



I-CAN
COMMUNIQUÉ

FEBRUARY
2022



MONTHLY NEWSLETTER – FEBRUARY 2022

Sensex : Down 0.4%	
Nifty : Down 0.1%	
Best performing sector: PSU Bank (17.9%)	Worst performing sector: IT (-10%)
Best performing Global index: MerVal (8.9%)	Worst performing Global index: Seoul Composite (-10.6%)
Indian Rupee: -0.4%	Gold (International): -0.5%

India's third Covid-19 wave dominated by the Omicron variant reached its peak on 21 January'22 when the daily fresh case count touched 3.47 lakh. Since then, the case tally has been on a decline. On 31 January'22 the new infections registered were to the tune of 1.67 lakh. India's Covid vaccination coverage crossed 166.59 crore by the end of January.

The US Federal Reserve indicated that it is likely to hike interest rates in March. The US bond yields have been on a rise. This is one of the major factors casting a shadow on the capital markets globally. The Brent Crude oil price surged by 14% in January. The headline equity indices remained almost flat last month. The S&P BSE Mid Cap index fell by 1.4% while the S&P BSE Small Cap index fell by 0.8%. The 10-year government bond yield hardened from 6.45% to 6.68%.

Indian GDP contracted by 6.6% in FY21 against the expected contraction of 7.3%. It showed

that the economic impact of Covid-19 was not as bad as was initially estimated. The Economic Survey expects the Indian economy to grow at 9.2% in FY22 and 8-8.5% in FY23. World Bank projected India to be the fastest growing in the current year as well as the next year. However, the projections are lower compared to those released by the National Statistical Office. World Bank stated that India is likely to grow at 8.3% in FY22 and 8.7% in FY23.

The following agencies reduced the GDP growth estimate for FY22 after the advent of the third Covid wave:

Agency	Previous Estimate (%)	Revised Estimate (%)
ICICI Bank	9.8	9.6
India Ratings	9.4	9.3
Citibank	9.8	9
Brickwork Ratings	10	8.5-9

The International Monetary Fund (IMF) slashed India's growth forecast for FY22 from 9.5% to 9%.

According to IHS Markit India will overtake Japan as Asia's second-largest economy by 2030 by when it is likely to become the world's third largest economy, surpassing Germany and the UK.

The Economic Survey indicated that various employment indicators improved significantly after showing a decline in April-June'20 when the country faced a lockdown. The quarterly Periodic Labour Force Survey data as on March'21 showed that urban employment is almost back to pre-pandemic levels.

Net foreign direct investment (FDI) in the country was lower compared to last year, mainly due to lower equity investment. The gross and net FDI numbers registered for April-November 2021 were \$24.7 billion and \$54.1 billion respectively.

The wholesale price-based inflation in India eased marginally to 13.56% in December from 14.23% in November, 2021. However, this was the ninth consecutive month of a double-digit figure. The retail inflation measured by consumer price index (CPI) rose to a 5-month high of 5.59% in December from 4.91% in November, 2021.

The index of industrial production (IIP) grew by 1.4% in November'21 compared to a growth of 3.2% in October'21. India's Manufacturing Purchasing Managers' Index (PMI) decreased to 54 in January'22 from 55.5 in December'21. The Services PMI fell from 55.5 in December'21 to 51.5 in January'22.

India's fiscal deficit for April-November'21 was 46% of the full year target. According to experts this is the lowest since FY98 in percentage terms of the full year target.

The GST collection crossed Rs. 1.38 lakh crore in January, which is 15% higher than the year-ago period. This is the fourth consecutive month of collection exceeding Rs. 1.3 lakh crore

Reforms

- SEBI made it mandatory for trustees of mutual funds to obtain consent of the unitholders when majority of the trustees decide to wind up a scheme.
- SEBI tightened IPO rules. Under the new rules for offer for sale (OFS) shareholders with more than 20% stake in the company before the IPO will not be allowed to sell more than 50% of their shares. Companies issuing shares through IPOs will use only 25% of the IPO proceeds for unidentified acquisitions. For others, the spending on acquisitions will be capped at 35%. SEBI also increased the lock-in period for anchor investors from 30 days to 90 days to prevent volatility in share prices.
- The Insurance Regulatory and Development Authority of India (IRDAI) released final guidelines for the development of surety insurance business in India.
- Indian railways reduced vendor application fee by 93% from Rs. 1.5 lakh to Rs. 10,000 in order to attract micro, small and medium enterprises (MSMEs).



UNION BUDGET HIGHLIGHTS: 2022

Economy	Capex target expanded by 35.4% — from Rs 5.54 lakh crore to Rs 7.50 lakh crore. FY23 effective capex seen at Rs 10.7 lakh crore
	Emergency Credit Line Guarantee Scheme (ECLGS) cover expanded by Rs 50,000 to Rs 5 lakh crore
	Top focus of the budget this year are: PM Gati Shakti, Inclusive Development, Productivity Enhancement, Sunrise Opportunities, Energy Transition, Climate Action, Financing of investments
Taxes	The government will tax income from digital asset transfers at 30%
	No deduction allowed while computing income except cost of acquisition
	Gift of cryptocurrencies to be taxed at receiver's end
	Loss cannot be set off from any other income
	Updated return can be filed within 2 years from the end of the relevant assessment year
	Alternate Minimum Tax for cooperative societies to be cut to 15%
	Proposal will reduce surcharge on cooperative societies to 7%, for those whose income is between Rs 1 crore and Rs 10 crore
	Tax deduction limit increased to 14% on employers' contribution to NPS account of state govt employees
Infrastructure	National highway network to be expanded by 25,000 kms during FY 22-23
	Desh stack e-portal to be launched to promote digital infra
	2,000 kms to be brought under Kavach by FY 22-23
	Four multi-modal national parks contracts will be awarded in FY23
	One product one railway station will be popularised, 400 new Vande Bharat trains to be introduced in three years
	100 PM Gati Shakti terminals to be set up in next three years
Housing & Urban Planning	Rs 48,000 crore is allotted for PM Awas Yojana
	In 2022-23, 80 lakh houses will be completed for identified beneficiaries of PM Awas Yojana; 60,000 houses will be identified as beneficiaries for PM Awas Yojana in rural and urban areas
	Rs 60,000 crore allocated for providing access to tap water to 3.8 crore households
	A high-level committee for urban planners and economists to be formed for recommendations on urban capacity building, planning implementation, and governance
	5 existing academic institutions for urban planning to be designated as Centre for Excellence with endowment fund of Rs 250 crore
	Government to promote use of public transport in urban areas
Jobs	Digital ecosystem for skilling and livelihood to be launched
	This will aim to skill, reskill, upskill citizens through online training

MSMEs/Startups	Udyam, e-shram, NCS & Aseem portals will be inter-linked, their scope will be widened
	Rs 6,000 crore programme for providing capital to MSMEs over the next 5 years
	Startups will be promoted for Drone Shakti
	Existing tax benefits for startups, which were offered redemption of taxes for 3 consecutive years, to be extended by 1 more year
Agriculture	Government to pay Rs 2.37 lakh crore towards procurement of wheat and paddy under MSP operations
	2022-23 has been announced as International Year of Millets
	Railways will develop new products for small farmers and MSMEs
	A rationalised scheme to increase domestic oilseed production will be brought in to cut down imports
	Kisan Drones for crop assessment, land records, spraying of insecticides expected to drive a wave of technology in agri sector
	Ken Betwa river linking project worth Rs 44,605 crore announced
	A completely paperless, e-bill system will be launched by ministries for procurement
Electric Vehicles	Battery swapping policy to allow EV charging stations for automobiles will be framed
	Private sector will be encouraged to create sustainable and innovative business models for battery and energy as a service, improving the efficiency in the EV ecosystem
Education	States to be encouraged to revise syllabi of agricultural universities to meet needs of natural, zero-budget & organic farming, modern-day agriculture
	One class, one TV channel program of PM eVIDYA will be expanded from 12 to 200 TV channels. This will enable all states to provide supplementary education in regional languages for classes 1 to 12
	Digital university to be set up to provide education; to be built on hub and spoke model
Finance	Rs 1 lakh crore financial assistance to states to be provided in 2022-23 to catalyse investments
	Proposed to introduce Digital Rupee by RBI using blockchain technology, starting 2022-23
	100% of 1.5 lakh post offices will come on the core banking system, enabling financial inclusion and access to accounts through net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts
	75 digital banks in 75 districts will be set up by scheduled commercial banks to encourage digital payments
	International arbitration centre will be set up in GIFT city to provide faster dispute resolution
	World-class university to be allowed in GIFT IFSC free from domestic regulation
Healthcare	An open platform for the national digital health ecosystem will be rolled out
	For mental health counselling, a National Tele Mental Health Program will be launched

Defence	Government committed to reduce import and promote self-reliance in defence sector
	68% of capital procurement budget in defence will be earmarked for domestic industry in 2022-23 (up from the 58% last fiscal)
	Private industry will be encouraged to take up the design and development of military platforms and equipment in collaboration with DRDO and other organizations through SPV model
Climate	Sovereign green bonds will be part of government's borrowing programme in FY23
	Rs 19,500 crore additional allocation for PLI for manufacturing high efficiency solar modules has been made
Travel	ePassports will be rolled out in 2022-23 for convenience in overseas travel
	E-passport with embedded chip will be rolled out

Did you know?

The deepest place on Earth is the Mariana Trench in the Pacific Ocean. It's 36,201 feet (11,034 m) deep. That's almost seven miles!

Cartoon of the Month





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