



## Investment During Uncertain Times

### From The Editor's Desk

As you would have seen and read by now, the COVID-19 pandemic is the biggest disruption in recent modern history. It has now spread to almost all countries in the world putting serious pressure on various sectors of the economy. Almost half the world's population is under some or other sort of restrictions imposed by respective governments on movements etc. This is unprecedented in human history. But then problem too is unprecedented in the history of mankind.

So, while this corona virus has caused substantial damage, how fast and how well we recover from this will depend on policies and stimulus that governments provide and the strategies that businesses adopt. As a society, we need to seriously review the direction we want to take for future development. At individual level, we need to learn to live with this virus and adopt ourselves with the new normal.

In this edition of The Financial Kaleidoscope, we will continue to cover the impact of the

COVID-19 pandemic, the current state of securities market and what it means for retail investors. We also take a look at how digitalization has proved to be a boon for the capital market and care we need to take while doing financial transactions online. As a special feature, we are sharing detailed information on recently launched issuance of sovereign gold bonds.

We invite all our readers to participate in the 'Knowledge Wins Contest' and share feedback and suggestions at the link given inside the newsletter. हिंदी Hindi version of newsletter is available at <https://nsdl.co.in/publications/nest.php>

We request you share the newsletter with your friends, colleagues and anyone else who might be interested. This newsletter can be subscribed at <https://nsdl.co.in/e-newsletter.php>.

Stay Home. Stay Safe.

Regards,  
Team NSDL

# The global economy, India and markets

With the focus clearly on saving lives, international and national borders were closed and commercial activities had come to a standstill. Only recently, some relaxations have been provided. Prolonged and widespread restrictions on the movement of people in this uncertainty have resulted in disruption of business cycle and changes in demand supply patterns in many goods and services.

One way of looking at the economic fallout of COVID-19 is through key indicators that correlate with industrial production. This includes key commodities across energy, base metals, precious metals and agriculture goods, most of which (barring coffee, gold, wheat and uranium) declined since the outbreak including crude oil which fell below zero for the first time in history.

Since the announcement of the lockdown on March 25, most non-essential businesses in the manufacturing and services sectors have come to a halt. The adverse impact of this can be seen in the sharp degrowth experienced by 7 of the 8 core industries which comprise about 40% of India's Index of Industrial Production (IIP).

Additionally, with most factories and offices shut, a large number of workers, particularly in the informal and unorganized sector have been left without work. As a result of this, India registered a record unemployment rate of 27.1% in April which translates to a loss of over 12 crore jobs in a single month.

A cumulative outcome of these two factors and uncertainties regarding the resumption of normalcy has dented the production as well as

demand for most non-essential services. As a result, most experts and analysts have pegged India's GDP growth projection for the year between 1.0 to 2.0%.

This setback comes at a very difficult time for the Indian economy. However, from a global perspective, India seems better placed compared to other countries. In fact, according to IMF projections, India is among the only two major economies expected to register a positive GDP growth for the current year, with an even better projection of 7.4% for 2021 (see the table below). So while the first quarter of FY 2020-21 seems like a complete washout, the optimism for the remainder of the year rests on the fiscal and monetary measures the government undertake.

**“I Will Tell You How To Become Rich; Close The Doors. Be Fearful When Others Are Greedy. Be Greedy When Others Are Fearful.”**

**Warren Buffett**

## Annual % change in real GDP

Region	2019	2020 (Projection)	2021 (Projection)
World output	2.9	-3.0	5.8
India	4.2	1.9	7.4
Brazil	1.1	-5.3	2.9
Canada	1.6	-6.2	4.2
China	6.1	1.2	9.2
France	1.3	-7.2	4.5
Germany	0.5	-7.0	5.2
Italy	0.3	-9.1	4.8
Japan	0.7	-5.2	3.0
Russia	1.3	-5.5	3.5
Spain	2.0	-8.0	4.3
UK	1.4	-6.5	4.0
USA	2.3	-5.9	4.7

Source: IMF World Economic Outlook (April 2020)

## Implications for retail investors

Stock markets are governed by a number of tangible and intangible functions such as economic indicators, government policies, public sentiments, future projections and so on. Given the current scenario and sentiment of gloom across the globe, the stock markets have been volatile.

Covid-19 has eroded the wealth painstakingly built over the past 4-5 years. However, there has been a surge in new business for many brokers. Perhaps attracted by lower valuations and facilitated by technology and time in hand, a big

number of first time investors have entered into the stock market. This is certainly a great sign of maturity for Indian Capital Markets.

While the external scenario has changed, the basic principles of investing in the stock market for retail investors still hold true.

- Even the most knowledgeable investors find it difficult to recognize a stock market crash until it is too late.
- During a crash, don't give in to the temptation to sell. It's like trying to catch a falling knife. A stock market crash will make the individual investor sell at rock-bottom prices.
- The best bet against turbulent times is not gold or any other single asset. Instead, investors who diversified portfolio are often proven correct.
- Such situations are the best opportunity for someone who is trying to build his portfolio for a long-term investment. Low prices usually mean it's a more favourable time to buy, however investors must be careful against getting obsessed.

## Importance of technology for investors

In the wake of the COVID-19 pandemic and the nation-wide lockdown, it has become essential for banks and financial institutions to ensure that the customers do not suffer due to these restrictions. Under normal circumstances, users need to visit a branch every time they wish to make any change or to avail new services - updating address, adding a nominee, change in the mobile number, etc. Additionally, each of these requires a user to submit attested copies of documents for KYC and any missing document needs them to visit

the branch again. The lockdown has provided a good opportunity to regulators and service providers to use digital tools to facilitate transactions and improve the customer experience.

In light of this situation and to encourage adoption of digital channels and technologies, regulators including RBI and SEBI have announced a number of measures and amended some rules to facilitate such digitalization of services to make it more convenient and secure for users:

**RBI:** Earlier this year in January, RBI had issued a notification permitting banks, NBFCs and other financial institutions to conduct Video-based Customer Identification Process (V-CIP) to verify the credentials and identity of customers. This improved the onboarding process for new customers while saving costs and avoiding inconvenience for customers. So, while this initiative was introduced even before the first case of COVID-19 in India, it has proven to be extremely useful and advantageous for customers as well as service providers.

**SEBI:** SEBI has also announced a number of measures to enable and ease the participation in the securities market through the use of technological innovations for KYC. Some of the key measures include:

**Digital signature:** Users can now use eSign and Digilocker to submit their Officially Valid Documents (OVDs) as proof of identity and address, required for opening of trading / demat account. Users can share these documents with intermediaries through their website, their apps or through e-mail. SEBI has also allowed investors to use the eSign mechanism for affixing cropped signature on the KYC form and on the copies of documents they submit.

**Video-based In-Person Verification (IPV):** Intermediaries have been permitted to carry out video-based IPV through their apps. This would require an authorized personnel of the intermediary to record and verify the KYC details of the customer by getting them to display the documents on the video call.

**Image of a cancelled cheque:** In order to verify the banking details of customers, intermediaries have been permitted to accept a scan or a photograph of a signed cancelled cheque.

## **NSDL e-services**

As a leading intermediary in the financial services and securities ecosystem, NSDL has been at the forefront of technological innovations and the use of digital tools to provide e-services to investors and customers. These services include:

**Online demat account opening:** Select NSDL DPs have enabled their customers to open a demat account completely online using e-KYC service of NSDL.

**NSDL Mobile App:** This is a free app for NSDL demat account holders. It allows them to:

- View account balances and value of holdings,
- Confirm pay-in related instructions uploaded by a clearing member through the e-DIS (electronic Delivery Instruction Slip) facility and
- e-Voting on proposals related to the companies they are invested in.

**IDeAS-e:** An internet based facility offered by NSDL, IDeAS enables the demat account holders to check the latest account balances and portfolio valuation anytime, anywhere. One can view past 12 CAS and participate in e-Voting using this facility. It is completely free for

all NSDL demat account holders and one can register online at <https://eservices.nsdl.com> to avail this facility.

**SPEED-e:** Another internet based facility offered by NSDL, SPEED-e enables the demat account holders to submit instructions to their DPs online instead of submitting it in paper form. It also allows users to check the latest balances and transactions in their demat accounts and monitor the status of execution of their instructions. Those holding demat account as a sole / single holder, can opt for this facility completely online at <https://eservices.nsdl.com>.



While digital services make banking and other financial services more accessible, it also opens up the system to hackers and fraudsters who commit cybercrimes. They take advantage of the low awareness among users and some loopholes, particularly among the elderly and new users. Incidents of fraud have increased in the past few days, during the lockdown. Remember the golden principle of not sharing any personal information, account number, password, OTP and PIN with anyone, in any form. Always remember that no bank, insurance company, SEBI, RBI, NSDL, stock exchange or government department will ever call you or email you asking for any such information. Only a fraudster will try do so.

### **Phishing emails asking for donations to the PM/CM relief fund:**

These scams feature requests for donations to help with 'medical preparations and supplies' to help the government cope with coronavirus.

### **'Track the virus' technology scams:**

These sorts of phishing attempts have been sent out via both email and text. They encourage people to download software/apps that can help track the spread of the virus. The download infects the computer or phone with ransomware and demands payment to restore the device. We encourage users to download and use Aarogya Setu App for COVID-19 related authentic information.

### **E-mails impersonating WHO or Indian Government:**

If you get an email claiming to be from one of these top-level organisations, a red flag should trigger in your mind immediately. This email asks people to provide their bank account details so a 'payment' from the help scheme can be deposited. Payment will happen, but not to your account, rather out of your account to a fraudster.

### **Warning signs of a phishing campaign**

#### *Time pressure to act:*

To make victims skip over details they would usually notice, phishing emails often have a sense of urgency about them. Look out for instructions such as 'Alert From MoHFW or 'URGENT: From INGOV'.

#### *Suspicious links:*

Many phishing emails will ask you to click on a link. Before you click on any link in any email you should always hover over the link with your cursor before taking further action. If the link itself does not match the one in the email, it's likely to be a phishing scam.

#### *Spelling or grammatical errors:*

Good business organisations have entire team that write and edit the emails they send out, so typos are rare. Scammers do not have that luxury so phishing emails are often laced with typos and grammatical errors.

## Some examples of cybercriminals defrauding people by using PM CARES Fund

After the announcement of PM CARES fund to combat COVID-19 and appeals to citizens to contribute to the fund using digital payment, cybercriminals are taking advantage of this situation to cheat unsuspecting citizens who are eager to help.

They do this by creating fake websites and social media pages as well as through malicious emails and messages that contain fake UPI payment links that sound and are spelt like the official UPI ID which is pmcares@sbi. Some of the **FAKE UPI IDs** include - pmcare@sbi, pmcares@hdfcbank, pmcares@pnb, pmcares@icicibank, etc.

Please note that SBI is the only bank authorised to receive these funds on behalf of the PM CARES fund, so before donating please verify the UPI ID (pmcares@sbi) and the account name (PM CARES) including the exact spelling.

## Sovereign Gold Bond Scheme 2020-21

### What is Sovereign Gold Bond (SGB)?

SGBs are government securities denominated in grams of gold. These are issued by RBI on behalf of the Government of India. Like any other bond or commodity, investors pay the issue price which is linked to its market price. Upon maturity, the bonds can be redeemed for cash.

### Why to invest in SGB?

Diversification of portfolio is one of the fundamental things in personal finance. Gold has been a popular asset form for investment. Traditionally, people use to buy jewellery or gold coins or bars when they wanted to invest in gold. However, investing in SGBs is a better option to invest in gold, compared with purchasing gold in physical or traditional form.

**Relatively liquid alternative for parking funds:** SGBs are easily transferable and can be traded

on stock exchanges within a fortnight from the date of issuance. In addition to that, it can also be used as collateral to avail loan from banks and other financial institutions. These factors combined with the stable price of gold, make SGBs a comparatively safe and relatively liquid avenue for parking of funds.

**Tax treatment:** The capital gains tax arising on the redemption of SGBs to an individual has been exempted. The indexation benefits will be provided to long term capital gains arising to any person on transfer of bond.

**Convenient and hassle-free:** SGBs are held in the books of the RBI in dematerialized form, so it is similar to owning gold without the risk of loss or storage cost. Also, holding gold in the form of jewellery incurs making charges and loss in purity while changing form to conduct a transaction. This makes SGBs a convenient and hassle-free instrument for investing in gold.

### Who can invest in SGBs?

The sale of SGBs is restricted to Indian entities or investors who are resident in India including individuals, HUFs, trusts, universities and charitable institutions. Individual investors with subsequent change in residential status from resident to non-resident may exercise early redemption or continue to hold SGBs till maturity.

**Subscription limits and interest:** SGBs are available in denominations of one gram of gold and multiples thereof. The minimum permissible investment is 1 gram of gold, with a cap of 4 KGs for individuals and HUFs and 20 KGs for trusts. All investors will be eligible for receiving interest at a fixed rate of 2.50 per cent per annum based on the nominal value, payable twice a year.

**Maturity and redemption price:** The tenor of the bond will be 8 years with an exit option from 5<sup>th</sup> year onwards to be exercised on the interest payment dates. The redemption price shall be based on the simple average of the closing price of gold of 999 purity of previous 3 business days from the date of repayment.

## How to invest in SGBs?

Investors can subscribe to SGBs through the following channels:

- Scheduled Commercial banks (except Small Finance Banks and Payments Banks),
- Stock Holding Corporation of India Limited (SHCIL),
- Designated post offices and
- NSE and BSE.

The KYC norms for SGBs are the same as that for the purchase of physical gold. PAN issued by the Income Tax Department is mandatory for all applications.

**Online applications:** Applications received online and paid digitally will be eligible for a discount of ₹50 per gram. One can opt to hold SGB in demat account or in form of holding certificates, which can later be converted to a demat form, if so desired by the investor.

**Important dates:** As per the RBI notification, SGBs will be issued in six tranches from April 2020 to September 2020. Following are the forthcoming tranches:

No.	Tranche	Date of Subscription	Date of Issuance
1	2020-21 Series III	June 08-12, 2020	June 16, 2020
2.	2020-21 Series IV	July 06-10, 2020	July 14, 2020
3.	2020-21 Series V	Aug 3-7, 2020	Aug 11, 2020
4.	2020-21 Series VI	Aug 31-Sep 4, 2020	Sep 8, 2020



## Simplified online process for NSDL demat account holders to avail SPEED-e facility

NSDL has launched a simple online process to enable demat account holders to avail NSDL's Internet based SPEED-e facility. The registration process can be completed online at NSDL e-Services website <https://eservices.nsdl.com> without the need to visit office of DP.

Reference: [Circular No. NSDL/POLICY/2020/0054](#) dated April 29, 2020, available on [NSDL website](#).

## E-mail update facility for shareholders

NSDL has developed a facility to enable companies to connect with their shareholders for update of their email ID in demat account.

Reference: [Circular No. NSDL/POICY/2020/0032](#) dated March 16, 2020, available on [NSDL website](#).

## Facilitating transactions in Mutual Fund schemes through the Stock Exchange Infrastructure

Investors can now directly purchase and redeem mutual fund units from Mutual Fund/ Asset Management Companies through the infrastructure of the recognized stock exchanges.

Reference: [NSDL/POLICY/2020/0025](#) dated March 11, 2020, available on [NSDL website](#).

## Move to Digital Banking – A Safe Banking!

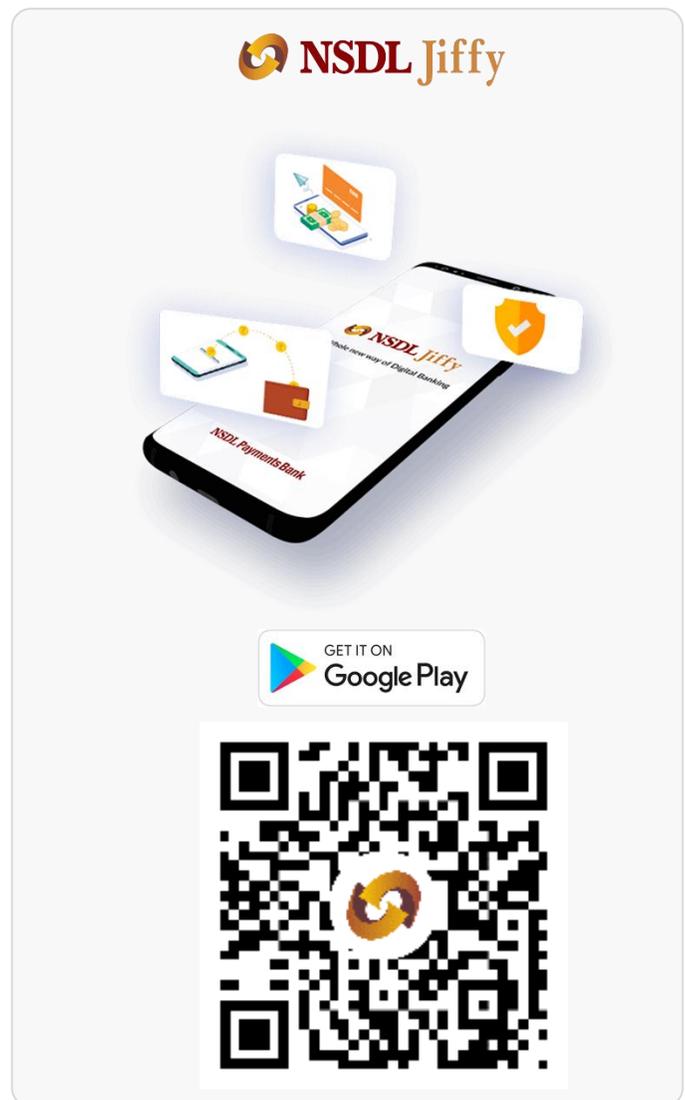
Going digital has become a new norm globally and has also transformed the way we manage our finances. As a part of this digital transformation, Digital Banking has evolved as an easy, quick and safe way of banking and you can do it sitting at home.

- NSDL launched fully digital bank – NSDL Payments Bank which is approved by RBI.
- NSDL Jiffy is the bank's mobile banking application available on Google Play store. It is the face of the bank and allows very quick, smooth and paperless savings account opening. It offers wide range of services like Fund Transfers, Bill Payment, Recharges, easy access to Virtual Debit Card, issuance of Physical Debit Card and much more.
- NSDL Payments Bank also provides Current Account and Corporate Internet Banking which majorly cater to the business banking needs of the clients.
- The bank offers third party financial products like Mutual Funds, Life Insurance and General Insurance.
- The bank also provides access to underbanked and unbanked segment by services like Domestic Money Transfer (DMT), Micro ATM, AePs, Cash Deposit /Cash Withdrawal.
- Merchant Products like Merchant POS and QRs, Payment Gateways (PG) and Payment-as-a-Service, Prepaid Cards and more.

### NSDL Jiffy: Your Mobile Bank, Super-Fast and Super-Safe

- Quick and Smooth account opening process: 100% Digital.
- Zero average monthly balance requirement – Limited Period Offer: For accounts opened till 30th June 2020.

- Earn an interest of 4% per annum paid quarterly on balance maintained in your account.
- Enjoy your free virtual debit card to make online purchases. You can request for a physical debit card from your NSDL Jiffy App.
- Use facilities like Fund Transfers, Bill Payments, Recharges and more, all in a Jiffy
- Built on NSDL's philosophy of TECHNOLOGY, TRUST & REACH.
- Enjoy banking anytime, anywhere from your smartphone with NSDL Jiffy App.



The advertisement for the NSDL Jiffy app features a central image of a smartphone displaying the app's interface. The phone screen shows the NSDL Jiffy logo, the tagline "Your gateway to Digital Banking", and the text "NSDL Payments Bank". Surrounding the phone are several floating icons representing various services: a document with a checkmark, a shield with a checkmark, a smartphone with a checkmark, and a smartphone with a checkmark. Below the phone is a "GET IT ON Google Play" logo and a large QR code that links to the app's download page. The NSDL Jiffy logo is prominently displayed at the top of the advertisement.

Download Now: [https://bit.ly/NSDLJiffyTKF\\_1](https://bit.ly/NSDLJiffyTKF_1)

# Knowledge Wins Contest

## What is the fixed rate of interest that investors will get on investment made in SGB?

To send your replies: visit/click [www.nsdl.co.in/knowledge-win-contest.php](http://www.nsdl.co.in/knowledge-win-contest.php)

or  
Scan this QR code



# 25 Lucky Winners

get  
FREE GIFTS



## Previous Month's Winners

Abdullah Ahmad - Kolkata  
Balram Anand - Delhi  
Balram Prasad - Madhubani  
Bharath kumar - Wanaparthy  
Binod kumar - Asansol  
Chandrasekhar Reddy - Rangareddy  
Chandrasekhar Shamanna - Bengaluru  
Chetali Keni - Pune

Darshan Dave - Ahmedabad  
Dheerendra Sharma - Jaipur  
Divya Jain - Mumbai  
Dr. Nitin Ghag - Thane  
Ganesan Subramanian - Chennai  
Geetha I. - Chennai  
Harbhajan Mantala - Kopergaon  
Hardik Devani - Pune

Hardik Nagar - Vadodara  
Hardik Sheth - Surat  
Hemanth Kumar - Bengaluru  
Jameela Kareem - Ernakulam  
Jasmeet Bhatia - Bilaspur  
Shruti Nadar - Raigad  
Tejal Parikh - Ahmedabad  
Tejinder Shahi - Secunderabad  
Thomas Kuriakose - Kottayam

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For any grievance related to Demat account, you can email us at [relations@nsdl.co.in](mailto:relations@nsdl.co.in)

For any other information related to Demat account, you can email us at [info@nsdl.co.in](mailto:info@nsdl.co.in)

**Terms & Conditions :** 1) NSDL shall be solely responsible for the execution of this Contest. 2) This Contest is open to Indian Citizens only. 3) NSDL employees are not allowed to participate in this contest. 4) All personal details submitted must be accurate and complete and are subject to proof upon request by NSDL. 5) NSDL reserves the right to discontinue the contest at any given point of time without prior intimation. 6) All winners shall be selected by NSDL and the decision taken will be final.