# APAS MONTHLY NEWSLETTER

November 2024 Edition

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APAS

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# EDITORIAL

In this issue, **Mr. Vishal Gulecha, Head - Retail Equities - ICICI Securities Limited** has presented his thoughts on **'Emerging equity market opportunities globally and industry best practices'**. We thank Mr. Gulecha for his contribution to the APAS Monthly.

This month, the APAS column covers '**The Global Shift: Central Banks Turning to Gold as the Ultimate Reserve Asset'.**

The economic indicators showed mixed performance. Manufacturing PMI stood at 57.5 in October 2024, compared with the flash estimate of 57.4. Services PMI was revised higher to 58.5 in October 2024 from a flash estimate of 57.9. Infrastructure output in India expanded 2% year-on-year in September 2024, rebounding from a 1.8% contraction in the previous month. Industrial production grew 3.1% year-on-year in September 2024, exceeding expectations of a 2.5% growth and rebounding from a 0.1% contraction in the previous month. India's annual inflation rate in India soared to 6.21% in October of 2024 from 5.49% in the previous month, well above market expectations of 5.81% to mark the highest inflation rate in over one year. India Wholesale Price Index (WPI) number is number is 2.36% (Provisional) for the month of October 2024 (over October 2023).

In consultation with the Government of India and SEBI, the Reserve Bank of India has finalised an operational framework for reclassification of Foreign Portfolio Investment made by Foreign Portfolio Investors (FPI) to Foreign Direct Investment (FDI) under Foreign Exchange Management (Non-debt Instruments) Rules, 2019 in case of any breach of the investment limit by the FPIs concerned.

The Insurance Regulatory and Development Authority of India (IRDAI) published life insurance data of October 2024.

Securities and Exchange Board of India (SEBI) study revealed that in 25% of instances, listed companies paid royalties exceeding 20% of their net profits to related parties.

The fintech and digital payments landscape continues to evolve dynamically, with global fintech funding surging to $2.66 billion in October 2024, and India's UPI transactions projected to hit 25 billion per month by 2026. Festive seasons have further spurred digital payment adoption, with credit-based instruments driving a 30% rise in spending. Meanwhile, innovations like the Digital Rupee and embedded finance are transforming financial inclusion and platform revenue opportunities, though challenges like UPI frauds and unauthorized lending persist. Enhancements like PAN 2.0 and net banking interoperability signal ongoing efforts to bolster efficiency and security across the sector.

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

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# On the Cover

## GUEST COLUMN

*Emerging equity market opportunities globally and industry best practices*

***Mr. Vishal Gulechha***
***Head - Retail Equities***
***ICICI Securities Limited***

## APAS COLUMN

*The Global Shift: Central Banks Turning to Gold as the Ultimate Reserve Asset*

## ECONOMY

*Index of Industrial Production – Sept*
*Inflation update – Oct*
*PMI update – Oct*
*Core Sector – Oct*
*GDP Q2 of FY 2024 - 25*

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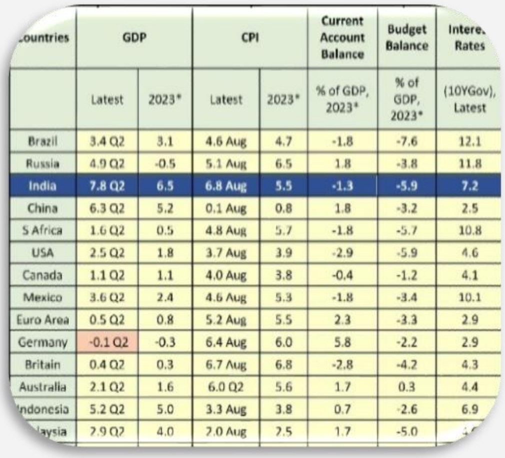

| Countries | GDP | | CPI | | Current Account Balance | Budget Balance | Interest Rates |
|---|---|---|---|---|---|---|---|
| | Latest | 2023* | Latest | 2023* | % of GDP, 2023* | % of GDP, 2023* | (10YGov), Latest |
| Brazil | 3.4 Q2 | 3.1 | 4.6 Aug | 4.7 | -1.8 | -7.6 | 12.1 |
| Russia | 4.9 Q2 | -0.5 | 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 | 2.9 Q2 | 4.0 | 2.0 Aug | 2.5 | 1.7 | -5.0 | [illegible] |

## ECONOMIC DATA SNAPSHOT

*Global GDP, CPI, Current account balance, budget balance, Interest rates*


## BANKING

*Operational framework for reclassification of Foreign Portfolio Investment to Foreign Direct Investment (FDI) under Foreign Exchange Management (Non-debt Instruments) Rules, 2019*

## INSURANCE

*Life Insurance – Oct 2024*

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## CAPITAL MARKETS

*SEBI study finds that 1 out of 4 times, listed companies paid royalty exceeding 20% of their net profits to Related Parties*

## CAPITAL MARKETS SNAPSHOT

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


## FINTECH NEWS

*Highlights of the Month*

# Guest Column: Emerging equity market opportunities globally and industry best practices

***Mr. Vishal Gulechha***
***Head - Retail Equities***
***ICICI Securities Limited***

## Emerging equity market opportunities globally and industry best practices

Equity markets worldwide have experienced significant changes due to technological advancements, regulatory reforms, and evolving investor preferences. India in particular, is an emerging market with immense potential for growth. Traditionally, Indians have favoured Bank FDs for savings and shown less interest in the stock market due to perceived volatility and complexity. However, in recent years, India's participation in equity market has grown significantly, with the number of Demat accounts rising from 2.3 crores in 2014 to 17.5 crores till Oct 2024 along with strong inflows into mutual funds. Despite this progress, around 7% of Indians have higher exposure in equities, compared to 70% in the U.S. and 10% in China, highlighting untapped opportunities. [source: account opened at depositories, www.india-briefing.com, marketplacefairness.org]

Globally, equity markets have seen a surge in retail participation, particularly in emerging economies like India, Brazil, and Southeast Asia. In India, for instance, the adoption of Aadhaar-based KYC, integration with UPI for seamless transactions, and improved mobile infrastructure have democratized access to stock markets. In Sept 2024, around 82% of new Demat accounts in India are now being opened in Tier-2 and Tier-3 cities, indicating an expansion beyond traditional urban centers. [source: NSE]

This growth aligns with global trends, where equity markets in emerging and developed economies have benefited from improved accessibility, awareness, and regulatory enhancements. Recognizing these opportunities and adopting best practices is crucial for optimizing returns and minimizing risks in this dynamic setting.

Global markets are currently emphasizing the importance of disciplined and informed investing, with a focus on a combination of direct equities, systematic investment plans (SIPs), and basket investing to help investors diversify their portfolios and leverage the benefit from the power of compounding. In India, for example, equities have delivered a compound annual growth rate (CAGR) of 16% over the past two decades, rewarding returns for long-term investors. [source: business-standard]

Best practices, such as utilizing data-driven insights and adopting techno-funda (a combination of technical and fundamental analysis), are becoming increasingly popular among young investors in identifying short-term investment opportunities with a favourable risk-reward proposition. Furthermore, adoption of social media platforms by SEBI registered Research Analyst has helped in creating awareness about investing in Equity market amongst young investors.

The valuable contribution of initial public offerings (IPOs) to wealth creation should not be overlooked. IPO offer a lucrative entry point for retail investors, provided they are backed by strong fundamentals. Recent IPOs such as Bajaj Housing Finance (67.43 times), Waree Energies (79.44 times) which had the highest subscription rate in the retail category demonstrates growing inclination of retail investors in the Equity market. [source: Chittorgarh]

Regulatory reforms play a crucial role in shaping secure and transparent equity markets worldwide. In India, the Securities and Exchange Board of India (SEBI) has introduced reforms to streamline processes and increase investor confidence. The introduction of a T+1 settlement cycle, Aadhaar-based KYC, and the upcoming direct-to-client securities structure have reduced settlement risks and improved transparency.

These reforms are consistent with global best practices, where regulatory bodies seek to strike a balance between market efficiency with investor protection. Countries such as the U.S. and members of European Union have also concentrated on improving market accessibility while safeguarding investor interests through rigorous compliance frameworks.

**Technology: A Game Changer**

The role of technology in global equity markets cannot be emphasized enough. Digital platforms have revolutionized how investors engage with markets, offering seamless user experiences, real-time data, and user-friendly tools for decision-making. From AI-driven analytics to integrated dashboards that track portfolios, technology has empowered retail investors to make well-informed choices.

There has been increasing focus on security and data protection, as investors prioritize platforms with robust cybersecurity measures. Ensuring the safety of funds and personal information is not only a regulatory requirement but also a best practice that cultivates trust. As global platforms expand their services, their success in attracting and retaining clients will depend on their ability to offer secure, user-friendly interfaces.

**The Role of Young Investors**

Globally, young investors are at the forefront of equity market participation. In India, 40% of stock investors are under 30, indicating a generational shift. This trend is seen in other markets as well, with millennials and Gen Z investors are incorporating equities into their wealth creation strategies. [Source: economictimes.indiatimes]

These young investors are especially inclined towards techno-funda approach, blending data-driven technical analysis with a strong understanding of fundamentals. Their use of global digital platforms has further accelerated this trend, enabling them to access international markets, diversify portfolios, and make informed decisions backed by research and analytics.

The future outlook for global equity markets appears optimistic, with emerging markets like India positioned as crucial drivers of growth. As digital platforms, regulatory reforms, and increasing investor awareness continue to develop, the level of market participation is expected to expand considerably. It will be essential for investors to adopt effective practices such as focusing on long-term growth, leveraging advanced analytics, and emphasizing security, in order to navigate these opportunities successfully.

The combination of a growing young investor base, improved market infrastructure, and innovative technology is transforming the equity market landscape.

# APAS COLUMN

## *The Global Shift: Central Banks Turning to Gold as the Ultimate Reserve Asset*

In recent years, central banks globally have been shifting their reserves strategy, moving away from the U.S. dollar and favouring gold as a primary reserve asset. This trend has profound implications for global financial markets, signalling a potential reconfiguration of monetary power and reserve currencies.

**Historical Context and Growth in Gold Reserves**

Gold has long been a cornerstone of monetary systems, but its role as a reserve asset waned with the rise of fiat currencies. However, this dynamic has reversed since the global financial crisis of 2008. Central banks added over 1,000 metric tons of gold to their reserves annually in 2022 and 2023, a record-breaking streak, and this momentum has continued into 2024. These purchases are driven by concerns over currency devaluation, geopolitical risks, and the need for diversification in reserve portfolios.

Historically, gold's intrinsic value and resistance to inflation have made it a reliable store of wealth. As fiat currencies, especially the U.S. dollar, have faced inflationary pressures and fluctuations in value, gold's appeal as a hedge has only grown stronger. For instance, the World Gold Council notes that approximately 29% of central banks plan to increase their gold reserves further in 2024, highlighting its strategic importance.

**Decline of the Dollar and the Rise of Gold**

The U.S. dollar has long been the dominant global reserve currency, but this status is gradually being challenged. Central banks, particularly in emerging markets, are diversifying away from the dollar due to concerns over sanctions, geopolitical risks, and the Federal Reserve's monetary policy. While there is no immediate replacement for the dollar in international trade, gold is emerging as a credible alternative for reserves.

Gold offers unparalleled security and liquidity without relying on the policies or stability of a single nation. Countries like China, India, and Russia have significantly increased their gold reserves, with China alone adding 110 metric tons to its holdings in the first half of 2024.

**Gold as the Future of Reserve Assets**

The prospect of a single currency replacing the U.S. dollar remains uncertain. Cryptocurrencies, Special Drawing Rights (SDRs), and even the Euro have all been discussed as alternatives, but none provide the universal acceptance or stability required for global adoption. Gold, by contrast, has universal intrinsic value and is not subject to the policies of any single government.

Experts predict that gold will remain a key component of reserve strategies in the near future. Its role in ensuring financial stability during uncertain times cannot be overstated, particularly as central banks aim to mitigate risks associated with fiat currencies.

**Current Market Trends and Graphical Analysis**

Gold prices have surged over the past decade, supported by increased central bank demand and a volatile global economic environment. The graph below illustrates the upward trajectory of gold reserves held by central banks since 2010, correlating with key economic and geopolitical events. This trend underscores the growing reliance on gold as a strategic asset.

**Recent Developments and News Insights**

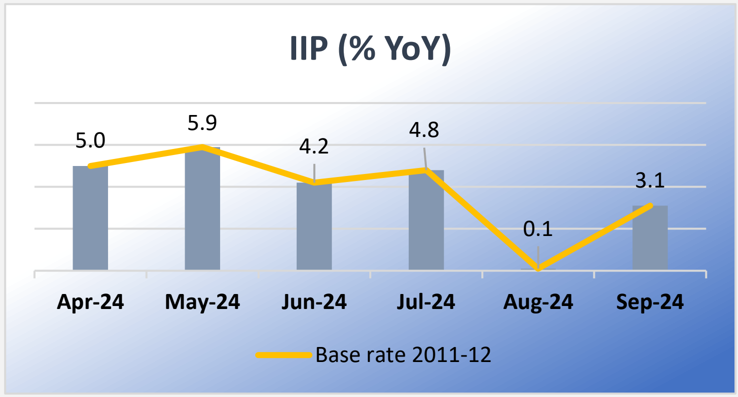
According to recent reports in the Economic Times, central banks are increasingly prioritizing gold in response to the heightened geopolitical risks and global economic uncertainties of 2024. Additionally, gold's stability amidst a backdrop of inflation normalization and adjusted monetary policies has reinforced its status as a "safe haven" asset. Reports also suggest that emerging economies are particularly active in gold accumulation, driven by diversification strategies and economic reforms.

**Conclusion**

The central banks' pivot toward gold signals a reshaping of global financial strategies. While no currency has yet emerged to dethrone the U.S. dollar as the primary reserve currency, gold's enduring value positions it as a critical reserve asset. This trend is likely to persist, ensuring that gold remains at the forefront of global monetary policy for years to come.

# ECONOMY

## *IIP (Index of Industrial Production) – Sept*



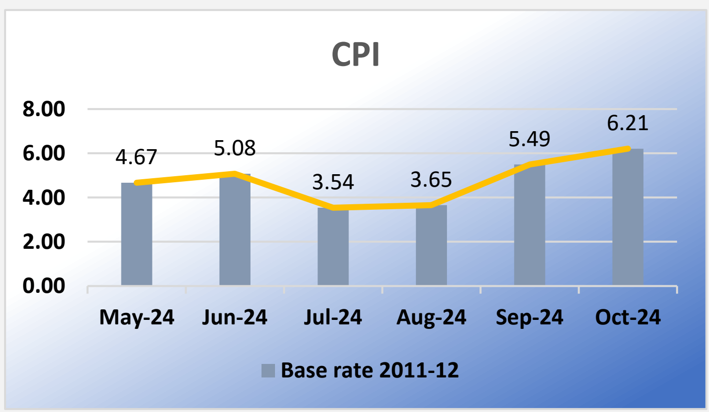

Source: APAS BRT, www.mospi.gov.in

Industrial production in India grew 3.1% year-on-year in September 2024, exceeding expectations of a 2.5% growth and rebounding from a 0.1% contraction in the previous month.

The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of September 2024 are 0.2 percent, 3.9 percent and 0.5 percent respectively. Within the manufacturing sector, top three positive contributors for the month of September 2024 are – "Manufacture of coke and refined petroleum products" (5.3%), "Manufacture of basic metals" (2.5%), and "Manufacture of electrical equipment" (18.7%).

The corresponding growth rates of IIP as per Use-based classification in September 2024 over September 2023 are 1.8 percent in Primary goods, 2.8 percent in Capital goods, 4.2 percent in Intermediate goods, 3.3 percent in Infrastructure/ Construction Goods, 6.5 percent in Consumer durables and 2.0 percent in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of September 2024 are –Intermediate goods, Consumer durables and Primary goods.

## *CPI (Consumer Price Index) – Oct*




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

The annual inflation rate in India soared to 6.21% in October of 2024 from 5.49% in the previous month, well above market expectations of 5.81% to mark the highest inflation rate in over one year. The result also marked the departure of India's price growth from the RBI's target of 2 percentage points away from the 4% level, further prolonging the expectations of eventual rate cuts. Inflation surged for food (10.87% vs 9.24% in September), which accounts for nearly half of the price basket, amid higher prices for and rose further for vegetables (42.18% vs 35.99%), oils and fats (9.51% vs 2.47%), and meat and fish (3.17% vs 2.66%).

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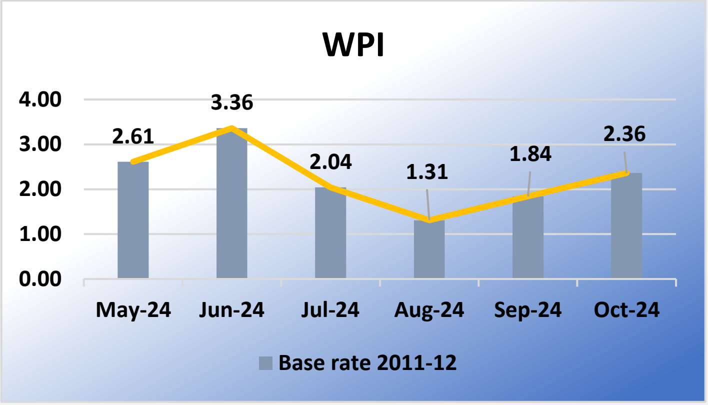
In turn, inflation also rose for housing (2.81% vs 2.78%), while deflation slowed for fuel and light (-1.39% vs -1.61%). From the previous month, the Indian CPI soared by 1.34%.

## *WPI (Wholesale Price Index) – Oct*

Wholesale Price Index (WPI) number is 2.36% (Provisional) for the month of October 2024 (over October 2023). Inflation in October 2024 is primarily due to increase in prices of food articles, manufacture of food products, other manufacturing, manufacture of machinery & equipment, manufacture of motor vehicles, trailers & semi-trailers, etc.

The month over month change in WPI for the month of October 2024 stood at 0.97 % as compared to September 2024.




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

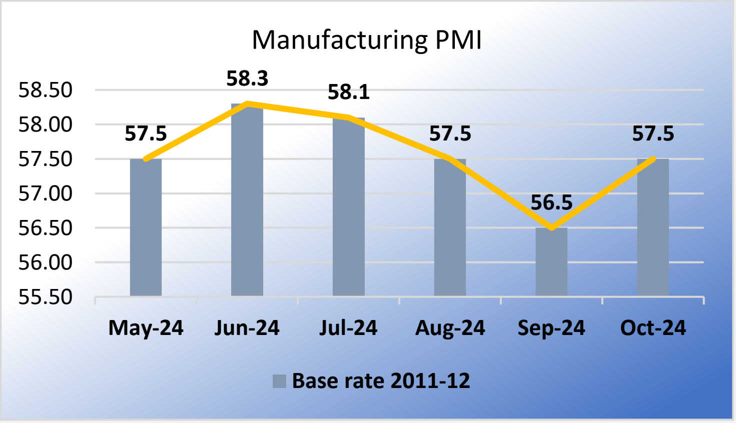
The index for primary articles increased by 2.35% to 200.3 (provisional) in October 2024 from 195.7 (provisional) for the month of September 2024. Prices of food articles (3.37%) and crude petroleum & natural gas (0.41%) increased in October 2024 as compared to September 2024. The Price of minerals (-1.67%) and non-food articles (-0.37%) declined in October 2024 as compared to September 2024

Prices for Fuel & Power declined by 0.27% to 146.5 (provisional) in October 2024 from 146.9 (provisional) for the month of September 2024. Price of electricity (1.18%) increased in October 2024 and price of mineral oils (-0.84%) and coal (-0.07%) decreased in October 2024 as compared to September 2024.

Prices for Manufacturing products increased by 0.49 % to 142.5 (provisional) in October 2024 from 141.8 (provisional) for the month of September 2024.

## *Manufacturing PMI – Oct*

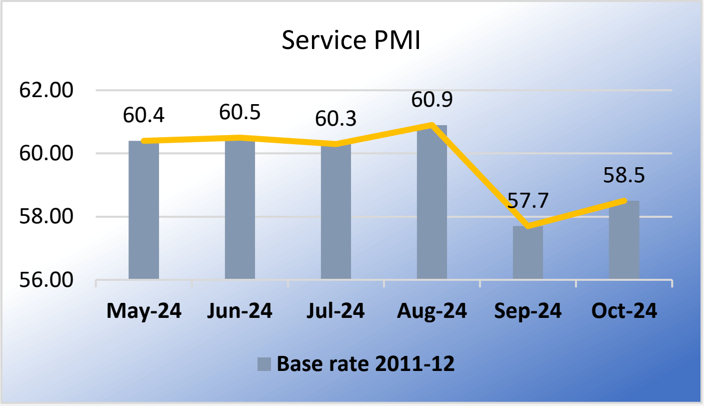
The HSBC India Manufacturing PMI stood at 57.5 in October 2024, compared with the flash estimate of 57.4 and after September's reading of 56.5. Output growth accelerated amid favorable market conditions, with new orders rising at a rate stronger than the average in nearly 20 years of data collection. Also, foreign sales grew robustly after experiencing the weakest rise in 1-1/2 years in September, and buying levels continued to expand. Regarding employment, firms hired additional staff, leading to the first decline in backlogs in over a year. Meanwhile, input delivery times shortened for the eighth month, although only slightly, as the vast majority of panelists reported no change in vendor performance. On the pricing side, input costs rose the most in three months but remained below the long-run trend. Meanwhile, output prices increased solidly, outpacing the series trend. Finally, the level of positive sentiment was above the average in the over 13-1/2 year of series history.




Source: www.tradingeconomics.com

## Services PMI – Oct

The HSBC India Services PMI was revised higher to 58.5 in October 2024 from a flash estimate of 57.9, following a final reading of 57.7 in September, which was the lowest in over a year. It marked the 39th consecutive month of expansion in services activity, and faster than expectations of 58.3, driven by robust sales and strong demand conditions. Sales grew beyond September's ten-month low, highlighting a recovery in the growth of foreign sales. Employment increased to the greatest degree in 26 months due to improvement in new business.

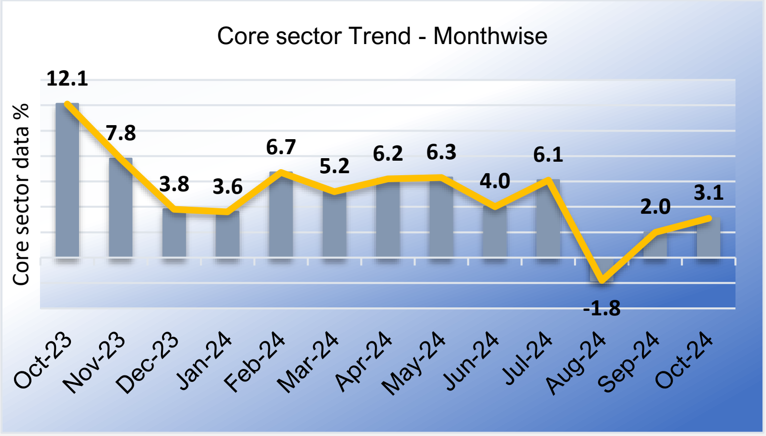



*Source: www.tradingeconomics.com*

On prices, input cost inflation accelerated to a three-month high, driven by higher food and wage costs. However, the overall rate of inflation remained below its long-run average. Meanwhile, output cost inflation rose to a three-month high, and outpaced the series trend as companies shared part of their additional cost burdens with clients. Finally, business sentiment remained positive, despite receding a little from September.

## Core Sector Data – Oct

The combined Index of Eight Core Industries (ICI) increased by 3.1 % (provisional) in October 2024 as compared to the Index in October, 2023. The production of Coal, Refinery Products, Steel, Cement, Electricity and Fertilizers recorded positive growth in October 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 July 2024 stands at 6.3 %. The cumulative growth rate of ICI during April to October, 2024-25 is 4.1 % (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 7.8 % in October 2024 over October 2023. Its cumulative index increased by 6.2 % during April to October, 2024-25 over corresponding period of the previous year.

**Crude Oil -** Crude Oil production (weight: 8.98 %) declined by 4.8 % in October 2024 over October 2023. Its cumulative index declined by 2.5 % during April to October, 2024-25 over corresponding period of the previous year.

**Natural Gas -** Natural Gas production (weight: 6.88 %) declined by 1.2 % in October 2024 over October 2023. Its cumulative index increased by 1.5 % during April to October, 2024-25 over corresponding period of the previous year.

**Petroleum Refinery Products -** Petroleum Refinery production (weight: 28.04 %) increased by 5.2 % in October 2024 over October 2023. Its cumulative index increased by 2.7 % during April to October, 2024-25 over corresponding period of the previous year.

**Fertilizers** - Fertilizer production (weight: 2.63 %) increased by 0.4 % in October 2024 over October 2023. Its cumulative index increased by 1.5 % during April to October, 2024-25 over corresponding period of the previous year.

**Steel -** Steel production (weight: 17.92 %) increased by 4.2 % in October 2024 over October 2023. Its cumulative index increased by 5.9 % during April to October, 2024-25 over corresponding period of the previous year.

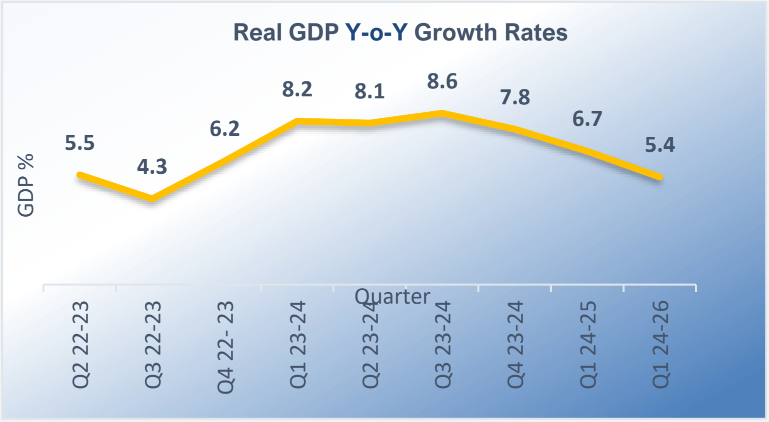
**Cement -** Cement production (weight: 5.37 %) increased by 3.3 % in October 2024 over October 2023. Its cumulative index increased by 1.8 % during April to October, 2024-25 over corresponding period of the previous year.

**Electricity -** Electricity generation (weight: 19.85 %) increased by 0.6 % in October 2024 over October 2023. Its cumulative index increased by 5.3 % during April to October, 2024-25 over corresponding period of the previous year.

## *GDP Q2 of FY 2024 - 25*

Key Highlights

- Real GDP has been estimated to grow by 5.4% in Q2 of FY 2024-25 over the growth rate of 8.1% in Q2 of FY 2023-24. Despite sluggish growth observed in Manufacturing (2.2%) and Mining & Quarrying (-0.1%) sectors in Q2 of FY 2024-25, real GVA in H1 (April-September) has recorded a growth rate of 6.2%.




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

- Real GVA has grown by 5.6% in Q2 of FY 2024-25 over the growth rate of 7.7% in Q2 of the previous financial year. Nominal GVA has witnessed a growth rate of 8.1 % in Q2 of FY 202425 over the growth rate of 9.3% in Q2 of FY 2023-24.

- Agriculture and Allied sector has bounced back by registering a growth rate of 3.5% in Q2 of FY 2024-25 after sub-optimal growth rates ranging from 0.4% to 2.0%, observed during previous four quarters.

- In the Construction sector, sustained domestic consumption of finished steel has resulted 7.7% and 9.1% growth rates respectively in Q2 and H1 of FY 2024-25.

- Tertiary sector has observed a growth rate of 7.1% in Q2 of FY 2024-25, as compared to the growth rate of 6.0% in Q2 of the previous financial year. In particular, Trade, Hotels, Transport, Communication & Services related to Broadcasting has seen a growth rate of 6.0% in Q2 of FY 2024-25 over the growth rate of 4.5% in Q2, 2023-24.

- Private Final Consumption Expenditure (PFCE) has witnessed a growth rate of 6.0% and 6.7% respectively in Q2 and H1 of the FY 2024-25 over the growth rate of 2.6% and 4.0% in Q2 and H1 of the previous financial year.

- Government Final Consumption Expenditure (GFCE) has rebounded to a growth rate of 4.4% after observing either negative or low growth rates in previous three quarters.

| 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 |
| 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 | 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 | [illegible] |

# 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 | 3.3 Q2 | 2.5 | 4.8 Oct | 4.3 | -1.6 | -7.6 | 12.8 |
| Russia | 3.1 Q3 | 3.7 | 8.5 Oct | 8.5 | 3.1 | -1.7 | 16.3 |
| India | 6.7 Q2 | 7.0 | 6.2 Oct | 4.7 | -0.5 | -4.9 | 6.8 |
| China | 4.6 Q3 | 4.9 | 0.3 Oct | 0.5 | 0.7 | -4.4 | 1.7 |
| S Africa | 0.3 Q2 | 1.1 | 2.8 Oct | 4.6 | -1.8 | -5.2 | 9.0 |
| USA | 2.7 Q3 | 2.7 | 2.6 Oct | 2.8 | -3.4 | -6.6 | 4.2 |
| Canada | 0.9 Q2 | 1.2 | 2.0 Oct | 2.3 | -1.2 | -1.2 | 3.3 |
| Mexico | 1.6 Q3 | 1.4 | 4.8 Oct | 4.8 | 0.3 | -5.2 | 10.0 |
| Euro Area | 0.9 Q3 | 0.8 | 2.0 Oct | 2.4 | 3.2 | -3.1 | 2.2 |
| Germany | -0.3 Q3 | -0.1 | 2.4 Oct | 2.4 | 6.3 | -1.6 | 2.2 |
| Britain | 1.0 Q3 | 1.1 | 2.3 Oct | 2.9 | -2.9 | -4.0 | 4.3 |
| Australia | 1.0 Q2 | 1.1 | 2.8 Q3 | 3.1 | -0.6 | -1.0 | 4.6 |
| Indonesia | 4.9 Q3 | 5.1 | 1.7 Oct | 2.2 | -0.1 | -2.5 | 6.9 |
| Malaysia | 5.3 Q3 | 5.1 | 1.9 Oct | 1.9 | 1.4 | -4.5 | 3.8 |
| Singapore | 5.4 Q3 | 3.5 | 1.4 Oct | 2.4 | 19.3 | 0.2 | 2.8 |
| S Korea | 1.7 Q3 | 2.3 | 1.3 Oct | 2.4 | 3.8 | -1.8 | 2.9 |

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# BANKING

## ***Operational framework for reclassification of Foreign Portfolio Investment to Foreign Direct Investment (FDI) under Foreign Exchange Management (Non-debt Instruments) Rules, 2019***

In consultation with the Government of India and SEBI, the Reserve Bank of India has finalised an operational framework for reclassification of Foreign Portfolio Investment made by Foreign Portfolio Investors (FPI) to Foreign Direct Investment (FDI) under Foreign Exchange Management (Non-debt Instruments) Rules, 2019 in case of any breach of the investment limit by the FPIs concerned. This would further enhance the ease of doing business in India.

Accordingly, the Reserve Bank of India has issued the operational framework for reclassification of such foreign portfolio investments to foreign direct investment vide A.P. (DIR Series) Circular No. 19 dated November 11, 2024.

# INSURANCE

## *Life Insurance – Oct 2024*

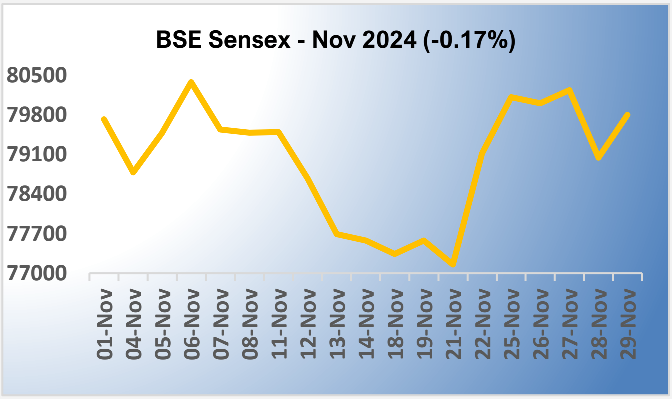
| New Business Statement of Life Insurers for the Period ended 31st October 2024 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Sl No. | Insurer | First year Premium | | | No of Policies/Schemes | | | Sum Assured | | |
| | | Up to 30th October, 2024 | Growth in % | Market Share | Up to 30th October, 2024 | Growth in % | Market Share | Up to 30th October, 2024 | Growth in % | Market Share |
| 1 | **Acko Life Insurance** | 33.93 | 529.41 | 0.02 | 947.00 | 23575.00 | 0.01 | 3800.97 | 594.65 | 0.06 |
| 3 | **Ageas Federal Life** | 773.40 | 38.51 | 0.35 | 35161.00 | 23.60 | 0.24 | 15206.14 | 36.94 | 0.26 |
| 4 | **Aviva Life** | 164.00 | -19.04 | 0.07 | 8296.00 | -46.87 | 0.06 | 41554.57 | 24.15 | 0.70 |
| 5 | **Bajaj Allianz Life** | 6789.74 | 16.29 | 3.09 | 436008.00 | 19.32 | 2.99 | 374756.75 | 10.20 | 6.31 |
| 6 | **Bandhan Life** | 74.37 | 74.63 | 0.03 | 12680.00 | 14.29 | 0.09 | 8129.99 | 7.61 | 0.14 |
| 7 | **Bharti Axa Life** | 370.69 | -14.03 | 0.17 | 40434.00 | -17.55 | 0.28 | 6067.50 | -36.08 | 0.10 |
| 8 | **Canara HSBC Life** | 1602.63 | -0.31 | 0.73 | 103738.00 | 11.82 | 0.71 | 153822.79 | -15.91 | 2.59 |
| 9 | **CreditAccess Life** | 66.05 | 126.77 | 0.03 | 280.00 | 366.67 | 0.00 | 9223.17 | 424.72 | 0.16 |
| 10 | **Edelweiss Tokio Life** | 255.77 | 2.58 | 0.12 | 23116.00 | -11.30 | 0.16 | 3644.62 | -27.80 | 0.06 |
| 11 | **Future Generali Life** | 240.84 | 15.97 | 0.11 | 16867.00 | -1.45 | 0.12 | 19754.21 | 26.12 | 0.33 |
| 12 | **Go Digit Life** | 621.76 | 441.18 | 0.28 | 1192.00 | 436.94 | 0.01 | 386029.64 | 255.99 | 6.50 |
| 13 | **HDFC Life** | 17505.99 | 14.11 | 7.97 | 670970.00 | 19.22 | 4.61 | 776321.66 | 8.49 | 13.07 |
| 14 | **ICICI Prudential Life** | 10362.38 | 18.58 | 4.72 | 346024.00 | 10.89 | 2.37 | 658249.07 | 15.74 | 11.08 |
| 15 | **India First Life** | 1618.27 | -20.72 | 0.74 | 100905.00 | -37.18 | 0.69 | 264035.84 | 8.68 | 4.44 |
| 16 | **Kotak Mahindra Life** | 4185.77 | 11.51 | 1.91 | 136283.00 | -3.44 | 0.94 | 148895.50 | -24.08 | 2.51 |
| 17 | **Max Life** | 5929.44 | 18.49 | 2.70 | 406845.00 | 18.14 | 2.79 | 308725.17 | 13.58 | 5.20 |
| 18 | **PNB Met Life** | 2363.57 | 46.39 | 1.08 | 166372.00 | 12.48 | 1.14 | 73849.05 | -3.84 | 1.24 |
| 19 | **Pramerica Life** | 666.01 | 16.01 | 0.30 | 24270.00 | 34.33 | 0.17 | 63173.72 | 28.14 | 1.06 |
| 20 | **Reliance Nippon Life** | 623.57 | 1.41 | 0.28 | 91380.00 | -7.91 | 0.63 | 16355.26 | 5.08 | 0.28 |
| 21 | **SBI Life** | 18372.37 | -3.36 | 8.37 | 1147787.00 | -0.84 | 7.88 | 432923.50 | 6.04 | 7.29 |
| 22 | **Shriram Life** | 1075.59 | 9.12 | 0.49 | 310844.00 | 76.06 | 2.13 | 109447.51 | 88.90 | 1.84 |
| 23 | **Star Union Dai-ichi Life** | 2409.34 | 40.96 | 1.10 | 89867.00 | -8.74 | 0.62 | 46483.11 | -57.54 | 0.78 |
| 24 | **Tata AIA Life** | 5121.77 | 21.26 | 2.33 | 454816.00 | 26.72 | 3.12 | 562845.60 | 19.85 | 9.48 |
| | **Private Total** | **86880.67** | **12.97** | **39.57** | **4809831** | **11.28** | **33.01** | **4765102** | **17.49** | **80.22** |
| 25 | **LIC of India** | 132680.98 | 22.52 | 60.43 | 9760239.00 | 2.76 | 66.99 | 1175052.32 | 21.05 | 19.78 |
| | **Grand Total** | **219561.64** | **18.56** | **100.00** | **14570070** | **5.42** | **100.00** | **5940154** | **18.17** | **100.00** |

# CAPITAL MARKET

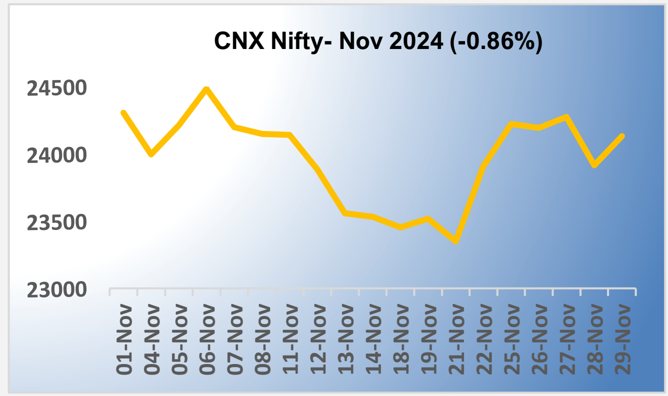
***SEBI study finds that 1 out of 4 times, listed companies paid royalty exceeding 20% of their net profits to Related Parties***

A SEBI study revealed that in 25% of instances, listed companies paid royalties exceeding 20% of their net profits to related parties. The findings highlight potential governance concerns regarding financial transactions with affiliates.

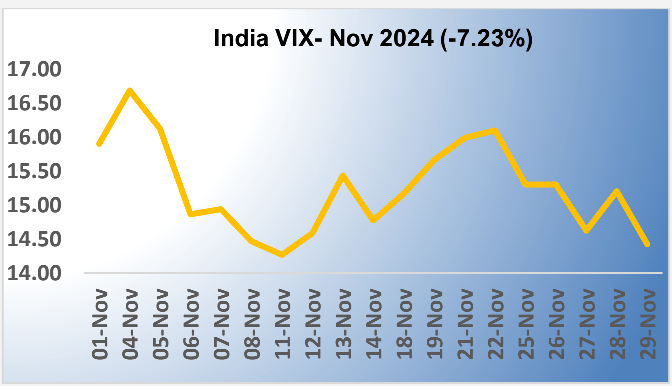
# CAPITAL MARKET SNAPSHOT



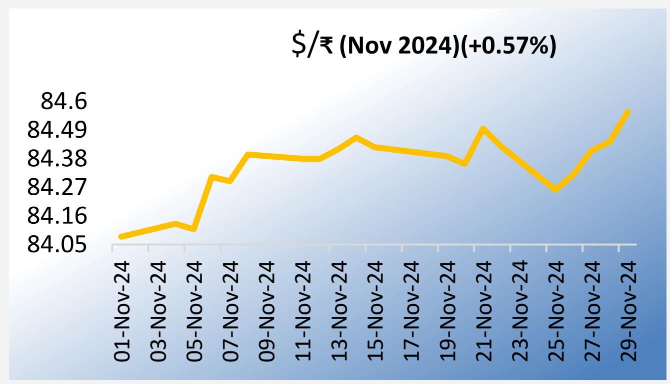

*Source: National Stock Exchange*



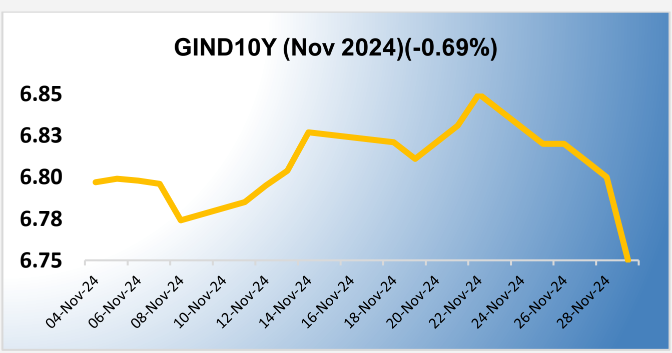

*Sources: Bombay Stock Exchange*




*Sources: National Stock Exchange*




*Sources: APAS Business Research Team*




*Sources: APAS Business Research Team*

In Nov, the Sensex, driven by bullish sentiment and strong sectoral performances, regained the 80,000 mark. Nifty50 also surpassed 24,200. Broader indices, such as MidCap and SmallCap, experienced modest growth, surging by 0.5% and 0.3% respectively. Notably, volatility (VIX) decreased. However, both the Nifty (down 0.86%) and Sensex (down 0.17%) experienced a decline over the month of November.


# FINTECH

## *Highlights of the Month*

Global FinTechs raised about $2.66 bln in October 2024

According to a report by 1Lattice, the global fintech sector witnessed a surge in funding in October 2024, with the total funding reaching USD 2.66 billion, which is higher than USD 2.2 billion in September. The top 20 FinTechs globally raised approximately USD 1.81 billion in October, which is significantly higher than the USD 1.58 billion raised in September.

UPI on credit fuels festive sales jump, spend per user up 30%

UPI on credit fueled festive sales, with spending per user up 30%. Smaller merchants in Tier-1 and Tier-2 cities benefited significantly from this trend. Regional differences in spending patterns were observed, with Tier-1 city shoppers prioritizing experiences and Tier-2 city shoppers focusing on essentials.

Digital payments show strong uptick buoyed by wider adoption of credit during festive seasons

During this year's festive season, digital payments in India experienced a significant surge, driven by increased adoption of credit-based instruments such as credit cards and pay-later options. Between October 3 and 12, platforms like Razorpay reported a 106% rise in credit card transactions and a 60% increase in UPI transactions compared to the previous year. Amazon Pay observed that approximately 20% of purchases were made using EMIs, with 80% of these being no-cost EMIs. Additionally, UPI maintained its dominance, recording over 500 million daily transactions during this period.

Study explores Digital Rupee's transformative potential in financial inclusion

Hashtag Web3's report, *Central Bank Digital Currency in India*, explores the transformative potential of India's Digital Rupee in enhancing financial inclusion, especially for the 19-crore unbanked population. It highlights India's success with UPI and examines CBDC's offline capabilities, its impact on traditional banking, and privacy challenges. Comparisons with China's Digital Yuan and early findings from pilot programs involving 5 million users offer insights into large-scale adoption and implications for India's digital economy.

Venture debt funding propels Indian fintech, EV startups

Venture debt funding is playing a key role in driving growth in India's fintech and EV sectors. Startups are increasingly turning to venture debt to avoid equity dilution, especially given the limited availability of equity funding. This debt is preferred for its less dilutive nature and flexible repayment options. About 67% of EV startups rely on venture debt for a significant portion of their funding, with traditional lenders hesitant to support these high-risk sectors.

Banks, NBFCs, and FinTechs identify unauthorised lenders as top risk

A recent report by FACE & Grant Thornton highlights that banks, NBFCs, and fintechs identify unauthorized lenders as the top risk facing the sector. These unregulated entities are often associated with aggressive collection methods and predatory lending practices, causing reputational and financial damage. The survey also points to cybercrime, data privacy concerns, and regulatory compliance as other significant risks in the fintech industry.

Millennials, Gen Z comprise highest share of lending amounts on P2P lending

A recent report by LenDenClub highlights that Millennials and Gen Z are leading the way in P2P lending, accounting for the highest share of lending amounts. Their tech-savviness and preference for digital financial solutions make P2P platforms an attractive option for these generations. They favor the flexibility, competitive interest rates, and community engagement offered by these platforms. The growing adoption of P2P lending is reflective of Millennials and Gen Z's increasing financial independence and inclination toward digital-first, transparent solutions.

Embedded finance to unlock $25 bn revenue opportunity for India's platforms by 2030

Embedded finance in India is projected to unlock a $25 billion revenue opportunity by 2030, driven by the integration of financial services into everyday consumer platforms, digital networks, and supply chains. This includes significant growth in e-commerce, travel, and mobility sectors, with the potential to reach 400-450 million users. Additionally, India's open digital networks like ONDC could contribute over $5 billion, and the digitization of supply chains presents a $10-12 billion opportunity, particularly for MSME lending and insurance. This transformation, supported by government initiatives like UPI and KYC, is seen as a way to enhance customer retention and affordability.

PAN 2.0 project to reduce costs for fintech companies

The PAN 2.0 project, recently approved by the Indian government, aims to streamline PAN data management by consolidating two existing authorities (Protean eGov Technologies and UTIITSL) into a unified system. This move is expected to lower operational costs for fintech companies by simplifying PAN verification processes, reducing duplication, and boosting efficiency in credit and authentication systems. Additionally, the project will modernize PAN cards with features like QR codes, enhancing security and usability.

UPI frauds: Indians lose Rs 2,145 crore across 2.7 million reported incidents since 2022-23

Since 2022-23, UPI frauds have led to a loss of Rs 2,145 crore across 2.7 million reported incidents in India. In FY 2023-24 alone, fraud cases increased significantly, with 13.42 lakh cases amounting to Rs 1,087 crore. The ongoing FY 2024-25 has already seen 632,000 incidents, resulting in a loss of Rs 485 crore. To combat this, the government, RBI, and NPCI have implemented preventive measures such as fraud monitoring tools and customer awareness campaigns.

Interoperability in net banking payments soon

NPCI is working on integrating netbanking and mobile banking interoperability with a group of banks, including ICICI and HDFC, to ease online payments. The initiative will allow consumers to make payments directly via netbanking, reducing reliance on payment aggregators and easing pressure on UPI. The first phase of the project is expected to go live in the coming months, with more banks to join later. The goal is to enhance large-ticket transactions and improve transaction success rates, as outlined in the RBI's 2025 vision.

UPI transactions may touch 25 billion a month towards 2025 end

India's UPI transactions are expected to reach 25-30 billion per month by early 2026, fueled by growth in P2M payments. In the first half of 2024, P2M transactions saw a 68% rise in volume, while the total transaction value grew by 62%. Additionally, recent RBI adjustments to UPI's transaction limits are likely to further boost its adoption. With mobile wallets like PhonePe, Paytm, and Google Pay handling a large portion of transactions, UPI remains a preferred choice for microtransactions, signaling sustained growth.

# 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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