APAS MONTHLY NEWSLETTER

July 2026 Edition

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EDITORIAL

In this issue, **Mr. Abizer Diwanji –** Founder, NeoStrat Advisors LLP has presented his thoughts on '**Foreign Funding In Indian Lending Ecosystem'**. We thank Mr. Diwanji for his contribution to the APAS Monthly.

This month, the APAS column covers **'RBI's FCNR(B) Gambit: An Old Playbook for a New Rupee Crisis.**

The economic indicators exhibited a mixed performance. Manufacturing PMI eased to 54.2 in June 2026 from 55.0 in May, revised lower from the preliminary reading of 54.5. Services PMI was revised slightly higher to 57.4 in June 2026 from the preliminary estimate of 57.3 but remained below May's final six-month high of 58.9. Infrastructure output in India jumped by 5.0% from the previous year in June of 2026 from the upwardly revised 3.2% increase in the previous month to mark the sharpest pace of growth since January. India's Industrial production India expanded by 7.3% from the previous year in June of 2026, firmly above market expectations of a 5.7% growth rate to mark the sharpest pace of expansion in nearly two years. India's consumer price inflation rate surged to 4.38% in June of 2026 from 3.93% in the earlier month, the highest since December of 2024, and slightly above market expectations of 4.3%. India Wholesale Price Index (WPI) 9.87 % on year-on-year (YoY) basis, compared to 9.68 per cent in May 2026.

The Reserve Bank of India (RBI) has released the draft Foreign Exchange Management (Foreign Investment) Rules, 2026 for public consultation as part of a comprehensive review of the existing Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, in line with the Union Budget 2026–27 announcement. RBI has issued the final Basel Pillar 3 Amendment Directions, 2026, incorporating stakeholder feedback received on the draft directions released in May 2026. RBI has issued 64 consolidated Master Directions under the Department of Supervision. RBI's Monetary Policy Committee (MPC), at its meeting held from August 3–5, 2026 unanimously decided to keep the policy repo rate unchanged at 5.25%.

The Insurance Regulatory and Development Authority of India (IRDAI) released the life insurance data for June 2026.

SEBI introduced a standardized framework to streamline and accelerate the transmission of securities to legal heirs or nominees upon a holder's demise.

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

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Founder, NeoStrat Advisors LLP

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GUEST COLUMN

Mr. Abizer Diwanji
Founder, NeoStrat Advisors LLP

Foreign funding in indian lending ecosystem

India's banks and Large NBFCs are being recapitalized by foreign financial institutions— and the target largely seem to be the retail and unorganized sector, where foreign banks were unable to penetrate.

In fourteen months, eight foreign strategic and private-equity investors have committed roughly $16 billion to Indian banks and non-bank lenders. That is the largest wave of foreign strategic capital into India's financial sector in its history, and it arrives after a seven-year drought: between Fairfax's purchase of Catholic Syrian Bank in 2018 and SMBC's move on Yes Bank in May 2025 when the sector corrected itself of NPLs and balance sheets and earnings stabilized.

The number that matter is not $16 billion, but $14 billion — the portion arriving as primary capital, subscribed directly into the target's balance. Only two of the eight deals, SMBC–Yes Bank and Bajaj's buy-back of Allianz's joint-venture stakes, moved money between shareholders. The others— MUFG into Shriram Finance, Emirates NBD into RBL Bank, IHC into Sammaan Capital, Blackstone into Federal Bank, Warburg Pincus and ADIA into IDFC First, Bain Capital into Manappuram, and lastly Bank of America in Jio Credit — created new equity. This is not just a change of ownership. It is a recapitalization.

Buying resilience, not only control

ENBD-RBL was a control transaction which involved making a mid-tier bank more resilient with capital to compete with the large Indian Banks on its soil. The first ever control transaction in the banking sector where ENBD was accorded a majority on the board to be classified as a 'subsidiary of a foreign Bank' a structure that would create another form of entry into India apart from Wholly owned subsidiaries and branch banking. RBI has always wanted captive Indian capital which introduced WOS which allowed dilution of between 51% and 74% to accommodate partnerships or acquisitions. The concept of a subsidiary of a foreign bank was fully thought through during this transaction and whilst the WOS guidelines allowed it, details on implementation were ironed out.

SBMC's investment in Yes bank is confidence capital on the fact that the bank has now turned around, and a new holder would be able to provide stewardship being a single largest shareholder. The first ever deal where RBI and Government got the financial sector to provide survival capital which enabled a turnaround. SBMC then provided confidence capital below 26% enabling it to have its branch as well as NBFC operations, the erstwhile Fullerton Capital which was into retail and small business operations.

Transactions within the NBFC sector have been an investment in existing infrastructure of the players. MUFG invested ₹39,618 crore for 20% of Shriram Finance as they too have a branch banking operation in

India for wholesale credit. Bank of Americas ₹18, 268 crore investment for a 49% stake in Jio Credit is a bet on Jio's digital lending proposition of SMEs. Both MUFG and Bank of America has invested in existing franchises to strengthen their capital base which would enable better borrowing, bring in global expertise and provide stakeholder comfort for raising domestic and international funds for their growth. Despite these becoming Upper layer NBFCs now or in the future, the regulatory burden compared to a banking structure is limited which would enable more efficient credit growth. As we have seen testament of many NBFCs exceeding banking franchises in retail and SME credit given the flexibility in their operation.

Private equity investments be that in Samman, Federal or IDFC are capital reinforcements of a smaller quantity. Whilst Samman is a control transaction by IHC would ultimately be a force to recon with in the secured lending space, Federal and IDFC are simply minority stakes to enhance capital. IDBI remains a large transaction that is yet to consummate and would be a pure play calibrated divestment with government control being relinquished now but monetization in a phased manner, exactly the way PSU divestments should be thought through. However, it has taken longer than anticipated.

Regulator response

The Regulator has responded positively to various changes within the guardrails. Whilst the concept of subsidiary of a foreign bank has been encouraged given ENBD RBL, most others have not taken controlling stakes apart from the 2018 CSB Prem Watsa transaction. Bank of Americas stake in Jio Credit is a join control transaction in an NBFC that the Regulator has never had a restriction. In MUFG or SMBC case, the RBI has allowed dual presence as the entities do not have controlling stakes in banks.

Regulators are still obsessed with regulating deposit-taking institutions with a lot more liquidity and directed credit related issues which burden these institutions with higher credit costs in areas they do not have expertise on and increases overall compliance effort (focus and costs).

The Landscape going forward

Reimagining the lending landscape is the need of the hour, whilst regulation should focus on money laundering type risks in funds flow of banks, the rest should be a level playing field, first by allowing large NBFCs the requisite liquidity windows provided they maintain capital, reducing SLR requirements and consider institutions basis flow-based businesses and credit businesses rather than Banks and NBFCs. One needs to re-imagine banking based on the evolved ecosystem of large banks, Upper layer NBFCs, mid-sized banks (including some payment banks), smaller NBFCs (general, housing and others) and micro finance institutions. This ecosystem has evolved basis who have developed expertise in specialized lending. Large banks and NBFCs should provide funds to them basis a revised threshold say 20% basis, redefined priority lending. Upper Layer non-CIC NBFCs should all be deposit taking or rather be converted to banks. This would require reconsidering corporate ownership of banks basis a fit and proper assessment.

Conclusion

Given interest from global capital to the sector, the size of larger NBFCs and the evolved specialist lending eco system, regulations need a fresh look to enable making our institutions robust. This would be the fuel required for Viksit Bharat methinks.

APAS COLUMN

RBI's FCNR(B) Gambit: An Old Playbook for a New Rupee Crisis

When RBI opened a special dollar-swap window for foreign currency deposits in June 2026, the move carried an unmistakable sense of déjà vu. Thirteen years earlier, in the depths of the 2013 "taper tantrum," a similar scheme had pulled in tens of billions of dollars and helped pull the rupee back from the brink. Now, with the currency down roughly 7% for the year and crude oil above $100 a barrel, RBI has reached for the same tool with the specific mechanics adjusted for a different rate environment. Understanding why requires going back to what FCNR(B) actually is, how its rules have been tightened and loosened repeatedly over the past decade, and why RBI keeps returning to it whenever the rupee comes under serious strain.

A scheme born from a currency crisis, then rebuilt

FCNR accounts, foreign currency deposits that non-resident Indians can hold in India without converting to rupees, date back to 1975. The original version, FCNR(A), had one distinctive feature: RBI itself guaranteed the exchange rate, effectively absorbing all currency risk on the government's own balance sheet. That model proved costly, and on May 15, 1993, RBI replaced it with FCNR(B), shifting exchange risk onto the banks that raised the deposits and deploying the funds under RBI guidelines rather than surrendering them to the central bank. It was a shift from sovereign guarantee toward standard international banking practice, and the "(B)" version is what has existed ever since, a deposit account where NRIs, OCIs and PIOs can park earnings in a permitted foreign currency, for tenures of one to five years, with tax-free interest and full repatriability of both principal and interest.

The scheme's defining moment came twenty years later. During the 2013 taper tantrum, then-Governor Raghuram Rajan opened a concessional swap window, charging banks roughly 3.5% to hedge the dollars they raised through FCNR(B) deposits a subsidised rate against a much steeper open-market hedging cost at the time. It worked: roughly $27 billion flowed into FCNR(B) deposits and $34 billion in total inflows arrived, foreign exchange reserves rose by an estimated $12 billion, and the rupee, which had fallen as much as 27% from its high, clawed back roughly 9.5% before RBI closed the window. That episode became the template regulators keep reaching for whenever the currency wobbles.

The interest-rate ceiling: a decade of tightening and loosening

What often gets lost in coverage of the 2026 scheme is that FCNR(B) rates aren't set by banks freely they're capped by RBI against a benchmark, and that cap has been adjusted repeatedly. The mechanism: banks may price FCNR(B) deposits at the Overnight Alternative Reference Rate (ARR) for the relevant currency, the post-LIBOR benchmark, such as SOFR for the dollar, plus a fixed spread in basis points, currently 250 bps for one-to-three-year deposits and 350 bps for three-to-five-year deposits under normal rules.

That "normal" ceiling has itself moved with past crises. In May 2012, facing an earlier bout of rupee weakness, RBI raised the cap from 125 bps over LIBOR to 200 bps for shorter tenures and 300 bps for three-to-five-year deposits. In December 2024, with the rupee under renewed pressure, RBI temporarily lifted the ceiling further, to ARR plus 400 bps and 500 bps respectively, a relaxation that ran until March 2025, though bankers at the time reportedly found even that jump modest, since dollar ARR levels were themselves not especially high. The 2026 episode goes a step further than any of these: rather than raising the spread, RBI simply removed the ceiling altogether for three-to-five-year FCNR(B) deposits and for NRE deposits of three years and above, through six Amendment Directions dated June 17, 2026, issued simultaneously across commercial banks, small finance banks, regional rural banks, local area banks, and urban and rural cooperative banks. The one-to-three-year FCNR(B) ceiling (ARR plus 250 bps) was left untouched the relaxation is deliberately confined to the longer end.

Two moves, ten days apart and a third that changed the timeline again
The 2026 intervention actually came in two parts, and has since been revised by a third. First, on June 8, RBI announced a concessional dollar-rupee swap facility for fresh FCNR(B) deposits of three-to-five-year tenure, originally slated to run until September 30, 2026, with banks able to access the swap facility itself until October 16. Under the swap, a bank hands RBI the dollars it has raised and receives rupees at a pre-agreed rate, with a reverse exchange at maturity. RBI, not the bank, effectively absorbs the currency-hedging cost over the deposit's life. Deposits carry a one-year lock-in; after that, premature withdrawal is possible only at the bank's discretion, and swaps already executed with RBI cannot be unwound even if a depositor exits early.

Second, on June 17, RBI temporarily withdrew the interest-rate ceiling entirely for that same three-to-five-year bracket, originally also slated to run till September 30, 2026. The combination cheaper hedging plus no rate cap is what let rates move as sharply as they did. Before the window opened, headline dollar FCNR rates were unremarkable: SBI was quoting around 3.05% on five-year deposits, HDFC Bank around 3.40%, with more aggressive private lenders such as YES Bank (around 5.15%) and RBL Bank (around 4.85%) already pushing against the old ceiling. Within weeks of the swap window opening, AU Small Finance Bank raised its USD FCNR(B) rate from 5.15% to 7.10%, while HDFC Bank, ICICI Bank and Axis Bank moved their three-to-five-year dollar rates to around 6%, roughly double pre-window levels.

Then, on August 14, 2026, RBI moved the goalposts again this time to close the window early rather than extend it. Citing an "encouraging response," RBI advanced the FCNR(B) deposit mobilisation deadline from September 30 to August 31, 2026, with banks retaining a short additional window until September 11 to complete swaps against deposits already mobilised. Just nine days earlier, at the post-MPC press conference on August 5, Governor Sanjay Malhotra had explicitly ruled this out, saying there was "no proposal under consideration to close the scheme prematurely." The early closure applies only to the FCNR(B) swap facility; the separate window for external commercial borrowings (ECBs) and overseas foreign currency borrowings (OFCBs) is unaffected and continues to run until December 31, 2026, as originally scheduled.

Why 2026 looks a lot like 2013
The proximate trigger this time is a familiar combination: an oil shock and a stronger dollar. Brent crude climbed from around \$70 to above \$109 during 2026, widening India's current account deficit by an estimated \$60 billion and putting sustained pressure on the rupee, which slid from about 89 to the mid-90s against the dollar over the year. At the same time, expectations of US Federal Reserve rate cuts kept getting pushed back, strengthening the dollar broadly and coinciding with heavy foreign portfolio outflows from Indian markets. The Fed held its benchmark at 3.50–3.75% at its July 29 meeting, but the decision passed on a 9–3 vote, with three members Beth Hammack, Neel Kashkari and Lorie Logan dissenting in favour of an immediate hike, a notably more hawkish signal than markets had been pricing earlier in the year. The Fed's next meeting, September 15–16, is now seen as a live decision point. Together, these forces pushed

RBI's short-dollar forward book the stock of future dollar-sale commitments it uses to defend the rupee to an estimated $110 billion by June 2026, up from around $96 billion just two months earlier.

RBI's own rate-setting body has, so far, stayed on the sidelines of this fight domestically: at its August 3–5 policy review, the Monetary Policy Committee held the repo rate unchanged at 5.25% for a fourth consecutive meeting, unanimously, while retaining a "neutral" stance a reminder that the FCNR(B) intervention is being run as a targeted external-sector tool rather than part of a broader domestic tightening cycle.

What NRIs and India stand to gain

For NRI depositors, the appeal is straightforward: tax-free interest, full repatriability, no rupee-conversion risk during the deposit's life, and, for the duration of this window, yields roughly double what was on offer six months ago. Analysts covering the scheme had put combined inflow estimates from the swap facility and rate relaxation in the range of $40 billion to $60 billion and even more, which would exceed the $34 billion raised in 2013 even at the low end. Actual mobilisation has since caught up with and helped justify closing early against those estimates: RBI data put total inflows across all three instruments at $56.85 billion as of August 13, 2026, with FCNR(B) deposits alone accounting for $52.3 billion of that. Any inflow at that scale adds a cushion to reserves and eases pressure on the rupee at a moment when both are under strain, and market commentary through mid-2026 credited the scheme, alongside easing oil prices, with helping pull the rupee back toward the low 90s from its worst levels.

The costs that don't make the headlines

The less-discussed side of the scheme is what it costs RBI, and here the picture is murkier than the marketing suggests. By absorbing the hedging cost on FCNR(B) deposits through the swap window, RBI is effectively taking on currency risk that banks would otherwise price into depositor rates, a quasi-fiscal exposure that grows if the rupee weakens further over a deposit's three-to-five-year life. That exposure sits on top of an already outsized forward book, itself swollen by ordinary rupee-defence intervention through 2026.

There's also a genuine question about how much of the inflow is new money rather than existing NRE deposits simply migrating into the newly attractive FCNR(B) window, which would reduce the net new dollar inflow well below the headline estimates. And because US interest rates set the real benchmark NRIs compare against why hold a foreign-currency deposit in India instead of just parking dollars in the US a persistently high Fed rate environment (SOFR itself was at 3.62% as of mid-August) raises the bar for how much subsidy RBI has to hand out to make the scheme genuinely competitive, compared with 2013, when US rates were close to zero.

An open question, not a closed case

RBI framed this from the outset as a temporary, time-boxed measure rather than a permanent shift in FCNR(B) rate policy, continuing a pattern of tightening the ceiling in calm periods (as in 2014, when the post-2013 relaxation was rolled back) and loosening it again whenever the rupee comes under pressure. What's changed since the scheme was first announced is the *reason* the window is closing: not because the rupee has stabilised and the relaxation is being wound down as planned, but because inflows arrived faster and larger than expected, prompting RBI to bring the FCNR(B) deadline forward by a full month while leaving the interest-rate ceiling relaxation's own end-date and the ECB/OFCB window untouched. Whether the 2026 version succeeds will likely be judged less by the headline dollar figure raised and more by a quieter set of questions: how much of that inflow is genuinely new capital, how large a forward book RBI is left carrying once the window closes, and how quickly the rupee's underlying pressures from oil and Fed policy actually ease. On that score, 2026 may end up being a test of whether a well-worn playbook still works when the starting conditions, a higher global rate environment chief among them are meaningfully different from 2013.

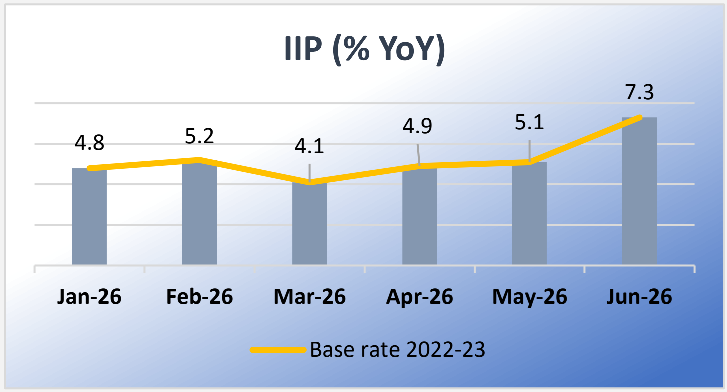
FCNR(B) has always been less a retail banking product than a pressure valve, a tool RBI tightens when the rupee is calm and loosens, sometimes dramatically, whenever it isn't. The 2026 episode fits that pattern closely, but it is not simply a rerun of 2013: the scale of the rate relaxation is more aggressive, the mechanism (an outright ceiling removal rather than a wider spread) is different, and it is unfolding against a US rate backdrop that makes the arithmetic harder for RBI than it was thirteen years ago. What happens after the August 31 close whether the rate ceiling relaxation is also wound back on its original September 30 schedule or ended early alongside it, whether the rupee has stabilised enough to justify closing the taps, and whether the inflows prove to be new capital rather than reshuffled deposits will say more about the scheme's real success than the headline numbers being cited today. For now, it is best read as a calculated, and openly acknowledged, trade-off: RBI accepting a defined cost on its own balance sheet in exchange for a chance to buy the rupee some room, and then closing that window a month ahead of schedule once it judged the job largely done. Early signs since June, rates near multi-year highs, brisk NRI interest at a scale that outran RBI's own initial expectations, and a rupee that has already clawed back some ground from its 2026 low suggest that trade-off is, so far, paying off.

ECONOMY

IIP (Index of Industrial Production) – June

Industrial production in India expanded by 7.3% from the previous year in June of 2026, firmly above market expectations of a 5.7% growth rate to mark the sharpest pace of expansion in nearly two years.

The growth rates of the sectors, Mining & Quarrying, Manufacturing, Electricity & Gas Supply and Water Supply, Sewerage & Waste Management for the month of June 2026 are 1.0 percent, 7.8 % respectively.

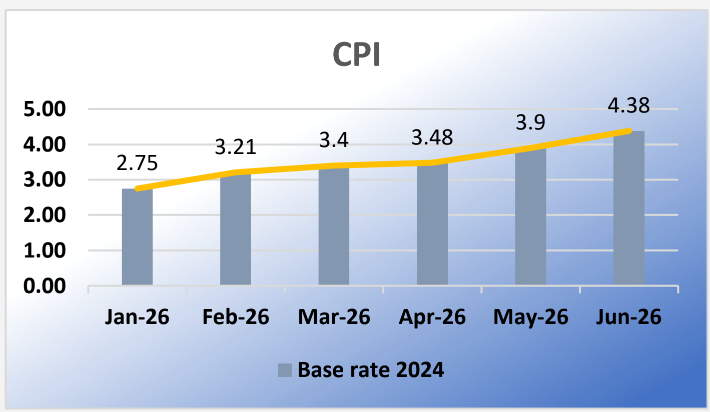


Source: APAS BRT, mospi.gov.in

The corresponding growth rates of IIP as per Use-Based Classification in June 2026 over June 2025 are 4.9 percent in Primary Goods, 14.2 percent in Capital Goods, 9.3 percent in Intermediate Goods, 7.5 percent in Infrastructure/ Construction Goods, 7.7 percent in Consumer durables and 4.9 percent in Consumer non-durables. Based on Use-Based Classification, top three positive contributors to the growth of IIP for the month of June 2026 are Intermediate Goods, Primary goods, and Capital Goods.

CPI (Consumer Price Index) – June

The Indian inflation rate surged to 4.38% in June of 2026 from 3.93% in the earlier month, the highest since December of 2024, and slightly above market expectations of 4.3%. Prices rebounded sharply for transportation (4.31% inflation rate) after a marginal deflation rate observed in the previous month, suggesting that the energy shock from the war in the Middle East has started its delayed transmission to Indian consumer prices. Meanwhile, food inflation, which is a large part of the domestic consumer basket, rose to 5.32% from 4.78% in May, amid a 50.4% surge for ginger and a 31.92% increase for tomatoes. In turn, inflation was lower for housing and utilities (1.99%). From the previous month, the Indian CPI rose 1.03%, the most since January 2025.



Source: APAS BRT, eaindustry.nic.in

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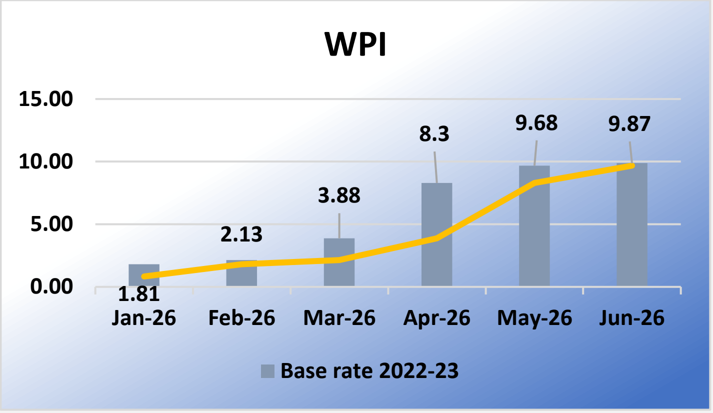
WPI (Wholesale Price Index) – June

All India Wholesale Price Index (WPI) inflation for June 2026 is 9.87 % on year-on-year (YoY) basis, compared to 9.68 % in May 2026.

YoY inflation rates for major groups, namely, Primary Articles, Fuel and Power, and Manufactured Products are 7.0 %, 27.41 %, and 7.48 %, respectively in June 2026, compared to 4.99 %, 30.33 %, and 7.48 %, respectively in May 2026.



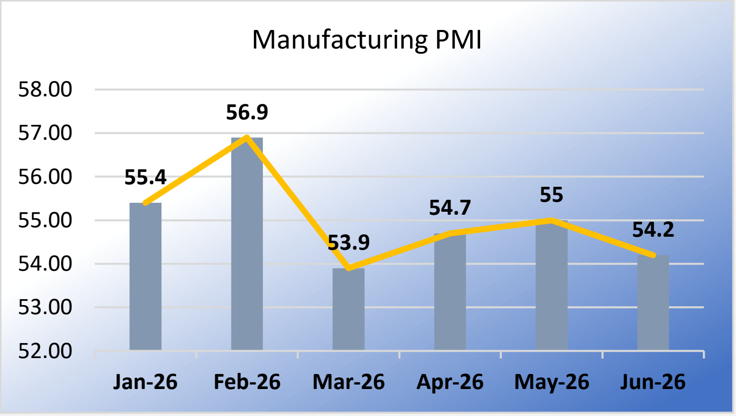
Source: APAS BRT, eaindustry.nic.in

Across groups, 'Mineral Oils (containing Petroleum Products)', 'Food Articles', 'Manufacture of Basic Metals', and 'Manufacture of Chemicals and Chemical Products', have been major drivers of WPI inflation in June 2026.

WPI Food Index (weight=24.99 %): The Food Index consists of 'Food Articles' from Primary Articles major group, and 'Manufacture of Food Products' from Manufactured Products major group. It observed a YoY inflation of 6.14 % in June 2026, compared to 4.49 % in May 2026.

Manufacturing PMI – June

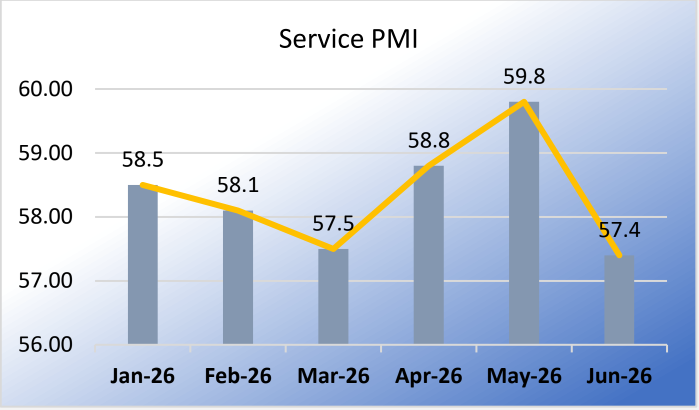
India's hsbc manufacturing pmi eased to 54.2 in June 2026 from 55.0 in May, revised lower from the preliminary reading of 54.5, signaling the second-weakest improvement in factory activity since mid-2022. Growth in output and new orders slowed to among the weakest rates in four years, while export orders rose at the softest pace since march 2023 amid subdued demand from some european markets. Softer demand also led to slower increases in purchasing activity, employment, and input inventories, while finished goods stocks fell at the fastest pace in six months as firms aligned production with current demand. Cost pressures eased, with input price inflation slowing to a four-month low and output charge inflation easing to a three-month low, reducing the need for aggressive price increases. Meanwhile, supplier delivery times improved only marginally, and business confidence slipped to a five-month low as concerns over demand and market conditions weighed on the outlook.



Source: tradingeconomics.com

Services PMI – June

The HSBC India Services PMI was revised slightly higher to 57.4 in June 2026 from the preliminary estimate of 57.3 but remained below May's final six-month high of 58.9. Still, the latest reading signaled the softest growth since January 2025 due to a slower increase in output, while new order growth eased to its slowest pace in over two and a half years. However, foreign sales growth accelerated to the strongest pace in three months. Employment declined after solid job creation in April and May. On the price front, input costs rose, driven by higher electricity, food, fuel, and transportation costs. However, input cost inflation eased to a five-month low. Meanwhile, output price inflation remained slight, below its long-run average and the weakest since November 2025. Looking ahead, business sentiment faded.

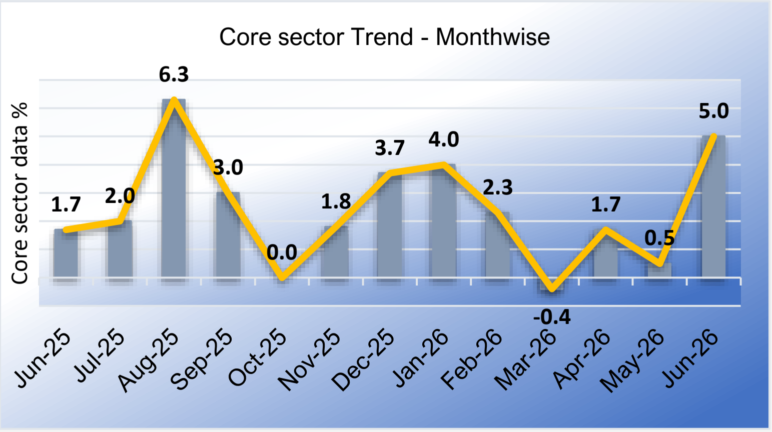


Source: tradingeconomics.com

Core Sector Data – June

The Index of Core Industries (ICI) grew by 5.0 % in June 2026 (Provisional Estimate) on a year-on-year basis, compared with June 2025. This marks an improvement over the growth rate of 3.2 % recorded in May 2026 (Final Estimate).

Iron Ore, Electricity, Cement, Steel, and Coal observed (Y-o-Y) growth rate of 43.9 %, 9.8 %, 9.8 %, 4.6 %, and 1.4 % respectively, whereas Natural Gas, Crude Oil, Refinery Products, and Fertilizers witnessed negative growth in June 2026.



Source: APAS BRT, eaindustry.nic.in

Iron Ore and Electricity have been the major drivers of overall growth of ICI during recent months.

Cumulative growth rate of ICI during April-June 2026 was 3.6 per cent (Provisional Estimate) compared to 1.0 % in the corresponding period of the previous year.

ECONOMIC DATA SNAPSHOT

Countries	GDP %		CPI %		Current Account Balance % of GDP, 2026*	Budget Balance % of GDP, 2026*	Interest Rates 10-yr Gov bonds latest,%
	Latest	2026*	Latest	2026*			
United States	2.7 Q1	2.1	3.5 Jun	3.7	-3.5	-6.5	4.7
China	4.3 Q2	4.7	1.0 Jun	1.2	3.3	-5.4	1.5
Japan	0.4 Q1	0.7	1.7 Jun	1.8	3.6	-1.8	2.8
Britain	0.9 Q1	1.1	2.6 Jun	3.2	-3.5	-5.1	5.0
Canada	-0.1 Q1	0.8	2.8 Jun	2.6	-0.4	-2.1	3.6
Euro area	0.5 Q1	0.8	2.8 Jun	2.8	2.3	-3.4	3.2
France	0.7 Q2	0.8	2.0 Jun	1.9	-0.4	-5.3	4.0
Germany	0.3 Q1	0.7	2.4 Jun	2.6	4.5	-3.7	3.2
Italy	0.8 Q1	0.8	3.0 Jun	2.6	0.8	-3.0	4.0
Spain	2.7 Q1	2.2	3.6 Jun	3.2	2.3	-2.4	3.6
Russia	-0.2 Q1	0.5	6.0 Jun	6.4	2.2	-3.2	15.7
Australia	2.5 Q1	1.6	3.8 Jun	3.9	-3.0	-1.5	5.0
India	7.8 Q1	6.5	4.4 Jun	4.8	-1.6	-4.5	6.8
Indonesia	5.6 Q1	5.0	3.3 Jun	3.5	-1.6	-3.5	7.3
Malaysia	5.8 Q2	5.3	1.9 Jun	2.0	3.4	-3.5	3.7
Philippines	2.8 Q1	2.7	6.4 Jun	6.8	-4.0	-6.3	7.5
Singapore	5.7 Q2	5.1	1.9 Jun	2.0	16.0	1.3	2.4
South Korea	3.7 Q2	3.3	3.2 Jun	3.0	9.9	-1.9	4.3
Taiwan	14.5 Q1	10.5	2.6 Jun	1.9	27.4	1.8	1.9
Thailand	2.8 Q1	2.3	2.4 Jun	2.3	Nil	-5.5	2.1
Brazil	1.8 Q1	2.0	4.6 Jun	4.8	-2.6	-7.3	14.8
Mexico	0.2 Q1	0.9	3.4 Jun	3.9	-0.4	-3.8	9.3
South Africa	1.9 Q1	1.5	4.8 Jun	4.5	-0.7	-4.4	8.8

BANKING

Rationalisation of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 – Draft Rules for Comments

The Reserve Bank of India (RBI) has released the draft Foreign Exchange Management (Foreign Investment) Rules, 2026 for public consultation as part of a comprehensive review of the existing Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, in line with the Union Budget 2026–27 announcement. The proposed reforms aim to simplify and rationalize the foreign investment framework by introducing a principle-based regulatory structure, harmonizing definitions, aligning FEMA provisions with the FDI Policy, reducing compliance burdens, and enhancing ease of doing business through greater clarity and operational flexibility. The draft also seeks to establish a future-ready, investor-neutral framework while maintaining necessary regulatory safeguards. Stakeholders have been invited to submit their comments on the draft rules by August 31, 2026.

RBI issues Basel Pillar 3 Disclosures for Banks

The Reserve Bank of India (RBI) has issued the final Basel Pillar 3 Amendment Directions, 2026, incorporating stakeholder feedback received on the draft directions released in May 2026. The amendments revise the existing regulatory framework across commercial banks, small finance banks, and payments banks, covering prudential norms on capital adequacy, asset-liability management, governance, and financial statement presentation and disclosures. The updated directions aim to strengthen transparency, consistency, and risk disclosures in line with the Basel framework. Additionally, RBI has stated that separate Basel Pillar 3 disclosure templates for market risk, operational risk, counterparty credit risk, credit valuation adjustment, and leverage ratio for commercial banks will be issued after considering stakeholder feedback.

Reserve Bank of India issues Consolidated Supervisory Directions

The Reserve Bank of India (RBI) has issued 64 consolidated Master Directions under the Department of Supervision, bringing together 628 existing supervisory circulars, Master Circulars, and Master Directions into a streamlined, function-wise and entity-specific regulatory framework. Covering 11 categories of regulated entities including banks, NBFCs, cooperative banks, financial institutions, asset reconstruction companies, and credit information companies the consolidation aims to simplify compliance, improve regulatory clarity, and reduce compliance costs without altering the underlying regulatory requirements. The final Master Directions incorporate relevant stakeholder feedback received during the public consultation process, while a separate circular has withdrawn the 628 superseded supervisory instructions, making the new Master Directions the primary repository of supervisory guidance administered by the Department of Supervision.

Monetary Policy Statement, 2026-27 Resolution of the Monetary Policy Committee August 3 to 5, 2026

The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC), at its meeting held from August 3–5, 2026, unanimously decided to keep the policy repo rate unchanged at 5.25% and maintain a neutral policy stance, citing the need for greater clarity on evolving inflation and growth dynamics. While projecting **real** GDP growth at 6.7% for FY 2026–27, the MPC noted that India's economy remains resilient, supported by strong domestic demand, investment, and exports despite global uncertainties. CPI inflation is projected at 5.0% for FY 2026–27, with near-term pressures driven primarily by food and fuel prices rather than broad-based demand. The RBI emphasized that core inflation remains moderate, and future policy decisions will depend on evolving macroeconomic conditions, including the impact of the monsoon, El Niño, geopolitical developments, and global trade dynamics.

INSURANCE

Life Insurance – June 2026

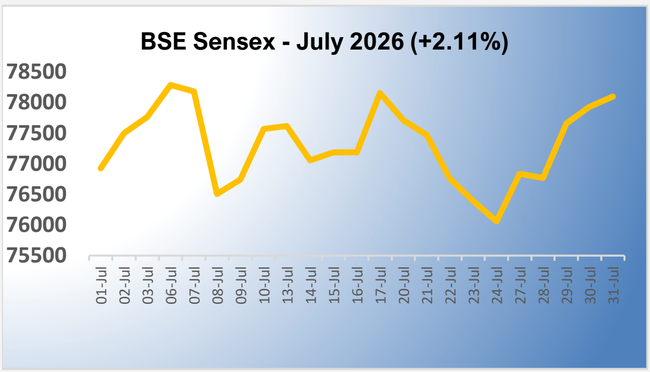
	New Business Statement of Life Insurers for the Period ended 30th June 2026							(Premium & Sum Assured in Rs.Crore)		
Sl No.	Insurer	First Year Premuim			No. of Policies/schemes			Sum Assured		
		Up to June,2026	Growth in %	Market Share	Up to June,2026	Growth in %	Market Share	Up to June,2026	Growth in %	Market Share
1	Acko Life Insurance Limited	56.52	154.81	0.05	757.00	88.31	0.01	7250.54	320.55	0.17
2	Aditya Birla Sun Life Insurance Company Limited	2397.81	48.42	2.20	80822.00	18.04	1.58	98036.26	19.07	2.36
3	Ageas Federal Life Insurance Company Limited	316.23	29.93	0.29	11927.00	-6.32	0.23	8309.64	22.89	0.20
4	Aviva Life Insurance Company India Limited	95.89	25.41	0.09	5696.00	65.29	0.11	41106.13	-6.90	0.99
5	Bajaj Life Insurance Limited	3676.79	58.75	3.37	151423.00	13.62	2.96	189732.41	44.70	4.57
6	Bandhan Life Insurance Limited	95.26	48.19	0.09	8713.00	9.36	0.17	3169.03	45.31	0.08
7	Bharti Axa Life Insurance Company Limited	190.25	20.34	0.17	12419.00	-0.12	0.24	78261.62	195.05	1.88
8	Canara HSBC Life Insurance Company Limited	1043.56	25.24	0.96	48402.00	18.68	0.95	235448.74	32.21	5.67
9	CreditAccess Life Insurance Limited	89.84	70.95	0.08	16.00	-81.18	0.00	4835.86	33.09	0.12
10	Edelweiss Life Iinsurance Company Limited	75.70	-5.28	0.07	9363.00	2.31	0.18	1043.94	-5.27	0.03
11	Generali Central Life Insurance Company Limited	403.57	114.15	0.37	19243.00	153.56	0.38	15970.50	87.41	0.38
12	Go Digit Life Insurance Limited	429.95	43.76	0.39	4563.00	-1.17	0.09	319935.35	46.88	7.70
13	HDFC Life Insurance Company Limited	8432.53	12.59	7.73	282316.00	13.46	5.52	462109.57	19.50	11.12
14	ICICI Prudential Life Insurance Company Limited	4866.29	21.29	4.46	154163.00	13.20	3.01	489665.17	31.82	11.78
15	IndiaFirst Life Insurance Company Limited	972.96	15.10	0.89	43444.00	32.15	0.85	255064.93	16.53	6.14
16	Kotak Mahindra Life Insurance Company Limited	2031.60	48.17	1.86	46325.00	-3.58	0.91	73360.47	1.66	1.77
17	Axis Max Life Insurance Limited	2964.38	17.51	2.72	187076.00	12.00	3.66	166909.28	-10.24	4.02
18	PNB MetLife India Insurance Company Limited	977.00	14.75	0.90	52415.00	6.10	1.03	52416.29	-467.42	1.26
19	Pramerica Life Insurance Limited	431.21	30.81	0.40	14589.00	26.48	0.29	34373.91	-0.50	0.83
20	IndusInd Nippon Life Insurance Company Limited	321.08	31.27	0.29	24385.00	-22.12	0.48	4129.67	-2.02	0.10
21	SBI Life Insurance Company Limited	8905.45	22.58	8.16	424782.00	4.49	8.31	850025.33	211.27	20.45
22	Shriram Life Insurance Company Limited	512.11	25.89	0.47	133445.00	53.79	2.61	50599.08	52.42	1.22
23	Star Union Dai-ichi Life Insurance Company Limited	1567.96	105.76	1.44	41967.00	45.68	0.82	55649.92	29.60	1.34
24	Tata AIA Life Insurance Company Limited	2668.93	28.01	2.45	249546.00	6.84	4.88	243897.27	6.00	5.87
	Private Total	**43522.87**	**27.51**	**39.90**	**2007797**	**12.68**	**39.27**	**3741301**	**47.13**	**90.02**
25	Life Insurance Corporation of India	65548.88	10.33	60.10	3105635	2.04	60.73	414844.84	42.12	9.98
	Grand Total	**109071.75**	**16.60**	**100.00**	**5113432**	**5.97**	**100.00**	**4156146**	**46.62**	**100.00**

CAPITAL MARKET

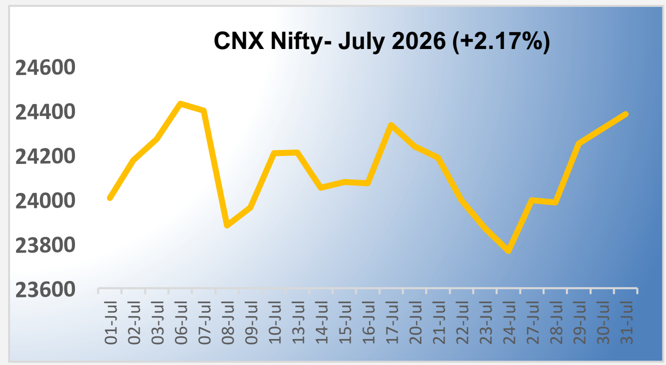
Ease of Doing Investment and Ease of Doing Business – Simplification and standardisation of the framework for transmission of securities

On July 23, 2026, SEBI introduced a standardized framework to streamline and accelerate the transmission of securities to legal heirs or nominees upon a holder's demise. The policy introduces "Quick Transmission Processing" (QTP) for low-value claims (up to ₹10,000 for physical and ₹30,000 for demat) and doubles the simplified documentation thresholds to ₹10 lakh for physical and ₹30 lakh for demat holdings. Furthermore, it eliminates cumbersome requirements such as mandatory Probate of Will and claimant PAN submission while consolidating paperwork into a single combined affidavit-cum-NOC. Applicable to listed companies, RTAs, depositories, DPs, and AMCs, this initiative aims to eliminate procedural bottlenecks and improve the overall ease of doing investment.

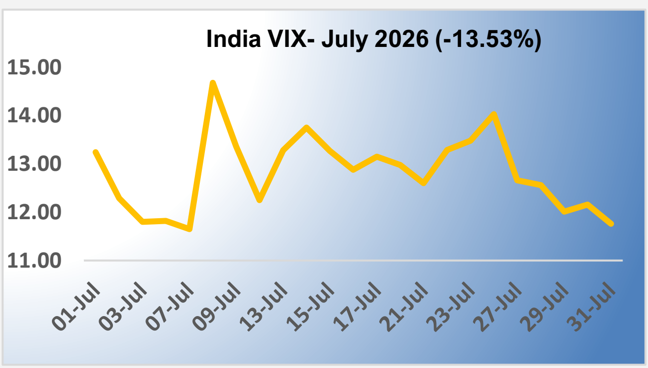
CAPITAL MARKET SNAPSHOT



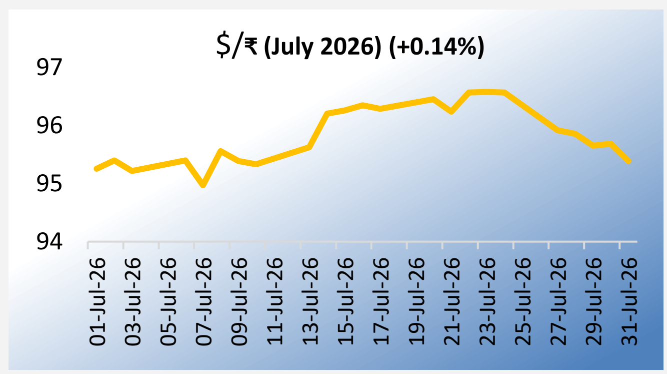
Sources: *Bombay Stock Exchange*



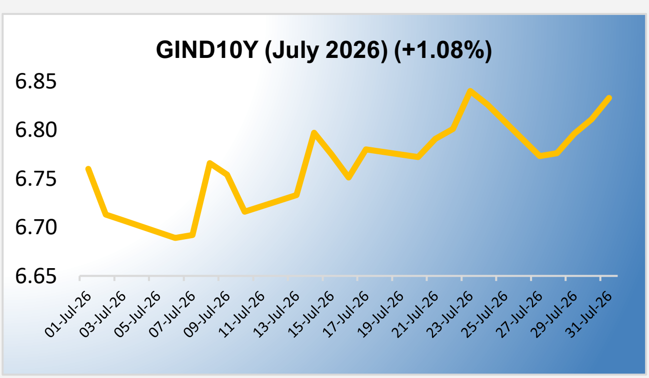
Sources: *National Stock Exchange*



Source: *National Stock Exchange*



Sources: *APAS Business Research Team*



Sources: *APAS Business Research Team*

Equity markets advanced further in July 2026, though gains narrowed to large-caps. The BSE Sensex rose 2.11% and the Nifty 50 gained 2.17%, while the Nifty Midcap 150 fell 1.57% and the Nifty Small cap 250 declined 1.11%, reversing June's broad-based rally as investors rotated back to index heavyweights. The VIX eased a further 13.53%, USD/INR edged up 0.14%, and the 10-year G-Sec yield rose 1.08%, partly reversing June's sharp fall in yields.

The pullback in mid- and small-caps came amid renewed US trade uncertainty: the temporary tariff arrangement was set to lapse around July 24, and Washington subsequently imposed fresh 10% duties on India (tied to forced-labour import curbs), even as both sides continued working toward a bilateral deal. This weighed more on the already-stretched, export-sensitive broader market, while large-caps held up on steady DII buying and better earnings visibility. The continued fall in VIX suggests the tariff move was seen as a manageable irritant rather than a fresh shock.

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ABOUT APAS

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

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