



AUGUST 2017

I-CAN COMMUNIQUÉ

MONTHLY NEWSLETTER – AUGUST 2017

Sensex : Up 5.2%	
Nifty : Up 5.8%	
Best performing sector: Metal (9.3%)	Worst performing sector: FMCG (-3.2%)
Best performing Global index: Hang Seng (6.1%)	Worst performing Global index: DAX (-1.7%)
Indian Rupee: 0.6%	Gold price: 0.8%

The equity market rally gained strength in the month of July and headline indices touched lifetime high levels. Foreign institutional investors (FIIs) were net buyers in the equity and debt markets pumping in a net amount of Rs. 5,160.7 crore and Rs. 18,867.15 crore respectively. The benchmark G-sec yield fell by 4 basis points to 6.47% in the month of July.

The domestic and global liquidity continues to be strong. One of the most significant reforms – the implementation of GST – was effected on the 1st of July. New registrations under GST crossed the 10 lakh mark by the end of the month, which brought cheer to the policymakers who were hoping for an increase in the tax base after the rollout. This is likely to have positive effects on the economy in the medium to long term. The monsoons so far have been above normal. This is likely to revive the rural economy and consumption. A bill to authorise the RBI to direct banking companies to resolve the problem of stressed assets was introduced on 24 July in the Lok Sabha by Finance Minister Arun Jaitley. This is an important step as the bad loan problem of the

banking industry only seems to be getting worse. According to a poll by Moody's, Indian banks are most at risk in South and South-East Asia, and being under-capitalised, they lack sufficient loan provisioning – further highlighting the importance of banking sector reforms.

The June inflation numbers showed that inflation is at all-time low – 0.9% on the Wholesale Price Index (WPI) and 1.5% on the Consumer Price Index (CPI). However, there was a dip in the Index of Industrial Production (IIP) growth to 1.7% in May due to a dip in mining and slow manufacturing growth. As per the latest report by IMF, the Indian economy is expected to grow at 7.2% in the current financial year. The RBI expects FY18 GDP growth to be 7.3%.

The SDG Index and Dashboards Report produced by the Sustainable Development Solutions Network (SDSN) shows that India is ranked 116 out of 157 nations on a global index that assesses the performance of countries towards achieving the ambitious sustainable development goals (SDGs).

Reforms

- In the second phase of Operation Clean Money, the Central Board of Direct Taxes (CBDT) has harvested information from the Statement of Financial Transactions (SFT) to identify 5.56 lakh new persons whose tax profiles were found to be inconsistent with their cash deposits during the 52-day demonetisation period.
- Emboldened by the Banking Regulation (Amendment) Ordinance, the RBI is expected to push for resolution bad loans

worth around Rs. 8 lakh crore by March 2019, a move that could bring down the NPAs and improve the financial health of banks, as per a study by Assocham.

- The Cabinet Committee on Economic Affairs cleared a list of projects including building of 10 indigenous Pressurised Heavy Water Reactors, which will help to improve the power generation of the country, alternative mechanism for the strategic sale of PSUs, Six-laning of Handia-Varanasi section of NH-2, maternity benefits programme etc.
- SEBI permitted foreign purchases of rupee-denominated corporate notes only through auction once the foreign holdings reached 95% of the cap.
- The Reserve Bank plans to hire 12 currency verification systems for 6 months to help it segregate fake ones from scrapped notes of Rs. 500/1000 denomination.
- The Union Cabinet raised the annual investment limit in Sovereign Gold Bonds

(SGBs) to 4 kg per individual from 500 gm and relaxed other norms to make them more attractive to buyers.

- Banks, insurance companies, mutual funds and pension funds will now create a common strategy with the financial inclusion agenda of the government in focus.
- A bill to authorise the RBI to direct banking companies to resolve the problem of stressed assets was introduced in the Lok Sabha by Finance Minister Arun Jaitley.
- Three weeks into the new tax regime, the Goods and Services Tax Network (GSTN) said that it will analyze the statistics of tax payers registered with GSTIN and give them ratings based on the data they would provide on the portal.
- Two years after its launch, the Prime Minister Awas Yojna Urban (PMAY-U) already employed close to 1.7 crore people so far, says a study



MOTOR INSURANCE

What is Motor Insurance?

Motor insurance is a contract for an automobile which the insurance company agrees to pay for the individual's financial loss resulting from a specified event. It protects the vehicle against losses arising from accidents, thefts or natural calamities.

Why Motor Insurance?

Under the Motor Vehicles Act 1988 it compulsory that every vehicle owner must have a third party insurance cover. The law of our country makes it compulsory for every individual to insure his/her motor vehicle. The compulsory nature of the law protects the insured against the third party liability. It is also beneficial for the insured to buy a comprehensive cover to give the insured all round protection.

Types of Motor Insurance

1. **Liability Only Policy:** As per the Motor Vehicles Act, it provides third party liability cover for bodily injuries and property damage. It also includes personal accident cover for the driver. As per Motor Vehicles Act, this insurance is mandatory for vehicles plying in public roads.
2. **Comprehensive Policy:** In addition to the 'Liability Policy Only', the loss or the damage to the vehicle is also covered subject to the value declared and other terms and conditions in the policy.

Important Terms under Motor Insurance

NO CLAIM BONUS

1. What is No Claim Bonus?

It is a discount in premium offered by the insurance companies if a vehicle owner has not made a single claim during the term of the motor insurance policy. As per the schedule of tariff, NCB can be earned on the Own Damage section of Policies covering all classes of vehicles but not on Motor Trade Policies and Policies that cover Fire or Theft Risks.

2. Transferability

NCB can be transferred in case the insured wants to change the insurance company. In case the insured is changing insurance company and has accrued some NCB from previous insurer then one can get the benefits for his/her NCB with new company as well.

The rate at which the NCB is transferred from the old insurance company to the new insurance company remains the same, provided that the insured will have to show some evidence that he/she is entitled to No Claim Bonus from the previous insurance company. The evidence can be in the form of renewal notice or a letter confirming the NCB entitlement from the previous insurer.

3. IDV

IDV stands for Insured Declared Value. It is the value of the sum insured that can be taken on an individual vehicle. It is calculated on the depreciated value of the vehicle or on the showroom price of the vehicle.

4. Cover Note

A Cover Note is an interim cover of insurance issued by the insurer before the issuance of the insurance policy, after the insured has duly filled the proposal form and paid the full premium. A cover note is valid for a period of 60 days from the date of issue of the cover note and the insurer shall issue the Certificate of Insurance to the insured before the cover note expires.

5. Premium

The premium depends on the type of vehicle, the model, CC, usage, place of registration, past claim history etc. of the vehicle.

What is covered under Motor Insurance?

1. Accident caused by external means.
2. In transit by Rail, Road, Air or Waterway.
3. Third Party legal liability.
4. Cover for the owner in case of death.

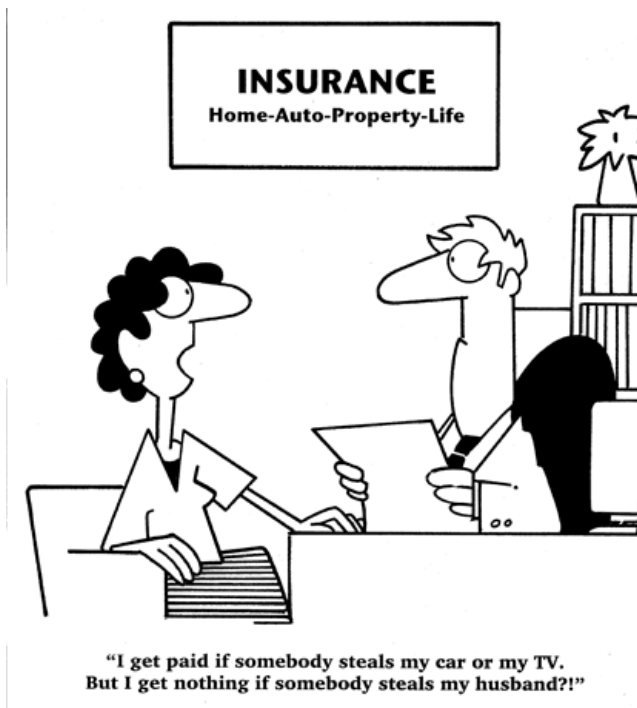
What is not covered under Motor Insurance?

1. Normal wear and tear of the vehicle due to damage.
2. Loss or damage due to depreciation of the vehicle.
3. Electrical or Mechanical breakdown.
4. Wear and Tear of consumables like tires and tubes.
5. Known or deliberate accidental damage.
6. Loss or damage caused due to driving under intoxication (Alcohol/Drugs)

Did you know?

70 % of all the world's spices come from India.

Cartoon of the Month



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