NEWSLETTER

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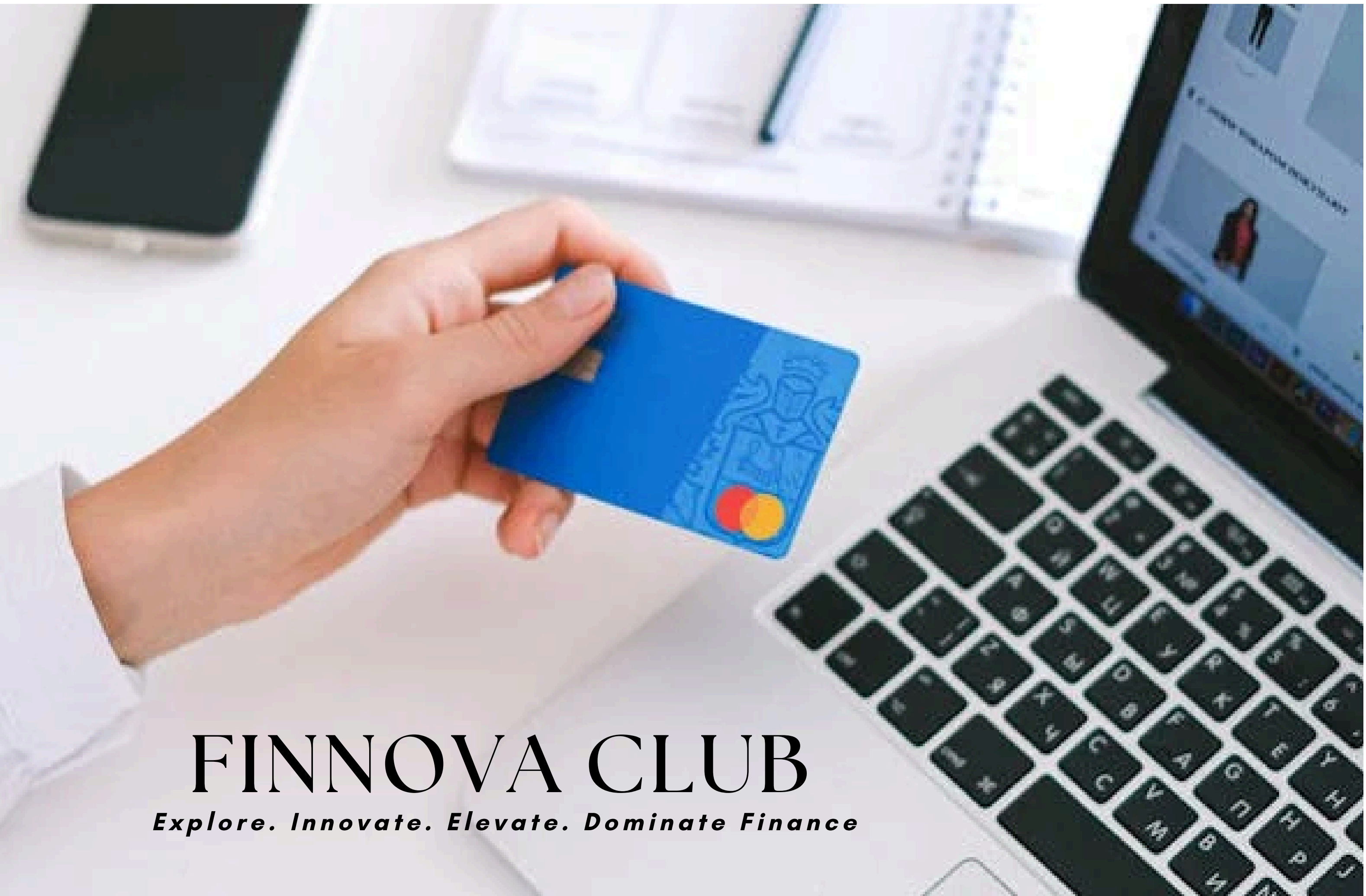
4th April 2025 | 5th Edition



FINNOVA CLUB

Explore. Innovate. Elevate. Dominate Finance

UPCOMING EVENTS:

Mock Stock 2.0

EDITORIAL NOTE

Dear Readers,

Welcome to the fifth edition of the Finnova Newsletter! In this edition of our finance newsletter, we bring you a curated selection of insights that decode the ever-evolving financial landscape. From bite-sized market updates inspired by Finnshots to in-depth analyses of India's economic shifts, we aim to keep you informed and ahead of the curve.

Our feature articles tackle some of the most pressing questions in finance today. As India navigates a dynamic market environment, we explore the opportunities and challenges shaping investment strategies. We also take a closer look at reckless financialization—is easy credit fueling unsustainable growth, or is it a necessary driver of economic expansion?

Taxation remains a cornerstone of financial planning, and with ongoing reforms, staying updated is crucial. Our tax reform analysis unpacks the latest changes and their implications for businesses and individuals alike.

Finally, we turn to the future of finance—will AI replace financial analysts? As technology reshapes industries, we examine whether human expertise will remain irreplaceable or if algorithms are poised to take over. Stay tuned, stay informed, and as always, invest wisely.

Happy Reading!

Prabodh B. Nayak

Best Regards,
Prof Prabodh B Nayak
(Assistant Professor – Senior Grade)

Navya Singla

Navya Singla
(Student Editor and Content Development)

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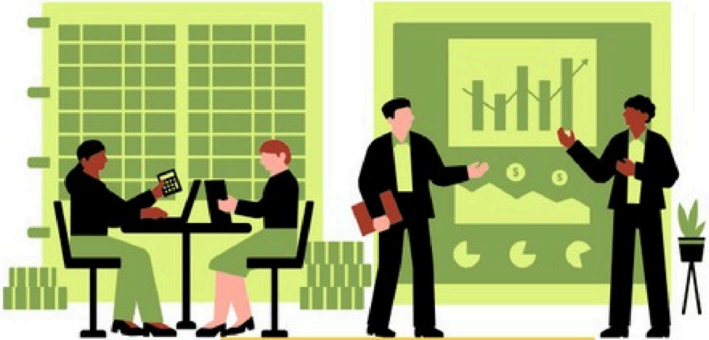
F I N N O V A

FINSHOTS



SENSEX : 76,024.51 -1390.41

NIFTY : 23,165.70 -353.65

Crude oil Reserves found in UP's Ballia, ONGC begins drilling.

Blinkit to deliver ACs in 10 minutes across Delhi-NCR, plans expansion in other cities.

India clears defence deal for buying 156 LCH Prachand helicopters worth Rs 62000 crore from HAL.

ITC to acquire Pulp and Paper undertaking of Aditya Birla Real Estate for Rs 3,498 crore.

Employees Provident Fund Organisation (EPFO) to allow instant PF withdrawals of upto Rs 1 Lakh via UPI , ATMs by mid-2025

DID YOU KNOW?

India CDMO industry, valued at 7.3 billion , will grow at an annual rate 14% between FY23 to FY28. Some companies under this industry are -

Piramal Pharma Solutions, Dr.Reddy's, LUPIN PHARMACEUTICALS, INC., Syngene, Akums, Cipla

USD/INR	EUR/INR	GBP/INR
85.581 (+0.131)	92.39 (+1.39)	110.65 (+2.03)
Gold	**Silver**	**Crude Oil**
94,115.00 (-1.78)	114,000(0.88)	6,123.00 (-0.21)

WILL AI REPLACE FINANCIAL ANALYSTS?

The rise of artificial intelligence (AI) in the financial industry has transformed how data is analyzed, predictions are made, and risks are assessed. While AI-driven tools enhance efficiency and accuracy, the role of human financial analysts remains indispensable. Instead of replacing analysts, AI is set to work alongside them, creating a powerful synergy between technology and human expertise.

The Power of AI in Finance

AI excels in data-heavy tasks such as processing vast financial datasets, identifying patterns, and generating predictive models. Machine learning algorithms enhance trading strategies, automate risk management, and detect fraudulent transactions. These capabilities allow financial analysts to focus on higher-value tasks rather than manual data crunching.

Collaboration: The Future of Financial Analysis

Rather than replacing financial analysts, AI acts as an advanced assistant, streamlining workflows and improving decision-making. Key areas where AI and human analysts collaborate include:

1. Enhanced Decision-Making: AI provides data-driven insights, but human analysts apply critical thinking and judgment to interpret findings and craft strategic investment decisions.
2. Risk Management: AI detects financial anomalies and predicts market risks, while human analysts assess qualitative factors like economic policies and geopolitical events.
3. Personalized Client Relations: AI-driven analytics help analysts tailor financial advice to individual clients, improving service and trust.
4. Efficiency and Productivity: Automating repetitive tasks allows analysts to focus on innovation, portfolio optimization, and strategic planning.
5. Ethical Oversight: AI lacks ethical reasoning, making human oversight crucial in regulatory compliance and responsible financial decision-making.

AI is not a threat but a tool that empowers financial analysts by handling repetitive and data-intensive tasks. The future of finance lies in a collaborative model where AI enhances human expertise, ensuring more informed, efficient, and ethical financial decisions. Analysts who embrace AI-driven tools will remain at the forefront of the industry.

Written By :
Navya Singla
2nd sem : "C" Section

RECKLESS FINANCIALISATION

The Money Rush: When Finance Becomes a Gamble In the modern era, financial markets appear to offer a shortcut to wealth. Tales of individuals reaping quick rewards from stocks, cryptocurrencies, and derivatives drive a gold rush mindset. But what transpires when the pursuit of money overshadows financial stability? Financialization—the increasing significance of financial markets in the economy—has redirected attention from long-term wealth generation to immediate speculation.

From Smart Investing to Dangerous Speculation Financialization initially emerged as a mechanism for economic advancement, enabling businesses to secure funding and households to invest. Nevertheless, when financial incentives prevail in every domain, it leads to reckless conduct: • **Transitioning from tangible to financial assets:** Rather than pouring money into real estate or gold, individuals pursue financial products like derivatives and high-risk stocks. • **Emphasis on short-term profits:** Corporations focus on stock buybacks and speculative ventures rather than on business expansion. • **Market manipulation:** Algorithmic trading and speculative bubbles generate artificial price increases and declines.

The 2008 Global Financial Crisis A prominent instance of reckless financialization was the 2008 financial meltdown. Banks issued hazardous loans, individuals borrowed beyond their capacity, and financial institutions bundled these loans into intricate financial products. When the housing market failed, the global economy bore the consequences. **The Domino Effect: Why Reckless Financialization is a Ticking Time Bomb** Reckless financialization generates systemic risks that jeopardize financial stability. Major factors include: 1. **Excessive Credit Availability** – Accessible loans and margin trading promote over-

leveraging.

2. Derivative Euphoria - Intricate financial products produce artificial demand. **3. High-Frequency Trading (HFT) –** Algorithmic trading induces severe market fluctuations. **4. Financial Illiteracy –** Numerous retail investors engage in speculation without comprehending the risks. **5. Herd Mentality and Peer Pressure –** Social media and influencers propel risky investments. A notable example is the GameStop stock explosion (2021), where retail investors, motivated by social media excitement, inflated stock prices, only to encounter substantial losses when the bubble collapsed.

The Illusion of Easy Money: Why Most Traders Lose

With the emergence of stock market applications and cryptocurrency platforms, trading has become as effortless as scrolling through Instagram. Numerous novice investors enter the market with the expectation of swift profits, yet the actual situation is distinct:

- Over 90% of day traders incur losses.
- AI-driven trading increases market manipulation and volatility.
- The "get-rich-quick" mindset overshadows long-term financial well-being. **Can We**

Tame the Financial Wild West?

Regulating reckless financialization is essential to prevent another economic downturn. Several pivotal solutions include:

- Stricter regulations on speculative trading (e. g., regulating margin trading).
- Enhancing financial literacy so retail investors comprehend risks.
- Ensuring transparency in algorithmic and AI-based trading to avert market manipulation.

Governments globally, including those in India, are implementing stricter regulations on derivative trading, cryptocurrency markets, and unsecured lending to mitigate financial instability.

The Future of Finance: Balancing Growth and Stability

Financialization is not necessarily negative, but reckless speculation must be regulated. Sustainable finance, ethical investing, and long-term wealth generation strategies should guide the future.

Rather than pursuing rapid profits, investors and companies should concentrate on stability, innovation, and responsible financial expansion. The difficulty lies in finding the right equilibrium—utilizing finance as a means for advancement while steering clear of the dangers of reckless speculation.

Written By :
Krish Bansal
4th Sem : "A" Section

NAVIGATING THE INDIAN MARKET CORRECTION

Since October 2024, the Indian stock market has been under significant pressure. A prolonged correction has seen the NSE Nifty 50 index record its longest losing streak since 1996, with a steep decline of around 15% from its September peak— erasing nearly $1 trillion in investor wealth. In recent months, investor sentiment in India has shifted dramatically. What began as a cautious adjustment has evolved into a broader market correction, impacting both domestic and foreign investment flows. The severe downturn has not only affected high-flying tech and growth stocks but has also brought valuation concerns across sectors. As market indices struggle to regain lost ground, it is essential to understand the multiple layers behind this decline.

Key Causes of the Market Correction 1).Weak Corporate Earnings - A primary driver of the correction has been a series of earnings reports that fell short of market expectations. Many large-cap companies reported weaker-than- expected revenue and profit margins, shaking investor confidence. The gap between high pre-correction expectations and current realities has intensified market pessimism, prompting a revaluation of stocks that once seemed overvalued.

2). Foreign Portfolio Investor (FPI) Withdrawals – Another significant factor has been the large-scale withdrawal of funds by foreign portfolio investors. With global economic uncertainties mounting, these investors have offloaded roughly $25 billion in Indian equities since September 2024. This exit not only deepened the market correction but also highlighted the vulnerability of markets heavily dependent on foreign capital. Example – A foreign Institutional investor(FII)wanted to invest $100,000 in Indian markets 1 year ago. Exchange rate 1 year ago – 1 dollar = 82.78 INR $100,000 = 82,78,000 INR Let's assume he earned 20% profit in the last 1 year . 20% of 82,78,000 = 16,55,600 INR Let's assume that the investor sells his shares after 1 year and deposits the money in

his bank.

12.5 % Long Term Capital Gains Tax = 2,06,950 INR
Profit after Tax = 14,48,650 INR

Capital + profit (82,78,000+14,48,650) = 97,26,650 INR
Exchange rate currently – 1 dollar = 87.34 INR
97,26,650 INR = $111,365.35

The foreign institutional investor earned a profit of $11,365.35 which is approximately 11% of his capital. Despite earning a 20% profit in Indian markets, the foreign investor gets only 11% profit due to 12.5% LTCG Tax and a depreciating rupee against the dollar. Due to this reason FII’s have been continuously selling Indian equities leading to the huge correction in the Indian markets.

3). Global Economic Uncertainties – Global trade tensions and geopolitical risks have cast a long shadow over emerging markets, including India. Concerns about U.S. trade policies, particularly proposed tariffs on various imports have disrupted international trade flows and heightened economic uncertainties. These external pressures have contributed to the risk-off sentiment among investors worldwide, accelerating capital outflows from emerging markets.

4). Overvalued Market Conditions – Before the downturn, Indian markets were often praised for their robust growth potential, leading to high valuations across multiple sectors. However, as market optimism gave way to caution, these inflated valuations became a liability. Investors began to question whether the lofty prices were justified, thereby triggering a corrective realignment in asset prices.

Impact on Investor Wealth The cumulative effect of these factors has been a dramatic contraction in market capitalization. With a loss estimated at $1 trillion in investor wealth, the correction has raised concerns about market stability and the potential for further declines. For many, this period of volatility has been a stark reminder of the inherent risks in equity markets, particularly in environments influenced by both domestic and international factors.

Strategies for Investors During Market Corrections While market corrections can be unsettling, they also present opportunities for disciplined investors. It is advised to keep on continuing SIP’s and if possible to increase the amount of the SIP. For people who do not invest in the markets , this is considered one of the best
times to enter the market.

1).Maintaining a Long-Term Perspective – Market corrections, while painful in the short run, are a natural part of market cycles. Investors with a long-term view are less likely to panic and make hasty decisions based on short-term fluctuations. Instead, a patient approach allows for participation in eventual market recovery.

2).Diversification of Investments –

Spreading investments across different asset classes such as equities, bonds, mutual funds, and commodities—can help cushion the impact of market volatility. Diversification reduces exposure to any single sector or market, thereby lowering overall portfolio risk.

3).Focusing on Fundamentally Strong Stocks –

Investors should consider shifting their focus toward companies with strong balance sheets, stable earnings, and robust management teams. Quality stocks with solid fundamentals are more likely to weather short-term volatility and offer potential for long-term growth.

4).Considering Defensive Sectors –

Defensive sectors such as consumer staples, healthcare, and utilities typically perform better during economic downturns. These sectors provide essential goods and services that maintain demand regardless of economic cycles, offering relative stability during market corrections.

5). Regular Portfolio Rebalancing –

During periods of volatility, regular portfolio reviews and rebalancing are crucial. Adjusting asset allocations to realign with risk tolerance and investment objectives can help manage exposure and capture opportunities as the market evolves.

Conclusion

The Indian market correction since October 2024 underscores a period of both challenge and opportunity. The downturn, fueled by weak corporate earnings, significant foreign portfolio investor withdrawals, and global economic uncertainties, has forced a critical reevaluation of previously high valuations. Yet, amid the volatility, this environment also creates a chance for investors to strengthen their portfolios. By diversifying across asset classes, focusing on fundamentally robust and defensive sectors like utilities and consumer staples, and maintaining a long-term investment horizon, investors can not only cushion the immediate impacts of the correction but also position themselves for potential recovery. This phase serves as a reminder that market corrections, while disruptive, are integral to the market cycle and can ultimately lead to more resilient, strategically balanced portfolios.

Written By :

Samarth
2nd Year B.Com

Tax Planning 2025-26

From April 1, 2025, several key changes in personal finance and taxation rules will come into eff~~ect in India as the new financial year begins. These changes will impact taxpa~~yers, credit card users, and the general public. Here’s a summary of the important changes:

1. Income Tax Changes:
- New tax slabs and rates will be implemented, with individuals earning up to ₹12 lakh annually no longer required to pay income tax.
- A standard deduction of ₹75,000 will apply to salaried individuals, making up to ₹12.75 lakh salary tax-free under the new tax regime.

2. UPI Rule Changes: - UPI payments from inactive numbers will no longer be possible. Mobile numbers linked to UPI that have been inactive for a long period must be updated with banks before April 1 to avoid losing access to UPI services.

3. Credit Card Rule Changes: - Reward points structures for certain credit cards will change. Specifically, changes will affect SBI SimplyCLICK and Air India SBI Platinum credit card holders, as well as Axis Bank Vistara Credit Card users due to the merger of Vistara with Air India.

4. Unified Pension Scheme (UPS): - The UPS, introduced in August 2024, will replace the old pension scheme starting from April 1. It will affect around 23 lakh central government employees, offering a pension equivalent to 50% of the last 12 months' average basic salary for those with at least 25 years of service.

5. GST Rule Changes: - The GST portal will implement mandatory multi-factor authentication (MFA) for taxpayers, enhancing security. Additionally, E-Way Bills (EWBs) can only be generated for documents not older than 180 days.

6. Bank Minimum Balance Changes:
- Banks like SBI, PNB, and Canara Bank will update their minimum balance requirements. Customers failing to maintain the required balance will face penalties starting from April 1.

7. Changes in Saving Account and FD Interest Rates - Several banks are going to change the interest rates on savings accounts and FDs starting from April 1. Banks like SBI, HDFC Bank, Indian Bank, Punjab & Sind Bank, and IDBI Bank have revised their FD and special FD interest rates. You can check the interest rates that will be applicable from April 1 on the respective bank's website.

8. PAN-Aadhaar Link Required for Receiving Dividends
- If your PAN-Aadhaar link is not updated, starting from April 1, you will not receive dividends on stocks. Additionally, TDS on capital gains will increase, and you will not receive any credit in Form 26AS.

9. Demat-Mutual Fund Account Rules to be Stricter - SEBI has made the rules for opening mutual fund and demat accounts stricter. According to the new rules, all investors are required to update their KYC and nominee details again. If you fail to do so, your demat account may be frozen. However, you can reactivate a frozen account.

10. GST Rule Changes in the New Financial Year
- The Indian government is going to make significant changes in the GST (Goods and Services Tax) rules in the new financial year. From April 1, 2025, the Input Service Distributor (ISD) system will be implemented. This change aims to ensure proper tax revenue distribution among states.

This change is a significant step toward streamlining the GST system. The ISD system will not only help in distributing tax revenue among states but also assist businesses in managing their tax liabilities more effectively.

11. LPG Gas Cylinder Prices to Change - As you know, LPG gas cylinder prices are reviewed at the beginning of each month and are then adjusted accordingly. From April 1, oil companies may change the prices of domestic and commercial gas cylinders, which will directly affect your pocket. The prices are determined based on international oil prices and the exchange rate between the dollar and rupee.

12.Fixed Deposits (FD) Will Be More Beneficial - If you invest in Fixed Deposits (FD), here's some good news for you. From April 1, banks will not deduct TDS (Tax Deducted at Source) on interest up to ₹1 lakh on FD, RD, and similar savings schemes. This limit has been specifically set for senior citizens, who previously had a limit of ₹50,000, which has now been increased to ₹1 lakh. Additionally, other investors have also received relief, with their limit increased from ₹40,000 to ₹50,000. This means that if a senior citizen earns up to ₹1 lakh in interest from FD in a year, no TDS will be deducted on it. The limit for senior citizens has been directly doubled, providing them with significant benefits.

13. TDS /TCS limit revision - For the financial year 2025-26, starting April 1, 2025, the threshold limits for TDS (Tax Deducted at Source) and TCS (Tax Collected at Source) under certain sections of the Income Tax Act have been increased. This means that TDS and TCS will only be applicable if the transaction exceeds these revised limits, reducing the compliance burden on smaller transactions.

14. TDS on Partner's Remuneration Section-194T - Section 194T was introduced in Budget 2024 to increase the tax base and compliance of partnership firms and LLPs. Section 194T requires firms and LLPs to deduct TDS at the rate of 10% if the payments made to partners are more than Rs. 20,000 in a financial year. This section covers all commissions, remuneration, bonuses, salary, or interest payments to partners.

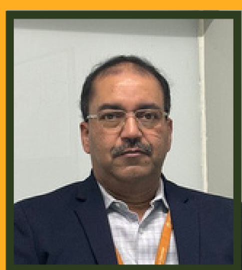
15. Removal Of TCS On Sale Of Goods - Previously, the seller had to collect a TCS under section 206C(1H) on the sale of goods if the aggregate value of goods sold exceeded Rs. 50 lakhs with other conditions. This created compliance issues with section 194Q where the buyer had to deduct TDS on the purchase of goods with the same conditions.

16. Omission Of Sections 206AB & 206CCA - Sections 206AB & 206CCA required a higher TDS and TCS rates for Non-filers i.e, individuals who do not file tax returns. It was a burden on the dedcutors and collectors to identify such non-filers and furnish returns within the specified due date.

From April 1, 2025 both the sections will be removed. Hence, there is no need now for businesses to verify if the person has filed tax returns or not in order to determine the TDS or TCS rates. This simplifies compliance and reduces the burden of the businesses.

These updates are crucial for individuals and businesses to consider for financial planning and to avoid any potential penalties.

Written By :
Prof. Prabodh Nayak
Assistant Professor :
Senior Scale



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finnovaclub@gmail.com