



# THE SAVING PLUS VIEW

Volume - 6 Issue-106

AUG. 2015

Pgs : 4

MONTHLY

www.miconline.co.in

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## 40 years ago... And now : Can't retire with a crore any more

**Inflation and asset prices have eroded the value of money. A look at what Rs 1 cr meant 40 years ago and what it means now**

Tinesh Bhasin

March 8, 2015 Last Updated at 23:29 IST

**"When I joined the business around 50 years ago, Rs 1 crore was nearly \$2 million. The rupee was a very strong currency. One crore is \$150,000 now,"** said Adi Godrej, chairman of the Godrej Group.

To put things in perspective, when Godrej joined Godrej Soaps, it had a turnover of Rs 2.5 crore. In 2001, the company demerged to form Godrej Consumer Products and the original firm was renamed Godrej Industries. The combined net sales of these two entities is Rs 15,520 crore.

**Forty years ago, few could even dream of making Rs 1 crore by the time they retired, not least because the highest income tax rate applicable in 1973-74 was 97.50 per cent. Which meant from an annual income of Rs 1 crore, one would have been left with Rs 2.5 lakh.**

**fortune. "In 2001, I wished that if I had Rs 45 lakh to Rs 50 lakh in my bank account, I could retire peacefully without having to think about money. A crore was about 80 times my annual income then,"** said A V Srikanth, founder & chief executive officer at Citadelle Asset Advisors and former CEO of Motilal Oswal Wealth Management.

**Today, though the top income tax rate has fallen to around 30 per cent, earning Rs 1 crore a year is no longer considered a**

**that started from 2003 and ended in 2008. In 2003 alone, the Bombay Stock Exchange Sensex went from 3,357 to 5,792. This is a gain of about 72 per cent, without including the dividends. At the 2008 peak, the Sensex touched 21,000 levels. Profits from stocks found their way into the real estate market and property prices doubled every two years during the bull run.**

**But wealth managers say it is realty prices that caused the crore to lose its charm. "If the property a person wants to buy is valued at Rs 1.5 crore, he has to think at least double that amount as the retirement corpus,"** said a wealth manager. Srikanth points out that when the hit TV quiz show Kaun Banega Crorepati was launched in 2000-01, the prize money of Rs 1 crore got the entire nation interested. However, when Season 8 was aired in 2014, only 14 years later, the grand price had risen seven times to Rs 7 crore.

**As this suggests, the rupee has been consistently losing its value in the past four decades on account of inflation. Between 1974 and 1984, Rs 1 lakh's value dropped to Rs 28,341. Similarly, a crore became Rs 28.34 lakh a decade later. Now, the crore is worth only Rs 2.17 lakh.**

**Let's look at how your money would have grown if you had invested in different assets in the past 40 years. In 1974-75, banks offered an annual interest rate of 7.25 per cent. If you wanted Rs 1 crore now, the investment required back then would be about Rs 6.09 lakh.**

**markets gave an annual return of 12 per cent, Rs 1.07 lakh would have done the trick.**

**If you are wondering how much value Rs 1 crore would hold when you retire, say in 20 years, here's some quick math. At an average annual Consumer Price Index-based inflation rate of seven per cent, Rs 1 crore will be worth only Rs 25.84 lakh. Alternatively, you will need Rs 3.87 crore to buy what one crore can today.**

**Gold fared better. To achieve Rs 1 crore in the past 40 years, all you had to do was buy Rs 1.03 lakh worth of the metal. Assuming stock**

**Like being a 'lakhpati' lost its charm decades earlier, being a 'crorepati' has become a commonplace thing. Going by the Indian taxation laws, today a super-rich person is someone who makes Rs 1 crore in just one year.**

## RUPEE VALUE ADJUSTED FOR INFLATION

Year	Realisation Value in (INR)				
	Rs. 1 lakh	Rs. 10 lakh	Rs. 50 lakh	Rs. 1 Crore	Rs. 5 Crore
1972-73					
1973-74	Rs. 79,200	Rs. 92 lakh	Rs. 39.6 lakh	Rs. 79.2 lakh	Rs. 3.96 Crore
1983-84	Rs. 28,341	Rs. 83 lakh	Rs. 13.17 lakh	Rs. 28.34 lakh	Rs. 1.42 Crore
1993-94	Rs. 11,210	Rs. 1.12 lakh	Rs. 5.61 lakh	Rs. 11.21 lakh	Rs. 56.05 lakh
2003-04	Rs. 5,448	Rs. 54,484	Rs. 2.72 lakh	Rs. 5.45 lakh	Rs. 27.24 lakh
2013-14	Rs. 2,319	Rs. 23,188	Rs. 1.16 lakh	Rs. 2.32 lakh	Rs. 11.59 lakh

## Service Area Representative of MICPL for Clients

### WESTERN SUBURBS

#### BORIVALI

MALAD / KANDIVALI MOB.: 98203 25220

GOREGAON / ANDHERI TEL.: 2843 2022

MOB.: 99209 03079

JOGESHWAR/ANDHERI TEL.: 98923 43457

SANTACRUZ (EAST/WEST) TEL.: 98923 43457

MOB.: 98338 84576

MAHIM, SHIVAJI PARK, TEL.: 2447 4043

DADAR MOB.: 98209 65319

VASAI/VIRAR/NALASOPARA MOB.: 90046 93334

MOB.: 90969 81475

### CENTRAL SUBURBS

DOMBIVLI, KALYAN MOB.: 98208 20274

BHANDUP / MULUND MOB.: 9819789239

GHATKOPAR TEL.: 98694 20081

MOB.: 98338 84571

THANE TEL.: 2532 9267

MOB.: 98195 98586

THANE TEL.: 98694 20081

MOB.: 98338 84571

CHEMBUR / KURLA TEL.: 2523 3429

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## ACHIEVING is POSSIBLE with SIP Schedule ( Systematic Investment Plan)

The Investment we make are ultimately for some objectives such as to buy a **HOUSE**, Our Own **RETIREMENT** Funds, children **EDUCATION, MARRIAGE** & many **LONG** term **GOALS**

And many of them require a **HUGE** one-time **INVESTMENT**. As it would usually not be **POSSIBLE** to raise such **LARGE** amounts at **SHORT** notice, we need to **BUILD** the **CORPUS** over **LONGER** period of **TIME**, through small but regular investments

This is what **SIP (SYSTEMATIC INVESTMENT PLAN)** is all about. **SMALL** investments, over a period of **TIME**, results in **LARGE** wealth & help fulfill our **DREAMS & ASPIRATIONS**.

"A **SIP (SYSTEMATIC INVESTMENT PLAN)** is **SMART** financial planning tool that could help you create **WEALTH** by investing **SMALL** sums of **MONEY** regularly, over a period of **TIME**"

### BENEFITS OF SIP

- (1) Affordable (2) Convenience
- (2) Build Savings Habit (4) Allow Rupee Cost Averaging (5) Capitalise Power Of Compounding (6) Prevent Sentiments Driven Investment

### POWER OF COMPOUNDING

Albert Einstein Once Said, "Compound Interest is the 8th **WONDER** of the **WORLD**. He who understands it, **EARNs** it... He who **DOESN'T**... Pays it"

The rule of **COMPOUNDING** is **SIMPLE**... the **SOONER** you **START** investing, the **MORE** time your **MONEY** has to **GROW**

### HOW DOES IT WORK

A SIP is a flexible & easy investment plan. Your money is auto debited from your bank account & invested in SIP plan of Mutual fund Scheme. You are allotted certain number of units based on the ongoing market price for the day (known as NAV). Every time you invest money, additional units are purchased & allotted to your investment account. Hence, units are bought at different rates & investors benefit from **RUPEE COST AVERAGING & THE POWER OF COMPOUNDING**.

### Rs.10000 Invested every Month @ 12% through SIP

TENURE	INVESTMENT	VALUE
7 YRS	8,40,000	13,19,789
10 YRS	12,00,000	23,23,390
15 YRS	18,00,000	50,45,759
20 YRS	24,00,000	99,91,479

16.65% IS THE BSE SENSEX RETURN OVER LAST 35 YRS.

RUPEE COST AVERAGING WITH SIP PLAN When you Start SIP Plan Investing Rs.1000 Per month from March 2008

– February 2015 in a Diversified equity Fund. Now check the **AVERAGE PURCHASE PRICE** per Unit of Your Investments .It would be **LOWER** than the **AVERAGE PRICE** of your **INVESTMENTS** over 12 MONTHS

Date	Pur Price	Units	Amount
02/03/2014	58.25	17.16	1000
13/04/2014	70.12	14.26	1000
11/05/2014	75.25	13.29	1000
10/06/2014	87.90	11.38	1000
10/07/2014	67.33	14.85	1000
11/08/2014	82.14	12.17	1000
11/09/2014	92.56	10.80	1000

### KEY TO SUCCESS

START EARLY	INVEST REGULARLY	INVESTMENT LONG TERM
IT IS NOT THE TIMING BUT TIME IN THE MARKET WHICH MATTERS		

### COST OF DELAY

TODAYS AGE	25 Years	X
CURRENT COST	10,00,000	
COST WHEN YOU TURN 45 YRS	46,60,957	
YOU START INVESTING	YEAR LEFT TO GOAL	MONEY TO INVEST EVERY MONTH
TODAY, WHEN YOU ARE 25 YRS OLD	20	5,067
WHEN YOU ARE 27 YRS OLD	18	6,549
WHEN YOU ARE 29 YRS OLD	16	8,540
WHEN YOU ARE 31 YRS OLD	14	11,271
WHEN YOU ARE 33 YRS OLD	12	15,128
WHEN YOU ARE 35 YRS OLD	10	20,805

Inflation assumed at 8%, expected Avg return 12%.

Did You Know	
A monthly SIP of Rs. 10,000 per month started from JAN 1995 is worth Rs. 5,32,00,000/-	A onetime investment of Rs. 50,000/- in OCT. 1995 is worth Rs. 18,00,000/-
Inv. : 24,30,000/- Annualized return : 23.13% (28/2/2015)	Annualised Return : 25.49% (2/3/2015)

**Note : Always increase the SIP amount every by adding additional 1000-2000 per year from the previous installment what was paid.**

Date	Pur Price	Units	Amount
11/10/2014	99.87	10.01	1000
12/11/2014	97.25	10.28	1000
11/12/2014	109.21	9.16	1000
11/01/2015	121.14	8.25	1000
12/02/2015	105.21	9.50	1000
TOTAL	1066.23	141.11	12000

**DISCLAIMER :** 1) Investment done in Mutual Funds, Company Fixed Deposits, Bonds etc. are subject to Market Risk. Investors are required to read the offer documents and application forms carefully before investing. 2. We act as the distributor between the company and the investor, we won't be responsible for any market losses occurred in investments in mutual funds & company fixed deposits. 3) Please confirm interest rates before applying, we don't take any responsibility for change in interest rates & loss occurred due to same. 4) Company FD investments are unsecured in nature. 5) We don't promote or recommend any schemes, investors need to clarify & understand the details of every investments done by them.

## How Simple Is To Make Money In Equity Market

### (A) Case 1 : 7 Years Investment Plan

SIP AMOUNT	TOTAL INVST	8%	10%	12%	15%	18%	20%
3000	252000	338582	365875	395936	446904	505995	550587
5000	420000	564303	609791	659894	744840	843326	917646
7000	588000	790025	853708	923852	1042777	1180656	1284705
10000	840000	1128607	1219583	1319789	1489681	1686652	1835293
12500	1050000	1410759	1524479	1649737	1862101	2108315	2294116
15000	1260000	1692910	1829375	2060505	2234522	2529978	2752939
20000	1680000	2257214	2439166	2639579	2979363	3373304	3670586

### (B) Case 2 : 10 Years Investment Plan

SIP AMOUNT	TOTAL INVST	8%	10%	12%	15%	18%	20%
3000	360000	552497	619656	697017	835971	1008772	1147090
5000	600000	920828	1032760	1161695	1393286	1681287	1911817
7000	840000	1289159	1445864	1626373	1950600	2353802	2676544
10000	1200000	1841656	2065520	2323390	2786572	3362575	3823635
12500	1500000	2302070	2581900	2904238	3483215	4203218	4779544
15000	1800000	2762485	3098280	3485086	4179859	5043862	5735453
20000	2400000	3683313	4131040	4646781	5573145	6725150	8162307

### (C) Case 3 : 15 Years Investment Plan

SIP AMOUNT	TOTAL INVST	8%	10%	12%	15%	18%	20%
3000	540000	1045035	1253772	1513727	2030589	2757626	3402884
5000	900000	1741725	2089621	2522879	3384315	4596044	5671474
7000	1260000	2438416	2925469	3532031	4738041	6434462	7940064
10000	1800000	3483451	4179242	5045759	6768630	9192088	11342949
12500	2250000	4354314	5224053	6307199	8460788	11490111	14178686
15000	2700000	5225177	6268863	7568639	10152946	13788133	17014423
20000	3600000	6966902	8358485	10091519	13537261	18384177	22685898

### (D) Case 4 : 20 Years Investment Plan

SIP AMOUNT	TOTAL INVST	8%	10%	12%	15%	18%	20%
3000	720000	1778841	2297090	2997443	4547864	7030461	9484438
5000	1200000	2964736	3828484	4995739	7579774	11717435	15807396
7000	1680000	4150630	5359878	6994035	10611684	16404410	22130355
10000	2400000	5929472	7656969	9991479	15159549	23434871	31614793
12500	3000000	7411840	9571211	12489348	18949437	29293589	39518492
15000	3600000	8894208	11485453	14987218	22739324	35152307	47422190
20000	4800000	11858944	15313938	19982958	30319099	46869743	63229587

#### SIMPLE STEPS, TO SECURE YOUR FUTURE

1. Always be discipline investor.
2. Returns from equity investments are tax free.
3. Comparing equity returns with bank FD interest rate of 8%, going upto 20%.
4. Equity earning returns on systematic investment plan (SIP) given from 8% to 20%.
5. Comparing as low as 8% returns returns earned and increasing every 2% gives a magical compounding figure over long duration of time.
6. Systematic investment plan (SIP) should be goal based or minimum investment duration should be atleast for 10 yrs. plus.
7. Longer duration always beneficial and beats the volatility of the market.
8. Equity market has never given negative return to investor who have invested & stayed invested atleast for 12 yrs. plus.
9. Table A : 7 yrs., Table B : 10 yrs., Table C : 15 yrs., Table D : 20 yrs.
10. Believe in power of compounding and it is seen in each table, small increase in return and small increase in duration of investments have created magical figure on investments.
11. Never forget point 1.

**Beware & Be cautious : MR. SUBHASH & MR. RAJU** who were working with us, are no more associated with our company from last 2-3 years. This is in public interest of our clients, that we won't be responsible for any such dealing done through them. They were the office runner boys only in our company. For any query on Mutual Fund, FD's, Bonds, Contact on the number mentioned in this newsletter or visit us on our new website : [www.miconline.co.in](http://www.miconline.co.in). For all other areas, contact at office numbers.

**FROM MANAGEMENT OF MICPL**

The above SIP Ready Reckoner is for illustration purpose only. The SIP amount, tenure of SIP, expected rate of return are assumed figures for the purpose of explaining the concept of advantages of SIP investments. The actual result may vary from depicted results depending on scheme selected. It should not be construed to be indicative of scheme performance in any manner.

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## SIP + SWP... WONDER OF SYSTEMATIC INVESTMENT PLAN + SYSTEMATIC WITHDRAWAL PLAN

### Calculation @ 15%



	Monthly SIP Amount	Tenure in Year	Your Investment	Approx. Maturity	After maturity start monthly SWP for throughout Life
A	1000	6	72,000	1,10,000	1,000
	2000	6	1,44,000	2,35,000	2,000
	3000	6	2,16,000	3,50,000	3,000
B	4000	6	2,88,000	4,70,000	4,000
	5000	6	3,60,000	5,00,000	5,000
	1000	10	1,20,000	2,75,000	2,000
C	2000	10	2,40,000	5,50,000	4,500
	3000	10	3,60,000	8,35,000	7,000
	4000	10	4,80,000	11,15,000	9,000
D	5000	10	6,00,000	13,00,000	10,000
	1000	15	1,80,000	5,75,000	5,500
	2000	15	3,60,000	13,50,000	11,000
E	3000	15	5,40,000	20,30,000	17,000
	4000	15	7,20,000	27,00,000	22,500
	5000	15	9,00,000	33,00,000	25,000
F	1000	20	2,40,000	15,15,000	12,500
	2000	20	4,80,000	30,30,000	25,000
	3000	20	7,20,000	45,50,000	40,000
G	4000	20	9,60,000	60,60,000	50,000
	5000	20	12,00,000	75,00,000	60,000
	1000	25	3,00,000	33,00,000	2,75,000
H	2000	25	6,00,000	65,00,000	55,000
	3000	25	9,00,000	98,50,000	80,000
	4000	25	12,00,000	1,30,00,000	1,00,000
I	5000	25	15,00,000	1,65,00,000	1,40,000
	1000	30	3,60,000	70,00,000	60,000
	2000	30	7,20,000	1,40,00,000	1,15,000
J	3000	30	10,80,000	2,10,00,000	1,75,000
	4000	30	14,40,000	2,80,00,000	2,30,000
	5000	30	18,00,000	3,50,00,000	3,00,000

- 1) The Table shown clearly indicates the investment done for long tenure. i.e. 10 yrs. - 20 yrs. and above, makes clear distinction in wealth creation.
- 2) Long Investment duration, Risk of losing money in equities no longer exists.
- 3) Invest in small amount like EMI in ESIP (Easy monthly installment in Equity Systematic Investment Plan) for period of 10 yrs. - 15 yrs. - 20 yrs.
- 4) The magical figure will appear, known as "Power of Compounding over 7-10 yrs plus of investment."
- 5) On retirement use this wealth creation, for regular monthly income (Tax Free) v/s pension (Taxable)
- 6) Start now : Call us for more details.

## List of Fixed Deposit for the 2015

Company Name	Interest Rate in (%)				Senior Citizen	Minimum Investment	Interest Mode Available
	12M	24M	36M	48M			
Mahindra & Mahindra Financial Services Ltd	9.00	9.25	9.25	9.25	0.25	10,000	HQ
Bajaj Finance	9.10	9.25	9.25	9.25	0.25	1,50,000	MQ/HY
Bajaj Finance	9.20 (18M)					1,50,000	MQ/HY
DHFL - Aashray Deposit Plus	9.25	9.60	9.50	9.50	0.25	10,000	MQ/HY
DHFL - Aashray Deposit Single	9.50 (14M)					10,000	MQ/HY
DHFL - Aashray Deposit	9.60 (40M)				0.25	10,000	MQ/HY
Shriram Unnati Deposit	9.00	9.25	9.50	9.50		25,000	QHY
Shriram City Union Finance Ltd	9.00	9.25	9.50	9.50		25,000	MQ/HY
PNB Housing Finance Ltd	9.15	9.15	9.15		0.25	20,000	C
LIC Housing Finance Ltd	8.60	8.70	8.75			10,000	H
Gruh Finance Ltd	8.75	8.75	8.50	8.50	0.25	10,000	MQ/Y
HDFC Ltd. Regular Deposits	8.70	8.70	8.70	8.70	0.25	20,000	MQ/HY
HDFC Premium Deposits	15 months		8.80	22 months	8.85		MQ/HY
	30 months		8.80	44 months	8.85		MQ/HY
Capital Gain Bonds V/s 54 EC Bond							
R. E. C. Ltd.- 54 EC Bonds				6.00			
NHA of India - 54 EC Bonds				6.00			

Editor and Published by : Anoll Merchant on behalf of Merchant Investment Consultancy Pvt. Ltd., 250/252, Bazar Gate Street, Fort, Mumbai-1, Printed at Somani Printing Press, 14-A, J. R. Boricha Marg, Sitaram Mill Compound, Lower Parel, Mumbai - 400 013.



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