

# July Newsletter

**July 1st, 2025**

Dear Readers,

Welcome to the July 2025 **4<sup>th</sup> Edition** of the Fincour Financial Newsletter!

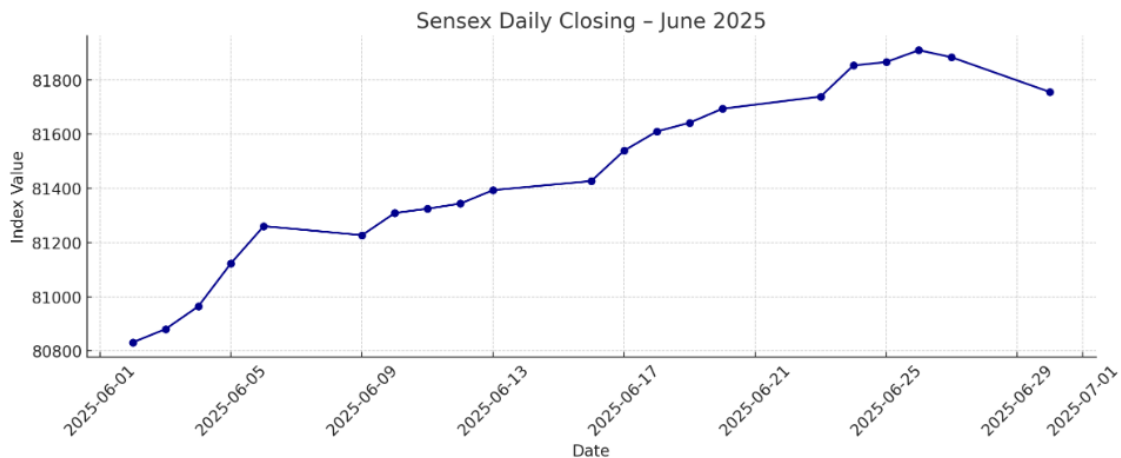
July 1st marks **Chartered Accountants Day** — a tribute to the backbone of India's financial system.

To all the CAs, Aspirants, and Students who ensure compliance, transparency, and integrity across businesses, **we salute your dedication and professionalism.**

## [Key Financial Developments in India](#)

### **Market Summary – Sensex & Nifty 50**

#### **Sensex Highlights**



**Started June near:** 80,700

**Peaked:** 84,000 on June 27

**Closed:** 83,606 on June 30

**Monthly Gain:** 3.6%

## Key Drivers:

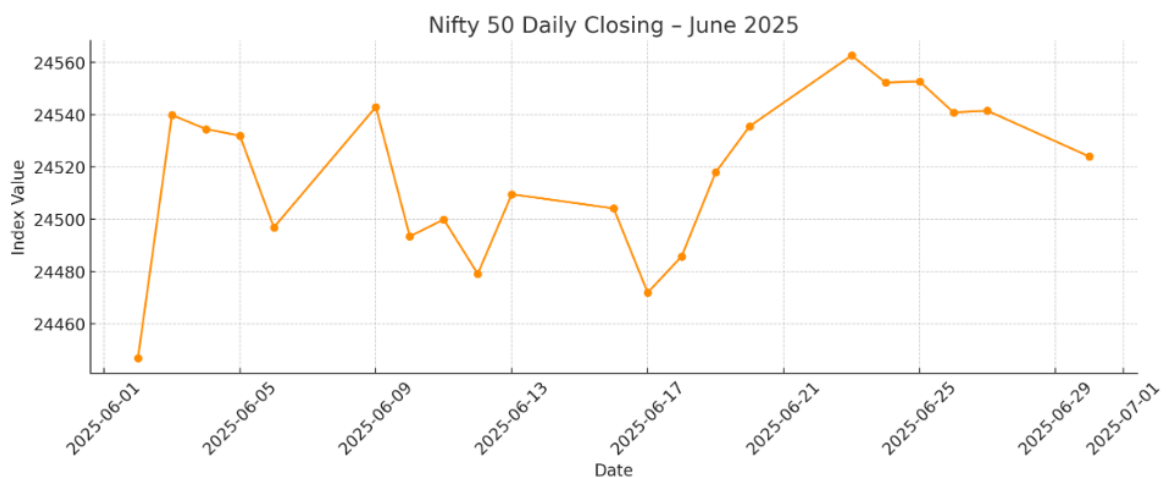
- Strong performance from **FMCG, pharma, and PSU banks**
- **Foreign Institutional Investors (FIIs)** turned net buyers' mid-month
- Optimism from the **RBI's 50 bps rate cut** boosted sentiment
- Mid- and small-cap stocks saw a surge in retail participation

## Volatility triggers:

- Global geopolitical tensions (Iran–Israel)
- Oil price swings and rupee fluctuation
- Month-end profit booking led to a mild pullback

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## Nifty 50 Highlights



**Started June near: 24,500**

**Peaked: 25,660 around June 27**

**Closed: 25,517 on June 30**

**Monthly Gain: 4.1%**

### Key Movers:

- Nifty Midcap 100 outperformed (+6% approx.)
- Nifty Bank remained flat due to muted performance by major private banks
- Sector-wise, **real estate, auto, infra, and power** led the charge.

### Notable Support Levels:

- Strong support held at **25,100–25,200**
  - Resistance seen near **25,700**, with potential for a breakout in July if macro trends remain favourable
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### Investor Insight

June was a strong month for Indian equities:

- Domestic and global investors gained confidence from **moderate inflation**, a **dovish RBI**, and a **resilient rupee**.
- Defensive and consumption-linked sectors offered stability during volatile global cues.
- With earnings season approaching and monsoon trends favourable, sentiment remains **cautiously optimistic** heading into July.

## **Indian Rupee (USD/INR) – June 2025 Overview**

- **Range-bound performance:** USD/INR fluctuated between ₹86.76 (June 23) and ₹85.38 (June 2). It averaged ₹85.93 for the month.
- **End-of-month:** Closed around ₹85.80 on June 30
- **Key moves:**
  - June 25: Sharp 75-paise jump to ₹86.00+, triggered by oil price decline (\$67.7/barrel) and easing oil import cost concerns
  - June 26–27: Recovered to mid-85s (85.51–85.60) driven by falling U.S. yields and Fed cut anticipation
  - Late June: Stabilized in ₹85.80–85.90 range amid global risk-on sentiment and RBI liquidity absorption

### **Interpretation**

- Oil's decline eased pressure on the rupee, showing significant single-day moves.
- Global dovish signals (Fed tone, U.S. data) supported momentum.
- RBI tools (VRRR, forward premiums) helped manage volatility and further bolster the rupee.

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## **Gold Performance – June 2025**

- **Price peak early-mid June:** 24K gold spiked above ₹10,069/g (June 23); 22K hovered near ₹9,230/g
- **Month-end dip:** 24K declined to ₹9,726/g, 22K dropped to ₹8,915/g by June 30
- **MCX futures:**
  - August 2025 contract closed ₹95,524/10 g on June 27, down 1.6% from mid-June
  - June-end mark landed at ₹96,111/10 g.

### **Highlights**

- +5% MoM rise in USD gold (to US\$3,435/oz) driven by geopolitical jitters in early June (Israel-Iran tensions)
- Pullback after ceasefire: Sharp sell-off from June 23–30 (₹3,490 loss in 10 g), as risk-on sentiment rebounded
- Outlook: Gold ended the month slightly negative in domestic terms; experts expect range-bound trading between ₹93,500–₹96,500/g.

## Summary

<u>Asset</u>	<u>Early June</u>	<u>Mid-June Peak</u>	<u>Late June</u>	<u>Monthly Change</u>
USD/INR	₹86.06	₹86.76 (Jun 23)	₹85.80	-0.30%
24K Gold	₹9,731/g	₹10,069/g (Jun 23)	₹9,726/g	-0.05%
22K Gold	₹8,920/g	₹9,230/g (Jun 23)	₹8,915/g	-0.06%

### June Banking Highlights

#### Reserve Bank of India

- Earlier, the RBI was conducting daily VRR auctions — meaning banks were lending extra funds to the RBI every day.
- VRR stands for Variable Rate Reverse Repo. It's a tool the Reserve Bank of India (RBI) uses to manage the money supply in the banking system. Through VRR, banks park their excess money with the RBI temporarily and earn interest.
- But from June 11, 2025, the RBI stopped these daily auctions and moved to weekly or bi-weekly operations like:
  - 14-day VRR
  - Open Market Operations (OMOs)
  - Standing Deposit Facility (SDF)

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### Why Did RBI Do This?

- Too Much Cash in the System: Banks had a lot of surplus funds. Daily VRRs were becoming repetitive.
- Better Planning: Less frequent VRRs help RBI plan money flows in a more structured way.

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### How Does This Affect the Common Public?

- Loan Interest Rates Could Fall: Since banks have more money lying idle, they may lower interest rates to give more loans.
- Banks May Offer More Attractive Loan Offers (home, car, personal loans).

- Businesses May Get Easier Access to Credit, which can boost the economy and jobs.
  - Less volatility in interest rates, which is good for people with EMIs or savings accounts.
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### **RBI's Goal**

The RBI is trying to strike a balance between too much and too little money in the system. This move is a signal that the economy has enough liquidity, and the RBI wants to fine-tune how money flows between banks, businesses, and the government.

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### **RBI Liquidity Management & Policy Decisions**

- **RBI urged banks to pass on rate cuts**, following the 50 bp repo cut, to improve credit flow to consumers and businesses.
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### **Credit & Sectoral Growth**

- **Credit growth rebounded to 9.62% YoY** (June 13 data), recovering from a 3-year low (8.97% in May). Meanwhile, deposits grew 10.3% YoY.
  - **SBI estimated** that the 100 bp CRR cut could unlock an additional 1.4–1.5% credit growth.
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### **Cybersecurity & Fraud Management**

- **CBI busted a mule-account fraud** operation involving 850,000 illicit accounts used for scams (up impersonation and UPI schemes). Raids were conducted across 42 locations.
  - **RBI emphasized cyber resilience**, mandating banks/NBFCs bolster zero-trust architecture, AI-driven detection systems, and business continuity planning
  - **RBI fined 353 entities** (₹55 crore) last fiscal for violations, including cyber-security and KYC breaches
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## Regulatory Updates & Bank Operations

- **Scheduled status granted** to Vishweshwar Sahakari Bank (Pune) effective June 11
  - **RBI revised PSL norms** for Small Finance Banks, reducing the priority sector lending target from 75% to 60% of ANBC from FY 26
  - **Penalties imposed** on Fino Payments Bank (₹29.6 lakh) for breaching deposit norms, highlighting growing RBI oversight.
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## Public Sector Bank Developments

- **SBI paid a record ₹8,076.84 crore dividend** to the government for FY 2024–25, backed by ₹70,901 crore net profit (16% YoY rise)
  - **FM reviewed PSB performance** on June 27: Total business at ₹251 lakh crore (+24%), net NPAs down to 0.52%, net profit ₹1.78 lakh crore, and CRAR at 16.15%.
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## Global Influences on Indian Financial Markets

### Middle East Ceasefire & Oil Market Dynamics

- A **ceasefire between Iran and Israel** around June 25 eased geopolitical tension, prompting Brent crude to dip below \$70/barrel. The **Indian rupee strengthened 0.2%** to ₹85.82 on the news, and both the **Sensex and Nifty rose 0.7%** on beachhead optimism.
  - Earlier in June, escalation fears—such as Israel’s strikes on Iran—drove Brent crude 11% higher and pushed USD/INR to ₹86.20. The **RBI intervened** via dollar sales to support the rupee.
  - **Analyst warnings:** Kotak’s Nilesh Shah cautioned that oil’s surge above \$100/bbl. or a supply shock could dent Indian equities and increase inflationary pressure.
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### U.S. Dollar Weakness & Fed Uncertainty

- Renewed criticism of Fed Chair Powell by Trump in late June caused the **U.S. Dollar Index to hit multi-year lows**, easing pressure on INR and opening the door for rupee appreciation.
  - As the dollar weakened, **currency and equity inflows into India** gained momentum, with analysts expecting further recovery.
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## Global Trade Policy & Risk-On Sentiment

- Optimism from **U.S.–China, U.S.–UK, and potential U.S.–India trade talks**, along with easing tariffs, supported global risk appetite. This resulted in stable U.S. yields and buoyed Indian equities, especially mid- and small-caps.
  - Domestic strategists expect India's equity indices to benefit if a **U.S.–India trade deal concludes by July 9**, with renewed upside potential.
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## Emerging Markets Resilience Despite Global Headwinds

- Despite geopolitical and trade risks, Asian markets—and notably India—continued to outperform. This was supported by stable global interest rates, policy support, and firm domestic demand.
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## Foreign Fund Flow & Market Performance

- **Foreign investor behaviour** remained cautious but opportunistic: net outflows occurred mid-month amid oil/risk spikes, but later flows returned with improved sentiment.
  - Sectors that thrived included **oil & gas** and **PSU banks**, which surged on the back of global improvements.
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## **8 Glorious Years of GST — India's Biggest Tax Reform**

July 1, 2025, also marks **the 8th anniversary of the Goods and Services Tax (GST)** — a unified indirect tax that revolutionized Indian taxation.

### Flashback to 1st July 2017:

- India transitioned from a complex maze of VAT, excise, and service taxes into a single tax regime.
  - GST unified 17 central and state taxes and 23 cesses, making it “One Nation, One Tax.”
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## Key Benefits of GST to the Indian Economy

- **Simplified Compliance:** Reduced need to file multiple state-wise returns.
- **Boosted Ease of Doing Business:** Enabled seamless movement of goods across states.

- **Increased Tax Base:** Encouraged formalization by bringing small and medium enterprises (SMEs) under the tax net.
- **Digitization:** Real-time invoice matching, e-way bills, and e-invoicing promoted automation and reduced tax evasion.
- **Higher Revenue Efficiency:** Centralized credit chain and removal of cascading taxes improved tax realization.

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### Record-Breaking GST Collections

Month	GST Collection (Approx.)
April 2025	₹2.11 lakh crore
May 2025	₹1.77 lakh crore
June 2025	₹1.73 lakh crore (estimated)

GST collections have **consistently crossed ₹1.7 lakh crore/month**, reflecting strong consumption, compliance, and economic growth.

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### How GST Strengthened India's Economy?

- Since its launch, GST has added over ₹20 lakh crore to India's formal economy.
- Helped increase India's tax-to-GDP ratio, improved fiscal discipline.
- Reduced logistics costs by 20% and helped integrate India's fragmented market.

### Tax Season in Full Swing

The ITR filing window opened for AY 2025–26

#### Key reminders:

- The Extended Deadline for ITR is 15th September 2025. This extension applies to most individual taxpayers, including salaried individuals and those not requiring an audit of their accounts.
- The **ITR-1 and ITR-4 Excel utilities** were updated in early June, adding new validation rules. Key changes include:

Detailed fields for **HRA, 80C, 80D, 80E, 80EE/EEA/EEB, and 80DDB**

Clear breakdowns of **long-term capital gains**, pre-/post-July 2024 indexation

Online filing for **ITR-1 and ITR-4** is already enabled; ITR-2/3 await rollout  
 Reconcile Form 26AS, AIS (Annual Information Statement), and TIS (Taxpayer Information Summary) before filing.

ITR Form	Who Should Use It	Income Criteria	Who Should NOT Use It
<b>ITR-1 (Sahaj)</b>	Salaried individuals or pensioners	Income up to ₹50 lakh + One house property + Other sources (like interest)	Not for capital gains
			Not for crypto or speculative income
			Not for business income
			Not for directors or foreign income
<b>ITR-2</b>	Individuals & HUFs	Salary + More than one house + Capital Gains + Foreign assets	Not for business/professional income
<b>ITR-3</b>	Individuals/HUFs with business or professional income	Proprietorship, freelancing, agency business, commission agents, partners in firms	Not for companies
			Not for presumptive taxpayers
<b>ITR-4 (Sugam)</b>	Individuals, HUFs, Firms (other than LLPs) opting for <b>presumptive taxation</b> under sections 44AD, 44ADA, 44AE	Gross income up to ₹50 lakh (for professionals) or ₹2 crore (for businesses)	Not for income from capital gains, foreign assets, or speculative income
<b>ITR-U (Updated Return)</b>	Any taxpayer who missed or wants to correct their previous year's return	Can file revised return for FY 2022–23 or 2023–24 with additional tax (up to 50%)	Cannot be filed for losses, refunds, or search/survey cases

**\*Note:** Contact us for Expert Advice on Income Tax & GST Consultancy, Accounting Consultancy, & Investment Advisory (Portfolio Management, Insurance...)

***Disclaimer:*** *The information provided in this newsletter is compiled from various publicly available and third-party sources believed to be reliable as of JUNE 30, 2025. Fincour & Co. does not guarantee the accuracy or completeness of the information and shall not be held liable for any discrepancies or reliance placed upon it. If you notice any contradictions or have concerns regarding the content, feel free to write to us at [Fincourconsultants@gmail.com](mailto:Fincourconsultants@gmail.com).*

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