APAS MONTHLY – VOLUME 5

APAS MONTHLY NEWSLETTER

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APAS
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EDITORIAL

In this issue, **Mr. Gopal Srinivasan, Chairman & MD - TVS Capital Funds P. Ltd** has presented his thoughts on **'Beyond Returns: How Investors are Shaping India's Future through Private Equity'**. We thank Mr. Srinivasan for his contribution to the APAS Monthly.

This month, the APAS column covers '**Rising NPAs in India's Microfinance Sector'.**

The economic indicators exhibited a mixed performance. Manufacturing PMI edged up to 58.2 in April 2025 from 58.1 in March. Services PMI was revised lower to 58.7 in April 2025, down from the preliminary estimate of 59.1. India's infrastructure output expanded by 0.5% from the previous year in April of 2025, the least in eight months, to slow down from the upwardly revised 4.6% growth rate in the earlier month. India's Industrial production growth for the month of March 2025 is 3.0 % which was 2.9 % (Quick Estimate) in the month of February 2025. India's annual inflation rate fell to 3.16% in April of 2025, the lowest since July of 2019, from 3.34% in the previous month, and firmly below market expectations of 3.3%. India Wholesale Price Index (WPI) number is 0.85% (provisional) for the month of April, 2025 (over April, 2024).

The Reserve Bank had issued the Framework for Recognition of Self-Regulatory Organisations in Financial Markets regulated by the Reserve Bank (Framework) and invited applications for recognition as Self-Regulatory Organisation (SRO) in financial markets. RBI issued Framework for Formulation of Regulations which outlines the broad principles for formulation of Regulations issued in exercise of the powers conferred on the Reserve Bank of India by or under the provisions of various Acts and Rules. RBI has from time to time issued various directions and circulars on digital lending by Regulated Entities (REs). RBI's Central Board, in its meeting on May 15, 2025, approved a revised Economic Capital Framework (ECF), following an internal review aligned with the recommendations of the Bimal Jalan Committee. The Monetary Policy Statement, 2025-26 was published.

IRDAI published its life insurance data for May 2025.

SEBI issued a circular mandating that all equity derivatives contracts on a given exchange must expire exclusively on either Tuesday or Thursday.

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

Beyond Returns: How Investors are Shaping India's Future through Private Equity

Mr. Gopal Srinivasan
Chairman & MD
TVS Capital Funds P. Ltd

APAS COLUMN

Rising NPAs in India's Microfinance Sector

ECONOMY

Index of Industrial Production – Mar
Inflation update – Apr
PMI update – Apr
Core Sector – Apr
GDP - Q4-FY2024 - 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	

ECONOMIC DATA SNAPSHOT

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

BANKING

Recognition of Self-Regulatory Organisation in Financial Markets regulated by the Reserve Bank

Policy Statement: Framework for Formulation of Regulations

RBI issues Reserve Bank of India (Digital Lending) Directions, 2025

Highlights of the Revised Economic Capital Framework of the Reserve Bank of India approved by the Central Board

Monetary Policy Statement, 2025-26 Resolution of the Monetary Policy Committee June 4 to 6, 2025

INSURANCE

Life Insurance – May 2025

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CAPITAL MARKETS

Final Settlement Day (Expiry Day) for Equity Derivatives Contracts

CAPITAL MARKETS SNAPSHOT

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

GUEST COLUMN

Mr. Gopal Srinivasan
Chairman & MD
TVS Capital Funds P. Ltd

Beyond Returns: How Investors are Shaping India's Future through Private Equity

In 2024, PE/VC investments reached ~$43 billion, cementing India's status as the Asia-Pacific region's second-largest funding destination, driven by a thriving ecosystem of innovation, entrepreneurship, and robust capital absorption capabilities. This significant milestone highlights the transformative journey of private equity (PE) in India—from an exclusive offshore investment avenue to an increasingly preferred asset class for Indian family offices (FOs) and high-net-worth individuals (HNIs). For these investors, the appeal of private equity extends beyond attractive returns, embodying a strategic vision to accelerate India's economic growth, foster entrepreneurial talent, and deliver meaningful societal impact.

Private Equity's attractiveness: Consistent and High-Yielding Returns
FOs and HNIs have long sought asset classes that deliver steady, robust returns while offering portfolio diversification. PE has consistently outperformed traditional public and private asset classes. Globally, over the last 25 years, it has delivered a 4-7% alpha compared to the MSCI World Index. Even within private markets, in the last 20 years, PE delivered a median 12.7% IRR, with top quartile returns crossing 20%, outshining real estate, infrastructure, and private debt. In India, private equity demonstrates similar strength. A detailed CRISIL study of 217 domestic PE funds (vintages 2013-2022) revealed returns surpassing the Sensex TRI by a notable 13.5%. Given these results, investors globally have been increasing their allocation to PE. The UBS Global Family Office Report 2025 shows FOs globally allocate about 22% of their assets to PE (with developed markets like the US and Europe allocating 27%), up from just 16% in 2019, reflecting their confidence in the asset class's resilience and growth potential.

Riding the Wave: India's Thriving PE Landscape
India's private equity market today is fundamentally different—and far stronger—than it was a decade ago, fuelled by supportive regulatory reforms, growing investor appetite, and an improving domestic ecosystem. Comprehensive Alternative Investment Fund [AIF] guidelines were introduced by SEBI (replacing the age long Venture Capital Fund [VCF] guidelines) creating enabling framework for the development of PE/VC eco system in 2012. Commitments to AIFs rose sharply from ~₹5,000 Cr in 2012 to an impressive ~₹13 trillion by 2024, reflecting a CAGR exceeding 50%. In 2024 alone, commitments to AIFs grew by ₹2.2 trillion, marking a 20% year-on year growth.

Indian private markets are also demonstrating an increasing ability to absorb capital, backed by growing innovation and capital availability. In FY24 alone, investors deployed ₹2.7 trillion across more than 900 transactions, representing a 5X increase since FY09. Structural reforms by SEBI, including the introduction of a unified 12.5% long-term capital gains tax, have established tax parity between public and private markets, making domestic investing both attractive and straightforward. Initiatives like GIFT City further incentivize rupee-denominated funds, ensuring family offices find it easier and more appealing than ever to invest domestically.

Fund manager selection and co-investment opportunities

The significant performance gap between median and top-quartile PE funds, often amounting to several hundred basis points, highlights the critical importance of investing with experienced managers. To enable informed fund manager selection, investors may apply the "4 T" framework:

Trust, demonstrated by repeat participation from existing LPs across successive funds.

Track Record, reflecting the manager's sustained outperformance versus both public benchmarks and peers.

Team, defined by complementary capabilities within the investment team, critical for sourcing high-quality deals and driving post-investment value creation; and

Theme, where sector-focused strategies benefit from accumulated domain expertise, facilitating early trend recognition and superior long-term portfolio construction. Family offices and HNIs seek not just returns but exceptional, exclusive opportunities—something the best PE funds consistently deliver. Co-investments provide investors opportunities to invest alongside the fund to enhance overall returns by strategically deploying capital in promising companies alongside trusted and experienced PE managers. A recent SEBI discussion paper on introduction of co investment vehicles [CIV] provides increasing flexibility to investors with opportunities for enhancing overall returns.

Thus, it is critical to choose a manager who leverages deep knowledge and institutional capability to generate higher returns through proprietary sourcing, deep sector expertise, robust networks, an entrepreneur-first approach, and co-investment opportunities.

Investing with Purpose: Empowering Entrepreneurs, Strengthening Communities

Beyond financial gains, Indian family offices view private equity as an opportunity to actively engage in nation-building. India has emerged as the third-largest startup ecosystem globally, with Indian startups contributing over ₹12 trillion to GDP. This is projected to grow to ₹80 trillion by 2030. Investors witness the tangible impact of their investments: job creation, fostering innovation, and strengthening economic foundations—with ₹100 trillion in revenue, 10.5 million jobs, and ₹22 trillion in tax contributions.

Increasingly, family offices align their investment strategies with broader societal and generational goals. Globally, almost half use their portfolios to support philanthropic initiatives, and nearly one-third involve next-generation family members directly in investment decisions. This holistic approach embeds stewardship, mentorship, and meaningful impact into their investing ethos.

A Future-Ready Investment Class

Today's Indian family offices and HNIs recognize private equity not merely as an investment opportunity but as a strategic lever to influence positive change. By delivering compelling returns, exclusive deal access, and opportunities for societal impact, private equity has become integral to both wealth-generation and meaningful legacy creation.

As India's private equity landscape continues to mature, driven by regulatory support, expanding domestic capital pools, and increasing investor sophistication, family offices are perfectly positioned not just to capitalize on India's growth story but actively shape it. Private equity thus emerges not only as a powerful financial tool but as an essential partner in India's economic ascent.

APAS COLUMN

Rising NPAs in India's Microfinance Sector

India's microfinance sector, long heralded as a powerful tool for poverty alleviation and financial inclusion is currently under immense stress. Once celebrated for empowering millions of low-income households, especially women, through access to credit, the sector now faces an alarming surge in non-performing assets (NPAs). As this crisis deepens, questions arise not just about the financial sustainability of microfinance institutions (MFIs), but also about the very model of financial inclusion that India has pursued for decades.

The NPA Surge: A Snapshot

As of early 2025, the gross NPA ratio in the microfinance sector has risen sharply to approximately 16%, nearly doubling from the previous year's 8.8%. In absolute terms, this translates to over ₹61,000 crore in bad loans, up from ₹38,000 crore in 2024. Earlier, by December 2024, NPAs had already reached ₹50,000 crore, accounting for 13% of gross loans. The situation represents the highest level of loan stress the sector has ever recorded.

According to news reports, this deterioration comes at a time when the sector's outstanding loan book has also expanded rapidly. Yet, the faster pace of bad loan accumulation outstrips growth, painting a grim picture for lenders, borrowers, and policymakers alike.

Root Causes of the Crisis

1. Over-Lending and Credit Saturation

One of the primary causes of rising NPAs is the aggressive and often irresponsible expansion of credit. With the rapid proliferation of MFIs and Non-Banking Financial Companies (NBFCs), intense competition has led to unsustainable lending practices. Borrowers, especially in rural and semi-urban areas, are often over-leveraged, taking multiple loans from different institutions, frequently without adequate financial literacy or understanding of repayment obligations.

The joint liability group (JLG) lending model, once considered a risk mitigator, has come under severe stress. With one or more members defaulting, entire groups are often unable to repay loans, collapsing the structure.

2. Economic Slowdown and Rural Distress

India's broader economic landscape has compounded the microfinance crisis. Inflationary pressures, declining agricultural productivity, and sluggish rural demand have all contributed to borrowers' deteriorating repayment capacity. For many rural households, microloans are not being used for productive purposes like entrepreneurship, but rather for consumption smoothing or debt servicing, an unsustainable cycle in the absence of income growth.

The aftershocks of the COVID-19 pandemic still linger, and climatic uncertainties have made farming incomes unpredictable. These stressors are directly linked to the increase in loan delinquencies.

3. Regulatory Disruptions and Informal Guidelines

An often overlooked yet significant factor has been recent regulatory tightening. In late 2024, RBI informally directed banks and MFIs to halt the issuance of fresh microloans to borrowers with outstanding unpaid loans. While this move was aimed at curbing the risky practice of using new loans to repay old ones (a practice known as "loan evergreening"), it also inadvertently cut off a critical source of liquidity for financially strained borrowers.

This disruption, while well-intentioned, came without adequate transition frameworks and has had the unintended consequence of further driving up defaults.

Impact on Microfinance Institutions

The mounting NPAs have sent shockwaves through the microfinance ecosystem:

- **Profitability Erosion**: Elevated credit costs, jumping from 4.5% in Q1 FY25 to 13.5% by Q3, have severely dented the profitability of many NBFC-MFIs. Smaller players, with limited capital buffers, are particularly vulnerable.
- **Liquidity Crunch**: While larger institutions may still have access to liquidity via banks and capital markets, smaller MFIs are struggling to manage cash flows amid rising delinquencies.
- **Investor Confidence**: Domestic and foreign investor sentiment is turning cautious. With reduced return expectations and heightened credit risk, there is a growing reluctance to infuse fresh capital into the sector.

Government and Regulatory Response

In response to the deteriorating situation, RBI has made some adjustments:

- **Lowering Risk Weights**: In February 2025, the RBI reduced the risk weight for unsecured microfinance loans from 125% to 100%. This move is intended to ease capital requirements for lenders and encourage continued funding to the sector.
- **Closer Monitoring**: The RBI has stepped up supervisory oversight, urging institutions to adopt more prudent lending practices and improve borrower assessment mechanisms.

However, the central government has signaled that it does not intend to intervene directly in the sector for now. Minister of State for Finance, Bhagwat Karad, recently stated that while the government is monitoring the situation, there are no immediate plans for a bailout or direct assistance package.

Structural Challenges and the Way Forward

While short-term regulatory relief may provide some breathing room, the sector's troubles are deeply structural. Several long-term measures are critical:

1. Reforming the Joint Liability Model

The JLG model needs re-evaluation. Its efficiency in fostering collective responsibility may have reached a tipping point, where defaults by a few are dragging down entire groups. Alternatives like individual lending with improved underwriting, or integrating technology for behaviour-based credit scoring, could be more effective.

2. Better Credit Assessment and Monitoring

MFIs need to invest in advanced data analytics, credit scoring models, and digital infrastructure to improve due diligence. Greater integration with credit bureaus can help mitigate risks of multiple borrowings and inform lending decisions.

3. Financial Literacy and Customer Protection

Expanding financial literacy initiatives is crucial. Borrowers must be educated about interest rates, repayment obligations, and the long-term implications of default. Additionally, stricter customer protection norms can help prevent coercive recovery practices, which have further dented the sector's credibility.

4. Policy and Ecosystem Support

A coordinated approach involving state governments, regulators, banks, and MFIs is essential. Ensuring economic resilience in rural areas through employment programs, agricultural reforms, and rural infrastructure is vital to the success of microfinance.

Conclusion

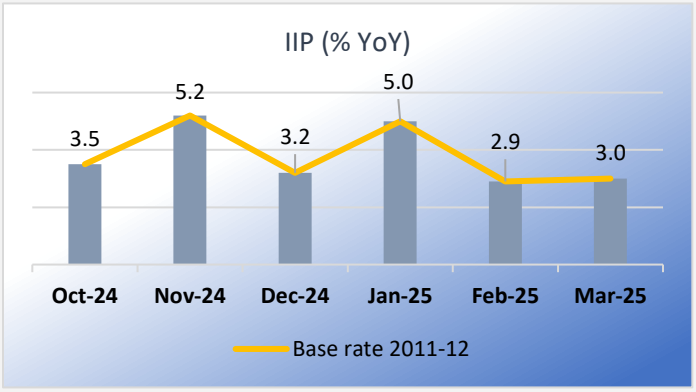
The microfinance sector's current crisis marks a critical juncture. After decades of remarkable growth and impact, the sector must now pause and recalibrate. The surge in NPAs is not merely a financial problem; it reflects deeper issues of over-indebtedness, economic vulnerability, and systemic gaps in credit delivery.

A sustainable revival will depend on whether MFIs and regulators can move beyond short-term fixes to implement foundational reforms that make microfinance more resilient, inclusive, and responsive to the evolving needs of India's underserved.

ECONOMY

IIP (Index of Industrial Production) – Mar

The IIP growth rate for the month of March 2025 is 3.0 % which was 2.9 % (Quick Estimate) in the month of February 2025.



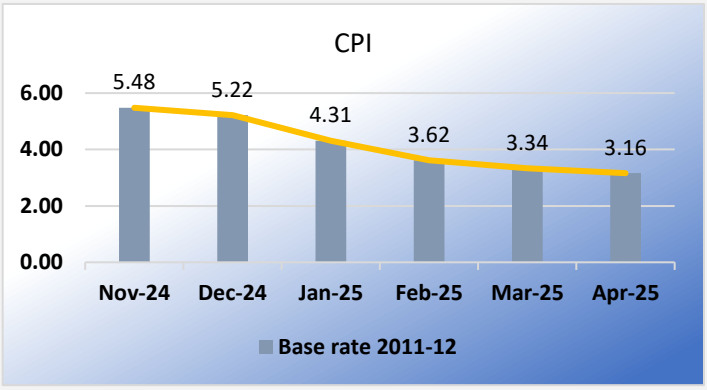
Source: APAS BRT, www.mospi.gov.in

The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of March 2025 are 0.4 percent, 3.0 percent and 6.3 % respectively. Within the manufacturing sector, 13 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in March 2025 over March 2024. The top three positive contributors for the month of March 2025 are – "Manufacture of basic metals" (6.9%), "Manufacture of motor vehicles, trailers and semi-trailers" (10.3%) and "Manufacture of electrical equipment" (15.7%).

The corresponding growth rates of IIP as per Use-based classification in March 2025 over March 2024 are 3.1 percent in Primary goods, 2.4 percent in Capital goods, 2.3 percent in Intermediate goods, 8.8 percent in Infrastructure/ Construction Goods, 6.6 percent in Consumer durables and (-)4.7 percent in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of March 2025 are – Infrastructure/ construction goods, Primary goods, Consumer durables.

CPI (Consumer Price Index) – Apr

The annual inflation rate in India fell to 3.16% in April of 2025, the lowest since July of 2019, from 3.34% in the previous month, and firmly below market expectations of 3.3%. As a result, the inflation rate further below the Reserve Bank of India's 4% midpoint target, strengthening the case for additional rate cuts by the central bank. Food prices, which accounts for nearly half of the consumer price basket, rose only 1.78%, the least since October 2021, and down from 2.69% in March.



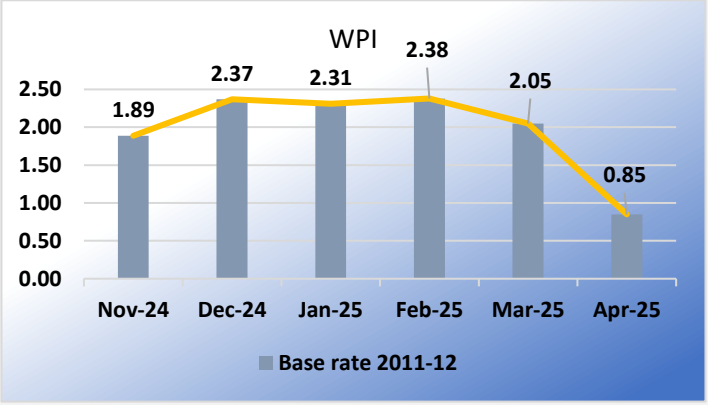
Source: APAS BRT, www.eaindustry.nic.in

In turn, inflation was loosely unchanged for housing (3.00% vs 3.03%) and picked up sharply for fuel and light (2.92% vs 1.48%) as base effects for the latter offset lower energy costs in the wholesale market. From

the previous month, consumer prices rose by 0.31%, rebounding from the 0.26% drop in the previous month to halt five consecutive declines in the CPI.

WPI (Wholesale Price Index) – Apr

Wholesale Price Index (WPI) number is 0.85% (provisional) for the month of April 2025 (over April 2024). Positive rate of inflation in April 2025 is primarily due to increase in prices of manufacture of food products, other manufacturing, chemicals and chemical products, manufacture of other transport equipment and manufacture of machinery and equipment etc.



The month-over-month change in WPI for the month of April 2025 stood at (-) 0.19% as compared to March 2025.

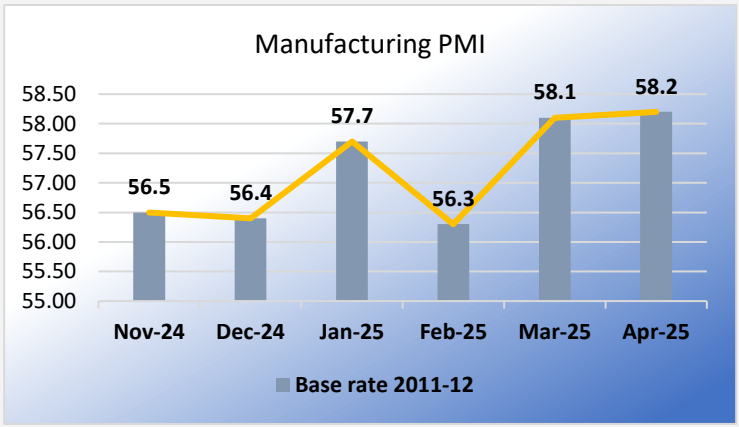
The index for primary articles decreased by 0.11% to 184.4 (provisional) in April 2025 from 184.6 (provisional) for the month of March 2025. Price of crude petroleum & natural gas (-5.31%) and non-food articles (-1.78%) decreased in April 2025 as compared to March 2025. The price of minerals (7.81%) and food articles (0.36%) increased in April 2025 as compared to March 2025.

Prices for Fuel & Power decreased by 2.82% to 148.1 (provisional) in April 2025 from 152.4 (provisional) for the month of March 2025. Price of mineral oils (-3.95%) and electricity (-1.38%) decreased in April, 2025 as compared to March, 2025. The price of coal (0.22%) increased in April 2025 as compared to March2025.

Prices for Manufacturing products increased by 0.35% to 144.9 (Provisional) in April 2025 from 144.4 (Provisional) for the month of March 2025.

Manufacturing PMI – Apr

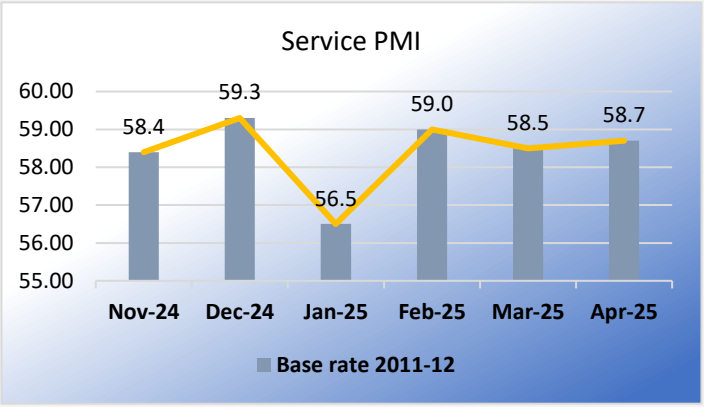
The HSBC India Manufacturing PMI edged up to 58.2 in April 2025 from 58.1 in March, slightly below the flash estimate of 58.4, marking the strongest sector improvement in ten months. Output grew at the fastest pace since June 2024, driven by robust domestic and foreign demand. Similarly, international orders recorded their second-steepest rise since March 2011, boosting sales and supporting solid job creation. Purchasing activity surged alongside new orders, lifting input inventories to an eight-month high, while post-production stocks fell at the fastest pace in nearly three and a half years. Backlogs increased slightly, and vendor delivery times shortened marginally. In terms of prices, output charges rose at the fastest rate since October 2013, even as input cost inflation remained moderate, led by higher expenses in building, labour, and raw materials.



Source: www.tradingeconomics.com

Lastly, business confidence stayed strong, underpinned by demand strength, marketing efforts, and new client enquiries.

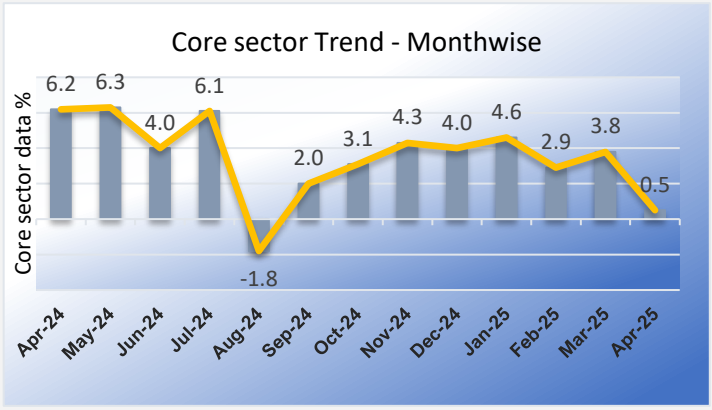
Services PMI – Apr



Source: www.tradingeconomics.com

The HSBC India Services PMI was revised lower to 58.7 in April 2025, down from the preliminary estimate of 59.1. However, the figure remained above both the March reading and market expectations of 58.5, marking the 45th consecutive month of growth in services activity. The expansion was largely driven by a faster rise in new orders, with foreign sales increasing at the fastest pace since July 2024. As a result, output continued to grow, and employment rose for the 35th consecutive month. Moreover, the pace of job creation was strong and faster than in March. On the price front, input cost inflation eased to its softest pace in six months at the start of the 2025/26 fiscal year. Meanwhile, output price inflation accelerated as firms sought to pass higher costs on to clients. Lastly, business sentiment weakened to its lowest level in nearly two years amid concerns over rising competition.

Core Sector Data – Apr



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

The combined Index of Eight Core Industries (ICI) increased by 0.5 % (provisional) in April 2025 as compared to the Index in April, 2024. The production of Cement, Coal, Steel, Electricity and Natural Gas recorded positive growth in April 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).

The final growth rate of Index of Eight Core Industries for January 2025 was observed at 5.1 per cent. The cumulative growth rate of ICI during April to March, 2024-25 is 4.5 per cent (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 per cent) increased by 3.5 per cent in April 2025 over April, 2024. Its cumulative index increased by 5.1 per cent during April to March, 2024-25 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 per cent) declined by 2.8 per cent in April 2025 over April 2024. Its cumulative index declined by 2.2 per cent during April to March, 2024-25 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 per cent) increased by 0.4 per cent in April 2025 over April 2024. Its cumulative index declined by 1.2 per cent during April to March, 2024-25 over corresponding period of the previous year.

Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 per cent) declined by 4.5 per cent in April 2025 over April 2024. Its cumulative index increased by 2.8 per cent during April to March, 2024-25 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 per cent) declined by 4.2 per cent in April 2025 over April 2024. Its cumulative index increased by 2.9 per cent during April to March, 2024-25 over corresponding period of the previous year.

Steel - Steel production (weight: 17.92 per cent) increased by 3.0 per cent in April 2025 over April 2024. Its cumulative index increased by 6.9 per cent during April to March, 2024-25 over corresponding period of the previous year.

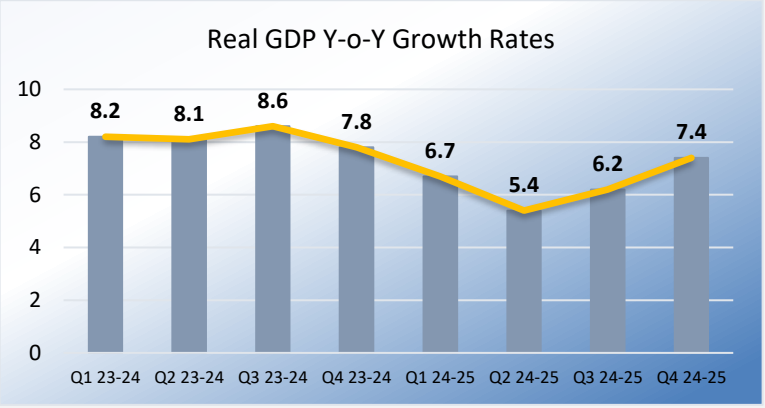
Cement - Cement production (weight: 5.37 per cent) increased by 6.7 per cent in April 2025 over April 2024. Its cumulative index increased by 6.3 per cent during April to March, 2024-25 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 per cent) increased by 1.0 per cent in April 2025 over April 2024. Its cumulative index increased by 5.2 per cent during April to March, 2024-25 over corresponding period of the previous year.

GDP - Quarter 4 – FY – 2024 – 25

Real GDP has been estimated to grow by 6.5% in FY 2024-25. Nominal GDP has witnessed a growth rate of 9.8% in FY 2024-25.

In Q4 of FY 2024-25, Real GDP and Nominal GDP has been estimated to grow by 7.4% and 10.8% respectively.



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

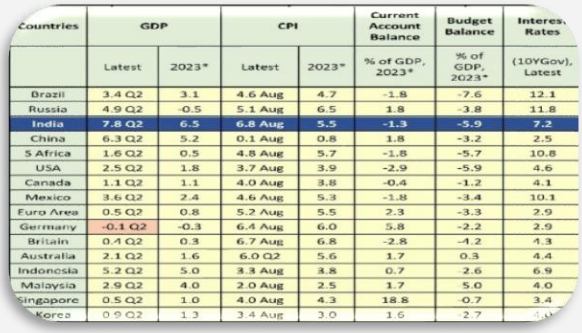
'Construction' sector is estimated to record a growth rate of 9.4% in FY 2024-25, followed by 8.9% growth rate in 'Public Administration, Defence & Other Services' sector and 7.2% growth rate in 'Financial, Real Estate & Professional Services' sector.

During Q4 of FY 2024-25, 'Construction' sector has witnessed 10.8% growth rate, followed by 8.7% growth rate in 'Public Administration, Defence & Other Services' sector and 7.8% growth rate in 'Financial, Real Estate & Professional Services' sector.

Primary Sector has seen 4.4% growth rate as compared to growth rate of 2.7% observed in previous financial year. During Q4, FY 2024-25, this sector has observed 5.0% growth rate as compared to 0.8% growth rate in Q4 of previous financial year.

Private Final Consumption Expenditure (PFCE) has reported 7.2% growth rate during FY 2024-25 as compared to 5.6% growth rate in the previous financial year.

Gross Fixed Capital Formation (GFCF) has recorded 7.1% growth rate during FY 202425 and 9.4% growth rate in Q4, FY 2024-25.



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	3.1

ECONOMIC DATA SNAPSHOT

Countries	GDP (% change on year ago)		CPI (%change on year ago)		Current Account Balance % of GDP, 2025*	Budget Balance % of GDP, 2025*	Interest Rates 10-yr gov't bonds Latest,%
	Latest	2025*	Latest	2025*			
Brazil	3.6 Q4	1.9	5.5 Apr	5.4	-2.5	-7.1	14.0
Russia	1.4 Q1	1.8	10.2 Apr	8.4	2.2	-1.7	15.8
India	6.2 Q4	6.2	3.2 Apr	4.3	-0.3	-4.4	6.2
China	5.4 Q1	4.4	-0.1 Apr	-0.3	1.8	-5.9	1.5
S Africa	0.9 Q4	1.7	2.8 Apr	4.0	-0.7	-4.6	10.3
USA	2.0 Q1	-0.1	2.3 Apr	3.2	-3.0	-7.1	4.5
Canada	2.4 Q4	-0.6	1.7 Apr	2.3	-0.6	-2.0	3.3
Mexico	0.8 Q1	-0.2	3.9 Apr	3.7	-0.2	-3.5	9.4
Euro Area	1.2 Q1	0.9	2.2 Apr	2.2	2.9	-3.3	2.5
Germany	nil Q1	0.1	2.2 Apr	2.3	5.3	-2.6	2.5
Britain	1.3 Q1	1.0	3.5 Apr	3.4	-2.8	-3.9	4.7
Australia	1.3 Q4	2.1	2.4 Q1	2.1	-0.8	-1.8	4.4
Indonesia	4.9 Q1	4.7	1.9 Apr	1.8	-1.4	-3.2	6.8
Malaysia	4.4 Q1	4.2	1.4 Apr	2.3	1.6	-3.9	3.5
Singapore	3.9 Q1	1.7	0.9 Apr	0.5	16.2	0.2	2.4
S Korea	-0.3 Q1	0.6	2.1 Apr	1.8	2.9	-2.3	2.7

BANKING

Recognition of Self-Regulatory Organisation in Financial Markets regulated by the Reserve Bank

The Reserve Bank had issued the Framework for Recognition of Self-Regulatory Organisations in Financial Markets regulated by the Reserve Bank (Framework) and invited applications for recognition as Self-Regulatory Organisation (SRO) in financial markets.

2. An application seeking recognition as an SRO in financial markets regulated by the Reserve Bank was received from the Fixed Income Money Market and Derivatives Association of India (FIMMDA).

3. Based on an examination of the application against the relevant requirements under the framework, it has been decided to recognise FIMMDA as an SRO in financial markets regulated by the Reserve Bank.

Policy Statement: Framework for Formulation of Regulations

The Reserve Bank has today issued Framework for Formulation of Regulations which outlines the broad principles for formulation of Regulations issued in exercise of the powers conferred on the Reserve Bank of India by or under the provisions of various Acts and Rules. It covers aspects regarding stakeholder consultation, impact analysis and review of Regulations. The Framework reinforces and demonstrates the Reserve Bank's commitment to enhanced transparency and consultative approach for issuance of Regulations.

RBI issues Reserve Bank of India (Digital Lending) Directions, 2025

Reserve Bank of India has from time to time issued various directions and circulars on digital lending by Regulated Entities (REs). As part of the efforts to consolidate various regulatory instructions and streamline them, consolidated directions on the subject have been prepared and issued as the Reserve Bank of India (Digital Lending) Directions, 2025 today.

2. Further, instructions on the following two aspects have also been included as part of these Directions for the first time:

i. Instructions on "Digital Lending – Transparency in Aggregation of Loan Products from Multiple Lenders": A draft circular on the aforesaid matter was issued on April 26, 2024, for public feedback. Basis the comments received, final instructions on the same are being issued as part of these Directions.

ii. Instructions regarding operationalization of the Publi c Directory of Digital Lending Apps (DLAs) as announced in the Statement on Developmental and Regulatory Policies dated August 08, 2024: The instructions require REs to furnish the details of their DLAs through the Centralised Information Management System (CIMS) portal of the RBI. The portal shall be available to the REs for reporting

on or before May 13, 2025 and REs shall have time till June 15, 2025 to upload the initial data. The list of DLAs will be available at (Link to home->Citizen's Corner -> DLA's deployed by Regulated Entities) on or before July 1, 2025.

Highlights of the Revised Economic Capital Framework of the Reserve Bank of India approved by the Central Board

The Reserve Bank of India's Central Board, in its meeting on May 15, 2025, approved a revised Economic Capital Framework (ECF), following an internal review aligned with the recommendations of the Bimal Jalan Committee. While retaining the broad principles and risk assessment methods of the previous framework, the revised ECF introduces refinements to better address emerging risks and ensure continued balance sheet resilience. Key changes include an integrated approach to computing market risk buffers by incorporating off-balance sheet items and minor currency assets, a widened range for Monetary and Financial Stability risk buffers (3.5%–6.5% of the balance sheet), and revised guidelines for the Contingent Risk Buffer (range of 4.5%–7.5%). The Central Board now has greater flexibility in adjusting risk buffers and surplus distribution year-on-year based on macroeconomic conditions. Notably, surplus transfer to the Government is restricted unless minimum equity levels are maintained. The revised framework is effective from FY 2024–25.

Monetary Policy Statement, 2025-26 Resolution of the Monetary Policy Committee June 4 to 6, 2025

At its 55th meeting held from June 4–6, 2025, the Reserve Bank of India's Monetary Policy Committee (MPC), chaired by Governor Sanjay Malhotra, reduced the repo rate by 50 basis points to 5.50% to support growth, as inflation remained below target. This move, which also adjusted the SDF to 5.25% and the MSF and Bank Rate to 5.75%, reflects confidence in a stable inflation trajectory, with CPI inflation for 2025–26 projected at 3.7%—down from the previous estimate of 4%. GDP growth for 2025–26 is forecast at 6.5%, supported by resilient consumption, improving investments, and favorable agricultural prospects. Despite global uncertainties and geopolitical tensions, the MPC shifted its policy stance from accommodative to neutral, signaling cautious optimism while emphasizing the need for ongoing assessment of both domestic and global economic developments.

INSURANCE

Life Insurance – May 2025

New Business Statement of Life Insurers for the Period ended 31st May 2025

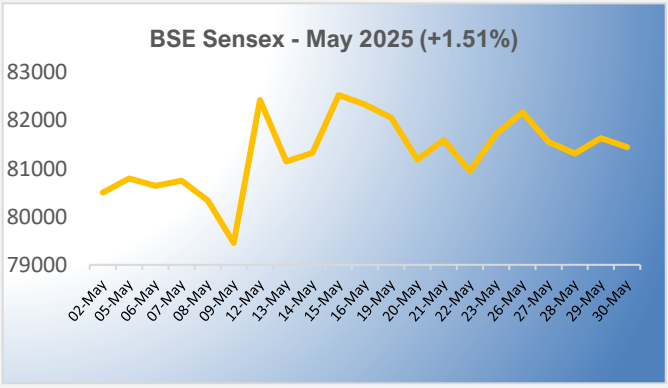
Sl No.	Insurer	First Year Premium			No. of Policies / Schemes			Sum Assured		
		Up to May,2025	Growth in %	Market Share	Up to May,2025	Growth in %	Market Share	Up to May,2025	Growth in %	Market Share
1	Acko Life Insurance	12.10	-6.98	0.02	288.00	35.85	0.01	1032.62	-15.87	0.06
2	Aditya Birla Sun Life	867.13	-12.65	1.65	39315.00	12.06	1.39	50368.55	-9.92	3.03
3	Ageas Federal Life	122.48	-20.94	0.23	6365.00	-10.54	0.23	3706.83	5.91	0.22
4	Aviva Life	45.75	-5.01	0.09	1979.00	2.86	0.07	30553.78	69.52	1.84
5	Bajaj Allianz Life	1464.62	0.49	2.79	79272.00	-10.01	2.81	89650.01	-2.35	5.40
6	Bandhan Life	36.44	48.10	0.07	5136.00	146.45	0.18	1558.70	-27.07	0.09
7	Bharti Axa Life	94.17	37.37	0.18	6325.00	-25.54	0.22	25555.74	2365.13	1.54
8	Canara HSBC Life	280.73	7.05	0.54	26787.00	-23.27	0.95	12810.26	34.79	0.77
9	CreditAccess Life	31.60	159.42	0.06	65.00	132.14	0.00	2461.90	181.70	0.15
10	Edelweiss Life	39.06	-20.87	0.07	3839.00	-23.33	0.14	538.03	-28.90	0.03
11	Future Generali Life	110.60	149.05	0.21	4045.00	32.32	0.14	5143.34	7.17	0.31
12	Go Digit Life	205.44	28.56	0.39	2656.00	1101.81	0.09	181728.67	18.13	10.95
13	HDFC Life	4965.93	29.12	9.47	144922.00	-7.00	5.14	269298.93	18.81	16.22
14	ICICI Prudential Life	2439.29	8.05	4.65	86224.00	1.68	3.06	270714.31	44.67	16.30
15	India First Life	254.44	-4.94	0.49	18993.00	12.90	0.67	17867.02	-69.14	1.08
16	Kotak Mahindra Life	824.06	-5.59	1.57	27095.00	4.99	0.96	49699.72	34.21	2.99
17	Axis Max Life	1437.89	21.91	2.74	91122.00	-1.27	3.23	110524.95	35.71	6.66
18	PNB Met Life	490.46	-9.04	0.94	25124.00	-30.96	0.89	-26994.10	-256.90	-1.63
19	Pramerica Life	219.28	29.61	0.42	6578.00	22.93	0.23	23378.68	28.92	1.41
20	Reliance Nippon Life	150.17	-5.20	0.29	20224.00	-6.94	0.72	2760.10	13.68	0.17
21	SBI Life	4644.38	14.88	8.86	239056.00	-11.11	8.48	172750.09	115.68	10.40
22	Shriram Life	239.11	-8.46	0.46	46310.00	-38.57	1.64	25434.81	-42.89	1.53
23	Star Union Dai-ichi Life	281.18	17.73	0.54	15753.00	-19.57	0.56	13387.86	26.19	0.81
24	Tata AIA Life	1155.43	5.21	2.20	127458.00	37.84	4.52	138121.45	13.05	8.32
	Private Total	**20411.72**	**12.04**	**38.93**	**1024931**	**-5.24**	**36.36**	**1472052**	**19.80**	**88.66**
25	LIC of India	32015.68	10.12	61.07	1794158	-14.86	63.64	188316.92	-10.38	11.34
	Grand Total	**52427.40**	**10.86**	**100.00**	**2819089**	**-11.60**	**100.00**	**1660369**	**15.39**	**100.00**

CAPITAL MARKET

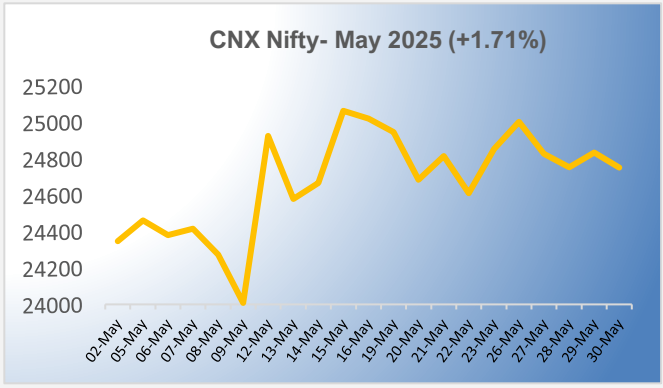
Final Settlement Day (Expiry Day) for Equity Derivatives Contracts

SEBI issued a circular mandating that all equity derivatives contracts on a given exchange must expire exclusively on either Tuesday or Thursday. This directive aims to reduce market volatility and speculative trading by limiting the number of expiry days. Each exchange is permitted to offer one weekly benchmark index options contract on its chosen day, while all other equity derivatives contracts must have a minimum tenor of one month, expiring in the last week of the month on the selected day. Exchanges seeking to change their designated expiry day must obtain prior approval from SEBI. Compliance proposals are to be submitted by June 15, 2025, with necessary system and regulatory updates to follow.

CAPITAL MARKET SNAPSHOT

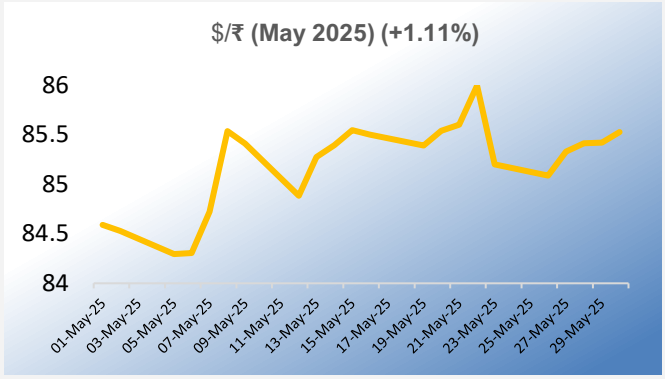


Source: National Stock Exchange

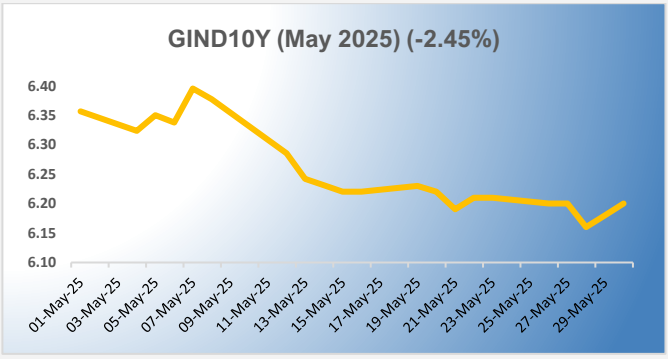


Sources: Bombay Stock Exchange

Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

Equity markets remained resilient in May 2025, continuing their upward trajectory amid easing volatility. The Nifty 50 gained 1.71%, and the BSE Sensex rose 1.51%, supported by sustained investor confidence and improving domestic economic indicators. The broader market saw significant outperformance, with the Nifty Midcap 100 surging 6.09% and the Nifty Small cap 100 advancing 8.72%, reflecting strong risk appetite and renewed interest in non-large-cap segments.

In contrast to April's turbulence, the India VIX declined sharply by 11.75%, signalling a reduction in perceived market risk and a more stable trading environment.

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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