



Celebrating 10 years of Creating Wealth

I-CAN
COMMUNIQUÉ

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MONTHLY NEWSLETTER – SEPTEMBER 2022

Sensex : Up 3.42%	
Nifty : Up 3.50%	
Best performing sector: Power (14.74%)	Worst performing sector: IT (-2.55%)
Best performing Global index: Jakarta Composite (+3.27%)	Worst performing Global index: Nasdaq 100 (-5.22%)
Indian Rupee: -0.57%	Gold (International): -2.84%

The gross goods and service tax (GST) revenue collected in the month of July stood at Rs 1,48,995 crore, which is the second highest ever since the introduction of GST and up 28% year-on-year. CGST collected in July stands at Rs 25,751 crore, SGST is Rs 32,807 crore while IGST is Rs 79,518 crore (including Rs 41,420 crore collected on import of goods). Cess collected is Rs 10,920 crore (including Rs 995 crore collected on import of goods). Monthly GST revenues have been more than Rs 1.4 lakh crore for five straight months. The growth in GST revenue till July 2022 over the same period last year is 35%.

The department said that the rise in collection indicates that the simplified tax regime with low rates and no exemptions has "lived up to its promise". The government came up with a new alternative tax regime in September 2019. With growth slowing down sharply in 2019-20, corporate tax rate was slashed to 22% for existing domestic companies and to 15% for newly incorporated manufacturing companies.

India's retail inflation eased in July to 6.71% due to moderation in food inflation, but stayed well above the Reserve Bank of India's tolerance limit of 4-6% for the seventh consecutive month, as per data from the National Statistical Office. Meanwhile, India's factory output, measured by the Index of Industrial Production (IIP), came in at 12.3% for the month of June, compared with 19.6% reported in May. The manufacturing sector's output grew 12.5% in June 2022.

The RBI Governor, market participants and forecasters are pointing to the fact that expectations around inflation are getting anchored. According to RBI Governor, inflation has moderated from the peak while Bond yields at the long end are reflecting the anchoring of inflation as softening of crude and commodity prices are supportive. The aim is now to bring down inflation below 6% and then the target towards 4%.

India's fuel demand in July rose 6.1% year-on-year, as per data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry.



Reforms

Markets regulator Sebi came out with the disclosure framework for asset management companies, mandating a scheme-wise disclosure of investments in securities of entities that are excluded from the definition of "associate". This came after Sebi, earlier this month, amended mutual fund rules to remove the applicability of the definition of "associate" to sponsors that invest in various companies on behalf of the beneficiaries of insurance policies or such other schemes. As part of the new framework, asset management companies (AMCs) will have to make scheme-wise disclosure of investments, as on the last day of each quarter, in securities of such entities that are excluded from the definition of "associate".

Sebi has tightened overseas investment norms for alternative investment funds (AIFs) and venture capital funds (VCFs). Going ahead, all AIFs and VCFs will have to file an application before the market regulator for allocation of overseas investment limit in a format specified by Sebi. Also, such funds will only be permitted to invest in an overseas company incorporated in a country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding. Alternatively, the regulator can also be a signatory to the bilateral Memorandum of Understanding with Sebi. Further, investments in companies based out of jurisdiction having a strategic Anti-Money Laundering or Combating the Financing

of Terrorism deficiencies have been barred. AIFs/VCFs have also been directed to furnish the sale details of the overseas investments within three working days of the divestment. Also, the overseas investments divested till date by such funds have to be disclosed to Sebi within 30 days.

After having deliberations with bourse and Depositories and listed companies, it has been decided that Stock Exchanges and Depositories shall develop a system to restrict trading by DPs of listed company during trading window closure period," Sebi said in a circular. Initially, the new system will be applicable only for companies that are part of Sensex and the Nifty.

SEBI has overhauled the pricing norms for preferential allotment of units by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs). Under the new framework, the pricing formula for allotment of units under preferential issue would be the Volume-Weighted Average Price (VWAP) of weekly highs and lows for 90 trading days or 10 trading days, whichever is higher. At present, the pricing formula in a preferential allotment is the VWAP of the last two weeks or the last 26 weeks, whichever is higher.

Ganesha's preachings for personal finance:

As we recently celebrated Ganesh Chaturthi, let us look at how we can imbibe our favourite Bappa's preachings to master the art of investing. Bappa is symbolic of many virtues and his idol has been conceptualized to portray several attributes.

1. Axe

The axe teaches us to "cut" all attachments. It is only when we cut attachment with the result that we can make rational decisions.

2. Abhaya Mudra

It is the hand gesture of fearlessness. It takes courage to stay invested in volatile asset classes so as to reap high returns.

3. Trunk

It symbolizes that one must be adaptable in order to succeed. Thus it is important to review our investment portfolios periodically and make changes if necessary.

4. Big Tummy

It symbolizes acceptance. We as investors experience various market cycles. However we must accept everything that comes our way gracefully and not let anything affect us negatively.

5. Broad Crown

It inspires us to "Think Big". Most of the investors are often myopic and can't think beyond what is obvious in the near future. However those who have foresight and think big are able to create enormous wealth.

6. Small eyes

It signifies focus. We investors must stay focussed on our financial goals and not get carried away by the noise in the financial markets.

7. Tusk

Ganesha has a single tusk which suggests us to hold on to the good and throw away the bad. We face losses several times in our investment journey, be it owing to external factors or our own mistakes. However we must hold on to the lessons learnt and throw away all the negative emotions.

8. Modak

Modak is the reward for "sadhana". Likewise the reward for faithful investors is the growth of their wealth.

Thus as we celebrate our festivals with a great pomp, we must also learn lessons through them so that it helps us to improve at different facets of life including personal finance.

Did you know?

In 1893, Lokmanya Tilak reinvented Ganesh Chaturthi, converting it from an annual family celebration to a full-fledged public event.

Cartoon of the Month

LOANS



**“Any other collateral besides your heart
of gold and million-dollar smile?”**

Good News!

- The finance ministry on Sunday said the government is not planning to charge for payments through the unified payments interface (UPI) channel, putting to rest speculation following a recent Reserve Bank of India (RBI) discussion paper on digital payment charges. It said that the government had provided financial support for the digital payment ecosystem last year and has announced the same this year as well to encourage further adoption of such payments and promotion of economic and user-friendly payment platforms.
- The Cabinet has approved a ₹50,000-crore increase in the limit for the Emergency Credit Line Guarantee Scheme (ECLGS) to ensure low-cost credit to hospitality and related segments hit hard by the Covid-19 pandemic. It also earmarked ₹34,856 crore towards the farm sector interest subvention scheme to help banks provide short-term agriculture loans of up to ₹3 lakh at a concessional rate of 7%. The maximum limit for the ECLGS has been raised to ₹5 lakh crore, from ₹4.5 lakh crore.
- Negotiations for the proposed free trade agreement between India and the UK is progressing at a faster pace as confirmed by commerce and industry minister Piyush Goyal. The agreement is aimed at boosting bilateral trade and investments between the two countries. India has signed a trade pact with the UAE in a "record" time and "now our talks with the UK is moving at a faster pace", Goyal said. In such pacts, two or more countries significantly reduce or eliminate customs duties on maximum number of goods traded between them. Besides, they ease norms for promoting trade in goods and investments. In January, India and the UK formally launched talks for a free trade agreement. They have set the deadline for concluding talks by Diwali.
- Aided by a pickup in economic activity, asset quality in the banking system improved over the past year. Bad loans declined about 185 basis points to 5.7% of all loans. There has been a continuous decline in the banking system's non-performing asset (NPA) ratio from 7.5% in the first quarter of FY22 to 5.7% in the first quarter of the current financial year, as shown in data compiled by Bank of Baroda research. Public sector banks' NPA ratio has come down from 9.4% in June 2021 to 7.2%, a drop of 220 bps, while at private banks, the decline was 110 bps, from 4.2% to 3.1%, in the same period. Bankers said that an improvement in corporate credit performance is primarily responsible for strengthening asset quality in the last few quarters.

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