

APAS MONTHLY - VOLUME I

APAS MONTHLY NEWSLETTER

January 2026 Edition

APAS
ashvin parekh advisory services

+91-22-4591-8000 | info@ap-as.com | www.ap-as.com

EDITORIAL

In this issue, **Mr. Madan Sabnavis** - Chief Economist, Bank of Baroda has presented his thoughts on '**Outlook for the Indian economy**'. We thank Mr. Sabnavis for his contribution to the APAS Monthly.

This month, the APAS column covers '**India's Semiconductor and AI Ambitions**'.

The economic indicators exhibited a mixed performance. Manufacturing PMI fell to 55.0 in December 2025, revised lower from initial estimates of 55.7, down from 56.6 in November. Services PMI was revised lower to 58.0 in December 2025 from a preliminary estimate of 59.1 and a final reading of 59.8 in November, coming in below market forecasts of 59.3. India's infrastructure rose by 3.7% from the previous year in December of 2025, accelerating from the upwardly revised 2.1% increase in the previous month. India's Industrial production India rose by 7.9% from the previous year in December of 2025, picking up from the upwardly revised 7.2% advance in the earlier 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 0.83% (provisional) for the month of December 2025 (over December 2024).

Data on sectoral deployment of bank credit for the month of December 2025. RBI Announces Measures to Manage Liquidity Conditions. The Reserve Bank of India has issued the Foreign Exchange Management (Guarantees) Regulations, 2026.

Insurance Regulatory and Development Authority of India (IRDAI), published its life insurance data for December 2025.

SEBI has integrated Digital Signature Certificate (DSC) functionality into the Common Application Form (CAF) portal for Foreign Portfolio Investors (FPIs), enabling them to apply for a DSC directly while submitting their FPI registration. SEBI has introduced the Single Window Automatic and Generalized Access for Trusted Foreign Investors (SWAGAT-FI) framework for Foreign Portfolio Investors (FPIs) and Foreign Venture Capital Investors (FVCIs) to streamline and unify their registration and compliance processes. SEBI has mandated the introduction of a Closing Auction Session (CAS) in the equity cash segment to determine closing prices via an auction mechanism, replacing the current VWAP-based method for stocks with active derivatives contracts.

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

Ashwin parekh

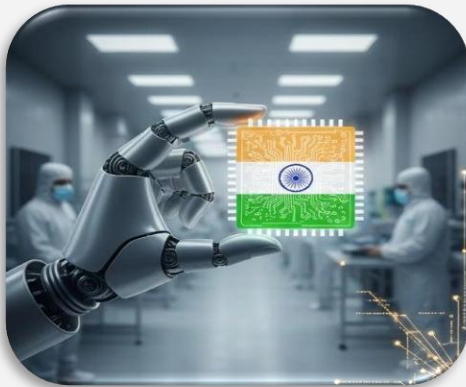
On the Cover



GUEST COLUMN

Outlook for the Indian economy

Madan Sabnavis
Chief Economist,
Bank of Baroda



APAS COLUMN

India's Semiconductor and AI Ambitions



ECONOMY

Index of Industrial Production: Dec

Inflation update – Dec

PMI update – Dec

Core Sector – Dec

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

[Sectoral Deployment of Bank Credit – December 2025](#)

[RBI Announces Measures to Manage Liquidity Conditions](#)

[Issuance of Foreign Exchange Management \(Guarantees\) Regulations, 2026](#)



INSURANCE

[Life Insurance – Dec 2025](#)



CAPITAL MARKETS

SEBI Facilitates Seamless Digital Signature Certificate Functionality for FPIs

SEBI says SWAGAT to FPIs and FVCIs

Introduction of Closing Auction Session (CAS) in the Equity Cash Segment and certain modifications in the Pre-Open Auction Session



CAPITAL MARKETS

SNAPSHOT

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



GUEST COLUMN

Madan Sabnavis
Chief Economist,
Bank of Baroda

Outlook for the Indian economy

FY26 started on a nervous note with the threat of higher tariffs dominating the landscape which became real in August. The big comfort however was that the macro picture would be largely unaffected because India is a domestic oriented economy. This was proved right when the Economic Survey reiterated the resilience of the economy which after registering growth of 7.4% in FY26 is expected to grow by 6.8-7.2% in FY27.

The union budget has also projected GDP growth in nominal terms of 10% which will be the main anchor for all calculations. True, with the new GDP series expected this month, there would be changes but by and large the story looks good. The budget has done well to protect interests of the MSMEs and has set up the funds for Rs 10,000 cr which can address some pain points they face due to the fragile US export market.

The two main drivers of growth in FY27 will be the engines of consumption and growth. Consumption was to be buoyed by the income tax relief provided in FY26 and the GST rationalization package. There has been some traction witnessed in the consumer space in Q3 of FY26 especially in auto, electronic and durable consumer goods which may be expected to build-up further in Q4 of this year and FY27.

Investment on the other hand has been spread sparsely so far more towards the infrastructure industries and is likely to pick up in FY27 in a more broad-based manner. An important lesson learned is that lower interest rates do not lead necessarily to higher investment, which is more dependent on demand conditions. With improvement in consumption there would be a tendency for capacity utilization to increase leading to higher investment. Therefore, investment gets inexorably tied up with consumption and the two move in tandem. Here the government has once again given a boost to investment from the side of the budget with an outlay of Rs 12.2 lakh crore which will provide the front end for investment for infra industries.

The novel factor seen in the budget is the futuristic view taken when it comes to identifying and targeting sectors. This time it is more on the technology front ranging from rare earth to data centers. These are the emerging industries which will be driving the growth agenda in the next few years as we are targeting to become self-sufficient. In fact, employment generation will concentrate on these sectors for which appropriate skilling will be required.

In this situation how will the MPC react? It is largely believed that we have come to the end of the rate cycle and even the level of 5.25% may have been done in a haste. This is borne out by the rather sticky bond yields and the emerging reality that banks are no longer in a position to lower rates on deposits as funds are moving over to the capital market. While it is believed that there can still be space for a rate cut, it may not really matter at this juncture.

Besides, an important development will be the release of new data series on both inflation and GDP. The CPI series with a lower weight for food products could show higher numbers relative to the existing series. The new GDP series could show higher growth rates with a new basket of goods. The MPC may like to wait and analyze these new series before making any decision on future rate cuts.

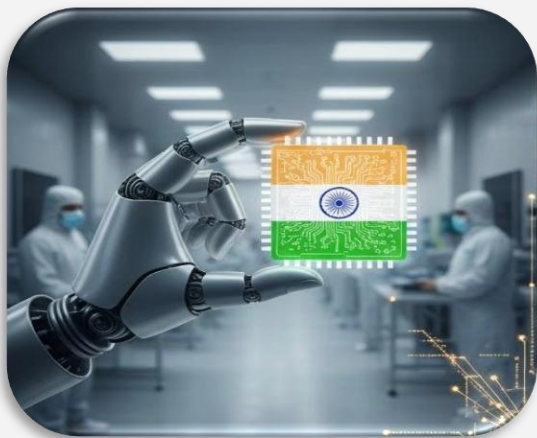
The interesting sector will be banking. FY26 has been typified by households moving away from deposits to capital markets, and this is something that needs to be monitored. Credit growth should be steady leading to constant challenges on the liquidity front for banks. India is a bank-oriented economy, and companies mainly borrow from them. FY26 has been typified by considerable interventions by the RBI through OMOs which will probably persist in FY27. Deposits will grow by around 10-11% while credit may be faster at 12-13%, assuming 10% nominal growth in GDP.

How will corporate performance be this year? Given a low base plus the expected revival in consumption and investment in a more definite manner it can be expected that corporate profits would be better in FY27. This in turn would justify higher valuations in the market and the capital flight seen in the equity segment in FY26 will get arrested and reversed. Therefore, FPI inflows could turn positive even in the equity segment this year.

Inflation should remain in the 4-4.5% range depending on how the numbers look in the new series. With core components having a higher share in the index, there will be a natural tendency for inflation to go higher. Further, the negative food inflation witnessed in FY26 will be reversed and turn positive in FY27 even if the monsoon is good. Hence this cushion would not be available.

The external sector will be keenly watched as FY26 has been challenging on both the accounts. While the trade deficit has held up notwithstanding the tariffs, it needs to be seen if the deal with US is signed and how the trade flows evolve. But the current account deficit is not expected to cross the 2% mark, which is comforting. The real problem is in the capital account which has been weak and affected the currency. This will continue to be uncertain as the FPI and FDI flows are hard to predict in this uncertain environment. This will mean that the rupee will continue to be worrisome and the market will be looking for direction from the RBI.

On the whole the real economy will do well, but there will be concerns about liquidity, bond yields and currency as external factors will require several interventions in the market.



APAS COLUMN

India's Semiconductor and AI Ambitions

India's Union Budget 2026 marks a strategic inflection point in the nation's pursuit of technological self-reliance, with semiconductors and artificial intelligence emerging as twin pillars of economic growth. Presented by Finance Minister Nirmala Sitharaman on February 1, 2026, the budget unveils an ambitious roadmap to transform India from a consumer of chips and AI services into a global manufacturing and innovation powerhouse. Through newly designed initiatives and significant fiscal commitments, the government is signaling its intent to capture a pivotal moment in the global technology landscape when supply chain disruptions and explosive AI demand present rare opportunities for emerging nations.

Semiconductor Mission 2.0: From Assembly to Sovereignty

The cornerstone of India's semiconductor ambitions is the newly announced India Semiconductor Mission 2.0 (ISM 2.0), representing a significant evolution from the original mission launched in 2021. Where ISM 1.0 focused primarily on establishing fabrication units and assembly facilities, ISM 2.0 pivots toward controlling the entire semiconductor value chain. The mission will prioritize three critical areas: designing and manufacturing semiconductor equipment domestically, producing materials used in semiconductor production, and creating what the government terms "full-stack Indian intellectual property."

The budget allocates Rs 1,000 crore specifically for ISM 2.0 in FY 2026-27, while the government has committed Rs 5,000 crore for compound semiconductors, discrete semiconductors, advanced packaging units, silicon photonics, and sensors a substantial increase from Rs 3,175 crore previously. Additionally, funding for setting up semiconductor fabrication plants has doubled to Rs 2,000 crore. The Semiconductor Laboratory in Mohali, India's premier research institution for chip design, has received a 45-fold boost, with funding jumping from Rs 20 crore to Rs 900 crore, signaling renewed emphasis on research and development.

Building on these initiatives, the government has expanded the Electronics Components Manufacturing Scheme (ECMS) outlay from Rs 22,919 crore to Rs 40,000 crore, recognizing the momentum already achieved. This expansion reflects private sector enthusiasm investment commitments have already exceeded targets at double the proposed level, demonstrating strong industry confidence in India's semiconductor ecosystem.

Strategic Milestones and Global Positioning

The semiconductor roadmap is underpinned by concrete targets that define India's competitive ambitions. By 2029, India aims to achieve the capability to design and manufacture chips required for 70-75 % of its domestic applications, dramatically reducing import dependence. More ambitiously, India targets becoming

among the world's top four semiconductor manufacturing nations by 2032, up from a position outside the global top ten currently.

These ambitions are grounded in observable momentum. Four semiconductor companies Micron, Tata Electronics, Kaynes Technology, and CG Power are expected to commence commercial chip production in 2026, with ten projects already approved across six states representing cumulative investments exceeding Rs 1.60 lakh crore. By 2035, India aims to be firmly established among the top semiconductor nations globally, with capabilities spanning from advanced 3-nanometre and 2-nanometre technology nodes to specialty and compound semiconductors.

The strategic opportunity is clear: as global supply chains face bottlenecks due to surging AI workloads, with original equipment makers struggling to meet demand for high-bandwidth memory and advanced DRAM, India is positioning itself to capture equipment sourcing, materials production, and specialized manufacturing. This represents a departure from India's traditional role as a service provider to becoming a structural participant in hardware and semiconductor manufacturing.

The AI Infrastructure Bet

While semiconductor manufacturing builds the hardware layer, India's AI strategy addresses the compute and infrastructure foundations necessary for AI innovation. The Union Budget 2026 allocates Rs 1,000 crore to the INDIAai Mission for FY 2026-27, though this represents a reduction from Rs 2,000 crore in the previous year, with actual utilization having been only Rs 800 crore. Despite concerns about reduced funding, the mission remains the cornerstone of India's effort to build domestically controlled AI infrastructure.

The INDIAai Mission, with a total five-year outlay of Rs 10,370 crore, focuses on democratizing AI access through compute capacity, developing indigenous large language models and domain-specific foundation models, and building high-quality datasets. To date, the government has deployed more than 38,000 GPUs through partnerships with data center operators, exceeding the initial target of 10,000 GPUs.

A transformative element of Budget 2026 is the introduction of a 21-year tax holiday for foreign companies providing global cloud services through Indian data centers, paired with a 15 % "safe harbour" regime for domestic data center operators with thresholds of Rs 2,000 crore. This landmark policy addresses a fundamental constraint: while India generates nearly 20 % of the world's data, it hosts only about 3 % of global data center capacity. The tax incentive removes a critical barrier to attracting global hyper-scalers and cloud providers.

The policy framework is already yielding results. Google has announced a \$15 billion investment for an AI hub in Visakhapatnam, Microsoft has committed \$17.5 billion to cloud and AI infrastructure, and Amazon is investing \$35 billion over five years, with a significant portion directed toward cloud computing and AI capabilities. With government estimates suggesting that committed investments have already reached \$70 billion and announced investments total \$90 billion, the tax holiday could push total commitments beyond \$200 billion according to IT Minister Ashwini Vaishnaw.

Sectoral AI Applications and Skills Development

Beyond infrastructure, Budget 2026 signals a shift toward application-oriented AI solutions tailored to India's socio-economic challenges. The government has introduced "Bharat-VISTAAR," a multilingual AI tool designed to enhance agricultural productivity by providing customized advisory support to farmers through integration with the Agri-Stack platform and agricultural research data. This agricultural focus addresses a sector where AI can demonstrably improve yields and reduce risk for smallholder farmers facing climate variability.

Recognizing AI as a potential disruptor to employment patterns, the budget establishes a high-powered Education-to-Employment and Enterprise Standing Committee tasked with assessing AI's impact on jobs and aligning skills training with emerging demands. Additionally, the government has proposed establishing animation, visual effects, gaming, and comics (AVGC) content creator labs in over 15,000 secondary schools and 500 colleges across India, positioning India to capture the projected two-million-professional requirement in this sector by 2030.

The budget also allocates Rs 500 crore for a dedicated AI Centre of Excellence for education and proposes 80 INDIAai Labs, 20 AI curation units, and a deep-tech fund of funds as part of broader ecosystem development. These measures address a critical gap: building the human capital and institutional infrastructure necessary for India to transition from AI services consumption to indigenous innovation leadership.

Broader Economic Implications and Long-Term Vision

The combined semiconductor and AI investments represent far more than industrial policy they embody India's vision for achieving a \$7 trillion economy by 2030 and realizing "Viksit Bharat 2047," a fully developed nation status. By controlling semiconductor manufacturing and AI infrastructure, India reduces vulnerabilities to geopolitical supply chain disruptions while creating high-value employment in design, manufacturing, and services.

The strategy carries multiplier effects across allied sectors. Data center expansion drives demand for power infrastructure, cooling systems, real estate, and network infrastructure. Semiconductor manufacturing requires advanced equipment, materials, and specialized skills. AI adoption across healthcare, logistics, agriculture, and governance creates sustained demand for compute resources and local service providers. These interconnected investments create a virtuous cycle where infrastructure begets capability, which attracts further investment and talent.

However, the budget also reflects implementation realities and fiscal constraints. The lower-than-expected utilization of INDIAai Mission funds and the reduction in FY2027 allocations suggest that infrastructure deployment faces execution bottlenecks and cost pressures. Industry experts have called for more aggressive compute credit programs, enhanced R&D tax incentives, and sustained funding across multiple budget cycles to maintain momentum through the multi-year development cycles required for semiconductor and AI infrastructure.

Conclusion

India's Budget 2026 represents a calculated bet that the convergence of global supply chain pressures, exponential AI demand, and India's demonstrated capabilities in IT services and talented workforce create a unique window for technological leapfrogging. Through ISM 2.0, enhanced component manufacturing incentives, and a comprehensive AI infrastructure framework, the government has constructed an integrated strategy to move India upstream in the technology value chain.

The initiatives signal to global partners that India is a committed, stable destination for long-term technology partnerships and manufacturing investments. The results four semiconductor plants beginning commercial production this year, over \$90 billion in announced data center investments, and 38,000+ deployed GPUs demonstrate that policy intent is translating into tangible private sector action.

Yet success is not predetermined. Semiconductor manufacturing requires sustained commitment across multiple budget cycles, predictable policy frameworks, and robust infrastructure development at the state level. AI leadership demands that India not only build compute capacity but also create world-class research

institutions and retain top talent. The budget provides the framework and initial capital; execution excellence will determine whether these ambitions materialize into India becoming a genuine technology innovator and manufacturer, or whether they remain aspirational targets outpaced by faster-moving competitors. The next two to three years will be critical in determining whether Budget 2026's investments translate into the structural economic transformation India envisions.

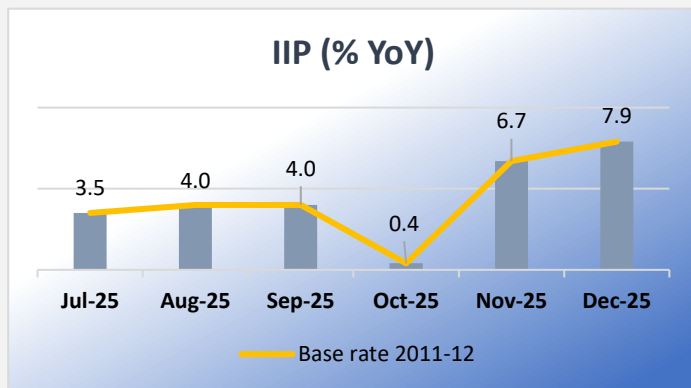


ECONOMY

IIP (Index of Industrial Production) Dec

The industrial production in India rose by 7.9% from the previous year in December of 2025, picking up from the upwardly revised 7.2% advance in the earlier month and above market expectations of a 5.5% rise to mark the sharpest pace of growth since October of 2023.

The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of December 2025 are 6.8 %, 8.1 % and 6.3 % respectively.

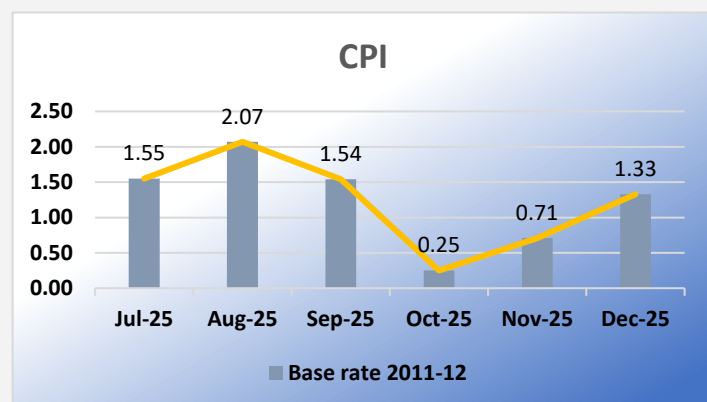


Source: APAS BRT, www.mospi.gov.in

The corresponding growth rates of IIP as per Use-based classification in December 2025 over December 2024 are 4.4% in Primary goods, 8.1% in Capital goods, 7.5% in Intermediate goods, 12.1% in Infrastructure/ Construction Goods, 12.3% in Consumer durables and 8.3% in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of December 2025 are Infrastructure/ construction goods, Primary goods and Intermediate goods.

CPI (Consumer Price Index) – Dec

The consumer price inflation rate in India rose to 1.33% in December of 2025 from 0.71% in the earlier month, extending the normalization from the record low of 0.25% in October but below the market consensus of 1.5%. Despite the second consecutive increase, the inflation rate remained sharply below the Reserve Bank of India's tolerance limit of 2%-6%. Prices fell less for food (-2.71% vs -3.91% in November), which represent nearly half of the Indian consumer basket. In turn, inflation eased for housing (2.86% vs 2.95%) and fuel and light (1.97% vs 2.32%). From the previous month, the Indian CPI was 0.05% higher to end the year.

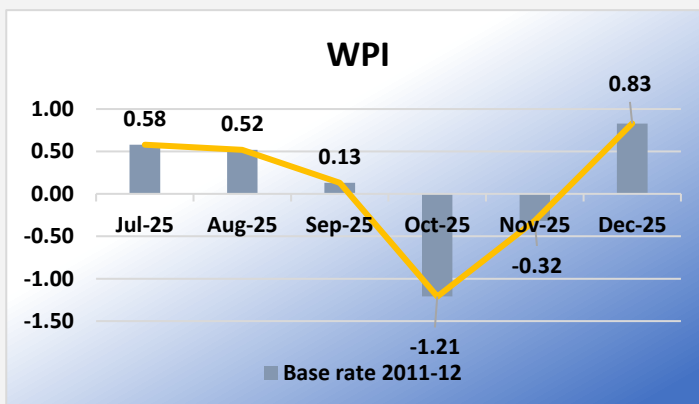


Source: APAS BRT, www.eaindustry.nic.in

WPI (Wholesale Price Index) – Dec

The Wholesale Price Index (WPI) number is 0.83% (provisional) for the month of December 2025 (over December 2024). Positive rate of inflation in December 2025 is primarily due to increase in prices of other manufacturing, minerals, manufacture of machinery and equipment, manufacture of food products and textiles etc.

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



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

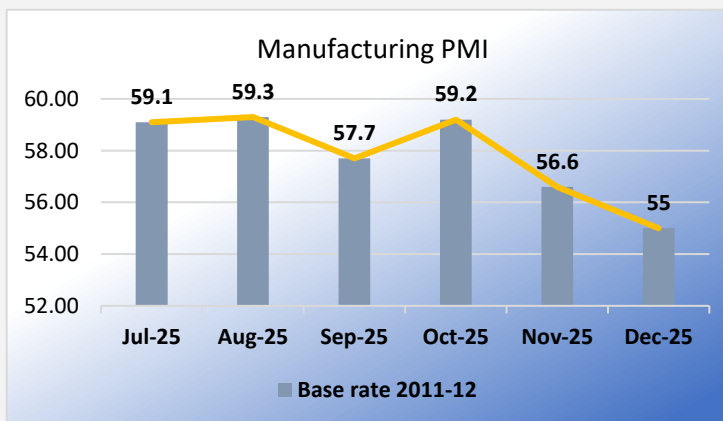
The index for primary articles increased by 1.09 % from 192.1 (provisional) for the month of November 2025 to 194.2 (provisional) in December 2025. The Price of non-food articles (2.76%), minerals (1.62%) and food articles (0.88%) increased in December 2025 as compared to November 2025. The Price of Crude Petroleum & Natural Gas (-0.45%) decreased in December 2025 as compared to November 2025.

Prices for Fuel & Power increased by 1.23% from 146.5 (provisional) for the month of November 2025 to 148.3 (provisional) in December 2025. Price of electricity (4.46%), coal (0.66%) and mineral oils (0.07%) increased in December 2025 as compared to November 2025.

Prices for Manufacturing products increased by 0.41% from 145.0 (provisional) for the month of November 2025 to 145.6 (provisional) in December 2025. Out of the 22 NIC two-digit groups for manufactured products, 13 groups witnessed an increase in prices, 8 groups witnessed a decrease in prices and 1 group witnessed no change in prices. Some of the important groups that showed month-over month increase in prices were other manufacturing; basic metals; chemicals and chemical products; textiles and other non-metallic mineral products etc. Some of the groups that witnessed a decrease in prices were manufacture of rubber and plastics products; food products; computers, electronic and optical products; paper and paper products and beverages etc. in December 2025 as compared to November 2025.

Manufacturing PMI – Dec

The HSBC India Manufacturing PMI fell to 55.0 in December 2025, revised lower from initial estimates of 55.7, down from 56.6 in November. This marks the weakest improvement in two years, as factory output expanded at the slowest pace since October 2022, alongside softer growth in new orders. Export demand also increased at the weakest rate in 14 months, with new orders mainly coming from Asia, Europe, and the Middle East. Employment rose only marginally, reflecting sufficient staffing

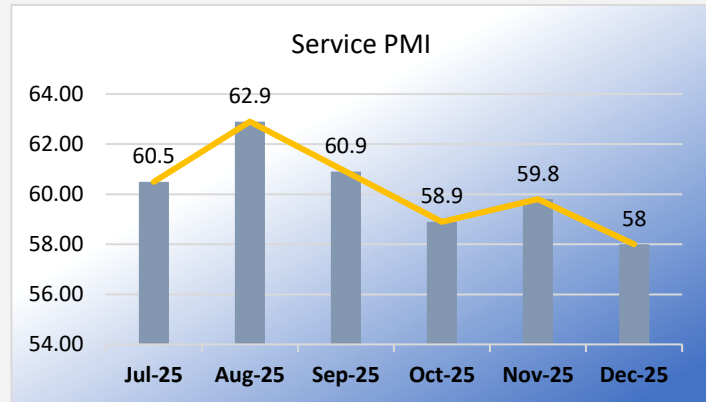


Source: www.tradingeconomics.com

amid easing workloads. Input cost inflation remained subdued, rising modestly, while output price inflation eased to a nine-month low. Stocks of purchases increased at the slowest pace in two years, while finished goods inventories fell sharply as firms used existing stock to meet current demand. Business confidence softened to its lowest in nearly three-and-a-half years, as firms cited competitive pressures and market uncertainty despite tailwinds from new products and advertising.

Services PMI – Dec

The HSBC India Services PMI was revised lower to 58.0 in December 2025 from a preliminary estimate of 59.1 and a final reading of 59.8 in November, coming in below market forecasts of 59.3. The latest figure marked the softest expansion in the services sector since January, as new business and output eased to 11-month lows. However, new export orders rose at a marked pace, and one that was quicker than in November. Employment fell for the first time since May, though only marginally,

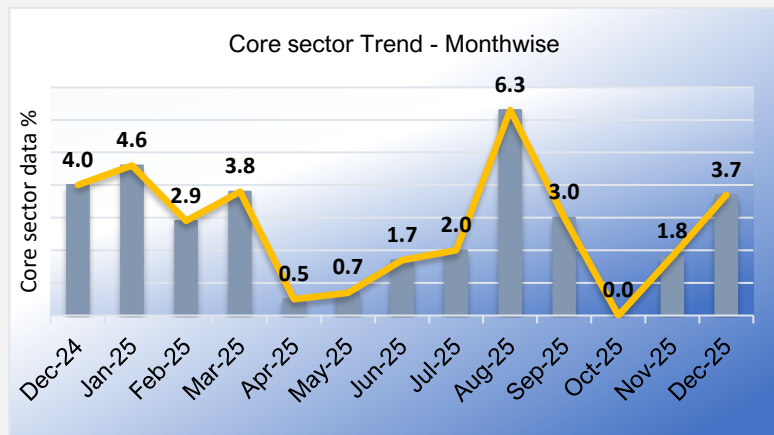


Source: www.tradingeconomics.com

as the vast majority of companies reported no change since November. On the price front, input cost inflation accelerated from November but remained among the softest in over five years. Meanwhile, selling prices rose slightly, recording one of the weakest increases in around two years. Looking ahead, business sentiment weakened to its lowest level in nearly three and a half years.

Core Sector Data – Dec

The combined Index of Eight Core Industries (ICI) increased by 3.7 per cent (provisional) in December 2025 as compared to the Index in December 2024. The production of Cement, Steel, Electricity, Fertilizer and Coal recorded positive growth in December 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.



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

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 November 2025 was observed at 2.1 per cent. The cumulative growth rate of ICI during April to December, 2025-26 is 2.6 per cent (provisional) as compared to the corresponding period of last year.

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

Coal - Coal production (weight: 10.33 per cent) increased by 3.6 per cent in December 2025 over December 2024. Its cumulative index declined by 0.7 per cent during April to December, 2025-26 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 per cent) declined by 5.6 per cent in December 2025 over December 2024. Its cumulative index declined by 1.9 per cent during April to December, 2025-26 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 per cent) declined by 4.4 per cent in December 2025 over December 2024. Its cumulative index declined by 3.2 per cent during April to December, 2025-26 over corresponding period of the previous year.

Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 per cent) declined by 1.0 per cent in December 2025 over December 2024. Its cumulative index increased by 0.1 per cent during April to December, 2025-26 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 per cent) increased by 4.1 per cent in December 2025 over December 2024. Its cumulative index increased by 1.7 per cent during April to December, 2025-26 over corresponding period of the previous year.

Steel - Steel production (weight: 17.92 per cent) increased by 6.9 per cent in December 2025 over December 2024. Its cumulative index increased by 9.5 per cent during April to December, 2025-26 over corresponding period of the previous year.

Cement - Cement production (weight: 5.37 per cent) increased by 13.5 per cent in December 2025 over December 2024. Its cumulative index increased by 8.8 per cent during April to December, 2025-26 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 per cent) increased by 5.3 per cent in December 2025 over December 2024. Its cumulative index increased by 0.3 per cent during April to December, 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	3.5

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	1.8 Q3	2.4	4.3 Dec	5.0	-3.2	-6.5	13.4
Russia	0.6 Q3	0.7	5.6 Dec	8.7	1.7	-2.6	14.7
India	8.2 Q3	7.4	1.3 Dec	2.2	-1.1	-4.4	6.7
China	4.5 Q4	5.0	0.8 Dec	-0.1	2.7	-5.6	1.6
S Africa	2.1 Q3	1.4	3.6 Dec	3.2	-0.6	-4.4	8.1
USA	2.3 Q3	2.1	2.7 Dec	2.7	-3.7	-5.9	4.3
Canada	1.4 Q3	1.4	2.4 Dec	2.0	-1.5	-1.9	3.4
Mexico	-0.1 Q3	0.5	3.7 Dec	3.8	-0.4	-3.9	8.9
Euro Area	1.4 Q3	1.4	1.9 Dec	2.1	3.0	-3.2	2.9
Germany	0.3 Q3	0.2	2.0 Dec	2.3	5.2	-2.7	2.9
Britain	1.3 Q3	1.4	3.4 Dec	3.9	-2.8	-5.5	4.5
Australia	2.1 Q3	1.9	3.8 Dec	2.7	-2.1	-1.8	4.8
Indonesia	5.0 Q3	5.0	2.9 Dec	1.9	-0.3	-2.9	6.3
Malaysia	5.7 Q4	4.9	1.6 Dec	1.4	2.4	-3.9	3.5
Singapore	5.7 Q4	4.8	1.2 Dec	0.8	17.4	0.5	2.0
S Korea	1.5 Q4	1.3	2.3 Dec	2.1	5.9	-2.4	3.5



BANKING

Sectoral Deployment of Bank Credit – December 2025

Data on sectoral deployment of bank credit for the month of December 2025, collected from 41 select scheduled commercial banks (SCBs) which together account for about 95 per cent of the total non-food credit by all SCBs,¹ are set out in [Statements I and II](#).

On a year-on-year (y-o-y) basis, non-food bank credit² grew by 14.4 per cent as on the fortnight ended December 31, 2025, compared to 11.1 per cent during the corresponding fortnight of the previous year (i.e., December 27, 2024).

Highlights of the sectoral deployment of bank credit as on the fortnight ended December 31, 2025, are given below:

- Credit to agriculture and allied activities registered a y-o-y growth of 12.1 per cent (12.5 per cent in the corresponding fortnight of the previous year).
- Credit to industry recorded a y-o-y growth of 13.3 per cent, compared with 7.5 per cent in the corresponding fortnight of last year. While credit to 'Micro and Small' showed sharp acceleration in growth, 'Medium' industries continued to exhibit robust expansion. Credit to large industries also picked up. Among major industries, outstanding credit to 'infrastructure', 'all engineering', 'basic metal and metal products', 'chemical and chemical products', 'textiles' and 'petroleum, coal products and nuclear fuels' registered resilient y-o-y growth.
- Credit to services sector registered a growth rate of 15.3 per cent y-o-y (11.5 per cent in the corresponding fortnight of the previous year), supported by higher growth in segments such as 'non-banking financial companies' (NBFCs), 'trade' and 'commercial real estate'.
- Credit to personal loans segment recorded a y-o-y growth of 14.4 per cent, as compared with 12.0 per cent a year ago. While segments such as 'vehicle loans' and 'loans against gold jewellery' sustained robust credit growth, 'housing' witnessed steady growth while 'credit card outstanding' growth decreased.

RBI Announces Measures to Manage Liquidity Conditions

On a review of current liquidity and financial conditions, the Reserve Bank has decided to conduct the following operations to inject liquidity into the banking system:

90-day Variable Rate Repo (VRR) operation for an amount of ₹25,000 crore to be conducted on January 30, 2026.

USD/INR Buy/Sell Swap auction of USD 10 billion for a tenor of 3 years to be held on February 04, 2026.

OMO purchase auctions of Government of India securities for an aggregate amount of ₹1,00,000 crore in two tranches of ₹50,000 crore each to be held on February 05, 2026, and February 12, 2026.

2. Detailed instructions for each operation shall be issued separately.
3. The Reserve Bank will continue to monitor evolving liquidity and market conditions and take measures as appropriate to ensure orderly liquidity conditions.

Issuance of Foreign Exchange Management (Guarantees) Regulations, 2026

The Reserve Bank of India has issued the [Foreign Exchange Management \(Guarantees\) Regulations, 2026](#). The regulations are principle based and the guarantees fulfilling the principles laid down in the regulation are being permitted. Since, the universe of guarantees enabled under automatic route is being expanded, a comprehensive reporting of all guarantees – issued, modified or invoked – is being introduced.

2. The regulations have been issued after examining and suitably including feedback received from the stakeholders on the [draft regulations](#) published on the Bank's website vide [Press Release dated August 14, 2025](#). Bank's response to the major comments received are in the [Annex](#).



INSURANCE

Life Insurance – December 2025

New Business Statement of Life Insurers for the Period ended 31st December 2025										
Sl No.	Insurer	First Year Premium			No. of Policies / Schemes			Sum Assured		
		Up to December, 2025	Growth in %	Market Share	Up to December, 2025	Growth in %	Market Share	Up to December, 2025	Growth in %	Market Share
1	Acko Life Insurance Limited	113.64	156.71	0.04	1368.00	5.07	0.01	10701.89	114.05	0.12
2	Aditya Birla Sun Life Insurance Company Limited	7746.46	9.90	2.49	248908.00	1.62	1.35	284538.84	-14.21	3.10
3	Ageas Federal Life Insurance Company Limited	1073.56	11.25	0.35	48408.00	7.81	0.26	54458.56	183.61	0.59
4	Aviva Life Insurance Company India Limited	246.22	25.62	0.08	13360.00	20.93	0.07	108329.93	126.84	1.18
5	Bajaj Allianz Life Insurance Company Limited	9830.07	15.59	3.16	514147.00	-7.68	2.78	459393.77	-6.48	5.01
6	Bandhan Life Insurance Limited	279.39	139.01	0.09	30374.00	46.62	0.16	10723.46	-4.16	0.12
7	Bharti Axa Life Insurance Company Limited	681.02	37.74	0.22	42028.00	-19.64	0.23	52809.90	532.70	0.58
8	Canara HSBC Life Insurance Company Limited	2931.02	28.12	0.94	152446.00	7.09	0.82	284434.05	65.99	3.10
9	CreditAccess Life Insurance Limited	472.55	380.94	0.15	198.00	-42.27	0.00	49226.40	349.55	0.54
10	Edelweiss Life Insurance Company Limited	377.74	9.90	0.12	42935.00	39.64	0.23	4521.06	-14.75	0.05
11	General Central Life Insurance Company Limited	790.79	133.07	0.25	52794.00	125.45	0.29	47384.63	98.67	0.52
12	Go Digit Life Insurance Limited	1014.73	29.75	0.33	23919.00	718.86	0.13	541234.68	27.67	5.90
13	HDFC Life Insurance Company Limited	24980.35	10.23	8.03	898483.00	2.45	4.86	1227930.32	24.10	13.39
14	ICICI Prudential Life Insurance Company Limited	15090.24	-0.32	4.85	473531.00	3.30	2.56	1016009.24	18.05	11.08
15	IndiaFirst Life Insurance Company Limited	2371.42	17.40	0.76	133511.00	-2.24	0.72	302603.78	5.56	3.30
16	Kotak Mahindra Life Insurance Company Limited	5853.33	8.26	1.88	233049.00	24.54	1.26	248990.22	23.17	2.72
17	Axis Max Life Insurance Limited	9642.36	19.20	3.10	638020.00	17.78	3.45	557975.54	40.21	6.09
18	PNB MetLife India Insurance Company Limited	3551.75	7.58	1.14	187429.00	-14.60	1.01	68440.12	-31.34	0.75
19	Pramerica Life Insurance Limited	1005.89	17.86	0.32	41799.00	25.77	0.23	85489.39	15.54	0.93
20	Reliance Nippon Life Insurance Company Limited	965.62	18.92	0.31	100508.00	-12.87	0.54	20616.43	-8.59	0.22
21	SBI Life Insurance Company Limited	31324.95	19.31	10.07	1645946.00	3.67	8.90	1083359.90	68.83	11.82
22	Shriram Life Insurance Company Limited	1537.67	-2.23	0.49	334982.00	-13.84	1.81	114858.13	-21.66	1.25
23	Star Union Dai-ichi Life Insurance Company Limited	3730.85	30.31	1.20	136415.00	14.18	0.74	110869.29	71.53	1.21
24	Tata AIA Life Insurance Company Limited	7888.12	13.74	2.54	824483.00	26.37	4.46	801856.01	7.79	8.75
	Private Total	133499.74	13.97	42.93	6819041	5.74	36.87	7546756	24.13	82.31
25	Life Insurance Corporation of India	177445.79	12.34	57.07	11676017	-0.50	63.13	1621747.96	16.97	17.69
	Grand Total	310945.53	13.04	100.00	18495058	1.71	100.00	9168503	22.80	100.00



CAPITAL MARKET

SEBI Facilitates Seamless Digital Signature Certificate Functionality for FPIs

SEBI has integrated Digital Signature Certificate (DSC) functionality into the Common Application Form (CAF) portal for Foreign Portfolio Investors (FPIs), enabling them to apply for a DSC directly while submitting their FPI registration. This creates a seamless, unified digital process that simplifies and speeds up onboarding for overseas investors. The move further streamlines the FPI registration workflow by reducing procedural steps and promoting digital adoption. Detailed process guidance and FAQs are available on the India Market Access Portal.

SEBI says SWAGAT to FPIs and FVCIs

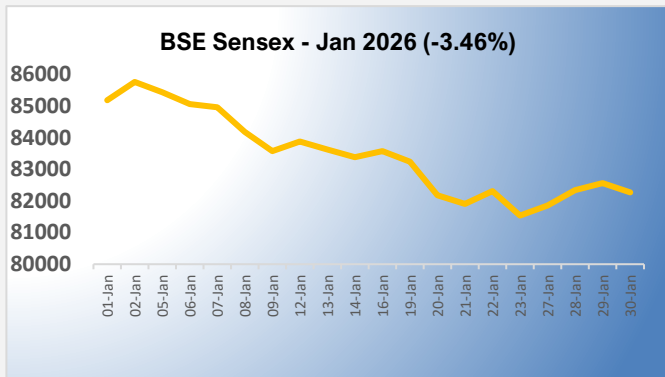
SEBI has introduced the Single Window Automatic and Generalized Access for Trusted Foreign Investors (SWAGAT-FI) framework for Foreign Portfolio Investors (FPIs) and Foreign Venture Capital Investors (FVCIs) to streamline and unify their registration and compliance processes. The initiative enables eligible foreign investors to access Indian markets through a simplified, common registration mechanism while reducing repeated documentation and compliance requirements. It aims to enhance ease of doing business and strengthen India's attractiveness as a destination for trusted foreign capital, with provisions taking effect from June 1, 2026.

Introduction of Closing Auction Session (CAS) in the Equity Cash Segment and certain modifications in the Pre-Open Auction Session

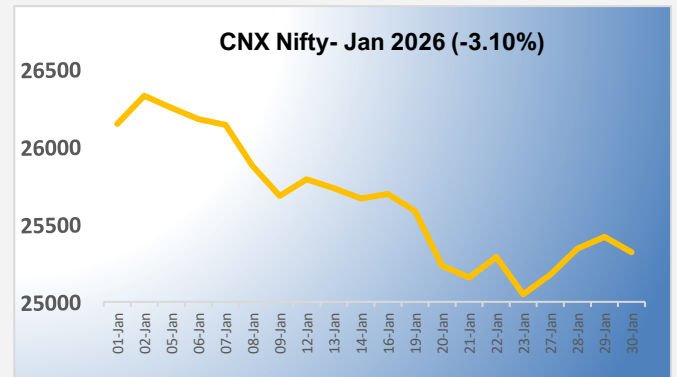
SEBI has mandated the introduction of a Closing Auction Session (CAS) in the equity cash segment to determine closing prices via an auction mechanism, replacing the current VWAP-based method for stocks with active derivatives contracts. The CAS will run as a separate 20-minute session (3:15 pm–3:35 pm) with defined order entry and matching phases, enhancing transparency and price discovery. The circular also revises the Pre-Open Auction Session framework to align order types and procedures with the auction approach. Implementation of CAS is planned from August 3, 2026, with the updated pre-open session effective from September 7, 2026.



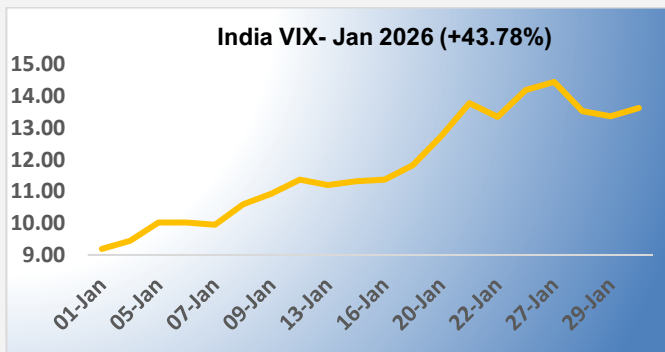
CAPITAL MARKET SNAPSHOT



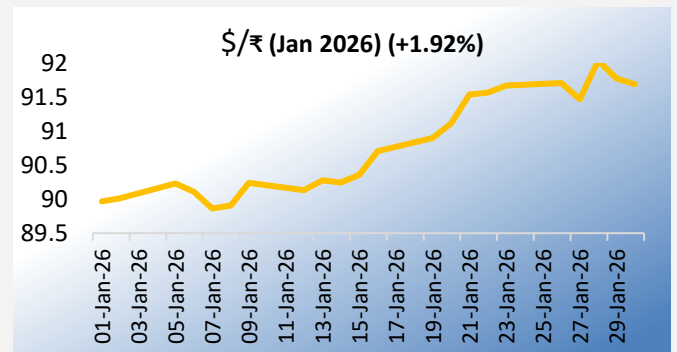
Sources: Bombay Stock Exchange



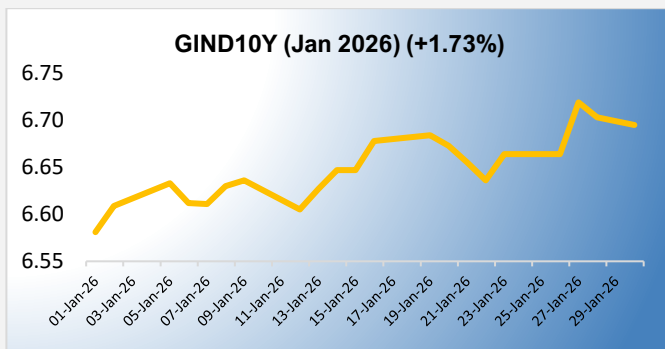
Source: National Stock Exchange



Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

Equity markets witnessed a sharp reversal in January 2026, posting significant losses across all major indices. The BSE Sensex declined 3.46%, while the Nifty 50 fell 3.10%. Broader indices fared worse, with the Nifty Midcap 100 dropping 3.40% and the Nifty Smallcap 100 sliding 4.71%. The volatility index (VIX) surged 43.78%, reflecting heightened market swings and elevated investor anxiety.

Sentiment deteriorated due to global trade tensions, US tariff concerns, foreign portfolio outflows, and cautious earnings commentary. Domestic institutional support proved insufficient to offset selling pressure. The sharp VIX surge underscored panic-driven volatility as investors rushed to de-risk, with small-cap and mid-cap segments bearing the brunt. January 2026 marked a pivot to caution, erasing prior quarter gains and highlighting the market's vulnerability to global macro shifts and sudden sentiment reversals.

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.

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.