



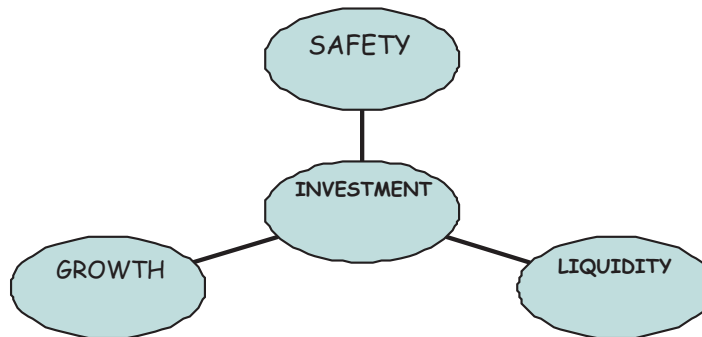
MONEY MAXIMS



Smart Money Fundae

The Holy Trinity of Investment

Safety, Liquidity and Growth are the three major concerns while investing.



RULE OF 72

Roughly, the product of rate of interest and the period of investment should be 72 if you want to double the amount invested. E.g. if you invest any amount for 6 years at the rate of 12%, compounded annually the amount that you have invested will be doubled!

Parameters for taking Bank Loan and calculating EMI

- ☞ Amount of Loan
- ☞ Loan Period
- ☞ Rate of Interest

Smart Money Fundae

As children why should you save money?

- ☞ You can buy gifts for your parents or friends without asking for money from your parents every time.
- ☞ You can save in order to contribute towards things that are yours. E.g. your computer or cell phone
- ☞ If you start saving money regularly from today, you will be able to contribute towards your college education or may be take a foreign holiday!
- ☞ Saving is a habit and the faster it is inculcated the better!

Why do we need to invest our savings?

- ☞ Cushion against inflation:
Prices of all goods are constantly on the rise. A particular amount of money today does not have the same value or worth that it had even a year ago. Saving money today will provide us a cushion against the growing inflation.
- ☞ Shelter on a rainy day:
In moments of emergency like a sudden illness, your savings will help you sail through the emergency without much trouble.
- ☞ Improvement in standard of living:
Saving judiciously and the returns that we get on our investment help us build and maintain a better standard of living. Your house, car, electrical appliances, cell phone, a great vacation...all these things will come from your savings!
- ☞ Source of income for the sunset years:
After retirement, the pension that you get might not be enough to maintain a certain standard of living for you and your family. That is when all the money that you have saved all your life comes in handy.

Smart Money Glossary

- ☞ **Assets:** items that a person owns.
- ☞ **Liabilities:** Items that a person owes
- ☞ **Net-worth** = Assets - Liabilities
- ☞ **Cash-Flow statement:** A simple table that tracks your income and expenditure
- ☞ **Budget:** A financial plan of our expenses keeping our income into consideration.
- ☞ **Surplus:** Surplus is the amount that remains when use or need is satisfied.
- ☞ **Deficit:** Deficit is an excess of expenditure over revenue
- ☞ **Instant Gratification:** When we immediately satisfy a need or a want, it is called instant gratification.
- ☞ **Delayed gratification:** With long-term goals, you must be willing to give up something you want now to get something better/bigger in the future. This is called delayed gratification.
- ☞ **Opportunity cost:** Opportunity cost is what you give up every time you make a choice. Resources are limited and wants are endless. There is no way we can have it all. So each choice to buy something is also a choice to give up.
- ☞ **Needs:** These are the things without which you cannot live.
- ☞ **Wants:** These are the things that make your life better
- ☞ **Banking:** "Banking" means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawal by check, draft, order or otherwise; -- Banking Regulation Act
- ☞ **Cheque:** 'A cheque is an instrument in writing containing an unconditional order, signed by the marker, directing a specified banker to pay a certain sum of money only to, or to the order of a certain person or to the bearer of the instrument.'
-- Negotiable Instrument Act
- ☞ **Income:** Money that is gained or earned
- ☞ **Expenses:** Expenses is what you spend on your need and wants

Smart Money Fundae

Requirements for opening a savings account

- (1) Proof of identity and proof of address of the person wanting to open an account.
- (2) Introduction of the person from an existing account holder. In case of account of a minor, it is usually the introduction by the guardian.
- (3) Photographs (usually two) of the person(s) for identification.
- (4) PAN number/s (issued by Income Tax Dept.) of the account holder/s (In the absence of PAN number a customer has to give a declaration in the prescribed format.)

ATM: Automated Teller Machine.

An ATM card can be used to:

- (1) Withdraw cash from the balance available any time of the day
- (2) Deposit cash/check for the credit of the account.
- (3) Find out the balance available in the account.
- (4) Carry out several other transactions* varying from bank to bank.

* such as getting mini-statements of account, paying utility bills etc.

Precautions necessary while using Credit Cards

1. Sign in the signature panel on your credit card as soon as you receive it.
2. Maintain utmost secrecy with regard to your PIN (personal identification number). You get the PIN from the bank through a mailer. Change the PIN as soon as possible and discard the PIN mailer soon after. To access the bank's ATM, you have to use this PIN.
3. Make sure that your credit card is returned to you immediately after completing a purchase and do not allow it to be taken out of your sight.
4. Check receipts against your monthly billing statements to verify your card transactions. Report any unauthorized transaction(s) immediately.
5. Keep a list of all your card numbers and make sure they're in a secure place.

Smart Money Fundae

Just give it a shot!

If you save very small amounts every day, then allot a day in a month on which you can empty your piggy bank into your savings bank account.

Try to search the web for attractive investment schemes for children and young adults. The results might just surprise you...in a nice way.

If your parents give you a fixed allowance for your cell phone bills, cut down on your usage a little bit and save the money in order to achieve your financial goals.

We all must do some chores to offer a hand in the household. But you can suggest your parents to assign a price to some of the chores that you normally don't do and try to earn this price. Your first source of income could be at home!

I too can earn by _____
Identify your skill which you can put to proper use in order to earn some money.

Switch off the lights, fans and other electrical appliances before leaving a room. Use air conditioning only when required. You might be surprised at how much your family will be able to save on electricity bills.

When you go out and spend money, keep all the notes in your pocket and use them to buy stuff but keep the coins in a separate purse. When you get back home, empty the coin purse into your piggy bank. At the end of the month, you might just be pleasantly surprised at the amount in your piggy bank.

Smart Money Glossary

- ☞ **Crossing:** 'Two parallel transverse lines across the face of a cheque is called a 'crossing'. And where a cheque is crossed, the banker on whom it is drawn shall not pay it otherwise than to a banker.' -- Negotiable Instrument Act
- ☞ **Account payee cheque:** 'Where a cheque is marked 'account payee', a banker will credit the amount of the cheque to the account of the payee only.' --Negotiable Instrument Act
- ☞ **Drawer:** The drawer of a cheque is the account holder who issues the cheque. That is who wants to make the payment. The drawer signs the cheque.
- ☞ **Payee:** The payee is one who is to receive the payment.
- ☞ **Drawee Bank and Branch:** Drawee Bank and Branch refers to the bank and branch where the account is maintained and where from the payment is to be made.
- ☞ **Minors' Savings Bank Account:** As per law, a minor, that is a person less than 18 years old, can not enter into a contract. Still, in order to encourage the habit of saving, most of the banks allow minors of more than 10 or 12 years of age (depending upon the bank) to open and operate savings bank accounts in their own name.
- ☞ **Securities and Exchange Board (SEBI):** SEBI is the regulatory authority in India established with statutory powers for
 - (a) protecting the interests of investors in securities
 - (b) promoting the development of the securities market
 - (c) regulating the securities market.
- ☞ **Equity Shares:** Total equity capital of a company is divided into equal units of small denominations, each called an equity share, or simply a share.
- ☞ **Face Value:** The face value of a unit or share is the nominal or stated amount (in Rupees) assigned to it by the issuer.
- ☞ **Dividend:** Dividend is a portion of a company's profits paid to its shareholders.
- ☞ **Market Value:** The market value of a company's share is its current market price per share. In other words, it is the current price at which a share can be sold or bought in the market.

Smart Money Tips

LIFE - SAVER TIPS FOR REMAINING GLUED TO YOUR GOAL!!!

- ☞ Write your SMART goal or take a picture of your goal and put it up on a soft board just above your study table. Call it your vision board! This will help you remain focused.
- ☞ Keep reviewing your plan to avoid straying away from it.
- ☞ Tell your friends about your goal so that they remind you whenever you deviate from your goal/plan.

Mall-functioning

Here are some tips to avoid overspending in malls:

- Draw a list of items that you want to purchase.
- Preferably carry cash rather than cards.
- Carry limited cash. No matter how much cash we take, we end up spending it in malls.
- Beware of impulse buys. Ask yourself whether you really need the thing that has caught your fancy. Remember the T-shirt you never wore or the high-heeled shoes on which you still struggle to keep your balance?

Smart Money Tips

Tips for saving:

- Save before spending: Whenever some money gets into your hands, from a job or your allowance or whatever, take your savings out immediately, before spending any of the money. The beauty of this system is that once you've removed your savings, you're free to spend the rest.
- Negotiate with your parents. This may or may not work for you, but it's worth a shot. See if they'll "match" your savings, in order to encourage good saving habits. That is, if you save Rs. 50 in a month, then suggest your parents that they put an additional Rs. 50 in your bank account as a reward.
- Consider the "opportunity cost" of purchases. Opportunity cost essentially refers to the cost of giving up one alternative in order to get another. If you are thinking of buying a pair of shoes worth Rs. 500, think how much you can gain by investing that amount over a period of 5-10 years. After having considered that if you think you must buy the shoes then by all means, go ahead and buy them.

Smart Money Glossary

☞ **EPS:** EPS is the acronym for Earnings Per Share.

$$\text{EPS} = \frac{\text{Net profit available to ordinary shareholders}}{\text{Number of ordinary shares outstanding}}$$

☞ **P/E:** P/E ratio refers to the ratio of 'market price per share' to 'EPS'.

$$\text{P/E} = \frac{\text{Market price per share}}{\text{EPS}}$$

☞ **Stock Exchange:** A 'stock exchange' is an organization constituted for the purpose of assisting and carrying out buying, selling or otherwise dealing in securities.

☞ **Broker:** A broker is an intermediary who executes the buying and selling orders of an investor. A broker, thus, acts as an agent for an investor, the customer, and charges the customer a fee or commission for its services.

Note: In India a broker must be registered with SEBI.

☞ **Sensex:** Sensex is the acronym for Sensitivity index. It is the commonly used name for the Bombay Stock Exchange (BSE) Sensitive Index. It is composed of 30 of the largest and most actively traded stocks on the Bombay Stock Exchange (BSE). Thus, it is a statistical measure or an indicator of the performance of stocks in general on the BSE.

Usually, every stock exchange has such a statistical measure called by different names. However, in India, the term SENSEX is often used to refer to the statistical measure or index relating to any stock exchange. In layman's language, 'the SENSEX for NSE is called the Nifty'.

☞ **Nifty:** Nifty is the 50-stock index comprised of some of the largest and most liquid stocks traded on the NSE.

☞ **Dow Jones or DJIA (Dow Jones Industrial Average)** is the index for the New York Stock Exchange and NASDAQ.

☞ **Initial Public Offer (IPO):** An Initial Public Offer (IPO) is the selling of securities such as shares by a financial entity such as a limited company to the public for the first time.

☞ **Simple Interest Formula:** $I = \frac{P \times N \times R}{100}$, I = Interest, P= Principal,

R = rate of interest, N = period

☞ **Compound Interest Formula:** $A = P \times (1+r)^n$ A = Amount, P= Principal,

R = rate of interest, n = number of periods and $r = \frac{R}{100}$

Smart Money Tips

You can earn too!! Here are some tips...

Be a computer guru: Many people buy computers and have a lot of trouble setting them up and trying to use them. Even if you have an intermediate familiarity with computers, you might offer your services as a local computer consultant. You can set things up, solve problems, answer questions, teach programs, and show people how to send and organize email, upload digital photos, buy something on Amazon.com, use Instant Messaging, and conduct online searches (with Google or other search engines).

Camps: If you look into it early enough, you can line up a job at a summer camp -- you might work with kids, tend the grounds, prepare food, or do any of a number of things.

Tutoring: If you are good at a particular subject you might be able to earn by helping others understand the subject well.

Department stores: A big perk with these jobs is that you often get to enjoy employee discounts and commissions on items you sell.

Be crafty: If you enjoy arts and crafts, you might make jewelry, greeting cards or candles and sell them -- perhaps in the society or colony that you stay in, where you'll have instant access to a familiar customer base.

Serve the elderly: Not only might you find work in a nursing home or retirement community, but you might also serve older people in your neighborhood. Many older people can't get around much. They may welcome your services delivering groceries, running errands, or doing odd jobs around their home.

Smart Money Tips

You can use the following easy-to-make table to maintain a record of your daily, weekly and monthly expenses i.e. to maintain your cash-flow statement.

Track your daily expenses:

Area of expenditure		Amount (Rs.)
Total Income : A		Monday Date:
Total Expenses: B		
Difference: A-B		

Smart Money Glossary

☞ **Bull:** The term 'bull', in financial market, refers to an investor who thinks the market will perform well and prices will rise. Thus bulls are optimistic investors who are presently predicting good things for the market, and are attempting to profit from this upward movement.

A 'bull market' is one, where there is optimism and prices are rising. A 'bull run' refers to continuously increasing share prices.

☞ **Bear:** The term 'bear', in financial market, refers to an investor who believes that the market is headed downward. Bears attempt to profit from a decline in prices. Bears are generally pessimistic about the state of a given market. Thus, a 'bear market' is one marked by pessimism and falling prices.

Note: Bulls are, thus, the exact opposite of the market's bears.

☞ **Bonds:** A Bond is a fixed income (debt) instrument issued for a period (usually of more than one year) with the purpose of raising capital/funds.

☞ **Debt instrument:** A Debt instrument is a record of one party (the borrower/debtor) borrowing a certain sum of money from an investor (the lender/creditor) on predetermined terms with regards to rate and periodicity of interest, repayment of principal amount etc.. The date specified for repayment of the principal is called the Maturity Date. In the Indian securities markets, the term 'bond' is used for debt instruments issued by the Central and State governments and public sector organizations.

As bonds are issued by the Central and State governments and public sector organizations, bond are safer instruments for investment, but returns on bonds are also usually less.

☞ **Debentures:** A debenture is an unsecured debt instrument issued by a body corporate. Thus, it is a kind of corporate bond.

In the event that the issuer is liquidated, the holder of a debenture becomes a general creditor and, therefore, is less likely than the secured creditors to recover in full. Because of their high risk factor, debentures pay higher rates of interest than secured debt of the same issuer.

In Indian securities market, the term 'debenture' is used for debt instruments issued by private corporate sector.

Smart Money Tips

Track your weekly expenses:

Week of the day	Income (A)	Expenditure
Monday		
Tuesday		
Wednesday		
Thursday		
Friday		
Saturday		
Sunday		
Totals		
Difference A- B		

Smart Money Glossary

☞ **Company Fixed Deposits:** These are short-term (six months) to medium-term (three to five years) borrowings by companies at a fixed rate of interest which is payable monthly, quarterly, semi annually or annually. They can also be cumulative fixed deposits where the entire principal along with the interest is paid at the end of the loan period. The rate of interest varies between 6-9% per annum for company FDs. The interest received is after deduction of taxes.

☞ **Credit Rating Agency:** A Credit Rating Agency is an independent, specialized organization that rates financial instruments. Most Bonds/Debentures/Company Fixed Deposits are rated by specialized credit rating agencies. Credit rating agencies in India are CRISIL, CARE, ICRA and Fitch. The yield on a bond often varies inversely with its credit (safety) rating. The safer the instrument, usually the lower is the rate of interest offered.

☞ **Demat Account:** The term 'demat' is the acronym for dematerialized or dematerialization. A demat account is an account opened by an investor with a Depository Participant (DP) for holding securities owned by the investor.

Dematerializing a security means converting it from physical form to electronic form. These securities in electronic form are held by an organization called Depository. A **depository** is like a bank wherein the deposits are securities (viz. shares, debentures, bonds, government securities, units etc.) in electronic form. There are two depositories in India which provide dematerialization of securities- The National Securities Depository Limited (**NSDL**) and Central Securities Depository Limited (**CSDL**).

A depository does not directly maintain accounts of the investors, but interfaces with its investors through its investors, the Depository Participants, who maintains the accounts of the investors. Thus, if Depositories are Banks, the Depository Participants are like bank branches where investors accounts are maintained.

Over a period of time, SEBI wants to bring all companies and stock exchanges under the purview of 'DEMAT'.

Smart Money Tips

Track your monthly expenses:

Month: January		
Week	Income (A)	Expenditure
Week 1		
Week 2		
Week 3		
Week 4		
Totals		
Difference A- B		

Smart Money Glossary

☞ **Mutual Fund:** A Mutual Fund is a body corporate registered that pools money from individuals/corporate investors and invests the same in a variety of different financial instruments or securities such as equity shares, government securities, bonds, debentures etc.

Mutual funds can thus be considered as financial intermediaries in the investment business that collect funds from the public and invest on behalf of the investors. Mutual funds issue units to the investors.

In India every Mutual Fund must be registered with SEBI (Securities Exchange Board of India)

Advantages of Mutual Fund:

- Small investments
- Spreading Risk
- Professional Fund Management
- Benefit of Long term investment
- Liquidity
- Regulation
- Transparency
- Reasonable charges

☞ **Net Asset Value (NAV):** Net Asset Value of a mutual fund is the aggregate market value of the assets of the fund net of its liabilities. NAV per unit is simply the net value of assets divided by the number of units outstanding.

Buying and selling of the units of a mutual fund take place on the basis of NAV-related prices.

The NAV of a mutual fund are required to be published in newspapers. Movement of the NAV of a fund tells you about the performance of the fund.

☞ **Entry/Exit Load:** Entry/Exit Load is a charge, which the mutual fund collects on entry and/or exit from a fund. A load is levied to cover the up-front cost incurred by the mutual fund for buying/selling securities for the fund.

Note: Some funds do not charge any entry or exit load. These funds are referred to as 'No Load Fund'. Funds usually charge an entry load ranging between 1.00% and 2.00%. Exit loads vary between 0.25% and 2.00%.

☞ **Equity mutual fund (or Growth Fund):** A mutual fund that predominantly invests in equity shares.

Note: Under Growth Plan dividend received and/or return from investment are reinvested giving capital appreciation. Under Dividend Plan the income is distributed among the investors.

Smart Money Tips

Analyze your monthly cash flow and draw a budget on the basis of need/want analysis

Area of expenditure	Amount spent (Rs.)	Need/want	Scope for improvement?	Proposed expenditure
Totals				
Monthly Income: A				
Monthly Expenses: B				
Difference: A-B				
Target Monthly Expenses				
Target Saving				

Smart Money Glossary

- ☞ **Debt Fund:** A mutual fund that predominantly invests in debt instruments.
- ☞ **Balanced Fund:** A mutual fund that invests both in equity and debt instruments for balanced risk and growth.
- ☞ **Tax Saving Fund:** A mutual fund that tax benefits to investors under the Income Tax Act. An example of this type of funds is Equity Linked Savings Scheme (ELSS).
- ☞ **Open-ended Fund:** A mutual fund that is always open for subscription (buying of units) and redemption (selling of units).
- ☞ **Close-ended Fund:** A mutual fund that is open for entry only during the Initial Public Offering (IPO).
Note: The prices of open-ended funds are linked to the daily net asset value (NAV) and, therefore, these funds are more liquid than closed-ended funds, which are generally traded at a discount to NAV.
- ☞ **Systematic Withdrawal Plan (SWP):** A Mutual Fund plan, under which a fixed amount is paid regularly by redemption of required number of units.
- ☞ **Systematic Investment Plan (SIP):** A Mutual Fund plan, under which a fixed amount is invested every month.
An SIP enables even individuals with very small means to put in small amounts - as small as Rs.100 to 500 per month - in mutual funds, instead of a big one time investment.
The major advantages of SIP are
- Power of compounding: Due to long term investment the effect of compounding is more pronounced.
 - Discipline and convenience: A small amount invested regularly does not pinch much but adds up to big sum. The process is also very convenient as the contribution can be made through ECS* or standing instruction with post dated checks.
 - ECS is a system by which direct debit to your account is effected through banks' clearing system.

Smart Money Tips

Track your savings - You can track your savings with the help of this table. Some examples have been given for your benefit.

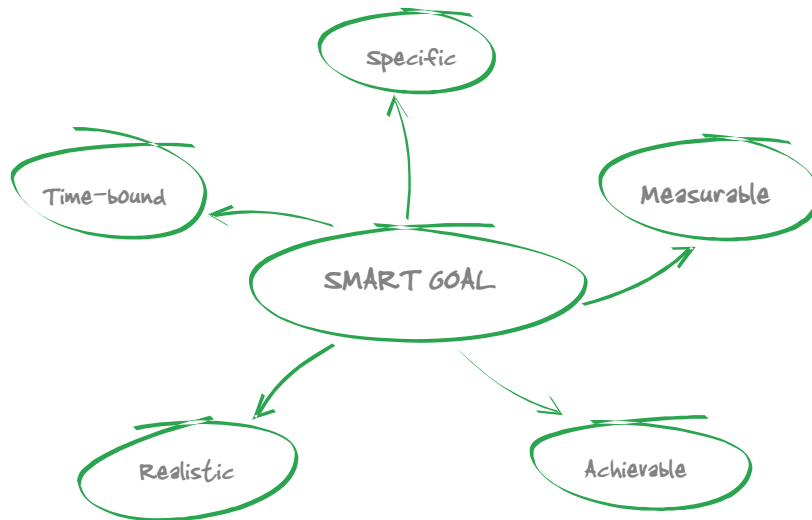
Avenue	Amount	Rate of interest	Period	Amount on maturity
Savings account	400	3.50%	----	-----
At home (piggy bank)	50	-----	-----	-----
SIP	300	12%	9 yrs	-----
Total				

Smart Money Glossary

- ☞ **Pure risk or Term Life Insurance Policy:** An Insurance Policy where the entire premium goes towards insurance (coverage of life risk).
- ☞ **Endowment Life Insurance Policy:** An Insurance Policy where the balance of the premium after providing for life risk cover is invested to create a fund (endowment) and repaid with or without profit (depending on terms of the policy) after the period of insurance.
- ☞ **Whole Life Insurance Policy:** An Insurance Policy where the insured amount with accumulated funds is paid to the heir of the person insured.
- ☞ **Unit Linked Insurance Plan (ULIP):** An Insurance Policy which combines the benefit of Insurance and Mutual fund. It is like an endowment policy where the investment is made in mutual funds.
- ☞ **Pension Plan:** An investment plan, usually offered by insurance companies, under which the premiums paid by the investor are utilized to create a fund from which regular payments are made in form of pension after completion of the term.
- ☞ **Public Provident Fund (PPF):**
- A long term savings scheme with a maturity of 15 years and interest payable at 8% per annum compounded annually.
 - A PPF account can be opened through a designated bank/ Post Office anytime during the year and is open all through the year for depositing money.
 - Income tax benefit, by way of deduction from taxable income, can be availed for the amount invested and the interest accrued is tax-free.
 - A withdrawal is permitted every year from the seventh financial year from the date of opening of the account.
 - The amount of withdrawal is limited to 50% of the balance at credit at the end of the 4th year immediately preceding the year in which the amount is withdrawn or at the end of the preceding year whichever is lower less the amount of loan, if any.
 - There is also loan facility available under the scheme.

Smart Money Tips

SMART GOAL



A sample list of useful web resources has been given in student copy pertaining to Session 8. You may visit these or other sites at your convenience for more information on Personal Finance and Investing:

1. There are websites that provide news and information about the performance of various investment instruments like shares, mutual funds etc. Some of these also enable you to maintain an online portfolio which is an online record of your investments and where you can regularly review the performance of your investments. Some also offer e-calculators that will help you to actually see how much you will be able to benefit from a particular investment under certain assumed situations.

These include sites such as:

- www.bloombergutv.com
- www.business-standard.com
- www.economictimes.indiatimes.com
- www.livemint.com

- www.rediff.com/getahead/money.html
 - www.moneycontrol.com
 - www.myiris.com
2. Some sites are focused on one type of investments such as mutual funds. These include the following:
- www.valueresearchonline.com
 - www.mutualfundsindia.com
3. Market regulators and institutions also maintain websites that will provide you an understanding of the markets and products that these regulators regulate. These include:
- www.sebi.gov.in/ - the official website of the Securities and Exchange Board of India, the regulatory body for our stock market.
 - www.rbi.org.in/ - the official website of the Reserve Bank of India, the regulatory body for all the banks in India.
 - www.irda.gov.in/ - the official website of the Insurance Regulatory and Development Authority, the regulatory body for insurance.

Smart Money Glossary

- ☞ **Kisan Vikas Patra:** A Post Office Small Savings Deposit Scheme where the deposit doubles in 8 years 7 months earning interest at 8.41% p.a.
- ☞ **National Savings Certificate:** A six year Post Office Small Savings Deposit Scheme earning interest at 8% p.a. The amount invested is also eligible for deduction from taxable income within limits.
- ☞ **Post Office Monthly Income Scheme:** A six year Post Office Small Savings Deposit Scheme where interest is paid monthly @8% p.a.
- ☞ **Senior Citizens Deposit Scheme:** A five year Post Office Small Savings Deposit Scheme for citizens who are more than 60 years old. Interest is paid at the rate of 9% per annum.
- ☞ **Equated Monthly Installment (EMI):** Equated Monthly Installment is the amount a borrower has to pay every month so that the principal along with interest gets repaid by the end of the period of the loan.
- ☞ **Reducing Balance Method:** Reducing balance method refers to the method of charging interest on a loan account, according to which, as the loan gets repaid, interest is calculated on the 'reduced balance' - that is the amount of loan that remains to be paid at the end of every day/month/quarter/half-year/year (as the case may be) after accounting for every credit to the account by way of repayment of installments or otherwise.



Credit Card Terms:

1. **Total Amount Due:** This is the total amount of Money that remains to be paid by the credit card holder
2. **Payment Due Date:** This is the date by which atleast the minimum amount due should be paid back.
3. **Credit Limit:** This is the total amount of credit that you can avail of using the credit card. You will be charged a penalty if you exceed the credit limit.
4. **Minimum Amount Due:** Minimum Amount Due is normally 5% of the Total Amount Due. One can choose to pay the Total Amount Due or the Minimum Amount Due on the Payment Due Date.
5. **Available Credit Limit:** If you have already used a part of the total credit limit then the remaining credit available is shown in the 'Available Credit Limit'.
6. **Available Cash Limit:** Every Credit Card has an Available Case limit that can be withdrawn from the ATM.
7. **Statement Period:** The Credit Card shows all the transactions that had happened between a particular time period, is which is usually a period of 30 days.
8. **Purchases and Other charges:** this is the detail of the purchases within the statement period and also includes that interest (if any) that has been charged on the outstanding amount.

Various Types of Bank Loans

Vehicle Loans:

1. You can get a bank loan for purchase of a new or even an old vehicle.
2. The vehicle you buy is the security for the loan and this is noted on the RC (Registration Certificate) Book as well as in the records of the Regional Transport Authority.
3. The bank usually asks for 10 to 25% of the cost of the vehicle as margin.
4. The maximum repayment period is usually 7 years.
5. If you want to buy an old car the bank charges higher rate of interest, insists on higher margin, and gives credit for a shorter period.

Consumer Loans:

1. If you want a loans for buying consumer durable such as Refrigerator, Television etc. the loan is called a consumer loan.
2. The maximum repayment period is usually 3 years.
3. The margin requirement is around 10 to 25% of the article purchased.

Personal Loans:

1. If instead of buying any particular object, you want a loan for spending, say, for the purpose of going on a pleasure-trip, there will be no security created out of the loan amount. In such cases the loan is called a Personal loan.
2. The amount of the loan will be determined on the basis of your regular income and your repaying capacity.
3. Since there is no specific security for the loan, the loan is often called a clean loan and the rate of interest is usually higher than that in the case of secured loans.

Education Loans:

1. You can take a loan to meet your educational expenses. Such a loan usually covers the fees and also, at times, your living expenses such as hostel charges.
2. You can take a loan for studying in India or studying abroad.

3. Banks are guided by Reserve Bank of India's directives and do not ask for additional security if the loan amount does not exceed a certain limit.
4. Often the repayment of the loan is scheduled in such a way that you can start repaying it after you start earning after completion of your studies.

Housing Loan or Home Loan:

1. You can avail of a loan for constructing a house or buying a ready house or flat.
2. A bank normally asks for 0 to 20% down payment or margin.
3. Usually you have to deposit with the bank the title deed (such as the sale deed) of the property as security.
4. The repayment period is usually long and depends on your repaying capacity as well as the number of years you are likely to be earning regular income.
5. Since the repayment period is usually long it has a great impact on the amount of interest you pay. It is also important to find out the manner in which the bank or Housing Finance Company is charging the interest. For example are they reducing the balance every day or every month or every year - the effective interest will go up in that order.
6. A housing loan borrower is eligible for certain tax-benefits under the Income Tax Act.