

# I-CAN COMMUNIQUÉ



I-CAN FINANCIAL SOLUTIONS

## SEPTEMBER 2020



## MONTHLY NEWSLETTER – SEPTEMBER 2020

<b>Sensex : Up 2.7%</b>	
<b>Nifty : Up 2.8%</b>	
Best performing sector: Media (22.4%)	Worst performing sector: Telecom (-3.8%)
Best performing Global index: Nasdaq (9.6%)	Worst performing Global index: MerVal (-4.9%)
Indian Rupee: 1.6%	Gold (International): 0.2%

The Indian equity indices continued their upward journey in August despite the rapidly increasing Covid-19 cases in the country. The case tally was above 36 lakh by the end of August as the economy entered the Unlock 4.0 phase and the government increased testing. What is encouraging is that India has a strong recovery rate of 77% and a low fatality rate of 1.79%.

The world over more than 2.5 crore people have been infected by the virus as on August-end. More than 8.4 lakh people have been killed owing to the pandemic. Russia registered the world's first Covid-19 vaccine and hoped to begin mass inoculation, even before clinical tests were completed. US President Donald Trump promised Covid-19 vaccine by end of the year.

The S&P BSE Mid-Cap and S&P BSE Small-Cap indices were outperformers with a return of 6.6% and 10.1% respectively. S&P BSE Sensex and Nifty 50 were up by ~2.7%. The 10-year benchmark government bond yield inched up by 24 basis points to close at 6.08%.

A Dun & Bradstreet Report stated that India could see its GDP shrink by 4.5% in 2020 fiscal, but is likely to grow at a healthy 6.3% in 2021 fiscal. A Moody's report stated that India, China and Indonesia will be the only G-20 economies to register a strong pick up in GDP growth in the second half of 2020. PwC's 'Full Potential Revival & Growth – Charting India's medium-term journey' report stated that India can achieve a growth rate of 9% over the next 3 years if friction imposed by the Covid-19 crisis is removed and key activities are fast tracked. World Bank said in its India Development Report that India needs to maintain its reform momentum to stimulate private investment and exports and reverse the current slowdown.

Factory output measured by the Index of Industrial Production (IIP) fell by 16.6% in June compared to a fall of 33.8% in May.

India's Manufacturing Purchasing Managers Index (PMI) increased from 46 in July to 52 in August. This signals a revival in production volumes in the month of August. The India Services PMI improved from 34.2 in July to 41.8 in August. A reading above 50 indicates expansion while a reading below 50 indicates contraction.

Retail inflation (measured by CPI) increased for the fourth consecutive month to 6.93% in July as food prices continued rising. Wholesale inflation (measured by WPI) fell 0.58% in July as per data by the Ministry of Commerce and Industry. This is the fourth consecutive month of decline in the

number due to softening of fuel and power prices. The Reserve Bank of India in its Monetary Policy Review announced in August decided to keep the repo rate on hold as the CPI inflation is above its comfort level of 6%.

India's trade with South Asia, ASEAN (Association of Southeast Asian Nations), the Gulf nations, China and North America reduced due to the Covid-19 pandemic.

According to Brickwork Ratings India's fiscal deficit is likely to touch 7% of GDP in 2020-21 against the budget estimate of 3.5%.

### Reforms

- Prime Minister Narendra Modi said that Rs. 100 lakh crore will be spent on the National Infrastructure Pipeline.
- The Prime Minister launched the National Health Mission under which every Indian will get a health ID.
- The Insurance and Regulatory Development Authority of India (IRDAI) asked health insurers to come up with policies specific to diseases so that a larger section of the population can be covered instead of focusing only on healthy individuals.
- All the ministries and departments have been asked to carry out an age profiling exercise by the central government. Performance of staffers above 50 will be reviewed every quarter.
- SEBI said that portfolio managers cannot impose a lock-in period for investments in portfolio management services (PMS) but can charge a fee for early exits.
- The government eased norms to offer 50% of salary for 3 months as unemployment allowance to lakhs of workers who are members of the Employees State Insurance Corporation

and lost their jobs due to the Covid-19 pandemic.

- The Income Tax Department plans to make the National e-Assessment Center (NeAC) the main gateway for communication with taxpayers. Faceless assessment scheme will be implemented starting with 20 cities.
- The Supreme Court reiterated that a daughter can claim an equal share of parental property in case of a Hindu Undivided Family (HUF).
- SEBI issued guidelines to give administrative assistance to trustees of mutual funds to help them monitor the activities of asset management companies. A dedicated officer will need to be appointed which directly reports to the trustees.
- Agriculture infrastructure projects worth Rs 1,300 crore were launched which will be executed through 2,282 primary agriculture cooperative societies.
- The IRDAI brought in various measures to ensure that insurers and policyholders are able to sell, purchase or claim insurance online.
- The Finance ministry expanded the scope of the government-backed collateral-free Rs 3 trillion emergency credit line guarantee scheme (ECLGS) for stressed micro, small and medium enterprises. It is now also open for professionals. In line with the new definition the government increased the annual turnover of companies that can avail the scheme benefit from Rs. 100 crore to Rs. 250 crore. The loan amount was also increased from Rs. 5 crore to Rs. 10 crore.
- Maharashtra government reduced the stamp duty on housing units by 3% until 31 December, 2020.

## How SEBI's New Margin Trading Rules Impact You



Since the Covid-19 pandemic broke out there has been heightened activity in the Indian stock market and a lot of retail investors have started participating in the secondary market. The capital market regulator SEBI will implement new margin trading rules in a phased manner between 1 September and 1 December, 2020. It is important for stock investors to understand the implications of the new rules.

SEBI aims to bring in more transparency and prevent misuse of clients' money by stock brokers.

i. Share Delivery:

In case of bank-owned brokers the margin money or stocks from the linked bank account are blocked by the broker when the order is placed. If it is a buy trade, the entire amount is blocked. Stocks are blocked by the broker in case of a sale transaction. With the new rules in place the broker will not only just block the funds but also debit them at the time of trading. This will be either 20% of the minimum stipulated amount or the entire sum. For example, if you buy a stock X worth Rs. 100. Earlier the entire Rs. 100 would be debited on the next day (T+1) so that the broker can pay on T+2. Now Rs. 20 will be deducted on the same day. In case you sell a stock Z worth Rs. 100, you need to either deposit Rs. 20 in advance or transfer all the securities in advance to the broker's account on the same day.

ii. Use of intraday profits for new trades:

Now you cannot use intraday profits to enter into new trades. An intraday profit can be only used on T+2 as it is reflected in such a time.

iii. Pledged shares:

The pledged shares will remain in the client demat account. A lien will be created in favour of the broker. Earlier the pledged shares were transferred by the broker in its demat account using a power of attorney (PoA).

The client needs to authorize individual pledge requests using one-time-passwords sent by the clearing corporation.

### Did you know?

The only continent with no active volcanoes is Australia

### Cartoon of the Month



**“I finally put something aside for my retirement. I put aside my plans to retire.”**

## Top Personal Finance News – August 2020

- 1) Six charges that may eat into your returns from a unit-linked insurance policy: [Click here](#)
- 2) Invest directly only if you can pick stocks with good earnings potential: [Click here](#)
- 3) Corporate bond mutual funds: Key things to know before you invest: [Click here](#)
- 4) A householder’s policy does not cover alterations, improvements: [Click here](#)
- 5) You may have to file ITR this year even if your income is below taxable limit: [Click here](#)
- 6) How to invest in gold through mutual funds route: [Click here](#)
- 7) No OPD coverage in your health insurance? Here is how to teleconsult a doctor for free: [Click here](#)
- 8) Should you keep paying EMIs after the builder misses possession date?: [Click here](#)
- 9) Here is how to update EPFO KYC details online: [Click here](#)
- 10) 0% or 43%: How much tax do you pay on dividend income in mutual funds?: [Click here](#)
- 11) What is a variable life insurance policy?: [Click here](#)
- 12) How to navigate your portfolio through a stock market bubble: [Click here](#)
- 13) Avoid brokers who offer high leverage; they're very risky and could go bust: [Click here](#)
- 14) Pre-existing diseases in health insurance: All you need to know: [Click here](#)
- 15) How to make your rental investments more profitable: [Click here](#)
- 16) Five financial lessons from the current Covid pandemic: [Click here](#)
- 17) Should you invest in corporate fixed deposits for higher returns?: [Click here](#)
- 18) EPF pensioners can check passbook, update Jeevan Pramaan Patra on UMANG app: [Click here](#)
- 19) Understand the hidden risks before you get lured into investing in high-yielding PSU bonds: [Click here](#)
- 20) How to reduce costs on your forex transfers from India: [Click here](#)