RNI No. MAHENG/2009/28962
Volume 15 Issue 10
16th - 31st October '23
Mumbai
Pages 50
For Private Circulation

# HOME IS WHERE THE HEART IS

**India's vibrant tourism scene beckons both domestic and international tourists**


Beyond Market
it's simplified...
NIRMAL BANG
a relationship beyond broking
a financial magazine crossing horizons

**Might And Glory**
An upcoming FTA with the UK may open doors to similar deals with western nations, but India will have to play its cards well – Page 6

**In Hot Tea**
India's tea sector faces challenges from declining prices, rising labour costs, lower exports, and weak domestic demand – Page 10

**Securing Your Retirement**
Insurance companies provide annuity products designed to offer a steady income stream customized to meet the specific financial needs of individuals during retirement – Page 30

Beyond Market
it's simplified...
NIRMAL BANG
a relationship beyond broking
a financial magazine crossing horizons

Volume 15 | Issue: 10, 16th - 31st October '23

CONTENTS



Editor-in-Chief & Publisher: Rakesh Bhandari
Editor: Tushita Nigam
Senior Sub-Editor: Kiran V Uchil

Art Director: Sachin Kamble

Operations: Namrata Sabbani

Research Team: Sunil Jain, Vikas Salunkhe, Swati Hotkar, Nirav Chheda, Amit Bhuptani, Ayush Mehta, Ritu Poddar, Uma Gouda, Chaitali Salve

Printed and published by Mr Rakesh Bhandari on behalf of Nirmal Bang Financial Services Pvt Ltd, printed at Uchitha Graphic Printers Pvt Ltd. 65, Ideal Ind. Estate, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 and published at Nirmal Bang Financial Services Pvt Ltd, 601/6th Floor, Khandelwal House, Poddar Road, Malad (E) Mumbai - 400097.
Editor: Tushita Nigam

REGISTERED OFFICE
Nirmal Bang Financial Services Pvt Ltd
601/6th Floor, Khandelwal House, Poddar Road, Malad (East) Mumbai - 400097
Tel: 022 - 6273 9600

Web: www.nirmalbang.com | beyondmarket@nirmalbang.com
Tel No: 022 - 6273 8047


**Tushita Nigam**
Editor

# India: Truly Incredible!

India is a marvel of diversity, boasting a multitude of cultures, a rich heritage, grand structures, and the sheer magnificence of villages, cities, towns, and metros that adorn its landscape. Over the years, this cultural hub has drawn tourists from worldover for leisure and business.

In recent times, a notable shift has occurred, with Indians increasingly inclined to explore their own country. This shift has breathed new life into the travel and tourism industry, a trend that gained momentum in the wake of the Covid-19 pandemic.

Our cover story focuses on India's evolving tourism industry, which is at the threshold of transformation. This change is driven by innovation, changing preferences, and the diverse array of experiences it offers. Read on to know more about this trend in the tourism industry.

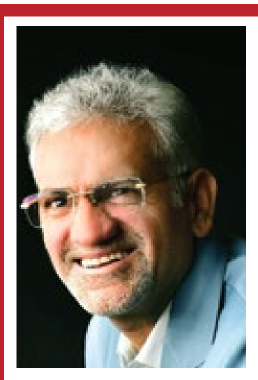
As you skim through the pages, you will also discover articles on the implications of the soon-to-be-finalized India-UK Free Trade Agreement, the weak demand in India's tea sector, guidance for investors that are considering SME IPOs, the flourishing pipe sector in India, the surge in demand for gig workers during the festive season, and the future of digital dating apps in India.

In the Beyond Basics section, you will find an article emphasizing on the need to understand annuity products before planning for retirement, and another one detailing the proposed changes in health insurance policies aimed at benefiting policyholders. Also, you will find an article highlighting the global influence of wealthy Indians in the magazine based on a recent report on global wealth.

Last but not the least, team Beyond Market wishes all its readers a joyous Diwali and a prosperous New YeaR.

> "Nifty Futures is likely to go higher, if it breaches the 19,550 level."

**Nifty Futures: 19,145**
Last Traded Price As On 27th October, 2023



Geopolitical issues continue to have a significant global impact. The ongoing conflict in the Middle East between Israel and Hamas too has been affecting countries worldwide.

Oil prices have surged due to concerns over potential supply disruptions from major oil-producing countries. Furthermore, there has also been an increase in bond yields in the United States, leading to FII outflows from emerging markets.

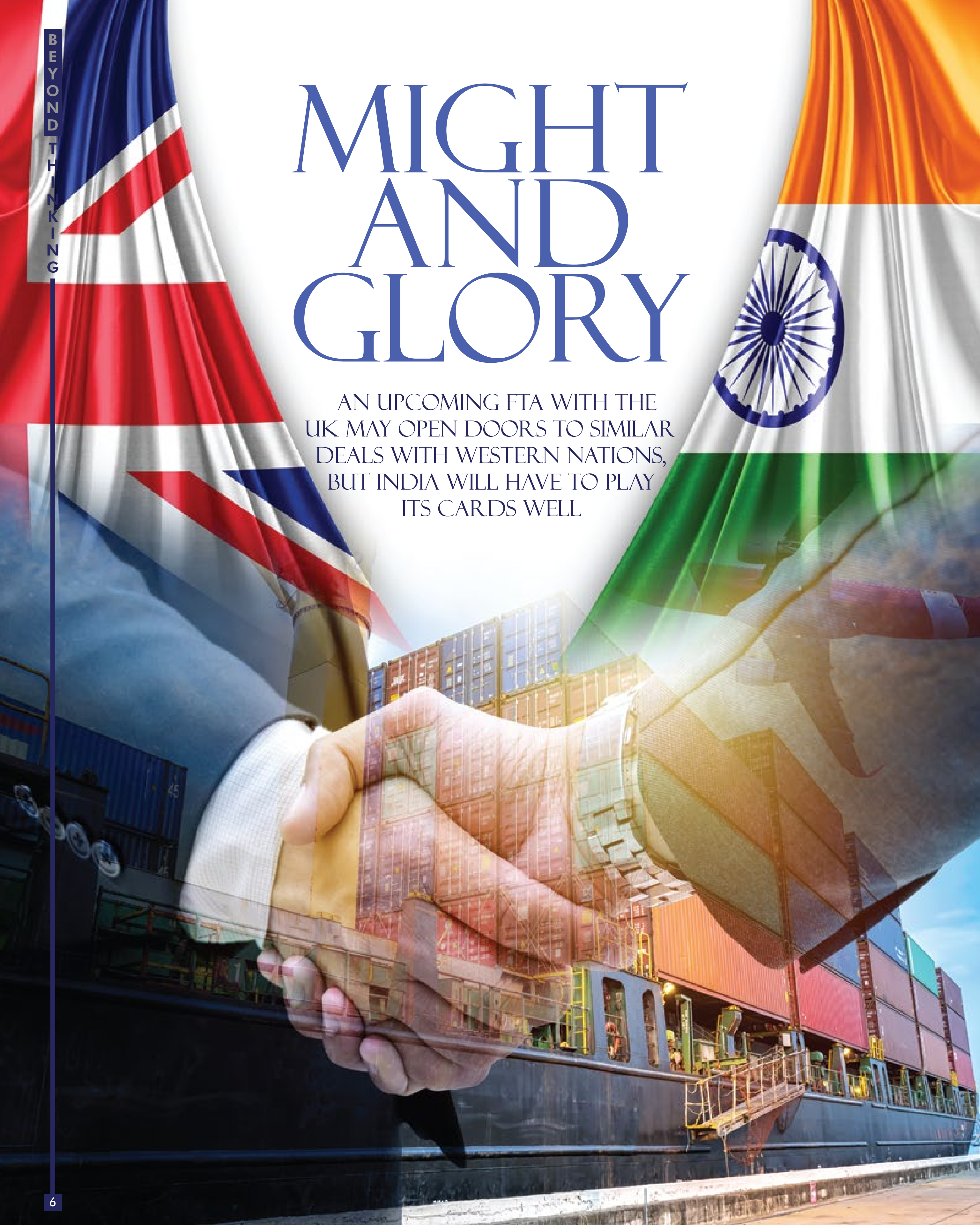
The corporate results of India Inc for Q2 FY24 have been a mixed bag. Companies have been affected primarily by the global slowdown in the IT sector, and reduced demand for fast-moving consumer goods (FMCG) in rural areas.

In the coming fortnight, Nifty Futures is likely to remain range-bound with support at 18,800. And on the upper side, it is likely to be around 19,400 and 19,550. It is likely to go higher, if it breaches the 19,550 level.

Traders and investors should closely monitor the developments in ongoing global conflicts, and stay updated on the remaining corporate resultS.

Dilip Barg

Disclaimer
It is safe to assume that my clients and I may have an investment interest in the stocks/sectors discussed. Investors are required to take an independent decision before investing. Investment in equity is subject to market risk. Our research should not be considered as an advertisement or advice, professional or otherwise. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.



# MIGHT AND GLORY

AN UPCOMING FTA WITH THE UK MAY OPEN DOORS TO SIMILAR DEALS WITH WESTERN NATIONS, BUT INDIA WILL HAVE TO PLAY ITS CARDS WELL

T

his Diwali when British Prime Minister Rishi Sunak visits India, he may bring more than festive wishes to his country of origin.

The India-UK Free Trade Agreement (FTA) is likely to be signed during the visit, bringing cheer to the uber-rich in India as it is set to more than halve the prices of premium scotch whiskies as well as marquee luxury cars such as Bentley and Rolls-Royce.

It may also ease the travel and visa woes of lakhs of Indians who want to work in the UK while further opening up the British market for Indian services.

More importantly, the India-UK FTA would mark a new era in India's trade and open doors for FTAs with developed western nations. It could include non-trade issues like environment, labour, intellectual property rights, digital trade, government procurement, competition and gender in the FTAs, creating opportunities and challenges.

## THE RATIONALE

To achieve the $2-trillion export target by 2030, India's active participation in global value chains (GVCs) is essential. Today, 70% of the global goods and services exports come from GVCs, which require close trade cooperation, lower duties, and efficient customs administration.

An FTA ensures increased trade cooperation and lower duties. Additionally, new-age areas like digital trade are being included in FTAs since digital technology continues to disrupt and transform GVCs by lowering entry barriers, increasing transparency, and facilitating collaborative networks.

Now, India is actively negotiating FTAs with the UK, the EU, and Israel, while a deal with Canada is pending due to ongoing political tensions.

These FTAs in the negotiations cover a wide array of topics, such as tariff reduction impacting the entire manufacturing and the agricultural sectors; rules on services trade; digital issues such as data localization; intellectual property rights that may have an impact on the accessibility of pharmaceutical drugs; and investment promotion, facilitation, and protection.

## THE STATUS

India embarked on its FTA journey in 1975 through the Bangkok Agreement. It wasn't until 1998, with the India-Sri Lanka FTA, that substantial tariff lines witnessed duty elimination.

Over time, India signed agreements with several East Asian nations, but concerns grew by 2019 as the FTAs seemed to benefit India's trading partners more.

Other countries benefitted more from the FTAs. For example, Korea benefited from India's FTA on the back of its manufacturing prowess, which saw Samsung and LG become household names in India, but Indian manufacturers could not reap similar gains.

In 2019, India withdrew from the 16-country Regional Comprehensive Economic Partnership (RCEP), citing inadequate safeguards and scope expansion.

Post-RCEP and amid the Covid-19 pandemic, India sought partnerships that offered investment, technology, intellectual property, and market access for its goods and services in exchange for market access.

Seeking favourable terms, the country swiftly entered FTAs with Mauritius, the UAE, and Australia, providing expanded market access for Indian products and services. In the last five years, India signed 13 FTAs, including those with Mauritius, UAE and Australia.

Recognizing FTA shortcomings,

India initiated a review, acknowledging that earlier FTAs were poorly conceived, and renewed interest by concluding the Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE) and the Economic Cooperation and Trade Agreement (ECTA) with Australia. India's exports to these countries have grown remarkably post-agreement.

India's new FTA strategy focuses on partners offering trade opportunities, investment, technology access, and sustainable trade. It goes beyond tariff reduction, emphasizing resilient supply chains, production integration, digital trade, and environmental protection.

## THE UK FTA

India is poised to make significant adjustments in the FTA with the UK, potentially reducing tariffs on various products. Notably, tariffs on automobiles could decrease from 100% to 50%, with the possibility of allowing a limited number of units at a 25% tariff.

In the case of Scotch whiskeys, India may follow a similar path as it did with Australian wines, reducing tariffs from 150% to 50%.

This presents a promising prospect for British whiskies like Johnnie Walker, Black Label, Chivas Regal, and The Glenlivet, which are actively imported into India.

In automobiles, brands such as Bentley, Rolls Royce, and JLR Aston Martin, currently subject to a 100% import duty when imported from the UK, are likely to see a significant reduction in these duties, possibly down to 50%. There's even a chance of allowing a limited number of units at a 25% tariff.

The UK holds significant importance as a trade partner for India, with merchandise exports to the UK reaching $10 billion during the April '22 - February '23 period, representing 2.5% of India's total exports.

On the other side, merchandise imports from the UK to India reached $8 billion during this period, contributing 1.3% to India's total imports, making the UK India's 15th top trade partner.

While UK exports to India face average to high tariff duties, covering 91% of the total merchandise imports from the UK, certain Indian product exports worth $6 billion, such as petroleum products, medicines, diamonds, machine parts, airplanes, and wooden furniture, already enjoy zero tariffs in the UK, even without the FTA.

Experts reckon that the potential reduction of tariffs on items like petroleum products, whiskey, medicine, and machinery in India could significantly benefit the UK.

For example, the value of bottled whisky imports from the UK more than doubled to $316 million in 2022-23 from $152 million, while bulk whisky shipments to India also increased by over 40% to approximately $149 million during the same period. This underscores the continued importance of the Indian market for Scotch whisky.

## THE CONTENTIOUS ISSUES

Certain flashpoints remain.

India is reluctant to reduce tariffs in FTAs due to opposition from dairy cooperatives and concerns for farmer welfare, rendering it a politically sensitive issue.

However, selective imports can encourage Indian firms to enhance their systems and offer healthier choices to consumers without adversely affecting farmers.

Regarding services, India holds an advantage in persuading the UK to issue priority visas to Indian professionals travelling for short-term assignments there.

While obtaining a large number of short-duration business visas from the UK might not be straightforward due to concerns associated with immigration, there are significant opportunities in the expanding Indian telecom, legal, banking, and insurance sectors that UK firms are eager to explore.

India's cautious stance on government procurement commitments, in line with its WTO position, allows it to favour domestic firms without violating trade rules.

In the context of the FTA, offering UK producers access to India's government procurement sector would put them on an equal footing with

Indian firms.

However, Indian companies encounter a competitive and limited government procurement market in the UK, which requires India to approach this aspect conservatively and thoughtfully.

In matters related to labour standards, gender, environment, digital trade, and intellectual property rights (IPRs), India is encouraged to establish domestic rules and standards before committing itself to obligations under FTAs.

This approach is crucial to ensure that India does not undertake onerous obligations related to non-trade issues prematurely.

Lastly, the UK's intentions to introduce emissions reporting in 2025 and a phased implementation of the Carbon Border Adjustment Mechanism (CBAM) in 2026 carry implications.

Under the CBAM, UK products may enter India with zero duties, while Indian products are more likely to face tariff equivalents of 20% to 35% as CBAM charges.

### THE CHALLENGES

Evaluating India's earlier pact, the FTA with SAFTA has boosted exports, but those with Korea and the ASEAN have been more favourable for those economies.

The treaty with Japan has witnessed either a decline or stagnation in bilateral trade, coupled with a substantial rise in the trade deficit with Japan. These complex dynamics highlight the challenges and opportunities that India faces in the context of its FTA engagements.

The period between 2017 and 2022 exemplifies this trend, as India's exports to its FTA partners rose by 31%, while imports surged by 82%.

A concerning statistic is that India's FTA utilization hovers around 25%, in stark contrast to developed countries where utilization typically ranges between 70% and 80%.

This low utilization underscores India's missed opportunities and the failure to fully harness the potential benefits of its bilateral and multilateral trade agreements. Recognizing the shortcomings of these FTAs, the Indian government initiated a review in 2019.

One primary reason for the limited success of India's FTAs lies in the inadequate consultation with industries and stakeholders during the negotiation process.

Negotiators have often omitted the involvement of representatives from relevant sectors, businesses, and associations.

This has led to a narrow understanding of FTAs' potential impact on different industries, sometimes resulting in market access concessions to FTA partners without due consideration of domestic industries' concerns and perspectives.

Although India's pre-FTA most favoured nation tariff rates were higher than those of its partners, the FTAs have reduced tariff rates, enabling partners to penetrate deeper into the Indian market.

However, non-tariff barriers like stringent standards, sanitary and phytosanitary measures, and technical trade barriers have persisted. These have restricted Indian exporters' access to partner markets and limited export opportunities.

For example, India's exports to Japan, despite having an FTA, have remained stagnant due to Japan's high import standards.

Complex certification requirements and rules of origin under the FTAs have hindered India Inc's ability to streamline export procedures and processes.

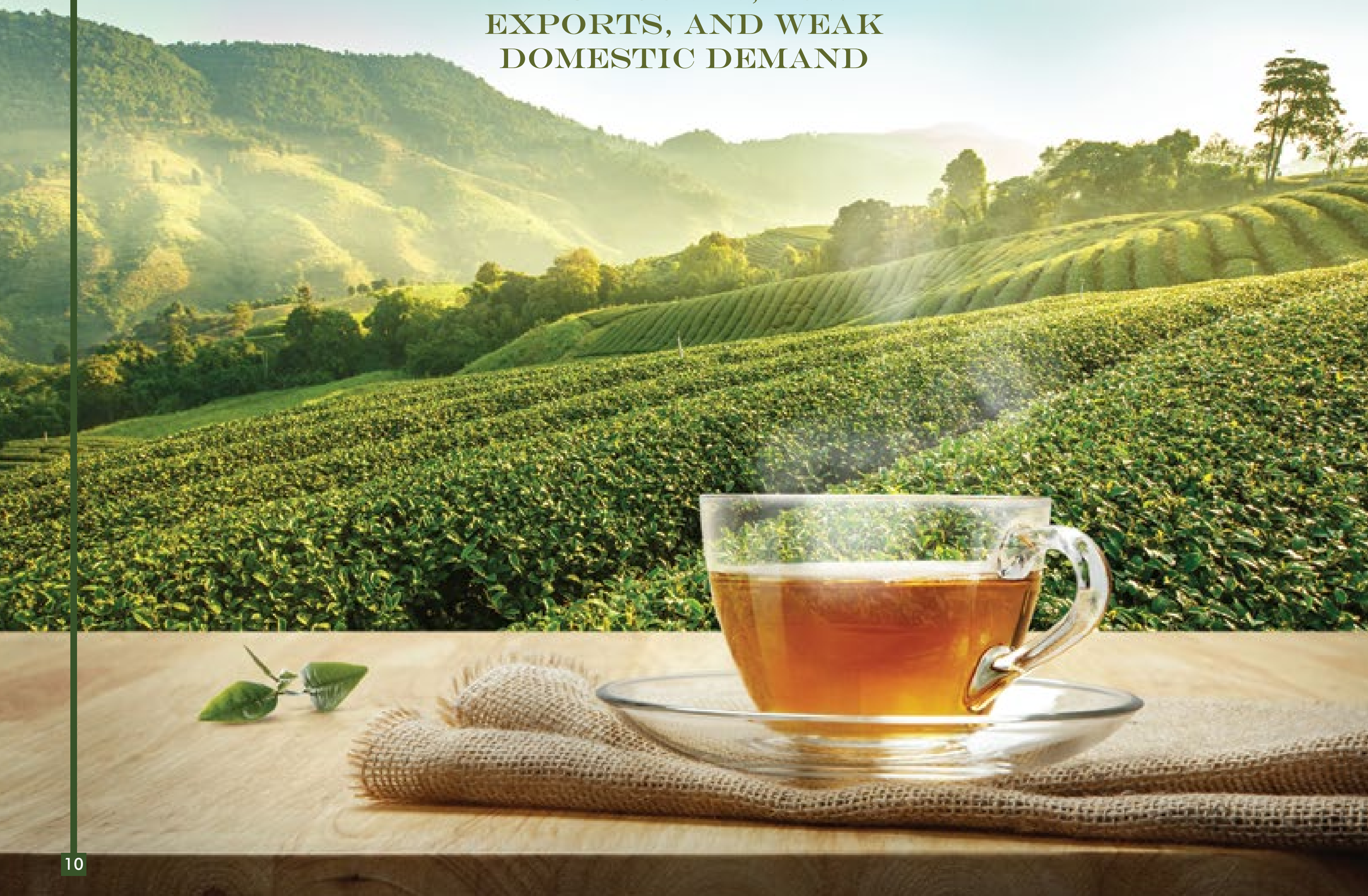
Cumbersome procedures and paperwork have made it challenging for exporters to meet the prescribed standards, and the high cost of certificates of origin has added to compliance expenses.

Another factor hampering the progress of FTAs is the performance disparity between India's manufacturing sectors and those of its FTA partner economies like South Korea, Malaysia, Vietnam, and Thailand.

South Korea and ASEAN countries have outperformed India in critical industries such as electronics, automobiles, leather, as well as textile productS.

# IN HOT TEA

## INDIA'S TEA SECTOR FACES CHALLENGES FROM DECLINING PRICES, RISING LABOUR COSTS, LOWER EXPORTS, AND WEAK DOMESTIC DEMAND



Tea prices at various auction centres in the country have fallen in recent months. Prices are not keeping pace with the rising production costs in the sector. As a result, the industry is currently experiencing a crisis of sorts.

Average tea prices, which stood at ₹ 268 per kg in the July-September quarter of the last fiscal year, have fallen to ₹ 224 per kg in the same period of the ongoing fiscal year. Furthermore, the price trend remains unfavourable as of October.

The gap between tea prices and the cost of production has been rising over the last few years. According to the trade body, the Indian Tea Association, tea prices in North India have grown at a compound annual growth rate (CAGR) of just 4% since 2014, while costs of vital inputs like coal, gas, and sulphur have grown at a CAGR of 9% to 12%.

To make matters worse, the demand scenario, both domestically and in exports, has been weak. Domestic demand accounts for approximately 80% of the sales volume in the sector, with the remaining 20% attributable to exports. Annual tea production in India totals around 135 crore kilograms. The Indian tea market in estimated to be worth ₹ 35,000 crore, with the branded business constituting more than 70% of the overall market.

## MARGIN PROFILE

The main tea-growing regions are divided into North India (NI), primarily encompassing Assam and West Bengal, and South India (SI), which includes Kerala and Tamil Nadu. Approximately 80% of Indian tea is produced in North India.

While tea companies have fixed expenses, the sector is highly labour-intensive and subject to stringent labour laws. Any wage hike has the potential to disrupt the margin profile of tea companies. Currently, there is news of wage hikes in all tea-growing areas of North India. To recall, wages, which constitute around 20% of the total cost of production, were hiked by around 15% in the last fiscal year.

In the absence of a price rise, the wage hike is impacting the margins of tea planters. According to Crisil Ratings, the operating profitability of the tea industry (covering 28 companies) is expected to fall for the second consecutive year in this fiscal, shedding 100 basis points (bps) to 5%, mainly due to lower realizations. In the previous fiscal year, profitability had fallen by 150 bps, primarily because of wage increases.

## EXPORTS

Crisil Ratings also expects revenue of the tea industry to de-grow by 8% in the ongoing fiscal year, owing to a decrease in export volume. Worldwide tea production totals approximately 640 crore kilograms annually. India is the fourth-largest tea exporter after China, Kenya, and Sri Lanka. India exports around 20-25 crore kilograms of tea every year, mainly to markets like Iran, the UAE, the US, Russia and Iraq.

Last year, lower production in Sri Lanka, a major tea exporting country, helped India to increase its tea exports. Tea exports had gone up by approximately 18% year-on-year in 2022, reaching 23 crore kilograms.

However, in the current year, Sri Lanka has managed to export higher quantities of tea. As a result, Indian exports are not even likely to touch 20 crore kilograms in 2023. In absolute terms, exports are at the same level as they were five years back.

## EXPORT OUTLOOK

However, the industry is pinning its hopes on boosting exports. According to industry players, global tea stocks have witnessed major de-stocking in the last six months. Tea plantations are highly climate-dependent, and adverse weather conditions in some tea-growing regions have lowered overall production, thereby restoring the demand and supply equation.

This is expected to have a positive effect on prices. However, the revival of demand is anticipated in the quarters ahead.

The industry is also optimistic about tea exports to two of India's largest export markets, Iran and Russia, due to the high quality of tea that India produces compared to other regions. This is further supported by an already established supply chain.

Nevertheless, in the long term, the industry will need to establish new markets worldwide for Indian tea, focusing on the right kind of branding and marketing.

## NO QUICK FIXES

Is the sector in very bad shape? Not really. For one, the sector is cyclical, and two, low leverage and negligible capital expenditure (capex) have kept the balance sheets of tea planters stable. Also, there is a growing trend toward formalization in the sector. To meet consumer preferences for tea-related health and wellness drinks, companies are launching new products, which should help boost demand.

It's worth highlighting that the average per capita consumption of tea in India is approximately 830 grams. This is way lower than the average per capita annual consumption of tea in countries such as Turkey (3.20 kg), Libya (2.64 kg), Ireland (2.10 kg), Morocco (2.09 kg), Hong Kong (1.65 kg) and the United Kingdom (1.61 kg).

Given the importance and scope of domestic demand in the Indian tea sector, there is an urgent need to address the shifting consumer preference from tea to other beverages. Although high inflation in India has impacted tea demand in recent years, industry experts believe that with the revival of the economy, tea stocking by intermediaries is expected to resume sooner rather than later.

The quality of tea production is important for the sector as it allows for higher prices. Currently, small tea growers account for over 50% of total tea production in India, and their share has been increasing over the decades. As a consequence, not only has the scale of production diminished, but the quality of tea has also been compromised due the unviability of production costs for small players.

Listed companies such as McLeod Russel, Jayshree Tea and Goodricke Group, which own vast tea estates both in India and abroad, are likely to benefit in the long terM.

# A TRICKY TERRAIN

## While SME IPOs may seem enticing at the moment, they are not devoid of hidden pitfalls


In 2012, India introduced SME exchanges with the aim of providing smaller companies a platform to access growth capital when needed by tapping into the market. But a key challenge arose - protecting investors due to the unique characteristics of smaller businesses, such as family-run structures, lower transparency, and irregular accounting practices.

To address this challenge, SEBI introduced stringent guidelines, notably raising the minimum investment per application to ₹ 1,00,000. This was a sizeable increase from the typical ₹ 13,000 – ₹ 15,000 seen in the case of main board IPOs.

Since its establishment, SME exchanges have drawn substantial interest from both companies and investors. The year 2023 has been a blockbuster year; during this period, the BSE SME IPO index has delivered an impressive year-to-date return of approximately 57%, significantly surpassing the

7.7% return of India's benchmark stock market index, BSE Sensex.

Even from a long-term perspective, BSE SME Index has provided nearly 2166% returns compared to BSE Sensex, which has delivered 92% in the last five years. This remarkable performance highlights the evolving success of Indian SME exchanges in meeting smaller companies' capital needs, ensuring investor protection, and yielding substantial returns.

It is no wonder that, to date, approximately 454 companies have listed on the SME platform (BSE and NSE), with 179 of them subsequently shifting to the main board. This meteoric rise can be attributed to several important factors, including a lowered minimum application threshold for SME IPOs, a streamlined and cost-effective listing process, and relaxed reporting requirements.

However, this remarkable growth in the SME space has raised legitimate concerns about its sustainability  and susceptibility to market manipulation.

Many of the recent IPOs in the SME space have seen subscription rates as high as 200-300 times their issue size, driven by factors such as social media influence, intermediaries' cartelization, heavy marketing expenditures, and IPO fees. This, along with issues like rigging grey market premiums, has prompted regulatory intervention and increased surveillance to safeguard investors.

## WHY ARE SME IPOS PRONE TO MARKET MANIPULATION

SME IPOs are especially vulnerable to market manipulation for several reasons.

### Less Information Available

SME IPOs typically involve smaller, less well-known companies, resulting in limited information available to investors. This lack of information makes it easier for manipulators to spread false or misleading information about the company's stock.

### Lower Liquidity

SME IPOs often have lower liquidity than larger companies. This means there is less trading volume, making it easier for manipulators to control the price of the stock with fewer efforts and resources.

### Lack Of Research

The lack of research on SMEs creates a vacuum in the market, enabling the spread of incorrect information, fuelling unrealistic expectations. Insufficient independent research also provides opportunities for others to manipulate information that is difficult to authenticate.

### Increasing Influence Of Retail Investors

In their quest to chase the next big stock, inexperienced retail investors often overlook the reality and authenticity of the information. When they join the bandwagon, prices tend to inflate, irrespective of the value of the company, especially when the supply is controlled.

### More Speculative Investors

SMEs are an easy target for those who struggle to manipulate the main board due to regulatory and exchange norms, as well as issues like capital size and transparency. Many speculators find this space more attractive and easily influenced because of lower capital requirements and a lack of credible information.

### Less Regulation

The listed SME companies are subject to fewer regulations than larger companies, giving manipulators more opportunities to exploit the market.

### Weaker Corporate Governance

SMEs often have weaker corporate governance standards than larger companies. This makes it easier for manipulators to take control of the company or influence its management.

### Insider Trading

For insiders, SME companies are the best due to poor corporate governance, lack of regulations, low transparency and other factors.

### Front Running

Front running is another type of market manipulation that is more common in SME IPOs as it is easier for brokers and other market participants to obtain inside information about SME companies to make huge profits.

### Rigging

Rigging shares is more common in SMEs, with manipulators often colluding to manipulate stock prices. This practice is particularly prevalent in SME IPOs due to fewer market participants and also since it is easier for manipulators to collude with each other to attract retail investors to earn hefty profits.

### Pump And Dump Schemes

Pump and dump schemes are a form of market manipulation where manipulators artificially inflate the price of a stock and then sell their shares at a profit. Such schemes are more prevalent in SME IPOs and listed SME companies due to lower liquidity and limited available information, making it easier for manipulators to control the stock's price.

### Market Sentiment

Manipulators tend to exploit market sentiment by creating false positive news or rumours to drive up demand. They use social media platforms and social media influencers to attract retail investors to pump and dump stocks especially when sentiments and liquidity are high and investors are willing to take risks to chase the next big stock.

## HOW SHOULD INVESTORS APPROACH THIS?

### Avoid, Avoid, Avoid

It is advised to stay clear of the SME space, as it is not everyone's cup of tea. This market is primarily for those who possess a deep understanding of the companies, their investments, and a comprehensive grasp of various aspects of the business through their own research or associations with individuals who have first-hand information.

In the SME space, information is the real advantage. Simply focusing on stock prices serves little purpose. Therefore, investors who cannot engage in in-depth research and understanding of companies, along with their valuations, should consider avoiding this market entirely.

### Don't Invest Based On Tips Or Rumours

Don't invest in a stock just because someone told you to do so. Do your own research and make your own investment decisions.

### Do Your Research

The first and most important thing to do before investing in any SME is to conduct through research to understand the company's business model, financial performance, and competitive landscape. This research will enable you to assess the company's investment potential and identify any potential risks.

Many of the companies manipulated in the SME market have inherent risks, which diligent research can help uncover. Additionally, it is vital to have a thorough understanding of valuation to avoid falling into price manipulation traps that manipulators might set.

### Don't Chase The Market

Don't buy a stock just because its price is rising. It is common for prices to exhibit erratic behaviour. Rapid increases in share prices by 100% to 200% within a few days or months might attract more investors and drive prices to unsustainable levels. Only invest in stocks when you believe in the company's long-term potential.

### Invest Only What You Can Afford To Lose

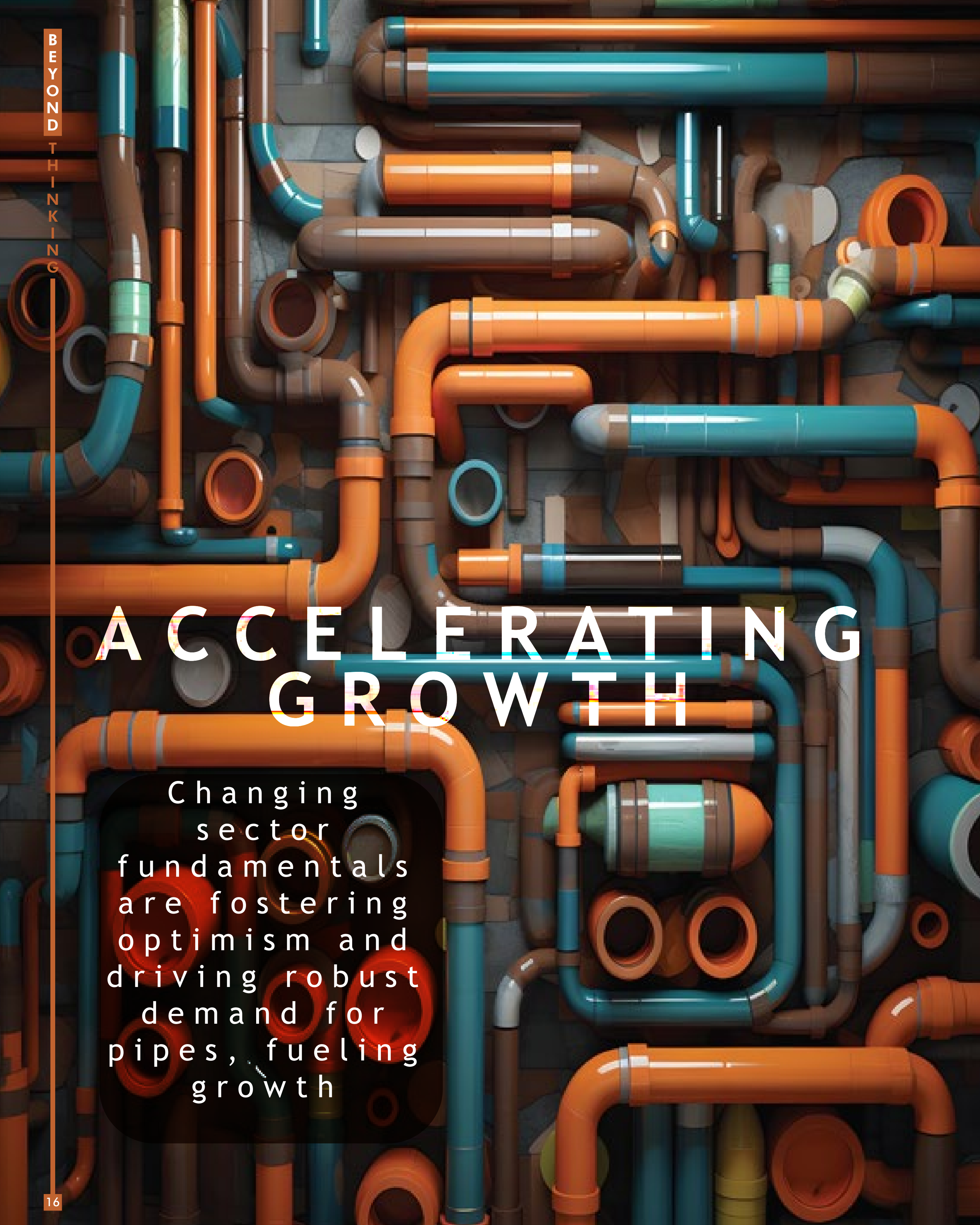
Even if you have appetite and bandwidth to withstand risks, invest only what you can afford to lose. Placing all your hard-earned money into something inherently risky, may not be worth it.

### Diversify Your Portfolio

Also, even if you decide to invest, avoid putting all your eggs in one basket. Diversify your portfolio by investing in various SME companies from different industries to reduce your risks.

### Keep A Close Eye

Lastly, be aware that situations can change rapidly in terms of the business landscape and market conditions. Both could be highly volatile and could result in erosion of capital. So, stay informed and closely monitor your investments in SME companies. The lack of information, the influence of insiders, and other factors could hurt your investmentS.



# ACCELERATING GROWTH

Changing sector fundamentals are fostering optimism and driving robust demand for pipes, fueling growth

India's pipe sector has once again captured the attention of analysts, with estimates projecting revenue growth for well-placed pipe companies in the country in the next one year. The expected growth rate is approximately 30% for FY25 when compared to revenues of FY24. This optimism is rooted in the changing fundamentals of the sector, as the demand situation has improved drastically and considerably.

Let us understand exactly what has changed to support these optimistic revenue estimates in the sector:

## DEMAND DRIVERS

The demand drivers for India's pipe market can be divided into three broad categories: Welded Line Pipes, which include Electric Resistance Welded (ERW) and Submerged Arc Welded (SAW) pipes; Seamless Pipes; and Ductile Iron (DI) Pipes. Within the ERW pipes category, it is worth noting that more than 90% of the production consists of lower-quality pipes, which are mostly used in infrastructure and construction sectors.

There are a few sources of demand for pipes, and these sources are expected to drive strong demand for the sector in the coming years. These sources include government reforms, construction, infrastructure (especially metals), and real estate. Let us examine how each of these sectors is likely to generate fresh demand for pipes:

### • Construction

ERW pipes find extensive usage in the construction sector. These pipes are integral in the construction of airports and railway stations, refineries, automobiles, agricultural implements, solar tracking systems, gym, and construction equipment, among other applications. In the past few years, ERW pipes have been increasingly replacing traditional long products such as angles, channels, and beams at airports, plants and railways.

Notably, the order book to bill ratio, which denotes the number of years of revenue visibility, for well-positioned construction companies currently stands at 3.8. This ratio indicates that such companies have revenue visibility for at least three and a half years, reinforcing the strong demand for pipes in the upcoming quarters.

### • Metals

Within the metals sector, steel consumption is likely to drive robust demand for pipes in the coming quarters. Notably, India's steel consumption is estimated to be significantly lower than the global average. In India, structural pipe consumption accounts for only 4% of the total steel consumption, which is less than half of the global average of 9%.

Importantly, this figure is also lower than that of China, where pipe consumption is close to 6%. Given this gap and the increasing capital expenditure of India Inc. post the General Elections of 2024, it is estimated that the demand for pipes is likely to increase in the coming quarters.

### • Real Estate

Real estate stands out as a prominent source of demand for pipes, and the reasons for this are quite evident. Increasing urbanization plays a pivotal role in driving the demand for pipes in India. The real estate sector in India has demonstrated remarkable resilience post the pandemic, largely owing to stable demand in the residential segment.

According to the United Nations Habitat's World Cities Report 2022, India's urban population is projected to increase to 675 million by 2035, up from 483 million in 2020. The report also states that to accommodate this growing population, Indian cities' existing infrastructure will prove to be insufficient. The report estimates that nearly 70% to 80% of urban infrastructure will require fresh construction of houses. It is estimated that the average household size in urban areas consists of four to five people. Based on these estimates, increasing urbanization alone is expected to create a demand for 25-26 million houses.

Apart from these, there will be demand for shops/offices and other commercial spaces, presenting massive growth opportunities in both the residential and potentially commercial real estate sectors. Given these facts, India's pipe sector is well-placed and is expected to grow at a rapid pace.

### • Government Reforms

Government initiatives play a huge role in driving demand for pipe in India. Over the past nine years, there has been continuous government reforms aimed at providing affordable housing to the needy.

It is estimated that between FY19 and FY24, the Indian government's capital expenditure increased exponentially, at a Compound Annual Growth Rate (CAGR) of 27%, reaching a substantial amount of ₹ 10 lakh crore, which represents 22% of the total government spending.

A large portion of these investments will be directed towards road transport and highways, railways, and defence. All of these sectors require structural pipes, which will result in strong demand for pipes.

In FY24, the demand for pipes is likely to increase considerably as the government has increased allocation to the Pradhan Mantri Awas Yojana (urban) (PMAY) scheme by 66%.

Since its launch in June '15, the Pradhan Mantri Awas Yojana (PMAY) has sanctioned 12 million houses, of which 7.5 million houses have already been completed with the assistance of ₹ 1,46,000 crore from the central government. The government has set a target to complete 4.5 million households. This will continue to drive demand for pipes over the next three to four years.

### ✯ UDAN Scheme

India's pipe sector is expected to benefit considerably from the government's UDAN (Ude Desh ka Aam Nagrik) scheme for the airline sector. The government plans to develop new airports with a focus on improving connectivity and accommodating rising air traffic.

Prior to 2014, India had 74 airports. In 2022, the number of airports in India has doubled to 147. It is estimated that the Airports Authority of India (AAI) has invested close to ₹ 20,000 crore on developing airports in India.

The government plans to increase the total number of airports in India to 220 by 2025. The AAI and the private sector are estimated to invest ₹ 1 lakh crore in the next two to three years on expansion. Out of this, ₹ 25,000 crore is likely to come from AAI and the rest from airport developers under the Public-Private Partnership model.

The government plans to build 33 new domestic cargo terminals in the near future. It will build four private sector greenfield airports at Mopa (Goa's second airport), Navi Mumbai (Mumbai's second international airport), Jewar (Noida International Airport, Uttar Pradesh), and Bhogapuram (Andhra Pradesh) at an investment of ₹ 30,700 crore.

Additionally, the government will invest ₹ 34,000 crore in the brownfield expansion of airports in Delhi, Bengaluru, Hyderabad, Lucknow, Mangaluru, Guwahati, and Ahmedabad. All these investments are likely to provide strong demand for pipes.

### ✯ Upgradation Of Railways

Railways is another area where the demand for pipes is likely to rise significantly. The government has initiated the 'Amrit Bharat Station' scheme, through which it aims to upgrade as many as 1,275 stations across India to provide better facilities to commuters.

Recently, Prime Minister Narendra Modi laid the foundation for the modernization and upgradation of 508 stations at an estimated capital expenditure (capex) of ₹ 24,500 crore.

In its last budget, the Indian Railways increased its total capital expenditure for upgradation by 240% year-on-year to ₹ 13,000 crore. These investments are likely to provide strong order book for pipes manufacturing companies in India.

## IN THE COMING QUARTERS

A few major players in India's pipe industry include APL Apollo Tubes, Tata Steel, Surya Roshni, Hi-Tech Pipes, and Jindal Pipes. These companies have been expanding their capacities and product portfolios to cater to the growing demand for pipes across sectors.

The pipe sector in India comprises five to six large players, with the rest of the industry consisting of 70-80 smaller players. It is estimated that the total capacity for ERW pipes was close to 9 million tonnes in FY21.

Since then, the top three to four players have aggressively increased their capacity. According to various analyst estimates, the current capacity of pipes is close to 11 million tonnes.

Most of the pipe manufacturing plants are operating at capacity utilization of 60% to 65%, which is expected to increase to at least 70% to 75% in the coming quarters.

Experts estimate the consumption of structural pipes to increase to nearly 12 million tonnes by FY30, up from 5.5 million tonnes in FY21. This provides strong revenue visibility for pipe companies. They project that their revenues in the next two years are expected to grow in the range of 25% to **30%.**

# GIGS GET BIG

**The festive season this year is expected to generate 7,00,000 gig jobs in the e-commerce industry**

The e-commerce industry is expected to create 7,00,000 gig jobs during this year's festive season, reflecting a 25% increase in gig employment compared to last year. E-commerce companies have made major preparations to meet consumer demand during the annual shopping frenzy, according to a report by the human resources firm TeamLease.

The report projects that this surge in shopping activity will generate nearly 7,00,000 gig jobs between July and December. Additionally, the sector currently has approximately 2,00,000 open positions for temporary workers. These opportunities are mainly concentrated in the last-mile delivery space and warehouse operations.

Alok Kumar, Senior Director of Global Accounts and Sales at Manpower, a subsidiary of Manpower Group, noted that the growth in hiring demand is more prominent in non-metro cities compared to metros. Retailers are expanding into mid-level cities, creating more opportunities in these regions.

Furthermore, the demand for gig workers during the festive season is not limited to Tier 1 cities like Bengaluru, Delhi, Mumbai, Hyderabad, and Chennai. Tier 2 and 3 cities, such as Vadodara, Pune, and Coimbatore, are also expected to experience a surge in demand for gig workers.

Industry experts anticipate an increase in hiring numbers, with e-commerce expected to see a 12% to 15% increase in jobs, while offline retail may see a 7% to 10% rise, which is significant given its huge offline retail base. Jobs in supply chain management, digital marketing, customer service, and partner-seller network services are also on the rise to address sellers' concerns.

An independent tracking tool reported a 25% increase in demand for gig workers in the e-commerce sector in June, and a 35% increase in the quick commerce sector year-on-year, due to preparations by companies like Amazon and Flipkart in anticipation of shopping festivals.

The Taskmo Gig Index indicated that the demand for gig workers in May '23 reached 200 million, a heavy increase compared to the 40-45 million demand observed in June '22. E-commerce, quick commerce, fintech, and FMCG companies have shown highest demand since the previous year.

Prashant Janadri, Co-founder of Taskmo, explained that the rise of these sectors, driven by technological advancements and changing consumer preferences, has created numerous opportunities for individuals to engage in flexible and on-demand work arrangements. The growth of e-commerce and the increased adoption of online shopping and delivery services have led to a high demand for gig workers in areas such as package delivery, last-mile logistics, and warehouse operations.

Youth participation in the gig economy also saw a 20% year-on-year (y-o-y) increase, now standing at over 68%. Younger generations are increasingly open to exploring various gig opportunities, recognizing the flexibility and potential for personal growth.

To address the surge in demand, companies are onboarding gig workers to meet business needs during the festive period. Projections suggest a 25% quarter-on-quarter growth in various sectors, including e-commerce, BFSI, and FMCG/CD.

Y-o-y hiring trends reveal the growing demand for gig workers. Last-mile delivery executives experienced an impressive 18% increase, while tele-callers saw a notable 15% growth. Additionally, within the FMCG sector, there was an 8% y-o-y rise in demand for gig jobs, with companies like Britannia and ITC actively seeking gig workers. Furthermore, fintech, quick commerce, edtech, and food tech sectors all displayed significant increases of 6%, 5%, 4%, and 4%, respectively, in the demand for gig workers across various platforms.

Sumit Sabharwal, CEO of TeamLease HRTech, recommends utilizing technology, such as chatbots and AI-powered tools for recruitment, to streamline the hiring process efficiently. Sabharwal said, "Utilizing chatbots to streamline candidate screening can help, with 26% of recruiters completing screenings in just one day. Additionally, leveraging AI-powered tools for interview scheduling can save 36% more time compared to manual methods. Such technological integrations will ensure swift and agile recruitment, allowing the industry to capitalize on the festive rush effectively. In embracing these advancements, e-commerce can navigate the recruitment hurdle and fully harness the potential of the upcoming festive season."

These are enabled by HRtech platforms that facilitate recruitment, automate paperwork, ensure timely remuneration disbursement, and integrate payroll, insurance, and benefits, providing a centralized view of financial commitments. Additionally, advanced analytics enable real-time performance tracking, helping in remuneration decisions. Some also try to look at health satisfaction and safety from an overall perspective.

In the context of gig workers, Pooja Ramchandani, Partner at Shardul Amarchand Mangaldas & Co, emphasized the importance of understanding their legal status. Ramchandani said, "Gig workers in India are not granted the status of employees under labour law. The significant characteristic of the gig economy is flexibility in engagement of workers. Owing to the flexibility in the nature of the arrangement, a gig worker has been accorded a definition under the Code on Social Security, 2020, as a person who performs work or participates in a work arrangement and earns from such activities outside the traditional employer-employee relationship."

In order to address the concerns of welfare of the gig workers, Ramchandani stated that the Code on Social Security has prescribed that the central and state governments (as the case may be) will frame social security and welfare schemes for gig workers and platform workers on matters relating to life and disability cover; health and maternity benefits; old age protection; provident fund; employment injury benefit; housing; educational schemes for children; skill upgradation of workers; funeral assistance; old age homes; and any other benefit as may be determined by the central government.

States are also realizing the need for proactive support to gig workers. Ramchandani gives the example of the Rajasthan Platform-based Gig Workers (Registration and Welfare) Bill, 2023 that the Assembly passed on 24th July to promote the welfare of gig workers operating in the state. The primary focus of the bill is on social security. It envisages framing of social security schemes and the establishment of a social security fund for the benefit of gig workers.

## FESTIVE DEMAND

E-commerce firm Meesho has announced its plan to create nearly 5,00,000 seasonal job opportunities to meet the rising demand during the upcoming festive season. This marks a massive 50% increase compared to the number of seasonal jobs the company offered last year.

In partnership with third-party logistics players such as Ecom Express, DTDC, Elastic Run, Loadshare, Delhivery, Shadowfax, and Xpressbees, the SoftBank-backed company will provide approximately 2,00,000 job openings. Notably, 60% of these opportunities will be located in Tier-3 and Tier-4 regions.

These roles primarily involve first-mile and delivery associates being responsible for tasks such as delivery picking, sorting, loading, unloading and return inspections. Meesho sellers are also gearing up to hire over 3,00,000 seasonal workers to meet their requirements for the festive season. These seasonal workers will support Meesho's sellers in various capacities, including manufacturing, packaging, and sorting, to meet the rising customer demand.

## CONSUMER SPEND

Meanwhile, as per a study conducted by Nielsen Media India, on behalf of Amazon India, consumers are planning to spend across a wide range of categories during this festive period, from high-value items to daily essentials. The study reveals that 75% are interested in buying electronic gadgets and products such as smartphones, TVs, refrigerators, ACs. Also, there is a demand for luxury and authentic beauty brands, home furnishing / improvement items and consumables.

Retailers are expecting consumer sentiment to pick up during this period, with at least a 10% to 12% growth anticipated compared to last year's sales, as indicated by industry reports. Growth is likely to be driven by automotive, FMCG, e-commerce, manufacturing, commodities, travel & hospitality sectors this festive season. It further estimated a 20% increase in employment during the festive season, showcasing the impact of the festivities on the job market.

The season starting with Ganesh Chaturthi, followed by Navratri, Diwali, and beyond, serves as a major economic catalyst in the country. Auspicious buying, marketing, discounts, and deferred purchases are a combination of festive euphoria and tempting deals that sparks consumer spending during the festival months.

Positive economic factors, businesses adapting strongly to market changes, and pertinent government interventions to control inflation suggest not only a spirited festive quarter but also the potential for a ripple effect of growth and employment opportunities well into the future.

The festive season acts as a harbinger of the economic boom in the country, amplifying India's GDP during the quarter, with key festivals contributing to a substantial portion of annual sales in sectors like home decor, apparel, electronics, and confectionary goods.

Online retailers in India are gearing up for a strong festive season, with sales expected to increase by 20% to over ₹ 90,000 crore, as per Redseer.

The Indian e-commerce market has seen a remarkable growth of nearly 20-fold since 2014, and is projected to reach a gross merchandise value of approximately ₹ 5,25,000 crores in 2023. This growth underscores the significance of the festive season in driving economic activities and boosting India's GDP.

# HOME IS WHERE THE HEART IS

**India's vibrant tourism scene beckons both domestic and international tourists**

In recent years, India's tourism sector has undergone a remarkable transformation, with domestic travel and weekend getaways taking centre stage. Traditionally, international destinations were the top choice for Indian travellers seeking new experiences, but evolving travel dynamics are reshaping the way Indians explore their own country.

This shift is led by many factors, such as rising disposable income, more

affordable air travel, increasing awareness of India's diverse tourism offerings, and the widespread use of social media and online booking platforms. The result? A burgeoning trend that is breathing new life into India's tourism industry.

Visa Inc., the global leader in digital payments, in collaboration with Ernst & Young, a leading professional services firm, released a report titled 'Charting the course for India – Tourism megatrends unpacked,' which paints a promising picture of India's tourism future, projecting that the industry could reach a staggering US $1 trillion by 2047. The key driver of this growth is expected to be data-led tourism.

The report identifies sustainability, enabling technologies, and evolving tourist preferences as primary disruptive forces shaping India's tourism landscape. Sustainable tourism experiences and offerings are in high demand, both in India and worldwide, and this trend is expected to continue.

Presently, the global sustainable tourism market is valued at an impressive US $180 billion. In India, this sector's value ranges from US $26 million to US $2.5 billion, with a projected annual growth rate of 15%.

Domestic travel and weekend vacations are rising, signalling a positive trend for India's tourism industry. Not only does it boost economic activity, but it also generates employment opportunities within the sector, providing Indians with greater opportunities to explore their own country. Domestic travel appeals to many due to its convenience, shorter distances, and lower travel expenses. Popular weekend vacation destinations include nearby towns and cities, as well as well-liked tourist sites that can be reached within one or two days.

With increasingly hectic work schedules and bustling city life, Indians are craving quick and revitalizing breaks. Weekend getaways have become popular among urban dwellers looking for relaxation and rejuvenation. The convenience of these trips, thanks to their proximity to major cities, allows individuals and families to plan short getaways with minimal disruption to their routines. As people seek indulgence from these breaks, the demand for luxury hotels and resorts near metropolitan areas has surged.

Alongside the growth of domestic tourism, boutique hotels, and homestays have experienced a significant surge in popularity. These unique accommodations offer distinctive experiences,

allowing travellers to immerse themselves in local culture.

Modern travellers desire more than just comfortable lodging; they seek authentic and enriching experiences. Boutique hotels cater to these evolving demands with meticulously designed interiors, attention to detail, and personalised services. Similarly, homestays allow visitors to interact with local communities, savour traditional cuisines, and learn about the local culture.

Another big trend in Indian tourism is the rise of culinary tourism, where travellers embark on gastronomic adventures to explore the diverse flavours and regional cuisines of the country. Food enthusiasts are eager to savour authentic local dishes, street food delicacies, and traditional culinary techniques.

From the rich Mughlai flavours of Lucknow to the aromatic spices of South India, culinary tourism offers a sensory journey that intertwines history, culture, and palate-pleasing experiences. Luxury hotels and resorts are embracing this trend by curating culinary experiences, organizing food festivals, and promoting farm-to-table dining concepts.

The digital revolution has also significantly impacted the travel sector globally, including India. Travel technology platforms, smartphone applications, and online booking systems have streamlined the planning and booking processes, making it easier for travellers to research and select their favourite destinations.

Furthermore, the role of social media in inspiring and influencing travel decisions cannot be understated. Luxury hotels have adapted to this digital reality by offering unified web experiences, personalised marketing initiatives, and responsive customer care.

With the transformation of India's tourism landscape, the industry is on the cusp of significant growth. The Visa-EY report identifies another significant trend, which is the evolution of tourist preferences driven by the presence of Generation Z (Gen Z). This demographic group constitutes 24% of the global population, with 27% of Gen Z residing in India. Their evolving preferences are expected to have a profound impact on the tourism industry.

For instance, spiritual tourism is expected to play a central role, given that 60% of domestic tourism in India is spiritually inclined. Additionally, 30.5 million international travellers are expected to visit India by 2028 for spiritual experiences.

Medical and wellness tourism is also expected to see significant growth, with the potential to create 24 million jobs by 2032. In 2021, 21% of international travellers sought medical treatment in India.

Adventure and sports tourism also holds the potential to create 6 million jobs by 2032. Globally, an average adventure tourist spends around US $2,900 per trip.

In a parallel development, Oxford Economics has revealed a noteworthy dimension of India's tourism sector: the pivotal role played by Airbnb. Despite the challenges posed by the Covid-19 pandemic and international border restrictions, Airbnb contributed over US $920 million to India's GDP and supported over 85,000 jobs in 2022 alone.

This contribution has more than doubled since 2019, underscoring the resilience of India's travel and tourism sector. In 2022, Airbnb guests spent US $815 million in India, with domestic travellers accounting for approximately 82% of this expenditure.

The pandemic ushered in changes in travel behaviour, including dispersal of tourism from urban areas to rural locales and a growing demand for long-term stays, aligning with the "live and work anywhere" phenomenon.

Airbnb has played a central role in reshaping Indian travel and tourism, driving economic growth, job opportunities, and the growth of local businesses. This evolving landscape, along with the rise of domestic travel and weekend getaways, positions India as a destination for travellers.

As travel restrictions have eased, India's tourism industry stands on the precipice of a bright and transformative future driven by innovation, changing preferences, and the diverse tapestry of experiences it offerS.


# DATING DIGITALLY

*In the digital age, dating has become a one-swipe journey, igniting passion and redefining romance*

In this day and age of abundance, we face the problem of choice. More choices often make it difficult to arrive at a decision, making things complicated, and our interactions less committed as we multitask and unconsciously seek out new sources of thrill, excitement and entertainment. The digital world is a perfect example of this phenomenon.

These elements have impacted our lives. In the past five to six years, a whole new range of dating apps has emerged, despite the availability of several social media platforms. It has been exactly a decade since the launch of the dating app Tinder, which is now the most downloaded app on the internet.

According to various statistics, the dating app market generated a revenue of $4.94 billion in 2022. More than 30 crore people worldwide use dating apps, and 2 crore of them pay for premium features. These statistics trigger a natural question: How profitable is the business of dating apps? Let us take a closer look to understand the growing popularity of digital romance.

## HOW DO DATING APPS WORK

Despite the general perception that people are averse to paying for dating app subscriptions, Indian consumers spent $9.9 million on dating and friendship apps in 2022, according to a report by data.ai, a mobile data and analytics platform, which provides data and insights into the app world.

In the online dating world, Tinder dominates the market with a share of over 50%. This dominance makes it difficult for new entrants to compete. Prominent dating apps other than Tinder are Bumble, Hinge, OkCupid, Happn, TrulyMadly, Woo and Badoo.

Now, let us understand the business model of a dating website.

Broadly speaking, dating apps follow two business models: free dating and paid dating.

Globally, the free dating model is more popular, but there is a growing trend of users paying for premium features on dating apps. A combination of these two business models – free and paid – can help companies generate consistent revenue. According to a study by XTB.com, Tinder is the fifth most lucrative dating app in the world despite having 500 million users globally.

Generally speaking, the free dating app model is typically used to attract users and get them to register with the app. Once registered, the users are exposed to in-app purchases, and third-party advertisements. Dating apps partner with advertisers to reach their active users. This allows dating app companies to earn significant revenue from advertisers.

Some dating apps are known to make even more profits by partnering directly with advertisers or by using services by BuySellAds, which connect dating app companies with advertisers. These advertisements can be in the form of images, videos, or banners.

Besides, free users are offered a certain number of premium features for a price that is lower than the cost of a premium subscription. Some prominent features are extra swipes, boosting one's profile, featuring one's profile, unlimited likes, and rewinding. These features are believed to generate 30% to 35% of total dating app revenue. Free users can unlock these features by using the in-app purchase option. In general, there are three main revenue streams for free dating apps: in-app purchases, sponsored content, and advertising.

The second business model for

dating apps is paid dating. Dating app companies offer a variety of subscription plans, which typically last for one month or one week. Paid dating subscriptions are often designed for older or mature users, who are more likely to be interested in serious and long-term relationships. It is estimated that 60% of adults who use dating apps are looking for new relationships, and many of these adults are willing to pay for premium services.

Most dating apps offer three subscription plans, namely, Platinum, Gold, and Plus. The prices of subscription plans can vary depending on the user's age, location, gender and sexuality. On average, users pay around $243 per year for dating apps. Studies show that paid subscriptions account for more than 61% of the total dating app revenue.

## ARE DATING APPS PROFITABLE?

'Are dating apps profitable?' is a question that many people have on their minds. Surprisingly, dating apps are profitable even though the market is competitive. There are several reasons for this.

The biggest factor in favour of dating apps is a major shift in how relationships are formed today. People are increasingly inclined to live more in the digital world than in the real world. On top of it, not many are comfortable socializing in person. This makes dating apps quite appealing for many people.

Studies by American sociologist Sherry Turkle show that today's youth are reluctant to meet in person. Unlike previous generations, they do not find the idea of being spontaneous to be a task or a challenge. Instead, they find interacting online more comfortable than meeting in person as they can control their online interactions. This is one of the key reasons why dating apps have a steady source of revenue.

Except for a brief period in 2010, dating app revenues have increased every year since 2015. Between 2015 and 2022, both revenues and global users have increased. Revenues grew from $1.9 billion to $1.9 billion, while users grew from 190 crore to 33.7 crore. Tinder, the largest player in the market, has annual revenues of over $1.6 billion and more than 53 crore users. Even Bumble, which entered the industry after Tinder, generates annual revenues of over $33.7 million.

In the coming years, due to increasing competition in the industry, replicating business models will not be a sound strategy for dating companies. Experts and sociologists point out that dating companies need to create distinctness in terms of how they treat gender interactions.

A case in the point is the way Bumble functions. Bumble is largely a women-centric dating app that was created and designed with women's safety in mind. Unlike Tinder and other dating apps, on Bumble, women can make the first move in heterosexual matches.

To a great extent, the onus to further a conversation after the expression of interest by a man is on a woman. If a man's profile does not interest a woman, she can choose not to interact with him. This is a crucial distinction, which has made Bumble a popular dating app among young people.

Video calls and voice messages are interesting features than can lure users to dating apps. An estimated 49% users in the US use dating websites for serious romantic relationships, while 23% of dating app users in the US use them for sexual encounters. Clearly, the number of users looking for serious romantic relationship outweighs flippant ones.

Given these facts, it is abundantly clear that the future of dating apps is bright. Even in India, the trend of using dating apps has caught on rapidly, making it the fifth fastest growing dating app market in the world.

Analysts point out that spending on dating apps in India is growing much faster than the global average, at 12% year-on-year in 2022. A recent study found that more than 55% of young adults in Bengaluru, India, believe that dating apps allow them to meet people. This suggests that the dating app business in India is expected to sustain well. Only those apps that allow users to meet more new people in accessible ways are likely to have long inningS.

# SECURING YOUR RETIREMENT

**Insurance companies provide annuity products designed to offer a steady income stream customized to meet the specific financial needs of individuals during retirement**

Many people aspire to have a predictable income. This aspiration motivates them to go the extra mile and save during their working lives. For working professionals who are accustomed to steady income inflows, the continuity, albeit at a lower level, provides a psychological boost and makes retirement more peaceful by alleviating financial worries.

The need to prepare for retirement has grown due to increasing life expectancy and rising cost of living. There is a lingering fear of outliving savings - an undesirable situation that can lead to anxiety and take a mental toll.

To address this need, insurance companies offer annuity products that provide steady income stream tailored to retirement needs. This product aims at assuaging fears of being unable to support oneself during retirement.

## WHAT IS AN ANNUITY?

An annuity, a retirement product, is a contract between the insurance company and an individual, also known as the annuitant. In this contract, the insurer guarantees an income payout, either immediately or after the completion of the deferment period.

In an annuity plan, an individual can choose to invest a regular sum (resulting in an accumulation of corpus over the years), or make a lump sum payment as a single premium. The corpus will be managed by the annuity provider, who commits to providing a regular income based on the terms and conditions outlined in the contract.

An annuity is akin to a pension, which government employees receive after retirement. Most private sector employees are not provided pension benefits after retirement, which makes retirement planning vital.

The two basic features of available annuity plans include immediate annuity or deferred annuity.

In an immediate annuity plan, the investors will hand over a lumpsum amount to the insurer, and there will be a guaranteed payout for life, beginning immediately. This product type is apt for those who are very close to retirement.

In a deferred annuity plan, the individual invests when retirement is still a few years away and thus opts for a deferment period so that the payout coincides with the retirement. The advantage of a deferred annuity plan is that you can lock in the interest rates without worrying about the interest rate cycle.

**There are variants available for annuity plans, and they include:**

**Immediate Life Annuity - Single Life / Joint Life:** The annuity payout accrues immediately and for as long as the annuitant is alive. And on the demise in the case of a single-life policy, there will be no further payouts. For a joint life policy, the other annuitant will receive the payout during their lifetime, and after the demise of both annuitants, the policy ceases to exist.

In the case of a single-life policy, the annual payout is higher than the joint life policy, since it covers two lives. The investment with the insurance company is not accessible under any circumstance. This policy is apt for those who do not consider it essential to leave wealth behind for their family, as the payout is higher.

**Immediate Life Annuity with Return of Purchase Price - Single Life / Joint Life:** In the case of a single life policy, the annuity, which accrues immediately, will be paid till such time as the annuitant is alive. And after the annuitant's passing, a lump sum amount will be payable to the nominee. Upon payment of the death benefit, the policy will cease to exist. In the case of joint life policy, the return on the purchase price will be triggered after both annuitants have passed away, and then the policy will be extinguished.

**Deferred Life Annuity with Return of Purchase Price - Single Life / Joint life:** The annuitant will be paid the annuity amount once the deferment period lapses and the payments will continue as long as the annuitant is alive. After the annuitant's passing, the death benefit will be given to the nominee, and the policy will be dissolved. In the case of a joint life policy, after the demise of both annuitants, the death benefit will accrue to the nominee.

The investor should select what best suits their needs, whether it is a policy covering the spouse, a policy with or without a return of purchase. Some companies offer inflation-linked schemes where the payout increases at a fixed rate every year to offset inflation.

## APPROACHES TO INVESTING IN AN ANNUITY PRODUCT

**Direct Purchase:** Convert your retirement savings, the corpus, into a regular income stream, providing financial security during retirement years. This approach is suitable for individuals who have already retired and need a regular and predictable source of income or for those who are very close to retirement.

**Route It Through A Pension Product:** If retirement is a few years away and you want to start planning early, this is the recommended approach. You would need to purchase a pension product, which involves systematically investing over a few years to create a corpus or making a one-time investment with an insurance company.

On maturity of the policy, only 1/3rd of the accumulated funds are liquid that is they can be withdrawn tax-free, while the balance 2/3rd must be compulsorily invested in an annuity plan of your choice. Depending on your situation at the time of the product's maturity, you can choose an appropriate annuity product.

In addition to life insurance companies, the National Pension Scheme (NPS), offered by the GOI, is also an annuity product.

## ELEMENTS TO BE CONSIDERED

- **Type Of Annuity Plan:** There are many variants of an annuity plan - single life / joint life, instant / deferred annuity. It is necessary to weigh all the advantages and disadvantages before selecting the annuity option that aligns with your financial objectives.

- **Quantum Of Financial Commitment:** Keep in mind that the corpus invested in annuity plans is inaccessible and illiquid. The quantum of investment should be decided after careful consideration. Liquid investments are a must to meet emergency needs, and hence, adequate provisions should be made.

- **Timing Of Purchase:** Annuity plans are pension products designed to cater to retirement needs. Therefore, the purchase of the product should be timed in such a way that the payout happens when you need a regular flow of income, that is when you retire. The retirement age is not universal and can vary from person to person. Some may prefer early retirement, while others, such as freelancers, may choose to work even after the stipulated retirement age.

- **Insurance Provider:** There are numerous insurance companies that offer annuity products. Investment in an annuity product necessitates a long-term association with the insurance company due to the rigidity of the product. Thus, choosing an insurance company that provides flawless service and prioritizes customer needs is vital.

## LIMITATIONS

- **Low Returns:** Annuity products provide lower returns due to the certainty of income they provide over longer periods. The actual returns also depend on the choice of the annuity plan. If the annuity plan has the 'return of purchase price' feature, the investor receives a payout for life, and subsequently, on the demise of the annuitant, the nominee gets the death benefit. In such products, the payout to the annuitant is lower. A plan without this feature offers higher payouts. Nevertheless, annuity products yield lower returns compared to other fixed investment options. They also come with reinvestment risk.

- **Illiquid:** Investors should consider annuities after careful deliberation, as once an annuity product is purchased, the investor loses the right to access the principal. The insurance company does not allow premature withdrawals under any circumstances.

This lack of liquidity is a big drawback, especially for senior citizens who might require funds for unexpected medical exigencies. Therefore, it is advisable to allocate only a portion of the retirement corpus to annuity products, ensuring certainty of income, but also investments in products that provide liquidity.

- **Tax Inefficient:** During the accumulation phase, that is, when investors pay premiums, GST is deducted at the prevailing rates. At the time of payout, the tax payable is based on the tax slab the individual falls in, potentially reducing the product's attractiveness, especially if the individual falls in the higher tax bracket.

Moreover, in annuity plans without a return of purchase, the taxation can appear unjustified as the annuity payout is higher, as it contains a blend of the principal. This effectively means that the principal portion is also getting taxed.

## ADVANTAGES

**• Transfers Longevity Risk To The Insurance Company:** An annuity product provides guaranteed income for life and eliminates reinvestment risks. If you invest in a fixed deposit, once it matures, the proceeds will have to be reinvested, resulting in an interest rate risk.

**• Provides Certainty With No Limit On The Investment Quantum:** An individual opting for an annuity product has predictable fund inflows, enabling better daily financial management. In addition to this, there is no limit on investment in an annuity product. Thus, the investor can decide the corpus based on the inflows needed to meet the retirement needs.

**• Taking Care Of Oneself And Not Letting Emotions Get The Better Of You:** An annuity product is designed to meet the financial needs of retirees, which is vital for emotional well-being.

An annuity product takes away the liquidity (the corpus invested), which works in favour of a retiree as the investment corpus cannot be accessed to bail out a family member or support children who want to buy an asset, thus ensuring that no emotional decisions are made, compromising the financial independence of the retiree.

**• No Money Management Required:** Annuity products take care of future payouts, relieving individuals from worrying about managing their finances. Moreover, the joint-life option is beneficial, eliminating the need to manage inflows for spouses who may not be financially savvy.

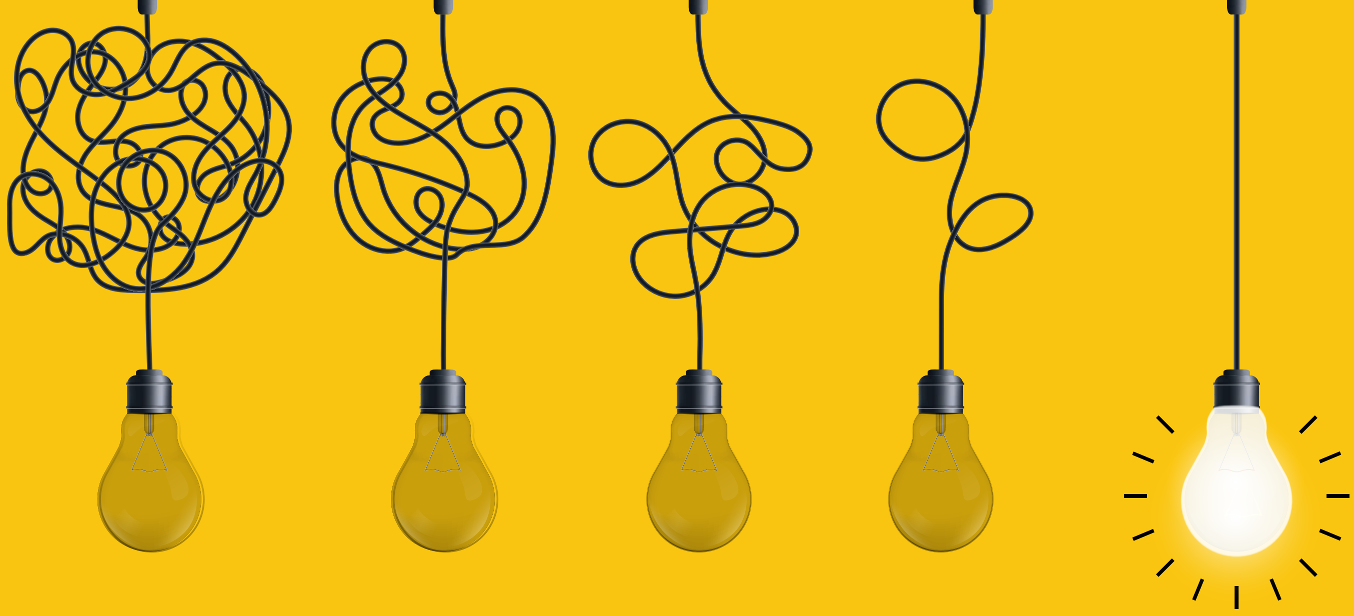
## SHOULD ONE BUY AN ANNUITY PRODUCT?

Retirement is a phase of life when earning higher returns should not matter as much as living peacefully without worrying about finances.

An annuity product provides lower returns, but the predictability of fund flows alleviates the anxiety that comes with uncertainty. That being said, an annuity product eliminates access to the principal or the accumulated corpus.

This means that an annuity product should be one of the considerations for retirement planning, and not the only one, as having access to liquidity beyond regular expenses is crucial, as emergencies can arise at any time.

Take charge of your retirement planning and create the right balance of products, including those that can provide a comfortable and worry-free retirement, in which annuity products should find a placE.



# CLARITY AND ACCESSIBILITY

## The IRDAI's proposed changes aim to improve the lives of health insurance policyholders by offering them much-needed simplicity and convenience

The insurance regulator, the Insurance Regulatory and Development Authority of India (IRDAI), recently issued a series of pronouncements and statements aimed at benefitting policyholders. These announcements encompass a wide range of topics, from the use of AI in insurance to modifications in the Customer Information Sheet (CIS) for health insurance, and compensation for withdrawn plans.

Let us explore some of the

developments that are likely to be implemented in the future.

### BENEFITS TO POLICYHOLDERS UNDER WITHDRAWN POLICIES

Even if you own a life insurance policy that has been withdrawn by your life insurer, policyholders will now be allowed to purchase rider benefits, such as accidental death and disability coverage, critical sickness coverage, or waiver of premium coverage.

Until now, restrictions prohibited life insurance firms from making adjustments to their withdrawn plans. A statement issued by the regulator elaborated on the primary goal of this circular: "to provide existing policyholders with more flexibility while protecting their interests."

The conclusion was arrived at after discussions with the Life Insurance Council. The statement issued by the regulator stated, "Through this initiative, IRDAI reaffirms its commitment to policyholders by providing greater flexibility and improving policyholders' insurance experiences."

These measures will ensure that policyholders receive certain benefits from policies that have been terminated by insurers. Policies that have been favourably welcomed by policyholders are often discontinued after a few years and are no longer available for purchase by them.

As a result, it makes perfect sense to allow for some fundamental adjustments to be made to these products, enabling existing policyholders to use them if necessary and profit from them.

In addition to rider benefits, life insurance firms can also allow policyholders to change their premium payment modes. For instance, if only yearly premium payments were previously permitted, insurers could now allow policyholders to pay monthly or quarterly premiums.

Insurers may also reduce the interest rate on loans offered under the products or reinstate coverage that has expired. This change will require insurers to make certain adjustments and offer them to existing policyholders. They must obtain specific requests from policyholders who wish to have their benefits adjusted or modified.

### A NEW HEALTH INSURANCE IDEA

Now, a new health insurance idea may alleviate some of the concerns of policyholders. More often than not, policyholders find themselves at a loss when it comes to obtaining crucial information from health policy documents despite everything being included in the policy. Understanding the policy's language is usually a daunting task.

In response to this, the insurance regulator has proposed changes to the current structure of the customer information sheet that insurers must provide with policy documents during purchase and renewal. The goal is to improve consumer understanding.

Once finalized, this document will make complex provisions, claims procedures, and regulations easier for policyholders to understand.

Currently, insurance companies adhere to the template established in 2020 when CIS was launched as part of product filing standards in the health insurance industry. However, it's evident that the proposed CIS is more policyholder-friendly.

For instance, policyholders will receive information such as free-look period, sum insured, type of insurance, waiting period, exclusions, and deductibles in plain English, among other details.

Additionally, health insurers are now required to specify the timeline for claim settlement in the CIS, ensuring that customers have clear information about how long it will take for their claims to be processed.

The document will also include contact information for the company's grievance redressal personnel as well as IRDAI-designated ombudsman offices, thus providing policyholders with a convenient reference point to raise and escalate their issues.

Furthermore, the insurance company must clarify the process for switching to a different policy or porting to another insurer.

According to the IRDAI's draft, the new CIS will specify the sum insured or coverage amount under individual and family floater plans. It will also indicate whether the coverage operates on the reimbursement principle, where hospitalization expenditures are reimbursed up to the sum insured, or if it is a defined benefit cover, in which a pre-agreed sum is paid out upon diagnosis.

## 100% CASHLESS CLAIM SETTLEMENT AND THE USE OF AI

The IRDAI is proposing to enhance policyholders' experience by bringing in 100 percent cashless claim settlement.

At a recent event, IRDAI Chairman Debasish Panda said, "The councils - industry bodies like the Life Insurance Council and General Insurance Council - are playing a very prominent and active role in enabling common empanelment and interoperability with hospitals. This will make the claim processing of health insurance seamless and frictionless for the policyholders."

In the current health insurance landscape, policyholders have two options for claim settlement in a health insurance policy: cashless service and reimbursements. In cashless service, the policyholder need not make any payments to the hospital as the insurance companies handle the claims directly. Conversely, in the case of reimbursements, policyholders must submit all bills and documents to the insurer to receive the claim amounts.

IRDAI is also working on reforms in the insurance sector to explore and offer flexible, do-it-yourself insurance products. Chairman Panda said, "IRDAI is actively pursuing reforms in the insurance sector to enhance its adaptability and responsiveness. We are currently at a juncture marked by personalized offerings and shifting consumer preferences. To meet these changes, we are exploring flexible, do-it-yourself insurance products, leveraging advisory technologies and digital assistants."

He also added that they anticipate a future where insurers can efficiently manage diverse and large data sources, harnessing quantum computing to revolutionize risk assessment and decision-making, thereby significantly improving the insurance lifecycle.

Also, the regulator is exploring artificial intelligence (AI) algorithms combined with machine learning models and predictive analysis, which will be leveraged to make underwriting an essential process in the insurance industry.

Moreover, process automation will help increase the speed of traditional processes that typically require manual intervention. Furthermore, conversational AI will be harnessed in the insurance industry across the value chain, assisting customers during various stages of the insurance procurement and claims processeS.

# TECHNICAL OUTLOOK

The Nifty experienced selling pressure in October after reaching an all-time high of 20,222.45. The sentiment on Dalal Street was cautious to negative, with profit-booking observed across all the sectors.

On the technical front, the Nifty is trading below the Golden Ratio, which is 61.8% of the Extension (Low - 15,183.40, High - 18,887.60, Low - 16,828.35), currently at the 19,370 level. This indicates cautiousness in the market. As long as the Nifty struggles to move higher, sustaining the positive momentum may not be challenging.

Looking at the technical set up, the immediate support is at 18,800. If it fails to hold this support on a closing basis, a further sell-off could occur, potentially taking the Nifty down to 18,500/18,200. On the flip side, the Nifty faces strong resistance at 19,370. Once the Nifty manages to trade above the 19,370 level on a closing basis for at least 2-3 trading sessions, we may witness a pullback rally towards 19,500 / 19,700 levels.

The daily momentum indicator, RSI is in the oversold zone, indicating the potential for a pull back in the index. The overall market outlook remains cautious due to profit-booking at higher levels, and some volatility can still be expected. Traders should avoid major short positions and look for opportunities to buy on dips. Any dip towards 18,800 will contribute to the strengthening of the Nifty.

Technically, the Bank Nifty has immediate support at 42,200. A close below 41,600 may extend the fall towards 41,000 / 40,500. On the flip side, resistance is positioned at 43,400. Beyond that, the Bank Nifty may witness a positive move towards 44,200 - 45,000 levels.

On the Nifty Options front for the November series, the highest Open Interest (OI) build-up is seen near 19,500 and 20,000 Call strikes, while on the Put side, it is observed at the 19,000 and 18,500 strikes.

The movement in the month of October has been volatile with huge round of selling in the last week. Rollovers have been subdued for most stocks and indices. The Fertilizers, Automobiles and Metals sectors witnessed positive rollovers, while the Finance and FMCG sectors witnessed negative rollovers.

India VIX, which measures the immediate 30-day volatility in the market, has remained sideways in the range of 10-12.5 for the October series. Going forward, we expect the index to remain positive in the first part of November.

The Put Call Ratio-Open Interest (PCR-OI) for Nifty Options has been in the range of 0.6-1.4 in October. Going forward, it is expected to remain between 0.6 and 1.4 in November.

The markets are believed to remain bullish in the first half of November with supports placed at 19,000 and 18,500 levels, while important resistances will be at 19,500 and 19,700 levels.

## OPTIONS STRATEGY

### Long Straddle

This strategy can be initiated by 'Buying 1 lot 09NOV 19100 CE (₹ 160) and Buying 1 lot 09NOV 19100 PE (₹ 145).' The total outflow of premium is around 305 points, which also represents the maximum loss.

A SL can be set at 205 points, which is a 100-point loss from the total premium. The maximum gain is unlimited, and a Target can be set at 505 points, which would result in a 200-point gain from the total premium.

With the current options OI positions for NIFTY, it seems the index may witness good buying, which might take the Nifty towards resistance levels, leading to profits in this strategY.

# MUTUAL FUND BLACKBOARD

## Large Cap Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| Invesco India Largecap Fund - Growth | 48.8 | 12.0 | 17.5 | 14.0 | 11.5 | 13.5 | 805 |
| UTI Mastershare Unit Scheme - Growth | 210.8 | 9.4 | 17.4 | 14.2 | 11.7 | 13.4 | 11,458 |
| Canara Robeco Bluechip Equity Fund - Growth | 45.7 | 10.5 | 16.8 | 16.0 | 13.2 | 13.9 | 10,336 |
| Kotak Bluechip Fund - Reg - Growth | 416.4 | 11.0 | 18.0 | 15.4 | 11.9 | 13.9 | 6,512 |
| Nifty 100 TRI | 25,764.5 | 7.9 | 18.2 | 14.5 | 12.8 | 13.6 | -- |

## Mid Cap Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| Tata Mid Cap Growth Fund - Reg - Growth | 303.2 | 24.6 | 26.5 | 20.7 | 15.0 | 20.5 | 2,519 |
| Edelweiss Mid Cap Fund - Growth | 61.7 | 17.6 | 28.8 | 20.8 | 15.6 | 21.6 | 3,798 |
| Mirae Asset Midcap Fund - Reg - Growth | 25.4 | 19.1 | 28.9 | -- | -- | -- | 12,173 |
| Nippon India Growth Fund - Reg - Growth | 2,699.4 | 26.3 | 31.7 | 22.6 | 16.3 | 19.4 | 19,247 |
| Kotak Emerging Equity Fund - Reg - Growth | 89.8 | 19.0 | 28.9 | 21.8 | 15.6 | 22.8 | 33,918 |
| Nifty Midcap 150 TRI | 18,287.9 | 25.2 | 31.5 | 21.6 | 16.5 | 21.2 | -- |

## Small Cap Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| Kotak Small Cap Fund - Reg - Growth | 193.7 | 18.0 | 33.5 | 24.7 | 16.8 | 22.3 | 12,440 |
| Edelweiss Small Cap Fund - Reg - Growth | 31.3 | 23.8 | 35.2 | -- | -- | -- | 2,455 |
| Nippon India Small Cap Fund - Reg - Growth | 119.8 | 31.4 | 42.0 | 26.2 | 20.7 | 28.2 | 37,374 |
| ICICI Prudential Smallcap Fund - Growth | 66.2 | 23.3 | 35.8 | 24.7 | 16.3 | 17.8 | 6,054 |
| Union Small Cap Fund - Reg - Growth | 37.8 | 21.8 | 32.8 | 23.9 | 15.9 | -- | 1,104 |
| Nifty Smallcap 250 TRI | 14,976.0 | 28.2 | 33.9 | 20.8 | 13.6 | 19.8 | -- |

## Large & Mid Cap Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| Tata Large & Mid Cap Fund - Reg - Growth | 398.5 | 14.0 | 22.2 | 17.7 | 13.1 | 15.6 | 5,331 |
| Canara Robeco Emerging Equities - Growth | 177.6 | 9.1 | 19.9 | 16.7 | 13.5 | 21.9 | 18,063 |
| Edelweiss Large & Mid Cap Fund - Growth | 60.8 | 13.2 | 22.0 | 17.0 | 13.8 | 15.4 | 2,247 |
| Kotak Equity Opportunities Fund - Reg - Growth | 239.5 | 17.3 | 22.6 | 18.6 | 13.9 | 16.7 | 15,501 |
| Mahindra Manulife Large & Mid Cap Fund - Reg - | 19.8 | 16.1 | 25.2 | -- | -- | -- | 1,436 |
| NIFTY Large Midcap 250 TRI | 14,694.0 | 16.5 | 24.8 | 18.1 | 14.8 | 17.5 | -- |

## Multicap Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| Mahindra Manulife Multi Cap Fund - Reg - Growth | 24.6 | 18.4 | 27.8 | 20.7 | -- | -- | 2,203 |
| HDFC Multi Cap Fund - Reg - Growth | 13.4 | 26.1 | -- | -- | -- | -- | 8,835 |
| Kotak Multicap Fund - Reg - Growth | 12.8 | 22.2 | -- | -- | -- | -- | 6,316 |
| Nippon India Multi Cap Fund - Reg - Growth | 204.2 | 24.0 | 35.2 | 19.4 | 15.1 | 17.4 | 20,931 |
| S&P BSE 500 TRI | 33,607.3 | 11.9 | 21.4 | 16.2 | 13.6 | 15.0 | -- |

## FlexiCap Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| Canara Robeco Flexi Cap Fund - Growth | 244.6 | 10.0 | 17.6 | 16.1 | 13.5 | 14.3 | 10,308 |
| Mirae Asset Flexi Cap Fund - Reg - Growth | 11.5 | -- | -- | -- | -- | -- | 1,204 |
| UTI Flexi Cap Fund - Growth | 251.1 | 5.6 | 15.3 | 14.8 | 12.3 | 14.5 | 25,452 |
| Union Flexi Cap Fund - Growth | 38.2 | 14.2 | 20.8 | 16.9 | 12.8 | 13.2 | 1,634 |
| Parag Parikh Flexi Cap Fund - Reg - Growth | 58.4 | 20.7 | 22.4 | 20.5 | 17.3 | 18.6 | 42,785 |
| S&P BSE 500 TRI | 33,607.3 | 11.9 | 21.4 | 16.2 | 13.6 | 15.0 | -- |

## Focused Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| HDFC Focused 30 Fund - Growth | 152.5 | 17.8 | 31.2 | 16.7 | 12.5 | 15.8 | 6,723 |
| Nippon India Focused Equity Fund - Reg - Growth | 90.8 | 11.3 | 25.6 | 17.0 | 12.2 | 19.4 | 7,141 |
| ICICI Prudential Focused Equity Fund - Ret - Growth | 59.1 | 16.3 | 24.2 | 15.5 | 12.7 | 14.1 | 5,383 |
| Mahindra Manulife Focused Fund - Reg - Growth | 18.3 | 16.4 | -- | -- | -- | -- | 879 |
| S&P BSE 500 TRI | 33,607.3 | 11.9 | 21.4 | 16.2 | 13.6 | 15.0 | -- |

## Dividend Yield Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| ICICI Prudential Dividend Yield Equity Fund - Reg | 34.9 | 23.4 | 32.8 | 17.2 | 13.6 | -- | 2,459 |
| Sundaram Dividend Yield Fund - Growth | 99.5 | 15.8 | 20.7 | 15.4 | 13.7 | 15.7 | 597 |
| UTI Dividend Yield Fund - Growth | 120.0 | 18.2 | 20.6 | 14.7 | 12.5 | 13.7 | 3,183 |
| S&P BSE 500 TRI | 33,607.3 | 11.9 | 21.4 | 16.2 | 13.6 | 15.0 | -- |

## Contra/Value Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| Bandhan Sterling Value Fund - Reg - Growth | 108.6 | 18.7 | 33.3 | 18.5 | 14.9 | 17.9 | 6,847 |
| SBI Contra Fund - Growth | 272.5 | 22.9 | 35.8 | 22.4 | 15.7 | 17.3 | 16,337 |
| Nippon India Value Fund - Reg - Growth | 150.0 | 19.4 | 26.4 | 18.4 | 14.2 | 17.3 | 5,712 |
| S&P BSE 500 TRI | 33,607.3 | 11.9 | 21.4 | 16.2 | 13.6 | 15.0 | -- |

## ELSS Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| UTI Long Term Equity Fund (Tax Saving) - Growth | 156.7 | 9.5 | 19.0 | 14.9 | 11.9 | 13.7 | 3178 |
| Canara Robeco Equity Tax Saver Fund - Growth | 127.1 | 9.2 | 19.1 | 17.8 | 14.3 | 15.5 | 6,140 |
| Kotak Tax Saver Fund - Reg - Growth | 85.5 | 15.0 | 22.3 | 17.7 | 13.5 | 16.7 | 4,199 |
| Mahindra Manulife ELSS Fund - Reg - Growth | 21.6 | 13.9 | 23.4 | 15.3 | 11.6 | -- | 679 |
| Parag Parikh Tax Saver Fund - Reg - Growth | 23.0 | 16.0 | 22.5 | -- | -- | -- | 2,065 |
| Tata India Tax Savings Fund - Reg - Growth | 32.4 | 11.6 | 20.4 | 15.9 | 12.6 | -- | 3,582 |
| S&P BSE 200 TRI | 10,595.0 | 10.4 | 20.4 | 15.8 | 13.5 | 14.6 | -- |

## Thematic / Sector Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| Mirae Asset Great Consumer Fund - Growth | 69.2 | 15.8 | 24.3 | 17.6 | 15.8 | 17.2 | 2,642 |
| ICICI Prudential Banking and Financial Services Fund | 98.2 | 13.0 | 22.7 | 12.9 | 11.1 | 17.1 | 6,849 |
| Nippon India Pharma Fund - Reg - Growth | 342.2 | 20.6 | 15.1 | 17.9 | 12.9 | 16.5 | 5,688 |
| Quant Quantamental Fund - Reg - Growth | 15.9 | 22.6 | -- | -- | -- | -- | 1,056 |
| Tata Digital India Fund - Reg - Growth | 35.4 | 13.1 | 19.7 | 20.9 | 20.9 | -- | 8061 |
| S&P BSE 500 TRI | 33,607.3 | 11.9 | 21.4 | 16.2 | 13.6 | 15.0 | -- |

## Arbitrage Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 2 Years | 3 Years | |
| Bandhan Arbitrage Fund - Reg - Growth | 28.9 | 7.7 | 7.4 | 7.1 | 5.4 | 4.7 | 4,103 |
| Kotak Equity Arbitrage Fund - Reg - Growth | 33.2 | 8.0 | 7.9 | 7.3 | 5.7 | 5.1 | 27,412 |
| Tata Arbitrage Fund - Reg - Growth | 12.8 | 7.7 | 7.4 | 7.0 | 5.3 | 4.8 | 7,445 |
| Invesco India Arbitrage Fund - Growth | 28.3 | 7.9 | 7.7 | 7.4 | 6.0 | 5.1 | 8,156 |
| Edelweiss Arbitrage Fund - Reg - Growth | 17.2 | 7.8 | 7.6 | 7.1 | 5.5 | 4.9 | 6,984 |

## Equity Savings Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| Edelweiss Equity Savings Fund - Reg - Growth | 20.4 | 9.4 | 9.8 | 9.3 | 8.5 | -- | 289 |
| HDFC Equity Savings Fund - Growth | 54.2 | 9.1 | 13.2 | 9.4 | 8.5 | 9.6 | 3,111 |
| Kotak Equity Savings Fund - Reg - Growth | 21.2 | 10.5 | 10.7 | 9.6 | 8.8 | -- | 3,154 |
| NIFTY 50 Hybrid Composite Debt 65:35 Index | 16305.1 | 9.8 | 13.8 | 13 | 11.5 | 11.9 | -- |

## Dynamic Asset Allocation Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| Kotak Balanced Advantage Fund - Reg - Growth | 16.2 | 10.3 | 10.9 | 11.1 | -- | -- | 14,953 |
| Nippon India Balanced Advantage Fund - Reg - Growth | 137.6 | 9.4 | 13.1 | 10.5 | 9.3 | 11.9 | 7,022 |
| Tata Balanced Advantage Fund - Reg - Growth | 16.7 | 10.4 | 13.0 | -- | -- | -- | 7,674 |
| Edelweiss Balanced Advantage Fund - Growth | 39.8 | 9.8 | 13.6 | 12.8 | 11.0 | 11.4 | 9,475 |
| Union Balanced Advantage Fund - Reg - Growth | 16.4 | 8.0 | 9.3 | 10.6 | -- | -- | 1,601 |
| NIFTY 50 Hybrid Composite Debt 65:35 Index | 16,305.1 | 9.8 | 13.8 | 13.0 | 11.5 | 11.9 | -- |

## Hybrid Aggressive Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| Canara Robeco Equity Hybrid Fund - Growth | 270.1 | 9.6 | 14.6 | 13.9 | 11.3 | 14.3 | 9,034 |
| Kotak Equity Hybrid Fund - Growth | 45.8 | 12.2 | 18.9 | 16.0 | 11.5 | -- | 4,267 |
| Mirae Asset Hybrid - Equity Fund - Reg - Growth | 24.5 | 10.9 | 15.4 | 13.2 | 11.6 | -- | 7,790 |
| NIFTY 50 Hybrid Composite Debt 65:35 Index | 16,305.1 | 9.8 | 13.8 | 13.0 | 11.5 | 11.9 | -- |

## Multi Asset Allocation Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| HDFC Multi - Asset Fund - Growth | 54.4 | 12.2 | 14.3 | 13.1 | 9.8 | 10.8 | 1,954 |
| Nippon India Multi Asset Fund - Reg - Growth | 15.1 | 15.5 | 14.5 | -- | -- | -- | 1,538 |
| Tata Multi Asset Opportunities Fund - Reg - Growth | 17.8 | 11.7 | 16.6 | -- | -- | -- | 1,852 |
| NIFTY 50 Hybrid Composite Debt 65:35 Index | 16,305.1 | 9.8 | 13.8 | 13.0 | 11.5 | 11.9 | -- |

## Gold Funds Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | |
| HDFC Gold Fund - Growth | 18.7 | 20.4 | 4.7 | 12.3 | 9.1 | 5.4 | 1,536 |
| Kotak Gold Fund - Reg - Growth | 24.1 | 19.5 | 4.5 | 12.4 | 9.0 | 5.4 | 1,460 |
| Nippon India Gold Savings Fund - Reg - Growth | 23.9 | 20.1 | 4.5 | 12.2 | 9.0 | 5.2 | 1,469 |
| Prices of Gold | 60,418.0 | 21.2 | 5.8 | 13.6 | 10.5 | 6.7 | -- |

## Overnight Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 2 Weeks | 1 Month | 3 Months | 1 Year | YTM | |
| Bandhan Overnight Fund - Reg - Growth | 1,233.7 | 6.6 | 6.6 | 6.5 | 6.4 | 6.82 | 1,594 |
| Tata Overnight Fund - Reg - Growth | 1,220.8 | 6.6 | 6.6 | 6.5 | 6.4 | 6.84 | 3,777 |
| Nippon India Overnight Fund - Reg - Growth | 124.3 | 6.6 | 6.6 | 6.5 | 6.5 | 6.85 | 6,074 |

### Liquid Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 2 Weeks | 1 Month | 3 Months | 1 Year | YTM | |
| Aditya Birla Sun Life Liquid Fund - Reg - Growth | 373.7 | 6.5 | 6.7 | 6.7 | 7.0 | 7.30 | 32,542 |
| Mirae Asset Cash Management Fund - Growth | 2,432.6 | 6.6 | 6.8 | 6.7 | 6.9 | 7.09 | 8,563 |
| Kotak Liquid Fund - Reg - Growth | 4,690.9 | 6.4 | 6.7 | 6.6 | 6.9 | 7.09 | 26,831 |
| Nippon India Liquid Fund - Reg - Growth | 5,662.8 | 6.5 | 6.7 | 6.6 | 6.9 | 7.12 | 22,654 |
| Mahindra Manulife Liquid Fund - Reg - Growth | 1,509.4 | 6.7 | 6.7 | 6.7 | 6.9 | 7.09 | 564 |

### Ultra Short Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| HDFC Ultra Short Term Fund - Reg - Growth | 13.4 | 6.3 | 6.7 | 7.0 | 4.8 | 7.47 | 12,815 |
| ICICI Prudential Ultra Short Term Fund - Growth | 24.5 | 6.3 | 6.7 | 6.9 | 5.0 | 7.69 | 12,323 |
| Kotak Savings Fund - Reg - Growth | 38.1 | 6.2 | 6.6 | 6.9 | 4.6 | 7.46 | 12,572 |

### Money Market Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| HDFC Money Market Fund - Growth | 5,040.7 | 6.5 | 7.0 | 7.3 | 5.0 | 7.45 | 17,088 |
| Tata Money Market Fund - Reg - Growth | 4,160.3 | 6.7 | 7.0 | 7.4 | 5.1 | 7.49 | 13,608 |

### Low Duration Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| HDFC Low Duration Fund - Growth | 51.1 | 6.3 | 6.9 | 7.1 | 5.0 | 7.79 | 16,325 |
| ICICI Prudential Savings Fund - Reg - Growth | 477.5 | 6.9 | 7.6 | 7.6 | 5.3 | 7.74 | 20,994 |
| Kotak Low Duration Fund - Std - Growth | 2,963.2 | 5.8 | 6.4 | 6.8 | 4.6 | 7.71 | 11,061 |

### Floater Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| Kotak Floating Rate Fund - Reg - Growth | 1,318.9 | 6.7 | 7.1 | 7.2 | 5.1 | 7.91 | 4,698 |
| Tata Floating Rate Fund - Reg - Growth | 11.2 | 6.3 | 6.7 | 6.7 | -- | 7.87 | 282 |

### Short Term Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| HDFC Short Term Debt Fund - Growth | 27.8 | 4.4 | 5.9 | 7.0 | 4.7 | 7.77 | 12,406 |
| HSBC Short Duration Fund - Reg - Growth | 23.1 | 3.9 | 5.0 | 6.3 | 3.9 | 7.56 | 3,379 |
| ICICI Prudential Short Term Fund - Growth | 52.5 | 5.3 | 6.5 | 7.3 | 5.2 | 7.88 | 18,689 |

### Corporate Bond Fund

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| ICICI Prudential Corporate Bond Fund - Reg - Growth | 26.1 | 6.1 | 7.2 | 7.4 | 5.3 | 7.85 | 23,380 |
| HDFC Corporate Bond Fund - Growth | 28.3 | 5.0 | 6.5 | 7.3 | 4.8 | 7.74 | 26,855 |
| Kotak Corporate Bond Fund - Std - Growth | 3,279.0 | 4.3 | 5.8 | 6.7 | 4.6 | 7.80 | 10,718 |

## Dynamic Bond Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| ICICI Prudential All Seasons Bond Fund - Growth | 32.1 | 4.0 | 5.9 | 7.2 | 5.3 | 8.00 | 11,097 |
| Nippon India Dynamic Bond Fund - Reg - Growth | 32.0 | 0.6 | 4.1 | 6.9 | 3.7 | 7.57 | 4,468 |
| Kotak Dynamic Bond Fund - Reg - Growth | 32.2 | 0.3 | 3.8 | 6.0 | 3.7 | 7.76 | 2,471 |

## Medium Duration Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| ICICI Prudential Medium Term Bond Fund - Growth | 38.9 | 3.4 | 5.3 | 6.9 | 5.5 | 8.24 | 6,505 |
| HDFC Medium Term Debt Fund - Growth | 49.1 | 3.2 | 5.3 | 6.9 | 4.9 | 7.97 | 4,290 |
| SBI Magnum Medium Duration Fund - Growth | 44.6 | 3.9 | 5.7 | 7.6 | 4.8 | 8.03 | 7,043 |

## Long duration Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| Nippon India Nivesh Lakshya Fund - Reg - Growth | 15.1 | -5.7 | 1.7 | 7.5 | 3.7 | 7.49 | 6361 |

## Gilt Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| Kotak Gilt Fund - Growth | 84.0 | 0.3 | 3.8 | 6.2 | 3.8 | 7.67 | 2,709 |

## Gilt Fund with 10 year constant duration

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| ICICI Prudential Constant Maturity Gilt Fund - Reg | 20.9 | -2.4 | 2.6 | 7.5 | 3.3 | 7.34 | 1,971 |

## Credit Risk Fund

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| ICICI Prudential Credit Risk Fund - Growth | 27.5 | 4.9 | 5.9 | 7.0 | 6.1 | 8.52 | 7,503 |
| HDFC Credit Risk Debt Fund - Reg - Growth | 21.0 | 4.3 | 5.7 | 6.6 | 6.1 | 8.44 | 8,356 |
| SBI Credit Risk Fund - Growth | 39.8 | 5.1 | 6.0 | 8.3 | 5.9 | 8.25 | 2,717 |

## Banking & PSU Bond Funds

| SCHEME NAME | NAV | Historic Return (%) | | | | | AUM (Cr) |
|---|---|---|---|---|---|---|---|
| | | 3 Months | 6 Months | 1 Year | 3 Years | YTM | |
| Edelweiss Banking & PSU Debt Fund - Reg - Growth | 21.4 | 2.1 | 4.3 | 6.9 | 4.3 | 7.51 | 337 |
| HSBC Banking and PSU Debt Fund - Growth | 21.3 | 4.1 | 5.0 | 6.7 | 3.6 | 7.54 | 4494 |


Source: - ICRA MFI, NAV as on 23rd October 2023

# THE RISE OF THE MEGA-RICH

Despite global wealth declines, India shines, according to a recent report on the world's wealthiest

Over the past decade or more, economists, analysts, and other experts have continuously monitored a key variable: global wealth. Global wealth provides a comprehensive insight into whether worldwide inequality is on the rise or diminishing. It also serves as a valuable indicator for large institutional investors and savvy market participants, offering guidance on which markets are performing well in terms of wealth generation.

In this context, the fourteenth edition of the Credit Suisse Global Wealth Report, presented this year in collaboration with UBS, aims to deliver the most comprehensive available information regarding global household wealth.

Exploring the key findings and historical data presented in the report will enable us to gain a better understanding of the post-pandemic world on a broader scale. Let's delve into the details.

## A SNAPSHOT OF 2022

In 2022, the world witnessed a decline in global wealth, marking the first decrease since the global financial crisis of 2008, as reported in the Credit Suisse Global Wealth Report 2023. Now, let's understand the key takeaways from the report:

• The year 2022 recorded the first net decrease in global household wealth since the 2008 financial crisis.

• In terms of nominal USD, the total net private wealth declined by US $11.3 trillion, reaching US $454.4 trillion by the end of the year.

• Wealth per adult also fell, decreasing by US $3,198 to reach US $84,718 per adult by the end of 2022. Much of this reduction can be attributed to the strengthening of the US dollar against many other currencies.

• The decline in wealth in 2022 was primarily influenced by financial assets, whereas non-financial assets (mainly real estate) remained resilient, despite rapidly rising interest rates. However, the relative contributions of financial and non-financial assets may shift in 2023 if house prices react to higher interest rates.

• In the 12-month period, aggregate global wealth totalled US $454.4 trillion, marking a 2.4% decrease of US $11.3 trillion.

• The decline in global wealth was concentrated in North America and Europe, where a combined US $10.9 trillion was lost. China and the Asia-Pacific region also reported losses amounting to US $3.5 trillion, but these were partially offset by small gains in India and Africa.

• Latin America was a regional outlier, with total wealth growing by US $2.4 trillion, an increase of 18.6%. This surge partially reversed several years of wealth losses and was boosted by an average 6% currency appreciation against the US dollar.

• In 2022, overall wealth inequality decreased, with the wealth share of the global top 1% declining to 44.5%.

• The number of millionaires worldwide dropped by 3.5 million in 2022, totalling 59.4 million individuals, before considering an additional 4.4 million "inflation millionaires" who would not qualify if the millionaire threshold were adjusted for inflation in 2022.

• In contrast to the 3.6% decrease in wealth per adult, global median wealth, which indicates how an average person is faring, actually increased by 3% in 2022.

## THE INDIA-CHINA STORY

The report analyzed wealth

creation across countries. For the sake of simplicity and relevance, it is important to consider wealth creation trends in India and China. Here are key insights regarding these two nations:

• On average, the wealth per adult in India has risen at an annual growth rate of 8.7% since the year 2000, reaching US $16,500 by the end of 2022.

• In China, the wealth per adult grew by 14% per year, reaching US $75,731 by the end of 2022.

• For comparison, the average annual increase in wealth per adult worldwide since 2000 has stood at a modest 4.6%, with the global mean reaching US $84,718 at the end of 2022. Consequently, China's average wealth is now nearing the global average, while India lags significantly behind.

• In 2000, India's median wealth stood at 52% of the global figure, while China recorded 126%. However, by the end of 2022, India's median wealth had declined to 43% of the global value, whereas China's median wealth had increased to 315%.

• In China, financial assets have outpaced non-financial assets in growth. They now constitute 45.4% of gross assets, in contrast to India where they make up 21.0%.

Since 2000, financial assets per adult in China have risen at an average annual growth rate of 15.7%, which surpasses the still impressive rate on 8.1% in India.

• The wealth share of the top 1% globally was 20.7% in 2000, increased to 30.5% in 2021, and further rose to 31.4% in 2022. Notably, wealth inequality was already high in India, with the top 1% holding 33.2% of wealth in 2000, a figure that rose to 40.4% by 2022.

• In 2022, China saw a slight drop of just 0.7% in financial assets per adult, while non-financial assets fell by 3.5%, which was partly attributed to challenges in the housing market. Debt in China also decreased by 3.2%, and a 2.2% decline in net worth per adult.

In contrast, India exhibited more favourable trends in these aspects in 2022. The net worth per adult in India increased by 2.8%, reflecting a growth of 2.7% in total assets.

Additionally, there was a modest 1.2% increase in debt per adult in India in the same year. During the same period, non-financial assets per adult in India rose by 3.7%, although financial assets per adult fell slightly by 0.7%.

## NOTABLE PREDICTIONS

Now, let's explore the key predictions from the Credit Suisse Global Wealth Report 2023. The report observes that persistent inflation will have an impact on global Gross Domestic Product (GDP) and worldwide wealth. It notes that global output is expected to return to the pre-pandemic trend.

However, it would be US $7.9 billion or 6% lower in 2027 than previously projected when expressed in current US dollars and even lower in real terms.

The report predicts that total global wealth will continue to grow at a pace similar to what has been recorded since 2000, averaging 6.7% annually over the next five years. This growth would increase global household wealth by US $174 trillion over the next five years, which is equivalent to an additional US $25,500 per adult.

However, the report cautions that if inflation persists at the rates currently envisaged, real growth of global wealth will average just 2.1%. Also, real wealth per adult will grow by less than 1% per year, the report added.

### Here Are A Few Important Projections Of The Report

• Over the next five years, global wealth is projected to increase by 38%, reaching US $629 trillion by 2027. The primary driver of these global trends will be the growth in middle-income countries.

• By 2027, wealth per adult is expected to reach US $110,270, with the number of millionaires reaching 86 million and the number of ultra-high-net-worth individuals (UHNWIs) likely to rise to 3,72,000 individuals.

• In the next five years, low-income countries are expected to experience an average annual wealth growth of 11.8%, while middle-income countries are forecasted to grow at a rate of

10.7%. This growth significantly exceeds the annual wealth growth of high-income nations, which stands at 4.5%.

- Middle-income countries are expected to contribute to about 43% of wealth growth in the next five years, and their wealth share is projected to increase to 30% by 2027.

- At the beginning of the century, 81% of global adults had wealth below US $10,000. The proportion of adults in this lowest wealth stratum has been continuously decreasing. The report predicts that this trend will persist, with the percentage falling from 53% in 2022 to 47% in 2027.

- The share of adults in the global middle class, defined as those with a net worth between US $10,000 and US $1,00,000, has grown from 13% in the year 2000 to 34% in 2022.

The report predicts that an additional 268 million adults will join this group by 2027, expanding it to almost 37% of global adultS.

# IMPORTANT JARGON

## STATUS QUO ON INTEREST RATES

In its October review, the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) kept the benchmark interest rate unchanged for the fourth consecutive time. The policy statement had a hawkish undertone as the MPC expressed caution regarding the inflation trajectory.

### Q. What Is The Benchmark Interest Rate?

Different central banks have varying benchmark interest rates. In India, the repurchase rate (repo rate) serves as the benchmark rate that the MPC tweaks to fulfill its mandate of keeping 4% inflation over the medium term.

The repo rate is the interest rate at which banks borrow from the RBI during periods of liquidity shortages. This repo rate acts as a benchmark and exerts influence on other interest rates in the economy, including banks' lending and savings interest rates, corporate bonds, government bonds, etc. The repo rate has been held steady at 6.50%.

### Q. What Is The Current Stance Of The MPC?

Along with tweaking policy rates, the MPC also communicates its stance, providing an indication of the direction for upcoming reviews. With a 5-1 majority, the MPC voted to maintain its stance of 'withdrawal of accommodation.' This stance signifies that the MPC intends to prioritize the withdrawal of the loose monetary policy it had implemented following the breakout of the coronavirus pandemic to boost the economy.

### Q. Why Has The MPC Retained The Policy Rate And The Stance?

One, the economy is resilient and doesn't need support from the RBI in the form of lower interest rates. Two, the complete transmission of past rate hikes is yet to reflect in savings and lending rates within the system. In the current interest rate hike cycle, the MPC has increased the repo rate from 4% in May '22 to 6.5%, representing a 250 basis point hike. Monetary policy typically impacts the real economy with a lag of 3-4 quarters. Three, the inflation trajectory, especially food and fuel, remains uncertain. These factors have led the MPC to adopt a 'wait and watch' approach, keeping rates unchanged.

### Q. What Is The Backdrop To The MPC Keeping Rates Unchanged For Four Reviews In A Row?

After the outbreak of coronavirus, the RBI had cut the repo rate multiple times to safeguard the economy from the impact of the pandemic. However, a loose monetary policy, as seen in many other economies, resulted in an increase in inflation. CPI inflation stayed above the 6% target level for several quarters, forcing the MPC to undertake a series of rate hikes from May '22.

**Q. What Is The RBI's Current Assessment On Inflation?**
In August, India's retail inflation moderated to 6.8% from a high of 7.4% in July, which was a 15-month high. Now, in September '23, CPI inflation has moderated to 5% due to a correction in vegetable prices, although it remains above 4%. The RBI has maintained a forecast for CPI-based inflation at 5.4% this fiscal year. The outlook for food inflation is clouded with uncertainties.

**Q. What Is RBI's Assessment On Economic Growth?**
The RBI has maintained its real gross domestic product (GDP) growth projection at 6.5% for this fiscal.

**Q. What Is The Outlook On The Monetary Policy?**
Analysts expect MPC to cut the repo rate in the last quarter of the current fiscal. However, this rate cut is anticipated to be relatively shallow. However, the outcome will be significantly influenced by the US Fed rates and the trajectory of domestic inflation.

**Q. What Are A Few Things That Need To Be Watched?**
On the external front, geopolitical issues, increasing global interest rates, weather conditions, and the rising price of crude oil will be closely monitored in the coming period. On the domestic front, food inflation, volatile foreign capital inflows, and sustainability of economic growth will need continued vigilance in the future.

## RABI CROP MSP HIKED

The government has increased minimum support prices (MSPs) for rabi crops (winter-sown) for the marketing season 2024-25, ensuring remunerative prices for farmers.

**Q. What Is MSP?**
MSP, which stands for the minimum support price, is the minimum price at which the government will procure produce from farmers. The government procures food grains for its public distribution schemes and other welfare programmes at MSP. This system provides mental satisfaction to farmers, as they know that their produce will be sold at least at the MSP, if not higher. Also, MSP serves to insulate farmers from price fluctuations, and their decisions regarding what to sow are influenced by the MSP.

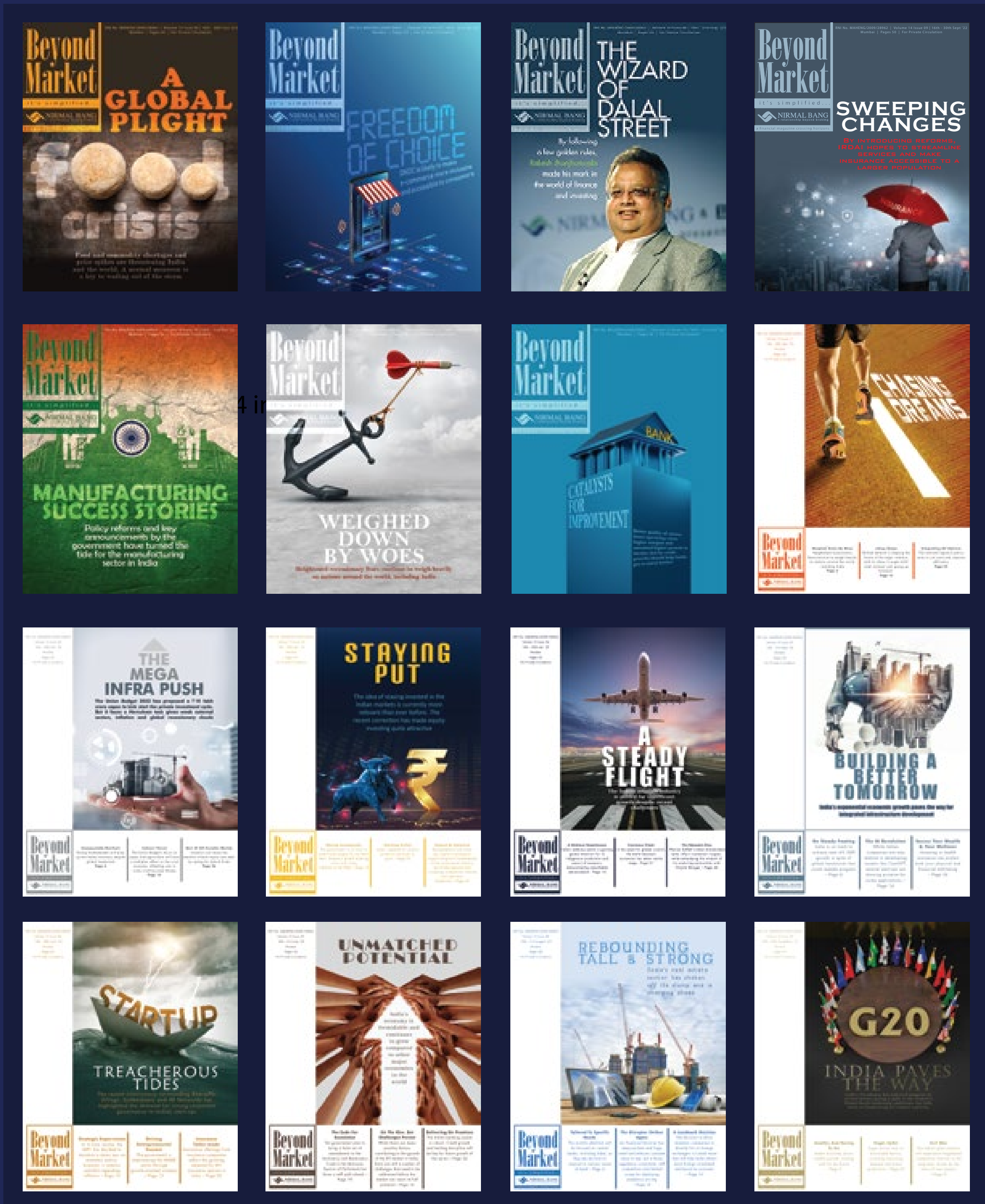
**Q. Which Rabi Crops Have MSP Been Announced For?**
These rabi crops include wheat, gram, barley, masur, mustard and safflower. Wheat is a major rabi crop, accounting for 60% to 65% of all rabi harvest. For wheat, this is the biggest hike in the last five marketing years.

**Q. Why Is The Hike In Wheat MSP Making Headlines?**
While the average MSP this time has been increased by approximately 5% compared to the last rabi season, the MSP for wheat has seen a significant increase of 7%, rising from ₹2,125 per quintal to ₹2,275 per quintal. Wheat is the only crop where MSP holds significance as 35% to 40% of the harvest is procured at that rate. For most other crops, market prices are generally higher than the MSP, leading farmers to sell their produce in the open market.

**Q. How Will Farmers Benefit From The Hike In MSP?**
The government takes into account three factors: the cost of production, the level of procurement at MSP, and market-traded prices when determining the MSP. Owing to the recent moderation in the prices of fertilizers and pesticides, the hike in MSP will result in surpluses for farmers, translating into higher rural spending.

**Q. What Is The Political Reason For The Hike?**
The political rationale for the hike in rabi MSP is clear: it aims to appease farmers ahead of the Assembly elections in five states, and the Lok Sabha elections in 2024.

**Q. Will End Consumers Face Inflation Due To The Increase In MSP?**
Yes. MSPs play an important role in driving food price inflation. If these rabi crops are procured at MSP, then according to one estimate, Wholesale Price Index (WPI)-based inflation could increase by 6-8 basis points, while Consumer Price Index (CPI)-based inflation could rise by 12-15 basis points over the next 12 monthS.




# Missed a copy?

Log on to www.nirmalbang.com

**To subscribe: e-mail us at beyondmarket@nirmalbang.com**

It's simplified...




RNI Reg. No. MAHENG/2009/28962

DISCLAIMER

In the preparation of the content of this magazine, Nirmal Bang Securities Private Limited has used information that is publicly available, including information developed in-house. Such information has not been independently verified and we make no representation or warranty as to its accuracy, completeness or correctness. Any opinions or estimates herein reflect the judgement of Nirmal Bang Securities Private Limited at the date of this publication/ communication and are subject to change at any point without notice. This is not a solicitation or any offer to buy or sell. This publication/ communication is for information purposes only and is not intended to provide professional, investment or any other type of advice or recommendation and does not take into account the particular investment objectives, financial situation or needs of individual recipients. For data reference to any third party in this material no such party will assume any liability for the same. Further, all opinion included in this magazine are as of date and are subject to change without any notice. All recipients of this magazine should seek appropriate professional advice and carefully read the offer document and before dealing and/ or transacting in any of the products referred to in this material make their own investigation. Nirmal Bang Securities Private Limited, its directors, officers, employees and other personnel shall not be liable for any loss (financial or otherwise), damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary and consequential, as also any loss of profit in any way arising from the use of this material in any manner whatsoever. The recipient alone shall be fully responsible/ are liable for any decision taken on the basis of this material. This magazine is prepared for private circulation only. Nirmal Bang Securities Private Limited, its affiliates and their employees may from time to time hold positions in securities referred to herein. Nirmal Bang Securities Private Limited or its affiliates may from time to time solicit from or perform investment banking or other services for any company mentioned in this document.

Beyond Market
it's simplified...
NIRMAL BANG
a relationship beyond broking
a financial magazine crossing horizons