



SODHANI ACADEMY OF FINTECH ENABLERS LIMITED

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मस्ती की पाठशाला

Financial Literacy Program for Skill Development

(Under NEP 2020 Guidelines)



वित्तीय साक्षरता की ओर एक कदम

Student Handbook
Level - IV

First Edition 2025

₹ 450.00

ISBN : 978-81-985726-8-4

ISBN: 978-8-1985-7268-4



Published by



**SODHANI ACADEMY OF
FINTECH ENABLERS LIMITED**



Corporate Office :

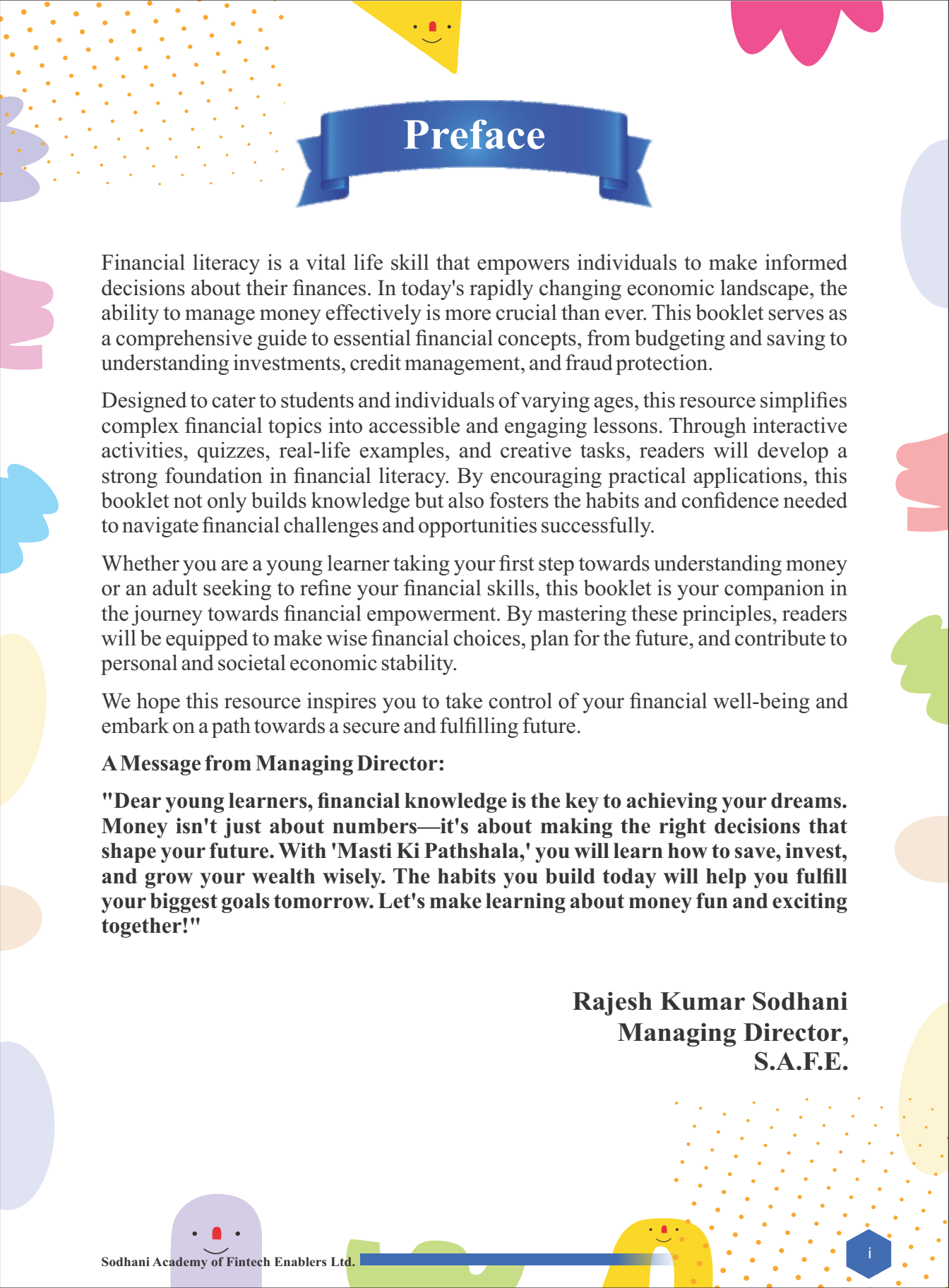
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Preface

Financial literacy is a vital life skill that empowers individuals to make informed decisions about their finances. In today's rapidly changing economic landscape, the ability to manage money effectively is more crucial than ever. This booklet serves as a comprehensive guide to essential financial concepts, from budgeting and saving to understanding investments, credit management, and fraud protection.

Designed to cater to students and individuals of varying ages, this resource simplifies complex financial topics into accessible and engaging lessons. Through interactive activities, quizzes, real-life examples, and creative tasks, readers will develop a strong foundation in financial literacy. By encouraging practical applications, this booklet not only builds knowledge but also fosters the habits and confidence needed to navigate financial challenges and opportunities successfully.

Whether you are a young learner taking your first step towards understanding money or an adult seeking to refine your financial skills, this booklet is your companion in the journey towards financial empowerment. By mastering these principles, readers will be equipped to make wise financial choices, plan for the future, and contribute to personal and societal economic stability.

We hope this resource inspires you to take control of your financial well-being and embark on a path towards a secure and fulfilling future.

A Message from Managing Director:

"Dear young learners, financial knowledge is the key to achieving your dreams. Money isn't just about numbers—it's about making the right decisions that shape your future. With 'Masti Ki Pathshala,' you will learn how to save, invest, and grow your wealth wisely. The habits you build today will help you fulfill your biggest goals tomorrow. Let's make learning about money fun and exciting together!"

Rajesh Kumar Sodhani
Managing Director,
S.A.F.E.

Authors



Rajesh Kumar Sodhani [Popularly known as Financial Doctor of Bharat] is a seasoned financial expert with 34+ years of experience in the industry. Having built everything from scratch since childhood, he has faced numerous challenges that shaped his deep understanding of the value and importance of money. His journey of struggle and perseverance made him realize the critical need for financial literacy from an early age.

Throughout his career, Rajesh Kumar Sodhani witnessed how a lack of financial knowledge holds young minds back from making informed decisions. Determined to bridge this gap, he set out on a mission to empower the next generation with essential money management skills. His dream has always been to make financial education accessible, engaging, and fun for children.

With his debut book, "Masti Ki Pathshala," he has transformed complex financial concepts into exciting, relatable lessons for school students. Through storytelling and interactive learning, he helps students grasp the fundamentals of saving, investing, and making wise financial choices—preparing them for a secure and independent future.



Ritika Sodhani (PGDBM) is truly making a significant impact on the future of financial literacy! Through her entrepreneurial journey and the creation of "Masti Ki Pathshala," she's breaking down financial concepts into engaging lessons for young minds. It's amazing how she's able to simplify complex ideas like saving, investing, budgeting, and smart spending for school students, making learning about money both fun and meaningful. Her ability to teach these important concepts through

interactive examples will definitely help young learners grow into financially smart individuals.

Ritika was inspired to focus on financial education for children after noticing that many young people lacked basic money management knowledge and often relied on others to handle their finances. This awareness led her to create Masti Ki Pathshala, where she aims to equip children with the skills they need to take control of their financial futures and understand the value of their earned money from an early age.



Prof (Dr.) Prashant Madan [PhD, LLM, LLB, MBA, M.Com, M.A] – An educationist, learner and mentor with a profound work experience of 27+ years and worked as head of Institution for more than a decade. With his vast experience amongst the students, the pillars of nation for the coming years he has always emphasized that the Financial Knowledge is the key to success. He has been a strong believer that only the society & nation can grow when the young citizens contribute more towards the

wealth creation. The wealth creation can be done & achieved only with financial literacy at an early age. This thought has led to the Emphasis of creating a Simple yet meaningful drive of Financial Literacy through the book “Masti Ki Pathshala”.

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Chapter 1: The History of Money

Bartering to Banknotes to Bitcoin

How money has changed over 5,000-plus years



Introduction

The terms "money" and "currency" are often used interchangeably. However, several theories suggest they are not identical. According to some theories, money is inherently an intangible concept. Currency, on the other hand, is the physical or tangible manifestation of the intangible concept of money.

According to this theory, money cannot be touched or smelled. Currency is the coin, note, object, or physical representation that is presented in the form of money.

The basic form of money is numbers while the basic form of currency is paper, banknotes, coins, or plastic cards like credit or debit cards. Though this distinction between money and currency is important in some contexts, for the purpose of this examination of the history of money, the terms are used interchangeably.

KEY TAKEAWAYS

- Money is a medium of exchange with a recognized value that was adopted to make it easier for people to trade products and services with one another.
- The history of money crisscrosses the world as various cultures recognize the need to simplify trade by introducing a single, portable token of value into the process.

- People bartered before the world began using money.
- The world's oldest known coin minting site was located in China, which began striking spade coins sometime around 640 BCE. Since then, the world has adopted banknotes and moved into digital forms of payment, including virtual currencies.

What Is Money?

Money doesn't always have value, whether it's represented by a seashell, a metal coin, a piece of paper, or a string of code mined electronically by a computer. With global wealth estimated to be about \$432 trillion at the end of 2023, the value of money depends on the importance that people place on it as a medium of exchange, a unit of measurement, and a storehouse for wealth.

Money allows people to trade goods and services indirectly. It helps communicate the price and value of goods and provides individuals with a way to store their wealth. It is valuable as a unit of account—a socially accepted standard by which things are priced and with which payment is accepted. However, both the usage and form of money have evolved throughout history.

From Bartering to Currency

Money has been part of human history for at least the past 5,000 years in some form or another. Before that time, historians generally agreed that a system of bartering was likely used. Bartering is a direct trade of goods and services.

For example, a farmer may exchange a bushel of wheat for a pair of shoes from a shoemaker. However, these arrangements take time.

A type of currency slowly developed over the centuries that involved easily traded items like animal skins, salt, and weapons. These traded goods served as the medium of exchange even though the value of each of these items was still negotiable in many cases. This system of trading is spread across the world and still survives today in some parts of the globe.

One of the greatest achievements of the introduction of money was the increased speed at which business, whether it involved mammoth slaying or monument-building, could be done.

In early August 2021, Chinese archaeologists with the State University of Zhengzhou announced the discovery of the world's oldest known, securely dated, coin minting site in Guanzhuang in Henan Province, China. A mint is a facility where currency is created. Sometime around 640 BCE, this facility began striking spade coins, one of the first standardized forms of metal coinage.

First Official Currency Is Minted

Meanwhile, farther west during this era, in 600 BCE, metal coinage was invented when Lydia's King Alyattes minted what is believed to be the first official currency,

the Lydian stater.

The coins were made from electrum, a mixture of silver and gold that occurs naturally, and the coins were stamped with images that acted as denominations.

Lydia's currency helped the country increase both its internal and external trading systems, making it one of the richest empires in Asia Minor. Today, when someone says, "as rich as Croesus," they are referring to the last Lydian king who minted the first gold coin.

Transition to Paper Currency

During 1260 CE, the Yuan dynasty of China moved from coins to paper money. By the time Marco Polo, a Venetian merchant, explorer, and writer who traveled through Asia along the Silk Road, visited China in approximately 1271 CE, the emperor of China had a good handle on both the money supply and its various denominations.

In fact, in the place where modern American bills say, "In God We Trust," the Chinese inscription at that time warned: "Those who are counterfeiting will be beheaded."

Parts of Europe still used metal coins as their sole form of currency until the 16th century. Colonial acquisitions of new territories via European conquest provided new sources of precious metals and enabled European nations to keep minting a greater quantity of coins.

But banks eventually started using paper banknotes for depositors and borrowers to carry around in place of metal coins. These notes could be taken to the bank at any time and exchanged for their face value in metal, usually silver or gold coins.

This paper money could be used to buy goods and services. In this way, it operated much like currency does today in the modern world. However, it was issued by banks and private institutions rather than the government, which is now responsible for issuing currency in most countries.

IMPORTANT

The gold standard was established in the 1870s. Under this rule, currency printing was permitted based on the amount of gold a country had in its reserves.

The first paper currency issued by European governments was actually issued by their colonial governments in North America. Because shipments between Europe and the North American colonies took a long time, colonies often ran out of cash.

The first instance was in Canada (then a French colony) in 1685 when soldiers were issued playing cards denominated and signed by the governor to use as cash instead of coins from France.

The Emergence of Currency Wars

The shift to paper money in Europe increased the amount of international trade that could occur. Banks and the ruling classes started buying currencies from other nations and created the first currency market.

The stability of a particular monarchy or government affected the value of the country's currency, and thus, that country's ability to trade on an increasingly international currency market.

The competition between countries often led to currency wars, where competing countries would try to change the value of the competitor's currency by driving it up and making the enemy's goods too expensive, by driving it down and reducing the enemy's buying power (and ability to pay for a war), or by eliminating the currency completely.

Mobile Payments

The 21st century gave rise to a novel form of payment activated with the touch of your finger. Mobile payments refer to money used to pay for goods and services. They can also be used to transfer money to another individual, such as a family member or friend. This can all be done using a portable electronic device, such as a smartphone or tablet device.

This form of payment first came to prominence in Asia and Europe before moving over to North America. From payments via text message, the technology evolved to allow cheques to be deposited using the camera app on smart devices.

Virtual Currency

Virtual currencies are only available in electronic form. As digital representations of money, this type of currency is stored and traded using computer applications or specially designated software. The appeal of virtual currency is that it offers the promise of lower transaction fees than traditional online payment mechanisms do and is operated by decentralized authorities, unlike government-issued currencies.

Bitcoin quickly became the standard for virtual currencies. It was released in 2009 by the pseudonymous Satoshi Nakamoto. All of the world's Bitcoin was worth \$1.14 trillion as of Aug. 7, 2024.

Keeping in mind, though, that virtual currencies like Bitcoin have no physical coinage because they are traded on exchanges.

Ancient transaction forms have been co-opted: for example, bartering still occurs on the margins in some markets such as the business-to-business (B2B) space and some consumer services. The monetary system will surely continue evolving as long as humans require a medium of exchange.

EVOLUTION OF MONEY

INTRODUCTION

There are three basic needs -food, clothing and shelter. These are essential for both men and women. In early ancient times, these needs were fulfilled but in vain through barter system. Money came into existence when it was needed. It fulfills needs easily but how it transformed into a credit card, that we need to know. There are five stages of evolution – Commodity Money (Goods), Metallic Money (Coins), Paper Money (Bank Notes), Credit Money (Cheques & DDs) and Plastic Money (Credit & Debit Cards).



1. COMMODITY MONEY

Money is a common thing used in exchange for purchasing goods and services. In ancient times, barter system was mostly prevailed in the world. This system started creating difficulties in trade as barter trade couldn't be done between two individuals if one has need for something that another have but the latter individual has no need of something that form Eris offering.

For eg: There are two farmers named A and B. A is growing wheat and B is growing rice. A needs rice and he is offering wheat to B but B has no need of wheat which is offered by A and, that's why, B didn't accept the offer given by A. So, there cannot be exchange between A and B. Thus, common things like shells, pebbles, salt, came into existence as common goods used for exchange. Now A can sell his wheat to C and, in return, he gets shells as money and, with this, he can buy rice from B and thus, his needs could be fulfilled easily through money. This was the birth of money and where ancient economy started to develop.



2. METALLIC GOODS

As people started using commodity as a money, new problems came into being. Commodity money had three common defects - perishability, indivisibility and heterogeneity. They were perishable so they couldn't be kept for a long time and so, people couldn't repay their loans or they couldn't save it for future needs. It was hardly divisible as commodities like cows, salt, etc are useless if divided. So, it was difficult to buy a product in a value which is half of currency's value. Different commodities were used in different markets or cities as a currency, that's why, intercity trade was almost impossible. For eg: A lives in city X and B lives in city Y. A cannot trade with B because the city X accepts shells for currency and city Y accepts cattle as a currency. So, ancient civilizations devised metallic money to solve these problems.

Metallic money was durable - it can be saved for a long time and can be used for future repayments or can be saved for future needs. People of ancient civilizations manufactured coins in different metals to indicate different values - gold coins were used for highest valuable goods and so, it can be divided into smaller values by exchanging gold coin for two silver or three bronze coins which have value smaller than gold coin. Coins were acceptable in more than one city, so A can trade with B as cities X and Y have accepted same metallic currency system.



3. PAPER MONEY

As people started using metallic money, it was hardly portable. As trade and commerce increased, people started becoming rich but it was virtually impossible to possess vast amount of coins as they were very heavy and bulky. So, during early medieval time in far east, people started developing paper money as paper is a material lighter than coins and so they could be carried easily from one place to another and the speed of trade would increase. Now, people were able to possess (somewhat) vast amount of money.



4. CREDIT MONEY

As money became the household's main needs and greed overtook relationship in its importance, life was not safe and money had no protection from theft. To solve this, a banking system was developed. Through this system, people can save their earning in a given account and can ask for loans for their needs. As money lenders normally exploit poor people, bank took the responsibility to provide loans without having danger in their life. It is a systematic institution from which people can purchase goods or services by transferring money from their account to the seller's account easily by using an instrument named cheque. Any amount of money, high or low, can be transferred through cheque by writing that amount of money on it. Also, many governments have their own bank for saving and protecting public money and this led to control of flow of money in a country's economy. And thus, banking became the backbone of household as well as national economy.



5. PLASTIC MONEY

When digitization of information & data process started, banks took advantage and digitized their accounts. Also, the age of computer and internet created a favourable atmosphere for creating plastic money. Plastic Monies are of two types – credit card and debit card. ATM started to develop and plastic money could be converted in cash through this machine. Plastic monies are swiped for transaction and nothing but transaction could be done. It has become a symbol of modernity. Modern shops asks for credit card except from people who don't have it. Only bank balance could be transferred and not plastic card itself. It is portable, durable and divisible



Chapter 2: Financial Literacy

Introduction

Financial literacy is the ability to understand and manage personal finances effectively. It includes key concepts like budgeting, saving, investing, managing credit, and planning for retirement. Understanding these concepts is essential in today's world, where economic challenges and opportunities constantly arise. Financial literacy empowers individuals to make informed decisions, avoid financial pitfalls, and plan for a secure future.



Key Components of Financial Literacy

Budgeting: Tracking income and expenses to make informed spending decisions.

Saving: Setting aside money for emergencies, goals, and future needs.

Investing: Allocating money to assets that grow in value over time.

Credit Management: Understanding how to manage credit and debt wisely.

Retirement Planning: Saving for life after work by investing in retirement accounts.

Definition of Financial Literacy

Financial literacy is the ability to use knowledge and skills to manage financial resources effectively. It helps people set realistic financial goals, create budgets, save for emergencies, make smart investment decisions, and prepare for retirement.

A financially literate person understands financial statements, interest rates, loan terms, and investment options. This knowledge empowers individuals to manage their money better, avoid debt traps, and plan for a secure financial future.

Importance of Financial Literacy



1. Empowerment in Financial Decision-Making

Financial literacy gives individuals the confidence to make informed choices, leading to improved financial habits such as budgeting and saving.

2. Prevention of Financial Pitfalls

Financial literacy helps avoid common mistakes like falling into debt or relying on high-interest loans. Understanding money management can prevent these problems and ensure better financial health.

3. Promotion of Economic Stability

A financially literate population is more likely to save and invest, boosting economic growth and stability. Financial education helps reduce reliance on government assistance programs.

4. Enhancing Quality of Life

Good financial management reduces stress, improves savings, and enables individuals to enjoy life without constant financial worries. Financial literacy supports better decision-making for future goals and aspirations.

5. Fostering Social Equity

Financial literacy promotes social equity by helping marginalized communities access the knowledge they need to achieve financial independence, thereby reducing economic disparities.

6. Planning for the Future

Financial literacy is essential for long-term planning, including retirement and wealth-building strategies. Individuals who understand how to plan for the future are more likely to secure financial stability.

Need for Financial Education



Financial education is particularly important for groups such as:

- **Low-Income Families:** They often face financial instability due to limited access to resources and financial education.
- **Young Adults:** Many face challenges like student debt and credit management without sufficient financial knowledge.

Tailored financial education programs can empower these groups to make better financial choices, improve stability, and achieve their long-term goals.

Role of Financial Literacy



Economic Empowerment: Financial literacy enables individuals to control their financial future and reduce stress related to money.

Social Equity: By improving access to financial education, societies can reduce economic disparities and ensure equal opportunities for all.

Together, all components form the foundation of sound financial decision-making, empowering individuals to achieve their financial goals and enhance their overall quality of life.

1. Budgeting

- Budgeting's often regarded as the cornerstone of financial literacy. It involves tracking income and expenses to create a plan for managing money effectively.
- A well-structured budget enables individuals to allocate resources towards essential needs, discretionary spending, and savings.
- By analyzing spending patterns, individuals can identify areas where they might be overspending and adjust their habits accordingly.
- Additionally, budgeting fosters a sense of accountability and discipline, as individuals become more aware of their financial choices and their impact on overall financial health.

2. Saving

- Saving is another crucial aspect of financial literacy. The ability to save money is fundamental for achieving both short-term and long-term financial goals.
- Establishing an emergency fund, saving for major purchases, or planning for retirement requires a strategic approach to saving.
- Financially literate individuals understand the importance of setting aside a portion of their income regularly and the benefits of compound interest.
- By prioritizing savings, individuals can build a financial cushion that provides security and flexibility in times of need.

3. Investing

- Investing expands the realm of financial literacy beyond basic money management.
- It involves allocating resources to various assets with the expectation of generating a return.
- A foundational understanding of investment principles, such as risk and

return, diversification, and asset allocation, empowers individuals to make informed choices about how to grow their wealth over time.

- While investing can seem daunting, a strong grasp of financial concepts can demystify the process, enabling individuals to engage confidently in investment opportunities that align with their financial goals.

Financial literacy is the foundation of personal finance management. It helps individuals understand how to:

- Set financial goals and budgets.
- Save for emergencies and future needs.
- Invest wisely to grow wealth over time.
- Manage credit and debt effectively.



Promoting financial literacy at all ages, from childhood to adulthood, is crucial for fostering a financially stable society.

Benefits of Financial Literacy



Improved Financial Health: Individuals can make better decisions about spending, saving, and investing.

4. Credit Management

- Credit management is another critical component of financial literacy.
- Understanding how credit works, including credit scores, interest rates, and loan terms, is essential for making informed decisions about borrowing.
- A strong credit score can significantly impact an individual's ability to secure loans, obtain favorable interest rates, and access financial products.
- Financially literate individuals are equipped to manage credit responsibly, avoiding excessive debt and understanding the implications of their borrowing choices.

5. Retirement Planning

- Retirement planning is a vital aspect of financial literacy that involves preparing for financial stability in one's later years.
- Understanding the different retirement savings options, such as employer-sponsored retirement plans and Individual Retirement Accounts (IRAs), is crucial for building a sustainable retirement fund.
- Financial literacy equips individuals with the knowledge to assess their retirement needs, set realistic savings goals, and choose appropriate investment strategies to secure their financial future.

Inflation

Inflation means the rise in the prices of goods and services. Inflation is defined as a sustained increase in the general price level for goods and services.



What are the effects of inflation?

Inflation reduces the purchasing power of the money. Inflation reduces unemployment. The price of goods and services become more expensive. An inflation rate of 2% to 3% is good for the economy but higher rates of inflation can be very bad for consumers and the economy of a nation. High inflation rates will impact borrowing money, increase the cost of doing business, and will also increase the cost of living.

What are the 5 causes of inflation?

The 5 causes of inflation are-

- Increase in wages
- Increase in the price of raw materials
- Increase in taxes
- Decline in productivity
- Increase in money supply

Interactive Activities

1. Quiz Time

- What is the purpose of budgeting?
- Why is credit management important?

2. Real-Life Story

- Write and discuss a case study of a person who improved their financial health by using budgeting and saving strategies.

3. Creative Task

- Design a poster or info graphic explaining the importance of saving money.



Glossary

1. **Compound Interest:** Earnings on both the initial principal and the accumulated interest.
2. **Diversification:** Spreading investments to reduce risk.
3. **Credit Score:** A number representing an individual's credit worthiness.



Summary

Financial literacy is essential for individuals to make informed decisions about their finances, helping them achieve financial stability and security. By understanding the basics of budgeting, saving, investing, and credit management, individuals can improve their quality of life, promote economic growth, and work towards long-term financial goals. Financial literacy benefits not just individuals but entire communities, leading to greater social equity and economic stability.



Question Section

Fill in the Blanks

1. Financial literacy includes understanding budgeting, saving, investing, and _____.
2. A financially literate person understands the importance of _____ for future needs.
3. The key to preventing financial pitfalls is _____.
4. Financial literacy helps individuals plan for _____.
5. Good financial habits lead to _____ quality of life.

Multiple Choice Questions

1. What is the main purpose of budgeting?
 - (a) To save money for emergencies
 - (b) To track income and expenses
 - (c) To invest in the stock market
 - (d) To plan for retirement
2. Which of these is NOT part of financial literacy?
 - (a) Saving for emergencies
 - (b) Managing credit
 - (c) Spending without limits
 - (d) Planning for retirement
3. Why is investing important?
 - (a) To spend money immediately
 - (b) To grow wealth over time
 - (c) To manage debt
 - (d) To buy unnecessary items

True/False

1. Financial literacy includes only managing credit and debt.
2. Saving money helps build financial security for future needs.
3. Financial literacy is not important for young adults.
4. Retirement planning is only for people over 50.

One-Liner Questions

1. What is one benefit of financial literacy?
2. What is budgeting?
3. Why is credit management important?
4. What is the key to successful saving?

Chapter 3: Budgeting

Introduction

Budgeting helps you manage your money better. It's about knowing how much money you have, what you spend it on, and how you can save for the future. By budgeting, you can plan for important goals like buying something special, saving for school, or even helping our families. Let's learn how to do this step by step!



Cash Inflows and Cash Outflows

Cash Inflows (Income): Sources and Management

Income refers to the money received by individuals or households, typically as compensation for work, investments, or other sources. Understanding the various sources of income is essential for effective financial planning.

The primary sources of income include earned income (salaries, wages, bonuses, commissions), unearned income (interest, dividends, rental income), and other forms such as government assistance or gifts.

Effective management of income begins with assessing the total amount received. This includes not only regular salary but also any supplementary income, such as part-time jobs, freelance work, or side businesses. By determining the total income, individuals can establish a clear picture of their financial situation and how much money is available for budgeting purposes.

It is important to differentiate between gross income (the total earnings before taxes and deductions) and net income (the amount received after taxes and other deductions). Net income is crucial for budgeting since it represents the actual amount of money available for spending and saving. Understanding the nuances of income management is vital for individuals to make informed financial decisions and set realistic financial goals.



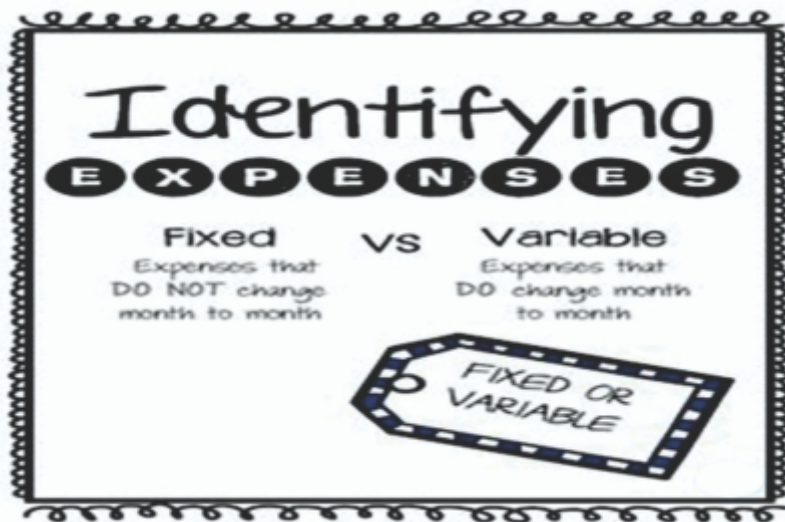
Cash Outflows (Expenses): Tracking and Categorizing

Expenses are the costs incurred for goods and services consumed, and they can be broadly categorized into fixed and variable expenses. Fixed expenses are those that remain relatively constant from month to month, such as rent or mortgage payments, insurance premiums, and loan repayments. In contrast, variable expenses fluctuate based on consumption and can include groceries, entertainment, and dining out.

Tracking expenses is a crucial step in understanding one's spending habits and identifying areas where adjustments can be made. By keeping a detailed record of expenditures over a specific period, individuals can gain insights into their spending patterns. Various tools can assist in tracking expenses, including mobile apps, spreadsheets, or even pen-and-paper methods.

Categorizing expenses allows individuals to assess their financial priorities and determine where to allocate funds. For instance, essential expenses such as housing, utilities, and transportation should take precedence over discretionary spending on entertainment or luxury items. By understanding the different categories of expenses, individuals can develop a more structured approach to managing their finances.

Types of Expenses



1. Fixed Expenses:

These are expenses that you pay for every month, like school fees, rent, or subscriptions. They don't change much.

2. Variable Expenses:

These are expenses that change every month, like snacks, clothes, or outings. You can try to spend less on these.

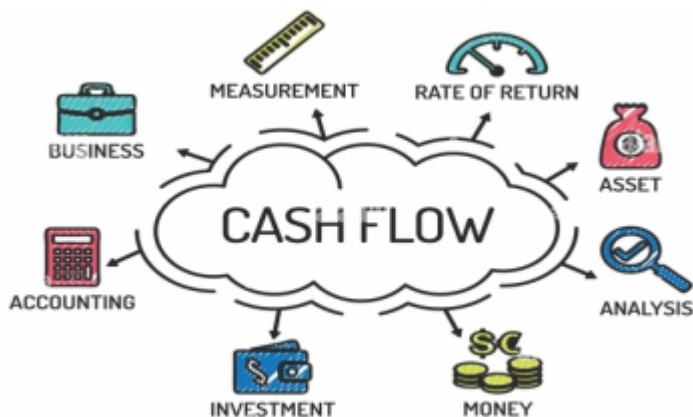
How to Manage Expenses:

- Write down all expenses to see where your money goes.
- Look for ways to save. For example, instead of buying snacks every day, you could bring homemade treats!

Factors Affecting Cash Flows

Cash flow is the amount of cash and cash-equivalents that move in and out of a business. Many factors can affect cash flow, including:

- **Receivables and payables:** How much money is coming in and going out of the business:
 - ★ **Accounts receivable:** The amount of money owed to the business by customers and other debtors.
 - ★ **Accounts payable:** The amount of money owed by the business to suppliers and other creditors.
 - ★ **Days payable outstanding:** How quickly a business pays its suppliers.
- **Inventory:** Too much inventory can tie up funds that could be used elsewhere.
- **Credit policy:** Whether to grant credit to customers or not.
- **Cash discounts:** Can encourage customers to pay more quickly.
- **Investing and financing:** Investment decisions, such as purchasing real estate or equipment, can decrease cash flow.
- **Average collection period:** How long it takes to convert sales into cash.
- **Accounts receivable to sales ratio:** The ratio of accounts receivable to monthly sales.
- **Social factors:** How the demographics and social norms of the target market impact the business.
- **Income versus expenses:** Cash in versus cash out, both today and forecasted over the next six months.



What is Budgeting?

What does “budgeting” mean?

A budget is like a plan for your money. It shows how much you earn (called “income”) and where you spend it (called “expenses”). A budget helps you save money and avoid spending too much.

Budgeting Process

Income

Write down your monthly income and pocket money

Need or Want

Write and Understand what you spend your money on

Calculate

Calculate all expenditures and savings for your income

Manage & Track

Make a plan for all and track all your spending & savings

Why is budgeting important?

- It helps you know if we're spending too much.
- We can save for exciting goals like a bicycle, toys, or even college!
- It keeps you prepared for emergencies.

How to Budget ?



Step 1: Know Your Income

Income is the money you get. It could be pocket money, gifts, or allowances. Write down how much money you have.

Step 2: List Your Expenses

Expenses are things you spend your money on, like snacks, books, or toys. Write down everything you spend.

Step 3: Save Some Money

Always try to save a little! For example, if you get ₹100, you can save ₹20 and spend ₹80. Saving means keeping money for something important later.

Step 4: Stick to the Plan

Once you know your income and expenses make a plan and follow it. Don't buy things that aren't in your plan!

Saving Money



Why is saving important?

Saving helps you to be ready for surprises, like buying a gift for a friend's birthday or fixing a broken toy. It also lets us reach big goals, like a fun vacation or a new gadget.

How to save money:

- Save first: Keep a small part of your income aside before you spend anything.
- Use a piggy bank or a savings account.
- Set goals: Decide what you're saving for and how much you need.

Tools for Budgeting



Using Simple Tools:

- A notebook to write down income and expenses.
- A calculator to add everything up.

Digital Tools:

- Budgeting apps like Mint or Good budget.
- Spreadsheets to track your money.

Budgeting Tips for Families



Why is it important for families to budget?

Families need to budget to plan for bills, groceries, and saving for future goals like a family vacation or new appliances.

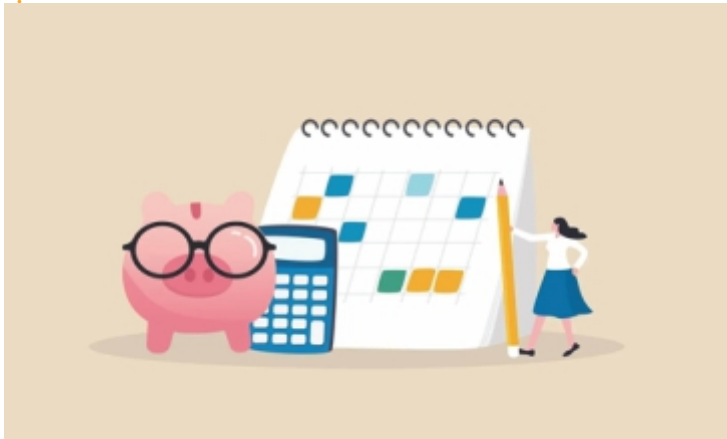
Fun Family Budgeting Tips:

- Hold a family meeting to decide what to save for.
- Create a family piggy bank.
- Track spending as a group and celebrate savings milestones.

Interactive Activities

1. **Money Tracker Game:** Write down all the things you spend money on this week. Did you spend more on snacks or toys?
2. **Savings Challenge:** Save ₹10 every week for a month. Think what will you buy with ₹40?
3. **Budget Poster:** Design a colorful poster showing why saving money is cool!
4. **Family Budgeting Challenge:** Work with your family to create a budget for a fun activity like a picnic. How much can you save together?

Glossary



1. **Income:** Money you earn or receive.
2. **Expenses:** Things you spend money on.
3. **Savings:** Money you keep for the future.
4. **Budget:** A plan to manage income and expenses.
5. **Fixed Expenses:** Regular costs like rent or school fees.
6. **Variable Expenses:** Changing costs like snacks or clothes.

Summary

Budgeting is a powerful tool to manage your money. It helps you know your income, control expenses, and save for the future. By following simple steps and sticking to a plan, you can reach your goals, avoid overspending, and feel more in control of your finances. Start small, and soon you'll be a budgeting expert!



Questions Section

Fill in the Blanks:

1. A helps us manage our money.
2. Money we earn is called
3. Always try to save of what you earn.

Multiple Choice Questions:

1. What is “income”?
 - (a) Money you spend
 - (b) Money you save
 - (c) Money you earn
2. Why is it important to save money?
 - (a) For emergencies
 - (b) For future goals
 - (c) Both

True/False:

1. Expenses are the money you earn.
2. Saving money helps us be ready for surprises.
3. Fixed expenses change every month.

One-Liner Questions:

1. What is a budget?
2. Why should we save money?

Chapter 4: Financial Services Sector

Introduction

Financial literacy is the ability to understand and effectively manage personal finances. It encompasses essential knowledge and skills required to make informed financial decisions. This unit delves into critical aspects of financial literacy, such as the role of the Reserve Bank of India (RBI), the concept of banking, and steps to open a bank account. We will also explore the functions and significance of cheques in modern banking.



Reserve Bank of India (RBI)

Introduction

The Reserve Bank of India (RBI) is the central bank of India, responsible for maintaining financial stability and promoting economic growth. It governs the country's monetary policy and oversees various financial institutions.



Functions of RBI

- **Implements Monetary Policy:** Ensures price stability and manages inflation.
- **Manages Foreign Exchange Reserves:** Maintains the stability of the rupee in the global market.
- **Acts as a Banker to the Government:** Manages public debt and issues government securities.
- **Financial Regulation and Supervision:** Ensures the soundness of the banking system.
- **Issuance of Currency:** The sole authority to issue banknotes in India.

Significance

The RBI plays a pivotal role in regulating the financial ecosystem, ensuring the safety of depositors' money, and fostering economic development.

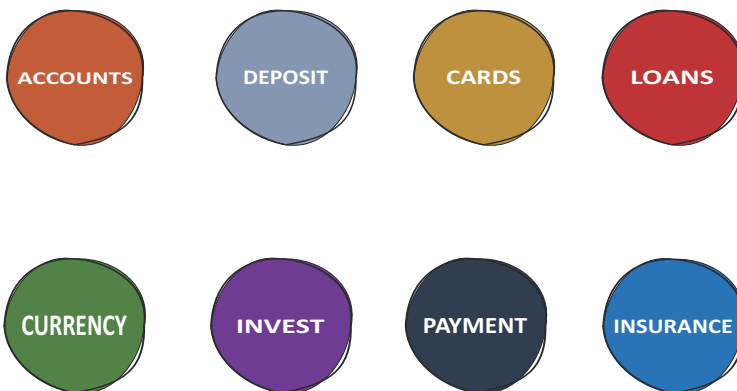
The Reserve Bank of India (RBI) plays a prominent role as the Central Bank of India and has the power to control the monetary situation of the entire country. Apart from the issuance of currency, RBI performs various other important functions that impact the Indian economy in a significant way:

- Implements monetary policies
- Manages foreign exchange reserves
- Acts as a banker to the government
- Financial regulation and supervision
- Governs the policies for other banks to follow

What is a Bank?

Introduction

Banks are financial institutions that provide various services, including accepting deposits, granting loans, and facilitating transactions. They form the backbone of a country's economy.



Services Offered by Banks

- **Deposit Accounts:** Savings and current accounts for managing funds.
- **Loans:** Personal, housing, and business loans.
- **Cards:** Debit and credit cards for seamless transactions.
- **Insurance:** Protection plans for health, life, and assets.
- **Investments:** Fixed deposits and mutual funds.
- **Payments:** Digital platforms for utility bills and fund transfers.

Importance of Banks

Banks enable individuals and businesses to save money, access credit, and invest in economic opportunities, contributing to overall financial stability.

Banking services are fundamental components of modern economies, serving as the backbone of financial systems. They facilitate various financial transactions, provide access to credit, and contribute to economic growth and stability. This chapter introduces the essential concepts of banking services, including types of banks, their functions, and the various products and services they offer. Understanding banking services is crucial for individuals, businesses, and communities seeking to navigate the financial landscape effectively.

Steps to Open a Bank Account



Step-by-Step Process

1. **Decide the Type of Account:** Choose between savings, current, or fixed deposit accounts.
2. **Visit the Bank:** Approach a branch and meet the bank officials.
3. **Fill the Application Form:** Provide details like name, address, and contact information.
4. **Submit Required Documents:** Ensure all documents are verified.
5. **Deposit Initial Amount:** Activate the account by depositing the required sum.

Documents Required

- **Identity Proof:** Aadhaar card, passport.
- **Address Proof:** Utility bill, voter ID.
- **Signature Proof:** PAN card, passport.
- **Minor Proof:** Birth certificate (if applicable).
- **KYC Documents:** Ensures customer authenticity.

Key Points

Ensure that the name and address on the documents match those provided in the application form.

Cheques – An Instrument of Exchange

Introduction

Cheques have long been a trusted method of transferring money. Despite the growing popularity of online banking, cheques remain integral to financial transactions.



How Cheques Work

1. The payer issues a cheque to the payee.
2. The payee deposits the cheque in their bank.
3. The payee's bank presents the cheque to the payer's bank.
4. The payer's bank verifies and transfers the funds.
5. The amount is credited to the payee's account.

Key Elements of a Cheque

- **Payer's Name and Signature:** Identifies the account holder.
- **Payee's Name:** Indicates the recipient.
- **Date:** Specifies when the cheque is valid.

Benefits

- Provides a secure way of transferring money.
- Acts as a record for financial transactions.

Interactive Activities

1. Quiz Time

- What is the main function of the RBI?
- Name any two documents required to open a bank account.

2. Real-Life Example

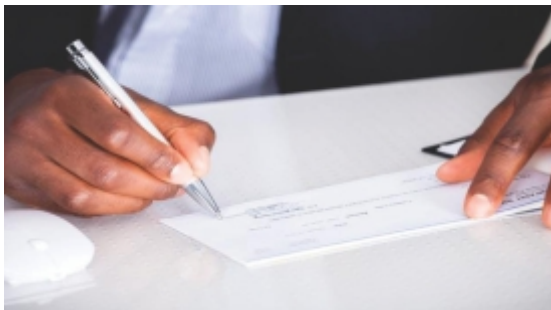
- Discuss how banking services helped a local business to grow.

3. Creative Task

- Design a poster explaining the steps to open a bank account.



Glossary



- **Monetary Policy:** Strategies used by a central bank to control inflation and stabilize the economy.
- **KYC:** A process to verify the identity of bank customers.
- **Cheque:** A document that orders a bank to pay a specific amount from the payer's account.

Summary

Financial literacy equips individuals with the knowledge and skills needed to make sound financial decisions. From understanding the role of the RBI to learning how banks operate and mastering the use of cheques, this unit highlights the significance of financial education in modern life. By fostering awareness and enabling informed decisions, financial literacy contributes to economic growth and personal empowerment.



Question Section

Fill in the Blanks

1. The Reserve Bank of India is responsible for issuing _____.
2. Cheques remain at the core of the _____ industry.
3. KYC stands for _____.
4. Banks provide financial _____ to businesses.
5. The first step in opening a bank account is to decide the _____ of account.

Multiple Choice Questions

1. Which organization issues currency in India?
 - (a) SBI
 - (b) RBI
 - (c) NABARD
 - (d) IRDAI
2. What is required for KYC compliance?
 - (a) Aadhaar Card
 - (b) Passport
 - (c) PAN Card
 - (d) All of the above
3. What is the primary purpose of a cheque?
 - (a) Deposit money
 - (b) Withdraw money
 - (c) Transfer money
 - (d) Open an account

True/False

1. Banks offer investment services.
2. The RBI does not regulate monetary policy.
3. A cheque can be issued without a signature.

One-Liner Questions

1. What does KYC ensure?
2. Name one financial service provided by banks.
3. What is the function of a cheque?

Chapter 5: Managing Your Own Money

Introduction

Managing money effectively is an essential skill for individuals of all ages. Understanding banking services, budgeting, and digital financial tools enables individuals to make informed decisions, achieve financial goals, and maintain stability. This unit explores key topics such as banking functions, types of bank accounts, budgeting, and digital banking innovations like Unified Payments Interface (UPI) and mobile wallets.

Banking Basics

Introduction

Banks are integral to modern economies, facilitating financial transactions and contributing to economic growth. This chapter delves into the core functions of banks and the various types of bank accounts they offer.

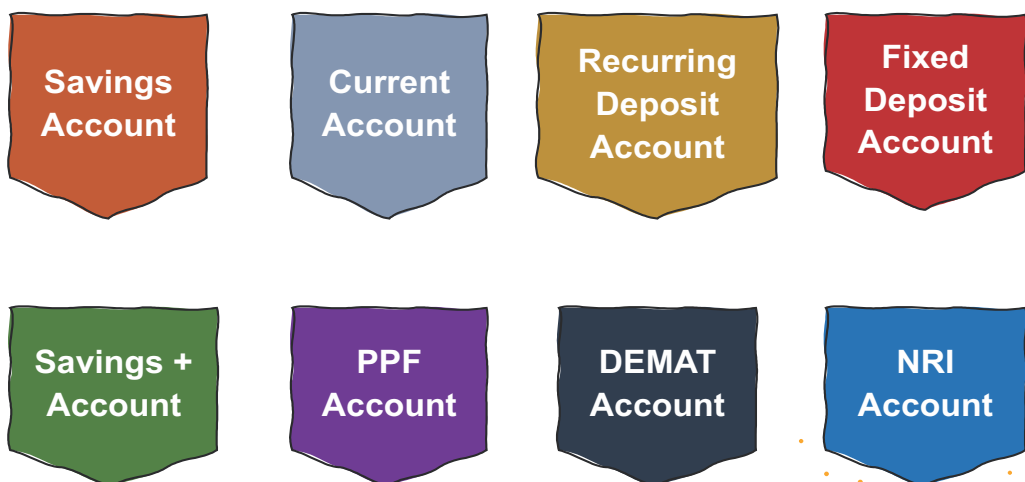


Functions of Banks

- **Accepting Deposits:** Safeguarding public savings and offering interest.
- **Providing Loans:** Funding individuals and businesses for diverse needs.
- **Facilitating Payments:** Enabling cashless transactions through cheques, cards, and digital platforms.
- **Currency Exchange:** Assisting with foreign exchange transactions.
- **Financial Advisory Services:** Helping customers plan investments and savings.



Types of Bank Accounts



1. **Savings Account:** Ideal for personal savings and everyday transactions. Provides a modest interest rate on deposits.
2. **Current Account:** Designed for businesses with high transaction volumes. It allows unlimited deposits and withdrawals but usually doesn't offer interest.
3. **Recurring Deposit Account (RD):** Encourages disciplined savings with fixed monthly deposits and higher interest rates compared to savings accounts.
4. **Fixed Deposit Account (FD):** Offers higher interest rates for lumpsum deposits over a fixed tenure, ranging from months to years.
5. **DEMAT Account:** Holds securities like stocks, bonds, and mutual funds electronically, simplifying investment management.
6. **NRI Account:** Tailored for Non-Resident Indians to manage finances in India while residing abroad.

Automated Teller Machines (ATMs)

Introduction

ATMs have revolutionized banking by providing round-the-clock access to financial services. This chapter highlights the benefits, functions, and tips for safe ATM use.



Benefits of ATMs

- **Convenience:** Access cash 24/7 without visiting a bank branch.
- **Time-Saving:** Perform transactions like balance inquiries and mini-statements quickly.
- **Interoperability:** Use any bank's ATM for basic services.
- **Additional Services:** Options for fund transfers, utility bill payments, and PIN changes.

ATM Functions

- Cash Withdrawals
- Balance Inquiries
- Fund Transfers
- Bill Payments
- Mini-Statement Printing
- Deposits (in some ATMs)

Tips for Safe ATM Use



- Keep your PIN confidential.
- Avoid using ATMs in isolated areas.
- Check for any suspicious device before inserting your card.
- Ensure privacy during transactions.
- Log off completely after your transaction

Card Based Payments

The objective of this section is to make students aware of banking cards,.

In the previous sections, you have learnt about the importance of banks and the various services they offer. Apart from cheques, banking cards are also important tools for making convenient transactions. Let's learn about them...

Debit Cards: Debit cards serve a dual purpose. They allow the account holders to perform banking transactions through the ATM machine such as deposits, cash withdrawals and access account information.



Credit Cards: As the name suggests, credit cards are instruments that provide instant credit to the cardholders. When a credit card is used for making a transaction, the amount is not deducted from the bank account but is provided as credit by the issuing bank. The cardholder is provided with a time period; generally a month, to pay back the amount to the bank.

4 DON'TS OF ONLINE BANKING

	DON'T S HARE YOUR OTP AND OTHER ACCOUNT DETAILS
	DON'T C LICK LINKS
	DON'T A DD UNKNOWN DEVICES TO YOUR ACCOUNT
	DON'T M AKE YOUR ACCOUNT DETAILS AVAILABLE ONLINE

Budgeting and Savings

Introduction

Budgeting is a cornerstone of effective money management. This chapter explains how to create a budget, manage expenses, and encourage savings.



- It's convenient some people empty every evening the loose change in their wallet into their piggy bank, The basic idea behind the piggy bank is that coins can go a long way.
- It's easy once the pig's belly is full, it's usually opened; money is laid out on the kitchen table, counted and then spent (on that gift you always wanted, as holidays pocket money...) or given (to your children, grandchildren or a preferred charity). Nothing prevents you from putting the piggy bank's savings into your savings account!
- It's educational the visual aspect of seeing the heap of money after the savings exercise is very rewarding. Piggy banks are an excellent educational tool to help young children perceive the benefits of savings.



Spending



Saving



Sharing

Basics of Budgeting

1. **Set Financial Goals:** Define short-term and long-term objectives.
2. **Track Income and Expenses:** Record monthly earnings and expenditures to identify spending patterns.
3. **Allocate Funds Wisely:** Prioritize essentials like food, housing, and transportation.
4. **Review and Adjust:** Regularly evaluate your budget and make necessary changes to stay on track.

Spending

- The bank holds money that a child can spend on fun, minor purchases such as snacks, small toys or inexpensive apps from a parent's tablet or phone.



Saving

- This bank funds bigger-ticket purchases, such as Toys a Bicycle or video games.



Sharing

- This bank's funds help others and can be used for charitable efforts such as supporting an animal shelter or providing books for school children.



Savings Strategies

- **Use Piggy Banks:** Encourage children to save with visual rewards and fun practices.
- **Open Recurring Deposit Accounts:** Save consistently with higher interest rates for a secure future.
- **Plan for Emergencies:** Set aside funds to handle unexpected expenses without financial stress.
- **Invest Wisely:** Explore options like fixed deposits, mutual funds, or PPF accounts for long-term growth.

Digital Banking

Introduction

Digital banking has transformed the way individuals access financial services. This chapter explores digital tools like UPI, mobile wallets, and cyber security measures.



Unified Payments Interface (UPI)

- **Key Features:**
 - Instant money transfers between bank accounts.
 - Transactions using UPI IDs or QR codes.
 - 24/7 availability and enhanced security.
- **Benefits:** Simplifies payments and reduces dependency on cash. Facilitates peer-to-peer (P2P) and person-to-merchant (P2M) transactions seamlessly.

Mobile Wallets

Key Features:

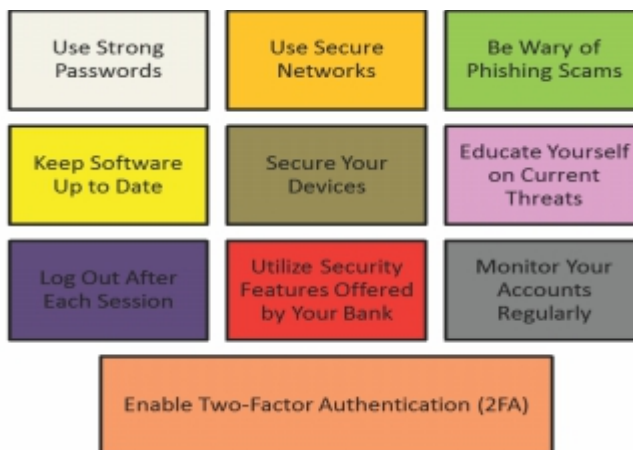
- Store funds electronically and make transactions via smart phones.
- Offers rewards like cash back and discounts.
- Integrates with services like bill payments, investments, and insurance.

Popular Platforms: Paytm, Google Pay, PhonePe, Mobikwik.



Cyber security Tips

- Use strong passwords and change them regularly.
- Avoid sharing personal details online.
- Verify URLs before logging into digital banking portals.
- Enable two-factor authentication for added security.
- Monitor your accounts regularly for unauthorized transactions.



Types of Post Office Accounts

1. **Post Office Savings Account:** A safe investment option for regular savings.
2. **Recurring Deposit Account:** Promotes disciplined savings with fixed monthly deposits.
3. **Fixed Deposit Account:** Offers guaranteed returns on lumpsum deposits.
4. **Public Provident Fund (PPF):** A long-term savings scheme with tax benefits.
5. **Sukanya Samriddhi Account:** Tailored for girl children to ensure their financial security.
6. **Kisan Vikas Patra:** A certificate scheme doubling the investment in a fixed time frame.

Modes of Delivery

- **Road:** Suitable for local and regional deliveries.
- **Rail:** Ideal for long-distance transport within the country.
- **Air:** Ensures faster delivery for urgent packages.
- **Waterways:** Used for specific regions inaccessible by land.

The mode of delivery is determined by the customer's requirements and the distance and location of the delivery. Customers can also choose the mode of delivery. India Post also offers a Cash on Delivery (COD) facility.



Interactive Activities



1. Quiz Time:

- What are the primary functions of banks?
- Name two tips for safe ATM usage.

2. Case Study:

- Discuss how digital banking tools have transformed a small business.

3. Creative Task:

- Design an info graphic showing the benefits of budgeting.

Glossary

- **Budgeting:** The process of planning income and expenses.
- **Recurring Deposit (RD):** A savings scheme involving fixed monthly deposits.
- **Digital Wallet:** A smart phone application for storing payment details and making transactions.
- **Cybersecurity:** Measures taken to protect digital information and systems.
- **Kisan Vikas Patra:** A government savings scheme doubling investments in a fixed period.

Summary

Managing money is a skill that combines knowledge, planning, and discipline. From understanding bank functions to leveraging digital tools like UPI and mobile wallets, this unit equips learners with practical financial insights. By budgeting effectively and adopting secure digital practices, individuals can achieve financial independence and contribute to economic growth.

Live within your means!



India Post Banking Services

Introduction

India Post offers a wide range of financial services, combining traditional banking with postal facilities. This chapter explores its key features and services.



Types of Post Office Accounts



Question Section

Fill in the Blanks

1. Fixed Deposit account offers _____ interest rates compared to savings accounts.
2. UPI enables _____ money transfers.
3. ATMs provide access to banking services _____.
4. Budgeting involves tracking _____ and _____.

Multiple Choice Questions

1. Which account is ideal for businesses with high transaction volumes?
 - (a) Savings Account
 - (b) Current Account
 - (c) Fixed Deposit Account
 - (d) DEMAT Account
2. What is a key feature of UPI?
 - (a) Interoperability
 - (b) Limited banking hours
 - (c) Requires cash for transactions
 - (d) None of the above
3. What is the primary purpose of budgeting?
 - (a) Spend all income
 - (b) Allocate resources effectively
 - (c) Avoid saving
 - (d) Borrow more money

True/False

1. Mobile wallets can only be used for online shopping.
2. UPI transactions are not available on holidays.
3. Budgeting helps in achieving financial goals.

One-Liner Questions

1. Name a tool for holding securities electronically.
2. What is a popular mobile wallet platform in India?
3. What is the primary function of a savings account?

Chapter 6: Financing Assets - Loans

Introduction to Asset Financing

What is Asset Financing?

Asset financing is a financial arrangement in which an individual or business acquires assets (such as property, vehicles, machinery, or equipment) by borrowing funds rather than paying the entire cost upfront. The purchased asset often serves as collateral for the loan, reducing the lender's risk and enabling the borrower to access funds at favorable terms.

Asset financing is a crucial tool in both personal and business finance, as it facilitates access to essential assets without significant upfront capital investment.

Types of Asset Financing

1. **Loans Secured by Assets:** The asset being purchased acts as a collateral (e.g., car loans, housing loans).
2. **Leasing:** The borrower uses the asset while paying for its use over time (e.g., machinery leasing).
3. **Hire Purchase:** Ownership is transferred after completing all instalment payments.

Benefits of Asset Financing

1. **Affordability:** Eliminates the need for large upfront payments.
2. **Improved Cash Flow:** Helps individuals and businesses manage liquidity while acquiring essential assets.
3. **Tax Benefits:** Some forms of asset financing come with tax advantages, such as deductions on interest paid.
4. **Flexible Repayment Options:** Borrowers can select repayment terms that align with their financial capabilities.
5. **Access to Better Assets:** Enables the acquisition of high-value assets, which may otherwise be unaffordable.

What is a Loan?

A loan is a financial arrangement in which a lender provides funds to a borrower with the agreement that the borrowed amount will be repaid over time, typically with interest. Loans serve as a powerful financial tool, enabling individuals and businesses to meet various financial needs without having to pay upfront.

WHAT IS A LOAN?



A **loan** is a financial transaction in which a lender provides a specific amount of money to a borrower, who agrees to repay the loan along with interest over a predetermined period.

Loans can be used for various purposes, such as purchasing a home, funding education, or covering unexpected expenses. The terms of the **loan**, including interest rates and repayment schedules, are agreed upon before the funds are disbursed.

Loans play a crucial role in personal and business finance, facilitating access to capital for achieving financial goals.

Why Are Loans Important?

Loans play a critical role in economic growth by enabling:

1. **Access to Essential Goods and Services:** Loans allow individuals to buy homes, vehicles, and education that might otherwise be unaffordable.
2. **Business Expansion:** Entrepreneurs use loans to fund capital investments, purchase inventory, and expand operations.
3. **Financial Flexibility:** Loans provide liquidity to manage emergencies or unforeseen expenses.

Types of Loans

Loans can broadly be categorized based on their purpose, structure, and collateral.

A. Based on Purpose

1. **Housing Loans:** Used for purchasing or constructing residential properties.
2. **Home Loans:** A subset of housing loans, specifically for buying, building, or renovating homes.
3. **Car Loans:** Designed to finance the purchase of vehicles.
4. **Education Loans:** Provide funds for students to pursue higher education.
5. **Personal Loans:** Unsecured loans for personal expenses, such as medical bills or travel.
6. **Business Loans:** Cater to the financial needs of entrepreneurs and businesses.

B. Based on Collateral

1. Secured Loans:

- Backed by collateral (e.g., property, car).
- Examples: Mortgage loans, car loans, housing loans.
- **Benefits:** Lower interest rates, higher loan amounts.
- **Risks:** Lender can repossess collateral if the borrower defaults.

2. Unsecured Loans:

- No collateral required; based on creditworthiness.
- Examples: Personal loans, some education loans.
- **Benefits:** No risk of losing assets.
- **Risks:** Higher interest rates, stricter approval criteria.

C. Based on Repayment Structure

1. **Fixed-Rate Loans:** Interest rate remains constant throughout the tenure, ensuring predictable EMIs.
2. **Variable-Rate Loans:** Interest rate fluctuates based on market conditions, affecting EMI amounts.

D. Based on Term Length

1. **Short-Term Loans:** Repaid within a year (e.g., payday loans).
2. **Long-Term Loans:** Repaid over several years (e.g., housing loans).

Features of Loans

1. **Principal Amount:** The original amount borrowed.
2. **Interest Rate:** The cost of borrowing, expressed as a percentage.
3. **Loan Tenure:** The repayment period, which can range from months to decades.
4. **EMI (Equated Monthly Instalment):** A fixed monthly payment that includes principal and interest.
5. **Eligibility Criteria:** Lenders evaluate income, credit score, and repayment capacity.



Benefits of Loans

1. **Affordability:** Loans enable individuals to purchase high-value items (e.g., homes, cars) without needing full upfront payment.
2. **Liquidity:** Provides immediate access to funds for emergencies or planned expenditures.
3. **Tax Benefits:** Certain loans, such as housing and education loans, offer tax advantages.
4. **Credit Building:** Regular repayment of loans improves creditworthiness, enabling access to future credit.
5. **Economic Growth:** Loans drive economic activity by facilitating investments and consumption.

How to Choose the Right Loan?

When selecting a loan, consider:

1. **Purpose:** Match the loan type to your financial need (e.g., car loan for vehicle purchase).
2. **Interest Rates:** Compare rates across lenders to find the most affordable option.
3. **Repayment Capacity:** Choose a tenure and EMI that fit your budget.
4. **Lender's Reputation:** Ensure the lender is reliable and transparent.

By understanding loans and their types, borrowers can make informed decisions, manage their finances effectively, and achieve their life goals. This foundational knowledge will be explored in depth across the subsequent chapters.

Housing Loans

Introduction

A housing loan is a long-term financial product that helps individuals purchase or build residential properties. These loans are typically secured by the property itself, providing lenders with collateral.



How Housing Loans Work

- **Eligibility Criteria:** Based on income, credit score, and repayment ability.
- **Down Payment:** Borrowers usually pay a portion of the property's cost upfront, typically 10%–25%.
- **Loan Amount:** Covers the remaining cost, with limits based on the property's market value.

Benefits of Housing Loans

- Enables homeownership without large upfront costs.
- Offers tax benefits under relevant income tax sections.
- Flexible repayment tenures, often up to 30 years.

Home Loans

Introduction

Home loans are a subset of housing loans designed specifically for purchasing or constructing homes, as well as renovating or extending existing properties.

Special Features of Home Loans

- **Subsidized Rates:** For first-time homebuyers under government schemes.
- **Step-Up EMI Plans:** Lower initial EMIs, increasing over time with income growth.

Benefits of Home Loans

- Affordable and accessible financing for residential property.
- Tax deductions on interest and principal repayment.



Home Loan EMI Calculator



What is a home loan?

Home loan is the amount of money you borrow from a lender for purchasing your home.

What is EMI?

Equated Monthly Instalment (EMI) is an amount which you as a borrower are expected to pay to the lender every month over the loan tenure.

How to calculate your home-loan EMI?

Home Loan EMI Calculator will generate your future EMI outlays for you on the basis of just 3 details:



1. loan amount,



2. loan tenure



3. loan interest rate

4 Benefits of Home Loan EMI Calculator are:



1. Gives you blueprint of your future EMI payments



2. Helps you choose best suitable financier/ lender



3. Saves your time and energy



4. Gives you accurate results in no time



5. Helps in making prudent financial planning decisions

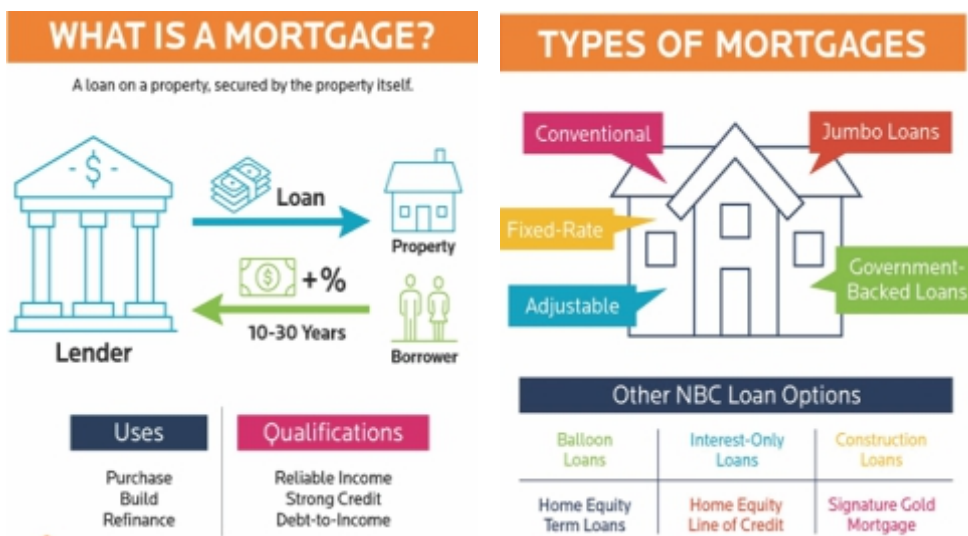
Real-Life Example

Ravi, a salaried individual, purchased his first home worth ₹50 lakhs. With a ₹40 lakh home loan at 7% interest over 20 years, he pays monthly EMIs of ₹30,989.

Mortgage Loans

Introduction

A mortgage loan allows borrowers to raise funds by pledging residential or commercial properties as collateral. Unlike housing loans, mortgage loans can be used for varied purposes, including business expansion, debt consolidation, or personal needs.



How Mortgage Loans Work

- **Eligibility:** Based on the property's market value and the borrower's financial profile.
- **Repayment Period:** Typically between 5 to 15 years.
- **Interest Rates:** Lower than unsecured loans due to collateral.

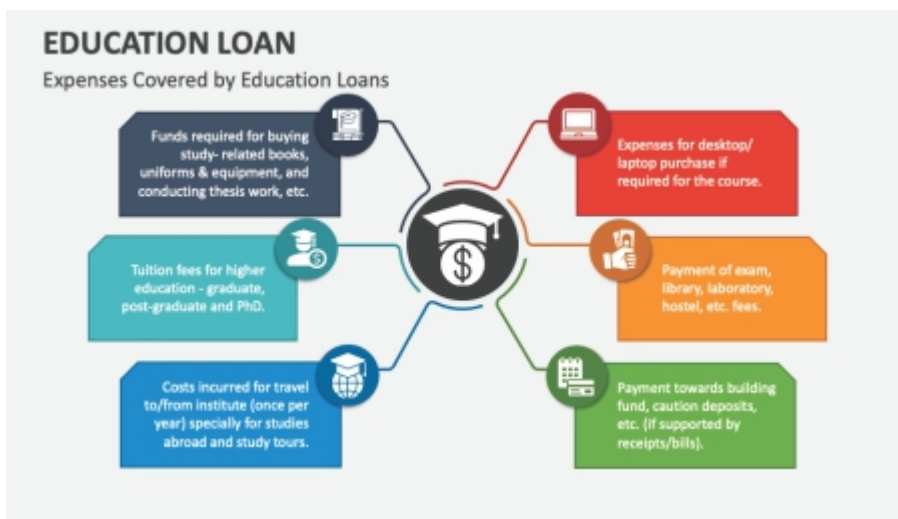
Benefits of Mortgage Loans

- High-value loans against property.
- Flexible usage of funds.
- Long repayment terms with competitive interest rates.

Education Loans

Introduction

Education loans are designed to support students in pursuing higher education by covering tuition fees, books, accommodation, and other expenses.



Features of Education Loans

- **Eligibility:** Based on the student's admission to a recognized course and a co-borrower's financial standing.
- **Moratorium Period:** Grace period during which repayment begins after course completion.

Benefits of Education Loans

- Makes higher education accessible to students from all financial backgrounds.
- Subsidized interest rates for economically weaker sections.
- Flexible repayment terms tailored to post-graduation income.



Real-Life Example

Ananya secured admission to an engineering college with annual fees of ₹2.5 lakhs. She took an education loan of ₹10 lakhs with a repayment term of 7 years, starting one year after graduation.

Car Loans

Introduction

Car loans finance the purchase of new or used vehicles, enabling buyers to spread the cost over several years.

- A car loan is a loan that allows the potential buyer to pay the vehicle off in monthly payments instead of having to pay the full price all at once. This means that a lending servicer or bank will pay off the car in full, while in return the borrower pays off the debt in monthly payments with an interest fee included as well.
- This type of loan may be either a secured or non-secured loan depending on the situation they are in. But for the most part lenders will usually offer a loan that is secured just in case the borrower falls behind on their payments and fails to pay off the debt. If the borrower fails to pay the monthly payments, their lender will repossess the car to pay off the debt.



How Car Loans Work

- **Collateral:** The car itself secures the loan.
- **Interest Rates:** Typically higher for used cars.
- **Tenure:** Usually between 1 and 7 years.

Benefits of Car Loans

- Facilitates vehicle ownership with minimal upfront payment.
- Improves credit scores through timely repayments.

Consolidated Glossary

- **Collateral:** An asset pledged as security for a loan.
- **EMI:** Monthly repayment including principal and interest.
- **Moratorium Period:** Grace period before loan repayment starts.
- **Amortization Schedule:** A detailed breakdown of loan repayment.
- **LTV Ratio:** Loan-to-Value ratio, indicating the percentage financed by the lender.

Summary

Asset financing is a cornerstone of modern financial systems, enabling individuals and businesses to achieve goals without significant upfront costs. Each loan type - housing/home, mortgage, education, and car loans—caters to specific needs, providing flexibility, affordability, and tax benefits. Understanding the features and benefits of these loans empowers borrowers to make informed decisions.

Question Section

1. Multiple-Choice Questions

1. What is the primary purpose of asset financing?
 - a) To save money for emergencies
 - b) To acquire assets without paying the full cost upfront
 - c) To invest in stocks and bonds
 - d) To build long-term savings
2. Which of the following is a type of secured loan?
 - a) Personal loan
 - b) Education loan
 - c) Car loan
 - d) Payday loan
3. What does EMI stand for?
 - a) Equated Monthly Instalment
 - b) Essential Money Investment
 - c) Equal Money Income
 - d) Every Monthly Interest
4. Which loan type is specifically for funding higher education?
 - a) Housing Loan
 - b) Education Loan
 - c) Mortgage Loan
 - d) Car Loan
5. In a variable-rate loan, the interest rate:
 - a) Remains fixed for the entire tenure
 - b) Fluctuates based on market conditions
 - c) Increases every month
 - d) Is calculated only at the end of the loan

2. Fill in the Blanks

1. A loan secured by a house is known as a _____ loan.
2. The original amount borrowed in a loan is called the _____.
3. _____ loans do not require collateral and are based on creditworthiness.
4. The repayment period of a loan is known as its _____.
5. _____ financing allows individuals or businesses to acquire assets without significant upfront payment.

3. True/False Questions

1. Housing loans are typically unsecured loans.
2. The interest rate in a fixed-rate loan fluctuates based on market conditions.
3. An education loan can cover tuition fees, books, and living expenses.
4. A car loan is considered a short-term loan.
5. Asset financing includes leasing, hire purchase, and secured loans.

4. One-Liner Questions

1. What is the main benefit of a secured loan compared to an unsecured loan?
2. Name one type of loan that typically offers tax benefits.
3. What is the collateral in a car loan?
4. Define the term “moratorium period” in an education loan.
5. How does asset financing improve cash flow for businesses?

Chapter 7: Financing Assets - Insurance

Introduction

Insurance is a crucial financial tool that provides protection against unexpected losses and promotes economic stability. This book aims to introduce students to the concept of insurance, its benefits, functions, and types, along with an understanding of the ombudsman's role. Designed for students of classes 6 to 12, it provides foundational knowledge to enhance financial literacy.



What is Insurance?

Definition

Insurance is an arrangement by which a company or government agency provides compensation for specified loss, damage, illness, or death in return for the payment of a premium.

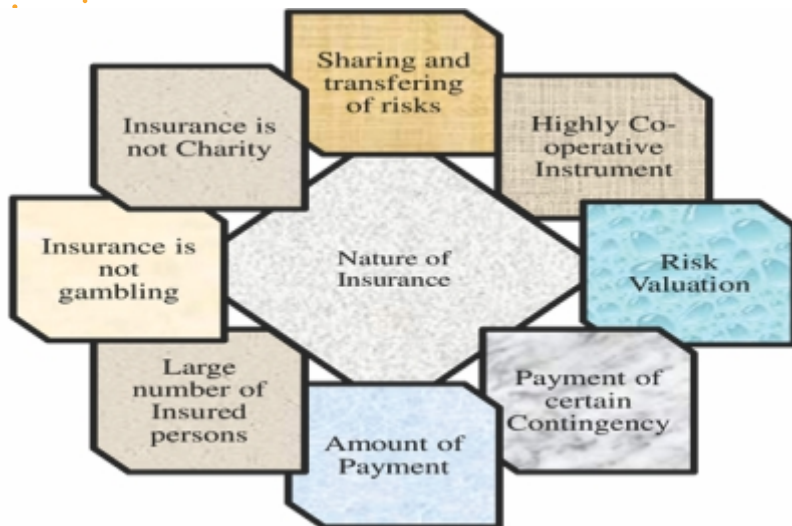
How Insurance Works

Insurance operates on the principle of risk-sharing. By pooling premiums from many individuals, insurance companies create a fund that is used to compensate those who experience losses.



Benefits and Nature of Insurance





Functions of Insurance



1. **Certainty:**
 - Reduces the uncertainty of loss through effective planning and administration.
 - Provides assurance against potential financial hardships, reducing stress.
2. **Protection:**
 - Protects individuals from financial losses due to unforeseen events.
 - Ensures compensation for damages, safeguarding the insured against hardships.
3. **Risk-Sharing:**
 - Distributes the financial burden of losses among a large pool of policyholders.
 - Minimizes the individual impact of risks by sharing them collectively.

4. **Prevention of Loss:**

- Collaborates with organizations to reduce societal losses (e.g., fire brigades, health institutions).
- Reduces overall costs by lowering the likelihood of claims, leading to lower premiums.

5. **Capital Provision:**

- Accumulated funds from premiums are invested in productive ventures.
- Supports industries, businesses, and individuals through investments and loans.

6. **Improves Efficiency:**

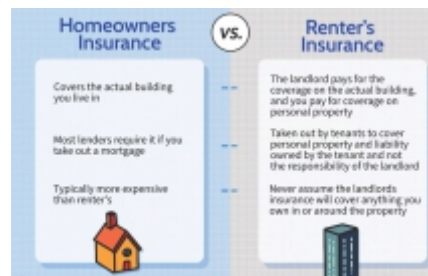
- Eliminates worries and allows individuals to focus on their goals.
- Enhances productivity by providing financial security.

7. **Economic Progress:**

- Protects society from the economic impact of disasters.
- Encourages hard work and investment by reducing financial risks.

Types of Insurance

1. **Auto Insurance:** Covers vehicle-related risks.
2. **Life Insurance:** Provides financial security to beneficiaries after the policyholder's death.
3. **Health Insurance:** Covers medical expenses and promotes health care access.
4. **Property Insurance:** Protects against property damage or loss.
5. **Travel Insurance:** Offers protection during travel-related emergencies.





Terms Used in Insurance

Policyholder Person who bought the policy and pays the premiums 	Life Assured Person who is covered under the policy 
Nominee Person appointed by the policyholder to receive benefit amount 	Policy Term Tenure for which the policy offers cover and benefits 
Premiums Amount paid by the policyholder in exchange for the life cover 	Riders Add-on benefits that can be added at nominal amount 
Maturity Benefit Amount paid by the insurer on outliving the policy term 	Death Benefit Sum paid by the insurer on the death of the policyholder 

Understanding Ombudsman



Definition

An ombudsman is an independent official appointed to investigate complaints against organizations or government agencies. An ombudsman is a legal delegate, designated by a government authority or an organization in order to investigate several complaints created by individuals for the subject of citizens of a country or executives of an organization.

Nature

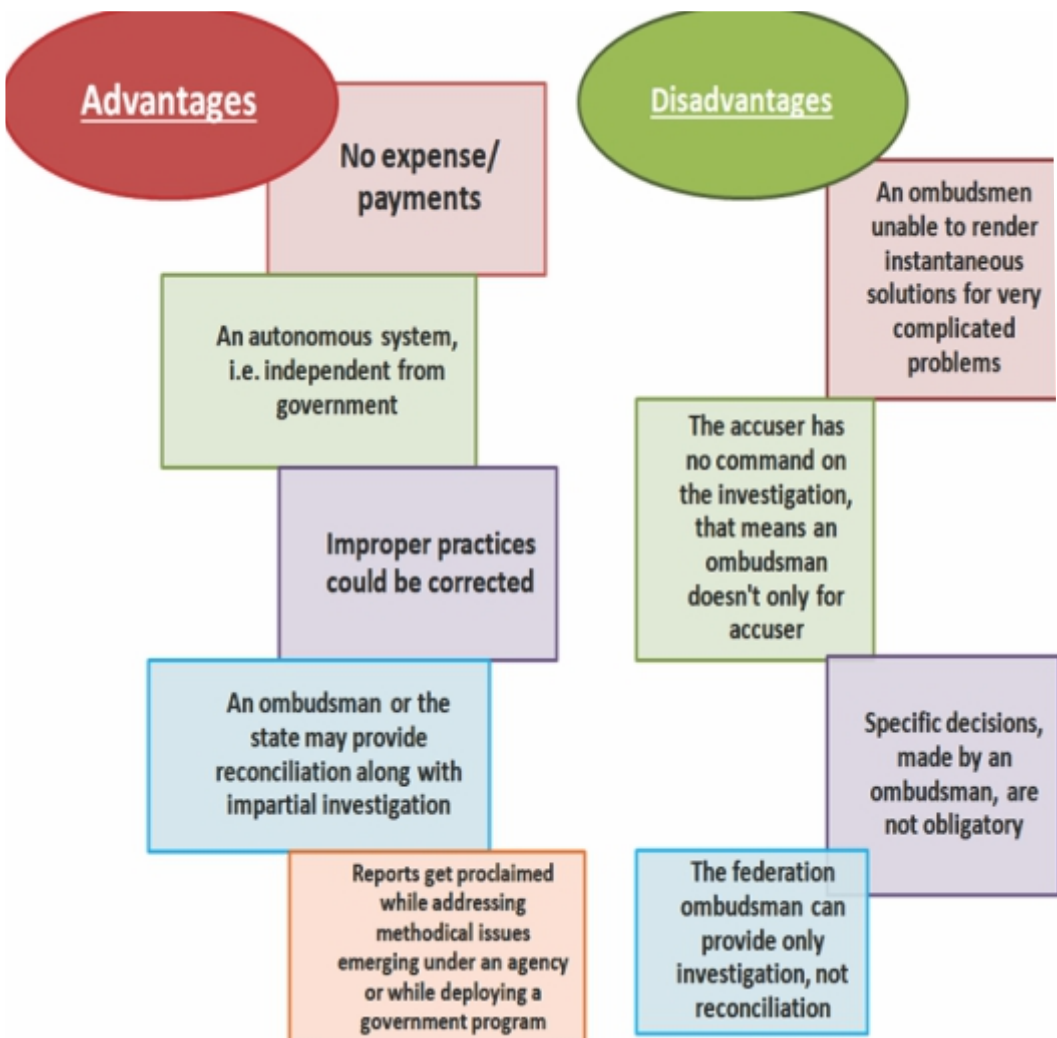
- Extra-constitutional authority.
- Acts as a tribunal of the people.

Functions

- Address the complaints from individuals.
- Investigate issues proactively.
- Ensure transparency and fairness.

Duties of Ombudsman

- Dealing with complaints.
- Analyzing or investigating at his/her own discretion and initiative.
- Examining violations reports of uprightness.
- Rendering ample information.



Glossary

- **Premium:** The amount paid for an insurance policy.
- **Risk-Sharing:** Distribution of financial losses among a group.
- **Ombudsman:** An official investigating complaints against organizations.
- **Policyholder:** The individual or entity that owns an insurance policy.
- **Compensation:** Payment made to cover a loss or damage.

Summary

Insurance plays a vital role in providing financial security, reducing uncertainty, and promoting economic growth. It offers a wide range of benefits, from risk-sharing to fostering economic progress. Additionally, the role of an ombudsman ensures fairness and transparency in addressing grievances. Understanding these concepts is essential for financial literacy and informed decision-making.

Questions Section

Fill in the Blanks

1. Insurance provides _____ against financial losses.
2. _____ is the amount paid for an insurance policy.
3. Risk-sharing involves distributing _____ among policyholders.
4. The primary function of an ombudsman is to address _____.

Multiple Choice Questions

1. What is the primary benefit of insurance?
(a) Protection
(b) Profit-making
(c) Risk creation
(d) Loan provision
2. Which type of insurance covers medical expenses?
(a) Auto Insurance
(b) Life Insurance
(c) Health Insurance
(d) Property Insurance
3. What is the role of an ombudsman?
(a) Selling insurance policies
(b) Investigating complaints
(c) Providing loans
(d) Managing investments

True/False

1. Insurance eliminates all risks.
2. Health insurance covers medical expenses.
3. An ombudsman is part of the government's executive branch.

One-liner Questions

1. Define insurance in one sentence.
2. What is the purpose of health insurance?
3. Who appoints an ombudsman?
4. Name two benefits of insurance.

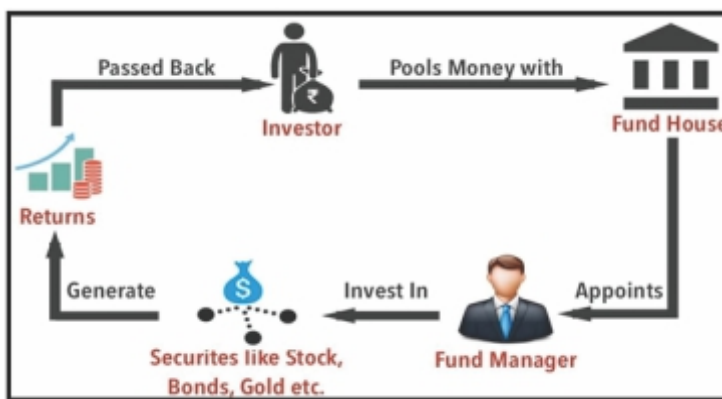
Chapter 8: Mutual Funds

A mutual fund is like a big money pool where many people put their money together. This money is then used by a professional to buy things like stocks, bonds, or other investments. Everyone in the pool owns a small part of these investments. It's a simple way for people to invest without doing all the research or managing things themselves.



How Mutual Funds Work?

Mutual funds work by pooling money from multiple investors to create a large fund, which is then invested in a variety of financial assets like stocks, bonds, or other securities. Here's a step-by-step breakdown of how mutual funds function



Example:

Imagine you and your friends collect ₹100 each and give it to a teacher (the fund manager). The teacher buys books (stocks), games (bonds), and other things (assets) for the group. If the teacher sells these for a higher price later, everyone gets back more than ₹100. If the value drops, you get back less.

AMFI

AMFI stands for the **Association of Mutual Funds in India**. It is a regulatory body that represents all the mutual fund companies in India. Established in **1995**, AMFI plays a vital role in ensuring that mutual funds operate transparently and in the best interests of investors.

Key Functions of AMFI (Association of Mutual Funds in India):

- 1. Industry Representation:**
Represents the mutual fund industry to the government, SEBI, and stakeholders.
- 2. Investor Awareness:**
Educates investors about mutual funds through campaigns like “*Mutual Funds Sahi Hai.*”
- 3. Code of Conduct:**
Ensures ethical practices and transparency among mutual fund companies.
- 4. Dispute Resolution:**
Helps resolve disputes between investors and mutual fund companies.
- 5. Data Sharing:**
Publishes reports, statistics, and NAVs to keep investors updated.



AMFI Members

All mutual fund companies in India, including big names like SBI Mutual Fund, HDFC Mutual Fund, and ICICI Prudential Mutual Fund, are members of AMFI.

Importance of AMFI for Investors

- Promotes transparency in mutual funds.
- Educates and protects investors.
- Resolves investor complaints.

In short, AMFI acts as a bridge between mutual fund companies and investors, ensuring smooth and ethical operations in the mutual fund industry.

Key Mutual Fund Terminologies

1	AMC (Asset Management Company)	Manages mutual funds by investing pooled money. Examples: HDFC AMC, ICICI AMC.
2	NAV (Net Asset Value)	Value of one mutual fund unit. Formula: $NAV = (Assets - Liabilities) \div Units$
3	Expense Ratio	Fee for managing the fund. Lower ratios = higher returns.
4	SIP (Systematic Investment Plan)	Invest a fixed amount regularly (e.g., monthly) for consistent and disciplined investing.
5	Redemption	Withdrawing money by selling fund units.
6	Portfolio	The fund's investments like stocks and bonds.
7	AUM (Assets Under Management)	Total value of a fund's managed assets.
8	Equity Funds	Invest in stocks. High risk, high returns.
9	Debt Funds	Invest in bonds for stable returns. Low risk.
10	Hybrid Funds	Combine equity (stocks) and debt (bonds) for balanced risk and returns.
11	Dividend	Fund profits shared with investors, reducing NAV.
12	Growth Option	Profits are reinvested; growing NAV. Returns come when units are sold.
13	Lock-In Period	Time when you can't withdraw money. Example: ELSS has 3 years.
14	Load	Fee for buying (entry) or selling (exit) units. Many funds are no-load now.
15	Benchmark	Index (like Nifty 50) to compare fund performance.
16	Risk Appetite	Willingness to take risks (low, medium, high).
17	Open-Ended Fund	Buy/sell units anytime.
18	Close-Ended Fund	Buy units during launch; redeem at maturity.
19	NFO (New Fund Offer)	Launch of a new mutual fund.
20	Tax-Saving Funds (ELSS)	Tax benefits under Section 80C.

Understanding these terms will help you make informed decisions and invest wisely in mutual funds.

Categories of Mutual Funds



Types of Mutual Funds

Mutual funds are grouped by **investment goals**, **assets**, and **risk levels**:

There are different types of mutual funds, each doing something a little different. Let's look at them in a simple way:

1. Equity Funds (Stock Funds):

- These funds are like buying pieces of different companies. If the companies do well, your money grows, but if they don't, you might lose some money. It's a little risky, but it can make more money over time.

2. Debt Funds (Bond Funds):

- This is like lending money to companies or the government and earning some interest. It's safer than equity funds but doesn't grow as quickly.

3. Hybrid Funds:

- These funds are a mix of both stocks and bonds. It's like having some of your money in a safe place and some in a place where it can grow more. It helps balance the risk and reward.

4. Index Funds:

- These funds follow a group of popular stocks, like the top 50 or 100 companies. It's like copying a smart person's choices in the stock market. It's less risky because it's spread across many companies.

5. Sector Funds:

- These funds focus on one part of the economy, like technology or healthcare. It's like putting all your money into one type of business. It can grow fast, but if that part of the economy doesn't do well, you might lose money.

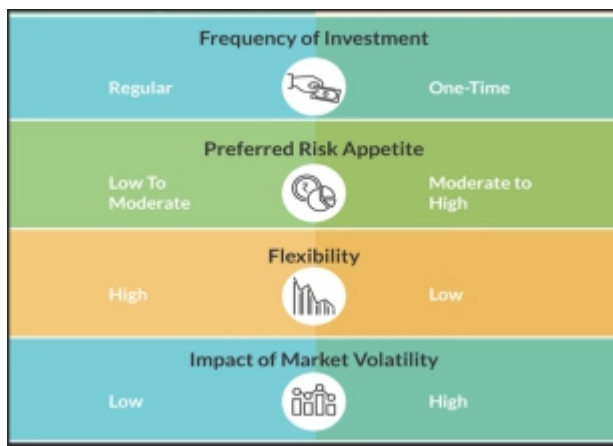
6. ELSS (Equity-Linked Savings Scheme):

- These are special funds that help you save taxes. They invest in stocks and can grow your money, but you need to keep your money in for at least 3 years.

So, mutual funds are like different kinds of baskets to put your money in. Some baskets are safer, while others can make you more money, but they can also be risky!

Methods of Investment in Mutual Funds

When investing in mutual funds, there are different methods you can use, depending on your financial goals, investment amount, and time horizon. Below are the primary methods of investment:



1. Lumpsum Investment

Description:

- A **one-time** investment of a large amount of money.
- Suitable for investors who have a large sum of money available for immediate investment.

2. Systematic Investment Plan (SIP)

Description:

- SIP is a **regular, disciplined way of investing** small amounts in mutual funds.
- You invest a fixed amount of money at regular intervals (monthly or quarterly) into a mutual fund scheme.

3. Systematic Withdrawal Plan (SWP)

Description:

- SWP allows you to withdraw a fixed amount from your mutual fund investment at regular intervals, making it ideal for generating **regular income**.

4. Systematic Transfer Plan (STP)

Description:

- An STP allows you to transfer a fixed amount of money from one mutual fund to another, typically from a low-risk fund (like a liquid fund) to a higher-risk fund (like an equity fund).

How it Works:

- You invest a lumpsum amount in a low-risk fund and periodically transfer a fixed amount to a higher-risk mutual fund.

5. Dividend Reinvestment Plan (DRIP)

Description:

- Instead of receiving dividends in cash, you choose to reinvest them into more mutual fund units.

How it Works:

- Any dividends earned on the fund are automatically used to purchase additional units of the same mutual fund.
- This helps grow your investment further without any action on your part.

6. New Fund Offer (NFO)

Description:

- NFOs are a way of investing in a mutual fund when it is first launched. The mutual fund offers units at a **fixed price** during the launch period.

7. Direct vs. Regular Plans

Direct Plan:

- You directly invest in the mutual fund through the AMC (Asset Management Company) without any intermediary.
- No commission is paid to advisors, leading to **lower expense ratios** and better returns.

Regular Plan:

- You invest through a financial advisor or a distributor, who earns a commission for their services.
- **Higher expense ratio** due to the commission charged, but may be helpful for those seeking advisory support.

Best For:

- Direct Plan for those who are confident about managing their investments and don't need guidance.
- Regular Plan for beginners or those seeking professional advice.

Conclusion

Each investment method has its unique benefits and is suited for different types of investors. Whether you choose a lumpsum, SIP, or any other method depends on your financial goals, risk tolerance, and investment horizon. For long-term wealth creation, **SIP** is often recommended due to its disciplined approach and compounding benefits.

What is the Share Market?

The share market, or stock market, is where people buy and sell shares of publicly listed companies. It helps companies raise money and allows investors to own a part of these businesses.

What is a Share?

A share is a unit of ownership in a company. When you buy a share, you become a part-owner (shareholder) of the company and can benefit from its profits and growth. It represents your stake in the company's assets and earnings.



How to Invest in Shares using a Demat Account

A Demat account stores your shares and other investments digitally, making stock market trading simple. Here's how you can invest:

1. **Open a Demat Account:** Choose a trusted brokerage and complete the KYC process.
2. **Link a Trading Account:** Connect your Demat account to a trading account to buy and sell shares.
3. **Add Funds:** Transfer money to your trading account.
4. **Choose Shares:** Research and select the stocks you want to invest in.
5. **Place an Order:** Use your trading platform to buy or sell shares.
6. **Monitor Your Portfolio:** Keep track of your investments regularly.

This process helps you trade securely and conveniently in the stock market!

What Are Bonds?

Bonds are loans you give to companies, governments, or other organizations. In return, you earn regular interest and get your money back on a set date. They are considered a safe, fixed-income investment because of their predictable returns.

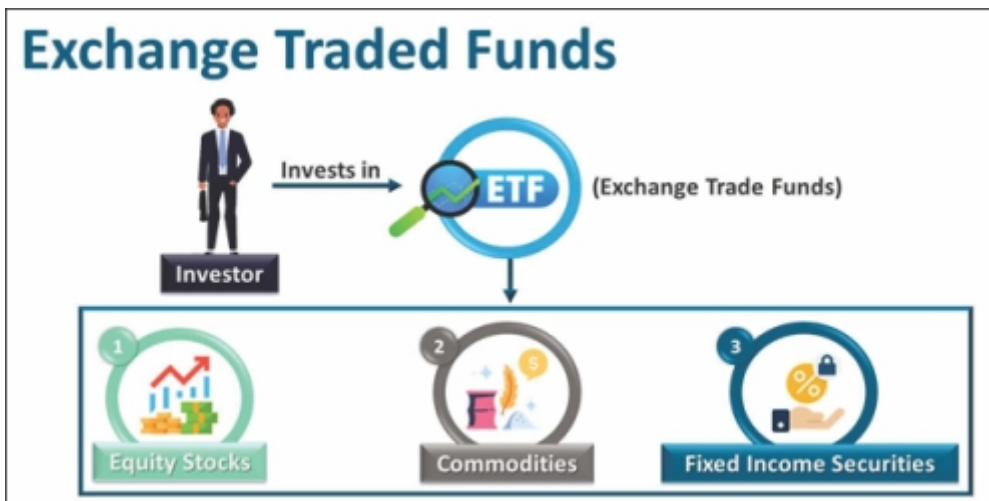


Gold, Land, and ETFs as Investment Options

- **Gold:** A popular investment due to its ability to preserve value over time. Gold can be bought in physical form (jewelry, coins) or through financial products (gold ETFs, sovereign gold bonds).
- **Land:** Investing in land can offer long-term value appreciation. It is a tangible asset that is less volatile than stocks but requires significant capital and maintenance.

- **ETFs (Exchange-Traded Funds):** These are investment funds that hold a collection of assets (stocks, bonds, commodities) and trade on stock exchanges. ETFs allow you to invest in a diverse range of assets with low costs and liquidity.
- Each of these options has its own advantages, risks, and suitability depending on your financial goals.

Gold vs Land vs ETFs: A Simple Comparison



Comparison of Investment Options: Gold, Land, and ETFs

Feature	Gold	Land	ETFs
How Much to Invest	Medium to High (for gold or ETFs)	High (depends on land's price)	Low to Medium (depends on ETF)
Risk	Medium (prices go up and down)	High (hard to sell quickly)	Medium (depends on market)
How Easy to Sell	Easy (gold ETFs) or hard (physical gold)	Hard (takes time to sell)	Easy (buy and sell quickly)
Money You Can Earn	None (unless in gold-related funds)	None (unless rented out)	Yes (from dividends or selling)
Variety	Low (just gold)	Low (just land)	High (many types of investments)
Protection Against Inflation	Yes (gold goes up with inflation)	Yes (land prices tend to go up)	Depends on the ETF (e.g., gold ETFs)
Value Growth	High (gold increases over time)	High (depends on location)	Medium to High (depends on ETF)

Conclusion

- **Gold:** A great way to protect against inflation and tough economic times. However, it doesn't earn you income and can be unpredictable in the short term.
- **Land:** A valuable, long-term investment that tends to grow in value. But, it needs a lot of money to start and can be hard to sell quickly.
- **ETFs:** Easy to invest in, with low costs and the ability to own a variety of assets. They're a good choice for those wanting moderate risk and broad market exposure.

Choosing the best option depends on your goals, how much risk you're willing to take, and how much money you have to invest. Many people mix these investments to balance risk and get better returns.

Risks of Mutual Funds (MFs) and the Share Market

Both **Mutual Funds (MFs)** and the **Share Market (Stocks)** can bring high returns, but they also carry different risks:

Risks in Mutual Funds vs. Stock Market

Risk	Mutual Funds	Stock Market (Shares)
Market Risk	Affects the whole fund, especially if it's all about stocks.	Affects individual stocks, but can be reduced by owning many different ones.
Volatility Risk	Lower in funds that own many different things, but higher in funds that focus on one type of stock.	High, especially in smaller companies.
Liquidity Risk	Takes a little time to sell, especially in debt funds (loans).	Easy to sell big company stocks, but harder with small ones.
Credit Risk	Affects funds that invest in loans or bonds.	Affects companies that owe a lot of money.
Interest Rate Risk	Affects funds that invest in loans.	Affects companies with lots of debt.
Company-Specific Risk	Reduced by having different types of investments in the fund.	High if you invest in just one company.
Inflation Risk	Affects funds that don't grow quickly, like bonds.	Affects companies that can't raise prices or have high costs.
Currency Risk	Affects funds that invest in other countries.	Affects stocks of companies from other countries.

Conclusion

- **Mutual Funds:** They usually have lower risk because they invest in many different stocks or bonds, spreading the risk. However, they still face risks like market changes, interest rates, and credit issues.
- **Stock Market (Shares):** Investing in individual stocks can offer bigger returns but comes with higher risks, such as price changes, company problems, and difficulty in selling quickly. It needs more research and attention.

To reduce risks, it's important to **diversify** (invest in different things) and understand your **risk tolerance** and **investment goals**. Many people use mutual funds to balance risk while still gaining exposure to the stock market.

Glossary

1. **AMC (Asset Management Company):** Manages mutual funds by investing pooled money. ○ **Examples:** HDFC AMC, ICICI AMC.
2. **NAV (Net Asset Value):** Value of one mutual fund unit.
○ **Formula:** $NAV = (Assets - Liabilities) \div Units$.
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18. **Close-Ended Fund:** Buy units during launch; redeem at maturity.
19. **NFO (New Fund Offer):** Launch of a new mutual fund.
20. **Tax-Saving Funds (ELSS):** Tax benefits under Section 80C.

Summary

What are Mutual Funds?

- Mutual funds pool money from multiple investors to create a large fund. Professionals manage the fund and invest in various assets like stocks and bonds.

How Mutual Funds Work:

- Money from investors is pooled and invested in diverse financial assets.
- Returns depend on the performance of these assets.

Key Body: AMFI (Association of Mutual Funds in India):

- Established in 1995.
- Ensures transparency and ethical practices in mutual funds.
- Educates investors and resolves disputes.

Types of Mutual Funds:

1. Equity Funds: High risk, high return.
2. Debt Funds: Low risk, stable returns.
3. Hybrid Funds: Balanced risk and return.
4. Index Funds: Tracks popular stock indices.
5. Sector Funds: Focuses on specific industries.
6. ELSS: Offers tax benefits.

Methods of Investment:

- Lumpsum, SIP, SWP, STP, DRIP, NFO.
- Choose between Direct and Regular Plans.

Risks of Mutual Funds and Stocks:

- Mutual Funds spread risk but face market, interest rate, and credit risks.
- Stocks offer higher returns but are more volatile and require active management.

Question Section

Multiple-Choice Questions (MCQs)

1. What does AMC stand for?
 - a. Asset Management Company
 - b. Asset Marketing Corporation
 - c. Association of Mutual Companies
 - d. Association of Managed Capital
2. Which type of mutual fund offers tax benefits under Section 80C?
 - a. Debt Funds
 - b. Equity Funds
 - c. ELSS
 - d. Hybrid Funds
3. What is the role of AMFI?
 - a. Invests money in stocks and bonds
 - b. Ensures ethical practices in mutual funds
 - c. Offers direct mutual fund plans
 - d. Manages investors' Demat accounts

Fill in the Blanks

1. The fee charged for managing a mutual fund is called the _____.
2. A _____ fund invests in both stocks and bonds for balanced risk and return.
3. NAV stands for _____.

True/False

1. SIP involves a one-time investment of a large amount.
2. AMFI was established in 1995.
3. Sector funds are considered less risky than debt funds.

One-Liner Questions

1. What is the primary function of AMFI?
2. Define NAV.
3. What is a systematic investment plan (SIP)?
4. Name a mutual fund type that helps save taxes.

Chapter 9 : Taxes & You

Taxes are mandatory financial charges or levies imposed by governments on individuals and businesses to fund public services and infrastructure. These revenues support essential functions, such as healthcare, education, defense, transportation, and welfare programs, which benefit society as a whole.



Role of Taxes in the Economy

- Taxes play a vital role in the economy of any country. Taxes are essential for funding government services and driving national progress. Here's a quick look at their role:
- 1. **Government Income:** Taxes are the main way the government earns money. This money is used to build roads, schools, hospitals, and other public services.
- 2. **Public Services:** The money collected as taxes helps provide free or affordable services like education, healthcare, and transportation, which benefit everyone.
- 3. **Infrastructure:** Funding for roads, railways, utilities, and other critical facilities.
- 4. **Reducing Inequality:** Through taxes, the government can help reduce the gap between the rich and the poor by using the collected money to support those in need.
- 5. **Encouraging Growth:** By using tax money to build better infrastructure like roads and internet facilities, the government makes it easier for businesses to grow and create jobs.
- 6. **Controlling the Economy:** Taxes help the government manage the economy. For example, higher taxes can reduce spending if inflation is high, while lower taxes can encourage people to spend more when the economy needs a boost.
- 7. **Economic Stability:** Enabling policies that stabilize and grow the economy, attracting investments.
- 8. **Social Welfare:** Financing poverty alleviation, subsidies, and welfare programs for vulnerable populations.
- 9. **Environmental Sustainability:** Encouraging green practices with taxes on pollution and incentives for renewable energy.
- 10. **Income Equality:** Progressive taxes help reduce income disparity by redistributing wealth.
- 11. **National Security:** Funding defence and security forces to protect the nation.

In short: taxes are like a team effort where everyone contributes a part of their earnings to help the entire country grow and improve!

Different Taxes We Pay

Taxes are the money we give to the government to help it run the country. There are two main types of taxes: **Direct Taxes** and **Indirect Taxes**. Here's a simple breakdown:

1. Direct Taxes

These are paid directly by individuals or businesses to the government.

- **Income Tax:** A tax on the money people earn from their job or business.
- **Property Tax:** A tax on land, houses, or buildings owned by people.
- **Wealth Tax:** A tax on the total wealth or assets of very rich people (not common everywhere).

2. Indirect Taxes

These are collected when we buy goods or use services.

- **Goods and Services Tax (GST):** A tax on things we buy, like clothes, food, or electronics, and services like dining out or traveling.
- **Customs Duty:** A tax on goods imported from other countries.
- **Excise Duty:** A tax on products made within the country, like fuel or cigarettes.

Other Common Taxes

- **Road Tax:** A tax paid for using vehicles.
- **Education Tax:** A small tax added to support education programs.
- **Professional Tax:** A small tax some state governments charge people with jobs.

These taxes help the government provide facilities like schools, hospitals, roads, and safety services for everyone!

TYPES OF TAX



Income Tax

If you earn \$10 from selling lemonade and have to give \$2 to your parents because they helped you set up the stand.

Companies make money, and they have to give a part of it to the government

Deferred Tax

You earn money today, but the rules say you don't have to pay your share to the neighborhood fund until later.

Taxes based on published financials but tax authorities will recognize them in another year

Corporate Tax

This is a special tax just for companies. It is like a club membership fee for being allowed to do business.

The more money the company makes, the more it has to pay to be part of the "business club" in a country

Payroll Tax

You hire your friend to help sell lemonade and pay them, you also have to give some money to help with things (roads, schools, etc) that your friend uses.

Companies do the same when they pay their employees

Sales Tax

Imagine you sell a cup of lemonade for 1 dollar, but you also have to ask for an extra dime (10 cents)



that goes straight to your neighborhood for keeping the parks clean.

When companies sell things, they often add a little extra money to the price that goes to the government

Property Tax



Suppose you have a little table for your lemonade stand on your lawn.

If you're playing a game where you have to pay a few coins every year to use that spot because it's the best spot on the street

Companies pay taxes for owning or using buildings and land

Excise Tax



This is a special extra price for certain things that are either not good for you or are special, like if you decided to sell super fizzy lemonade.

The government might say, "Okay, for every fizzy drink, you need to give us an extra quarter."

Companies pay these when they bring products from other countries

Customs Duties



If you buy lemons from a friend in another neighborhood and bring them back to your stand, imagine having to give a few pebbles at the border of your neighborhood. That's like customs duties.

Companies pay these when they bring products from other countries



Transfer Pricing



Picture having lemonade stands in different areas, shared with your cousin. You and your cousin share lemons and sugar, but need to decide fair charges.

Companies set charges between different branches. This affects tax payments in various locations

Value-Added Tax (VAT)

Imagine if every time you added something cool to your lemonade, like a special straw or ice, you had to pay a few extra pennies. That's VAT.



It's a tax added every time value is added to a product

What is a Tax Deduction?



A Deduction is an amount that you can subtract from your total income, thereby reducing the income on which tax is calculated. Deductions are designed to promote savings, investments, and certain types of spending (like health insurance or charitable donations), which ultimately reduce your tax liability.

Imagine you earn ₹5,00,000 a year, and you spend ₹50,000 on something like investing in your future (e.g., under a government-approved savings scheme). If this amount qualifies for a deduction, you only pay tax on ₹4,50,000 instead of ₹5,00,000.

Common Deductions

1. Investments in Savings Schemes (Section 80C):

- Contributions to schemes like PPF, EPF, and life insurance premiums.
- Maximum deduction: ₹1,50,000 per year.

2. Health Insurance (Section 80D):

- Premiums paid for health insurance for yourself and family.
- Maximum deduction: ₹25,000 (and more if covering senior citizens).

3. Home Loan Interest (Section 24):

- If you have a home loan, you can claim deductions on the interest paid.

4. Education Loan (Section 80E):

- Interest paid on education loans is eligible for deduction.

5. Charity (Section 80G):

- Donations to approved charities and organizations can be deducted.

Why Are Deductions Important?

Deductions encourage people to save, invest, or spend on things that benefit society (like education or charity). They also provide financial relief and help you manage your money better! Tax deductions are like rewards from the government for making wise financial decisions or contributing to the betterment of society. For students, understanding tax deductions is important because it shows how the government encourages good habits like saving, investing, and helping others.



Tax deductions encourage good financial habits and benefit society by:

1. Promoting Savings and Investments:

- People save for future needs like education or emergencies and get tax benefits.

2. Supporting Health:

- Deductions on health insurance premiums make medical care more affordable.

3. Encouraging Education:

- Families get tax relief on education loan interest, making higher studies accessible.

4. Helping the Needy:

- Donations to charities receive deductions, inspiring more people to contribute.

5. Making Homeownership Easier:

- Deductions on home loan interest reduce the financial burden of owning a house.

In short: Deductions help people save money, invest wisely, and contribute to society, making life better for individuals and the community!

Glossary

1. **Direct Taxes:** Taxes paid directly by individuals or businesses to the government, such as income tax and property tax.
2. **Indirect Taxes:** Taxes collected when goods or services are purchased, like GST and customs duty.
3. **Income Tax:** A tax levied on individual or business earnings.
4. **Goods and Services Tax (GST):** A tax on goods and services bought or consumed.
5. **Tax Deduction:** An amount that reduces taxable income, encouraging savings, investments, and other beneficial activities.
6. **Section 80C:** A provision under Indian tax law allowing deductions for investments in specified savings schemes.
7. **Section 80D:** A section that allows deductions for health insurance premiums.
8. **Section 24:** A section that provides deductions for interest paid on home loans.
9. **Public Services:** Services provided by the government for public benefit, funded through taxes.
10. **Customs Duty:** A tax on goods imported from other countries.



Summary

Taxes are essential for the functioning and development of a country. They fund government operations, infrastructure, public services, and social welfare programs. There are two primary types of taxes: direct (e.g., income tax) and indirect (e.g., GST). Tax deductions are incentives provided by the government to encourage financial discipline, savings, and investments, as well as contributions to society. Examples include deductions for investments under Section 80C, health insurance premiums under Section 80D, and home loan interest under Section 24. Understanding taxes and deductions helps individuals manage finances better and contribute to national progress.

Questions Section

Multiple Choice Questions (MCQs):

1. What is the primary purpose of taxes?
 - a) To fund government operations and services
 - b) To discourage people from spending
 - c) To increase inflation
 - d) To reduce imports
2. Which of the following is an example of a direct tax?
 - a) GST
 - b) Income Tax
 - c) Customs Duty
 - d) Excise Duty
3. Under which section can health insurance premiums be claimed for tax deductions?
 - a) Section 80C
 - b) Section 80D
 - c) Section 80E
 - d) Section 24
4. What type of tax is levied on goods imported from other countries?
 - a) Excise Duty
 - b) Road Tax
 - c) Customs Duty
 - d) Wealth Tax
5. What is the maximum deduction allowed under Section 80C?
 - a) ₹1,00,000
 - b) ₹1,50,000
 - c) ₹2,00,000
 - d) ₹2,50,000

Fill in the Blanks:

1. Taxes are the primary source of income for the _____.
2. _____ taxes are paid directly by individuals or businesses.
3. Investments in savings schemes are eligible for deductions under Section _____.
4. The _____ is a tax on goods and services purchased or consumed.
5. Deductions for home loan interest are covered under Section _____.

True or False:

1. Taxes help the government reduce income inequality.
2. GST is an example of a direct tax.
3. Donations to approved charities can be claimed as deductions under Section 80G.
4. Road tax is an indirect tax.
5. Customs duty is charged on goods exported from the country.

One-Liner Questions with Answers:

1. What is the purpose of tax deductions?
2. Name two types of taxes.
3. Under which section are health insurance premiums deductible?
4. What is the tax levied on goods imported into the country called?
5. Which section allows deductions for investments in PPF and EPF?

Chapter 10 : Government Schemes

Introduction

These schemes are initiated and implemented by different ministries and departments of the Government of India. These schemes play a crucial role in solving many socio-economic problems that beset Indian society; thus, their awareness is a must for any concerned citizen.



Government schemes in India cover various sectors such as agriculture, education, health, employment, infrastructure, social welfare etc. These programs aim to bridge gaps, reduce disparities, and improve the quality of life for citizens. Let's explore some of these schemes, their significance, objectives, strategies, and impact on society.

Here are some financial services run by Indian government:-



Pradhan Mantri Jan-Dhan Yojana (PMJDY)

Introduction

Pradhan Mantri Jan-Dhan Yojana, launched on **28th August 2014** by Prime Minister Narendra Modi, aims to provide affordable access to financial services like banking, credit, insurance, and pensions. Pradhan Mantri Jan Dhan Yojana is a financial inclusion campaign which provides universal access to banking facilities. It also ensures to provide financial literacy with at least one basic banking account for every household in India.



Key Features

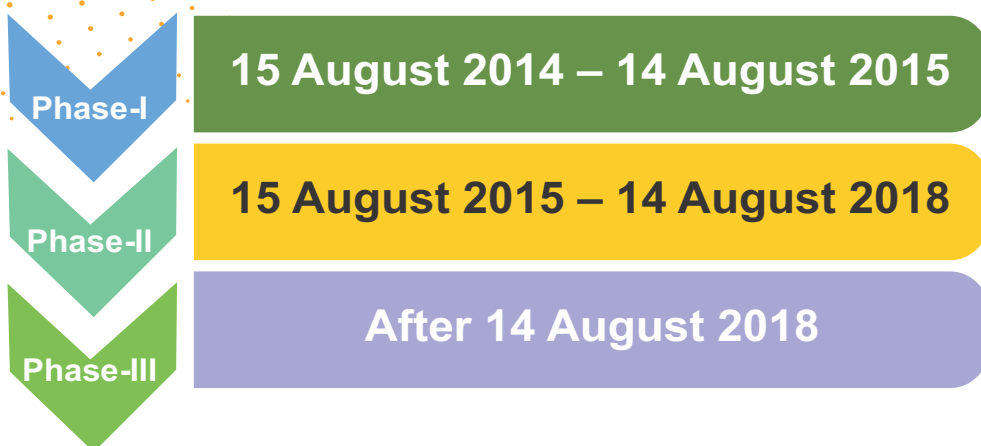
- Provides basic banking accounts with a **RuPay debit card** that includes accidental insurance.
- Zero balance accounts available for everyone.
- Overdraft facility of up to Rs. 5,000 for Aadhaar-linked accounts.
- **Life insurance cover** of Rs. 30,000 for eligible accounts opened between 15th August 2014 and 26th January 2015.

Achievements

- Over **53.13 crore accounts** opened as of 14th August 2024.
- Deposits exceeding Rs. 1.31 lakh crore.
- Recognized by the **Guinness World Records** for most bank accounts opened in a single week.

Implementation Phases

The implementation of Pradhan Mantri Jan Dhan Yojana (PMJDY) occurred in three phases:



1. Phase I (2014-2015): Focus on universal access to banking and financial literacy.

- PMJDY scheme was implemented during this period with an aim to provide universal access to banking facilities for all the household families across the country with at least one basic banking account with RuPay Debit Card which had an inbuilt accidental insurance cover of Rs 1 lakh.
- It provided a financial literacy program to the villages.
- Issuing of the Kisan Credit Card was also proposed during this period.

2. Phase II (2015-2018): Introduced micro-insurance and pension schemes.

- It aimed at providing micro insurance to the people and pension schemes like Swavalamban to the unorganized sector through the Business Correspondents.

3. Phase III (Post-2018): Expanded overdraft limits and increased accidental insurance cover.

- PMJDY focused on opening accounts for every household with an existing Overdraft (OD) limit of Rs 5,000 to be raised to Rs 10,000. No conditions were attached for OD up to Rs 2,000.
- The age limit for availing the OD facility was revised from 18-60 years to 18-65 years.
- Under this expanded coverage, an accidental insurance cover for new RuPay card holders has raised from Rs. 1 lakh to Rs. 2 lakh if the accounts were opened after 28.8.18.

Pradhan Mantri Suraksha Bima Yojana (PMSBY)

Introduction

Pradhan Mantri Suraksha Bima Yojana is a government scheme launched on **9th May 2015** by PM Narendra Modi. It intends to provide an affordable insurance scheme for the poor and underprivileged people in the age group of 18 to 70 years with a bank account at a premium of Rs.20 per annum; risk coverage of Rs.2 lakh for accidental death and full disability and Rs.1 lakh for partial disability.



Benefits

Pradhan Mantri Suraksha Bima Yojana (PMSBY) provides an insurance policy to the people belonging to the underprivileged sections of society. The scheme is administered by insurance companies from both the private and public sectors. Some of the benefits provided by the scheme are mentioned below:

- The Pradhan Mantri Suraksha Bima Yojana offers a life cover of Rs. 2 lakhs for one year to all its account holders. This life cover is provided in case of accidental death or permanent disability.
- A life cover of Rs. 1 lakh is provided to the beneficiary in case of partial disability.
- This scheme can be availed by any individual aged between 18 years to 70 years.
- In case of the death of the account holder, the benefits of the scheme can be availed by his/her nominee.
- The scheme provides an annual premium of Rs. 12 per annum per member. This premium is auto-debited in one instalment on or before 1st June of every year.

Eligibility Criteria

Any individual must follow the below-mentioned criteria to be eligible for the Pradhan Mantri Suraksha Bima Yojana:

- Any individual aged between 18 years to 70 years is eligible to apply for the scheme.
- He/she must have a bank account along with their phone number linked to the account.
- The individual should submit their Aadhaar details while applying for the scheme. This Aadhaar details will be linked with their bank account.
- If any individual has multiple bank accounts of one or different banks, then he/she will be eligible to join the scheme through one bank account only. In the case of a joint account, the scheme benefits can be availed by all the bank account holders.
- In the case of an NRI beneficiary, the claim benefits will only be provided to the nominee in Indian currency.

As per Pradhan Mantri Suraksha Bima Yojana, any accidental death, murder or disability due to natural calamities is covered under this scheme. Whereas any suicidal death is not covered under Pradhan Mantri Suraksha Bima Yojana. Also, the family members will not be provided with any benefits in case of suicidal deaths.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

Introduction

The Pradhan Mantri Jeevan Jyoti Bima Yojana is a government scheme launched on 9th May 2015 by PM Narendra Modi in Kolkata. This is a life insurance scheme that was first introduced by Arun Jaitley, the Finance Minister of India in his 2015 Budget Sheet. Pradhan Mantri Jeevan Jyoti Bima Yojana is implemented by the Life Insurance Corporation of India.



Candidates can know the detailed information about the Pradhan Mantri Jeevan Jyoti Bima Yojana on the Official Website.

Who can apply for PM Jeevan Jyoti Bima Yojana?

PM Jeevan Jyoti Bima Yojana was established to provide life insurance security to the poor and low-income section of the society. They must have a bank account to be eligible for Pradhan Mantri Jeevan Jyoti Bima Yojana. It is also mandatory for the beneficiary to link their adhaar card to their bank accounts while availing this scheme.

Key Features

- Annual premium: **Rs. 330.**
- Life coverage: **Rs. 2 lakh.**
- Eligibility: Individuals aged **18 to 50 years.**

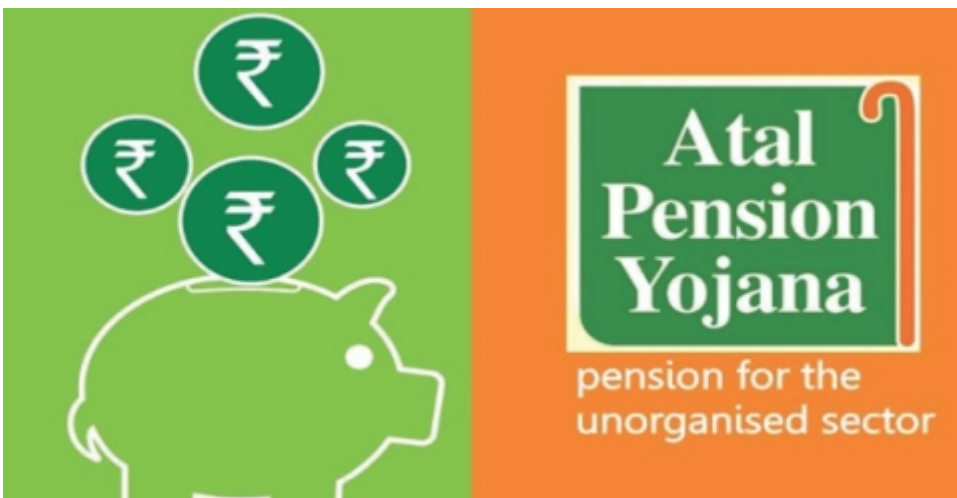
Benefits

- In case of the death of the insured person, the next eligible beneficiary is provided with a death benefit including a death coverage of Rs. 2,00,000.
- Being a pure term insurance scheme, the Pradhan Mantri Jeevan Jyoti Yojana does not offer any maturity.
- The scheme also provides risk coverage for 1 year which can be renewed yearly. The insurance holders can also opt for a long duration through the option of auto-debit which is linked to their account.
- The scheme also provides tax deduction under section 80C through its monthly premium payment.
- The life cover of Rs. 2 lakhs will be provided for one year period stretching from 1st June to 31st May and will be renewable.
- The premium for this scheme is Rs. 330 per annum which is to be auto-debited in one installment before 31st May of each annual coverage period under the scheme.

Atal Pension Yojana (APY)

Introduction

Atal Pension Yojana is a pension scheme under the Government of India. This scheme replaces the Swavalamban Yojana and was established to provide old age income security to the workers belonging to the unorganized sector. The Atal Pension Yojana was launched by PM Narendra Modi on 9th May 2015 in Kolkata. The scheme focuses on encouraging workers of unorganized sectors to save for their future.



The flagship social security scheme of the Government of India – 'Atal Pension Yojana' (APY) – has completed five years of implementation on 9th May 2020. As of October 2024, the Atal Pension Yojana (APY) had more than 7 crore subscribers.

Key Features

- Fixed pension ranging from **Rs. 1,000 to Rs. 5,000** per month.
- Contributions vary based on the subscriber's age and pension amount.

Eligibility

The workers will have to follow the below-mentioned criteria to be eligible for the Atal Pension Yojana:

- Atal Pension Yojana (APY) is open to those who are not a member of any statutory social security scheme.
- Any individual aged between 18 years to 40 years and have a bank account are eligible for the scheme.
- He/She will have to provide proof of possession along with their Aadhaar number or must undergo Aadhaar authentication.
- The subscriber should get their Aadhaar number recorded in the APY pension account as well as in their savings account.
- Providing of the Aadhar number is important for the debit of the contribution installments and for the credit of government co-contribution.

Achievements

- As of October 2024, the Atal Pension Yojana (APY) had more than 7 crore subscribers.
- The scheme has seen a significant increase in subscribers in recent years.

Target Segment

- The scheme was launched on 9th May 2015, with the objective of creating a universal social security system for all Indians, especially the poor, the underprivileged and the workers in the unorganized sector.

Benefits

- The Atal Pension Yojana (APY) is a government scheme that became operational from 1st June 2015 and mainly focused on providing old age security to the unorganized workers who are not covered under any of the social security schemes.

The benefits provided by the Atal Pension Yojana are mentioned below:

- The scheme provides the subscribers with a fixed pension ranging between Rs.1000 to Rs. 5000. The pension is provided if he/she joins and contributes between the age of 18 years and 40 years. The contribution level varies as per the conditions which are low if the subscriber joins the scheme early and might increase if he/she joins late.
- After the death of the subscriber, the spouse is eligible for availing the same benefits provided by the pension.
- The indicative pension wealth will be returned to the nominees after the death of a spouse.
- A contribution to the Atal Pension Yojana (APY) is eligible for tax benefits similar to the National Pension System (NPS).

The success of the APY Scheme

High returns

The APY has generated returns of 9.1% since its inception, which is considered a good rate compared to other savings plans.

Guaranteed pension

The APY provides a guaranteed pension to subscribers.

Robust communication

The administration maintains strong communication channels with subscribers until they reach retirement.

Increased enrollments

The number of subscribers has increased significantly, with over 56 lakh new subscribers in the 2024-25 financial year.

Glossary

- **Financial Literacy:** Understanding financial concepts and managing personal finances.
- **Overdraft:** A facility allowing account holders to withdraw more money than available in their accounts.

Summary

Government schemes in India play a pivotal role in addressing socio-economic challenges. Awareness and participation in these programs empower individuals and contribute to national growth.

Government schemes in India serve as crucial instruments for addressing various socio-economic challenges faced by the population. These programs are designed to uplift marginalized communities, promote economic development, and ensure inclusive growth across sectors such as health, education, employment, agriculture, and infrastructure. Awareness about these schemes enables individuals to access essential resources and opportunities, while active participation ensures that the intended benefits reach the grassroots level. Collectively, these initiatives foster empowerment, reduce inequalities, and contribute significantly to the nation's overall progress and development.

Question Section

Fill in the Blanks:

1. Pradhan Mantri Jan-Dhan Yojana was launched on _____ .
2. PMJDY provides a _____ card with accidental insurance.
3. PMSBY provides accidental death coverage of _____ .
4. PMJJBY provides a life insurance cover of _____ .
5. Atal Pension Yojana provides a fixed pension ranging from _____ to _____ .

Multiple Choice Questions:

1. What is the overdraft limit for Aadhaar-linked accounts under PMJDY?
 - (a) Rs. 2,000
 - (b) Rs. 5,000
 - (c) Rs. 10,000
 - (d) Rs. 1,000
2. Which phase of PMJDY focused on micro-insurance and pension schemes?
 - (a) Phase I
 - (b) Phase II
 - (c) Phase III
 - (d) Phase IV
3. What is the annual premium for PMSBY?
 - (a) Rs. 10
 - (b) Rs. 12
 - (c) Rs. 15
 - (d) Rs. 20
4. What is the annual premium for PMJJBY?
 - (a) Rs. 300
 - (b) Rs. 330
 - (c) Rs. 350
 - (d) Rs. 400
5. Who can subscribe to APY?
 - (a) Individuals aged 18 to 50 years
 - (b) Individuals aged 18 to 40 years
 - (c) Individuals aged 21 to 50 years
 - (d) Individuals aged 21 to 40 years

True/False:

1. PMJDY includes a life insurance cover of Rs. 50,000.
2. PMSBY is available for individuals aged 18 to 60 years.
3. PMJJBY is renewable annually.
4. APY is available to workers in the organized sector.

One-Liner Questions:

1. What recognition did PMJDY receive from Guinness World Records?
2. Who is eligible for PMSBY?
3. What is the age eligibility for PMJJBY?
4. What scheme did APY replace?

Chapter 11: Fraud Protection

Introduction

In today's digital age, financial literacy extends beyond understanding savings and investments to recognizing and protecting against fraud and scams. This book aims to educate students from classes 6 to 12 about financial crimes, identity theft, and the importance of measures like Know Your Customer (KYC) and banknote security features. By gaining this knowledge, students can make informed decisions and safeguard their financial well-being.



What are Fraud and Scams?

Definition of Fraud

Fraud is a criminal offense involving intentional deception to gain an unfair advantage or deprive someone of their legal rights.

Definition of Scam

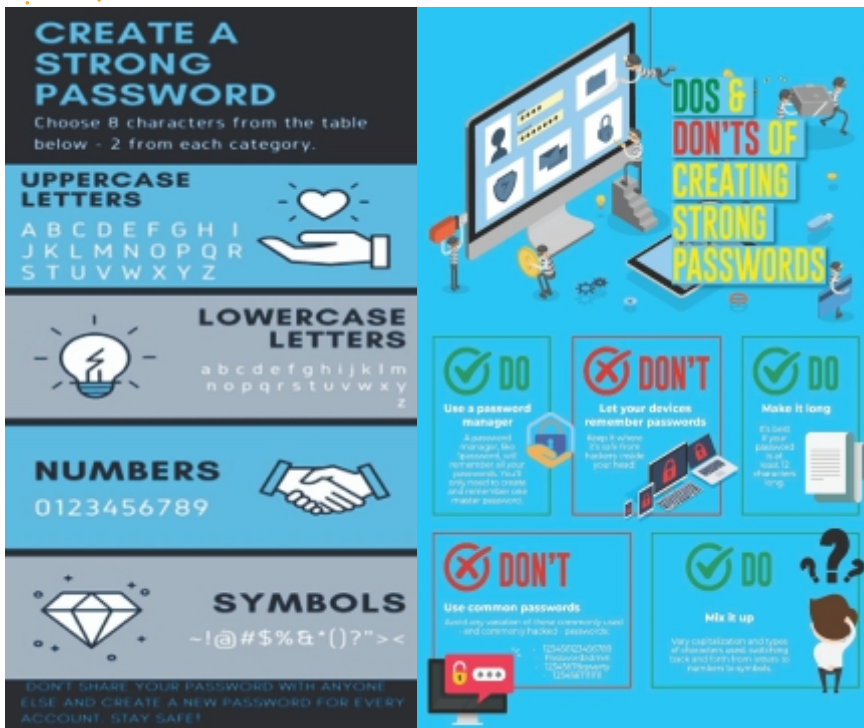
A scam is an act where someone tricks individuals into revealing personal or financial information, which is then used fraudulently.



Key Examples:

- Phishing emails
- Fake investment schemes
- Lottery / Gift scams
- Fake bank calls for asking OTP / verification
- Threat calls

Create A Strong Password to Avoid Fraud and Scams



To create a strong password and avoid fraud and scams, ensure your password is: at least 12 characters long, includes a mix of uppercase and lowercase letters, numbers, and special symbols, is unique for each account, and avoid using personal information or common words; consider using a password manager to store and generate complex passwords effectively.

Key points to remember:

- **Length matters:** Aim for a minimum of 12 characters, longer is better.
- **Variety is key:** Incorporate uppercase and lowercase letters, numbers, and special characters like !@#\$.
- **No personal details:** Avoid using your name, birthday, pet names, or other easily guessable information.
- **Unique passwords:** Create a different, strong password for every online account.
- **Avoid common patterns:** Don't use sequences like "1234" or "qwerty".
- **Use a password manager:** A reliable password manager can securely store and generate complex passwords for you.
- Example of a strong password: "H@ppy!D@y2023"

Understanding Identity Theft

What is Identity Theft?

Identity theft occurs when an attacker uses deception to obtain personal or sensitive information and misuses it to act in the victim's name. Most often, the motivation is economic gain.

Common Tactics:

- Stealing credit card information
- Hacking personal accounts
- Impersonating the victim for loans or purchases

Prevention Tips

- Avoid sharing personal details online.
- Use strong passwords for online accounts.
- Regularly monitor financial statements for suspicious activity.



Importance of KYC (Know Your Customer)



Why is KYC Important?

1. Prevents money laundering.
2. Combats the financing of terrorism.
3. Manages financial risks.
4. Checks identity theft.
5. Prevents criminal activities.
6. Helps the banks to understand their customers.
7. Assists industries in verifying customer identities.

How KYC Works:

- Customers provide identification documents.
- Institutions verify the authenticity of the information.



To complete KYC (Know Your Customer) in India, you'll need to provide documents that verify your identity and address. These documents may include:

- **Identification:** A valid passport, driver's license, voter ID, Aadhaar card, or PAN card
- **Address:** A recent utility bill, bank statement, or lease agreement
- **Additional verification:** A social security number, tax ID, or letter from the National Population Register
- **Photograph:** A recent colored photograph
- **Non-resident status proof:** A valid visa, work permit, or residence permit
- **Job card:** An NREGA job card signed by a state government officer

KYC verification is a mandatory process for financial institutions and other companies. It helps ensure that customers are who they say they are and that there are no red flags on their credit history.

Key Features

- ## New Features in Modern Notes

-
- Now your RBI issues ₹500 notes in a new series
6. Governor Sign. & RBI emblem shifted Right side
7. Electrotype watermark
9. Color changed Green → Blue
- Circle with 500
12. 5 Lines
17. 500 in Devnagari
16. Red Forte
13. Year
- Back Side
- Swachh Bharat logo slogan
1. Denomination number
2. Latent image of 500
3. 500 in Devnagari Language
4. Place & Orientation of Gandhi changed
5. Thread color changed: Green → Blue

Details of Security Features in ₹100 Note

Obverse (Front) Side

See through Register

The floral design printed both on the front (hollow) and back (filled up) in the middle of the vertical band next to the watermark window has the denominational numeral "100". Half the numeral is printed on the obverse and half on the reverse. Both the printed portions have an accurate back to back registration so that the numeral appears as one when viewed against light.

Latent Image

The vertical band contains latent image showing the numeral 100 when the banknote is held horizontally at eye level.

Microlettering

The letters, "RBI", and the numeral, "100" can be viewed with the help of a magnifying glass in the zone between the Mahatma Gandhi portrait and the vertical band.

Identification Mark

A triangle with improved intaglio print that helps the visually impaired to identify the denomination.

Watermark

The portrait of Mahatma Gandhi, the multi-directional lines and an electrolyte mark showing the denominational numeral 100 appear in this section and these can be viewed better when the banknote is held

Intaglio Printing

The portrait of Mahatma Gandhi, the Reserve Bank seal, guarantee and promise clause, Ashoka Pillar emblem on the left, RBI Governor's signature on the banknote and the identification mark for the visually impaired persons are printed in intaglio, i.e., in raised prints, which can be felt by touch.

Security Thread

2 mm wide security thread with inscriptions "RBI" and the numeral, "100" and exclusive colour shift from green to blue when viewed from different angles. It will fluoresce in yellow on the reverse and the text will fluoresce on the obverse under ultraviolet light. The thread is visible as a continuous line from behind when held up against light.

Reverse (Back) Side

Year of printing appears on the reverse of the banknote



Fluorescence

Number panels of the banknote are printed in fluorescent ink. The banknote has optical fibres. Both can be seen when the banknote is viewed under ultraviolet light.

Paper

Banknote is printed on a special watermarked paper with substrate cotton and cotton rag. This gives the banknote a unique "feel" and "cracking sound". The new series of Rs.100 banknote has paper with increased grammage and caliper thickness.

National Cyber Crime Reporting Portal



This portal is an initiative of Government of India to facilitate victims/complainants to report cyber crime complaints online. It provides a user-friendly platform for citizens to report various types of cyber crimes securely and anonymously, with special focus on cyber crimes against women and children. The portal covers offenses such as hacking, identity theft, online fraud, and cyber bullying. Users can lodge complaints online, upload relevant evidence, and track the progress of their cases.

The portal also offers resources, including cyber safety tips and guidelines to help users prevent cyber incidents. Managed by law enforcement agencies, the **National Cyber Crime Reporting Portal** aims to safeguard digital infrastructure, promote cyber security awareness, and ensure prompt action against cyber offenders to uphold digital safety across India. Complaints reported on this portal are dealt by law enforcement agencies/ police based on the information available in the complaints. It is imperative to provide correct and accurate details while filing complaint for prompt action.

Purpose

The portal is a governments initiative to help victims and complainants report cyber crimes. It aims to:

- Safeguard digital infrastructure
- Promote cyber security awareness
- Ensure prompt action against cyber offenders

Features

The portal allows users to:

- Lodge complaints online
- Upload relevant evidence
- Track the progress of their cases
- Report anonymously for certain types of complaints
- Access resources, including cyber safety tips and guidelines

Types of cyber crimes

The portal covers a wide range of cyber crimes, including:

- Hacking
- Identity theft
- Online fraud
- Cyber bullying
- Online and social media related crime
- Child pornography / Child Sexual Abuse Material (CSAM)
- Crypto currency crime
- Ransom ware

Glossary

- **Fraud:** Deception intended for personal gain.
- **Scam:** A fraudulent scheme designed to steal information or money.
- **Identity Theft:** Unauthorized use of someone's personal information.
- **KYC (Know Your Customer):** A process to verify customer identities.
- **Security Features:** Built-in measures to prevent counterfeiting of currency.

Summary

Fraud and scams pose significant risks in the financial world, making awareness and prevention crucial. Identity theft is a growing concern that underscores the importance of secure practices like KYC. Banknotes are equipped with advanced security features to combat counterfeiting. Understanding these topics empowers individuals to protect themselves and their finances effectively.

Question Section

Fill in the Blanks

1. _____ is the act of deceiving someone for financial gain.
2. _____ occurs when personal information is stolen and misused.
3. KYC helps prevent _____ and identity theft.
4. A _____ is a metallic thread woven into a banknote for security.

Multiple Choice Questions

1. What is the purpose of KYC?
 - (a) To approve loans
 - (b) To prevent money laundering
 - (c) To print banknotes
 - (d) To monitor investments
2. Which feature helps visually impaired individuals identify banknotes?
 - (a) Latent Image
 - (b) Identification Mark
 - (c) Omron Circle
 - (d) Security Thread
3. What is identity theft?
 - (a) Printing fake banknotes
 - (b) Misusing someone's personal information
 - (c) Investing in fraudulent schemes
 - (d) Laundering money

True/False

1. Phishing is a common type of scam.
2. KYC is only required for opening a savings account.
3. Banknotes have security features to prevent counterfeiting.

One-liner Questions

1. Define fraud in one sentence.
2. Name two security features of banknotes.
3. Why is identity theft harmful?
4. What is the full form of KYC?

Chapter 12: Career Planning in Finance Sector



Jobs in the financial sector can be lucrative, but breaking into the world of finance often requires a four-year degree, and many professionals have advanced degrees in business, math, economics, or statistics.

A career in finance involves managing money, which can include: creating budgets, making investments, managing debt, and forecasting revenues. Finance careers can be found in a variety of sectors, including banking, corporate finance, insurance, investment management, and consulting.

Some popular finance careers include: Investment banker, Financial analyst, Portfolio manager, Actuary, Securities trader, Financial planner, and Economic analyst.

Finance careers can be a good fit for people who are analytical and enjoy keeping up with financial and technological trends. They can offer strong earning potential and above-average employment growth projections. However, financial jobs can also be stressful, and early career burnout is not uncommon.

1. BANK MANAGER/BRANCH MANAGER



A Bank Manager is responsible for managing the day-to-day operations of a bank or financial institution's branch.

- **Expected Income-** The approx. salary of a bank Manager ranges between **INR 26,667-1,00,000** or more per month.
- **Fee -** The approx. course fee for an MBA ranges between **INR 20,000 - 40,00,000** depending on the type of college.

Educational Pathway

Government Banks	Private Banks
• 10+2 • Graduation in any stream • Qualify IBPS PO exam or SBI PO exam bank exam • Induction Training Academies of the bank • Join as an assistant manager • Bank manager after 3-5 yrs. experience	• 10+2 • Graduation in accounting/Economics/ Business/Finance • Master's in same • Qualify any probationary bank exam • Join as a banking professional • Rise to the level of bank manager

2. BUSINESS DEVELOPMENT COORDINATOR

Business Development Managers are responsible for driving growth within a company. They generate new sales leads, negotiate client pricing, and forecast sales revenue to maximize the company's profit.

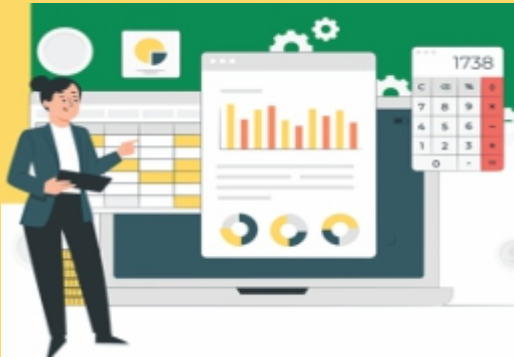


- **Expected Income-** The approx. salary of a Business Development Coordinator ranges between **INR 12,000-76,000** or more per month.
- **Fee -** The approx. course fee ranges between **INR 1,00,000 - 3,00,000** depending on the type of college.

Educational Pathway

- 10+2
- Graduation in BBA/BBM/BBS in Marketing, Business or related field
- Masters or PG diploma in same field

3. COMPANY SECRETARY



A Company Secretary is an in-house legal expert and compliance officer of the company. He or she is an expert in corporate and securities law, capital market and corporate governance. They provide guidance to company directors about how their organizations should be directed, managed or controlled.

- **Expected Income-** The approx. salary of a Company Secretary ranges between **INR 34,000-1,05,000** or more per month.
- **Fee -** The total fee for pursuing the institute of company secretaries of India foundation, executive and professional courses is around **INR 30,000**.

Educational Pathway

- 10+2
- Pursue CS foundation course, followed by executive and professional courses.
- Pursue CS foundation course along with bachelor's in commerce or law or any related field. Follow this up with CS executive and professional courses.
- Pursue CS foundation course along with bachelor's, follow it up with executive course.
- Then master's in commerce, law/ business administration or any related subject and then do the CS professional course.

4. COST & WORKS ACCOUNTANT

A Cost Accountant records the costs of production involved in manufacturing goods and delivering services of a firm. They also develop budgets and cost-control initiatives, which can increase profits for a business.



- **Expected Income-** The approx. salary of a Finance Accountant ranges between **INR 8,000-12,000** or more per month for new entrants and **INR 20,000 to 35,000** per month for candidates with experience.
- **Fee -** The approx. fee for pursuing the ICAI foundation, intermediate and final courses is around **INR 50,000**

Educational Pathway

- 10+2 in commerce or science stream.
- Complete Institute of Cost and Management Accountants of India (ICMAI), followed by ICAI intermediate and ICAI final courses.
- Pursue ICAI foundation course along with bachelor's in Accounting or any related field. Follow this up with ICAI final courses.
- Complete bachelor's degree in Accounting/ Accountancy or any related subject and then follow it up with ICAI intermediate and final courses.
- Complete bachelor's degree in Accounting/ Accountancy , complete ICAI intermediate courses.
- Master's in Business Administration / Economics/ finance and accounting or related subject and then follow it up with ICAI final courses.

5. EQUITY RESEARCH ANALYST



Equity Research Analysts recommend to their clients what stocks they should buy or sell and provide reliable research that backs those recommendations. For this they conduct research and analyze stocks and other securities.

- **Expected Income-** The approx. salary of an equity research analyst ranges between **INR 20,000 to 1,65,000** or more per month.
- **Fee -** The approx. fee ranges between **INR 1,00,000-3,00,000**.

Educational Pathway

- 10+2 in commerce stream.
- Pursue a bachelor's in Business Administration/ Finance/ Commerce or related subjects.
- Complete bachelor's and follow it up with a Master's in same or allied field.
- Complete bachelor's and then take up Chartered Accountancy/ Chartered Financial Analyst exams
- Complete a diploma in Financial Management/ Banking and Finance/ Banking and Capital Market and any related subject and then work for minimum of 4 years and then take the Chartered Financial analyst exam.

7. FINANCIAL ACCOUNTANT



A Financial Accountant is responsible for running the accounting and financial activities of an organization. They carry out the day to day financial work for a firm, prepare financial statements and conduct audits. They also advise on accounting matters and ensure proper maintenance of account books and record of business.

- **Expected Income-** The approx. salary of a Financial Accountant ranges between **INR 40,000-1,60,000** more per month.
- **Fee -** The approx. course fee ranges between **INR 20,000 - 4,00,000**.

Educational Pathway

- 10+2 in commerce stream.
- Complete a bachelor's degree (B. Com.) in Commerce.
- Institute of Cost and Management Accountants of India (ICMAI), followed by ICMAI intermediate and ICMAI final courses.
- Complete bachelor's degree followed by a master's degree (M. Com.) in the same or related field.

6. FINANCE MANAGER

Finance Managers are responsible for distributing the financial resources of a company and for the budget planning. They support the executive or senior management team by offering insights and financial advice that will allow them to make the best strategic business decisions for the company.



- **Expected Income-** The approx. salary of a Financial Accountant ranges between **INR 40,000-1,60,000** more per month.
- **Fee -** The approx. course fee ranges between **INR 20,000 - 4,00,000**.

Educational Pathway

- 10+2 in commerce or science stream.
- Complete bachelor's degree in Economics / CMA (cost management accounting) / Finance / Business / Accounting.
- Complete bachelor's degree in Economics/ Finance/ Accounting, followed by master's in Finance like CFA (Chartered Financial Analyst) / MBA Finance / M.A. in Economics / M.Sc. In Finance.

8. FINANCIAL ANALYST

A Financial Analyst is responsible for helping a company manage its overall financial status. They make use of the company's data to identify its profitability, liabilities, strengths, weaknesses, and future potential.



- **Expected Income-** The approx. salary of a Financial Analyst ranges between **INR 20,000-84,000** or more per month.
- **Fee -** The approx. fee for courses is around **INR 1,00,000-3,00,000**.

Educational Pathway

- 10+2 in commerce stream.
- Complete a bachelor's in Finance or related subjects.
- Pursue Chartered accountant program followed by the Chartered Financial Analyst exam.
- Complete a bachelor's degree followed by an MBA in Finance.
- Pursue a diploma in Finance or any related subjects, earn 4 yrs. of work experience and then take the 3 exams of the Chartered Financial Analyst.

9. INTERNATIONAL BUSINESS MANAGER



An International Business Manager is responsible for the global aspects of business operations in organizations which operate in more than one country. The work requires knowledge of different global markets, legal and financial compliance requirements etc. International managers operate across different functional areas such as marketing, finance, business strategy, foreign exchange and compliance.

- **Expected Income-** The approx. salary of an International Business Manager ranges between **INR 47,000-2,16,000** per month.
- **Fee -** The approx. fee for course ranges between **INR 20,000-4,00,000**.

Educational Pathway

- 10+2 with any subject combination.
- Complete bachelor's degree, then pursue a master's degree in International business/Business Administration/Business Management/Foreign Trade/ operations management/ any related subjects

10. INVESTMENT BANKER

Investment Bankers help individuals, businesses, organizations, or other corporate entities in activities such as capital raising, mergers and acquisitions.



- **Expected Income-** The approx. salary of a Finance Accountant ranges between **INR 28,000-5,00,000** or more per month.
- **Fee -** The approx. fee for pursuing the course is in between **INR 1,00,000-3,00,000**.

Educational Pathway

- 10+2 in commerce or science stream.
- Complete bachelor's degree in Accounting/ Finance/ Economics/ Mathematics etc.
- Complete bachelor's degree in and then follow it up with an MBA in Finance.
- Complete bachelor's and then follow it up with 3 exams of the Chartered Financial Analyst program.
- Complete bachelor's degree and then follow it up with a PG Diploma in Investment banking.

11. INVESTMENT/ PORTFOLIO MANAGER



Portfolio Managers are investment decision-makers. They handle investing strategies for individuals and organizations. Portfolio Managers decide where, how, and when to invest assets.

- **Expected Income-** The approx. salary of a Finance Accountant ranges between **INR 40,000 - 3,35,000** or more per month.
- **Fee -** The approx. fee for pursuing the course is in between **INR 1,00,000- 3,00,000.**

Educational Pathway

- 10+2 in commerce stream.
- Pursue bachelor's in Finance or any other field followed by an MBA with specialization in Finance/Financial Management or in any Finance related subjects.
- Complete bachelor's degree followed by a master's degree in the same or allied field.

12. RISK MANAGER

In finance, risk refers to the degree of uncertainty and/or potential financial loss inherent in an investment decision. A Risk Manager's responsibility is to use his expertise to help his or her organization prepare for such uncertainties, minimize threats to its interests, and reduce losses. The actions of the Risk Manager have a direct impact on the company's financial performance, efficiency, output, and overall success.



- **Expected Income-** The approx. salary of a Risk Manager ranges between INR 45,833-1,25,833 or more per month.
- **Fee -** The average fee of B.Tech. in Information Technology ranges from INR 30,000-8,00,000 per annum.

Educational Pathway

- 10+2 in commerce or science stream.
- Complete bachelor's in any Engineering/ computer science/ information technology/computer application/ mathematics or related subject.
- Complete bachelor's degree and follow it up with a master's in the same or allied field.

13. TAX AUDITOR



A Tax Auditor is responsible for ensuring that the financial records of the taxpayer are in accordance with the provisions of the law.

- **Expected Income-** The approx. salary of an Auditor ranges between **INR 13,000-85,000** or more per month.
- **Fee -** The approx. fee for course ranges between **INR 7,000-5,00,000**.

Educational Pathway

- 10+2 in commerce or science stream.
- Complete bachelor's degree in any related subject and then clear UPSC exam and qualify for Indian Revenue service (IRS).
- Complete bachelor's degree in Accountancy/Business/Economics/Finance or any related subject, obtain relevant certification (CS/CA/Certified Information System Auditor/The Institute of Cost Accountants of India).
- Complete bachelor's degree followed by a master's degree in the same or related field.



In India, the importance of finance cannot be overstated. The finance sector is a vital component of the country's economy, providing necessary services to businesses and individuals alike. Careers in finance are in high demand, and for good reason. They offer a plethora of benefits that make them a great choice for anyone seeking a challenging and rewarding career.

This course aims to explore the various advantages of a career in finance. It had highlighted the high earning potential, the diverse career paths available, the intellectual challenge, and the transferable skills that can be gained from a career in finance.

Whether you're just starting out in your career or looking for a change, this course will help you understand why a career in finance is a wise choice. So, let's delve into the world of finance and discover the benefits that await those who choose this exciting career path. A career in finance can be a rewarding and transformative journey, with many benefits including:

- **Lucrative compensation:** Finance careers can offer high income. .
- **Job stability:** Finance careers can offer greater job stability and security.
- **Intellectual challenges:** Finance careers can offer intellectual challenges and room for growth.
- **Continuous learning:** Finance careers offer opportunities for continuous learning and skill development.
- **High job satisfaction:** Finance careers can offer high levels of job satisfaction.

Glossary

- **Budget Planning:** The process of creating a plan to spend money.
- **Corporate Governance:** The system by which companies are directed and controlled.
- **Equity Research:** Analyzing stocks to help clients make investment decisions.
- **Risk Management:** Identifying, evaluating, and mitigating financial risks.
- **Tax Compliance:** Ensuring adherence to tax laws and regulations.

Summary

A career in the finance sector offers a combination of challenges and rewards. With options ranging from banking to financial analysis and tax compliance, students can choose pathways that align with their skills and interests. By acquiring the necessary education and experience, they can achieve success in this dynamic field.

A career in the finance sector offers diverse opportunities, combining both challenges and rewards. It encompasses a wide range of roles, such as banking, financial analysis, investment management, tax compliance, risk management, and more. Each role requires specific skills, making it possible for individuals to tailor their career path based on their strengths and interests.

For example, careers in banking involve client relations, loan management, and financial services, while financial analysts focus on evaluating investments, financial trends, and advising on financial decisions. Tax professionals are responsible for ensuring compliance with tax laws and offering strategic tax planning, which is essential for businesses and individuals.

The finance sector is dynamic and fast-paced, often requiring individuals to stay updated with industry trends, regulations, and emerging technologies. Success in this field typically demands a combination of formal education (such as finance or economics degrees), industry certifications, and hands-on experience, which can be gained through internships, entry-level jobs, and continuous professional development.

Overall, the finance industry is an attractive career choice for those who enjoy problem-solving, analytical thinking, and working in a fast-paced environment. With the right preparation and dedication, individuals can build rewarding careers in this ever-evolving field.

Question Section

Fill in the Blanks

1. A Bank Manager's salary ranges from _____ to _____ per month.
2. The fee for an MBA course ranges between _____ and _____.
3. Company Secretaries ensure compliance with _____ laws.
4. The salary range for a Risk Manager is _____ to _____ per month.
5. Cost Accountants record the costs of _____ and _____.
6. Portfolio Managers handle _____ and _____ strategies.
7. International Business Managers work across _____ markets.

Multiple Choice Questions

1. What is the role of a Business Development Coordinator?
 - (a) Managing investments
 - (b) Generating sales leads
 - (c) Conducting financial audits
 - (d) Supervising branch operations
2. What is the fee for the Company Secretary course?
 - (a) INR 10,000
 - (b) INR 20,000
 - (c) INR 30,000
 - (d) INR 40,000
3. Which profession analyzes securities to provide investment advice?
 - (a) Risk Manager
 - (b) Equity Research Analyst
 - (c) Tax Auditor
 - (d) Finance Manager
4. Actuaries primarily work in which sector?
 - (a) Banking
 - (b) Insurance and pensions
 - (c) Investment banking
 - (d) Economic analysis
5. What is the role of an Internal Auditor?
 - (a) Managing investments
 - (b) Evaluating control processes
 - (c) Conducting external audits
 - (d) Supervising branch operations

True/False

1. A Finance Manager's primary role is to conduct audits.
2. Financial Analysts provide insights based on data.
3. Tax Auditors handle investment strategies.
4. Risk Managers mitigate financial risks.
5. Actuaries analyze financial risks.

One-liner Questions

1. What is the minimum salary of a Bank Manager?
2. Name the course required to become a Company Secretary.
3. What is the role of an Equity Research Analyst?
4. Define Tax Compliance.
5. What is the main responsibility of a Risk Manager?
6. What do Actuaries analyze?
7. What is the role of an Internal Auditor?

Chapter 13 : Unmasking the Financial Cybercrimes, Frauds & Scams and Prevention

Topic 1: Introduction

"Awareness is the first line of defense in the war against financial fraud."

The Growing Importance of Scam Awareness in India

India's digital transformation over the past decade has reshaped how citizens access banking, government services, and consumer platforms. With more than 1.3 billion people, over 800 million internet users, and increasing smartphone penetration, India is fertile ground for both economic opportunity and digital deception.

As digital literacy has expanded, so have the methods employed by fraudsters. From phishing emails and UPI frauds to QR code scams and fake job offers - scams are no longer rare events but daily risks.

In 2023 alone, India reported:

Over Rs 10,300 crore in losses due to cybercrimes (CERT-In estimates).

Over 70,000 digital fraud complaints monthly via the cybercrime.gov.in portal.

An increase of 200% in UPI frauds compared to 2021.

Who can benefit from this Book?

Whether you're a college student using digital wallets, a small-town trader managing online payments, or a senior citizen navigating WhatsApp messages - this book is written for you.

We are all potential "Vihaan" - the central character - someone trying to do the right thing but falling prey to increasingly clever criminals.

This book is especially for:

- Digital beginners and semi-literate users
- Youth and working professionals
- Senior citizens and retired individuals
- Small business owners and freelancers

What to Expect

- This book will:
- Define what financial scams and cyber frauds are
- Explain how they occur, with real Indian and global examples
- Show how people lose money and how fraudsters manipulate victims
- Offer clear steps, tools, and resources to protect yourself
- Guide you on how and where to report such crimes

Topic 2: What is a Financial Scam and Cyber Frauds?

Financial Scam: Definition

A financial scam is a deliberate deception involving money, typically carried out by a person or group who manipulates or tricks victims into giving up their funds, personal information, or both. These scams may appear legal, safe, or friendly - but are designed solely to steal, defraud, or exploit.

In India, scams range from phishing messages and Ponzi schemes to illegal digital loan apps. They're often masked as genuine business, banking, or government interactions.

“A financial scam is not always a robbery in the dark - sometimes it walks through your phone, smiles politely, and asks you to trust it.”

Characteristics of Financial Scams

Most financial scams share these common features:

- Too good to be true promises (huge returns, loan approvals, lottery wins)
- Urgency or fear (your account will be blocked, police action, limited-time offer)
- Fake identity (posing as RBI, bank officers, police, insurance companies, job recruiters)
- Request for sensitive info (OTP, UPI PIN, Aadhaar/PAN, passwords)
- Manipulative communication (using trust, panic, excitement, or confusion)

Bank's Perspective

“Fraudsters operate by misrepresenting themselves through SMS, email, phone, fake websites, and social media... They manipulate people into voluntarily giving up access to their money.”

Real-Life Examples

Type of Scam	Description	Outcome
QR Code Scam	Buyer sends QR to receive payment but tricks user into sending	₹70,000 debited after scanning
Fake Job Offer	Promises a job after registration fee	Victim loses ₹5,000 to ₹1 lakh
Credit Card Fee Waiver	Fraudster pretends to waive fee, asks for OTP	Credit card misused for ₹12,000+
Online Marketplace Scam	Fraudster “buys” item, sends fake payment link	₹14,990 stolen
Ponzi / MLM Scheme	Invest once and earn by recruiting others	Initial investment lost, no returns

Cyber fraud: Definition

Cyber fraud refers to any criminal deception committed using digital devices, networks, or the internet to illegally obtain money, data, or access to systems. It is a subset of cybercrime, focused specifically on financial gain.

Technical Definition (as per IT Act, 2000):

“Any fraud committed through the use of computer systems, communication devices, or digital networks to unlawfully access personal or financial data, mislead individuals, or conduct unauthorized transactions.”

Core Elements of a Cyber Fraud

1. Digital medium (mobile phones, computers, apps)
2. Deception (impersonation, manipulation, phishing)
3. Unauthorized access or transfer (money, credentials, OTPs)
4. Exploitation of human trust and technology loopholes

Major Types of Cyber Frauds

1. Phishing (via SMS/Email/Links)

Definition:

Phishing is a method where fraudsters send fake messages, emails, or links that mimic banks or government services to steal login credentials, OTPs, or personal info.

Example:

Vihaan received an SMS: "Your KYC is expiring. Click to update." He clicked the link and entered login details. Soon, ₹50,000 was debited from his account.

Key Tactic: Fake bank websites, threatening tone, use of logos and urgent phrases.

2. Vishing (Voice Phishing)

Definition:

Fraudsters pose as bank officers, customer care, or RBI agents over calls to extract sensitive info.

Example: "Sir, your credit card is being misused. Share OTP to block it." Vihaan shares OTP. ₹15,000 is debited.

Key Tactic: Knowledge of your name, address, card number to build false trust.

3. Smishing (SMS Phishing)

Definition:

Fake SMS messages from lookalike sender IDs asking users to click harmful links or respond.

Common Messages:

- "Verify your PAN-Aadhaar or account will be frozen"
- "You've won 5,00,000! Claim now"

Tips: Never click on links from suspicious messages or unknown senders. Always verify through official apps/websites.

4. Remote Access/Screen Sharing Apps

Definition:

Fraudsters trick users into downloading apps like AnyDesk, TeamViewer, or QuickSupport, giving remote access to their phone.

Case: Vihaan installed an "online gaming" feedback app. The fraudster remotely observed his screen, read OTPs, and transferred 95,000.

Key Tactic: Pretend to be tech support, job agents, cashback agents, etc.

5. OTP Theft

Definition:

One-Time Password (OTP) is a dynamic passcode sent by banks to authenticate transactions. Scammers trick users into sharing OTPs - the digital keys to their money.

Key Tactic: "OTP is never asked by banks. Never share it. Sharing OTP = granting transaction permission."

Scenarios where OTP is stolen:

- Credit card upgrade frauds
- Loan processing scams
- KYC verification
- Free gift offers

6. Malware & Fake Apps

Definition:

Fraudsters trick users into downloading malicious applications that record keystrokes, steal passwords, or spy on banking apps.

Examples:

- Betting apps
- Fake COVID testing/vaccine apps
- Fake cashback or reward apps

Result: Bank credentials or wallet details are stolen silently.

7. SIM Swap Fraud

Definition:

Fraudster uses stolen Aadhaar or PAN to duplicate your mobile SIM card. Once the SIM is swapped, they receive your OTPs and bank alerts.

Case: Vihaan's phone lost network. He later learned someone had activated a new SIM using his Aadhaar and emptied his account.

8. Search Engine Frauds

Definition:

Fraudsters list fake customer care numbers on Google/other platforms. Victims call these numbers and are guided into sharing personal data or OTPs.

Tip: Never rely on search results for bank/contact info. Use the official website only.

9. QR Code Scams

Definition:

Fraudsters trick victims into scanning a QR code to “receive” money, but in reality, it's a payment request.

Rule: “UPI PIN is required only to send money, not receive.” Don't scan QR codes or enter PIN to “accept” payment.

Impact of Financial Scams and Cyber Frauds in India

Consequence	Description
Financial Loss	From ₹100 to several lakhs lost in minutes
Psychological Damage	Shame, stress, embarrassment, fear
Legal Risks	Victim may be unknowingly involved in illegal activities (money laundering, loan fraud)
Low Recovery Rates	Often money is transferred to mule accounts or abroad, making recovery hard

According to NCRB and CERT-In, digital fraud is one of the fastest growing crime categories in India.

Summary of Red Flags

Red Flag (Technique Used)	What It Likely Means (Goal)
Urgency / Fear Tactics: "Act now or your account is blocked"	Fake urgency to cause panic
Greed-based Rewards: "You've won ₹10 lakh!"	Lottery scam or prize fraud
Fake Authority: Requests for OTP or card details	Attempted fraud or identity theft. Impersonating RBI, Banks, Police
Offers with huge returns & low risk	Ponzi or investment scam
Social Engineering	Using personal details to build trust
Tech Exploitation	Using malware, spoofed domains

“Today's scams don't knock on your door - they ping you.” Recognizing financial scams starts with education, not suspicion. It's not about being afraid of the digital world, but being smart within it.

Scam Type	Method	Defense Tip
Phishing Email/SMS	Fake links, logins	Never click links, visit bank directly
Fake Customer Care	Fraud via call	Verify only on official websites
UPI / QR Code Scam	Fake payment requests	Don't enter PIN to receive money
Loan App Fraud	Instant loan & harassment	Only use RBI-approved apps
OTP Sharing Fraud	Pretend to be your bank	Never share OTP with anyone

Final Thought

“Cyber fraud doesn't always require hacking a system - it often only needs to hack your trust.” Scammers prey on speed, convenience, and lack of verification. You don't need to be a tech expert - just a cautious and aware digital citizen.

Topic 3: Trends in India

Understanding how scams and frauds are evolving in India is crucial for building effective defense strategies. This Topic presents the latest national statistics, visual trends, and regional insights to map the current landscape.

1. National-Level Trends

Surge in Cybercrime

Cybercrimes grew from 52,974 in 2021 to 65,893 in 2022, a sharp 24.4% year-on-year rise. Of these, nearly 65% involved fraud motives. In metro cities, the spike was even higher at +42.7%.

Financial Losses

FY 2024: High-value cyber fraud cases rose over 4x, causing losses exceeding \$20M (₹165 crore).

₹2,054 crore lost in 2024 (financial cybercrimes), with ₹676 crore recovered/blocked.

₹9.2 crore lost to digital arrest scams in Pune alone (Jan–May 2025).

Authorities have responded with efforts like blacklisting spam numbers, freezing suspect bank accounts, and publishing awareness alerts.

2. Regional Insights: State-Wise Patterns

Top States in Cybercrime Volume (2022)

- Telangana: 15,297 cases - up from 10,303 in 2021 (+50%)
- Karnataka: 12,556 cases - down from 13,000+ in 2021
- Maharashtra: 8,249 cases
- Uttar Pradesh: 10,117 cases
- Metro-level Highlights
- Bengaluru reported a remarkable 9,940 cybercrime cases in 2022-over 73% of metro cases.
- Mumbai: 4,724
- Hyderabad: 4,436
- New Delhi: 685

Despite lower overall crime rates in metros, digital fraud remains disproportionately high.

3. Why Regional Differences?

Digital activity hubs: States with strong IT ecosystems (like Telangana and Karnataka) tend to have higher reporting.

Proactive policing: Metro cities like Bengaluru have dedicated cybercrime cells, leading to better reporting and case management .

Rural origins: Areas like Jharkhand, Haryana, Rajasthan, and parts of UP-with high scam origin points like Jamtara-often have under-reporting compared to victim states .

4. Summary: Key Takeaways

Cybercrime and financial fraud are spiking nationwide, with fraud remaining the dominant motive (65%).

FY 2024 saw a significant jump in high-value frauds, totaling over \$20M lost to advanced cyber scams .

Certain states (Telangana, Karnataka, Maharashtra, UP) and metro cities (Bengaluru, Mumbai, Hyderabad) are hotspots-either due to genuine volume or enhanced reporting systems.

Law enforcement efforts-freezing bank accounts, helplines, cyber cells-are helping curb losses, but recovery remains a fraction of the damage .

Topic 4: Monetary Losses in India (Past Year)

Overview

Cyber and financial scams in India are no longer isolated incidents - they are a national economic threat. From innocent smartphone users to corporate executives, no demographic is immune. What's more concerning is that the total monetary loss due to frauds is growing exponentially each year.

According to CERT-In, NCRB, and media reports, India suffered thousands of crores in losses in the past year due to scams such as digital arrest frauds, QR code phishing, UPI scams, Ponzi schemes, and investment frauds.

National Financial Losses Snapshot (FY 2023–2024)

Source / Category	Total Loss Reported	Notes
CERT-In (Cyber Fraud Losses)	₹2,054 crore	Cybercrime-linked bank frauds in FY24 (TOI, July 2024)
Digital Arrest Scams (Pune only)	₹9.2 crore (Jan-May 2025)	Targeted phone scams pretending to be law enforcement (TOI)
UPI Scam Volume (2023)	95,000+ complaints/month	Often involve small but frequent frauds
High-Value Cyber Frauds (All India)	₹165 crore+ (\$20 million)	Reported to MEITY/Finance Ministry (Reuters)
Average Daily Loss (per RBI)	₹7 crore/day due to fraud-related incidents	Estimated based on complaint data

Key Observations

1. Most victims are common citizens, not corporations.
2. Volume of micro-frauds (e.g. QR code/UPI scams) often outweighs high-value one-off cases.
3. Recovery rates remain low, even with increasing government intervention.
4. Women and senior citizens are increasingly targeted through emotional manipulation (job offers, romance fraud, fake threats).

Losses by Scam Type (Rough Estimates)

Scam Type	Estimated Loss Range (2023-2024)	Source
UPI/QR Code Frauds	₹300-500 crore+	NPCI/CERT-In
Investment & Ponzi Scams	₹400 crore+	SEBI/Fraud Investigation Bureaus
Loan App Harassment & Extortion	₹200 crore+	RBI Helpline reports
Digital Arrest Scams	₹10-15 crore	Police briefings
Fake Job/Work-from-Home Scams	₹100 crore+	CERT-In, media cases
Online Marketplace & Refund Frauds	₹100-200 crore	e-commerce fraud complaints
Phishing/Vishing Fraud	Widely underreported	NCRB reports fraud as motive in 65% of cases

Case Highlight: High-Value Victim

Case:

A middle-aged man received a job offer and was asked to pay a ₹5,000 registration fee. Over two weeks, he made multiple payments totaling ₹2.4 lakh before realizing it was a scam. He was promised work-from-home tasks and daily payments - which never came.

Key Insight: Even educated, tech-savvy individuals are vulnerable to structured manipulation and follow-ups.

Recovery vs. Loss

Category	Amount Lost	Amount Recovered/Blocked	Recovery %
Cyber Frauds	₹2,054 crore	₹676 crore	33%
UPI Fraud (monthly avg)	₹50-100 crore	₹10-15 crore	20%
Fake Loan Apps	₹200 crore+	< ₹50 crore	< 25%

Conclusion: Even in high-surveillance environments, only 20–30% of funds are recovered, often after delays and emotional distress.

Psychological Cost (Beyond Money)

- Guilt & shame prevent victims from reporting.
- Mental trauma (especially among senior citizens or job seekers) is significant.
- Victims may hesitate to trust banks or technology afterward - slowing India's digital inclusion efforts.

Key Takeaways

- India is losing hundreds of crores every quarter due to frauds - both digital and offline.
- Micro-scams, repeated at scale, cause more damage than isolated mega-frauds.
- Government agencies like RBI, CERT-In, MEITY, and Police Cyber Cells are improving detection and blocking, but public awareness and reporting remain critical.
- The real loss is often deeper than financial - emotional, psychological, and trust-based damage is harder to quantify.

FTC & IC3 (USA)

High-volume complaint collection → public reports → prosecutions.

Public awareness campaigns spotlight top scam types (phishing, crypto fraud).

Their comprehensive reports (e.g., “Fraud Report: \$12.5 bn lost”) drive policy focus.

UK's Action Fraud & NFIB

Centralized fraud reporting and analysis via Action Fraud and NFIB.

Mandated bank compensation frameworks-holding institutions liable for authorized push payment (APP) fraud .

Sophisticated monitoring of banking transactions keeps fraud rates low .

3. What India Can Adopt

Unified National Reporting Portal: India's cybercrime portal is a great start; tie it with banking institutions like RBI/SEBI for monthend analytics and public reporting.

Coordinated Liability Framework: Mimic UK/Australia: banks, telcos, and tech platforms share responsibility for stopping and reimbursing APP/UPI frauds.

Account Verification Tools: Implement “verify payee” features before UPI/QR transfers.

Email & Domain Authentication: Promote widespread DMARC adoption like in Australia-banks, institutions, government domains.

Central Threat Monitoring & SME Coordination: Expand cyber intelligence hubs similar to AHTCC (Australia) or US Electronic Crimes Task Force .

Public Awareness Campaigns: Leverage insights from ShieldUp! (game-based scam education) to develop mass educational tools in India .

Global Collaboration: Engage in joint operations (e.g., Operation First Light 2024 – 61 nations, \$257M seized) .

Summary of Lessons for India

Global frameworks combine technology, regulation, and public engagement:

Australia: Scamwatch + tech-layer prevention + liability

UK: Centralized reporting + bank reimbursement law

US: Data transparency + legal enforcement

International ops: crossborder takedowns

By blending these models - with UPI verification, stronger public-private partnerships, and centralized intelligence - India can enhance resilience against scams and cyber fraud.

Topic 5: Global Scenario

1. Global Fraud & Cybercrime Trends

United States

The FTC reported over 2.6 million fraud complaints in 2024, with total losses exceeding \$12.5 billion (₹100,000 crore), including \$5.7 billion from investment scams alone .

FBI's IC3 recorded 800,000+ complaints leading to \$10 billion in losses in 2023, with phishing accounting for over 300,000 cases .

The average data breach cost rose to \$9.48 million .

United Kingdom

Annual digital fraud attack rate remained stable at 0.2% of transactions, significantly lower than North America's 1.9% .

Around 50% of UK fraud victims received partial or full compensation-a notably higher rate than other countries .

Over 32 million phishing emails were reported via Action Fraud .

Australia

Annual scam losses appeared to plateau, even as the UK and US continued to see increases .

In 2024, Australians lost US\$224 million (₹1,800 crore) via scams; 66% of banks lack strict email safeguards like DMARC .

Over 87,000 cybercrime reports were logged, mainly involving identity fraud (26%), online shopping (15%), and banking fraud (12%) .

2. Effective International Prevention Models

Scamwatch & Scam Prevention Framework (Australia)

Scamwatch raises awareness via real-life alerts.

A banking + telco + tech liability framework holds platforms accountable for scam prevention and reimbursement .

Tools like transaction verification, “confirmation of payee” systems, and Scam Indicator for mobiles are being piloted .

Topic 6: The Common-Sense Firewall –

Steps to Safeguard Yourself in the Digital World

Cyber frauds and scams don't primarily rely on sophisticated hacking - they exploit emotions, haste, ignorance, and misplaced trust. In today's hyper-digital world, protecting your money, identity, and peace of mind doesn't require expensive tools - just consistent digital hygiene, psychological awareness, and a strong dose of common sense.

This Topic brings together practical steps and mindset shifts you can adopt to guard against scams - whether they arrive through a phone call, QR code, SMS, email, or app.

1. Think Before You Act - The Psychology of Scams

Most scams succeed not because victims are uneducated, but because they are emotionally manipulated. Scammers use fear, urgency, or greed to push instant action.

Typical Triggers Used by Scammers:

- “Your account will be frozen in 24 hours”
- “Act fast to claim your ₹10 lakh prize”
- “We are from RBI; share your OTP now”

What You Should Do:

- Pause for 5 seconds. Take a deep breath.
- Talk to someone - a friend, spouse, or colleague.
- Search the message or number on Google - most scams are reported online.
- Verify independently using official sources (websites, customer care).

Golden Rule: If it feels too urgent or too good to be true, it probably is.

2. Banking & UPI Security - Simple Habits That Save You

Action	Why It Matters
Use only official banking apps	Fake apps can steal credentials
Never share OTPs, CVV, UPI PIN	Most frauds rely on user disclosure
Avoid unknown QR codes	Scanning can send , not receive money
Turn on SMS/email alerts	Real-time fraud detection
Set daily UPI limits	Minimizes damage if hacked
Use secure locks on apps	Prevents misuse in case of phone theft

3. Device & App Hygiene - Your Phone is Your Wallet

Step	Purpose
Install apps only from trusted stores	Blocks spyware/malware apps
Keep OS and apps updated	Fixes security vulnerabilities
Use antivirus or anti-malware tools	Especially useful for Android users
Disable auto-downloads (e.g., WhatsApp)	Prevents malicious file drops
Avoid public Wi-Fi for transactions	Prevents interception and spoofing

4. Online Identity & Social Media Protection

Scammers use your online presence to guess passwords, impersonate you, or manipulate others.

What to Do	Why It Helps
Keep social profiles private	Prevents impersonation or stalking
Don't post personal IDs or financial info	Common in investment/crypto scams
Don't trust DMs or “urgent” friend requests	Often emotionally manipulative scams
Avoid clicking on unknown links or ads	Could lead to phishing traps

5. Red Flags That Scream 'Scam'

Message	Likely Scam Type
“Your KYC failed. Account will be blocked”	Vishing
“You've won a lottery!”	Phishing/Lottery scam
“Install this app to process faster”	Remote Access Fraud
“We are from the RBI. Share OTP now”	Fake Authority
“Exclusive crypto offer - invest now”	Investment Fraud

Rule of Thumb: Never give information or money under pressure or secrecy.

6. Digital Privacy & Password Management

Step	Benefit
Use strong, unique passwords	Prevents chain breaches
Enable two-factor authentication (2FA)	Adds an extra security layer
Don't reuse email/phone for all logins	Reduces exposure if one account is hacked
Avoid saving passwords in browsers	Use a trusted password manager (e.g., Bitwarden, KeePass)

10. Emergency Response - If You Suspect a Scam

1. Don't panic. Stop interaction immediately.
2. Freeze your bank account via official app or customer care.
3. Call 1930 – National Cybercrime Helpline.
4. Report at cybercrime.gov.in.
5. Save evidence – screenshots, messages, transaction slips.
6. If you gave remote access, reset your device and remove suspicious apps.
7. Change all passwords and PINs – bank, UPI, email, social media.

Key Takeaways: A Digital Survival Guide

- Pause and think. Your instincts are often right.
- Question all urgency. Scams thrive on panic.
- Use strong passwords. And a password manager.
- Avoid secrecy. Share doubts with someone you trust.
- Never pay to get money. Real refunds or rewards don't ask for deposits.
- Educate others. Awareness shared is fraud prevented.

Final Thought

“Your common sense is your strongest firewall.”

Technology can only protect you so much - but a calm, cautious mindset can save you from emotional manipulation, financial loss, and endless regret. Empower yourself and your loved ones with awareness, not fear.

7. Common-Sense Safeguards for Everyday Situations

Situation	What to Do
“Urgent” SMS or call	Wait. Don't act in haste.
Caller claims to be from police/RBI	Hang up. Call back official numbers.
Asked to pay to receive money	Instant red flag. It's a scam.
App asks for screen-sharing	Uninstall immediately.
Family says “this doesn't look right”	Re-check. Trust group wisdom.

8. Family First - Involve and Educate

Scammers often isolate victims - especially seniors, homemakers, or children.

- Encourage open communication: “If it feels secretive, share it.”
- Teach your family to spot phishing messages.
- Guide new smartphone users - especially the elderly and teenagers.

Remember: Scammers fear group discussions and delays.

9. Tools to Strengthen Your Defenses

Tool	Use Case
Google Play Protect	Scans for malicious apps
Truecaller	Blocks spam/fraud calls
Cybercrime.gov.in	Report scams, check latest alerts
Password Managers	Safely store login credentials
Authenticator Apps (e.g., Authy)	Adds secure 2FA for logins

Topic 7: How & Where to Report Financial Scams

Despite growing awareness, many victims hesitate to report scams due to fear, embarrassment, or lack of information. Unfortunately, this silence allows fraudsters to continue operating and target more victims.

The good news? India now has dedicated platforms, helplines, and cybercrime cells designed to help victims respond quickly and safely.

If You Are Scammed - First 6 Things to Do:

1. Immediately block cards/accounts via net banking or mobile app.
2. Call your bank's customer care and report the unauthorized transaction.
3. Dial 1930 - India's Cybercrime Helpline (available 24/7).
4. File a complaint at www.cybercrime.gov.in.
5. Collect evidence: SMS, emails, UPI receipts, screenshots, audio recordings.
6. Change all passwords and PINs if you shared credentials.

Key Platforms to Report Financial Scams in India

1. Cyber Crime Reporting Portal

- Website: <https://www.cybercrime.gov.in>
- Purpose: Report cyber frauds, online financial scams, identity theft, digital harassment.
- How to file:
 - o Register/Login
 - o Choose complaint type (financial fraud, online stalking, etc.)
 - o Upload evidence and FIR details (if available)
- Track status with reference ID

Best for: UPI frauds, phishing, impersonation, OTP theft, QR code scams

2. Cyber Crime Helpline - 1930

- Toll-free number (India-wide) to report cyber frauds.
- Available: 24x7 in most states
- Calls are redirected to the state's cybercrime control room.
- If reported quickly, banks may be able to freeze or reverse the fraudulent transaction.

Note: Speed is critical. Report within the first 2 hours of fraud for best chance of recovery.

3. Bank Customer Care / Fraud Department

Each bank has a dedicated fraud reporting channel:

Bank Name	Fraud Helpline / Email
SBI	1800 1234 / 1800 2100 / report.phishing@sbi.co.in
HDFC Bank	1800 202 6161 / support@hdfcbank.com
ICICI Bank	1860 120 7777 / cybercrime@icicibank.com
Axis Bank	1800 419 5959 / customer.service@axisbank.com
Kotak Mahindra	1860 266 2666 / security.bank@kotak.com

Visit your bank's official site for latest fraud hotlines and escalation matrix.

4. RBI CMS (Complaint Management System)

- Website: <https://cms.rbi.org.in>
- For complaints related to:
 - ❖ Banking negligence
 - ❖ Credit card fraud
 - ❖ Delay in refunds or dispute redressal
- You can escalate unresolved complaints to the Banking Ombudsman via this portal.

5. SEBI SCORES (For Investment-Related Fraud)

- Website: <https://scores.sebi.gov.in>
- Use for:
 - ❖ Fraudulent investment schemes
 - ❖ Stockbroker or mutual fund fraud
 - ❖ Unregistered advisory services

6. Local Police / Cyber Cell FIR

If the amount lost is significant:

- Visit the nearest Cyber Police Station or local PS.
- File an FIR under IT Act Section 66C/66D or IPC sections 419/420 (cheating).
- Keep acknowledgment and FIR number for tracking.

Note: Filing an FIR also helps if you need to claim insurance or legal refund from banks.

What Information You Need to Provide When Reporting

- Your name, contact, address
- Date and time of incident
- Scam description (what happened)
- Screenshots / links / SMS / call logs
- Transaction ID or payment proof (if any)
- Details of fraudster (number, email, UPI ID, etc.)

Reporting is Protection - Not Just for You

Reporting:

- Increases the chance of money recovery
- Flags fraudster accounts for nationwide blocking
- Helps law enforcement map scam networks
- Prevents the same person from scamming others

Even if recovery seems unlikely, your report can save someone else tomorrow.

What Happens After You Report?

- You receive a complaint ID (SMS/email)
- Cyber Police contacts you if additional info is needed
- In case of financial fraud, bank systems can auto-freeze funds if alerted in time
- Some states offer counseling for harassment/extortion victims (especially in loan app or digital arrest scams)

Summary: Reporting Toolkit

Situation	Report To
UPI fraud / QR scam	1930, cybercrime.gov.in
Credit card theft	Bank helpline + RBI CMS
Online investment fraud	SEBI SCORES
Fake job offer / phishing email	Cybercrime portal + Police
Loan app harassment	Cyber Cell FIR + cybercrime.gov.in

Final Advice

“Don't suffer in silence. One report can break a scam network.”

If you're a victim - act fast, report smart, and encourage others to do the same. If you know someone who has been scammed, help them report - don't blame them.

Topic 8: Considerations While Dealing with Scams

Becoming a scam victim can be shocking, embarrassing, and deeply unsettling. Many people experience guilt, anger, anxiety, or even denial, which makes it harder to respond wisely.

This Topic explores how to:

- Cope with the emotional aftermath
- Support others who are affected
- Maintain mental clarity while taking action
- Prevent secondary harm from shame, fear, or panic

1. Understand That You Are Not Alone

“Smart people fall for scams every day - not because they're foolish, but because scammers are focused, practiced, and manipulative.”

- Celebrities, government officials, engineers, and teachers have all been victims.
- Scammers exploit emotion, not intelligence.
- You are not the first - and you won't be the last.

2. Recognize Emotional Reactions and Take a Breath

Emotion	What It May Cause	How to Respond
Panic	Rash decisions, sharing more data	Pause. Do not engage further.
Guilt/Shame	Hiding the event, not reporting	Talk to someone. Scammers rely on silence.
Anger	Confronting scammer, risking safety	Channel energy into reporting and recovery.
Helplessness	Giving up hope	Take small steps - even one action helps.

3. Don't Suffer in Silence

Many victims, especially senior citizens and women, refuse to report out of fear of being judged. But this only helps the scammer.

Talk to someone you trust:

- A family member
- A friend
- A bank official or counselor
- Police or cyber cell

Remember: It's not your fault. Scammers are professionals - and you're just human.

4. Act Promptly, But Calmly

Right after realizing you've been scammed:

- Don't panic
- Don't keep talking to the scammer
- Don't share more info
- Don't delete messages or call logs

Instead:

- Block the number/account
- Save all evidence (screenshots, numbers, call times)
- Inform your bank and cybercrime helpline

5. Be Wary of “Fake Helpers”

After a scam, you may be vulnerable - and scam networks know this.

Common Post-Scam Scams:

- “We can recover your money” agents
- Fake cyber recovery firms
- Telegram channels claiming instant refunds

- People asking for processing fees to recover your lost funds

Tip: Only trust official government platforms, police, or your bank. No genuine agency will ask you to pay for recovery.

6. Help Others Who've Been Scammed

If a friend or relative was duped:

- Don't mock, blame, or shame them
- Guide them step-by-step: Freeze account, report fraud
- Help them file FIRs or complaints online
- Remind them: It can happen to anyone
- Offer emotional support and let them talk it out

7. Prepare Mentally for the Recovery Process

- Not all losses are recoverable - and that's okay
- Cyber cells are overloaded - be patient but persistent
- Emotional closure is as important as financial closure

You're not just recovering money - you're rebuilding trust in yourself.

8. Know That You Can Rebuild

Thousands of people have:

- Filed reports
- Helped police arrest scammers
- Educated others
- Recovered part or all of their money

Even if you don't recover funds:

- You gain knowledge
- You stop others from falling prey
- You reclaim control

Helpful Resources for Emotional Support

Resource	Purpose
1930 Cyber Helpline	Emergency action
cybercrime.gov.in	Online fraud reporting
Bank customer care	Account freeze, complaint registration
Mental Health Helpline (India)	9152987821 (Fortis) / 080-46110007 (iCall)
Family / support groups	Emotional support

Key Takeaways

- Scams attack trust, not just money.
- You are not to blame for being tricked.
- Speaking up is strength, not weakness.
- Report. Recover. Rebuild.
- Help yourself and others move forward.

Quote to Remember:

“Being scammed doesn't make you stupid. Staying silent after being scammed only helps the scammer.”

Topic 9: Key Takeaways

1. Scams Are Not Rare - They Are a Daily Risk

- Financial scams and cyber frauds affect lakhs of Indians each year, across all age groups and income levels.
- If you're online, you're a target - it's not about if but when.
- Staying uninformed is no longer an option.

2. Most Scams Work by Manipulating Human Emotion

- Scammers don't need to “hack” - they just need you to panic or get excited.
- They exploit:
 - ◆ Greed (lottery wins, investment returns)
 - ◆ Fear (account blocked, police threats)
 - ◆ Trust (pretending to be from RBI, banks, or relatives)
- The best defense is pause, think, verify.

3. No Legitimate Entity Will Ever Ask for Sensitive Info

- RBI, banks, insurance companies, and the government will never ask for:
 - ◆ OTPs
 - ◆ UPI PINs
 - ◆ Passwords
 - ◆ Card CVVs
 - ◆ Screen sharing
- If someone asks - it's a scam. Full stop.

4. UPI & QR Code Scams Are Common - Know the Rule

“Enter UPI PIN only to send money - never to receive it.”

- If someone says, “Scan this to get ₹5000,” it's a lie.
- If someone asks for UPI PIN during a refund - it's a trap.

5. Reporting Quickly = Higher Chance of Recovery

- If scammed:
 - ◆ Call 1930 immediately
 - ◆ File a complaint at www.cybercrime.gov.in

- ◆ Inform your bank and block your account

- The first 2 hours are critical to freezing or reversing the transaction.

6. Trust Only Official Sources

- Use official websites and verified mobile apps.
- Don't trust contact numbers from Google search - they could be planted by fraudsters.
- Always cross-check offers, links, and even emails from “official-looking” senders.

7. Recovery Scams Are Real Too

- After being scammed, don't trust strangers offering to “get your money back” for a fee.
- There are layers of fraud - getting tricked again while seeking help makes things worse.
- Stick to official platforms.

8. Digital Hygiene is Essential

- Update devices and apps regularly
- Use strong, unique passwords
- Enable two-factor authentication
- Don't install random apps or click unknown links
- Keep mobile banking and email apps locked with biometric or PIN security

9. Psychological Safety Matters Too

- Scams cause trauma, embarrassment, and stress.
- Don't isolate yourself - talk to someone, seek help, report it.
- Helping others who've been scammed is part of healing too.

10. Prevention Is Always Better Than Cure

- Most scams can be prevented with one moment of hesitation.
- Build habits:

- ◆ Pause before clicking
- ◆ Ask questions
- ◆ Verify independently
- ◆ Report suspicious behavior

One-Minute Scam Safety Checklist

- Never share OTP, UPI PIN, or passwords
- Don't scan unknown QR codes
- Don't pay upfront for loans, prizes, or jobs
- Don't trust random calls or messages
- Report scams to 1930 or cybercrime.gov.in
- Educate your family, especially elderly and teens
- Keep devices secure and updated
- Pause, think, and verify - always!

Final Wisdom

“Scammers don't just steal money. They steal trust. Fight back by staying aware, acting fast, and helping others.”

This book gave you the knowledge. The rest is up to you. Use it. Share it. Empower someone else today.

Topic 10: Emerging Scam Trends

1. Emerging Scam Trends

a. AI & Deepfake Scams

- AI tools can now clone voices and faces - used in:
 - o Fake ransom calls (child's voice mimicked)
 - o CEO frauds (deepfaked video calls)
 - o Fake customer support videos
- Potential Section: “When the voice sounds real but it's not.”

b. Crypto & NFT Frauds

- Growth of altcoins, token drops, and NFT trading has opened doors to:
 - o Fake wallet apps
 - o Pump-and-dump coins
 - o Crypto MLM scams
- Many victims are young professionals looking for high returns.

c. International Job & Immigration Scams

- Fraudsters posing as recruiters from Canada, UK, or UAE.
- Victims pay large “visa processing” or “document verification” fees.
- Future editions could include checklists for job seekers abroad.

d. Freelance & Gig Economy Scams

- Fake clients on platforms like Freelancer, Upwork, Fiverr.
- Common tricks:
 - o Asking for security deposit
 - o Sending malware via “project files”
 - o Demanding bank details or login access

2. Additional Audiences That Need Special Content

Senior Citizens

- Often trusting, unfamiliar with digital terms.
- Can benefit from:
 - o Visual explainers
 - o Scam simulation workshops
 - o Voice-based learning apps

Women & Homemakers

- Frequently targeted for:
 - o Work-from-home scams
 - o Cashback/refund cons
 - o Romance scams
- Could benefit from Topics that combine fraud prevention + financial literacy.

Children & Teens

- Often targeted in:
 - o Online gaming frauds
 - o Social media impersonation
 - o Sextortion threats
- Future content can include: “Scam-Proofing Your Child Online”

Suggested App Guide

Need	Recommended App
Password manager	Bitwarden / KeePass
Two-factor authentication	Google Authenticator
Scam call detection	Truecaller (with caution)
Banking security	Official mobile apps only
Reporting fraud	Cybercrime.gov.in mobile site

4. Collaboration Ideas for Governments & Startups

- Develop a national “ScamShield” app to detect fraud numbers, flag scam links, and auto-report incidents.
- Introduce scam alert banners in SMS and WhatsApp (similar to spam filters).
- Mandatory RBI certification badges for loan and finance apps.
- Create scam prevention modules as part of school curricula

5. Case Studies to Explore Deeper

- Police-led takedowns (e.g., Jamtara raids, Chinese app busts)
- Digital arrest fraud casebook
- “Where did my money go?” - following the trail of scam proceeds
- How telecommunication networks are misused (SIM mule networks, spoofing)

Summary of Recommendations

Area	Suggestion
Future Scam Types	Deepfake, crypto, AI voice scams
New Audiences	Seniors, women, freelancers, kids
Tools & Resources	Checklists, visual explainers, mobile tools
Community Education	Workshops, WhatsApp campaigns, school awareness
Policy Collaboration	App approval systems, alert banners, scam audits

“Scams will keep evolving - our awareness must evolve faster.”

Topic 11: Case Studies and Examples

Why Case Studies Matter

While principles and tips are important, real stories help:

Understand how frauds unfold in real-time

Identify key warning signs you might miss otherwise

Relate emotionally with the situation

Equip you to educate others better

Case Study:

Scam Type

Victim Profile

How it Happened (Modus Operandi)

Amount Lost

Mistake Made

Key Takeaway

Case Study #1: The QR Code Trap

Scam Type: UPI QR Code Fraud

Victim: 38-year-old furniture seller, Delhi

How it Happened: The victim listed a table for sale on OLX. A buyer contacted him on WhatsApp and said, "I'll pay now via Google Pay. Just scan this QR code." He scanned the code and entered his UPI PIN - ₹9,999 was debited instead.

Amount Lost: ₹9,999

Mistake: Didn't understand that UPI PIN is for sending, not receiving money.

Key Takeaway: Never enter your UPI PIN to "receive" money. QR codes only work one way.

Case Study #2: Fake Loan, Real Harassment

Scam Type: Fake Loan App & Cyberbullying

Victim: 29-year-old homemaker, Bengaluru

How it Happened: She took a small ₹5,000 loan from a shady Android app. Within 3 days, she started getting threatening calls. The app had accessed her contacts and sent doctored photos to friends/family demanding repayment of ₹15,000.

Amount Lost: ₹9,000 plus emotional distress

Mistake: Installed a non-RBI regulated app and gave it full permissions.

Key Takeaway: Only use verified apps from RBI's whitelist. Don't grant access to gallery/contacts.

Case Study #3: The Refund Scam

Scam Type: Fake Customer Care

Victim: Retired government officer, Lucknow

How it Happened: He searched for “IRCTC refund number” on Google. The top result was fake. The scammer asked him to download a support app and then “verify” his card by entering the OTP. ₹42,000 was stolen from his account.

Amount Lost: ₹42,000

Mistake: Trusted customer care number from Google without verifying

Key Takeaway: Always verify support numbers from official websites only.

Case Study #4: KYC Update Gone Wrong

Scam Type: SMS Phishing (Smishing)

Victim: 52-year-old PSU employee, Mumbai

How it Happened: Received a message: “Your SBI account will be suspended. Update KYC here.” The link looked legit. He entered his account and debit card details. ₹78,000 was debited in 3 minutes.

Amount Lost: ₹78,000

Mistake: Clicked on fake SMS link and entered confidential info

Key Takeaway: Banks never send KYC links via SMS. Visit branch or official app only.

Case Study #5: Investment Trap

Scam Type: Ponzi Crypto Scheme

Victim: 26-year-old IT professional, Hyderabad

How it Happened: Joined a Telegram group offering 20% weekly ROI from “blockchain investments.” Initially got small returns to build trust. Then invested ₹3.2 lakh. The admins disappeared 3 weeks later.

Amount Lost: ₹3.2 lakh

Mistake: Believed in guaranteed high returns and didn't verify licenses

Key Takeaway: If returns are too good to be true - it's a scam. Always check SEBI/RBI approval.

Case Study #6: Romance Scam

Scam Type: Social Media Love Fraud

Victim: 44-year-old widow, Jaipur

How it Happened: Met a “doctor from UK” on Facebook. After 3 months of bonding, he sent her a package that got “stuck at customs.” She was asked to pay ₹1.2 lakh to release it. She paid. He vanished.

Amount Lost: ₹1.2 lakh

Mistake: Trusted an online relationship without verification

Key Takeaway: Beware of emotional traps online - especially with strangers who ask for money.

These are not just stories - they are warnings, lessons, and realities for every Indian who uses a phone, internet, or wallet.

Your protection doesn't come from perfect tech - it comes from proactive awareness.

“Every scam starts with a message - and ends with a lesson. Share the lesson. Break the chain.”

1. Scam Response Flowchart

Realize You're Scammed →

└→ Freeze bank account / block card

└→ Call 1930

└→ File complaint at cybercrime.gov.in

└→ Save all evidence (screenshots, numbers, messages)

└→ File FIR (if amount is large)

└→ Track complaint with reference ID

2. Safety Checklist

Scam Safety Checklist:

Don't share OTP, PIN, CVV

Don't scan QR to “receive” money

Don't trust customer care numbers from Google

Use only official apps/websites

Report fraud on

Call 1930 if scammed

Talk to your family before acting on urgency

VISUAL ELEMENT IDEAS

1. Scam Response Flowchart

Realize You're Scammed →

↳ Freeze bank account / block card

↳ Call 1930

↳ File complaint at cybercrime.gov.in

↳ Save all evidence (screenshots, numbers, messages)

↳ File FIR (if amount is large)

↳ Track complaint with reference ID

2. Scam Red Flags Table

Red Flag Phrase	What It Means
"Act now or lose your account"	Creating panic
"You won a lottery - pay tax to claim"	Classic prize scam
"Click here to verify your KYC"	Phishing attempt
"Scan this QR to receive ₹"	You'll send money instead
"We're from RBI/bank. Share OTP"	Fake authority
"Guaranteed 30% weekly returns"	Ponzi/investment trap

3. Safety Checklist Poster (Printable)

Scam Safety Checklist:

- Don't share OTP, PIN, CVV
- Don't scan QR to "receive" money
- Don't trust customer care numbers from Google
- Use only official apps/websites
- Report fraud on cybercrime.gov.in
- Call 1930 if scammed

Talk to your family before acting on urgency

GLOSSARY OF TERMS (Selected Sample - Expandable)

Term	Definition
Phishing	Fraudulent attempt to get sensitive info via fake emails, websites, or messages
Vishing	Voice phishing - phone-based scam pretending to be bank/authority
Smishing	SMS-based phishing to trick users into clicking fraudulent links
OTP	One-Time Password - a dynamic code used for verification
UPI	Unified Payments Interface - India's real-time mobile payment system
Ponzi Scheme	Fraud where returns are paid from new investor money, not profits
QR Code Scam	Trick where victim is asked to scan a code and unknowingly sends money
SIM Swap	Duplicate SIM card issued to attacker, allowing them to receive OTPs
Two-Factor Auth (2FA)	Extra layer of security using SMS/app codes beyond passwords
Cybercrime.gov.in	India's national portal for reporting online frauds
CERT-In	India's Computer Emergency Response Team - monitors national cyber threats



Answer Key of Chapter 2

Fill in the Blanks

1. Budget
2. Income
3. Some

Multiple Choice Questions

1. (c) Money you earn
2. (c) Both *(for emergencies and future goals)*

True/False

1. False *(Expenses are the money you spend.)*
2. True
3. False *(Fixed expenses stay the same, like rent or subscriptions.)*

One-Liner Questions

1. A plan to manage money.
2. To be ready for emergencies and reach our goals.

Answer Key of Chapter 3

Fill in the Blanks

1. Credit Management.
2. Saving.
3. Financial Literacy.
4. Retirement.
5. Improved.

Multiple Choice Questions

1. (b) To track income and expenses.
2. (c) Spending without limits.
3. (b) To grow wealth over time.

True/False

1. False. *(It includes budgeting, saving, investing, and retirement planning as well.)*
2. True.
3. False. *(It is essential for young adults, especially for managing student loans and credit.)*
4. False. *(It should start early for better financial stability later in life.)*

One-Liner Questions

1. It helps individuals make better financial decisions.
2. The process of tracking income and expenses.
3. It helps avoid debt accumulation and ensures better loan terms.
4. Consistently setting aside a portion of income.

Answer Key of Chapter 4

Fill in the Blanks

1. Currency.
2. Banking.
3. Know Your Customer.
4. Support
5. Type.

Multiple Choice Questions

1. (b) RBI
2. (d) All of the above (*Aadhaar Card, Passport, PAN Card*)
3. (c) Transfer money

True/False

1. True
2. False (*The RBI implements monetary policy.*)
3. False (*A signature is required to validate a cheque.*)

One-Liner Questions

1. Customer authenticity.
2. Loan disbursement.
3. To transfer money securely.

Answer Key of Chapter 5

Fill in the Blanks

1. Higher .
2. Instant .
3. 24/7.
4. Income And Expenses.

Multiple Choice Questions

1. (b) Current Account
2. (a) Interoperability
3. (b) Allocate resources effectively

True/False

1. False (*They can also be used for in-store purchases, fund transfers, and bill payments.*)
2. False (*UPI is available 24/7, including holidays.*)
3. True Budgeting helps in achieving financial goals.

One-Liner Questions

1. DEMAT Account.
2. Paytm/Google Pay/Phonepay
3. To store funds for personal use and earn interest.

Answer Key of Chapter 6

1. Multiple-Choice Questions

1. b) To acquire assets without paying the full cost upfront
2. c) Car loan
3. a) Equated Monthly Instalment
4. b) Education Loan
5. b) Fluctuates based on market conditions

2. Fill in the Blanks

1. Mortgage
2. Principal
3. Unsecured
4. Tenure
5. Asset

3. True/False

1. False
2. False
3. True
4. False
5. True

4. One-Liner Questions

1. A secured loan offers lower interest rates because it is backed by collateral.
2. Housing loans and education loans often provide tax benefits.
3. The car being financed serves as the collateral.
4. A moratorium period is the grace period during which repayment is deferred after course completion.
5. Asset financing allows businesses to acquire assets without large upfront payments, maintaining liquidity.

Answer Key of Chapter 7

Fill in the Blanks

1. Protection
2. Premium
3. Risks
4. Complaints

Multiple Choice Questions

1. (a) Protection
2. (c) Health Insurance
3. (b) Investigating complaints

True/False

1. False
2. True
3. False

One-liner Questions

1. Insurance is an arrangement providing compensation for specified losses in return for a premium.
2. Health insurance covers medical expenses and promotes health care access.
3. An ombudsman is appointed by the government or an organization.
4. Certainty and protection.

Answer Key of Chapter 8

Multiple Choice Questions

1. a
2. c
3. b

Fill in the Blanks

1. Expense Ratio
2. Hybrid
3. Net Asset Value

True/False

1. False
2. True
3. False

One-Liners Questions

1. To ensure transparency and ethical practices in mutual funds.
2. Net Asset Value is the value of one mutual fund unit.
3. SIP involves regular investments of a fixed amount in mutual funds.
4. ELSS (Equity-Linked Savings Scheme).

Answer Key of Chapter 9

Multiple Choice Questions

1. a) To fund government operations and services
2. b) Income Tax
3. b) Section 80D
4. c) Customs Duty
5. b) ₹1,50,000

Fill in the Blanks

1. Government
2. Direct
3. 80C
4. GST
5. 24

True or False

1. True
2. False
3. True
4. False
5. False

One-Liner Questions

1. To reduce taxable income and encourage savings, investments, and contributions to society.
2. Direct Taxes and Indirect Taxes.
3. Section 80D.
4. Customs Duty.
5. Section 80C.

Answer Key of Chapter 10

Fill in the Blanks

1. 28th August 2014
2. RuPay
3. Rs. 2 lakh
4. Rs. 2 lakh
5. Rs. 1,000 to Rs. 5,000

Multiple Choice Questions

1. (c) Rs. 10,000
2. (b) Phase II
3. (b) Rs. 12
4. (b) Rs. 330
5. (b) Individuals aged 18 to 40 years

True/False

1. True
2. False
3. True
4. False

One-Liner Questions

1. Most bank accounts opened in a single week.
2. Individuals aged 18 to 70 years with a linked bank account.
3. 18 to 50 years
4. Swavalamban Yojana

Answer Key of Chapter 11

Fill in the Blanks

1. Fraud
2. Identity theft
3. Money laundering
4. Security thread

Multiple Choice Questions

1. (b) To prevent money laundering
2. (b) Identification Mark
3. (b) Misusing someone's personal information

True/False

1. True
2. False
3. True

One-liner Questions

1. Fraud is intentional deception for personal or financial gain.
2. Watermark, Security Thread
3. It leads to financial loss and damages reputation.
4. Know Your Customer.

Answer Key of Chapter 12

Fill in the Blanks

1. INR 26,667 to 1,00,000
2. INR 20,000 and 40,00,000
3. Corporate
4. INR 45,833 to 1,25,833
5. Production and services
6. Investment and portfolio
7. International

Multiple Choice Questions

1. (b) Generating sales leads
2. (c) INR 30,000
3. (b) Equity Research Analyst
4. (b) Insurance and pensions
5. (b) Evaluating control processes

True/False

1. False
2. True
3. False
4. True
5. True

One-liner Questions

1. INR 26,667 per month
2. Institute of Company Secretaries of India (ICSI)
3. Analyzing securities and providing investment advice
4. Ensuring adherence to tax laws and regulations
5. Identifying and mitigating financial risks
6. Financial risks using mathematics and statistics
7. Evaluating and improving control processes



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ISBN : 978-81-985726-8-4

ISBN: 978-8-1985-7268-4



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₹ 450.00