NEWSLETTER

APAS MONTHLY

November 2022 EDITION – VOLUME 11

ASHVIN PAREKH

THIS MONTH

We invite our readers and patrons to visit our wealth of knowledge e by tuning into our APAS podcasts –

"Demystifying Reforms" and "BFSI insights"

We help demystify the latest reforms and bring market insights of the BFSI sector in India.

Hope you will find it insightful.

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Also, do visit our APAS blog. It is a place where you will find articles on the latest happenings in the financial sector.

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EDITORIAL

In this issue, Mr. Alok Agarwal - Executive Director, ICICI Lombard General Insurance has presented his thoughts on 'Providing insurance covers to mid and small geographies – opportunities and challenges'. We thank Mr. Alok Agarwal for his contribution to the APAS Monthly.

This month, the APAS column covers the new and evolving concept 'Central Bank Digital Currency (CBDC): RBI's pilots'.

For our podcast listeners we have an interesting discussion on the Central Bank Digital Currency (CBDC) pilot program. We discuss the pilot program with Mr. B Prasanna - Group Executive, Head - Global Markets Sales, Trading & Research, ICICI Bank. The link for the podcast is below:

Demystifying Reforms - Insights into RBI's pilot launch of digital currency for wholesale transactions in India (google.com)

Insights into RBI's pilot launch of digital currency for wholesale transactions in India - Demystifying Reforms | Podcast on Spotify

The economic indicators showed mixed performance. Manufacturing PMI increased to 55.3 in October 2022 from 55.1 in September 2022. Services PMI was up to 55.1 in October 2022 from September's six-month low of 54.3. India's infrastructure output growth slowed sharply to 0.1 % year-on-year in October 2022 from a downwardly revised 7.8 % in the previous month. Index of Industrial Production (IIP) or factory output recorded a growth of 3.1 % in September 2022. India's retail price inflation (CPI) eased to 6.77 % year-on-year in October 2022, down from September's five-month high of 7.41 %. India Wholesale Price Index (WPI) number is 8.39% (Provisional) for the month of October 2022 (over October 2021) against 10.70% recorded in September 2022. India's economic growth (GDP) slowed to 6.3 %t in the September quarter of 2022-23.

The Reserve Bank of India (RBI) announced the Monetary Policy Statement, 2022-23 Resolution of the Monetary Policy Committee (MPC).

Insurance Regulatory Development Authority of India (IRDAI) announced Insuring India by 2047 - New landscape for Insurance Sector.

SEBI is spreading of investor awareness and investor education by setting up a Pavilion 'BHARAT KA SHARE BAZAAR' at the 41st India International Trade Fair (IITF-2022). The committee constituted by SEBI on Strengthening Governance of Market Infrastructure Institutions (MIIs) which has submitted a report and is seeking public comments.

Our newsletter is focused on tracking the performance of the economy and the regulations and laws governing the Banking and Financial Services companies. We hope that this APAS Monthly is insightful.

We welcome your inputs and thoughts and encourage you to share them with us.

Ashvin parekh

APAS
ashvin parekh advisory services

On the cover

GUEST COLUMN

Providing insurance covers to mid and small geographies – opportunities and challenges

Alok Agarwal
Executive Director
ICICI Lombard General Insurance

APAS COLUMN

Central Bank Digital Currency (CBDC): RBI's pilots

ECONOMY

Index of Industrial Production – September
Inflation update – October
PMI update – October
Core Sector – October
GDP – Q2 – FY 22-23

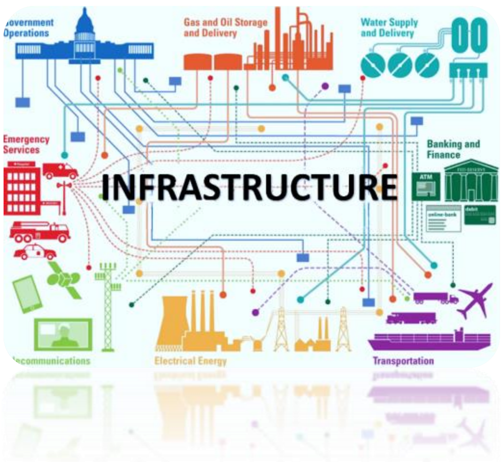
BANKING

[Monetary Policy Statement, 2022-23 Resolution of the Monetary Policy Committee (MPC)]

[Operationalisation of Central Bank Digital Currency – Retail (e₹-R) Pilot]

INSURANCE

[Insuring India by 2047 - New landscape for Insurance Sector]



INFRASTRUCTURE & OTHER GOVT. INITIATIVES

[PM lays foundation stone and dedicates to nation projects worth around Rs. 860 crores in Jambughoda, Gujarat]

[PM lays foundation stone and dedicates to the nation multiple projects worth over Rs 10,500 crores in Visakhapatnam, Andhra Pradesh]

[PM lays foundation stone & dedicates to the nation multiple projects worth over Rs 9500 crores at Ramagundam, Telangana]

CAPITAL MARKETS

[India International Trade Fair 2022]

[Committee on "Strengthening Governance of Market Infrastructure Institutions" submits report; SEBI seeks public comments on the Report Regulatory Sandbox (IoRS)]

CAPITAL MARKETS SNAPSHOT

[CNX Nifty, BSE Sensex, India VIX, $/₹, GIND 10Y]

Countries	GDP			CPI		Current Account Balance	Budget Balance	Interest Rates
	Latest	2016*	2017*	Latest	2016*	% of GDP, 2016*	% of GDP, 2016*	(10YGov), Latest
Brazil	-2.9Q3	-3.4	0.9	7.0 Nov	8.3	-1.1	-6.4	11.8
Russia	-0.4Q3	-0.5	1.2	5.8 Nov	7.0	2.4	-3.7	8.60
India	**7.3 Q3**	**7.2**	**7.5**	**3.6 Nov**	**4.9**	**-0.9**	**-3.8**	**6.51**
China	6.7 Q3	6.7	6.4	2.3 Nov	2.0	2.5	-3.8	3.10^
S Africa	0.7 Q3	0.4	1.3	6.6 Nov	6.3	-4.0	-3.4	9.00
USA	1.6 Q3	1.6	2.2	1.7 Nov	1.3	-2.6	-3.2	2.56
Canada	1.3 Q3	1.2	1.9	1.5 Oct	1.5	-3.5	-2.5	1.78
Mexico	2.0 Q3	2.1	1.9	3.3 Nov	2.8	-2.8	-3.0	7.31
Euro Area	1.7 Q3	1.6	1.3	0.6 Nov	0.2	3.2	-1.8	0.25
Germany	1.7 Q3	1.8	1.4	0.8 Nov	0.4	8.8	1.0	0.25
Britain	2.3 Q3	2.0	1.1	1.2 Nov	0.6	-5.7	-3.7	1.55
Australia	1.8 Q3	2.9	2.8	1.3 Q3	1.3	-3.5	-2.1	2.86
Indonesia	5.0 Q3	5.0	5.2	3.6 Nov	3.5	-2.1	-2.6	7.93
Malaysia	4.3 Q3	4.3	4.6	1.4 Oct	1.9	1.8	-3.4	4.31
Singapore	1.1 Q3	1.3	2.0	-0.1 Oct	-0.6	21.5	21.5	2.49
S Korea	2.6 Q3	2.7	2.5	1.5 Nov	0.9	7.2	-1.3	2.17

ECONOMIC DATA SNAPSHOT

[Global GDP, CPI, Current account balance, budget balance, Interest rates]

Providing insurance covers to mid and small geographies – opportunities and challenges

Alok Agarwal
Executive Director
ICICI Lombard General Insurance

India's general insurance sector has been growing rapidly for past 10 years at a compound annual growth rate (CAGR) of 14.2 per cent. Country's general insurance penetration, which stood at 0.9 percent is very low even in comparison with other developing countries. The reasons cited for such low level of penetration rate include tight constraints on the household budget, adverse selection, moral hazard, and affordability issues.

India is country of vast demographic and socio-economic differences across territories. Urban India which contributes around 30% of total population lives in around 8000 densely populated towns while the rest if India lives in scattered villages counting more than six lacs. Even in Urban India, there is major difference in population distribution. The top 450 towns of India are home to more than thirteen crore of Indians as per census 2011. Our data propound that top 20 cities contribute roughly 64% of our country's retail premium whereas the next 20 contributes mere 11% and the balance is contributed by rest of India. It also postulates that insurance density on top 20 cities is 4 times higher than insurance density in the next 20 cities.

India's insurance sector has the potential to grow further due to the underpenetrated nature of the market and low density. Demographic factors, coupled with increasing awareness and financial literacy, are likely to catalyse the growth of the sector. An enhanced regulatory regime that focuses on increasing insurance coverage will also help. Insurance companies can follow a three-pronged strategy for increasing insurance penetration in small and mid-size market. Firstly, it should target the under insured populace of highly penetrated market with add-on policies, secondly, it should target uninsured urban population with price competitive individual and group policies. Thirdly, for the rural segment, it should come up with government-subsidized policies.

There have been a number of initiatives taken by government of India as well as IRDAI to address the product design issue. PMJAY (Pradhan Mantri Jan Arogya Yojana), PMFBY (Pradhan Mantri Fasal Bima Yojana), PMSBY (Pradhan Mantri Suraksha Bima Yojana), PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana) etc. have been introduced by Govt of India. IRDAI has introduced Arogya Sanjeevani and other standardised products to introduce simplicity and common understanding at the time of claims. IRDAI is also planning to introduce a combo baseline affordable products addressing life, health, accident and property insurance need of common man.

Insurance companies are also coming up with innovative solutions to make health insurance affordable to all. Insurance companies have started offering products at a price which varies across locations depending on the health care cost of that location. Traditionally health Insurance policies had a uniform pricing across the country. However, there is difference in cost of treatment in metropolitan cities compared to other tier-1 or tier-2 cities. Acknowledging this difference in cost, few insurers have already introduced zone and location based pricing in their health product offering. To address the health insurance needs of a lower middle income class individuals, insurance companies have also introduced hospital cash (addressing daily cash requirement of individuals), senior citizen products with co-pay (to make it affordable) and critical illness products.

The inherent challenges in addressing the needs for general insurance in small & mid-size markets are the product design, distribution and after sales service of those customized insurance products effectively to reach the benefit of such products to the needy. Therefore, there is a need to introduce more and more customized insurance (individual and group) products for the lower income strata. Another challenge for the general insurer has been longer payback period for infrastructure investment made by them. The servicing of existing insurance policies has also been a huge challenge. As the ticket size of products in these markets is small, the intermediary pay-out is not large enough to motivate them to do this job as a full-time occupation.

As far as the channel of distribution is concerned, insurance companies will have to not only depend on traditional insurance channels like agents, brokers and bancassurance partners but also on new emerging channels like CSC (Common Service Centres) and post offices. IRDAI is about to introduce a concept of Bima Vahak on the lines of Point-Of-Sales person whose minimum qualification required will only be up to fifth standard and shall be trained by insurance companies. Online channels introduced by insurance companies and brokers are slowly gaining prominence.

Small & mid-sized markets are characterized by higher claims in the motor class of business due to significant movement of the vehicles being on highways. However, the average claim size and frequency in the health class of business is relatively lower. Servicing of claims in these market would require increased use of technology for both surveying as well as adjudication of claims. Further network of hospital as well as motor garages should be large enough to provide convenience of cashless to those who need the same.

In summary, small & mid-sized market is large and growing. As India becomes more prosperous, this market would be hard to ignore and those companies which are able to make a sizable presence in these markets would be a winner.

Central Bank Digital Currency (CBDC): RBI's pilots

Central Bank Digital Currency (CBDC) is digital form of currency notes issued by a central bank. We have covered what CBDC is; why the central banks across the globe are issuing CBDC and RBI's interest in CBDC, in our previous article. CBDC in India, referred to as e₹ (digital Rupee), is being tested out in India by RBI through a series of pilots.

Early October 2022, RBI has issued a concept note on e₹ to create awareness about CBDCs in general and the planned features of the digital rupee, in particular. The concept note discussed the key considerations such as technology and design choices, possible uses of digital rupee, issuance mechanisms etc., and announced the launch of pilot for specific use cases.

The key motivations for RBI in exploring the issuance of CBDC in India among others include reduction in operational costs involved in physical cash management, fostering financial inclusion, bringing resilience, efficiency, and innovation in the payments system, adding efficiency to the settlement system, boosting innovation in cross-border payments space, and providing public with uses that any private virtual currencies can provide, without the associated risks.

To appreciate the proposal of CBDC and the pilots, let us examine the features and design of CBDC, and the possibilities. CBDC can be classified into two broad categories: retail (CBDC-R) and wholesale (CBDC-W). Retail CBDC would be potentially available for use by all, i.e, private sector, non-financial consumers and businesses while wholesale CBDC is for select financial institutions, mainly for settlement of interbank transfers and related wholesale transactions. CBDC can be offered either by direct model (single tier) where the central bank would be responsible for managing all aspects or indirect model (Two-tier) where the intermediaries are involved similar to the current physical currency management where banks are the intermediaries. Also, CBDC can be structured as 'token-based' which is a bearer-instrument like bank notes or account-based which requires maintenance of record of balances and transactions of all holders of the CBDC and indicate the ownership of account balances. The infrastructure of CBDCs can be on a conventional centrally controlled database or on a Distributed Ledger Technology. CBDCs can be designed to be having a store value, i.e, can offer interest or otherwise. Considering potential for disintermediation and to keep it akin to the physical cash, RBI may not consider providing interest.

After giving due consideration to various features of CBDC, RBI has launched its pilot project of wholesale CBDC (e₹-W) on 1st November 2022 with 9 identified banks - State Bank of India, Bank of Baroda, Union Bank of India, HDFC Bank, ICICI Bank, Kotak Mahindra Bank, YES Bank, IDFC First Bank and HSBC. The use case for this pilot is settlement of secondary market transactions in government securities. The first pilot in Digital Rupee - Retail segment (e₹-R) starts on 1st December 2022 with 4 banks and 4 cities initially. The retail pilot has been split into two phases. The first phase will include the State Bank of India, ICICI Bank, Yes Bank and IDFC First Bank, and will be limited to the cities of Mumbai, New Delhi, Bengaluru and Bhubaneswar. The scope of pilot may be expanded gradually to include more banks, users and locations as needed. The e-rupee will be distributed in digital token form and represent legal tender. It would be issued in the same denominations that paper currency and coins are currently issued. As per RBI, the participants in the pilot will be able to transact the e-rupee from a digital wallet that will be supplied by the participating banks and stored on mobile devices. Users will be able to conduct both person-to-person and person-to-merchant transactions utilizing QR codes to direct where payments are sent.

The outcome of these pilots will determine the future course of action and more pilot programs will explore additional features and applications of the digital rupee token and architecture.

People of India have been much faster in adopting the digital payments, thanks to the efficient digital payment infrastructure in India and the smart phone penetration and CBDC can only accelerate the convenience and depth of digital payments. The intricacies of such e₹ is what RBI is working on with the on-going pilots.

- APAS

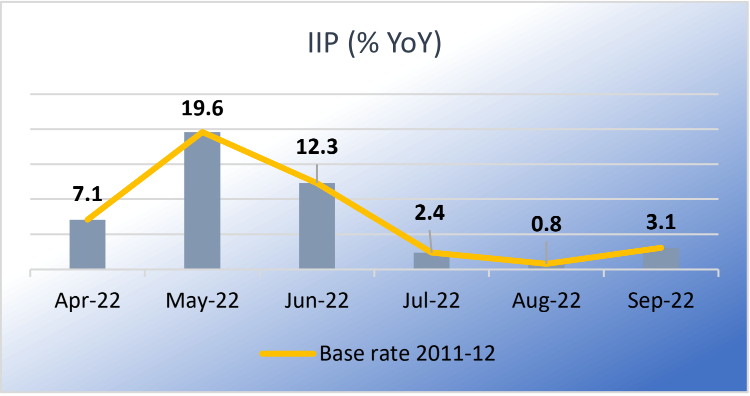
You may listen to an interesting podcast – Ashvin Parekh Managing Partner, Ashvin Parekh Advisory Services LLP discusses the CBDC program with Mr. B Prasanna - Group Executive, Head - Group Executive, Head - Global Markets Sales, Trading & Research in ICICI Bank who is renowned thought leader and market participant.

Google Podcast ***Spotify Podcast***

ECONOMY

IIP (Index of Industrial Production) – September

Index of Industrial Production (IIP) or factory output recorded a growth of 3.1 % in September 2022, as against a contraction of 0.8 % in August 2022 and 3.1% in September 2021.



For the month of September 2022, the Quick Estimates of Index of Industrial Production (IIP) stands at 133.5 which is same as September 2021, suggesting a flat movement.

The manufacturing sector, which constitutes close to 77 % of the index, grew by 1.8% in September, to 134.3.

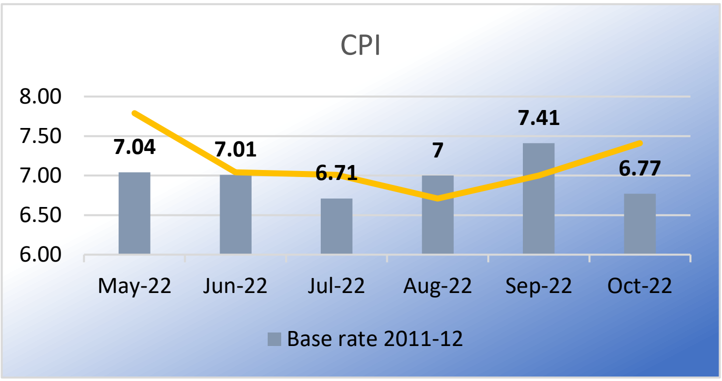
Mining sector rose by 4.6 %, to 99.5. Electricity generation rose by 11.6 %, to 187.4.

As per Use-based classification, the indices stand at 128.2 for Primary Goods, 102.9 for Capital Goods, 145.8 for Intermediate Goods and 155.8 for Infrastructure/ Construction Goods for the month of September 2022. Further, the indices for Consumer durables and Consumer non-durables stand at 125.1 and 136.9 respectively for the month of September 2022.

Further, the indices for consumer durables and consumer non-durables were at 125.1 and 136.9, respectively.

CPI (Consumer Price Index) – October

India's retail price inflation eased to 6.77 percent year-on-year in October 2022, down from September's five-month high of 7.41 percent, helped by slower rises in food prices and a strong base effect.



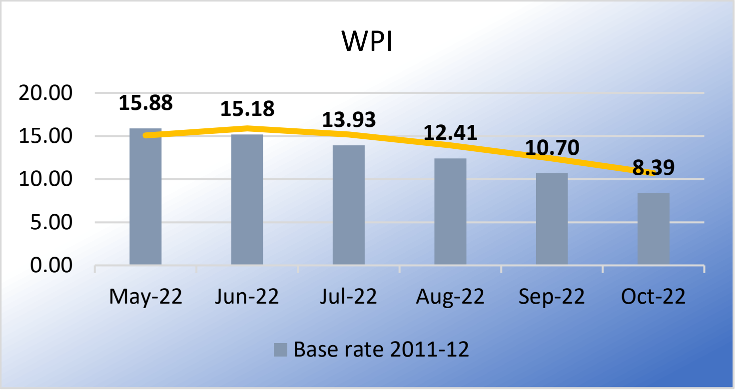
Still, the reading came in slightly above market expectations of 6.73 percent and remained above the central bank's 2-6 percent target range for a 10th consecutive period. Cost increased at a softer rate for food (7.01 percent vs 8.60 percent in September), fuel and light (9.93 percent vs 10.39 percent), pan, tobacco and intoxicants (1.87 percent vs 1.98 percent), and miscellaneous (5.90 percent vs 6.06 percent).

On the other hand, inflation was little changed for housing (4.58 percent vs 4.57 percent) and clothing and footwear (10.16 percent vs 10.17 percent).

On a monthly basis, consumer prices rose 0.80 percent in October, the most since May.

WPI (Wholesale Price Index) – October

India Wholesale Price Index (WPI) number is 8.39% (Provisional) for the month of October 2022 (over October 2021) against 10.70% recorded in September 2022.



Decline in the rate of inflation in October 2022 is primarily contributed by fall in the price of mineral oils, basic metals, fabricated metal products, except machinery and equipment; textiles; other non-metallic mineral products; minerals etc.

The month over month change in WPI index for the month of October 2022 stood at 0.26 % as compared to September 2022.

Prices of Crude Petroleum & Natural Gas (17.48%) and Food Articles (2.03%) increased in October 2022 as compared to September 2022. Prices of Non-food Articles (-0.53%) and Minerals (-3.78%) declined in October 2022 as compared to September 2022.

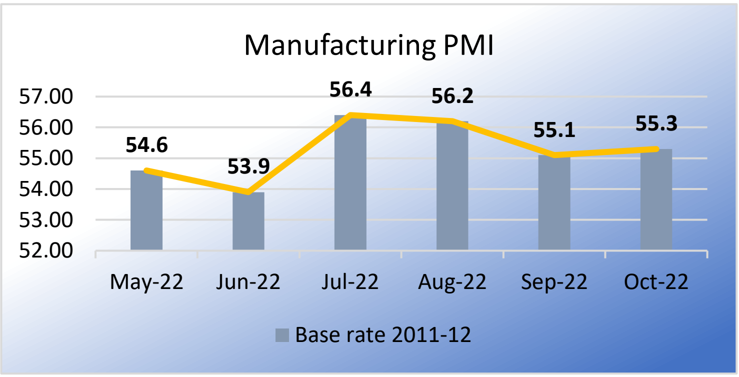
The index for fuel and power increased by declined by 1.65% to 155.2 (provisional) in October 2022 from 157.8 (provisional) for the month of September 2022. Prices of Coal (2.60%) increased in October 2022 as compared to September 2022.

Prices of electricity remain unchanged. Prices of Mineral Oils (3.09%) declined in October 2022 as compared to September 2022.

The index for manufactured products declined by 0.42% to 141.9 (provisional) in October 2022 from 142.5 (provisional) for the month of October 2022.

Manufacturing PMI – October

The S&P Global India Manufacturing PMI increased to 55.3 in October 2022 from 55.1 in September 2022, exceeding expectations for a slowdown to 54.9 and remaining above its long-run average of 53.7.

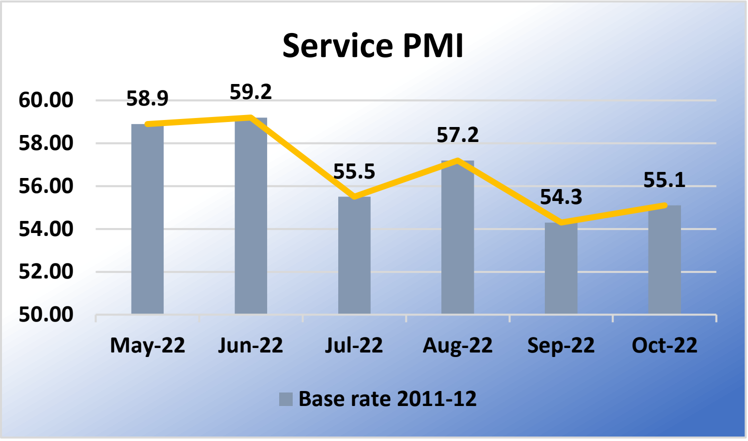


October data showed historically marked expansions in factory orders and quantities of purchases, while production growth outpaced its long-run average despite softening to a four-month low.

Indian manufacturing companies also bought additional inputs in October amid efforts to rebuild stocks and fulfil greater sales, while hiring in the sector increased at a marked rate that was one of the strongest since data collection started in March 2005. Turning to prices, the overall rate of cost inflation was the second weakest for two years, while the rate of charge inflation eased to the weakest since February. Looking ahead, Indian manufacturers remained confident of a rise in production volumes by October 2023, citing better sales and marketing efforts.

Services PMI – October

The S&P Global India Services PMI was up to 55.1 in October 2022 from September's six-month low of 54.3, exceeding market forecasts of 54.6. Growth in new orders was marked and accelerated from September, while employment rose for the fifth month in a row and at the second-fastest pace in over three years.

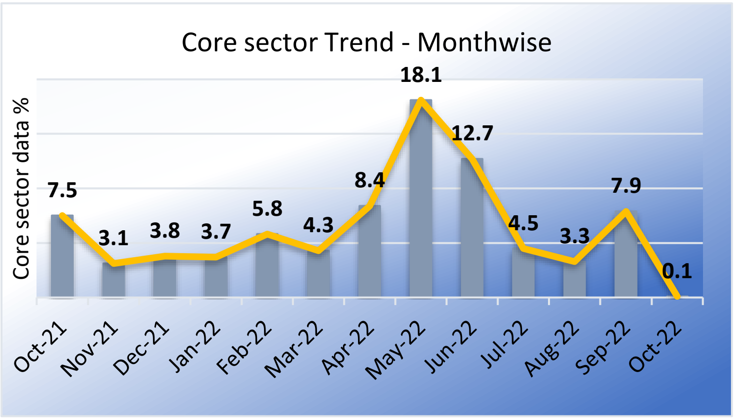


Meantime, capacity pressures stayed mild as backlogs rose at a slight pace that was broadly similar to September. Regarding inflation, input cost rose for the 28th month running and at the steepest pace since July, attributed to further rises in prices of food and fuel.

Concurrently, the rate of charge inflation ticked fractionally higher, as firms tried to transfer cost increases to their clients with the upturn strong in the context of historical data.

Core Sector Data – October

The combined Index of Eight Core Industries increased by 0.1 per cent (provisional) in October 2022 as compared to the Index of October 2021. The production of Fertilizers, Steel, Coal and Electricity generation increased in October 2022 over the corresponding month of last year. ICI measures combined and individual performance of production in selected eight core industries viz. Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity. The Eight Core Industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP). Details of yearly and monthly indices and growth rates are provided at Annex I & II respectively.



2. Final growth rate of Index of Eight Core Industries for July 2022 is revised to 4.8% from its provisional level 4.5%. The cumulative growth rate of ICI during April-October 2022-23 was 8.2% (P) as compared to the corresponding period of last year.

3. The summary of the Index of Eight Core Industries is given below:

Coal – Coal production (weight: 10.33 per cent) increased by 3.6 per cent in October 2022 over October 2021. Its cumulative index increased by 18.1 per cent during April to October, 2022-23 over corresponding period of the previous year.

Crude Oil – Crude Oil production (weight: 8.98 per cent) declined by 2.2 per cent in October 2022 over October 2021. Its cumulative index declined by 1.4 per cent during April to October, 2022-23 over the corresponding period of previous year.

Natural Gas - Natural Gas production (weight: 6.88 per cent) declined by 4.2 per cent in October 2022 over October 2021. Its cumulative index increased by 0.9 per cent during April to October, 2022-23 over the corresponding period of previous year.

Petroleum Refinery Products – Petroleum Refinery production (weight: 28.04 per cent) declined by 3.1 per cent in October 2022 over October, 2021. Its cumulative index increased by 8.1 per cent during April to October, 2022-23 over the corresponding period of previous year.

Fertilizers – Fertilizers production (weight: 2.63 per cent) increased by 5.4 per cent in October 2022 over October 2021. Its cumulative index increased by 10.5 per cent during April to October, 2022-23 over the corresponding period of previous year.

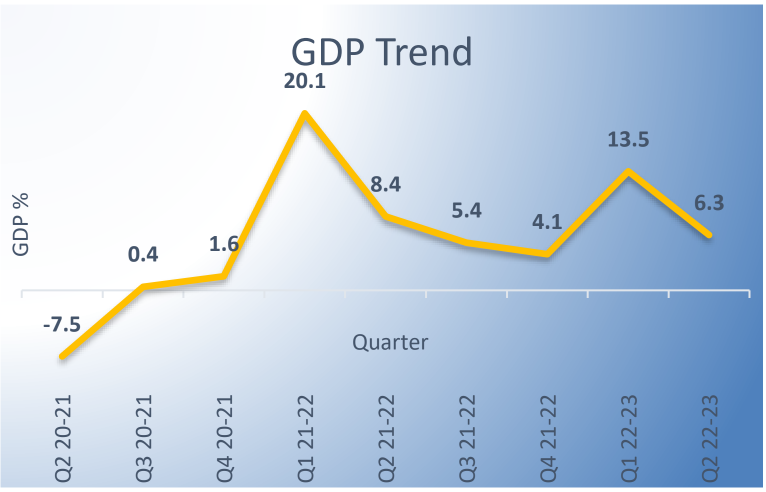
Steel – Steel production (weight: 17.92 per cent) increased by 4.0 per cent in October 2022 over October 2021. Its cumulative index increased by 6.1 per cent during April to October, 2022-23 over the corresponding period of previous year.

Cement – Cement production (weight: 5.37 per cent) declined by 4.3 per cent in October 2022 over October 2021. Its cumulative index increased by 8.6 per cent during April to October, 2022-23 over the corresponding period of previous year.

Electricity – Electricity generation (weight: 19.85 per cent) increased by 0.4 per cent in October 2022 over October 2021. Its cumulative index increased by 9.3 per cent during April to October, 2022-23 over the corresponding period of previous year.

GDP – Quarter 2 – FY 2022 - 23

The estimates of Gross Domestic Product (GDP) for the second quarter (July-September) of 2022-23 (Q2), of the ongoing financial year 2022-23 slowed to **6.3 per cent.**



Quarterly and Half-yearly estimates of Gross Value Added (GVA) at Basic Prices by kind of economic activity and Expenditure Components of GDP at Constant (2011-12) and Current Prices for years 2020-21, 2021-22 and 2022-23.

Real GDP or GDP at Constant (2011-12) Prices in Q2 2022-23 is estimated at ₹38.17 lakh crore, as against ₹35.89 lakh crore in Q2 2021-22, showing a growth of 6.3 percent as compared to 8.4 percent in Q2 2021-22.

Nominal GDP or GDP at Current Prices in Q2 2022-23 is estimated at ₹65.31 lakh crore, as against ₹56.20 lakh crore in Q2 2021-22, showing a growth of 16.2 percent as compared to 19.0 percent in Q2 2021-22.

GDP at Constant (2011-12) Prices in April-September 2022-23 (H1 2022-23) is estimated at ₹75.02 lakh crore as against ₹68.36 lakh crores during the corresponding period of previous year, showing a growth of 9.7 percent in H1 2022-23 as against 13.7 percent during the same period last year. GDP at Current Prices in H1 2022-23 is estimated at ₹130.26 lakh crore as against ₹107.47 lakh crores during the corresponding period of previous year, showing a growth of 21.2 percent in H1 2022-23 as against 25.0 percent during the same period last year.

The Quarterly Estimates of National Accounts are indicator based and data sourced from various Ministries/ Departments/ Private Agencies serve as valuable inputs in the compilation of these estimates. The sector-wise estimates have been compiled using indicators like (i) Index of Industrial Production (IIP), (ii) financial performance of listed companies in the Private Corporate Sector based on available quarterly financial results for these companies, (iii) First Advance Estimates of Crop Production for 2022-23, (iv) Production estimates of Major Livestock Products for summer season for 2022-23, (v) Fish Production, (vi) Production/ Consumption of Cement and Steel, (vii) Net Tonne Kilometres and Passenger Kilometres for Railways, (viii) Passenger and Cargo traffic handled by Civil Aviation, (ix) Cargo traffic handled at Major Sea Ports, (x) Sales of Commercial Vehicles, (xi) Bank Deposits & Credits, (xii) Accounts of Central & State Governments, etc., available for Q2 2022-23.

Improved data coverage and revision in input data made by source agencies would have a bearing on subsequent revisions of these estimates. Estimates are, therefore, likely to undergo revisions for the aforesaid causes in due course, as per the release calendar. Users should take these into consideration while interpreting the figures.

The next release of quarterly GDP estimates for the quarter October-December, 2022 (Q3 2022-23) will be on 28.02.2023.

BANKING

Monetary Policy Statement, 2022-23 Resolution of the Monetary Policy Committee (MPC)

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (December 7, 2022) decided to:

- Increase the policy repo rate under the liquidity adjustment facility (LAF) by 35 basis points to 6.25 per cent with immediate effect.

Consequently, the standing deposit facility (SDF) rate stands adjusted to 6.00 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 6.50 per cent.

- The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

The main considerations underlying the decision are set out in the statement below.

Assessment

Global Economy

2. The global economic outlook is skewed to the downside. Global growth is set to lose momentum as monetary policy actions tighten financial conditions and as consumer confidence weakens with the rising cost of livelihood. Inflation remains elevated and persistent across countries as they grapple with food and energy price shocks and shortages. More recently, however, there are some signs of moderation in price pressures, which have raised expectations of an easing in the pace of monetary tightening. Alongside easing in sovereign bond yields, the US dollar has come off its highs. Capital flows to emerging market economies (EMEs) remain volatile and global spillovers pose risks to growth prospects.

Domestic Economy

3. On the domestic front, real gross domestic product (GDP) increased by 6.3 per cent year-on-year (y-o-y) in Q2:2022-23 after an increase of 13.5 per cent in Q1. On the supply side, gross value added (GVA) rose by 5.6 per cent in Q2.

4. In Q3, economic activity is exhibiting resilience. In the agricultural sector, a pick-up in rabi sowing (6.4 per cent higher than a year ago on December 2) is supported by the good progress of the north-east monsoon and above average reservoir levels. Activity in the industry and services sectors is in expansion mode, as reflected in purchasing managers' indices (PMIs) and other high frequency indicators.

5. Aggregate demand conditions have been supported by pent-up spending and discretionary expenditures during the festival season, although their evolution is somewhat uneven across sectors. Urban demand has remained buoyant, and rural demand is recovering. Investment activity is in modest expansion. Merchandise exports contracted in October after an expansion for 19 consecutive months. Growth in non-oil non-gold imports decelerated.

6. CPI inflation moderated to 6.8 per cent (y-o-y) in October 2022 from 7.4 per cent in September, with favourable base effects mitigating the impact of pick-up in price momentum in October. Food inflation softened, aided by

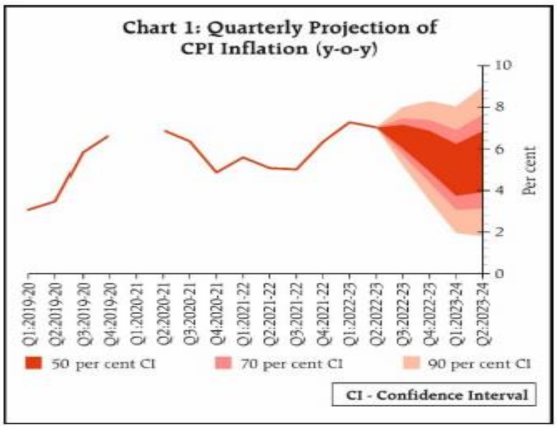
easing inflation in vegetables and edible oils, despite sustained pressures from prices of cereals, milk and spices. Fuel inflation registered some easing in October, driven by softening of price inflation in LPG, kerosene (PDS) and firewood and chips. Core CPI (i.e., CPI excluding food and fuel) inflation persisted at elevated levels at 6 per cent, with price pressures across most of its constituent sub-groups.

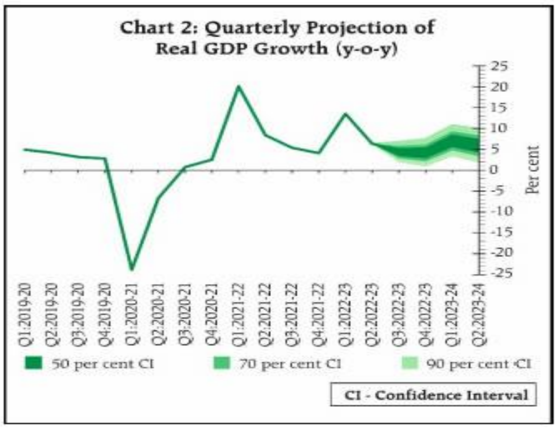
7. The overall liquidity remains in surplus, with average daily absorption under the liquidity adjustment facility (LAF) at ₹1.4 lakh crore during October-November as compared with ₹2.2 lakh crore in August-September. On a y-o-y basis, money supply (M3) expanded by 8.9 per cent as on November 18, 2022 while bank credit rose by 17.2 per cent. India's foreign exchange reserves were placed at US$ 561.2 billion as on December 2, 2022.

Outlook

8. The inflation trajectory going ahead would be shaped by both global and domestic factors. In case of food, while vegetable prices are likely to see seasonal winter correction, prices of cereals and spices may stay elevated in the near-term on supply concerns. High feed costs could also keep inflation elevated in respect of milk. Adverse climate events – both domestic and global – are increasingly becoming a significant source of upside risk to food prices. Global demand is weakening. Unabating geopolitical tensions continue to impart uncertainty to the food and energy prices outlook. The correction in industrial input prices and supply chain pressures, if sustained, could help ease pressures on output prices; but the pending pass-through of input costs could keep core inflation firm. Imported inflation risks from the US dollar movements need to be watched closely. Taking into account these factors and assuming an average crude oil price (Indian basket) of US$ 100 per barrel, inflation is projected at 6.7 per cent in 2022-23, with Q3 at 6.6 per cent and Q4 at 5.9 per cent, and risks evenly balanced. CPI inflation for Q1:2023-24 is projected at 5.0 per cent and for Q2 at 5.4 per cent, on the assumption of a normal monsoon (Chart 1).

9. On growth, the agricultural outlook has brightened, with the prospects of a good rabi harvest. The sustained rebound in contact-intensive sectors is supporting urban consumption. Robust and broad-based credit growth and government's thrust on capital spending and infrastructure should bolster investment activity. According to the RBI's survey, consumer confidence is improving. The economy, however, faces accentuated headwinds from protracted geopolitical tensions, tightening global financial conditions and slowing external demand. Taking all these factors into consideration, the real GDP growth for 2022-23 is projected at 6.8 per cent with Q3 at 4.4 per cent and Q4 at 4.2 per cent, with risks evenly balanced. Real GDP growth is projected at 7.1 per cent for Q1:2023-24 and at 5.9 per cent for Q2 (Chart 2).





10. Inflation has ruled at or above the upper tolerance band since January 2022 and core inflation is persisting around 6 per cent. Headline inflation is expected to remain above or close to the upper threshold in Q3 and Q4:2022-23. It is likely to moderate in H1:2023-24 but will still remain well above the target. Meanwhile, economic activity has held up well and is expected to be resilient, supported by domestic demand. Net exports would remain subdued due to the drag from evolving external demand conditions. Further, the impact of monetary policy measures undertaken needs to be watched. On balance, the MPC is of the view that, further calibrated monetary policy action is warranted to keep inflation expectations anchored, break the core inflation persistence and contain second round effects, so as to strengthen medium-term growth prospects. Accordingly, the MPC decided to increase the policy repo rate by 35 basis points to 6.25 per cent. The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

11. Dr. Shashanka Bhide, Dr. Ashima Goyal, Dr. Rajiv Ranjan, Dr. Michael Debabrata Patra and Shri Shaktikanta Das voted to increase the policy repo rate by 35 basis points. Prof. Jayanth R. Varma voted against the repo rate hike.

12. Dr. Shashanka Bhide, Dr. Rajiv Ranjan, Dr. Michael Debabrata Patra and Shri Shaktikanta Das voted to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth. Dr. Ashima Goyal and Prof. Jayanth R. Varma voted against this part of the resolution.

13. The minutes of the MPC's meeting will be published on December 21, 2022.

14. The next meeting of the MPC is scheduled during February 6-8, 2023.

Operationalisation of Central Bank Digital Currency – Retail (e₹-R) Pilot

The Reserve Bank announces the launch of the first pilot for retail digital Rupee **(e₹-R)** on December 01, 2022. It may be recalled that RBI had, in a Press Release dated October 31, 2022, indicated that the pilot in **e₹-R** would commence in a month's time.

2. The pilot would cover select locations in closed user group (CUG) comprising participating customers and merchants. The **e₹-R** would be in the form of a digital token that represents legal tender. It would be issued in the same denominations that paper currency and coins are currently issued. It would be distributed through intermediaries, i.e., banks. Users will be able to transact with **e₹-R** through a digital wallet offered by the participating banks and stored on mobile phones / devices. Transactions can be both Person to Person (P2P) and Person to Merchant (P2M). Payments to merchants can be made using QR codes displayed at merchant locations. The **e₹-R** would offer features of physical cash like trust, safety and settlement finality. As in the case of cash, it will not earn any interest and can be converted to other forms of money, like deposits with banks.

3. The pilot will test the robustness of the entire process of digital rupee creation, distribution and retail usage in real time. Different features and applications of the **e₹-R** token and architecture will be tested in future pilots, based on the learnings from this pilot.

4. Eight banks have been identified for phase-wise participation in this pilot. The first phase will begin with four banks, viz., State Bank of India, ICICI Bank, Yes Bank and IDFC First Bank in four cities across the country. Four more banks, viz., Bank of Baroda, Union Bank of India, HDFC Bank and Kotak Mahindra Bank will join this pilot subsequently. The pilot would initially cover four cities, viz., Mumbai, New Delhi, Bengaluru and Bhubaneswar and later extend to Ahmedabad, Gangtok, Guwahati, Hyderabad, Indore, Kochi, Lucknow, Patna and Shimla. The scope of pilot may be expanded gradually to include more banks, users and locations as needed.

INSURANCE

Insuring India by 2047 - New landscape for Insurance Sector

Insurance Regulatory and Development Authority of India (IRDAI) has committed to enable 'Insurance for All' by 2047, where every citizen has an appropriate life, health and property insurance cover and every enterprise is supported by appropriate insurance solutions and also to make Indian insurance sector globally attractive. To attain this objective, efforts are being made towards creating a progressive, supportive, facilitative and a forward-looking regulatory architecture to foster a conducive and competitive environment leading to wider choice, accessibility and affordability to policyholders. This reform agenda taken up by IRDAI derives inspiration from the Government of India's vision of financial inclusion and strong emphasis on accelerating reforms.

The focus of IRDAI is to strengthen the three pillars of the entire insurance ecosystem viz. insurance customers (policyholders), insurance providers (insurers) and insurance distributers (intermediaries) by

- making available right products to right customers;
- creating robust grievance redressal mechanism;
- facilitating ease of doing business in the insurance sector;
- ensuring the regulatory architecture is aligned with the market dynamics;
- boosting innovation, competition and distribution efficiencies while mainstreaming technology and moving towards principle based regulatory regime

Towards this objective, amendments to various regulations were proposed and were placed for stakeholder comments. This was followed by a series of discussions and interactions with insurers, intermediaries (including individual agents, corporate agents, brokers, insurance marketing firms,.) and experts. A careful evaluation of comments and suggestions was carried out. The amendments to regulations were also placed before the Insurance Advisory Committee (an advisory committee for consultations formed under the IRDA Act 1999).

Some important proposals approved in the 120th Meeting of the Authority held at its headquarters in Hyderabad on Friday, 25th November 2022:

1. **Registration of Indian Insurance companies**

   The amendments to regulations pertaining to registration of Indian insurance companies are aimed at promoting ease of doing business and simplify the process of setting up an insurance company in India. Key highlights of the amendments are –

   i. Investment through Special Purpose Vehicle (SPV) has been made optional for Private Equity (PE) Funds enabling them to directly invest in insurance companies, providing more flexibility.

   ii. Now, subsidiary companies are also allowed to be promotors of insurance companies (subject to certain conditions).

   iii. Investment up to 25% of the paid up capital by single investor (50% for all investors collectively) will now be treated as 'investor" and investments over and above that will only be treated as promoter". [Earlier the threshold was 10% for individual investor and 25% for all investors collectively]

iv. A new provision has been introduced to allow the promoters to dilute their stake up to 26%, subject to condition that the insurer has satisfactory solvency record for preceding 5 years and is listed entity.

v. Indicative criteria for determination of 'Fit and proper' status of investors and promotors has been included

vi. Lock-in period of investments for investors and promotors has been stipulated on the basis of age of insurer.

2. Increase in tie-up limits for intermediaries

In order to enable the policyholders/prospects to have wider choice and access to insurance through various distribution channels and facilitate the reach of insurance to the last mile, the maximum number of tie ups for Corporate Agents (CA) and Insurance Marketing Firms (IMF) have been increased. Now, a CA can tie up with 9 insurers (earlier 3 insurers) and IMF can tie up with 6 insurers (earlier 2 insurers) in each line of business of life, general and health for distribution of their insurance products. The area of operation of IMF has also been expanded to cover entire state in which they are registered.

3. Regulatory sandbox

The Regulatory sandbox is a framework which provides a testing environment to the companies to enable them to test their innovative products, technologies, etc., in a controlled regulatory setting. It promotes innovation and technological solutions in the industry. Certain amendments were also carried out in the Regulatory Sandbox Regulations to allow the insurers/intermediaries to do experimentation on an ongoing basis by increasing the experimentation period from '6 months' to 'upto 36 months' and moving from the existing batch-wise (cohort approach) clearances/approvals to clearances/approvals on a continuous basis. A provision for review of rejected applications under sandbox has also been introduced as a part of amendments.

4. Other forms of capital

In order to facilitate ease of raising other forms of capital viz., subordinated debt and/or preference shares, the requirement of prior approval from IRDAI is dispensed with. The amendments have also enhanced the limits for raising such capital (threshold limits increased from 25% to 50% of paid up capital & premium, subject to 50% of Net worth of company). This will enable companies 3 to raise the required capital in timely manner. Amendments have been introduced for Board's Oversight in raising such capital.

5. Appointed Actuary

Appointed Actuaries (AA) play a pivotal role in the operations of an insurer. To ensure sufficient supply of Actuary professionals in the industry, the experience and qualification requirements have been made flexible. Maintenance of solvency by the insurers is a critical aspect of the health of an insurer and AA play a significant role in maintaining the solvency levels. The responsibility of AA has been enhanced by introducing provisions for identification, monitoring, reporting and recommending actions to be taken for the risks affecting the solvency position of the company. Obligations have also been placed on insurers to ensure that the AA can discharge his responsibilities appropriately.

6. Solvency Norms for General Insurers

With an objective of facilitating the insurers to efficiently utilize their capital and resources and to increase insurance penetration in Crop Insurance, the period for considering State/Central Government premium dues for calculation of solvency position has been increased from 180 days to 365 days. The solvency factors related to crop insurance are also reduced to 0.50 from 0.70 which will release the capital requirements for insurers by around Rs. 1460 crore.

7. Solvency Norms for Life Insurers

In order to enable efficient utilization of capital by life insurers, the factors for calculation of solvency provided in regulations are revised as follows:

i. For Unit Linked Business (Without Guarantees) - reduced to 0.60% from 0.80%.

ii. For PMJJBY - reduced to 0.05% from 0.10%.

This will provide a relaxation in capital requirements by around Rs. 2000 crore.

Other major interventions

8. Listing of Insurance Companies

Listing of insurers in the stock exchanges allows the insurers to raise capital. It will also enhance the transparency, efficiencies and accountability of insurers. IRDAI has given final approval to Go-digit General Insurance Company for listing. Also, in-principle approval to IndiaFirst Life Insurance Company Limited has also been provided for listing.

9. Merger of Exide Life Insurance Co. Ltd. with HDFC Life Insurance Co. Ltd.

The insurance sector in India has witnessed few consolidations. The Authority has approved the merger of Exide Life Insurance Company with HDFC Life Insurance Company.

10. Registration of Kshema General Insurance Co. Ltd.

Registration of Kshema General Insurance Co. Ltd has also been approved in this meeting and the company will soon start its operations. Also, 19 applications are in pipeline at various stages, out of which one is expected to be approved in the next meeting.

Other reforms on the anvil

Exposure drafts on Expenses of Management Regulations and Commission Regulations

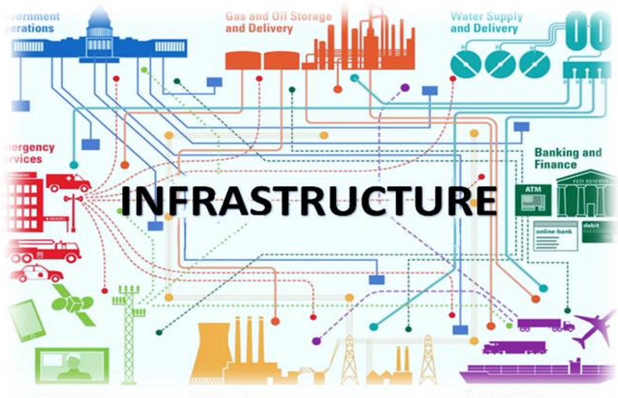
Exposure drafts of these regulations were placed for public comments in August. Various comments received on the same were discussed and deliberated. Further, a series of meetings was also held with insurers and intermediaries (including individual agents, corporate agents, brokers, and their respective associations, etc.) to discuss the proposed amendments at length.

Following the discussions and meetings, the proposals were reviewed and placed for public comments on 23.11.2022.

The revisions are aimed at enhancing flexibility and autonomy to the Board in the operational and financial decisions. For expenses of management, various segmental caps are proposed to be replaced with a single overall limit in general and health insurance. For life insurance, the segmental limits of expenses for certain segments is proposed to be enhanced, with overall regulatory monitoring at the company level.

For commissions, the maximum limits as specified in the current regulations are proposed to be removed with commissions being linked to the overall limit of expense of management. This will enable insurers to devise commission structures incentivizing the intermediaries in line with their solicitation efforts and also making insurance more affordable.

Amendments to regulations follow a consultative process. IRDAI's mission of protection of policyholders' interest and orderly growth of the insurance sector is always a priority. Efforts are made to reach the last mile by strengthening the entire ecosystem. A periodic review of the regulatory framework will be a continuous exercise to ensure that it is in sync with the emerging trends and dynamics of market and serves the intended objective of 'Insurance for All'.



INFRASTRUCTURE & OTHER GOVT. INITIATIVES

PM lays foundation stone and dedicates to nation projects worth around Rs. 860 crores in Jambughoda, Gujarat

The Prime Minister, Shri Narendra Modi dedicated and laid the foundation stone of projects worth around Rs. 860 crores in Jambughoda, Panchmahal in Gujarat today.

The Prime Minister dedicated and laid the foundation stone of projects worth around Rs. 860 crores in Jambughoda, Panchmahal. He dedicated the new campus of Shri Govind Guru University, Godhara, Sant Joriya Parameshwar Primary School and Memorial located at Vadek village and Raja Rup Singh Nayak Primary School and Memorial located in Dandiyapura village.

The Prime Minister laid the foundation stone for the building of Kendriya Vidyalaya, Godhra. He also laid the foundation stone for the development of Godhra Medical College and the expansion of Kaushalya - The Skill University, worth over Rs. 680 crores.

PM lays foundation stone and dedicates to the nation multiple projects worth over Rs 10,500 crores in Visakhapatnam, Andhra Pradesh

The Prime Minister Mr. Narendra Modi said that the projects worth Rs 10,500 crores that are being dedicated and whose foundation stones are laid today will serve as a medium to achieve the hopes and aspirations of Visakhapatnam and Andhra Pradesh by opening up new dimensions in infrastructure, ease of living and Atmanirbhar Bharat.

The Prime Minister, Shri Narendra Modi laid the foundation stone for the redevelopment of Visakhapatnam Railway Station, to be done at a cost of around Rs 450 crores. The redeveloped station would cater to 75,000 passengers per day and will improve the passenger experience by providing modern amenities.

He also laid the foundation stone for the modernisation and upgradation of Visakhapatnam Fishing Harbour. The total cost of the project is around Rs. 150 crores. The fishing harbour, after its upgradation and modernisation, will double the handling capacity from 150 Tons per day to about 300 tons per day, provide safe landing and berthing and other modern infrastructure facilities reduce turnaround time in the jetty, reduce wastage and help improve price realisation.

He also laid the foundation stone of Andhra Pradesh section of the six-lane Greenfield Raipur- Visakhapatnam Economic Corridor. It will be built at a cost of more than Rs 3750 crore. The Economic Corridor will provide faster connectivity between the Industrial Nodes of Chhattisgarh & Odisha to Visakhapatnam Port & Chennai - Kolkata National Highway. It will also improve connectivity to tribal and backward areas of Andhra Pradesh and Odisha. The Prime Minister also laid the foundation stone of a dedicated Port Road from Convent Junction to Sheela Nagar Junction in Visakhapatnam. It will ease traffic congestion in Visakhapatnam City by segregating local and port-bound goods traffic.

PM lays foundation stone & dedicates to the nation multiple projects worth over Rs 9500 crores at Ramagundam, Telangana

The Prime Minister, Shri Narendra Modi laid the foundation stone and dedicated to the nation multiple projects worth over Rs 9500 crores in Ramagundam, Telangana today. Earlier today, the Prime Minister paid a visit to the Ramagundam Fertilizers and Chemicals Limited (RFCL) plant.

Measures for improving fertilizer availability

- 100% Neem Coating of Urea.
- Opening of 5 big plants which were lying closed, more than 60 lakh tonnes of urea will be produced
- Nano Urea push
- Single Pan-India brand 'Bharat Brand'
- 9.5 lakh crore spent in 8 years to keep fertilizers affordable
- More than 2.5 lakh crore spent this year
- International price of Urea bag is Rs 2000, farmers pay Rs 270
- Every DAP fertilizer bag gets 2500 subsidy
- Soil Health card for informed fertilizer decision
- 2.25lakh crore rupees transferred under PM Kisan Samman Nidhi

CAPITAL MARKETS

India International Trade Fair 2022

An important mandate for SEBI is the spreading of investor awareness and investor education. As part of this endeavour, SEBI is setting up a Pavilion 'BHARAT KA SHARE BAZAAR' at the 41st India International Trade Fair (IITF-2022) from 14th - 27th November 2022 in New Delhi. Along with SEBI, other Market Infrastructure Institutions, and Industry Associations viz., NSE, BSE, NSDL, CDSL, AMFI, NCDEX, MCX, CPAI and ANMI are also participating. The theme of the event for this year is 'NIVESH KA AMRITKAL'.

SEBI in its efforts towards spreading investor education and awareness has conducted over 47,000 workshops all over the country since 2019. These included workshops through webinars as well. Various investor friendly reforms have been introduced by SEBI to further strengthen investor protection and enhance fairness, transparency and integrity of the securities market.

SEBI has also implemented many initiatives through the use of technology like screen-based trading, dematerialization of securities, rolling settlement, Straight Through Processing, SCORES Mechanism, ASBA facility, KRA mechanism, E-KYC etc.

This apart, SEBI has implemented an investor helpline in 14 languages, an online grievance redressal system i.e. SCORES (SEBI Complaints Redress System), introduction of SCORES app, sending end of day alerts by SMS/emails to investors regarding transactions entered on their behalf, increasing the number of arbitration centers across multiple towns etc.

In order to further augment its efforts to protect investors' interest, promote transparency in markets and enhance awareness, trust and confidence among the investors, SEBI initiated the "Investor Charter" and launched "Saa₹thi"-SEBI's Mobile App which aims to create awareness among the investors about the basic concepts of Securities Market, KYC Processes, trading and settlement, mutual funds, recent market developments etc.

SEBI also launched "Manthan"-An Ideathon to foster innovation for effective regulation of the market, while lowering the cost of compliance for the market participants.

More recently, SEBI has also introduced SMARTs programme for enhancing the Investor Education activities, e-KYC, pledge of margin obligations, facilitated ease in investing in IPOs, reforms in Mutual Funds space such as introducing risk-o-meter tool to help investors make better decisions about their investments in mutual funds etc.

During the event at ITPO, SEBI, MIIs and Industry Associations will be organising activities such as talk shows by market experts, quizzes, skits, muppet shows, visuals on investor awareness, display of major investor friendly policies & facilities and demo of SCORES which will inform the investors about the Indian securities market, provide information for various products, spread investor education and awareness including cautioning the public against illegal money mobilization schemes.

Committee on "Strengthening Governance of Market Infrastructure Institutions" submits report; SEBI seeks public comments on the Report

The Committee on Strengthening Governance of Market Infrastructure Institutions (MIIs) submitted its report to SEBI on November 2, 2022. SEBI has sought public comments on the Report.

SEBI had constituted a committee, in April 2022, under the chairmanship of Shri G. Mahalingam, ex-Whole Time Member, to review the existing governance framework and make recommendations for further strengthening of governance norms at MIIs.

The Committee consulted various stakeholders, including Public Interest Directors, Chief Regulatory Officers, representatives of MIIs and other relevant persons. It also took into consideration the past committee reports on governance of MIIs.

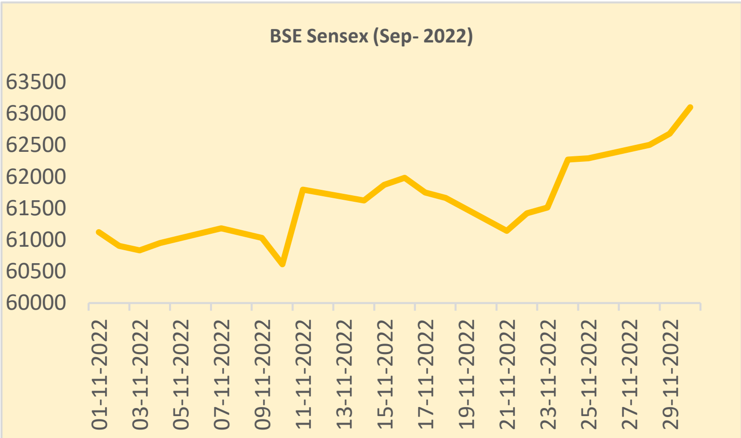
The report of the Committee sets out various recommendations on measures for

a) strengthening the roleplayed by the governing board and committees of MIIs;
b) reviewing the requirements related to appointment and role & responsibility of directors on the board and key managerial persons (KMPs).
c) developing effective metrics for monitoring various aspects of the functioning of the MIIs and its KMPs;
d) enhancing accountability and transparency.
e) reviewing the policy on safekeeping and sharing of information held by MIIs.
f) revisiting the code of conduct and code of ethics for directors of the governing board and KMPs;
g) activities and governance of investee companies of MIIs, etc.

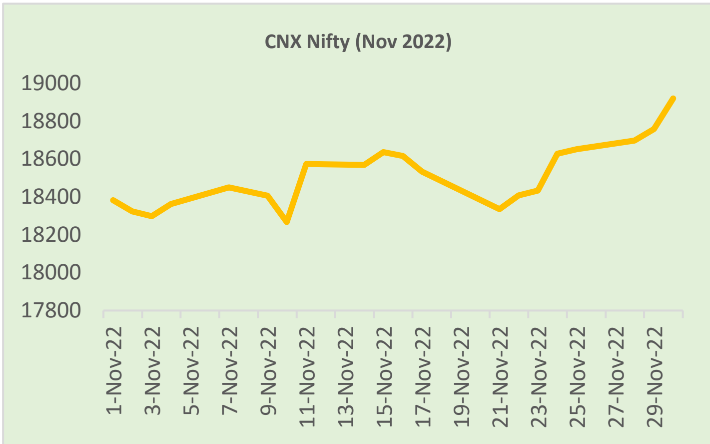
The report can be accessed on the SEBI website www.sebi.gov.in under the link:

https://www.sebi.gov.in/reports-and-statistics/reports/nov-2022/strengthening-governance-of-market-infrastructure-institutions_64806.html

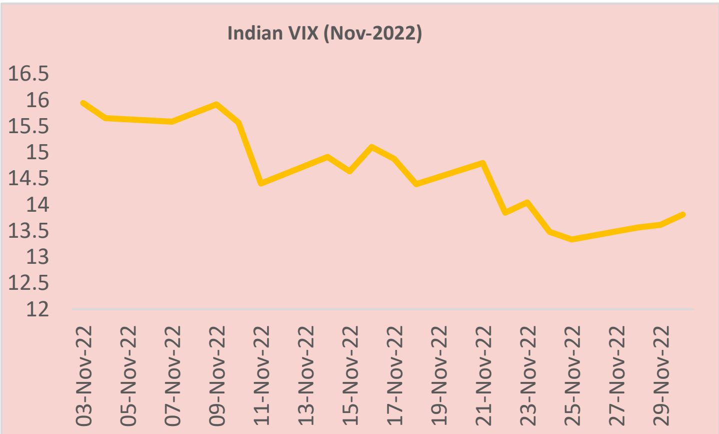
CAPITAL MARKETS SNAPSHOT



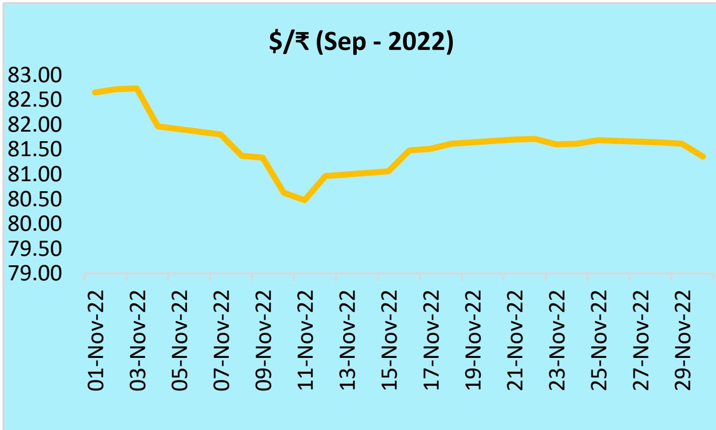
Source: National Stock Exchange



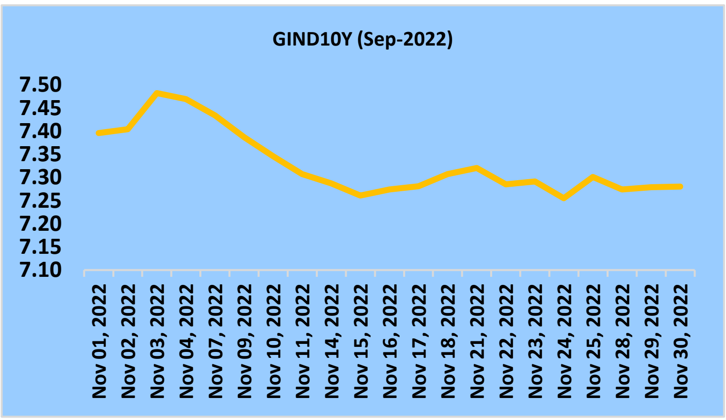
Source: Bombay Stock Exchange



Source: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

The Sensex posted its biggest monthly gain since the last 3 months in October, up by 5.8% in the month. The rally was led by PSUs, Banks, and Capital Goods. All sectoral indices, apart from FMCG, ended the month with positive returns.

ECONOMIC DATA SNAPSHOT

Countries	GDP		CPI		Current Account Balance	Budget Balance	Interest Rates
	Latest	2022*	Latest	2022*	% of GDP, 2022*	% of GDP, 2022*	(10YGov), Latest
Brazil	3.2 Q2	2.7	6.5 Oct	9.3	-2.4	-5.6	12.8
Russia	- 4.0 Q3	-3.6	12.6 Oct	14.0	12.9	-2.8	10.2
India	**6.3 Q3**	**7.0**	**6.8 Oct**	**6.9**	**-2.5**	**-6.4**	**7.3**
China	3.9 Q3	3.3	2.1 Oct	2.0	2.5	-7.1	2.7
S Africa	0.2 Q2	1.9	7.8 Oct	7.0	-1.3	-5.5	10.3
USA	1.9 Q3	1.7	7.7 Oct	8.1	-3.5	-5.5	3.7
Canada	3.9 Q3	3.1	6.9 Oct	6.7	1.6	-2.7	2.9
Mexico	4.3 Q3	2.7	8.4 Oct	7.9	-1.0	-2.5	9.3
Euro Area	2.1 Q3	3.1	10.6 Oct	8.3	1.3	-4.3	1.9
Germany	1.3 Q3	1.6	10.4 Oct	8.4	4.1	-4.1	1.9
Britain	2.4 Q3	4.4	11.1 Oct	8.0	-5.9	-6.6	3.2
Australia	3.6 Q2	3.5	7.3 Q3	6.0	2.3	-1.7	3.5
Indonesia	5.7 Q3	5.0	5.7 Oct	4.5	2.1	-3.9	6.9
Malaysia	14.2 Q3	6.0	4.0 Oct	3.4	1.6	-6.1	4.1
Singapore	4.1 Q3	3.5	6.7 Oct	6.1	18.8	-1.0	3.1
S Korea	3.1 Q1	2.6	5.7 Oct	5.2	1.0	-3.2	3.6

Sources: The Economist

***** The Economist poll or Economist Intelligence Unit estimate/forecast.**
^ 5-year yield

Quarter represents a three-month period of a financial year beginning 1st April

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ABOUT APAS

APAS is a management advisory firm specializing in banking, financial services, and the insurance space. APAS assists business leaders of some of the leading domestic and global organizations, acting as an extended arm to the management in coping with the ever changing internal and external dynamics. Leveraging deep business insights APAS develops business and operational strategy for its clients. APAS provides transaction advisory services (Buy, sell and merge), and also specializes in governance and board training. APAS facilitates investors and sellers with directional guidelines of pursuing transactions, by utilizing subject knowledge, vast experience and deep market outreach. APAS has capability to identify and analyze key transaction drivers, recognize possible partnerships, and initiate discussions with them for possible growth opportunity. We help major insurance companies, payment institutions, and other financial organizations to identify their growth potential, innovative opportunity and possible benefits of consolidation, and hence comprehend the possible merger or acquisition. Buying or selling a major asset or a business, undertaking a merger, or performing an IPO can be risky and complex especially in this globalization era. Hence, the need of a trusted advisor who can help clients preserve, create and enhance value in transactions.

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