



I-CAN FINANCIAL SOLUTIONS

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COMMUNIQUÉ

SEPTEMBER  
2018



# MONTHLY NEWSLETTER – SEPTEMBER 2018



<b>Sensex : Up 2.76%</b>	
<b>Nifty : Up 2.85%</b>	
Best performing sector: Pharma (13.2%)	Worst performing sector: Telecom (-0.9%)
Best performing Global index: Nasdaq (5.7%)	Worst performing Global index: RTS Index (-6.9%)
Indian Rupee: -3.5%	Gold price: 1.8%

The month of August saw further rally in the headline equity indices as both Nifty and Sensex registered gains of ~2.8%. The mid cap indices went up by ~5.5% last month. The benchmark 10-year government security yield inched up by 18 basis points to reach 7.95%. Foreign institutional investors (FIIs) pumped in Rs. 1,775.4 crore in equity markets and Rs. 3,414.07 crore in debt markets.

The Indian economy is in a situation where the macroeconomic data is causing worry while the microeconomic data is improving.

The biggest macroeconomic headwind for India currently is the fast depreciation of the Indian Rupee. It depreciated by 3.5% last month. It is moving in a narrow range around the psychological mark of 70 against the US Dollar. The RBI has been trying to intervene by selling dollars. This has led to a 6% dip in the forex reserves from the April levels by \$33.2 million to touch \$400.84 billion in August. The rise in global crude oil prices has also been an area of concern as India is an oil importing country. The International Energy Agency (IEA) predicts that

crude oil prices are likely to rise further in 2018 and may remain above \$75 a barrel for some time, owing to the geo-political situations across the world — like Iran sanctions and drop in Venezuela production.

In July, the retail inflation dropped to 4.17% from 4.92% in the previous month. This was mainly on account of the cooling off seen in food prices and a favourable base effect. The wholesale price inflation also saw some easing as it fell to 5.09% from 5.77% in the previous month. However, the Reserve Bank of India (RBI) Monetary Policy Committee has concerns over meeting the medium term inflation target as the retail price inflation has been above the 4% target for eight consecutive months. This led to the RBI hiking the repo rate by 25 basis points to 6.5%, though it maintained a neutral policy stance.

India's Index of Industrial Production (IIP) increased to 7% in June from 3.9% reported in May. Nikkei India Manufacturing Purchasing Managers' Index (PMI) which measures growth in manufacturing activity fell to 51.7 in August from 52.3 in July. The weakness in Rupee has contributed to higher input costs. The Services PMI too fell to 51.5 in August from the peak of 54.2 recorded in July. Both the readings are above 50 which indicates expansion.

In the first quarter of the current financial year, foreign direct investment (FDI) in India grew by 23% to \$12.75 billion. The top sectors which attracted FDI include services, trading and telecommunications. This is an important



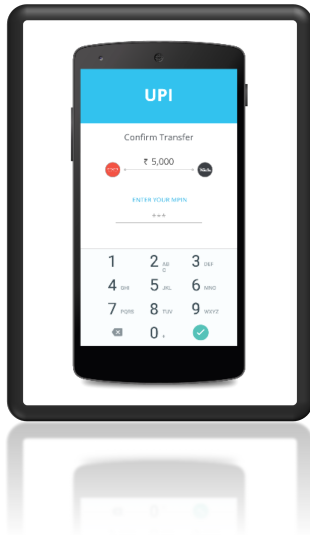
development as the country is dealing with increasing current account and fiscal deficits.

The corporate earnings data for the quarter ending in June'18 shows signs of revival. The total SIP collection in mutual funds stood at Rs. 7,554 crore in July. The total amount invested in equity mutual funds was Rs. 10,585 crore.

Trade war tensions continue to keep global markets edgy. Turkey doubled the tariff on some US imports like alcohol, cars and tobacco as a retaliation to US moves. As the global trade war intensifies the European Union (EU) is planning to work out a proposal which will amend the composition of the World Trade Organization (WTO) and also take into account and respond to American complaints.

#### Reforms

- The Monsoon Session of the Parliament was the most productive one for the Lok Sabha since 2000. The Lok Sabha passed 21 bills and the Rajya Sabha passed 14 bills.
- In an effort to improve ease of doing business the government has launched a single form through which foreign investors can register themselves with SEBI, open a bank account and can obtain a Permanent Account Number (PAN). Earlier they had to approach three different entities for the same.
- Soon the government will make it compulsory for companies to issue shares only in the dematerialized format.
- The Reserve Bank of India (RBI) has formed an inter-departmental group to evaluate the feasibility of a digital currency backed by the Indian Rupee. The aim is to fight the rising costs of managing paper currency.
- The India Posts Payments Bank (IPPB) plans to incentivize the postmen for delivering doorstep services such as cash deposits and cash withdrawals.
- The government has asked RBI to come up with a list of public sector banks which can be merged. The move has been made to make the banking system stronger, which is currently facing the issue of massive bad loans.
- SEBI is planning to rationalize the total expense ratio (TER) structure of the mutual fund industry. The SEBI chief also has emphasized the need for higher competition in the industry.
- RBI has asked credit rating agencies to check the bank account statements of corporates while analyzing their credit rating.
- SEBI extended the trade timings for in the securities lending and borrowing (SLB) segment by over two hours till 5 pm.
- The pension fund regulator has notified new norms applicable to Points of Presence (PoP) to make it more subscriber-friendly.
- SEBI is considering increasing the minimum ticket size for investment in Portfolio Management Service (PMS) schemes. It currently stands at Rs. 25 lakh, which, according to the regulator maybe too low to keep retail investors away from this vehicle which is suitable for high net worth individuals.
- No automated teller machines (ATMs) will be replenished with cash after 9 pm in cities and 6 pm in rural areas from 2019. Two armed guards will accompany crisp notes which are in transit, according to a new directive issued by the union home ministry.



## UPI - The best way to transfer money- Find out why!

There are various ways to transfer money and make online payments – credit card, debit card, Netbanking, bank transfers, e-wallets and Unified Payments Interface (UPI). UPI clearly stands out because of its superior benefits. The user needs to download the App on his/her phone. It is downloadable on all Android based smartphones. It allows the users to instantly transfer money without bank details. A virtual payment address is used instead of the bank account number and IFSC Code.

### Advantages

- **Cheapest mode:** To make an NEFT or IMPS transfer you need to pay a minimum charge of Rs 2.5 per transfer. In case of UPI, the cost is less than 50 paise. Hence, it emerges as a tool that will promote going cashless even for small value transactions.
- **Speed:** The service will be available 24x7. NEFT can take hours to complete. However, UPI payments will be instant – like in the case of IMPS. Also it takes a minimum time of 30 minutes to register a new payee in case of NEFT/IMPS whereas in the case of UPI it is possible to do so instantly.
- **Simplicity:** UPI payments happen directly from one bank to another. E-wallets offer a similar benefit without the need to add beneficiaries, but you still have to first load the wallet. You also need to complete the e-KYC process in order to use an e-wallet. No such KYC requirement arises in case of UPI. Instead of making an IMPS fund transfer to Kunal Gupta with account number 09xxxxxxxx4367 at XXX bank, XXX branch with IFSC code XXX09505, one can do the same with UPI using only Kunal@xxxbank.

- In case a merchant demands a payment from you
  - Share the virtual payment address with the party
  - You will receive a message on your phone
  - Approve the payment amount and enter the PIN



- In case you wish to transfer funds
- Open UPI App by entering the 4 digit passcode
  - Choose the payee
  - Enter the amount
  - Enter MPIN
- Universality: You do not need different UPI apps for different bank accounts. A single app works for multiple bank accounts.
  - Money Collection facility: This facility allows you to shoot a direct message to the party from whom you wish to receive a payment. The message is sent via the bank. If the party approves, the money is remitted instantly. If the party does not approve, it means he/she is not willing to pay. Hence you can decide the course of action ahead.
  - Avail COD without cash: Many of us love online shopping, and when we shop we often opt for the Cash on Delivery (COD) option to get rid of the risk of the ordered good not getting delivered. However, when you opt for COD – especially in case of a high value purchase it requires you to keep sufficient cash at home. With the help of UPI you need not keep cash – you can make the payment with the App instantly.
  - Cheaper substitute to POS machine: In smaller towns and cities and some shops even in bigger cities merchants don't keep the card swiping machine because of the costs involved. The merchant not only has to pay for the machine but also for the service charge per transaction. Sometimes this charge is levied from the customer – and it ranges from 1.25% to 2.5% of the transaction value. UPI payment forms an excellent alternative. The cost is very low.

Banks have launched the UPI app, but it is not necessary that you need an app from the bank. You can use the app from any bank – whether you have a bank account in that bank or not. Every time you change the App you need to get a new VPA, so it is advisable to not change it frequently.

### Did you know?

Bhutan is the only country in the world whose nature converts more CO<sub>2</sub> (carbon dioxide) than the land itself produces.

### Cartoon of the Month



## Top Personal Finance News – August 2018



- 1) Don't wait until March to invest for saving tax: [Click here](#)
- 2) Stock markets: How long-term investors can navigate volatile markets: [Click here](#)
- 3) What does mark-to-market risk in mutual funds mean?: [Click here](#)
- 4) Should you buy term insurance plan in your fifties?: [Click here](#)
- 5) Bank fixed deposits (FDs) vs debt funds: What you need to know: [Click here](#)
- 6) Why have banks not hiked the savings deposit rate yet?: [Click here](#)
- 7) IRDAI relaxes rules to help you claim pension money: [Click here](#)
- 8) Fixed deposit rates on the rise: What you should do now: [Click here](#)
- 9) NRI mutual fund queries, answered: [Click here](#)
- 10) How an HUF can invest in mutual funds: [Click here](#)
- 11) SIPs and recurring deposits are meant for different kinds of investors: [Click here](#)
- 12) Why you should not exit funds based on a year's underperformance: [Click here](#)
- 13) What are sub-limits in a health insurance policy and why they are important: [Click here](#)
- 14) You should demat or sell your physical shares by December 4: Here's why: [Click here](#)
- 15) When to file revised income tax return (ITR) and how to do it: [Click here](#)
- 16) Use liquid funds to earn more than savings account: [Click here](#)
- 17) HDFC AMC shares to list next week. How to check allotment status: [Click here](#)
- 18) Mutual Funds: Here is why you must not stop SIP when markets are down: [Click here](#)
- 19) Investment in NPS less volatile than mutual funds – Here is why: [Click here](#)
- 20) Selecting a medical policy may soon become simpler: All you need to know: [Click here](#)