



8 MISTAKES IN REDEVELOPMENT

The lure of new, modern flats can land ageing housing societies in big trouble. Find out how to avoid it. **P2**



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8 MISTAKES IN REDEVELOPMENT

The lure of new, modern flats can land ageing housing societies in big trouble. Find out how to avoid it.



By Sanket Dhanorkar

Twelve years after initiating redevelopment, members of a housing complex in south Mumbai's prime sea-facing locality are still far from seeing their cherished homes restored. Enticed into signing with a developer of dubious reputation, the former residents are regretting their decision. Mismanagement by the developer has brought the entire project to a standstill. Danish Patel, a 58-year-old resident, laments, "The developer went out of his way to pitch for our society's redevelopment when others were showing limited interest. However, he abandoned the project midway when it became unviable for him due to his own mismanagement."

On paper, redevelopment promises a big opportunity for members of a housing society. Alas, it often becomes a noose around their necks. Many redevelopment projects today are paralysed, with developers known to abandoning ongoing projects or delaying work indefinitely due to lack of

funds or unviability. Society members are left at the mercy of the developer, without a home for years and forced to rent alternative accommodations. In this story, we dissect the typical mistakes housing societies make when embarking on redevelopment.

Alluring proposition

Redevelopment is currently a hotbed of activity in India's major residential markets. Both older residential societies and standalone plot owners are increasingly opting for redevelopment. Anuj Puri, Chairman, ANAROCK Group, says, "Redevelopment, particularly in urban areas, where space is scarce, is a very active trend as it enhances the quality of life, optimises land use efficiency, and renovates dilapidated structures."

Mumbai is witnessing the highest redevelopment activity, with over 31,000 projects approved as of May 2024. In Pune and Delhi/NCR, many ageing colonies and bungalows are opting for redevelopment. Ahmedabad and Surat are also seeing a surge in such projects. While redevelopment has generally been executed by tier 2

and tier 3 developers, several leading developers, including Ajmera Realty, Mahindra Lifespaces, Puravankara, and Rustomjee, have now entered the fray with the financial capability to handle these projects. Builders are attracted by the significant profit potential from selling the extra inventory left after allocating units to original members, allowing them to pocket the gains from the saleable area.

The push for redevelopment among housing societies is well-founded. Old housing societies face numerous issues, including low resale value due to poor building conditions, lack of common amenities like elevators, absence of safe play areas for children, and a history of leaks, notes Neha Gupta, Principal Associate, Athena Legal. When executed correctly, redevelopment offers a host of benefits to society members, with the primary goal being safer living conditions for the residents. Shubhi Jain, Principal Partner & Head of CRM, Square Yards, remarks, "Redevelopment is crucial for older societies grappling with unsafe infrastructure and outdated construction standards,

ensuring resident safety and compliance with modern building codes."

The lifestyle transformation is another pull factor. "When land prices soar, redevelopment becomes an attractive option for societies to unlock the value of their land and get bigger, more modern apartments," says Samir Jasuja, CEO, PropEquity. Government regulations in some areas permit a higher Floor Space Index (FSI) during redevelopment, enabling societies to construct additional floors and increase the total living area. Additionally, redevelopment facilitates the inclusion of modern amenities such as gyms, swimming pools, improved waste management systems, and enhanced parking facilities, notes Swapnil Anil, Executive Director & Head, Advisory Services, Colliers India. This not only boosts the resale value of individual units, but also offers significant gains for those looking to sell.

Despite its benefits, redevelopment can be fraught with challenges. Here are some common mistakes to avoid so that redevelopment does not become costly and problematic.

MISTAKE 1

Mistrust and non-cooperation among existing flat owners

REDEVELOPMENT OF a housing society cannot succeed without full cooperation from its residents. The entire process can be derailed by internal discord or lack of trust in the builder. Jasuja emphasises that a breakdown in communication is a major stumbling block in redevelopment projects. "Lack of transparency and clear communication with residents about project goals, expectations, and potential challenges can breed mistrust and hinder co-operation," Jasuja cautions. "Poor communication and consensus-building among stakeholders often result in resistance and increased costs," contends Jain. Regular updates, clear communication of timelines and costs, and open forums for questions are crucial, insists Anil.

Housing societies sometimes proceed

with redevelopment without securing adequate consent from existing members. "Legally, most jurisdictions require a supermajority (typically 75% or more) of member approval. Failing to achieve this can lead to legal challenges from dissenting members," remarks Gupta. While it is best to get everyone on board to avoid hiccups later, the law usually favours the majority in disputes. "Numerous judgments have upheld that members of a cooperative housing society who are in a minority cannot obstruct a redevelopment project unless they can prove that there is some prejudice caused to them or there are elements of fraud in the process of redevelopment," observes Dilip Shah, Senior Counsellor and Analyst for Redevelopment of Housing Societies.

MISTAKE 2

Blind faith in society officials



IF MISTRUST IS a ticking time bomb, placing blind faith in representatives is akin to stepping on a banana peel. Society members often yield to the decisions of the managing committee, whether willingly or under pressure. Experts caution against trusting housing society office-bearers blindly, especially in matters of redevelopment. Shah points out, "There are numerous instances where members of the managing committee are enticed with unlawful gratifications by unscrupulous developers, who use these members as agents to push through rosy dreams to innocent society residents." Such members cannot be trusted to finalise any agreements with the developer in a transparent manner. Residents must stay vigilant to ensure their interests are properly represented. It's also crucial for committee members not to be weak. Lacking knowledge and negotiation skills could jeopardise the society's interests, according to Jasuja.

MISTAKE 3

Setting unrealistic expectations

MANY REDEVELOPMENT projects fail because housing societies become too greedy. While reviewing proposals, some choose the developer promising the largest living space and highest rental payouts. However, it is essential to question whether this generosity is viable for the developer and if he can deliver on his commitment. "The success of redevelopment projects is closely tied to their financial viability," insists Jasuja. If the developer is offering bigger living space than others, it could leave him

with less saleable area for the new buyers in the revamped complex. If the finances don't work out for the builder, the project could ultimately get derailed. Similarly, demanding higher rental commitments or a larger corpus fund from a builder may cause problems if his cash flows don't materialise as expected.

Before getting carried away by a lucrative offer, get a feasibility study done, insists Jayesh Rathod, Director, The Guardians Real Estate Advisory. "Unless

the developer makes money on it, the project cannot get completed." Determine the market value of the property after redevelopment to avoid quoting unrealistic figures that could deter builders or lead to dissatisfaction, Anil advises. In Danish Patel's housing complex, members were enticed by the high rental payout offered by the builder, but no feasibility study was conducted. After a few years, the rental payouts stopped. This is a common experience for many housing societies.

Reasons why redevelopment is catching on

High prices in land-starved areas

Redevelopment will accelerate as demand exceeds supply in metros.

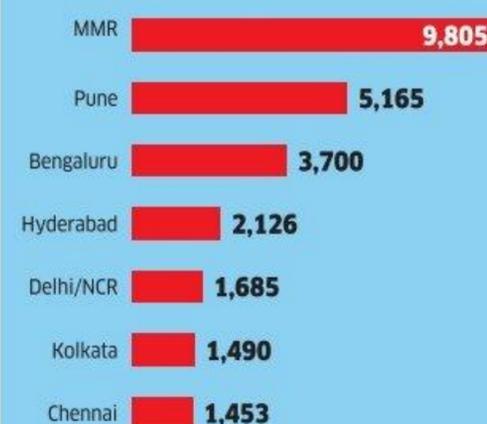
CITY	AVG RESIDENTIAL PRICE (₹ PER SQ FT)	
	2018-19	2023-24
Delhi/NCR	4,565	6,200
Kolkata	4,375	5,300
MMR	10,550	14,600
Pune	5,480	7,100
Hyderabad	4,170	6,350
Chennai	4,920	6,200
Bengaluru	4,950	7,200

Source: ANAROCK Research

Delay in execution of new housing projects

Housing societies must be careful in their choice of developer.

Number of projects delayed by more than 24 months



Source: PropEquity

MISTAKE 4

Not vetting the developer

SELECTING THE right developer is critical in the redevelopment process, and many societies err here. Experts advise prioritising a developer's reputation for timely execution over maximum gains. "Never select a developer simply on the basis of his financial offers of increase in carpet area or promises to provide world class amenities," says Shah.

Choose on merit, reputation, technical capability, experience and financial status. "Partnering with an inexperienced or unreliable developer can lead to poor construction quality, delays and financial trouble," warns Jasuja.

Review the builder's finances, including income-tax returns, with a trusted chartered accountant. Determine if the developer plans to self-fund the project or take a loan, as a higher loan increases risk. Rathod suggests society members meet with representatives from other societies that have worked with the builder to better understand their credentials.

MISTAKE 5

Don't rush the process

MANY HOUSING societies rush into redevelopment projects without proper legal framework in place. First, it is critical that the society's managing committee be elected as per legal provisions. Second, after lawful elections, every committee member must file an indemnity bond within 15 days of assuming charge. Without these, the entire society can be considered non-existent, making any redevelopment efforts legally untenable. "Any resolutions passed and execution of documents can be considered void. Handing over of the society property to the developer for redevelopment could also be considered unauthorised," points out Shah.

Further, the process can get derailed if the society does not conduct general body meetings with the required quorum and other legal necessities. Among other things, a structural audit report is essential for deciding between redevelopment or major repairs; without it, the general body meeting cannot legally approve redevelopment, remarks Anil. Additionally, if the society doesn't have the plot conveyed in its name via a conveyance deed, it must first get it executed. Without a conveyance deed, the housing society is not considered the owner of the property. If the earlier developer is not cooperating, the society can secure a deemed conveyance after a lengthy legal process.

MISTAKE 6

Leaving legal loopholes

NEXT, BE meticulous in drafting the agreement with the developer. Weak, hurriedly drafted contracts are at the heart of most disputed projects. "Without a solid legal foundation, disputes are almost inevitable. Contracts that lack clarity or are poorly drafted can lead to significant misunderstandings and conflicts," remarks Gupta. It is essential for housing societies to engage experienced legal professionals to draft contracts that cover all possible scenarios, including timelines, financial terms, and dispute resolution mechanisms. Do not proceed with any agreement drafted by the builder without approval from a trusted lawyer.

Ensure individual agreements are secured from each member with the developer before vacating the premises. Ensure that rights to additional FSI/TDR are exclusively in the name of the housing society. Specify the timeline for possession handover and penalties for delays in the development agreement. Include an exit clause, allowing the society to terminate the agreement in case of non-performance. Clearly outline amenities and allocate car parking spaces to existing members. Include a clause stipulating that all construction-related expenses are borne by the developer. Define rental compensation terms for existing members during the construction period.

Checklist for a successful project

Each of these four stages of redevelopment calls for cautionary steps to ensure satisfactory completion of the housing project.

Stage 1: Pre-development

- **Structural audit:** A structural audit report is essential; without it, the society committee cannot legally approve redevelopment over repairs.
- **Resident education & communication:** Hold meetings to explain the redevelopment process, benefits and potential challenges.
- **Feasibility study:** Conduct a thorough study to determine the project's viability, including market analysis, FSI calculations and estimated costs.
- **Legal consultation:** Seek legal advice to understand regulations, approvals needed, and draft agreements.

Stage 2: Developer selection

- **Shortlist reputable developers:** Research developer reputation, track record, financial stability, and experience with similar projects.
- **Request proposals (RFP):** Issue an RFP outlining project details, expectations and evaluation criteria for selecting the best developer.
- **Negotiate agreement:** Carefully negotiate the contract with a strong committee, covering timelines, costs, resident relocation plans, and dispute resolution mechanisms.

Stage 3: Construction

- **Form a project monitoring committee:** Assign residents to oversee construction progress, quality control, and adherence to agreed upon plans.
- **Regular communication:** Maintain open communication with residents, addressing concerns and providing updates on the project's progress.
- **Financial transparency:** Track project finances, ensuring funds are used efficiently and allocated according to the agreement.

Stage 4: Post-construction phase

- **Final inspection:** Conduct a thorough inspection with a qualified professional to ensure the project meets agreed upon standards.
- **Handover and occupancy:** Clearly define procedures for handover of flats to residents, including resolving any outstanding issues.
- **Long-term maintenance plan:** Establish a clear plan for ongoing maintenance of the redeveloped building and common areas.

Source: PropEquity

Pros & cons of redevelopment

Find out if it is worth taking up the project for your housing society.

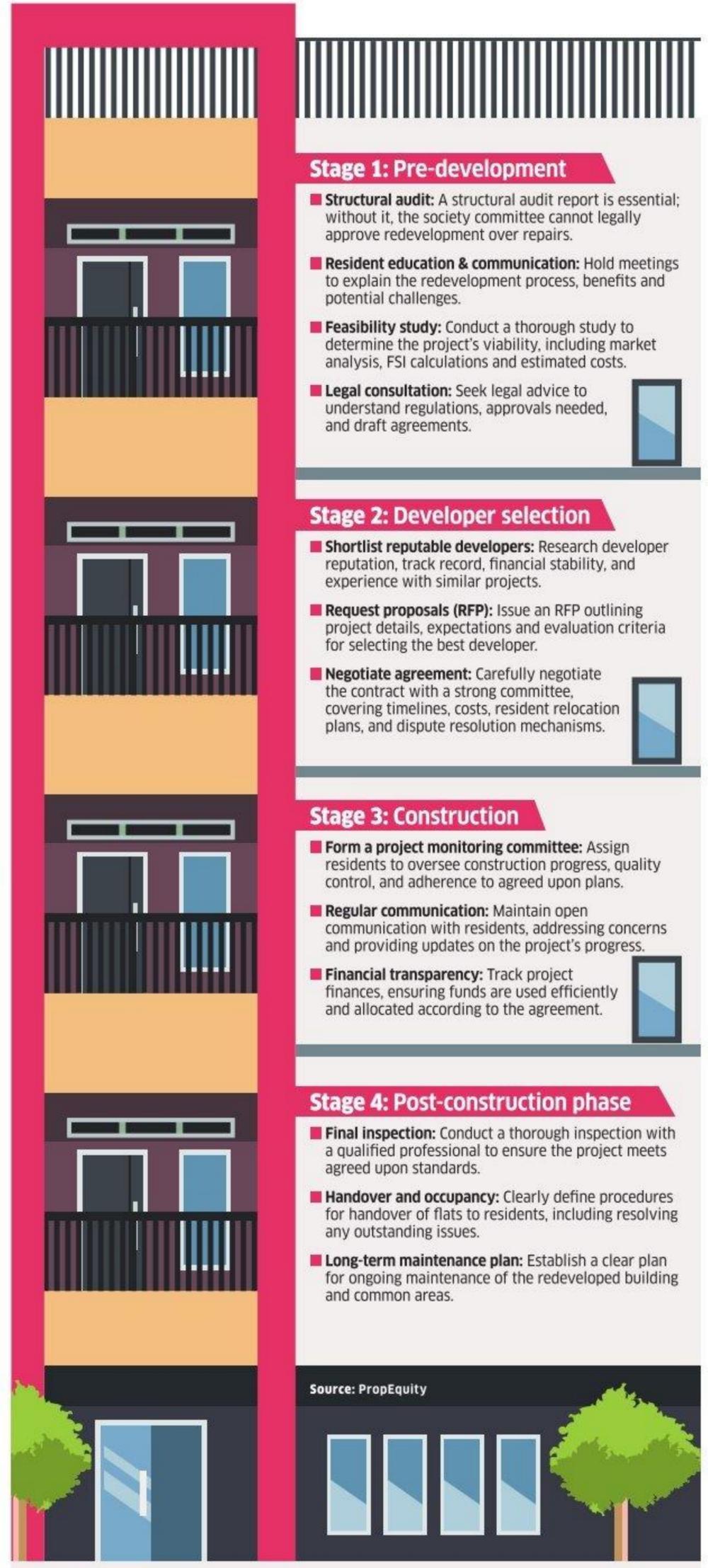
Advantages

- **Enhanced safety and living standards:** Older buildings may have structural issues, outdated amenities, and lack accessibility features. Redevelopment can create safer, more modern living spaces.
- **Increased property value:** Residents receive new, potentially larger apartments in a redeveloped building, which can significantly increase their property value.
- **Improved infrastructure:** Redevelopment allows for incorporating modern amenities like gyms, swimming pools, better waste management systems, and improved parking facilities.

Disadvantages

- **Disruption and displacement:** Residents face temporary displacement during construction, which can be stressful and inconvenient.
- **Financial and legal complexities:** The process can be lengthy and complex, involving negotiations with developers, legal agreements, and potential financial burden for residents.
- **Loss of community:** Large-scale redevelopment projects can disrupt established communities within older societies.

Source: Colliers India



MISTAKE 7

Failure to obtain necessary approvals

A REDEVELOPMENT project cannot go through without obtaining the necessary approvals from municipal authorities and regulatory bodies. Housing societies often neglect this, leading to legal complications that can halt the project. "Ensuring that all necessary permits and approvals are in place before starting the project is crucial," insists Gupta. In many jurisdictions, obtaining environmental clearances is mandatory for redevelopment projects. Failure to secure these clearances can prompt legal action from environmental agencies and NGOs, resulting in substantial delays and financial repercussions, according to Gupta. Similarly, non-compliance with local building codes and regulations may lead to legal repercussions from municipal authorities. Therefore, it is crucial for housing societies to ensure strict adherence to all applicable building codes, zoning laws, and safety regulations during the redevelopment process.

What to include in developer agreement

To avoid being misled by the developer, sign the contract only after checking these essentials.

- The developer should hold rights as a licensee, not an owner. Ownership of both land and buildings should remain with the housing society, and any additional FSI/TDR (transferable development rights) should exclusively belong to the society.
- Time period for completion of project, along with a penalty clause for failure to deliver within timeline.
- Particulars of existing flats, along with area of the plot, as per the Property Register Card.
- Specifications of new flats to be handed over to members, along with the type of materials to be used.
- Total estimated buildable area using premium FSI or TDR on the plot.
- Schedule of payment for corpus fund, rentals, brokerage, transportation, etc.
- Number of open, stilt or stacked car parking spaces.
- All expenses related to construction to be borne by the developer, including municipal taxes.
- Specify the amount collected from new flat buyers for the society's corpus.
- Right to terminate agreement if project not completed or stalled should be with the housing society.

Note: The above list is not exhaustive



MISTAKE 8

Allowing illegal constructions or altering plans

AT TIMES, unscrupulous developers may make unauthorised alterations to the proposed layout or infrastructure, including encroaching on neighbouring properties or public land. These violations often surface only after significant progress. Such actions can prove detrimental to the housing society, potentially leading to lawsuits from affected parties or refusal by municipal authorities to issue a completion certificate. "Blatant violation of rules by the builder through unlawful planning and construction of additional, unauthorised areas beyond their entitlement impels the society towards litigation at a later date," Shah warns. To avoid future issues, the society should ensure they obtain written consent from the cooperative society's architect before making any alterations to flat layouts, building plans, parking spaces, or recreational areas. By taking these precautionary steps, older housing societies can approach this complex exercise with more confidence and ensure the project remains on track.

Is self-redevelopment a better option?

Find out if you, as a society member, should embark on this ambitious project or leave it to the developer.

Tired of disappointments with developers, housing societies are increasingly turning to self-redevelopment. This involves residents hiring a contractor and project management consultant, excluding builders. Self-redevelopment offers clear advantages: any surplus from selling additional inventory stays within the society and is distributed among members. "The major advantage is that society members reap the benefits of the property's potential rather than the builder," says Anuj Puri, Chairman of ANAROCK Group. By securing additional FSI directly, the society gains up to 25-30% more carpet area, compared to the typical 10-15% offered by builders. Moreover, the society controls every aspect of redevelopment. "Societies have more say in design, amenities and construction quality," points out Swapnil Anil, Executive Director & Head, Advisory Services, Colliers India. They can also choose new members for the free-sale area.

Despite the benefits, self-redevelopment is challenging. "From getting approvals to securing no-objection certificates, society members must do it themselves and work cooperatively," says Puri. The society needs to get

Best approach for self-redevelopment



1 Feasibility study
Conduct a thorough study to assess the project's viability, including cost estimates, legal requirements and timelines.

2 Resident education & consensus
Educate residents on self-redevelopment benefits and challenges, ensuring a clear majority is on board.

3 Form a strong committee
Elect a committee with skilled members in project management, finance and legal matters.

4 Hire professionals
Engage qualified architects, engineers, project managers and legal advisers to guide the process.

5 Financial planning
Secure financing through loans, resident contributions, or a combination, with a transparent budget.

6 Regular meetings
Hold regular meetings to address concerns, share updates, and maintain resident engagement.

7 Transparent communication
Maintain open, consistent communication with residents throughout the process.

Source: PropEquity

the land conveyed in its name, a lengthy process. Achieving consensus on design, budget, and potential compromises can also be difficult, observes Samir Jasuja, CEO, PropEquity.

First, the housing society must secure member consent by convening a special meeting, with notices sent to all members and the local registrar's office, which sends a representative. Although unanimous consent isn't legally required, most banks now mandate 100% written consent

for self-redevelopment loans.

After securing consent, the society can hire a project management consultant to oversee feasibility studies, contractor coordination, approvals, and project execution. Without a consultant, the society must independently handle the tender processes for hiring a builder, architect and lawyer. Even with a consultant, self-redevelopment is challenging. "Evaluate your society's capacity to manage a complex project before choosing self-redevel-

opment," advises Jasuja.

Establish a core committee with professionals to oversee the project, ensuring transparency and regular communication. Compliance with all legal and regulatory requirements, including obtaining necessary permits, is crucial, suggests Shubhi Jain, Principal Partner & Head of CRM, Square Yards. "Self-redevelopment is demanding, but with careful planning, professional guidance, and strong resident unity, it can be rewarding," asserts Anil.

PRODUCT LAUNCHES

:: MUTUAL FUNDS

Shriram Asset Management Company has launched Shriram Nifty 1D Rate Liquid ETF (Growth), an open-ended exchange-traded fund tracking the Nifty 1D Rate Index. The fund has lower interest rate volatility as it invests only in overnight money market, with lower risk due to one-day exposure to liquid instruments backed by government securities. **The NFO will be open for subscription from 1-3 July.**

Axis Mutual Fund has launched Axis Nifty 500 Index Fund, an open-ended index fund aiming to replicate the performance of the Nifty 500 Total Return Index, offering investors a broad exposure to India's top 500 companies listed on the NSE. The minimum investment is ₹100 and in multiples of ₹1 thereafter. The exit load is 0.25% if redeemed/switched out within 15 days of the date of allotment. **The NFO is open from 26 June to 9 July.**

HDFC Asset Management has launched HDFC NIFTY100 Low Volatility 30 Index Fund, a passively managed fund that aims to track the NIFTY100 Low Volatility 30 Total Return Index. It offers exposure to 30 least volatile stocks from the large-cap parent Index, Nifty 100. The minimum investment amount during the NFO period and continuous offer period is ₹100, and any amount thereafter. **The NFO will be open from 21 June to 5 July.**

:: INSURANCE

Bajaj Allianz Life Insurance has launched a new version of Bajaj Allianz Life Invest Protect Goal, a protection-oriented Ulip offering a high life cover and market-linked returns. It offers return of premium allocation charges and return of mortality charges starting from the seventh policy year. On death of the policyholder, the nominee gets the sum assured or fund value, whichever is higher.

Pramerica Life Insurance has launched Pramerica Life Flexi Income Plan, a non-linked, non-participating individual life insurance savings plan. It enables policyholders to accumulate funds in a wallet, which can be accessed at a chosen date in future. It offers tailored plan options like 'early income', 'early income with policy continuation benefit' and 'guaranteed income'. It also offers the option to decide when policyholders want their income payouts to begin right at the inception of the policy.

TATA AIA Life Insurance is offering instant loans of up to ₹1 lakh from their insurance policies without loss of any coverage. The loan amount is credited in the consumer's account within 1 minute via the insurer's MyDigiAccount portal. The facility allows consumers to borrow against the surrender value of select life insurance policies, ensuring they can quickly access funds with minimal paperwork and competitive rates. Policyholders can borrow up to ₹1 lakh without providing collateral or going through a credit check at a rate of 8.8% per annum.

:: BANKING

Adani One and ICICI Bank have launched co-branded credit cards with airport-linked benefits, in collaboration with Visa. These are available in two variants—Adani One ICICI Bank Signature and Adani One ICICI Bank Platinum. The Adani One ICICI Bank Signature card has an annual fee of ₹5,000 with joining benefits worth ₹9,000, while the Adani One ICICI Bank Platinum card has an annual fee of ₹750 with joining benefits worth ₹5,000.

Quant MF investors take out ₹1,400 crore in 3 days

Find out if you should stop fresh investments and SIPs in the mutual fund.

By **Surbhi Khanna**

Stressed investors of Quant Mutual Fund have redeemed investments worth about ₹1,400 crore in three days, following Sebi's investigation in a front-running case. Scores of investors in its schemes are worried whether they should start fresh investments and SIPs or stop the ongoing ones.

Experts advise holding on to their existing investments while not making any fresh ones. "Redemption at this point is highly individual-driven and depends on various factors unique to each investor. However, an ideal approach is for investors to hold on to the existing investments, while choosing not to invest incrementally in these funds. They can make more informed decisions once there is greater clarity on the situation," said Himanshu Srivastava, Associate Director, Manager Research, Morningstar Investment Research India.

Another analyst also recommends holding on to investments. "Longer-term investors, including those who have ongoing SIPs/STPs, can continue to hold on to existing investments as their investment horizon may allow them to weather short-term volatility and benefit from potential recovery. For investors seeking to liquidate investments in the very near term, it is pru-



dent to de-risk by switching out of pure equity funds managed. This strategy can help mitigate the risks associated with potential market reactions and regulatory actions," says Sagar Shinde, VP, Research, Fisdom.

Quant Mutual Fund has remained a topper among different time periods across equity categories. Quant Small Cap Fund has delivered impressive returns over the last five years. The fund delivered around 495% absolute return in the same time period. Quant Mid Cap Fund has offered 348.65% return in the same time frame.

Investors are also concerned whether this ongoing investigation will impact the fund performance and investments. "Sebi has mentioned that they are only

investigating. There is no judgement as yet on the front-running. Quant's method of investing is very different. They are not based on the fund manager's discretion, but follow the quantitative investing method. So, even if fund managers are changed in the future, the impact will be much less as the method of investment will still be based on their algorithm," said Rajesh Minocha, CFP, and Founder of Financial Radiance.

The NAV of schemes managed by the Quant Mutual Fund declined by 0.25% on 26 June. The NAV of Quant Healthcare Fund declined by 0.25%, that of the Quant Small Cap Fund was up by 0.52%, whereas the NAV of Quant Mid Cap Fund went down by 0.17% on 26 June.

'Ulips can't be advertised as investment'

The Insurance Regulatory and Development Authority of India (Irdai), in a master circular, has barred insurers from advertising unit-linked and/or index-linked products as 'investment products'. It has laid out detailed guidelines to be followed by insurers while advertising products.

There shall be no advertisement by insurers on services not related to insurance; comparison of rates/discounts to erstwhile tariff in case of a general insurance products; highlighting the potential benefits of an insurance product without a fair indication of associated risks; disclosing benefits partially without corresponding limitations/conditions/implications; exaggerating the benefits of product; and denigrating the reputation of a competitor or industry.

As regards advertisements on linked products and variable annuity payout options, Irdai said, "An advertisement on the unit-linked insurance product, index-linked product and annuity products with variable annuity



pay-out option shall contain adequate, accurate, explicit and updated information, in simple language." The information may include, but not limited, to the following—factual picture of inherent risks involved; risk factors associated with specific reference to fluctuations in investment returns; charges related to the fund or to the premium paid and the possibility of increase in charges; contingency on which the guarantee, if any, is payable, and the exact quantum of such guarantee, etc.

Robust grievance measures

Irdai has also mandated, through the

master circular, strengthening of governance measures in insurer operations, enhanced customer service, transparency, and fair practices.

It has mandated insurers to implement a technology-driven mechanism for efficient and speedy grievance redressal to achieve 'zero grievances'. Key requirements include facilitating online submission of grievances, ensuring registration of all grievances, and strengthening resolution processes with an internal escalation matrix.

Policyholders will now have the option to avail of online services or be allotted another insurance agent/sales staff for uninterrupted policy servicing if their current intermediary is no longer associated with the insurer.

To enhance transparency, policyholders can now access information on unclaimed amounts with any insurer through a centralised link provided on Bima Bharosa. This initiative allows them to track unclaimed funds easily and receive what is rightfully theirs.

—Neelanjit Das & Sheersh Kapoor

Quant MF probe: What should investors do?

As Sebi investigates a possible front-running scandal, investors shouldn't rush to exit, but should reassess their portfolio diversification, says **Dhirendra Kumar**.



DHIRENDRA KUMAR
CEO, VALUE RESEARCH

MONEY MYSTERIES

All things considered, and drawing parallels with the past cases, there is little logic in investors rushing to exit Quant funds based on what we know so far. While it's possible that the circumstances may be worse than they currently appear to be, a wait and watch approach might be the most prudent policy at this stage.

Mutual fund investors have been jolted by the news that Quant Mutual Fund is under investigation by the Securities and Exchange Board of India (Sebi). The regulatory body has observed trading patterns that suggest front-running by someone associated with the fund. The Asset Management Company (AMC) has issued a pro forma statement, confirming the news and promising full cooperation with the probe.

Front-running, a practice strictly prohibited in the financial industry, occurs when someone with insider knowledge of upcoming large trades uses this information for personal gain. In the context of mutual funds, it typically involves a fund manager, broker, or some other insider, who learns of a fund's upcoming large trades and executes personal trades ahead of the fund's orders. This allows the front-runner to profit from the price movements caused by the fund's substantial trades, essentially stealing potential profits from the fund's investors.

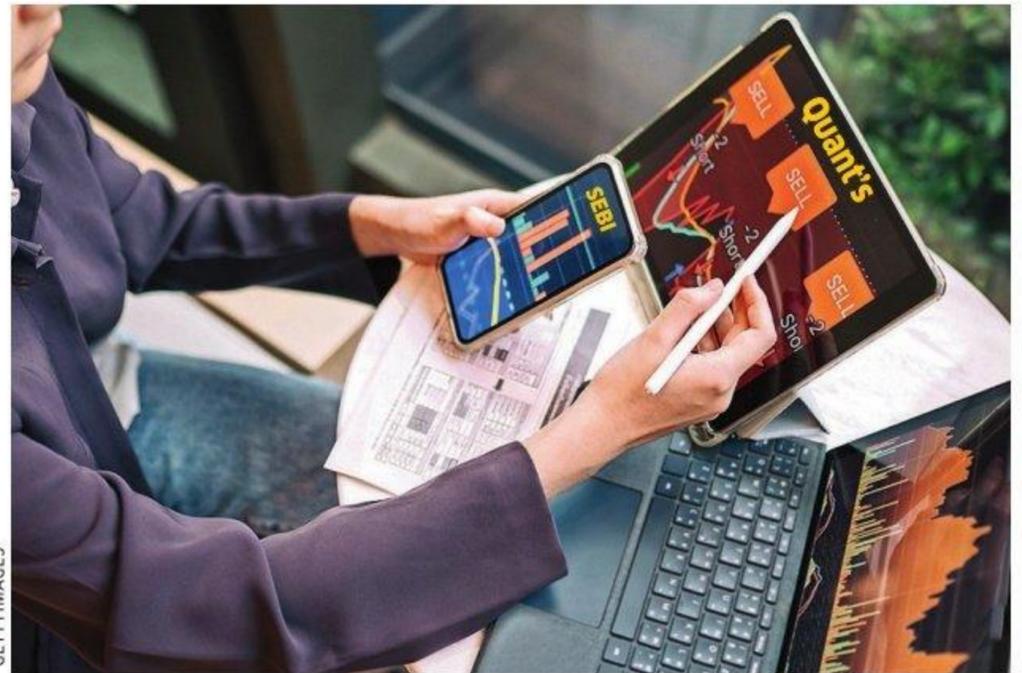
For instance, if a fund manager knows that the fund is about to buy a large quantity of a particular stock, he might personally buy the shares of that company first. When the fund's large purchase drives up the stock price, the front-runner can sell his shares at a profit. This practice is not only unethical, but also illegal, as it exploits confidential information at the expense of the fund's investors.

Naturally, investors in Quant's schemes are worried about what this investigation means for their money. Quant is a high-profile fund house that has made significant strides in a relatively short period. In just six years, it has grown to an impressive asset base of ₹84,000 crore, with the majority invested in equity. Moreover, its funds have been consistently good performers. As such, this news has come as a shock to many investors who had placed their trust in the fund house.

Trust and ethical behaviour are the cornerstones of any financial business, but this is more so for mutual funds. These institutions are entrusted with managing the hard-earned money of millions of investors, many of whom may not have the expertise to invest directly in the stock market. When allegations of unethical practices surface, it can shake the very foundation of this trust.

Of course, it's important to note that at this stage, nothing is certain, and the matter is still under investigation. However, given Sebi's reputation for thoroughness, one can assume that the regulatory body would have gone public with such information only after having a high degree of certainty about potential wrongdoing.

So, what does this mean for investors?



GETTYIMAGES

That's a challenging question to answer definitively at this point. Similar developments have occurred in the past, involving other prominent fund houses, such as Axis Mutual Fund and HDFC Mutual Fund. In those cases, Sebi conducted a thorough investigation and took appropriate action against those found to have engaged in front-running, as well as those who should have prevented it, but failed to do so.

It's crucial for Sebi to not only investigate and penalise wrongdoers, but also implement measures to prevent such incidents in the future. This could involve stricter monitoring systems, more frequent audits, or enhanced compliance requirements for fund houses. Additionally, the market regulator should aim to claw back any illicit profits made through front-running and add them back to the affected investors' assets.

However, all things considered, and drawing parallels with the past cases, there is little logic in investors rushing to exit Quant funds based on what we know so far. While it's possible that the circumstances may be worse than they currently appear to be, a wait and watch approach might be the most prudent policy at this stage.

Investors should keep a close eye on further developments and official communication from both Sebi and Quant Mutual Fund. It's also a good time for investors to reassess their portfolio diversification. While Quant's funds have been strong performers, this incident serves as a reminder of the importance of not putting all one's eggs in a single basket, regardless of how good a fund house may be. How you should react to this news will depend a lot on the percentage of your mutual fund invest-

ments with Quant.

In the broader context, this investigation serves as a wake-up call for the entire mutual fund industry. It underscores the need for robust internal controls, stringent ethical guidelines, and a culture of transparency. As the investigation unfolds, it will be crucial for all stakeholders—regulators, fund houses and investors—to learn from this incident. Mutual funds are too important for such incidents to be allowed.



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NP AV

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Tablet, Mobile

सुरक्षा

INTERNET SECURITY

www.npav.net

92.72.70.70.50
98.22.88.25.66

Spot financial trends with Excel

MS Excel helps recognise the seasonal patterns, allowing investors to make advanced predictions.

by Sameer Bhardwaj

Forecasting or prediction is a critical aspect of financial planning that helps in achieving goals through active management and informed decision-making.

Prediction typically uses analysis of historical trends and patterns, also known as trend forecasting. Additionally, associations between variables are used for prediction. Interlinked variables in the macro-economy and financial markets help predict the value of one variable based on changes in another.

Examples of such interlinkages include the impact of interest rates on currency, where rising rates make a currency stronger. Similarly, inflation affects household expenditure, with rising prices leading to increased household spending. Changes in bond yields impact debt fund returns, with rising bond yields reducing returns.

Conceptually, making forecasts involves applying various statistical techniques, which can overwhelm non-technical investors. However, MS Excel simplifies these calculations with its built-in functions, requiring minimal inputs and providing instant forecasts. One well-known function for prediction in Excel is the FORECAST function. It uses linear regression for forecast prediction and is best suited to forecast general trends or directions. However, it ignores other data patterns or variations.

In real life, data exhibits patterns beyond the long-term trends, such as seasonality. It's characterised by regular, predictable patterns that recur over specific periods (weekly, monthly, quarterly, or yearly). Identifying such patterns improves the overall accuracy by indicating when variables will deviate from the general trend. Seasonality is commonly observed in corporate sales, which tend to spike during festivals, and household expenditures, which increase during holidays. Other examples include an increase in hotel bookings during holiday seasons, as well as spikes in electricity consumption during the summer months.

To incorporate such seasonal patterns, MS Excel introduced the FORECAST.ETS function with the 2016 version. The refined function calculates forecasts using the concept of exponential smoothing, where recent observations are given more weightage. The older FORECAST function is now known as FORECAST.LINEAR in the newer Excel versions.

FORECAST.ETS is best suited to non-linear data sets with seasonal or

other repetitive patterns. It is capable of automatically detecting seasonal pattern. However, if it fails to detect any seasonal or non-linear pattern in a given dataset, the function reverts to linear forecast. Another advantage of the refined function is the treatment of missing data and duplicate data in the historical time series dataset.

Let us consider a hypothetical example to demonstrate the FORECAST.ETS function. The quarterly household expenditure from the March 2021 quarter to March 2024 quarter is given in the Excel screenshot. Since the dataset is small, one can easily see that the expenditure is the highest in the fourth quarter of every calendar year, which is the

festive season quarter. The overall trend seems to be rising and there is a presence of seasonality in the December quarter.

The function's forecasts are not always 100% accurate, but provide a basic idea of the future. For reliable results, historical data should include at least 30 observations, spanning weeks, months, quarters, or years.

FORECAST.ETS (new) versus FORECAST.LINEAR (old)

Quarter	Household expenditures (₹ thousand)	FORECAST.ETS	FORECAST.LINEAR
Mar-21	148		
Jun-21	145		
Sep-21	143		
Dec-21	155		
Mar-22	133		
Jun-22	137		
Sep-22	141		
Dec-22	152		
Mar-23	150		
Jun-23	148		
Sep-23	131		
Dec-23	170		
Mar-24	165		
Jun-24		156	155
Sep-24		149	157
Dec-24		180	158
Mar-25		168	159
Jun-25		160	160
Sep-25		152	161
Dec-25		183	162

The forecasts using the refined function are in column C. Providing the inputs as shown in the top box on the right, the FORECAST.ETS generates ₹156 thousand forecasts for expenditure for the June 2024 quarter. The 'Target_date' is the period for which the forecast is need-

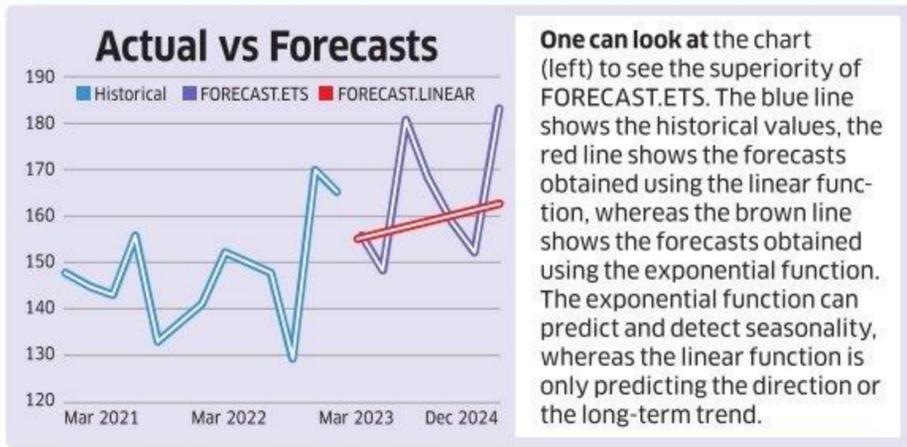
ed (June 2024 quarter). 'Values' are the historical expenditure values and 'Timeline' is the historical time frequency given in the dataset. There are other inputs like 'Seasonality', 'Data_completion' and 'Aggregation' that are optional and can be left blank by the user.

In the top box, FORECAST.ETS, changing the 'Target_date' to September 2024 quarter, that is, A16 cell, and keeping other inputs constant, the forecast obtained for the quarter works out to ₹149 thousand. Similarly, other forecasts in column C are worked out.

In the box at the bottom, FORECAST.LINEAR, function is used for obtaining the forecasts of household expenditure on the same data in column D. The input requirements are similar. However, the name of the headers differ here.

X is the period for the forecast. 'Known_ys' is the historical expenditure data, 'Known_xs' is the historical time period provided in the dataset.

For the June 2024 quarter, the linear forecast obtained is ₹155 thousand. Changing the value of X while keeping other inputs constant, other linear forecasts are obtained in column D.



One can look at the chart (left) to see the superiority of FORECAST.ETS. The blue line shows the historical values, the red line shows the forecasts obtained using the linear function, whereas the brown line shows the forecasts obtained using the exponential function. The exponential function can predict and detect seasonality, whereas the linear function is only predicting the direction or the long-term trend.

Is diamond your portfolio's best friend?

Falling prices and an unhealthy secondary market do not make it a good investment.



by Himani Kothari

The recent Ambani pre-wedding bash at Jamnagar may have glittered with celebrities, but the limelight was stolen by diamonds. While billionaires may have the splurging power to hoard diamonds, should you be doing the same? More importantly, are these stones a good investment?

Most industry experts respond with a resolute 'no' to the second question. Diamond's price is not standardised, it's non-fungible and, even if you do find a diamond in the rough (price-wise), it lacks a healthy secondary market that makes it hard to sell.

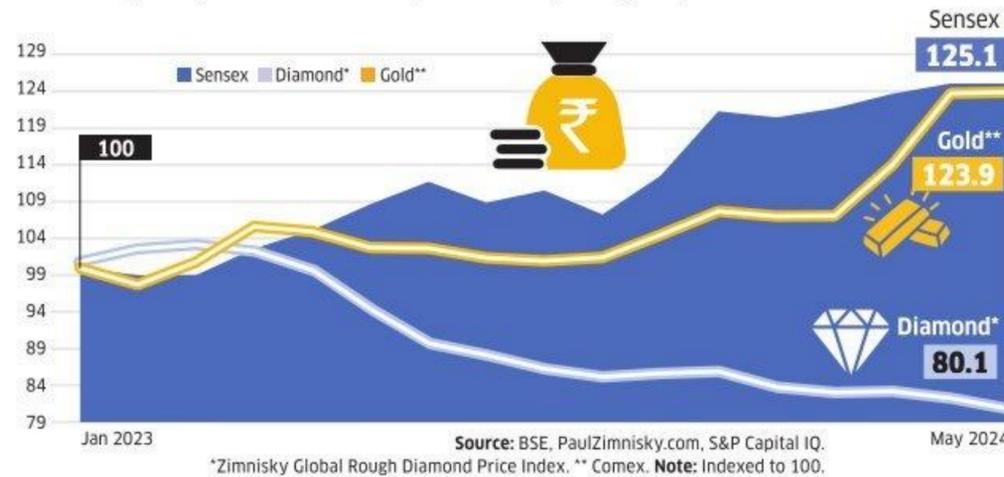
"Historically, diamond has not been preferred as an investment asset class," says Manohar Annappanavar, Associate Director, CareEdge Ratings. "During the pandemic, the negative performance of other asset classes like real estate and equity markets had supported the increased demand for diamonds. This has witnessed a reversal in the recent past," he adds.

The fall in demand and an oversupply have brought down the prices of these gemstones. After peaking in February 2022, rough diamond prices have been on a declining trend. "Over a period of five years, rough diamond value has depreciated by 13-15% making it a less lucrative alternative option. Polished diamond prices move in line with rough diamond prices but with a lag effect, making it a less lucrative investment option as well," says Rahul Guha, Director, CRISIL Ratings.

Data shows that both Sensex and gold have beaten diamond by a wide margin in the recent past. Sample this: ₹1 lakh invested in the Sensex in January 2023 would have fetched you a 25% return by May this year, increasing your investment to ₹1.25 lakh. The same amount in gold would have returned 23% (₹1.23 lakh), but if invested in a rough diamond, the return would have been a negative

Sparkle losing out to sheen

Even as gold prices have surged in the past year, diamond has tumbled.



Diamond exports take a hit

Cut and polished diamond exports have fallen both in value and volume.

Financial year	Exports (\$ million)	Year-on-year change (%)	Financial year	Exports (lakh ct.)	Year-on-year change (%)
2018-19	23,812		2018-19	303.01	
2019-20	18,660	-22%	2019-20	257.02	-15%
2020-21	16,287	-13%	2020-21	221.03	-14%
2021-22	24,430	50%	2021-22	307.38	39%
2022-23	22,043	-10%	2022-23	246.11	-20%
2023-24	15,890	-28%	2023-24	189.59	-23%

Source: GJEPC

20% (₹80,000). Not having a very liquid secondary market takes the sheen off diamond even more.

Try telling this to Arpita Chaturvedi, who bought a 1 carat diamond for her daughter when she turned one recently. "Gold was a good gift when I was a kid. Surely my daughter deserves better. I saw diamonds on sale and decided to buy her a pendant, even though she's not going to use it for years," says the 36-year-old software engineer from Gurugram. She doesn't care if it's a good investment or not. "Some purchases invoke a sentimental value that is unmatched," she says. Chaturvedi's purchase was for consumption, not investment. This clarity is essential while buying diamonds.

get them at the right price. You have to be careful about how you invest in them," adds Auslander.

Paul Zimnisky, a global diamond analyst, concurs. "The diamonds that have historically done well as an investment are only the ones that are very high-end—a pink or a blue natural diamond, or one that's unusually large and of very good quality. Also, it has to have provenance," he says.

However, even the luxury thesis of 'diamonds are forever' is being challenged now with the explosion of lab-grown diamonds (LGDs). These synthetic gemstones are visibly indistinguishable from natural diamonds and come at a fraction of the cost.

"Affordability, sustainability, and similarity are the key factors leading to a surge in demand for the lab-grown diamonds, especially in the 1-3 carat segment of natural diamonds, thereby changing the consumption pattern of diamond as a whole," says CareEdge's Annappanavar.

"With essentially the same chemical, optical and physical properties, and crystal structure as natural diamonds, at a fraction of the price, has led to a significant double-digit growth of lab-grown diamonds in the US. At present, the value of LGDs is less than 1/10th the price of natural diamond of similar quality," he adds.

Did Chaturvedi take into account the potential savings she could have made had she gone for a lab-grown diamond? "No. That defeats the whole purpose of buying a diamond. Something that's made in a lab can be mass produced and will lose its value over time. Diamond's value proposition is that it's rare and has a store of value, and LGDs turn that logic upside down," she says.

As far as investing is concerned, Zimnisky sums it up well. "Diamonds are fit for very wealthy individuals, who are looking for exotic ways to diversify their investments. I would put it in the category of art collection or exotic cars. It's very complicated to invest in these and should be left to the experts," he says.

If you are like Chaturvedi, looking for a golden opportunity to add some bling to your family heirloom, here's a spoiler—not all diamonds are built equal.

The price of a diamond depends on 4 Cs—carat, cut, clarity and colour. The rarer the diamond, the more expensive it is. "The only diamonds that are worth investing in are the D-Flawless diamonds (highest quality with no inclusions or blemishes visible to the naked eye) over 5 carats," says Dana Auslander, CEO and Founder of US-based Luxus, an alternative asset manager that allows fractional ownership of diamonds.

"The fancy coloured diamonds—pink, blue and, in some cases, yellow—are very valuable. However, it's very important to



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Fractional ownership in commercial realty

To ensure stable income and high returns from commercial real estate, consider the following factors.

By Badal Yagnik

Oflate, there has been a surge of interest in fractional ownership in real estate, with commercial real estate (CRE) being the preferred asset class due to its attractive returns and quality assets. Earlier, investing in Grade A commercial real estate was possible only for HNI investors, but fractional ownership has made quality, income-generating CRE assets accessible to retail investors.

Presently, fractional ownership in commercial buildings is being done either through real estate investment trusts (REITs); by developers via direct selling (Strata, a real estate investment platform); or Web-based fractional ownership platforms (FOPs). Till now Web-based FOPs accounted for a small share since these were largely unregulated. With Sebi's recent notification to register FOPs as Small and Medium REITs, a large number of erstwhile unregistered FOPs are expected to get listed as SM REITs. This can have the potential to regularise underlying real estate assets to the tune of over ₹40 billion in the near to medium term. The bulk of these assets are likely to be commercial. If you are a retail



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investor planning to invest in CRE assets, here are some checks you should run.

Regulatory adherence: As listed entities, REITs and SM REITs will be better placed to ensure the protection of investor rights. Unlisted platforms might lack the standard framework, independent valuation and thorough due diligence. As per Sebi guidelines, SM REITs need to ensure that 95% of their assets are invested in fully completed real estate assets, and distribute at least 95% of net distributable cash flow received as regular rental from the invested real estate assets. REITs in India are mandated to distribute the majority of their net operating income to shareholders

in the form of dividends, ensuring relatively stable income. If you want to invest through FOPs, check whether the complete set of activities undertaken by the FOP falls under the regulatory ambit of RERA.

Potential returns: Assess the valuation, potential rental earnings, yield, and capital appreciation of the underlying realty assets. Currently, commercial properties offered by FOPs yield 9-15%, with a usual minimum investment of ₹10-15 lakh. However, being largely unregulated, investing in real estate through FOPs may lack clarity, transparency, and independent review or oversight. Evaluate the operations of FOPs and disclosures related to the valuation of properties being offered. Also pre-assess eventual exit and liquidation as much as possible.

Tenant quality: If you want to invest via FOPs, check for lease tenure and expiry of property. Longer lease tenures and expiries are imperative in ensuring stable rental income. Typically, lease terms for large conglomerates, Fortune 500 companies and Global Capability Centres are longer, ranging from 7-15 years, backed by security deposits and company guarantees. This reduces the potential risk of rental defaults and provides a stable and higher income. The buildings with higher occupancy lev-

els, pre-commitments, and longer lock-in periods should be considered before investing.

Diversification of tenant base: Assess the tenant mix of properties. A property with tenants from diverse sectors like technology, BFSI, engineering and manufacturing can safeguard investors from sudden fluctuations in rental income in case of major externalities in a particular sector. The geographic distribution of the entity's portfolio should also be considered. Assets strategically located in metro cities and prominent IT hubs offer better income generation. Commercial office spaces in the top six metro cities are largely preferred by multinational firms translating into stable returns for investors.

Sustainable, good quality assets: Invest in green Grade A assets, well equipped to attract large organisations. In the past few years, occupiers have been increasingly looking for green leases for their workspaces that can align with their sustainability goals. So choose the platform with expertise in identifying premium Grade A assets, that hold green certifications, like LEED and GRIHA.

THE WRITER IS CHIEF EXECUTIVE OFFICER, COLLIERS INDIA.

Women better at handling market volatility

They also show higher persistency in mutual fund investments, claims a recent report by Axis Mutual Fund.

₹80,000

is the average gain made by 22 lakh women investors of Axis MF.



22%

Higher five-year persistency in mutual fund investments displayed by women.

Women hold 35% of Axis MF AUM



More women investing in mutual funds



Women are better at handling volatility



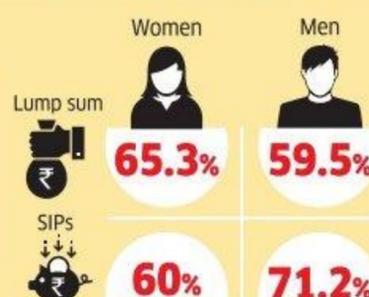
Building wealth takes priority for women in top 30 cities



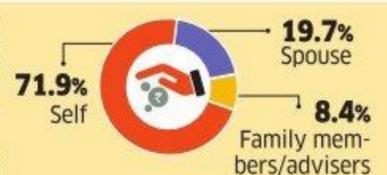
Past performance top factor in decision-making



They prefer lump sum to SIPs



72% women take decisions about their investments



Source: Women Investment Behaviour Report 2024, by Axis Mutual Fund Research, AMFI. The pan-India survey was conducted among 1,100 investors in February 2024, with an internal data research on 1 crore existing investors as on 31 December 2023.

How to search jobs aligned with age



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Change your job search strategy to deal with age bias, says **Devashish Chakravarty**.

No *Country for Old Men*—the title of this Coen Brothers’ Hollywood thriller, could well have been the headline for the current job market, both in India and abroad, where age and experience hang like millstones around the necks of job seekers. Employers and hiring managers alike seem to be dealing with reduced budgets and a mindset that isn’t willing to pay for experience in a digitally-led, constantly evolving business environment. Meanwhile, for better or worse, there are tons of younger job seekers competing for fewer jobs than before, and willing to work longer hours for a lower title and salary. How can you optimise your job strategy based on the challenges for your age bracket?

Early career (20s - early 30s)

Whether you are Gen Z or late Gen Y, you are not likely to be worried about age, but about fewer opportunities and constant redundancy of the learning you had invested in. For the first decade after college, your two-pronged strategy should be to develop skills and build relationships. This will be the foundation for the rest of your career. In college, utilise the university’s career and placement resources, starting with resume reviews, interview and case study preparation and, finally, campus internships and placement drives.

After college, continue to invest in education and certification through platforms like Coursera and Udemy, while you seek real-world practical skills through projects and opportunities that cross your path. Apart from hard skills, be focused on soft skills of communication, team work, problem-solving and leadership. Campus-oriented student clubs, community-led projects, outsized responsibilities in early-stage startups, and volunteer activities are great opportunities to develop critical job-worthy people skills. Alongside skills, build professional relationships for the long term. Your colleagues on campus and at work, clients and vendors you meet, and profession-

als in organisations you participate in, are the relationships you should invest in and nurture. Finally, your job search strategy should involve getting noticed and invited for interviews. After campus, seek opportunities through job fairs, online applications through job boards, and internships that impart valuable experiences and can convert into full-time roles. Connect with alumni and attend professional events to generate potential job leads and interview invitations.

Mid-career (30s - 50s)

If the first decade was a time to learn, now is the time to earn. In the next two decades, you will carry specialised work skills and significant experience to back it up. Learn to sell your accomplishments and benefits you have delivered to your past employers. Discuss the numbers to highlight value and demonstrate evidence to back your stories. Start your job search by digging one level beyond the role being offered. Seek out deep career advancement opportunities and ask what the next step will be if you are successful in the new opportunity. Look for roles that align with your long-term career goals while they utilise and reward your current expertise. The best roles for you are unlikely to be found online.

Leverage your ever-growing professional network of former colleagues, mentors and industry contacts to get references and meetings with decision-makers. Some of these meetings will convert into job leads. The best jobs are also in your current organisation. There is low risk and immense career value in rapidly climbing the ladder in the same organisation by leveraging continuity and loyalty.

Meanwhile, don’t pause on your journey of continued learning at this age. Stay abreast of industry trends and applied technologies in your domain. Attend conferences, participate in webinars and subscribe to industry publications to stay on top of your game. Selectively seek out advanced certifications that can boost your career

prospects. Always keep your LinkedIn profile updated, stay in touch with executive recruiters who reach out to you from time to time, and be involved with industry bodies and conferences to strengthen relationships across your domain.

Late career (50s & beyond)

Now, your biggest and unbeatable assets are your extensive experience and reliability. Many early startups and young teams have learnt at a great cost that they need your wisdom to avoid their most expensive or fatal mistakes that stem from lack of experience. But first, start within your current organisation to seek out newer rewarding roles. Can you craft out a part-time role or consulting assignment or mentoring that enables you to deliver value? Where else can you deliver similar outcomes? Who in your vast network of former colleagues can vouch for your expertise and make the right introductions? Which of your past employers will be happy to re-engage with you? Know that most employers are comfortable with flexible work arrangements with experienced professionals, where there is a clear cost benefit equation possible.

Meanwhile, continue to stay updated with industry and technology practices so that your experience stays relevant. Take courses and attend workshops to stay current and connected to other professionals. Make sure you network with professionals across all age groups and demonstrate your adaptability to new ideas and people.

Restrict your resume to a single page in a modern format and dwell only on your most recent experiences relevant to the hiring manager. Continue to be active in industry groups and events that attract a diverse set of people. While there will be an age bias in the market, there will always be opportunities for leveraging either your experience, or wisdom, or relationships. So whether you are starting out, in mid-career, or later in life, the key is to adapt, continually develop your skills, and utilise your network effectively.

TIPS FOR ALL AGES

1 GO ONLINE Use job boards like Naukri and Indeed to showcase your CV, search for jobs, and research on company reviews and salary details. Leverage LinkedIn to update your profile and connect with professionals in your domain, either directly or through industry groups. Utilise the ‘careers’ section of company websites to check for new vacancies.

2 CUSTOMISE RESUME One size does not fit all. Tailor your CV and cover letter for each application. Pick skills and experiences related to that job description, and achievements that will interest the hiring manager. Know that companies use Applicant Tracking Systems (ATS) to screen resumes. So use right keywords from the job posting to improve your chances.

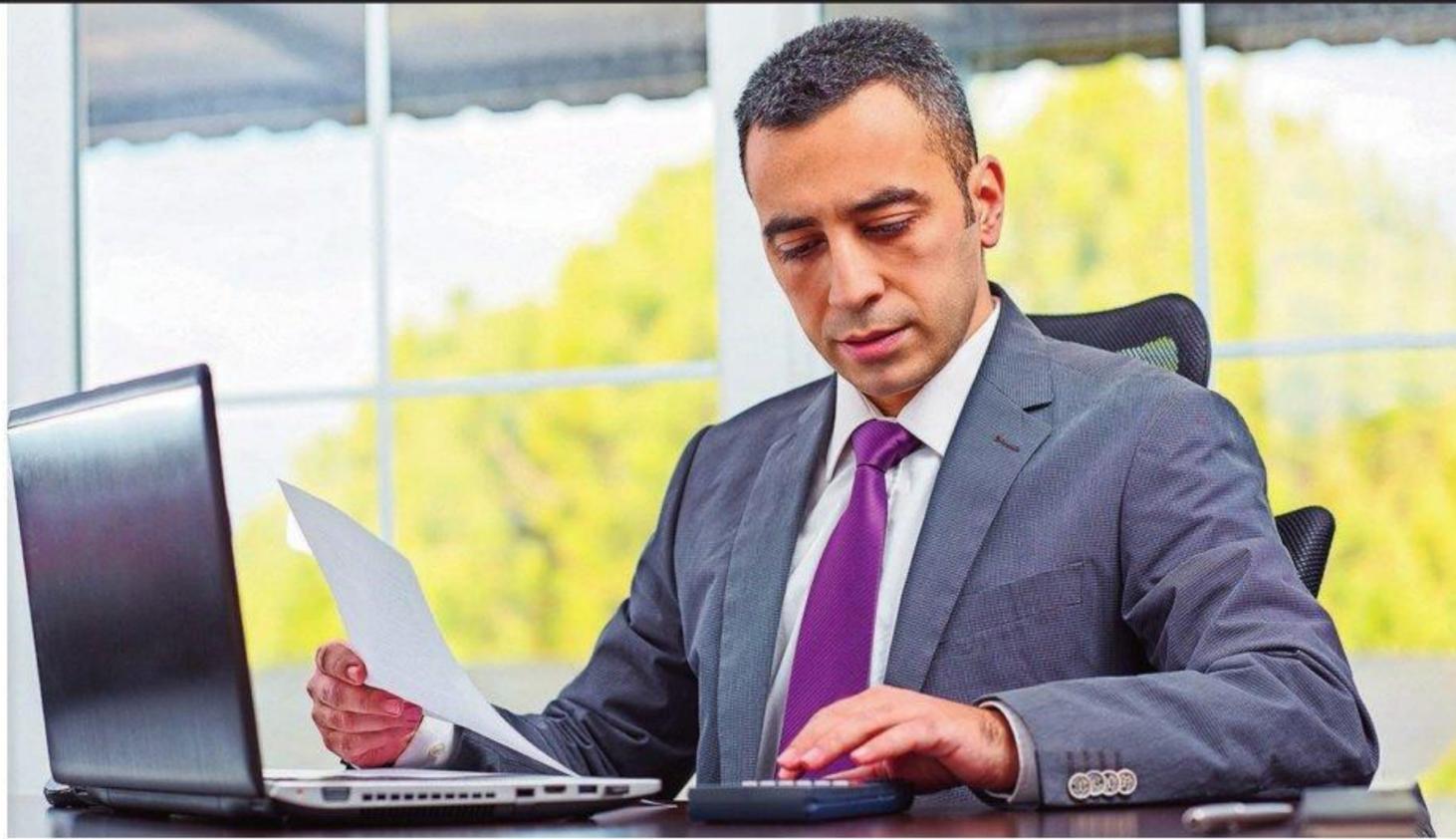
3 ACE THE INTERVIEW Your work experience does not translate into a strong interview technique. Prepare for each interview using common questions and scenarios. Practise mock interviews with friends and mentors. Research the company’s business, financials, culture, mission and role. Ask questions, if given the opportunity, to demonstrate your efforts and interest.

4 USE EMPLOYER’S FRAME Put yourself in the employer’s shoes. What is the hiring manager looking for in a successful candidate for the role? How can this person bring in more cash for the business of which they can pay a portion as salary? Will this person fit in and be easy to manage? Use this frame to prepare for the roles you seek.

5 STAY POSITIVE The job search process is often lengthy, frustrating and unpredictable. The right attitude is to stay positive and persistent. Set up daily, weekly goals and tasks to remain organised. Track and follow up on each application to demonstrate your interest. Fill up your days with exercise, hobbies and family time to stay motivated.



THE WRITER IS FOUNDER & CEO, SALARYNEXT.COM, A JOB LOSS ASSURANCE COMPANY.



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Should you invest or exit the market now?

Chandan has been an equity investor for the past 15 years and has seen a couple of market cycles. However, he is not sure what lies ahead for the equity markets. While those around him seem to be investing on account of the positive news and favourable economic and corporate performance, he is keen to quit. The markets have run up a lot over the past three years and has been making new highs every year. Chandan invested during the previous top and does not want to repeat his mistake. He seems worried about the valuation having run up considerably, following a school of thought that is expecting a deep correction soon. He is convinced about not following the crowd and thinks it is good for him to exit when most investors are buying. However, he has a nagging doubt: what if the investors who are buying turn out to be right?

Chandan is among the investors who think it is important to get the timing right to make money in the equity market. When he had invested earlier, it seemed like nothing could go wrong. Everyone seemed optimistic about India and the equity markets. The fact that the market has peaked is known only after it crashes, at which point it is too late to quit. No one can time the entry and exit right, which is why Chandan should stick to simple rules.

Whether he should invest in equity or not should be guided by his goals. If he has long-term goals that need protection from rising inflation, he needs equity markets and the capital appreciation they provide. The average return from equity is high, but is not achieved year after year. By quitting at the end of three years of outperformance, especially when most of the others are optimistic, Chandan may be missing out a further upcycle that can help him maximise his gains. It

is only from staying in a rising market that Chandan can hope to earn a better return in the long run.

As for how much he should retain or pull out, Chandan should stick to an asset allocation plan. If his goals require 40% investment in equity, this exposure should be maintained. When he books a profit, he has to find another asset to invest it in. However, limiting his exit to this percentage will help him manage his investments better. He will stay through the rising and falling market, and manage to earn the average return.

Chandan should quit only if he has decided that the equity markets are not for him. In such a case, he should invest more to achieve the same target, since his returns are likely to be lower. His returns may be impacted if he chooses to quit now only to come back after the markets have risen. Investing a proportion of savings consistently will help investors like Chandan who may not be market experts.

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

PAPER WORK

Irdai's Bima Bharosa portal for grievances

Bima Bharosa has been launched by the Insurance Regulatory and Development Authority of India (Irdai) to serve as an online platform for grievance redressal of insurance policyholders. Here's a step-by-step process to register an insurance-related grievance on the portal.

Accessing Bima Bharosa



It can be accessed at <https://bimabharosa.irdai.gov.in/>. New users need to create an account by clicking on 'Register' button and filling in the required information, such as name, contact details and e-mail address. Existing users can log in using their credentials.

Grievance form



After logging in, navigate to the 'Grievance' section, and click on 'Register New Grievance'. Fill the grievance form with the following details:

- Policy number.
- Insurance company name.
- Type of grievance. This should be chosen from the categories provided, such as claim settlement issues, policy servicing, etc.
- A detailed description of the grievance should be provided.
- Any relevant documents that support the grievance, such as claim forms and correspondence with the insurer, should be uploaded.

The user can review and submit the grievance, after which an acknowledgement receipt with a unique grievance ID will be allotted.

Tracking grievance



The status of the grievance can be tracked using the unique grievance ID provided in the acknowledgment receipt. The user should log in to the portal and navigate to the 'Track Grievance' section to view updates on the complaint.

Resolution



The IRDAI ensures that all grievances are addressed in a timely manner. The insurance company is required to respond and resolve the issue within a stipulated time frame. Notifications regarding the resolution will be provided through the portal and via e-mail.

SMART THINGS TO KNOW

Nifty India Defence Index

1

The Nifty India Defence Index tracks the performance of the Indian defence sector.

2

Stocks can be a part of the index if they are from the eligible industries as defined by AMFI, or with at least 10% of the revenue from the defence industry.

3

The weight of a single stock in the index is capped at 20% to maintain diversification and avoid over-concentration.

4

To ensure a wide range of companies, the index should have a minimum of 10 stocks.

5

The index forms the benchmark index for active and passive defence mutual funds.

Why we need both, an income stream and a corpus

Having one's own income offers the agency and freedom to use it at will, especially in old age, without depending on anyone, while the corpus keeps us prepared for contingencies, says **Uma Shashikant**.



Another friend told me that asking her children to give her a fixed sum every month is difficult. They tell her that they will bear whatever expenses she desires. "Are you happy with this arrangement?" I ask. She says that everytime she wants to bring up an expense, even before she can do so, her daughters talk about some of their own current expenses. So she chooses to let go. If giving something occasionally causes discomfort, wouldn't monthly allowance be tougher?

On the contrary, a monthly allowance will keep it simple and straightforward. The children and parents can agree on the amount and the former can simply credit it like a monthly pension or income. The dependent parent, spouse, sibling or relative is spared the discomfort of asking and enjoys the discretion to spend or save. My mother-in-law bought a whole bunch of magazines to read. It was her favourite activity. She lived with us and was well cared for, but she told me that she wouldn't buy them all if it weren't for her monthly allowance. It matters.

Why do we need a corpus? There are curve balls that life throws at us. The corpus or any store of wealth—gold, investments, property, deposits—offers the security that contingencies are provided for. My argument is to keep it accessible and liquid, not simply to have it. A dear friend's mother fractured her hip unexpectedly. She was relieved that her daughter was not burdened because she had enough funds to take care of hospitalisation and home care thereafter.

Another friend told me that she wanted to go to Masai Mara. "Which one should I liquidate, stocks or mutual funds?" she asked. She was going with a group of friends, all of whom were happily retired and could draw from their corpuses to spend on exotic holidays. As we spoke, she told me that one of their friends was not coming because she had to ask her sons and was hesitant. The woman in question could have spent on her children's education and upbringing, and liquidated investments for their weddings. However, dangling the sword of gratitude won't cut it. The children would have their priorities and other uses for money, or could be willing, if she deigned to ask.

Keeping one's assets accessible and available for one's use, and later passing these on to the next generation, is the idea. If one is dependent on someone else, defining what is available and can be used is essential. Not out of suspicion and fear, but for agency and freedom.



UMA SHASHIKANT IS CHAIRPERSON, CENTRE FOR INVESTMENT EDUCATION AND LEARNING

We all need both a corpus and an income stream. This thought kept coming back to me after talking to a friend's father, who had just sold his ancestral house. He wants to distribute the proceeds to his sons and I was asking him to split it three ways. "We enjoy an amicable relationship, as you always write," he told me.

The issue is not just about distributing it among heirs. It is also about agency. To have agency is to have control so that your thoughts and behaviour are not beholden to someone else. Our ability to be decisive and true to our beliefs depends on whether we have agency. Money offers unique power and control that enables agency. Therefore, it is important for my friend to keep some money in a simple format, say, bank deposits or mutual funds, so that it is available to use as long as he is alive and is passed on to the children after him.

We have argued in these columns against complicated inheritances that are tough to sell, manage, maintain or transfer. However, we don't advocate giving away everything, even if the temptation is high, unless one is terminally ill. The question to ask is whether one is comfortable with the loss of agency. Is one happy without power and control over one's life? Is there no resentment ceding all decisions to someone else and seeking approval? These are important questions to ask.

My elderly aunt recalled how she ran the household with the monthly allocation made by her husband. She did not know how much he earned or saved. The husband was unwilling to share this information and wanted complete control over the bigger financial decisions. She, like many women of her gen-

eration, saved from this allowance. She asked for gold and kept it as her corpus. It is intuitive logic to seek a corpus and an income, and understand that financial security requires both.

Not having a steady source of funds to look up to can be crippling. In the earning years, and for the earning members of a household, it is a given. What about the others in the household? Except for dependent minor children, who also demand pocket money, everyone else needs something they can call their own and allocate as they deem fit. This is what I refer to as agency.

I have met many people, especially women and senior citizens, who do not enjoy this income. A cousin has two loving sons, who take care of her. She says she has a credit card and they ask no questions. "Do you spend freely?" I ask. She hesitantly says that she doesn't. What stops her? She is unable to decide if she is spending less or more. She doesn't know how much they earn. She worries if the expense will be seen as wasteful. She resents their carefree spending, but is unable to spend like them, even if they do not ask her questions. Not her income, not her comfort.

I have a widowed, senior citizen reader of this column, who lives abroad for six months with his daughter, and the remaining six months by himself in India. He earns a pension that he knows won't cover his expenses fully. His daughter credits his account happily and willingly from time to time. She asks no questions and bears all the big-ticket expenses. I ask what makes him feel secure about his finances. He says it is his pension. Big or small, it gives him the discretion to spend it on whatever he likes. That is the difference.

A monthly allowance will keep it simple and straightforward.

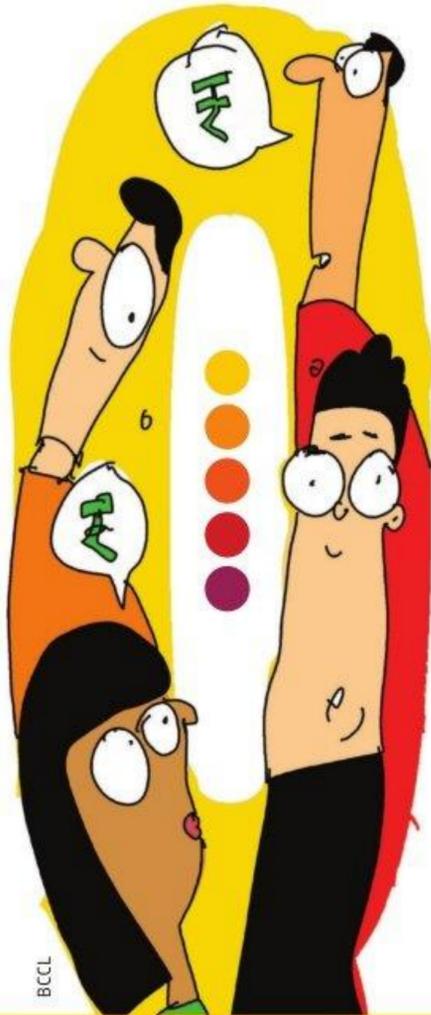
The children and parents can agree on the amount and the former can simply credit it like a monthly pension or income. The dependent parent, spouse, sibling or relative is spared the discomfort of asking and enjoys the discretion to spend and save.

Please send your feedback to etwealth@timesgroup.com



Is your child's foreign education a crucial goal?

Consider these factors before you start saving for this expensive goal lest you risk your other goals or the child's future, says **Riju Mehta**.



As the NEET-NET controversy continues to make news and students worry about their careers, another set of children and parents is probably looking at alternatives outside the country. Though the craze for foreign higher education has petered off a little in the light of job shortages, visa issues and higher living expenses abroad, many a parent is continuing to save for this goal without considering either the financial feasibility or practical problems of living and finding employment in these destinations. If you, too, are looking at this option, it is important to check if this goal is worth the effort you may be putting into it. Since this decision has the potential to wreak havoc with your finances and create uncertainty for your child, it's best to consider the following factors before you proceed.

Is it financially feasible for you? It is one thing to aspire for foreign education and quite another to muster the funds for it. Understand that the tuition fee itself in top destinations like the US, UK, Canada and Australia can easily cost anywhere

from ₹10-55 lakh a year. Add to it the cost of travel and living, and you could easily be spending ₹60 lakh-2.5 crore for an undergrad course. In alternative, cheaper destinations or for postgrad courses, the cost would be lesser, but still add up to ₹40 lakh-1 crore.

If you are not already flush with funds or have a large investible surplus, you will have to start saving for this goal very early or save a large amount every month if you start late. Make sure this one goal doesn't impact your other important goals like retirement, or strains your monthly household budget to the extent that it causes friction among family members. It's not worth pursuing a foreign education to the exclusion of everything else when there are plenty of good educational institutions in the country.

Have you planned for it correctly? It is important to make correct goal value calculations so that you don't run short of funds. It would be unfair to the child to raise his expectations, only to crash them. Take into account the tuition fee, living expenses and travel cost, besides educa-

tion inflation of 10-12% and future value of the existing course costs. Then start saving for the goal on time by investing in the right instruments and with adequate amount. If you can't afford the amount and are planning to take an education loan, be clear if you or the child will have the capacity to repay it.

What are the job prospects? Another important factor while considering foreign education for your child is job potential of the course. Does the course translate into good jobs in the destination country? Is the remuneration offered by these jobs commensurate with the amount you have paid for the course, and will the child be able to repay any education loans he has taken with this salary? Will there be visa issues for continuing with a job after completing the course? Will the child be able to support himself with his new job or will you have to continue to prop him up? Research well on these topics and if the answers are not satisfactory, it's best to drop the idea of foreign education.

Do you have a back-up plan? Lastly, keep in mind that the child may not take a liking to the new country, course, people, or even the weather. If he decides to discontinue after a couple of semesters, it will be a lot of money down the drain that could have been used for other crucial goals. If you still want to continue with it, have a back-up plan for the child's education back home.

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



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

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

READERS' QUERIES

Q *My father passed away intestate before I got married last year. Now my only brother says he has the sole right to his self-acquired house and ancestral property. Is he right?* — Ritika

According to the Hindu Succession (Amendment) Act, 2005, a daughter has the same right to her father's self-acquired property as the son, irrespective of her marital status. Since your father passed away without a will and you are his class I legal heir, the property will be divided equally among your paternal grandmother (if she's alive), your mother, you and your brother. In the ancestral property as well, you have as much right to it by virtue of your birth as your brother.

Q *I was given a lot of jewellery and other gifts by my parents at my wedding three years ago. I am now in the process of getting legally separated from my husband and we have no children. Do I have the right to this jewellery and gifts? My husband claims it is joint property and he has 50% right to all of these. Can he stake a legal claim?*

— Samidha S.

The jewellery and other gifts that were given to you at the time of your wedding by your parents comprise *streedhan* and belong only to you. Your husband has no right over it and cannot stake legal claim to it. Since you are in the process

of legal separation from your husband, it is advisable to keep all your *streedhan*, including jewellery, gifts or any other movable assets received by you at your wedding, in a safe place that cannot be accessed by him or your in-laws.

Q *I am 75 years old and have one son, who stays in a different city. My husband passed away last year due to a terminal illness. He had a self-acquired property in which we lived and I continue to stay. In his will, my husband named only me as a beneficiary of this property. I want to know if my son has any right to this house and whether he can stake a legal*

claim to it?

—Seema Kumar

Since your husband's property was self-acquired, he had the right to will it to anyone he wanted. As he has named only you as the beneficiary of the property in his will, you are the sole owner of this house. If your husband had passed away without writing a will, your son would have also been a beneficiary, being a class I legal heir. Now, however, he cannot stake a claim to this property, though he can challenge the will in a court of law on relevant grounds.

Q *I got divorced two years ago and have one son who is five*

years old. My husband has now remarried. Will only his future children have a right to his property or will my son also have a share in it?

—V.G

If your husband's property is self-acquired, he can will it to anyone he wants. If, however, he passes away intestate, your son and any future children from his second marriage will have an equal right to the property since all of them will be class I legal heirs.

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

SMART STATS

ET WEALTH TOP 50 STOCKS

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

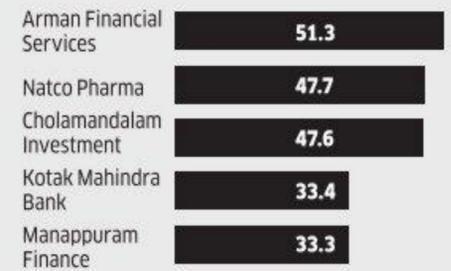
	RANK		PRICE ₹	GROWTH%*		VALUATION RATIOS				RATING	
	Current Rank	Previous Rank		Revenue	Net Profit	PE	PB	PEG (5-year)	Div Yield (%)	No. of funds	Value Research Stock Rating
Kotak Mahindra Bank	1	1	1,830.55	33	22	20.0	2.8	2.5	0.1	142	*****
Can Fin Homes	2	2	910.85	29	21	16.2	2.8	511.3	0.7	44	*****
Manappuram Finance	3	3	210.97	33	46	8.2	1.5	-37.9	1.7	9	*****
Gujarat State Petronet	4	5	296.35	15	36	10.1	1.5	6.6	1.7	52	*****
Dr. Reddy's Laboratories	5	7	6,235.90	14	24	18.7	3.7	0.8	0.6	65	*****
Coal India	6	8	467.05	3	10	7.7	3.5	76.9	5.5	110	*****
PI Industries	7	6	3,819.55	14	43	34.5	6.6	0.6	0.4	64	*****
Aavas Financiers	8	13	1,872.50	26	14	30.1	3.9	114.3	0.0	38	*****
IndusInd Bank	9	10	1,502.75	26	21	13.0	1.9	3.0	1.1	128	*****
The Great Eastern Shipping Co.	10	9	1,190.95	-8	2	6.5	1.4	0.2	3.0	21	*****
Indraprastha Gas	11	11	482.60	-1	21	17.0	3.5	1.4	1.9	40	*****
JK Paper	12	12	553.25	-6	2	8.4	1.9	1.5	1.5	6	*****
Nesco	13	14	910.75	24	25	17.8	2.8	4.7	0.7	6	*****
City Union Bank	14	15	167.22	12	8	12.2	1.5	10.0	0.9	24	*****
Narayana Hrudayalaya	15	17	1,201.25	11	30	31.2	8.5	0.1	0.3	24	*****
Infosys	16	18	1,573.35	5	10	24.9	7.5	2.4	2.9	212	*****
Persistent Systems	17	22	4,031.60	18	18	56.9	13.2	0.6	0.6	89	*****
Jamna Auto Industries	18	36	123.60	4	22	24.1	5.5	1.2	1.9	10	*****
Godfrey Phillips India	19	19	4,301.30	24	45	25.3	5.3	0.6	1.3	9	*****
Asian Paints	20	25	2,880.85	3	33	50.7	14.8	1.0	1.2	42	*****
State Bank Of India	21	21	844.00	25	21	11.2	1.9	4.5	1.6	214	****
Akzo Nobel India	22	20	2,834.80	4	27	30.2	9.7	0.8	2.6	13	*****
Arman Financial Services	23	24	2,042.10	51	68	12.6	2.7	56.9	0.0	8	*****
Gulf Oil Lubricants India	24	16	1,154.50	10	32	18.5	4.4	1.4	3.1	8	*****
DCB Bank	25	23	137.60	28	15	8.0	0.9	5.7	0.9	20	*****
Cipla	26	26	1,480.90	13	47	29.1	4.5	1.0	0.9	116	*****
Sun TV Network	27	27	754.75	13	12	15.4	2.8	9.6	2.2	20	*****
Tata Motors	28	28	972.10	27	1200	10.3	3.8	0.0	0.6	124	****
Coforge	29	34	5,439.00	15	15	44.8	6.2	1.0	1.4	119	*****
ICICI Bank	30	29	1,219.90	32	29	19.4	3.4	2.5	0.8	270	****
Petronet LNG	31	31	320.00	-12	9	13.2	2.8	1.1	3.1	30	*****
Avanti Feeds	32	33	588.60	6	28	22.7	3.4	1.9	1.1	11	*****
Repro Home Finance	33	32	546.00	17	34	8.2	1.1	-5.9	0.5	10	*****
Just Dial	34	35	1,033.50	23	121	24.3	2.2	2.4	0.0	6	*****
Cholamandalam Investment	35	41	1,438.10	48	27	35.2	6.1	268.0	0.1	124	****
Shriram Finance	36	37	2,951.05	21	13	15.1	2.3	-9.2	1.5	101	*****
Kansai Nerolac Paints	37	42	273.60	4	143	18.6	4.0	1.5	1.4	12	*****
Dr. Lal Pathlabs	38	49	2,747.95	10	50	64.2	12.8	2.0	0.9	16	****
Hawkins Cookers	39	44	7,940.20	2	16	38.2	12.6	0.9	1.5	5	*****
Cyient	40	55	1,845.45	19	32	30.0	4.9	3.1	1.6	47	*****
Tata Consultancy Services	41	45	3,934.15	7	10	31.0	15.8	3.3	1.9	157	****
Abbott India	42	40	27,377.45	9	27	48.2	15.7	1.0	1.5	50	****
Natco Pharma	43	38	1,151.20	48	98	14.9	3.5	1.7	0.8	11	****
Avenue Supermarts	44	46	4,900.10	18	5	126.6	17.2	0.3	0.0	93	****
Eicher Motors	45	57	4,713.80	14	37	32.2	7.1	2.0	1.1	65	****
Transport Corporation Of India	46	50	909.55	5	8	20.2	3.5	0.4	0.8	9	*****
Castrol India	47	47	202.40	6	11	22.8	8.9	6.0	3.7	12	*****
Nippon Life India Asset Man.	48	48	662.25	22	52	37.8	10.8	4.0	2.5	45	****
Ajanta Pharma	49	53	2,283.75	12	41	35.6	8.2	1.7	2.2	66	****
Escorts Kubota	50	51	4,146.00	5	104	43.9	5.0	0.8	0.4	54	****

*REVENUE AND EPS FIGURES BASED ON ONE-YEAR GROWTH. DATA AS ON 27 JUNE 2024.

SOURCE: VALUE RESEARCH

1 Fast growing stocks

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



2 Least expensive stocks

Top 5 stocks with the lowest price to earnings ratio



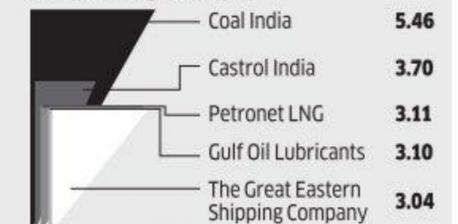
3 Best PEGs

Top 5 stocks with the least price earnings to growth ratio



4 Income generators

Top 5 stocks with the highest dividend yield (%)



5 Most widely held

Top 5 stocks held by most number of mutual funds



SEE NUMBER OF MUTUAL FUNDS HOLDING THE STOCKS 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 (%)					Expense Ratio (%)
			3-Month	6-Month	1-Year	3-Year	5-Year	
EQUITY: LARGE CAP								
Nippon India Large Cap Fund	*****	26,925.10	11.08	19.39	42.68	24.30	19.07	1.62
Quant Focused Fund	*****	1,003.94	9.26	21.47	51.62	21.59	23.02	2.19
JM Large Cap Fund	*****	191.85	11.63	20.90	48.08	21.34	18.78	2.41
ICICI Prudential Bluechip Fund	*****	55,459.29	8.39	17.49	40.98	20.78	18.89	1.49
HDFC Top 100 Fund	****	33,488.50	8.67	14.11	37.84	20.50	16.26	1.62
Baroda BNP Paribas Large Cap Fund	****	1,965.74	11.36	21.94	43.54	19.38	18.74	2.07
DSP Nifty 50 Equal Weight Index Fund - Regular Plan	****	1,408.53	7.74	13.96	36.75	19.26	18.80	1.00
Edelweiss Large Cap Fund - Regular Plan	****	895.81	10.87	16.90	35.35	17.89	17.43	2.23
Kotak Bluechip Fund - Regular Plan	****	8,199.81	12.15	17.35	36.17	16.76	18.01	1.76
Canara Robeco Bluechip Equity Fund - Regular Plan	****	12,976.74	10.72	16.70	33.68	15.62	18.22	1.67
EQUITY: LARGE & MIDCAP								
Motilal Oswal Large and Midcap Fund - Regular Plan	*****	4,293.00	17.99	25.58	55.60	26.27	-	1.86
ICICI Prudential Large & Mid Cap Fund	*****	13,420.35	11.81	21.82	48.23	26.20	22.61	1.74
HDFC Large and Mid Cap Fund - Regular Plan	****	19,454.33	14.73	20.21	49.77	25.52	23.04	1.69
Kotak Equity Opportunities Fund - Regular Plan	****	22,329.12	17.40	25.35	48.06	22.94	22.29	1.61
SBI Large & Midcap Fund	****	23,443.39	13.87	18.08	36.74	20.69	20.97	1.64
EQUITY: FLEXI CAP								
JM Flexicap Fund	*****	2,472.06	22.05	32.62	67.56	30.90	26.48	1.93
ICICI Prudential Retirement Fund - Pure Equity Plan	*****	795.85	12.77	24.22	56.89	29.74	22.69	2.25
HDFC Focused 30 Fund	****	11,945.94	14.10	21.73	46.70	28.78	21.12	1.70
HDFC Flexi Cap Fund	****	54,692.16	13.53	21.08	46.99	26.50	20.77	1.49
Bank of India Flexi Cap Fund - Regular Plan	****	991.78	17.19	28.14	68.12	26.29	-	2.19
ICICI Prudential Focused Equity Fund	****	8,139.49	12.65	24.92	48.97	23.59	22.14	1.76
HDFC Retirement Savings Fund Equity Plan	*****	5,159.41	12.20	18.11	40.07	23.22	23.16	1.81
Franklin India Flexi Cap Fund	****	15,468.09	12.68	19.24	47.33	22.34	21.42	1.73
Franklin India Focused Equity Fund	****	11,442.54	12.80	21.37	41.11	21.34	19.83	1.77
360 ONE Focused Equity Fund - Regular Plan	****	7,215.17	15.60	20.35	41.31	21.07	22.90	1.80
Parag Parikh Flexi Cap Fund - Regular Plan	*****	66,383.82	9.42	16.66	37.65	20.89	24.54	1.37
Union Flexi Cap Fund	****	2,052.22	10.00	15.02	36.93	18.00	19.81	2.05
EQUITY: MID CAP								
Motilal Oswal Midcap Fund - Regular Plan	*****	10,378.16	20.32	31.33	62.38	38.49	30.30	1.73
Quant Mid Cap Fund	*****	7,952.99	16.66	33.26	73.22	32.15	34.69	1.75
Nippon India Growth Fund	****	27,931.43	19.20	21.83	58.99	29.87	27.80	1.62
HDFC Mid-Cap Opportunities Fund	****	65,394.16	15.05	22.15	52.88	29.48	26.86	1.43
Edelweiss Mid Cap Fund - Regular Plan	****	5,863.60	21.01	27.59	58.71	27.10	28.24	1.79
Kotak Emerging Equity Fund - Regular Plan	****	45,017.71	23.57	26.84	51.81	25.04	26.64	1.46
SBI Magnum Midcap Fund	****	18,398.62	16.06	20.51	39.37	24.92	26.40	1.69
EQUITY: SMALL CAP								
Nippon India Small Cap Fund	*****	51,566.11	21.58	23.78	57.61	33.79	33.81	1.47
Tata Small Cap Fund - Regular Plan	****	7,083.38	21.52	22.91	46.94	27.73	30.15	0.34
Edelweiss Small Cap Fund - Regular Plan	****	3,421.55	18.44	19.12	49.68	27.19	31.01	1.88
ICICI Prudential Smallcap Fund	****	7,795.29	17.75	18.42	42.93	26.65	28.04	1.78
Axis Small Cap Fund - Regular Plan	*****	20,504.37	16.49	17.14	39.12	25.15	27.88	1.63
EQUITY: VALUE ORIENTED								
JM Value Fund	****	733.51	21.58	28.57	68.66	30.38	25.90	2.33
SBI Contra Fund	*****	30,520.42	13.09	20.68	49.86	29.61	28.21	1.58
Templeton India Value Fund	****	1,978.03	14.66	21.82	49.40	26.49	23.42	2.08
ICICI Prudential Value Discovery Fund	*****	42,669.05	8.93	17.73	44.17	25.27	23.67	1.58
Bandhan Sterling Value Fund - Regular Plan	****	9,019.36	11.99	20.55	43.95	24.73	23.63	1.76
EQUITY: ELSS								
SBI Long Term Equity Fund - Regular Plan	*****	23,887.64	13.88	28.43	60.20	27.44	23.88	1.62
Quant ELSS Tax Saver Fund	*****	9,860.39	14.78	26.15	60.79	26.78	33.31	1.75
Bank of India ELSS Tax Saver Fund - Regular Plan	*****	1,326.57	14.84	25.27	59.60	24.02	27.19	2.10
Kotak ELSS Tax Saver - Regular Plan	****	5,768.54	14.93	23.71	43.67	21.04	20.46	1.76
Parag Parikh ELSS Tax Saver Fund - Regular Plan	*****	3,454.03	8.70	13.37	34.21	21.01	-	1.71
DSP ELSS Tax Saver Fund	****	15,161.20	17.21	21.91	49.15	20.84	21.68	1.65
Bandhan ELSS Tax Saver Fund - Regular Plan	****	6,433.56	9.61	16.39	36.12	20.26	21.25	1.75
Union ELSS Tax Saver Fund	****	869.07	10.68	15.43	36.18	18.94	20.22	2.28

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).



24.30%
THE 3-YEAR RETURN OF NIPPON INDIA LARGE CAP FUND IS THE HIGHEST IN ITS CATEGORY.



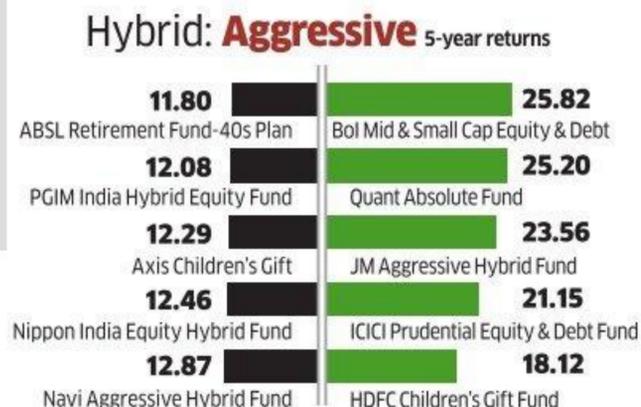
30.90%
THE 3-YEAR RETURN OF JM FLEXI-CAP FUND IS THE HIGHEST IN ITS CATEGORY.



38.49%
THE 3-YEAR RETURN OF MOTILAL OSWAL MIDCAP FUND IS THE HIGHEST IN ITS CATEGORY.



30.38%
THE 3-YEAR RETURN OF JM VALUE FUND IS THE HIGHEST IN ITS CATEGORY.



ETW FUNDS 100

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%)					Expense Ratio
			3-Month	6-Month	1-Year	3-Year	5-Year	
HYBRID: EQUITY SAVINGS								
HSBC Equity Savings Fund	*****	292.11	10.81	14.79	25.53	13.14	12.25	1.51
Kotak Equity Savings Fund - Regular Plan	*****	5,605.87	5.19	9.11	20.09	12.25	11.28	1.84
UTI Equity Savings Fund - Regular Plan	*****	361.72	4.18	7.34	17.38	11.15	10.81	1.51
HDFC Equity Savings Fund	****	4,306.53	4.49	8.47	18.58	10.79	10.65	1.93
SBI Equity Savings Fund - Regular Plan	****	4,701.18	6.28	8.12	18.99	10.62	11.27	1.19
ICICI Prudential Equity Savings Fund	****	10,278.86	2.82	4.74	11.12	8.37	8.09	0.97
HYBRID: AGGRESSIVE (EQUITY-ORIENTED)								
JM Aggressive Hybrid Fund	****	305.67	16.04	26.25	57.46	24.31	23.56	2.35
ICICI Prudential Equity & Debt Fund	*****	35,122.02	7.37	16.82	40.13	24.02	21.15	1.62
Bank of India Mid & Small Cap Equity & Debt Fund	*****	754.01	14.77	21.19	52.33	22.63	25.82	2.37
Quant Absolute Fund	*****	2,114.19	9.58	21.12	39.48	19.90	25.20	2.02
Edelweiss Aggressive Hybrid Fund - Regular Plan	****	1,660.74	9.76	15.87	34.93	19.09	17.80	2.02
UTI Aggressive Hybrid Fund - Regular Plan	****	5,511.93	11.58	16.74	35.45	18.67	17.57	1.90
HDFC Children's Gift Fund	*****	9018.60	11.13	13.80	30.63	18.25	18.12	1.76
Kotak Equity Hybrid Fund - Regular Plan	****	5621.16	13.16	17.37	33.29	16.81	18.02	1.81
HDFC Retirement Savings Fund - Hybrid Equity Plan	****	1,414.34	9.60	13.59	29.29	16.34	16.82	2.11
Baroda BNP Paribas Aggressive Hybrid Fund - Regular Plan	****	1,038.09	9.50	17.66	34.67	15.48	17.35	2.16
HYBRID: CONSERVATIVE (DEBT-ORIENTED)								
SBI Magnum Children's Benefit Fund - Savings Plan	*****	110.77	6.86	8.77	19.38	12.75	12.13	1.21
Kotak Debt Hybrid Fund - Regular Plan	*****	2,477.80	5.00	8.21	17.14	10.78	11.71	1.71
HDFC Hybrid Debt Fund	****	3,182.24	4.13	7.58	16.37	10.78	10.55	1.77
SBI Conservative Hybrid Fund	*****	9,823.59	5.66	8.44	15.12	10.72	11.10	1.11
ICICI Prudential Regular Savings Fund	****	3,337.80	4.05	7.41	14.57	9.71	9.89	1.67
Canara Robeco Conservative Hybrid Fund - Regular Plan	****	972.98	4.39	6.19	12.17	7.49	9.33	1.82
HYBRID: DYNAMIC ASSET ALLOCATION								
HDFC Balanced Advantage Fund	*****	86,471.32	9.80	16.03	42.20	23.92	18.87	1.38
Edelweiss Balanced Advantage Fund - Regular Plan	****	11,281.66	7.58	12.88	25.91	13.26	15.31	1.71
ICICI Prudential Balanced Advantage Fund	****	56,750.35	5.27	9.96	22.33	13.21	13.27	1.48
Tata Balanced Advantage Fund - Regular Plan	****	9,275.70	6.20	10.69	22.75	12.85	13.28	1.69
DEBT: FLOATER								
SBI Floating Rate Debt Fund - Regular Plan	****	1,146.59	2.08	4.19	8.21	6.01	-	0.46
Franklin India Floating Rate Fund	****	279.66	2.04	4.03	7.74	5.71	5.73	0.95
Aditya Birla Sun Life Floating Rate Fund - Regular Plan	*****	12,802.24	1.98	3.96	7.59	6.02	6.55	0.46
DEBT: BANKING AND PSU								
ICICI Prudential Banking & PSU Debt Fund	*****	9,403.80	1.89	3.87	7.40	5.92	6.79	0.74
Kotak Banking and PSU Debt Fund - Regular Plan	****	5,967.83	1.85	3.85	7.08	5.53	6.77	0.76
HDFC Banking and PSU Debt Fund - Regular Plan	****	6,297.89	1.81	3.75	6.97	5.31	6.68	0.79
Aditya Birla Sun Life Banking & PSU Debt Fund	****	10,110.55	1.89	3.73	6.95	5.45	6.72	0.72
ITI Banking and PSU Fund - Regular Plan	*****	30.38	1.69	3.80	6.94	5.48	-	0.70
Bandhan Banking & PSU Debt Fund - Regular Plan	****	14,279.57	1.80	3.55	6.61	5.27	6.76	0.63
DEBT: SHORT TERM								
HDFC Short Term Debt Fund	****	13,055.75	1.94	4.00	7.36	5.63	6.92	0.69
ICICI Prudential Short Term Fund	****	18,252.31	1.89	3.79	7.35	5.95	7.04	1.07
UTI Short Duration Fund - Regular Plan	*****	2,673.12	1.69	3.80	7.02	7.09	7.69	0.84
Aditya Birla Sun Life Short Term Fund - Regular Plan	****	7,497.01	1.86	3.77	6.97	5.64	6.78	1.07
Nippon India Short Term Fund	****	5,511.40	1.80	3.70	6.92	5.30	6.50	0.94
Axis Short Term Fund	****	8,006.89	1.81	3.79	6.88	5.41	6.59	0.88
Sundaram Short Duration Fund	*****	193.82	1.79	3.63	6.71	7.64	6.98	0.85
DEBT: CORPORATE BOND								
Aditya Birla Sun Life Corporate Bond Fund	****	22,042.26	2.02	4.10	7.56	5.86	7.17	0.51
HDFC Corporate Bond Fund	****	28,959.05	2.01	4.16	7.55	5.66	7.01	0.60
ICICI Prudential Corporate Bond Fund	*****	27,285.73	1.95	3.89	7.55	6.03	7.08	0.57
Kotak Corporate Bond Fund - Standard Plan	****	12,541.10	1.94	3.94	7.21	5.55	6.53	0.67
Nippon India Corporate Bond Fund	*****	3,178.23	1.85	3.97	7.21	5.98	6.79	0.70
Axis Corporate Debt Fund - Regular Plan	****	5,282.11	1.79	3.82	6.97	5.42	6.96	0.91

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

Did not find your fund here?
Log on to www.wealth.economicstimes.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 of a fund vis-à-vis other funds in its category is determined by subtracting a fund's risk score from its return score. The resulting number is assigned stars according to the following distribution:

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

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

Categories

- Equity: Large-cap:** Funds investing at least 80% in large cap stocks.
- Equity: Large & MidCap:** Funds investing at least 35% each in large and mid caps.
- Equity: Flexi Cap:** Funds investing at least 65% in equity with no particular cap on large, mid or small.
- Equity: Mid Cap:** Funds investing at least 65% in mid caps.
- Equity: Small Cap:** Funds investing at least 65% in small caps.
- Equity: Value Oriented:** Funds following value/contrarian investment strategy and grouped under 'Value' or 'Contra' categories as per SEBI.
- ELSS: Equity:** with a lock-in of three years and tax benefit under Section 80C.
- Hybrid: Aggressive:** Funds investing 65-80% in equity, and the rest in debt.
- Hybrid: Conservative:** Funds investing 10-25% in equity, and the rest in debt.
- Hybrid: Equity Savings:** Funds investing at least 65% in equity and equity related instruments, and at least 10% in debt.
- Hybrid: Dynamic Asset Allocation:** Funds which dynamically manage the asset allocation between equity and debt.
- Debt: Short Duration:** Funds with Macaulay duration between 1 and 3 years at the portfolio level.
- Debt: Corporate Bond:** Funds investing at least 72% in AA+ and above-rated corporate bonds.
- Debt: Banking and PSU:** Funds investing at least 72% in the debt instruments of banks, PSUs, public financial institutions and municipal bonds.
- Debt: Floater:** Funds investing at least 58.5% in floating-rate instruments.

13.14%
THE 3-YEAR RETURN OF HSBC EQUITY SAVINGS FUND IS THE HIGHEST IN ITS CATEGORY.

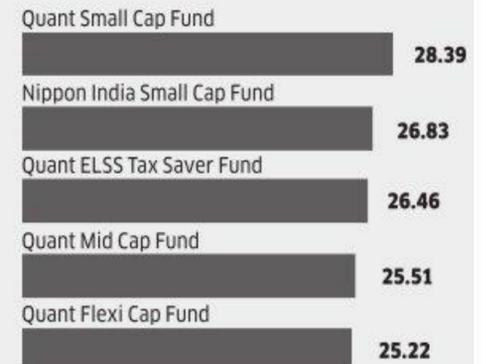
19.38%
THE 1-YEAR RETURN OF SBI MAGNUM CHILDREN'S BENEFIT FUND IS THE HIGHEST IN ITS CATEGORY.

7.40%
THE 1-YEAR RETURN OF ICICI PRU BANKING & PSU DEBT FUND IS THE HIGHEST IN ITS CATEGORY.

Expense as on 31 May 2024
Returns as on 26 June 2024
Assets as on 31 May 2024
Rating as on 31 May 2024

1 Top 5 SIPs

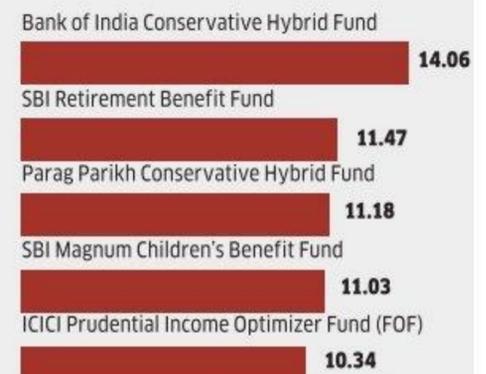
Top 5 equity schemes based on 10-year SIP returns



SIP: SYSTEMATIC INVESTMENT PLAN
% ANNUALISED RETURNS AS ON 26 JUNE 2024

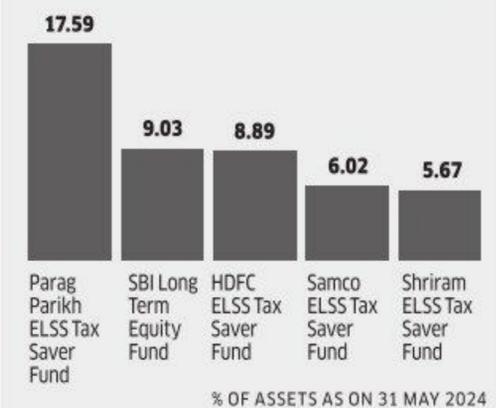
2 Top 5 MIPs

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

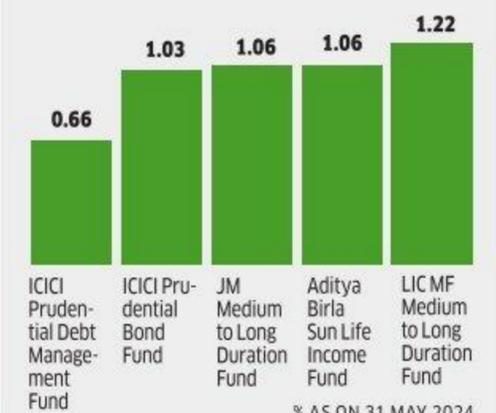


SWP: SYSTEMATIC WITHDRAWAL PLAN
% ANNUALISED RETURNS AS ON 26 JUNE 2024

3 ELSS: Cash holdings



4 Debt: Medium to long duration



% EXPENSE RATIO IS CHARGED ANNUALLY.
METHODOLOGY OF TOP 100 FUNDS ON WWW.WEALTH.ECONOMICTIMES.COM

FUND RAISER
53.5%
of the total AUM of 158 hybrid funds was concentrated in the largest 10 funds in May 2024.

SOURCE: ACE MF

LOANS & DEPOSITS

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

Top five bank FDs

TENURE: 1 YEAR	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
Bandhan Bank	7.85	10,808
IndusInd Bank	7.75	10,798
RBL Bank	7.50	10,771
YES Bank	7.25	10,745
Karnataka Bank	7.10	10,729
TENURE: 2 YEARS		
RBL Bank	8.00	11,717
IDFC First Bank	7.75	11,659
IndusInd Bank	7.75	11,659
DCB Bank	7.50	11,602
YES Bank	7.25	11,545
TENURE: 3 YEARS		
DCB Bank	7.55	12,516
RBL Bank	7.50	12,497
Bandhan Bank	7.25	12,405
IndusInd Bank	7.25	12,405
IDFC First Bank	7.25	12,405
TENURE: 5 YEARS		
DCB Bank	7.40	14,428
Dhanlaxmi Bank	7.25	14,323
IndusInd Bank	7.25	14,323
YES Bank	7.25	14,323
RBL Bank	7.10	14,217

Top five senior citizen bank FDs

TENURE: 1 YEAR	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
Bandhan Bank	8.35	10,862
IndusInd Bank	8.25	10,851
RBL Bank	8.00	10,824
YES Bank	7.75	10,798
Kotak Mahindra Bank	7.60	10,782
TENURE: 2 YEARS		
RBL Bank	8.50	11,832
IDFC First Bank	8.25	11,774
IndusInd Bank	8.25	11,774
DCB Bank	8.00	11,717
Bandhan Bank	7.75	11,659
TENURE: 3 YEARS		
DCB Bank	8.05	12,701
RBL Bank	8.00	12,682
YES Bank	8.00	12,682
IDFC First Bank	7.75	12,589
Bandhan Bank	7.75	12,589
TENURE: 5 YEARS		
YES Bank	8.00	14,859
DCB Bank	7.90	14,787
Axis Bank	7.75	14,678
Dhanlaxmi Bank	7.75	14,678
IndusInd Bank	7.75	14,678

Top five tax-saving bank FDs

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



HOME LOAN RATES

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

REPO RATE: 6.50%

BANK	RLLR (%)	FOR SALARIED		FOR SELF-EMPLOYED (%)		WEF
		FROM (%)	TO (%)	FROM (%)	TO (%)	
City Union Bank	9.70	8.25	10.50	8.25	10.50	23 May 2024
IndusInd Bank	--	8.35	9.45	8.35	9.45	Not Given
Bank of Maharashtra	9.30	8.35	10.40	8.45	10.90	9 Feb 2024
Union Bank of India	9.25	8.35	10.75	8.35	10.75	11 April 2024
Indian Bank	9.20	8.40	9.80	8.85	10.35	3 April 2024
Punjab National Bank	9.25	8.40	10.10	8.90	10.60	9 Feb 2023
Indian Overseas Bank	9.35	8.40	10.50	8.50	10.60	13 Oct 2023
Bank of Baroda	9.15	8.40	10.60	8.40	10.60	14 Feb 2023
Bank of India	9.35	8.40	10.70	8.40	10.85	1 June 2024
UCO Bank	9.30	8.45	10.30	8.45	10.30	15 Mar 2023
IDBI Bank	9.10	8.45	10.75	8.55	12.25	12 Feb 2023
Canara Bank	9.25	8.50	11.75	8.50	11.75	12 May 2024
Punjab & Sind Bank	8.45	8.55	10.00	8.55	10.00	16 Feb 2024
Karnataka Bank	--	8.60	10.62	8.60	10.62	1 April 2024
Kotak Mahindra Bank	--	8.70	9.35	8.75	9.60	Not Given
South Indian Bank	9.85	8.70	11.20	8.75	11.70	Not Given
HDFC Bank	--	8.75	9.95	8.75	9.95	Not Given
Federal Bank	--	8.80	10.25	10.20	10.30	16 Feb 2024
Karur Vysya Bank	10.00	9.00	11.05	9.00	11.05	12 Feb 2024
J & K Bank	9.10	9.10	9.45	9.10	9.45	10 April 2024
SBI Term Loan	9.15	9.15	9.65	9.15	9.65	1 Feb 2024
Bandhan Bank	--	9.16	13.33	9.16	13.33	Not Given
ICICI Bank	--	9.25	9.90	9.40	10.05	Not Given

Your EMI for a loan of ₹1 lakh

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

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

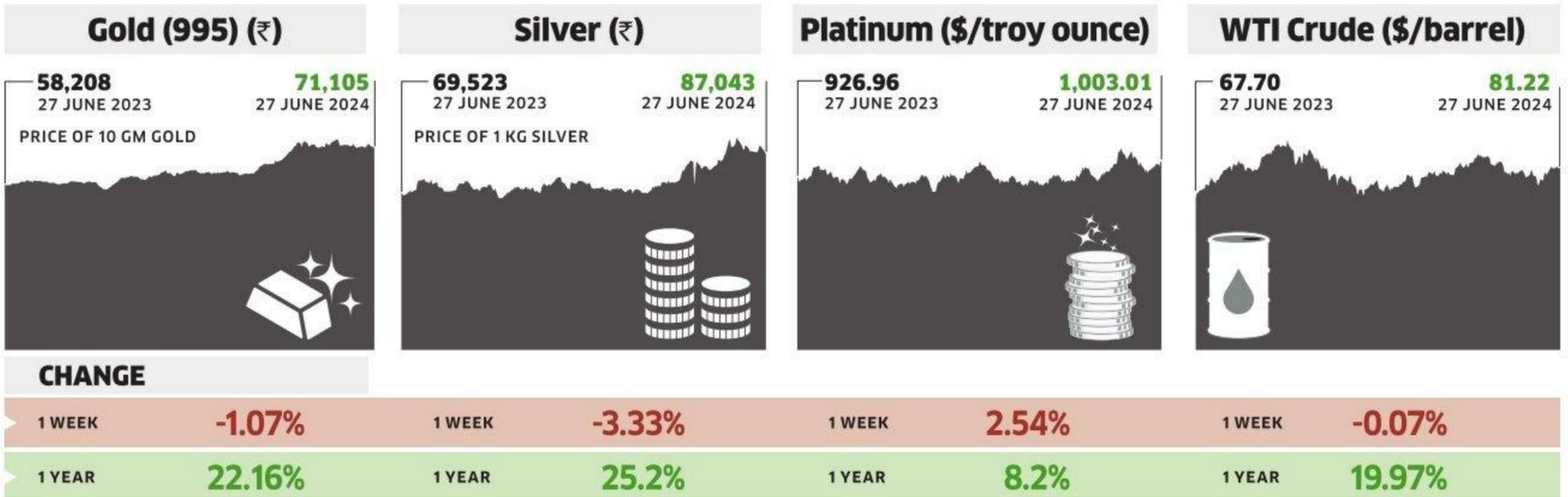
Post office deposits



	Interest (%)	Minimum investment (₹)	Maximum investment (₹)	Features	Tax benefits
Sukanya Samridhi Yojana	8.25	250	₹1.5 lakh p.a.	One account per girl child	80C
Senior Citizens' Savings Scheme	8.20	1,000	₹30 lakh	5-year tenure, minimum age 60 yrs	80C
Public Provident Fund	7.10	500	₹1.5 lakh p.a.	15-year tenure, tax-free returns	80C
Kisan Vikas Patra	7.50	1,000	No limit	Can be encashed after 2.5 years	Nil
5-year NSC VIII Issue	7.70	1,000	No limit	No TDS	80C
Time deposit	6.9-7.50	1,000	No limit	Available in 1, 2, 3, 5 year tenures	80C*
Post Office Monthly Income Scheme	7.40	1,000	Single ₹9 lakh	5-year tenure, monthly returns	Nil
			Joint ₹15 lakh	5-year tenure, monthly returns	Nil
Recurring deposits	6.70	100	No limit	5-year tenure	Nil
Savings account	4.00	500	No limit	₹10,000 interest tax-free	Nil

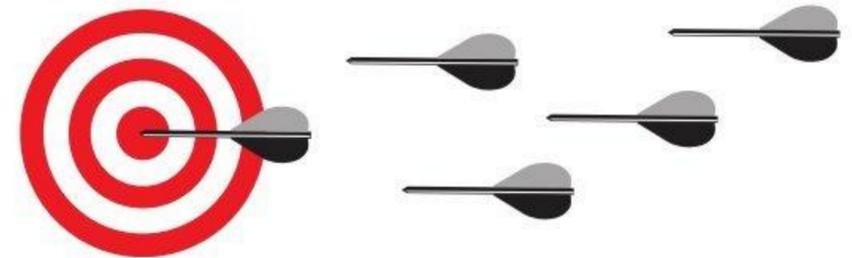
ALTERNATIVE INVESTMENT RETURNS MONITOR

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



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)
BGIL Films & Technolo.	9.35	33.38	147.35	1.39	504.52	10.59
GTL Infrastructure	3.12	26.32	106.62	587.81	134.41	3,938.48
Minaxi Textiles	4.31	67.05	75.20	2.08	259.58	21.29
Aravali Securities & Fin.	6.67	-9.25	68.86	0.07	38.65	10.11
Srestha Finvest	1.88	-8.74	64.91	97.39	3,672.62	154.16
Kretto Syscon	1.33	12.71	64.20	15.13	95.08	20.85
IL&FS Transportation	6.95	27.29	63.53	0.65	107.62	228.63
Computer Point	7.92	59.04	62.30	0.97	256.35	23.76
Cranes Softwares Inter.	8.35	26.52	59.66	1.57	68.12	98.32
Infomedia Press	8.08	15.26	54.49	0.14	1,242.06	40.55

Top volume gainers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHANGE (%)	MKT CAP (₹ CR)
Davangere Sugar	8.37	-8.22	-18.10	7.79	5,315.73	787.45
Neueon Towers	3.32	26.72	-3.77	0.47	4,340.47	18.77
Srestha Finvest	1.88	-8.74	64.91	97.39	3,672.62	154.16
Infomedia Press	8.08	15.26	54.49	0.14	1,242.06	40.55
RO Jewels	5.16	0.19	31.63	17.86	1,201.47	26.03
GCM Capital Advisors	7.23	8.56	18.72	0.31	774.60	12.25
Empower India	2.58	21.13	20.00	140.56	704.75	300.26
Rajnish Wellness	6.00	1.52	-5.36	74.00	594.91	461.10
Sunshine Capital	3.17	-1.86	-8.38	45.46	575.00	330.22
Super Spinning Mills	8.58	-2.39	19.17	0.76	552.12	47.19

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)
Sawaca Business Mach.	0.79	-21.00	-41.91	278.36	133.25	45.19
Jaiprakash Associates	9.71	-7.87	-37.48	46.53	-35.69	2,383.42
Filatex Fashions	7.76	-18.83	-36.76	25.37	27.85	1,293.45
Ashapuri Gold Ornament	7.72	-4.93	-33.73	29.40	153.38	257.31
Franklin Industries	5.49	-9.26	-33.54	5.18	-15.10	79.39
Wardwizard Foods	9.86	-11.49	-33.47	4.62	410.47	244.63
ACI Infocom	2.22	15.03	-30.41	2.24	-57.12	24.53
Banas Finance	9.47	-9.03	-24.12	2.24	-6.42	84.83
Vivanza Biosciences	5.13	-12.46	-23.66	2.37	59.27	20.52
Maharashtra Corp.	0.75	-6.25	-21.88	27.04	-69.26	46.57

Top volume losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHANGE (%)	MKT CAP (₹ CR)
Grandma Trading Agencies	3.03	-9.01	-9.28	2.01	-100.00	39.57
Leading Leasing Finance	3.07	-8.90	-10.23	1.98	-77.03	32.76
Excel Realty N Infra	0.75	-6.25	22.95	10.18	-76.90	105.81
Sylph Technologies	1.95	-8.88	-1.52	4.98	-73.18	45.45
Maharashtra Corporation	0.75	-6.25	-21.88	27.04	-69.26	46.57
Scanpoint Geomatics	8.33	1.34	25.08	6.88	-62.33	140.03
ACI Infocom	2.22	15.03	-30.41	2.24	-57.12	24.53
Luharuka Media & Infra	4.65	0.87	0.22	1.33	-52.59	43.57
Veeram Securities	9.00	-0.11	0.45	1.52	-49.43	68.09
White Organic Agro	7.32	-0.95	-1.35	1.06	-36.81	25.62

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 27 JUNE 2024. SOURCE: ETIG DATABASE AND REUTERS-REFINITIV.

MIRAE ASSET LARGE CAP

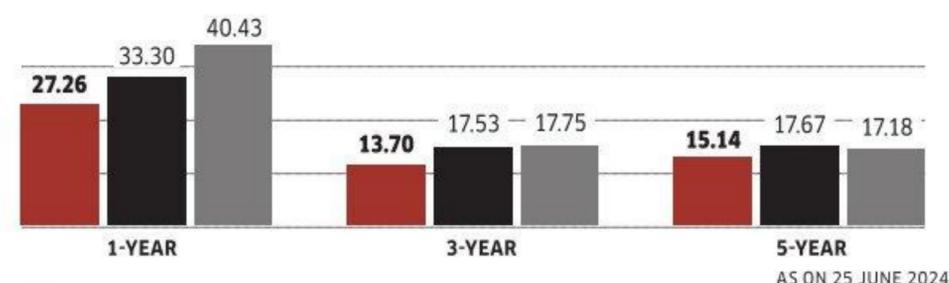
Waiting for a turnaround

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

HOW THE FUND HAS PERFORMED

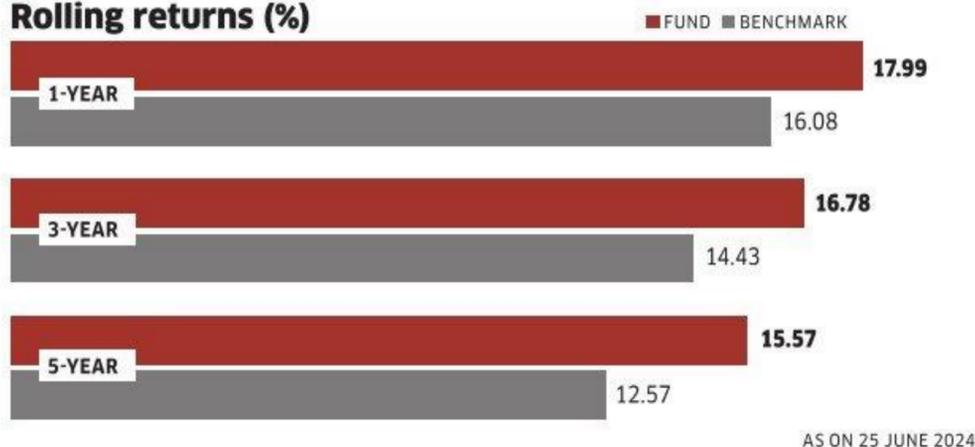
Point-to-point returns (%)

■ FUND ■ BENCHMARK ■ CATEGORY AVERAGE



① The fund has sharply lagged behind the index and peers in recent years.

Rolling returns (%)

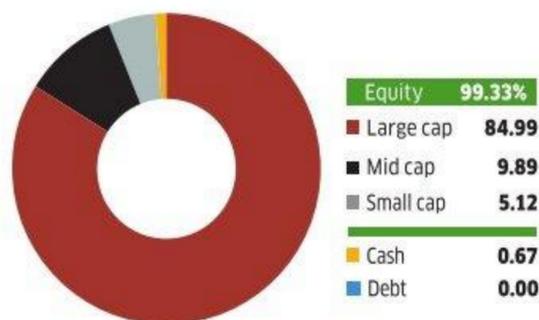


① The fund's long-term track record indicates healthy outperformance across time frames.

Note: Different benchmark (BSE 100 TRI) has been used due to non-availability of stated benchmark data. Returns have been rolled daily over the past decade for relevant time frames.

WHERE THE FUND INVESTS

Portfolio asset allocation



① The fund retains a modest presence in mid and small caps, apart from its large-cap tilt.

Fund style box



BASIC FACTS

DATE OF LAUNCH
4 APRIL 2008

CATEGORY
EQUITY

TYPE
LARGE CAP

AUM*
₹37,631 crore

BENCHMARK
NIFTY 100 TOTAL RETURN INDEX

WHAT IT COSTS

NAV**

GROWTH OPTION
₹105.38

IDCW
₹29.27

MINIMUM INVESTMENT
₹5,000

MINIMUM SIP AMOUNT
₹500

EXPENSE RATIO* (%)
1.53

EXIT LOAD
1% for redemption within 365 days

*AS ON 31 MAY 2024
**AS ON 25 JUNE 2024
#AS ON 31 MAY 2024



FUND MANAGER
GAURAV MISRA

5 YEARS, 4 MONTHS

Top 5 sectors in portfolio (%)



① Financials and technology are the fund's biggest sectoral bets.

AS ON 31 MAY 2024

Top 5 stocks in portfolio (%)



① The portfolio is fairly diversified, yet retains large positions in top bets.

AS ON 31 MAY 2024

Recent portfolio changes

New entrants

Bharti Hexacom, Oil & Natural Gas Corporation, Tata Motors, Vedanta (April).
Cipla, Macrotech Developers, R R Kabel (May).

Complete exits

Britannia Industries, ICICI Lombard General Insurance Company, Krishna Institute of Medical Sciences, Mphasis, Polycab India, The Federal Bank, Titan Company (April).

How risky is it?

	Fund	Category	Index
Standard Deviation	11.18	13.63	12.50
Sharpe Ratio	0.65	0.79	0.83
Mean Return	12.57	15.84	15.77

BASED ON 3-YEAR PERFORMANCE.

① The fund's risk-return profile has slipped in recent years.

AS ON 31 MAY 2024
Source: Value Research

Should You Buy



This once high-flying fund has faltered in recent years with its growth-focused investment style getting routed amid the market's shift towards value stocks. The fund has sharply underperformed both its index and peers since 2022.

This has punctured its impressive longer-term track record of consistent outperformance. While the fund's preference for high quality remains, it continues to have representation of ideas from the value and cyclical segment.

The latter is being reinforced selectively. The fund needs to find its feet quickly to arrest the drag on its return profile. Investors may want to monitor the fund for a turnaround before putting incremental money in it.

Jyothy Labs: On track for growth

Distribution network expansion, brand building, industry tailwinds, attractive valuations to drive growth.

The FMCG company missed estimates on all fronts in the March 2024 quarter, with revenue, EBITDA and PAT falling short of Reuters-Refinitiv estimates by 2.4%, 4.4%, and 9.9%, respectively. Despite strong performances by the personal care and fabric care segments, the overall revenue growth was impacted by a decline in household insecticides (HI) sales due to adverse weather conditions.

The increased staff costs, ad spending, and other expenses restricted EBITDA margin expansion. The management believes that expectations of a good monsoon, government welfare measures and moderating inflation will boost future volume growth. However, it asserts that rural demand recovery is crucial for a consumption revival.

The company operates with over 9,900 channel partners, and its products are available in 28 lakh outlets across India. Key product categories include fabric care, dish wash, HI, and personal care. To maintain its competitive position, the company has expanded distribution capabilities, invested in brand building, and established presence in traditional stores, department stores, modern trade and e-commerce.

The company is also benefitting from multiple growth drivers in the FMCG industry, including digitalisation, direct consumer sales, government consumption push, rising brand awareness, and the expansion of modern retail. Digitalisation enables FMCG companies to predict consumer behaviour and product choices, while direct consumer sales channels are gaining importance due to higher margins.

On the other hand, the government's capex boost is stimulating consumption by creating employment opportunities

in rural and urban areas. Increasing youth population, especially in urban areas, and the growing share of e-commerce are driving growth of the FMCG sector.

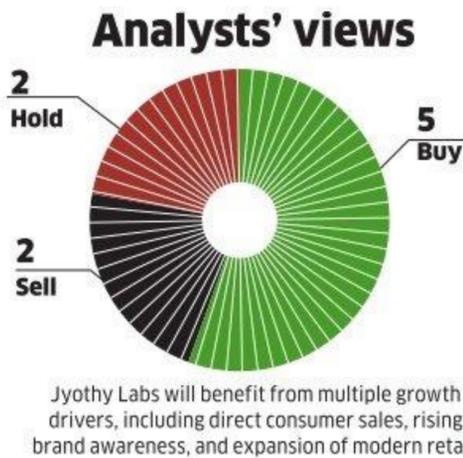
The management has outlined strategies for sustaining growth in key product categories for 2024-25. In fabric care, the focus is on delivering value in detergents and expanding into new territories. In the dish-wash segment, the company is aiming to enhance brand equity and increase market share to capture higher growth. In personal care, Jyothy Labs

is leveraging Margo's brand equity to enter new formats and categories. Meanwhile, the management is emphasising on innovation to grow the HI segment.

A recent HDFC Securities report suggests that the company is set for high single-digit volume growth in the medium term, supported by competent management. Valuations are reasonable, and the report expects a significant rerating as few FMCG companies can deliver sustainable growth. The stock has outperformed the BSE Sensex over the past year, with 91% returns compared to the Sensex's 25.8%.

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

—Sameer Bhardwaj



Fundamentals

	ACTUAL		CONSENSUS ESTIMATE	
	2022-23	2023-24	2024-25	2025-26
Revenue (₹ cr)	2,486.00	2,756.90	3,053.60	3,384.80
EBIDTA (₹ cr)	322.90	527.80	532.30	600.00
Net profit/loss (₹ cr)	232.70	369.50	416.20	480.40
EPS (₹)	6.33	10.06	11.32	13.08

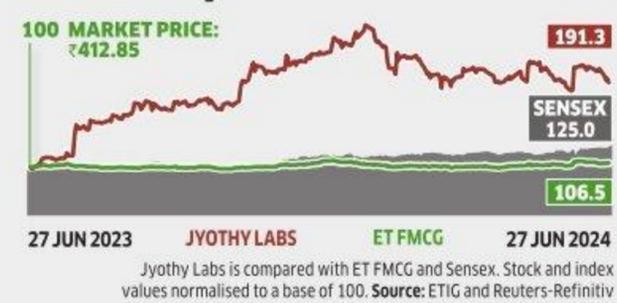
Valuations

	PBV	PE	DIVIDEND YIELD (%)
Jyothy Labs	9.79	41.04	0.73
Hindustan Unilever	11.30	56.30	1.71
ITC	7.68	25.94	3.63
Nestle India	73.09	76.40	1.27
Varun Beverages	30.71	98.45	0.15

Brokerage calls

RECO DATE	RESEARCH HOUSE	ADVICE	TARGET PRICE (₹)
5 Jun '24	HDFC Securities	Buy	575
16 May '24	Antique Stock Broking	Buy	559
16 May '24	ICICI Securities	Add	480
15 May '24	Elara Capital	Accumulate	510
15 May '24	Motilal Oswal	Neutral	475

Relative performance



WHAT EXPERTS ADVISE

BUY

STOCK	RESEARCH HOUSE	ADVICE	STOCK PRICE (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL UPSIDE (%)	COMMENT
Ratnaveer Precision Engineering	ICICI Direct	Buy	151	200	32.5	Recommend 'buy' due to expected future performance improvements driven by a buoyant capex cycle, enhanced product mix, and operational efficiencies. Strong earnings growth will also enhance return ratios.
TBO Tek	PhillipCapital	Buy	1,588	2,080	31.0	Initiate with 'buy' as its blended take rates are expected to jump due to a strategic pivot towards hotels segment and international markets. Also, continuing healthy demand for travel and strong network effect will bode well for the company.
Prince Pipes and Fittings	Nuvama	Buy	671	830	23.7	Retain 'buy' due to strong demand from both infra and plumbing segments. Its comprehensive product range, presence across segments (agri, infra, plumbing) and pan-India brand & distribution are key strongholds.
TCI Express	Prabhudas Lilladher	Buy	1,157	1,410	21.9	Maintain 'buy' due to likely improvement in margins in 2024-25 supported by volume growth, automation-led efficiencies and expectations of recovery in pharma and textile segments.
Sun Pharmaceuticals	Sharekhan	Buy	1,479	1,800	21.7	Maintain 'buy' due to growth drivers in the form of healthy pipeline of speciality products and strong momentum in domestic business. Its superior margin profile and healthy cash balance are other positives.
Shree Cement	Antique Stock	Buy	27,306	32,300	18.3	Maintain 'buy' due to continuing demand momentum in the industry, healthy volume growth, further room to optimise costs and a likelihood of improved profitability in Middle-east operations.

SELL

STOCK	RESEARCH HOUSE	ADVICE	STOCK PRICE (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL DOWNSIDE (%)	COMMENT
City Union Bank	Emkay	Reduce	166	150	-9.8	Rate 'reduce' as the bank is likely to face challenges in building the retail book. The re-rating will be conditioned to demonstrating successful retailisation as well as the long-awaited growth acceleration.



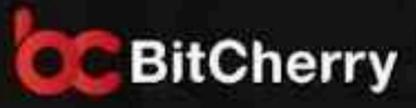
INDIAN English Newspaper

Deccan Chronicle,
 Economics times,
 Times of India,
 Mirror
 Financial Express,
 Hans india,
 Indian Express,
 New Indian Express NIE
 The Hindu,
 Mint, Newspaper
 Business standard,
 Business Line
 , States Man
 , Tribune, Newspaper
 pioneer Newspaper
 millennium Post Newspaper
 Hitavada Newspaper
 The Daily Guardian,
 The Telegraph
 Eastern Chronicle
 The Goan
 First India
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 Maharashtra time
 And also editorials of all English newspapers.
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 International Newspaper
 Gujrati Marathi newspaper
 Urdu Newspaper
 Telangana kannada, Malayalam, Tamil Telug

International newspaper

The Economist
 The Financial Times
 The Observer
 The Guardian
 The Daily Telegraph
 Daily Express
 Daily Record
 Daily Mirror
 Daily Mail
 The Globa Mail
 The Sun
 The Times
 The Independent
 The Cricket Paper
 The New York Times
 The Wall Street Journal
 USA Today
 The Washington Post
 The Washington Times
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 Los Angeles Times
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Perks, NPS save ₹91,000 in tax

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

Mumbai-based business analyst Sweta Chandra earns well, but also pays a high tax because her salary structure is not very tax-friendly, she doesn't avail of all the deductions available to her, and invests in tax-inefficient options. TaxSpanner estimates that Chandra can save more than ₹91,000 in tax if the taxable allowances in her salary are replaced with tax-free emoluments and her employer offers her the NPS benefit. She also needs to invest in the pension scheme on her own.

As a first step, Chandra should ask her company to replace the medical allowance in her pay with leave travel allowance (LTA). Medical allowance is taxable, but LTA is tax-free if claimed twice in a block of four years. An LTA of ₹80,000 will shave off almost ₹25,000 from her tax. She should also ask for some basic tax-free perks, such as newspaper allowance and food coupons. Newspaper allowance of ₹1,000 per month and meal coupons worth ₹2,200 per month will cut her tax by ₹12,000.

Next, Chandra should ask for the NPS benefit. Under Section 80CCD(2), up to 10% of the employee's basic salary put in the pension scheme is tax-free. If her company agrees to put ₹6,589 (10% of basic pay) in the NPS every month, her annual tax will reduce by about ₹25,000. Another ₹15,600 can be saved if she invests ₹50,000 in the NPS on her own under Section 80CCD(1b). At 32, Chandra should put the maximum 75% in equity funds.

A risk-averse investor, Chandra has put money in tax-inefficient bonds and deposits. She should consider investing in debt funds to defer tax, or in equity-oriented funds to escape tax altogether.

INCOME FROM EMPLOYER

INCOME HEAD	CURRENT	SUGGESTED
Basic salary	7,90,644	7,90,644
House rent allowance	3,95,316	3,95,316
Special allowance	3,55,788	3,05,788
Other allowances	1,47,900	79,504
Medical allowance	79,068	0
Telephone and Internet	39,500	39,500
Conveyance allowance	1,18,596	1,18,596
Leave travel allowance	0	80,000
Newspaper allowance	0	12,000
Food coupons	0	26,400
Employer's contribution to Provident Fund	21,600	21,600
Contribution to NPS under Sec 80CCD(2)	0	79,064
TOTAL	19,48,412	19,48,412

Reduce these taxable portions of the pay package to make way for tax-efficient perks.

Replace this taxable perk with tax-free allowance.

This is tax-free if claimed twice in a block of four years.

These perks are tax-free subject to actual usage and on submission of bills.

Up to 10% of basic pay put in the NPS is tax-free.

+ INCOME FROM OTHER SOURCES

Interest income	35,000	0
Capital gains	20,000	0
Rental income	0	0
TOTAL	55,000	0

Switch from fixed deposits to debt funds to defer tax liability.

Hold for longer periods to avoid tax on gains.

All figures are in ₹

⬆ Denotes suggestion to increase ⬇ Denotes suggestion to reduce

Tax-saving investments

INVESTMENT OPTION	CURRENT (₹)	SUGGESTED (₹)
Provident Fund	21,600	21,600
Life insurance	2,50,000	2,50,000
PPF	1,50,000	500
NPS under Sec 80CCD(1b)	0	50,000
TOTAL ADMISSIBLE	1,50,000	2,00,000

Reduce this to minimum amount and invest in the NPS instead.

Invest in the NPS to get additional tax deduction.

Other deductions

EXEMPTION OR DEDUCTION	CURRENT (₹)	SUGGESTED (₹)
HRA exemption	0	0
Medical insurance	23,000	23,000
TOTAL ADMISSIBLE	23,000	23,000

Sweta Chandra's tax

TAX ON SALARY	TAX ON INTEREST INCOME	TAX ON CAPITAL GAINS
CURRENT		
₹2,87,263	₹10,920	₹3,000
₹3,01,183		
SUGGESTED		
₹2,10,055	0	0
₹2,10,055		

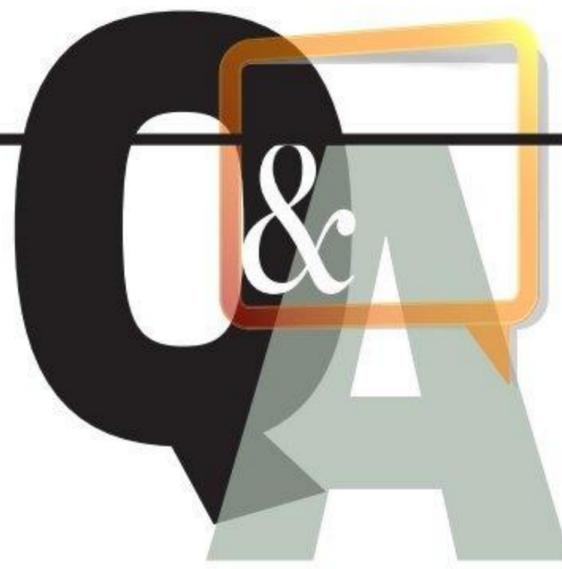
TOTAL TAX SAVED
₹91,128
PER YEAR

TAX RATIO
(Total tax as % of annual income)

EXISTING	SUGGESTED
15.0%	10.7%

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.



I'm 43 years old and my current monthly expenses are ₹1 lakh. My investments include PPF (₹67,000), EPF (₹17.82 lakh), NPS (₹12.06 lakh), and stocks (₹2.95 lakh). My monthly contributions include ₹23,000 in the EPF and ₹19,000 in the NPS. I will retire at 58 and have considered a life expectancy of 85 years. Based on this, could you calculate the retirement corpus I will require, and evaluate whether my current portfolio and investment strategy are sufficient to meet this goal? If not, please suggest the necessary changes.

Your current monthly expenses of ₹1 lakh will increase to ₹2.75 lakh at the time of your retirement in 15 years, assuming 7% inflation. To sustain these after retirement, you will need a corpus of ₹7.94 crore (generating 8% post-tax return after retirement) that will last till the time you are 85. Considering rising medical expenses and uncertainties, you should target a retirement corpus of ₹10 crore. If you continue your current investments in the EPF and NPS, your portfolio at retirement will grow to ₹2.9 crore, considering growth rates of 7% for PPF, 8% for EPF, 10% for NPS, and 12% for equity shares. This leaves a shortfall of ₹7.1 crore. You need to invest more in assets with higher returns and/or reduce expenses after retirement. With a 15-year horizon, investing an additional ₹1.04 lakh per month in flexi-cap equity mutual funds through SIPs can create an additional ₹7 crore, assuming 15% return. Limit the NPS contributions to ₹50,000 per annum for tax savings and invest the rest in equity mutual funds. If ₹1.04 lakh per month is not feasible, start with a lower amount and increase SIPs as your income grows.



Sumit Duseja
Co-Founder & CEO,
Truemind Investment Adviser

I have been investing in nine mutual funds since 2017, with a combined portfolio return of 20-25%. How often should mutual funds be reviewed? What is the criteria for rooting out a fund? Should mutual funds be purchased from a single or multiple AMCs?

You've done well if your portfolio has generated 20-25% CAGR over seven years. With a long time horizon, reviewing your portfolio once a year is enough. Funds have different styles and can underperform in the short to medium term, and even in the long term, if they are cyclical.

If a fund consistently shows significant underperformance over 7-10 years on a daily rolling return basis, it is wise to temporarily stop investments until you understand the reasons for the underperformance and the recovery plan from the AMC. Fund-level underperformance is unavoidable as every fund will have its good and bad times. To minimise underperformance at the portfolio level, diversify well across consistent funds, AMCs, styles and geographies.

Avoid having multiple funds from the same AMC to reduce concentration and overlap risks.

Given your portfolio's strong return and fair number of funds, have it reviewed before making any drastic changes.



Rushabh Desai
Founder, Rupee With Investment Services

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

QUESTION OF THE WEEK

I'm turning 20 this month and my father will retire in 3-4 years. I'm in my third year of engineering, with two more years to go. I'm keen on saving and growing wealth. I've invested about ₹1.5 lakh in mutual funds and started trading in stocks 2-3 months ago. I can allocate ₹3,000 a month to SIPs or other investments. How can I build wealth over the next 4-5 years to beat inflation and secure emergency funds?

It's rare to see such sincere intent towards managing one's financial life in someone so young. Over the next two years, your primary responsibility should be to focus on your education and securing a well-paying job. Your greatest asset is your professional capital and the way you use it to generate future income. If you need to upskill or take extra courses, it's perfectly fine to use your savings instead of investing it. A good job straight out of college will greatly influence your future career trajectory. If you still want to invest ₹3,000 a month, start an SIP in a flexi-cap or multi-cap fund, and choose a scheme with a proven track record. This will be in addition to the ₹1.5 lakh already invested in mutual funds. As your income increases after you start working, hike your monthly investment proportionately.

You've started trading in stocks, which can be rewarding, but is challenging. Please note that more than 90% of the traders don't make money in the markets, according to Sebi.

If building an emergency fund is a goal, aim for a corpus equal to at least six months' expenses. FDs can serve as an emergency fund and liquidity reserve. With the limited surplus of ₹3,000, decide whether you want to build an emergency fund, via recurring deposit, fixed deposit or debt funds, or focus on wealth creation through

SIPs. Consider opening a PPF account if you don't have one already. This will start the 15-year lock-in period and prove beneficial later when you look for debt saving options.



Dev Ashish
Founder, StableInvestor, and
Sebi-registered investment adviser

I have monthly SIPs of ₹20,000 in HDFC Defence Fund, Mahindra Manulife Small Cap Fund, and HSBC Multi Cap Fund. I also have ₹10 lakh in SBI Automotive Opportunities, DSP India T.I.G.E.R, HSBC Multi Cap, ICICI Pru Large and Mid Cap, ICICI Pru Manufacturing, ITI Flexi Cap, Kotak Equity Opportunities, and Mirae Asset Multi Cap. My goals include saving ₹2 crore by 2030 for my child's education and ₹3 crore by 2038 for retirement, with ₹1 lakh monthly income. I plan to hike my monthly SIP by ₹10,000 and invest an additional ₹10 lakh in the next six months. Am I on the right course? Please advise.

The chosen funds are largely sectoral or diversified multi-cap and, therefore, inherently high-risk options. The multi-cap funds can capture long-term growth in a sector- and company size-agnostic manner. With sectoral funds, understanding performance cycles is crucial for optimal returns. For example, infrastructure funds often perform well in election years. Your goals are substantial and will require a significant increase in your contribution. An SIP of ₹30,000 and lump sum of ₹20 lakh with an expected average return of 15% per annum will grow to ₹84 lakh in six years by 2030, excluding your current investments. To save an additional ₹1.16 crore for your daughter's education, you will need an extra monthly SIP of ₹1 lakh. For retirement, you need an additional SIP of around ₹52,500 to save ₹3 crore in 14 years.



Adhil Shetty
CEO, BankBazaar

I retired without a pension and my monthly expenses are ₹1.2 lakh. My investments include ₹50 lakh in fixed deposits, ₹4.5 crore in mutual funds, ₹60 lakh in PF, ₹70 lakh in the PPF, and ₹30 lakh in shares. I have health insurance of ₹10 lakh and no liabilities. Is this sufficient for the next 30 years?

You have built a substantial corpus with equity investments, which should cover household expenses, but must be managed for inflation, interest rates and taxation. For a structured plan, use a systematic withdrawal plan (SWP) to manage monthly expenses. Assuming 9% growth and 6% inflation, set aside ₹3 crore from your mutual fund portfolio in large-cap, flexi-cap, and hybrid funds. Use arbitrage and debt funds, including target maturity funds (from EPF corpus), to manage expenses during market volatility. Allocate ₹50 lakh in fixed deposits for emergencies and short-term needs, and consider moving some to arbitrage funds based on tax liability. Let the PPF grow without additional contributions. Keep ₹1.5 crore in mutual funds and ₹30 lakh in stocks invested for 10-15 years, or more, to cover shortfalls. Ensure this part of the portfolio is easy to manage.



Prableen Bajpai
Founder, FinFix Research and
Analytics

Ask our experts

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

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 week's cover 'Is your medical claim stuck?' delves into the challenges faced by the public regarding medical claims. A major issue is the policyholders' lack of understanding about policy terms. However, delays caused by hospitals and TPAs/insurers are largely avoidable as the submission process is standardised. Time is often lost due to incorrect or incomplete documents submitted by hospitals, with TPAs holding up the process over minor issues. The real victim is the patient, who is left waiting for hours after discharge. The recent initiatives by Irdai will be a significant relief, provided these are swiftly and earnestly implemented by hospitals and insurers.

Sridhara Banavara

The cover story exhaustively covers all aspects of mediclaim. The patients may genuinely not know about pre-existing and genetic diseases and can't be sure about procedures or complications during surgery. The hidden or non-obstante clauses in policies can't be precisely understood and explained by agents. The claim settlement and

Grey areas in medical claims

As a healthcare technology professional specialising in the automation of medical claim processing, I found the cover story 'Is your medical claim stuck?' enlightening. The case study in the article illustrates why insurers hold a claim on 'debatable grounds'. This stems from the grey area in determining whether a patient's treatment was justified. Industry reports estimate that 10% of medical claims in India are fraudulent, giving insurers not only the right, but also the need, to investigate any suspicious claims.

Kartik Desikan

rejections are neither transparent, nor fair. It's as if the focus is on rejection rather than acceptance. Irdai should remove all grey areas in policies and make hospitals/insurers responsible for claim resolution.

Vinod Johri

Thanks for the insightful article 'IPOs on a



roll again. Should you invest? Traders are advised to follow GMP and consider an 'exit' strategy after listing. However, investors should focus on the fundamentals and opt for a 'wait' approach. For those who are averse to risk, entering the secondary market after a thorough fundamental analysis is advisable.

Darshan Godbole

Uma Shashikant's column 'How to make your personal financial bucket list' was a great read. Wants cannot be fully encapsulated in a list. Nonetheless, financial planning is about economising monetary resources that are relatively scarce. Economics as a science would not exist if resources were unlimited. As a teacher of economics, I'm grateful for the subject that has helped me lead a decent life.

S. Ramakrishnasayee

The 'Back to Basics' section helps readers understand and navigate financial stories with prudence. People often miss the basics, leading to confusion. I'm looking forward to more such pieces in this section.

Arup Choudhury

This is with reference to 'Back to Basics' section, explaining the difference between sum insured and sum assured. I would like to add that we insure something against a peril that may or may not happen, whereas we assure something that must happen. Therefore, life is assured, while cars, houses, liabilities and health are insured.

P.K. Bhagat

BACK TO BASICS

Deductible vs Co-payment

If you are confused by personal finance terms, jargon and calculations, here's a new series to simplify and deconstruct these for you. In the fifth part of this series, **Riju Mehta** explains the difference between deductible and co-payment.

What is deductible?

Deductible is the amount you pay for your hospitalisation before making a claim. At the time of buying a policy, you agree to pay a predefined amount and show proof of the same before the health insurer can step in to pay the bill in excess of this amount.

There are two types of deductibles available in India: compulsory and voluntary. The compulsory one has an inbuilt deductible feature in the plan. The insured doesn't have a choice but to accept it and the premium is not reduced. In the voluntary one, the insured has the option of taking this feature and lowering his premium. Deductible is present as a compulsory feature in top-up plans, where the base cover can take care of the deductible amount and the remaining is taken care of by the top-up plan.

It is usually a predetermined fixed amount, but in case of compulsory deductibles, it can be a percentage of the sum insured.

It is meant to be a deterrent for policyholders not to make frequent claims for small health problems and thereby compromise their no-claim bonus.

How is it calculated?

If you buy a ₹10 lakh plan with a deductible of ₹3 lakh, it means that if you are hospitalised, you will first pay ₹3 lakh yourself or through another health insurance policy, before the insurer covers your remaining bill. For instance, if you are hospitalised and your bill amounts to ₹7 lakh, you will first pay ₹3 lakh, show to the insurer that this amount has been paid, and only then will the remaining ₹4 lakh be paid by the insurance company.

What is co-payment?

Co-payment is the amount that you split with your health insurer at the time of paying the hospital bill. Unlike the deductible, it comes into force each time you raise a claim and have to first make the bill payment before the insurer pays the remaining amount.

It is usually a percentage of the hospital bill or cost incurred at the time of hospitalisation, but can also be a fixed amount. It is typically 10-30% of the bill amount.

This clause can be built into the plans, but can also be opted for as a rider or add-on. The feature is typically present in plans for senior citizens, who have pre-existing diseases and may require frequent hospitalisation.

This is also meant to discourage people from making small, frequent claims or opt for expensive hospitals.

How is it calculated?

If your health plan comes with a co-payment clause of 20%, and you incur a medical bill of ₹2 lakh for hospitalisation, you will have to pay ₹40,000, while the remaining ₹1.6 lakh will be paid by the insurance company.

In health insurance, both deductible and co-payment refer to the share of money you pay from your pocket before the policy comes into effect, but these differ in terms of execution. Both make for financially useful tools as these help reduce the premium, but remember that it is beneficial only as long as you don't make a claim since you end up increasing your out-of-pocket expenses while paying the bill.

It's important to check the health plans for these features because some policies have these as inbuilt features and it might come as a shock to you at the time of bill payment.

Opt for these features depending on your health condition. If you are young and in good health, you can choose a higher deductible or co-pay, but if you are elderly and your medical condition is not too good, it's best to keep this amount low or not have it at all.

Here's how the two features differ from each other.



GETTY IMAGES

The Economic Times Wealth is available at an invitation price of ₹8/issue. To book your copy, contact your newspaper vendor or call 022-39898090; Email: crm.mumbai@timesgroup.com; SMS ETWS to 58888