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THE ECONOMIC TIMES
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+ THINK GLOBAL TO OUTSMART MARKET JITTERS P8

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THE ALL-NEW ET WEALTH QUIZ P21

rahulrock3@gmail.com

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GETTY IMAGES

IS YOUR JOB AT RISK?

The current economic and AI-driven flux may make you susceptible to a layoff. Find out how to navigate this volatile phase in your career.

by **Riju Mehta**

In the past few months, big names in the information technology and tech industry have been on a job-shedding spree. Tata Consultancy Services (TCS) laid off 12,000 jobs in July. Microsoft has let go of 15,000 people so far this year. Intel is set to reduce 15-20% of its workforce affecting nearly 10,000 employees. Other sectors, such as automotive and manufacturing, are also witnessing a reduction in the workforce.

The last time such uncertainty rippled through the job market in India was in 2022 following the launch of ChatGPT, just as the Covid-induced redundancies seemed to be petering out. This time around, it's a combination of factors, ranging from the threat of US tariffs and global economic flux to the rise of Generative AI and automation, that has had employees on edge.

"While uncertainty due to geopolitics and global economic slowdown is leading to cost-cutting, we are also witnessing a correction after excessive hiring during the tech boom in the post-pandemic phase. This correction is being accelerated by the rise in artificial intelligence," says Devashish Chakravarty, Founder, SalaryNext.com, a job loss assurance company, and author of *Get Hired in 30 Days*.

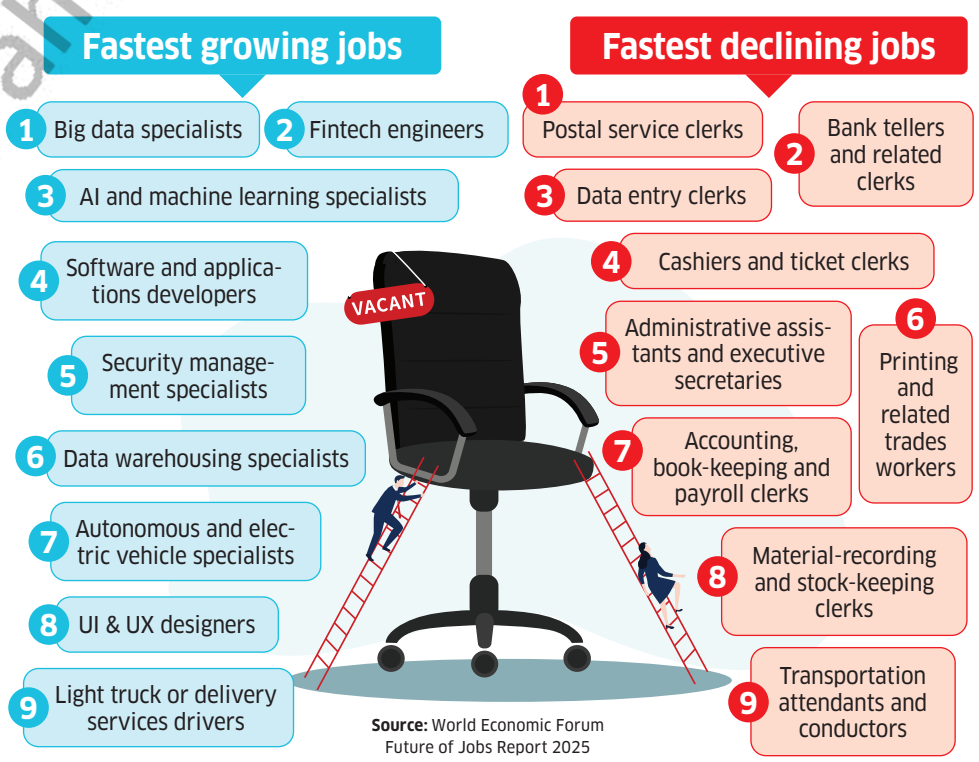
Others believe that the layoffs are a deliberate move to keep pace with various changes driven by a combination of strategic, technological and economic factors. "Global economic uncertainties have only amplified the urgency for businesses to future-proof their operations. Many organisations are undergoing restructuring to streamline operations and reduce costs. The rise of AI and automation has accelerated this shift," says Anupama Bhimrajka, Vice-President, Marketing, foundit, a jobs platform.

Agrees Neeti Sharma, CEO, TeamLease Digital: "While most companies are yet to see a commercial upside to the use of AI, they have started thinking about their future organisation structures in terms of leaner operations, better alignment to client requirements and highly skilled teams."

Before you rush into a panic mode about an impending job crisis, experts reassure that it is only a phase of displacement and transformation. "While the job market

Top jobs to rise & fall by 2030

Globally, tech and AI jobs are slated to grow the fastest in the next five years, as per a World Economic Forum study.



Source: World Economic Forum Future of Jobs Report 2025

rahulrock2109@gmail.com

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"Roles in mid-management, support functions, legacy technology operations, and non-core activities face the greatest risk due to automation, operational realignment, and cost-cutting measures."

NEETI SHARMA
CEO, TEAMLEASE DIGITAL

Which skills are in top demand?

At 33% year-on-year growth, skills related to artificial intelligence and machine learning have risen the fastest.

Top skills	% share of jobs	Growth (y-o-y)	Key hiring sectors
Communication	12%	17%	BPO/KPO, BFSI, retail, healthcare, education/edtech, hospitality & travel
Problem-solving	9%	20%	Consulting, BFSI, product companies, IT, startups
Data analysis/Power BI	9%	32%	IT, e-commerce, healthcare, manufacturing, logistics, education/edtech
AI & machine learning literacy	8%	33%	IT, BFSI, healthcare, automotive, media & entertainment
Cloud computing	8%	27%	SaaS, fintech, retail, GCCs, telecom, public sector
Cybersecurity	6%	23%	BFSI, government, IT, telecom, healthcare, aerospace
Full-stack development	6%	25%	Startups, GCCs, product firms, IT services
Digital marketing	5%	22%	FMCG, consumer durables, media, real estate, education
Project/strategic mgmt	5%	18%	IT, infrastructure, healthcare, BFSI, consulting
Blockchain	3%	54%	BFSI, legal, IT, education/edtech, startups

Source: foundit. Figures are for July 2024-July 2025. Power BI: Power Business Intelligence

has witnessed a marginal dip in hiring, it continues to show resilience with a 19% year-on-year growth. Projections indicate a further 9% growth in 2025, led by sustained momentum across sectors like IT, BFSI (banking, financial services, insurance) and energy," says Bhimrajka.

Despite this optimism, many employees are living in fear of an impending job loss following the recent layoffs as it would be a massive financial blow to the entire family, especially in cases where the individual is the sole breadwinner. Take Bengaluru-based Raj Verma, who, at 38, was laid off from his tech job last year. "Being the only earning member, I struggled for a few months, but eventually managed to create another source of income and am financially secure now," he says.

If you, too, are gripped by uncertainty, read on to know how to navigate this phase. We shall tell you about the jobs that are at risk and those likely to grow, help you identify the red flags to know if you are on thin ice, and ways you can secure your job.

RISKY vs SAFE JOBS

In view of the US tariffs, global trade skirmishes, and the slowdown in overseas demand, the sectors that are most exposed to the international markets will be vulnerable to job losses and restructuring. These include IT services, manufacturing, textiles, automotive exports and other export-oriented businesses. "Within these sectors, roles in mid-management, support functions, legacy technology operations, and non-core activities face the greatest risk due to automation, operational realignment, and cost-cutting measures," says Sharma.

Legacy technology roles, such as manual testing, system maintenance, and basic coding are being realigned due to automation and AI-driven software development tools. With Gen AI tools entering mainstream workflows, basic content creation roles are being replaced or consolidated, while functions that involve routine or repetitive tasks will also become increasingly susceptible. Therefore, entry-level IT, back-office and data entry jobs are likely to dry up.

"If consumer spending goes down, retail and hospitality are also likely to face demand shocks, while contractual and gig workers will suffer the highest insecurity," says Chakravarty.

Remember, however, that not all jobs are at risk. "India's domestic services economy remains on an expansionary path, signalling robust job creation. Notably, the green energy sector is stepping into the spotlight as a fast-growing employment generator, while Global Capability Centres (GCCs) are scaling rapidly across the country," says Bhimrajka.

"While much of the world is focused on fears of AI-driven job losses, we're seeing clear signs of reinvention. Our data shows that 50% of India's fastest-growing roles today didn't even exist a decade ago, proof that AI is reshaping work, not erasing it," says Ruchee Anand, Head, LinkedIn Talent and Learning Solutions, India.

This means that the jobs becoming redundant due to automation are being replaced by new roles that require a different set of skills and adaptability.

IDENTIFY THE RED FLAGS

If you are employed in a vulnerable industry, it's best to be proactive and look for warning signs that your job is at risk. "The most telling signs often trace back to broader strategic shifts, be it through technology adoption, changing market dynamics, or evolving business priorities. When a role stops contributing directly to core

Misbah Quadri
35, *Goa*

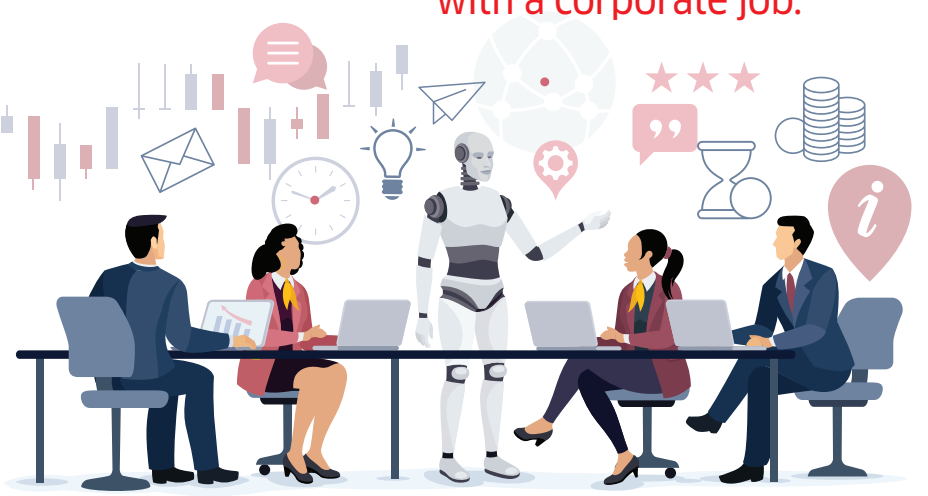
Quit job in
2020

Previous job
PR executive

Current jobs
- PR specialist (remote job)
- Reporter for a news channel
- Independent social media content creator

What helped in transition
- Multiple skills
- Good networking

"Even if I'm 80 years old, I can earn an income from multiple sources and have the lifestyle I want, which I cannot get with a corporate job."



rahul.rock24@gmail.com

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"Sectors like technology, media, retail and professional services are evolving rapidly, but the future will favour those who upskill, not stand still."

RUCHEE ANAND
HEAD, LINKEDIN TALENT AND LEARNING SOLUTIONS, INDIA

outcomes or can be easily automated, it becomes vulnerable to rationalisation," says Bhimrajka. Here are some warning signs you should keep your eyes peeled for.

Cost-cutting & hiring freeze

Have your salary hikes been delayed or is there a temporary hiring freeze even though you are short-staffed? These may be the first signs that the company is struggling and looking for ways to cut costs. If it comes to axing employees, those in non-core functions may be the first to go.

Reduction in workload or exclusion from work

Have you been left out of projects and are finding yourself with too much free time? This may mean there is little demand for your skills or you may be considered dispensable. Is your boss avoiding communication or showing reduced interest in your role? During AI adoption phases, managers often distance themselves from positions earmarked for automation. If your company is changing strategy, as is the case with several businesses now, and your skills and performance are not aligned with its objectives, you may soon find yourself on the way out.

Automation or refusal to upskill

If your work involves basic skills or repetitive tasks that can be easily replaced by Gen AI tools, or you fail to adapt to the new tools, skills and changes being introduced in the company, prepare to exit.

Company restructuring or leadership change

Another red flag is rapid changes in the organisation structure or top hierarchy, which indicates a shift in strategic direction, and an eventual replacement or staff downsizing.

Lack of new business

If the company experiences a drop in new business or is finding it difficult to source projects or client orders, it could result in margin pressure and subsequent cost-cutting, potentially leading to layoffs.

How to be financially ready for a job loss

Emergency fund

Maintain a contingency corpus that is equal to 6-12 months' worth of household expenses at all times. It will sustain you if you suddenly find yourself without a job.

Multiple income streams

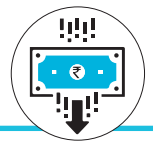
Besides your main job, try to monetise skills, hobbies or interests. Identify other sources of income like rent, tuitions or baking that can help you tide over periods of income loss. Don't forget to save and invest as well.

Health insurance

Besides the employer's group health cover, buy an independent medical plan so that there's no gap period, where you and your family are without a health cover, if you were to lose your job.

Low debt

If you fear job insecurity, try to keep your debt via credit card or other loans to a minimum. Do not take fresh loans. If you lose your job, make sure to inform the lender and negotiate a rescheduling of EMIs.



Rebudgeting

Cut down your discretionary expenses during times of uncertainty and boost your contingency corpus. Take your family into confidence and slash the budget to focus only on essentials.

Arup Choudhury
39, Kolkata

Lost job in 2023

Previous job
Content creation & digital marketing

Current job
Freelancer

What helped in transition:
- Good networking skills
- Enhanced subject expertise
- Six months' emergency corpus

"In the current work climate, one should always be prepared for job loss because it can happen to anybody."

TACKLE JOB UNCERTAINTY

If you find yourself uncertain about your job's future, proactively managing your career is crucial.

Upskill yourself

"Start by upskilling in areas that have a strong market demand, such as digital technologies, data analytics or AI-related competencies," says Sharma. This will not only increase your employability but also keep you relevant in your existing job. "Today, 78% of recruiters prioritise skills over formal degrees, and career paths are becoming more fluid than ever," says Anand.

Increase visibility

Just as you prepare for your annual appraisal, make sure you consistently document your contribution and achievements. More importantly, make sure your bosses are aware of the value you bring to the organisation, so that if it comes down to the crunch, you are not the first one to be let off.

Start networking

"Actively build a professional network to be able to access new opportunities when required," says Chakravarty. This means not only keeping in touch with your former and existing colleagues, but also with external clients and vendors, mentors and industry experts. "Since I had a good network, I found work from the very next day that I was laid off," says Arup Choudhury, a Kolkata-based content creator who lost his job in 2023.

"Global economic uncertainties have amplified the urgency for businesses to future-proof their operations."

ANUPAMA BHIMRAJKA
VICE-PRESIDENT, MARKETING, FOUNDIT, A JOBS PLATFORM

Update/ circulate resume

"Keep your resume current and ready for potential job transitions as readiness can significantly reduce stress during uncertain periods," says Sharma. Consistently explore other roles and jobs, and apply discreetly for relevant positions.

Have multiple income sources

Finally, even as you maintain a contingency corpus, try to diversify your sources of income, whether it's through a YouTube channel, tuitions, consultancy (if permitted by your employer), rental income or any other source. Keep on with your regular investments as well. Not only does this help you reach your goals faster, but also helps you on a rainy day.

For Goa-based Misbah Quadri, it's a way of life: she juggles three different jobs to maximise her potential and increase income streams. "I know that even if I'm 80, I will be able to use my skills to earn and sustain the lifestyle I want," says the 35-year-old.

"The most resilient professionals are those who think beyond just roles; they build identity capital. This means actively cultivating experiences, skills and a personal brand that holds value regardless of the employer or industry," advises Bhimrajka.

riju.mehta@timesofindia.com

rahul.rock24199@gmail.com

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How tariffs & uncertainty will impact your job

The trade war isn't going away soon. Reduce risk by understanding the chaos.

DEVASHISH CHAKRAVARTY
FOUNDER, SALARYNEXT.COM, A JOB LOSS ASSURANCE COMPANY, AND AUTHOR OF *GET HIRED IN 30 DAYS.*

In every disruption, new winners emerge. The recovery is being led by the domestic market, with sectors focused on renewable energy, electric vehicles, healthcare, and fintech still attracting investments and skilled talent. Nearly 60% of private sector formal and informal jobs in India are in MSMEs. Here, too, smaller manufacturers are shifting focus to domestic markets and e-commerce platforms.

If your news feed does not show you geopolitics or trade policies, you're not alone. International trade doesn't grab attention like cricket or Bollywood. However, when the US hiked tariffs on Indian exports, as it did again in July this year, it was not a political story anymore. It was an attack on your job security too. Think of tariff like a 25% or 50% additional GST you have to pay on imported apples or kiwis bought from your fruit vendor. Given the high price, maybe you would want to switch to local bananas and oranges instead. Similarly, when the US imposes steep tariffs and buyers choose not to buy anymore, it impacts revenues and operations of exporters in, say, chemicals or auto components. If your employer is affected, so is your job.

Radiation fallout everywhere

Though India has won limited relief on farm exports after intense pushback, the overall picture is clear—the trade war isn't going away soon. Since April, when the US-driven tariff war started playing out, global growth has slowed down and oil prices and dollar rates have fluctuated. Like radiation fallout after a nuclear strike, every business has been impacted by second-degree effects. When a US customer cancels or pauses an order because of uncertainty or tariff-driven costs, it's not just the exporter, but also the Indian supplier, transporter, marketing agencies, financial teams and even traditional IT services firms that feel the pinch. A Noida engineering firm recently froze recruitment on domestic projects after its US order book shrank by 30% practically overnight. In Gujarat, a mid-sized chemicals exporter shifted focus to low-margin domestic orders as part of survival tactics.

Double trouble

The tariff timing couldn't have been worse. While China continues to struggle with a real estate slump, the Eurozone has been hovering on the edge of recession since 2024. The US Presidency change in 2025 rattled investors globally and energy prices swung unpredictably from multiple war zones. All this has driven up India's import costs and fuelled inflationary pressure. What it means is that companies are being forced to become conservative, tighten their belts and cut costs, often through automation. An apparel exporter from Tirupur, Tamil Nadu, recently replaced 40 manual stitching stations with automated units when hit by a combination of rising input costs and falling US orders. The grim reality is that these jobs won't be coming back.

Some sink, some swim

Not all sectors are equally bruised. Those grappling with rising costs and shrinking US demand include engineering goods, textiles and chemicals. Reducing margins are forcing them to delay expansion. Other sectors, such as apparel and leather exporters, are offsetting losses by cautiously picking up new US orders from buyers diversifying away from China. However, they are not going aggressive on hiring. Meanwhile, traditional export sales jobs are reducing and are being replaced by compliance officers, localisation managers and trade diversification specialists.

Quiet winners

In every disruption, new winners emerge. Here, the recovery is being led by the domestic market, with sectors focused on renewable energy, electric vehicles, healthcare, and fintech still attracting investments and skilled talent. Nearly 60% of private sector formal and informal jobs in India are in MSMEs. Here, too, smaller manufacturers are shifting focus to domestic markets and e-commerce platforms to keep their engines running. Crisis leads to innovation and, thus, new startups in supply chain technology, AI-driven manufacturing and agri-processing are developing new solutions and expanding teams. A Pune-based SaaS (software as a service) startup recently signed three large exporters for its AI-powered cost-tracking tool. If you are a job seeker, these growth sectors require skills blending domain expertise, digital fluency and market savvy.

Rewriting playbooks

Indian exporters aren't going down without a fight. They are aggressively diversifying by seeking new markets in ASEAN, Middle East, and Africa. Meanwhile, the government-led Production Linked Incentive (PLI) schemes are pulling investments into domestic manufacturing and import substitution. All firms are targeting costs by sourcing closer to end markets and, thus, cutting down on shipping and customs. What this means is growth in roles around compliance, automation and market intelligence. A Pune auto component manufacturer has redirected 20% of its export pipeline to Southeast Asia, with a new team in multilingual sales, regional regulatory knowledge and trade finance skills.

Your tariff survival kit

You cannot control trade wars or uncertainty, but you can reduce your personal risk. First, understand and monitor your employer's business, export exposure, client geographies and supply chain dependencies. Next, acquire automation-resistant skills, including AI, compliance, trade finance and vendor management. Invest in professional relationships, especially in domestic growth sectors. Also, diversify your income through freelancing or entrepreneurship on the side.

Policies that matter to you

Know that India's domestic market is huge, and regional trade partnerships are expanding and, yet, these buffers aren't foolproof. Hence, on the external front, India is challenging tariffs at the WTO, negotiating sectoral relief with the US and expanding engagement with ASEAN and Gulf states to unlock alternative markets. Internally, it is incentivising exporters and expanding PLI coverage to create domestic manufacturing jobs. Schemes like Make in India and Skill India will impact your sector's hiring outlook in the current challenging times.

Thrive, not survive

Tariffs and global uncertainty have become the new normal. If jobs of the future are to be defined by volatility, how will you build your career? Become a professional who is constantly learning new skills and growing professional relationships. When a statement in Washington impacts a small business in Surat, your job security depends on your adaptability. The right time to prepare? Yesterday. The second best time? Today.

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etwealth@timesofindia.com

rajulrock24 1994@gmail.com

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EPF claims: Russian roulette

Accessing own money can feel like a gamble, when EPF subscribers face bizarre hurdles with no easy fixes.

by **Sanket Dhanorkar**

For salaried employees, the Provident Fund (PF) is an all-weather friend, promising a safe harvest for the autumn of their lives. They have trusted it the way one trusts a family doctor's prescription. But, as countless weary PF subscribers have discovered, even this familiar friend can turn fickle. When the moment arrives to claim that 'assured' treasure, it often turns out to be a mirage, with unexpected hurdles cropping up. Filing a PF claim can feel like chasing a lottery ticket—the pot at the end of the rainbow remains elusive.

Climbing the great EPFO wall

Mumbai-based Parth Rajgor is facing a 'relationship' conflict of a different sort. His application for PF transfer from his previous company has been pending for over four months due to a discrepancy in his relationship status in his Know Your Customer (KYC) records. In all his records, including his Aadhaar, Rajgor has his mother's name listed in the field for parent/spouse name. Both current and previous employers also have same relationship mentioned in their respective records. However, due to a technical glitch on the Employees' Provident Fund Organisation (EPFO) portal, the relationship in the PF records is incorrectly listed as 'father', instead of 'mother'. This mistaken identity has blocked his PF transfer claim of ₹1.25 lakh, for no fault of his or the employers'. "I needed the money for making a down payment towards buying a home, but I don't know when the issue will get resolved," laments Rajgor.

Meanwhile, in New Delhi, Prem Kumar (name changed on request) is facing a different ordeal. Kumar has checked all the boxes, with no visible gaps, mismatches or errors in his PF records. He has also linked his Aadhaar to his Universal Account Number (UAN), which is acknowledged as 'approved' in his KYC records on the EPF portal. However, when he initiated a claim on the portal, it rejected it, stating that his Aadhaar-UAN linkage had not been completed. The mystery that nobody can solve—how EPFO shows KYC status 'approved' at one place, yet shows KYC status 'undefined' at another. Kumar even filed a Right to Information (RTI) application to have his KYC status verified as 'approved', but the EPFO portal remains unyielding.

PARTH RAJGOR
27, Mumbai

Problem
PF transfer stuck

Why
EPFO portal not accepting relationship 'mother' against name of parent

Both Rajgor and Kumar have engaged FinRight, a platform that helps individuals resolve PF claims. The process often means making multiple trips to the local EPFO office—a tedious ordeal. Ketan Das, Manager, Operations and Strategy, FinRight, says, "When resolving a PF issue offline, you have to justify the reasons, with relevant documents and screenshots."

For Bengaluru resident Vipin Vijayan, emptying money from his PF account at a previous employer has led to a deadlock. When he joined his next employer, a separate UAN got created, resulting in multiple UANs. According to EPFO rules, an individual is allowed to have only one UAN. Although his previous UAN has already been claimed and settled, Vijayan is experiencing difficulties accessing the passbook linked to his current UAN. Both UANs are linked to the same mobile number. Since his earlier PF account has no money, the two UANs cannot be merged.

The EPFO portal throws an error message suggesting Vijayan change the mobile number in Aadhaar. But this has put him in a spot. "The complication arises because any change to the mobile number in Aadhaar will automatically reflect in both UANs, making it impossible to isolate the update for only one account. This linkage has created a unique challenge, as the usual corrective process cannot be applied without affecting both records," explains Kunal Kabra, Founder, Kustodian.life, a platform that assists individuals in PF claims. Kabra's team is currently working to resolve the issue by escalating it to the central EPFO body, as the regional EPFO teams have failed to provide any resolution.

If you think PF-related problems cannot get more bizarre, hear Raghav Jain's (name changed) tale, whose job interview at an employer has led to a PF imbroglio. After clearing the interview, Jain did not take up the ensuing offer. But inadvertently, the employer credited one month's salary into his account. This salary credit now reflects as overlapping employment in Jain's PF records. Despite raising multiple grievances, Jain finds that there is no way to get this 'overlapping service' expunged from his records. As a result, his PF claims may not get approved. Jain has engaged Kustodian.life to help him find a fix for this situation.

In 2023-24, the EPFO rejected one in four PF claims. While most issues can be resolved by raising grievances or correcting errors, some fall beyond the scope of routine fixes.

Rough ride awaits

When you claim a PF transfer or withdrawal, you have no clue what lies in store for you. According to the latest available data, the EPFO rejected one out of every four PF claims in 2023-24. Most issues can be tackled by raising grievances or rectifying errors or mismatches, but some are beyond the realm of the ordinary. Procedural or technical issues with the EPFO online portal are among the most exasperating problems. The EPFO often has no remedy for such conflicts. The onus is on the subscriber to resolve the issue. This is the sobering reality for many—jumping through hoops to claim money that rightfully belongs to you. Even as EPFO 3.0 seeks to improve service delivery, legacy issues continue to haunt subscribers.

sanket.dhanorkar@timesofindia.com

The Elusive PF Lottery

EPF subscribers face bizarre hurdles with no easy fixes, making claims a game of chance.

1 out of 4 EPF claims get rejected

Common reasons for rejection include:

- Incomplete KYC
- UAN not linked with Aadhaar
- Mismatch in records (name, date of birth, date of joining or leaving, etc)
- Incorrect employer or bank details (organisation name, code)
- Mistakes in claim submission form
- Failure to transfer EPS
- Ineligible EPS account (monthly basic salary exceeds ₹15,000)

Most can be resolved by raising grievances, rectifying errors.

But some rejections have no explanation or resolution

SCENARIO 1

- **Raghav Jain** appeared for job interview, rejected offer, but received one month's salary credit by mistake
- This salary credit now reflects as overlapping employment in Jain's PF records
- There is no way to get this 'overlapping service' expunged from his records
- As a result, his PF claims may not get approved.

SCENARIO 2

- **Prem Kumar's** KYC records show that Aadhaar-UAN link is approved
- However, his PF claim got rejected as Aadhaar-UAN linkage not completed
- EPFO portal shows his KYC status as 'approved' and 'undefined' at two different places
- His PF withdrawal claim is stuck for over a year

No easy remedies

EPFO often has no remedy for such conflicts

Onus is on the subscriber to resolve the issue

On your part, it is essential to maintain hygiene checks

- Look for any mismatch between EPFO records and your Aadhaar data
- Link UAN with Aadhaar. Ensure Aadhaar-linked mobile number is active.
- Verify past employment record for any mismatch (overlap or gap in service)
- Double-check your bank account information for any errors.

rahul.rockz@94cmail.com

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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Invest abroad

Think global to outsmart market jitters

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Diversifying across global markets can be an effective strategy amid persistent volatility, driven by stretched valuations and sluggish corporate earnings growth.

by **Sameer Bhardwaj**

The Reserve Bank of India (RBI) expects the economy to report a healthy real GDP growth of 6.5% year-on-year in 2025–26, supported by strong government capital expenditure, a favourable monsoon, falling interest rates, and a likely uptick in consumption. Additionally, macroeconomic tailwinds such as receding inflation and benign crude oil prices are expected to aid growth.

Despite these positives, Indian equity markets have significantly underperformed in 2025 so far. While the MSCI India Index delivered a marginal -0.03% return, the MSCI Emerging Markets Index and the MSCI World Index posted impressive gains of 18.9% and 13.6%, respectively (in INR terms, from 1 January to 8 August).

Indian mutual fund schemes that are currently accepting investments

Scheme Name	AUM (₹ crore)	Expense ratio (%)	Returns (%) 1Y	Returns (%) 3Y
Franklin U.S. Opportunities Equity Active FOF	4,073	1.53	19.1	16.9
Edelweiss US Technology Equity FOF	3,042	2.38	38.4	25.0
Edelweiss Gr China Equity Off-Shore Fund	1,908	2.40	41.5	8.2
PGIM India Global Equity Opp FoF	1,475	2.39	10.9	16.8
Axis Global Equity Alpha FoF	955	1.63	27.7	18.4

Source: Fisdom. Funds open for both lump sum and SIP investments. The list contains largest 5 funds accepting investments and the list is not exhaustive. AUM and Expense data as of June 2025. Returns based on 12 August 2025 NAVs.

Factors such as stretched valuations, concerns over tariffs, strong foreign portfolio investor (FPI) outflows, and headwinds in export-driven sectors have contributed to the volatility in domestic equities.

While diversification across domestic sectors can help manage volatility, a smarter approach to improving portfolio returns is global diversification—spreading investments across different countries and regions rather than concentrating them solely in India.

The equity markets of the United States, United Kingdom, Germany, Japan, Singapore, and Hong Kong remain the most liquid and accessible markets to Indian investors. While some can be tapped through mutual funds or exchange-traded funds (ETFs), others can only be explored through stockbrokers under the RBI's LRS (Liberalised Remittance Scheme).

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Benefits of global diversification

Investments in global markets help investors access developed markets with stable returns and emerging markets with strong growth potential.

Moreover, global diversification provides exposure to broader sectors, for example, technology in the US, luxury goods in European markets, and manufacturing in Asia. Furthermore, country-specific risks (such as political, regulatory and economic slowdown) can be mitigated through global investing. It also helps offset regional volatility.

Subho Moulik, Founder & CEO of Appreciate, a fintech company registered with the Securities and Exchange Board of India (Sebi) and International Financial Services Centres Authority (IFSCA), says that the India-US correlation has declined to 0.4-0.5 from historical levels of 0.6-0.7, providing genuine diversification benefits. During market stress periods, this divergence becomes pronounced and helps reduce regional turbulence.

Additionally, rupee depreciation is a critical component that enhances returns from foreign investments. When an investor invests in global equities (say, US stocks), the returns are in USD. If the rupee weakens, each invested dollar converts into more rupees, which improves the returns.

Risks involved

While there are benefits, investors also must consider the challenges involved. Geopolitical developments, trade wars, restrictions on foreign investments, rupee appreciation, taxation complexity and higher costs are some of the key risks involved. Moreover, a lack of understanding of foreign markets as well as sector fundamentals can affect investment decisions.

Manish Goel, Founder and MD of Equentis Wealth Advisory Services, says that the portfolio performance can be affected if there are policy changes and sanctions on certain economies. He suggests global market exposure to certain countries to minimise the risks involved.

How to invest?

There are multiple ways to get exposure to global markets. The investments can be routed through:

International funds: India-domiciled mutual funds that invest in global equities or overseas funds are a good option for gaining exposure to global equities. Global ETFs listed on the BSE or National Stock Exchange (NSE) which track global indices offer an alternative as well.

However, the breach of $7 billion industry cap—in 2021, Sebi allowed mutual funds to make overseas investments up to $1 billion per fund house with an overall industry limit of $7 billion—has badly hit fresh investments into such funds.

"The industry limit has been almost fully utilised as of March 2024, with the latest status requiring verification from Sebi. This has forced multiple asset management companies (AMCs) to halt fresh investments in international funds," adds Moulik.

Due to constrained investments, the prospective investors should verify availability directly with the fund houses. Some funds that are currently accepting investments are listed in *graphic (left)*.

Indian mutual funds with exposure to global equities: Certain Indian funds maintain a slight exposure to global equities and provide the easiest way to gain exposure to global markets. However, the global exposure in such funds is not very significant and can only act as an add-on.

On a portfolio level, it may not provide adequate diversification. Moreover, such exposure is dependent on the fund manager's discretion. The top 5 funds with the biggest exposure to overseas equities (including overseas mutual fund units) are listed in *graphic (above)*.

Direct investment through LRS: This route is becoming increasingly attractive due to enhanced platform accessibility and automated compliance features. The LRS allows resident individuals to send up to $250,000 per financial year abroad for permitted purposes that includes overseas education, travel and investments in foreign stocks and mutual funds.

"The LRS enables investment in overseas stocks, ETFs, and other securities via global brokerage accounts. In select cases, exposure is also possible through American or global depositary receipts (ADRs/GDRs) of foreign companies," adds Goel.

There are several Indian fintech platforms (like Vested Finance, INDmoney, Appreciate, and Groww) and Indian brokers where investors can open accounts for investing through LRS. An account can also be opened with foreign brokers.

To open an account, an investor needs to submit their PAN card, Aadhaar card, bank statements or address proof. Along with these, Foreign Account Tax Compliance Act (FATCA) is mandatory.

The second step is to link their bank account and facilitate the LRS by submitting Form A2 (RBI-prescribed form that the bank requires an investor to fill for remittance) and a self-declaration for LRS to the bank. Indian residents must report foreign income or holding of foreign assets in ITR-2 while filing their income tax returns.

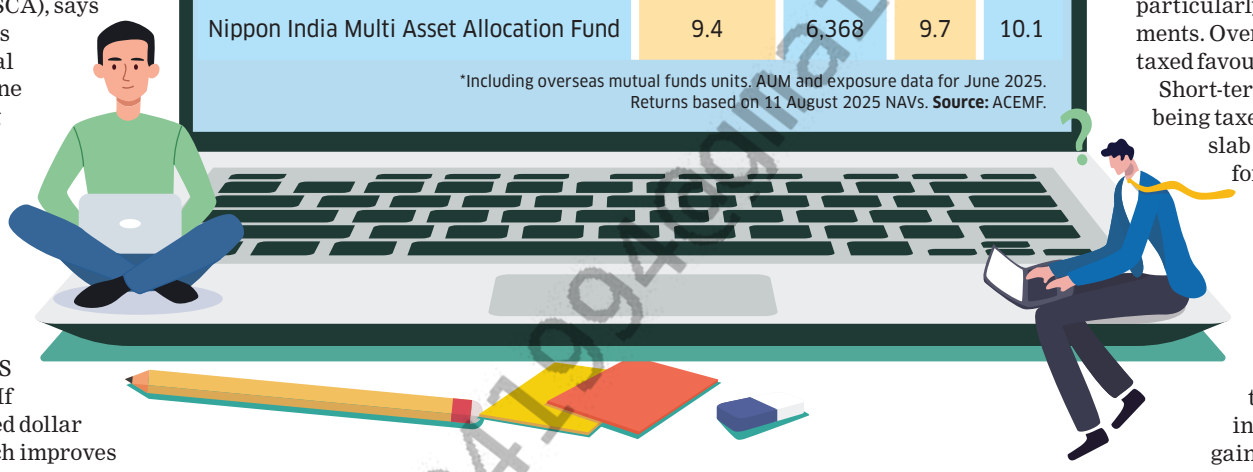
GIFT City: Located in Gujarat, it enables investors to access global stocks and ETFs through Indian brokers. Lower compliance requirements (no LRS paperwork), faster settlement, lower transaction costs and tax efficiency (there are no transaction taxes, which includes securities transaction tax and commodity transaction tax) are some of the key advantages of investing through GIFT city.

When comparing avenues for investing overseas, investors looking for wider global access should opt for LRS, whereas those seeking simplicity can consider GIFT City as and when opportunities open up.

Top 5 Indian mutual funds with largest overseas equity exposure

Scheme	Overseas equities exposure* (%)	AUM (₹ crore)	Returns (%) 6 month	Returns (%) 1 year
Invesco India Multi Asset Allocation Fund	15.5	406	7.6	NA
DSP Multi Asset Allocation Fund-Reg	14.0	3,377	8.2	11.8
Parag Parikh Flexi Cap Fund-Reg	11.1	1,10,392	6.3	8.5
Bandhan Multi Asset Allocation Fund-Reg	9.4	2,020	8.9	8.7
Nippon India Multi Asset Allocation Fund	9.4	6,368	9.7	10.1

*Including overseas mutual funds units. AUM and exposure data for June 2025. Returns based on 11 August 2025 NAVs. **Source:** ACEMF.



Geopolitical developments, trade wars, restrictions on foreign investments, rupee appreciation, taxation complexity and higher costs are some key risks involved.

Tax implications

Budget 2024-25 introduced favourable tax reforms, with long-term capital gains (LTCG) rates reduced from 20% to 12.5% for foreign stocks held beyond 24 months.

While indexation benefits were eliminated, the lower rate structure generally benefits most investors, particularly in inflationary environments. Overseas funds are also now taxed favourably.

Short-term capital gains continue being taxed at applicable income tax slab rates, creating incentives for longer holding periods.

Moreover, Double Tax Avoidance Agreements (DTAAs) signed with various countries play a crucial role in global investing. These ensure that taxpayers are not taxed twice on the same income (dividends, capital gains). If such income is taxed in the foreign country, the investor can claim credit and reduce tax liability in India.

India has DTAAs with over 90 countries, including the US, UK, Singapore, and Canada.

US dividend income faces 25% withholding under DTAA provisions, which can be claimed as a foreign tax credit through Form 67 to avoid double taxation. European dividends typically face higher withholding rates, though DTAA benefits vary by country and investment structure, explains Moulik.

sameer.bhardwaj@timesofindia.com

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Banks vs HFCs

Why your EMI isn't falling

If your home loan hasn't budged despite RBI rate cuts, your lender choice might be to blame.

by **Yasmin Hussain**

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Have you ever wondered why your home loan EMI refuses to budge even when the Reserve Bank of India (RBI) announces a rate cut? If you've borrowed from a Housing Finance Company (HFC), you're not alone in this frustration. While your friend with a bank loan celebrates a lower EMI within weeks, you might wait months—or may not see the benefit at all.

The culprit isn't inefficiency but a fundamental difference in how banks and HFCs operate—one that can cost you thousands over your loan's lifetime, making lender choice far more critical than most realise.

Banks vs HFCs

This is where the question of where you borrow from, a bank or an HFC, becomes crucial. While both provide home loans, their business models, funding sources, and regulatory frameworks differ.

"Banks raise funds primarily from customer deposits, which gives them access to low-cost capital. This allows them to offer lower interest rates and, importantly, makes it easier to pass on the benefits of a repo rate cut. Since October 2019, banks have been required to link all new floating-rate home loans to an external benchmark, most often the RBI's repo rate," explains Vipul Patel, Founder & MD, mortgageworld.in. This means that changes in policy rates are transmitted quickly, often showing up in the borrower's EMI within a month.

HFCs, by contrast, raise funds from banks or from the market, often at higher costs. Their lending rates are usually pegged to their own internal benchmark—the Prime Lending Rate (PLR)—which they adjust at their discretion. These adjustments tend to happen less frequently. As a result, even if the RBI cuts rates, HFC borrowers may have to wait longer to see the benefit, and the reduction may be smaller than the headline cut.

"In HFCs, reset periods are typically longer, commonly six to twelve months, so borrowers may face delays. To access lower rates, they usually need to request a conversion and pay a switch-over fee, which is allowed under National Housing Bank (NHB) guidelines," says Akhil Rathi, Head – Financial Advisory, 1 Finance. While NHB also places limits on prepayment penalties for floating-rate loans, other charges like processing fees still apply when switching between lenders. However, the differences go beyond rate-setting.

How a rate fall impacts EMIs

Over the past five to six years, home loan borrowers have seen interest rates fluctuate in ways that have had a direct impact on their finances. In October 2019, the RBI's repo rate stood at 5.15%. By May 2020, as the pandemic hit the economy, it was cut sharply to 4%, the lowest in decades, making home loans cheaper than ever before. Rates remained at that level for almost two years, giving borrowers some much-needed breathing space. However, by mid-2022, inflationary pressures prompted the central bank to resume rate hikes, and by February 2023, the repo rate had climbed to 6.50%.

For much of 2024, rates remained unchanged, but in early 2025, the trend reversed as inflation eased. Between February and June 2025, the RBI cut rates by a full percentage point, bringing the repo to 5.50%. When rates fall, borrowers with floating-rate loans stand to save thousands over the life of their loan. A cut of just 0.25 percentage points on a ₹50 lakh loan for 20 years can reduce the monthly EMI by

How to decide which lender to borrow from?

Interest rates are passed on faster by a bank, but there are more factors to be considered.

BORROWER CATEGORY	RECOMMENDED	DECISION CRITERIA
Salaried, stable job, CIBIL ≥ 725	Banks	Lower interest rates, strong eligibility, better long-term cost savings
Salaried, borderline CIBIL (650–725)	HFCs / NBFCs	Banks may approve with conditions; HFCs more flexible if bank rejects
Self-employed with full financials (ITR, GST)	Banks	Competitive rates, good eligibility with documents
Self-employed with partial/informal income proof	HFCs /NBFCs	Flexible documentation, customised repayment structures
Need quick disbursal	HFCs /NBFCs	Faster processing, fewer formalities
Buying property in developer tie-up with HFC	HFC (initially, then bank refinance)	Easier approval with tie-up; later switch for lower rate
Want to minimise EMI cost from day one	Banks	Lowest rates in the market
Low credit score (< 650)	HFCs /NBFCs	More lenient eligibility, though at higher interest
Unconventional borrower (freelancer, gig worker, NRIs with complex income)	HFCs/NBFCs	Greater flexibility in underwriting

Source: mortgageworld.in

rahul.rock2419994@gmail.com

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about ₹820 and total interest costs by nearly ₹2 lakh. Double the cut to 0.50 percentage points and the savings rise to roughly ₹1,640 per month, or close to ₹4 lakh over the tenure. On larger loans, the benefit is even more striking: an EMI drop of over ₹3,200 and interest savings of nearly ₹8 lakh for a ₹1 crore loan.

However, the size of the rate cut announced by the RBI is only half the story. The other half is whether, when, and how your lender passes on that benefit. If your loan rate hasn't moved despite central bank cuts, it could be because you're on a fixed-rate loan that stays unchanged until the reset date, your lender's quarterly or semi-annual reset hasn't kicked in, or—especially with some HFCs—their borrowing costs haven't dropped enough to pass on a cut.

Which lender approves faster?

"Loan sanctioning is usually more complex with banks in comparison to the HFCs," says Adhil Shetty, CEO, BankBazaar.com. "Banks have more stringent paperwork requirements for home loans, while HFCs usually have fewer formalities. Banks are also more stringent on the credit score requirements. If you scan the loan marketplace, you'll see that HFCs have more relaxed policies towards customers with low credit scores." However, with a low score, both banks and HFCs will likely charge you a higher interest rate, and the rate charged by an HFC would be significantly higher than that charged by a bank.

There are also some misconceptions. One common belief is that HFCs can finance a bigger share of your home's value than banks. Shetty clarifies this is not true because both are bound by RBI's loan-to-value (LTV) rules. LTV stands for the maximum share of a property's value that a lender can finance. For example, up to 90% for smaller home loans (₹30 lakh or less), 80% for loans between ₹30 lakh and ₹75 lakh, and 75% for loans above ₹75 lakh. The buyer must pay the rest as a down payment. "Neither banks nor HFCs can include stamp duty and registration costs in the property value while calculating LTV," adds Shetty. Those charges always have to come out of your pocket. So, in terms of how much of the property price they can finance, HFCs have no advantage over banks, though they may be slightly more lenient on the Fixed Obligation to Income Ratio (FOIR), which gauges how much of your income goes to existing loans. If FOIR is too high, the lender may reject the loan or approve a smaller amount.

How repo rates were reduced

MONTH & YEAR	RATE	DIRECTION
October 2019	5.15%	↓
May 2020	4.00%	↓(Covid relief)
May 2022	4.40%	↑ (Inflation Control)
February 2023	6.50%	↑
August 2024	6.50%	– (Stable)
December 2024	6.50%	– (Stable)
February 2025	6.25%	↓ -0.25
April 2025	6.00%	↓ -0.25
June 2025	5.50%	↓ -0.50
August 2025	5.50%	– (Stable)

Source: mortgageworld.in

Making the right choice

"For someone in a stable, salaried job with a good credit score, a bank is likely to be the better option for the long term," advises Patel of Mortgageworld. Not only are interest rates typically lower, but the faster transmission of rate cuts can make a significant difference over the life of the loan.

Self-employed individuals, those with irregular income, or borrowers in urgent need of quick disbursal might find an HFC more accommodating. In cases where a property is part of a developer's tie-up with a particular HFC, starting with that lender might be the easiest path, with the possibility of refinancing to a bank later for a lower rate. Borrowers with borderline or low credit scores may also have a better chance of approval with an HFC, although they should be prepared to pay a higher interest rate.

Ultimately, the decision comes down to striking a balance between cost and convenience. A bank may save you more money over time, but an HFC may approve your loan when a bank won't or approve it faster. The good news is that with RBI regulation now covering both banks and HFCs, the playing field is more level than it used to be. "While the HFCs may be faster and more accommodating than banks, borrowers should be aware of trade-offs such as slower benefit from rate cuts, potentially higher interest costs, and fees for switching or converting rates," says Rathi of 1 Finance. Proactively reviewing loan terms and monitoring interest rate movements can help maximise savings.

The way forward

Patel from Mortgageworld says that the remaining gaps between banks and HFCs must be closed. "HFCs must be told to use external benchmarks that speed up rate transmission for their customers." Standardising reset cycles, improving disclosure of the "true" annual percentage rate, and making it easier and cheaper for borrowers to switch lenders would give consumers more power to make the choice that suits them best. "The ultimate goal is a housing finance market where the decision between a bank and an HFC is based purely on service and borrower fit, not on who will pass on an RBI rate cut first," he adds.

yasmin.hussain@timesofindia.com

How interest rate benchmarks have evolved over the years

ERA	YEARS	SYSTEM FOLLOWED	FEATURES	CHALLENGES & ISSUES
BPLR era	Pre-2010	Internal benchmark-Prime Lending Rate	Each lender set its own rate internally	Opaque, slow policy transmission
MCLR era	2016 onwards	Marginal cost of funds based lending rate	More transparent internal benchmark	Delay in passing on RBI cuts due to fixed reset periods
EBLR ea	2019 onwards	External benchmark-Linked rate (e.g., Repo rate)	Immediate rate change with RBI policy moves	None (highly transparent)

Source: mortgageworld.in

rahulrocks1994@gmail.com

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It takes a village for an idyllic life

Many of us have the dream of moving to a remote area to live amidst nature after retirement. But we may not be fully prepared for what it takes

UMA SHASHIKANT
CHAIRPERSON, CENTRE FOR INVESTMENT EDUCATION AND LEARNING

If the idea is to shift to something simpler and aligned to nature, one must be bold and courageous to give up the conveniences of urban living. Before investing your retirement corpus in a preposition that can turn bad sooner than expected, allow others' mistakes to offer some lessons for your benefit.

They decided that settling down in the mountains was the ideal way to spend their early retirement. A house tucked in the quiet, with rolling meadows, forests, waterfalls and running streams as the tranquil surroundings they would enjoy. The house came at a bargain, with a sturdy construction and four acres of land around it. Except that the dream turned sour in 12 months. They couldn't live there any longer. Why?

For many of us, there is a dream about a distant day when everything would suddenly be alright and much better. At that place, at some point in the future, we would become someone else. We anchor our betterment plans to that romanticised future. We will grow and cook our food and eat healthy, work out regularly, take long walks and hikes, learn some music and start painting, make new friends, read more books, and even venture to write a memoir. But all this happens sometime somewhere in a future that is so joyous to conjure up in our minds. We mostly don't know how and when we will take that leap and actually change but we romanticise it.

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Some inconvenient truths

Moving to remote area to live amidst nature is one such dream many have. But we may not be fully prepared for what it takes. Let me list some of the troubles our friends went through, perhaps representative of someone shifting from the urban life to the quiet of the villages.

First: getting familiar with various forms of life around us is a new experience. Being used to pest control regimes in urban homes, and letting out sharp screams at spiders and lizards, we are not prepared to understand that life thrives in natural habitats. The early morning bird songs feel great; but the cycle of life holds snakes and wolves, foxes and owls, rabbits, rats and critters and a whole range of bees, bugs, beetles and wasps. To create our habitat, shield it from other creatures, and to understand what cohabitation entails takes time, patience, knowledge and compassion.

Second: one cannot prepare enough for physical labour. We may assume that we can hire people to build, repair and set up our home and get started with the farm, but ongoing work involves a long list of tasks that we may have to roll up our sleeves and get into. Labour may not arrive at our time and convenience for small and big tasks arising every now and then. Tending to land involves consistent physical effort. Even a seemingly simple task of harvesting will involve standing out in the sun all day, cutting, collecting, cleaning and carrying significantly heavy things around.

Third: we may have excelled as strategic thinkers in our regular jobs. But working with nature requires a different level of resilience, spontaneity and the ability to deal with uncertainties. Even the best laid plans can fail; and the causes can be a complex web of many factors. Insects fleeing the chemically treated neighbour's farm can seek refuge in our organic orchards; rains can fail or flood unexpectedly; roads may close access for days, and power can fail for days on end. It may be expensive to allocate capital for every unforeseen event; and dealing with them as they occur can be messy and inconvenient.

Contemplating beyond plans

Fourth: prioritising capital outlays may become difficult, even to the best project managers. Initial plans for staying at the farm could be driven by convenience and ambition, including borewells, solar energy, converters, solid fences, and such large capital expenditures. As one contemplates living there, the list of conveniences can go out of hand. The house may turn out to be larger than the available land for construction. One may slowly find oneself seeking urban conveniences and more. The manicured lawns and landscape, the swimming pool, the patio and moon bar, high walls and security — you get the drift.

Fifth: creating a food forest and a sustainable food garden that supplies the household is an ongoing task that demands time, effort, resources and unbridled enthusiasm. It is neither easy nor inexpensive at that scale. There is both science and art involved in formulating and executing that plan. A food garden can remain a work in progress for years, as one observes and learns and understands what works and what does not. Unless one commits to that lifestyle of everyday work, a mix of success and failure, and the commitment to continuous learning from doing, it is easy to throw one's hand in despair and give up.

Sixth: rural living almost always involves the community. It takes time and effort to become one of their own. To live an isolated fenced existence will undermine the joys of rural living, but more importantly cut off help when one might need it most. Local native intelligence about what to grow, how and when; how to deal with local life forms; and indigenous cures and remedies for common problems are all very precious to ignore. For those with a sense of purpose and determination to support and uplift the lives of communities they choose to live with, rural living can lend purpose and meaning while bestowing one with precious knowledge, understanding and belonging.

Make a conscious choice

Shifting away to rural living calls for a conscious choice about what one wants to do and why. If the idea is to shift to something simpler and aligned to nature, one must be bold and courageous to give up the conveniences of urban living.

Sleeping on the terrace under the stars is sustainable only if one does not seek the temperature controls of an air conditioner. Not to mention the buzz of insects and the unexpected rain that one must wake up to and scurry downstairs. Not all of us may be prepared for that change.

There are many that have invested in such rural homes and village getaways. These are mostly maintained by caretakers and cooks. In recent years many have opened up as homestays for renting. If the urge to live elsewhere is high, consider one of these on a long-term rent basis. Live there to know how it all feels after the initial few days of euphoria. Before investing your retirement corpus in a preposition that can turn bad sooner than expected, allow others' mistakes to offer some lessons for your benefit. It may be worth dipping your toes before taking a plunge.

Please send your feedback to
etwealth@timesofindia.com

rahulrock24-1@gmail.com

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India's financial markets explode

Record IPOs, small-town mutual funds boom

Sebi's annual report for 2024-25 reveals a landmark year for Indian financial markets. IPO fundraising exploded to a record ₹1.7 lakh crore across 320 companies, cementing India's global leadership in public offerings. Simultaneously, mutual fund democratisation accelerated with tier III cities, driving investor growth to 5.4 crore unique participants. Small-ticket SIPs under ₹500 doubled, while trading volumes surged across segments. The data underscores India's financial market maturation and expanding retail participation beyond traditional metro centres.

Buoyant IPO market

Indian corporates raised a record quantum of capital through equity issuances, registering highest ever annual resource mobilisation

Companies tapping into IPO space	No. of companies	Funds raised (₹ crore)
2023-24	272	67,955
2024-25	320	1,69,811

=

Main board IPOs

2023-24	76	61,860
2024-25	79	1,60,000

+

SME IPOs

2023-24	196	6,095
2024-25	241	9,811

India topped the chart in global rankings by IPO volume, says EY's Global IPO Trends 2024 report

Unit holding pattern of mutual funds

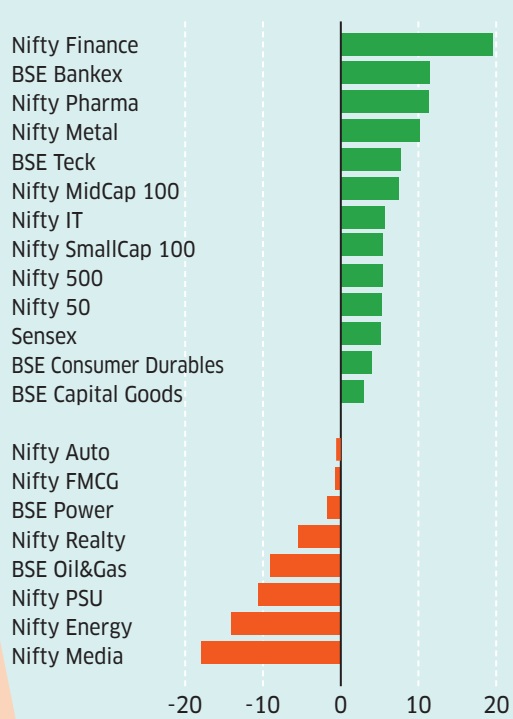
Mutual funds saw addition of **5.7 crore** folios, bringing the total number of investor folios to **23.5 crore**.

		Individuals	NRIs/ OCBs	Corporates/ Institutions/Others
2023-24	% to total folios	97.2	1.8	1
	% to total net assets	58.3	4	37.6
2024-25	% to total folios	97.4	1.7	0.9
	% to total net assets	58.1	4	37.9

Note: FPIs (foreign portfolio investors) are a negligible portion in this pie; OCBs stands for overseas corporate bodies

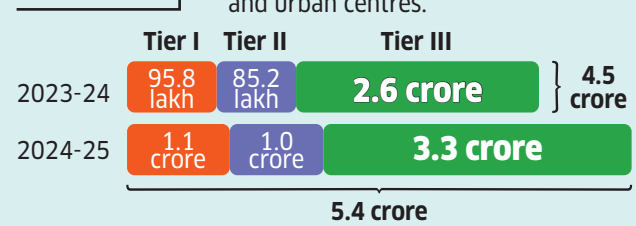
Annual returns in major indices

During 2024-25, Indian equity markets exhibited a tale of two halves. The first half saw significant gains followed by consolidation and corrections. Equity indices also saw mixed trends.



Unique investors in mutual funds

Tier III cities accounted for the largest share, growing from 2.6 crore to 3.3 crore, indicating deepening penetration of mutual funds beyond metro and urban centres.



Distribution of SIP folios

Number of SIP folios with ticket size of less than ₹500 saw the biggest jump in 2024-2025

Folio value (₹)	Number of SIP folios		
	2023-24	2024-25	Change (%)
Less than 500	54	112	**107.4**
501 to 1,000	318	320	**0.6**
1,001 to 3,000	280	333	**18.9**
3,001 to 5,000	111	140	**26.1**
5,001 to 10,000	46	59	**28.3**
10,001 and above	23	28	**21.7**

SIP folio figures in lakh

rahulrockzi594@gmail.com

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NG 3.7 PubDate: 18-08-2025 Zone: ETWealth Edition: 1 Page: ETWDP14 User: saurabh.gupta3 Time: 08-14-2025 18:14 Color:

Inflation down to 1.55%. Can you rest easy?

Inflation is measured in a straight-jacketed manner. But for 144 crore Indians, a single number can have many meanings.

JOYDEEP SEN
CORPORATE TRAINER (FINANCIAL MARKETS) AND AUTHOR

You have heard that inflation reduces the purchasing power of money, which implies you require more money to buy the same amount of goods or services in future. This is an age-old truth and will remain true in future as well. Today, we will provide you with some food for thought on how to view inflation.

How is inflation calculated?

To gauge inflation, we examine the data reported by the government. The most widely used gauge is consumer price inflation (CPI). Another metric is wholesale price inflation (WPI). We will discuss CPI, as the Reserve Bank of India uses it for policy formulation. The latest declared data is for July 2025, which is 1.55%. With the inflation rate having eased to only 1.55%, does it mean you would inflate your expenses by a more benign number than you thought of earlier? Not really.

Let's examine how inflation is measured and assess the relevance of the data. The rate of price increase is calculated for a defined basket of goods and services. The starting point of the series, which dates back many years to 2012, is set at 100. Over the years, as prices went on increasing, the value of the index increased as well. Currently, the index value is 196.0 in July 2025. Inflation is measured year-on-year: i.e. for July 2025, the index is compared with that of July 2024, which was 193.0, and the outcome is 1.55%. The percentage rise in the index over the course of one year is what is announced, and we react to it.

There is a flaw in this method, followed not just in India but all over the world. In this year-on-year computation, the price level of the previous year has a significant impact on the inflation data. Intuitively, when we think of inflation, we think of an increase in current prices. That is, of course, relevant, but the price level of the previous year is as applicable in determining the outcome, e.g. 1.55 % in July 2025. This is known as the base effect, where the base (denominator in the equation) influences the data. If inflation was higher in the previous year, and consequently the inflation index was higher, inflation this year is that much lower. And vice versa.

The other issue is the composition of the basket. Almost half the CPI measurement basket comprises food or food-related items. This would be true for some people who are just above the subsistence level. People who are in a position to save and invest a chunk of their earnings would not need to spend as much on food. The broad issue is that there is only one basket for measurement nationwide. However, the consumption basket of all the 144 crore people of the country is different. It is not possible to have multiple baskets across the country; there are none anywhere in the world. Hence, the available inflation data is the nearest proxy for gauging and incorporating into your financial plans.

> **It is not possible to have multiple baskets of measurement across the country; there are none anywhere in the world. Hence, the available inflation data is the nearest proxy for gauging and incorporating into your financial plans.**

> **If your goal is a child's education abroad, then that inflation would be different from the inflation of vegetable prices in India.**

How should you measure?

Theoretically, you look at your consumption basket and measure inflation accordingly. However, it is practically difficult, near-impossible for individuals to do it consistently. One approach could be to consider the goal you are saving and investing for.

If the goal is a child's education abroad, that inflation would be different from the inflation of vegetables in India, a significant variable in the CPI basket. When considering a purchase, such as a house or a car, you can evaluate it accordingly. If you can gather working data on the item you are looking at, you are better off than looking at the generic CPI data of a government-decided basket.

Even with the available data, it is possible to avoid the base-effect flaw by looking at a longer period. As an example, the CPI index was 194.2 in June 2025; the data is available on the website pib.gov.in. Five years ago, in June 2020, it was 151.8 and ten years ago, it was 123.6. The compound annualised growth rate (CAGR) inflation over five years is 5.05% and over ten years is 4.6%.

Professional guidance

When formulating your financial plan, it is advisable to seek professional input. If you are doing it yourself, even if you are savvy, you may miss out on specific nuances. An experienced financial planner can guide you adroitly. You must ask your financial adviser the right questions, not only about the expected returns on your portfolio.

In the current context, inflation can be managed in tandem with your planner. You can form a rough estimate of your consumption, e.g., X% on food, Y% on education, or Z% on discretionary consumption. Accordingly, you can discuss with your planner the basis for the assumed rate of inflation for your expenses five or ten years from now.

Inflation is not under your control. You need not fret over it or plan your consumption basket around it. You are earning, saving, and investing for a reason. Your finances should not go haywire due to deficient planning. Inflation is a cog in this wheel; put the best estimate in your Excel spreadsheet.

Please send your feedback to
etwealth@timesofindia.com

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The Economic Times Wealth
August 18-24, 2025

SMART STATS

ET WEALTH TOP 50 STOCKS

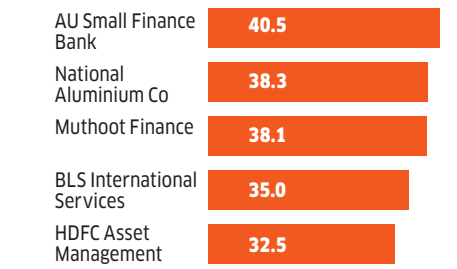
Every week we put about 3,000 stocks through four key filters and rate them on a mix of factors. The end result of this is the listing of the top 50 stocks based on the composite rating to help ease your fortune hunt.

	RANK		PRICE ₹	GROWTH%*		VALUATION RATIOS				RATING	
	Current Rank	Previous Rank	Stock Price	Revenue	Net Profit	PE	PB	PEG (5-year)	Div Yield (%)	No. of funds	Value Research Stock Rating
Can Fin Homes	1	1	762	9	15	11.4	1.9	1.4	1.6	33	★★★★★
Aavas Financiers	2	2	1,674	17	16	22.7	3.0	1.5	–	21	★★★★★
Muthoot Finance	3	4	2,763	38	38	16.4	3.4	0.4	1.0	72	★★★★★
National Aluminium Company	4	3	187	38	155	6.1	1.8	0.1	4.2	35	★★★★★
REC	5	6	383	17	15	6.0	1.2	0.3	4.6	87	★★★★
LIC Housing Finance	6	7	572	5	16	5.7	0.8	7.4	1.7	45	★★★★★
CSB Bank	7	8	366	24	9	11.2	1.6	8.5	–	19	★★★★★
State Bank of India	8	75	827	9	17	9.6	1.5	2.1	1.9	226	★★★★★
Kewal Kiran Clothing	9	82	505	30	3	20.9	3.7	6.7	–	8	★★★★★
Avanti Feeds	10	58	664	7	53	16.0	3.3	0.3	1.3	11	★★★★★
Repco Home Finance	11	9	371	9	8	5.1	0.7	0.8	1.1	10	★★★★★
City Union Bank	12	10	212	12	11	13.4	1.6	1.2	1.0	43	★★★★★
Power Finance Corporation	13	90	417	16	17	5.7	1.1	0.2	3.8	111	★★★★
DCB Bank	14	13	122	21	18	6.0	0.7	0.5	1.1	20	★★★★★
Indian Energy Exchange	15	5	141	19	22	27.7	10.1	1.3	2.1	35	★★★★
AU Small Finance Bank	16	12	748	41	23	25.2	3.1	0.6	0.1	57	★★★★★
Sundaram Finance	17	11	4,514	16	28	25.9	3.7	2.0	0.8	22	★★★★★
Just Dial	18	18	826	8	43	11.6	1.5	0.3	–	5	★★★★★
Indiamart Intermesh	19	14	2,535	15	62	26.0	6.6	0.4	2.0	29	★★★★★
Infosys	20	15	1,466	7	2	21.7	5.8	9.5	3.0	243	★★★★
VRL Logistics	21	16	280	8	220	22.2	4.3	0.1	2.7	17	★★★★★
Gulf Oil Lubricants India	22	88	1,170	8	17	16.1	4.0	0.9	4.1	13	★★★★★
Karur Vysya Bank	23	92	257	16	17	10.3	1.7	1.1	1.0	69	★★★★★
ICRA	24	17	6,168	11	21	33.7	5.5	1.6	1.0	15	★★★★★
Bank of Maharashtra	25	22	55	21	20	7.4	1.5	0.4	2.7	7	★★★★
Tata Consultancy Services	26	20	3,046	5	5	22.3	10.3	6.3	4.2	155	★★★★
Nippon Life India Asset	27	21	797	30	11	37.6	11.3	3.1	2.3	58	★★★★★
Coromandel International	28	33	2,320	25	55	29.4	5.8	0.7	0.7	69	★★★★★
Intellect Design Arena	29	24	934	5	15	36.3	4.6	2.2	0.8	16	★★★★★
Adani Ports and SEZ	30	19	1,307	16	24	25.2	4.4	1.7	0.5	55	★★★★
PNB Housing Finance	31	32	772	11	28	9.9	1.2	0.8	0.6	92	★★★★★
Chambal Fertilisers	32	34	529	1	29	12.1	2.3	0.4	1.9	14	★★★★★
Cipla	33	26	1,556	6	25	23.4	3.9	1.1	1.0	119	★★★★
LG Balakrishnan & Brothers	34	30	1,239	12	6	13.3	2.0	1.8	1.6	6	★★★★★
Pfizer	35	43	5,380	4	33	30.5	5.6	2.9	3.2	31	★★★★
Nucleus Software Exports	36	29	1,004	5	2	15.6	3.1	-109.7	1.3	5	★★★★★
Welspun Corp	37	31	879	-12	68	11.6	3.0	0.4	0.6	24	★★★★★
Glaxosmithkline Pharma	38	25	2,733	7	48	49.4	21.6	1.9	1.9	48	★★★★★
Page Industries	39	51	43,685	8	33	63.5	30.2	1.9	2.1	80	★★★★★
BLS International Services	40	55	374	35	58	27.5	8.1	0.5	0.3	5	★★★★★
Ashoka Buildcon	41	59	178	-8	195	2.8	1.2	–	–	6	★★★★
Emami	42	35	580	4	11	31.1	8.9	3.1	1.7	58	★★★★
Hindalco Industries	43	28	689	12	57	9.3	1.2	0.3	0.7	126	★★★★
Transport Corporation Of India	44	38	1,126	11	21	20.3	3.9	1.1	0.7	7	★★★★★
HDFC Asset Management	45	40	5,463	33	26	45.0	13.4	1.8	1.6	84	★★★★★
LTIMindtree	46	37	5,248	8	3	32.1	6.4	9.5	1.3	71	★★★★
Elgi Equipments	47	73	494	9	12	43.7	8.2	3.3	0.4	6	★★★★
Affle 3I	48	36	1,988	21	25	69.5	9.1	2.7	–	48	★★★★★
Bharti Airtel	49	41	1,876	22	250	32.2	9.4	0.3	0.9	269	★★★★
Hero Motocorp	50	42	4,748	3	23	18.9	4.7	1.0	3.5	107	★★★★

*REVENUE AND EPS FIGURES BASED ON ONE-YEAR GROWTH. DATA AS ON 14 AUG 2025. PERCENTAGES & RATIOS ROUNDED TO ONE DECIMAL PLACE. **SOURCE:** VALUE RESEARCH

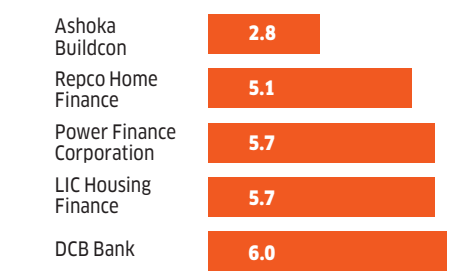
1 Fast growing stocks

Top 5 stocks with the highest revenue (1-year) growth (%)



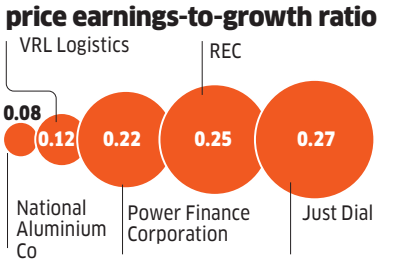
2 Least expensive stocks

Top 5 stocks with the lowest price-to-earnings ratio



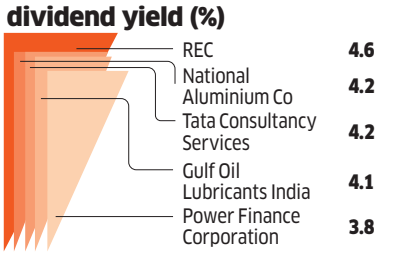
3 Best PEGs

Top 5 stocks with the lowest price earnings-to-growth ratio



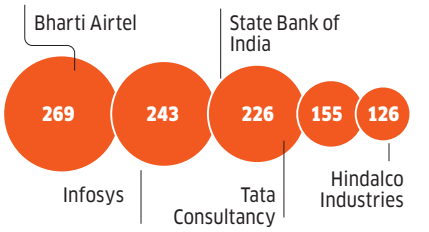
4 Income generators

Top 5 stocks with the highest dividend yield (%)



5 Most widely held

Top 5 stocks held by the most number of mutual funds



SEE NUMBER OF MUTUAL FUNDS HOLDING THE STOCKS IN THE ADJACENT TABLE.

rahul rock24-1994@gmail.com

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ETW FUNDS 100

BEST FUNDS TO BUILD YOUR PORTFOLIO

ET Wealth collaborates with **Value Research** to identify the top-performing funds across categories. Equity funds and equity-oriented hybrid funds are ranked on 3-year returns while debt-oriented hybrid and income funds are ranked on 1-year returns.

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%) 3-Month	6-Month	1-Year	3-Year	5-Year	Expense Ratio (%)
EQUITY: LARGE CAP								
Nippon India Large Cap Fund	★★★★★	44,165	3.4	10.8	4.6	19.2	23.8	1.5
ICICI Prudential Large Cap Fund	★★★★★	71,788	2.0	8.8	3.8	17.7	21.3	1.4
HDFC NIFTY50 Equal Weight Index Fund - Regular Plan	★★★★	1,503	2.3	8.3	0.9	15.8	–	0.9
DSP Nifty 50 Equal Weight Index Fund - Regular Plan	★★★★★	2,198	2.3	8.3	0.9	15.7	22.1	0.9
HDFC Large Cap Fund - Regular Plan	★★★★★	38,117	0.7	6.0	-0.5	15.5	20.6	1.6
Invesco India Largecap Fund	★★★★	1,528	1.9	9.1	1.8	15.5	18.6	2.0
Sundaram Nifty 100 Equal Weight Fund	★★★★	108	2.9	9.1	-2.4	15.5	20.3	1.1
Aditya Birla Sun Life Nifty 50 Equal Weight Index Fund	★★★★	376	2.3	8.2	0.8	15.5	–	1.0
Baroda BNP Paribas Large Cap Fund - Regular Plan	★★★★	2,650	1.0	7.1	-2.1	15.2	18.2	2.0
Canara Robeco Large Cap Fund - Regular Plan	★★★★	16,407	1.2	7.7	4.4	14.8	17.9	1.6
Edelweiss Large Cap Fund - Regular Plan	★★★★	1,292	0.6	6.6	-0.1	14.6	17.8	2.1
Quant Focused Fund	★★★★	1,017	1.6	6.2	-7.3	14.6	21.1	2.2
EQUITY: LARGE & MIDCAP								
Motilal Oswal Large and Midcap Fund - Regular Plan	★★★★★	12,428	7.4	14.4	7.0	26.8	28.1	1.7
Bandhan Large & Mid Cap Fund - Regular Plan	★★★★★	9,997	4.6	10.7	2.2	23.6	25.5	1.7
UTI Large & Mid Cap Fund - Regular Plan	★★★★★	4,865	2.2	7.8	1.0	20.6	24.7	1.9
ICICI Prudential Large & Mid Cap Fund	★★★★★	23,246	0.9	7.6	3.8	20.4	26.3	1.7
HDFC Large and Mid Cap Fund - Regular Plan	★★★★	26,406	3.4	10.3	0.9	19.9	25.4	1.6
SBI Large & Midcap Fund	★★★★	33,348	2.7	8.8	3.4	17.1	23.3	1.6
EQUITY: FLEXI CAP								
Invesco India Focused Fund - Regular Plan	★★★★	4,199	4.1	11.4	7.3	23.8	–	1.9
ICICI Prudential Retirement Fund - Pure Equity Plan	★★★★	1,333	6.2	13.3	8.7	22.8	27.0	2.1
HDFC Focused Fund - Regular Plan	★★★★★	21,456	2.0	9.5	8.9	22.2	27.1	1.6
HDFC Flexi Cap Fund - Regular Plan	★★★★★	80,642	2.1	9.7	8.1	21.9	27.4	1.4
ICICI Prudential Focused Equity Fund	★★★★	12,380	3.3	12.2	6.1	21.5	24.1	1.7
JM Flexicap Fund	★★★★	5,957	0.4	2.7	-8.3	21.5	25.1	1.8
Bank of India Flexi Cap Fund - Regular Plan	★★★★	2,155	3.3	8.5	-5.2	20.1	24.9	2.0
Parag Parikh Flexi Cap Fund - Regular Plan	★★★★★	1,13,281	2.3	6.4	8.8	20.0	22.8	1.3
HSBC Flexi Cap Fund	★★★★	5,075	3.5	11.1	2.6	19.4	20.7	1.9
Mahindra Manulife Focused Fund - Regular Plan	★★★★	2,137	-0.2	5.6	-2.5	18.8	–	2.0
Franklin India Flexi Cap Fund - Regular Plan	★★★★	18,988	1.0	8.0	1.7	18.5	24.1	1.7
HDFC Retirement Savings Fund Equity Plan	★★★★★	6,612	1.1	7.3	1.0	18.3	24.4	1.8
Canara Robeco Focused Fund - Regular Plan	★★★★	2,720	5.2	10.4	8.2	17.4	–	1.9
Edelweiss Flexi Cap Fund - Regular Plan	★★★★	2,768	2.2	8.3	0.5	17.4	21.3	1.9
ICICI Prudential Flexicap Fund	★★★★	17,970	2.9	8.5	-0.1	17.0	–	1.7
Franklin India Focused Equity Fund - Regular Plan	★★★★	12,421	3.3	8.8	1.5	16.6	23.7	1.8
360 ONE Focused Fund - Regular Plan	★★★★	7,487	0.8	6.2	-3.4	15.8	20.5	1.8
EQUITY: MID CAP								
Motilal Oswal Midcap Fund - Regular Plan	★★★★★	33,609	2.8	8.6	3.4	27.8	33.6	1.6
HDFC Mid Cap Fund - Regular Plan	★★★★★	83,847	5.1	11.8	4.9	25.7	29.4	1.4
Nippon India Growth Mid Cap Fund	★★★★★	38,581	5.1	14.6	4.5	24.7	29.0	1.6
Edelweiss Mid Cap Fund - Regular Plan	★★★★	11,027	4.4	13.5	5.7	24.3	29.3	1.7
Kotak Midcap Fund - Regular Plan	★★★★	57,375	8.5	15.5	4.9	21.4	28.0	1.4
SBI Midcap Fund	★★★★	22,547	-1.1	4.7	-3.2	15.4	25.7	1.7
EQUITY: SMALL CAP								
Invesco India Smallcap Fund - Regular Plan	★★★★	7,580	7.4	13.2	7.0	26.0	31.3	1.7
Quant Small Cap Fund	★★★★	29,463	2.7	10.1	-7.2	25.0	35.5	1.6
Nippon India Small Cap Fund	★★★★★	65,922	4.8	10.9	-3.6	24.0	33.4	1.4
Tata Small Cap Fund - Regular Plan	★★★★	11,576	5.7	10.7	-1.6	22.4	30.5	1.7
EQUITY: VALUE ORIENTED								
HSBC Value Fund	★★★★	13,817	4.7	12.6	3.7	23.8	25.9	1.7
ICICI Prudential Value Fund	★★★★★	53,716	1.1	8.2	2.9	20.9	25.8	1.5
SBI Contra Fund	★★★★★	46,947	-0.3	5.2	-3.6	20.2	29.5	1.5
Templeton India Value Fund	★★★★	2,237	0.3	5.9	-4.5	18.0	26.7	2.0
EQUITY: ELSS								
Motilal Oswal ELSS Tax Saver Fund - Regular Plan	★★★★	4,402	4.9	11.6	1.0	24.1	25.2	1.8
SBI ELSS Tax Saver Fund - Regular Plan	★★★★★	30,271	2.4	7.2	-0.2	23.7	24.7	1.6
HDFC ELSS Tax Saver Fund - Regular Plan	★★★★★	16,579	1.9	9.3	5.6	21.3	24.6	1.7
JM ELSS Tax Saver Fund	★★★★	207	2.9	6.3	-3.8	19.0	22.8	2.4
DSP ELSS Tax Saver Fund - Regular Plan	★★★★	16,981	0.2	7.6	1.3	18.7	23.1	1.6
Franklin India ELSS Tax Saver Fund - Regular Plan	★★★★	6,706	0.8	7.4	1.1	18.6	23.5	1.8
Parag Parikh ELSS Tax Saver Fund - Regular Plan	★★★★★	5,538	2.7	7.0	7.4	18.4	22.0	1.7

19.2% THE 3-YEAR RETURN OF NIPPON INDIA LARGE CAP FUND IS THE HIGHEST IN ITS CATEGORY.

23.8% THE 3-YEAR RETURN OF INVESCO INDIA FOCUSED FUND IS THE HIGHEST IN ITS CATEGORY.

27.8% THE 3-YEAR RETURN OF MOTILAL OSWAL MIDCAP FUND IS THE HIGHEST IN ITS CATEGORY.

23.8% THE 3-YEAR RETURN OF HSBC VALUE FUND IS THE HIGHEST IN ITS CATEGORY.

LAGGARDS & LEADERS

Taking a long-term view of fund returns, here is a list of 10 funds in each category—five leaders (worth investing) and five laggards (that may be a drag on your portfolio).

LAGGARDS | LEADERS

Equity: Large cap 5-year returns

Laggards		Leaders	
Nippon India ETF Nifty 50 Shariah BeES	11.5	BHARAT 22 ETF	32.2
Axis Large Cap Fund - Regular Plan	14.3	ICICI Prudential BHARAT 22 FOF	32.1
PGIM India Large Cap Fund	15.2	Nippon India Large Cap Fund	23.8
Groww Large Cap Fund - Regular Plan	15.9	SBI BSE Sensex Next 50 ETF	23.7
LIC MF BSE Sensex Index Plan	16.1	UTI BSE Sensex Next 50 ETF	23.7

Equity: Flexi cap 5-year returns

Laggards		Leaders	
LIC MF Children's Fund	12.9	HDFC Flexi Cap Fund	27.4
Motilal Oswal Focused Fund	13.0	HDFC Focused Fund	27.1
Aditya Birla Sun Life Bal Bhavishya	13.5	Quant Flexi Cap Fund	27.1
Axis Focused Fund	13.5	ICICI Prudential Retirement Fund	27.0
Shriram Flexi Cap Fund	14.0	ICICI Prudential India Equity FOF	26.0

Equity: Mid cap 3-year returns

Laggards		Leaders	
DSP Nifty Midcap 150 Quality	11.9	Motilal Oswal Midcap Fund	27.8
UTI Nifty Midcap 150 Quality	12.0	Invesco India Mid Cap Fund	27.6
DSP Nifty Midcap 150 Quality	12.6	HDFC Mid Cap Fund	25.7
PGIM India Midcap Fund	13.5	Nippon India Growth Mid Cap Fund	24.7
SBI Midcap Fund	15.4	Kotak Nifty Midcap 50 ETF	24.5

Equity: Small cap 3-year returns

Laggards		Leaders	
PGIM India Small Cap Fund	14.7	Bandhan Small Cap Fund	29.7
SBI Small Cap Fund	15.3	ITI Small Cap Fund - Regular Plan	26.8
Kotak Small Cap Fund	16.2	Invesco India Smallcap Fund	26.0
Canara Robeco Small Cap Fund	16.4	Quant Small Cap Fund	25.0
LIC MF Small Cap Fund	17.2	Aditya Birla Sun Life Nifty Smallcap	24.5

Hybrid: Aggressive 5-year returns

Laggards		Leaders	
Aditya Birla Sun Life Retirement	12.4	ICICI Prudential Equity & Debt Fund	24.5
Shriram Aggressive Hybrid Fund	12.7	Bank of India Mid & Small Cap Equity	24.1
Axis Children's - Regular Plan	12.8	Quant Aggressive Hybrid Fund	22.1
Axis Aggressive Hybrid Fund	13.2	JM Aggressive Hybrid Fund	20.8
Axis Retirement Fund	13.6	ICICI Prudential Retirement Fund	19.9

ANNUALISED RETURNS IN % AS ON 13 AUG 2025

rahul.rock2419@gmail.com

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ETW FUNDS 100

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%) 3-Month	6-Month	1-Year	3-Year	5-Year	Expense Ratio (%)
HYBRID: EQUITY SAVINGS								
HSBC Equity Savings Fund	★★★★	655	4.1	7.6	4.4	12.8	13.3	1.5
Kotak Equity Savings Fund - Regular Plan	★★★★	8,452	2.2	5.8	4.6	11.3	11.4	1.8
SBI Equity Savings Fund - Regular Plan	★★★★	5,738	1.5	6.3	4.9	11.1	11.8	1.6
Edelweiss Equity Savings Fund - Regular Plan	★★★★	750	2.8	5.8	8.0	10.9	10.7	1.6
UTI Equity Savings Fund - Regular Plan	★★★★★	709	0.4	3.5	4.3	10.3	11.6	1.6
ICICI Prudential Equity Savings Fund	★★★★★	15,302	1.7	4.4	6.9	8.7	9.4	1.0
HYBRID: AGGRESSIVE (EQUITY-ORIENTED)								
SBI Magnum Children's Benefit Fund - Investment Plan	★★★★★	4,035	4.3	7.0	4.0	21.0	–	1.9
JM Aggressive Hybrid Fund	★★★★★	841	1.3	4.2	-5.2	19.5	20.8	2.2
ICICI Prudential Retirement Fund - Hybrid Aggressive	★★★★	902	4.6	10.8	5.7	19.3	19.9	2.2
Bank of India Mid & Small Cap Equity & Debt Fund	★★★★	1,258	2.3	9.2	-2.2	19.1	24.1	2.2
ICICI Prudential Equity & Debt Fund	★★★★★	44,605	2.2	9.1	5.7	18.9	24.5	1.6
ICICI Prudential Children's Fund	★★★★	1,393	5.4	11.5	6.3	18.5	19.2	2.2
Edelweiss Aggressive Hybrid Fund - Regular Plan	★★★★	2,994	2.0	7.6	4.4	16.9	19.5	1.9
UTI Aggressive Hybrid Fund - Regular Plan	★★★★★	6,422	0.6	5.2	2.4	15.9	19.4	1.9
Kotak Aggressive Hybrid Fund - Regular Plan	★★★★	7,864	5.2	9.3	4.1	15.1	19.6	1.8
HDFC Children's Fund - Regular Plan	★★★★★	10,307	1.2	6.1	2.1	14.9	18.4	1.7
HDFC Retirement Savings Fund - Hybrid Equity Plan	★★★★	1,673	1.0	6.2	2.4	14.5	17.5	2.1
HYBRID: CONSERVATIVE (DEBT-ORIENTED)								
ICICI Prudential Regular Savings Fund	★★★★	3,237	2.4	5.7	7.6	10.2	10.0	1.7
Parag Parikh Conservative Hybrid Fund - Regular Plan	★★★★★	2,881	1.0	5.2	7.2	11.2	–	0.6
SBI Conservative Hybrid Fund	★★★★★	9,799	1.6	5.4	5.5	10.0	11.1	1.6
SBI Magnum Children's Benefit Fund - Savings Plan	★★★★★	129	0.2	4.1	5.0	12.5	13.2	1.2
HDFC Hybrid Debt Fund - Regular Plan	★★★★	3,388	-0.4	3.8	4.5	10.3	11.1	1.7
Kotak Debt Hybrid Fund - Regular Plan	★★★★	3,130	-0.4	3.4	4.3	10.0	10.8	1.7
HYBRID: DYNAMIC ASSET ALLOCATION								
ICICI Prudential Balanced Advantage Fund	★★★★	64,964	2.1	7.3	6.4	12.7	14.2	1.4
Baroda BNP Paribas Balanced Advantage Fund	★★★★	4,424	2.8	8.9	5.1	13.7	14.4	1.9
HDFC Balanced Advantage Fund - Regular Plan	★★★★★	1,01,773	1.4	6.9	2.3	18.8	22.8	1.3
DEBT: FLOATER								
Aditya Birla Sun Life Floating Rate Fund - Regular Plan	★★★★★	13,620	1.8	4.3	8.2	7.7	6.3	0.4
DEBT: BANKING AND PSU								
Axis Banking & PSU Debt Fund	★★★★	13,286	1.4	4.5	8.3	7.1	5.8	0.6
Aditya Birla Sun Life Banking & PSU Debt Fund	★★★★	9,143	1.2	4.3	8.2	7.3	6.0	0.7
Franklin India Banking & PSU Debt Fund - Regular Plan	★★★★	539	1.5	4.4	8.1	7.2	5.8	0.5
ICICI Prudential Banking & PSU Debt Fund	★★★★★	10,354	1.3	4.2	8.1	7.7	6.3	0.7
Bandhan Banking and PSU Fund - Regular Plan	★★★★★	13,392	1.3	4.2	7.9	7.1	5.8	0.6
DEBT: SHORT TERM								
Axis Short Duration Fund - Regular Plan	★★★★	11,760	1.6	4.8	8.8	7.5	6.1	0.9
HDFC Short Term Debt Fund	★★★★★	18,143	1.5	4.5	8.5	7.7	6.3	0.7
SBI Short Term Debt Fund	★★★★	16,453	1.5	4.6	8.5	7.4	5.8	0.9
ICICI Prudential Short Term Fund	★★★★★	22,070	1.6	4.5	8.4	7.8	6.4	1.1
Aditya Birla Sun Life Short Term Fund - Regular Plan	★★★★	10,524	1.4	4.4	8.3	7.4	6.4	1.0
UTI Short Duration Fund - Regular Plan	★★★★	3,296	1.5	4.4	8.3	7.5	7.0	0.8
DEBT: CORPORATE BOND								
Nippon India Corporate Bond Fund	★★★★★	10,013	1.3	4.7	8.9	7.9	6.7	0.7
Axis Corporate Bond Fund - Regular Plan	★★★★	9,403	1.4	4.8	8.8	7.5	6.2	1.0
Kotak Corporate Bond Fund - Standard Plan	★★★★	17,811	1.3	4.5	8.6	7.6	6.2	0.7
ICICI Prudential Corporate Bond Fund	★★★★★	33,574	1.5	4.5	8.4	7.9	6.5	0.6
HDFC Corporate Bond Fund - Regular Plan	★★★★	35,968	1.0	4.3	8.3	7.7	6.2	0.6
Aditya Birla Sun Life Corporate Bond Fund	★★★★	28,597	0.9	4.1	8.2	7.7	6.4	0.5

12.8% THE 3-YEAR RETURN OF HSBC EQUITY SAVINGS FUND IS THE HIGHEST IN ITS CATEGORY.

7.6% THE 1-YEAR RETURN OF ICICI PRUDENTIAL REGULAR SAVINGS FUND IS THE HIGHEST IN ITS CATEGORY.

8.3% THE 1-YEAR RETURN OF AXIS BANKING & PSU DEBT FUND IS THE HIGHEST IN ITS CATEGORY.

Expense as on 31 July 2025
Returns as on 13 Aug 2025
Assets as on 31 July 2025
Rating as on 31 July 2025

All equity funds ranked on 3-year returns. Debt funds ranked on 1-year returns. Percentages rounded to one decimal place.

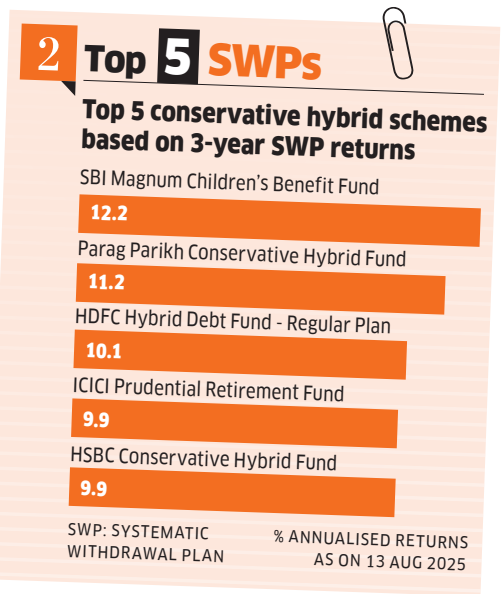
Did not find your fund here? Log on to www.wealth.economictimes.com for an exhaustive list.

1 Top 5 SIPs

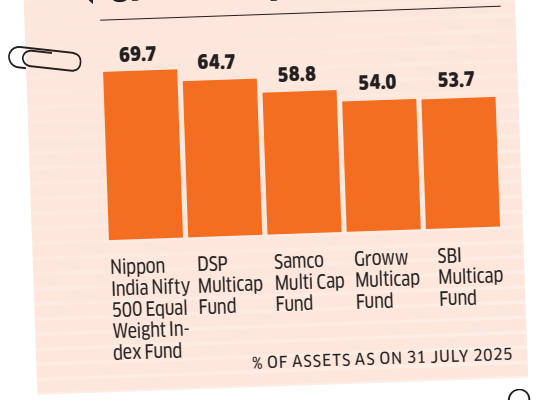
Top 5 equity schemes based on 10-year SIP returns

2 Top 5 SWPs

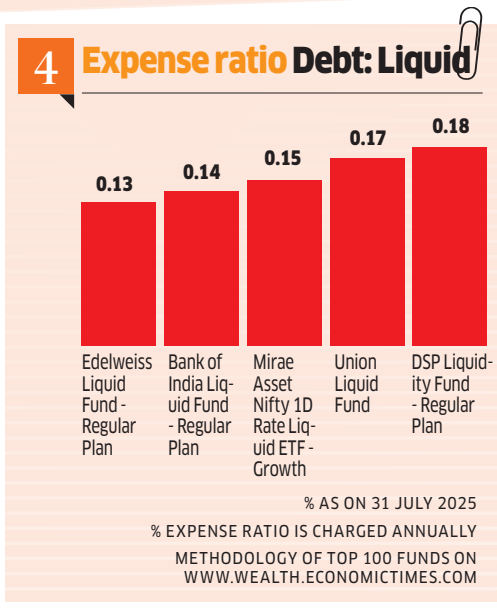
Top 5 conservative hybrid schemes based on 3-year SWP returns



3 Mid & small cap exposure of multi cap funds



4 Expense ratio Debt: Liquid



FUND RAISER

₹42,702 cr

net inflows into equity funds in July 2025, marking the highest-ever monthly inflows into equity funds.

Source: AMFI

Methodology

The Top 100 includes only those funds that have a 5- or 4-star rating from Value Research. The rating of a fund vis-à-vis other funds in its category is determined by subtracting a fund's risk score from its return score. The resulting number is assigned stars according to the following distribution:

★★★★★ Top 10%
★★★★ Next 22.5%
★★★ Middle 35%
★★ Next 22.5%
★ Bottom 10%

(Not covered in ETW Funds 100 listing)

Debt funds with less than 18-months performance history and equity and hybrid funds with less than three-years performance track record are not rated. This ensures that all the funds have existed long enough to be tracked for consistency of performance. Given the focus on long-term investing, we have considered only the 'growth' plan of funds as it reinvests interim gains unlike 'IDCW' plan which offers periodic payouts to investors, thereby reducing NAV. The fund categories are:

Categories

Equity: Large-cap: Funds investing at least 80% in large cap stocks.

Equity: Large & MidCap: Funds investing at least 35% each in large and mid caps.

Equity: Flexi Cap: Funds investing at least 65% in equity with no particular cap on large, mid or small.

Equity: Mid Cap: Funds investing at least 65% in mid caps.

Equity: Small Cap: Funds investing at least 65% in small caps.

Equity: Value Oriented: Funds following value/contrarian investment strategy and grouped under 'Value' or 'Contra' categories as per SEBI.

ELSS: Equity: With a lock-in of three years and tax benefit under Section 80C.

Hybrid: Aggressive: Funds investing 65-80% in equity, and the rest in debt.

Hybrid: Conservative: Funds investing 10-25% in equity, and the rest in debt.

Hybrid: Equity Savings: Funds investing at least 65% in equity and equity related instruments, and at least 10% in debt.

Hybrid: Dynamic Asset Allocation: Funds which dynamically manage the asset allocation between equity and debt.

Debt: Short Duration: Funds with Macaulay duration between 1 and 3 years at the portfolio level.

Debt: Corporate Bond: Funds investing at least 72% in AA+ and above-rated corporate bonds.

Debt: Banking and PSU: Funds investing at least 72% in the debt instruments of banks, PSUs, public financial institutions and municipal bonds.

Debt: Floater: Funds investing at least 58.5% in floating-rate instruments.

rahul.rock2419@gmail.com

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Rate cut fuels banking sector, IT tumbles in 2025

Welcome to TrendMap, your guide to the performance of different investment segments. In this edition, we present a 10-year performance tracker of various domestic market sectors. The annual returns are ranked for 9 key NSE Sector indices. Real Estate and Metal sectors shine in the long run, aided by the infrastructure push, boom in commodity prices and cyclical recoveries. By **Sameer Bhardwaj.**

The Economic Times wealth

Rank	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025*	10-year return
1	Metals 44.9%	Real Estate 101.0%	IT 24.9%	Real Estate 25.7%	Pharma 60.5%	Metals 69.4%	Metals 19.5%	Real Estate 79.6%	Pharma 38.9%	Banks 7.8%	Real Estate 17.8%
2	Energy 19.5%	Metals 45.6%	FMCG 14.4%	Banks 17.4%	IT 54.2%	IT 58.2%	Banks 18.0%	Auto 47.0%	Real Estate 33.8%	Metals 6.8%	Metals 16.8%
3	Auto 9.8%	Banks 42.1%	Banks 7.3%	Energy 10.9%	Metals 16.4%	Real Estate 53.0%	FMCG 17.5%	Infra 38.0%	Auto 22.8%	Infra 5.6%	Energy 15.4%
4	Banks 6.7%	Energy 38.2%	Energy 1.4%	IT 8.3%	FMCG 13.0%	Infra 34.7%	Auto 13.5%	Pharma 34.1%	IT 21.4%	Auto 3.1%	Banks 11.8%
5	FMCG 2.8%	Infra 32.9%	Pharma -7.8%	Infra 2.0%	Auto 12.0%	Energy 33.3%	Energy 13.2%	FMCG 29.0%	Infra 15.9%	Energy -1.94%	IT 11.2%
6	Infra -2.9%	FMCG 29.7%	Infra -12.7%	FMCG -0.9%	Infra 11.9%	Auto 17.9%	Infra 4.8%	Energy 28.6%	Metals 8.1%	FMCG -3.5%	Auto 11.0%
7	Real Estate -6.0%	Auto 28.8%	Metals -19.5%	Pharma -9.5%	Energy 5.8%	Banks 13.6%	Pharma -11.0%	IT 23.6%	Banks 5.4%	Pharma -7.3%	Infra 10.9%
8	IT -6.9%	IT 12.5%	Auto -22.3%	Auto -10.2%	Real Estate 5.4%	Pharma 9.4%	Real Estate -11.8%	Metals 15.8%	Energy 4.9%	Real Estate -15.1%	FMCG 10.5%
9	Pharma -14.3%	Pharma -6.7%	Real Estate -33.2%	Metals -10.7%	Banks -2.6%	FMCG 9.3%	IT -26.8%	Banks 11.8%	FMCG -0.9%	IT -20.1%	Pharma 5.5%

Source: ACE MF. *2025 data is YTD based on 12 August 2025 closing values. Other years' returns are calculated between the first and the last trading day closing values. 10-year return is compounded average return, calculated between 12 August 2015 and 12 August 2025. Indices considered: Auto: Nifty Auto, Banks : Nifty Bank, Energy: Nifty Energy, FMCG : Nifty FMCG, Infra : Nifty Infrastructure, IT: Nifty IT, Metals: Nifty Metal, Pharma: Nifty Pharma, Real Estate : Nifty Realty..

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Save over ₹70,000 in new regime

Sudhir Kaushik of *TaxSpanner.com* tells readers how they can optimise their tax by rejigging their incomes and investments.

Bengaluru-based Avinash Tandon is a finance professional. He has chosen the old regime because he has a joint home loan with his wife and invests in many tax-saving instruments, including ELSS (equity-linked savings scheme) funds and the National Pension System (NPS). He pays a high tax as his salary structure is not tax-friendly.

However, he will save more if he shifts to the new tax regime. The new regime offers no deductions and exemptions, but the standard deduction is higher at ₹75,000 and tax slabs are wider, with lower rates. Even if no deductions are available, there is room for tax savings. He is already contributing 14% of his basic salary to the NPS, which is tax-free under the new regime (10% of basic salary under the old regime), and he should continue with it.

He has also invested about ₹4 lakh in fixed deposits and NSCs (National Savings Certificates), and earns an interest of ₹30,000 on these. To save tax, he should switch from these investments to debt funds or arbitrage schemes. While the interest income is taxed every year, in debt and arbitrage funds it is applicable only at the time of withdrawal. This can reduce his tax liability by ₹9,400.

Tandon has also made long-term capital gains of ₹2.5 lakh from stocks and equity funds. Regular harvesting of capital gains to remain within the tax-free limit of ₹1.25 lakh can help reduce tax incidence.

Hence, he can reduce his overall tax by more than ₹70,000 by shifting from the old to the new tax regime.

INCOME FROM EMPLOYER

INCOME HEAD	CURRENT	OLD REGIME	SUGGESTED NEW REGIME
Basic salary	9,78,000	9,78,000	9,78,000
House rent allowance	3,91,224	3,91,224	3,91,224
Special allowance	10,65,996	9,55,116	10,65,996
Conveyance reimbursements	19,200	19,200	19,200
Telephone reimbursements	12,000	12,000	12,000
Medical allowance	15,000	15,000	15,000
LTA	1,63,020	1,63,020	1,63,020
Gadget allowance	-	↑ 1,50,000	-
Performance incentive	6,00,000	6,00,000	6,00,000
Employer's contribution to PF	1,02,084	1,02,084	1,02,084
Contribution to NPS under Section 80CCD(2)	1,36,920	↓ 97,800	1,36,920
TOTAL	34,83,444	34,83,444	34,83,444

Reduce this taxable component of the salary.

Reduce this taxable component of the salary package.

These allowances are now taxable. Replace with tax-free perks.

Items bought for personal use are taxed at 10% of the value.

Only up to 10% of basic pay is tax-free in old regime.

Up to 14% of basic pay in the NPS is tax-free in new regime.

+ INCOME FROM OTHER SOURCES

INCOME HEAD	CURRENT	OLD REGIME	SUGGESTED NEW REGIME
Interest income	30,000	0	0
Capital gains	2,50,000	1,50,000	1,50,000
Rental income	0	0	0
TOTAL	2,80,000	1,50,000	1,50,000

Switch to debt funds to avoid tax on interest.

Hold stocks longer to avoid tax.

You stand to save ₹70,889 by moving to the new tax regime.

All figures are in ₹

↑ Denotes suggestion to increase ↓ Denotes suggestion to reduce

Tax-saving investments

INVESTMENT OPTION	CURRENT (₹)	OLD REGIME (₹)	NEW REGIME (₹)
Provident Fund	1,02,984	1,02,984	1,02,984
NSCs	80,000	6,000	-
ELSS	60,000	60,000	-
NPS under Sec 80CCD(1b)	50,000	50,000	50,000
TOTAL ADMISSIBLE	2,00,000	2,00,000	0

Avoid taxable NSCs. Invest in PPF instead.

Stop SIPs in ELSS and invest in regular mutual funds.

Continue investing in NPS though there's no tax benefit.

No deduction available under new regime.

Other deductions

EXEMPTION OR DEDUCTION	CURRENT (₹)	OLD REGIME (₹)	NEW REGIME (₹)
Home loan interest	2,50,000	2,50,000	2,50,000
Medical insurance for self and parents	65,000	65,000	65,000
TOTAL ADMISSIBLE	3,15,000	3,15,000	0

No deduction available under new regime.

Avinash Tandon's tax

	TAX ON SALARY	TAX ON INTEREST INCOME	TAX ON CAPITAL GAINS
CURRENT	₹5,92,594	9,360	26,000
	₹6,27,954		
(Old regime)	₹5,58,000	0	5,000
	₹5,63,000		
SUGGESTED (New regime)	₹5,52,065	0	5,000
	₹5,57,065		

TOTAL TAX SAVED

(OLD REGIME) ₹64,954

(NEW REGIME) ₹70,889 Per Year

TAX RATIO

(Total tax as % of annual income)

EXISTING	(OLD)	(NEW)
16.7%	15.5%	15.3%

WRITE TO US FOR HELP

Paying too much tax? Write to us at etwealth@timesofindia.com with 'Optimise my tax' as the subject. Our experts will tell you how to reduce your tax by rejigging your pay and investments.

rahulrock24199@gmail.com

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Plan retirement with flexibility and foresight

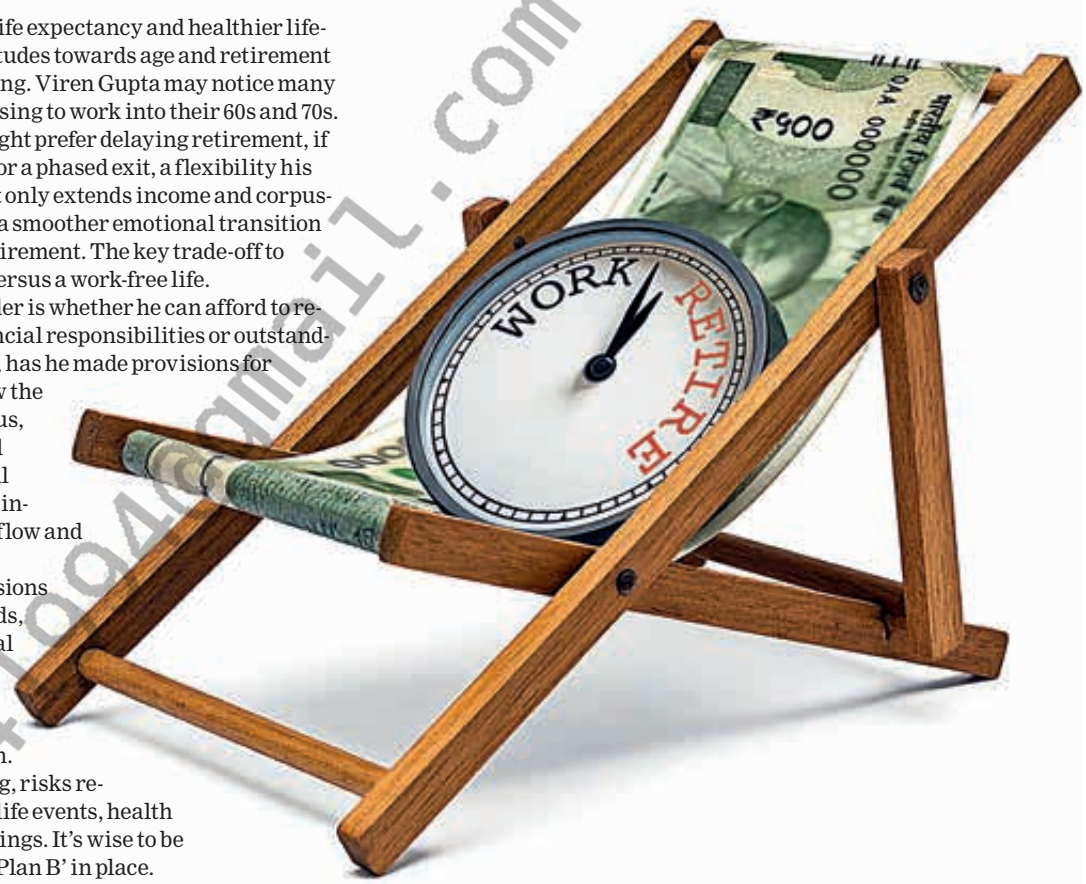
Viren Gupta, a practising lawyer running his own firm, is approaching 50 and beginning to think about retirement. With his children in college and soon to be financially independent, he has been steadily building a retirement corpus. He has life insurance to secure his wife's future. As a self-employed professional, he isn't tied to a formal retirement age. What factors should he consider while deciding the right time to retire?

Content on this page is courtesy Centre for Investment Education and Learning (CIEL). Contributions by Girija Gadre, Arti Bhargava and Labdhi Mehta.

With rising life expectancy and healthier lifestyles, attitudes towards age and retirement are changing. Viren Gupta may notice many peers choosing to work into their 60s and 70s. He, too, might prefer delaying retirement, if his health permits, or opt for a phased exit, a flexibility his profession allows. This not only extends income and corpus-building, but also ensures a smoother emotional transition from a busy work life to retirement. The key trade-off to weigh is work fulfilment versus a work-free life.

What Gupta must consider is whether he can afford to retire. Will he have any financial responsibilities or outstanding debts at that time? If so, has he made provisions for that? He should also review the size of his retirement corpus, the adequacy of his life and health insurance, potential sources of post-retirement income, and household cash flow and budget.

Clearly, retirement decisions go beyond age. Family needs, personal mindset, financial readiness, and lifestyle preferences all play a role. Gupta must be confident he won't regret his decision. Even with careful planning, risks remain, such as unexpected life events, health issues, or outliving his savings. It's wise to be aware of these and have a 'Plan B' in place.



SMART THINGS TO KNOW

Residential mortgage-backed securities

1. RMBS are investment instruments backed by pools of home loans, also called residential mortgages.
2. These loans are packaged together and sold to investors as tradable securities called pass-through certificates (PTCs).
3. Returns are earned from the monthly EMIs that borrowers pay on their loan and this EMI payment is passed directly to investors.
4. RMBS gives access to residential real estate credit without owning physical property and offers stable cash flows and a relatively low correlation with equities.
5. LIC Housing Finance recently listed India's first public RMBS with a maturity of 20 years.

DECODED

Auto debit for SIPs and utility bills

Auto-debit mandates make it easier to pay recurring dues like mutual fund SIPs and utility bills on time, avoiding late fees and missed investments. Here's how to set these up.

Setting up for mutual fund SIPs

While registering for a systematic investment plan (SIP), investors can authorise the fund house to debit a fixed amount periodically by submitting a National Automated Clearing House (NACH) mandate. This can be submitted physically or electronically, depending on the fund house. Online platforms and apps linked to bank accounts or UPI offer a quick e-mandate set-up.

For utility bills

To set up an auto-debit facility for utility payments, users can log in to their bank's Internet or mobile banking platform, navigate to the 'Bill Pay' or 'Auto Pay' section, and register their service provider as a biller. Verification is done through OTP authentication. Once it's set up, payments are debited automatically as per the billing cycle.

Auto-debit mandates using UPI

Investors have the option to use UPI for auto-debit mandates. While initiating an SIP or bill payment set-up, select UPI as the payment mode and enter the UPI ID. A mandate approval request is sent to the UPI app for authentication. Once approved, the amount is auto-debited on the scheduled date without requiring manual intervention.

Managing instructions

Auto-debit mandates can be tracked, modified, or cancelled via the bank's portal. Banks and financial institutions are mandated by the RBI to send pre-debit notifications to customers 24 hours before executing any recurring transaction. This notification is typically sent via SMS, e-mail, or app notification.

Points to note

- Always ensure that there is sufficient balance in the bank account before the auto-debit date.
- It is a good idea to set up alerts for transaction tracking.
- Always cancel or update mandates in advance when switching accounts or services.

rahulmaccha2410@gmail.com

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Q&A

Our panel of experts will answer questions related to any aspect of personal finance.

I am an NRI based in Canada and expect to inherit property and financial assets from my parents in India. What should I do to avoid tax complications and ensure a smooth transfer under both Indian and Canadian laws?

As an NRI in Canada expecting to inherit property and financial assets in India, you should first ensure your parents have a clear, registered will to avoid legal complications. India does not levy inheritance tax, but capital gains tax applies if you later sell inherited assets. In Canada, inheritance isn't taxed, but you must report foreign assets over CAD 100,000 using Form T1135, and pay capital gains tax on the property's value appreciation from the date of inheritance. To repatriate funds (up to USD 1 million annually), maintain an NRO account and submit required documents including a will, death certificate, and CA-certified Form 15CA/15CB. Consulting both an Indian legal expert and a Canadian tax adviser will help ensure smooth compliance and minimise tax exposure in both countries.

Vikash Jain
Co-founder, Share Samadhan

As an NRI working in Dubai, I want to invest in Indian mutual funds and fixed deposits. Should I route the investments through an NRE or NRO account? Also, are the returns from these investments taxable in India or my country of residence?

An NRE (Non-Resident External) account is meant for income earned outside India, such as your Dubai salary. Both principal and interest are repatriable, and interest on NRE fixed deposits is tax-free in India. An NRO (Non-Resident Ordinary) account is for income earned in India—like rent or dividends—or for foreign funds you don't intend to repatriate fully. Repatriation is capped at $1 million a year, subject to tax compliance, and interest is taxable. Many NRIs maintain both accounts to manage different income streams. In India, NRE FD interest is tax-free, while NRO FD interest is taxed at 30% TDS, often reduced to 12.5% with a UAE Tax Residency Certificate and Form 10F under the India-UAE Double Taxation Avoidance Agreement (DTAA). Equity-oriented mutual funds attract 15% tax on short-term gains (under one year) and 12.5% on long-term gains (above ₹1.25 lakh). Debt funds have separate rules for short- and long-term gains. Dividends are taxed at your slab rate, with around 20% TDS for NRIs. Under the DTAA, capital gains on Indian mutual funds may be exempt from tax in India if you provide the necessary documents, though you must still file an Indian ITR to claim any TDS refunds.

Umesh Kumar Jethani
Founder, ApkiReturn

I have children from two marriages. I want to ensure that my assets are distributed fairly and without future legal disputes. What legal documents and steps should I put in place for a smooth succession?

You can be guided with regard to taking steps ensuring seamless succession of your wealth and protecting the interests of all concerned. Whether it is fairly done or not is your individual evaluation of the same, and you alone can decide. It is advised to sign a testamentary document, i.e., either a will or a trust deed.

While a will is the most common and preferred way, the choice between the two depends on your current asset ownership, intended pattern of bequeathal, and distribution with regard to capital protection and the need to incorporate intermittent distributions over a period of time, on your demise, to the identified beneficiaries (i.e., your children). The testamentary document should be appropriately worded to address possible future scenarios with regard to the demise of the designated beneficiary(ies), and robust enough to enable distribution of assets, on the date of demise.

Rajat Dutta
Founder & Initiator,
Inheritance Needs Services

The Economic Times wealth QUIZ

Money makes the world go round—but does it make your head spin? The **ET Wealth Quiz,** co-created with **DEZERV**, a leading wealth management firm, serves up five wickedly clever questions every Monday, spanning personal finance, banking, economics, and market wisdom. Think you can distinguish a bull market from a bear trap? Know your mutual funds from your fixed deposits? Answer correctly and win actual prizes. Fail spectacularly and gain wisdom. The **ET Wealth Quiz, co-created with DEZERV**—because financial wisdom pays.

WINNERS OF THE WEEK The top five winners of the Quiz will be announced each Monday.

Join the ET Wealth Quiz today

HOW YOU CAN PARTICIPATE Tick the correct answers on this page, click a picture, and e-mail it to ***etwealthquiz@timesofindia.com*** with '**ET Wealth Quiz 18 August**' as the subject. Include your name, e-mail, and mobile number in the entry. You can also post the picture on your social media handles with **#ETWealthQuiz**.

Winners of this contest will be announced in the issue dated 25 August 2025. Entries open till 21 August.

THIS WEEK'S QUESTIONS

Results out on August 18

1. **Which strategic waterway was recently in the news after Iran threatened to blockade it amid rising geopolitical tensions?**
   a. Strait of Hormuz
   b. Suez Canal
   c. Bab el-Mandeb

2. **During the 2008 financial crisis, which asset class unexpectedly outperformed both gold and US treasuries for Indian investors?**
   a. Japanese Yen
   b. Crude Oil
   c. Shanghai Composite

3. **If Nifty 50's top 5 stocks comprise 40% of index weight and all five fall 20% while others stay flat, what's the index impact?**
   a. 32%
   b. 8%
   c. 12%

4. **What new mandate did RBI introduce for credit card companies in October 2024?**
   a. Cap on interest rates at 24%
   b. Mandatory card tokenisation
   c. Choice of card network provider

5. **What was the Indo-US bilateral trade position in 2024?**
   b. $180 bn total trade, $25 bn surplus for India
   c. $212 bn total trade, $46 bn surplus for India
   d. $250 bn total trade, $50 bn deficit for India

rahulrock24.blogspot.com

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your feedback & more...

Readers' response, online and in print, to ET Wealth stories has been enlightening. We pick some that add information and perspective to our articles from previous issues.

The cover story was inspiring. It shows that with discipline, planning and clear goals, leaving the rat race is possible. Pursuing one's passions in a second innings not only brings fulfilment but also proves that work can be done on one's own terms. Such real-life examples are truly motivating. Good to see the Financial Independence, Retire Early (FIRE) concept catching on in India.
Srikanth

The story, 'The quiet revolution', on mutual fund distributors building assets under management (AUM) worth hundreds of crores was an eye-opener. It underscores the power of financial awareness and the trust nurtured at the grassroots. By guiding first-time investors in smaller towns, these distributors are growing AUMs and creating a new class of confident equity investors.
Ahan Gupta

The article on financial exclusion of India's differently abled was eye-opening. Sebi's mandate for digital accessibility is commendable, but idealism must meet action. The existing financial products, especially in insurance, mutual funds and inheritance planning, fail to meet the needs of people with disabilities. Tailored, affordable products and legal frameworks that ensure long-term security are essential for inclusive financial empowerment.
Sangeeta Parmar

Think differently

The cover story, 'Life beyond the cubicle', was a superb read. Following one's passion demands as much hard work as patience. It can take months, or even years, to earn enough to replace the salary from a regular 9-to-5 job. One must be clear and committed while making such a decision as it often means giving up a steady income for a long journey full of trials before one succeeds. If you have multiple passions, test yourself till you discover the one that drives you, and then pursue the big plan.
Darshan Godbole

I have been an *ET Wealth* subscriber for eight years, and your article 'Stalled homes, broken dreams' struck a chord. My husband and I had booked a flat in 2013 through a premium broker with the help of an SBI home loan, and still fell victim to the developer's scam. We continued to repay the loan till last year without possession, received no tax benefits and lost our hard-earned savings. There is no tax relief for such cases, leaving buyers helpless. Urgent action is needed as under-construction housing scams continue to drain the savings of many. An article that helps those who are already trapped would be invaluable.
Anamika Chatterjee

Uma Shashikant's article, 'Retirees, feel free to use money', offers invaluable advice to retirees. I am a senior citizen with no dependants, living life on my own terms. For a teacher, there is no real retirement, but as things stand, no one relies on me. My belief is that as long as I am not a burden to anyone, life is not difficult. I plan to ensure that my hard-earned savings are inherited by well-maintained *gaushalas* in Tamil Nadu.
S. Ramakrishnasayee

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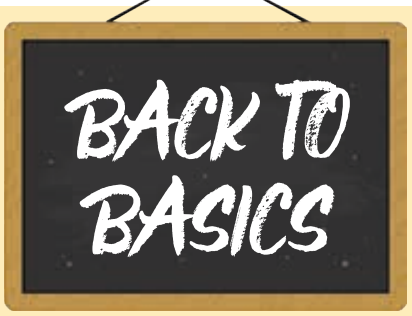
etwealth@timesofindia.com



Updated tax return

If you are confused by personal finance terms, jargon and calculations, here's a series to simplify and deconstruct these for you. In the 64th part of this series, **Riju Mehta** explains all you need to know about updated tax returns.

What is updated tax return?

If you fail to file your tax return by the due date, and also miss the deadline for belated or revised returns, you get yet another chance to file 'updated income tax return', or ITR-U, under Section 139 (8A) of the Income Tax Act.

This provision can also be used if you make a mistake in calculations, or forget to include some income source, or need to rectify any other kind of omission or error in your tax return.

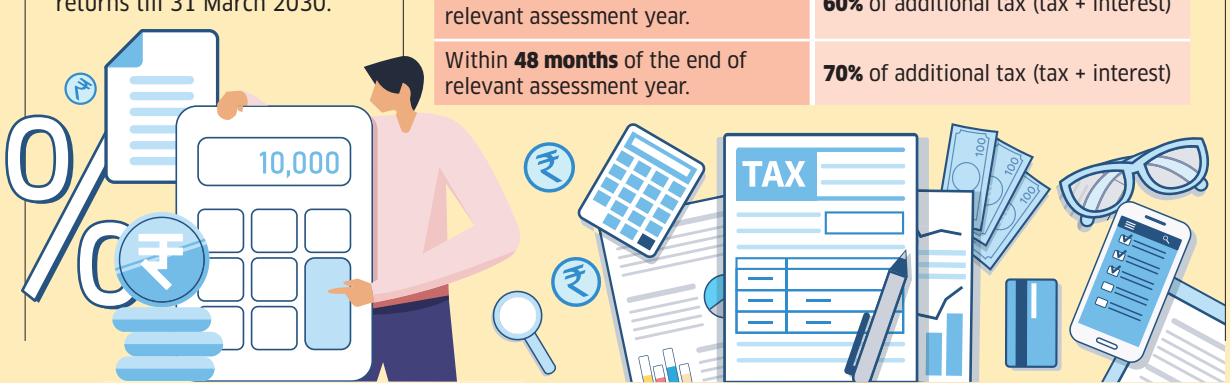
Time limit

You can file updated returns within four years of the end of the relevant assessment year. So, if you miss the original due date of 31 July (this year it is 15 September) for filing returns, and even miss the deadline for filing belated or revised returns (31 December), then for the assessment year 2025-26, you can file updated returns till 31 March 2030.

Additional tax liability

While you have the advantage of being able to file updated tax returns, you are also liable to pay additional tax depending on when you file the tax return during the four-year window.

If you file the updated return...	Additional tax you pay..
Within **12 months** of the end of relevant assessment year.	**25%** of additional tax (tax + interest)
Within **24 months** of the end of relevant assessment year.	**50%** of additional tax (tax + interest)
Within **36 months** of the end of relevant assessment year.	**60%** of additional tax (tax + interest)
Within **48 months** of the end of relevant assessment year.	**70%** of additional tax (tax + interest)



Changes you can't make in ITR-U

You cannot file an updated return under Section 139 (8A) if...

- You are claiming or increasing refund amount.
- You are showing a lower tax liability.
- You are showing losses in the return.
- If assessment/ revision is pending or completed.
- If a survey has been conducted under Section 133(A).
- If an updated return is already filed.
- If search is initiated against Section 132.
- If accounts, assets or documents have been seized under Section 132A.

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THIS AD WILL EXPIRE. JUST LIKE THE ITR DEADLINE.

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rahul.rock241994@gmail.com

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