



*Celebrating 10 years of Creating Wealth*

# I-CAN COMMUNIQUÉ

## JANUARY 2023



## MONTHLY NEWSLETTER – JANUARY 2023

<b>Sensex : Down 3.86%</b>	
<b>Nifty : Down 3.76%</b>	
Best performing sector: PSU Bank (5.7%)	Worst performing sector: IT (-8%)
Best performing Global index: Hang Seng (5.58%)	Worst performing Global index: Nasdaq Industrial (-10.8%)
Indian Rupee: -2.07%	Gold (International): +4.2%

Retail inflation hit an 11-month low of 5.88% in November, dropping below the upper limit of the Reserve Bank of India's (RBI's) medium-term target of 2-6% after a gap of 10 months, on a sharp moderation in price pressure in food. But industrial production shrank 4% in October, the second contraction in three months and the worst since August 2020, reflecting the impact of an unfavourable base and tepid export demand.

India's wholesale price index-based inflation eased to a 21-month low of 5.85 per cent in November from 8.39 per cent in October on an annual basis, stated provisional data from the Commerce Ministry. The month-on-month change in WPI index for November 2022 witnessed a contraction of 0.26 per cent as compared to 0.39 per cent growth in October.

The Monetary Policy Committee (MPC) tamped down the size of the policy repo rate hike to 35 basis points to address the twin challenges of elevated inflation and slowing growth. Simultaneously, the Reserve Bank of India (RBI) lowered the GDP projection for FY23 to 6.8 per cent from 7 per cent earlier even as the retail inflation projection for FY23 was left unchanged at 6.7 per cent. Governor Shaktikanta Das emphasised that even after the downward revision in GDP growth projection for the fiscal, India will still be among the fastest growing major economies in the world. However, he cautioned that the battle against inflation is not over. Experts say this is an indication that more rate hikes are in the offing.

The Federal Reserve downshifted its rapid pace of interest-rate hikes while signaling that borrowing costs, now the highest since 2007, will rise more than investors anticipate as central bankers seek to ensure inflation keeps cooling. The Federal Open Market Committee raised its benchmark rate by 50 basis points to a 4.25% to 4.5% target range. Policymakers projected rates would end next year at 5.1%, according to their median forecast, before being cut to 4.1% in 2024, a higher level than previously indicated. British inflation fell more sharply than expected in November to 10.7% from October's 41-year high of 11.1%, according



to official consumer prices data that may offer some comfort to the Bank of England and hard-squeezed households. Economists polled by Reuters had forecast the consumer price inflation rate would drop to 10.9%. Both U.S. and euro zone inflation fell more steeply than expected last month, raising hopes that the current wave of inflation may have peaked.

The cumulative advance tax collection, comprising both corporation and personal, has surged 12.83 per cent to Rs 5.21 trillion against Rs 4.62 trillion a year ago, according to the data released by the Central Board of Direct Taxes (CBDT). Of the total, the corporation advance tax mop-up between April 1 and December 17 stood at Rs 3.97 trillion. The advance personal income tax collection, on the other hand, stood at Rs 1.23 trillion. The government said an amount of Rs 60.46 crore has been received in tax from entities for transactions in virtual digital assets (VDAs), including cryptocurrencies, since the introduction of TDS provisions in July. The government, from April 1, has brought in a 30 per cent income tax plus surcharge and cess on transfer of crypto assets, like Bitcoin, Ethereum, Tether and Dogecoin. Also, to keep a tab on the money trail, a 1 per cent Tax Deducted at Source (TDS) under section 194S of I-T Act has been brought in on payments over Rs 10,000 towards virtual digital currencies from July 1.

Collections from Goods & Services Tax in November reached over ₹1.45-lakh crore. Though the lowest in three months and

lower by three per cent than October numbers, it was still 11 per cent higher than last November. Also, this is the ninth successive month that the revenues have crossed ₹1.4-lakh crore.

The Indian economy has grown by 6.3% in the July to September quarter, down from explosive growth of 13.5% in the previous quarter, as distortions caused by Covid lockdowns faded, but the Reserve Bank of India (RBI) raised repo rates to combat inflationary pressure. India's services sector output growth rose to a three-month high in November as new business inflows rose markedly, lifting optimism to its highest level in eight years, even as there was a substantial increase in input inflation, according to a monthly survey. The seasonally adjusted S&P Global India Services PMI rose from 55.1 in October to 56.4 in November. Survey participants linked the latest expansion to demand strength, successful marketing and a sustained upturn in sales. Eight core infrastructure industries grew 5.4% in November from a year earlier, having recovered from their worst performance in 20 months in the previous month, according to industry ministry data released.

Fitch Ratings affirms India's sovereign rating at 'BBB-', with stable outlook, saying the rating derives strengths from the country's robust growth outlook and still-resilient external finances. Fitch said it expects the general government deficit to fall slightly to 9.6 per cent of GDP in full-year 2023 from 9.8% in full-year 2022. "India is somewhat

insulated from the gloomy global outlook in 2023, given its modest reliance on external demand," Fitch said.

### **Reforms**

The National Stock Exchange of India (NSE) has received in-principle approval from the Securities Exchange Board of India (SEBI) to set up Social Stock Exchange (SSE) as a separate segment of the NSE. Setting up the Social Stock Exchange is on the lines of a proposal made by the government in the Union Budget of 2019-20 (April-March) to create a platform for listing social enterprises and voluntary organisations. Through this exchange, such organisations can raise capital through debt or equity instruments.

Sebi came out with guidelines for portfolio managers pertaining to performance benchmarking, asking them to adopt an additional layer of broadly defined investment "strategies" while managing the clients' funds. Reviewing the requirements related to performance reporting and

benchmarking by portfolio managers, the markets regulator said this is in addition to the investment approach (IA), the documented investment philosophy adopted by portfolio managers while managing the client.

SEBI said it would allow listed companies to utilise 75 per cent of their surplus funds for share buybacks instead of 50 per cent earlier. This would simply mean that the acceptance ratio in the buyback offers will rise. Each year, companies announce thousands of crore worth of buyback offers. SEBI has said that these buybacks would be slowly phased out from the secondary market exchange platforms and conducted on a separate window. This is to ensure transparency in the tender process. "We feel the tender route is more equitable and other ways are vulnerable to favouritism," said Madhabi Puri Buch, Chairperson, SEBI.

## New Year Resolutions for Financial Fitness

1. Prioritize Investing

It is important that our investing increases proportionately with income so as to create wealth in the long term. Thus, it is important to top up our SIPs every year.

2. Automate payments

Just as we should automate our investments through SIPs, it is also important to set specific dates and have mandates such that all the expenses related to bill payments, credit card payments, EMIs, insurance premiums etc get auto debited. This would ensure that we do not incur any penalty towards late payments and also protect our credit scores.

3. File ITR in time

Rushing at the last minute to file ITR may be harmful since we may miss out on claiming deductions for some expenses or investments and lose a chance to save taxes legitimately.

4. Not to check Equity Portfolio frequently

Often investor returns vary from market or scheme returns and the former is lower than the later. The primary reason behind the parity is the behavioural aspect of investing. Investors who check their equity portfolios frequently may feel discouraged to hold on to their investment when the market is bearish or consolidating. Not just that but they would also feel an urge to book profits in a bull market to protect their notional gains. However, none of these seem to be helpful when it comes to wealth creation. Investors who redeem either in a bear or a bull market often miss out on the rally and fail to make money.

5. Review portfolio periodically

While we cannot control the market sentiment, we must act on whatever is within our means to optimize our returns. Hence it is necessary to periodically review our portfolios and check if they are well aligned to our financial goals. We must also investigate our underperforming schemes or scrips and decide whether to hold or exit them based on certain factors. It is better to seek professional help for the same.

6. Not to Speculate

Trading in stock market based on tips or speculation is one of the best means for wealth destruction. Hence anybody who intends to build wealth must not opt for it.

### Did you know?

India's first Budget ever was in pre-independent India, on April 7, 1860, when Scottish economist and politician James Wilson - of the East India Company - presented it to the British Crown.

### Cartoon of the Month



## Good News!

More than two years after it was first announced, India's first surety bond insurance product for highway contractors, a product of Bajaj Allianz Insurance, was launched by Union Minister for Highways and Road Transport, Nitin Gadkari. Seeking rapid growth for the product, Gadkari said he would approach the finance ministry to make surety bonds a prerequisite for infrastructure projects, instead of a bank guarantee. Surety bonds are guarantees of payment issued by general insurers that protect the principal from losses in case the contractor fails to meet its obligations under the contract. However, they're different from bank guarantees, which require a certain percentage of project funds to be locked in as collateral, thus eating into the working capital of the contractor.

India is aiming to double the size of its automobile industry to Rs 15 lakh crore by the end of 2024, making it one of the world's top countries in this sector, Union Road Transport and Highways Minister Nitin Gadkari said. Gadkari also said that his ministry will carry out project works worth Rs 5 lakh crore next year, of which Rs 2 lakh crore will come from the government and the rest will be raised from the capital market.

Rural India witnessed the addition of 4.3 million jobs in November resulting in an increase in the employment rate from 37% in October to 37.5% while urban India witnessed a marginal increase from 34.2% to 34.4%, the Centre for Monitoring Indian Economy said.

In a move to measure India's self-reliance, industry body CII and accountancy firm PwC have developed an 'AatmaNirbhar Index', which is expressed as the ratio of the country's total exports and its imports. According to the index, India has achieved self-reliance or 'aatmanirbharta' in textiles and clothing, food products, iron and steel and transport.

The Reserve Bank of India's push for priority sector lending is gaining traction, as seen from the rising volumes of PSL certificate trades which stood at more than 6 lakh crore last fiscal. This opens up new avenues of credit for rural households and micro, small and medium enterprises (MSMEs) through NBFCs and housing finance companies.

The aggregate amount involved in frauds in the banking sector declined by about 46 per cent to ₹19,485 crore in the first half of the current financial year, as against ₹36,316 crore in the year ago period, per RBI data.



## Top Personal Finance News – December 2022

1. Housing affordability declines in 2022, but within range to support home buying [Click here](#)
2. Here's what a Paytm report tells us about India's UPI journey in 2022 [Click here](#)
3. Budget 2023: Six ways Nirmala Sitharaman can help Indian household finances [Click here](#)
4. Year-End Special: 5 new Sebi regulations that made mutual funds more transparent in 2022 [Click here](#)
5. Aadhaar-PAN linking mandatory by March 2023: How to check if your PAN is linked with Aadhaar [Click here](#)
6. Frauds fall nearly 50% at banks: RBI Data [Click here](#)
7. Godrej Properties to develop residential project on 14.27 acre of land in Gurugram [Click here](#)
8. Large family offices should focus on alternative asset classes like private market exposure [Click here](#)
9. Borrowers don't have to be told individually about change in rates: Consumer court [Click here](#)
10. Do consecutive holidays hit forex, other global trade? RBI asks banks [Click here](#)
11. Banks should not ask for verification at branch level if customer does e-KYC, says RBI [Click here](#)
12. You will soon have access to paperless home loans [Click here](#)
13. Govt warns pensioners about fake Jeevan Pramaan website [Click here](#)
14. How new interbank forex card from BookMyForex cuts charges to the lowest [Click here](#)
15. Budget 2023 Wish List: India needs to emphasize on capacity building for emerging sectors, aid startups for country's march to the top [Click here](#)
16. 'Need wider provisions for updated ITR' [Click here](#)
17. Year-End Special: 'Avoid using only active mutual funds in your portfolio' [Click here](#)
18. Ahead of budget, economists demand increase in social security pension and maternity benefits [Click here](#)
19. IndusInd Bank enters into Rs 500-crore co-lending pact with SV Credit Line [Click here](#)
20. Income Tax department reduces time for taxmen to decide on refund adjustment [Click here](#)