APAS MONTHLY NEWSLETTER

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EDITORIAL

In this issue, ***Mr. Sundeep Sikka - ED and CEO, Nippon India Mutual Fund and Chairman, AMFI,*** has presented his thoughts on **'Mutual fund industry ready for its next leg of growth'**. We thank Mr. Sikka for his contribution to the APAS Monthly.

This month, the APAS column covers '**How GST 2.0 can blunt the economic bite of higher tariffs on India'.**

The economic indicators exhibited a mixed performance. Manufacturing PMI rose to 59.3 in August 2025 from 59.1 in July but was revised lower from initial estimates of 59.8. Services PMI was revised lower to 62.9 in August 2025, down from the preliminary estimate of 65.6 and below market expectations of 65. India's infrastructure output expanded by 6.3% from the previous year in August of 2025, accelerating from the upwardly revised 3.2% increase in the previous month, to mark the sharpest pace of growth in one year. India's Industrial production expanded by 4% from the previous year in August of 2025, slowing slightly from the upwardly revised 4.3% growth rate in the previous month. India's consumer price inflation accelerated to 2.07% in August 2025, up from an upwardly revised 1.61% in July, broadly matching market expectations. India Wholesale Price Index (WPI) number is 0.52% (provisional) for the month of August 2025 (over August, 2024).

The Reserve Bank of India's Financial Stability and Development Council's sub-committee held its 32nd meeting to discuss the major global and domestic macroeconomic and financial sector developments and various issues that may have financial stability implications. A microsite https://indiancurrency.rbi.org.in for banknotes has been launched by the Reserve Bank of India. The Reserve Bank of India (RBI) has issued RBI (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025. The MPC of the RBI decided unanimously to keep the policy repo rate unchanged at 5.5%, with the SDF at 5.25% and the MSF and Bank Rate at 5.75%, maintaining a neutral stance.

Insurance Regulatory and Development Authority of India (IRDAI) held a detailed interaction with the insurance industry CEOs and Appointed Actuaries at IRDAI Head Office on Wednesday, 17th September 2025. Mr. Ajay Seth, Chairperson, IRDAI presided over the meeting.

SEBI and IEPFA Conducted the Second "Niveshak Shivir" in Hyderabad - Proactive Joint Initiative to Minimize Unclaimed Assets and Facilitate Investor Claims for Unpaid Dividends and Shares. SEBI's circular simplifies the regulatory regime for FPIs whose investments are exclusively in Government Securities. In its 211th Board Meeting, SEBI approved several landmark reforms to ease capital ‑ market regulations, deepen investor access, and strengthen governance. SEBI's circular updates the SSE framework to strengthen governance, clarity, and investor protections. SEBI mandates the use of a new standard reporting code, "TLH" (Transmission to Legal Heirs), for reporting transfers of securities from nominees to rightful legal heirs. SEBI's Investor Survey 2025 (covering over 90,000 households) reveals that although 63% of households are aware of at least one securities product, only 9.5% actually invest in markets.

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

Mutual fund industry ready for its next leg of growth

Mr. Sundeep Sikka
ED and CEO,
Nippon India Mutual Fund
Chairman, AMFI

APAS COLUMN

How GST 2.0 can blunt the economic bite of higher tariffs on India

ECONOMY

Index of Industrial Production : Aug
Inflation update – Aug
PMI update – Aug
Core Sector – Aug

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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

32nd Meeting of the FSDC Sub-Committee

Premature redemption under Sovereign Gold Bond (SGB) Scheme

Launch of Microsite for Banknotes

RBI issues Directions on Framework on Authentication Mechanisms for Digital Payment Transactions

Monetary Policy Statement, 2025-26 Resolution of the Monetary Policy Committee September 29 to October 1, 2025

INSURANCE

Meeting with CEOs of Insurance Companies

CAPITAL MARKETS

SEBI and IEPFA Conducted the Second "Niveshak Shivir" in Hyderabad - Proactive Joint Initiative to Minimize Unclaimed Assets and Facilitate Investor Claims for Unpaid Dividends and Shares

Ease of regulatory compliances for FPIs investing only in Government Securities

SEBI Board Meeting

Framework on Social Stock Exchange

Ease of doing investment - Smooth transmission of securities from Nominee to Legal Heir

SEBI Releases Investor Survey 2025: Findings to Guide Inclusive and Responsible Investing

CAPITAL MARKETS SNAPSHOT

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

GUEST COLUMN

Mr. Sundeep Sikka
ED and CEO,
Nippon India Mutual Fund
Chairman, AMFI

Mutual fund industry ready for its next leg of growth

The Indian mutual fund industry is in the midst of its strongest growth phase yet. Assets under management (AUM) soared to an all-time high of ₹76.71 lakh crore in August 2025, up 16% from the previous year. This milestone wasn't just the result of markets—it was fueled by strong net inflows, reflecting how mutual funds have become a trusted vehicle for household savings.

At nearly 20% of India's GDP, mutual fund penetration has never been higher. Yet, compared with global standards, India still has considerable room to grow. That gap underlines the headroom the industry enjoys as it seeks to draw in millions more first-time investors.

SIPs on the rise

Systematic Investment Plans (SIPs) remain at the heart of this transformation. Average monthly contribution through SIPs is ₹27,500 crore in FY26 so far – higher than 14% as that of FY25. With SIP assets rising to ₹15.18 lakh crore—now accounting for more than a fifth of total industry AUM. The number of SIP accounts also expanded sharply, climbing to 9.59 crore by August 2025, out of which 55% comes from Beyond Top 30 locations.

What is striking is the behaviour of these investors. Even during volatile market, investors chose to remain committed, a sign of growing maturity. In fact, the rising SIP investor account and assets underscores a preference for compounding and long-term wealth creation over short-term speculation.

Investor accounts cross new milestone

The MF investor folio count tells a similar story of rising participation. At 24.89 crore as of August 2025, investor folios grew 22% over the year. Equity-oriented schemes alone accounted for almost 70% of total investor accounts. Hybrid funds and passive products also witnessed strong inflows, showing that investors are now open to diversifying across strategies.

ETF and Passive Products gaining momentum

The industry's growth has also been fueled by shifting investor preferences, particularly the increasing adoption of passive investing. A growing number of investors are now opting for low-cost vehicles such as ETFs and index funds, which provide broad market exposure at significantly lower management costs. Reflecting this trend, passive assets under management (AUM) have expanded nearly fivefold over the past five years, rising from about INR 2 lakh crore in August 2020 to nearly INR 12 lakh crore by August 2025.

Technology playing critical role for increasing MF penetration

The adoption of digital onboarding solutions such as e-KYC, video KYC, and Aadhaar-based verification has transformed account opening into a seamless, paperless process, reducing the turnaround time from days to just minutes. Coupled with user-friendly mobile apps, UPI integration, and simplified processes for investing, tracking, and redeeming mutual funds, these advancements have attracted millions of younger investors by democratizing market access. Looking ahead, the integration of advanced technology and AI holds significant potential to further enhance accessibility and elevate customer experience in the mutual fund industry

A healthier ecosystem enabled by risk management

The regulator has played a pivotal role in strengthening risk management practices within the mutual fund industry. Through stricter norms on liquidity management, stress testing, and exposure limits, the regulator has ensured greater resilience and transparency. By mandating stronger governance frameworks and enhanced disclosure standards, SEBI continues to safeguard investor interests while fostering long-term stability.

The road ahead

Taken together, these shifts point to a bright phase for the industry. SIP flows around record highs, investor participation is broadening, advisors are repositioning themselves as true financial guides, and processes are more robust than ever. From being an industry that once had to work hard to win trust, mutual funds today stand as an important building block for middle-class' wealth creation journey.

With rising financial literacy, growing investor confidence, women and younger investors stepping in, and the steady push of technology and advice, it is clear that the best days are still ahead for the mutual fund industry.

APAS COLUMN

How GST 2.0 can blunt the economic bite of higher tariffs on India

India in 2025 finds itself at the intersection of two large tax shocks, a higher external tariff imposed by key trading partners (and some domestic tariff tinkering), and a major domestic tax overhaul, the roll-out of GST 2.0. On paper these move in opposite directions. The tariffs push import prices (and some producer/input costs) up, while GST 2.0 reduces indirect tax burdens on many consumer and intermediate goods. In practice, the net macro effect depends on scale, timing and who ultimately bears the cost. This article explains the tariffs, summarizes what GST 2.0 does, and shows how the GST reforms can materially offset tariff-driven headwinds while noting important limits and distributional effects.

The tariff shock: what happened and who it hits

In 2025 a number of large tariff actions targeted Indian exports. Notably, the U.S. announced reciprocal tariffs on Indian imports (initially reported around 25% and then later stepped up in scope and headline levels), with certain sectors (solar, consumer goods, some manufactured items) squarely affected. Reuters and sector press have documented these reciprocal U.S. tariff actions and their phase-in during mid-to-late 2025.

Tariffs have three principal near-term channels to the Indian economy:

1. **Export demand shock**: higher foreign tariffs reduce price competitiveness of Indian exporters and can lower volumes and margins.
2. **Input cost shock**: if India raises its own customs duties or if import prices rise globally due to trade frictions, domestic producers that rely on imported inputs face higher costs.
3. **Inflationary pass-through**: higher import prices can feed into consumer inflation, reducing real incomes and spending.

Sectoral examples underline the point: the solar and electronics value chains have been singled out in reporting about U.S. measures; consumer-goods firms have signalled temporary sales disruption when tax changes alter retail price points.

GST 2.0: the mechanics of the reform

The “next-generation GST” (GST 2.0) package, agreed at the GST Council in September 2025, is wide-ranging. Key elements (as publicly announced by the government and explained by tax commentators) include:

- **Rationalization of slabs**: consolidation of several existing slabs, major movement of many items out of the top 28% slab into lower slabs (a big shift toward 18% and 5% categories), and simplification of the schedule.
- **Targeted rate cuts**: reductions on a list of over 200 items to lower tax incidence on everyday goods and production inputs.

- **Administration & compliance upgrades**: strengthened e-invoicing, simplification of returns and measures intended to reduce leakage and compliance costs.
- **Phasing & revenue compensation** arrangements between Centre and states to smooth the transition.

Taken together, the announced changes are explicitly designed to cut tax burdens for large swathes of consumption and intermediate goods which has implications for CPI, corporate margins and domestic demand.

Quantifying the offset: what numbers tell us

- **Growth revisions and the reform effect**: Several institutions updated India growth forecasts around the period of reform. The IMF's 2025 Article IV and WEO updates have projected robust mid-6% growth trajectories (for FY2024/25 and FY2025/26), and multilateral/banks (OECD, EY, S&P and others) have subsequently nudged FY26 forecasts modestly higher, some citing the positive drag of structural reforms including GST rationalization as one reason for upward revisions. For example, EY revised its FY26 GDP forecast from 6.5% to 6.7% citing GST 2.0's boost to efficiency and demand; the OECD and other forecasters show similar modest upgrades.

- **Direct price relief vs tariff pressure**: GST 2.0's rate cuts on hundreds of items can lower headline indirect tax incidence on a large share of household consumption baskets, in many cases reducing retail tax components by several percentage points. By contrast, a 25%–50% foreign tariff applies to import prices to the destination market (reducing export competitiveness) and only raises domestic prices if tariffs are on imports into India (or if global prices rise). This means GST 2.0 is likely to immediately lower domestic consumer prices for many items, while tariffs largely operate through the trade channel and affect specific export-oriented firms.

- **Magnitude of macro offset**: Precise economy-wide offsets depend on elasticities, pass-through and fiscal choices. But the combination of direct cuts on consumption taxes, lower compliance costs and administrative efficiency can raise real disposable incomes and domestic demand enough to partially cushion GDP from an export slowdown enough, in many forecasters' models, to move headline growth by a few tenths of a percentage point (consistent with the 0.1–0.3 ppt upward revisions seen in some institutional forecasts).

Why GST 2.0 is especially effective at offsetting tariff pain

Why it helps

- **Consumption channel**: Lower GST rates on widely consumed items leave households with more purchasing power that translates into stronger domestic demand which can offset weaker external demand for some sectors.
- **Cost-of-production effect**: Moving intermediate inputs into lower GST slabs reduces input tax burdens and can offset higher input costs from tariffs for domestically produced goods.
- **Formalization & compliance**: Better tax administration reduces distortions and leakage, resulting in a more efficient allocation of resources and higher measured GDP in the medium run.

Limits and risks

- **Exporters lose**: Tariff rises in destination markets directly hit exporters' competitiveness. GST 2.0 does not insulate those firms from revenue loss abroad, only complementary trade policy, export subsidies, or product diversification can.
- **Fiscal trade-offs**: Large GST cuts reduce headline receipts unless offset by base broadening or compensation from the Centre. States and Centre must manage transition financing. The government's

press releases indicate framing and revenue mechanisms, but the net fiscal outcome depends on collection gains from compliance.

- **Timing mismatch**: Tariff shocks are often sudden (policy announcements in importing countries), while the full positives of GST 2.0 (compliance gains, investment responses) accrue over quarters.

Conclusion

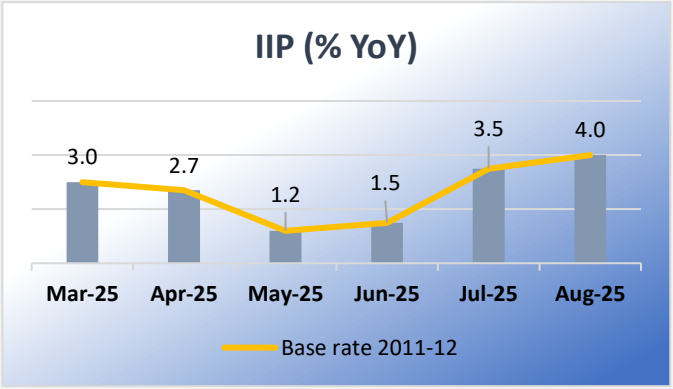
GST 2.0 is a meaningful, policy-sized instrument that lowers tax incidence across consumption and many intermediate goods, speeds up compliance, and puts money back into pockets, all of which support domestic demand and can blunt the growth impact of export-directed tariffs. Forecasters that folded the reforms into their models nudged FY26 growth a few tenths upward, indicating the offset is real and measurable. That said, GST 2.0 is not a panacea for targeted export losses: tariffed exporters will still need trade policy relief, market diversification and productivity gains.

For now, GST is helping to cushion the blow of tariff-related pressures. But it is equally important to recognize that these tariffs are not permanent by design, if they are rolled back or reset to past levels, the double benefit of tariff relief plus GST 2.0's structural gains would unlock a much stronger positive impulse for India's growth trajectory. At the same time, India is actively looking at diversifying its export markets to lower the concentration of tariff risk; such diversification would soften the impact if tariffs persist, while also broadening opportunities once global conditions normalize.

ECONOMY

IIP (Index of Industrial Production)

Aug

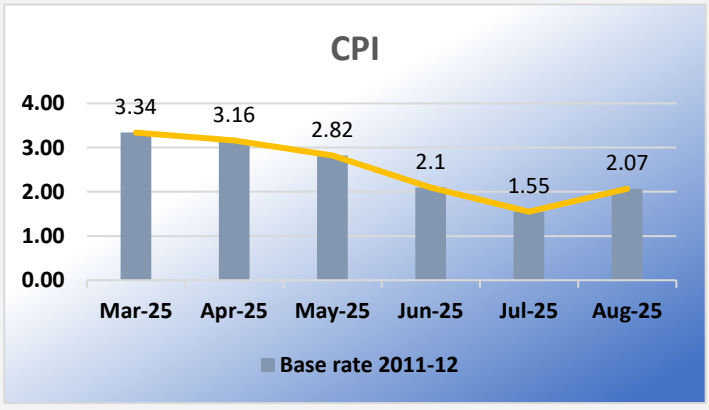


The industrial production in India expanded by 4% from the previous year in August of 2025, slowing slightly from the upwardly revised 4.3% growth rate in the previous month, but below the market consensus of a 5% increase.

The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of August 2025 are 6.0 percent, 3.8 percent and 4.1 percent respectively. Within the manufacturing sector, 10 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in August 2025 over August 2024. The top three positive contributors for the month of August 2025 are – "Manufacture of basic metals" (12.2%), "Manufacture of coke and refined petroleum products" (5.4%) and "Manufacture of motor vehicles, trailers and semi-trailers" (9.8%).

The corresponding growth rates of IIP as per Use-based classification in August 2025 over August 2024 are 5.2 percent in Primary goods, 4.4 percent in Capital goods, 5.0 percent in Intermediate goods, 10.6 percent in Infrastructure/ Construction Goods, 3.5 percent in Consumer durables and (-)6.3 percent in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of August 2025 are Primary goods, Infrastructure/ construction goods and Intermediate goods.

CPI (Consumer Price Index) – Aug



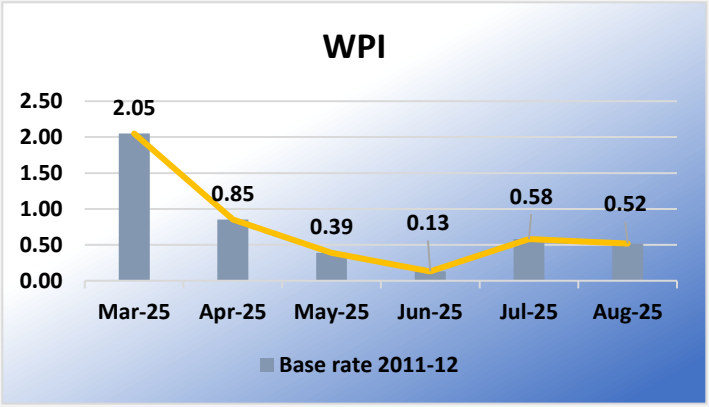
Source: APAS BRT, www.eaindustry.nic.in

India's consumer price inflation accelerated to 2.07% in August 2025, up from an upwardly revised 1.61% in July, broadly matching market expectations. This marked the first monthly increase in inflation in ten months, though it remained close to the Reserve Bank of India's lower tolerance threshold of 2% under its inflation-targeting framework. Food prices, which make up nearly half of the CPI basket, fell 0.69%, moderating from a 1.76% decline in July.

Inflation rose for pan, tobacco, and intoxicants (2.49% vs. 2.45%) and miscellaneous items (5.05% vs. 5.01%), while costs increased at a slower pace for clothing and footwear (2.33% vs. 2.50%), housing (3.09% vs. 3.17%), and fuel and light (2.43% vs. 2.67%).

WPI (Wholesale Price Index) – Aug

Wholesale Price Index (WPI) number is 0.52% (provisional) for the month of August 2025 (over August 2024). Positive rate of inflation in August 2025 is primarily due to increase in prices of food products, other manufacturing, non-food articles, other non-metallic mineral products and other transport equipment etc.



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

The month-over-month change in WPI for the month of August 2025 stood at 0.52% as compared to July 2025.

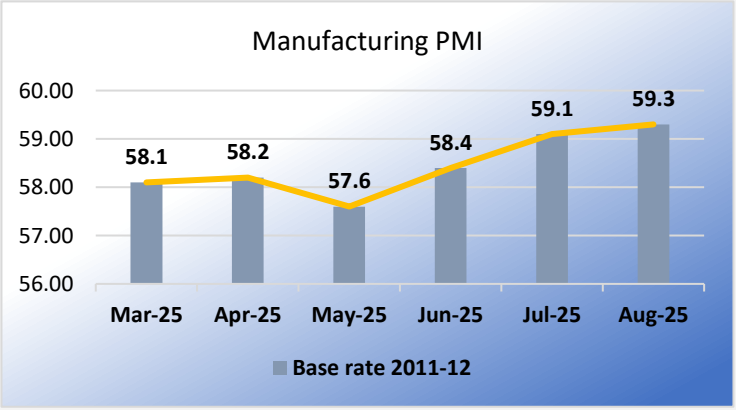
The index for primary articles increased by 1.60 % from 188.0 (provisional) for the month of July 2025 to 191.0 (provisional) in August 2025. Price of non-food articles (2.92%), minerals (2.66%) and food articles (1.45%) increased in August 2025 as compared to July 2025. The price of Crude Petroleum & Natural Gas (-0.43%) decreased in August 2025 as compared to July 2025.

Prices for Fuel & Power decreased by 0.69% from 144.6 (provisional) for the month of July 2025 to 143.6 (provisional) in August 2025. The price of electricity (2.91%) and mineral oils (-0.07%) decreased in August 2025 as compared to July 2025. The Price of coal has remained same as in the previous month.

Prices for Manufacturing products increased by 0.21% from 144.6 (provisional) for the month of July 2025 to 144.9 (provisional) in August 2025. Out of the 22 NIC two-digit groups for manufactured products, 13 groups witnessed an increase in prices, 5 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 manufacture of food products; textiles; electrical equipment; other transport equipment and machinery and equipment etc. Some of the groups that witnessed a decrease in prices were manufacture of basic metals; computer, electronic and optical products; wearing apparel; wood and products of wood and cork and furniture etc in August 2025 as compared to July 2025.

Manufacturing PMI – Aug

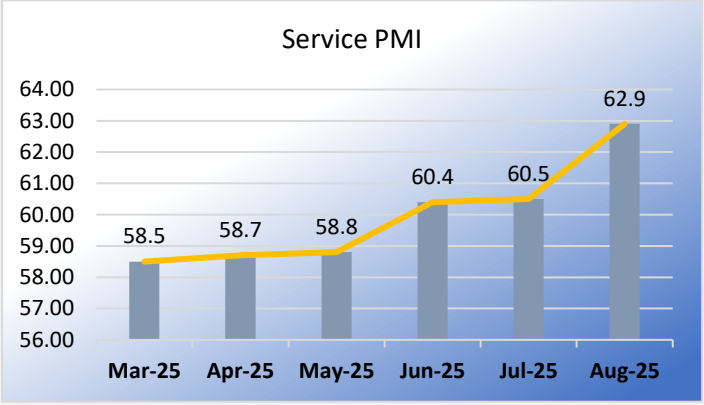
The HSBC India Manufacturing PMI rose to 59.3 in August 2025 from 59.1 in July, but was revised lower from initial estimates of 59.8. This marks the fastest improvement in operating conditions in seventeen and a half years, with production growth accelerating to a nearly five-year high, supported by strong demand and better alignment of supply with orders. New orders also rose at the



fastest pace in 57 months, driven by strong sales in intermediate, capital, and consumer goods. Input buying surged as firms rebuilt inventories, while employment rose for the 18th consecutive month, though at the slowest pace since November 2024. On prices, input costs increased moderately, and selling prices rose above trend. Finished goods inventories expanded for the first time in nine months, while capacity pressures remained subdued. Lastly, optimism for future output strengthened, offsetting softer export growth amid a 50% US tariff, with domestic demand supporting the sector.

Services PMI – Aug

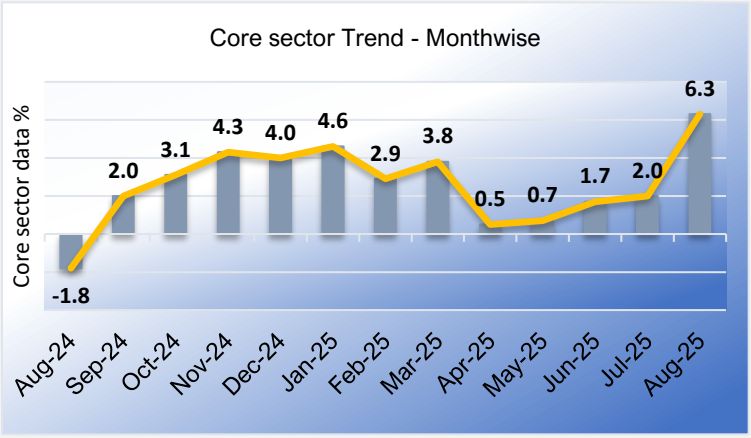
The HSBC India Services PMI was revised lower to 62.9 in August 2025, down from the preliminary estimate of 65.6 and below market expectations of 65. However, the latest figure remained above the final reading of 60.5 in July, marking the strongest expansion in the services sector since June 2010, as both new orders and output rose at the fastest pace since mid-2010. Foreign sales also increased, registering the third-strongest rise since the series began in September 2014. Employment climbed moderately, driven by an increase in part-time recruitment. On the price front, input costs continued to rise, while selling prices surged at the steepest rate in over 13 years, as firms passed higher expenses on to clients. Looking ahead, business sentiment strengthened to a five-month high, supported by increased budget allocations for advertising and expectations of sustained demand.



Source: www.tradingeconomics.com

Core Sector Data – Aug

The combined Index of Eight Core Industries (ICI) increased by 6.3 % (provisional) in August 2025 as compared to the Index in August 2024. The production of Steel, Coal, Cement, Fertilizer, Electricity and Petroleum Refinery products recorded positive growth in August 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 July 2025 was observed at 3.7 %. The cumulative growth rate of ICI during April to August, 2025-26 is 2.8 % (provisional) as compared to the corresponding period of last year.

The summary of the Index of Eight Core Industries is given below:

Coal - Coal production (weight: 10.33 %) increased by 11.4 % in August 2025 over August 2024. Its cumulative index declined by 0.7 % during April to August, 2025-26 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 per cent) declined by 1.2 % in August 2025 over August 2024. Its cumulative index declined by 1.7% during April to August, 2025-26 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 %) declined by 2.2 % in August 2025 over August 2024. Its cumulative index declined by 2.5 % during April to August, 2025-26 over corresponding period of the previous year.

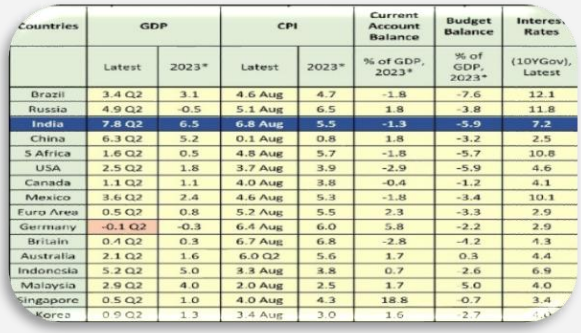
Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 %) increased by 3.0 per cent in August 2025 over August 2024. Its cumulative index increased by 0.4 per cent during April to August, 2025-26 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 %) increased by 4.6 % in August 2025 over August 2024. Its cumulative index declined by 0.8 % during April to August, 2025-26 over corresponding period of the previous year.

Steel - Steel production (weight: 17.92 %) increased by 14.2 per cent in August 2025 over August 2024. Its cumulative index increased by 10.4 % during April to August, 2025-26 over corresponding period of the previous year.

Cement - Cement production (weight: 5.37 %) increased by 6.1 % in August 2025 over August 2024. Its cumulative index increased by 8.4 % during April to August, 2025-26 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 %) increased by 3.1 % in August 2025 over August 2024. Its cumulative index increased by 0.5 % during April to August, 2025-26 over corresponding period of the previous year.



Countries	GDP		CPI		Current Account Balance	Budget Balance	Interest Rates
	Latest	2023*	Latest	2023*	% of GDP, 2023*	% of GDP, 2023*	(10YGov), Latest
Brazil	3.4 Q2	3.1	4.6 Aug	4.7	-1.8	-7.6	12.1
Russia	4.9 Q2	-0.5	5.1 Aug	6.5	1.8	-3.8	11.8
India	7.8 Q2	6.5	6.8 Aug	5.5	-1.3	-5.9	7.2
China	6.3 Q2	5.2	0.1 Aug	0.8	1.8	-3.2	2.5
S Africa	1.6 Q2	0.5	4.8 Aug	5.7	-1.8	-5.7	10.8
USA	2.5 Q2	1.8	3.7 Aug	3.9	-2.9	-5.9	4.6
Canada	1.1 Q2	1.1	4.0 Aug	3.8	-0.4	-1.2	4.1
Mexico	3.6 Q2	2.4	4.6 Aug	5.3	-1.8	-3.4	10.1
Euro Area	0.5 Q2	0.8	5.2 Aug	5.5	2.3	-3.3	2.9
Germany	-0.1 Q2	-0.3	6.4 Aug	6.0	5.8	-2.2	2.9
Britain	0.4 Q2	0.3	6.7 Aug	6.8	-2.8	-4.2	4.3
Australia	2.1 Q2	1.6	6.0 Q2	5.6	1.7	0.3	4.4
Indonesia	5.2 Q2	5.0	3.3 Aug	3.8	0.7	2.6	6.9
Malaysia	2.9 Q2	4.0	2.0 Aug	2.5	1.7	5.0	4.0
Singapore	0.5 Q2	1.0	4.0 Aug	4.3	18.8	-0.7	3.4
S Korea	0.9 Q2	1.3	3.4 Aug	3.0	1.6	-2.7	

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	2.2 Q2	2.1	5.1 Aug	5.1	-3.2	-8.1	13.7
Russia	1.1 Q2	0.9	8.1 Aug	8.7	2.1	-2.7	14.9
India	7.8 Q2	6.5	2.1 Aug	3.2	-1.0	-4.4	6.5
China	5.2 Q2	4.9	-0.4 Aug	-0.1	1.5	-5.9	1.6
S Africa	0.6 Q2	1.2	3.3 Aug	3.6	-1.2	-4.8	9.2
USA	2.1 Q2	1.7	2.9 Aug	3.0	-4.0	-5.9	4.1
Canada	1.2 Q2	0.9	1.9 Aug	1.9	-2.0	-2.2	3.2
Mexico	nil Q2	0.7	3.6 Aug	3.8	-0.4	-3.8	8.8
Euro Area	1.5 Q2	1.2	2.2 Sep	2.0	3.1	-3.3	2.7
Germany	0.2 Q2	0.2	2.4 Sep	2.1	5.3	-2.7	2.7
Britain	1.4 Q2	1.2	3.8 Aug	3.7	-3.1	-4.9	4.7
Australia	1.8 Q2	1.9	2.1 Q2	2.5	-2.1	-1.8	4.3
Indonesia	5.1 Q2	4.7	2.7 Sep	1.6	-1.1	-3.1	6.3
Malaysia	4.4 Q2	4.1	1.3 Aug	1.4	1.9	-4.0	3.5
Singapore	4.4 Q2	2.9	0.5 Aug	0.8	15.0	0.2	1.9
S Korea	0.6 Q2	0.8	1.7 Aug	1.9	3.8	-2.4	3.0

BANKING

32nd Meeting of the FSDC Sub-Committee

A meeting of the Sub-Committee of the Financial Stability and Development Council (FSDC-SC) was held today at the Reserve Bank of India, Mumbai. Shri Sanjay Malhotra, Governor, Reserve Bank of India, chaired the meeting.

The Sub-Committee discussed major global and domestic macroeconomic and financial sector developments and various issues that may have financial stability implications. The Sub-Committee reviewed the progress in several inter-regulatory matters including simplification of KYC processes and special drives for financial inclusion. It also deliberated upon the National Strategy for Financial Inclusion (NSFI) 2025–30. The Sub-Committee also reviewed the functioning of State-Level Coordination Committees (SLCCs) in States and Union Territories and activities of various technical groups.

The FSDC-SC reaffirmed its commitment to continue its focus on improving financial sector resilience through inter-regulatory coordination; and keeping a close watch on emerging challenges including those from heightened trade uncertainty and persisting geopolitical frictions.

The meeting was attended by the members of the Sub-Committee, Shri Tuhin Kanta Pandey, Chairperson, Securities and Exchange Board of India (SEBI); Shri Ajay Seth, Chairperson, Insurance Regulatory and Development Authority of India (IRDAI), Shri S Raman, Chairperson, Pension Fund Regulatory and Development Authority (PFRDA), Shri Ravi Mittal, Chairperson, Insolvency and Bankruptcy Board of India (IBBI), Shri Nagaraju Maddirala, Secretary, Department of Financial Services; Dr. V. Anantha Nageswaran, Chief Economic Adviser; Shri Chanchal Sarkar, Secretary, Financial Stability and Development Council; Deputy Governors of the Reserve Bank - Shri M. Rajeshwar Rao, Shri T. Rabi Sankar, Shri Swaminathan J., Dr. Poonam Gupta; and Dr. A. R. Joshi, Executive Director of the Reserve Bank.

Premature redemption under Sovereign Gold Bond (SGB) Scheme

In terms of GOI notification F.No. 4(4)-B(W&M)/2020 dated April 13, 2020 (SGB 2020-21 Series-VI-Issue date September 08, 2020) on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable. Accordingly, the due date of premature redemption of the above tranche shall be on September 06, 2025 (September 07 and September 08 being holidays).

2. Further, the redemption price of SGB shall be based on simple average of closing gold price of 999 purity of previous three business days from the date of redemption, as published by the India Bullion and Jewellers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on September 06, 2025, (September 07 and September 08 being holidays) shall be ₹10,610/- (Rupees Ten Thousand Six Hundred Ten only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., September 03, September 04, and September 05, 2025.

Launch of Microsite for Banknotes

A microsite https://indiancurrency.rbi.org.in for banknotes has been launched today by the Reserve Bank of India. The microsite provides members of the public, a platform to access information on banknotes such as details of the design and security features through a 360-degree view of the banknotes, multimedia (video, audio and animation), interactive games etc. with simple and efficient navigation. The microsite also has a dedicated section for information on exchange of banknotes. The new microsite replaces the earlier microsite https://paisaboltahai.rbi.org.in.

RBI issues Directions on Framework on Authentication Mechanisms for Digital Payment Transactions

The Reserve Bank of India (RBI) has today issued Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025.

RBI issued draft directions on Alternative Authentication Mechanisms for Digital Payment Transactions on July 31 2024 and draft directions on introduction of Additional Factor of Authentication (AFA) in cross-border Card Not Present (CNP) transactions on February 07, 2025, for stakeholder comments.

Feedback from the public has been examined and suitably incorporated in the final directions. The directions, inter alia, focus on the following:

a) Encouraging introduction of new factors of authentication by leveraging upon technological advancements. The framework, however, does not call for discontinuation of SMS based OTP as an authentication factor.
b) Enabling issuers to adopt additional risk-based checks beyond the minimum two-factor authentication based on the fraud risk perception of the underlying transaction.
c) Facilitating interoperability and open access to technology
d) Delineating the responsibility of Issuers.
e) Mandating card issuers to validate AFA in non-recurring cross-border CNP transactions whenever such a request is raised by the overseas merchant or acquirer.

These directions shall be complied with by April 01, 2026, unless indicated otherwise for any particular direction.

Monetary Policy Statement, 2025-26 Resolution of the Monetary Policy Committee September 29 to October 1, 2025

The Monetary Policy Committee (MPC) of the Reserve Bank of India, chaired by Governor Shri Sanjay Malhotra, met from September 29 to October 1, 2025, and decided unanimously to keep the policy repo rate unchanged at 5.5%, with the SDF at 5.25% and the MSF and Bank Rate at 5.75%, maintaining a neutral stance. India's economy remains resilient, supported by strong private consumption, investment, and a good monsoon, with real GDP growth for 2025–26 projected at 6.8%. Inflation has eased sharply, with CPI inflation expected to average 2.6% for 2025–26, aided by benign food prices and GST rate cuts, though base effects may push it higher in late FY26. Despite global uncertainties and trade-related risks, domestic conditions remain supportive of growth. The MPC noted that the impact of recent policy measures is still unfolding and thus decided to pause further rate action, with two members favoring a shift to an accommodative stance. The next MPC meeting is scheduled for December 3–5, 2025.

INSURANCE

Meeting with CEOs of Insurance Companies

Insurance Regulatory and Development Authority of India (IRDAI) held a detailed interaction with the insurance industry CEOs and Appointed Actuaries at IRDAI Head Office on Wednesday, 17th September 2025. Mr. Ajay Seth, Chairperson, IRDAI presided over the meeting.

The deliberations focused on strengthening policyholder protection and orderly growth of the industry. The recent exemption of life and health insurance from GST by the Government of India, as a part of the next-generation indirect tax reforms with huge economic importance, was welcomed by all. Insurers were advised to ensure that the full benefit of this relief is passed on to policyholders.

This long-standing demand from the insurance industry and policyholders has been addressed in its entirety. Now it is the industry's turn to step up to significantly improve affordability, accessibility and availability of insurance products suitable for different segments of the population and economic entities. Mr. Seth emphasized that exemption would open-up a big opportunity for insurers to increase coverage, penetration, and enhance product proposition. "It is a great step towards achieving universal coverage by 2047", Mr Seth said.

Deliberations covered steps required to expand penetration beyond urban centres and reach out to the rural population and the unorganized sector and going beyond fulfilling obligations in rural and social sectors. Special attention was drawn towards expanding the coverage of government sponsored insurance schemes for vulnerable sections, taking measures to improve service quality, including claims settlement in timely and efficient manner, and making grievance redressal mechanism robust and more responsive.

The meeting also underscored the need to further strengthen and establish service standards for market conduct, compliance, risk management, and internal audit functions, along with creating a standing forum at the Life Council to examine Court awards and derive learnings—helping establish uniform standards in solicitation, underwriting, policy servicing and claims practices.

In his concluding remarks Mr. Seth said "These steps are aimed at building trust and widening access, making insurance simpler and more inclusive. Guided by the vision of Viksit Bharat by 2047, the sector has to advance towards stronger protection, innovation, affordability, and contributing towards nation building. Within this larger national aspiration lies the goal of Insurance for All by 2047—ensuring every citizen has adequate life, health, and property cover, and enterprises across the country are safeguarded with robust insurance solutions, and thereby laying the foundation for a resilient, secure and empowered India."

CAPITAL MARKET

SEBI and IEPFA Conducted the Second "Niveshak Shivir" in Hyderabad - Proactive Joint Initiative to Minimize Unclaimed Assets and Facilitate Investor Claims for Unpaid Dividends and Shares

SEBI's revised framework for Angel Funds mandates that only Accredited Investors may fund these vehicles, with existing funds given until September 8, 2026 to transition. Angel Funds must onboard at least five accredited investors before first close (to be done within 12 months), and investments will now be made directly at the fund level. Follow-on investments are allowed (up to ₹25 cr per company) under strict conditions, and a one-year lock-in (reducible to six months for third-party exit) applies. The reforms also recognise Angel Funds as a distinct Category I AIF, tighten audit and reporting norms (especially for funds above ₹100 cr), and enhance transparency through benchmarking and allocation rules.

Ease of regulatory compliances for FPIs investing only in Government Securities

SEBI's circular simplifies the regulatory regime for FPIs whose investments are exclusively in Government Securities. Under the revised guidelines, such FPIs will be eligible for relaxed compliance, including fewer reporting requirements and compliance obligations. These changes aim to reduce operational burden and encourage greater foreign investment in sovereign debt.

SEBI Board Meeting

In its 211th Board Meeting, SEBI approved several landmark reforms to ease capital-market regulations, deepen investor access, and strengthen governance. Key measures include relaxed Minimum Public Shareholding (MPS) and Minimum Public Offer (MPO) norms for very large issuers, a broader role for anchor investors including insurance companies and pension funds, and new scale-based thresholds for disclosure and related-party transaction rules. Also, SEBI sanctioned governance enhancements for Market Infrastructure Institutions (MIIs), simplified foreign investor (FPI) access including via a single-window mechanism and provisions to allow mutual funds to invest in REITs/InvITs under revised classifications.

Framework on Social Stock Exchange

SEBI's circular updates the SSE framework to strengthen governance, clarity, and investor protections. Not-for-profit entities eligible for registration must now fall under defined legal forms (charitable trusts, societies, Section-8 companies, etc.), and hold a valid registration certificate for at least 12 months at the time of applying. Annual disclosures have been expanded (covering financials, governance, donors, program utilization), and social enterprises raising funds via SSE must file an Annual Impact Report (AIR) independently assessed, showing that at least 67 % of prior year program expenses are captured. Exchanges and depositories have been directed to implement requisite system and bylaw changes immediately.

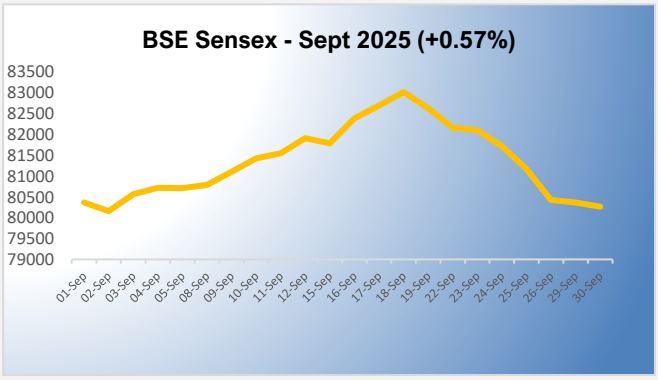
Ease of doing investment - Smooth transmission of securities from Nominee to Legal Heir

SEBI mandates the use of a new standard reporting code, "TLH" (Transmission to Legal Heirs), for reporting transfers of securities from nominees to rightful legal heirs. This ensures such transmissions are not misclassified as taxable "sales," aligning reporting with the non-taxable status under clause (iii) of Section 47 of the Income Tax Act. The procedural framework for transmission remains governed by existing SEBI rules, but all involved entities (RTAs, issuers, depositories, DPs) must update their systems to incorporate TLH by January 1, 2026.

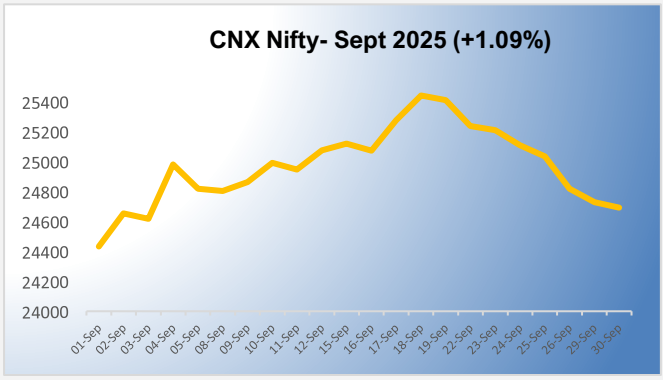
SEBI Releases Investor Survey 2025; Findings to Guide Inclusive and Responsible Investing

SEBI's Investor Survey 2025 (covering over 90,000 households) reveals that although 63% of households are aware of at least one securities product, only 9.5% actually invest in markets. The survey shows a strong preference for capital preservation (nearly 80%) and highlights barriers like limited knowledge, fear of loss, and process complexity. It calls for easier digital access, investor education in regional languages, and stronger grievance redress systems to foster inclusive and responsible investing.

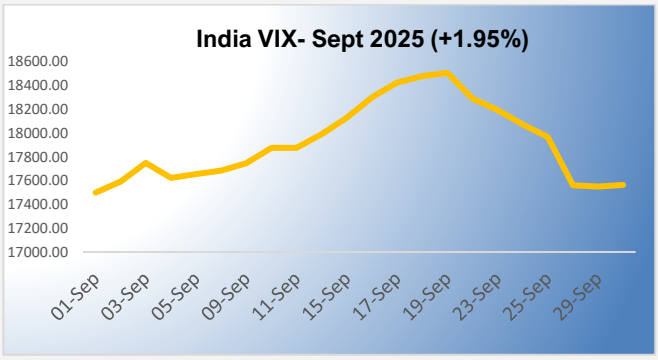
CAPITAL MARKET SNAPSHOT



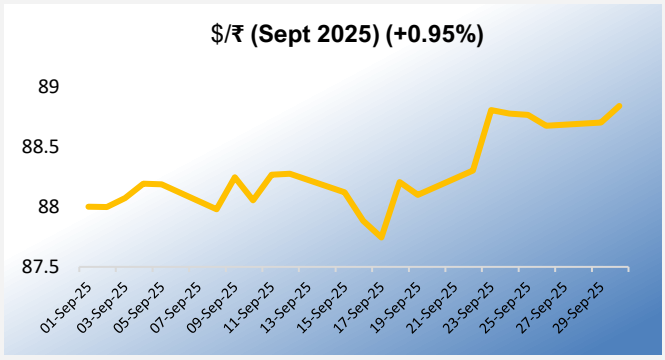
Sources: Bombay Stock Exchange



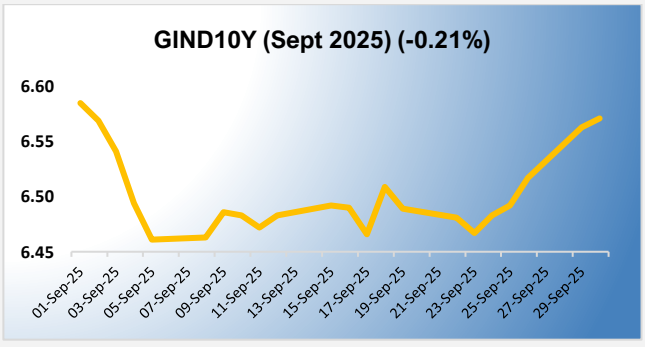
Source: National Stock Exchange



Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

Equity markets reversed their downward trend in September 2025, registering broad-based gains despite persistent foreign investor outflows and ongoing global headwinds. The BSE Sensex edged up 0.57%, and the Nifty 50 advanced 1.09%. The upturn was more pronounced in the broader markets, with the Nifty Midcap 100 rising 1.44% and the Nifty Small cap 100 surging 1.95%. This rebound was accompanied by a 1.95% increase in the VIX, highlighting elevated market swings even as indices strengthened.

September sentiment was challenged by sustained FPI withdrawals, driven by global trade uncertainties, US tariff actions, and currency weakness. Despite these headwinds and cautious global cues, domestic institutional and retail investors offered crucial support, aided by positive macro news such as sweeping GST rate cuts and resilient GST revenues. As a result, markets displayed notable resilience, especially in the mid- and small-cap segments, helping offset the impact from FPI outflows and global volatility. Overall, September 2025 featured a cautiously optimistic undertone, with domestic factors and policy actions buffering Indian equities from sharper corrections seen earlier in the year.

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ABOUT APAS

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