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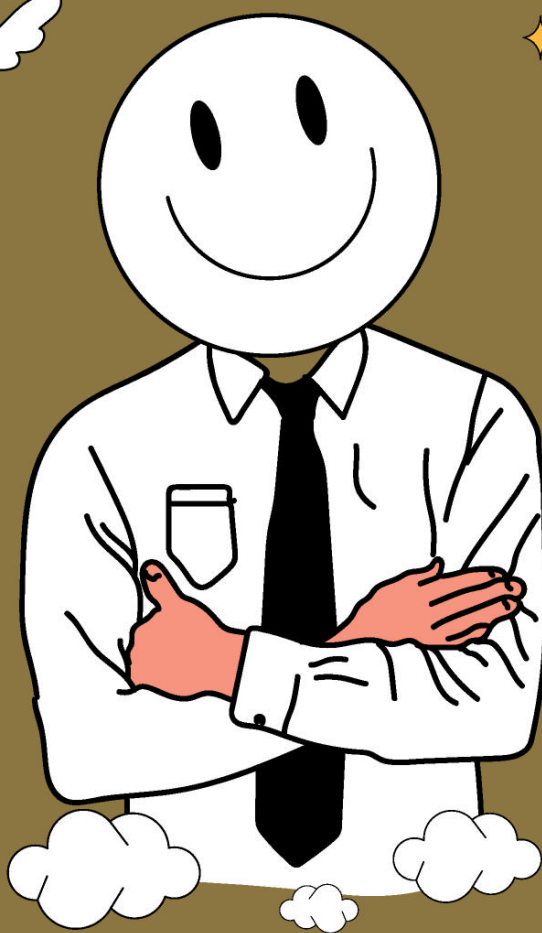
MONEY

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NO.1 PERSONAL FINANCE MAGAZINE

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Freedom From Self



10 behavioural biases that can harm you and how to overcome them

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What Last-Minute
ITR Filers Need To
Keep In Mind

— Outlook —
MONEY
Retirement

Inside Ajit
Menon's Early
Retirement Plan

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WHO'S YOUR ANCHOR IN THE STORM?

My friend's money coach has now become her years-long friend and advisor. He was the first person who explained to her how markets behave and how our behaviour sometimes gets dictated by it, he held her hand in times of need and even offered a loan without interest, advised her about how transient our attachments to real estate are and so on. In short, he doesn't just sort out her investments, he is also great at settling her fears and anxieties when things start going south.

"Sometimes I behave and talk with him like a financially illiterate person, but he has never lost patience with me. Only six months ago, he assuaged my anxiety about the volatile markets, telling me to concentrate on my long-term goal," she told me when I met her recently.

She had complaints too: "But there are times when he is just too conservative."

"And when is that usually?" I asked.

"Ok, I will give you an example. During the Covid crash, I wanted to invest in the markets, but he asked me to hold on in such a situation."

"And what situation was that?"

"Ummm, well, I did have to take a 20 per cent salary cut and my husband was fearing a job loss. But we had some surplus. And now look at the kind of money people who invested then made. And after all, everything turned for the better for both me and my husband."

"But what if the situation hadn't changed for the better?"

She paused, understanding my insinuation, and said: "*Hua to nahin na* (it didn't happen, right!). But he made us cut expenses and continue our systematic investment plans (SIPs). That's something."

With that unsaid agreement on dismissing her flimsy complaint, we went ahead with the evening and moved on to other far-more-interesting topics of conversation.

Later, I felt satisfied that my friend's finances were in good hands. The savviest of disciplined investors get rattled and are gripped by self-doubt in certain situations. The stock market can be ruthless and make or break you in a matter of minutes by taking advantage of extreme emotions like elation, panic, greed and fear that can easily grip you; businesses and the economy want you to spend and won't shy from using your emotions against you to trick you into splurging; and the financial sector would use similar methods to leave you with a product or investment that you never wanted.

Try and spot the common strain—it's your emotions that are coming into play each time. So, start by looking into yourself, identify and acknowledge your set-in-stone beliefs and behavioural biases and start dealing with them one at a time.

For my friend, "invest during dips" was one such set-in-stone belief that she didn't even want to bother to take into account her financial situation—let alone the situation the pandemic created—before wanting to invest the sum that could have come in handy if the situation had worsened for her family. All she needed to hear was a sane voice to help her course correct. Have you found that sane voice yet? ►OM



NIDHI SINHA

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Nidhi Sinha



Look into yourself, identify and acknowledge your set-in-stone beliefs and behavioural biases and start dealing with them one at a time

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Not So Affordable

Inside India's Growing Affordable Housing Crisis, Outlook Money, July 2025, spoke of a very significant crisis affecting the middle class. When I came to Bengaluru in the 1990s, I was fortunate enough to be able to buy a house within a few years. I wonder if I would be able to buy one here or any other metro city now. It would not be financially feasible for any salaried middle-class person as some of my colleagues say. The best alternative, they say, is to live on rent and go back to one's native place after retirement.

Abhishek Gupta, email

Rental Yield

A decade ago, investing in a second home for rental income was a smart choice. But with property prices rising and low rental yields, that isn't the case anymore. *Are You Banking On Regular Rental Income? Low Yields, Other Costs May Play Spoilsport* is an eyeopener to investors wanting to buy a second home for rental income.

Samar Jena, email

Gold Returns

Gold Surges 30% In 2025: Should You Invest Or Wait For A Correction? was timely, given the spike in gold prices in the last few years. As a father of a young girl child, I could relate to the concerns expressed by parents of

to-be-brides over rising gold prices. For this reason, I have been investing in digital gold for the past 10 years as I don't want to fall short on jewellery for my daughter's wedding when she comes of age.

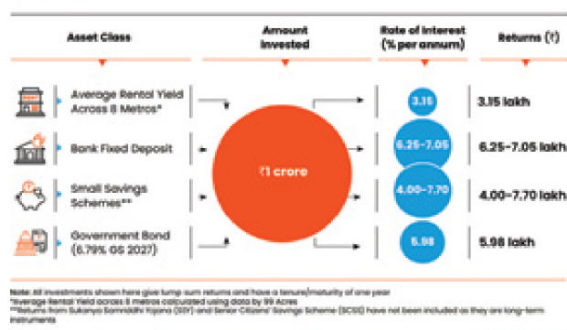
Ashish Apte, email

Corrigendum

Are You Banking On Regular Rental Income? Low Yields, Other Costs May Play Spoilsport mentioned returns from bank FDs in the range of ₹62.50-70.50 lakh instead of ₹6.25-7.05 lakh. We regret the error. Here's the corrected table.

Rental Yield Loses Out

The average rental yield across eight metro cities is much lower than the returns from debt instruments over the same tenure



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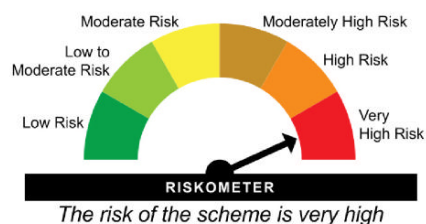
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FINANCIAL FREEDOM: DREAM OR DELUSION?

The middle class faces challenges from rising costs, stagnant income, and limited financial wiggle room. But discipline can help in achieving financial freedom

Cover Design: **ANJAN DAS**

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TAXATION

ITR FILING 2025: WHAT LAST-MINUTE FILERS MUST KEEP IN MIND

As the extended income-tax filing deadline of September 15 approaches, many last-minute filers are rushing to gather documents and avoid penalties. While the basic method of filing income tax returns (ITRs) stays the same, there are a few changes you should note when filing your returns for financial year 2024-25

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Outlook Money Retirement chronicles retired Delhi University professor Sunil Kumar's journey to an adventurous lifestyle in his 60s and how his stint with cycling and trekking inspired changes in his retirement planning



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It is natural to upgrade your lifestyle when income increases, and spend more when you earn more. But don't do it at the cost of your financial freedom, writes Larissa Fernand

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Risk-O-Meter as on June 30, 2025.
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Tourism Policy 2024: Maharashtra Bets Big on Jobs, Investment, and Local Growth

One of the main challenges of the tourism business is that the process of getting approvals is often complex. This policy attempts to fix that.

The Maharashtra government has released a new tourism policy that sets some ambitious but achievable goals. It wants to bring in Rs 1 lakh crore in private investment and generate 18 lakh jobs over the next decade.

The plan encompasses everything from big-ticket hotel projects to small homestays and also focuses on community-based tourism. It is also based on incentives, quicker clearances, and providing stronger infrastructure. Also, it puts stress on sustainability and local participation.

Says Dr Atul Patne, IAS, Principal Secretary, Tourism Department, Maharashtra Tourism, "The Maharashtra Tourism Policy 2024

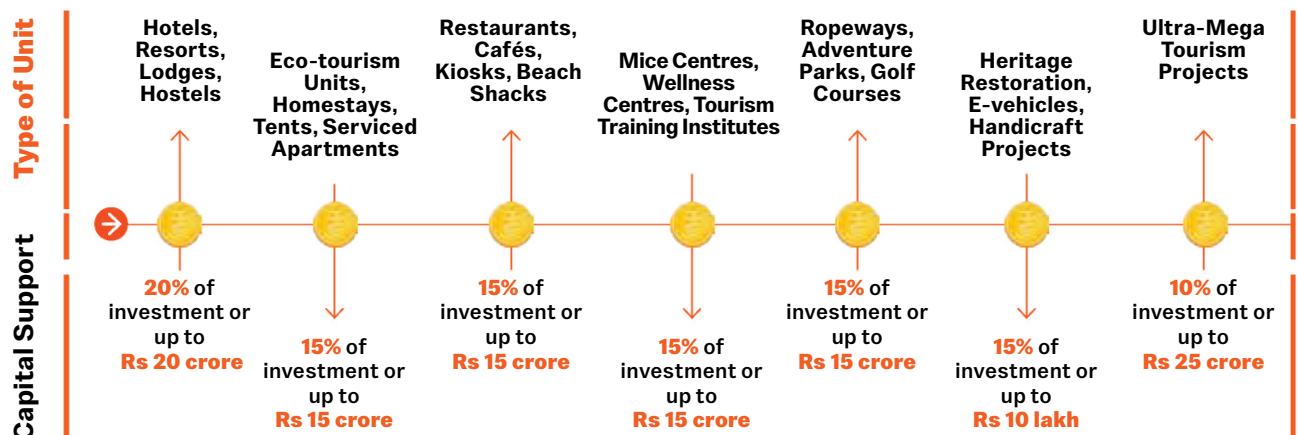
is a transformative step towards sustainable and inclusive growth. By prioritizing eco-friendly infrastructure, adventure tourism, and digital innovation, we aim to preserve our rich cultural heritage and natural beauty while enhancing visitor experiences. This policy not only invites global travelers to explore Maharashtra's iconic landmarks and hidden treasures but also fosters job creation and economic prosperity, positioning the state as a premier tourism destination in India. Overall, the new tourism policy is envisioned as a blueprint for holistic growth in the sector, creating jobs, supporting local economies, and positioning Maharashtra as a leading player in India's tourism industry for years to come."

The Tourism Policy 2024 has seen a strong uptake as with dozens securing approvals across key incentive schemes.

Tourism Policy 2024

Particulars	Application Received	Certificate Issued
Application for Provisional Registration Certificate	166	74
Application for Eligibility Certificate	18	08
Application for Stamp Duty Exemption	76	57

Capital Subsidy Structure



In addition, there are State Goods and Services Tax (SGST) refunds, five per cent interest subventions, and electricity duty waivers.

MONEY ON THE TABLE FOR THOSE WHO INVEST

To enhance the participation of the private sector in the development of the tourism sector, the state intends to develop an environment that develops a policy framework that specifically focuses on attracting private participation when it comes to investments and resources.

The policy offers a structured set of capital subsidies for tourism businesses, depending on their type and scale. Large hotels, eco-resorts, restaurants, ropeways, adventure sports facilities — all are covered.

FOCUS AREAS THAT MATTER

The state has picked specific areas that it wants to develop more actively, such as coastal tourism, rural tourism, heritage sites, and event-based tourism. These sectors get added support in terms of funding and fast-tracked infrastructure.

Thrust Areas At A Glance

Focus Sector	State's Approach
Coastal & River Tourism	Build jetties in Raigad, Ratnagiri, Thane; support cruise tourism
Rural & Agro-Tourism	Fund tourism-ready villages; provide support for homestay owners
MICE Tourism	A dedicated bureau has been set up to manage business events, conferences, and expos
Heritage Tourism	Promote forts, heritage structures, local festivals and cultural fairs

Tour Operator Support

Operator Type	Minimum Turnover	Package Rebate
General Travel Agents	Rs 20 lakh	12–15%
MICE Event Operators	Rs 10 crore	15%
Destination Wedding Planners	Rs 75 lakh	12%

There's also help for promotion: up to Rs 5 lakh for participating in global tourism expos and 25 per cent of production costs (max Rs 10 lakh) reimbursed for digital marketing content.

MORE INCLUSIVE, MORE GROUNDED

There's a conscious attempt to make tourism more inclusive. Projects where women, scheduled caste/scheduled tribe (SC/ST) entrepreneurs, or people with disabilities hold at least 51 per cent stake are offered an extra five per cent subsidy.

Schools and colleges have the option to apply for grants through the YUVA tourism clubs scheme. Here, each institution gets Rs 25,000 per year for tourism-related activities.

FOCUS ON SKILLED MANPOWER IN THE SECTOR

Businesses can claim up to 75 per cent of the skill training cost with a cap of Rs 12,000 per employee. Registered individuals from the tourism sector can also avail of the skill training benefit. The aim is to create a pool of skilled manpower in the tourist sector in the state.

TOURISM MITRAS FOR ON-GROUND SUPPORT

To make sure that travel sports are cleaner and safer, the government has a plan to deploy a special task force known as a Tourism Mitra at

major tourist locations.

These will be trained personnel who act as tourist guides, safety monitors, and local culture ambassadors. They'll also work with local police in case of emergencies.

BIG EVENTS, BIGGER VISIBILITY

To tap into the fast-growing events sector — especially Meetings, Incentives, Conferences, Exhibitions (MICE) — the state has set up a MICE bureau. This will coordinate with event planners, help with logistics, and promote Maharashtra cities like Mumbai, Pune, and Nagpur as event hubs.

A STEP FORWARD — WITH THE RIGHT CHECKS

The state tries to make the process easier for investors, more inclusive for locals, and more accessible for tourists. At the same time, it puts a stress on sustainability with a focus on EVs and rainwater harvesting, while discouraging use of plastics at the tourism site at the same time.

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Free Yourself From Your Own Biases



Nidhi Sinha

The answer to the question, ‘What do you want freedom from?’ would be varied for each individual. An unhappy employee would want freedom from the workplace; an unhappy spouse may want freedom from the marriage; a teenage may want freedom from parents, discipline and rules that they think tie down their creative energies; a middle-aged salaried individual may want freedom from responsibilities after spending decades taking care of the family and navigating an office environment; and a senior may want to break out of their dependence on children, who constantly monitor their medicines or lifestyle habits.

What we often do not think of is how important it is to free oneself from oneself—our beliefs that may or may not be correct, our idiosyncrasies that may not sit well with those around us or our behavioural biases that have the potential to drive us away from our loved ones or even financial goals.

This time, in *Outlook Money’s* freedom issue, we encourage each one of you to look inside and identify your shortcomings in dealing with day-to-day financial decisions—from spending to investing—that can affect your lives in the long run.

“Freedom From Self” doubt, biases, impractical beliefs and actions, can take us a long way into leading a healthier and meaningful life, emotionally and financially. If you think it is difficult to cut the chaos yourself, seek help—from an emotional or financial coach—depending on what you are struggling with. We break down some behavioural biases that can affect your money decisions to help you achieve true financial freedom.

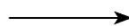




Photo: Tribhuvan Tiwari

Instant Gratification: Rein In Your Desires

Ayush Khar

The gap between desiring something and purchasing it has never been shorter than it is today. Amid the rising popularity of quick commerce apps and quick payment methods like Unified Payments Interface (UPI), instant deliveries are slowly becoming the norm. Whether it is the craving for the cool tang of a soft drink on a hot day or the allure of skipping the hustle-bustle of the vegetable market, we want it now.

Add to the mix, credit cards and Buy Now Pay Later (BNPL) schemes and you can purchase what you desire without even having the funds to do so. However, instant deliveries often accompany the not-so-instant guilt when the bills for these impulse

purchases start coming in.

Data released by the Reserve Bank of India (RBI) for the 12-month period ending December 2024 shows that the amount defaulted on in the credit card segment by customers stood at ₹6,742 crore, a 28.42 per cent rise year-on-year (y-o-y).

Instant gratification may manifest itself in many forms and may even provide a sense of power. However, it actually strips an individual's control over their finances.

Jahnavi Tiwari, 26, a product designer at a fintech firm based in Noida defines instant gratification as buying things without planning a lot. "I know that you can weigh things, you can see a lot of options, compare prices and do all of that. But for me personally, it's a little bit of a hasty decision. Like I wouldn't take a month or a week to decide on

**JAHNAVI
TIWARI**
25, Product
Designer,
Noida

Jahnavi bought a pair of shoes for ₹10,000 prior to her Europe trip on impulse, which she now regrets



something. I would rather take a day or two. And if I really want to buy it, I would just go for it then and there."

She does realise though that it can be challenging. Her recent impulse buys led to an expense of ₹10,000 which she regrets in retrospect. "I was supposed to go on a trip to Europe and I couldn't stop myself from shopping for it. I bought shoes for ₹10,000 just out of nowhere to create an 'airport look'," says Jahnavi.

What's The Trigger?

Jahnavi's case is not unique, many individuals give in to instant

gratification. According to Rajeev Anantram, Professor of Economics at International Management Institute Delhi, technology is simply an enabling platform for tendencies to splurge and gratify ourselves instantly.

He says: "It's not simply access to money, instant gratification comes from within you. One factor that I would identify would be peer pressure. Second, increasingly we are becoming isolated as a society, people are actually crawling back into their shells and this has been exacerbated with ready access to social media. So, essentially when you are actually with people socialising or have other kinds of healthy diversions, then you are less likely to feel the need to shop." ►OM

How Do You Resist Instant Gratification?



Having a financial goal can be the easiest way to resist spending on items you can't afford or need.



Once you have a larger financial goal, you will need to assess how much you need to save to reach that threshold.



Once the savings are taken care of, you will have a realistic sense of how much money you are actually left with.



You will then have to accommodate expenses, including utilities, within what's left with you. This will curb your habit of spending on a whim.



Try saving for a short-term goal to understand the merits of delayed gratification.

YOLO Could Leave You Broke For Worse

Anuradha Mishra

Giving in to instant gratification can ruin your budget and investments and can even land you in debt. Combine it with the concept of you only live once (YOLO), and the combination can become potent.

The term, which became popular in the last decade or so, refers to the view that you only live once and, therefore, should make the most of it. For people who believe in the concept of YOLO, splurging and living in the moment often overrides financial planning, and that is where the trouble begins.

Take the case of Harsh Vardhan Vashishtha, 28, from Aligarh, who was working as an engineer at a multinational engineering and technology company, and quit his secure job, not to chase another opportunity, but to walk away from the corporate grind in search of spiritual clarity.

Says Harsh: "I would come home exhausted, mentally and spiritually. The thought of doing this for the rest of my life felt unbearable. You also want to live. Not just exist, earn, and repeat."

Harsh, didn't fall on tougher times, financially, immediately. Before quitting, he took stock of his financial situation: an untouched Employees' Provident Fund (EPF), a current salary account, and a few lakh rupees in his savings account. That gave him breathing space to engage in spiritual practices, go slow on consumption and lean into minimalism. That break worked for his mind, but once he exhausted his

savings, he came full circle looking for work. "Financially, I have some exciting things coming up. But even if they don't work out, I've built confidence that I can start again."

As compelling as the YOLO mindset is, it's not without risk. Harsh had, at least, the clarity about why he was taking the leap. His leap was not reckless either; what made it survivable was his financial mindfulness. But a lot of people are not mindful enough.

Planning Plus Clarity

Such decisions demand planning, and not just clarity, which is where professional advice is required.

"The desire for freedom is understandable, but freedom comes at a financial cost. Whether it's sabbaticals, creative pursuits, or spiritual retreats, they require money and planning," says Manasvi Garg, chartered financial analyst (CFA) and founder and CEO of Moneyvesta, a wealth management company and a Securities and Exchange Board of India-registered investment advisor (Sebi RIA).

Garg recommends building a "freedom fund" or "purpose savings"—a dedicated pool separate from your emergency funds or retirement corpus for this purpose.

"This fund will give you the breathing room to pause without guilt or risk," he adds.

According to Garg, three financial pillars must be in place before making a YOLO move: 12 months' emergency savings, planned expense buffer for the period of no income, and health (and possibly term) insurance.

"Too often people act emotionally without considering



**HARSH
VARDHAN
VASHISHTHA**
28, Engineer,
Aligarh

Harsh planned his break from work with a financial back-up and is working on a comeback plan



the math. A little delay in action, to plan well, can make your YOLO journey less stressful and more sustainable in the long run.”

For those who want occasional indulgence rather than a full-life pivot, Garg suggests building a “fun fund”, much like the savings for short-term goals, such as buying a car, gadget, or saving the downpayment for a home.

“So if you are saving for a 3-month break in the hills or a solo Europe

5 Steps That Will Help Finance YOLO



Build a Freedom Fund: Save a separate corpus exclusively for your YOLO plan, be it travel, a sabbatical, or a passion project.



Budget For A Buffer: On top of your freedom fund, add a 10-15 per cent cushion for unplanned expenses.



Maintain a 12-Month Emergency Fund: Keep your essentials covered (rent, food, bills) in case your income stops.



Get Insurance in Place: Health and term insurance are non-negotiable. Don't rely on optimism.



Create a Re-entry Plan: YOLO isn't forever. Whether it's freelance gigs, upskilling, or a new venture, line up at least one path for sustenance when you're ready to return.



trip, you are allowed to enjoy it. Just don't make the rest of your life pay the price for it,” he says.

Also, think about your comeback, which Harsh is trying to make now. Remember that YOLO isn't a forever concept. Whether it's freelance gigs, upskilling, or a new venture that you plan to take up after your sabbatical, line up at least one path you can pursue for livelihood when you are ready to return. ►OM



Replace Procrastination With Proactiveness

Ayush Khar

Understanding basic budgeting hacks and being mentally prepared to start your investing journey is sometimes not enough, because there lurks another part of yourself that can harm you—that's procrastination. It literally means the act of delaying a task.

When it comes to investing, you could end up delaying your investment journey or financial planning for various life goals, such as retirement, or not buying life and health insurance well in time.

Some other financial tasks may involve delaying or avoiding paying off credit card or phone bills on time or filing your income tax returns (ITR) late. Delaying payment of equated monthly instalments (EMIs) may be another outcome of procrastination. It could also result in not calling up your loved ones regularly, leading to soured relations.

What Causes It?

Some common reasons for procrastinating money-related tasks could be confusion regarding processes, lack of awareness about choosing the right products, low degree of self-control, lack of motivation and shortage of time.

Jahanvi, mentioned in the earlier segment of 'Instant Gratification', says she often feels an aversion towards tasks like tax-filing and ends up procrastinating the process. She says: "I procrastinate a lot. I don't really understand a lot of concepts related to tax-filing and investment and I'm not very well versed with the procedures for doing these things. So

I need to read up a lot, but then I feel like I don't know where to start. I feel I could do it by myself, like sit for half an hour, watch a few tutorials and fill up the information and do a little bit of calculation. But I often tend not to do it."

How Does It Affect You?

If you do not become cognisant to your problem, you will most likely end up making losses.

The perils of procrastination as a bad financial habit are many, from penalties on pending tax, bills and EMI and getting into a debt trap and damaging your credit score.

Vaibhav Agarwal, a CFA says that not filing taxes on time can have severe consequences such as the imposition of penalties under the Section 234 of the Income-tax Act, 1961. Also, not paying advance tax on time can lead to the levy of additional interest, thus increasing the taxpayer's tax load.

He says: "If you do not plan your taxes and filing, you will lose a lot of benefits. If you do not file your returns on time or your advance taxes properly, you will be forced to pay interest and penalty."

If individuals file their taxes on time and optimise their tax outflow, they can leverage "tax loss harvesting" to reduce their overall tax burden, says Agarwal. Tax loss harvesting refers to selling a security which has reduced in value to show the same as a loss while filing ITR. "Beyond the tax benefits, there are other benefits to consider like not paying interest and penalties, avoiding a debt trap that it can potentially lead to especially when it comes to credit card bills, and not being able to maximise gains in the financial

How To Overcome Procrastination?



Estimate the losses you have borne because of procrastination in the past.



Assess how the losses have affected your financial life—if it has landed you in debt and led to miss opportunities.



Be proactive in fixing accountability. You can do this by making a list of finance-related tasks. With practice, you will become diligent.



Automate your bills if you think you can't handle them regularly on your own. Ensure there's enough money in the account on the said dates.



Go for a financial plan, as it would help build discipline and will help you realise the value of every rupee that you earn.

planning exercise," says Agarwal.

Delaying investments could rob you of the benefits of the power of compounding because the earlier you start investing, the better it is, while not buying adequate insurance could leave you and your finances unprotected and vulnerable against life's uncertainties.

Remember that procrastination is a silent enemy you must ward off as quickly as possible. ►OM

Too Much Analysis Paralyzes Decisions

Anuradha Mishra

The Internet is full of information. So, there is a plethora of investment and protection products and tens of reviews for each of these. While information is empowering, there is a flip side as well—it leads to analysis paralysis. This state is usually referred to as analysis paralysis, where too many choices and too much information lead to indecision or a bad choice.

Though financial literacy is more accessible than ever before, there still exists a layer of complexity, and people often end up making decisions based on surface-level clarity, while missing out on the critical details.

That's what happened with Aashish Pahwa, 30, from Delhi. He was planning to buy a health insurance and like an aware customer, set out to research various plans by interviewing agents and using AI chatbots to understand jargon.

And yet, when the hour of need arrived, he realised he had missed something critical: the network hospital list. When he was hospitalised a few months later for Hepatitis A, he discovered that the hospital he chose wasn't included in the plan. "Even with all the help from AI and agents, I ended up buying the wrong product," says Aashish.

Aashish's struggle with indecision was not only regarding buying insurance. It had crept earlier into his professional life, too. Over the last few years, he had considered multiple career options, from consulting to



He researched through AI and agents to select health insurance but still ended with the wrong product

digital content creation. But each choice sparked a flood of questions. Was this scalable? Was he too late to enter the space? Would AI wipe out the opportunity before he could establish himself?

"There were so many new career paths, but I couldn't pick one. The paralysis was real," he says.

Eventually, he did launch his own start-up, a platform that helps entrepreneurs scale their start-ups. But even that journey was punctuated with hesitation. "As a creator and researcher of AI tools, I have seen first-hand how a simple new upgrade on ChatGPT or other tools can easily upend SEO, content workflows, and monetisation models

almost overnight," he says.

Aashish's case shows that it's not the lack of knowledge, but sometimes abundance that holds people back.

The Real Cost of Indecision

Aashish's story is not unique. In fact, behavioural finance experts warn that this pattern is becoming increasingly common, especially among first-generation earners, freelancers, and urban professionals.

Whether it is buying insurance, starting a business, or allocating savings, the fear of making the wrong decision often leads to making no decision at all, or a bad one. The result is missed opportunities.

So why does the mind freeze when the choices multiply?

Animesh Hardia, senior vice president of quantitative research at 1 Finance, a personal finance advisory firm, says that analysis paralysis is one of the most human forms of financial inertia. "People assume it's laziness or ignorance. But more often, it's fear. You don't act because you don't know, but because you know too much and can't filter what really matters," says Hardia.

In personal finance, this often shows up as endless research with no action, waiting for the "perfect" moment to invest and delaying





How To Overcome Analysis Paralysis?



Stop fixating on financial products and start by defining your goal. Once the 'why' is clear, 'what' is easier to identify.



Limit your information intake to 2-3 trusted sources, which can keep you grounded.



For complex decisions, like buying insurance, stick to essentials like hospital networks, claim ratios, costs, and exclusions. If a product covers most of your needs without major red flags, act on it.



Breaking big financial decisions into smaller, time-bound steps also helps reduce resistance.



Involving a friend or advisor can offer clarity you might not achieve on your own.

big decisions like home buying or portfolio rebalancing. The result: even financially savvy people freeze. "You read five blogs and watch three videos on mutual funds, and each says something different, and you are drained before you have even opened an investment account," says Hardia.

Often, it's not the complexity but too many options that leads us astray. "In the end, essential information is what helps you move closer to your financial goals with confidence; everything else is just a distraction. Learn to let it go," says Hardia.

The real freedom may lie not in having all the answers, but in knowing when to stop questioning and start moving forward. ►OM

Ditch Anchoring And Dial The Right Number

Kundan Kishore

Imagine walking into a store of your choice to buy a shirt. You see a tag that says, "MRP: ₹2,500 – Now available for ₹1,200." Suddenly, the ₹1,200 tag feels like a great deal even if ₹1,200 was your budget all along. Why? Because your brain just got anchored to ₹2,500. Another classic example is the way discounts are displayed: "discount up to 50 per cent". In this case, you would forget the words "up to" because your brain just got anchored to 50 per cent.

In behavioural finance, anchoring refers to the tendency to rely too heavily on the first piece of information (which becomes the "anchor") when making decisions. It usually applies when we hang on to a number, fact or return figure that has no bearing on the overall investment or spending decision.

Anchoring In Investments

Even in the world of investments, anchoring can quietly sabotage rational thinking. Whether it is stock prices, valuations, or even expectations of returns, investors frequently base decisions on certain "anchors".

If you have ever refused to sell a stock because it has not yet "reached your buying price", you have fallen for this mental trap. Let's say you bought shares at ₹1,600, and the price falls to ₹1,200, but you won't sell until it goes back to ₹1,600 even if recovery is unlikely anytime soon. In this case, you may be anchored to the purchase price.

How To Overcome Anchoring?



Identify if you are in the habit of getting anchored, when shopping or investing.



Reassess your shopping or investing decisions by looking beyond the numbers.



When shopping, stick to your budget and the initial list or plan to avoid overspending.



In investments, don't get stuck to historical prices. Assess them based on current fundamentals and realistic situations.



Calculate what will be more profitable—sticking to the number you are anchored to or the real estimations.

Take another example on returns from a property you own. Suppose, you got a rent of ₹35,000 per month. Later, due to a market correction, the prevailing rental rate in the area drops to ₹30,000. But anchored to the old rate, you wait for a tenant willing to pay ₹35,000. As a result, your flat remains vacant for, say, two months, before you decide to rent it out at the prevailing market rate or find a willing tenant, thus causing you a notional loss of ₹60,000.

So, the next time you get stuck on a number, look at it again ►OM

FOGI: Once Burned, Always Cautious

Rishabh Raj

In the investing arena, you will find many challenges. New types of biases and behavioural issues will crop up to make the game a tough one to navigate.

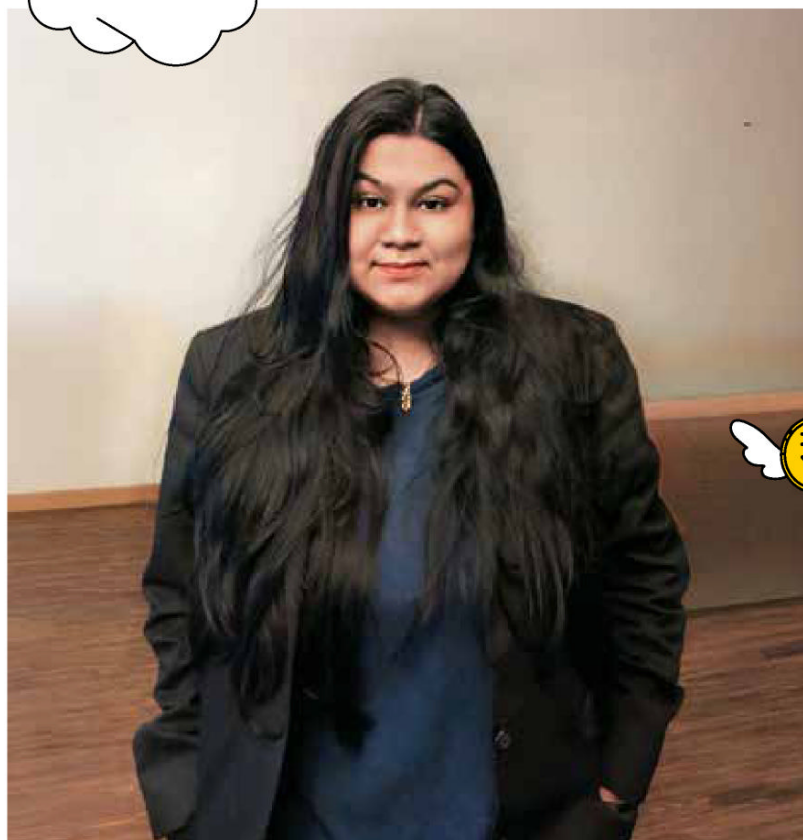
Let's tackle the one that investors who burn their fingers during their early foray in the markets—fear of getting in or FOGI.

Around late 2022, Priyanshi Jha, 25-year-old advocate from Delhi, made her first move into the stock market. It wasn't a carefully thought-out decision backed by research or a financial plan. It started, instead, with a seemingly harmless stock tip from a senior colleague for Reliance Naval & Engineering. "There was a lot of buzz around private defence manufacturing and I didn't want to miss the opportunity," she recalls.

However, the optimism didn't last long. Within a few months, the stock began to tumble. She had invested close to ₹15,000, but by the time she exited, the stock had lost more than half its value.

She booked a loss of ₹7,000-8,000 in mid-2023, when Reliance Naval was on the brink of being delisted from the stock exchanges as part of a resolution process under the Insolvency and Bankruptcy Code (IBC). On July 14, 2023, Reliance Naval's shares were officially delisted as part of a capital reduction plan. The company was relisted in January 2025 under a new name—Swan Defence and Heavy Industries.

For Priyanshi, the setback was not



PRIYANSHI JHA

25, Advocate,
Delhi

Priyanshi made a loss of ₹7,000-8,000 in the stock market, which made her wary of the markets



just about the money she lost. "It had a deep psychological impact on me. It made me disproportionately wary of the markets. That one experience created a long-standing hesitation in me," she says. She was clearly in the grip of FOGI.

What Is FOGI?

FOGI is the fear that sets in after

a bad first experience, usually at investing.

Anurag Agnihotri, assistant professor, commerce, College of Vocational Studies, Delhi University, says it often stems from a lack of financial understanding, or from past investment losses. "Many people who faced losses during turbulent times, like Covid, when stocks crashed and businesses were shut, developed a permanent hesitation about the markets," he says.

It doesn't just breed fear but also a lack of confidence that either stems from limited knowledge or overwhelming peer pressure.

Alekh Yadav, a CFA and head of investment products at Sanctum Wealth, says it's tied closely to a behavioural bias called loss aversion (*see* page 25). Adds Yadav: "Loss aversion is a well-known emotional bias where investors dislike losses more than they enjoy equivalent gains."



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How To Overcome FOGI?



Start Small: Start with smaller investments to reduce the anxiety of losing money in the market. If the loss is small, you could try investing again.



Start Safe: It's best to play safe for new investors. Consider large-cap or hybrid mutual funds or bluechip stocks, which are considered relatively safer, instead of going for new companies or following the trends.



Start SIPs: Systematic investment plans (SIPs) of mutual funds instil discipline by enabling regular, fixed investments. They average out the ups and downs of the market if held for long.



Go Gradual: Increase your exposure to riskier assets gradually after you have built the confidence to tackle market volatility.



Be Strategic: Eventually, to regain confidence, come up with a well-defined investment strategy, maybe with the help of a trusted financial advisor.

Those who have experienced negative investment outcomes often become hesitant to re-enter the market. Additionally, recent returns—whether positive or negative—can either intensify or ease the fear of going in,” he adds. ►OM

Don't Let The FOMO Buzz Affect Your Investments

Rishabh Raj

Most of us would have experienced the concept of fear of missing out (FOMO) at least once in our life. It could trigger when your neighbour buys a bigger car than you, your friends post pictures of holidays abroad or fancy eating places and the like.

If you have ever given in to that trigger and ended up spending what you can't really afford, you would have borne the financial repercussions, too. That can lead to debt and throw your savings completely astray. But when you give in to that behavioural aspect in investing, it's likely to throw your investments in disarray and take you farther from your financial planning goals on the back of indiscreet decisions.

Back in 2020, during the early months of the Covid-19 pandemic, Vodafone Idea was in the news almost every day with rumours flying that tech giant Google was considering a sizeable stake in the struggling telecom operator. That's when Piyush Aman, a 27-year-old finance professional based in Delhi, took a trade in the stock.

“I saw the news and heard people talking about it at work, so I just bought it,” says Aman, who did not want to miss out on the opportunity.

And, it worked. Aman invested around ₹10,000 at around ₹4 per share and exited at ₹11.25 per share within a few weeks. That made him feel in control of his decisions and investments.

So, when Paytm launched its much-anticipated initial public offer (IPO) in 2021, Aman didn't hesitate to take the gamble again. “I thought Paytm was a great company, and all my friends and colleagues were saying it would give good returns, that it was top notch and all that,” says Aman.

But this time, things didn't go as expected. The stock started tumbling soon after listing. Aman exited with a small loss of ₹700-800.

Such behaviour is common among new investors driven by FOMO.

What Is FOMO?

Professor Agnihotri from the College of Vocational Studies, Delhi University, says, FOMO in investing is fundamentally rooted in greed.

“It typically plays out when investors observe a stock rising rapidly, say from ₹100 to ₹140 over a few sessions, often hitting upper circuits daily. The rally creates a psychological urgency and investors begin to fear that if they don't enter now, they might miss out on further gains, even when they suspect the rally may soon reverse.”

Social pressure also plays a crucial role in such decision-making. Agnihotri says that retail investors from middle-income backgrounds are often more vulnerable to this mindset. “They want to get rich fast. And the hype from media and influencers adds to the urgency and they end up investing,” he adds.

He offers a simple analogy: “If you see a city bus that is too crowded, don't get in. Wait for the next one. The same thing applies in the stock market. You do not have only one stock which will give you money. Don't chase. Wait. If you like the



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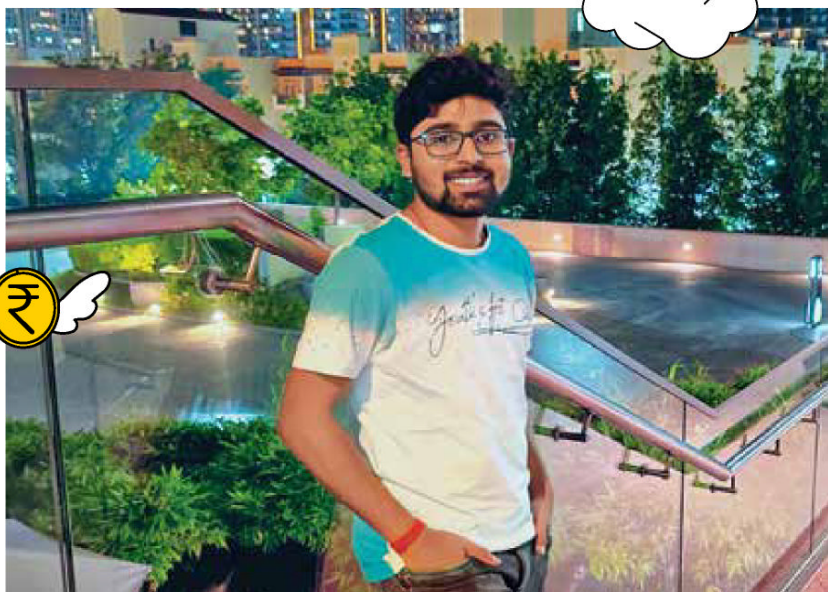
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How To Overcome FOMO In Investing?



Have A Strategy:

Establish a well-defined investment strategy and stick to it before starting to invest to avoid FOMO.



Fix Your Risk And Return Metric: Have a framework that always reflects your specific risk-return.



Core And Satellite Approach: Adopting this structure can also be effective.



Core Portfolio: The core portfolio, which forms the bulk of investments, should follow a disciplined, well-defined strategy.



Satellite Portfolio: The smaller satellite portion can be allocated to more opportunistic ideas, allowing some flexibility without compromising the core.

PIYUSH AMAN

27, Finance Professional, Delhi

Piyush invested in an IPO out of FOMO and ended up with a loss of ₹700-800 on his investment



stock, let it correct—then enter.”

Yadav of Sanctum Wealth, says: “The rise of social media, influencers, trading apps, and greater access to information has created a heightened sense of urgency, intensifying the fear of missing out. Instant updates, increased hype, and easy trading access make impulsive decisions more likely. This environment can lead investors to make emotionally driven and less considered choices.”

The best thing to do, experts say, is to focus on your own portfolio, take professional advice if needed and not get swayed by what others are doing. ►OM

Recency Bias Can Hurt Your Portfolio

Kundan Kishore

Have you ever noticed how an equity mutual fund delivering better returns over the last year suddenly gets all the attention even if it lagged behind for a few years before that? Data shows that, typically, the best performing funds in the recent past get relatively higher inflows. This type of optimism, which is attached on the basis of a recent event or performance, manifests into recency bias, which can mislead even the smartest of investors.

So, what is recency bias? It is a cognitive bias where people give undue weightage to recent events while ignoring the longer-term trend





or historical data. In investing, this means decisions are often based on short-term performance, recent market behaviour, or the latest headlines, rather than sound fundamentals.

How Can Recency Bias Hurt Your Investments?

Recency bias can trick you into chasing hot stocks or mutual funds just because they did well recently. This could even lead you to ignore assets or products which have a proven track record in the long term, but whose performance may have dipped only recently.

The rise of thematic funds in 2023-2024 is a classic example of recency bias. Every time a sector does well, money starts pouring into sectoral or thematic funds.

For instance, after the strong performance of pharma funds in 2020-21, investors flocked to them in 2022, expecting continued outperformance. But sectors work in cycles, and late-comers often face the heat. In such cases, investors get influenced by recent returns, and do not bother to assess if the sector still

How to Overcome Recency Bias?



Identify if recent events affect your investing decisions. It could be about making fresh investments or knee-jerk withdrawals.



Once identified, double-check the investments by looking at not just recent returns but the long-term track record.



Stick to your pre-decided asset allocation. So if the equity portion dips, say, after a market fall, add to it rather than exit.



Stick to your financial plan. If you are sure you will reach your goal, interim volatility shouldn't faze you.



Pause and reflect if you are reacting to an ongoing trend or an asset really merits a place in your portfolio.

has any value left.

Recency bias makes you believe that what is happening now is what will keep happening. But investing is not about predicting the next six months, it is about planning for your

financial goals that may be 5-10 or even 20 years away from. Your goals will likely be both short-term or long term depending on the time horizon and having a recency bias could prove detrimental to both. ►OM

Don't Lose Out To Loss Aversion

Kundan Kishore

No one likes losing and will do anything to avoid it. When it comes to investing, losing hurts more and that leads us to situations that are not rational, such as holding on to losses in the hope of regaining our capital. This phenomenon or behavioural bias is known as loss

aversion. As investors, we all think we are rational, but the truth is, our brains are wired to hate losing more than to enjoy winning.

What is Loss Aversion?

Loss aversion is a concept that was introduced by behavioural economists Daniel Kahneman and Amos Tversky. It refers to the tendency of people to prefer avoiding losses over acquiring equivalent

gains. Simply put, the pain of losing ₹100 is almost twice as powerful as the pleasure of gaining ₹100. The reason we are so averse to losing is that we feel the pain of loss more acutely than we feel the pleasure of gain.

In investing, this leads to emotional decisions, such as panic selling when there is volatility in the market, holding on to bad investments, or avoiding risk altogether. But none of these reactions will serve your long-term financial goals.

For instance, after the sharp Covid-related crash in March 2020, a large number of investors exited from equity, fearing further fall in



How To Overcome Loss Aversion?



The first step is to identify if you are loss averse. If you fear loss more than you like gains, you are loss averse.



If you think you refuse to sell bad investments or are fearful of equity investments because of past losses, you are likely loss averse.



Manage your emotions by treating notional losses in market instruments as a symptom of volatility, not permanent loss.



Assessing why a particular asset is in the red will help you understand whether to stay put or exit it instead of getting guided by emotions.



When investing in the markets, it's always best to focus on long-term goals. That will help you not let short-term dips derail your emotions.

the market. Ironically, the markets bounced back within months, and those who stayed invested saw strong gains. The fear of further loss caused many to miss out on the recovery.

Another classic example of loss aversion is where investors hold on to bad investments in the hope of a rebound. Take the case of some Yes Bank investors. When Yes Bank

shares began crashing in 2019, many retail investors held on. Even when it dipped below ₹20, they refused to book their losses, clinging to the hope that prices would recover to their cost price or higher.

How Does It Affect You?

The result? Many held on too long and ended up with even deeper

losses. Take the case of Siddharth Sharma, 39, a compliance officer at a pharmaceutical company in Mumbai. He continues to hold Yes Bank shares despite the downturn.

"I bought Yes Bank shares at ₹220. When news broke about the departure of the bank CEO and the stock fell to ₹150, I bought more to average out my cost. Then all the other issues followed. I am still holding on, hoping that someday it will bounce back to my buying price and only then will I sell," he says.

Even if he had sold the shares at ₹150 by incurring a loss of ₹70 per share and reinvested the amount in other quality stocks, he would likely have made a profit by now.

As investors, our instincts are not always our allies. Loss aversion may feel natural, but it often leads to poor decisions. The key is to recognise the bias and push past it with logic, selection of the right instrument and patience. So, the next time you are itching to sell during a downturn or avoiding equities because of past pain, ask yourself: Am I protecting my money or just protecting my feelings?

Once you learn to manage loss aversion, you don't just become a smarter investor, you would become a stronger one. ►OM



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Sunk Cost Fallacy Can Drag You In Deeper

Kundan Kishore

We usually spend our time and money on investments or items, with the unsaid expectation of reaping some benefit at the end.

However, the act of making adequate effort doesn't automatically guarantee the best of results. If you are in a situation when you keep committing to something you have already put a lot of time, money, or effort into, and where quitting would actually be the better choice, you have likely given in to sunk cost fallacy.

The idea here is that you don't want your effort to go waste and hope that something will change in the future.

Let's take the example of Amit Awasthi, 37, a production manager at a multinational company in Pune. December has become a difficult time for him for the last three years as that is when he renews his endowment life insurance policy. Every year he wonders whether he should continue the policy, which he has figured has a very high premium (₹60,000 per year) and low coverage (₹7 lakh) over 15 years. But what stops him? "I feel underinsured despite paying a fairly high premium but if I close this policy now, I will not only lose the limited coverage it offers but also forfeit all the premiums I have paid so far," he says.

Amit is putting in money to recover the sunk cost he has paid over the last three years without realising that the longer he keeps the policy, the steeper the cost will be.

Another example is when people are willing to spend large sums of

How To Overcome Sunk Cost Fallacy?



Identify things that are unlikely to benefit you in the future, but are draining you in terms of time or money now.



Assess if it is your emotions that are making you hang on to those things or investments, rather than rational reasons.



Don't let past decisions guide your present course of action, especially when those decisions have been erroneous.



Remember that if you have got into a bad deal, sticking to it will only spoil it further.



Realise that reallocating the future cost—money, time or effort—could actually help you recover some of the sunk cost.

money on an old car to just keep it running, even though they could save on that cost and add it to the downpayment to buy a new one or cover the first few equated monthly instalments (EMIs).



AMIT AWASTHI

37, Production Manager, Pune

Amit feels discontinuing with his policy will lead to loss of cover and forfeiture of his paid premiums

How Does It Affect You?

This bias affects all areas of life—from relationships to career and investments. You might stay in an unhappy relationship simply because you have spent years together, or continue a course or job that no longer serves you, just to justify the fees you paid. In investing, people often hold on to underperforming assets because they have already put in too much money in them. Instead of cutting losses and exploring better opportunities, they remain stuck—hoping for a turnaround that may never come. ►OM



The Hidden Price of Financial Freedom

Financial freedom slips away when the middle class ignores the value of financial literacy.

Financial freedom is the state where your passive income—generated from investments, assets, or other sources—covers your living expenses. At this stage, work becomes optional, and life is no longer dictated by financial constraints. While this concept is widely discussed, the reality for the middle class is far more challenging.

The Middle-Class Struggle: Awareness Gap and Financial Habits

For middle-class families, achieving financial freedom requires discipline, sacrifice, and—most critically—awareness. Unfortunately, many remain unaware of how to effectively grow their wealth, leading to financial stagnation. Here's why:

1. Lack of Financial Literacy

A significant portion of the middle class lacks basic financial education. Many rely on traditional savings accounts or fixed deposits, unaware of better wealth-building tools like mutual funds, equities, or real estate. According to a SEBI survey (2019), only 27% of Indian investors understood mutual funds, while 64% preferred bank deposits despite their lower returns.

2. Living Paycheck to Paycheck

A 2023 report by PRICE (People Research on India's Consumer Economy) revealed that over 50% of Indian households live paycheck to paycheck, with minimal savings. Without surplus funds, investing becomes difficult, trapping families in a cycle of financial dependency.

3. Short-Term Thinking Over Long-Term Gains

Middle-class families often prioritize immediate comforts—upgrading lifestyles, buying luxury items, or indulging in frequent discretionary spending—over long-term investments. For example:

- Investing ₹20,000 per month at



SIDHARTH DAMANI,
Head – Investor Education and
Distribution Development at Aditya
Birla Sun Life AMC Limited.

a 7% annual return can grow to ₹1.04 crores in 20 years (compounding effect).

- Yet, many struggle to save consistently due to impulsive spending or lack of structured planning.

4. Emotional and Social Pressures

Keeping up with peers, societal expectations, and lifestyle inflation leads to unnecessary expenditures. Resisting these pressures requires financial discipline—a skill that many lack due to insufficient education.

The Solution: Investor Education and Smart Financial Planning

Breaking free from financial constraints requires a shift in mindset—from spending to investing. Here's how middle-class families can bridge the awareness gap:

1. Financial Planning: A Roadmap to Freedom

- Set Clear Goals:** Define short-term (emergency funds), mid-term (child's education), and long-term (retirement) objectives.
- Budget Religiously:** Track expenses, cut unnecessary costs, and allocate savings toward investments.
- Emergency Fund:** Maintain 6-12 months' expenses in liquid assets to

avoid debt during crises.

2. Mutual Funds: A Powerful Wealth-Building Tool

For those new to investing, mutual funds offer an accessible entry point:

- Diversification:** Spreads risk across stocks, bonds, and other assets.
- SIPs (Systematic Investment Plans):** Allow small, regular investments (as low as ₹500/month) with compounding benefits.
- Professional Management:** Fund managers optimize returns, reducing the burden of self-monitoring.
- Tax Efficiency:** Mutual Fund schemes are often considered to offer returns that are relatively tax efficient.

3. Continuous Learning and Discipline

- Educate Yourself:** Read books, attend workshops, or consult financial advisors.
- Avoid Get-Rich-Quick Schemes:** Sustainable wealth grows over time, not overnight.
- Stay Consistent:** Even modest monthly investments can lead to substantial wealth with patience.

Conclusion: Financial Freedom is a Mindset

The middle class has the potential to achieve financial independence—but only with awareness and disciplined action. The key lies in:

- Prioritizing financial education to make informed decisions.
- Shifting from spending to investing—delaying gratification for long-term security.
- Leveraging smart tools like mutual funds to accelerate wealth growth.

Financial freedom isn't about extreme frugality—it's about making intelligent choices today for a secure tomorrow. By embracing investor education and structured planning, the middle class can break free from financial limitations and build lasting prosperity.

Disclaimer: SIP does not assure a profit or guarantee protection against loss in a declining market.

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WESTERN UTTAR PRADESH Heartland: A Snapshot of Progress

Over the past few years, Madhya Ganga Ghati, Awadh & Braj Chhetra have undergone a complete overhaul

Chief Minister Yogi Adityanath's vision for a futuristic Uttar Pradesh has the regions of Madhya Ganga Ghati, Awadh, and Braj Chhetra at its core. An integrated approach is driving development, industry and infrastructure, taking them to new heights.

MADHYA GANGA GHATI

- **Key Districts:** Auraiya, Etawah, Farrukhabad, Fatehpur, Kannauj, Kanpur Dehat, Kanpur Nagar, Kaushambi, Prayagraj.
- **Connectivity:** The 594 km Ganga Expressway cuts travel time between Meerut and Prayagraj to under 8 hours. It includes a 3.5 km airstrip in Shahjahanpur.
- **Investment:** Rs 36,200 crore project is expected to lower transport cost and time.
- **Urban Revival:**

- Prayagraj: A 160-bed Super Specialty Block at Swaroop Rani Nehru Hospital was constructed, with a 250-bed children's hospital in the works. A mass afforestation drive has been conducted in the city over the last two years.
- Kanpur: 660MW Panki and 1,980MW Ghatampur thermal power plants will fulfil the city's power demands. The Kanpur Metro is being expanded with an underground line; the city is a key UP Defence Corridor node.
- **Industrial Magnet:**
 - UPSIDA's expenditure is up by 430% since 2018-19.
 - Unemployment is down to 2.4%, with 96 lakh MSME units employing 2 crore people.
 - Unnao, Fatehpur and Shahjahanpur are emerging as new hotspots.



■ Agriculture & Rural Development:

- 29 irrigation projects have been completed over the past eight years.
- Irrigation capacity has increased by 1.91 million hectares, benefitting 4.3 million farmers.
- Rural tap water coverage has gone up to 90% in 5 years.
- 100% village electrification.
- 200,000 km of new roads built between 2017-22.

- **Healthcare & Skills:** Medical colleges set up in remotest districts.



AWADH

Key Districts: Lucknow, Rae Bareli, Amethi, Gonda, Hardoi, Shahjahanpur, Sitapur, Unnao.

■ Connectivity:

- Both Purvanchal Expressway and Ganga Expressway will make remote areas more accessible.

■ Industry:

- 'One District, One Product' (ODOP) is boosting traditional crafts globally, like Hardoi's Handloom and Lucknow's Chikankari.
- The Trans-Ganga City (Unnao) is an upcoming 1,144-acre pollution-free zone with strong connectivity to Kanpur and Lucknow, providing access to talent

from IIT Kanpur and IIM Lucknow.

■ Tech & Startups:

- Lucknow is becoming an IT nucleus with the STPI center, and an upcoming 40-acre AI City in Nadarganj.
- IIIT Lucknow is enabling pathbreaking research.

■ Urban Renewal:

- Between 2019–21, Lucknow's green cover grew by 8.33%.
- Lucknow has become a 'net zero-waste city', with 100% municipal waste processing.
- The Light House Project under PMAY provided affordable homes to 1,040 urban families.

■ Metro Expansion:

- The 22.8km Lucknow North-

South Corridor comprising 21 stations was inaugurated.

- The Rs 5,800 crore East-West Corridor project is underway.

■ Healthcare:

- New Autonomous State Medical Colleges in Gonda, Amethi.
- Sanjay Gandhi Post Graduate Institute now has Heart & Diabetes centers and Tele ICUs. Rs 1,147 crore has been invested.

■ Agriculture:

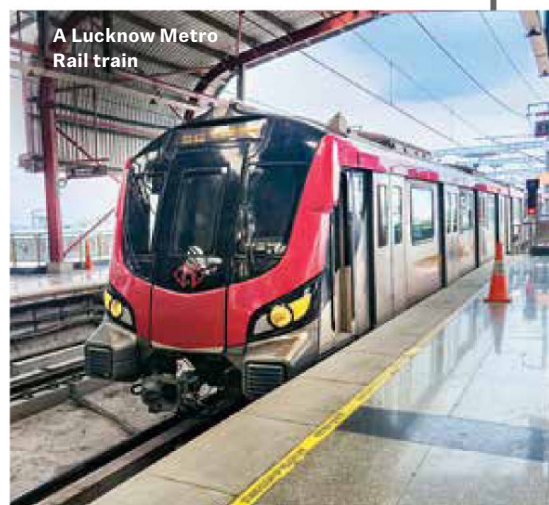
- The government is procuring maize from farmers in Hardoi, Unnao and Gonda at Rs 2,225/quintal.
- CM Yogi Adityanath has envisioned the 130 acre Chaudhary Charan Singh Seed Park in Lucknow.

■ Law & Order:

- 97,000+ convictions in a year via 'Operation Conviction'.
- Pink police booths and rapid prosecution under 'Mission Shakti' has made the Awadh region safer for women.

■ Future Vision:

- A State Capital Region is in development across Lucknow, Unnao, Sitapur, Rae Bareli, Hardoi and Barabanki to ease congestion and expand economic activity.





BRAJ CHHETRA

Key Districts: Agra, Aligarh, Budaun, Etah, Firozabad, Hathras, Kasganj, Mainpuri, Mathura.

■ Urban Growth:

- The 6km priority corridor of Agra Metro was inaugurated, with two corridors covering 29.65km launching soon:
- 36 forests across 487 hectares are being restored around Mathura and Vrindavan.
- "The comprehensive development of Mathura would be a step toward realising the 'Viksit Bharat 2047' vision," said CM Yogi Adityanath.

■ Industrialization:

- The Aligarh Defence Corridor Node will lead the way in defence manufacturing.
- CM Yogi Adityanath inaugurated 60 development projects worth Rs 724 crore in Kasganj.

■ ODOP Impact:

- This scheme is bringing focus

back to local products and providing them global market access. Some of them include Budaun's Zari-Zardozi and Firozabad's Glassware.

■ Infrastructure:

- Ganga and Yamuna Expressway will connect districts like Budaun to the national market.
- Hundreds of villages will receive all-weather roads under PMGSY.
- Rural Braj is moving towards

24x7 power supply.

■ Women's Empowerment:

- CM Yogi Adityanath has said, "The safety and empowerment of women is our biggest duty."
- Women's help desks have been set up in all police stations under Mission Shakti.
- Agra's Safe City Project is using enhanced surveillance and rapid response to make public spaces more accessible.

As CM Yogi Adityanath says, "We are committed to making Uttar Pradesh a developed state of a 'new India' and the largest economy of the country."

His integrated policies are bridging the gap between past and future. From greenfield industrial clusters to spiritual and healthcare revival, the transformation across Madhya Ganga Ghati, Awadh and Braj Chhetra signals Uttar Pradesh's rise as India's new economic powerhouse.

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Biases That Hold Back Senior Citizens

Seniors are often plagued by biases when it comes to investment, relocation or other life goals. However, longer lifespans, inflation, and physical and mental well-being could often necessitate a change in outlook

Versha Jain

Generation shift has always been a problem for the younger as well as older individuals, but in today's age, the gap is becoming wider with each passing year, thanks to technological advancements that are changing lifestyles drastically. As a result, members of the current senior generation, face a unique set of challenges in every sphere of life.

While most boomers (born between 1946 and 1964) are already retired now, the Gen X (born between 1964 and 1980) has started entering the retirement zone. It is the boomers and older members of Gen X who feel the hardest punch.

In the financial sphere, there are several things that stump them. For instance, they are getting to know a plethora of investment options, half of which got popular only when they were in their late 40s or early 50s. Banks moved from physical to digital, but along came cyber frauds. Medical inflation has become a monster they were never prepared to tackle, as private hospitals were few and far between.

The good part is that many seniors, especially those in their early or mid-60s, have managed to figure out several of these things and have



found their comfort spaces. Then there are those who discovered stock markets in its early days in India and have grown along with it.

The problem is that there are many others, who are not well-versed with the changes, and have been bitten hard by frauds or mis-selling and are not ready to open up to changes that may actually benefit them. Still others have simply not kept pace with the changing times.

A lot of these seniors are led by certain societal and financial biases that make them a victim of their own thoughts and beliefs. Let's explore the common biases that seniors, typically, suffer from in India, and how they can affect their money lives.

Risk Aversion

Due To Age: The senior cohort is, typically, seen as risk averse. While several researchers differ on the direct link between age and risk-aversion, the general consensus is that older investors are less risk-tolerant. The explanation for this behaviour is attributed to declining cognitive abilities, such as declining memory, slow information processing, reduced mental agility, and so on. These factors discourage older adults from leaving their comfort zone and taking risks.

A research paper titled *Why Are Older Investors Less Willing To Take Financial Risks?*, published in 2018 in the *International Review of Financial Analysis (IRFA)* journal, reviewed multiple studies to reveal a "statistically significant pattern" that older investors prefer taking less risk.

In the financial context, it says, "Financial products are becoming increasingly sophisticated. Although they are more structured, it is cognitively demanding for retail investors to analyse them and make a decision. Investment and taxation frameworks are in a constant state of flux making it more challenging for older adults."



Losses in the stock market made him wary and it was only recently he again invested in mutual funds

Due To Negative Experiences:

Some of the more outgoing ones have for sure dabbled with equities. While some were bitten by the volatility bug themselves, others have taken experiences of others to heart.

Sanjoy Chatterjee, 57, a manager in a private company in Kolkata, invested in stocks of a renowned company's initial public offering (IPO) nearly 15 years ago, but made losses. "Then I decided not to invest in the stock market again," he says.

Negative experiences abound in the stock market for those who stay for the short term and, typically, seniors are wary of staying invested

for too long depending on their age and circumstances.

For many others, risk-aversion could be linked to the limited accumulated savings at retirement or a modest post-retirement income. So, they prefer not to take risks with equities. Many seniors are also seen to be less tolerant about newer investment tools and instruments.

Pre-Lib Guarantee Dream

With equities, for most seniors, it is a case of "once bitten, twice shy". Even otherwise they prefer products that give guaranteed returns.

Says Saurav Ghosh, co-founder, Jiraaf, a bond investment platform: "Seniors gravitate towards fixed-income instruments for their safety, predictability, and steady income. For many, retirement is about peace of mind, and fixed-income products offer the calm and stability that support this phase of life."

After his foray into equities, Sanjoy finds bank fixed deposits (FDs) to be the most reliable. He keeps more than 80 per cent of his investments in FDs, and the rest in systematic investment plans (SIPs) of mutual funds.

He is aware that the pension, which his employer, a private company, deducts under the Employees' Pension Scheme (EPS), will offer only a modest annuity that will not be enough to sustain him and his wife, when he retires three years from now.

The government encourages secure investment after retirement through schemes, such as the Senior Citizens' Savings Scheme (SCSS), which currently offer an interest rate of 8.20 per cent per annum. Banks typically offer an additional 0.50 per cent and 0.75 per cent on their deposit rates for senior citizens and super seniors (80 years and above), respectively.

A lot many also gravitate towards the security aspect. Says Manish Goel, founder and managing director, Equentis Wealth Advisory Services,





a Securities and Exchange Board of India (Sebi)-registered investment advisory firm: “Many elders tend to worry more about online scams and fraud, pushing them towards traditional methods, such as FDs and brick-and-mortar banks. For them, visiting a bank, dealing with people in person, having a face to the name provides a sense of belonging and gives them a sense of control.”

Blind Belief In Real Estate

Rental income is another perennial favourite among seniors who consider it an easy mode to generate cash flow in retirement. For many, constructing another storey or reconstructing the entire house is a traditional and tried-and-tested avenue for investing money and getting passive income for a lifetime.

Ghanshyam G. Sonkusare, 78, from Bhandara, near Nagpur had told *Outlook Money* in an earlier interview that rental income had become the backbone for his cash flows. Even after working for 30 years, his pension was modest, and he needed to supplement the income. He did that by taking up a job in a private company for another 12 years and adding a floor to his house to get rental income, which is adequate for him and his wife now. For other investments, he trusts post office schemes, and bank FDs.

Sanjoy, too, wants to reconstruct his ancestral house to add a floor and get dependable income through rent.

Relocation Rigidity

Seniors, typically, hesitate to move to a new place or a new environment. In many cases, even after their partner passes away, they prefer living alone in the same house. There are emotional reasons like living amid a lifetime of memories, keeping up with friendships cultivated over a lifetime, and sometimes even the fear of starting a new chapter of life in a new city or place.

Usha Vallabh, 78, from Gurgaon



He took up a job after retirement to add a floor to his house for rental income as his pension was modest



didn't want to shift her base and the comfort of her known locality after her husband passed away in 2016 even though she lived alone as her daughter lived abroad. She decided to stay put even though it was difficult for her to manage the big independent house on her own.

The Need to Fight Biases

Equity Returns Vs Guaranteed

Income: The problem with FDs and other guaranteed government instruments is that the rates they offer are often not enough to beat inflation that erodes the purchasing power over time. Also,

the retirement corpus needs to last longer, given the increasing life expectancy in India.

As market investments entail risks, it's important to manage by having a clear strategy, and limiting one's exposure at higher age with the help of an advisor. Goel shares the example of investment guru Warren Buffett, who generated the bulk of his net worth after the age of 65, largely through equities.

He says, “Wealth accumulation is not bound by age. A balanced approach is recommended. One commonly used guideline is the ‘100 minus age’ rule to determine equity exposure. For instance, a 65-year-old could consider having 35 per cent of their portfolio in equities. Another approach is to allocate 5-7 years’ worth of expenses into fixed-income instruments, and invest the rest in growth assets.”

Rental Income: It may sound dependable, but there are risks.

Says Ravi Saraogi, CFA, a Sebi-registered investment advisor (Sebi-RIA) and co-founder of Samasthiti Advisors: “Rental income can offer steady cash flow, but it comes with risks like high upfront cost, tenant issues, low yields, and illiquidity. In many cities, rental yields are just 2-3 per cent, which may not justify the effort or the capital locked in.”

Goel adds, “The inability to liquidate part of the property during financial need is a significant drawback.” He also highlights other issues, such as market-dependent rental demand and tenant management. Read our story from the last issue here for a detailed analysis (bit.ly/46nQzU1)

As such, seniors need to think beyond the brick-and-mortar model. Says Saraogi: “Rental income is less effective today. Rental yields have dropped, while real estate investment trusts (Reits) or balanced mutual funds can offer similar income with greater liquidity and diversification.”

Relocation: As situations changed,





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Usha too realised the difficulty of her situation. It was only after years of living alone that she decided to downsize and go to a different city.

Usha had a trustworthy tenant occupying one part of the house, but wasn't sure if he would live there forever and was not open to the idea of getting a new tenant. That would leave her alone in the house. Plus, eventually, her ageing friends also started experiencing health issues. "I started feeling left out," she says.

It was around this time that she heard about a senior citizens' society or retirement home near Gurgaon. She and her daughter visited the society and they both liked it. Finally, in 2022, Usha sold her large independent house in Noida and purchased a flat in that society. Sharing her experience of living in the retirement homes, she says, "I feel good after coming here." She likes living with people her age and does not miss her home in Noida anymore.

Usha could afford a decent retirement home, but not everyone can afford that. There are cases where people have a roof over their heads

USHA VALLABH

78, Single Senior,
Gurgaon

**She sold her house in Noida
and moved to a senior
citizen's society in Gurgaon
to combat loneliness**



but not enough money to take care of themselves. In these situations, depending on children and relatives for money often robs one of self-respect. A better option could be to sell the house, buy a smaller and more affordable one, in a different area or city, and keep the balance amount for steady cash flow by judiciously investing it.

Says Goel: "Post-retirement relocation is increasingly viewed through the lens of affordability, lifestyle, and emotional well-being. Whether it involves shifting

to smaller towns, retirement communities, or family homes, the decision must reflect individual priorities, such as financial viability, access to healthcare, and quality of life, says Goel.

Saraogi adds, "It (relocation) is an option to consider for those where financial assets are inadequate. Downsizing or relocating to a lower-cost city or into a community for seniors, can free up financial resources to a large extent."

The archetypal risk-averse mindset among seniors is often due to a deep-rooted fear of uncertainty and trying new things. But their actions can often be self-sabotaging.

Saraogi says, "These decisions are often driven by habit or emotion, not strategy. Retirees need to reframe retirement as a financial journey, not a fixed destination."

So, instead of clinging to restrictive financial assumptions, seniors should seek professional advice for a better outcome, if they can't fight their biases or manage them on their own. ►OM

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Financial Freedom: Dream Or Delusion?



The middle class faces a tough financial equation: rising fixed costs, stagnant income, and limited financial wiggle room. As a result, long-term goals—home ownership, entrepreneurship, retirement, education choices, treatment access—are being delayed, downsized, or abandoned. But financial discipline and managing expectations can go a long way in achieving financial freedom



Meghna Maiti

Financial freedom is perhaps easier to achieve for the rich. The ones who can afford all the luxuries they can think of and still be able to fund themselves for a lifetime, without earning a dime. But what happens to a middle-class family? Can they really achieve financial freedom and of what kind?

Before cracking open that question let's assess what does financial freedom mean for the middle-class, who are broadly defined as having a fixed income that is enough to cater to the needs of the family.

"For India's middle-class, it's about peace of mind, smart choices, and securing a future without compromising today," says Madhupam Krishna, Securities and Exchange Board of India (Sebi) registered investment advisor (RIA) and chief planner, WealthWisher Financial Planner and Advisors based in Jaipur, Rajasthan.

Says Amit Suri, mutual fund distributor, certified financial planner and founder of AUM Wealth, a wealth management firm: "For most Indians, financial freedom means being able to handle life's uncertainties, such as medical emergencies or the loss of a loved one, without constantly worrying about money. It's also about knowing your key goals are taken care of."

Attaining even that state is a difficult task, because apart from fighting the behavioural biases we have talked about earlier (page 12), they also have to fight demons like

job uncertainty, lack of back-up, an emergency creeping up on their finances and so on. However tough that may be, it is attainable despite the obstacles on the way. Let's explore how can one go about it.

The Key Steps

Realistically, a middle-class family's first step to financial freedom starts with achieving the following.

Zero Debt: The middle-class needs to get rid of debt which creeps in the form of loans for home, gadgets and others. "The middle class often finds EMIs burdensome. They need to get rid of credit card traps or unsecured loans. They know these are toxic, and the EMIs are a huge mental stress," says Krishna.

However, the present pushy lending landscape doesn't make it easy for them. Credit card traps or unsecured loans have the potential to throw well-laid plans astray, besides adding to mental stress.

Emergency Fund: They must strive to save up expenses that will last 6-12 months to be ready for emergencies. That's because, typically, middle-class families do not have ancestral or other wealth to fall back on.

Protected Future: They also need to financially cushion themselves against health- or life-related

setbacks. Medical bills can empty out your savings in no time if a life-threatening condition occurs and the loss of the family's breadwinner can leave the other members destitute. Buying life and health insurance can bring down these risks.

Financial Planning: They must set clear financial goals and work towards saving for them. These could be home ownership, children's education, small holidays, asset purchases, retirement and so on.

Says Col. Sanjeev Govila (retd), certified financial planner, CEO, Hum Fauji Initiatives, a financial advisory firm: "Financial freedom begins with structure and stability, not sacrifice, because sacrifice is not sustainable. First, create a safety net—an 18-month emergency fund, health insurance for the family, and adequate term insurance coverage. Then, automate savings: channel 25 per cent of the income into systematic investment plans (SIPs) across equity and hybrid funds."

It is also important to start this investment journey as early as possible. "When you plan your investments, ensure that you cut down on wasteful expenditures that creep in on their own. Always plan for emergencies by taking insurance and creating a buffer fund. Surplus



Medical bills can empty out savings in no time if a life-threatening condition occurs, and the loss of the family's breadwinner can leave the other members destitute





funds should not be splurged on unwanted desires,” says Gaurav Goel, entrepreneur and Sebi RIA.

Obstacles On The Way

It's common to go off track and there could be various reasons for that.

Rising Cost: Middle-class parents usually invest heavily in education, which they traditionally see as their biggest asset. The problem is: from tuition fees to coaching classes, costs are rising rapidly. “Not just education, even medical expenses are rising silently. At the same time, insurance coverage is getting dearer, and policy approvals and claim percentages are getting lower,” says Krishna. All this forces households to cut back from their savings.

Uncertain Income: Even as costs climb, incomes remain uncertain. With the advent of artificial intelligence (AI), many professionals feel insecure in their roles, as automation and outsourcing are reshaping industries overnight. On top of that, frequent layoffs, contract-based employment, and under-employment create a precarious income stream. This uncertainty hampers long-term financial planning, savings, and investments.

“Salaries haven't kept pace with inflation, and more people are relying on credit to cover essentials. India's household savings are at a 50-year low, according to data released by the Reserve Bank of India in September 2023,” says Krishna. When individuals are unsure about job continuity, they tend to prioritise immediate consumption over savings, weakening their ability to build wealth. Persistent insecurity can lead to anxiety, reducing productivity and jeopardising job prospects, creating a vicious cycle.

Lack Of Knowledge: When investing, many families end up ignoring key factors such as inflation, and how they can erode investment returns. Other factors like delaying the process of investments, ignoring

insurance, taking too much debt, not being ready for emergencies and so on can also affect the outcome. For instance, saving in an instrument such as a fixed deposit (FD) will most likely not let you reach your retirement or financial freedom goal. That's because tax and inflation will reduce the yields drastically compared to other assets.

Social And Peer Pressure:

Unwanted pressure due to social expectations can significantly disrupt effective long-term financial planning. People often spend heavily on events like elaborate weddings, luxury lifestyles, or premium education of their children to boost their social standing. These expenses are usually high and recurrent, which can divert funds away from savings, investments, or a retirement kitty.

Expenditures undertaken to impress peers can also spoil the financial equation. Expensive purchases or throwing grand parties may provide immediate social validation but not long-term security. Large ongoing social expenses can tie up income, reducing the capacity to respond to financial emergencies or invest for future needs.

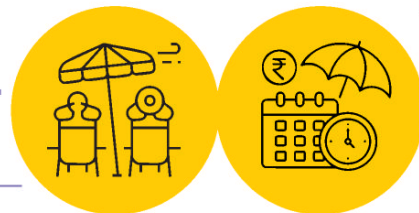
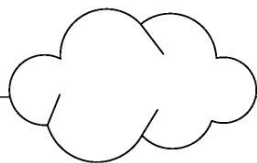
Liabilities: In the pursuit of maintaining appearances, many individuals fund their lifestyle via loans, which can lead to debt accumulation and added stress.

In fact, the big Indian dream of owning a house can be another drain on your income and savings. With property prices going up, the EMIs will not leave enough room to juggle other expenses. Add to it the job uncertainty, and finances can go north very quickly.

High Emotional Cost: But there is a problem in focusing too much on wealth creation as well. In pursuit of financial freedom, middle-class Indians often sacrifice emotional well-being by enduring stress. Just to save enough, they may make social and lifestyle sacrifices, delay pleasure and entertainment or make financial compromises. In the long run, the constant pressure to meet financial goals can lead to chronic stress, anxiety, and mental fatigue. And, then stress-related medical conditions will not be far behind.

Says Krishna: “Most middle-class Indians sacrifice leisure, socialising, and quality family time while working extra hours or pursuing side incomes





A Guide To Planning Early Retirement

- Make a financial plan, set clear goals and targets. This will help you estimate how much you need to save and whether you can afford it. Discipline yourself so that you stick to the investment plan.
- Your health insurance should be substantial too as medical inflation is high. You could divide the sum insured between a family floater policy and a super top-up policy, which has cheaper premiums.
- On top of health insurance, build a medical corpus too to cover gaps such as exclusions in a policy. There are diseases that do not require hospitalisation but demand costly medications or tests on a regular basis.
- Just before taking early retirement, ensure you have a larger emergency fund than what is normally advised as you will have lower or nil income after early retirement.
- Do not forget to buy adequate life insurance for an adequate time period to support your dependants in case something happens to you.
- Sometimes you may have to make adjustments to your lifestyle to decrease the cost of choosing to retire early. The less you spend, the more you will be able to save.
- You could reinterpret retirement by ensuring that you don't just stop working but opt for a part-time option that pays until you reach the proper retirement age.
- Even if you do not intend to work post retirement, ensure you figure out a meaningful activity that you can embrace such as a hobby, public service, or others.
- Plan for this activity much in advance. Loneliness is a silent killer and retirement is also about retiring from your regular routine. Figuring out something at this stage may be more difficult than you imagine.
- Last but not the least, share your plans with your family and ensure they are on board with compromising on their lifestyle or allowing a large chunk of the income to be invested regularly.



to make ends meet. The emotional toll leads to neglecting health, exercise, or hobbies due to excessive focus on earning and saving.”

Sacrificing comfort and immediate pleasures like taking vacations or spending on entertainment in favour of long-term financial security can also breed a sense of deprivation and feelings of inadequacy, especially when others around may not be doing the same.

What's The Verdict?

So is it possible for the middle-class to achieve financial freedom? The picture is grim, unless one starts early, remains focused and disciplined, plans well and balances their finances and life choices carefully. The middle-class is facing a tough financial equation: rising fixed costs, stagnant income, and limited financial wiggle room. In this

scenario, planning for retirement, let alone early retirement, is an uphill task, but not impossible.

Govila explains through an example. “Retiring at 45 with ₹4 lakh in annual expenses requires a corpus of over ₹1 crore even without taking the future Indian inflation into account. It's beyond reach unless one starts early, invests aggressively, and earns consistently high returns.”

Chartered accountant Nitin Kaushik's viral post on X contrasts “looking rich” with “being rich”. He highlights a middle-class investor who quietly built a ₹25 crore portfolio while driving a modest ₹10 lakh car, emphasising true wealth over flashy consumption. Kaushik outlines two archetypes: one with low lifestyle costs and high equity/rental assets, and the other burdened by EMIs and status chasing.

The message resonates with

thousands: real wealth brings time, freedom, and peace of mind, not prestige. Kaushik's key advice—“if you want to be rich, buy time, freedom, and compounding”—underscores discipline and patience over appearances.

While disciplined saving, smart investing, developing multiple income sources, and living within your means can help; these are not magical solutions. Says Krishna: “They require effort, patience, good financial habits, and a bit of luck. Sometimes, people misunderstand these as ‘easy concepts’ or ‘quick money makers’, but in reality, it often takes years of consistent work.”

Finally, read books, follow finance blogs, or attend workshops. Enhance knowledge and ensure financial freedom does not remain a fantasy, but something achievable. ►OM

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By **JOYDEEP SEN**, *Corporate Trainer and Author*

Is Advice Nudging Long-Term SIPs?

A higher percentage of direct investors in mutual funds tend to withdraw funds earlier than the regular investors, who usually buy funds on the advice of financial advisors or distributors

You would have heard about certain aspects of the mutual fund industry, such as the growth in assets under management (AUM) or how mutual funds are competing with bank deposits. But there would be certain trends which you may not be so aware of. We dissect these trends in the mutual funds industry, to assess whether there are any learnings or takeaways.

Holding Period

You would have heard so many times that investment is a long-term game, and it is boring in the sense that it does not give the thrill of, say, day trading or betting apps. When we look at investors’ average holding period, it is not encouraging. Data on investors’ holding period is available in three time horizon buckets: less than one year, one to five years, and more than five years.

As of March 2019, taking industry-wise data, in direct investments, 60 per cent of investments were held for less than one year, 39 per cent for one to five years, and only a minuscule portion was held for more than five years. Things improved thereafter. As on March 2024, 41 per cent of investments were held for less than

SIP Cost Averaging

Here’s how SIP cost averaging works over the duration of the investment

Date	Amount (₹)	Flat Market		Bear Market	
		Unit Price NAV (₹)	Units Purchased	Unit Price NAV (₹)	Units Purchased
Jul 1, 2025	25,000	20.00	1,250.00	20.00	1,250.00
Aug 1, 2025	25,000	19.50	1,282.05	19.50	1,282.05
Sep 1, 2025	25,000	20.00	1,250.00	18.00	1,388.89
Oct 1, 2025	25,000	20.50	1,219.51	17.50	1,428.57
Nov 1, 2025	25,000	19.50	1,282.05	17.00	1,470.59
Dec 1, 2025	25,000	20.00	1,250.00	16.50	1,515.15
Total	1,50,000		7,533.61		8,335.25
Average cost of acquisition		19.91		18.00	

one year, 51.30 per cent for one to five years and 7.70 per cent for more than five years. The encouraging part is the longer holding period of one to five years and more than five years has a higher proportion now. However, the fact that 41 per cent of direct investments are still held for less than one year, is a cause for concern. Part of it is explained by liquid and/or money market fund investments. That apart, in equity funds, this is opportunistic and looks like trading calls.

Coming to regular option, from March 2019-2024, the proportion of

investments held for less than one year dropped from 43 per cent to 30 per cent. Investments held for one to five years improved from 47.30 per cent to 49 per cent. The most remarkable improvement was in the more-than-five-year category. It increased from 9.70 per cent to 21.20 per cent over the same period. As we observe here, in the regular option, the proportion held for more than one year is higher than in the direct option. It shows that at the cost of distribution commission, regular plan investors are receiving proper guidance. The benefit of returns

from the market and compounding is reaped only over the long term. There is a discussion term, difference between 'investment returns' and 'investor returns'. Since investors hold for a relatively shorter horizon, they do not reap the full benefit the investment has yielded over a long horizon.

SIP Accretion

There are more than 90 million systematic investment plan (SIP) accounts and more than ₹26,000 crore of monthly gross SIP

25.70 million, and closure rate by next year was 42 per cent. A year after, in 2023, 34.8 million accounts were opened, and the closure rate was 48 per cent. A part of the reason could be that investors, instead of holding too many accounts, are making their holdings reasonable. Still, it is on the higher side. Typically, SIPs should be continued for the long term; only then will you get the benefit of compounding and market returns.

Cost Averaging

When markets are down and prices

Typically, SIPs should be continued for the long term; only then will you get the benefit of compounding and market returns

the amount, ₹25,000 divided by ₹20 (assumed NAV) in July 2025. In July 2025, you acquire 1,250 units of your fund, at a price of ₹20.

In a flat market condition (see *SIP Cost Averaging*), the NAV fluctuates, but only so much. You acquire units every month at the given unit price. At the end of six months, you acquire a total of 7,533.61 units. Since you have invested ₹1.50 lakh, and have 7,533.61 units at the end of six months, the average cost of acquisition is ₹19.91. This is lower than if you would have invested a lump sum of ₹1.50 lakh in July 2025, when the price was ₹20.

In the bear market illustration, the NAV is coming down and you acquire a higher number of units. Your average cost of acquisition is ₹1.50 lakh divided by 8,335.25 units, or ₹18. The crux of the matter is, in a bear market, your cost of acquisition is lower than in a flat market and you acquire more units.

Conclusion

As we have seen in the data earlier, in regular plans, investors are better guided and the holding period is longer. Similarly, in SIPs, regular plans tend to be continued longer than direct plans. In a regular plan, there is a distributor handholding you. Or, you can avail of the inputs of a Securities and Exchange Board of India-registered investment advisor (Sebi RIA) who works for a fee and then execute the direct plan. There is merit in paying money to a professional, for the guidance and inputs, given the significance of your hard-earned money. ►OM



mobilisation. However, there is a high proportion of discontinuation of registered SIPs. As on May 2025, discontinuation of registered SIPs was 72 per cent. This is lower than 88 per cent a year ago, but still on the higher side. In 2020, 12.50 million SIP accounts were opened. By next year, 35 per cent of those were closed. In 2021, 24.30 million SIP accounts were opened, but by next year, 41 per cent of those were closed. It means, the number of accounts opened went up, but closure rate went up as well. In 2022, the number of accounts opened were

are low, we psychologically tend to move away. However, we should invest more when prices are down. When we continue our purchases in a disciplined manner, say every month, we are buying cheap, which leads to a relatively lower overall average cost of acquisition. This is called rupee-cost averaging.

Let's say, you have a SIP of ₹25,000 per month, from July-December 2025. The market level varies; accordingly, the net asset value (NAV) of your fund varies as well. The number of units purchased is a function of the unit price or NAV: it is



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All Fingers In Pie For A Sweet Taste

Kundan Kishore

Investing is not just about picking the hot stocks or timing the market. It is also about how you allocate your money to different asset classes. Diversification across different assets helps in maintaining the right balance between risk and reward. Irrespective of your financial goals, such as saving for retirement or your child's education, asset allocation ensures your money works smarter. If you wish to automate your asset allocation, ICICI Prudential Multi-Asset Fund could be a decent choice, given its long track record.

Portfolio

The fund owes its success to two key strategies: smart asset allocation and active management across asset classes. This approach has helped the fund to generate superior risk-adjusted return. In terms of portfolio, the equity part is highly active.

"We regularly review and rebalance our portfolio moving from stocks that have done well to those we believe could do well next. This is part of a well-defined process where we take a different view from the broader market. We also follow a sector rotation strategy, shifting between sectors based on where we see the next opportunity," says Ihab Dalwai, senior fund manager, ICICI Pru Mutual Fund.

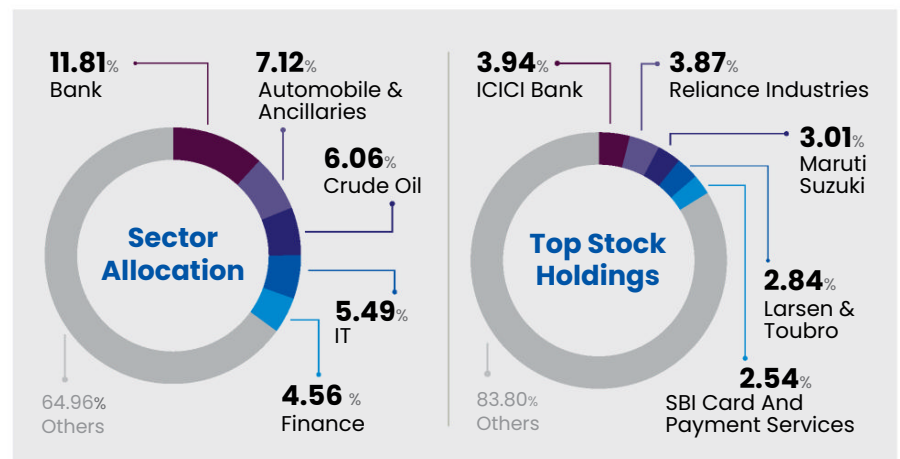
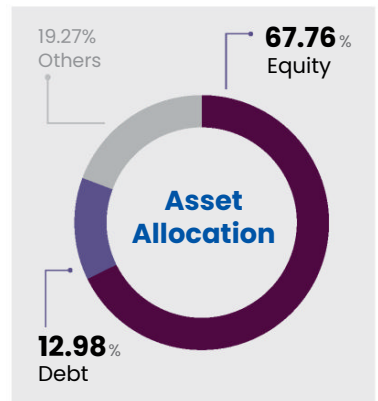
Also, the portfolio is more tilted towards equity, with the equity component being maintained in the 47-70 per cent range in the past three years, with commodities typically in the range of 10-16 per cent.

Performance

The fund has performed well both in

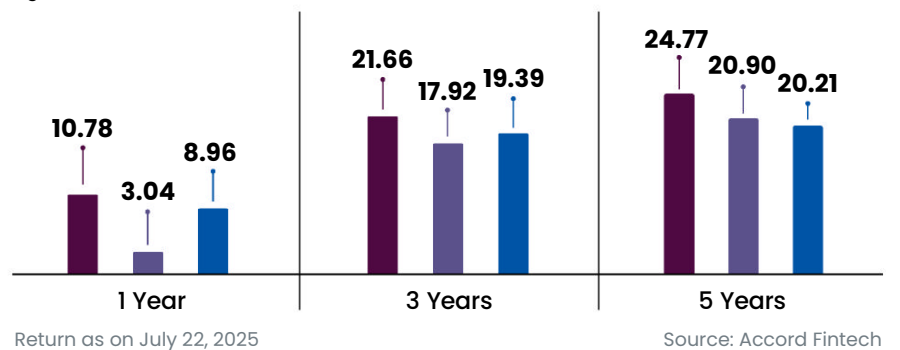
Fund Details

Name	ICICI Pru Multi-Asset Fund
Category	Multi Asset Allocation
NAV (₹)	837.85
Fund Manager	Sankaran Naren, Ihab Dalwai, Manish Banthia
Launch Date	January 1, 2013
Min Investment	₹5,000
Expense Ratio	0.67
Exit Load	Nil after 1 Year
AUM	₹62,013.62 cr



Performance

Figures in %



terms of delivering superior returns and limiting the downside during market downturns. It has delivered compounded annual growth rate (CAGR) of 16.06 per cent and has outperformed its peers with a comfortable margin on 10-year basis.

OLM Take

This could be a decent choice in the multi-asset allocation category, given its sound fund management, process-driven approach, and superior track record across market cycles. ►OM

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ITR Filing 2025: What Last-Minute Filers Must Keep In Mind

As the extended income-tax filing deadline of September 15 approaches, many last-minute filers are rushing to gather documents and avoid penalties. While the basic method of filing income tax returns (ITRs) stays the same, there are a few changes you should note when filing your returns for financial year 2024-25 (FY25) or assessment year 2025-26 (AY26). These include changes in ITR forms, revised Form 16 disclosures, and expanded reporting requirements for crypto assets and foreign income. For instance, deduction disclosures under Sections, such as 80C and 80D, have become more detailed. Also, the tax deducted at source (TDS) schedule has been updated and requires you to mention the exact section under which tax was deducted. It's important for taxpayers to pay closer attention this year.

Manas Malhotra

Changes in ITR forms

ITR-1 and ITR-4: ITR-1 is used by salaried individuals earning up to ₹50 lakh, whereas ITR-4 is intended for professionals and small company owners, resident individuals, Hindu Undivided Families (HUFs), and firms (other than limited liability partnerships or LLPs) with business or individuals with professional income under the presumptive

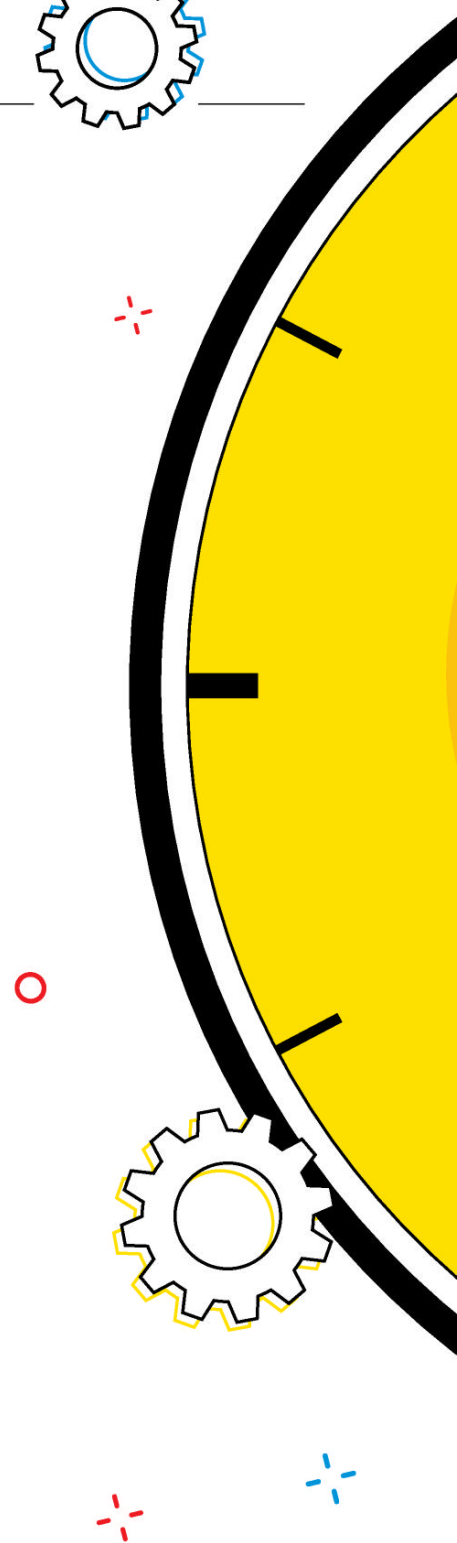
taxation scheme, if their total income does not exceed ₹50 lakh.

Both forms now allow reporting of long-term capital gains (LTCG) up to ₹1.25 lakh, if there are no carry-forward capital losses.

ITR-2: This is meant for individuals, including salaried taxpayers and HUFs who have income from capital gains above ₹1.25 lakh, who own

multiple properties, or have foreign assets, but no income from business or profession.

For AY26, capital gains must be split between transactions before and after July 23, 2024. Share buyback losses can be claimed only for transactions on or after October 1, 2024, if related dividend income is reported under "other sources". The threshold for reporting assets and





liabilities under Schedule AL has been raised to ₹1 crore for taxpayers with income from salary, capital gains, or other sources, but no business or professional income.

Taxpayers filing ITR-2 can claim indexation benefit on long-term capital gains from sale of land or buildings only if the asset was acquired before July 23, 2024.

A new Schedule VDA (virtual

digital assets) requires reporting of each crypto or non-fungible token (NFT) transaction separately, including date, cost, sale value, and gain or loss made on the digital asset.

ITR-3: This is meant for individuals and HUFs having income from business or profession (not under presumptive taxation), as well as income from salary, capital gains,

house property, or other sources.

For AY26, the same rules as ITR-2 apply on capital gains split, buyback loss claims, and VDA transaction reporting.

In ITR-3 as well, the indexation benefit on LTCG from land or building sales is applicable only for assets acquired before July 23, 2024. The threshold for disclosing assets and liabilities under Schedule AL has

been increased to ₹1 crore for those having income from business or profession.

A new section, Section 44BBC, has been introduced under the Income-tax Act, 1961 for non-resident operators of cruise ships.

What's Unchanged?

a. New tax regime (NTR) remains the default tax regime, but you can opt out of it, too. NTR offers lower slab rates, but has fewer exemptions and deductions. If you are a salaried individual, you can opt out of NTR and shift to the old tax regime (OTR) without any extra paperwork. However, if you have business or professional income, you will need to submit Form 10-IEA before the due date to revert to NTR.

b. The Section 87A rebate remains unchanged this year, too. Under the new regime, individuals with taxable income up to ₹7 lakh (after standard deduction) are eligible for a rebate of up to ₹25,000, resulting in nil tax liability. Under the old tax regime, the rebate continues to apply for taxable income up to ₹5 lakh.

Don't Forget to Report Crypto Investments

A new Schedule VDA has been introduced in ITR-2 and ITR-3 for

Quick Tips For Smooth Last-Minute Filing



Choose the correct ITR form based on your income sources.



Keep all documents handy: Permanent Account Number (PAN), Aadhaar, Form 16, bank statements, and investment proofs.



Recheck pre-filled data and reported income to spot any missing details.



Avoid waiting until the deadline—aim to finish slightly in advance.



Confirm your bank account details to ensure faster credit of refund.



e-verify your return right after filing to complete the process.

AY26. Taxpayers must now report each crypto or NFT transaction individually, including details such as the date of acquisition and sale, cost of acquisition, sale value, and resulting gain or loss, even if there is no profit. These transactions continue to be taxed at 30 per cent under Section 115BBH.

Says Ashish Niraj, partner, ASN & Company, a CA firm: "Even if your VDA transaction amount is as little as ₹1, you cannot use ITR-1 or ITR-4. Instead, you must fill out the new Schedule VDA in ITR-2 or ITR-3, reporting each transaction separately. Reporting it under 'income from other sources' could lead to a defective return notice from the income tax department."

Foreign Asset Reporting Remains Essential

Schedule FA (foreign assets) requires resident taxpayers to disclose details of their foreign assets and income, regardless of taxability in India.

For AY26, the reporting threshold for foreign assets under this schedule has been raised from ₹10 lakh to ₹20 lakh, while the asset/liability reporting threshold in ITR-2 has also been increased to ₹1 crore.

Naveen Wadhwa, vice president, research and advisory, Taxmann,

Beware Of Penalties

Missing the September 15, 2025, deadline can attract various penalties



Particulars	Section	Amount/Consequences
Late filing fee (income > ₹5 lakh)	Sec 234F	₹5,000
Late filing fee (income ≤ ₹5 lakh)	Sec 234F	₹1,000
Interest on unpaid tax	Sec 234A	Interest charged until return is filed
Loss of carry-forward benefit for losses	NA	Losses under capital gains or business cannot be carried forward
Daily penalty for continued default	Sec 272A	₹500 per day
Possible prosecution for wilful default	Sec 276CC	3-7 years imprisonment and fine

NA: Not Applicable

Source: Naveen Wadhwa, Vice President, Research & Advisory, Taxmann

Common Mistakes To Avoid



▶ Don't miss out reporting interest earned from fixed deposits or savings accounts, or capital gains from the sale of shares and mutual funds.

▶ Don't forget to include income from a previous employer, or misclassify income under the wrong head.

▶ Carefully reconcile income details with figures reflected in Form 26AS, Annual Information Statement (AIS) or Taxpayer Information Summary (TIS), as mismatches can cause delays. Form 26AS is your tax credit statement, summarising tax deducted at source (TDS), tax

collected at source (TCS) and certain high-value transactions. AIS goes a step further, and captures details, such as interest earned on savings account, and dividends and capital gains as a simplified summary.

▶ Make sure you mention any property sales details too, as it often appears in AIS. "It is important to reconcile all income shown in AIS and Form 26AS so your return matches what the tax department has on record; missing these details could result in a notice," says Ashish Niraj, partner, ASN & Co., a CA firm.

▶ Don't forget to disclose your

foreign income or investments in cryptocurrencies and other digital assets.

▶ Ensure there are no high-value transaction that is not in sync with the declared income.

▶ Cash withdrawals or deposits exceeding ₹10 lakh from a savings account and ₹50 lakh from a current account can raise suspicion if it's not in sync with the declared income.

▶ Enter correct information such as PAN, bank account numbers or contact details. Never use PAN that is not linked to your Aadhaar.

a tax advisory firm, says: "A recent ruling by the Mumbai Tribunal in the case of *Shobha Harish Thawani vs Joint CIT* upheld penalties of ₹10 lakh per assessment year for non-disclosure. This shows that missing or misreporting such details can lead not only to heavy fines, but, in some cases, can also lead to prosecution under the Black Money Act."

Note Updates in Form 16

Form 16, the TDS certificate provided by employers to salaried individuals, has undergone modifications for AY26, due to changes introduced under NTR.

One, under NTR, the standard deduction under the new tax system has been increased from ₹50,000 to ₹75,000. This is reflected in Form 16. Two, NTR now allows a higher deduction on the employer's contribution to the National Pension

System (NPS) under Section 80CCD (2) of the Income-tax Act, 1961, and this will appear in the revised Form 16 for the relevant financial year. Three, if the employee submits Form 12BBA, Form 16 will also show tax deducted on other income sources (such as interest or rent) and tax collected at source (TCS) on specified high-value spends. Without Form 12BBA, only salary-related TDS is reflected.

Also, Form 16 has been updated for better clarity and reporting. Part B of Form 16 now clearly indicates whether the employee has opted for OTR. A new column (388A) has also been introduced to capture TDS and TCS figures in greater detail, ensuring improved alignment with Form 26AS.

Be Careful About LTCG in Equities

When it comes to LTCG in equities

in the financial year, which means profits from selling listed shares or equity mutual funds held for over a year, there's an important update to keep in mind.

From AY26, the exemption limit has been raised to ₹1.25 lakh, and gains beyond this will now be taxed at 12.5 per cent.

Wadhwa of Taxmann advises taxpayers to cross-check their total LTCG with broker statements and the annual information statement (AIS) before filing their ITRs. "If the gain exceeds ₹1.25 lakh, it must be reported in ITR-2 or ITR-3 to avoid notices from the Income Tax Department for defective return. Also, keep in mind this exemption applies only to Indian listed shares. Gains from foreign listed stocks are fully taxable at 12.5 per cent and should be declared correctly." ▶ OM

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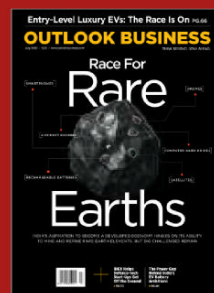
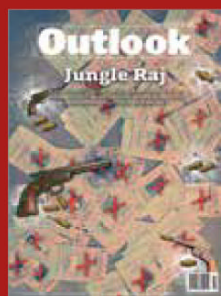


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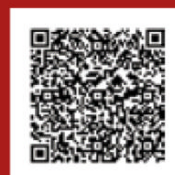
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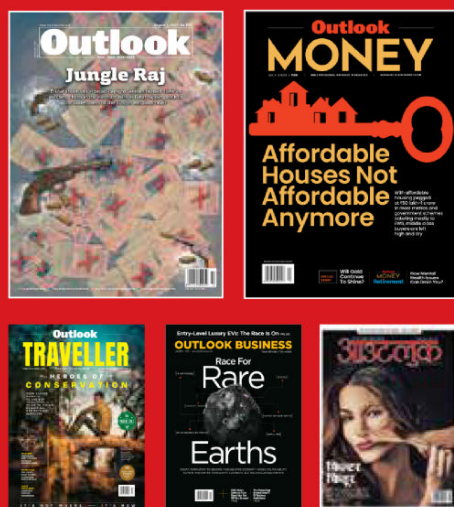
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Here's How To File a Complaint With RERA

Shivangini Gupta

For many people, buying a house often turns into a nightmare due to delay in possession, subpar construction, fraud by the builder, etc.

While before 2016, there was no oversight to manage such situations, the Real Estate (Regulation and Development) Act, 2016 (Rera) can

now penalise and take action against errant builders. All the buyer has to do is approach the Rera grievance redressal mechanism. According to the Economic Survey 2024-25, around 138,000 complaints have been resolved by Rera till January 2025. However, only projects registered with Rera fall under its purview. Here's how to file a complaint with Rera against your builder for delinquency in service.

Step-by-Step Guide

1



Collect All Supporting Documents

These include builder-buyer agreement or allotment letter, proof of payment (bank statements, receipts), booking confirmation letter, project brochure or advertisements, Rera registration number of the project, and written communication with the builder regarding the dispute.

2



Visit State Rera Portal

Check the official portal of the respective state to begin the complaint process.

3



Draft the Complaint Application

It must include the name and contact details of the complainant and the builder or developer, the project's Rera registration details, the nature of the complaint (delay, misrepresentation, non-registration, etc.), the relief sought (compensation, refund, penalty, possession, etc.), and a list of supporting documents. The application should be written in a formal tone with facts, and be devoid of any emotional fervour.



4



Pay The Filing Fee

The fee is typically in the range of ₹1,000-5,000 (varies by state) and can be paid online via the respective Rera portal.

5



Submit The Complaint

Complaints can be filed online through the state Rera website, or offline, by submitting physical documents at the Rera office.

When Can You File A Complaint?

A complaint can be filed in several scenarios, such as:

- **Project Delay:** If possession is not granted within the committed timeline.
- **False Advertisement:** If the marketing material misrepresents the actual offering by the builder.
- **Construction Defects:** For structural faults within five years of possession.
- **Layout or Plan Changes:** Where layout or project specifications are changed without the buyers' consent.
- **Unauthorised Payments:** If builder asks for payments outside of the agreement.
- **Lack of Occupancy Certificate:** If the project is completed without obtaining the necessary legal clearances for occupancy.

What Happens After The Complaint Is Submitted?

- Rera issues a notice to the builder. Both parties present their cases at a hearing. Rera examines the documents, listens to arguments, and issues an order.
- The Rera Act stipulates that the complaint is resolved within 60 days. However, some cases may take longer.
- If the complainant is dissatisfied with Rera's ruling, an appeal can be made to the Real Estate Appellate Tribunal within 60 days of the order. If unsatisfied with the Tribunal's decision, the next level of appeal is the High Court, followed by the Supreme Court.
- If a builder fails to comply with a Rera order, the authority may impose daily penalties for non-compliance, cancel the project registration, debar the builder from future projects, or order criminal prosecution leading to imprisonment of up to three years.

Regulatory Roundup

A few regulatory changes in July 2025, and how they will impact you



CAPITAL MARKETS

Change: The Securities and Exchange Board of India (Sebi) has proposed to appoint two executive directors at stock exchanges, clearing corporations (CCs) and depositories to focus on regulatory compliance, risk management, investor grievances, and day-to-day operations.

Impact: Sebi wants to ensure they prioritise public interest, investor protection, and compliance rather than pure commercial gains.

Change: Sebi has opened a limited-time settlement scheme for brokers involved in the ₹5,600 crore National Spot Exchange (NSEL) crisis.

Impact: The NSEL Settlement Scheme 2025 will allow brokers against whom Sebi has already passed orders for trading or facilitating trades on the now-defunct exchange to settle the matter under the securities law.

Changes: Sebi has proposed a revised framework for IT capacity planning and real-time performance monitoring for commodity derivative exchanges and CCs.

Impact: The equity market guidelines, which cover detailed norms for system performance monitoring and stress testing for commodity derivative exchanges will now also apply to CCs operating in the commodity segment, thereby bringing them under its purview.



INCOME TAX

Change: The Income Tax Department has made Aadhaar-based OTP verification compulsory for any taxpayer seeking to modify their mobile number or email ID on the income tax e-filing portal.

Impact: With identity confirmation through Aadhaar-linked credentials becoming mandatory, the system will become more robust against fraud.



BANKING

Change: The Reserve Bank of India (RBI) has issued draft guidelines to regulate the authorisation of digital banking channels to bring uniformity in the way banks and financial institutions run their digital platforms.

Impact: This aims to address security challenges by establishing procedures for banks and others to adhere to.

Change: The National Payments Corporation of India's (NPCI) international wing, NPCI International Payments (NIPL), has on-boarded 13 more Indian banks onto the Singapore cross-border payment platform of UPI-PayNow.

Impact: Now, money sent from Singapore can be received by recipients in India in accounts

maintained with any of the 19 participating banks through UPI-enabled mobile apps.

Change: NPCI has brought changes to how failed UPI payment disputes will be handled from July 15, 2025.

Impact: It will make chargeback process for the users smoother.



INSURANCE

Change: The Insurance Regulatory and Development Authority of India (Irdai) has set up panels to scrutinise violations of norms by insurers and intermediaries and tackle issues like mis-selling and data leakage.

Impact: The panel will look into regulatory violation, mis-selling and data leakage, thus bringing more transparency and benefitting policyholders in the long run.



PENSION

Change: The government is considering a proposal by the Employees' Provident Fund Organisation (EPFO) to allow EPF subscribers to withdraw their money partially or fully once every 10 years.

Impact: EPF members can now withdraw money according to their requirement without assigning reasons stipulated by the EPFO.

— Outlook —

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EARLY RETIREMENT IS NOT A MYTH, IT'S A PLAN, SAYS AJIT MENON

In an exclusive conversation with *Outlook Money*, PGIM India MF CEO Ajit Menon reveals that his early retirement plan was laid out much in advance, what it took him to achieve it and how he plans to spend his post-retirement years. We've captured the main learnings for those who aspire to retire early



Kundan Kishore

It is not every day that a chief executive officer (CEO) quits the cushioned job at his prime. So when PGIM India Mutual Fund CEO Ajit Menon announced that he had decided to “retire” at age 55, the industry was taken by surprise and votaries of early retirement got a shot of inspiration for their much-criticised-as-a-nearly-impossible financial goal.

Menon has chosen to retire three years before the official retirement age of 58. He will continue to serve as the CEO till August 31, 2025, and, then as a senior advisor with the fund house till March 2026. PGIM India MF will get a new CEO in Abhishek Tiwari, who is currently the chief business officer in the fund house, from September 1, 2025.

Outlook Money spoke to Menon to find out how he did it and what he plans ahead. The conversation was peppered with lessons for those who plan to retire early.

Says Menon: “I took steps towards (retiring at) a specific age when my wife Alinaa and I formally began the financial planning process with our advisor. We started by clearly defining all our life goals. With our advisor’s help, we drew up our net worth at that time and reallocated our existing assets and both our incremental income streams accordingly. This involved selling real estate, repaying loans, monitoring our budget and addressing remaining financial gaps for our goals.”

Here are the main learnings from our recent conversation and other interactions we have had with him in the past.

THE PLANNING PHASE

Acknowledge The Goal: High income doesn’t guarantee early retirement, but a sharp focus and

meticulous planning does.

When asked why he took the decision to retire at 55, he says: “I have simply followed the financial roadmap our family created with our advisor more than a decade ago.”

One of the things that helped him achieve the goal was that he made the decision early on. “The age of 55 was chosen at the outset as a benchmark, but being able to actually meet that target was a mix of planning, good career progression and my wife continuing at her venture. Ultimately, it’s the process of financial planning that deserves the credit—it’s the real enabler, more than just the plan itself,” he says.

In a message before *Outlook*

help you estimate the corpus you need to sustain.

Menon says: “The first step should be to estimate the corpus required to retire based on your current age and the age of retirement. Say, your current age is 30 and you wish to retire at 60, you have 30 years to accumulate your corpus. Calculate the monthly investment required from today to reach this corpus by 60. You can use a goal or retirement calculator for this.”

Be Smart About Your Investment Strategy: Mutual funds come in handy for retirement planning, as they offer a wide range of options to choose from and flexible investment modes, such as

Mindful spending, such as staying on rent to avail of tax benefits and buying pre-owned cars rather than overspend on a lavish lifestyle helped him save more and later buy a bigger house and a premium car without straining the finances

Money’s flagship 40After40 Financial And Retirement Planning Expo held in January 2024, Menon had said that retirement is the only financial goal for which you don’t get a loan, and with increasing longevity risk, it is important to start saving for it as early as possible.

He elaborated during the event: “You can get a loan for your children’s education, buying a house, car, for business, but there’s no conventional loan for retirement. You have to build it yourself. So that’s why it’s important to be focused. If there is any gap in that goal you cannot fill that with a loan; for every other financial gap, there’s a loan available.”

Estimate Your Needs: If you want to retire early, the first step is to be clear about the lifestyle you want to maintain and what that will cost in the years after you retire. That will

systematic investment plans (SIPs), the option to pause them, increase the amount, and so on. That’s why they were a large part of Menon’s investment strategy.

“We largely used mutual funds as the core allocation for various goals apart from considering our Provident Fund (PF) balances for future goals. We began with reducing overexposure to real estate and directing incremental income towards specific, pre-defined goals,” he says.

Budgeting Helps: One of the key advice that Menon shares is practising mindful spending instead of indulging in a lavish lifestyle. Interestingly, he practises what he preaches.

“We made some conscious lifestyle choices, such as living on rent to reap tax benefits and buying pre-owned cars—to save more

without compromising on quality. These choices allowed us to afford a larger home and a premium vehicle without straining our finances,” says Menon.

POST-RETIREMENT PLANNING

Being prepared for your retirement years financially is only one part of the jigsaw solved; the other and often more crucial part is managing the post-retirement years.

Have A Purpose: Early retirement is, typically, associated with having the time to yourself, but if you don't define a clear sense of purpose for yourself, the time can stretch longer than you expected and come to bite you. “Being purposeful and working at something that gives you joy keeps you healthy into your later years,” says Menon.

He is looking forward to engaging more with hands-on activities, not just intellectual work. In this context, one late addition in his portfolio is a piece of land to help him staying engaged physically post retirement and pursue hobbies related to nature and gardening and community work. He says: “A small piece of farmland should help bring that vision to life. I also plan to earn a certification in executive coaching, especially since my wife is a Master Certified Coach which is an added advantage.”

It's not just farming; he has a long list of to-dos. He will continue advising in areas he is passionate about, such as retail and retirement. “From working with friends contributing to our local farming community to diving back into creative pursuits, there's a wide range of fulfilling work ahead. And of course, being present for loved ones remains a priority,” he says.

Retirement should not be seen only as a financial endpoint, but as a purposeful new chapter, he adds. “Pursue what brings you joy and meaning. Having even a modest role in income generation or ongoing

engagement can greatly enhance your sense of fulfilment. If your mind is purposeful and happy, your body follows and stays healthy.”

Acquire or Hone New Skills: One advice around retirement is to not worry about the corpus, but build a secondary income, and Menon swears by it. “Retirement planning is not just about creating a corpus. A financial advisor can help you create this corpus. But the real risk is of ‘concentration’, which is that you are just dependent on one skill (job) for all your life,” he says.

It is not uncommon for anxiety to set in among individuals who retire. Menon says: “One way to overcome retirement anxiety is to hone or acquire new skills early on so that

Divide the retirement corpus in three buckets of 10 years each. For the first phase, invest in conservative products for stability; for the next 10 years, invest in hybrid funds for a balanced approach; for the last phase, go for diversified equity funds for growth

you have the option of creating a secondary source of income. The skill can be a passion that you have held since your teenage years, such as becoming a fitness instructor, yoga teacher, translator, photographer and so on.” Develop and begin monetising secondary skills before retirement, he adds.

Maintain Your Health: Menon believes focusing on one's health is as important as focusing on building a retirement corpus. The most common problem people typically encounter in their 60s and 70s is health related, he says.

That can be countered if one is focused on wellness and healthcare from an early age. “Maintaining your health helps you to reduce the cost of expenditure incurred on treatment,” says Menon.

MAKE YOUR CORPUS WORK

The retirement corpus usually seems large enough, but it will only last if you are careful right from the beginning. Since inflation is the biggest enemy of a corpus that should ideally last for 20 years or more, it is important to reinvest a part of the corpus.

One way to do that is through the bucketing strategy, says Menon. He suggests that once you have accumulated your retirement corpus, it can be divided into three buckets to support a 30-year retirement horizon.

The first bucket should be invested in conservative products and designed to cover expenses for the initial 10 years. The second

bucket, meant for the next 10 years, can be allocated to hybrid funds that offer a balanced approach. That means that you will take on only a little amount of risk for growth. The third bucket, intended for the final 10 years and beyond, can be invested in diversified equity funds.

“The beauty of this strategy lies in compounding. While you draw down funds from the first two buckets, the third bucket has 20 years to grow,” he says. That's a fairly long horizon to get good results from equity investments, provided your choices have been right.

Menon's journey is proof that with careful planning and disciplined execution, stepping away from work on your own terms, at your own time, is possible. ►OM

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Financial Planning Beyond The Binary

For the LGBTQIA+ community, financial planning is about safeguarding partners, chosen families and beliefs, within a system that has not always acknowledged their existence.

In India, where the bedrock of financial security often rests on traditional family structures, a glaring reality persists for the LGBTQIA+ community: they are largely excluded from the very financial protection tools that others take for granted. A recent Kantar report – in its seventh edition, which maps the financial preparedness of urban Indians – illuminates this disparity, revealing a Protection Quotient score of 35 (on a scale of 0–100) for the community, which is significantly lower than the national score. This significant gap underscores the community's limited access to life insurance and engagement with vital financial instruments.

The survey highlights a systemic opportunity to understand the structural exclusion and cultural oversight that such communities consistently face in India. Financial products are often designed with conventional notions of marriage, next of kin, and caregiving networks, which simply do not align with the lived experiences of many LGBTQIA+ individuals. Assigning a partner as a nominee for a life insurance policy, for instance, can be simple for married couples, but becomes more complicated when a relationship is not recognised by the law. Similarly, same-sex or non-binary couples may face emotional and administrative obstacles when trying to plan for retirement, obtain joint bank loans, or access joint health benefits.



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As a result, the community shows lower awareness of basic financial protection tools and low engagement with financial advisers. While there is a strong intent to plan, the lack of tailored solutions often leads individuals to delay, or altogether avoid, making critical financial decisions about their future.

Barriers to sufficient financial protection

Increased self-reliance – Since extended families and judicial systems do not always provide the required support, these individuals often rely on their

own funds as their main safety net. They are forced to handle emergency medical treatment, caregiver duties, and preparation for old age on their own.

Although this demonstrates resilience, it also places tremendous pressure on them to prepare for every scenario without access to appropriate products. Therefore, for them, financial planning becomes more reactive rather than strategic, and long-term security continues to remain uncertain.

Trust deficit in the system –

Although India's financial services sector has made progress towards inclusivity, there are still gaps, particularly when it comes to trust. Due to possible concerns about pre-existing bias, ignorance, or even fear of judgement, LGBTQIA+ people are less likely to seek financial advice. This reluctance is most likely a result of previous situations where their gender was not always acknowledged on forms, or presumptive advice was provided. This explains why many individuals choose to opt out of the formal financial system due to this vulnerability.

A new vision for inclusive financial planning

India's financial industry will need to rethink how it designs and delivers services. The aim must be to be inclusive in every product and customer interaction, rather than as an afterthought.

• **Designing with flexibility:**

Financial products that allow individuals to customise options with regard to beneficiary nominations and diverse family structures will need to be put in place.

- **Training for cultural competence:**

Advisers must be trained to serve LGBTQIA+ clients with empathy, without making assumptions about their life goals or relationships. Sensitivity training should be a business imperative.

- **Communicate authentically:**

It will be ideal to re-examine marketing strategies, materials, onboarding procedures, advertisements, and even the communication used in forms, from an inclusive perspective. Real representation of the community and gender-neutral communication could

go a long way in creating an ecosystem that is both diverse and inclusive.

This change also aligns with India's goal of providing insurance for everyone by 2047, "Insurance For All", which emphasises the importance of inclusivity at all levels and stages. The emphasis on "ALL" represents a shift towards solutions that recognise the range of identities, individual journeys, and socio-economic realities.

Here, technology will be a powerful enabler. For financial planning and education, digital platforms can be used to create safe, judgement-free spaces. Tools that enable consumers to access individualised content, and to easily and privately purchase policies, will be crucial for those who are hesitant to

use traditional advisory models. Self-service platforms and DIY insurance solutions will be key to empowering communities, while local vendors or community influencers can act as trusted voices to raise awareness and close the trust gap.

Moving from marginalisation to empowerment

For the LGBTQIA+ community, financial planning is synonymous with self-determination. It is about ensuring that their partners, chosen families, and personal beliefs are safeguarded, even within a system that has not always acknowledged their existence. True security is built on being seen, understood, and supported. It is time our financial frameworks reflected that truth—boldly, inclusively, and unequivocally, beyond the binary. ■



WHO SAYS RETIRED LIFE CAN'T BE ADVENTUROUS?

For our new section, *Outlook Money Retirement Chronicles*, we will talk to seniors to understand how they carved their journey to retirement and how successful they were. We start with chronicling the journey of retired Delhi University professor Sunil Kumar, who embraced adventure in his 60s and turned around his financial life post retirement

Versha Jain

Sunil Kumar, 71, may come across as just another gentleman in the neighbourhood spending his

retirement years in comfort. But don't let that gentle charm beguile you. He is an adventurer by heart and his lifestyle is anything but sedentary. In fact, he leads a very active lifestyle, taking part in marathon cycling events and treks.

It all began in 2016 when at the age of 63 he was cajoled by his daughter and son-in-law, both active cyclists, to take up cycling as a hobby. They also gifted him one, and a few years later, in 2019, just before retiring as an associate professor from Delhi University, he decided to take up cycling as a serious hobby.

"I told them I can't do it. I was hesitant. When they gifted me a cycle, I had two options—ride it or hang clothes on it. I chose cycling. I started cycling in my society first, and when my stamina improved, I went to other places," says Sunil.

Now, Sunil, who originally hails from Nainital, has three cycles—Road, Mountain, and Hybrid bike versions. Besides cycling, he is also into trekking now. And it's serious business not a casual sport. His accolades include the Super



Retired professor Sunil Kumar at Delhi University

Randonneur (SR) honour for long-distance cycling, which is given to individuals for cycling 200, 300, 400, and 600 km, and more, by Audax India, affiliated to French Cycling Club Audax France, and high-altitude treks to Adi Kailash, Om Parvat and Everest Base Camp.

FLASHBACK

Sunil became adventurous only later in his life. During his working life, his financial life and retirement planning strategy was similarly sedentary. However, it is important to start planning for retirement earlier in life with a mix of aggressive and conservative instruments. Sunil, however, invested only in the Employees' Provident Fund (EPF), a secured debt instrument, during his working years to build a stable retirement corpus.

He says: "I just wanted my money to remain secure and did not look for different avenues. We would get 12 per cent, and I thought it was a good return. Even when the government reduced the rate to 8 per cent, I found it reasonable. I was not ready to take risk, so I invested only in EPF."

He thought he was on the right track as many of his colleagues also did the same. "We managed our needs with whatever salary I got. My wife never asked me for anything. I don't remember buying her gold or other ornaments. We kept our desires in check, and my wife managed the family well within my financial means; it always felt more than sufficient," he adds.

FALLING INTO PLACE

Cash Flow: In retirement, one pillar of support for him is the fact that he had a pensionable job. However, initially, Sunil did not get pension due to administrative issues. So, they lived on a strict budget for about two years after retirement. When the pension finally started



Sunil Kumar with his wife

coming in, it was a big relief.

But there was a change in how he started handling his financial life. Just like he embraced adventure activities later in life, he changed his investing strategy too, and built a diversified portfolio after he retired. In consultation with his family, including wife, son, daughter, and son-in-law, he has diversified and invested his retirement corpus across post office small savings schemes, mutual funds and gold bonds.

Like most people his age, he is not tech-savvy and depends on his children for digital transactions. He believes in physical banking and keeps a debit card only for emergencies. "My children can check my account details online, but I have to go to the bank because I am not comfortable using cards, UPI, or online banking," he says. But that hasn't posed any problems in his financial life until now.

Healthcare: Sunil says trekking helped him quit smoking, something he had been struggling to get rid of since long. "They asked me to stop

smoking when I joined them. It was their only requirement. I said I would quit, but they didn't believe me and asked me to inform them of the progress over the next six months," he says.

Sunil kept his word. He walked 10-12 kilometres daily from his house to the college to improve his endurance and stamina before undertaking his trekking expeditions. While government employees and their dependants, subject to certain conditions, are also eligible for a medical cover for lifetime under the Central Government Health Scheme (CGHS), thanks to his active life, he hasn't needed it yet.

"I have used it only for my wife, who is a diabetic, until now," says Sunil, adding that healthcare expenses should be a major area in retirement planning.

LIFE ADVICE

When one of his brothers died a few years back, Sunil realised the importance of writing a Will, and plans to do it soon.

Another thing he firmly believes and advises his children is that the principal amount in any investment, whether it is high-growth or otherwise, should be safeguarded.

For him, relationships, ultimately, are more important than money. "You should have enough to meet your basic needs. Beyond that, I don't give too much value to money. I feel relationships are more important," says Sunil.

He is financially independent now and has travelled with his family to the US, Turkey, Thailand, Dubai and Canada. Next travel destinations in line are Singapore, Vietnam and Gujarat in India.

Sunil also believes that one should have a purpose. He, of course, has found his calling: to pick up the cycle whenever he is in India. ►OM

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By **LARISSA FERNAND**, Behavioural Finance Expert

The Lifestyle Creep Trap

It is natural to upgrade your lifestyle when income increases. It is also normal to spend more when you earn more. But don't let it be at the cost of your financial freedom

Sometimes I see individuals live lavishly, supported by their current income. However, they pay absolutely no heed as to whether such a lifestyle can be maintained when the cash flow subsides. What if they lose their job? What happens when one eventually stops working? How does the lifestyle adjust to the new reality? Will they be able to claw back on their lifestyle? As people earn more, they upgrade their lifestyle. On the face of it, there is nothing wrong. But the psychological impact of that upgrade and the financial ramifications are huge.

Over a decade ago, American financial advisor and planner Michael Kitces began educating people on this subject. I remember his mow-the-lawn example. I used to mow the lawn, but now I got a little more money. So, I'm going to pay someone to mow my lawn. Once I pay someone to mow my lawn, I rarely go back and mow the lawn again.

We do it with cars. The more expensive car becomes your price point. Once you are associated with a luxury car, it's hard to go back to a "lesser" model. Similarly, once you buy a new car, it's difficult to buy a

used one again. Or maybe, even the number of vehicles in the family. Or the fact that you have a driver.

We do it with houses, too. When you stay in a 3-bedroom house, you would not want to shift to a 2-bedroom one. When you stay in a particular locality, you don't want to shift to a lesser elite address.

We do it with all aspects of our life. Eating out is now fine dining; you only drink imported wine and beer; only branded wardrobe; the latest iPhone; a Rolex; vacation abroad.

This is "Lifestyle Creep." The income supports this ascent up the social ladder, while investments stay at a meagre constant. You are saving less because your spending is high. Yet, it is this spending that has established a demand on your future income. So to retire, you have to have the money to maintain this lifestyle.

The danger with lifestyle creep is that it is insidious and one never really realises when it creeps up on you. So be cautious

Take two individuals of the same age, earning the same amount, living within their means, and with nil debt. The one who spends 75 per cent of his take-home pay will have a longer road to financial independence than the other who spends 55 per cent of his take-home pay. When they retire, the one with the extravagant tastes will need much more money to maintain that lifestyle. Remember, all spending is inflationary. Be it on the Nike shoes, eating out, or frequent travel. Lifestyle creep is always accompanied by lifestyle inflation, and it makes retirement much more expensive.

Here's how to enjoy lifestyle creep without wrecking your finances.

Pick Your Poison

It is natural to upgrade your lifestyle when income increases. It is perfectly normal to spend more when you earn more. Just don't let it be at the cost of your financial freedom.

The danger with lifestyle creep is that it is insidious and one never really realises it. It "creeps" up on you, which explains the term. So if you are not cautious, your lifestyle costs will increase at a much higher rate than your income. Years from now, you

will find yourself in a tough spot.

I know someone who doesn't seek to upgrade his lifestyle when it comes to his wardrobe or things around the house. But when it comes to culinary matters, he upgrades. The places he eats, the coffee machine he wants to buy, and so on. Pick on areas, you desire an upgrade, while letting the others be at status quo. Or, maybe you are most comfortable with your lifestyle and want to upgrade your travel—the mode of transport, the flights and the hotels you stay in.

Individual upgrades are rarely detrimental; but cumulative lifestyle

ten in stone. You can use them as a benchmark to figure out the right balance to suit your circumstances.

- Spend twice your years to retirement. If you are going to retire in 10 years, spend 20 per cent of your raise and save the remaining. If you are going to retire in 20 years, spend 40 per cent of your raise and save 60 per cent. The closer you are to retirement, the more cautious you should be about upgrading your lifestyle and more aggressive about saving.

- Save your age, as a percentage of the raise. If you are 50 years old, save 50 per cent of the raise. This is signifi-

well, may accordingly decide how much to invest (or not) depending on whether they are going to inherit property, or want to have children. But broadly, if you are close to retirement, try and save much more. In fact, if you are living well with your earnings, maybe you can stash away the entire raise.

Let Your Assets Also Creep Up

Savings must culminate into assets that appreciate over time. If you invest in stocks, make a list of stocks you want to invest in or increase exposure when the price is right.

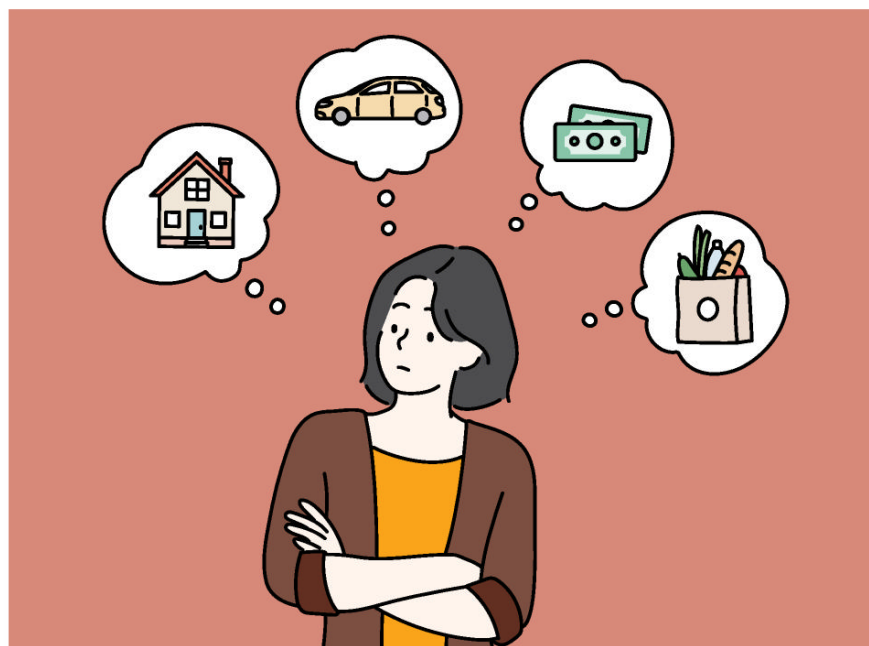
If you are investing systematically into mutual funds, use the systematic investment plan (SIP) hack to enhance your portfolio. Check out the step-up or top-up of your SIP. With absolutely no effort on your part, you can scale up your investments in a disciplined way every year.

Let's say you have an SIP of ₹5,000 for 10 years, earning a return of 12 per cent per annum. If you decide to go with no annual step-up, you would have invested ₹6 lakh and earned a lump sum of over ₹11 lakh.

If you decide to go with a step-up of 20 per cent, it means that your investment increases by that amount every year. After the first year, it will increase by ₹1,000 (20 per cent of 5,000). The following year, it will increase by ₹1,200 (20 per cent of 6,000). The total invested amount would be over ₹15 lakh and the lump sum around ₹25 lakh.

There Is Always A Balance

You don't have to save your entire raise, neither do you have to spend it all. The more aggressively you save, the less you spend since there is only so much extra money. The less you spend, the less goes in upgrading your lifestyle. The less you upgrade your lifestyle, the less is the pressure on future expenses. However, it is up to you to decide how much the savings should be, and where exactly you deserve a lifestyle upgrade. ►OM



upgrades are. Recognise the difference between what you can afford and what truly aligns with your goals.

Let Savings Also Creep Up

Contrary to our intentions, many of us don't actually increase our savings when we get a raise. As income rises, don't do the mistake of keeping your savings (which eventually are utilised to buy assets) constant. Let your savings also rise proportionately.

At my previous organisation, they came up with a few thumb rules. These are guidelines, not truths writ-

cantly more relaxed than the above rule. If you are 56, you should save 56 per cent of your raise, even if you are just two years away from retirement.

- Save at least 33 per cent of your raise. This is straightforward. If your take-home income increased by ₹1 lakh, you should save ₹33,000.

Design your own formula if none of these work. Someone in their 20s, earning very little, will obviously want to spend just to make life easier. That is fine, as long as they are investing at least a small amount consistently. A young couple, both earning

Don't Use Savings For Lifestyle Expenses

Queries



PRASHANT BHASKAR email

I am planning a trip to Norway next year. For this, I plan to save ₹2 lakh by year-end, but I may fall short by ₹1-2 lakh. I'm considering a travel loan, but it might get rejected due to no credit history. Should I redeem my mutual fund investments in large- and small-cap funds to cover the gap?

As a matter of financial prudence, avoid using up savings or investments on lifestyle expenses like travel unless you have enough emergency funds for near-term goals. Before taking a trip that may strain your finances or lead to debt, reassess your plans or consider a more affordable option.

If you've decided that you need a loan, you may consider a credit card or a loan against securities (LAS). Both are generally easier to access, but a LAS is typically cheaper than an unsecured personal loan. Lenders usually offer up to 50 per cent of the value of your mutual funds or shares at lower interest rates compared to personal loans or credit cards.

If this isn't feasible, redeeming mutual fund investments is another option, though not ideal. It should be considered only as a last resort, as it can impact your long-term financial goals and investment growth.

Raoul Kapoor, Co-CEO, Andromeda Sales and Distribution

DIPIKA PATEL email

I am 25 years old and recently started working. What will be the adequate life and health insurance coverage for me?

It's commendable that you are planning finances at a young age. Health insurance is essential, especially if your employer doesn't provide one or offers limited coverage. Buying life insurance early can also help lock in lower premiums for the long term. The appropriate sum assured for both life and health insurance depends on multiple factors.

For life insurance, it includes the number of financial dependents, your age, income, lifestyle, and any existing liabilities like loans. A general rule is to opt for a life cover that is 15-20 times your annual income. It's best to go for a pure term plan from a reputed insurer with a high claim settlement ratio.

Health insurance needs depend on your age, current health, job profile, and family medical history. If there is a history of chronic or hereditary illnesses, consider a higher sum insured. A minimum coverage of ₹10 lakh is advisable, though your specific needs may require more. Choose an insurer with minimal exclusions, sub-limits, and a strong settlement record.

Deepak Kumar Jain, Founder and CEO, InvestManager

NIKHIL BHATIA email

I want to invest in commercial property. Should I go for real estate investment trusts (REITs), infrastructure investment trusts (InvITs) or fractional ownership?

All three modes offer distinct ways to invest in commercial property. REITs are traded on stock exchanges. They allow easy entry and exit with relatively low investment. Managed by professionals, REITs offer diversification, regular dividend, and potential capital appreciation, and are best suited for passive investors. There are risks too though.

InvITs focus on infrastructure assets such as highways and renewable energy projects. They offer a stable, usage-based income. While they provide diversification and steady returns, liquidity is moderate and returns can be affected by regulatory and operational risks.

Fractional ownership involves co-investing with others, usually within the same city. It offers more control over asset selection and has the potential to give higher returns. However, it requires a higher investment, longer holding period, and has risks of low liquidity and disputes among co-owners. So, decide according to your requirement.

Anand Moorthy, Co-founder and CBO, Square Yards



From high-performance power cables to smart metering and distribution infrastructure, Anvil has been a frontrunner in providing sustainable solutions for electrical utilities to the people of India.

Our commitment at Anvil Energy is to make renewable energy the new normal in India.

Shaping the New
**Energy
Ecosystem
of India**



Anvil Cables ensuring last mile delivery of power



Anvil Distributech managing electrical distribution for secure, sustainable grids



Anvil Urja simplifying the switch to green energy

info@anvil.energy
www.anvil.energy





Surrendering Pension Plan At Maturity? Be Ready To Pay Tax

AMOGH DESHPANDE, email

Q

I've been investing ₹2,000 monthly in a pension plan that's now maturing. I'm thinking of surrendering it instead of buying an annuity. What are the tax implications?

A

When you surrender a pension plan before purchasing an annuity, the entire amount you receive—comprising the principal (premiums paid) plus any accrued bonuses or interest—will be treated as "Income from other sources" in the year of surrender and taxed at your applicable slab rate. It is always advisable to take help of a tax consultant in case of confusion.

ABHISHEK VERMA, Practicing Tax Consultant, Mudra Capital

PANDURANG R DESAI, email

My in-laws, both senior citizens with US citizenship and Overseas Citizens of India (OCI) cards, have recently settled in India. My father-in-law has a Permanent Account Number (PAN) as well as an Aadhaar card, but my mother-in-law only has PAN. Can they buy health insurance here? Is Goods and Services Tax (GST) applicable, and what documents are needed?

Yes, your in-laws can purchase health insurance policies in India. OCI cardholders who have relocated to

and reside in India are treated as Indian residents for health insurance purposes. They can buy new policies by submitting standard Know Your Customer (KYC) documents, including identity proof (OCI card, valid foreign passport, and PAN). For address proof, your father-in-law can use his Aadhaar, and your mother-in-law can submit an OCI-endorsed passport, a recent utility bill or a bank statement in her name. A cancelled cheque or Indian bank statement (savings or NRO account) and passport-size photographs are typically required.

All health insurance premiums in India attract 18 per cent GST, regardless of citizenship or age. Insurers may conduct medical underwriting through phone-based health questionnaires or physical check-ups such as blood tests, liver/kidney function tests, and ECG, especially for those above 60. Pre-existing conditions usually carry a two- to four-year waiting period. Supporting documents like discharge summaries and medical reports may be needed. Look for senior citizen-specific plans with higher entry ages, wide hospital networks, and clear co-payment terms.

UMA S. CHANDER, CFP®
Handholding Financials

CHRISTINA LYNNGDOH email

I want to invest ₹20 lakh for my daughters, aged 25 and 23, to build a corpus for their 40s. Should I choose a lump sum investment or a systematic investment plan (SIP) in a large-cap fund? Is a small-cap fund also advisable?

With a 15-17-year investment horizon, you have a good opportunity

to build long-term wealth for your daughters. Given the timeframe, a moderate to high-risk profile is suitable, to balance growth and market volatility. You can either invest the entire ₹20 lakh as a lump sum or opt for a SIP. A lump sum has benefits, but comes with higher market-timing risk. On the other hand, SIPs help average out the cost of investment over time, reduce timing risk, and encourage disciplined investing, although they may delay full market participation during rallies.

A more balanced approach could be to invest 50 per cent as a lump sum, and the remaining 50 per cent via SIPs over the next 12 months to manage both opportunity and risk. Based on your daughters' risk appetite, you can choose from large-, mid-, or small-cap funds, or a mix of these.

Regularly review the portfolio and rebalance asset allocation when needed. You may consult a certified financial planner as well.

HINA SHAH, CFP®
Luhem²Wealth

PRASHANT SINHA, email

I have a Public Provident Fund (PPF) account in my bank, which will mature in two years. I wish to continue investing in it until my retirement. Do I need to inform the bank in advance?

Yes, you need to inform the bank for extending your PPF account before the expiry of one year of maturity. You can extend the account for a block of five years at a time. You have the option of extending PPF Account indefinitely in blocks of five years.

SUHEL CHANDER, CFP®,
Handholding Financials

Trust Takes Centre Stage In Financial Security

Axis Max Life's Bharosa Talks platform pairs robust research with candid, real-world stories to help every Indian build lasting financial security.

Trust is the bedrock of every sound financial plan. That was the clear takeaway from the latest Bharosa Talks, Axis Max Life Insurance's signature initiative spotlighted in an Outlook Money webinar hosted by Ankita Verma. Instead of product pitches, the conversation centred on what truly matters: equipping Indians with the tools, insights, and confidence to take charge of their financial futures.

Rahul Talwar, Chief Marketing Officer at Axis Max Life, set the tone early: "Life insurance is best bought yesterday. The future of financial security lies in building conversations rooted in trust, data, and inclusion—making sure every Indian feels protected, understood, and empowered."

Drawing on findings from the India Protection Quotient and the India Retirement Index, the discussion highlighted three major shifts in India's insurance landscape: a move towards prioritising adequate cover, a narrowing gender gap as more women and young families become decision-makers, and the growing impact of digital tools in extending insurance to new geographies.

Bharosa Talks is more than just dialogue. As Talwar observed, "We're seeing a shift—breadwinners in India are no longer defined by gender. Today, women and younger households are increasingly leading



Insights on Protection & Retirement -

BHAROSA TALKS EDITION

Moderator



ANKITA VERMA
Assistant Editor Outlook Money



IN CONVERSATION WITH
RAHUL TALWAR
CMO, Axis Max Life Insurance

www.youtube.com/@outlookmoney

financial decisions." That evolution shows up not only in the data but also in the grassroots work undertaken by Axis Max Life, from financial literacy drives in rural India to tailored insurance solutions for women and the LGBTQIA+ community.

"The movement is gaining

momentum," Talwar said. "It's about turning insight into action and ensuring that every community, whether urban or rural, feels part of the story."

To hear the full conversation and explore more insights, visit OutlookMoney.com and watch the complete webinar. 

Disclaimer:

This webinar coverage has been prepared in collaboration with Axis Max Life Insurance Limited. The views presented are those of the speakers and do not necessarily reflect those of Outlook Money. The discussion pertains to insurance, which is a subject matter of solicitation. Kindly review all scheme-specific documents, terms and conditions, exclusions, and limitations carefully before making any decision.

Real Wealth Comes from What You Do Every Month

Systematic investing builds lasting wealth—not through luck or timing, but through habit, patience and time.

In a world where financial uncertainty is becoming the norm, building long-term wealth is no longer optional but essential. Whether you are saving for a comfortable retirement, your child's education or simply striving for financial independence, the key lies in disciplined investing. One of the most efficient and beginner-friendly ways to achieve this is through a Systematic Investment Plan (SIP).

What is an SIP?

SIPs allow investors to invest a fixed amount regularly (weekly, monthly, quarterly) in mutual funds (MFs), making it easier to build a substantial corpus over time without the need for a large initial investment. It promotes a habit of disciplined investing.

Power of Compounding

One of the biggest advantages of SIPs is the power of compounding. When you invest through an SIP, the returns generated on your investment start earning returns themselves. Over time, this snowball effect can significantly multiply your wealth, especially when investments are made over the long term.

For instance, investing Rs5,000 monthly for 25 years at an average annual return of 12% can grow to over Rs.85 lakhs. The longer you stay invested, the greater your returns and better your chances of beating volatility.

Rupee Cost Averaging

SIPs help investors avoid the risk of market timing. Since investments are made regularly, investors buy more units when prices are low and fewer



CA SNEHA KOCHAR
Partner, Avagat Services LLP

“
SMALL, STEADY
SIPS TODAY CREATE
LASTING WEALTH
FOR TOMORROW'S
DREAMS.
”

when prices are high. This results in an average cost per unit over time, which can be lower than trying to time the market. This strategy, known as rupee cost averaging, helps in managing market volatility effectively.

Flexibility and Accessibility

SIPs across mutual funds help spread risk by diversifying & investing regularly across different asset classes, sectors etc. With amounts as low as Rs500 per month, SIPs make mutual fund investing easy and affordable for salaried individuals, students and new investors alike. Additionally, SIPs offer considerable flexibility, making

it easy to adjust your tenure and investment installments to better align with your financial goals.

Moreover, many SIPs offer step-up features that allow investors to automatically increase their investment amount each year in line with salary increments, thus boosting overall wealth accumulation.

Goal-Oriented Investing

SIPs can be tailored to meet specific financial goals such as buying a house, funding children's education, planning for a wedding or retirement. By assigning a goal and time-frame to your SIP, you can better monitor progress and stay committed to long-term wealth creation.

In conclusion, SIPs offer a smart and efficient pathway to long-term wealth creation. To build long-term wealth with SIPs, start investing early, choose funds that fit your goals and risk comfort and stay invested without reacting to short-term market ups and downs. With the convenience of automated, consistent investing, you don't need to worry about timing the market, just stay disciplined and let the power of compounding do the work. SIPs help develop strong financial habits while allowing flexibility in how much and how often you invest. With professional fund managers handling your portfolio and the benefit of rupee cost averaging, your money is well-positioned to grow steadily over time. Whether you're starting small or aiming big, SIPs provide a reliable, structured approach to achieving your future financial goals. ■

How Freedom SIP Can Simplify Your Financial Freedom Journey

Experience the power of disciplined investing as Freedom SIP turns savings into steady, reliable income over time.

In today's fast-paced world, the word "freedom" means more than just independence—it's about the ability to choose your lifestyle, follow your passion, and make decisions on your own terms. For many, true financial freedom means being able to take that sabbatical, pursue a long-cherished dream, or retire without worry. And yet, this remains a distant reality for most Indians.

The reason? We often delay the journey to financial independence, assuming it's too complex or that our current responsibilities take priority. But what if there was a structured, simple path that allowed you to grow your wealth methodically and later enjoy monthly income from it—without disrupting your lifestyle?

That's precisely what **ICICI Prudential Freedom SIP** offers.

At its core, Freedom SIP is an intelligent feature that combines two powerful investment strategies—Systematic Investment Plan (SIP) and Systematic Withdrawal Plan (SWP). During the accumulation phase, you invest a fixed amount monthly in select ICICI Prudential Mutual Fund schemes. Then, after a predefined period—ranging from 8 to 30 years—you enter the withdrawal phase, where you begin receiving monthly payouts from your corpus via SWP.

For example, investing ₹10,000 a month for 10 years could result in a default withdrawal of ₹15,000 per month afterward. Stretch that to 20 years, and the default payout could rise to ₹50,000 per month.



HITESH JAIN
CEO, Finomatic Fintech Services Pvt Ltd



**FINANCIAL FREEDOM
BEGINS WHEN YOU
COMMIT TO SIMPLE,
CONSISTENT
ACTION.**



While these amounts are indicative and not guaranteed, they provide a powerful framework to help investors plan their future income.

The underlying beauty of this facility lies in its flexibility and discipline. You can tailor the SIP and SWP combinations to your life goals—whether it's funding early retirement, creating a secondary income stream, or supporting a child's aspirations without financial strain. Young professionals can start small, even with ₹2,000 monthly SIPs, and build sizeable wealth over decades. Mid-career individuals can plan more aggressively, while retirees can use

it to maintain lifestyle continuity.

A compelling real-life illustration of this strategy: Had someone invested ₹10,000 monthly in ICICI Prudential Large & Midcap Fund from August 1999 to August 2009, they would've accumulated around ₹36.2 lakh. If that corpus was then shifted to ICICI Prudential Balanced Advantage Fund and ₹15,000 was withdrawn every month for 15 years, the remaining amount by April 2025 would still be over ₹1.54 crore. That's the power of compounding with discipline.

From my own experience guiding hundreds of mutual fund distributors and investors through Finomatic, I've seen how structured investing can change lives. Tools like Freedom SIP are not just about products—they are about building habits. As a fintech and training-driven wealth platform, we at Finomatic empower individuals to make such intelligent, goal-oriented decisions. Whether you're an aspiring investor or looking to start your journey as a distributor, understanding such solutions is the first step toward building lasting wealth.

Of course, every financial journey must be tailored to individual needs. That's why I strongly recommend consulting a qualified financial advisor or SEBI-registered mutual fund distributor before committing.

Ultimately, the question isn't "Can I afford to start investing?" The real question is "Can I afford to delay financial freedom?"

Because freedom, as we know, is not just about having money—it's about having choices. ■

What Cricket Teaches Us About Building Winning Portfolios

Smart investors, like great cricket teams, rely on balance, discipline, and a strong supporting cast.

If you've ever watched a cricket match unfold, you know this truth well: teams win tournaments, not individuals.

A match-winning knock is great, but even with a match-winning batsman, you need the support from bowlers, fielders and wicketkeepers. Investing isn't much different. Relying on a single asset class is like expecting your opener to score 350 every match. It may work once in a career, but over the long haul, you need an entire playing eleven to lift the trophy. That's where multi-asset investing comes in.

Let's build your investment team using cricketing logic.

Equity is your star batsman – explosive, high potential, capable of taking the game away in a few overs. But like all aggressive players, equity can be streaky. It hits centuries in bull markets but can get out for a duck during a downturn. Betting your entire portfolio on equity is thrilling, but it's also risky; it exposes you to the full brunt of market volatility.

Debt is your frontline bowler. No fuss, no fireworks; just disciplined line and length. Debt brings structure to your innings, keeping things tight when the market starts leaking runs. In a world where equity might collapse under pressure, debt picks up the ball, keeps the economy in check, and ensures your capital isn't battered all over the park.

Gold, and increasingly silver or other commodities, act as your all-rounder. Not always in the spotlight, but immensely useful during crunch moments. When inflation rises or



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Investment Planning Specialist



DIVERSITY ON THE PITCH—AND IN YOUR PORTFOLIO—WINS CHAMPIONSHIPS



geopolitical tensions spike, gold often shines, cushioning your portfolio from broader market shocks.

Throw in REITs (Real Estate Investment Trusts) and InvITs (Infrastructure Investment Trusts), and you've got your bench strength: assets that provide income and diversification, like a handy fifth bowler or a reliable fielder who never drops a catch.

Why Multi-Asset Investing Wins Matches

Markets, like cricket pitches, are unpredictable. One year equity is smashing sixes. Next, it's being bowled for a duck. Gold may glitter

when inflation rises, but it stays flat during calmer times. Bonds might underperform in rate-hike cycles but outperform when equities tumble or when there is a rate cut. Multi-asset investing is about building a team that works across conditions.

One of the key features of multi-asset investing is rebalancing. Over time, certain assets in your portfolio will outperform, others will lag. By regularly rebalancing, selling some of what has risen and adding to what's fallen, you maintain your asset mix. It's like a cricket team rotating players to manage fatigue and form.

This approach also helps with behavioural control. When equity markets fall, panic sets in. But if only part of your portfolio is in equity and the rest is holding up, you're less likely to make rash decisions. You can wait out a rough patch without pulling your investments mid-innings.

The Final Word

A good captain doesn't just rely on one match-winner. He picks a balanced side, batsmen, bowlers, all-rounders, each with a role to play. Similarly, a good investor doesn't chase only high returns; they build a resilient, diversified portfolio.

One of the simplest ways to access multi-asset investing is through a multi-asset fund. These funds fall under the hybrid category and provide exposure to three or more asset classes within a single investment. With professional fund management and the flexibility to adjust allocations based on market conditions, they offer a convenient, time-saving solution for investors. ■

How Alternative Investments Are Shaping the Next Wave of India's Wealth

PMS and AIFs are reshaping wealth management with growth, innovation, and sharper investor focus.

India's alternate investment space, consisting of Portfolio Management Services (PMS) and Alternative Investment Funds (AIFs), among other avenues, is in the midst of a revolution. With assets under management (AUM) reaching INR 18.87 lakh crore as of Q1 in FY25, the sector is strongly on a growth spurt. Going at this rate, forecasts indicate that aggregate assets will reach the INR 100 lakh crore mark by 2030—a five-fold jump in merely six years. This expansion is being propelled by a combination of factors, such as investor demand, regulatory overhauls, and India's growing economic base.

Strong growth and diversified appeal

The last decade has seen PMS and AIFs compound at over 30% per annum (CAGR). Both these vehicles are increasingly becoming popular as they search for structured, high-conviction approaches with potential for superior risk-adjusted returns. In contrast to conventional mutual funds, AIFs and PMS provide more tailored approaches, especially attractive to ultra-HNIs and HNIs. The ability to invest in niche opportunities coupled with flexible portfolio-building makes them a strong bet for those wishing to explore beyond generic products.

Interest being driven by economic growth

India's overall economic context also adds support to this upsurge. With the country's vision of becoming a USD 35 trillion economy by 2047, financialisation of domestic savings and growing prosperity are driving demand for complex investment products. PMS and AIFs are especially



NIRAJ SURYAKANT KAKKAD
Vice President, InvestAscent Wealth
Advisors Pvt Ltd



**ALTERNATIVES LEAD
INDIA'S INVESTING
REVOLUTION—DELIVERING
DIVERSITY, DISCIPLINE,
AND ALPHA.**



well-poised to serve this new investor class with an appetite for higher yields and superior portfolio management. Elimination of indexation benefits of debt mutual funds during 2023, and declining bond yields, has encouraged most conservative investors to turn to alternative options.

Regulatory support increasing credibility

SEBI's recent steps to enhance transparency, investor protection, and operational efficiency in the PMS and AIF space have added to investor confidence. Improved disclosures, higher compliance standards, and clearer investment frameworks have helped shift the perception of alternatives being opaque. These

reforms are attracting both seasoned investors and first-timers seeking guided solutions. Performance statistics enhance the optimism. Out of 62 PMS strategies with more than 10 years of history, almost 70% have beaten their benchmark indices. This has been a major draw for investors seeking long-term alpha and risk-adjusted returns.

From niche to mainstream

As PMS and AIFs enter the mainstream, new players are entering the market and providing differentiated strategies and special services. But the growth also comes with problems. Producing alpha is becoming increasingly challenging in a well-researched and efficient market. The future success of PMS and AIF providers will rest on four pillars: consistent performance, research intensity, investor-focused service, and ethical governance.

Industry experts emphasise process over short-term performance. In fact, firms that focus on robust investment processes and consistent conviction-driven strategies, viewing alpha as a natural outcome of this disciplined approach rather than a direct product to be sold, will do well in the new age of alternative investments.

A growing role in India's investment landscape

PMS and AIFs are fast emerging as critical instruments for portfolio diversification and wealth creation. As India advances its journey toward becoming a developed nation, alternative investments will be at the forefront in facilitating capital formation, financial inclusion, and economic growth. ■



INDIAN RESPONSIBLE TOURISM STATE AWARDS RAJASTHAN 2025 – 3rd EDITION

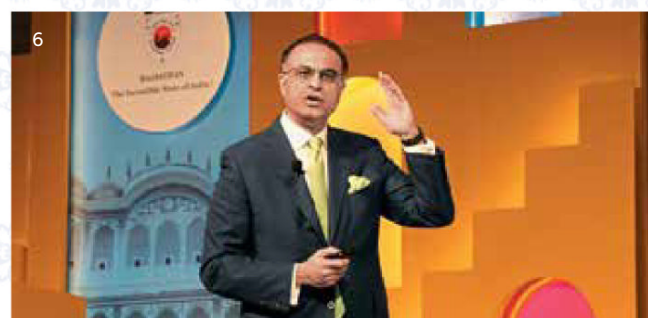
In association with RAJASTHAN TOURISM

In 2022, Rajasthan set the benchmark as the first state to join the Indian Responsible Tourism State Awards. At our third edition in Jaipur, we continued to honour true champions of responsible travel—those who open their homes as homestay hosts, guide visitors through fragile wildlife corridors and preserve centuries-old crafts. Bringing over a hundred local practitioners together, we celebrated people whose efforts keep Rajasthan's traditions alive and communities thriving.

Together with the Department of Tourism, Govt. of Rajasthan, we celebrated the state's iconic havelis, forts, hills and lakes, and the remarkable people whose passion for music, crafts, fairs and festivals brings every visit to life. Their dedication showed that responsible tourism is more than a practice—it is a gesture of respect, a bridge between cultures and a promise of brighter days for the communities who make Rajasthan unforgettable.



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(Clockwise from left) 1. Chief Guest, Honourable Ms. Diya Kumari, Deputy Chief Minister - Rajasthan, emphasised the importance of taking Rajasthan's responsible tourism global and making it more than just a destination; 2. Rajesh Kumar Yadav, IAS, Principal Secretary - Department of Tourism, Govt. of Rajasthan, Jaipur, spoke of today's travellers journeying primarily for authentic experiences; 3. Rukmani Riar, IAS, Commissioner - Department of Tourism, Govt. of Rajasthan, Jaipur, outlined Rajasthan's tourism model as one rooted in cultural immersion, safeguarding both community and heritage; 4. Indranil Roy, CEO, Outlook Group; highlighted that for the responsible tourism movement to succeed, we must consider how we build India while creating a global impact; 5. Anand Tripathi, Additional Director (Development), Department of Tourism, Govt. of Rajasthan, detailed the Department of Tourism, Government of Rajasthan's collaboration with the Outlook Responsible Tourism Initiative in honouring the state's responsible travel practitioners; 6. Kapil Chopra, Founder, The Postcard Hotels, explored ways to marry sustainability with luxury in tourism; 7. Manganiyar music performance by Sawai Khan & Group.





THE WINNERS

Overall Winner

Rohet Garh, Village Rohat

Sustainable Leadership – Homestays

Gold Dhanna Ram Ki Dhani Village Homestay, Jodhpur

Silver Weavers Homestay, Jaisalmer

One to Watch Aura B&B – The Haveli Homestay, Jodhpur

Sustainable Leadership – Small Hotels

Gold Chandelao Garh, Jodhpur

Silver Radisson Blu Resort, Kumbhalgarh

Ones to Watch Subhadra Ecolodge, Bhadrachal

Ones to Watch Serenity Farmstay, Mount Abu

Sustainable Leadership – Hotels

Gold Chokhi Dhani Resort, Jaipur

Gold Utsav Camp Sariska, Rajgarh

Silver Royal Heritage Haveli, Jaipur

One to Watch Anopura Jaipur, Ramgarh

Sustainable Leadership – Travel Enterprises

Gold Baisa's Adventures, Dundlod

Silver MTB Jaipur, Jaipur

One to Watch ToRoots Explorers, Jhalana

Sustainable Experiences – Food

Gold Rohet Garh, Village Rohat

Silver Poppy By Royal Repast, Udaipur

One to Watch Millets of Mewar, Udaipur

Sustainable Leadership – Heritage Conservation

Gold Shahpura Haveli, Shahpura

Silver Rohet Garh, Village Rohat

One to Watch Nachana Haveli, Jaisalmer

Sustainability Champions – Grassroots Heroes

Gold Dr. Jitendra Kumar Solanki, Bikaner

Silver Aman Singh, Alwar

One to Watch Gopal Saini, Jaipur

Sustainability Champions – Cultural Ambassadors

Gold Sawai Khan Manganiyar, Jaisalmer

Silver Rajki Sapera, Jaipur

One to Watch Jakir Khan, Alwar



RAJASTHAN
The Incredible State of India!

8. The winners of the Indian Responsible Tourism State Awards 2025 — Rajasthan - 3rd Edition.
9. Rajnash Agarwal, Founder, Mharo Khet.
10. Thakur Sidharth Singh, House of Rohet.
11. Prakash Joshi, Phad Painting Artist, National Award Winner.
12. Parvati and Sudhir Sukhwai, Owners, Padmini Haveli.
13. Hanwant Singh Rathore, Co-Founder, Camel Charisma.
14. Panel Discussion – Curating Culture (From left) Dr. Rima Hooja, Archaeologist, Author, Historian & Heritage Consultant; Tarun Bansal, Managing Director of Arya Niwas Hospitality Group; Dr. Chef Saurabh, Chef, Author & Culinary Mentor; Sonali Chatterjee Project Consultant, Outlook Responsible Tourism.
15. Shrutika Dewan, Chief Marketing Officer, Outlook Group.
16. Sukanya Chatterjee, Product Lead Outlook Responsible Tourism.
17. Outlook Team.
18. Guests interacting at IRTSA Rajasthan 2025.

Hospitality Partner



Dividends Vs Bonus Shares

By Rishabh Raj



When a public limited company earns profit, it can either reinvest that money back into the business or share a portion of it with its shareholders. This is typically done through paying dividends, or rewarding investors with bonus shares. To receive dividends or bonus shares, investors need to be on the company's books as shareholders within the record date, which is the cut-off date to finalise who the shareholders are. Since stock market trades take a day to settle, investors need to buy the stock before the ex-dividend date, which is typically one business day before the record date, to be eligible for the offer.

While both corporate actions benefit shareholders, they have different roles in a shareholder's portfolio.

WHAT ARE BONUS SHARES?

- Bonus shares are additional shares issued to existing shareholders free of cost in a fixed ratio. For instance, in a 2:1 bonus, shareholders receive 2 extra shares for every 1 share held. If they own 10 shares, they will get 20 more, raising their total shareholding to 30.
- However, the total value of the investor's holding remains unchanged as the share price adjusts proportionally.
- Bonus shares are funded by converting the company's free reserves or surplus profits into share capital.
- Companies issue bonus shares mainly to make their stock more affordable and attractive to investors. A company issuing bonus shares also signals its strong financial health and confidence in its future earnings.

WHAT ARE DIVIDENDS?

- Dividends are direct payments made to the shareholders.
- For example, if a ₹2 dividend per share is declared and you own 100 shares of that company, you will receive ₹200.
- Dividends are paid from the company's net profits or accumulated free reserves. Unpaid profits are transferred to free reserves for reinvestment or potential future bonus issues.
- After a dividend is declared, the stock price usually drops by the dividend amount on the ex-dividend date.
- Companies pay dividends as a way to return surplus profits to shareholders. It also signals surplus cash and financial stability and helps attract income-focused investors.

TAX TREATMENT

- Dividends are taxed as part of your total income, based on your applicable income tax slab rates.
- This means that shareholders in the higher tax brackets can face substantial increase in the tax paid, depending on the amount. Shareholders in lower tax brackets may not get affected, especially under the new tax regime, where the rebates are higher.
- Bonus shares are not taxed when issued, but are subject to capital gains tax when sold. If they are sold within a year, you pay short-term capital gains tax at 20 per cent.
- Selling bonus shares after a year attracts long-term capital gains tax at 12.5 per cent, on gains exceeding ₹1.25 lakh in a financial year.

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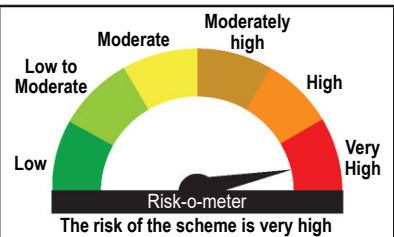


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