



*Celebrating 10 years of Creating Wealth*

# I-CAN COMMUNIQUÉ

## SEPTEMBER 2023



## MONTHLY NEWSLETTER – SEPTEMBER 2023

<b>Sensex : Down 2.5 %</b>	
<b>Nifty : Down 2.5 %</b>	
Best performing sector: Media (11.3 %)	Worst performing sector: Oil and Gas (- 5.1 %)
Best performing Global index: Merval (Argentina) (42.9 %)	Worst performing Global index: Hang seng (- 8.45 %)
Indian Rupee: - 0.49 %	Gold (International): - 1.64 %

### MACRO ECONOMIC HIGHLIGHTS

The US Federal Reserve is prepared to raise interest rates higher, and hold them there, in order to bring down elevated inflation in the world's largest economy, chairman Jerome Powell said at the Jackson Hole central banking conference in Wyoming. "We are prepared to raise rates further if appropriate, and intend to hold policy at a restrictive level until we are confident that inflation is moving sustainably down toward our objective," said Powell. "It is the Fed's job to bring inflation down to our 2 per cent goal, and we will do so. We have tightened policy significantly over the past year. Although inflation has moved down from its peak, a welcome development, it remains too high," added Powell.

US employment increased at a solid pace in July while wages rose at a faster-than-expected clip, consistent with sustained labor demand that's at the root of renewed momentum in the economy. Non-farm payrolls increased 187,000 last month following a similar advance in June, a Bureau of Labor Statistics report showed. The

unemployment rate unexpectedly dropped to 3.5%, one of the lowest readings in decades.

Reserve Bank of India Governor Shaktikanta Das stated that while core inflation in India remains elevated, the prices of vegetables could start to decrease next month as fresh crops arrive. This could potentially lead to a slowdown in vegetable inflation from September. Das also mentioned that the steady easing of core inflation indicates that the tight monetary policy is working.

The Monetary Policy Committee has decided to hold rates and maintain its focus on withdrawing accommodation. MPC kept the policy rate and stance unchanged for the third time in a row, citing the need to watch the evolving inflation trajectory amid adverse weather conditions. All MPC members voted for a pause in the repo rate at 6.5%. Five out of six members also voted for a continuation of the "withdrawal of accommodation" stance.

However, in an unexpected move, RBI announced a 10% incremental cash reserve ratio (CRR) for banks on the increase in their net demand and time liabilities (NDTL) between 19 May and 28 July. This is primarily to address the liquidity overhang due to the withdrawal of ₹2,000 notes. This measure is similar to the 100% incremental CRR introduced between 26 November 2016 and 10 December 2016, following the demonetization of high-value notes. "This was considered necessary in the background of liquidity overhang. We considered it desirable in the interest of price and financial stability. It will have an impact on the inflation situation also. It is a temporary measure and will be reviewed on 8 September or earlier," Das said.

MPC also revised its FY24 inflation forecast to 5.4% from 5.1%, raised the September quarter forecast by 100 basis points to 6.2%, and set a 5.2% forecast for the June quarter of next fiscal year, assuming a normal monsoon.

The finance ministry has cautioned that global and regional uncertainties and domestic disruptions may keep inflationary pressures elevated in the coming months, warranting “greater vigilance” by the government. Retail inflation galloped to a 15-month high of 7.44 per cent in July, mainly due to skyrocketing prices of vegetables, pulses, cereals, and spices.

India's core sector growth accelerated to 8.2% in June, the fastest in five months, as a capital expenditure push by the central and state governments supported expansion in cement and steel sectors, while energy-related products witnessed improvements.

Morgan Stanley has upgraded Indian equity markets to 'overweight' as it sees superior earnings growth compared to other emerging markets and a young demographic population supporting equity inflows. Simultaneously, the brokerage downgraded China's rating to 'equal weight' on concerns over growth and valuations.

Rating agency Fitch downgraded the US government's top credit rating to AA+ from AAA, citing fiscal deterioration over the next three years and repeated debt ceiling negotiations.

The Income Tax Department announced that in the assessment year 2023-24, the number of Income Tax Returns filed touched all-time high of more than 6.77 crore which is 16% higher than total ITRs filed during the previous assessment year during 5.83 crore returns were filed. The department said that it received 53.67 lakh ITRs from the first time filers which indicates the increase in tax base. The ITRs filing touched peak on the last day of the filing which was 31 July with over 64.33 lakh ITRs being filed on a single day, the Income Tax Department said.

## **REFORMS**

The Reserve Bank of India (RBI) has allowed floating rate retail loan borrowers of banks and non-banking financial companies (NBFCs) to shift to fixed interest rates during the rate reset. Such a move may not gain traction immediately because, interest rates on fixed rate loans are currently higher than floating rates. The regulator also barred lenders from charging loan customers penal interest rates, and said they could only charge a penalty for non-compliance of terms and conditions. “Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as ‘penal charges’, and shall not be levied in the form of ‘penal interest’ that is added to the rate of interest charged on the advances,” the RBI said.

The RBI asked regulated entities to ensure that the new norms were extended to the existing as well as new loans by December 31, 2023. On floating rate loans and the impact on equated monthly instalments (EMIs) due to a rise in interest rates, the regulator said lenders should take into account the repayment capacity of borrowers to ensure that adequate headroom or margin is available for the elongation of tenor and/or increase in EMI. At the time of reset of interest rates, REs (regulated entities) shall provide the option to borrowers to switch over to a fixed rate according to their Board-approved policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan,” the RBI said in a notification. Lenders can decide how many times a customer is allowed to switch between floating and fixed rates.

Securities and Exchange Board of India (SEBI) has simplified the KYC process and rationalised the risk management framework at KYC registration agencies (KRAs) to ease the onboarding of clients for dealing in the securities market. The records of all existing clients, whose KYC has been completed based on officially valid documents other than Aadhaar, would be verified within a period of 90 days from September 1, 2023, said

SEBI in a circular on August 11. "For the interest of investors and ease of transaction in the securities market, the client will be allowed to open an account with intermediaries and transact in the securities market as soon as the KYC (Know Your Client) process is completed," added the regulator.

SEBI also said that as a part of the risk management framework, the KRAs will verify attributes such as the PAN, name and address of all clients within two days of receipt of KYC records. The KRAs will verify the client's mobile number and e-mail ID. In case the client records do not have the requisite data, then such clients will not be allowed to transact further in securities market until the attributes (the data given) are verified, according to the authority. The regulator has asked KRAs to develop mechanisms, in coordination with each other, and follow a uniform internal guidelines detailing aspects of the identification of attributes and procedures for verification in consultation with the markets regulator. "Further, the systems of intermediaries and the KRAs shall be integrated to facilitate seamless movement of documents/information to and from the intermediary to the KRAs for verification/validation of attributes under risk management framework," said SEBI.

Sebi reduced the validity period of approval given to alternative investment funds (AIFs) and venture capital funds (VCFs) for making overseas investments to four months from six months at present. If these funds fail to make investments within this time limit, then Sebi can allocate their unutilized limits to other applicant AIFs and VCs.

The decision has been taken considering into account the recommendation of the Alternative Investments Policy Advisory Committee. Under the rule, AIFs and VCFs have a time limit of six months from the date of prior approval from Sebi to making the allocated investments in offshore venture capital undertakings. In case the applicant AIFs and VCFs does not utilize the limits allocated to them within six

months then Sebi can allocate such unutilized limit to another applicant. "It has been decided to reduce the aforesaid time limit for making overseas investments by AIFs/VCFs from six months to four months so that the allocated time limit is used efficiently and if unutilized, the same is again available to the AIF industry in a shorter span of time, " Sebi said. The new framework will apply to the overseas investment approvals granted by Sebi following the issuance of this circular.

Parliament cleared two vital money Bills paving the way for the implementation of a 28 per cent goods and services tax (GST) on online money gaming, casinos, and horse racing clubs on the full face value of entry-level bets. The proposed legislation differentiates between online gaming and online money gaming, and introduces provisions for the enforcement of the tax on offshore gaming operators by making GST registration "mandatory".

According to the Bills, which were moved by Union Finance Minister Nirmala Sitharaman, suppliers of online money gaming located abroad must take single registration in India through a simplified scheme. If there is a failure to comply with the registration and payment of tax, access will be blocked to "any information generated, transmitted, received or hosted" in any computer resource used. If the supplier of such services doesn't have a physical presence or a representative in the taxable territory, a person must be appointed to pay integrated GST on behalf of the platform, the proposed legislation said.

The passage of both money Bills — the Central Goods and Services Tax (Amendment) Bill, 2023, and the Integrated Goods and Services Tax (Amendment) Bill, 2023, — are in line with the decision of the GST Council, to implement the new tax laws from October 1. States also have to clear changes to state GST laws in this regard. Additionally, the Bills provide clear definitions of online gaming, online money gaming, supplier, and specific actionable claims to clarify the taxability of these activities.

## Chandrayan-3 Mission and Lesson

- India became the first country to touch down on the lunar South Pole as billions watched from around the globe. The Chandrayaan-3 lander designed to deploy a smaller, 26 kg lunar rover landed on the surface of the moon, marking a giant leap in India's spacefaring journey. The spacecraft took off from the Satish Dhawan Space Centre in Andhra Pradesh on July 14. Chandrayaan-3 was successfully inserted into the lunar orbit on August 5 and went through multiple key maneuvers in the ensuing weeks. The 'Vikram' lander module of the spacecraft successfully separated from the propulsion module on August 17. The six-wheeled lander and rover module of Chandrayaan-3 is configured with payloads that would provide data to the scientific community on the properties of lunar soil and rocks, including chemical and elemental compositions. Pragyaan will conduct experiments, including an analysis of the mineral composition of the lunar surface. It will also assist in understanding the Moon's atmosphere, and day and night cycles. The rover will study the surface of the moon through its payloads APXS - Alpha Particle X-Ray Spectrometer to derive the chemical composition and infer mineralogical composition to further enhance understanding of the lunar surface.
- Chandrayan-3 has been a historic victory for India by all means. Not taking away from its glory, let us analyze how we can draw inspiration from it to succeed in our world of finance.
  1. After Chandrayan-2 failed to make a soft landing on the South Pole of the lunar surface, it was brave of ISRO to stay determined and make another attempt to accomplish such an unprecedented mission. In our investment journey, it might happen that we invest in some opportunity with conviction but it somehow turns out to be a wrong decision. At such times, it is important to understand that it is just a failed investment and not our failure as an investor.
  2. While one must not take their failure to heart, it is critical to gather experiential learnings and analyze the experience with an unbiased and pragmatic mind without any emotional bias.
  3. As ISRO with its limited resources could achieve humongous success which its heavily funded counter parts could not, it serves as a very big inspiration to entrepreneurs to be resourceful and think differently and creatively without letting financial resources be a constraint to their aspirations.
  4. Another interesting insight for entrepreneurs is to identify white spaces in their specific sectors and come up with a full proof strategy to create a niche even though it could be something that has not been attempted by deep pocketed players.
  5. Chandrayan-3 exemplifies our aspiration to "Make in India". If we could indigenously manufacture our Chandrayan and successfully accomplish this mission, we have well demonstrated our capability to manufacture anything that the world might need.

Thus, as we take immense pride as Indians in the success story of Chandrayan-3 Mission, let it inspire us to succeed in all our missions in life.

## Monthly Mantra

Retirement must be synonymous to financial freedom and not defined by age.

## Cartoon of the Month





## Good News!

- In a mega boost to mobility, the Union Cabinet approved eBus and railway projects worth over ₹90,000 crore. Also, in order to push the digital ecosystem, another project of around ₹15,000 crore got approval. Transportation projects included over ₹57,000 crore PM-eBus Sewa with a fleet of 10,000 buses and seven multi-tracking projects of around ₹32,500 crore from Indian Railways.
- According to PropTiger's Real Insight Residential report, India's eight prime housing markets showed sales growth of 8% while new homes supply jumped 11% year-on-year during the April-June quarter of 2023 when compared to the same quarter the previous year. Developers launched 113,770 units in the first quarter of FY24 compared to 102,140 in the April-June quarter of FY23. Mumbai has been the frontrunner in terms of new supply, followed by Pune and Ahmedabad. A total of 80,250 units were sold in the eight cities in Q2 2023 compared to 74,320 in the year-ago quarter, shows the report. All cities covered in the analysis showed positive price movement in the past one year. Gurgaon was an outlier with double-digit price growth of 12% YoY. Growth has kept investors interested in this segment, which was largely restricted to the more promising office segment in the pre-pandemic period. Another benchmark that shows sustained demand for residential real estate in the country is the comparatively low inventory overhang.
- The rural fast-moving consumer goods (FMCG) market grew 4 per cent year-on-year (Y-o-Y) in the April-June 2023 quarter, as against 0.3 per cent growth in the previous quarter, on rising consumption, a report by NIQ India (formerly NielsenIQ) showed. According to the report, rural market recovery was primarily driven by the non-food category. The report marks a significant change, as rural markets were in negative territory for several preceding quarters, with a decline of 2.4 per cent in the same quarter of the last calendar year. The quarter also saw an overall volume growth of 7.5 per cent, the highest in eight quarters.
- The Network Planning Group of the PM Gati Shakti Master Plan has approved 100 projects worth Rs 5.89 trillion as reported by Financial Express. Of this, 40 road projects account for a total investment of Rs 3.65 trillion. In addition, 40 railway projects worth Rs 95,704 crore and eight urban development projects entailing an investment of Rs 79,016 crore have also been given the go-ahead.
- The total number of Jan Dhan accounts in the country has crossed 50 crore-mark, with 56 per cent of the accounts belonging to women, the finance ministry said. The total deposits in these accounts are above Rs 2.03 lakh crore while around 34 crore RuPay cards have been issued with these accounts free of cost. The average balance in Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts is Rs 4,076 and more than 5.5 crore of these are receiving Direct Benefit Transfer (DBT), it said.
- The Reserve Bank of India (RBI) will launch a pilot project in the form of a Public Tech Platform on August 17, 2023, to ease access to credit. This move is aimed at providing digital information to lenders to facilitate credit or loans in just a few minutes. The Public Tech Platform for frictionless credit is an end-to-end digital platform that has been developed by the Reserve Bank Innovation Hub, a wholly-owned subsidiary of the central bank. The platform will also have an open architecture, open Application Programming Interfaces (APIs), and standards, to which all financial sector players can connect in a 'plug and play' model.

## Top Personal Finance News – August 2023

1. Cost of treatment doubles in 5 years as medical inflation bites [Click here](#)
2. Delhi HC orders release of seized old cars if owners meet set conditions [Click here](#)
3. Canara Bank launches UPI Interoperable Digital Rupee mobile app [Click here](#)
4. Delhi: Five pending traffic challans may log you out! [Click here](#)
5. Income tax department notifies rules for valuing rent-free accommodation provided by employers [Click here](#)
6. RBI's new rules may increase your EMIs, make it difficult to get home loans for some [Click here](#)
7. 83-year-old woman, not liable to file tax returns, wins case against fine [Click here](#)
8. Deposit boom with Rs 2,000 notes may not last: Bankers [Click here](#)
9. Eight steps you can take this Independence Day to achieve financial freedom [Click here](#)
10. You can talk to this bank's officials 24X7 365 days over video call to resolve problems [Click here](#)
11. Did you receive this SMS on ITR refund claims? Government issues scam alert [Click here](#)