



I-CAN FINANCIAL SOLUTIONS

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COMMUNIQUÉ

MARCH 2018



MONTHLY NEWSLETTER – MARCH 2018

Sensex : Down 4.9%	
Nifty : Down 4.9%	
Best performing sector: Teck (-1.3%)	Worst performing sector: Bankex (-3%)
Best performing Global index: Bovespa (0.5%)	Worst performing Global index: Shanghai Composite (-6.4%)
Indian Rupee: -2.4%	Gold price: 0.6%

Indian markets experienced a great deal of turmoil and volatility as two major events unfolded. The month began with the Union Budget being unveiled – and the market participants reacted negatively to the introduction of long term capital gains tax on equity. By the middle of February, the news of the biggest ever fraud detected by an Indian bank surfaced, which stunned the markets. India’s second largest lender, Punjab National Bank announced that it discovered fraudulent transactions worth Rs. 11,400 crore. The major culprits were billionaire jeweler Nirav Modi and Mehul Choksi (MD of Gitanjali Gems). Equity markets in general, and banking stocks in particular, took a hit.

The net amount pulled out by foreign institutional investors (FIIs) in the Indian equity and debt markets was Rs. 11,037.4 crore and Rs. 253 crore respectively.

The Reserve Bank of India (RBI), in its February monetary policy review, kept repo rates on hold as it saw inflationary pressures building up. More than Rs 2 lakh crore worth of stressed

loans may be headed to bankruptcy court after the RBI dumped various restructuring schemes. The RBI also pronounced bankruptcy courts as the final arbiter of a defaulting company’s future.

Wholesale inflation reached a six-month low of 2.84% in January as food articles became cheaper. Retail inflation touched a two-month low of 5.07% in January. Industrial output growth measured by Index of Industrial Production (IIP) came in at 7.1% in December. It had risen to a 25-month high of 8.8% in the previous month. Manufacturing PMI (measures growth in manufacturing activity) reached 52.1 in February – lower than 52.4 in January. Services PMI fell to a 6-month low of 47.8 in February. Growth rate of exports decreased in January to 9.07%, from 12.03% in December.

Reforms

- The finance ministry asked public sector banks to scan all bad loan accounts exceeding Rs 50 crore to check for possible fraud.
- Retirement fund body EPFO has made it mandatory to file online claims for provident fund withdrawals above Rs 10 lakh, taking another step towards becoming a paperless organisation.
- According to C R Chaudhary, Minister of State for Consumer Affairs, Food and Public Distribution, linking the ration card to Aadhar led nearly 3 crore fake and duplicate ration cards to be cancelled during the three years of the NDA government.
- PM Narendra Modi said that the government plans to launch an online

platform for trading cow dung and agricultural waste under its recently announced waste to wealth scheme.

- RBI launched 'Ombudsman Scheme' for non-banking financial companies (NBFC) for redressal of complaints against them.
- RBI has directed all the banks to link the SWIFT system to their core banking system (CBS) by April 30.
- The EPFO has increased the minimum assurance limit under its Employees' Deposit Linked Insurance Scheme (EDLI). The assurance benefit is now a minimum of Rs 2.5 lakh and capped at Rs 6 lakh.
- The Union cabinet approved the passage of a proposed law to ban unregulated entities from collecting deposits from individuals in order to protect small investors from ponzi schemes.
- RBI issued new KYC norms for payment banks.

- PFRDA is considering increasing the upper limit on equity investments for private sector subscribers of NPS (National Pension System).
- SEBI has opened up the Indian capital markets to clients of global private banks, which can invest in stocks without having to go through registration or compliance requirements.
- The government is likely to introduce a policy to scrap vehicles that are more than 15 years old.
- The Pension Fund Regulatory and Development Authority (PFRDA) has relaxed the exit rules under National Pension System (NPS) on medical grounds for the government employees, subscribers under All Citizen model, corporate model, NPS-Lite and Swavalamban subscribers.

How to enhance your Credit Score?



A credit score is a numerical value assigned to individuals to assess their creditworthiness. This value is available from the credit reports generated by credit bureaus. It plays a vital role in your effort to obtain a credit card or a loan. A growing number of banks and NBFCs rely on this score to approve loan applications and even to fix interest rates on loans. This makes a good credit score a very important asset.

CIBIL is a leading credit rating bureau in India. It assigns a three-digit credit score to individuals. A credit score of 700 or above (on a scale of 300 to 850) is usually considered to be a good score. According to CIBIL, 79% of loans approved in India have been to those whose credit score was higher than 750.

The following measures will help you build a good credit score:

1. Payment history

Any payment default has a big impact on the credit score. 35% of the credit score is determined by this factor. It is important to have a history of full and timely payments. In case there is a delay, by how much the payment was delayed is checked. The longer the delay, the more negatively it hurts the score. If any of your accounts has gone through collections, then it is a major threat to the credit score.

2. Hard enquiries

Every time you apply for a loan, lenders ask for your credit report from the bureau and this reflects in the history. Hence, one should:

- a. Avoid applying for a loan unless absolutely necessary
- b. Avoid applying for a credit card or loan if you are not eligible
- c. Access your credit report from the credit bureau rather than from lenders

3. Credit Utilization

This factor comprises 30% of your credit score. It is a prudent practice to use not more than 30% of the credit available on your credit card. Use your card every month but use it responsibly to build a strong credit history.

4. New credit

We are flooded with credit card offers. It is not a good idea to apply for a credit card every time a lucrative card comes up in the market. It harms the credit score.

5. Avoid being a guarantor

Sometimes people become guarantors or co-signers for family or friends in order to help them get a loan. This involves you giving an assurance of payment if the person known to you defaults. Any default on the part of the primary borrower can put a lot of financial burden and failure to pay can adversely affect your credit history.

6. Insufficient exposure to credit

In case of someone who is very new to the world of credit (less than 6 months), that too can be disadvantageous. He/she should start with at least one credit card, one secured loan and one unsecured loan; and it is important to make timely payments on these of course.

Did you know?

Google has found that GPAs and test scores are “worthless as criteria for hiring”

Cartoon of the Month



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- 3) The differences between tax and cess: [Click here](#)
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