FINIVESTA

News Letter

Year 24 - 25 Recap

FINANCE FORWARD: WHERE FINANCE MEETS INNOVATION

How Do Credit Cards Work?

Demystifying Credit Cards: Spend Now, Pay Later, Wisely!

Ever wondered about the magic behind swiping your **credit card**? Simply put, it lets you **borrow** money from your bank to make purchases, promising repayment by a set date. Imagine spending ₹200; the bank sends a bill with two options: pay in full or just a minimum amount (say ₹30). **Paying only the minimum** might seem **tempting**, but it means **interest piling up** on the remaining balance, potentially trapping you in a **cycle of debt**. Yet, credit cards offer immense ease, immediate purchasing power, and **robust fraud protection**; your money stays safe from unauthorized transactions. So, **use them wisely, repay timely,** and **maintain financial freedom!**

CIBIL Score: Why It Matters

Decoding Your Financial Report Card: The CIBIL Score

Much like your school report card, your **CIBIL score** is a key metric banks use to **assess your financial credibility**. Ranging from **300-900**, a score above **750** is considered **excellent**, offering easier loan access, lower interest rates, and attractive offers. Several **factors** influence this score, including timely bill payments, keeping credit utilization below 30%, the length of your credit history, and the frequency of credit inquiries. A **high CIBIL score** not only **builds financial trust** but also opens doors to better deals and **smoother loan processes**. So, begin today by managing finances responsibly and enjoy lasting benefits.

What Is a Systematic Investment Plan (SIP)?

SIP 101: Your Pathway to Financial Freedom

Are you ready to embark on a journey toward financial freedom? **Systematic Investment Plans (SIPs)** could be your ideal travel companion. SIPs involve **regularly investing fixed sums in mutual funds**, harnessing market fluctuations and compounding. This disciplined approach **helps build wealth** over time, ideal for **long-term financial goals**. Unlike lump-sum investments, SIPs offer more **flexibility and liquidity**, allowing withdrawals without severe penalties. They suit **individuals** seeking **moderate to high returns** and those comfortable with **market volatility**. Start your SIP journey today and steadily build the financial future you desire.

Understanding

Loans and EMIs

Loans and Equated Monthly Installments (EMIs) can be your **financial allies or foes**, depending on how wisely you manage them. EMIs are **fixed monthly payments**, calculated based on the principal loan amount, interest rate, and repayment tenure. Whether it's education, a smartphone, or a home, EMIs **break down large expenses** into manageable chunks. But it's essential to consider interest rates carefully and repay consistently, as defaulting can severely **damage your credit score** and **financial health**. Embrace loans and EMIs with a **strategic repayment plan**, turning potential financial burdens into opportunities.

SIP vs FD :

Where Should You Invest?

Feeling overwhelmed choosing between **Systematic Investment Plans** (SIPs) and **Fixed Deposits** (FDs)? You're not alone. SIPs involve **regularly investing** fixed amounts into mutual funds, offering higher potential returns through compounding and market fluctuations. **Ideal for long-term investors with higher risk tolerance**, SIPs provide flexibility and liquidity. In contrast, **FDs offer guaranteed**, stable returns over a fixed term, suitable for **cautious investors** prioritizing security and short-term savings. The **right choice** depends on your **financial goals**, investment horizon, and risk appetite. **Clear objectives** can help determine the best path to **financial growth**.

Digital Payments in India:

Decoding Your Financial Report Card: The CIBIL Score

India is rapidly embracing **digital payment systems**, transforming everyday transactions. **Unified Payments Interface** (UPI), developed by **NPCI** in **2016**, enables **instant money transfers** between bank accounts via mobile apps. Its user-friendly **PUSH** and **PULL** system simplifies payments; enter recipient details, authorize the transfer, and the money arrives instantly.
National Electronic Funds Transfer (NEFT), introduced by **RBI** in **2005**, complements UPI by enabling easy **bank-to-bank transfers**, usually without an upper limit. NEFT works through net banking, requiring just beneficiary details and IFSC code.
Adding to India's digital finance revolution is **Digital Gold**, securely stored 24K gold in digital form, available through apps like Google Pay. You can **start investing with as little as ₹1**, and buy, sell, or convert to physical gold seamlessly. Digital Gold offers purity, security, and liquidity **without hidden charges**.
India's digital payment ecosystem is driving financial inclusion, convenience, and secure investments like never before.

Understanding Taxes:

Basics, Brackets and Deductions

Ever wondered what exactly **taxes** are? Well, simply put, they are the **mandatory payments** made to the government to **fund public services** such as infrastructure, defense and welfare. Some common types of taxes include Income tax, GST, property tax and corporate tax.

The next term connected with taxes is **Taxable Income**. It is basically the **total income earned** (salary, business, investments) **minus allowable deductions**. In layman's language, they basically determine how much **tax you owe**.

Most countries follow a **progressive tax system**, where the tax rate increases as income rises. Your **income** is divided into different **segments**, called **tax brackets**, and each portion is taxed at a corresponding rate. For example, a higher rate applies only to the portion of your income that falls into the higher bracket and not the entire amount.
To lower your tax burden, you can claim **deductions** and **exemptions**. **Deductions reduce your taxable income** and may include investments under schemes like **Section 80C** in India, health or life insurance premiums, interest on home loans, and medical expenses. **Exemptions**, on the other hand, refer to **specific parts of your income**, like certain allowances that are not taxed at all.
It's also important to understand the **difference** between **deductions and credits**. While **deductions reduce** the **amount of income that gets taxed**, tax **credits** directly **reduce** the **final amount of tax you owe**. For example, a child tax credit subtracts from your tax due, while a tuition deduction lowers the income you are taxed on.
Filing taxes is an **annual responsibility** where you report your income, claim deductions or exemptions, and pay any taxes due. This can be done **online** or with the help of a **tax professional**. It's crucial to file on time to avoid penalties and interest.
But **why** should I know all this? Well, understanding how taxes work helps you **manage your finances better**. When you know what to claim and how to plan, you can maximize your savings and ensure you're following the law.

#Tip: Keep records of income, investments & expenses year-round to simplify filing.

The Power Of Compounding

Compounding : The Silent Wealth Multiplier

Imagine your **money earning money**; that's the power of compounding. When your investments generate **interest** not just on the principal amount but also on **previously earned interest**, the growth becomes exponential. Invest ₹1,000 at a 5% annual interest rate: in the first year, you earn ₹50, and by the third year, your total becomes ₹1,157.63. While **compounding** requires **patience** and **discipline**, its long-term wealth-building potential is immense. However, it does carry **risks** like fluctuating interest rates and inflation. Still, starting early and consistently reinvesting your earnings can lead to significant financial rewards over time.

How Does the RBI Make Money?

How the RBI Makes Money Without Selling a Thing

 # India's Banker is Also One of Its Biggest Earners

The **Reserve Bank of India** (RBI) doesn't lend to you, doesn't charge you fees, and doesn't sell any products, yet it earns billions every year. So how does it actually **make money**? By **quietly managing** the country's money with **smart financial moves**.

A major chunk of its income comes from **holding government bonds**. The government pays interest on these, giving the RBI a steady income. Then there are India's **massive foreign exchange reserves**, over **$600 billion**, invested in foreign assets like U.S. bonds. Even small returns on such a large sum add up to big earnings. Another source is **seigniorage**, the profit from printing money. It may cost just ₹2 to print a ₹500 note, and the RBI keeps the difference.
The RBI also **trades bonds** in the market. If it buys low and sells high when interest rates fall, it earns gains like a smart investor. Plus, through **repo and reverse repo** operations, where banks borrow from or deposit money with the RBI, it earns or saves based on the interest rate difference.
But here's the catch: it gives most of it back!
Despite these earnings, the RBI doesn't keep much for itself. Most of it goes **back to the Government of India**, **₹2.11 lakh crore** last year alone.

The bottom line? The RBI makes money not by selling, but by managing, proving that **power, not products, brings in the real profit.**

Inflation vs. Recession:

What's the Difference?

Inflation is when **prices of goods and services keep rising**, reducing your purchasing power. It's caused by **high demand**, rising production costs, or too much money in circulation. To **control** it, **central banks raise interest rates to slow spending**.

Recession, on the other hand, is an **economic slowdown**, usually lasting two or more quarters, marked by **falling demand**, job losses, and reduced business profits. It's often triggered by high interest rates, market crashes, or global shocks. To **fix** it, **governments lower rates and boost spending**.

In short:
Inflation = Too much money, not enough goods.
Recession = Too little money, not enough demand.

P2P Lending in India:

A New Way to Borrow & Lend

Peer-to-Peer (P2P) lending lets individuals **lend or borrow money directly** through **online platforms** without the involvement of banks. Platforms just act as tech facilitators.

To **protect investors**, the **RBI** introduced **stricter rules** in **2024–25**. Platforms can **no longer promise** guaranteed returns or offer credit insurance. All money transfers must go through **escrow accounts** within T+1, and lenders now need to manually approve each borrower; **auto-matching** is **banned**. There's also a ₹50 lakh investment cap per lender, and anyone **investing over ₹10 lakh** must **show proof of net worth**. Platforms must now **publish monthly data**, disclose defaults, and display clear risk warnings.

As a result, many **platforms paused operations**, manual processes slowed things down, and the industry's **assets shrank** sharply **from ₹10,000 crore to under ₹3,000 crore**.

The crux? **P2P lending is real lending with real risks**; it is not fixed-income investing. The RBI is making sure platforms don't act like shadow banks.

Cryptocurrency & Blockchain:
The Basics Explained

Blockchain is a **digital ledger** that records transactions securely and in order. Each block of data links to the previous one, making it nearly impossible to tamper with. It's **transparent, traceable,** and **trusted**, all without needing a central authority.
Cryptocurrency is **digital money** that runs on blockchain tech. It's fully **decentralized**, meaning no banks or middlemen are involved. Transactions are verified by the network itself using cryptography.
The core features? It's **peer-to-peer**, **global**, **secure**, and **free from government control**.
The most known is **Bitcoin**, followed by **Ethereum**, which also powers **smart contracts**. Others like Solana, Ripple, and Dogecoin are also gaining ground.
In essence, **Blockchain** is the **tech**; **cryptocurrency** is the **use case.**
Together, they're reshaping how we think about money, ownership, and trust in the digital world.

Adani vs US Bribery Charges
A High-Stakes Battle of Allegations, Law & Reputations

In a high-profile legal twist, the **US Justice Department has charged Gautam Adani**, his nephew **Sagar Adani**, and others with running a **$250 million bribery scheme** between **2020 and 2024** to **win solar contracts** across **Indian states**.
The **allegations** include wire fraud, securities fraud, obstruction of justice, and violations of the Foreign Corrupt Practices Act (FCPA). According to US authorities, **bribes** were masked as **"development fees"**, with encrypted chats and misled investors painting a deeper picture of intent.

The **Adani Group** has **strongly denied** all accusations, calling them **baseless**. Still, the impact was swift, and s**tock prices fell sharply**, though they briefly recovered after reports of discussions with US officials about dropping charges.
Key lessons? When US investors are involved, global laws apply. **Corporate governance and transparency aren't optional**; they're survival tools. Even without a conviction, reputation risk is real. The real deal? **Adani's case** is a **global reminder** that **big money needs big accountability**. The outcome may reshape how Indian giants deal with international compliance.

Financial Literacy?
Why?

In today's world, **financial literacy isn't an option**; it's essential. Knowing how to manage money helps you s**pend wisely, save smartly, and grow what you earn**. It protects you from debt traps, scams, and poor decisions.

With the r**ight knowledge**, you can **budget better, invest with purpose, and fund your dreams,** whether it's a business, a home, or freedom from financial stress.

Because in the end, how **well you manage** your money **matters more** than how **much you earn**. Start now, and you'll be a wiser and wealthier person later.

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