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with inputs from Kashyap Vyas

Comparative chart on Fixed Deposit and Sensex, adjusted for inflation: From 1992-93 to 2011-12															
S.No.	Year	Inflation(WPI)	Value of Rs.1 (adjusted for inflation)	Value of Rs.1 Lakh (adjusted for inflation)	FD Rate	FD Value of Rs.1 Lakh	FD Value (adjusted for inflation)	Sensex	Sensex Returns	Sensex Div.Yield	Net Sensex Returns	Sensex Value of Rs.1 Lakh	Sensex Value (adjusted for inflation)	Sensex minus FD	Sensex minus FD (adjusted for inflation)
			1.0000	100000		100000		4285				100000			
1	1992-93	10.06%	0.8994	89940	11.00%	111000	99833	2281	-47%	0.98%	-45.79%	54212	48758	-56788	-51075
2	1993-94	8.35%	0.8243	82430	10.00%	122100	100647	3779	66%	0.68%	66.35%	90184	74338	-31916	-26309
3	1994-95	12.60%	0.7204	72044	11.00%	135531	97642	3261	-14%	1.13%	-12.58%	78841	56800	-56690	-40842
4	1995-96	7.99%	0.6629	66288	12.00%	151795	100621	3367	3%	1.50%	4.75%	82586	54744	-69208	-45877
5	1996-97	4.61%	0.6323	63232	11.00%	168492	106540	3361	0%	1.53%	1.35%	83703	52927	-84789	-53614
6	1997-98	4.40%	0.6045	60449	10.50%	186184	112547	3893	16%	1.80%	17.63%	98458	59518	-87726	-53030
7	1998-99	5.95%	0.5685	56853	9.00%	202940	115377	3740	-4%	1.38%	-2.55%	95947	54549	-106993	-60828
8	1999-00	3.27%	0.5499	54994	8.50%	220190	121091	5001	34%	1.14%	34.86%	129392	71157	-90799	-49934
9	2000-01	7.16%	0.5106	51056	8.50%	238906	121976	3604	-28%	1.83%	-26.10%	95615	48817	-143292	-73159
10	2001-02	3.60%	0.4922	49218	7.50%	256824	126404	3469	-4%	2.14%	-1.61%	94079	46304	-162745	-80100
11	2002-03	3.41%	0.4754	47540	4.25%	267739	127283	3049	-12%	2.14%	-9.97%	84702	40267	-183037	-87016
12	2003-04	5.46%	0.4494	44944	4.00%	278449	125146	5591	83%	2.01%	85.38%	157022	70572	-121427	-54574
13	2004-05	6.48%	0.4203	42032	5.25%	293068	123181	6493	16%	1.58%	17.71%	184836	77690	-108232	-45492
14	2005-06	4.50%	0.4014	40140	6.00%	310652	124696	11280	74%	1.35%	75.08%	323602	129895	12950	5198
15	2006-07	6.60%	0.3749	37491	7.50%	333951	125201	13072	16%	1.10%	16.99%	378571	141930	44620	16728
16	2007-08	4.67%	0.3574	35740	8.25%	361501	129201	15644	20%	1.29%	20.97%	457940	163669	96439	34467
17	2008-09	8.06%	0.3286	32860	8.00%	390422	128291	9708	-38%	1.43%	-36.51%	290727	95531	-99695	-32759
18	2009-10	3.81%	0.3161	31608	6.00%	413847	130807	17527	81%	1.12%	81.66%	528140	166932	114293	36125
19	2010-11	9.56%	0.2859	28586	8.25%	447989	128062	19455	11%	1.32%	12.32%	593207	169574	145218	41512
20	2011-12	9.00%	0.2601	26013	9.00%	488308	127024	17404	-11%	1.49%	-9.05%	539509	140343	51200	13319

Annualized return of Sensex: 8.79%
Annualized return of FD : 8.25%

As on March 31'st 2012:

Rs.1 Lakh invested in Sensex 20 years ago is Rs.5.39 lakhs today. After adjusting for inflation it is worth Rs.1.4 lakhs today

Rs.1 Lakh invested in FD 20 years ago is Rs.4.88 lakhs today. After adjusting for inflation it is worth Rs.1.27 lakhs today

Rs.1 Lakh kept as cash 20 years ago is worth only Rs.26 thousand today in terms of purchasing power

Notes in the next page

Notes:

- 1 Inflation (WPI) and Fixed Deposit Data source: RBI
- 2 Inflation for 2011-12 alone is assumed number as the data is yet to be available
- 3 Sensex data from 1992-93 is from BSE website. Dividend yield is available for calendar year only in BSE site and is taken as it is.
- 4 Despite investing in euphoric market and redeeming it in a bear market; long term returns are still superior to FDs
- 5 FDs are taxed on a yearly basis, based on accruals. So the return would be much lower than above.
- 6 So despite tax or otherwise; Sensex scores better even if we compare a point to point long term return where scenarios are extremely different.
- 7 **Still the best way would be to invest regularly and not at one go especially getting greedy in bull market. Long term, even in this way, should not be <= 10 years**
- 8 **Lump Sum investments may be made when valuations are relatively attractive and avoided when it is relatively expensive.**