

APAS MONTHLY - VOLUME 5

APAS MONTHLY NEWSLETTER

—
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EDITORIAL

In this issue, **Mr. Anupam Guha** - Head – Private Wealth Management & Retail Distribution, ICICI Securities Ltd. has presented his thoughts on '**Wealth management: The trends and shape of things to come**'. We thank Mr. Guha for his contribution to the APAS Monthly.

This month, the APAS column covers '**Financial Inclusion Through Innovation in WealthTech**'.

The economic indicators showed mixed performance. Manufacturing PMI was revised lower to 58.8 in April 2024. Services PMI was revised lower to 60.8 in April 2024. Infrastructure output in India increased 6.2% year-on-year in April 2024, following an upwardly revised 6% rise in March. Industrial output in India rose by 4.9% on an annual basis in March 2024, slightly below market expectations of a 5.1% growth. India's annual retail inflation rate eased slightly to 4.83% in April of 2024 from 4.85% in the previous month. India Wholesale Price Index (WPI) number is 1.26 % (Provisional) for the month of April 2024 (over April, 2023).

The Reserve Bank of India released draft guidelines on 'Prudential Framework for Income Recognition, Asset Classification and Provisioning pertaining to Advances - Projects Under Implementation'. RBI launched three initiatives to improve access to financial services and promote innovation in the fintech sector. RBI issued the Monetary Policy Statement, 2024-25 Resolution of the Monetary Policy Committee (MPC) June 5 to 7, 2024.

Insurance Regulatory and Development Authority of India (IRDAI) issued a new regulation aimed at improving health insurance in India.

The Securities and Exchange Board of India (SEBI) has issued a circular to streamline the digital onboarding process for clients of portfolio managers. SEBI introduces industry standards for verifying market rumours. SEBI has issued a circular modifying the staggered delivery period for commodity futures contracts. SEBI issued norms regarding the sharing of real-time price data with third parties. SEBI has launched a beta version of a Settlement Calculator to aid in the settlement proceedings under the SEBI (Settlement Proceedings) Regulations, 2018.

India's data centre capacity is set to double by 2026, with an estimated Rs 50,000 crore investment driven by technologies like 5G, IoT, and AI. Meanwhile, SEBI proposes local regulators for crypto trading, a notable shift from RBI's stricter stance. RBI Governor Shaktikanta Das has launched digital initiatives like the PRAVAAH portal and a FinTech Repository. However, fintech investments dropped to \$29 million in April, emphasizing selective investor interest. Additionally, RBI's finalized framework for fintech SROs aims to ensure ethical conduct and market integrity. In a move to expand digital payments, UPI is set to reach 20 countries by FY29.

We hope that this APAS Monthly is insightful. We welcome your input and thoughts and encourage you to share them with us.

Ashwin parekh

On the Cover



GUEST COLUMN

Wealth management: The trends and shape of things to come

*Mr. Anupam Guha - Head – Private Wealth Management & Retail Distribution
ICICI Securities Ltd.*



APAS COLUMN

Financial Inclusion Through Innovation in WealthTech



ECONOMY

Index of Industrial Production – Mar

Inflation update – Apr

PMI update – Apr

Core Sector – Apr

GDP – Q4 – FY 23-24

Countries	GDP		CPI		Current Account Balance	Budget Balance	Interest Rates
	Label	2023*	Label	2023*			
Brazil	1.4 Trn	1.1	4.8 Aug	5.7	-1.8	-7.4	12.1
Canada	1.9 Trn	1.0	3.3 Aug	4.5	1.8	-0.8	5.0
China	1.4 Trn	0.9	0.4 Aug	0.5	-1.8	-0.4	7.7
France	2.8 Trn	1.2	0.1 Aug	0.9	1.8	-0.2	2.5
Germany	4.0 Trn	1.0	4.8 Aug	5.7	-1.8	-0.7	10.8
India	2.5 Trn	1.8	3.7 Aug	5.8	3.8	-0.6	4.4
Japan	4.2 Trn	1.3	4.0 Aug	5.8	-0.8	-1.7	0.1
UK	2.8 Trn	1.2	4.8 Aug	5.5	1.8	-0.4	10.1
USA	17.5 Trn	0.9	5.7 Aug	5.5	2.3	-0.3	2.9
Australia	1.4 Trn	1.4	4.8 Aug	5.5	1.8	-0.4	10.1
South Africa	0.3 Trn	0.9	5.7 Aug	5.5	2.3	-0.3	2.9
Germany	4.0 Trn	1.0	4.8 Aug	5.7	-1.8	-0.7	10.8
Italy	1.8 Trn	0.8	6.7 Aug	6.8	-7.8	-0.7	4.9
Spain	1.4 Trn	1.0	4.0 Aug	5.8	1.8	-0.4	10.1
Sweden	0.4 Trn	1.0	4.0 Aug	5.8	1.8	-0.4	10.1
Switzerland	0.4 Trn	1.0	4.0 Aug	5.8	1.8	-0.4	10.1
Malaysia	1.4 Trn	1.0	4.0 Aug	5.8	1.8	-0.4	10.1

ECONOMIC DATA

SNAPSHOT

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



BANKING

[RBI releases draft guidelines on 'Prudential Framework for Income Recognition, Asset Classification and Provisioning pertaining to Advances - Projects Under Implementation'](#)

[Launch of PRAVAAH, RBI Retail Direct Mobile Application and FinTech Repository](#)

[Monetary Policy Statement, 2024-25 Resolution of the Monetary Policy Committee \(MPC\) June 5 to 7, 2024](#)



INSURANCE

[Press Release - Health Circular](#)



CAPITAL MARKETS

Portfolio Managers - Facilitating ease in digital on-boarding process for clients and enhancing transparency through disclosures

Industry Standards on verification of market rumours

Modification in Staggered Delivery Period in Commodity Futures Contracts

Norms for sharing of real time price data to third parties

Settlement Calculator BETA - SEBI (Settlement Proceedings) Regulations, 2018



CAPITAL MARKETS

SNAPSHOT

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



FINTECH NEWS

Highlights of the Month

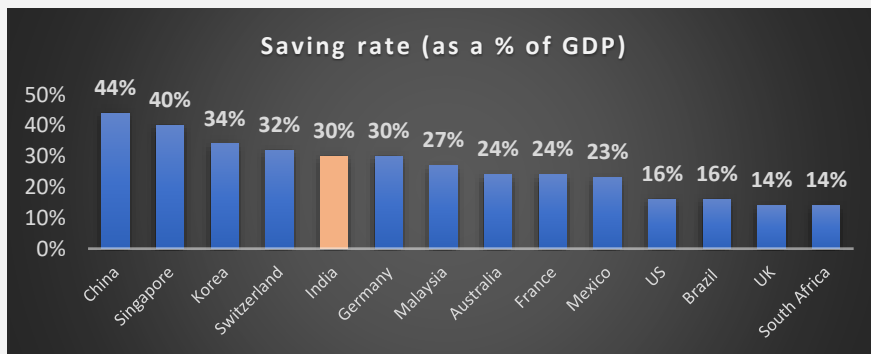


Guest Column: Wealth management: The trends and shape of things to come

**Mr. Anupam Guha - Head - Private Wealth Management & Retail Distribution
ICICI Securities Ltd.**

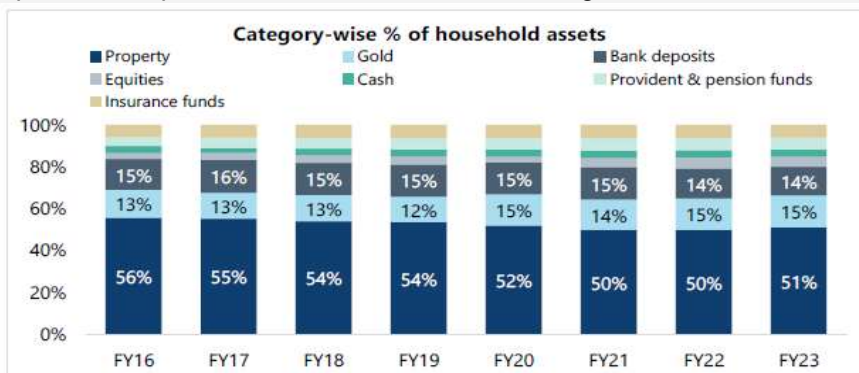
Wealth management: The trends and shape of things to come

Wealth creation in India has become more inclusive and broad-based. **Gross Savings rate (as % of GDP) is at 30% which has led to increasing allocation to capital market products.** India's private wealth has soared by 85% over the past decade, boasting 326,400 millionaires, including over 1,000 centi-millionaires and 120 billionaires. The report further forecasts that India's wealth per capita is expected to surge by 110% by 2033. #



Source: IMF

We are also seeing increasing finalization of savings. There has been a clear uptrend in the share of capital market products to ~7-9% of financial savings.



Source: RBI, Jefferies

Other Key shifts in the landscape:

1. **Strong Capital market creating new wealth:** Increase in IPOs with an annual average of 114 IPOs. Number of companies with >US \$1 bn in market cap has increased to 481 in CY 23 vs 264 in CY 19)
2. **Fresh wealth from promoter stake sales:** Promoters are actively monetizing their stakes - promoter holding in BSE 500 has reduced to ~49% in FY 23 vs. 59% in FY09
3. **Faster growth of UHNI population outside top 8 cities:** 360 ONE Wealth Hurun India Rich List 2023 showcases that the number of rich UHNIs (>Rs10bn / US \$125mn) has jumped to 1,319 from ~100 in the past decade, 293 of which are outside top 8 cities.

The top trends in Indian wealth management:

1. Wealth managers are **investing big in new technology**, including artificial intelligence and machine learning, to harness the power of data and enhance the client experience.
2. **The growth of wealth in non-metropolitan areas** is driving demand for wealth management services in these regions. Digital platforms are making wealth management services more accessible to Tier 2 & 3 cities.
3. Wealth managers are witnessing increased **intergenerational wealth transfer** and legacy planning needs from their clientele. **Family office services** are helping clients manage their generational wealth.
4. Wealth managers are working on a more holistic client 360-degree solutions.
5. Wealth management firms are focused to **hire the right talent** to employ these emerging technologies and strategies, ensuring they remain competitive in the industry.
6. Shift is towards low yield but high persistency **advisory model** through DPMS, PMS and RIA mode. Overall Advisory AUM has expanded by ~22% CAGR post-COVID, and within that, DPMS has grown faster at 37% CAGR. Of the direct mutual fund AUM, ~15% is managed by various RIA/PMS schemes.
7. UHNI clients need holistic wealth management services **and thus there is increased need for personalization and professional wealth management.**

How ICICI Securities is navigating the new landscape of wealth management.

The Private Wealth Management (PWM) business at I-Sec is a home-grown franchise, which has been serving the high-net-worth customers. Today it is one of the leading wealth management franchises in India with assets over INR 4 tr. Our wealth customers value the **trust and security of the ICICI Brand and our 360-degree approach to the relationship. We have become a trusted brand with specialization in wealth** and our efforts were also recognized - ICICI Securities won 6 awards during FY2024 for excellence in private wealth management.

The private wealth business has built an **experienced team** across relationship, product, advisory, service, family office and equity relationship functions. Our **holistic proposition** helps us get a higher share of wallet. We engage with our clients across their entire financial journey of wealth creation, preservation and transfer. All these needs are fulfilled through our full suite of products including stocks, mutual funds, fixed income,

and managed solutions. We offer a one stop experience through **our digital platforms**, featuring several industry-leading value-added features for HNIs. along with **expert research recommendations** covering 220 companies across 16 sectors.

ICICI Securities' **portfolio solutions** include discretionary as well as customized strategies for HNI and UHNI client segments. Its various portfolios provide investment opportunities across direct equity, multi-asset and passive strategies. During the last financial year, we launched **direct equity advisory** segment under **I-Sec ACE**. The ICICI Securities **Sterling Portfolio** manages money through a direct mutual fund portfolio and ETFs. On the passive investment side, we continue to garner AUM from our large clients and institutions in multi-factor **smart beta** portfolios – consisting of ETFs or direct stocks.

We are actively engaging with our customers on their needs for various loans[@] - including home loan, loan against property, education loan, and business loan. This gives us a unique edge to become a go-to place for our customers to fulfil their complete financial needs.

(*ICICI Securities acts as a referral agent/distributor of ICICI Bank Ltd. for these products)

Source:

<https://www.henleyglobal.com/publications/brics-wealth-report/brics-wealth-and-wealth-growth>

Jefferies report

#The BRICS Wealth Report by Henley & Partners



APAS COLUMN

Financial Inclusion Through Innovation in WealthTech

The financial world has traditionally been like an exclusive club, with complicated language and high minimum investments keeping many people out. However, a significant change is happening thanks to new technology. WealthTech, which combines financial services with modern technology, is quickly transforming the industry. This change aims to make finance accessible to everyone, allowing more people to actively manage their money.

The Arsenal of WealthTech: Tools for Every Investor.

At the forefront of WealthTech stands robo-advisors, automated platforms that have fundamentally altered the wealth management game. Gone are the days of exorbitant advisor fees reserved solely for high-net-worth individuals. Robo-advisors offer a low-cost, algorithm-driven approach to investing. By asking users a series of questions about their risk tolerance, financial goals, and investment timeframe, these platforms build personalized portfolios tailored to individual needs. They then automatically manage these portfolios, rebalancing them as market conditions change. Robo-advisors provide a cost-effective and convenient solution for those starting out or managing smaller portfolios, dismantling the financial barrier that previously excluded them from the market.

WealthTech extends beyond just investment management. User-friendly financial planning apps have emerged, empowering individuals to take the reins of their financial well-being. These apps offer a suite of tools, including budgeting trackers that categorize spending habits and provide personalized financial advice based on the collected data. Armed with this information, users gain the power to make informed decisions about their finances, setting and achieving long-term financial goals. One such app might help a young professional identify areas for increased savings to accelerate their path towards buying a home, while another could assist a retiree in meticulously planning their income distribution to last throughout their golden years. It also democratizes access to alternative investments previously reserved for institutional investors. Real estate crowdfunding platforms unlock exciting possibilities for those who dream of investing in the property market but lack the capital to purchase a whole property alone. Through these platforms, individuals can pool their resources to invest in real estate projects, potentially enjoying higher returns compared to traditional stock market investments.

Education plays a crucial role in WealthTech mission to democratize finance. WealthTech platforms are demystifying complex financial concepts by offering educational resources and gamifying the learning process. Interactive tools and explainers translate financial jargon into easily understandable language, empowering users to make informed investment decisions. Imagine a platform that uses an engaging financial simulation game to teach users about risk diversification or asset allocation. By making financial

literacy accessible and engaging, WealthTech fosters a more financially informed population capable of making sound investment choices.

While WealthTech presents a compelling vision of financial empowerment, it's crucial to acknowledge the inherent challenges that accompany this technological disruption. A primary concern lies in the over-reliance on algorithms to make investment decisions. While robo-advisors can provide a solid foundation for portfolio management, they cannot replicate the human element of financial planning. Complex financial situations, unexpected life events, and evolving risk tolerances all require the nuanced judgment of a human advisor.

Furthermore, algorithms are susceptible to biases within the data they are trained on, potentially leading to skewed investment recommendations. Understanding the algorithms' underlying assumptions and limitations is essential before blindly trusting their outputs. Financial literacy remains paramount, empowering users to critically evaluate the advice generated by WealthTech platforms.

The vast amount of personal financial data collected by WealthTech platforms raises concerns about data privacy and security. As users entrust their financial information to these platforms, robust cybersecurity measures become critical to safeguard sensitive data from breaches and misuse. Regulations around data privacy will need to evolve alongside WealthTech to ensure user trust and prevent exploitation.

The Human Touch: WealthTech should not be viewed as a complete replacement for human financial advisors. Instead, it should be seen as a complementary tool that empowers individuals to take a more active role in managing their wealth. Complex financial situations, such as inheritance planning or navigating estate taxes, will likely still necessitate the expertise of a qualified financial advisor who can provide personalized guidance.

The ideal scenario involves a synergy between human expertise and technological innovation. WealthTech can streamline data analysis, portfolio management, and investment execution, freeing up human advisors to focus on higher-level strategic planning and building trusted relationships with their clients.

The rise of WealthTech signifies a paradigm shift in the world of finance. By democratizing access to investment tools and fostering financial literacy, WealthTech is paving the way for a more inclusive and empowered financial future. However, it's important to remember that technology is a tool, and like any tool, it requires responsible use. A healthy dose of scepticism and a commitment to continuous learning are essential for navigating the ever-evolving WealthTech landscape. As WealthTech continues to mature, the future holds immense promise for a collaborative financial ecosystem where technology empowers individuals and human advisors work together to guide them towards achieving their financial goals.

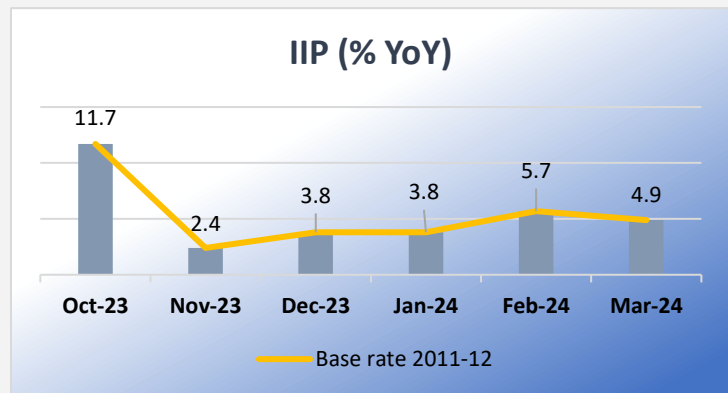


ECONOMY

IIP (Index of Industrial Production) – Mar

Industrial output in India rose by 4.9% on an annual basis in March 2024, slightly below market expectations of a 5.1% growth.

For the month of March 2024, the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stands at 159.2. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of March 2024 over March 2023 are 1.2 %, 5.2 % and 8.6 % respectively.

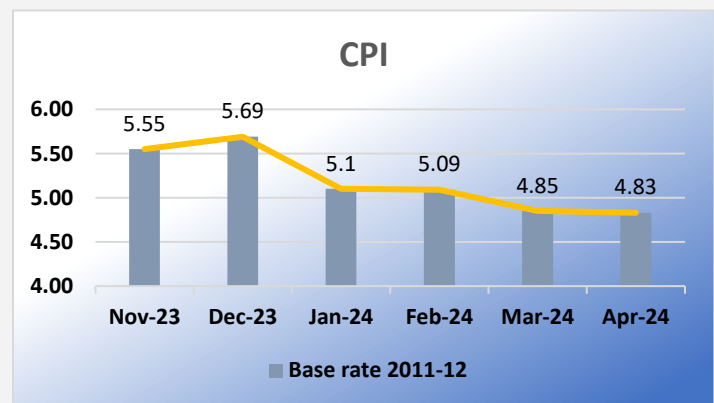


Source: APAS BRT, www.mospi.gov.in

As per Use-based classification, the indices stand at 162.2 for Primary Goods, 130.5 for Capital Goods, 167.5 for Intermediate Goods and 194.2 for Infrastructure/ Construction Goods for the month of March 2024. Further, the indices for Consumer durables and Consumer non-durables stand at 129.9 and 154.7 respectively for the month of March 2024.

CPI (Consumer Price Index) – Apr

The annual retail inflation rate in India eased slightly to 4.83% in April of 2024 from 4.85% in the previous month, an 11-month low, and loosely in line with market estimates of 4.8%. It was the eighth straight month that Indian inflation remained within the RBI's tolerance band of 2 percentage points from 4%, indicating that the central bank is likely to hold its key rate unchanged at the terminal level in upcoming decisions.



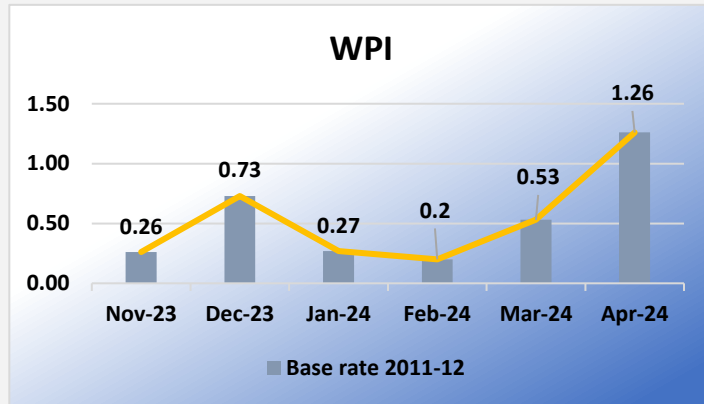
Source: APAS BRT, www.eaindustry.nic.in

Prices slowed for housing (2.68% vs 2.77% in March) and clothing and footwear (2.85% vs 2.97%), while prices fell faster for fuel and light (-4.24% vs -3.24%). On the other hand, inflation rose for food and beverages (7.87% vs 7.68%), aligning with the RBI's warning that uncertain agricultural conditions underpin inflation risks in the Indian economy. From the prior month, Indian consumer prices rose by 0.48%.

WPI (Wholesale Price Index) – Apr

Wholesale Price Index (WPI) number is 1.26 % (Provisional) for the month of April 2024 (over April 2023). Positive rate of inflation in April 2024 is primarily due to increase in prices of food articles, electricity, crude petroleum & natural gas, manufacture of food products, other manufacturing etc.

The month over month change in WPI index for the month of April 2024 stood at 0.79 % as compared to March 2024.



Source: APAS BRT, www.eaindustry.nic.in

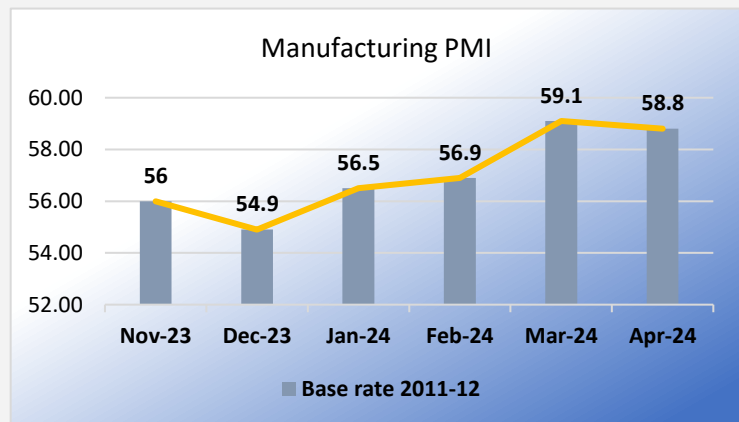
The index for primary articles increased by 1.97% to 186.7 (provisional) in April 2024 from 183.1 (provisional) for the month of March 2024. Prices of crude petroleum & natural gas (3.56%) and food articles (2.67%) increased in April 2024 as compared to March 2024. Prices of non-food articles (1.19%) and minerals (-1.55%) declined in April 2024 as compared to March 2024.

Prices for Fuel & Power declined by 0.26% to 154.8 (provisional) in April 2024 from 155.2 (provisional) for the month of March 2024. Prices of mineral oils (0.06%) increased in April 2024 as compared to March 2024. Prices of electricity (-1.20%) declined in April 2024 as compared to March 2024.

Prices for Manufacturing products increased by 0.50 % to 140.8 (provisional) in April 2024 from 140.1 (provisional) for the month of March 2024.

Manufacturing PMI – Apr

The HSBC India Manufacturing PMI was revised lower to 58.8 in April 2024 from preliminary estimates and March’s final 59.1 and compared to forecasts of 59.5. Still, the latest reading was the second-fastest in over three years, supported by rising demand. Firms experienced a sharp upturn in new business intakes, with the pace of expansion being the second strongest since 2021.

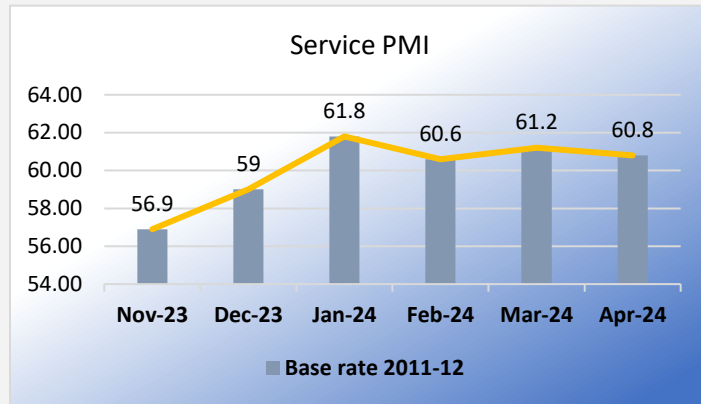


Source: www.tradingeconomics.com

Accordingly, companies scaled up their production, while input stocks were lifted to one of the steepest in over 19 years. To meet rising demand, manufacturers hired more staff at the beginning of the first fiscal quarter. Job creation, though moderate, was the fastest since September 2023. Meanwhile, cost pressures ticked higher, though remained below its long-run average, it pushed output charge inflation to a 3-month high. Lastly, Indian manufacturers anticipate increased output in the coming year, with business confidence rising in April, fueled by expectations of sustained demand.

Services PMI – Apr

The HSBC India Services PMI was revised lower to 60.8 in April 2024 from 61.7 in the preliminary estimates and after a final 61.2 a month earlier. It was the 33rd straight month of growth in services activity, as growth of new business and output remained sharp and among the fastest in 14 years.



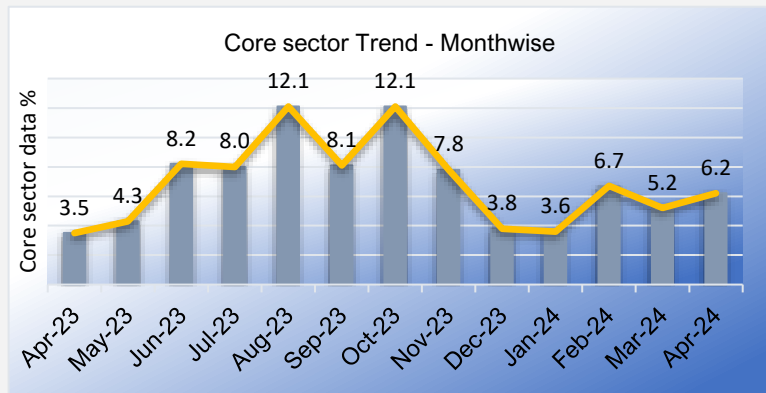
Source: www.tradingeconomics.com

New export orders grew to the second-fastest in a near-ten-year, with rising sales from several countries in Asia, Africa, Europe, the Americas, and the Middle East. Meantime, service providers took on extra staff at a marginal pace that was softer than that in March.

On prices, input prices continued to rise due to higher labor and operating costs. Meanwhile, output prices climbed as service providers passed part of their additional cost burdens through to clients, despite the inflation eased from March's near seven-year high and was close to its long-run trend. Lastly, business sentiment improved to a three-month-high bolstered by resilient demand conditions.

Core Sector Data – Apr

The combined Index of Eight Core Industries (ICI) increased by 6.2 % (provisional) in April 2024 as compared to the Index in April 2023. The production of Electricity, Natural Gas, Coal, Steel, Refinery Products, Crude Oil and Cement recorded positive growth in April 2024. The ICI measures the combined and individual performance of production of eight core industries viz. Cement, Coal, Crude Oil, Electricity, Fertilizers, Natural Gas, Refinery Products and Steel. The Eight Core Industries comprise 40.27 % of the weight of items included in the Index of Industrial Production (IIP).



Source: APAS BRT, www.mospi.gov.in

The final growth rate of Index of Eight Core Industries for January 2024 is revised to 4.1 %. The cumulative growth rate of ICI during 2023-24 reported 7.6 % (provisional) as compared to the corresponding period of last year.

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

Coal - Coal production (weight: 10.33 %) increased by 7.5 % in April 2024 over April 2023. Its cumulative index increased by 11.8 % during 2023-24 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 %) increased by 1.6 % in April 2024 over April 2023. Its cumulative index increased by 0.6 % during 2023-24 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 %) increased by 8.6 % in April 2024 over April 2023. Its cumulative index increased by 6.1 % during 2023-24 over corresponding period of the previous year.

Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 %) increased by 3. % in April 2024 over April 2023. Its cumulative index increased by 3.6 % during 2023-24 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 %) declined by 0.8 % in April 2024 over April 2023. Its cumulative index increased by 3.7 % during 2023-24 over corresponding period of the previous year.

Steel - Steel production (weight: 17.92 %) increased by 7.1 % in April 2024 over April 2023. Its cumulative index increased by 12.4 % during 2023-24 over corresponding period of the previous year.

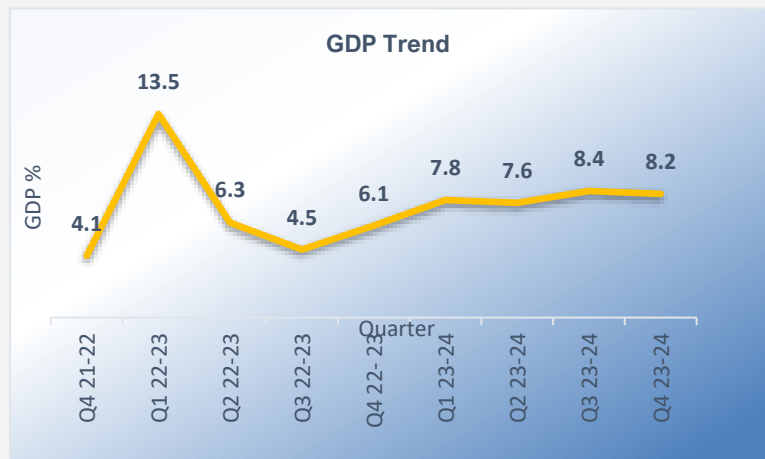
Cement - Cement production (weight: 5.37 %) increased by 0.6 % in April 2024 over April, 2023. Its cumulative index increased by 9.0 % during 2023-24 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 %) increased by 9.4 % in April, 2024 over April, 2023. Its cumulative index increased by 7.1 % during 2023-24 over corresponding period of the previous year.

GDP Q4 of 2023-24

Real GDP has been estimated to grow by 8.2% in FY 2023-24 as compared to the growth rate of 7.0% in FY 2022-23. Nominal GDP has witnessed a growth rate of 9.6% in FY 2023-24 over the growth rate of 14.2% in FY 2022-23.

Real GVA has grown by 7.2% in 2023-24 over 6.7% in 2022-23. This GVA growth has been mainly due to significant growth of 9.9% in Manufacturing sector in 2023-24 over -2.2% in 2022-23 and growth of 7.1% in 2023-24 over 1.9% in 2022-23 for Mining & Quarrying sector.



Source: APAS BRT, www.mospi.gov.in

Real GVA and Real GDP have been estimated to grow by 6.3% and 7.8% respectively in Q4 of FY 2023-24. Growth rates in Nominal GVA and Nominal GDP for Q4 of FY 2023-24 have been estimated at 8.0% and 9.9% respectively.

Countries	GDP		CPI		Current Account Balance	Budget Balance	Interest Rates
	Latest	2024*	Latest	2024*	% of GDP, 2024*	% of GDP, 2024*	(10Yr Govt, Latest)
Brazil	3.4 Q2	3.1	4.6 Aug	4.7	-1.6	-7.6	12.3
Russia	4.9 Q2	4.5	5.1 Aug	5.5	1.8	-3.8	11.8
India	7.4 Q2	6.5	4.8 Aug	4.9	-1.1	-5.3	7.0
China	6.3 Q2	5.1	0.1 Aug	0.8	1.8	-3.3	2.5
S Africa	1.6 Q2	1.6	4.8 Aug	4.7	-1.8	-6.7	10.8
USA	2.5 Q2	2.2	3.7 Aug	3.0	-3.8	-6.3	4.6
Canada	1.3 Q2	1.1	4.9 Aug	3.8	-0.4	-1.1	4.1
Mexico	1.6 Q2	2.4	4.8 Aug	4.5	-0.3	-5.0	9.8
Euro Area	0.5 Q2	0.8	5.7 Aug	5.5	2.8	-3.0	2.9
Germany	-0.1 Q2	0.2	6.6 Aug	6.0	6.5	-1.5	2.7
Britain	0.4 Q2	0.4	6.7 Aug	6.8	-2.8	-4.2	4.3
Australia	2.1 Q2	2.0	6.0 Q2	5.6	1.2	-1.0	4.3
Indonesia	5.1 Q2	5.0	3.2 Aug	3.2	-0.2	-2.4	6.9
Malaysia	2.5 Q2	4.0	2.0 Aug	2.5	2.1	-4.4	3.9
Singapore	0.5 Q2	1.0	4.0 Aug	4.3	18.3	0.1	3.4
S Korea	0.9 Q2	1.1	3.4 Aug	3.0	2.5	-1.6	3.5

ECONOMIC DATA SNAPSHOT

Countries	GDP (% change on year ago)		CPI (% change on year ago)		Current Account Balance % of GDP, 2024*	Budget Balance % of GDP, 2024*	Interest Rates 10-yr gov't bonds Latest,%
	Latest	2024*	Latest	2024*			
Brazil	2.1 Q4	2.0	3.7 Apr	4.1	-1.4	-7.7	11.8
Russia	5.4 Q1	2.7	7.8 Apr	7.1	1.8	-1.6	14.7
India	8.4 Q4	6.6	4.8 Apr	4.9	-1.1	-5.3	7.0
China	5.3 Q1	4.7	0.3 Apr	1.0	1.2	-4.8	2.1
S Africa	1.2 Q4	1.6	5.1 Apr	4.8	-2.0	-5.2	10.5
USA	3.0 Q1	2.2	3.4 Apr	3.0	-3.8	-6.3	4.6
Canada	0.9 Q4	1.9	2.7 Apr	2.4	-0.4	-1.1	3.8
Mexico	1.6 Q1	2.3	4.7 Apr	4.5	-0.3	-5.0	9.8
Euro Area	0.4 Q1	1.0	2.4 Apr	2.4	2.9	-3.0	2.7
Germany	-0.2 Q1	0.2	2.8 May	2.1	6.5	-1.5	2.7
Britain	0.2 Q1	0.4	2.3 Apr	2.6	-2.8	-4.2	4.3
Australia	1.5 Q4	2.0	3.6 Q1	3.2	1.2	-1.0	4.3
Indonesia	5.1 Q1	5.1	3.0 Apr	3.2	-0.2	-2.4	6.9
Malaysia	4.2 Q1	4.4	1.8 Apr	2.5	2.1	-4.4	3.9
Singapore	2.7 Q1	2.4	2.7 Apr	3.0	18.3	0.1	3.4
S Korea	3.2 Q1	2.7	2.9 Apr	2.6	2.5	-1.6	3.5



BANKING

RBI releases draft guidelines on 'Prudential Framework for Income Recognition, Asset Classification and Provisioning pertaining to Advances - Projects Under Implementation'

As announced in the Statement on Developmental and Regulatory Policies dated October 06, 2023, with a view to strengthen the extant regulatory framework governing project finance and to harmonise the instructions across all regulated entities, the Reserve Bank of India today released the draft Direction on the prudential framework applicable to financing of project loans. Given the complexities involved in project finance, the revised guidelines seek to provide an enabling framework for the regulated entities for financing of project loans, while addressing the underlying risks. The Comments on the draft Direction are invited from public/stakeholders by June 15, 2024.

Launch of PRAVAAH, RBI Retail Direct Mobile Application and FinTech Repository

The Reserve Bank of India (RBI) launched three initiatives to improve access to financial services and promote innovation in the fintech sector.

PRAVAAH portal: This online platform allows individuals and businesses to easily apply for various RBI approvals and licenses.

Retail Direct Mobile App: This app facilitates retail investors to buy and sell government securities directly from the RBI.

FinTech Repository: This database collects information on Indian fintech companies, aiding policymakers and industry participants.

These initiatives aim to streamline regulatory processes, improve investor convenience, and enhance understanding of the Indian fintech landscape.

Monetary Policy Statement, 2024-25 Resolution of the Monetary Policy Committee (MPC) June 5 to 7, 2024

The Monetary Policy Committee (MPC) decided to keep the policy repo rate unchanged at 6.50%, along with maintaining the standing deposit facility (SDF) rate at 6.25% and the marginal standing facility (MSF) rate and Bank Rate at 6.75%. This decision aims to control inflation while supporting economic growth. Globally, economic activity remains stable, but inflation varies, and financial markets are volatile due to uncertainties in central bank policies. In India, GDP grew by 8.2% in 2023-24, with resilient indicators suggesting continued strong performance in 2024-25, projecting a GDP growth of 7.2%. Although headline

inflation eased to 4.8% in April 2024, food inflation remains high. CPI inflation for 2024-25 is projected at 4.5%. The MPC emphasizes vigilance on food price impacts on core inflation and remains committed to achieving a 4% inflation target. The committee was divided on the rate decision, with most members voting to keep rates unchanged. The next MPC meeting is scheduled for August 6-8, 2024.



INSURANCE

Press Release - Health Circular

The Insurance Regulatory and Development Authority of India (IRDAI) issued a new regulation aimed at improving health insurance in India. This includes giving policyholders more choices in plans and add-ons, easier claim settlements, and clearer information about their policies. Insurers are required to offer a wider range of plans, settle claims faster electronically, and make it easier to switch between plans. The focus is on better customer service, transparency, and affordability for policyholders.



CAPITAL MARKET

Portfolio Managers - Facilitating ease in digital on-boarding process for clients and enhancing transparency through disclosures

The Securities and Exchange Board of India (SEBI) has issued a circular to streamline the digital onboarding process for clients of portfolio managers. The guidelines aim to enhance transparency through improved disclosures, ensuring a more efficient and user-friendly experience for clients. These measures are intended to support the evolving digital landscape and foster better client-manager interactions.

Industry Standards on verification of market rumours

SEBI introduces industry standards for verifying market rumours. It mandates listed companies to promptly verify and respond to rumours related to their business, performance, or financial health. The aim is to enhance transparency and investor protection, ensuring that information in the market is accurate and reliable.

Modification in Staggered Delivery Period in Commodity Futures Contracts

SEBI has issued a circular modifying the staggered delivery period for commodity futures contracts. This modification aims to ensure better alignment of delivery periods with the underlying commodity's market practices and to enhance the delivery mechanism's efficiency.

Norms for sharing of real time price data to third parties

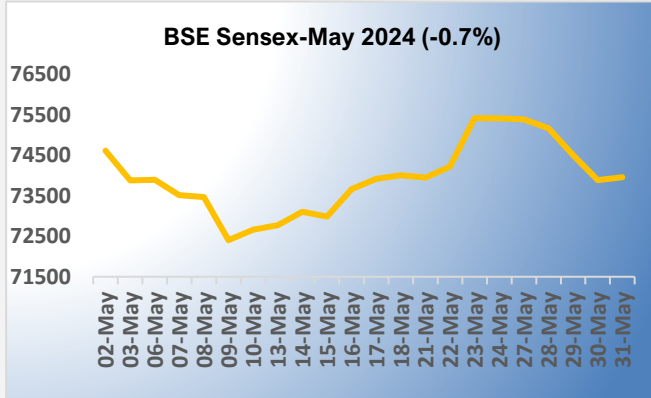
SEBI issued norms regarding the sharing of real-time price data with third parties. The circular aims to enhance transparency and fairness in the market by ensuring proper dissemination of price data. It outlines guidelines for entities providing real-time price data to ensure compliance and protect investor interests.

Settlement Calculator BETA - SEBI (Settlement Proceedings) Regulations, 2018

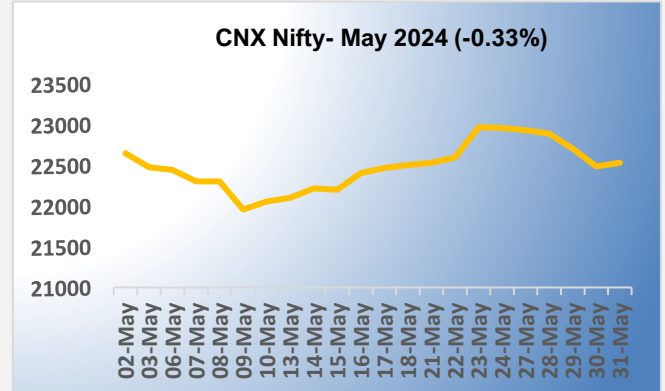
The Securities and Exchange Board of India (SEBI) has launched a beta version of a Settlement Calculator to aid in the settlement proceedings under the SEBI (Settlement Proceedings) Regulations, 2018. This tool aims to bring transparency and efficiency to the calculation of settlement amounts in securities law violations. Users can access and provide feedback on the beta version, helping SEBI to refine the tool.



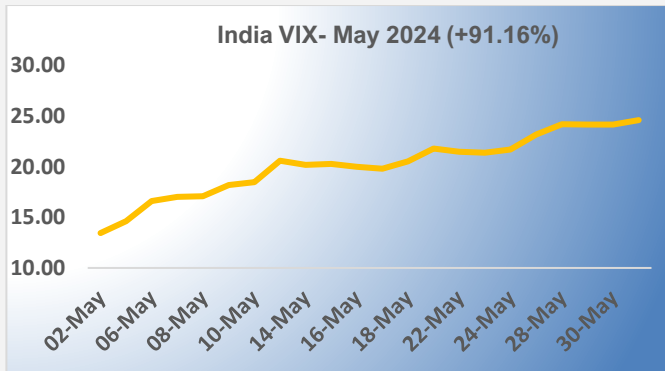
CAPITAL MARKET SNAPSHOT



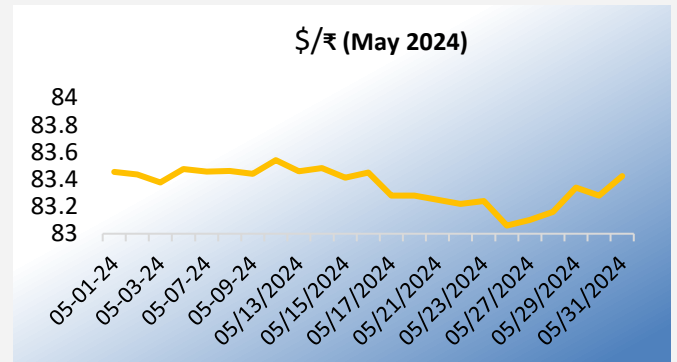
Sources: Bombay Stock Exchange



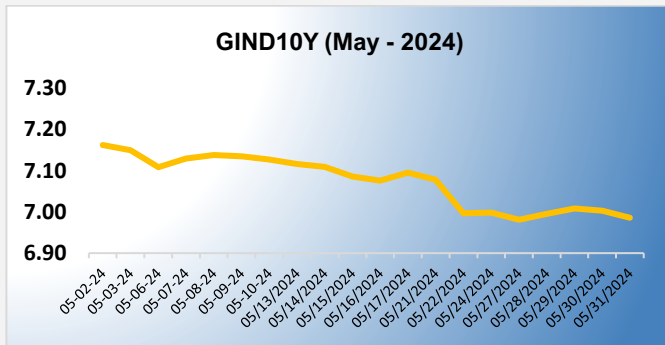
Source: National Stock Exchange



Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

In May 2024, Indian equity markets witnessed mixed performance. Initially, record highs were reached by the BSE Sensex and Nifty50, driven by strong buying interest and a significant dividend payout from the RBI to the government. However, towards the end of the month, volatility emerged due to profit booking and apprehension ahead of Lok Sabha election results. Financial services and banking sectors were notably affected, while the Nifty Pharma index managed to post gains amid the market weakness.



FINTECH

Highlights of the Month

[India's data centre capacity to double to 2,000 MW by 2026](#)

India's data center capacity is projected to double to 2,000 MW by 2026, driven by the adoption of technologies such as 5G, IoT, and AI, which are expected to significantly boost data demand and consumption. This expansion will involve substantial investments, with an estimated capital expenditure of Rs 50,000 crore over the next three years. The push for green energy solutions is also a critical factor, as data centers aim to incorporate renewable energy and low-carbon technologies to manage rising power costs and environmental impact.

[Sebi suggests local regulators oversee crypto trading](#)

The Securities and Exchange Board of India (SEBI) is open to the idea of overseeing cryptocurrency trade, which marks a significant shift from the Reserve Bank of India's (RBI) stance. SEBI suggests that multiple regulators should manage different aspects of the crypto market, such as treating cryptocurrencies like securities and overseeing Initial Coin Offerings (ICOs). In contrast, the RBI views private cryptocurrencies as a macroeconomic risk and advocates for stricter regulations, including a ban on stablecoins.

[Fintech investments drop to \\$29 million in April](#)

Fintech investments in India dropped significantly to \$29 million in April 2024, a sharp decline from previous months. This brings the total fintech investment for the year to \$203 million. Much of the funding in April went to companies specializing in payment services and loan marketplaces, with nine startups receiving seed-stage funding. Notably, BankBazaar secured \$9.6 million, the highest for the month. The slowdown highlights increased investor selectivity, with a focus on highly innovative companies.

[RBI releases finalised framework for SROs in FinTech](#)

The Reserve Bank of India (RBI) has released the final framework for recognizing Self-Regulatory Organizations (SROs) in the fintech sector. This framework is designed to ensure that SROs effectively promote ethical conduct, market integrity, and regulatory compliance among fintech entities. Key features include governance standards, eligibility criteria, and the requirement for SROs to operate independently while fostering industry development. The framework aims to enhance transparency, resolve disputes, and maintain a repository of information to support policy-making and sector resilience.

[UPI to be expanded to 20 countries by FY29, new payment features planned](#)

The Reserve Bank of India (RBI) and NPCI International Payments Ltd. (NIPL) plan to expand the Unified Payments Interface (UPI) to 20 countries by fiscal year 2029. This initiative, set to begin in FY25, aims to bolster India's digital payment system globally. New UPI features include conversational payments, NFC-based offline transactions, and pre-sanctioned credit lines. The expansion strategy includes partnerships and agreements with regions such as the European Union, SAARC, UAE, Mauritius, and Sri Lanka.

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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