

I-CAN
COMMUNIQUÉ



I-CAN FINANCIAL SOLUTIONS

DECEMBER
2020



MONTHLY NEWSLETTER – DECEMBER 2020

Sensex : Up 11.4%	
Nifty : Up 11.4%	
Best performing sector: Metals (24.8%)	Worst performing sector: Energy (-2.4%)
Best performing Global index: Madrid General (25.8%)	Worst performing Global index: Shanghai Composite (5.2%)
Indian Rupee: 0.1%	Gold (International): -5.1%

Stock markets staged a very strong rally in the month of November. Both Sensex and Nifty climbed more than 11%. The BSE Mid Cap index gave a return of 14% while the BSE Small Cap index was up 13%. For the first time the buying by FIIs has crossed Rs. 50,000 crore in a month in the month of November – investing a net amount of Rs. 60,357.7 crore in equity markets. They pulled out a net amount of Rs. 1,805.6 crore from bond markets.

Global equity markets delivered a strong performance last month due to factors like positive news flow around Covid-19 vaccine development, uncertainty of US elections behind us and strong liquidity due to central banks easy monetary policy. Democrat Joe Biden won the US presidency after defeating Donald Trump in the elections. Joe Biden won 306 votes in the state-by-state Electoral College against 232 for

Donald Trump. The US economy grew at a record rate of 33.1% in the July – September quarter. Many global fund managers expect emerging markets to be the best performing asset class in 2021.

The tally of Covid-19 cases (including deaths) in India increased to 94.3 lakh by end of November. The recovery rate has touched an impressive 93.68%. The Covid-19 curve seems to be flattening as the average daily case count continues to decline after peaking in September. The global case count crossed 62.4 million as on 30 November.

India's economy contracted by 7.5% in the July-September quarter. The contraction was lower than expected. In the previous quarter the economy witnessed a contraction of 23.9%. According to consultancy firm Ernst and Young (EY) the Indian economy is likely to show positive growth in the October-December quarter. Moody's Investors Service revised the FY21 India GDP growth estimate upwards from -11.5% to -10.6%. Goldman Sachs revised its estimate for the same indicator from -14.8% to -10.3%.

Barclays revised its FY22 Indian GDP growth estimate higher from 7% to 8.5%. The brokerage firm said that the return to normal in case of India will be faster than expected as the Covid-19 curve has begun flattening. A similar view was reported by

Oxford Economics, a global forecasting firm. It said that a faster than expected recovery is seen in India.

The index of industrial production (IIP) which measures factory output showed a growth of 0.2% in September. India's manufacturing measured by Purchasing Managers' Index (PMI) fell to 56.3 in November from a 12-year high of 58.9 in October. Services PMI fell from 54.1 in October to 53.7 in November. A reading above 50 indicates expansion.

The Goods and Services Tax (GST) collection was Rs. 1.04 lakh crore in November, the second consecutive month where the figure is above Rs. 1 lakh crore.

Investments into Indian stock markets through offshore derivative instruments (ODIs), which are also called participatory notes (P-notes) touched Rs. 78,686 crore in October. This is the highest inflow through this route in the last 14 months.

Consumer price index (CPI) which measures retail inflation grew by 7.61% in October. The CPI was September was revised from 7.34% to 7.27%. CPI figures are beyond RBI's comfort level of 6%. Wholesale inflation measured by wholesale price index (WPI) inched up to an eight-month high of 1.48% in October from 1.32% in September.

During April – September 2020 India attracted foreign direct investment (FDI) worth \$30 billion, a 15% growth over the same period last year. The top source countries this year are Singapore, USA and Cayman Islands.

The BJP-led National Democratic Alliance (NDA) emerged as the winner of the Bihar Assembly election.

Reforms

- Finance Minister Nirmala Sitharaman unveiled 12 measures as part of the Atmanirbhar Bharat 3.0 stimulus package. The package is worth Rs 1.2 trillion. Micro, small and medium enterprises (MSMEs) across 26 sectors (including healthcare) will qualify for credit-guarantee programme. These sectors will get a 1-year moratorium on loans and four more years to repay the amount. New Atmanirbhar Bharat Rozgar Yojana will incentivize job creation. Rs 65,000 crore fertilizer subsidy will enable timely accessibility in the next crop season. The government will make an equity investment of Rs 6,000 crore in the debt platform of NIIF, which will help raise Rs 1.1 trillion by 2025 for financing infrastructure projects.
- The Union Cabinet approved a production-linked incentive package for 10 sectors was announced. These are pharmaceuticals, automobiles and auto components, telecom and networking products, advanced chemistry cell batteries, textile, food products, solar modules, white goods, and specialty steel. The objective is to reduce India's dependence on China.
- SEBI offered a new option to investors to apply to public issues of debt securities through the online interface of stock exchanges. There

will be a facility to block funds through UPI mechanism for application value up to Rs. 2 lakh.

- The government plans to set up a minimum of one e-charging kiosk at around 69,000 petrol pumps in the country in order to promote the use of electric vehicles.
- SEBI introduced a new mutual fund category – ‘flexi cap’ – which allows the fund manager to invest across large, mid and small cap stocks as per their discretion.
- SEBI increased the foreign investment limit per mutual fund house to \$600 million from the current \$300 million.
- A circular released by SEBI asked all open ended debt mutual funds except liquid and overnight funds to hold at least 10% of their assets in liquid assets. Liquid assets include cash, treasury bills, government securities and repos on government securities.
- The Department of Telecommunications (DoT) eased compliance guidelines for information technology enabled services (ITeS) like BPO to allow

work from home or anywhere during the Covid-19 crisis.

- RBI announced a co-lending scheme for banks and non-banking finance companies (NBFCs). In the joint lending process the risks and rewards are shared. NBFCs need to retain at least 20% of the loans on their books. Banks will not be allowed to co-lend with an NBFC from the same promoter group.
- SEBI introduced a code of conduct for mutual fund managers and dealers of asset management companies (AMCs) in order to make them more accountable.
- The RBI set up an ‘innovation hub’ for the financial sector and appointed Kris Gopalakrishnan as the chairperson of its governing council.
- The Cabinet Committee on Economic Affairs granted approval for a Rs 10,211 crore project to improve the safety and performance of select dams across India.
- SEBI permitted unlisted infrastructure investment trusts (InvITs) to raise funds through the rights issue of their units.



All You need to know about Pet Insurance

Increasing disposable incomes and rising popularity of pets, India has emerged as one of the fastest growing pet care markets in the world. According to Statista there were 214 lakh dogs and 18 lakh cats as pets in the country.

Pet owners are highly attached to their pets and would want to give them the best care. However, it is an expensive affair to take care of a pet. In case of any illness or surgery required for pets it could add to the expenses significantly. Many are not aware that a medical insurance is available for pets.

For a long period public sector insurance companies New India Assurance and Oriental Insurance had a dog insurance. These policies were life insurance policies which covered death due to accident and/or diseases. Oriental Insurance offers cover for dog, rabbit, duck, horse, sheep, goat, pig, camel etc. Recently Bajaj Allianz launched a dog insurance policy which covers mortality, surgeries, hospitalization, terminal diseases, long term care, OPD, theft/lost straying and third-party liability. The surgery expenses cover shall pay up to Rs. 50,000 in a year. Vetina Pawtect provides a dog insurance against major illnesses, accidental injuries, third-party liability, major soft tissue surgeries and mortality.

Important features:

- Generally claims arising out of diseases for which preventive medicines/vaccines were not taken are excluded. New India Assurance and Oriental Insurance do not cover rabies, canine distemper and leptospirosis.
- Typically there is a waiting period of 15-30 days before the cover starts.
- The age limit for pets is 8 weeks to 8 years, except for Bajaj Allianz, where the entry age varies from 3 months to 10 years depending on the breed
- A deductible or co-pay clause is imposed by all insurers: 10% for surgery and hospitalization in case of Bajaj Allianz; 20% of the dog's market value or sum insured for New India and Oriental. In the case of Pawtect if the pet is less than 8 years old, Rs 1,000 or 5% of the payable (whichever is higher) will be deducted
- Usually pre-existing illnesses are not covered

Some general insurance companies cover your dog or car under their home insurance policy, but it is limited to death or theft coverage.

It is advisable to consult your financial advisor before picking the plan. It makes sense to opt for a pet insurance if you are a pet parent as the premiums are quite reasonable and protect you from unforeseen medical expenses related to the pet.

Did you know?

Shakespeare invented more than 1,700 words.

Cartoon of the

Investments and Retirement Planning

Month



“Use your savings to build a time machine.
You can afford to retire in 1950.”

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