



# THE SAVING PLUS VIEW

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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

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**"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.

He says the crore lost its glamour 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.: 98209 03079

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.: 98195 98586

BHANDUP / MULUND MOB.: 9819789239

GHATKOPAR TEL.: 98694 20081

MOB.: 98338 84571

THANE TEL.: 2532 9267

MOB.: 98195 98586

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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, **EARN**s 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.

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

**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.

### 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

### Ready Reckoner • Systematic Investment Plan (SIP) Returns. SIP Amount Per Month Rs. 5000/-

Age	SIP Instal	No. of Years	Investment Amount	12%	15%	18%	20%
25	420	35	21,00,000	32,476,345.33	74,303,224.58	175,487,438.37	315,417,390.73
26	408	34	20,40,000	28,764,269.36	63,956,778.00	146,720,130.56	258,613,073.65
27	396	33	19,80,000	25,469,990.42	55,043,225.28	122,659,516.15	212,028,907.36
28	384	32	19,20,000	22,546,485.12	47,364,122.96	102,535,520.90	173,826,097.06
29	372	31	18,60,000	19,952,022.61	40,748,510.26	85,704,064.39	142,496,681.28
30	360	30	18,00,000	17,649,568.87	35,049,103.03	71,626,445.87	116,804,008.79
31	348	29	17,40,000	15,606,258.08	30,139,014.68	59,852,102.81	95,733,924.87
32	336	28	16,80,000	13,792,923.50	25,908,931.34	50,004,190.38	78,454,740.05
33	324	27	16,20,000	12,183,681.13	22,264,678.16	41,767,520.28	64,284,401.24
34	312	26	15,60,000	10,755,560.24	19,125,122.70	34,878,473.02	52,663,569.34
35	300	25	15,00,000	9,488,175.46	16,420,368.68	29,116,560.54	43,133,540.76
36	288	24	14,40,000	8,363,435.82	14,090,199.82	24,297,369.42	35,318,141.17
37	276	23	13,80,000	7,365,286.50	12,082,739.31	20,266,658.58	28,908,877.00
38	264	22	13,20,000	6,479,479.66	10,353,294.82	16,895,422.73	23,652,758.40
39	252	21	12,60,000	5,693,371.06	8,863,363.51	14,075,763.47	19,342,313.07
40	240	20	12,00,000	4,995,739.60	7,579,774.87	11,717,435.93	15,807,396.84
41	228	19	11,40,000	4,376,627.09	6,473,952.23	9,744,960.44	12,908,477.65
42	216	18	10,80,000	3,827,196.18	5,521,276.51	8,095,206.75	10,531,127.81
43	204	17	10,20,000	3,339,604.14	4,700,538.18	6,715,373.51	8,581,507.33
44	192	16	9,60,000	2,906,890.97	3,993,465.05	5,561,298.35	6,982,659.75
45	180	15	9,00,000	2,522,880.00	3,384,315.47	4,596,044.40	5,671,474.52
46	168	14	8,40,000	2,182,089.76	2,859,527.87	3,788,718.14	4,596,195.85
47	156	13	7,80,000	1,879,655.72	2,407,418.83	3,113,480.61	3,714,379.76
48	144	12	7,20,000	1,611,260.87	2,017,923.01	2,548,720.43	2,991,218.75
49	132	11	6,60,000	1,373,074.07	1,682,369.01	2,076,362.12	2,398,167.83
50	120	10	6,00,000	1,161,695.38	1,393,286.36	1,681,287.57	1,911,817.77
51	108	9	5,40,000	974,107.53	1,144,239.16	1,350,852.19	1,512,971.12
52	96	8	4,80,000	807,632.83	929,682.86	1,074,480.19	1,185,884.38
53	84	7	4,20,000	659,894.99	744,840.77	843,326.13	917,646.61
54	72	6	3,60,000	528,785.15	585,597.71	649,991.78	697,669.80
55	60	5	3,00,000	412,431.83	448,408.45	488,289.36	517,270.89
56	48	4	2,40,000	309,174.17	330,218.72	353,043.49	369,329.10
57	36	3	1,80,000	217,538.24	228,397.25	239,925.54	248,004.78
58	24	2	1,20,000	136,216.00	140,677.18	145,315.12	148,508.96
59	12	1	60,000	64,046.64	65,105.58	66,184.15	66,914.28

**Disclaimer :** The above investment simulation, based on assumed rate or return is for illustration purpose only and should not be construed as a promise on minimum returns and safeguard of capital.

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.

#### GURU SPEAK

Equity MFs are the perfect solution for people who want to own stocks without doing their own research.

**- Peter Lynch, one of the most successful equity fund managers of all time.**

#### Rules of Compounding

- Start early, let time be on your side.
- Higher the rate of return, the larger the corpus.
- Longer the time horizon, stronger is the effect of compounding on principal.

#### COST OF DELAY

In the Side Table example: instead of 35 years, you delay your SIP by 10 years and your SIP goes on for 25 years.

Your total corpus at the end of 25 years will be nearly Rs 1,64,20,369 Crores, that is almost less than 5 times of what you will have if you had started 10 years earlier. Of this Rs 1,64,20,369 Crores, your principal is Rs 15,00,000 lakh while you earn Rs 1,49,20,369 Crores, you earn less than 4.65 times because you were just 10 years late

THE CAPITAL INVESTED FOR 25 YRS : 1500000 , VALUATION : 1,64,20,369

THE CAPITAL INVESTED FOR 35 YRS : 210,00,00 , VALUATION : 7,43,03,225

THE DIFFERENCE IS MORE THAN 4.65 TIMES WITH JUST NOMINAL 6,00,000 OF INVESTMENTS  
Example

You invest Rs 5,000 every month in an Equity mutual fund SIP for 35 years (420 months). The scheme gives an average annual return of 15% over 35 years. At the end of the period, your total corpus will be nearly Rs 7,43,03,225 CRORES, of which your actual investment (principal) is Rs 21,00,000 lakh

AMOUNT INVESTED: 21,00,000  
VALUATION : 7,43,03,225

AVG BSE SENSEX RETURN IS 16.65% OF OVER 35 YRS

**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.  
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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
	12 M	24 M	36 M	48 M			
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 (18 M)					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 (14 M)					10,000	MQ/HY
DHFL - Aashray Deposit	9.60 (40 M)				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			

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