.**



Corporate Insights

ESG: Important For Indian Companies

ESG stands for Environment, Social, and Governance. According to a report published by KPMG, ESG is seen as an important factor affecting the value of Indian companies. As per the outcome of a survey conducted by KPMG, it is found that

Indian CEOs are more aware and they recognize that the impact of ESG-related performance positively affects the company's value.

This report also indicates that in the coming time, the ESG risks like climate change will pose a challenge for Indian companies. The report also pointed out that leading Indian companies have actively started disclosing their ESG performance.

(Source: [KPMG BLOG](#))

Specialized financial scams include platform fraud

"The most recent form of economic crime comprises deceptive behaviour associated with Fin Tech, e-commerce, enterprise, and social media platforms."

According to the most recent survey report from Pricewaterhouse Coopers Private Limited (PwC) India, "More than half of all fraud incidents in India were 'platform' fraud, a novel type of economic crime involving fraudulent activities associated with social media, e-commerce, enterprise, and FinTech platforms.

This kind of fraud has increased as a result of the expansion of remote employment, e-commerce, delivery applications, and contactless payments. Platform fraud accounted for 57% of all fraud instances in India, the report found.

More than 26% of Indian businesses lost more than \$1 million as a result of platform fraud, and 44% of the offenders were discovered to have committed fraud intending to make money.

Warren Buffett recommitted to Bank of America stock during the first quarter

- In a report filed to the Securities and Exchange Commission, Berkshire provided a quarterly update on its US holdings on May 15, 2023.
- Berkshire's holdings are followed by many investors closely throughout the world because of Buffett's extremely successful investing record over the decades.
- As per filings, Berkshire slightly increased its 179.4 million share stake in Bank of America stock while it entirely sold its shareholding in US Bancorp and the Bank of New York Mellon.

(Source: Business Standard)

Financial Product–Alluring Investment

Reverse Mortgaging

The most prevalent sort of reverse mortgage is a Home Equity Conversion Mortgage (HECM), which is a specific type of home loan available only to homeowners aged 62 and up.

A reverse mortgage loan, like a standard mortgage, enables homeowners to borrow money while using their home as collateral. When one takes out a reverse mortgage loan, the title to the property remains in your name, just like with a standard mortgage.



Unlike a typical mortgage, borrowers do not make monthly mortgage payments with a reverse mortgage loan. When the borrower no longer resides in the home, the loan is repaid.

Each month, interest and fees are added to the loan total, which causes it to rise.

Homeowners who take out a reverse mortgage must pay property taxes and homeowners insurance, utilize the property as their primary residence, and keep it in excellent shape.

It is a loan in which the borrowed money + interest + fees each month equals an increasing loan balance. The homeowners or their heirs will have to repay the debt at some point, probably by selling the home.

REITs-Real Estate Investment trusts

The investment in real estate five years back could be either buying the actual land and building where a huge amount of money was required and a lot of hassles was faced by the investor. The second, option for an investor was to invest in stocks of real estate companies like DLF and Godrej properties which come with their market-related risks.

In 2018 another option came up in India to invest via REITs which is Real Estate Investment Trusts.

REIT is an entity, a trust that owns, operates, and finances income-generating real estate. It is an investment instrument that offers proportionate ownership of an income-generating real estate asset to retail investors.

REITs can be set up only as a trust and not as a company.

All the units of REITs are tradable on Indian Stock Exchange

REITs must invest 80% in rent-generating commercial properties and only 20% in buying stocks, giving loans, or investing in under-construction properties.

REITs must distribute 90% of the net distributable cash earnings among their investors



Financial Data

Monetary Policy V/S Inflation (Retail Inflation Falls To 4.7%)

The official statistics released on Friday, May 12, 2023, according to Reserve Bank of India Governor Shaktikanta Das, give reassurances that "monetary policy is on the right track."

The RBI Governor recently applauded the "very satisfying" decline of the inflation rate to 4.7% in April. According to him, the nation will contribute 15% to the world's growth for the year if it grows

at a rate of 6.5 percent, which is a significant accomplishment. On the other hand, the expenditure on research and development has to increase in both the private sector as well as public sector.

(Source: *Economictimes*)

NIFTY 50 GAINERS & LOSERS SINCE THE START OF UKRAINE'S INVASION

| | | | | | |
|---|----------------|-----|---|---------------|------|
|  | Hindalco Inds. | 19% |  | Maruti Suzuki | -22% |
|  | Coal India | 19% |  | M&M | -19% |
|  | ONGC | 16% |  | Hero Motocorp | -18% |
|  | Tata Steel | 13% |  | Tata Motors | -17% |
|  | PowerGrid | 7% |  | Eicher Motors | -17% |
|  | UPL | 6% |  | Asian Paints | -16% |
|  | ITC | 4% |  | Ultratech | -16% |

Best Financial Magazines on the Planet



Beware of little expenses; a small leak will sink a great ship

Contributors

Dr. Sonia Munjal

Head of Department
SOM, NIET

Dr. Gurpreet Kaur

Ms. Taru Maheshwari

Mr. Manish Gurung

Dr. Riyazuddin

Dr. Manisha Seth

Dr. Harsh Awasthi

19, Knowledge Park - II, Institutional Area, Greater Noida (UP)-201306
M : +91-8010500700, 8448384611 | www.niet.co.in

