Sakthi Financial Services

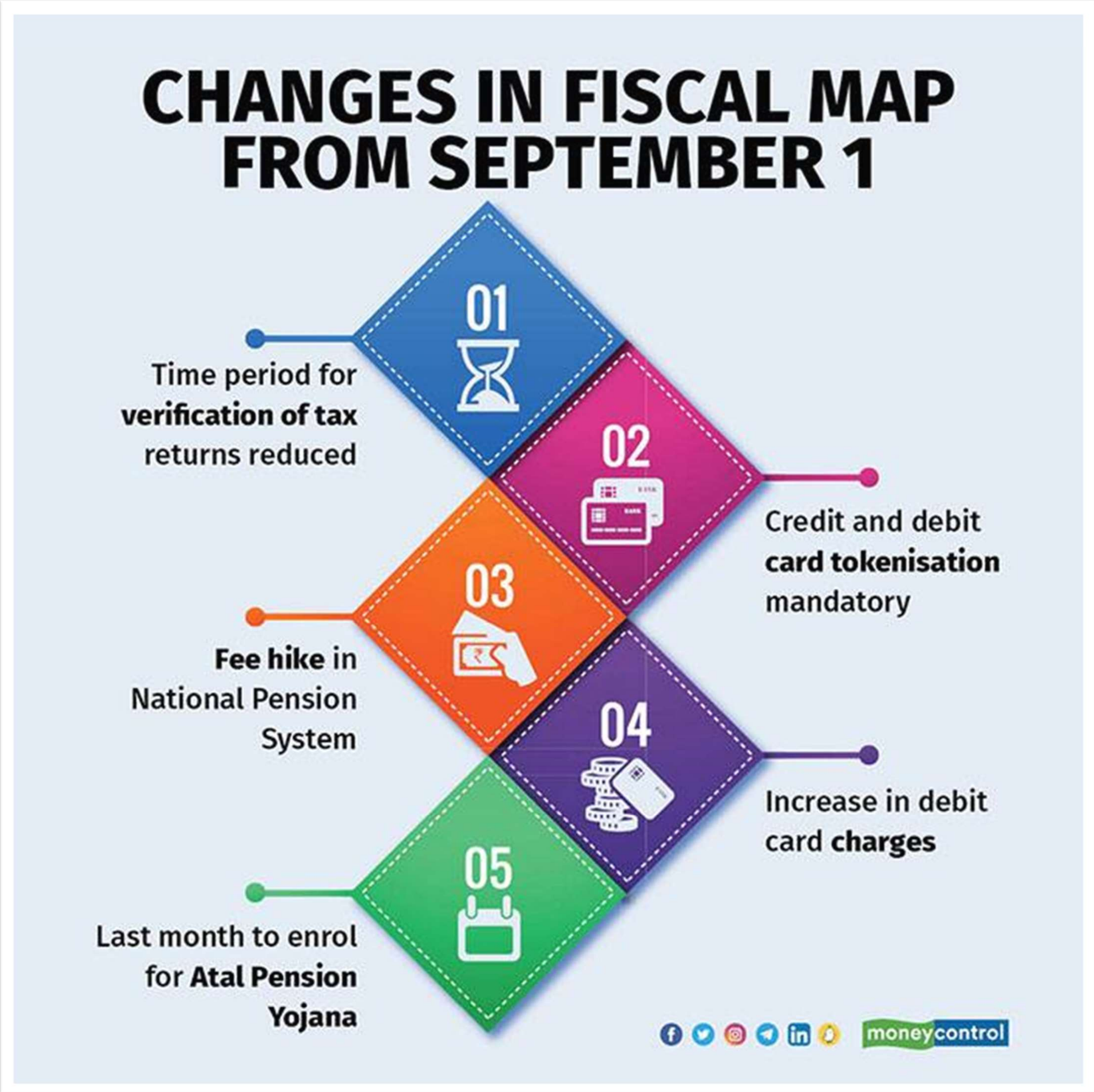
Weekly Update

01st September 2022

Vol: - 22.23.21

SENSEX	NIFTY	USD	GOLD	CRUDEOIL
58766.59	17542.80	79.88	51188.00	7197.00

Five important money matters that need your attention this September



(Cont.)

Taxpayers now have 30 days to verify returns

By verifying the tax returns, you make a declaration that the information provided by you in the return form is correct and complete and is in accordance with the provisions of the Income-tax Act, 1961.

The time limit for **verification of tax returns** filed on or after August 1, 2022, (that is, after the July 31 due date) has been reduced from 120 days to 30 days. That means if, say, you have filed your income tax returns on August 8, you need to verify the returns before September 7. The 30-day verification window starts from the day you submit your income tax returns.

For tax returns filed on or before July 31, 2022, the time limit to verify the returns remains the same, that is, 120 days from the date of filing the tax return. Without verification within the stipulated time, the returns will not be processed by the I-T department. The more you delay, the more time it will take for a refund, if any, to get credited to your bank account. Further, if you do not verify in time, your return will be treated as not filed and will attract all the consequences of not filing the returns.

Also, if you verify the return after the expiry of the stipulated time, it will be considered a late filing and penalties and fees will apply. You can take the physical offline verification route, but e-verification using Aadhaar and net banking are more convenient.

Tokenise your cards for secure transactions

In September, replace all credit and debit card data used in online, point-of-sale (POS) and in-app transactions with unique tokens for secure transactions.

According to the Reserve Bank of India (RBI) mandate, **the tokenisation rule comes into effect from October 1**. Under this, all merchant websites will be prohibited from saving your card numbers, CVV or expiry date on their servers for processing online transactions. The card users should now save a token if the merchant provides the facility on its payment gateway page and save that token on the particular website (for future use).

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National Pension System fee hike

When you make contributions to the **National Pension Scheme** (NPS), a commission is deducted by cancellation of units. Come September 1 and the trail commissions on contributions made through the direct-remit mode under NPS would be increased to 0.20 percent from the existing 0.10 percent of the contribution amount. The fee hike is applicable only for investing under direct-remit mode in which same-day net asset value (NAV) is offered if the investment is received by 9.30 am, as against a lag of two-three days under regular investment into NPS.

Banks are hiking charges on debit card issuance and annual fees

From September, several banks have announced a hike in the annual charges and issuance fees on debit cards. This is owing to a steep increase in the cost of semiconductor chips used in the card and other inputs. For instance, Indian Overseas Bank (IOB) has raised the charges for multiple variants of debit cards effective September 6. The issuance fee for a Rupay classic debit card from IOB was Rs 50 and annual charge from the second year onwards was Rs 150. The issuance fee and annual charge from the second year will increase to Rs 150 and Rs 250, respectively. Similarly, Yes Bank has increased the annual fees on its Rupay debit card (only for Kisan account) and Element debit card to Rs 149 and Rs 299, respectively. Earlier, Yes Bank was charging Rs 99 and Rs 249 annually for these cards, respectively. Other banks that have raised issuance fees and annual charges include Central Bank of India and Suryoday Small Finance Bank on some variants of the cards.

Last opportunity to invest in Atal Pension Yojana

For those in the age group of 18-40 years, September 30, 2022, is the last day to enrol for the **Atal Pension Yojana** for income tax payers. The pension scheme that is managed by the Pension Fund Regulatory and Development Administration offers a minimum guaranteed pension of Rs 1,000-5,000 per month for unorganised workers. It was launched in 2015 for low-income earners as Swavalamban Yojana.

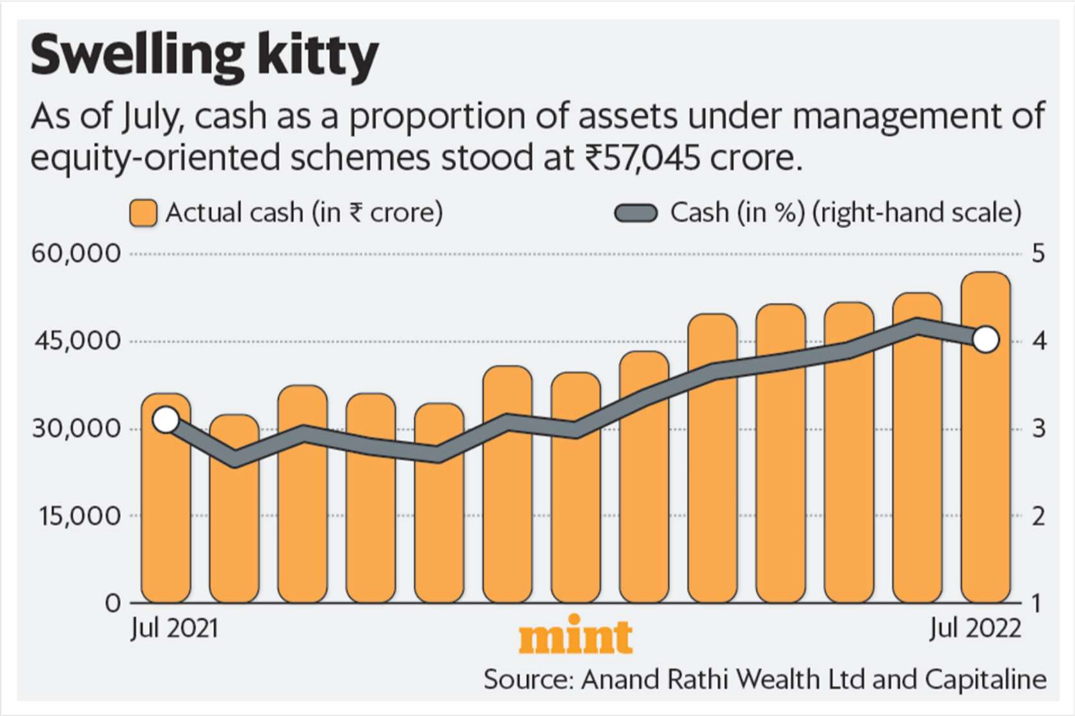
AMCs sit on record cash pile ready for deployment

Asset management companies (AMCs) are sitting on the biggest pile of cash in the past five years, indicating that the cash hoard could be deployed to counter a potential selloff by foreign portfolio investors, market experts said. As of July, cash as a proportion of assets under management (AUM) of equity-oriented schemes stood at ₹57,045 crore, significantly higher than the five-year average of ₹31,531 crore.

In relative terms, July's figure of 4.03% cash level is higher than the five-year average of around 3.58%, and the two-year average of 3%, data from Anand Rathi Group shows.

The relatively high cash levels indicate that asset managers are not deploying funds aggressively despite steady inflows via systematic investment plans. While net inflows into equity schemes dipped 43% month-on-month in July, SIP inflows remained steady at ₹12,140 crore, enabling overall equity flows to remain in positive territory. "AMCs are holding on to cash to deploy as and when required," said Feroze Azeez, deputy chief executive, Anand Rathi Wealth. "Inflows have been steady with consistency in SIP numbers, which implies that there is a positive sentiment in the market. However, these inflows are not being deployed aggressively." **(Cont.)**

The popularity of mutual funds' equity investing through the SIP route and by HNI investors has acted as an effective counterweight to FII activity and brought some stability to the market. Between October and June, when foreign investors sold shares worth ₹2.3 trillion, domestic institutional investors (DIIs) absorbed their sales by buying shares worth ₹3 trillion, effectively cushioning the market fall. During the period, cash levels of AMCs slipped below the five-year average in many a month (see table).



Thanks to this absorption by domestic investors, the Nifty fell 18% from high to low, outperforming indices like the Dow, which fell 20%, and the Hang Seng, which plunged 30% over the same period. In the recent past, DIIs have been booking profits even as FIIs have turned net buyers of shares. In August, DIIs sold shares worth ₹6,053 crore, even as FIIs invested ₹51,200 crore.

Deployment by domestic investors is being cited as creating a structural shift in the Indian stock market which provides a floor to a fall at times of global uncertainty—Dow fell 3% and Nasdaq 4% over the weekend after the Fed sounded a hawkish tone on interest rates.

"There is a floor to the market from ₹14 trillion of equity fund AUM," said Nilesh Shah, managing director and CEO of Kotak AMC. "We can bring down the current cash level from 4% to 0.5% in a cheap market, with about ₹50,000 crore being deployed from the cash held by AMCs in a falling market."

Amit Gupta, vice-president and fund manager at ICICI Securities PMS, said: "There is always a chance of volatility spiking. But given the robust flows through MF and direct investing, we can be reasonably sure of India's continued outperformance. In the event of a global risk-off, we could risk re-testing the June lows."

This tax saver mutual fund managed by Neelesh Surana has tripled money in 7 years

Mirae Asset Tax Saver Fund is an open-ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit. The fund invests minimum 80% of its total assets in equity and equity related securities of companies across industry sectors and market cap segments. The fund can also invest 0-20% of its total assets in money market instruments, debt securities and G-Secs etc.

Mirae Asset launched the tax saver fund on 28th December, 2015 with the fund being operational for around seven years. Both Value Research and Morningstar have a 5-star rating on this tax saver mutual fund. Neelesh Surana is the fund manager of the fund since its inception. As per the details by the fund house, the risk profile of Mirae Asset Tax Saver Fund is 'Moderately High'.

The fund has given a 3-year return of about 22% and 5-year return of over 15%, and since its inception, the fund has generated over 18% as of August 26, 2022. It has an asset under management (AUM) or fund size of ₹12,600 crore. The fund's net asset value or NAV has grown from ₹10 to ₹31 as on August 26.

A monthly SIP of ₹5,000 started in the Mirae Asset Tax Saver fund since it was introduced seven years ago would have now been worth about ₹7.22 lakh. Meanwhile, the investment, if initiated three years ago in the fund, would now be worth about ₹2.54 lakh as the fund generated nearly 22% over the last three years.

Systematic investment plan (SIPs) is popular and an easy way for investors with limited liquidity to invest systematically from their savings accounts into mutual funds. Equity Linked Savings Schemes (ELSS) have lock-in period of 3 years. HDFC Bank, ICICI Bank, Reliance Industries (RIL), Infosys, Axis Bank, State Bank of India (SBI), Tata Consultancy Services (TCS), Bharti Airtel, Sun Pharma, Larsen and Toubro (L&T), SBI Cards, Gland Pharma are some of the top holdings of the fund.

India's Q1 GDP grows at 13.5 percent, lags estimates

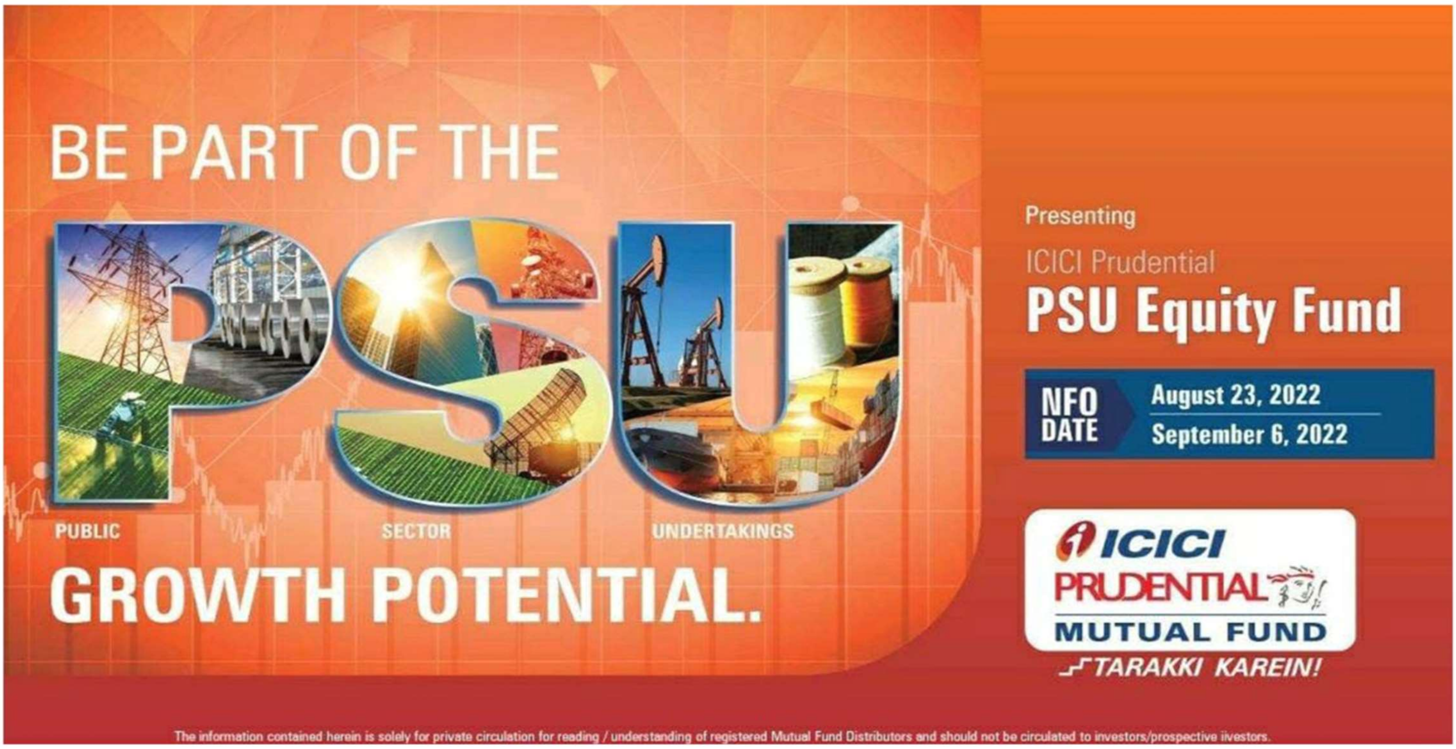
India's economy grew at the fastest pace in a year from April-June quarter, as a favourable base effect and improved activities following the relaxation of pandemic-led restrictions outweighed the rippling effects of geopolitical and global concerns. Asia's third-largest economy posted double-digit growth of 13.5 percent in the fiscal first quarter, lagging the 15.2 percent estimate by Reuters and sharply higher than the 4.1 percent growth rate in the preceding quarter.

A rebound in private consumption - one of the key factors for the economy - and growth in contact-intensive sectors amid declining Covid-19 fears aided economic momentum in the first quarter. Moreover, a severe coronavirus Delta wave in the comparable year-earlier period had impeded growth as consumption demand slackened with state-enforced movement restrictions.

Finance Secretary T. V. Somanthan said today's readings show that India's real GDP was at Rs. 36.85 lakh crore. "This is highest ever GDP definitely, significantly above pre-pandemic level. We have crossed the pre-pandemic level in real terms by about 4%. This performance augurs well for the economy," he said.

The first-quarter growth print for India is in contrast to China barely avoiding a contraction in the same period as the larger neighbour's strict zero-Covid policy locked down several places of key manufacturing and tech hubs. India's manufacturing sector grew 4.8 percent, while the construction sector posted a 16.8 percent, data released by the ministry of statistics showed on Wednesday.

Private consumption witnessed a growth of nearly 26 percent.



(Source:- Economictimes, Moneycontrol, Livemint, Cafemutual, IBJArates, AMFI Etc.)