



*Celebrating 10 years of Creating Wealth*

I-CAN  
COMMUNIQUÉ

DECEMBER  
2022



## MONTHLY NEWSLETTER – DECEMBER 2022

<b>Sensex : Up 5.24%</b>	
<b>Nifty : Up 5.46%</b>	
Best performing sector: PSU Bank (16.3%)	Worst performing sector: Power (-2.7%)
Best performing Global index: Hang Seng (22.48%)	Worst performing Global index: Nasdaq (-1.1%)
Indian Rupee: +1.75%	Gold (International): +6.6%

Retail inflation based on Consumer Price Index (CPI) dropped to three-month low of 6.77 per cent in October against 7.41 per cent in September. India's wholesale price index-based inflation in the month of October eased to 8.39% on an annual basis, from 10.70% recorded in September, provisional data from the Commerce Ministry showed. With this, the wholesale inflation in India has broken the streak of being in double digits for 18 consecutive months.

US consumer inflation eased to 7.7% in October. Consumer inflation reached 7.7% in October from a year earlier and 0.4% from September, the Labor Department said. The year-over-year gain was the smallest since January. Excluding volatile food and energy prices, 'core' inflation rose 6.3% in the past 12 months and 0.3% from September. The numbers were all lower than economists had expected. Britain's inflation rate rises to 41-year high at 11.1% in October. Consumer prices rose 11.1% in the 12 months through October, compared with 10.1% in September, the Office

for National Statistics said. The October figure exceeded economists expectations of 10.7%.

Growth in India's factory output recovered to a three-month high at 3.1 per cent in September as mining and electricity output grew at a robust pace even as global slowdown and elevated inflation dragged down growth in manufacturing output. This recovery comes after a surprise contraction in August. Compared to pre-Covid levels, the index of industrial production (IIP) reported a healthy 8.6 per cent expansion in September. It saw a rise in all categories except consumer non-durables. During the first half (April-September) of FY23, IIP grew 7 per cent against 23.8 per cent during the same period a year ago.

The output of eight core infrastructure sectors grew 7.9% in September 2022, as against 5.4% in the year-ago period, according to official data released. The Index of Eight Core Industries (ICI) measures the combined and individual performance of production in selected eight core industries.

GST collections for the month of October stood at Rs 1.52 lakh crore, according to the data shared by finance ministry. This is the second highest collection since implementation of GST. GST collection had touched a record high of nearly Rs 1.68 lakh crore in April. In September, it was Rs 1.48 lakh crore.

Over 8.5 million salaried jobs were added during September and October 2022 taking the total number of salaried workers in the country to 85-86 million with highest addition in urban

salaried jobs, the Centre for Monitoring Indian Economy said. This is higher than the pre-pandemic levels and comes after a gap of 32 months when the pandemic induced lockdown had pulled down the number of salaried workers to 65 million by August 2020, it said. Unemployment rate for persons aged 15 years and above in urban areas declined to 7.2 per cent during July-September 2022 from 9.8 per cent a year ago, the National Statistical Office (NSO) said. **Unemployment rate** was high in July-September 2021 mainly due to the staggering impact of Covid-related restrictions in the country.

Moody's Investors Service pared India's 2022 calendar growth to 7% from 7.7% projected earlier but said the underlying growth dynamics are strong and the country is less vulnerable to weakening G-7 growth. S&P Global Ratings revised India's FY23 GDP growth forecast downwards by 30 bps to 7 per cent. For FY24, the forecast has been revised by 50 bps to 6 per cent.

## **Reforms**

- The Reserve Bank of India (RBI) announced a pilot for retail central bank digital currency (CBDC) on 1 December. The digital rupee would be in the form of a digital token that represents legal tender, the RBI said. It would be issued in the same denominations that paper currency and coins are currently issued. It would be distributed through intermediaries, i.e., banks. The central bank also said that users will be able to transact with **digital rupee** through a digital wallet offered by the participating banks and stored on mobile phones. "Transactions can be both Person to Person (P2P) and Person to Merchant (P2M). Payments to merchants can be made using QR codes displayed at merchant locations," the statement read.
- The Security and Exchange Board of India (Sebi) has issued a framework for **stock exchanges** and brokers to deal with incidents of malfunction in trading systems, amid rising concerns of technical glitches and **cyber security** threats. Under the new framework, any malfunction that causes a slowdown in or variance from normal operations for five minutes or more will have to be reported within an hour of occurrence. Stock brokers have been directed to submit a preliminary incident report within a day following the incident, mentioning the details and immediate action taken to rectify it, while a root cause analysis report will have to be submitted within 14 days to the **stock exchanges**. These malfunctions could be on account of inadequate infrastructure, cyber attacks, procedural errors or process failures, noted **Sebi**.
- The Securities and Exchange Board of India (Sebi) has amended the ICDR (Issue of Capital and

Disclosure Requirements) regulations to introduce norms pertaining to KPI disclosures, confidential filing of initial public offerings (IPOs) and monitoring of proceeds are utilised in qualified institutional placements (QIPs) and preferential allotments. The regulator has allowed an 18-month window for an IPO to issuers pre-filing their draft offer documents post initial observations. Under the regular route, companies get 12 months to launch an IPO post final observations.

- The [Securities and Exchange Board of India](#) (Sebi) issued new guidelines to standardise rating scales used by [Credit Rating Agencies](#) (CRAs) that will come into effect from January 1, 2023. “Standardised symbols and their definitions have

been devised for issuer rating or corporate credit rating,” said [Sebi](#) in its circular. The regulator has directed that rating symbols should have CRA’s first name as prefix. The regulator also specified standard descriptors for ‘rating watch’ and ‘rating outlook’. CRAs will have to use descriptors like rating watch with positive implications, developing implications, or negative implications. Meanwhile, for any issuer or security placed in rating outlook, CRAs will have to use stable, positive, and negative as standard descriptors. Rating outlook indicates the near-to-medium term rating movement while ‘rating watch’ indicates CRA’s view in the short term.



## How Does Inflation Impact Our Personal Finance?

We have been hearing about inflation in news very often since last year. While most of us are aware about how inflation impacts our economy, let us figure out how it impacts our personal finance. Our financial decisions depend upon our income. Now if our income does not grow proportionately with inflation then it would significantly impact our financial situation. Let us look at how inflation impacts our personal finance.

### **Expenditure**

Non-Discretionary expenditure is what we need to spend to meet our basic needs. Due to inelasticity of demand, this factor occupies a bigger share of our wallet during inflationary phase thus leaving lesser room for non-discretionary expenditure and savings. Discretionary expenditure is what we choose to spend on our wants. Since discretionary expenditure is an individual choice, the impact of inflation on this factor would be different for each of us depending upon how much and on what we spend.

### **Savings**

It is ideal to prioritize Savings over Discretionary Expenditure. However, it is equally important to invest the savings prudently so as to yield inflation beating returns. Now let us look at how inflation impacts our investments.

**Fixed Income** - There is a risk of market prices of fixed income instruments falling and resulting in market losses as yields move up due to interest rate hikes during inflationary phase. Even if interest rates are hiked for bank and corporate Fixed Deposits, the hikes may not be sufficient for investors to beat inflation.

**Equity**- It may be difficult to predict the impact of inflation on equity since there are many moving parts in equity markets. However, equity markets ultimately move in tandem with earnings growth. How inflation would impact corporate earnings would depend upon the quantum and magnitude of inflation. If inflation is within a tolerance range as may be guided by the Central bank, then it may impact corporate profits positively with better price realizations. However, if inflation breaches the tolerance range, then it may have a negative impact on corporate earnings since Central Bankers would be forced to opt for aggressive rate hikes and undertake monetary tightening measures which may lead to demand destruction in the economy. The inflation which we have witnessed since last year had been caused predominantly by global supply disruptions. As businesses were not able to pass on the cost inflation of raw materials as well as utilities completely to customers, it impacted their profits as well as margins negatively. However, it seems safe to believe that the worst of inflation of the recent past should now be behind us.

Thus, inflation impacts our personal finance in many more ways than we might think.

### Did you know?

The duel between Bull vs. Bear- This combat has been a spectacular sport in ancient Rome during the time of Queen Elizabeth.

### Cartoon of the Month



## Good News!

- E-commerce retailers led by Amazon and Flipkart garnered sales worth Rs 76,000 crore during the one-month festival sale event — almost double the pre-pandemic figure of Rs 40,000 crore in 2019, according to a report by consulting firm Redseer. This is also about 25 per cent year-over-year (YoY) growth compared to the festive sale month of CY2021. Redseer also said that offline retail stores have seen robust footfalls during Diwali this year. The simultaneous growth of online and offline indicates ample growth opportunities for both formats.
- Retail loan growth surged 20% in September, the fastest since the covid-19 outbreak in 2020, unfazed by higher borrowing costs, signaling a robust revival in consumer demand during the festive season. Loan demand was seen across categories for purchases of vehicles, consumer durables and homes, the mainstay of retail credit. “As per the high-frequency indicators (HFIs) for the recent months, private consumption—especially urban demand—has remained healthy,” RBI governor Shaktikanta Das said.
- India’s consumer price index (CPI)-based inflation could ease in the coming months thanks to the arrival of kharif crops, lower international commodity prices, and a pass through of lower input costs to consumers, the finance ministry said in its Monthly Economic Review (MER) for October. The MER stated that the recovery in economic activity across sectors had improved the employment situation in the country. It said the periodic labour force survey (PLFS) showed that the urban unemployment rate had declined for four consecutive quarters till June — the latest PLFS data released showed a further dip in the urban unemployment rate. It stated that net payroll additions in the Employees’ Provident Fund Organisation had grown in double digits in September, reflecting the increased pace of formalisation of the economy, while most private sector indicators showed that key industries had seen an increase in hiring activity in October and in the September quarter.
- Services exports continued to remain robust and witnessed 25-30 per cent growth since the beginning of the current fiscal year (July-September), reveals official government data. Notwithstanding the threat of a recession looming ahead for the developed economies, exporters say they expect a similar trend to continue in the second half of the year. Growth will be driven by sectors such as information technology (IT), accounting, engineering services, as India will have the advantage of low-cost services from skilled professionals it offers.
- Centre’s direct tax collection is set to exceed budget estimates by a sizable margin this year, Central Board of Direct Taxes (CBDT) chairman Nitin Gupta said. Speaking to reporters at the taxpayers’ lounge set up by the Income Tax department at the ongoing India International Trade Fair in the capital, Gupta said that receipts from direct taxes, comprising personal and

corporate tax receipts, after refunds, is expected to go up by over 25% compared to union budget estimates for this fiscal.

- The Centre is looking to allocate an additional Rs 28,000 crore for the flagship rural housing programme, Pradhan Mantri Awas Yojana–Gramin (PMAY-G), this fiscal year to ensure completion of the targeted dwellings before the next general election in 2024.
- The Indian IT industry will add a minimum of two lakh jobs in the near term, even as macroeconomic headwinds bought on by inflation, and possible economic slowdown globally loom, said Kris Gopalakrishnan, Co-founder of Infosys. He was speaking at the 25th edition of the Bengaluru Tech Summit. The industry will grow secularly because investments in technology and digitisation will continue to rise over the years ahead, Gopalakrishnan noted.



## Top Personal Finance News – December 2022

- 1) RBI to launch first pilot for retail digital rupee from December 1; SBI, ICICI Bank and six other banks identified for participation [Click here](#)
- 2) Cash is still king in rural India, UPI favourite in metros [Click here](#)
- 3) Centre likely to raise EPFO wage threshold [Click here](#)
- 4) NPS rules eased: PFRDA releases new exit form, know the changes [Click here](#)
- 5) SBI customers: Did you receive this fake SMS asking for PAN update? [Click here](#)
- 6) Centre mulling changes to capital gains tax regime [Click here](#)
- 7) Taxpayers should check annual information statement quarterly, report discrepancies, says FinMin official [Click here](#)
- 8) Budget 2023: 'Provide tax rebate on consumers' durables, real assets' [Click here](#)
- 9) Homes worth Rs 2,237 cr registered in October 2022: Knight Frank India [Click here](#)
- 10) Royal family of Travancore to sell Delhi bungalow, plots for Rs 250 crore [Click here](#)
- 11) Fed, BoE hike rates by 75 bps; how will higher interest rates impact your mutual funds? [Click here](#)
- 12) SBI's Dinesh Kumar Khara on what digital rupee will mean for economy, traditional banking [Click here](#)
- 13) 7 mutual fund schemes deliver more than 20% SIP returns in 10 years [Click here](#)
- 14) EPFO relaxes withdrawal norms for EPS-95 subscribers [Click here](#)
- 15) Sensex at all-time high; what should mutual fund investors do? [Click here](#)
- 16) Small savings schemes are catching up with savers [Click here](#)
- 17) LIC Tech Term, New Jeevan Amar: LIC relaunches two term assurance plans [Click here](#)
- 18) Soon money transfers between India-Singapore using UPI: Indian envoy [Click here](#)
- 19) New RBI norms for ARCs makes it tougher to offload retail NPAs [Click here](#)
- 20) Karnataka HC: Insurer liable even if vehicle lacks fitness certificate [Click here](#)