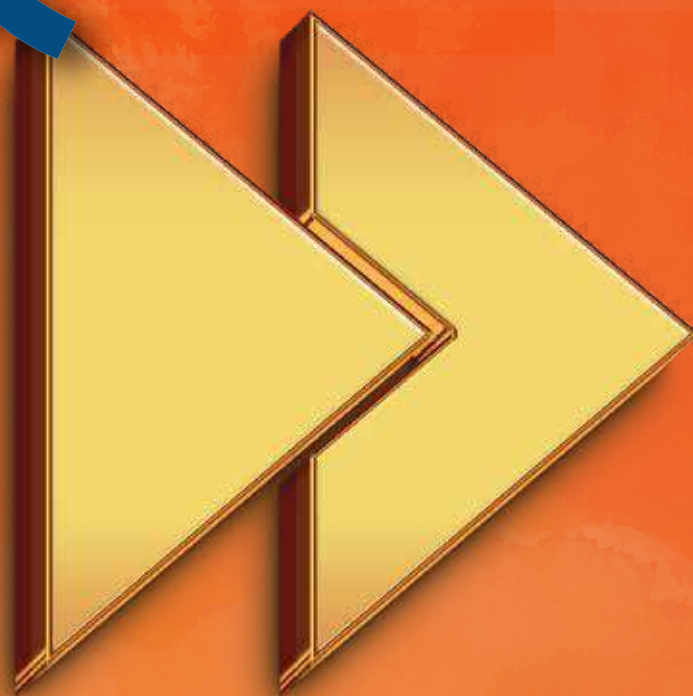


THE ORANGE BOOK

REWIND & LOOK
FORWARD



2024



2025

From reflection to action

Rewind & Look Forward: Reflect on the changes, strategise for the future

2-minute read

Several important changes have been introduced in 2024 to improve investment options, savings regulations and investor protection.

1. Public Provident Fund (PPF) Account Updates

Effective October 1, 2024, new rules for PPF Accounts address multiple accounts, accounts for minors, and those held by NRIs:



- Multiple accounts will be merged into one and excess balances in additional accounts will be refunded without interest
- Minor accounts opened by multiple guardians will earn Post Office Savings Account (POSA) interest until the minor turns 18
- NRIs, who opened PPF Accounts when they were Resident Indians, must close them after the maturity period or lose interest earnings from September 30, 2024.

INVEST IN PPF

2. Introduction of NPS Vatsalya

A new NPS scheme for minors allows parents or guardians to contribute until the child turns 18, with a minimum annual contribution of ₹1,000, promoting early retirement savings.

3. Demat Account Changes

- BSDA (Basic Services Demat Account) Limit: Effective September 1, 2024, the limit will be increased to ₹10 Lakhs from ₹2 Lakhs, reducing costs for smaller investors
- F&O Margin Changes: SEBI has increased the upfront margin requirements to reduce speculative risks in the Futures & Options market. [Read more](#)



OPEN A 3-IN-1 TRADING, DEMAT
AND SAVINGS ACCOUNT

Explained: Futures and Options (F&O) – The Stock Market's Power Play

4-minute read

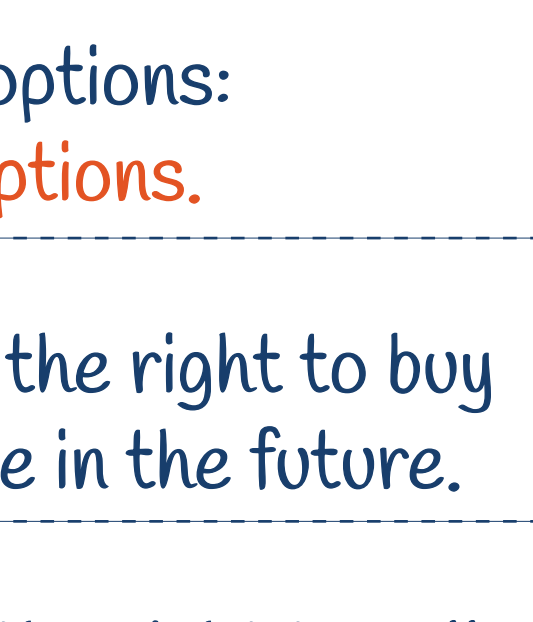


Futures and Options, often called F&O, are standard financial contracts used in the stock market. While they sound complicated, let us break them down using simple examples to help you understand.

Futures:

A **Futures contract** is an agreement between two people to buy or sell something (like a stock or a commodity) at a set price on a specific date in the future. Think of it as booking something today but paying for it and receiving it later.

Let's say you love mangoes, and you know they cost ₹100 per dozen today. You believe that in three months, mango prices will go up to ₹150 per dozen.



So, you make a deal with a fruit seller to buy 10 dozen mangoes after three months at today's price (₹100).

Three months later, if mangoes indeed cost ₹150, you've made a smart deal because you still get them at ₹100 and sell at ₹150 making a profit of ₹50. However, if mango prices drop to ₹80, you are still stuck paying ₹100 per dozen, so you have made a loss.

In this example, you act as the Future buyer in a contract, while the fruit seller is the Future seller. In the stock market, Futures work similarly but involve stocks or other assets instead of mangoes.

Options:

An Option is a contract that gives you the right, but not the obligation, to buy or sell an asset at a set price on or before a certain date. As a buyer, you don't have to go through with it if you don't want to.

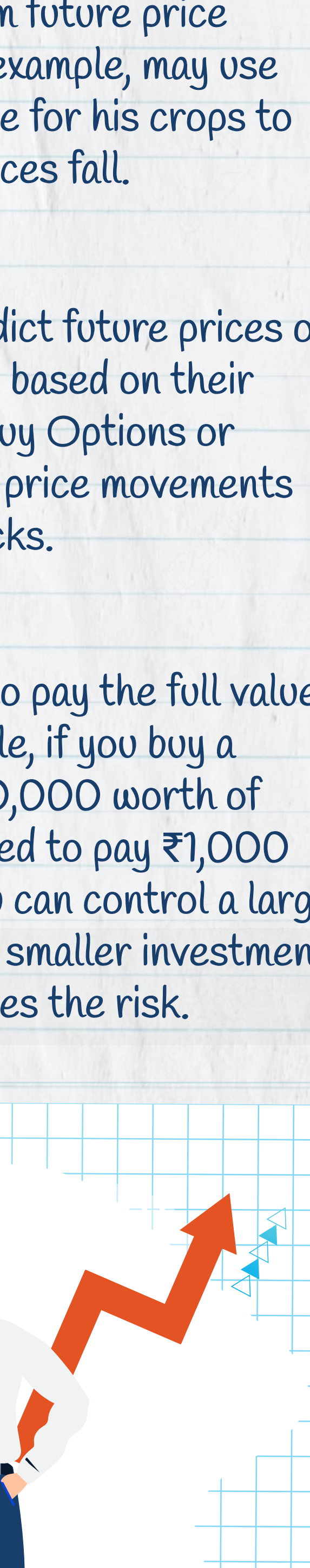
There are two types of options:
Call Options and Put Options.

A **Call Option** gives you the right to buy something at a fixed price in the future.

A **Put Option** gives you the right to sell something at a fixed price in the future.

Call Option:

Imagine that you see a new smartphone priced at ₹50,000 but you think its price will increase soon. You pay ₹1,000 to the store owner for a deal that says, "I can buy this" phone at ₹50,000 anytime in the next month if I choose to." This is like paying for a Call Option.



If, after a month, the phone's price jumps to ₹60,000, you can still buy it for ₹50,000, saving ₹10,000. But if the price drops to ₹45,000, you simply walk away and buy it for ₹45,000 elsewhere, losing only the ₹1,000 you paid for the Option.

Put Option:

Now, let's flip the scenario. You own a phone worth ₹50,000, but you think the price might drop. So, you pay ₹1,000 for a deal that says, "I can sell this phone for ₹50,000 anytime in the next month." This is a Put Option.

If the phone's price falls to ₹40,000, you can still sell it for ₹50,000, saving yourself from a ₹10,000 loss. However, if the price increases to ₹55,000, you ignore the option and sell the phone for the higher price, only losing the ₹1,000 you paid for the Option.

What is the difference?

Futures: You must buy or sell the asset on the agreed date, no matter what happens to the price. However, if you want to exit before the expiry of the contract, you can exit at the prevailing market price.

Options: As an Option buyer, you have the choice to buy or sell the asset, but you don't have to if it does not benefit you. However, the scenario is reversed in the case of an Option seller.

Why opt for F&O?

1. Hedging: Just like in our examples, people use F&O to protect themselves from future price changes. A farmer, for example, may use Futures to lock in a price for his crops to avoid losing money if prices fall.

2. Speculation: Some people try to predict future prices of stocks and make profits based on their predictions. They may buy Options or Futures to benefit from price movements without owning the stocks.

3. Leverage: In F&O, you don't need to pay the full value of the stock. For example, if you buy a futures contract for ₹10,000 worth of shares, you may only need to pay ₹1,000 upfront. This means you can control a larger amount of money with a smaller investment, though this also increases the risk.



What is at stake?

While F&O can lead to profits, they also carry a high level of risk. If the market doesn't move the way you expect, you can lose money. In Futures, you are obligated to go through with the trade, so losses can be significant. As an Option buyer, you might only lose the premium (the amount you pay for the option), but the complexity can be difficult for beginners.

New Regulatory Changes you must know:

The Securities and Exchange Board of India (SEBI) recently introduced new rules for F&O trading, aiming to reduce speculative risk and protect retail investors. These changes will be implemented in phases starting from November 2024.

Increased Contract Sizes: The minimum contract size for F&O trading has been raised to ₹15 lakh from the previous range of ₹5–10 lakh. This change is designed to reduce speculative trading by small retail investors who may not have the financial capacity to handle larger risks.

Limiting Weekly Expiries: SEBI has reduced the number of weekly expiry contracts to one per benchmark index per exchange. This measure is intended to control excessive trading on expiry days, which often sees high volatility.

Upfront Premium Collection: Starting February 2025, Option buyers will need to pay premiums upfront rather than using broker-provided leverage. This change aims to discourage excessive use of leverage by traders and ensure that they have sufficient capital to cover their trades.

Additional Margin on Expiry Days: SEBI will impose a 2% additional extreme loss margin (ELM) on Short Index Options positions on expiry days to protect against extreme market fluctuations.

Removal of Calendar Spread Benefits: The calendar spread benefit, which allows traders to offset positions across different expiries, will be removed for contracts expiring on the same day. This will discourage speculative trading during expiry periods.

Intraday Monitoring of Position Limits: From April 2025, exchanges will start monitoring Position Limits intraday, instead of at the end of the day. This is aimed at preventing traders from exceeding their limits during the trading session.

Conclusion:

Futures and Options are like special contracts that help people trade based on their predictions about future prices. Futures are binding agreements, while Options give you the choice to buy or sell without being forced to do so. While they can be helpful tools, they require knowledge and caution, as they come with risks.

As per a SEBI study, 91% of individual traders in Futures and Options segment incurred net losses in the last financial year. On an average, loss makers registered net trading loss close to ₹1,20,000 and individual traders spent ₹26,000 per person on F&O transaction costs.

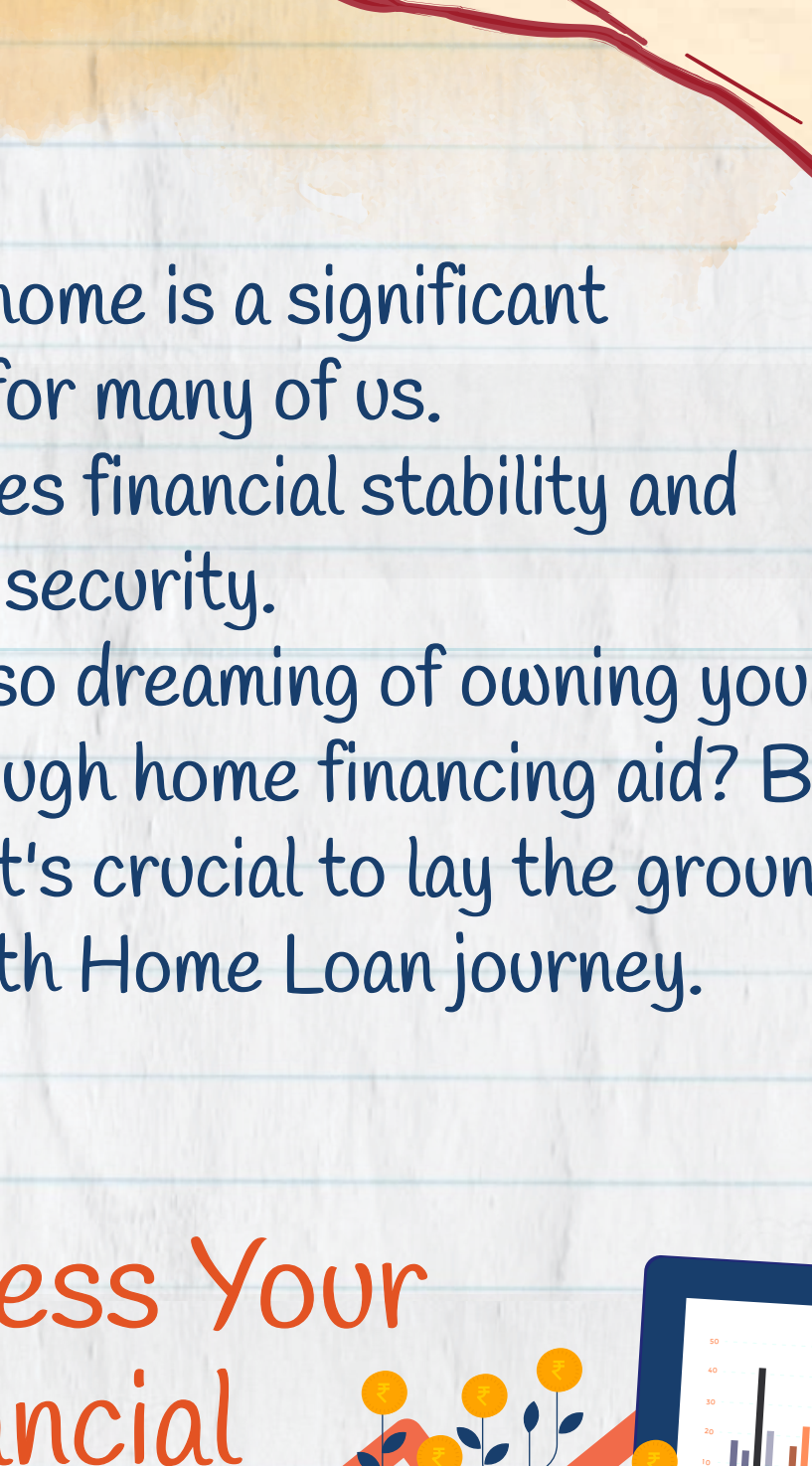
Brick by Brick: Building Your Dream Home Successfully

2-minute read

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CIBIL

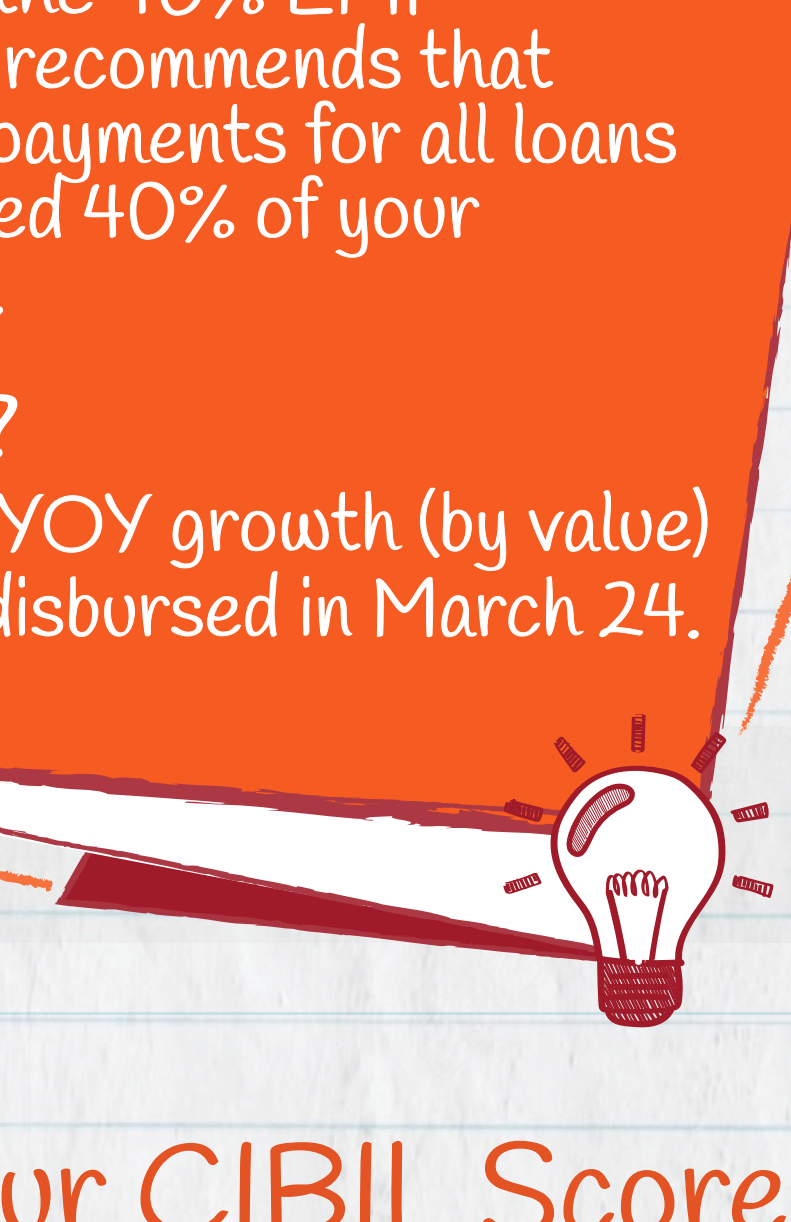
Part of TransUnion



Owning a home is a significant milestone for many of us. It symbolises financial stability and long-term security.

Are you also dreaming of owning your own abode through home financing aid? Before you start, it's crucial to lay the groundwork for a smooth Home Loan journey.

1. Assess Your Financial Situation



Before you begin house hunting, assess your current financial situation. This includes understanding how much you can afford in terms of the down payment and monthly loan repayments. Create a budget in which you can comfortably cover the EMIs, along with your expenses.

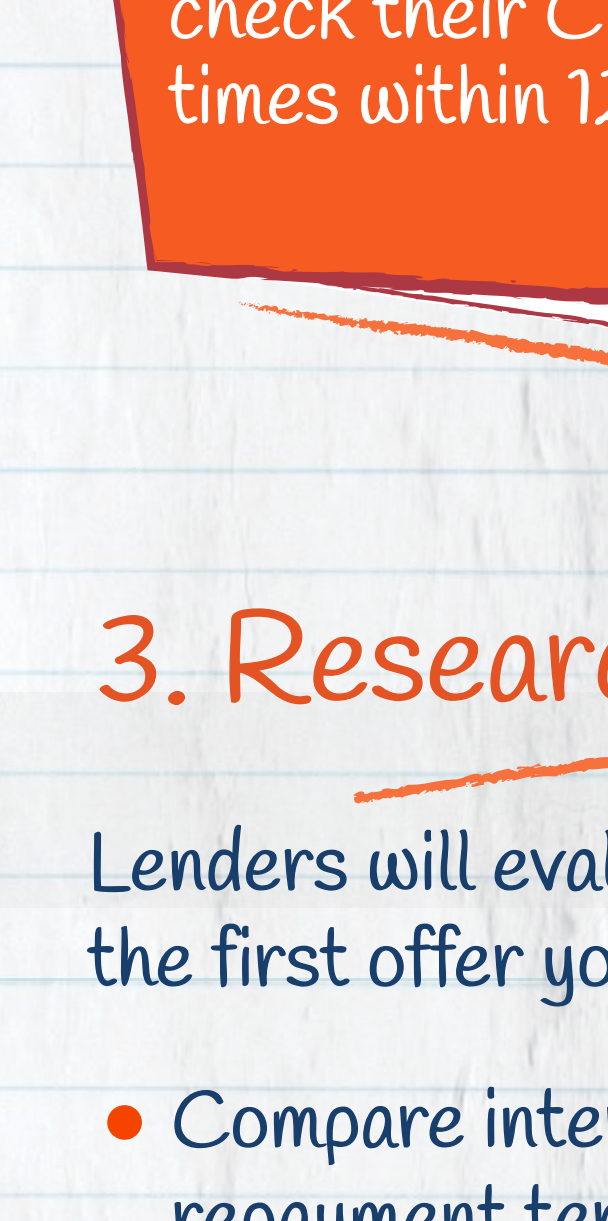
PRO-TIP

You may follow the 40% EMI Principle which recommends that your total EMI payments for all loans should not exceed 40% of your monthly income.

Did you know?

There is an 11% YOY growth (by value) in Home Loans disbursed in March 24.

2. Know Your CIBIL Score



Your CIBIL Score is a financial report card that tells banks how well you've managed credit in the past. A strong score can open doors to favourable loan terms, including lower interest rates and increased loan tenure.

- Check your CIBIL Score & Report regularly
- Aim for a score of 730 or above
- Regularly reviewing your CIBIL Score and report allows you to identify and correct errors (if any).

Did you know?

44% of self-monitoring consumers check their CIBIL Score at least 4 times within 12 months**

3. Research and Compare

Lenders will evaluate, so don't settle for the first offer you get.

- Compare interest rates, fees, and repayment terms from different banks
- Knowing your CIBIL Score will be beneficial to get best offers
- Look at additional fees such as prepayment or processing charges
- Consider Fixed vs Floating interest rates
- Use EMI calculators and loan eligibility checkers before you apply



Did you know?

More than 7 lakh Indians have availed a Home Loan within three months of monitoring their CIBIL Scores in FY23-24**

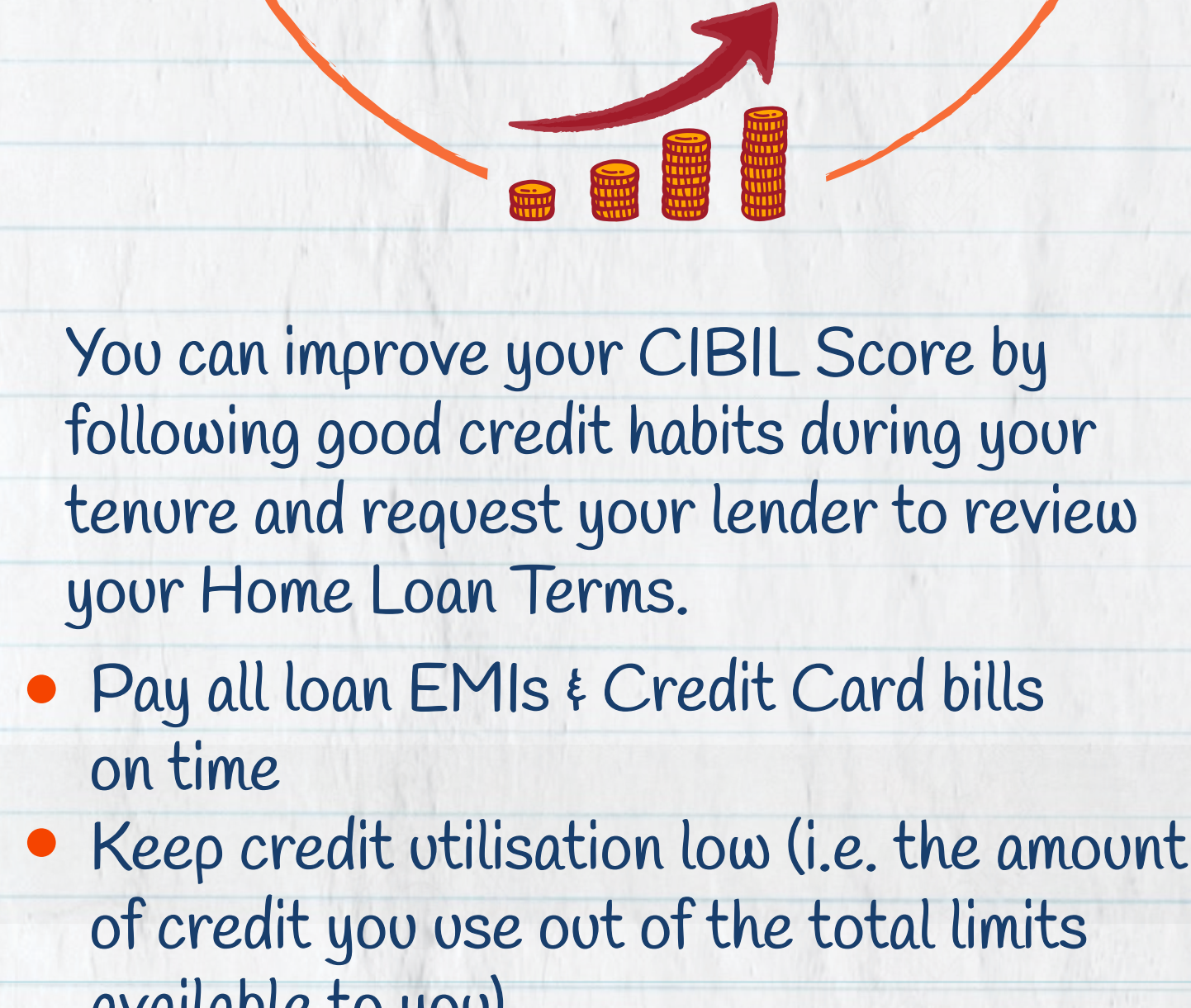
4. Plan for the Long Term

A home loan is a long-term commitment. Budgeting for the future expenses related to home ownership is smart. Think ahead!

- Factor in expenses like maintenance, society fees, property tax etc.
- Consider Loan Protection Insurance
- Plan for prepayment options to reduce the outstanding balance

Did you know?

Growth in Home Loan outstanding balances stands at only 15% as of March 2024, which is one of the lowest in compared to other credit products *



5. A Strong CIBIL Score = Favourable Loan Terms

You can improve your CIBIL Score by following good credit habits during your tenure and request your lender to review your Home Loan Terms.

- Pay all loan EMIs & Credit Card bills on time
- Keep credit utilisation low (i.e. the amount of credit you use out of the total limits available to you)
- Don't apply for multiple loans in a short period

Did you know?

46% of self-monitoring consumers improved their CIBIL Score within 6 months in FY23-24**

CIBIL Insight:

Remember, owning a home is more than just buying a property. It's about creating a space that's truly yours. By preparing well, you're not just getting a loan – you're laying the foundation for your dream home. Start your journey today!



Geopolitics and its Impact on Economies

2-minute read



In today's interconnected world, terms like "geopolitics" and "global economy" are often mentioned together.

Geopolitics refers to how the geography of a country, its resources, political policies and international relationships shape global events. These geopolitical events, in turn, have a direct influence on economies.

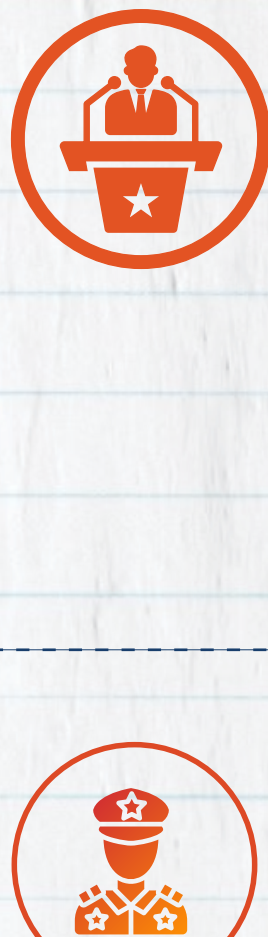
What is Geopolitics?

The word **Geopolitics** comes from two words: "**geo**" meaning the earth and "**politics**" meaning governance. It focuses on how a country's location, size and resources influence its interactions with other countries.

Imagine countries as players in a big game of chess. The position of each player (country) on the board (world map) matters. Their actions affect others, and these interactions have consequences on trade, currency values, inflation and overall economic health.

Examples of Geopolitical Factors

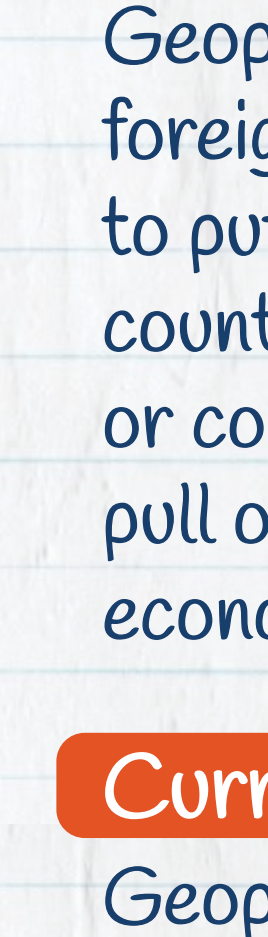
There are many factors that play in geopolitics and they can vary from natural resources to military alliances. Some common factors include:



Natural Resources: Countries rich in resources such as oil, natural gas, and minerals often hold significant influence. For example, oil-producing nations can impact global oil prices, which in turn affect energy costs in other countries.



Trade Policies and Agreements: How countries manage trade with each other is also a key part of geopolitics. Trade deals, tariffs and sanctions can all influence the economy. For example, a trade war between two big economies can lead to higher prices for goods worldwide.



Political Stability: A politically stable country is often seen as a safer place for investment. On the other hand, countries with unstable governments or conflicts tend to scare investors away, causing economic downturns.



Military Power and Alliances: Military strength and alliances also play a major role in geopolitics. Countries with strong military capabilities can influence global security and trade routes, while countries engaged in conflict can disrupt global markets.

How Geopolitics Affects Economies

There are several ways in which geopolitical events influence the financial health of countries and the global economy.

Impact on Trade and Investment

Geopolitical tensions can discourage foreign investments. Investors prefer to put their money in politically stable countries. If there is uncertainty or conflict, investors are more likely to pull out, which can weaken a country's economy.

Currency Fluctuations

Geopolitical events impact the value of currencies. For example, if a country is experiencing political turmoil or military conflict, its currency might lose value.

A weaker currency makes it more expensive for that country to import goods, driving up inflation.



Effects on Oil and Energy Prices

One of the clearest examples of geopolitics impacting economies is through oil and energy prices. Many of the world's oil reserves are in politically sensitive regions.

When tensions rise in these areas, oil supply can be disrupted, causing prices to spike.



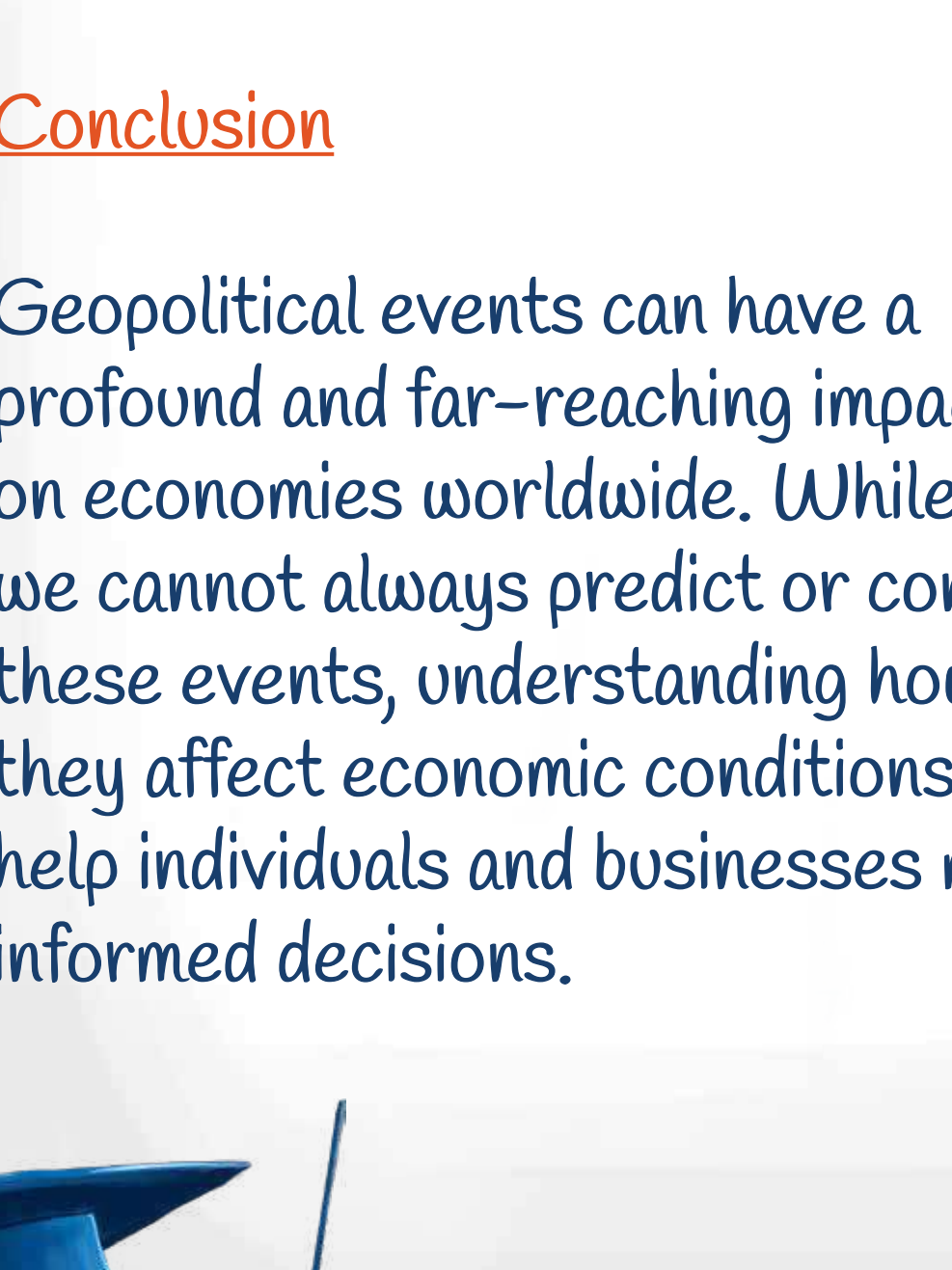
Impact on Stock Markets

Geopolitical events can cause stock markets to fluctuate wildly. Investors react quickly to political events, which can lead to significant gains or losses in stock prices. For example, if there is news of a potential war or trade dispute, investors may sell off stocks in companies that could be impacted, causing market drops.



Global Supply Chains

In today's world, economies are highly interconnected through global supply chains. A car assembled in Germany, for example, might have parts sourced from Japan, Mexico, and the United States. Any geopolitical disruption along this supply chain can cause delays, increase costs, and ultimately affect businesses and consumers worldwide.



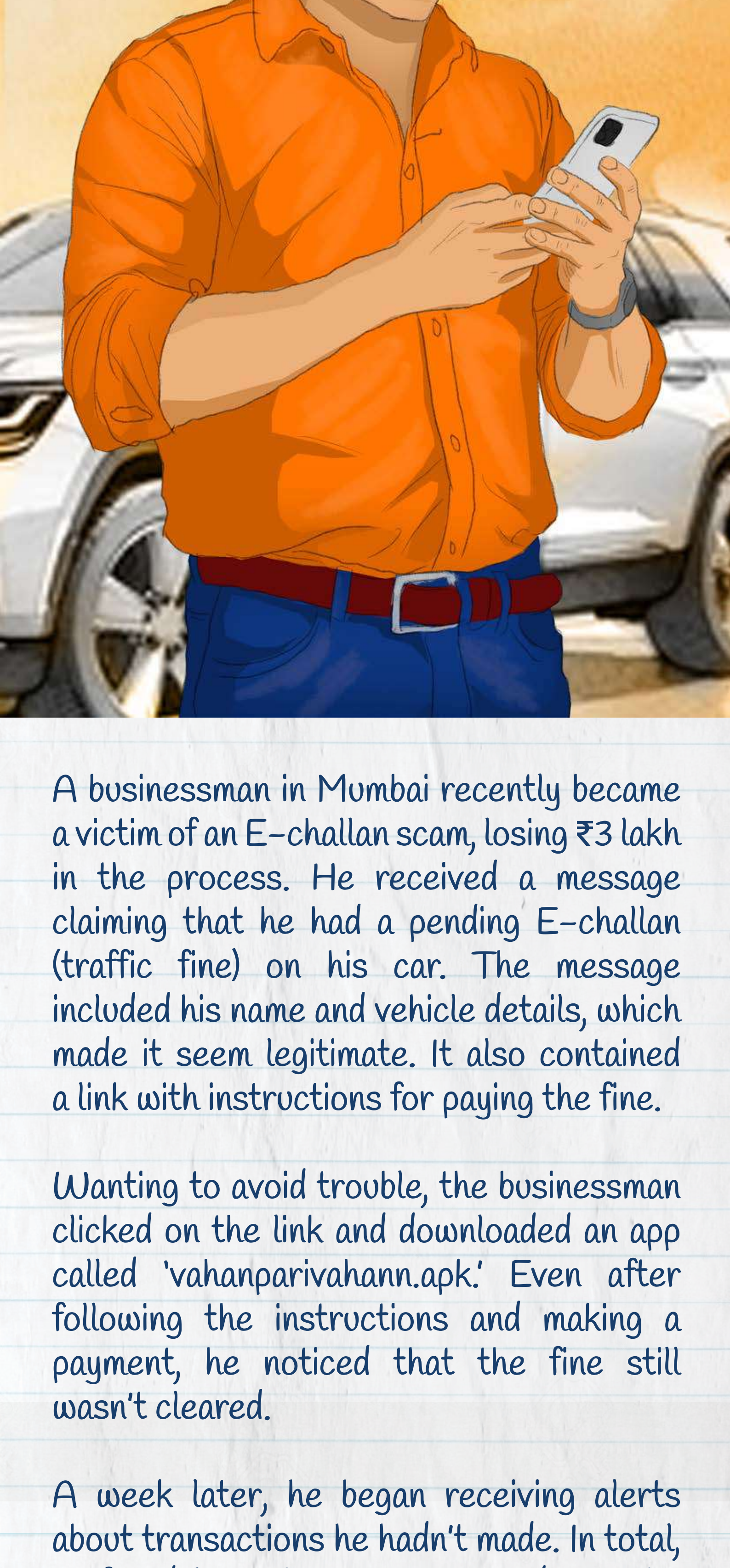
Conclusion

Geopolitical events can have a profound and far-reaching impact on economies worldwide. While we cannot always predict or control these events, understanding how they affect economic conditions can help individuals and businesses make informed decisions.



Fraud Case Study: Businessman falls victim to E-challan scam

3-minute read

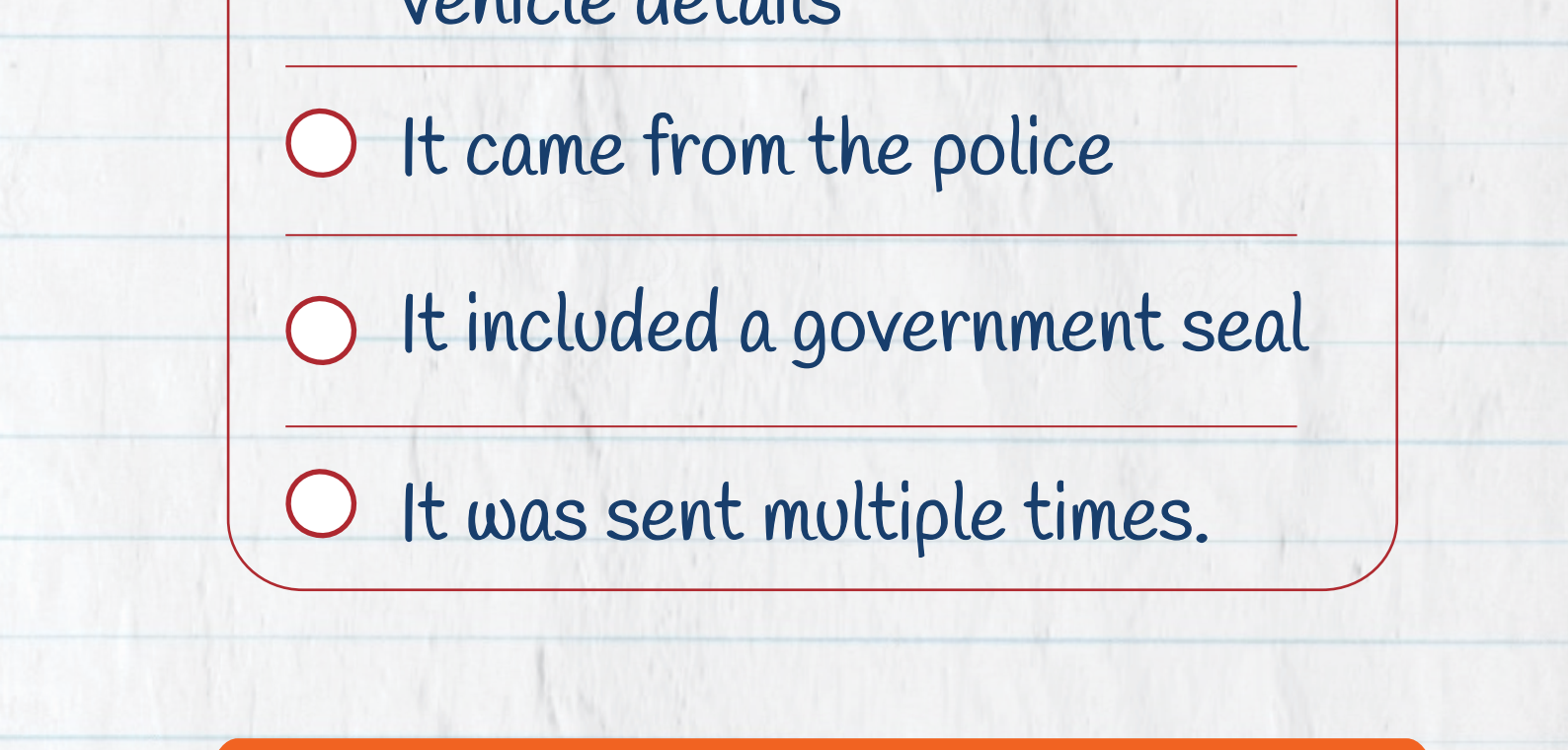


A businessman in Mumbai recently became a victim of an E-challan scam, losing ₹3 lakh in the process. He received a message claiming that he had a pending E-challan (traffic fine) on his car. The message included his name and vehicle details, which made it seem legitimate. It also contained a link with instructions for paying the fine.

Wanting to avoid trouble, the businessman clicked on the link and downloaded an app called 'vahanparivahann.apk.' Even after following the instructions and making a payment, he noticed that the fine still wasn't cleared.

A week later, he began receiving alerts about transactions he hadn't made. In total, 31 fraudulent charges were made on the Credit Card he had used for the E-challan, causing him to lose ₹ 3 lakh. Upon reporting the issue, he found out that the app he had downloaded was fake and in fact designed to steal his financial information.

Quiz: #BeatTheCheat



Q1) Why did the businessman believe the message was real?

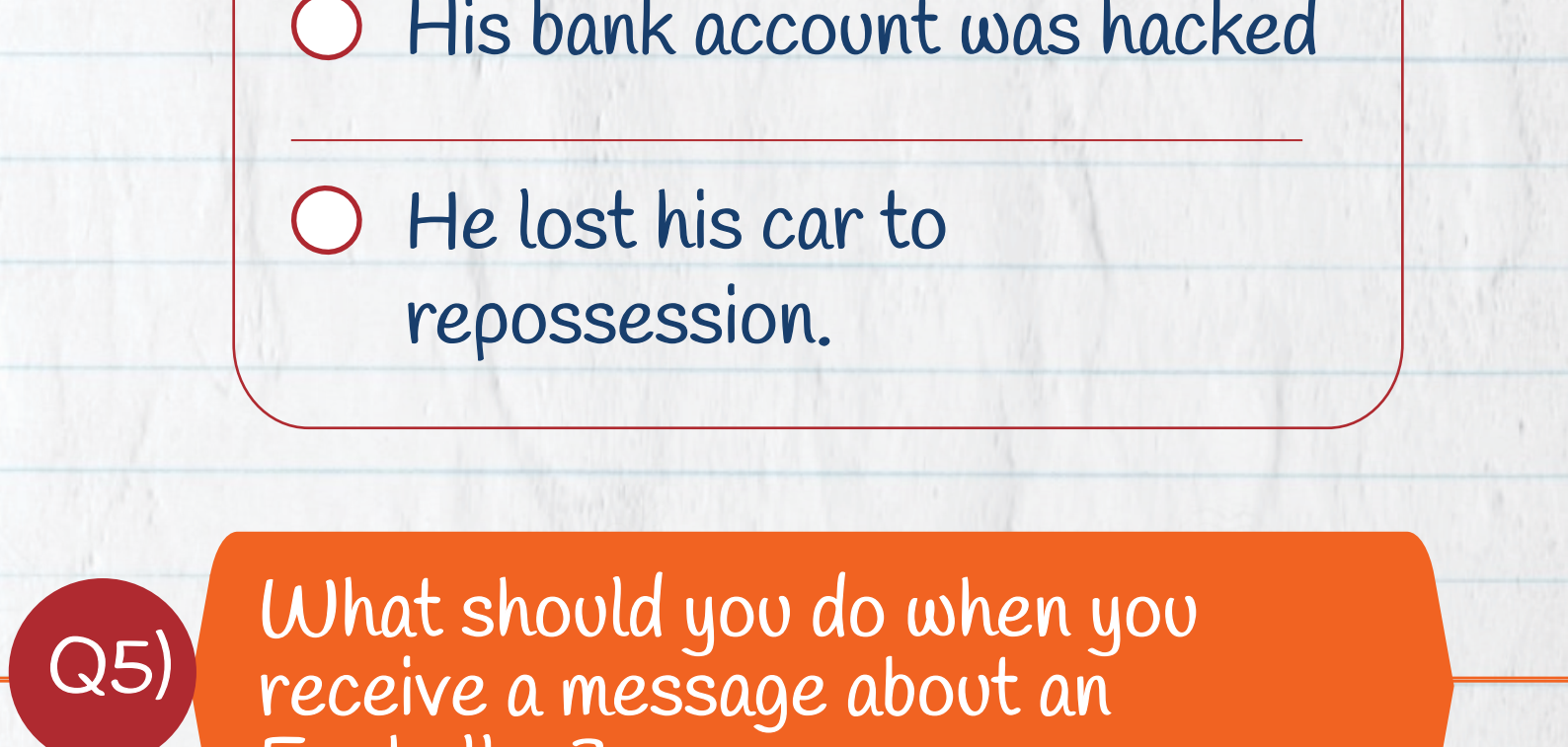
- ☐ It included his name and vehicle details
- ☐ It came from the police
- ☐ It included a government seal
- ☐ It was sent multiple times.

Q2) What is a risky way of downloading an app?

- ☐ Link received via SMS
- ☐ Link received via WhatsApp
- ☐ From an unofficial website
- ☐ All the above.

Q3) How to verify whether an app is genuine?

- ☐ Download the app from the Google Play store or the Apple App store
- ☐ High download numbers and ratings
- ☐ Search for the app on the official website
- ☐ All the above.



Q4) How did the scam result in a financial loss for the businessman?

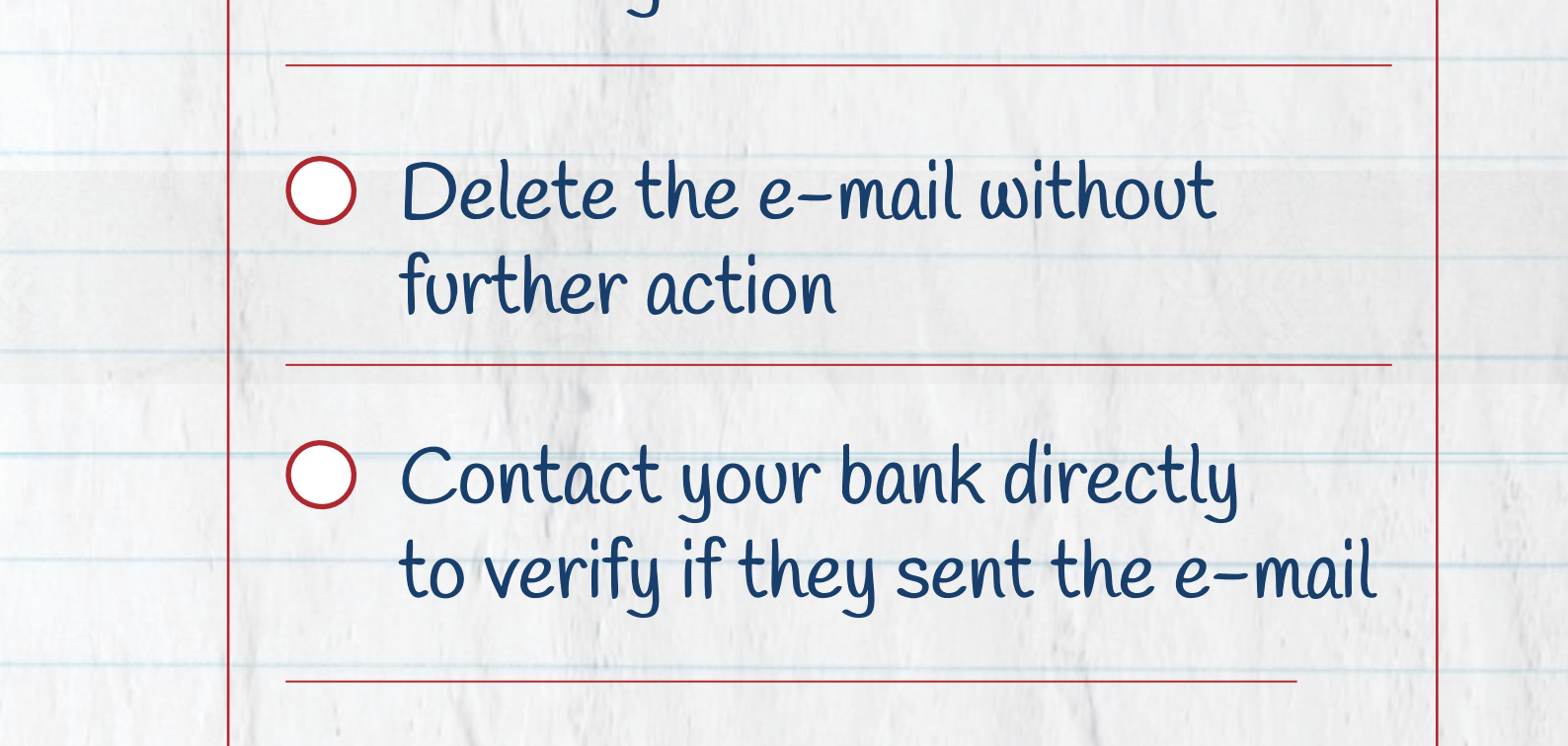
- ☐ He was fined a higher amount than expected
- ☐ His Credit Card details were stolen and misused
- ☐ His bank account was hacked
- ☐ He lost his car to repossession.

Q5) What should you do when you receive a message about an E-challan?

- ☐ Follow the instructions blindly
- ☐ Ignore such messages
- ☐ Check the authenticity of the challan at the government site, with photographic evidence attached
- ☐ Sell your car.

Q6) What did the businessman learn when he reported the issue?

- ☐ That the app was a phishing app
- ☐ The police were already investigating
- ☐ The payment had actually been processed
- ☐ His account was protected from future scams.

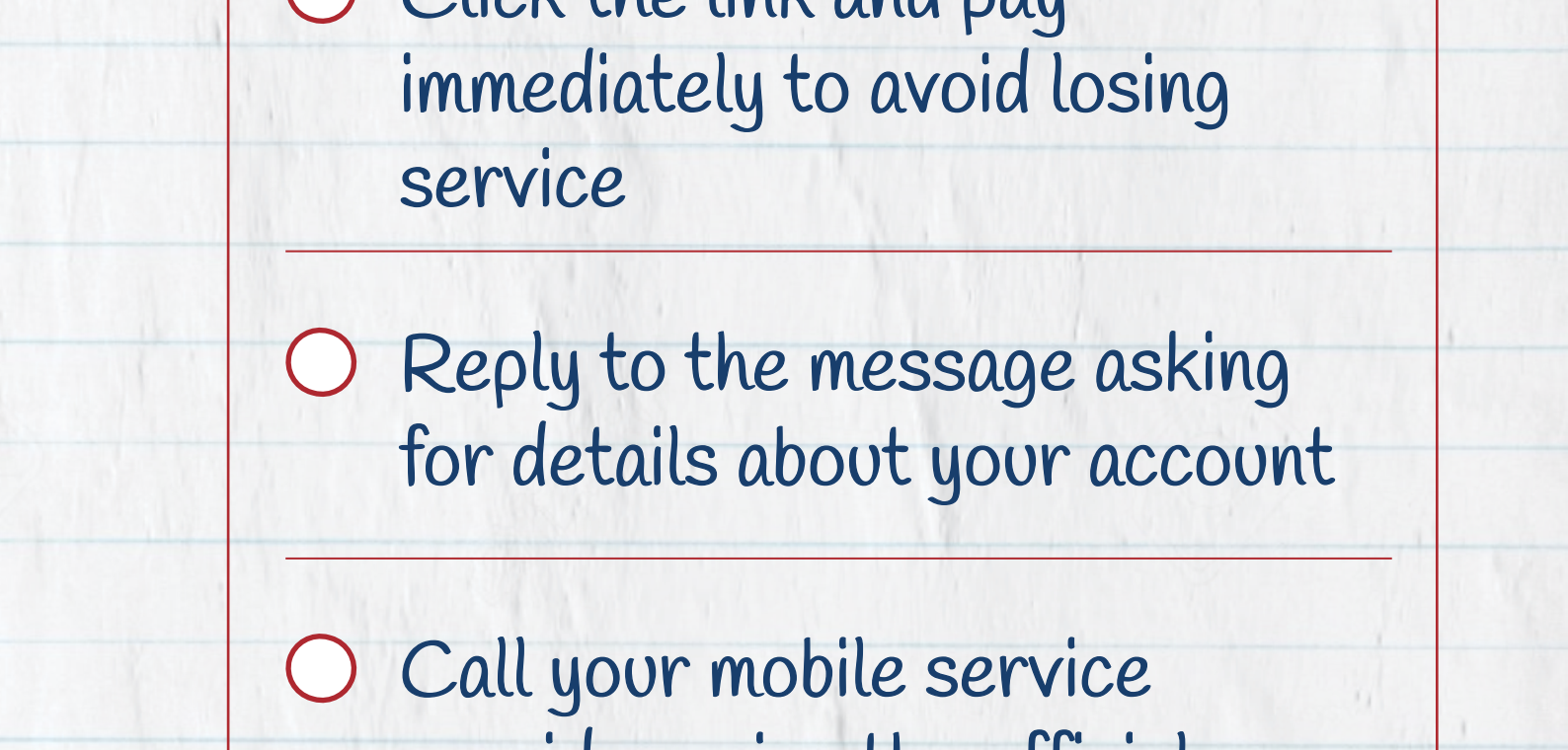


Q7) Where can you report phishing scams in India?

- ☐ Cybercrime Helpline 1930
- ☐ Your nearest police station only
- ☐ Local bank branch
- ☐ Social media platforms.

Q8) You receive an e-mail claiming to be from your bank, notifying you of a 'suspicious login attempt.' The e-mail asks you to click a link to verify your account details urgently. What should you do?

- ☐ Click the link and log in to secure your account
- ☐ Delete the e-mail without further action
- ☐ Contact your bank directly to verify if they sent the e-mail
- ☐ Reply to the e-mail asking for more information.



Q9) You receive an SMS from a known retailer saying you've won a shopping voucher. It asks you to click a link to claim it. What would you do?

- ☐ Click the link and enter your information to claim the voucher
- ☐ Contact the retailer's official customer service to verify the offer
- ☐ Ignore the message and delete it
- ☐ Forward the link to a friend to see if they know about this offer.

Q10) You receive an SMS from a number claiming to be your mobile service provider saying, 'Your account will be suspended due to overdue payments. Click here to pay now.' The link in the message looks unusual, with random letters and numbers. What should you do?

- ☐ Click the link and pay immediately to avoid losing service
- ☐ Reply to the message asking for details about your account
- ☐ Call your mobile service provider using the official number to check your account status
- ☐ Ignore the message and block the number.

END OF THE YEAR 2024 CHECKLIST

Here is a checklist for you to go through before the New Year starts:

☒ Take stock of your income and expenses

☒ Check your emergency funds

[OPEN FD FOR EMERGENCY FUND](#)

☒ Assess your debt situation and check your credit score

☒ Review your investment portfolio and other assets

☒ Pay Advance Tax by Dec 15, 2024

☒ If you need to submit investment proofs for income tax at your workplace in January:

☒ Complete your tax-saving investments under Section 80C and save receipts as proof of investment

[OPEN TAX SAVER FD](#)

[INVEST IN ELSS](#)

[INVEST IN PPF](#)

☒ Invest up to ₹50,000 in NPS to get additional tax deduction

[INVEST IN NPS](#)

☒ Collect all rail/air travel proofs if claiming LTA deduction

☒ Set up financial goals for 2025 and prepare your budget.

Answers of the Quiz

Q1:A | Q2:D | Q3:D | Q4:B | Q5:C
Q6:A | Q7:A | Q8:C | Q9:B | Q10:C



We're listening!

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to help us improve.

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