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FIFA May 2022

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FIFA May 2022

In Conversation with
Dr Soumya Kanti Ghosh

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On **27th May 2022, Dr. Soumya Kanti Ghosh**, Chief Economic Advisor – State Bank Of India conducted knowledge sharing session through zoom webinar.

Topic : **Current Macro Environment : Inflation, Rates, Liquidity and it's impact on the Economy.**
There were more than 122 members who attended the session.

Please find the recording link of the knowledge session :
Video Link: https://www.youtube.com/watch?v=-Mg_IDeAqwk
Audio Link: https://www.fifaindia.org/uploads/audios/member/drsoumyaghosh31may.mp3

Both the recording links have been uploaded on the FIFA Website : www.fifaindia.org in the Events Section.

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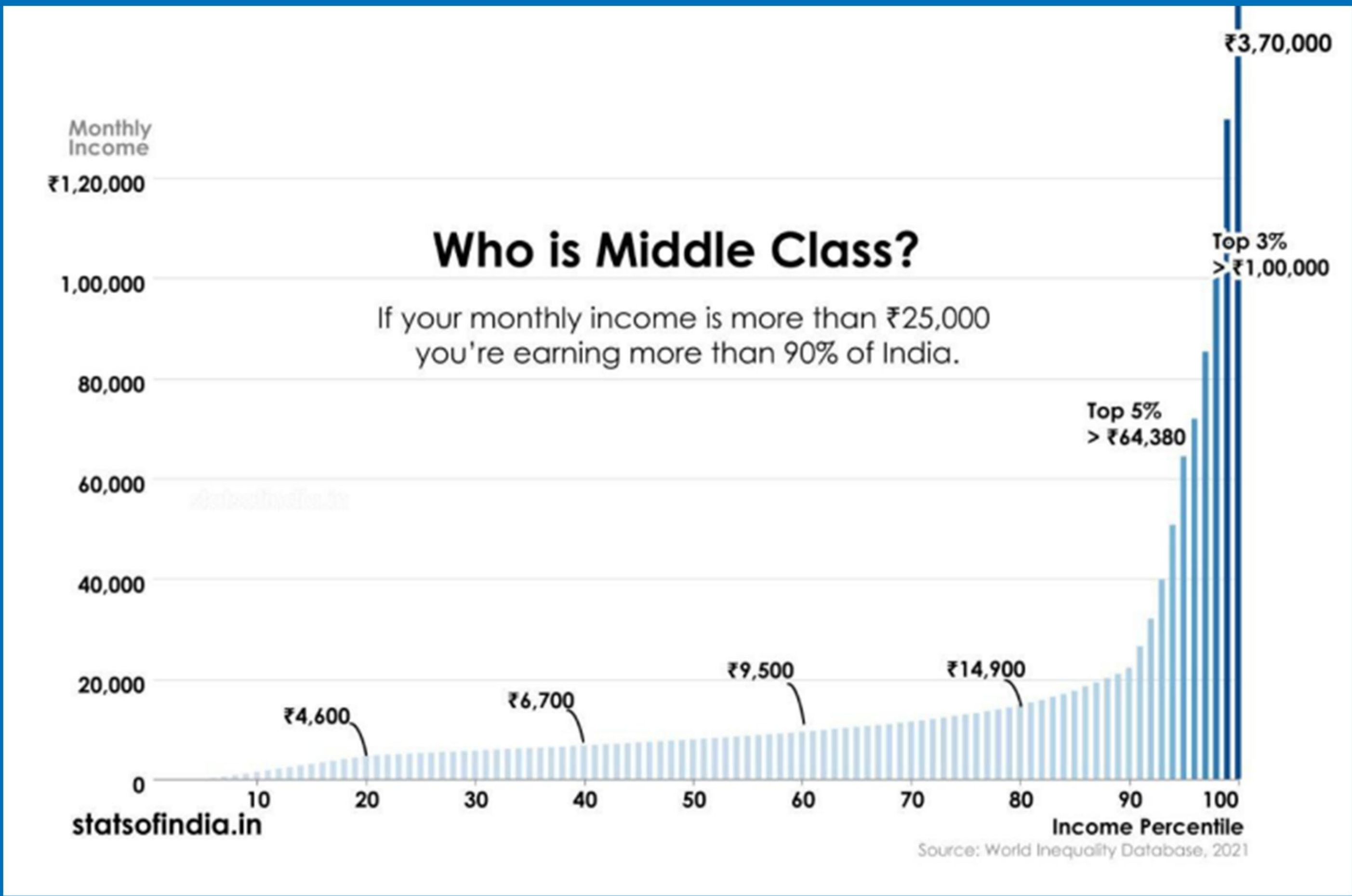

Who exactly is the Indian middle class?

- 90% of Indians make less than 25,000 monthly.
- If you're making > 1L a month, you're among the top 3%.

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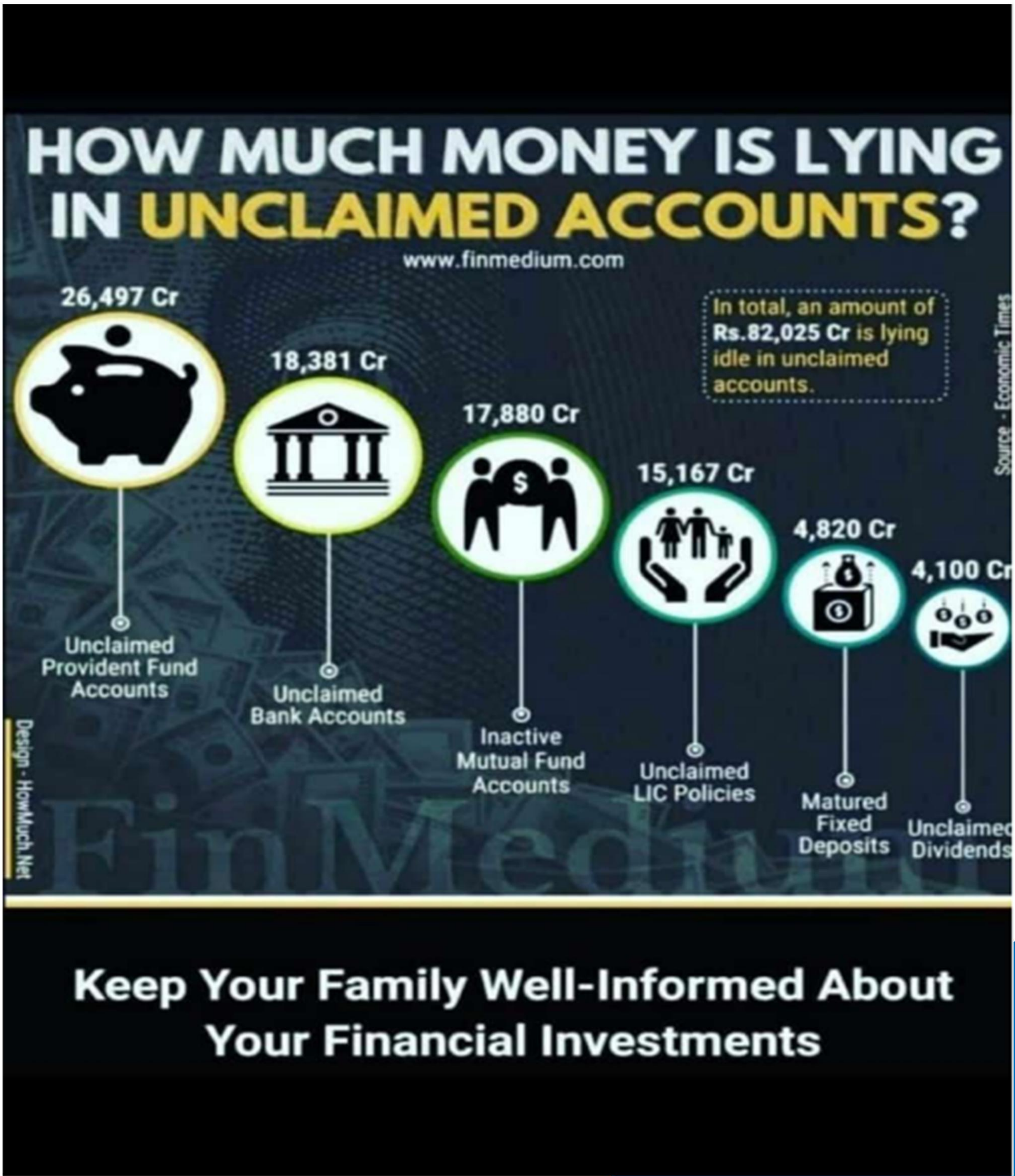


GST COLLECTIONS TOUCH ALL-TIME HIGH
India's GST revenues crossed ₹1 lakh crore mark for the tenth month in a row and ₹1.5 lakh crore mark for the first time
GST COLLECTION (₹ CR)
Apr 2021 ₹139,708
May 2021 ₹97,821
June 2021 ₹92,800
July 2021 ₹116,393
Aug 2021 ₹112,020
Sep 2021 ₹117,010
Oct 2021 ₹130,127
Nov 2021 ₹131,526
Dec 2021 ₹129,780
Jan 2022 ₹140,986
Feb 2022 ₹133,026
Mar 2022 ₹142,095
Apr 2022 ALL-TIME HIGH ₹167,540
₹33,159 crore
Central GST (CGST)
₹41,793 crore
State GST (SGST)
₹81,939 crore
Integrated GST (IGST)
₹10,649 crore
Cess collections
NEWS18 creative
Source: PIB

'FOUR IMPORTANT MONEY MATTERS THAT START IN MAY'

HIRAL THANAWALA

MAY 02, 2022

Higher interest rates on loans, an increase in charges by a private bank on savings/salaried accounts, and the start of swing pricing in mutual funds are among the regulatory and operational changes kicking off in May

Interest rates on loans are likely to go up and bank tariffs are set to be changed in May. In mutual funds, the swing pricing mechanism will be implemented and asset management companies will have to start investing more in their own schemes. Here are the key regulatory and operational changes set to start in May.

Home, car loan rates may rise

The State Bank of India (SBI), Axis Bank, Bank of Baroda and Kotak Mahindra Bank increased their benchmark marginal cost of funds-based lending rates (MCLR) in April. SBI raised its MCLR by 10 basis points across all tenures and the other three banks raised it by five basis points. One basis point is one-hundredth of a percentage point.

SBI's MCLR is 7.1 percent for one-year tenure, 7.3 percent for two years, and 7.4 percent for three years. At Axis Bank, the MCLR is 7.4 percent, 7.5 percent and 7.55 percent for one, two and three years of tenure, respectively.

MCLR is an internal reference rate for banks set by the Reserve Bank of India to help determine the minimum interest rate on various types of loans. The final rate includes risk premium and the spread charged by banks.

For MCLR-linked loan borrowers, the interest rate will be reset as per the loan agreement. In general, MCLR-linked home loans have a reset clause once every six or 12 months after taking the loan. The increase in the interest rate cycle comes after two years of the pandemic, and will especially affect home loans, which are at an all-time low.

Savings, salary account charges
Effective May 1, Kotak Mahindra Bank will apply new norms to savings and salary account holders. The bank has increased charges for non-maintenance of minimum balance. It will add Rs 50 to the charge of 5 percent of the shortfall with a cap of Rs 500 or Rs 600, depending on the type of account.

The bank will also introduce fees for cheques issued and returned for non-financial reasons including incomplete, differing and illegible signatures. Each instance will cost the customer Rs 50. Charges for cheques deposited and returned as well as the standing instruction failure fee have been increased to Rs 200 from Rs 100 per instance.

Swing pricing in mutual funds

From May 1, the Securities and Exchange Board of India will implement swing pricing for mutual fund schemes, aimed at discouraging large investors from sudden redemptions.
The new framework, aimed at ensuring fairness in treatment of entering, exiting and existing investors in mutual fund schemes, especially during market dislocation, was to have been applicable from March 1, but was delayed to May.
The swing pricing framework is mandated only for high-risk, open-ended debt schemes as they carry high-risk securities compared to others. All asset management companies will have to make clear disclosures, along with illustrations, in the scheme information documents and include information on how swing pricing works, when it is triggered, and the effect on net asset values for incoming and outgoing investors.

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AMCs to invest more in own schemes

Fund houses will have to invest more in their own schemes from May, as per SEBI regulations. This is aimed at aligning the interests of asset managers with those of their investors. AMCs will invest 0.03 percent to 0.13 percent of their asset bases in their own mutual fund schemes.

The extent of such investments will vary as per the risk level of the scheme. The risk level will be determined as per the risk-o-meter framework.

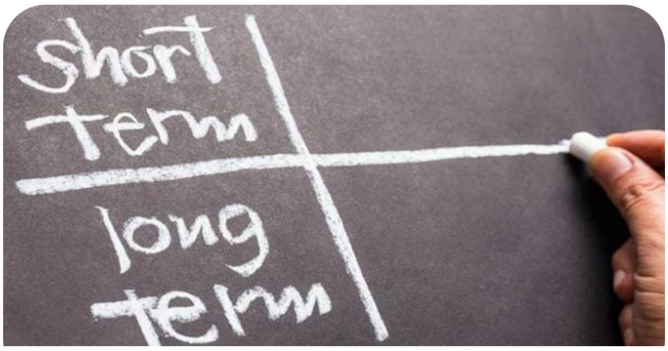
AMCs will have to maintain the investments in their own schemes at all times, until the completion of tenure or closure of the scheme. They should ensure that the minimum amount remains invested and should conduct quarterly reviews to ensure compliance.

In your 40s and haven't saved enough? It's not as bad as you think

DEV ASHISH MAY 27, 2022

Most investors focus more on getting higher returns. But when you are just starting, 'saving more' is a lot more important than higher returns

Many of us put off investments and savings till we reach our 40s. Then, we panic. A person in her 40s has usually worked for over 20 years but often enough, many find that they have not saved enough for their future. Many have this complaint despite doing well in their careers and earning a good salary.
While beginning the process of investing in your 40s isn't ideal, it isn't as bad as it may look at first either.



Better late than never

You need to play a bit of catch-up no doubt when you start late. But the good part is that there are quite a few things in your favour.
What works in your favour in your 40s? Let's consider the example of my friend who is in this situation.

- A salary much higher than what in his 20s;

- Linked to the previous point, a much higher investible surplus;

- Almost 15-20 years of runway still left to invest properly and gain from long-term compounding
- Another good thing that my friend managed to do was that he closed his home loan just a few months ago. So he indeed had a lot more surplus money with him now as the regular instalments towards repaying the loan are not part of his expenses.

Most investors focus more on getting higher returns. But when you are just starting (even if you are a bit late to the investing game), 'saving more' is a lot more important than higher returns. This sounds counterintuitive but it's true.

What to do if you start late

A typical person in her early 40s would still have nearly 15 more years to go in her corporate/earning career. This is a good enough a time period to have equity in her portfolio. So apart from the mandatory employee' provident fund (EPF) contributions, it's better to allocate the remaining surplus (or at least a major chunk of it) to equities

Where to invest? Pick one or two large-cap index funds. If picking one, then go for either a Nifty-based or Sensex-based fund.

If you have a slightly higher risk appetite, then also include the Nifty Next50 index fund. Add one or two flexicap or large and midcap funds. That's about it.

You can also consider having a pure midcap fund, international fund and a bit of gold allocation. But it's not that urgent when beginning. These can come in a bit later.

Top up your SIP; invest bonuses, don't spend them

Make sure you keep increasing your regular investment periodically. Your income will (hopefully) increase every year. So why should your investments stagnate?

INCREASING YOUR SIP AMOUNTS PAYS OFF

When your salary increases every year, your SIP contribution must also keep pace

Regular SIP	
Monthly SIP contribution	Rs 1,000
Scheme's return	12%
You start your SIP at age	23
Age 60, you get	**Rs 82.75 lakh**

Top-up SIP	
First year's monthly contribution	Rs 1,000*
Last year's monthly SIP instalment	Rs 4,700
Scheme's return	12%
You start your SIP at age	23
Age 60, you get	Rs 138.69 lakh

*Plus Rs 100 top-up every year

moneycontrol

Just try to invest a bit more every year by increasing systematic investment plan (SIP). You will be surprised how much larger your portfolio becomes eventually. Make sure that in addition to regular monthly investments you also pump in your bonuses, incentives and other windfalls into your savings. Spending a bit of this extra money is perfectly okay. But a major chunk should go towards savings when you are starting late.

You might feel that if you are late, you need to take a lot of risks to compensate for the delay. That is not true at all. Taking on more risk doesn't guarantee better results. It might in fact backfire big time. So don't make that mistake.

Get yourself a financial advisor

The 20s or the 30s could be a good time to go on your own and invest directly. But when you are in your 40s, time is running out. Do not hesitate in talking to a good investment advisor.

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DIY investing is glamorous to talk about. But if you are already late to investing, then you cannot afford to experiment a lot and go wrong. You have less time so you need to be a bit careful. Talk to an expert if you have doubts.

How to invest in your 50s?

That was about starting in your 40s. But if you are a bit older, like in the early 50s, then don't delay this any further. Let's be honest: you are already a little too late. But do what you can without further delay.

And does it make sense to clear all your loans before you start investing?
Being free of debt is divine. But if you are in your 40s and have a loan or two, then don't wait until you are debt-free to begin building wealth.
That's about it. But the important thing is to not delay things any further. Start when you can. Do what you should.

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WE ARE OPEN TO CONTRIBUTIONS FROM OUR VALUED MEMBERS!

The editor is open for interesting contributions from our members. It can range from IAP programme snapshots or pictures/snippets of fun events conducted for investors, to fun anecdotes as well as any valuable inputs you would like to share! Please write to **nisreen@moneyworks.co.in** to get featured in our next edition.

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MEMBERSHIP RENEWAL

Requesting members to make the renewal payment for this Financial Year 2022-23.
Also appreciate those members who have not yet paid their outstanding fees to do so at the earliest.

YOU CAN MAKE THE PAYMENT THROUGH OUR

Website: www.fifaindia.org
Username: your registered email id
Password: pass@123

You can also download the **GrowFa App** from **Google Play Store** and make the payment.

In case if you face any difficulty, please email the query to **accounts@fifaindia.org** or get in touch with **Ronald** on mobile number **+91 98675 08393.**

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