



I-CAN FINANCIAL SOLUTIONS

I-CAN COMMUNIQUÉ

MAY 2019



MONTHLY NEWSLETTER – MAY 2019

Sensex : Up 0.9%	
Nifty : Up 1.1%	
Best performing sector: IT (6.9%)	Worst performing sector: PSU Banks (-8.5%)
Best performing Global index: Germany's DAX (7.1%)	Worst performing Global index: Argentina's MerVal (-11.6%)
Indian Rupee: -0.6%	Gold (India): 0.5%

In the first month of the new financial year, the headline indices ended up higher by a margin of around 1%. However, the mid and small cap segments saw correction. The mid cap index fell by 3.8% while the small cap index fell by 2.7%. Foreign institutional investors invested a net amount of Rs. 21,193.4 crore in the equity markets whereas they pulled out a net amount of Rs. 5,099.5 crore from the debt markets.

The United States (US) tightened sanctions as it asked the top 5 buyers of Iran oil to stop importing from there. The countries include China, India, Japan, South Korea and Turkey. The current waivers on the sanctions to these countries was to end on May 2. The oil prices, which were already on an upward trajectory this year, further increased due to this development. In the month of April the Brent Crude oil price increased by a whopping 7.7%. This was a major headwind for the Indian markets.

The Indian benchmark 10-year government bond yield went up by 6 basis points to 7.41%. The gold prices in India inched up by 0.5%. The

fixed income markets saw turmoil due to some adverse credit events. Two Essel group companies, Konti Infrapower and Multiventures Ltd. and Edisons Utility Works Pvt. Ltd., were unable to repay in full the money lent by the fixed maturity plans (FMPs) two mutual fund companies which were to mature in April. Later during the month, the debt papers of Reliance Home Finance (RHF) and Reliance Commercial Finance (RCF) were downgraded by credit rating agencies on account of delayed bank loan repayments. The long term debt rating has been reduced to D from BBB+. 'D' stands for default. Some of the mutual funds with exposure to the papers had to take a hit on their net asset values (NAVs). On 30th April another mutual fund house marked down investments in NCDs of Jorabat Shillong Expressway (JSEL), a special purpose vehicle (SPV) of IL&FS.

The International Monetary Fund (IMF) expects the Indian economy to expand at 7.3% in FY20 and 7.5% in FY21 – a downward revision of 0.2% in both the numbers. RBI predicts the growth rate to be 7.2% and 7.4% in FY20 and FY21 respectively. Wholesale price index-based inflation (WPI) rose at 3.18% in March – an increase for the second month in a row. The reading for the previous month was 2.93%. Higher food and fuel prices contributed to this surge. Retail inflation (based on Consumer Price index or CPI) increased at a five-month high rate of 2.86% in March. However, inflation is within RBI's comfort zone. The RBI cut the repo rate by 25 basis points to 6% in the April monetary policy review.

Indian exports grew at 11% in March (highest growth in 5 months) with the top contributors being pharma, chemicals and engineering sectors. Trade deficit narrowed to \$ 10.89 billion.

The factory output measured by index of industrial production (IIP) fell to a 20-month low of 0.1% in February against 1.4% in the previous month. The Purchasing Managers' Index (PMI) for Manufacturing fell to an 8-month low of 51.8 in April. It was 52.6 in March. The Services PMI also dropped in April to 51 from 52 in the previous month. A PMI reading above 50 indicates expansion.

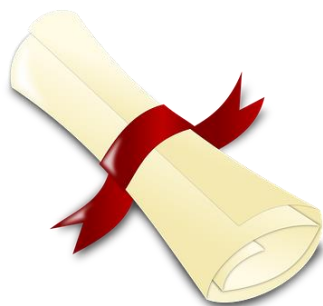
Pre-monsoon rainfall, which is important for agriculture in some parts of India, occurs in March – April. The Indian Meteorological Department (IMD) assessed the shortfall in the pre-monsoon rain at 27% from the long period average.

Reforms

- The Insolvency and Bankruptcy Board of India (IBBI) Chairman Mr. M S Sahoo has stepped up efforts to find buyers of stressed assets abroad. In an unprecedented move, he led a 10-member team to meet investors in Hong Kong last month.
- India has entered into an agreement with the US for the exchange of country-by-country (CbC) reports on multinational companies (MNCs) in order to prevent tax evasion by MNCs.

- A panel was formed by the Insurance Regulatory and Development Authority of India (IRDAI) to review the existing regulatory framework on microinsurance and suggest ways to increase penetration.
- Securities and Exchange Board of India (SEBI) has reduced the minimum investment limit for real estate investment trusts (REITs) from Rs 2 lakh to Rs 50,000 and for investment trusts (InVITs) from Rs 10 lakh to Rs 1 lakh. This will make the instruments accessible to retail investors.
- As per the new norms, SEBI will hold companies and promoters responsible if they hold on to unpublished price-sensitive information without any legitimate purpose. The companies will have to formulate laws which help determine what can be considered as 'legitimate purpose'.
- SEBI is likely to revise the annual maintenance charges on debt securities held through basic services demat accounts from June 1. For debt securities worth up to Rs 1 lakh held through BSDA, there would no annual maintenance charge. A maximum charge of Rs 100 would be levied if the value of holdings is above Rs 1 lakh and up to Rs 2 lakh.
- A recent IMF report states that some reforms in India have shown the benefits of digitalization, which has also reduced chances of fraud.

Importance of Will



A will is a legal document that specifies the distribution of one's assets after death. Once a will is made it can only be revoked by the testator during his lifetime. After the demise of the testator, the will cannot be revoked or disregarded. Any individual above the age of 18 and a sound mind can create a will. A person with an unsound mind can also make a will provided it is made during his/her lucid interval.

Writing a will is of immense importance because of the following reasons:

- i. Efficiency and less cost:
In the absence of a will the family might have to spend a large sum of money in order to acquire documents (succession certificate etc), transfer titles and so on.
- ii. No confusion:
It is supposed to be an explicit document which specifies the inheritor of each asset. Hence there is little scope of confusion or dispute in the future if a will is in place.
- iii. Safety for minor children:
A Will can ensure safety of minor children. A guardian can also be appointed for the children.
- iv. Protection of business:
The company and power of attorney can be passed on to the heir of choice.
- v. Ease:
You do not necessarily need a lawyer for the creation of a will. You can make the will on your own or through any of the online will-makers.

The following are important to keep in mind while making a will:

- a. Important Declarations:
The following declarations must be made:
 - a. That you are revoking all the previous wills
 - b. You are of sound mind
 - c. You are not making the will under any pressure
- b. Registration:
Registering a will provides authenticity to the document. A visit to the registrar and a photograph will be useful in case the will gets challenged in future on grounds like fake signatures, unsound mind and so on.

- c. Be specific:
The details of assets, bank accounts, locker numbers and properties should be clearly mentioned. The names, addresses and relationship with the beneficiaries should be specified.

- d. Modification:
The will should be updated the moment the circumstances change and immediately register the new will.

- e. Choice of executor:
The executor of the will should be a person whom you can trust, who is aware of your intention and wishes and is likely to act according to your desires.

- f. Gifting while alive should be avoided:
It is not always advisable to gift the assets during your lifetime. One reason is that it is difficult to modify in future and also in some cases once the assets reach the children they may change their attitudes towards the parents.

It is advisable that once you acquire substantial assets or near mid-life you should have a will in place. It will bring a lot of peace of mind for you and your legal heirs.

Did you know?

An artificial intelligence system developed by Google and the University of Oxford can lip read better than humans.

Cartoon of the Month



Top Personal Finance News – April 2019

- 1) SIPs are best-suited for investments in volatile markets: [Click here](#)
- 2) Why you should understand your risk profile before investing: [Click here](#)
- 3) Tata Mutual Fund launches 'Video KYC': [Click here](#)
- 4) How to get health insurance for a newborn baby?: [Click here](#)
- 5) How much tax can you save via tax saving investments, expenditures?: [Click here](#)
- 6) What do 'co-payment conditions' in insurance claims mean?: [Click here](#)
- 7) Bank FDs vs debt mutual funds vs post office deposits: How they are taxed: [Click here](#)
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- 9) Have small investors made money from share buybacks?: [Click here](#)
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- 11) You can lock your credit, debit cards: [Click here](#)
- 12) Income tax slab for FY 2019-20: A ready reckoner: [Click here](#)
- 13) Use Form 15G or 15H to avoid TDS if your total income is not taxable: [Click here](#)
- 14) How to buy family travel insurance: [Click here](#)
- 15) In a group insurance policy, all changes need to be made through the employer: [Click here](#)
- 16) Insurance: Payouts in installments prevents misuse of claims money: [Click here](#)
- 17) Son can create HUF within father's HUF: [Click here](#)
- 18) Loans against mutual funds explained: [Click here](#)
- 19) How to secure a regular, tax-efficient income from mutual funds?: [Click here](#)
- 20) How to calculate interest rate with compounding using MS-Excel: [Click here](#)