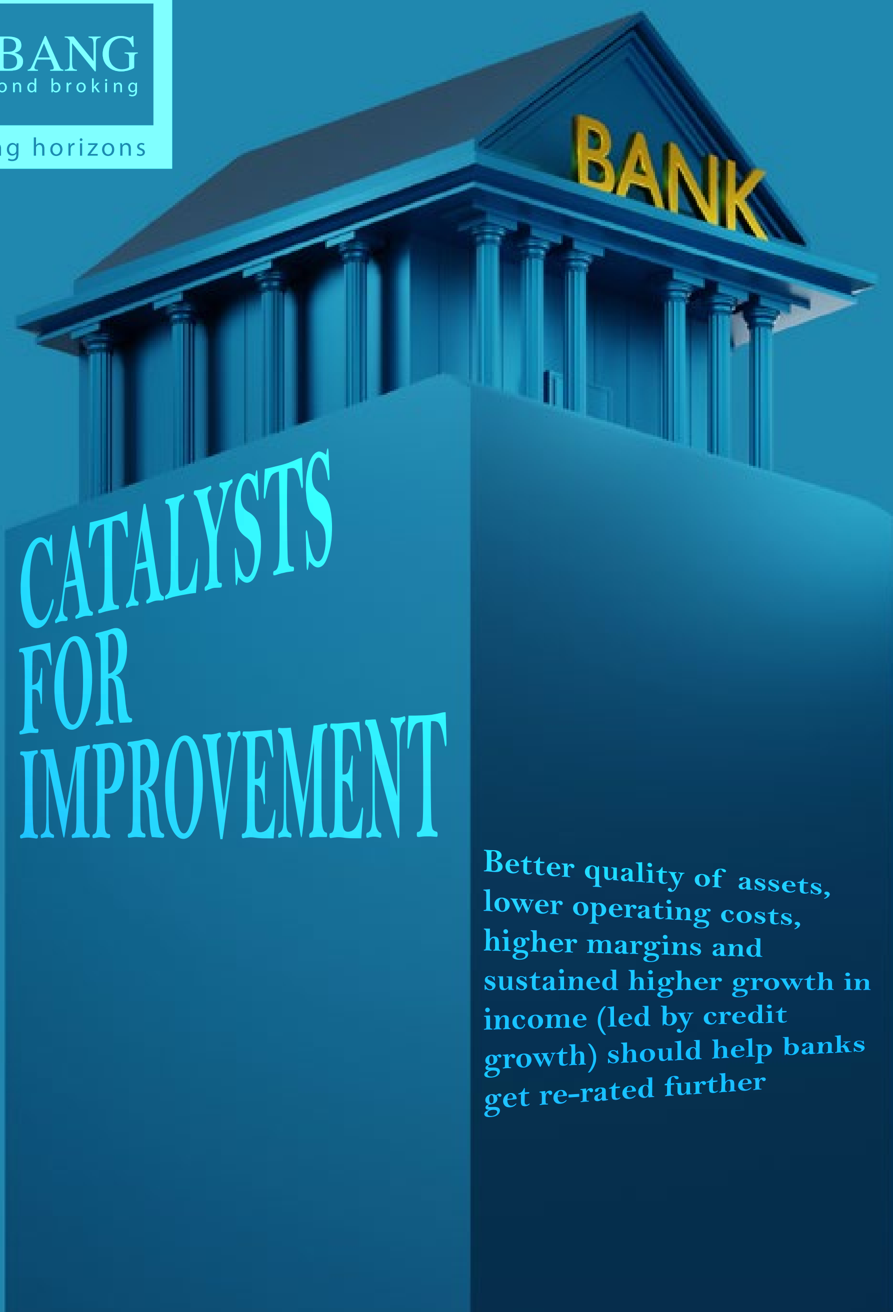
RNI No. MAHENG/2009/28962 | Volume 14 Issue 12 | 16th - 31st Dec '22
Mumbai | Pages 48 | For Private Circulation

Beyond Market

it's simplified...

NIRMAL BANG
a relationship beyond broking

a financial magazine crossing horizons



CATALYSTS FOR IMPROVEMENT

Better quality of assets, lower operating costs, higher margins and sustained higher growth in income (led by credit growth) should help banks get re-rated further


NIRMAL BANG
a relationship beyond broking
Nirmal Bang Niveshalaya Pvt Ltd
SIP
SIPs – For
Investors With
Different Pocket Sizes
Start investing in mutual funds through Systematic Investment Plans (SIPs)
with as little as ₹1,000/month or as much as you want
mfsupport@nirmalbang.com
Disclaimer: "Mutual Fund Investments are subject to market risks. Please read the offer documents carefully before Investing."
Nirmal Bang Niveshalaya Pvt Ltd | ARN - 111233 | Mutual Fund Distributor Regd. Office: Nirmal Bang Niveshalaya Pvt Ltd. B - 201,
Khandelwal House, Poddar Road, Near Poddar Park, Malad (East). Mumbai - 400097 | *conditions apply

Beyond Market

it's simplified...

NIRMAL BANG
a relationship beyond broking

Volume 14 | Issue: 12, 16th - 31st Dec '22

Editor-in-Chief & Publisher: Rakesh Bhandari
Editor: Tushita Nigam
Senior Sub-Editor: Kiran V Uchil

Art Director: Sachin Kamble

Operations: Namrata Sabbani

Research Team: Sunil Jain, Vikas Salunkhe, Swati Hotkar, Nirav Chheda, Amit Bhuptani, Ayush Mehta, Ritu Poddar, Uma Gouda

Printed and published by Mr Rakesh Bhandari on behalf of Nirmal Bang Financial Services Pvt Ltd, printed at Uchitha Graphic Printers Pvt Ltd 65, Ideal Ind. Estate, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 and published at Nirmal Bang Financial Services Pvt Ltd, 601/6th Floor, Khandelwal House, Poddar Road, Malad (E) Mumbai - 400097. Editor: Tushita Nigam

REGISTERED OFFICE
Nirmal Bang Financial Services Pvt Ltd
601/6th Floor, Khandelwal House, Poddar Road, Malad (East) Mumbai - 400097
Tel: 022 - 6273 9600

Web: www.nirmalbang.com
beyondmarket@nirmalbang.com
Tel No: 022 - 6273 8047

CONTENTS

STILL GOING STRONG

Tushita Nigam
Editor

The banking sector plays a pivotal role in understanding the financial and economic condition of a country. Despite the economic turbulence due to covid, the sector has managed to sail through rough times, in large part, due to strong governance and reforms.

In our cover story, we have shed light on the new earnings cycle that is led by credit growth and expansion in margins. Read on to understand the current situation better.

Also in this issue, we have discussed in detail topics like the Reserve Bank of India's pilot project of its digital currency for retailers and wholesalers and how it's likely to function, the outcome of the recently held Monetary Policy Committee meet where inflationary pressures were addressed, and the progress on the onboarding of retailers of various sizes on to the open network for digital commerce (ONDC) system.

You will also find articles on the growing popularity of the government's production-linked incentive (PLI) scheme, which in turn is leading to this scheme being offered to other categories of products too; how investors can take inspiration from their daily lives to make fruitful investments: the need for companies to follow new policies and regulations to avoid hindrances in the smooth functioning of their businesses: and the revival in the hotel industry after the pandemic.

Maintaining a healthy investment portfolio can be tough in volatile market conditions. Read on to know how you can deal with this in the Beyond Basics section of this issue.

The Beyond Learning section carries an interesting article on the nuances around prepaying home loans and how borrowers can employ it to their advantage.

Do not miss our cut-and-keep page with the list of international holidays of leading stock exchanges across the globe for the year 2023.

And last, but surely not the least, Team Beyond Market would like to wish all its readers a very happy and a prosperous **2023!**

"The Nifty Futures' expected level on the upper side is around 18,550."

The US Federal Reserve (Fed) raised its key interest rate for the seventh time this year and signalled more hikes to come, however, at a slower pace. Nevertheless, the Fed indicated that interest rates will remain high in 2023.

Meanwhile, in India, the Reserve Bank of India (RBI) reduced the pace of increasing interest rates in its recent Monetary Policy Meet and the rates seem to be near their peak.

A slowdown in spending post the festive season is visible in some of the consumer sectors.

In the coming fortnight, the Indian stock markets look good. The Nifty Futures has support at 18,050. The expected level on the upper side is around 18,550. If it crosses this level, the Nifty Futures is likely to go beyond the 19,000 level.

Going forward, traders and investors can look forward to Q3 FY23 earnings results of India Inc, which are likely to be a mixed bag. Additionally, expectations from Union Budget 2023 will start gathering momentum in the following days, and must, therefore, be watched out fo**R.**

Dilip Barg

Sensex: 60,910.28
Nifty: 18,122.50
(As on 28th Dec '22)

CRACKING THE CBDC CODE

The RBI has started a pilot for its own digital currency, which will decide the contours of the currency and how anonymous it will be

Till last year, private cryptocurrencies were a rage in India, threatening to destroy the hard-earned money of those who may not understand it. But cryptos are a pale shadow now, with not many willing to bet on them due to their hazy legal status, heavy taxation and recent price crashes.

Amid the waning mania, they have a hefty competitor as well: Central Bank Digital Currencies (CBDCs). Globally, central banks, including India's Reserve Bank of India (RBI), are launching their own CBDCs. While initially they were pitted to take on private cryptos, now the CBDC use cases have expanded as well.

The eNaira of Nigeria and the Bahamian sand dollar are two fully launched CBDCs, while China, Singapore, France, Canada, Saudi Arabia, and the UAE are among the countries conducting CBDC pilots. There are more than 100 CBDCs in research or development stages.

THE RBI'S E-RUPEE

The RBI has launched pilots for its CBDC called e-rupee, which will mimic and expand on usage functions of paper currency.

The wholesale e-rupee pilot was launched in November this year and the RBI is satisfied with its progress.

The retail pilot was launched on 1st December in a closed user group with four participating banks — State Bank of India, ICICI Bank, IDFC First Bank and Yes Bank — and several merchants in New Delhi, Mumbai, Bengaluru, and Bhubaneswar.

Merchants like petrol pumps and retail stores are transacting with select customers that have been provided CBDC wallets.

Currently, users and merchants are doing a few hundred transactions every day, which will be increased to a few thousand. The plan is to launch a system wherein CBDC can also work in offline mode, expanding its scope and scale across the country.

HOW IT WILL WORK

E-rupee will be issued in the same denomination as the paper currency and distributed through e-wallets. The wallet will be made available for transactions on the bank's mobile application once the bank ensures that all the Know-Your-Customer processes have been completed. Based on the account holder's demand, a specific amount of money would be converted into CBDC and transferred to the wallet from the savings account.

In CBDC, just as paper currency, you go to a bank, you will draw the digital currency and keep it in your wallet, which will be basically your mobile phone. Instead of cash withdrawal, funds can be loaded onto the wallet as e-rupees.

And when you go and make a payment in a shop or to another individual, e-rupees will move from your wallet to his wallet.

Transactions can be both person to person (P2P) and person to merchant (P2M). There is no routing or no intermediation of the bank. So, it will be a wallet-to-wallet transfer between these parties without the bank coming in between, which is critical to offering anonymity in CBDC transfers.

Whereas in a UPI transaction, the message goes to the issuer's bank, and his account gets debited and the money gets transferred to the receiver's bank and his account gets credited, and he gets a message on his mobile phone. So, there is an intermediation of the bank in that process.

RBI Governor Shaktikanta Das said the RBI Act with regard to CBDC says the currency will also include digital currency. "So, in all respect, there is no difference in the eyes of law, no difference in treatment between paper currency and a digital currency. The I-T department has got certain limits for cash withdrawals, payments. Beyond a certain limit, you have to give your PAN card number. So the same rules will apply in the case of CBDC also," he said.

In comparison to private cryptocurrencies that are created with decentralization at their core, the e-rupee will be issued, backed, and controlled by the central bank like any other legal tender. It is the liability of the RBI like other currencies.

THE ANONYMITY FACTOR

One of the reasons cash is still being used in many developed countries to a large extent is that people love anonymity. But how can anonymity be ensured in the case of a digital currency?

The RBI may ensure anonymity by two factors, one is the technology route, where the RBI systems deploy auto-deletion tools that erase transaction records up to a certain extent, say ₹50,000. Another way could be the government enacting legislation or providing it through rules that e-rupee transactions up to a limit cannot be stored or probed into.

However, the execution manner can be gauged after the experience of the pilot projects, learnings from other countries and technological options being developed.

"We understand there are technologies possible to do that. So, we can use any one of those. It is also possible to get a legal provision to ensure anonymity. So, what exactly will happen will depend on how things evolve," RBI Deputy Governor T Rabi Sankar said.

Currently, for cash transactions above ₹50,000 or more, quoting PAN card details is mandatory, while the tax laws do not allow the usage of cash for a single transaction above ₹2 lakh. While the ₹2 lakh limit may not be applicable for e-rupee, transactions up to ₹50,000 per user in e-rupee will be kept anonymous.

HURDLES IN MAINTAINING ANONYMITY

Currently, for transactions involving commercial bank accounts, details of the customer's identity and transactions are visible to the account-holding institution and participants involved. For cash currency-based transactions, details of currency movements are not visible to either the central bank or the intermediary financial institutions involved.

In the CBDC context, with a distributed ledger, the account and transaction data, encrypted and digitally signed, may be shared with multiple intermediaries participating in the financial system. In addition, the movement of token-based CBDC from one to another customer's digital wallet may provide traceability for individual currency tokens.

Also, the wallet-to-wallet transactions could certainly be anonymous but when a user transfers money into the wallet or withdraws money from the wallet to his/her bank account, these transactions will reflect in the user's bank statement.

The issue of privacy has been addressed to some extent with PSD2 and open banking.

GDPR protects the confidentiality of identity and sensitive information. These two complementary and balanced regulations can also be extended to address CBDCs.

THE GAINS IN LAUNCHING CBDC

CBDC payments are final, and there is no need for interbank settlements, which reduces settlement risks in the financial system.

CBDCs can also help smooth cross-border payment systems, which are currently complicated by the presence of multiple currencies and country-specific regulations.

Second, India has a high currency-to-GDP ratio.

If large cash usage can be replaced by CBDCs, the government can reduce the cost of printing, storing, and distributing currency. CBDCs can help with the targeted distribution of funds for aid and subsidies including direct benefit transfers.

And lastly, there's a threat of private cryptocurrencies. National currencies with limited convertibility are likely to become subject to new risks if private currencies gain a stronger foothold.

The most significant driver of CBDC lies in the ability of a central bank to transmit interest rates through returns; this would be impossible with cash and could apply to both positive and negative rates. Transmission could be further enhanced if anyone could hold unlimited CBDC; it would create a market where lending would not happen at less than the CBDC rate.

KEY CHALLENGES

The fact that several countries such as Uruguay, Canada, Saudi Arabia and UAE have been running CBDC pilots for several years means a full-fledged launch of digital currencies may be easier said than done.

While a CBDC may have many potential benefits on paper, central banks will first need to determine if there is a compelling case to adopt them, including if there will be sufficient demand. Some have decided there is not, at least for now, and many are still grappling with this question.

Also, users might withdraw too much money from banks all at once to purchase CBDCs, which could trigger a crisis. The RBI will also need to weigh banks' capacity to manage risks posed by cyberattacks, while also ensuring data privacy and financial integrity.

Breakthrough initiatives on various parameters such as planning for better digital financial literacy in rural, unbanked and underbanked populations, deployment of robust tech infrastructure, a strong legal framework, and the elimination of cultural barriers remain key for the successful implementation of CBDC in India.

The success will also depend upon a strong regulatory framework, which will not only help govern the technology but also actively address potential barriers to its adoption.

The digital currency infrastructure requires significant investments and its implementation will not be without hiccups.

The threat of cybercrimes around digital payments and currencies demand that top-end cybersecurity measures are applied, apart from the use of technologies that ensure high standards of user experience to drive adoption.

HOW WILL IT FARE FOR THE BANKING SECTOR?

A successful CBDC would also be expected to lead to some level of disintermediation of the commercial banking sector, especially if there is wider adoption of CBDCs and consequent withdrawal of funds from the banks into the wallets. As a result, banks might need to pay higher interest rates to maintain their deposit funding or seek alternative sources, which may raise the costs of funding and increase the cost of credit.

This could be mitigated by limiting CBDC holdings or by banks offering a sweep-in facility that transfers digital rupees from users' wallets back into their bank accounts by the end of the day.

With cash staying the king and digital transactions barely scratched, the case for a CBDC in an emerging economy like India is quite strong, and with good design, it can change deep-rooted behaviours that have been a hurdle for the full digitization of payments in IndiA.

Although the worst of inflation seems to be behind us, the inflation battle is not over yet. The MPC is likely to take a calibrated approach in its future reviews

As expected, the six-member monetary policy committee (MPC) - the interest rate-setting body of the Reserve Bank of India (RBI) - delivered a 35 basis points (bps) hike in the benchmark repurchase rate (repo) in its 7th December policy review.

The repo rate is the interest rate at which banks borrow from the RBI during times of tight liquidity in exchange for government securities as collateral. This way liquidity is injected into the system at the repo rate. The repo rate influences all the other interest rates in the system like banks' lending and borrowing rates. It also influences yields on government and corporate bonds.

Since inflation, as measured by the consumer price index (CPI), remains at high levels, the MPC has decided to remain focused on 'withdrawal of accommodation' to ensure inflation remains under the 6% threshold for the medium term. With this hike, the MPC has raised the repo rate by a cumulative 225 bps since April '22 from 4% to 6.25% now.

While the increase in repo rate has slowed down to 35 bps in December review as compared to 50 bps undertaken in the last three policy reviews, there is a view that the MPC has been unnecessarily hawkish given the slide in inflation globally in recent weeks.

Is the MPC unnecessarily hawkish or is it doing a balancing act by ensuring that inflation remains fully grounded and the objective of sustained economic growth is met for the medium term?

HIGH CORE INFLATION - THE BIGGEST PROBLEM

The MPC has been cautious about inflation. Although the overall CPI inflation, which the RBI tracks for setting its monetary policy, has fallen over the weeks, heightened uncertainties emanating from geopolitical tensions, financial market volatility and the rising incidence of weather-related disruptions pose upward threats to inflation in the future.

The CPI inflation fell to an 11-month low of 5.9% in November (data came after the RBI's policy review) from 6.8% in October. This is only a tad

CPI Inflation

The RBI's Policy Committee has a legal target of keeping CPI inflation under 6% for a five-year period ending March '26. The various components of the index move differently at different points in time. Generally, food and fuel are very volatile and if these items are included all the time while calculating CPI inflation, it could distort the entire picture and lead to bad policy decisions by the government and the RBI. Thus, what remains after excluding food and fuel is core inflation. Apart from tracking the entire basket, analysts also keep a hawk's eye on core inflation to predict any policy moves. Currently, core CPI inflation has a weightage of 47.3% in the entire CPI index.

lower than the RBI's tolerance level of 6%. Besides, the drop in overall CPI inflation was on the back of a drop in food inflation and a favourable base.

Food inflation is lower, which typically is the case during the winter season when new stock of food items reaches the market. However, it is the higher core inflation (CPI excluding food and fuel), which is the worrying issue. Core inflation currently is at 6.04%. The RBI is concerned about the nature of core inflation and its spillover on the economy.

Hence, the MPC found it prudent to hike the repo rate to keep inflation expectations anchored, break core inflation persistence, and contain second-round effects.

INFLATION OUTLOOK

If core inflation gets entrenched and seeps through all parts of the economy, it takes a lot of policy efforts to bring it down. This can be extremely painful for the economy. Core inflation is expected to remain sticky and elevated in the near term. This will force the MPC to go for another rate hike in February, although at a lower rate.

The overall inflation trajectory going ahead would be shaped by both global as well as domestic factors. Global commodity prices, including crude oil, have undergone some downward correction in recent weeks, but uncertainty continues to surround the near-term inflation outlook in view of the prolonging geo-political hostilities, especially between Ukraine and Russia.

According to RBI's new estimates, overall CPI inflation is projected at 6.7% in FY22-23. For the April-June quarter of FY23-24, CPI inflation is projected at 5% and for July-September FY23-24 at 5.4%. These estimates assume average crude oil prices (Indian basket) of US $100/barrel and a normal monsoon.

FINALLY - FUTURE MOVES

The RBI will remain cautious to prevent inflationary expectations from spiralling upwards. In the subsequent policy reviews in February and April, the MPC is expected to increase repo rate by 25 bps.

In its policy review, the RBI has downward revised India's gross domestic product (GDP) growth forecast for this fiscal to 6.8% from 7% earlier. Economic growth was marked downside due to risks from global growth and uncertainties from geopolitical tensions.

Will rate hikes impact India's economic growth? Although the Indian economy faces headwinds from protracted geopolitical tensions, tightening global financial conditions and slowing external demand, it remains a bright spot in an otherwise uncertain world.

India's decent economic growth gives the leeway to the RBI to completely focus on taming inflation first. Once inflation is brought under control, the MPC would focus on economic growth, which would keep India in a sweet spo**T.**

Arjuna's Eye

"GDP growth in India remains resilient and inflation is expected to moderate; but the battle against inflation is not over. Pressure points from high and sticky core inflation and exposure of food inflation to international factors and weather-related events do remain. While being watchful of the impact of our earlier monetary policy actions, we will keep Arjuna's eye on the evolving inflation dynamics and be ready to act as may be necessary. Our actions will be nimble and in the best interest of the economy. The aspect of growth will obviously be kept in mind."

Reserve Bank of India Governor Shaktikanta Das

GROWING INTEGRATION

Soon enough more and more players will onboard themselves on to ONDC, thus offering greater options to buyers

Open Network for Digital Commerce (ONDC) was always meant to support small retailers that are losing out on the battle of e-deliveries. And it was a huge surprise when a BigTech company like Microsoft announced that it was commencing onboarding efforts with ONDC.

The tech behemoth intends to introduce social e-commerce, which is a group buying experience in the Indian market via the government of India's initiative to democratize digital commerce. This could be potentially huge considering that the Indian e-commerce industry is anticipated to reach $400 billion by 2030, increasing at a 19% CAGR.

The Open Network for Digital Commerce, a unified payments interface-type protocol, would democratize the e-commerce business by onboarding 6 crore small retailers, said Union Minister Piyush Goyal, at a recent event in Bengaluru.

ONDC will provide strength to the small merchants to compete with the larger players. More buyers and sellers will join the network in the future and ONDC is hoped to provide equal opportunity for all. As traction builds, it will lead to many start-ups mushrooming all over the country instead of power and wealth being concentrated in the hands of few, Goyal added.

Meanwhile, Indian start-ups raised $22.9 billion in funding in the first ten months of 2022, down 30% compared to the same period last year.

ONDC ACROSS THE COUNTRY

A rollout of ONDC's beta phase for Delhi is expected in early December, after the recent launch in Bengaluru, across 16 PIN codes.

The government-backed ONDC has already facilitated more than 2,200 transactions on the network, Goyal said.

Echoing a similar view, ONDC Chief Executive Officer (CEO) T Koshy said that the order fulfillment rate of the said 2,200 transactions stood between 60% and 80%. Breaking down the data, he added that 70% of these orders were groceries while the remaining 30% belonged to the food category.

Noting that the beta launch of ONDC in Bengaluru had fetched good results, the Minister said such 'massive game-changing technologies' require a long testing phase. He further added that after Bengaluru, the open commerce project would be extended to more cities with a wider range of products.

The platform also plans to add categories such as fashion and apparel, home decor and electronics by the end of the year.

Goyal also said that the open e-commerce network had the ability to transform e-commerce across the globe and would open up more options for buyers and sellers.

"It takes everybody onboard like UPI did. It will give strength to the small to compete with the large. Through ONDC, we will try to bring all platforms onboard into the network of protocols and once more people come onto ONDC, buyers will have more choice," said Goyal.

COMPANIES ON THE ONDC PLATFORM

Internet commerce start-up, Meesho has recently joined the government's ONDC initiative, the company said adding that the pilot will first be launched in Bengaluru, and gradually roll out in other locations over the coming months.

"With a shared goal to empower small sellers and give a fillip to hyperlocal businesses, the integration will boost our efforts to democratize internet commerce for everyone," said Vidit Aatrey, Founder and CEO, Meesho.

E-commerce player Snapdeal has also signed the onboarding agreement with the network and is already on the platform. Snapdeal will provide pan-India access on ONDC. At the time of the launch, more than 2,500 cities and towns across the country will be enabled for access. More cities and towns will be added to the ONDC network during the year.

Snapdeal also said various third-party providers that work with it will offer both inter- and intra-city logistics. It may also explore using the on-network logistics options available on the ONDC platform.

airpay will board the ONDC platform from December first week. airpay has envisioned to rope in one million entrepreneurs to airpay vyaapaar by 2023 and will onboard the platform in December.

Presently, airpay vyaapaar offers banking and financial services to more than 35 lakh consumers over 549 districts and 5,424 villages in 37 states and union territories.

Coutloot, which is India's largest non-grocery retail aggregator for non-branded products, has joined ONDC. ONDC is a freely accessible and inclusive platform that aims to democratize e-commerce, thereby benefitting small merchants with advanced technologies and better business mechanisms.

This is of significance as it is estimated that currently there are about 12 million mom-and-pop stores in India of which only about 0.12% is tech-enabled. Further, e-retail is estimated to be only 4% of the total $800 billion retail market in India.

The latest development would make sellers on Coutloot available on the ONDC platform through which they will be able to reach a wider audience.

The partnership is also expected to mutually benefit the stakeholders of the project and strengthen the vision of ONDC of promoting open networks for all aspects of commerce over digital or electronic networks.

"In a bid to enhance our customer outreach, we are joining hands with ONDC. Consumers will find us on the ONDC platform from December this year onwards. We will be launching in two phases, first with the sellers and then with the buyers with product categories like fashion, home, beauty, and personal care. The idea is to dramatically step change e-commerce penetration in India," said Jasmeet Thind, Cofounder, Coutloot.

NPCI CONFLICT OF INTEREST

Meanwhile, Goyal also addressed reports that the Reserve Bank of India (RBI) had stalled the National Payments Corporation of India's (NPCI's) plans to acquire a stake in ONDC. He said that the department had enough money and investors had lined up for the project in the event that there was a conflict of interest.

RBI had raised questions over NPCI's attempt to build the payments and settlement system for ONDC while, at the same time, acquire a stake in the network.

WHY ONDC?

The open network was launched in five cities in April with the aim to offer small retailers an opportunity to provide their goods, products, and services to buyers across the country through an e-commerce system, and to buyers the ability to purchase products that are sold on any platform.

The sellers on any one platform will have the ability to sell to buyers by coming on to any platform. So basically, it's a marriage between buyers and sellers, marriage between platforms, which will connect big and small sellers, thus giving them greater choice. The consumer will get greater choice, industry experts said.

The ONDC initiative will help bring down costs and also help save millions of jobs and millions of small shops all across the country.

Goyal said, ONDC is not trying to side-line anybody. On the contrary, it will take everybody onboard, just like UPI has taken everybody, big and small, on board. ONDC, he said, will try to bring all platforms onboard into the network of protocols. It will not restrict the buyer from purchasing what the e-commerce company wants to sell.

Instead, the buyer will have multiple choices from across the network to get the desired product. Pointing at the drawback of the existing e-commerce platforms, he said, "When you use e-commerce, you go to a Platform X where you will get to see only the products sold on that platform. And that Platform X has the ability to guide you towards a certain product. So what you will see first, second, third is listed by that platform.

"At the ONDC network when you go as a buyer onto any platform, you will not only get to see what that platform has to offer, but you will get to see what every other platform also has to offer, and you can choose what is best for you, based on the price, time of delivery, your preferred payment supplier. You will have a lot of options opening up for you. That is how this works," added Goyal.

In Bengaluru, beta test has begun on ONDC and it is not for public launch yet, the minister said, adding that the beta launch was done in the city for food and grocery items, to test the system.

"We saw very good results in Bengaluru. We've seen that the process works. People go onto one platform. They can choose their supplier from some other platform. They can choose their payment mechanism irrespective of whether he's on that platform. They can choose the delivery, a corner store or other logistics companies," said Goyal.

According to him, ONDC is a "massive game-changing technology" which needs a long testing phase. "It is a process, which cannot give you results overnight," he said.

ONBOARDED ON ONDC

With several logistics players now on board and able to deliver products inter-city, more verticals are likely to be introduced, including electronics, household items, beauty and personal care, fashion, home decor and also mobility in Kerala. The mobility service will be launched by the taxi association in the state.

Currently, the verticals for which services are available include groceries and food.

Players in the process of integrating with the network include Hindustan Unilever, IndiaPost, Bharti Airtel, Nivea and the Uttar Pradesh government.

Moreover, logistics players including Grab, owned by Reliance Industries, and Delhivery are also in the process of joining the network. "PhonePe is in an advanced stage of integration," the people quoted here said, adding that Paytm is already on board.

On an average, 5-10 prospective participants are signing up every week, persons working on the initiative said. In all, 500 network partners have signed up so far, of which 250 are in various stages of technical integration. The remaining 250 have started the process of joining the network.

"Around 30-40 participants are in the pre-product stage and will go soon," one of the persons said. As of now, around 21 players have gone live on the network. The number of daily transactions ranges between 50 and 100.

ONDC is a government-backed digital network that will facilitate small merchants and mom-and-pop stores across the country to access customers.

The objective is to create an interop-erable network for digital commerce similar to the UPI - Unified Payment Interface - network for payments. Though a nascent initiative, its successful and full-scale execution could provide a fillip to the Indian e-retail ecosystem.

Among companies that have signed up are Shiprocket, Ekart, Kotak Mahindra Bank and Snapdeal. NPCI (National Payments Corporation of India) is a shareholder in ONDC together with a host of banks, NSDL, CDSL, NSE, BSE, Nabard and SidbI.

CATALYSTS FOR IMPROVEMENT

Better quality of assets, lower operating costs, higher margins and sustained higher growth in income (led by credit growth) should help banks get re-rated further

T

he banking and financial services sector has gone through tough times over the last two years. Starting with the IL&FS credit crisis and the covid-19-led stress, the banking and financial sector stocks were hammered badly.

S&P BSE BANKEX had crashed from 36,961 in January '20 to a low of 19,900 by May '20. Moreover, market capitalization erosion for listed banks in the January to March period of 2020 was a staggering ₹9 trillion with the four biggest players - ICICI Bank, HDFC Bank, SBI and Kotak Mahindra Bank. All these banks saw ₹1 trillion each of their market cap being wiped out.

Banking stocks have made a swift recovery. But even after two-and-a-half years, BSE Bankex at 48,915 is offering good value considering that the sector and many stocks within the sector continue to trade at historic lows.

WHAT CAUSED SENTIMENTS AND VALUATIONS TO ERODE

Due to covid-19 there was an increase in the erosion of asset quality in the Indian banking space. In fact, large borrower accounts (with an exposure of ₹5 crore and above) constituted 79.8% of the NPAs and 53.7% of the total loans at the end of September '20.

According to a market report, the impact of covid-19 has resulted in an additional debt of ₹1,67,000 crore due to the top 500 debt heavy private sector borrowers turning delinquent between CY20 and CY22. This is over and above the ₹2,54,000 crore anticipated prior to the onset of the pandemic.

On top of this credit growth plunged to a multi-year low owing to the slump in the industry and the economy, thus hammering the prospects of the Indian banking system and its valuations.

At the peak of the covid-19 crisis in March '20, the S&P BSE BANKEX valuations had tumbled to its historic low 0.98 times its book value and 7 times its earnings. Currently, the price to book value has moved to around 2.5 times, which is still lower than the historical average.

And one would also look at this from the perspective of recovery in the broader market. Compared to the price to earnings ratio of Nifty, the Bank Nifty PE is at 0.72 times. Historically, it has spiked close to 1.4 times, currently its lowest.

WHAT HAS CHANGED

The good news is that green shoots of economic revival and an upswing in the capex cycle indicate that there is still more room for banking stocks to get re-rated. In fact, due to the easing of macro concerns, the banking and financial services sector will do well in the coming years.

To put it in perspective, typically re-rating of banking stocks happens in two phases or cycles. The first phase of re-rating is driven by expectations around better asset quality and the second phase by loan growth acceleration or credit growth that kickstarts the earnings upgrade cycle.

Currently, Indian banks are transitioning between the two. While on the one hand the asset quality is nearing its normal level, on the other credit growth is entering a new upcycle.

ASSET QUALITY IMPROVEMENT

Before the onset of covid-19, the gross NPA ratio of banks in India was 8.3% as of end-March '20.

However, this has seen continuous improvement. By the end of March '21, it fell to 7.4% and then further down to a six-year low of 5.9% in March '22. While this is still high, the good thing is that it is improving.

Banks are aggressively working on NPAs. Restructuring of loans, liquidation of assets, higher provisioning and sale of such sticky loans along with write-offs have helped them partly reduce the burden.

But more than anything the pick-up in economic activity, consumer spending, industrial activities and exports have provided it a strong support. Public sector banks' NPA ratio came down from 9.4% in fiscal 2021 to 7.2% in 2022, a drop of 220 basis points.

Similarly, the NPA ratio of private banks declined from 4.2% to 3.1%, a drop of 110 bps in the same period. This has been largely driven by an improvement in the corporate credit cycle and the moratorium provided to overcome the covid-19 crisis.

Another factor that is helping them is lower interest rates and refinancing of loans. Availability of refinance at cheaper rates is a key driver for corporate loan refinancing.

There has been a lot of demand for corporate borrowers rated AA and above, leading banks to undercut offerings by reducing their MCLRs (marginal cost of funds-based lending rate).

Indeed, banks have seen an improvement in asset quality across sectors. The improvement is across the board and expected to get better. It is believed that bad loans in India will decline in the coming quarters.

S&P Global Ratings, in its Global Banking Outlook, predicts that bad loans in India will fall to 5% of gross loans by March '24. With better credit growth and a lower slippage rate, credit ratings agency ICRA estimates NPA ratios of banks to decline to 5.2% by March '23.

HOW WOULD THE IMPROVEMENT IN ASSET QUALITY HELP BANKS?

Asset quality is the biggest concern. Improved asset quality has many dimensions. If the assets are good, they will have lower risk weightages and this will bring down the outstanding risk weighted capital.

The banks will have to keep less capital to back these loans. Instead, the capital could be productively used for loans to generate revenue and profits. Moreover, better asset quality means lower requirements for provisioning. This means higher margins and improved earnings.

SECOND PHASE OF CYCLE: CREDIT GROWTH ACCELERATION

The second leg of rerating would be loan growth acceleration. Loan growth has improved over the past six months as covid challenges abated.

S&P BSE BANKEX

	Levels	PBV (X)	PE (X)
Current	48922	2.5	18.1
Year 2020 Low	19000	1.0	7.0

Source: BSE India

Credit growth has already hit its multi-year high at around 16% in September. India Ratings recently raised its credit growth expectations to 13% in fiscal 2024 from 10% earlier.

In fact, the overall non-food credit in September '23 was ₹130 lakh crore as opposed to ₹112 lakh crore a year ago.

Lower interest rates, a revival in economic activity leading to an improvement in capacity utilization, and borrower's preference for bank loans versus other forms of credit coupled with a pick-up in retail and SME demand have led to normalization of loan growth for Indian banks.

Also, credit growth was muted because of lower deposit growth. However, over the past six months banks have raised deposit rates sharply. This along with rising inflation has led to a reversal in this trend, with deposit inflow run-rates accelerating in recent months.

In September this year, overall deposits stood at ₹174.5 lakh crore versus ₹160 lakh crore a year ago.

Going ahead, what could catalyze loan growth acceleration are three factors. The first is a new capex up-cycle that market experts believe is likely to be over by next year.

This will be triggered by the fact that a reviving economy means that there will be improving capacity utilization and market experts believe that industrial capex will compound at 16.7% annually over the next five years.

Gross NPA Ratio

Year	Percentage (%)
FY18	12.5
FY19	9.7
FY20	8.9
FY21	8.4
FY22	7.5

Source: RBI

The second is deleveraging of balance sheets. Owing to significant policy reform initiatives, corporate and financial sector balance sheets have improved.

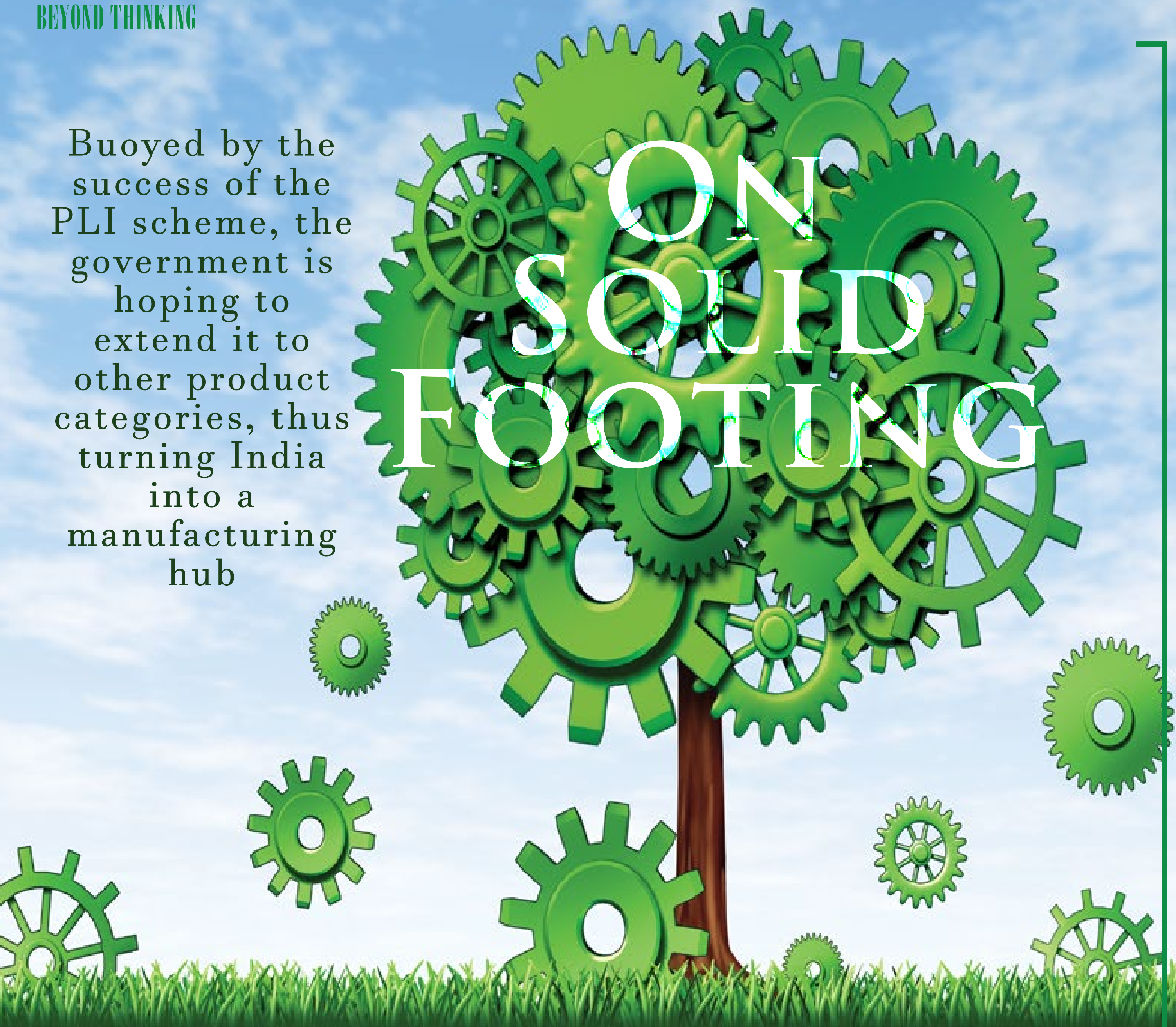
Due to the pick-up in demand, cash flows have improved. Companies have raised equity and a large section of borrowers have retired their loans.

Indeed, corporate debt-to-GDP is at a 15-year-low as of this year while impaired loans of banking sector are at a 10-year low this year.

Thirdly, structural policy measures such as lower corporate tax rates, coupled with production-linked incentive scheme for the manufacturing sector, and the increase in infra projects in the country, would lead to higher borrowings for infrastructure spending, which will drive credit growth.

Infra-led borrowings were earlier ridden by NPAs. However, a host of government measures including the Bankruptcy and Insolvency Code have largely solved this problem. Huge infrastructure investments and a government-led capex have already kickstarted credit growth.

On the whole, a combination of better quality assets, lower operating costs as well as higher margins coupled with sustained higher growth in income (led by credit growth) should help banks get further re-rateD.



ON SOLID FOOTING

Buoyed by the success of the PLI scheme, the government is hoping to extend it to other product categories, thus turning India into a manufacturing hub

The Indian government is considering proposals to extend the ₹35,000 crore Production-Linked Incentive (PLI) scheme to other product categories such as leather, bicycles, vaccine materials, and some telecom products, according to various media reports. While the proposal is still under discussion, the fact that the government is considering an extension is proof enough of the success of the PLI scheme.

During the coronavirus pandemic in 2020, the government announced a PLI scheme with the twin objective of encouraging local manufacturing and generating employment. The scheme is part of the government's larger goal of achieving economic growth through manufacturing.

Under the PLI scheme, the government offers subsidies to companies to manufacture their products in India. Since PLI is linked to the company's performance, incentives are provided on incremental sales. This could be either in the form of tax rebates or a reduction in import duties.

For instance, in the pharmaceuticals

sector, the government hopes to increase the manufacture of active pharmaceutical ingredients in the country so that the country is less dependent on imports from China. To encourage this, the Centre announced an outlay of ₹15,000 crore for pharmaceutical manufacturing and another scheme outlay of ₹6,940 crore for making bulk drugs.

In addition to encouraging local manufacturing, the PLI scheme is expected to reduce import bills and invite foreign investments into the country.

For instance, in the aviation sector, the Centre has initiated a PLI scheme for drones, and drone components, as over 80% of these components are imported from other countries. This will encourage drone manufacturers from foreign countries to invest in India or partner with local manufacturers.

Drone components such as motors, batteries, and propellers are expensive imports that can be produced locally with the benefits of economies of scale. This will reduce the cost of drones and open up new opportunities for service providers.

The PLI scheme is specifically targeted at encouraging domestic manufacturing in the sunrise and strategic sectors such as IT hardware, software, and electronics. It is also an opportunity for Indian firms to increase their competitiveness in global markets.

The government also wants to encourage firms to manufacture products that are not manufactured domestically yet, like aircraft, helicopters, warships, and submarines. In February '21, the government allocated a budget of ₹2 lakh crore for 14 key sectors, including automobiles and auto components, white goods, pharma, textiles, food products, high-efficiency solar PV modules, advanced chemistry cells, and specialty steel.

Under the PLI scheme, about 80% of the outlay is towards electronics, auto, and solar panel manufacturing, of which the semiconductors / electronics value chain account for 50% of the outlay.

Incentives are based on incremental production / revenue, spread over five years on an average across sectors. Some schemes are also linked to capital investments.

Government estimates suggest that the minimum production in India because of PLI schemes would be over US $500 billion in about five years. The PLI scheme will also help Indian manufacturers reduce their production costs, increase their competitiveness and make them globally competitive.

It will attract investment in core industries critical for sustainable economic growth and creating jobs. In terms of specifics, the PLI for semiconductor manufacturing is at ₹760 billion. The Indian government is trying to make India a hub for semiconductor manufacturing and is investing heavily in the sector.

A semiconductor chip, also known as a microchip or an integrated circuit (IC), is an electronic component with a tiny computer chip. It is the fundamental building block of all current electronic devices and modern electronic systems. They are used in numerous electronic products, such as computers, cell phones, cars, and refrigerators.

A shortage of semiconductor chips has led to a major production delay in autos and electronics globally as they are critical for development. For the automobile sector, the government has allocated ₹259 billion, and for solar PV modules, it has allocated ₹240 billion under the PLI scheme.

Two years after the scheme was introduced, experts believe that capital expenditure through these schemes will surge in FY24. According to ratings agency ICRA, the next financial year will be the inflection point when manufacturing capex will surge to ₹1 lakh crore and stay buoyant over the next two years.

The capex is expected to peak at ₹1.7 lakh crore in FY26. A large chunk of this capex will be dedicated to semiconductors and ACC batteries.

In some sectors, the PLI scheme has already started showing results, especially in the electronics sector, which started production in FY22. According to the export data, electronic goods such as mobile phones and IT hardware showed robust growth in FY22 and H1FY23.

Roughly 80% of investments in other sectors are yet to be initiated. ICRA believes that the deployment will pick up pace in FY24. The annual capex from the PLI schemes is expected to cross ₹1 trillion from FY24 and may peak at ₹1.7 trillion in FY26.

While a bulk of the private capex incentivized by the scheme will not be seen until FY24, economists are optimistic that the scheme will bring about integration across supply chains, reduce import dependencies, and potentially generate almost 18–19 million jobs.

ICRA also believes that the government has strategically selected sectors keeping in mind the high demand for solar, semiconductors/electronics, automobiles, etc, and their importance in developing manufacturing capabilities (semiconductors, telecom gears, medical devices). In the next five years, it is estimated that the PLI scheme will attract a capex of around ₹4 trillion and can generate employment for over 3 million people.

The government is now exploring extending PLI benefits for toys, some chemicals, and shipping containers. This is based on demand from the industry. India hopes to be a powerhouse in the global manufacturing sector. The country is one of the fastest-growing economies in the world and is expected to become the third-largest economy by 2030. While India's manufacturing output as a percentage of GDP is comparable with developed economies such as the US, Japan, and Germany, it is way behind China. The world is looking for new markets to diversify away from China. India has been increasing its share of global trade.

For some time now, China has been in a trade war with the United States, causing some companies to move their production facilities away from China. This will cause India to be seen as an attractive destination for manufacturing, as it offers many of the same benefits that China does but at a fraction of the cost.

India is also seen as an attractive destination for research and development because of its skilled workforce, low labour costs, and proximity to emerging markets. India also has an abundant supply of skilled labour, a well-developed entrepreneurial culture, and a rapidly developing infrastructure sector. India is at a massive opportunity to take a bigger share of the global market, and it has the potential to be the next China. The PLI scheme is a step in that directioN.

Oftentimes, what's near can turn out to be more useful and profitable than what is far and unknown. This impression is truer than other investment philosophies. In fact, this belief is so impressive that investors who run profitable portfolios swear by this notion. They intensely focus on basics, and then understand the nuances.

Finance and philosophy may be worlds apart. But philosophy can be translated into a money-making investment idea in the long-term. You may ask how? Well, a simple approach is to closely monitor what we consume from early morning till late evening. It not only refers to consuming products in our daily lives but also investing in them.

THE BASICS

Investment ideas are nothing but close observations of small things.

Looking For Inspiration?

Investors can take a leaf out of their daily lives when picking stocks for investments

Identifying an investment has a lot to do with the behavioural patterns of an investor. There are those that identify investment ideas through observation alone.

A trip to a place outside the city could result in multiple ideas. It could start with roads. A highway which connects two urban cities generates heavy traffic. A listed company which collects toll on that highway could serve as a reasonably good investment.

Similarly, a visit to a departmental store could also provide interesting investment ideas. One has to look at why certain brands in a certain category of food items sell more than their peers. This kind of investing is observational in nature.

Then, there are study-based investment ideas. An investor reads a lot about an industry. This can be in the form of research reports, developments around a brand, which includes the launch of new products or expansion of portfolios of products or acquisition or merger of two companies within the same domain.

These types of investors are more thorough in their research and they understand triggers to invest in a company. These investors are seriously invested in markets. They do not invest to save their earnings from taxes.

They invest with a clear objective of building a corpus with a long-term objective. And this long-term objective is to secure enough funds to not only fund liabilities and key expenses such as health insurance but also to live a decent life post retirement.

There are also those investors who take professional advice on investments and leave them to the experts.

Those who do not fit into these categories follow the easiest way of investing, which is to invest in brands they consume daily. These are actually potential stock market investors. Let us look at our daily lives to understand how this concept will work in spotting companies.

We wake up and brush our teeth using Colgate toothpaste by Colgate-Palmolive. Then we read a newspaper while sipping coffee made using Nescafe by Nestle as we munch on biscuits manufactured by Britannia. Later, we bathe with a liquid shower gel by Hindustan Unilever (HUL).

Next we eat lunch made using Godrej's cooking oil and end the day by watching something randomly on social media platforms - Facebook and/or Instagram by Meta. These are some of the many brands we consume on a daily basis.

And there are many who follow this routine. This routine itself offers a list of stocks an investor needs to have in his/her investment portfolio. A key reason for this is that you are the consumer of the product of a company and not just a distant and data-and-facts-driven investor.

WHY INVEST IN BRANDS YOU CONSUME

How should one construct an investment portfolio by following the philosophy of investing in brands he/she consumes? Here the important aspect to note is that the products we consume daily are part of non-cyclical businesses.

Thus, it is crucial to decipher how these non-cyclical businesses have performed in the long-term. Only then can we be certain of whether investing in brands that we consume daily is actually a profitable exercise.

Historical data shows that investments in non-cyclical companies we consume in our daily lives have resulted in strikingly strong outperformance.

The Nifty Non-cyclical Consumer Index - which comprises companies from varied sectors such as Fast-moving Consumer Goods (FMCG), consumer durables, consumer services, telecommunications and textiles - has beaten the broad benchmark index - the Nifty 500.

The Nifty Non-cyclical Consumer Index has delivered returns of 17.4% annually in the past 10 years compared with 14.8% of the Nifty 500 index.

Another advantageous aspect of investing in these non-cyclical businesses is low volatility in their earnings. This is reflected in the historical data. It has been observed that the standard deviation of returns of non-cyclical businesses is nearly 2% lower than cyclical businesses.

A deeper look into the financial performance of non-cyclical companies shows that in the past decade these companies have been able to grow their revenue on an average by 10% and there is just one year in the last decade when revenue growth contracted.

This is one of the reasons why most savvy investors invest in non-cyclical businesses as these businesses provide stable returns.

Investors must take note of two important advantages of investing in non-cyclical business. One is their weightage in broad market index and the other is their clear focus on increasing their penetration and focus on selling premium products.

If the weightage of stocks whose products you consume nearly daily form a large part of broad market index, then it makes sense to invest in them. This is because in the long run these stocks usually tend to perform well.

Stocks such as Colgate Palmolive, Godrej Consumer Products, Bharti Airtel, ITC, Hindustan Unilever, Dabur, Avenue Supermarts, Asian Paints and Titan are companies whose products we consume and account for nearly half of the total weightage of the index of the Nifty Non-cyclical Consumer Index. Therefore, it makes sense to invest in these companies.

Similarly, companies' focus on increasing their penetration and sale of premium products justifies investments in non-cyclical businesses. These aspects have been a key driver for growth of these companies.

As disposable incomes increase, there is a huge scope for growth in the sale of premium products. It is estimated that penetration in segments such as body wash, instant soups and hair conditioners is still less than 20%. The per capita spending on FMCG products in India is $46. In other developing countries, it is more than $100.

Analysts say FMCG companies have launched Low Unit Packs (LUP) to boost the sale of premium products.

This way, premium products are available to consumers at affordable prices. Small packs of Surf Excel, Good Day biscuits, and Dove shampoo are some of these products that are sold at affordable prices.

Here, it must be noted that nearly 73 million households will get added to the middle class in India over the next 10 years. This means that non-cyclical businesses such as FMCG and automobiles will get more consumers.

In the coming quarters, analysts estimate that increasing the focus on the sale of premium products, maintaining efficiency and falling input prices may improve operating profit margins of non-cyclical businesses between 5% and 10%.

Lastly, high corporate governance, strong balance sheets, healthy returns ratios, strong free-cash generation and net cash balance sheets in most non-cyclical businesses work in their favour.

For those who are unable to figure out how much exposure they should have in non-cyclical businesses, then investments in mutual fund schemes that focus specifically on large-caps can be a good option. This is because only blue-chip companies in non-cyclical businesses have an edge over their peer**S.**

Companies would be better off being on the right side of the government when it comes to following newly introduced policies

ON THE RIGHT SIDE, ALWAYS

Argentina lifted the Football World Cup and Messi got a standing ovation he deserved. But there may be lessons beyond the football arena, which may be discussed by large corporations and investors from the world of business and finance. The talking point being: sudden change in the decision of the Qatari government to not allow alcoholic drinks in stadiums. A large beer brand and one of the key sponsors of the event took it to the social media but then quickly retracted and decided to toe the line.

Government actions can thus make or break businesses with an abrupt change in policy stance. Let us understand the theme of abrupt changes in policies in the Indian context. More so, it is important to understand whether abrupt changes in policies stand in good stead for investors and the economy at large. This will give an idea about how one should act when a sudden announcement in change in policies is made.

THE HISTORY

Many a time what seems like a sudden shift in policy, especially in the Indian context, may not be an abrupt change in the real sense of the expression. There are clear circumstances which lead to changes in policy. This is because India is a democratic country and not an autocratic one. But there are instances when policy changes have been abrupt in India. In this context, it is important to gauge how Indians have dealt with these sudden policy changes.

The oldest memory of abrupt changes in a policy for Indian investors came in the form of the diktat under Foreign Exchange Regulation Act (FERA), 1973. Multinational companies had to cap their foreign equity interest at 40% of the issued capital within two years from the date of announcement.

The good part of that announcement was that many multinational companies listed on the Indian stock exchanges offered shares to the Indian investing public at cheap valuations. But the bad part was that those who did not want to comply with this norm exited India. These included exits of Coke and IBM in 1978.

Then, embracing the policy of liberalization, globalization and privatization in the year 1991 after the financial crisis that shook India, investors saw many changes in the way economic affairs were conducted. Though it was much more than just a change in the government policy, the reforms and government decisions that followed over the next three decades made India what it is today.

The next big government policy change was seen when the government decided to build India - a public-private partnership programme for the creation and upgradation of public infrastructure. Roads, ports, airports, power grids and many more public infrastructure assets were offered to private sector entities.

While it clicked in the initial years, over the years, with the change in the ruling government, ‘policy paralysis’ ensured that many of these infrastructure projects were stuck.

Companies that did well between 2004 and 2007 on the back of good order books saw worst possible times, even bankruptcy, in the 2011-2013 period due to muted execution. India’s infra story over those 10 years is a classic study of rise, boom and bust. It was observed that investors who bought shares of infrastructure asset builders with leveraged balance sheets looking at the past returns in the heydays of 2007 saw their money evaporating into thin air in less than five years.

Governments need not always influence ‘real assets’ such as infrastructure and policies around it. Sometimes ‘soft assets’ created by changes in policies can lead to a lot of long-lasting changes. For example, Unified Payment Interface (UPI) was unveiled in April ’16 to facilitate digital transfer of money.

Demonetization of currency notes that followed in 2016 ensured that many individuals embraced virtual payments. People may argue the merits and the demerits of demonetizing currency notes of ₹500 and ₹1,000 overnight, but the virtual payment industry caught on after demonetization. UPI became the buzzword and the JAM trinity – Jan-Dhan account, Aadhar and mobile numbers interlinked with each other, empowered people and ensured smoother transactions and dealings.

DO ABRUPT CHANGES WORK IN THE LONG-TERM?

It has been observed that over time, government initiatives have gone a long way in facilitating payments, investments, financialization of savings and higher compliance - higher tax collections due to better tracking of money.

Investors tend to benefit in the process as they get to invest better at lower costs. Things would have been much worse during covid-19 lockdowns had the Indian digital payments ecosystem not been in place.

Now, UPI is ready for the next leg of growth. Reserve Bank of India (RBI) Governor Shaktikanta Das in a recent monetary policy committee review speech made it clear that UPI single block multiple debit facility is on the way. This facility will further facilitate e-commerce and investment processes.

Investors must understand that changes in government policies are done with some objectives. However, not all objectives are met immediately even if the government may be keen to execute a few things. This may happen due to lack of interest by private parties and overall bearish sentiment in the business world.

For example, despite all efforts, the 'Make In India' initiative of the government saw limited success. However, a combination of cuts in corporate income tax rates to boost economic activity and the Performance Linked Incentives (PLI) made it click. The China-plus-one strategy of developed nations post the covid-19 pandemic to look for manufacturing destinations outside China made many Indian companies go for capital expenditure and add to India's manufacturing prowess.

Also, the government's focus on import substitution has worked for many industries in India. India has been an importer of resources. More than 75% of India's energy requirements are imported. Hence, India has rolled out ethanol mixing in fuel policies. This clear thrust on bio-fuels has brought sugar mills in India back in business. As a result, an ailing sector not only cleared its dues but also contributed to reduction of import bill. Besides, sugar companies rewarded shareholders.

Import substitution - or Aatmanirbhar, has also benefited many private companies in the area of defence and railway infrastructure. Shares of these companies have done well and investors have been rewarded well.

Change in government policies can be done to curtail excess profitability or to ensure better supply in the domestic economy. In that case, shareholders may see reduced earnings of a company.

A case in point is windfall gains tax on exports of fuels. The government has ensured that fuel exports do not lead to supernormal profits to exporters. The windfall gains tax on oil firms is expected to bring in ₹40,000 crore in tax collections in FY23.

India has also suspended export of wheat from 13th May '22. Sugar exports are also restricted by the Indian government. This is done to ensure that adequate supply is available in the Indian economy and rein in prices to contain inflation.

Sustained high inflation forces the RBI to hike interest rates. The RBI has already hiked the repo rate by 225 basis points in CY22.

However, as inflation is expected to peak out, the rate hike cycle may slow down. Low or stable interest rates tend to work better for equities, in the long term.

Small tweaks in policy framework can have a long-lasting impact on the economy in general and corporate earnings in particular. A key thing investors need to understand is that not every change in government's policies impacts their investments negatively.

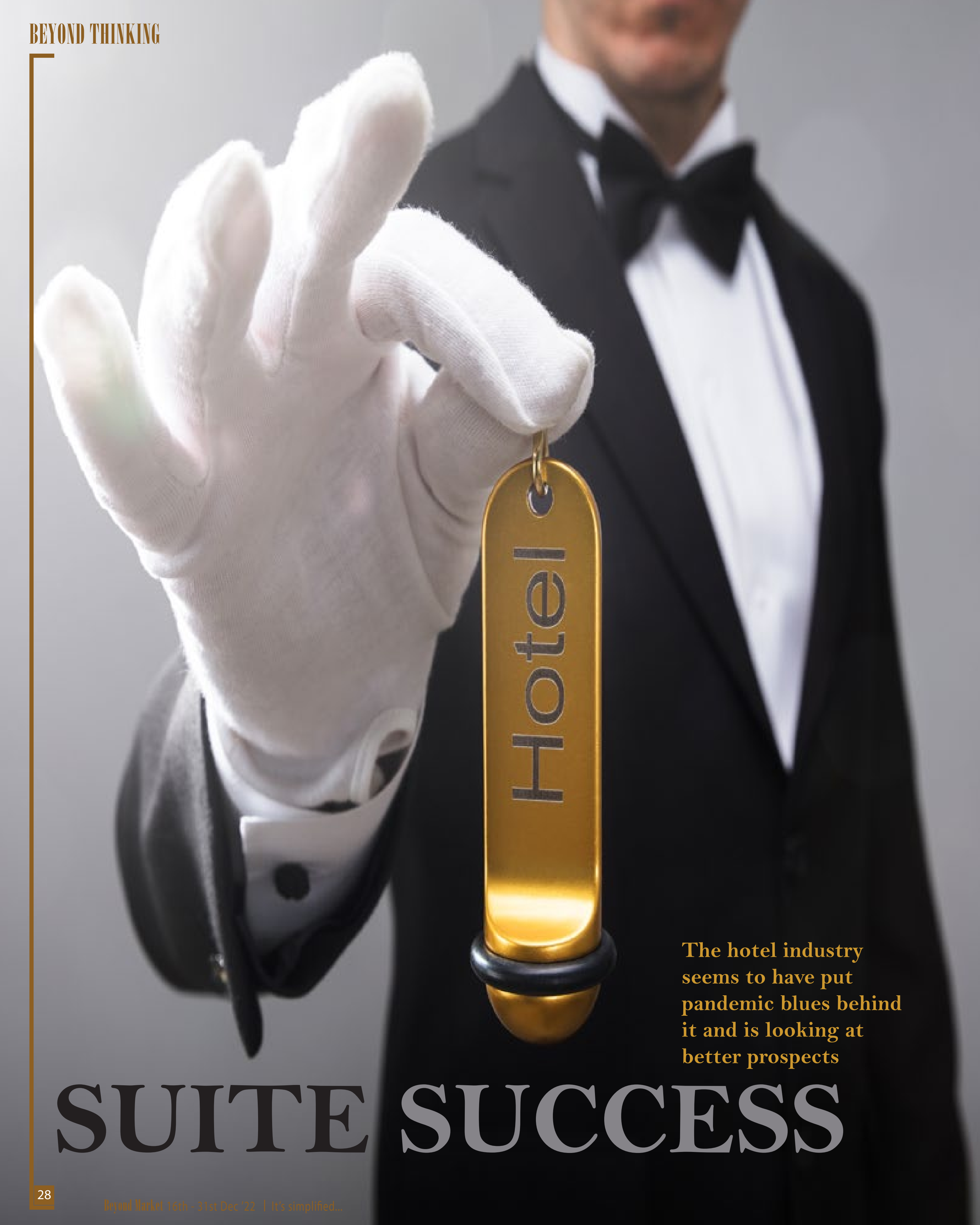
Experts advise that it is vitally important to align with government policies. It is important to focus on who benefits from a change in policy rather than how one loses out on one's investments. In this way, investors to make decent risk adjusted returns on their equity portfolioS.

BEYOND WORDS

Thomas Robert Malthus

Eighteenth century British economist, Thomas Robert Malthus, was renowned for his philosophies on population growth that were outlined in his book An Essay on the Principle of Population in the year 1798.

His theory that population growth will always tend to outrun food supply and that the betterment of humankind was impossible without strong limits on reproduction are fairly famous. This line of thinking is known as Malthusianism. However, his theories on population were as famous as they were censured by the populace despite the wisdom behind his words.



The hotel industry seems to have put pandemic blues behind it and is looking at better prospects

SUITE SUCCESS

Years 2020 and 2021 were the most consequential for the hospitality industry owing to the impact of the coronavirus pandemic. The global catastrophe resulted in cost pressures on the sector since occupancy rates fell to around 35% in addition to a massive reduction in revenue and profitability.

Things are looking up for the hotel industry. As per available data, the hotel industry is expected to witness an increase in demand for accommodation vis-à-vis room supply.

IMPROVEMENT ON GROUND

Green shoots are already visible. Puneet Chhatwal, CEO, Indian Hotels Company recently said the second half of the ongoing fiscal year has witnessed an increase in average room rates and occupancies, led by demand from a strong leisure segment and a boost from increased business travel.

To put it in perspective, in October '22, the average occupancy rate in India was 65%. The average room rate, the key indicator of profitability, improved from ₹4,630 per room in fiscal 2021 to ₹4,938 per room in fiscal 2022. This has only improved in the subsequent months with September and October, achieving the highest growth in room rates.

Hotels Across India	
Fiscal Year	**Average Daily Room Rate (In ₹)**
2016	5,527
2017	5,671
2018	5,768
2019	6,038
2020	6,104
2021	4,630
2022	4,938
Sep-22	5,900-6,100

Source: Industry Data

For instance, in Mumbai the rates are near their pre-pandemic levels, at around ₹6,000, and has seen a 74% to 77% increase in October '22 compared to the corresponding period of last year.

Similarly, all India room rates averaged around ₹5,900 per room to ₹6,100 per room in September this year. This is good news for the industry because higher revenue per room and higher occupancy mean higher revenue and profitability.

July and August were the best performing months in the year 2022, making them one of the most profitable periods in recent years, including pre-pandemic booking periods.

In the quarter ended September '22, the hotel industry (listed players) on an average delivered 36.26% year-on-year (y-o-y) growth in revenues.

Most categories including leisure, business, health and others like religious tourism have picked up big time as the markets opened up after the covid-19 period. Revival in businesses, the easing of covid threat, and improving job markets along with higher disposable incomes are aiding this growth.

PROSPEROUS FUTURE

The good thing is that the demand is going to be more robust compared to supply, which is expected to grow merely at about 5% annually over the next 3-4 years. With no fresh supply and higher demand for occupancy, rates are likely to reach 68% to 70% in 2023 and 2024, which is a large increase over the occupancy rate of 50% in 2022, thus indicating a healthy growth in revenue and profitability.

Under the current scenario, the companies would like to wait for occupancies to be absorbed fully. The new capex cycle would only start after a gap of two years when industry occupancies cross above 70%. This is precisely the reason why there is no fresh threat of supply at least for the next two years.

MEGA DEMAND

The demand continues to be strong. Mega events such as the ICC Word Cup, the G20 Summit (in India), and the upcoming wedding season will bring good business for the hotel industry even in the coming months.

Big weddings and destination weddings have opened up a huge demand after a slump in the last two years. Last year, about 2.5 million weddings took place. This year, the number is expected to be around 3.2 million. Weddings typically open up a huge demand for domestic travel and hotel rooms.

Furthermore, according to a survey close to 73% participants could not travel during the covid period. In fact, most of them postponed their travel. But these people are looking at 2023 positively with plans to travel.

FOREIGN CONNECTION

Advanced booking data also indicates a massive improvement, with bookings for the first half of 2023 exceeding pre-pandemic levels, making it the best period in several years. Between January and July, foreign tourist arrivals saw a 407% increase to 2,76,975 compared to the corresponding period of last year.

Foreign tourist arrivals have already touched 4.8 million in October '22, which is close to the monthly average of 5.8 million during the pre-pandemic period.

Additionally, growth in associated fields in the hospitality sector as a whole also indicates a strong recovery in the hotel sector apart from giving a fillip to the sector.

The number of both national and international flight bookings has risen due to the reduction in work-from-home mandates, leading to resurgence in business travel across industries and an increased desire across the board to travel for leisure as well as for work.

Concessions and freebies by airlines and tourist attractions are also buoying the hotel sector. Sops like reduced flight costs, bonus services as well as discounts and free services by tourist attractions are sure to boost the number of travellers, aiding the growth of the hotel sector.

PROFITABILITY AND RETURNS

It is equally important to note that because of covid-related stress, the market has shrunk. Inefficient players have sold out. Several hotel companies have trimmed off unnecessary expenses.

Thus, the elimination of uncompetitive and inefficient players has left behind only the most competitive, efficient and streamlined hotels that will be able to capitalize on the upcoming demand.

Higher utilizations, lower costs and returning pricing power would further help provide massive operating leverage. The hotels enjoy strong operating leverage. With higher scale, their profitability tends to increase multifold because of high fixed costs.

However, due to higher occupancies and low costs, hotels would be in a much better position. That apart, average room rates are bound to increase because of higher demand and lower supplies.

Higher room rates would push profitability even higher. Thus, the industry will experience a strong revival in its earnings cycle over the next two years.

Puneet Chhatwal, CEO, Indian Hotels in a media interview said, "Demand continues to outpace supply, which means the ability to charge is higher. Rates all over the world have skyrocketed in the last five to six months and even if we were to target 30% comparable hotels, cities, I believe the rates will grow."

Indian Hotels, further said that luxury hotels' rates could grow by 25% to 30% and they are targeting margins in the range of 30% by the end of year 2025.

Margins are a function of utilization and rates. Most hotels are upbeat about higher margins, more so with recent cost-cutting measures. Higher margins and utilizations would lead to increased cash flows, which is again important from the point that many leveraged players would be in a position to service debt and other obligations.

OVERALL VIEW

Overall, the India hotel sector is in a sweet spot considering that the earnings cycle is about to take a new turn at a time when valuations are stressed. Post-covid, expectations were low and many hotel companies reported losses.

Earnings were depressed and thus stocks continued to underperform the broader indices. Most companies from the hotel sector did not participate in the rally in the markets.

However, with the earnings cycle entering a new structural uptrend and valuations being attractive, it is a good time to enter the markeT.

BEYOND WORDS

Sir William Arthur Lewis

Saint Lucian economist and James Madison Professor of Political Economy at Princeton University, Sir William Arthur Lewis is famous for his contributions to the field of economic development. The dual-sector model of developmental economics or the Lewis model explains the growth of a developing economy in terms of a labour transition between two sectors, a traditional agricultural sector and a modern industrial sector. His theory tells us how developing economies can escape from poverty and produce wealth. In 1979, he was presented with the Nobel Prize in Economic Sciences for his research on economic development in emerging countries.

SPREADING HOPE

Reallocating portfolios during market volatility helps investors spread risk

Indian equity markets have been on a roll in the last few months and have touched an all-time high recently. While one can joyfully look at the portfolio and enjoy the gains made over time, this is also the right time to re-allocate portfolios according to one's risk profile.

Since markets have been continuing the northbound journey, investors' asset allocation might have gone for a toss. Investors can be happy with the gains they have made over time, but markets are not always going to remain at elevated levels.

It is likely that markets will correct due to expensive valuations. But we are not guessing when it will fall. However, we should be prepared for volatility in the markets to protect our portfolios from downside risks.

There are multiple ways to reallocate the portfolio, like increasing the exposure towards debt or moving some money from mid-caps to large-caps or even opting for passive funds - whether its exchange traded funds (ETFs) or index funds.

Moving towards debt funds will not deliver any extraordinary returns. But they can protect investors' investments from any significant market crash. In this article we throw some light on how investors should manage their portfolios when markets are high.

Diversification in equity funds
Last two to three years have seen intense attraction towards mid-caps and small-cap funds. In three years, small-cap funds have on an average given returns of 31.5%, while mid-cap funds have gained 24%. On the other hand, large-cap funds have delivered three years returns of 15.5%.

With high valuations in mid-cap and small-cap stocks, it appears to be the right time to consider moving some portion of profits towards large-cap funds. Large-cap funds invested at least 80% of their assets in large stocks.

By definition, top 100 companies by market capitalization are termed as 'large caps'. So, large-cap funds are a convenient way to seek exposure in well-established, blue-chip companies across sectors.

If investors are unable to choose between large-cap, mid-cap or small-cap funds, they can go for flexi-cap funds. The two-year-old fund category, flexi-cap funds, is comparable to multi-cap funds but follow a flexible investment mandate.

The key difference between multi-cap and flexi-cap funds is the flexibility that flexi-cap funds enjoy, meaning that fund managers change allocation between large-caps, mid-caps and small-caps while ensuring 65% of its assets are allocated to equity and equity-related instruments.

For instance, if the fund manager feels a need to reduce exposure to small-caps during economic uncertainty, he/she can move the money to large-caps and vice-e-versa.

However, a multi-cap fund can't manage its portfolio in such a dynamic manner as the allocation is fixed there.

Investors who prefer a flexible investment strategy that can increase or decrease exposure across market caps depending on the market outlook can opt for flexi-cap funds. However, if they find relief in remaining invested across market capitalizations regardless of the market cycles with a fixed allocation in small-cap, mid-cap and large-cap companies, they can opt for multi-cap funds.

ALLOCATION TOWARDS DEBT

Investors with 60% in equities and 40% in debt should diversify some portion of their portfolios to debt if their equity assets have risen following the recent surge in markets.

While equity provides superior returns to investors over longer time periods, it is subject to volatility. Debt, on the other hand, can provide some portfolio stability while yielding lower returns.

However, investors should be aware of the fact that changes in interest rates affect returns of debt funds. There is an inverse relationship between bond prices and interest rates. When interest rates rise, bond prices fall, and bond prices go up when the interest rate regime is in a downward trajectory.

The longer the duration of the debt fund, the more volatile it becomes in nature.

Given the current situation where we are somewhat closer to the peak of the rate hike cycle, this is the right time to look at debt funds depending on the risk profile of the investors.

If investors don't want to take any major interest rate risk or credit risk, they should allocate the debt portion towards liquid funds or low-duration funds. All these funds invest in debt securities that mature between 91 days and one year.

For asset allocation purposes, short duration funds should form the core of debt funds in the portfolio. Such funds have Macaulay duration of the portfolio between one and three years.

If investors need the money within a year of their investments, they can go in for liquid funds or low duration funds. If they are willing to invest for three to five years, short duration funds or even target maturity funds could be considered.

Target maturity funds are passively-managed debt funds that come with a specific maturity date. These funds buy and hold similar maturity bonds that are included in the underlying bond index. Given their structure, these funds protect investors against interest rate risks as bonds are held till maturity.

The appeal of these funds lies in the predictability of their returns. If investors hold on to these funds till maturity, they can expect to earn indicative yields. The yield-to-maturity (YTM) metric indicates the expected return.

So even in debt segments there are enough opportunities for investors at this juncture and they can move some portion of money to debt funds as well.

TENSION FREE: ASSET ALLOCATION FUNDS

There are investors who invest only for the long term and don't want to change the portfolios depending on the market condition. In such cases, they can look at hybrid funds like balanced advantage funds or even multi asset allocation funds.

Among asset allocation funds, there are several other categories of funds which can be also looked at by investors. Those seeking low allocation to equity can opt for conservative hybrid funds and equity savings funds. Others who want a larger allocation to stocks, aggressive hybrid funds will bode well for their portfolios.

However, balanced advantage funds are best among these categories as it gives the best of both worlds. Such funds invest in a mix of equity and debt and dynamically manage allocations between the two, which is usually driven by a rule-based model established by the fund house.

They do not have any restriction on the minimum or maximum allocation to equity or debt. The objective of such funds is to capture the potential upside during bullish market and limit the downside when equity markets are volatile if there is a correction in the markets.

They do not have any restriction on the minimum allocation to equity or debt and can invest across debt and equity depending on the model or even fund managers' views on the market.

On the other hand, multi asset allocation funds invest in debt, equity and gold or commodities. With this fund, investors will not only get the growth of equity and stability of debt, but also the benefits of gold to hedge against market uncertainties and inflatio**N.**

MUTUAL FUND BLACKBOARD

Large Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Invesco India Largecap Fund - Growth	43.0	-3.4	12.5	9.6	11.2	12.8	772
UTI Mastershare Unit Scheme - Growth	191.4	-1.6	14.0	10.5	12.	12.9	11,039
Canara Robeco Bluechip Equity Fund - Growth	41.2	0.6	14.8	12.7	13.6	13.3	8,832
Nifty 50 TRI	25,892.3	5.7	14.6	12.5	13.8	13.1	--

Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Tata Mid Cap Growth Fund - Reg - Growth	238.2	-1.6	19.5	9.4	12.8	17.3	1,790
Mahindra Manulife Mid Cap Unnati Yojana - Reg -	16.9	-1.4	20.3	--	--	--	1,078
Edelweiss Mid Cap Fund - Growth	50.6	0.3	23.9	10.9	14.8	18.8	2,478
Axis Midcap Fund - Growth	65.0	-5.0	18.1	13.7	14.8	17.2	19,741
Nippon India Growth Fund - Reg - Growth	2,096.0	3.8	23.0	12.1	14.8	15.5	13,861
Kotak Emerging Equity Fund - Reg - Growth	74.4	3.7	23.1	12.3	16.0	18.5	23,224
Nifty Midcap 150 TRI	14,224.6	1.3	23.4	10.6	15.5	17.0	--

Small Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Axis Small Cap Fund - Reg - Growth	61.6	2.2	25.0	16.0	17.3	--	11,358
Edelweiss Small Cap Fund - Reg - Growth	24.4	-0.1	31.1	--	--	--	1,428
Nippon India Small Cap Fund - Reg - Growth	88.7	5.1	32.7	13.3	18.2	23.5	23,765
ICICI Prudential Smallcap Fund - Growth	52.0	2.8	26.9	11.3	14.7	15.7	4,592
Union Small Cap Fund - Reg - Growth	28.3	-1.6	26.8	10.6	12.6	--	726
Nifty Smallcap 250 TRI	11,184.9	-5.0	24.9	5.6	11.4	14.2	--

Large & Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Axis Growth Opportunities Fund - Reg - Growth	19.0	-9.1	16.8	--	--	--	8,474
Canara Robeco Emerging Equities - Growth	158.9	-2.1	18.1	10.2	14.2	19.4	15,854
Edelweiss Large & Mid Cap Fund - Growth	52.3	0.7	16.6	11.2	13.2	14.0	1,696
Kotak Equity Opportunities Fund - Reg - Growth	202.6	5.6	16.7	11.2	14.1	15.1	11,663
Mahindra Manulife Top 250 Nivesh Yojana - Reg -	16.6	-1.1	--	--	--	--	1,093
NIFTY Large Midcap 250 TRI	12,437.0	2.9	18.9	11.2	14.7	15.3	--

Multicap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Mahindra Manulife Multi Cap Badhat Yojana - Reg -	20.0	-1.5	19.4	11.8	--	--	1,563
HDFC Multi Cap Fund - Reg - Growth	10.7	7.7	--	--	--	--	6,017
Kotak Multicap Fund - Reg - Growth	10.3	7.8	--	--	--	--	4,242
S&P BSE 500 TRI	29,762.3	3.7	16.6	11.3	13.9	13.8	--

FlexiCap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Tata Flexi Cap Fund - Reg - Growth	15.2	-4.3	10.5	--	--	--	2,279
Canara Robeco Flexi Cap Fund - Growth	221.1	-2.0	16.0	12.1	13.3	13.4	8,936
PGIM India Flexi Cap Fund - Reg - Growth	24.8	-6.5	21.5	12.7	13.8	--	5,380
UTI Flexi Cap Fund - Growth	228.8	-12.0	14.8	11.9	12.7	14.0	26,102
Union Flexi Cap Fund - Growth	33.3	-1.3	17.0	11.7	12.3	12.0	1,396
S&P BSE 500 TRI	29,762.3	3.7	16.6	11.3	13.9	13.8	--

Focused Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Focused 30 Fund - Growth	131.3	17.9	19.2	8.4	11.5	12.9	3,000
Nippon India Focused Equity Fund - Reg - Growth	79.3	5.8	18.8	9.5	12.9	16.6	6,521
ICICI Prudential Focused Equity Fund - Ret - Growth	51.2	5.9	21.0	11.6	13.0	13.2	4,015
SBI Focused Equity Fund - Growth	225.9	9.2	13.7	10.6	13.8	14.4	28,453
S&P BSE 500 TRI	29,762.3	3.7	16.6	11.3	13.9	13.8	--

Dividend Yield Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
ICICI Prudential Dividend Yield Equity Fund - Reg -	28.6	9.5	21.8	9.0	13.3	--	1,225
Sundaram Dividend Yield Fund - Growth	85.8	1.3	16.5	9.5	13.8	12.8	359
UTI Dividend Yield Fund - Growth	100.6	-5.0	15.5	9.7	11.8	11.4	2,920
S&P BSE 500 TRI	29,762.3	3.7	16.6	11.3	13.9	13.8	--

Contra/Value Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
IDFC Sterling Value Fund - Reg - Growth	89.7	2.3	24.2	9.0	14.4	15.3	5,219
SBI Contra Fund - Growth	222.2	10.8	29.0	12.6	14.7	14.4	7,205
Nippon India Value Fund - Reg - Growth	124.3	3.5	18.4	10.0	12.7	14.0	5,001
S&P BSE 500 TRI	29,762.3	3.7	16.6	11.3	13.9	13.8	--

ELSS Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
UTI Long Term Equity Fund (Tax Saving) - Growth	139.3	-3.9	15.0	9.3	11.7	12.9	3,015
Canara Robeco Equity Tax Saver Fund - Growth	115.1	-0.7	18.8	13.9	14.3	14.6	4,583
Kotak Tax Saver Fund - Reg - Growth	74.5	5.6	16.9	11.5	14.0	14.1	3,163
Mahindra Manulife ELSS Kar Bachat Yojana - Reg -	18.8	2.0	16.5	8.4	--	--	534
Mirae Asset Tax Saver Fund - Reg - Growth	30.6	-0.5	17.2	12.6	--	--	14,255
Tata India Tax Savings Fund - Reg - Growth	28.9	5.2	14.4	9.4	13.1	--	3,280
S&P BSE 200 TRI	9,549.1	4.8	16.1	11.9	14.1	13.8	--

Thematic / Sector Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Mirae Asset Great Consumer Fund - Growth	57.9	7.4	16.0	11.6	14.9	15.8	2,087
ICICI Prudential Technology Fund - Growth	131.8	-21.6	30.9	22.9	18.0	21.2	9,357
Nippon India Pharma Fund - Reg - Growth	285.4	-4.9	23.7	14.9	9.7	15.2	4,787
Nippon India Banking & Financial Services Fund - Reg	393.4	16.1	10.4	8.1	13.1	12.8	3,992
S&P BSE 500 TRI	29,762.3	3.7	16.6	11.3	13.9	13.8	--

Arbitrage Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	2 Years	3 Years	
IDFC Arbitrage Fund - Reg - Growth	27.2	5.3	4.7	4.0	3.8	3.8	3,623
Kotak Equity Arbitrage Fund - Reg - Growth	31.2	5.4	4.8	4.4	4.3	4.2	21,439
Tata Arbitrage Fund - Reg - Growth	12.0	5.2	4.6	3.9	3.9	4.2	6,049
Nippon India Arbitrage Fund - Reg - Growth	22.3	5.2	4.6	4.0	4.0	4.1	8,375
Edelweiss Arbitrage Fund - Reg - Growth	16.2	5.3	4.7	4.2	4.1	4.2	5,150

Equity Savings Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
ICICI Prudential Equity Savings Fund - Reg - Growth	18.0	6.8	7.0	6.9	8.1	--	4,967
PGIM India Equity Savings Fund - Growth	40.8	3.1	6.5	6.5	7.1	8.1	157
NIFTY 50 Hybrid Composite Debt 65:35 Index	15,108.9	4.9	12.5	11.2	12.0	11.7	--

Dynamic Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
PGIM India Balanced Advantage Fund - Reg - Growth	11.5	1.2	--	--	--	--	1,510
Nippon India Balanced Advantage Fund - Reg -	126.0	4.7	10.2	7.9	10.0	11.1	6,851
Tata Balanced Advantage Fund - Reg - Growth	15.2	5.5	12.0	--	--	--	6,300
Edelweiss Balanced Advantage Fund - Growth	36.1	1.5	13.6	10.0	10.2	11.1	9,108
Union Balanced Advantage Fund - Reg - Growth	15.3	2.3	10.5	--	--	--	1,842
NIFTY 50 Hybrid Composite Debt 65:35 Index	15,108.9	4.9	12.5	11.2	12.0	11.7	--

Hybrid Aggressive Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Canara Robeco Equity Hybrid Fund - Growth	246.1	1.0	13.5	10.6	11.6	13.3	8,593
SBI Equity Hybrid Fund - Growth	204.6	2.1	12.0	9.8	11.4	13.9	57,409
Mirae Asset Hybrid - Equity Fund - Reg - Growth	22.1	1.6	12.2	9.9	12.1	--	7,323
NIFTY 50 Hybrid Composite Debt 65:35 Index	15,108.9	4.9	12.5	11.2	12.0	11.7	--

Multi Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Multi - Asset Fund - Growth	49.4	4.1	13.9	9.6	9.9	10.0	1,645
Nippon India Multi Asset Fund - Reg - Growth	13.5	2.9	--	--	--	--	1,170
Tata Multi Asset Opportunities Fund - Reg - Growth	16.2	5.9	--	--	--	--	1,487
NIFTY 50 Hybrid Composite Debt 65:35 Index	15,108.9	4.9	12.5	11.2	12.0	11.7	--

Gold Funds Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Gold Fund - Growth	17.0	11.6	11.5	12.3	10.3	4.4	1,318
Kotak Gold Fund - Reg - Growth	21.9	10.6	11.2	12.7	10.4	4.4	1,324
Nippon India Gold Savings Fund - Reg - Growth	21.8	11.5	11.1	12.1	10.0	4.3	1,418
Prices of Gold	54,131.0	12.5	12.4	13.5	11.6	5.9	--

Overnight Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Aditya Birla Sun Life Overnight Fund - Reg - Growth	1,186.2	6.1	5.9	5.8	4.5	5.64	10,684
IDFC Overnight Fund - Reg - Growth	1,170.4	6.1	5.9	5.8	4.5	5.65	2,205
Mahindra Manulife Overnight Fund - Reg - Growth	1,137.1	6.1	5.9	5.8	4.6	5.72	126
Tata Overnight Fund - Reg - Growth	1,158.2	6.0	5.8	5.8	4.5	5.65	4,080
Nippon India Overnight Fund - Reg - Growth	117.9	6.1	5.9	5.8	4.6	5.68	9,853

Liquid Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Aditya Birla Sun Life Liquid Fund - Reg - Growth	353.2	6.6	6.5	6.2	4.7	6.63	38,922
ICICI Prudential Liquid Fund - Reg - Growth	324.7	6.4	6.4	6.1	4.7	6.46	42,960
Kotak Liquid Fund - Reg - Growth	4,436.6	6.4	6.4	6.1	4.7	6.58	30,840
Nippon India Liquid Fund - Reg - Growth	5,355.3	6.3	6.4	6.2	4.7	6.53	29,956
Mahindra Manulife Liquid Fund - Reg - Growth	1,426.6	6.4	6.5	6.3	4.8	6.51	545

Ultra Short Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Ultra Short Term Fund - Reg - Growth	12.7	6.0	5.5	4.4	4.8	7.01	13,276
ICICI Prudential Ultra Short Term Fund - Growth	23.2	6.0	5.4	4.5	5.0	7.20	12,043
UTI Ultra Short Term Fund - Growth	3,569.3	5.7	5.2	4.1	5.2	7.01	2,075
Aditya Birla Sun Life Savings Fund - Reg - Growth	455.5	6.2	5.6	4.7	5.2	7.34	14,454

Money Market Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Money Manager Fund - Reg	306.9	6.4	5.9	4.8	5.1	7.09	13,666
SBI Savings Fund - Growth	34.8	5.8	5.3	4.2	4.4	7.05	18,715
HDFC Money Market Fund - Growth	4,751.5	6.3	5.7	4.7	5.0	7.08	13,733
Nippon India Money Market Fund - Reg - Growth	3,444.0	6.3	5.9	4.9	4.9	7.09	9,717
Tata Money Market Fund - Reg - Growth	3,919.0	6.3	5.8	4.7	5.0	7.13	7,761

Low Duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Low Duration Fund - Growth	48.2	5.8	5.9	4.1	5.3	7.41	14,727
ICICI Prudential Savings Fund - Reg - Growth	448.8	6.3	7.6	4.5	5.6	7.47	20,467
Nippon India Low Duration Fund - Reg - Growth	3,136.9	5.9	5.3	4.1	5.2	7.51	5,998
Mirae Asset Savings Fund - Regular Savings Plan	1,896.4	5.6	5.4	3.9	4.5	7.25	604.0
Kotak Low Duration Fund - Std - Growth	2,805.8	5.9	5.9	3.8	5.0	7.61	7,414

Floater Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Floating Rate Fund - Reg	287.4	6.3	6.1	4.8	5.7	7.42	13,077
Nippon India Floating Rate Fund - Reg - Growth	37.2	6.8	5.6	3.8	6.2	7.15	8,446

Short Term Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Short Term Fund - Reg - Growth	39.4	6.3	6.6	4.1	6.3	7.74	5,665
HDFC Short Term Debt Fund - Growth	26.4	6.7	6.1	3.5	6.1	7.51	12,248
Nippon India Short Term Fund - Reg - Growth	43.7	6.7	5.8	3.2	5.6	7.70	5,584
ICICI Prudential Short Term Fund - Growth	49.6	7.0	7.7	4.6	6.3	7.76	14,358
Kotak Bond Short Term Fund - Reg - Growth	43.5	7.0	6.2	3.0	5.4	7.53	13,040

Corporate Bond Fund

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Corporate Bond Fund - Reg - Growth	24.5	6.7	7.5	4.4	6.3	7.60	15,773
IDFC Corporate Bond Fund - Reg - Growth	16.0	6.2	5.5	2.6	5.9	7.26	16,438
HDFC Corporate Bond Fund - Growth	26.7	6.9	7.0	3.2	6.2	7.20	23,230
Kotak Corporate Bond Fund - Std - Growth	3,112.2	6.8	6.2	3.6	5.6	7.59	8,775

Dynamic Bond Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential All Seasons Bond Fund - Growth	30.3	7.1	9.2	4.5	6.9	7.78	6,074
Nippon India Dynamic Bond Fund - Reg - Growth	30.6	6.8	8.6	2.2	5.4	7.65	3,681
Kotak Dynamic Bond Fund - Reg - Growth	30.9	7.2	7.5	2.4	5.7	7.73	1,991

Medium Duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Medium Term Bond Fund - Growth	36.9	7.1	7.4	4.1	6.7	7.91	6,256
HDFC Medium Term Debt Fund - Growth	46.7	7.4	7.0	2.9	6.0	7.96	3,669
SBI Magnum Medium Duration Fund - Growth	42.2	7.7	6.8	3.4	6.5	7.90	8,811

Medium to Long duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Bond Fund - Growth	32.9	7.4	8.0	3.1	5.8	7.34	2,426
SBI Magnum Income Fund - Growth	58.4	7.7	7.5	3.0	6.4	7.70	1,511

Gilt Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Nippon India Gilt Securities Fund - Reg - Growth	31.6	6.8	7.5	2.1	5.0	7.41	1,136
Kotak Gilt Fund - Growth	80.2	6.9	8.4	2.4	5.8	7.68	1,756
IDFC G Sec Fund - Invt Plan - Reg - Growth	28.9	8.2	5.6	1.4	5.6	7.19	1,428

Credit Risk Fund

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Credit Risk Fund - Growth	26.0	7.0	6.8	5.0	7.0	8.63	7,880
HDFC Credit Risk Debt Fund - Reg - Growth	19.9	6.6	6.7	3.7	7.2	8.49	8,552
SBI Credit Risk Fund - Growth	37.2	6.5	6.2	4.2	6.3	8.12	2,844

Disclaimer : Mutual Fund Investments are subject to market risks. Please read the offer document carefully before investing. Past performance is no guarantee of future performance. Returns are of Growth option of Regular plans. Returns which are below 1 year period are Annualized Returns. Source: - ICRA MFI, NAV as on 23rd December 2022

TECHNICAL OUTLOOK

The rally in December was led by the Bears. Also, in the same month, the Nifty gave a breakdown of the upward rising channel, suggesting a potential correction or say profit booking provided it doesn't give the breakout of resistance i.e. 18,400-18,500. Meanwhile, small pull backs may be witnessed towards 18,400-18,500, which will enable profit booking at higher levels.

The sentiment on D-Street appeared to be cautious. Yet, a pullback rally was visible as the stocks were doing really well. This helped the Nifty to move in the upward direction.

Currently, the Nifty is witnessing a pullback rally but it could be short-lived in the near term. And we may witness profit booking at higher levels. However, we may see an uptick in volatility, going forward.

In the next couple of sessions, the Nifty is likely to face strong resistance at 18,400-18,570 levels as per Fibonacci Retracement. The Nifty has immediate support at 17,700 level, with support provided by the 100-DMA.

Any breakdown will intensify the correction, which might take the Nifty towards 17,400-17,000 levels. Going ahead, 17,700 will act as a strong support. As long as the Nifty holds this support zone, pull back will remain intact and the upside rally is likely to continue.

The overall trend appears to be weak. If the Nifty breaks the 17,700 level on closing basis, we may witness profit booking, which might drag the Nifty towards the 17,400 -17,000 -mark.

Market participants are advised to be stock-specific and stay light with major long positions. They should follow the trend with major support of 17,700.

The Bank Nifty rallied in both directions in December and moved towards 41,640 from 44,248. However, after quoting a high of 43,600, the Bank Nifty is seeing a profit booking in the December series.

Technically, the Bank Nifty has an immediate support at 42,400-42,300. Any move above 42,300 on closing basis may extend its fall towards 41,700-41,200. On the flip side, resistance is placed at 42,900-43,000. Thereafter, the Bank Nifty may see some pull back rally towards 43,700-44,000 levels.

On the Nifty Options front for the January series, the highest Open Interest (OI) build up is witnessed near 18,500 and 19,000 Call strikes, whereas on the Put side, it is observed at 18,000 and 17,000 strikes.

For this month, stocks from Metals and Banking sectors are likely to witness further buying. Similarly, select stocks from FMCG and Technology sectors are likely to see selling.

India VIX, which measures the immediate 30-day volatility in the market, saw a good down tick in the first half of the December series, which was responsible for the rally in the index. In the second half we saw India VIX spiking from supportive levels of 11.5-12 from around 16 level.

Owing to this, major profit booking is being seen in the market from higher levels. VIX is likely to see range-bound trade from 13-18 levels for the January series. With the Union Budget scheduled to be held in February, VIX might spike for a few days before falling again.

The Put Call Ratio-Open Interest (PCR-OI) for Nifty Options has been in the range of 0.6-1.4 December. Going forward, it is expected to remain between 0.7 and 1.5 in January.

The markets are believed to remain cautious in the first half of January with supports placed at 18,000 and 17,500. Also, the markets will continue to witness some important resistances at 18,500 and 19,000 levels.

OPTIONS STRATEGY

Long Strangle

It can be initiated by 'Buying 1 lot 12JAN 18300 CE (₹125) and Buying 1 lot 12JAN 17900 PE (₹135).' The premium outflow comes to around 260 points, which is also your maximum loss. One should, however, place a stop loss at 160 points (100 point loss). The maximum gain is unlimited and one should place the Target at 500 points (240 point gain).

With major volatility expected in the market in January, a movement of 300 points on either side of the market is likely to give decent profits in the strategY.

EASING THE BURDEN

Prepayment is an ideal way to reduce your housing loan interest strain

The interest rate cycle has flipped. The top priority of central banks world over has been to control inflation. India is no different from the rest of the world. The nation's apex bank, the Reserve Bank of India (RBI), has been tightening interest rates in order to tame inflation.

The Reserve Bank has hiked the key short-term lending rate (repo) by 190 basis points in four tranches since May to contain inflation.

There are enough signs indicating that inflation may slow down in 2023 on the back of high base effect and falling oil prices due to recessionary fears.

Yet, the RBI is unlikely to turn dovish until inflation is brought within the acceptable range of 2% to 4%. This means that high interest rates are here to stay in the medium term.

The direct fallout of rising repo rates is the increase in the interest portion of EMIs on floating rate housing loans. Hence, the question arises: can something be done to alleviate the burden of increasing EMIs caused by rising interest rates?

The easiest and the simplest option would be to prepay the housing loan to the extent possible and reduce the interest outflow. This may not be the best thing to do in fixed rate home loans because of the prepayment penalty that may be levied on the loan by the lender.

PREPAYMENT OF A HOUSING LOAN

Prepayment is an option to repay a part of the principal during the tenure of the home loan or pay off the loan in full (also termed as foreclosure) before the tenure of the home loan ends.

Since, the prepayment goes towards principal reduction, any part prepayment will lead to a reduction in the EMI as the quantum of interest to be paid will fall on the back of a drop in the outstanding loan amount.

However, individuals need to be aware that as per RBI regulation, prepayment of loans in part or full for floating rate loans does not attract any penalty. However, prepayment in case of fixed rate loans may be subject to a penalty ranging from 0.5% to 3% depending on the bank or the financial institution.

Prepayment in part can be done multiple times over the tenure of the loan. But the borrower needs to take into consideration the penalty that is levied in case of fixed rate loans.

TO PREPAY OR NOT AND BY HOW MUCH

• Surplus Funds

Prepayment should be considered only if the borrower has funds to spare, that is, after putting away funds for emergency purposes and funds to pay premiums or make investments that are needed to be made at the right age (mortality charges and health insurance premiums, which increase with age). So, if there is a bonus payment that has come through it makes perfect sense to consider part prepayment.

• Cost Comparison

If the post-tax interest cost is higher than the rate of return you would be earning on your investment, then it makes great economic sense to relook at the investment portfolio and liquidate the investment and prepay the loan (not touching those meant for emergency purposes). Generally, interest rates charged on loans are higher than those on fixed investments.

TAX RELIEF

The Income-Tax Act, 1961, provides tax relief on housing loan on two fronts.

• Principal Repayment

Deduction of ₹1.5 lakhs on the principal amount repaid annually is permissible under section 80C of the Income-Tax Act, 1961. However, for most people, the deductions under 80C are exhausted on the back of PF contributions made, insurance premiums paid or various other options. Hence, it is unlikely that one will have the headroom to claim deduction under principal repayment on the home loan option.

• Interest Payment

Under this provision, annual interest payment of up to ₹2 lakhs is deductible under section 24b of the Income-Tax Act, 1961 for a self-occupied house. And there is no limit on a let-out property.

The ideal scenario for a self-occupied property (which in all likelihood will be the case for most of us) would be to exhaust the ₹2 lakh threshold because it saves tax and brings down the interest cost on the housing loan depending on the tax bracket one falls in.

The extent of benefit will differ based on the quantum of the loan and the tax bracket. If the interest payment for the year is ₹2,00,000, then the people falling in the 20% tax bracket will have a tax saving of

₹40,000, and those falling in the 30% tax bracket will save ₹60,000 in taxes, bringing down the effective tax rate.

For the purpose of illustration, on a home loan of ₹20 lakhs, having an interest of 9%, the interest payout for the year would be ₹1,80,000. An individual falling in the 20% tax bracket would have an interest saving of 36,000 while in the 30% tax bucket, a saving of ₹54,000, bringing down the effective interest rate to 7.2% and 6.3%, respectively.

Thus, the best-case scenario would be to top the interest pay out to ₹2,00,000 to get maximum tax saving as the return on investments would be higher than the post-tax cost of the home loan.

REDUCING THE INTEREST COST OVER THE LIFE OF THE HOME LOAN

The tenure of home loans tends to be long. Over that period, an individual will end up paying a significant amount of interest to the lender. By the time the loan is fully repaid, say after 15 years or 20 years, interest cost will be a sizable amount of the loan taken. Prepayment, on the other hand, will lower interest payments and can also shorten the tenure of the home loan.

IMPROVEMENT IN CREDIT SCORE AND HEADROOM FOR OTHER LOANS

Prepayment of a home loan reflects the promptness of the individual in clearing his/her debt. This positively contributes to the credit score. In addition to this, it provides headroom to take other loans, which could be a car loan or a renovation loan. Low current leverage enables lenders to offer loans at attractive rates.

REDUCE THE LIABILITY OVERHANG

When a liability is hanging over one's head, there is always the stress of holding on to a job to be able to meet the EMI obligation and also the fear of the liability being a burden on the family. Paying the loan to the extent possible will alleviate the stress as the liability will become smaller. Moreover, it will also enable the borrower to redirect his/her energies towards wealth creation.

House purchase will in all probability be the single largest investment during one's lifetime. Home loan is the bridge that makes owing a house a reality. Home loans are long-tenured and endure interest rate cycles.

In a rising interest rate environment, on a floating rate loan, a huge part of the EMI goes towards interest payment. The question one needs to ask is, even if an investment provides some interest arbitrage, is it large enough to hold on to a liability? Besides, more often than not, interest rates on home loans tend to be higher than returns by a fixed rate product.

So, unless one is comparing interest cost with returns on equity, which can be volatile, prepayment is the logical choice provided the person is using surplus funds and not those meant for emergency or other purposes that will compromise on his/her financial stability. It is often said, "You can't put a price on peace of mind," and, so, if you have surplus funds, it is worthwhile considering prepaying your home loaN.

IMPORTANT JARGON

SIP CONTRIBUTION SHINES, EQUITY FLOWS MODERATE

Recently, the Association of Mutual Funds of India (AMFI) released data for the month of November '22. Data show that the contribution of investors by way of the Systematic Investment Plan (SIP) route remained resilient even as flows to equity mutual funds moderated.

Q. What Are SIPs?

A Systematic Investment Plan (SIP) is an investment route wherein one can invest a fixed amount in a mutual fund scheme at regular intervals – say once a month or once a quarter, instead of making a lump-sum investment.

Q. Why Are SIPs Popular?

Just like a recurring deposit with a bank, an investment in an SIP is convenient. Many investors give standing instructions to their banks to deduct a fixed amount every month towards their SIPs. The instalment amount could be as little as ₹500/month. Importantly, SIPs help in investing for the long term in a disciplined manner within investors' budget and without worrying about market volatility or without timing the market. The key to greater returns in an SIP is to start investing early. An SIP helps in averaging returns. Retail investors now prefer mutual funds over low-yielding traditional savings avenues like bank fixed deposits.

Q. What Is The Trend In SIP Flows?

The number of SIP accounts stood at 6,04,57,429 for the month of November '22. New SIPs registered for the month of November '22 stood at 21,77,269. Monthly SIP contribution stood at ₹13,306.49 for November as compared to SIP contribution in the whole of the fiscal year 2016-2017 at ₹43,921 crore. SIP AUM stood at ₹6,83,851.80 crores for November, an increase of ₹19,070.94 crores from last month.

Q. Why Is The Growing SIP Contribution Important?

Most SIP flows are into equity mutual fund schemes. They are the harbinger of the mood of retail equity investors. Sustained inflows through SIPs have absorbed a lot of selling pressure during volatile times in equity markets. Also, this route has provided the domestic mutual fund industry with a solid foundation for growth. The SIP route is the best way for investors to start taking exposure to equity markets.

Q. What Do Resilient Inflows Into SIPs Say About Investor Psychology?

In the month of November, investors pulled out money from large-cap equity funds, while SIP contributions have been robust. This tells that investors are well aware of SIP as an investment product, which can create wealth in the long term. SIP investors are getting matured and are not getting unnecessarily perturbed by monthly volatility in the markets.

Q. How Has The The Equity Market Performed?

The benchmark S&P BSE Sensex rose 3.9% in November after a 5.8% jump in October. The BSE Sensex rose 22% in 2021, after rising 15.8% in 2020. So far this year, the index is up 6.7%.

Q. As Markets Have Risen, Are Mutual Fund Investors Booking Profits?

Yes. Data for November show that equity and equity-linked mutual fund schemes witnessed an inflow of ₹22.58 billion in November, down from ₹93.90 billion of inflows recorded in October. Net inflows were lower on the back of profit booking by investors. To highlight, the base was higher as equity inflows in October were largely boosted by the launch of two new fund schemes that attracted ₹24.26 billion.

Q. What Are The Net Assets Under Management In Various Equity Schemes? In November How Were The Flows In Different Categories?

The net assets under management in various equity schemes stood at ₹15.58 trillion as of November-end, up from ₹15.22 trillion as of October-end. The large-cap funds category recorded outflows of ₹10.39 billion on the back of profit booking by investors, while multi-cap funds saw inflows of ₹1.70 billion. Sectoral / Thematic funds saw an inflow of ₹13.80 billion, the biggest among equity schemes. The small-cap funds category saw an inflow of ₹13.78 billion, while mid-cap funds saw inflows of ₹11.76 billion.

Q. What Is The Asset Under Management (AUM) Of The MF Industry?

Overall, AUM of mutual funds as of November-end stood at a record ₹40.38 trillion, topping the earlier record of ₹39.50 trillion at the end of the previous month.

STATE ELECTIONS RESULTS: STABILITY REINFORCED

Recently, the ruling Bharatiya Janata Party (BJP) won elections in the state of Gujarat by a huge margin, while results in Himachal Pradesh (HP) show that the BJP lost power, although by a small margin.

Q. What Was The Election Outcome?

BJP won 156 out of 182 seats in the Gujarat assembly, while it lost the HP assembly in a close contest to the Indian National Congress (INC), which won 40 seats out of 68. Election results show that although there is some anti-incumbency against BJP, they still are the favourite political party.

Q. Are The Election Results Important For Markets?

Usually, state elections have very little bearing on the national stage. But the context of the elections in Gujarat and Himachal Pradesh was a test of sorts for the BJP. In both Gujarat and HP, BJP was the incumbent. The backdrop to the state elections was anti-incumbency, dissatisfaction due to the covid-19 pandemic, high inflation, and uneven economic growth. Since there is no major disruption, election results will not change the central government’s economic, political, and social agenda on the national stage.

Q. What Can Be Expected In Terms Of Reforms?

The central government has a small window to undertake meaningful reforms before more elections come up in 2023 and 2024. A push for privatisation could be aggressive in that window. Reforms in the power sector can also be expected. While agriculture and land reforms are not expected to be taken up by the government, further push to rein in inflation and generate employment could be expected.

Q. What Does The Political Calendar Look Like?

The year 2023 has a heavy political calendar. Around eight to nine state elections are scheduled to take place in 2023. These include Meghalaya, Nagaland, Tripura, Karnataka, Chhattisgarh, Madhya Pradesh, Mizoram, Telangana, and Rajasthan. National elections will be held around May ’24.

Q. Why Is There Only A Small Window For Reforms?

The political calendar is busy before the national elections in 2024. The 2023 elections will be seen as a precursor to the 2024 national polls. The government may take up populist measures before the national polls. This may be negative to fiscal prudence. The Union Budget for fiscal year 2023-24 will be the last full budget before India goes for national elections in 2024. It will be worth tracking the Union Budget from the angle of fiscal prudence. While markets love political stability, they have a strong disdain for populist measure**S.**

INTERNATIONAL STOCK EXCHANGE HOLIDAYS FOR 2023

Date	China	India	Japan	Singapore	UK	USA	Hong Kong	Taiwan	Korea
1-Jan-23			Holiday	Holiday				Holiday	
2-Jan-23	Holiday		Holiday	Holiday	Holiday	Holiday	Holiday	Holiday	
3-Jan-23			Holiday						
9-Jan-23			Holiday						
16-Jan-23						Holiday			
18-Jan-23								Holiday	
20-Jan-23								Holiday	
21-Jan-23	Holiday								
22-Jan-23	Holiday								
23-Jan-23	Holiday			Holiday			Holiday	Holiday	Holiday
24-Jan-23	Holiday			Holiday			Holiday	Holiday	Holiday
25-Jan-23	Holiday						Holiday	Holiday	
26-Jan-23	Holiday	Holiday						Holiday	
27-Jan-23	Holiday							Holiday	
28-Jan-23	Holiday								
11-Feb-23			Holiday						
18-Feb-23		Holiday							
20-Feb-23						Holiday			
23-Feb-23			Holiday						
27-Feb-23								Holiday	
28-Feb-23								Holiday	
1-Mar-23									Holiday
7-Mar-23		Holiday							
21-Mar-23			Holiday						
30-Mar-23		Holiday							
3-Apr-23								Holiday	
4-Apr-23		Holiday						Holiday	
5-Apr-23	Holiday						Holiday	Holiday	
6-Apr-23									
7-Apr-23		Holiday		Holiday	Holiday	Holiday	Holiday		
10-Apr-23					Holiday		Holiday		
14-Apr-23		Holiday							
22-Apr-23		Holiday		Holiday					
29-Apr-23			Holiday						
1-May-23	Holiday	Holiday		Holiday	Holiday		Holiday	Holiday	
2-May-23	Holiday								
3-May-23	Holiday		Holiday						
4-May-23	Holiday		Holiday						
5-May-23	Holiday		Holiday						Holiday
8-May-23					Holiday				
26-May-23							Holiday		
29-May-23					Holiday	Holiday			
2-Jun-23				Holiday					
6-Jun-23									Holiday
19-Jun-23						Holiday			
22-Jun-23	Holiday						Holiday	Holiday	
23-Jun-23	Holiday							Holiday	
28-Jun-23		Holiday							
29-Jun-23				Holiday					
4-Jul-23						Holiday			
17-Jul-23			Holiday						
29-Jul-23		Holiday							
9-Aug-23				Holiday					
11-Aug-23			Holiday						
15-Aug-23		Holiday							Holiday
28-Aug-23					Holiday				
4-Sep-23						Holiday			
18-Sep-23			Holiday						
19-Sep-23		Holiday							
23-Sep-23			Holiday						
28-Sep-23									Holiday
29-Sep-23	Holiday							Holiday	Holiday
30-Sep-23									
1-Oct-23	Holiday								
2-Oct-23	Holiday	Holiday					Holiday		
3-Oct-23	Holiday								Holiday
4-Oct-23	Holiday								
5-Oct-23	Holiday								
6-Oct-23	Holiday								
9-Oct-23			Holiday					Holiday	Holiday
10-Oct-23								Holiday	
23-Oct-23							Holiday		
24-Oct-23		Holiday							
3-Nov-23			Holiday						
12-Nov-23		Holiday							
13-Nov-23				Holiday					
14-Nov-23		Holiday							
23-Nov-23			Holiday			Holiday			
27-Nov-23		Holiday							
25-Dec-23		Holiday		Holiday	Holiday	Holiday	Holiday		Holiday
26-Dec-23					Holiday		Holiday		
29-Dec-23									Holiday
31-Dec-23			Holiday						

Missed a copy?

Log on to www.nirmalbang.com

To subscribe: e-mail us at beyondmarket@nirmalbang.com

It's simplified...

beyond powered by NIRMAL BANG
a relationship beyond broking

HAPPY NEW YEAR

You can't stop the time but
you can **invest it for a better future!**

RNI Reg. No. MAHENG/2009/28962