



from the desk of the
PRESIDENT

Dear Member,



20th May, 2021

A lot has changed in the past one month since I wrote to you last. The second Covid-19 wave has hit India extremely hard and has reportedly pushed the health infrastructure to the brink in several States. While the ferocity of the second wave seems to have caught everyone unawares, it holds some very important lessons for us. I am sure all of us would be able to face this moment of truth with a sense of confidence and realistic optimism.

Immediately with the outbreak of the second wave of Covid-19, your Chamber has stood up to the occasion by taking the much-needed initiatives of distributing sanitizers and masks at Municipal markets in Kolkata (*Gariahat, Jodhpur Park, Bansdronei and Salt Lake*), facilitating vaccination for members as well as employees and their families, with the help of our member hospitals, facilitating admissions of critically ill patients and organizing oxygen support etc. Further, the Chamber has also been servicing members on their request, by facilitating arrangements of Government permissions for factory operations and cargo movements during the lockdown period for their critical business needs. All this has

been possible without any disruption in its regular activities and also with the entire secretariat team 'Working from Home'.

Times are indeed tough and for the next few days the emphasis is on the preparedness for the impending Cyclone "Yaas" in the Bay of Bengal, with a special focus on the protection of Covid health facilities and advance planning of disaster management and relief and rehabilitation measures. By the time this edition is uploaded on our website and shared with you all, Yaas would have made landfall and I pray that we all have the strength and the resources to address this effectively.

I request all of you to stay safe and take good care of yourselves till normalcy regains.

With my best wishes!

Sd/-
Deb A Mukherjee
President

MEMBER'S NEWS CORNER



Welcome to the Bengal Chamber family! That's what we would like to convey to Total Start Entrepreneurship Ecosystem Developers and Narayani Resources Private Limited, whose application for membership was tabled and approved by the Managing Committee at its meeting on 25th April 2021.

The Education Committee of The Bengal Chamber of Commerce and Industry along with Sister Nivedita University organized an online Webinar on "Building the Entrepreneurial Mind on 19th April 2021.

To be a successful Entrepreneur, it is extremely important to have an Entrepreneurial mind set first. Often, we see that people have skill sets but not the mindset. So, in order to build that Entrepreneurial mind, Education has a very large role to play. The webinar was thus planned keeping the same in mind.

Prof. Dr. Dhruvajyoti Chattopadhyay, Vice Chancellor, Sister Nivedita University delivered the welcome address. The esteemed speakers in the webinar were **Mr. Chandra Shekhar Ghosh, MD & CEO, Bandhan Bank, & Past President, The Bengal Chamber of Commerce and Industry, Mr. Siddhartha Chatterjee, Director, Paara Digital Education Pvt Ltd, Ms. Lovey Kapur, Director, Kookie Jar Foods Pvt Ltd, Prof. Dr. P.K. Dan, Associate Professor, Kharagpur IIT. The webinar was moderated by Dr. Debanjan Chakrabarti, Director, East and North East India, British Council.**

The webinar started with the session with **Prof. Dr. P. K. Dan** mentioned that an entrepreneur will always have an innovative mind set. He mentioned that the National Education Policy 2020 has mentioned about the importance of higher education in forming the basis for knowledge creation and innovation which will contribute to the growing national economy.



Prof. Dr. Dhruvajyoti Chattopadhyay, Vice Chancellor, Sister Nivedita University

Ms. Lovey Kapur mentioned about how she started Kookie Jar, the famous shop in Kolkata. She spoke about the hardships she faced in the business and how she coped up with it. She mentioned that to start a business, there are a lot of things which needs to be taken into consideration before starting a business and also there should be a planning to sustain the same.

Mr. Siddhartha Chatterjee said that it very important for an entrepreneur to take risks. He said that it is a myth that we need a lot of capital to start a business. When it comes to consumer centric business ideas there has to be a good idea. He mentioned that ideas keep on coming. Some doable some not. But if there is an idea then it can be readjusted to make it a success.

Mr. Chandra Shekhar Ghosh mentioned that in entrepreneurship there is no age of retirement for an entrepreneur. An entrepreneur can give job to his children as a successor which they cannot do if they are doing a join in an organization. Also Mr. Ghosh mentioned that an entrepreneur feels proud because he has created a lot jobs for people. Entrepreneurship is a different contribution to the society and the country. Innovation and traditional should be merged together to make it successful.

There were a lot of questions from the participants which the speakers answered at the end of the session. **Dr. Debanjan Chakrabarti** brilliantly moderated the sessions with his immense expertise and experience.



Dr. Debanjan Chakrabarti, Director, East and North East India, British Council

19th April 2021,
Virtual Platform

BUILDING THE ENTREPRENEURIAL MIND



Prof. Dr. P. K. Dan, Associate Professor, Kharagpur IIT



Ms. Lovey Kapur, Director, Kookie Jar Foods Pvt Ltd



Mr. Siddhartha Chatterjee, Director, Paara Digital Education Pvt Ltd



Mr. Chandra Shekhar Ghosh, MD & CEO, Bandhan Bank, & Past President, The Bengal Chamber of Commerce and Industry

22nd April 2021,
Virtual Platform

ONLINE B2B MEETING WITH TAIWANESE COMPANIES

Taipei World Trade Centre, Kolkata (TAITRA), in association with The Bengal Chamber of Commerce and Industry, organized Online B2B Meetings with leading Taiwanese Companies from various sectors on 22nd April 2021, Thursday.

The Bengal Chamber of Commerce and Industry shares a deep connect with TAITRA. In this context, The Chamber was partnering with TAITRA in the aforementioned B2B Session.

The companies, representing Taiwan, were:

- German Solar Asia Co. Ltd.
- Chien Hua Paper Pipe Co. Ltd.
- Goalead International Co. Ltd.
- Hermes Global Co. Ltd.
- Ho Cheng Safety Enterprise Co. Ltd.
- Orient Development Enterprises Ltd.
- Ficer Technology Co. Ltd.

- Hsin Ho Mfg. Co. Ltd.
- Songxin Taipei Tech Solutions Co. Ltd.

The programme was commenced with the formal Opening Remarks by Mr Sambit Dasgupta, Assistant Director, The Bengal Chamber of Commerce and Industry. Mr. Dasgupta addressed on “The Business Prospects between West Bengal and Taiwan”. Mr. Steven Liu, Director, TAITRA delivered his presentation on “Brief introduction of India” to the Taiwanese delegates.

The Bengal Chamber facilitated dedicated B2B meetings of few of its esteemed members and stakeholders: Amit International; Chloride Power Systems and Solutions Ltd.; Energy Efficiency Services Limited; Enveron; International Export House; Lintas Packaging Pvt. Limited; Navitas Green Solutions Pvt. Ltd. with the Taiwanese companies.



Online B2B meeting in progress

AN IN-DEPTH UNDERSTANDING OF FTAs & CUSTOMS ADMINISTRATION OF RULES OF ORIGIN UNDER TRADE AGREEMENTS RULES, 2020 (CAROTAR) AND MANUFACTURING IN BOND

The International Trade Committee of the Bengal Chamber has recently organised a workshop on 'An In-depth Understanding of FTAs & Customs Administration of Rules of Origin under Trade Agreements Rules, 2020 (CAROTAR) and Manufacturing in Bond on 22nd April 2021; on Zoom.

CAROTAR 2020 are regulations introduced by Customs department in 2020 to check misuse of duty concession /exemption under Free Trade Agreements when goods are imported into India. The responsibility of compliance is now transferred from Government agency to business with respect to Certificate of origin. It is therefore essential that importers must understand CAROTAR 2020 to avoid delays in clearance and denial of duty concession / exemption.

Another important area covered in the workshop was Manufacturing in Bond. Its a new scheme introduced by government of India for deferment of duty on import of capital goods as well as inputs for manufacturing products for exports as well as domestic sales. Needless to say, this results into savings in cash outflow on account of duty on imports as well as entire compliance costs of DGFT including license fees. It is therefore, of crucial importance that industry must understand this scheme in details.

The subject was niche and was of primary importance to importers. The programme was well attended by participants from various corporate. Some of them include, EXIDE Industries Ltd. Tata Steel Ltd, Tata Metaliks Ltd., Century Plyboards(I) Ltd., Wacker Metroarch Chemicals Pvt. Ltd., Anmol Feeds Pvt. Ltd., EMAMI Agrotech Ltd. and many others.

22nd April 2021, Virtual Platform **AN IN-DEPTH UNDERSTANDING OF FTAS & CUSTOMS ADMINISTRATION OF RULES OF ORIGIN UNDER TRADE AGREEMENTS RULES, 2020 (CAROTAR) AND MANUFACTURING IN BOND**

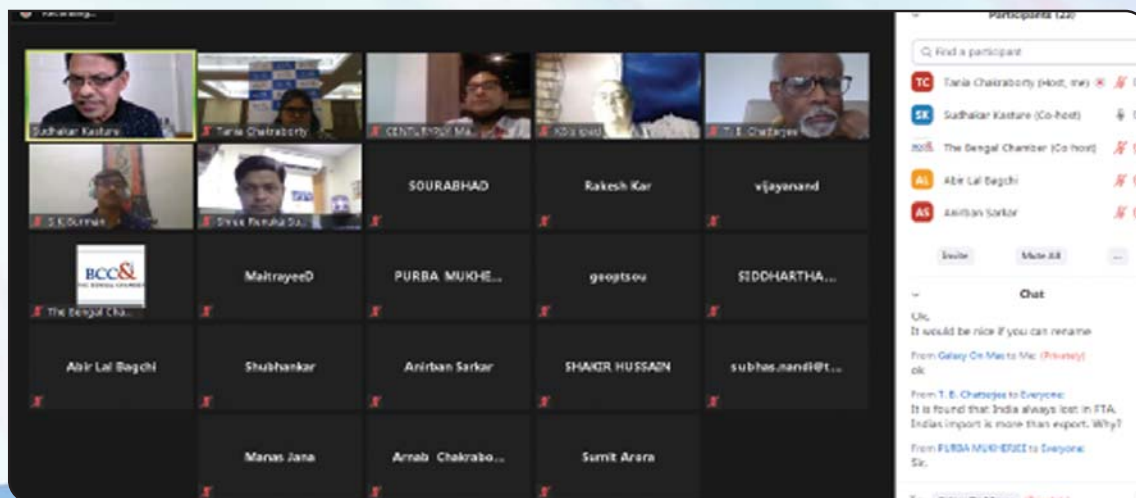


Mr. Sourabha Dutta VP, Industrial Sales & Marketing, EXIDE Industries Ltd. & Chairperson, International Trade Committee welcoming the participants and the faculty at the workshop



Mr. Kaushik Brahma, Export Planning & Documentation, Group Shipping, Tata Steel Ltd. & Co - Chairperson, International Trade Committee giving the introductory speech at the workshop

Participants during the Workshop



Participants during the workshop

The Bengal Chamber of Commerce and Industry, with CESC Ltd organized a workshop on “Electrical & Fire Safety for Manufacturing Industry” on 30th April 2021, Friday on virtual platform.

Electrical and Fire safety assumes paradigm importance for all sectors of the industry. In this context there is a need for industry personnel to understand the risks associated with electricity and fire incidents both of which has the potential to endanger human life and also result in damage to property. Towards this, The Bengal Chamber, with CESC Limited organized the aforesaid Workshop.

The Workshop offered an **effective fire prevention and containment strategy, an essential feature for fire prevention and protection, with special focus on hazard identification, risk assessment, identification and implementation of control measures for reduction and elimination of hazards associated with usage of electricity and prevention & containment of fire incidents.**

The Workshop was commenced with the formal Welcome Address by **Mr. Gautam Ray**, Chairperson, Energy and Environment Committee and Vice President, The Bengal Chamber of Commerce and Industry & Executive Director (HR & Admin.) - CESC Limited & President (HR) – Power Group, RPSG. **Mr. Indrajit Sen**, Past President, The Bengal Chamber of Commerce and Industry and Managing Director, International Combustion (India) Limited delivered the **Keynote Address**. **Prof. Ashok Maitra**, Former Professor, Electrical Engineering Department, IEST, Shibpur and Former Advisor,

West Bengal Electricity Regulatory Commission shared his perspectives on identification and implementation of essential safety measures for fire prevention and protection. **Mr. Arabindra Ghosh**, Deputy Manager, CESC Limited and **Mr. Sudip Kr. Paul**, Deputy Manager, CESC Limited graced the session on **Enhancement of Awareness on Electrical and Fire Hazards and Their Mitigation**. **Mr. Ghosh and Mr. Paul** jointly addressed on **basic concepts of electricity & network; hazard recognition; effects of electricity on the human body; electrical hazard protection; safe work practices; how to respond and report any problem and ethics of working with electrical installations.**

There was overwhelming participation of around 80 representatives from renowned large manufacturing industries and MSMEs - Adani Wilmar Limited; Bengal Energy Limited; Bengal Gas Company Limited; Chloride Power Systems and Solutions Ltd.; Dhariwal Infrastructure Limited; Electrosteel Castings Ltd; Emami Agrotech Limited; Exide Industries Limited; Fibro Plastichem (India) Pvt. Ltd; Haldia Petrochemicals Ltd; India Power Corporation Limited; Indian Oil Corporation Ltd (Haldia Refinery); Indorama India Pvt Ltd; International Combustion (India) Limited; Lintas Packaging Pvt. Ltd.; MCPI Pvt Ltd; Orissa Metaliks Pvt Ltd; Prasad Seeds Pvt Ltd; S S Enterprise; Shyam SEL & Power Ltd.; SRMB Steel, Durgapur; Super Smelters Limited, Jamuria; Tata Metaliks Limited; UPL Limited; Vikram Solar Limited and Wacker Metroark Chemicals Pvt. Ltd.

The Session was followed by vibrant interactive session.



Mr. Gautam Ray, Chairperson, Energy and Environment Committee and Vice President, The Bengal Chamber of Commerce and Industry & Executive Director (HR & Admin.) - CESC Limited & President (HR) – Power Group, RPSG delivering the formal Welcome Address



Mr. Indrajit Sen, Past President, The Bengal Chamber of Commerce and Industry and Managing Director, International Combustion (India) Limited delivering the Keynote Address

30th April 2021, Virtual Platform **WORKSHOP ON ELECTRICAL & FIRE SAFETY FOR MANUFACTURING INDUSTRY**



Prof. Ashok Maitra, Former Professor, Electrical Engineering Department, IEST, Shibpur and Former Advisor, West Bengal Electricity Regulatory Commission gracing the Session



Mr. Arabindra Ghosh, Deputy Manager, CESC Limited addressing the audience.

7th May, 2021, Virtual Platform **ONLINE SESSION ON 'IMPLEMENTATION OF NEW LABOUR CODES : 2021 & ITS IMPACT'**

The Bengal Chamber of Commerce and Industry organized an Online Session on 'Implementation of New Labour Codes: 2021 & Its Impact' on 7th May, 2021 on Zoom.

Introductory address was given by Mr. Vivek Jalan, Chairperson – Ease of Doing Business Committee, The Bengal Chamber of Commerce and Industry & Partner, Tax Connect Advisory Services LLP.

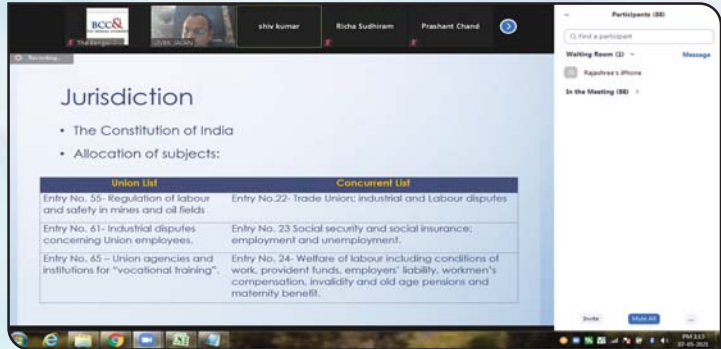
Special Address on Department Perspectives on New Labour Codes 2021 was delivered by Dr. Shiv Kumar, Regional PF Commissioner Compliance, Employees Provident Fund Organisation.

Mr. Vivek Jalan, Chairperson – Ease of Doing Business Committee, The Bengal Chamber of Commerce and Industry Partner, Tax Connect Advisory Services LLP addressed the Session on New Labour Code 2021 - Implementation Module for New Labour Codes, New Definition of Wages and its financial impact, Illustration on impact on "Cash in Hand" of employees & "CTC" for Employers and Impact of New Labour Codes on Multi States Organisations.

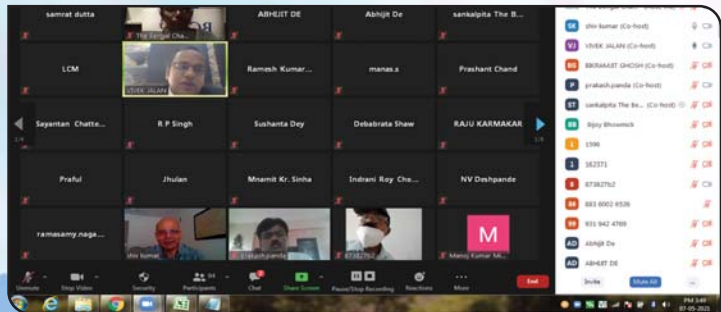
Industry Perspectives on New Labour Code was shared by Mr Prakash Panda, HR Head, India Power Corporation Limited. Mr. B Ghosh, Director Finance, Danieli India Ltd, deliberated on Effect of New Labour Code 2021 on Finance & Taxation. The Sessions were followed by an interactive session with the participants. The Online Session on New Labour Code 2021 and Its Impact was attended by close to 100 delegates.



Special Address by Dr. Shiv Kumar, Regional PF Commissioner Compliance, Employees Provident Fund Organisation



Presentation by Dr. Shiv Kumar, Regional PF Commissioner Compliance, Employees Provident Fund Organisation



Section of delegates in the Online Session

PROGRAMME

ONLINE SESSION ON 'IMPLEMENTATION OF NEW LABOUR CODES : 2021 & ITS IMPACT'

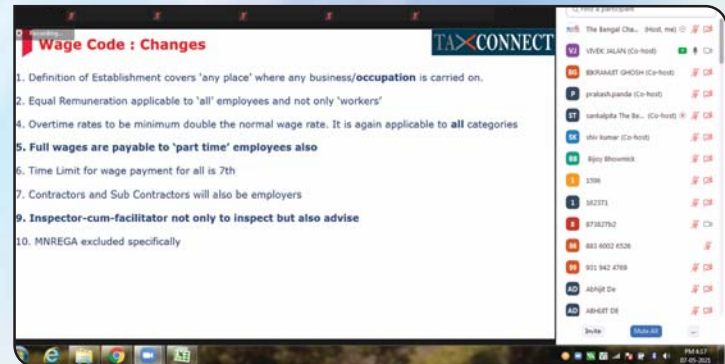
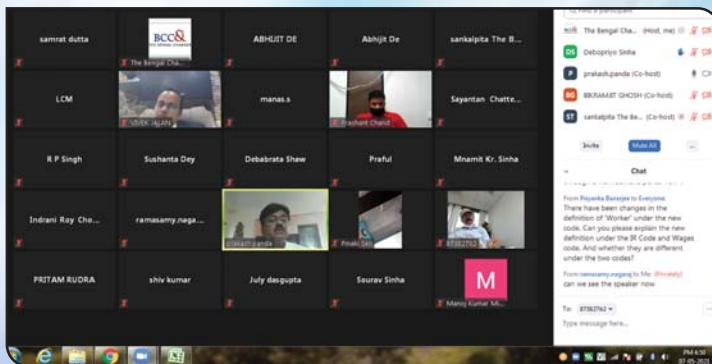
7th May, 2021,
Virtual Platform



Address by Mr. Vivek Jalan, Chairperson – Ease of Doing Business Committee, The Bengal Chamber of Commerce and Industry & Partner, Tax Connect Advisory Services LLP



Address by Mr. Prakash Panda, HR Head, India Power Corporation Limited, on Industry Perspectives on New Labour Code



Presentation by Mr. Vivek Jalan, Chairperson – Ease of Doing Business Committee, The Bengal Chamber of Commerce and Industry & Partner, Tax Connect Advisory Services LLP on New Labour Code 2021



Address by Mr. B Ghosh, Director Finance, Danieli India Ltd, on Effect of New Labour Code 2021 on Finance & Taxation

Section of delegates in the Online Session

WORKSHOP ON "FUNDAMENTALS OF LEAN MANAGEMENT"

8th May and 19th May 2021

The Bengal Chamber of Commerce and Industry in association with The Analysis Company (TAC) Academy have organized a workshop on "Fundamentals of Lean Management" through online mode. The eight hour training session divided into four hours of each training module on 8th of May and 19th of May 2021. The training was a systematic approach geared towards eliminating sources of process waste reducing customer delivery time along with an emphasis on application of Lean tools. The focus was on delivering long term sustainable gains (outcomes) by eliminating process inefficiencies and bottlenecks for entire workflows, departments and organizations.

The workshop trainer **Ms. Kamakshi Kumar** is a Lean Six Sigma Black Belt certified by WABCO Automotive Academy at

Hannover, Germany. She holds a Dual Degree MBA from Purdue University, USA and Leibniz University, Germany and a Bachelor of Science in Finance from Purdue University, USA. She is the founder of The Analysis Company (TAC) Academy.

The prime content of "Fundamentals of Lean Management Workshop" was:

- Lean Basics
 - Time Management Techniques
 - Work vs. Waste
 - Lean Communication and Effort
- Visual Management Techniques
 - Standardization Principles and Methodology
 - Workplace Efficiency Tools

8th May and 19th May 2021

WORKSHOP ON “FUNDAMENTALS OF LEAN MANAGEMENT”

- Process Mapping
 - Theory of Constraints
 - Process Visualization: Tools and Techniques
- Continuous Delivery
 - Beehive Work Techniques
 - First Time Right
 - On-Time Delivery

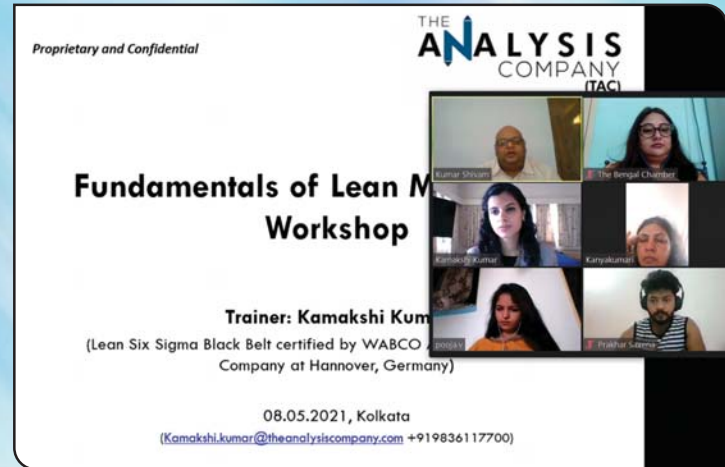
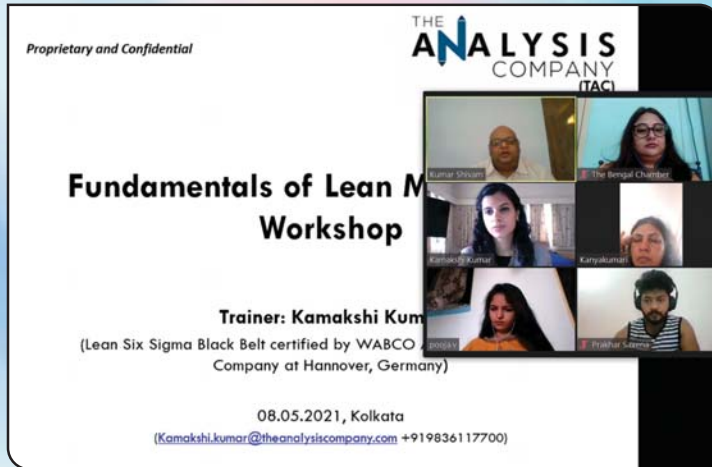
The session was well attended by Corporate Professionals and Entrepreneurs.



The inaugural session commenced with a welcome address by Mr. Kumar Shivam, Associate Director – Strategy and Business Development, The Bengal Chamber of Commerce and Industry



Ms. Kamakshi Kumar, Trainer of the session and Founder of The Analysis Company (TAC) Academy during the session



Faculty and participants in the session

UPCOMING PROGRAMME

- Celebration of 250th Birth Anniversary of Raja Ram Mohan Roy, 21st May 2021, Virtual Platform
- Marketing & Brand Quiz, 22nd May 2021, Virtual Platform
- HR and Team Development Practices for The Next Normal, 24th & 25th May 2021, Virtual Platform,
- Online Session on GST Using 6 digit HSN code for GST compliance, Advance Ruling on GST, Faceless Assessment for Custom, 28th May 2021, Virtual Platform
- ‘Financial Awareness E-Conclave’ - Save-Protect-Invest: Revisiting the Budget of a Common Man, 4th June 2021, Virtual Platform
- Short term online certificate course on Business Communications in Japanese Language, 5th June 2021 onwards, Virtual Platform
- Online Seminar on Taiwan's Machinery and Steel Industry, 17th June 2021, Virtual Platform
- Bengal Economic e-Conclave "Bengal after Elections 2021: What Lies beneath- What lies ahead", 25th June 2021, Virtual Platform
- The Budding Genius, 26th June 2021, 26th June 2021, Virtual Platform



There are six popular investment options for senior citizens that one may explore and diversify across them to keep returns, safety and liquidity under control.

A retired investor or a senior citizen needs to invest the hard-earned lifetime savings in such a way that it fetches a regular income and household expenses are managed as well.

In a falling interest rate scenario, investors looking for fixed income on their deposits are hit the most. Banks are offering a return of around 5.5 per cent across most tenure and at this time senior citizens and the retired have just survived the post office small savings interest rate scare. The FM, however, reversed the decision taken on the lowering of the Small Savings rates and the rates for the April to June quarter will remain the same as that of the previous quarter – January to March 2021. However, the relief could be temporary as the RBI in its April 7 meet maintained the repo rate and took measures which led the G-sec yield fall in the view that rates may remain flat for some more time to come.

So, where should a retired investor put his hard-earned lifetime savings to fetch a regular income and also manage one's household expenses?

There are Six popular investment options for senior citizens that one may explore and diversify across them to keep liquidity, safety and returns under control.

1. Senior Citizen Saving Scheme (SCSS)

Interest rate: 7.4 per cent
 Payable: Quarterly
 Tenure: 5 years



Prof. Timir Baran Chatterjee- M.Com, FCS, ACMA, MBA (International Business) IIFT, MIIA(USA), Arbitrator(ICA, New Delhi)

SCSS is for a period of 5 years and more than one account may be opened, but the total limit is capped at Rs 15 lakh. Interest earned in Senior Citizen Saving Scheme is fully taxable and is to be added to one's Income from other sources. SCSS suits senior citizens looking for a high fixed rate of return and a regular income on a quarterly basis. Currently, (April to June, 2021) the interest rate on SCSS is 7.4 per cent per annum, payable quarterly.

2. Pradhan Mantri Vaya Vandana Yojana (PMVVY)

Interest rate: 7.4 per cent
 Payable: Monthly
 Tenure: 10 years

Pradhan Mantri Vaya Vandana Yojana (PMVVY) has already been extended up to 31st March 2023. The extension of the PMVVY scheme will help senior citizens as the entry age in the scheme is 60 years. For the first financial year i.e. up to 31st March 2021, the Scheme was providing an assured pension of 7.40 per cent per annum payable monthly and thereafter to be reset every year.

SENIOR CITIZENS- TOP 6 INVESTMENT PLANS WITH REGULAR INCOME AND TAX LIABILITY AT A GLANCE

The annual reset of the assured rate of interest with effect from April 1st of the financial year in line with the revised rate of returns of Senior Citizens Saving Scheme (SCSS) up to a ceiling of 7.75 per cent with a fresh appraisal of the scheme on breach of this threshold at any point. The maximum amount of investment is capped at Rs 15 lakh.

On survival of the pensioner to the end of the policy term of 10 years, amount invested (Purchase price) along with final pension installment shall be payable.

3. Post Office Monthly Income Scheme (POMIS)

Interest rate: 6.6 per cent
Payable: Monthly
Tenure: 5 years

The Post Office Monthly Income Scheme (POMIS) has a tenure of 5 years and once invested the interest rate continues to remain the same till maturity. Currently, for the quarter ending June 2021, the interest rate is 6.6 per cent per annum. One can invest a maximum of Rs 4.5 lakh in a single name while a maximum of Rs 9 lakh can be deposited in POMIS in a joint name.

4. Bank fixed deposits (FD)

Interest rate: Around 5.5 6 per cent
Payable: Monthly, quarterly, half-yearly or annual interest
Tenure: 7 days to 10 years

Bank fixed deposits have always been a popular and the first choice for most senior citizens. Bank FDs are flexible when it comes to choosing the interest rate payouts as they offer monthly, quarterly, half-yearly or annual interest income to the FD holders. Not all front line commercial banks are offering anything above 6 per cent rate of interest. However, depending on the bank and tenure, most Small Finance Banks are offering an interest rate of above 7 per cent on some of their tenure. The senior citizens are offered an additional 0.5 per cent on the deposits by all banks.

In addition, some banks offer special deposits to senior citizens on deposits of 5-years and above. Under SBI Wecare Deposit' for Senior Citizens, 0.3 per cent is additionally payable on 5 Years and above tenor. Such schemes have been extended till September 30, 2020.

5. Floating Rate Savings Bonds

Interest rate: 7.15 per cent
Payable: Half-yearly
Tenure: 7 years

The Floating Rate Savings Bonds 2020 have a tenure of 7 years and the interest rate will keep varying during the tenure of the scheme. The coupon rate for the first coupon period, payable on January 1, 2021 was fixed at 7.15 per cent. The coupon/interest of the bond is reset half yearly on every July 1st and Jan 1of each year. The coupon rate will be linked/pegged with prevailing National Saving Certificate (NSC) rate with a spread of 35 basis points over the NSC interest rate.

Key Pointers

In SCSS, the guaranteed pension is only for 5 years. SCSS can, however, be extended after maturity for 3 years but the prevailing rate of interest will apply. As interest rates are looking to go down further, PMVVY scores over SCSS in this context. After making a comparison between all investment schemes for senior citizens, rather than investing in any one, a senior citizen can consider investing in all of them based on individual need.

Better to diversify across these investment options and also keep liquidity into consideration. Look at your taxable income after factoring in interest income from various investment sources and try to keep it below the exemption limit. Make use of the 5-year tax saving bank FD to earn monthly income as well as to save tax. A retiree's retirement portfolio should be such that it can take care of reinvestment risk as well.

6. Debt Funds

The Debt category of MFs provide a wider choice for parking short-term money and may be used as an alternative investment option for bank FDs.

Debt funds are considered as capital assets. There are capital risks associated with such funds. Also, such funds are not as volatile as equity funds, as the portfolios of debt funds don't contain equities, but contain debt instruments with predefined maturity period and return on maturity or predefined regular interest/dividend income.

So, theoretically, debt funds have higher risks compared to bank FDs as the rate of interest remains fixed for FDs for the entire investment period. As a result, FDs have a fixed maturity value. While the return on a bank FD is fixed and there is a fixed maturity amount, with fixed maturity instruments in its portfolio, the return on a debt fund may also be quite stable and predictable

SENIOR CITIZENS- TOP 6 INVESTMENT PLANS WITH REGULAR INCOME AND TAX LIABILITY AT A GLANCE

Taxation- FD vs Debt Fund

Interest on FDs are taxable. Senior citizen investors are, however, get deduction on interest up to Rs 50,000 in a financial year.

As the interest on FDs are charged without adjusting the affect of inflation, it makes the real return on FDs even worse.

As debt funds are treated as capital assets, capital gain tax is applicable on such funds.

If units of a debt fund are sold before completion of 3 years from the date of investment, the gain/loss is treated as short-term capital gain/loss.

Such gain/loss is adjusted against total income of an investor, and hence the tax effect on short-term term gains will be same as that of interest on FDs. Moreover, senior citizens will get no deduction on short-term gains.

However, in case units of a debt fund are sold after 3 years from the date of investment, the benefit of indexation will be available. As a result the amount invested will first be adjusted against the rate of inflation during the investment period by applying the inflation index of the year of investment and that of the year of sale/redemption to arrive at the value of investment on the year of sale/redemption.

The inflation adjusted value of investment will then be deducted from the sale/redemption amount to calculate the amount of long-term capital gain/loss. In case there is some gains, the investor has to pay 20 per cent capital gain tax on it.

As the indexation benefit takes care of the effect of inflation, the amount of tax payable becomes significantly lower than the comparable gain on FDs.

So, for an investment period of over 3 years, compared to FDs, higher tax benefits provide debt funds an edge to beat inflation.

Know your Tax Compliance

1. Income Tax Rates applicable to Individuals (Resident / Non-Resident for FY 2020-21 & 2021-22

a. Income Tax

Net Income Range	Rate of Income Tax]
1.1 Individuals (Other than senior and super senior citizen)	
Up to Rs. 2,50,000	–
Rs. 2,50,000 to Rs. 5,00,000	5%
Rs. 5,00,000 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%
1.2 Individuals (Senior Citizen)	
Up to Rs. 3,00,000	–
Rs. 3,00,000 to Rs. 5,00,000	5%
Rs. 5,00,000 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%
1.3 Individuals (Super Senior Citizen)	
Up to Rs. 5,00,000	–
Rs. 5,00,000 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

b. Surcharge:Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits;

2. Rebate under Section 87A of the Income Tax Act

A rebate under section 87A is one of the income tax provisions that help taxpayers reduce their income tax liability. You can claim an income tax rebate under section 87A if your total income does not exceed Rs 5 lakh in a financial year. Your income tax liability becomes nil after claiming the rebate under section 87A. In other words, if your taxable income is less than Rs. 5 lacs after considering all deductions. If the income exceeds the above threshold limit, you will come under the above tax slab. This benefit is available to all individuals including Senior Citizens.

3. File Form 15G or 15H in case of Dividend Income

Dividend exceeding Rs. 5000 annually will attract TDS. However, in case the total income (including Dividend Inome) of an individual is less than Rs 2.5 lakh in a financial year, Form 15G for those up to 60 years of age, or Form 15H, for senior citizens, can be used just like in case of Fixed Deposit, to avoid being charged TDS on same.