APAS MONTHLY NEWSLETTER

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ashvin parekh

APAS
ashvin parekh advisory services

+91 22 67891000 | info@ap-as.com | www.ap-as.com

EDITORIAL

In this issue, **Mr. Anup Bagchi, MD & CEO, ICICI Prudential Life Insurance Company Limited** has presented his thoughts on **'Unlocking the Next Phase of Growth in India's Life Insurance Sector'**. We thank Mr. Bagchi for his contribution to the APAS Monthly.

This month, the APAS column covers '**Balancing Growth and Reform: India's Insurance Market in Transition'.**

The economic indicators exhibited a mixed performance. Manufacturing PMI stood at 58.4 in June 2025, matching flash data and marking the highest point since April 2024. Services PMI was revised lower to 60.4 in June 2025 from 60.7 in the preliminary estimates, following a final 58.8 in the previous month. India's infrastructure output expanded by 1.7% from the previous year in June of 2025, picking up from the upwardly revised 1.2% in the previous month to extend the acceleration since growth slowed to an eight-month low of 1% in April. India's Industrial production expanded by 1.2% from the previous year in May of 2025, slowing from the downwardly revised 2.6% increase in the previous month and firmly below market expectations of a 2.4% growth rate, to mark the softest pace of industrial growth since August 2024. India's consumer price inflation eased for the eighth straight month, falling to 2.1% in June 2025, the lowest level since January 2019, down from 2.82% in May and below market expectations of 2.5%. India Wholesale Price Index (WPI) number is (-) 0.13% (provisional) for the month of June 2025 (over June 2024).

The Reserve Bank of India has launched the 2024-25 round of its Survey on International Trade in Banking Services (ITBS). The Financial Action Task Force (FATF) vide public document 'High-Risk Jurisdictions subject to a Call for Action' - 13 June 2025, has called on its members and other jurisdictions to refer to the statement on Democratic People's Republic of Korea (DPRK) and Iran adopted in February 2020 which remains in effect. The Monetary Policy Statement, 2025-26 was published.

IRDAI held its 132nd Authority meeting to discuss rural, social sector and motor third party obligations for FY 2025-26 and FY 2026-27, release of technical guidance document for second quantitative impact study (QIS 2) for implementation of IND-RBC, approval of r1 application, the first stage approval in the registration process of an insurance company and some other important agendas.

SEBI mandated the implementation of a Common Contract Note (CCN) with a single Volume Weighted Average Price (VWAP) for institutional investors, effective from June 27, 2025. SEBI's comparative study highlights that recent regulatory measures have led to a decline in equity derivatives (index options) trading volumes and retail participation over the past year, though activity remains significantly higher than two years ago.

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

Unlocking the Next Phase of Growth in India's Life Insurance Sector

Mr. Anup Bagchi
MD & CEO,
ICICI Prudential Life Insurance Company Limited

APAS COLUMN

Balancing Growth and Reform: India's Insurance Market in Transition

ECONOMY

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

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
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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

RBI launches Survey on International Trade in Banking Services (ITBS): 2024-25

Financial Action Task Force (FATF) High risk and other monitored jurisdictions – June 12-13, 2025

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

INSURANCE

132nd Authority meeting

CAPITAL MARKETS

Common Contract Note with Single Volume Weighted Average Price (VWAP) – Enhancing Ease of Doing Business for Market Participants

Comparative study of growth in trading in Equity Derivatives Segment (EDS) vis-à-vis Cash Market after recent measures

CAPITAL MARKETS SNAPSHOT

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

GUEST COLUMN

Mr. Anup Bagchi
MD & CEO
ICICI Prudential Life Insurance Company Limited

Unlocking the Next Phase of Growth in India's Life Insurance Sector

India's life insurance sector is undergoing a quiet revolution—one marked by increased customer awareness, forward-looking regulatory reforms and deeper integration of technology. As the country advances toward its long-term goal of 'Insurance for All by 2047,' the sector is playing a significant role in building financial resilience, fostering long-term savings and safeguarding families against life's uncertainties.

Life insurance is unique as it caters to the fundamental needs of protection, long-term savings and retirement income. While earlier bought by customers mainly for tax saving, today it is seen as an important risk management tool ensuring family's financial security.

The growth story so far has been encouraging, but the opportunity ahead is even more compelling. As life insurance becomes more central to household financial planning, the focus has shifted to ensuring meaningful, adequate and accessible financial protection for all.

Strengthening coverage depth

In a country with an estimated population of 145 crore, the life insurance industry has issued approximately 35 crore policies, despite this there exists a significant protection gap of USD 16.5 trillion, as estimated by Swiss Re. This showcases the financial vulnerability of Indian families in case something was to happen to the breadwinner. Therefore, there is a pressing need for the industry to nudge individuals to opt for adequate cover. Also, this protection gap offers a substantial growth opportunity for the industry.

Furthermore, India's pension market is one of the lowest penetrated in the world standing at 6.9% of its GDP in FY2024. As life expectancy increases, individuals are expected to lead longer lives after retiring, making a compelling case for annuity products. Innovative products can enable a larger section of the country's population to systematically plan for their retirement.

As awareness grows, insurers are focusing on ensuring sustainability by enhancing risk management, simplifying products and processes and delivering an enhanced experience to customers across their policy lifecycle.

Positive regulatory momentum

The Regulator has introduced a suite of reforms aimed at improving transparency, expanding coverage and enabling product innovation to name a few. These reforms reflect a strong intent to simplify customer

interactions, strengthen industry resilience and attract long-term capital. Proposed initiatives like risk-based capital and IFRS showcases the commitment of the regulator to expand and profitably grow the industry.

The proposed introduction of the composite insurance license is another forward-looking reform that will foster innovation. It will promote the creation of bundled solutions—offering customers a more holistic protection insurance solution and aid insurers deepen engagement across life stages.

Notably, the Regulator has also permitted insurance companies to undertake transactions in bond forwards, enabling them to take long positions and effectively hedge their long-term interest rate risks.

The regulatory framework is not only augmenting global alignment but also laying the groundwork for more sustainable growth and enhanced customer experience. Moreover, the regulator's initiatives are guided by long-term thinking and a focus on creating an enabling environment for all stakeholders—customers, insurers and distributors.

Simplification: A strategic imperative

Making life insurance simpler benefits every link in the value chain. For customers, simplified policies lead to better understanding, bolsters trust and facilitates more informed decision-making. For insurers and distributors, easier onboarding reduces friction and improves efficiency. And for the industry simplicity builds credibility—encouraging more families to financially secure themselves.

Recent developments are already reflecting this shift. Digitalisation, paperless onboarding, instant policy issuance, and simplification are aiding delivery of an enhanced customer experience by making insurance journeys smoother and more transparent.

As more life events become digitally trackable—from loans to health services—embedding life insurance as a contextual, timely offering can further simplify its role in daily life.

Reaching both India and Bharat

India is a complex market, comprising of highly diverse customer groups, needs, aspirations and access levels. The need of the urban, semi-urban and rural population is very different necessitating developing solutions tailored to cater to these differences.

Hybrid distribution models, regional language interfaces and assisted digital journeys are helping bridge this divide. Ensuring product accessibility across regions and income levels is essential for sustained, inclusive growth.

A major opportunity lies in embedding insurance into platforms that people already use—such as payment apps, e-commerce websites, transport utilities, etc. These touchpoints offer high reach and familiarity, making it easier to offer relevant life insurance products to customer. By integrating insurance into the broader ecosystems offers the benefit of scale, allowing insurers to focus on simple, modular offerings that can be tailored to a range of use cases.

Enhancing the claims experience

The true test of life insurance lies in how it supports families during times of need. A seamless, transparent and timely claims process is therefore essential—not only for individual outcomes but for building lasting confidence in the system.

Initiatives such as e-verification, centralised registries and digitalisation have already significantly improved turnaround times. Continued investment in service delivery—especially at the claims stage—will ensure that customers' trust keeps pace with industry growth.

Technology as a long-term enabler

Digital innovation is transforming every facet of the insurance value chain. From AI-powered underwriting and multilingual chatbots to predictive analytics and smart claims assessment, technology is driving both efficiency and personalisation. The key going forward will be to combine automation with human empathy, particularly in high-touch areas like claims support and retirement planning.

As insurers deepen their digital infrastructure, customer experience will become a defining differentiator—not just in product selection but in how customers engage at each interaction.

Charting the road ahead

India's life insurance sector stands on strong foundations. It has shown resilience responsiveness and readiness to innovate. The next phase will require a continued focus on three pillars: simplification, inclusivity and trust. Whether through embedded insurance, clearer communication or next-gen digital experiences, the sector must remain centred on customers—meeting their real needs, at the right time, in the right way.

As per the report by Swiss Re, between CY2025–CY2029, total life insurance premiums in India are expected to grow at a CAGR of 6.9% in real terms, well above the global (2.7%) and emerging economies (5.3%). At this rate, India will have the fastest growing insurance sector among the G20 countries. With the industry's collaborative efforts life insurance has become a universal financial safety net tool. The goal is not just broader coverage, but meaningful financial security that is simple, accessible and built to last.

In the years ahead, the industry's focus will be on delivering the right product to the right customer at the right price and through the right channel. This approach will deepen quality of coverage, enhance trust and deliver value to customers. Moreover, the sector is well-poised to become one of the foundational pillars of India's financial services architecture—one that protects families, supports economic resilience and contributes meaningfully to the nation's growth story.

APAS COLUMN

Balancing Growth and Reform: India's Insurance Market in Transition

India's insurance sector closed FY 2024–25 on a resilient note, continuing its ascent as one of the fastest-growing markets globally. Despite macroeconomic headwinds and regulatory recalibrations, the industry demonstrated solid performance across both life and non-life segments. Rising digital adoption, evolving consumer preferences, and deeper policy penetration supported topline growth. Yet, several structural and regulatory challenges particularly around profitability, distribution, and surrender regulations posed important transition hurdles.

Sector Performance: Strong but Uneven Growth

The life insurance industry reported 10.5% growth in FY 2024–25, outperforming the global average of around 5%. According to multiple market reports, this growth was driven by sustained demand for individual protection plans, guaranteed return products, and annuity-based retirement offerings. Private insurers expanded market share through diversified multi-channel strategies, even as LIC remained a dominant player post-listing, focusing on rebalancing its product mix.

Meanwhile, the non-life insurance segment, though growing more modestly, remained stable. Industry data show 6.5% year-on-year growth in May 2025 and 5.2% growth in June, with health, fire, and crop segments leading the way. However, motor insurance, a key component of the non-life business, continued to face pressure due to muted auto sales and low renewal momentum in the commercial vehicle segment. Group corporate health portfolios also remained under strain due to pricing inefficiencies and rising claims.

Looking ahead, India Ratings projects 13% growth in general insurance premiums in FY 2025–26, suggesting that FY25 may have served as a reset year in preparation for more stable expansion.

Structural and Regulatory Challenges

Despite headline growth, insurers are contending with multiple underlying issues that affect long-term sustainability and value creation.

1. Persistently Low Insurance Penetration

India's insurance penetration is at 3.7% of GDP well under the global average of around 7% highlighting a significant protection gap. While urban coverage continues to improve, rural and informal segments remain underinsured. The government's push through PMJJBY and PMFBY schemes has helped, but more product innovation and flexible premium designs are needed to expand coverage meaningfully across segments.

2. Profitability and Cost Structures

For life insurers, declining margins on traditional savings products amid rising bond yields and consumer shift toward mutual funds have created competitive pressures. Non-life insurers, meanwhile, continue to grapple with high combined ratios, especially in health and crop insurance, where fraud risk, poor underwriting, and limited pricing power erode profitability. Many players are focusing on digital claims processing and better data integration to control costs.

3. Distribution Complexity and Misalignment

Agency and bancassurance channels still dominate insurance distribution in India, but they often prioritize short-term sales over customer longevity. This affects persistency and leads to a cycle of high acquisition costs and early policy exits. Direct-to-customer digital models are evolving but remain relatively small in volume. Aligning incentives across channels will be key to long-term sustainability.

Surrender Value Norms: A New Compliance Challenge

The revised surrender value regulations have introduced a structural challenge for life insurers. By mandating higher payouts even after just one year of premium payment, the norms aim to improve transparency and early-exit fairness for policyholders. However, this shift has impacted product viability and margin structures, forcing insurers to redesign offerings, manage capital strain, and rethink distributor incentives. While measures like trail commissions and claw backs are being adopted to preserve persistency, it may take time for the industry to fully adapt and restore profitability under the new regime.

Reform Momentum and Regulatory Push

IRDAI undertook some changes of India's insurance regulatory framework to stimulate product innovation, consumer protection, and financial inclusion. Key early changes included mandatory electronic issuance of all policies and a reduction in health insurance waiting periods. Surrender value rules were standardized, and outdated circulars were consolidated into seven principle-based regulations governing product design, expenses, outsourcing, and governance.

The launch of Bima Sugam, a national digital insurance marketplace, marked a significant shift in distribution architecture. Meanwhile, the proposed Insurance Laws (Amendment) Bill introduced critical reforms such as composite licenses, 100% FDI, and lower capital requirements, receiving endorsement from the Parliamentary Standing Committee in late 2024.In 2025, IRDAI focused on strengthening the regulatory sandbox, digital data governance, and transparency in motor and health insurance.

While the pace of implementation slowed briefly in early FY26 due to a leadership transition, the appointment of new IRDAI Chairperson in July 2025 is expected to accelerate the regulatory agenda in the months ahead.

Growth Outlook: Doubling by 2030

India's insurance sector is projected to double in size by 2030, supported by favorable demographics, rising incomes, and deeper formalization of the economy. Swiss Re and Allianz both estimate India will be among the top six insurance markets globally by the early 2030s. Digital transformation will continue to be a key enabler whether through embedded insurance models, AI-driven underwriting, or personalized wellness-linked health covers.

That said, sustaining momentum will require insurers to move beyond volume growth and build value-centric strategies. Improving persistency, strengthening underwriting discipline, rationalizing product portfolios, and investing in robust tech infrastructure will be essential to navigating the next phase of sectoral maturity.

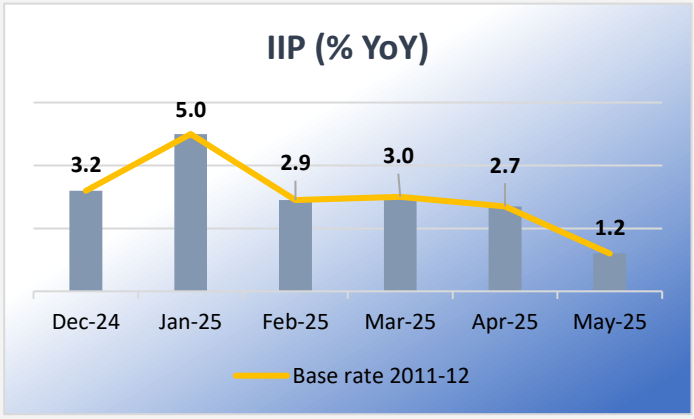
Conclusion

FY 2024–25 reinforced India's insurance sector as both a driver and beneficiary of the country's broader economic growth. The sector demonstrated its ability to grow even in the face of uneven demand and significant regulatory shifts. However, new surrender value rules, evolving consumer expectations, and continued profitability challenges will test insurers' agility and balance-sheet strength. As India heads toward becoming one of the world's largest insurance markets, the next few years will be critical in shaping a more inclusive, digitally enabled, and value-driven insurance ecosystem.

ECONOMY

IIP (Index of Industrial Production) – May

India's industrial production expanded by 1.2% from the previous year in May of 2025, slowing from the downwardly revised 2.6% increase in the previous month and firmly below market expectations of a 2.4% growth rate, to mark the softest pace of industrial growth since August 2024.



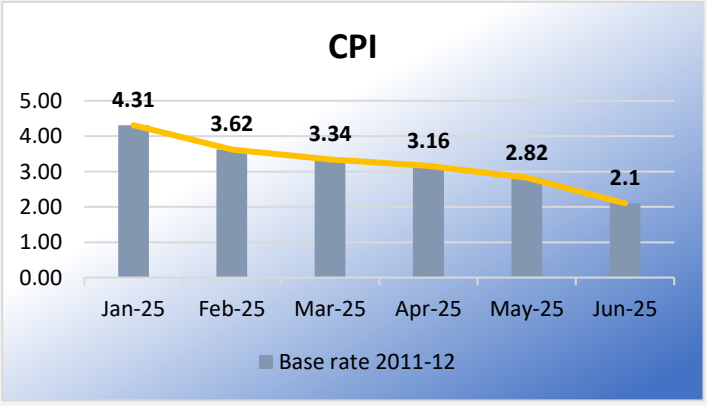
Source: APAS BRT, www.mospi.gov.in

The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of May 2025 are (-)0.1 %, 2.6 % and (-)5.8 % respectively. Within the manufacturing sector, 13 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in May 2025 over May 2024. The top three positive contributors for the month of May 2025 are – "Manufacture of basic metals" (6.4%), "Manufacture of machinery and equipment n.e.c." (11.8%) and "Manufacture of other non-metallic mineral products" (6.9%).

The corresponding growth rates of IIP as per Use-based classification in May 2025 over May 2024 are (-)1.9 % in Primary goods, 14.1 % in Capital goods, 3.5 % in Intermediate goods, 6.3 % in Infrastructure/ Construction Goods, (-) 0.7 % in Consumer durables and (-)2.4 % in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of May 2025 are Infrastructure/ construction goods, Capital goods, Intermediate goods.

CPI (Consumer Price Index) – Jun

India's consumer price inflation eased for the eighth straight month, falling to 2.1% in June 2025, the lowest level since January 2019, down from 2.82% in May and below market expectations of 2.5%. The sharp decline was largely driven by a 1.06% drop in food prices, marking the first annual decrease since early 2019. Vegetable prices plunged 19%, while pulses fell 11.76%. Prices for spices dropped 3.03%, and meat and fish were down 1.62%. Inflation in the fuel and light category also

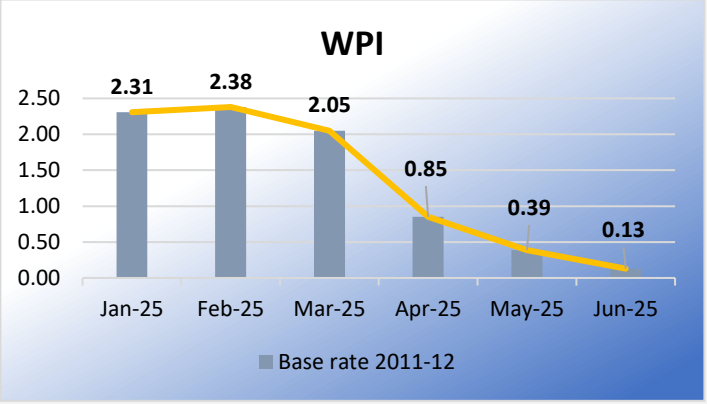


Source: APAS BRT, www.eaindustry.nic.in

moderated to 2.55% from 2.78% in the previous month. However, price pressures remained persistent or slightly increased in other sectors: housing inflation rose to 3.24% (from 3.16%), education to 4.37% (from 4.12%), health to 4.43% (from 4.34%), and transport and communication to 3.9% (from 3.85%). On a monthly basis, consumer prices rose 0.62% compared to May.

WPI (Wholesale Price Index) – Jun

Wholesale Price Index (WPI) number is (-) 0.13% (provisional) for the month of June 2025 (over June 2024). Negative rate of inflation in June 2025 is primarily due to decrease in prices of food articles, mineral oils, manufacture of basic metals, crude petroleum & natural gas etc.



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

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

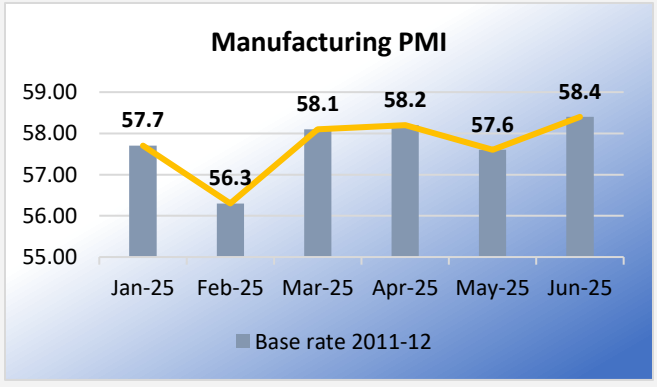
The index for primary articles increased by 0.81 % to 185.8 (provisional) in June 2025 from 184.3 (provisional) for the month of May 2025. Price of minerals (1.49%), non-food articles (1.26%) and food articles (0.82%) increased in June 2025 as compared to May 2025. The price of Crude Petroleum & Natural Gas (-0.44) decreased in June 2025 as compared to May 2025.

Prices for Fuel & Power declined by 2.52% to 143.0 (provisional) in June 2025 from 146.7 (provisional) for the month of May 2025. Price of electricity (-9.10%), mineral oils (-0.54%) and coal (-0.07%) decreased in June 2025 as compared to May 2025.

Prices for Manufacturing products declined by 0.07% to 144.8 (provisional) in June 2025 from 144.9 (provisional) for the month of May 2025. Out of the 22 NIC two-digit groups for manufactured products, 11 groups witnessed an increase in prices, 6 groups witnessed a decrease in prices and 5 groups witnessed no change in prices. Some of the important groups that showed month-over-month increase in prices were other manufacturing; machinery and equipment; other transport equipment; pharmaceuticals, medicinal chemical and botanical products; computer, electronic and optical products etc. Some of the groups that witnessed a decrease in prices were manufacture of basic metals; food products; fabricated metal products, except machinery and equipment; tobacco products; rubber and plastics products etc. in June 2025 as compared to May 2025.

Manufacturing PMI – Jun

The HSBC India Manufacturing PMI stood at 58.4 in June 2025, matching flash data and marking the highest print since April 2024. Output and buying activity rose the most in 14 months, while new orders grew at their quickest rate in almost a year, boosted by strong marketing efforts and a sharp rise in exports. Foreign demand gained solid momentum, with its growth reaching the third-highest rate since data collection began in March 2005, driven in

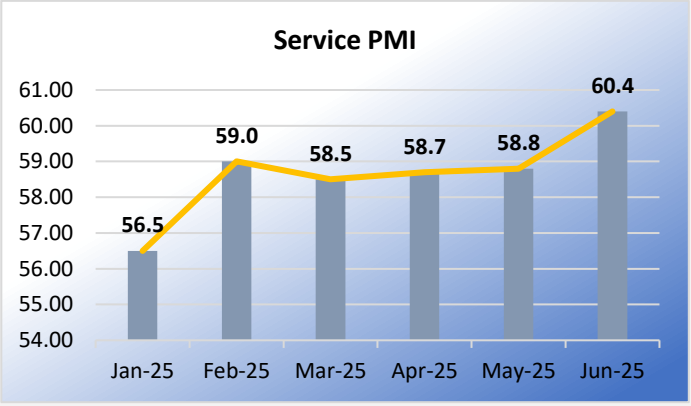


Source: www.tradingeconomics.com

part by robust orders from the U.S. Employment rose at a record pace, reflecting strong business confidence. On the cost front, input price inflation eased to a four-month low despite higher iron and steel prices. However, selling prices rose markedly, as many firms passed on additional costs to customers. Meanwhile, average lead times shortened at the fastest pace in five months. Looking ahead, business optimism remained upbeat, though tempered by concerns over rising competition, inflation, and shifting consumer preferences.

Services PMI – Jun

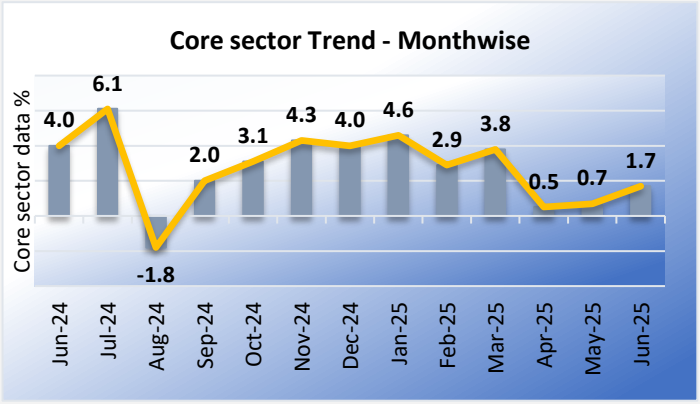
The HSBC India Services PMI was revised lower to 60.4 in June 2025 from 60.7 in the preliminary estimates, following a final 58.8 in the previous month. Still, the latest reading marked the fastest expansion since last August, as output and new orders grew the most in 10 months, mainly boosted by domestic sales. Meanwhile, new export orders rose at the slowest pace in three months, albeit remaining among the strongest in the series' history. Employment increased for the thirty-seventh consecutive month, with the rate of job growth outpacing its long-run average despite slowing from May's record. On the price front, input cost inflation eased to a ten-month low, while output price inflation slowed but remained above the series trend. Finally, business sentiment deteriorated and fell below its long-run average.



Source: www.tradingeconomics.com

Core Sector Data – Jun

The combined Index of Eight Core Industries (ICI) increased by 1.7 % (provisional) in June 2025 as compared to the Index in June 2024. The production of Steel, Cement and Refinery Products recorded positive growth in June 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 May 2025 was observed at 1.2 %. The cumulative growth rate of ICI during April to June, 2025-26 is 1.3 % (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 %) declined by 6.8 % in June 2025 over June 2024. Its cumulative index declined by 0.3 % during April to June, 2025-26 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 %) declined by 1.2 % in June 2025 over June 2024. Its cumulative index declined by 2.0 % during April to June, 2025-26 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 %) declined by 2.8 % in June 2025 over June 2024. Its cumulative index declined by 2.5 % during April to June, 2025-26, over corresponding period of the previous year.

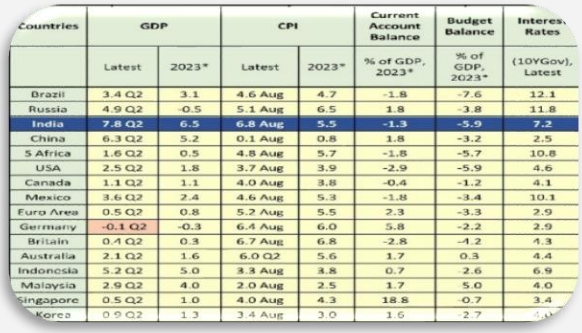
Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 %) increased by 3.4 % in June 2025 over June 2024. Its cumulative index remained constant during April to June, 2025-26 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 %) declined by 1.2 % in June 2025 over June 2024. Its cumulative index declined by 3.8 % during April to June, 2025-26 over corresponding period of the previous year.

Steel - Steel production (weight: 17.92 %) increased by 9.3 % in June 2025 over June 2024. Its cumulative index increased by 7.0 % during April to June, 2025-26 over corresponding period of the previous year.

Cement - Cement production (weight: 5.37 %) increased by 9.2 % in June 2025 over June 2024. Its cumulative index increased by 8.4 % during April to June, 2025-26 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 %) declined by 2.8 % in June 2025 over June 2024. Its cumulative index declined by 2.0 % during April to June, 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	2.2	5.4 Jun	5.3	-2.4	-8.1	14.1
Russia	1.4 Q1	0.9	9.4 Jun	8.7	2.3	-2.6	14.2
India	7.4 Q1	6.2	2.1 Jun	3.9	-0.5	-4.4	6.3
China	5.2 Q2	4.7	0.1 Jun	-0.3	1.7	-5.9	1.6
S Africa	0.8 Q1	1.0	3.0 Jun	3.1	-1.6	-4.9	9.8
USA	2.0 Q1	0.9	2.7 Jun	2.8	-3.7	-5.9	4.4
Canada	2.3 Q1	1.0	1.9 Jun	2.1	-0.5	-1.9	3.6
Mexico	0.8 Q1	-0.2	4.3 Jun	3.9	-0.2	-3.5	9.5
Euro Area	1.5 Q1	1.2	2.0 Jun	2.0	3.1	-3.3	2.7
Germany	nil Q1	0.3	2.0 Jun	2.1	5.3	-2.7	2.7
Britain	1.3 Q1	1.0	3.6 Jun	3.7	-2.9	-4.5	4.6
Australia	1.3 Q1	1.7	2.4 Q1	2.1	-0.9	-1.8	4.4
Indonesia	4.9 Q1	4.7	1.9 Jun	1.5	-0.9	-3.3	6.5
Malaysia	4.5 Q2	4.0	1.1 Jun	1.8	1.8	-3.9	3.4
Singapore	4.3 Q2	1.9	0.8 Jun	0.8	14.4	-0.2	2.1
S Korea	0.6 Q2	0.6	2.2 Jun	2.0	3.5	-2.4	2.8

BANKING

RBI launches Survey on International Trade in Banking Services (ITBS): 2024-25

The Reserve Bank of India has launched the 2024-25 round of its Survey on International Trade in Banking Services (ITBS).

The survey, conducted annually since 2006-07, provides information on financial services rendered by branches/subsidiaries/joint ventures of Indian banks operating abroad and branches/subsidiaries of foreign banks operating in India, based on explicit / implicit fees / commission charged to customers.

The survey schedule for the 2024-25 round is required to be filled in by the banks for branches/subsidiaries/joint venture of Indian banks operating abroad and branches/subsidiaries of foreign banks operating in India.

Financial Action Task Force (FATF) High risk and other monitored jurisdictions – June 12-13, 2025

The Financial Action Task Force (FATF) vide public document 'High-Risk Jurisdictions subject to a Call for Action' - 13 June 2025, has called on its members and other jurisdictions to refer to the statement on Democratic People's Republic of Korea (DPRK) and Iran adopted in February 2020 which remains in effect. Further, Myanmar was added to the list of High-Risk Jurisdictions subject to a Call for Action in the October 2022 FATF plenary and FATF has called on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risk arising from Myanmar. When applying enhanced due diligence measures, countries have been advised to ensure that flows of funds for humanitarian assistance, legitimate NPO activity and remittances are not disrupted. The status of Myanmar in the list of countries subject to a call for action, remains unchanged.

FATF had earlier identified the following jurisdictions as having strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing and had placed the jurisdictions under Increased Monitoring, which had developed action plan with the FATF to deal with them. These jurisdictions were: Algeria, Angola, Bulgaria, Burkina Faso, Cameroon, Côte d'Ivoire, Croatia, Democratic Republic of the Congo, Haiti, Kenya, Lao People's Democratic Republic (Lao PDR), Lebanon, Mali, Monaco, Mozambique, Namibia, Nepal, Nigeria, South Africa, South Sudan, Syria, Tanzania, Venezuela, Vietnam and Yemen. As per the June 13, 2025 FATF public statement, Bolivia and the Virgin Islands (UK) have been added to the list of Jurisdictions under Increased Monitoring while Croatia, Mali and Tanzania have been removed from this list based on review by the FATF.

FATF plenary releases documents titled "High-Risk jurisdictions subject to a Call for Action" and "Jurisdictions under Increased Monitoring" with respect to jurisdictions that have strategic AML/CFT deficiencies as part of the ongoing efforts to identify and work with jurisdictions with strategic Anti-Money Laundering (AML)/Combating of Financing of Terrorism (CFT) deficiencies. This advice does not preclude the regulated entities from legitimate trade and business transactions with these countries and jurisdictions mentioned there.

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

The Monetary Policy Committee (MPC), in its 56th meeting held from August 4-6, 2025, chaired by RBI Governor Shri Sanjay Malhotra, unanimously decided to maintain the policy repo rate at 5.50% with a neutral stance, keeping SDF at 5.25% and MSF/Bank Rate at 5.75%. This decision aims to support growth while achieving the medium-term CPI inflation target of 4% ±2%. Domestic growth remains resilient, driven by rural demand, government capital expenditure, and a robust services sector, though industrial growth is subdued. GDP growth for 2025-26 is retained at 6.5%, while CPI inflation fell to a 77-month low of 2.1% in June 2025, primarily due to declining food prices, but is projected to rise above 4% by Q4. With favourable monsoon conditions, healthy foodgrain stocks, and ongoing policy transmission from earlier rate cuts, the MPC opted to wait and watch, closely monitoring growth-inflation dynamics. The next MPC meeting is scheduled for September 29–October 1, 2025.

INSURANCE

132nd Authority meeting

The 132nd Meeting of the Authority was held on the 14th July 2025 at IRDAI, Hyderabad in accordance with the provisions of the IRDA (Meetings) Regulations 2000. Apart from the routine regulatory and administrative matters deliberated/approved in the meeting, the following major aspects received Authority's approval:

1. **Rural, Social Sector and Motor Third Party obligations for FY 2025-26 and FY 2026-27**

Rural, Social Sector and Motor Third Party obligations under IRDAI (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024 for FY 2025-26 and FY 2026-27 were approved.

2. **Release of Technical Guidance Document for Second Quantitative Impact Study (QIS 2) for implementation of Ind-RBC**

A status update on implementation of Risk Based Capital (Ind-RBC) which is one of the key areas to pursue development agenda with the objective of overall growth coupled with optimum utilization of capital, basis the risk profile of the insurers, was 3 discussed. The results from the impact assessment from the First Quantitative Impact Study (QIS 1) were also deliberated.

The Technical Guidance document for carrying out the QIS 2 has been updated considering inputs received from insurers and working groups. The template for data submission is also being reviewed through dry run. An updated Technical Guidance Document along with internally designed template will be released soon. Insurers will be required to complete the exercise in two to three months.

3. **Approval of R1 application, the first stage approval in the registration process of an Insurance Company.**

R1 application of M/s Kiwi General Insurance Ltd. was approved

4. **Other important agendas included**

   i. For ease of doing business certain clarifications/modifications in the existing regulatory stipulations were approved as regards:

   • IRDAI (Maintenance of Information by the Regulated Entities and Sharing of information by the Authority), Regulations 2025
   • Revised Guidelines on Insurance Repositories and Electronic Issuance of Insurance Policies (Reference IRDAI/INT/GDL/INSRE/111/05/2015 dated 29th May 2015)

ii. As part of enforcement function, to decide on the violations observed as regards the provisions of Insurance Act and Regulations issued thereunder, with respect to certain Insurers/Insurance Intermediaries, panels of Whole-Time Members were formed

iii. In terms of delegation of powers by the Authority, panel of Whole-Time Members were formed to consider specific share transfer applications and other matters.

This was the third meeting of the Authority in the current financial year FY 2025-26.

CAPITAL MARKET

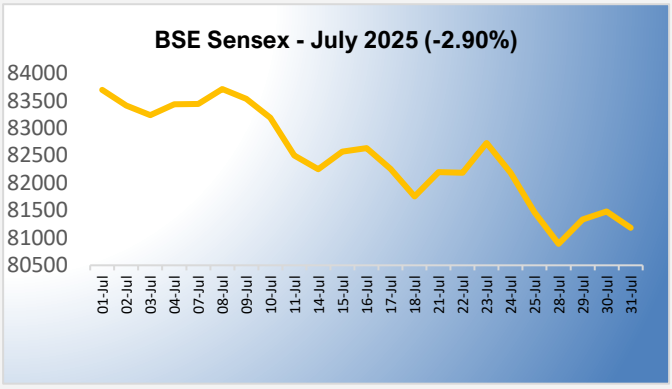
Common Contract Note with Single Volume Weighted Average Price (VWAP) – Enhancing Ease of Doing Business for Market Participants

SEBI mandated the implementation of a Common Contract Note (CCN) with a single Volume Weighted Average Price (VWAP) for institutional investors, effective from June 27, 2025. This reform consolidates all trades executed across multiple exchanges into a single contract note with a unified VWAP, replacing the earlier system of separate trade confirmations from each exchange. The new system significantly simplifies post-trade processes, reduces reconciliation and compliance burdens, increases transparency, and improves operational efficiency for institutional investors and market participants. It aligns India's capital markets with global best practices and is part of a broader initiative to streamline settlement and reporting procedures.

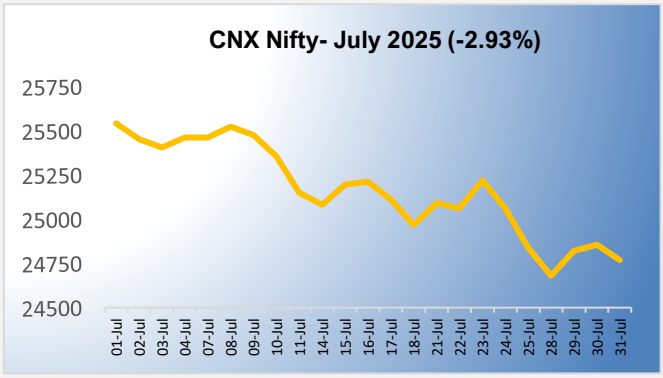
Comparative study of growth in trading in Equity Derivatives Segment (EDS) vis-à-vis Cash Market after recent measures

SEBI's comparative study highlights that recent regulatory measures have led to a decline in equity derivatives (index options) trading volumes and retail participation over the past year, though activity remains significantly higher than two years ago. India's index options turnover is exceptionally high compared to global markets, but 91% of retail traders in this segment incurred net losses in FY25. To address risks and promote market stability, SEBI has introduced additional risk-control measures targeting transparency and curbing excessive speculation.

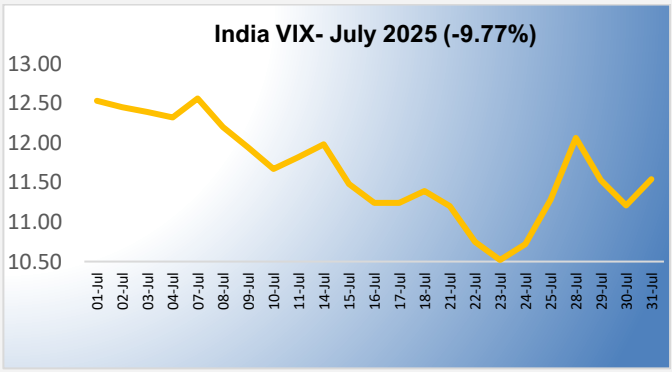
CAPITAL MARKET SNAPSHOT



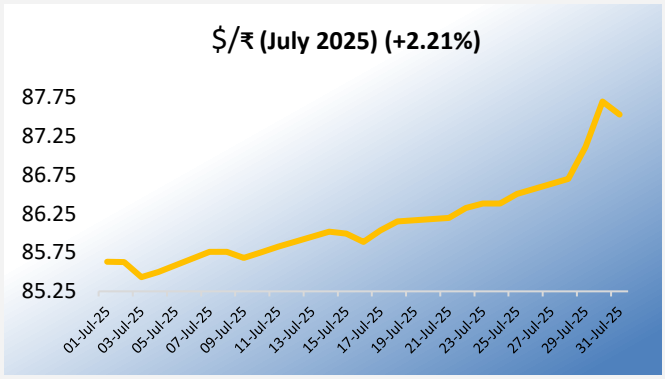
Source: National Stock Exchange



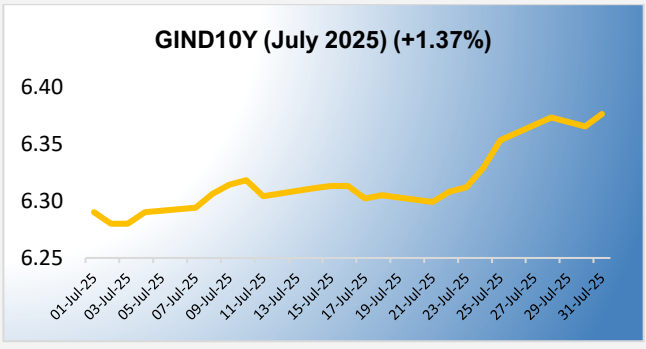
Sources: Bombay Stock Exchange



Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

Equity markets reversed their upward trend in July 2025, witnessing broad-based declines amid renewed global uncertainties and trade tensions. The BSE Sensex slipped 2.90%, and the Nifty 50 dropped 2.93%. A deeper correction was observed in the broader markets, with the Nifty Midcap 100 falling 3.91% and the Nifty Small cap 100 down 5.81%. This decline erased much of the gains made earlier in the year.

Sentiment in July was weighed down by multiple headwinds, including tariff escalations from the US, ongoing FII outflows, and cautious corporate earnings commentary. Conversely, the volatility index's 9% drop underscored a market characterized more by calm and consolidation than by panic, even amid negative news flows. Overall, July 2025 marked a pivot to caution, especially in mid- and small-cap segments previously favored by investors, with volatility cooling sharply and major indices facing moderate to steep losses.

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ABOUT APAS

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Contact Us: 022-6789 1000

info@ap-as.com

www.ap-as.com

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