

# Traditional policies' tax benefits must go



**FRANKLY SPEAKING**  
HARSH ROONGTA

The finance minister removed the tax exemption available on maturity proceeds of high premium Unit Linked Insurance Plans (ULIPs) on the ground that "high net worth individuals are claiming exemption under this clause by investing in ULIPs with huge premiums", and that was not the legislative intent of this clause. The tax-free status for interest accrued on high-value Employee Provident Fund (EPF) contributions was also removed on similar grounds. Hence it is strange that the exemption on maturity values of high-premium traditional insurance policies has continued.

The earlier case for allowing this exemption was clear. As shown in the web series 'Scam 1992', investing in government securities was an arcane exercise meant for large institutional investors. The industry, represented by the Life Insurance Corporation, collected money from individual investors, provided a token amount of life insurance to justify its name, and invested the bulk of the money in government securities (G-Secs), thereby providing a ready source of financing for the government. The tax exemption incentivised this mode of saving by retail investors. The scenario has changed now with the government broad basing its investor base. The continued tax exemption on endowment policy maturity proceeds is an anachronism now.

An example will explain the cost of this exemption to taxpayers. If the government issues 12-year securities

directly to the domestic HNW investors at the rate of 6 per cent per annum, it effectively pays out 4.13 per cent after accounting for the tax on interest at 31.2 per cent. However, when it issues the same securities through life insurers, its (and taxpayers') cost stays at 6 per cent as neither life insurers nor policy holders pay tax on this interest. Thus, taxpayers lose 1.87 per cent per annum for securities issued to HNW investors through life insurers.

The investors also end up getting a net post tax return of 3.50 per cent per annum only, instead of the 4.13 per cent they would have got had they invested directly in G-Secs, and thus lose approximately 0.63 per cent annually, due to the high operating expense and high commissions paid on such policies.

The workings can be understood as follows: Annual premium for a 12-year maturity LIC new Endowment Plan for a 30-year-old male for sum insured of ₹1 crore is ₹8,52,000. Annual premium payable for the same ₹1 crore for term insurance from LIC (LIC Tech Term plan) is ₹6,000. The net investment is ₹8,46,000 per annum (₹8,52,000 less ₹6,000). The total investment premium paid is ₹1.02 crore approximately (₹8,46,000 into 12 years). The tax-exempt maturity value will be ₹1.28 crore. LIC carries 6 per cent on the investment portfolio net of all expenses.

The investor's post tax return on the investment portion of the premium works out to 3.5 per cent per annum on maturity value of ₹1.28 crore.

An extrapolation of these ratios on the total maturity proceeds of ₹1,70,00,000 crore paid by the life insurance industry in 2019-20 translates to a loss of ₹20,00,000 crore to taxpayers and ₹8,00,00,000 crore to policyholders.

Can the government afford such large giveaways? If such tax exemptions are removed, the life insurance industry will refocus its efforts towards providing term insurance, which is critical for the country.

*The writer heads Fee Only Investment Advisers LLP, a SEBI-registered investment adviser*

# Make foreign equities part of your portfolio

Doing so is crucial if you have foreign currency-denominated goals

SANJAY KUMAR SINGH

If your child is headed to a university in the United States soon and you have to pay her fees in the coming days, then the recent depreciation of the rupee from the 72-plus level in March to 75-plus in April would have left you worried. The bigger cause for worry, however, is the tendency of the rupee to depreciate against the US dollar over the long term.

Over the past 10 financial years, on average, the rupee has depreciated at a compounded annual rate of 4.7 per cent against the dollar (between 2011-11 and 2020-21). Today people have multiple goals that will require them to spend in foreign currencies - children's higher education, foreign travel (temporarily restricted), purchase of house abroad, and so on. Clearly, they need to build a portfolio that can safeguard them against the trend of currency depreciation.

**High inflation differential**  
Why does the rupee keep depreciating against the dollar over the long term? Says Abheek Barua, chief economist, HDFC Bank, "India keeps losing trade competitiveness due to the higher inflation rate in our economy vis-a-vis that of our trading partners." While the US usually runs a low inflation rate (two per cent or less), in India it is much higher. The Consumer Price Index (Industrial Workers)-based inflation has averaged 6.7 per cent over the past 10 financial years. The rupee depreciates due to this erosion in competitiveness. Barua explains that the depreciation would have been higher but for the fact

## DEPRECIATING CONSISTENTLY

The rupee has depreciated against the dollar in nine of past 10 calendar years



that the Indian markets receive robust capital inflows. The US market has been in a continuous bull run since 2009, making many investors wonder if it is prudent to invest in it anymore. "Stagger your entry into a US fund by taking the systematic investment plan (SIP) route. Also, do not go just for the big-tech stocks, which have appreciated the most but take more diversified exposure," says Vishal Dhawan, chief financial planner, Plan Ahead Wealth Advisors.

Investing in a broad, globally diversified equity fund is another option. "It is difficult for investors in India to know which country or theme will do well in the future. With a global fund, they can entrust this task

to expert fund managers," says Ajit Menon, chief executive officer, PGIM India Mutual Fund, which runs the PGIM India Global Equity Opportunity Fund.

Menon informs that their fund tries to capture new themes that are catching on across the globe - on-demand economy (video streaming, education on-demand, etc), cloud-based technology, data security, e-commerce, digital payment services, robotics and automation, and health tech.

For international funds to have an impact, they must make up at least 15-20 per cent of an investor's equity portfolio.

**LRS route for evolved investors**  
Investors may also take the liberalised remittance scheme (LRS) route, which allows them to invest up to \$250,000 abroad annually per person. They would have to open an account with one of the brokerage platforms that enable Indian investors to invest directly in markets like the US. The key attraction of this route is that the investor gets more options in terms of the exchange-traded funds (ETFs) and stocks he can choose from.

"However, the tax-related compliances become more complicated," says Luthria. Only bigger, more sophisticated investors should opt for this route.

**Take exposure to gold**  
Having an exposure to gold can help investors counter the rupee's depreciation. The international price of gold is determined in dollars. The

Indian price of gold is derived from the international dollar price. Suppose that you have one dollar worth of gold. And one dollar equals, say, ₹75. Even if the rupee depreciates from 75 to 80, with the gold that you hold you can still buy one dollar.

However, like all commodities, gold too witnesses prolonged up cycles and down cycles. So, invest in the yellow metal for the long term and limit exposure to 10-15 per cent of portfolio.

## Direct investors: Understand the nuances

Generally, a depreciating rupee benefits exporters while affecting importers adversely. Those who run direct stock portfolios need to dig deeper to understand the impact of currency depreciation on their holdings. "Some companies import certain raw materials and export a part of their finished goods, so the net impact on them is not high. Many hedge their net foreign exchange exposure, protecting them from wild movements in the short term. Some companies have pricing power, given the nature of their product and favourable industry structure, and are able to revise prices to adjust for adverse currency movements," says Jatin Khemani, founder and chief executive officer, Stalwart Investment Advisors, a SEBI-registered independent equity research firm. He adds that instead of generalising the impact, investors need to understand each company's business model. "Look at how the financials moved in the past when the currency behaved wildly. That will help you understand how resilient the business model is," adds Khemani.

Ankur Kapur, managing partner of Capital & Securities, a SEBI-registered investment advisory firm, adds: "The IT sector is likely to be a net gainer, in the case of pharma, chemicals, and paints, all of which import raw materials. This will depend on how much they export or can raise prices. Build a portfolio diversified across sectors so that the currency impact is mitigated."

**EXTENDED**  
EOI was invited under IBC 2016, for 4-Star Hotel in Ac 3 lease land-200 rooms-40 serviced apartments-Hilton lie up - semi-finished 5.14 lakh Sq Ft located in Gachibowli-Hyderabad vide publication on 05.04.2021 in Mint. Last date for submission of responses is extended to 07-05-2021.  
Investors with 50 crore net worth (Turnover statement stands released) may respond.  
For further details, contact Ms. Sarvani - 8237246700 or visit [www.sparshinfra.com](http://www.sparshinfra.com)  
Hyderabad TSN RAJA  
Dr. 28.04.2021 | [tsn@sparshinfra.com](mailto:tsn@sparshinfra.com)

**TATA POWER**  
The Tata Power Company Limited  
(Company Secretary Department)  
Group Centre of Procurement Location: 201 Floor, Solar Resource Station, Near NRI Centre, Solar Road, Andhra Pradesh, Hyderabad, India  
Phone: +91 800 000 0000  
Website: [www.tatapower.com](http://www.tatapower.com)

**NOTICE INVITING TENDER (NIT)**  
The Tata Power Company Limited invites tenders from eligible Vendors for the following two separate tender packages (Two-part bidding):  
i) Design, manufacturing and supply of Tower Steel for 110KV Transmission line project at Vasni & Waghalvi creek, Near Mumbai (Package Reference: C022/M029)  
ii) Services for Installation of Transmission line towers, Stringing and other associated works for 110 KV Transmission line project, at Vasni & Waghalvi creek, Near Mumbai (Package Reference: C022/M029)  
For detailed NIT, please visit tender section on website <https://www.tatapower.com>. Interested bidders to submit Tender Form and Authorization Letter before 15:00 hrs. Tuesday, 4<sup>th</sup> May 2021. Tenders shall be issued through Tata Power e-Tender system after receipt of Tender Fee and Authorization letter.  
Future corrigendum or addendums, if any, shall be published on tender section of above mentioned website only.

**PIDILITE INDUSTRIES LIMITED**  
Regd. Office: Regent Chambers, 7<sup>th</sup> Floor, Jambheji Bajaj Marg, 208, Nariman Point, Mumbai - 400 021 • Tel: 91 22 2825 7006  
Fax: 91 22 2821 6007 • Email: [investor.relations@pidilite.co.in](mailto:investor.relations@pidilite.co.in)  
Website: [www.pidilite.com](http://www.pidilite.com) • CIN: L24100MH1989PL0014336

**NOTICE**  
**Transfer of Equity Shares of the Company to Investor Education and Protection Fund (IEPF) Authority**  
Notice is hereby given that pursuant to the provisions of Section 124 of the Companies Act, 2013 (the Act) read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the Rules), as amended, the Equity Shares of the Company (in respect of which the dividend declared during the financial year 2013-14 has remained unclaimed or unpaid for a period of seven consecutive years or more) are required to be transferred by the Company to the demat account of the IEPF Authority.

The Company has sent individual notices to the registered addresses of the concerned shareholders whose shares are liable to be transferred to the IEPF Authority advising them to claim their unclaimed dividends. The Company has uploaded details of such shareholders on its website [www.pidilite.com](http://www.pidilite.com). The concerned shareholders are requested to refer to the said website to verify the details of unclaimed dividends and the shares which are liable to be transferred to the IEPF Authority. Shareholders are requested to claim the dividend declared during the financial year 2013-14 and onwards before the same is transferred to the IEPF.

The concerned shareholder(s) holding shares in physical form and whose shares are liable to be transferred to the IEPF Authority, may note that upon transfer of shares to IEPF Authority, the original share certificate(s) which are registered in their name will stand automatically cancelled and be deemed non-recognisable. In case of shares held in Demat Form, to the extent of shares liable to be transferred, shall be debited from the shareholders account.

**In case the concerned shareholders do not claim their unclaimed dividends by 30<sup>th</sup> July, 2021, the Company shall with a view to comply with the Rules, transfer the shares to the IEPF Authority without any further notice to the shareholders and no liability shall lie against the Company in respect of the shares so transferred.**

The shareholders may note that once the shares, including all benefits accruing on such shares, if any, are transferred to IEPF Authority, the same can be claimed only from the IEPF Authority by making a separate application to the IEPF Authority in Form IEPF-S as prescribed under the Rules and the same is made available at IEPF website i.e. [www.iepf.gov.in](http://www.iepf.gov.in). For any queries in respect of the above matter, shareholders may contact M/s TSR Darashaw Consultants Pvt. Ltd., the Registrar / Transfer Agents of the Company at C-101, 1<sup>st</sup> Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai-400083; E-mail: [cs@uni@tsrdarashaw.com](mailto:cs@uni@tsrdarashaw.com); Website: [www.tsrpld.com](http://www.tsrpld.com) or contact the Company at investor.relations@pidilite.co.in

**For Pidilite Industries Limited**  
Sd/-  
Date : 26<sup>th</sup> April, 2021 Puneet Bansal  
Place : Mumbai Company Secretary

**SALE NOTICE**  
**DEEPAK CABLES (INDIA) LIMITED (IN LIQUIDATION)**  
E-AUCTION  
Sale of Asset under Insolvency and Bankruptcy Code, 2016  
Date and Time of Auction: 21st May 2021, (11:00 AM to 12:00 Noon)  
Sale of Asset owned by Deepak Cables (India) Limited (in Liquidation) (DCL), being in possession of the Liquidator appointed by the Hon'ble National Company Law Tribunal, Bengaluru vide order dated 14th July 2019. The said Asset will be sold on 'AS IS WHERE IS', 'AS IS WHAT IS', 'WHATSOEVER THERE IS', 'BASIS AND 'NO RECOURSE BASIS' for recovery of debts under Insolvency and Bankruptcy Code, 2016.  
The Sale will be on the on-line designated through E-Auction platform of E-Procurement Technologies Ltd.- Auction Tiger at <https://in.auctiontiger.com>.

Lot No.	Details of Asset	Reserve Price - Rs.	EMD Amount - Rs.
1	Immovable Asset Non-spatial land comprising 7.85 acres situated at M.S. Plot no. 107/3(a), 107/6/107/1085, Mouza Dalai, District Jharsuguda, Odisha	2.87 Crores	0.287 Crores

**Note**  
1. This Sale Notice shall be read with the Complete E-Auction Process Document containing details of the Asset, eligibility, E-Auction Bid Form, litigation details, updates about e-auction etc which is available at <https://in.auctiontiger.com/information> or contact Liquidator at Email: [info@deepakcables.com](mailto:info@deepakcables.com) or M/s E-Procurement Technologies Ltd., Shri. Praveen Kumar Thakur at Email: [praveen.thakur@auctiontiger.net](mailto:praveen.thakur@auctiontiger.net) / [info@auctiontiger.net](mailto:info@auctiontiger.net) / [support@auctiontiger.net](mailto:support@auctiontiger.net) phone: +91-972-271-8828 for further details.  
2. Bidders may note that Land situated at M.S. Plot no. 107/3(a) and 107/6 is free from litigation and land situated in Plot No. 107/7 and 107/1085 is undergoing litigation that are being sold together on 'AS IS WHERE IS', 'AS IS WHAT IS', 'WHATSOEVER THERE IS' BASIS.  
3. Interested bidders are requested to submit the application along with EMD to the office of the Liquidator on or before 19<sup>th</sup> May 2021, 5:00 PM.

Sd/- Ravindra Balyar  
Liquidator  
Date: 24th April 2021 E: [info@deepakcables.com](mailto:info@deepakcables.com)  
Place: Bengaluru Mobile: +91 94481 46963

**PIMPRI CHINCHWAD MUNICIPAL CORPORATION**  
**CIVIL ENGINEERING DEPARTMENT**  
**TENDER NOTICE No. - CIVIL/C HO/3/6/2021-22**  
Offers by way of e-tendering (Percentage) are invited by the City Engineer, Pimpri Chinchwad Municipal Corporation from contractors in e-tendering system for following works.  
1) The contractor shall quote his Percentage offer. The Cost of work excluding Royalty and material testing charges as mentioned below.  
2) The offer for work shall be exclusive of GST. The GST at the applicable rate shall be paid separately by PCMC for work 3)  
3) Regarding the Royalty, the policy that the corporation determines will be binding on you.

क्र.सं.	वर्कचे नाव	एकूण निविदा रक्कम (₹+)	रोकटी व स्टॅमप रक्कम निविदा रक्कम	रोकटी रक्कम	मॅटेरियल टॅरिफ रक्कम	वयाचा रक्कम	अन्यात रक्कम	रक्कमी मुदत (नंदिन)	निविदा फॉर्म की मूल्य (₹) (एरर कि किंवा मणी)
1	Construction of road from Chhatrapati Shivaji Maharaj Statue to Bopodi Bridge in Prabhag No 30 Dapodi by Modern Method	82,384,102	81,457,102	538,152	927,000	411,921	4,119,210	18	22,523
2	Development of road by Modern Method in Dapodi Kasarwadi railway gate S.No.498 to 485 (Behind Varun Hotel) in Prabhag No.30	16,229,609	16,071,659	38,368	157,950	150,000	811,490	12	4,637
3	Construction of slab culvert at ward No.20 in Mahatma Phule Nagar and Landewadi slum area	18,849,159	18,532,409	96,666	316,750	94,246	942,460	12	4,637
4	Providing hotmix treatment to the road in ward no.32	29,999,992	29,926,242	273,818	73,750	150,000	1,500,000	12	15,075
5	Providing hotmix treatment for MIDC remaining roads in ward no.20	33,015,580	32,941,830	194,927	73,750	165,078	1,650,780	12	15,075
6	Providing hotmix treatment to the road in ward No.30	49,535,775	49,462,025	266,793	73,750	247,679	2,476,790	12	15,075

**Time table for the tenders shall be as follows:**  
Online sale of tenders :- Date 26/04/2021 to Date 24/05/2021  
Last date of submission of tenders :- Date 24/05/2021 up to 3:00 pm  
Pre Bid Meeting Date & Time (For Above Rs.1.50 Cr.) :- Date 11/05/2021 at 3.00 pm  
Place of Pre Bid Meeting :- Office of Joint City Engineer, 1st Floor, PCMC Main Building Pimpri, Pune-411018  
Date of opening of tenders :- Date 27/05/2021 at 11:00 Am (if possible)

The Municipal Commissioner PCMC reserves the right to accept or reject any tender partially or completely without any reason thereof. The details of above works, such as Security Deposit, Earnest Money Deposit, Terms & Conditions of the Tender and Schedule of works, are available on website [www.pcmcindia.gov.in](http://www.pcmcindia.gov.in), <http://mahatenders.gov.in>. In case of any technical problem related to the tender document, the same can be referred to the NIC email support at [proc@nic.in](mailto:proc@nic.in) or on telephone numbers 0120-4200462, 0120-4001002, 0120-4001005, 0120-627787

ADVT No. 838  
No: ENGG/TEN/C-HO/574/2021  
Date :- 23/04/2021

Sd/-  
Joint City Engineer  
Pimpri Chinchwad Municipal Corporation,  
Pimpri - 411 018.

**पावरगिड POWERGRID**  
Invitation for Bids (IFB) for Transformer Package TR-27 under SIS reserve fund and as per NERPC requirement. Spec No: CC-SC/1041-NERTR-4205/93  
Single Stage Two Envelope (SSTE) Bidding Procedure (Funding : DOMESTIC COMPETITIVE BIDDING) Contract No: 204/2021  
POWERGRID invites online bids through e-portal <https://pplceps.buyjunction.in> for the following Package:

NT/IEP/ Tel.	Qualification/Eligible Particulars of Works	Downloading of Bidding Documents, Cost of Bidding Documents	Deadline for Bid Submission (Soft Copy Part) (Hard Copy Part)
3991	i) Procurement of Transformers i.e. 31 no. 318MVA, 400/220/33kV, 3-Phase transformer at Zira (PG) SIS	Till 11.05.2021 upto 12:00hrs	11:00:00 hrs upto 11:00:00 hrs
0124-262-3312/26231019262	ii) Procurement of 2x 200MVA, 400/220/33kV + 3-Phase transformer at Broad (PG) SIS and iii) Procurement of (1 no. 500MVA, 400/220/33kV + 3-Phase transformer at Mal sis) to be delivered at Mahanadi (PG) sis	Document Fee: Rs.25,000/-	Hard Copy Part: 13:05:21 hrs upto 11:00:00 hrs

1. For further details including addendum/changes in bidding program, as well as their full text procurement portal <https://pplceps.buyjunction.in>  
2. The cost of Bidding Documents for above NIT No.3991, in the form of Demand Draft in favour of "Power Grid Corporation of India Ltd." payable at New Delhi/Gurgaon shall be submitted alongwith NIT No.3991 part of bid.  
3. The first Envelope (Techno-Commercial part) of the bid shall be opened on the same day of the deadline for Bid Submission (Hard Copy Part) i.e at 11:00hrs onwards.  
4. The complete Bidding Documents are also available on our website <https://www.powergrid.in> for the purpose of reference only.

**POWER GRID CORPORATION OF INDIA LIMITED**  
Sd/-  
Corp. Office : "Sudhima", Plot No. 2, Sector-29, Gurgaon-122007, Haryana, India. | 0124-2671707-71  
Reg. Office: B-4, Qubah Industrial Area, Kharaha, Saran, New Delhi-110 016. Tel: 011-26691012, 26691071  
[www.powergrid.in](http://www.powergrid.in) | CIN: L24100IN1989PL0014336

A MAHARATNA PSU



