

# I-CAN COMMUNIQUÉ



I-CAN FINANCIAL SOLUTIONS

## JANUARY 2020



## MONTHLY NEWSLETTER – JANUARY 2020

Sensex : Up 1.1%	
Nifty : Up 0.9%	
Best performing sector: Metal (6.7%)	Worst performing sector: PSU Bank (-5.4%)
Best performing Global index: Argentina's MerVal (20.8%)	Worst performing Global index: Germany's DAX (0.1%)
Indian Rupee: 0.5%	Gold (International): 3.3%

Market sentiment got a boost with the United States and China arriving at an agreement on their 'phase one' trade deal. In exchange for tariff relief, China agreed to increase its purchases of U.S. goods and address U.S. concerns relating to areas such as intellectual property (IP) protection, currency manipulation, and agriculture.

The headline indices inched up by around 1% in December'19. The S&P BSE Mid Cap and BSE Small Cap indices on the other hand gave a return of -0.8% and 1% respectively. Foreign institutional investors (FIIs) infused a net amount of Rs 7,059.69 crore in equity and pulled out a net Rs 3,497.03 crore from debt markets.

The 10-year government bond yield increased by 9 basis points to 6.56%.

As we enter 2020, the government is faced with multiple challenges on the domestic growth front. The September quarter GDP growth fell to 4.5% - the sixth consecutive quarter of falling

growth. Fitch Ratings slashed India's GDP growth forecast from 5.6% to 4.6% for 2019-20. Index of Industrial Production (IIP) reading was -3.8% in October. IIP growth has been negative since the last three months.

RBI's Monetary Policy Committee unanimously voted to keep the repo rate unchanged at 5.15%. The minutes of the meeting suggested there is room to reduce rates but rising inflation is a concern. The repo rate is likely to be on hold till further clarity on inflation emerges. Inflation has been on the rising curve since ten months. Retail inflation measured by consumer price index (CPI) increased by 5.54% in November as against 4.62% in October. Wholesale inflation measured by wholesale price index (WPI) increased by 0.58% in November, compared to 0.18% in October. This has been on account of rising food inflation.

There are some signs of improvement in December as the Nikkei India Manufacturing Purchasing Managers' (PMI) Index rose to 52.7 in December from 51.2 in November. The Services PMI increased to 53.3 in December from 52.7 in November. This is the second month of expansion in case of Services PMI. A reading above 50 denotes expansion.

We are hopeful that the government will step in and implement reforms that should break the cycle of weak consumption demand.

The central government's fiscal deficit for the April-November period touched 114.8% of the FY20 target. The % figure was similar in the previous year.

On December 31, 2019 Finance Minister Nirmala Sitharaman unveiled Rs 102 lakh crore worth of infrastructure projects which will be implemented over the next five years. The projects are chosen across sectors like power, railways, urban irrigation, mobility, education and health.

The government passed the Citizenship Amendment Bill, 2019 in the Parliament. This led to a nation-wide stir, protests in various regions and a lot of debate in the country. Opposition parties called it 'unconstitutional' and 'discriminatory'. The Bill proposes to provide citizenship to any person is a Hindu, Sikh, Buddhist, Jain, Parsi or Christian from Afghanistan, Bangladesh or Pakistan. The government has extended citizenship to these minorities who sought shelter in India after being persecuted or who fear being persecuted in their home countries. There will be a national rollout of the Register of Citizens (NRC).

Private equity investments worth \$37 billion were made in 2019 – higher than \$36.16 billion made in 2018. Public equity fund-raising in 2019 was Rs 81,174 crore – an increase of 28% compared to the previous year as per data from Prime Database. Out of the 15 companies that got listed on stock exchanges in 2019, 11 generated listing gains for shareholders. In the period from January to November 2019 mutual funds collected Rs 90,094 crore via systematic investment plans (SIPs). This is a 12% increase from the corresponding period in 2018.

#### Reforms

- The Cabinet approved funding for the Census and the National Population Register (NPR). As per the Home Minister NPR is aimed at identifying beneficiaries for welfare programmes.
- The government approved merging of all the right railway-related wings into a single service called the Indian Railway

Management Service (IRMS) within one year. The strength of the Railway Board has been reduced from eight to five.

- Electronic invoicing for GST will be implemented from January 1, 2020 on voluntary basis for those having an annual turnover of more than Rs 500 crore. E-invoicing will come into effect for those with an annual turnover of above Rs. 100 crore from February 1. New simplified returns will be introduced on April 1.
- RBI imposed restrictions on urban cooperative banks (UCBs) with regards to large loans to companies. The lending limit for a single borrower and a group of connected borrowers was lowered from 15% and 40% of the tier-1 capital to 10% and 25% respectively. RBI directed that at least 50% of the loan portfolio should constitute of loans with less than Rs 25 lakh per borrower. The priority sector lending target is to be hiked to 75% in a phased manner by March 2023 from 40% of adjusted net bank credit.
- SEBI banned investment advisors from providing free trials. Investment advice can be given after completing the risk profiling and checking for the suitability of the product. Advisors have also been asked to receive fees through the banking channel only.
- SEBI introduced a stewardship code for mutual funds and alternative investment funds (AIFs) to monitor their investments, to manage their stewardship responsibility and to manage the conflict of interest in fulfilling this responsibility.
- The government is working on the Jal Jeevan Mission which will enable institutions to focus on services and recover water tariffs from all kinds of consumers. 146 million functional household taps will be provided.

- SEBI has proposed that pooling of funds or units by stock brokers, mutual fund distributors, investment advisors and other platforms be discontinued for mutual fund transactions.
- SEBI has made it mandatory for minors to have a bank account for investments in mutual funds.
- RBI introduced a new type of prepaid payment instrument (PPI) which could be used only for purchase of goods and services up to a maximum of Rs. 10,000 per month.
- The government plans to implement all four labour codes on a single date in 2020.
- SEBI permitted asset management companies (AMCs) to provide management and advisory services to sovereign wealth funds, central banks and multilateral agencies including entities controlled 75% directly or indirectly by government related investors.
- SEBI allowed debt-oriented mutual fund schemes with more than 10% exposure to their sponsors' group companies before October 1 to continue with these exposures till their respective maturity dates. A circular about the 10% limit was issued by SEBI on October 1, 2019.
- The government wishes to start holding own clinical trials because of the rise of antibiotic resistance and the time it takes for drugs developed overseas to reach Indians.



## 2020 Tax Calendar

Tax deadlines are important because there are heavy penalties if we don't pay our taxes on time. The Income Tax Department has released the 'file-it-yourself' calendar to help taxpayers file their taxes with ease.

We would like to summarize the important dates so that you can plan well in advance:

March 15: Due date for payment of the fourth and last installment of advance tax for the year 2020-21

March 31: Last date for filing belated or revised return of income for assessment year 2019-20 where assessment is not completed

May 31: Due date for quarterly statement of TDS deposited for the previous quarter

June 15: Last date to pay the first installment of advance tax for assessment year 2021-22

July 31: Deadline for filing of income tax returns (ITR) for most individuals

September 15: Last reminder for paying of second installment of advance tax

September 30: Last date for filing of ITR for corporate taxpayers and all those whose accounts are liable to be audited

December 15: Last date for paying the third installment of advance tax for assessment year (AY) 2020-21

[Click here](#) to see the I-T department's calendar. It also enlists the services offered by the department.

### Did you know?

Bees are responsible for 70% of the fruits, vegetables, nuts and seeds we eat daily. If bees become extinct, dairy, corn, rice, coffee, cotton, entire food chains, and economies would go down with them

### Cartoon of the Month



**“Try some of my wife’s catfish mousse and licorice casserole. I want to see how much pain and risk you’re able to tolerate.”**

## Top Personal Finance News – December 2019

- 1) Start saving early in your career for better results: [Click here](#)
- 2) Income tax changes of 2019: The impact they made on your personal finances: [Click here](#)
- 3) Why you need a top-up health insurance plan: [Click here](#)
- 4) PAN-Aadhaar linking deadline extended till March 31, 2020: CBDT: [Click here](#)
- 5) You can carry forward net loss from any unlisted shares to 8 future tax years: [Click here](#)
- 6) What is waiver of premium in life insurance plans?: [Click here](#)
- 7) Different Types of Debt Funds: [Click here](#)
- 8) How to place orders with a broker or sub-broker?: [Click here](#)
- 9) 10 changes IRDAI has proposed in 2019 to make motor insurance a simpler product: [Click here](#)
- 10) Tax on your gold and real estate investments: [Click here](#)
- 11) Did banking ombudsman reject your complaint?: [Click here](#)
- 12) Know all about student travel insurance: [Click here](#)
- 13) Life insurance policy: Can individuals buy policies other than their own?: [Click here](#)
- 14) How to open a demat account in a minor's name: [Click here](#)
- 15) What are convertible debentures: [Click here](#)
- 16) Stock markets: Check parentage of target company before betting on it: [Click here](#)
- 17) What is Preferential Share Issue?: [Click here](#)
- 18) Health insurance: 10 new rules you should know: [Click here](#)
- 19) Equity funds generate up to 17% returns in 5-year term: [Click here](#)
- 20) How is mutual fund NFO different from an equity IPO?: [Click here](#)