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15 Budget ideas

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15 Budget ideas

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By **Sanket Dhanorkar, Riju Mehta, Kumar Shankar Roy and Babar Zaidi**

The coming Budget will not be a full one, but only a vote on account. While a full Budget outlines the government's plans for spending and earning money in the coming year, a vote on account is only a temporary arrangement that estimates the money the government needs before a new government takes over after the elections.

If we go by convention, the government might not make any major announcements when it presents the Budget next month. "Major policy changes and announcements are unlikely in this Budget," according to Aditi Nayar, Chief Economist, Icra. Even so, there are hopes that some critical changes will be announced. *ET Wealth* reached out to experts from different fields to understand their expectations.

Some of these expectations, especially those relating to tax deductions and exemptions, seem too optimistic. The government says it is confident of achieving the 2023-24 fiscal deficit target of 5.9% of the GDP and is committed to lowering it to 4.5% of GDP by 2025-26. However, some analysts believe the fiscal deficit may breach the 5.9% target and could hit 6%. Tax collections have been buoyant, but revenue spending has exceeded the Budget estimate by about ₹2 lakh crore, according to India Ratings and Research. "Higher-than-budgeted revenue expenditure, in combination with lower-than-budgeted nominal GDP, will push the fiscal deficit to 6% of GDP," it stated in a report. Icra expects the fiscal deficit target for 2024-25 to be set higher at 5.3% of GDP.

One of the reasons for the slippage in fiscal deficit is that the disinvestment target has been missed by miles. The government had targeted disinvestments worth ₹51,000 crore during the current financial year, but has so far raised only ₹10,000 crore.

In this backdrop, there is little hope of any relief for taxpayers. In fact, some even expect the tax net to be widened this year. The ₹1 lakh exemption for long-term capital gains from stocks and equity-oriented funds may be removed altogether.

However, some suggestions, specifically the one for making it easier to file belated income tax returns, have no revenue implications. The move will only help taxpayers rectify past mistakes and ensure greater compliance without affecting revenue collections. Some other suggestions, like the one on double taxation of dividends, could have some impact on revenue, but are required to remove the anomalies that exist.

We hope some of these suggestions figure in the Budget on 1 February.

1 Make belated ITR filing easier for taxpayers

There are several restrictions, penalties and difficult processes for filing belated tax returns. A belated ITR can be filed before 31 December if the original return is not filed before the due date. The following taxpayers aren't allowed to file a belated ITR:

If there is neither any tax that is payable, nor refund that is due: If someone wants to apply for a loan, or visa, or conduct some other financial transactions, ITR is the most trusted and acceptable document. However, a genuine taxpayer who has paid all the due taxes is not eligible.

If refund is due or losses are to be carried forward: This is allowed with a long and cumbersome process under Section 119(b) to apply and obtain condonation of delay from the Income-tax Commissioner. Many a times the amount is small, and the cost, time and effort in obtaining the condonation is higher. Thus, the taxpayers lose their rights and money.

Updated ITRs can be filed up to two years with penalties. The penalty is 25% and additional tax for one year's delay, and 50% for two years' delay. However, it can be filed only if the original return has not been filed and tax is due.

Taxpayers aren't allowed to file for more than two years even after paying the additional tax, whereas the tax authorities can issue notices for ITRs filed up to 10 previous years if any income escaped assessment. A similar and equal opportunity should be given to taxpayers to file up to 10 years with penalties. This will encourage voluntary tax compliance.

SUDHIR KAUSHIK
CEO, TAXSPANNER.COM

ET Wealth view

Over the years, tax filing has been made more taxpayer-friendly. Even dispute resolution has become easier. However, several archaic practices still exist, leaving many taxpayers high and dry. Taxpayers should be allowed to file returns for previous years without any hassles. The best part is that making it easier to file belated returns has no revenue implication.

2 Revisit tax change for non-equity funds

The removal of indexation benefit and lower tax rate for long-term capital gains from mutual funds with less than 35% in equities created a level playing field between debt funds and bank deposits. However, unlike a bank deposit, a debt fund investor is exposed to interest rate risk, as well as credit risk, if the issuer defaults. The FD investor gets his return irrespective of interest rate movements. Further, the principal amount of up to ₹5 lakh is also protected. This was surely not the intention and there is a need to bring parity.

Second, in the move to bring taxation at par for debt funds, collateral damage was inflicted on global equity funds, equity fund of funds, gold funds and hybrid funds holding less than 35% in equities. These funds have now become unattractive as the tax is very high. If an investor in these funds earns 15%, the post-tax return is around 10.5%, compared to 13% with earlier indexation benefit. These tax changes need to be revisited.

JUZER GABAJIWALA
DIRECTOR, VENTURA SECURITIES

ET Wealth view

The tax amendment to the Finance Bill last year was a shocker for everyone. In a bid to bring parity in taxation for debt funds and bank deposits, the government unfairly turned other investment vehicles tax-unfriendly. A review of taxation for debt funds is unlikely, but the government might review taxation for other segments.

3 Make annuity income from NPS tax-free

The annuity income from the National Pension System (NPS) should be accorded tax-free status due to several compelling reasons that align with the principles of fairness, financial security and social welfare. Firstly, senior citizens often rely heavily on annuity income as a primary source of financial support during retirement years. Subscribers are mandated to purchase annuities from NPS, so taxing this income could potentially erode the financial wellbeing of seniors, hindering their ability to meet basic living expenses and maintain a decent standard of living. Further, there has been a drastic rise in medical expenditure too. Tax exemption on annuity income aligns with global practices, which recognise the importance of supporting senior citizens during their retirement years.

From 2020-21 onwards, the income from contribution to the EPF, NPS and/or superannuation fund exceeding ₹7.5 lakh in a financial year has been taxable. This move restricts the additional savings of salaried individuals in the NPS and, hence, all future income expected from annuities is also limited. Thus, the NPS contributions should be removed from the cap, or the limit should be increased to ₹15 lakh.

SUMIT SHUKLA
MD AND CEO, AXIS PENSION FUND

ET Wealth view

The taxation of annuity income in the NPS is a sore point, keeping an otherwise well-designed retirement vehicle from finding wider acceptance among the masses. Though the mandatory 40% annuity component in the NPS ensures regular income in retirement, the low annuity rates offered by insurers make it very unattractive. However, making annuities tax-free will burn a big hole in government finances. Senior citizens already get a ₹50,000 exemption for interest income and a higher basic exemption.

4 Remove LTCG tax on equity gains, hike STCG tax instead

Long term capital gains tax on equities—which is currently at 10% on gains beyond ₹1 lakh--should be removed and the tax on short-term capital gains on listed securities must be increased instead. This will encourage long-term investors and investment strategies, discourage short-term trading calls and early exits, thereby making the markets long-term oriented and less volatile in the long run.

DILSHAD BILLIMORIA
FOUNDER, DILZER CONSULTANTS

ET Wealth view

There is definitely a case for encouraging long-term investments in equities and disincentivising short-term speculation. The uptick in F&O trading activity among small investors points to the malaise. But the LTCG tax on equities introduced in 2018 is unlikely to be rolled back. In fact, the current ₹1 lakh exemption to LTCG in a financial year may also be removed.

5 Enhance the additional deduction for NPS

In a country of more than 10 crore investors, the NPS has less than 50 lakh voluntary subscribers. The number of voluntary subscribers shot up after the ₹50,000 deduction under Section 80CCD(1b) was introduced. However, an investment of ₹50,000 a year will not yield much pension. Assuming a compounded 9% return, it will grow to roughly ₹47 lakh in 25 years and yield a monthly pension of ₹23,528. This will be worth only ₹5,300 if adjusted for 6% inflation. If this limit is enhanced to, say ₹1 lakh, subscribers will be encouraged to save more for retirement. This will also help India become a pensioned society.

RAJ KHOSLA
MANAGING DIRECTOR AND FOUNDER, MYMONEYMANTRA

ET Wealth view

Tax benefits tend to drive investment choices of people, so an enhanced limit will certainly encourage them to invest more for retirement. At the same time, the NPS already enjoys several tax advantages over other retirement savings options, so enhancing the deduction would further distort the playing field.

6 Introduce scheme for child education

Saving for children's education is a key goal for Indian parents. While there are various investments available for this goal, not all of them come with tax benefits. The Sukanya Samriddhi Yojana offers tax deduction and the corpus is also tax-free, but it is open only for girls below 10. Insurance plans for a child's education offer tax breaks, but have high costs, which impacts the returns.

A scheme modelled along the lines of the NPS, but meant only to save for higher education, will be helpful. The scheme can have a lock-in period, offer market-linked returns, let investors choose the asset mix and offer tax benefits on investments and withdrawals. It can become a one-stop solution for kids' education planning.

MRIN AGARWAL
FOUNDER AND DIRECTOR, FINSAFE INDIA

ET Wealth view

There are already plenty of schemes for the funding of children's education. However, a targeted scheme with tax benefits, a lock-in period and flexibility in investments will be a welcome move. As with the Sukanya scheme, the end usage of the corpus should be defined.

7 Separate tax deduction for life insurance

The investment basket under Section 80C includes Provident Fund, small savings schemes, tax-saving bank deposits, ELSS funds, life insurance, tuition fees and principal portion of home loan EMI. Even deductions under Section 80CCC for annuity or pension plans fall within the total limit of ₹1.5 lakh. There are too many options and this limit proves inadequate for critical instruments like life insurance. There should be a separate tax deduction for life insurance premium instead of including it under Section 80C. This will encourage people to buy life insurance and secure their family's financial future.

VIGHNESH SHAHANE
MD & CEO, AGEAS FEDERAL LIFE INSURANCE

ET Wealth view

While a separate tax incentive may increase the sale of life insurance and, consequently, enhance insurance penetration in the country, people may still end up buying more traditional plans and Ulips for investment. Such a deduction should only be for pure protection term plans.

8 Bring pension plans at par with NPS

Many Indians don't save enough for retirement, and the gap between needed and available retirement funds is expected to reach $85 trillion by 2050. To help close this gap and encourage people to invest in pension and annuity products, it is important to make taxation simpler or remove it completely for these products. It would help if investments in pension products get the same tax benefits that are given to contributions in the NPS. The ₹50,000 tax deduction for NPS contributions under Section 80CCD(1b), which is in addition to the ₹1.5 lakh deduction under Section 80C, should also be extended to pension plans of insurance companies.

SATISHWAR B.
MD & CEO, AEGON LIFE INSURANCE

ET Wealth view

While the additional ₹50,000 tax benefit is the government's nudge for the NPS, harmonising the tax incentive across other pension plans will spur the sale of these products and help customers save more actively to secure their retirement.

9 Modify qualifying standards for affordable housing

Affordable housing has been severely hit by the pandemic. The budget homes segment saw a decline in overall sales from nearly 40% before the pandemic to just 20% in 2023. The segment's share in the total housing supply in top seven cities fell to 18% in 2023 from nearly 40% in 2019. Several interest stimulants offered to developers and consumers over the years have expired in the past 1-2 years.

The Ministry of Housing and Urban Poverty Alleviation defines affordable housing according to buyer's income, size of property, and its price. Affordable housing is defined as a house or apartment valued up to ₹45 lakh, with a carpet area of up to 90 sq metre in non-metros and villages and 60 sq metre in metros.

The RBI definition, however, is based on the loans that banks provide. It is important to adjust the qualifying cost of properties within cities' affordable housing segment. Though the size of 60 sq m is reasonable, the price of up to ₹45 lakh makes them unsuitable to a large share of the target audience. For instance, in metros like Mumbai, the price should be increased to at least ₹85 lakh, and ₹60-65 lakh in other metros. With this price adjustment, more homes will be within the reach of buyers, who can benefit from government subsidies and reduced GST.

ANUJ PURI
CHAIRMAN, ANAROCK

ET Wealth view

While the adjustment will help developers build more such projects, it will incentivise the sale of affordable housing for a larger section of homebuyers, who can avail of the government subsidies and GST benefit of 1%, compared to 5% for the non-affordable segment.

10 Review definition of metro for HRA

The Constitution recognises seven metros in the country, including Delhi NCR, Mumbai, Chennai, Kolkata, Bengaluru, Hyderabad and Pune. However, the tax provisions consider only four (Delhi NCR, Mumbai, Chennai, Kolkata) as metros, and allow taxpayers 50% of the basic salary as HRA exemption. Taxpayers in Bengaluru, Hyderabad and Pune are allowed an HRA exemption of only 40% of their basic salaries. Rentals in these cities have gone up quite a bit in the past few years. Hence, tenants in these cities should also get an exemption of 50% of basic pay.

TAPATI GHOSE
PARTNER AND LEADER, GLOBAL EMPLOYER SERVICES, DELOITTE INDIA

ET Wealth view

Bengaluru, with a population of nearly 1.5 crore, is bigger than some other metros. It is surprising that it is not considered a metro for HRA purposes. Pune and Hyderabad have also grown extensively. It is high time the tax laws recognised this and reviewed the definition of a metro.

11 Hike basic exemption to ₹3.5 lakh

The basic exemption of ₹2.5 lakh has remained unchanged since 2014. The introduction of ₹50,000 standard deduction three years ago provided some relief. However, this was too little and only for salaried taxpayers. Given the prevailing high inflation and rise in cost of living since the last revision, the basic exemption limit should be increased to ₹3.5 lakh. This will benefit a large percentage of the approximately 7 crore taxpayers and cushion them against inflation.

SURESH SURANA
FOUNDER, RSM INDIA

ET Wealth view

Raising the basic exemption limit will not be easy for a government trying to control the fiscal deficit. At the same time, some relief should be given to taxpayers.

12 Same tax treatment for listed and unlisted stocks

There are several tax advantages for investors in shares of listed companies. Long-term gains of up to ₹1 lakh in a year are tax-free and taxed at 10% beyond this threshold. Short-term gains are taxed at 15%. However, investments in unlisted stocks don't get the same benefits. Long-term gains are taxed at 20% after indexation and short-term gains are added to the income and taxed as per the slab rate. The startup ecosystem will flourish if it has the required capital, but the high tax levied on gains from such investments discourages investors. To make venture capitalists invest in emerging companies, the discriminatory tax treatment should be ended. Investments in unlisted companies should also get the same tax benefits as listed shares.

AMIT MAHESHWARI
PARTNER, AKM GLOBAL

ET Wealth view

Unlisted shares are riskier than those of listed companies, but that should not be the reason for the discriminatory tax treatment. Giving unlisted shares the same tax benefits will encourage angel investors and venture capital firms to invest in startups and small units.

13 Bring parity in MF and Ulip taxation

Taxation tends to define one's investment decisions even though the chosen instrument may be sub-optimal or doesn't exactly fit one's goals. Ulips and mutual funds are similar, but there is a difference in the taxation of capital gains from the two instruments. The proceeds from Ulips are tax-free under Section 10(10D) if the life cover is at least 10 times the annual premium and the corpus is withdrawn after a lock-in period of five years. However, long-term gains from equity-oriented funds beyond ₹1 lakh a year are taxed at 10%. The 2021 Budget reduced this difference by making the income from Ulips taxable if the annual premium exceeded ₹2.5 lakh. This ₹2.5 lakh tax-free threshold should be done away with and there should be parity in the tax treatment of gains from these similar instruments.

ANAND K. RATHI
CO-FOUNDER, MIRA MONEY

ET Wealth view

Similar products should be taxed in the same way. While the 2021 Budget reduced the tax gap to some extent, bringing complete parity is necessary to ensure a truly level playing field.

15 Simplify capital gains tax rules

The budget should simplify capital gains taxation by introducing a uniform holding period across domestic equities and mutual funds, a uniform long-term capital gains tax rate for all financial assets, and by bringing parity for resident and non-resident investors. A uniform 10% tax on long-term capital gains and 15% tax on short-term gains for all financial assets will simplify calculations and encourage higher compliance.

ARCHIT GUPTA
FOUNDER AND CEO, CLEARTAX

ET Wealth view

A single holding period and uniform rate for capital gains from all financial assets would certainly reduce confusion, but will not be fair for equity investors who take a higher risk than other investors.

14 Do away with double taxation of dividends

Double taxation of dividends has been a major cause for concern ever since dividends were made taxable in 2020. Dividend is paid by a company to its shareholders after paying corporate tax. The maximum corporate tax rate is 34.944%. The dividend received is taxable in the hands of shareholders at the normal tax rates. This means that the dividend is taxed again in the hands of shareholders. If the company has already paid taxes on the profits (out of which the dividend was paid), why should shareholders have to pay tax again on the same money. It may be argued that dividend is income for the investor and, hence, should be taxed. But if it is income for the investor, then dividends should be treated as a cost for the company and the payer should get a deduction for the same. The Budget should make dividends tax-free in the hands of shareholders. In case of partnership firms, profits distributed are exempt in the hands of partners under Section 10(2A).

NISHANT KHEMANI
MANAGING PARTNER, SATURN CONSULTING GROUP

ET Wealth view

The double taxation of corporate dividends is certainly unfair. Dividends from companies should be exempt from tax, but dividends from mutual funds should be taxed at the normal slab rates.

Budget may simplify TDS rules

The different thresholds and multiple rates have created a TDS maze. The Budget may clear the clutter.

By **Deepshikha Sikarwar**

The government is reviewing the entire gamut of withholding tax provisions in line with the overall thrust on simplifying the tax structure. There are several tax deducted at source (TDS) provisions with different thresholds and multiple rates. This has created a TDS maze that leads to frequent disputes, as well as blocking of working capital in businesses. "There is a need to simplify the regime in view of the complexities that have crept in over time," said a government official, explaining the need for the review.

The clean-up of the withholding tax regime could take place in the interim Budget if the review is completed in time. There are about 33 Sections in the Income-tax Act dealing with TDS rates that range from 0.1% to 30%. For example, before 2020, the fees for technical services (FTS) and fees for professional services (FPS) were subject to 10% TDS. The rate was reduced to 2% for FTS. This has led to classification issues between FTS and FPS, sparking litigation.

These issues have been flagged by the industry over the past few years. "In the pre-digital era of tax administration, there was some merit in this approach, but in current times, some of these elevated rates have put undue working capital pressure, especially on MSMEs (micro, small and medium enterprises), besides increasing compliance burden," said EY Senior Partner Sudhir Kapadia.

With the digitisation of payments and advanced data analytics available with the tax department, there is considerable merit in moving towards lower TDS rates of 1-5% across fewer categories, Kapadia said. The tracking of transactions can still be achieved without putting undue pressure on compliance and working capital, he said.

The concept of TDS was introduced to collect tax from the income source. The idea was to widen the tax base as TDS provisions help the government capture additional information, leading to to plugging of revenue leakage. Over the years, TDS and TCS (tax collected at source) nets have widened, and rates have also risen. Under TDS, a person liable to make a payment of a specified nature to another person will deduct tax at source and remit it to the Central government's account. The person from whom the tax has been deducted at source is entitled to a credit for the amount and can adjust it against final tax liability.

A higher TDS rate means greater outgo at the time of receiving income, which increases the working capital requirement as credit for the deduction can only be claimed later.

Domestic staff may get minimum wage, pension ahead of polls

Other benefits include medical insurance, maternity benefits and provident fund.

By **Yogima Seth Sharma**

Some form of social security may be extended to millions of domestic workers ahead of the general elections in April-May this year. This could be a step towards universal welfare payments as envisaged under the Social Security Code, 2020, which has not been rolled out yet.

The benefits being considered include minimum wage, pension, medical insurance, maternity benefits and provident fund. "We are considering all options but a final call will be taken after we have the exact number of domestic workers in India," a senior government official said. The Social Security Code includes domestic staff under the 'wage worker' category.

This implies domestic workers will be entitled to wage-related benefits or government-defined wages once the code is implemented. The code subsumes existing social security laws and schemes, including the Employees' Provident Funds and Miscellaneous Provisions (EPF & MP) Act, Employees State Insurance (ESIC) Act, and the Unorganised Workers' Social Security

Act, among others. Social security schemes under these acts will, therefore, continue to be available under the code once it is implemented.

The Labour Bureau, under the Ministry of Labour and Employment, has conducted an all-India domestic workers' survey and is in the process of finalising it. The government will work on cost implications after examining the data and work profile, before defining the contours of the proposed social security benefits.

The survey's findings will also provide information on the various socio-economic aspects of domestic workers, including size of household, social group and economic activity. The Aadhaar-seeded e-Shram portal is a database for unorganised workers, including domestic employees. More than 292 million unorganised workers have been registered on the e-Shram portal up to 15 December 2023, since its launch in 2021.

As per the National Domestic Workers' Movement, the official estimate is 4.2 million. Unofficially, domestic workers are pegged at over 50 million, with 75% of them being women, experts said. But labour economist K.R. Shyam Sundar said including domestic workers may be problematic. "There is no clear definition of domestic workers under the code, which has clearly defined building workers and platform workers for the purpose of social security benefits. This means that domestic workers are not entitled to social security benefits provided under the code," he said.

Govt spending on infra likely to slow down

A year after announcing a record capital expenditure push, the Central government's allotment towards capex is likely to plunge in 2024-25 amid a continuous focus on fiscal consolidation, economists have said. The government has shown a strong commitment to raising capex spending, marking a significant increase of over 30% in the past three years. The budgeted capex target has been elevated to 3.3% of GDP, the highest in nearly 18 years, Goldman Sachs said in a report.

According to Aditi Nayar, Chief Economist, Icra, the government will have to curtail its capital spending in the coming year. Icra expects the government to keep a capex target of ₹10.2 lakh crore in 2024-25.

"A higher capex target would impinge on the government's ability to bridge half the required fiscal consolidation in 2024-25, thereby making the task of reaching medium-term fiscal deficit target by 2025-26 even more challenging," Nayar said.

Capex spending by the government in the first eight months of the year was 59.6% higher than the previous year, with the government spending 58.5%

of the ₹10 lakh crore target for 2023-24. "While the focus on supporting growth via capex is likely to be maintained, we expect the pace of spending to slow down in the budget. The distribution of capex is likely to be largely towards railways, roads, civil aviation and defence," said Rahul Bajoria, MD & Head of EM Asia (ex-China) Economics, Barclays.

Barclays noted that the government was likely to increase budgetary allocations for capex-only loans to state governments to ₹1.5 lakh crore in 2024-25, from ₹1.3 lakh crore announced in last year's Budget. However, they also said that "the capacity utilisation of states to undertake more spending on infrastructure projects may be nearing its limits". Barclays expects fiscal consolidation to be led by increased tax revenues, rather than any material cutback in expenditure.

Status report on the NPS likely in Budget

The 1 February interim Budget is likely to present a status report on the NPS. The group, headed by Finance Secretary T.V. Somanathan, that is reviewing the scheme, is likely to submit its report by the end of this month. The panel has considered some tweaks and guarantees in the discussions that have been held, but it's not in favour of adding to the fiscal burden or going back to the old pension scheme.

The Centre may seek public consultations before taking any action. "The fine print is being worked out," an official said. The report will focus on how to improve the NPS, taking into consideration the worries of a section of pensioners, in comparison with the old pension scheme (OPS). "The report will not be prescriptive and any changes, if required at all, will be weighed against the fiscal impact, and it will then be put up for public consultation," the official added.

The Centre had set up the panel in April last year to look into the issue of pensions under the NPS for government employees. The committee was asked to suggest measures to improve the NPS pension benefits while keeping in mind fiscal considerations.

PRODUCT LAUNCHES

:: MUTUAL FUNDS

Motilal Oswal Mutual Fund will launch the Motilal Oswal Large Cap Fund, a diversified equity scheme that will invest in large-cap stocks. Its benchmark is the Nifty 100 TRI. The minimum investment will be ₹500. **The NFO will be open from 17 to 31 January.**

Zerodha Fund House has launched the Zerodha Nifty 1D Rate Liquid ETF. The ETF replicates the Nifty 1D Rate Index, which measures the returns generated by lending in the overnight market. As the investment is made in short-term debt products backed by treasury bills, it carries a low credit risk and low interest rate risk. **The fund is expected to be listed on exchanges by 24 January.**

Bandhan Mutual Fund has launched the Bandhan Multi Asset Allocation Fund, an open-ended fund that invests in a mix of stocks, bonds and gold and silver ETFs. It is benchmarked to the Nifty 500 TRI (65%), Nifty Short Duration Index (25%), Domestic price of Gold (5%) and Domestic price of Silver (5%). **The minimum investment is ₹1,000. The NFO is open till 24 January.**

Old Bridge Mutual Fund has launched the Old Bridge Focused Equity Fund, an open-ended diversified equity fund that invests in stocks of up to 30 companies across market capitalisations. Its benchmark is the S&P BSE 500 TRI. **The minimum investment is ₹5,000. The NFO will be open till 19 January.**

Sundaram Mutual Fund will launch the Sundaram Multi Asset Allocation Fund, an open-ended fund that will invest in a mix of stocks, bonds and gold ETFs. It will be benchmarked to the Nifty 500 TRI (65%), Domestic Price of Gold (25%) and Nifty Short Duration Index (10%). **The minimum investment is ₹100. The NFO is open from 5 to 19 January.**

Mirae Asset Mutual Fund has launched the Mirae Asset Multi Asset Allocation Fund, an open-ended fund that invests in a mix of stocks, bonds and gold and silver ETFs. It will be benchmarked to the S&P BSE 200 TRI (65%), Nifty Short Duration Index (20%), Domestic Price of Gold (10%), Domestic Price of Silver (5%). **The minimum investment is ₹5,000. The NFO is open till 24 January.**

Beware of 'long stocks'

Instead of focusing on companies' future growth, when growth depends on the flow of cheap money, consider their current profitability, says **Dhirendra Kumar**.

DHIRENDRA KUMAR
CEO, VALUE RESEARCH

MONEY MYSTERIES

There's often a movement of capital towards 'long stocks' when interest rates are low. These are the stocks of companies believed to have many years of rapid growth ahead. For these companies, more of the projected cash flows are in the distant future. Yet, investors may become more attracted to these stocks when the rates are low.

At this time of the year, people usually write about what the previous year was like or what the year ahead will hold. Last January, I looked back at 2022 and said it was a 'Good Bad Year'. What I meant was that on paper, it looked like it should have been a bad year, what with the war in Europe, oil price spike, and Covid issues. Despite these events, it was a relatively good year for investors. By the same standard, 2023 was a good year. So, by the principle of mean reversion, are we now due for a bad year or, perhaps, a bad good year? It doesn't matter.

Most predictions are worthless over a period as short as a year, even though these might make sense over a longer period. Here's a good example. Over the past three years, the consensus Wall Street forecast for the US equity market's performance has been 7%, 9% and 7%. The actual performance was 27%, -19% and 24%. The forecast may have been completely wrong, but here's an interesting fact. Aggregated over three years, the forecast was +25%, and the actual performance was +28%. So, while the forecast managed to look utterly delusional for each of the three years, the mistake actually lies in the very idea of having an annual forecast because a three-year forecast would have been accurate.

Still, macro-economic factors have clear trends that can affect investors, the biggest being the cost of money, or interest rates. Generally, almost anyone with a say in economic matters wants lower interest rates, but there are exceptions. A few days ago, investor-writer Howard Marks wrote a note on 'Easy Money'. As you would expect from the title, Marks is no fan of low interest rates and free flow of liquidity to whoever wants it. He argues that while these policies can stimulate economic growth in the short term, they often lead to inflation and asset bubbles that can have devastating effects in the long term. Marks points out that the excessive liquidity

GETTYIMAGES

in recent years has led to unprecedented levels of corporate debt and an overvaluation of assets, which could spell trouble for the market if interest rates start to rise.

In this note, Marks uses the term 'long stocks'. The word 'long' here does not mean what it normally does in equity investing, but is used as an analogue to 'long bonds'. Here's what he says: 'Under easy money conditions, long-dated bonds may appear particularly desirable...'

However, long bonds are more rate-sensitive than short ones, meaning their prices change more in response to a given change in interest rates. Later, it seems to me that there's often a similar movement of capital towards 'long stocks' when interest rates are low. By this, I mean, the stocks of companies believed to have many years of rapid growth ahead. For these companies, more of the projected cash flows are, by definition, in the distant future. Yet, investors may become more attracted to these stocks when rates are low because they want the higher returns that such rapid growth is likely to bring. There's less opportunity cost associated with the long wait for the relevant cash flows. Just as the prices of longer bonds fluctuate more in response to a given change in interest rates, the so-called 'growth stocks' usually rise more than others in times of easy money, and fall more when the money dries up.

It's not a precise analogy, but equity investors should pay attention to whether they are too enamoured with future growth when that growth depends on the continuous flow of cheap money. As in the case of consumer products and services, the time for free stuff is gone. Money, especially money over time, is worth more now, and everything being funded for the future will have to be examined closely for real value. The present is more important now, especially the profitability of the companies that you invest in.

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Major UPI apps can remit from Singapore

The UPI and PayNow cross-border connection now makes it possible for Indians to receive instant and safe remittances from the Indian diaspora in Singapore. The account-holders of participating banks and financial institutions in India and Singapore can conduct the cross-border remittance transactions through the UPI-PayNow linkage.

This facility can be accessed by users of BHIM, PhonePe, and Paytm apps. Additionally, Axis Bank, DBS Bank India, ICICI Bank, Indian Bank, Indian Overseas Bank, and State Bank of India will be providing this service through their respective apps, stated a press release issued by the National Payments Corporation of India.

The banks in India presently enabled to send remittances through the UPI-PayNow linkage include the ICICI Bank, Indian Bank, Indian Overseas Bank, and State Bank of India.

According to the NPCI press release, "More third-party application providers (TPAPs) and bank apps such as Bank of Baroda, Bank of India, Canara Bank, Central Bank of India, Federal Bank, HDFC Bank, IDFC First Bank, IndusInd Bank, Karur Vysya Bank, Kotak Mahindra Bank, Punjab National Bank, South Indian Bank, and UCO Bank are expected to be added to the linkage soon."

There is a daily transaction limit of around ₹60,000, which is equivalent to around SGD 1,000, for undertaking the cross-border remittance transactions through the linkage.

Presently, only person to person (P2P) remittances for the purposes of 'Maintenance of Relatives Abroad' & 'Gift' are being allowed.

There is also a provision for consent by Indians to receive the incoming remittance from Singapore via an opt in/opt out feature in the apps of the participating banks in India.

The funds are transferred in real-time, reaching the recipient's bank account within seconds. The linkage uses robust security protocols to ensure safe and reliable transactions. The transaction fees are competitive, making the service ideal for small and frequent remittances. The facility is available 24x7, 365 days a year.

—Sneha Kulkarni

Don't invest just to save tax

In this tax-saving season, carefully consider the reason you are investing. An inappropriate asset may result in operational inconvenience, lower earnings, and bequest complications later on, says **Uma Shashikant**.

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UMA SHASHIKANT
IS CHAIRPERSON,
CENTRE FOR INVESTMENT
EDUCATION AND LEARNING

Many investors view tax concessions as choices that must be optimised. Why should we worry about this? We may end up with an asset allocation that won't serve our goals and needs. We may give up operational flexibility while choosing products. We may not be able to access the asset for other important uses.

Our neighbor has gone to his village to sell his ancestral property that has been passed on through the generations. Neither he, nor his father have ever worked or lived on that land. He does not expect his son to work there either. However, the decision to sell the property has not been easy and he has been dithering over it for nearly a decade now.

There have been various obstacles even after he began to consider selling. The property is divided in various ways. The ownership rights are in the joint names of grand uncles and uncles. There are various combinations of HUFs, with children and grandchildren residing all over the world. Some of these joint owners are deceased and their heirs have rights to the properties.

Why has nothing been done all these years? After all, the family has long moved away from pursuing agriculture as the core profession. The answer is a single word that holds the power to skew investment decisions to this day—tax. No one with a stake in the property wants to pay capital gains tax. They would prefer to kick the ball down to the next generation and let things lie rather than settle and share whatever is left.

This obsession with tax avoidance is prevalent to this day. Many of my retired friends, who pursue alternate professions in consulting, advisory, teaching, mentoring and such services, sulk when they hear about taxes. They would rather earn less than the maximum annual threshold than register for GST and keep their books clean.

My worry is about the impact of this orientation on investments and assets, and the enormous misallocation of wealth it results in. A friend of mine asked me about a PPF account she had forgotten about. We used to invest ₹10,000 every year in the names of the children, she said. Now, the children are well over 30, and this account holds precious savings that need procedural paperwork to access.

We know of many who buy insurance and tax-saving schemes during this season, without considering whether the product will fit into their financial goals or not. The tragedy of failing to pay premiums on policies, allowing these to lapse, is still taking place. Senior citizens consider the post office savings as their first choice, and insist that that scheme for retired investors offers the best tax-saving.

Many common investors view tax concessions as choices that 'must be optimised'. Why should we worry about this?

First, we may end up with an asset allocation that won't serve our goals and needs. If a young couple is saving for the long term, and has a steady salary income to meet all their routine expenses, their portfolio needs growth assets. Investing in interest-bearing income assets only to save taxes will slow down the growth of their corpus. Over a 20-year saving horizon, the rate of return on equity is likely to far exceed that of debt. That compromise might be costly.

Second, we may give up operational flexibility while choosing products. How easy it should be to invest, borrow, liquidate, access gains or incomes should depend ideally on our life stage. We may not have a stable savings ratio yet, or have some income instability that increases our liquidity requirements. Investing in products with lock-in features, only to save taxes, might hurt us.

Investing in children's names is another level of complexity. Once they turn 18, they are legally the owners of the assets. Parents will not be able to operate the account, but will have to complete the paperwork for conversion from minor to major, registering the signatures and other identity documents. Investing in haste to save taxes can result in many operational mishaps. We have seen instances where the son hasn't modified the nomination and his mother claims the insurance and investments, leaving his widowed wife to fight it in the courts.

Third, we may not be able to access or release the asset for other important uses. We know of young earners locking their savings in flats too early in their careers. They then suffer locational inflexibility, and cannot liquidate portions of their chunky assets for any large financial requirement. We also know of parents who pass on flats and houses to their children primarily because they dislike the huge capital gains tax.

Then there are those with multiple residential flats, who won't sell them to fund higher education, business ventures, or housing plans for children, but only agree to pass it on. Most of them have admitted that they hate to lose the appreciated value of the house to taxes. They want to keep the gain, but not pay taxes on it.

Fourth, we may complicate bequest from the choices we make primarily for purposes of saving taxes. These issues get compounded if the children live abroad. They may be residents of a foreign country, ineligible to hold some of these investments. They may find it difficult to repatriate the funds. They may be unfamiliar with the law and rules there to manage, sell or transfer the assets they have inherited.

Simple assets like bank deposits, equity shares, bonds and mutual funds may not always offer tax benefits, but may be easy to hold, monitor, sell, transfer, operate electronically and bequeath. The taxes that may ensue may be less painful if viewed as a price to pay for convenience. Today's investors may not suffer the punitive tax regimes of the past that encouraged tax evasion and the cash economy. Even if they had, we have come a long way ahead.

This tax season, consider the assets you own, and review these for your motivation to hold them. If there are other reasons why these assets fit your needs and your wishes for bequest, make sure they are convenient and easy to hold and operate. If you have assets bought and held just to save taxes, consider the consequences of that orientation. Do not choose kicking the can along the road as a strategy, for it is not strategy but denial. Your assets deserve better.

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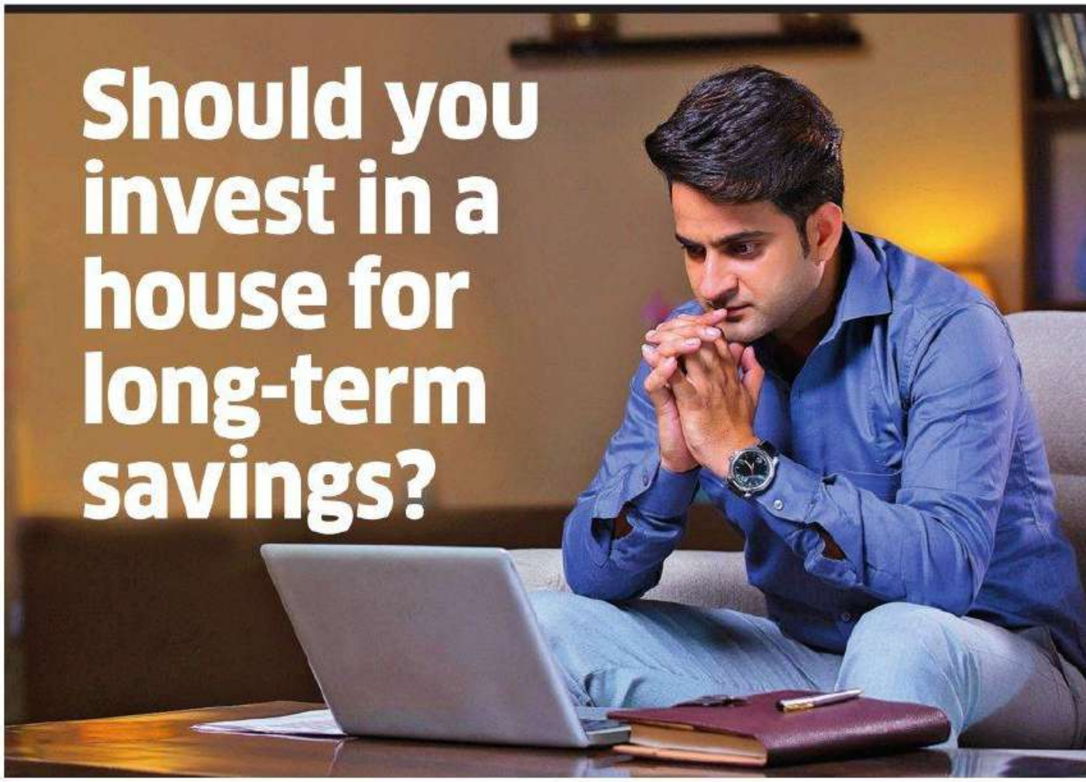
Should you invest in a house for long-term savings?



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Ashish is single and lives with his parents. He has never done any financial planning or saved much, except for the mandatory annual savings through Provident Fund and tax-saving investments. He has indulged in spending bouts, running up huge outstanding bills on his credit cards, but is slowly coming out of it. His parents feel that Ashish will use his income better if he makes a long-term investment, such as the purchase of a house. He is also considering a change of job. Ashish would like to know if it is the right approach to initiate a long-term savings plan by considering a large investment like a house purchase.

Ashish's decision to buy his first house should be based on his need for it and readiness to service a large financial commitment. He should not consider it from an investment perspective. Since he lives with his parents, there is no immediate need as there will be no saving on rent. It will not add to his financial well-being at this stage. Buying for his future needs implies making many assumptions about the future, all of which may not hold true. Liquidating this purchase later to buy a more suitable house has many procedural and tax issues. Therefore, it is best for him to buy a house when he can evaluate his needs.

Ashish may also not be in a position to make the down payment for the house given his lax saving habits. He may be forced to take a high-cost loan that strains his income further. His poor debt habit will also mean a poor credit score and this will translate into a higher cost for the loan.

Ashish needs to do some groundwork before he considers buying a house. He must build a good credit profile with timely payments and low credit usage. It will take him a few years to erase the poor record and build a good one. This is essential for him to get his home loan on better terms in the future. Next, he must set up a goal to build a corpus for his down payment, and work towards it. This will give him a fair idea about when he will be ready to buy a house.

Ashish is currently not ready for real estate as an investment. At this stage, his investment should be flexible, considering the uncertainty of his job and income. It should be income-oriented so that it can be used to support his income. As his income stabilises, he can consider long-term, growth-oriented investments, but ones that are flexible. Real estate, as investment, will be suitable at a stage when his income and cash flow are not a constraint for his financial situation.

PAPER WORK

Online life certificate

It is mandatory for a person receiving pension in India to furnish proof every year that he is alive. He can do so by providing a life certificate, which can be obtained physically from the bank that has his pension account. It can also be obtained online through the following process.

Application

Pensioners can initiate the process by downloading the Jeevan Pramaan mobile application or by visiting a Jeevan Pramaan Centre to get themselves registered. They can register by providing essential details, such as Aadhaar number, pension payment order (PPO) number, bank account details and registered mobile number.

Biometric authentication

The online life certificate process involves biometric authentication. Pensioners are required to visit an authorised Aadhaar Seva Kendra or a nearby bank branch for biometric verification. This step enhances the security and authenticity of the life certificate.

Mobile OTP verification

After biometric authentication, an SMS acknowledgement is sent to the user's mobile number, including the Jeevan Pramaan Certificate ID. The certificate is stored in the life certificate repository and is accessible at any time by the pensioner as well as the pension disbursing agency.

Accessing the certificate

The pensioner can download the Jeevan Pramaan certificate from the Jeevan Pramaan website by providing the certificate ID.

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

SMART THINGS TO KNOW

EMIs on joint home loans

1. Joint home loans are permitted only when the property funded by the loan is held jointly.
2. If a home loan is taken jointly, EMIs to repay the loan should also ideally be made by joint holders.
3. Joint holders are eligible for individually claiming tax benefits on the repayment of principal and interest on the loan.
4. A simple documentation of proportionate holding between joint holders can be made, and EMIs paid in that proportion.
5. The repayment of loan can be in any proportion as agreed upon by joint holders, and not necessarily identical to the proportional holding in the property.

Prices of daily essentials to fall soon

This is a part of an effort by companies to improve volume sales and fight competition from regional brands.

by **Writankar Mukherjee & Sagar Malviya**


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Price tags for most daily household, personal and food products will fall in the next few months, with consumer companies rolling out products with increased grammage or pack weight, especially for small packs priced at ₹5-20. Electronic companies are also postponing price hikes for refrigerators and air conditioners despite a 3-4% increase in commodity costs, such as steel, aluminium and polypropylene, in the past 2-3 months, while mobile phone manufacturers are going to launch 5G smartphones in the sub-₹10,000 segment, industry executives said.

"We continue to pass on the cost benefits to consumer either through reduced pricing or increased grammage. We believe that this will lead to an increase in volume demand. In lower price packs, grammage has been increased by 5-10%," said Neeraj Khatri, Chief Executive, India and Saarc business, Wipro Consumer Care.

These pricing actions are part of an all-out effort by the companies to improve volume sales, which is crucial for the industry to expand sales. The industry is expecting volumes to grow significantly from March-April onwards with lower and stable pricing, increased government spending ahead of general elections, and higher farming income aiding the recovery process. For FMCG, it is also to fight the increased competition from regional brands. Mayank Shah, Senior Category Head at biscuit major Parle Products, said grammage has been increased for small packs by 12-15%, which hitherto was only for large and mid-sized packs. "Volume growth has started to come in and needs to gather pace. Also, the pack size increase will help to fight the increased competition from regional players, who are back with a vengeance after input costs came down," he said. As per the latest report by Nuvama Institutional Equities, ₹5 pack comprises 32% of FMCG volumes, ₹10 at 22% and ₹20 at 10%.

The report said large companies will eventually regain market share and remain competitive by offering more value at the mass end through cross subsidy from the premium end, whereby local competition will gradually fade out in two more quarters. Hindustan Unilever has recently cut prices of soaps and laundry products, the report said. For electronics, the industry is battling a recent increase in commodity costs, but is going to absorb it. Godrej Appliances business head Kamal Nandi said while there is a case of 2-3% price hike, the industry is going to absorb it. "It's the wrong time to increase prices since the main priority is to improve demand," he said. Smartphone brands too are going to launch more 5G models in sub-₹10,000 segment to revive buoyancy in that segment.

Market researcher Counterpoint's Research Director Tarun Pathak said the market recently saw a couple of 5G devices in the sub- and near-₹10,000 price brand by brands like Itel and Lava. "With a big potential market, brands like Lava, Nokia HMD, Xiaomi and its sub-brand Poco are working to bridge the 5G gap in the lower segment. Fierce competition is driving prices down, and it's anticipated that 5G smartphone prices can go down further and reach the ₹9,000-9,500 range. This is despite the challenges of rising component cost," said Pathak.

A recent JM Financial report said it expects gross margin expansion of 326 basis points in the third quarter for the home, personal and food companies. "For a few companies like Britannia, GCPL that have hedged their input costs well last year, margin recovery was already under way during the third quarter last year, creating a tougher base," the report added.

Does commercial or residential realty give better returns?

Our first bet is on commercial real estate, says **Anshu Kapoor**, Head of Global Wealth Management, Nuvama Asset Management.

As part of business at Nuvama Asset you are aiming at upping your real estate play. Tell us about your plans and the recent JV with Cushman. How big can be the size of opportunity for Nuvama?

Thank you for asking about this JV. Maybe I can tell you a little bit about the size of opportunity. The commercial real estate sector in India is a $100 billion asset class. This is going to double over the next 10 years to become $200 billion. So, it is a very, very large asset class. To give you a sense of comparison, the private equity asset class in India is about $300 billion. So, this asset class cannot be ignored and this is a structural story. India today consumes or creates supply for about 50% of the Asia-Pacific. So, Indian cities dominate Asia-Pacific in terms of commercial real estate supply. However, it has been invested largely by foreign capital over the past 10-15 years. All the large funds that we know of have been investing in this asset class, and domestic investors have been left out. Though Indian investors have not been able to access this asset class, they have had very few products to choose from.

The demand is there, but the supply of high-quality, institutional grade products does not exist. So that is our endeavour to be able to serve that demand, to serve that opportunity and give access to the Indian investors to our own commercial real estate assets and create value for them.

Does commercial or residential realty give better returns for you and your clients?

The reason I am talking about commercial real estate as a preference is because it is a very large asset class. There is a lot of institutional participation, a lot of foreign capital participation. So, it is a large sophisticated market right now, and if you want to sell grade A, grade A plus buildings, there are buyers for that. What also works is the annuity profile, as in, these are leased out assets which have an annuity profile. So, from asset ownership, value creation and, eventually, exit and liquidity point of view, the profile for commercial real estate is far superior right now. Residential has not been an investor's market so far, acquiring small units and then being able to sell to end users is a little bit of a hard task, and our first bet is on commercial real estate.

As a private equity player, valuations are challenged because the cycle is favouring real estate. Does that become an issue?

There are various segments or parts where the valuations are a challenge in a market that is a fully ready, leased out asset. So, competition, or a lot of capital, is chasing limited supply. Indian commercial real estate is about 770 million sq ft, of which, the occupied grade A plus assets that are available in the market are being competed for. But in India, there is about 170 million sq ft to come over the next five years. If you go on new builds or under construction assets, there is a lot more supply and less capital chasing them. So, the opportunity is in assets that are either ready, not fully occupied, or those that will come up in the next two to three years. That is the area we would like to focus on.

How long do you think this opportunity will last? Is it a prolonged cycle and you can build your business over 3-5 years?

Absolutely. Beyond IT and IT services, global capability centres or MNCs are effectively calling India their second home. What is not talked about is Indian companies or new company formation that is leading to a lot of growth. The commercial real estate market is well diversified and as we build products and create awareness, we may be able to give this data to consumers and say that it is a big asset class and is here to stay.

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Your dream home may be within reach

Even though home loan rates are up and property prices are rising, houses have become more affordable across the eight biggest Indian cities, as per a study by Knight Frank India.

by **Kailash Babar**

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The affordability of housing in India's major property markets has risen, thanks to a consistent rise in income levels and improved macro-economic indicators. Despite higher mortgage rates in the past year, the affordability level, which is the income proportion needed to cover monthly instalments for an apartment, has witnessed a positive trend, according to a study by Knight Frank India.

Ahmedabad remains the most affordable housing market in the country with an affordability ratio of 21%. The number denotes the average household income needed to pay the EMI of a home loan for an average-sized house in the city. Kolkata is in second place, followed by Pune.

While only marginally better than last year, home affordability across cities has significantly improved since the pre-pandemic year of 2019, the Knight Frank India analysis says. Mumbai is the only city beyond the affordability threshold of 50%, a level beyond which banks rarely underwrite a mortgage. However, the most expensive residential market in the country has seen an improvement in its affordability this year. Mumbai's affordability index dropped to 51% in 2023, down 16 percentage points from the pre-pandemic level of 67% in 2019. The National Capital Region (NCR) has also seen its affordability improve to 27% in 2023 from 29% in 2022.

An expected moderation in inflation and projected downward trend in interest rates should further improve home affordability in 2024. "Anticipating stable GDP growth and moderation in inflation in 2024-25, affordability is expected to strengthen. Further, if the RBI decides to lower the repo rate later in 2024, as is widely expected, leading to a reduction in home loan interest rates, the affordability of homes in 2024 could see a noteworthy enhancement, providing a comprehensive boost to the sector," said Shishir Baijal, Chairman & Managing Director, Knight Frank India.

Responding to the inflationary environment, the central bank, through six successive jumps since May 2022, raised the policy rates by a cumulative 250 basis points, taking the repo rate to 6.5%. It finally hit a pause in April last year. Home loan rates at 9% and an uptick in property prices have not impacted the housing sales activity so far and prices have also witnessed an uptick.

"While residential prices continued to rise in 2023, the improved economic and job prospects, along with a healthier income growth compared to 2022, have resulted in an improving affordability for homebuyers. The upward trajectory in inquiry levels and actual sales conversions unmistakably signals this positive trend," said Sandeep Runwal, President, NAREDCO Maharashtra.

Affordability on the rise

Housing affordability was high in 2023 due to the rise in incomes.

City	2010	2019	2021	2022	2023
Ahmedabad	46%	25%	20%	22%	21%
Pune	39%	29%	24%	25%	24%
Kolkata	45%	32%	25%	25%	24%
Chennai	51%	30%	24%	27%	25%
Bengaluru	48%	32%	26%	27%	26%
Delhi NCR	53%	34%	28%	29%	27%
Hyderabad	47%	34%	28%	30%	30%
Mumbai	93%	67%	52%	53%	51%

Source: Knight Frank India Affordability Index 2023.

METHODOLOGY

- The Knight Frank Affordability Index indicates the proportion of income that a household requires to fund the monthly instalment (EMI) of a housing unit in a particular city.
- If the Affordability Index of a city is 40%, it implies that a household needs to spend 40% of its monthly income to pay the EMI of a housing loan for an average unit.

ASSUMPTIONS USED

EMI, house size and price/sq ft are city-level averages.

Loan tenure: **20** years

Loan amount: **80%** of house value

Home loan rate: Median MCLR of scheduled commercial banks with 40 bps spread

Area of house: Average house size varies for cities but is fixed across years

Housing price: Median housing price for that city

Ahmedabad is the most affordable among top 8 cities. Only 21% of the household income is needed to pay EMI.

Mumbai's affordability has improved a lot since 2010, when it was 93%, but even 51% is not acceptable to most lenders.

Hyderabad's affordability has improved very little because of the spurt in real estate prices in the past few years.

Prices have spurted in **Delhi NCR** as well, but the rise in average household income has kept affordability high at 27%.

Please send your feedback to etwealth@timesgroup.com

Q&A

Our panel of experts will answer questions related to any aspect of personal finance. If you have a query, mail it to us right away.

QUESTION OF THE WEEK

I am 34 years old and plan to retire by the age of 50-55. I have a six-month-old daughter. My take-home salary is ₹80,000 per month. I invest ₹7,000 in the PPF, ₹4,000 in Kotak ELSS Tax Saver Fund, and also buy gold worth ₹10,000 every month. I have an HDFC term insurance for which I pay a premium of ₹3,200 a month. I intend to invest ₹12,500 a month in the Sukanya scheme. I live in my father's house and pay no rent. How should I invest to secure my future?

As per the information shared by you, you have a monthly investible surplus of about ₹36,000. It is advisable to first secure your financial health by having an adequate emergency fund and insurance. While you have already purchased term insurance from HDFC Life, ensure that it is at least 10-15 times your annual income. Buy a health cover of ₹50 lakh, with a base cover of ₹5 lakh and super top-up cover of ₹45 lakh, to avail of a bigger cover at a low premium.

You can go ahead with the monthly investment of ₹12,500 in the Sukanya Samriddhi Yojana. Investments in this scheme qualify for tax deduction under Section 80C, while the interest income is tax-free. As it offers higher returns than the PPF while scoring the same on taxation, capital and income protection, you can trim down your annual investment in the PPF to ₹500.

Contain your gold investment to 10% of your monthly investible surplus. The negative correlation between gold and equities makes the former more of a hedging instrument against equities than a growth-oriented asset class. Invest in gold through Sovereign Gold Bonds (SGB) in the secondary markets at monthly intervals. In addition to the scope of capital appreciation, SGBs offer an interest income of 2.5% per annum on the nominal value of investment, a feature not offered by physical gold, gold ETFs or gold funds.

The rest of your monthly surplus can be distributed equally among large-cap, flexi-cap and aggressive hybrid fund categories through SIPs. You can consider the direct plans of ICICI Prudential S&P BSE Sensex Index Fund and HDFC Index Fund S&P BSE Sensex Plan for the large-cap index category; PGIM India Flexi Cap Fund and Parag Parikh Flexi Cap Fund for the flexi-cap category; and Kotak Equity Hybrid Fund and ICICI Prudential Equity and Debt Fund for the aggressive hybrid category.

You can stop fresh investments in the Kotak ELSS Tax Saver as your Section 80C deduction would be covered by your Sukanya investment and equity exposure by investing in the above-mentioned equity funds.

Naveen Kukreja
CO-FOUNDER AND CEO, PAISABAZAAR.COM

I am a regular investor in the equity market and buy stocks every month to average out the price. I recently sold TCS stocks under the buyback scheme. Is there a separate tax implication for the profit earned or is it considered the same as LTCG/STCG? What are the tax implications for foreign stocks bought and sold for both long and short term? While investing in fixed deposits, how is the tax calculated in case of interest reinvestment? For instance, if a fixed deposit was started on 1 January 2024, matured on 31 December 2026, and interest was credited in December 2026, will I have to pay tax in assessment year 2026-27?

There is no specialised tax treatment for buying back of listed equity. The profit earned will be taxed at 10% for long-term capital gain if the holding period is more than a year. If the period of holding is less than a year, the profit earned will be taxed at 15% as short-term capital gain. Foreign stocks are treated in the same manner as unlisted equity. The long-term capital gain tax of 20%, besides the applicable surcharge and cess, is applicable if the shares are held for 24 months or more. The benefit of cost inflation index can be applied to the cost of acquisition while calculating LTCG. STCG is taxable at the applicable tax rates for the individual (plus applicable surcharge and cess) if foreign shares are held for less than two years.

For fixed deposits, ask your bank for the yearly interest certificate and show the annual interest earned as 'other income'. This will be taxable at your individual applicable rate. If you wait till maturity to offer the fixed deposit interest to tax, the entire tax burden will shift to the year of redemption and can also push up your tax slab. Therefore, it is advisable to pay tax yearly on the basis of your interest certificate.

Shubham Agrawal
Senior Taxation Adviser, TaxFile.in

I am 40 years old and have a monthly income of ₹2 lakh. My expenses are about ₹1.5 lakh per month. I would like to invest ₹50,000 per month for wealth creation. My goal is to have ₹1 crore after 10 years. Is ₹50,000 sufficient for the purpose? What would be the recommended funds?

Monthly SIPs of ₹50,000 in passive or blue-chip funds, with 10-12% CAGR, would comfortably allow you to accumulate ₹1 crore over the next decade. If you invest in good ELSS funds, you can expect much higher returns, and your investment at the end of 10 years could grow to ₹2 crore. This would be even higher if you step up your investments annually. Keep three things in mind when you invest. Diversify your investments, but not too much. Over-diversification within mutual funds can lead to varying returns from different fund classes, bringing down the overall return. Second, plan your financial goals, including retirement, and save individually for each goal. Finally, ensure you are adequately insured.

Adhil Shetty
CEO, BankBazaar

One of my distant relatives has a 33-year-old son. He does not intend to take up a job and wants to help poor children by teaching them for free. His father has left him a corpus of about ₹6 crore and he wants to live off this amount for the rest of his life. He has a house and does not want to marry. Will this corpus be sufficient if he doesn't earn, assuming a life span of 80 years, or should he take up a job to secure his future? His current expenditure is about ₹15 lakh per annum.

He is young and has a long life ahead of him, assuming a life span of 80 years. Life is unpredictable and things can take a turn for the worse anytime. His current expenditure of ₹15 lakh per annum is high and, after factoring in inflation, his annual expenses may increase further. Currently, ₹6 crore may be sufficient to meet his expenditure for several years via the SWP (systematic withdrawal plan) route. However, considering the volatility in equity markets, interest rates and inflation, it would be risky to not do anything and depend on this corpus to sustain him for the next 50 years.

Even though his aim is very noble, to be on the safe side, he should consider taking up a job or start a business to secure his future. He may want to take up a job in education through which he can get an income and, at the same time, help poor children. He may want to work for a decade or two and then think of taking up retirement. Till this time, he can invest ₹4-5 crore of this corpus in equity mutual funds, and let it compound and grow. He can put in the rest in high credit quality fixed income instruments for stability, regular income and emergency needs. In this way, he will be fully secured, with minimal risk to his finances.

Rushabh Desai
Founder, Rupee With Rushabh Investment Services

My 66-year-old sister has no income and no one to support her after she lost her son. I have decided to sell her flat and move her to a senior living home with a monthly expenditure of ₹50,000. The sale will leave me with about ₹1 crore after deducting capital gains tax. How should I invest this amount to generate a monthly income for her?

Invest in safe options that give around 7% return. Choose from the Senior Citizens' Savings Scheme, RBI Floating Rate Bonds, and bank fixed deposits that you can lock in at this rate for five years or more. Considering her age, keep at least 10% of the corpus in a combination of savings bank account and short-term bank FDs so that it can be easily liquidated. This will also be necessary to pay taxes, apart from possible medical needs.

Vidya Bala
Co-Founder, PrimeInvestor.in

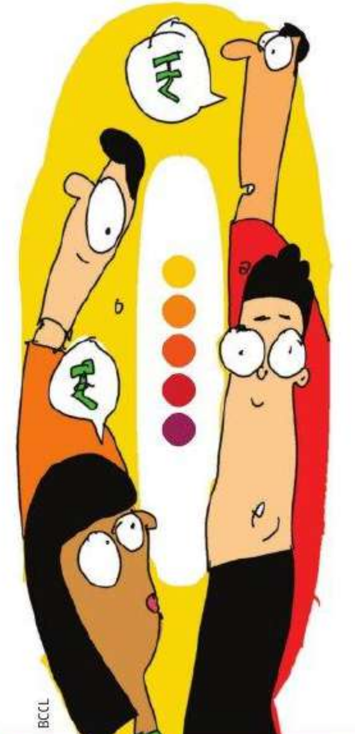
Ask our experts

Have a question for the experts?
etwealth@timesgroup.com

WEALTH WHINES
Money & Relationships

Why you can't stick to financial resolutions

Here are some pointers on forming an effective strategy that will help you achieve your financial goals in the new year, says **Riju Mehta**.



BCCL

If you, like most people, started the new year on a peppy note, determined to introduce some personal finance changes in your life, but are already losing steam, don't fret. You may not be the only one who find their resolutions fizzling out within the first month of making them. Whether you want to bring a change in your money habits and attitudes, planning of finances, or goal setting and achievement, being consistent needs to be the key for success. If you are unable to remain consistent, there may be a flaw in your plan or strategy that is resulting in failure to stick to your resolve. Check the following points to know how not to break your financial resolutions.

Make small, feasible goals: It is possible that the enthusiasm to make resolutions or bring about changes has made you too ambitious. This often results in big, seemingly impressive goals that often turn out to be unfeasible, either because they are impractical or because you become too overwhelmed by them. So, it's better to break down the goals into small, realistic steps that can be achieved more easily. For instance, if you have decided that you want to buy a house within this year, first check if it is financially feasible to do so. If you started a job just a couple of years ago, you will neither have the lump sum for down payment, nor a big enough salary to afford the chunky EMIs. So break this goal into smaller steps that include building the corpus for down payment, increasing the salary, and searching for an affordable house.

Set realistic time frames: If you make open-ended resolutions with vague deadlines or too tight a time frame of achieving it, you are most likely to fail. If, for instance, you resolve to start saving for a foreign vacation next year, but can only save a small amount that will amass into an insufficient corpus for the trip, you will have to reconfigure the timeline. Push the holiday by a year or two, and you are likely to achieve it.

Be focused and specific: It is important to make well-defined and specific goals instead of voicing a general desire to achieve something. So, if you decide to curb your extravagant spending without actually deciding how you will achieve it, it's impossible to fulfill the goal. Flesh out the resolve by listing the specific steps you will take to cut down on your spending. For instance, you could let go of your credit card or UPI payment mode; or make a list of things you need before you shop; fix an amount every month that you will spend on your wants; or not spend anything during the big online sales. Create the exact route to reach your goal, instead of just fixing a destination.

Try alternatives options: If you have made a feasible resolution and a detailed plan to achieve it, but you still fail, perhaps you need to change the approach or try other options. Suppose you decide to save for your child's foreign education in a specific university in a country of the child's choice, but your income and spends do not leave you with enough investible surplus. In such a case, be flexible about opting for an Indian institute, or a cheaper country and university. On the other hand, you could develop another income stream by freelancing or monetising your hobby to generate enough surplus.

Don't give up: Finally, remember that you are bound to fail, especially if the goal involves changing habits or inculcating financial discipline. So don't be harsh on yourself and start again even if you fail a few times. Never giving up is often the secret to fulfilling your resolve.

IF YOU HAVE A WEALTH WHINE, WRITE TO US...

All of us have been in a financial dilemma when it comes to relationships. How do you say no to a friend who wants you to invest in his new business venture? Should you take a loan from your married brother? Are you concerned about your wife's impulse buying? If you have any such concerns that are hard to resolve, write in to us at *etwealth@timesgroup.com* with 'Wealth Whines' as the subject.

Disclaimer: The advice in this column is not from a licensed healthcare professional and should not be construed as psychological counselling, therapy or medical advice. *ET Wealth* and the writer will not be responsible for the outcome of the suggestions made in the column.

READERS' QUERIES

Q ***My father had two self-acquired properties, which he verbally promised only to me, not my brother. However, he died intestate. How will these properties be divided?*** —Meena

Since your father died without a will and the properties were self-acquired, these will be distributed equally among his class I legal heirs, including his mother, if she is alive, wife and children (you and your brother). Verbal promises have no validity and laws of succession come into force if a person dies intestate.

Q My father passed away recently after a long illness without writing a will. He had two self-acquired properties in his name, one of which is occupied by my mother and I. I am 32 years old and single, while my only younger brother is married and stays in his own house. How will these properties be passed on to us? Does my brother's wife have any right to these houses? —Sanjeev

Since your father died intestate and the properties were self-acquired, these will be distributed equally among the class I legal heirs, comprising his mother, wife and children. Your brother's wife cannot stake a claim to these properties till your brother is alive, and even after his death, she will have a right only to his share of the properties.

Q I and my husband have one biological child and another one who is adopted. We have two houses, one of which is self-occupied and the other has been bought as an investment. Both of these have been bought by my husband with his own money. What will be the right of both my children in these properties? —Swapna K.

A legally adopted child has the same right to his father's properties as the biological child. If your husband passes away without writing a will, the properties will be distributed equally among all class I legal heirs, including both the chidren. If, however, your husband wants to pass on the properties to someone else other than his legal heirs, he can do so through a will, mentioning the beneficiaries and the reasons he does not want his legal heirs to inherit his properties. This will ensure a smooth transfer of his immovable assets.

Q I am 72 years old and have one self-acquired property and some inherited property as well. I have two children, but I want to pass on these houses only to my older son. Can I will these properties to him before I die? —S.S. Kaushal

While you can pass on your self-acquired property to whoever you want through a will, the inherited property will go to all the legal heirs by the virtue of their birth. Hence, you can will your self-acquired property to your older son via a will, mentioning him as a beneficiary and listing the reason for leaving out your other son, to avoid property disputes later on. The younger son will, however, have a share in the inherited property.

Disclaimer: The responses are based on limited facts provided by the queries. It is advisable to consult a legal practitioner after presenting full facts and documents. Responses should not be considered as legal advice in any manner whatsoever.

State Secrets: Rajasthan

If, instead of foreign holidays, you prefer to travel within India, here's a series to help you plan the best vacations in each of the 28 states and 8 Union Territories. We highlight tourist attractions, culinary choices, modes of travel, and the costs involved. In the 20th part of the series, **Riju Mehta** takes you to Rajasthan.


GETTY IMAGES

CAPITAL
JAIPUR

BEST TIME TO VISIT
OCTOBER TO MARCH

The 'land of kings' in the north-west India is the largest and one of the most exotic states in the country. It stands out for its opulent palaces and forts, stunning architecture, rich wildlife, vibrant culture and folk music, and spicy cuisine. While many of its palaces have been converted into heritage hotels and are the preferred setting for lavish weddings, several others are among the top tourist attractions worldwide. Known primarily for its Thar desert, the state has a varied topography, including lush Aravali forests and wetlands, and is part of the Golden Triangle, a popular tourist circuit.

HOW TO REACH FROM DELHI...

The fastest way to reach Rajasthan is by air, with the Delhi-Jaipur flight taking about an hour. The cheapest one-way flight is for ₹1,720 on Skyscanner. You can also take a train from Delhi to Jaipur, which will take 4-6 hours. The sleeper class fare starts at ₹210 and 2A class fare starts from ₹795 for a February journey on Ixigo. Another option is to travel by road via bus (₹280-900, 5.5-6.5 hours) or cab (₹2,700 onwards).

Cost by air
₹1,720 (Delhi-Jaipur, 55 mts)

Cost by train
₹795 onwards (Class 2A) (5 hrs, 30 mts)

*One way, per person. Flight cost on Skyscanner. Train cost on Ixigo.

SUGGESTED ITINERARY

DAY 1-2: JAIPUR
In the pink city, visit Jantar Mantar, Albert Hall Museum, Birla temple and its many forts and palaces. Shop for jewellery, handicrafts, traditional clothes, footwear and bangles at one of its many markets: Johari bazaar, Tripolia, Chandpole, Bapu, Nehru bazaar, etc. Don't miss the traditional cuisine at Chokhi Dhani.

DAY 3: AJMER-PUSHKAR
About 3 hours away is Ajmer, where you can visit the Ajmer Sharif Dargah and move to Pushkar, about 30 minutes away. Visit the Brahma temple, Pushkar lake, Savitri temple and Rangji temple.

DAY 4-5: UDAIPUR
Arrive in this beautiful city via Chittorgarh, where you can visit the fort. A backdrop for film shoots and celeb weddings, Udaipur has stunning palaces like City Palace on the banks of Lake Pichola, a must-visit with its many mahals within the complex. Visit the Lake Palace, Jagdish temple and Jag Mandir. Go to old city for shopping.

DAY 6: MOUNT ABU
In the lovely hill town 3 hours from Udaipur, visit the Dilwara Jain temple, Nakki lake, Toad Rock and the wildlife sanctuary.

DAY 7: JODHPUR
Start with Mehrangarh fort and don't skip the Moti Mahal, Sheesh Mahal, Phool Mahal and Zenana Deodi. Also visit the Jaswant Thada with its royal cenotaph. Shop for handicraft and textiles at National Handloom and Bishnoi Village Art.

DAY 8: JAISALMER
Arrive in 5 hours and visit Jaisalmer fort and Gadisar lake. Check out the sand dunes with jeep and camel safari. Also visit Patwon ki haveli and Jain temples.

DAY 9: BIKANER
The must-visits here are the Junagarh fort, Laxmi Vilas Palace and Karni Mata temple. Have street food at Bhujia bazaar and raj kachori at Chappan Bhog.

DAY 10: BACK TO DELHI

WHERE TO STAY...

Since it is a favoured destination for domestic and international tourists, it has a wide variety of stay options. While Udaipur and Jodhpur have some of the most expensive hotels, cheaper accommodation is also available in all cities. You can also pick hotels at the Rajasthan Tourism Development Corporation site *https://rtdc.tourism.rajasthan.gov.in/client/hotellist.aspx*.

COST: ₹36,000 for 9 nights (₹2,500-4 lakh)

WHAT TO EAT...

Traditional Rajasthani cuisine is spicy and flavourful. Some well-known dishes include *dal bati churma* (lentil, wheat dough balls, and sweet wheat crumble), *laal maas* (spicy mutton curry), *gatte ki sabji* (chickpea dumplings in gravy), *machli jaisamandi* (spicy fish curry), *ker sangri* (bean, berry vegetable), and snacks like *kachori* (fried, stuffed dough balls) and *mirchi vada* (stuffed fried green chilli). Top desserts include *ghevar* (made with flour, ghee, milk and sugar), *mohan thal* (roasted gram flour, ghee, sugar) and *choorma ladoo* (crushed *bati* with ghee, sugar).

COST: ₹800-2,000 per person, per day

WHAT TO DO...

PALACES & FORTS

PALACES: Hawa Mahal, Jal Mahal, Jaipur City Palace, Rambagh Palace (*Jaipur*), Laxmi Vilas Palace, Lalgarh Palace (*Bikaner*), Lake Palace, Udaipur City Palace, Jag Mandir (*Udaipur*), Umaid Bhawan (*Jodhpur*).

FORTS: Jaisalmer (*Jaisalmer*), Amer, Nahargarh (*Jaipur*), Chittorgarh (*Chittorgarh*), Ranthambore (*Sawai Madhopur*), Kumbhalgarh (*Rajsamand*), Mehrangarh (*Jodhpur*), Taragarh (*Bundi*), Junagarh (*Bikaner*), Neemrana (*Alwar*).

WILDLIFE PARKS & SANCTUARIES

NATIONAL PARKS: Keoladeo Ghana (*Bharatpur*), Ranthambore (*Sawai Madhopur*), Mukundara (*Chittorgarh*), Desert (*Jaisalmer*), Sariska (*Alwar*).

SANCTUARIES: Band Baretha (*Bharatpur*), Gajner (*Bikaner*), Machiya Safari (*Jodhpur*), Ramgarh Vishdhari (*Bundi*), Kumbhalgarh (*Rajsamand*), Mount Abu (*Mount Abu*).

MONUMENTS & TEMPLES

Jantar Mantar, Birla Mandir (*Jaipur*), Ajmer Sharif dargah (*Ajmer*), Chand Baori stepwell (*Dausa*), Jaswant Thada (*Jodhpur*), Ranakpur Jain temple (*Pali*).

The Economic Times Wealth
January 15-21, 2024

SMART STATS

ET WEALTH TOP 50 STOCKS

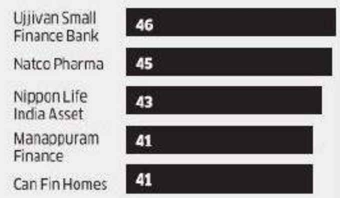
Every week we put about 3,000 stocks through four key filters and rate them on a mix of factors. The end result of this is the listing of the top 50 stocks based on the composite rating to help ease your fortune hunt.

	RANK		PRICE ₹	GROWTH%*		VALUATION RATIOS				RISK		RATING		
	Current Rank	Previous Rank	Stock Price	Revenue	Net Profit	PE	PB	Div Yield	PEG	Downside Risk	Bear Beta	No. of Analysts	Consensus Rating	Value Research Stock Rating
Bandhan Bank	1	1	232.80	24.99	87.98	17.20	1.93	0.65	0.20	1.38	0.97	29	4.24	*****
Kalpataru Projects Intnl.	2	2	739.00	38.50	87.49	25.44	2.54	0.95	0.33	1.29	1.18	16	4.63	**
LIC Housing Finance	3	3	578.20	24.58	53.94	10.89	1.16	1.50	0.19	1.13	1.30	33	4.06	***
Maruti Suzuki India	4	5	10,011.10	37.33	64.51	36.91	4.91	0.90	0.62	0.67	0.84	48	4.29	*****
Manappuram Finance	5	6	174.20	41.19	48.51	9.88	1.53	1.87	0.21	1.81	1.78	20	4.50	*****
Samvardhana Motherson	6	4	109.90	38.69	126.21	50.14	3.34	0.60	0.38	1.30	1.10	21	4.62	***
Natco Pharma	7	7	847.80	45.13	77.44	21.57	3.16	1.13	0.29	1.19	0.41	15	3.47	****
Axis Bank	8	8	1,125.75	12.34	87.32	26.33	2.43	0.09	0.25	0.83	0.80	50	4.84	***
Aurobindo Pharma	9	9	1,108.00	22.52	80.91	33.68	2.42	0.53	0.42	1.10	0.51	30	3.97	***
Balrampur Chini Mills	10	10	394.40	31.52	84.63	28.03	2.72	1.41	0.26	1.38	1.15	11	4.09	****
Somany Ceramics	11	11	696.40	19.95	109.18	41.27	3.75	0.43	0.37	1.39	0.73	22	4.68	**
Apollo Tyres	12	13	468.90	11.20	76.86	26.96	2.31	0.96	0.34	1.16	0.84	28	3.79	***
Larsen & Toubro	13	12	3,504.85	29.75	50.93	47.22	5.54	0.85	0.87	0.84	0.37	36	4.64	***
Blue Star	14	14	996.00	35.19	107.07	48.66	14.35	0.62	0.16	1.06	-0.10	23	3.96	***
Can Fin Homes	15	16	769.75	40.88	34.85	16.49	2.81	0.53	0.47	1.42	0.88	23	4.35	*****
IndusInd Bank	16	20	1,657.85	24.29	25.22	15.39	2.20	0.85	0.60	1.13	2.16	48	4.75	****
Jindal Stainless	17	18	613.90	29.60	76.60	23.55	4.17	0.57	0.30	1.60	2.12	11	4.64	****
Ujjivan Small Finance	18	17	59.40	45.82	26.19	10.00	2.90	2.17	0.47	1.44	1.82	15	4.73	NA
Zydus Lifesciences	19	19	704.25	18.88	70.88	36.37	4.07	0.85	0.53	0.89	0.92	36	3.64	****
Federal Bank	20	23	150.35	25.19	30.06	10.04	1.44	0.66	0.89	1.09	1.82	40	4.68	****
Cipla India	21	21	1,325.65	21.25	52.49	38.36	4.59	0.64	0.72	1.00	0.38	40	3.88	****
UltraTech Cement	22	24	9,920.45	21.62	78.54	56.45	5.26	0.39	0.71	0.79	0.83	43	4.28	***
Cyient	23	33	2,151.40	32.62	53.85	45.69	6.85	1.26	0.90	1.64	0.50	21	4.24	***
Biocon	24	26	282.10	23.24	137.10	68.03	1.79	0.53	0.54	1.29	1.21	20	3.75	**
Hero MotoCorp	25	28	4,342.20	14.20	46.61	30.92	5.22	2.42	0.67	0.97	1.20	45	3.73	*****
Alembic Pharmaceuticals	26	27	836.50	22.86	90.94	47.69	3.73	1.00	0.52	1.12	1.22	19	3.21	***
EPL	27	31	198.50	20.89	45.75	27.76	3.18	2.18	0.61	1.24	1.05	10	4.50	***
Adani Ports & SEZ	28	22	1,202.95	35.08	81.57	49.09	5.72	0.41	0.57	2.17	2.41	21	4.71	***
JK Lakshmi Cement	29	35	873.90	19.27	57.47	28.50	3.65	0.45	0.52	1.33	0.65	20	4.05	****
Steel Authority of India	30	32	113.50	3.92	79.38	21.70	0.86	0.87	0.29	1.27	1.93	26	2.73	**
NTPC	31	34	312.90	7.60	27.34	17.98	2.07	3.03	0.67	0.91	1.15	24	4.58	***
Mahindra & Mahindra	32	36	1,628.65	19.48	14.61	17.69	3.74	1.00	0.65	1.02	1.62	42	4.55	****
M&M Financial	33	29	277.65	26.29	19.67	16.54	1.85	2.23	0.98	1.38	1.11	40	3.60	****
Kajaria Ceramics	34	30	1,372.90	21.59	62.86	63.60	9.42	1.09	1.01	1.03	0.45	34	4.38	****
Eicher Motors	35	37	3,888.80	25.43	42.04	36.65	7.13	0.96	0.85	1.00	0.88	43	3.58	*****
HeidelbergCement India	36	41	230.90	15.01	149.77	52.57	3.57	3.05	0.36	0.97	1.57	16	2.56	****
Nippon Life India Asset	37	38	500.25	42.61	36.66	42.71	8.79	2.69	1.14	1.14	0.67	18	4.33	****
Ramco Cements	38	44	988.80	25.19	136.60	72.12	3.42	0.21	0.54	0.89	1.23	35	3.11	**
UTI Asset Management Co	39	40	889.90	17.92	44.42	25.81	2.92	2.49	0.59	1.05	1.03	15	3.67	NA
Shree Cement	40	46	26,909.95	26.77	94.07	76.94	5.25	0.41	0.79	1.06	0.49	41	2.71	***
CESC	41	43	138.80	19.30	16.99	13.73	1.69	3.29	0.81	1.15	0.98	14	4.86	***
Endurance Technologies	42	39	2,005.90	29.91	75.60	59.55	6.47	0.35	0.79	1.09	0.18	18	4.11	***
Ajanta Pharma	43	--	2,220.70	22.32	53.42	47.42	8.14	1.18	0.87	1.06	0.61	16	4.44	****
Indraprastha Gas	44	48	425.15	8.21	22.82	17.82	3.68	4.07	0.79	1.25	1.03	37	4.03	*****
JK Cement	45	49	4,044.20	25.34	118.52	73.29	6.67	0.37	0.63	1.03	1.52	27	3.89	***
Ipca Laboratories	46	47	1,144.35	35.98	96.11	61.35	4.95	0.18	0.64	1.13	0.47	21	3.05	***
Finolex Industries	47	42	234.40	13.87	140.87	58.71	2.99	0.63	0.45	1.42	1.46	17	3.77	***
Torrent Pharmaceuticals	48	45	2,468.95	23.69	57.70	66.87	13.43	0.94	1.15	0.88	0.35	34	4.18	***
Orient Cement	49	--	268.65	21.70	100.36	45.43	3.48	0.55	0.46	1.55	1.47	13	3.46	***
Orient Electric	50	--	231.65	25.33	90.95	64.96	8.44	0.65	0.72	1.06	0.90	19	3.79	****

*REVENUE AND NET PROFIT GROWTH IS BASED ON CONSENSUS ANALYSTS' EXPECTATIONS. NR: NOT IN THE RANKING. DATA AS ON 11 JANUARY 2024. SOURCE: BLOOMBERG

1 Fast growing stocks

Top 5 stocks with the highest revenue growth (%) over the previous year



2 Least expensive stocks

Top 5 stocks with the lowest price-earnings ratio

3 Best PEGs

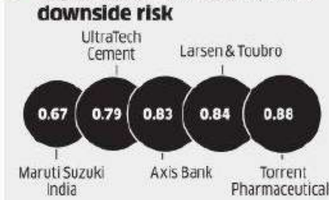
Top 5 stocks with the least price earnings to growth ratio

4 Income generators

Top 5 stocks with the highest dividend yield (%)

5 Least risky

Top 5 stocks with the lowest downside risk



SEE DOWNSIDE RISK AND BEAR BETA COLUMNS IN THE ADJACENT TABLE.

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	★★★★★	18,071.87	11.66	18.01	33.81	23.66	17.01	1.68
Quant Focused Fund	★★★★★	480.67	18.42	24.07	31.79	22.51	19.34	2.35
DSP Nifty 50 Equal Weight Index Fund - Regular Plan	★★★★★	862.84	13.21	18.22	29.84	21.01	17.58	0.92
ICICI Prudential Bluechip Fund	★★★★★	44,425.37	12.34	17.99	28.27	19.25	17.11	1.53
UTI Nifty 50 Index Fund - Regular Plan	★★★★	13,626.63	9.86	12.05	21.54	15.58	15.79	0.41
Kotak Bluechip Fund - Regular Plan	★★★★	6,870.39	9.87	13.62	22.79	15.54	16.32	1.77
DSP Nifty 50 Index Fund - Regular Plan	★★★★	417.99	9.86	12.04	21.45	15.42	–	0.40
Canara Robeco Bluechip Equity Fund - Regular Plan	★★★★	10,816.61	9.96	12.64	23.60	14.31	16.98	1.70
EQUITY: LARGE & MIDCAP								
HDFC Large and Mid Cap Fund - Regular Plan	★★★★★	13,427.73	14.18	23.79	39.49	27.20	20.59	1.73
ICICI Prudential Large & Mid Cap Fund	★★★★	9,636.74	13.13	20.82	31.38	25.73	19.71	1.78
Motilal Oswal Large and Midcap Fund - Regular Plan	★★★★★	2,727.40	15.56	25.80	43.27	24.97	–	1.91
SBI Large & Midcap Fund	★★★★★	17,175.44	11.63	16.38	27.66	21.87	18.57	1.67
Kotak Equity Opportunities Fund - Regular Plan	★★★★	16,502.69	9.80	16.91	29.74	19.91	18.90	1.64
Tata Large & Mid Cap Fund - Regular Plan	★★★★	5,712.32	8.86	13.13	24.16	19.68	18.20	1.82
Mirae Asset Large & Midcap Fund - Regular Plan	★★★★	30,284.45	11.66	20.13	30.03	19.60	20.27	1.57
EQUITY: FLEXI CAP								
HDFC Focused 30 Fund	★★★★	7,762.21	13.37	19.83	31.45	27.96	18.76	1.75
HDFC Flexi Cap Fund	★★★★	42,270.54	13.92	20.50	32.51	26.76	19.07	1.54
HDFC Retirement Savings Fund Equity Plan	★★★★★	4,036.24	11.73	17.63	33.92	25.98	20.83	1.84
ICICI Prudential Retirement Fund - Pure Equity Plan	★★★★★	422.60	16.84	23.10	38.98	25.51	–	2.39
JM Flexicap Fund	★★★★★	862.36	14.51	25.86	42.60	24.44	21.74	2.12
Franklin India Flexi Cap Fund	★★★★	12,801.72	12.74	22.57	32.80	22.73	18.39	1.76
Parag Parikh Flexi Cap Fund - Regular Plan	★★★★★	48,293.88	11.85	18.17	37.79	22.45	22.79	1.35
Franklin India Focused Equity Fund	★★★★	9,856.10	10.36	16.18	24.84	21.75	18.09	1.79
ICICI Prudential Focused Equity Fund	★★★★	6,116.61	12.75	17.91	30.39	21.11	18.58	1.80
360 ONE Focused Equity Fund - Regular Plan	★★★★★	5,659.25	10.25	16.04	31.08	19.04	22.37	1.85
Union Flexi Cap Fund	★★★★	1,746.93	11.77	18.32	30.03	19.01	18.72	2.07
PGIM India Flexi Cap Fund - Regular Plan	★★★★	5,891.74	9.41	10.49	20.83	15.59	19.35	1.77
EQUITY: MID CAP								
Motilal Oswal Midcap Fund - Regular Plan	★★★★★	6,804.62	16.76	27.55	45.97	33.93	24.93	1.77
Quant Mid Cap Fund	★★★★	3,781.48	15.40	29.71	36.52	31.89	27.07	1.87
HDFC Mid-Cap Opportunities Fund	★★★★	52,137.70	13.60	24.65	44.83	29.72	22.97	1.47
Nippon India Growth Fund	★★★★★	21,380.48	17.55	30.57	49.86	29.60	24.71	1.65
SBI Magnum Midcap Fund	★★★★★	14,454.73	9.91	17.85	36.91	26.36	22.72	1.71
Edelweiss Mid Cap Fund - Regular Plan	★★★★	4,267.00	16.50	27.00	41.64	26.17	23.33	1.83
Mirae Asset Midcap Fund - Regular Plan	★★★★	12,823.47	13.23	25.41	36.62	26.06	–	1.69
Kotak Emerging Equity Fund - Regular Plan	★★★★	36,527.95	10.50	20.41	31.83	24.45	22.25	1.49
PGIM India Midcap Opportunities Fund - Regular Plan	★★★★	9,800.28	10.26	14.49	22.53	22.79	24.86	1.71
EQUITY: SMALL CAP								
Nippon India Small Cap Fund	★★★★	41,018.84	13.83	27.00	51.02	38.64	28.79	1.51
Tata Small Cap Fund - Regular Plan	★★★★	6,345.75	10.23	18.65	35.91	34.15	25.68	1.77
Edelweiss Small Cap Fund - Regular Plan	★★★★	2,802.73	14.11	25.66	44.03	32.33	–	1.90
ICICI Prudential Smallcap Fund	★★★★	6,607.89	11.64	20.79	39.99	31.22	26.56	1.79
Kotak Small Cap Fund - Regular Plan	★★★★	13,376.62	11.78	19.85	35.95	28.47	26.35	1.66
Axis Small Cap Fund - Regular Plan	★★★★★	17,915.66	10.50	19.03	36.14	28.01	26.52	1.65
EQUITY: VALUE ORIENTED								
SBI Contra Fund	★★★★★	18,930.58	14.54	23.13	39.99	31.37	24.88	1.64
Bandhan Sterling Value Fund - Regular Plan	★★★★	7,213.54	11.86	18.64	33.11	28.88	20.15	1.78
ICICI Prudential Value Discovery Fund	★★★★★	35,089.33	12.73	21.43	32.27	26.04	21.25	1.61
EQUITY: ELSS								
Quant ELSS Tax Saver Fund	★★★★★	5,614.57	18.97	27.31	32.84	30.82	28.64	1.80
Bandhan ELSS Tax Saver Fund - Regular Plan	★★★★★	5,402.95	9.87	16.04	28.90	24.09	19.71	1.76
SBI Long Term Equity Fund - Regular Plan	★★★★★	17,279.15	15.97	24.62	42.06	24.00	19.56	1.67
Bank of India ELSS Tax Saver Fund - Regular Plan	★★★★★	951.28	15.71	25.82	37.35	22.02	23.48	2.21
Parag Parikh ELSS Tax Saver Fund - Regular Plan	★★★★★	2,334.28	9.69	16.88	28.02	21.38	–	1.84
DSP ELSS Tax Saver Fund	★★★★	12,615.07	13.34	20.51	30.20	20.69	19.44	1.65
Union ELSS Tax Saver Fund	★★★★	747.79	10.74	17.00	28.60	19.43	18.77	2.33
Kotak ELSS Tax Saver - Regular Plan	★★★★	4,393.15	8.13	13.86	23.83	18.98	17.83	1.79
Mirae Asset ELSS Tax Saver Fund - Regular Plan	★★★★	18,842.81	11.81	17.71	28.22	18.71	19.25	1.58
Canara Robeco ELSS Tax Saver Fund - Regular Plan	★★★★	6,533.06	11.87	15.16	25.80	16.96	18.65	1.72

23.66% THE 3-YEAR RETURN OF NIPPON INDIA LARGE CAP FUND IS THE HIGHEST IN ITS CATEGORY.

27.96% THE 3-YEAR RETURN OF HDFC FOCUSED 30 FUND IS THE HIGHEST IN ITS CATEGORY.

33.93% THE 3-YEAR RETURN OF MOTILAL OSWAL MIDCAP FUND IS THE HIGHEST IN ITS CATEGORY.

31.37% THE 3-YEAR RETURN OF SBI CONTRA 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).

Equity: Large cap 5-year returns

LAGGARDS		LEADERS	
13.00	Groww Large Cap Fund	20.67	BHARAT 22 ETF
13.18	Taurus Large Cap Fund	20.57	ICICI Prudential BHARAT 22 FOF
13.58	PGIM India Large Cap Fund	19.34	Quant Focused Fund
13.61	Franklin India Bluechip Fund	17.58	DSP Nifty 50 Equal Weight Index
13.80	Axis Bluechip Fund	17.11	ICICI Prudential Bluechip Fund

Equity: Flexi cap 5-year returns

LAGGARDS		LEADERS	
12.13	Axis Focused 25 Fund	26.85	Quant Flexi Cap Fund
12.62	Motilal Oswal Flexi Cap	22.79	Parag Parikh Flexi Cap Fund
12.72	Taurus Flexi Cap Fund	22.37	360 ONE Focused Equity Fund
13.21	Nippon India Retirement	21.74	JM Flexicap Fund
13.57	Shriram Flexi Cap Fund	20.83	HDFC Retirement Savings Fund

Equity: Mid cap 3-year returns

LAGGARDS		LEADERS	
17.29	DSP Midcap Fund	33.93	Motilal Oswal Midcap Fund
18.34	Axis Midcap Fund	31.89	Quant Mid Cap Fund
19.45	LIC MF Midcap Fund	29.72	HDFC Mid-Cap Opportunities Fund
20.97	UTI Mid Cap Fund	29.60	Nippon India Growth Fund
21.05	Franklin India Prima	29.14	Motilal Oswal Nifty Midcap 100 ETF

Equity: Small cap 3-year returns

LAGGARDS		LEADERS	
23.16	ITI Small Cap Fund	43.54	Quant Small Cap Fund
23.95	Aditya Birla Sun Life Small Cap	38.64	Nippon India Small Cap Fund
24.11	SBI Small Cap Fund	35.75	HSBC Small Cap Fund
27.37	UTI Small Cap Fund	34.44	HDFC Small Cap Fund
28.01	Axis Small Cap Fund	34.15	Tata Small Cap Fund

Hybrid: Aggressive 5-year returns

LAGGARDS		LEADERS	
10.52	LIC MF Aggressive Hybrid	22.22	Quant Absolute Fund
10.65	Nippon India Equity Hybrid	20.27	Bank of India Mid & Small Cap Equity
11.08	PGIM India Hybrid Equity	19.45	ICICI Prudential Equity & Debt Fund
11.46	Bandhan Asset Allocation	17.03	JM Aggressive Hybrid Fund
11.61	Shriram Aggressive Hybrid	16.62	HDFC Children's Gift Fund

ANNUALISED RETURNS IN % AS ON 10 JAN 2024.

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								
HDFC Equity Savings Fund	★★★★	3,334.46	6.10	9.07	14.68	11.67	10.27	1.97
UTI Equity Savings Fund - Regular Plan	★★★★	309.77	5.69	8.61	16.01	11.38	10.05	1.52
Kotak Equity Savings Fund - Regular Plan	★★★★★	3,658.01	6.53	9.24	15.65	10.84	10.38	1.89
SBI Equity Savings Fund - Regular Plan	★★★★★	3,245.63	4.27	9.76	18.31	10.10	10.81	1.19
ICICI Prudential Equity Savings Fund	★★★★	7,916.63	2.94	5.78	10.16	8.64	8.41	0.97
HYBRID: AGGRESSIVE (EQUITY-ORIENTED)								
ICICI Prudential Equity & Debt Fund	★★★★★	28,005.82	10.95	19.02	29.30	25.15	19.45	1.65
Quant Absolute Fund	★★★★★	1,435.36	13.38	15.87	18.36	22.46	22.22	2.07
JM Aggressive Hybrid Fund	★★★★	110.45	13.33	25.60	37.62	20.68	17.03	2.36
HDFC Children's Gift Fund	★★★★★	7,741.55	8.78	13.08	27.67	18.78	16.62	1.78
Edelweiss Aggressive Hybrid Fund - Regular Plan	★★★★	1,051.57	9.75	15.06	26.55	18.00	16.05	2.07
Mahindra Manulife Aggressive Hybrid Fund	★★★★	880.93	9.53	14.98	24.59	17.79	–	2.19
HDFC Retirement Savings Fund - Hybrid Equity Plan	★★★★	1,206.92	9.12	12.96	25.82	17.19	15.57	2.14
HDFC Hybrid Equity Fund	★★★★	21,192.41	6.14	8.76	18.28	16.22	14.43	1.70
Kotak Equity Hybrid Fund - Regular Plan	★★★★	4,517.82	8.12	12.53	20.41	16.14	16.53	1.82
Baroda BNP Paribas Aggressive Hybrid Fund - Regular Plan	★★★★	874.56	8.81	13.36	22.43	14.31	15.57	2.20
HYBRID: CONSERVATIVE (DEBT-ORIENTED)								
SBI Magnum Children's Benefit Fund - Savings Plan	★★★★	102.51	4.62	9.76	17.12	12.02	10.66	1.21
HDFC Hybrid Debt Fund	★★★★	2,938.72	5.21	7.84	14.25	10.70	10.00	1.77
Kotak Debt Hybrid Fund - Regular Plan	★★★★★	2,106.25	6.23	7.97	13.92	10.04	11.23	1.74
SBI Conservative Hybrid Fund	★★★★★	9,053.76	3.22	6.09	12.27	9.68	10.49	1.12
ICICI Prudential Regular Savings Fund	★★★★	3,316.75	3.99	6.30	11.34	8.51	9.37	1.71
Aditya Birla Sun Life Regular Savings Fund - Regular Plan	★★★★	1,438.43	3.34	4.99	9.45	8.46	8.67	1.91
Canara Robeco Conservative Hybrid Fund	★★★★	1,023.50	3.75	5.64	9.89	7.13	9.26	1.82
DEBT: MEDIUM TO LONG TERM								
SBI Magnum Income Fund	★★★★	1,697.31	2.06	2.95	7.03	4.56	7.42	1.47
UTI Medium to Long Duration Fund - Regular Plan	★★★★★	302.91	2.20	2.37	6.29	8.56	4.09	1.62
DEBT: MEDIUM TERM								
Axis Strategic Bond Fund	★★★★	1,936.64	2.29	3.24	7.20	5.36	6.73	1.09
SBI Magnum Medium Duration Fund	★★★★	6,895.37	1.93	3.14	7.15	4.77	7.53	1.22
Nippon India Strategic Debt Fund	★★★★★	120.97	1.92	2.76	7.08	8.64	-1.08	1.99
ICICI Prudential Medium Term Bond Fund	★★★★	6,496.18	2.15	3.25	7.04	5.52	7.22	1.40
Aditya Birla Sun Life Medium Term Plan - Regular Plan	★★★★★	1,890.52	2.04	2.97	6.86	12.49	8.11	1.58
DEBT: SHORT TERM								
ICICI Prudential Short Term Fund	★★★★	18,806.99	2.09	3.59	7.43	5.31	7.21	1.07
HDFC Short Term Debt Fund	★★★★	12,285.42	2.04	3.38	7.16	4.80	6.98	0.74
UTI Short Duration Fund - Regular Plan	★★★★★	2,372.11	2.06	3.33	6.98	6.33	5.02	0.96
Aditya Birla Sun Life Short Term Fund - Regular Plan	★★★★	6,020.58	2.07	3.23	6.90	4.93	6.85	1.04
Sundaram Short Duration Fund	★★★★★	196.87	2.01	3.13	6.83	6.80	5.21	0.84
Axis Short Term Fund	★★★★	7,702.11	2.06	3.18	6.78	4.61	6.72	0.89
DEBT: DYNAMIC BOND								
ICICI Prudential All Seasons Bond Fund	★★★★★	11,511.25	2.34	3.60	7.60	5.46	7.67	1.31
Quantum Dynamic Bond Fund - Regular Plan	★★★★	92.82	2.87	3.21	7.14	4.93	7.09	0.96
SBI Dynamic Bond Fund	★★★★	2,945.18	2.20	2.75	6.88	4.39	7.27	1.44
360 ONE Dynamic Bond Fund - Regular Plan	★★★★	744.01	2.59	3.30	6.83	5.31	6.36	0.52
Aditya Birla Sun Life Dynamic Bond Fund - Regular Plan	★★★★★	1,687.60	2.32	2.98	6.82	5.86	5.33	1.23
DEBT: CORPORATE BOND								
ICICI Prudential Corporate Bond Fund	★★★★★	24,467.61	1.92	3.62	7.61	5.39	7.26	0.55
Aditya Birla Sun Life Corporate Bond Fund	★★★★	17,698.28	2.11	3.45	7.25	5.10	7.32	0.50
Nippon India Corporate Bond Fund	★★★★★	2,388.03	1.99	3.20	7.12	5.36	6.63	0.71
Kotak Corporate Bond Fund - Standard Plan	★★★★	10,653.42	2.03	3.38	6.95	4.70	6.65	0.67
Axis Corporate Debt Fund - Regular Plan	★★★★	4,827.53	1.95	3.16	6.78	4.66	6.29	0.94

All equity funds ranked on 3-year returns. Debt funds ranked on 1-year returns.

Expense as on 31 Dec 2023
Returns as on 10 Jan 2024
Assets as on 30 Nov 2023
Rating as on 31 Dec 2023

25.15%
THE 3-YEAR RETURN OF ICICI PRUDENTIAL EQUITY & DEBT FUND IS THE HIGHEST IN ITS CATEGORY.

17.12%
THE 1-YEAR RETURN OF SBI MAGNUM CHILDREN'S BENEFIT FUND IS THE HIGHEST IN ITS CATEGORY.

7.43%
THE 1-YEAR RETURN OF ICICI PRU SHORT TERM FUND IS THE HIGHEST IN ITS CATEGORY.

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

Methodology

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

- ★★★★★ Top 10%
- ★★★★ Next 22.5%
- ★★★ Middle 35% (Not covered in ETW Funds 100 listing)
- ★★ Next 22.5%
- ★ Bottom 10%

Fixed-income funds less than 18 months old and equity funds less than three years old have been excluded. This ensures that all the funds have existed long enough to be tracked for consistency of performance. Given the focus on long-term investing, liquid funds, short-term funds and FMPs are not part of the list. For the same reason, we have considered only the growth option of funds that reinvest returns instead of offering dividends that increase the NAV of funds.

Despite these rigorous filters, the list includes 2/3 funds of each category to maximise choice from the best funds. The fund categories are:

EQUITIES (figures over the past one year)

Large-cap: Mostly invested in large-cap companies.

Multi-cap: Mostly invested in large- and mid-cap companies.

Mid-cap: Mostly invested in mid-cap companies.

Small-cap: Mostly invested in small-cap companies.

Tax planning: Offer tax rebate under Section 80C.

International: More than 65% of assets invested abroad.

Income: Average maturity varies according to objective.

Gilt: Medium- and long-term; invest in gilt securities.

Equity-oriented: Average equity exposure more than 60%.

Debt-oriented aggressive: Average equity exposure between 25-60%.

Debt-oriented conservative: Average equity exposure less than 25%.

Arbitrage: Seek arbitrage opportunities between equity and derivatives.

Asset allocation: Invest fully in equity or debt as per market conditions.

FUND RAISER

₹23,758 CRORE

is the absolute change in the AUM of Parag Parikh Flexi Cap Fund between December 2022 and December 2023, the highest in absolute terms among 157 equity diversified funds.

*IN PERCENTAGE TERMS THE GROWTH IS 84.1% DURING THE PERIOD. **SOURCE:** ACE MF.

1 Top 5 SIPs

Top 5 equity schemes based on 10-year SIP returns

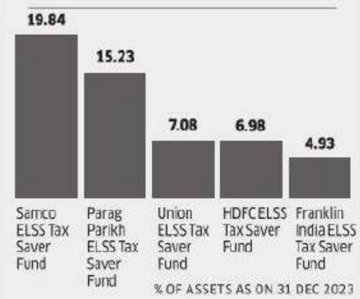
SIP: SYSTEMATIC INVESTMENT PLAN — % ANNUALISED RETURNS AS ON 10 JAN 2024

2 Top 5 MIPs

Top 5 MIP schemes based on 3-year SWP returns

SWP: SYSTEMATIC WITHDRAWAL PLAN — % ANNUALISED RETURNS AS ON 10 JAN 2024

3 ELSS: Cash holdings



% OF ASSETS AS ON 31 DEC 2023

4 Debt: Credit risk

% AS ON 31 DEC 2023

% EXPENSE RATIO IS CHARGED ANNUALLY.

METHODOLOGY OF TOP 100 FUNDS ON WWW.WEALTH.ECONOMICTIMES.COM

LOANS & DEPOSITS

ET WEALTH collaborates with **ETIG** to provide a comprehensive ready reckoner of loans and fixed-income instruments. Don't miss the information on investments for senior citizens and a simplified EMI calculator.

Top five bank FDs

TENURE: 1 YEAR	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
IndusInd Bank	7.50	**10,771**
RBL Bank	7.50	**10,771**
Bandhan Bank	7.25	**10,745**
DCB Bank	7.25	**10,745**
YES Bank	7.25	**10,745**
TENURE: 2 YEARS		
RBL Bank	8.00	**11,717**
IDFC First Bank	7.75	**11,659**
DCB Bank	7.55	**11,614**
IndusInd Bank	7.50	**11,602**
Bank of India	7.25	**11,545**
TENURE: 3 YEARS		
DCB Bank	7.60	**12,534**
RBL Bank	7.50	**12,497**
Bandhan Bank	7.25	**12,405**
Bank of Baroda	7.25	**12,405**
IDFC First Bank	7.25	**12,405**
TENURE: 5 YEARS		
DCB Bank	7.40	**14,428**
IndusInd Bank	7.25	**14,323**
YES Bank	7.25	**14,323**
RBL Bank	7.10	**14,217**
HDFC Bank	7.00	**14,148**

Top five senior citizen bank FDs

TENURE: 1 YEAR	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
IndusInd Bank	8.25	**10,851**
RBL Bank	8.00	**10,824**
Bandhan Bank	7.75	**10,798**
YES Bank	7.75	**10,798**
DCB Bank	7.65	**10,787**
TENURE: 2 YEARS		
IDFC First Bank	8.25	**11,774**
IndusInd Bank	8.25	**11,774**
DCB Bank	8.05	**11,728**
RBL Bank	8.00	**11,717**
YES Bank	7.75	**11,659**
TENURE: 3 YEARS		
DCB Bank	8.10	**12,720**
IndusInd Bank	8.00	**12,682**
RBL Bank	8.00	**12,662**
YES Bank	8.00	**12,682**
IDFC First Bank	7.75	**12,589**
TENURE: 5 YEARS		
IndusInd Bank	8.00	**14,859**
YES Bank	8.00	**14,859**
DCB Bank	7.90	**14,787**
Axis Bank	7.75	**14,678**
RBL Bank	7.60	**14,571**

Top five tax-saving bank FDs

TENURE: 5 YEARS AND ABOVE	Interest rate (%)	What ₹10,000 will grow to
DCB Bank	7.40	**14,428**
IndusInd Bank	7.25	**14,323**
YES Bank	7.25	**14,323**
RBL Bank	7.10	**14,217**
Bandhan Bank	7.00	**14,148**

ALL DATA SOURCED FROM ECONOMIC TIMES INTELLIGENCE GROUP (ETIGDB@TIMESGROUP.COM)

HOME LOAN RATES

With effect from October 2019, all banks have made the transition to external benchmarks for pricing new home loans. Most banks have picked the RBI repo rate as the external benchmark.

REPO RATE: 6.50%

BANK	RLLR (%)	FOR SALARIED FROM (%)	FOR SALARIED TO (%)	FOR SELF-EMPLOYED (%) FROM (%)	FOR SELF-EMPLOYED (%) TO (%)	WEF
Indian Bank	9.20	8.40	9.90	8.50	9.90	31 Oct 2023
Punjab National Bank	9.25	8.40	10.10	8.40	10.10	9 Feb 2023
Bank of Baroda	9.15	8.40	10.60	8.40	10.60	14 Feb 2023
Union Bank of India	9.30	8.40	10.80	8.55	10.80	11 Oct 2023
UCO Bank	9.30	8.45	10.30	8.45	10.30	15 Mar 2023
IDBI Bank	9.10	8.45	10.75	8.55	12.25	12 Feb 2023
HDFC Bank	--	8.50	9.40	8.50	9.40	Not Given
IndusInd Bank	--	8.50	10.55	8.50	10.55	Not Given
Punjab & Sind Bank	8.45	8.55	10.00	8.55	10.00	25 Aug 2023
Canara Bank	9.25	8.55	11.25	8.90	11.25	12 Nov 2023
Bank of Maharashtra	9.30	8.60	10.30	8.80	10.80	11 Oct 2023
Kotak Mahindra Bank	--	8.70	9.35	8.75	9.60	Not Given
Karnataka Bank	--	8.75	10.43	8.75	10.43	1 Nov 2023
Federal Bank	--	8.80	10.25	10.20	10.30	Not Given
Indian Overseas Bank	9.35	8.85	10.80	8.85	10.80	8 Feb 2023
South Indian Bank	9.85	8.97	12.42	8.97	12.42	Not Given
SBI Term Loan	8.75+CRP	9.15	10.15	9.15	10.15	1 May 2023
Bandhan Bank	--	9.15	13.32	9.15	13.32	Not Given
Karur Vysya Bank	9.60	9.23	10.73	9.23	10.73	7 Nov 2023
ICICI Bank	--	9.25	9.90	9.40	10.05	Not Given
Bank of India	9.25	9.35	9.80	9.35	10.40	1 Nov 2023
Dhanlaxmi Bank	8.50	9.35	10.00	9.85	10.50	25 Feb 2023
J & K Bank	9.45	9.45	9.85	9.45	9.85	10 Oct 2023

Your EMI for a loan of ₹1 lakh

TENURE	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS
@ 7%	1,980	1,161	899	775	707
@ 8%	2,028	1,213	956	836	772
@ 9%	2,076	1,267	1,014	900	839
@ 10%	2,125	1,322	1,075	965	909

FIGURES ARE IN ₹. USE THIS CALCULATOR TO CHECK YOUR LOAN AFFORDABILITY. FOR EXAMPLE, A ₹5 LAKH LOAN AT 10% FOR 15 YEARS WILL TRANSLATE INTO AN EMI OF ₹1,075 X 5 = ₹5,375

Post office deposits

	Interest (%)	Minimum investment (₹)	Maximum investment (₹)	Features	Tax benefits
Sukanya Samriddhi Yojana	8.20	250	₹1.5 lakh p.a.	One account per girl child	80C
Senior Citizens' Savings Scheme	8.20	1,000	₹30 lakh	5-year tenure, minimum age 60 yrs	80C
Public Provident Fund	7.10	500	₹1.5 lakh p.a.	15-year tenure, tax-free returns	80C
Kisan Vikas Patra	7.50	1,000	No limit	Can be encashed after 2.5 years	Nil
5-year NSC VIII Issue	7.70	1,000	No limit	No TDS	80C
Time deposit	6.9-7.50	1,000	No limit	Available in 1, 2, 3, 5 year tenures	80C#
Post Office Monthly Income Scheme	7.40	1,000	Single ₹9 lakh	5-year tenure, monthly returns	Nil
			Joint ₹15 lakh	5-year tenure, monthly returns	Nil
Recurring deposits	6.70	100	No limit	5-year tenure	Nil
Savings account	4.00	500	No limit	₹10,000 interest tax-free	Nil

Data as on 11 January 2024

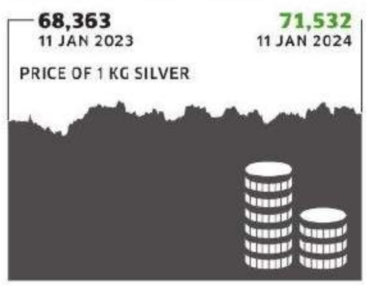
#Benefit available only for 5-year deposit

ALTERNATIVE INVESTMENT RETURNS MONITOR

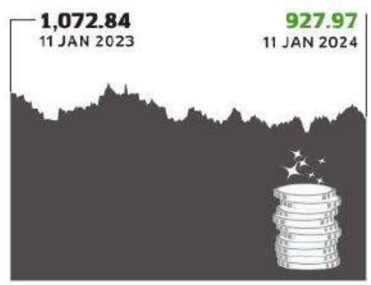
The scope and attractiveness of alternative investments is increasing. Here's a weekly tracker of returns from such investments. But don't compare these with returns from traditional investments since the proportion and purpose of alternative investments is vastly different.

Gold (995) (₹)

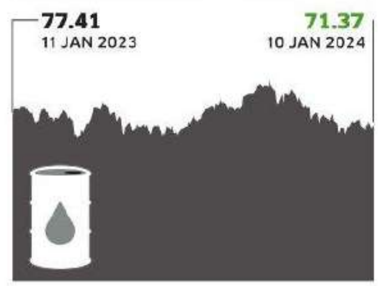
Silver (₹)



Platinum ($/troy ounce)



WTI Crude ($/barrel)

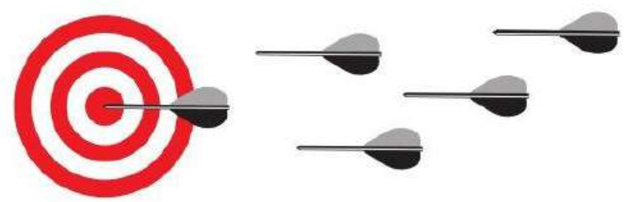


CHANGE

	Gold (995) (₹)	Silver (₹)	Platinum ($/troy ounce)	WTI Crude ($/barrel)
1 WEEK	-0.82%	-0.34%	-3.23%	-1.14%
1 YEAR	10.96%	4.64%	-13.5%	-7.8%

PENNY STOCKS UPDATE

Penny stocks as a recommended non-traditional investment? Not exactly. **ET WEALTH** neither has the expertise nor does it recommend investing in such stocks. But since the relatively 'low' cost of investment attracts some investors to penny stocks, we provide a weekly snapshot of this most volatile and uncertain type of stock investing.



Top price gainers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MONTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKTCAP (₹CR)
GACM Technologies	2.72	16.24	**142.86**	3.25	9.93	77.87
Unishire Urban Infra	4.42	18.5	**130.21**	4.74	847.62	10.77
Alstone Textiles (India)	1.52	10.14	**126.87**	326.74	37.6	193.8
Reliance Home Finance	5.98	10.95	**122.3**	75.95	534.75	290.07
Sea TV Network	8.68	5.98	**120.87**	0.05	213.05	10.43
Gen Pharmasec	6.33	59.05	**116.78**	32.07	156.37	274.6
Integra Essentia	6.46	10.24	**113.91**	90.43	120.8	590.44
Kridhan Infra	5.02	20.67	**100.8**	1.32	1622.43	47.59
Fone4 Communications	7	44.03	**83.25**	1.15	436.93	11.94
Johnson Pharmacare	1.26	43.18	**75**	114.22	435.96	69.3

Top price losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MONTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKTCAP (₹CR)
Akshar Spintex	4.55	4.84	**-32.79**	45.25	211.26	113.75
VCU Data Management	8.41	-7.99	**-32.01**	1.25	22	13.04
IFL Enterprises	1.96	25.64	**-30.25**	89.48	198.21	49.02
GG Engineering	2.04	-8.52	**-25**	105.96	-70.13	179.42
GACM Technologies DVR	8	-5.55	**-20.08**	1.66	131.86	45.84
Leading Leasing Finance	2.31	0.43	**-18.66**	3.25	49.74	24.65
Shashijit Infraprojects	6.05	-1.47	**-13.69**	1.09	169.73	31.28
Nila Spaces	4.92	-0.2	**-11.35**	4.47	123.67	193.8
MFL India	0.7	9.38	**-10.26**	21.55	57.89	25.22
Pressure Sensitive Syst.	8.64	-1.03	**-9.81**	24.67	21.11	128.22

Top volume gainers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKTCAP (₹CR)
Standard Capital Mark.	3.15	9.38	36.96	12.94	**19,518.16**	463.05
Bombay Talkies	5.72	20.93	59.33	0.1	**3,600.09**	30.89
Teamo Prodyction HQ	1.15	-7.26	-2.54	25.57	**2,539.71**	99.04
Kridhan Infra	5.02	20.67	100.8	1.32	**1,622.43**	47.59
Shalimar Productions	0.67	8.06	31.37	73.07	**1,369.34**	65.95
Srestha Finvest	1.39	2.21	24.11	16.88	**1,311.01**	11.47
Sarveshwar Foods	7.25	20.43	53.28	27.38	**1,160.24**	709.63
Visesh Infotecnics	0.64	20.75	33.33	57.5	**1,067.42**	241.56
Impex Ferro Tech	5.14	22.97	65.81	1.09	**896.95**	45.2
Unishire Urban Infra	4.42	18.5	130.21	4.74	**847.62**	10.77

Top volume losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKTCAP (₹CR)
BC Power Controls	5.6	5.66	-6.67	2.86	**-72.81**	32.93
Sylph Technologies	4.6	9.52	29.58	8.05	**-71.51**	68.54
GG Engineering	2.04	-8.52	-25	105.96	**-70.13**	179.42
Siti Networks	0.86	6.17	-2.27	3.47	**-67.39**	75
PMC Fincorp	2.94	-8.98	5.38	14.23	**-66.6**	157.03
Family Care Hospitals	8.75	-1.57	-5.1	2.77	**-57.77**	63.76
Paras Petrofils	2.7	21.62	8.87	1.32	**-53.8**	90.23
Sharika Enterprises	8.88	20.65	9.63	1.01	**-52.33**	38.45
Kretto Syscon	0.84	6.33	-7.69	3.53	**-50.72**	13.17
GCM Securities	0.94	5.62	-4.08	3.75	**-49.62**	17.86

STOCKS HAVE BEEN SELECTED USING THE FOLLOWING FILTERS: PRICE LESS THAN ₹10, ONE-MONTH AVERAGE VOLUME GREATER THAN OR EQUAL TO 1 LAKH, AND MARKET CAPITALISATION GREATER THAN OR EQUAL TO ₹10 CRORE. DATA AS ON 11 JAN 2024. **SOURCE:** ETIG DATABASE AND BLOOMBERG.

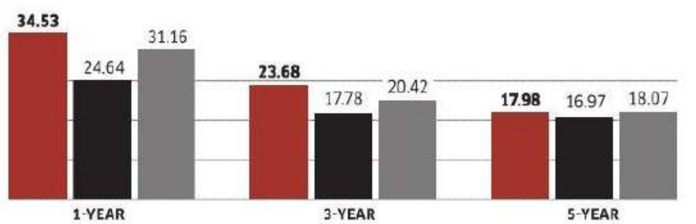
UTI LARGE & MID CAP

Need to sustain momentum

ET Wealth collaborates with **Value Research** to analyse top mutual funds. We examine the key fundamentals of the fund, its portfolio and performance to help you make an informed investment decision.

HOW THE FUND HAS PERFORMED

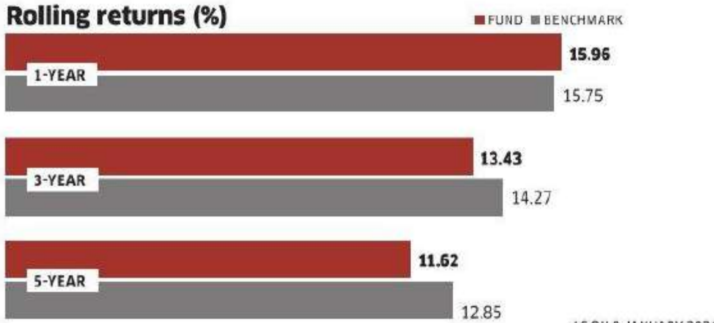
Point-to-point returns (%)



AS ON 9 JANUARY 2024

The fund has comfortably beaten the index and its peers over the past one and three years.

Rolling returns (%)



AS ON 9 JANUARY 2024

The fund's long-term track record indicates chronic under-performance across three- and five-year horizons.

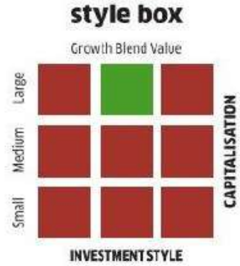
Note: Different benchmark (S&P BSE Large Mid Cap TRI) is used due to non-availability of the stated benchmark data. Returns have been rolled daily over the past decade for relevant time frames.

WHERE THE FUND INVESTS

Portfolio asset allocation

The fund is currently balanced evenly across large and mid/small caps.

Fund style box



AS ON 31 DEC 2023

BASIC FACTS

DATE OF LAUNCH
16 FEBRUARY 1993

CATEGORY
EQUITY

TYPE
LARGE & MIDCAP

AUM*
₹2,380 crore

BENCHMARK
NIFTY LARGE MIDCAP 250 TOTAL RETURN INDEX

WHAT IT COSTS

NAV**
GROWTH OPTION
₹138.64

IDCW**
₹67.54

MINIMUM INVESTMENT
₹5,000

MINIMUM SIP AMOUNT
₹500

EXPENSE RATIO# (%)
2.09

EXIT LOAD
1% for redemption within 364 days

*AS ON 31 DEC 2023
**AS ON 9 JAN 2024
#AS ON 30 NOV 2023

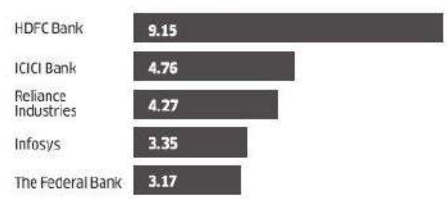
FUND MANAGER

V. SRIVATSA
6 YEARS, 7 MONTHS

Top 5 sectors in portfolio (%)

The fund currently has an overweight stance in financials, auto and healthcare.

Top 5 stocks in portfolio (%)



The portfolio is fairly diverisified with modest positions in top bets, barring one.

Recent portfolio changes

New entrants

Indo Count Industries (Nov).
Caplin Point Laboratories, The Great Eastern Shipping Company (Dec).

Complete exits

ICICI Lombard General Insurance Comapny, NHPC, Suzlon Energy (Nov).
eClerx Services, Eris Lifesciences (Dec).

How risky is it?

	Fund	Category	Index
Standard Deviation	13.81	13.79	13.74
Sharpe Ratio	1.38	1.17	1.08
Mean Return	23.87	20.89	19.65

BASED ON 3-YEAR PERFORMANCE.

The fund's risk-return profile is among the top quartile in its category.

Source: Value Research

Should You Buy

Earlier known as UTI Core Equity, this fund adopted the large- and mid-cap mandate in 2018. It follows a top-down approach to pick sectors with reasonable prospects, which are available below the mean valuations. For individual stock picks, the fund prefers sound businesses offering margin of safety. It shuns concentration and runs a fairly diversified portfolio. The fund exhibited erratic outcomes for many years till 2020. Since 2021, the fund's return profile has visibly picked up. It must sustain this momentum in order to improve on its earlier patchy track record.

Maruti Suzuki: In the fast lane

New launches, strong share in CNG, rising production capacity & industry tailwinds to support performance.

The automobile manufacturer is expected to report muted performance in the third quarter of 2023-24 due to higher discounts, weaker mix and lack of operating leverage, amid a 9.2% decline in volumes on a q-o-q basis. Subdued recovery in the entry-level car segment impacted the volume growth during the quarter.

The company is the market leader in India's passenger vehicle (PV) industry and the largest exporter of PVs in India. It enjoys strong parentage from Suzuki Motors, Japan, which provided technology for innovations like fuel-efficient cars, S-CNG, smart hybrid and powertrain electrification.

Despite expectations of muted performance in the December quarter, most analysts are confident about the company's long-term growth. It will benefit from the improving prospects of the automobile industry, led by rising income levels, growth in per capita GDP, improving car penetration among Indian households, improving road infrastructure and desire for personal mobility. Also, favourable government policies like Make in India, PLI, FAME and 100% FDI through automatic route are supporting the automobile sector.

The industry is also seeing a consumer shift towards electric and CNG vehicles due to higher prices of petrol and diesel and government's stringent norms. Maruti Suzuki has developed a competitive edge in the CNG space, with nearly 75% share of the CNG cars sold in India. It is also planning to launch six EV models in 2024-25.

Analysts expect the company to perform better than the industry in the coming years, given its strong position in entry-level cars, favourable product lifecycle, new launch pipeline, and focus on premiumisation and safety. The newly launched models (Fronx, Jimny, Brezza and Grand Vitara) are seeing good demand traction.

The company is taking steps to manage competitive intensity. Focus on improved customer service, digitalisation in the vehicle service area, end-to-end online car finance platform, robust dealer network in tier 3 and tier 4 cities, expansion of service touch points and virtual car assistant powered by AI are some such steps.

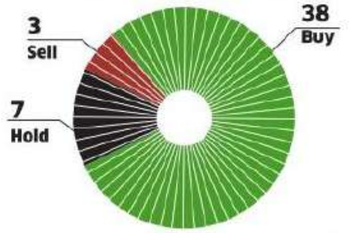
The company is aiming to increase its production capacity to cater to the rising demand for cars and export opportunities. Its manufacturing unit in IMT Kharkhoda (Haryana), with a capacity of 2.5 lakh vehicles a year, is expected to be commissioned in 2024-25. The acquisition of a 100% stake in Suzuki Motor Gujarat from Suzuki Motor Corporation will help improve synergies in production management.

A recent report from Centrum Broking states that the company is set to recapture its lost market share due to its renewed focus on fuel-efficient models such as CNG/hybrid and a strong line-up of SUVs. The report also sees structural tailwinds (decline in metal prices and operating leverage) that will improve profitability in the future.

Selection methodology: We pick the stock that has shown the maximum increase in 'consensus analyst rating' during the past month. The consensus rating is arrived at by averaging all analyst recommendations after attributing weights to each of them (5 for strong buy, 4 for buy, 3 for hold, 2 for sell and 1 for strong sell). An improvement in consensus analyst rating indicates that the analysts are getting bullish on the stock. Only stocks with at least 10 analysts covering them are considered. You can see similar consensus analyst rating changes during the past week in ETW 50 table.

—**Sameer Bhardwaj**

Analysts' views



Analysts feel the company will benefit from the improving prospects of the auto industry due to rising income levels and car penetration.

Fundamentals

	ACTUAL		CONSENSUS ESTIMATE	
	2021-22	2022-23	2023-24	2024-25
Revenue (₹ cr)	83,799.80	1,12,511.30	1,41,079.83	1,56,414.13
EBITDA (₹ cr)	5,706.20	11,017.70	16,003.98	18,937.77
Net profit (₹ cr)	3,879.50	8,211.00	10,418.55	12,700.00
EPS (₹)	128.43	271.82	383.38	445.64

Valuations

	PBV	PE	DIVIDEND YIELD (%)
Maruti Suzuki India	4.89	26.63	0.90
Tata Motors	5.98	17.68	0.28
Bajaj Auto	7.19	30.85	1.88
Mahindra & Mahindra	3.60	18.15	0.96
Eicher Motors	7.10	29.70	0.95

Brokerage calls

RECO DATE	RESEARCH HOUSE	ADVICE	TARGET PRICE (₹)
11 Jan 2024	Emkay	Add	10,700
10 Jan 2024	Motilal Oswal	Buy	12,055
8 Jan 2024	Prabhudas Lilladher	Buy	12,100
2 Jan 2024	Antique Stock Broking	Buy	12,424
11 Dec 2023	Centrum Broking	Buy	15,082

Relative performance

Maruti Suzuki India is compared with ET Automobiles and Sensex. Stock price and index values normalised to a base of 100. **Source:** ETIG and Bloomberg

WHAT EXPERTS ADVISE

BUY

*STOCK PRICES AS ON 11 JANUARY

STOCK	RESEARCH HOUSE	ADVICE	STOCK PRICE* (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL UPSIDE (%)	COMMENT
CG Power & Industrial Solutions	UBS	Buy	451	580	28.6	Initiate with 'buy' due to robust opportunities in the electrification and industrial markets. Company's robust M&A record, quick turnaround, competitive edge and strong leadership team are key positives.
Saregama India	Emkay	Buy	372	465	25.0	Initiate with 'buy' due to ramping up of non-music segments, growing digital revenue and ramp-up of paid subscribers. The acquisition of Pocket Aces will help it to exploit opportunities in the fast growing digital media segment.
Jio Financial Services	KR Choksey	Buy	235	290	23.4	Initiate with 'buy' due to its plans to increase financial services penetration, strong brand equity, healthy capital base, likely ramp-up in the product pipeline and focus on improving user engagement.
Ahluwalia Contracts	SMIFS	Buy	787	958	21.7	Initiate with 'buy' due to its strong order backlog, diversified presence, operational efficiency and acquisition of new projects. Healthy working capital and strong return ratios are the other positives.
Global Health (Medanta)	Motilal Oswal	Buy	990	1,170	18.2	Reiterate 'buy' due to faster scale-up of existing hospitals, additional business from new hospitals, aggressive bed expansion and better operational efficiency across mature as well as developing hospitals.
MOIL	Antique Stock Broking	Buy	309	365	18.1	Maintain 'buy' due to likely jump in manganese ore demand in India, price support due to global supply tightness, capacity expansion, strong cash reserves and likely jump in margins.

SELL

STOCK	RESEARCH HOUSE	ADVICE	STOCK PRICE* (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL DOWNSIDE (%)	COMMENT
Colgate-Palmolive (India)	Kotak Securities	Reduce	2,501	2,325	-7.0	Downgrade to 'reduce' as it may underperform the FMCG industry on volume growth. The EPS is expected to moderate and overarching focus on margins is expected to weigh on market development.

Very little scope to save tax

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

Pune-based finance professional Shefali Seth pays a steep tax even though she avails of many tax deductions. TaxSpanner estimates that Seth can save about ₹23,000 in tax if her company offers her some tax-free benefits and she buys medical insurance for herself and her spouse.

In her pay structure, the fully taxable special allowance is higher than the basic salary, whereas the tax-free allowances account for a very small portion of the total cost to company.

Seth gets ₹500 a month as reimbursement for telephone expenses, uniform allowance of ₹18,000 per year, and LTA of ₹42,200. She should also ask for some basic allowances, such as reimbursement of newspaper bills and meal coupons. Newspaper allowance of ₹1,000 per month and meal coupons worth ₹26,000 a year will reduce her annual tax by around ₹12,000.

However, this may only be a hypothetical calculation because her company is unlikely to agree. "My company is rather inflexible when it comes to the pay structure," she says.

The HRA calculation poses another problem. HRA exemption is the least of the following three: Rent paid, less 10% of basic; actual HRA received; and 40% of basic salary (50% for metros). In Seth's case, the first calculation applies. As a result, even though she pays a rent of more than ₹1.5 lakh a year, she gets the exemption for only ₹1.02 lakh. Seth and her family are covered by the group health insurance cover from her employer. She should consider buying a health cover separately too. A premium of ₹25,000 will save her about ₹7,800 in tax.

INCOME FROM EMPLOYER

INCOME HEAD	CURRENT	SUGGESTED
Basic salary	5,06,532	5,06,532
House rent allowance	2,53,260	2,53,260
Special allowance	5,79,396	5,41,396
Telephone reimbursement	6,000	6,000
Uniform allowance	18,000	18,000
Meal coupons	0	26,000
Newspapers and periodicals	0	12,000
LTA	42,211	42,211
Performance incentive	1,65,000	1,65,000
Employer's contribution to Provident Fund	60,784	60,784
Contribution to NPS under Sec 80CCD(2)	50,653	50,653
TOTAL	16,81,836	16,81,836

Reduce this taxable portion of the pay package.

This is tax-free subject to actual use and reasonable limits.

This is tax-free on submission of actual bills.

+ INCOME FROM OTHER SOURCES

Interest	10,000	0
Rent	0	0
Capital gains	0	0
TOTAL	10,000	0

Avoid fixed deposits and go for debt funds instead.

All figures are in ₹

Denotes suggestion to increase · Denotes suggestion to reduce

Tax-saving investments

INVESTMENT OPTION	CURRENT (₹)	SUGGESTED (₹)
Provident Fund	60,784	60,784
ELSS	60,000	60,000
Life insurance	32,000	32,000
NPS under Sec 80CCD(1b)	50,000	50,000
TOTAL ADMISSIBLE	2,00,000	2,00,000

Other deductions

EXEMPTION OR DEDUCTION	CURRENT (₹)	SUGGESTED (₹)
HRA exemption	1,02,000	1,02,000
Medical insurance	0	25,000
TOTAL ADMISSIBLE	1,02,000	1,27,000

Buy health insurance for self and spouse.

Shefali Seth's tax

	TAX ON SALARY	TAX ON OTHER INCOME	TAX ON CAPITAL GAINS
CURRENT	₹1,64,483	3,120	0
	₹1,67,603		
SUGGESTED	₹1,44,827	0	0
	₹1,44,827		

TOTAL TAX SAVED

₹22,776

PER YEAR

TAX RATIO

(Total tax as % of annual income)

EXISTING	SUGGESTED
9.9%	8.6%

WRITE TO US FOR HELP

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

PORTFOLIO DOCTOR

Not many investors know whether they have invested in the right funds and if their fund portfolio is on track. The Portfolio Doctor assesses the health of the fund portfolio, examines the schemes and their suitability with regard to the goals and, if required, recommends corrective measures. The advice given is based on the performance of the funds, the risk profile of the investor as well as his financial goals.

All goals can be reached with 5% hike in SIPs

Pranav Kapoor is saving for his child's goals and retirement. Here's what the doctor has advised:

PORTFOLIO CHECK-UP

- Has been investing in equity funds for the past 7-8 years.
- Started with ELSS funds to save tax and then added more schemes.
- Still holding ELSS funds bought several years ago. Some of them are lagging.
- Quit job last year to launch business venture.
- Provident Fund account will become inactive after two years. Deploy corpus in a debt fund.
- Holds too many funds. Needs to junk underperformers.
- Don't invest in new funds. Just 7-8 funds are enough.
- Take a ₹2 crore life insurance to cover goals. Go for a pure protection term insurance plan.
- Income from business can be lumpy. Build emergency fund to tide over unexpected expenses.

Note from the doctor

- Fund portfolio has small-cap skew. Be ready for high volatility.
- Don't avoid PPF. Use it to build tax-free corpus.
- Review investments and rebalance at least once a year.
- Reduce risk when goal is near so that you don't miss the target.

GOALS

1	2	3
CHILD'S EDUCATION **19** years PRESENT COST: ₹**45 lakh** FUTURE COST: ₹**2.75 crore**	**CHILD'S MARRIAGE** **25** years PRESENT COST: ₹**40 lakh** FUTURE COST: ₹**2.17 crore**	**RETIREMENT INCOME: 26** years CURRENT NEED: ₹**2.5 crore** (₹1 lakh a month) CORPUS NEEDED: ₹**14.5 crore**

Goal	INVESTMENT	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION	NEW SIP (₹)
1	Axis Long Term Equity	3,67,432		Fund is a chronic underperformer. Shift corpus to a short-term debt scheme, then systematically move to Parag Parikh Flexicap through monthly SIPs.	0
1	Parag Parikh Tax Saver	2,41,172	8,000	Continue SIPs in this oustanding ELSS fund. Hike amount by 5% every year.	8,000
1	Nippon India Tax Saver	1,35,816		Another laggard that needs to be junked. Shift corpus to short-term debt fund, then systematically move to Parag Parikh Flexicap through monthly SIPs.	0
1	Canara Robeco Equity Tax Saver	1,16,052		Both funds have performed well. Continue holding these stable large-cap oriented ELSS funds.	0
1	Bandhan Tax Advantage	1,01,155			0
1	Mirae Asset Tax Saver	66,798		Fund is stable but you need to consolidate portfolio. Shift corpus to Quant Midcap Fund.	0
1	Quant Midcap	65,291	6,000	Fund has done very well in recent months. Continue SIPs and hike amount by 5% every year, but keep close watch on performance.	6,000
1	Parag Parikh Flexicap	0	0	Start systematic transfer plan of ₹10,000 per month in this outperforming flexi-cap fund from short-term debt fund.	10,000
2	Mirae Asset Large & Midcap	2,56,220	5,000	Continue SIPs in this outstanding large- and mid-cap fund. Hike SIP amount by 5% every year.	5,000
2	Axis Bluechip	1,65,982		Fund has not done well. Consider shifting to large- and mid-cap scheme Axis Growth Opportunities.	0
3	SBI Contra Fund	19,689	4,500	This value fund has done very well. Continue SIPs and hike by 5% every year.	4,500
3	Aditya Birla SL Nasdaq 100 FOF	25,278	5,000	Continue SIPs in this US-focused index FoF. Hike amount by 5% every year.	5,000
3	Zerodha Nifty Large Midcap 250 Index	8,200	8,000	Continue SIPs in this index fund. Hike amount by 5% every year.	8,000
3	Mahindra Manulife Multi Cap Fund	29,791	4,000	This new fund has done well. Continue SIPs but watch performance closely. Hike by 5% every year.	4,000
3	SBI Small Cap Fund	1,41,276	5,500	Continue SIPs in this stable small-cap fund, but watch performance closely. Hike by 5% every year.	5,500
3	Nippon India Small Cap Fund	1,84,856	0	Hold these two small-cap funds for the long-term, but keep an eye on performance.	0
3	HSBC Small Cap Fund	1,04,444	0		0
3	Quant Small Cap Fund	35,954	4,000	Continue SIPs in this outstanding small-cap fund. Hike by 5% every year.	4,000
3	Direct stocks	3,94,247	0	Consider moving to mutual funds for more stable returns.	0
3	Sovereign gold bonds	1,77,606	0	Hold for the long term.	0
3	PPF	4,12,373	500	Start putting ₹12,500 a month in the PPF to build tax-free corpus.	12,500
3	Provident Fund	15,00,000	0	Provident Fund corpus will stop earning interest after two years. Shift it to a debt fund at the time.	0
	TOTAL	**₹45,49,632**	**₹50,500**	The goals can be reached using the mutual funds marked in the same colour.	**₹72,500**

Assumptions used in the calculations

INFLATION

Education expenses	For all other goals
10%	7%

RETURNS

Equity funds	Debt options
12%	8%

PORTFOLIOS ANALYSED BY

RAJ KHOSLA, Managing Director and Founder, MyMoneyMantra

WRITE TO US FOR HELP

If you want your portfolio examined, write to etwealth@timesgroup.com with 'Portfolio Doctor' as the subject. Mention the following information:

- Names of the funds you hold.
- Current value of the investment.
- If you have SIPs running in any of them.
- The financial goals for which you invested.
- How much you need for each financial goal.
- How far away is each goal.

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 'Best ways to save tax' analyses the tax-saving options thoroughly, making it convenient for taxpayers to decide according to their priorities. The old tax regime incentivises savings, which is a significant component of the GDP. About 63% of taxpayers have opted for the old tax regime. Besides the returns, immediate tax-saving at the time of investment is about 25-30%. The gains in investments range from 7-8.2%, with some uncertainties at maturity, except for the PPF, which gives tax-free returns. However, time is a relative concept for each taxpayer. So, pick the saving option that gives the best returns when needed the most.
Vinod Johri

As a salaried employee in India, there is no need to fall into the trap of 'tax savings'. In a matter of two-three years, the only tax-saving option for the salaried class will be the EPF contribution and standard deduction.
SB

NPS is rightly the top saving option

The cover story 'Best ways to save tax' gives a resounding thumbs up to the NPS as the top tax-saving option, and rightly so. It not only offers tax exemption at the time of investing, but also while withdrawing a major portion of the corpus. It is the only tax-saving tool that offers 75% equity exposure to the invested amount over and above the Section 80C limit. The lock-in period till the age of 60 offers uninterrupted compounding, leading to a massive retirement corpus.
Prashant Shivdas

A big shout-out to the story 'How to find a job this year'. It was like a new year's gift for all the readers from *ET Wealth*. One must conduct a thorough NICE (need, interest, concern and expectation) analysis before starting a job search. This is a self-analysis exercise, which requires a deep dive by giving a lot of time to oneself. Sectors like pharmaceuticals, real estate, automotive industry, EV, healthcare, life sciences, commerce and GCC industries will organically grow and perform better. There will be many jobs across all these sectors.
Darshan Godbole

Kudos to Uma Shashikant for navigating diverse views on personal finance in her column 'Financial divide in a family'. As parents cling to traditional milestones, the new generation seeks short-term goals that are aligned with their passions. This creates a conflict between the risk-averse parents and children hungry for entrepreneurial ventures. Resolving this impasse demands dialogue, staggered transfer of resources and recognition of children's autonomy. Ultimately, letting go becomes paramount for parents, allowing adult children to shape their destinies beyond parental expectations.
Manoj

The story on NYSE FANG+ ETF rightly cautions the investors about the basket's elevated valuations. While experts believe in the long-term prospects of artificial intelligence and cloud computing, a concentrated bet on FANG+ demands conviction. With the US economic slowdown and tightening of monetary conditions, staying cautious in the face of uncertain short-term valuations is prudent.
Isha

You can lose shares if dividend is unclaimed for 7 years

These can be reclaimed from the IEPF fund by following the prescribed procedure.

by **Neelanjit Das**

All the shares that you have been accumulating for years might be transferred to a specified fund if dividends on such shares are not claimed for seven consecutive years. However, before taking the securities, the individual will be intimated, and if appropriate action is undertaken, he can retain the securities.

If the individual fails to take any action despite repeated reminders, the securities will be transferred to the Investor Education and Protection Fund (IEPF). These can be reclaimed by the individual or his legal heirs on submission of a specified electronic form and certain documents.

According to the Companies Act, 2013, securities have to be transferred to the IEPF when the shares or dividends remain unclaimed or unpaid for seven consecutive years. "The securities in which dividends have gone unclaimed or unpaid for seven consecutive years or more are subsequently transferred to the IEPF, which is managed by the Ministry of Corporate Affairs," says Bhavik Gandhi, Head, Operations, Mirae Asset Capital Market.

How to save shares from being transferred to IEPF

Keep a watch on the status of your bank account or update your current address with the company if you are getting paid dividends through cheques. "If the dividend is credited to the individual's bank account without being returned to the company, it indicates that it is paid, and the transfer of shares to IEPF is not necessary," says Gandhi.

Usually in dormant bank accounts or those frozen due to non-compliance with re-KYC norms, the status of the bank account becomes frozen only for debits. This means that no money can go out, while credit to the account remains uninterrupted.

According to Shreejith Menon, Chief Operating Officer, Operations,

Customer Service & Facilities, Fincare Small Finance Bank, "If a bank account has been dormant for an extended period of time, the account may be subject to certain restrictions on debit transactions. If an individual has not complied with re-KYC requirements, banks initiate the debit restrictions for the customer. However, the credit transactions are permitted. If there is an active NACH or ECS mandate, banks have a policy that they will not close the account unless the account holder provides information for a replacement bank account."

Only in unusual circumstances can the banks change the status of the savings account to 'freeze' for credits. "In extraordinary cases like suspected fraud or unusual activity, or legal notices/court orders/attachments and investigations, or suspected money laundering, or bankruptcy, or demise of the account holder, banks freeze the account for credits," adds Menon.

How to know if shares are being transferred

If the dividend remains unclaimed for seven consecutive years, the process of transfer to the IEPF starts. "Before transferring the shares from the individual's demat account to IEPF, investors are informed by the company through various means, including public notices about the impending transfer of their shares to the IEPF. Additionally, the companies whose shares are subject to transfer are required to provide the necessary details to the IEPF authority in a specified format," says Gaurav Garg, Chief of Business, BlinkX by JM Financial, a stockbroker.

Stockbrokers usually do not have any knowledge of the shares being transferred to the IEPF. "The company, registrar and transfer agent (RTA), or depository does not inform the stockbroker or depository participant (DP) about the shares being transferred to IEPF. When an individual realises that his shares are missing from the demat account and contacts the DP or stockbroker, the DP checks the transaction statement to discover about the transfer of shares to IEPF," says Gandhi.

How to reclaim the transferred shares

There is a dedicated IEPF website where a specified form needs to be electronically filled and submitted. Stockbrokers or DPs can also help with the necessary information that needs to be filled in this form.

"The individual needs to fill out a form called IEPF-5, sign it, and submit it to the IEPF authority, along with a prescribed fee," says Gandhi.

The link to upload a filled up IEPF-5 Form is *https://www.mca.gov.in/mcafoportal/iepf5Service.do.*

For any help, the IEPF helpline can also be contacted. The IEPF helpline number is 1800 114 667 and the helpdesk e-mail ID is *iepfa@mca.gov.in.*

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