



**net brokers**  
Private Wealth Management  
we know your investment needs

## **Knowledge Initiative**

**Dear Patrons,**

**Greetings!**

We are pleased to share our monthly newsletter “**Knowledge Initiative**” for August 2016.

We thank you for reading and acknowledging our newsletter every month. Knowledge Initiative Team is committed to bring to you more educative and informative articles.

We would very much appreciate your feedback which consistently helps us in improving and upgrading the contents.

Also send us your questions or queries related to any financial product.

**The issue includes:**

- Impact of GST on Indian Economy
- Advice for Young Professionals
- Maternity Insurance - Key Takeaways
- Investment Opportunities in Real Estate
- SIP Returns in Top Equity Mutual Funds



**Akhil Chugh**

**Warm Regards,**

**Akhil Chugh**  
**Director**



## Impact of GST on Indian Economy

The much awaited Goods and Services Tax (GST) bill was finally passed by Rajya Sabha paving way for a bright and strong future of the Indian economy. GST has further added to the positive sentiments already taking place due to good monsoons, low current account and fiscal deficit, low commodity prices, low inflation and strong dollar reserves.

GST will change the way business is done in India. It will make the entire indirect tax system very efficient and will benefit all stakeholders including manufactures, sellers, the end consumers and the tax collecting governments. GST will be one single indirect tax levied on goods and services across the country with input credit mechanism across the value chain. It will subsume most of the central and state indirect taxes such as excise duty, service tax, sales tax, value added tax, additional customs duty, special additional customs duty, entertainment tax etc.

### Key Benefits:

- The GST bill will boost the ease of doing business in the country, because this single tax (GST) would come as a boon for those industries or businesses that often deal with multiple levies within the country.
- GST will boost earnings of companies in logistics, manufacturing and transportation sectors.
- Post implementation, it is likely to boost the GDP growth rate by 150-200bps as per various estimates.
- It will eliminate the current cascading impact on prices of goods from numerous central and state taxes.
- Will be beneficial for organized players who are currently paying taxes to gain market share as the GST mechanism makes it difficult for the unorganized players to evade taxes.
- With the single tax system with seamless input credit mechanism, the companies which had set up several factories and warehouses to minimize taxes have opportunity to optimize their supply chain. It will increase productivity and efficiency of corporates in turn benefitting the Indian economy.
- GST will likely improve the overall tax collection as single tax simplifies tax administration and tax avoidance becomes difficult.

The government has set up an ambitious roll out plan of implementing GST from April 1<sup>st</sup> 2017 which is only 9 months away. The government may find challenges on account of forming a consensus on GST rate and tax structure; setting up required IT infrastructure by March 2017 for timely implementation; adequate training for tax collectors and corporates requiring more time for understanding new procedures. No doubt GST will be a game changer for the Indian economy, but the government will have to put lot of hard work before it gets implemented.



## Advice for Young Professionals

According to reports, around 10 lakh of young people enter work place in India every month. These young professionals will certainly have lot of responsibilities and a lot of things to consider in their professional lives. They may be having lot of questions in their mind regarding money management or how to achieve financial stability. We are listing important financial tips to help you out in this regard:

**Create a Budget:** To create a budget, from monthly income subtract living expenses like rent, mortgage, utility bills, medical bills and other things you have to pay on monthly basis. Then subtract your monthly loans and debt payments. Now you have created a budget for yourself, assuming you have some money left over, you need to prioritize how you will spend it.

**Build an Emergency Fund:** Planning for unexpected expenses first is critical as it can have serious financial implications. Sudden illness or a job loss can create problems if you don't have the savings to support yourself. Build an emergency fund which account for three to six months of living expenses, adequate life insurance and medical insurance. The decisions of insurance should be need based rather than tax based.

**Tax Planning:** Make use of several online tools to calculate the amount that is being deducted from your salary in the form of tax. This helps you to set financial goals and help in meeting certain obligations in your life that are related financially. Invest in tax saving mutual funds to take benefit of Rs 1.5 Lakh under section 80 C. Mutual funds have low cost and generate good returns in the long run.

**Insurance is Must:** Get insured as early as possible to keep your premium low. Get a term plan and medical insurance. Avoid insurance plans like endowment and ULIPs which have high charges and offer low life cover.

**Start Saving for Retirement:** Early stage of the career is an ideal time to start retirement planning. If you start at a young age you can enjoy the benefits of compounding and ensure that you have a financially secure retirement. Use systematic Investment Plan (SIP) in mutual funds to your advantage to invest in equities. SIP encourages savings habit each month and has the potential to build huge wealth in the long run.

**Pay off High Interest Credit Cards:** Try to avoid credit cards. Use it only as a last option. Always make sure you repay your bank on time. Don't pile up your debt and think that you can pay it at once; this will increase your interest rate. Debit cards are always better than credit cards.

**Consult a Financial Adviser:** Financial Adviser can help you chalk out a financial plan which will include retirement planning, children future planning, tax planning and insurance planning. Based on your needs have a discussion with him, explain your money management problems and get solutions for it.



## Maternity Insurance - Key Takeaways

In a country like India where the hospital bills can eat one's savings to a large extent, it becomes imperative for would-be parents to plan for these expenses. Maternity expenses primarily include hospitalization, pre/post natal expenses, delivery costs, medical practitioner's fees, and new born baby cover in case of disorder or illness. The same are explained below in detail:

1. **Maternity related hospitalization** – pre-hospitalization expenses are covered up to 30 days prior to delivery and will also cover post-hospitalization expenses up to 60 days.
2. **Delivery including Pre and post-natal expenses** - Maternity insurance covers expenditure related to both caesarean and normal delivery, as well as post-delivery complications for the mother.
3. **Hospitalization costs**- This usually includes room charges, nurse and surgeon charges, anaesthetist consultation charges, medical practitioner fees, and emergency ambulance charges.
4. **New born baby cover (Day 1-90)** – Coverage is also extended to infants in case they are diagnosed with a congenital disorder or some critical illness.

In India, the waiting period to avail the maternity benefit is long. It can take anywhere between 2 to 4 years to claim a maternity related claim. Hence, it becomes extremely important for anyone to purchase this insurance beforehand to avail the benefit.

The maternity insurance has some exclusions, that are being explained below:

- I. Benefit limit for maternity and new born baby related claim is capped between Rs. 15,000-30,000 for normal deliveries and between Rs. 25,000 - Rs. 50,000 for caesarean births. The amount seems quite less as the maternity costs in A-rated hospitals in metros is very high, but this can help in reducing the burden of expenses.
- II. Age of insured for claiming maternity benefit cover is capped at 45 years.
- III. Termination of pregnancy within 12 weeks from the date of conception is not covered by the policy.
- IV. Medical expenses on ectopic pregnancy are not covered under this benefit.

The major limitation of this product is the heavy premium attached to it. The reason to this is that there can be a possibility that you don't need to avail the cover but maternity insurance will be used at any point in time by an individual, thereby lowering the financial impact of the costs.

However, there are certain things we must look at while going ahead with this product:

- a. Check with your employer regarding maternity coverage policy. If that's available, then go ahead with that without touching this policy. You could use this policy to avail no claim bonus at anytime.
- b. Also, you may use your health insurance policy for the balance amount of expenses, in case the employer's policy is unable to cover the entire expense amount.
- c. Have your health insurance policy in place along with the maternity cover.
- d. Alongside, create your own maternity fund, by investing in a liquid fund / mutual fund or fixed deposit.
- e. An individual shall not be covered in case she is already pregnant. Hence, purchase the policy before time, to avail the benefit (even if there are no plans in the near future).

## Investment Opportunities in Real Estate

Indian retail real estate has become attractive again for global investor as private equity (PE) investment in this segment has reached \$149 million in the first six months of 2016 and likely to break previous record of 2008, according to property consultant JLL.

Net Brokers presents to you lucrative options in Real Estate for August 2016:

Project	Type	BSP/Sq.ft	Cost
Vatika Seven Lamps, Vatika INXT, Sector- 82, Gurgaon	Residential	6300	85 Lacs onwards
Vatika Gurgaon 21, Vatika INXT, Sector- 83, Gurgaon	Residential	6200	81 Lacs onwards
Godrej 101, Sector 79, Gurgaon	Residential	5255	75 Lacs onwards
Mahagun Moderne, Sector- 78, Noida - Full Furnished - Ready to Move	Residential	5500	70 Lacs onwards
Civitech Sampriti, Sector 77, Noida - Ready to Move	Residential	5500	62 Lacs onwards
Sunworld Arista, Studio Apartments, Sector- 168, Noida Expressway- Fully Furnished	Residential	-	50 Lacs
DLF Prime Towers, Okhla Phase- 1, New Delhi	Commercial	14,500	1.27 Cr onwards
DLF Galleria, Mayur Vihar, New Delhi - Retail Shops	Commercial	12,000	1.16 Cr onwards
Vatika One On One- Sector 18, NH-8, Gurgaon- Assured Returns @ 10.50% p.a & First Lease Gurantee @ 9% p.a.	Commercial	17333	86.65 Lacs Onwards
Vatika Mindscapes, Mathura Road- Assured Returns @ 10.50% p.a & First Lease Gurantee @ 9% p.a.	Commercial	8800	44 Lacs onwards



For more information on Real Estate Projects, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)

## SIP Returns in Top Equity Mutual Funds

\* Returns as on 10<sup>th</sup> August, 2016

Current Value & Yield (XIRR) %							
Scheme Name Monthly Investment: Rs 10,000	Category	Value & Return (3 Yr)		Value & Return (5 Yr)		Value & Return (10 Yr)	
		360000	%	600000	%	1200000	%
Birla SL Frontline Equity Fund (G)	Large Cap	467,432	17.7	959,372	18.8	2,709,834	15.5
Invesco Business Leaders Fund (G)	Large Cap	458,754	16.4	910,656	16.7	NA	NA
ICICI Prudential Value Discovery (G)	Multi Cap	501,646	22.7	1,095,653	24.3	3,594,743	20.8
Franklin India High Growth Companies Fund (G)	Multi Cap	494,162	21.7	1,085,185	23.9	NA	NA
UTI - Mid Cap Fund (G)	Mid Cap	543,079	28.6	1,214,628	28.6	3,563,873	20.6
Franklin India Prima Fund (G)	Mid Cap	541,315	28.3	1,195,144	27.9	3,466,788	20.1
Franklin India Smaller Companies Fund (G)	Small Cap	569,732	32.2	1,326,870	32.4	3,882,583	22.2
DSP BlackRock Micro Cap Fund (G)	Small Cap	630,681	40.0	1,401,912	34.7	NA	NA
HDFC Balanced Fund (G)	Hybrid Equity	471,324	18.3	953,300	18.6	2,885,896	16.7
Tata Balanced Fund Plan (G)	Hybrid Equity	476,022	19.0	974,783	19.5	2,826,417	16.3
Axis Long Term Equity (G)	ELSS	494,544	21.7	1,090,141	24.1	NA	NA
Invesco Tax Plan (G)	ELSS	483,104	20.0	1,000,360	20.5	NA	NA

\*Returns over 1 Year are compounded annualized



**net brokers**

Private Wealth Management  
 we know your investment needs

**Net Brokers Private Limited**

**Registered Office:** A-35, Shivalik, New Delhi -110017

**Head Office:** 22, New Market, Malviya Nagar, New Delhi- 110017

**Telephone:** +91-11-41881002. **Mobile:** +91-9311999924. **FAX:** +91-11-26676419.

**E-mail:** mail@netbrokers.co.in

**Disclaimer:** Net Brokers has taken due care and caution in presenting factually correct data contained herein above. While Net Brokers has made every effort to ensure that the information / data being provided is accurate, Net Brokers does not guarantee the accuracy, adequacy or completeness of any data/information in the publication and the same is meant for the use of receipt and not for circulation. Readers are advised to satisfy themselves about the merit details of each investment scheme, before taking any investment decision. Net Brokers shall not be held liable for any consequences, legal or otherwise, arising out of use of any such information/data and further states that it has no financial liability whatsoever to the recipient /readers of this publication. Neither Net Broker nor any its directors/employees/ repetitive accept any liability for any direct or consequential loss arising from the use of data/information contained in the publications or any information/data generated from the publication. Nothing contained in the publication shall or be deemed to constitute a recommendation or any an invitation or solicitation for any product or service. Any dispute arising in future shall be, subject to the Court(S) at Delhi. Readers are advised to go through the respective product brochure / offer documents before making any investment decisions.