Bunts Sangha's

S.M.Shetty College of Science, Commerce & Management Studies, Powai.

NAAC Accredited 'A' Grade

Department of Accountancy & Financial Management (BBI & BAF)

presents

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Money is a matter of belief...

Volume -2

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MAGAZINE OF ACCOUNTANCY & FINANCIAL MANAGEMENT

VOLUME 2 "ARTHLEKHA" DECEMBER, 2017

CONTENTS

I am very happy to know that B.Com (Accounting and Finance) and B.Com. (Banking and Insurance) is bringing out a Departmental Magazine, 'Arthlekha'. The noble intension of 'Arthlekha' is to promote a research aptitude and culture among teachers and students as well. The fields of Banking, Insurance and Financial Markets etc., are witnessing unprecedented changes. Teachers and students have to cope with these changes to stay relevant. Even in the Accounting field changes are taking place and research publications in the form of 'Arthlekha' would go a long way in keeping the students community informed about these changes.

Goods and Services tax (GST) has made deep impact in the economy and one has to wait sometime to see the results. People are eagerly looking forward to 2018 Union Budget which is going to make some structural changes. All these key issues can be incorporated in the coming issues of 'Arthlekha' by teachers and students.

Let it serve as the most useful magazine of the Accountancy & Financial Management department.

Wish you the best of luck.

-Dr. Sridhara Shetty

VICE PRINCIPAL'S DESK

Hearty congratulations to Department of Accountancy and Financial Management on bringing out their second volume of magazine 'Arth Lekha'.

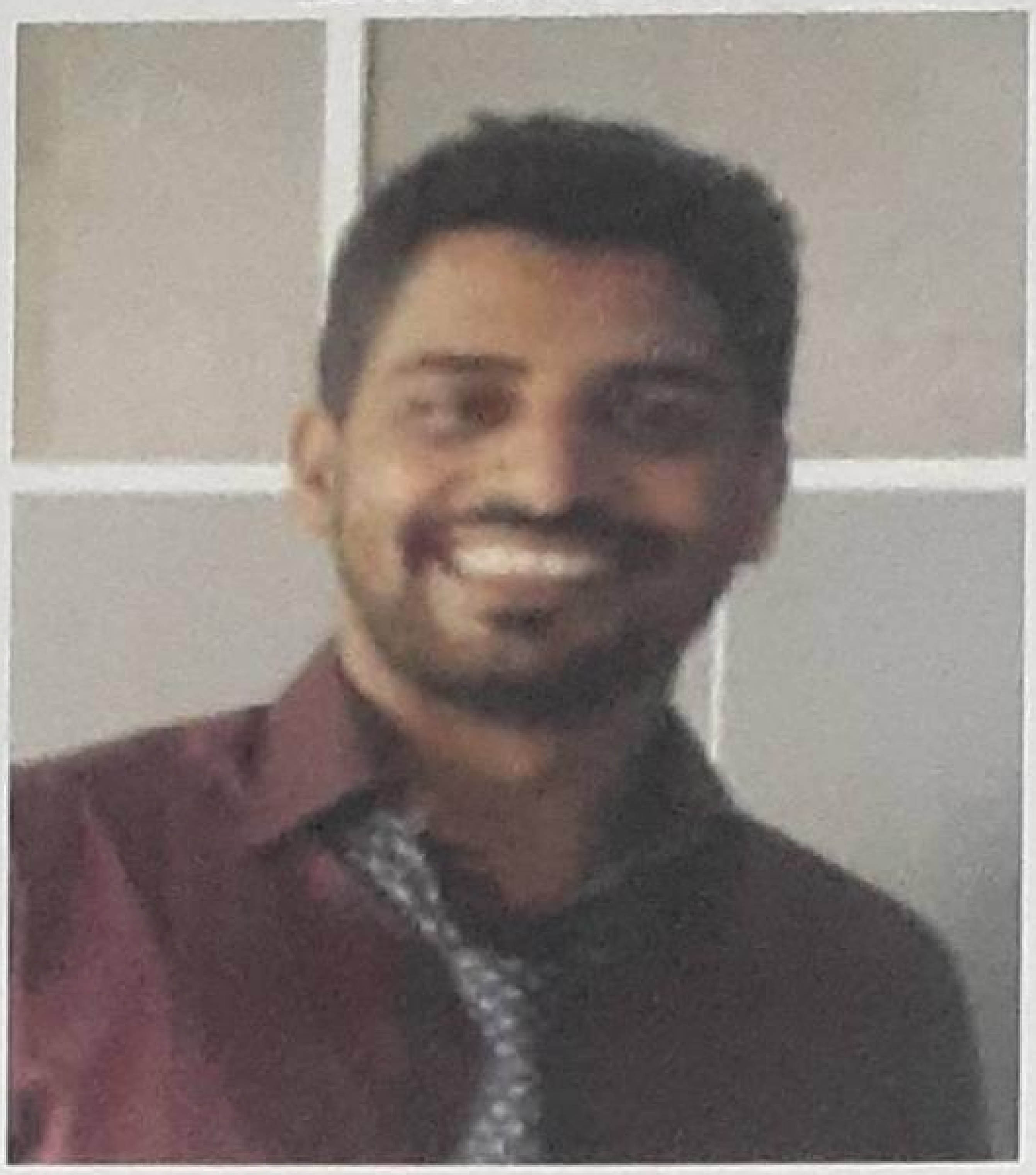
Accountancy being a subject of ancient era meant for special communities in India has changed over the period of time. Accountancy is the process of managing the income and expenses of a business. The role of accounting has been changing over the period of time. In the modern world, the role of accounting is not only limited to record financial transactions but also to provide a basic framework for various decision making, providing relevant information to various users and assists in both short run and long run planning.

The role a business accountant plays is crucial. Assessing the systems and locating opportunities for improvement which can provide better reporting mechanisms can help any management in making improved decisions. Other roles incorporate establishing budget and cash flow projections. Audits conducted by such accounting professionals can help in identifying anomalies in the financial system. Preparing annual financial statements for presentation, preparation and lodgment of annual taxes are among other roles. Engaging an accountant can help in better identifying and managing risks, while assisting in enhanced business performance. Saying that a progressive business today cannot survive without inculcating the role of an accountant will not be exaggerating.

The initiative of department will benefit all our students in the long run. I wish all the best for the department for their initiative.

-Dr. Liji Santosh

EDITOR'S DESK



The Editorial Board of the department proudly presents its unique creation in the form of the annual magazine 'Arthlekha' (volume 2) which serves as a platform to highlight the literary segment of the department.

The essential purpose of 'Arthlekha' magazine is to inform, engage, and inspire a diverse readership. The magazine continues to expand its reach to achieve its vision of being a truly representative student publication. Empowerment of students for their all round development through education is our cherished motto. Today education means much more than merely acquiring knowledge. It is acquisition of knowledge and skills, building character and improving employability of our young talent, the future leadership.

Accounting and finance play an existential role in the management of any business. In the words of John Nessel, President of the Restaurant Resource Group, "If you can't count it, you can't manage it". He means that companies operate on money, and if you don't control that money, you don't control your business. By properly accounting for your company's income and expenses, you can manage the flow of money and thereby direct the course of your business. The role of accounting in business is to help internal and external stakeholders make better business decisions by providing them with financial information.

I wish a happy reading to all our readers of 'Arthlekha'.

-Prof. Sandesha Shetty
Head of the Department
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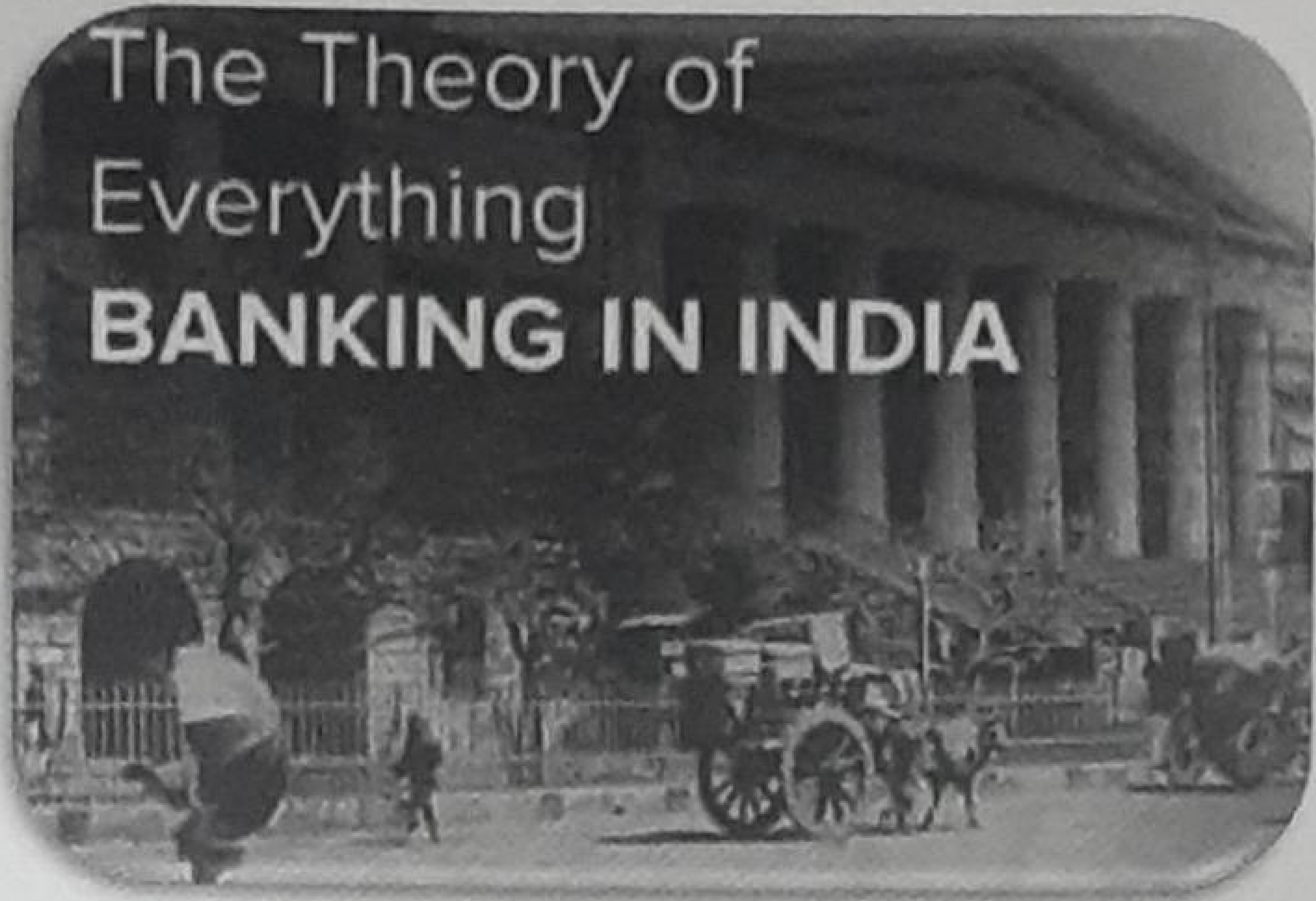

Banking in India, in the modern sense, originated in the last decades of the 18th century among the first banks were the *Bank of Hindustan*, which was established in 1770 and liquidated in 1829–32; and the General Bank of India, established in 1786 but failed in 1791.

The largest bank, and the oldest still in existence, is the State Bank of India (S.B.I). It originated as the Bank of Calcutta in June 1806. In 1809, it was renamed as the Bank of Bengal. This was one of the three banks funded by a presidency government, the other two were the Bank of Bombay in 1840 and the Bank of Madras in 1843. The three banks were merged in 1921 to form the Imperial Bank of India, which upon India's independence, became the State Bank of India in 1955. For many years the presidency banks had acted as quasi-central banks, as did their successors, until the Reserve Bank of India was established in 1935, under the Reserve Bank of India Act, 1934.

In 1960, the State Banks of India was given control of eight state-associated banks under the State Bank of India (Subsidiary Banks) Act, 1959. These are now called its associate banks In 1969 the Indian government nationalised 14 major private banks, one of the big bank was Bank of India. In 1980, 6 more private banks were nationalised. These nationalised banks are the majority of lenders in the Indian economy. They dominate the banking sector because of their large size and widespread networks.

The Indian banking sector is broadly classified into scheduled and non-scheduled banks. The scheduled banks are those included under the 2nd Schedule of the Reserve Bank of India Act, 1934. The scheduled banks are further classified into: nationalised banks; State Bank of India and its associates; Regional Rural Banks (RRBs); foreign banks; and other Indian private sector banks. The term commercial banks refer to both scheduled and non-scheduled commercial banks regulated under the Banking Regulation Act, 1949.

Generally banking in India is fairly mature in terms of supply, product range and reach-even though reach in rural India and to the poor still remains a challenge. The government has developed initiatives to address this through the State Bank of India expanding its branch network and through the National Bank for Agriculture and Rural Development (NABARD) with facilities like microfinance.

During the period of British rule merchants established the Union Bank of Calcutta in 1829, first as a private joint stock association, then partnership. Its proprietors were the owners of the earlier Commercial Bank and the Calcutta Bank, who by mutual consent created Union Bank to replace these two banks. In 1840 it established an agency at Singapore, and closed the one at Mirzapore that it had opened in the previous year. Also in 1840 the Bank revealed that it had been the subject of a fraud by the bank's accountant. Union Bank was incorporated in 1845 but failed in 1848, having been insolvent for some time and having used new money from depositors to pay its dividends.

The Allahabad Bank, established in 1865 and still functioning today, is the oldest Joint Stock bank in India, it was not the first though. That honour belongs to the Bank of Upper India, which was established in 1863 and survived until 1913, when it failed, with some of its assets and liabilities being transferred to the Alliance Bank of Shimla.

Foreign banks too started to appear, particularly in Calcutta, in the 1860s. Grind lays Bank opened its first branch in Calcutta in 1864. The Comptoir d'escompte de Paris opened a branch in Calcutta in 1860, and another in Bombay in 1862; branches followed in Madras and Pondicherry, then a French possession. HSBC established itself in Bengal in 1869. Calcutta was the most active trading port in India, mainly due to the trade of the British Empire, and so became a banking centre.

The first entirely Indian joint stock bank was the Oudh Commercial Bank, established in 1881 in Faizabad. It failed in 1958. The next was the Punjab National Bank, established in Lahore in 1894, which has survived to the present and is now one of the largest banks in India.

Around the turn of the 20th Century, the Indian economy was passing through a relative period of stability. Around five decades had elapsed since the Indian rebellion, and the social, industrial and other infrastructure had improved. Indians had established small banks, most of which served particular ethnic and religious communities.

The presidency banks dominated banking in India but there were also some exchange banks and a number of Indian stock banks. All these banks operated in different segments of the economy. The exchange banks, mostly owned by Europeans, concentrated on financing foreign trade. Indian joint stock banks were generally under capitalised and lacked the experience and maturity to compete with the presidency and exchange banks. This segmentation let Lord Curzon to observe, "In respect of banking it seems we are behind the times. We are like some old fashioned sailing ship, divided by solid wooden bulkheads into separate and cumbersome compartments.

The period between 1906 and 1911 saw the establishment of banks inspired by the Swadeshi movement. The Swadeshi movement inspired local businessmen and political figures to found banks of and for the Indian community. A number of banks established then have survived to the present such as Catholic Syrian Bank, The South Indian Bank, Bank of India, Corporation Bank, Indian Bank, Bank of Baroda, Canara Bank and Central Bank of India.
The fervour of Swadeshi movement led to the establishment of many private banks in Dakshina Kannada and Udupi district, which were unified earlier and known by the name South Canara (South Canara) district. Four nationalised banks started in this district and also a leading private sector bank. Hence undivided Dakshina Kannada district is known as "Cradle of Indian Banking.

The inaugural officeholder was the Britisher Sir Osborne Smith (1 April 1935), while C. D. Deshmukh (11 August 1943) was the first Indian governor. On September 4, 2016, Urjit R Patel begins his journey as the new RBI Governor, taking charge from Raghuram Rajan.

- MADHAN V REDDY
(T.Y.B.B.I)

INTERNET BANKING IN INDIA

Internet banking has attracted the attention of banks, securities trading firms, brokerage houses, insurance companies, regulators and lawmakers in developing nations since the late 1990s. With the rapid and significant growth in electronic commerce, it is obvious that electronic (Internet) banking and payments are likely to advance. Researches show that impact of Internet banking on cost savings, revenue growth and increased customer satisfaction on Industry is tremendous and can be a potential tool for building a sound strategy. However, it has raised many public policy issues before the banking regulators and government agencies. Interestingly, reliable and systematic information on the scope of Internet banking in Indian context is still not sufficient, particularly what it means to the consumers and the bankers. The paper fills significant gaps in knowledge about the consumer's perspective of Internet banking, trace its present growth and project the likely scenario. The paper presents the data, drawn from a survey of Internet banking consumers and the services providers (banks) that offer Internet banking and develops a functional model for maximizing value to the consumers, which the banks may choose to adopt Internet banking strategically. The paper identifies the weaknesses of conventional banking and explores the consumer awareness, use patterns, satisfaction and preferences for Internet banking vis-à-vis conventional form of banking and also highlights the factors that may affect the bank's strategy to adopt Internet banking. It also addresses the regulatory and supervisory concerns of Internet banking.

- SAHISTA GANJA
(T.Y.B.B.I)

Why Life Insurance?

It's true no one plans on leaving this earth, but things happen so you want to be prepared. Make sure your family will have everything they need to live comfortably if you die. The following article will guide you in making the best choices when purchasing life insurance. over 55 life insurance.

Shopping at different companies for life insurance quotes is easily completed online. In order to receive the largest number of options, you should visit sites which receive information from many different insurance companies, and provide you with company ratings and price comparisons. Two great places that you can take advantage of to get started are Insweb and Accuquote.

There is a large magnitude in the level of protection that life insurance offers. Carefully calculate the size of policy that is best for your family's particular financial situation and needs. Take into consideration the expenses that your family will face after your death.

If you are going to go the term life insurance route, get adapted coverage on high. Term life can last from five to thirty years. When choosing a policy length, consider mortgage debt and how old your dependents are.

Observe a healthy lifestyle, and stay as healthy as you can. When pricing life insurance policies, insurers charge less to those who don't use tobacco products and who are overall healthy. Insurance premiums will be higher for unhealthy individuals and for those who use tobacco products. Striving to live healthily can help you in many different ways.

If you have no dependents, you may want to rethink your decision to get life insurance. Life insurance's purpose is giving your dependents a layer of financial protection should you die. If you don't have dependents or any plans to have kids, you can save a ton by not getting any life insurance.

Steer clear of insurance labelled "guaranteed issue" unless there are no available alternatives. These policies are tailored to people with pre-existing health conditions. You will not need a medical exam to get this kind of insurance; however you will pay a higher premium and have limited coverage.

Keep an eye out for any red flags coming from advisers, or anybody you plan on hiring or purchasing products from. If you feel you aren't getting straight answers to your questions, or the advice you're getting doesn't seem suited to your needs, don't be afraid to seek out other companies or agents.

Get healthier before you purchase life insurance. It can be expensive to enrol in a life insurance. It can cost even more if your health is poor. Make a point of improving your health conditions by quitting tobacco products and losing excess weight. Start eating right, get thin, and do anything else that is required. This can drastically cut your costs.

Nationwide insurance providers are not always your best bet. Some of these companies have little to their advantage other than the money to launch appealing marketing campaigns. This may be an indicator that premiums and rates are considerably high enough to justify this expense. Rather than purchasing a policy from a company with a well known name, consider shopping around to find the most reliable one.

As has previously been discussed, if you want your family to be cared for if anything ever happens to you, then you should strongly consider life insurance. You will have peace of mind if you follow the guidance in this article, as you know your family will always be looked after.

- Ajay Yadav
(T.Y.B.B.I)

"THOSE WHO DON'T MANAGE THEIR MONEY WILL ALWAYS WORK FOR THOSE WHO DO."

We all know finance is a field that deals with the study of Investments. It includes the dynamics of Assets and Liabilities over time under conditions of different degrees of uncertainty and risk.

There are different areas of finance like public finance, corporate finance, personal finance.....

As the above titles states that one must think about how to manage his own money ...so let's clearly elaborate it through one of its categories i.e. personal finance.

PERSONAL FINANCE

Personal finance is the financial management which an individual or a family unit performs to budget, save, and spend monetary resources over time, taking into account various financial risks and future life events.When planning personal finances, the individual would consider the suitability to his or her needs of a range of banking products (checking, savings accounts, credit cards and consumer loans) or investment private equity, (stock market, bonds, mutual funds) and insurance (life insurance, health insurance, disability insurance) products or participation and monitoring of and- or employer-sponsored retirement plans, social security benefits, and income tax management.

Key areas of personal financial planning, as suggested by the Financial Planning Standards Board, are:

1. **Financial position:** is concerned with understanding the personal resources available by examining net worth and household cash flow. Net worth is a person's balance sheet, calculated by adding up all assets under that person's control, minus all liabilities of the household, at one point in time. Household cash flow totals up all the expected sources of income within a year, minus all expected expenses within the same year. From this analysis, the financial planner can determine to what degree and in what time the personal goals can be accomplished

2. **Adequate protection:** or insurance, the analysis of how to protect a household from unforeseen risks. These risks can be divided into liability, property, death, disability, health and long-term care. Some of these risks may be self-insurable while most will require the purchase of an insurance contract.

3. **Tax planning:** The government gives many incentives in the form of tax deductions and credits, which can be used to reduce the lifetime tax burden. Most modern governments use a progressive tax. Typically, as one's income grows, a higher marginal rate of tax must be paid.

4. **Investment and accumulation goals:** planning how to accumulate enough money for large purchases and life events is what most people consider to be financial planning. Major reasons to accumulate assets include, purchasing a house or car, starting a business, paying for education expenses, and saving for retirement.

Achieving these goals requires projecting what they will cost, and when one needs to withdraw funds. A major risk to the household in achieving their accumulation goal is the rate of price increases over time, or inflation. Using net present value calculators, the financial planner will suggest a combination of asset earmarking and regular savings to be invested in a variety of investments. In order to overcome the rate of inflation, the investment portfolio has to get a higher rate of return, which typically will subject the portfolio to a number of risks.

5. **Retirement planning** is the process of understanding how much it costs to live at retirement, and coming up with a plan to distribute assets to meet any income shortfall. Methods for retirement plan include taking advantage of government allowed structures to manage tax liability including: individual (IRA) structures or employer sponsored retirement plans.

6. **Estate planning** involves planning for the disposition of one's assets after death. Typically, there is a tax due to the state or federal government when one dies. Avoiding these taxes means that more of one's assets will be distributed to their heirs. One can leave their assets to family, friends or charitable groups.

7. **Delayed gratification**: *Delayed gratification, or deferred gratification is the ability to resist the temptation for an immediate reward and wait for a later reward.* For creation of personal wealth this is one of the key. .

8. **Cash Management:** It is the soul of your financial planning, whether you are an employee or planning your retirement. It is a must for every financial planner to know how much he/she spends prior to his/her retirement so that he/she can save a significant amount. This analysis is a wake-up call as many of us are aware of our income but very few actually track their expenses.

9. **Revisiting Written Financial Plan Regularly:** Make it a habit to monitor your financial plan regularly. An annual review of your financial planning with a professional keeps you well-positioned, and informed about the required changes, if any, in your needs or life circumstances. You should be well- prepared for all sudden curve balls that life inevitably throws in your way.

10. **Education Planning:** With the growing interests on students' loan, having a proper financial plan in place is crucial. Parents often want to save for their kids but end up taking the wrong decisions, which affect the savings adversely. We often observe that, many parents give their kids expensive gifts, or unintentionally endanger the opportunity to obtain the much-needed grant. Instead, one should make their kids prepare for the future and support them financially in their education.

- VIJAY SINGH
(T.Y.B.B.I)

BIRTH OF PEOPLE'S LIABILITY.

Tax is a mandatory liability for every citizen of the country. There are two types of tax in India i.e. direct and indirect. Taxation in India is rooted from the period of ***Manu Smriti*** and ***Arthasatra.*** Present Indian tax system is based on this ancient tax system which was based on the theory of maximum social welfare.

" It was only for the good of his subjects that he collected taxes from them, just as the sun draws moisture from the Earth to give it back a thousand fold ".

-by kalidas in Raghuvansh eulogizing

THE ORIGIN OF THE WORD TAX IS FROM TAXATION WHICH MEANS AN ESTIMATE.

In India, the system of direct taxation as it is known today has been in force in one form or another even from ancient times. The wise sage advised that taxes should be related to the income and expenditure of the subject. **According to Manu Smriti**, the king should arrange the collection of taxes in such a manner that the tax payer did not feel the pinch of paying taxes. He laid down that trades and artisans should pay 1/5th of their profits in silver and gold, while the agriculturists were to pay 1/6th, 1/8th and 1/10th of their produce depending upon their circumstances. **Kautilya** has also described in great detail the system of tax administration in the **Mauryan Empire**. It is remarkable that the present day tax system is in many ways similar to the **system of taxation in vogue about 2300 years ago**.

BRIEF HISTORY OF INCOME TAX IN INDIA: In India, this tax was introduced for the first time in 1860, by Sir James Wilson in order to meet the losses sustained by the government on the account of the military mutiny of 1857. In 1918, a new income tax was passed and again it was replaced by another new act which was passed in 1922. This act remained in force up to the assessment year 1961-62 with the numerous amendments. In consultation with the ministry of law finally the income tax act, 1961 was passed. The income tax act 1961 has been brought into force with 1st April 1962. It applies to the whole of India and Sikkim (including Jammu and Kashmir).

WHAT IS GST BILL AND HOW WILL IT AFFECT COMMON MAN ?

The latest income tax slab based on the union budget presented on 29th February 2016. The minister of finance Mr. Arun Jaitley presented the union budget on 29th February 2016. SATISFICATION WITH TAXES ARE :- (i) to provide basic facilities for every citizen of the country, (ii) all the local government of the state like village panchayats, block panchayats& municipal corporations receive funds from the state finance commission, (iii) protection of the life and wealth from the government. DISSATISFACTION WITH TAXES ARE: - (i) rate of taxes is too high, (ii) government is wasting tax money (inefficiency), (iii) government is spending money on wrong or unnecessary things.

- KOTIAN BINDYA
(T.Y.B.A.F)

BITCOIN

Bitcoin is a worldwide cryptocurrency and payment system which is the first decentralized digital currency, as the system works without a central repository or single administrator.Bitcoin is a digital asset designed by its inventor, Satoshi Nakamoto, to work as a currency.It is commonly referred to with terms like digital currency, digital cash, virtual currency, electronic currency, or cryptocurrency.

Bitcoins have three useful qualities in a currency, according to The Economist in January 2015 they are "hard to earn, limited in supply and easy to verify". Economists define money as a store of value, a medium of exchange, and a unit of account and agree that bitcoin has some way to go to meet all these criteria.It does best as a medium of exchange; as of February 2015 the number of merchants accepting bitcoin had passed 100,000. As of March 2014, the bitcoin market suffered from volatility, limiting the ability of bitcoin to act as a stable store of value, and retailers accepting bitcoin use other currencies as their principal unit of account.It was released as open-source software in 2009.The system is peer-to-peer, and transactions take place between users directly, without an intermediary. These transactions are verified by network nodes and recorded in a public distributed ledger called a blockchain.

Bitcoin companies have had difficulty opening traditional bank accounts because lenders have been leery of bitcoin's links to illicit activity. According to Mark T. Williams, as of 2014,bitcon has volatility seven times greater than gold, eight times greater than the S&P 500,and 18 times greater than US dollar. According to Forbes, there are uses where volatility does not matter, such as online gambling, tipping, and international remittances.

The price of bitcoins has gone through various cycles of appreciation and depreciation referred to by some some as bubbles and busts.

- Simi Thomas
(T.Y.B.A.F)

Enterprise risk management in business includes the methods and processes used by organizations to manage risks and seize opportunities related to the achievement of their objectives. Enterprise Risk Management provides a framework for risk management, which typically involves identifying particular events or circumstances relevant to the organization's objectives i.e. risks and opportunities, assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring progress. By identifying and proactively addressing risks and opportunities, business enterprises protect and create value for their stakeholders, including owners, employees, customers, regulators, and society overall.

Enterprise Risk Management can also be described as a risk-based approach to managing an enterprise, integrating concepts of internal control, the Sarbanes–Oxley Act, and strategic planning. Enterprise Risk Management is evolving to address the needs of various stakeholders, who want to understand the broad spectrum of risks facing complex organizations to ensure they are appropriately managed. Regulators and debt rating agencies have increased their scrutiny on the risk management processes of companies.

The primary risk functions in large corporations that may participate in an Enterprise Risk Management program includes:

1. Strategic planning - identifies external threats and competitive opportunities, along with strategic initiatives to address them

2. Marketing - understands the target customer to ensure product/service alignment with customer requirements

3. Compliance & Ethics - monitors compliance with code of conduct and directs fraud investigations

4. Accounting / Financial compliance - directs the Sarbanes-Oxley Section 302 and 404 assessment, which identifies financial reporting risks

5. Law Department - manages litigation and analyzes emerging legal trends that may impact the organization

6. Insurance - ensures the proper insurance coverage for the organization

7. Treasury - ensures cash is sufficient to meet business needs, while managing risk related to commodity pricing or foreign exchange

8. Operational Quality Assurance - verifies operational output is within tolerances

9. Operations management - ensures the business runs day-to-day and that related barriers are surfaced for resolution

10. Credit - ensures any credit provided to customers is appropriate to their ability to pay

11. Customer service - ensures customer complaints are handled promptly and root causes are reported to operations for resolution

12. Internal audit - evaluates the effectiveness of each of the above risk functions and recommends improvements.

- GANGERIA AANCHAL
(T.Y.B.A.F)

Goods & Services Tax (or) simply GST, has come into effect from 1st July 2017. It replaces different types of indirect taxes *(like VAT, Service Tax, entertainment tax, excise duty etc.,)* and henceforth, only GST will be levied on all types of Goods *(Products)* and Services.

GST is a consumption based tax/levy. It is based on the "Destination principle." GST is applied on goods and services at the place where final/actual consumption happens.

All these years, when you shop in a mall, buy a movie ticket, book flight ticket, or dine in a restaurant and so on I am sure, you might have noticed that all these bills carry TIN number / S. Tax Number, purchase price and the list of all taxes *(like VAT, Service tax etc.,)*.

As GST is the current indirect tax system in India, how to know if your product seller or service provider is charging you based on the new GST tax rates or not? So,These entities have to register for GSTIN *(Goods and Services Taxpayer Identification Number)*. GSTIN replaces TIN number / Service Tax number.

Each taxpayer *(business entity)* will now be allotted a State-wise and PAN-based 15-digit Goods & Services Taxpayer Identification Number *(GSTIN)*. As of now, provisional GSTINs have been issued and the Revenue secretary has recently confirmed that provisional GSTINs would be made as final tax identification numbers under GST.

How does GSTIN look like?

GSTIN number is a 15-digit code. The format is: **20ABCDE1234Q1Z6**

- The first two digits of GSTIN represent the state code.
- The next ten digits represent PAN number of the business entity.
- The thirteenth digit will be assigned based on the number of registrations done by the business entity within a state.
- The fourteenth digit is Z by default, can be allocated in future, based on number of registrations done by the entity.
- The last digit is for check code.

So, your hotel bill or any other bill may now have GSTIN number and new tax rates (State GST and Central GST rates) Now, how to identify a valid GST number:
Kindly visit 'search page' of official GST portal.Key in the respective business entity's GSTIN number to know if it is valid one or not. Enter the 'captcha' code and click on 'Search' button.It will show the respective information of the entity.

ONE MINUTE HACKS

Ever thought what those stickers on apples mean? Apart from hiding the holes on apples they tell you something more.

4 number: conventionally grown apples (use of synthetic fertilizers and pesticides) if the sticker contains only 4 digits. E.g.: 4230
5 number starting with digit 8: genetically grown apples e.g.: 84031
5 numbers starting with digit 9: organic apples e.g.: 90230

While using toothpaste or any tube product do you see a colour patch at the back end? What does it mean?
Black: pure chemical, **Red**: natural+chemical, **Green**: natural, **Blue**: natural+medicine.

Want to know if the lipstick contains lead or not, take a lipstick swatch rub a gold ring over it, if it changes the colour to black or grey then it contains lead.

Tiny hack to overcome negative thought, place a rubber band around your wrist, whenever a negative thought comes snap that band, the pain will condition your mind linking to negative thought. So, by this our mind will be alarmed before stepping into negative mode.

While buying a plastic bottle, do check at the bottom there is a triangle sign which contain number. If the numbers are 2, 4, 5, (safe choice) then the bottle is safe to use. If it has 3 and 6, then avoid it and if the numbers are 1 and 7, then use with caution.

Googling a computer problem? Add "solved" to the search query to find the answer much faster.

A bit old school technique, when someone asks you to borrow a pen, keep the cap with you. As there are less chance of the person walking away with an incomplete pen.

Every time you register with your Gmail account on a website, put a '+' sign after the username. For e.g.: email id is 'abc@example.com' then register with abc+amazon@example.com. The Gmail/google accounts ignores the '+' sign and anything after it. This way the next time you receive an email from an unknown source just check the "to" option and if you find the 'abc+amazon@example.com' this means amazon is selling your emails and you can unsubscribe from the email list and get relieved from getting spam emails.

Feeling drowsy, Lazy etc, then make a fist and squeeze your fingers as much as you can. This will make you feel more energetic.

- Revatee Ghadi
(T.Y.B.A.F)

Framework of pearls analysis

Pearls are a financial performance monitoring system designed to offer management guidance for credit unions and other savings institutions. It can be used to rank institutions and can provide comparisons among peer institutions in one country or across the countries .Pearls is a set of financial indicators that help to standardize terminology among all the institutions ,in total there are 44 quantitative financial indicator that facilitate an integral analysis of all financial status of any financial institution .The purpose why myriad of indicator is included just to illustrate how a changes in one ratio has ramifications for numerous other indicators .

Many different financial ratio and rules of thumb have been promoted for financial institutions worldwide but few have consolidated into an evaluation programs that are capable of measuring both the individual components and the system was whole .since 1990, the world council of credit union has been using a set of financial ratios known as pearls.

Each letter of the world pearls measures key areas of credit union operations:

P -Protection

E -Effective financial structure

A-Asset quality

R-Rates of return and cost

L-Liquidity and signs of growth

Pearls provide credit union managers with concise, easy- to- read reports that reveal institutional weaknesses and trends. The pearls monitoring system includes

1. Ranking tool for comparing credit unions
2. Business planning tool to create strategic plans that help improve performance
3. Customizable labels that can be adapted to suit local language requirements.

Objectives of pearls: standardized evaluation ratios and formula, comparative rankings, facilitate supervisory control .commercial and social impact of pearls

Components of pearls: the pearls system is uniquely different, it was first designed as an effective supervisory mechanism .each letter of the name pearls looks at a different, but critical aspect of the credit union.

P=Protection: the pearls system evaluates the adequacy of the protection afforded to the credit union by comparing the allowance for loan losses to loan delinquency.

E=Effective financial structure :the financial structure of the credit union is the single most important factor in determining growth potential ,earning capacity and overall financial strength .the pearls system measures assets liabilities and capital and recommends for an ideal structure for credit unions.

A=Assets quality :a non-earning assets is one that does not generate income .an excess of non- earning assets affects credit union earning in negative way .the indicator in this section measures the percentage of non -earning assets that negatively impacts profitability and solvency .

R=Rate of return and costs :these indicators measure the average income yield for each of the most productive assets of the balance sheet .in addition they measure the average yields for each of the most important liabilities and capital accounts.

L=Liquidity : the liquidity indicators show whether the credit union is effectively managing its cash so that it can meet deposit withdrawal requests and liquidity reserve requirements. In addition idle cash is also measured to insure that this non- earning asset does not unduly affect profitability.

Signs of growth: the indicator of this section measure the percentage of growth in each of the most important accounts on the financial statement as well as growth in membership in inflationary economics real growth is a key to long run viability of the credit union.

CONCLUSION: A pearl is a financial performance monitoring system which is designed to mechanize all the financial status of the institutes.

- SOURAV CHANDA
(S.Y.B.B.I)

Want to make an investment take a look at SIP(Systematic Investment Plan)

What is SIP?

A Systematic Investment Plan or SIP is a smart and hassle free mode for investing money in mutual funds. SIP allows you to invest a certain predetermined amount at a regular interval (weekly, monthly, quarterly, etc.). A SIP is a planned approach towards investments and helps you inculcate the habit of saving and building wealth for the future.

How does it work?

A SIP is a flexible and easy investment plan. Your money is auto-debited from your bank account and invested into a specific mutual fund scheme.You are allocated certain number of units based on the ongoing market rate (called NAV or net asset value) for the day.

Every time you invest money, additional units of the scheme are purchased at the market rate and added to your account. Hence, units are bought at different rates and investors benefit from Rupee-Cost Averaging and the Power of Compounding.

Rupee-Cost Averaging

With volatile markets, most investors remain skeptical about the best time to invest and try to 'time' their entry into the market. Rupee-cost averaging allows you to opt out of the guessing game. Since you are a regular investor, your money fetches more units when the price is low and lesser when the price is high. During volatile period, it may allow you to achieve a lower average cost per unit.

Power of Compounding

Albert Einstein once said, **"Compound interest is the eighth wonder of the world. He who understands it, earns it... he who doesn't... pays it."** The rule for compounding is simple the sooner you start investing, the more time your money has to grow.

For example, Rs.5000 invested monthly at a 10% p.a. return over a 30 and 35 year period would accumulate to Rs.1.13 crores and Rs.1.90 crores, respectively - a massive difference of Rs.77 lacs. Hence, just by starting 5-years earlier, a person would ultimately be able to accumulate Rs.77 lacs more - that is the power of compounding.

Example of SIP

If you invest Rs 1500 per month for 30 years in equity mutual fund SIP assuming that it is giving you a return of 15% pa, you will be able to make generate a corpus of approximately Rs 1 crore. This means you have invested Rs 5.4 lakh of your own and gained a profit of approximately Rs 94.6 lakhs on your invested amount.

The value of money also falls over a period of time. Rs 1 crore will reduce to Rs. 77.8 lakhs after 30 years but still we get a net benefit of Rs 72.8 lakhs which any investor may not be earn by any other investment.

Other Benefits of Systematic Investment Plans

Disciplined Saving– When you invest through SIP, you commit yourself to save regularly. Every investment is a step towards attaining your financial objectives.

Flexibility–While it is advisable to continue SIP investments with a long-term perspective, there is no compulsion. Investors can discontinue the plan at any time. One can also increase/ decrease the amount being invested.

Long-Term Gains–Due to rupee-cost averaging and the power of compounding SIPs have the potential to Deliver attractive returns over a long Investment horizon.

Convenience–SIP is a hassle-free mode of investment. You can issue a standing instruction to your bank to facilitate auto-debits from your bank Account.

SIPs have proved to be an ideal mode of investment for retail investors who do Not have the resources to pursue active investments.

Source:TOI and Moneycontrol.com

- Ditesh Palan
(T.Y.B.A.F)

There's a huge difference between spending time and investing it. The word "spending" means that you're using something up or exhausting it. When you spend time, you're not really looking to get anything back. When you invest in something you expend resources, but you do so with an expectation of getting a good return on your investment (ROI). Investingyour time means that you engage in activities which are calculated to bring you meaningful rewards.

"Investing" and "ROI" are terms which, up until now, you've probably heard only when it comes to money. However, you should start thinking of these terms when it comes to your time, as well.

So, how can you start making better time investments? The first step is to set goals. Until you know what you want and what is most important to you, you won't be able to decide what the best investment of your time is.

The second step is to make a conscious decision on how you're going to use your time. Suppose that you were given $24,000 to invest. What would you do? Would you open the newspaper and randomly pick seven or eight stocks to invest in? Of course you wouldn't. You would think carefully about which stocks could potentially bring you the biggest ROI. However, when it comes to your time you usually spend it without giving much thought to what return—if any—you're going to get back from your expenditure.

Think of the following:

- Are you spending your time in a relationship you're unhappy with because you're afraid to leave, or are you investing your time on creating a stronger bond with someone you cherish?
- Are you spending your time working at a job that pays the bills, or are you investing your time in a vocation that will allow you to create a legacy?
- Are you spending your time gossiping around the water cooler with co-workers who would gladly stab you in the back, or are you investing your time in networking with people who have values that are similar to your own and whom you know you can count on?
- Are you spending your time watching TV re-runs, or are you investing your time in leisure activities which truly bring you joy and which allow you to achieve the state of flow?
- Are you spending your time sleeping more hours than your body really needs, or are you investing your time in your health by going out for a jog?

And here are some more questions you should ask yourself:

- When it comes to the people that you spend time with, ask yourself: "Is this a relationship I should be investing my time in?"
- Are there people I care about who are not getting a big enough investment of my time?

- Is this activity a good investment of my time? Does it further one of my life goals?
- Am I investing time in my health?
- Am I investing time in creating a better financial future for myself?
- Is this the best investment of my time at the moment?
- How can I begin to invest my time more wisely

The results of spending your time, instead of investing it, are likely to be the following:

- Broken relationships with life partners.
- A strained relationship with your children.
- A lack of a social network.
- Lots of regrets.
- Health problems.
- Debt and a bleak financial future.
- The feeling that you aren't doing anything meaningful with your life.

The result of investing your time wisely is the very real potential of receiving the following returns:

- A strong, happy marriage (or intimate relationship).
- Well-adjusted kids whom you have a good relationship with.
- A circle of close friends whom you enjoy socializing with.
- Happy memories.
- Achievements that you're proud of.
- Good health and a longer lifespan.
- Money in the bank and financial security.
- A legacy that you're proud of.

- Aquib Momin
(T.Y.B.A.F)

IS THE BANKING INDUSTRY LIVING ON BORROWED TIME?

The banking industry is being attacked by a growing number of FinTech startups and digital companies who are working to capture market share from traditional players. To survive, traditional banking organizations need to evolve quickly, banks are spending billions of dollars on digital transformation and innovation activities, changing the entrenched culture within these organizations is very difficult. "The financial services playing field has been changed irreversibly in recent years by a new generation of companies and leaders who have torn the rulebook to pieces, adopting new technology, introducing new working practices, and serving customers whose lives are increasingly orientated around their mobile phones". Thanks to the connectivity of the web and the accessibility of the Smartphone, digital disruption is happening all around us, breaking dominant business models in retail, entertainment, travel and telecommunications. Beyond well-known disruptors such as Amazon, Uber, Skype, WhatsApp, Netflix, there are even smaller start-ups hoping to transform traditional transactions, companies and even industries.

Displaced, Diminished and Disinter mediated

There are an increasing number of new FinTech start-ups attacking the core functions of payments, lending, investing, money transfer, advising, etc. Services such as Lending Club, Funding Circle, Nutmeg, Transfer Wise and Venmo are only the largest (and most successful) of the new entrants.

The banking industry may be more at risk than other industries due to their large size, historically high profitability and tendency to move at a snail's pace. Bankers are also hesitant to explore new business models that could cannibalize or compete with existing ones and find themselves hamstrung by legacy ... legacy technology, legacy processes and, in most cases, legacy thinking.

- **Displaced**–by a superior customer experience and price offered by new entrants, enabled partly by the luxury of being free of legacy technology and cost base, and developers closer to the needs of their target customers.
- **Diminished**–revenues are squeezed and legacy organizations are relegated to utilities in a market with higher switching frequency.
- **Disinter mediated**–core competency of the incumbents, such as storing and transferring value, are challenged by the arrival of new technologies, such as the block chain. In this phase, complete functionalities may be replaced by FinTech start-ups.

"The generation coming of age today might not see a need for a traditional bank at all, just as they don't see any reason to have a landline, send letters or buy newspapers,"

Bold Response Needed

Traditional banks may be able to succeed in the digital age. They have benefits, such as large customer bases, access to rich transactional data and the ability to offer integrated financial services. But, they must find a way to leverage them.

To succeed, however, banks and credit unions need to concentrate on ridding themselves of legacy processes, technology, and possibly, even people. Organizations will need to develop a balanced multichannel delivery model, deepen their data analysis capabilities and play a larger role in their customers' lives. Banking organizations will also need to continue down the path of digital transformation, service and product innovation, and partnering or investing with FinTech startups.

- Muskan Ali
(S.Y.B.B.I)

DEMONETIZATION

For the first time in history after independence, a non-politically motivated movement has started"Demonetization."

"A boon to common Indian citizen"

The move to demonetize Rs.500 & Rs.1000 currency tenders by the union government of India was a laudable and historic effort to clean up the decade's long corruption & black money. As Indian citizen, we all should be proud the fact that we elected a government, which was capable of taking such brave decision for the long-term betterment of the country's economy. There are limits on how much cash can be changed for cash, Rs.4000 soon to fall to Rs.2000 but there were no limits upon what can be deposited in bank account.

The interesting part is that the flood of cash being deposited is such that its actually bringing "interest rate down", Impact on Agricultural sector after demonetization will better. Informed credit for daily purchases and use of old notes for key inputs and selling produce have kept rural economy going. Every honest tax payer should hail this decision. In the present economical situation, black money has inflated prices in real estate, gold and a few other sectors, making it a challenge for common Indian citizen to invest.

Demonetization would not only repairs internal economic issues, but also tackles funding to terrorism. Counterfeit money is one of the main sources of funding for activities related to terrorism.

The introduction of Rs.2000 & Rs.200 notes has been controversial in consideration of government efforts to suppress black money by eliminating bigger demonetization currency. It still seems to be a missing part in a puzzle. All the above's recovering it should be the primary focus of the government.

Addressing the nation, Prime minister of India provided assurance to the citizen, he quoted, "I want to tell the people again and again the government will do everything to protect the honest."

All the citizen of India should support the decisions for the betterment of the country as it is said "No pain No gain".

- Firdous Kazi
(S.Y.B.B.I)

FACTS OF BANKING SYSTEMS

The first, the oldest, the largest, the biggest, get all the information about banking in India

- The first bank in India to be given an ISO Certification – Canara Bank
- The first bank in Northern India to get ISO 9002 certification for their selected branches – Punjab and Sind Bank
- The first India bank to have been started solely with Indian capital- Punjab National Bank
- The first among the private sector banks in Kerala to become a scheduled bank in 1946 under the RBI Act – South Indian Bank
- India's oldest, largest and most successful commercial bank, offering the widest possible range of domestic, international and NRI products and services, through its vast network in India and overseas - State Bank of India
- India's second largest private sector bank and is now the largest scheduled commercial bank in India- The Federal Bank Limited
- Bank which started as private shareholders bank, mostly Europeans shareholders- Imperial Bank of India
- The first Indian bank to open a branch outside India in London in 1946 and the first to open a branch in continental Europe at Paris in 1974 – Bank of India , founded in 1906 in Mumbai
- The oldest public sector bank in India having braches all over India and serving the customers for the last 132 years – Allahabad Bank
- The first Indian commercial bank which was wholly owned and managed by Indians – Central Bank of India

- Shraddha Bhadra
(S.Y.B.B.I)

EMERGING ISSUES IMPACTING TODAY'S ACCOUNTANTS:

1. Continuing demand for skilled professionals

Because regulatory compliance requirements are ongoing and workloads continue growing, demand for top accounting professionals is likely to remain steady. The need for experienced personnel is expected to increase as companies begin preparing for the departure of baby-boom-age workers. A Robert Half International survey found that 78 percent of businesses are already taking steps to compensate for the loss of these employees, including enhancing their recruitment and retention.

2. International Financial Reporting Standards (IFRS)

The United States may face added pressure to conform to international standards as more companies around the world adopt IFRS.

3. Pervasive technology

Many of those now entering the workforce have enjoyed nonstop connectivity most of their lives, from campuses with wireless networks to personal digital assistants and web-based cellular phones. The challenge for these individuals now will be learning to balance the productivity advantages information technology offers with the potential pitfalls, such as over-relying on IT instead of face-to-face communication to build relationships.

4. Fraud control

As financial activities are more intensely scrutinized by shareholders and government agencies, the demand for skilled forensic accountants has increased. These professionals previously were brought in after a misdeed had been committed, but organizations now are hiring them to tighten procedures to prevent fraud before it occurs.

- Shivani Brid
(S.Y.B.B.I)

Major GST Issues Seen Across India

Even after almost a month of the launch of GST in India, people and businesses are still struggling to accept it completely.

While many people have already started adjusting themselves to the new GST based tax system, but many are still struggling with GST tax system.

Problems for Small Unorganized Wholesalers

While unorganized cash based small wholesalers were still recovering from the impacts of last year's demonetization, GST has further added to their losses. The biggest impact in unorganized sector to start maintaining proper GST compliant bills and invoices if they wish to survive in the post-GST market.

How to File GST Return

The tax return filing procedure under GST is also becoming a major cause problem for small businesses. No one is sure about the appropriate process for filing GST return.

Variety of Taxes

Many food retailers, especially Mithai shopkeepers are also confused about how to charge GST on different items in a single dish.

The same problem is being faced by various other businesses.

Different Rates for Different Locations

Since GST is still not implemented completely by every business around the country, the prices of some products are changes as per location. You see different price of the same car in Mumbai and pune, even after implementation of GST.

Non-AC Restaurants Charging GST at 18% Rate

According to the official GST rules, non-AC restaurants are supposed to charged 12% GST while AC restaurants will charge 18% GST rate. But many local restaurants in India, where either there are no ACs for the general public or the ACS are not in working condition, are also charging 18% tax rate on their bills.

GST on Local (GST Exempted) Goods

According to GST rules, clothing and footwear below Rs. 500 are exempted from GST. But many shopkeepers, especially retail chains are still mentioning GST rate of 5% in their bills for such items.

HENCE, these are some major GST issues seen across India.

- Tushar Solanki
(S.Y.B.A.F)

BANKS LOSE RS 3,800 CRORE TO RUN CURRENT PAYMENT INFRA SYSTEM : SBI (STATE BANK OF INDIA REPORT) REPORT

fter demonetisation, there has been a phenomenal rise in the number of point-of-sale (PoS) terminals to over 28 kh till July this year from 13.8 lakh in March last year. But, despite the rise in debit and card transactions, ctors like low merchant discount rates (MDR), low card usage, poor telecom infrastructure, lack of incentives to erchants to accept cards among others have led to huge losses for banks, ET finds out from the SBI report anks are suffering a staggering Rs 3,800 crore loss to run the current payment infrastructure, according to the port. "We believe the current humongous PoS infrastructure that the banks have developed have to be pported wholeheartedly," the SBI report authored by Soumya Kanti Ghosh, the bank's Group Chief Economic dvisor, says. "Though the government has proposed various measures to incentivise PoS infrastructure and nks are installing PoS terminals. But, in the long-run, the business would be viable, only if the transactions at S surpass the ATM transactions, an enviable task indeed," the report added.

The payment card industry in India is based on a four-party model which includes the issuing bank, acquiring nk, merchant and the customer. The acquiring bank bears the entire cost to create the infrastructure for PoS minals, clearing & settlement, merchant training, terminal maintenance, supply of consumables etc. The uing bank bears the cost of issuing the cards and also manages other risks related to cardholders like failed nsactions, frauds, etc.

the issuing bank and acquiring bank is the same bank, the transactions at PoS are termed as ON-US nsactions. While, if the issuing bank and acquiring bank are different entities, then it is known as OFF-US nsactions. Acquiring bank, in turn, receives revenues only in the form of MDR and monthly rental. The MDR debit cards has been at 1%, while there is no fixed MDR on credit card transactions. "Needless to say, such venue is grossly inadequate for banks to support revenue earned and hence a loss," the report says. "Post monetisation, RBI has lowered the MDR to 0.25% till the end Mar 2017, for transactions up to Rs 1000. These centivised merchants to accept cards for the payment, but impacted the revenues of banks, as most of the nsactions are in small amounts."

- VIDHI SALVI
(F.Y.B.B.I)

Crypto currency

Cryptocurrencies are set to take the online world by storm, as their popularity and use, and understanding of their advantages and limitations increases. But, what is Cryptocurrency? A cryptocurrency is a digital asset designed to work as a medium of exchange that uses cryptography to secure its transactions, to control the creation of additional units, and to verify the transfer of assets.

It is a type of digital currency that uses cryptography for security and anti-counterfeiting measures. Public and private keys are often used to transfer cryptocurrency between individuals. It is transferred between peers, there is no middleman like a bank. Transactions are recorded on a digital public ledger, called a block chain. Transactions and the ledger are encrypted using cryptography. It is also decentralized, meaning it is controlled by users and a computer algorithm and not a central government.

Cryptocurrency works a lot like bank credit on a debit card. In both cases a complex system that issues currency and records transactions and balances works behind the scenes to allow people to send and receive currency electronically. The main difference between cryptocurrency and bank credit is that instead of a banks and governments issuing the currency and keeping ledgers, an algorithm does.

As a counter-culture movement that is often connected to cypherpunks, cryptocurrency is essentially a fiat currency. This means users must reach a consensus about cryptocurrency's value and use it as an exchange medium. However, because it is not tied to a particular country, its value is not controlled by a central bank. With bitcoin, the leading functioning example of cryptocurrency, value is determined by market supply and demand, meaning that it behaves much like precious metals, like silver and gold.

Some of the limitations that cryptocurrencies presently face – such as the fact that one's digital fortune can be erased by a computer crash, or that a virtual vault may be ransacked by a hacker – may be overcome in time through technological advances. What will be harder to surmount is the basic paradox that bedevils cryptocurrencies – the more popular they become, the more regulation and government scrutiny they are likely to attract, which erodes the fundamental premise for their existence.

- Riddhi Jain
(F.Y.B.B.I)

BLACK MONEY BY NOTE BAN

Stating that an estimated Rs 15.28 (rpt) 15.28 lakh crore in junked notes has come back "subject to future corrections based on verification process", the Reserve Bank also said it has "no information" whether demonetisation is being planned to be implemented at regular intervals.

The RBI has been facing flak from the opposition parties for demonetization and delay in disclosing figures on the junked notes, even as the government has maintained that the November 8, 2016 decision to ban Rs 500/1,000 notes in circulation at that time has helped in curbing black money, among other benefits.

To a query on how much amount of black money has been extinguished as a result of demonetisation, the central bank said, "The RBI has no information in this regard."

The RBI gave similar reply to another question on how much unaccounted money has been legitimised through exchange of junked currency.

The central bank did not give any direct reply on adverse impact on the informal and unorganised sector, as also about the GDP loss. The RBI said the deceleration in overall economic growth figures for 2016-17 had begun "much before demonetisation" due to weakness in industrial and services sector.

Last week, several members of the panel had sought redrafting of its draft report on demonetisation as the RBI at that time had not provided some crucial details including on the quantum of junked Rs 500/1,000 notes.

- SHREYA RAI
(F.Y.B.B.I)

E – wallets

E-wallets have found their place in the Indian Banking sector. It become popular mostly after Demonetization of rs 500 and rs1000 note on 8TH November 2016 . There are many E – wallets but Paytm is the most recognized E – wallets Paytm is an Indian electronic payment and E – Commerce Brand , which was launch on August 2010.

If anybody had solution to to the problem called Demonezation, it was Paytm with it mobile wallet that enabled cashless transaction . Post Demonetization , Paytm wallet grew at a fast space and today has around 280million user from 110 – 120 million a year ago. In the of Demonetization Total Electronic and card Payments by 46% in the terms of value and 65% in the terms of volume in 2016 – 2017 over the previous Fiscal year Since then E – wallets are growing in India. Demonetization acted as a boost to the various E – wallets.

- Yash Shetty
(F.Y.B.B.I)

FREECHARGE

Freecharge is an e-commerce website headquartered in Mumbai, Maharashtra. It provides online facility to recharge any prepaid mobile phone, post-paid mobile, DTH and data cards in India . On 8th April 2015, Snapdeal acquired Freecharge in what is being referred to as the second biggest takeover in the Indian e-commerce sector so far , after the buyout of Ibibio by rival MakeMyTrip. On 27th July 2017 Axis Bank acquired Freecharge for $60 Million.

It provides online facility to recharge any prepaid mobile in India. The amount paid by the user for recharge in returned in form of shopping coupons of some of the top retailers in India, thereby the recharge is virtually free. The first two retailers for whichcoupons were available were McDonalds and Barista and were followed by other big retailers such as Café Coffee Day ,Croma , Puma , Shoppers Stop and Jet Airways . By January 2012, the numbers of registered users of the website were 1.5 Million which increased to 2.8 million by November 2012.

Freecharge is followed by Indian Entrepreneur and Investor KunalShah ,Freecharge became one of the most promising start-ups in Indian history which now aims to compete with Alibaba backed Paytm.

- Shivani Gawayi
(F.Y.B.A.F)

DEBIT CARD

Debit cards are one of the most basic bank cards and using them the right way can help you avoid unnecessary costs.

A debit card is also known as a 'check card' uses money from a linked checking account for purchases. It is a safe and convenient alternative to using cash or cheques, and it works for in-person and online purchases. You can also use this card at automated teller machines, ATM's when you need to get cash, deposit checks, transfer between accounts or see bank A/c balances.

Debit cards work with Apple pay and other mobile payment platforms as well as much money transfer apps such as Venom and Square Cash.

Fees:-

Debit card transactions are not always free. There are some costs on it:-

1. Out of network ATM fee:-

This occurs if you use an ATM that isn't in your bank's network. Money banks charge 2 to 3 per ATM transactions.

2. Foreign transaction and ATM fee:-

These generally occur if you make purchases or use ATM's outside the US. International ATM fees are small fixed costs, while foreign transaction fees usually range from 1% to 3% of the purchase.

3. Debit card replacement fee:-

If you misplace your card, there's a small fee to have another one mailed to you. But most banks do not charge you when they reissue your card after it expires.

4. Overdraft or non-sufficient funds fee:-

A bank charges you one of these two fees if you try to buy something but do not have enough money in your checking account. If you have a form of overdraft protection; your bank will cover the transaction but you'll owe that amount plus an overdraft fee. If you don't have coverage, the transaction usually gets declined and you'll get charged a non-sufficient funds fee.

CREDIT CARD:-

A credit card is a card that allows you to borrow money in small amounts at local merchants. You use the card to make your basic transactions.

The credit card company then charges you interest on your purchases, though there is generally a grace period of approximately thirty days before interest is charged if you do not carry your balance over from month to month. Credit cards have high interest rates and are considered a revolving line of credit; you can use again after you pay it down. Your credit card balance and payment history can affect your credit score.

A credit card is a line of credit you can access with your card. Generally we must sign on these purchases (exceptions may be at the gas pump or for small amounts at a drive-three window.)

CHOOSING THE BEST CARD FOR THE SITUATION:-

It is better to use your debit card whenever possible, because it will prevent you from accidentally falling into the credit card trap. When you pay cash for most items, you are doing better financially. Some rental car agencies and hotels may still request a credit card over a debit card because they want to have a card where they can bill you for damages to their property. You need to be sure to check with the hotel or agency before you travel to make sure you can use your debit card instead of your credit card. Some people will argue for using a credit card for the majority of purchases to take advantages.

With a view to encourage usage of debit card, the RBI further reduced the Merchant Discount Rates (MDR) for debit card transactions.MDR is the cost paid by a merchant to a bank for accepting payment from their customers via credit or debit cards every time a card is used for payments in their stores. The merchant discount rate is expressed in percentage of the transaction amount.

- Vaishnavi Bongale
(F.Y.B.A.F)