



Celebrating 12 years of Creating Wealth

I-CAN COMMUNIQUE

MAY 2025



MONTHLY NEWSLETTER – MAY 2025

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| Sensex : Up 3.65% Nifty : Up 3.48% | |
| Best performing sector: SME-IPO (11.64%) | Worst performing sector: Metal (-5.8%) |
| Best performing Global index: Jakarta Composite (3.93%) | Worst performing Global index: Merval (-11.6%) |
| Indian Rupee: +0.00% | Gold (International): +7.08% |

MACRO ECONOMIC HIGHLIGHTS

India's Retail and Wholesale Inflation

Sharp correction in food prices brought retail inflation based on Consumer Price Index (CPI) down to 3.34 per cent in March as against 3.6 per cent of February, the government reported. It is the lowest year-on-year inflation after August 2019.

"The significant decline in headline inflation and food inflation during March is mainly attributed to decline in inflation of vegetables, eggs, pulses & products, meat & fish, cereals & products and milk & products," a statement by the Statistic Ministry said. There is a decline of 27 basis points in headline inflation of March in comparison to February. Food inflation saw a decline of 106 basis points, slipping to 2.69 per cent in March from 3.75 per cent in February.

India's wholesale price inflation saw a significant drop to a six-month low of 2.1% in March, primarily driven by lower food prices. The decline is attributed to benign food prices and a decrease in energy and mineral costs. Experts anticipate WPI inflation to remain at these low levels, with positive effects from low commodity prices and satisfactory rabi output.

India's Private Sector Output

India's private sector output grew at its fastest pace in eight months in April amid a sharp rise in new business, particularly "buoyant" international demand for goods and services, said a private survey. The HSBC flash India Composite Purchasing Managers' Index (PMI), compiled by S&P Global, rose to 60.0, up from revised 59.5 in March. The index, which measures monthly change in the combined output of the two sectors, has been above the neutral 50 mark that separates growth from contraction for the 45th consecutive month.

Manufacturing clocked a sharper upturn in new business orders than service. Manufacturing flash PMI, which is a composite measure of new orders, output, employment, supplier delivery times, and inventory, improved to 58.4 in April from 58.1 in March.

"Private sector companies in India welcomed a sharp rise in total new business intakes at the start of the 2025/26 fiscal year, which was boosted by buoyant international demand for goods and services. Collectively, new export

orders increased at the fastest pace since the series started in September 2014 as survey participants noted gains from across the globe," said the survey.

India's services sector activity slightly declined in March, with the index easing to 58.5 from 59 in February, according to a private survey released on Friday. However, it remained above its long-run average of 54.2.

RBI MPC Minutes

Members of the Reserve Bank of India's (RBI's) Monetary Policy Committee (MPC), which met on April 7-9, see inflation remaining benign. According to the minutes of the meeting released by the RBI, the policy needs to be supportive of growth. The MPC decided to cut the policy repo rate by 25 basis points (bps) earlier this month, after reducing the rate by a similar amount in the February meeting. The stance of the policy was changed to accommodative from neutral in this month's meeting.

"Overall, favourable factors for the inflation outlook outweigh those with possible adverse impact and should drive further disinflation in the headline CPI. It is expected that inflation will be well aligned to the target during the current financial year," Malhotra said. He also said, "Although even at 6.5 per cent growth, India would continue to be the fastest growing major economy, this is lower than what we aspire for."

Net Direct Tax Collection

The provisional net direct tax collection for the financial year 2024-25 marginally fell short of the revised target, growing 13.57 per cent to ₹22.26 trillion, data released by the finance ministry showed. The net direct tax collection in FY24 was ₹19.60 trillion. These direct tax collection figures

are provisional and the collections are expected to grow as last stage reconciliation and adjustments for FY25 are still underway, officials said.

Net GST Collections

Central and state governments collected ₹1.77 trillion in Goods and Services Tax (GST) in March after adjusting for refunds, 7.3% more than receipts in the same time a year ago, official data showed. In FY25, GST collections jumped 8.6% after adjusting for refunds, to ₹19.56 trillion, data from GSTN, the state-owned company that processes tax returns, showed.

REFORMS

SEBI launches system to verify authenticity of notices and summons

The Securities and Exchange Board of India (Sebi) launched the Document Number Verification System (Sebi-DNVS) to ensure transparency and verifiability of documents issued by the market regulator. Anybody who receives any notice, summons, show-cause notice, or letter from Sebi will be able to verify if the document was issued by the regulator.

Such communications will bear an 'outwards number' for the process. The verification will be possible only after authentication through a one-time password generated on the recipient's mobile number. However, the verification process will not show the contents of the letter or notice.

SEBI sets timeline for brokers to collect margins

SEBI has asked brokers to collect margins from their clients by T+1 settlement cycle. Brokers are required to mandatorily collect upfront VaR (value at risk) margins and ELM (extreme loss

margin) for their clients. They have time till T+2 working days to collect margins except VaR and ELM from their clients. Since January 27, 2023, settlement cycle has been reduced from T+2 to T+1 across all scrips in cash market. "In this regard, based on representation received from the Brokers' Industry Standards Forum and to ensure a more robust risk management framework, it has been decided that keeping in view the change in the settlement cycles, the TMs/ CMs (trading and clearing members) shall be required to collect margins (except VaR margins and ELM) from clients by settlement day," SEBI said. It said if client fails to make pay-in by settlement day and the broker doesn't collect other margins by settlement day, same would result in penalty.

RBI expands NBFC audit ambit to cover their service providers

The banking regulator has widened the scope of its audits for non-banking financial companies that collaborate with multiple fintech firms acting as loan service providers (LSPs).

Govt to revise farm and rural inflation gauges

After nearly 40 years, the central government is planning to revise the base year of the Consumer Price Index for Agricultural Labourers and Rural Labourers (CPI-AL/RL) to better capture inflation experienced by these workers. This is likely to make wage revisions for the rural job guarantee scheme more remunerative. The Labour Bureau has constituted an expert committee, chaired by National Statistical Commission member Asit Kumar Sadhu, to shift the base year from 1986-87 to the 2024-25 agricultural year. The base year for the two indices was last revised nearly three decades ago, in November 1995.

New CPI series from February 2026 to include rural housing inflation

The new consumer price index (CPI) series will measure housing inflation in rural areas, in tune with shifting consumption patterns and emergence of rental markets beyond urban centres, official sources said. At present, housing is only measured as a part of urban inflation because there are only a minuscule number of rented homes in rural areas.

"Over the past few years, it has been observed in consumption surveys that people are spending on house rent in rural areas as well. While people traditionally spent on housing in urban areas only, a change in preference and increased mobility for work and other reasons means that the housing market is also flourishing in rural areas," one of the sources said.

The new CPI series with an updated base year is slated to come into effect in February 2026, along with a new series for other macro indicators like gross domestic product and index of industrial production. The statistics ministry will be using 2024 as the base year for the upcoming CPI series. The Household Consumption Expenditure Survey (HCES) 2022-23 released last year is being used to prepare this new series.

SIP, SWP & STP

1. SIP – Systematic Investment Plan

Definition:

SIP is a method of investing a fixed amount regularly in a mutual fund scheme.

Advantages:

- Encourages disciplined investing.
- Takes advantage of rupee cost averaging (buys more units when prices are low).
- Builds wealth gradually over time.
- Flexible in amount and tenure.
- Easy to start/stop.

Suitability:

- Ideal for salaried individuals or those with regular income.
- Long-term wealth creation and goal-based investing.
- Suitable for new investors.

2. SWP – Systematic Withdrawal Plan

Definition:

SWP allows investors to withdraw a fixed amount from their mutual fund holdings at regular intervals, while the remaining amount stays invested.

Advantages:

- Provides a regular income stream (retirement, expenses).
- Tax-efficient compared to interest from FDs (Long term capital gains in equity is taxed at 12.5%).
- Helps manage cash flow needs without liquidating entire investment.
- Remaining corpus continues to grow.

Suitability:

- Ideal for retirees or those needing steady income.
- Good for people transitioning from accumulation to withdrawal phase.

3. STP – Systematic Transfer Plan

Definition:

STP is a facility where a fixed amount is transferred at regular intervals from one mutual fund scheme to another, typically from debt to equity or vice versa.

Advantages:

- Helps in risk management by avoiding lump sum investments in volatile markets.
- Useful in volatile times.
- Can generate returns on idle money (debt fund returns during transfer phase).
- Rupee cost averaging if transferring to equity.

Suitability:

- Ideal for investors with lump sum funds (e.g., from bonus, inheritance).
- Useful when gradually entering or exiting equity investments.
- Suitable for investors seeking smoother transitions between asset classes.

Monthly Mantra

If it seems like an “end of the world” scenario, you shouldn’t be worrying about your investment portfolio. If it doesn’t seem like an “end of the world” scenario, why should you even be worrying?

Cartoon of the Month



Good News!

1. The Reserve Bank of India's revised liquidity coverage ratio norms are projected to unlock ₹2.7-3 lakh crore for banks, boosting lending capacity. This move aims to balance liquidity and profitability, mitigating risks from online withdrawals with a reduced run-off factor. Experts believe banks may adjust deposit strategies, favouring short-term deposits, while the framework supports credit growth potential.
2. The Donald Trump administration has announced the restoration of student visa registrations for potentially thousands of international students in the United States, following a period of abrupt and often unexplained terminations that left many at risk of deportation. This reversal of student visas for international scholars was revealed during a federal court hearing in Boston, where the Justice Department informed the court that US Immigration and Customs Enforcement (ICE) would reinstate the legal status of affected students and is now developing a new policy framework for future visa record terminations.
3. In a move to accelerate the rollout of the Pradhan Mantri Surya Ghar Muft Bijli Yojana (PMSGMBY), the Union finance ministry has directed banks to use the National Portal for the scheme as the single source for consumer validation, installation verification, and site feasibility assessment, doing away with all physical verification that consumes lots of time, according to a senior government official.
4. A record 174 Advance Pricing Agreements (APAs) were signed with Indian taxpayers in the 2024-25 financial year ending, the CBDT said. The APA scheme aims to provide tax "certainty" to entities in the area of transfer pricing by specifying pricing methods and determining the arm's length price of international transactions in advance for up to five years. Bilateral APAs offer the added benefit of protection against potential or actual double taxation. The Board said this was the "highest number" of APAs signed in a single financial year since the programme's launch. These APAs are a result of mutual agreements with India's treaty partners, including Australia, Japan, South Korea, The Netherlands, New Zealand, Singapore, the UK, and the US, the CBDT said. "The APA programme has significantly contributed to the government of India's mission to enhance ease of doing business, particularly for multi-national enterprises engaged in extensive cross-border transactions. CBDT recognises the collaborative spirit of taxpayers and values their role as key stakeholders in the successful implementation of the APA programme," as per the CBDT.
5. While the dampening global economic outlook could impact India's economic growth through weaker external demand, the domestic growth engines — consumption and investment — are relatively less susceptible to external headwinds, according to RBI's latest monthly bulletin. India's strength to withstand headwinds, emanating from the uncertainty surrounding global tariffs wars and the individual policy responses of different countries, stem from its robust growth fostered

by a strong macroeconomic framework and moderating inflation, with strong domestic engines of growth, said RBI staffers in an article “State of the Economy” published in the bulletin.

Top Personal Finance News – April 2025

1. Bitcoin is digital equivalent of gold, showing signs of decoupling from Nasdaq: Jefferies' Chris Wood - The Economic Times [Click here](#)
2. Bitcoin drops to 5-month-low amid broader market selloff; crypto down 5.3% | Stock Market News [Click here](#)
3. BHIM app rolls out the UPI Circle feature with partial delegation | Finance News - Business Standard [Click here](#)
4. Happy birthday, Nifty50: Index turns 29; here's its journey through history | Markets News - Business Standard [Click here](#)
5. RBI allows minors above 10 years to open bank accounts independently | Finance News - Business Standard [Click here](#)
6. Jan Dhan deposits rise to Rs 2.63 lakh crore - Money News | The Financial Express [Click here](#)
7. Don't get scammed: SEBI warns investors about fake advice on social media - Market News | The Financial Express [Click here](#)
8. Retail loans by NBFCs set to get cheaper - Banking & Finance News | The Financial Express [Click here](#)
9. NSE hits 22 crore investor accounts, reflecting soaring retail participation - The Economic Times [Click here](#)
10. Payment pains: UPI outages traced to tech glitches, backend failures | Finance News - Business Standard [Click here](#)