

7th Pay Commission approved: 15 stocks to buy with increased salary

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The Union Cabinet on Wednesday approved the implementation of the 7th Pay Commission recommendations for higher salaries to over over 1 crore government employees and pensioners.

Equity experts believe the 7th Pay Commission may provide more disposable income in the hands of central government employees.. Hike in salary will increase their spending power and further improve the market mood.

Rising income may enable people to spend more on home, auto, FMCG and other day-to-day products which will directly enhance the growth for these sectors.

Chandan Taparia, analyst, Anand Rathi Financial Services, said, "Markets requires liquidity whether through monetary policy, fiscal policy or rise in spending power of common man or end user of the country. I believe auto, FMCG and NBFC sectors will benefit from the rise in income. Stocks such as **TVS Motors, Ashok Leyland, Dabur, DHFL, LIC Housing Finance and SKS Microfinance** will benefit from the 7th Pay Commission."

The panel had recommended an overall 23.6 per cent hike in pension and salaries of all central government employees.

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Sudip Bandyopadhyay, chairman, Inditrade Capital also believes that consumer durables, two-wheelers and other auto majors will benefit from the rise in salaries of government employes. "Stock such as **Voltas, Maruti Suzuki, TVS Motors, Hero MotoCorp and Bajaj Auto** will get a boost from the Cabinet approval on Pay Commission," he added.

Ambareesh Baliga, independent market analyst sees FMCG, white goods, 2-wheelers and entry level passenger vehicles to get benefit with the implementation of the 7th Pay Commission. "**ITC, Whirlpool and Hero MotoCorp** will benefit from the Cabinet decision." He added.

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Nikhil Kamath, co-founder and director, Zerodha said, "The implementation of the 7th pay commission will both help and deter economic growth simultaneously. While

more money in the hands of pensioners and central govt employees is bound to boost consumption, inflation could rise as a aftermath of this liquidity. The most obvious sectors which could see growth from these amendments will be the FMCG, auto and real estate sectors, stocks like ITC have been rallying in response to this policy change. Some of the stocks that could benefit from the 7th pay commission are **Maruti Suzuki, ITC, HUL, DLF and Unitech.**"