

FinXpress

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EDITORIAL

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Launch of Riscon and Marketing World Cup

Greetings from Club FinNiche!! Even though it is only a week since the term has ended, the students still have a lot in their hands with the launch of events of various clubs.

What with the investment opportunities in New Fund Offer Of Finnacle Investments and case studies of Marketing World Cup by MarkUp and Riscon by FinNiche, the students may have missed some of the important events in the country and the world. Thus, Club FinNiche deems it necessary to keep you abreast of recent happenings and is proud to present yet another issue of its fortnightly magazine FinXpress.

We have many energizing events of the country and world in store for you. Along with a topsy-turvy situation in the markets, we also have a dedicated section for learning a term related to finance. There is also a non-finance section where we get to know about a personality.

But to gain complete insight of these topics, you have to go through the magazine.

We welcome suggestions and comments for improvement. Please do write to us and let us know your ideas.

Happy Reading!

Regards

The Editorial Team

Club FinNiche

Gold Schemes by PM Modi

SNIPPETS

- **3 new Gold schemes**
- **Aimed to control gold imports**
- **GMS to provide 2.25-2.5%**
- **SGBS to provide 2.75%**
- **National Gold Coins with Ashok Chakra**
- **Analysts skeptical about success**

Prime Minister Narendra Modi on Thursday unveiled three new schemes that seek to dampen the physical demand for gold and tap into an estimated 20,000 tones of the precious metal lying idle with the Indian households and institutions.

The Gold Monetisation Scheme (GMS) and Sovereign Gold Bond Scheme along with the Gold coins, as proposed by our finance Minister Mr. Arun Jaitley in the budget 2015-16 seeks to develop a financial asset as an alternative to gold. The main contention to launch this scheme is to reduce the reliance on gold imports over a period of time. At present India and China are the largest importers of gold in the world with the imports leading to a current account deficit of around \$190 billion (Rs. 12.48 lakh crore) in 2013, which resulted in the then government to raise duty on imports to a record 10 which led to the fall in imports to approximately \$34 billion (Rs. 2.23 lakh crore) in 2014-15, but PM Modi is looking to cut that further. And this is where these schemes come into play. So how does the scheme

aims to channelize all that gold from the household to the market?

Gold Monetisation Scheme (GMS)

Depositors of gold are being offered a higher interest rate (2.25% to 2.5%) as compared to the lower interest rates offered till now on gold deposits by banks (up to 1%). It is a good opportunity for people who look at gold as an investment asset to gain some extra interest out of it. Idle gold can be deposited in banks for either short, medium or long terms depending upon the investors' need and requirement.

Gold can be in the form of gold coins, bars or jewellery excluding stones and other metals and its quantity to be credited will depend upon its purity.

The minimum an individual can deposit is 30gm with no limit on the maximum quantity. Further, mobilized gold will be used in auctioning and replenishing gold reserves held at present by the RBI.

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Reviving the Culture

Gold Monetisation Scheme 2015:

Resident Indians can deposit their precious metal and earn an interest of up to **2.5%**

Sovereign Gold Bond Scheme:

Investors can earn **2.75%** interest per annum by buying paper gold

Gold coins:

Will be available in denominations of **5gm and 10 gm**

20 gm gold bar will also be available via 125 MMTC outlets across India

Modi says:

India has **surpassed China** as the world's largest gold consumer

India bought **562 tonnes** of yellow metal so far this year, compared to China's **548 tonnes**



Applications for bonds

To be accepted from November 5-20

Bonds will be issued on November 26

Bonds will be sold through banks and designated post offices

Sovereign Gold Bond Scheme

This scheme calls for the issue of gold bonds by RBI on behalf of the GOI with an annual cap of 500gm per person to be issued for a period of 5-7 years in denominations of 2,5 and 10gms. An interest rate of 2.75 to domestic investors is proposed. The interest on gold bonds which can be used as collateral for loans) will be due for payment every 6 months.

- **Sovereign Gold Bond Scheme**

This scheme calls for the issue of gold bonds by RBI on behalf of the GOI with an annual cap of 500gm per person to be issued for a period of 8 years with an option to exit in the 5th year in denominations of 2, 5 and 10gms. An interest rate of 2.75% to domestic investors is proposed. The interest on gold bonds which can be used as collateral for loans) will be due for payment every 6 months. Applications for the same will be acceptable from 5-20 November with the allotment to be made on November 26 of this year with the sale to be made through the designated post offices and banks. This is the first tranche of the scheme with the issue price set at Rs. 2,684 per gram of gold .

- **Gold Coins**

Pm Modi also unveiled the first of its kind gold coin with Ashok Chakra engraved on one side and the face of Mahatma Gandhi on the other side. It weighs around 5-10gms available for sale through designated and recognized state-owned Metals and Minerals Trading Corporation of India and will be hallmarked as per the BIS standards.

What do the analysts say ?

There has been some skepticism over whether the scheme will be able to lure Indians. Similar schemes had been launched by the earlier UPA government which failed to create much interest in the public. The gold deposit scheme of 1999 could only garner up about 20 tones of gold which was partly due to the fact that the interest rates provided were low (1%) and the minimum deposit requirements were high(500gm). The new scheme on the other hand provides a higher interest rate 2.5% with minimum deposits of 30gms which provide a better incentive to the individuals to invest in it. The scheme is being termed as 'transformative' for the Indian gold industry but it is believed that it'll take some time to gain customer acceptance especially in rural areas where a large proportion of people still keep gold in physical form with themselves for rainy days. Gold for them is an emotional issue providing a sort of safety net.

Further, issues such as concerns over the source of the gold might come under scrutiny by the Income Tax department. It is mandatory for the investors to disclose their PAN, if the value of the gold is exceeds Rs.50,000. Therefore fears loom large that it is a way for the GOI to keep a tab on the source and it might create issues for them later on.

Another concern is the likely loss of 20-30% in the weight of jewellery as it melted at the certified centres at the cost of depositors. It just might make the conventional 8% interest rates offered by the bank that much more attractive and might act as a deterrent for the investors thinking of taking the plunge.

Railway Vikalp Scheme

SNIPPETS

- **Alternative trains will be provided for people in waitlist category**
- **Launched on 1st Nov, 2015 for 2 selected routes**
- **Passengers need not pay extra amount to avail this scheme**

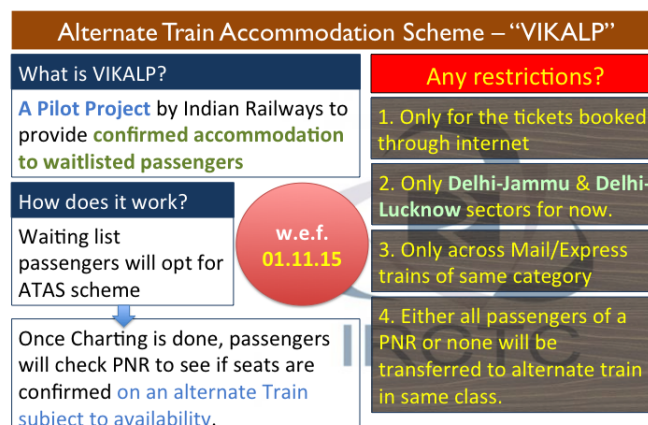
Indian Railways has launched a scheme under which alternative trains will be provided for people in waitlist category. The name of the scheme is Vikalp Scheme and is launched for Mail and Express trains running in the route of Delhi-Lucknow and Delhi-Jammu for 6 months. This scheme would serve the dual purpose of providing accommodation to waitlisted passengers as well as ensure optimal utilization of resources.

The passengers get an option of next alternative train while booking the tickets. So people opting for alternative train get confirmed accommodation in the alternative train if their tickets are in waitlist pool. As soon as the passenger opts for an alternative train a SMS alert is sent to the concerned passenger on their registered mobile number regarding confirmed accommodation in next alternative train.

The positive point of the scheme is that passengers need not pay any extra amount to avail this facility but at the same time no refund will be provided for any difference of fare. The passengers who are provided accommodation in the alternative train will not be figured in the waitlist pool of the original train. A separate list of people transferred to alternative train will be pasted.

The scheme was launched for the two selected routes on 1st Nov, Sunday as a passenger friendly scheme so that passengers experience a hassle free and confirmed accommodation.

The demand for train reservation is high for the entire year for some routes but there is an increased rush when it comes to festive season. So launching a Vikalp scheme will help solve this problem.



Currently it is launched for online booking but depending on the feedback it will extended to railway reservation counter as well. But option for this scheme does not imply that the passengers will get a confirmed seat.

SNIPPETS

- **The New Policy**
- **Need for the Change**
- **China's hopes with the new policy**
- **Real scenario**

The Chinese Anti-Aging Policy: Too Little Too Late?

China lifted its three-decade old one-child policy, after top Communist Party members finished a four-day planning session to shape the country's policies for the next five years. Now Chinese couples are allowed to legally have two children.

The stringent birth control policies exercised over decades, has led the country to run the risk of growing old before it gets rich. The country's National Bureau of Statistics has said that by 2030, one in four Chinese will be over 60. That's a breaking point for many countries that rely on young labor for growth, like China still does.

The World Bank estimated China's population at 1.357 billion in 2013, over four times the size of the U.S.'s and three times the size of the European Union's. However, population growth has flattened out in recent years, and current U.N. projections suggest it will be overtaken by India as the world's most populous country by 2022.

A Step, Too little Too Late

While the policy reversal decision has been welcomed by all, as an end to the

coercive scheme to re-engineer human society, experts do feel that abolishing this hare-brained policy now is too little, too late.

The communist nation presently seems to have been direly trapped in its demographic spiral. The well-publicized, brutal enforcement over the last three-and-a-half decades, might have helped the country to check its rapidly increasing population but the one-child policy has almost certainly pushed China past the demographic point of no return.

In 2003 China's crude birth rate, which denotes the number of live births per 1,000 people each year, stood at 12. When compared with countries in its Income group, this figure is significantly lower than the group's average of 19. In fact, China's crude birth stands at par with those of much wealthier countries such as France (12) and Canada (11), and lower than Australia (13) and the United States (13). Even Russia, a country said to be on the brink of national extinction because of its low fertility, has a higher crude birth rate (13) than China.



International experience shows that few countries have succeeded in raising their low birth rates once they fall to China's level.

The Chinese officials are highly optimistic regarding the effects of the recent policy change. The number of new births is being predicted to reach 20 million in the near future because of the abolition of the old policy. In 2003 the number of new live births was recorded to be 12 million.

However the existing data make such a hope highly questionable. As per the Chinese government more than 90 million Chinese women are eligible to give birth to a second child. But the hard truth here is, about 60% of these women are above the age of 35. These women are likely to focus more on their careers and supporting their existing families, and do not have any real intensive to bear a second child even if they are allowed to do so.

Besides a draconian government policy, many economic factors discourage Chinese families from having a second child. The Chinese state provides little social services, such as childcare, healthcare, and extra-curricular activities, for children. Parents also have to pay for their children's higher education and contribute to their housing purchases. Regrettably, Beijing has announced no complementary policies to encourage families to have a second child. Without a full package of measures which will make it affordable for Chinese families to have a second child, abolishing the one-child policy will have only a modest impact on improving China's demographic profile.

So this is a bittersweet moment in China's history. The Chinese people are finally liberated from an inhumane policy. But they will still suffer from its catastrophic consequences.

TRENDING NEWS

COMMODITIES

GOLD -

INR 25800

SILVER -

INR 35403

CRUDE OIL -

INR 3065

EXCHANGE RATE

**INR/ 1 USD
65.74**

Nestle Maggi noodles is back !

Maggi has cleared all the three accredited laboratory tests and is ready to make a comeback with bang.

"We have received the results from all the three NABL (National Accreditation Board for Testing Calibration Laboratories) mandated by the Bombay high court to test newly-manufactured Maggi noodles samples, all the samples of the Maggi noodles masala have been cleared with lead much below permissible limits " the company officials said in a regulatory filing with stock exchanges.

Arundhati Roy returns her National Award

The author of "The God of Small Things" (which also won Booker award), has now joined the list of over 50 writers and filmmakers who have returned there award in the protest against rising intolerance in the nation.

In her column she wrote "Today, we live in a country in which, when the thugs and apparatchiks of the New Order talk of "illegal slaughter", they mean the imaginary cow that was killed — not the real man who was murdered. When they talk of

taking "evidence for forensic examination" from the scene of the crime, they mean the food in the fridge, not the body of the lynched man. We say we have "progressed", but when Dalits are butchered and their children burned alive, which writer today can freely say, like Babasaheb Ambedkar once did, that "to the untouchables, Hinduism is a veritable chamber of horrors", without getting attacked, lynched, shot or jailed?"

Amity University: Actors Salman Khan and Sonam Kapoor Promote New Film at College

For there upcoming film "Prem Ratan Dhan Payo," which is set to premiere Nov. 12. Khan and Sonam were at the university. IMT could be next!!

Forbes Magazine Ranks Russian President as World's Most Powerful Person in 2015

Vladimir Putin , for the third consecutive year has topped the list.

J. K. Rowling Is Working on New Children's Book

Adele's comeback single "Hello" debuted at number one

MARKETS

TOP GAINERS

- SESA GOA
- TATA STEEL
- TATA MOTORS
- INFOSYS
- ICICI BANK

TOP LOSERS

- COAL INDIA
- MARUTI SUZUKI
- SUN-PHRMIND
- BHEL
- HIND.UNILE

INDIAN MARKETS

Indian shares edged lower on Friday after earlier hitting a five-week low ahead of the results from elections in Bihar state

Tata Steel Ltd fell 2.3 percent after posting a lower-than-expected operating profit, but State Bank of India gained 3.9 percent after reporting a jump in quarterly net income. The broader NSE index fell 0.01 percent to 7,954.30, after earlier falling as much as 0.37 percent to its lowest intraday level since Sept. 30. For the week, the index fell 1.4 percent, a second consecutive weekly loss. The benchmark BSE index fell 0.15 percent.

	OPEN	HIGH	LOW	CLOSE
SENSEX	26640.69	26703.44	26190.35	26304.20
NIFTY	7956.55	8002.65	7926.15	7961.90

BSE SENSEX



CNX NIFTY

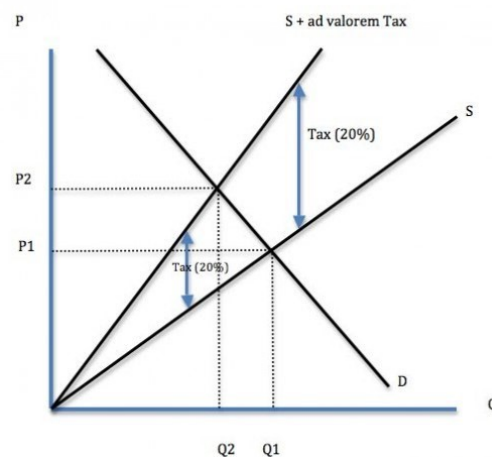


FIN-WORD

BY NISHANT RATHI

Ad Valorem Tax

An ad valorem tax is a levy placed on real or personal goods or asset based on the assessed value of the goods or property. In Latin, ad valorem signify - "according to value". The tax is usually expressed in terms of percentage. The tax is imposed on the value of item and not on item quantity, size, weight or any other such factors. This tax shifts the supply curve to the left, because as the value of property increases, the tax also increase in a proportional manner.



As this tax is flexible, it is more progressive than a specific tax. Property taxes are the most common type of ad valorem taxes. They are a major source of tax revenue for state and local governments, especially when those jurisdictions do not have an income tax.

Other example of ad valorem tax include Stamp duty, Consumption tax - VAT and specific tax for example cigarette tax of Rs. 5 per packet.

The tax is paid on annual basis, and each year the value of property is adjusted by the tax authority based on current market conditions. For instance, Rohan purchased his home for Rs. 2,500,000. If Rohan's local taxing authority uses that price as the fair market value for the ad valorem tax assessment and the ad valorem property tax is 5%, then Rohan will owe Rs. 125,000 in property taxes for the year.

In subsequent years, the assessor in charge of property taxes in Rohan's state will send him a notice of their estimation of the current value of his home. If the economy is growing, the assessed value of Rohan's home will increase, along with his tax bill. This can become a burden for some homeowners specially during a strong real estate market. So, the property taxpayers can dispute the assessed value of their home by providing their own appraisal. If they can prove the property's fair market value is lower than the government's assessed value, then their property taxes will be reduced.

PERSONALITY

BY ABHISHEK GUPTA

Brijmohan Lall Munjal

SNIPPETS

- **Founder of Hero MotoCorp.**
- **Listed among the top 30 richest people of India**
- **Won Padma Shri Award in 2005**

Brijmohan Lall Munjal was the founder and chairman of India's largest two wheeler maker Hero MotoCorp. He died recently at the age of 92 in Delhi due to an heart attack. Munjal always had love for two wheelers and it started when he left home at the age of 20 to make bicycle parts. He started off with Hero Cycles in 1956 after winning the license from Punjab Government to set up a factory to make bicycles. Hero Cycles went on to become the largest bicycle maker in India by 1975 and in 1986 it made an entry into the Guinness Book of World Records for being the world's largest maker of bicycles.

Munjal had always been anxious about expanding the business and he went on to form an alliance with Honda Motor Co. in 1984 to make motorcycles. The alliance proved fruitful for both Honda and Hero as Hero Honda Motors Ltd soon became the largest manufacturer of two wheelers in India. Both the companies called off the alliance in 2011, ending the 27 years collaboration; one of the largest in Indian Automobile Industry. Hero MotoCorp still holds about 50% of the market share of the motorcycle market in India and is an household name among all the Indian families.



Munjal has been considered to be among the earliest Indian Industrialists to implement the Just in Time as well as backward integration. He is been credited for maintaining a strong relationships with his suppliers as well as dealers that has helped him strengthen the Hero Group. His efforts have been acclaimed worldwide and due to those efforts he has been awarded several awards over his lifetime. He has been awarded the businessman of the year by Business India in 1994, Lifetime Achievement Award by TERI in 2011, Lifetime Achievement Award for Asia Pacific Entrepreneurship in 2011. Brijmohan Lall Munjal has been a true leader throughout his life and is one of the finest examples of an Indian Businessman who held together a big family while keeping his customers, employees, investors and business partners happy.