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SECTOR SPOTLIGHT

India's 2025 investment hotspots include semiconductors, quick commerce, renewables, defence, electronics, power, and water sectors

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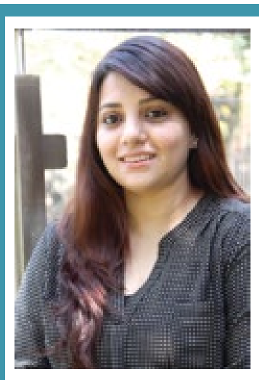
HOTSPOTS OF GROWTH



Tushita Nigam
Editor

With the dawn of a new year, fresh hope and aspirations take centre stage. Whether it's setting motivational goals or fine-tuning investment strategies, there's something refreshing about embracing new opportunities. In line with this spirit of renewal, our cover story takes a look at sectors brimming with potential to become hotspots for investment. While these industries have been around for some time, a confluence of factors is now positioning them as noteworthy prospects and potential goldmines. Read on to discover these opportunities and let us know your top pick for the year.

As you flip through the pages of this issue, you'll find a rich assortment of insights on various topics. For instance, explore the state of India's fertilizer sector, currently navigating challenges like a depreciating rupee and government subsidy extensions. Learn about the ongoing reforms and expansion efforts aimed at reducing India's dependency on oil through domestic exploration. In addition to this, read about the rising demand for hotels, driven not only by business and leisure travel but also by the burgeoning popularity of weddings and events. Complementing this is a spotlight on the booming quick commerce sector, which is reshaping the landscape of e-commerce.

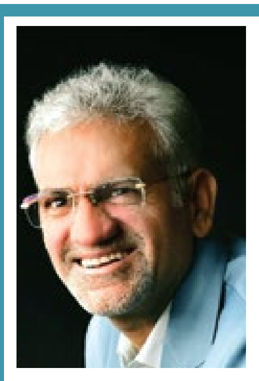
Moving on, we delve into other transformative ideas. For instance, the rising standard of living in parts of rural India is bringing key changes to how people shop and live. An interesting write-up on the draft rules of the Digital Personal Data Protection Act offers insights into their implications for companies and consumers alike. Also featured are discussions on the business opportunities in e-waste recycling, which is not only profitable but also environmentally beneficial. Finally, explore the fast-growing model of flexible workspaces in India, which is evolving rapidly to meet modern needs.

In our Beyond Learning section, don't miss an intriguing article on the shifting wealth landscape in India. This piece examines the rise of younger high net worth and ultra high net worth individuals - many of them entrepreneurs - who are playing an important role in reshaping the country's financial dynamics.

Through these articles, we hope you find inspiration and insights to kick-start your year on an informed and optimistic not**E.**

"The Indian stock markets are likely to remain range-bound in the coming days."

Nifty Futures: 23,175
(Last Traded Price As On 29th Jan '25)



US President Donald Trump's threats of stiff tariffs on governments across the world have resulted in the appreciation of the US dollar, and the withdrawal of FIIs from the emerging markets.

Q3 FY25 earnings results of India Inc have been a mixed bag, with lower growth numbers.

The Indian stock markets are likely to remain range-bound in the coming days. The Nifty Futures is likely to have support at 23,050, and 22,800. On the upper side, it may touch, 23,500 and 23,950, thereafter.

Market participants should watch for announcements in Union Budget 2025, especially those related to capital expenditure, consumption, and fiscal deficit. Additionally, policy decisions by the RBI on rate cuts and liquidity measures should be closely monitored by traders and investors, alongside the imposition of tariffs by Trump on other countries as these developments could determine the course of the markets.

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SOWING SUBSIDIES, REAPING VOTES

The DAP subsidy extension shows the government's focus on stabilizing the fertilizer sector, with increased NPK sales crucial ahead of upcoming elections

The government recently announced an extension of its one-time subsidy package for the fertilizer Di-Ammonium Phosphate (DAP). Initially introduced in July '24 with a deadline of December '24, the package will now continue indefinitely or with no particular end date.

This special subsidy is in addition to the support provided under the government's nutrient-based subsidy (NBS) regime for the fertilizer sector. The move aims to ensure a steady supply of DAP fertilizer to farmers across the country.

DAP, a fertilizer comprising 18% nitrogen (N) and 46% phosphorus (P), is the second most widely used fertilizer in India, after urea. Farmers typically apply DAP during sowing or at the early stages of crop root development.

Fertilizers, both natural and chemical, provide essential nutrients like nitrogen, phosphorus, potassium (K), and sulphur (S), which are vital for agricultural growth. Among these, chemical fertilizers play a pivotal role in boosting productivity and enabling India to become self-reliant in agricultural produce.

However, producing or importing DAP at current prices is unviable without financial assistance. The sharp depreciation of the Indian Rupee (INR) has added to the challenges faced by the sector.

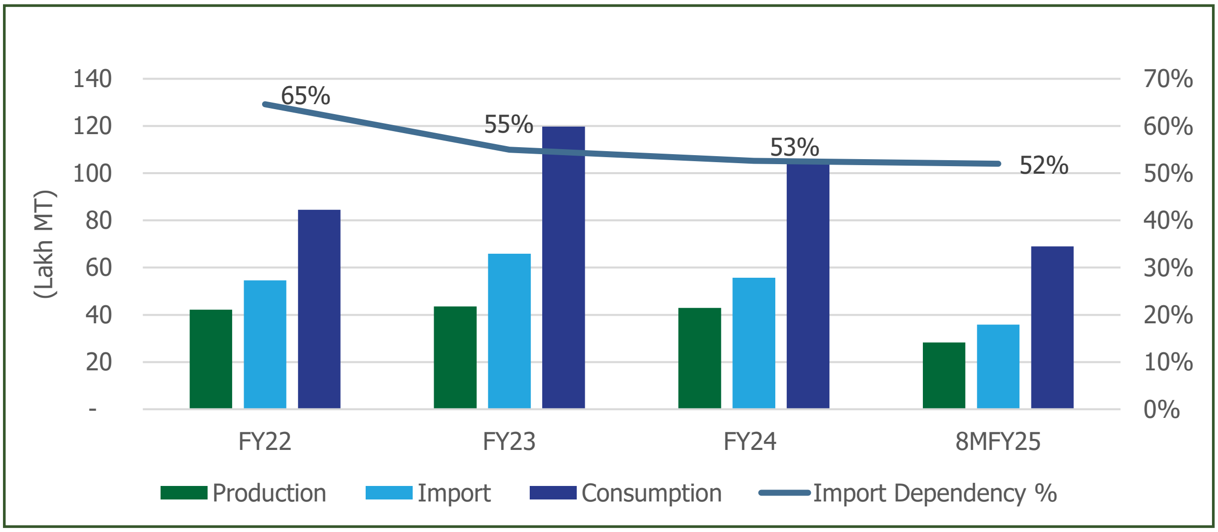
Research indicates that the landed import price of DAP has risen to approximately ₹54,160 per tonne with an exchange rate of ₹86 to the US dollar, compared to ₹52,960 per tonne three months ago when the rupee traded at ₹83 to the dollar.

India's annual domestic production of DAP is around 4.5 million tonnes (MT) to 4.8 million tonnes, while the demand stands at 10 MT to 11 MT. This means a huge portion must be imported.

Also, the raw materials essential for domestic DAP production, such as rock phosphate and phosphoric acid - both scarce natural resources - are imported into the country.

By extending this special subsidy package, the

DAP: Production, Import, And Consumption Trend



Source: Department Of Fertilizers

government has taken a crucial step to address these challenges and ensure that farmers have consistent access to this vital agricultural input.

CURRENT STATUS

While fertilizer prices shot up hugely post-Covid, they witnessed a subsequent decline until the fiscal year 2023–24 and the early months of fiscal year 2024–25.

However, in recent weeks, prices have surged again, driven by heightened geopolitical tensions and the volatility of global market conditions.

For instance, the international price of DAP was just $359 per million tonnes (MT) in September '20. By July '22, it had skyrocketed to $945 per MT due to rising raw material and gas costs, compounded by disruptions stemming from the Russia-Ukraine conflict.

Although prices began stabilizing during fiscal year 2023–24, they have surged once more. By September 2024, prices began climbing, and DAP now stands at $632 per MT, reflecting renewed supply-side pressures.

This price volatility has impacted sales a great deal. During the April–October '24 period, DAP sales amounted to 5.69 MT, marking a sharp 25.4% decline compared to the same period in the previous year.

Adding to the challenge, opening stock as of 1st November was nearly 50% lower than in the prior year, exacerbating shortages in DAP in the domestic market.

On a brighter note, India's dependency on DAP imports has been steadily declining. In the current fiscal year, import reliance has reduced to approximately 52%, down from around 65% in fiscal year 2021–22.

This positive trend has been driven by increased domestic production, as manufacturers ramp up capacity to meet growing demand. However, despite these gains, some level of import dependency for DAP is likely to persist in the foreseeable future.

FIXED FARM-GATE PRICES

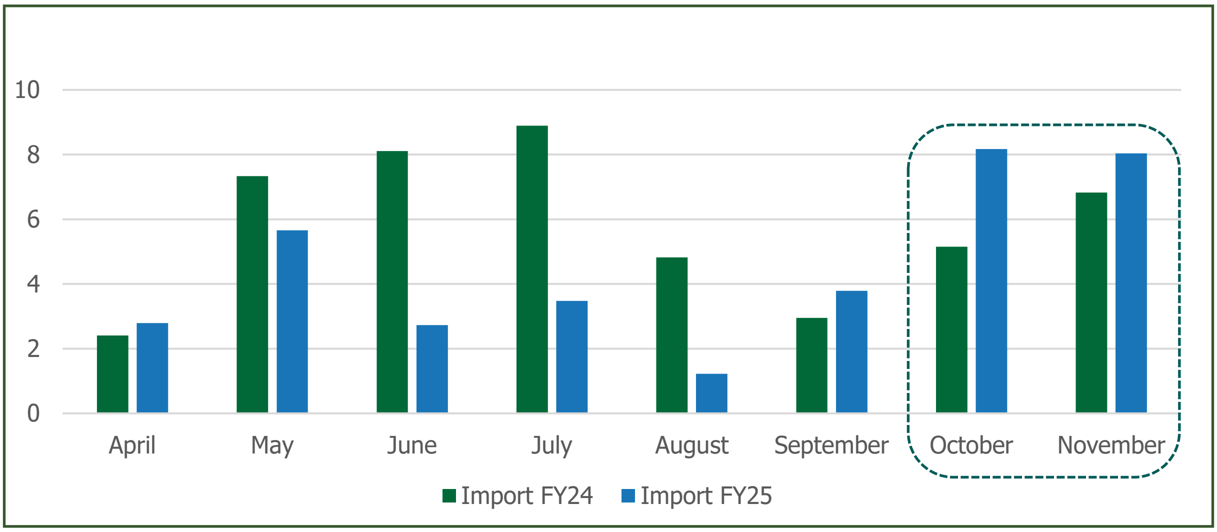
Can the industry increase the Maximum Retail Price (MRP) of fertilizers and pass the rising international costs onto farmers? Unfortunately, it cannot.

While the government has deregulated prices for all fertilizers except urea, there is an implicit pressure from the government not to raise prices.

This arrangement ensures that farmers are shielded from sudden price hikes, with the government stepping in to cover losses through subsidies.

As part of this informal agreement, the MRP for DAP has been capped at ₹1,350 per 50-kg bag. This mechanism aims to keep

Monthly DAP Import Trend



Source: CareEdge Ratings

fertilizers affordable for farmers, even as input costs fluctuate globally.

Consequently, the additional subsidy under the government's special package benefits importers, standalone manufacturers, and backward-integrated manufacturers. Notably, this special package is in addition to the nutrient-based subsidy (NBS) already provided by the government.

The NBS regime, introduced in 2010, covers about 28 grades of phosphorus and potassium (P&K) fertilizers, making them available to farmers at subsidized rates through manufacturers or importers.

Subsidies under the NBS are adjusted twice a year in response to changes in raw material prices, ensuring retail prices remain relatively stable for both rabi and kharif seasons.

For other non-urea fertilizers, subsidy is fixed depending on the proportion of nutrient (N, P, K or S) a particular grade (a technical name for a fertilizer having nutrients in different proportion).

NBS based subsidy was started in 2010. It is announced twice a year in sync with raw material input prices and to keep the retail prices for farmers largely stable. The scheme expands to cover for both rabi and kharif seasons.

Unlike DAP and other non-urea fertilizers, the retail price of urea is directly regulated by the government. Currently, the MRP for urea is fixed at ₹5,378 per tonne, or ₹242 for a 45-kg bag. The government absorbs any difference in production or import costs as urea subsidy.

For the rabi season of 2024–25, the government has allocated a subsidy of ₹24,475 crore for phosphatic and potassic fertilizers under the NBS scheme.

Additionally, the special subsidy package for the fertilizer sector is expected to cost ₹6,475 crore. Overall, the total fertilizer subsidy for the fiscal year 2024–25 has been budgeted at ₹1.64 lakh crore - a 16% reduction from the previous year.

Will this budgeted subsidy amount hold steady, or will the government need to revise it?

With ongoing geopolitical uncertainties and volatile input prices, any further pressure on the global fertilizer market might necessitate adjustments to ensure affordability and availability to India's farmers.

IN A NUTSHELL

It remains unclear whether the subsidy budgeted for FY24-25 will be sufficient. A lot depends on future government announcements, especially as the rupee continues to depreciate.

Some analysts predict that the rupee could trade at ₹92 to the dollar in the coming months, adding further strain to the sector.

The government, however, cannot afford to alienate farmers, particularly with elections in Delhi and Bihar later this year. Support for the industry is likely to continue in alignment with farmer needs.

While the current rabi season saw some shortages of DAP, the increased sales of other NPK fertilizers have provided a silver lining. The higher offtake of these complex fertilizers has partially offset the decline in DAP sales, a positive development for the sector.

Years of heavy reliance on urea and DAP have gravely impacted soil health. Ideally, the soil's NPK ratio should be 4:2:1.

However, excessive nitrogen application through urea has skewed this balance to 10.9:4.4:1 as of 2023–24. Addressing this imbalance will require the use of other nutrients, whether chemical or organic, to restore soil health.

On the bright side, the government appears to be closely monitoring the fertilizer sector. The recent special package is a clear example of its commitment. This initiative is expected to improve liquidity and profitability for companies involved in DAP production and imports.

Allowing companies to increase the MRP of fertilizers could further support the sector, though such a move may not be politically feasible in the near term.

For now, the government's top priority will be ensuring sufficient fertilizer availability for the upcoming kharif season, starting in JunE.

SECTOR SPOTLIGHT

India's 2025 investment hotspots include semiconductors, quick commerce, renewables, defence, electronics, power, and water sectors

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s we step into 2025, investors are keenly eyeing sectors that promise robust growth and substantial returns. Identifying the right themes can be pivotal in generating alpha for portfolios. Here, we delve into several promising sectors that are poised to be the frontrunners in the investment landscape this year.

THE SEMICONDUCTOR INDUSTRY

India's semiconductor industry is on a remarkable growth trajectory, driven by the nation's ambition to become a global semiconductor powerhouse. The Indian semiconductor market is projected to reach ₹8.8 lakh crore by 2030, bolstered by government initiatives like the ₹76,000 crore Semicon India Programme. This programme offers financial assistance, production-linked incentives, and infrastructural support to chip manufacturers.

While global semiconductor production is currently dominated by China, Taiwan, and South Korea, India is making significant strides towards self-reliance. The country aims to capture 10% of the global semiconductor market by 2030, leveraging its skilled workforce and strategic coastal manufacturing locations for global distribution.

India's talent pool in integrated circuit (IC) design, which constitutes 20% of the global IC design talent, positions the country favourably for growth in the semiconductor sector. The government's focus on developing this industry is not just about meeting domestic demand but also about establishing India as a major global hub for semiconductor manufacturing and design.

The Semicon India Programme is pivotal in creating a robust and self-sustaining semiconductor ecosystem. By leveraging its human capital and strategic locations, India is well on its way to becoming a significant player in the global semiconductor market, fostering innovation and economic growth.

QUICK COMMERCE

Quick commerce is transforming the Indian retail landscape, significantly impacting consumer behaviour and market growth. The Indian retail market, valued at ₹76 trillion to ₹78 trillion in 2023, is projected to expand to ₹116 trillion to ₹124 trillion by 2028. This growth is driven by the rapid adoption of quick commerce platforms, particularly in the online grocery sector.

Quick commerce platforms have revolutionized grocery shopping, offering convenience and speed that traditional retail methods cannot match. Their contribution to the online grocery market is expected to rise from 10% to approximately 45% within the next year, reflecting a big shift in consumer preferences towards quick and efficient shopping experiences. The increasing penetration of smartphones and internet connectivity across India has further accelerated this trend.

In addition to groceries, the online food delivery segment is experiencing unprecedented growth, projected to grow at an annual rate of 17% to 22% from 2023 to 2028.

The convenience of ordering food online, coupled with the rise of various food delivery apps, has made dining in more appealing than ever.

This growth underscores the changing lifestyle of consumers who prioritize convenience and quick access to a wide variety of food options.

Overall, the rise of quick commerce and online food delivery in India is reshaping the retail landscape. With rapid technological advancements and evolving consumer preferences, these sectors are set to drive massive growth in the coming years.

RENEWABLES

India is on a mission to commission 500 GW of renewable energy capacity by 2030, which will account for 40% of its incremental electricity generation. This effort is part of a broader strategy to achieve net zero carbon emissions by 2070.

By 2030, India aims to meet 50% of its electricity needs from renewable sources, significantly reducing its reliance on fossil fuels and cutting down greenhouse gas emissions.

Several government policies and initiatives are driving this transition to renewable energy. The PM-KUSUM scheme supports farmers in installing solar power plants, providing a sustainable energy source for agricultural activities. The National Green Hydrogen Mission, with a 2024-25 allocation of ₹17,490 crore (US$ 2.1 billion), aims to position India as a global hub for green hydrogen production.

Additionally, the Production Linked Incentive (PLI) Scheme for Solar PV Modules has allocated ₹19,500 crore (US$ 2.35 billion) under its second tranche to establish 39,600 MW of solar PV manufacturing capacity. This initiative aims to boost domestic manufacturing and reduce dependence on imports.

Furthermore, the Solar Park Scheme is facilitating the development of large-scale solar parks, providing the necessary infrastructure for solar power generation.

DEFENCE

The Indian government is prioritizing the modernization of its armed forces to enhance operational capabilities and maintain strategic superiority. This includes upgrading existing equipment, acquiring advanced technology, and improving infrastructure. The goal is to ensure that the Indian armed forces are well-equipped to meet contemporary security challenges.

A key component of this modernization strategy is the 'Make in India' initiative, which promotes indigenous production of defence equipment. This initiative encourages domestic companies to manufacture high-quality defence products, reducing reliance on foreign imports. As a result, India's defence exports reached a record ₹21,083 crore in 2023-24, marking a 32.5% growth. This not only boosts the economy but also strengthens India's position as a global defence exporter.

Public sector undertakings (PSUs) are also playing a crucial role in this transformation. Currently, PSUs' defence research and development (R&D) spending stands at 3% to 4%. The government aims to increase this to 7% to 8% within the next five years, with a particular focus on involving the private sector in defence production. This increased investment in R&D is expected to drive innovation and lead to the development of cutting-edge defence technologies.

To further support domestic companies, the government has imposed restrictions (positive indigenisation lists; over 12,000 items notified in the last 3 years) on the import of several defence systems. This policy is designed to unlock the potential of domestic manufacturers, encouraging them to develop and produce these systems locally. By fostering a self-reliant defence sector, India aims to enhance its strategic autonomy and reduce its dependence on foreign suppliers.

ELECTRONICS MANUFACTURING SERVICES (EMS)

The Government of India has set an ambitious target of achieving US $300 billion worth of electronics manufacturing by 2025-26. This goal is part of a broader strategy to enhance import substitution and boost domestic manufacturing capabilities. The Production Linked Incentive (PLI) Scheme plays a key role in this strategy, providing financial incentives to encourage domestic production. These incentives aim to attract investments and foster the development of a robust electronics manufacturing ecosystem in the country.

India's electronics production is expected to grow at a compound annual growth rate (CAGR) of 26% from CY23 to CY30, reaching a staggering US $500 billion. This rapid growth can be attributed to the ongoing 'China plus one' trend, where companies are diversifying their manufacturing bases to reduce their dependence on China. India, with its large and growing market, skilled workforce, and supportive government policies, is emerging as a preferred destination for electronics manufacturing.

The rising disposable incomes of India's middle class, which is projected to reach 475 million by 2030, are also driving the demand for electronics. As more consumers have the purchasing power to buy electronic goods, the domestic market for these products is expanding rapidly.

POWER TRANSMISSION & DISTRIBUTION (T&D) SECTOR

The rapid pace of urbanization and industrial development in India has created an urgent need for robust and efficient T&D infrastructure. As cities expand and industries grow, the demand for electricity continues to rise, necessitating substantial upgrades and expansions in the T&D network. These improvements are essential to ensure a reliable and continuous supply of electricity to urban and industrial areas.

To address these challenges, the Indian government has launched several initiatives aimed at bolstering T&D infrastructure. The Integrated Power Development Scheme (IPDS) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) are key programs that focus on strengthening the T&D network. These initiatives involve significant investments to enhance the capacity and efficiency of the T&D infrastructure, ensuring that it can meet the growing electricity demands of the country.

India has set an ambitious target of achieving 500 GW of renewable energy capacity by 2030. This goal is closely tied to the T&D sector, as the integration of renewable energy sources requires a modern and capable T&D network.

The government plans to invest ₹9.15 lakh crore to enhance the T&D infrastructure, facilitating the seamless incorporation of renewable energy into the grid. This investment will not only support the renewable energy targets but also improve the overall efficiency and reliability of power supply.

WATER SECTOR

The rapid industrialization in India is propelling the growth of water-intensive industries, which in turn is escalating the demand for water. As manufacturing and textiles sectors expand, the need for sustainable water management practices becomes crucial to support industrial growth without exacerbating water scarcity.

India's water treatment market is poised for substantial growth, projected to expand from US $1.8 billion in 2023 to US $4.2 billion by 2032. This growth is driven by the increasing need for effective water treatment solutions to address water pollution and ensure the availability of clean water for various uses. The expansion of the water treatment market also reflects the broader commitment to improving water quality and sustainability.

The lack of freshwater resources in India is a growing concern, exacerbated by demographic changes, economic development, urbanization, and pollution. These factors collectively increase the stress on water resources, making it imperative to adopt innovative and efficient water management practices.

Several government initiatives are playing a pivotal role in driving growth in the water sector. Programs like Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Clean Ganga, and Jal Jeevan Mission are aimed at improving water infrastructure, enhancing water quality, and ensuring the availability of clean water to all citizens.

These initiatives are focused on sustainable water management and the rejuvenation of water bodies, contributing to the overall growth of the water sector.

To sum up, 2025 offers a wealth of investment opportunities across sectors. From the booming semiconductor industry to the rapid rise of quick commerce, the shift towards renewables, and advancements in defence, these themes are set to drive huge growth and innovation. Investors who strategically align their portfolios with these trends are likely to reap significant rewardS.

A BOLD NEW ERA

Reforms and expanded exploration efforts aim to tap into vast oil reserves, reducing India's import dependency while attracting global investments

India is strategically focusing on expanding its oil exploration efforts, positioning the Exploration and Production (E&P) sector as a key driver of future economic growth and energy security. With the potential to unlock investment opportunities worth an estimated US $100 billion by 2030, the country's efforts are aimed at tapping into its underexplored sedimentary basins, improving operational efficiencies, and creating an ecosystem conducive to investment in the energy sector.

The Rajya Sabha recently passed a significant bill to amend an existing legislation governing India's E&P of oil and gas. The Oilfields (Regulation and Development) Amendment Bill, 2024 was introduced in August '24. It seeks to delink petroleum operations from mining operations, aiming to boost investments in the sector.

This move is part of the government's broader efforts to overhaul India's oil and gas industry, which has long been burdened with regulatory challenges and restrictive policies. By separating petroleum operations from mining, the bill aims to streamline processes and attract more private-sector involvement.

The reform is expected to make it easier for domestic and international companies to invest in India's oil and gas exploration, potentially unlocking vast untapped resources in the country's offshore and onshore areas.

With the bill now passed, the government aims to pave the way for increased exploration in previously restricted offshore zones, further boosting the potential of the country's oil and gas industry. These reforms are expected to open massive opportunities for growth, attracting investments worth billions of dollars in the coming years.

The government's goal is to increase the exploration acreage to 1 million square kilometres by 2030, a target that could dramatically reshape the country's energy landscape.

This ambitious expansion is being driven by new regulatory reforms, innovations in geophysical exploration, and a robust policy shift that includes opening up previously restricted zones for oil exploration.

India's energy needs are growing rapidly, driven by industrialization, urbanization, and a large population. While the country has made significant progress in enhancing its energy infrastructure, the dependency on oil imports remains high, with around 80% of crude oil requirements being imported.

To address this, India has focused on increasing domestic oil production by tapping into its largely unexplored reserves in 26 sedimentary basins across the country. These basins hold substantial reserves of crude oil and natural gas, which have the potential to significantly reduce the country's import dependency, thereby enhancing energy security.

As of now, only about 10% of India's sedimentary basins have been explored for oil and gas resources. However, this figure is expected to rise greatly in the coming years, especially with the introduction of the Open Acreage Licensing Policy (OALP) and the Discovered Small Field (DSF) Policy. These policies, combined with a more favourable regulatory environment, are designed to incentivize exploration activities and attract private sector participation.

The Indian government is making extensive efforts to streamline the operational and regulatory processes to encourage investments in the E&P sector. Under the leadership of the Ministry of Petroleum and Natural Gas (MoPNG), the government has introduced sweeping reforms aimed at simplifying and consolidating approval processes.

For instance, 37 approval processes have been consolidated into 18, and self-certification has been introduced for nine of these processes, making it easier for businesses to navigate the regulatory landscape.

An important reform has been the reduction of “No-Go” areas in India’s Exclusive Economic Zone (EEZ). These were areas previously restricted from exploration due to security concerns involving the military or other governmental bodies. However, through careful internal discussions, the government has reduced the No-Go areas by nearly 99%, opening up vast new tracts for offshore exploration.

The government has emphasized the importance of opening up these previously restricted zones, citing examples from global oil exploration successes. The same ocean that harbors oil deposits in regions like Guyana, which has seen multiple oil discoveries after previous setbacks, holds similar potential for India’s offshore exploration efforts. With these new zones open for exploration, India could unlock multiple “Guyanas” worth of oil reserves.

India’s exploration acreage will be expanded significantly through the ongoing and upcoming rounds of the Open Acreage Licensing Policy (OALP). Through the first eight rounds of OALP, India has awarded 144 exploration blocks covering approximately 2,44,007 square kilometres. The most recent round, OALP IX, offers an area of approximately 1,36,596 square kilometres spread over eight sedimentary basins, further boosting India’s exploration footprint.

The DSF Policy, initiated in 2015, has also played a key role in attracting new players to the E&P sector. Under this policy, smaller, already discovered fields that were previously left undeveloped are now being opened up for production.

This initiative has seen investments of around US $2 billion, and has brought 29 new players into India’s oil and gas sector. The DSF Policy is particularly important for accelerating the exploitation of previously overlooked reserves, ensuring that India’s energy resources are used optimally.

One key driver of India’s exploration expansion is the adoption of data-driven, scientific approaches to exploration. The government has invested heavily in acquiring new seismic data, including surveys of the Exclusive Economic Zone (EEZ) and aerial surveys in difficult terrains.

This data will be crucial for assessing untapped reserves and making informed decisions about where exploration should be concentrated.

In addition to seismic surveys, India is investing ₹7,500 crores in acquiring new geoscientific data to support more accurate resource assessments. This includes data for the Kerala-Konkani basin, the Mumbai offshore basin on the West coast, and the Mahanadi and Andaman basins on the East coast. The upgraded National Data Repository (NDR) also plays a pivotal role in this initiative.

The NDR, which has been migrated to a cloud-based system, enables stakeholders to instantly access seismic, well, and production data, making exploration and decision-making more efficient.

Looking ahead, India’s energy security strategy heavily relies on expanding domestic oil production. By reducing its dependency on oil imports and tapping into its vast, untapped natural resources, India aims to become a more energy-independent nation.

Through the implementation of progressive policies, increased investments in exploration, and continued support for technological innovations, India is well on its way to achieving its energy security goals.

Efforts to streamline exploration, reduce bureaucratic hurdles, and encourage private sector involvement will play a key role in meeting these objectives. India’s increased focus on offshore exploration and the opening up of previously restricted zones are vital steps in realizing the untapped potential of the country's oil reserves.

Additionally, the government's commitment to adopting data-driven, scientific exploration techniques, along with the use of advanced technologies, will ensure that India remains competitive in the global energy market.

India's push to enhance exploration acreage, attract foreign investment, and reduce oil import dependency is a major part of the country's broader strategy for long-term energy security. With the potential to provide substantial returns for investors, the Indian E&P sector is poised to become a key player in the global energy landscape in the coming decad**E.**

HOTELS ON A HIGH

INDIA'S HOTEL INDUSTRY IS ALL BOOKED UP FOR GROWTH - SERVING LEISURE, BUSINESS, AND WEDDINGS WITH A SIDE OF REVPAR ON THE RISE!

The Indian hotel industry is expected to maintain record occupancy levels in fiscal year 2025. Demand will likely continue in FY26, resulting in a modest rise in room tariffs. Branded hotels in India are projected to see 13% to 14% revenue growth in fiscal year 2025, followed by a growth rate of 11% to 12% in fiscal year 2026, according to an industry report.

India's hotel industry is on the cusp of exponential growth, with leisure, MICE (Meetings, Incentives, Conferences, and Exhibitions), and wedding segments emerging as key revenue drivers.

With strong demand across both premium and budget hotels, the sector is poised to benefit from favourable economic conditions, infrastructure development, and enhanced air connectivity.

The growth trajectory of the Indian hospitality industry presents significant opportunities for both established players and new entrants, ensuring that the sector remains a vital contributor to the country's economy in the coming years, said Sandeep Nagpal, Vice President and Head of Marketing in India at Cvent, a software company.

A report by credit ratings agency ICRA projects that hotel occupancy rates for FY25 will remain between 70% and 72%, the same level seen in FY24. These occupancy rates are on par with those recorded in fiscal year 2024 and represent the highest levels since 2007, highlighting the resilience of the Indian hotel industry.

The report also anticipates that the Revenue Per Available Room (RevPAR) for premium hotels across India will range from ₹5,500 to ₹5,800, up from ₹5,000 to ₹5,300 last year. This figure is expected to grow further to ₹5,800 to ₹6,200 in FY26.

Another recent industry report by rating agency Crisil projects that branded hotels in India will see 13% to 14% revenue growth in fiscal year 2025, followed by a growth rate of 11% to 12% in fiscal year 2026.

India's hotel industry is poised for continued growth in the coming years, driven by domestic leisure travel, corporate events, and expanding regional connectivity.

The ICRA report highlights key trends and projections for fiscal year 2025, signalling a resilient recovery and robust growth for the hospitality sector.

As demand for both leisure and business travel rises, the hotel industry in India is expected to maintain high occupancy rates and witness significant revenue growth, with aviation and railways demand also surging alongside tourism.

HOTEL OCCUPANCY RATES: A STRONG OUTLOOK

ICRA's report projects that hotel occupancy rates across India will remain between 70% and 72% during fiscal year 2025, reflecting consistent demand for accommodation. This stable demand indicates that the sector is well-positioned to maintain its growth trajectory despite challenges in other sectors of the economy.

REVENUE GROWTH FOR BRANDED HOTELS

Branded hotels in India are set to experience significant revenue growth in FY25, with Crisil projecting a 13% to 14% increase in revenue for the fiscal year. This reflects a market rebound and robust consumer demand, particularly from domestic tourists. While the growth rate is expected to be slightly lower at 11% to 12% in FY26, it remains strong, driven by the overall expansion of the hospitality sector.

Branded hotels have witnessed a notable surge in demand, which is anticipated to persist, with both leisure and business travel contributing to the overall revenue boost. Furthermore, the growing demand for MICE events and a gradual rebound in foreign tourist arrivals are expected to drive additional growth for branded properties. In response to this surge, hotels are accelerating the pace of room additions, which is projected to result in a 20% increase in supply over the next two fiscal years.

The strategy of expanding through asset-light management contracts is helping reduce upfront investment while enhancing operational efficiency. This approach enables hotel chains to grow rapidly without the financial burden of owning physical properties.

KEY DEMAND DRIVERS FOR INDIAN HOTELS

Several factors are driving the growth in India's hotel industry as outlined in both ICRA and Crisil's projections. The growing demand for both leisure and business travel is a primary factor, with the leisure segment being a major contributor to the overall growth. Leisure travel has long been the largest segment of India's tourism market, and with domestic tourism rebounding strongly post-pandemic, it continues to provide a significant boost to hotel bookings.

In addition to leisure travel, the demand for corporate MICE events has surged, as businesses increasingly look to hold large-scale meetings, conferences, and incentive events. These events are often hosted in hotels, contributing to the overall demand for premium accommodations.

Furthermore, weddings are also playing a major role in the hospitality sector's expansion. As weddings in India shift away from independent venues to branded hotels, there has been a growing demand for destination weddings, which require high-quality services and venues, that branded hotels are equipped to offer.

While foreign tourist arrivals have yet to return to pre-pandemic levels, domestic travel remains the primary driver of hotel demand. This trend is expected to persist, with domestic tourists accounting for a significant portion of the occupancy in India's hotel market.

INDIA'S EXPANDING AVIATION SECTOR

A key enabler of the growth in India's hospitality industry is the expansion of the Indian aviation sector. Improved air connectivity and the rapid growth of airlines are opening up new markets and increasing travel options for both domestic and international tourists. Budget airline IndiGo has expanded its domestic network by adding Bikaner as its 90th destination, further enhancing accessibility within India. This is expected to boost both leisure and business travel to previously underserved regions. Similarly, full-service carrier Air India has launched the Airbus A350 on its Delhi-Newark route, ensuring better quality services and higher connectivity between India and the United States. The growth of India's aviation sector is expected to continue, with air passenger traffic forecasted to rise from 220 million to 400 million by 2029. As the number of flights increases, so too will the demand for hotel accommodations, especially in cities with growing tourism and business opportunities.

The Indian aviation industry is also anticipating continued growth, driven by the addition of new aircraft and airport upgrades. The backlog of over 1,600 aircraft orders will enhance airlines' capacity, though elevated operating costs may keep airfares higher, potentially limiting growth in air travel for certain segments.

INTERNATIONAL TRENDS: GLOBAL TRAVEL PREFERENCES

Looking beyond domestic travel, Indian tourists are also exploring new international destinations. According to Booking.com's 2025 Travel Predictions report, 83% of Indian travellers are seeking less crowded destinations, with many opting for luxurious longevity retreats.

Notable destinations trending among Indian tourists include Gudauri in Georgia, Gabala in Azerbaijan, and Cruis in France. These international destinations, along with several others such as Baku, Ahangama, and Tbilisi, are gaining traction as Indian travellers seek new escapdes.

While popular destinations like New York, London, and Dubai remain favourites, emerging markets in countries like Georgia and Kazakhstan are quickly becoming hotspots for Indian tourists. This shift in travel preferences indicates a diversification of India's outbound tourism, which may lead to growing demand for international hotel chains to establish a presence in these emerging destinations.

THE ROLE OF TECHNOLOGY AND DIGITAL TRANSFORMATION

As the hospitality industry continues to evolve, the role of technology has become increasingly important in improving the customer experience. From the booking process to post-stay services, hotels are investing heavily in digital platforms to enhance convenience and customer satisfaction. The rise of digital tools and mobile apps is allowing travellers to book rooms, access services, and provide feedback seamlessly, improving overall guest experiences.

Many hotel chains in India are also focusing on adopting smart technologies to streamline operations and reduce costs. Automation, AI, and the increased use of data analytics are helping hotels improve efficiency, reduce wastage, and enhance personalized services for guests.

With an increasing preference for contactless services, technology is now seen as a critical tool in the competitive landscape of India's hotels.

INVESTMENTS & FDI

India's hotel and tourism sector has seen a surge in foreign direct investment (FDI) over the past few years. Since 2000, the sector has attracted approximately US $17.1 billion in FDI, with more than 25% of this investment (around US $4.36 billion) coming in the last four fiscal years. The government's favourable policies, such as allowing 100% FDI through the automatic route, have played a crucial role in this surge.

This influx of foreign capital has supported the expansion of hotel chains, infrastructure development, and improvements in service quality across the country. The continuous flow of FDI signals growing international confidence in the Indian hospitality sector's potential, as well as the opportunities available in both established metro cities and emerging regional markets.

COMPETITIVE LANDSCAPE

The hotel industry in India is characterized by both organized and unorganized players. Organized hotel chains, such as ITC Hotels, Marriott International, and the Indian Hotels Company Limited (IHCL), are dominant in major cities, providing standardized services and facilities that meet the expectations of both domestic and international travellers.

These brands are expanding their footprint not only in metro cities but also in Tier-II and Tier-III cities, where demand for quality accommodation is on the rise. On the other hand, the unorganized sector comprises smaller, independent hotels that vary in terms of quality and service. While these establishments serve a significant portion of budget-conscious travellers, they are at a competitive disadvantage compared to larger chains that can offer consistent quality, brand recognition, and enhanced customer service.

FUTURE TRENDS

Looking ahead, the Indian hotel industry is expected to experience robust growth. Projections indicate a 7% to 9% increase in revenue for FY25, driven by continued demand from domestic tourists, growing corporate events, and a rebound in foreign tourist arrivals.

The expansion of MICE events, along with government initiatives such as the "Meet in India" campaign, will continue to boost demand for hotels in both urban and emerging leisure destinations.

The recovery in business travel, improved air connectivity, and the rise of spiritual tourism in Tier-II and Tier-III cities are expected to support high occupancy rates and steady growth in average room rates (ARRs).

With significant investments in infrastructure, technology, and regional connectivity, the hotel industry in India is well-equipped to cater to the evolving needs of travellers and capitalize on emerging opportunitie**S.**

E-COMMERCE GETS SPEEDIER

India's quick commerce boom is set to hit ₹3.3 lakh crore by 2030, reshaping e-commerce with ultra-fast deliveries

The retail and e-commerce landscape in India is undergoing a massive transformation. One of the most notable trends is the rapid rise of quick commerce, a sector set to redefine how consumers shop and receive their goods. This article digs into the various facets of quick commerce, exploring its growth trajectory, market potential, and the key factors driving its expansion.

WHAT IS QUICK COMMERCE?

Quick commerce, often referred to as Q-commerce, is a subset of e-commerce that focuses on ultra-fast delivery of goods, typically within 10 to 30 minutes. Unlike traditional e-commerce, which may take days to deliver, quick commerce emphasizes on speed and convenience, catering to the immediate needs of consumers. This model is particularly popular for essential items such as groceries, personal care products, and over-the-counter medicines.

MARKET GROWTH PROJECTIONS

India's quick commerce market is on a remarkable growth trajectory. In 2023, the market was valued at ₹25,000 crore, and is projected to soar to ₹3.3 lakh crore by 2030. This exponential growth underscores the increasing consumer demand for rapid delivery services and the expanding reach of quick commerce platforms.

Several factors are driving this growth. Firstly, the increasing penetration of smartphones and internet connectivity has made it easier for consumers to access quick commerce platforms.

According to the Telecom Regulatory Authority of India (TRAI), India had over 1.2 billion mobile phone subscribers and 825 million internet users in 2023. This widespread connectivity has created a fertile ground for the growth of digital commerce.

Secondly, the Covid-19 pandemic accelerated the adoption of online shopping and quick commerce. Lockdowns and social distancing measures prompted consumers to turn to online platforms for their shopping needs. This shift in consumer behaviour has persisted post-pandemic, sustaining growth in the quick commerce sector.

RISING USER PENETRATION

User penetration in India's quick commerce sector is expected to rise significantly. In 2024, the penetration rate stood at 1.8%. By 2029, this figure is projected to reach 4%. This growth is indicative of the shifting consumer preferences towards convenience and the increasing adoption of digital platforms for everyday shopping.

The convenience offered by quick commerce platforms is a major draw for consumers. The ability to receive essential items within minutes has made these platforms particularly popular among urban consumers with busy lifestyles as opposed to traditional retail methods.

Moreover the expansion of quick commerce services into non-metro cities is driving user penetration, as platforms cater to a broader audience in Tier 2 and Tier 3 cities. This expansion is supported by the growing internet penetration in non-metro areas.

According to a report by the Internet and Mobile Association of India (IAMAI), rural India accounted for 45% of the country's internet users in 2023. This growing connectivity is enabling more consumers to access quick commerce platforms.

E-COMMERCE MARKET EXPANSION

India's broader e-commerce market is also experiencing substantial growth, partly driven by hyperlocal platforms and quick commerce. By 2026, India's e-commerce market is anticipated to reach ₹13.5 lakh crore. In fact, the integration of quick commerce into the e-commerce ecosystem is playing a crucial role in this expansion, offering consumers a seamless and efficient shopping experience.

Hyperlocal platforms, which deliver goods from local stores to consumers, play a key role in this expansion. These platforms leverage the existing infrastructure of local stores to offer fast deliveries, often within an hour, particularly for categories such as groceries, where consumers value speed and freshness.

Additionally, innovations such as artificial intelligence (AI) and machine learning (ML) are enhancing operations, enabling personalized recommendations and optimizing inventory management, thus ensuring that products are always available for quick delivery.

Similarly, machine learning models can analyze consumer behaviour and preferences, enabling personalized recommendations and targeted marketing.

AGILE SUPPLY CHAINS

Agile supply chains are a cornerstone of quick commerce. Designed to be highly responsive and flexible, these supply chains allow businesses to adapt quickly to market demands and ensure fast deliveries.

By leveraging advanced technologies such as predictive analytics and real-time inventory management, companies can optimize their supply chain operations, reduce lead times, and enhance customer satisfaction.

Agile supply chains are characterized by several key features. Firstly, they are highly data-driven, relying on real-time data to make informed decisions. This enables companies to quickly respond to changes in demand and supply, ensuring that products are always available for delivery.

Secondly, agile supply chains are decentralized, with multiple distribution centres located close to consumers. This reduces the distance that products need to travel, enabling faster deliveries.

The use of advanced technologies is also a key component of agile supply chains. For example, predictive analytics can forecast demand patterns and optimize inventory levels, ensuring that products are always available for delivery.

Similarly, real-time inventory management systems can track the movement of products in real-time, enabling companies to quickly identify and address any bottlenecks in the supply chain.

DEMOGRAPHIC DRIVERS

India's growing millennial population and increasingly busy lifestyles are significant drivers of quick commerce growth. Millennials and Gen Z consumers, who prioritize convenience and speed, are more likely to use quick commerce platforms for their shopping needs. The demand for faster deliveries is further fuelled by the rise in dual-income households and the increasing prevalence of urban living, where time is a valuable commodity.

According to a report by the United Nations, India has one of the youngest populations in the world, with a median age of 28 years.

This young demographic is tech-savvy and comfortable with using digital platforms for their shopping needs.

Additionally, the rise of dual-income households has increased disposable incomes, allowing consumers to spend more on convenience services such as quick commerce.

The increasing prevalence of urban living is also driving the demand for quick commerce. As more people move to cities, the pace of life becomes faster, and consumers have less time for traditional shopping methods.

Quick commerce platforms offer a convenient solution, letting consumers receive their essential items quickly and efficiently.

EXPANDING REACH IN NON-METRO CITIES OF INDIA

While quick commerce initially gained traction in metro cities, its reach is rapidly expanding to non-metro areas. Tier 2 and Tier 3 cities represent a significant untapped potential for quick commerce.

By 2030, these cities are projected to contribute up to 60% to 70% of the market's growth.

Rising internet penetration, increasing disposable incomes, and a shift in consumer preferences towards convenience are driving this expansion.

The expansion of quick commerce in non-metro cities is supported by several factors. Firstly, the increasing internet penetration in these areas is making it easier for consumers to access quick commerce platforms.

Secondly, the rising disposable incomes in non-metro cities are driving the demand for convenience services.

As more people in these areas gain disposable incomes, they are willing to spend more on services that offer convenience and save time.

This trend is particularly pronounced among the younger population, who prioritize convenience and speed.

Thirdly, the shift in consumer preferences towards convenience is driving the growth of quick commerce in non-metro cities.

As more people in these areas become accustomed to the convenience of online shopping, they are increasingly opting for quick commerce platforms to meet their everyday shopping needs.

This trend is supported by the increasing availability of quick commerce services in non-metro areas, as companies expand their reach to tap into this growing market.

GOVERNMENT SUPPORT

The Indian government is playing a pivotal role in supporting the growth of quick commerce through various initiatives. Programs like Digital India and Startup India are fostering a conducive environment for digital businesses to thrive.

In addition to this, infrastructural reforms and the development of the Open Network for Digital Commerce (ONDC) are enhancing the ecosystem for quick commerce, making it easier for small and medium enterprises to participate in the digital marketplace.

The Digital India initiative, launched in 2015, aims to transform India into a digitally empowered society and knowledge economy.

The initiative focuses on providing digital infrastructure, digital literacy, and digital services to all citizens.

By improving internet connectivity and promoting digital literacy, the Digital India initiative is making it possible for more people to access and use quick commerce platforms.

The Startup India initiative, launched in 2016, aims to promote entrepreneurship and innovation in India. The initiative provides various benefits to start-ups, including tax exemptions, funding support, and simplified regulations.

By fostering a supportive environment for start-ups, the Startup India initiative is encouraging the growth of quick commerce start-ups and providing them with the means to scale up their operations.

Infrastructural reforms are also playing a big role in supporting the growth of quick commerce. The development of the Open Network for Digital Commerce (ONDC) is a key initiative in this regard.

The ONDC aims to create an open and inclusive digital commerce ecosystem, enabling small and medium enterprises to participate in the digital marketplace.

By providing a level playing field for all participants, the ONDC is enhancing the ecosystem for quick commerce and promoting competition and innovation.

IN A NUTSHELL

In summary, India's quick commerce sector is on the brink of substantial expansion. With a projected market value of ₹3.3 lakh crore by 2030 and increasing user adoption, this sector is set to revolutionize the retail landscape.

Investors who strategically align with this trend stand to benefit significantly from the rapid growth and evolving consumer preferences in the quick commerce market in IndiA.

RURAL RISE, URBAN SURPRISE

Rural India isn't just catching up - it's flipping the script and outpacing urban strides

Over the past three months, discussions about urban and rural economies have gathered steam among various stakeholders, sparking insights into how India is evolving. Interestingly, the once-pronounced divide between these two vital geographies is shrinking. What was once a tale of two distinct worlds is now merging into a single narrative of shared growth. Rural markets are growing so significantly that consumer companies have adjusted their playbooks to tap into this burgeoning potential. Let's understand how this narrowing gap is reshaping India and how rural markets are catching up, perhaps even outpacing urban ones in some aspects.

Gone are the days when rural India felt like a faraway land. In the era of technology, a WhatsApp video call is all it takes to bridge the miles. The result? The rural lifestyle is no longer dramatically different from its urban counterpart. Technology has bulldozed barriers, ensuring information and knowledge travel at lightning speed to even the remotest corners. This connectivity has transformed rural landscapes, making them vibrant hubs of opportunity.

Here are some compelling statistics that highlight how rural and urban India are converging:

• A Niti Aayog report reveals that cities in India contribute 60% of the country's GDP. It notes that, in terms of workforce distribution, the roles have partially reversed. Over the past three years, approximately 45% to 46% of the workforce has been engaged in agriculture. This includes not only those directly involved in farming but also individuals engaged in other occupations in rural areas or self-employed within these regions.

• For the second year in a row, the government's annual Household Consumption Expenditure Survey has shown a narrowing gap between rural and urban consumption. The survey reveals that urban consumption has shrunk by 14 percentage points over the past 12 years. Currently, urban India accounts for 70% of total consumption.

• The survey, released late last month and covering August '23 to July '24, showed a 9.2% growth in rural per capita spending, rising to ₹4,122 ($48.10) per month, compared to an 8.3% increase in urban areas, where it reached ₹6,996.

• Today, nearly 99% of Indian villages are connected by roads, bridges, and electricity. This is contributing to an improved standard of living.

• Traditionally, an agriculture-driven economy, rural India is now seeing the growth of other sectors like manufacturing, construction, and trade.

• Mobile connectivity has reached its peak, and access to education and healthcare continues to grow.

• The literacy rate is at an all-time high,

• The average per capita income has crossed $2,000. This has created an increasing disposable income, boosting rural consumption.

• A key indicator of the changing consumption patterns in rural households is the decrease in the share of food in rural expenditure. This share has dropped to 46%, signalling an increase in discretionary spending.

• A recent government report shows an 11% drop in domestic migration - driven mainly by people moving from rural to urban areas - during the period from 2011 to 2023. This indicates a decline in economic incentives for rural workers to migrate to urban areas.

• The rural-urban spending gap is narrowing, at least in the near term, partly due to income support schemes rolled out by several Indian states over the past year for political mileage. In sharp contrast, urban consumption has been weak due to slow salary growth in white-collar jobs.

• Improving rural infra is another factor that has helped narrow the urban-rural divide. According to economists, the central government's shift to direct cash payouts to rural households, rather than its traditional focus on subsidized purchases of gas cylinders, fertilizers, and other basic goods, has boosted rural consumption.

• According to the "Internet in India 2024" report, published by the Internet and Mobile Association of India (IAMAI) and Kantar, rural India surpassed urban India in internet user numbers in 2021 and has been steadily widening the gap ever since. Of the 886 million total internet users in India in 2024, over 55% (488 million) were from rural areas, compared to 53.8% in 2023.

• One of the largest consumer goods companies, Dabur India, in a quarterly business update, said that rural volume growth continued to outpace that of urban areas in the December '24 quarter. The company stated that this will be the fourth consecutive quarter in which rural markets have grown faster than cities across the FMCG sector.

• Market research firm NielsenIQ, in its quarterly FMCG update in November '24, reported that demand in India's hinterland continued to outpace that of cities, growing twice as fast as urban markets, driven by food staples and the recovery of mid-sized companies. While urban demand increased by 2.8%, rural demand grew by 6%, compared to 5.2% in the April–June '24 quarter.

• According to a recent analysis by State Bank of India (SBI) Research, poverty in rural areas declined to less than 5% for the first time, outpacing the reduction in urban areas, driven by higher consumption growth among the bottom 0–5% decile, supported by government initiatives. The research highlighted that rural poverty fell to 4.86% in 2023-24 from 7.2% in 2022-23 and 25.7% in 2011-12. In sharp contrast, urban poverty decreased to 4.09% in 2023-24 from 4.6% in the previous year and 13.7% in 2011-12.

Over the past two decades, rural per capita income in India has grown at a compound annual growth rate (CAGR) of 9%, outpacing urban per capita income, which grew at 7.6% during the same period. This steady rise in rural income underscores the robust growth of the rural economy compared to its urban counterpart. As of 2023, rural India accounts for 64% of the population. Over the last decade, an estimated ₹80 lakh crore has been invested by central and state governments in rural areas, elevating the standard of living.

Flagship initiatives such as Housing for All under the Pradhan Mantri Awas Yojana – Gramin (PMAY-G), which has built over two crore houses, and the Jal Jeevan Mission (JJM), which has provided tap water connections to 11 crore households, stand as testaments to this transformative journey.

These developments show the narrowing divide between urban and rural markets. Recognizing this shift, consumer companies are recalibrating their sales strategies to tap into the huge potential of rural India. Many are launching affordable pack sizes and low-unit packs of premium products to cater to rural consumers' evolving needs.

Take FMCG major ITC, for instance. The company is now offering its premium Dark Fantasy cookies in smaller ₹10 packs to rural markets, where biscuits and snacks are a staple indulgence. Speaking to The Times of India, ITC's Chief Digital Marketing Officer, Shuvadip Banerjee, said, "We are offering a wide range of our food portfolio in the rural market, including our premium range, at specific unit price points to drive consumption-led growth." Similarly, Zydus Wellness, the maker of products like Complan and Glucon-D, is targeting rural markets with ₹10 and ₹15 packs of products such as talcum powder.

With these shifts in focus, rural India is becoming an increasingly attractive investment theme for analysts, fund managers, and other market stakeholders.
In short, while urban India may still shine brightly, rural India is catching up, one ₹10 pack at a tim**E!**


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PRIVACY GETS A POWER BOOST

The draft DPDP Rules, 2025, balances individual data rights with organizational obligations, but enforcement challenges and data localization concerns may hinder their effectiveness

A recent post circulating on Facebook highlights an amusing incident in which someone searched on Google, “How much does a helicopter cost?” and was subsequently bombarded with ads for diamonds, luxury vacations, and high-end iPhones. Frustrated, he then searched for how to repair torn shoes, only to be met with more useful ads, such as “buy a shirt, get one free.”

While this tongue-in-cheek post sheds light on how individuals’ data has become a valuable asset for companies, governments, and anyone else who can benefit, there’s a stark contrast in how carefully customers’ data is also guarded. For instance, Apple has famously refused to unlock iPhones connected to terrorist activities. Critics argue that an absolute right to privacy is unrealistic in a world increasingly threatened by sophisticated attacks.

Amid this debate, the government has issued draft Digital Personal Data Protection Act rules, that aim to lay down procedures to protect data sanctity of customers yet let firms derive commercial benefits.

DPDP RULES EMPOWER INDIVIDUALS

The DPDP Rules, 2025, aim to bolster individual privacy rights while imposing stricter obligations on organizations that handle personal data. The rules introduce a comprehensive framework to empower individuals - referred to as data principals - with greater control over their data. At the same time, they hold organizations accountable for transparent data handling, robust security measures, and compliance with privacy standards. These regulations, released for public consultation on 3rd Jan ’25, are open for feedback until 18th Feb ’25.

KEY FEATURES

One of the core elements of the draft DPDP Rules is the set of rights it grants to data principals, the owners of the data. These rights include access to personal data, the ability to correct inaccuracies, and the right to erasure, allowing individuals to request the deletion of their data under specific conditions, such as withdrawal of consent or when the data is no longer necessary. These provisions aim to give users more control over their data and ensure that organizations maintain high levels of accountability in how they manage personal information.

In addition to data access and correction, the rules emphasize transparency. Data fiduciaries - organizations responsible for processing personal data - are required to notify data principals of their data collection practices, outlining the purposes and processes behind data collection. This transparency enables individuals to make informed decisions about how their data is used.

Another critical provision in the draft rules is the grievance redressal mechanism, which mandates that organizations implement processes to address complaints from data principals efficiently. The rules also allow individuals to nominate representatives, particularly for those with disabilities or other challenges, to manage their data rights on their behalf.

The rules also introduce mandatory breach notification requirements. Data fiduciaries must inform data principals promptly if their personal data is compromised in a breach, detailing the nature of the breach and the steps taken to mitigate any risks.

IMPACT ON ORGANIZATIONS

For organizations, the DPDP Rules introduce several obligations aimed at improving data protection practices. These include ensuring informed consent from data principals and adhering to government-imposed restrictions, particularly regarding data localization. The rules prohibit the transfer of sensitive personal data outside India unless exceptions are made by the Union government. This is a key provision, aimed at ensuring that critical personal data remains within the country's borders.

Additionally, data fiduciaries are expected to implement reasonable security measures such as encryption and access controls to safeguard personal data. These companies must conduct regular data protection impact assessments (DPIAs) and submit their reports to the Data Protection Board for review. The Data Protection Board is tasked with overseeing compliance, investigating violations, and enforcing the rules.

For significant data fiduciaries (SDFs), which are typically large organizations, such as Big Tech firms, handling substantial amounts of sensitive personal data, the rules impose even stricter requirements. These organizations must ensure that the algorithms they deploy do not infringe on data principals' rights, including the rights to access, correction, and erasure. Moreover, SDFs must take additional precautions to prevent harm to users, including the use of data protection impact assessments and regular audits.

DATA LOCALIZATION

One of the most debated provisions in the draft rules is the data localization mandate. This provision requires certain types of personal data, as specified by the government, to be processed and stored within India. This move has been framed as a response to the difficulties law enforcement agencies face when trying to access data stored abroad for investigations. The RBI had introduced a similar requirement for payment data operators in 2018, and this move extends that framework to other sectors such as finance and insurance.

The data localization mandate, while aimed at enhancing security and control, has faced criticism for potentially complicating operations for global companies. Large organizations, particularly those in the tech sector, may struggle with segmenting data, determining appropriate data centres, and navigating the complexities of data management in a highly regulated environment.

Under the rules, organizations will have two years to comply with the data localization requirement. However, experts warn that this could present significant operational challenges, especially for smaller businesses or those that rely on cross-border data flows for day-to-day operations.

REACTIONS FROM BUSINESSES

The DPDP Rules have received mixed reactions from businesses across sectors. While some welcome the structured approach, particularly the tiered compliance system based on the size and impact of the organization, others express concerns about the regulatory burden.

In sectors like healthcare and financial services, businesses anticipate heightened regulatory scrutiny. Non-compliance could lead to heavy fines, increased oversight, and additional costs from mandatory audits. These businesses argue that the regulatory landscape could disrupt operations and drain resources, especially for small and medium-sized enterprises that are already struggling with limited capacity and financial resources.

ENFORCEMENT AND PENALTY CONCERNS

One of the key criticisms of the draft rules is the lack of stringent penalties for non-compliance. Unlike the European Union's General Data Protection Regulation (GDPR), which imposes hefty fines of up to 4% of a company's global annual turnover, the DPDP Rules take a less punitive approach. While the rules emphasize accountability and compliance, they fall short of establishing severe penalties for repeated violations, a gap that some believe could weaken enforcement and reduce the deterrent effect.

To strengthen enforcement, legal experts suggest that the Data Protection Board must be empowered with adequate authority and resources to ensure compliance. The Board's role is critical in overseeing and enforcing the regulations and inefficiencies or limitations in its functioning could undermine the effectiveness of DPDP Rules.

OPERATIONAL CHALLENGES AND UNCERTAINTIES

The implementation of the DPDP Rules presents several operational challenges, especially for smaller enterprises. With limited resources, many small businesses may struggle to comply with the regulations, including requirements for data protection officers, security measures, and breach notification systems. These challenges are expected to lead to increased reliance on external consultants, raising costs and potentially creating compliance gaps between large and small organizations.

DPDP Rules have been criticized over the ambiguity related to breach notification procedures. Unlike the GDPR, which provides clear rules on breach management, the DPDP Rules leave room for interpretation, which may cause inconsistencies and confusion in how businesses manage data breaches.

BALANCING INNOVATION AND PRIVACY

While the DPDP Rules aim to strengthen data privacy protections, there are concerns that overly stringent regulations could stifle innovation. Data-driven sectors, in particular, could face difficulties in maintaining growth and development if regulatory compliance becomes overly burdensome. Additionally, the cost of implementing the required security and privacy systems could be unsustainable for smaller businesses.

The challenge is to strike a balance between ensuring robust data protection and allowing businesses the flexibility to innovate and grow. Continued public consultation and feedback will be critical in refining the rules and making them both effective and practical.

CONCERNS OVER EXECUTIVE OVERREACH

Another contentious issue within the DPDP Rules is the provision granting the Union government the power to demand data from data fiduciaries in the interest of national security or sovereignty. Critics argue this could lead to government overreach and potentially infringe on individuals' privacy rights. Concerns have been raised about the lack of transparency in how these powers may be exercised, especially over potential surveillance and weakening of encryption technologies.

Legal experts have called for more stringent safeguards to ensure that government demands for data are not abused.

MOVING FORWARD

The draft DPDP Rules marks a significant step toward improving data privacy in India.

However, privacy breaches should be governed by accountability frameworks, which are currently lacking in India, both before and under the DPDP Act. Section 7 of the Act allows data processing for various state functions, including national security, medical emergencies, and even corporate interests like preventing espionage. Yet, the Act's exemptions, such as those for state instruments processing data for national security or public order, raise concerns about unchecked power.

Experts say the law's language and exemptions, particularly regarding corporate mergers and loan recovery, further complicate privacy protections. While the consent layer of India Stack is beneficial for enabling data sharing in financial contexts, broader data privacy violations should not be permissible under the guise of protection. In practice, the law both protects and institutionalizes data breaches, and the lack of clarity in some provisions, such as the language around data retention, adds to the confusion, they add. Also, the law's approach to parental consent for children's data risks exposing more personal data without addressing the true fault of harmful sites.

The DPDP success will depend on the government addresses operational challenges, clarifies ambiguous provisions, and strengthens enforcement mechanisms. Continued consultation with stakeholders across sectors will be essential in shaping a regulatory framework that effectively protects data while allowing businesses to thriv**E.**

TURNING WASTE INTO WEALTH

Every scrap of e-waste hides a treasure – turning yesterday's junk into today's jackpot

A

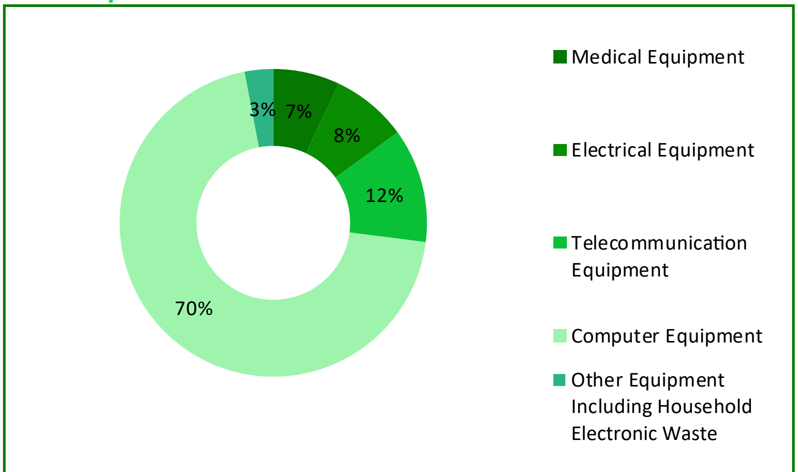
s we stand on the brink of an environmental and economic revolution, the recycling industry in India offers unprecedented potential for growth and investment. The industry remains largely unorganized, with limited capacities, but the landscape is ripe for change. With the market valued at approximately ₹1,50,000 crore ($18 billion) and rapidly expanding at a projected CAGR of over 15% from 2023 to 2028, there is significant opportunity for organized players to enter and dominate this untapped sector.

THE RISING TIDE OF ELECTRONIC WASTE

India's electronics sector has seen remarkable growth, expanding from ₹2.57 lakh crore (approximately $37.1 billion) in 2015-16 to over ₹8.43 lakh crore (approximately $100 billion) in 2022-23. However, this rapid growth has also contributed to a significant increase in e-waste. India is now the third-largest global generator of e-waste, producing nearly 5.6 million tonnes in 2023 alone.

One of the most pressing challenges facing India today is the management of electronic waste (e-waste). Estimates suggest that e-waste generation in India will reach 10 million tonnes by 2025.

Break-Up Of E-Waste In India



Source: Centre For Science & Environment (CSE)

This surge is driven by rapid technological advancements and increasing consumption, which lead to faster obsolescence of electronic products. Consequently, India has become the third-largest global generator of e-waste, producing nearly 5.6 million tonnes by 2023. Yet, the country recycles only about 5% of this e-waste, while around 35% is refurbished, and nearly 60% is dumped in landfills. This inefficient resource utilization not only poses a major challenge, but also a massive opportunity for those willing to invest in proper e-waste management and recycling infrastructure.

The Potential Of E-Waste Recycling

E-waste recycling presents immense potential. E-waste contains valuable metals and minerals, estimated to be worth around ₹62,000 crore ($7.5 billion) in total recoverable value. Typically, e-waste comprises approximately 50% ferrous metals and steel, 21% plastics, 13% non-ferrous metals, and 16% hazardous materials. Notably, traditional mining can extract about 1-1.4 grams of gold per tonne of ore, whereas e-waste recycling can yield approximately 630 grams of gold from one tonne of printed circuit boards (PCBs) from laptops and around 1,500 grams from mobile phone PCBs. From the total projected e-waste in India, approximately 3,00,000 tonnes of PCBs could yield about 1,050 kg of gold, valued at approximately ₹4,000 crore. E-waste also contains other precious metals like platinum, palladium, and silver, alongside strategic metals such as lithium, cobalt, and indium.

Recovery of these materials using appropriate recycling technology at an industrial scale will attract foreign investment and enhance resource security. Indian academic and research institutions have developed cost-effective recycling technologies, achieving nearly 99% yield while complying with environmental standards. Moreover, various initiatives are in place to build skilled manpower and encourage entrepreneurship in the recycling sector.

GROWTH DRIVERS FOR THE INDIAN RECYCLING MARKET

Several factors are propelling the growth of the recycling industry in India. The industry is rapidly expanding into newer segments such as lithium-ion batteries and paper recycling, promising significant acceleration in the coming years.

India's ambition of achieving a $10 trillion economy by 2028 includes a substantial contribution of $2 trillion from the digital economy. This rapid digital transformation is expected to massively impact e-waste generation and recycling. With electronics consumption and disposal on the rise, India could generate nearly 15 million metric tonnes of e-waste by 2030, highlighting the urgent need for efficient and scalable recycling processes to handle this challenge.

GOVERNMENT SUPPORT: THE CATALYST FOR CHANGE

The Indian government has played a pivotal role in fostering a regulatory environment conducive to recycling. Aimed at minimizing environmental impact and optimizing resource utilization, these regulations provide a framework for organized players to thrive in this growing industry.

EXTENDED PRODUCER RESPONSIBILITY (EPR): DRIVING ACCOUNTABILITY

The Extended Producer Responsibility (EPR) framework has emerged as a cornerstone of government regulation. EPR holds manufacturers accountable for the entire lifecycle of their products, including post-consumer waste. This regulatory measure not only incentivizes producers to design products with recyclability in mind but also ensures that waste is systematically channelled into the formal recycling system. By doing so, EPR has created a culture of responsibility and innovation among producers, helping the recycling industry grow sustainably.

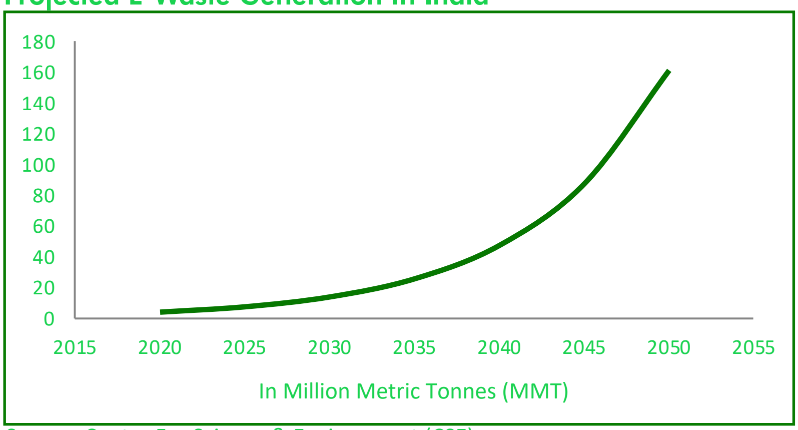
INCENTIVES FOR INFRASTRUCTURE DEVELOPMENT

The Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) is another critical initiative driving growth in the recycling sector. Under this scheme, the government provides a 25% capital equipment subsidy to reduce the cost of setting up advanced e-waste recycling facilities. This financial support has encouraged private sector investment in recycling infrastructure, paving the way for a more organized and efficient recycling ecosystem.

BATTERY WASTE MANAGEMENT RULES (BWMR): A GAME CHANGER

With the increasing adoption of electric vehicles and battery-powered devices, battery recycling has emerged as a significant growth avenue. The Battery Waste Management Rules (BWMR) introduced monetary incentives and penalties to drive compliance and encourage recycling of lithium-ion batteries. These

Projected E-Waste Generation In India



Source: Centre For Science & Environment (CSE) regulations are helping formalize the market and ensure that battery waste is recycled efficiently, minimizing environmental harm while generating substantial economic value.

ROLE OF TECHNOLOGY AND INNOVATION

Technology and innovation are at the heart of transforming India's recycling industry. Advanced technologies such as AI-driven sorting systems, automated dismantling, and chemical recycling are improving efficiency and reducing costs. Private players are increasingly leveraging these innovations to scale their operations and compete globally.

Moreover, India is witnessing a surge in interest in advanced recycling solutions like battery energy storage systems (BESS) and waste-to-energy technologies. These solutions promise not only environmental sustainability but also economic profitability, making the industry an attractive destination for investment.

PRIVATE PARTICIPATION: KEY TO SCALING UP

While government initiatives have laid the groundwork, the involvement of private players is essential for scaling up the recycling industry. Organized private companies bring expertise, efficiency, and investment in advanced technologies. By partnering with the government and leveraging available incentives, private players from the segment are increasingly playing greater role.

CORPORATE ESG COMMITMENTS

The global shift towards Environmental, Social, and Governance (ESG) principles has pushed Indian corporations to adopt sustainable practices, including recycling.

Industries like manufacturing, retail, and technology are increasingly partnering with recycling companies to align with their ESG goals and regulatory requirements such as Extended Producer Responsibility (EPR).

These initiatives not only ensure compliance but also boost brand reputation, particularly among environmentally conscious consumers and investors.

Companies are investing in advanced recycling technologies to manage waste efficiently, particularly in high-impact areas such as e-waste, plastics, and packaging.

Also, strong ESG frameworks make corporations more attractive to global investors who prioritize sustainability, further driving investment in recycling initiatives.

INCREASING URBANIZATION AND CONSUMERISM

India's rapid urbanization and a growing middle class have resulted in unprecedented levels of consumption, producing vast amounts of waste. Urban areas, which house 35% of the population, face increasing challenges with managing municipal solid waste, plastics, and e-waste.

Recycling provides a sustainable solution to mitigate the shrinking landfill capacities and environmental risks. Urbanization also drives construction activity, creating opportunities for recycling construction and demolition waste.

By developing tailored waste management systems for urban centres, the recycling industry is poised to play a critical role in fostering a circular economy and addressing India's growing waste management challenges.

IN A NUTSHELL

The Indian recycling industry, particularly the e-waste segment, represents a huge opportunity for both investors and businesses.

The sheer scale of untapped potential, combined with a favourable regulatory environment, technological advancements, and the growing importance of sustainability, makes the recycling sector a key growth area for the coming decade.

For investors, the industry offers exposure to several high-growth trends, including urbanization, digital transformation, and the shift towards a circular economy. Moreover, the time is ripe for stakeholders to seize this opportunity as India prepares for a greener, more sustainable futur**E**.

SMART SPACES, SMARTER CHOICES

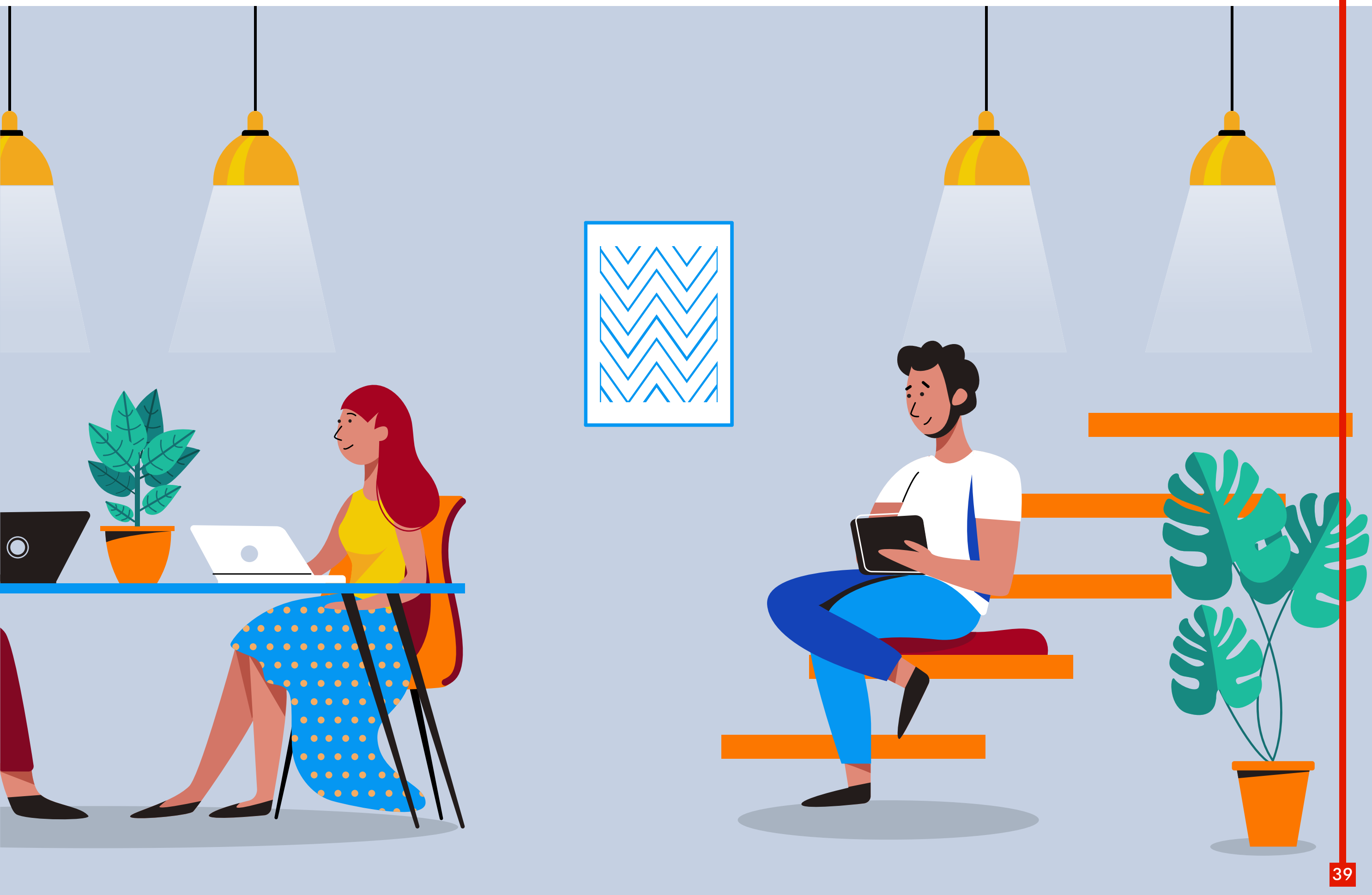
FROM CUBICLES TO CO-WORKING: INDIA'S OFFICE SPACES ARE GETTING A MAKEOVER, BECOMING FLEXIBLE AND SMART

India's economic landscape is rapidly evolving, fuelled by strong domestic consumption, industrial expansion, and digital transformation. This growth has profound implications for various sectors, particularly commercial real estate. As India transitions into a digital economy, the demand for office spaces is increasing. Moreover, an interesting aspect of this entire value chain is that flexible workspaces are emerging as a fast-growing segment within commercial real estate.

ROBUST ECONOMIC GROWTH TO SUPPORT COMMERCIAL REAL ESTATE

India is one of the fastest-growing economies in the world. This growth is fuelled by strong domestic consumption, industrial expansion, continued infrastructure development, and supportive government policies. A growing economy is undoubtedly good news. As the country transitions to a more digital-focused economy, the demand for commercial real estate, particularly office space, is expected to rise, with flexible office solutions gaining prominence.

The demand for office spaces will largely be driven by sectors such as, IT, medical (healthcare), engineering and manufacturing, banking, financial services, insurance (BFSI), and global capability centers (GCCs). Notably, industry estimates suggest that the engineering and manufacturing sectors are expected to lease 11 million



square feet to 12 million square feet annually between 2025 and 2027, accounting for approximately 40% of the total office space demand.

INDIA'S SERVICES SECTOR AND THE GROWTH OF FLEXIBLE OFFICE SPACES

India's services sector is a major contributor to its GDP, accounting for about 53% to 55% of the Gross Value Added. This sector, particularly IT, BFSI, and consulting firms, has experienced a transformative shift in how businesses operate, driven by digitalization and the adoption of hybrid work models. This transformation is one of the major drivers behind increased demand for flexible office spaces.

Over the next 2-3 years, flexible office spaces are expected to account for 15% to 20% of total office space demand in India. This demand is likely to be particularly strong in Tier-II cities such as Pune and Hyderabad, among others, as companies increasingly opt for scalable and cost-effective office solutions.

This shift is not solely driven by cost considerations but also by the increasing need for office spaces that can adapt to the hybrid work model - a blend of remote and in-office work. Companies, especially in the IT and finance sectors, are seeking to reduce fixed overhead costs while maintaining operational flexibility.

Also, this shift aligns with a growing preference for green-certified, sustainable buildings, particularly among services firms aiming to achieve their sustainability goals. Developers are responding to these needs by offering more sustainable, flexible office solutions, tailored to the needs of business, particularly those expanding into emerging markets across India.

THE IMPACT OF URBANIZATION ON OFFICE SPACE DEMAND

India is experiencing a massive demographic shift, with urbanization expected to accelerate dramatically in the coming decades. By 2041, half of India's population is projected to reside in urban areas, up from approximately 34% in 2021. This urban migration is expected to drive a substantial surge in demand for office spaces, as businesses expand and new industries emerge. By 2030, India's urban areas are expected to contribute around 70% of the country's GDP and account for the majority of new job creation.

As urban populations grow, demand for both traditional and flexible office spaces is set to rise. This trend is particularly pronounced in Tier-I and Tier-II cities, where rapid urbanization is fuelling the need for scalable, adaptable, and flexible workspaces. The growing popularity of co-working environments, which offer cost-effective solutions that support hybrid or remote working models, is also gaining importance. Flexible office spaces are especially beneficial for small and mid-sized businesses, enabling them to scale efficiently in response to workforce fluctuations.

GOVERNMENT INITIATIVES AND THEIR IMPACT ON THE REAL ESTATE MARKET

India's real estate market is benefiting from a host of favourable government policies aimed at promoting infrastructure development and business expansion. Initiatives such as Make in India, the Real Estate (Regulation and Development) Act (RERA), and the National Logistics Policy, and many other flagship programmes are reshaping the commercial real estate sector and driving demand.

The Make in India initiative, launched in 2014, has attracted substantial foreign direct investment (FDI) into the manufacturing sector, significantly boosting demand for commercial office spaces. As businesses expand their operations, the need for office and industrial spaces continues to grow, with flexible workspaces playing an increasingly important role in meeting these requirements.

THE ROLE OF GLOBAL CAPABILITY CENTRES (GCCs) IN SHAPING OFFICE SPACE DEMAND

Global Capability Centres (GCCs) in India are another great driver of demand for office spaces. Employing millions across the country, GCCs have been pivotal in shaping the office real estate landscape. As of 2024, more than 1,500 GCCs are operating in India, with a substantial presence in cities like Bengaluru, Gurugram, and Pune, as well as Chennai and Hyderabad.

These centers often require flexible, scalable office solutions that can adapt to their evolving business needs. As hybrid work models and remote work continue to gain popularity, the demand for flexible office spaces is growing, particularly for co-working spaces that offer greater flexibility and cost efficiency.

Recent reports indicate that GCCs are project to account for nearly 40% of the total Grade A office space demand in major urban centers, highlighting the growing importance of these centers in the Indian office market.

THE RISE OF INDIA'S TECH AND START-UP ECOSYSTEM

India's technology and start-up sectors are key drivers of demand for flexible workspaces. The technology sector, which contributes 8% to India's GDP, accounts for a substantial portion of office space demand. As hybrid work models gain traction, many tech firms - from start-ups to established players - are opting for flexible office spaces that offer scalability, cost-efficiency, and adaptability.

Cities like Bengaluru, Gurugram, and Hyderabad, which are home to numerous technology firms, are experiencing a surge in demand for co-working spaces and serviced offices. These flexible office solutions enable businesses to adapt to fluctuating workforce sizes and evolving work preferences without committing to long-term leases.

This trend is further amplified by the rapid growth of the start-up ecosystem, with India boasting over 100 unicorns by 2024. Since start-ups typically require flexibility to scale quickly while operating on an asset-light model, they are increasingly turning to flexible workspaces.

IMPACT OF COVID-19 PANDEMIC

The Covid-19 pandemic accelerated the shift toward hybrid work models, impacting office space demand. As businesses sought greater flexibility, the demand for co-working and flexible office spaces surged. Companies prioritized scalable and adaptable solutions to reduce overhead costs, making flexible spaces their preferred choice.

The prolonged lockdown during the pandemic led many companies to reassess their working styles. Leveraging technological and cost advantages, numerous businesses shifted permanently to flexible workspace environments.

CHINA+1: MORE GLOBAL COMPANIES SHIFTING TO INDIA

The China+1 strategy, a diversification approach employed by global companies to reduce dependency on China, has had a significant impact on India's office space demand, especially for flexible workspaces. As companies seek alternatives to China for their manufacturing and operational bases, India is emerging as a preferred destination due to its cost advantage, skilled labour force, and favourable government policies.

This trend is spurring demand for office spaces in major cities and Tier II locations. Moreover, this is just the beginning – an increasing number of companies are setting operations in India, manufacturing locally and creating employment opportunities, which, in turn, boosts the demand for workspaces.

Importantly, these companies are not seeking traditional rental spaces but ready-to-move-in offices that provide a complete, pre-built environment aligned with their global standards. They also prioritize flexibility, enabling them to scale up or down and relocate as needed.

Unlike traditional rentals, flexible workspaces offer comprehensive solutions, including logistics, security, refreshments, foods and beverages, entertainment options, prime locations, parking, interiors, and more – services that are often not possible in rented spaces.

While ownership models could offer such facilities, they come with their own disadvantages, including high costs and limited adaptability.

IN A NUTSHELL

With increasing foreign investments, strong economic and industrial growth, the rising number of IT companies and start-ups, and the expansion of Tier-II cities, India's flexible office space market is projected to grow at a compound annual growth rate (CAGR) of around 20% over the next 4-5 years. This sector could also represent a long-term investment theme as India's work culture continues to transform and evolve.

Flexible workspaces are increasingly favoured by companies due to their cost-effectiveness, asset-light structure, scalability, and location flexibility – advantages that are often unattainable with traditional rental or ownership models. For investors, there are already a few listed companies in this space, and more are likely to emerge in the coming yearS.

TECHNICAL OUTLOOK

January has been a complete disaster for the Nifty 50, which recorded a decline of 5.95% from its high of 24,226 on 2nd January. However, there are some encouraging signs in market performance. The Nifty 50 has found strong support at the 22,800 level on a closing basis, offering some relief in the near term.

Looking ahead, market volatility is expected to persist as the upcoming Union Budget and the RBI policy meeting on 7th February will play a key role in influencing sentiments.

While raising chances of a rate cut, the Reserve Bank of India has injected ₹1.5 lakh crore worth of liquidity into the banking system, sparking a rally in banking stocks and NBFCs.

Technically, the monthly chart reveals that the Nifty is currently trading near the lower trend line of a five-year rising channel. The channel's support is at 22,400, a level it has approached after nearly 15 months. This suggests that the downside is limited, given the historical support level.

The overview is cautious to positive but after such a stiff fall from all-time levels, a bounce back rally seems imminent.

If the Nifty sustains above 23,200 on a closing basis, a bounce-back rally could potentially push it toward 23,800 or even 24,200 in the coming trading sessions.

Overall, the technical outlook for the Nifty remains cautiously positive. Investors are advised to start building long positions at support levels, with a focus on stock-specific trading and strict stop-loss measures to minimize losses.

The Bank Nifty faces immediate resistance at 49,400, and a close above this level could trigger an extended rally toward 50,200 or even 51,000. On the flip side, support is positioned at 48,300 and 47,540.

On the Nifty Options front for the February series, the highest Open Interest (OI) build up is witnessed near 23,500 and 24,000 Call strikes, whereas on the Put side, it is observed at the 23,000 and 22,500 strikes.

January has been marked by heightened volatility and a lot of selling across stocks and indices, with widespread short positions being created.

However, as stocks and indices approach their support levels, the potential for short-covering increases.

India VIX, which measures the immediate 30-day volatility in the market, has moved up but is expected to cool off and between 12 and 15 for the February series.

The Put Call Ratio-Open Interest (PCR-OI) for Nifty Options has been in the range of 0.7-1.2 in January. Going forward, it is expected to remain between 0.7 and 1.5 in February.

The Indian stock markets are likely to witness short-covering action with supports placed at 23,000 and 22,500 levels; while important resistances remain at 23,500 and 24,000 levels.

OPTIONS STRATEGY

Long Straddle

It can be initiated by 'Buying 1 lot 06FEB 23100 CE (₹365) and Buying 1 lot 06FEB 23100 PE (₹285).' The total outflow of premium comes to around 650 points, which is also your maximum loss.

One can keep a Stop Loss at 450 points (a 200-point loss from total premium). The maximum gain is unlimited; one can place Target at 1,050 points (a 400-point gain from the total premium).

With the current options OI positions for Nifty, we expect good momentum to continue and the budget will make sure Nifty gives a big move in either direction which will help the strategy make profiT.

MUTUAL FUND BLACKBOARD

Large Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Baroda BNP Paribas Large Cap Fund - Growth	217.2	22.4	16.6	17.2	14.0	13.2	2,403
ICICI Prudential Bluechip Fund - Growth	104.2	19.5	17.5	18.4	14.3	13.8	63,938
Invesco India Largecap Fund - Growth	67.3	22.1	14.8	17.4	13.8	13.1	1,317
Kotak Bluechip Fund - Reg - Growth	548.6	18.6	14.0	16.6	13.5	13.0	9,498
Nippon India Large Cap Fund - Reg - Growth	86.6	20.9	21.0	19.4	14.6	14.2	35,314
Nifty 100 TRI	33427.6	15.5	13.5	16.0	13.6	12.9	--

Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Mid Cap Fund - Growth	100.3	40.0	25.7	30.4	18.7	19.1	8,280
Mahindra Manulife Mid Cap Fund - Reg - Growth	33.3	32.1	24.7	27.9	--	--	3,461
Mirae Asset Midcap Fund - Reg - Growth	34.9	21.7	19.6	25.7	--	--	16,695
Nippon India Growth Fund - Reg - Growth	4055.5	29.3	26.1	29.2	19.2	18.5	34,584
Tata Mid Cap Growth Fund - Reg - Growth	424.1	23.5	20.5	24.8	15.8	16.5	4,494
Nifty Midcap 150 TRI	26650.5	26.8	23.8	28.6	17.5	19.0	--

Small Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Small Cap Fund - Reg - Growth	44.9	26.0	22.5	32.9	--	--	4,374
Mahindra Manulife Small Cap Fund - Reg - Growth	19.8	29.6	--	--	--	--	4,269
Quant Small Cap Fund - Growth	257.8	23.8	25.8	45.7	26.0	20.3	27,161
LIC MF Small Cap Fund - Reg - Growth	33.5	39.2	24.6	30.4	17.1	--	411
Nifty Smallcap 250 TRI	22272.4	28.4	23.7	31.1	14.7	16.9	--

Large & Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Large & Mid Cap Fund - Growth	86.5	26.0	18.5	21.2	15.9	15.0	3,745
Kotak Equity Opportunities Fund - Reg - Growth	333.3	26.1	20.2	21.2	15.8	15.7	25,649
Mahindra Manulife Large & Mid Cap Fund	26.5	17.5	16.4	--	--	--	2,538
Tata Large & Mid Cap Fund - Reg - Growth	515.5	17.9	17.2	18.6	14.3	13.9	8,342
UTI Large & Mid Cap Fund - Growth	175.1	29.9	21.7	23.5	15.1	14.2	4,048
NIFTY Large Midcap 250 TRI	20222.1	21.1	18.7	22.3	15.6	16.1	--

Multicap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bandhan Multi Cap Fund - Reg - Growth	16.7	21.3	18.8	--	--	--	2,449
HDFC Multi Cap Fund - Reg - Growth	18.7	22.7	23.6	--	--	--	17,250
HSBC Multi Cap Fund - Reg - Growth	18.8	29.4	--	--	--	--	4,362
Mahindra Manulife Multi Cap Fund - Reg - Growth	34.7	24.6	19.5	24.2	17.2	--	4,858
Nippon India Multi Cap Fund - Reg - Growth	288.8	28.0	26.1	24.3	16.7	14.9	39,001
NIFTY 500 Multicap 50:25:25 TRI	20429.9	21.5	18.7	23.0	15.0	15.5	--

FlexiCap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HSBC Flexi Cap Fund - Growth	218.8	30.7	18.2	20.1	13.3	13.4	5,049
ICICI Prudential Flexicap Fund - Reg - Growth	18.1	23.0	19.5	--	--	--	16,857
Mirae Asset Flexi Cap Fund - Reg - Growth	15.2	19.5	--	--	--	--	2,455
Parag Parikh Flexi Cap Fund - Reg - Growth	80.0	24.0	16.6	24.6	19.3	17.6	84,641
WhiteOak Capital Flexi Cap Fund - Reg - Growth	16.9	25.0	--	--	--	--	4,326
S&P BSE 500 TRI	44852.0	18.1	16.0	19.0	14.5	14.2	--

Focused Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Axis Focused 25 Fund - Growth	53.2	17.4	5.5	11.4	10.6	12.3	13,289
Bandhan Focused Equity Fund - Reg - Growth	88.9	31.9	18.2	18.4	11.8	12.7	1,793
HDFC Focused 30 Fund - Growth	214.9	25.7	24.4	22.6	13.6	13.9	15,521
Nippon India Focused Equity Fund - Reg - Growth	114.4	13.0	15.1	19.3	12.4	13.8	8,412
UTI Focused Fund - Reg - Growth	14.9	15.6	13.9	--	--	--	2,683
S&P BSE 500 TRI	44852.0	18.1	16.0	19.0	14.5	14.2	--

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	49.0	22.7	23.3	25.4	14.9	14.6	4,783
Tata Dividend Yield Fund - Reg - Growth	17.4	13.7	16.0	--	--	--	986
Nifty 500 TRI	35413.4	18.6	16.1	19.0	14.4	14.1	--

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	145.9	20.5	18.5	25.5	14.0	15.5	10,054
SBI Contra Fund - Growth	374.6	21.2	23.2	29.4	17.3	16.1	41,907
Nippon India Value Fund - Reg - Growth	223.0	25.6	22.9	24.4	16.4	16.2	8,536
S&P BSE 500 TRI	44852.0	18.1	16.0	19.0	14.5	14.2	--

ELSS Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bandhan ELSS Tax saver Fund - Reg - Growth	147.7	15.6	15.6	21.9	13.9	15.4	6,894
Kotak ELSS Tax Saver Fund - Reg - Growth	115.5	23.8	17.8	19.9	15.1	14.7	6,232
Mahindra Manulife ELSS Tax Saver Fund - Reg	27.2	14.3	13.8	18.0	11.7	--	931
Parag Parikh ELSS Tax Saver Fund - Reg - Growth	30.3	20.7	17.8	22.9	--	--	4,385
Tata ELSS Tax Saver Fund - Reg - Growth	44.1	21.1	17.0	17.9	13.3	15.1	4,663
Nifty 500 TRI	35413.4	18.6	16.1	19.0	14.4	14.1	--

Thematic / Sector Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
ICICI Prudential Banking and Financial Services	120.5	13.6	14.3	11.6	10.1	12.5	9,026
Nippon India Pharma Fund - Reg - Growth	514.0	33.8	19.6	27.7	20.1	15.4	8,638
Tata Digital India Fund - Reg - Growth	54.3	31.1	11.2	28.9	25.6	--	12,659
ICICI Prudential Business Cycle Fund - Reg - Growth	22.3	22.8	21.3	--	--	--	11,881
Mirae Asset Great Consumer Fund - Growth	90.5	17.5	18.9	19.6	15.3	15.8	4,156
Quant Quantamental Fund - Reg - Growth	22.1	17.5	25.6	--	--	--	2,346
Nifty 500 TRI	35413.4	18.6	16.1	19.0	14.4	14.1	--

Arbitrage Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	2 Years	3 Years	
Bandhan Arbitrage Fund - Reg - Growth	31.4	6.7	6.9	7.6	7.4	6.2	7,524
Edelweiss Arbitrage Fund - Reg - Growth	18.7	6.8	6.8	7.7	7.4	6.3	12,199
Invesco India Arbitrage Fund - Growth	30.8	6.7	7.0	7.6	7.5	6.7	18,252
Kotak Equity Arbitrage Fund - Reg - Growth	36.2	7.0	7.0	7.9	7.6	6.5	54,915
Tata Arbitrage Fund - Reg - Growth	13.9	6.7	6.9	7.5	7.3	6.2	12,589
Nifty 50 Arbitrage Index	2421.3	7.3	6.4	7.6	7.8	6.5	--

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	24.0	13.0	9.6	10.6	9.1	8.9	561
HDFC Equity Savings Fund - Growth	63.5	11.1	10.1	11.1	8.8	9.4	5,516
Kotak Equity Savings Fund - Reg - Growth	25.3	12.8	11.5	11.1	9.6	9.4	7,974
NIFTY 50 Hybrid Composite Debt 65:35 Index	19556.9	11.4	10.7	13.0	11.9	11.1	--

Index Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC NIFTY Next 50 Index Fund - Reg - Growth	15.9	32.0	17.7	--	--	--	1,782
Motilal Oswal Nifty Midcap 150 Index Fund	36.5	25.6	22.6	27.4	--	--	1,987
Motilal Oswal Nifty Next 50 Index Fund	23.7	31.7	17.6	18.9	--	--	310
Motilal Oswal Nifty Smallcap 250 Index Fund	37.9	26.8	22.0	29.2	--	--	845
Nippon India Nifty Midcap 150 Index Fund	23.8	25.5	22.5	--	--	--	1,636
Tata Nifty Midcap 150 Momentum 50 Index Fund	19.0	32.9	--	--	--	--	686
Nifty 500 TRI	35413.4	18.6	16.1	19.0	14.4	14.1	--

Dynamic Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Balanced Advantage Fund - Growth	49.2	14.6	11.4	14.8	11.9	10.8	12,381
HDFC Balanced Advantage Fund - Growth	499.2	18.4	22.3	20.0	14.8	14.3	95,570
Nippon India Balanced Advantage Fund - Reg	169.3	14.6	12.0	12.4	10.1	10.3	8,850
Tata Balanced Advantage Fund - Reg - Growth	19.9	11.9	11.3	12.9	--	--	10,258
NIFTY 50 Hybrid Composite Debt 65:35 Index	19556.9	11.4	10.7	13.0	11.9	11.1	--

Hybrid Aggressive Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Baroda BNP Paribas Aggresive Hybrid Fund	27.4	20.5	15.0	16.1	13.8	--	1,180
Kotak Equity Hybrid Fund - Growth	61.0	23.0	15.8	18.0	13.7	13.1	6,816
Mirae Asset Aggressive Hybrid Fund - Reg - Growth	30.6	15.3	12.0	14.3	12.1	--	9,054
Tata Hybrid Equity Fund - Reg - Growth	427.4	14.7	12.9	14.1	10.7	10.6	4,151
NIFTY 50 Hybrid Composite Debt 65:35 Index	19556.9	11.4	10.7	13.0	11.9	11.1	--

Multi Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HSBC Multi Asset Allocation Fund - Reg - Growth	12.2	--	--	--	--	--	2,133
Mirae Asset Multi Asset Allocation Fund	11.2	--	--	--	--	--	1,756
Nippon India Multi Asset Fund - Reg - Growth	20.0	19.9	15.1	--	--	--	4,683
Tata Multi Asset Opportunities Fund - Reg - Growth	22.2	15.7	13.4	--	--	--	3,431
UTI Multi Asset Allocation Fund - Growth	71.4	22.1	17.9	15.5	11.4	9.9	4,682
WhiteOak Capital Multi Asset Allocation Fund	12.9	17.6	--	--	--	--	1,053
NIFTY 50 Hybrid Composite Debt 65:35 Index	19556.9	11.4	10.7	13.0	11.9	11.1	--

Gold Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Gold Fund - Growth	23.1	19.9	14.8	13.5	13.5	9.7	2,715
Kotak Gold Fund - Reg - Growth	29.8	20.0	14.5	13.3	13.8	9.7	2,251
Nippon India Gold Savings Fund - Reg - Growth	29.6	19.7	14.9	13.3	13.4	9.5	2,193
Prices of Gold	75671.0	20.8	16.3	14.7	14.8	11.1	--

Overnight Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Bandhan Overnight Fund - Reg - Growth	1330.0	6.5	6.5	6.3	6.6	6.7	1,153
Tata Overnight Fund - Reg - Growth	1316.0	6.5	6.5	6.4	6.6	6.7	4,127

Liquid Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
HDFC Liquid Fund - Growth	4942.0	6.3	6.5	6.8	7.3	7.1	72,653
Mahindra Manulife Liquid Fund - Reg - Growth	1639.3	6.5	6.7	6.9	7.3	7.1	1,311
Nippon India Liquid Fund - Reg - Growth	6147.1	6.2	6.5	6.8	7.3	7.2	32,108

Ultra Short Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Ultra Short Term Fund - Growth	26.6	7.0	7.0	7.4	6.3	7.6	14,551
Kotak Savings Fund - Reg - Growth	41.3	6.8	6.9	7.2	6.1	7.4	13,450

Money Market Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Money Market Fund - Growth	5486.9	7.1	7.2	7.6	6.5	7.3	26,788
Tata Money Market Fund - Reg - Growth	4531.5	7.1	7.3	7.7	6.6	7.3	27,483

Low Duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Low Duration Fund - Growth	55.4	6.7	7.1	7.4	6.1	7.8	18,497
Kotak Low Duration Fund - Std - Growth	3212.0	7.1	7.1	7.3	5.9	7.7	12,510
Nippon India Low Duration Fund - Reg - Growth	3594.7	7.2	7.2	7.3	6.1	7.7	9,004

Short Term Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Short Term Fund - Growth	57.5	6.9	7.7	7.8	6.6	7.7	19,992
Nippon India Short Term Fund - Reg - Growth	50.4	7.0	8.2	8.0	6.0	7.6	7,627

Corporate Bond Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Kotak Corporate Bond Fund - Std - Growth	3599.3	6.4	8.2	8.2	6.2	7.5	14,333
SBI Corporate Bond Fund - Reg - Growth	14.8	6.6	8.1	7.9	5.9	7.5	20,916

BEYOND NUMBERS

Dynamic Bond Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Dynamic Debt Fund - Growth	86.2	3.5	7.5	8.6	5.6	7.1	791
Kotak Dynamic Bond Fund - Reg - Growth	35.9	2.4	7.5	9.2	6.0	7.2	3,014

Medium Duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HSBC Medium Duration Fund - Reg - Growth	19.5	6.1	7.7	8.2	5.9	7.8	841
ICICI Prudential Medium Term Bond Fund - Growth	42.7	6.7	8.1	7.9	6.3	8.2	5,929
SBI Magnum Medium Duration Fund - Growth	48.9	6.6	8.0	8.1	6.2	7.9	6,661

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	17.2	3.6	7.9	11.4	6.8	7.1	9,115

Gilt Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Bandhan Government Securities Fund Investment Plan	34.0	0.6	5.9	10.5	6.1	7.1	3,685
Kotak Gilt Fund - Growth	93.0	1.8	6.5	8.3	5.9	7.1	4,398

Gilt Funds 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 Growth	23.4	5.3	8.9	9.2	5.9	6.9	2,637

Credit Risk Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Credit Risk Fund - Growth	30.3	6.2	8.5	8.4	6.9	8.5	6,419
SBI Credit Risk Fund - Growth	43.6	7.4	7.6	8.0	6.8	8.7	2,289

Banking & PSU Bond Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Banking and PSU Debt Fund - Reg - Growth	22.0	6.3	7.9	7.8	7.8	7.4	5,882
HSBC Banking and PSU Debt Fund - Growth	23.2	6.5	7.0	7.2	7.2	7.5	4,391

INDIA'S RICH GET YOUNGER, SMARTER

Tech-driven ventures and entrepreneurship are transforming under-40s into HNIs and UHNIs, reshaping India's wealth landscape

There's always a certain fascination with how the rich live. After all, there's a science behind the journey to being rich. As more people chase their aspirations, curiosity about the lifestyles of the rich has only intensified. In today's world, with easy financing options, acquiring the luxuries once reserved for the wealthy is no longer a pipe dream. If financing is available in installments, who's to say it's out of reach?

A recent report by the Anarock Group on the rise of High Net Worth Individuals (HNIs) in India has been making waves. Quoted extensively across media platforms, it offers a deep dive into the investments, consumption habits, and wealth creation strategies of the rich. Let's take a closer look at this report and unravel how the wealthy are truly living:

One of the standout observations comes from Dr. Prashant Thakur, the Regional Director and Head of Research at Anarock Group. He notes, "India is witnessing a transformative era of wealth creation. From bustling metros to emerging tier-II cities, the nation's affluent population is expanding at a pace that's capturing global attention. A dynamic mix of young entrepreneurs, tech pioneers, and seasoned industrialists are driving this change."

He goes on to point out, "The rise of HNIs or high net worth individuals (individuals with investable assets of at least $1 million) and UHNIs or ultra high net worth individuals (those with assets worth above $30 million) in 2024 paints a fascinating picture of opportunity, influence, and ambition."

Now, let us understand a few key trends discussed in the report:

THE GROWTH OF HNIs AND UHNIs

• India ranks sixth globally in Ultra High Net Worth Individuals (UHNI) population and third in Asia, trailing only China and Japan.

• India's UHNI count reached 13,600 in 2024, marking a 6% annual growth. This population is projected to soar by 50% by 2028, far outpacing the global growth average of 30%.

• India is home to over 8,50,000 HNIs, and this is projected to double to 1.65 million by 2027. Interestingly, 20% of these millionaires are under 40, signalling the growing influence of young wealth creators.

SOURCES OF WEALTH CREATION

• Nearly 30% of new HNIs owe their fortunes to technology, fintech, and start-ups.

• The 'Make in India' initiative has spurred industrial wealth, contributing 21% to the UHNI economy.

• Real estate accounts for 15% of wealth creation among HNIs, with luxury and commercial properties playing a pivotal role. Urbanization and premium developments are driving this growth.

• The Indian stock market caused wealth from equities to grow by 18% year-on-year, further enriching India's affluent.

Real estate has clearly emerged as a favourite theme for the rich and the wealthy. In fact, the research highlights that a large number of HNIs and UHNIs have invested in real estate with the intention of creating a second home. This is evident in the growing demand for luxury homes, both in India and abroad.

• The share of luxury homes in total sales surged to 28% in 2024, up from 16% pre-pandemic. High-end properties in Mumbai, Delhi, and Bengaluru are top picks, with Goa, Alibaug, and Jaipur emerging as favoured second-home destinations.

• The report points out that nearly 14% of UHNIs own properties abroad, with Dubai, London, and Singapore being the primary hotspots for real estate investments for HNIs. The average international property investment exceeded ₹12 crore ($1.44 million) in 2024.

• The theme of ESG (Environmental, Social, and Governance) has also gained traction among affluent investors. According to the report, many are now investing in ESG-compliant real estate.

• More than 37% of Indian HNIs purchased a high-end vehicle in 2024, driving record sales for luxury car brands like Lamborghini, Porsche, and Rolls Royce.

• Wellness-focused real estate, customized healthcare, and anti-ageing solutions have emerged as significant spending categories.

• High-net-worth families are also increasingly investing in preventive healthcare and luxury wellness retreats.

THE CONNOISSEURS

The report also delved into the travel patterns and increasing investments of affluent individuals in arts and jewellery. The findings revealed:

• UHNIs spend an average of ₹6 crore ($7,20,000) annually on bespoke vacations, luxury cruises, and curated experiences.

• India is the fifth-largest market for luxury watches and bespoke jewellery, with a surge in demand for pieces from Cartier, Patek Philippe, and renowned Indian heritage brands.

Let's now explore the composition of portfolios among these affluent investors. The research reveals:

• 32% of wealth is allocated to real estate.

• 20% is directed towards private equity and start-ups, with a focus on AI, blockchain, and cleantech.

• 8% of UHNIs have invested in cryptocurrencies, despite regulatory uncertainties.

• Nearly 25% of Indian UHNIs are diversifying abroad, with a preference for assets in North America and Europe.

• Over 40% of UHNIs have established family offices to manage wealth, succession planning, and philanthropy.

The research also conducted a detailed study on the composition of these affluent investors and provides a comparative analysis of where Indian HNIs and UHNIs stand in terms of philanthropy compared to other nations. Here are some key findings:

• Over 15% of India's HNIs are under 30, driven by start-up unicorns, IPOs, and tech-driven ventures. This number is expected to rise to 25% by 2030, as younger entrepreneurs redefine wealth creation.

• About 10% of UHNIs acquired alternative citizenships in 2024, favouring Portugal, Malta, and the UAE for their global mobility and tax benefits.

• While India's UHNI population grew by 6% in 2024, China's grew by just 2%, signalling India's rising economic prominence.

• Indian UHNIs donated over ₹60,000 crore ($7.2 billion) in 2024, with a focus on education, healthcare, and sustainability.

• As India's luxury goods market grew by 12% in 2024, global brands are tailoring their offerings to Indian tastes, from bespoke couture to experiential services.

The report notes that the investments of affluent investors in India are catalysts for economic transformation. It observes, "From driving the luxury market to fuelling philanthropic ventures and innovative investments, they embody the aspirations of a nation on the rise. With younger wealth creators, a booming tech sector, and increasing global influence, India's journey toward wealth dominance is just beginning."

An interesting aspect of this wealth creation in India is the age at which many investors achieve affluence - the average is under forty. This highlights the growing number of first-generation wealthy individuals in India. Their success stories provide hope and inspiration, proving that a good idea, one that benefits consumers, can truly work.

Recently, India celebrated the ninth anniversary of National Start-up Day. In its early days, India's start-up ecosystem was dominated by a few major players concentrated in the NCR region, Mumbai, and Bengaluru.

However, as of December '24, India boasts around 1,57,066 start-ups, recognized by the Department for Promotion of Industry and Internal Trade (DPIIT) across 779 districts.

Today, India is the world's third-largest hub for unicorns, with 118 unicorns. The foundation of these growth stories can be traced to government policies that empower budding entrepreneurs. People across tier-II and tier-III cities are now seriously embracing start-ups.

As a result, the path to wealth is becoming increasingly crowded, driven by the real and inspiring stories of first-generation affluent investors in IndiA.

IMPORTANT JARGON

GOVERNMENT CONSIDERING A REVIEW OF SUGAR MSP

Recently, the Food and Consumer Affairs Minister Pralhad Joshi announced that the government would soon decide on increasing the minimum support price (MSP) of sugar. This announcement has led to a surge in sugar company stocks on the exchanges.

Q. What Is The MSP In Sugar?

The government ensures that sugar mills receive a certain minimum selling price (MSP) for sugar sold at the mill gates. This should not be confused with the MSP that the government announces for various crops before each sowing season. The sugar MSP was fixed at ₹31 per kilogram in February '19, making any sale below this price at the industry gates illegal. However, the industry believes this MSP is way lower than the cost of sugar production and needs to be revised upwards.

Q. What Is The Issue Around Sugar MSP?

It is important to note that sugar can be sold above the minimum support price, but not below it. When there is a sugar deficit in the country, prices rise, and mills benefit. However, challenges arise during periods of surplus sugar stock in the system, which leads to a drop in price realization for mills. The sugar sector oscillates between states of deficit and surpluses. Additionally, the input costs for millers – primarily sugarcane – remain high in India. While the issue of high costs is less visible during periods of deficit, it becomes critical during times of surplus when sugar prices fall.

Q. So, What Is The Cost Of Cane For Mills?

The price at which mills must procure cane from growers is determined by the government - Centre or State. The Centre announces a recommended price known as the sugarcane Fair and Remunerative Price (FRP). Now, states may either adopt this FRP or declare their own State Advised Price (SAP). The largest sugarcane-producing states in India are Uttar Pradesh, Maharashtra, Karnataka and Gujarat. While most states use the FRP as recommended by the Centre, some, such as, Uttar Pradesh, Punjab, Haryana, and Uttarakhand, have their own SAP.

Q. What Is The Current FRP And SAP For Cane?

For the ongoing sugar season – October '24 to September '25 (SS25) - the FRP for sugarcane is ₹340 per quintal, up from ₹315 per quintal in the previous sugar year. Uttar Pradesh is yet to announce its SAP for the ongoing sugar season. In the previous sugar season (SS24), Uttar Pradesh's SAP was ₹370 per quintal, compared to ₹350 per quintal in SS23. According to the ratings agency, Ind-Ra, a hike of ₹15 per quintal to ₹20 per quintal in the SAP of cane for SS25 could increase sugar production costs by approximately ₹1.50 per kg, potentially affecting the profitability of sugar mills.

Q. Why Is The Industry Demanding A Hike In Sugar MSP?

With high FRP and SAP, mills must also bear additional costs, including finance, human resources, and miscellaneous expenses. Currently mills are under economic pressure, as the MSP of sugar has remained unchanged at ₹31 per kg since February '19. As per media reports, industry bodies like the Indian Sugar and Bio-Energy Manufacturers Association (ISMA) and the National Federation of Cooperative Sugar Factories (NFCSF) are advocating for an increase in the MSP to approximately ₹42 per kg to better reflect production costs and support the financial health of sugar mills in India.

Q. What Is The Current Trend In Sugar Prices?

Sugar prices in key sugar markets in the country declined in December after staying high in previous months. Sugar prices fell to around ₹36 per kg in December due to increased availability of sugar at the start of the cane-crushing season. Earlier prices were in the range of ₹37 per kg to ₹38 per kg in the previous months. This downward trend is also visible internationally. The price of raw sugar on the global market declined to US $477 per tonne in November '24, down from US $493 per tonne in October '24. Similarly, the price of white sugar fell to US $560 per tonne in November '24, compared to US $570 per tonne in October '24.

Q. What Is The Status Of Sugar Production Is SS25? What Is The Estimate For The Whole Marketing Year?

As of 15th Jan '25, overall sugarcane crushing has decreased compared to the same period last year, resulting in lower sugar production. The drop is attributed to increased diversion of sugarcane towards ethanol production and reduced cane availability.

ISMA's first estimate for gross sugar production for SS25 is 33.3 million tonnes, down from actual production of 34 million tonnes in SY24. After accounting for 4 million tonnes of sugar diverted for ethanol production (compared to 2 million tonnes in SS24, and 3.8 million tonnes in SS23), net sugar production is expected to fall to 29.3 million tonnes. However, these estimates are likely to be revised downwards.

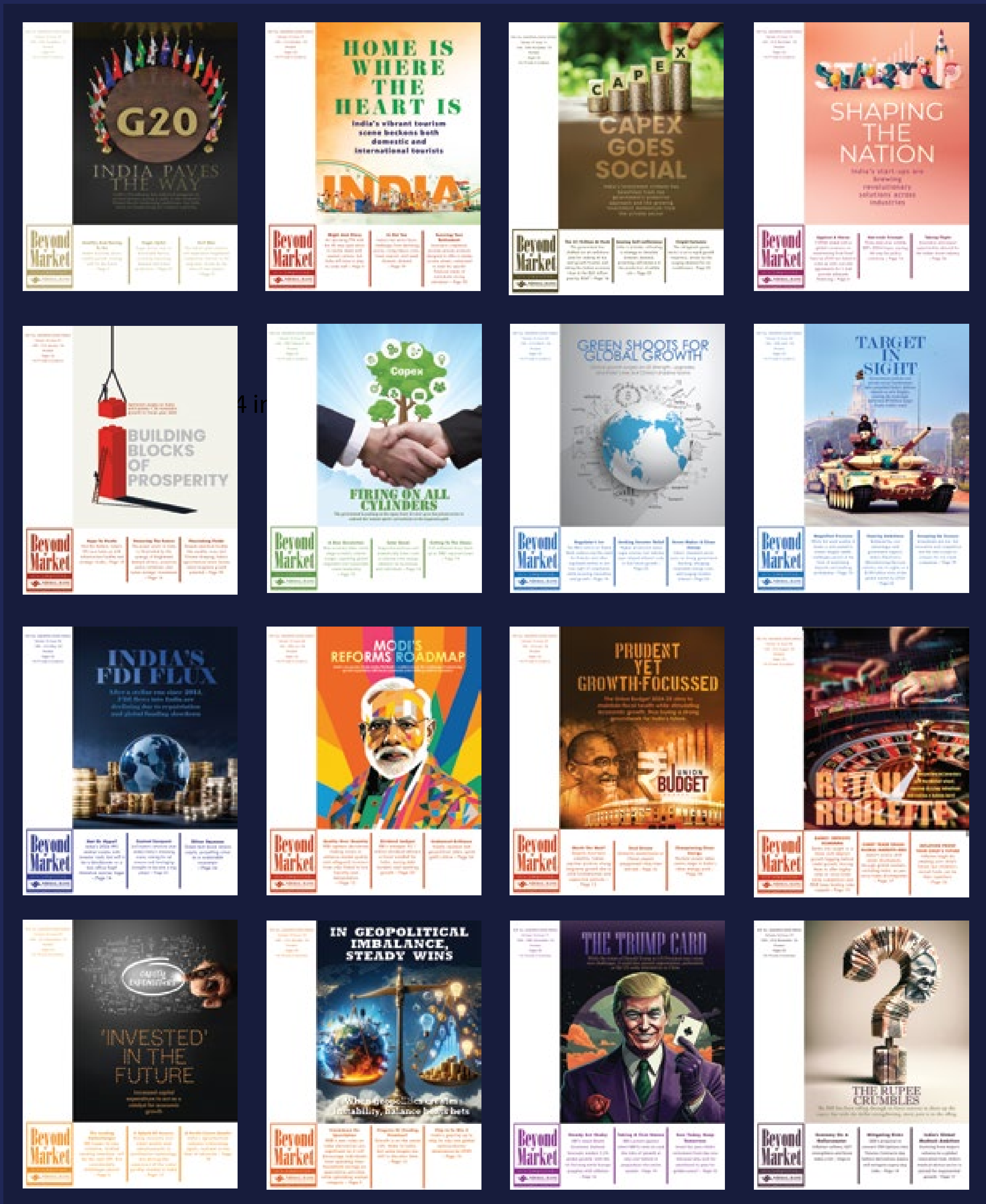
Q. What Is The Status On Consumption?

Sugar consumption for SS25 is projected to be around 28 million tonnes, a reduction of 1.5 million tonnes compared to the previous year. With lower production, sugar prices are likely to rise after the cane crushing season ends. The carry forward inventory from SS24 was approximately 8.6 million tonnes (compared to 5.6 million tonnes in SS23) and is likely to reduce to 6 million tonnes to 7 million tonnes by the end of SS25. Thus, there is a tight walk between consumption and production of sugar in SS25 at around 28 million tonnes to 29 million tonnes.

Sugar production is lowest (post ethanol diversion) since SS20. The expected inventory of around 6 million tonnes to 7 million tonnes by end-SS25 is slightly above the normative inventory of 5-5.5 million tonnes. This normative inventory is needed so that consumers are assured of regular sugar supply throughout the year and negates India's need for imports.

Q. Can We Expect More Announcements For The Sector In The Near Future?

With finances of mills under strain and cane arrears reaching approximately ₹6,500 crore, for the current cane season, the government may announce an export quota of 1 million tonnes for SS25, compared to no export quota in SS24. This measure could provide liquidity support to sugar mills. The industry is also closely monitoring the announcement of Uttar Pradesh's SAP, which is expected sooN.



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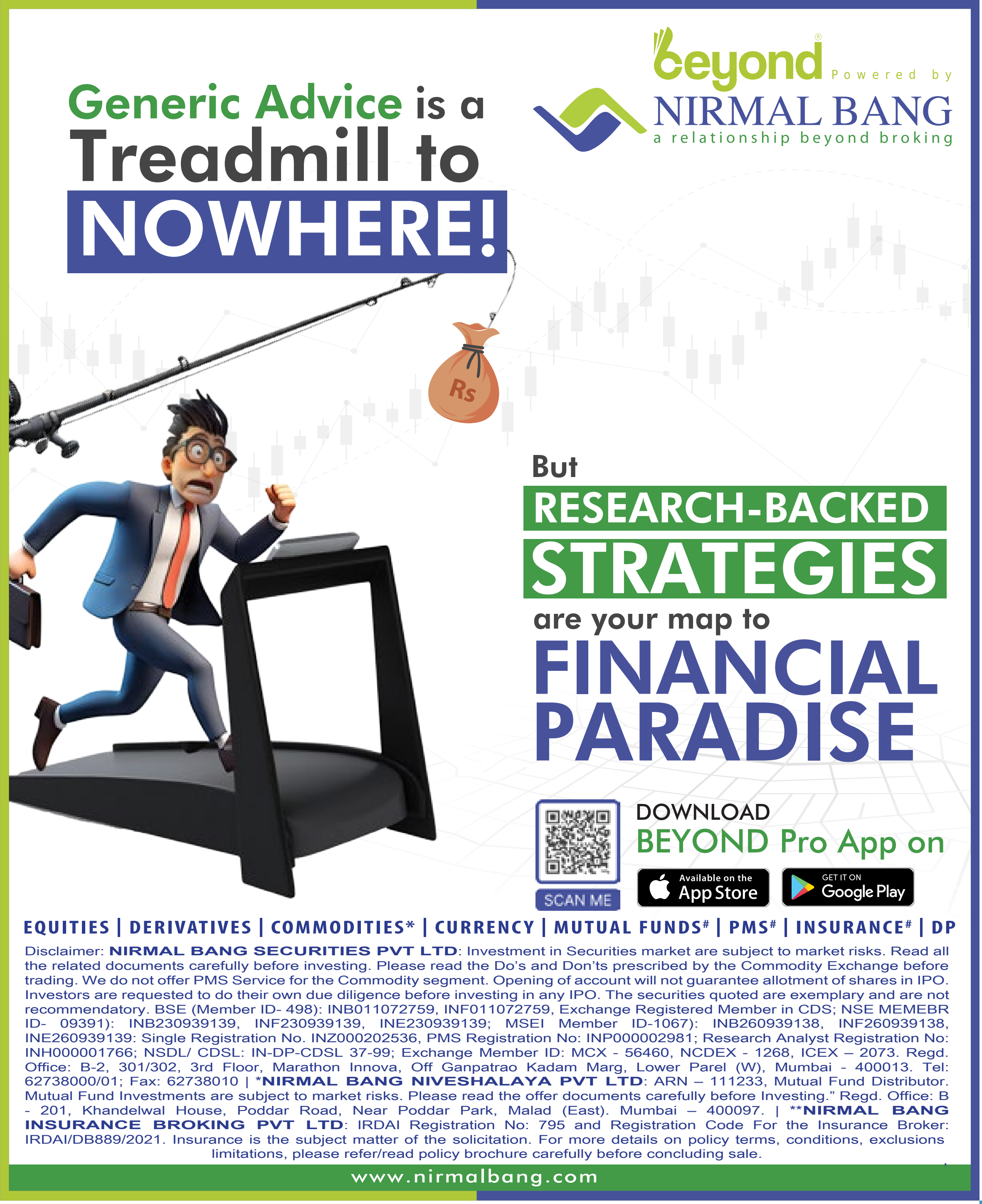

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