

A₹THNIVESH NEWSLETTER



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INCOME TAX SECTION 80DDB

- **Eligible Taxpayer:** Individuals and members of HUFs can claim deductions under Section 80DDB for medical expenses incurred for themselves, their spouse, children, parents, and siblings.
- **Conditions:** Deduction under section 80DDB is allowed for medical expenses incurred for medical treatment of specified diseases or ailments. The nature of diseases and ailments that are included for deduction under Section 80DDB is mentioned in Rule 11DD of Income Tax.
- **Quantum of Deduction:** For those below 60 years of age, the limit on deduction is Rs 40,000 whereas for those above 60 years of age, the limit is Rs 1,00,000. In both the cases, actual expenses are to be recorded within the permissible limits.

XIRR

- What Is XIRR?
- *XIRR is that single rate of return, which when applied to every installment (and redemptions if any) would give the current value of the total investment.*
- XIRR stands for Extended Internal Rate of Return is a method used to calculate returns on investments where there are multiple transactions happening at different times.
- XIRR is your personal rate of return. It is your actual return on investments.
- In the case of SIP, since there are multiple investments (therefore multiple purchase prices) and different time periods for each installment, calculating returns is a bit tricky. Returns on mutual fund SIP is commonly done in terms of XIRR.
- XIRR is a good function to calculate returns when your cash flows (investments or redemption) is spread over a period of time.

Stand Up India Scheme

Stand Up India was launched in 2016 by the Government of India, to help support entrepreneurship among women and people belonging to Scheduled Castes (SC) and Scheduled Tribes (ST). Through this scheme the government intends to create an ecosystem that is conducive for doing business and shrink the discrimination and biases that women and SC/ST communities face during the establishment and working of their enterprises. The amount of loan that can sanctioned ranges between Rs 10 lakh and Rs 1 crore. The rate of interest is the lowest applicable rate of the bank for the relevant category of business and should not exceed the Base rate+3%+Tenor Premium)

SECURITIZATION

Securitization is the process of pooling illiquid financial assets such as a pool of mortgages, housing loans, personal loans, vehicle loans, gold loans and educational loans, and converting them into liquid or marketable securities with fixed or floating rate payments, for the purpose of raising funds.

Banks securitise these Financial assets and sell them to Special Purpose Vehicles (SPVs) who in turn sell these to investors.

Why is it important?

- In emerging markets, companies and banks have used securitization to lower their funding costs.
- Securitization allows for the creation of tradable securities with much liquidity and results in more efficient financial markets.

Term of the week

Digital Banking Units

A Digital Banking Unit (DBU) is a specialized fixed point business unit within commercial banks, focused on providing certain digital and online banking services, in both self-service and assisted mode. To commemorate the 75 years of our independence, the Government of India proposed to set up 75 DBUs in 75 districts of the country by scheduled Commercial banks.

FUND ANALYSIS – Parag Parikh Flexi Cap Fund – Direct Growth

Key Highlights :

Fund Size – ₹ 42,784.56 Cr

Net Asset Value (NAV) – ₹ 59.4696

Expense Ratio – 1.41%

Exit load - For units above 10% of the investment, exit load of 2% if redeemed within 365 days and 1% if redeemed after 365 days but on or before 730 days.

- The scheme aims to achieve long-term capital appreciation by investing primarily in equity and equity related instruments.
- The fund has 70.64% investment in domestic equities.

☐ Holding Pattern -

- Large Cap stocks --- 49.94%
- Mid Cap stocks ---- 4.77%
- Small Cap stocks ---- 6.33%

The fund has 0.43% investment in Debt, of which 0.01% in Government securities, 0.42% is in Low-Risk securities.

☐ Key Holdings –

HDFC Bank Ltd	--- 7.9%
Bajaj Holdings & Investments Ltd.	--- 7.4%
ITC Ltd.	--- 6.3%
Axis Bank	--- 5.7%
Alphabet Inc. Class A	---- 4.75%
Microsoft Corp. (US)	--- 4.49%

☐ Power of SIP

A SIP of 1,000 per month in the fund for 5 Years :

Invested	--- 60,000
Fund Return	--- 1,03,216 (72.02% pa.)
FD Return	--- 82,825(6.5% pa.)