

APAS MONTHLY - VOLUME II

APAS MONTHLY NEWSLETTER

November 2025 Edition

APAS
ashvin parekh advisory services

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

EDITORIAL

In this issue, **Ms. Anubhuti Sanghai - Managing Director & CEO, ICICI Securities Primary Dealership Ltd.** has presented her thoughts on ‘**RBI’s Policy Message and Current Bond Market Dynamics**’. We thank Ms. Sanghai for her contribution to the APAS Monthly.

This month, the APAS column covers ‘**RBI Sets the Stage for a New Growth Cycle: What the December Policy Means for BFSI**’.

The economic indicators exhibited a mixed performance. Manufacturing PMI rose to 59.2 in October 2025, above the flash estimate of 58.4 and September’s 57.7, signaling faster growth in factory activity. Services PMI was slightly revised higher to 58.9 in October 2025, up from a preliminary estimate of 58.8 but down from a final reading of 60.9 in September. India's infrastructure output unchanged from the previous year in October of 2025, holding the upwardly revised 3.3% increase in the previous month. India’s Industrial production increased 0.4% year-on-year in October 2025, following an upwardly revised 4.6% gain in September and well below market expectations of 3.6%. India's retail price inflation (CPI) fell to 0.25% in October of 2025 from the downwardly revised 1.44% in the previous month, the lowest on record, and well below the market consensus of a softer slowdown to 0.48%. India Wholesale Price Index (WPI) number is (-) 1.21% (provisional) for the month of October 2025 (over October 2024).

The 2024 Financial Sector Assessment Program (FSAP) for India, jointly conducted by the IMF and World Bank, concludes that India’s financial system has strengthened significantly since the last assessment in 2017. The Reserve Bank of India issued the ‘Framework for Recognition of Self-Regulatory Organisation (SRO) for Payment System Operators (PSOs)’ on October 22, 2020, and an ‘Omnibus framework for recognition of SROs for Regulated Entities of the Reserve Bank’ on March 21, 2024, inviting interested groups / associations to seek recognition as SRO in terms of the criteria laid down therein. RBI has introduced several trade relief measures to cushion exporters from global disruptions. RBI has been actively pursuing interlinking of Unified Payments Interface (UPI) with fast payment systems of other jurisdictions to promote cross-border payments.

Insurance Regulatory and Development Authority of India (IRDAI) on Wednesday, 26th November 2025 convened a high-level meeting with Chief Compliance Officers (CCOs) and Grievance Redressal Officers (GROs) of all insurers.

SEBI has warned the public that “Digital Gold/E-Gold” products offered on various online/digital platforms are unregulated and do not fall under SEBI’s jurisdiction. SEBI has introduced revised incentives for mutual fund distributors effective February 1, 2026, offering up to ₹2,000 in additional commissions for onboarding new individual investors from B-30 cities and new women investors. SEBI has reclassified listed and units of Real Estate Investment Trusts (REITs) as “equity related instruments” for regulatory purposes to enable higher participation by Mutual Funds and Specialized Investment Funds (SIFs).

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

Ashwin parekh

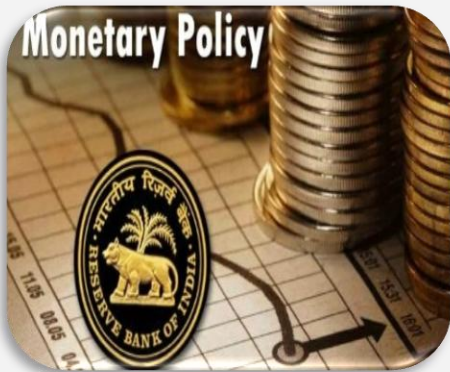
On the Cover



GUEST COLUMN

RBI's Policy Message and Current Bond Market Dynamics

*Ms. Anubhuti Sanghai
Managing Director & CEO,
ICICI Securities Primary Dealership Ltd.*



APAS COLUMN

*RBI Sets the Stage for a New Growth Cycle:
What the December Policy Means for BFSI*



ECONOMY

Index of Industrial Production: Oct

Inflation update – Oct

PMI update – Oct

Core Sector – Oct

GDP Q2 – FY 2025 - 26

Countries	GDP		CPI		Current Account Balance		Intere. Rates
	Latest	2023*	Latest	2023*	% of GDP, 2023*	% of GDP, 2023*	
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	7.9 Q2	4.0	7.0 Aug	7.5	1.7	-5.0	1.0

ECONOMIC DATA

SNAPSHOT

[Global GDP, CPI, Current account balance, budget balance, Interest rates](#)



BANKING

[India: Financial Sector Assessment Program, 2024](#)

[Recognition of Self-Regulatory Organisation for Payment System Operators](#)

[Trade Relief Measures](#)

[Interlinking of Unified Payments Interface \(UPI\) with the TARGET Instant Payment Settlement \(TIPS\) of the Euro system](#)



INSURANCE

[IRDAI Calls for Stronger Customer-Centricity and Higher Standards of Grievance Redressal in Industry Meeting with CCOs & GR](#)



CAPITAL MARKETS

Caution to public regarding dealing in 'Digital Gold'

Additional incentives to distributors for onboarding new individual investors from B-30 cities and women investors

Reclassification of Real Estate Investment Trusts (REITs) as equity related instruments for facilitating enhanced participation by Mutual Funds and Specialized Investment Funds (SIFs)



CAPITAL MARKETS

SNAPSHOT

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



GUEST COLUMN

*Ms. Anubhuti Sanghai
Managing Director & CEO
ICICI Securities Primary Dealership Ltd.*

RBI's Policy Message and Current Bond Market Dynamics

The Reserve Bank of India (RBI) has finally delivered a widely debated rate cut while retaining a neutral policy stance—putting an end to the “Will they? Won’t they?” uncertainty. Record-low inflation readings and an expectation that both headline and core inflation will remain at or below the 4% target through the first half of FY27 gave the Monetary Policy Committee the confidence to ease policy, as hinted in the previous meeting. The decision suggests the central bank does not view the economy as overheating, despite strong first-half growth supported by festive-season spending and the rationalisation of GST rates.

However, the announcement that markets anticipated most eagerly was the RBI’s willingness to use liquidity tools—including potential Open Market Operation (OMO) purchases—to stabilise liquidity conditions. This comes at a time when bond yields have risen sharply, exacerbated by tighter-than-expected banking-system liquidity caused by weak capital inflows.

Though there was no mention of further easing in the RBI statement and the policy stance remained neutral, a benign outlook from RBI on both headline and core inflation has offered traders a hope of additional policy space. Though this may or may not play out any time soon, we in the capital markets have a way of latching on to the faintest hint of policy comfort – optimism is our favourite asset class.

The Long-End Problem

Despite these supportive policy signals, a bigger concern is the persistent rise in long-term bond yields. Over the past nine months, the yield curve has steepened markedly. The spread between the benchmark 10-year bond and longer-tenor securities has widened to roughly 90 basis points—up from less than 20 basis points in FY25.

A rate cut typically influences the short end of the curve, but its impact on longer maturities tends to be limited. While it is normal for term premiums to rise toward the end of a rate-cutting cycle, this time the primary driver appears to be unusually weak demand for long-dated bonds.

Supply Has Been Rebalanced, But Demand Remains the Problem

In the past few months, the RBI has moved proactively to ease supply pressures. After discussions with market participants, it reduced the share of long-bond issuance in the central government’s borrowing programme—from around 35% in the first half to about 29.5% in the second half. It also rebalanced the issuance mix across 30-, 40-, and 50-year bonds to reflect investor appetite. Even state government borrowing has been lighter and skewed toward shorter maturities than initially expected.

Yet these supply-side adjustments have not resolved the more persistent issue: weakening demand for long-dated securities.

Why Demand for Long Bonds Has Weakened

A structural shift in investor behaviour—especially among institutions that traditionally anchor the long end—has contributed to the rise in long-term yields.

1. Real Money Investors Are Reallocating Toward Equities

Insurance companies, including the country's largest insurer, have increased their equity allocations, viewing equities as long-duration assets capable of delivering higher returns. Pension funds are also raising their equity exposure. A recent change in investment norms allows government pension funds to invest up to 25% of their assets in equities (up from 15%), and the Employees' Provident Fund Organisation (EPFO) had previously raised its equity allocation from 5% to 15%.

As a result, these historically stable buyers of long-term government bonds are participating less in the bond market.

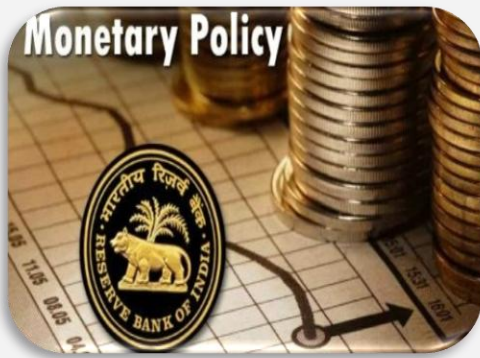
2. Banks' HTM Portfolios Are No Longer Reliable Stabilisers

Banks have traditionally stepped in as medium-term buyers when long yields rise, using their Held-to-Maturity (HTM) portfolios to absorb supply. But recent changes in HTM norms have weakened this stabilising force.

Banks may now sell only up to 5% of their HTM book, and restrictions on transferring bonds from HTM to the Held-for-Trading (HFT) category have made them more cautious. This has reduced both their ability and willingness to buy 10 - 15yr bonds, even at attractive yields. The situation has also affected demand for state government securities: over the past year, banks have offered central government securities from their HTM portfolios in RBI's OMO operations (since the 5% limit does not apply to tenders in OMOs), causing the share of state government securities in their HTM books to increase sharply.

The Result: Persistent Pressure on Long-Term Yields

With real money investors shifting toward equities and banks adopting a more cautious approach, demand for long-dated government securities has thinned significantly. The RBI's rate cut provides relief at the short end of the curve, and its commitment to liquidity support should help stabilise near-term sentiment. But the challenges at the long end are structural. Until investor appetite for longer maturities improves, elevated long-term yields are likely to persist despite the central bank's efforts to manage supply and support liquidity.



APAS COLUMN

RBI Sets the Stage for a New Growth Cycle: What the December Policy Means for BFSI

The December 2025 Monetary Policy marks a significant turning point for India's financial landscape, and from the viewpoint of the banking, financial services, and insurance (BFSI) sector, it represents a carefully calibrated shift toward fostering growth while maintaining macroeconomic stability. The Reserve Bank of India's Monetary Policy Committee (MPC) unanimously voted to reduce the policy repo rate by 25 basis points to 5.25 percent, signaling the beginning of a more accommodative rate environment. For the BFSI industry, this decision is rooted in a deeply favorable inflation landscape and a strong growth base, but also reflects a pragmatic recognition that forward-looking indicators show emerging moderation that requires timely monetary support.

Inflation remains the anchor of this policy shift. The RBI has clearly articulated that the sharp decline in headline CPI inflation falling to an unprecedented low in October 2025 along with a broad-based easing of price pressures, creates meaningful policy space. Core inflation excluding gold has softened to 2.6 percent, demonstrating that underlying inflation dynamics are more benign than previously assessed. The outlook further reinforces this trend, with CPI inflation projected at just 2 percent for FY26, supported by strong food supply conditions, healthy kharif output, robust rabi sowing, and adequate reservoir levels. Additionally, comfort arises from steady crude oil prices globally and moderating international commodity prices. For the BFSI sector, this inflation trajectory means lower risks to asset quality, improved real incomes for consumers, and better pricing flexibility. It also enhances transmission prospects, as banks and NBFCs can revise lending rates downward without compressing margins sharply, given that funding costs and inflation expectations are both stable.

On the growth front, the BFSI sector finds reassurance in the strength of India's economic performance. The 8.2 percent real GDP expansion in Q2 represents an impressive six-quarter high, supported by resilient domestic demand, post-GST rationalization benefits, front-loaded government capital expenditure, and favorable financial conditions. Real GVA growth of 8.1 percent underscores broad-based expansion across industry and services. However, the MPC's forward narrative acknowledges that this momentum, while strong, will gradually normalize as some temporary supports fade. Growth is projected to moderate to 7 percent in Q3 and 6.5 percent in Q4, with FY26 expected to close at 7.3 percent. For banks and lenders, this signals a continued, though slightly slower, pipeline of credit demand. Retail and MSME loan growth is expected to remain robust, supported by favorable income effects and improving business sentiment, while corporate credit is likely to strengthen as private investment regains traction. The RBI's assessment that both rural and urban demand remain resilient adds confidence to the BFSI outlook, particularly as rural credit and consumption spend are historically significant drivers of banking activity.

Liquidity conditions form a critical pillar of this policy cycle, and the RBI's clarity on this front is particularly important for market participants. The central bank differentiates between durable liquidity, which remains

comfortable, and transient liquidity, which has recently exhibited significant volatility. Short-term liquidity spikes have resulted in erratic movements in overnight money market rates and sudden shifts in systemic liquidity. This has important implications for BFSI entities, especially those with large short-term borrowings or sensitivity to call money rates. To stabilize market conditions, the RBI has announced a substantial open market operation (OMO) purchase program of ₹1 lakh crore. This move aims to anchor government bond yields, reduce mark-to-market volatility in banking portfolios, and ensure that the yield curve remains orderly. For banks, especially those holding significant G-Sec inventories under the held-for-trading segment, this measure provides important relief. A stable yield curve is essential not only for treasury management but also for pricing lending products and managing duration risk.

In addition to the OMO, the RBI's plan to undertake a USD 5 billion three-year buy/sell swap serves as a complementary tool to manage foreign exchange liquidity and mitigate undue volatility in the rupee. This is particularly relevant in the current global environment, where fluctuating capital flows, shifting risk sentiment, and variations in safe-haven demand for the US dollar have created intermittent pressure on emerging market currencies. The swap not only boosts FX liquidity but also helps sterilise rupee liquidity in a calibrated manner, improving balance across markets. For BFSI players involved in trade finance, FX derivatives, and cross-border transactions, this move instils confidence in the RBI's ability to manage both currency stability and domestic liquidity simultaneously.

From a market stability perspective, the policy acknowledges that global uncertainties continue to persist. Equity markets remain volatile due to concerns over stretched valuations, especially in technology stocks, while global inflation trends remain uneven. The BFSI sector recognises that such external headwinds can influence domestic financial markets through portfolio flows and risk premia. The RBI's balanced stance cutting rates while maintaining a neutral stance underscores its commitment to ensuring stability without signalling an aggressive easing cycle. This provides clarity to financial institutions as they manage their interest rate forecasts, loan pricing strategies, and treasury operations.

The external sector dimension also holds significance. While domestic conditions remain robust, merchandise exports have weakened, reflecting subdued global demand conditions. This has implications for banks engaged in export credit, supply chain financing, and trade documentation services. However, services exports remain strong and are expected to support the external balance. BFSI institutions with exposure to IT, business services, and professional services sectors stand to benefit from this resilience. Over the medium term, the RBI's acknowledgment of potential upside from ongoing trade negotiations suggests that exporters and consequently export-linked financial services may see stability return once global conditions improve.

A key non-monetary initiative introduced in the policy is the announcement of a two-month nationwide awareness campaign for the RBI Ombudsman, beginning on January 26. This initiative is aimed at strengthening consumer grievances redressal and ensuring that customers of banks, NBFCs, and digital payment entities are aware of their rights and escalation pathways. For the BFSI sector, this underscores a renewed regulatory expectation to improve complaint management systems, enhance transparency in communication, and strengthen customer grievance infrastructure. Institutions will need to review their internal processes, invest in customer-centric technology, and ensure compliance with the RBI's consumer protection framework.

In summary, the December 2025 Monetary Policy delivers a strategic blend of rate easing, liquidity support, and macroeconomic guidance that positions the BFSI sector for a stable and growth-aligned year ahead. With inflation comfortably below target, oil prices steady, and growth momentum intact, the policy's thrust is to support demand, smooth markets, and reduce volatility. The OMO and FX swap measures provide important backstops to bond yields and liquidity conditions, while the ombudsman campaign highlights the

RBI's continued focus on consumer protection and financial integrity. For the BFSI industry, the environment entering 2026 is characterized by stability, lower funding costs, improved transmission potential, and a balanced growth outlook offering fertile ground for credit expansion, stronger balance sheets, and deeper financial inclusion.



ECONOMY

IIP (Index of Industrial Production) Oct

Industrial production in India increased 0.4% year-on-year in October 2025, following an upwardly revised 4.6% gain in September and well below market expectations of 3.6%.

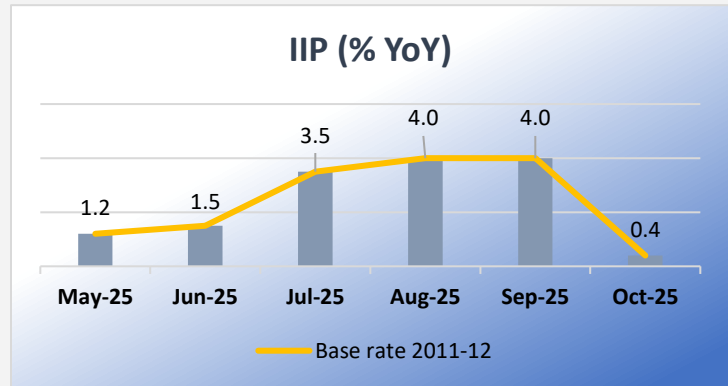
The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of October 2025 are (-) 1.8 percent, 1.8 percent and (-) 6.9 percent respectively. Within the manufacturing sector, 9 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in October 2025

over October 2024. The top three positive contributors for the month of October 2025 are – “Manufacture of basic metals” (6.6%), “Manufacture of coke and refined petroleum products” (6.2%) and “Manufacture of motor vehicles, trailers and semi-trailers” (5.8%).

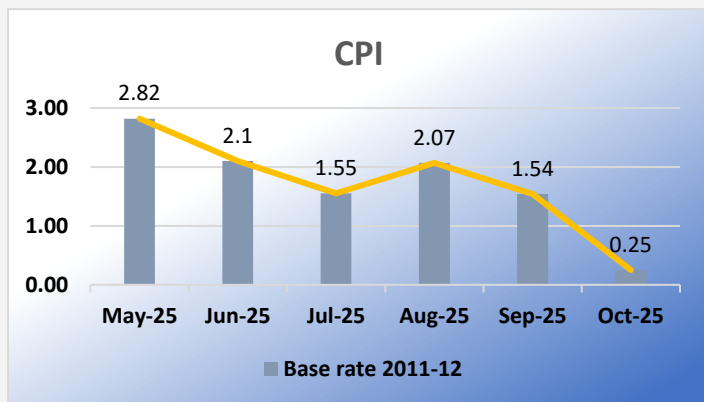
The corresponding growth rates of IIP as per Use-based classification in October 2025 over October 2024 are (-)0.6 percent in Primary goods, 2.4 percent in Capital goods, 0.9 percent in Intermediate goods, 7.1 percent in Infrastructure/ Construction Goods, (-) 0.5 percent in Consumer durables and (-)4.4 percent in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of October 2025 are Infrastructure/ construction goods, Intermediate goods and Capital goods.

CPI (Consumer Price Index) – Oct

The consumer price inflation rate in India fell to 0.25% in October of 2025 from the downwardly revised 1.44% in the previous month, the lowest on record, and well below the market consensus of a softer slowdown to 0.48%. It was the ninth consecutive month that the inflation rate was below the Reserve Bank of India's 4% target, and the third in the sequence that was below the 2 percentage point lower tolerance bank of 2%, prompting calls for the



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



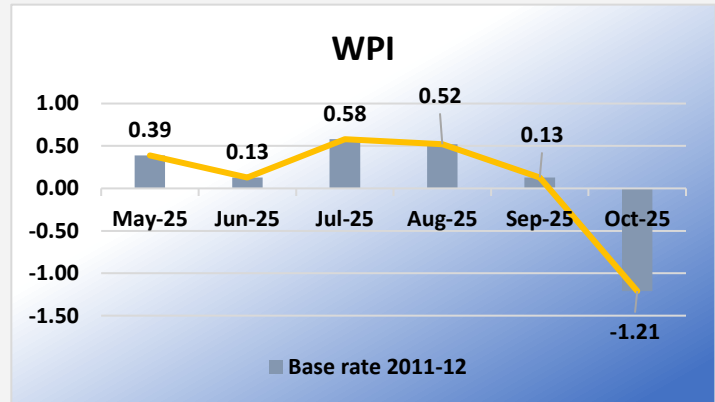
Source: APAS BRT, www.eaindustry.nic.in

central bank to deliver more rate cuts. Food prices, which account for nearly half of the weight of the consumer basket, fell by 5.02% annually, the sharpest decline on record, as improved weather conditions supported the production of vegetables, cereals, and pulses. Goods inflation was also tempered by the GST rate rationalization in September. Also, inflation moderated for housing (2.96%) and held below the 2% threshold for housing and light (1.98%). From the previous month, Indian consumer prices rose by 0.15%.

WPI (Wholesale Price Index) – Oct

The Wholesale Price Index (WPI) number is (-) 1.21% (provisional) for the month of October 2025 (over October 2024). Negative rate of inflation in October 2025 is primarily due to decrease in prices of food articles, crude petroleum & natural gas, electricity, mineral oils and manufacture of basic metals etc.

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



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

The index for primary articles decreased by 0.42 % from 189.0 (provisional) for the month of September 2025 to 188.2 (provisional) in October 2025. Price of Crude Petroleum & Natural Gas (-3.13%) and non-food articles (1.73%) decreased in October 2025 as compared to September 2025. The Price of minerals (1.72%) increased in October 2025 as compared to September 2025. The price of food articles remained same as in the previous month.

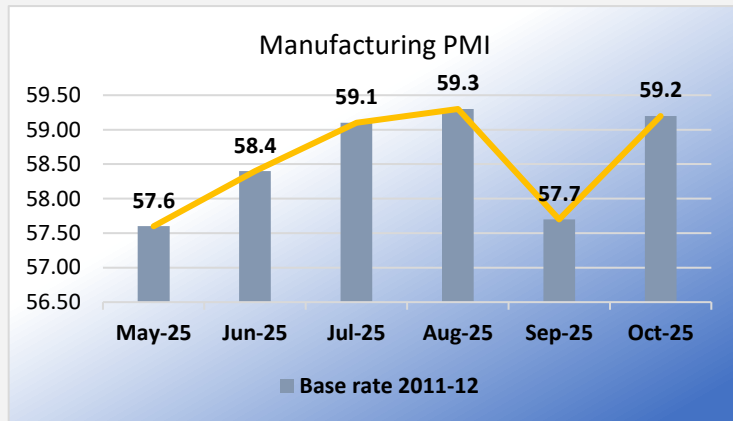
Prices for Fuel & Power increased by 1.12% from 143.4 (provisional) for the month of September 2025 to 145.0 (provisional) in October 2025. Price of electricity (2.89%), mineral oils (0.67%) increased in October 2025 as compared to September 2025. The price of coal remained same as in the previous month.

Prices for Manufacturing products decreased by (-) 0.07% from 145.2 (provisional) for the month of September 2025 to 145.1 (provisional) in October 2025. Out of the 22 NIC two-digit groups for manufactured products, 7 groups witnessed a decrease in prices, 11 groups witnessed an increase in prices, and 4 groups witnessed no change in prices. Some of the important groups that showed month-over-month decrease in prices were manufacturers of other non-metallic mineral products; basic metals; chemicals and chemical products; motor vehicles, trailers and semitrailers and printing and reproduction of recorded media etc. Some of the groups that witnessed an increase in prices were manufactures of textiles; food products; computer, electronic and optical products; electrical equipment; and wood and of products of wood and cork etc. in October 2025 as compared to September 2025.

Manufacturing PMI – Oct

The HSBC India Manufacturing PMI rose to 59.2 in October 2025, above the flash estimate of 58.4 and September’s 57.7, signalling faster growth in factory activity. New orders expanded sharply, supported by strong demand, advertising efforts, and optimism over GST reform, while output growth matched August’s pace, the joint-fastest in five years. Export orders increased solidly, though at the slowest rate so far this year. Purchasing activity rose at the quickest pace since May 2023 as firms built inventories and secured inputs.

Employment grew for the 20th straight month, with a similar pace to September. Backlogs increased slightly, reflecting firm demand, while supplier delivery times improved to the best level in four months. Input cost inflation eased to an eight-month low, yet output prices rose at the joint-highest rate in 12 years as companies passed higher freight and labour costs to customers. Lastly, confidence remained strong, driven by GST reform and robust demand prospects.

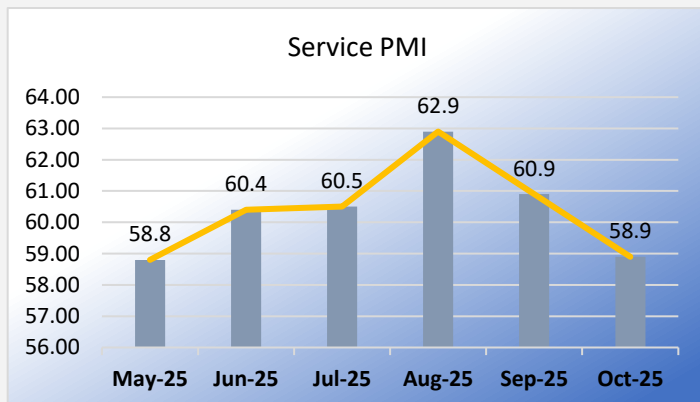


Source: www.tradingeconomics.com

Services PMI – Oct

The HSBC India Services PMI was slightly revised higher to 58.9 in October 2025, up from a preliminary estimate of 58.8 but down from a final reading of 60.9 in September. Still, it marked the slowest expansion in the services sector since May, as new business rose at the weakest pace in five months amid stronger competition and disruptions caused by floods and landslides. Foreign sales increased, with the rate of expansion solid but the weakest since March. Employment edged up slightly, marking the joint softest pace in a year and a half.

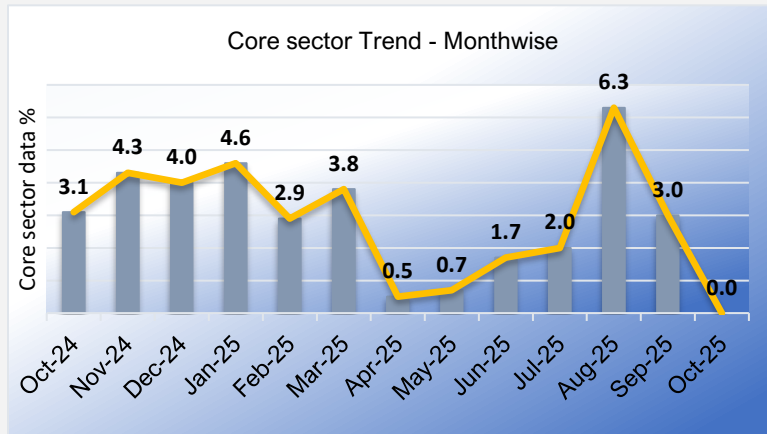
On the price front, input cost inflation eased to a 14-month low, partly due to a reduction in the goods and services tax (GST) rate. Meanwhile, output cost inflation slowed to the lowest level in seven months. Looking ahead, business sentiment weakened to a three-month low.



Source: www.tradingeconomics.com

Core Sector Data – Oct

The combined Index of Eight Core Industries (ICI) in October 2025 has remained unchanged at 162.4 (provisional) as compared to the Index in October 2024. The production of Fertilizer, Steel, Cement and Petroleum Refinery products recorded positive growth in October 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 September 2025 was observed at 3.3 %. The cumulative growth rate of ICI during April to October, 2025-26 is 2.5 % (provisional) as compared to the corresponding period of last year.

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

Coal - Coal production (weight: 10.33 %) declined by 8.5% in October 2025 over October 2024. Its cumulative index declined by 2.0 % during April to October, 2025-26 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 %) declined by 1.2 % in October 2025 over October 2024. Its cumulative index declined by 1.1 % during April to October, 2025-26 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 %) declined by 5.0 % in October 2025 over October 2024. Its cumulative index declined by 3.1 % during April to October, 2025-26 over corresponding period of the previous year.

Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 %) increased by 4.6 % in October 2025 over October 2024. Its cumulative index increased by 0.4 % during April to October, 2025-26 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 %) increased by 7.4 per cent in October 2025 over October 2024. Its cumulative index increased by 0.7 % during April to October, 2025-26 over corresponding period of the previous year.

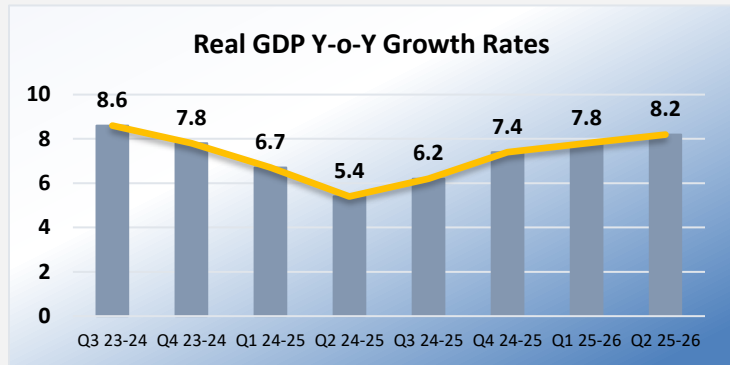
Steel - Steel production (weight: 17.92 %) increased by 6.7 per cent in October 2025 over October 2024. Its cumulative index increased by 10.3 % during April to October, 2025-26 over corresponding period of the previous year.

Cement - Cement production (weight: 5.37 %) increased by 5.3 % in October 2025 over October 2024. Its cumulative index increased by 7.3 % during April to October, 2025-26 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 %) declined by 7.6 per cent in October 2025 over October 2024. Its cumulative index declined by 0.1 % during April to October, 2025-26 over corresponding period of the previous year.

GDP– Q2 of FY 2025 - 26

- Real GDP has been estimated to grow by 8.2% in Q2 of FY 2025-26 against the growth rate of 5.6% during Q2 of FY 2024-25.
- Nominal GDP has witnessed a growth rate of 8.7% in Q2 of FY 2025-26.
- The Secondary (8.1%) and Tertiary Sector (9.2%) has boosted the Real GDP growth rate in Q2 of FY 2025-26 to rise above 8.0%.
- Manufacturing (9.1%) and Construction (7.2%) in the Secondary Sector, has registered above 7.0% growth rate at Constant Prices in this quarter.
- Financial, Real Estate & Professional Services (10.2%) in the Tertiary Sector has sustained a substantial growth rate at Constant Prices in Q2 of FY 2025-26.
- Agriculture and Allied (3.5%) and Electricity, Gas, Water Supply and Other Utility Services Sector (4.4%) has seen moderated Real growth rate during Q2 of FY 2025-26.
- Real Private Final Consumption Expenditure (PFCE) has reported 7.9% growth rate during Q2 of FY 2025-26 as compared to the 6.4% growth rate in the corresponding period of previous financial year.
- Real GDP has registered 8.0% growth rate in H1 (April-September) of FY 2025-26, as compared to the growth rate of 6.1% in H1 of FY 2024-25.



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

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	0.1 Q2	0.8	6.7 Aug	6.8	-2.8	-4.2	4.3
Australia	2.1 Q2	1.6	6.0 Q2	5.6	1.7	0.3	4.4
Indonesia	5.2 Q2	5.0	3.3 Aug	3.8	0.7	2.6	6.9
Malaysia	2.9 Q2	4.0	2.0 Aug	2.5	1.7	5.0	4.0
Singapore	0.5 Q2	1.0	4.0 Aug	4.3	18.8	-0.7	3.4
Korea	0.9 Q2	1.3	3.4 Aug	3.0	1.6	2.7	3.4

ECONOMIC DATA SNAPSHOT

Countries	GDP (% change on year ago)		CPI (% change on year ago)		Current Account Balance	Budget Balance	Interest Rates
	Latest	2025*	Latest	2025*	% of GDP, 2025*	% of GDP, 2025*	10-yr gov't bonds Latest,%
Brazil	2.2 Q2	2.2	4.7 Oct	5.0	-3.2	-6.4	13.6
Russia	0.6 Q3	0.6	7.7 Oct	8.8	1.8	-2.7	14.4
India	7.8 Q2	6.8	0.3 Oct	2.8	-1.0	-4.4	6.5
China	4.8 Q3	5.1	0.2 Oct	-0.1	2.0	-5.6	1.6
S Africa	0.6 Q2	1.2	3.5 Oct	3.3	-0.8	-4.4	8.6
USA	2.1 Q2	1.9	3.0 Sep	2.8	-4.0	-5.9	4.0
Canada	1.2 Q2	1.1	2.2 Oct	2.0	-2.0	-2.6	3.1
Mexico	-0.1 Q3	0.7	3.6 Oct	3.8	-0.4	-3.8	9.0
Euro Area	1.4 Q3	1.3	2.1 Oct	2.1	3.2	-3.2	2.7
Germany	0.3 Q3	0.2	2.3 Oct	2.2	5.2	-2.7	2.7
Britain	1.3 Q3	1.4	3.6 Oct	3.8	-3.0	-4.9	4.6
Australia	1.8 Q2	1.9	3.2 Q3	2.7	-2.1	-1.8	4.4
Indonesia	5.0 Q3	5.0	2.9 Oct	1.9	-1.1	-3.1	6.2
Malaysia	5.2 Q3	4.8	1.3 Oct	1.4	1.1	-3.9	3.4
Singapore	4.2 Q3	3.7	1.2 Oct	0.8	14.6	0.2	2.1
S Korea	1.7 Q3	1.1	2.4 Oct	2.1	5.5	-2.4	3.3



BANKING

India: Financial Sector Assessment Program, 2024

The 2024 Financial Sector Assessment Program (FSAP) for India, jointly conducted by the IMF and World Bank, concludes that India's financial system has strengthened significantly since the last assessment in 2017. The IMF released its FSSA report in February 2025, followed by the World Bank's FSA report in October 2025. The World Bank notes improved resilience, diversification, and inclusion in India's financial sector, supported by reforms that helped the country navigate past financial stresses and the pandemic. Key advancements highlighted include stronger regulation and supervision of banks and NBFCs, sound oversight of securities markets, world-class digital public infrastructure, and continued alignment of the insurance sector with global best practices.

The FSA also points to areas requiring further attention to support India's long-term economic ambition of becoming a USD 30 trillion economy by 2047. Recommended priorities include enhancing credit risk management, strengthening oversight in securities markets, boosting financial product access for women and MSMEs, scaling climate-related investments with clearer taxonomies, and improving MSME credit data infrastructure. The World Bank also calls for deeper capital market mechanisms such as credit enhancement and risk-sharing facilities. Most recommendations align with ongoing plans of Indian regulators, reflecting the country's commitment to adopting global standards while tailoring them to domestic needs.

Recognition of Self-Regulatory Organisation for Payment System Operators

1. The Reserve Bank of India issued the 'Framework for Recognition of Self-Regulatory Organisation (SRO) for Payment System Operators (PSOs)' on October 22, 2020, and an 'Omnibus framework for recognition of SROs for Regulated Entities of the Reserve Bank' on March 21, 2024, inviting interested groups / associations to seek recognition as SRO in terms of the criteria laid down therein.

2. Subsequently, an application was received from 'Self-Regulated PSO Association (SRPA)' seeking to serve as an SRO for PSOs.

3. The application has been duly considered, and it has been decided to recognise SRPA as an SRO for PSOs.

Trade Relief Measures

The Reserve Bank of India has introduced several trade relief measures to cushion exporters from global disruptions. Under FEMA regulations, the time period for realizing and repatriating export proceeds has been extended from nine to fifteen months, while the window for shipment of goods against advance payments has been increased from one year to three years. These steps aim to ease pressures on export timelines and support businesses facing delays caused by global headwinds.

Additionally, the RBI issued the *Trade Relief Measures Directions, 2025*, providing temporary relief to stressed sectors. These include a moratorium on term loan repayments and interest recovery on working capital facilities falling due between September 1 and December 31, 2025, and permitting lenders to reassess drawing power. Exporters also benefit from relaxed export credit norms, with the maximum credit period extended to 450 days and flexibility to liquidate packing credit from alternate sources when shipments are delayed. All measures come into immediate effect to ensure timely support.

Interlinking of Unified Payments Interface (UPI) with the TARGET Instant Payment Settlement (TIPS) of the Eurosystem

Reserve Bank of India has been actively pursuing interlinking of Unified Payments Interface (UPI) with fast payment systems of other jurisdictions to promote cross-border payments. These initiatives are aligned with the G20 Roadmap for enhancing cross-border payments, with a focus on cheaper, efficient, more transparent and more accessible remittances.

Reserve Bank of India and NPCI International Payments Limited (NIPL) have been engaging with European Central Bank on the initiative to connect UPI with the TARGET Instant Payment Settlement (TIPS), the instant payment system operated by the Eurosystem. Following constructive and sustained engagement, both sides have agreed to start the realisation phase for the UPI–TIPS link.

The proposed UPI–TIPS interlinkage aims to facilitate cross-border remittances between India and the Euro Area and is expected to benefit users of both jurisdictions.

Reserve Bank of India and NIPL will continue to collaborate closely with European Central Bank to operationalize the UPI–TIPS link, including technical integration, risk management and settlement arrangements.



INSURANCE

IRDAI Calls for Stronger Customer-Centricity and Higher Standards of Grievance Redressal in Industry Meeting with CCOs & GR

The Insurance Regulatory and Development Authority of India (IRDAI) on Wednesday, 26th November 2025 convened a high-level meeting with Chief Compliance Officers (CCOs) and Grievance Redressal Officers (GROs) of all insurers. The discussions centered on strengthening policyholder protection, improving grievance redressal standards, and addressing operational challenges faced by the insurance sector.

The meeting opened with the Chairman, IRDAI extending greetings on the Constitution Day, underscoring the significance of the Constitution and its values of justice, equality, and liberty. Addressing the participants, he emphasized the centrality of trust in insurance and the critical role played by compliance and grievance redressal functions in upholding that trust.

A detailed review of compliance practices and the effectiveness of existing grievance redressal mechanisms were carried out. The Authority also engaged with the Insurance Ombudsmen from Bhopal and Thane, who presented the operational issues and challenges observed in handling cases filed at their respective offices. An analysis of consumer complaints and emerging trends in policyholder issues further shaped the conversation, highlighting areas where the industry must enhance its responsiveness.

The Authority expressed concern over the rising number of complaints and emphasized the need for insurers to significantly improve the quality and timeliness of resolutions. Insurers were advised to develop a clear and standardized operating procedure for classifying consumer references into complaints and service requests. IRDAI also urged insurers to adopt a more proactive, policyholder-centric approach and to strengthen their internal systems to ensure strict compliance with prescribed timelines. Highlighting the need for deeper cultural alignment within organizations, the Chairman remarked: “Compliance cannot be a department— it must be a mind-set. And grievance redressal cannot be the end of a process— it must be our early warning system. When in doubt, choose the customer. If we do that consistently, trust will follow, growth will follow, and the industry will stand stronger than ever.” The Chairman highlighted the complementary roles of CCOs and GROs, calling them the “conscience and credibility” of insurance companies.



CAPITAL MARKET

Caution to public regarding dealing in ‘Digital Gold’

SEBI has warned the public that “Digital Gold/E-Gold” products offered on various online/digital platforms are unregulated and do not fall under SEBI’s jurisdiction. These products are neither recognised as securities nor as regulated commodity derivatives, so normal securities market investor-protection mechanisms do not apply. SEBI has urged investors to exercise caution and instead use SEBI-regulated gold avenues such as Gold ETFs, EGRs, or other approved instruments for gold exposure.

Additional incentives to distributors for onboarding new individual investors from B-30 cities and women investors

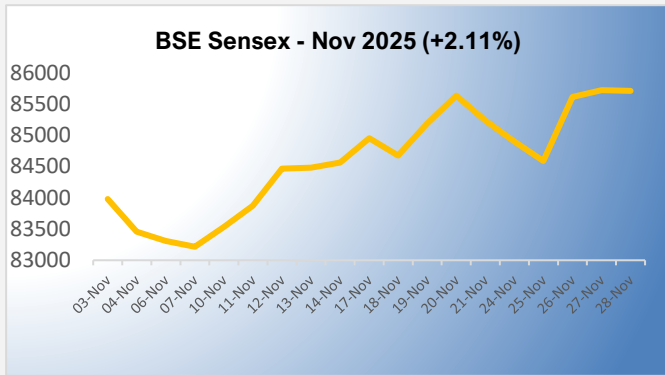
SEBI has introduced revised incentives for mutual fund distributors effective February 1, 2026, offering up to ₹2,000 in additional commissions for onboarding new individual investors from B-30 cities and new women investors. Distributors earn 1% commission (capped at ₹2,000) on lump-sum investments or 1% on total SIP contributions during the first year, provided investors remain invested for at least one year. The incentives exclude ETFs, domestic fund-of-funds with >80% domestic assets, and short-duration schemes (overnight, liquid, ultra-short, and low-duration funds), and are funded from the 2 basis points that AMCs set aside for investor education and awareness initiatives.

Reclassification of Real Estate Investment Trusts (REITs) as equity related instruments for facilitating enhanced participation by Mutual Funds and Specialized Investment Funds (SIFs)

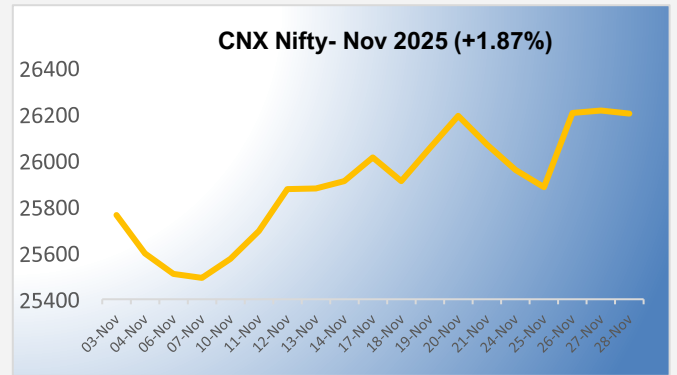
SEBI has reclassified listed and units of Real Estate Investment Trusts (REITs) as “equity related instruments” for regulatory purposes to enable higher participation by Mutual Funds and Specialized Investment Funds (SIFs). This change allows relevant schemes to treat REITs at par with equity/equity-related exposures for investment limits, diversification norms, and product design, thereby potentially increasing institutional flows into the REIT market. The move is aimed at deepening the REIT ecosystem, improving liquidity, and broadening access to real estate as an asset class for investors through managed vehicles.



CAPITAL MARKET SNAPSHOT



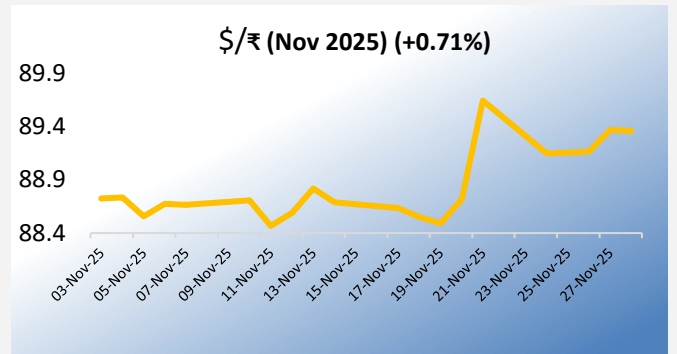
Sources: Bombay Stock Exchange



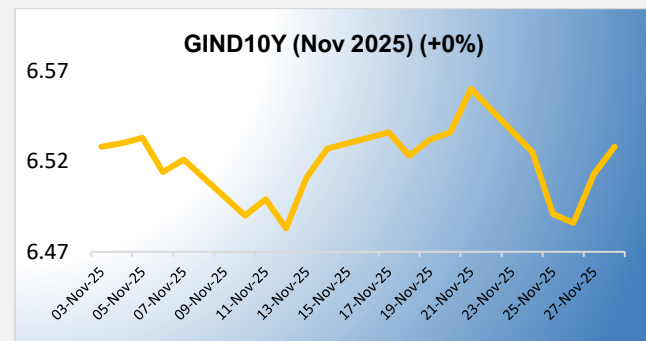
Source: National Stock Exchange



Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

Equity markets moderated their pace in Nov 2025, posting more measured gains after the robust rally in Oct. The BSE Sensex rose 2.11%, while the Nifty 50 advanced 1.87%. However, market breadth showed signs of consolidation, with the Nifty Midcap 100 gaining 2.03% but the Nifty Smallcap 100 declining 3.00%, signalling a shift in investor preference toward large-cap stocks. The Vix fell 4.36%, indicating a marked cooling in market swings and suggesting a period of relative calm and profit-taking after the preceding month's strong performance.

Sentiment during Nov was characterized by a rotation from the broad-based enthusiasm of Oct toward a more selective approach. While large-cap indices maintained their upward trajectory on the back of stable earnings and continued domestic institutional support, the underperformance of small-cap stocks reflected investor caution regarding valuations and growth concerns in the lower-end market segments. Global factors remained a consideration, with ongoing trade uncertainties and monetary policy developments influencing sentiment. The decline in VIX coupled with mixed performance across market segments suggested a period of consolidation and risk reassessment, as investors digested the gains made in Oct and became more discriminating in their stock selection ahead of the year-end.

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

Disclaimer – This informative APAS Monthly has been sent only for reader's reference. Contents have been prepared on the basis of publicly available information which has not been independently verified by APAS. Neither APAS, nor any person associated with it, makes any expressed or implied representation or warranty with respect to the sufficiency, accuracy, completeness, or reasonableness of the information set forth in this note, nor do they owe any duty of care to any recipient of this note in relation to this APAS Monthly. Readers should not pursue any information provided in the Monthly as investment advice. Neither APAS nor any person associated with it are responsible for any loss due to such persuasion.