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I-CAN COMMUNIQUÉ

MARCH 2025



MONTHLY NEWSLETTER – MARCH 2025

Sensex : Down 3.56 %	
Nifty : Down 3.63 %	
Best performing sector: Metal (+ 1.71 %)	Worst performing sector: SME IPO (- 13.8 %)
Best performing Global index: Hang Seng (+ 13.4 %)	Worst performing Global index: Jakarta Composite (- 12.5 %)
Indian Rupee: - 1.0 %	Gold (International): + 5.3 %

MACRO ECONOMIC HIGHLIGHTS

India's CPI Inflation

Driven by easing food prices, India's consumer price index (CPI)-based retail inflation fell to a five-month low of 4.31 per cent in January from 5.22 per cent in December. Data released by the statistics ministry showed that food inflation on a year-on-year (Y-o-Y) basis moderated to 6.02 per cent in January from 8.39 per cent in December.

Rajani Sinha, chief economist at CARE Ratings, said that robust kharif production and sound progress of rabi sowing have brightened the outlook of food inflation, along with healthy reservoir levels. These are expected to provide an essential cushion for kharif sowing in FY26, if the monsoon lags. Core inflation, which excludes the more volatile food and fuel sectors,

remained largely unchanged at 3.7 per cent during the month.

Addressing his first post policy review press conference, RBI Governor Sanjay Malhotra said food inflation pressures and absence of any supply-side shocks should see a significant softening due to good kharif production, winter-easing in vegetable prices and favourable rabi crop prospects. "Core inflation is expected to rise but remain moderate. Rising uncertainty in global financial markets coupled with continuing volatility in energy prices and adverse weather events present upside risks to the inflation trajectory," he added.

Aditi Nayar, chief economist, ICRA Ratings, said growth-inflation outlook suggests that there is room for another 25 bps rate cut in either April or June meetings. Sinha echoed similar views. "The moderation in inflationary pressure should support another 25-bps rate cut in the April MPC meeting," she added.

On the other hand, the slowdown in IIP growth in December was driven by deceleration in manufacturing (3 per cent). However, growth in the electricity (6.2 per cent) and mining (2.6 per cent) sectors accelerated.

India's Wholesale Inflation

India's wholesale price index (WPI)-based inflation declined to 2.31 per cent in January from 2.37 per cent in December as the food prices came down due to the arrival of fresh

harvests while fuel rates too remained under check, according to the government data released. Rajani Sinha, chief economist, CARE Ratings said that the arrival of fresh harvests has led to a seasonal correction in food prices and the outlook for agriculture remains positive, with robust kharif output and good progress of rabi sowing. “The food prices are expected to continue to ease in the coming months driven by seasonal correction in prices,” she said.

Repo Rate Cut

The six-member monetary policy committee (MPC) revised the repo rate for the first time in two years, voting unanimously to cut it by 25 basis points from 6.50 per cent to 6.25 per cent in view of easing retail inflation and slowing growth. The rate cut comes even as the Rupee continues to reel to under pressure from global tariff wars. The MPC decided unanimously to reduce the policy repo rate to 6.25 per cent at its meeting, which is the committee’s last one for FY25 and new Governor Sanjay Malhotra’s first after he assumed charge of RBI on December 11, 2024, held from February 5th to 7th. The MPC also decided unanimously to continue with the ‘neutral’ stance and to remain unambiguously focused on a durable alignment of inflation with the target, while supporting growth.

India’s PMI Data

Growth in India’s dominant services sector in January slumped to the slowest in more than two years as demand softened but remained strong and led to a substantial rate of hiring, said a private survey. The HSBC final India Services Purchasing Managers’ (PMI) Index, compiled by

S&P Global, fell to 56.5 in January from 59.3 in December, lower than a preliminary estimate of 56.8 but ahead of the 50-mark separating contraction from growth. The index has been above the neutral 50-mark that separates contraction from expansion for 42 months straight. “Overall new business continued to increase strongly but the rate of expansion softened to the weakest in 14 months. The rise was attributed to strong demand and decisions to offer better prices than rivals. Growth was reportedly curbed by intense competition,” said the survey. The survey said that new business intakes and capacity pressure prompted service providers to recruit additional staff in the early third quarter of the financial year. “According to them, full- and part-time positions had been filled. The rate of job creation accelerated from December and was among the fastest seen since data collection started in December 2005.”

New SEBI Chairman

Prime Minister Narendra Modi-led government appointed Finance Secretary Tuhin Kanta Pandey as the next Chairperson of the Securities and Exchange Board of India (SEBI) for a three-year term. Pandey will succeed Madhabi Puri Buch, whose tenure as SEBI Chairperson concludes on February 28. Prior to this appointment, Pandey served as the Finance Secretary of India. During his distinguished career, Pandey has held several key positions, including heading the Department of Public Enterprises (DPE) and the Department of Investment and Public Asset Management (DIPAM). He is particularly noted for overseeing the landmark sale of Air India and the public listing of LIC. His career includes significant administrative roles in both the Odisha state government and central government. He has served as District Collector in Sambalpur, Deputy



Secretary in the Ministry of Commerce, and held various positions in sectors such as health, transport, and commercial taxes. Pandey was also Joint Secretary at the Planning Commission and briefly served as Secretary in the Ministry of Civil Aviation in 2021. Pandey's appointment marks a new chapter in his illustrious career, and his leadership is expected to guide SEBI in navigating the dynamic financial landscape.

Outlook By Nomura

The 'sell India buy China' narrative has been gaining momentum lately and as the Indian markets continue to be in pause mode after the sharp correction earlier this month, the question is does China offer better value now? The MSCI China has outperformed MSCI India Index in the past couple of months. But Nomura says they do not expect it to be "long-lasting" though there is "scope of near-term outperformance of China over India." The brokerage firm has retained its Overweight stance on India in its Asia-ex Japan portfolio while maintaining Neutral rating on China. Explaining their India stance, Nomura stated that, "On India, we retain a structural overweight call, but believe that there remains a risk of further multiple compression due to the positive China narrative, and local factors. We think peak dollar could catalyze renewed interest in ASEAN-4 markets." According to them, "the positive narrative on India is also being tested amid a slowing economy and earnings downgrades, tight banking sector liquidity, some tariff risks from the US (Vs a consensus view that India might be almost unharmed) and a weakening and underperforming rupee." The report goes on to elaborate why Nomura considers the current

slowdown cyclical. This is because there are signs "that policies have pivoted to support growth (i.e. RBI's liquidity injections, rate cut, modest boost to consumption in the Budget and easing of macro-prudential measures)". However, they do take cognizance of the fact that "these measures would take some time to flow through the economy." India remains a large and liquid market with generally higher-quality companies, and "we think India will continue to benefit from longer-term themes such as supply-chain relocation/trade-diversion, and high earnings and nominal GDP growth rates," they added. "Another silver lining is that EM equity investors are already Underweight India, with a larger Underweight on India equities compared to HK/China equities, based on our survey of large EM funds," they added.

REFORMS

Income Tax Bill

Union Finance Minister Nirmala Sitharaman introduced the Income Tax Bill, 2025, in the Lok Sabha and urged Speaker Om Birla to constitute a select committee to examine the proposed piece of legislation. According to the "Frequently Asked Questions" (FAQs) released by the Central Board of Direct Taxes (CBDT), after a Bill is passed by Parliament and it becomes an Act, new rules and forms will be notified and simultaneously software development will be carried out to set up the systems and processes for various administrative and quasi-judicial functions. The FAQs stated that all the provisions pertaining to salaries and deductions such as gratuity, leave encashment, commutation of pension, compensation on the

voluntary retirement scheme and retrenchment compensation had been consolidated at one place for ease of understanding so that the taxpayer did not have to refer to separate chapters for filing his income-tax return. Justifying the introduction of the concept of “tax year” in place of “previous year” and “assessment year”, the FAQs stated that many of the comparable tax jurisdictions in the world were using one single term for denoting the unit period of taxation.

Change of timeline for AIFs to dematerialize holdings

The Securities and Exchange Board of India (Sebi) said it has relaxed the timeline for alternative investment funds to hold their investments in dematerialised (demat) form. According to a circular, any investment made by an AIF on or after July 1, shall be held in dematerialised form only, irrespective of whether the investment is made directly in the investee company or is acquired from another entity. However, any investments made prior to July 1, are exempted from the requirement of being held in dematerialised form, except in specific cases, it added. Under the revised framework, the regulator stated that investments made before July 1, must be converted into dematerialised form before October 31. If, the investee company of the AIF has been mandated to facilitate dematerialisation or if the AIF exercises control over the company along with other Sebi-registered entities required to hold investments in demat form, the circular said. The markets watchdog has also granted exemptions to schemes of AIFs whose tenure, excluding permitted extensions, ends on or before October 31, as well as schemes already in an extended tenure as of February 14. Further, the

trustee/sponsor of AIF, will ensure compliance with these revised provisions through the 'Compliance Test Report' prepared by the manager.

SEBI sets rules for algo trading

Sebi has mandated the empanelment of algorithmic (algo) trading providers with stock exchanges and defined rules for using application programming interfaces (APIs). These new regulations aim to address regulatory gaps and enhance investor protection. Algo trading is already prevalent in the Indian market among both institutional and retail investors. However, the existing regulations had several loopholes, posing risks to investors. The Brokers' Industry Standards Forum will formulate implementation standards before April 1, 2025, with the new norms becoming effective from August 1. Industry players said the new framework will make algos more accessible to a broader section of investors in a more transparent manner. While algo providers will not be directly regulated by Sebi, the new guardrails will be implemented through exchanges, which will supervise algo trading and specify the criteria for empanelment. Brokers will only be able to onboard algo trading providers that are empanelled with the exchanges. They will also need to obtain exchange approval and address grievances and monitor prohibited activities. Under the new norms, open APIs will not be permitted. Access will be granted only through a unique vendor client to ensure identification and traceability. Investors who develop their own algos will need to register with the exchange through their broker if they exceed the specified order-per-second threshold. These investors will be allowed to permit usage of their algos by

immediate family members. Additionally, “blackbox algos”, those that do not disclose their underlying logic will need to register as Research Analysts with the market regulator. Any changes to the logic will require re-registration and maintenance of a detailed research report. “Algo orders shall be tagged with a unique identifier provided by the exchange to establish an audit trail. Brokers must seek exchange approval for any modifications to approved algos,” noted Sebi. The exchanges will issue standard operating procedures (SOPs) for testing algos and will monitor the behaviour of all algo orders. “Algo providers and brokers may share subscription charges and brokerage collected from clients. However, they must make complete and prominent disclosures of all charges to clients and ensure no conflict of interest arises,” said Sebi.

Change in timelines for issuance of CAS

Sebi has revised the timelines for the issuance of Consolidated Account Statements (CAS) by depositories to enhance compliance ease. In a circular issued, the regulator said that the asset management companies (AMCs), mutual fund registrar and transfer agents (MF-RTAs) are required to provide common PAN data to the depositories within five days from the end of the month, instead of the earlier three-day deadline. After receiving the data, the depositories will then consolidate and dispatch the CAS to investors who opt for electronic delivery (e-CAS) by the 12th day of the month and to those preferring physical copies by the 15th of the month, it noted. Under the revised framework,

in respect of half-yearly CAS, SEBI decided that “the AMCs/MF-RTAs shall provide the data with respect to the common PANs to the depositories on or before 8th day of April and October every year.” The markets watchdog has also revised provisions regarding CAS issuance in cases where there were no transactions. If there is any activity in an investor's demat account or mutual fund folios, then CAS will continue to be sent on a monthly basis via email. These revised timelines will come into effect from May 14, the circular said.

Changes in RPT norms by SEBI

Sebi has unveiled a series of proposals aimed at reducing ambiguity in related party transaction (RPT) norms and improving transparency in secretarial audit reports. These measures come amid allegations that several listed companies have engaged auditors with limited experience. Sebi has recommended adding a monetary threshold alongside the existing 10 per cent standalone turnover threshold for subsidiaries seeking RPT approvals from listed companies’ audit committees. The proposed limits are ~1,000 crore for mainboard companies and ~50 crore for small and medium enterprises (SMEs) listed on exchanges.

How to Ensure the Financial Well-being of Women?

While we celebrate International Women's Day this month, let us discuss some important steps every woman must take to ensure her financial well-being:

1. Earn your money

The first and foremost step in achieving financial well-being is earning money and becoming financially independent. Thus, every woman must leverage her skills and achieve financial independence.

2. Be ambitious and visionary

A woman must work not only for her financial independence but also to unleash her true potential and succeed in life. Thus, she should have the vision to scale her business or climb the corporate ladder over the long term.

3. Negotiate hard and do not settle for less than you deserve

Despite facing a gender pay gap, it's important to continue advocating for yourself financially. Don't be afraid to negotiate your salary or ask for raises when appropriate. Know your worth and research industry standards to ensure you're being fairly compensated.

4. Save For the Rainy Days

It's no good if you make your own money but don't have it when you need it. Thus, create an emergency corpus of 3-6 months' worth of expenses to be parked in liquid funds. This fund will help to stay secure during unexpected situations like job loss or medical emergencies.

5. Invest First, Spend Later

It's important to achieve financial freedom by making sound investments so that one can have passive sources of income. This is more important for women since it would give them the luxury to take breaks from careers whenever they choose to take on additional responsibilities in their personal life. Thus, invest first and spend within your budget. Create a budget and track your income and expenses to ensure you're living within your means. Use budgeting tools or apps to help you categorize and monitor your spending.

6. Seek Professional Guidance for Investments and become Financially Literate

Many women avoid investing their money in high-yielding asset classes such as equity since they find it hard to understand. However, if they keep making low-yielding investments which do not beat inflation or put all their money in assets like gold, they will either end up with no real returns or take concentration risk by investing all their money in a single asset class. Even if gold is considered a safe haven because it tends to yield superior returns in uncertain times, it too is cyclical and volatile. Thus, women should reach out to credible financial advisors and build diversified and sound investment portfolios. They should also ask questions to their advisors, read literature related to investing and keep upgrading their financial literacy continually.



7. Goal Setting and Financial Planning

Instead of saving and investing randomly, list down your financial goals and calculate how much money you need to invest and build the corpus to fulfil them within the stipulated time. Again, seek the help of a financial advisor for this activity. Think about long-term goals like buying a house, paying for children's higher education, or caring for ageing parents. Make sure to reassess your goals as your life changes and adjust your strategy accordingly.

8. Build Your Credit Score

For many women, especially in India, owning a house or a car is still a distant dream. However, a good credit score can help with getting loans for buying the dream home or the dream car and saving money on interest rates. Hence, always pay credit card bills on time and build a good credit score.

9. Insure For a Secure Future

Every woman must consider purchasing life insurance, especially if others depend on their income. Also, health insurance would protect you and your loved ones from financial burdens in case of medical emergencies.

The aforementioned measures would broadly ensure that a woman gets to lead a financially secure life and prioritize her needs and wants. However, there would be many women who might not get the opportunities or support to keep working and earning money over the long term. However, they must keep an emergency corpus and health insurance. They should consider suggesting their partners make joint investments for their financial security and beware of the investments being made for their long-term financial goals. It's a saying that when a woman learns, the whole family becomes educated. Thus, a financially literate woman would foster a financially-literate and secure family.

Monthly Mantra

Be greedy when others are fearful!

Cartoon of the Month



Good News!

1. Prime Minister Narendra Modi claimed that India and the United States have jointly set a target of doubling their bilateral trade to \$500 billion by 2030. India and the United States are looking to negotiate the first tranche of a Bilateral Trade Agreement (BTA) by the fall this year. The deal will focus on increased market access and reduction of tariff and non-tariff barriers for goods and services to more than double bilateral trade to \$500 billion a year by 2030 as part of 'Mission 500'.
2. India is the fastest growing online market for beauty products, with beauty ecommerce sales rising 39% from June-November 2024 compared to a year earlier, outpacing physical store growth at 3%. Youthful consumers eager to spend, coupled with social influencers, have driven this trend, with major brands and quick commerce platforms playing key roles.
3. More than 54.5 crore JanDhan accounts have been opened till January 15, 2025, of which about 56 per cent belong to women, Finance Minister Nirmala Sitharaman. Replying to a question in the Lok Sabha, the minister said the government started Pradhan Mantri Jan Dhan Yojana (PMJDY) in August 2014 to provide universal banking services for "every unbanked household". To give further impetus to financial inclusion initiatives of the government, PMJDY was extended beyond August 14, 2018. The minister also gave enrolment data for social security schemes like Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY). Under PMJJBY, the total enrolments stood at 22.52 crore, of which over 10 crore were women, as of January 15. In case of PMSBY, enrolments stood at 49.12 crore of which 22.84 crore are women. In APY, total enrolment as of December 31 stood at 7.25 crore, of which 3.44 crore are women.
4. The challenging time which persisted due to the contraction of the economic growth seems to be over, as new orders, agriculture exports, rural wages, Index of Industrial Production (IIP), steel production, auto sales and tax collections have picked up after a weak third-quarter calendar year 2024 according to a report by BNP Paribas. The report added that tax collections also improved, suggesting a gradual recovery despite persistent challenges Highlighting the fiscal consolidation efforts, the report said that it remains a focus for the government. The fiscal deficit is expected to decline to 4.4 per cent of GDP in FY26, a slight improvement compared to earlier projections. The report also highlighted the focus of the Union Budget FY25-26 on stimulating consumption.

Top Personal Finance News – February 2025

1. Banks' deposit insurance hike may be on the anvil amid periodic review | Finance News - Business Standard [Click here](#)
2. These are some of the common UPI-related frauds. Key steps to avoid them | Mint [Click here](#)
3. Multiple demat accounts held against single PAN surge 500% since FY17 | News on Markets - Business Standard [Click here](#)
4. Can margin trading losses on equity investments be recovered from spouse's demat account? SC rules yes, it can be in this case - The Economic Times [Click here](#)
5. How can rupee-cost averaging work wonders for an investor? - The Economic Times [Click here](#)
6. What is Sharpe ratio? What are the benefits and drawbacks of using Sharpe ratio when evaluating investments? - The Economic Times [Click here](#)
7. Big relief for home loan borrowers as EMIs to fall by 1.8% on a 20 year loan tenure as RBI reduced repo rate by 25 bps - The Economic Times [Click here](#)
8. Last window for FD investors to book FDs at higher rate has officially started as RBI cuts repo rate after a 5 years gap - The Economic Times [Click here](#)
9. Drowning in debt, but cant stop buying, flaunting expensive stuff? Here's why equating looking rich with being actually rich is dangerous - The Economic Times [Click here](#)
10. How are succession and legal heir certificates different from each other? - The Economic Times [Click here](#)