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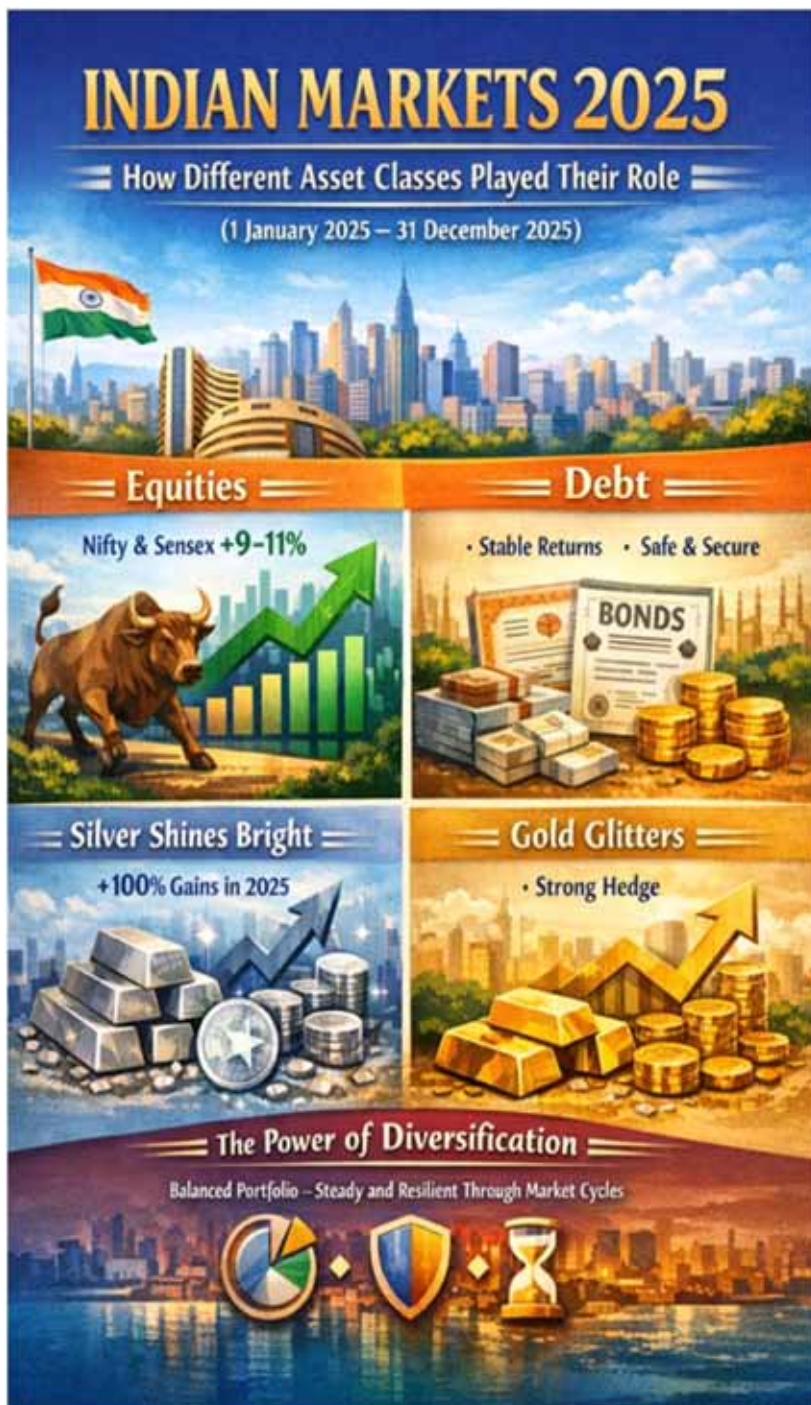
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## INDIAN MARKETS 2025: HOW DIFFERENT ASSET CLASSES PLAYED THEIR ROLE

(1 January 2025 – 31 December 2025)



The calendar year 2025 was a reminder that markets do not move in straight lines, and wealth is not built by relying on a single asset class. Indian markets moved through phases of optimism, correction and recovery, making it a year where balance mattered more than bold bets.

Equities: Progress with Periodic Pauses  
Indian equity markets ended 2025 with moderate gains of around 9–11%. Returns were supported by domestic liquidity and steady earnings, even as foreign investor outflows, currency pressures and global uncertainty created intermittent volatility. Leadership within the market kept shifting, with financials, autos and metals doing relatively better than IT and consumption-led sectors. Equities did what they are meant to do — participate in growth, but with short-term fluctuations along the way.

### Equities: Progress with Periodic Pauses

Debt: Consistency in an Uncertain Environment  
Debt markets provided stability throughout the year. Government securities and quality corporate bonds delivered predictable returns, helping portfolios remain steady when equities

### Debt: Consistency in an Uncertain Environment

Commodities: Precious Metals in Focus  
Commodities turned out to be the most rewarding asset class in 2025, led by precious metals. Gold remained a steady hedge, benefiting from global uncertainty and currency movements. Silver emerged as the standout performer, delivering extraordinary gains of over 100% during the year. Strong industrial demand, limited supply and global price momentum pushed silver to record levels in the Indian market, making it the best-performing major asset class of the year.

### Commodities: Precious Metals in Focus

Asset Class Performance Snapshot  
Over the period 1 January to 31 December 2025, silver clearly topped the return charts, followed by gold. Equities delivered steady but modest growth, while debt offered consistency and protection. Each asset class contributed differently at different times.

### Asset Class Performance Snapshot

What 2025 Taught Investors  
2025 reinforced a simple truth: market leadership keeps changing. Assets that appear unexciting at one point often become valuable later. A diversified approach allowed investors to benefit from silver's surge, equity participation and debt stability without depending entirely on any one source of return.

### What 2025 Taught Investors

The Investor's Takeaway  
The real success story of 2025 was not about predicting which asset would perform best, but about staying invested across equity, debt and commodities. Diversification helped investors manage volatility, remain disciplined and move through the year without reacting to short-term noise.

### The Investor's Takeaway

Markets will continue to evolve, but portfolios built with balance are better prepared to handle both opportunities and challenges — quietly and consistently.

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# SWP EXPLAINED: CAN YOU WITHDRAW 8% ANNUALLY AND STILL SUSTAIN WEALTH FOR 25 YEARS?

Systematic Withdrawal Plans (SWPs) have become an increasingly popular way for investors to convert long-term investments into regular income. While traditional advice often recommends conservative withdrawal rates, many investors ask a practical question: *Can a higher withdrawal rate work if long-term returns are strong?*

This article explores how an **8% annual withdrawal strategy** can work over **25 years**, assuming a **12% annual portfolio appreciation**, and what kind of investor this approach truly suits.

## What Is an SWP (Systematic Withdrawal Plan)?

An SWP allows investors to withdraw a fixed amount from their mutual fund investments at regular intervals—monthly, quarterly, or annually—while the remaining corpus continues to stay invested.

Unlike fixed deposits or annuities, SWPs:

- Offer flexibility in withdrawal amounts
- Allow continued participation in market growth
- Are relatively tax-efficient, as only the withdrawn gains are taxed

In essence, SWP converts accumulated wealth into a **structured income stream**.

## When Is the Right Time to Start an SWP?

SWPs are best initiated once the accumulation phase is complete and the investment goal has matured. This is typically:

- Around **55–65 years** for traditional retirees
- Around **45–55 years** for early retirees or financially independent individuals
- At any age when a defined financial goal has been achieved

The deciding factor is not age, but whether the investor has built a sufficient corpus and aligned their asset allocation to support withdrawals.

## The 8% Withdrawal & 12% Growth Assumption

This article assumes:

- **Annual withdrawal:** 8% of corpus
- **Annual appreciation:** 12%
- **Time horizon:** 25 years

Under these assumptions, the portfolio generates a **net nominal surplus of around 4% per year** after withdrawals.

This surplus becomes the buffer that helps the portfolio:

- Absorb market volatility



- Support long-term income needs
- Partially offset inflation

However, this margin is thinner compared to conservative strategies, making discipline essential.

## How This Looks in Practice

Consider a retirement corpus of **₹1 crore**.

In the first year:

- Withdrawal at 8% = **₹8 lakh**
- Remaining balance = ₹92 lakh
- Growth at 12% = ₹11.04 lakh
- End-year corpus ≈ **₹1.03 crore**

Despite withdrawing a substantial amount, the corpus grows slightly in nominal terms. Over time, this allows income continuation—but with important caveats.

## Can This Strategy Last 25 Years?

Yes, an 8% withdrawal strategy **can sustain withdrawals for 25 years**, provided:

- Long-term returns average close to 12%
- Asset allocation is equity-oriented
- Withdrawals are reviewed periodically

However, while the **nominal value of capital may survive**, the **real (inflation-adjusted) value of the principal is likely to decline gradually** over time.

This means the investor enjoys higher income today, but the purchasing power of the remaining corpus may reduce.

## Who Is This Strategy Suitable For?

An 8% SWP is best suited for investors who:

- Have a **large retirement corpus**
- Are comfortable with **equity market volatility**
- Have **alternate income sources** (rent, pension, business income)

- Are flexible enough to reduce withdrawals during weak market phases

It is **not ideal** for conservative retirees or investors who rely solely on SWP for survival income.

## Key Risks to Understand

- **Sequence of returns risk:** Poor market performance in early years can permanently damage the corpus
- **Inflation risk:** Net growth may not fully protect purchasing power
- **Longevity risk:** Living beyond 25 years increases sustainability pressure

These risks make periodic review non-negotiable.

## How to Improve Sustainability of an 8% SWP

To make this strategy more resilient:

- Maintain a **growth-oriented asset mix**
- Use a **bucket strategy** (cash, debt, equity)
- Avoid increasing withdrawals during market downturns
- Rebalance the portfolio annually
- Consider tapering withdrawals in later years

Flexibility is the key difference between success and failure.

## Final Thoughts

An **8% withdrawal with 12% annual appreciation** is an **aggressive but workable SWP strategy** under favourable long-term market conditions.

It prioritizes **higher income today** over full inflation protection of capital, making it suitable for financially strong investors who value lifestyle cash flows and have the ability to adapt.

*In SWP planning, higher income always comes with higher responsibility.*

When aligned with the right mindset, asset allocation, and review discipline, SWP can be a powerful tool to enjoy wealth without exhausting it.

# NRI MUTUAL FUND TAXATION: RULES, IMPACT & KEY BENEFITS

Investing in Indian mutual funds allows Non-Resident Indians (NRIs) to participate in India's long-term growth story. However, NRI taxation differs from resident investors, especially in terms of **capital gains, TDS, and compliance requirements**. Understanding these rules helps NRIs invest efficiently and avoid unnecessary tax leakage.

## Capital Gains Taxation for NRIs

Equity-Oriented Mutual Funds

(At least 65% invested in Indian equities)

- **Long-Term Capital Gains (LTCG)**

Units held for **more than 12 months** qualify as long-term.

- Gains up to **₹1,25,000 per financial year** are exempt
- Gains above this limit are taxed at **12.5% + surcharge + cess**

- **Short-Term Capital Gains (STCG)**

Units held for **12 months or less**

- Taxed at **20% + surcharge + cess**

Tax is deducted at source (TDS) at the time of redemption by the mutual fund house.

## Debt, Gold, International & Non-Equity Mutual Funds

(Funds with less than 65% equity exposure)

- **All capital gains**, irrespective of holding period, are taxed at **income tax slab rates**
- **No indexation benefit** is available
- TDS is deducted at **30% + surcharge + cess**

This applies to:

- Debt mutual funds
- Gold funds
- International funds
- Most hybrid funds with lower equity allocation

## Tax Deducted at Source (TDS) for NRIs

Unlike resident investors, **TDS is mandatory for NRIs** on mutual fund redemptions.

Fund Type	TDS Rate
Equity STCG	20% + surcharge & cess
Equity LTCG	12.5% + surcharge & cess
Debt / Non-Equity	30% + surcharge & cess

Because TDS is deducted upfront, NRIs often **need to file an Indian income tax return** to:



- Claim refunds (if excess tax deducted)
- Apply exemptions correctly
- Use DTAA benefits
- Claim refunds
- Correct tax calculations
- Optimise overall tax liability

## Dividend Income Taxation

Dividend income from mutual funds is taxable in India for NRIs and is generally subject to:

- **25% TDS + surcharge & cess**, depending on the scheme

Due to this, many NRIs prefer **Growth options** over Dividend options to defer taxation until redemption.

## Key Tax Benefits Available to NRIs

1. **₹1,25,000 LTCG Exemption on Equity Funds**

NRIs are eligible for the **same annual LTCG exemption** as resident investors on equity-oriented mutual funds.

2. **DTAA (Double Taxation Avoidance Agreement) Benefits**

NRIs residing in countries that have a **DTAA with India** may:

- Pay tax only in the country of residence
- Claim **lower or zero tax in India**, depending on the treaty

To claim DTAA benefits, NRIs must submit:

- **Tax Residency Certificate (TRC)**
- **Form 10F**
- DTAA declaration to the AMC or registrar

This is one of the most powerful tax-saving tools for NRIs.

3. **Ability to Claim Refunds**

If excess TDS is deducted, filing an Indian tax return allows NRIs to:

## Investment & Operational Considerations

- NRIs must invest via **NRE or NRO bank accounts**
- Repatriation depends on the account used
- Some fund houses have restrictions for NRIs from the USA & Canada due to FATCA
- Using **NRI-specific mutual fund plans** simplifies compliance

## Summary for NRI Investors

- Equity mutual funds held over 12 months attract **12.5% LTCG tax after ₹1.25 lakh exemption**
- Debt and non-equity funds are taxed at **slab rates with higher TDS**
- TDS is mandatory, but refunds can be claimed through return filing
- DTAA benefits can significantly reduce or eliminate double taxation
- Growth option funds are often more tax-efficient than dividend options

## Final Thought

With the right fund selection, holding period, and use of DTAA benefits, **mutual funds remain one of the most efficient investment avenues for NRIs in India**. Proper tax awareness and timely compliance ensure that returns are maximized without unnecessary tax drag.

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# TPAS IN HEALTH INSURANCE: ALL YOU NEED TO KNOW IN INDIA

Health insurance has become an essential part of financial planning in India. While insurers underwrite policies and hospitals provide treatment, there is a crucial intermediary that ensures smooth coordination between the two — the **Third Party Administrator (TPA)**.

Understanding the role of TPAs helps policyholders navigate **cashless treatment, claims, and documentation** more confidently.

## What Is a TPA in Health Insurance?

A **Third Party Administrator (TPA)** is an entity licensed by the **Insurance Regulatory and Development Authority of India (IRDAI)** to provide administrative services related to health insurance.

TPAs act as a bridge between:

- The insurance company
- The hospital
- The policyholder

They **do not sell insurance** and **do not decide premiums**. Their role is limited to servicing and claims administration.

## Key Functions of a TPA

A TPA plays an important operational role throughout the policy lifecycle:

- Managing the **cashless hospitalization process**
- Verifying policy details and coverage
- Coordinating with network hospitals
- Processing and settling claims
- Assisting policyholders with documentation
- Maintaining medical and claims records
- Operating customer support helplines

In simple terms, TPAs ensure that **hospitalization and claim settlement happen smoothly and on time**.

## TPA and Cashless Hospitalisation

When a policyholder is admitted to a **network hospital**, the TPA:

1. Verifies policy eligibility
2. Confirms coverage and sub-limits
3. Coordinates approval for cashless treatment
4. Settles the hospital bill directly with the insurer

For planned hospitalizations, approval is usually obtained in advance. For emergencies, intimation is done post-admission within the stipulated timeline.

## TPAs and Reimbursement Claims

In reimbursement cases:

- The policyholder pays the hospital bill upfront
- Medical documents and bills are submitted
- The TPA reviews the claim
- Eligible amounts are reimbursed after insurer approval

TPAs help ensure claims are processed **fairly, transparently, and within regulatory timelines**.

## Who Appoints the TPA?

TPAs are **appointed by insurance companies**, not by customers.

- The insurer decides which TPA services a policy
- Some insurers also handle claims **in-house**
- A policyholder may experience a TPA change during policy renewal

Regardless of the TPA, **policy terms and benefits remain unchanged**.

## Are TPAs Regulated in India?

Yes. TPAs are strictly regulated by IRDAI.

They must:

- Obtain and renew IRDAI licenses
- Follow service-level timelines
- Maintain data confidentiality
- Adhere to grievance redressal norms

This regulation protects policyholders and ensures accountability.

## Difference Between Insurer, TPA & Hospital

Entity	Role
Insurance Company	Designs policy, underwrites risk, pays claims
TPA	Administers claims and cashless services
Hospital	Provides medical treatment

Understanding this distinction helps policyholders know **who to contact at different stages**.

## Common Myths About TPAs

- **TPAs reject claims** – False. Claim decisions are taken by insurers based on policy terms.
- **TPAs influence premiums** – False. Premiums are set by insurers.
- **Changing TPA affects coverage** – False. Coverage remains the same.

## How Policyholders Can Use TPAs Effectively

- Inform the TPA immediately during hospitalization
- Use network hospitals for smoother cashless claims
- Keep medical records and bills organized
- Read policy wordings carefully
- Escalate issues through insurer grievance channels if needed

Proactive communication ensures faster claim resolution.

## Final Thoughts

TPAs play a **critical support role** in India's health insurance ecosystem. While insurers provide financial protection, TPAs ensure that this protection translates into **timely treatment and hassle-free claim settlement**.

For policyholders, understanding the role of TPAs leads to **better preparedness, fewer surprises, and smoother claim experiences**.

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