APAS MONTHLY – VOLUME 6

APAS MONTHLY NEWSLETTER

June 2025 Edition

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EDITORIAL

In this issue, **Mr. Surya Valluri - Chief Sustainability Officer, Grasim industries Ltd** has presented his thoughts on **'Sustainability as an Enabler in the Developing World Corporate Context'**. We thank Mr. Srinivasan for his contribution to the APAS Monthly.

This month, the APAS column covers '**How Climate Change Is Reshaping Real Estate Finance'.**

The economic indicators exhibited a mixed performance. Manufacturing PMI was revised down to 57.6 in May 2025 from 58.2 in April, below the preliminary estimate of 58.3. Services PMI was revised lower to 58.8 in May 2025 from 61.2 in the preliminary estimates. India's output expanded by 0.7%, slowing from the upwardly revised 1% expansion in the earlier month. India's Industrial production expanded by 2.7% from the previous year in April of 2025, slowing from the upwardly revised 3.9% jump in the previous month. India's annual inflation eased to 2.82% in May 2025, down from 3.16% in April and below market expectations of 3%. India Wholesale Price Index (WPI) number is 0.39% (provisional) for the month of May 2025 (over May 2024).

Reserve Bank of India, in collaboration with JioHotstar, has launched a five-part documentary series titled 'RBI Unlocked: Beyond the Rupee'. RBI placed on its website Draft Master Direction - Reserve Bank of India (Rupee Interest Rate Derivatives) Directions, 2025. RBI launches the July 2025 round of the Rural Consumer Confidence Survey. RBI issues directions on Due Diligence of Aadhaar Enabled Payment System (AePS) Touchpoint Operators.

Insurance Regulatory and Development Authority of India published the GDP flash Figure Up to May 2025 – Non-Life Insurance.

SEBI has mandated an automated system within depositories to streamline margin-pledged securities handling introducing a single "pledge release for early pay in" instruction when clients sell pledged shares, and automatic invocation and early-pay in blocking of securities in clients' demat accounts when brokers invoke margin pledges. SEBI will roll out validated UPI handles which are standardized. At its 210th Board Meeting on June 18, 2025, SEBI approved several key reforms.

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

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Sustainability as an Enabler in the Developing World Corporate Context

Mr. Surya Valluri
Chief Sustainability Officer
Grasim industries Ltd

APAS COLUMN

How Climate Change Is Reshaping Real Estate Finance

ECONOMY

Index of Industrial Production – Apr
Inflation update – May
PMI update – May
Core Sector – May

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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

Launch of five-part documentary series on RBI

RBI releases Draft Master Direction - Reserve Bank of India (Rupee Interest Rate Derivatives) Directions, 2025 under Section 45 W of the RBI Act, 1934

RBI launches the July 2025 round of the Rural Consumer Confidence Survey

RBI issues directions on Due Diligence of Aadhaar Enabled Payment System (AePS) Touchpoint Operators

INSURANCE

GDP flash Figure Up to May 2025 – Non-Life Insurance

CAPITAL MARKETS

Margin obligations to be given by way of Pledge/Re-pledge in the Depository System

SEBI to Introduce "Validated UPI Handles" and "SEBI Check" for Secured Payments by Investors to Enhance Investor Protection and Combat Fraud

SEBI Board Meeting

CAPITAL MARKETS SNAPSHOT

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

GUEST COLUMN

Mr. Surya Valluri
Chief Sustainability Officer
Grasim industries Ltd

Sustainability as an Enabler in the Developing World Corporate Context

Sustainability is no longer seen as a cost burden or a checkbox on a corporate to-do list. In today's business landscape, particularly in the developing world, it has become a fundamental pillar of corporate strategy. Sustainability now influences boardroom decisions, day-to-day operations, and stakeholder expectations. It is increasingly recognized not just as a moral obligation, but as a key enabler of long-term growth, competitiveness, and resilience.

One of the most significant advantages of adopting sustainable practices is long-term cost efficiency. Companies that invest in energy efficiency, waste reduction, and circular business models often experience lower operating costs over time. The use of renewable energy helps reduce dependency on volatile fuel imports, while sustainable product innovation can reduce tax liabilities and environmental compliance costs.

As businesses increasingly recognize these financial benefits, circularity is emerging not only as a cost-saving strategy but also as a regulatory and strategic imperative. Governments and regulatory bodies are now mandating the integration of reuse, recycling, and recovery processes into product design and manufacturing. In India, for example, the Extended Producer Responsibility (EPR) regulations require companies to manage plastic waste more effectively and incorporate recycled materials into packaging—making circular content a mandatory aspect of products sold in the market.

The evolving regulatory landscape is increasingly intertwined with global shifts in finance and trade, where sustainability performance is becoming a key determinant of access to capital and markets. ESG-focused investors worldwide are channeling funds into environmentally responsible ventures, while Indian financial institutions—such as the State Bank of India, Axis Bank, ICICI Bank, and HDFC Bank—are expanding their green finance portfolios to support this transition. At the same time, international trade is subject to rising environmental scrutiny through mechanisms like the European Union's Green Deal and the Carbon Border Adjustment Mechanism (CBAM), which impose strict compliance requirements on exporters. For Indian industries in high-emission sectors such as steel, cement, and aluminum, adopting low-carbon technologies is no longer optional but essential for maintaining global competitiveness. Domestically, India's rollout of carbon compliance frameworks further reinforces the need for early, decisive action—creating a strategic advantage for companies with strong sustainability credentials.

The United Nations Sustainable Development Goals (SDGs) are a global framework of 17 interconnected objectives designed to address pressing social, environmental, and economic challenges by 2030. Industrial

sustainability efforts—such as adopting clean energy, promoting innovation, and enabling responsible production—directly support goals like SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure), and SDG 12 (Responsible Consumption and Production). At the same time, the evolving regulatory and investment landscape highlights the need for cross-sector collaboration to advance SDG 8 (Decent Work and Economic Growth) and SDG 17 (Partnerships for the Goals). Through ESG financing and impact investing, industries are increasingly aligning with these global ambitions while fostering inclusive and sustainable development.

Sustainability also enhances brand value and market differentiation. Urban and middle-class consumers in India are becoming more environmentally conscious, leading to increased demand for ethical and sustainable brands. Corporates with robust ESG practices are becoming preferred partners for global supply chains. Companies like Apple, IKEA, and Walmart now require sustainable practices from their suppliers. Indian companies with RE100 membership or carbon neutrality goals are well-positioned to benefit from this trend.

In terms of risk management, sustainability strengthens resilience against climate change, resource scarcity, and supply chain disruptions. Businesses with strong ESG foundations are better equipped to handle regulatory and reputational risks. Global frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD) are helping corporates identify and manage these risks. Investors, particularly Western pension and insurance funds, are increasingly favoring companies that demonstrate proactive environmental and social risk management.

Another emerging benefit of sustainability is talent attraction and retention. The younger workforce, even in emerging economies, is drawn to companies with strong environmental and social commitments. Employers with purpose-driven missions are more likely to retain skilled professionals and foster innovation-led cultures.

Despite these advantages, many businesses in the developing world still face challenges on the path to sustainability. Short-term economic pressures and the need for immediate profitability often overshadow long-term goals. High upfront costs of sustainable technologies can deter small and medium enterprises. Weak regulatory enforcement, limited subsidies, and inconsistent policies reduce incentives for sustainability adoption. In many cases, there is a lack of awareness and expertise within organizations. The scarcity of trained sustainability professionals and fragmented supply chains further complicates implementation. Additionally, consumer price sensitivity in many developing markets limits demand for sustainable alternatives.

So, is sustainability truly an enabler? The answer is yes—but only when it is integrated into business strategy and supported by systemic enablers such as effective policy frameworks, access to green finance, and committed leadership. In the context of the developing world, sustainability is not a luxury—it is an operational and strategic necessity, particularly in light of climate vulnerability, resource constraints, and changing global trade dynamics.

Strategic Implication for Corporates

For businesses in developing economies, the key question is no longer whether to pursue sustainability, but how to turn it into a source of competitive advantage. This means embracing sustainability as a driver of innovation, forging partnerships with governments, NGOs, and global firms, and building a business case that highlights cost savings, operational resilience, and long-term opportunity.

APAS COLUMN

How Climate Change Is Reshaping Real Estate Finance

There is now broad consensus across the financial sector that climate risk matters. The conversation has shifted from why to how. For lenders and insurers, especially those with exposure to real estate, climate risk is not a theoretical concern. It's showing up in underwriting decisions, loan performance, asset valuations, and regulatory expectations.

The next step is clear, climate risk must be quantified and integrated into day-to-day financial decisions. This article focuses on what that means in practice for the real estate portfolios of banks, NBFCs, and insurance companies and where institutions in India are beginning to act.

Climate Risk Is Financial Risk, especially in Real Estate

Climate change introduces two categories of risk that can materially impact real estate assets:

1. **Physical Risks**
   These are the direct risks from extreme weather and long-term climate shifts. Floods, heatwaves, cyclones, and water stress increasingly affect asset usability, lifespan, and cost of ownership. A residential building in a flood-prone suburb of Mumbai, for instance, may see recurring maintenance issues, rising insurance claims, and lower resale value, all of which affect the financial return on the asset.

2. **Transition Risks**
   As regulations, market expectations, and technologies shift toward a low-carbon economy, real estate faces rising standards for energy efficiency and emissions. Buildings that do not comply may lose tenants, attract higher operating costs, or require expensive retrofitting, creating financial pressure on borrowers and insurers alike.

For Lenders: Protecting Collateral and Loan Quality

For lenders, the key question is no longer whether climate affects loan books, it's where, how much, and how soon. The biggest areas of exposure are:

1. **Collateral Value Risk**
   Real estate-backed loans depend heavily on the stability of the underlying asset. If a property is exposed to high climate risk, its long-term value may erode, leaving lenders under-secured, especially in high LTV cases. In fast-growing urban peripheries, unchecked development in low-lying zones or areas with poor water access could become credit quality issues a few years down the line.

2. **Rising Defaults**
   For developers and commercial borrowers, increased climate-related costs whether through damages, operational disruptions, or compliance upgrades can reduce cash flows. This raises the risk of repayment stress, especially in sectors with thin margins.

3. **Project Viability Concerns**
   Even at the origination stage, project viability needs to be viewed through a climate lens. Are approvals, materials, or technologies aligned with future climate expectations? Will the location remain liveable and insurable 10 years from now? Climate-informed due diligence is increasingly becoming a competitive differentiator in loan origination.

For Insurers: Repricing Risk and Managing Claims Volatility

Property insurers like general, commercial, and reinsurance players have perhaps seen the most immediate impact of climate risk.

1. **Higher and More Frequent Claims**
   Urban flooding, heat-related damages, and increasingly unpredictable weather patterns are making traditional underwriting assumptions obsolete. Regions that were once considered low-risk are now generating frequent mid-sized claims.

2. **Geographic Concentration Risk**
   Many insurers still have high concentrations of exposure in a few urban centres. If climate events repeatedly affect those areas, the impact on profitability, reserves, and reinsurance costs will only grow.

3. **Pricing and Coverage Challenges**
   As the cost of climate-related claims rises, insurers face difficult trade-offs either raise premiums, limit coverage, or exit certain segments. Institutions that are proactive in integrating climate exposure into pricing decisions will be better positioned to maintain customer trust and financial stability.

Where the Sector Is Moving

While Indian financial institutions are still early in the journey, the direction is clear. Here are the emerging areas of action:

1. **Location-Based Risk Checks**
   Banks and insurers are beginning to incorporate location-based climate risk checks into credit appraisal and underwriting. These include flood exposure, elevation, historical weather events, and climate vulnerability of surrounding infrastructure. Even basic screening tools can meaningfully reduce blind spots.

2. **Climate-Resilient Products**
   Several housing finance and insurance providers are exploring ways to offer differentiated terms for climate-resilient buildings such as properties with green certifications, water-efficient systems, or cyclone-resilient structures. These measures not only reduce long-term risk but also align with regulatory and investor expectations around ESG performance.

3. **Portfolio-Level Risk Monitoring**
   Institutions are starting to map climate exposure across portfolios by region, asset type, and risk category. This helps identify areas of concentration, set risk limits, and plan for stress-testing scenarios.

4. **Engaging with Developers and Builders**
   Forward-thinking lenders are beginning to engage with developers on climate resilience at the design and planning stage. Encouraging sustainable construction, discouraging at-risk locations, or tying finance to environmental performance are becoming viable strategies.

Regulatory and Investor Pressure Is Rising

Regulators in India and globally are pushing for climate risk integration:

- The RBI has highlighted climate risk as a material financial concern and is expected to release supervisory expectations on climate disclosures and risk management.
- SEBI's BRSR (Business Responsibility and Sustainability Reporting) framework is pushing listed firms to disclose environmental risks, which will have downstream implications for lenders and investors.
- Insurers, under IRDAI guidance, are expected to align with global developments around sustainable insurance and climate risk frameworks.

Simultaneously, institutional investors and rating agencies are starting to factor climate risk into their assessments of creditworthiness and governance quality.

The Shift Is Not Optional, it's Structural

There's no single tool or framework that can eliminate climate risk. But inaction is the bigger risk.
For lenders, ignoring climate risk could lead to under-secured loans and asset depreciation. For insurers, it may result in unsustainable claims and poor pricing. For both, it increasingly affects brand credibility, investor perception, and regulatory compliance.

Institutions that build internal capacity to understand and act on climate risks will be better positioned to grow responsibly in a changing world.

Conclusion

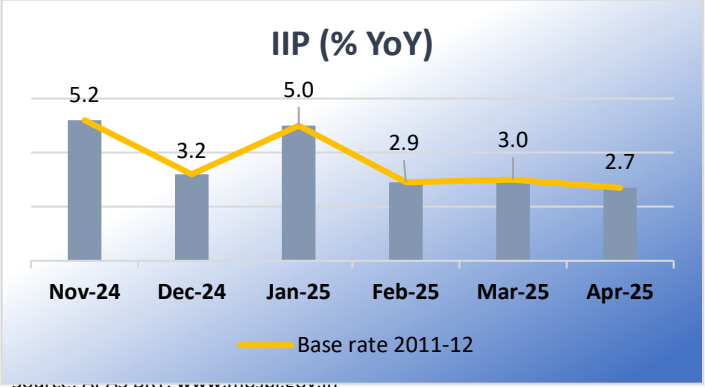
Climate risk is no longer a niche ESG topic. For real estate lenders and insurers, it's a core financial issue that touches risk, pricing, strategy, and reputation. The good news is that there's growing momentum, maturing awareness, and a clear pathway forward.

By embedding climate considerations into how we evaluate real estate, the financial sector can play a decisive role in building resilience not just for individual portfolios, but for the economy at large.

ECONOMY

IIP (Index of Industrial Production) – Apr

India's industrial production expanded by 2.7% from the previous year in April of 2025, slowing from the upwardly revised 3.9% jump in the previous month, but still firmly above market expectations of a 1% increase.

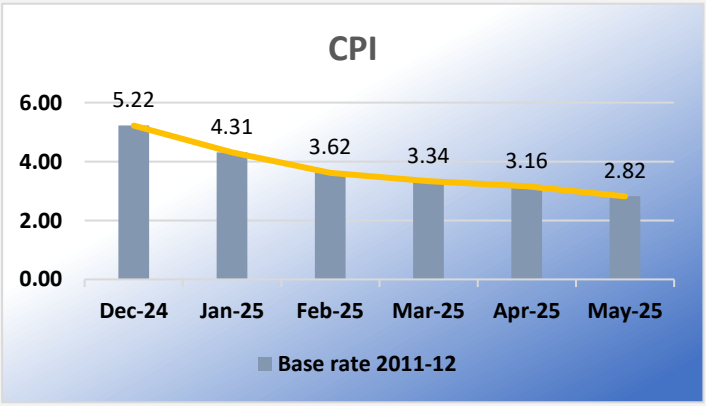


The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of April 2025 are (-)0.2 %, 3.4 % and 1.1 % respectively. Within the manufacturing sector, 16 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in April 2025 over April 2024. The top three positive contributors for the month of April 2025 are – "Manufacture of basic metals" (4.9%), "Manufacture of motor vehicles, trailers and semi-trailers" (15.4%) and "Manufacture of machinery and equipment n.e.c." (17.0%).

The corresponding growth rates of IIP as per Use-based classification in April 2025 over April 2024 are (-) 0.4 % in Primary goods, 20.3 % in Capital goods, 4.1 % in Intermediate goods, 4.0 % in Infrastructure/ Construction Goods, 6.4 % in Consumer durables and (-)1.7 % in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of April 2025 are Capital goods, Intermediate goods, Consumer durables.

CPI (Consumer Price Index) – May

India's consumer price inflation eased to 2.82% in May 2025, down from 3.16% in April and below market expectations of 3%. This marked the lowest reading since February 2019, bringing inflation close to the Reserve Bank of India's lower tolerance threshold of 2% under its inflation-targeting framework. Food inflation, which accounts for nearly half of the CPI basket, fell sharply to 0.99%, the lowest level since October 2021, driven by easing price pressures in pulses and products, vegetables, fruits, cereals, sugar and

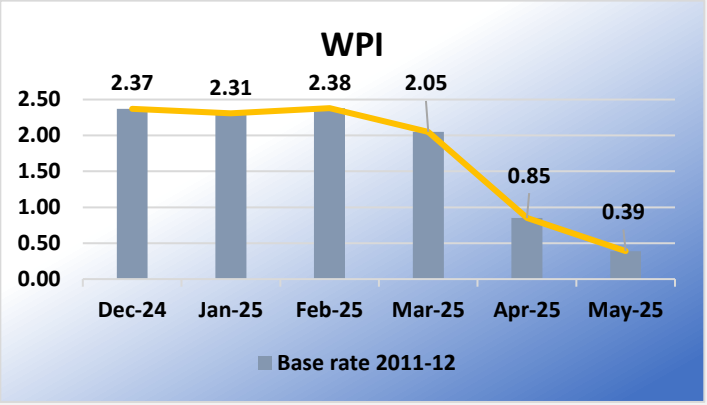


Source: APAS BRT, www.eaindustry.nic.in

confectionery, and eggs. Meanwhile, fuel and light inflation also moderated (2.78% vs. 2.92% in April). In contrast, inflation remained steady or edged higher in categories such as housing (3.16% vs. 3.06%), education (4.12% vs. 4.13%), health (4.34% vs. 4.25%), and transport and communication (3.85% vs. 3.67%).

WPI (Wholesale Price Index) – May

Wholesale Price Index (WPI) number is 0.39% (provisional) for the month of May 2025 (over May 2024). Positive rate of inflation in May 2025 is primarily due to increase in prices of manufacture of food products, electricity, other manufacturing, chemicals and chemical products, manufacture of other transport equipment and non-food articles etc.



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

The month-over-month change in WPI for the month of May 2025 stood at (-) 0.06% as compared to April 2025.

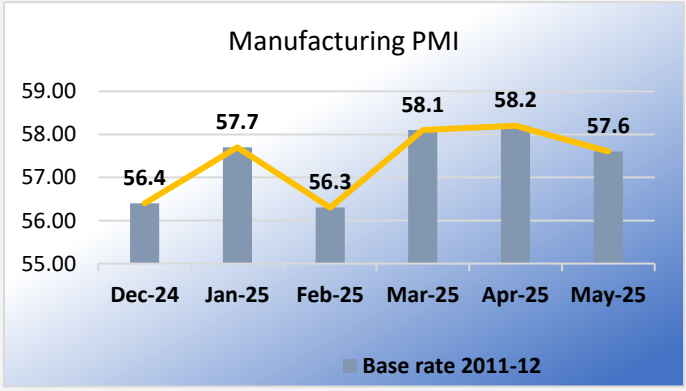
The index for primary articles decreased by 0.05 % to 184.3 (provisional) in May 2025 from 184.4 (provisional) for the month of April 2025. Price of minerals (-7.16%) and non-food articles (-0.63%) decreased in May 2025 as compared to April 2025. The price of food articles (0.56%) increased in May 2025 as compared to April 2025.

Prices for Fuel & Power declined by 0.95% to 146.7 (provisional) in May 2025 from 148.1 (provisional) for the month of April 2025. Price of mineral oils (-2.06%) decreased in May 2025 as compared to April 2025. The price of coal (0.81%) and electricity (0.80%) increased in May 2025 as compared to April 2025.

Prices for Manufacturing products remained unchanged at 144.9 (Provisional) in May 2025. Out of the 22 NIC two-digit groups for manufactured products, 10 groups witnessed an increase in prices, 9 groups witnessed a decrease in prices and 3 groups witnessed no change in prices. Some of the important groups that showed month-over-month increase in prices were other manufacturing; manufacture of other non-metallic mineral products; computer, electronic and optical products; pharmaceuticals, medicinal chemical and botanical products and textiles etc. Some of the groups that witnessed a decrease in prices were manufacturers of food products, basic metals; rubber and plastics products, chemical and chemical products and electrical equipment etc. in May 2025 as compared to April 2025.

Manufacturing PMI – May

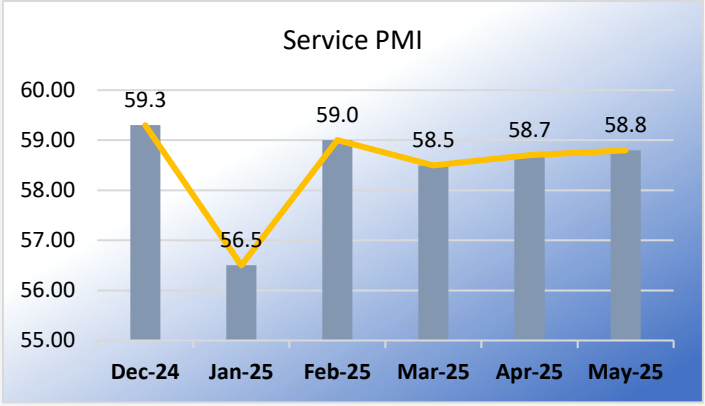
The HSBC India Manufacturing PMI was revised down to 57.6 in May 2025 from 58.2 in April, below the preliminary estimate of 58.3. While this marks a three-month low, it still signals a solid improvement in business conditions. Growth in new orders and output eased but remained strong, supported by robust demand. However, gains were partly weighed down by inflation, intense



competition, and geopolitical tensions between India and Pakistan. Employment rose to a record high, and input buying remained strong, though slightly slower than in April. Notably, backlogs were unchanged—ending a six-month streak of accumulation. Supply chain performance also improved, with lead times shortening to the greatest extent in four months. On prices, input cost inflation rose to a six-month high, leading firms to raise selling prices at one of the fastest rates in over a decade. Business confidence stayed strong, supported by marketing efforts and new client enquiries.

Services PMI – May

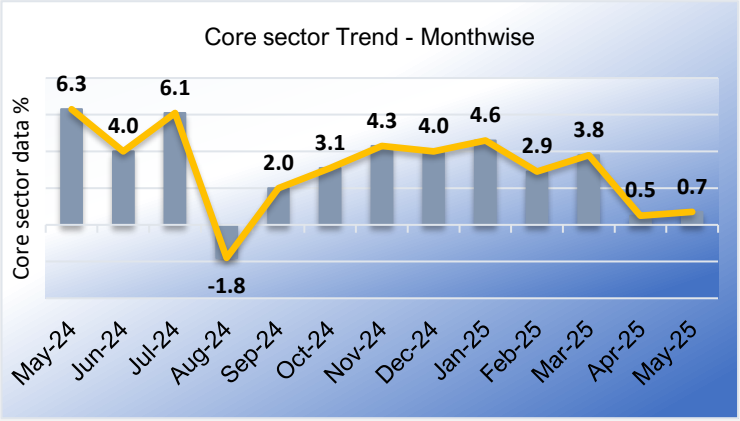
The HSBC India Services PMI was revised lower to 58.8 in May 2025 from 61.2 in the preliminary estimates. However, the latest reading remained above April's 58.7 and marked the fastest expansion since February, as output and new orders continued to rise. Foreign sales posted one of the strongest improvements in international demand in the 19-and-a-half years of data collection. Employment also increased, with the rate of job creation reaching the highest level in the survey's history, while backlogs of work declined at a softer pace. On the price front, input price inflation edged above the series average and reached its highest level since the start of the current calendar year, driven by higher prices for cooking oil, materials, and meat. Meanwhile, output price inflation accelerated to a six-month high, as firms passed on rising expenses to clients. Finally, business sentiment strengthened from April's 23-month low, supported by improving demand conditions.



Source: www.tradingeconomics.com

Core Sector Data – May

The combined Index of Eight Core Industries (ICI) increased by 0.7 % (provisional) in May 2025 as compared to the Index in May 2024. The production of Cement, Steel, Coal and Refinery Products recorded positive growth in May 2025. The ICI measures the combined and individual performance of production of eight core industries viz. Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity. 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 February 2025, March 2025 and April 2025 was observed at 3.4, 4.5 and 1.0 % respectively.

The summary of the Index of Eight Core Industries is given below:
Coal - Coal production (weight: 10.33 %) increased by 2.8 % in May 2025 over May 2024. Its cumulative index increased by 3.1 % during April to May, 2025-26 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 %) declined by 1.8 % in May 2025 over May 2024. Its cumulative index declined by 2.2 % during April to May, 2025-26 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 %) declined by 3.6 % in May 2025 over May 2024. Its cumulative index declined by 2.3 % during April to May, 2025-26 over corresponding period of the previous year.

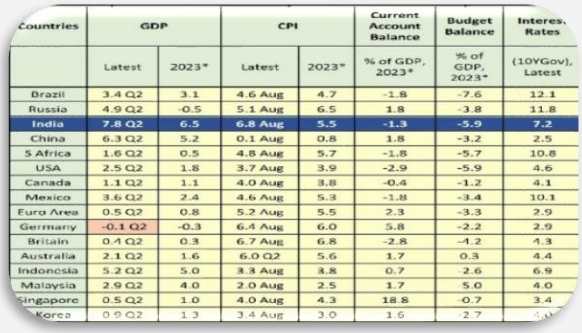
Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 %) increased by 1.1 % in May 2025 over May 2024. Its cumulative index declined by 1.7 % during April to May, 2025-26 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 %) declined by 5.9 % in May 2025 over May 2024. Its cumulative index declined by 5.1 % during April to May, 2025-26, over corresponding period of the previous year.

Steel - Steel production (weight: 17.92 %) increased by 6.7 % in May 2025 over May 2024. Its cumulative index increased by 5.5 % during April to May, 2025-26 over corresponding period of the previous year.

Cement - Cement production (weight: 5.37 %) increased by 9.2 % in May 2025 over May 2024. Its cumulative index increased by 7.8 % during April to May, 2025-26 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 %) declined by 5.8 % in May 2025 over May 2024. Its cumulative index declined by 2.2 % during April to May, 2025-26 over corresponding period of the previous year.



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
S 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	2.9 Q1	1.9	5.3 May	5.4	-2.5	-7.1	13.8
Russia	1.4 Q1	1.1	9.9 May	8.6	2.1	-2.6	15.0
India	7.4 Q1	6.2	2.8 May	4.0	-0.4	-4.4	6.3
China	5.4 Q1	4.4	-0.1 May	-0.3	1.8	-5.9	1.5
S Africa	0.8 Q1	1.1	2.8 May	3.6	-1.4	-4.8	9.9
USA	2.1 Q1	-0.5	2.4 May	3.2	-3.7	-6.0	4.3
Canada	2.3 Q1	0.7	1.7 May	2.3	-0.3	-1.9	3.3
Mexico	0.8 Q1	-0.2	4.4 May	3.8	-0.2	-3.5	9.2
Euro Area	1.5 Q1	0.9	1.9 May	2.1	3.0	-3.3	2.6
Germany	nil Q1	0.3	2.1 May	2.3	5.3	-2.6	2.6
Britain	1.3 Q1	1.0	3.4 May	3.4	-2.9	-4.5	4.4
Australia	1.3 Q1	1.7	2.4 Q1	2.1	-0.9	-1.8	4.2
Indonesia	4.9 Q1	4.7	1.6 May	1.5	-0.8	-3.3	6.7
Malaysia	4.4 Q1	4.2	1.2 May	2.0	1.9	-3.9	3.6
Singapore	3.9 Q1	1.7	0.8 May	0.5	16.7	-0.2	2.3
S Korea	-0.3 Q1	0.6	1.9 May	1.8	2.9	-2.3	2.8

BANKING

Launch of five-part documentary series on RBI

The Reserve Bank of India, in collaboration with JioHotstar, has launched a five-part documentary series titled 'RBI Unlocked: Beyond the Rupee'. The project has been produced by Chalkboard Entertainment.

The project was commissioned by RBI to visually document its 90-year history, with the objective of creating awareness about its various functions and roles.

The RBI, as a full-service central bank, performs a wide range of functions including currency management, monetary policy, regulation and supervision of banks and NBFCs, regulation of currency and interest rate, markets and payment and settlement systems, and financial inclusion. This documentary portrays the essence of RBI's functions in an intelligible manner to a wider demographic of people.

The documentary provides a first-time insight into the working of the RBI.

RBI releases Draft Master Direction - Reserve Bank of India (Rupee Interest Rate Derivatives) Directions, 2025 under Section 45 W of the RBI Act, 1934

The Reserve Bank of India today placed on its website Draft Master Direction - Reserve Bank of India (Rupee Interest Rate Derivatives) Directions, 2025. Comments on the draft Directions are invited from banks, market participants and other interested parties by July 7, 2025.

Background and Objective

The extant regulatory framework for Rupee Interest Rate Derivatives (IRD) was issued in June 2019. Since then, there have been several new developments in the market including, inter alia, the emergence of new products as well as the participation of the non-residents in the market. Accordingly, a comprehensive review of the IRD Directions was undertaken, and the draft Directions have been prepared to align it with the market and other related developments. The reporting requirements under the Directions have also been rationalised to reduce compliance burden. Separately, a requirement for reporting of IRD transactions undertaken globally is proposed to be introduced with a view to enhancing transparency in the Rupee IRD market.

RBI launches the July 2025 round of the Rural Consumer Confidence Survey

The Reserve Bank of India has been regularly conducting Rural Consumer Confidence Survey (RCCS). The July 2025 round of the survey is being launched. The survey collects current perceptions and one year ahead expectations of households on general economic situation, employment scenario, overall price situation, own income and spending from the households residing in the rural and semi-urban areas across

31 states/ UTs viz., Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, NCT of Delhi, Odisha, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Tripura, Union Territory of Ladakh, Uttar Pradesh, Uttarakhand and West Bengal. The results of this survey provide useful inputs for monetary policy.

The agency, M/s Development & Research Services Pvt. Ltd., New Delhi has been engaged to conduct the survey of this round on behalf of the Reserve Bank of India.

RBI issues directions on Due Diligence of Aadhaar Enabled Payment System (AePS) Touchpoint Operators

The Reserve Bank of India (RBI) has today issued Reserve Bank of India [Aadhaar Enabled Payment System (AePS) – Due Diligence of AePS Touchpoint Operators] Directions, 2025.

RBI had issued draft directions on due diligence of AePS on Bank's website on July 31, 2024, for stakeholder comments. The draft directions introduced the concept of AePS Touchpoint Operator (ATO) and aimed at streamlining the process for onboarding of ATOs by acquiring banks.

Feedback received on the draft has been examined and suitably incorporated in the final directions.

The Directions, inter alia, cover the following:
Due diligence requirements applicable to ATOs
Risk Management instructions governing the activities of ATOs
These directions shall come into effect from January 01, 2026.

INSURANCE

GDP flash Figure Up to May 2025 – Non-Life Insurance

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA
FLASH FIGURES - NON LIFE INSURERS (Provisional & Unaudited)
GROSS DIRECT PREMIUM UNDERWRITTEN FOR AND UPTO THE MONTH OF MAY, 2025

(Rs. in crores)

S.No.	Insurers	For the Month of MAY		Upto the Month of MAY		Market Share upto the Month of MAY, 2025 (%)	Growth over corresponding period of Previous Year (%)
		2025-26	2024-25	2025-26	2024-25		
1	*Acko General Insurance Limited*	192.92	170.83	370.77	344.38	0.66%	7.66%
2	*Bajaj Allianz General Insurance Company Limited*	1,322.48	1,093.23	3,725.30	3,481.80	6.67%	6.99%
3	*Cholamandalam MS General Insurance Company*	558.72	604.47	1,267.32	1,327.49	2.27%	-4.53%
4	*Future Generali India Insurance Company Limited*	306.87	413.94	947.91	1,104.77	1.70%	-14.20%
5	*Go Digit General Insurance Limited*	766.12	783.28	1,766.78	1,673.65	3.16%	5.56%
6	*HDFC Ergo General insurance Company Limited*	929.90	969.98	2,549.82	2,697.41	4.57%	-5.47%
7	*ICICI Lombard General Insurance Company Limited*	2,155.20	2,104.51	5,747.43	5,470.52	10.29%	5.06%
8	*IFFCO Tokio General Insurance Company Limited*	656.60	597.23	1,440.13	1,291.99	2.58%	11.47%
9	*Kshema General Insurance Company Limited*	39.14	281.23	345.62	281.51	0.62%	22.78%
10	*Liberty General Insurance Limited*	187.52	190.42	428.65	377.09	0.77%	13.67%
11	*Magma General Insurance Limited*	247.93	239.62	627.96	595.10	1.12%	5.52%
12	*National Insurance Company Limited*	1,052.75	994.76	2,586.32	2,377.27	4.63%	8.79%
13	*NAVI General Insurance Limited*	5.35	4.20	28.03	8.23	0.05%	240.50%
14	*Raheja QBE General Insurance Company Limited*	13.81	41.22	30.17	75.67	0.05%	-60.13%
15	*Reliance General Insurance Company Limited*	862.36	811.15	2,341.60	2,210.82	4.19%	5.92%
16	*Royal Sundaram General Insurance Company Limited*	312.58	278.90	832.86	704.83	1.49%	18.16%
17	*SBI General Insurance Company Limited*	888.13	789.07	2,178.71	1,693.53	3.90%	28.65%
18	*Shriram General Insurance Company Limited*	323.26	248.27	613.63	467.52	1.10%	31.25%
19	*Tata AIG General Insurance Company Limited*	1,429.98	1,265.49	3,490.36	3,005.66	6.25%	16.13%
20	*The New India Assurance Company Limited*	2,944.64	2,404.34	8,971.26	7,663.35	16.06%	17.07%
21	*The Oriental Insurance Company Limited*	1,469.00	1,601.08	4,094.04	3,281.15	7.33%	24.77%
22	*United India Insurance Company Limited*	1,827.23	1,696.05	3,920.34	3,719.52	7.02%	5.40%
23	*Universal Sompo General Insurance Company Limited*	436.29	370.71	909.14	782.91	1.63%	16.12%
24	*Zuno General Insurance Limited*	80.33	69.07	166.41	159.54	0.30%	4.31%
25	*Zurich Kotak General Insurance Company Limited*	196.96	147.58	430.62	294.00	0.77%	46.47%
	General Insurers Total	**19,206.09**	**18,170.62**	**49,811.17**	**45,089.73**	**89.19%**	**10.47%**
26	*Aditya Birla Health Insurance Company Limited*	346.24	254.42	784.62	612.01	1.40%	28.20%
27	*Care Health Insurance Company Limited*	641.26	611.93	1,365.75	1,278.30	2.45%	6.84%
28	*ManipalCigna Health Insurance Company Limited*	170.62	119.49	354.41	280.71	0.63%	26.25%
29	*Niva Bupa Health Insurance Company Limited*	554.54	505.55	1,037.61	949.74	1.86%	9.25%
	Reliance Health Insurance Limited	-	-	-	-	0.00%	#DIV/0!
30	*Star Health & Allied Insurance Company Limited*	1,199.08	1,160.69	2,259.22	2,173.88	4.05%	3.93%
31	*Narayana Health Insurance Limited*	0.69	-	1.09	-	0.00%	#DIV/0!
32	*Galaxy health Insurance Company Limited*	4.32	-	7.72	-	0.01%	#DIV/0!
	Stand-alone Pvt Health Insurers	**2,916.77**	**2,652.08**	**5,810.41**	**5,294.65**	**10.40%**	**9.74%**
33	*Agricultural Insurance Company of India Limited*	22.10	-19.38	27.88	11.65	0.05%	139.37%
34	*ECGC Limited*	108.59	104.60	196.25	190.74	0.35%	2.89%
	Specialized PSU Insurers	**130.69**	**85.22**	**224.13**	**202.39**	0.40%	**10.74%**
	GRAND TOTAL	**22,253.54**	**20,907.92**	**55,845.71**	**50,586.76**	**100.00%**	**10.40%**

Note: Compiled on the basis of data submitted by the Insurance companies
*Takeover of Reliance Health Insurance portfolio by Reliance General Insurance

CAPITAL MARKET

Margin obligations to be given by way of Pledge/Re-pledge in the Depository System

SEBI has mandated an automated system within depositories to streamline margin-pledged securities handling introducing a single "pledge release for early pay-in" instruction when clients sell pledged shares, and automatic invocation and early-pay-in blocking of securities in clients' demat accounts when brokers invoke margin pledges. This update reduces manual steps, prevents unsold securities from accumulating in brokers' accounts, and ensures only required quantities are blocked based on clearing data. The changes, aimed at improving operational efficiency and investor protection, will take effect on September 5, 2025, with depositories issuing guidelines by July 1, 2025.

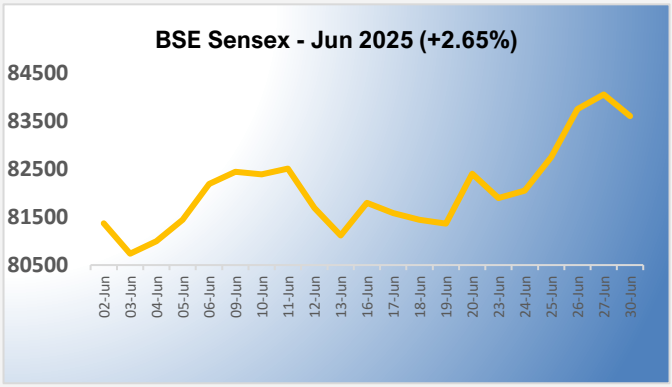
SEBI to Introduce "Validated UPI Handles" and "SEBI Check" for Secured Payments by Investors to Enhance Investor Protection and Combat Fraud

SEBI will roll out validated UPI handles which are standardized, exclusive payment IDs for registered intermediaries (brokers, mutual funds) effective from October 1, 2025, ensuring investors send funds only to verified entities. It also introduces a "SEBI Check" feature where investors will see official SEBI branding when making payments, making it easier to spot authentic payment requests and avoid fraud.

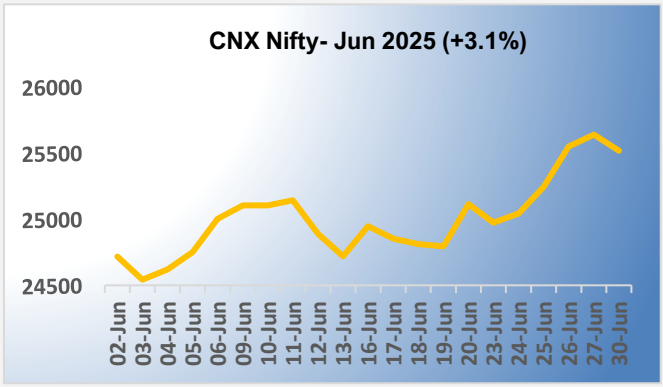
SEBI Board Meeting

At its 210th Board Meeting on June 18, 2025, SEBI approved several key reforms. IPO norms were eased to allow retention of ESOPs and convertible securities by early investors, and mandatory dematerialization was expanded to more stakeholders. A special delisting route was introduced for PSUs with 90%+ government holding, bypassing traditional shareholder thresholds. Additional changes included simplified QIP disclosures, streamlined AIF co-investment structures, relaxed compliance for government securities–focused FPIs, and revised eligibility for Angel Funds limited to accredited investors.

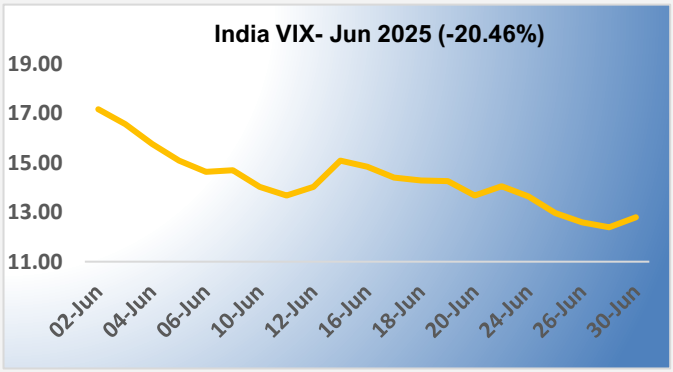
CAPITAL MARKET SNAPSHOT



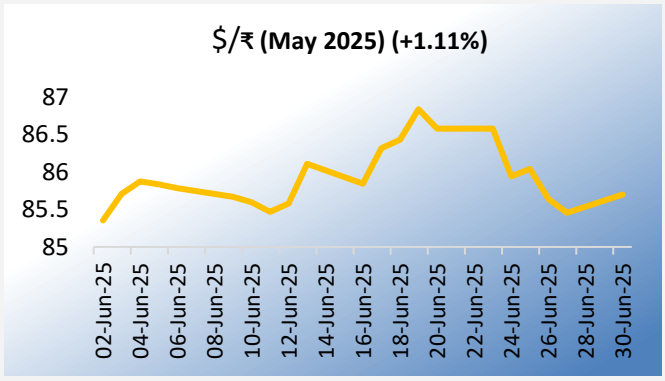
Source: National Stock Exchange



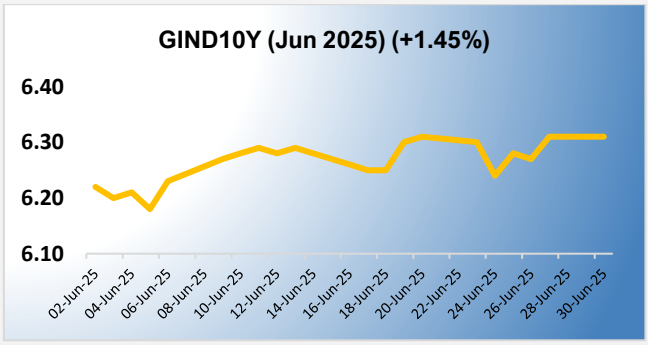
Sources: Bombay Stock Exchange



Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

Equity markets extended their gains in June 2025, with large caps maintaining strength and broader markets continuing to outperform. The Nifty 50 rose 3.10% and the BSE Sensex advanced 2.65%, driven by strong investor sentiment and easing global concerns. Mid and small-cap segments remained buoyant, with the Nifty Midcap 100 gaining 4.04% and the Nifty Small cap 100 surging 6.66%, reflecting sustained risk appetite and robust retail participation. Market volatility remained subdued, with India VIX edging down further by around 2%, indicating a stable and confident trading environment.

ABOUT APAS

APAS is an advisory management 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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