

NIVESH CHINTAN SAMACHAR



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DECODING TRUMP'S TARIFFS ON INDIA: TRADE POLITICS, SECTORAL IMPACT, AND INDIA'S STRATEGIC CHOICES

In July 2025, former U.S. President Donald Trump imposed a **25% tariff on Indian exports**, citing India's high trade barriers and continued crude oil imports from Russia. The decision shook trade negotiations that had been underway for over a year and threatened key Indian export sectors just as the two nations were aiming to double bilateral trade to \$500 billion.

What Prompted the Tariffs?

Trump's administration based its decision on two main issues:

- Trade Access Conflict:** The U.S. has repeatedly pushed India to open sensitive sectors like agriculture, dairy, and digital services. India has pushed back, emphasizing the protection of farmers, MSMEs, and national digital sovereignty.
- Geopolitical Friction over Russia:** India's oil imports from Russia and strategic alignment within BRICS drew strong criticism. The Trump camp accused India of "indirectly funding" Russia's war in Ukraine—turning a trade disagreement into a geopolitical standoff.

India responded with defiance. Commerce Minister Piyush Goyal stated that India "will not compromise on sovereignty," while PM Modi used the moment to reinforce the **Atmanirbhar Bharat** (self-reliant India) campaign and domestic manufacturing efforts.

Which Sectors Are Hit the Hardest?

Textiles & Apparel

India's garment exports, particularly from Tamil Nadu and Gujarat, rely heavily on the U.S. A 25% tariff may render them uncompetitive versus Vietnamese or Bangladeshi products.

Leather & Footwear

Cities like Kanpur and Kolkata could see reduced U.S. orders. This labor-intensive sector has already begun feeling the pinch as buyers seek alternative sources.



Gems & Jewellery

India's high-end exports—diamonds, gold jewellery—may suffer as American retailers pass over costlier Indian offerings.

Pharmaceuticals

Essential generic drugs may stay unaffected, but branded and non-essential medicines could see shrinking margins and demand.

Auto Components

Though complete vehicle exports are minimal, component suppliers catering to U.S. automakers face a significant risk of contract losses or renegotiation.

Sectors That May Stay Resilient

IT & Digital Services

Unrelated to goods tariffs, India's robust IT sector—including firms like Infosys and TCS—remains unaffected and continues to grow with global demand.

Electronics & Mobile Assembly

Electronics, including iPhones assembled in India, have been exempt from the tariff. This may help India attract more supply chain shifts from China.

Domestic MSMEs

Smaller firms serving the Indian market may benefit from increased government support, import substitution, and "Make in India" campaigns gaining further traction.

Strategic Implications for India

Trump's tariffs highlight a shift in U.S. trade policy—from alliance-based diplomacy to pure transactionalism. In response, India is accelerating trade talks with the EU, UK, ASEAN, and Latin American nations. The short-term losses could serve as a catalyst for deeper structural reforms, improved manufacturing capacity, and trade diversification.

Despite the immediate challenges, India's long-term growth story remains intact—driven by demographics, digital strength, and rising global interest in its manufacturing ecosystem.

Sources:

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- Reuters
- Economic Times
- Moneycontrol
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Are Debt Mutual Funds a Safer Bet in a Volatile Market?



DEBT MUTUAL FUNDS: A SAFE HAVEN DURING EQUITY MARKET VOLATILITY AND INTEREST RATE CUTS

When the equity markets get shaky, as they often do in times of global uncertainty or domestic turbulence, investors naturally look for stability. Short-term and medium-term debt mutual funds have emerged as strategic shelters for such times — especially when interest rates are trending downward.

Why Equity Investors Are Worried

Equity markets are known for their long-term wealth creation potential. However, they come with volatility. Rising geopolitical tensions, domestic fiscal challenges, inflation spikes, or global economic slowdowns can all lead to sharp corrections. For investors nearing financial goals or those with a low risk appetite, such losses can be nerve-wracking.

Add to this the uncertainty around returns, and even seasoned investors start looking for options that provide stability and reasonable returns. This is where short-term and medium-term debt mutual funds make a compelling case.

The Magic of Debt Funds in a Falling Interest Rate Environment

Debt mutual funds primarily invest in fixed-income securities like government bonds, corporate debt, treasury bills, and money market instruments. When interest rates fall — as expected in the coming quarters — bond prices typically rise. This creates a

capital appreciation opportunity for debt fund investors, on top of the regular interest income.

Short-term and medium-term debt funds are particularly well-suited for this scenario:

- **Short-Term Debt Funds** (maturity 1–3 years): Ideal for conservative investors. These funds offer relatively stable returns with limited interest rate risk. They focus on high-quality instruments and perform well even in mildly falling or flat rate environments.
- **Medium-Term Debt Funds** (maturity 3–5 years): Slightly more sensitive to interest rate changes, these funds benefit more when rates fall. They are suitable for investors with a medium risk appetite and a horizon of 3+ years.

Why These Funds Shine in Volatile Times

1. **Capital Preservation:** Unlike equities, these funds are far less volatile. This makes them suitable for parking funds when markets are jittery.
2. **Predictable Returns:** Though not guaranteed, the returns on debt funds are more predictable, especially when the economy is entering a rate-easing cycle.
3. **Tax Efficiency:** Holding debt funds for over three years allows investors to benefit

from indexation, making them more tax-efficient than traditional fixed deposits.

4. **Liquidity:** These funds offer the ability to redeem units relatively quickly, making them flexible investment options.

A Smart Allocation Strategy

Rather than exiting equities completely during a downturn, a smart strategy could be to rebalance — reduce equity exposure temporarily and move a portion into short or medium-term debt funds. As markets stabilize, investors can gradually move back into equities, often at better valuations.

For those with large cash holdings or waiting for the right time to invest in equities, these funds serve as ideal interim parking spots — offering returns better than savings accounts or FDs, with manageable risk.

Conclusion:

In volatile times, when equity markets can seem like a rollercoaster, short-term and medium-term debt mutual funds provide a smoother ride. With interest rates likely to soften, these funds stand to gain both in returns and investor confidence. For anyone looking to safeguard capital and earn steady income, they're worth considering.

Source: Compiled from AMFI India, SEBI guidelines, and expert commentaries on Indian debt market outlook (2025).

HOW MUTUAL FUNDS CAN CONVERT YOUR SMALL SAVINGS INTO BIG WEALTH



For many, the idea of creating wealth seems reserved for those with large incomes or family inheritances. But the truth is, wealth creation is not about how much you earn — it's about how consistently and wisely you invest. Mutual funds, especially through the Systematic Investment Plan (SIP) route, have emerged as one of the most effective tools for converting small savings into substantial long-term wealth.

Mutual funds work on a simple principle: pooling money from many investors and investing it across various assets like stocks, bonds, or a combination of both. These funds are managed by experienced professionals who make investment decisions based on in-depth market analysis. For someone who may not have the time or expertise to track markets daily, mutual funds offer an easy and efficient way to participate in wealth creation.

One of the most powerful features of mutual funds is the SIP — a method where you invest a fixed amount regularly, typically monthly. It doesn't matter if you're starting with ₹500 or ₹5,000. What matters is your commitment to consistency. Over time, these small, regular contributions add up and benefit from the power

of compounding — a phenomenon where your earnings start generating their own earnings. This compounding effect, when given enough time, can lead to exponential growth.

To illustrate, imagine investing ₹5,000 per month for 20 years in a well-performing equity mutual fund. Even with a conservative average return of 12% per annum, your investment could grow to nearly ₹50 lakh. That's from just ₹12 lakh of your own contributions. Stretch that to 30 years, and the same SIP could turn into over ₹1.7 crore. The earlier you start, the more wealth you build — and you don't need a fortune to begin.

Mutual funds also offer another major advantage: diversification. Rather than putting all your eggs in one basket, your investment is spread across many companies, industries, and even geographies. This reduces the impact of any single poor-performing asset on your overall investment. It's a level of diversification that would be hard to achieve on your own with limited funds.

Moreover, mutual funds come in various types to suit different financial goals and risk appetites. Whether you're saving for a short-

term need like a vacation or a long-term goal like your child's education or your own retirement, there's a mutual fund category designed for it. Over time, your mutual fund investments can be aligned with your life goals, ensuring that your money works for you in a disciplined and meaningful way.

Most importantly, mutual funds help instill a habit of saving and investing. By automating your investments through SIPs, you're setting up a system where wealth is built passively and steadily. Even during market downturns, SIPs ensure you're buying at lower prices, which in turn improves your average cost and long-term returns — a benefit known as rupee cost averaging.

In conclusion, you don't need to be rich to start investing. You just need to start. Mutual funds, with their simplicity, flexibility, and growth potential, are ideal for anyone looking to turn modest savings into lifelong financial freedom. With patience and discipline, the journey from small beginnings to big wealth is very much possible — and mutual funds can take you there.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISK. PLEASE READ THE OFFER DOCUMENT BEFORE INVESTING.

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EXPLAINED: WHAT IS THE 7-5-3-1 RULE FOR SIP INVESTMENTS IN MUTUAL FUNDS?

7-5-3-1 Mutual Fund Rule: Simple SIP Formula For Big Returns



The **7-5-3-1** rule is an easy-to-understand guideline used by mutual fund investors to bring structure and clarity to their **Systematic Investment Plan (SIP)** strategy. Though not a regulatory directive, it's a popular **rule of thumb** often cited by financial advisors to simplify mutual fund investing for retail investors. Here's how it breaks down:

7 – Expected Returns from Debt Funds

Expect an average 7% annual return from debt mutual funds. These are low-risk investments suited for short- to medium-term goals like emergency funds or planned expenses. Debt funds offer more stability than equity but with limited growth potential.

5 – Minimum Holding Period for Equity

For equity mutual funds, one should ideally stay

invested for at least 5 years. Equity markets can be volatile in the short term, but long-term holding helps ride out market cycles and build wealth effectively.

3 – Types of Equity Funds to Consider

A well-diversified equity portfolio typically includes **3 types of funds**:

1. **Large-cap funds** for stability
2. **Mid-cap funds** for growth potential
3. **Flexi-cap or multi-cap funds** for dynamic asset allocation

This mix allows investors to balance risk and return based on their goals and risk appetite.

1 – One SIP, One Goal

Each SIP should ideally be tied to **one specific financial goal**—be it a child's education, home

purchase, or retirement. This helps measure progress and keeps investing purposeful and focused.

Conclusion

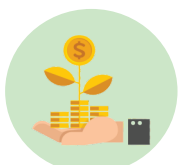
The **7-5-3-1** rule serves as a **simple investment framework**, encouraging disciplined and goal-based investing. While actual returns and risk levels may vary based on market conditions and fund selection, the rule offers a structured approach for first-time and long-term investors alike.

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✉ salessupport@kevalniveshv.com 🌐 www.kevalniveshv.com
☎ 91527 29411 / 91527 29501