



I-CAN FINANCIAL SOLUTIONS

I-CAN COMMUNIQUÉ

JUNE 2020



MONTHLY NEWSLETTER – JUNE 2020

Sensex : Down 3.8%	
Nifty : Down 2.8%	
Best performing sector: Telecom (11.2%)	Worst performing sector: PSU Bank (-14.8%)
Best performing Global index: MerVal (15.5%)	Worst performing Global index: Hang Seng (-6.8%)
Indian Rupee: -0.7%	Gold (International): 3.4%

As the world continues to battle the Covid-19 pandemic, India is currently in the phase of rapid increase in the number of infected people. As on June 6, 2.36 lakh cases were reported and more than 6,000 people died of the disease. A reason for rising daily count is also the increased testing along with easing of lockdown restrictions and long distance travel by migrants. The good news is that the recovery rate in India reached 48% by May end. The fatality rate in India also improved to touch 2.87% against the global average of 6.45%. A total of 68.5 lakh cases have been reported globally as of now.

The headline indices Sensex and Nifty fell by 3.8% and 2.8% respectively in May. The BSE Mid Cap index fell by 1.4% and the BSE Small Cap index fell by 1.9%. The 10-year government bond yield fell by 33 basis points to 5.78%.

Foreign institutional investors (FIIs) turned net sellers and bought Rs 14,568.8 crore worth of equities. However, they were net sellers to the tune of Rs 22,934.9 crore in the debt markets.

The mutual fund industry added 7 lakh investor accounts in April, taking the total folio count to 9.04 crore. This is the 71st consecutive month witnessing a rise in the numbers of folios. Overall inflow in mutual funds was Rs 46,000 crore in the month of April. Investments through participatory notes (P-notes) increased from Rs 48,006 crore in March to Rs 57,100 crore in April.

The economic activity slowed down considerably due to the nationwide lockdown imposed by the government to curtail the Covid-19 pandemic. In the early part of May factories and offices in green zones restarted operations gradually. On May 17 the government extended the lockdown till May 31 while significantly easing restrictions outside containment zones. The states could decide the area demarcations based on the health ministry guidelines. Domestic flights were permitted to resume operations in a calibrated manner from May 25 with some key guidelines to be followed by airports, flight operators and passengers. There has been a pickup in economic activity after lockdown restrictions were eased. One evidence is that the average number of e-way bills generated by businesses on the GST Network portal was 6 lakh/day in the week to May 11, twice the level seen in April. A revival in power demand was visible. Retail/grocery sectors also picked up gradually from the lows of March'20. Some strong companies such as Reliance and Kotak Mahindra Bank managed to raise capital during this period.

India's GDP grew at 3.1% in the January-March 2020 quarter. Although the figure is higher than expected, it is at a 44-month low. Agriculture and

government spending mainly drove the growth. The GDP growth for financial year 2019-20 was 4.2%. GDP growth forecasts for FY21 were revised downwards by various agencies. While the first two quarters of FY21 might see severe contraction, economic activity is seen to rebound by third and fourth quarters.

Agency	Revised FY21 GDP Forecast	Previous estimate
Moody's	0%	2.5%
S&P Global Ratings	-5%	1.8%
ICRA Ratings	-5%	1-2%
Fitch Ratings	-5%	0.8%
CRISIL	-5%	1.8%
Goldman Sachs	-5%	-0.4%
Nomura	-5.2%	-0.4%
SBI Research	-6.8%	-4.7%

Industrial output measured by Index of Industrial Production (IIP) dropped sharply by 16.7% in March because of the lockdown. There was a slight improvement in the Manufacturing PMI (Purchasing Managers's Index) number from a historic-low of 27.4 in April to 30.8 in May. However, it continues to be in the contraction mode. A figure below 50 indicates contraction. Services PMI increased from 5.4 in April to 12.6 in May.

Foreign direct investment (FDI) into India increased by 13% to a record \$49.97 billion in FY20 from \$44.36 billion a year ago.

The Reserve Bank of India (RBI) reduced the repo rate by 40 basis points to 4% on May 22. Reverse repo rate was slashed to 3.35%. Other key measures announced include extension of loan moratorium till August 31, a Rs 15,000 crore credit line to for Exim bank for 90 days to enable

a US dollar swap facility and a special refinance facility of Rs 15,000 crore to SIDBI for 90 days to be rolled over at the end of the 90th day for another 90 days.

As per data released by Ministry of Statistics and Programme Implementation the retail inflation softened marginally to 5.84% in April from 5.91% in March. WPI food inflation eased to 3.6% in April from 5.49% in March.

Reforms

- The Finance Minister announced a series of measures as part of the stimulus package 'Atmanirbhar Bharat Abhiyaan' aimed at battling the economic crisis due to Covid-19. The most important ones are as follows:
 - Rs 3 lakh crore collateral-free loans for micro, small and medium enterprises (MSMEs) which should help 45 lakh units to resume work and save jobs
 - Definition of MSMEs was revised: As per the new definition Micro units with investment till Rs 1 crore, turnover up to Rs 5 crore. Small units with investment till Rs 10 crore, turnover up to Rs 50 crore. Medium units with investment till Rs 20 crore, turnover up to Rs 100 crore
 - Subordinate debt provision of Rs 20,000 crore for 2 lakh stressed MSMEs. There will also be a Rs 50,000 crore equity infusion via Mother fund-Daughter fund for MSMEs that are viable but need handholding. A fund of funds with a corpus of Rs 10,000 crore will be set up to help the units expand and list on exchanges if they choose.
 - The government will clear all MSME receivables in 45 days.

- Rs 30,000 crore special liquidity scheme for investing in investment grade debt paper of non-banking finance companies (NBFCs), housing finance companies (HFCs) and micro finance institutions (MFIs). This will be guaranteed by the government.
- Rs 45,000 crore partial credit guarantee scheme for NBFCs. The first 20% loss will be borne by the government
- For power distribution companies a one-time emergency liquidity injection of Rs 90,000 crore against all their receivables. The states will guarantee it.
- Statutory Employee Provident Fund (EPF) contribution for all organisations and their employees covered by EPFO reduced from 12% to 10%. This does not apply to government organisations. This will infuse Rs 6,750 crore of liquidity into these organisations
- A reduction of 25% of existing rates of Tax Deducted at Source (TDS) and Tax Collection at Source (TCS) till March 31, 2021. This will release Rs 50,000 crore.
- Due date for all income tax return filings extended from July 31 to November 30. Vivaad se Vishwas scheme extended till December 31, 2020.
- For migrants who do not have NFSA cards or state cards, 5 kg of wheat or rice per person and one kg of chana per family per month for next two months will be provided. This should benefit 8 crore migrants.
- Special scheme for street vendors to avail Rs 5,000 crore loan facility. Rs 10,000 of working capital will be provided.
- Under the PM Kisan Credit Card, Rs 2 lakh crore of concessional credit to boost farming activities will benefit more than 2.5 crore farmers.
- Rs 30,000 crore additional capital emergency funds through NABARD for post-harvest Rabi and Kharif related activities for small and marginal farmers.
- A Rs 1 lakh crore fund for strengthening the farm gate infrastructure like cold chains, post-harvest storage infrastructure etc
- Pradhan Mantri Matsya Sampada Yojana to be launched for development of marine and inland fisheries. Rs 20,000 crore will be spent to fill the gaps in value chains.
- Rs 4,000 crore for growing of herbal and medicinal plants. Ten lakh hectares of land will be used for growing medicinal and herbal plants and will provide income of nearly Rs 5,000 crore for farmers.
- Rs 15,000 crore will be spent on development of dairy infrastructure.
- Rs 4,000 crore allocated for growing herbal and medicinal plants
- FDI limit in defence manufacturing under automatic route to be increased from 49% to 74%
- Corporatisation of Ordnance factory board
- Boosting of private sector investment in social infrastructure through revamped Viability Gap Funding Scheme of Rs 8,100 crore.
- Government is working hard to make India a global hub for aircraft maintenance, overhaul and repair.
- A set of measures being put in place to enable better price realisation for farmers. Proposal to amend Essential Commodities Act. Food items including edible oils, oilseeds,

- pulses, onions and potatoes will be deregulated.
- A central law will be put in place to give adequate choices to sell produce at attractive prices, barrier-free inter-state trade and framework for e-trading of agriculture produce.
- Commercial mining of coal being introduced.
- Steps to enhance private sector investment in minerals.
- Steps being taken to boost private participation in space sectors.
- Centres will be set up to foster the synergy between nuclear research facilities and tech entrepreneurs.
- Additional funding of Rs 40,000 crore to Mahatma Gandhi National Rural Employee Guarantee Scheme (MGNREGS) over and above the budget estimate.
- PM eVidya programme to take off immediately. Each classroom from 1 to 12 will have a TV channel.
- Violations under most of the Companies Act to be decriminalised.
- New Public Sector policy: All sectors are open to private sector while public sector enterprises (PSEs) will play an important role in defined areas. In government defined strategic sectors at least one PSE will remain but private sector will be allowed. In other sectors, PSEs will be privatised.
- The borrowing limit of states increased from 3% to 5% for FY21. This will provide an additional Rs 4.28 lakh crore to states.
- The government and markets regulator SEBI are considering placing foreign portfolio investors (FPIs) from China and Hong Kong in the list of high-risk jurisdictions.
- Finance Minister Nirmala Sitharaman launched the facility for instant allotment of PAN Card using Aadhar based e-KYC for those who have a valid Aadhar number and mobile number registered in the UIDAI database.
- SEBI banned the use of client Power of Attorney (PoA) as margin equivalent by brokers from June 1.
- As a one-time measure RBI allowed banks to increase their exposure to a group of connected counter parties from 25 to 30% of the bank's eligible capital base. The limit will be applicable till June 30, 2021.
- An exit option was given by SEBI to investors of the six Franklin Templeton schemes which were wound down. It was mandated that the units of these schemes be listed on stock exchanges so that an alternative route to liquidity is available.
- The Union Cabinet approved extension of 'Pradhan Mantri Vaya Vandana Yojana' (PMVVY) upto March 31, 2023. Earlier the last date was March 31, 2020. This schemes provides pension for senior citizens. The interest rate for 2020-21 is 7.4%.
- SEBI increased the investment limit applicable in case of debt fund categories like corporate bond, banking and PSU debt funds and credit risk funds for investments in government securities and treasury bills by an additional 15%. This has been allowed for a period of three months.
- The government announced special Air India flights to bring back 15,000 Indians stranded abroad.



Covid-19 Health Insurance Product: All you need to Know

The Insurance Regulatory and Development Authority of India (IRDAI) asked all the life and general insurance companies to launch a standard Covid-19 policy from June 15, 2020. The policy will have standard features and policy wordings across insurers. The idea behind this is to provide an affordable product which is the need of the hour for the public.

What is the Minimum Sum Insured?

The minimum cover is Rs 50,000. You can choose for the sum insured in multiples of Rs 50,000 upto Rs 5 lakh.

What is the policy tenure?

It has a one year tenure. It is available in the form of a an individual policy or on a family floater basis. The minimum entry age is 18 years and maximum age is 65 years. Dependent children shall be covered from the age of three. Lifelong renewability option is offered.

What is covered in the policy?

- The hospitalization cost covers room, nursing expenses, boarding expenses which is upto 2% of sum insured, capped at Rs 5,000 per day. It also includes surgeon, consultants, specialist, anesthetist, medical practitioner fees paid directly to the treating doctor, surgeon, or hospital. Other similar expenses include operation theatre charges, surgical appliances, anesthesia, blood, oxygen, medicines and drugs, costs towards diagnostics, and diagnostic imaging modalities.
- Intensive care unit (ICU) and intensive cardiac care unit charges are capped at 5% of sum insured, subject to a maximum of Rs 10,000 per day
- Road ambulance charges are capped at Rs 2,000 per hospitalization
- All day-care treatments relating to treatment of Covid-19 such as Ayush treatment, pre-hospitalization expenses incurred 30 days prior to the date of hospitalization and post-hospitalization expenses incurred 30 days after the date of discharge from the hospital will be admissible under the cover.
- Add-on cover: Two options: (i) If an individual is quarantined due to diagnosis or suspected infection, under the add-on cover, the insurer will pay 1% of the sum insured per day, up to Rs 3,000 per day. (ii) The insurer will pay 0.5% the sum insured per day as daily hospital cash, for every 24 hours of hospitalization on a positive diagnosis of Covid-19.
- The policy does not allow deductibles. There is a fixed co-payment clause of 5% across all age groups.

What is the premium paying frequency?

Premium can be made on monthly, quarterly, half-yearly and yearly basis. The insurance companies are not allowed to charge different premiums in different zones.

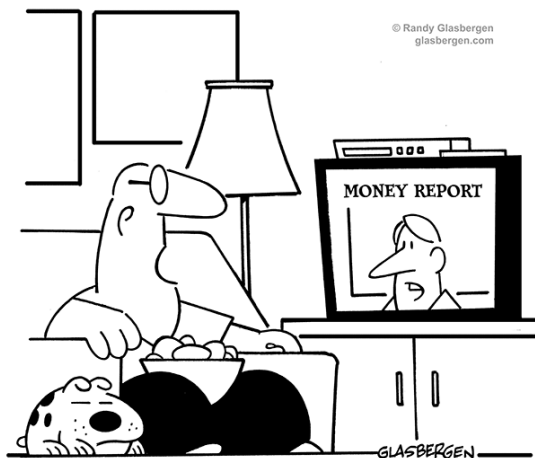
Should you opt for this product?

While the government has been proactive in tackling the Covid pandemic and the recovery rates are better than global average, the number of cases are rising every day. This product will insure you and your loved ones from high medical expenses during this period. However, please note if you have an existing health insurance policy you might already be covered for Covid-19. Please check with your advisor whether you have an adequate health insurance cover.

Did you know?

More than 50 percent of the world's population is under 30 years old.

Cartoon of the Month



"Only a total idiot would recommend blue chips.
Everybody knows yellow chips taste better with salsa!"

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