

# NEWSLETTER OCTOBER-2025

October 2025, Volume 46



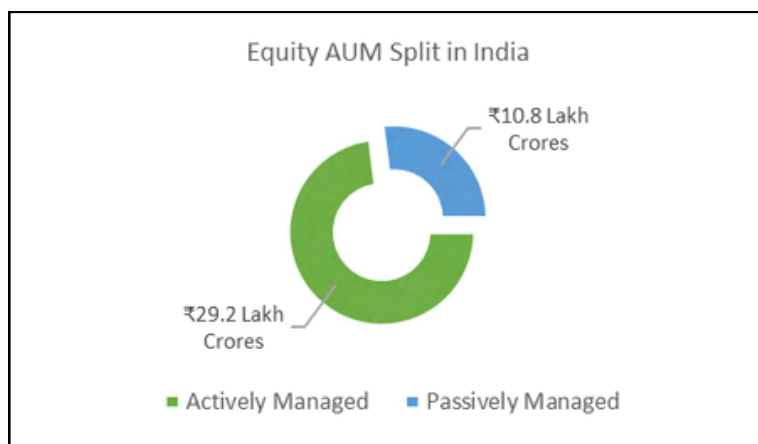
## FROM DIRECTOR'S DESK

### Why are retail investors voting with their wallets for passive products?

The Assets under Management (AUM) of passive equity funds, as of 31<sup>st</sup> March 2025, was about 27% of the overall equity fund AUM of Rs.40 lakh crores. The AUM of passive equity funds have grown at a CAGR of 47% in the last 5 years, significantly outstripping the growth in AUM of actively managed equity funds. In this period the number of passive folios grew at 68% as compared to a meager 21% growth in active folios.

And therein lies a fascinating paradox – this explosive growth in AUM and folios of passive equity funds has happened even though many active equity funds have delivered better returns, with lower volatility, in comparison to their passive counterparts.

An analysis of fund returns over a 25-year period indicates that, over many time periods, large cap equity funds have outperformed the NIFTY 50 ETFs. Their volatility adjusted returns – measured by risk indicators like the Sharpe Ratio - match those of the NIFTY 50 ETFs.



| Horizon (Years) | CAGR      |              | SD Annualised |              | Sharpe Ratio |              |
|-----------------|-----------|--------------|---------------|--------------|--------------|--------------|
|                 | Large-Cap | Nifty 50 ETF | Large-Cap     | Nifty 50 ETF | Large-Cap    | Nifty 50 ETF |
| 31.3.2025       |           |              |               |              |              |              |
| 5               | 19.29     | 19.12        | 15.34         | 15.5         | 0.22         | 0.25         |
| 10              | 13.73     | 13.8         | 15.66         | 16.12        | 0.1          | 0.13         |
| 15              | 11.4      | 11.39        | 15.73         | 16.27        | 0.11         | 0.13         |
| 20              | 13.67     | 13.66        | 18.27         | 16.47        | 0.12         | 0.13         |
| 25              | 13.78     | 14.23        | 18.27         | 16.47        | 0.12         | 0.13         |

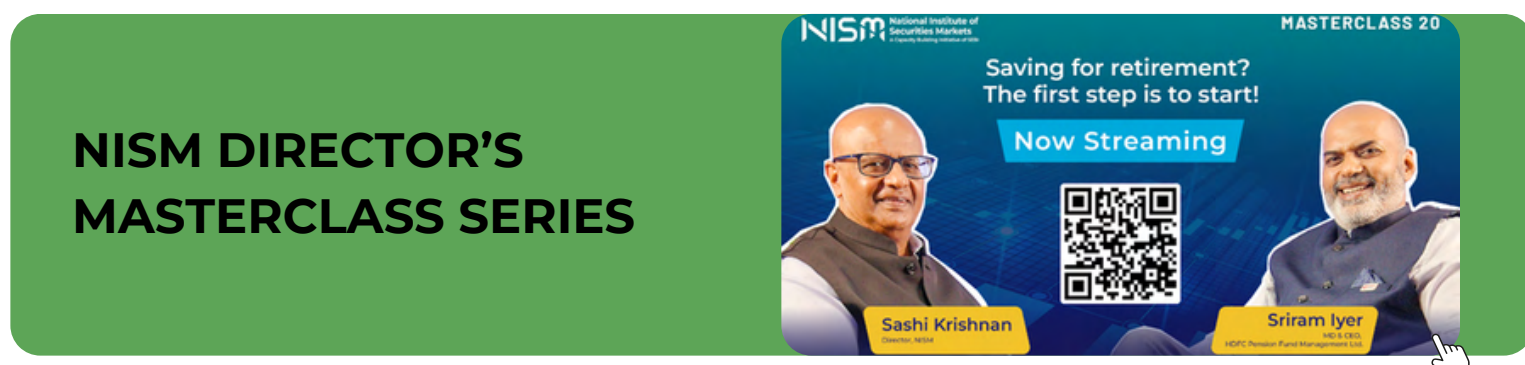
Managers of active funds have the ability to avoid index laggards, allocate tactically to outperforming sector and exercise judgement during periods of market stress. In theory, therefore, given their track record and the promise to deliver alpha, should investors not prefer active funds? Yet the fund flows tell a different story.

There are several structural and behavioral factors that explain why retail investor tilt towards ETFs and Index Funds. Firstly, retail investors find it difficult to identify which active fund manager will deliver alpha in the future. While some active large cap funds have outperformed their benchmark over the last 25 years, the consistency of such outperformance is not uniform, and they have had periods of underperformance. Passive funds, in contrast, almost guarantee market matching returns without the uncertainty. In times of market volatility, retail investors become wary of “manager risk” – the risk that a chosen fund manager may underperform. Passive investing eliminates this layer of decision making.

Secondly, ETFs and Index Funds have some structural advantages. As ETFs trade like stocks, they offer inter-day liquidity. They offer complete transparency of holdings, as they mirror the underlying index, thus easing portfolio construction for asset allocators. Younger investors are less emotionally attached to the idea of star fund managers and more focused on efficient exposure to asset classes. For investment advisors, recommending ETFs or Index Funds, simplifies client communication and portfolio monitoring.

Thirdly, passive funds have a clear cost advantage. Expense ratios of ETFs and Index Funds are significantly lower than those of actively managed funds. Even if active fund managers outperform their passive counterparts by 200 basis points, their higher fees can erode their net advantage. Over long periods, compounding of this fee difference can tilt the scales in favor of passive funds. For instance, as can be seen in the table above, actively managed large cap funds have, on average for a 25-year period, delivered a CAGR of 13.78% compared to the CAGR of 14.23% delivered by the NIFTY 50 ETFs. This would mean that Rs.10,000 invested in a NIFTY 50 ETF in the year 2000 would now be worth Rs.2.78 lakhs whereas Rs.10,000 invested in a large cap fund would be worth only Rs.2.52 lakhs. For a new generation of investors, who prefer predictability, simplicity, transparency and lower costs, investing in passive funds aligns with their financial philosophy.

**Sashi Krishnan**  
Director, NISM



### **#NISMMasterclass 20: Saving for Retirement? The First Step is to Start! | Sriram Iyer**

Sriram Iyer presents a structured and realistic approach to retirement planning, emphasizing that success hinges on **starting early** and leveraging the power of **compounding**. He advocates for a high allocation to **equities** during the accumulation stage—when one is young—to outpace inflation, but warns of the risks posed by market volatility, especially during retirement. To counter this, he advises a gradual shift toward **fixed-income** instruments as the retirement horizon nears, minimizing the “sequence of returns” risk that can erode a retirement corpus. Iyer also points out the difficulty in estimating how much one needs to retire because assumptions about **inflation, longevity, and investment returns** are inherently uncertain, and suggests adopting conservative projections and including buffers for **healthcare costs**, which often dominate post-retirement expenses.

He highlights the **National Pension System (NPS)** as a standout vehicle for Indian investors: it offers very low costs, flexible allocation choices, and a structure that discourages early withdrawals, helping investors maintain discipline over the long term. Further, Iyer underscores the role of **annuities** to secure guaranteed income streams in the retirement years, discussing options like immediate, deferred, and inflation-linked annuities. Beyond individual strategies, he stresses the broader societal challenge of **low pension coverage in India** and proposes policy interventions such as making pension enrolment **opt-out** (rather than opt-in) to expand participation and strengthen retirement security across the population.

# INDIAN ECONOMY IN NUMBERS

| Macro Indicators  | As On      |            |            | % Change in last |         |
|---|------------|------------|------------|------------------|---------|
|   | 30-09-2025 | 30-09-2024 | 30-09-2022 | 1 year           | 3 years |
|  Nifty 50  | 24611.11   | 25,810.85  | 17,094.35  | -4.65            | 43.97   |
|  BSE Sensex 30   | 80267.62   | 84,299.78  | 57,426.92  | -4.78            | 39.77   |
|  Nifty P/E   | 21.76      | 24.26      | 20.64      |                  |         |
|  BSE Sensex P/E  | 22.20      | 24.75      | 22.25      |                  |         |
|  RBI Repo Rate %                                      | 5.50       | 6.50       | 5.90       | -100 bps         | -40 bps |
|  10 Yr G Sec (GoI) %                                 | 6.51       | 6.82       | 7.40       | -31 bps          | -89 bps |
|  INR USD   | 88.79      | 83.79      | 81.55      | -5.97            | -8.88   |
|  GST Collection<br>(Rs lac cr)                       | 1.89       | 1.73       | 1.48       | 9.11             | 27.99   |
|  GDP growth rate %                                   | 7.81       | 6.51       | 12.8       |                  |         |
|  CPI %   | 2.07       | 5.49       | 7.41       |                  |         |
|  WPI %   | 0.52       | 1.84       | 10.70      |                  |         |
|  BSE Mkt Cap<br>(Rs lac cr)                          | 452.23     | 475.32     | 272.01     | -4.86            | 66.25   |
|  NSE Mkt Cap<br>(Rs lac cr)                          | 448.78     | 470.65     | 269.77     | -4.65            | 66.36   |
|  PMS - Industry AUM<br>(Rs Lac Cr)                   | 39.76      | 36.28      | 25.80      | 9.59             | 54.07   |
|  AIF - Total funds raised<br>(Rs Lac Cr)             | 5.91       | 5.02       | 3.35       | 17.92            | 76.71   |
|  Indian Mutual Fund<br>Industry's AUM<br>(Rs Lac cr) | 76.71      | 68.00      | 39.88      | 12.81            | 92.36   |

Source: AMFI, NSE, BSE, Trading Economics, MOSPI, RBI



# CONGRATULATIONS!

Lucky winners of September 2025 Quiz

**AMOGH SINGH  
NITESH RANJAN  
CHINMAY**



Win Attractive Cash Prizes by Answering a Simple Quiz  
Details Inside Pages...



## FINANCIAL MARKETS DEVELOPMENTS

### Gold Breaks \$3,900 as U.S. Data Silence and Shutdown Boost Safe Haven Demand

Gold prices rose past \$3,900/oz during the week, driven by the U.S. government shutdown that disrupted key macro releases, including the September Jobs report. Weak private payrolls and services data increased risk aversion, fueling strong inflows into gold futures despite volatile intraweek swings.

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### NSEIX Launches India's First Zero-Days-to-Expiry (ODTE) Nifty 50 Options at GIFT IFSC

The introduction of ODTE derivatives offers a cost-effective and efficient tool for short-term risk management, enabling broader participation from investors across diverse capital bases and risk profiles to improve liquidity and provide depth to long-term government securities.

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### RBI Keeps Repo Rate Unchanged at 5.5%, Maintains Neutral Stance

the Reserve Bank of India left the repo rate steady at 5.5%, citing stable inflation and resilient growth. The MPC reaffirmed its commitment to price stability while supporting economic expansion, projecting FY26 GDP growth at 6.8% and inflation around 2.6%. The central bank noted improving consumer confidence and continued moderation in inflation expectations.

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### GIFT Nifty derivatives to begin daily expiry contracts with effect from Oct 13

Dollar-denominated index contracts with daily expiries aimed at widening offshore hedging tools for foreign investors.

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### Global Emerging Market funds cut India allocation, shift to China

Portfolio rebalancing saw GEM funds reduce India exposure to 16.7% while increasing allocations to China on valuation calls.

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### Foreign investors withdraw ₹7,945 Cr from Indian equities in September

Depository data show net FPI selling during the month amid global risk repricing and tariff uncertainties.

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### Rupee sets new low as tariff and visa pressures mount

The Indian rupee hit record levels against the USD amid U.S. tariffs and H-1B visa policy shifts, exacerbating currency stress for equity investors.

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### HSBC upgrades India equities to 'Overweight' on relative valuation

Bank cites attractive valuation differentials and structural consumption trends as reasons for a tactical upgrade

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### Select IPOs and primary market activity pick up

Several IPOs scheduled in September increased primary market supply and retail participation, keeping short-term market attention on subscription trends.

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## REGULATORY DEVELOPMENTS

### SEBI Board Meeting – Key Decisions Announced

SEBI announced multiple initiatives to improve ease of doing business, investor participation, and regulatory outreach. Key measures include amendments to Minimum Public Offer and IPO regulations, launch of the "India Market Access", enhancing mutual fund participation in REITs/InvITs, and expanding the "Strategic Investor" scope. SEBI also plans to strengthen its local presence across states.

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### Intraday Position Limits Monitoring for Equity Index Derivatives

SEBI introduced a framework to monitor intraday trading positions in equity index derivatives. Stock exchanges will maintain at least four snapshots during trading hours to track compliance. The circular is effective from October 1, 2025.

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### Streamlined Transmission of Securities from Nominee to Legal Heir

SEBI standardized the process for transferring securities from a nominee to a legal heir using the reason code "TLH (Transmission Legal Heir)." The change resolves succession and taxation issues and is effective from January 1, 2026.

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### Simplified Disclosure Document for Portfolio Managers

SEBI issued a revised format for the disclosure document for portfolio managers, removing Schedule V under the SEBI (Portfolio Managers) Regulations, 2020. Portfolio managers must share this with clients before agreements to ensure transparency on services, risks, fees, and past performance.

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### Updated Framework for Social Stock Exchange (SSE)

SEBI revised registration and disclosure requirements for Not-for-Profit Organisations on the Social Stock Exchange. Annual Impact Reports must cover key activities, governance, and financials, assessed by Social Impact Assessors. Changes are effective immediately.

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### Revised Regulatory Framework for Angel Funds under AIF

SEBI has separated Angel Funds from Venture Capital Funds under Category I AIFs to simplify operations. Only accredited investors can invest, and total investment in any investee company cannot exceed ₹25 crore.

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### Public Cautioned Against Impersonation of SEBI

SEBI issued a public notice on September 5, 2025, cautioning the public about individuals or entities impersonating SEBI officials or representatives. Investors are advised to verify the authenticity of communications claiming to be from SEBI.

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### One-Time Option for Central Government Employees to Join UPS

PFRDA allows central government employees who joined between April 1 and August 31, 2025, to opt for the Unified Pension Scheme (UPS). The option must be exercised by September 30, 2025.

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### Second 'Niveshak Shivir' Held in Hyderabad

On September 2, 2025, SEBI and IEPFA jointly conducted the second "Niveshak Shivir" in Hyderabad. The initiative aimed to minimize unclaimed assets and facilitate investor claims for unpaid dividends and shares.

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## **RBI Issues Directions on Authentication Mechanisms for Digital Payments**

All digital payment transactions in India are required to meet the norm of two factors of authentication. The directions mandate compliance by April 1, 2026, and apply to all Payment System Providers and Participants.

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## **SEBI Introduces 'Sebi Check' Tool for Verifying UPI Payment Authenticity**

SEBI has introduced a new tool called 'Sebi Check' to help investors verify the authenticity of UPI payment IDs used by intermediaries. This initiative aims to reduce fraud and enhance investor confidence.

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## **IRDAI Mandates Insurers to Pass GST Exemption Benefits to Policyholders**

Starting September 22, 2025, individual life and health insurance policies will be exempt from GST, which previously stood at 18%. IRDAI has mandated insurers to pass on the benefits of this exemption to policyholders.

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## **IRDAI Restricts Insurance Licenses for VC-Backed Fintech Startups**

IRDAI has adopted a stricter stance toward issuing insurance manufacturing licenses, specifically targeting venture capital (VC)-backed fintech startups. This move indicates the regulator's growing concern about the operational and financial stability of such firms.

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## **IFSCA Issues Circular on IFSC Banking Units Exposure Norms**

IFSCA has issued a circular updating prudential limits for IFSC Banking Units' exposure to large borrowers, aligning them with domestic banking regulations to ensure financial stability.

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## **PFRDA Revises CRA Maintenance Charges for NPS, NPS-Vatsalya, UPS, APY Account Holders**

Effective from October 1, 2025. The revised charges will differ based on whether the subscriber belongs to the government or private sector and whether the account is managed online or offline.

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## **SEBI Introduces Tiered Cybersecurity Framework for Market Intermediaries**

SEBI has implemented a tiered cybersecurity framework, easing compliance burdens for smaller intermediaries while aligning with global standards.

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## **SEBI Extends Cybersecurity Compliance Deadline for Market Intermediaries**

SEBI has extended the deadline for market intermediaries to comply with the Cybersecurity and Cyber Resilience Framework, providing additional time to meet security standards and strengthen defenses.

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## **RBI Eases Credit Access for Small Businesses and Gold-Using Firms**

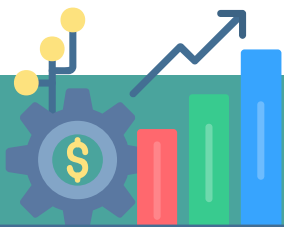
The Reserve Bank of India announced regulatory adjustments to improve credit access for small businesses and firms using gold as raw material. Banks can now revise the credit risk spread charged on loans to small businesses more frequently and extend working capital loans to any business that uses gold as a raw material.

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## **RBI Updates Master Direction on Lending to Micro, Small, and Medium Enterprises (MSMEs)**

RBI has updated its Master Direction on lending to MSMEs, incorporating provisions to facilitate timely and adequate availability of credit to viable MSME borrowers, especially during unforeseen circumstances.

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## ECONOMY RELATED UPDATES

### CPI inflation at 2.07 % in August; food deflation narrows

Headline CPI inflation in August 2025 was 2.07 %. Meanwhile, food-related inflation showed less negative pressure, with food prices down 0.69%, narrowing the deflation trend.

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### India's private sector growth softens in September amid export headwinds

The HSBC flash composite PMI dipped to 61.9 from 63.2 in August, with both manufacturing and services moderating under tariff pressures.

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### Forex reserves rise \$4.03 bn to \$698.26 bn as of Sept 5

RBI data shows increase across foreign currency assets, gold, SDRs, and IMF reserves over the prior release.

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### ADB lowers India's FY26 growth forecast to 6.5% citing tariff pressures

The Asian Development Bank cut its earlier estimate; warning US tariffs may dampen export demand. The outlook for FY27 was also revised downwards, to 6.5 percent from 6.8 percent.

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### India's merchandise trade deficit narrows to \$26.49 bn in August

Major drivers of merchandise exports in August 2025 include electronics, which registered a growth of 25.93 percent on-year, engineering goods that rose 4.91 percent, and gems & jewellery shipments that jumped 15.57 percent.

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### India's exports to U.S. slow in August amid tariff headwinds

Electronics and engineering goods export growth to the U.S. decelerated ahead of tariff implementation.

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### OECD raises India's 2025 GDP forecast to 6.7%, cuts inflation projection to 2.9%

The international body upgraded growth view and trimmed Consumer Price Index outlook to reflect recent tax and macro shifts.

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### India-UAE trade hits \$100 bn mark; non-oil momentum slows

Trade with the UAE crossed \$100 billion, though non-oil exports showed signs of moderation. The push builds on the comprehensive partnership agreement signed in 2022.

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### Fiscal deficit widens to 38.1% of FY26 target in first five months

Rising capital spending and softer revenue collections pushed the deficit to ₹5.98 lakh crore by August.

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## GLOBAL FINANCIAL DEVELOPMENTS

### Fed resumes easing path; other major central banks hold rates steady

The U.S. central bank cut rates in September, diverging from peers like BoE, ECB, and BOJ that maintained policy rates.

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### OECD warns global growth to slow to 3.2% in 2025, cites policy uncertainty

Interim Economic Outlook projects growth tapering from 3.3% in 2024 to 3.2% in 2025, with further slowing to 2.9% in 2026.

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### ECB: inflation risk “quite contained,” no immediate rate cuts signalled

Christine Lagarde said eurozone inflation pressures remain manageable despite global trade uncertainty.

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### Argentina central bank sells \$678 million in record dollar intervention

The largest single-day dollar sale in six years to support the peso amid pressure from capital flight and inflation concerns.

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### Euro’s global influence under strain amid internal divisions

Political fragmentation and liquidity provision strategies risk weakening the euro’s international standing.

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### Australia’s central bank holds rate at 3.60%, flags inflation risks

RBA left its cash rate unchanged and emphasized caution, noting underlying inflation pressures have eased slowly.

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### Digital euro push accelerates as ECB plans payments system overhaul

ECB may issue a public digital euro wallet to counter stablecoin adoption and retain monetary control.

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### China factory activity contracts for a sixth straight month

Official PMI or purchasing managers index dipped to 49.8, indicating persistent industrial weakness amid U.S. trade uncertainty.

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### EBRD raises 2025 growth forecast for its regions to 3.1%

Emerging Europe, Middle East, and Central Asia expected to outperform previous estimates, though war & tariffs pose risk.

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### German inflation jumps to 2.4% in September, highest since February

Core and headline inflation both rose, putting pressure on ECB’s future rate decisions.

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### Global outlook resilient but cracks showing in advanced economies

S&P Global revises upward 2025 growth estimates but notes headwinds ahead in U.S. and European demand.

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## NISM PGP ALUMNI ACHIEVEMENT

PPFAS Mutual Fund has appointed Tejas Soman as its Chief Investment Officer - Debt, marking a strategic step to strengthen its fixed income platform. With over 12 years of experience at SBI Funds Management, Yes Bank, STCI Primary Dealership, and PwC, Soman brings deep expertise in managing debt portfolios and regulatory frameworks. His appointment is expected to enhance PPFAS's fixed income and hybrid fund strategies, aligning with the fund house's core principles of simplicity, transparency, and disciplined risk management.

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Reflecting on his professional journey, Soman shared,

“The experience of pursuing the PGPSM at NISM was truly transformative. The program provided the opportunity to specialize in securities markets, allowing in-depth knowledge and honing essential skills in research as well as analytical approach. The practical modules create the right platform for the opportunities in the financial markets.”

**Tejas Soman,**

Chief Investment Officer – Debt, PPFAS Mutual Fund (PGPSM 2014-15 Batch)

### NISM Certification in Focus

#### Portfolio Managers



#### NISM Series XXI-B: Portfolio Managers

The NISM-Series-XXI-B: Portfolio Managers Certification Examination establishes a minimum knowledge benchmark for principal officers and employees of Portfolio Management Services (PMS) firms, aimed at enhancing service quality. The certification covers investments, securities markets, equities, fixed income, derivatives, mutual funds, indices, behavioral finance, and portfolio theory. It also addresses portfolio management roles, processes, strategies, performance evaluation, taxation, and regulatory and ethical aspects.

## TESTIMONIALS FROM OUR NEW STUDENTS



“Joining the LLM in Investment and Securities Law was a moment of pure excitement for me, as it felt like stepping into a space where my passion for law and finance could truly grow. What thrilled me the most was not only the chance to study such a dynamic and specialized course but also the incredible campus experience that came with it the state-of-the-art simulation lab that brings real market scenarios to life, the well-equipped hostel that makes living here comfortable, and the recreation center with its gym and wide range of sports facilities that ensure a perfect balance between academics and personal well-being. It already feels like the ideal environment to learn, grow, and make the most out of this journey.”

**Anshul Singh**

LL.M.(Investment & Securities Law) 2025-26

“The PGP (PM/IA/RA) course at NISM has been a rewarding experience so far. The well-structured curriculum combined with a diverse cohort makes classroom discussions both insightful and engaging. Learning directly from industry experts and regulators has provided valuable perspectives on the functioning of capital markets. The practical assignments reinforce the concepts effectively, and I am pleased to be expanding my knowledge and network. This course is an important step toward fulfilling the educational requirement on my path to becoming a SEBI registered research analyst or investment adviser.”

**Sunik Shetty**

PGP (PM/IA/RA) 2025-26



“I joined the program two weeks ago, coming from a completely different academic and professional background. The course structure is thoughtfully designed, making it easy to understand and follow even for participants from non-related fields. The faculty members demonstrate great patience in addressing queries and adapt their teaching to accommodate students from diverse domains. I am pleased to be a part of this program and look forward to continuing my learning journey.”

**Somya Vasudev**

CPDS – Basic, Batch 2025–26

“I am truly elated to join the ICICI PGCSM 2025-26 program at NISM, Patalganga. I am excited to learn from industry leaders, build practical skills for a rewarding career in financial markets. With access to state-of-the-art trading labs and industry-recognized certifications, I look forward to gaining hands-on exposure that complements the academic rigor of the program. The combination of real-world learning at ICICI Bank and the rich academic environment at NISM promises an enriching experience. I am eager to grow alongside a diverse and talented cohort, and to make a meaningful impact in the financial industry.”

**Anurag Rajput**

PGCSM (Batch 14) 2025–26



## Expert Article

### Related-Party Transactions in India: Evolution, SEBI's 2025 Reforms, and the Road Ahead



Related-party transactions (RPTs) have always been a double-edged sword in India's corporate landscape. On one hand, they are often unavoidable in promoter-led business groups where group entities share infrastructure, capital, intellectual property, and management. On the other hand, RPTs have historically been a source of concern for regulators and investors because they create opportunities for conflicts of interest and potential diversion of resources away from minority shareholders.

India's regulatory journey on RPTs reflects this tension. The Companies Act, 1956 first required Board approval for certain contracts with directors and their relatives, but the corresponding enforcement was weak. The Companies Act, 2013 introduced a more structured regime, mandating shareholder approval for significant RPTs and requiring interested parties to abstain from voting. Over time, SEBI complemented this with rules under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), which expanded the definition of related parties and imposed disclosure requirements on listed companies.

Through the 2010s and early 2020s, SEBI steadily increased scrutiny of RPTs, especially in promoter-driven companies where issues like excessive royalty payments, group guarantees, and preferential asset transfers were common. The regulator moved towards greater transparency by expanding disclosure requirements and giving Audit committees of the Board a more central role in approving RPTs. Proxy advisors also began to highlight questionable transactions, creating additional pressure on companies to justify fairness.



By 2025, SEBI had embarked on its most comprehensive reform of the RPT regime yet. This included the introduction of minimum disclosure standards in February 2025, revised RPT procedures in June 2025, a consultation paper on threshold relaxations in August 2025, and most significantly, the approval of amendments to the LODR Regulations at SEBI's 211th Board Meeting in September 2025. Alongside these, a new set of granular disclosure rules effective from September 1, 2025 reshaped how companies present RPTs to their Boards, regulators, and shareholders. Collectively, these reforms signal the regulator's determination to modernize RPT oversight, aligning India more closely with global governance practices.



## Evolution of SEBI's Oversight in 2025

SEBI's efforts to refine the RPT framework in 2025 unfolded in multiple phases. In February 2025, it introduced minimum information standards to ensure Audit committees and shareholders received consistent, decision-useful data when evaluating RPTs. This checklist covered the transaction's nature, pricing methodology, rationale, valuation inputs, and measures to address conflicts of interest.

In June 2025, SEBI followed up with revised RPT Standards, effective September 1, 2025. These standards clarified the definition of materiality, set out uniform disclosure formats, and formalised procedural timelines for Board and shareholder approvals. The move created comparability across companies and brought greater discipline as to how RPTs were handled internally and disclosed externally.

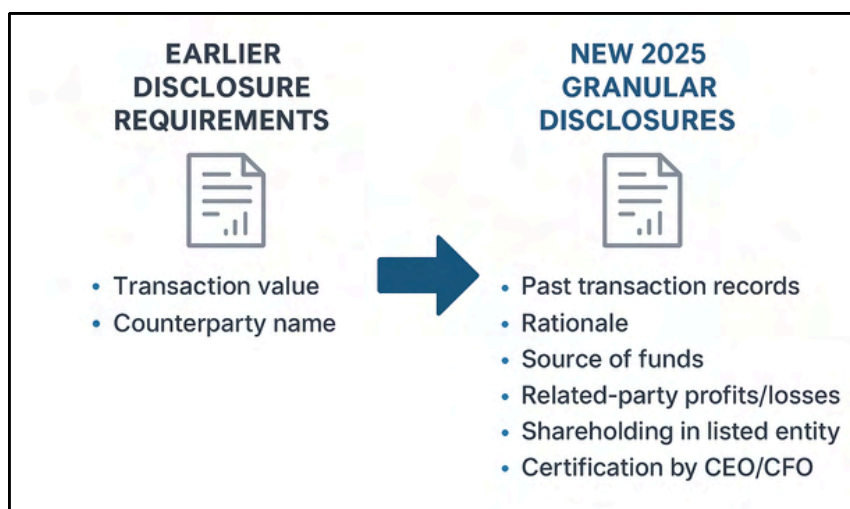
By August 2025, SEBI had released a Consultation paper acknowledging therein the industry feedback that the compliance burden for small-value transactions was excessive. The paper proposed raising thresholds for shareholder approval and exempting very small transactions from heavy disclosure requirements. The idea was to focus governance and regulatory scrutiny on large, impactful RPTs while streamlining oversight of routine or minor dealings.

The culmination came at SEBI's 211th Board Meeting on September 12, 2025, where the regulator formally approved amendments to the LODR Regulations concerning RPTs. These amendments, though awaiting notification in the Official Gazette before taking effect, represent the codification of earlier disclosure standards, revised procedural requirements, and threshold changes into binding law. This marked the shift from guidance and circulars to enforceable regulation.

### Granular Disclosures: Raising the Bar

Alongside these structural reforms, listed companies are already subject to a new set of granular disclosure obligations that came into effect on September 1, 2025. These rules apply to nearly 5,000 listed firms and significantly expand the scope of information that must be disclosed to shareholders and the stock exchanges.

Companies must now provide detailed explanatory statements for material RPTs, exceeding the requirements of the Companies Act, 2013. Disclosures must include related parties' contributions to profits or losses, their shareholding in the listed entity, and the financial performance of related parties in prior years. Past transaction records must be shared, along with full specifics of proposed RPTs, such as their nature, size, rationale, and source of funds.



Certain categories of transactions attract additional scrutiny. For loans, advances, inter-corporate deposits (ICDs), and guarantees, companies must disclose the rationale and funding sources. For comfort letters or indemnities, the justification must be explicitly outlined. Royalty / brand or technology payments are subject to even more rigorous disclosure; firms must report royalties paid over the past three years, provide a type-wise breakup, compare royalty growth against turnover, profit after tax, dividend pay-outs and highlight benefits derived from these arrangements. Peer comparisons must also be included to allow investors to benchmark practices across firms.

Crucially, all such disclosures must now be accompanied by certifications. Chief executives, chief financial officers, and promoter-directors are required to certify that proposed RPTs are not prejudicial to public shareholders. If any promoter-director declines to provide this certification, that fact must be disclosed. This mechanism raises the accountability of those in control and signals to minority investors whether promoters stand firmly behind the fairness of a transaction.



## Implications and the Road Ahead

The impact of these reforms is far-reaching. For companies, the immediate task is to update RPT policies, build internal compliance workflows, and create standardised templates that capture the new disclosure fields. Audit committees, in particular, face heightened responsibility; they must now interrogate valuations, pricing justification, and the necessity of transactions with greater rigour. Independent valuations and benchmarking are expected to become a standard practice, especially for high-value or sensitive transactions such as royalties and guarantees.

For investors, these reforms provide greater transparency and comparability. Detailed disclosures enable minority shareholders and proxy advisors to better evaluate whether transactions are fair and whether promoters or related entities are benefiting at the expense of the company. The certification requirement adds another layer of comfort, ensuring that top management and promoters themselves attest to the fairness of transactions.

Despite these advances, challenges remain. Companies may adopt a “form over substance” approach, providing reams of data without meaningful analysis. There is also the risk of “threshold arbitrage,” where firms structure transactions just below approval triggers to avoid scrutiny. Furthermore, until the LODR amendments are formally notified, uncertainty about their implementation timeline persists. Nonetheless, the direction is clear - SEBI is committed to embedding transparency and accountability into the governance of RPTs.

## Conclusion

The year 2025 represents a turning point in India's regulatory framework for related-party transactions. By introducing minimum disclosure standards, revising approval processes, proposing threshold relaxations, and mandating granular disclosures, SEBI has taken a comprehensive approach to addressing both transparency and compliance efficiency. The formal approval of LODR amendments at SEBI's 211th Board Meeting underscores the regulator's determination to convert guidance into enforceable law.

For companies, these reforms demand not just compliance but a genuine shift in governance culture, ensuring that RPTs are not only documented but also demonstrably fair. For investors, they offer the tools to scrutinise transactions more effectively and to hold boards and promoters accountable. The success of these reforms will depend on their implementation in spirit, not just in form. If embraced fully, they have the potential to enhance investor trust, strengthen minority shareholder protections, and reinforce the integrity of India's capital markets.

## Authors:

**Vivek Sharma - Visiting Faculty, NISM and**

**Suresh Narayan - Adjunct Faculty, NISM**



## MEDIA ARTICLE by NISM DIRECTOR

### Urban Infrastructure Financing in India: Challenges and Solutions for a Deeper Municipal Bond Market



A World Bank report titled “Financing India’s Urban Infrastructure Needs” estimates that India’s cities will require nearly **USD 840 billion** by 2036 to build essential infrastructure—primarily water supply, sewage, solid waste, and mass transit systems. However, India’s capital expenditure on urban infrastructure over the past decade averaged just **0.6% of GDP**, far below China’s 2.8%. With urban populations and service demands rising, the current funding model—dependent on Urban Local Bodies (ULBs) drawing from limited tax and non-tax revenues and government grants—remains grossly inadequate. According to the **RBI’s 2024 Report on Municipal Finance**, borrowings by ULBs from financial institutions stand at a mere **₹3,364 crore**, less than 0.05% of GDP, while total municipal bond issuances since 2017 amount to just **₹2,833.90 crore**, spread across only 18 active bonds. The secondary market for these bonds is also illiquid, with minimal trading volumes. This data underscores the shallow depth of India’s municipal bond ecosystem, shaped by ULBs’ overreliance on state and central funding and their lack of credit discipline.

For India to bridge the vast **urban infrastructure funding gap**, a vibrant and scalable municipal bond market is critical. Reforms must push ULBs to reduce grant dependence through performance-linked funding, strengthen financial governance and disclosure norms, and build capacity for preparing **bankable projects**. Enhanced **creditworthiness, retail participation, and institutional investor confidence** can be achieved through credit enhancement mechanisms, tax incentives, pooled financing, and recognition of municipal bonds as “approved investments.”

Further, **innovative instruments** such as **green bonds, pooled funds, and PPP bonds** can attract diverse investor classes while embedding accountability and sustainability into financing structures. **A dedicated insolvency framework for ULBs** would improve investor confidence and promote fiscal discipline. With nearly half of India projected to live in urban areas within the next two decades, the expansion of the municipal bond market is not just desirable—it is indispensable for sustainable urban growth and self-reliant city governance.

Article appeared on PrimeDatabase.com in the Month of September 2025 [Read More](#)

### NISM e-learning courses on the subject



Municipal Bonds



Municipal Financing in India



## FROM NISM'S PGP CLASSROOMS TO REAL-WORLD FINANCE



### A Study on Behavioral Biases and Socio-demographic Factors In Investment Decision Making

In her dissertation, K. Sujatha explores how psychological factors influence the way investors make financial choices. Drawing insights from behavioural finance, the study analyses key biases - overconfidence, herd behaviour, availability bias, and self-attribution, and measures their effect on investors' portfolio decisions, risk appetite, and market perception.

Surveying over a hundred retail investors, the research reveals that **herd behaviour remains the most dominant bias**, with many investors following market trends or peer influence rather than objective analysis. **Availability bias**, basing decisions on easily accessible or recent information emerges as another strong influence, often leading to short-term and reactionary investing. **Self-attribution**, where investors credit success to skill and blame losses on external factors, also distorts judgment and increases risk-taking. Conversely, **overconfidence**, though common in trading narratives, was found to have **limited statistical significance** in shaping actual investment outcomes.

The study further observes that **age, income, and experience moderate behavioural tendencies**. Older and more experienced investors show greater restraint, while younger participants display stronger herd and availability biases. The findings underscore the importance of **financial self-awareness**: understanding one's behavioural biases can help investors make more rational, long-term decisions and improve the quality of financial advice delivered by professionals.

As the dissertation cites, "Markets are moved as much by psychology as by performance," reminding both investors and advisors that behavioural discipline is as crucial as market knowledge in achieving consistent returns.

***K. Sujatha was a student of NISM's Postgraduate Program in Securities Markets 2023-24 (Investment Advisory) Specialization and for this dissertation worked under the guidance of Dr. Kirti Arekar and Mr. Vijay Kanchan.***

A copy of the full dissertation and research findings are available in NISM Library.

[Click here to know more about the course](#)

## INTRODUCING WORLD INVESTOR WEEK 2025



The banner features the NISM logo (National Institute of Securities Markets, A Capacity Building Initiative of SEBI) and the SEBI logo (भारतीय प्रतिभूति और विनियम बोर्ड, Securities and Exchange Board of India). The text "WORLD INVESTOR WEEK 2025" is prominently displayed in green and blue, with the dates "October 6-12, 2025" below it. A central graphic shows three green plants with gold coins (₹) growing from them. On the right, a circular inset shows a hand holding a pink pen writing on a document next to a calculator.

World Investor Week (WIW) is a week-long, global campaign promoted by IOSCO to raise awareness about the importance of investor education and protection and highlight the various initiatives of securities regulators in these two critical areas.



A graphic for the NISM Newsletter Quiz. It features a blue banner with the text "NISM NEWSLETTER QUIZ" in white. Above the banner are three question marks in red, yellow, and green. Below the banner are two question marks in red and yellow.

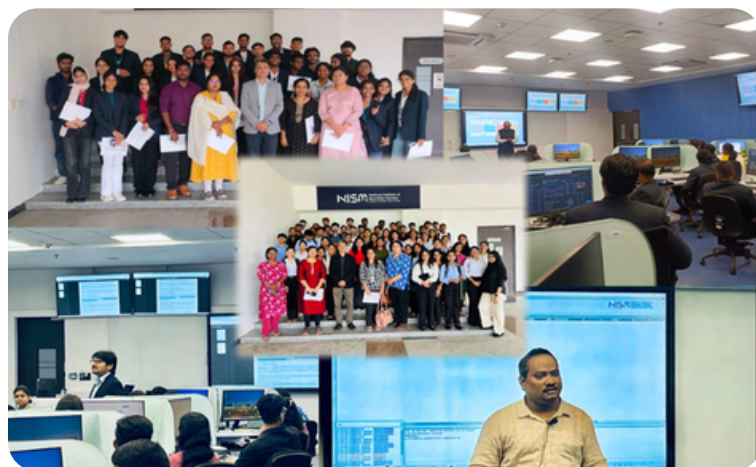
**Answer questions of the quiz to win attractive prizes**

Three lucky winners who give all correct answers will be given Cash prizes of **Rs. 1000/- each!!!**  
Last date to participate is Oct 31<sup>st</sup>, 2025

Terms and conditions apply.\*

[Click Here](#)

## YOUR GATEWAY TO MARKET EXPERIENCE STUDY TOURS @ NISM CAMPUS, PATALGANGA



In September 2025, NISM concluded two study tours of varied durations at its Patalganga campus. These included 4 Half-Day Study Tour and one 3-Day Residential Study Tour providing participants with an in-depth understanding of the securities markets through expert-driven sessions and interactive hands-on sessions in a simulated environment.

### TOPICS COVERED DURING STUDY TOUR(S) (SEPT 2025):

| Faculty Member                      | Topic(s) Delivered                       |
|-------------------------------------|--|
| Dr. Shreyas Vyas                    | Regulatory Aspects in Securities Markets |
| Mr. Sanket Ahire & Mr. Vijay Thorat | Hands-on Trading Simulation Lab          |
| Mr. Sunil Gawde & Ms. Reshma Shaikh | Overview of Securities Markets           |
| Mr. Ashutosh Kumar                  | Overview & Careers in Securities Markets |

The programme was well received by the participants.

#### Programme Overview:

- 9 September 2025: A half-day study tour was conducted for London Management Academy, Hyderabad with a total of 34 participants (30 students & 4 faculty members).
- 15-17 September 2025: A three-day residential study tour was conducted for Mepco School of Management Studies, Tamil Nadu with a total of 39 participants (37 students & 2 faculty members).
- 19 September 2025: A half-day study tour was conducted for Guru Nanak Institute of Management Studies (GNIMS) Business School, Mumbai Maharashtra with a total of 65 participants (63 students & 2 faculty members).
- 26 September 2025: A half-day study tour was conducted for Ajeenkya DY Patil University, Pune Maharashtra with a total of 122 participants (119 students & 3 faculty members).
- 30 September 2025: A half-day study tour was conducted for Symbiosis Skills and Professional University, Pune with a total of 52 participants (50 students & 2 faculty members).



## NISM LAUNCHES ONLINE FDPs



### ALTERNATIVE INVESTMENT FUND - CATEGORY I & II

Launched on September 18, 2025, this 8-hour Faculty Development Programme equips HEI educators with practical understanding of AIF structures, SEBI regulations, valuation, taxation, and distributor ethics. Delivered via pre-recorded modules, it awards a Certificate of Completion and supports classroom integration of AIF concepts.

#### Course Highlights:

- Structures and Rules: Setup and SEBI regulation of Category I & II AIFs.
- Valuation and Taxes: Fund valuation, performance metrics, and taxation.
- Role of Distributors: Duties, due diligence, and ethical conduct.

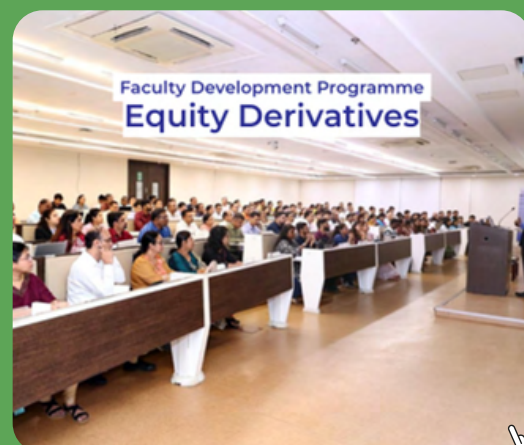
[Read More](#)

### EQUITY DERIVATIVES

Introduced on September 26, 2025, this 9-hour course builds foundational knowledge of India's derivatives market, blending academic rigor with real-world application. It covers trading strategies, pricing models, risk management, and SEBI's regulatory framework, helping faculty and professionals strengthen conceptual and practical understanding.

#### Course Highlights:

- Fundamentals: Purpose and functions of derivatives in capital markets.
- Futures and Options: Structure, pricing, payoffs, and trading strategies.
- Market Operations: Trading, margining, clearing, and settlement systems.
- Regulatory framework: SEBI compliance and ethical practices.



[Read More](#)



### FIXED INCOME SECURITIES

Launched on September 26, 2025, this 8-hour course deepens understanding of India's debt markets through concepts of pricing, yield, credit analysis, and regulation. Designed for educators and professionals, it combines theoretical knowledge with applied insights into bonds and money market instruments.

#### Course Highlights:

- Debt market foundations: Key terms, participants, and classifications of securities.
- Bond Valuation: Price-yield dynamics, yield measures, and return sources.
- Risk Tools: Duration, convexity, and term structure of interest rates.
- Market Structure: Money markets, government securities, and corporate bond markets
- Credit & Regulation: Credit analysis, SEBI norms, and investor safeguards

[Read More](#)

To enroll for this course - Educators who meet the eligibility criteria can sign up via the [ENQUIRY FORM](#)

## NISM CROSSES 1850 INVESTOR EDUCATION SESSIONS NATIONWIDE, EMPOWERING 63000+ PARTICIPANTS



NISM has successfully conducted over 1850 Investor Education Programs (IEPs) across India till date for the current FY, empowering thousands with essential financial literacy and retirement planning. What began as a modest initiative has transformed into a nationwide movement, highlighting the urgent need for credible grassroots financial education. With growing momentum and strong public response, NISM continues to build a financially aware and secure India—one session at a time.

Here are few session photographs from various cities—capturing the participation and enthusiasm witnessed on the ground:





## NISM PARTNERS WITH MIRAE ASSET FOUNDATION FOR FINANCIAL LITERACY INITIATIVE FOR WOMEN



NISM has signed an MoA with Mirae Asset Foundation to launch a CSR initiative focused on enhancing financial literacy among working women and undergraduate/postgraduate girl students. The program is designed to build strong foundational awareness of personal finance, empowering women to make informed financial decisions for a secure future.

## SOFT SKILLS TRAINING FOR NISM TRAINERS

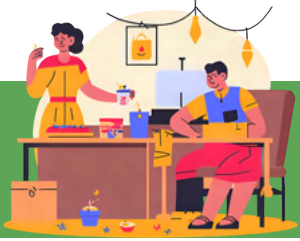


NISM successfully conducted a Soft Skills Training Program exclusively designed for its Resource Persons (RPs) on 22nd–23rd September 2025 (Batch 1) and 24th September 2025 (Batch 2).

The program was delivered in an online mode and focused on enhancing trainers' communication, presentation, and engagement skills—tools that are vital in making financial literacy sessions more impactful for diverse audiences across the country.

The training was facilitated by expert faculty using experiential learning methods, helping participants gain practical insights on effective session openings, building confidence, handling questions, engaging diverse audiences, and mastering content delivery.

With over 70+ trainers attending across both batches, the initiative received an enthusiastic response and provided participants with actionable strategies to strengthen their facilitation skills. This training marks another step forward in NISM's commitment to building the capacity of its trainer network and ensuring the delivery of high-quality financial literacy programs nationwide.



## NISM'S NAVRATRI CELEBRATIONS

NISM organized a vibrant Navratri celebration on campus, bringing together students, faculties and employees for an evening filled with music, dance, and festive spirit. Dressed in colourful traditional attire, everyone participated enthusiastically in garba, showcasing their energy and joy. The campus was beautifully decorated, adding to the festive ambiance. The event reflected unity, culture, and togetherness that defines NISM's community spirit.









## CHIEF HUMAN RESOURCE OFFICERS (CHRO) MEET DURING SEPTEMBER 19–20, 2025 AT NISM CAMPUS, PATALGANGA

The National Institute of Securities Markets (NISM) successfully convened the Chief Human Resource Officers (CHRO) Meet on September 19–20, 2025, at its Patalganga Campus.



The program commenced with a networking dinner providing an exclusive platform for senior HR leaders from the financial sector in an informal setting on September 19, 2025.

On September 20, 2025, the official proceedings began with a ceremonial welcome and lighting of the lamp by the dignitaries, followed by the opening remarks from Shri Sashi Krishnan, Director, NISM setting the tone to CHRO meet. Shri Sunil J. Kadam, ED, SEBI, provided a forward-looking perspective on talent development in the sector. Shri Sundararaman Ramamurthy, MD & CEO, BSE, in his keynote address outlined the leadership imperatives for modern financial markets. Dr. Rachana Baid, Dean, NISM featured insights on the NISM's pedagogical advancements and offerings, followed by a thought leadership address by Dr. Ranjeet Nambudiri, Professor, IIM Indore.



A high-profile panel discussion comprising of leading CHROs from SEBI, BSE, NSE, SBI Mutual Fund, NSDL and Citadel addressed emerging trends and strategic responses in human capital management. The panel was skilfully moderated by Ms. Maninder Cheema, ED, SEBI. The session facilitated rich dialogue and a robust Q&A exchange.





The meet concluded with a vote of thanks from Shri N. U. Raju, DGM, SEBI, followed by a lunch, enabling further interaction among participants.



The CHRO Meet reflected NISM's drive to foster sector-wide collaboration and enhance capacity-building in financial services. The program was instrumental in strengthening NISM's engagement with distinguished HR professionals of the securities market industry aligning with its vision of empowering human capital for India's financial markets and to understand the needs of the changing dynamics of training needs of personnel in the financial sector.



भारतीय प्रतिष्ठति और विनिमय बोर्ड  
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## DIGITAL LEARNING



**Building Skills, Serving India**



### NISM Brings Its Popular Courses to Karmayogi Bharat's iGOT Platform

Four of NISM's popular courses, already freely available on [NISM's eLearning platform](#), were launched on September 4, 2025 and are now accessible on [Karmayogi Bharat's iGOT](#) (Integrated Government Online Training) Platform, allowing government employees and other approved learners to enrol and gain practical financial knowledge through the platform.

Explore These Courses:

- Investor Education: Smart Investing and Financial Planning
- Foundations of Personal Finance and Investing
- Listing on Social Stock Exchange
- Online Dispute Resolution Mechanism in Securities Markets

These courses are engaging, informative, and designed for practical learning in under 2.5 hours. While they continue to be available on NISM LMS, listing them on iGOT allows NISM to effectively promote financial awareness and help government officials better understand the securities markets.

## FROM NISM BLOGS



**Do you want to move beyond fixed deposits and explore other debt market products?**

Author

**Sandeep K Biswal**  
Deputy General Manager - CCC, NISM



**The Buyback Mirage – How EPS Gets a Cosmetic Lift - Real EPS Growth vs. Finance Magic**

Author

**Biharilal Deora**, Director @ Abakkus Asset Manager





## NISM INVESTOR EDUCATION WEBINARS



### Investor Education Webinar Series

As part of its investor education mandate, NISM regularly conducts webinars, awareness programs etc. to empower investors and promote informed decision-making. Investor education serves as a key pillar of investor protection, as awareness helps reduce the risk of falling prey to false promises or unsolicited advice. In August 2025, 3000+ participants attended NISM conducted investor education webinars.

[Click on the above banner to register for webinars.](#)

| Sr. No. | Date              | Topic   | Speaker   |
|---------|-------------------|---|---|
| 1       | 14th October 2025 | পুঁজি বাজারে বিনিয়োগের মাধ্যমে আর্থিক ক্ষমতায়ন: ইকুইটি ও মিউচুয়াল ফান্ডের আলোকে<br>(Empowering Individuals through Capital Market Investments: Spotlight on Equity & Mutual Funds) | Ram Prahlad Choudhary<br>Professor - University of Calcutta                         |
| 2       | 16th October 2025 | <u>Risks of trading in exchange traded equity derivatives: A primer for retail investors</u>  | Arup Mukherjee<br>EX-MD & CEO, India International Clearing Corporation (IFSC) Ltd. |
| 3       | 23rd October 2025 | <u>Basics to Brilliance: Your Guide to Smarter Portfolio Building</u>   | Ravi Saraogi<br>SEBI RIA and Co-founder of Samasthiti Advisors.                     |
| 4       | 24th October 2025 | ম্যুচুয়াল ফান্ডসের মূল্যবোধ সম্পত্তি<br>নির্বাচন (Managing Wealth through MFs)   | Harish Rao<br>Co-Founder and Director at OSAT Knowledge                             |
| 5       | 28th October 2025 | क्या आप तैयार हैं, सेवानिवृत्ति के लिए?   | Renu maheshwari<br>Certified Financial Planner & SEBI Registered Investment Adviser |
| 6       | 30th October 2025 | শেয়ারজার্সি প্রবেশবৃত্তি? পাখানী আদ্যতী সমজ্ঞা লো<br>(Do you want to enter stock market? Understand basic Fundas)  | Jayesh Chitalia   |

[\\*Click here for updated information](#)

[\\*Click here for past webinar recording](#)

[\\*Click here for Investor Edubytes](#)



## NISM-SEBI WESTERN REGIONAL ROUNDS OF NATIONAL FINANCIAL LITERACY QUIZ (NFLQ) 2025:



NISM successfully executed the NFLQ Western regional round held at the NIRMA University, Ahmedabad on September 13-14, 2025. The event saw participation from around 50 undergraduate college teams and around 50 postgraduate college teams for the western region. The winners for the NFLQ Western regional round are as follows:

| Sr. No | Prize Amount | Undergraduate Colleges                               | Post Graduate Colleges  |
|--------|--------------|--|---|
| 1st    | Rs. 40,000   | Vishwakarma Institute of Technology - Pune           | Gujarat University Department of Computer Science - Ahmedabad |
| 2nd    | Rs. 30,000   | B.J. Medical College and Civil Hospital - Ahmedabad  | St. Francis Institute of Management & Research - Mumbai       |
| 3rd    | Rs. 20,000   | The LNM Institute of Information Technology - Jaipur | Kaveri College of Arts, Science & Commerce - Pune             |

Now, the Semi Finals and Grand Finale will be held at the NISM Campus, Patalganga (Maharashtra), on 8th-9th Nov 2025.



## Disclaimer

This newsletter is for informational and educational purpose only and is intended to highlight recent happenings as reported in the media, with links providing access. The information and/or observations contained in this newsletter do not constitute advice of any nature and should not be acted upon in any specific situation without appropriate advice. Any feedback and suggestions would be valuable, in our pursuit to constantly improve its content. Please feel free to send any feedback, suggestions or comments to [newsletter@nism.ac.in](mailto:newsletter@nism.ac.in)



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