INDIAN
STOCK MARKET JOURNAL
EMPOWERING TRADERS AND INVESTORS

Outlook

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FROM THE CEO'S DESK

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Dear Readers,

Among many things happening in India, it was the Lakhimpur case that caught all the recent attention. Another thing that was in the headlines was Aryan Khan's arrest by NCB. We hope things settle down soon.

In this edition of ISMJ, we have brought you the details of Muhurat Trading 2021. Also, in the edition, we talked about how Zuckerberg Falls on Billionaire List in Just in Few Hours of his Apps Being Down.

Along with all the topics deemed to be the future of markets, we also bring you Stock Market Outlook and how Nifty and Bank Nifty are expected to move in the upcoming months. Hope you learn and grow.

We would like to thank you for appreciating our previous editions with your kind words. We would love to have your continuous feedback so that we improve our work. Please feel free to write to us at support@equitypandit.com.

Happy investing!

Abhishek Parakh
CEO & Managing Director
EquityPandit Financial Services (P) Limited

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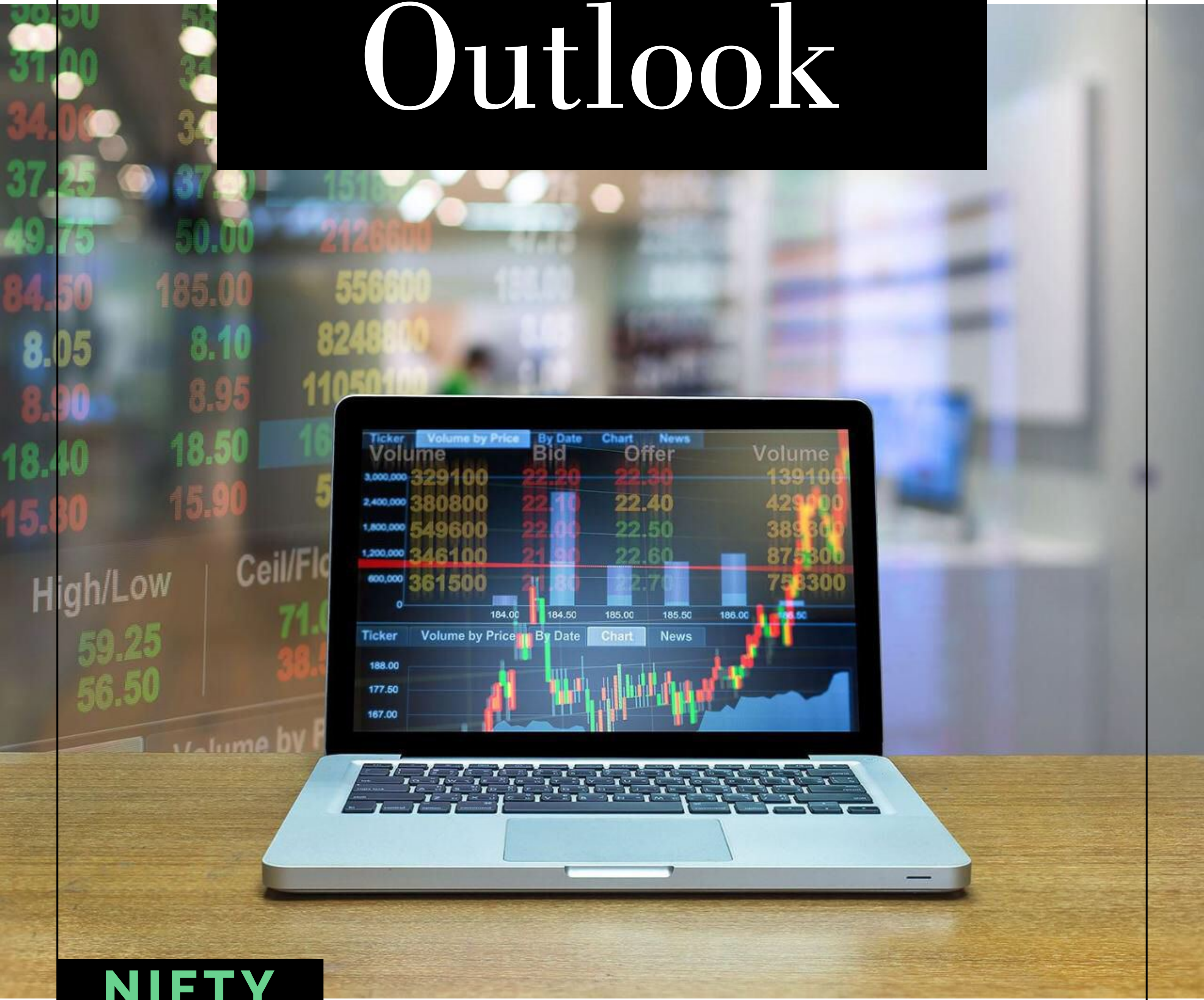
Stock Market Outlook



NIFTY

The previous two months were breathtaking for the Indian equity market. Even since the break out from 17950 levels, it was till 5th consecutive day wherein we have seen continued upside momentum. However, the past two-day market witnessed some corrections. We have posted the Daily chart of the Nifty and Bank nifty index. From the technical view, the Nifty index formed a Bearish Engulfing candle at the top. The appearance of this kind of candle at a higher point indicates that there may be a possibility that the market marked Tuesday's session high near 18600 as an immediate short term top. The daily chart's Relative Strength Index (RSI) is 67 and shows negative divergence against the price.

We have applied Fibonacci Retracement on the daily chart to identify the support and resistance levels for the index. Now, over the coming days, 18250-18740 will be the range of the Nifty index. If the index Breaks above the 18600 level strongly, it can move towards 18740 levels, which is 261.8% of the Fibonacci range. On the downside, 18250 can act as an immediate support level from hereon. In case of a break below the 18250 level, it will take the price towards 17950 levels. The stock-specific action continues, and hence, traders are advised to keep focusing on such theory.

[redacted]

[redacted]

BANKNIFTY

We have seen the chart was a bit overstretched at higher points. Hence a correction was seen in the indices. According to the technical chart, the immediate support level for the banking index is placed at 39300 level. Any break below this level will see more weakness towards 38800/ 38400 levels. On the other side, if the index moves up, the key resistance levels to watch out for are 40000/40800. The Relative Strength Index (RSI) on the daily chart is 70, indicating an overbought zone. In the scenario, 'buy on dips' will be a preferred strategy for the upcoming days.

UPCOMING TRADING HOLIDAYS

Diwali Laxmi Pujan

November 04,2021
Thursday

Diwali Balipratipada

November 05,2021
Friday

Gurunanak Jayanti

November 19,2021
Friday

Zuckerberg Falls on Billionaire List in Just in Few Hours of his Apps Being Down

When apps utilised by billions of people globally were shut, lives were obstructed, companies were disconnected from clients — and some Facebook workers were locked out of their workplaces.

It seems like "someone had disconnected the cables from their data hubs all at once and detached them from the internet", illustrated web infrastructure company Cloudflare.

The Company's Revenue Was Dropping Every Second Its Platforms Were Offline

Data indicates that Mark Zuckerberg, founder and CEO of Facebook, suffered about $7 billion, and Facebook marked $40 billion in market capitalisation washed out because of the outage.

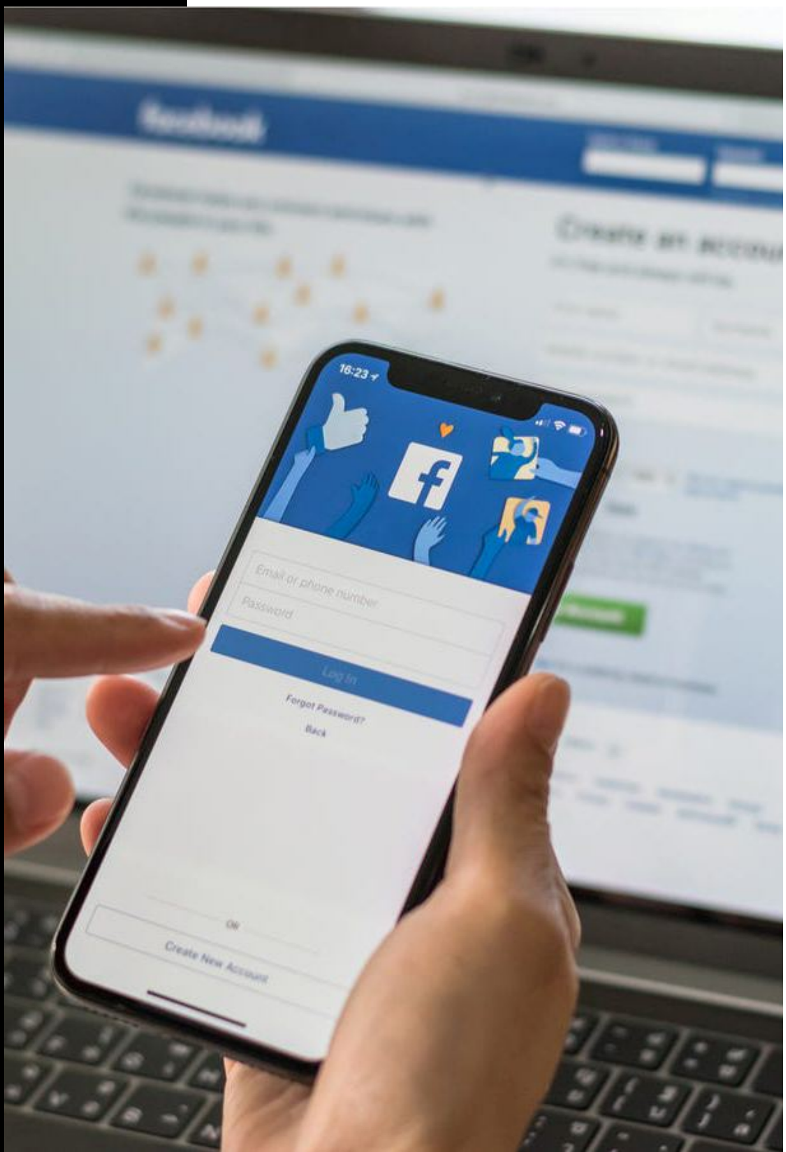
The social media blackout affected millions of people over the globe, as well as Facebook CEO Mark Zuckerberg himself. According to reports, Mark Zuckerberg suffered a loss of approximately USD 7 billion as Instagram, Facebook, and WhatsApp stayed down for several hours.

All three social media apps, Instagram, Facebook and WhatsApp, were not in service for almost six hours, ending up being one of the most prolonged social media blackouts in history. Because of this outage, Mark Zuckerberg, the CEO of all three platforms, suffered significant losses.

The CEO fell to 5th place in the billionaires' record as the three apps stayed down for hours. Now, Zuckerberg's net worth stays at about 121.6 billion dollars, and he has fallen below Bill Gates in the billionaire's record.

It wasn't the trifling matter of a social networking platform going out for a brief period. When Facebook went out globally for about 6 hours on October 5, it ended up in a frantic scramble to get a fix and the origin of the interruption. The immensity of the outage was intensified because the most common messaging apps in the world, Instagram, WhatsApp and Messenger, and Facebook Workplace, also stopped running. Facebook finally announced that a configuration switch to its backbone routers was the basis for services to go out. It wasn't hacked, the social media giant emphasised. Mark Zuckerberg and Facebook have then expressed regret for the inconvenience caused by the unexpected disturbance. Though, the human or technical failure has caused more than just inconvenience to the crores of Facebook app family users worldwide.

As per cybersecurity watchdog NetBlocks, the damage of this interruption was around the value of $160 million to the global economy. The Cost Of Shutdown Tool (COST) calculates the loss effected by an internet disruption utilising precise indicators from World Bank and the ITU (International Telecommunication Union).



Facebook's share value dropped, and data indicates that Mark Zuckerberg, founder and CEO of Facebook, suffered around $7 billion, and Facebook lost $40 billion in market capitalisation. "Our engineering teams have learned that configuration changes on the backbone routers that coordinate network traffic between our data centres caused issues that interrupted this communication. This disruption to network traffic had a cascading effect on the way our data centres communicate, bringing our services to a halt," stated Santosh Janardhan, vice president of Infrastructure at Facebook.

The Technical Aspect

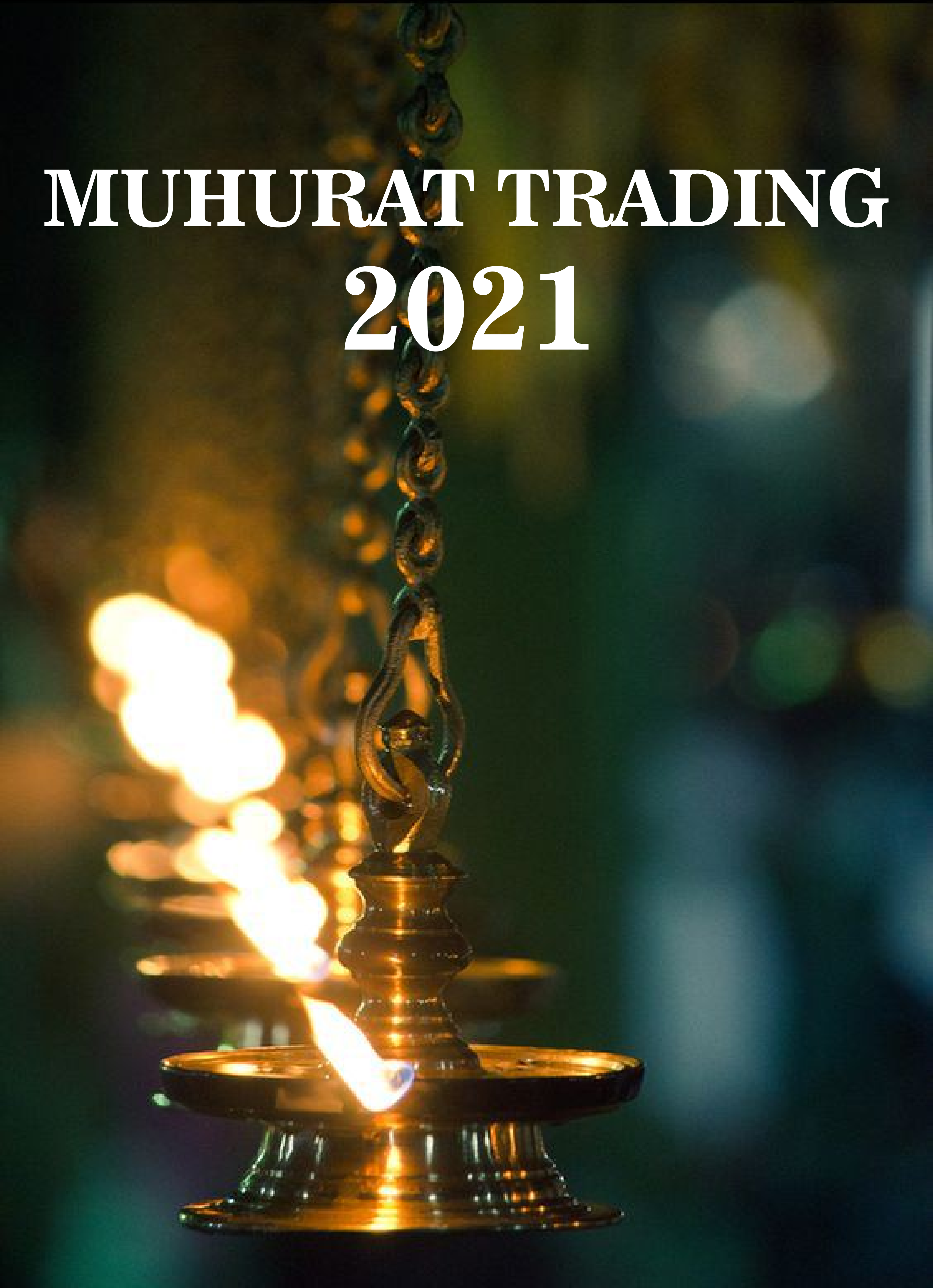
Facebook has more than 2.89 billion regular online users, of which more than 340 million are from India. WhatsApp has over 2 billion normal online users, Facebook's Messenger app has a 1.3 billion user base, and Instagram has more than 1.3 billion online users. The demography affected by this configuration problem is enormous and on a global range. And that is before we add the millions of marketers and small and medium enterprises that depend on Facebook's group of apps for their living. WhatsApp Payments app was also not operative. Facebook Workplace, the company's enterprise communications website with more than 7 million consumers, was also not working. This suggested organisations which use Workplace were limited in internal communications.

Facebook states that a configuration switch, most likely caused by an engineer, affected the backbone routers that join the data centres to the internet. There are no additional specifics, with the only conclusion being that Facebook's systems could not interact with others or the internet. No attempt was made on its servers, and none of the

user data was affected. While the configurations were being performed remotely, Facebook engineers rushed to one of its central US data centres in California to recognise the magnitude of the issue and get a fix. With the interruption effectively taking down internal company systems as well, access was also a difficulty.

The Facebook and app family interruption also involved services like Sign In With Facebook that so many people use on third-party platforms and websites, which were also affected. With no space for these services to validate your credentials with a Facebook server at the moment, users were locked out on more than just the Facebook app or Instagram. All Facebook apps, like Instagram and WhatsApp, have the same infrastructure. If one turns down, everything else will also be unavailable to consumers. Facebook has undergone an outage in June as well, but that wasn't of the same degree.

MUHURAT TRADING 2021



Muhurat trading is the auspicious stock market trading for an hour on Diwali (Deepawali). It is a symbolic and old ritual that has been retained and observed for ages by the trading community. As Diwali also marks the beginning of the New Year, it is believed that muhurat trading on this day brings n wealth and prosperity throughout the year.

As per NSE:

Market Schedule	Start Time	End Time
Equity		
Pre Open *	6:00 PM	6:15 PM
Normal Market	6:15 PM	7:15 PM
Closing Session	7:25 PM	7:35 PM
Derivatives		
F&O, Currency(CDS), MCX	6:15 PM	7:15 PM

*Random closure in last one minute

Investing Myths Busted

Investing your funds is all about building wealth and ultimately, over a period, touching a point where you can increase your earnings with it.

While there are several alternatives to do this, you should have the basics cleared.

It can also be remarkable when you are about to start this course. To assist you to begin, or if you are now investing, three myths need to be dismissed for supporting your course-correct.

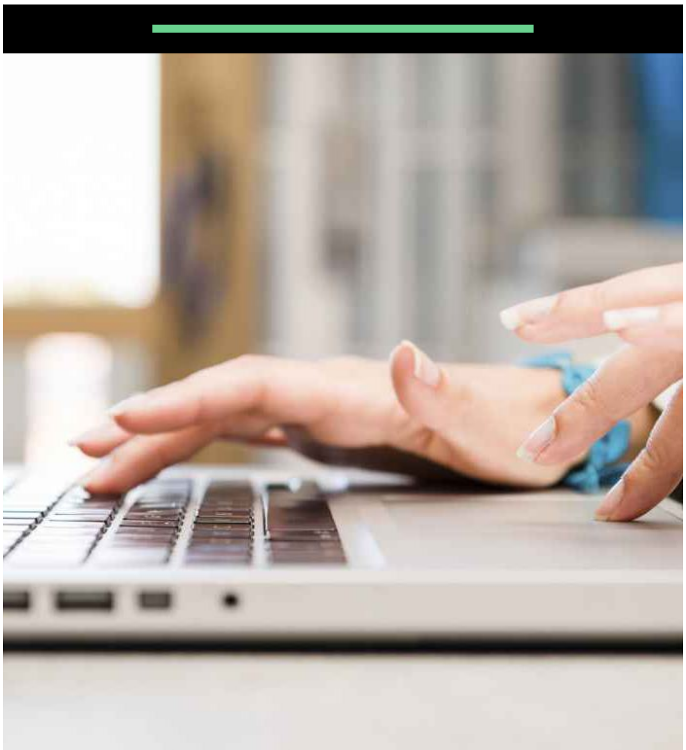
1 You Require A Considerable Amount To Start With

This was the situation some decades ago when real estate was the popular investment asset. Still, with the development of financial securities like bonds, stocks and mutual funds, you can start with much fewer amounts. A specification that mutual funds provide, systematic investment plans (SIPs), enables you to finance as low as Rs 500 a month. You can begin that with an opening investment of Rs 5000.

That's only a large amount, and you get way to assets like equity – both national and global, fixed income and even gold.

2 Broking Account is Mandatory

If you wish to buy equity stocks, you require a broking account and a Demat account, but this is not needed to begin investing in equity mutual funds with the least amount stated above. Mutual funds, instead, spend in a portfolio built up of stocks and/or bonds. This has the advantage of you getting exposure to the needed assets without the help of a broker or the risk of short-term vulnerability in equity assets and liquidity of bonds.

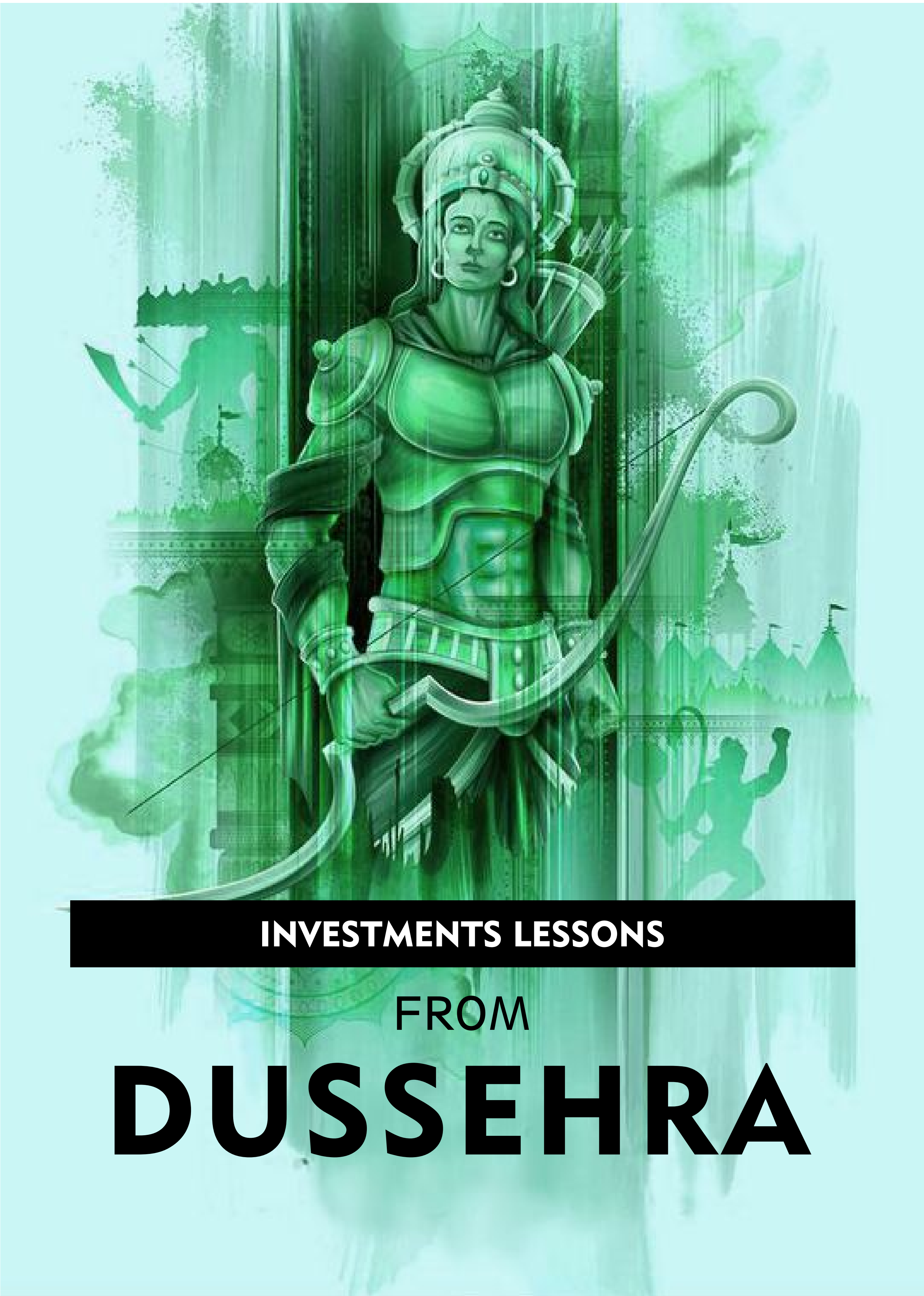


3 Investing Has No Cost

Thanks to the effectively free broking accounts and the 'no cost' fixed deposits, one begins to think that all kind of investing is available for free. But that's not the situation. While you are probably spending a minimal amount as a mandatory charge for a broking account, your actual cost is welcoming the vulnerability risk of investing straight in equity. Also, in fixed deposits, the damage is the lower return you get which doesn't even cover inflation (at present) and proves to be a negative real return investment.

The price of buying mutual funds is a yearly charge, and you give that for having expert fund managers handle your funds and considering the regular plan for your advisor. The charge varies from 2.5% annually for equity funds to 1% for fixed income plans and 0.5% for money market plans. Charges reflect the advantage of the service or the value that the product supplements to your financial portfolio. An investment that you believe is free may end up taking a very high risk. Therefore, it's always suggested to analyse charges and then decide investment choices. Nothing is free.

Believing in myths regarding investment can make you make bad choices of financial products. Forget about these and analyse the options available beginning with low sums, without broking account and provided with transparency in charges, now there is no way for you to stay off from investing.



INVESTMENTS LESSONS FROM DUSSEHRA

Dussehra is widely known to honour the victory of excellent over evil with much pomp and enthusiasm. While Dussehra may be a time when eternal hope rises within the good that exists in humanity, it also brings with itself some critical lessons you'll implement to your financial plans to possess a far better grip on your finances and plan for a far better future. Read 5 Key financial lessons to find out from Dussehra here;

That's only a large amount, and you get way to assets like equity – both national and global, fixed income and even gold.

Let's understand how sound financial planning and Dussehra are connected:

1 Destroy The Evils On Your Wealth Creation Journey

The festival of Dussehra marks the victory of fantastic over evil. During the Lanka war, Lord Rama and his army encountered various hardships to realise success. Watching the festival from a finance and investment perspective offers the vital lesson of riding away from all the causes that pose a hurdle in our journey towards financial planning and wealth creation. Surmounting Mastercard debts, reckless expenditure, timing the market, booking losses, and many other hurdles are the important enemies of our wealth creation journey.

2 Live A Disciplined Life

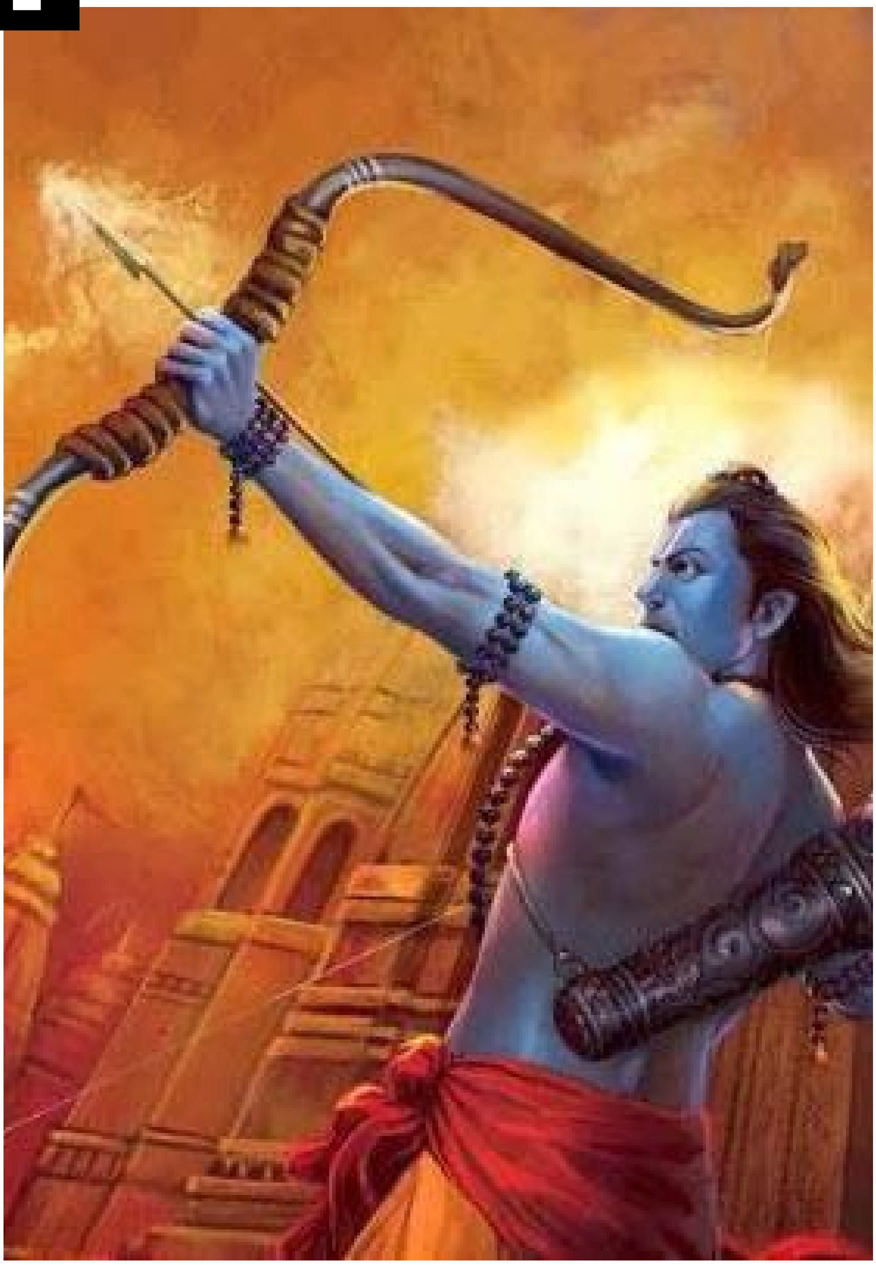
The advocacy of 'Dharma' or righteousness by Lord Rama emphasised the importance of being upright, responsible and disciplined in life. While in exile or during the Lanka war, Lord Rama didn't deter living a lifetime of frugality. You'll also learn to live in but what you earn. By saving wisely, spending cautiously and investing smartly, you'll apply financial discipline to cater to your current and future needs also as your family's needs. A method of teaching and nurturing

financial discipline within you is by firmly following a budget, avoiding binge-spending within the most negligible costs and investing during a daily pattern, possibly in ULIPs and Endowment Plans.

3 Lead A Lifetime Of Patience And Perseverance

When Ravana abducted Sita, and thus the Lanka war broke out, Lord Rama fought patiently and persevered and never thought of abandoning or seeking out shortcuts. In your life, too, you'll face financial hardships. Otherwise, you'll find it difficult to avoid unnecessary expenditure. As an investor, you will get impatient while watching your money grow. The market ups and downs can test your patience to its extreme, forcing you to quit investing anymore and derail you from achieving your financial goals. If you invest your money in Edelweiss Tokio Life – Wealth Plus and await it to grow, it'll provide you with huge returns. Not just returns after maturity, it'll also provide you with a life cover. Edelweiss Tokio Life Wealth Plus provides you with a reliable investment + life cover + tax savings + Additional Allocations + Rising Star Benefit for your child. It's a Unit Linked Insurance Plan that takes care of your family's financial security and helps you accumulate wealth.

4 Protecting Your Finances



The festival of Dussehra symbolises the faith in defeating all kinds of evil to protect humanity on Earth. By saving or securing your finances, the message is to form a financially sound future and shun all evils which can affect your financial well-being. You'll protect your hard-earned money from draining by putting it to good use; within the type of investments or insurance plans. Also, maintaining a contingency fund that helps battle your emergency needs can prevent you from consuming your savings or taking loans.

5 Cheers To New Beginnings

The Lanka war of 14 days marked the defeat of evil and paved because of newer paths. Upon returning to Ayodhya with Lakshmana and Sita, Lord Rama was crowned because the King of Ayodhya and Vibhishana was crowned because the new king of Lanka. The events during the Lanka war and thus the subsequent victory of Lord Rama brought a replacement lease of life by starting afresh. So, it's never too late to tread on a path of monetary freedom. You'll begin by chalking out a budget that suits you the only.

Dussehra signifies the victory of excellent over evil. The 'vadh' or end of all that's bad and therefore the beginning of latest things is widely known on this auspicious festival. Tons of individuals decorate their homes, invite relatives and friends to celebrate this joy among them. Here are five investing lessons one should learn from this festival.

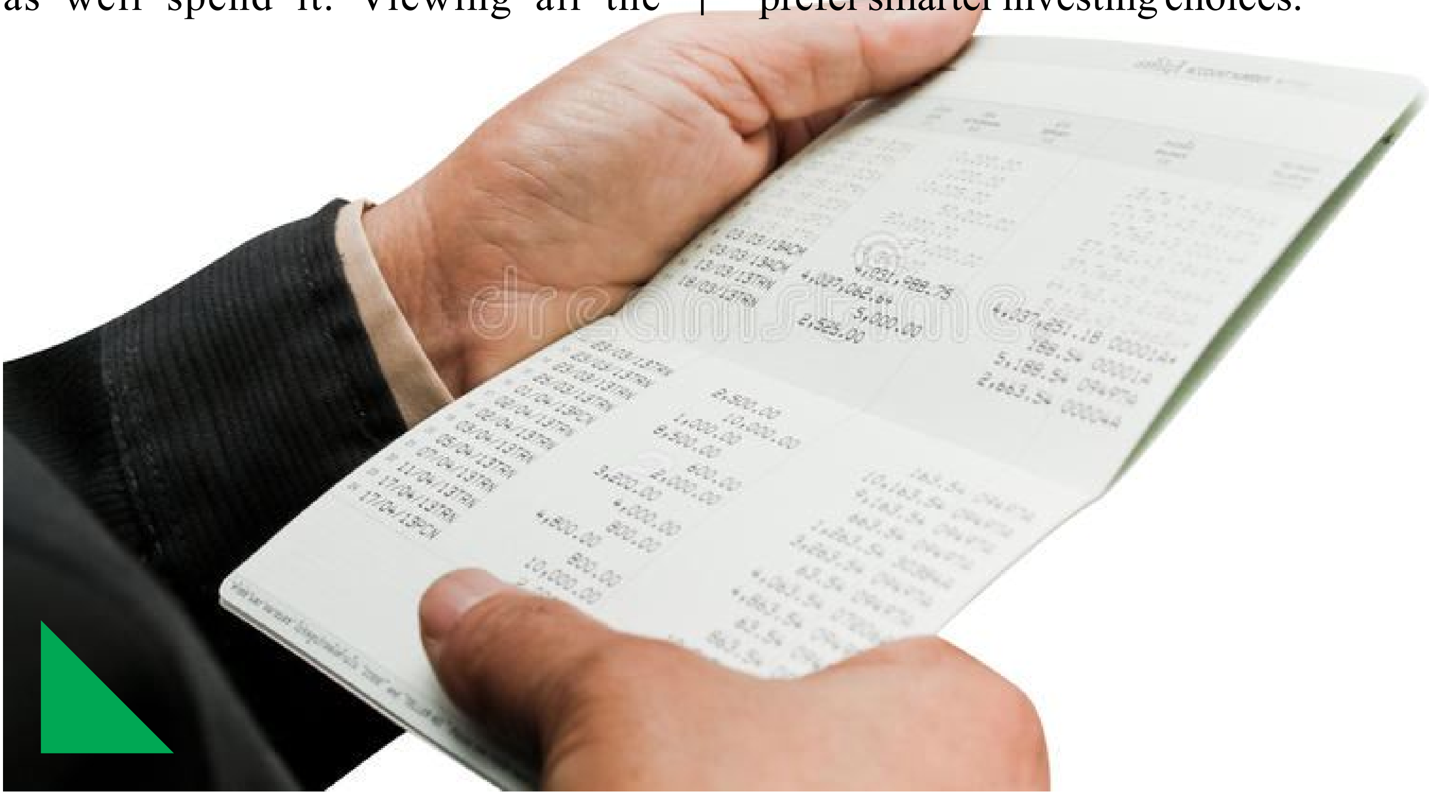
IS IT A GOOD IDEA TO KEEP YOUR MONEY IDLE IN A SAVINGS ACCOUNT

A significant public sector bank now gives 2.75% a year on funds lying in your savings bank account; last year, they gave approximately 4% a year. If you happened to create a fixed deposit with them, you would get 4.4% every year on which you'll pay tax also. This is a truth in the low-interest rate policy of today, and there isn't anything we can do to improve it.

A bigger problem is that the funds resting in your savings bank account are always there for spending. You are not making much out of it, so you might as well spend it. Viewing all the available funds also gives a wrong feeling of security, almost like you don't require to hold on to it for your financial fate.

The reality is that you require the funds for your future and that you require to increase the value of that cash rather than allowing it to deplete in the bank. I say depleted because, at near to 6% inflation or rate rise in the economy, it's evident that if you let your funds rest off in the bank, its actual value is dropping, not rising.

What can you do to improve this? I prefer smarter investing choices.



Short Term Requirements

Keep sufficient money in your bank account to provide for 3-6 months' value of expenses. If that too will be intriguing and you feel like you might end up using it all, then substitute anything you require for more than two months into liquid funds.

Liquid funds are the mutual funds with the lowest risk where you can store money and earn a slightly bigger return than a savings bank account will provide you, and you can withdraw at a day's notice. Liquid funds are another option for a savings bank account for funds you require to keep aside for 3-6 months.

Then plan on what you may require, say for the following 1-3 years. These are also essentially funds that you will not wish to risk and, therefore, invest in debt funds. Still, choose from the option in debt funds you intend to fund for a somewhat more extended period. Short term return funds are the more reasonable choice here. The profits you earn are more as compared to your bank account with more favourable tax efficiency.

Begin Regular Long-Term Investing

Strangely, all the funds in your bank account (except if you have already started investing) will be required for expenses in the next 3-6 months or the next 1-3 years. There is bound to be a part you can put aside for the future but cannot decide where.

First, try to determine what this amount is, which you are not supposed to spend in the foreseeable future.

Then split it up into smaller amounts and regularly invest in an investment option that can benefit you to build long term wealth. Fixed monthly investment in an equity mutual fund will help you utilise that excess cash resting in the bank sensibly into long term wealth creation.

The central part is deciding how much you can keep aside from savings and how much you regularly add to it. Make sure you give enough thought while determining this amount because for future investments to create value, you must keep them to compound or grow for at least 10-15 years.

After a year or two, coming to know that you require these funds and withdrawing them out of the investment will harm the investments.

There is so much you can do to categorise your funds more productively and make it work harder. Taking the first step towards knowing your requirements now and in the future, is necessary to achieve better returns. Considering that your bank savings account is only consuming the value of your funds, it's undoubtedly worth your effort to do the calculation and begin investing your funds more profitably.

Consider the beginning of this festive period, a reason for you to be attentive to your hard-earned money and don't let it rest where it doesn't belong.

INFLATION HISTORY OF INDIA

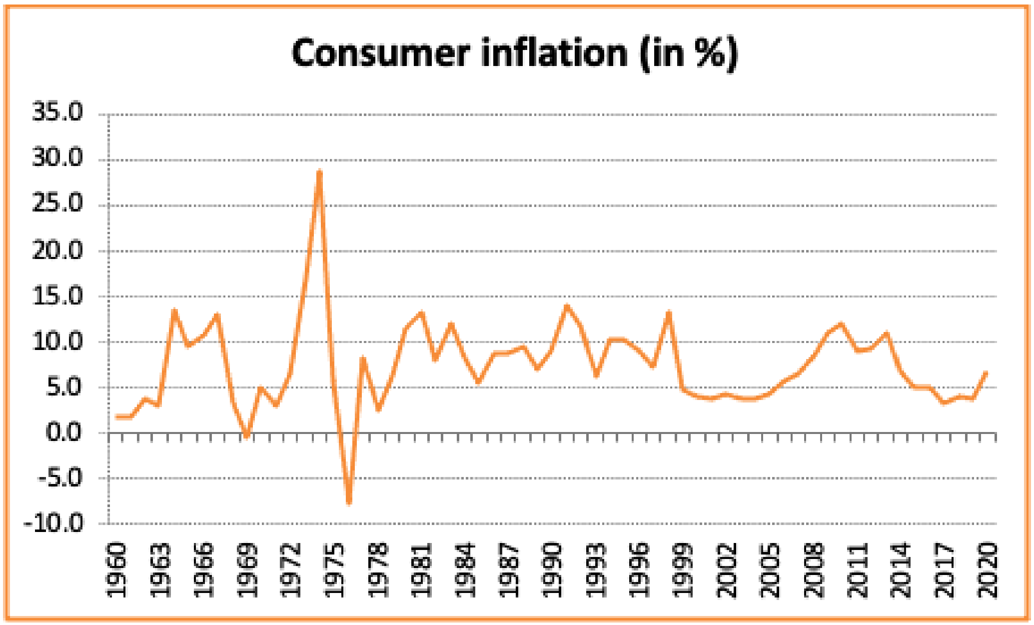
While having dinner, parents often talk about the past. Once, my dad said, "In the 70s, when we saw the Bollywood movie, Amar Akbar Anthony, in the cinema hall, the ticket price was only Rs 4.5". I immediately added, "Now, it takes Rs 200 or more per ticket at the theatre!".

During the last 46 years, the ticket rate was increased by 45 times or 8.6% every year; this statistic shocked everyone gathered for dinner.

Inflation is nothing but such a rate of rising prices every year. Also, we hear about consumer inflation-the difference in the price level compared to the last year – of a basket of consumer products.

Every wealth creation plan needs sensible theories on inflation expectations. It works as the hurdle rate for the portfolio profits to cross to protect wealth.

Let's have a glance at some historical trends of inflation in our country.



The 1950s
All Was Going Well

After achieving freedom in 1947, for the entirety of the 1950s, the inflation stayed subdued – averaging at most 2 per cent.

The 1960s
War And Scarcity Effect

India withstood two wars – with China (in 1962) and Pakistan (in 1965) – which diverted government funds towards defence as facing industrialisation or economic growth.

Furthermore, twin droughts in 1965 and

1966 resulted in critical food shortages and stoked food inflation. From 1964 to 1967, prices increased at double-digit numbers. Though, inflation cooled down by the end of the decade and was even hostile in 1969, supported by a bumper crop and Green revolution actions.

The 1970s
Huge Rises

The 70s were possibly the most disturbed period in considering inflationary risk.

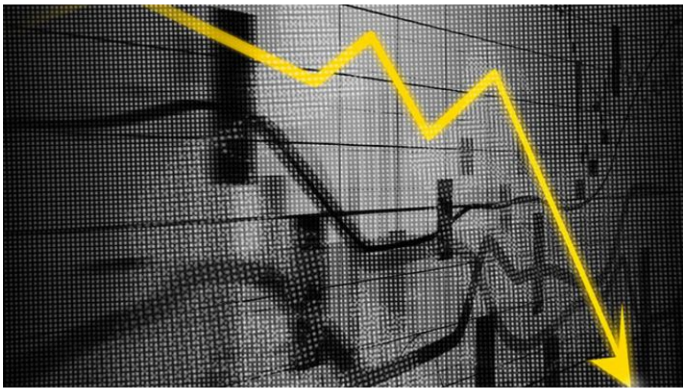
Breaking record since independence, inflation passed 20% in 1973-74. Higher dependency on oil imports increased domestic fuel prices, with spillover results on other consumer products. When crude oil prices moderated, the drought of 1979-80 raised inflation rates.

The 1980s
Printing Money

The central government's financial shortfall – the difference between the revenues and spends – increased from 3.8% of GDP in the 1970s to 6.8% in the 1980s. And this financial difference was matched by printing more money, which resulted in in-demand pressures and inflation.

Furthermore, there were abnormalities in the foreign account with increasing current account debts (more imports than exports) after partly changing the international business in the 1980s.

The 1990s
Effect After Reform



A critical economic disaster occurred in 1991 triggered by a balance of payment problem arising from an adverse consequence of high fiscal and current account deficiencies of the 1980s.

It commenced sizeable foreign capital inflows in the initial years resulting in a higher financial extension in the economy. Inflation remained high for the next few years, i.e. from 1992-1996, when it equalised 9.5 per cent. It came down sharply later by 5.4 per cent following the next decade (1996-2005) as fundamental reforms commenced bearing fruit. Despite the drought of 2002-03, the sufficient delivery of surplus stock of food grains kept stability on food prices.

The 2000s
And Ahead, High Persistence

2003 onwards, when the economy began growing at 7% plus annually, inflation crawled up. It culminated in the inflation rate passing double digits in 2009 and 2010, following crude oil costs hit an all-time high of $ 147 per barrel in July 2008.

Shockingly, despite the 2008 global financial crisis, inflation couldn't cool off. Between 2008 and 2013, inflation equalised 10.1% p.a because of the increasing worldwide oil and metal prices. The drought of 2009 stoked food prices while increasing demand for protein-based foods like eggs, fish and milk (thanks to rising per-capita income levels) produced protein inflation of a fundamental nature.

To put the market back on track, the government declared various fiscal stimulus packages in 2008 and 2009, which raised the fiscal deficit again, thereby putting stress on prices. Yet, since 2014, inflation levels have been falling with the economic slowdown and since demonetisation and GST rules got executed.

What To Assume Going Ahead?

After the reforms of 1991-92, consumer inflation has equalised by 7%. Lately, in discussion with the RBI, the government held the inflation target at 4% for the five years (FY 2022-2026) with the lower and upper-end levels of 2% and 6%, respectively.

Therefore, one can assume consumer inflation to be 4-6% yearly over the medium term. RBI might grant measures to bring it within the tolerable band of 2-6% if it begins rising further. But, if history is any indication, inflation can also be persistently soaring despite monetary or fiscal measures, as it occurred during 2008 and 2013.

Therefore, it might be reasonable to expect a 7% consumer inflation probability while managing investment tactics. Also, consider your family's substantive spending manner when determining inflation expectations for your investment plans.

THINGS TO AVOID WHILE TAKING A HOME LOAN

Purchasing a property is one of the most important financial choices that one makes in their life. It's essential, therefore, not to hurry through the decision making period. By being informed of the below-mentioned mistakes that people usually make while getting a home loan, you can make reliable decisions:

EXTENDING YOUR BUDGET

Maybe the Joneses effect has something to do; people usually hop on the bandwagon to purchase a home without being financially ready for it. Most of the banks require a minimum down payment of 20% on the value of the property. Still, that doesn't indicate that you shouldn't save more. An essential suggestion is to acquire 40% or more – which will only reduce your financial burdens. Till you beat the target, keep saving.

Housing finance firms increase loan tenure to lessen EMI for their clients. Some tenures are as long as 30 years. Though, choosing a tenure of more than 15 years doesn't make financial sense.

For example, EMI of Rs 50 lakh loan with 7 per cent is Rs 58,054 and with a 10-year loan, 44,941 with a 15-year loan and Rs 38,765 with a 20-year loan. It decreases only to Rs 35,339 and Rs 33,265 for 25 and 30 years, respectively. For every five more years of loan taken, EMI drops sub-optimally past 15 years.

Not least, assure your home loan EMI is not more than 35% of your total monthly income.

BELIEVING IN TEASER RATES

Very often, lenders attract borrowers with seemingly jaw-dropping lower interest rates on loans. Usually, it is only for the beginning years, and then the rates are jumped up or matched to market-linked rates. Or it may be relevant only for small loans or women clients.

So, do some research and verify if the interest rates are comparatively low for you. Further, you are required to factor in other charges – processing and administrative charges, legal charges, conversion fees, prepayment charges and many more. It could, unfortunately, raise the borrowing rates for you.

Floating rate loans usually are more affordable than fixed rates (partly fixed, that is), and that is because you go through the entire risk of the variations in the interest rate in the market. So, be equipped for the extension of loan tenures – if interest rates climb up.

NOT PREPARING FOR AN EMERGENCY FUND

Before you proceed with a home loan, prop up your emergency fund. If the standard thumb rule is to hold up to six months of monthly expenses, make it up to 12 months. If you are not prepared with life or health insurance, make sure you do so. Life insurance will secure your near and dear ones not overloaded with debt in case of death. Any medical crisis can also affect funds and make you financially unprotected. So, also get necessary health insurance.

Besides, in these pandemic circumstances, practice caution and wait for everything to stabilize before initiating long-term financial commitments.

MISS CREDIT SCORE

Most banks provide a loan according to your credit score. The higher the credit score, the lower are the interest rates.

So, look into your credit report, inspect any disparity, and improve it at the quickest with the credit rating firm. If your account levels (say consumer and vehicle loans) are huge, repay it. Maintain overall credit levels under 30% at all times. Achieving all this will enhance your credit score over some time. Also, assure you don't skip any due dates for a credit card or EMI payment that could display badly on your credit report.

BARGAINING

There is always little room to negotiate with the moneylenders, particularly if you have a solid credit score. They will cooperate to cut interest rates by a few basis points or skip processing or other fees. So, don't think to ask for a discount on those loans.

Likewise, consider doing a balance transfer down the line where you can transfer your existing home loan with a high-interest rate to another bank with a more affordable interest rate.

KEEP OTHER LOANS ON HOLD

If you plan for a big loan, make sure you have already paid off your other loans. If you plan to apply for another loan, make sure to do so after completing your home loan process. It's necessary because while determining your regular monthly income, other EMIs such as consumer, vehicle and education loans are paid directly from your steady monthly income. Other loans directly influence the loan amount that the bank can approve for you.

SIGNING PAPERS WITHOUT READING/UNDERSTANDING THEM

Getting a home loan is not as simple as purchasing furniture, and there are many terms and conditions and language required to be decoded. If you are at a final decision to go in with which bank, make sure you know every point of the loan papers before you go down to sign and seal it.

Review the value of the house if you can afford it from your viewpoint. Do the required due research and make reliable decisions in these challenging times.

Risks of Having Multiple Credit Cards

We usually link owning credit cards with how many bank accounts we have. Credit cards linked with bank accounts are happening thanks to selling credit cards to bank account holders. While holding multiple bank accounts can be a helpful tool for financial planning, having multiple credit cards might mess up matters other than having any benefit.

Let's know that a credit card effectively increases your spending time by providing you with about 20-50 days of an interest-free loan. What several cards offer, there's also reward points and privileges which serve you to get great deals and complimentary stuff for many lifestyles and electronic transactions that you look for.

It looks good to have a complimentary phone for your reward points or air miles or a stay. Still, handling too many credit cards is not just about reward points. Following are the points which you should be careful about.

Overspending

Every credit card you have provides you with a credit limit of at least three to four times what you spend in a month. Add all the various credit limits, and it seems like you can afford much more than what you did before you had the cards. As stated before, credit cards provide you with a loan; the credit limit is

manipulative and usually a lot more than what you can bear to use in the 20-50 day credit limit.

Typically, use the limit only, which you can manage to pay off every month after 50 days. Credit cards support you to spread your finance, not raise your affordability. Therefore, having multiple cards doesn't increase value to your financial life; it only lures you into buying more.

It would help if you never buy anything which you cannot afford with one card. A strict inspection ensures that you don't surpass 20% of your credit limit every month. If you need to do any high spending through your card to earn those reward points, then prepare and assure you will be capable of returning it entirely after the 50-day credit cycle.

Charges

If you hold back on your payments, you welcome late fees and interest charges towards your credit card bill. Since the late fee is an exact amount, the interest fees can be as huge as 3% each month on the total bill value until it is not entirely paid.

Holding multiple cards may provide a fake feeling of security to return the balance utilising your other card or turn your subsequent transactions to another card. Although this loop can only survive for a short period and ultimately, you are going to repay every penny from your savings.

If late repayments begin on multiple cards, your late fees and interest charges will increase and create more stress and difficulty. Not to state that any extended delay in returning your outstanding dues can adversely influence your standard credit score.

Credit card advantages or reward points are similar to a bonus, don't ruin your budgets and capacity to repay the dues for this. Be careful while utilising a credit card, and most of the time, you don't even require more than one card that's giving you a loan.

How many Credit Cards are ideal to have?

When it's about holding credit cards, How many is too many? Credit cards have no value. Should you have more than 2 of them? There is no one-size-fits-all answer to this question.

Important Factors

Still, looking at this, the below-mentioned points can help you approach a number that befits you.

Rewards And Bonuses

Various credit card businesses are providing sign-up rewards in the form of cashback or bonuses. Additionally, there are monthly reward programs for transactions. Such rewards pay off over the long term if you utilise them to earn your monthly household costs.
Moreover, it is nice to claim your reward points as cashback compared to a gift, as the bill ends up with poor choices and a nasty bang for the buck.

Charges And Print

Since some cards are lifetime free, some aren't. Some have no annual charges only if you use a certain amount (say Rs 4-5 lakh yearly). Therefore, Stay safe of these fees and the T&Cs.

Credit Score

A credit score is vital when borrowing, even if it is for buying an apartment or a vehicle. The better the credit score, the cheaper are the interest rates.
Having multiple credit cards, ironically, can increase your credit score. The reason is that credit bureaus that indicate credit scores to individuals consider your credit utilisation rate – determined by dividing total credit card balances by total card limits. Maintaining the credit utilisation rate below 30% benefits to have the score high. Therefore, having multiple cards can reduce the credit utilisation rate and improve the score.
Likewise, don't block an old credit card, particularly if you have paid bills on time. It could contrarily decrease your credit history and affect your credit score.

Payment History

Having a Credit Card is justified only if you are capable of aptly matching your income with expenses. Or else, it can direct you to a debt pitfall. The financial damage for delayed repayment or a credit rolling-over is significant. So, abstain from utilising a credit card if you are yet fixing your financial problems.

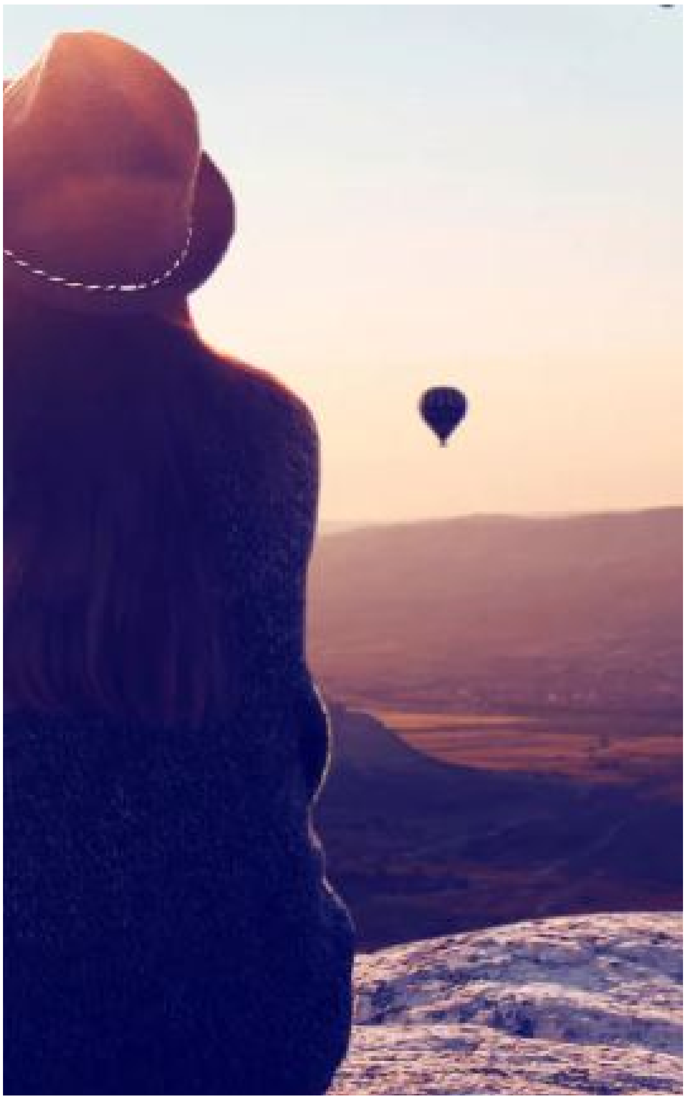
B) Shaping the appropriate choices

Once you are conscious of the costs and benefits of having a credit card, you must make the best choices.

Picking Cards

Select a primary card that grants a flat benefit like cashback on all transactions. Several cards concentrate on satisfying customers for travel, while others are for online shopping or clothes. one should pick a card based on one's lifestyle.

Similarly, don't be in a rush when filing for credit cards. Applying for more cards in a short period could lower your credit score.



Network

Further, assure you hold cards that are supported at most retail networks. Mastercard or Visa is supported at most outlets in India as opposed to American express. Therefore, if you have two credit cards, assure you diversify them beyond different networks. It could end up being a good backup in the event of a systematic or technical glitch linked to a card, machine or payment gateway.

The Ideal Number

If you don't hold a credit card yet, it is suggested to keep one. It supports creating a credit history. Once you begin showing your history and are satisfied with the method, you can think of having more.

Having multiple credits can serve in your favour only if you pay for things on time and are adept at handling more than one card. As of one, you can get benefits from various reward programs. Besides, it helps if one gets misplaced, as the method of new card issuance needs some time. You can own two separate credit cards to diversify your personal and business transactions if you have a business.

You can have three of them if you need to encourage more rewards. Still, anything more than three is not advisable.

As far as a credit card is concerned if you should be capable of handling your bills. Having multiple cards can support you to leverage different bonus programs and also diversify expenses. Still, handling more than three can get crucial.

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