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EDITORIAL

In this issue, **Mr. Umesh Balani, Head – Private Wealth Management, ICICI Securities Ltd** has presented his thoughts on **'Wealth Management in the context of present market dynamics – Way ahead'**. We thank Mr. Balani for his contribution to the APAS Monthly.

This month, the APAS column covers '**Balancing Borders and Markets: The Global Business Dilemma'.**

The economic indicators exhibited a mixed performance, trending downwards. Manufacturing PMI for January 2025 fell to 56.3 in February 2025, below initial estimates of 57.1 and January's 57.7. Services PMI was revised lower to 59.0 in February 2025 from 61.6 in the flash reading. India's infrastructure output advanced by 2.9% year-on-year in February 2025, slowing from an upwardly revised 5.1% growth in the previous month. Industrial production in India grew by 5.0% year-on-year in January 2025, following a revised 3.5% expansion in December and exceeding market expectations of 3.5%. India's annual inflation rate dropped to 3.62% in February 2025, down from a revised 4.26% in the previous month. India Wholesale Price Index (WPI) number is 2.38% (provisional) for the month of February 2025 (over February 2024).

The Reserve Bank of India (RBI) and the Bank of Mauritius (BOM) signed a Memorandum of Understanding (MoU) for establishing a framework to promote the use of local currencies, viz., the Indian Rupee (INR) and the Mauritian Rupee (MUR) for cross-border transactions. The Financial Sector Assessment Program (FSAP) 2024 report by the IMF highlights the resilience and growth of India's financial sector since the last assessment in 2017. It has been decided, in consultation with the Government of India, that the limit for Ways and Means Advances (WMA) for the first half of the financial year 2025-26 (April to September 2025) will be ₹1,50,000 crore.

The 129th Meeting of the IRDAI Authority was conducted on 12th March 2025.

SEBI issued a circular granting Alternative Investment Funds (AIFs) additional time to report the issuance of differential rights to investors. SEBI issued a circular introducing measures to expedite rights issues and provide flexibility in allotting shares to specific investors. SEBI has partnered with Digi Locker to address the issue of unclaimed assets in the Indian securities market. SEBI has introduced a framework for the Social Stock Exchange (SSE) to promote social enterprises and voluntary organizations. In its recent board meeting, SEBI made several key decisions to enhance market infrastructure and investor protection. SEBI has introduced measures to facilitate ease of doing business, focusing on the framework for assurance or assessment of ESG (Environmental, Social, and Governance) disclosures for the value chain.

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

Wealth Management in the context of present market dynamics – Way ahead

Mr. Umesh Balani
Head – Private Wealth Management,
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APAS COLUMN

Balancing Borders and Markets: The Global Business Dilemma

ECONOMY

Index of Industrial Production – Jan
Inflation update – Feb
PMI update – Feb
Core Sector – Feb

ountries	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
ndonesia	5.2 Q2	5.0	3.3 Aug	3.8	0.7	-2.6	6.9
laysia	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

Reserve Bank of India and Bank of Mauritius Sign Memorandum of Understanding to Promote Use of Local Currencies for Bilateral Transactions

India: Financial Sector Assessment Program, 2024

WMA Limit for Government of India for April – September 2025

INSURANCE

129th Authority Meeting

CAPITAL MARKETS

Relaxation in timeline for reporting of differential rights issued by AIFs

Faster Rights Issue with a flexibility of allotment to specific investor(s)

SEBI Partners with Digi Locker to Reduce Unclaimed Assets in the Indian Securities Market

Framework on Social Stock Exchange (SSE)

SEBI Board Meeting

Measures to facilitate ease of doing business with respect to framework for assurance or assessment, ESG disclosures for value chain, and introduction of voluntary disclosure on green credits

CAPITAL MARKETS SNAPSHOT

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

GUEST COLUMN

Mr. Umesh Balani
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Wealth Management in the context of present market dynamics – Way ahead

Wealth Management is a vast subject and can be better understood by first looking at the current market scenario, the way forward and some golden principles of wealth management like asset allocation and long-term compounding, etc.

Current market scenario - A retrospect:
Before getting into the asset classes, it would be fair to quickly recap the macro-economic landscape that has evolved over few quarters, which has had a direct impact on markets.

Till FY24, the Indian economy witnessed various tailwinds, one primary being the overall push for capex led by Government and a pick-up in household capex by way of real estate / construction activity. Country level capital formation picked up from 27% of GDP in FY21 to cross 30% of GDP by FY24*. This, alongside tailwinds of benign commodity prices & various local initiatives, led to a substantial pick up in corporate profit growth. Equity markets followed this growth.

However, FY25 witnessed a moderation in overall Government expenditure including state specific capex amidst the rush for mega social schemes promoting women/girl empowerment. Then the Indian economy underwent a bout of cyclical economic soft patch due to tighter monetary & regulatory policy. Covid related consumption pick up had already normalized in FY24, so there was no such thing left incrementally as ‘pent up demand’ in FY25. All these led to a moderation in corporate profit growth. As against an expectation of 16% growth in FY25, the year might see a high single digit growth in profits*. Markets therefore reacted downwards given elevated valuations amidst slower growth, leading to very large foreign portfolio outflows. As of date, the local reasons for a softer economic patch in the economy seem to be stabilizing, especially considering a substantial monetary policy pivot – the Reserve Bank of India has moved from a tighter policy to an increasingly accommodative policy when it comes to system liquidity. RBI has infused nearly seven trillion worth of liquidity YTD*. FY26 is expected to be a normal year for Government expenditure as well in line with the budget estimates.

The global landscape & near term
Of late, the change in US policy towards high tariffs on imports has induced uncertainty on the likely path of global growth – US being the biggest driver of global demand. Till recently, US was considered to be a strong proponent of 'globalization', which has suddenly reversed into now being more protectionist and inward looking. This has induced high degree of uncertainty from a near term perspective.

However, notwithstanding the above, a likely mild slowdown in US economic growth trajectory may not augur well for rest of world (RoW). While growth may witness modest impact, given that tariffs expected on India are not as high as other markets, there may be countervailing benefits that may accrue to India (as business moves away from highly tariffed countries). For example, if China durably faces 54% tariffs vs. 26% for India, isn't this a competitive advantage for Indian business on a relative basis?

Additionally, lower growth in US implies lower interest rates / bond yields, which in turn puts downward pressure on US Dollar (relative to other currencies), especially the developed market currencies. In such a situation, contrary to the earlier position, foreign portfolio outflows are likely to abate meaningfully. Eventually, it may not be a surprise if there is a reversal of some investment position of investors to RoW itself (note that US has a net international investment position of negative $26tn, i.e., that much is owed to the world on net)*. All this can possibly imply that Indian markets, despite the global uncertainty, may see some allocations in the medium term. A deep recession in US, however, can cause US markets to fall much more, putting pressure on other markets including India.

The medium term view towards Equities

The medium term (two to three years) is likely to be determined by one: how companies report growth in profits as the domestic economy recovers from a cyclical soft patch, and two: can India finalize a bilateral trade agreement wherein the current tariffs go away or reduce to a large extent. The expectation is that corporate profits should move up slightly higher than nominal GDP growth rate (early teens) – not a very high expectation to begin with.

More specifically, on a forward basis, Nifty is expected to deliver ~14% EPS CAGR over FY25E-FY27E*. Based on that Nifty is trading at a forward PE multiple of 18.9x and 16.7x on FY26E and FY27E EPS respectively*. Even Nifty PE Premium over MSCI EM PE is below historical Median of 80% and currently trading at ~60%*. However, mid & small caps (SMID) are still trading at rich valuations, but some pockets of value are emerging in banks, capital goods and infra space but, at the same time, one has to be thoughtful of what one is paying for in the SMID universe. In such times of uncertainty, prime focus as an investor should also be on capital protection, hence preference for companies with strong balance sheet and capital efficient business model.

Fixed Income: As mentioned above, RBI has already moved to a neutral stance while being highly accommodative towards liquidity. Overall, policy rates are expected to go down by 50bps (over two policies). While bond yields are already indicating the same, there may be some more room for them to rally. Within fixed income, one may lock in yields at current level, especially shorter duration instruments including Fixed Deposits.

Gold: Gold has got de-anchored from US Dollar and real interest rates. Historical correlations haven't worked in the current cycle, especially post Russia Ukraine conflict as globally Central Banks have increased diversification of their reserves into Gold. The key question is whether Gold has already run up and is discounting a slower US economy as well as lower Dollar? Or can there be more upside? Fundamentally, Gold is trading at a significant premium to the all-in sustaining cost of production. Usually, such premium doesn't last for very long. Therefore, while in near term Gold may maintain an upward bias considering tariff related uncertainties, over longer term one would have much lesser confidence of a repeat of its recent performance. Multi Asset Allocation Funds may be a better way of taking exposure to Gold.

Some standard principles of managing money

Managing Asset Allocation: Investment decisions are typically a function of following steps:

- Choosing an asset class or multiple asset classes
- Deciding sizing in each asset class (unless there is only one)

- Selecting securities within that asset class
- Sizing allocation in each such security
- Constantly rebalancing at security & asset class level to maintain a desired risk profile

Invariably, one ends up choosing an asset class and / or security basis its historical performance. It should ideally be basis underlying fundamentals (like valuation) along with a forward-looking assessment of likely risk adjusted performance. The table below would illustrate how a well-balanced portfolio (having mix of asset classes) can generate good risk adjusted performance over time, without being at the bottom in worst of the times. The table shows the performance of each asset class in descending order of performance for each calendar year. Notably, while investors like to invest in the recent winners, seldom does it happen that previous winners continue to remain winners for long. Cyclicality of asset classes is a well-accepted norm as evidenced by data. It has always been prudent to reduce allocation to asset classes which have performed much higher than historical norms and move to other asset classes which offer relative value. Hence, maintaining an optimal asset allocation and remaining invested through market cycles, helps reap the benefits of long term compounding that various asset classes have to offer, especially equities.

Managing biases: Asset allocation decisions get influenced by one's biases. While there are many biases that individuals suffer from, herd mentality & recency bias are two most common biases which impact decision making. Bias and rationality can co-exist. It is extremely important that one doesn't get led by popular narratives (herd thinking). Equally important is not to believe that what is the current trend will sustain for long. Trends in asset price movement change very frequently as alternative triggers emerge. But the first step in the process is to be aware of the fact that one may have certain biases which would unconsciously influence one's decision making.

Over long periods of time what helps is to understand your risk-return profile and follow asset allocation accordingly, of course, along with a trusted advisor.

Asset Class Performance in descending order for each Calendar Year (%)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025*	CAGR	Volatility	Risk Adj Return
Global 35	Mid 58	Mid 11	MAF 13	Small 56	Gold 8	Global 27	Gold 28	Small 58	MAF 18	Small 46	Mid 26	Gold 19	BAF 13	BAF 8	BAF 1.7
MAF 17	Small 57	LT Debt 9	LT Debt 13	Mid 51	ST Debt 6	Gold 24	Small 26	Mid 47	Gold 14	Mid 41	Small 24	MAF 4	MAF 17	MAF 13	MAF 1.3
BAF 13	MAF 38	ST Debt 8	Gold 11	Large 32	LT Debt 6	BAF 11	Mid 25	MAF 36	BAF 9	MAF 25	Gold 21	LT Debt 4	Gold 11	Gold 11	Gold 0.9
ST Debt 8	Large 32	BAF 8	ST Debt 10	MAF 29	BAF 4	LT Debt 11	Global 17	Large 25	Large 5	Large 21	Global 19	ST Debt 3	Global 9	Global 11	Global 0.8
Large 6	BAF 30	Small 2	BAF 9	BAF 21	Large 1	ST Debt 10	Large 15	Global 19	ST Debt 4	Global 21	MAF 17	BAF 0	Large 13	Large 12	Large 1
LT Debt 4	LT Debt 14	Global 0	Global 8	Global 14	MAF -1	Large 10	BAF 12	BAF 16	Mid 2	BAF 17	BAF 13	Large -3	Mid 19	Mid 24	Mid 0.8
Mid -4	ST Debt 10	MAF -1	Mid 6	ST Debt 6	Global -3	MAF 8	LT Debt 12	ST Debt 3	LT Debt 2	Gold 15	Large 12	Global -4	Small 16	Small 29	Small 0.6
Gold -5	Global 4	Large -3	Large 4	Gold 5	Mid -14	Mid 0	MAF 11	LT Debt 3	Small -2	LT Debt 8	LT Debt 10	Mid -9	ST Debt 8	ST Debt 3	ST Debt 2.8
Small -15	Gold -8	Gold -7	Small 2	LT Debt 5	Small -24	Small -10	ST Debt 10	Gold -4	Global -11	ST Debt 7	ST Debt 8	Small -14	LT Debt 8	LT Debt 4	LT Debt 2.1

2025* YTD. BAF implies Balanced Advantage Fund (mix of equity & debt) while MAF implies Multi Asset Fund (which in addition mixed commodities like Gold). LT Debt implies long term bonds while ST implies Short Term debt instruments like FD or short duration bonds.

*Source: ICICI Securities Research, Bloomberg Estimates

APAS COLUMN

Balancing Borders and Markets: The Global Business Dilemma

The modern business landscape is shaped by a complex interplay between globalization and nationalism. Globalization, characterized by the increasing integration of economies, cultures, and populations across the world, has fostered unprecedented interconnectedness. Technological advancements and international economic partnerships have driven the development of global supply chains and the rapid expansion of digital trade. However, alongside these trends, there has been a growing resurgence of nationalism, wherein nations emphasize economic self-reliance, political sovereignty, and cultural distinctiveness. This resurgence has influenced government policies aimed at protecting domestic industries and exerting greater control over international trade. The tension between globalization, which seeks a borderless economic system, and nationalism, which prioritizes national interests, creates a dynamic and often contradictory environment for global business. Economic crises, geopolitical tensions, and supply chain disruptions have further intensified this complex landscape, compelling businesses and governments to reassess their strategies.

Globalization has significantly transformed global business operations. The expansion of international trade and FDIs has led to increased economic interdependence among nations. MNCs play a crucial role in organizing global production and distributing resources across borders to maximize efficiency. A key feature of globalization is the creation of intricate global supply chains, where products are manufactured using inputs from multiple countries. While this system has optimized production and reduced costs, it has also exposed vulnerabilities, as evidenced by disruptions caused by the COVID-19 pandemic and geopolitical conflicts like the Russia-Ukraine war. Additionally, digital trade, driven by internet and mobile technology, has become a crucial component of globalization, opening new avenues for commerce in both goods and services. The advantages of globalization include greater access to markets, cost efficiency, and economic growth in many developing nations, including India. However, the fragility of global supply chains and the need for regulatory frameworks for digital trade have necessitated a revaluation of globalization’s benefits and risks.

In contrast, nationalism in business emphasizes self-sufficiency and economic sovereignty. Governments worldwide have implemented protectionist policies, such as tariffs, quotas, and subsidies, to safeguard domestic industries and reduce reliance on foreign entities. Resource nationalism, which promotes national control over key natural resources, is also gaining traction. Several countries have introduced measures to regulate foreign investment in strategic sectors, ensuring that national interests remain protected. Notable examples include China’s "Made in China 2025" initiative, aimed at fostering technological self-reliance, and India’s "Atmanirbhar Bharat" (Self-Reliant India) campaign, which seeks to boost domestic manufacturing and reduce dependence on imports. Similar trends can be observed in Europe and other parts of Asia, where governments are tightening control over key industries. While these policies aim to bolster national economies and create jobs, they also raise concerns about retaliatory trade measures, increased costs for consumers, and potential disruptions to global trade.

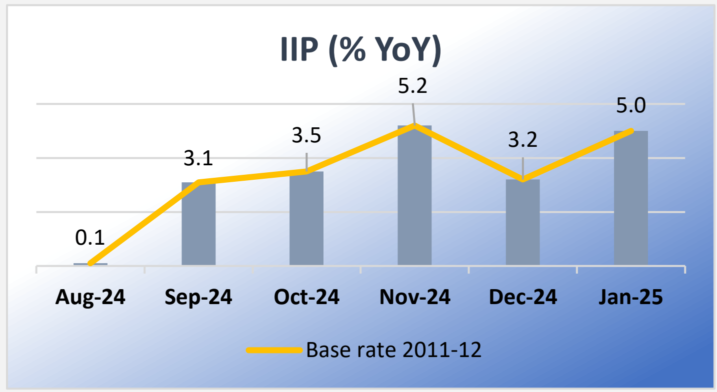
A significant recent example of economic nationalism is the imposition of sweeping tariffs by the U.S. under the Trump administration in 2025. These tariffs, introduced as part of a broader protectionist agenda, included a 10% baseline tariff on imports from nearly all countries, with higher rates for specific trade partners such as China (34%), the European Union (20%), Vietnam (46%), Taiwan (32%), India (26%), Japan (24%), etc. Additional sectoral tariffs were imposed on automobiles, steel, and aluminium, as well as restrictions on Chinese imports. These measures were framed as a response to perceived trade imbalances and unfair practices but have sparked significant concerns over escalating trade tensions. Many affected countries have already announced retaliatory tariffs, raising the risk of a global trade war. The impact of these tariffs is expected to be far-reaching, affecting industries reliant on global supply chains, increasing costs for consumers, and prompting businesses to reconsider their international sourcing strategies. Emerging economies like India must navigate this evolving trade environment carefully, balancing domestic interests with continued participation in global markets.

The interaction between globalization and nationalism presents a challenging environment for businesses. On one hand, globalization promotes economic collaboration and efficiency; on the other, nationalism drives policies that may restrict international commerce. Trade disputes increased regulatory scrutiny, and geopolitical tensions are direct outcomes of this interplay. In response, businesses are adopting localization strategies, such as forming joint ventures with domestic partners and aligning products with national preferences. For example, international companies in India are increasingly sourcing locally to align with government initiatives and consumer sentiment. The trend of regionalizing supply chains is also gaining momentum, with companies seeking to minimize risks associated with geopolitical uncertainties. Many nations are investing in infrastructure and policy frameworks that balance economic openness with national interests, demonstrating the complexity of modern globalization.

While the recent surge in economic nationalism has sparked concerns about a fragmented global economy, it is important to view this evolution as part of a broader economic realignment. Countries, including India, are actively pursuing a balanced approach that encourages domestic growth while remaining integrated into the global economy. The future of international business will likely involve a hybrid model, where globalization continues to drive connectivity and trade, while national policies shape economic resilience. Businesses must remain agile, adopting strategies that ensure stability and competitiveness in an evolving geopolitical and economic landscape. As nations navigate this dynamic equilibrium, the global economy's trajectory will be shaped by how well they balance economic integration with national priorities.

ECONOMY

IIP (Index of Industrial Production) – Jan



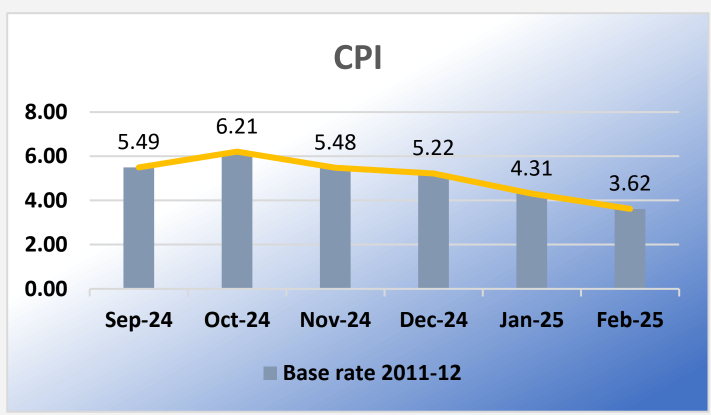
Source: APAS BRT, www.mospi.gov.in

India's industrial production grew by 5.0% year-on-year in January 2025, following a revised 3.5% expansion in December and exceeding market expectations of 3.5%

The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of January 2025 are 4.4 percent, 5.5 percent and 2.4 percent respectively. Within the manufacturing sector, 19 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in January 2025 over January 2024. The top three positive contributors for the month of January 2025 are – "Manufacture of basic metals" (6.3%), "Manufacture of coke and refined petroleum products" (8.5%) and "Manufacture of electrical equipment" (21.7%).

The corresponding growth rates of IIP as per Use-based classification in January 2025 over January 2024 are 5.5 percent in Primary goods, 7.8 percent in Capital goods, 5.2 percent in Intermediate goods, 7.0 percent in Infrastructure/ Construction Goods, 7.2 percent in Consumer durables and (-)0.2 percent in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of January 2025 are – Primary goods, Infrastructure/ construction goods and Intermediate goods.

CPI (Consumer Price Index) – Feb

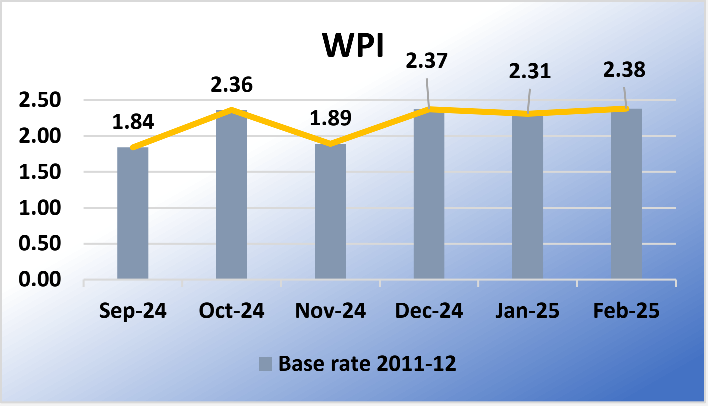


Source: APAS BRT, www.eaindustry.nic.in

India's annual inflation rate dropped to 3.62% in February 2025, down from a revised 4.26% in the previous month, significantly undershooting market expectations of a 4% decline. This marked the slowest rise in consumer prices since July of the previous year and the first time in six months that inflation fell below the Reserve Bank of India's 4% mid-point target. The decline aligns with the RBI's decision to initiate the country's rate-cutting cycle and implement a series of liquidity-boosting measures for state banks. Inflation fell sharply for food (3.75% vs 5.97% in January), which accounts for nearly half of the Indian price basket, amid deflationary pressure for eggs, spices, vegetables, and pulses. Also, prices fell for fuel and light (-1.33%) and remained soft for housing (2.91%), although inflation was more elevated for miscellaneous goods (4.78%). Prices fell by 0.47% from the previous month, extending the revised 1% drop in January, the 4th consecutive period of deflation.

WPI (Wholesale Price Index) – Feb

Wholesale Price Index (WPI) number is 2.38% (provisional) for the month of February 2025 (over February 2024). Positive rate of inflation in February 2025 is primarily due to increase in prices of manufacture of food products, food articles, other manufacturing, non-food articles and manufacture of textiles etc.



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

The month over month change in WPI for the month of February 2025 stood at 0.06% as compared to January 2025.

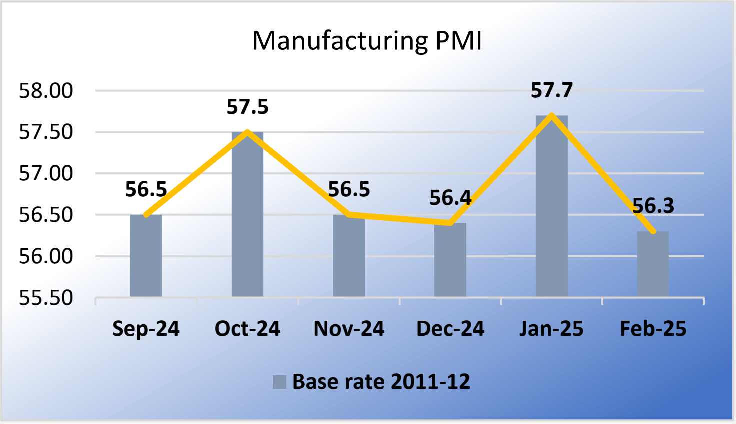
The index for primary articles decreased by 1.74% to 186.6 (provisional) in February 2025 from 189.9 (provisional) for the month of January 2025. Price of food articles (-2.05%), crude petroleum & natural gas (-1.46%), minerals (1.26%) and non-food articles (-0.36%) decreased in February 2025 as compared to January 2025.

Prices for Fuel & Power increased by 2.12% to 153.8 (provisional) in February 2025 from 150.6 (provisional) for the month of January 2025. Price of electricity (4.28%) and mineral oils (1.87%) increased in February 2025 as compared to January 2025. The price of coal remained the same as that in the previous month.

Prices for Manufacturing products increased by 0.42% to 143.8 (Provisional) in February 2025 from 143.2 (Provisional) for the month of January 2025.

Manufacturing PMI – Feb

The HSBC India Manufacturing PMI fell to 56.3 in February 2025, below initial estimates of 57.1 and January's 57.7. While marking the slowest expansion since December 2023, the reading still indicated strong operating conditions. Output and new orders remained elevated, driven by robust domestic and international demand. Hiring continued at above-trend rates, with job creation the second-highest in the survey's history. Input purchases expanded, though at a 14-month low, as firms rebuilt inventories and mitigated potential shortages. Vendor performance improved for the 12th straight month, while pre-production inventories saw strong growth. On prices, input cost inflation eased for the third consecutive month to a

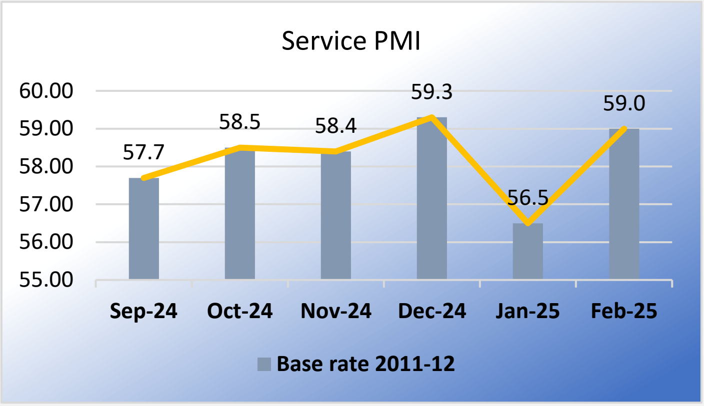


Source: www.tradingeconomics.com

one-year low, while charge inflation stayed above the long-run average as firms passed on higher labor costs. Lastly, business confidence remained strong, with nearly a third of respondents expecting higher output in the year ahead.

Services PMI – Feb

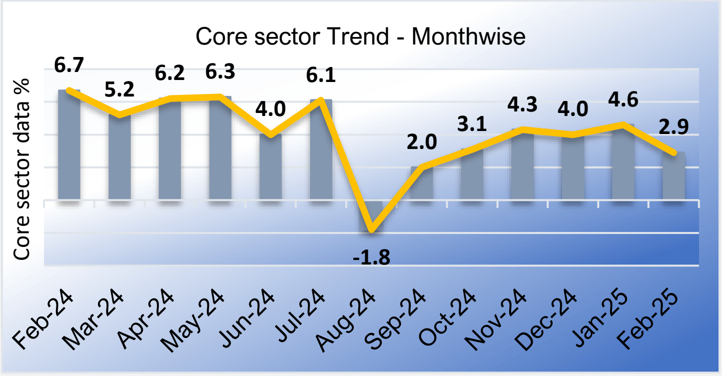
The HSBC India Services PMI was revised lower to 59.0 in February 2025 from 61.6 in the flash reading. However, the latest reading remained higher than January's 26-month low of 56.5 and market forecasts of 57.3. This marked the 43rd consecutive month of growth in services activity, boosted by improving domestic and international demand. New orders grew faster, with external sales rising the most in six months. Employment advanced sharply, at one of the fastest rates seen since data collection began in December 2005, while backlogs of work increased. Meanwhile, the outstanding business grew the most since last May, matching the level seen at the start of 2025. On the price front, input price inflation eased to a four-month low, while output cost inflation remained broadly similar to January, staying above its long-run average as firms shifted the additional cost burdens to their customers. Finally, business sentiment weakened to a six-month low.



Source: www.tradingeconomics.com

Core Sector Data – Feb

The combined Index of Eight Core Industries (ICI) increased by 2.9% (provisional) in February 2025 as compared to the Index in February 2024. The production of Cement, Fertilizers, Steel, Electricity, Coal and Refinery Products recorded positive growth in February 2025. 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 percent 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 November 2024 was observed at 5.8 %. The cumulative growth rate of ICI during April to February, 2024-25 is 4.4 % (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 1.7 % in February 2025 over February, 2024. Its cumulative index increased by 5.6 % during April to February, 2024-25 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 %) declined by 5.2 % in February 2025 over February 2024. Its cumulative index declined by 2.2 % during April to February, 2024-25 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 %) declined by 6.0 % in February 2025 over February 2024. Its cumulative index declined by 0.1 % during April to February, 2024-25 over corresponding period of the previous year.

Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 %) increased by 0.8 % in February 2025 over February 2024. Its cumulative index increased by 3.1 % during April to February, 2024-25 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 %) increased by 10.2 % in February 2025 over February 2024. Its cumulative index increased by 2.4 % during April to February, 2024-25 over corresponding period of the previous year.

Steel - Steel production (weight: 17.92 %) increased by 5.6 % in February 2025 over February 2024. Its cumulative index increased by 6.5 % during April to February, 2024-25 over corresponding period of the previous year.

Cement - Cement production (weight: 5.37 %) increased by 10.5 % in February 2025 over February 2024. Its cumulative index increased by 5.1 % during April to February, 2024-25 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 %) increased by 2.8 % in February 2025 over February 2024. Its cumulative index increased by 4.9 % during April to February, 2024-25 over corresponding period of the previous year.

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	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	3.6 Q4	3.4	5.1 Feb	4.4	-2.8	-7.6	15.2
Russia	3.1 Q3	3.8	10.1 Feb	8.4	2.6	-1.8	15.0
India	6.2 Q4	6.3	3.6 Feb	4.9	-0.5	-4.8	6.6
China	5.4 Q4	5.0	-0.7 Feb	0.2	2.3	-5.0	1.7
S Africa	0.9 Q4	0.6	3.2 Feb	4.4	-0.6	-5.2	10.6
USA	2.5 Q4	2.8	2.8 Feb	2.9	-3.4	-6.6	4.3
Canada	2.4 Q4	1.3	2.6 Feb	2.4	-0.3	-2.3	3.1
Mexico	0.5 Q4	1.5	3.8 Feb	4.7	-1.1	-4.9	9.5
Euro Area	1.2 Q4	0.8	2.3 Feb	2.4	3.1	-3.3	2.8
Germany	-0.2 Q4	-0.2	2.6 Feb	2.5	5.5	-2.8	2.8
Britain	1.4 Q4	0.9	2.8 Feb	3.3	-3.2	-5.5	4.7
Australia	1.3 Q4	1.0	2.4 Q4	3.2	-1.9	-2.2	4.4
Indonesia	5.0 Q4	5.0	-0.1 Feb	2.3	-0.2	-2.5	7.1
Malaysia	5.0 Q4	5.1	1.5 Feb	1.8	1.6	-4.3	3.8
Singapore	5.0 Q4	4.4	0.9 Feb	2.4	17.5	0.3	2.8
S Korea	1.2 Q4	2.1	2.0 Feb	2.3	5.5	-1.8	2.9

BANKING

Reserve Bank of India and Bank of Mauritius Sign Memorandum of Understanding to Promote Use of Local Currencies for Bilateral Transactions

The Reserve Bank of India (RBI) and the Bank of Mauritius (BOM) signed a Memorandum of Understanding (MoU) for establishing a framework to promote the use of local currencies, viz., the Indian Rupee (INR) and the Mauritian Rupee (MUR) for cross-border transactions. The MoU was signed by the Governor, Reserve Bank of India, Shri Sanjay Malhotra and the Governor, Bank of Mauritius, Dr. Rama Krishna Sithanen G.C.S.K. The MoU documents were exchanged in Port Louis, Mauritius in the presence of the Honourable Prime Minister of India, Shri Narendra Modi and the Honourable Prime Minister of Mauritius, Dr. Navinchandra Ramgoolam, on Wednesday, March 12, 2025.

2. The MoU aims to promote the use of INR and MUR in bilateral trade. The MoU covers all current account transactions and permissible capital account transactions as agreed upon by both the countries. This framework would enable exporters and importers to invoice and pay in their respective domestic currencies, which in turn would enable the development of a market in the INR-MUR pair. Use of local currencies would optimize costs and settlement time for transactions.

3. This collaboration marks a key milestone in strengthening bilateral cooperation between RBI and BOM. Use of local currencies in bilateral transactions will eventually contribute to promoting trade between India and Mauritius as well as deepen financial integration and strengthen the historical, cultural, and economic relations between India and Mauritius.

India: Financial Sector Assessment Program, 2024

The Financial Sector Assessment Program (FSAP) 2024 report by the IMF highlights the resilience and growth of India's financial sector since the last assessment in 2017. It acknowledges improvements in banking, Non-Banking Financial Companies (NBFCs), securities markets, and insurance, supported by strong regulatory frameworks and digital innovations. India's financial sector has recovered from past distress episodes and withstood the pandemic well. The IMF appreciates India's prudential regulations for NBFCs, enhancements in securities market oversight, and expansion of public digital infrastructure for financial inclusion. Key recommendations include strengthening credit risk management, enhancing cyber resilience, improving risk-based supervision in insurance, and closely monitoring emerging risks like climate change and cybersecurity threats. The report aligns with India's regulatory authorities' developmental plans, reinforcing the country's commitment to global best practices while adapting to domestic economic conditions.

WMA Limit for Government of India for April – September 2025

It has been decided, in consultation with the Government of India, that the limit for Ways and Means Advances (WMA) for the first half of the financial year 2025-26 (April to September 2025) will be ₹1,50,000 crore.

The Reserve Bank of India may trigger fresh floatation of market loans when the Government of India utilizes 75 per cent of the WMA limit.

The Reserve Bank of India, in consultation with the Government of India, retains the flexibility to revise the limit at any time taking into consideration the prevailing circumstances.

The interest rate on WMA/Overdraft will be as under:

- WMA: Repo Rate
- Overdraft: Two percent above the Repo Rate

INSURANCE

129th Authority Meeting

The 129th Meeting of the Authority was conducted on 12th March 2025.

Key aspects discussed/decided in the meeting include:

Registration of M/s Valueattics Reinsurance Ltd.

Approval was accorded to grant Certificate of Registration to M/s Valueattics Reinsurance Ltd. It is the first reinsurer to be granted registration to carry out exclusively reinsurance business in the revamped regulatory landscape. It marks a significant step in fostering competition in the reinsurance sector.

Identification of Domestic Systemically Important Insurers (D-SIIs)

The following insurers are identified as Domestic Systemically Important Insurers (D-SIIs) for FY 2024-25:

1. Life Insurance Corporation of India
2. The New India Assurance Company Ltd.
3. General Insurance Corporation of India.

Status update on the Bima Sugam - Insurance Electronic Marketplace

A status update was provided as regards compliances, activities and processes of Bima Sugam India Federation (BSIF), an entity formed by the insurers to set up the Insurance Electronic Marketplace - the Digital Public Infrastructure being set up under the IRDAI (Bima Sugam – Insurance Electronic Marketplace) Regulations, 2024.

Progress made in future ready initiatives Progress made in initiatives taken up in Mission Mode towards making the insurance sector future ready were taken note of viz., Implementation of

1. Indian Risk-Based Capital (RBC)
2. Ind AS (converged IFRS)
3. Risk Based Supervisory Framework

Status of activities of IIBI and IIRM

Status of activities undertaken by the IRDAI promoted entities viz., Insurance Information Bureau of India (IIBI) and Institute of Insurance and Risk Management (IIRM) were noted.

Progress on the implementation of State Insurance Plan

A status update was discussed on the progress made in the 'State Insurance Plan' an initiative under the development agenda envisaged to be a catalyst for insurance inclusion and lay the groundwork for achieving the vision of Insurance for All by 2047. Under this initiative the Regulator facilitates collaboration of insurers with State/UT administration and other stakeholders to give impetus to the efforts of making available insurance solutions to all categories of the society. 4 Activities undertaken by the Lead Insurers to whom States/UTs were allotted for a focused approach, were considered.

There were discussions on Master Scheme formulated under this initiative to formalize and give further momentum to the efforts. As per the scheme which is currently under active consultation, the State Insurance Plan shall be supported by a multi-tiered governance model at the state, district, urban and gram panchayat levels to facilitate localized identification of protection gaps and coverage thereof. A central feature of the Master Scheme is the focus on ensuring phygital presence of insurers across all states, coupled with a centralized Mission Office to oversee the plan's execution as well as monitoring its progress. The meeting reaffirmed IRDAI's commitment to a robust, transparent and forward-looking regulatory ecosystem for the Indian insurance industry. The Authority continues to work towards ensuring financial stability, policyholder-centric innovations and streamlined governance practices.

CAPITAL MARKET

Relaxation in timeline for reporting of differential rights issued by AIFs

SEBI issued a circular granting Alternative Investment Funds (AIFs) additional time to report the issuance of differential rights to investors. This relaxation aims to ease compliance requirements for AIFs, allowing them more flexibility in their reporting obligations.

Faster Rights Issue with a flexibility of allotment to specific investor(s)

SEBI issued a circular introducing measures to expedite rights issues and provide flexibility in allotting shares to specific investors. This initiative aims to streamline the capital-raising process for companies and enhance market efficiency.

SEBI Partners with DigiLocker to Reduce Unclaimed Assets in the Indian Securities Market

SEBI has partnered with DigiLocker to address the issue of unclaimed assets in the Indian securities market. This collaboration aims to streamline the process of identifying and notifying nominees of deceased investors, thereby reducing the volume of unclaimed assets. The initiative is expected to enhance transparency and efficiency in asset management.

Framework on Social Stock Exchange (SSE)

SEBI has introduced a framework for the Social Stock Exchange (SSE) to promote social enterprises and voluntary organizations. Key changes include a reduction in the minimum investment amount for Zero Coupon Zero Principal (ZCZP) instruments from ₹10,000 to ₹1,000. This framework aims to enhance the participation of retail investors in social impact initiatives.

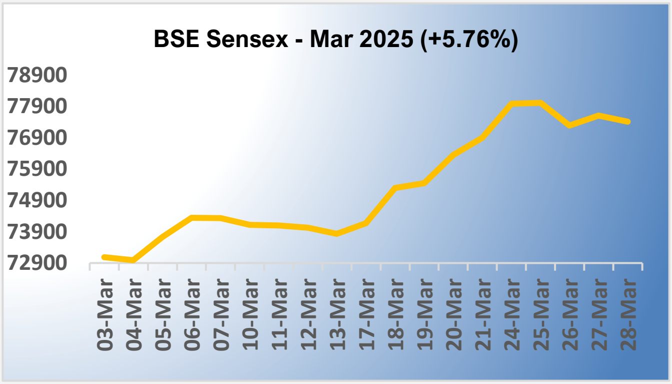
SEBI Board Meeting

In its recent board meeting, SEBI made several key decisions to enhance market infrastructure and investor protection. These include introducing a quantitative threshold for determining the materiality of events or information, and measures to expedite the rights issue process. Additionally, SEBI is focusing on improving transparency and efficiency in the securities market.

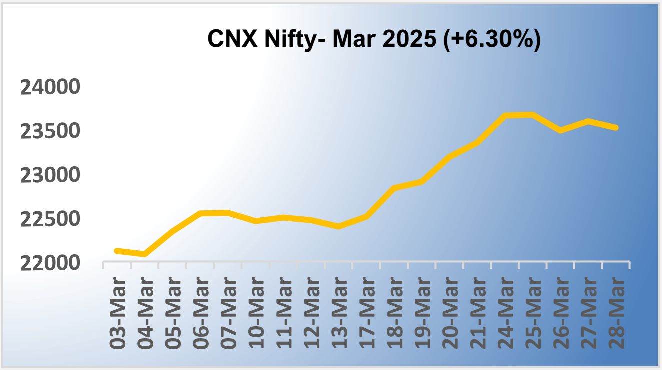
Measures to facilitate ease of doing business with respect to framework for assurance or assessment, ESG disclosures for value chain, and introduction of voluntary disclosure on green credits

SEBI has introduced measures to facilitate ease of doing business, focusing on the framework for assurance or assessment of ESG (Environmental, Social, and Governance) disclosures for the value chain. Additionally, the circular introduces voluntary disclosure on green credits, aiming to enhance transparency and encourage sustainable practices.

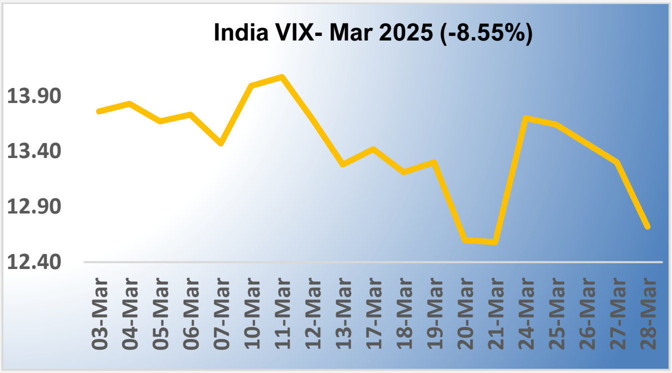
CAPITAL MARKET SNAPSHOT



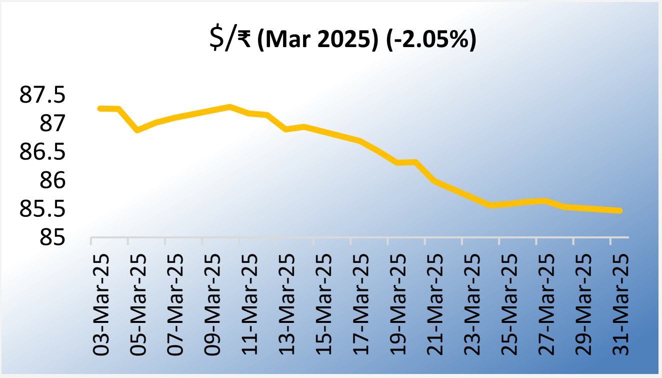
Source: National Stock Exchange



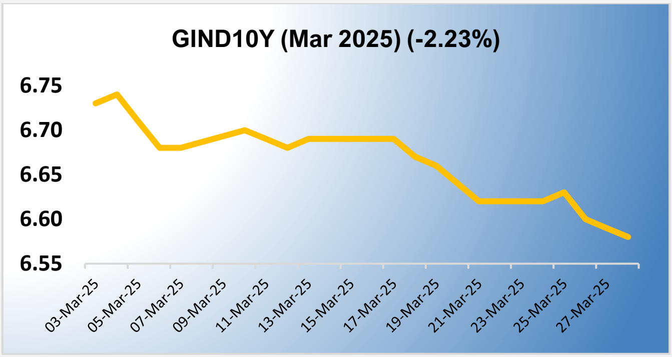
Sources: Bombay Stock Exchange



Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

In Mar 2025, the market saw a remarkable rally marking its highest monthly gain in four years and outperforming the top ten global equity markets. Strong FII inflows, robust corporate earnings, and positive global cues fueled this surge, attracting both domestic and international investors. The BSE Sensex rose by 5.76%, while the Nifty gained 6.30%. Midcap and small-cap indices also saw significant growth, up 7.84% and 9.5%, respectively, while market volatility (VIX) declined by 8.55%.

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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