



Celebrating 10 years of Creating Wealth

I-CAN COMMUNIQUÉ

FEBRUARY 2025





MONTHLY NEWSLETTER – FEBRUARY 2025

Sensex : Up 0.97 %	
Nifty : Down 0.58 %	
Best performing sector: Dividend Points (+12.85 %)	Worst performing sector: Realty (-13.16 %)
Best performing Global index: DAX (9.2 %)	Worst performing Global index: KLSE Composite (-5.2%)
Indian Rupee: -0.78%	Gold (International): +7.37%

MACRO ECONOMIC HIGHLIGHTS

Donald Trump was sworn in as the 47th president of the United States on January 20, marking his historic return to the White House. Donald Trump's inauguration as the 47th president of the United States drew a notable gathering of political leaders, including former Presidents Barack Obama, George W. Bush, and Bill Clinton. The President's agenda emphasizes a swift overhaul of federal institutions. He is poised to enact tariffs, roll back Democratic climate initiatives, and push for personal loyalty as a key qualification for government appointments.

Federal Reserve Chair Jerome Powell emphasized that the central bank is not in a rush to change its monetary policy, reiterating a 2% inflation target. Powell avoided commenting on President Trump's demand for lower interest

rates but noted that the Fed is reviewing new diversity policies from the Trump Administration and evaluating its participation in global climate initiatives.

The number of Americans filing new applications for unemployment benefits dropped to an eight-month low, pointing to low layoffs at the end of 2024 and consistent with a still healthy labor market. The report from the Labor Department on Thursday added to a recent raft of upbeat economic data, including consumer spending, in reinforcing the Federal Reserve's projections for fewer interest rate cuts this year. Labor market resilience is keeping the economic expansion on track.

The Reserve Bank of India (RBI) announced measures to inject durable liquidity into the banking system, including a ₹60,000-crore bond purchase and a \$5-billion USD/rupee swap auction. These actions are expected to ease liquidity conditions, providing relief to the banking sector amidst high liquidity deficit concerns.

India's manufacturing sector growth slipped to a 12-month low in December, as fresh business orders and production expanded at softer rates, according to a monthly survey released. The HSBC India Manufacturing Purchasing Managers' Index (PMI) compiled by S&P Global slipped to 56.4 in December from 56.5 in November, indicating a weaker improvement in operating conditions. In January 2024, the figure stood at 56.5.

Service sector recorded an impressive performance in December, S&P Global said highlighting a survey result. Service sector has a share of over 53 per cent in Gross Value Added (GVA). The survey's result is known as the Purchasing Managers' Index (PMI), which rose to 59.3 in December as against 58.4 in November. Growth in the services sector is contracting to manufacturing, where PMI slipped to a 12-month low of 54.1 in December.

Collection from Goods & Services Tax (GST) dipped to a 3-month low in December to ₹1.76 lakh crore, Government data released showed. However, this marks an increase of nearly 7 per cent from ₹1.65 lakh crore collected in the same month last year.

India's fiscal conditions will continue to constrain its credit strength in 2025 but it may benefit from a shift in trade and investment flows from China, Moody's Ratings said in its Asia-Pacific 2025 outlook. "We expect only gradual fiscal consolidation, and debt to remain significantly higher than the Baa-rated peer median of around 57 per cent," Moody's Ratings said. It added that proposed trade restrictions by the US would weaken economic output across the region.

India is set to remain the fastest growing major economy with a 6.7% growth rate in FY26 and FY27, according to the World Bank's report. Growth in the broader South Asian region is also expected to rise, driven by India's strong performance. The report highlights steady investment growth and improvement in GDP per capita for India and China.

REFORMS

The Directorate General of Foreign Trade (DGFT) has made amendments to the Foreign Trade

Policy to make consultations with stakeholders for their views on draft policies mandatory, an official statement said. The changes also provide the mechanism to inform reasons for not accepting views, suggestions, comments or feedback concerning the formulation or amendment of the Foreign Trade Policy, the commerce ministry said. The key objective of the amendments is to encourage the participation of all stakeholders in the decision-making process before introducing or changing policy and procedures affecting the importation, exportation, and transit of goods, along with a reasonable opportunity to comment and contribute to the process.

The agriculture ministry has made it mandatory for the new applicants for the direct cash transfer programme PM Kisan to obtain digital IDs linked to land records. The move is to ensure that only genuine land-owning farmers get the benefits and simplify the process of registration for various other farmer welfare programmes. In a communication to states, the agriculture ministry has stated that from January 1, 2025, states must ensure digitization of land records and mutation in the name of the beneficiaries so that farmers digital ids could be generated.

The Ministry of Finance notified that penal charges imposed by banks and non-banking financial companies (NBFCs) for non-compliance with loan terms will not attract an 18 per cent goods and services tax (GST). The 55th GST Council meeting addressed this issue after receiving representations seeking clarity on the applicability of GST following the Reserve Bank of India's (RBI's) directive issued on August 18, 2023, which said that the use of "penal interest for non-compliance with loan terms" should be discontinued.

The Reserve Bank tightened norms for imposing monetary penalties and compounding offences under the Payment and Settlement Systems Act (PSS Act) to rationalise and consolidate enforcement action by the central bank. As per the revised framework for payment system operators and Banks, operation of a payment system without authorisation, disclosure of information, which is prohibited, and failure to pay the penalty imposed by the Reserve Bank within the stipulated period are among the contraventions under the PSS Act.

The Securities and Exchange Board of India (Sebi) relaxed settlement norms for brokerage accounts remaining inactive for more than 30 days. Brokers will now have to return the money lying in such idle accounts on a pre-decided settlement date every month. Till now, brokers were required to return funds within three working days of identifying inactivity. According to Sebi, the new norms will lead to ease of doing business for brokers as it will save them from the hassle of settling accounts daily.

The market regulator SEBI tightened rules for independent advisers and research analysts by imposing deposit requirements and restrictions on the scope of advice to enhance transparency and protect investors. The new guidelines following the amendment notified on 16 December aim to reinforce compliance and ensure better segregation of services between independent advisers (IAs) and research analysts (RAs), according to norms released. Sebi introduced a tiered deposit structure for IAs and RAs based on the maximum number of clients served on any given day during the previous financial year. Existing IAs are required to comply with this provision by 30 June, while RAs must

comply by 30 April. For new applicants, the deposit requirement will take effect immediately upon registration. Sebi allowed individuals or partnership firms registered as RAs to also seek certification as IAs. These entities will now be required to comply with the rules and regulations under both the IA and RA frameworks. IAs are now explicitly restricted to providing investment advice on securities under Sebi's purview. However, they may also offer comprehensive financial planning services that include advice on products outside Sebi's jurisdiction. In such cases, IAs must disclose to clients that these services are not regulated by Sebi and that clients have no recourse to Sebi for grievances related to non-Sebi products. Sebi has allowed IAs greater flexibility in how they charge fees, with the option to change the mode of charging fees from assets under advice (AUA) to a fixed fee and vice versa at any time, without the previous restriction of a 12-month waiting period. Sebi revised the qualification and certification requirements for new applicants. The new RAs must hold a relevant professional qualification or a degree in fields like finance, economics, or business management, along with NISM certification. Sebi clarified in the guidelines that the existing individual RAs or employees engaged in providing research services will not be required to meet the new qualifications but must continue to hold NISM certifications.

Relationship Management and Financial Investments

This Valentine's month let us look at some lessons which we apply while managing our relationships with our loved ones to get better at financial investments. Just as we ensure that we invest our time and emotions with the right people, we need to follow the same principles to achieve our financial goals.

1. Exiting wrong investments

Staying connected with people with toxic natures who do not wish well for us won't serve us any good even though we have a familiarity bias towards them. Similarly, exiting scrips with negative business developments is important for capital protection. Just because we have faced some losses doesn't make a case to be invested for longer if there are no reasons to believe that a turn-around is likely. Instead, it is better to protect against further downfall and invest in an alternative option with better growth potential.

2. Patience

Just like it takes patience to build human relationships, it also takes patience to build an investment portfolio. Just like relationships often experience ups and downs and are affected by factors beyond our control, equity markets are volatile. However, our patience would be rewarded if we made fundamentally sound investments.

3. Diversification

We can agree that we should not be overly dependent on one person to fulfil all our emotional needs since it might become very challenging for us if we somehow lose access to them or it might put them under pressure to always be available for us. Hence, it would help to have at least a few friends to maintain a healthy balance. Similarly, we must follow a portfolio approach in investing to mitigate the concentration risk but with a higher allocation to the scrips where we have a higher conviction to optimize our returns without excessive risk.

4. Return Expectation

Having too high expectations to the extent that they may seem impossible for the other person to fulfil is often a reason for relationships to fail. In investing, it is said that past returns do not guarantee future returns. However, people generally carry a recency bias and are either too optimistic or too pessimistic in setting their return expectations. However, it is prudent to keep rational if not conservative expectations. One must also accept the non-linearity of returns in equity markets.

5. Continuous Learning

One generally keeps learning about the dynamics of their relationships with their loved ones and also what makes them happy, their interests, and their reactions to external stimuli to increase the chances of success of their relationships. Similarly, we generally get better at investing with experiential learning as we can avoid making the same mistakes and increase our chances of success with better risk management policies.

Thus, as we celebrate Valentine's Day this month, let's encourage our loved ones to make sound financial investments by knowledge sharing or gifting them a SIP!

Monthly Mantra

They can steal your recipe, but the sauce won't taste the same.

Cartoon of the Month



Good News!

1. With strong growth in non-corporate tax, net direct tax collection is likely to cross budget estimates by more than ₹73,000-83,000 crore. The Union Budget presented in July pegged the net direct tax collection at ₹22.07 lakh crore for the fiscal year 2024-25. This requires a growth rate of 12.6 per cent over the actual collection of ₹19.60 lakh crore in FY 2023-24. However, data for the period between April 1 and December 17, 2024, showed that while the mop-up through advance tax after three instalments grew by over 20 per cent, the net collection is now 72 per cent of the budget estimates. This has boosted expectations about exceeding the target by a notable margin. This, along with good growth in Goods & Services Tax (GST), is expected to help the government push the fiscal deficit lower than the budgeted estimate of 4.9 per cent for the current fiscal.
2. Poverty declined faster in rural areas during FY24 as the poverty ratio dipped below 5 per cent for the first time to 4.86 per cent from 7.2 per cent in FY23, according to a study by SBI Research released. In comparison, the poverty ratio in urban areas fell to 4.09 per cent from 4.6 per cent during the same period. The report notes this decline in the rural poverty ratio is on account of higher consumption growth in the 0-5 per cent fractile, leading to a shift in the poverty line from the 5-10 per cent decile in FY23 to 0-5 per cent decile in FY24.
3. Fuelled by the robust demand growth in rural India, the overall agricultural credit flow this fiscal is expected to surpass ₹28-lakh crore, K V Shaji, Chairman, NABARD said. This expected improved level of credit flow, which will be much higher than projected aim of about ₹25-lakh crore, is likely to bolster overall agriculture growth this fiscal, Shaji said on the sidelines of the Grameen Bharat Mahotsav 2025, jointly organised by NABARD and Department of Financial Services (DFS) in the capital.
4. Leading bourse NSE has seen the most number of IPOs, across the mainboard and SME segment, in Asia and also the highest equity capital raised through the primary market globally in 2024. There were 90 mainboard IPOs and 178 SME IPOs on NSE with companies raising Rs 1.6 lakh crore. This marks the highest number of IPOs recorded in any calendar year, demonstrating the growing confidence of investors in India's capital markets.
5. Amazon Web Services (AWS) will invest \$8.3 billion in its Cloud infrastructure in Maharashtra, contributing \$15.3 billion to India's gross domestic product (GDP) by 2030, said the company. This investment in the AWS Asia-Pacific (Mumbai) Region will support more than 81,300 full-time jobs annually in the local data centre supply chain by 2030. The plan is part of AWS's previously announced \$12.7 billion investment in Cloud infrastructure in India by 2030. The Maharashtra government and AWS signed a memorandum of understanding (MoU) at the World Economic Forum summit in Davos, Switzerland, to formalise the investment. "I am pleased to announce the signing of a landmark MoU with Amazon Web Services, one of the foremost hyperscalers in the world. AWS's decision to set up its operations in the Mumbai Metropolitan Region is a pivotal moment for Maharashtra," said Chief Minister Fadnavis.

Top Personal Finance News – January 2025

1. Are you a senior citizen? Don't miss out on these special fixed deposit (FD) schemes by SBI, IDBI, Indian Bank & others. | Mint [Click here](#)
2. Retirement should not be compromise, allocate your retirement funds to small joys that light up your everyday lives - The Economic Times [Click here](#)
3. RBI's New Year Gift: 6 things you need to know about the new NBFC fixed deposit (FD) rules. Details here | Mint [Click here](#)
4. Meticulous budgeting, side hustles: How to manage your money as an international student? - The Economic Times [Click here](#)
5. What is GST and who needs to register for GST? - The Economic Times [Click here](#)
6. Choose investment assets that match future money goals else encashing them at time of need can be a problem - The Economic Times [Click here](#)
7. What are dynamic asset allocation mutual funds and how do they work? - The Economic Times [Click here](#)
8. quick commerce startups: Investors queue up for more quick commerce startups with special focus - The Economic Times [Click here](#)
9. \$35 billion IPOs in the pipeline this year: Kotak Investment Banking | News on Markets - Business Standard [Click here](#)
10. UPI hits record with ₹16.73 billion in transactions worth ₹23.25 lakh crore in December 2024 | Mint [Click here](#)