

BOOST FOR EQUITY MARKETS

EPFO Crossing the Rubicon, to Invest in Equities

With inflows expected to be close to ₹1 L cr this year, investment pegged at ₹5,000 cr

Our Bureau

Mumbai: For the first time in its 64-year history, the Employees Provident Fund Organisation (EPFO) started investing in equities as an asset class, marking a watershed in the history of the country's financial markets.

The state-run pension fund, which has thus far stuck to safer debt instruments, is looking to ensure that it can preserve returns to subscribers via this move.

The EPFO has the option to invest every month or pay a lump sum when it feels it's appropriate

EPFO SHOULD DIVERSIFY
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"It was time to bring innovation in the way the funds of EPFO are managed," Bandaru Dattatreya, minister of state for labour, said on Thursday announcing its stock market debut.

"EPFO has taken its first step to enhancing its return by investing in equities."

A notification to this effect had been issued by labour ministry based on a finance ministry directive, which called on EPFO to invest 5-15% of its incremental corpus in equities.

EPFO's central board has decided to stick to 5% this fiscal and decide on raising this based on how things pan out.

The First Step

₹8.5 LAKH CRORE
Total EPFO Corpus

₹1 LAKH CRORE
Incremental flows expected every year

5% OF INCREMENTAL INFLOWS
Amount to be invested in ETFs every year

₹5,000 CRORE
Expected amount to be invested in coming year

Products To Be Invested In
SBI Mutual Fund Nifty ETF, Sensex ETF and new fund offers of any CPSE ETFs to be launched by govt

Breakup of Investments



Nifty Returns (Annualised)



Markets No Longer Fear Fed Rate Hike



India will be able to weather Fed rate hike thanks to the rate differential between the US and India and the Raghuram Rajan's ability to keep the currency steady, reports **Salkat Das**. ▶▶ 9