APAS MONTHLY NEWSLETTER

August 2025 Edition

ashvin parekh

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ashvin parekh advisory services

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

EDITORIAL

In this issue, ***Mr. Sunil Rohokale - Co-Founder,CEO & Managing Director, ASK Investment Managers Limited,*** has presented his thoughts on **'Structural Shifts in Asset, Alternate Asset and Wealth Management'**. We thank Mr. Rohokale for his contribution to the APAS Monthly.

This month, the APAS column covers '**From Multilateralism to Bilateralism: The New Direction of Global Trade'.**

The economic indicators exhibited a mixed performance. Manufacturing PMI was revised slightly lower to 59.1 in July 2025 from a preliminary estimate of 59.2, although it remained above June's reading of 58.4. Services PMI was revised higher to 60.5 in July 2025, up from the preliminary estimate of 59.8, slightly above June's reading of 60.4 and market forecasts of 60. India's infrastructure output expanded by 2% from the previous year in July of 2025, slowing slightly from the upwardly revised 2.2% increase in the previous month but still marking the eleventh straight month of expansion in the index. India's Industrial production expanded by 1.5% from the previous year in June of 2025 and 3.5% in July of 2025. India's consumer price inflation fell to 1.55% in July of 2025 from 2.1% in the previous month, firmly below the market consensus of a 1.76%, to mark the ninth consecutive decrease in the inflation rate and only 1 basis point away from the series-low in June of 2017. India Wholesale Price Index (WPI) number is (-) 0.58% (provisional) for the month of July 2025 (over July 2024).

The Reserve Bank of India has put in place an additional arrangement for invoicing, payment, and settlement of exports / imports in INR. RBI had set up the committee to develop a Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI) in the Financial Sector on December 26, 2024. RBI has been reviewing and rationalizing the regulations issued under FEMA, 1999 with an intent to promote ease of doing business. Data on sectoral deployment of bank credit for the month1 of July 2025 collected from 41 select scheduled commercial banks (SCBs), accounting for about 95 % of the total non-food credit by all SCBs, are set out in Statements I and II.

IRDAI published the life insurance data for July 2025.

SEBI has mandated that stockbrokers and depository participants undergo joint annual inspections by relevant MIIs including stock exchanges, depositories, and clearing corporations to streamline oversight and reduce operational disruptions caused by multiple separate inspections. SEBI's annual report highlights a sharp uptick in enforcement actions with penalties surging nearly 11-fold to ₹813.83 crore and flags ₹77,800 crore as difficult-to-recover dues, reflecting persistent collection challenges.

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

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On the Cover

GUEST COLUMN

Structural Shifts in Asset, Alternate Asset and Wealth Management

Mr. Sunil Rohokale
Co-Founder, CEO & Managing Director
ASK Investment Managers Limited

APAS COLUMN

From Multilateralism to Bilateralism: The New Direction of Global Trade

ECONOMY

Index of Industrial Production :
Jun
Jul
Inflation update – Jul
PMI update – Jul
Core Sector – Jul
GDP Q1 FY 2025 -26

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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

International Trade Settlement in Indian Rupees (INR) – Revised procedure for opening of Special Rupee Vostro Account (SRVA)

Report of the Committee to develop a Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI) in the Financial Sector

Guarantee regulations under Foreign Exchange Management Act (FEMA), 1999 – Draft for feedback

Sectoral Deployment of Bank Credit – July 2025

INSURANCE

Life Insurance – July 2025

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CAPITAL MARKETS

Ease of doing business (EODB) - Policy for joint annual inspection by MIIs – information sharing mechanism– action by Lead MII

SEBI Annual Report 2024-25

CAPITAL MARKETS SNAPSHOT

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

GUEST COLUMN

Sunil Rohokale
Co-Founder,CEO & Managing Director
ASK Investment Managers Limited

Structural Shifts in Asset, Alternate Asset and Wealth Management

India's financial ecosystem is undergoing an extraordinary transformation, fueled by a confluence of structural shifts across three pillars: asset management, alternative investments, and wealth management. Each pillar, while distinct, is interwoven with the others, propelling the industry towards scale, innovation, and global competitiveness.

Asset Management: Moving beyond traditional actively managed funds, India's asset management sector is embracing passive solutions, global diversification, and factor-based investing. Regulatory reforms and rising retail participation have democratized access and fostered scale, with mutual funds' AUM approaching new highs.

Alternatives: Once niche, alternatives like real estate, private credit, hedge solutions, private equity, venture capital, and infrastructure are now becoming mainstream. These platforms offer portfolio diversification, returns which are generally uncorrelated from equity market, and alpha generation. Domestic and global investors alike seek exposure, driving innovation and sophistication in product design.

Wealth Management: Indian wealth management industry is maturing, evolving from product-push models to holistic advisory. Clients now demand integrated solutions spanning liquid, illiquid, and alternative assets, supported by robust reporting and digital delivery.

Scale and Size: The Opportunity Ahead

India's investable asset pool is increasing. As of March 2025, Mutual Fund Industry stood at INR 65.7 lakh crores. This is expected to reach ~100 lakh crores INR in next 2-3 years. Similarly, Alternative Investment Funds (AIF) commitments raised surged to ~13.5 lakh crores as of March 2025. This is expected to reach ~26 lakh crores in next 2-3 years. PMS Industry which is ~7.2 lakh crores as of March 2025, expected to reach ~10 lakh crores in the same time frame. Thus, total investment industry stood at ~86 lakh crores as of March 2025 or nearly US$ 1 Tn and is expected to reach US$ ~1.7 Tn in next 2-3 years.

Similarly, Wealth Management industry is growing impressively. The emergence of new HNIs, UHNIs, and an expanding mass-affluent class is fueling the quest for specialized solutions and global exposure. Per Deloitte report, demand for Wealth Management stood at US$ ~1.1 Tn as of FY24 and expected to surge to US$ ~2.3 Tn by FY29.

In effect, we are looking at a booming industry which is expected to nearly double in next 3-4 years across the platforms.

Lessons from Developed Markets

India's journey tracks the evolution of developed economies, where asset management, alternatives, and wealth advisory converged to build trillion-dollar platforms. The adoption of passive funds, alternatives-led diversification, and digitally enabled portfolios in the US and Europe is mirrored here though with uniquely Indian nuances on product innovation and client engagement like:

- Clients seek diversified portfolios: No longer content with traditional debt/equity splits, investors balance risk across public assets, alternatives, and bespoke solutions.
- Sophistication has grown: Tech entrepreneurs, next-gen business owners, and global professionals expect institutional-grade portfolio advice, direct deal access, and impact-led options.
- Preferences are dynamic: ESG investing, global asset allocation, and outcome-based solutions are increasingly prioritized.

Asset Allocation & Diversification: Center Stage

The central theme across all three pillars is diversification and asset allocation. Today, successful portfolios blend local and global equities, debt, alternatives (real estate, private credit, hedge solutions, private equity, VC, infrastructure), and structured products to achieve superior risk adjusted returns. Wealth Managers are assisting Family offices and HNIs for optimal asset allocation, to build a portfolio for consistent performance, meaningful, and predictable growth.

Technology & GenAI: Redefining Personalization

Tech innovation is a game-changer. This is clearly visible in Mutual Funds, where digital platforms have democratized the investments and are one of the major reasons for rise of SIPs and money from Tier II and Tier III cities. These digital platforms support hyper-personalized experiences, democratizing high-quality advisory, product selection, and risk management for clients across India.

For affluent investors, asset and wealth managers are deploying tools powered by GenAI, which enable real-time customization from onboarding and reporting to direct product launches tailored to individual lifecycle. AI driven analytics is optimizing portfolio construction and review across assets, alternatives, and wealth strategies.

Looking Forward

India's asset management, alternative investments, and wealth management sectors are surging, delivering scale, sophistication, and opportunity reminiscent of the developed markets. For clients, this means choice, personalization, and global competitiveness; for providers, it calls for relentless innovation, integrated thinking, and responsible stewardship.

APAS COLUMN

From Multilateralism to Bilateralism: The New Direction of Global Trade

For much of the late 20th century, the dominant narrative in global trade revolved around multilateralism. Institutions such as the World Trade Organization (WTO), the General Agreement on Tariffs and Trade (GATT) before it, and regional blocs promised a single set of rules under which countries could trade freely and fairly. Globalization thrived on this vision of a harmonized marketplace.

But in the past decade, especially after the financial crisis of 2008, and more sharply after the COVID-19 pandemic and the rise of geopolitical rivalries, the momentum has shifted. Countries are increasingly favouring bilateral or mini-lateral Free Trade Agreements (FTAs), in which only two or a handful of countries come together to negotiate preferential access.

This article explores why this shift is happening, what advantages bilateral arrangements offer, and how the global trade order is being reshaped in the process.

The Decline of Multilateralism

The WTO's Doha Development Round, launched in 2001 with lofty goals of reducing trade barriers, simplifying rules, and empowering developing economies, is now effectively stalled. Disagreements over agriculture subsidies, intellectual property rights, and digital services remain unresolved.

The problem is structural, getting 160+ diverse economies to agree on complex issues has proven nearly impossible. Developed countries push for strict intellectual property protections and digital trade rules, while developing nations prioritize agricultural access and flexibility on subsidies. The one size fits all approach has hit a wall.

This stalemate has led many nations to bypass multilateral forums and seek bilateral or mini-lateral deals instead.

Why Bilateral and Mini-lateral FTAs Are Gaining Ground

1. **Speed and Flexibility -** Bilateral negotiations are faster and more targeted. Two countries can focus on sectors of mutual interest and leave out contentious issues. For example, India–UAE CEPA was concluded in less than a year because both sides prioritized energy, gems and jewellery, and labour mobility, without being bogged down by agricultural disputes or digital sovereignty.

2. **Customization of Agreements -** Multilateral deals demand broad compromises. By contrast, bilateral FTAs can be tailored. The India–Australia Economic Cooperation and Trade Agreement (ECTA), for instance, focuses heavily on reducing tariffs on minerals, wine, and education, areas where complementarities exist.

3. **Strategic and Geopolitical Motives -** Trade agreements are increasingly about diplomatic alignment. The India–Japan CEPA deepens Indo-Pacific cooperation, while USMCA (United States–Mexico–Canada Agreement) reinforces North American supply chain integration. FTAs now double as geopolitical instruments.

4. **Supply Chain Resilience -** COVID-19 exposed vulnerabilities in global supply chains. Businesses and governments alike are shifting from pure efficiency to resilience and security. This has given rise to "friendshoring" and "China+1" strategies, where bilateral FTAs with trusted partners ensure smoother flows of critical goods.

5. **New Trade Domains -** Digital trade, e-commerce, and green technologies are hard to regulate under multilateral systems, where consensus is elusive. Bilateral pacts, like Singapore's Digital Economy Agreements, allow agile frameworks for data flows, cybersecurity, and fintech cooperation.

Illustrations of the New Trade Approach

India's FTA Strategy

India offers a textbook case of this transition. Once skeptical of FTAs after mixed outcomes with ASEAN, India has recently accelerated its bilateral agenda. In just the last three years, it has concluded agreements with Mauritius, UAE, Australia, and EFTA (European Free Trade Association), while advancing negotiations with the UK, EU, GCC, and Oman.

At the same time, India walked away from RCEP (Regional Comprehensive Economic Partnership) in 2019, a massive multilateral pact led by China, citing risks of cheap imports overwhelming domestic industries. This highlights how bilateral and mini-lateral formats allow India to secure trade access while protecting sensitive sectors.

United States and the Retreat from TPP

The US, once a champion of mega-regional deals, withdrew from the Trans-Pacific Partnership (TPP) in 2017. Instead, Washington has pursued a mix of bilateral arrangements and narrower mini-lateral frameworks like the Indo-Pacific Economic Framework (IPEF). The shift reflects domestic skepticism toward globalization and the desire for tighter control over trade commitments.

European Union's Bilateral Pursuit

The EU continues to engage in multilateral forums but has made bilateral FTAs a core strategy, signing deals with Japan, Vietnam, Canada, and now negotiating with India and Mercosur. This approach ensures the EU can export its regulatory standards, especially around climate, data, and labour rights, even in the absence of global consensus.

The Broader Context: Changing Nature of Trade

Bilateralism is rising not only because multilateralism is failing but also because trade itself is evolving.

1. Rise of Services Trade - Services are growing faster than goods, with cross-border IT, finance, education, and digital platforms reshaping the global economy. Bilateral FTAs provide flexibility to negotiate specific commitments in these areas, something multilateral forums have struggled with.

2. Green and Sustainable Trade - Climate goals are rewriting trade rules. The EU's Carbon Border Adjustment Mechanism (CBAM) is a prime example, effectively taxing carbon-intensive imports. Bilateral and regional agreements are likely to integrate green clauses more quickly than multilateral deals.

3. Digital Trade and Data Sovereignty - Data is the new oil, but global rules for cross-border data flows remain contested. Bilateral agreements allow experimentation, some countries embrace open flows, others prioritize sovereignty. India, for example, negotiates digital trade cautiously, preferring bilateral over global commitments.

4. Non-Tariff Barriers and Standards - Tariffs have fallen worldwide, but non-tariff barriers (NTBs) like product standards, ESG requirements, and certification processes are rising. These are easier to harmonize bilaterally or regionally than multilaterally.

Risks and Limitations of Bilateralism

While bilateral and mini-lateral FTAs are proliferating, they come with challenges:

- **Fragmentation:** The "spaghetti bowl" of overlapping rules of origin, compliance regimes, and tariff schedules complicates trade for businesses.
- **Exclusion:** Smaller or weaker economies risk being left out if they lack bargaining power.
- **Erosion of WTO:** With fewer countries relying on multilateral mechanisms, the global rules-based system weakens, raising the risk of trade disputes without effective arbitration.
- **Strategic Vulnerability:** Heavy reliance on a few bilateral partners can backfire if political relations sour.

Toward a Multipolar Trade Order

The world is moving toward a multipolar trade landscape, where multiple overlapping systems coexist:

- US-led frameworks like IPEF, emphasizing digital and supply chain resilience.
- China-led frameworks like RCEP and Belt and Road trade corridors.
- EU-driven agreements exporting European regulatory standards.
- Emerging powers like India striking bespoke FTAs to balance partners.

Instead of a single global order, trade is becoming networked, fragmented, and strategic.

Conclusion

The global trading system is undergoing a decisive transformation. Where once multilateralism promised a unified set of rules for all, today's reality shows a stronger tilt toward bilateral and mini-lateral arrangements. This is not simply a retreat from globalization but rather a reconfiguration of it, one that values resilience, strategic alignment, and adaptability over universal consensus.

For companies, this environment will demand sharper awareness of overlapping trade regimes and compliance requirements. For governments, the challenge will be to leverage these smaller, targeted agreements without allowing the broader global system to fragment beyond repair.

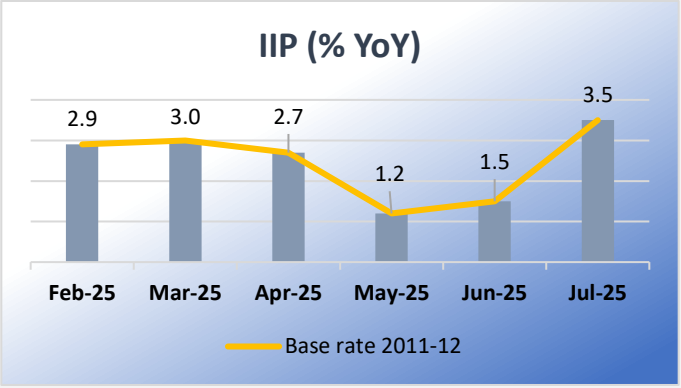
Instead of one grand architecture of trade, the future is likely to resemble a network of overlapping partnerships which are flexible, pragmatic, and deeply shaped by geopolitics. In this emerging order, bilateral and mini-lateral FTAs are not a stopgap but a new operating model for global commerce in the 21st century.

ECONOMY

IIP (Index of Industrial Production)

June

India's industrial production expanded by 1.5% from the previous year in June of 2025, picking up from the 1.2% increase in the previous month. Still, the growth was below expectations of a sharper 2% to mark the lowest industrial expansion since the stall in August 2024.



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

The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of June 2025 are (-)8.7 percent, 3.9 percent and (-)2.6 percent respectively. Within the manufacturing sector, 15 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in June 2025 over June 2024. The top three positive contributors for the month of June 2025 are – "Manufacture of basic metals" (9.6%), "Manufacture of coke and refined petroleum products" (4.2%) and "Manufacture of fabricated metal products, except machinery and equipment" (15.2%).

The corresponding growth rates of IIP as per Use-based classification in June 2025 over June 2024 are (-)3.0 percent in Primary goods, 3.5 percent in Capital goods, 5.5 percent in Intermediate goods, 7.2 percent in Infrastructure/ Construction Goods, 2.9 percent in Consumer durables and (-)0.4 percent in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of June 2025 are Infrastructure/ construction goods, Intermediate goods and Consumer durables.

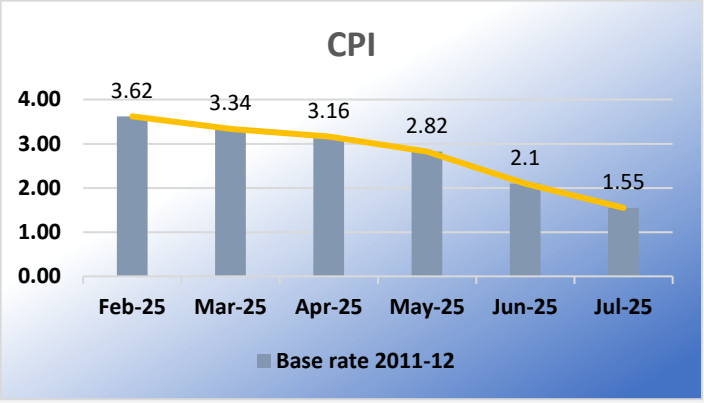
July

The industrial production in India expanded by 3.5% in July of 2025, picking up sharply from the 1.5% increase in the previous month, and firmly above market expectations of a 2.1% expansion.

The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of July 2025 are (-) 7.2 percent, 5.4 percent and 0.6 percent respectively. Within the manufacturing sector, 14 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in July 2025 over July 2024. The top three positive contributors for the month of July 2025 are – "Manufacture of basic metals" (12.7%), "Manufacture of electrical equipment" (15.9%) and "Manufacture of other non-metallic mineral products" (9.5%).

The corresponding growth rates of IIP as per Use-based classification in July 2025 over July 2024 are (-)1.7 percent in Primary goods, 5.0 percent in Capital goods, 5.8 percent in Intermediate goods, 11.9 percent in Infrastructure/ Construction Goods, 7.7 percent in Consumer durables and 0.5 percent in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of July 2025 are Infrastructure/ construction goods, Intermediate goods and Consumer durables.

CPI (Consumer Price Index) – July



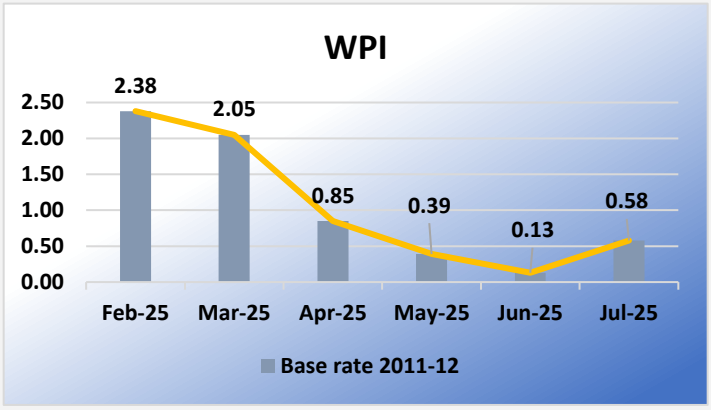
Source: APAS BRT, www.eaindustry.nic.in

The annual consumer price inflation rate in India fell to 1.55% in July of 2025 from 2.1% in the previous month, firmly below the market consensus of a 1.76%, to mark the ninth consecutive decrease in the inflation rate and only 1 basis point away from the series-low in June of 2017. It was the first time that price growth fell below the Reserve Bank of India's wide tolerance band of 2%-6% since 2019, reinforcing the view that the central bank may deliver another interest rate cut this year. The slowdown was owed to a second drop in prices of food (-1.76% vs 1.06% in June) amid a plunge in costs of vegetables (-20.69% vs -19%). In the meantime, inflation also slowed for transport and communication (2.12% vs 3.9%) and remained relatively resilient for housing (3.17% vs 3.24%). From the previous month, consumer prices were 0.9% higher.

WPI (Wholesale Price Index) – July

Wholesale Price Index (WPI) number is (-) 0.58% (provisional) for the month of July 2025 (over July 2024). Negative rate of inflation in July 2025 is primarily due to decrease in prices of food articles, mineral oils, crude petroleum & natural gas, manufacture of basic metals etc.

The month over month change in WPI for the month of July 2025 stood at 0.39% as compared to June 2025.



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

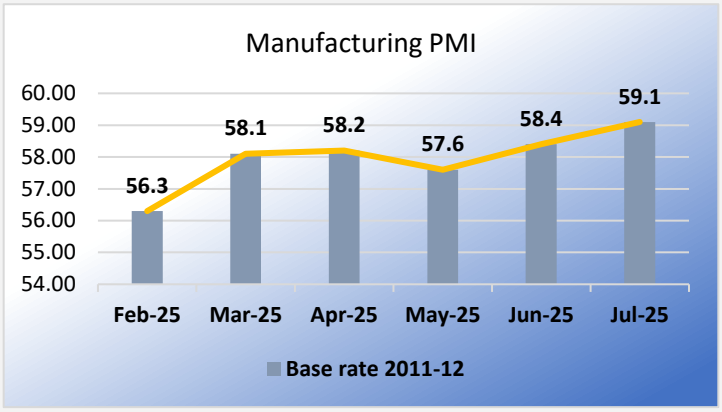
The index for primary articles increased by 1.18 % from 185.8 (provisional) for the month of June 2025 to 188.0 (provisional) in July 2025. Price of Crude Petroleum & Natural Gas (2.56%), non-food articles (2.11%) and food articles (0.96%) increased in July 2025 as compared to June 2025. The price of minerals (-1.08%) decreased in July 2025 as compared to June 2025.

Prices for Fuel & Power increased by 1.12% from 143.0 (provisional) for the month of June 2025 to 144.6 (provisional) in July 2025. The price of mineral oils (1.98%) increased in July 2025 as compared to June 2025. Price of coal (-0.44%) and electricity (-0.36%) decreased in July 2025 as compared to June 2025.

Prices for Manufacturing products declined by 0.14% from 144.8 (provisional) for the month of June, 2025to 144.6 (provisional) in July 2025. Out of the 22 NIC two-digit groups for manufactured products, 9 groups witnessed an increase in prices, 9 groups witnessed a decrease in prices and 4 groups witnessed no change in prices. Some of the important groups that showed month-over-month increase in prices were other manufacturing; other transport equipment; motor vehicles, trailers and semi-trailers; other non-metallic mineral products and furniture etc. Some of the groups that witnessed a decrease in prices were manufacture of basic metals; fabricated metal products, except machinery and equipment; food products; chemicals and chemical products and paper and paper products etc. in July 2025 as compared to June 2025.

Manufacturing PMI – July

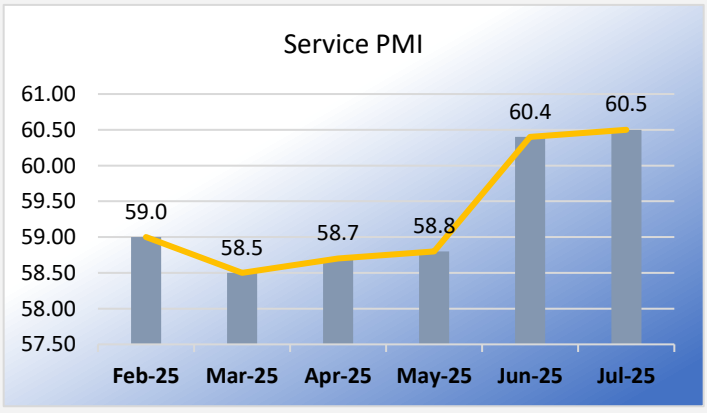
The HSBC India Manufacturing PMI was revised slightly lower to 59.1 in July 2025 from a preliminary estimate of 59.2, although it remained above June's reading of 58.4. It marked the highest level since March 2024, highlighting the sector's continued strength. New orders rose sharply and at an accelerated pace, growing at the fastest rate in nearly five years, supported by robust demand conditions and successful market strategies. Consequently, output growth also picked up, reaching a fifteen-month high. Meanwhile, hiring activity persisted at the start of the second fiscal quarter, though the rate of job creation slowed to its weakest in eight months. On the inflation front, input costs rose at a faster pace than in June, while output charges increased only slightly. Lastly, manufacturers remained optimistic about output growth over the next twelve months, but overall business sentiment slipped to its lowest level in three years.



Source: www.tradingeconomics.com

Services PMI – July

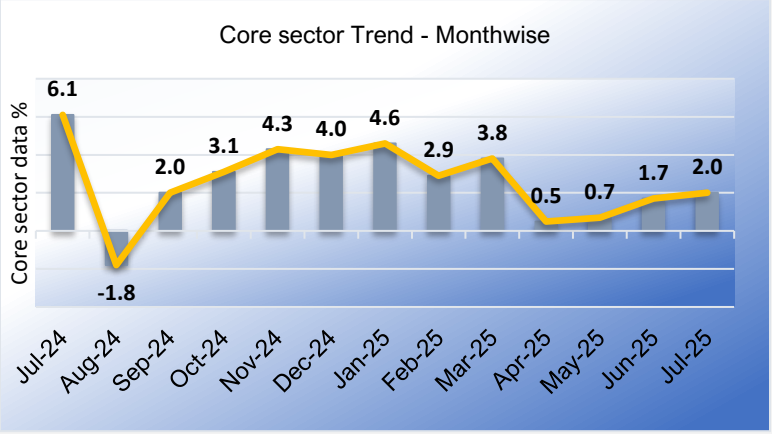
The HSBC India Services PMI was revised higher to 60.5 in July 2025, up from the preliminary estimate of 59.8, slightly above June's reading of 60.4 and market forecasts of 60. This marked the fastest expansion in the services sector since August of last year, driven by strong growth in new orders, foreign sales, and output. The rate of expansion in external sales was sharp and the second-fastest in nearly a year, with demand rising notably from Asia, Canada, Europe, the UAE, and the US. Employment also increased, though job creation was modest and the slowest in 15 months. Meanwhile, backlogs of work rose at the fastest pace in nearly five years, reflecting capacity pressures. On the price front, both input and output prices rose at a quicker pace than in June. Finally, business sentiment remained optimistic, supported by efficiency gains, marketing efforts, technological innovation, and a growing online presence.



Source: www.tradingeconomics.com

Core Sector Data – July

The combined Index of Eight Core Industries (ICI) increased by 2.0 % (provisional) in July 2025 as compared to the Index in July 2024. The production of Steel, Cement, Fertilizer and Electricity recorded positive growth in July 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 June 2025 was observed at 2.2 %. The cumulative growth rate of ICI during April to July, 2025-26 is 1.6 % (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) 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 1.3 % in July 2025 over July 2024. Its cumulative index declined by 1.7 % during April to July, 2025-26 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 %) declined by 3.2 % in July 2025 over July 2024. Its cumulative index declined by 2.6 % during April to July, 2025-26 over corresponding period of the previous year.

Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 %) declined by 1.0 % in July 2025 over July 2024. Its cumulative index declined by 0.3 % during April to July, 2025-26 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 %) increased by 2.0 % in July 2025 over July 2024. Its cumulative index declined by 2.2% during April to July, 2025-26 over corresponding period of the previous year.

Steel - Steel production (weight: 17.92 %) increased by 12.8 % in July 2025 over July 2024. Its cumulative index increased by 8.5 % during April to July, 2025-26 over corresponding period of the previous year.

Cement - Cement production (weight: 5.37 %) increased by 11.7 % in July 2025 over July 2024. Its cumulative index increased by 8.9 % during April to July, 2025-26 over corresponding period of the previous year.

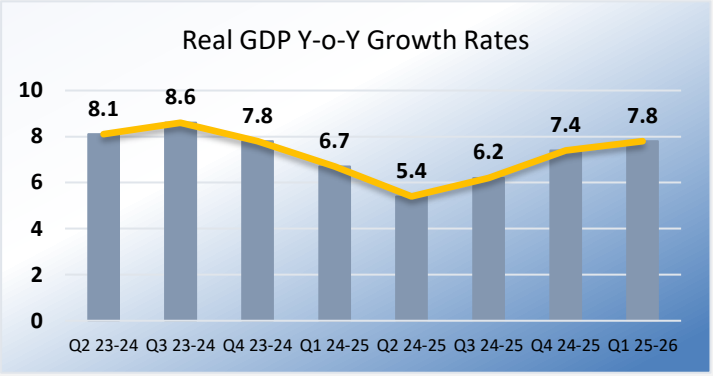
Electricity - Electricity generation (weight: 19.85 %) increased by 0.5 % in July 2025 over July 2024. Its cumulative index declined by 1.0 % during April to July, 2025-26 over corresponding period of the previous year.

GDP – Q1 of FY 2025 - 26

Real GDP has been estimated to grow by 7.8% in Q1 of FY 2025-26 over the growth rate of 6.5% during Q1 of FY 2024-25.

Nominal GDP has witnessed a growth rate of 8.8% in Q1 of FY 2025-26.

Agriculture and Allied Sector has observed the Real GVA growth rate of 3.7%, as compared to the growth rate of 1.5% registered in Q1 of last financial year.



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

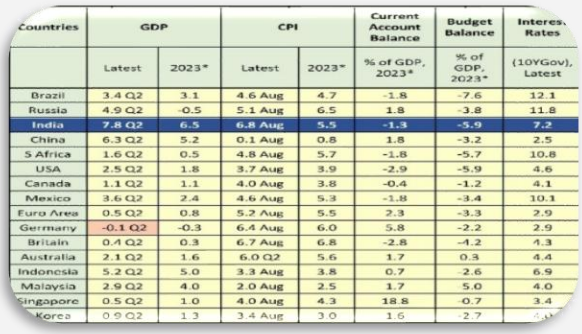
Secondary Sectors, prominently Manufacturing (7.7%) and Construction (7.6%) Sector has registered above 7.5% growth rate at Constant Prices in this quarter.

Mining & Quarrying (-3.1%) and Electricity, Gas, Water Supply and Other Utility Services Sector (0.5%) has seen moderated Real growth rate during Q1 of FY 2025-26.

Tertiary Sector (9.3%) has recorded substantial growth rate at Constant Prices in Q1 of FY 2025-26, over the growth rate of 6.8% in Q1 of FY 2024-25.
Government Final Consumption Expenditure (GFCE) has bounced back, registering 9.7% growth rate in Nominal terms during Q1 of FY 2025-26, over the growth rate of 4.0% in Q1 of FY 2024-25

Real Private Final Consumption Expenditure (PFCE) has reported 7.0% growth rate during Q1 of FY 2025-26 as compared to the 8.3% growth rate in the corresponding period of previous financial year.

Gross Fixed Capital Formation (GFCF) has recorded 7.8% growth rate at Constant Prices, over the growth rate of 6.7% in Q1 of 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	4.0

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	5.2 Jul	5.1	-2.4	-8.1	14.1
Russia	1.1 Q2	0.9	8.8 Jul	8.7	2.0	-2.7	13.8
India	7.4 Q1	6.2	1.6 Jul	3.2	-0.6	-4.4	6.6
China	5.2 Q2	4.9	nil Jul	-0.1	1.7	-5.9	1.6
S Africa	0.8 Q1	1.0	3.5 Jul	3.1	-1.6	-4.9	9.6
USA	2.0 Q2	1.3	2.7 Jul	2.8	-3.9	-5.9	4.2
Canada	2.3 Q1	1.0	1.7 Jul	2.0	-0.9	-2.0	3.5
Mexico	nil Q2	0.1	3.5 Jul	3.9	-0.1	-3.5	9.0
Euro Area	1.4 Q2	1.2	2.0 Jul	2.0	3.0	-3.3	2.7
Germany	0.2 Q2	0.2	1.8 Jul	2.1	5.3	-2.7	2.7
Britain	1.2 Q2	1.0	3.8 Jul	3.7	-3.0	-4.9	4.7
Australia	1.3 Q1	1.7	2.1 Q2	2.1	-1.2	-1.8	4.3
Indonesia	5.1 Q2	4.7	2.4 Jul	1.6	-0.8	-3.3	6.3
Malaysia	4.4 Q2	4.0	1.2 Jul	1.7	1.8	-3.9	3.4
Singapore	4.4 Q2	2.8	0.6 Jul	0.9	14.4	0.2	1.8
S Korea	0.6 Q2	0.8	2.1 Jul	2.1	3.8	-2.4	2.8

BANKING

International Trade Settlement in Indian Rupees (INR) – Revised procedure for opening of Special Rupee Vostro Account (SRVA)

In terms of A.P (DIR Series) Circular No.10 dated July 11, 2022, Reserve Bank of India has put in place an additional arrangement for invoicing, payment, and settlement of exports / imports in INR. Under this arrangement, AD banks are permitted to open Special Rupee Vostro Accounts (SRVAs) of correspondent banks, with the prior approval of the Reserve Bank for settling cross-border trade transactions.

Based on a review of the procedure involved in opening of the SRVA, it has been decided to do away with the need for seeking RBI approval for opening of SRVA. AD banks can now open SRVAs of correspondent banks without referring to the Reserve Bank of India. The above change in procedure will considerably quicken the process for opening of SRVAs.

Report of the Committee to develop a Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI) in the Financial Sector

In pursuance to the announcement made in the Statement on Developmental and Regulatory Policies released along with the Monetary Policy Statement dated December 06, 2024, the Reserve Bank of India had set up the committee to develop a Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI) in the Financial Sector on December 26, 2024.

2. The Committee, after extensive deliberations with diverse stakeholders, has since submitted its report and the same is being placed on the RBI website.

3. The report sets out a framework to guide the use of AI in the financial sector, aiming to harness its potential while safeguarding against associated risks. The Committee has developed 7 Sutras to serve as the foundational principles for AI adoption. Guided by the 7 Sutras, the Committee has recommended a forward-looking approach, containing 26 actionable recommendations under six strategic pillars. The report envisions a financial ecosystem where encouraging innovation is in harmony, and not at odds, with mitigation of risk.

Guarantee regulations under Foreign Exchange Management Act (FEMA), 1999 – Draft for feedback

Reserve Bank of India has been reviewing and rationalising the regulations issued under FEMA, 1999 with an intent to promote ease of doing business. On a review, it has been decided to rationalise regulations pertaining to guarantees issued under FEMA, 1999. Salient features of proposed regulations are as under:

The regulations are principle based and in general guarantees involving cross border transactions will be under automatic route provided that underlying transaction, and the transactions resulting from invocation of guarantee are not in contravention of FEMA, 1999;

The universe of guarantees enabled under automatic route is being expanded, and therefore a comprehensive reporting of all guarantees, issued and invoked, is proposed to be introduced.

The draft regulations under FEMA are available for public response.

Comments/feedback on the draft regulations may be submitted through the respective link under the 'Connect 2 Regulate' Section available on the RBI's website or may be forwarded via email by September 04, 2025, with the subject line "Feedback on draft guarantee regulations under FEMA, 1999".

Sectoral Deployment of Bank Credit – July 2025

Data on sectoral deployment of bank credit for the month1 of July 2025 collected from 41 select scheduled commercial banks (SCBs), accounting for about 95 per cent of the total non-food credit by all SCBs, are set out in Statements I and II.

On a year-on-year (y-o-y) basis, non-food bank credit2 grew3 by 9.9 per cent as on the fortnight ended July 25, 2025, compared to 13.6 per cent during the corresponding fortnight of the previous year (i.e., July 26, 2024).

Highlights of the sectoral deployment of bank credit3 as on the fortnight ended July 25, 2025 are given below:

Credit to agriculture and allied activities registered a y-o-y growth of 7.3 per cent (18.1 per cent in the corresponding fortnight of the previous year).

Credit to industry recorded a moderated y-o-y growth of 6.0 per cent, compared with 10.2 per cent in the corresponding fortnight of last year. Credit to micro and small, and medium industries continued to grow at a robust pace. Among major industries, outstanding credit to 'all engineering', 'vehicles, vehicle parts and transport equipment', 'rubber, plastic and their products' and 'gems and jewellery' recorded healthy y-o-y growth.

Credit to services sector recorded a growth of 10.6 per cent y-o-y (14.5 per cent in the corresponding fortnight of the previous year). Growth in credit to 'non-banking financial companies' (NBFCs) decelerated, while credit growth to 'professional services'', 'commercial real estate' and 'trade' segment remained robust.

Credit to personal loans segment registered a decelerated y-o-y growth of 11.9 per cent, as compared with 14.0 per cent a year ago, largely due to moderation in growth of 'other personal loans', 'vehicle loans' and 'credit card outstanding'.

INSURANCE

Life Insurance – July 2025

	New Business Statement of Life Insurers for the Period ended 31st JULY 2025									*Premium & sum assured in Crores)*
Sl No.	Insurer	First Year Premium			No. of Policies/schemes			Sum assured		
		Up to July,2025	Growth in %	Market Share	Up to July,2025	Growth in %	Market Share	Up to July,2025	Growth in %	Market Share
1	Acko Life Insurance Limited	31.82	38.13	0.02	555.00	19.10	0.01	2423.09	3.64	0.06
2	Aditya Birla Sun Life Insurance Company Limited	2302.01	-24.22	1.74	96479.00	1.08	1.36	112283.53	-27.14	2.78
3	Ageas Federal Life Insurance Company Limited	406.90	0.70	0.31	19936.00	6.35	0.28	10228.87	26.46	0.25
4	Aviva Life Insurance Company India Limited	106.47	5.73	0.08	5206.00	19.29	0.07	56278.67	111.60	1.40
5	Bajaj Allianz Life Insurance Company Limited	3467.72	-7.18	2.62	203188.00	-15.86	2.86	190767.87	-10.67	4.73
6	Bandhan Life Insurance Limited	95.48	120.84	0.07	11260.00	130.45	0.16	3136.59	-25.83	0.08
7	Bharti Axa Life Insurance Company Limited	222.67	25.64	0.17	17028.00	-20.36	0.24	27695.90	893.23	0.69
8	Canara HSBC Life Insurance Company Limited	1067.75	17.82	0.81	53308.00	-13.68	0.75	196962.37	42.32	4.88
9	CreditAccess Life Insurance Limited	321.79	902.45	0.24	113.00	-18.71	0.00	34246.23	1437.99	0.85
10	Edelweiss Life Iinsurance Company Limited	121.83	1.13	0.09	12557.00	6.19	0.18	1636.72	-14.29	0.04
11	Generali Central Life Insurance Company Limited	248.32	104.96	0.19	11678.00	41.07	0.16	13861.29	43.14	0.34
12	Go Digit Life Insurance Limited	457.72	22.55	0.35	6646.00	1434.87	0.09	349893.61	26.82	8.67
13	HDFC Life Insurance Company Limited	10543.43	14.11	7.96	360735.00	-0.25	5.08	537430.50	18.61	13.32
14	ICICI Prudential Life Insurance Company Limited	5918.50	7.05	4.47	191723.00	2.05	2.70	480011.96	28.93	11.90
15	IndiaFirst Life Insurance Company Limited	1121.62	22.03	0.85	51493.00	23.25	0.72	231997.65	5.16	5.75
16	Kotak Mahindra Life Insurance Company Limited	2051.28	-3.88	1.55	73151.00	7.69	1.03	98851.40	9.80	2.45
17	Axis Max Life Insurance Limited	3573.69	19.08	2.70	236796.00	10.65	3.33	243565.75	38.97	6.04
18	PNB MetLife India Insurance Company Limited	1335.37	23.79	1.01	80789.00	-3.59	1.14	-97.70	-100.23	0.00
19	Pramerica Life Insurance Limited	442.62	23.01	0.33	17041.00	25.58	0.24	46847.92	16.84	1.16
20	Reliance Nippon Life Insurance Company Limited	335.24	-2.45	0.25	41877.00	-21.41	0.59	5803.12	7.87	0.14
21	SBI Life Insurance Company Limited	11067.33	10.36	8.35	604331.00	-0.65	8.51	463448.70	133.60	11.49
22	Shriram Life Insurance Company Limited	574.02	2.23	0.43	123710.00	-31.27	1.74	45825.16	-28.18	1.14
23	Star Union Dai-ichi Life Insurance Company Limited	1642.16	84.80	1.24	43082.00	-9.73	0.61	51024.62	128.26	1.26
24	Tata AIA Life Insurance Company Limited	3018.69	19.82	2.28	335089.00	46.83	4.72	323867.08	9.61	8.03
	Private Total	**50474.42**	**10.50**	**38.09**	**2597771**	**1.58**	**36.57**	**3527991**	**25.12**	**87.46**
25	Life Insurance Corporation of India	82028.32	8.11	61.91	4505885	-13.34	63.43	505800.76	-9.04	12.54
	Grand Total	**132502.74**	**9.01**	**100.00**	**7103656**	**-8.42**	**100.00**	**4033792**	**19.49**	**100.00**

CAPITAL MARKET

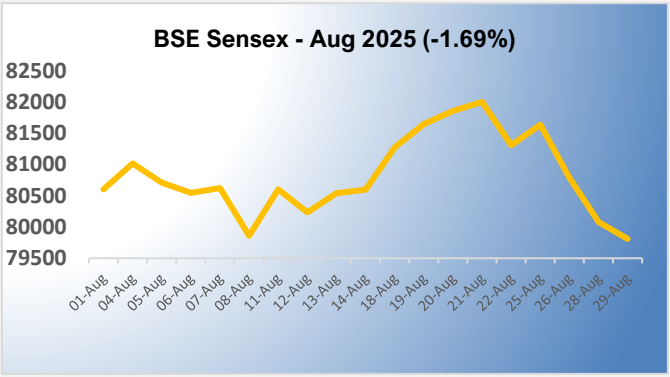
Ease of doing business (EODB) - Policy for joint annual inspection by MIIs – information sharing mechanism– action by Lead MII

SEBI has mandated that stockbrokers and depository participants undergo joint annual inspections by relevant MIIs including stock exchanges, depositories, and clearing corporations to streamline oversight and reduce operational disruptions caused by multiple separate inspections. An information-sharing mechanism will be established among MIIs, and inspection selection will follow a risk-based framework, targeting the top 25 entities in areas such as recurring penalties, investor complaints, and high-risk scores. A joint SOP with a designated "Lead MII" must be finalized by November 1, 2025, with the new regime coming into force from December 1, 2025.

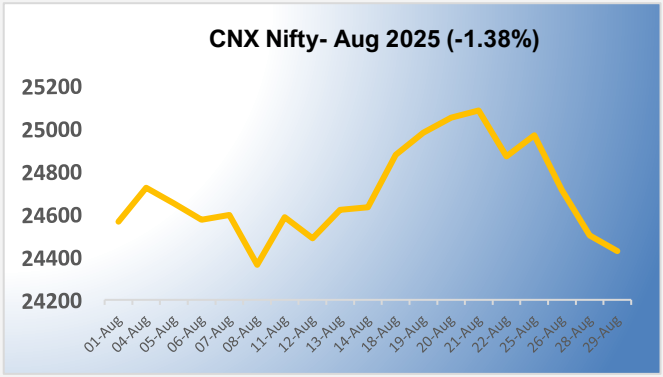
SEBI Annual Report 2024-25

SEBI's annual report highlights a sharp uptick in enforcement actions with penalties surging nearly 11-fold to ₹813.83 crore and flags ₹77,800 crore as difficult-to-recover dues, reflecting persistent collection challenges. The regulator is also actively easing norms for foreign investors proposing single-window clearance and streamlined access while reinforcing surveillance and cybersecurity across markets amid heightened risks, especially in derivatives trading. Simultaneously, a troubling trend emerged in the study of equity derivatives that around 91% of retail traders incurred net losses in FY 2024-25, underscoring ongoing investor risk and the need for enhanced protections.

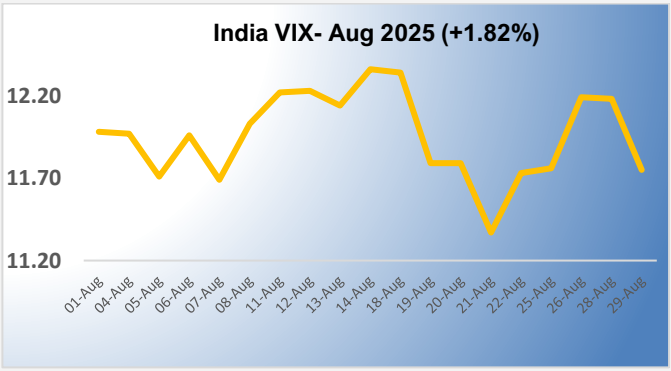
CAPITAL MARKET SNAPSHOT



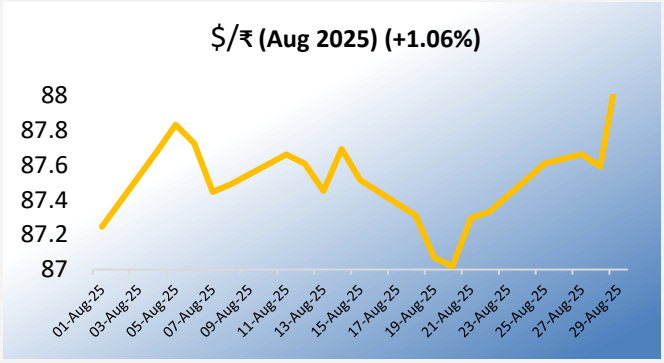
Source: National Stock Exchange



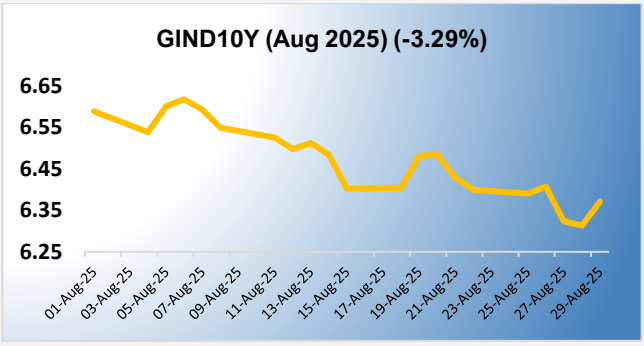
Sources: Bombay Stock Exchange



Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

Equity markets reversed their upward trend in Aug 2025, witnessing broad-based declines amid heightened global uncertainties and tariff threats. The BSE Sensex slipped 1.69%, and the Nifty 50 dropped 1.38%. The broader markets faced sharper corrections, with the Nifty Midcap 100 falling 2.91% and the Nifty Smallcap 100 declining 4.12%. These losses extended the cautious sentiment seen in July, with mid- and small-cap segments notably under pressure.

Sentiment in August was weighed down by multiple headwinds including the announcement of potential US tariffs on Indian exports, continued FII outflows, and mixed corporate earnings. India VIX rose by 1.82%, indicating increased volatility and uncertainty compared to the previous month's drop in the volatility index. Overall, Aug 2025 marked a cautious phase with moderate to steep losses, especially in the mid and smallcap indices, reflecting investor concerns over trade tensions and global macroeconomic risks, despite absence of panic-driven volatility.

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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.

Contact Us: 022-6789 1000

info@ap-as.com

www.ap-as.com

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