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CONTENTS

**ARTICLE: GROWTH OF INDIVIDUAL INVESTORS IN INDIAN
SECURITIES MARKET**

104

CAPITAL MARKET REVIEW

110

REVIEW OF GLOBAL FINANCIAL MARKETS

121

**HIGHLIGHTS OF DEVELOPMENTS IN INTERNATIONAL
SECURITIES MARKET**

126

POLICY DEVELOPMENTS IN INDIAN SECURITIES MARKET

128

LATEST PUBLICATIONS

132

CURRENT STATISTICS

ANNEXURE 1

ARTICLE

Growth of Individual Investors in Indian Securities Market

Article by : Kalyani H, Shyni Sunil, Prabhas Kumar Rath

Abstract

Indian securities market, particularly post the COVID pandemic, witnessed a spectacular increase in the growth of demat accounts. To ascertain whether the rise in demat accounts represents actual addition of new investors, an analysis of the growth in unique individual investors in Indian securities market was undertaken. The number of unique individual demat holders (PAN wise de-duplicated across the depositories) more than tripled to 895.8 lakhs at the end of March 2024 compared to March 2019 (282.2 lakh), whereas the unique individual mutual fund accounts grew to 442.5 lakh from 191.7 lakh over the same period.

An interesting observation from the analysis is the increasingly higher growth in the total demat account compared to the growth of unique individual demat accounts, indicating presence of multiple demat accounts against a single PAN. Further, from the demat accounts held by individuals, only 59.4 percent are unique accounts, based on PAN as at the end of March 2024. The role of the Brokers/DPs who are providing discount broking has been pivotal in adding demat accounts over the years.

Out of the total individual demat accounts added by top ten DPs of CDSL during FY17 to FY24, the accounts added by DPs/Brokers providing discount broking has increased from 24.2 per cent in FY17 to 88.4 per cent in FY24, while the number of such DPs went up from two to six in the top ten.

1. Objective

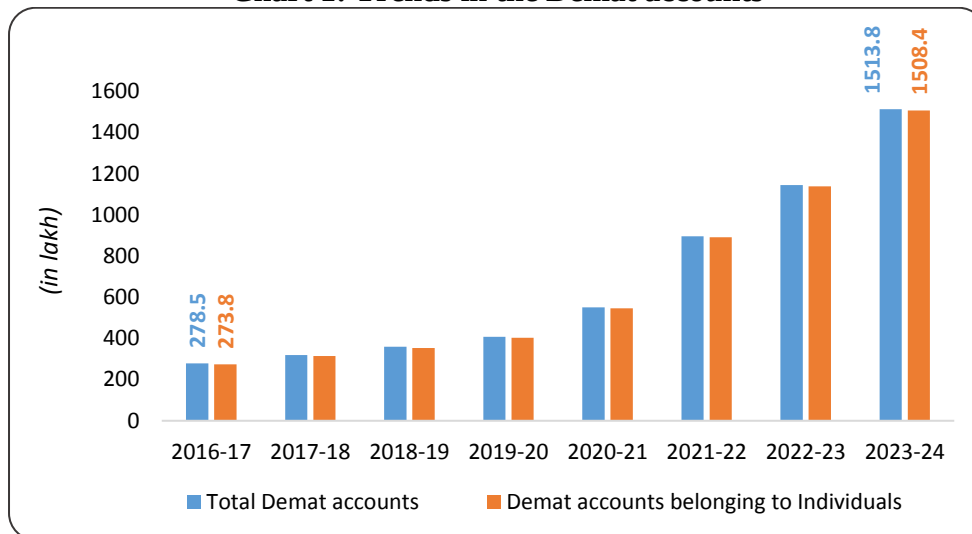
The number of demat accounts, in the recent years, are growing at a faster pace. Since number of demat accounts is an indicator of investor interest in the securities market, it was felt desirable to analyze the same from the inclusion point of view, i.e. the number of people actually present in the system against the number of accounts opened.

2. Methodology

The data for the study was sourced from the depositories, Association of Mutual Funds in India (AMFI) and the Data Warehousing and Business Intelligence System (DWBIS) of SEBI. Comparative analysis of various data points were done to check the objective of study.

3. Growth in Demat accounts in India

Growth in demat accounts is an important metric and suggests increase in investor participation in the securities market. The growth trend in the demat accounts, at CDSL and NSDL, since the end of FY11 is shown in Chart 1. The total demat accounts and the demat accounts held by individuals (consisting of individuals and Hindu Undivided Families) present at both the depositories are considered for this purpose.

Chart 1: Trends in the Demat accounts

Source: NSDL, CDSL

The graph depicts a significant rise in the number of total and individual demat accounts in FY24 over FY21. The number of total demat accounts crossed 100 million milestone in August 2022 and stands at 1,513.8 lakh at the end of March 2024. The number of individual demat accounts rose from 354.3 lakh at the end of March 2019 (pre-COVID year) to 403.9 lakh at the end of March 2020 and to 1508.4 lakh at the end of March 2024. As at the end of March 2024, out of the total demat accounts, 99.6 per cent belongs to individuals.

However, considering the fact that there are no restrictions in the number of demat accounts that an individual/entity can hold, the addition of individual demat accounts across depositories may not represent the actual increase in new investors hitting the securities market. This necessitates a need for de-duplication based on PAN within and across the two depositories to arrive at the number of unique individual demat accounts. The data for the same is sourced from SEBI's DWBIS.

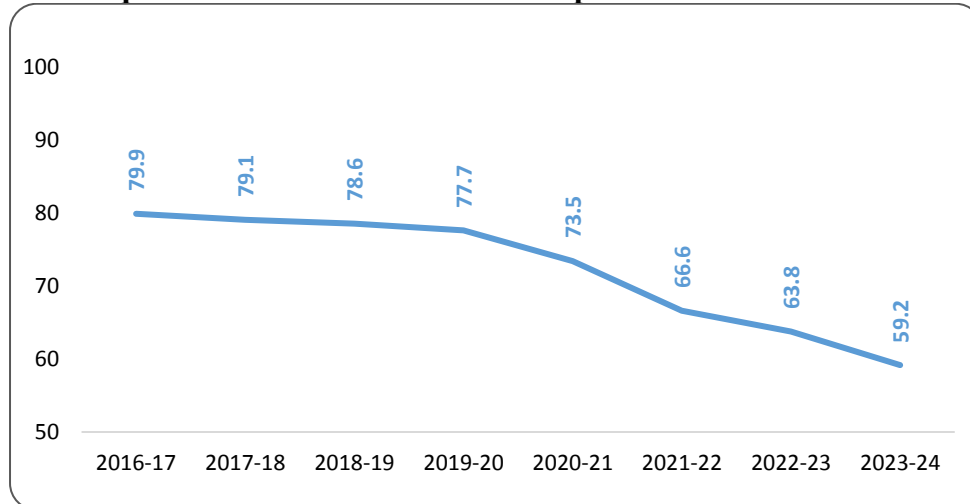
The total number of unique individual demat account holders based on PAN has grown from 282.2 lakh at the end of March 2019 to 317.4 lakh in March 2020 to 895.8 lakh at the end of March 2024. The growth has been a whopping 217.4 per cent from March 2019 to March 2024.

In addition to the demat accounts with PAN, there are legacy accounts without PAN details/PAN exempted accounts in the depository system. As at the end of March 2024, 60.3 lakh demat accounts are reflected in the depository system without PAN details, which is excluded from this study.

4. Single v/s Multiple Demat Accounts

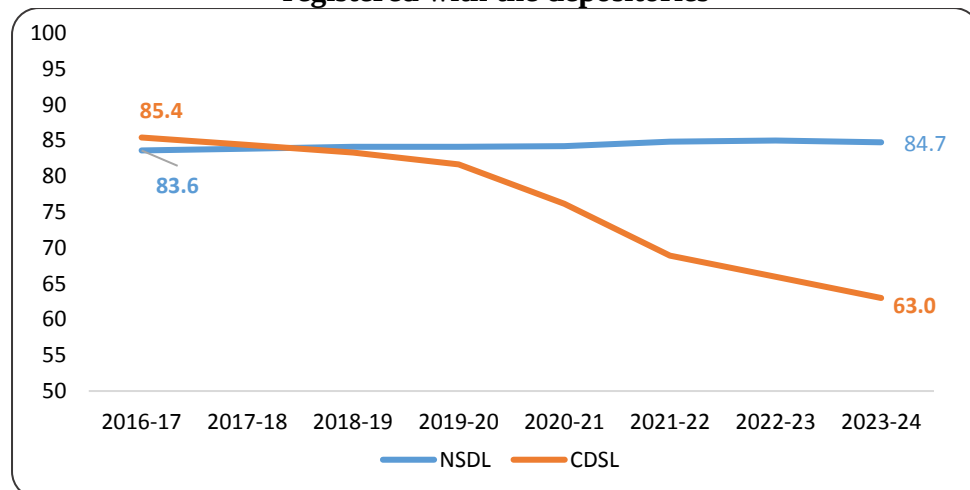
An interesting observation from the analysis is the increasingly higher growth in the total number of demat account v/s the number of unique individual demat accounts.

The trends in unique individual demat accounts across the depositories out of the total demat accounts since the end of FY 2016-17 is shown in the following chart:

Chart 2: Unique individual demat accounts as percent of the total demat accounts

Source: SEBI DWBIS and Depositories

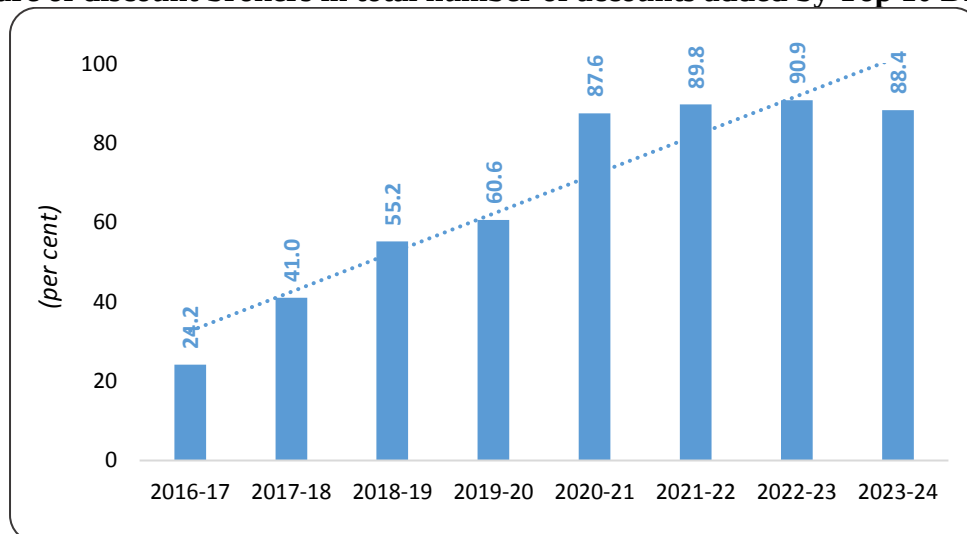
The chart suggests rise in multiple demat accounts per PAN, particularly post-Covid.

Chart 3: Unique individual demat accounts with depositories as per cent of total demat accounts registered with the depositories

Source: NSDL, CDSL

Chart 3 indicates a more significant growth in multiple demat accounts within CDSL compared to NSDL. This trend is linked to the increasing presence of DPs/Brokers offering reduced or zero brokerage on the CDSL platform.

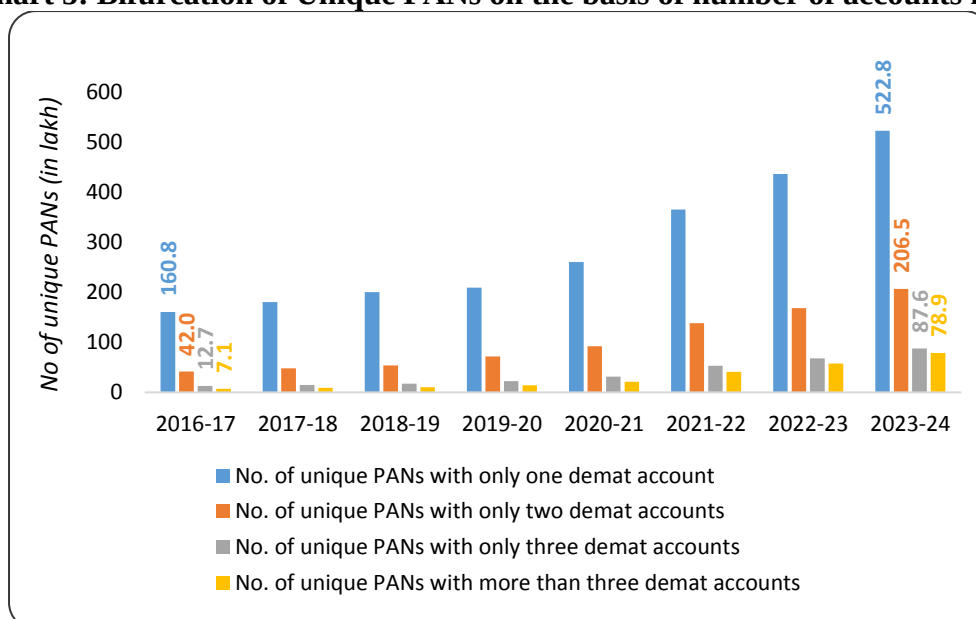
To delve deeper into the impact of discount broking on individual demat account growth, we analyzed the top ten DPs/Brokers by individual account registrations from FY17 to FY24. Notably, out of the total demat accounts added by top ten DPs of CDSL during the period, the share of accounts added by DPs/Brokers who provide discount broking has increased from 24.2 per cent in FY17 to 88.4 per cent in FY24, while the number of such DPs went up from two to six in the top ten.

Chart 4: Share of discount brokers in total number of accounts added by Top 10 DPs in CDSL

Source: CDSL

5. Multiple demat accounts- A glance

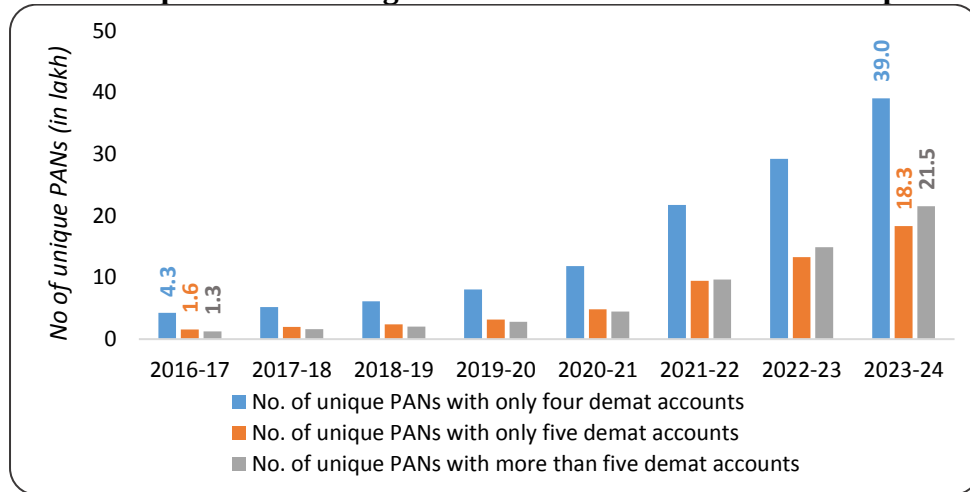
A bifurcation of unique PANs across the depositories on the basis of number of accounts held is shown in the following chart:

Chart 5: Bifurcation of Unique PANs on the basis of number of accounts held

Source: SEBI DWBIS

Further, trend in the growth in multiple accounts beyond three is shown below:

Chart 6: Unique PANs holding more than 3 accounts across the depositories



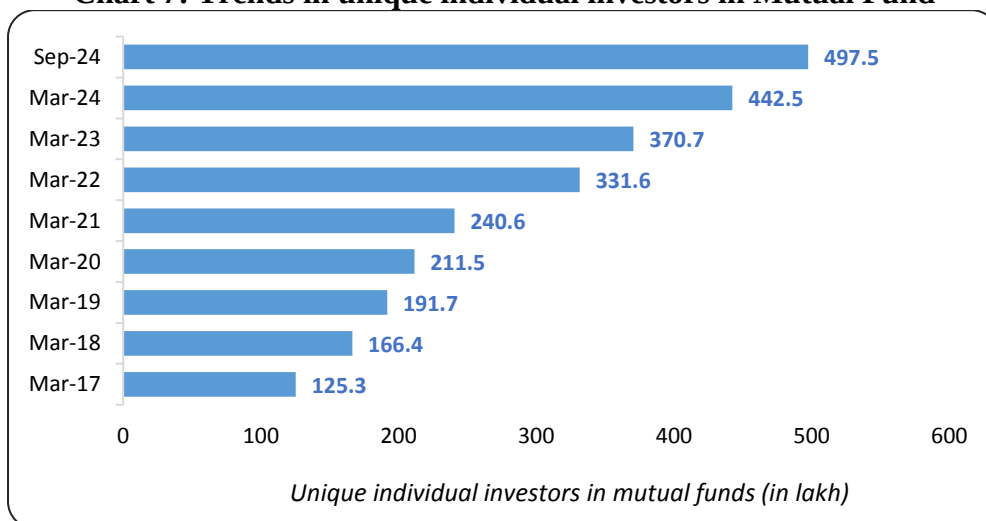
Source: SEBI DWBIS

6. Growth in Mutual Fund investors

Mutual Funds have played a crucial role in inducting investors into the securities market. The growth of investor accounts and the assets managed by the mutual funds have grown exponentially since inception. The popularity of Mutual Funds in India, primarily owes to ease of investment, availability of systematic investment route, advantages of diversification, etc. Further, the targeted efforts from all the stakeholders were pivotal in enhancing the investor participation, especially the flagship mutual fund campaign - the “Mutual Fund Sahi Hai”.

Over the years, mutual funds have witnessed a growing participation of individual investors as shown in the following chart:

Chart 7: Trends in unique individual investors in Mutual Fund



Note: Includes unique accounts linked to PANs with P or H as fourth character and PEKRN accounts

Source: AMFI

The number of unique individual investors in mutual funds have grown from 125.3 lakh at the end of March 2017 to 191.7 lakh at the end of March 2019 to 442.5 lakh at the end of March 2024; i.e., more

than double in a span of 5 years. The number of mutual fund folios grew from 5.53 crore as at the end of 2016-17 to 17.79 crore as at the end of 2023-24. Of the total number of the folios, 17.68 crore are held by Individuals and HUFs, which amounts to more than 99 per cent.

7. Investors permitted to invest without PAN

SEBI has exempted the following categories of investors to transact in securities market without PAN: (i) In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc. (ii) Investors residing in the state of Sikkim. (iii) UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India. (iv) SIP of Mutual Funds upto Rs 50,000/- p.a. Thus, the investors who do not need PAN to invest in mutual funds are required to have a PAN Exempt KYC Reference Number (PEKRN); such investors at the end of March 2024 are 3.5 lakh as per AMFI. Further, there are demat accounts to the tune of 60.3 lakh belonging to PAN exempt/Sikkim Category Clients and legacy accounts opened prior to PAN becoming mandatory as per DWBIS.

8. Conclusion

The surge in investor numbers signifies a growing aspiration among millions of Indians to build wealth and in turn contribute to the nation's economic progress. Factors like digitalization, simplified account opening, and increased financial awareness have democratized access to capital markets. The pandemic, in particular, accelerated this trend. Particularly owing to the pandemic-induced lock down, people felt the need for having alternative income sources in addition to the conventional ones. Limited consumption resulting in surplus funds and ample time to spend on financial research owing to the lockdown coupled with the ease of investment added in attracting more individuals into the securities market.

Despite this progress, India's demographic dividend and rising middle class present a significant opportunity for further growth in individual participation. Increased investor participation can bolster capital formation, drive economic growth, and accelerate India's journey towards a developed economy.

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Disclaimer: *The views expressed in this article are those of the authors and in no manner reflect the views of the organisation.*

CAPITAL MARKET REVIEW

The Indian securities markets displayed mixed performance during December 2024, with an increase in primary market resource mobilization and muted performance in secondary markets.

I. Trends in Resource Mobilisation by Corporates (*Annexure Tables 5 to 12*)

- **Equity Issues:** Total funds raised through equity increased to ₹ 71,360 crore, an increase of ~44% from November 2024. This included ₹ 27,031 crore mobilized from IPOs (34 issues) with the Main Board IPOs contributing ₹ 26,025 crore (15 issues). SME IPOs also witnessed increase both in the number of issues (19 issues) as well as an increase in resource mobilization over the previous month, mobilizing ₹ 1,006 crore (**Table 1**). Funds raised via rights issues and preferential issues also increased to ₹ 4,088 crore and ₹ 5,502 crore. Amount raised through QIP in December 2024 increased to ₹ 34,739 crore over the previous month.
- **Debt Issues:** The amount raised through private placement as well as public issue of debt instruments increased with public issues mopping ₹ 722 crore and private placement raising ₹ 1,17,949 crore.
- **REITs and InvITs:** In December 2024, one issue each of REITs and InvITs raised a total of ₹ 5,215 crore.

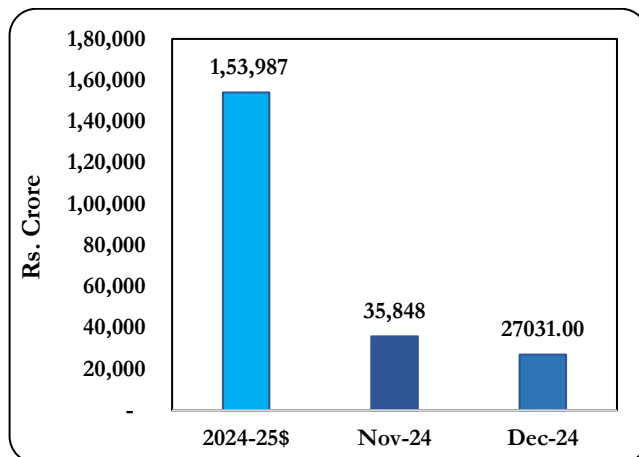
Table 1: Fund Mobilisation by Corporates (₹crore)

Particulars	Nov-24*	Dec-24
I. Equity Issues	49,506	71,360
a. IPOs (i+ii)	35,849	27,031
i. Main Board	35,729	26,025
ii. SME Platform	120	1,006
b. FPOs	0	0
c. Equity Rights Issues	417	4,088
d. QIPs/IPPs	11,190	34,739
e. Preferential Allotments	2,051	5,502
II. Debt Issues	67,920	1,18,671
a. Debt Public Issues	380	722
b. Private Placement of Debt	67,540	1,17,949
III. REITs/InvITs	0	5,215
a. REITs	0	3,500
b. InvITs	0	1,715
Total Funds Mobilised (I+II+III)	1,17,426	1,95,246

*Revised

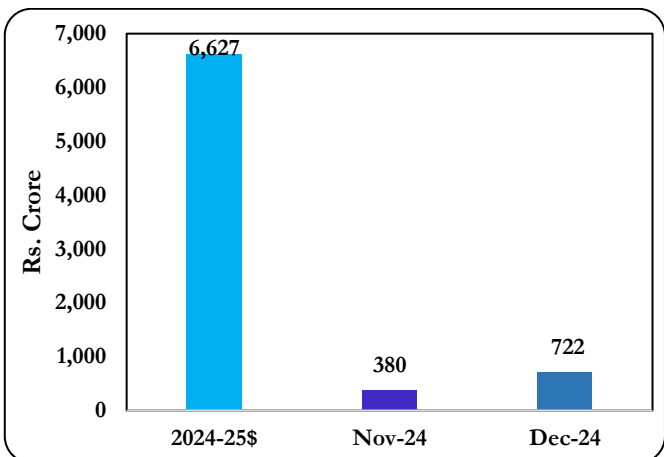
Source: SEBI, BSE and NSE

Chart 1: Funds Mobilised through Equity IPOs



\$: till December 2024

Chart 2: Funds Mobilised through Debt Public Issues



II. Trends in the Secondary Market (*Annexure Tables 16 to 19*)

The secondary market reflected declined activity in December 2024.

- **Market Indices:** After witnessing decline in November 2024, Sensex and Nifty, both registered another month of decline in activity in December, closing at 78,139 and 23,645 respectively on December 31, 2024. The market capitalization of both BSE and NSE declined by 1%. The average price-to-earnings (P/E) ratio for December 2024 for Nifty and Sensex stood at 21.8 and 23.0 respectively.
- **Sectoral Indices:** Among the selected sectoral indices, most of the sectoral indices posted negative returns with BSE Power registering the highest decline (7%) followed by Nifty Energy (6.1%). Nifty Pharma gained the most (5.3%). Volatility was highest in Nifty Realty (1.5%) followed by Nifty PSU Bank (1.3%).
- **Market Turnover:** Gross turnover in the equity cash segment increased by 16.3% at BSE and 14.1% at NSE.

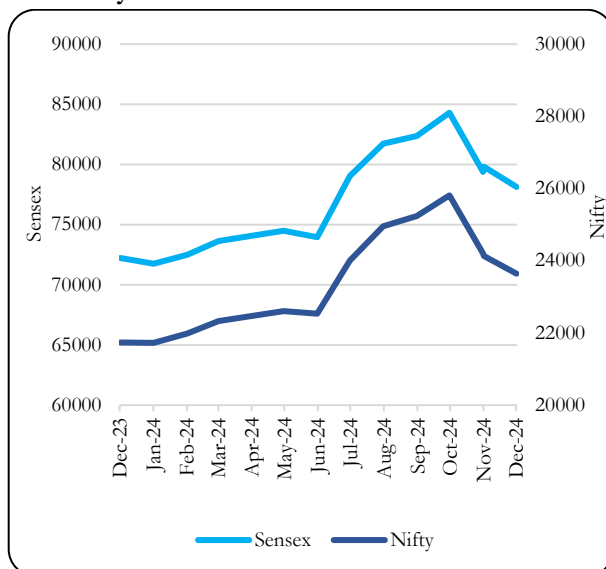
Table 2: Snapshot of the Indian Capital Market

Description	Nov-24	Dec-24	M-o-M variation (%)
Equity Market indices			
Nifty 50	24,131	23,645	-2.0
Sensex	79,803	78,139	-2.1
Nifty Midcap 50	15,698	15,974	1.8
Nifty Smallcap 100	18,651	18,769	0.6
BSE 150 Midcap	15,849	15,960	0.7
BSE 250 Smallcap	7,111	7,084	-0.4
Market Capitalisation (₹ crores)			
BSE	4,46,68,650	4,41,95,106	-1.1
NSE	4,43,20,060	4,38,93,974	-1.0
P/E Ratio (monthly average)			
Nifty 50	22.2	21.8	-1.8
Sensex	22.7	23.0	1.5
No. of Listed Companies			
BSE	5,367	5,396	0.5
NSE	2,643	2,673	1.1

Gross Turnover in Equity Segment (₹ crores)			
BSE	1,20,265	1,39,878	16.3
NSE	19,16,210	21,85,830	14.1
Gross Notional Turnover in Equity Derivatives Segment (₹ crores)			
BSE	20,30,65,650	18,12,20,915	-10.8
NSE	63,67,88,536	43,94,77,033	-31.0
Gross Notional Turnover in Currency Derivatives Segment (₹ crores)			
BSE	2,153	4,868	126.1
NSE	1,05,253	1,53,070	45.4
MSEI	7,623	8,095	6.2
Gross Notional Turnover in Interest Rate Derivatives Segment (₹ crores)			
BSE	0	0	0.0
NSE	2,238	2227.88	-0.5

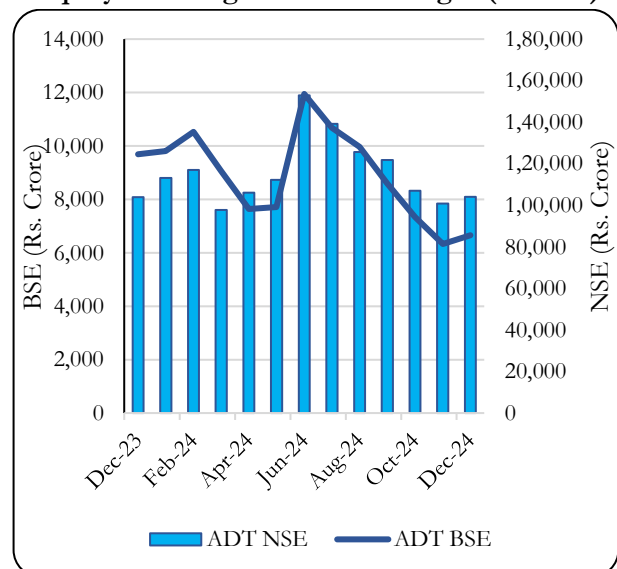
Source: BSE, NSE, MSEI

Chart 3: Movement of S&P BSE Sensex and Nifty 50



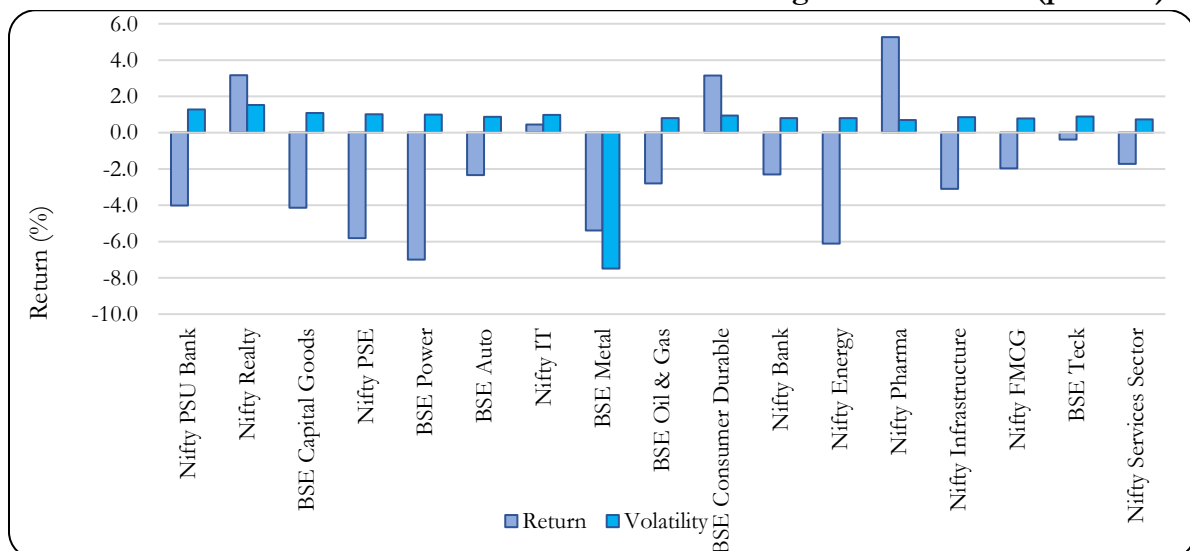
Source: BSE and NSE

Chart 4: Trends in Average Daily Turnover at Equity Cash Segment of Exchanges (₹ crore)



Source: BSE and NSE

Chart 5: Trends of BSE and NSE Sectoral Indices during December 2024 (per cent)

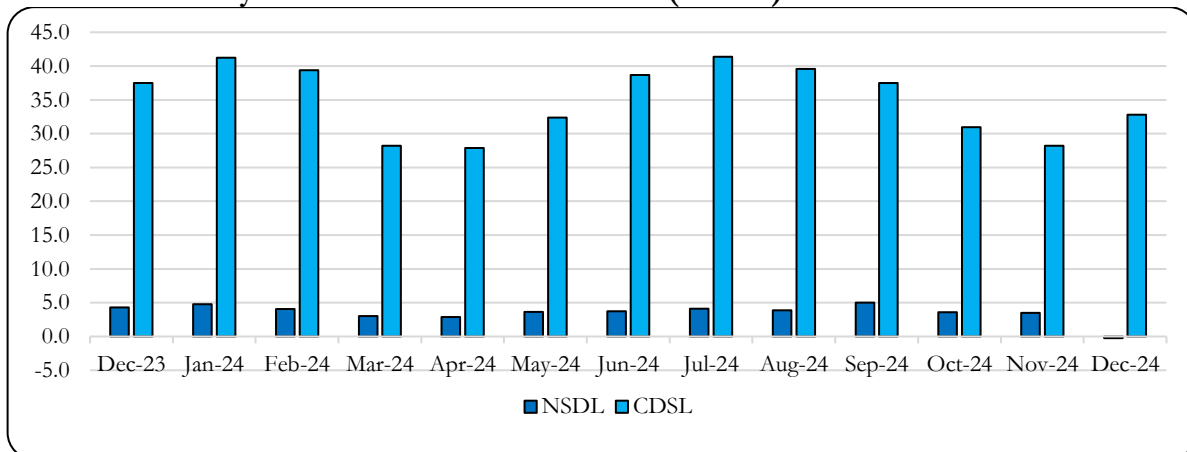


Source: NSE and BSE

III. Trends in Depository Accounts

- **Accounts Added:** There was a decline of 0.3% in the demat accounts registered with NSDL while CDSL added 32.8 lakh accounts in December 2024. At the end of December 2024, 3.88 crore demat accounts were registered with NSDL and 14.65 crore with CDSL taking the total number of demat accounts in India to 18.53 crore.

Chart 6: Monthly New Demat Accounts Added (in lakh)

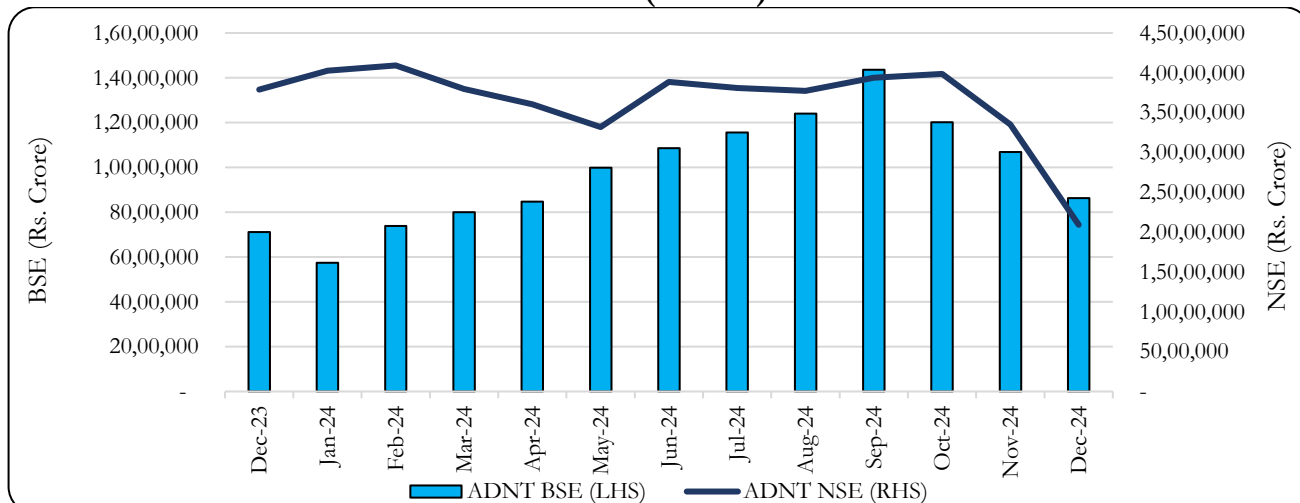


Source: CDSL and NSDL

IV. Trends in Derivatives Segment (*Annexure Table No. 34 to 36, 41 to 43, 45 to 47*)

- **Equity Derivatives** - During December 2024, the notional turnover of the equity derivatives segment at BSE and NSE declined by 10.76% and 30.99% respectively over the previous month.
- **Currency Derivatives** - The turnover in this segment increased by 44.34% month-on-month, driven by increase in activity at all the exchanges especially at NSE.
- **Interest Rate Derivatives** - Monthly notional turnover of interest rate derivatives declined by 0.47% at NSE in December 2024 compared to November 2024 while BSE recorded no activity for the ninth consecutive month.

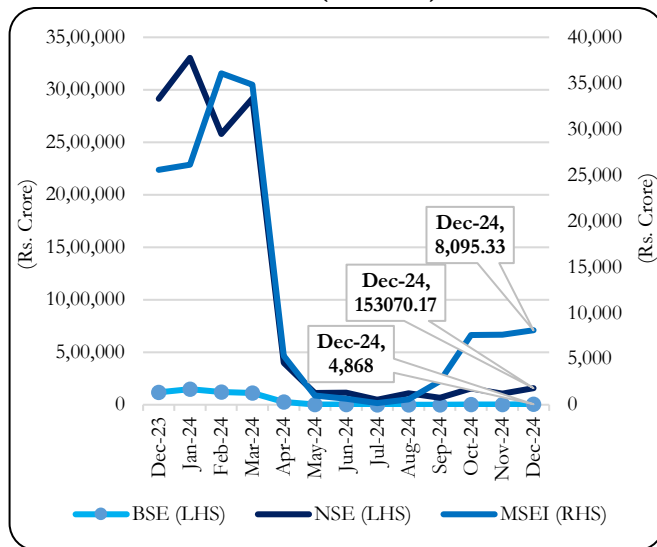
Chart 7: Trends of Average Daily Notional Turnover in Equity Derivative Segment at BSE and NSE (₹ crore)



Note: ADNT implies Average Daily Notional Turnover;

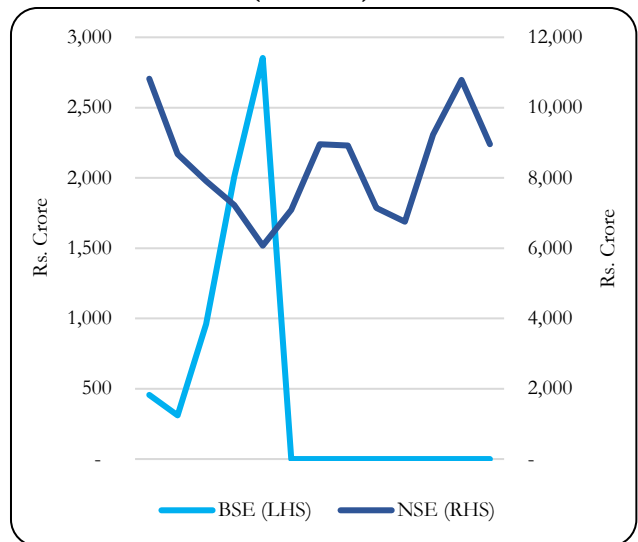
Source: BSE and NSE

Chart 8: Trends of Currency Derivatives at NSE, MSEI, and BSE (₹ crore)



Source: BSE, NSE and MSEI

Chart 9: Trends of Interest Rate Derivatives at NSE and BSE (₹ crore)

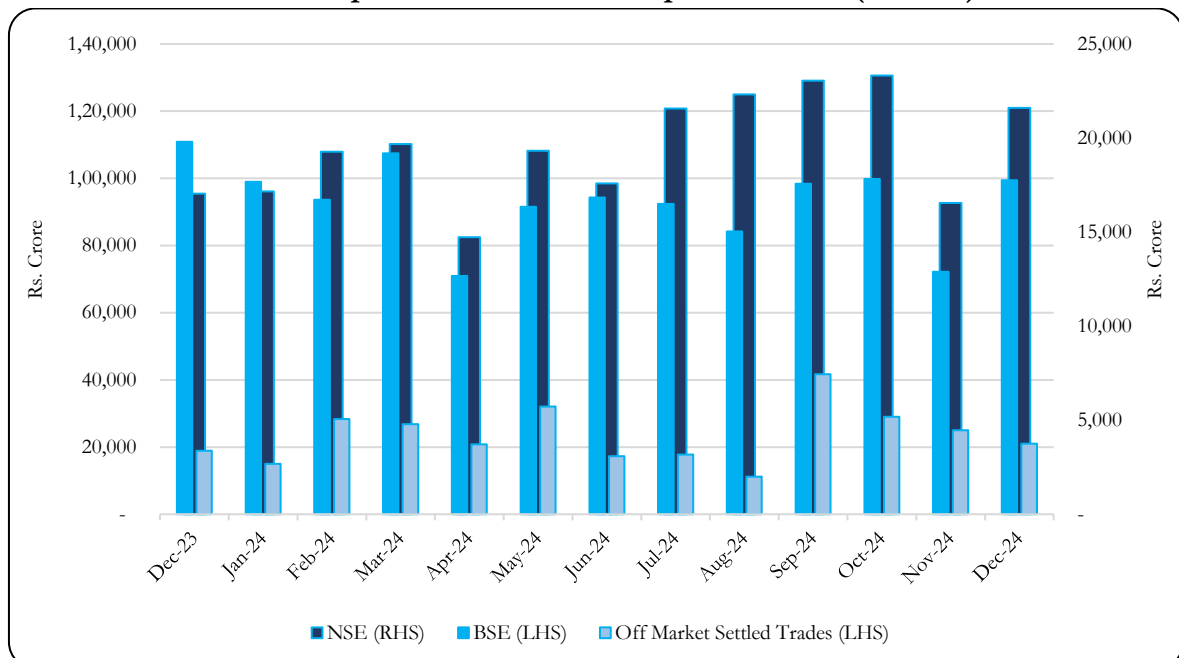


Source: BSE and NSE

V. Corporate Debt Market (Annexure Table No. 13)

- In December 2024, settlement value of corporate bonds at exchanges stood at ₹ 1,42,510 crore including both listed and unlisted bonds. Of this, 71,395 trades of corporate bonds amounting to ₹ 1,21,009 crore were settled by NSCCL.

Chart 10: Trends in Reported Turnover of Corporate Bonds (₹ crore)



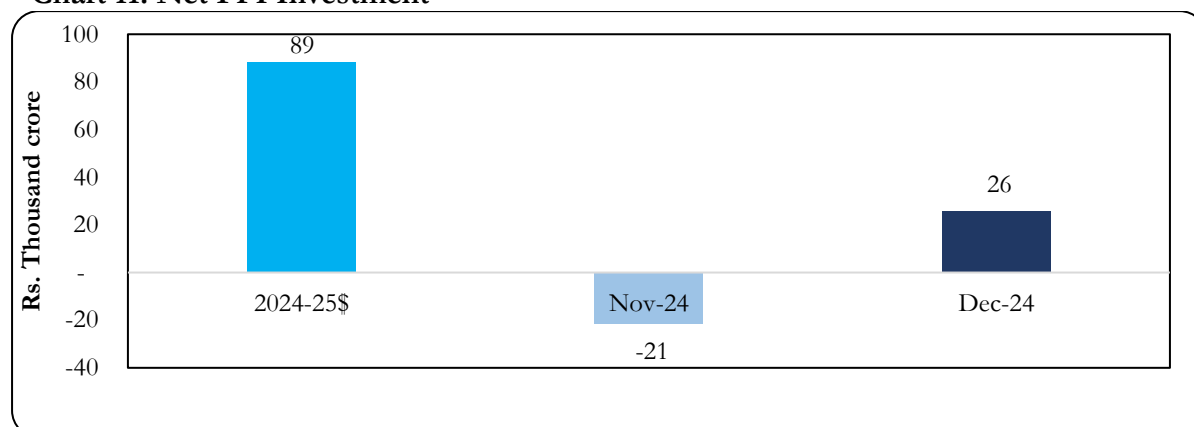
Trades executed on OTC+ RFQ+ anonymous platforms and settled through Clearing Corporations (ICCL & NSCCL) and Off Market Settled Trades by Depositories (NSDL & CDSL).

Source: ICCL, NSCCL, NSDL and CDSL.

VI. Foreign Portfolio Investors¹ (FPIs) (*Annexure Table No. 53*)

FPIs turned net buyers in December 2024 after two months of consecutive outflows in Oct and Nov 2024.

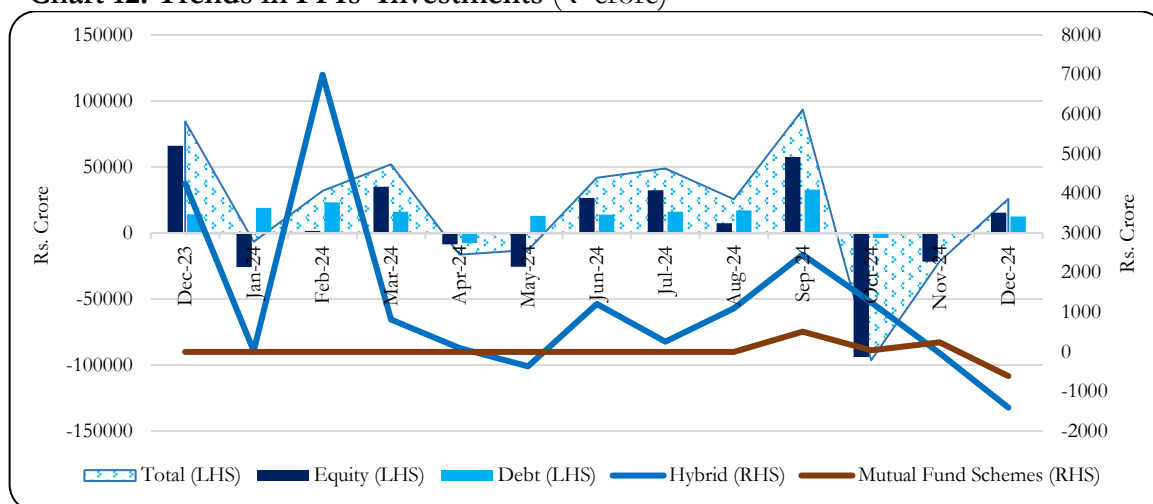
Chart 11: Net FPI Investment



\$: till November 2024

- **Net Outflows:** Total net inflows amounted to ₹ 25,938 crore, driven by ₹ 15,446 crore inflows to equity and ₹ 12,512 crore to debt.
- In the **equity segment**, primary market registered FPI inflows of ₹18,036 crore whereas secondary market registered FPI outflows of ₹2,590 crore.
- **Government Securities:** There was an inflow of ₹9,616 crore in government securities under the Fully Accessible Route (FAR).
- **Debt VRR:** Debt VRR witnessed an outflow of ₹ 859 crore.
- **Hybrid segment** saw outflows of ₹ 1,408 crore.

Chart 12: Trends in FPIs' Investments (₹ crore)



Source: NSDL

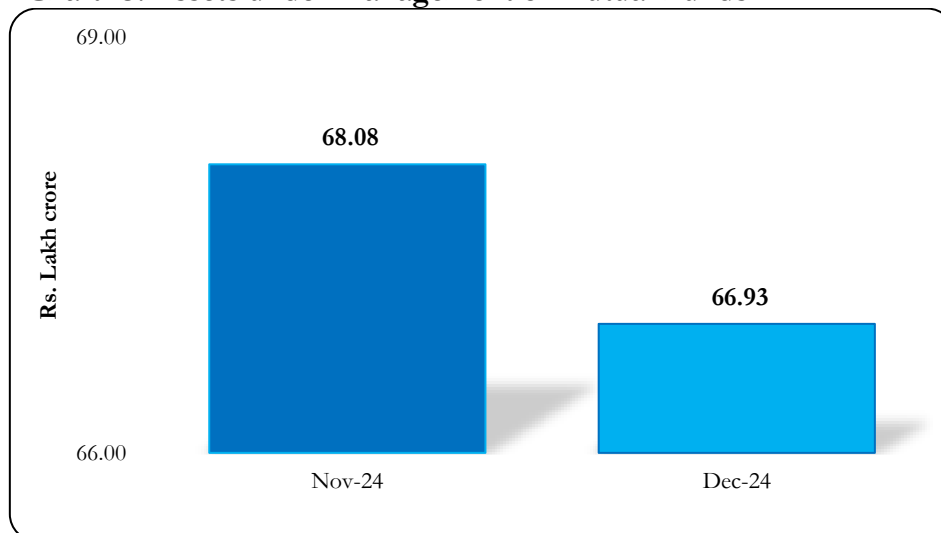
¹ FPIs' net investment included investments in mutual funds starting from September 2024.

VII. Fund Management Activities

A. Mutual Funds (*Annexure Tables No 57 to 59*)

- Gross funds mobilized in December 2024 was ₹ 12,41,427 crore against redemption/repurchase of ₹ 13,21,781.79 crore, resulting in a net outflow of ₹ 80,354 crore.

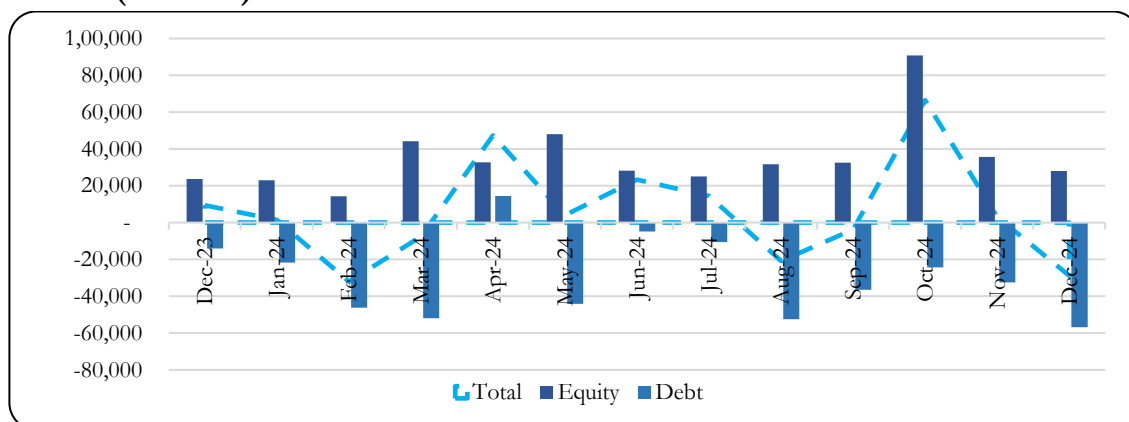
Chart 13: Assets under Management of Mutual Funds



§: as at end of December 2024

- In open-ended schemes, income/debt-oriented schemes registered an outflow of ₹ 1,27,153 crore (net mobilization), growth/equity-oriented schemes mobilized ₹ 41,156 crore, hybrid schemes mobilized ₹ 4,370 crore, ₹ 333 crore were mobilized through solution-oriented schemes and ₹ 784 crore through other schemes consisting of Index funds and ETFs.
- In closed-ended schemes, during December 2024, ₹ 20 crore and ₹ 52 crore were matured/repurchased from growth/equity schemes and Income/debt schemes, respectively.
- The cumulative net assets under management of mutual funds declined by 1.7 % (MoM) to close at ₹ 66,93,032 crore as at the end of December 2024.
- In the secondary market transactions in equity segment during December 2024, mutual funds net purchased ₹ 28,138 crore while net sold ₹ 56,887 crore in debt segment.

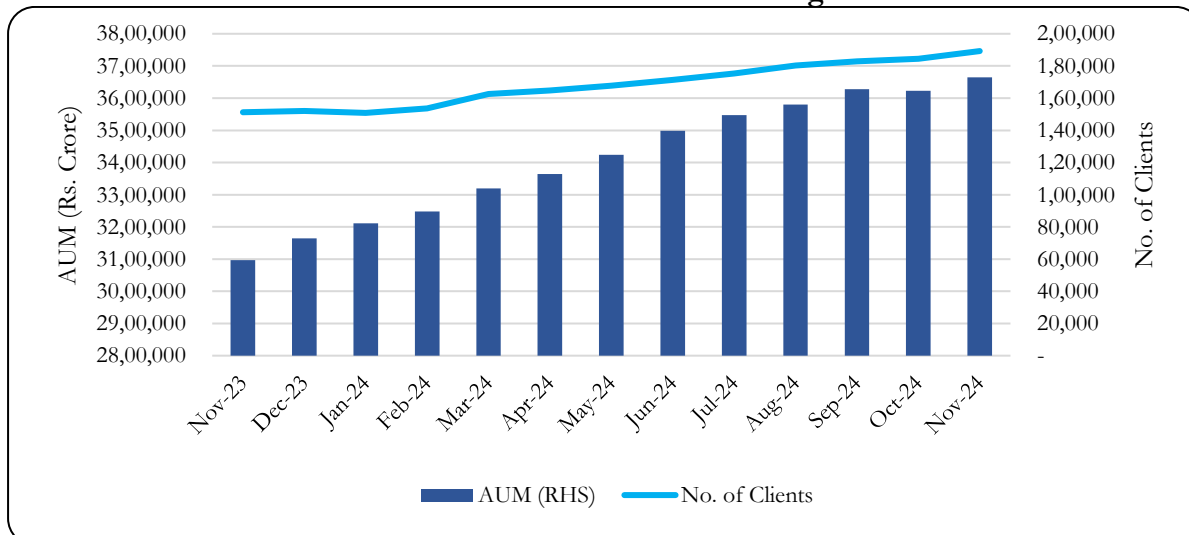
Chart 14: Trends in Net Purchase/Sales of Mutual Funds Transactions in Secondary Market (₹ crores)



B. Portfolio Management Services (*Annexure Table No 60*)

- **Assets under Management:** The total assets under management (AUM) in the portfolio manager industry increased by 1.2% in November 2024 over October 2024 and 18% year-on-year.
- **Number of Clients:** Number of clients served by portfolio management industry at the end of November 2024, registered an increase of 2.6% from the end of October 2024.

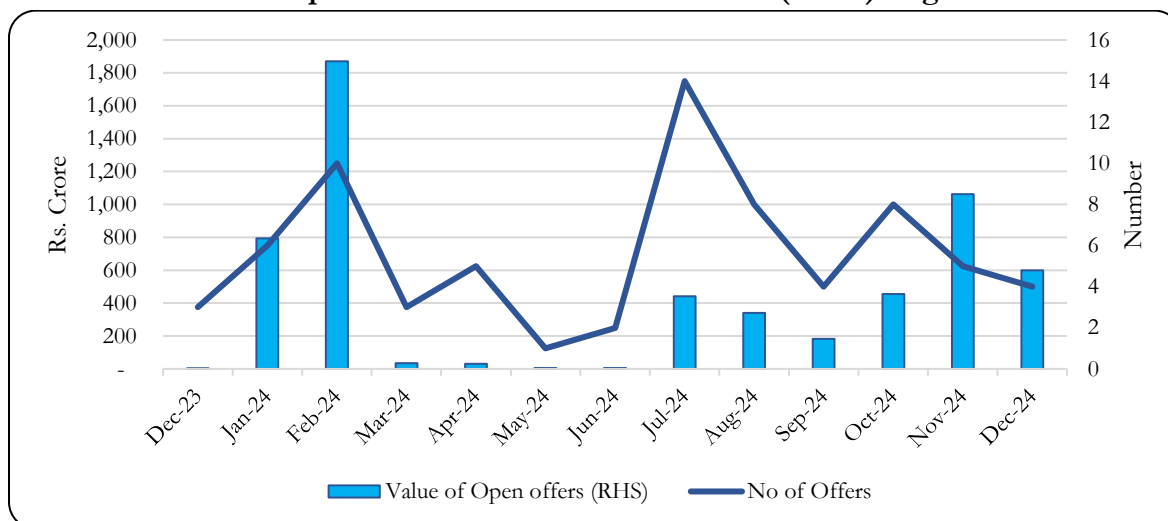
Chart 15: Number of Clients and AUM of Portfolio Managers



VIII. Trends in Substantial Acquisition of Shares and Takeovers (*Annexure Table No 3*)

- In December 2024, 4 open offers amounting to ₹ 600 crore were closed under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

Chart 16: Details of Open Offers Closed under the SEBI (SAST) Regulations

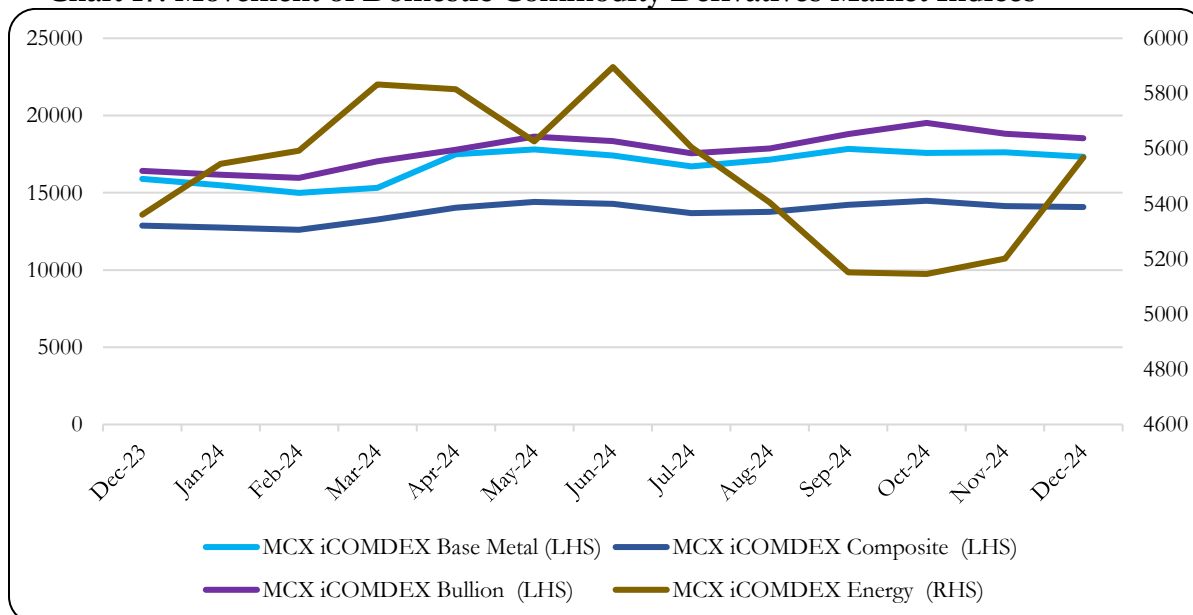


IX. Commodity Derivatives Markets (*Annexure Table 65*) –

A. Market Trends

- At the end of December 2024, MCX iCOMDEX composite index declined by 0.4% (M-o-M). Amongst selected sectoral indices, MCX iCOMDEX Bullion index reflected a downward trend (1.5%). MCX iCOMDEX Base Metal index declined by 1.6% whereas MCX iCOMDEX Energy Index was up by 7 %.

Chart 17: Movement of Domestic Commodity Derivatives Market Indices



Source: MCX

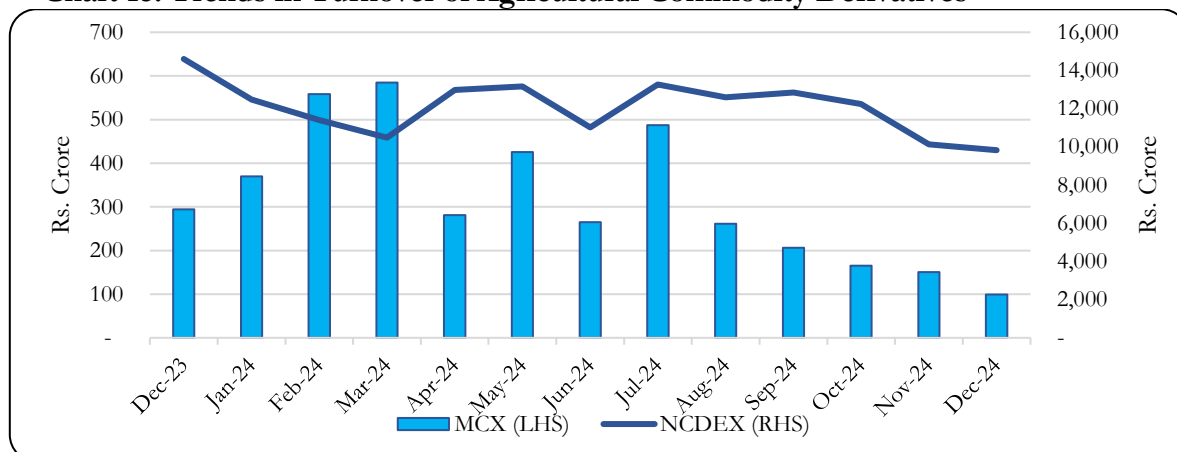
Table 4: Snapshot of Indian Commodity Derivatives Markets

Items	Nov-24	Dec-24	Percentage variation M-O-M
A. Indices			
MCX iCOMDEX	14,133	14,079	-0.4%
Bullion	18,829	18,540	-1.5%
Base Metals	17,616	17,327	-1.6%
Energy	5,202	5,568	7.0%
Overall Turnover (₹ crore)			
Agri	10,289	9,924	-3.5%
Non Agri	53,20,195	51,24,998	-3.7%
Futures (Agri + non-Agri)	6,28,480	5,53,758	-11.9%
Options (Agri + non-Agri)	47,02,005	45,81,164	-2.6%
B. Turnover Exchange Wise (₹ crore)			
All-India	53,30,484	51,34,922	-3.7%
MCX, of which	52,39,921	50,62,286	-3.4%
Futures	6,18,328	5,43,916	-12.0%
Options	46,21,593	45,18,370	-2.2%
BSE, of which	0	0	-
Futures	0	0	-
Options	0	0	-
NCDEX, of which	11,409	11,259	-1.3%
Futures	10,138	9,825	-3.1%
Options	1,271	1,434	12.9%
NSE, of which	79,155	61,377	-22.5%
Futures	14	16.49	18.8%
Options	79,141	61,361	-22.5%

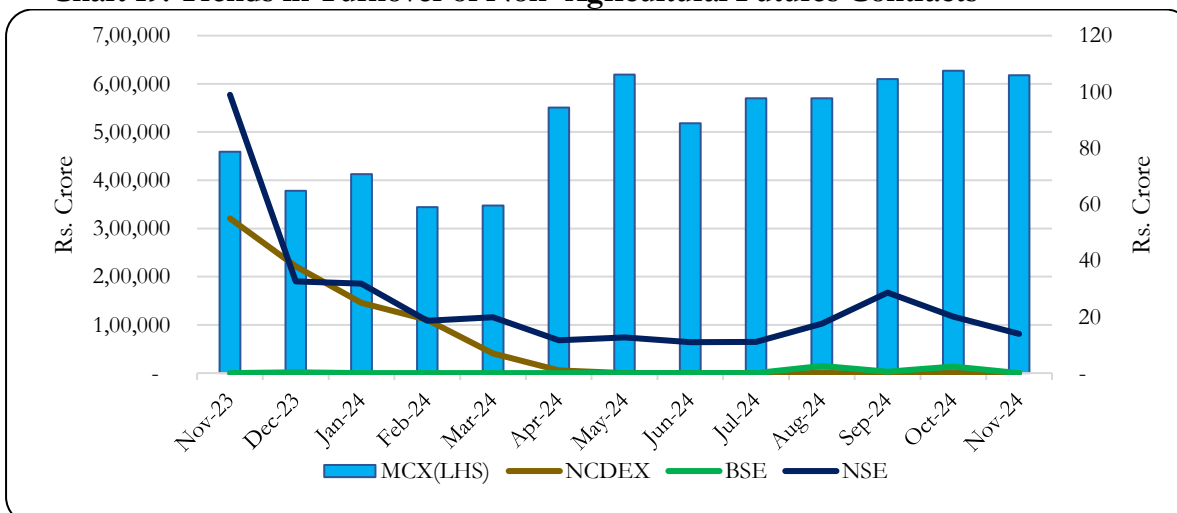
Source: MCX, BSE, NCDEX, NSE

B. Commodity Derivatives Turnover (Tables 66 to 69)

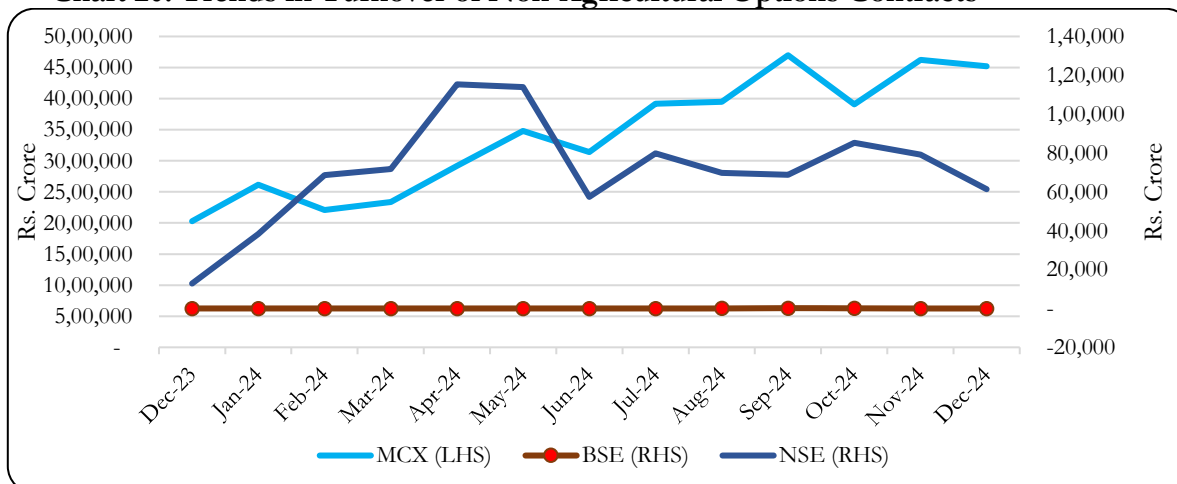
- In December 2024, compared to last month pan- India turnover of commodity derivatives (Futures and Options) declined by 3.7% to ₹ 51.3 lakh crore. Of this, share of non-agricultural segment was 99.8%.
- Of the overall derivatives turnover, futures accounted for 11 % while the remaining 89 % share was from options contracts. Compared to the previous month, turnover of futures contracts declined by 12% and that of options declined by 3%.
- At exchange level, apart from BSE, which registered a zero turnover, highest decline in turnover was witnessed by NSE (22.5%), followed by MCX (3.4%).
- At MCX, the turnover of agri. segment declined by 34 % while the non-agri segment registered a decline of 3.4%.
- At NCDEX, the overall turnover declined by 1.3% to ₹ 11,259 crore compared to the previous month.
- The BSE recorded nil turnover whereas NSE recorded turnover of ₹ 61,377 crore in December 2024.

Chart 18: Trends in Turnover of Agricultural Commodity Derivatives

Source: MCX, NCDEX, NSE and BSE

Chart 19: Trends in Turnover of Non-Agricultural Futures Contracts

Source: MCX, NCDEX, NSE and BSE.

Chart 20: Trends in Turnover of Non-Agricultural Options Contracts

Source: MCX, BSE and NSE.

OVERVIEW OF THE GLOBAL FINANCIAL MARKETS

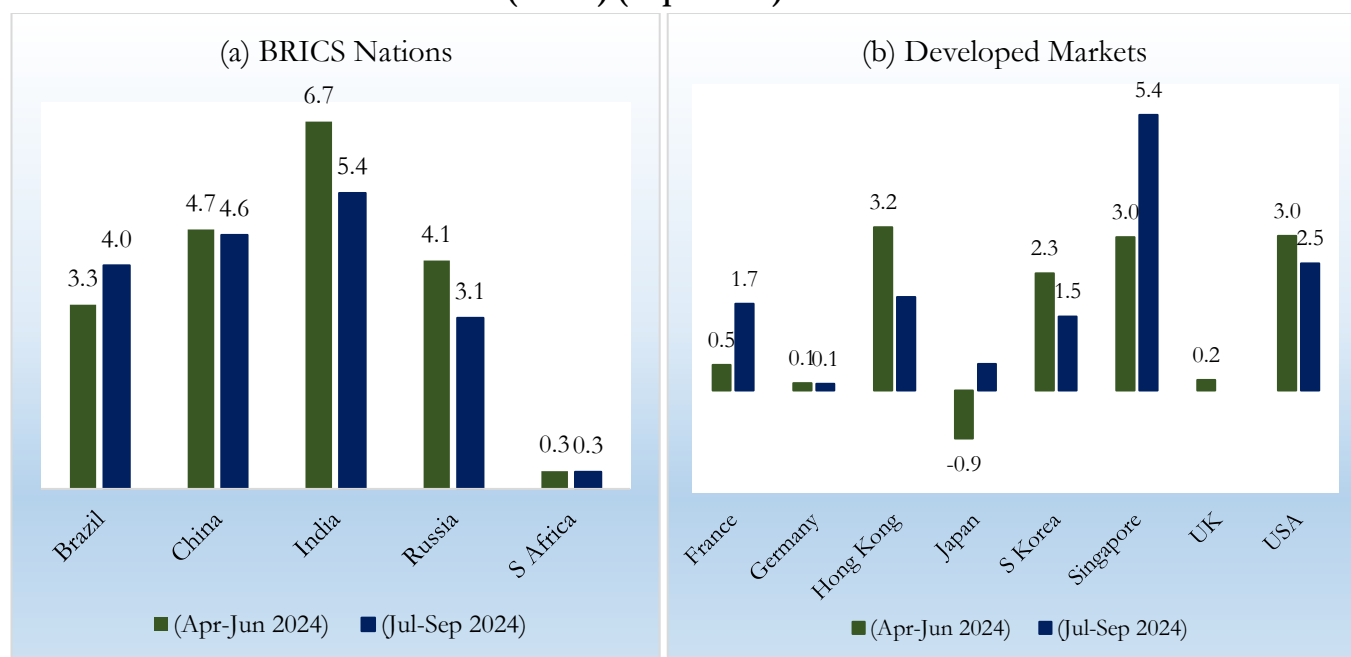
I. State of Economy

A. Global Economy

- According to the UN World Economic Situation and Prospects 2025², the global economy is expected to remain relatively stagnant. However, South Asia is projected to grow at 5.7% in 2025, supported by India's strong performance and economic recoveries in neighbouring countries. The Indian economy is forecasted to grow at 6.6% in 2025 and 6.8% growth in 2026, driven by strong private consumption and investment.
- The World Banks' Global Economic Prospects³ report estimates global economic growth at 2.7% in 2025 and 2026. The growth forecast for China has been revised downwards to 4.5% for 2025 from an estimated 4.9% in 2024, reflecting the ongoing challenges of property sector debt. Meanwhile, the Indian economy growth rate is revised upwards to 6.7% for 2025 and 2026.

B. Economic Indicators

Chart 1: Real GDP Growth Rate (Y-o-Y) (in per cent)

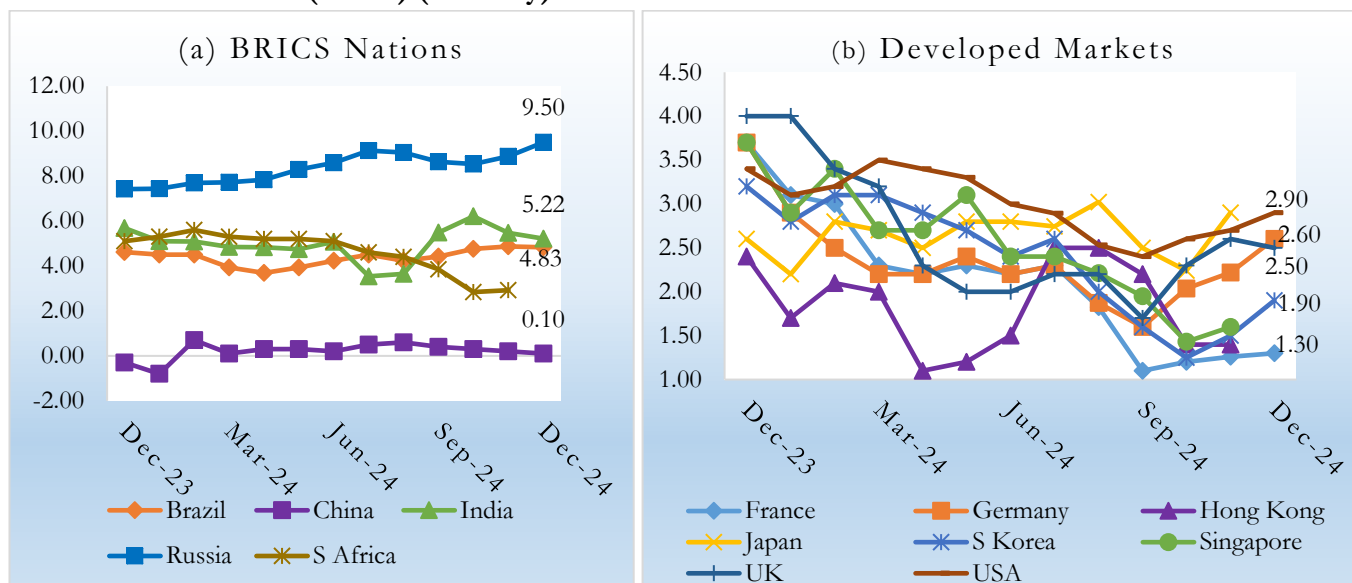


Source: Bloomberg

² UNDESA World Economic Situation and Prospects 2025, released on 09 January 2025.

³ World Bank Group Flagship Report: Global Economic Prospects January 2025.

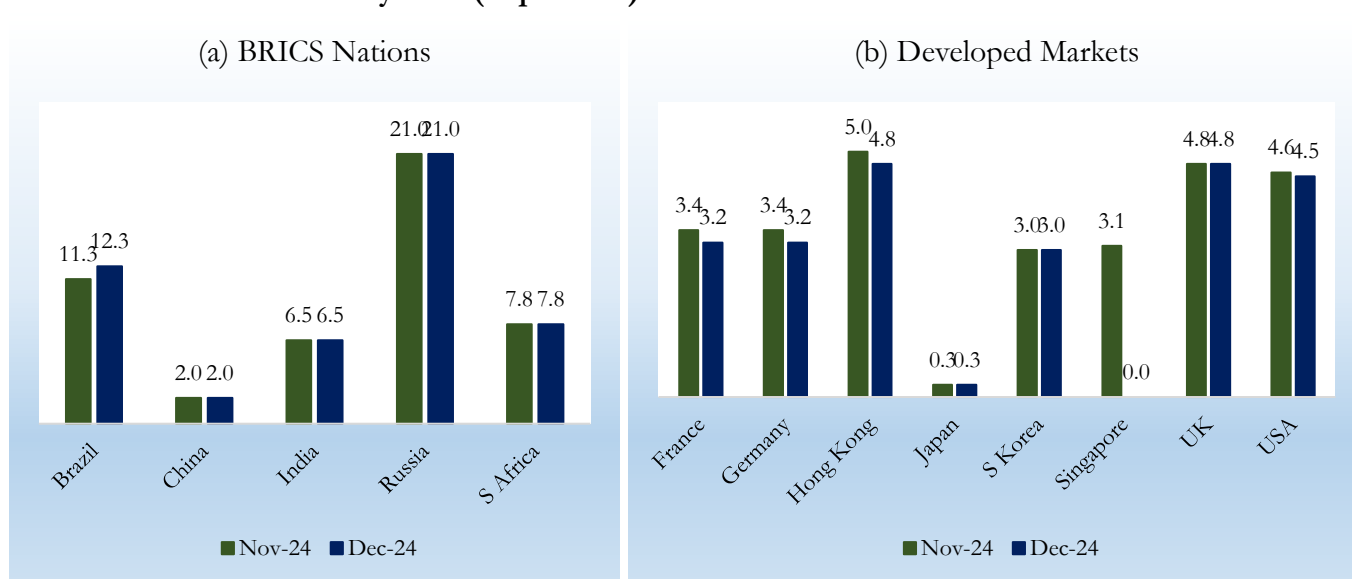
Chart 2: Inflation (Y-o-Y) (monthly)



Source: Bloomberg

Note: Inflation data was not available for S Africa, Japan, Singapore and Hong Kong

Chart 3: Nominal Policy Rate (in per cent)



Source: Bloomberg

C. Domestic Economy

- Real GDP Growth (Y-O-Y):** According to National Statistical Office (NSO) first advanced estimates, Indian economy is expected to grow at 6.4% in 2024-25 marking

a moderation from 8.2% growth in 2023-24. This is the lowest rate since the pandemic induced contraction of 5.8% in 2020-21.

- **Inflation Trends:** Retail inflation in India eased to a four-month low of 5.22% in December 2024 as against 5.48% in November 2024. This is driven by a moderation in food prices where inflation moderated to 8.39%, from 9.04% in November 2024.

D. Purchasing Managers' Index

The Purchasing Managers' Index (PMI) for BRICS nations and selected developed economies highlights trends in manufacturing, services and composite performance:

Table 1: Purchasing Manager's Index (S&P Global)

Country	Manufacturing PMI		Service PMI		Composite PMI	
	Nov-24	Dec-24	Nov-24	Dec-24	Nov-24	Dec-24
BRICS Nations						
Brazil	52.3	50.4	53.6	51.6	53.5	51.5
China	51.5	50.5	51.5	52.2	52.3	51.4
India	56.5	56.4	58.4	59.3	58.6	59.2
Russia	51.3	50.8	53.2	51.2	52.6	51.1
Developed Markets						
France	43.1	41.9	46.9	49.3	45.9	47.5
Germany	43.0	42.5	49.3	51.2	47.2	48.0
Japan	49.0	49.6	50.5	50.9	50.1	50.5
U.K.	48.0	47.0	50.8	51.1	50.5	50.4
U.S.	49.7	49.4	56.1	56.8	54.9	55.4

Source: Bloomberg

II. Market Trends

A. Equity Markets

- The US S &P 500 recorded the highest price-to-earnings (PE) ratio at 26.5 among the selected indices, followed by India's Nifty, 22.1 and Japan Nikkei, 19.3.
- Among BRICS nations, China SHSZ300 led with a 14.7% annual increase, while India's Nifty registered an increase of 8.8% closing at 23,645 on December 31, 2024 over the last year.
- Except China SHSZ300, all other BRICS nations' indices declined over the previous month.
- Among selected developed countries, most indices except S Korea KOSPI, UK UKX and USA SPX increased in December 2024 over the previous month. The Japan Nikkei recorded highest increase of 4.4%.

Table 2: Performance of Stock Indices

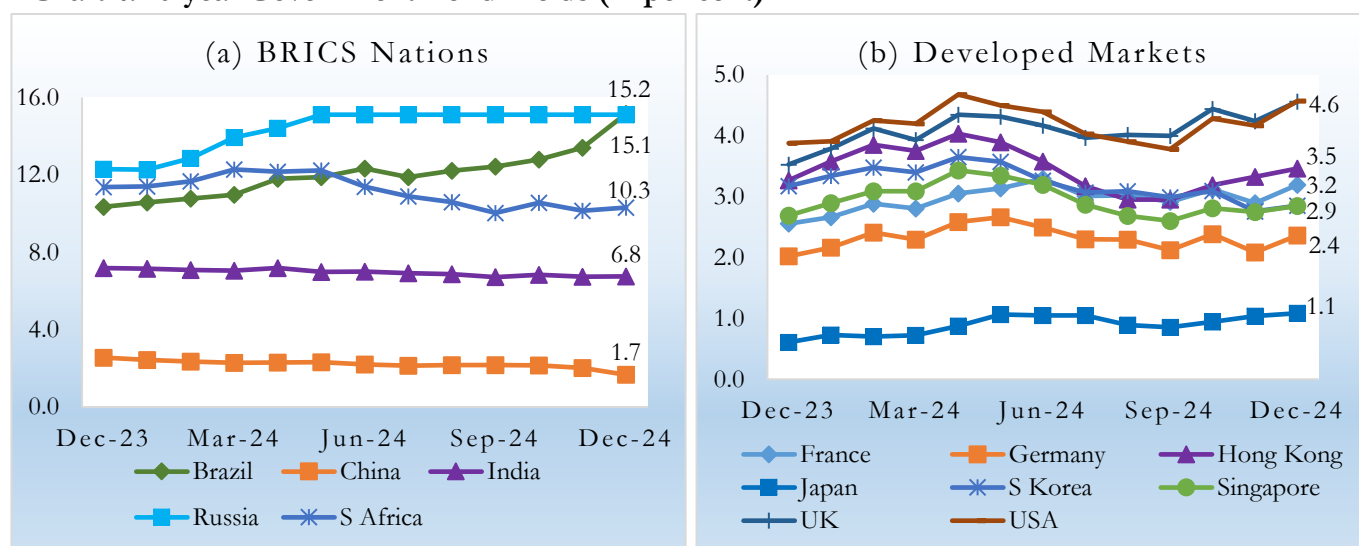
Country	Name of the Index	Closing Value as on 31-Dec-24	Percentage change in Closing Value over period				P/E Ratio as on 31-Dec-24
			1-Month	3-Month	6-Month	1-Year	
BRICS Nations							
Brazil	IBOV	1,20,283	-4.3	-8.7	-2.9	-10.4	8.0
China	SHSZ300	3,935	0.5	-2.1	13.7	14.7	16.0
India	NIFTY	23,645	-2.0	-8.4	-1.5	8.8	22.1
Russia	IMOEX	3,123	-	-	-	0.8	2.1
S Africa	JALSH	84,095	-0.5	-2.8	5.5	9.4	16.9
Developed Markets							
France	CAC	7,381	2.0	-3.3	-1.3	-2.2	14.1
Germany	DAX	19,909	1.4	3.0	9.2	18.8	16.6
Hong Kong	HSI	20,060	3.3	-5.1	13.2	17.7	10.0
Japan	NKY	39,895	4.4	5.2	0.8	19.2	19.3
S Korea	KOSPI	2,399	-2.3	-7.5	-14.2	-9.6	11.4
Singapore	STI	3,788	1.3	5.6	13.6	16.9	14.1
UK	UKX	8,173	-1.4	-0.8	0.1	5.7	13.0
USA	SPX	5,882	-2.5	2.1	7.7	23.3	26.5

Source: Bloomberg

B. Bond Markets

- India's 10-year bond yields increased to 6.76% in December 2024. On the contrary, Chinese bond yield has declined from 2.03% to 1.67% over the previous month.
- Brazil and Russia led with the highest 10-year government bond yield at 15.2% and 15.1% respectively.
- Among selected developed countries, USA recorded the highest yield at 4.57%, followed by the UK at 4.56%. All nations under consideration recorded an increase in 10-year Government Bond Yields over the previous month.

Chart 4: 10-year Government Bond Yields (in per cent)



Source: Refinitiv and Bloomberg

C. Currency Market

- During December 2024, currencies of all selected nations have depreciated against USD over the previous month, except Hong Kong Dollar (0.2%).
- The Russian Rouble and S Korean Won recorded the steepest declines, depreciating by 6.2% and 5.3% respectively.
- Among the BRICS countries, Chinese Yuan and Indian Rupee witnessed minimal depreciation of 0.7% and 1.3% respectively.

Table 3: Movement in Major Currencies across Developing and Developed Markets over US Currency

Country	Currency	Spot Value as on 31-Dec-24	Percentage change in Currency over period			
			1-Month	3-Month	6-Month	1-Year
BRICS Nations						
Brazil	Real	6.2	3.5	13.4	10.4	27.2
China	Yuan	7.3	0.7	4.0	0.4	2.8
India	Rupee	85.6	1.3	2.2	2.7	2.9
Russia	Rouble	113.1	6.2	21.7	31.9	26.8
S Africa	Rand	18.8	4.4	9.1	3.6	2.6
Developed Markets						
Eurozone	Euro	1.0	2.2	7.5	3.5	6.6
Hong Kong	Hong Kong Dollar	7.8	-0.2	-0.1	-0.5	-0.5
Japan	Yen	157.2	5.0	9.4	-2.3	11.5
S Korea	Won	1472.0	5.3	12.0	6.9	14.3
Singapore	Singapore Dollar	1.4	2.0	6.3	0.7	3.4
UK	Pound Sterling	0.8	1.7	6.9	1.0	1.7

Note: 1. All Currency rates are against USD

2. Negative sign (in percentage change figures) indicates appreciation of quote currency against the base currency (USD)

Source: Bloomberg

HIGHLIGHTS OF DEVELOPMENTS IN INTERNATIONAL SECURITIES MARKET

- **Bank for International Settlements (BIS)**

Basel Committee on Banking Supervision issued guidelines for counterparty credit risk (CCR) management. The guidelines will replace the Committee's "Sound practices for banks' interactions with highly leveraged institutions" published 26 years back. The fresh guidelines includes key practices critical to resolve long-standing industry weaknesses in CCR management by providing a supervisory response to shortcomings identified in banks' management of CCR. Although the guidelines will be applicable to manage banks' CCR exposures to all types of counterparties, but banks having high-risk exposures to counterparties, including non-bank financial intermediary NBFIs would benefit from it particularly.

Source: <https://www.bis.org/press/p241211.htm>

- **International Organization of Securities Commission**

IOSCO launched a dedicated network to support the adoption and other use of IFRS Sustainability Disclosure Standards (ISSB Standards), with the support of the International Sustainability Standards Board (ISSB). ISSB issued ISSB Standards in 2023. IOSCO endorsed the ISSB Standards for capital market use and called on its members to adopt it. The Network will start with a group of 32 IOSCO members of its Growth and Emerging Markets Committee (GEMC), representing 31 jurisdictions (including India). The network will also facilitate a platform for advanced information sharing at a regional level.

Source: <https://www.iosco.org/news/pdf/IOSCONEWS754-English.pdf>

- **Monetary Authority of Singapore MAS Singapore**

The Monetary Authority of Singapore (MAS) and the Association of Banks in Singapore (ABS) announced that two new payments solutions to be launched in mid-2025 to support the transition to e-payments for both corporate and retail cheque users. Corporate cheques would be eliminated and banks would stop issuing new corporate cheque books in 2025. However, retail cheques will continue to be available, along with cashier's orders and USD cheques for both corporate and retail customers.

Source: <https://www.mas.gov.sg/news/media-releases/2024/mas-and-abs-announce-launch-of-edp-solutions-in-mid-2025>

- **Financial Stability Board**

Financial Stability Board (FSB) published its annual Global Monitoring Report on Non-Bank Financial Intermediation (NBFI). The report describes broad trends in financial intermediation in 2023 across 29 jurisdictions that account for around 88% of global GDP. In 2023, the NBFI grew at 8.5 per cent, more than double the pace of banking sector growth (3.3%), raising the NBFI share of total global financial assets to almost 50% (roughly \$250 trillion). This growth was largely attributed to higher asset valuations and investor inflows to NBFI entities.

Source: <https://www.fsb.org/uploads/R161224.pdf>

- **Securities and Exchange Commission, USA**

➤ The Securities and Exchange Commission adopted amendments to Rule 15c3-3 (the

customer protection rule) to require certain broker-dealers to increase the frequency with which they perform computations of the net cash they owe to customers and other broker-dealers from weekly to daily. The Commission also adopted amendments the broker-dealer net capital rule to permit certain broker-dealers that perform a daily customer reserve computation to decrease the required 3 percent “buffer” in the customer reserve bank account by reducing the customer-related receivables, or “aggregate debit items,” charge from 3% to 2% in the computation.

- The Securities and Exchange Commission’s Office of the Investor Advocate published findings from a program of quarterly, longitudinal surveys of investors launched in fiscal year 2024. The Thoughtful Households Relating InVesting Experiences (THRIVE) Panel is a nationally representative survey panel that can facilitate frequent survey research to provide timely data on investment-related topics and support investor testing projects to help inform policymaking or long-run research priorities.

Source: <https://www.sec.gov/newsroom/>

- Financial Conduct Authority, UK
- The Financial Conduct Authority (FCA) has set out plans to simplify the information supplied to investors to boost confidence and drive investment. Firms will be given more choice about how, what and when they communicate. The FCA has also set out some detailed requirements where it is really necessary to ensure consistency and comparability across the market to help consumers.
- Latest research from the FCA reveals that young investors are making important investment decisions in a matter of hours, rather than taking the time to check out whether the product is right for them in the long-term. The survey, which polled 2,000 UK investors aged 18 to 40, found that two-thirds (66%) make investment decisions in less than a day, with one-in-seven (14%) deciding to purchase in under 60 minutes. Only 11% take more than a week to decide if an investment is right for them.

Source: <https://www.fca.org.uk/news/>

POLICY DEVELOPMENTS IN INDIAN SECURITIES MARKET

1. SMS and E-mail Alerts to Investors by Stock exchanges

Stockbrokers are obligated to ensure that separate mobile number/email address is uploaded for each client for the purpose of sending information through SMS and email alerts by stock exchanges. Earlier, under exceptional circumstances, a stockbroker may, upon receiving a specific written request from a client, register the same mobile number or email address for more than one client provided such clients belong to one family. On the basis of representation received from Brokers' Industry Standards Forum, it is clarified that same mobile number can be uploaded on the specific written request by client provided such clients belong to one family (in case of individual clients) or such client is the authorised person of an HUF, Corporate, Partnership or Trust (in case of non-individual clients).

Source: SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/169 dated December 03, 2024

2. Repository of Documents Relied upon by Merchant Bankers during Due Diligence Process in Public Issues

In order to facilitate efficient maintenance of records and documents relied upon by merchant bankers while conducting their due diligence in public issues, stock exchanges have set up an online Document Repository platform which would enable Merchant bankers to upload and maintain the aforesaid documents electronically. The Document Repository platform is intended to facilitate easier access to documents

pertaining to public issue process which are required to be maintained by Merchant bankers.

To ensure efficient record maintenance, Merchant bankers are advised to upload records and documents relied upon by them while conducting their due diligence in public issues on to the online Document Repository platform. The provisions of the circular shall be applicable for the draft offer documents filed on or after January 01, 2025.

Source: SEBI/HO/CFD/CFD-TPD-1/P/CIR/2024/170 dated December 05, 2024

3. Revised Guidelines for Capacity Planning and Real Time Performance Monitoring Framework of Market Infrastructure Institutions (MIIs)

Based on the recommendations of the Committee and in consultation with MIIs, it has been decided to advise MIIs to ensure the specific requirements while formulating the framework of capacity planning and real time performance monitoring of their Critical Information Technology (IT) systems and supporting infrastructure components. Such requirements include, proactive planning methodology, adequate system capacity to handle high volumes, installed capacity at least 1.5 times (1.5x) of the projected peak load etc.

Source: SEBI/HO/MRD/TPD/CIR/P/2024/171 dated December 10, 2024

4. Enhancement in the Scope of Optional T+0 Rolling Settlement Cycle in addition to the Existing T+1

Settlement Cycle in Equity Cash Markets

To enhance the efficiency of the optional same-day settlement cycle, SEBI has expanded the optional T+0 settlement cycle to top 500 scrips in terms of market capitalization as on December 31, 2024, in addition to 25 existing scrips available currently. The scrips will be made available for trading and settlement starting with scrips at bottom 100 companies out of the aforesaid 500 companies and gradually include the next bottom 100 companies every month till top 500 companies are available for trading in optional T+0 settlement cycle. All stockbrokers are permitted to participate in the optional T+0 settlement cycle and may charge differential brokerage for T+0 and T+1 settlement cycles, within the regulatory limit. However, the Block Deal window under the optional T+0 settlement cycle shall be available only for the morning session during 8:45 am to 9:00 am in addition to the existing Block Deal windows for T+1 settlement cycle.

Source: SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/172 dated December 10, 2024

5. Relaxation from the ISIN Restriction Limit for Issuers Desirous of Listing Originally Unlisted ISINs (outstanding as on December 31, 2023)

To promote the listing of grandfathered outstanding unlisted ISINs by issuers, it has been decided that unlisted ISINs outstanding as on December 31, 2023, converted to listed ISINs, subsequent to introduction of Regulation 62A, shall be excluded from the maximum limit of ISINs specified in clause 1 of Chapter VIII of the NCS Master Circular.

Source: SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/173 dated December 13, 2024

6. Classification of Corporate Debt Market Development Fund (CDMDF) as Category I Alternative Investment Fund

In terms of Regulation 3(4)(a) of AIF Regulation, it is clarified that CDMDF falls under the Category I of AIF in terms of Regulation 3(4)(a) of AIF Regulations.

Source: SEBI/HO/IMD/PoD2/P/CIR/2024/174 dated December 13, 2024

7. Pro-rata and Pari-passu Rights of Investors of AIFs

SEBI (Alternative Investment Funds) Regulations, 2012 were amended and notified on November 18, 2024, with respect to maintaining pro-rata and pari-passu rights of investors in a scheme of an AIF. In this regard, it is specified among other directions, that the requirement of maintaining investors' rights pro-rata to their commitment to the scheme, shall not be applicable in an investment of a scheme and distribution of proceeds of the investment to the extent –where investor has been excused or excluded from participating in the said investment or defaulted on providing his/her pro-rata contribution for the said investment.

Source: SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/175 dated December 13, 2024

8. Measures to Address Regulatory Arbitrage with respect to Offshore Derivative Instruments (ODIs) and FPIs with Segregated Portfolios vis-à-vis FPIs

Certain requirements related to ODIs and FPIs with segregated portfolios were modified including mandating FPIs to issue ODIs only through a separate dedicated FPI registration with no proprietary investments provided the requirement of separate dedicated registration shall not apply for issuance of ODIs with Government securities as reference/ underlying. Further, SEBI barred FPIs from issuing ODIs with derivatives as underlying or hedge their ODIs with derivative positions in India.

Source: SEBI/HO/AFD/AFD-POD-3/P/CIR/2024/176 dated December 17, 2024

9. Policy for Sharing Data for the Purpose of Research / Analysis

In order to maintain a uniform data sharing policy for research publications undertaken by accredited academic institutions, MIIs are advised to identify data in two baskets and accordingly frame their data sharing policy. Data in the first basket will be those, which can be shared with the public. MIIs are required to share the data list under each basket with SEBI for approval, within 60 days of the issuance of Circular and the same shall be reviewed annually or on need basis, whichever is earlier.

Source: SEBI/HO/DEPA-II/DEPA-II_SRG/P/CIR/2024/178 dated December 20, 2024

10. Industry Standards on Reporting of BRSR Core

The Industry Standards Forum ("ISF") comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, has formulated industry standards, in consultation with SEBI, for

effective implementation of the requirement to disclose Business Responsibility and Sustainability Report (BRSR) Core. The industry associations, which are part of ISF (ASSOCHAM, FICCI, and CII) and the stock exchanges, shall publish the industry standards on their websites and listed entities shall follow the industry standards to ensure compliance with SEBI requirements on disclosure of BRSR Core.

Source: SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 dated December 20, 2024

11. Upload of Draft Scheme Information Document (SID)

The draft SID on which observations are issued by SEBI shall be made available on SEBI's website for at least 8 working days for receiving public comments on the adequacy of disclosures made in the document.

Source: SEBI/HO/IMD/IMD-RAC-1/P/CIR/2024/179 dated December 20, 2024

12. Prior approval for Change in Control: Transfer of Shareholdings among Immediate Relatives and Transmission of Shareholdings and their effect on Change in Control

Clarification related to transfer of shareholding among immediate relatives and transmission of shareholding in respect of investment advisers (IAs), research analysts (RAs) and KYC (Know Your Client) registration agencies (KRAs) was issued.

Entities or individuals acquiring controlling interests through share transfers or

inheritance must comply with the fit and proper person criteria as specified by Sebi.

Source: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/164 dated December 27, 2024

13. Allowing Subscription to the Issue of Non-Convertible Securities during Trading window Closure Period

In addition to the transactions mentioned in PIT (Prohibition of Insider Trading) regulations and SEBI Circular - SEBI/HO/ISD/ISD/CIR/P/2020/133 dated July 23, 2020, the trading window restrictions shall also not apply to subscription to the issue of non-convertible securities, carried out in accordance with the framework specified by the Board from time to time.

Source: SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/180 dated December 30, 2024

14. Introduction of a Mutual Funds Lite (MF Lite) framework for Passively managed Schemes of Mutual Funds

To promote ease of entry, encourage new players, reduce compliance requirements, increase penetration, facilitate investment diversification, increase market liquidity and foster innovation a relaxed regime with light-touch provisions “the MF Lite Framework” was introduced only for passive Mutual Fund schemes.

Source: SEBI/HO/IMD/PoD2/P/CIR/2024/183 dated December 31, 2024

15. Clarifications to Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)

It was clarified that compliance requirements under the CSCRF, which are

set to take effect on January 1, 2025, will be subject to regulatory forbearance till March 31, 2025. Additionally, the timeline for compliance with the CSCRF for KYC Registration Agencies (KRAs) and Depository Participants (DPs) has been extended from January 1, 2025, to April 1, 2025. Furthermore, the guidelines and provisions concerning Data Localization [Data Security standard (PR.DS.S2)] has been kept in abeyance until further notification.

Source: SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/184 dated December 31, 2024

16. Implementation of Recommendations of the Expert Committee for Facilitating Ease of Doing Business for Listed Entities

Certain recommendations of the Expert Committee set up to inter-alia review the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, were approved. These includes introduction of integrated filing in terms of Regulation 10(1A) of the LODR Regulations, disclosure of specified material events/information on a quarterly basis in the format provided. Listed entities are also required to disclose key details of employee benefit schemes and secure board approval for redacting commercially sensitive information before publishing them.

Source: SEBI/HO/CFD/CFD-PoD-2/P/CIR/P/2024/185 dated December 31, 2024

LATEST PUBLICATIONS

1. SEBI Annual Report: 2023-24
2. Handbook of Statistics on Indian Securities Market: 2023-24

Please visit SEBI website at the following URL to refer/download the publications.

<https://www.sebi.gov.in/reports-and-statistics.html>