

APAS MONTHLY - VOLUME 2

APAS MONTHLY NEWSLETTER

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APAS
ashvin parekh advisory services

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

EDITORIAL

In this issue, **Mr. Gopi Koteeswaran**- Co-Founder, Dzurptiv AI has presented his thoughts on ‘**Seizing the AI Advantage: A Blueprint for Indian BFSI Leadership**’. We thank Mr. Koteeswaran for his contribution to the APAS Monthly.

This month, the APAS column covers ‘**India's Volatility Surge: When Currency, Conflict and Capital Flight Collide**’.

The economic indicators exhibited a mixed performance. Manufacturing PMI rose to 55.4 in January 2026 from 55.0 in December but was revised lower from the initial estimate of 56.8. Services PMI was revised lower to 58.5 in January 2026 from a preliminary estimate of 59.3. However, the latest figure remained above the December reading of 58.0, which marked the softest expansion in 11 months, supported by faster growth in output and new business. The infrastructure output in India expanded by 4.0% from the previous year in January of 2026, slowing from the upwardly revised, 11-month high of 4.7% to mark a third straight period of increase. India’s Industrial production India rose by 4.8% from the previous year in January of 2026, slowing from the upwardly revised, two-year high 8% increase in the previous month and contrasting with expectations of a sharper increase of 6.5%. India’s consumer price inflation rose to 2.75% in January of 2026, firmly above market expectations of 2.4%. India Wholesale Price Index (WPI) number is 1.81% (provisional) for the month of January 2026 (over January 2025). Real GDP has been estimated to grow by 7.6% in FY 2025-26. Nominal GDP has witnessed a growth of 8.6%.

Data on sectoral deployment of bank credit for the month of January 2026. RBI has issued the Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026. RBI has issued draft revised guidelines for the Kisan Credit Card (KCC) Scheme to expand farmer coverage, streamline operations, and address emerging agricultural financing needs. The Deposit Insurance and Credit Guarantee Corporation (DICGC), with approval from RBI, has introduced a Risk-Based Premium (RBP) framework for deposit insurance to encourage stronger risk management among banks.

Insurance Regulatory and Development Authority of India (IRDAI), published its life insurance data for January 2026.

SEBI revised the Order-to-Trade Ratio (OTR) framework for algorithmic trading to ease compliance while still discouraging excessive order placement. SEBI has launched a multilingual AI-driven calling campaign to increase investor awareness about the “SEBI Check” tool and validated UPI handles, which help investors verify the payment credentials of SEBI-registered intermediaries before transferring funds. SEBI introduces a uniform methodology for valuing physical gold and silver held by mutual fund schemes such as Gold ETFs and Silver ETFs.

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

Ashvin parekh

On the Cover



GUEST COLUMN

[Seizing the AI Advantage: A Blueprint for Indian BFSI Leadership](#)

**Gopi Koteeswaran
Co-Founder, Dzurptiv AI**



APAS COLUMN

[India's Volatility Surge: When Currency, Conflict and Capital Flight Collide](#)



ECONOMY

[Index of Industrial Production: Jan](#)
[Inflation update – Jan](#)
[PMI update – Jan](#)
[Core Sector – Jan](#)
[GDP– Q3 of FY 2025 - 26](#)

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

[Risk-based Premium Framework for Deposit Insurance in India](#)

[Revised Kisan Credit Card \(KCC\) Scheme](#)

[Foreign Exchange Management \(Borrowing and Lending\) \(First Amendment\) Regulations, 2026](#)

[Sectoral Deployment of Bank Credit – January 2026](#)



INSURANCE

[Life Insurance – Jan 2026](#)



CAPITAL MARKETS

[Revision of Order-to-Trade Ratio \(OTR\) framework](#)

[Launch of AI-driven calling campaign to promote 'SEBI Check' Tool and Validated UPI Handles](#)

[Valuation of physical Gold and Silver held by mutual fund schemes](#)



CAPITAL MARKETS

SNAPSHOT

[CNX Nifty, BSE Sensex, India VIX, \\$/₹, GIND 10Y](#)



GUEST COLUMN

Gopi Koteeswaran
Co-Founder, Dzurptiv AI

Seizing the AI Advantage: A Blueprint for Indian BFSI Leadership

The Inflection Point

India stands at a defining technological crossroads. The nation that transformed itself into the world's digital capital through Aadhaar and UPI now confronts an even more profound question: how do we harness Artificial Intelligence not merely as a tool of convenience, but as an engine of inclusive economic transformation? The answer will shape not just India's trajectory, but potentially the global narrative on how emerging economies can leapfrog into an AI-driven future.

The numbers are compelling. India's AI market is poised to triple to \$17 billion by 2027, representing one of the fastest growth trajectories globally. The country ranks third in Stanford University's 2025 Global AI Vibrancy Ranking, underscoring its rising prominence in the global AI ecosystem. With \$200 billion in datacentre investments on the horizon and IT spending projected to reach \$176.3 billion in 2026, the infrastructure foundation is being laid at unprecedented scale. 87% of Indian enterprises are already actively using AI solutions, demonstrating that adoption has moved beyond early adopters into the mainstream.

Yet raw statistics barely capture the essence of what's unfolding. For the financial services executives reading this column, the question is not whether AI will reshape your industry, it is how quickly, and whether India will lead or follow.

The BFSI Revolution Underway

The Reserve Bank of India's recent study on AI adoption in Indian banks offers crucial insights. Private sector banks are leading the charge, deploying AI across customer service, credit assessment, fraud detection, and risk management. This is not mere automation for cost savings but a fundamental reimagining of how financial services reach the unbanked and underbanked populations that have historically eluded traditional banking.

Consider the implications. AI-powered credit scoring using alternative data can extend credit to the informal sector, the millions of small business owners who lack conventional collateral but possess legitimate creditworthiness. Chatbots and voice AI can deliver personalized banking services in multiple Indian languages, breaking the language barrier that has limited financial inclusion. Predictive analytics can identify potential loan defaults before they occur, strengthening rather than restricting credit flow.

But this is merely the first chapter. The real transformation lies ahead.

The Agentic AI Frontier

We now stand at the threshold of agentic AI, a paradigm where intelligent systems don't just analyse and recommend, but act autonomously within defined parameters. This is not science fiction. This is the next operating reality for financial services.

Agentic AI represents a fundamental shift from passive tools to an active digital workforce. Where traditional AI assists human decision-making, agentic AI can execute complete workflows - processing loan applications, managing compliance workflows, handling customer disputes, and conducting real-time risk assessments - with minimal human intervention. McKinsey's research confirms that agentic AI is expected to have a transformative impact on banking operations over the next decade, with multiagentic systems now reimagining workflows across the industry.

The implications for BFSI are profound. Imagine a credit decisioning system that not only assesses risk but autonomously negotiates terms with borrowers, adjusts pricing based on real-time market conditions, and continuously optimizes the loan portfolio. Imagine a compliance system that not only flags anomalies but autonomously investigates, documents, and resolves regulatory breaches. Imagine a customer service architecture where AI agents handle end-to-end resolution across channels, escalating only when judgment beyond their capability is required.

This is no longer aspirational as leading Indian financial institutions are already deploying hundreds of AI agents across their operations. The shift from experimental AI to production-grade agentic systems is happening now, and the organizations that move fastest will capture disproportionate value.

For BFSI leaders, the strategic question is no longer whether to adopt agentic AI, but how quickly you can build the organizational capability to harness it.

The Adaptive Challenge

However, development without adaptation is mere imitation. India's AI journey must be uniquely Indian, accounting for our linguistic diversity, digital infrastructure realities, and societal priorities.

First, the infrastructure question. The India AI Mission's commitment to establishing public compute infrastructure with over 10,000 GPUs addresses a critical bottleneck. Access to affordable computing power will determine whether AI innovation remains concentrated in a few metropolitan tech hubs or disperses across India's entrepreneurial ecosystem. The announced \$200 billion datacentre investment signals serious intent. India is positioning itself not just as an AI consumer but as an AI infrastructure provider to the region.

Second, the talent imperative. The tech and AI sector workforce represents both an advantage and a perpetually replenishing challenge. India's relative AI skill penetration is 2.5 times greater than the global average across comparable occupations, a testament to decades of investment in technical education. Yet the pace of AI skill development must match the velocity of AI deployment, a gap that many organizations are struggling to bridge. The emergence of small language models tailored for Indian languages and contexts offers a promising path forward, potentially democratizing AI capabilities across smaller towns and Tier-II cities.

Third, and perhaps most critically, the governance framework. The recently released India AI Governance Guidelines represent a thoughtful attempt to balance innovation with responsible deployment. For BFSI

leaders, this is particularly relevant: financial services operate in a regulated environment where algorithmic fairness, data privacy, and explainability are not just ethical aspirations but compliance requirements.

Strategic Imperatives for BFSI Leaders

What then should India's financial services executives do? Four priorities emerge from this analysis.

First, accelerate from pilot to production.

The experimentation phase is over. Organizations with AI pilots should move aggressively toward scaled deployment. The shift to agentic AI demands organizational readiness and the time to build that capability is now.

Second, reimagine the operating model.

Agentic AI is not a technology upgrade; it is an operating model transformation. Legacy processes designed for human-in-the-loop workflows must be redesigned for AI-agent-led execution. This requires not just technology investment but fundamental process re-engineering and cultural change.

Third, invest in organizational AI literacy.

Technology deployment without workforce capability is capital misallocation. Boards and senior leadership teams must develop sufficient AI fluency to make informed strategic decisions - not to become technologists, but to ask the right questions of their technology teams.

Fourth, seize the opportunity to build global AI leadership anchored in India's structural advantages.

India offers a rare convergence of digital public infrastructure, transaction scale, regulatory evolution, linguistic diversity, and MSME depth that few markets can replicate. When agentic AI is layered onto these foundations, the opportunity for Indian institutions extends far beyond technology adoption - it is the chance to build a structural advantage over global incumbents across financial services sectors.

Payments: With unparalleled UPI transaction scale and real-time digital payments intelligence, Indian payment providers and banks can develop world-leading AI systems for autonomous transaction monitoring, liquidity optimization, and fraud orchestration - setting new global benchmarks for payment resilience and efficiency.

Lending: By leveraging GST digitization, consent-driven financial data trails, and continuous payment flow analytics, Indian banks and NBFCs can pioneer cashflow-first, dynamically monitored commercial and SME lending powered by transparent, explainable agentic credit engines. This can fundamentally redefine how credit is priced, underwritten, and managed at scale.

Capital Markets & Wealth Management: With one of the world's largest and fastest-growing retail investor ecosystems, Indian asset managers and wealth platforms can build AI-assisted end-to-end wealth experiences. They can deploy agentic AI copilots that materially enhance advisor productivity and decision quality, and establish Mutual Fund AI Intelligence capabilities driven by advanced metrics. such as liquidity stress indicators and volatility clustering models - creating globally competitive, AI-native advisory architectures.

Insurance: Indian insurers have the opportunity to train Insurance Foundation Models on India-specific risk realities and integrate Account Aggregator data, DigiLocker verification, and a standardized National Claims Automation Stack. These would power scalable, AI-driven underwriting and claims systems that translate into measurable financial outperformance relative to global incumbents.

The Road Ahead

India's AI journey is neither linear nor predetermined. It will be shaped by policy choices, private sector innovation, and the adaptive capacity of institutions to absorb and benefit from rapid technological change.

What distinguishes this moment from previous technology waves is the speed and the scope. Cloud computing transformed infrastructure. Mobile transformed distribution. AI will transform both simultaneously and add capabilities that previous technologies could not touch: autonomous decision-making at scale, continuous learning systems, and predictive intelligence that anticipates rather than reacts.

For the readers of APAS Monthly - leaders who shape not just their organizations but the broader financial architecture of the nation - this is both a strategic imperative and an invitation to lead. The boulder of AI transformation is rolling. The question for Indian BFSI is not whether to engage, but how decisively it can translate this moment into sustained competitive advantage - both in India and on the global stage.



APAS COLUMN

India's Volatility Surge: When Currency, Conflict and Capital Flight Collide

Over the past few months, Indian equity markets have shifted from a steady bull run into a nerve-wracking, range-bound grind and in early March 2026, that grind turned into an outright breakdown. The Nifty 50, which had oscillated between roughly 25,350 and 25,900 through January and February, decisively broke below that support zone in the first week of March, falling as low as 24,305 intraday on March 4 before closing around 24,450–24,480. The India VIX "fear gauge" has exploded 119 % year-to-date, surging from sub-10 levels in late December 2025 to a nine-month high of 21.14 on March 4, before settling near 19.88 by March 6.

It is the visible outcome of a four-way collision: a rupee sliding to record lows above 92 per dollar, a full-scale war engulfing West Asia and threatening global energy supplies, aggressive foreign selling resuming after a brief February respite, and so far an unusually resilient but increasingly tested domestic retail bid.

The currency conundrum: rupee hits record low, RBI steps in hard

The rupee story has moved from chronic weakness to acute crisis. Through 2025, the Indian rupee depreciated around 5–5.5 % against the US dollar despite a broadly softer Dollar Index, driven by India-specific flow pressures, trade worries and rate differentials. By late February 2026, USD/INR had climbed toward 91, and market chatter centered on a test of 91–93 in stressed scenarios.

Then came the war shock. On March 4, 2026, amid a massive outflow of foreign funds and spiking oil prices, USD/INR hit a fresh all-time high of 92.67, a breach that triggered alarm bells across Mint Street. The Reserve Bank of India responded with its most aggressive intervention in eight months: selling an estimated \$3.2 billion in reserves during a single morning session and deploying forward-market operations to push the rupee back below 92. By late in the day, the pair had retreated to around 91.80–92.00, but the volatility left its mark on equity traders.

RBI's strategy seems clear: it will tolerate a weaker rupee, but not a disorderly rupee. The central bank has restructured its short-dollar forward book, reducing near-term delivery obligations and pushing maturities further out, effectively creating more room to intervene if pressure persists. But with India's forex reserves now deployed actively and oil prices spiking, the rupee remains under structural pressure. Every subsequent headline from West Asia or Washington now shows up immediately in USD/INR and from there, directly into India VIX and Nifty intraday swings.

War premium: full-scale US–Israel–Iran conflict and the oil shock

The most dramatic catalyst for the March volatility spike is geopolitical. A full-scale military conflict involving the United States, Israel and Iran erupted over the weekend of February 28th–March 1, 2026, triggering coordinated airstrikes across the region and retaliatory attacks on Gulf oil infrastructure and shipping lanes.

The immediate market impact has been a sharp repricing of energy risk:

- Brent crude jumped from the low-\$70s in mid-February to above \$85 per barrel on March 3, its highest level since July 2024, before settling around \$78–80.
- WTI crude surged past \$76.50, up over 7 % in a single session as Iraqi crude loadings at Turkey's Ceyhan port halted and Gulf supply chains froze.
- ICICI Bank estimates Brent will trade in a \$75–95 range near-term, but warns it could breach \$100 per barrel if Hormuz infrastructure suffers structural damage. Morgan Stanley's stress scenario puts Brent at \$120 in a prolonged disruption.

For India, a net importer of more than 88 % of its crude oil and over half its LNG, this is an immediate macro shock. Every \$10 rise in crude mechanically widens the current-account deficit, pressures the rupee, and complicates inflation management exactly the triple-threat that equity markets hate. On March 1, when news of the Iranian leadership strike broke, the Sensex briefly fell over 1,000 points intraday and India VIX spiked 25–30 % to around 17.8 before DIs stepped in to stabilize the close.

By March 4, as the war widened and oil crossed \$85, the Nifty fell another 1.55 % to 24,480, and India VIX hit 21.14, a level not seen since May 2025. The combination of record-high USD/INR, \$85 oil, and hundreds of airstrikes across Iran created a perfect storm for risk-off sentiment, overwhelming even the structural domestic bid that had cushioned earlier corrections.

Foreign flows: February hope, March reality

If the war and rupee are the shocks, foreign portfolio flows are the transmission mechanism amplifying volatility.

After three brutal months of net selling November 2025 (₹3,765 crore), December 2025 (₹22,611 crore) and January 2026 (₹35,962 crore), February brought a remarkable turnaround. FPIs pumped ₹22,615 crore into Indian equities in February 2026, the strongest monthly inflow in 17 months (since September 2024), driven by optimism around the interim India–US trade deal, improved Q3 earnings and corrected valuations.

But the reprieve was short-lived. On March 2, the very first trading day after the war began, FPIs resumed heavy selling, pulling out ₹6,832 crore, the largest single-day equity outflow in four months. In the first two trading days of March alone, foreign investors offloaded ₹12,048 crore, almost double what they had withdrawn in the entire month of February, despite the trade-deal optimism that had driven that inflow.

FPI flows have become ultra-sensitive, "stop-go" capital that swings violently with event risk. Nineteen of 23 NSDL sectors saw net outflows in early January; IT alone saw ₹10,956 crore of selling in February even as financials and capital goods attracted buying. With the war now a multi-week reality, currency at record lows, and oil threatening \$100, foreign managers are once again rotating out of India toward perceived safer or cheaper markets in Japan, the US and parts of Southeast Asia.

This oscillation heavy buying one month, panic selling the next is itself a major source of volatility, especially when concentrated in large-cap index names that dominate benchmark weights.

Domestic retail: the firewall under stress

Against this foreign backdrop, domestic investors remain the swing factor determining whether volatility translates into deep drawdowns or merely sharp but brief corrections.

On the stabilizing side, the SIP engine continues to hum:

- Monthly SIP inflows hit a record ₹31,002 crore in December 2025, up 17 % year-on-year, and have remained above ₹31,000 crore per month in early 2026.
- The number of active SIP accounts rose to 9.79 crore by December, adding over 36 lakh accounts in a single month.
- Mutual fund AUM stood near ₹80.2 lakh crore by end-2025, with equity and hybrid strategies commanding a rising share.

This structural domestic liquidity has been visible in DII behavior throughout the recent volatility. When FPIs sold ₹35,962 crore in January, DIIs absorbed the entire selling and more, buying ₹67,182 crore net. Daily data repeatedly show DIIs stepping in with ₹1,000–3,700 crore of buying on sessions when FPIs dump ₹2,000–3,000 crore.

But the March breakdown suggests this firewall, while strong, is not infinite. The Nifty's fall through 25,350 to sub-24,500 levels despite ongoing SIP flows indicates that when foreign selling, a spiking rupee and a full-scale war converge, even steady domestic money struggles to prevent a technical breakdown.

On the amplifying side, retail derivatives positioning continues to magnify intraday moves. SEBI data show that 90–91 % of individual F&O traders lose money, yet the cohort has more than doubled since FY22. Weekly index options on Nifty and Bank Nifty remain the most actively traded contracts, and the combination of leveraged retail positioning and event-driven shocks produces the kind of gamma squeezes and order-book imbalances that push India VIX to extremes in hours.

Net-net, domestic cash and SIP flows are still providing a structural bid that caps the depth of selloffs, but they cannot prevent sharp, rapid corrections when multiple macro shocks hit simultaneously as they did in early March.

The volatility matrix: flows, FX, fear and war

Putting these pieces together, the picture is stark:

Metric	Dec 2025	January 2026	Early March 2026
India VIX	~4.95	~17.44	25.5 (Mar 9)
Nifty 50	~26,000	~25,320	~24,028 (Mar 9)
USD/INR	~89.96	~91.68	92.47 (ATH, Mar 9)
Brent Crude	~\$60+	~\$69+	\$99+ (Mar 9)
Monthly FPI Equity	-₹22,611 Cr	-₹35,962 Cr	+₹22,615 Cr (Feb) -₹27,349 Cr (Mar 9)
Monthly SIP	₹31,002 Cr	~₹31,000 Cr	Steady >₹31K Cr

**Total Net FPI Equity in the CY 2026 = -₹40696 Cr (Up to March 9th)*

The data show that as the rupee hit record lows, oil spiked above \$99, war engulfed West Asia and FPIs resumed panic selling, India VIX more than doubled from its late-2025 lows, and the Nifty broke decisively below the multi-week consolidation range that had held through January and February.

Where could the volatility settle?

The central question now is whether this marks the start of a sustained bear market or a sharp but contained repricing of risk inside an intact structural bull trend.

Two factors will determine the trajectory.

1. War duration and energy prices

If the conflict in West Asia de-escalates over the coming weeks and the Strait of Hormuz remains open with only manageable disruptions, Brent could retreat toward \$70–75, removing the primary macro shock and allowing India VIX to compress back into a more normal range. However, a prolonged conflict or significant infrastructure damage could push oil toward \$100–120, mechanically worsening India's current account and sustaining elevated volatility well into Q2 2026.

2. Currency stabilization and RBI credibility

RBI's aggressive intervention demonstrated both capacity and willingness to prevent rupee freefall, but reserves are finite. Containing USD/INR in a 90–92 band over the next month aided by any softening in US yields or reduced geopolitical risk premia, would diminish the currency headwind for FPIs and help stabilize flows. A test of 93–95, conversely, would reinforce the case for caution among foreign allocators.

Closing perspective

Indian equity volatility has undergone a dramatic repricing in early 2026. The India VIX near 20, the Nifty below 24,500, the rupee above 92 and oil above \$80 together represent a confluence of shocks-geopolitical, currency, energy and flow-related, that even robust domestic SIP flows cannot fully absorb in real time.

The market is not experiencing structural breakdown; macro fundamentals remain solid, with GDP growth near 7 %, controlled inflation and credible policy frameworks. Rather, it is undergoing a turbulent adjustment, digesting a weaker currency, a significant geopolitical shock in its energy supply corridor, and the reality that foreign capital has become highly event-sensitive rather than patiently strategic.

Given that domestic flows continue to contribute over ₹31,000 crore into SIPs monthly and RBI has demonstrated its commitment to preventing disorderly currency moves, downside risk appears time-bound rather than catastrophic. Sustained calm will likely return when one or more of the following occurs: de-escalation in West Asia allowing oil to retreat below \$75; durable rupee stabilization below 91; or Q4 FY26 earnings validating the premium valuations in capital goods, defense and broader mid-caps.

In the interim, India VIX is likely to remain in an elevated 15–22 band, with the Nifty navigating a volatile 24,000–25,000 range as each development, from Tehran to the Strait of Hormuz to RBI's intervention desk, continues to influence market sentiment in meaningful ways. What we are witnessing is not crisis, but rather the market's honest mechanism for pricing uncertainty when currency dynamics, geopolitical conflict and capital flows all shift adversely in close succession.

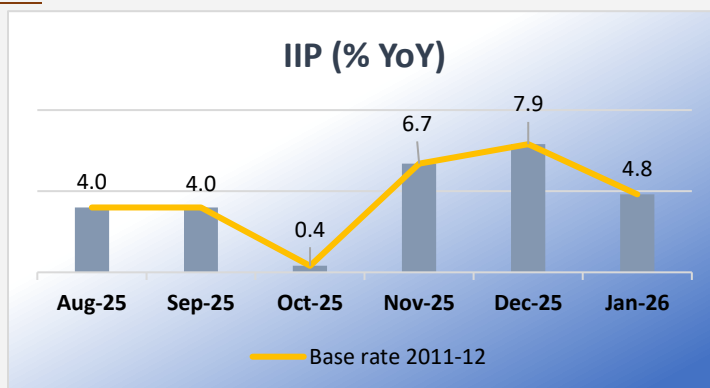


ECONOMY

IIP (Index of Industrial Production) Jan

Industrial production in India rose by 4.8% from the previous year in January of 2026, slowing from the upwardly revised, two-year high 8% increase in the previous month and contrasting with expectations of a sharper increase of 6.5%.

The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of January 2026 are 4.3%, 4.8% and 5.1% respectively.



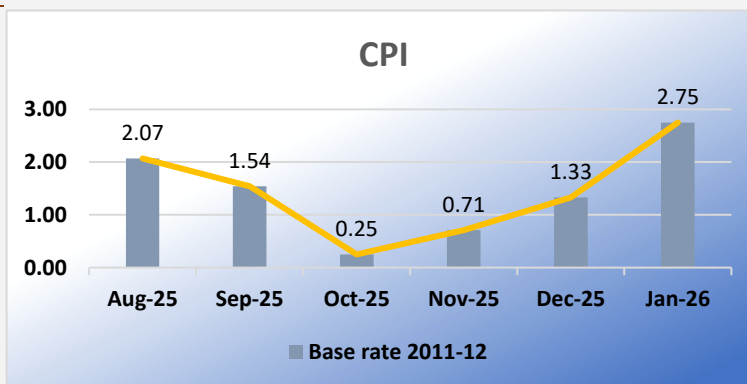
Source: APAS BRT, mospi.gov.in

The corresponding growth rates of IIP as per

Use-based classification in January 2026 over January 2025 are 3.1 % in Primary goods, 4.3 % in Capital goods, 6.0 % in Intermediate goods, 13.7 % in Infrastructure/ Construction Goods, 6.3 % in Consumer durables and (-)2.7 % in Consumer non-durables. Based on use-based classification, top three positive contributors to the growth of IIP for the month of January 2026 are Infrastructure/ construction goods, Intermediate goods and Primary goods.

CPI (Consumer Price Index) – Jan

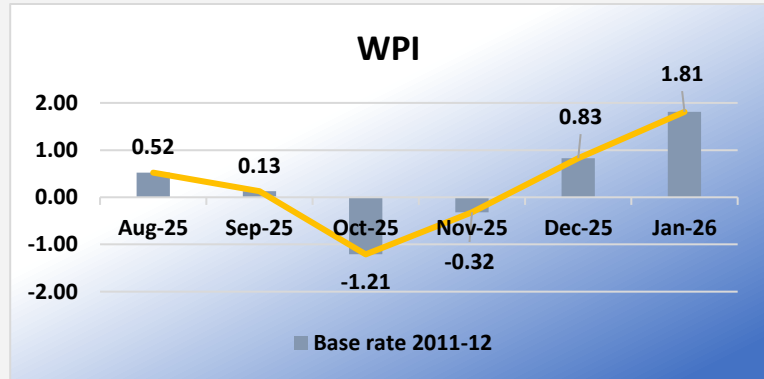
The inflation rate in India rose to 2.75% in January of 2026, firmly above market expectations of 2.4%. The result marked the first inflation rate within the RBI's tolerance band of 2%-4% since August of the previous year. The rate was the first measurement in India's new CPI, which updated the weights of different goods within the index according to the Household Consumption Expenditure Survey from two fiscal years ago. Food inflation, which now accounts for a much smaller portion of the Indian consumer basket, surged to 2.13% from the -2.71% in the previous month, which used the old aggregators for the index. Meanwhile, inflation was elevated for personal care and social protection (19.02%), health (2.19%), and clothing and footwear (2.98%). In turn, transportations inflation was muted at 0.09%. From the previous month, the new consumer price index was at 0.35%.



Source: APAS BRT, eaindustry.nic.in

WPI (Wholesale Price Index) – Jan

The Wholesale Price Index (WPI) number is 1.81% (provisional) for the month of January 2026 (over January 2025). Positive rate of inflation in January 2026 is primarily due to increase in prices of manufacture of basic metals, other manufacturing, non-food articles, food articles and textiles etc.



The month over month change in WPI for the month of January 2026 stood at 0.51% as compared to December 2025.

Source: APAS BRT, eaindustry.nic.in

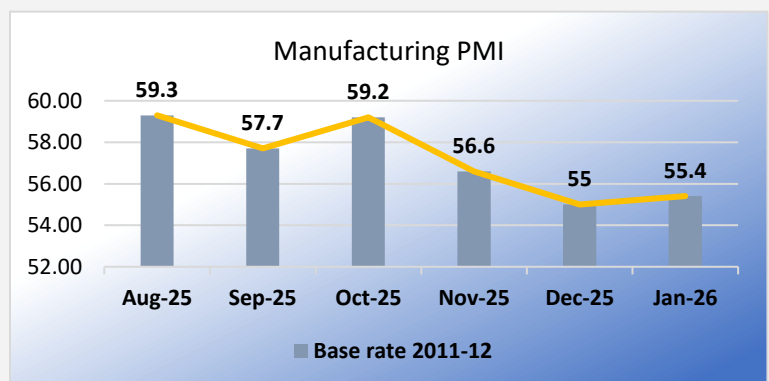
The index for primary articles decreased by 0.15 % from 194.2 (provisional) for the month of December 2025 to 193.9 (provisional) in January 2026. The Price of food articles (-1.79%) and minerals (-0.47%) decreased in January 2026 as compared to December 2025. The Price of non-food articles (5.32%) and Crude Petroleum & Natural Gas (4.27%) increased in January 2026 as compared to December 2025.

Prices for Fuel & Power decreased by 1.62% from 148.3 (provisional) for the month of December 2025 to 145.9 (provisional) in January 2026. The Price of electricity (-2.91%) and mineral oils (-1.68%) decreased in January 2026 as compared to December 2025. The Price of coal (0.73%) increased in January 2026 as compared to December 2025.

Prices for Manufacturing products increased by 1.30% from 145.6 (provisional) for the month of December, 2025 to 147.5 (provisional) in January 2026. Out of the 22 NIC two-digit groups for manufactured products, 19 groups witnessed an increase in prices, and 3 groups witnessed a decrease in prices. Some of the important groups that showed month-over-month increase in prices were manufacture of basic metals; food products; textiles; other manufacturing and electrical equipment etc. some of the groups that witnessed a decrease in prices were manufacture of pharmaceuticals, medicinal chemical and botanical products; machinery and equipment and furniture in January, 2026 as compared to December, 2025.

Manufacturing PMI – Jan

The HSBC India Manufacturing PMI rose to 55.4 in January 2026 from 55.0 in December but was revised lower from the initial estimate of 56.8. The reading still indicates a solid improvement in operating conditions at the start of the year. Factory output expanded at a faster pace, supported by robust domestic demand, while new orders also increased, driven mainly by the domestic market, with a modest rise in exports. Employment rose slightly, the fastest pace in three months, as firms

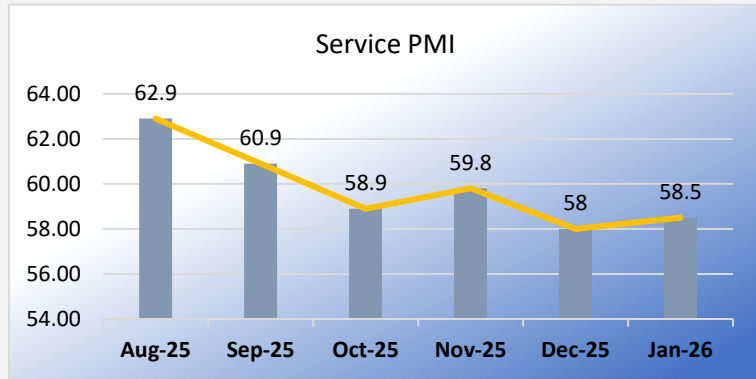


Source: tradingeconomics.com

hired to meet higher workloads. Input purchases and inventories expanded, reflecting greater production needs and precautionary buying, while input costs rose at the fastest pace in four months, albeit modestly by historical standards. Output prices increased moderately, constrained by competitive pressures and efficiency gains. Lastly, business confidence fell to a three-and-a-half-year low, with only 15% of firms expecting output growth over the year.

Services PMI – Jan

The HSBC India Services PMI was revised lower to 58.5 in January 2026 from a preliminary estimate of 59.3. However, the latest figure remained above the December reading of 58.0, which marked the softest expansion in 11 months, supported by faster growth in output and new business. Rising new orders prompted service providers to resume hiring staff, though job creation increased only marginally. On the price front, input cost inflation accelerated to a four-month high, driven by higher prices

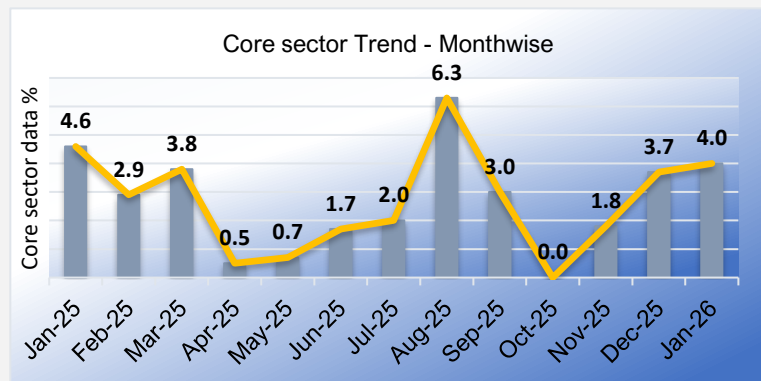


Source: tradingeconomics.com

for eggs, electronic items, meat, paper, parts, and vegetables. Meanwhile, selling prices rose at the fastest pace in three months, as firms sought to better balance cost pressures and profitability. Looking ahead, business sentiment improved to a three-month high, supported by optimistic forecasts for efficiency gains, marketing efforts, and new client wins.

Core Sector Data – Jan

The combined Index of Eight Core Industries (ICI) increased by 4.0 % (provisional) in January 2026 as compared to the Index in January 2025. The production of Cement, Steel, Electricity, Fertilizer and Coal recorded positive growth in January 2026. 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, eaindustry.nic.in

The final growth rate of Index of Eight Core Industries for December 2025 was observed at 4.7 %. The cumulative growth rate of ICI during April to January, 2025-26 is 2.8 % (provisional) as compared to the corresponding period of last year.

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

Coal - Coal production (weight: 10.33 %) increased by 3.1 % in January 2026 over January 2025. Its cumulative index declined by 0.3 % during April to January, 2025-26 over corresponding period of the previous year.

Crude Oil - Crude Oil production (weight: 8.98 %) declined by 5.8 % in January 2026 over January 2025. Its cumulative index declined by 2.1 % during April to January, 2025-26 over corresponding period of the previous year.

Natural Gas - Natural Gas production (weight: 6.88 %) declined by 5.0 % in January 2026 over January 2025. Its cumulative index declined by 3.4 % during April to January, 2025-26 over corresponding period of the previous year.

Petroleum Refinery Products - Petroleum Refinery production (weight: 28.04 %) has remained unchanged at 147.2 (provisional) as compared to the index in January 2025. Its cumulative index increased by 0.1 % during April to January, 2025-26 over corresponding period of the previous year.

Fertilizers - Fertilizer production (weight: 2.63 %) increased by 3.7 % in January 2026 over January 2025. Its cumulative index increased by 1.9 % during April to January, 2025-26 over corresponding period of the previous year.

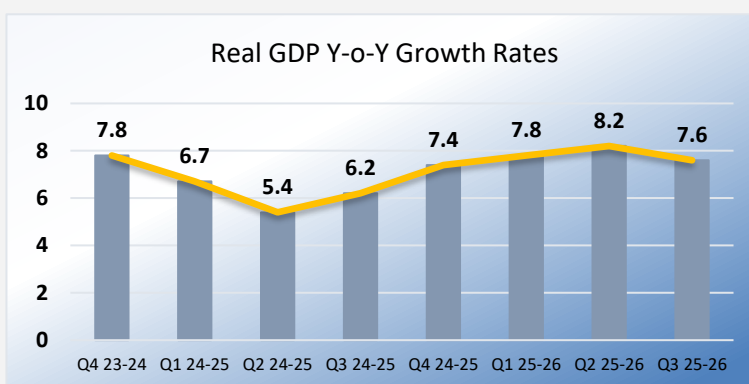
Steel - Steel production (weight: 17.92 %) increased by 9.9 % in January 2026 over January 2025. Its cumulative index increased by 9.8 % during April to January, 2025-26 over corresponding period of the previous year.

Cement - Cement production (weight: 5.37 %) increased by 10.7 % in January 2026 over January 2025. Its cumulative index increased by 9.1 % during April to January, 2025-26 over corresponding period of the previous year.

Electricity - Electricity generation (weight: 19.85 %) increased by 3.8 % in January 2026 over January 2025. Its cumulative index increased by 0.8 % during April to January, 2025-26 over corresponding period of the previous year.

GDP– Q3 of FY 2025 - 26

- Real GDP has been estimated to grow by 7.6% in FY 2025-26. Nominal GDP has witnessed a growth of 8.6%. These growth rates are revised upward from their respective First Advance Estimates computed using previous Base Year (2011-12).
- Overall Economic performance in FY 2025-26 is primarily on account of robust Real growth observed in Second Quarter (8.4%) and Third Quarter (7.8%).
- The Economy has exhibited sustained performance, recording Real GDP growth rates of 7.2% and 7.1% respectively during FY 2023–24 and FY 2024–25.
- Nominal GDP has registered 11.0% and 9.7% growth rates during FY 2023–24 and FY 2024–25 respectively.
- Manufacturing sector has been the major driver in contributing to the resilient performance of the economy in consecutive 3 financial years after rebasing. This sector has attained double digit growth rates in FY 2023-24 and FY 2025-26.



Source: APAS BRT, mospi.gov.in

- Secondary and Tertiary sectors have boosted the performance of the economy by registering above 9.0% growth rate in FY 2025-26.
- 'Trade, Repair, Hotels, Transport, Communication & Services related to Broadcasting, Storage' sector has attained a growth rate of 10.1% at Constant Prices in FY 2025-26.
- On the Consumption side, both the Private Final Consumption Expenditure (PFCE) and Gross Fixed Capital Formation (GFCF) have exhibited more than 7.0% growth rate in FY 2025-26.

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	2.1	-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, 2026*	Budget Balance % of GDP, 2026*	Interest Rates 10-yr gov't bonds latest,%
	Latest	2026*	Latest	2026*			
Brazil	1.8 Q3	1.8	4.4 Jan	4.0	-2.8	-7.1	13.4
Russia	0.6 Q3	0.7	6.0 Jan	5.0	0.5	-2.9	14.3
India	8.2 Q3	7.2	2.7 Jan	4.0	-1.0	-4.3	6.7
China	4.5 Q4	4.6	0.2 Jan	0.9	2.7	-5.7	1.5
S Africa	2.1 Q3	2.0	3.4 Jan	3.4	-0.1	-4.4	7.8
USA	2.2 Q4	2.3	2.4 Jan	3.0	-3.5	-6.5	4.0
Canada	1.4 Q3	1.4	2.3 Jan	2.4	-1.0	-2.2	3.2
Mexico	1.8 Q4	1.4	3.8 Jan	3.7	-0.5	-3.8	8.7
Euro Area	1.3 Q4	1.3	1.7 Jan	2.0	2.4	-3.3	2.7
Germany	0.4 Q4	1.0	2.1 Jan	2.2	4.6	-3.8	2.7
Britain	1.0 Q4	1.2	3.0 Jan	2.5	-2.6	-5.0	4.3
Australia	2.1 Q3	2.4	3.8 Jan	2.9	-1.6	-1.7	4.7
Indonesia	5.4 Q4	5.2	3.5 Jan	2.8	-0.2	-3.1	6.4
Malaysia	6.3 Q4	5.1	1.6 Jan	2.0	2.3	-3.5	3.5
Singapore	6.9 Q4	2.9	1.4 Jan	1.4	14.9	0.2	2.0
S Korea	1.5 Q4	2.5	2.0 Jan	1.8	4.9	-2.4	3.5



BANKING

Risk-based Premium Framework for Deposit Insurance in India

The Deposit Insurance and Credit Guarantee Corporation (DICGC), with approval from the Reserve Bank of India (RBI), has introduced a Risk-Based Premium (RBP) framework for deposit insurance to encourage stronger risk management among banks. Earlier, since 1962, banks paid a flat premium rate of 12 paise per ₹100 of assessable deposits, which did not differentiate between well-managed and higher-risk banks. Under the new system approved by RBI's Central Board in December 2025, banks with better risk profiles may pay lower premiums, while riskier banks may pay higher premiums, aligning insurance costs with the bank's financial health.

The RBP framework introduces two risk assessment models. The Tier 1 model applies to scheduled commercial banks (excluding RRBs) and uses supervisory ratings, CAMELS parameters, and potential losses to the Deposit Insurance Fund, while the Tier 2 model applies to RRBs and cooperative banks based on quantitative CAMELS indicators and potential losses. The framework allows a maximum risk-based adjustment of 33.33% above the base rate and an additional vintage incentive of up to 25% for banks with long, stable contributions to the insurance fund. Certain banks—such as Local Area Banks, Payments Banks, and some cooperative banks under regulatory action—will continue paying the standard rate. The new system will take effect from April 1, 2026 and will be reviewed at least every three years.

Revised Kisan Credit Card (KCC) Scheme

The Reserve Bank of India (RBI) has issued draft revised guidelines for the Kisan Credit Card (KCC) Scheme to expand farmer coverage, streamline operations, and address emerging agricultural financing needs. The updated framework will apply to commercial banks, small finance banks, regional rural banks, and rural cooperative banks. A key change includes standardizing crop seasons into two categories—short-duration crops (12 months) and long-duration crops (18 months)—to bring uniformity in loan sanction and repayment schedules.

The revised guidelines also extend the KCC loan tenure to six years, allowing better alignment of credit with longer crop cycles. Drawing limits will now be linked to the scale of finance for each crop season so that farmers receive credit closer to the actual cost of cultivation. Additionally, the scheme expands eligible expenses to include technology and modern farming practices such as soil testing, real-time weather forecasting, and certification for organic or good agricultural practices, covered within a 20% additional component for farm asset maintenance. The RBI has invited feedback from stakeholders on these draft directions until March 6, 2026.

Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026

1. The Reserve Bank of India has issued the Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026. The amended regulations have rationalised the ECB framework by expansion of eligible borrower and recognised lender base, rationalisation of borrowing limits and restrictions on average maturity period, removal of restrictions on the cost of borrowing for ECBs, review of end-use restrictions and simplification of reporting requirements.

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 October 03, 2025. Bank's response to the major comments received are in the Annex.

Sectoral Deployment of Bank Credit – January 2026

According to data released by the Reserve Bank of India (RBI), based on 41 major scheduled commercial banks accounting for about 95% of total non-food credit, non-food bank credit grew by 14.4% year-on-year as of January 31, 2026, compared with 11.3% during the same period in 2025. Credit to agriculture and allied activities grew by 11.4%, slightly slower than the 12.2% growth recorded a year earlier.

Credit to industry increased by 12.1% year-on-year, higher than the 8.3% growth in the previous year, driven by strong lending to micro, small, medium, and large industries, particularly in sectors such as infrastructure, engineering, chemicals, and textiles. Lending to the services sector expanded by 15.5%, supported by higher credit to NBFCs, trade, and commercial real estate. Meanwhile, personal loans grew by 14.9%, with faster growth in vehicle loans and loans against gold jewelry, steady growth in housing loans, and a noticeable slowdown in credit card outstanding growth.



INSURANCE

Life Insurance – January 2026

New Business Statement of Life Insurers for the Period ended 31st January 2026 (Premium & Sum Assured in Rs.Crore)										
Sl No	Insurer	First year Premium			No. of policies/schemes			Sum Assured		
		Up to Jan,2026	Growth in %	Market Share	Up to Jan,2026	Growth in %	Market Share	Up to Jan,2026	Growth in %	Market Share
1	Acko Life Insurance Limited	137.15	182.04	0.04	1571.00	4.59	0.01	13073.72	135.19	0.13
2	Aditya Birla Sun Life Insurance Company Limited	8750.17	14.15	2.51	281024.00	2.20	1.32	320602.70	-11.88	3.13
3	Ageas Federal Life Insurance Company Limited	1194.42	12.21	0.34	54005.00	7.79	0.25	58554.77	174.56	0.57
4	Aviva Life Insurance Company India Limited	272.26	8.13	0.08	15365.00	21.98	0.07	113017.81	35.77	1.10
5	Bajaj Allianz Life Insurance Company Limited	11021.03	17.38	3.16	582677.00	-5.54	2.74	537249.23	-0.15	5.24
6	Bandhan Life Insurance Limited	323.05	126.65	0.09	35231.00	38.68	0.17	13045.43	2.75	0.13
7	Bharti Axa Life Insurance Company Limited	763.85	39.11	0.22	50596.00	-12.08	0.24	60844.95	546.89	0.59
8	Canara HSBC Life Insurance Company Limited	3175.89	27.46	0.91	166766.00	7.21	0.78	294618.81	63.47	2.87
9	CreditAccess Life Insurance Limited	516.61	190.77	0.15	232.00	-36.61	0.00	51868.14	32.86	0.51
10	Edelweiss Life Insurance Company Limited	429.32	7.61	0.12	46579.00	34.18	0.22	5248.39	-12.52	0.05
11	Generali Central Life Insurance Company Limited	902.94	138.81	0.26	61387.00	130.26	0.29	52086.07	91.68	0.51
12	Go Digit Life Insurance Limited	1147.11	30.59	0.33	27479.00	588.18	0.13	595206.76	31.43	5.81
13	HDFC Life Insurance Company Limited	27904.06	8.69	8.01	1009223.00	2.24	4.74	1376142.09	24.21	13.43
14	ICICI Prudential Life Insurance Company Limited	17080.33	0.97	4.90	536200.00	3.07	2.52	1181680.44	17.98	11.53
15	IndiaFirst Life Insurance Company Limited	2663.14	17.65	0.76	145567.00	-7.39	0.68	324170.67	3.34	3.16
16	Kotak Mahindra Life Insurance Company Limited	6758.28	9.69	1.94	269863.00	24.67	1.27	282082.71	23.79	2.75
17	Axis Max Life Insurance Limited	10877.82	19.72	3.12	737915.00	19.34	3.47	625120.43	41.18	6.10
18	PNB MetLife India Insurance Company Limited	4411.34	20.25	1.27	217325.00	-9.26	1.02	87300.18	-20.34	0.85
19	Pramerica Life Insurance Limited	1162.17	19.53	0.33	47121.00	25.76	0.22	97992.96	8.69	0.96
20	IndusInd Nippon Life Insurance Company Limited	1106.94	22.05	0.32	113570.00	-11.40	0.53	22798.44	-5.89	0.22
21	SBI Life Insurance Company Limited	34858.72	18.04	10.00	1835469.00	3.14	8.63	1208925.73	64.48	11.79
22	Shriram Life Insurance Company Limited	1744.78	-0.56	0.50	384292.00	-10.11	1.81	129836.74	-17.59	1.27
23	Star Union Dai-ichi Life Insurance Company Limited	4413.26	26.10	1.27	153975.00	4.91	0.72	120720.51	50.05	1.18
24	Tata AIA Life Insurance Company Limited	8922.44	14.47	2.56	923944.00	24.56	4.34	900375.69	8.36	8.78
	Private Total	150537.07	14.33	43.21	7697376	6.02	36.19	8472563	23.48	82.66
25	Life Insurance Corporation of India	197886.81	13.57	56.79	13574143	0.79	63.81	1777797.46	16.30	17.34
	Grand Total	348423.89	13.90	100.00	21271519	2.62	100.00	10250361	22.17	100.00



CAPITAL MARKET

Revision of Order-to-Trade Ratio (OTR) framework

SEBI revised the Order-to-Trade Ratio (OTR) framework for algorithmic trading to ease compliance while still discouraging excessive order placement. Key changes include exempting equity options orders placed within $\pm 40\%$ of the last traded premium or ₹20 (whichever is higher) from OTR penalty calculations. Algorithmic orders by Designated Market Makers for market-making activities are also excluded from OTR computation. The revised framework continues to apply to cash and derivatives segments and comes into effect from 6 April 2026.

Launch of AI-driven calling campaign to promote 'SEBI Check' Tool and Validated UPI Handles

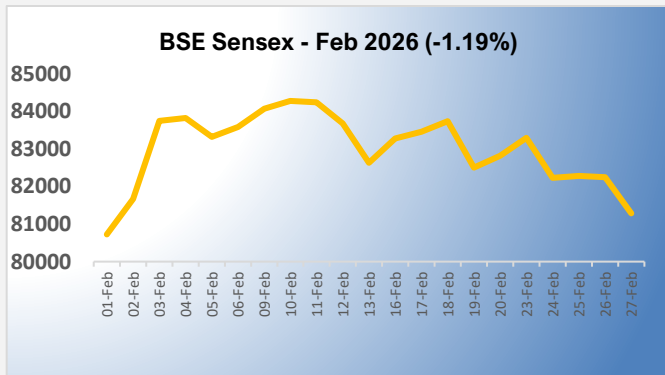
SEBI has launched a multilingual AI-driven calling campaign to increase investor awareness about the "SEBI Check" tool and validated UPI handles, which help investors verify the payment credentials of SEBI-registered intermediaries before transferring funds. The campaign will send AI-generated informational calls to a sample group of investors, explaining how to verify UPI IDs, QR codes, and bank account details to prevent fraud. It is being implemented in collaboration with Sarvam, an AI company focused on Indian-language models.

Valuation of physical Gold and Silver held by mutual fund schemes

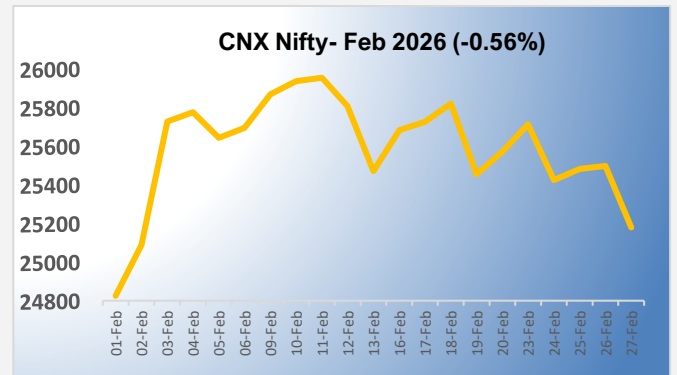
SEBI introduces a uniform methodology for valuing physical gold and silver held by mutual fund schemes such as Gold ETFs and Silver ETFs. The circular aims to ensure consistency, transparency, and alignment with domestic market prices across the mutual fund industry. It standardizes valuation practices to avoid differences arising from varied approaches adopted by different AMCs. The revised valuation framework will be incorporated into the mutual fund valuation norms to ensure fair and consistent NAV computation for investors.



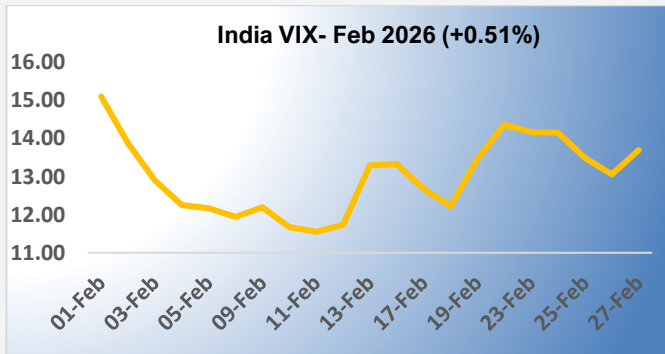
CAPITAL MARKET SNAPSHOT



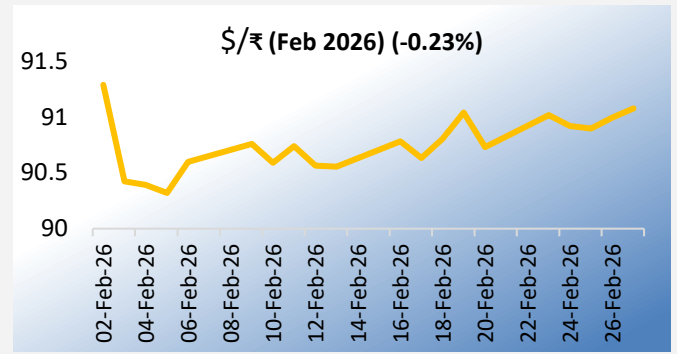
Sources: Bombay Stock Exchange



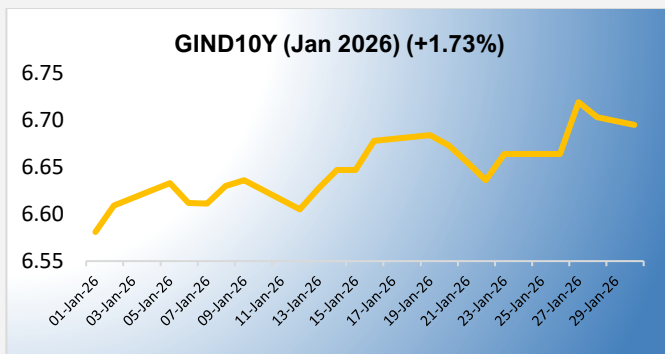
Source: National Stock Exchange



Sources: National Stock Exchange



Sources: APAS Business Research Team



Sources: APAS Business Research Team

Equity markets remained mixed in Feb 2026, with headline indices extending their mild corrective phase while broader markets showed resilience. The BSE Sensex declined 1.19% and the Nifty 50 slipped 0.56%. In contrast, the Nifty Midcap 100 rose 1.17% and the Nifty Smallcap 100 gained 0.30%, indicating selective buying interest outside the large-cap space. The VIX inched up 0.51%, pointing to broadly stable market conditions with only a marginal uptick in perceived risk.

Sentiment during the month was shaped by lingering global uncertainties and cautious commentary around growth, which kept large-cap benchmarks under pressure. At the same time, improving domestic micro cues and stock-specific action supported mid and small-cap segments as investors searched for alpha beyond index heavyweights. The modest rise in VIX, alongside only shallow declines in frontline indices and gains in broader markets, suggested a phase of consolidation rather than panic, with investors turning more selective while awaiting clearer signals on earnings and policy in the months ahead.

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

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