

4 PERSONAL FINANCE

Index fund or ETFs? Compare total cost



TRUTH BE TOLD HARSH RONGTA

The financial landscape in India is witnessing a notable shift in the way investors are emerging as a favoured choice. At present, approximately ₹75 lakh crore, almost 25 per cent of the total equity and hybrid-equity asset under management (totalling about ₹31 lakh crore), is invested in these funds.

At its core, passive investing is a method where investors buy a bundle of stocks in the same proportion as they exist in the market. Take the example of the Nifty50 index, comprising India's 50 leading companies represented in proportion to their market weight. Its movement mirrors that of its constituent stocks.

Those considering the passive investment approach can make use of two popular avenues—index funds and exchange-traded funds (ETFs). The differences between them can be explained using the Nifty50 index as an example.

Nifty 50 Index Fund: When you invest to buy or sell via an index fund, you approach a mutual fund (MF) company. The MF then purchases the 50 stocks and creates a share bundle for the investor. When the investor sells the index fund, the MF offloads these shares and hands over the proceeds to the investor based on the net asset value (NAV) at the end of the day. The MF charges a fee for the bundling and unbundling service called the expense ratio. Generally, index funds have a higher expense ratio than ETFs.

The index fund's return lags behind the underlying index slightly due to the expense ratio. This difference in performance is termed tracking error. A lower tracking error indicates the fund's performance is closely aligned with the index.

Decoding the Nifty 50 ETF: At the outset,

the MF acquires the requisite shares, bundles them, and lists them on the stock exchange. Investors buy and sell ETFs directly on the exchange. Beyond the initial phase, MFs are not involved in bundling or unbundling, leading to a lower expense ratio in ETFs. Theoretically, this should translate into a lower tracking error for ETFs compared to index funds.

Moreover, ETFs have additional costs. For instance, the market price at which ETF units are bought might exceed the NAV, while the price at which they are sold could be below it. In practice, an ETF's tracking error, as measured by the closing market price in ETFs, is theoretically, this should translate into a lower tracking error for ETFs compared to index funds.

Take the Nippon India Nifty 50 ETF BeES (popularly called Nifty BeES) as an example. Its tracking error based on NAV over the past year stands at a mere 0.02 per cent, but this surges to 1.27 per cent when the price is measured against the closing market price. Meanwhile, the UPI Nifty 50 Index Fund (direct growth option) also has a 0.02 per cent tracking error, on a par with the Nifty BeES. A common oversight among investors is to fixate solely on the expense ratio, ignoring other costs linked to ETFs (difference between market price and NAV, brokerage, and so on). Retail investors who buy and sell stocks might gravitate towards ETFs over index funds. Yet, it's evident that index funds offer a lower all-encompassing tracking error.

Moreover, ETFs don't allow SIP (Systematic Investment Plan) mode of investment. The MF then purchases the 50 stocks and creates a share bundle for the investor. When the investor sells the index fund, the MF offloads these shares and hands over the proceeds to the investor based on the net asset value (NAV) at the end of the day. The MF charges a fee for the bundling and unbundling service called the expense ratio. Generally, index funds have a higher expense ratio than ETFs.

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Alternatively, repay the smallest debt first to gain motivation and momentum

BINDISHA SARANG

While most loans in the banking sector have touched a decade old, nearly 10 per cent of retail borrowers are missing their monthly loan repayments, according to the Reserve Bank of India's (RBI) Financial Stability Report. These borrowers manage to prevent their accounts from being classified as non-performing assets (NPAs) by making some payments before the 90-day deadline. Rising indebtedness (evident from the sharp rise in retail loans) at a time of high inflation is resulting in many households struggling to repay their debts.

Borrowers who miss out on the payment deadlines sometimes have to bear the brunt of harsh collection measures employed by recovery agents. The issue assumes significance in the light of Union Finance Minister Nirmala Sitharaman's recent statement in the Lok Sabha instructing public- and private-sector banks to deal with customers with greater sensitivity.

On the eve of Independence Day, here are a few strategies that can help you regain your financial freedom (emerge from a debt trap) and cope with recovery agents.

Prioritise high-cost loan Most financial planners recommend this strategy, called debt avalanche. First, rank all your debts by interest rate—from the highest to the lowest. Make minimum payments on all your loans to avoid a default, then use any surplus you are left with to pre-pay a part of the highest-cost loan. Says Jigar Patel, a member of the Association of Registered Investment Advisors (ARIA): "By paying the minimum amount on all your loans, you keep your credit healthy. And by repaying the highest-cost loan first, you lower your interest cost with each repayment."

HANDLING HARASSMENT BY RECOVERY AGENTS

Document everything: Keep a record of all calls, emails, and text messages from the recovery agent. This will come in handy if you need to file a complaint. Ask the agent to identify himself: Make sure you know who you are speaking to and who the person is representing. Ask the agent to stop contacting you: If the agent is harassing you, politely ask him to stop contacting you. File a complaint: If the harassment continues, file a complaint with the Reserve Bank of India, the bank, or the police. Get legal help: Another option is to get legal help. A lawyer can help you understand your rights and file a complaint.

Pay off smallest loan first

Another strategy, called debt snowball, entails paying off your debt, starting with the smallest balance and gradually moving to the largest. Again, make minimum payments on all loans, then channel any money that is left into repaying your smallest debt first. Once that is paid off, move on to the next smallest, and so on.

This strategy is more expensive and could require more time to pay off your loans than the avalanche strategy. However, researchers at Harvard Business Review have found it to be more effective. Says Patel: "Paying off the smallest loan feels like an accomplishment and improves confidence." Credit card balance: Move to lower-cost debt. A balance transfer works well for paying off credit card outstanding. Says Col. Sanjeev Gosia (retired), chief executive officer (CEO) of Hum Fujai Initiatives, a financial planning firm: "Through a balance transfer, move your existing credit card debt to a new card with lower inter-



consolidation actually reduces your overall cost."

This will give you the breathing room required to pay off the principal without being weighed down by high interest costs. The lower-cost card may charge zero to 0.99 per cent interest for the first six months, after which the standard interest charge would apply.

You can also try to substitute credit card debt with a personal loan or a secured loan against an asset, both of which carry lower interest rates.

Consolidate your debts

Consolidation refers to taking out a fresh loan to clear multiple existing ones. Says Aditi Shetty, chief executive officer of BankBazaar, an online marketplace for financial products: "Such a loan may come with more favourable repayment terms, such as a lower interest rate and an affordable EMI. It also simplifies the repayment process as there are fewer payments to track." Those who have multiple high-cost, unsecured loans should opt for this strategy. Says Khosla: "Carefully assess the terms and fees to ensure that con-

solidation actually reduces your overall cost." Many of the above-mentioned strategies can be combined. Patel suggests combining snowball and avalanche strategies. This would entail paying the minimum amount on all other loans first, then using what is left to first pay off the smallest loan and then the largest, thereby striking a balance between reducing interest cost and boosting confidence.

Coping with recovery agents

Recovery agents often resort to mental harassment and intimidation tactics to recover loans. The RBI has framed guidelines setting out the responsibilities of lenders employing recovery agents.

Says Apoorva Bhadani, partner at Vesta Legal, a law firm: "If a loan recovery agent does not comply with RBI's guidelines, the borrower can lodge a complaint." Shashank Agarwal, advocate at Delhi High Court, informs that the guidelines require banks and financial institutions to provide a grievance redressal mechanism.

Borrowers should be aware of their rights and ensure these are not infringed. Says Abhinav Sharma, managing partner at ASL, a law firm: "A defaulter's legal rights include receiving notice, fair debt collection practices, (refraining from) seeking legal assistance, fair credit reporting, the right to privacy, the right to a fair hearing, and the right to restructure one's loan." Recovery agents can't make threatening or anonymous calls, or send inappropriate messages to borrowers. They must obtain a borrower's consent before visiting his home or workplace. Once a borrower realises she may miss her EMI payments due to financial difficulties, she should contact the lender and explore the possibility of a moratorium or debt restructuring (longer tenure, lower EMI). Finally, if despite your best efforts, you are unable to extricate yourself from a debt trap, enlist the help of a financial advisor or a credit counselling agency.

LARK TRADING AND FINANCE LIMITED
Regd. Off: C-273 Sector-63, Noida, Gautam Buddha Nagar Urban Pradesh-201301
Phone: 0120-4508117, Email: info@larktrading.com, www.larktrading.in
36th ANNUAL GENERAL MEETING
Notice is hereby given that 36th Annual General Meeting (AGM) of M/s Lark Trading and Finance Limited (The Company) is scheduled to be held on Thursday, 7th Day of September, 2023 at 10:00 A.M. IST at the Registered Office of the Company in compliance with applicable provisions of the Companies Act, 2013 and SEBI (LOD) Regulations, 2015 and is invited to attend thereupon, to transact the business items as set out in the notice of AGM which shall also contain the resolutions for joining AGM as the Registered office of the Company.

Talbro Auto Components Limited
Regd. Office: 141, Delhi Mehra Road, P.O. Anjar Nagar, Faridkot, Haryana-121003
Tel No.: 0172-251482, E-mail: info@talbro.com, Website: www.talbro.com
INFORMATION REGARDING 66th ANNUAL GENERAL MEETING
In compliance with the applicable provisions of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with General Circular No. 14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020, No. 20/2020 dated April 20, 2020, No. 22/2020 dated April 23, 2020, No. 20/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HR/DO/IRP/2022/28 dated May 12, 2022, Transfer Agent SEBI/HO/CFD/CM/IRP/2021/11 dated January 15, 2021, Circular No. SEBI/HO/CFD/CM/IRP/2022/62 dated May 13, 2022 and Circular No. SEBI/HO/CFD/CM/IRP/2022/88 dated January 13, 2022 issued by the Securities and Exchange Board of India (SEBI) Circulars, the 66th Annual General Meeting (AGM) of Talbro Auto Components Limited (The Company) will be held at RTA, (BST) on Monday, September 25, 2023 through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) facility provided by the National Securities Depositories Limited (NSDL), without physical presence of members at a common venue.

ASHIKA CREDIT CAPITAL LIMITED
CIN : L67120WB1994PLC062159
Trinity, 226/1, A.J.C Bose Road, 7th Floor, Kolkatta-700020
Tel: (033) 40102640; Fax: (033) 40102643
Email: secreta@ashikagroup.com; Website: www.ashikagroup.com
NOTICE OF 30TH ANNUAL GENERAL MEETING OF ASHIKA CREDIT CAPITAL LIMITED TO BE HELD THROUGH VIDEO CONFERENCING (VC) OR OTHER AUDIO-VISUAL MEANS (OAVM) AND INTIMATION OF BOOK CLOSURE
Notice is hereby given that the 30th Annual General Meeting (AGM) of Ashika Credit Capital Limited (The Company) will be held on Saturday, the 16th day of September, 2023 at 11:30 AM through Video Conferencing (VC) or Other Audio-Visual Means (OAVM), to transact the businesses as set out in the Notice convening the 30th AGM of the Company. The Ministry of Corporate Affairs (MCA) inter-alia, vide its General Circular Nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020, followed by General Circular Nos. 20/2020 dated May 12, 2020, and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs (MCA) has permitted the holding of the annual general meeting through Video Conferencing (VC) or through other audio-visual means (OAVM), without the physical presence of the Members at a common venue. The VC/OAVM facility is provided by the National Securities and Depositories Limited (NSDL).

For Lark Trading and Finance Limited
Date: 12.08.2023
Place: Noida
Smit Taji
Whole Time Director
DIN: 0650944

PUBLIC NOTICE
General public is hereby informed that our client, M/s. Muthoot Finance Ltd (GSTIN:29ARCT0343177), Registered Office-2nd Floor, Muthoot Chambers, Banerji Road, Kochi-682018, Kerala, India. CIN: L65910KL1997PLC01100, Ph: +91 484-2386478, 2384712, Fax: +91 484-2386506, email@muthootfinance.com, www.muthootfinance.com is conducting Auction of ornaments (NPA accounts) in accordance with the provisions of Section 13(2) of the Insolvency and Bankruptcy Code, 2016. The auction will be held on 14.08.2023 at 11:00 AM, in the presence of the Insolvency Resolution Professional, at the office of the Insolvency Resolution Professional, at the address mentioned below. The auction will be held in accordance with the provisions of Section 13(2) of the Insolvency and Bankruptcy Code, 2016. The auction will be held in accordance with the provisions of Section 13(2) of the Insolvency and Bankruptcy Code, 2016. The auction will be held in accordance with the provisions of Section 13(2) of the Insolvency and Bankruptcy Code, 2016.

For Talbro Auto Components Limited
Date: August 12, 2023
Place: Faridabad
(Seema Narang)
Company Secretary

Physical Holding
In case shares are held in physical mode, please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhaar Card) by sending an email to Company's mail id at secreta@ashikagroup.com
Domest Holding
In case shares are held in domestic mode, please provide DPID CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account Statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhaar Card) by sending an email to Company's mail id at secreta@ashikagroup.com
Members are requested to update their PAN, KYC, Signature, Bank account details, Nomination forms and changes therein with Registrar & Share Transfer Agent of the Company by following the below mentioned process.
Updates w.r.t PAN/ KYC/ Signature/ Bank details/ client master ID/ Nomination or changes therein
Physical Holding: In supersession of earlier circular dated 3rd November, 2021, pursuant to SEBI Circular dated 16th March, 2023, investor service request forms for updates on PAN, KYC, Signature, Bank details and Nomination or changes therein, are available in Forms, viz. ISR-IP, ISR-R, ISR-S, SH-13 and SH-14. Further, the same can be accessed on Company's website at https://ashikagroup.com/investor_relation/ or website of the RTA at https://mtdpl.in
Shareholders are requested to download the form and send the hard copies of the forms along with supporting documents to the RTA, M/s Maheshwari Datamatics Pvt Ltd at 23 R.N Nukherjee Road, 5th Floor, Kolkata 700001
Demand Holding: In respect of shareholders who hold shares in the dematerialized mode and wish to update their PAN, KYC, Signature, Bank details and Nomination or changes therein, are requested to contact their respective Depository Participants.

For Ashika Credit Capital Limited
Smt. (Anju Mundhra)
Company Secretary
F666
Date: 12.08.2023
Place: Kolkata

