

INDIAN

STOCK MARKET JOURNAL

EMPOWERING TRADERS AND INVESTORS

- Building Wealth Through Passive Investing
- How AI Is Impacting the Indian IT Sector: Evolution, Challenges & Opportunities
- The Art of Asset Allocation: Foundations for Smarter Investing
- Money Markets Made Easy: What They Are & How They Work



How Tariffs Are Shaping The Indian Economy And Stock Market In 2025



FROM THE FOUNDER'S DESK

INDIAN STOCK MARKET JOURNAL

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Full efforts have been made to ensure the authenticity and accuracy of the contents of the Yearbook, but we do not accept any liability for the errors if committed and the subsequent loss arising from the same, but we will make sure that the errors if occurred are recited and minimized in future editions and also would welcome the reader's feedback.

We welcome your comments and suggestions for our future editions to make it more helpful month after month.

Dear Readers,

In this edition of ISMJ, we begin by analysing how tariffs are shaping the Indian economy and stock market in 2025. As new policies and global trade shifts take centre stage, understanding their impact can help investors anticipate market trends, spot opportunities, and build stronger portfolios.

Next, we simplify the foundations of modern investing through Money Markets Made Easy: What They Are & How They Work. With their short-term instruments and low-risk profiles, money markets offer a strategic option for conservative growth and liquidity management.

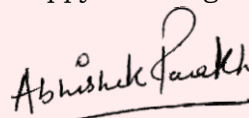
Continuing with our commitment to deliver empowering insights, ISMJ explores Building Wealth Through Passive Investing, which is a timeless approach where patience, diversification, and low costs combine to create lasting financial success.

We then break down the essentials in The Art of Asset Allocation: Foundations for Smarter Investing. Learn how to balance your portfolio across asset classes to maximise returns while managing risks, especially in today's evolving financial landscape.

Keeping an eye on technology's influence, we also discuss How AI Is Impacting the Indian IT Sector: Evolution, Challenges & Opportunities. As automation, machine learning, and AI-driven tools reshape industries, investors can gain an edge by understanding where the biggest transformations are unfolding.

We appreciate your continued support and feedback on our previous editions. Your insights help us grow stronger. Feel free to reach out to us at support@equitypandit.com.

Happy Investing!



Abhishek Parakh

Founder

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How Tariffs Are Shaping The Indian Economy And Stock Market In 2025



In a globalized world like today, the economic decisions of one country are often seen to ripple across borders. One such corresponding force is the imposition of tariffs, one of the policy tools by governments to relieve domestic industries by taxing imports. While it seeks to assist local industries, tariffs can disrupt international trade, disturb investor confidence, and disturb stock markets.

By 2025, the Indian economy finds itself dealing with the ripple effects of the tariffs announced by the United States, particularly during Donald Trump's term in office. These policies, purportedly formed to secure American jobs and industries, created considerable



disquiet in Indian financial markets and questioned the very resilience of India's economic structure.

This blog endeavours to delve deeply into the impacts of U.S. tariffs on India, examining their impacts on key sectors, stock market fluctuations, macroeconomic indicators, and how India is responding to this challenge.

Understanding Tariffs And Their Global Implications

A tariff could be defined as essentially a levy that a government puts on the importation of goods. Its aim is to make foreign goods costly so that consumers will buy home products instead. Seemingly an economic strategy, tariffs very often create far-reaching effects in a pretty-linked world.

The latest wave of U.S. tariffs introduced in 2025 targeted critical sectors such as steel, aluminium, automobiles, and pharmaceutical industries where India has

significant stakes. As one of the leading trade partners of the U.S., India found itself on the frontlines of these tariffs.



Immediate Impact On Indian Stock Markets

The announcement of the tariffs triggered an immediate and sharp reaction in Indian stock markets. On 11 February 2025, the Bombay Stock Exchange (BSE) Sensex plummeted by over 1,000 points, while the Nifty 50 slipped more than 300 points. Investor sentiment was shaken as fears of retaliatory tariffs, trade wars, and falling corporate earnings loomed large.

The broader Indian equity market lost nearly \$180 billion in market value within a single week following the tariff news. This market erosion underscored the globalized nature of India's economic links and the heightened sensitivity of stock valuations to international policy changes.



Sectoral Analysis: The Winners And Losers

Pharmaceuticals

India's pharmaceutical industry has played a major role in global healthcare for many years, particularly when exporting to the U.S., which has formed an important segment of revenue. As the tariffs kicked in, shares in some major pharmaceutical companies, Sun Pharma and Dr Reddy's Laboratories fell almost instantly. The Nifty Pharma Index fell 0.71%, indicating that the market expected decreased profitability along with restrictions on exports.





Automobiles

The automobile industry was also caught in the crossfire. While India doesn't have a large share in U.S. auto imports, companies like Tata Motors, which have international exposure, were negatively impacted. Tata Motors saw a 6% drop in share prices. However, the overall damage to the sector remained relatively contained due to its diversified market base.



Metals

Metal producers, particularly exporters of steel and aluminium, suffered severely. Companies such as Hindalco and SAIL found their stocks wrecked. The tariffs rendered Indian metal exports less competitive, thereby putting price pressure on their margins.

Macroeconomic Implications

Gross Domestic Product (GDP)

These tariffs might force India to cut GDP growth by about 0.1 to 0.6 percentage points. While the U.S. is not India's largest export destination, the sectors being targeted for these tariffs contribute substantially to the economy and employment.



Currency Volatility

The Indian rupee has moved under pressure as uncertainty and perceived weakening of export revenues came into play. The Reserve Bank of India (RBI) intervened in the market to moderate the movement of the rupee as a trading currency because this volatility would continue to protect foreign investors and keep inflation in check.



Inflation And Trade Balance

Higher tariffs mean higher import costs, which can lead to inflation in domestic markets. However, on the one hand, a diversified range of sources from which India imports and a relatively strong domestic supply chain have been cushioning the inflationary impact so far. Nevertheless, initial strains have started surfacing in the trade balance, with a widening of the current account deficit being observed in Q1 2025.



Investor Sentiment And Market Resilience

Despite the initial turbulence, Indian markets have shown remarkable resilience. Domestic institutional investors continued to pour funds into

the markets, and retail participation remained robust. Sectors like banking, consumer goods, and IT services, which are less dependent on exports to the U.S., attracted renewed interest.

Moreover, the weakening of the U.S. dollar in response to its own trade restrictions inadvertently made Indian assets more attractive, leading to a mild revival in foreign institutional investments.



India's Strategic Response

India has, however, not been a mere passive observer in these global headwinds. The government and the industry together have accordingly instituted several strategies to counter the adverse effects:



- **Export Diversification** India is actively seeking to reduce dependence on the U.S. by expanding trade with the EU, Southeast Asia, and Africa. Trade delegations have been sent to explore new agreements and deepen existing connections.
- **Boosting Domestic Manufacturing** India wants to facilitate domestic manufacturing under schemes such as Make in India and the Production-Linked Incentive (PLI) programs. Its focus is to position Indian products globally competitively and minimize adverse impacts.
- **Trade Negotiations** India is placing high-level talks with Washington aiming to exempt or, at least, mitigate the effects of the tariffs on vital Indian exports. There is some hope diplomatic channels could bring some relief, especially for sectors like pharmaceuticals.

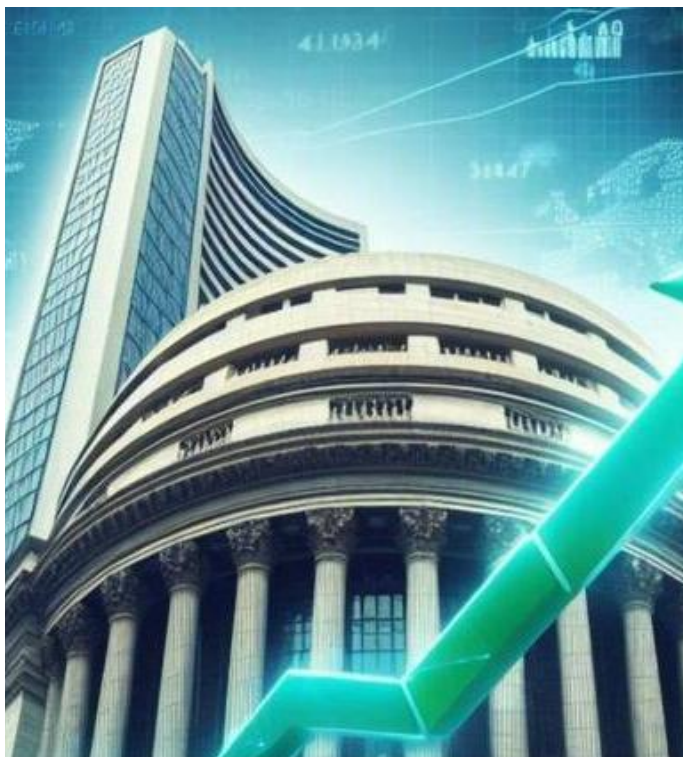
- Strengthening MSMEs In appreciation of the key role that Micro, Small and Medium Enterprises (MSMEs) play in export promotion, the government has also provided targeted incentives and credit support to improve their international competitiveness.



The Road Ahead: A Balancing Act

Navigating the aftermath of tariffs is no easy task. While India has the advantage of a large domestic market and a relatively diversified economy, the global nature of trade means that it cannot remain insulated from international developments.

The long-term impact of tariffs will



depend largely on how effectively India adapts to the new realities. Embracing technological innovation, improving infrastructure, and streamlining regulatory frameworks will be key to sustaining economic growth in a protectionist world order.

Stock markets, often seen as barometers of economic health, will continue to react sensitively to global policy decisions. However, with prudent macroeconomic management, investor education, and a forward-looking policy environment, India is well-positioned to not only weather the storm but emerge stronger.

CONCLUSION

The introduction of U.S. tariffs in 2025 put the Indian economy and stock market to the test. While some sectors faced challenges, the whole system showed signs of maturity and resilience. The episode reinforces why planning, economic diversification, and strong bilateral relations are critical in an increasingly uncertain world.

As the global trade landscape keeps changing, India should remain agile, innovative, and resilient. It is this agility that will allow India to convert the challenges into opportunities and sustain growth in the years to come.



Money Markets Made Easy

What They Are & How They Work



Have you ever wondered where trillions of dollars quietly shift hands daily—without grabbing headlines? Welcome to the money market, the hidden engine room of the financial world.

It's where governments, banks, and corporations turn when they need quick cash to keep operations running smoothly. Fast, low-risk, and highly efficient, this market isn't just for financial giants—it also offers everyday investors a chance to earn steady returns with minimal risk.

In this guide, we'll break down what the money market is, how it works, and why it's more relevant to you than you might think.



Understanding The Money Market

At its core, the money market is where short-term borrowing and lending happen—usually for periods of a year or less. Think of it as a financial pit stop, helping everyone from governments to individuals manage cash flow needs efficiently.

It's like a matchmaking hub for those who need money quickly and those who have surplus cash to park safely, even if just for a few days or months.



So, How Does The Money Market Actually Work?

Let's simplify this with a real-world analogy: Imagine a company has salaries to pay but is waiting for a client payment due next week. Rather than pause everything, it can raise funds by issuing something like a commercial paper in the money market.



Here's how the rest of the flow fits in:

Borrowers

Governments, companies, and financial institutions that need short-term cash issue instruments like Treasury Bills (T-Bills) or commercial papers. These are essentially IOUs promising repayment with a small profit.



Money Market Instruments

These tools—T-Bills, certificates of deposit, repurchase agreements, and commercial papers—are low-risk and highly liquid. They're structured to mature quickly and can be easily traded or redeemed.



Investors

These can be banks, mutual funds, or individuals who want safe and predictable returns. They buy these instruments and earn returns either through interest or by buying at a discount and redeeming at face value.

Regulation

Regulatory bodies, like the Reserve Bank of India (RBI) or SEBI, oversee this market to ensure transparency, manage risk, and protect all participants—especially individual investors.

Secondary Market Trading

If an investor wants to exit early, they don't have to wait for maturity. These instruments can be sold to others - ensuring flexibility.



Money Market Funds

Don't want to handpick instruments? These funds collect money from investors and diversify it across several money market tools. Managed by professionals, they offer a one-stop solution for low-risk investment.



Who Uses The Money Market?

The beauty of the money market is how many different players rely on it—each for different reasons:



- Governments issue T-Bills to handle day-to-day fiscal needs, like funding welfare schemes or infrastructure projects.
- Corporations use commercial paper to manage cash funding inventory, gaps-say or operational costs temporarily.
- Banks and Financial Institutions frequently trade in money market instruments to manage liquidity and comply with reserve requirements.
- Individual Investors often access this market via mutual funds or CDs, using

it as a safe place to park emergency funds or idle cash.

- Central Banks step in to tweak interest

rates and money supply using tools like repo operations, helping steer the economy.

What Makes Money Market Instruments Stand Out?

Think of them as the power tools of short-term finance—small, efficient, and built for quick jobs. Here's why they work so well:



High Liquidity

You can buy or sell them quickly—great for emergency fund parking.

Low Risk

Issued by creditworthy entities, these instruments are generally considered safe.

Fixed Returns

You know upfront what you'll earn—ideal for predictable short-term goals.

Common Types Of Money Market Instruments

Here's a quick tour of the most common tools you'll come across:



Treasury Bills (T-Bills)

Issued by the government, these are sold at a discount and redeemed at face value. No interest—just the price gap becomes your return.

Commercial Papers

Issued by large companies for quick borrowing. They're unsecured and generally used by top-rated corporates.

Certificates Of Deposit (CDs)

Fixed deposits issued by banks with a set maturity date and interest rate. Withdraw early, and you'll likely pay a penalty.

Banker's Acceptances

Promissory notes guaranteed by a bank, often used in trade deals. Safe and short-term.

Repurchase Agreements (Repos)

One party sells a security and agrees to buy it back later—sort of like a pawnshop for securities.

Why The Money Market Matters

Beyond the instruments, here's what the money market does for the bigger financial picture:



Keeps Things Moving

Whether it's a business paying salaries or a government managing cash flows, short-term borrowing keeps the gears turning.

Supports Policy Tools

Central banks use it to manage inflation and interest rates through open market operations.

Adds Flexibility to the Economy

Funds move easily across sectors, supporting trade and industrial growth.

Reduces Physical Cash Dependency

By using near-cash instruments, transactions stay efficient and mostly digital.

T-Bills help raise money without immediate long-term debt.

Advantages And Disadvantages Of Money Markets

Advantages

- Quick access to funds, as money market instruments are highly liquid and easily redeemable.
- Low risk, making them suitable for conservative investors.
- Predictable and mostly fixed returns, providing clarity and stability.
- Diversification benefits by allowing investment across various instruments and issuers.
- Useful for businesses seeking fast funding to manage short-term financial needs.

Disadvantages

- Generally lower returns compared to equity or long-term investments.
- Risk of inflation eroding real returns if prices rise faster than earnings.
- Limited potential for long-term capital growth.
- Sensitive to policy and regulatory changes that can affect performance.
- Returns may decline if interest rates fall.
- Fewer investment options available compared to equity markets.

Thinking Of Investing? Here's What To Keep In Mind

If money market funds sound appealing, make sure you've checked these boxes:

Know Your Goal: Emergency fund? Idle cash? Match the product to your purpose.

Understand Your Risk Tolerance: They're low-risk, but not zero-risk.

Check the Track Record: Look for funds with consistent returns and good fund managers.

Mind the Fees: High management costs can eat into your earnings.

Follow the Rules: Check compliance with SEBI guidelines before investing.

Don't Ignore Taxes: Returns are taxable—know how it affects your income.

Go with a Trusted Fund House: Choose a reputable AMC with proven stability in money markets.



What About Taxes?

Here's how taxation typically works for money market investments:

Interest Income: Taxed as per your income slab—just like your salary or rent income.

Documentation: Financial institutions report income via forms like 1099-INT (or local equivalents).

Capital Gains: Usually don't apply here since most instruments don't fluctuate in value much.

Tax-Exempt Options: Some government-backed or special category funds may offer tax benefits.

Other Taxes: Depending on your state or country, local taxes may apply.



BOTTOMLINE

The money market plays a crucial role in maintaining financial stability, offering a low-risk, liquid, and reliable way to manage short-term cash needs. For those seeking safe, steady returns, it's an essential option worth considering.

Building Wealth Through Passive Investing





Ever wondered if there's a way to grow your wealth without constantly tracking stock tickers or stressing over every market dip?

That's where passive investing comes in—a simple, low-cost strategy that's gaining momentum for all the right reasons. With today's financial tools making investing more accessible than

ever, this approach is helping everyday people quietly build long-term wealth—without the daily pressure of active decision-making.

In this article, we'll break down what passive investing really means, why it works so well, and how it could be one of the smartest financial moves you make in your lifetime.

Passive Investing 101: Let Your Money Work For You

Passive investing is all about the long game. Instead of trying to outsmart the market, you grow with it.

Think of it this way—rather than picking individual stocks or timing your entries and exits, you invest in broad-based funds like index funds or ETFs (Exchange-Traded Funds). These funds mirror the

market, often tracking benchmarks like the Nifty 50.

The idea? Markets generally trend upward over time. So by staying invested and tuning out the daily noise, you benefit from compounding returns, lower fees, and far fewer emotional decisions.

It's simple. It's steady. And it works.

Active Investing vs Passive Investing

To truly understand the value of passive investing, it helps first to see how it stacks up against its opposite-active investing.

Active investing is like being the driver—you're constantly navigating, steering, and reacting to the road ahead.



You pick stocks, time the market, and make decisions based on research, news, or gut feeling.

Passive investing, on the other hand, is like being on autopilot. You're not trying to beat the market—you're aiming to match its performance. And by doing less, you often end up doing better.

While active investing offers flexibility and the potential to outperform, it also comes with higher fees, more risk, and emotional ups and downs. Passive investing trades those in for peace of mind, cost savings, and a long-term growth mindset.

Popular Passive Investing Styles

There's no single way to go passive. The beauty of this approach is in its flexibility. Here are some of the most beginner-friendly and widely used styles:

Index Funds

These mutual funds copy the performance of market indexes like the S&P 500 or Nifty 50. They're straightforward, diversified, and great for long-term growth.

ETFs (Exchange-Traded Funds)

Similar to index funds but more flexible—you can buy and sell them like stocks during market hours. It is ideal if you want a mix of diversification and liquidity.



Dollar-Cost Averaging (DCA)

Instead of investing a lump sum, you invest a fixed amount regularly—say, monthly. This helps smooth out market volatility and removes the need to time the market.

Target-Date Funds

Designed with a specific retirement year in mind, these funds automatically adjust their risk level as you get closer to your goal. Perfect for hands-off retirement planning.

Buy And Hold

You invest in quality assets and hold onto them—regardless of market ups and downs. It's the classic Warren Buffett approach: patience pays.

Asset Allocation Funds

These funds mix different asset classes—like stocks, bonds, and cash—so you get built-in diversification without having to juggle it yourself.

Robo-Advisors

Automated platforms that build and manage your portfolio using algorithms based on your goals and risk tolerance. Think of them as stress-free and digital financial advisors—low-cost.

Each of these styles aims for the same destination: gradual, consistent wealth building with less stress and fewer surprises.

Why Passive Investing Wins

So why does passive investing work so well?

Lower Costs

You're not paying fund managers to buy and sell constantly. Fewer trades mean fewer fees-and that money stays in your pocket.



Simplicity

You don't need to be a market expert. Just pick your funds, set your plan, and stick with it.



Beginner-Friendly

It's accessible, it's understandable, and you can start with small amounts. Great for first-time investors or those who don't want to spend hours studying the markets.



Time-Tested Performance

Over long periods, many passive strategies have matched-or even outperformed-active management. It's about riding the wave, not fighting it.

Built-In Diversification

Index funds and ETFs spread your money across hundreds, even thousands, of companies-automatically reducing your risk.

Where Passive Investing Falls Short

No strategy is without downsides-and passive investing has its limits too.

No Beating The Market

By design, you're following the market, not trying to outperform it. If you're chasing huge short-term gains, this isn't your game.

Big Companies Dominate

In many index funds, large-cap companies carry more weight—so smaller, fast-growing ones may have minimal impact on your returns.



Overconcentration Risk

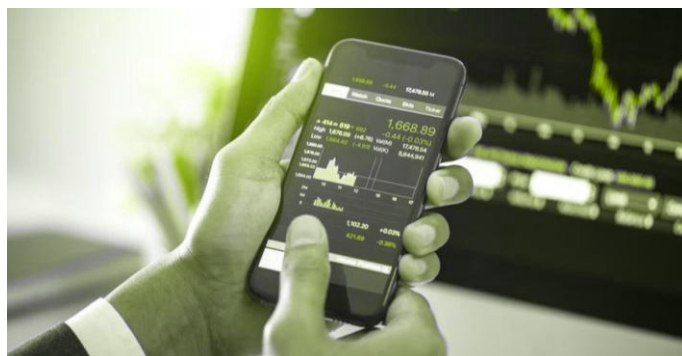
If an index is heavy in certain sectors—like tech or energy—your exposure will be too.

Less Flexibility

Passive funds don't adjust quickly when things change. If the market turns, your portfolio goes along for the ride.

Missed Short-Term Opportunities

Active traders can sometimes catch fast-moving gains. Passive investors? Not so much.



Smart Tips For Passive Investing

Now that you're on board, here's how to make the most of passive investing

Know Your Goals

Are you saving for retirement? A home? Your child's education? Clear goals help determine the best approach and timeline.

Stick With It

The market will rise and fall—that's a given. What matters is your discipline. Stay invested, stay patient.



Diversify Wisely

Even within passive investing, mix it up—domestic and international funds, equities and bonds. Don't put all your eggs in one index.

Review And Rebalance

Once a year, take a look at your portfolio. If one area has grown too large or small, rebalance to keep things in line with your goals.

Start Small, Grow Big

You don't need a fortune to begin. With DCA and fractional shares, even a few hundred rupees a month can set you on the right path.

Review And Rebalance

Once a year, take a look at your portfolio. If one area has grown too large or small, rebalance to keep things in line with your goals.

The Not-So-Great Side of Passive Investing

Let's be real—this strategy isn't for everyone. Some drawbacks worth repeating

1

You're not in control of specific stock picks or timing.

2

No chance of outperformance—you're tied to market averages.

3

Downturns will hurt—your portfolio falls when the market does.

4

Slow to react—passive funds don't adjust to sudden shifts or trends.

That said, for most investors—especially beginners—these trade-offs are worth the long-term stability.

BOTTOM LINE

Passive investing is a powerful way to build wealth over time—without the stress of stock picking, market timing, or high fees.

It's not flashy, and it won't make you rich overnight. But it offers something far more valuable: a clear, low-effort path to long-term financial security.

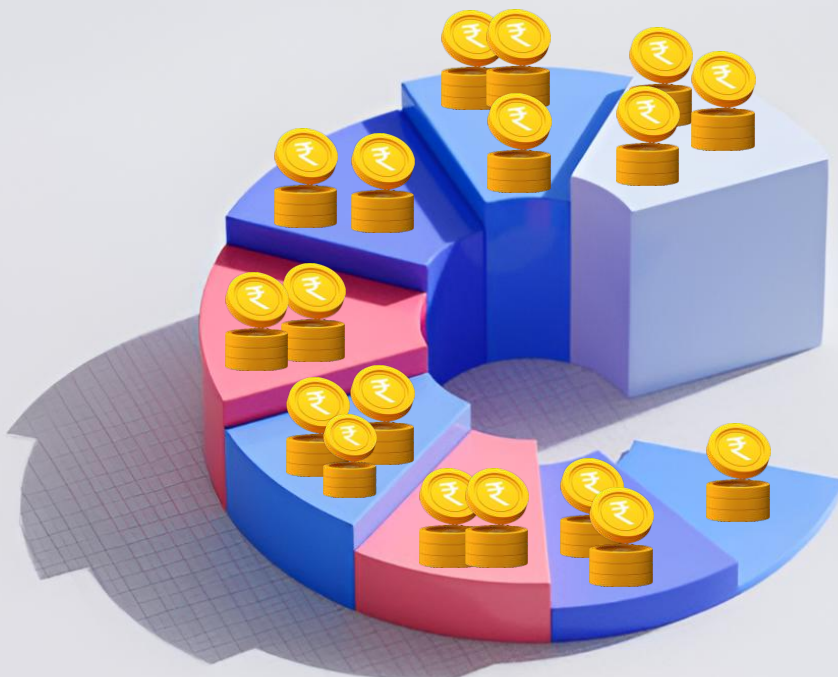
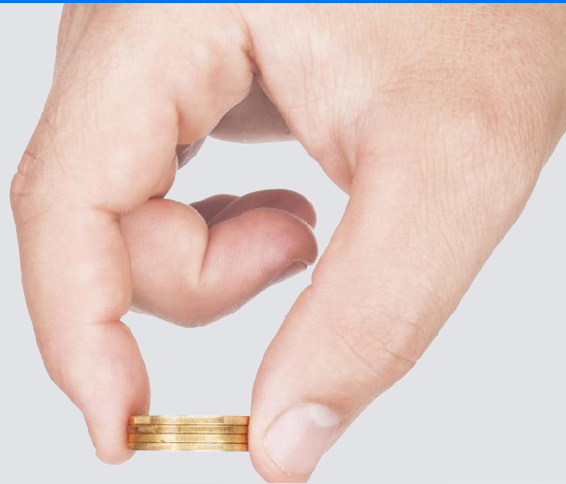
Know your goals, stay consistent, and let your money grow quietly in the background. Whether you stick to passive investing alone or blend it with some active strategies, it can be the foundation of a smart, stress-free wealth-building plan.



The Art Of

Asset Allocation

FOUNDATIONS FOR SMARTER INVESTING





Picture this: you're playing chess, but banking everything on your queen. Powerful? Yes. Smart? Not quite. Now, imagine if you applied that strategy to investing — putting all your money into one type of asset. It might feel bold, but it's rarely wise.

That's where asset allocation comes in. It's the art of balancing stocks, bonds, cash, and other investments to align with your risk and reward goals. It's more than a formula; it's a strategy that evolves with your changing financial needs and market shifts. Ready to make your investments work smarter, not harder?

Understanding Asset Allocation

Asset allocation is the strategy of dividing your money across different types of investments to reduce risk and aim for

better returns over time. The main asset categories include stocks, bonds, and cash or money market instruments.

Each of these has subcategories

Mega-cap Stocks



Large companies valued at Rs 83,000 crore or more. These established giants offer more stability with lower risk.

Large-cap Stocks

Shares of companies valued over Rs 83,000 crore. Stable and widely traded, they're considered safer investments.

Mid-cap Stocks

Firms worth Rs 16,600 crore to Rs 83,000 crore, balancing growth and risk.

Small And Micro-cap Stocks

Smaller companies, with micro-caps valued under Rs 4,400 crore, offering high growth potential but with higher volatility.

International Securities

Stocks or bonds from companies based outside your country.

Emerging Markets

Investments from developing countries. They can deliver high returns but also come with more risk.

Fixed-income Securities

Bonds from governments or top-rated companies. They pay regular interest and are more stable than stocks.

Money Market Instruments

Short-term, low-risk investments like Treasury bills with maturities under a year.

REITs (Real Estate Investment Trusts)

Shares in property or mortgage investment pools, allowing you to invest in real estate without owning physical property.

Balancing Risk With Return Through Smart Allocation

Now that you know what asset allocation is, let's take a closer look at how it helps balance the risk and return of your investments.

Stocks offer the highest return potential but also come with the most risk. Treasury bills, on the other hand, are pretty safe — basically as close to risk-free as you can get — but the returns? Not so impressive. This tradeoff is key: the higher the risk, the

greater the potential return, but only if you can handle the market swings. If you're young and have time on your side, you can afford to take more risks. But if you're close to retirement, protecting your wealth matters more than chasing big returns.

That's why diversification through asset allocation matters. Each investment moves differently. So when you spread your money across different types of assets, you reduce the impact of one bad investment dragging down your entire portfolio.

The idea is simple: take some calculated risks for growth, but anchor the rest of your money in stable investments for safety.



Types Of Model Portfolios Based On Risk Appetite

	Goal	Allocation	Style
Conservative Portfolio	Capital preservation	<ul style="list-style-type: none"> • 60–65% Fixed Income • 20–30% Equities • 5–15% Cash 	Low risk, stable returns
	Some stock exposure helps offset inflation; blue-chip stocks or index funds are preferred.		
Moderately Conservative Portfolio	Preserve capital with mild growth	<ul style="list-style-type: none"> • 55–60% Fixed Income • 35–40% Equities • 5–10% Cash 	Low-to-moderate risk
	Focus on income- generating assets like dividend-paying stocks or bonds.		
Moderately Aggressive Portfolio	Balanced growth and income	<ul style="list-style-type: none"> • 35–40% Fixed Income • 50–55% Equities • 5–10% Cash 	Medium risk, longer horizon (5+ years)
	Suitable for investors seeking steady growth without extreme risk.		
Aggressive Portfolio	Long-term capital growth	<ul style="list-style-type: none"> • 25–30% Fixed Income • 60–65% Equities • 5–10% Cash 	High risk, high equity exposure
	Volatility is higher, but returns may be stronger over time.		
Very Aggressive Portfolio	Maximum growth potential	<ul style="list-style-type: none"> • 0–10% Fixed Income • 80–100% Equities • 0–10% Cash 	Very high risk, long-term only
	Heavy market swings; best for seasoned, long-horizon investors.		

Choosing The Right Mix Based On Your Needs

Since each asset class carries its own risk and return, your asset mix should reflect your personal situation — how much risk you're okay with, your financial goals, how long you plan to invest, and how much money you can put in.

If you have more time and more to invest, you might be comfortable taking bigger risks for higher returns. But if you're investing a smaller amount or have a shorter time frame, safer, lower-return options might make more sense.



To help with this, many investment firms offer model portfolios — ready-made combinations of assets designed for different risk levels, from conservative to very aggressive. These give you a starting point that matches your comfort with risk.

Personalising Your Allocation

Model portfolios are just starting points. Tailor them to match your needs, goals, and investment style. If you're hands-on and enjoy stock picking, you can divide your equity portion across different stock

types to refine your return potential. Your cash and money market allocation depends on how much liquidity and safety you require - more for short-term access, less if you're okay with locking funds away.

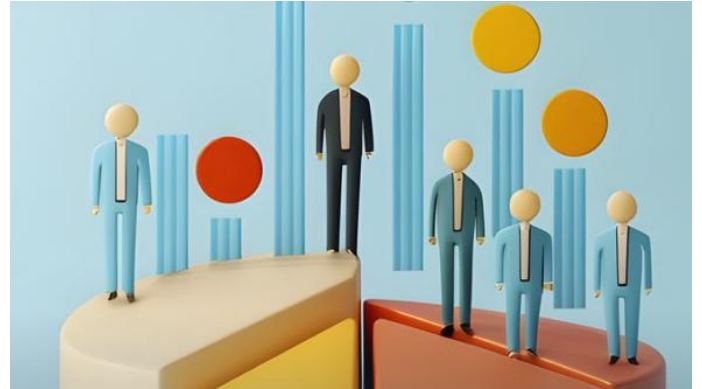
Managing Your Portfolio

Once your allocation is in place, review it regularly. Your goals or risk appetite might shift — so should your portfolio. Even if nothing changes, strong gains in one asset (like equities) might throw your mix off balance. Rebalancing helps you stay aligned.



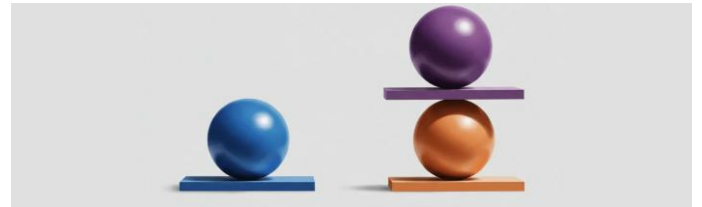
What's The Right Allocation For Your Age?

A common rule: 100 minus your age = % in stocks. The rest goes to bonds and safer assets. For example, a 30-year-old might hold 70% in stocks and 30% in bonds. But remember, this is just a starting point. Tweak it to suit your goals and risk tolerance.



How Often Should You Rebalance?

Generally, once or twice a year. But anytime your allocation drifts or your life changes - a job switch, marriage, retirement - it's smart to review and reset.



Why It Matters

Asset allocation spreads your money across different asset types, reducing the risk that one poor-performing investment tanks your portfolio. It's the core of smart diversification — balancing risk and return to stay steady across market cycles.



BOTTOMLINE

There's no one-size-fits-all when it comes to asset allocation. The key is choosing the mix that aligns with your personal goals and risk tolerance. Remember, as life changes, so should your strategy. That's the real key to long-term investing success.

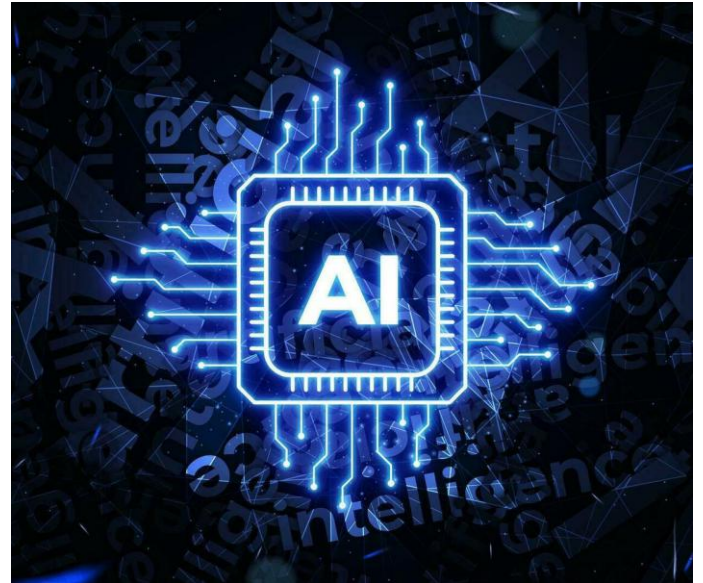


How AI Is Impacting The Indian IT Sector

Evolution, Challenges & Opportunities

Artificial Intelligence (AI) is no longer just a buzzword in the Indian tech space—it's a transformative force redefining the very foundation of how the IT industry functions. India, long regarded as the global hub for IT services, is experiencing a paradigm shift as AI technologies begin to replace, reshape, and reimagine core operations within the sector.

From redefining job roles to shifting business models, AI is forcing India's IT giants to reconsider how they operate, innovate, and compete globally. So, what



exactly is the impact of AI on India's IT sector, and is the industry ready for what's ahead?

A Legacy At The Crossroads

India's IT industry has been a cornerstone of its economic rise over the last two decades. Dominated by service-based giants like Tata Consultancy Services (TCS), Infosys, HCL Technologies, and Wipro, this sector has traditionally thrived on outsourced software development, maintenance, and business process outsourcing (BPO).

According to NASSCOM, the Indian IT industry is on track to cross \$300 billion in revenue by 2026 and currently employs over 5.8 million people. But now, it finds itself at a crossroads. AI, particularly generative AI, is upending the traditional

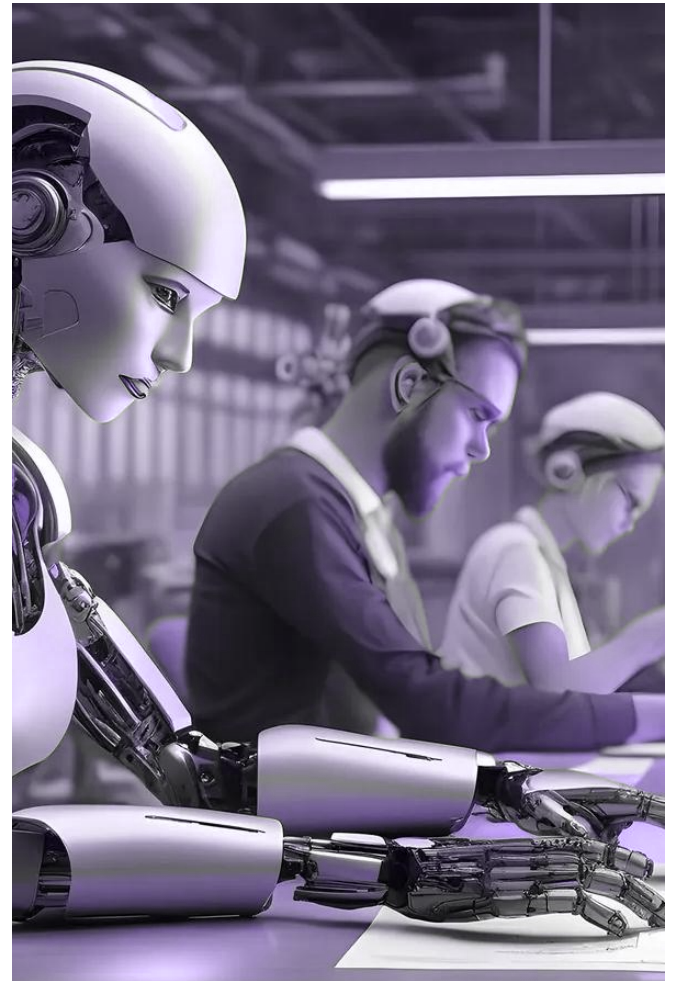
outsourcing model by automating tasks that once required human effort. The question is no longer if AI will affect the sector but how deeply and how soon.



The Generative AI Disruption

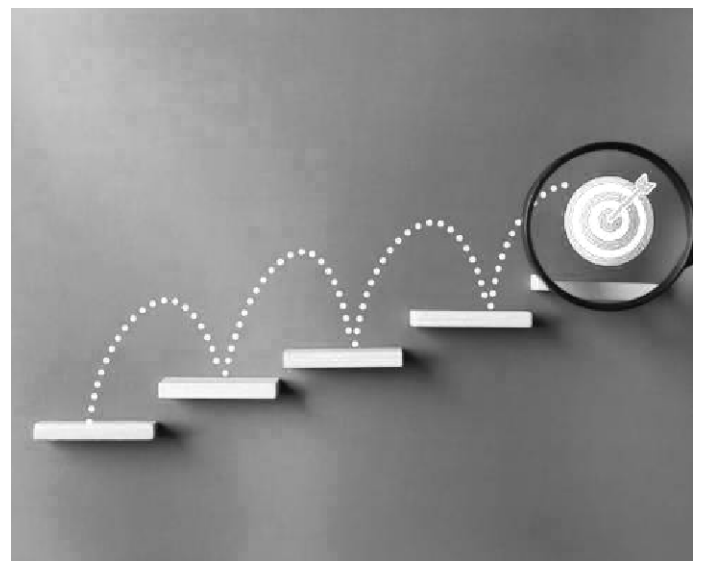
Generative AI is capable of producing content, code, and even business logic, which is changing the game entirely. Tasks like software testing, customer support, data analytics, and even low-code/no-code development are being revolutionized.

While this presents an opportunity for efficiency and scalability, it also challenges India's core value proposition: a large, affordable human workforce. The decline in costs of AI tools like OpenAI's GPT API (down by 80% in two years) is enabling even smaller firms to adopt powerful AI solutions. This democratization of AI makes it more difficult for traditional service providers to maintain competitive pricing models based solely on human labour.



The Revenue & Productivity Dilemma

Another pressing concern is the industry's approach to reinvestment. In FY24, top Indian IT companies returned about 75% of their \$20 billion free cash flow to shareholders rather than investing significantly in AI infrastructure or proprietary platforms. This raises a strategic concern: are Indian IT firms preparing for the AI revolution, or are they heading toward disruption?



Although AI promises a long-term boost in productivity (2.6% by 2030 in the organized sector, according to EY), the short-term implications may include

shrinking margins, declining traditional revenues, and the need for significant capital expenditure in R&D and reskilling.

Employment Shakeup: Evolution Or Extinction?

AI's role in job displacement is perhaps the most widely debated aspect of this transformation. While some fear massive

layoffs, others believe AI will create more jobs than it replaces, but only for those who adapt quickly.

A few key highlights

In 2023–2024, the IT sector saw its lowest net job additions in over a decade—just 60,000 new roles.

TCS, Infosys, and Wipro alone collectively cut over 60,000 jobs.

For FY25, the sector is expected to bounce back, potentially adding 126,000 new jobs—but primarily in AI-focused roles.

New job categories such as Machine Learning Architects, AI Engineers, Data Scientists, and Prompt Engineers are seeing a surge. Compensation in AI-related roles is also seeing a sharp uptick, with some mid-level salaries increasing by 25–30%.

As Abhijeet Kulkarni notes in his LinkedIn article, AI won't necessarily destroy jobs it will transform them. The challenge lies in helping current employees evolve alongside these technologies.



Upskilling: The Urgent Need Of The Hour



Many companies are recognizing this shift and responding with large-scale upskilling initiatives.

Infosys, for example, has rolled out an AI-first reskilling program for over 300,000 employees. Using its own in-house AI platform, Infosys now personalizes learning paths based on employee roles and future demand.

Meanwhile, educational institutions and boot camps are seeing a sharp uptick in AI

and data science course enrollment. However, the pace of upskilling must match the speed of disruption, something that remains a challenge.



The AI Investment Imperative

For India to remain competitive globally, the mere adoption of third-party AI tools won't be enough. Industry leaders have stressed the need to build **homegrown AI capabilities**:



HCLTech CEO C Vijayakumar has urged Indian IT firms to develop their own foundational language models, especially given geopolitical sensitivities and data sovereignty concerns

Infosys Chair Nandan Nilekani suggests focusing on small, domain-specific AI models, which can outperform larger models in specific tasks with greater efficiency.

India's AI journey must shift from being service-oriented to solution- and product-

oriented, blending domain expertise with scalable AI offerings.



Policy & Ethical Considerations

- The Indian government is stepping in with initiatives like the India AI Mission, backed by a ₹10,000 crore investment, aiming to support AI startups, fund foundational research, and build computing infrastructure. This kind of policy support is crucial for long-term innovation.
- However, ethical AI usage is another frontier that cannot be ignored. Issues like:

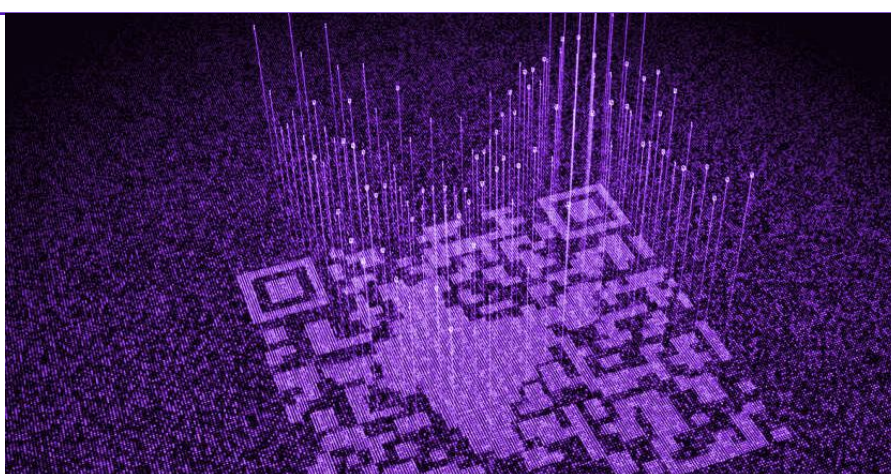


- Data privacy,
- Algorithmic bias,
- Responsible AI deployment must be addressed through clear regulation and

oversight. India is in the early stages of creating a structured AI governance framework, but swift action is required to ensure trust in AI systems.

Opportunities: India's Next Big Leap

Despite the disruption, AI presents enormous opportunities for the Indian IT sector—if leveraged correctly:



Becoming The Global AI Talent Hub



India can position itself as the AI talent capital of the world, just as it did with software and IT services. With the world increasingly relying on remote talent, Indian professionals skilled in AI development, model training, and ethical AI can cater to global demand.

AI-Powered SaaS And Product Innovation



Indian companies can move up the value chain by building proprietary AI-powered SaaS solutions tailored to sectors like healthcare, fintech, agriculture, and logistics.

AI + Traditional Sectors



Combining AI with existing Indian strengths like agriculture, education, and rural development—can unlock massive impact, from smart irrigation systems to AI-driven personalized learning in public schools.

Conclusion: The Road Ahead

The AI revolution is here and it's not waiting for anyone to catch up. For India's IT sector, this is not just another technological shift; it's an inflexion point.

Firms that embrace change, invest in R&D, reskill their workforce, and build indigenous AI capabilities will emerge stronger, more agile, and future-ready.

Those who cling to legacy models risk obsolescence.

India's IT story has always been one of agility and transformation. With the right vision, investment, and execution, the country can not only adapt to the age of AI but lead it.





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