



*Celebrating 12 years of Creating Wealth*

# I-CAN COMMUNIQUÉ

## SEPTEMBER 2024



## MONTHLY NEWSLETTER – SEPTEMBER 2024

<b>Sensex : Up 3.17 %</b>	
<b>Nifty : Up 3.43 %</b>	
Best performing sector: Consumer Durables (10.56%)	Worst performing sector: Defence (-5.02%)
Best performing Global index: Merval (Argentina) (9.92%)	Worst performing Global index: Shanghai Composite (-6.09%)
Indian Rupee: +0.02%	Gold (International): +3.31%

### MACRO ECONOMIC HIGHLIGHTS

India's retail inflation rate, based on the consumer price index, in July fell below the Reserve Bank of India's (RBI's) medium-term target of 4 per cent for the first time since August 2019 on the back of a high base and sharp reduction in food prices. Separately, growth in the index of industrial production (IIP) declined to a three-month low of 4.2 per cent in June from the upward revised figure of 6.2 per cent in the preceding month. Core inflation moderated, while the fuel group remained in deflation. The expected moderation in headline inflation during the second quarter of 2024-25 on account of favourable base effects is likely to reverse in the third quarter," said RBI Governor as the MPC kept the repo rate unchanged at 6.5 per cent for the ninth time in a row.

In its 50th review of the monetary policy, the Reserve Bank of India's (RBI's) six-member monetary policy committee (MPC) decided to keep the repo rate unchanged at 6.5 per cent. It maintained the 'withdrawal of accommodation' policy stance for a ninth straight time, citing food inflation risks, and red-flagged 'certain' lenders not adhering to top-up loan norms and credit card spend growth staying high despite an increase in risk weightings.

India's economy grew at 6.7% in the April-June quarter, marking the slowest pace in five quarters, according to data released by the statistics ministry. This follows a 7.8% expansion in the previous quarter. Economists had anticipated a slowdown in Q1 FY25 growth due to a high base effect, adverse weather conditions, and restrictions on government activities caused by the election code of conduct during the quarter. The Reserve Bank of India's (RBI) decision to keep the repo rate unchanged at 6.5% since February 2023 also contributed to the deceleration.

For the April-July 2024 period, the core industries' growth stood at 6.1 per cent, lower than 6.6 per cent growth in same period last year, data released by Commerce and Industry Ministry showed. For the month under review, six of the eight sectors recorded positive growth. The sectors that showed positive growth are steel, electricity, coal, refinery products, cement and fertilizers. The eight core industries, coal, natural gas, crude oil, refinery products, fertilizers, cement, steel and electricity, comprise 40.27 per cent of the weight of items

included in the Index of Industrial Production (IIP).

The central and state governments have collected ₹1.82 trillion in goods and services tax (GST) in July, marking a 10.3% year-on-year increase, according to finance ministry data. GST receipts also rose compared to the ₹1.74 trillion collected in June 2024. While July's GST collections fell short of the record ₹2.1 trillion in April, experts said they were in line with the robust GST revenue receipts, and are likely to further increase as the festive season approaches. July's GST figures represent sales from June 2024, which is typically a slower month before the onset of the festivities. At the net level, which includes refunds of ₹16,283 crore, GST collections rose by 14.4% for the month, despite refunds being 19.4% lower compared to the corresponding month of last year. Producer states Maharashtra, Uttar Pradesh, Karnataka and Tamil Nadu were the largest collectors of GST by value.

The manufacturing sector slowed down marginally in July due to softness in new orders, but that did not impact job creation, private survey results released showed. However, the sector faces inflation, the strongest in nearly 11 years. The results, popularly known as the HSBC Purchasing Managers' Index (PMI), dropped a tad to 58.1 in July, as against 58.3 in June. "India's headline manufacturing PMI showed a marginal slowdown in the pace of expansion in July, but with most components remaining at robust levels, the small drop is no cause for concern. New export orders remain a bright spot, rising by 1 point to the second-highest level since early-2011," Pranjul Bhandari, Chief India Economist at HSBC said. The index is prepared on the basis of responses from purchasing executives of 400 companies. Index

above 50 shows expansion, while a sub-50 index indicates contraction.

India's services activity remained robust during July, as the HSBC India Services Business Activity Index, or services PMI, stood at 60.3, data released by S&P Global showed. The monthly services' activity index stood above the 60-mark for the seventh consecutive month in July, as new business gains and "rosy demand" acted as the main drivers of growth, S&P Global said. The latest reading, however, was marginally lower than 60.5 recorded in June, but was above the neutral 50-mark for the 36th straight month. According to S&P Global, the rise in output reflected a sustained increase in sales volumes in July, with survey participants particularly commenting on buoyant demand, tech investment and a growing online presence.

Moody's Ratings revised upwards India's economic growth projections for 2024 to 7.2% from 6.8% on signs of a revival in rural demand on the back of improving prospects for agricultural output amid above-normal rainfall. It also expects 6.6% growth in 2025 versus the earlier estimate of 6.4%.

### **REFORMS**

The Reserve Bank of India (RBI) tightened norms related to public deposit acceptance by housing finance companies (HFCs), which were so far subject to relaxed prudential norms compared to non-banking financial companies (NBFCs). According to the revised guidelines, the RBI has reduced the ceiling on the quantum of public deposits that a deposit-taking HFC, which is in compliance with all prudential norms and minimum investment grade credit rating, can hold from 3 times to 1.5 times its net owned fund

(NoF). As a result, deposit-taking HFCs holding deposits in excess of the revised limit will not accept fresh public deposits or renew existing deposits till they conform to the revised limit. However, the existing excess deposits will be allowed to run off till maturity, the RBI said. Additionally, the RBI has directed deposit-taking HFCs which are currently required to maintain 13 per cent liquid assets against public deposits held, to maintain, on an ongoing basis, liquid assets to the extent of 15 per cent of public deposits held by them, in a phased manner.

The government extended until August 2026 the deadline for central public sector enterprises (CPSEs) and public sector financial institutions to adhere to the minimum public shareholding (MPS) norm. According to a Finance Ministry memorandum, the government has granted an exemption in the public interest and allowed CPSEs, public sector banks and financial institutions until August 1, 2026, to increase their public shareholding to at least 25 per cent. In exercise of power granted under sub-rule (6) of Rule 19A of Securities Contract (Regulation) Rules 1957, the central government hereby decides, in the public interest, that every listed public sector company, as defined in the SCRR, 1957, which has public shareholding below twenty five per cent within the timeline stipulated in Rule 19A of SCRR, 1957, shall get exemption up to August 1, 2026 to increase its public shareholding to at least twenty five per cent," said a notification issued by the ministry's Department of Economic Affairs. The Securities and Exchange Board of India [Sebi] is requested to take further necessary action and bring this to the notice of the stock exchanges concerned," said the notification.

Government has eased the listing requirements for Indian companies seeking to list on

international exchanges within International Financial Service Centres (IFSCs), making rules at par with the global standards. Under the new rules, for public Indian companies desiring to list solely on international exchanges in IFSCs, the minimum public offer and allotment to the public as per the offer document should be at least 10% of the post-issue capital, a government release said.

GST taxpayers who do not furnish bank account details to GST authorities will be barred from filing outward supply return GSTR-1 from September 1, GST Network (GSTN) has said in an advisory. As per GST Rule 10A, a taxpayer is required to furnish details of a valid bank account within a period of 30 days from the date of grant of registration, or before furnishing the details of outward supplies of goods or services or both in Form GSTR-1 or using Invoice Furnishing Facility (IFF), whichever is earlier. From 1st September, 2024 this rule is being enforced. Therefore, for the tax period August-2024 onwards, the taxpayer will not be able furnish GSTR-01/IFF as the case may be, without furnishing the details of a valid bank account in their registration details on GST portal," GSTN said in an advisory dated August 23.

The Securities and Exchange Board of India (Sebi) tightened the eligibility criteria for stocks to enter the futures and options (F&O) segment. Among the eligibility criteria tweaked by the regulator are market-wide position limit, average daily delivery value in cash market, and median quarter sigma order size. As per the new regulations, the market-wide position limit of stocks over the previous six months should not be less than Rs 1,500 crore for it to be eligible to enter the F&O market. Currently, this metric is at Rs 500 crore. Sebi said the change is in line with the increase in market capitalisation



of India since the last review for eligibility criteria in 2018. Similarly, SEBI also raised the required the minimum average daily delivery value of the stock in the cash market in the previous six months to Rs 35 crore from the current Rs 10 crore. Apart from this, the regulator also raised the median quarter sigma order size of stocks over the previous six months to Rs 75 lakh from Rs 25 lakh. A stock's quarter sigma order size refers to the order size that can trigger changes in the stock price equal to one-quarter of a standard deviation. Sebi said the revision in entry/exit criteria is on account of the need to ensure that only high-quality stocks with sufficient market depth are allowed to trade in the derivatives segment. "Considering the growth witnessed in market parameters since

the last review conducted in 2018, the eligibility criteria for entry/exit of stocks in derivatives segment has been revised," it said. The regulator said these changes will be effective immediately, and that the existing F&O stocks will have a gestation period of three months before applicability of the exit criteria.

## Royalty Income

A royalty is a payment made to an individual or company for the ongoing use of their property, including copyrighted works, franchises, and natural resources. For example, if you write a book, you might earn royalties from each copy sold. Similarly, if you invent a new gadget, you could receive royalty payments from companies that manufacture or sell it. The amount of royalty income you earn is typically based on a percentage of sales or revenue generated from the use of the property.

### Types of Royalties

- **Book royalty:** It is paid to authors by publishers. Typically, the author will receive an agreed amount for every book sold. Many authors receive an advance payment against future royalties. This is an upfront sum paid by the publisher when the book is contracted. The advance is recouped from the royalties earned before the author starts receiving additional payments. Publishers provide sales reports to authors, detailing the number of books sold and the royalties earned. These reports are typically sent quarterly or semi-annually. Royalty payments are made according to the terms outlined in the publishing contract, often on a quarterly or biannual basis.
- **Performance royalty:** Performance royalty is a type of royalty payment made to creators or rights holders for the public performance of their work. This often applies to music, but it can also relate to other types of creative works. In the music industry, performance royalties are earned when a song is played in public. This can include performances on radio, television, live concerts, in restaurants, bars, or other public venues. Performance royalties are collected by performance rights organizations (PROs). Performance royalties can also be earned from broadcasts and streams of music or other media. This includes streaming services, online videos, and other digital platforms where the work is publicly accessible. When a work is performed in a public setting like a club, hotel, or event space, the venue often pays performance royalties to the rights holders. The venue typically has a license with a PRO that covers these performances. Performance royalties help ensure that creators are compensated for the public use of their work, providing an ongoing income stream based on how frequently and widely their work is used.
- **Patent royalty:** Innovators or creators patent their products. The patent holder and the licensee enter into a licensing agreement that outlines the terms of the royalty payment. This agreement specifies the scope of the license, such as geographic regions and duration, and the royalty rate or payment structure. Patent royalties provide a way for patent holders to monetize their inventions while allowing others to benefit from the patented technology. They help incentivize innovation by compensating inventors for their creations.
- **Franchise royalty:** A franchisee pays a royalty to the franchisor for the right to open a branch under the company name. The franchise royalty is typically a percentage of the franchisee's gross sales or revenue. It can also be a fixed fee paid on a regular basis, such as monthly or quarterly. The exact rate or amount is specified in the franchise agreement. The terms of the royalty payments are detailed in the franchise agreement, which is a legally binding contract between the franchisor and the franchisee. This agreement outlines the percentage or amount of the royalty, payment schedule, and any other relevant financial obligations.

### Monthly Mantra

Your job controls your salary but not your income. You can control your income.

### Cartoon of the Month



## Good News!

- The union cabinet approved setting up 12 industrial smart cities with an outlay of Rs 28,602 crore, with an investment potential of Rs 1.5 lakh crore and employment potential of 1 million direct jobs and up to 3 million indirect jobs. "The industrial parks will form a golden quadrilateral. There are 20 industrial smart cities and townships of which 12 will start soon," said commerce and industry minister Piyush Goyal. These 12 cities are in addition to the existing ones in Greater Noida in Uttar Pradesh and Dholera in Gujarat to boost domestic manufacturing. These cities will span across 10 states such as Andhra Pradesh, Bihar, Kerala, and Telangana and six major industrial corridors, and would come up by 2027, and are aimed at driving "balanced" regional development.
- The Union cabinet committee also approved ₹24,657 crore for eight new railway projects till FY31 to improve connectivity and mobility, generate employment in 14 districts of seven states, and reduce oil imports and carbon dioxide emissions. The projects will cover 14 districts in seven states, Odisha, Maharashtra, Andhra Pradesh, Jharkhand, Bihar, Telangana and West Bengal, and will increase the existing network of Indian Railways by 900km. With these projects 64 new stations will be constructed, providing enhancing connectivity to six aspirational districts (East Singhbhum, Bhadradi Kothagudem, Malkangiri, Kalahandi, Nabarangpur and Rayagada), around 510 villages and about 4 million population. The cabinet also approved ₹3.06 trillion to construct an additional 20 million houses in rural areas under the Pradhan Mantri Awaas Yojana Gramin (PMAY-G) to address housing needs that have arisen over the years. These will be built over the next five years till FY29 and are expected to benefit nearly 100 million individuals.
- Net formal job creation under the Employees' Provident Fund Organisation (EPFO) stood at 1.92 million in June 2024 on the back of increased employment opportunities, a growing awareness of employee benefits, and the effectiveness of EPFO's outreach programs, the ministry of labour and employment said. As per the data, around 1.02 million new members enrolled during June 2024, which is an increase of 1.05% when compared to June 2023 or 4.08% higher compared to May 2024. Further, 59.14% of the total new members added in June 2024 were in the 18-25 age group. "This is in consonance with the earlier trend which indicates that most individuals joining the organized workforce are youth, primarily first-time job seekers," it said.
- India's electronic goods exports experienced a significant increase of 37.31 per cent in July year-on-year, rising to USD 2.8 billion from USD 2.04 billion in July 2023, according to data from the Ministry of Commerce and Industry. This growth underscores the expanding global demand for Indian electronics. For the period from April to July 2024, the total export value of electronic goods reached USD 11.24 billion. Additionally, the data reveals that the most substantial year-on-year growth in July 2024 was in the export of meat, dairy, and poultry products, which surged by 56.18 per cent. This highlights a robust performance in India's agricultural export sector as well.
- Unified Payments Interface (UPI), which has emerged as the world's most popular alternative payments method (APM), processed transactions to the tune of ₹80.8 lakh crore (\$964 billion) in April-July 2024, a sharp 37% year-on-year (y-o-y) surge compared to the same timeframe the previous year. It surpassed prominent global payment platforms such as China's Alipay, Paypal and Brazil's PIX in the number of transactions.



## Top Personal Finance News – August 2024

1. How to make the most of UPI for your daily expenses - The Economic Times (indiatimes.com) [Click here](#)
2. New UPI fraud trend: Fraudsters spamming UPI IDs with multiple collect requests; one careless approval means money gone from bank a/c - The Economic Times (indiatimes.com) [Click here](#)
3. New demat account additions in July highest in 6 months, shows data | News on Markets - Business Standard (business-standard.com) [Click here](#)
4. PSU banks raise loan rates as deposit costs rise - The Economic Times (indiatimes.com) [Click here](#)
5. PSBs Canara Bank, Bank of Baroda, UCO Bank hike key lending rates across tenures after RBI MPC verdict; Check dates here | Mint (livemint.com) [Click here](#)
6. RBI says depositors can seek premature withdrawal of NBFC deposits. Details here | Mint (livemint.com) [Click here](#)
7. AIF & PMS Conclave 2.0: Investing in Indian SMEs—decoding order book, growth trajectories, red flags - The Economic Times (indiatimes.com) [Click here](#)
8. TRAI orders telcos to disconnect all unregistered telemarketers making spam calls - The Hindu Business Line [Click here](#)
9. investors: Top individual investors made more money in June quarter - The Economic Times (indiatimes.com) [Click here](#)
10. NSE registered investor base crosses 10 crore unique investors - The Economic Times (indiatimes.com) [Click here](#)