



BHILAI INSTITUTE OF TECHNOLOGY, DURG (CG)
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PRABANDHAN MANTRA

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Editor's Desk

As an institution which believes in academic pursuits which have practical implications, B.I.T Durg has always been a forerunner in academic endeavors setting benchmarks in education and industry.

This newsletter aims at empowering professionals everywhere to lead more productive work lives by disseminating knowledge processed here at our campus.

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Reserve Bank of India re-draws its financial year

Fiscal 2019-20 will end on June 30, 2020 while fiscal year 2020-21 will begin on July 1, 2020 but ends on March 31, 2021

The Reserve Bank of India (RBI) has decided to align its financial year with the Government.

The central board of the RBI, in its meeting in New Delhi on Saturday, decided that the fiscal year 2021-22 for the central bank will begin from April 1. Fiscal 2019-20 will end on June 30, 2020 while fiscal year 2020-21 will begin on July 1, 2020 but ends on March 31, 2021. Thereafter, all fiscal year will start on April 01 every year.

As of now, both - the RBI and the Government - follow the 'T plus one' system. This means the financial year spreads over two successive years. But still, there is one fundamental difference. The fiscal year for the Government starts on April 1 in 'T' (first year) and ends on March 31 in 'T+1' (second year). The fiscal year for the RBI, however, begins on July 1 in the first year and ends on June 30 in the next year.

The alignment with the Government will change the way the RBI does book keeping. Also, it may not require them to announce the interim dividend. (1)

Published on February 15, 2020

A message is being shared widely on social media with a claim that Reserve Bank of India (RBI) has extended financial year closing till 30 June 2020 and that the next financial year will be from 01 July 2020 to 31 March 2021. Let's try to analyze the claim made in the post.

The archived version of the post can be found here.

BREAKING NEWS

Next financial year will be from 01.07.2020 to 31.03.2021

RBI extends the year closing till 30.06.2020



Claim: RBI extended the year closing till 30 June 2020.

Fact: The normal financial year in India followed by the government & all other institutions including for taxation purpose is 01 April to 31 March. However, RBI's accounting/financial year is from 1 July to 30 June. There is no change in the normal financial year. Hence the claim made in the post is **FALSE**.

Financial Year in India

The financial year followed by the Government of India, all other organizations, companies and for the purpose of taxation, book keeping is 01 April to 31 March. The financial year for all tax compliance is also April to March.

This was adopted during the British regime. Multiple committees were set up in the past to revisit the fiscal year calendar. However, nothing has changed. In 2016, the government appointed a committee under the chairmanship of Dr. Shankar Acharya to examine the desirability and feasibility of having 'a new financial year'. It was reported that the committee recommended changing to a January to December financial year. However, the government has not taken any decision on this till date.



What about RBI?

The Reserve Bank of India (RBI), on the other hand follows a July to June financial year. On the RBI website, it can be seen that the financial year of RBI is July to June. The same can be also seen in its Annual report. However, it has to be noted that this financial year has no bearing on other institutions like banks, companies or even the government which follow the April to March financial year.

What about the viral post on social media?

In the post, a link to a newspaper article is given. In the article, it can be read that *'fiscal 2019-20 will end on 30 June 2020 while fiscal year 2020-21 will begin on 1 July 2020 but ends on 31 March 2021'* in the case of RBI. The article does not claim that RBI extended its current financial year till 30 June 2020 because it is already till 30 June 2020. So, there is no extension as claimed in the post

On the RBI website, it can be found that in a meeting of the Central Board of Directors of Reserve Bank of India, on 15 February 2020, *'the Board recommended aligning the financial year of RBI, currently July-June, with the Government's fiscal year (April-March) from the year 2020-21 and approved forwarding a proposal*

to the Government for its consideration'. So, there is no change in the current financial year.

To sum it up, RBI's financial year is already from 1 July to 30 June. Changes were proposed from the next financial year. Moreover, there is no extension to the financial year followed by government, companies and other organizations for book keeping. (2)

Dr. Urvashi Shrivastava Prof. & Head Dept. of Management, & Mrs. Shradha Gupta, Assistant Professor.

Key Highlights of Union Budget 2020-21

The budget 2021 is presented by finance minister of India Nirmala Sitharaman. Finance minister presents the budget and read it in front of the parliament and tells the plans of the govt for the coming year. The budget covers the various important fields of national importance which are beneficial for the upbringing of the economy and results in its overall development.

This year also the budget is prepared and presented keeping in view various aspects and the impact of the global pandemic the novel corona virus. The budget 2021 is presented keeping in view the futuristic goals of the govt of India and their achievement.



The budget takes into account the gold and silver reserve of the country and the taxation system of the bullion market. Then gold and silver attract the basic custom duty of 12.5% from the previous figure of 10% which was raised by 2.5% in the year 2019, from then the prizes of such precious metals have risen sharply so that to make them justifiable and to bridge that price gap significant changes were made to the taxation system or custom duty on the gold and silver.

The budget for 2021 is presented and the govt is trying to do their best to get the fruitful outcomes from its policies.

Shreya Verma

MBA-3rd Sem

Budget impact on infrastructure

According to budget 2020-21 focus area of government is to increase investment in infrastructure. Budget 2021-22 reflects firm commitment of the Government to boost economic growth by investing in infrastructure development. This is substantiated by increase in capital expenditure by 34.5% over BE 2020-21. Infrastructure relates to railways, roadways, shipping. funding to this sector is important as it helps to boost economy and also create employment opportunities. until private investment activity provides a boost to the sector, the government continues to spend on infrastructure one of the ways of doing it is through raising funds from the market. The government prefers to do that through tax-free bonds. This is one of the ways to raise funds given that revenues from taxes are slow.

Conclusion

In my opinion there are areas where investment is much needed but depending on how this is taken up this year there could be boost in infrastructure

spending. present economy is facing its worst economic slowdown so the biggest effect of the infrastructure thrust would be on job creation in sector like construction.

Diksha sahu

1st Sem

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1. <https://www.thehindubusinessline.com/money-and-banking/reserve-bank-of-india-re-draws-its-financial-year/article30829796.ece#:~:text=from%20April%201,-.Fiscal%202019%2D20%20will%20end%20on%20June%2030%2C%202020%20while,%20plus%20one'%20system.>
2. <https://factly.in/no-change-in-financial-year-has-been-announced/>