

How you can use the festive season to make a difference to others and your own finances

Diwali celebrates three aspects of wealth: spending, investing and giving. Here's how financial experts view the festival from these perspectives



RAHUL JAIN
Head - personal wealth advisory, Edelweiss

Clear your debts, review funds

Most of us look at Diwali as a season of some wilful indulgence in sweets, crackers and some quality time with family. Indulging in festivities, however, does not mean we get carried away and jeopardise our monetary well-being.

I believe that the primary focus during Diwali should be to regulate your purse-strings. Diwali gives you enough reason to pamper yourself and it is not difficult to get swayed away with the several Diwali sales barging into our everyday lives.

But before you spend, step back and prioritise. Focus first on clearing your debts and thereon reviewing and if required reshuffling your financial portfolio.

Sell off any bad equity assets you may have and invest into some long-term debt assets. And if you have just begun investing, go simple and start with a systematic investment plan (SIP).

Most importantly, use the festive season to make a difference. Instead of gifting friends and family, start a new tradition by donating resources to those who actually need it. I believe that like your personal funds, if you invest in your health, happiness and the ecology around, you will end up saving a lot more than just a corpus in the bank account.



KALPEN PAREKH
President, DSP Investment Managers

Minimalism regulates spending

The markets reflect three main hues—green (up), yellow (flat), red (down). Investors should pay attention to these, accept this reality of fluctuations and prepare for all three directions. Hence, I believe that having a shield (of debt) along with sword (of equity) is the right strategy for all seasons. My investing principle is not festival based. It's cash flow based. I invest every month, 50% would be in a short-term fund and 50% in a multi-cap fund. I calibrate this split differently depending on valuations—with the bias of a higher exposure to the cheaper asset class.

I have started appreciating and inculcating the concept of minimalism. This has also had an effect on my spending habits. I also use festivals like Diwali as a trigger to clear up the clutter from the wardrobe, and at the same time, making a conscious effort to not add to it by doing reckless purchases. I have also learnt to buy less items, but of better quality and durability. When it comes to giving, my principles are defined by helping people who work for us and keep us going—our drivers and house and office staff. Helping them achieve their life goals such as their children's education makes me feel more responsible.



NITHIN KAMATH
Founder and CEO, Zerodha

Enabling others is important

The biggest spend around Diwali is usually on gold for the household. Gold jewellery is not the most efficient form of investing, but nonetheless gold has to be part of your portfolio. Currently, the best way of investing in gold is through sovereign gold bonds (SGB) issued by the Reserve Bank of India. SGBs offer a fixed 2.5% yearly return on the amount invested (guaranteed by the government) apart from actual market return of gold.

From the time I understood the significance of Muhurat trading—the customary trading tradition on

the day of Diwali unique to India where markets open for a short duration to pay obeisance to Lakshmi—I have been buying a few stocks that I think can be held for the long term. We usually use this time to unwind and celebrate, keeping serious decisions to be taken at other times.

Not just Diwali but throughout the year, it is important that all of us, privileged to have had an access to education, remember that our country has among the largest number of people living in poverty. We all need to find a way to enable as many of them as possible to grow out of it through education or creating employment opportunities. Diwali is a great time to start doing this.



ASHISH VOHRA
CEO, Reliance Nippon Life Insurance

Balance spending and saving

Diwali is about enjoying the festivities with friends and family and driving up the spirit of hope. Of course, this entails a fair share of spending, but for me maintaining the balance between current festive spends and saving for the future is very important.

Even as the season does see a spike in expenses, I am very conscious that I don't go overboard because that's not an example I want to set for my children. We spend to a budget and the same goes for our children. It's important to keep children embedded to practical realities in preparation for their future.

In terms of investments, I don't buy gold because it doesn't make any investment sense for me. Of course, gold is bought as jewellery but this purchase can happen anytime of the year, what I do instead on Diwali is that I make sure I put away lump sum money earmarked for my children's education. This could be a part of the money lying in the bank or any windfall gain.

Lastly, this is also a time when you want to share the festive spirit with your domestic staff and a lot of households give bonuses. We do too, just that my wife uses this time to have a money chat with them to make sure they won't squander it off but use it to fund their children's education.

EXPERT SPEAK

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