ASSIGNMENT REPORT ON

PERSONAL FINANCIAL MANAGEMENT

A PROJECT SUBMITTED TO

UNIVERSITY OF MUMBAI FOR PARTIAL COMPLETION OF DEGREE OF
MASTER OF SCIENCE (DATA ANALYTICS)
UNDER FACULTY OF COMMERCE

By,

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UNDER THE GUIDANCE OF,

Dr. Shardul Buva

MAHATMA EDUCATION SOCIETY'S

PILLAI COLLEGE OF ARTS, COMMERCE AND SCIENCE (AUTONOMOUS)
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Certificate

This is to Certify that ***Shreya Bhattacharjee*** has worked and duly completed her Project Work for the degree of Master of Science (Data Analytics) under the Faculty of Commerce in the subject of ***Personal Financial Management*** and her/his project is entitled under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University. It is her own work and facts reported by her personal findings and investigations.

Name and signature of
guiding Teacher

(Dr. Shardul Buva)

Date of Submission:
15th March 2024

DECLARATION

I, Shreya Bhattacharjee, hereby declare that the work incorporated in this project work titled “Assignment Report” forms my own involvement to the research work executed under the guidance of Dr Shardul Buva is an output of my work.

I, hereby further declare that the information which this document contains has been obtained and presented in accordance with academic rules and ethical conduct.

Shreya Bhattacharjee

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Shreya Bhattacharjee
Master of Science (Data Analytics)

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CHAPTER 1

Investment

An investment is an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to an increase in the value of an asset over time. When an individual purchases a good as an investment, the intent is not to consume the good but rather to use it in the future to create wealth.

An investment always concerns the outlay of some resource today—time, effort, money, or an asset—in hopes of a greater payoff in the future than what was originally put in. For example, an investor may purchase a monetary asset now with the idea that the asset will provide income in the future or will later be sold at a higher price for a profit.

How an Investment Works?

The act of investing has the goal of generating income and increasing value over time. An investment can refer to any mechanism used for generating future income. This includes the purchase of bonds, stocks, or real estate property, among other examples. Additionally, purchasing a property that can be used to produce goods can be considered an investment.

In general, any action that is taken in the hopes of raising future revenue can also be considered an investment. For example, when choosing to pursue additional education, the goal is often to increase knowledge and improve skills. The upfront investment of time attending class and money to pay for tuition will hopefully result in increased earnings over the student's career. Because investing is oriented toward the potential for future growth or income, there is always a certain level of risk associated with an investment. An investment may not generate any income, or may actually lose value over time. For example, a company you invest in may go bankrupt. Alternatively, the degree you investing time and money to obtain may not result in a strong job market in that field.

An investment bank provides a variety of services to individuals and businesses, including many services that are designed to assist individuals and businesses in the process of increasing their wealth. Investment banking may also refer to a specific division of banking related to the creation of capital for other companies, governments, and other entities

INSURANCE

Insurance is a contract, represented by a policy, in which a policyholder receives financial protection or reimbursement against losses from an insurance company. The company pools clients' risks to make payments more affordable for the insured. Most people have some insurance: for their car, their house, their healthcare, or their life.

Many insurance policy types are available, and virtually any individual or business can find an insurance company willing to insure them—for a price. Common personal insurance policy types are auto, health, homeowners, and life insurance. Most individuals in the United States have at least one of these types of insurance, and car insurance is required by state law.

Types of Insurance

1. **Health Insurance:** Health insurance helps covers routine and emergency medical care costs, often with the option to add vision and dental services separately. In addition to an annual deductible, you may also pay co pays and coinsurance, which are your fixed payments or percentage of a covered medical benefit after meeting the deductible

2. **Home Insurance: Homeowners insurance** (also known as home insurance) protects your home, other property structures, and personal possessions against natural disasters, unexpected damage, theft, and vandalism. Homeowner insurance won't cover floods or earthquakes, which you'll have to protect against separately. Policy providers usually offer riders to increase coverage for specific properties or events and provisions that can **help reduce deductible amounts**.

3. **Auto Insurance :** Auto insurance can help pay claims if you injure or damage someone else's property in a car accident, help pay for accident-related repairs on your vehicle, or repair or replace your vehicle if stolen, vandalized, or damaged by a natural disaster.

4. **Life Insurance :**Life insurance is a fundamental component of financial planning, especially for those with dependents. It provides a financial safety net for beneficiaries in the event of the policyholder's death. This can include covering outstanding debts, providing for education expenses, and sustaining the family's standard of living

5. **Travel Insurance :** Travel insurance covers the costs and losses associated with traveling, including trip cancellations or delays, coverage for emergency health care, injuries and evacuations, damaged baggage, rental cars, and rental homes. However, even some of the best travel insurance companies do not cover cancellations or delays due to weather, terrorism, or a pandemic.

TAXATION

Taxation is the imposition of compulsory levies on individuals or entities by governments in almost every country of the world. Taxation is used primarily to raise revenue for government expenditures, though it can serve other purposes as well.

Direct and indirect taxes

Direct Taxes

Direct taxes are primarily taxes on natural persons (e.g., individuals), and they are typically based on the taxpayer's ability to pay as measured by income, consumption, or net wealth. What follows is a description of the main types of direct taxes.

Individual income taxes are commonly levied on total personal net income of the taxpayer (which may be an individual, a couple, or a family) in excess of some stipulated minimum. They are also commonly adjusted to take into account the circumstances influencing the ability to pay, such as family status, number and age of children, and financial burdens resulting from illness.

Personal or direct taxes on consumption (also known as expenditure taxes or spending taxes) are essentially levied on all income that is not channeled into savings.

Indirect taxes

Indirect taxes are levied on the production or consumption of goods and services or on transactions, including imports and exports. Examples include general and selective sales taxes, value-added taxes (VAT), taxes on any aspect of manufacturing or production, taxes on legal transactions, and customs or import duties.

General sales taxes are levies that are applied to a substantial portion of consumer expenditures. The same tax rate can be applied to all taxed items, or different items (such as food or clothing) can be subject to different rates. Single-stage taxes can be collected at the retail level, as the U.S. states do, or they can be collected at a pre-retail (i.e., manufacturing or wholesale) level, as occurs in some developing countries. Multistage taxes are applied at each stage in the production-distribution process.

Different Types of Taxation

- **Income tax**: Governments impose income taxes on financial income generated by all entities within their jurisdiction, including individuals and businesses.
- **Corporate tax**: This type of tax is imposed on the profit of a business.
- **Capital gains**: A tax on capital gains is imposed on any capital gains or profits made by people or businesses from the sale of certain assets including stocks, bonds, or real estate.
- **Property tax**: A property tax is asses by a local government and paid for by the owner of a property. This tax is calculated based on property and land values.
- **Inheritance**: A type of tax levied on individuals who inherit the estate of a deceased person.
- **Sales tax**: A consumption tax imposed by a government on the sale of goods and services. This can take the form of a value-added tax (VAT), a goods and services tax (GST), a state or provincial sales tax, or an excise tax.

Which Country Has the Highest Income Taxes?

As of 2024, the top 10 countries with the highest marginal income taxes are:

1. Belgium- 79.5%
2. Finland - 66.75%
3. Portugal - 64%
4. United Kingdom - 63.25%
5. Switzerland - 59.7%
6. Aruba - 58.95%
7. Estonia - 58.4%
8. Denmark - 57.11%
9. Japan - 55% (tie)
10. Austria - 55% (tie)

Which Countries Have Zero Income Tax?

Only a handful of countries have 0% income tax. These include Saudi Arabia, United Arab Emirates, Oman, Kuwait, Qatar, Bahrain, the Bahamas, Bermuda, and the Cayman Islands. Many of these are Arab oil-producing nations that subsidize their budgets with exports rather than taxes

Budgeting

Budgeting is the foundation of sound financial management. Creating and adhering to a budget allows individuals to allocate resources wisely, save for future goals, and avoid unnecessary debt.

Budgeting is a foundational and indispensable component of personal finance, providing a roadmap for managing income, expenses, and savings. Creating and adhering to a budget allows individuals to allocate resources wisely, avoid unnecessary debt, ensures financial goals are met and allocates resources to different financial priorities and. Regularly reviewing and adjusting budgets based on changing financial situations ensures financial stability and helps achieve long-term objectives

Various aspects of budgeting includes:

1. Establishing Financial Goals: Budgeting begins with identifying short-term and long-term financial goals. This can include saving for emergencies, paying off debt, buying a home, education expenses, or planning for retirement. Clearly defined goals serve as the foundation for a well-structured budget.

2. Income Tracking: Understanding and accurately tracking income is essential. This includes not only regular salary or wages but also any additional sources of income, such as bonuses, dividends, or side hustles. Knowing the total income helps in creating realistic budget allocations

3. Expense Categorization: Categorizing expenses is crucial for effective budgeting. Fixed expenses, like rent or mortgage payments, utilities, and insurance, remain relatively constant. Variable expenses, such as groceries, dining out, and entertainment, may fluctuate. Allocating funds to different categories allows for better control and analysis.

4. Differentiating Between Needs and Wants: Distinguishing between essential needs and discretionary wants is pivotal in budgeting. Prioritizing needs ensures that crucial expenses are covered before allocating funds to non-essential items, contributing to financial stability.

5. Emergency Fund Allocation: Budgets should include provisions for an emergency fund. Having a financial cushion helps manage unexpected expenses without derailing the overall budget. Financial experts often recommend setting aside three to six months' worth of living expenses for emergencies.

6. Debt Repayment Strategies: For those with outstanding debts, budgeting involves planning for timely repayments. Implementing strategies like the snowball or avalanche method helps in efficiently paying down debts and freeing up more resources for savings or investments.

7. Savings and Investments: A well-rounded budget includes allocations for savings and investments. Whether it's contributing to retirement accounts, building an investment portfolio, or saving

for specific goals, prioritizing savings fosters long-term financial growth.

8. Regular Budget Reviews: Budgeting is not a static process. Regular reviews and adjustments are essential to reflect changes in income, expenses, and financial goals. Life circumstances, such as job changes, family additions, or unexpected expenses, may necessitate modifications to the budget.

9. Technology and Tools: Leveraging budgeting tools and apps can streamline the process. These tools often provide insights into spending patterns, set budgeting goals, and offer real-time tracking of financial transactions.

10. Behavioural Aspects: Understanding personal spending habits and addressing behavioural aspects is crucial. This includes identifying triggers for impulse spending and implementing strategies to stay disciplined and aligned with budgetary goals

FINANCIAL SCAMS/FRAUDS

Financial fraud happens when someone deprives you of your money or otherwise harms your financial health through misleading, deceptive, or other illegal practices. This can be done through a variety of methods such as identity theft or investment fraud.

Most victim compensation programs do not cover the money lost to fraud or fraudulent schemes. You must check for your specific state laws regarding victim compensation. Civil justice may be the only legal option to recover lost money.

In the National Crime Victimization Survey's Supplemental Fraud Survey, financial fraud is defined as acts that “intentionally and knowingly deceive the victim by misrepresenting, concealing, or omitting facts about promised goods, services, or other benefits and consequences that are non-existent, unnecessary, never intended to be provided, or deliberately distorted for the purpose of monetary gain.”

1. Identity theft leading to credit, bank, or loan fraud

Identity theft refers to any kind of fraud committed by stealing personal information. An identity thief uses your personally identifiable information (PII) — such as your name, birthday, and Social Security number (SSN) — to gain access to your accounts and assets.

How does identity theft happen?

Criminals have a few options when it comes to stealing your sensitive information.

They might target you with a phishing attack where they email, call, or text pretending to be from your bank. Or, they could target you with a cyber-attack to get you to install malware on your devices that steals your logins and passwords.

They might even steal your mail or illegally change your address to get your credit card statements sent to them. In some cases, the "thief" could even be a family member who opens a credit card in your name.

But by far, the easiest way to steal your identity is to buy your personal information off the Dark Web.

Hackers have stolen billions of pieces of PII in the past year alone through data breaches. So even if you haven't been directly targeted by a criminal, there's a good chance you're still vulnerable to financial fraud.

How do you know you're being targeted?

- Unfamiliar transactions on your credit card.
- Strange charges on your bank statements.
- New credit cards or loans in your name.
- Missing or error-filled tax returns.
- Calls from debt collectors about purchases you didn't make.
- A drop in credit score.
- Bounced checks.
- Calls verifying unfamiliar purchases.
- Hard inquiries on your credit report.

2. **Advance fee fraud**

Advance fee fraud is when a thief requires you to send money in advance for payments, products, or services. The promised rewards can range from better credit to money from a foreign prince, and more. But in the end, they either aren't what was promised, or never arrive.

One common example is a con artist claiming to get you a better deal on a loan or reverse mortgage in return for a “finder’s fee”. They’ll ask you to sign a contract that requires you to pay the fee once they introduce you to the financing source.

But after you pay, you’ll often discover it isn’t what the “finder” claimed it to be. Or worse, that you’re ineligible for the loan. And because you signed the contract, you have no recourse.

What are the warning signs?

- A business asking you for prepayment for services such as securing a loans
- Businesses or individuals that operate out of PO boxes or mail drops.
- Individuals that you can’t reach directly (i.e., they’re never in when you call but will call you back later).
- Asking you to sign a contract like a non-disclosure agreement (NDA) that limits you from discussing the deal with other people.
- Businesses that don’t show up on the Better Business Bureau. (You can also run a Google search for “*Their name/business name + scam/fraud*”.)

3. **Cashier’s check and fake check fraud**

The cashier’s check fraud is a simple bank scam that relies on the fact that it can take weeks for a cashier’s check to be verified. Reports of this scam have grown by 65% since 2015 , prompting all the more reason to be aware.

How does cashier’s check fraud happen?

Scammers send a forged cashier’s check with false information, which you’re able to deposit without a problem. Then, they ask you to make a withdrawal of some or all of the money and send it to them or a third party as a wire transfer.

When the check is discovered to be bank fraud, the scammer is gone — along with the wire transfer (which you can't reverse).

This same scam can be run using fraudulent checks as well. A scammer will wait outside a financial institution or send you a picture of a check and ask you to deposit it for them.

Then, they'll tell you to keep some of the money for yourself and send them the rest. When the check bounces a few days later, the money will be taken out of your account.

What are the warning signs?

- A seller who only accepts cashier's checks.
- Offering you more money than you're asking for a product. This is especially risky on marketplaces like Craigslist or Facebook Marketplace.
- Asking you to deposit a check for them and wire them the money (minus a fee).

What to do if you're a victim:

If you've deposited a cashier's check and sent the scammer a wire transfer, there unfortunately isn't a way to get your money back.

Instead, you should report the fraud to the FTC at ReportFraud.ftc.gov.

4. Tax refund fraud and "ghost" tax preparers

Most people get stressed when dealing with their taxes or the IRS. That makes tax fraud an appealing target for financial scams. One of the most common ones is tax refund fraud.

How does tax refund fraud happen?

Tax refund fraud is a type of identity theft where criminals fraudulently file tax returns in your name. They'll report incorrect income in order to maximize your refund, which the criminal will then deposit.

What are the warning signs?

- Getting a letter from the IRS stating that multiple returns have been filed in your name.
- Receiving unfamiliar tax documents like a W-2 or 1099 form.

- Notifications of an unfamiliar IRS.gov account.
- Receiving unsolicited tax transcripts.
- Your bank blocks your tax refund check.

What to do if you're a victim:

If you've received a letter about tax return fraud from the IRS, follow the steps laid out in the letter. If you learn about the scheme on your own, contact the IRS immediately and follow their recommendations.

In most cases, you'll need to fill out an Identity Theft Affidavit and print and mail it with your legitimate return.

If you've sent money to a fraudulent IRS agent or tax preparer, immediately cancel the transfer. If you've given them your bank information or credit card number, call your financial institution's fraud department.

You should also report the fraud to the IRS at *phishing@irs.gov* (for scam emails) or 202-552-1226 (with the scam number that contacted you)

5. Credit card fraud

There are several ways that criminals can steal your credit card information. They could steal your physical card, trick you into entering information on a phishing website or email, buy your details on the Dark Web, or use any number of other credit card scams.

What are the warning signs?

- Suspicious transactions on your credit card or bank statement.
- Small unfamiliar charges on your account. (Fraudsters use a scam called carding to validate your credit card before making large purchases.)
- Fraud alerts from your bank, credit card issuer, or credit monitoring service.
- Calls from creditors about purchases you didn't make or new accounts you didn't open.
- A lower balance than expected.
- Sudden changes to your credit score.
- Transactions from locations you haven't been (i.e., foreign countries).

What to do if you’re a victim:

If a scammer has access to your credit card, you’ll want to act fast and shut down your compromised accounts and prevent credit card fraud.

Contact the fraud department of your lender, card issuer, or financial institution and explain the situation. They’ll be able to help you freeze or close your accounts and get new cards. You’ll also need to file a report with the FTC at IdentityTheft.gov and file a police report if your physical card was stolen.

Next, review your credit report for any fraudulent activity and dispute the charges. Finally, you’ll want to set up a credit freeze or fraud alert to stop further transaction

CHAPTER 3: CASE LAW ON FINANCIAL SCAM

1992 Indian stock market scam

Introduction

The largest financial and stock market scam artist in India is Harshad Mehta. Because of this man's deception, many wealthy people have suffered, and some of them have even committed suicide. His deeds caused numerous banks to lose money and go bankrupt. When it came to misleading people about the stock and financial markets, he was an intelligent and knowledgeable man. He rose to fame in India in the early 1991–1992 period for his knowledge of the stock and financial markets. Nowadays, people are more rigorous about checking their share markets and learning about them online because it is easy to do so. Due to the lack of widespread internet use in 1991–1992, such was not the case.

WHO WAS HARSHAD MEHTA

Harshad Shantilal Mehta was born into a Gujarati Jain family of middle class. His father owned a little textile business. His birthday is July 29, 1954. His parents decided to relocate to Bombay in order to protect his future. In 1976, he graduated with a B.Com from Bombay's Lala Lajpatrai College after working for close to eight years in a variety of odd jobs. In 1982, he was cash-strapped. He once had the chance to work for an insurance firm. His goal was to participate in the stock market. He left every job he had and began working for a broker to learn about the stock market. Harshad Mehta died while on trial at Thane jail on December 31, 2002, of a heart attack. He was recognised to be a risk-taker who never allowed any danger to stand in his way of becoming wealthy and building his business. He had between 15 to 20 cars, some of which were imported from other countries, such as the Lexus LS 400. He was also the only man who had that style of the car back then. He had a net worth of almost ₹ 3542 crores and a luxurious house.

Scam enacted by Harshad Mehta

- Harshad Mehta learned about the share market and techniques through his employment. He learned them through his own experience, not from books or the internet. He was a brilliant man who learned about the stock market in a short time. He was well-versed in how the stock market rises and falls.

- In 1986, he established his own brokerage firm, 'Grow More Research and Asset Management,' to sell and buy shares from the public in a certain company's market in order to broaden his company. His customers began to approach him for advice on where to invest in or purchase shares in the stock market. He selected some filthy firm that is of no use, where those companies do not even have an address or a company that does not exist

- He was nicknamed the "Red Bull of Dalal street", as well as the "Amitabh Bachchan of the Indian stock market". The shareholders made a mistake by refusing to doublecheck the information given by him. They acquired those shares because they fully trusted him.

- There was no internet in the 1990s to check, thus this was his first scam. He made a lot of money from the stock market.

- Later, he needed more money to invest in the stock market, but he hadn't earned enough money from the stock market to do so. Because investing in the stock market required so much money, it was usually done by wealthy people.

- Then, taking the next step, Harshad Mehta opted to work as a broker for banks in the financial market. He tricked the banks by presenting as a broker to some of them

- Bank brokers connect two banks for the purpose of lending money and receiving money when the bank requires it using the bank's securities.

- Harshad Mehta directed the lending bank to deposit the funds into his personal account, from which he transferred money to the receiving bank.

- Similarly, he triggered and received unlawful funds from various well-known banks, including National Housing Bank, State Bank of India, and UCO Bank, by utilising forged bank receipts.

- He began by crediting such funds to the banks appropriately, and then he gradually began to scam those banks by crediting funds to his accounts without any bank security. He got additional money in crores as a result of this fraudulent plan and invested it in his small business.

- The bank's money is the people's money that was handed to the bank for safety or security. Those funds were not managed effectively and were delivered to him, where he spent it. He offered money and forced all wealthy people not to open his scams, but when he began to expand in wealth.

- Everyone began to take note of his behaviour, especially Sucheta Dalal, a Times of India journalist. When she learned about all of Harshad's frauds, she began to take note of his activities.

- Then she posted the news in an article about the Harshad scam, and all shareholders became aware of the fraud, and each shareholder began selling all their shares at a low price.

- The shareholders' firm began to lose money, and the RBI began to investigate and found Harshad's fraudulent scam.

- He had committed a $1 billion scam to purchase stocks from the Bombay Stock Exchange, resulting in a significant loss of Rs.3500-4000 crores to the financial system and a severe collapse of the Indian stock market which is known as the scam 1992.

- He was arrested and then later released on bail. Harshad Mehta was accused of 74 criminal cases. He was later charged with another financial crime and imprisoned.

Facts abouts the Harshad Mehta Scam of 1992

Until the early 1990s, banks could trade on the stock market. With his connections to bank officials, Harshad persuaded the banks to move the money directly into his personal bank account in exchange for a higher rate of interest. The banks also created phoney financial records in his name. He obtained large sums of money by defrauding banks and utilising it to buy a few particular shares, which led to an increase in the price of those shares. This would entice additional investors to purchase those particular shares, driving up the price of those shares quickly. Then, to reap the substantial profit, he would covertly sell his shares. For instance, Harshad began purchasing shares in the Associated Cement Company in 1991 and boosted their value from Rs. 200 to Rs. 9,000 in a little under three months. Many people had doubts about Harshad's extravagant lifestyle, but it was journalist Sucheta Dalal who began to investigate into the circumstances surrounding how Harshad was able to amass such fortune in such a short amount of time. On April 23, 1992, Sucheta wrote an article in the Times of India outlining Mehta's dishonest tactics for manipulating stock prices, which put a stop to the Harshad Mehta scam.

Harshad Mehta scammed the State Bank of India for Rs. 5 billion by creating an SGL receipt that disappeared, according to her. People had started to look for Harshad after that. On February 28, 1992, the tax institution conducted searches. The RBI set up the Janakiraman Committee, and he was found guilty and charged with 74 criminal offences. In November 1992, he and his brothers, who planned and executed the operation together, were imprisoned by the Central Bureau of Investigation. The financial regulatory system in India has undergone several adjustments as a result of the scam. The Securities Laws Amendments Act of 1995 was enacted. After spending three months behind bars, Harshad and his brothers were released on bail. A few weeks later, he and his attorney, Ram Jethmalani, publicly disclosed that he had handed Rs 1 crore to Prime Minister PV Narasimha Rao as part of the Congress' involvement to simply "get him off the hook." Some stock market participants greeted Mehta with delight after his release. After that, he often reappeared as a "new age" stock market guru. By 1997, he even had his own website and newspaper column where he offered readers advice on which stocks to buy and sell. There was yet another piece of criminal evidence used against Mehta. The Special Court established to examine matters linked to the securities fraud only approved 34 of the 72 charges brought forth by the CBI against Mehta in October 1997. In September 1999, the Bombay High Court handed down a five-year prison term for him and three other defendants for their role in the larger securities fraud that involved the 380.97 million rupee Maruti Udyog Ltd cases. However, in 2001, he was found guilty of abusing Rs. 2.5 billion from 2.7 million "lost shares" of 90 blue-chip businesses. He was once again given bail in every instance. This time, he was denied bail, and on December 31, 2001, at the age of 47, he passed away at Tihar prison from a heart attack. His appeal was turned down after he passed away in 2003. His remaining criminal cases were dropped as a result of his passing, but his civil lawsuits for money damages went through.

Impact on economy

The 1992 hoax caused the Indian stock market to collapse; approximately 40% of the market value, or $1 billion, was lost. It prompted the government to revaluate and reform the banking system. To prevent fraudulent transactions, the initial structural modification was to record payments made for purchase investments in reconciled bank receipts and subsidiary general ledgers. Upon the Janakiraman Committee's advice, a committee was established to oversee the Securities and Exchange Board of India. The main recommendation of the committee was to restrict transactions involving government securities to ready forward and double ready forward. All banks now act as custodians, not as the principal of the transaction. Banks were expected to create a unique portfolio audit system that would fall under Reserve Bank of India's oversight.

How did Harshad Mehta commit these crime ?

Diversion of funds: In a short period of time, Harshad Mehta took enormous sums of money from government securities and invested it in his stock market. Then, he invested the funds in a select few carefully chosen assets, driving up the prices of those assets to absurdly high levels. He did this to trick banks into sending money directly to his own account while posing as a broker..

Intra-day trading: Between April 1991 and May 1992, Harshad and his ancestors launched a securities operation that transferred Rs. 4000 crores from banks to stock traders by taking advantage of flaws in the banking system. He invested at a premium for a significant number of shares, which contributed to the 1992 stock market price gain. Mehta had significant investments in ACC, Apollo Tyres, Reliance, Tata Iron & Steel Co, BPL, Sterlite, and Videocon, among other businesses.

Use of ready Forward (RF) to maintain SLR: The RF transactions were previously handled by Harshad Mehta. He was successful in getting the banks to issue checks in his name. The funds that had been deposited into his account would then be available for investment in the stock markets. He promptly exploited the flaw in the system and quickly increased the fraud. In a typical RF transaction, only two banks are allowed to participate. A bank would be robbed of its securities in exchange for money. However, Harshad Mehta would enlist the help of a third bank when a bank demanded security or return. The fourth bank will appear eventually, and so forth. There were now many banks, connected by a network of RF transactions, as opposed to just two.

Fake bank receipts (BR) Harshad Mehta was offered fake bank receipts by two well-known banks, the Bank of Karad and the Metropolitan Co-operative Bank Limited. They were handed to banks, who in turn provided him money. He faked bank receipts by asking for the help of bank staff involved in the scam. He utilised them to withdraw funds from banks in order to invest in the stock market.

Laws under which they were charged

Punishment Under the Indian Penal code: Criminal offences committed by Harshad Mehta are covered in Chapter 18 of the Indian Penal Code, 1860. Sections 465 and 467, which deal with forgery offences including forgeries of significant assets, wills, and other documents, govern the penalty whereas Section 463 governs the offence. This comprises offences against the Harshad Mehta law, such as bribery, cheating, criminal conspiracy, and account falsification. Section 465 deals with forgery. Anyone who creates a fake document or false electronic record with the intent to harm the public or any person, or to support any claim or title, or to enter into any express or implied contract, or with the intent to commit fraud or the potential to commit fraud, is considered a forgery.

- Forgery is punishable by Section 465, which states that anybody who commits forgery will be imprisoned for a term of up to six months to four years and imposed fines of Rs.11.95 lakh on the accused.

- Forgery of important security, wills, and other documents is dealt with under Section 467. Anyone who forges a document that claims to be valuable security, will, or authority to adopt a son, or who claims to give authority to any person to make or transfer any valuable security, receive the principal, interest, or dividends, or to receive or deliver any money, movable property, will be sentenced to one year in prison, with a maximum sentence of ten years, as well as a fine.

  Bribery Section 171E deals with bribery punishment. Bribery is a criminal offence that is punished by imprisonment for a term that may extend to one year or with a fine, or both.

Cheating Cheating and dishonestly inducing the transfer of property covered under Section 420. Whoever cheats and dishonestly provokes the person tricked to transfer any property to any person or to make, alter, or destroy the whole or part of a valuable security or anything signed or sealed and capable of being transformed into valuable security is punishable by imprisonment for a term that may extend to seven years and a fine.

Falsification of accounts : In accordance with Section 477A, accounting fraud is prohibited. Whoever, while employed or acting in the capacity of a clerk, officer, or servant, wilfully and with intent to defraud destroys, alters, mutilates, or falsifies any valuable security or account in his employer's possession or received by him or on behalf of his employer, or willfully and with intent to defraud helps or abets the making of any false entry or omits or alters in accounts book or electronic record shall be punished with imprisonment for a term

Conclusion

Thoughtful and ambitious, Harshad Mehta chose the incorrect road to achieve his goals. This course ultimately resulted in his demise. The swindle exposed a number of flaws, one of which was the total lack of transparency in the financial markets. The prevalence of irregularities of all kinds was so great that even very irregular transactions drew little attention. This is the perfect environment for a hoax to emerge and grow to hazardous proportions. The worst financial scam to ever occur in India was the Harshad Mehta scam, which was extremely public. Numerous people had passed away, and some had even killed themselves. Due to the fraud, all of the wealthy people were exhausted both mentally and physically. He was a daring stock broker by nature and was knowledgeable about both the flaws in the financial system and strategies for taking advantage of them.