

APAS MONTHLY - VOLUME 8

# APAS MONTHLY NEWSLETTER

—  
August 2024 Edition

*ashvin parekh*

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## EDITORIAL

In this issue, **Mr. Kamlesh Rao, MD & CEO, Aditya Birla Sun Life Insurance Company Limited**. He has presented his thoughts on ‘**Transforming India's Life Insurance Sector: A New Era of Regulation and Opportunity**’. We thank Mr. Rao for his contribution to the APAS Monthly.

This month, the APAS column covers ‘**The Legal Challenges of Generative AI in India**’.

The economic indicators showed encouraging performance. Manufacturing PMI edged down to 58.1 in July 2024 from 58.3 in June, revised from the initial estimate of 58.5. Services PMI was revised lower to 60.3 in July 2024 from 61.1 in preliminary estimates and after a final 60.5 in June. Infrastructure output in India rose 6.1% year-on-year in July 2024, following an upwardly revised 5.1% increase in June. Industrial output in India rose by 4.2% on an annual basis in June 2024. India's annual retail inflation rate India fell sharply to 3.54% in July of 2024 from 5.08% in the earlier month. India Wholesale Price Index (WPI) number is 2.04% (Provisional) for the month of July 2024 (over July 2023).

The Reserve Bank of India (RBI) releases draft circular on ‘Regulatory Principles for Management of Model Risks in Credit. RBI’s Statement on Developmental and Regulatory Policies outlines key measures in the areas of Regulations and Payment Systems. RBI published the Monetary Policy Statement, 2024-25. Reserve Bank of India has, issued the Framework for recognition of SROs in Financial Markets.

Insurance Regulatory and Development Authority of India published the life insurance data for July 2024.

Securities and Exchange Board of India (SEBI) released its Annual Report for 2023-24. SEBI introduced a Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI-regulated entities. SEBI has issued an advisory urging investors to exercise caution when investing in securities of companies listed on the SME segment of stock exchanges.

India’s digital payments landscape is rapidly evolving, with a remarkable 51% CAGR in FY24 and UPI dominating with 80% of the transaction volume. August 2024 saw a record 14.96 billion UPI transactions, underscoring its pivotal role. As over 35 fintech firms prepare for IPOs and FACE gains recognition as an SRO, the sector’s growth is bolstered by rising investor confidence and regulatory support. The RBI’s focus on enhancing fintech governance and projected UPI transaction volumes reaching 439 billion by FY29 highlight the transformative impact of digital payments in India.

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

*Ashvin parekh*

## On the Cover



### GUEST COLUMN

*Transforming India's Life Insurance Sector: A New Era of Regulation and Opportunity*

*Mr. Kamlesh Rao  
MD & CEO  
Aditya Birla Sun Life Insurance Company Limited*



### APAS COLUMN

*The Legal Challenges of Generative AI in India*



### ECONOMY

*Index of Industrial Production – June*  
*Inflation update – July*  
*PMI update – July*  
*Core Sector – July*  
*GDP – Q1 – FY 24-25*

Countries	GDP		CPI		Current Account Balance	Budget Balance	Intere. Rates
	Latest	2023*	Latest	2023*	% of GDP, 2023*	% of GDP, 2023*	(10YGov), Latest
Brazil	3.4 Q2	3.1	4.6 Aug	4.7	-1.8	-7.6	12.1
Russia	4.9 Q2	-0.5	5.1 Aug	6.5	1.8	-3.8	11.8
India	7.8 Q2	6.5	6.8 Aug	5.5	-1.3	-5.9	7.2
China	6.3 Q2	5.2	0.1 Aug	0.8	1.8	-3.2	2.5
S Africa	1.6 Q2	0.5	4.8 Aug	5.7	-1.8	-5.7	10.8
USA	2.5 Q2	1.8	3.7 Aug	3.9	-2.9	-5.9	4.6
Canada	1.1 Q2	1.1	4.0 Aug	3.8	-0.4	-1.2	4.1
Mexico	3.6 Q2	2.4	4.6 Aug	5.3	-1.8	-3.4	10.1
Euro Area	0.5 Q2	0.8	5.2 Aug	5.5	2.3	-3.3	2.9
Germany	-0.1 Q2	-0.3	6.4 Aug	6.0	5.8	-2.2	2.9
Britain	0.4 Q2	0.3	6.7 Aug	6.8	-2.8	-4.2	4.3
Australia	2.1 Q2	1.6	6.0 Q2	5.6	1.7	0.3	4.4
Indonesia	5.2 Q2	5.0	3.3 Aug	3.8	0.7	-2.6	6.9
Malaysia	7.9 Q2	4.0	7.0 Aug	7.5	1.7	-5.0	4.0

## ECONOMIC DATA

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## BANKING

[RBI releases draft circular on 'Regulatory Principles for Management of Model Risks in Credit'](#)

[Statement on Developmental and Regulatory Policies](#)

[Monetary Policy Statement, 2024-25 Resolution of the Monetary Policy Committee \(MPC\) August 6 to 8, 2024](#)

[Framework for Recognition of Self-Regulatory Organisations \(SROs\) in Financial Markets – Invitation of applications](#)

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## INSURANCE

[Life Insurance – July 2024](#)





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[SEBI Annual Report 2023-24](#)

[Cybersecurity and Cyber Resilience Framework \(CSCRF\) for SEBI Regulated Entities \(REs\)](#)

[Advisory regarding investment in securities of the Companies listed on the SME Segment of Stock Exchanges](#)



## CAPITAL MARKETS

### SNAPSHOT

[CNX Nifty, BSE Sensex, India VIX, \\$/₹, GIND 10Y](#)



## FINTECH NEWS

[Highlights of the Month](#)



## Guest Column: Transforming India's Life Insurance Sector: A New Era of Regulation and Opportunity

**Mr. Kamlesh Rao**  
**MD & CEO**  
*Aditya Birla Sun Life Insurance Company Limited*

### **Transforming India's Life Insurance Sector: A New Era of Regulation and Opportunity**

The Indian insurance industry presents an interesting paradox, as despite being one of the fastest-growing sectors in the country with a CAGR of 12-15%, it still faces a significant penetration gap with over a staggering 87% lacking life insurance.

Recognizing a growth potential, the Insurance Regulatory and Development Authority of India (IRDAI) has been making strides to transform the sector, ensuring it remains robust, transparent, and aligned with the evolving needs of policyholders. After spending over two decades in the BFSI sector and as a member of the Executive Committee of the Life Insurance Council, I've witnessed firsthand the shifts in regulatory landscapes and their impact on this industry. The latest insurance regulations, and the aspiration of 'Insurance for All by 2047' are one of the more transformative ones I have seen, offering both opportunities and challenges that will shape the future of insurance in India.

With 'ease of doing business' as an overarching philosophy, IRDAI recently allowed insurers to raise sub debt without prior approvals. With the launch of the *Bima Trinity* – a combination of *Bima Vistaar* (affordable product for the rural segment), *Bima Sugam* (digital platform for faster claim settlements and redressal mechanisms) and *Bima Vahak* (a women centric distribution channel) – this industry has arrived at its own UPI moment, promising a transformative impact. And the efforts haven't stopped here – the State Insurance Plan, increasing the maximum number of insurer tie-ups for corporate agents, EOM regulations, 'Use and File' regulations are all forward-looking steps towards making insurance more attractive as a proposition.

#### **Policyholder Protection at the forefront**

One of the most striking changes in the 2024 product regulations is the enhancement of surrender values for non-linked products, ensuring that policyholders receive a more favourable payout upon surrender. This change not only strengthens the financial security of policyholders but also compels insurers to revisit their pricing and benefit structures. The results could be game-changing – a wave of consumer-friendly insurance products, potentially boosting the attractiveness of life insurance as an investment option. Furthermore, the earlier payout of surrender values—available after just the first policy year—can significantly improve liquidity for policyholders, making insurance a more flexible financial tool.

In addition to enhanced surrender values, IRDAI has ensured a clear focus on innovation by the introduction of index linked annuities, a move that could rejuvenate the annuity market, which has traditionally been

dominated by fixed payouts. It's important to note that this development is particularly timely, with retirement solutions increasingly being sought by the growing aging population in India, which is set to double by 2050 as per reports.

### **Adoption of IFRS and Risk based Solvency regime on the horizon**

Not just products – the IFRS regime, now globally adapted, can be the next big thing for India as the migration to this new regime is expected in the next few years. As seen in the global markets, this will mean that the financial statements are set to become more transparent with respect to sources of profits, movements in profitability and key disclosures.

Along with IFRS, the shift to risk-based solvency is also expected and as it matures, is expected to bring more transparency around solvency requirements aligned to the risk.

### **Overcoming the Odds: Challenges posed in this era of transformation**

As insurers build the capacity over the long term to handle the impact of these changes via better sales & commission structures, the short term may present distinct challenges they must navigate carefully. The increase in surrender values, while beneficial to policyholders, could squeeze the gross margins for insurers. If these enhanced payouts cannot be offset through cost adjustments or innovative product offerings, insurers may ultimately face significant challenges in maintaining profitability.

Another challenge tied to the surrender value regulations is the potential increase in capital requirements, which could limit their ability to invest in new products or explore new markets.

### **The Road Ahead**

I believe insurers are standing at a very exciting brink of change and consequently, new product innovation can be the panacea for all evils – overcoming the short-term issues of profitability and the long-term issues of accessibility. Exploring ideas like index linked savings products, product bundles/combos across LOBs, or micro insurance products for the BHARAT segment can help redefine how we look at insurance as a proposition.

For insurance as an ecosystem to work, the right products need to be sold via the right distribution channels which can be enabled by the regulator supported State Insurance Plan initiative and leveraging the India tech stack platform. From a practitioner's lens, a potential solution could be permitting vendors with large customer databases like car dealers etc. to distribute insurance through exploring simpler POS channels.

The future of life insurance in India is poised for growth and innovation, and as an industry we have never shied away from contributing to nation building whether it's through continuous innovation, creation of employment opportunities across the country or creating country infrastructure through long term sovereign investment of INR 24.9 Trillion. Insurers who anchor their strategy to address the fundamental issues of – awareness, affordability and accessibility – and accordingly transform their business models will create distinct competitive advantage. Strategic collaboration between insurers, Government & Regulators will be the way forward to realise the full potential of the insurance ecosystem and keeping the customer as the fulcrum of all initiatives.



## APAS COLUMN

### *The Legal Challenges of Generative AI in India*

Generative AI is revolutionizing content creation across various domains, from art and music to literature and software development. However, this transformative technology also poses complex legal challenges, particularly in the realm of intellectual property (IP) and copyright law. In India, where the legal framework is yet to fully adapt to rapidly evolving technologies, understanding the implications of generative AI on IP rights is crucial. Existing laws, such as the Indian Copyright Act of 1957, the Patents Act of 1970, and the Trade Marks Act of 1999, were designed with human creators in mind. This raises pressing questions about their applicability to AI-generated content and the need for new legal interpretations or amendments to address these emerging issues.

One of the central issues is determining the authorship of AI-generated content. According to the current Indian copyright law, only a "natural person" can be recognized as an author. This brings about the question: Who can own the rights to a work created by an AI? Is it the programmer, the user of the AI, or does the work fall within the public domain? Indian courts and policymakers need to now decide the question of whether AI can be treated as an author or carve out a new legal regime through which rights can be granted to the creators of AI or their operators.

Even though the Indian law provides for the patenting of inventions, the Patents Act stipulates the inventor to be a human being. Therefore, problems arise when the AI system independently makes or creates a patentable invention. This raises the question of whether AI itself can be said to have invented something, or should the patents belong to the ones who created the AI. It would be interesting to see how the Indian Patent Office and judiciary interpret the grant of patent rights with respect to AI-generated inventions under existing laws or if there is a need for statutory amendments.

Generative AI technologies also put to test Indian copyright law, which protects literary, artistic, musical, and other works. The Indian Copyright Act mandates that for a work to be protected, it should be "original". Generative AI creates content, though patterns of information learned from pre-existing data. Hence the question whether under Indian law an AI-generated work can be considered "original" in nature. It may call upon the Indian judiciary to address standards of originality concerning works created using AI and whether such works should be accorded similar protection to those coming into existence owing to human creative work.

Indian copyright law also recognizes moral rights, which include an author's right to attribution and the integrity of a work. The attribution and integrity of a work make it difficult to locate who has these particular moral rights. And then this gets further complicated for situations when AI edits or remixes older works: this can easily lead to violation of moral rights of authors.



India has not yet enacted a specific law dedicated to regulating generative AI. However, several guidelines and policies impact AI technologies. The Ministry of Electronics and Information Technology (MeitY) has issued advisories requiring platforms using AI models, including generative AI, to comply with the Information Technology (IT) Act, 2000. These advisories mandate that AI systems should not disseminate unlawful content, introduce bias, or undermine processes like elections. Platforms must also label AI-generated content, particularly deepfakes, to distinguish synthetic content from authentic material.

India's broader AI regulatory framework includes the National Artificial Intelligence Strategy and the Digital Personal Data Protection (DPDP) Act, 2023, which address ethical and privacy concerns related to AI. Although a dedicated AI law is still under development, the current regulatory landscape is shaped by these initiatives and the IT Act.

India's MeitY and DPIIT will be the key regulators in giving shape to the legal landscape concerning generative AI. Clear policies and guidelines need to be framed by India in view of addressing the unique challenges of generative AI. For instance, it will have to figure out the extent to which the current laws encompass AI-generated content and when changes in the law are required. There could also be industry-specific requirements regarding the use of generative AI to ensure that innovation is not disproportionately prejudiced by a lack of respect for IP.

Because generative AI is a global phenomenon, what India does will be informed by international trends. For instance, judgments of the US and European courts regarding IP matters with regards to AI may set a precedent for India or may even determine Indian policy. India can also be part of international cooperations leading to IP harmonization in respect of AI to ensure that creations by Indians in India and elsewhere are protected globally.

With advances in generative AI, its legal framework in India would have to update and meet this challenge. This will mean policymakers, lawyers, and the tech industry shall need to cooperate so that the rights of each interested party are represented in a proper manner, including those of the creators, users, and developers of AI. This would involve redefining conventional terminology, such as authorship and ownership, to mean something different in its relation to AI, at the same time creating an environment in which innovation can flourish.



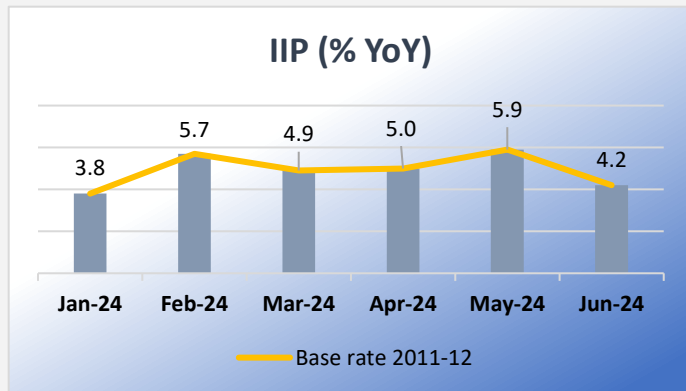
## ECONOMY

### IIP (Index of Industrial Production)

#### – June

Industrial output in India rose by 4.2% on an annual basis in June 2024, below market expectations of 5.5% and marking the lowest growth rate in five months, following a 5.9% growth in the previous month.

For the month of June 2024, the Quick Estimates of IIP with base 2011-12 stands at 150.0 against 143.9 in June 2023. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of June 2024 stand at 134.9, 145.3 and 222.8 respectively.

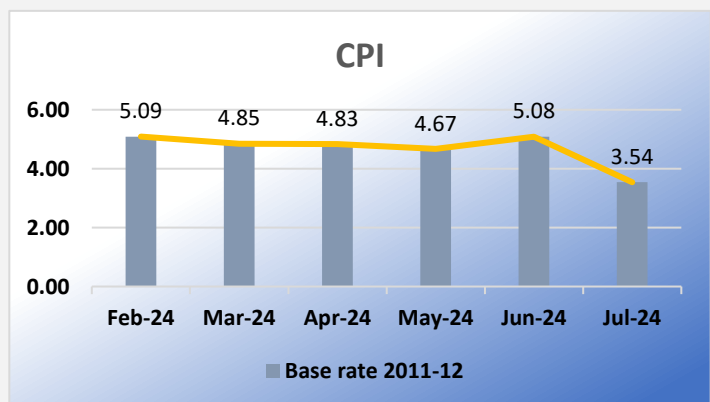


Source: APAS BRT, [www.mospi.gov.in](http://www.mospi.gov.in)

As per Use-based classification, the indices stand at 156.0 for Primary Goods, 110.0 for Capital Goods, 159.0 for Intermediate Goods and 178.4 for Infrastructure/ Construction Goods for the month of June 2024. Further, the indices for Consumer durables and Consumer non-durables stand at 126.9 and 144.6 respectively for the month of June 2024.

### CPI (Consumer Price Index) – July

The annual consumer inflation rate in India fell sharply to 3.54% in July of 2024 from 5.08% in the earlier month, well below market expectations of 3.65%, to mark the softest rise in consumer prices since August 2019. It was the first time the inflation rate fell below the RBI's target range of 4% in nearly five years, although the sharp decline was largely owed to large base effects in food prices and the central bank does not expect price growth to remain this low for the rest of the year.



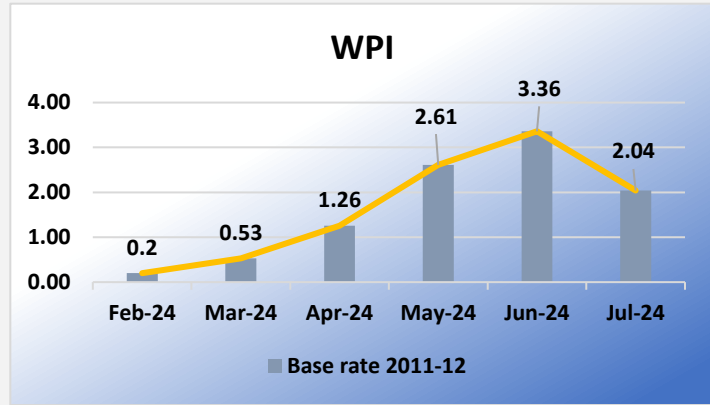
Source: APAS BRT, [www.eaindustry.nic.in](http://www.eaindustry.nic.in)

The cost of food, which represents half of the Indian consumer basket, rose by 5.45% to slow from the 9.36% annual surge in June. In the meantime, prices declined at a faster pace for fuel and light (-5.48% vs -3.66% in June), while inflation remained loosely unchanged for housing (2.68% vs 2.69%). From the previous month, Indian consumer prices rose by 1.4%.

**WPI (Wholesale Price Index) – July**

Wholesale Price Index (WPI) number is 2.04% (Provisional) for the month of July, 2024 (over July, 2023). Positive rate of inflation in July, 2024 is primarily due to increase in prices of food articles, manufacture of food products, mineral oils, crude petroleum & natural gas, other manufacturing etc.

The month over month change in WPI index for the month of July, 2024 stood at 0.84 % as compared to June, 2024.



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

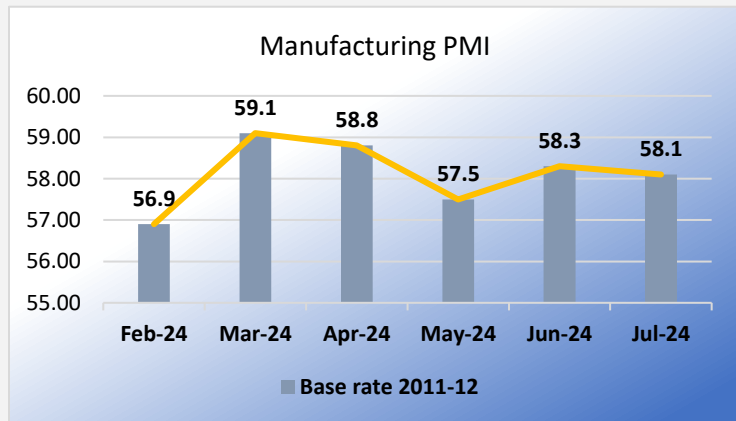
The index for primary articles increased by 3.13% to 197.6 (provisional) in July, 2024 from 191.6 (provisional) for the month of June, 2024. Prices of food articles (3.90%), crude petroleum & natural gas (1.22%), minerals (1.01%) and non-food articles (0.90%) increased in July, 2024 as compared to June, 2024.

Prices for Fuel & Power increased by 0.14% to 147.9 (provisional) in July, 2024 from 147.7 (provisional) for the month of June, 2024. Prices of mineral oils (1.09%) increased in July, 2024 as compared to June, 2024.

Prices for Manufacturing products declined by 0.14 % to 141.7 (provisional) in July, 2024 from 141.9 (provisional) for the month of June, 2024.

**Manufacturing PMI – July**

The HSBC India Manufacturing PMI edged down to 58.1 in July 2024 from 58.3 in June, revised from the initial estimate of 58.5 and below the market forecast of 59. Nevertheless, the latest reading remained above the long-term average for the series and was among the highest in recent years. Strong demand supported the manufacturing industry, primarily through a significant rise in new orders. While growth slowed since June, sales continued to be sharp by historical standards. Production volumes also

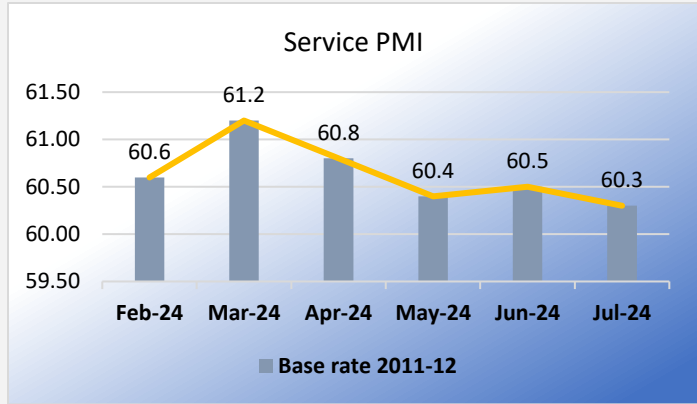


Source: www.tradingeconomics.com

remained strong, leading manufacturers to increase their purchasing activity and hire additional staff in July. Robust input demand caused input cost inflation to accelerate, reaching one of the fastest rates in nearly two years, which pushed output charges to their steepest growth in eleven years. Finally, positive sentiment towards the year-ahead production outlook remained steady since June, with growth expected to be driven by marketing efforts and new client inquiries.

### Services PMI – July

The HSBC India Services PMI was revised lower to 60.3 in July 2024 from 61.1 in preliminary estimates and after a final 60.5 in June. It marked the 36th consecutive month of expansion in services activity, highlighting a substantial upturn in business activity. Output continued to rise, while new orders expanded at a historically sharp pace, with new export orders rising at the third-strongest pace since the series began in September 2014. Employment increased to among the strongest in close to two years underpinned by the hiring of full- and part-time workers, while backlogs of work continued to rise.

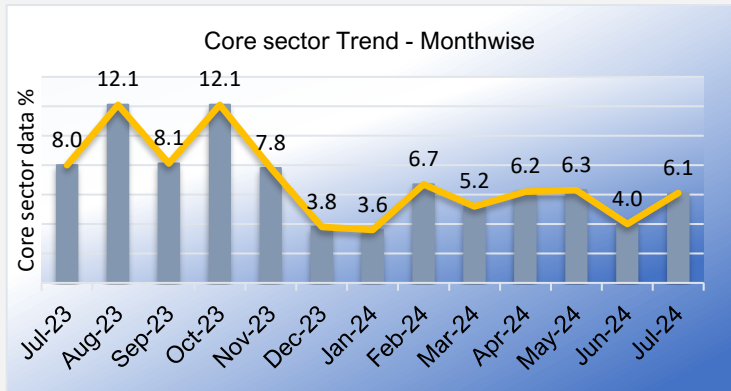


Source: www.tradingeconomics.com

On the price front, input cost inflation accelerated, mainly boosted by higher prices of eggs, meat, and vegetables. As a result, output cost inflation climbed to a seven-year high. Finally, sentiment remained optimistic, supported by strong demand, alongside improved customer engagement and new inquiries.

### Core Sector Data – July

The combined Index of Eight Core Industries (ICI) increased by 6.1% (provisional) in July 2024 as compared to the Index in July 2023. The production of Steel, Electricity, Coal, Refinery Products, Cement, and Fertilizers recorded positive growth in July 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 April 2024 stands at 6.9%. The cumulative growth rate of ICI during April to July, 2024-25 is 6.1% (provisional) as compared to the corresponding period of last year.

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

**Cement** - Cement production (weight: 5.37%) increased by 5.5% in July 2024 over July 2023. Its cumulative index increased by 1.6% during April to July, 2024-25 over corresponding period of the previous year.

**Coal** - Coal production (weight: 10.33%) increased by 6.8% in July 2024 over July 2023. Its cumulative index increased by 9.9 % during April to July, 2024-25 over corresponding period of the previous year.



**Crude Oil** - Crude Oil production (weight: 8.98%) declined by 2.9% in July 2024 over July 2023. Its cumulative index declined by 1.3% during April to July, 2024-25 over corresponding period of the previous year.

**Electricity** - Electricity generation (weight: 19.85%) increased by 7.0% in July 2024 over July 2023. Its cumulative index increased by 9.9% during April to July, 2024-25 over corresponding period of the previous year.

**Fertilizers** - Fertilizer production (weight: 2.63%) increased by 5.3% in July 2024 over July 2023. Its cumulative index increased by 1.3% during April to July, 2024-25 over corresponding period of the previous year.

**Natural Gas** - Natural Gas production (weight: 6.88%) declined by 1.3% in July 2024 over July 2023. Its cumulative index increased by 4.3% during April to July, 2024-25 over corresponding period of the previous year.

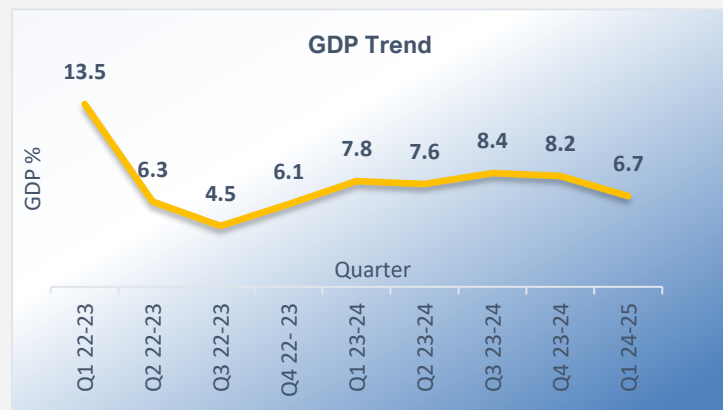
**Petroleum Refinery Products** - Petroleum Refinery production (weight: 28.04%) increased by 6.6% in July 2024 over July 2023. Its cumulative index increased by 2.3% during April to July, 2024-25 over corresponding period of the previous year.

**Steel** - Steel production (weight: 17.92 %) increased by 7.2 % in July 2024 over July, 2023. Its cumulative index increased by 7.6 % during April to July, 2024-25 over corresponding period of the previous year.

### **GDP Q1 of FY 2024 - 25**

#### Key Highlights

- Real GDP has been estimated to grow by 6.7% in Q1 of FY 2024-25 over the growth rate of 8.2% in Q1 of FY 2023-24.
- Nominal GDP has witnessed a growth rate of 9.7% in Q1 of FY 2024-25 as compared to the growth rate of 8.5% in Q1 of FY 2023-24.
- Real GVA has grown by 6.8% in Q1 of FY 2024-25 over the growth rate of 8.3% in Q1 of the previous financial year. This GVA growth in the Q1 of FY 2024-25 has been driven by significant growth in the Secondary Sector (8.4%), comprising of Construction (10.5%), Electricity, Gas, Water Supply & Other Utility Services (10.4%) and Manufacturing (7.0%) sectors.
- Growth rate in Nominal GVA for Q1 of FY 2024-25 have been estimated at 9.8% over 8.2% growth rate in Q1 of FY 2023-24.
- Private Final Consumption Expenditure (PFCE) and Gross Fixed Capital Formation (GFCF), at Constant Prices, have witnessed growth rates of 7.4% and 7.5% respectively in Q1 of FY 2024-25.
- Net Taxes, at Current Prices, has observed the growth rate of 8.0 % in Q1 of FY 2024-25 resulting in 0.1%-point gap between the growth rates of GVA and GDP.



Source: APAS BRT, [www.mospi.gov.in](http://www.mospi.gov.in)

Countries	GDP		CPI		Current Account Balance	Budget Balance	Interes. Rates
	Latest	2023*	Latest	2023*	% of GDP, 2023*	% of GDP, 2023*	(10YGov), Latest
Brazil	3.4 Q2	3.1	4.6 Aug	4.7	-1.8	-7.6	12.1
Russia	4.9 Q2	-0.5	5.1 Aug	6.5	1.8	-3.8	11.8
India	7.8 Q2	6.5	6.8 Aug	5.5	-1.3	-5.9	7.2
China	6.3 Q2	5.2	0.1 Aug	0.8	1.8	-3.2	2.5
S Africa	1.6 Q2	0.5	4.8 Aug	5.7	-1.8	-5.7	10.8
USA	2.5 Q2	1.8	3.7 Aug	3.9	-2.9	-5.9	4.6
Canada	1.1 Q2	1.1	4.0 Aug	3.8	-0.4	-1.2	4.1
Mexico	3.6 Q2	2.4	4.6 Aug	5.3	-1.8	-3.4	10.1
Euro Area	0.5 Q2	0.8	5.2 Aug	5.5	2.3	-3.3	2.9
Germany	-0.1 Q2	-0.3	6.4 Aug	6.0	5.8	-2.2	2.9
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Australia	2.1 Q2	1.6	6.0 Q2	5.6	1.7	0.3	4.4
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Malaysia	2.9 Q2	4.0	2.0 Aug	2.5	1.7	5.0	4.0
Singapore	0.5 Q2	1.0	4.0 Aug	4.3	18.8	-0.7	3.4
Korea	0.9 Q2	1.3	3.4 Aug	3.0	1.6	-2.7	4.0

## ECONOMIC DATA SNAPSHOT

Countries	GDP (% change on year ago)		CPI (%change on year ago)		Current Account Balance	Budget Balance	Interest Rates 10-yr gov't bonds
	Latest	2024*	Latest	2024*	% of GDP, 2024*	% of GDP, 2024*	Latest,%
Brazil	2.5 Q1	2.5	4.5 Jul	4.3	-1.5	-7.6	11.8
Russia	4.0 Q2	3.3	9.1 Jul	7.5	1.6	-1.2	15.8
India	7.8 Q1	6.9	3.5 Jul	4.7	-0.5	-4.9	6.9
China	4.7 Q2	4.7	0.5 Jul	0.4	1.2	-4.4	1.8
S Africa	0.5 Q1	1.1	4.6 Jul	4.8	-2.0	-5.2	9.1
USA	3.1 Q2	2.4	2.9 Jul	3.0	-3.3	-6.9	3.8
Canada	0.5 Q1	1.3	2.5 Jul	2.5	-1.5	-1.5	3.1
Mexico	2.1 Q2	1.6	5.6 Jul	4.9	-0.3	-5.0	9.6
Euro Area	0.6 Q2	1.0	2.6 Jul	2.5	3.1	-3.1	2.3
Germany	nil Q2	0.2	2.6 Jul	2.6	6.6	-1.5	2.3
Britain	0.9 Q2	0.7	2.2 Jul	2.8	-3.3	-4.1	3.9
Australia	1.1 Q1	1.3	3.8 Q2	3.5	-0.6	-1.5	3.9
Indonesia	5.0 Q2	5.1	2.1 Jul	2.6	-0.1	-2.4	6.6
Malaysia	5.9 Q2	5.1	2.0 Jul	2.3	2.6	-4.4	3.8
Singapore	2.9 Q2	2.7	2.4 Jul	2.6	19.8	0.1	2.7
S Korea	2.3 Q2	2.6	2.6 Jul	2.4	3.2	-1.6	3.1



## BANKING

### **RBI releases draft circular on 'Regulatory Principles for Management of Model Risks in Credit'**

Regulated Entities (REs) generally use various models as part of their credit management, including for credit appraisal, borrower scoring, pricing, risk management, etc. With a view to addressing potential risks from use of such models and ensuring robustness in the process of model deployment by REs for credit decisions, the Reserve Bank of India released the draft circular on 'Regulatory Principles for Management of Model Risks in Credit'.

### **Statement on Developmental and Regulatory Policies**

The Statement on Developmental and Regulatory Policies outlines key measures in the areas of Regulations and Payment Systems. Under Regulations, the Reserve Bank of India (RBI) is creating a public repository of Digital Lending Apps (DLAs) associated with regulated entities to protect customers from fraudulent claims and will increase the frequency of credit reporting to Credit Information Companies from monthly to fortnightly to provide a more up-to-date picture of borrowers' creditworthiness. In Payment Systems, the RBI plans to enhance the UPI transaction limit for tax payments from ₹1 lakh to ₹5 lakh and introduce "Delegated Payments" on UPI, allowing primary users to set transaction limits for secondary users. Additionally, the Cheque Truncation System (CTS) will transition to continuous clearing for faster cheque processing and settlement.

### **Monetary Policy Statement, 2024-25 Resolution of the Monetary Policy Committee (MPC) August 6 to 8, 2024**

The Monetary Policy Committee (MPC) decided to keep the policy repo rate unchanged at 6.50%, with the standing deposit facility (SDF) rate at 6.25% and the marginal standing facility (MSF) rate and Bank Rate at 6.75%. The MPC remains focused on the withdrawal of accommodation to align inflation with the medium-term target of 4% while supporting economic growth. The decision reflects the MPC's commitment to managing inflation and sustaining growth, despite global economic moderation and domestic inflationary pressures, particularly in food prices.

The outlook for the Indian economy remains robust, driven by strong investment demand, urban and rural consumption, and steady progress in manufacturing and services. Real GDP growth for 2024-25 is projected at 7.2%, with inflation expected to moderate to 4.5% for the year, although risks from food prices and geopolitical tensions persist. The MPC highlighted the need to stay vigilant on inflation dynamics and reaffirmed its disinflationary stance to achieve durable price stability, essential for sustained economic growth.

**Framework for Recognition of Self-Regulatory Organisations (SROs) in Financial Markets – Invitation of applications**

In view of the potential role of Self-Regulatory Organisations (SROs) in strengthening compliance culture among their members and also providing a consultative platform for policy making, the Reserve Bank of India has, issued the Framework for recognition of SROs in Financial Markets.

The framework is based on the ‘Omnibus Framework for recognition of Self-Regulatory Organisations for Regulated Entities of the Reserve Bank’ issued on March 21, 2024 and specifies the broad parameters, viz., objectives, responsibilities, eligibility criteria, membership, governance standards and application process for the recognition of SROs in financial markets.





## INSURANCE

New Business Statement of Life Insurers for the Period ended 31st July 2024										
Sl No.	Insurer	First Year Premium			No of Policies/schemes			Sum Assured		
		Up to 31st July, 2024	Growth in %	Market Share	Up to 31st July, 2024	Growth in %	Market Share	Up to 31st July, 2024	Growth in %	Market Share
1	Acko Life Insurance	23.03		0.02	466.00		0.01	2337.96		0.07
2	Aditya Birla Sun Life	3037.72	42.79	2.50	95452.00	27.25	1.23	154115.40	50.53	4.57
3	Ageas Federal Life	404.06	62.25	0.33	18745.00	31.82	0.24	8088.93	49.15	0.24
4	Aviva Life	100.71	-15.31	0.08	4364.00	-50.34	0.06	26597.19	52.95	0.79
5	Bajaj Allianz Life	3735.84	28.75	3.07	241498.00	19.95	3.11	213549.70	-11.32	6.33
6	Bandhan Life	43.24	110.53	0.04	4886.00	-2.96	0.06	4229.00	17.37	0.13
7	Bharti Axa Life	177.22	-21.49	0.15	21382.00	-19.49	0.28	2788.48	-52.85	0.08
8	Canara HSBC Life	906.29	7.02	0.75	61756.00	52.00	0.80	138392.77	-3.13	4.10
9	CreditAccess Life	32.10	483.95	0.03	139.00	631.58	0.00	2226.69	526.18	0.07
10	Edelweiss Tokio Life	120.47	16.37	0.10	11825.00	-11.72	0.15	1909.54	-28.54	0.06
11	Future Generali Life	121.15	14.77	0.10	8278.00	-8.44	0.11	9683.94	2.12	0.29
12	Go Digit Life	373.51	640.69	0.31	433.00	140.56	0.01	275891.24	410.34	8.17
13	HDFC Life	9239.35	15.38	7.60	361634.00	24.84	4.66	453111.84	0.74	13.42
14	ICICI Prudential Life	5528.55	17.86	4.55	187876.00	14.54	2.42	372303.36	15.00	11.03
15	India First Life	919.13	-7.85	0.76	41780.00	-49.67	0.54	220611.99	22.02	6.54
16	Kotak Mahindra Life	2134.10	7.76	1.76	67925.00	-6.46	0.88	90028.11	-30.73	2.67
17	Max Life	3001.18	16.36	2.47	213999.00	28.48	2.76	175265.35	21.70	5.19
18	PNB Met Life	1078.71	26.96	0.89	83795.00	3.91	1.08	43144.69	-19.19	1.28
19	Pramerica Life	359.83	18.25	0.30	13570.00	44.18	0.17	40096.68	33.73	1.19
20	Reliance Nippon Life	343.64	-3.02	0.28	53284.00	-4.76	0.69	5379.55	-22.68	0.16
21	SBI Life	10028.31	-2.38	8.25	608276.00	1.40	7.84	198392.48	2.80	5.88
22	Shriram Life	561.51	-9.45	0.46	180001.00	121.06	2.32	63809.34	84.20	1.89
23	Star Union Dai-ichi Life	888.61	-8.92	0.73	47725.00	1.24	0.62	22353.95	-69.66	0.66
24	Tata AIA Life	2519.37	11.45	2.07	228221.00	16.41	2.94	295472.77	16.49	8.75
	<b>Private Total</b>	<b>45677.62</b>	<b>12.37</b>	<b>37.58</b>	<b>2557310</b>	<b>14.13</b>	<b>32.97</b>	<b>2819781</b>	<b>14.69</b>	<b>83.53</b>
25	LIC of India	75871.53	25.98	62.42	5199659.00	6.49	67.03	556065.31	1.16	16.47
	<b>Grand Total</b>	<b>121549.14</b>	<b>20.50</b>	<b>100.00</b>	<b>7756969</b>	<b>8.90</b>	<b>100.00</b>	<b>3375846</b>	<b>12.22</b>	<b>100.00</b>



## CAPITAL MARKET

### **SEBI Annual Report 2023-24**

The Securities and Exchange Board of India (SEBI) released its Annual Report for 2023-24, highlighting the regulatory body's efforts to enhance market infrastructure, strengthen enforcement mechanisms, and improve investor protection. The report also emphasizes SEBI's initiatives in technology adoption, sustainability, and market surveillance to bolster the resilience and integrity of the Indian securities market. It reflects SEBI's ongoing commitment to fostering a secure and transparent financial ecosystem.

### **Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)**

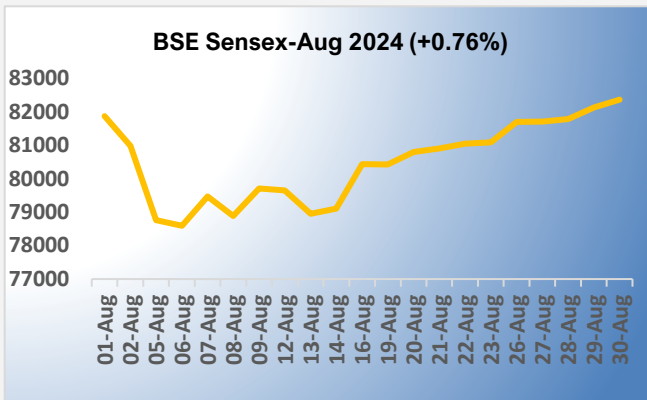
The Securities and Exchange Board of India (SEBI) has introduced a Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI-regulated entities. The framework outlines guidelines for entities to establish robust cybersecurity practices, enhance cyber resilience, and ensure the security of their digital infrastructure. This initiative aims to protect the capital markets from cyber threats and enhance overall security across the financial ecosystem.

### **Advisory regarding investment in securities of the Companies listed on the SME Segment of Stock Exchanges**

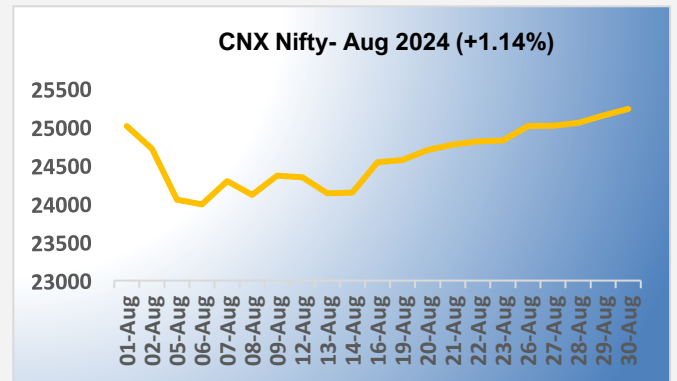
SEBI has issued an advisory urging investors to exercise caution when investing in securities of companies listed on the SME segment of stock exchanges. It highlights the unique risks associated with these investments, such as low liquidity, high volatility, and limited financial information, and advises investors to conduct thorough due diligence before making investment decisions.



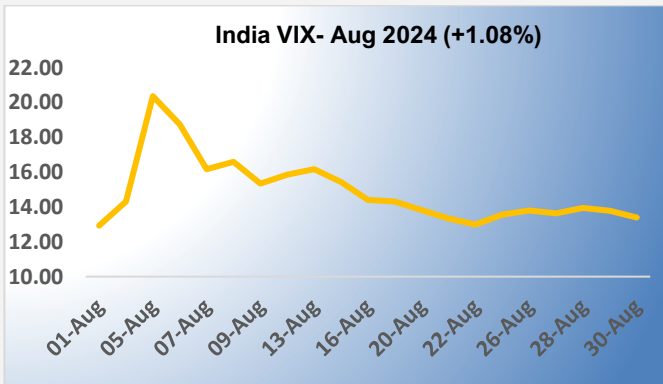
## CAPITAL MARKET SNAPSHOT



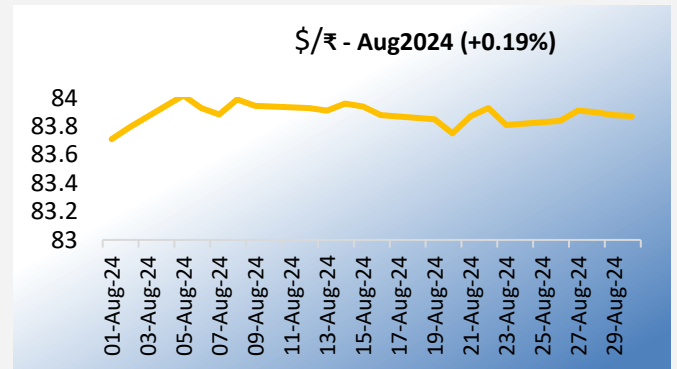
Source: National Stock Exchange



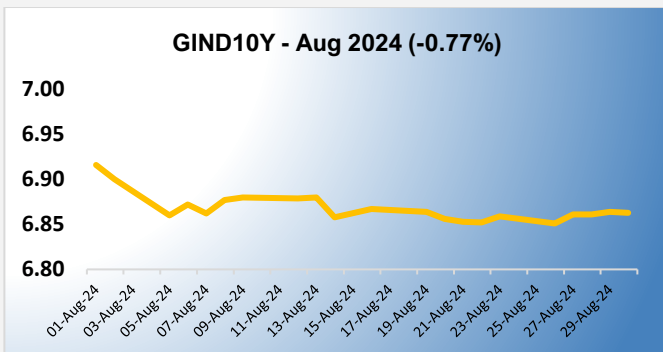
Sources: Bombay Stock Exchange



Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

In August, the markets experienced moderate gains across key indices. The Nifty 50 rose by 1.14%, while the BSE Sensex increased by 0.76%, reflecting steady investor confidence. The Nifty Small 100 and Nifty Mid 100 indices also posted gains of 0.89% and 0.5%, respectively.

Despite these gains, market volatility slightly increased, as indicated by a 1.08% rise in the VIX, signalling cautious sentiment amid global economic uncertainties. Sectors like IT and banking were key contributors to the market's performance during the month.



## FINTECH

### ***Highlights of the Month***

#### [Digital payments witnessed CAGR 51% in FY24, UPI held 80% in volume](#)

Digital payments in India saw a significant growth of 51% CAGR in FY24, with UPI accounting for 80% of the total transaction volume. The report underscores the increasing adoption of digital payment methods, particularly UPI, which has become a dominant force in the country's payment landscape. This surge reflects the ongoing shift towards cashless transactions and the growing preference for convenient and secure digital payment solutions.

#### [UPI transactions witnesses 3% rise clocking record high of 14.96 bln transactions in Aug'24](#)

UPI transactions in India reached a new record in August 2024, with a 3% increase from the previous month, totaling 14.96 billion transactions. This marks the highest number of transactions ever recorded on the platform, reflecting the growing adoption and reliance on UPI for digital payments across the country.

#### [RBI DG Sankar outlines crucial focus areas for SROs](#)

RBI Deputy Governor M. Rajeshwar Rao emphasized the importance of self-regulatory organizations (SROs) in the fintech sector, highlighting areas such as customer protection, risk management, and regulatory compliance. He also underlined the need for SROs to adopt transparent and ethical practices while fostering innovation and ensuring a secure financial ecosystem. The focus is on building trust and stability in the rapidly evolving fintech landscape.

#### [Over 35 Indian fintech firms aiming for IPO in next few years](#)

Over 35 Indian fintech companies are planning to go public through IPOs in the next few years, driven by strong growth, investor interest, and regulatory support. These firms are targeting expansions and leveraging the increasing digitization of financial services in India. The expected IPOs reflect the sector's maturation and its pivotal role in the country's economic growth.

#### [UPI transaction volume expected to rise to 439 bn by FY29](#)

According to a PwC India report, UPI transaction volumes in India are projected to rise to 439 billion by FY29, driven by increasing digital payments adoption and expanding financial inclusion. The report highlights the significant role of UPI in transforming the fintech landscape and suggests that continued innovation and infrastructure development will further fuel this growth.

#### [FinTech Funding July 2024: Total \\$139 mln raised by Indian FinTechs](#)

In July 2024, Indian fintech companies raised a total of \$139 million in funding. This marks a notable increase compared to previous months, reflecting growing investor confidence in the sector. Key areas of investment included payment solutions and digital lending platforms.



## 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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