Important Financial, Economics & Budget Terms

Name	Information
Dividend Distribution Tax	Dividend distribution tax is the tax imposed by the Indian Government on Indian companies according to the dividend paid to a company's investors. At present, the dividend distribution tax is 15% on the gross amount of dividend as per Section 115O.
Venture Capital Funds	**Venture capital funds** are investment **funds** that manage the money of investors who seek private equity stakes in startup and small-to medium-sized enterprises with strong growth potential. These **investments** are generally characterized as high-risk/high-return opportunities.
Securities Transaction Tax	STT is a kind of financial **transaction tax** which is similar to **tax** collected at source (TCS). STT is a direct **tax** levied on every purchase and sale of **securities** that are listed on the recognized stock exchanges in India. ... Taxable **securities** include equity, derivatives, unit of equity oriented mutual fund.
Capital Gains Tax	**Capital gains tax** is a levy assessed on the positive difference between the sale price of the asset and its original purchase price. Long-term **capital gains tax** is a levy on the profits from the sale of assets held for more than a year. The rates are 0%, 15%, or 20%, depending on your **tax** bracket.
Ad Valorem Tax	An ad valorem tax is a tax whose amount is based on the value of a transaction or of property. It is typically imposed at the time of a transaction, as in the case of a sales tax or value-added tax.
Advance Pricing Agreement (APA)	An advance pricing agreement is an ahead-of-time agreement between a taxpayer and a tax authority on an appropriate transfer pricing methodology for a set of transactions at issue over a fixed period of time.
Fiscal Consolidation	*Fiscal Consolidation* refers to the policies undertaken by Governments (national and sub-national levels) to reduce their deficits and accumulation of debt stock.
Current Account Deficit	The **current account deficit** is a measurement of a country's trade where the value of the goods and services it imports exceeds the value of the products it exports. ... The **current account** represents a country's foreign transactions and, like the capital **account**, is a component of a country's balance of payments (BOP).
Bear market	A bear market is a condition in which securities prices fall 20% or more from recent highs amid widespread pessimism and

	negative investor sentiment. Typically, bear markets are associated with declines in an overall market or index like the S&P 500, but individual securities or commodities can be considered to be in a bear market if they experience a decline of 20% or more over a sustained period of time - typically two months or more.
Bull market	A bull market is the condition of a financial market of a group of securities in which prices are rising or are expected to rise. The term "bull market" is most often used to refer to the stock market but can be applied to anything that is traded, such as bonds, real estate, currencies and commodities. Because prices of securities rise and fall essentially continuously during trading, the term "bull market" is typically reserved for extended periods in which a large portion of security prices are rising. Bull markets tend to last for months or even years.
Inflation risk	**Inflation risk**, also called purchasing power **risk**, is the chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to **inflation**.
Interest rate risk	Interest rate risk is the risk that arises for bond owners from fluctuating interest rates. How much interest rate risk a bond has depends on how sensitive its price is to interest rate changes in the market. The sensitivity depends on two things, the bond's time to maturity, and the coupon rate of the bond.
Direct and Indirect Taxes	**Direct Taxes**, as the name suggests, are **taxes** that are **directly** paid to the government by the taxpayer. It is a **tax** applied on individuals and organizations **directly** by the government e.g. income **tax**, corporation **tax**, wealth **tax** etc. **Indirect Taxes** are applied on the manufacture or sale of goods and services.
Customs Duty	**Customs Duty** is a tax imposed on imports and exports of goods. Description: The rates of **customs duties** are either specific or on ad valorem basis, that is, it is based on the value of goods.
Primary Deficit	**Primary deficit** refers to difference between fiscal **deficit** of the current year and interest payments on the previous borrowings. **Primary Deficit** = Fiscal **Deficit** – Interest Payments.
Monetary Policy	Monetary policy is the policy adopted by the monetary authority of a country that controls either the interest rate payable on very short-term borrowing or the money supply, often targeting inflation or the interest rate to ensure price stability and general trust in the currency.

Important Financial, Economics & Budget Terms

AVISION
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Fiscal policy	In economics and political science, fiscal policy is the use of government revenue collection and expenditure to monitor and influence a nation's economy.
Fiscal Deficit	The total **deficit** (which is often called the **fiscal deficit** or just the '**deficit**') is the primary **deficit** plus interest payments on the debt. Therefore, if refers to an arbitrary year, is government spending and is tax revenue for the respective year, then.
Revenue Deficit	The **Revenue deficit** refers to the financial position wherein the government's **revenue** expenditure exceeds its total **revenue** receipts. ... Obviously, when the government spends more than what it earns has to resort to the external borrowings, thus the **revenue deficit** results into the borrowings.
Capital Budget	Capital Budget consists of capital receipts and payments. It also incorporates transactions in the Public Account.
Vote on Account	**Vote on account** is the permission to withdraw money from the Consolidated Fund of India in that period, usually two months. **Vote on account** is a formality and requires no debate. When elections are scheduled a few months into the new financial year, the government seeks **vote on account** for four months.
Guillotine	**Guillotine** refers to the exercise which the Speaker of the House, on the very last day of the period allotted for discussions on the Demands for Grants, puts to vote all outstanding Demands for Grants at a time specified in advance.
Public Account	Public Account of India accounts for flows for those transactions where the government is merely acting as a banker.