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APAS MONTHLY - VOLUME 12

APAS MONTHLY NEWSLETTER

December 2025 Edition

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EDITORIAL

In this issue, **Mr. Rakesh Jain** - CEO, IndusInd General Insurance Company Limited (formerly Reliance General Insurance Co. Ltd.) has presented his thoughts on **'GI sector – growth and opportunities, including the use of digital'**. We thank Mr. Jain for his contribution to the APAS Monthly.

This month, the APAS column covers **'RBI's Strategic Bet on Foreign Capital'**.

The economic indicators exhibited a mixed performance. Manufacturing PMI eased to 56.6 in November 2025, revised down from initial estimates of 57.4 and October's 59.2. Services PMI was revised higher to 59.8 in November 2025, up from the preliminary estimate of 59.5 and from October's five-month low of 58.9. India's infrastructure rose by 1.8% from the previous year in November of 2025, gaining traction following the revised 0.1% decrease in the previous month, which was the first drop in over one year. India's Industrial production grew 6.7% from the previous year in November of 2025, accelerating from the upwardly revised 0.5% increase in the previous month. India's consumer price inflation picked up to 0.71% year-on-year in November 2025, rising from October's record low of 0.25% and broadly matching the market consensus of 0.7%. India Wholesale Price Index (WPI) number is (-) 0.32% (provisional) for the month of November 2025 (over November 2024).

The National Strategy for Financial Inclusion (NSFI) 2025–30, approved by the FSDC Sub-Committee and released by the RBI Governor, aims to consolidate the gains achieved under NSFI 2019–24 while advancing financial inclusion through a synergistic ecosystem approach. The Reserve Bank of India had issued draft circular on 'Forms of Business and Prudential Regulation for Investments' on October 04, 2024, seeking feedback from banks and other stakeholders. RBI issued the regulatory framework for Rupee Interest Rate Derivative (IRD) in June 2019.

Insurance Regulatory and Development Authority of India (IRDAI), jointly with the Department of Financial Services (DFS), Government of India, organized a one-day Workshop on 19th December 2025 on the Centralized Public Grievance Redress and Monitoring System (CPGRAMS) in Hyderabad, with a focus on strengthening grievance redressal mechanisms in the insurance sector

The India Financial Sector Assessment Program (FSAP) 2024, undertaken jointly by the IMF and the World Bank, concludes that India's financial system has strengthened materially since the previous assessment in 2017, with notable gains in resilience, depth, and inclusion. SEBI has issued a circular dated December 12, 2025, prescribing a strengthened governance framework for MIs such as stock exchanges, clearing corporations and depositories. The SEBI Board, at its 212th meeting held on December 17, 2025, approved a broad package of reforms aimed at simplifying compliance, enhancing investor protection, and improving ease of doing business across securities markets.

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

Ashwin parekh

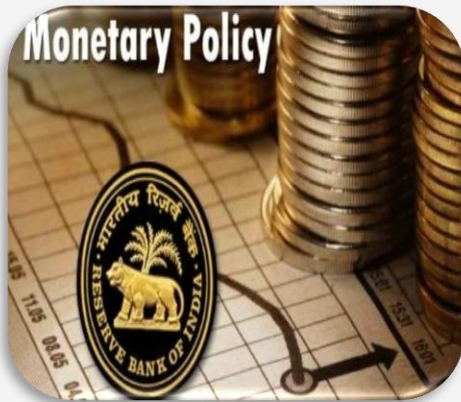
On the Cover



GUEST COLUMN

GI sector – growth and opportunities, including the use of digital

Rakesh Jain
Chief Executive Officer
IndusInd General Insurance Company
Limited (formerly Reliance General
Insurance Co. Ltd.)



APAS COLUMN

RBI's Strategic Bet on Foreign Capital



ECONOMY

Index of Industrial Production: Nov

Inflation update – Nov

PMI update – Nov

Core Sector – Nov

Countries	GDP		CPI		Current Account Balance	Budget Balance	Intere. 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	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

[National Strategy for Financial Inclusion \(NSFI\): 2025-30](#)

[RBI issues Amendment Directions for Reserve Bank of India \(Undertaking of Financial Services\) Directions, 2025](#)

[RBI Issues Master Direction – Reserve Bank of India \(Rupee Interest Rate Derivatives\) Directions, 2025](#)



INSURANCE

[CPGRAMS Workshop](#)



CAPITAL MARKETS

India: Financial Sector Assessment Program, 2024

Provisions relating to Strengthening Governance of Market Infrastructure Institutions (MIIs)

SEBI Board Meeting

Modification in the conditions specified for reduction in denomination of debt securities



CAPITAL MARKETS

SNAPSHOT

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



GUEST COLUMN

Rakesh Jain

CEO, IndusInd General Insurance Company Limited

(formerly Reliance General Insurance Co. Ltd.)

GI sector – growth and opportunities, including the use of digital

India's general insurance industry continues to demonstrate resilience and maturity, closing 2025 with gross written premiums of around **₹3.08 trillion**, a year-on-year growth of **6.2%**. Health insurance remains the largest segment contributing more than one-third of the industry's premiums supported by rising awareness, post-pandemic priorities, and persistent medical inflation of nearly **12%**. These indicators reinforce the growing role of insurance as a core pillar of financial protection for households and businesses alike.

Despite this steady progress, **non-life insurance penetration remains close to 1% of GDP**, significantly lower than the global average of 4%. This wide protection gap represents one of India's most compelling opportunities. With rapid urbanization, rising incomes, and a growing recognition of risk protection, demand across motor, health, property, and liability lines is expected to rise further. The opportunity now lies in expanding access, improving product relevance, and addressing the needs of underserved customer segments, including rural households and MSMEs.

A Positive Outlook for 2026

The outlook for 2026 is distinctly positive, with the industry expected to grow between **10- 13%**, supported by strong demand in health insurance, rising adoption of commercial covers, and policy reforms that are steadily improving insurance affordability. As businesses enhance their risk frameworks and individuals prioritize financial security, the sector is poised for broad-based expansion across both retail and corporate lines. The continued alignment of regulatory initiatives, risk awareness, and customer-centric innovation places the general insurance industry in a strong position to sustain momentum and deepen its relevance in India's evolving financial ecosystem.

Digitalization: The Defining Theme

A defining shift in recent years has been the sharp acceleration in digital adoption. In 2024–25, digital usage grew over **30%** across distribution, underwriting, and claims, as customers increasingly sought seamless, transparent, and paperless journeys. Initiatives like **Bima Sugam**, envisioned as a unified digital marketplace, will significantly simplify product access, enable real-time policy servicing, and strengthen claims settlement mechanisms. For insurers, digitalization is no longer an add-on but a fundamental transformation of the value chain enhancing personalization, efficiency, and customer trust.

Digitalization is also driving product innovation. Usage-based motor insurance, powered by telematics, is gaining traction among customers seeking fair and behavior-linked pricing. In the health segment, AI-driven underwriting, wellness-linked benefits, and dynamic pricing models are reshaping how risks are assessed

and managed. These shifts signal the industry's transition from standardized offerings to **data-driven, personalized solutions** tailored to evolving customer lifestyles.

Strengthening Efficiency, Security, and Trust

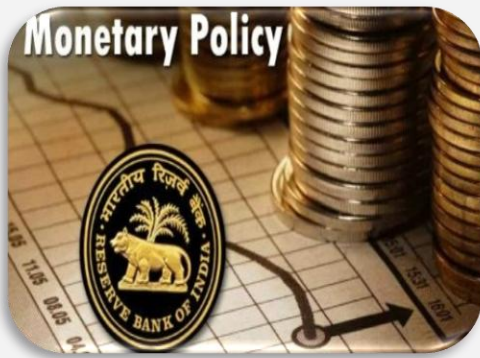
Beyond customer experience, digital advancements are strengthening the industry's operational backbone. Automation and analytics are improving underwriting accuracy, reducing processing times, and enhancing fraud detection a critical need given that insurance fraud costs the industry an estimated **₹50,000 crore** annually. At the same time, the rise in digital transactions has elevated cybersecurity to a top priority, especially as India reported over **two million cyber incidents in 2024**, with an average data breach costing **₹19.5 crore** ([Based on The Times of India story](#)). Robust security frameworks, multi-factor authentication, and real-time monitoring are now essential to protect customer data and reinforce system integrity.

Climate Risk: A Growing Opportunity

Climate risk management is emerging as another major opportunity. India witnessed **over 240 extreme weather events in 2024**, resulting in economic losses exceeding **\$10 billion**. Such events highlight the limitations of traditional indemnity-based products, which often struggle with speed and scale of response. **Parametric insurance**, with its predefined triggers and faster settlements, offers a strong alternative especially when combined with advanced climate modelling and geospatial analytics. These solutions can significantly improve the resilience of vulnerable communities, infrastructure, and businesses.

The Road Ahead

As the industry moves into 2026, the road ahead is anchored in expanding penetration, deepening digital adoption, and strengthening risk frameworks while maintaining customer trust at the core. A digital-first approach across distribution, underwriting, and claims will be central to widening access and delivering fast, transparent, and convenient insurance experiences. At the same time, insurers will need to balance growth with responsible innovation, ensuring pricing discipline, robust cybersecurity, and long-term solvency. With a large protection gap to bridge and strong policy support, the general insurance sector is well-positioned for sustained, inclusive growth one that transforms insurance into a reliable and accessible financial safety net for millions across India.



APAS COLUMN

RBI's Strategic Bet on Foreign Capital

RBI has taken a decisive step toward reshaping the role of foreign capital in India's banking system. Through a calibrated set of reforms raising foreign ownership thresholds, simplifying entry norms, and moving away from prescriptive approvals, the central bank has opened the door for global financial institutions to build meaningful, long-term positions in one of the world's fastest-growing banking markets. This shift sits squarely within the government's ambition of positioning India as a global investment hub by 2047, while ensuring that capital inflows strengthen, rather than destabilise, the domestic financial system.

From caution to confidence

For decades, India's approach to foreign participation in banking was shaped by prudence. Concerns around systemic stability, control, and financial sovereignty translated into tight ownership caps and complex approval processes. That stance has gradually evolved, culminating in a series of policy moves during 2025 that signal a new level of confidence in the resilience of India's banking framework.

The most consequential of these was the proposal, backed by the RBI, to raise the foreign direct investment cap in public sector banks from 20% to 49%. While the government will continue to retain majority ownership, the move effectively doubles the headroom available to overseas investors and brings state-owned banks closer to the 74% ceiling already permitted in private lenders. In parallel, the RBI has begun rethinking ownership norms for private banks as well. A discussion paper released in mid-2025 proposed allowing "strategic foreign investors" to hold stakes of up to 26%, compared to the earlier 15% limit, aligning India more closely with international practice and enabling investors to take positions that carry genuine strategic relevance.

Equally important has been the shift in how foreign banks enter India. The regulator is replacing its detailed 2016 entry guidelines with a more principle-based framework that lowers compliance friction and removes rigid net-worth thresholds. By doing so, the RBI has widened the funnel for participation allowing not only global banking giants but also specialized foreign financial firms to consider India as a viable market.

Calibrated Openness, Not Blanket Liberalization

Importantly, the RBI's shift does not imply indiscriminate openness. Market access is being extended selectively, favoring foreign institutions from jurisdictions with strong regulatory oversight, credible supervisory frameworks, and a demonstrated commitment to financial stability. The emphasis is on the quality of capital rather than its origin alone.

Strategic considerations also play a central role. Jurisdictions with which India maintains strong trade linkages, security cooperation, and stable geopolitical relations are more naturally aligned with this framework. In the RBI's view, banking is not a purely commercial activity, it carries systemic and strategic implications that require alignment beyond balance sheets.

Equally, reciprocity is becoming an implicit filter. Jurisdictions seeking deeper access to India's banking sector are expected to offer comparable openness to Indian financial institutions. This ensures that liberalization strengthens India's global financial integration without creating asymmetric market dependencies.

Capital follows clarity

The response from global investors was swift. Foreign-led transactions in India's financial sector surged through 2025, with acquisition values approaching USD 8 billion more than double the previous year. What stood out was not just the volume of deals, but their strategic nature.

The most prominent example was Emirates NBD's USD 3 billion acquisition of RBL Bank. Announced in October 2025, the transaction gave the Dubai-based lender a controlling stake following a preferential allotment and open offer, marking the largest foreign investment in an Indian regulated financial institution to date. For Emirates NBD, the deal delivered instant nationwide scale, a 500-plus branch network, and exposure to India's fast-growing SME and digital banking segments. For RBL Bank, it meant a stronger capital base and access to global funding and expertise.

Japan's Sumitomo Mitsui Banking Corporation followed a similar path, steadily increasing its stake in Yes Bank to over 24% and emerging as its largest shareholder. The investment came with board representation and has allowed SMBC to deepen its role in trade finance and cross-border corporate banking between India and Japan precisely the kind of strategic engagement the RBI's revised framework aims to encourage. Beyond banking, international interest has extended into non-bank financial companies as well. Mitsubishi UFJ Financial Group's investment in Shriram Finance, alongside transactions involving Blackstone and Federal Bank, underlines a broader shift: global capital increasingly sees India's financial sector not as a peripheral growth bet, but as a core allocation.

Why this matters for foreign institutions

What makes the RBI's stance a genuine inflection point is the quality of access it now offers. Higher ownership limits allow foreign banks and investors to move beyond representative offices or tightly constrained branch models toward equity partnerships that bring governance rights, profit participation, and strategic influence. Acquiring or investing in an existing Indian lender also compresses the time to scale, what would take years through organic expansion can now be achieved almost overnight through a well-structured transaction.

Crucially, the new framework enables a degree of influence that was previously out of reach. Board representation and deeper shareholding allow foreign partners to contribute to risk management practices, technology adoption, and digital strategy, while still operating within clearly defined regulatory guardrails. Combined with relatively attractive valuations, particularly among mid-tier private banks, India offers a rare mix of growth and reasonable entry pricing at a time when many global markets are saturated.

India's strategic calculus

For policymakers, the logic extends beyond capital inflows. Foreign participation is viewed as a lever for modernizing the banking system itself. Strategic investors bring not just balance-sheet strength, but global governance standards, advanced analytics, and digital capabilities that can raise efficiency across the sector. They also reduce the fiscal burden on the state by supplementing government-led recapitalization, particularly for banks that need long-term capital to fund technology upgrades and credit growth.

There are broader spillovers as well. Global banks play a central role in trade finance and cross-border payments, supporting India's exporters and integrating domestic firms into global supply chains. At the

same time, their presence accelerates skill development and innovation, with global capability centres and technology hubs increasingly being set up in cities such as Bengaluru and Hyderabad.

Openness with oversight

Notably, the RBI has paired liberalization with clear safeguards. Voting rights remain capped at 10% to prevent excessive concentration of control, even where foreign shareholding is higher. In public sector banks, government ownership will not fall below 51%, preserving strategic oversight. Fit-and-proper criteria, transparency norms, and strict compliance with anti-money-laundering standards remain non-negotiable. This balance between openness and prudence has been central to maintaining confidence among domestic stakeholders while reassuring foreign investors of policy consistency.

Conclusion

In conclusion, the RBI's recalibration of foreign ownership norms across public and private sector banks represents a measured evolution in India's financial policy framework. The reforms are not intended to create unrestricted access, but rather to facilitate structured and selective participation by foreign institutions that demonstrate strong regulatory credibility, supervisory discipline, and long-term commitment to the Indian market.

By anchoring market access to considerations such as jurisdictional oversight standards, strategic and geopolitical alignment, and reciprocity, the RBI has reinforced a model of engagement that balances openness with systemic prudence. This approach enables the absorption of high-quality foreign capital, governance practices, and technical expertise, while preserving domestic control and financial stability.

For global financial institutions, the policy environment offers a clearer and more predictable pathway to participation, contingent on alignment with India's regulatory expectations and broader economic interests. As India's banking sector continues to expand and modernize, the RBI's framework underscores a consistent regulatory philosophy: liberalization will proceed in a calibrated manner, guided by trust, alignment, and mutual market access rather than scale alone.

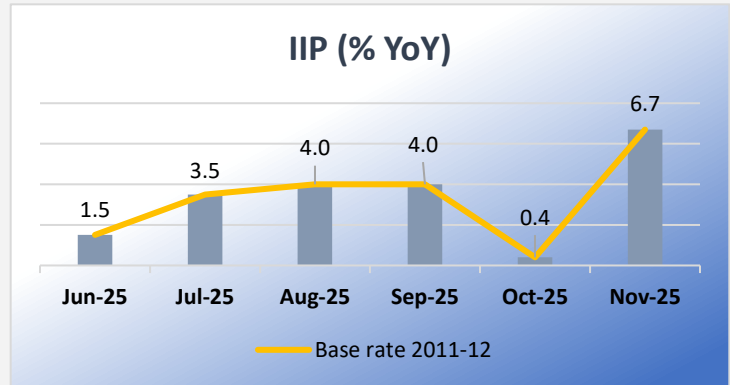


ECONOMY

IIP (Index of Industrial Production) Nov

The industrial production in India grew 6.7% from the previous year in November of 2025, accelerating from the upwardly revised 0.5% increase in the previous month, to mark the sharpest pace of expansion since October of 2023.

The robust growth pace pushed back against concerns that aggressive tariff hikes by the US government would drive a sustained slowdown in the Indian economy, especially as goods producers are likely paying for more expensive fuel after the US tariffed major Russian oil producers and distributors.

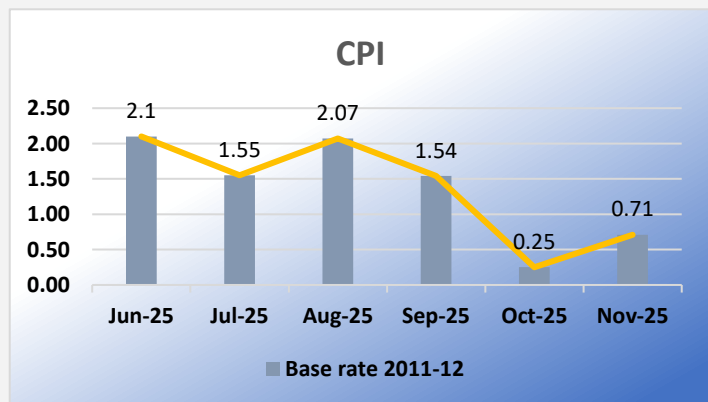


Source: APAS BRT, www.mospi.gov.in

Growth was noted in manufacturing (8% vs 2% in October) on higher output of basic and fabricated metal products, pharmaceuticals, and motor vehicles. Growth was also sharp for mining (5.4% vs -1.8%) as the closure of the monsoon season supported operations. On the other hand, electricity output fell for a second month (-1.5% vs -6.9%).

CPI (Consumer Price Index) – Nov

India's consumer price inflation picked up to 0.71% year-on-year in November 2025, rising from October's record low of 0.25% and broadly matching the market consensus of 0.7%. Despite the uptick, inflation remained below the Reserve Bank of India's lower tolerance threshold of 2% for the third straight month, as food prices continued to decline (-3.91% vs. -5.02% in October), driven by softer costs for vegetables, pulses, and spices. Goods inflation also remained subdued following September's GST rate rationalization. Price pressures eased further in categories such as clothing and footwear (1.49% vs. 1.70%) and miscellaneous goods and services (5.64% vs. 5.71%), while housing inflation was virtually unchanged (2.95% vs. 2.96%).

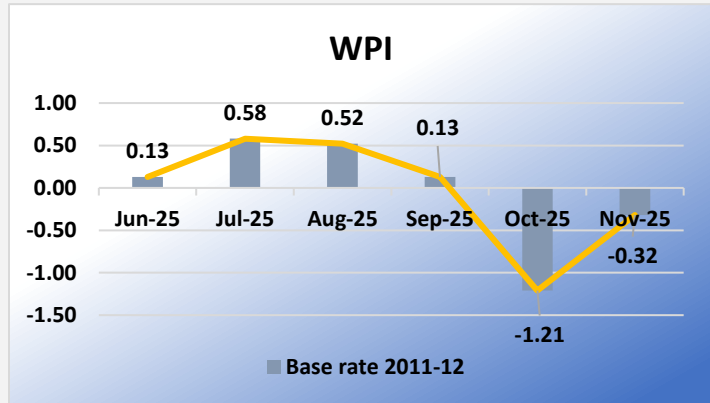


Source: APAS BRT, www.eaindustry.nic.in

categories saw modest acceleration, including pan, tobacco and intoxicants (2.96% vs. 2.87%) and fuel and light (2.32% vs. 1.98%).

WPI (Wholesale Price Index) – Nov

The Wholesale Price Index (WPI) number is (-) 0.32% (provisional) for the month of November 2025 (over November 2024). Negative rate of inflation in November 2025 is primarily due to decrease in prices of food articles, mineral oils, crude petroleum & natural gas, manufacture of basic metals and electricity etc.



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

The month over month change in WPI for the month of November 2025 stood at 0.71% as compared to October 2025.

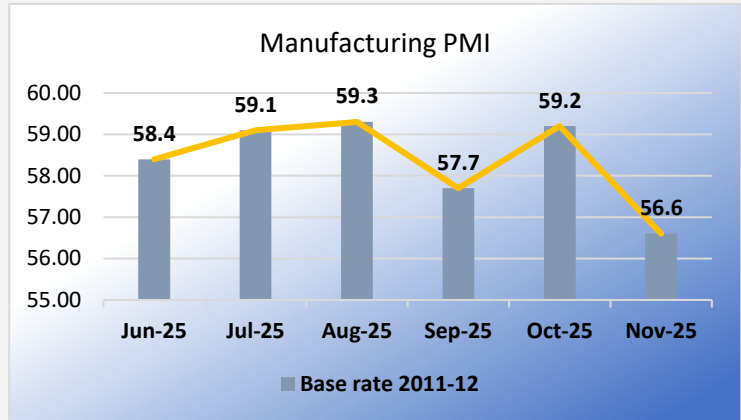
The index for primary articles increased by 2.07 % from 188.2 (provisional) for the month of October 2025 to 192.1 (provisional) in November 2025. The Price of minerals (4.50%), food articles (2.50%) and non-food articles (1.28%) increased in November 2025 as compared to October 2025. The Price of Crude Petroleum & Natural Gas (-1.62%) decreased in November 2025 as compared to October 2025.

Prices for Fuel & Power increased by 1.03% from 145.0 (provisional) for the month of October 2025 to 146.5 (provisional) in November 2025. Price of electricity (6.70%) increased in November 2025 as compared to October 2025. The price of mineral oils (0.67%) decreased in November 2025 as compared to October 2025. The price of coal remained same as in the previous month.

Prices for Manufacturing products decreased by (-) 0.07% from 145.1 (provisional) for the month of October 2025 to 145.0 (provisional) in November 2025. Out of the 22 NIC two-digit groups for manufactured products, 14 groups witnessed a decrease in prices, 7 groups witnessed an increase in prices and 1 group witnessed no change in prices. Some of the important groups that showed month-over month decrease in prices were manufacture of fabricated metal products, except machinery and equipment; food products; other non-metallic mineral products; computer, electronic and optical products and chemicals and chemical products etc. Some of the groups that witnessed an increase in prices were other manufacturing; machinery and equipment; textiles; electrical equipment and wearing apparel etc. in November 2025 as compared to October 2025.

Manufacturing PMI – Nov

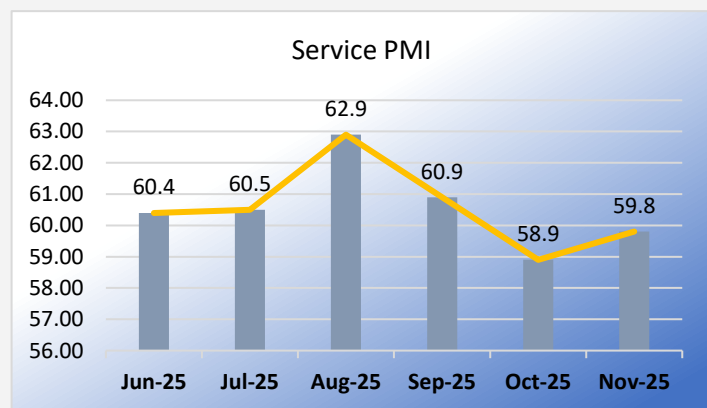
The HSBC India Manufacturing PMI eased to 56.6 in November 2025, revised down from initial estimates of 57.4 and October’s 59.2. This marks the slowest improvement in operating conditions since February, though the sector remained above its long-run average of 54.2. Factory output expanded at a sharp pace, but growth was the weakest since February, reflecting softer new order inflows and challenging market conditions. New domestic orders rose modestly, while new export orders



increased at their slowest pace in over a year. Employment growth eased to the softest rate in the 21-month period of uninterrupted expansion. Input cost inflation and output price rises moderated to their lowest levels in nine and eight months, respectively. Stocks of purchases rose, albeit at the slowest pace in nine months, while finished goods inventories declined. Business confidence for the year ahead remained positive, although the degree of optimism fell to its lowest level since mid-2022.

Services PMI – Nov

The HSBC India Services PMI was revised higher to 59.8 in November 2025, up from the preliminary estimate of 59.5 and from October’s five-month low of 58.9. The faster expansion in the services sector was supported by stronger growth in new orders. International sales continued to improve, although the rate of expansion slowed to an eight-month low. Employment increased moderately, broadly in line with the pace seen over the previous two months. On the price front, input costs rose due to higher electricity, food, and rent



Source: www.tradingeconomics.com

expenses. However, input cost inflation eased to its lowest level since August 2020 and remained below its long-run average. As a result, output price inflation accelerated only slightly, as firms sought to boost demand. Looking ahead, business sentiment weakened amid concerns about competition and potential disruptions stemming from state assembly elections.

Core Sector Data – Nov

The combined Index of Eight Core Industries (ICI) increased by 1.8 % (provisional) in November, 2025 as compared to the Index in November, 2024. The production of Cement, Steel, Fertilizer and Coal recorded positive growth in November, 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).

The final growth rate of Index of Eight Core Industries for October 2025 was observed at (-) 0.1 %. The cumulative growth rate of ICI during April to November, 2025-26 is 2.4 % (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 2.1 % in November, 2025 over November, 2024. Its cumulative index declined by 1.4 per cent during April to November, 2025-26 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 %) declined by 3.2 % in November, 2025 over November, 2024. Its cumulative index declined by 1.3 % during April to November, 2025-26 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 %) declined by 2.5 % in November, 2025 over November, 2024. Its cumulative index declined by 3.0 % during April to November, 2025-26 over corresponding period of the previous year.

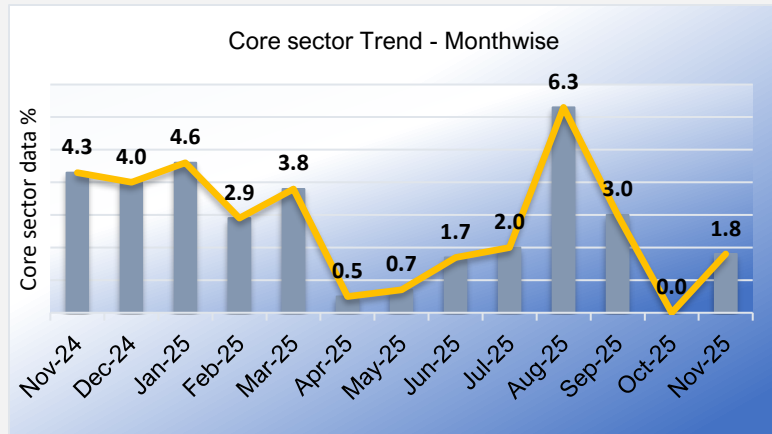
Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 %) declined by 0.9 % in November, 2025 over November, 2024. Its cumulative index increased by 0.2 % during April to November, 2025-26 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 %) increased by 5.6 % in November, 2025 over November, 2024. Its cumulative index increased by 1.3 % during April to November, 2025-26 over corresponding period of the previous year.

Steel - Steel production (weight: 17.92 %) increased by 6.1 % in November, 2025 over November, 2024. Its cumulative index increased by 9.7 % during April to November, 2025-26 over corresponding period of the previous year.

Cement - Cement production (weight: 5.37 %) increased by 14.5 % in November, 2025 over November, 2024. Its cumulative index increased by 8.2 % during April to November, 2025-26 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 %) declined by 2.2 % in November, 2025 over November, 2024. Its cumulative index declined by 0.3 % during April to November, 2025-26 over corresponding period of the previous year.



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

Countries	GDP		CPI		Current Account Balance	Budget Balance	Interest Rates
	Latest	2023*	Latest	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	2.1	-3.3	2.9
Germany	-0.1 Q2	-0.3	6.4 Aug	6.0	5.8	-2.2	2.9
Britain	0.4 Q2	0.3	6.7 Aug	6.8	-2.8	-4.2	4.3
Australia	2.1 Q2	1.6	6.0 Q2	5.6	1.7	0.3	4.4
Indonesia	5.2 Q2	5.0	3.3 Aug	3.8	0.7	2.6	6.9
Malaysia	2.9 Q2	4.0	2.0 Aug	2.5	1.7	5.0	4.0
Singapore	0.5 Q2	1.0	4.0 Aug	4.3	18.8	-0.7	3.4
Korea	0.9 Q2	1.3	3.4 Aug	3.0	1.6	2.7	5.1

ECONOMIC DATA SNAPSHOT

Countries	GDP (% change on year ago)		CPI (% change on year ago)		Current Account Balance % of GDP, 2025*	Budget Balance % of GDP, 2025*	Interest Rates 10-yr gov't bonds Latest,%
	Latest	2025*	Latest	2025*			
Brazil	1.8 Q3	2.4	4.5 Nov	5.0	-3.3	-6.5	13.9
Russia	0.6 Q3	0.6	6.7 Nov	8.8	1.8	-2.7	14.4
India	8.2 Q3	7.4	0.7 Nov	2.2	-1.1	-4.4	6.6
China	4.8 Q3	5.1	0.7 Nov	nil	2.0	-5.6	1.6
S Africa	2.1 Q3	1.4	3.5 Nov	3.2	-0.2	-4.4	8.3
USA	2.3 Q3	1.9	2.7 Nov	2.8	-3.7	-5.9	4.1
Canada	1.4 Q3	1.7	2.2 Nov	2.0	-1.7	-2.5	3.4
Mexico	-0.1 Q3	0.5	3.8 Nov	3.8	-0.4	-3.9	9.2
Euro Area	1.4 Q3	1.4	2.1 Nov	2.1	3.1	-3.2	2.8
Germany	0.3 Q3	0.2	2.6 Nov	2.2	5.2	-2.7	2.8
Britain	1.3 Q3	1.4	3.2 Nov	3.9	-2.8	-5.5	4.5
Australia	2.1 Q3	1.9	3.8 Oct	2.7	-2.1	-1.8	4.7
Indonesia	5.0 Q3	5.0	2.7 Nov	1.9	-0.2	-3.1	6.1
Malaysia	5.2 Q3	4.9	1.4 Nov	1.4	2.4	-3.9	3.5
Singapore	4.2 Q3	4.6	1.2 Nov	0.8	17.2	0.5	2.3
S Korea	1.9 Q3	1.1	2.4 Nov	2.1	5.5	-2.4	3.4



BANKING

National Strategy for Financial Inclusion (NSFI): 2025-30

The National Strategy for Financial Inclusion (NSFI) 2025–30, approved by the FSDC Sub-Committee and released by the RBI Governor on December 1, 2025, aims to consolidate the gains achieved under NSFI 2019–24 while advancing financial inclusion through a synergistic ecosystem approach. The strategy focuses on improving the quality, consistency, and effective last-mile usage of financial services and is anchored around five strategic objectives (Panch-Jyoti): expanding access to equitable, affordable, and responsible financial services; adopting gender-sensitive and differentiated approaches for underserved and vulnerable groups; integrating livelihoods, skills, and support systems with financial inclusion; leveraging financial education to promote financial discipline; and strengthening customer protection and grievance redressal mechanisms. Framed through extensive stakeholder consultations across regulators, ministries, and institutions, NSFI 2025–30 outlines 47 action points to deepen financial safety, resilience, and security for households and micro-enterprises across the country.

RBI issues Amendment Directions for Reserve Bank of India (Undertaking of Financial Services) Directions, 2025

The Reserve Bank of India had issued draft circular on 'Forms of Business and Prudential Regulation for Investments' on October 04, 2024, seeking feedback from banks and other stakeholders. The objective of the draft circular was to review regulations on ringfencing of banks' core business from other risk bearing non-core businesses as also to provide level playing field.

2. Feedback received on the draft has been examined and suitably incorporated in the final directions. A statement on the feedback received for the draft circular is provided in the Annex.

RBI Issues Master Direction – Reserve Bank of India (Rupee Interest Rate Derivatives) Directions, 2025

The Reserve Bank issued the regulatory framework for Rupee Interest Rate Derivative (IRD) in June 2019. Since then, the market for interest rate derivatives has developed with the availability of a larger bouquet of IRD products and increasing participation by residents and non-residents. A growing reliance of the financial system on market-based finance and external benchmarking of loans also necessitates a more developed IRD market. Accordingly, a comprehensive review of the Directions was undertaken and the draft Master Direction – Reserve Bank of India (Rupee Interest Rate Derivatives) Directions, 2025 was published on June 16, 2025, seeking feedback from stakeholders. The Master Direction updates the regulatory framework for IRD in line with developments in the IRD market and with a view to support the risk management needs of the broader financial system. It also aims at fostering greater transparency in the Rupee IRD market.

2. The feedback received on the draft has been examined and consequent modifications have been suitably incorporated in the final Master Direction. Statement on the major feedback received is provided in the Annex. The final Master Direction is being issued today.



INSURANCE

CPGRAMS Workshop

The Insurance Regulatory and Development Authority of India (IRDAI), jointly with the Department of Financial Services (DFS), Government of India, organised a one-day Workshop on 19th December 2025 on the Centralized Public Grievance Redress and Monitoring System (CPGRAMS) in Hyderabad, with a focus on strengthening grievance redressal mechanisms in the insurance sector.

The workshop brought together senior officials from DFS, Grievance Redressal Officers (GROs) of insurers, and Sub-Appellate/Appellate Authorities, along with IRDAI officials with the objective of strengthening grievance handling practices, improving quality and timeliness of redressal, and deepening institutional accountability across the insurance ecosystem.

Delivering the inaugural address, the Chairman, IRDAI, underlined the centrality of grievance redressal to public trust in insurance. He observed that “when a citizen takes the trouble to write a grievance, they are not filling a form—they are sending a signal that they need the system to listen. How we respond to that signal shapes trust not only in insurance, but in institutions themselves”. He also emphasized that timely and effective resolution of grievances is a critical pillar of policyholder protection and an essential element of regulatory oversight.

Senior officials of IRDAI discussed Grievance Redressal Mechanisms. A detailed presentation by the DFS team provided an overview of the Citizens’ Grievance Landscape across the insurance sector.

The workshop featured interactive sessions, including an open house with participants, presentations from industry representatives, and a detailed walkthrough of CPGRAMS by DFS officials. Discussions with the CPGRAMS team focused on identifying systemic improvements, enhancing data integration between CPGRAMS and Bima Bharosa, and improving the quality and timeliness of responses to public grievances.

Concluding the workshop, the Chairman, IRDAI stated that “Choose the customer when in doubt. Treat grievances as early warnings. And let every resolution strengthen trust—not just close a case”. Senior officials from DFS and IRDAI reiterated the shared commitment of IRDAI, the Government and the industry to strengthen grievance redressal systems, reduce pendency, and improve policyholder experience. IRDAI underscored its continued commitment to work closely with all stakeholders to ensure that grievance redressal mechanisms remain responsive, efficient and aligned with the broader objective of protecting the interests of policyholders.



CAPITAL MARKET

India: Financial Sector Assessment Program, 2024

The India Financial Sector Assessment Program (FSAP) 2024, undertaken jointly by the IMF and the World Bank, concludes that India's financial system has strengthened materially since the previous assessment in 2017, with notable gains in resilience, depth, and inclusion. The report attributes this progress to comprehensive post-crisis and post-pandemic reforms, including enhancements in prudential regulation, market infrastructure, and consumer protection frameworks. At the same time, the FSAP underscores the need to further refine credit-risk management in banks and NBFCs, reinforce the macroprudential policy framework with a clearer financial-stability orientation, and bolster cyber resilience, climate-risk management, and MSME credit data systems to safeguard stability amid evolving risks.

Provisions relating to Strengthening Governance of Market Infrastructure

Institutions (MIs)

SEBI has issued a circular dated December 12, 2025 prescribing a strengthened governance framework for MIs such as stock exchanges, clearing corporations and depositories. The framework operationalises earlier board-approved reforms and amendments to the SECC and Depositories Regulations, and will be effective from December 20, 2025. Key provisions include the appointment of two Executive Directors heading "Critical Operations" and "Regulatory, Compliance, Risk Management and Investor Grievances" verticals, revamped reporting lines for CTO, CISO, Compliance Officer and CRO to these EDs, independent oversight by Public Interest Directors and Board committees, and enhanced responsibility of the CRO for system and cyber security audits, all aimed at reinforcing public-interest oriented functioning of MIs.

SEBI Board Meeting

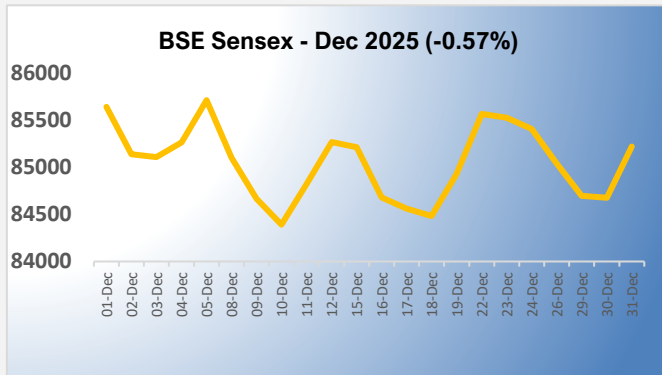
The SEBI Board, at its 212th meeting held on December 17, 2025, approved a broad package of reforms aimed at simplifying compliance, enhancing investor protection, and improving ease of doing business across securities markets. Key decisions include revamping the mutual fund framework (introduction of a Base Expense Ratio, clearer separation of fund management costs from statutory levies, and consolidation of sponsor/AMC eligibility and prudential norms), rationalizing primary market and IPO disclosure requirements, and refining regulations for stockbrokers, credit rating agencies, debt markets and high value listed entities. The Board also cleared changes aligned with earlier consultations on governance of MIs, corporate governance enhancements, and measures to deepen the corporate bond market, signaling a continued shift toward a more principle-based, disclosure-driven regulatory regime.

Modification in the conditions specified for reduction in denomination of debt securities

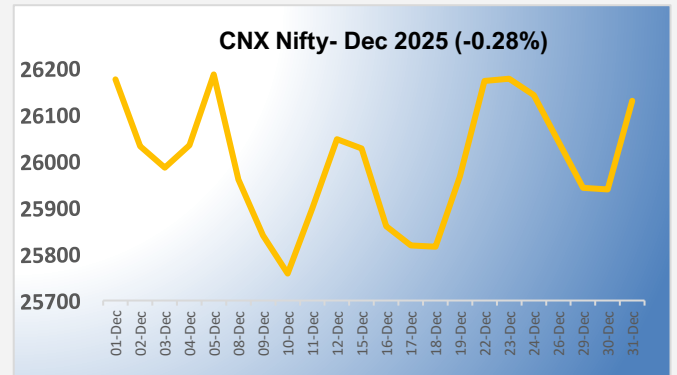
SEBI's December 18, 2025, circular modifies the reduced-denomination framework for privately placed listed debt instruments by expanding it to cover zero-coupon debt securities. Issuers may now issue debt securities at a face value of ₹10,000 either as interest-bearing instruments paying periodic coupons or as zero-coupon instruments, provided they have a fixed maturity and no structured obligations. All other conditions in Chapter V of the NCS Master Circular remain unchanged, with the change aimed at improving access and flexibility for issuers while widening participation in the corporate bond market.



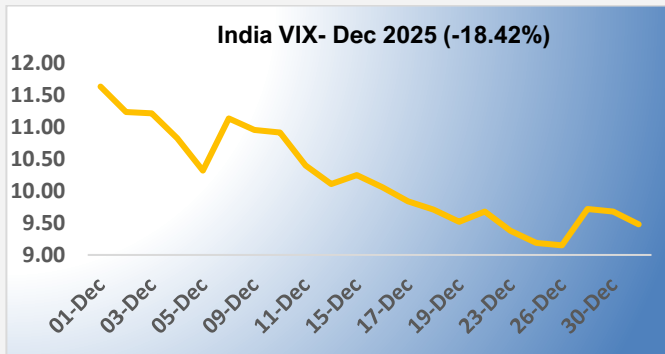
CAPITAL MARKET SNAPSHOT



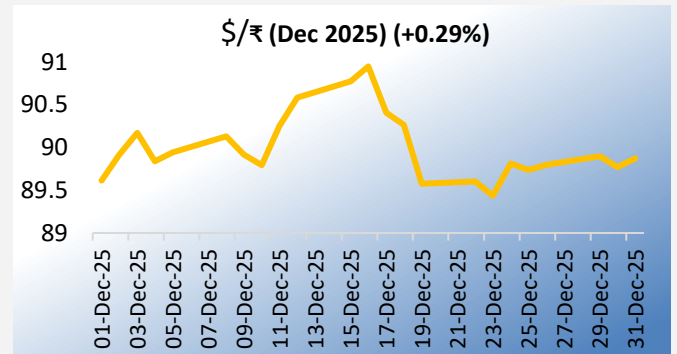
Sources: Bombay Stock Exchange



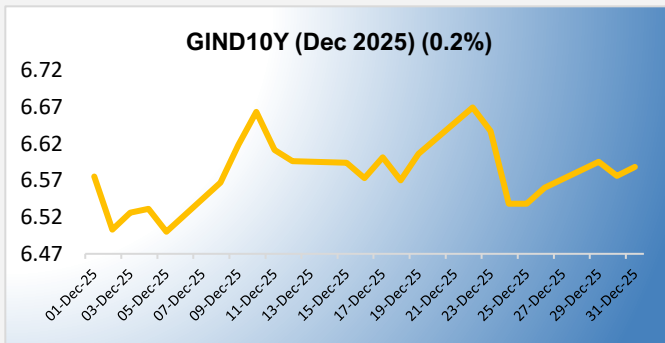
Source: National Stock Exchange



Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

Equity markets paused their upward momentum in Dec ending the year on a subdued note as investors booked profits after two consecutive months of gains. The BSE Sensex declined 0.57%, while the Nifty 50 slipped 0.28%. Broader market indices saw deeper cuts, with the Nifty Midcap 100 falling 0.92% and the Nifty Smallcap 100 easing 0.65%. Interestingly, Vix plunged 18.42% during the month, indicating a sharp moderation in market volatility and a broad sense of stability despite minor corrections across segments.

Market sentiment during Dec remained largely range-bound amid reduced trading volumes and lack of major domestic or global triggers. Profit-taking was evident, particularly in mid- and small-cap counters following their strong performance earlier in the quarter. FPIs continued to show mixed participation, while domestic institutional inflows helped limit downside pressure. On the global front, moderating commodity prices and expectations of steady interest rate policies in major economies lent a sense of calm to equity markets.

Overall, Dec reflected a phase of consolidation and year-end adjustment, with investors adopting a wait-and-watch stance as markets transitioned into the new calendar year, maintaining optimism for improved corporate performance and macroeconomic stability in early 2026.

ABOUT APAS

APAS is an advisory management firm specializing in banking, financial services, and the insurance space. APAS assists business leaders of some of the leading domestic and global organizations, acting as an extended arm to the management in coping with the ever changing internal and external dynamics. Leveraging deep business insights APAS develops business and operational strategy for its clients. APAS provides transaction advisory services (Buy, sell and merge), and also specializes in governance and board training. APAS facilitates investors and sellers with directional guidelines of pursuing transactions, by utilizing subject knowledge, vast experience, and deep market outreach. APAS has capability to identify and analyze key transaction drivers, recognize possible partnerships, and initiate discussions with them for possible growth opportunity. We help major insurance companies, payment institutions, and other financial organizations to identify their growth potential, innovative opportunity, and possible benefits of consolidation, and hence comprehend the possible merger or acquisition. Buying or selling a major asset or a business, undertaking a merger, or performing an IPO can be risky and complex especially in this globalization era. Hence, the need of a trusted advisor who can help clients preserve, create and enhance value in transactions.

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