



Celebrating 10 years of Creating Wealth

I-CAN COMMUNIQUÉ

AUGUST 2022





MONTHLY NEWSLETTER – AUGUST 2022

Sensex : Up 10.29%	
Nifty : Up 10.39%	
Best performing sector: Metals (+18.2%)	Worst performing sector: Pharma (+3.4%)
Best performing Global index: Nasdaq (+10.97%)	Worst performing Global index: Hang Seng (- 9.97%)
Indian Rupee: - 1.1%	Gold (International): - 1.5%

Federal Reserve officials raised interest rates by 75 basis points for the second straight month, delivering the most aggressive tightening in more than a generation to curb surging inflation but risking a sharp blow to the economy. Policy makers facing the hottest price pressures in 40 years lifted the target range for the federal funds rate to 2.5%. That takes the cumulative June-July increase to 150 basis points, the steepest rise since the price-fighting era of Paul Volcker in the early 1980s.

Retail inflation based on Consumer Price Index (CPI) eased a tad to 7.01 per cent in June, but remained over 7 per cent for third consecutive month as per data released by Statistics Ministry. Experts expect another round of policy interest rate hike next month. India's wholesale price-based inflation eased to 15.18% in June on a year-on-year basis from 15.88% in May

according to the Ministry of Commerce and Industry.

S&P Global India Manufacturing PMI came in at 53.9 in June, lower than 54.6 in May. The S&P Global India Services PMI increased to 59.2 in June 2022 from 58.9 in May, pointing to the strongest expansion in the sector since April 2011. Separately, data released by the industry ministry showed that growth in the output of eight core infrastructure sectors scaled a 13-month peak of 18.1% in May from a year earlier, partly aided by a favourable base due to the second Covid wave. While it rose to 12.7% in June from 9.4% in the year ago month.

India's exports witnessed an increase of 16.8% year-on-year to USD 37.94 billion in June, while the trade deficit ballooned to a record USD 25.63 billion as revealed by the government's preliminary data. India's federal fiscal deficit for the three months through June rose lower-than expected to Rs3.52 lakh crore, accounting for 21.2% of the full year target as per the data released by Controller General of Accounts. The imports surged by 51% to USD 63.58 billion in June compared to the year-ago month. Cumulative exports in April-June 2022-23 rose by about 22.22 % to USD 116.77 billion while imports increased 47.31% to USD 187.02 billion during the period.

The International Monetary Fund (IMF) slashed India's economic growth forecast to 7.4% from 8.2% it estimated in April, citing the economy's vulnerability to external shocks and rapid monetary policy tightening. It also said that the global economic expansion will likely slow to 3.2% this year, slower than the 3.6% forecast by the fund in April.

Brokerage firm Morgan Stanley also reduced its forecast for India's GDP growth estimate by 0.4 per cent to 7.2 per cent for the FY23. The brokerage said it expects global growth to slow down to 1.5 per cent for the quarter ended December 2022 from 4.7 per cent registered in the year-ago period, which will have an impact on the export growth for India. However, it said that the domestic demand will provide a partial relief to the impact of the slowing export growth, noting that the government's supply-side response and the reopening vibrancy to partially counter the downside.

Nomura also sharply lowered India's gross domestic product (GDP) growth forecast for 2023 to 4.7% from 5.4% estimated earlier on the back of the global economic slowdown, elevated inflation and rising interest rates. However, it maintained its growth projection for 2022 at 7.2%, highlighting a robust near-term economic growth outlook. According to the other major estimates including the RBI, the GDP growth rate in the FY23 is likely to be over 7 per cent. RBI has also estimated the GDP growth rate at 7.2 percent for the current fiscal.

Reforms

- Non-bank payment system operators (PSOs) will require prior approval of the RBI for any takeover or acquisition of control, which may or may not result in change of management. They would also require prior approval of the RBI for sale or transfer of payment activity to an entity not authorized for undertaking such an activity.
- RBI has directed Urban Co-operative Banks (UCBs) that the bank's board review its loan policy at least once a year with immediate effect.
- RBI announced an arrangement for domestic traders to settle imports and exports in rupees, a move experts said is aimed at facilitating trade with sanctions-hit Russia.
- SEBI has proposed a separate framework for platforms providing execution-only services in direct plans offered by mutual funds. At present, there is no specific framework available for technology or digital platforms to provide execution-only services in direct plans of Mutual Fund (MF) schemes and obtain data feeds with respect to such transactions.
- In a global first, SEBI is planning to issue regular 'risk factor disclosures' on market trends, including surges and collapses, to help investors make right decisions by learning from the regulator's insights. The move can help investors avoid a herd mentality that has been particularly witnessed during the last couple of years.

How to avoid last minute hustle for ITR Filing:

The due date for filing income tax returns for AY 22-23 has just expired on 31st July 22. Many of the tax professionals were working for long hours for last many days and still could not complete ITR filing for some of their clients. In such hectic scenario, assesseees who know what exactly is required to prepare the income tax return (ITR) can file their returns in time. Following are a few things which an assessee should keep in mind.

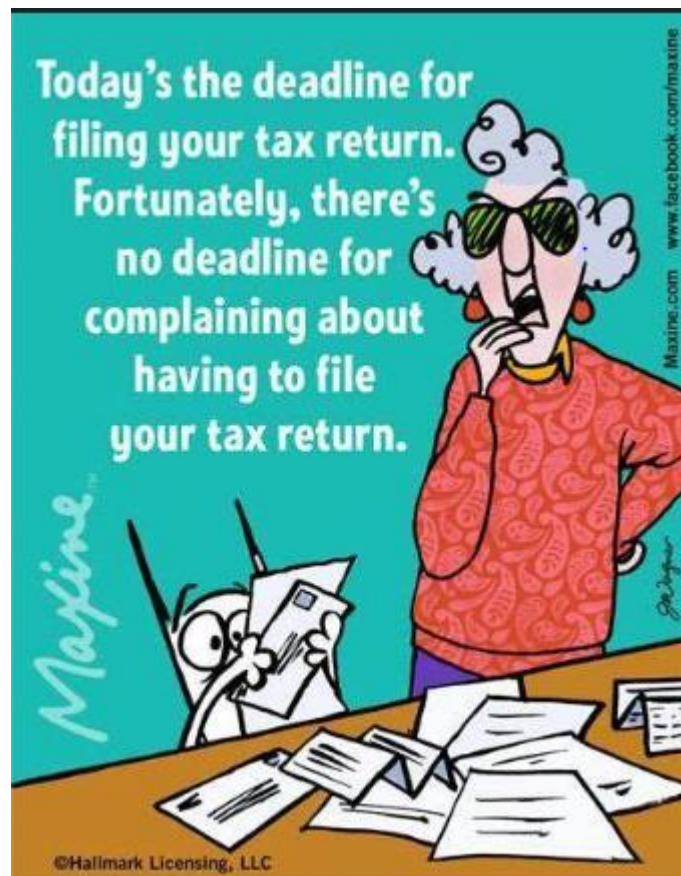
1. Income tax is levied on the income earned by the assessee in the previous year which ends on 31st March. Thus income which may not have been received during the year but has accrued is taxable. Hence one has to keep a note of all income received as well as accrued.
2. For accrued income, it is better to get accrued income certificates from the bank (or other entity) where one has invested their money.
3. Income received can be checked by referring to bank account statements. One must see to it that their bank statements are properly printed and that no period of the year is missing and also if the printing is legible. One must get the entries rectified from bank officials in case any defects are observed. Once the bank statements are ready, one should prepare statement of income by categorizing it into various heads such as salary, rent, savings bank interest, fixed deposit interest, dividend income, etc.
4. If one has earned any income in cash then they must keep proper record of cash received and paid relating to the same since income received in cash is also taxable. There are stringent provisions in the Income Tax Act for unexplained assets, income and expenditure.
5. The Act provides for deductions in respect of certain investments (under Sec.80C), mediclaim premium paid (under Sec.80D), etc. One must keep a proper track of expenditure that is eligible for any such deduction so that they can claim all deductions and nothing is missed out. It is better to take professional advice to know all the deductions which one can claim so that tax can be saved.
6. If someone is having income from multiple sources such as capital gains or income from business or profession, then it is advisable that they seek professional help since there are complex provisions in the Income Tax Act relating to such income.
7. It is always better to start early so that it can save one from levy of late fees and interest. Also in case of loss returns, the loss can be carried forward only if one files their return on or before the due date. One is also required to file the return before the due date if they wish to opt for Section 115BAC (New tax regime).

Thus by following the above steps one can file their ITR timely and accurately and avoid any nuisance related to penalty for late filing or facing queries from the IT Department later.

Did you know?

In America, Income tax was devised by Abraham Lincoln in 1862 in order to cater for the Civil War expenses.

Cartoon of the Month



Good News!

- Cases of frauds on public sector banks have come down by about 50 per cent in FY'22 to 2,369 as against 4,680 recorded in the previous fiscal.
- The amount involved in fraud cases reported by public sector banks (PSBs) has come down to Rs 3,204 crore in the last fiscal from Rs 28,884 crore in 2017-18. As per the RBI data, PSBs reported 5,624 cases of fraud in 2017-18, involving Rs 28,884 crore.
- According to data released by credit bureau Transunion Cibil, borrowers inquiring about personal loans increased by 141 percent for the three month period ending May 2022 compared to 93 percent growth in inquiries for the three month period ended March' 2022. The latest data shows a continued growth in origination volumes for most retail loan products, driven by both improvement in demand for these products and lender willingness to advance credit.
- Insurance regulator IRDAI has allowed general insurers to choose network providers or hospitals that meet their standards, thus easing norms for expanding cashless facilities in the country. IRDAI has modified the 'Guidelines on Standardisation' in Health Insurance' to give effect to the new norms.
- The Maharashtra government's town planning and infrastructure development authority, the City and Industrial Development Corporation (CIDCO), has completed the construction of a 12-storey residential tower with 96 tenements at Bamandongri locality in Navi Mumbai in just 96 days using advanced precast technology. The town planning authority had set a target of 'Mission 96', of completing the construction in a short time. Accordingly, the contractor Larsen & Toubro used the precast technology for ultra-rapid construction to build safe and durable homes. Flagged off on 4th April, 2022 the construction of a 12-storey residential tower was completed on 9th July, 2022.
- The Real Estate Regulatory Authority (RERA) of Delhi will approve a project within 15 days of the application if the developer submits all the documentation listed in the RERA checklist, according to authority's chairman Anand Kumar.

Top Personal Finance News – July 2022

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- 2) Surging call rates point to rise in short-term borrowing costs [Click here](#)
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- 11) Mutual fund houses add 51 lakh investor accounts in Jun quarter [Click here](#)
- 12) Centre asks Delhi govt to make NOC mandatory for L&DO property registration [Click here](#)
- 13) Apartments priced above Rs 1.5 crore surge over 270% on-year in April-June: Report [Click here](#)
- 14) Property transactions in Delhi to become costly from July 1 as government discontinues circle rate rebate [Click here](#)
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