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I-CAN COMMUNIQUÉ

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MONTHLY NEWSLETTER – NOVEMBER 2024

Sensex : Down 5.83%	
Nifty : Down 6.22%	
Best performing sector: Mid-Small Healthcare (1.17 %)	Worst performing sector: OIL & GAS (-13.75 %)
Best performing Global index: Merval (Argentina) (8.92 %)	Worst performing Global index: Nasdaq Insurance (-4.16%)
Indian Rupee: - 0.36%	Gold (International): + 3.88%

MACRO ECONOMIC HIGHLIGHTS

Ratan Tata, chairman emeritus of India's biggest conglomerate, Tata Group, breathed his last on October 9, after being in critical condition at the intensive care unit at a Mumbai hospital. We extend our deepest condolences to everyone mourning his loss.

India's retail inflation surged to a nine-month high of 5.5% in September, driven by higher food inflation and an unfavourable base effect, official data released showed. The sharp reversal in consumer inflation from a five-year low of 3.6% in July and 3.65% in August has dented hopes of interest rate cuts.

India cannot risk another bout of inflation and the best approach currently would be to remain flexible and wait for inflation to durably align with the central bank's target, opined Reserve

Bank Governor Shaktikanta Das while voting for status quo on benchmark rates during the last MPC meeting. "Monetary policy can support sustainable growth only by maintaining price stability," Das said, as per the minutes of the Monetary Policy Committee (MPC) meeting held. The MPC had decided to keep the benchmark interest rate unchanged at 6.5 per cent. This was the tenth consecutive meeting of MPC when it decided to keep the policy rate unchanged with a majority vote of 5-1. However, the RBI's rate setting panel voted unanimously to change the monetary policy stance from "withdrawal of accommodation" to "neutral", a move that was widely expected.

The cumulative rate hikes of 2.5 percentage points by the central bank since May 2022 negatively impacted headline inflation by 1.60 per cent, a paper by senior RBI staffers said. "Policy rate increases have anchored inflation expectations and modulated aggregate demand, generating disinflationary responses," the paper by Deputy Governor Michael Patra, Indranil Bhattacharyya, Joice John and Avnish Kumar, said.

Despite recent indications that economic activity is beginning to slow, the central bank maintained its prediction that India's economy will grow by 7.2% in the fiscal year ending in March 2025. The inflation projection was retained at 4.5 per cent for FY25. This outlook is significantly more favourable than the 6.5%-7% growth anticipated by Prime Minister Narendra Modi's administration. Meanwhile, investment banks like Goldman Sachs have already revised their

growth estimates down to as low as 6.5%. The RBI's optimism is based on its assessment that rural spending is improving and private investment is gaining momentum. However, economists highlight sluggish urban consumption and declining exports as potential red flags. They caution that if these warning signs are ignored, the RBI may inadvertently maintain overly tight monetary policy, which could further hinder growth.

The International Monetary Fund (IMF) has maintained its global growth forecast for 2024 and 2025 at 3.2%, and kept India's growth projections unchanged at 7% for FY25 and 6.5% for FY26 in its October 2024 World Economic Outlook. "Likewise, in emerging markets and developing economies, disruptions to production and shipping of commodities, especially oil such as conflicts, civil unrest, and extreme weather events have led to downward revisions to the outlook for the Middle East and Central Asia and that for sub-Saharan Africa," the IMF said in its October 2024 World Economic Outlook. "These have been compensated for by upgrades to the forecast for emerging Asia, where surging demand for semiconductors and electronics, driven by significant investments in artificial intelligence, has bolstered growth," it added. Overall, global growth is expected to remain stable yet underwhelming, IMF said.

India's economic outlook remains bright, underpinned by a stable external sector, positive farm prospects and chances of higher government spending to make up for the shortfall during the general elections but "underlying demand conditions bear watching", the finance ministry said in its monthly economic review for September. Moderation in urban demand amid softening consumer sentiment and limited footfalls due to above-normal

rainfall need watching, the Finance Ministry report said, while simultaneously noting that rural demand has strengthened. It also said that the core inflation remains at very low levels, possibly reflecting the slowdown in demand growth in the first half of the current financial year. In a separate report, global economic research firm Nomura corroborated the Finance Ministry finding saying that urban consumption indicators have been softening of late. "There has been evidence of a slowdown in urban demand as reflected in the performance of various indicators during H1 (April-September) of Fiscal Year 2024-25," the Monthly Economic Review (MER) prepared by the Economic Affairs Department said.

India's service activity fell to a 10-month low in September due to softer increase in new business, international sales and output, according to a private survey. The HSBC India Services Purchasing Managers Index, compiled by S&P Global, fell to 57.7 from 60.9 in August. It was 61.8 at the start of the year.

For the first time in 42 months, the output of India's eight key infrastructure sectors saw a 1.8 per cent year-on-year (Y-o-Y) contraction in August, data released by the Department for Promotion of Industry and Internal Trade (DPIIT). The contraction can be attributed to a high base as well as monsoon impacting industrial activity. The growth in the output was 6.1 per cent in July 2024 and 13.4 per cent in August 2023. The eight sectors, coal, steel, cement, fertilisers, electricity, natural gas, refinery products, and crude oil comprise two-fifths of India's total industrial production. As a result, they have a significant impact on the index.

REFORMS

India's capital market regulator Securities and Exchange Board of India (SEBI), announced an upward revision in the position limits for trading members in the index futures and options (F&O) contracts. SEBI in a release said the position limits for trading members, cumulatively for client and proprietary trades, in index F&O contracts are now set at ₹7,500 crore or 15 per cent of the total open interest (OI) in the market, whichever is higher. Earlier it was ₹500 crore or 15 per cent of the total OI in the market. "Master Circular on Stock Exchanges and Clearing Corporations (SECC), dated October 16, 2023, specifies the overall position limit at the Trading member (TM) level (proprietary + client) to be higher of ₹500 crores or 15% of the total Open Interest in market. This position limit is separately applicable for all open positions on futures and options contracts, in a particular underlying index," the regulator said in a release. As per the current practice, the position limits will be applicable for index futures and index options separately, SEBI added.

MCX, the country's largest commodity exchange, has reduced its gold option expiry to monthly from bi-monthly. The move is expected to improve liquidity on the exchange and attract more participation. The exchange will launch five new gold options contract expiring in December, February, April, June and August.

The Income Tax Department has revised its guidelines for compounding of offences under the Income Tax Act, 1961. Basically, compounding of offences is a process wherein if you had committed a default under the Income-tax Act, you can file an application to the

specified competent tax authority accepting that you have committed an offence and that competent authority should compound the same i.e. drop the case often after payment of reduced charges. However, for using compounding feature, you need to follow certain conditions and agree to certain specified terms too. "CBDT issues Revised Guidelines for compounding offences under the Income- tax Act, 1961. The Guidelines simplify the compounding process, reduce complexities from multiple existing guidelines, and lower compounding charges. This is an additional step towards simplification of procedures aimed at promoting ease of compliance," said the Income Tax Department.

The Reserve Bank of India (RBI) has guided non-banking finance companies (NBFCs), especially upper-layer NBFCs, to maintain at least 25 per cent of their overall borrowings from capital market instruments such as commercial papers, non-convertible debentures (NCDs), external commercial borrowings (ECBs), among others, sources aware of the development said.

On 8th August 2024, the RBI made an important announcement about the frequency of credit information reporting by banks/NBFCs to credit information companies (CICs) like CIBIL and others. Earlier, banks and NBFCs used to report credit information to the credit bureaus monthly. On 8th August 2024, RBI released a notification mentioning the frequency of credit information reporting will change from monthly to fortnightly. The new credit information reporting directions will be effective from 1st January 2025.

Significance of Diwali in Personal Finance

- Diwali, the festival of lights, is not only a time for celebration and spiritual reflection but also offers several valuable financial lessons that can be applied to personal finance, business, and investing. The customs, rituals, and symbolism of Diwali, particularly the focus on wealth, prosperity, and new beginnings, provide insights into effective money management, long-term financial planning, and a healthy approach to wealth creation. Diwali is seen as a time of renewal, a chance for new beginnings.
- People often make new investments, start new ventures, or buy new assets during Diwali to signify a fresh start. The idea is that starting on an auspicious day brings luck and success for the year ahead.
- On Diwali, people often buy gold, silver, and other valuable assets to protect and grow their wealth. This diversification of assets is symbolic of balancing financial risk and managing resources prudently.
- Diwali is a time to give thanks for the blessings of the past year and seek blessings for the future. The rituals of offering prayers, lighting lamps, and sharing food reflect a sense of gratitude for what one already possesses.
- Diwali celebrations often involve the worship of Goddess Lakshmi, the goddess of wealth, who represents both material and spiritual abundance. Wealth is not just about making money but also about managing it responsibly. The Chopda Pujan (worship of account books) symbolizes the importance of managing one's finances with diligence and integrity. The Chopda Pujan ritual, where traders and businesspeople worship their account books, is a reminder that honest and transparent financial practices are essential. The belief is that when you start the financial year with good intentions and proper accounting, your business will thrive.
- For many traders, especially in regions where the *Vikram Samvat* or *Bikrami Samvat* is followed, the new Samvat signifies the beginning of a new fiscal or financial year. This period often aligns with the harvest season, which makes it an ideal time for resetting accounts and starting fresh business ventures. For traders dealing with agricultural products, this is the time to assess stock, plan for the upcoming season, and manage inventory. The harvest season influences the demand for agricultural goods, so this period is crucial for market analysis and setting prices.
- The New Year also serves as an opportunity to strengthen business relationships, make new deals, and offer gifts or tokens of goodwill to clients and suppliers, reinforcing partnerships for the year ahead.
- Many businesses also use the beginning of the new Samvat to review their financial performance and make plans for taxes, investments, and savings. Just as in modern fiscal years, traders align their budgets, set targets, and plan strategies for growth during this period.
- Muhurat Trading is a special, symbolic trading session that takes place during the Diwali festival, specifically on the day of Laxmi Pujan (the worship of Goddess Lakshmi, the deity of wealth). It is considered an auspicious time for investors and traders in the Indian stock markets to begin new



investments or initiate financial transactions. The word "*Muhurat*" means a specific moment or time deemed particularly auspicious, according to Hindu traditions, to undertake important activities like buying property, starting new ventures, or making financial investments.

- The first session of Muhurat Trading was organized by the Bombay Stock Exchange in 1957, and it has since become an important tradition for traders and investors in India. Historically, there's a general belief that the stock market tends to see a positive trend or a bullish sentiment during the Muhurat Trading session, although this is largely a symbolic belief. It is important to note that while the *muhurta* is considered auspicious, Muhurat Trading is not a guarantee of market success, and the long-term performance of investments is determined by market conditions and individual company performance.
- Diwali is also a time for charitable giving, which is considered a way to ensure continued blessings from Goddess Lakshmi. Many traders and business owners give a portion of their wealth to those in need during this time.
- Diwali reminds us that wealth is not only about material goods; it's also about emotional and spiritual wealth. Goddess Lakshmi is not just the goddess of financial abundance but also symbolizes overall well-being, including health and harmony in life.

Monthly Mantra

No matter what your age is, you will always wish you had started younger. However, today is the youngest you will ever be.

Cartoon of the Month



Good News!

1. Three days before it opened for applicants, the internship scheme portal registered around 50,000 opportunities across sectors, according to sources in the Ministry of Corporate Affairs. The Ministry of Corporate Affairs would make the portal open for candidates to apply from October 12 to October 25. Following this, several shortlists would be prepared using artificial intelligence and shared with the companies, who would make their selections between October 27 and November 7. Internships are available across 650 districts in 36 states and union territories.
2. India is advancing aggressively in the race to shape the next generation of wireless technology. Based on various studies, the country ranks between fourth and sixth globally in filing patents related to 6G technology, a promising indicator of its potential influence on the 6G standard-setting process. From October 15-24, India will host the World Telecommunications Standardisation Assembly (WTSA) in Delhi providing a forum for delegates from 190 countries to discuss future standards for crucial technologies such as 6G, artificial intelligence, and big data. It is the first time that this assembly shall be held in Asia.
3. Labour Minister Mansukh Mandaviya will launch the upgraded version of the eShram portal, also known as eShram 2.0, to make the platform a “one-stop-solution” for unorganised labour to have access to various social sector schemes, an official release said. It aims to integrate information of beneficiaries of all social security and welfare schemes meant for unorganised workers, who are about 300 million, in an effective manner through a single platform. As of now, 12 schemes of different Central Ministries/Departments have already been integrated with the eShram. In the upgraded version, more such schemes will be linked with the portal.
4. The share of direct taxes in gross domestic product (GDP) rose to a 24-year high of 6.64 per cent during 2023-24 (FY24), while direct tax buoyancy improved to 2.12 compared to the preceding year, according to official data released. Direct tax collections increased more than economic growth during FY24. While nominal GDP grew by 8.42 per cent during the year, direct tax collections rose by 17.82 per cent, according to data released by the Central Board of Direct Taxes.
5. Showing signs of revival, net foreign direct investment (FDI) in India more than doubled in April–August this year to \$6.62 billion from \$3.26 billion in the same period last year. Gross inward FDI during April–August 2024 increased to \$36.1 billion from \$27.4 billion a year ago, according to the Reserve Bank of India’s data (October 2024 bulletin).

Top Personal Finance News – October 2024

1. Reaching milestone: IPO market roars past Rs 1 trillion mark in 2024 | IPO News - Business Standard [Click here](#)
2. Equity Scheme Returns from NPS soften amid Nifty50 correction in October - The Hindu Business Line [Click here](#)
3. Banks can claim deductions for broken period interest: Supreme Court | Finance News - Business Standard [Click here](#)
4. Women bring home the sales, delivering festival wins for e-commerce firms | Company News - Business Standard [Click here](#)
5. RBI: Banks pitch higher deposit cover for senior citizens - The Economic Times [Click here](#)
6. NSE to discontinue weekly index derivatives for Bank Nifty, Nifty Midcap and Nifty Financial Services | Stock Market News [Click here](#)
7. Have a query about the new GST amnesty scheme for waiver of interest and penalty? CBIC releases FAQ and clarifications - The Economic Times [Click here](#)
8. 50 new payment apps keen on joining UPI despite zero MDR: NPCI MD & CEO | Finance News - Business Standard [Click here](#)
9. UPI transaction volume rises 52 per cent, value up 40 per cent in H1: Report - Banking & Finance News | The Financial Express [Click here](#)
10. Demat account tally tops 175 mn; rises by 4.4 mn in September 2024 | News on Markets - Business Standard [Click here](#)