THE ECONOMIC TIMES
wealth

HOW MUCH RISK CAN YOU TOLERATE?
P12

www.etwealth.co | Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi, Pune | April 13-19, 2020 | 24 pages | ₹8

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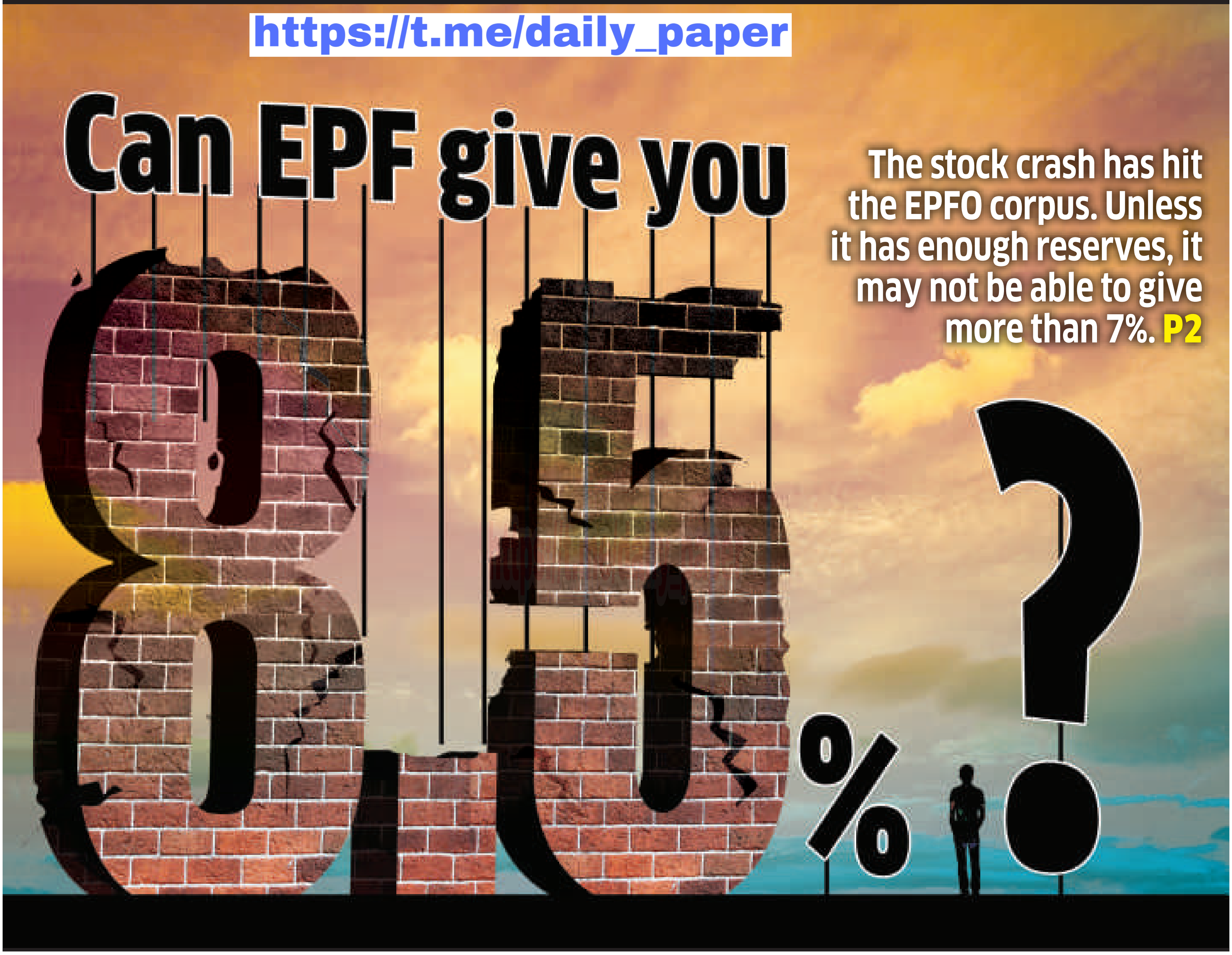


The stock crash has hit the EPFO corpus. Unless it has enough reserves, it may not be able to give more than 7%. P2

ILLUSTRATION: ANIRBAN BORA

By **Babar Zaidi**

If you were disappointed when the Employees' Provident Fund Organisation (EPFO) declared an interest rate of 8.5% for 2019-20, be prepared to get shocked now. The 8.5% interest rate was based on the returns earned by the EPFO corpus during the full financial year. According to one news report, Central Board of Trustees (CBT) members were told at a meeting on 6 March that the debt investments would generate 8.15% while the balance 0.35% would come from booking profits in equity investments.

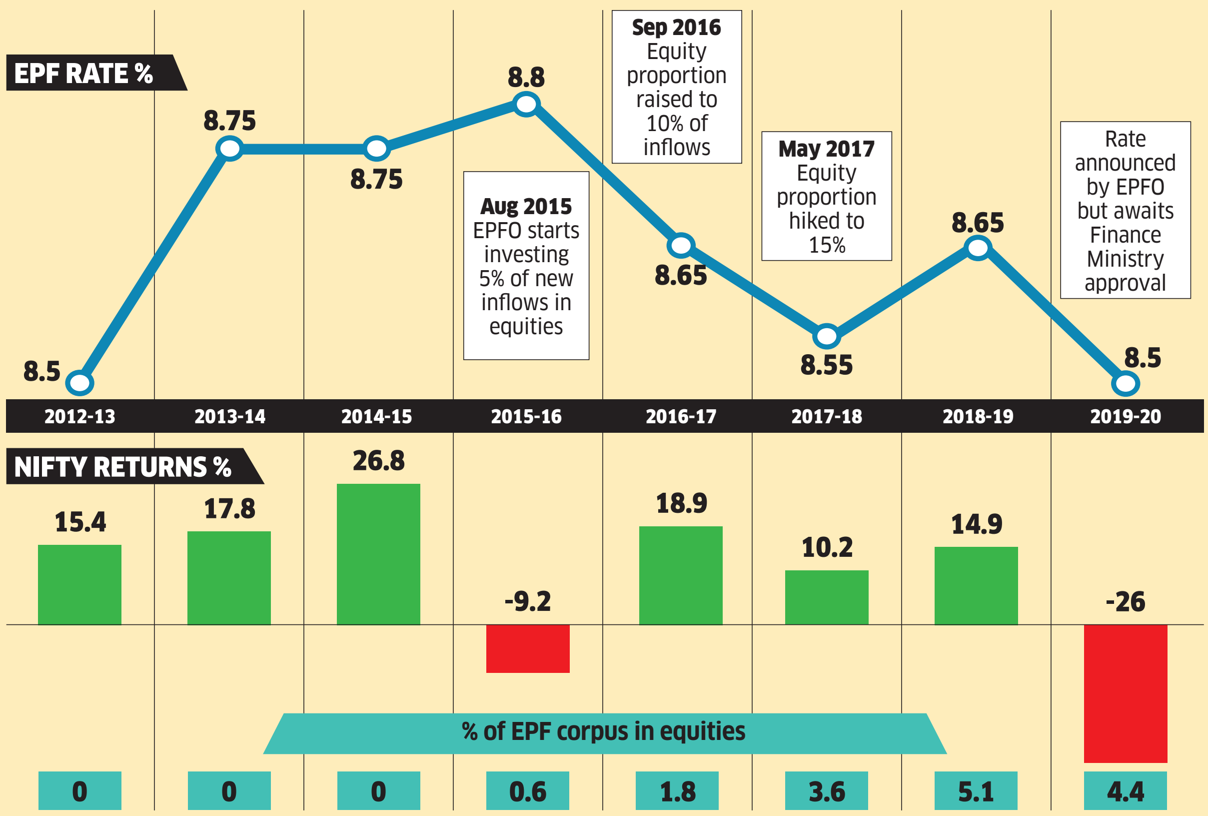
However, the stock market crash in March eroded the value of the EPFO's equity investments by over ₹27,000 crore. It is not clear whether the EPFO fund managers managed to sell some of the investments before benchmark indices fell off the cliff. Though equities accounted for less than 6% of the massive EPFO corpus, the 30% drop in the benchmark indices in March could eat into its overall returns. Our estimates show that if the decline in the equity portion is factored into the calculation of returns, the EPFO may not be able to give more than 7% for 2019-20 (*see graphic*).

A 150 basis point cut in returns may not seem very cataclysmic at a time when stock markets have crashed by 30%, mutual funds are down 10-20% and interest rates have declined by 70-80 bps points. But Provident Fund members are not used to market-linked returns. For them, even a 15 bps cut is a major cause for concern.

Of course, what EPFO could do is sell off some of the equity investments and use the proceeds

EPF rate has hit an 8-year low

Late start and small exposure prevented EPFO from gaining from equity rally.



to pay the 8.5% rate it has announced. "The EPFO will give 8.5% returns as announced in the CBT meeting. How this will impact the corpus and future returns is something we shall see next year," says Virjesh Upadhyay, General Secretary of the Bharatiya Mazdoor Sangh and member of the CBT.

But selling off assets to give out a higher return is a questionable practice because it jeopardises the long-term future of the scheme. "Only Ponzi schemes give out returns higher than what their underlying investments generate," says Dhirendra Kumar, CEO of mutual fund tracker Value Research. "They flourish when inflows are more than outflows and run aground once the reverse happens," he says.

Not so prudent accounting

When EPFO started investing in equities in August 2015, many people welcomed the move. After the 2014 rally in stocks, there was widespread optimism. The EPFO initially put in 5% of fresh inflows in Nifty ETFs. This was raised to 10% of inflows in 2017 and to 15% in 2018. "Investing in equities is a bet on the economy and based on the premise that tomorrow will be better than today. Since EPFO is long-term money, it makes eminent sense to invest it in equities," says Kumar.

The problem, however, lies in the way the EPFO accounts for its equity investments. The retirement body has always invested in bonds and other fixed income securities and declared a rate of interest based on the interest it earned from these investments. But it gets tricky when you include equity investments in the equation. Unlike mutual funds and the NPS, the EPFO corpus is not unitised and the value of investments is not marked to market. Declaring a rate based on the notional gains (or not accounting for losses) on equity investments is fraught with risk.

In November 2017, the EPFO had announced a unitisation plan under which ETF units would have been credited to individual accounts. The plan has not been implemented for the simple reason that it is not workable. Holding ETFs would require opening demat accounts for the estimated 4.8 crore EPF members. Moreover, unlike mutual funds, ETFs cannot be held in fractions.

Covid related withdrawals

Withdrawals add a new dimension to the problem of accounting. The EPFO is allowing withdrawals from the Provident Fund if subscribers are facing financial difficulties due to the lockdown (*see box*). If the EPF has earned around 7% in 2019-20, but gives out 8.5%, people who withdraw during the year may be taking out more than their money has earned. There may also be non-Covid related withdrawals and retirements during the year. What will these mean for members who remain invested?

To be fair, the EPFO keeps funds in reserve to manage exigencies, though it is not clear how much is lying in reserve right now. In the past, it has also booked profits in equity investments. In 2017-18, it sold ETFs and made capital gains of close

Looking under the hood

Calculating the returns earned by the EPF corpus is a challenge. Even in normal times, the EPFO is very economical with numbers and gives out data after an excruciating lag. The lockdown has only made things worse. We had to make some broad assumptions for calculating the returns. Here is how we went about this.

EPFO started investing 5% of new inflows in equities from August 2015.

The next year, in Sept 2016, this was raised to 10% of fresh inflows.

In May 2017, the quantum was further raised to 15% of the fresh inflows.

Besides index ETFs, the EPFO also invested in CPSE ETF and Bharat-22 ETF.

In Jan 2018, a proposal to hike investment to 25% of inflows was rejected.

Labour Minister Santosh Gangwar said last year that EPFO had invested **₹86,966 crore** in equities till September 2019.

Based on this number and the investment pattern followed by EPFO, we worked out the annual inflows into EPFO in the past five years.

Annual inflows into the EPFO

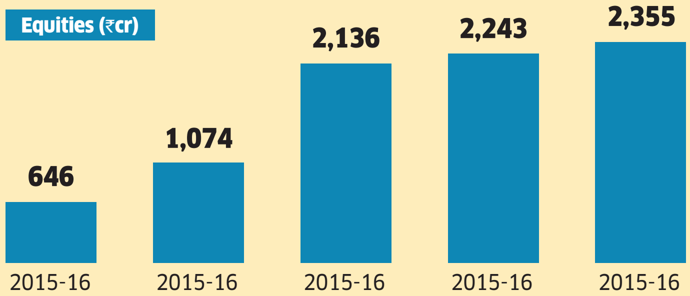
Financial year	Equities (₹cr)	Debt (₹cr)	Total (₹cr)
2015-16	5,166	1,49,834	1,55,000
2016-17	12,884	1,49,866	1,62,750
2017-18	25,633	1,45,254	1,70,888
2018-19	26,915	1,52,517	1,79,432
2019-20	28,261	1,60,143	1,88,403

Note: The inflows have been assumed to rise 5% every year due to increase in wages and new joinees.

Equity investments by EPFO subscribers have steadily grown in the past five years.

From ₹646 crore a month in 2015-16, EPFO subscribers now invest **₹2,355 crore** in equities every month.

Monthly equity investments by EPFO



According to the EPFO annual report of 2014-15, the total corpus of the three schemes (EPF, EPS and EDLI) was **₹6,33,713 cr** on 31 March 2015. This was put in bonds in the portfolio tracker to earn 8.3% returns.

The monthly investment figures were used to start SIPs in an index fund in Aug 2015.

The fresh inflows that went into debt were put into the PPF every month to earn the market-determined returns offered by the small savings scheme.

The final picture does not look very pretty. The equity portfolio has suffered an overall loss of nearly **₹9,200 crore**.

But this is the cumulative loss since the first equity investment in Aug 2015. The loss is bigger at **₹27,000 crore** if we look at the financial year 2019-20 in isolation.

It is not clear if EPFO fund managers booked profits in equity investments subsequently. News reports suggest that EPFO was not able to offload its equity investments before the markets tanked in March. So, the equity portfolio would have shrunk from about ₹1,12,000 crore in early February to about **₹85,500 crore** by the end of March.

EPFO has in the past sold ETFs to book profits. In 2017-18, it sold ETFs and made capital gains of close to ₹1,000 crore. We factored that in by redeeming equity investments worth **₹4,110 crore** in February 2018. That amount was added to the debt portion.

At a meeting of the Central Board of Trustees on 5 March, the EPFO announced a rate of **8.5%** for 2019-20.

In the past, if earnings from investments were lower than expected, the EPFO dipped into reserves to maintain a healthy interest rate.

But the losses from the equity portion are huge. If factored in, the returns earned in 2019-20 could be as low as **7%**.

Should EPFO invest in equities?

ET Wealth reached out to members of the Central Board of Trustees and an expert to know whether the decision to invest in equities was a sound one. Here's what they have to say:

No

The possibility of a slightly higher return does not justify the risks

From the very beginning, trade unions have opposed the EPFO decision to invest in equities. The possibility of a slightly higher return does not justify the risks involved. I ask the government, why are you capping the equity investment at 15%? Take it all, but only if you can guarantee a fixed return. If there is no guarantee, don't risk the hard earned money of employees. While trade unions are against investing in equities, the representatives of employers have sided with the government decision. They are market friendly because they represent the interests of the corporate sector. But the Finance Ministry now takes the decisions on EPFO investments. The CBT has to accept whatever it decides.

A.K. PADMANABHAN
CITU VICE-PRESIDENT AND CBT MEMBER

Yes

Equities have the potential to generate higher returns for subscribers

It is not correct to judge a long-term investment on the basis of day-to-day market movements. There is no doubt that the decision to invest EPFO money in equities was correct. It was due to the returns from equities that allowed us to give out a higher rate of interest last year. The entire global markets are down, so India is not an exception. Please keep in mind that the returns are market linked and dynamic. Even before the EPFO started investing in equities, the returns were coming down. At one time, the EPF was giving 12%. Then it came down to 10% and eventually 8.5%. This year too the EPFO will give 8.5% as was announced in the CBT meeting. How this will impact the corpus and future returns is something we shall see next year.

VIRJESH UPADHYAY
BMS GENERAL SECRETARY AND CBT MEMBER

Yes, but

There should be transparency in the investment process

Investments in equities can be very distressing in the short term but also very rewarding in the long term. Since EPFO is long-term money, it makes eminent sense to invest it in equities. Having said that, transparency in the investment process and management of the corpus are critical. It is not clear how the EPF calculates its equity returns and how the losses on the equity portion will be accounted for. Ponzi schemes give out returns higher than what their underlying investments generate. These schemes flourish when inflows are higher than outflows, but run aground when the reverse happens. This is certainly not true in case of the EPF. So let's hope that people don't start withdrawing huge sums using Covid as an excuse.

DHIRENDRA KUMAR
CEO, VALUE RESEARCH

Covid relief: Subscribers can withdraw EPF

EPFO is allowing withdrawals of up to three months' basic and DA or 75% of balance, whichever is lower.

The EPFO is allowing withdrawals from the Provident Fund if subscribers are facing financial difficulties due to the lockdown. An EPF member can withdraw up to three months' basic and dearness allowance or 75% of the balance in the account, whichever is lower. These are non-refundable withdrawals so members are not required to replenish their accounts. If the PF is with an exempted organisation or managed by a private trust, the member will have to contact his employer for the withdrawal.

Since the facility was introduced on 26 March, the EPFO has already processed about 1.4 lakh claims and disbursed roughly ₹280 crore. "The system is processing all applications which are fully KYC compliant within 72 hours," the EPFO said in a statement. The EPFO clarified that since this is an advance, the withdrawals will have no tax implications for subscribers.

The withdrawal can also be done online. For this, one must have an activated Universal Account Number (UAN), the Aadhaar should be verified and linked with the UAN and the bank account with IFSC Code should be seeded with UAN. No other documents are required.

Experts say that though it has become easy to withdraw the EPF corpus, one must do so only if there is a pressing need. Since the EPF contribution is a long-term saving, withdrawing it will deprive your retirement kitty the power of compounding. Also, at 8.5% tax free, the EPF is a far better option than other fixed income investments. Withdraw from it only if you have exhausted all other options.

to ₹1,000 crore. But it has been very economical in sharing information. The latest annual report on its website pertains to the year 2016-17. Our calculations are based on the numbers disclosed by Labour Minister Santosh Gangwar in Parliament. We then worked backwards to calculate the returns.

Even so, there could be a significant margin of error in our calculations. We have used an index fund (SBI Nifty Index) as a proxy for the Nifty and Sensex ETFs in which the EPFO invests. The fund management charges of an index fund are higher than those of an ETF. At the same time, we have not taken into account the investments in the CPSE and Bharat-22 ETFs which have yielded returns much lower than the Nifty. We have also assumed a much higher rate of 8.2% for returns from the debt portion, even though the actual returns would have been lower. Besides, as CITU Vice-president and CBT member A.K. Padmanabhan points out, the EPFO suffered losses in bonds of Yes Bank, DHFL, IL&FS and ADAG group entities during the year.

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This is no time to try risky financial products

Those who fell for risky, leveraged and overly clever financial products are suffering, but the temptation is still there, says **Dhirendra Kumar**.

DHIRENDRA KUMAR
CEO, VALUE RESEARCH

MONEY MYSTERIES

Everyone who self-defines as a saver rather than a trader, none of this is worthwhile. We need to stick to the basics, to the asset allocation and the risk level that is appropriate for our own financial situation.

As it happened in 2008-09, a sharp downward move in the equity markets brought out all kinds of problems that were hidden otherwise. A few days ago, I heard from an acquaintance who lives in the UAE, how a well-known international bank wiped out all his savings. Although the UAE is a different jurisdiction, the saver is an Indian citizen, the underlying product is an Indian mutual fund and the bank operates in India too. Therefore, the story might be of interest to at least those readers who have relatives abroad investing in India. Moreover, the basic lesson to be drawn from this episode is just as relevant in India.

This person was approached by the bank with a scheme to invest in an Indian mutual fund using a special method which would enhance the returns, or so the bank said. The customer fell for the stories and agreed to invest, especially as the mutual fund was a well-known Indian brand. What the customer did not understand clearly was that this was a leveraged product. The money invested was double that of what the customer had put in, with the other half coming as a loan from the bank with the customer's half as the collateral!

There are many investing and trading tricks that give the illusion of working well. Only when the stresses become very large, do the underlying flaws show up.

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Naturally, as long as the returns were positive, the customer was happy. However, when the markets crashed, the bank asked the customer to deposit a large amount as margin money in order to shore up the collateral. Since the customer could not afford to do so at that point, almost the entire holding was sold off, leading to a near 100% loss. The customer has hardly understood what happened exactly but has no recourse to anything. The bank would obviously be doing this on an industrial scale and would be well-protected legally. The matter is entirely outside the Indian regulatory ambit in any case.

Can this happen in India? The answer is that it cannot happen in this exact manner in mutual funds. However, it's entirely possible to borrow against investments (whether stocks or mutual funds) from most banks and then use that borrowing to invest more. That would produce the same set of higher returns but with a much higher risk. Of course, this kind of leveraged trading is routine in stocks and is the normal modus operandi for traders but presumably (hopefully) those people know what they are doing or at least learn quickly enough with their first round of losses.

Generally speaking, there are many investing and trading tricks that give the illusion of working well when the markets are going up or at worst, dropping in a routine manner. When the stresses become very large, then the underlying flaws show up. This is happening—and will happen soon—in any business where there is too much borrowing. Trading with borrowed money by an individual is an extremely dangerous variation of the same theme. Unfortunately, it's always some intermediary who leads savers into this path in order to enhance their own profits. A tight regulatory system helps but cannot keep people 100% protected.

The current situation, when there are violent movements in the markets is just the kind of time when the temptation to play some special tricks can easily be provoked by skilled sales people. Some people, when they have just lots of money may fall for some supposedly clever financial products that can bring bigger profits. However, for everyone who self-defines as a saver rather than a trader, none of this is worthwhile. We need to stick to the basics, to the asset allocation and the risk level that is appropriate for our own financial situation.

The Covid pandemic will be a long fight, personally and financially, and this is no time to try out risky financial products.

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Don't go by cheaper valuations

When actual earnings start coming through, valuations may not seem cheap.

by **Sanket Dhanorkar**

Bargain hunters beware. Do not rush into buy just because valuations are contracting as share prices fall. While valuations as indicated by metrics like price-to-earnings and dividend yield have corrected substantially, relying on such figures alone in the current scenario may not lead you to the right decisions.

Take for instance the PE ratio. If purely using trailing PE, the denominator reflecting earnings growth of trailing 12 months may no longer be reflective of the earnings reality amid the unfolding coronavirus-related economic shocks. The earnings profile of several businesses will be hit severely in the coming quarters. In this scenario, the PE will seem optically low as share prices have corrected sharply relative to the trailing earnings profile. In a few months, when actual earnings start coming through, valuations as seen today may no longer seem cheap. "Trailing earnings will not be relevant for 2020-21 earnings given the current pandemic and associated lockdowns. Equity investors and analysts will look at 2021-22 estimated earnings to value companies," says Rajeev Thakker, CIO, PPFAS Mutual Fund.

Even PE based on forward earnings will give a distorted picture. The 1 year forward earnings growth assumptions will only be revised with a lag. Any revised estimates may also not be sanguine given the difficulty in quantifying the impact of such unprecedented dislocation to individual businesses. Sankaran Naren, Executive Director and CIO, ICICI Prudential Mutual Fund, reckons investors should look beyond earnings and instead focus on balance sheet quality now. "Earnings profile for next six months is irrelevant. Stick with the strongest players in their respective sectors based on inherent balance sheet strength." Thakker argues, "Given the high uncertainty, in some companies, it may create an illusion of value but for most companies which have the capacity to comfortably survive the current downturn, the earnings and value will come back soon."

Similarly, experts believe other metrics like dividend yield and price to book value may also be compromised. "Dividend yields on a trailing basis will be as misleading as earnings. There will be many companies that will cut dividends," points out Thakker. Even the PBV metric may be useful only in some asset-heavy cyclicals and some financial stocks. For many sectors such as IT, pharma, FMCG, it may not be of much use.

PE multiples of several stocks have contracted

Lower valuation may be an illusion as earnings may be hit in coming months.

Company	Current PE	20 Feb PE	Price change (%)
Future Retail	5.2	26.2	-80.3
Quess Corp	12.1	30.7	-60.5
Bharat Forge	13.7	30.2	-54.8
Motherson Sumi Systems	12.6	27.4	-54.1
Ashok Leyland	11.3	23.9	-52.7
Adani Gas	26.5	52.3	-49.3
Cummins India	11.5	22.3	-48.1
Indian Hotels Co	22.2	42.0	-47.2
Dalmia Bharat	21.0	39.3	-46.6
Adani Enterprises	11.2	20.8	-46.4

Data as on 7 Feb 2020. Compiled by ETIG Database.

NEWS IN BRIEF

Cut-off time for mutual fund transactions changed

All mutual funds have temporarily changed the cut-off timings for buying and redeeming. The change will be effective till 17 April. For liquid and overnight funds, the cut-off time for getting the previous day's NAV has been advanced to 12.30 pm from 1.30 pm. For other mutual funds, the cut off time has been changed to 1 pm from 3 pm. To get the same day's NAV for redemption, the cut-off timing has been advanced from 3 pm to 1 pm.

Wimbledon insurance

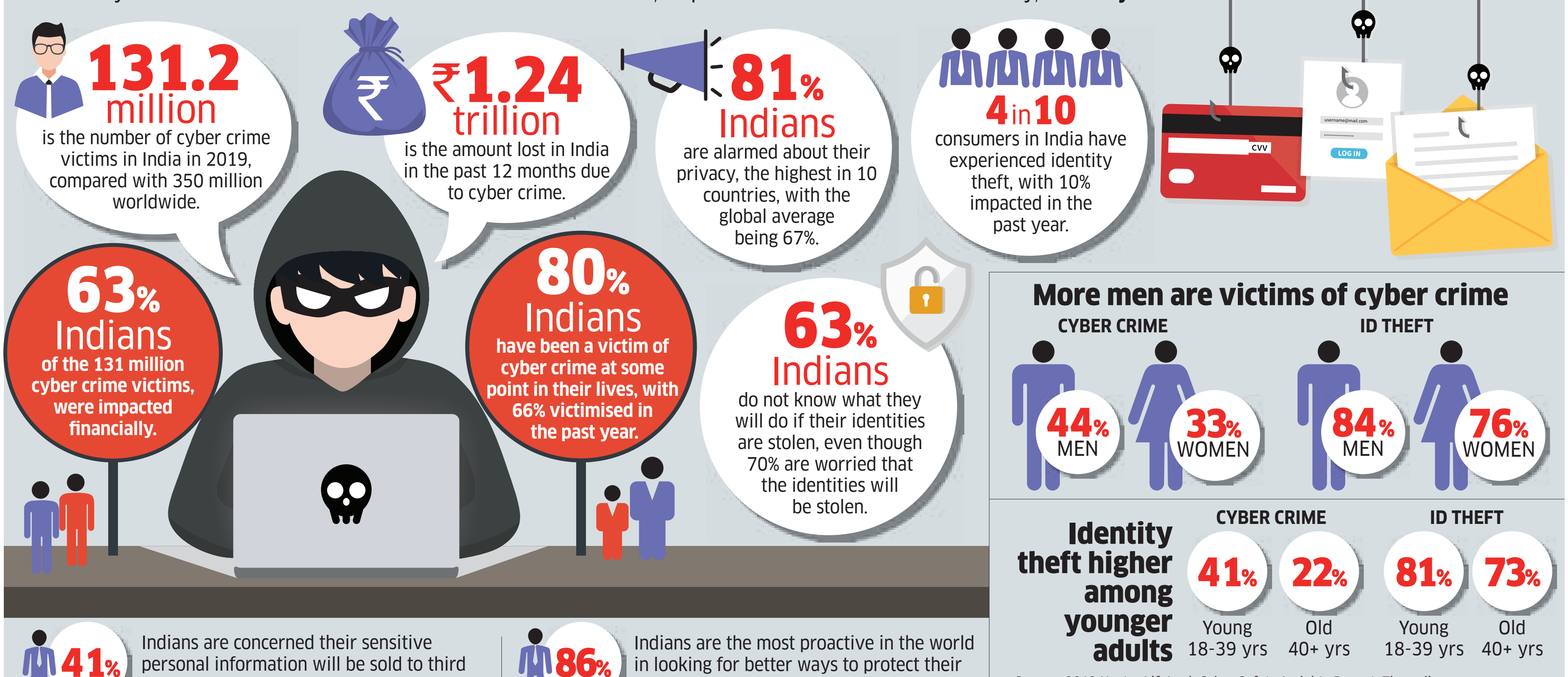
For the past 17 years, the All-England Lawn Tennis Club has been paying a premium of $2 million for an insurance policy to guard against losses if the Wimbledon is cancelled due to a pandemic. Now that it has happened, the club will receive a payout of $141 million, or nearly half the amount it expects to lose as a result of the cancellation.

SBI cuts interest rates

State Bank of India has cut interest rates on saving accounts by 25 bps. With effect from 15 April, savings accounts will earn 2.75% per annum. The bank also cut MCLR by 35 bps across all tenors. The one year MCLR comes down to 7.4% per annum from 7.75%.

Indians lost ₹1.2 trillion to cyber crime in 2019

Nearly 70% Indians are worried their identities will be stolen, as per a recent NortonLifeLock survey, finds **Riju Mehta**.



Source: 2019 NortonLifeLock Cyber Safety Insights Report. The online survey was conducted by The Harris Poll for NortonLifeLock among 10,063 adults in 10 countries.

Should you invest in index funds or ETFs now?

Betting on low cost index fund is an option for investors, since these funds usually remain fully invested.

by **Narendra Nathan**

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Experts say the current market turmoil is the best time to invest in equities and the easiest way to do so is through index funds. These funds usually remain fully invested so you don't have to worry about what your fund managers will do. Some active fund managers are known to panic and increase cash holdings. In other words, index investing is the best way to participate in the expected market rebound.

However, should you go with the exchange traded funds (ETFs) or with the open ended index funds? "ETFs and open end index funds are made for different set of investors," says Jitendra P. S. Solanki, Sebi-registered investment adviser. Let us take a look at what will suit you.

Convenience

If you are a only a mutual fund investor, it makes sense to restrict yourself to open ended index funds and keep investing regular amounts through SIPs. Since ETFs are listed instruments, only those investors who have broking and demat accounts can buy or sell them.

Liquidity

There is no liquidity issue with index funds and you can invest or redeem at the day's NAV by putting in a request. However, several ETFs are not traded frequently in India and therefore, you may get stuck for several days. So, invest only in ETFs that have ample liquidity now.

Real time vs EOD NAV

If you are a market timer, it works better with ETFs as you can buy it on intra-day basis at your own decided price. This will be of immense help since the intra-day volatility is very high now. However, some of this advantage has vanished in the recent past as some ETFs have started moving away from their respective NAVs owing to volatility. This is visible even among the ETFs linked to benchmark indices like Sensex and Nifty (*see tables*). There is no purpose in buying these ETFs at a premium. However, investors holding on to them can use this opportunity to exit. Similarly, there are few ETFs quoting at attractive discounts. Investors should make sure that there is enough liquidity in the counter, so that they don't have to sell at a discount later.

All investors, who submit request before cut-off timings, get the end of the day (EOD) NAVs in case of open ended index funds. This makes intra-day timing difficult and the recent change in cut off time (from earlier 3 pm to now 1 pm) has aggravated this problem. For example, you give a subscription request if you see the Sensex is down by 1,000 points at 1 pm. If that day ends with 1,000 point gain, you will get a higher NAV.

Total costs

While low total expense ratio (TER) is the main advantage of ETFs, open ended index funds also increased competition by cutting their TER. The gap between TERs of ETFs and open ended index funds is low now. While comparing the expense ratios, investors should also consider the incidental costs associated with taking the ETF route. "Don't ignore the trading costs like brokerages and fixed costs like demat charges while using the ETF route," says Mukund Sheshadri, Co-Founder, MS Ventures Financial Planners. However, one should note that the brokerage charge is one time and not every year like that of the expense ratio in open ended index funds. So, if you are a very long term investor and you have a demat account, then ETF route will work out cheaper for you.

Tracking error

Tracking error refers to the movement of a fund's NAV with that of the respective index. Since subscription and redemption to ETFs are restricted to market makers and they are doing this only in the form of index shares at exact proportion, the tracking error for ETFs will be almost zero. However, it can be big for open ended index funds. "Benchmarking will be a challenge for small sized open ended index funds. So, their tracking errors are usually higher," says Abhimanyu Sofat, Head of Research, IIFL Securities.

Sensex / Nifty ETFs quoting at a premium

Ignore the counters where the market price is higher than NAV.

Fund	Index	Closing price (₹)	NAV (₹)	Premium
NIFTYEES	Nifty 50	11,217.08	9,509.28	17.96%
AXISNIFTY	Nifty 50	1,007.00	908.35	10.86%
UTISENSETF	SENSEX	351.31	317.87	10.52%
BSLNIFTY	Nifty 50	105.44	96.07	9.75%
IBMFNIFTY	Nifty 50	96.55	89.56	7.80%

Source: NSE India; Data as on 7 April

The cheapest ETFs

Consider all costs (including brokerages, demat charges, etc) while investing in ETFs.

Fund	Expense ratio (%)	AUM (₹ cr)
Nippon India ETF Nifty BeES	0.05	2,216
ICICI Prudential Nifty ETF	0.05	1,373
SBI ETF Nifty 50	0.07	64,464
SBI ETF Sensex	0.07	23,235
UTI Nifty Exchange Traded Fund	0.07	16,025

Source: Valueresearch; Data as on 7 April

The cheapest index funds

Best suited for retail investors who don't have demat or trading accounts.

	Expense ratio (%)		
Fund	Regular plan	Direct plan	AUM (₹ cr)
UTI Nifty Index Fund	0.17	0.10	1,856
HDFC Index Fund Nifty 50 Plan	0.30	0.10	1,208
HDFC Index Fund Sensex Plan	0.30	0.10	957
ICICI Prudential Nifty Index Fund	0.45	0.10	565
SBI Nifty Index Fund	0.69	0.29	548

Source: Value Research; Data as on 7 April. Sorted on the basis of Exp ratio for regular plans.
Note: Only schemes with at least ₹500 crore considered

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Should you buy a Covid-specific plan?

Opt for it only if you don't have a basic health plan or group cover, are short of funds, or at high risk.

GETTYIMAGES

by **Riju Mehta**

Given the rate at which Covid-19 is permeating the country and considering the impact of lockdown on the economy, many people have been hit by the double whammy of disease and dearth of funds. Combine this with the low penetration of health insurance in India and it has created a gap that insurers are rushing to plug with niche health products.

Spurred by the insurance regulator to come up with Covid-specific products, several such plans have flooded the market in the past month or so from players such as Star Health & Allied Insurance, Bharti AXA Health Insurance, ICICI Lombard, Reliance General Insurance and Digit Health Care Plus. These are fixed benefit covers, which offer a lump sum on the diagnosis of the disease and end after the amount has been paid. The sum assured varies from ₹21,000 to ₹2 lakh, annual premiums are typically low, ranging from ₹150 to nearly ₹3,900, and there's a variety of benefits and exclusions for each, ranging from quarantine coverage and per day cash provision to no pre-medical check-ups or consideration of overseas travel history.

Should you opt for these insurance plans?

"If you already have a basic health plan, you don't need to buy these because your existing plan will cover the treatement and hospitalisation of all diseases, including Covid-19," says Deepak Mendiratta, Managing Director, *PlanCover.com*, an insurance broking company. Agrees Dr S. Prakash, MD, Star Health Insurance: "A basic indemnity plan will cover all Covid-related treatements, so you need not go for this specific plan."

Are these plans required at all then? If you have no insurance, be it personal or group cover, and are running low on funds, it might be a good idea to pick it up as a temporary risk cover since it will last a year and does not cost much. It may prove especially useful if you are at high risk. "Since the Covid-19 treatment is currently in government hospitals, where the medical expenses are low or nominal, it will help you cover the small amounts and incidentals," says Prakash.

"Our cover is aimed at tier 2/3 cities and rural audience," says Victor Choi, CEO, True Balance, which has partnered with ICICI Lombard to bring out the Covid-specific cover through its mobile app. "It is very convenient for the unbanked, illiterate and low-income population that is not insured. The plan doesn't require hospitalisation or provision of bills to make a claim and the lump sum amount is dispersed quickly on diagnosis of the disease," adds Choi.

Another advantage is that since most of these plans provide a lump sum on diagnosis, the amount can be used as per one's discretion. However, if you were to require intensive care and isolation, most plans would help only in a limited manner. While some plans provide 50% of the sum assured for quarantine or a cap on the number of days, others stipulate the quarantine or isolation only in government or military hospitals, not in private nursing homes or at home.

"If you were taking treatment in a private hospital and required ventilator support in an ICU for 15-20 days, even a nominal cost of ₹30,000 per day would easily escalate to around ₹6 lakh or more," says Mendiratta. In such a case, most of the expenses would have to be met from your own pocket. A ₹5 lakh basic indemnity health plan would serve a much better purpose here.

For a first-time purchase of an insurance plan, a good option would be the basic Arogya Sanjeevani cover that all health insurers are mandated to provide as per the directive of the Insurance Regulatory and Development Authority of India (IRDAI). ManipalCigna Health Insurance, Bajaj Allianz General Insurance, HDFC Ergo, SBI General Insurance and Digit Health Care Plus are among the players that have already introduced these plans. All these covers, much like any other basic indemnity plan, cover Covid-19 in addition to various other diseases and illnesses.

"Our Arogya Sanjeevani coverage of Covid-19 is no different from that for any other disease and we also honour quarantine claims provided they are in an authorised hospital," says Prasun Sikdar, MD and CEO, ManipalCigna Health Insurance. The sum assured ranges from ₹1-5 lakh and the premium varies for individual and family floater plans. "The niche health products cannot be a substitute for a basic health plan. If the sum assured of your plan is not enough, say, only ₹1-2 lakh, only then should you opt for these at present," adds Sikdar.

In the final analysis, purchase the fixed benefit plans only if you have no or very little insurance, are at a high risk of catching the disease, or have no access to funds at the moment.

What do Covid-related health covers offer?

INSURERS OFFERING COVID COVERS	COVER	OTHER BENEFITS	REQUIREMENTS TO MAKE CLAIM	EXCLUSIONS/ INCLUSIONS	ANNUAL PREMIUM	SHOULD YOU OPT FOR IT?
Bharti AXA-Airtel Payments Bank (Fixed benefit)	**₹25,000 lump sum**	₹500-1,000 per day cash for max 10 days; double for ICU	Covid+ diagnosis or isolation in govt/ military hospital	No waiting for lump sum; ICU cash after 24-hour hospitalisation; only for APB customers	**₹499**	**Only if you have no insurance and are at high risk.**
ICICI Lombard-True Balance (Fixed benefit)	**₹25,000 lump sum**	Health assistance, tele-consultation, ambulance aid	Covid+ diagnosis by govt accredited test; no hospitalisation/ bill needed	14-day waiting; overseas travel history required; 18-75 years	**₹159**	**Only if you are in a tier 2/3 city, have a low income and no cover.**
Star Health and Allied Insurance (Fixed benefit)	**₹21,000/ ₹42,000 lump sum**	Dependent kids can be covered with parent	Covid+ diagnosis by govt accredited test & hospitalisation	16-day waiting; 18-65 years; no travel history needed	**₹459** & **₹918**	**May not be useful in self-isolation or ICU/ ventilator support.**
Digit Health Care Plus (Fixed benefit)	**₹25,000-2 lakh lump sum**	Multiple family members can be covered	Covid + diagnosis from National Institute of Virology, Pune	15-day waiting period; 50% of cover for quarantine in govt/ military hospital; travel history needed	**₹299-2,027**	**If you have no personal or group cover. It can help cover ICU charges.**
Reliance General Insurance and YES Bank (Fixed benefit)	**₹50,000/ ₹1 lakh lump sum**	Covers quarantine period of 15 days, job loss	Covid + diagnosis	Only for YES Bank customers; 15-day waiting period; 50% of sum assured for quarantine; no travel history needed	**₹1,947 for ₹50,000 cover; ₹3,894 for ₹1 lakh cover**	**If you have no cover. It can help cover ICU and quarantine charges.**
Arogya Sanjeevani plans by ManipalCigna, Bajaj Allianz, Go Digit (Basic indemnity)	**₹1-5 lakh**	Covers all diseases, including Covid	Diagnosis and 24-hour hospitalisation	Caps and limitations vary	**₹5,000-6,000** for ₹5 lakh cover for 30-year-old (may vary)	**Useful if you are buying your first plan as these cover other illnesses as well.**

Note: All basic indemnity health plans will cover Covid-19. All benefits and exclusions have not been listed.

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Cost of going to work

The hidden costs of having a job can skew your budget, says **Devashish Chakravarty**

To earn your salary, you put in hard hours at work and compromise your peace of mind. But have you ever considered that going to work is also a financial drain? The current lockdown would have reduced your expenses which will help you figure out what it costs you to hold down your current job. Thereafter, you may find the motivation to ask for a pay raise. Likewise, when you consider a new job which appears to give you a higher paycheck, identify the hidden costs that could derail your dreams of saving for your new house. Here's what you should look at.

Away from home

Do you have a job in a city or country away from family and home? You are running two households while spending money to join your family often. Renting an apartment, paying a deposit, acquiring furniture and appliances, an additional personal vehicle and regular household expenses may take away 30-50% of your pre-tax salary. Add to that inter-city/ country travel costs including airport commute and peak ticket prices when you book at short notice. Suddenly you have no money left at the end of the month. Reconsider the costs and benefits of working and staying in the same location.

Commute

What is the real cost of your commute? You may spend money on the metro, bus or a cab and that is simple to calculate. However, if you have your own car, calculate the total cost of ownership. Did you have to buy a more expensive vehicle commensurate with your status? To your monthly EMI, add fuel costs, car wash, insurance, taxes, maintenance, repairs and the driver's salary. The bill could go up to 10% of your income. To bring down costs, revalue job opportunities closer to home, consider moving closer to work, explore working from home for a few days a month, use flexi-time to commute in off-peak hours, opt for a bus/ metro, try car-pooling and consider a fuel efficient car.

Fashion

Fashion is the last of the direct costs of a job. You need good clothes to go to work. Check out your wardrobe. Do you use most of your work clothes for personal wear? Now add the cost of work shoes, accessories and your expensive cell phone. Add the cost of dry-cleaning, stitching/ re-fitting and costs of personal care, including salon visits.

Food

Lifestyle changes comprise a big chunk of the indirect costs of going to work. Food is the largest expense here as your choices change in professional and personal spaces. At office, you may have a tendency of ordering food and coffee or heading out for a meal with or without colleagues. While this is easier to track and control, also consider the number of times you have ordered food at home or purchased a frozen or pre-cooked meal because you were too tired to cook. you are more likely to buy groceries from a store that's convenient than one that's cheaper. Take home-cooked meals to work, shop and pre-cook on weekends to reduce costs.

Dependants

Your choice of work impacts children, elders and pets at home thus shrinking your budget. With two working parents, child-care become a major cost via play-school, at home maid, unnecessary tuitions or after school programs to keep them safe and busy, and a summer camp to occupy them away from home. Elders may require paid care-givers or a driver and car. Similarly, pets may require care or meals in your absence or when you are traveling. Thus, a lesser paying job that has remote working or flexi-timing may offer surprising cost benefits.

Wellness

Responsibilities and deadlines at work are possibly the biggest contributors to your daily stress. It means you will spend more on consuming discretionary de-stressing or entertainment activities like going out, shopping, sports, hobbies, travel or meeting people. Also, your health is impacted when you commute in a polluted city, work long hours or in an unhealthy environment. Your lifespan, life quality and wellness reduce, thereby increasing your health costs. Healthy eating, regular exercise and meditation are your best bets here.

Upskilling

You found your first job because you possessed the required graduation certificate. While past education is a sunk cost that contributes to kick-starting your career, your subsequent jobs are linked to your experience and skills. In your industry or function, you may find opportunities to study and acquire skills that will help you progress at work. Thus, upskilling is a cost you bear especially if you need a certificate. To defray this cost, negotiate training and upskilling with your current employer or when you are changing jobs.

Taxes

To paraphrase Benjamin Franklin—nothing is certain but death and taxes. Though you are aware of taxes and its impact on your take home salary, your choices make a huge difference. Firstly, restructure your salary with your employer to minimise tax outflow, keep track of changing tax slabs and surcharges and plan out your annual investments and expenses in advance. Secondly, consider working in a contract role where you can expense some costs. Finally, consider job opportunities in low or zero-tax countries where your savings can be substantial if you can budget for a low cost of living.

THE WRITER IS FOUNDER AND CEO AT QUEZX.COM AND HEADHONCHOS.COM.

COST OF WFH

1 UTILITIES

When you Work From Home, what you consume comes from your pocket. An entire day at home with the air-conditioning and lights on adds to your electricity bill. Other expenses may include your personal computer, printer, office supplies and coffee and food replacing free coffee machines and subsidised office canteens.

2 INSURANCE

If you are a contract worker on WFH, your biggest sensible expenses are health and life insurance otherwise covered by an employment contract through ESIC, LIC gratuity or private schemes. If you are a desk worker, your health deteriorates and medical costs increase as activity levels drop further without the mandatory commute to work.

3 ISOLATION

The biggest intangible costs are on relationships and sanity as your social skills take a hit. A WFH career isolates you from the contact and connect that an office provides. It can lead to a creeping depression and loneliness if you seldom venture outside or meet people in person. Finally, fewer professional relationships lead to a drop in opportunities and income.

4 UNCERTAINTY

If you are at office, working on a project or in a team, you are exposed to constant professional interaction in the environment which gives you valuable information on the state of your company, manager's priorities and office politics. Without that, WFH reduces your control over career outcomes and thus increases uncertainty and stress.

5 SAFETY

WFH increases health and safety costs. Your home is unlikely to be equipped with a professional table and chair resulting in chronic back pain from poor ergonomics. Also, your breaks may be fewer, reducing overall movement and exacerbating medical issues. Finally, with additional power cables, your workspace becomes a hazardous zone for children and pets.

Buyback offer alone should not be reason to invest in a share

Beware of companies that announce buybacks to create a perception of value and arrest fall in share prices.

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Buybacks have picked up since 1 March

More firms expected to launch buyback offers as valuations have declined.

COMPANY	OPENING DATE	OFFER AMOUNT (₹CR)
Supreme Petrochem	19 Mar 2020	63
Sun Pharma	26 Mar 2020	1,700
Emami	27 Mar 2020	192
Motilal Oswal Financial Services	1 Apr 2020	150
Ramkrishna Forgings	3 Apr 2020	40
Dalmia Bharat	3 Apr 2020	500
Sterlite Technologies	7 Apr 2020	145
Delta Corp	8 Apr 2020	125

Source: Prime Database

by **Sanket Dhanorkar**

With sharp correction in share prices pulling down valuations, companies are increasingly looking at buying back shares. What do the buyback offers mean for investors? Are buyback candidates good long term bets? Should shareholders cash in?

Since the beginning of March, 13 companies have approved share buybacks. Sun Pharma, Emami, Motilal Oswal Financial Services and Delta Corp are among the marquee names that launched buyback offers. According to Prime Database, buyback offers yet to open include Granules India, Kalpataru Power Transmission, NIIT Technologies and more. Some companies are either looking to cushion falling prices or promoters are using this window to bolster own holdings at cheap prices.

A company or promoter buying back shares is usually a good sign as it indicates their confidence in the long term potential of the business. It also signals their perception that the shares are trading below fair value. Buybacks are seen favourably by investors as they reduce existing supply of shares (equity capital is extinguished to the extent of share buyback) and improve the return on equity (ROE) profile.

Of the BSE 200 companies, stocks of 100 companies have corrected more than 30% in the current sell-off. As many as 61 stocks have plunged more than 40%. At such prices, promoters and company managements see a lot of value in own shares.

However, not all companies can buy back in the current scenario. The ongoing pandemic is wreaking havoc on companies' cash flows. Dislocations in businesses are likely to persist for some time. In this environment, preserving liquidity is critical for businesses starved of cash flows. "Liquidity on the balance sheet will be of paramount importance in the short term due to the lockdown and consequent collapse in revenues. While deciding on buybacks, managements will have to conserve cash," says a Motilal Oswal Securities report. Only cash-rich companies with surplus liquidity will be in a position to consider buybacks. These firms will also not be in a hurry to invest in capex as demand remains subdued and capacity utilisation at existing plants dips further.

Investors looking for bargains can consider stocks where companies and promoters are buying own shares at this point. Companies with high net cash position and which have seen share price erode sharply are prime candidates for buybacks. Motilal Oswal Securities sees a higher probability of companies in consumer, technology and automobile sectors returning cash to their shareholders through buybacks. Its list of potential candidates for buybacks figure prominent names like ITC, Eicher Motors, Maruti Suzuki, Bharti Infratel, Bajaj Auto, M&M, HCL Tech and ACC, among others.

However, a buyback offer alone should not lure investors into buying a company's shares. Invest if you genuinely believe in the future prospects of the company and find current valuations attractive. "Beware of companies that do token buybacks just to shore up market confidence or create a perception of value to arrest fall in share prices," warns Vikas Gupta, Chief Investment Strategist, OmniScience Capital. "Company fundamentals have to support the buyback. Companies giving away cash without adequate liquidity buffers should be avoided," he adds. Kunj Bansal, Partner and CIO, Acepro Advisors, says, "At times promoters use buybacks to pump up own shareholding at expense of company money. If company financials are weak, buybacks won't be able to support the share price."

How should existing shareholders of companies making buyback offers respond? Many of these companies have announced buybacks at a sizeable premium to current prices. However, investors must weigh these offers carefully giving due consideration to their financial needs and perceptions about the company's potential. Even if a hefty premium is offered, the prevailing valuation may offer a bigger risk-reward payoff. "If you are comfortable remaining invested for another 3-5 years, ignore the offer. But if you feel the premium covers your perceived valuation for the firm, it makes sense to tender shares," Bansal suggests. Gupta offers a different perspective. "If you are positive on the company's prospects and believe it is undervalued, take the offer and buy back the shares in the secondary market at a reduced price post buyback," he says.

Share buybacks were common in the past three financial years owing to a favourable tax policy. However, buybacks have reduced since last year when the government imposed a share buyback tax of 20% on listed companies. Consequently, investors no longer have to pay any tax on capital gains on buyback.

In 2019-20, 55 companies bought back shares worth ₹20,662 crore. In the preceding financial year, 63 companies bought back shares amounting to ₹55,587 crore. Companies are now lobbying the government to abolish the share buyback tax. If that happens and markets remain subdued, buyback offers are likely to multiply.

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Main goals are within reach

Ahmedabad-based Kumar will have to stagger some of his goals till an increase in his income.

by **Riju Mehta**

Manish Kumar, 38, lives with his homemaker wife, three-year-old child and mother, in his own house, in Ahmedabad. He gets a monthly salary of ₹1.1 lakh, and his portfolio includes property worth ₹80 lakh, cash of ₹4 lakh, and debt worth ₹20 lakh in the form of EPF and insurance surrender value. He also has a home loan and car loan for which he is paying EMIs of ₹53,542. His goals include building an emergency corpus, saving for his children's (including another child in future) education and weddings, and retirement.

Financial Planner Pankaaj Maalde suggests that before starting investment, Kumar repay his car loan with a portion of his cash and insurance surrender value. He should also move to a lower interest rate for his home loan to bring down the EMI to ₹40,220. He can then build a contingency corpus of ₹4.9 lakh, which is equal to six months' expenses. He can allocate his cash of ₹3 lakh and start saving for the remaining ₹1.9 lakh from his surplus before investing for other goals. This will take about a year and the entire amount should be put in a liquid fund.

To fund his child's education in 15 years, Kumar has estimated a need ₹41.5 lakh. For this, he can start an SIP of ₹8,000 in a diversified equity fund. For the child's wedding in 22 years, Kumar will need ₹53 lakh and will have to start an SIP of ₹4,000 in a diversified equity fund. However, due to lack of surplus, he will have to put off investment till a rise in his income. For his retirement in 22 years, he will need ₹3.6 crore. He will have to allocate his EPF corpus of ₹15 lakh for this goal. He will also have to start an SIP of ₹15,000 in a diversified equity fund, and invest ₹5,000 in the NPS. Kumar also wants to start saving for the education and wedding of another child, for which he will need ₹54 lakh and ₹70 lakh, when the child is 18 and 25 years, respectively. However, due to lack of surplus, he can invest after a rise in income.

For life insurance, Kumar has two traditional plans worth ₹6 lakh. Maalde advises him to surrender these and buy a term plan of ₹1.5 crore, which will cost him ₹1,333 a month. For health insurance, he has a ₹2 lakh plan from his employer and Maalde suggests he buy an independent family floater plan of ₹10 lakh, which will cost him ₹1,167 a month. He should also buy an accident disability plan of ₹25 lakh for ₹333 a month.

Portfolio

ASSET	CURRENT VALUE (₹)
Real estate	80 lakh
Cash	4 lakh
Debt	
EPF	15 lakh
Insurance	5 lakh
Total	**1.04 crore**

LIABILITIES	CURRENT VALUE (₹)
Loans	52.44 lakh
Total liability	**52.44 lakh**
Net worth	**₹51.56 lakh**

Cash flow

	EXISTING (₹)	SUGGESTED (₹)
Income	1.1 lakh	1.1 lakh
Outflow		
Household expenses	33,800	33,800
Child's education	5,000	5,000
Loan EMI	53,542	40,220
Insurance premium	3,000	2,833
Investment	-	28,000
Total outflow	95,342	1.09 lakh
Surplus	14,658	147

FINANCIAL PLAN BY
PANKAAJ MAALDE
CERTIFIED FINANCIAL PLANNER

MANISH KUMAR, 38 YEARS, SALARIED, AHMEDABAD

How to invest for goals

GOAL	FUTURE COST (₹) / TIME TO ACHIEVE	RESOURCES USED	INVESTMENT NEEDED (₹/MONTH)
Emergency fund	4.9 lakh / 1 yr	Cash	-
Child's education	41.5 lakh / 15 yrs	-	8,000
Child's wedding	53 lakh / 22 yrs	-	4,000*
Retirement	3.6 crore / 22 yrs	EPF	20,000
Investible surplus needed			**28,000**

Due to lack of surplus, investment for this goal will begin after a rise in income.
Annual return assumed to be 12% for equity, 7% for debt funds. Inflation assumed to be 7%.

Insurance portfolio

INSURANCE	EXISTING COVER (₹)	EXISTING MONTHLY PREMIUM (₹)	SUGGESTIONS	SUGGESTED MONTHLY PREMIUM (₹)
Life insurance				
Term plan	-	-	Buy ₹1.5 crore plan	1,333
Traditional plans (2)	6 lakh	3,000	Surrender both	-
Ulips	-	-	-	-
TOTAL	6 lakh	-	₹1.5 crore	1,333
Health insurance				
Employer's	2 lakh	-	-	-
Own	-	-	Buy ₹10 lakh family floater plan	1,167
TOTAL	2 lakh	-	₹12 lakh	1,167
Critical illness & accident disability	-	-	Buy ₹25 lakh accident disability plan	333
TOTAL	-	-	₹25 lakh	333
Insurance cost	-	3,000	-	2,833

Premiums are indicative and could vary for different insurers.

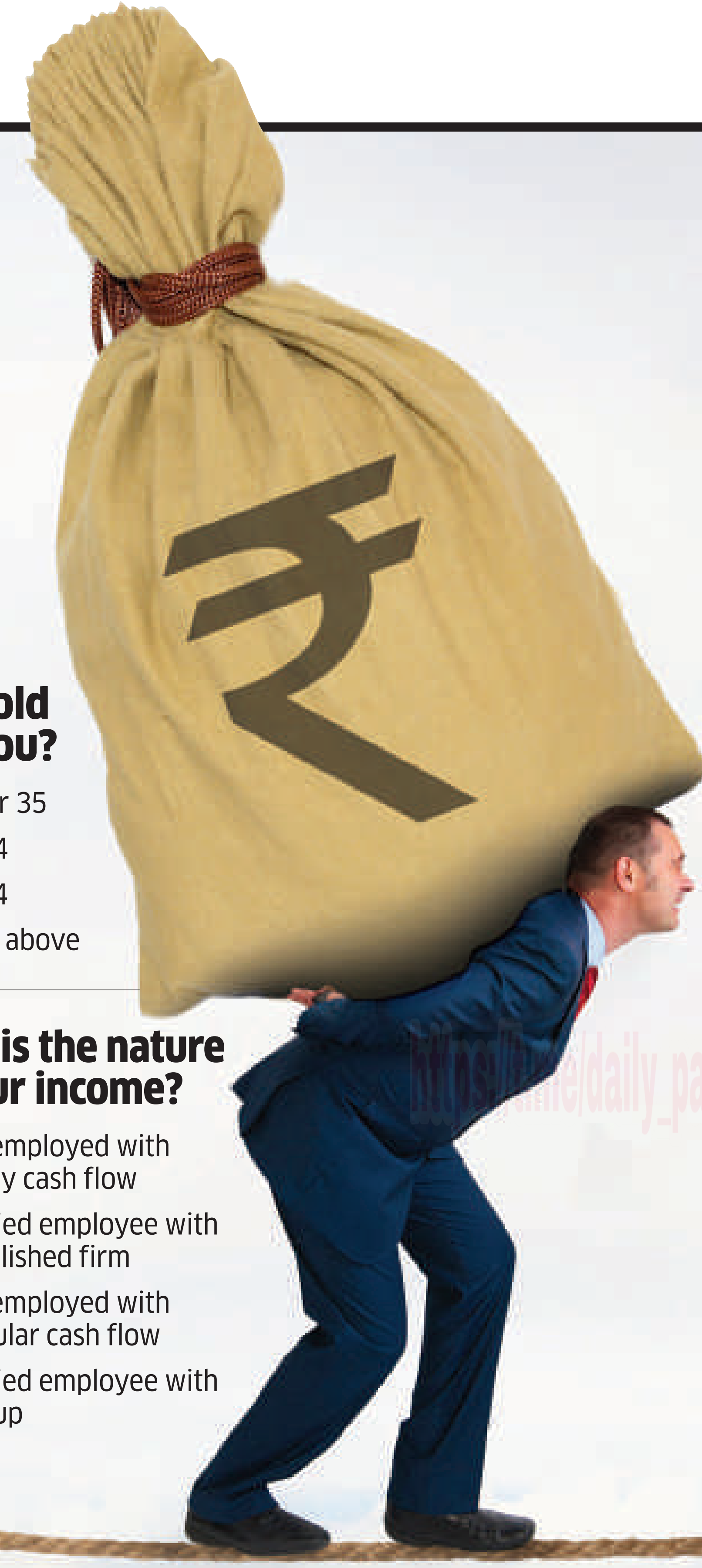
Write to us for expert advice

Looking for a professional to analyse your investment portfolio? Write to us at etwealth@timesgroup.com with 'Family Finances' as the subject. Our experts will study your portfolio and offer objective advice on where and how much you need to invest to reach your goals.

The Economic Times wealth

How much risk can you tolerate?

The sharp decline in the stock market would have given you a fair idea about how much volatility you can tolerate in your portfolio. **Sanket Dhanorkar** presents a quiz to help you assess your risk appetite.



1 How old are you?

- **A** Under 35
- **B** 35-44
- **C** 45-54
- **D** 55 or above

2 What is the nature of your income?

- **A** Self-employed with steady cash flow
- **B** Salaried employee with established firm
- **C** Self-employed with irregular cash flow
- **D** Salaried employee with startup

3 How much of your current income goes towards servicing loans?

- **A** 30-50%
- **B** More than 50%
- **C** 10-30%
- **D** 0-10%

4 How soon do you think you will start dipping into your investments?

- **A** Not for another 10 years
- **B** Within next 3 years
- **C** In 3-7 years
- **D** In 8-10 years

5 What will you do if during the market correction, one of your investments lost 30% of its value within weeks?

- **A** Sell the investment so you will not have to worry about further decline
- **B** Buy more of the same, because it looks even better at current prices than when you bought it
- **C** Hold on to it and wait for it to bounce back

6 If the market downturn continues, how long will you hold on to your portfolio before cashing in?

- **A** Another 6 months
- **B** At least a year
- **C** A month
- **D** Another 3 months

7 Assuming you have some investible surplus now, how would you be willing to invest?

- **A** Wait for market to recover 20% before investing a single rupee
- **B** Invest in stock markets? No, thanks... I am out!
- **C** Deploy some money in a staggered manner even if markets dip further
- **D** I don't mind putting in large chunk of the surplus right away!

8 Given below are the likely best-case and worst-case annual returns of four hypothetical investments. Which outcome is most acceptable to you?

	Average annual returns	Best-case annual returns	Worst-case annual returns
A	7.5%	12%	-5%
B	9%	18%	-12%
C	12%	25%	-20%
D	15%	40%	-35%

SCORING MATRIX

QUESTION NUMBER	ANSWER OPTION A	B	C	D	YOUR SCORE
1	4	3	2	1	
2	3	4	1	2	
3	2	1	3	4	
4	4	1	2	3	
5	1	3	2	-	
6	3	4	1	2	
7	2	1	3	4	
8	1	2	3	4	

FINAL SCORE ADD INDIVIDUAL SCORES HERE

YOUR RISK PROFILE & OPTIMUM ASSET MIX

RISK SCORE AND INVESTOR RISK PROFILE	IDEAL ASSET ALLOCATION: EQUITIES	FIXED INCOME/DEBT	GOLD
Below 20 CONSERVATIVE	10-25%	60-70%	15-20%
20-25 MODERATE	40-60%	30-45%	10-15%
Above 25 AGGRESSIVE	60-75%	20-30%	5-10%

Note: Make sure you adhere to this risk profile even when markets go on an extended rally. Only time you need to reassess the risk profile is if your personal circumstances change owing to any life events (marriage, birth of child, separation) or changes to income profile (large inheritance, job loss) or if goals are on the horizon.

How to navigate tough times

Be careful with your money in these uncertain times and you will be fine, says **Uma Shashikant.**

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UMA SHASHIKANT
IS CHAIRPERSON, CENTRE FOR INVESTMENT EDUCATION AND LEARNING

Read all the predictions for the future with a smile. Nod calmly at those who tell you that they saw it all coming. Discount extreme theories of optimism and pessimism.

The palms are worn out from cleaning and scrubbing. Hand cream was not on the shopping list. Clothes have to be folded; cooking never seems to end; and one must not crib but be grateful for our relative privilege. What happens when all this ends? Nope, all those predictions are wrong. No one can tell.

We are all spending a disproportionate amount of time trying to figure how the world will be after this corona saga. Some romanticise work from home; some fear the deepest recession; some imagine complete government control of our lives; and some like to see the end of flap validation and return to local community based living. We just don't know.

We love living in the tomorrow. The idea that there is a better place to go to, and that somehow it will all be different, and nicer. So we imagine we will holiday after retirement; get fit some day in the future; and begin saving and retire our debts in that bright tomorrow. Our resolutions for our post covid-19 world are quite similar. They help us cope, deny, forget and escape current realities.

So the world won't change? Of course it will. Nothing in recent memory has impacted the entire world like this. Every crisis has created something new, nice, big, awe inspiring, and enabling us to leap ahead. Such is the power of human innovation. But that path isn't linear. Not is it amenable to being identified as it happens. We won't even connect the dots while it all happens.

Then one day, we will use the powerful mix of hindsight and nostalgia and weave that story. A story that will fit into events we choose to consider. We will all tell it to anyone who cares to listen. It will be the big story of our lifetime. Except that we don't know it now. However hard we try our hand at figuring it out, we will fail.

Which is why it makes sense to drop all those predictions and worthless crystal gazing, and accept with utmost humility that the most beautiful thing about the future is that it is unknown. And then we get to the list of to do, for here and now, as we navigate these tough times.

First, don't lose sight of the cash. Keep money handy, and spend very carefully. Do not deny the possibility of losing the job, or being furloughed briefly. Keep the expenses at the minimum as if it is an emergency. Conserve the bank balance. For as long as needed.

Second, prepare to become redundant or underpaid. When no one is producing goods or services, jobs are next on the line. Prepare mentally for a period of possible unemployment. Consider skills to acquire; plan to keep cool and collected; take help to remain socially and mentally supported. Do not despair or deny.

Third, shun debt like a disease. Do not borrow, even from friends and relatives. Do not use that credit card if you can. Pay it in full always if you do. Switch to the debit card until this crisis blows over. If you think you will default on existing loans, seek help and counsel. Earlier the better.

Four, make a mental list of assets you can liquidate if needed, even if it is at a loss and a lower price. It could be your gold, the property you bought as investment, your equity or fund holdings, or those works of art. Know what is the pecking order of access if you need money. Don't worry you can buy them all back when times are good. But you should know what you will give up. No, don't take loan against assets.

Five, be willing to trade off some long term for the short term. You kept that money aside for retirement. You told yourself you won't touch it. But if you are faced with loss of income and have to access it, do that instead of borrowing, or selling something cheap, or allowing credit card ever to accumulate. Be willing to trade some goals for the other.

Six, do not fall for traps and tricks that play on the crisis. Snake oil sellers will tell you that it is the best time to buy property cheap. Or that shares are trading much lower. Or that you must buy like one Mr. Buffet does, when there is blood on the street. Don't trust these stories. This is not the time to speculate or gamble.

Seven, keep your eyes and ears open to new opportunities to work and do something in addition to what you are already doing. A crisis is a time to figure what is newly needed in the changed environment and how you can plug your skills in. No one knew that people who wrote codes will be sought after once the Y2K and tech meltdown crises ended; no one thought that delivery boys and warehouse operators will thrive in the online retail boom. If you only focused on what you currently do, you will miss the new that will emerge as the crisis dies down. Fight the fire and protect yourself, but don't miss the shoots that will emerge from the burnt forest floor.

Eight, keep questioning your purpose and your contribution. Not just during this crisis or after. Your relevance to the world around you is tightly woven into what you bring to the table. Be sure you are solving problems, saving resources, enhancing efficiency, and making a difference. In as many little ways as you can. Don't just sit there and gossip, get things done.

Nine, don't assume that everyone will become a changed version of their previous selves once this crisis is over. People forget and slip back. Events that are big today fade into memories. We return to the old because we like the comfort of what was familiar. So don't expect the whole world to become a virtuous place and a new haven.

Read all the predictions for the future with a smile. Nod calmly at those who tell you that they saw it all coming. Discount extreme theories of optimism and pessimism. Keep focus on the present, preserve yourself and your household, and handle that money you have, very very carefully.

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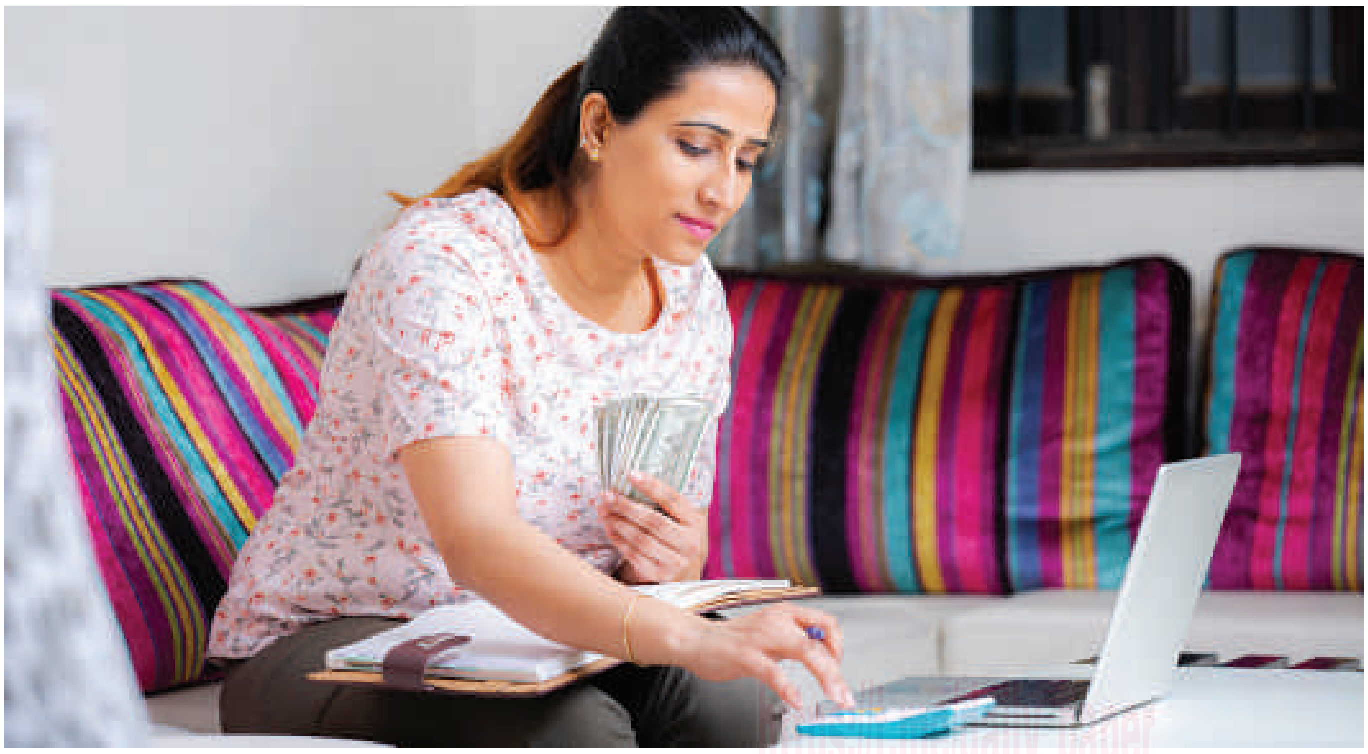
Taking control of finances

Avoid risky products and decisions that do not align with your financial goals.



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Sharmishtha is an architect. She had been running a private firm with her husband for a long time, until he unexpectedly passed away a year ago. Now, she intends to continue her practice in order to support herself and her 9-year-old son. Various advisers and managers have approached her, offering their services to manage her money. However, she wants to know a few things herself before she can trust someone else. While her husband mostly took money decisions on his own, he had kept her in the loop on the advice of their chrtered accountant. How should Sharmishtha manage her affairs and take control of the situation?

Sharmishtha should begin with whatever information she already has. Since there is an accountant involved, he would have the personal balance sheets of her as well as her deceased husband. Sharmishtha should first ensure that she is aware of the complete list of assets, and their ownership pattern and nominations. She should then document her own strategy for managing the assets. She needs to get a sense of four critical elements.

First is the income component. She should start by assessing how her income streams are likely to be, and how she will make the revenue grow. She should align her willingness to continue work with her need for income for the next 20 years. If she thinks she will reduce her practice, she needs to be sure that the income from investments and assets augments the reduced income.

Second, Sharmishtha should make a budget of her expenses. The key expenses required to run the practice, her household and any other expenses she needs to take care of. She needs to be sure that the expense and income is well matched, leaving her with a surplus to take care of investments and any other uncertainty. Third, she needs to list the liabilities, like outstanding loans, insurance premium, interest payments and such charges.

She then has to see how her assets and her income would take care of the liabilities and expenses. Once she has this strategic picture, she may be able to deal with advisers and decide what she needs and how it would work for her. Rather than looking at financial products, Sharmishtha should begin with a strategic view. This will help her avoid unnecessary insurance, unduly risky products and financial decisions that do not align with her financial goals.

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

3-month moratorium on loans by RBI

1 Three months moratorium on loans by RBI means that borrowers can skip their monthly instalments which are due from 1 March 2020 to 31 May 2020.

2 It includes all loans including home loan, personal loans, education loan, auto loan, working capital loan, credit card dues etc.

3 Interest is not waived off and will continue to accrue on the outstanding amount.

4 Borrower will have to pay additional interest for three months by either increasing the amount per instalment or number of instalments.

5 This deferment will not result in negative impact on credit score for individuals or credit downgrade or default for corporates.

PAPER WORK

Taking stock of finances

We are living in unprecedented times. As the situation arising of the global pandemic worsens, staying at home remains the best option. While many investors have already adapted themselves to the online way of working with their finances, it is about time that those who haven't, make a start right away.

Investments in mutual funds

Every mutual fund house allows investors to view their holdings and carry out transactions though their website. KYC is mandatory for investments in mutual funds. If the investor already invests in mutual funds, then investments can be made in any other mutual fund on the basis of this KYC compliance.

Insurance policies

An e-insurance account allows policyholders to manage all their insurance policies online. One needs to open an e-insurance account by filling up an account opening form online, using Aadhaar Paperless Offline e-KYC. Proof of identity, proof of address and proof of date of birth need to be uploaded. Once the account is created, insurance policies can be converted into electronic form using the policy conversion form.

Bank account

One can carry out most of the bank transactions by using the internet banking facility or mobile app. It is important to update your mobile number and email id with the bank in order to recieve OTP for online transactions. Mobile apps like BHIM allow account holders to map their bank account and carry out payments and transfers using it.

Investments in shares

Depository Participants (DP) provide online facilities for demat account holders to view, operate and carry out transactions in their holdings online. If any trades have been carried out by the investor, a message about the same is sent on the registered mobile number and email id of the investor.

Points to note

- Mutual fund R&T agents also provide online access to investors to view mutual fund investments for fund houses serviced by them.
- Existing physical policy documents are not required to be submitted along with the policy conversion form.

Brace for interest rate volatility

Concerns over rising fiscal deficit are likely to impact interest rates and affect investors across asset classes.

by **Sameer Bhardwaj**

The Indian economy has been facing cyclical and structural issues for some time. Now the Covid pandemic has created new challenges. While the government is employing fiscal and monetary measures to contain the epidemic, given the government's already strained finances,these are likely to create volatility in interest rates.

Experts believe there is a likelihood of a serious revenue-expenditure mismatch. While revenues are unlikely to pick up due to the nationwide shutdown that has affected trade and commerce, expenditure is likely to jump due to the additional spending of ₹1.7 lakh crore to help low-income households. Credit market expert Fitch Solutions expects India's fiscal deficit to jump to 6.2% of GDP in 2020-21, compared to the budget estimate of 3.5%. Lakshmi Iyer, Chief Investment Officer (Debt) & Head Products, Kotak Mahindra Asset Management Company, says, "Given the likelihood of a dip in revenues as a fallout of the lockdown, there is a high chance that state and central finances will be stretched. In these uncertain times, the situation may only aggravate. Demand-side levers – FPIs, mutual funds, insurance companies are also sporadic in nature. "

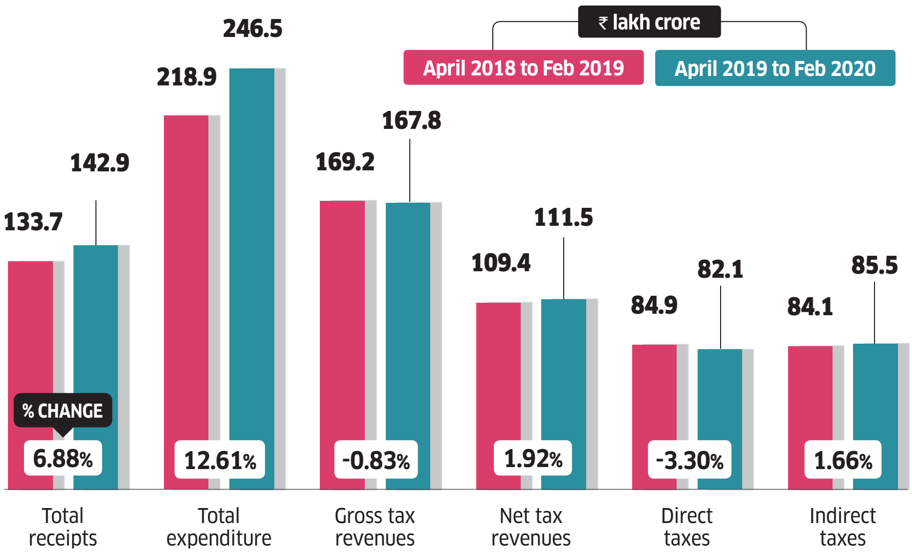
From the monetary policy perspective, the RBI is trying to support the economy through a series of rate cuts. In the last 20 months the RBI has reduced its repo rate (the rate at which it lends money to commercial banks) by a cumulative 210 basis points from 6.5% to 4.4%. The 10-year yield fell to 5.9% (intraday) after the 75 basis points repo rate cut in the last week of March, but the fiscal concerns reversed its downward movement.

The apprehensions of increased government borrowings are contributing to the upward movement of bond yields. Santosh Kumar Singh, Senior VP - Head of Research at Motilal Oswal AMC says, "Although 1-year bond yields are falling regularly with the repo cut, 10-year yield has remained anchored to around 6-6.5%. The short-term rates are expected to fall further but the long-term rates may remain in the given range due to increased FPI selling and expectations of fiscal expansion."

There are concerns regarding the funding of government expenditure. The government plans to raise ₹4.88 lakh crore in the first half of 2020-21, which is 62.56% of its estimated gross borrowings of ₹7.8 lakh crore. The increased supply of government securities is expected to push up bond yields. Bond prices and yields move in opposite directions and prices of the previously issued bonds react when the new bonds are issued at a revised rate.

GETTYIMAGES

The govt's expenditure is way more than the revenue earned

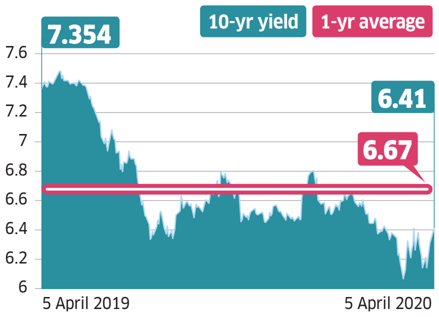


There are also speculations of debt monetisation where the RBI funds the expenditure by directly buying government bonds. However, direct monetisation comes with the risks of high inflation as it implies printing of additional money. Inflation occurs when too much money chases too few goods. India being a supply-constrained economy, there is a high probability that the additional money will channel into a price rise. "The government will have to spend for the current social obligations and we may see RBI printing money." adds Singh.

The massive foreign investors' outflows from the debt markets are also a cause of concern for the bond market. Foreign investors have dumped debt securities worth ₹60,300 crore in the month of March 2020.

On one side, concerns like borrowings, inflation and FPI outflows are creating upward pressure on interest rates, whereas on the other hand, RBI measures like repo rate cut, long term repo operations (LTRO), and removal of FPI ownership limits in certain government securities are aimed at soothing long term interest rates. The interplay of these opposite forces is likely to create uncertainty in the movement of interest rates.

Bond yields rising due to fiscal deficit concerns



Investments in short term or low duration debt funds will prove effective as they are less prone to the changes in interest rates.

Such volatility can complicate the economic growth prospects by affecting both consumption and investment. There are implications for the equity markets due to the impact of interest rates on the equity risk premiums. The equity risk premium is the difference between expected returns from the equity markets and risk-free rate. Volatility in the government bond yields which is used as a proxy for risk-free rate will make such risk premiums erratic. Moreover, returns of long duration debt funds and the NPS scheme will also get impacted.

Investments in short term or low duration debt funds will prove effective as they are less prone to the changes in interest rates. "There will be a flight to quality and portfolios with high-grade corporate bonds could gain AUMs in the mutual fund industry. Accordingly, categories like banking and PSU funds and short term bond funds may find favour with investors." adds Iyer.

Also, investors can consider dynamic bond funds to ride the interest rate volatility. The portfolio duration of these funds are dynamically managed by the fund manager depending on the future expectations of interest rates. These funds generate returns by churning debt securities of different durations.

Please send your feedback to
etwealth@timesgroup.com

SMART STATS

In This Section

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.

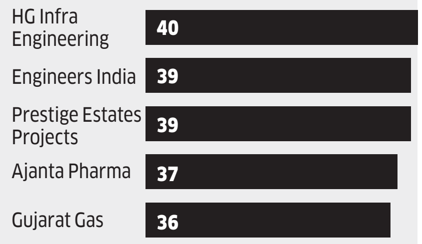
	RANK		PRICE ₹	GROWTH%*		VALUATION RATIOS				RISK		RATING	
	Current Rank	Previous Rank	Stock Price	Revenue	Net Profit	PE	PB	Div Yield	PEG	Downside Risk	Bear Beta	No. of Analysts	Consensus Rating
KEC International	1	1	157.65	27.51	45.85	8.34	1.67	3.88	0.20	2.07	1.24	34	4.76
JK Cement	2	3	970.65	23.81	95.69	26.41	2.78	1.84	0.27	1.59	0.75	30	4.87
Engineers India	3	2	65.10	38.54	34.49	11.13	1.75	6.85	0.27	1.90	0.66	15	4.20
HG Infra Engineering	4	4	160.00	39.61	69.05	8.01	1.54	0.32	0.14	2.35	1.00	16	5.00
Power Grid Corp of India	5	15	164.45	13.27	20.18	6.88	1.46	5.34	0.34	1.38	0.60	27	4.67
Birla Corp	6	5	419.40	11.97	69.28	12.68	0.72	1.83	0.18	2.11	1.03	11	5.00
Larsen & Toubro	7	6	812.80	19.66	25.93	12.77	1.82	3.47	0.50	1.75	1.10	42	4.83
JSW Energy	8	21	42.00	3.68	35.22	9.92	0.58	2.37	0.26	1.69	0.56	17	4.59
UltraTech Cement	9	11	3,367.00	27.92	87.49	37.58	3.22	0.35	0.47	1.64	0.91	45	4.53
Kalpataru Power Trans	10	19	175.85	14.08	25.93	5.78	0.87	3.65	0.25	2.03	1.12	21	4.76
Adani Ports & SEZ	11	7	251.90	29.41	27.07	13.05	2.14	1.36	0.43	1.90	1.13	25	4.76
Century Plyboards	12	9	112.65	11.92	50.47	16.62	2.53	0.94	0.33	1.82	0.74	20	4.60
Emami	13	13	230.25	11.70	79.52	33.92	4.95	3.60	0.38	1.78	0.69	34	4.12
Alkem Laboratories	14	14	2,709.00	27.69	74.09	42.74	5.98	1.12	0.59	1.22	0.42	22	4.36
Redington India	15	22	82.85	24.52	18.93	6.49	0.83	10.50	0.35	2.56	0.88	10	4.70
CCL Products India	16	12	184.75	24.99	31.45	16.11	2.97	3.67	0.48	1.73	0.86	10	4.80
Sobha	17	8	175.35	18.09	10.84	5.61	0.75	4.19	0.65	2.32	0.72	22	4.86
ITC	18	28	185.35	14.23	30.41	17.88	3.82	3.22	0.60	1.69	0.83	38	4.45
Prestige Estates Projects	19	23	181.85	38.52	33.30	16.43	1.61	1.62	0.55	2.97	1.02	18	4.50
Oberoi Realty	20	43	310.35	14.35	29.54	13.38	1.38	0.65	0.45	1.78	0.51	26	4.39
Manappuram Finance	21	18	112.05	0.90	72.34	10.19	2.08	2.04	0.15	2.67	1.54	15	4.53
Transport Corp of India	22	26	172.85	16.94	30.75	9.01	1.47	1.16	0.34	1.93	0.95	10	4.90
VRL Logistics	23	16	161.45	11.74	32.29	15.65	2.23	4.48	0.49	1.81	0.73	15	4.33
Gujarat Gas	24	24	235.15	36.49	142.41	38.65	7.34	0.44	0.25	1.77	0.82	30	4.00
Sun Pharmaceutical	25	29	454.45	22.27	46.49	41.89	2.69	1.32	0.89	1.65	0.69	41	4.07
Mphasis	26	25	675.60	24.15	13.18	12.13	2.41	4.01	0.80	1.46	0.70	33	4.30
Blue Star	27	44	504.60	24.22	39.96	25.66	5.60	4.21	0.66	1.62	0.82	27	4.07
HeidelbergCement India	28	30	153.50	13.11	41.13	15.68	2.96	1.02	0.37	1.95	1.03	18	4.50
Ipca Laboratories	29	33	1,602.75	36.30	79.10	45.64	6.50	0.31	0.58	1.48	0.23	26	4.15
Mahanagar Gas	30	37	898.45	4.79	44.73	16.10	3.67	2.25	0.35	1.86	0.97	30	4.13
Rallis India	31	27	217.35	31.42	52.80	27.30	3.30	1.25	0.53	2.00	1.16	20	3.95
HCL Technologies	32	35	469.05	27.04	13.92	12.80	3.04	1.08	0.79	1.43	0.76	49	4.43
NMDC	33	32	79.75	6.61	4.83	5.20	0.95	7.03	0.37	2.44	0.74	22	4.50
NTPC	34	17	87.10	17.70	8.75	5.69	0.78	0.59	0.67	1.44	0.72	27	4.93
CESC	35	46	468.35	11.49	8.08	5.24	0.69	4.43	0.88	1.67	0.77	18	4.94
Reliance Industries	36	20	1,219.95	7.54	37.42	18.09	1.85	0.55	0.57	1.81	1.01	37	4.49
Aurobindo Pharma	37	10	460.20	27.69	20.25	11.39	1.94	0.68	0.55	2.79	1.17	35	4.43
Apollo Hospitals	38	36	1,279.85	27.08	87.26	75.64	5.36	0.51	0.83	1.85	1.01	23	4.87
Jubilant Life Sciences	39	31	341.35	10.55	25.13	9.26	1.13	2.92	0.39	2.27	1.07	13	4.46
Zee Entertainment	40	47	149.85	14.07	20.16	9.12	1.60	2.44	0.46	3.28	1.00	30	4.00
Ahluwalia Contracts India	41	--	160.90	14.37	20.90	9.04	1.44	0.20	0.30	2.30	1.13	18	4.50
Narayana Hrudayalaya	42	--	285.65	15.53	141.44	96.92	5.31	0.72	0.65	1.90	0.62	12	4.92
Motherson Sumi Systems	43	45	66.05	11.14	18.49	12.32	1.81	5.34	0.60	2.80	1.25	37	4.19
Crompton Greaves	44	38	224.85	13.66	40.50	35.55	13.00	0.95	0.88	1.43	0.63	37	4.68
Ajanta Pharma	45	39	1,408.10	37.45	41.27	31.98	5.51	0.95	0.79	1.61	0.69	13	4.31
Shree Cement	46	--		20.31	87.36	57.77	6.01	0.90	0.70	1.56	0.86	43	3.21
Dilip Buildcon	47	--	216.25	20.47	18.03	5.45	1.06	0.49	0.30	2.70	1.25	16	4.69
Thermax	48	40	710.35	4.43	41.12	24.57	2.81	1.97	0.64	1.35	0.41	32	3.06
Coromandel International	49	--	528.15	7.32	49.41	21.23	4.56	0.68	0.43	1.38	0.69	17	4.35
Ramco Cements	50	34	494.65	17.08	28.53	21.29	2.55	1.19	0.77	1.55	0.85	31	3.64

*REVENUE AND NET PROFIT GROWTH IS BASED ON CONSENSUS ANALYSTS' EXPECTATIONS. NR: NOT IN THE RANKING. DATA AS ON 9 APRIL 2020.

SOURCE: BLOOMBERG

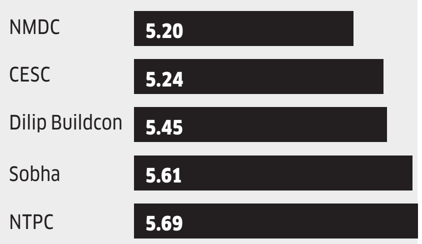
1 Fast growing stocks

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



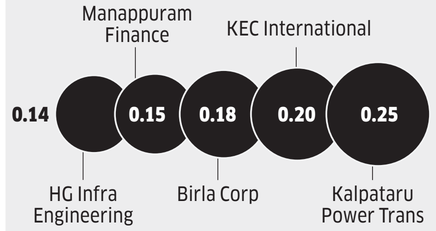
2 Least expensive stocks

Top 5 stocks with the lowest price-earnings ratio



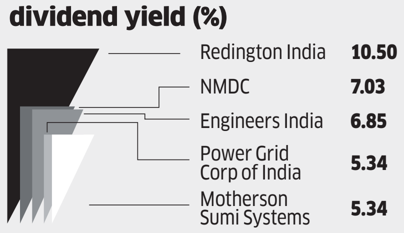
3 Best PEGs

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



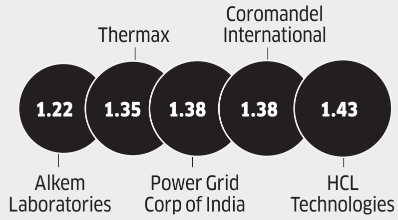
4 Income generators

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								
Axis Bluechip Fund	★★★★★	11,823.95	-17.15	-13.42	-7.91	7.46	5.56	1.71
Canara Robeco Bluechip Equity Fund	★★★★★	352.87	-18.52	-11.65	-10.5	3.34	3.7	2.56
Sundaram Select Focus Fund	★★★★	1,046.48	-23.37	-17.13	-17.7	1.24	2.33	2.25
Tata Index Sensex Fund	★★★★	14.89	-26.14	-19.78	-21.69	1.03	1.45	0.46
HDFC Index Fund - Sensex Plan	★★★★	803.31	-26.84	-20.47	-22.4	0.87	1.75	0.3
Edelweiss Large Cap Fund	★★★★	174.32	-22.97	-17.82	-18.65	0.29	1.45	2.07
Motilal Oswal Focused 25 Fund	★★★★★	1,236.79	-21.24	-14.33	-10.92	0.01	2.64	2.2
Mirae Asset Large Cap Fund	★★★★★	16,733.83	-25.62	-19.1	-21.62	-0.13	3.54	1.67
UTI Nifty Index Fund	★★★★	1,855.78	-27.28	-21.29	-23.98	-0.69	0.98	0.17
HDFC Index Fund Nifty 50 Plan	★★★★	1,059.45	-27.34	-21.42	-24.18	-0.85	0.91	0.3
ICICI Prudential Bluechip Fund	★★★★	23,608.74	-26.01	-20.59	-22.92	-1.97	1.53	1.77
Indiabulls Bluechip Fund	★★★★	148.38	-26.52	-20.35	-22.2	-2.52	1.33	2.43
EQUITY: LARGE & MIDCAP								
Invesco India Growth Opportunities Fund	★★★★	2,498.42	-23.55	-18.15	-19.18	0.8	2.5	1.98
Mirae Asset Emerging Bluechip Fund	★★★★★	9,613.59	-24.48	-15.82	-18.1	0.48	7.38	1.84
LIC MF Large & Mid Cap Fund	★★★★	656.93	-23.06	-17.86	-16.47	-1.07	3.61	2.61
Canara Robeco Emerging Equities Fund	★★★★★	5,597.35	-20.71	-13.56	-18.35	-1.52	4.67	1.93
Sundaram Large and Mid Cap Fund	★★★★	1,167.45	-27.56	-22.53	-22.95	-2.01	2.49	2.18
Kotak Equity Opportunities Fund	★★★★	3,167.65	-25.16	-16.38	-19.34	-2.32	2.57	2.1
Principal Emerging Bluechip Fund	★★★★	2,116.72	-22.52	-15.64	-19.28	-2.85	3.28	2.11
DSP Equity Opportunities Fund	★★★★	5,279.30	-25.44	-20	-21.47	-3.29	2.55	1.96
EQUITY: MULTI CAP								
SBI Focused Equity Fund	★★★★★	8,263.77	-19.17	-12.52	-13.35	4.33	5.45	1.88
Parag Parikh Long Term Equity Fund	★★★★★	2,794.86	-17.96	-12.07	-12.22	4.11	5.82	1.99
Axis Focused 25 Fund	★★★★★	9,764.08	-23.13	-18.33	-14.52	2.98	4.99	1.83
Canara Robeco Equity Diversified Fund	★★★★	1,771.87	-18.5	-12.36	-14.3	2.7	2.64	2.26
IIFL Focused Equity Fund	★★★★★	756.12	-22.22	-14.95	-11.35	2.12	4.44	2.32
DSP Equity Fund	★★★★	3,522.61	-21.76	-16.48	-14.74	0.4	2.78	2.05
Tata Retirement Savings Fund - Progressive Plan	★★★★★	742.53	-21.17	-15.68	-15.75	0.19	4.28	2.43
Edelweiss Multi Cap Fund	★★★★	544.52	-23.63	-19.11	-21.54	-1.11	2.13	2.42
JM Multicap Fund	★★★★	138.75	-24.04	-20.19	-15.7	-1.23	3.09	–
Kotak Standard Multicap Fund	★★★★	29,459.53	-26.46	-20.27	-22.02	-1.99	3.17	1.66
SBI Magnum Multicap Fund	★★★★	8,491.77	-25.37	-21.59	-21.81	-2.38	2.59	1.84
Motilal Oswal Multicap 35 Fund	★★★★	12,371.55	-25.62	-22.59	-22.93	-4.94	2.36	1.8
EQUITY: MID CAP								
Axis Midcap Fund	★★★★★	5,192.94	-13.88	-9.51	-6.2	6.7	5.44	1.94
DSP Midcap Fund	★★★★	7,458.11	-20.83	-13.32	-15.88	-2.73	4.13	1.93
Kotak Emerging Equity Fund	★★★★★	6,850.82	-26.42	-18.85	-22.32	-5.37	2.28	1.88
L&T Midcap Fund	★★★★	6,212.86	-24.29	-18.18	-24.97	-5.51	2.37	1.95
EQUITY: SMALL CAP								
Axis Small Cap Fund	★★★★	2,506.67	-24.1	-17.78	-11.43	0.48	4.12	2.01
SBI Small Cap Fund	★★★★★	3,475.83	-21.3	-17.01	-19.09	-0.11	6.9	2.19
Nippon India Small Cap Fund	★★★★	8,566.82	-27.39	-21.66	-29.96	-7.39	2.63	1.81
HDFC Small Cap Fund	★★★★	9,154.08	-31.82	-29.4	-40.3	-8.15	-0.09	1.94
L&T Emerging Businesses Fund	★★★★	5,606.21	-31.98	-28.54	-37.04	-10.21	0.77	1.98
EQUITY: VALUE ORIENTED								
Kotak India EQ Contra Fund	★★★★	866.17	-26.49	-21.06	-23.13	-0.34	1.75	2.39
Invesco India Contra Fund	★★★★★	4,668.45	-23.01	-17.2	-21.48	-0.51	3.25	1.93
Tata Equity PE Fund	★★★★	4,567.21	-26.51	-22.03	-25.24	-5.34	1.67	1.92
L&T India Value Fund	★★★★	7,040.66	-29.29	-23.32	-29.12	-7.82	0.51	1.88
EQUITY: ELSS								
Axis Long Term Equity Fund	★★★★★	21,658.58	-20.58	-15.81	-12.15	3.6	3.89	1.7
Canara Robeco Equity Tax Saver Fund	★★★★	1,036.37	-16.52	-10.89	-13.19	3.03	2.97	2.3
Mirae Asset Tax Saver Fund	★★★★★	3,281.58	-25.81	-17.87	-19.93	1.21	–	1.97
Invesco India Tax Plan	★★★★	1,028.18	-21.34	-15.75	-17.99	0.18	2.57	2.39
Aditya Birla Sun Life Tax Relief 96	★★★★	10,072.72	-20.97	-14.22	-20.18	-0.84	2.61	1.71
JM Tax Gain Fund	★★★★★	37.72	-26.64	-23.02	-21.19	-1.81	1.99	–
Quant Tax Plan	★★★★	9.54	-19.35	-14.28	-19.66	-1.86	4.87	2.48
Tata India Tax Savings Fund	★★★★★	2,060.38	-26.27	-20.48	-22.36	-2.35	2.64	2.11
Kotak Tax Saver	★★★★	1,135.45	-25.12	-17.58	-19.27	-2.55	1.69	2.48
DSP Tax Saver Fund	★★★★	6,096.28	-25.72	-20.29	-20.82	-2.65	2.85	1.97
Motilal Oswal Long Term Equity Fund	★★★★	1,685.97	-26.2	-19.75	-19.25	-2.98	4.37	2.1

7.5% THE 3-YEAR RETURN OF AXIS BLUECHIP IS THE HIGHEST IN ITS CATEGORY.

0.8% THE 3-YEAR RETURN OF INVESCO INDIA GROWTH OPPORTUNITIES FUND IS THE HIGHEST IN ITS CATEGORY.

6.7% THE 3-YEAR RETURN OF AXIS MIDCAP FUND IS THE HIGHEST IN ITS CATEGORY.

3.6% THE 3-YEAR RETURN OF AXIS LONG TERM EQUITY 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	
Taurus Large cap Equity	-2.6	Axis Bluechip	5.56
Principal Nifty 100 Equal Weight	-2.49	Canara Robeco Bluechip Equity	3.7
Baroda Large Cap	-1.09	Mirae Asset Large Cap	3.54
Franklin India Bluechip	-0.99	Nippon India ETF Shariah BeES	3.18
DSP Top 100 Equity	-0.85	SBI ETF Nifty Next 50	3.04

Equity: Multi-cap 5-year returns

LAGGARDS		LEADERS	
Taurus Starshare	-3.35	Parag Parikh Long Term Equity	5.82
Nippon India Multi Cap	-3.27	SBI Focused Equity	5.45
Nippon India Retirement	-2.88	Axis Focused 25	4.99
HDFC Focused 30	-1.81	IIFL Focused Equity	4.44
LIC MF Multicap	-1.57	Tata Retirement Savings	4.28

Equity: Mid-cap 3-year returns

LAGGARDS		LEADERS	
Motilal Oswal Midcap 100 ET	-10.86	Axis Midcap	6.7
Aditya Birla Sun Life Mid Cap	-10.39	Quant Mid Cap	-0.82
SBI Magnum Midcap	-9.99	DSP Midcap	-2.73
Sundaram Mid Cap	-9.38	Edelweiss Mid Cap	-3.49
ICICI Prudential Midcap	-9.07	Nippon India Growth	-3.91

Equity: Small-cap 3-year returns

LAGGARDS		LEADERS	
Aditya Birla Sun Life	-16.1	Axis Small Cap	0.48
Sundaram Small Cap	-15.04	SBI Small Cap	-0.11
HSBC Small Cap Equity	-13.69	Nippon India Small Cap	-7.39
Quant Small Cap	-13.37	Union Small Cap	-7.49
Franklin India Smaller Companies	-12.9	HDFC Small Cap	-8.15

Hybrid: Aggressive 5-year returns

LAGGARDS		LEADERS	
JM Equity Hybrid	-3.26	Canara Robeco Equity Hybrid	4.65
Nippon India Equity Hybrid	-2.27	Principal Hybrid Equity	4.29
PGIM India Hybrid Equity	-1.16	DSP Equity & Bond	4.17
Tata Hybrid Equity	-0.34	Tata Retirement Savings	4.17
LIC MF Equity Hybrid	-0.17	SBI Equity Hybrid	4.13

ANNUALISED RETURNS IN % AS ON 8 APRIL 2020.

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								
Edelweiss Equity Savings Fund	★★★★	114.70	-3.61	-0.39	0.99	5.37	5.43	1.74
Kotak Equity Savings Fund	★★★★	1,712.30	-9.21	-5.75	-4.74	3.45	4.78	2.12
Axis Equity Saver Fund	★★★★★	792.93	-10.37	-7.76	-6.03	3.09	–	2.35
ICICI Prudential Equity Savings Fund	★★★★	1,473.63	-12.59	-8.29	-6.69	2.02	4.48	1.36
HYBRID: AGGRESSIVE (EQUITY-ORIENTED)								
Canara Robeco Equity Hybrid Fund	★★★★	3,071.18	-13.18	-7.37	-7.88	3.29	4.65	2.05
SBI Equity Hybrid Fund	★★★★★	32,469.68	-17.46	-12.73	-10.59	2.92	4.13	1.62
Mirae Asset Hybrid Equity Fund	★★★★★	3,423.88	-19.16	-12.45	-14.48	1.42	–	1.94
DSP Equity & Bond Fund	★★★★	6,464.64	-17.04	-12.35	-10.54	0.79	4.17	1.92
Tata Retirement Savings Fund - Moderate Plan	★★★★★	1,141.67	-17.85	-12.71	-14.15	0.37	4.17	2.23
Principal Hybrid Equity Fund	★★★★	1,265.62	-17.37	-12.27	-18.47	0.33	4.29	2.07
HDFC Retirement Savings Fund - Hybrid Equity Plan	★★★★	387.69	-18.82	-14.67	-17.58	-0.32	–	2.73
HDFC Children's Gift Fund	★★★★	3,082.53	-20.85	-16.61	-19.08	-0.76	2.81	2.12
ICICI Prudential Equity & Debt Fund	★★★★	20,611.45	-21.84	-15.04	-19.28	-1.67	3.03	1.73
HYBRID: CONSERVATIVE (DEBT-ORIENTED)								
Baroda Conservative Hybrid Fund	★★★★	25.36	-0.3	1.53	8.45	6.67	6.33	2.07
ICICI Prudential Regular Savings Fund	★★★★★	1,746.10	-4.39	-0.86	1.69	5.88	7.03	1.98
Tata Retirement Savings Fund - Conservative Plan	★★★★	136.63	-4.85	-2.31	0.18	3.89	5.87	2.22
Indiabulls Savings Income Fund	★★★★★	26.30	-4.77	-1.88	-0.82	6.34	–	2
DEBT: MEDIUM- TO LONG-TERM								
Nippon India Income Fund	★★★★	299.46	2.01	3.04	11.7	7.63	7.68	1.62
SBI Magnum Income Fund	★★★★	1,301.28	1.42	4.86	11.53	7.43	8.13	1.47
IDFC Bond Fund Income Plan	★★★★	683.35	2.01	2.95	10.96	6.92	7.57	1.9
ICICI Prudential Bond Fund	★★★★	3,437.89	0.93	3.43	9.27	7.02	7.67	1.08
DEBT: MEDIUM-TERM								
SBI Magnum Medium Duration Fund	★★★★★	3,099.90	1.63	4.49	10.47	8.14	8.6	1.13
IDFC Bond Fund Medium Term Plan	★★★★★	3,065.60	1.3	2.72	8.41	6.87	7.45	1.44
HDFC Medium Term Debt Fund	★★★★	1,416.65	1.28	3.7	8.23	6.9	7.62	1.29
Indiabulls Income Fund	★★★★	30.90	1.6	2.63	7	7.63	7.45	0.9
DEBT: SHORT-TERM								
Axis Short Term Fund	★★★★	5,398.22	1.29	3.56	8.55	7.34	7.75	0.95
L&T Short Term Bond Fund	★★★★	5,189.52	1.64	3.65	8.51	7.37	7.6	0.73
HDFC Short Term Debt Fund	★★★★★	12,216.31	1.14	3.56	8.48	7.6	7.96	0.39
IDFC Bond Fund Short Term Plan	★★★★★	12,340.94	1.28	3.47	8.39	7.36	7.63	0.8
Kotak Bond - Short Term Regular Fund	★★★★	11,559.57	1.2	3.24	8.19	7.07	7.6	1.13
Baroda Short Term Bond Fund	★★★★	417.49	1.32	3.43	8.16	7.48	8.07	1.29
DEBT: DYNAMIC BOND								
SBI Dynamic Bond Fund	★★★★★	1,308.83	1.48	3.7	12.12	7.65	8.32	1.67
IDFC Dynamic Bond Fund	★★★★	2,077.51	2.44	3.58	11.82	7.39	7.95	1.79
Edelweiss Dynamic Bond Fund	★★★★★	43.30	2.83	4.35	11.69	8.05	7.6	1.04
Quantum Dynamic Bond Fund	★★★★	60.30	2.55	4.59	11.28	7.57	–	0.68
ICICI Prudential All Seasons Bond Fund	★★★★	3,188.69	1.74	4.49	9.81	7.77	8.56	1.32
Axis Dynamic Bond Fund	★★★★	420.49	0.74	3.14	9.78	7.15	7.75	0.65
PGIM India Dynamic Bond Fund	★★★★	46.89	0.55	2.26	9.38	7.47	7.94	1.75
Kotak Dynamic Bond Fund	★★★★★	1,204.89	0.55	2.48	8.8	7.96	8.69	1.08
DEBT: CORPORATE BOND								
HDFC Corporate Bond Fund	★★★★	13,389.16	1.32	3.33	8.85	7.76	8.24	0.5
Aditya Birla Sun Life Corporate Bond Fund	★★★★	17,605.87	1.23	3.27	8.33	7.67	8.18	0.45
Kotak Corporate Bond Fund - Standard Plan	★★★★★	4,839.91	1.23	3.33	8.32	7.82	8.09	0.6
ICICI Prudential Corporate Bond Fund	★★★★	13,243.33	1.01	3.27	8.21	7.37	7.97	0.56
Franklin India Corporate Debt Fund	★★★★	1,512.27	0.17	3.07	7.31	7.59	7.88	0.85

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

3.3% THE 3-YEAR RETURN OF CANARA ROBECO EQUITY HYBRID FUND IS THE HIGHEST IN ITS CATEGORY.

11.7% THE 1-YEAR RETURN OF NIPPON INDIA INCOME FUND IS THE HIGHEST IN ITS CATEGORY.

12.1% THE 1-YEAR RETURN OF SBI DYNAMIC BOND FUND IS THE HIGHEST IN ITS CATEGORY.

Expense as on 29 February 2020
Returns as on 8 April 2020
Assets as on 29 February 2020
Rating as on 31 March 2020

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%
- ★★ Next 22.5%
- ★ Bottom 10%

(Not covered in ETW Funds 100 listing)

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

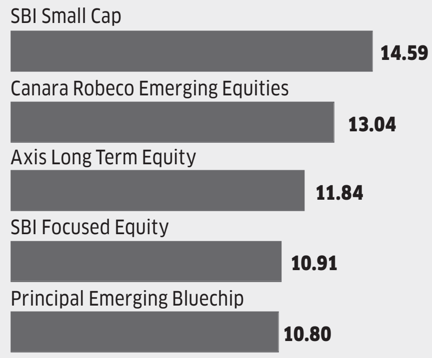
₹1.65 lakh

was the per capita* AUM of New Delhi in February 2020. This was highest among all states.

*Per capita AUM is divided by the population of the respective states.

1 Top 5 SIPs

Top 5 equity schemes based on 10-year SIP returns

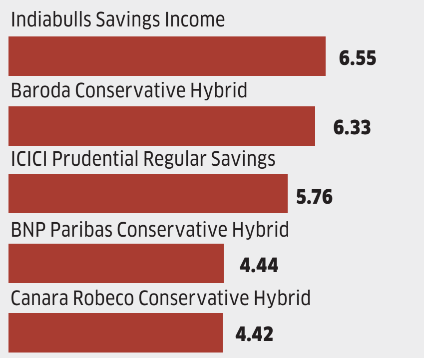


SIP: SYSTEMATIC INVESTMENT PLAN

% ANNUALISED RETURNS AS ON 8 APRIL 2020

2 Top 5 MIPs

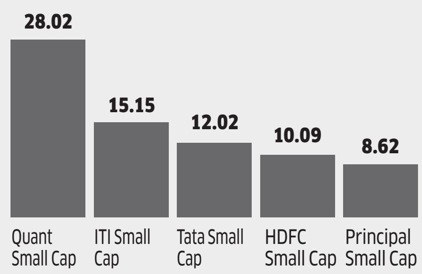
Top 5 MIP schemes based on 3-year SWP returns



SWP: SYSTEMATIC WITHDRAWAL PLAN

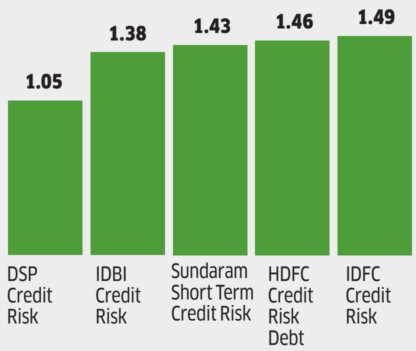
% ANNUALISED RETURNS AS ON 8 APRIL 2020

3 Small Cap cash holdings



% OF ASSETS AS ON 29 FEBRUARY 2020

4 Debt: Credit Risk



% AS ON 29 FEB 2020
% 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

	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
TENURE: 1 YEAR		
Ujjivan Small Finance Bank	8.00	**10,824**
IDFC First Bank	7.25	**10,745**
RBL Bank	7.20	**10,740**
Indusind Bank	7.00	**10,719**
AU Small Finance Bank	7.00	**10,719**
TENURE: 2 YEARS		
Ujjivan Small Finance Bank	8.00	**11,717**
AU Small Finance Bank	7.50	**11,602**
DCB Bank	7.30	**11,557**
IDFC First Bank	7.25	**11,545**
RBL Bank	7.25	**11,545**
TENURE: 3 YEARS		
AU Small Finance Bank	7.77	**12,597**
DCB Bank	7.60	**12,534**
Ujjivan Small Finance Bank	7.50	**12,497**
IDFC First Bank	7.25	**12,405**
RBL Bank	7.00	**12,314**
TENURE: 5 YEARS		
DCB Bank	7.50	**14,499**
AU Small Finance Bank	7.50	**14,499**
IDFC First Bank	7.25	**14,323**
RBL Bank	7.15	**14,252**
Ujjivan Small Finance Bank	7.00	**14,148**

Top five senior citizen bank FDs

	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
TENURE: 1 YEAR		
Ujjivan Small Finance Bank	8.50	**10,877**
RBL Bank	7.90	**10,814**
IDFC First Bank	7.75	**10,798**
DCB Bank	7.55	**10,777**
Indusind Bank	7.50	**10,771**
TENURE: 2 YEARS		
Ujjivan Small Finance Bank	8.50	**11,832**
AU Small Finance Bank	8.00	**11,717**
RBL Bank	7.95	**11,705**
DCB Bank	7.80	**11,671**
IDFC First Bank	7.75	**11,659**
TENURE: 3 YEARS		
AU Small Finance Bank	8.27	**12,784**
DCB Bank	8.10	**12,720**
Ujjivan Small Finance Bank	8.00	**12,682**
IDFC First Bank	7.75	**12,589**
RBL Bank	7.70	**12,571**
TENURE: 5 YEARS		
DCB Bank	8.00	**14,859**
AU Small Finance Bank	8.00	**14,859**
RBL Bank	7.85	**14,751**
IDFC First Bank	7.75	**14,678**
Ujjivan Small Finance Bank	7.50	**14,499**

Top five tax-saving bank FDs

TENURE: 5 YEARS AND ABOVE	Interest rate (%)	What ₹10,000 will grow to
DCB Bank	7.50	**14,499**
AU Small Finance Bank	7.50	**14,499**
IDFC First Bank	7.25	**14,323**
RBL Bank	7.15	**14,252**
Ujjivan Small Finance Bank	7.00	**14,148**

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

HOME LOAN RATES

With effect from 1 October, 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: 4.40%

BANK		FOR SALARIED		FOR SELF EMPLOYED (%)		
	RLLR (%)	FROM (%)	TO (%)	FROM (%)	TO (%)	WEF
SBI Term Loan	7.05	7.20	7.55	7.35	7.70	1 April 2020
Punjab National Bank	7.05	7.20	7.80	7.20	7.80	1 April 2020
Bank of India	7.25	7.25	7.55	7.25	8.15	1 April 2020
Central Bank of India	7.25	7.25	7.35	7.25	7.35	1 April 2020
Canara Bank	7.30	7.35	9.30	7.35	9.30	7 April 2020
SBI Max Gain	7.05	7.45	7.80	7.60	7.95	1 April 2020
Indian Bank	7.20	7.55	7.85	7.60	7.90	1 April 2020
J & K Bank	7.60	7.70	8.00	7.70	8.00	28 Mar 2020
Union Bank of India	7.20	8.05	8.35	8.05	8.35	1 April 2020
ICICI Bank	8.10	8.10	9.10	8.35	9.20	1 April 2020
Karur Vysya Bank	7.60	8.20	10.05	8.20	10.05	1 April 2020
Bank of Maharashtra	7.45	8.20	9.00	8.45	9.35	7 April 2020
UCO Bank	8.05	8.05	8.15	8.05	8.15	5 Octo 2019
Indian Overseas Bank	8.00	8.20	8.45	8.20	8.45	7 Feb 2020
Kotak Mahindra Bank	8.60	8.20	9.15	8.30	9.25	16 Jan 2020
Bank of Baroda	7.25	8.25	8.50	8.25	8.50	28 Mar 2020
IDBI Bank	8.25	8.25	8.60	8.45	9.00	16 Jan 2020
Axis Bank	8.55	8.55	9.20	8.65	9.40	2 Nov 2019
Federal Bank	8.55	8.55	8.65	8.60	8.70	16 Dec 2019
South Indian Bank	8.80	8.80	10.05	8.80	10.05	1 Jan 2020
Dhanlaxmi Bank	7.93	8.85	9.95	8.85	9.95	1 Mar 2020

Your EMI for a loan of ₹1 lakh

TENURE	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS
@ 8%	2,028	1,213	956	836	772
@ 10%	2,125	1,322	1,075	965	909
@ 12%	2,224	1,435	1,200	1,101	1,053
@ 15%	2,379	1,613	1,400	1,317	1,281

FIGURES ARE IN ₹. USE THIS CALCULATOR TO CHECK YOUR LOAN AFFORDABILITY.
FOR EXAMPLE, A ₹5 LAKH LOAN AT 12% FOR 10 YEARS WILL TRANSLATE INTO AN EMI OF ₹1,435 X 5 = ₹7,175

Post office deposits

	Interest (%)	Minimum investment (₹)	Maximum investment (₹)	Features	Tax benefits
Sukanya Samriddhi Yojana	7.60	250	1.50 lakh	One account per girl child	80C
Senior Citizens' Savings Scheme	7.40	1,000	15 lakh	5-year tenure, minimum age 60 yrs	80C
Public Provident Fund	7.10	500	1.50 lakh p.a.	15-year tenure, tax-free returns	80C
Kisan Vikas Patra	6.90	1,000	No limit	Can be encashed after 2.5 years	Nil
5-year NSC VIII Issue	6.80	100	No limit	No TDS	80C
Time deposit	5.50-6.70	200	No limit	Available in 1, 2, 3, 5 year tenures	80C#
Post Office Monthly Income Scheme	6.60	1,500	Single 4.5 lakh	5-year tenure, monthly returns	Nil
			Joint 9 lakh	5-year tenure, monthly returns	Nil
Recurring deposits	5.80	10	No limit	5-year tenure	Nil
Savings account	4.00	20	No limit	₹10,000 interest tax-free	Nil

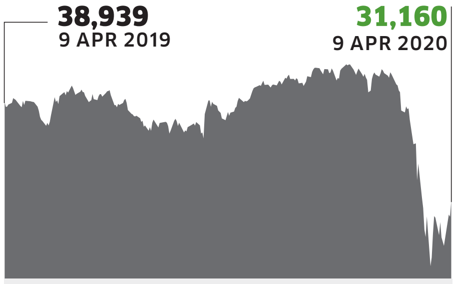
Data as on 09 April 2020

Benefit available only for 5-year deposit

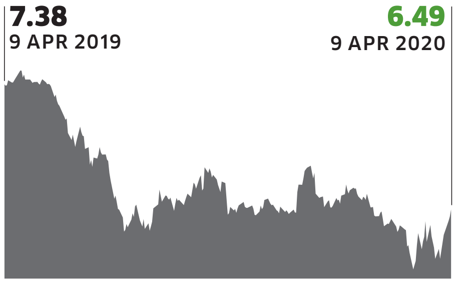
HOW YOUR INVESTMENTS PERFORMED THIS WEEK

This weekly tracker keeps you updated on the benchmark stock index, bond yields, forex movements and Index of industrial production. It also tracks the changes in the past one year to give investors an idea how their investments performed over a longer period.

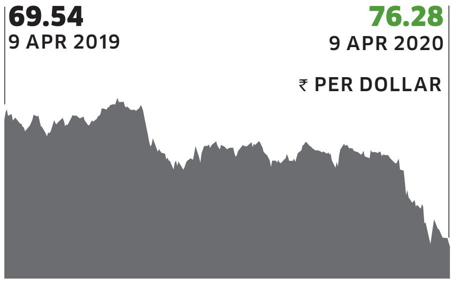
Sensex



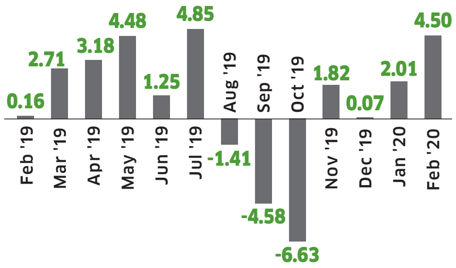
10-yr yield (%)



USD-INR



IIP (%)



CHANGE

	Sensex	10-yr yield	USD-INR		IIP
1 WEEK	10.24%	35 (bps)	1.19%	LATEST	4.50
1 YEAR	-19.98%	-88.10 (bps)	10.59%	1-YEAR AVG	0.96

Equity indices bounced back amid hopes of additional government stimulus. Also, investors were calmed due to the falling coronavirus death rate in advanced economies.

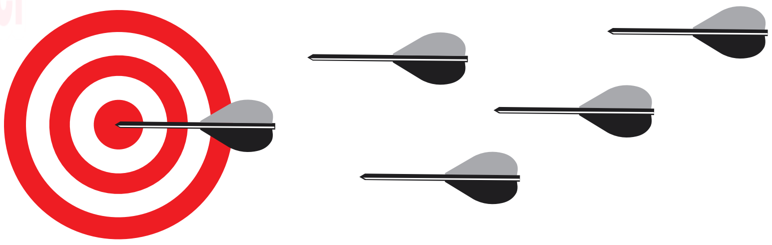
Bond yields jumped owing to the fiscal deficit concerns and increased government borrowings that are meant to support the economy amid coronavirus pandemic.

The rupee weakened due to the surge in the dollar index and weak market sentiments due to global risk aversion.

IIP surged to 4.5% in February 2020 helped by expansion in the manufacturing, mining and electricity sectors. However, the lockdown may impact the industrial growth in future.

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 (%)	MKT CAP (₹CR)
Welcon International	8.50	3.41	**94.95**	0.09	739.03	17.26
Gujarat State Financial	1.73	14.57	**88.04**	0.05	265.62	15.42
JCT	1.18	14.56	**73.53**	3.82	143.87	98.94
Syncom Formulations (I)	0.86	30.30	**59.26**	18.72	139.99	67.14
Gold Line International	0.29	11.54	**52.63**	0.11	-7.85	15.11
Gennex Laboratories	3.02	54.08	**47.32**	1.24	38.53	38.20
Kohinoor Foods	7.94	15.57	**45.96**	0.05	222.04	29.43
Rana Sugars	4.20	15.70	**31.66**	0.78	52.96	64.50
CG Power and Industrial	6.80	21.00	**31.27**	2.17	143.78	426.19
Angel Fibers	7.56	-1.31	**30.57**	0.08	-87.43	18.90

Top price losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MONTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹CR)
Future Consumer	6.00	-5.21	**-57.92**	9.50	308.78	1,152.67
Vikas Multicorp	0.93	-11.43	**-52.06**	1.53	-55.84	61.71
Unitech	1.30	2.36	**-39.53**	9.58	-72.81	340.12
Alok Industries	4.96	15.08	**-37.37**	15.87	701.40	1,096.51
Hindustan Construction	4.33	9.07	**-37.34**	6.71	153.80	655.13
SREI Infrastructure	4.04	1.00	**-33.66**	3.74	208.69	203.25
Vikas Proppant & Granite	5.81	-8.50	**-33.14**	1.53	-79.57	294.10
Reliance Home Finance	0.78	1.30	**-32.76**	2.53	-52.30	37.83
Vikas Ecotech	1.13	11.88	**-27.56**	2.02	102.68	34.53
RattanIndia Power Ltd.	1.45	4.32	**-26.77**	7.69	-47.54	661.84

Top volume gainers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹CR)
Anubhav Infrastructure	9.45	5.00	14.68	0.18	**1,09,909.19**	20.23
Orient Green Power	1.78	14.10	11.25	13.82	**8,397.75**	133.63
Rollatainers	1.10	6.80	-26.67	2.79	**4,949.67**	27.51
Gujarat Natural	9.03	0.00	-10.68	0.08	**3,189.45**	50.79
Shalimar Productions	0.49	0.00	0.00	0.01	**2,924.68**	48.23
Ashirwad Steels	9.23	4.89	6.95	0.02	**2,296.57**	11.54
Vascon Engineers	8.69	6.23	-17.86	4.78	**1,727.43**	154.80
Quadrant Televentures	0.19	0.00	0.00	0.07	**1,447.38**	11.63
KSS	0.19	0.00	0.00	0.28	**1,337.53**	39.51
JMT Auto	1.28	42.22	2.40	3.29	**1,313.73**	64.49

Top volume losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹CR)
Subex	4.13	21.83	-23.94	1.70	**-89.19**	232.11
Brightcom Group	4.07	20.06	1.24	1.75	**-81.50**	193.83
Vikas Proppant & Granite	5.81	-8.50	-33.14	1.53	**-79.57**	294.10
Jaypee Infratech	0.79	12.86	-15.05	2.01	**-74.80**	109.73
Unitech	1.30	2.36	-39.53	9.58	**-72.81**	340.12
Bil Energy Systems	0.54	3.85	-1.82	1.34	**-71.76**	11.42
Mercator	0.59	5.36	-11.94	1.30	**-63.43**	17.85
Sanwaria Consumer	1.29	14.16	13.16	3.21	**-60.83**	94.96
Vikas Multicorp	0.93	-11.43	-52.06	1.53	**-55.84**	61.71
Tata Teleservices	2.03	11.54	-13.25	2.25	**-55.42**	396.85

THE 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 9 APRIL 2020. **SOURCE:** ETIG DATABASE AND BLOOMBERG.

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.

I bought a flat in 2014 for ₹38 lakh and had to sell it for ₹37 lakh in 2019. How can I use the loss to square off my tax liability or capital gains? Can I get any kind of benefit from the loss I incurred and what will be the effective loss for calculations?

You have incurred a capital loss of ₹8.75 lakh on the property. This will be treated as a long-term capital loss since the asset was purchased more than 24 months before the date of sale. This caculaton takes into account the cost inflation index for 2014-15 and 2019-20.

Long term capital loss can be set off only against long term capital gains. However, if you do not have any long-term capital gain this year, this loss can be carried forward for eight assessment years immediately following the assessment year in which the loss was first computed. If any long-term capital gain arises during this period, it can be adjusted against this loss.

Shubham Agrawal
Senior Taxation Advisor, TaxFile.in

I invested ₹6 crore in mutual funds in the past 18 months. I am planning to invest at least ₹1.2 crore per annum for the next 20 years. I am 51. Optimistically how much will the investment be worth in 2040?

Since we do not know your asset allocation, it is hard to make an estimate of your corpus. But just to give an idea, if you continue your investments and they earned 8% annually, then it can grow to about ₹87 crore. Given the large sum involved, your portfolio may start getting skewed towards top-performing funds and develop concentration risk. Seek the help of a fee-based adviser to allocate the assets and demarcate investments for different financial goals. Ensure it is diversified across equity and debt funds, international funds, some quality low risk deposits as well as stocks or ETFs. Review annually.

Vidya Bala, Co-Founder, PrimeInvestor.in

QUESTION OF THE WEEK

I am 50 and have been investing in PPF and FDs so far. I want to invest in mutual funds through SIPs for the next 10 years. How should I go about it?

With key equity indices correcting by over 30% from their January peaks, quality equities are now available at attractive valuations. So, along with the SIPs, I suggest you also make lumpsum investments in selected funds in a staggered manner, with an investment horizon of at least five years. You can spread your investible surplus among SIPs of multi-cap funds (including ELSS funds according to your tax liability) and index funds in the ratio 4:1. Multi-cap funds are free to invest across all market capitalisation and segments on the basis of prevailing market conditions without any caps. ELSS funds come with a lock-in period of 3 years and qualify for tax deductions under Section 80C. Investing in index funds will reduce the risk of opportunity loss in case your multi-cap funds fail to fully exploit the falling market. In multi-caps, you can consider the direct plans of any of these three funds—Axis Multicap, Invesco India Contra and ICICI Prudential Mutlicap. Consider any of these funds for your tax-saving investments—Axis Long Term Equity, IDFC Tax Advantage and Invesco India Tax. Among index funds, you can invest in any of these—Nippon India ETF NV20, ICICI Prudential NV 20 ETF and IDFC Sensex ETF.

Naveen Kukreja
CEO and Co-Founder, Paisabazaar.com

I have 120 shares of IRCTC bought for around ₹1,800 each. How long should I hold them now that prices have fallen?

The current market sentiment is bearish and it is not prudent to time the resurgence or next bull rally. IRCTC was one of the biggest winners of 2019 and holding the stock is much recommended. However, your holding cost is very high at ₹1,800. The stock recently peaked at ₹1,995. Depending on your cash flow and risk appetite, consider buying 60 additional shares and bring down the average cost. This will help you earn better returns. Do not indulge in panic selling or booking permanent loss. I recommend diversifying your portfolio and rebalancing asset allocation annually. The exposure to equity should be through mutual fund SIPs.

Raj Khosla
Founder and Managing Director, MyMoneyMantra.com

I am 28. I live with my wife, infant daughter, parents and brother. My salary is ₹1.3 lakh per month. After paying household expenses and car loan EMI, my monthly investments are as follows: ₹20,000 in chit funds; ₹8,000 towards LIC premiums; ₹1,000 SIP in Mirae Asset Emerging Bluechip, ₹2,000 in Axis Long Term Equity, ₹500 in Nippon India Large Cap and ₹500 in SBI Debt Hybrid. I have around ₹1 lakh in stocks. I plan to invest ₹50,000 per annum in NPS. I will still have a surplus of ₹25,000 per month. My priorities are my daughter's education and marriage and domestic travel once every six months with a family of five.

Start by building a contingency fund by allocating ₹15,000 from the money being put in chit funds towards a liquid fund. Once a sum equivalent to six months' of monthly expenses is accumulated, the ₹15,000 should be allocated to a separate liquid fund to cater to family vacations and bigger expenses. Although you pay a premium for a LIC policy, nothing is specified about the cover it provides. Your life cover should be eight to 10 times your annual income. The remaining ₹5,000 from chit funds should be keep aside for term and health insurance premiums if needed. Open a Sukanya Samriddhi Account for your daughter and contribute around ₹10,000 towards it. Split the remaining ₹15,000 (plus the ₹4,000) into three funds—one index fund, increase allocation towards Mirae Emerging Bluechip and add a mid-cap fund. Consult a financial planner or an adviser who can help you quantify your goals and chart out an appropriate action plan.

Prableen Bajpai
Founder, Managing Partner, FinFix Research & Analytics

I am a senior citizen. I have multiple FDs in a PSU bank in the names of my wife, daughter and myself. The proposed ₹5 lakh customer deposit insurance is per deposit or per customer? The bank says it is per customer irrespective of the number of deposits in her/his name or total amount of money involved.

The insurance limit of ₹5 lakh is applicable per customer per bank (and not per deposit per branch). Here, the term 'customer' refers to the depositor who is named first. Different combinations of holders may exist, but such combinations will be disregarded, as long as the first holder is the same. It is prudent to spread your deposits across a few banks, in case you are concerned about this issue.

Jayant R. Pai
CFP and Head - Products, PPFAS Mutual Fund

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

Perks, health plan cut tax by ₹26k

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

Mumbai-based IT professional Pankaj Agarwal earns well and avails of many deductions but his salary structure is not tax friendly, resulting in a high tax outgo. Taxspanner estimates that Agarwal can reduce his tax by more than ₹25,000 if his pay structure is rejigged to include some tax free allowances and he buys health insurance for himself and his family.

Agarwal should start by asking his company to replace the transport and medical allowances (which are now taxable) in his paycheque with some tax-free reimbursements such as telephone and newspaper bills. These perks are tax free against submission of actual bills. If he gets ₹24,000 (₹2,000 a month) for telephone and Internet expenses and ₹18,000 (₹1,500 a month) for newspapers and periodicals, his annual tax will come down by about ₹13,000.

Next, he should buy medical insurance for himself and his family. Though he is covered by the group medical insurance offered by his company, these plans have a limited scope. Also, they don't work when a person leaves a job. In the current situation when companies are paring the workforce, an independent health plan for the family is necessary. If he pays ₹25,000 premium for a health plan, his tax will come down by ₹7,800.

More tax can be saved if he shifts from tax unfriendly fixed deposits to debt mutual funds. Interest from fixed deposits is taxed at normal rates while gains from debt funds are taxed at 20% if the holding period exceeds three years. The investor is also eligible for indexation benefit.

INCOME FROM EMPLOYER

INCOME HEAD	CURRENT	SUGGESTED
Basic salary	14,74,200	14,74,200
House rent allowance	7,37,100	7,37,100
Special allowance	4,12,176	4,04,376
Medical allowance	15,000	0
Conveyance allowance	19,200	0
Telephone reimbursements	0	24,000
Newspaper allowance	0	18,000
Leave travel allowance	76,000	76,000
Meal coupons	11,800	11,800
Annual bonus	4,00,000	4,00,000
Contribution to NPS under Sec 80CCD(2)	1,47,420	1,47,420
TOTAL	32,92,896	32,92,896

Reduce this taxable portion of the pay package.

These perks are now taxable. Replace with tax free reimbursements.

These perks are tax free on submission of actual bills.

+ INCOME FROM OTHER SOURCES

Interest income	15,000	0
Capital gains	0	0
Rental income	0	0
TOTAL	15,000	0

Shift to debt funds to avoid tax on FD income.

All figures are in ₹

Denotes suggestion to increase · Denotes suggestion to reduce

Tax-saving investments

INVESTMENT OPTION	CURRENT (₹)	SUGGESTED (₹)
Provident Fund	2,24,000	2,24,000
PPF	1,50,000	1,50,000
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	4,72,580	4,72,580
Medical insurance	0	25,000
TOTAL	4,72,580	4,97,580

Buy medical cover for self and family.

Pankaj Agarwal's tax

	TAX ON SALARY	TAX ON OTHER INCOME	TAX ON CAPITAL GAINS
CURRENT	₹5,46,030	₹4,680	0
Total	₹5,50,710		
SUGGESTED	₹5,25,126	0	0
Total	₹5,25,126		

TOTAL TAX SAVED

₹25,584 PER YEAR

TAX RATIO

(Total tax as % of annual income)

EXISTING (₹)	SUGGESTED (₹)
16.6%	15.9%

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.

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.

This is in reference to the cover story, 'Coping with Covid'. The valuation story does not make sense. When a lockdown happens, livelihoods are lost and government money is diverted towards rehabilitation and medical emergencies. How will consumption revive to justify valuation? When consumption falls, earnings and valuation collapse too. Only those who have invested in large-cap funds can hope to see some light at the end of this tunnel.
R. Shaji Kumar

This refers to the story, 'Small savings rate cut may hurt your goals'. The government is taking the money from middle class pensioners to feed the poor, but not dipping into its own reserves. My senior citizen father will get at least ₹12,000 less as pension this year. Who will compensate people like him?
Ranit Dey

This is a terrible blow for senior citizens who depend on interest income from these deposits. The government should take a considerate decision and reinstate the original interest rates for the sake of senior citizens.
Chandrasekhar Ramanan

Stay in cash, invest later

This refers to the cover story, 'Coping with Covid'. I would advise investors to be patient. This is not the time to invest. Let the virus play out. After that, see the quarterly results and assess the financial damage. Subsequently, take a call. Stay in cash at this point of time or liquidate to strengthen your cash position.
Rajiv Gupta

Thanks for highlighting the plight of those with money in small savings schemes. Senior citizens have invested their life's savings in these schemes so that they have a steady income to meet cost of living and medical expenses, which only increases with age. Most have no other source of income.
P.K.

This refers to the column, 'Special measures needed to save small savings schemes'. Due to the dismal savings rate, a stage will come when honest people will keep their money in cash at home. All this is happening to cover up the NPA mess.
V.S.

My heartfelt thanks to Dhirendra Kumar for highlighting the plight of senior citizens and private sector retirees who do not get pension. The Senior Citizens' Savings Scheme was started as a welfare scheme. The interest rate was 9% and was revised to 9.3% in April 2015. The rate was then slashed to 8.3% in 2015. Now it has been reduced drastically. This will make the life of the elderly difficult as the prices of essential items, medicines and health care keep rising.
Mohit Pande

I do not agree with the story, 'Rejig your SIP strategy now'. The scenarios mentioned are hypothetical. With no vaccine in sight, this pandemic may take time to subside. Markets will react accordingly.
Swetha

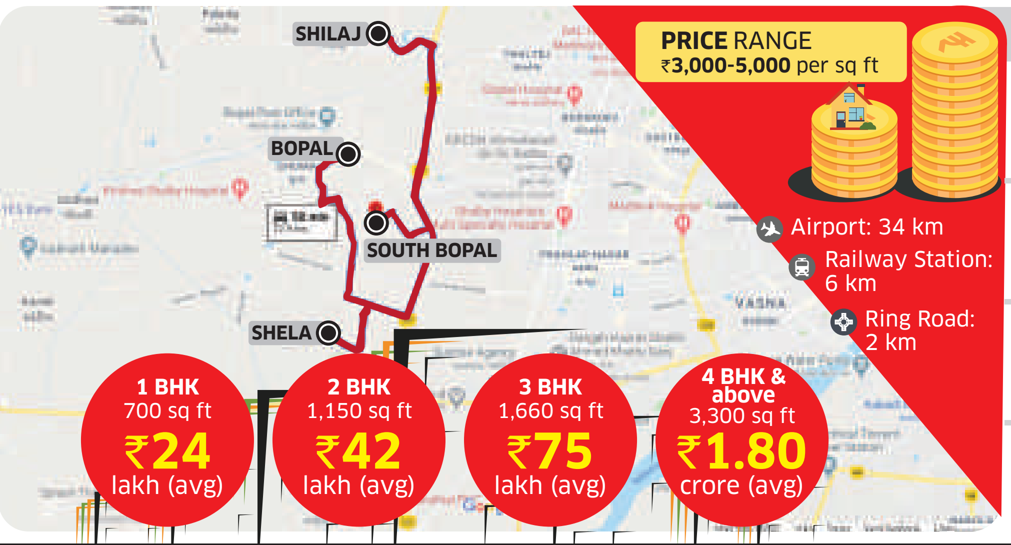
REALTY HOT SPOT

Micro market for mid income buyers

Affordability is a key attraction for homebuyers in this developing Ahmedabad locality.

LOCALITY SNAPSHOT
BOPAL, AHMEDABAD

- Situated along Sardar Patel Ring Road, it is a developing area suited for affordable and mid-segment buyers
- Proximity to key job hubs of Prahlad Nagar, Sanand, etc, drives residential demand in this region
- Presence of social and retail infrastructure close by comprises schools, hospitals and malls
- Key amenities - DPS Bopal, Shanti Asiatic School, Shalby Hospitals, Iscon Mega Mall, Gulmohar Park Mall, etc
- Well-connected through Sardar Patel Ring Road, SG Highway, Ambli Road and local railway network



LOCALITY VALUES

Bopal
Price (₹/sqft): 3,300-5,000
Rent (₹/month): 19,000-29,000

Shela
Price (₹/sqft): 3,000-4,500
Rent (₹/month): 16,900-25,300

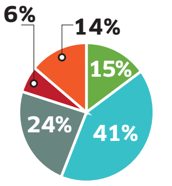
Shilaj
Price (₹/sqft): 3,300-4,600
Rent (₹/month): 14,300-23,400

South Bopal
Price (₹/sqft): 3,300-5,000
Rent (₹/month): 17,000-26,000

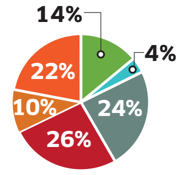
SUPPLY BY BHK

1 BHK **1%**
2 BHK **25%**
3 BHK **58%**
4 BHK **16%**

Consumer preference by budget segment (₹)



Consumer preference by covered area (sq ft)



Schools 12+ | Hospitals 10+ | Restaurants 10+ | Banks 9+ | Grocery Stores 8+ | Petrol Pumps 6+

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PUBLISHED FOR THE PROPRIETORS, Bennett, Coleman & Co Ltd by R.Krishnamurthy at The Times of India Building, Dr. D.N. Road, Mumbai 400001. Tel. No.: (022) 6635 3535, 2273 3535. Fax: (022) 2273 2544 and printed by him at (1) The Times of India Suburban Press, Akurli Road, Western Express Highway, Kandivli (E), Mumbai-400101 . Tel. No.: (022) 28872324, 28872931, Fax: (022) 28874231. (2) The Times of India Print City, Plot No.4, T.T.C. Industrial Area, Thane Belapur Road, Airoli, Navi Mumbai-400708. Tel No.: (022) 2760 9999, Fax: (022) 2760 5275.
EDITOR: Babar Zaidi (Responsible for selection of news under PRB Act). RNI No.: MAHENG/2014/57046. VOLUME 07 NO. 15