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I-CAN COMMUNIQUÉ

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MONTHLY NEWSLETTER – NOVEMBER 2022

Sensex : Up 5.30%	
Nifty : Up 5.37%	
Best performing sector: PSU Bank (15.6%)	Worst performing sector: Consumer Durables (-0.58%)
Best performing Global index: Dow Jones (13.95%)	Worst performing Global index: Hang Seng (-14.70%)
Indian Rupee: -1.04%	Gold (International): -1.60%

The Reserve Bank of India's monetary policy panel lifted interest rates by 50 basis points for the third straight time, joining a procession of central banks that have raised rates to rein in the effects of a soaring dollar and rising prices. RBI's repo rate now stands at 5.9%, taking the tally of rate hikes to 190 bps since May.

Retail inflation based on Consumer Price Index (CPI) surged to 7.41 per cent in September as against 7 per cent in August. This is the ninth successive month of retail inflation being above RBI's tolerance level of 6 per cent.

India's manufacturing Purchasing Managers' Index (PMI) dipped to a three-month low in September. However, output still remained robust, notwithstanding global headwinds and recession fears in developed countries. Although the seasonally adjusted S&P Global India PMI slipped from 56.2 in August to 55.1 in

September, there was greater demand from both international and domestic clients, revealed a survey by S&P Global. The S&P Global India Services Purchasing Managers' Index dropped to 54.3 from August's robust 57.2 level. Growth in the core sector, comprising eight infrastructure sectors, coal, crude, natural gas, refinery products, fertilizers, cement, steel, and electricity slumped to a nine-month low in August, signaling a coming slowdown in industrial activity. Growth in the eight sectors slowed for the third straight month in August to 3.3% in August from 4.5% in July, data released by the ministry of commerce and industry showed.

The country's exports shrink by 3.52% to \$32.62 billion in September as against \$33.81 billion in the same month in 2021, while the trade deficit widened to \$26.72 billion, as per the preliminary data released by the commerce ministry. The exports during April-September 2022-23 surged by 15.54% to \$229.05 billion. Imports during the period increased by 37.89% to \$378.53 billion. The trade deficit during the first six months of the fiscal has widened to \$149.47 billion as against \$76.25 billion during April-September 2021-22.

Ratings agency Fitch said India's external buffers appear sufficient to cushion risks associated with rapid monetary policy tightening in the United States and high global commodity prices. The country's foreign reserves fell by almost \$101 billion in January to September this year, but are still large at around \$533 billion, the ratings agency said.

The retail inflation may come down to 5.2% in the next fiscal beginning April 2023, stated a report by the Reserve Bank of India (RBI). Central Bank's speculation of easing inflation comes on the back of assumption of normal rains and further normalisation of global supply chains without any exogenous shocks. The Reserve Bank of India (RBI) expects retail inflation to come under control at 5.2% down from 6.7% which it has forecast for the current year. "For 2023-24, assuming a normal monsoon, a progressive normalisation of supply chains, and no further exogenous or policy shocks, structural model estimates indicate that inflation will average 5.2%," RBI said in its 'Monetary Policy Report September 2022'.

Reforms

In a major relief to board members of retail companies and manufacturers of packaged goods, the government has amended the Legal Metrology (General) Rules, 2011, removing the mandatory clause of holding its nominated directors accountable for any violation under the rules. The government has pointed out that the changes are being made as part of the ease of doing business.

In what could be a major overhaul of the GST Act in nearly six years after it came into effect, the government is likely to raise the threshold limit for initiating criminal prosecution against GST evasion and draw a clear distinction between minor offences and wilful evasion under the proposed new changes.

The MSME ministry notified that in case of re-classification in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise shall continue to avail of all non-tax benefits of the category it was in before the re-

classification for three years from the date of the such upward change.

Stock brokers registered under the debt segment of the stock exchanges will be able to place bids on the Request for Quote (RFQ) platform on behalf of their clients from January 1, 2023, the Securities and Exchange Board of India (Sebi) announced. This facility will be in addition to the existing option of placing bids in a proprietary capacity. The markets regulator expects that the new norm will enhance participation by the public, along with helping in deepening the secondary market on the corporate bonds side.

Sebi has asked portfolio managers to put in place written down policy specifying role and responsibilities of teams engaged in fund as well as risk management with regard to management of client funds and securities. The rule mandates a portfolio manager to segregate each clients' funds and portfolio of securities and keep them separately from his own funds and securities and be responsible for safekeeping of clients' funds and securities. Portfolio managers will have to constitute a dealing team (DT) which will be responsible for order placement and execution of all orders. For equity, equity-related instruments and mutual funds units, portfolio managers with assets under management of Rs 1,000 crores or more under discretionary and non-discretionary services, shall have in place an automated system with minimal manual intervention for ensuring effective funds and securities management including order management and allocation of securities to each client. Portfolio managers will have to maintain an audit trail of all activities related to management of funds and securities of clients including order placement, trade execution and allocation.

Further, there should be time stamping with respect to order placement, order execution and trade allocation. The provision of the circular will become effective from April 1, 2023.

SEBI has issued a framework for dealing with suspension, cancellation or surrendering of license of credit rating agencies (CRAs) to ensure orderly migration of the ratings. It has directed CRAs to disclose prominently on their website Sebi's order on suspension or cancellation. Further, allow their clients to withdraw any assignment given to the CRA, without any additional cost. Also, not take any new clients or fresh mandates.

SEBI has tightened disclosure norms for companies tapping public markets, requiring them to disclose key performance indicators (KPIs) and share pricing details based on past transactions and previous fundraisings. The regulator also asked companies, including new-age technology companies, to disclose transaction prices of new issues of shares, secondary sales or acquisition of shares during the 18-month period before the initial public offering.

NRI Guide to Invest in India

While our population dynamics provides a huge opportunity for domestic consumption, with the availability of skilled and low-cost labour, good infrastructure, digitization and various other conducive factors, India is all set to become a \$5 trillion economy sooner than later. While NRIs often miss India, there is no reason that they should miss the opportunity to invest in India. Let us start by understanding who qualifies as an NRI. As per Income Tax Act, to be a resident of India you must reside in the country for: A minimum of 182 days in that year, or A minimum of 365 days during the 4 years preceding that year and a minimum of 60 days in that year.

Thus, those who do not fulfil the above-mentioned criteria are considered as NRI. To invest in India as an NRI you would require any of the 3 types of bank accounts-

1. NRE (Non-Resident External) account that lets you park foreign earnings or send money to others in India
2. NRO (Non-Resident Ordinary) account that lets you park your earnings in India in Indian currency
3. FCNR (Foreign Currency Non-Resident) account that lets you save overseas money in foreign currency in term deposits in India and earn tax-free interest.

Once you open a suitable bank account, you have 4 prominent investment options -

1. Equity- You may invest directly in stocks for which you would need a PIS account along with a demat and a trading account. Alternatively, you may consider investing in professionally managed options such as mutual funds, PMS, ULIPS, etc. However investment options bundled with insurance such as ULIPs should not be preferred as they have higher expense ratio and lower liquidity.
2. Real Estate- Residential/Commercial- While Residential real estate offers very low rental yields and limited scope for capital appreciation in most parts of urban India, Commercial real estate mostly offers relatively higher rental yields. However, it may be more expensive and hence you may consider investing in it through REITs. It owns income-generating properties and generates a steady income source for investors but offers little in the way of capital appreciation.
3. NCDs (Non-Convertible Debentures) and Govt Bonds- Government has allowed NRIs to invest in NCDs and Govt Bonds using FAR (Fully Accessible Route). They generally offer better interest rates than Bank Fixed Deposits.
4. Alternative Investment Fund (AIF)- India is world's third largest startup ecosystem. AIFs invest in multiple startups. While not all will be multi-baggers, not all will fail. Hence the diversified approach can help investors make handsome returns in the long term.

Choose wisely amongst the above-mentioned options based on your financial goals, liquidity requirements and risk tolerance or consult a trusted financial advisor.

Did you know?

The Flintstones was the most profitable network cartoon franchise for 30 years before being unseated by The Simpsons

Cartoon of the Month



Good News!

- A strong revival in corporate demand in addition to steady growth in retail, agri and services loans pushed up credit growth to 16 percent in August, according to the latest data on sectoral deployment in bank credit. On a year-on-year (y-o-y) basis, non-food bank credit rose 16.0 per cent in August 2022 as compared with 6.7 per cent a year ago as credit growth to industry accelerated to 11.4 per cent in August 2022 from 1.5 per cent in August 2021, according to RBI's latest data on sectoral deployment in bank credit.
- Prime Minister Narendra Modi launched 75 Digital Banking Units (DBUs) in 75 districts with an objective to promote financial inclusion. The setting up of 75 DBUs in 75 districts of the country was done to commemorate the 75 years of independence of the country.
- Total vehicle sales across all categories grew by 57 per cent this year during Navratri at 5,39,227 units as compared with 3,42,459 units in Navratri 2021 according to Federation of Automobile Dealers Associations (FADA). This is the first time that an industry body has shared the auto retail sales numbers for Navratri period.
- Toyota's much-awaited Corolla Altis Hybrid, India's first Ethanol-ready flex fuel hybrid car (FFV-SHEV) is finally here. The vehicle was unveiled by Union Minister of Road Transport and Highways, Nitin Gadkari in the country. Flex fuel vehicles can run on flexible fuels- petrol, ethanol or a blend of petrol and ethanol. Such vehicles offer the flexibility to switch to engine fuel from petrol to ethanol. They can also power the engine from the battery as well, thus helping in reducing the carbon emissions from it.
- The southwest monsoon official ended the 2022 season with a cumulative rainfall of 925 millimeters, which is 6 per cent more than normal. This was a fourth successive year for the country to have witnessed good monsoon rains and the late rally over Gangetic plains is expected to help farmers during the Rabi season according to India Meteorological Department (IMD).

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