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I-CAN COMMUNIQUÉ

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MONTHLY NEWSLETTER – SEPTEMBER 2025

Sensex : Down 1.56 % Nifty : Down 1.38 %	
Best performing sector: Auto (+ 5.86 %)	Worst performing sector: Railwas PSU (- 7.55 %)
Best performing Global index: Nasdaq Bank (8.08 %)	Worst performing Global index: Merval (Argentina) (- 14.43 %)
Indian Rupee: - 0.34 %	Gold (International): + 5.48%

MACRO ECONOMIC HIGHLIGHTS

India's Inflation

India's retail inflation eased to an over 8-year low of 1.55% in July, aided by cooling food price rises, according to government data. This marks the first time in over six years that inflation has fallen below the Reserve Bank of India's 2% to 6% tolerance band. It is the lowest year-on-year inflation rate after June, 2017. Food inflation, which accounts for nearly half of the Consumer Price Index (CPI) basket, stood at -1.76% as against a contraction of 1.06% last month. Despite uneven monsoons, a strong spring harvest has helped India keep a lid on food prices, extending the country's longest disinflationary streak in more than a decade. Vegetable prices stood at -20.69% in July as compared to -19% in June. Pulses prices fell 13.76% in July, compared with a 11.76% decline in June. Corresponding inflation rates for rural and urban stood at 1.18% and 2.05%, respectively.

The benign inflation outlook gives the RBI more room to support the economy, which is under pressure after U.S. President Donald Trump sharply raised tariffs on Indian goods. For the full year FY26, the RBI has projected headline inflation at 3.1%, lower than the 3.70% forecast made in June. However, the CPI is expected to stand at 4.9% in first quarter of FY27, breaching the apex bank's 4% target. Quarter-wise estimates are: 2.1% in Q2, 3.1% in Q3, and 4.4% in Q4. The central bank maintained that risks to the outlook are "evenly balanced." The RBI MPC also noted that the core inflation has remained steady at 4%.

RBI's MPC Minutes

Uncertainties over the impact of the United States' (US') tariffs on India, along with the ongoing transmission of past rate cuts, prompted the members of the Reserve Bank of India's Monetary Policy Committee (MPC) to maintain the status quo during the August meeting, the minutes showed. All the six members of the MPC unanimously decided to keep the policy repo rate unchanged at 5.5 per cent while maintaining the "neutral" stance. "Uncertainty in external demand, driven by tariff and geopolitical uncertainty, remains the major drag on growth as it also hinders private investment intentions, which is yet to show visible signs of improvement," said Sanjay Malhotra, governor, RBI, in the minutes.

India's Q1 GDP

Beating forecasts, India's economic growth accelerated to a five-quarter high of 7.8 per cent in the April-June 2025 period, driven by a sharp rise in manufacturing and services, defying expectations of a sequential slowdown indicated by high-frequency data. Most economists, however, believe the punitive 50 per cent additional tariff imposed by the Donald Trump administration in the US will weigh on growth momentum for the rest of FY26. Nominal GDP in the June quarter grew at a slower pace of 8.8 per cent, compared with the finance ministry's estimate of 10.1 per cent for full FY26. The gap reflected a sharp narrowing in the GDP deflator (1 per cent in Q1FY26 versus 3.4 per cent in Q4 FY25), due to softer retail and wholesale inflation.

India's Manufacturing PMI

India's manufacturing sector grew sharply in July, with the HSBC India Manufacturing Purchasing Managers' Index (PMI) climbing to a 16-month high of 59.1, up from 58.4 in June, according to data released by S&P Global. The improvement was driven by strong gains in new orders and output, though business sentiment and hiring momentum showed signs of weakness.

India's Services PMI

The HSBC India services purchasing managers' index (PMI), compiled by S&P Global, stood at 60.5 in July, from 60.4 in June. The index has now been above the neutral 50 mark, which separates contraction from expansion, for four years straight. "Sustained increases in new business intakes were identified by survey members as the main aspect behind output growth. According to them, advertising, demand buoyancy and new client onboarding all underpinned the latest upturn in new orders. July's rise was sharp and the second-quickest in nearly a year," said the survey.

India's GST Collections in July

India's net revenues from goods and services tax (GST) grew by a marginal 1.7 per cent in July to ₹1.68 trillion largely due to a sharp spike in refunds even as gross collections from the indirect tax were up 7.5 per cent at almost ₹ 1.96 lakh crore. July's net GST kitty growth marks the slowest pace since last February from when disaggregated data on gross and net GST collections is available. Net revenues from domestic transactions, in fact, contracted 0.2 per cent in July, even though gross domestic revenues were up 6.7 per cent, as refunds for domestic transactions more than doubled to nearly ₹17,000 crore from under ₹8,000 crore in July 2024.

REFORMS

New Income Tax Bill

Parliament has passed the new income tax bill, to replace the six-decade-old Income Tax Act, 1961, which seeks to make direct tax law easier to read, understand and implement. The new bill introduces the concept of a "tax year", replacing the financial year and assessment year to reduce confusion. It also broadens the definition of 'virtual digital assets' to include crypto-assets, non-fungible tokens and other digital assets as specified by the government. The bill also makes it mandatory for taxpayers to provide access to virtual spaces such as social media accounts, email servers and cloud storage during a search operation.

The finance minister also introduced the Taxation Laws (Amendment) Bill, 2025, which was passed by the Rajya Sabha, to provide tax exemption to public investment funds of the Kingdom of Saudi Arabia and its subsidiaries, tax exemption for partial withdrawal of subscribers of the Unified Pension Scheme to make it more attractive and change the definition of 'income' in block assessments during search and seizure cases.

BSE raises norms for SME migration to main board

BSE has strengthened the eligibility framework for small and medium enterprises (SMEs) seeking migration to the mainboard, as well as for companies listed on other exchanges aiming for direct listing. The move is aimed at enhancing transparency, investor protection and the overall quality of listings, the bourse said. It comes over three months after the National Stock Exchange (NSE) raised the bar for migration to its mainboard. Under the revised norms, companies will now need to have an operating profit of at least ₹15 crore over the last three financial years, with a minimum of ₹10 crore in each of those years. This is an increase from the earlier requirement of positive operating profit in at least two out of the last three years.

Additionally, the minimum number of public shareholders required have been increased fourfold, from 250 to 1,000. New liquidity requirements have also been introduced. Companies must also have net tangible assets of at least ₹3 crore in each of the last three financial years and maintain a clean compliance record over the same period. BSE said that these changes are part of its ongoing efforts as a market infrastructure institution and front-line regulator to improve investor confidence and market integrity.

RBI simplifies process for opening special rupee accounts

The Reserve Bank of India (RBI) has made it easier for banks to open Special Rupee Vostro Accounts (SRVAs), a key step to promote international trade in Indian Rupee. In a circular issued on August 5, the central bank said Authorised Dealer (AD) banks no longer need prior approval from the RBI to open SRVAs for their overseas correspondent banks. This move aims to speed up the opening and use of these accounts, helping facilitate rupee-based trade settlements. The RBI highlights that this decision comes after reviewing the previous process, which required AD banks to seek RBI permission before opening SRVAs. The new guideline allows banks to open these accounts independently.

SEBI proposes big changes in IPO framework

The Securities and Exchanges Board of India (Sebi) has floated a consultation paper proposing changes to the structure of large initial public offerings (IPOs), including increasing the allocation limit for institutional buyers and reducing the share of retail investors.

The regulator sought feedback on changes on anchor investor norms, institutional lock-in periods, and transferring parts of retail quota to other segments. Opinions to extend the lock-in periods for anchor investors beyond existing 30-day (50%) and 90-day (50%) requirements were considered to encourage longer holding, curb speculative exits and align with global best practices. The regulator also asked for public input on whether the retail investor quota should be revised, with the rationale of a surge in participation and concerns that large issues might not be fully subscribed by small investors. Sebi aims to harmonize requirements between the ICDR (issue of capital and disclosure requirements) and LODR (listing obligations and disclosure requirements) Regulations through process simplifications.

Should you replace Bank FDs with Debt Mutual Funds?

- You must have heard about Debt Mutual Funds being recommended as an alternative to traditional Bank FDs by many investment advisors and perhaps finfluencers. While Debt Funds have been popularized in the recent times, let us understand whether they score at being a better investment option than FDs.
- Debt funds are a type of mutual fund that invest in fixed-income instruments like corporate bonds, government securities, corporate debt, and money market instruments. There are various sub-categories under Debt Mutual Funds, mostly based on the tenure of the securities held. Debt funds can be considered for an investment horizon of 1 day to up to 3 years. To select a category of Debt Mutual Funds, you may match your investment horizon with the expected tenure of securities held by the funds in the respective category. Following is the list of Debt Funds which can be selected for various investment horizons.
- Overnight- For up to 1 week
- Liquid Funds- For 1 to 3 months
- Ultra Short Duration- For 3 to 6 months
- Money Market- For 6 to 12 months
- Short Duration- For 1 to 3 years

- Alternatively, Corporate Bond Funds may also be opted if horizon is 1 to 3 years. Corporate bond funds are debt funds that lend at least 80% of their money to companies with the highest possible credit rating. This rating is given only to companies that are financially strong and have a high probability of paying lenders on time.
- While there are "Medium to Long Duration" and "Long Duration" funds for horizon over 3 years, it is better to consider Hybrid Mutual Funds having some exposure to equity to enhance returns for horizon over 3 years. However, Long Duration Debt Funds may form a part of your investment portfolio for the sake of asset allocation.
- One may also consider investing in Gilt Funds with a long term horizon. Gilt funds are a type of debt mutual fund that invests predominantly in government securities (G-Secs) issued by the central and state governments. These funds are considered to have minimal credit risk since they are backed by the government, making them a safer investment option compared to corporate bonds. However, they are more sensitive to interest rate changes. When interest rates rise, the value of existing bonds typically falls, which can impact the fund's performance.

- Debt Mutual Funds are generally expected to deliver returns in the range of 6-8% pa. However, categories with longer tenures may deliver better returns, especially in decreasing interest rates environment. Also, schemes holding securities with lower credit ratings may deliver better returns unless there are any defaults by the securities held. There is a unique sub category under Debt Funds called "Credit Risk Funds". Credit risk funds (essentially debt funds) are mutual funds that invest in low-rated corporate debt securities. These funds hold an objective to generate higher returns by investing in securities that provide a higher yield than high-rated funds.
- Even though debt funds are less risky than equity funds, they are not risk-free. They carry risks such as interest rate risk, credit risk, and liquidity risk, which affect returns. Also, generally TAT for receiving money upon redemption in debt mutual funds is T+1 i.e. you will receive the money on next market day if redeemed before 3 pm. Whereas most banks have the facility to liquidate FD online and receive the money on the same day in a few hours. Hence, it is better to keep some portion of emergency funds in a Bank FD.
- However, please note that most of the banks charge a penalty for pre mature withdrawal. Hence debt mutual funds score at providing liquidity and must not be ignored. Also, if held for more than 2 years, realized gains on redemption of debt mutual funds are taxed at 12.5% and are tax efficient. Thus, debt mutual funds are likely to deliver optimal returns than a Bank FD but the choice of the sub category and scheme must be made considering the investment horizon and risk appetite of the investor.

Magic Mantra

When someone doesn't like you, check your net worth to see if it made a difference.

Cartoon of the Month

Good News!

1. India's goods exports to China in the first four months of FY26 rose 20% year on year at $5.76 billion, or about ₹50,112 crore, with each month recording higher shipment than a year earlier, official data showed. Exports in April rose to $1.39 billion from $1.25 billion a year earlier, while in June, they were 17% higher on year at $1.38 billion. In July, India shipped $1.35 billion worth of goods to China, against $1.06 billion in July 2024. As per the data, India's export growth to China in April-June 2025 was powered by a strong performance across energy, electronics, and agri-based products. The steady growth in exports also signals a gradual rebalancing of trade between the two Asian economies, where India has traditionally faced a large trade deficit.

2. India and China agreed to reopen border trade through Lipulekh Pass in Uttarakhand, Shipki La in Himachal Pradesh and Nathu La in Sikkim, as part of a series of measures to strengthen bilateral ties during Chinese Foreign Minister Wang Yi's official visit to India. According to the Ministry of External Affairs (MEA), the two sides described the talks as "positive and constructive," noting that peace and tranquillity had been maintained along the border since the last round of Special Representatives' talks. Beyond the boundary issue, Wang and Jaishankar discussed ways to deepen economic and cultural engagement. The MEA said the two sides agreed to resume direct flight connectivity and finalize a new Air Services Agreement, facilitate visas for tourists, businesspersons, media and other visitors, step up cooperation on trans-border rivers, with China agreeing to share hydrological information during emergencies and facilitate greater trade and investment flows between the two countries.

3. Union Commerce and Industry Minister Piyush Goyal introduced the Jan Vishwas (Amendment of Provisions) Bill, 2025, in the Lok Sabha as part of the government's push to further improve ease of doing business and ease of living. The Bill, earlier cleared by the Union Cabinet, has now been referred to a select committee, the ministry said in a statement. Members of the committee will be appointed by the Speaker, and the panel will submit its report on the first day of the next Parliament session. Prepared by the Department for Promotion of Industry and Internal Trade, the Bill proposes amendments to 355 provisions under 16 central laws administered by 10 ministries and departments. Of these, 288 provisions will be decriminalised to promote ease of doing business, while 67 will be amended to support ease of living. The law also aims to reduce the load on the judiciary by shifting focus from criminal prosecutions for minor or unintentional violations to civil penalties.

4. Cross-border Unified Payments Interface (UPI) transactions are gaining momentum with the real-time payments system expanding globally. These transactions grew more than 20 times to over 755,000 in FY25 from just 37,060 payments in FY24. In the first four months of FY26 alone, it clocked 601,000 transactions, data showed. In FY24, the value of such transactions was recorded at ₹19.7 crore, growing multifold to ₹258.53 crore in FY25. As of July of FY26, the transactions

processed on cross-border UPI were recorded at ₹169.29 crore. In comparison, cross-border UPI transactions recorded a modest 180 and 144 payments in FY22 and FY23 respectively.

5. The India Post has rolled out Rs 5,800-crore Advanced Postal Technology across the country that will transform it into world-class public logistics organization by enabling mobile-ready services and real time decision making, Union Minister Jyotiraditya Scindia said. The Advanced Postal Technology (APT) based infrastructure gives India Post access to new technology layers like modern logistics companies. "Elated to announce the nationwide rollout of Advanced Postal Technology (APT) by @IndiaPostOffice, a historic leap in Bharat's digital journey. Backed by an investment of Rs 5800 crore under IT 2.0, APT will transform India Post into a world-class public logistics organization," Scindia said on social media platform X. The technology platform will enable India Post to support full fledged digital transactions and accept UPI payments for services from customers of any bank. Earlier, UPI transactions of only India Post Payments Bank accounts were supported at post offices for purchase of services and other payments due to technical issues. The minister said the new technology will "Enable real-time decision making, boost e-commerce reach, cut operational costs through automation and deliver citizen-first, mobile-ready services anywhere-anytime.

Top Personal Finance News – August 2025

1. Will Paytm UPI stop working from August 31? Company clarifies Google Play alerts | Mint Click here
2. North India continues to lead in stock market investors, posts 20% YoY growth in investor base: NSE - The Economic Times Click here
3. RBI says re-KYC completed for over 3.5 mn accounts in FI campaign | Finance News - Business Standard Click here
4. Fixed Deposits vs Treasury Bills: Is investing in T-bills via SIP a smart move compared to FDs? - The Economic Times Click here
5. UPI's top checkout in July: The grocery aisle | Finance News - Business Standard Click here
6. Banks must settle a/cs, lockers and articles in safe custody of deceased customer within 15 days of claim: RBI - The Economic Times Click here
7. Jan Dhan account re-KYC: How to do it? RBI Governor Sanjay Malhotra shares crucial update | Mint Click here
8. India Post Payments Bank starts Aadhaar-based face authentication for digital banking - The Economic Times Click here
9. UPI rule change from 1 August, today: Cap on balance check and more — What's new? | Mint Click here
10. How homebuyers can protect themselves from being scammed by builder-bank nexus when buying under-construction houses Click here