

THE INVEST *igator*

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NEXT RALLY IN SMALL CAP ?

RATIO OF CHANGE IN SMALL CAP INDEX TO CHANGE IN SENSEX



As per the above chart, In the past whenever the Ratio of change in Small Cap Index to Sensex has touched the Rebound Line the Small Cap Index has given returns of 200% to 250% over next 3- 4 years. This has been witnessed in 2004, 2009 and then in 2014. It has happened again in Dec 2019 !

Investors without any exposure to small cap funds can take a 15% exposure to such funds with a 5 to 7 years horizon.

IDFC Mf has launched its small cap fund

IDFC EMERGING BUSINESSES FUND

NFO OPENS 03 FEB 2020

NFO CLOSSES 17 FEB 2020

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Highlights of Union Budget 2020

- **Dividend Distribution Tax (DDT) abolished.** Companies will not be required to pay DDT and instead dividend will be taxed only at the hands of recipients at applicable rates. Similarly, in case of Mutual Funds also, there will be no DDT on dividends and dividends will be taxed marginally in the hands of the investors.
- **The Budget has proposed to levy 10% tax deducted at source (TDS) from mutual funds income.** Fund houses may have to deduct 10% if income from mutual funds units is over Rs.5000. This TDS will be applicable to dividends only. CBDT has clarified that this 10% TDS will not be applicable to capital gains arising from the sale of units. [s194K]

1. Between 2006-2016, 271 million are out of poverty and we should be proud of it.
2. Country has moved on from over 4 per cent growth in 1950s to 7.4 per cent to 2014-19 period.
3. Total of 60 lakh new taxpayers and 105 crore e-way bills generated under GST. Average household now saves 4 percent of monthly spend due to reduced GST rates.
4. Central government debt reduced to 48.7 per cent of GDP in 2019 from 52.2 per cent.
5. India 1. Between 2006-2016, 271 million are out of poverty and we should be proud of it.
6. Government to **incentivise farmers to go solar. Over 6 crore farmers under Pradhan Mantri FasalBimaYojna** have been insured. Pradhan Mantri KisanUrja Suraksha and UtthanMahabhiyan (PM KUSUM) to be expanded, providing **20 lakh farmers in setting up standalone solar pumps.**
7. Railways will set up **Kisan Rail** through PPP model so that perishable goods can be transported quickly. **Krishi Udaan scheme** to transport agri products to national as well international destinations to be launched.
8. **Agri-credit target** for the year 2020-21 has been set at **Rs 15 lakh crore.**
9. **Rs 69,000 crores** allocated for the healthcare sector.
10. Rs 99,300 crore **allocated for education in FY21.** Govt will start Ind-Sat Exam to promote study in India and a degree-level online education programme for the deprived. A total of Rs 3,000 crore will be given for skill development.
11. Allocation for **Swachh Bharat Mission for 2020-21 stands at Rs 12,300 crore.** In further push to PM Modi's 'Nal se jal' scheme, govt proposes **Rs 3.6 lakh crore towards piped water** supply to households.
12. **National Textile Mission to be launched with a proposed Rs 1,480 crore** allocation.

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13. **To boost infrastructure, 9,000 km of economic corridor will be set up.** Chennai-Bengaluru expressway will also be started. Delhi-Mumbai expressway to be completed By 2023.
14. 550 WiFi facilities have been commissioned at railway stations. 1 lakh gram panchayats to get optical fibre link. An allocation of **Rs 6,000 crore will be provided for BharatNet scheme.**
15. Allocation of **Rs 27,300 crore for development of industry** and commerce.
16. **Rs 20,000 crore for renewable energy sector** in a bid to tackle pollution and climate change. A new scheme of smart meters will be launched.
17. **100 more airports to be developed** by 2025. The FM also said 1,150 trains will run under the public private partnership (PPP) mode, also four stations will be redeveloped with the help of the private sector. Besides, the minister promised more Tejas type trains to connect tourist destinations.
- An allocation of Rs 8,000 crore will be made for National Mission on Quantum Computing and Technology.
18. Rs 35,600 crore allocated for nutritional related programme in FY21 while **Rs 85,000 crore has been budgeted for the welfare of Scheduled Castes** and other backward classes. Tourism promotion gets Rs 2500 crore.
19. Insurance cover for bank depositors **raised from Rs 1 lakh to Rs 5 lakh.**
20. Foreign direct investment (FDI) into the country has increased to \$284 billion during 2014-19 from \$190 billion in previous five years.
21. **Nirvik (Niryat Rin Vikas Yojana) scheme** to provide enhanced insurance cover and reduce premium for small exporters.
22. Fiscal deficit target pegged at 3.8% of GDP for FY 2019-20. FY21 fiscal deficit target pegged at 3.5% of GDP.
23. Government to **sell part holding in LIC.** Besides, govt to also sell stake in IDBI Bank to private investors.
24. Nominal growth of GDP for 2020-21 has been estimated at 10 per cent.
25. New income tax rates: A new optional Income Tax Slab has been announced for the tax payer in which he will have to forego certain deductions & exemptions.

INCOME TAX SLAB	TAX RATE
Upto Rs 250000	nil
Rs 250000 to Rs 500000	5%
Rs 500001 to Rs 750000	10%
Rs 750001 to Rs 1000000	15%
Rs 1000001 to Rs 1250000	20%
Rs 1250001 to Rs 1500000	25%
Rs 1500001 & above	30%

EXEMPTIONS & DEDUCTIONS DISALLOWED
LTA, HRA & Conveyance
Standard Deduction & Profession Tax
Relocation & Helper Allowance
Special Allowances [Section 10 (14)]
Children Education & Daily Expenses
Interest on Housing Loan (Section 24)
Chapter VI A deductions (80C, 80D, etc)

Highlights Contd.

26. **The income tax relief, will cost the exchequer Rs 48,000 crore revenue loss.**

27. Tax on Cooperative societies to be reduced to 22 per cent plus surcharge and cess as against 30 per cent at present. Govt proposes 100 per cent tax concession to sovereign wealth funds on investment in infra projects. Moreover, concessional tax rate of 15 per cent extended to power generation companies.

28. FM extended additional Rs 1.5 lakh tax benefit on interest paid on affordable housing loans to March 2021.

29. **'Vivad se Vishwas' scheme** announced for direct tax payers whose appeals are pending at various forum. 4.83 lakh direct cases pending in various appellate forums.

Under the scheme, taxpayer to pay only amount of disputed tax. They will get complete waiver on interest and penalty if scheme is availed by March 31, 2020.

30. The Finance Secretary has stated that LIC IPO may come in the second half of the Fiscal Year 2021

Bharti Infratel (Rs. 245/-)

STOCK WATCH

India Nippon Elect. (Rs. 385/-)



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