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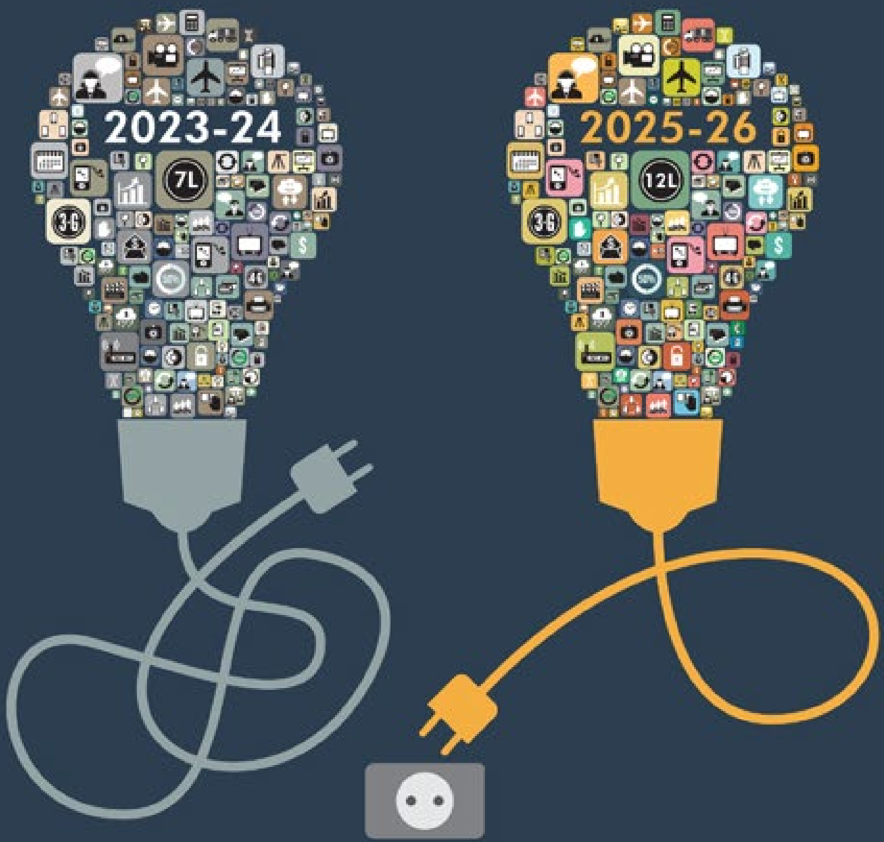

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a relationship beyond broking

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CONSUMPTION IN THE DRIVER'S SEAT

Tushita Nigam
Editor

The beginning of February saw Finance Minister Nirmala Sitharaman present the Union Budget FY26. Many called it well-balanced, amidst concerns over global economic uncertainty and India's slowing economic growth rate. One of the standout moments in the budget was the revision in income tax slabs, expected to drive consumption-led growth. With an estimated ₹1 lakh crore remaining in the hands of the middle and lower-middle classes, this shift could boost the economy. Given its potential impact, we decided to pick this topic as our cover story.

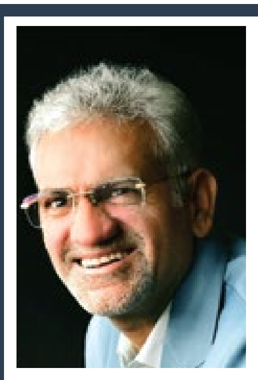
This issue also features insightful articles on the International Monetary Fund's (IMF's) revised growth estimates for India, the banking sector's struggle with shrinking margins, and the booming baby food industry. Also, we have explored the state of India's water treatment industry, filmmakers leveraging AI for superior as well as cost-effective content, the growing role of interior design in real estate, and India's progress on its Nationally Determined Contributions (NDCs) under the Paris Agreement.

In the Beyond Basics section, one article examines how investors should assess New Fund Offers (NFOs) in mutual funds, while another highlights the advantages of multi-asset allocation funds in volatile markets.

Meanwhile, the Beyond Learning section covers the importance of maintaining a margin of safety in investing and deciphers credit scores to help market participants make informed investment decisions. Happy readin**G!**

"Market participants are advised to avoid fresh buying until Nifty Futures crosses the 22,900 level."

Nifty Futures: 22,570
(Last Traded Prices As On 25th Feb '25)



The Union Budget 2025-26 has introduced measures to revive consumption growth by reducing the income tax burden on individuals while also lowering the fiscal deficit.

The Reserve Bank of India's Monetary Policy Committee (MPC) has reduced interest rates by 25 basis points (bps), in line with expectations.

Meanwhile, U.S. President Donald Trump has signalled the possibility of reciprocal tariffs on various countries, adding uncertainty to global trade.

The Indian stock markets remain under pressure. Market participants are advised to avoid fresh buying. However, if the Nifty Futures closes above 22,900, one can expect an upside and look at fresh buying.

Going forward, traders and investors should closely monitor U.S. actions on tariff impositions, along with developments to improve liquidity conditions in the Indian banking sectoR.

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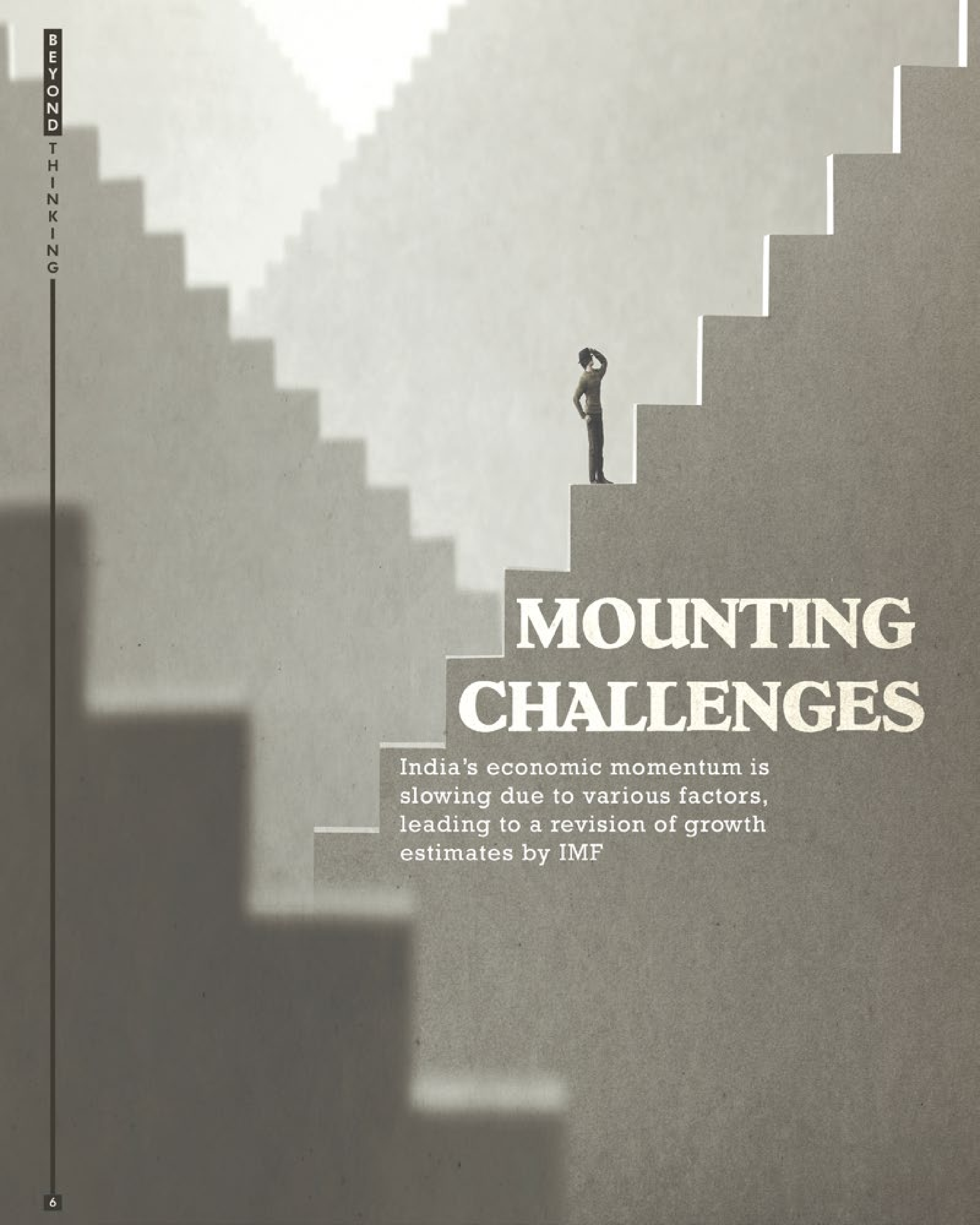

MOUNTING CHALLENGES

India's economic momentum is slowing due to various factors, leading to a revision of growth estimates by IMF

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he robust economic growth narrative of the country, marked by an impressive 8.2% expansion in FY24, is undergoing a massive recalibration. The initial optimism has given way to concerns as economic momentum slows, prompting downward revisions from prominent institutions like the International Monetary Fund (IMF). This shift in perspective underscores the complexities of India's economic landscape and raises questions about the sustainability of its high-growth trajectory.

The most recent indicator of this slowdown is the dip in GDP growth to a seven-quarter low of 5.4% in the July-September quarter. This figure falls considerably short of earlier projections, signalling deeper underlying issues than initially anticipated. This deceleration has triggered a wave of downward revisions from various economic bodies, casting a shadow over the previously bright outlook.

The IMF, in its latest World Economic Outlook, has taken note of these developments and adjusted its growth projections for India accordingly. Acknowledging the relative stability of the global economy, the IMF highlights that India's growth has decelerated more sharply than previously forecast. Specifically, they point to a "sharper-than-expected deceleration in industrial activity" as a primary factor contributing to this slowdown.

This suggests potential weaknesses within the manufacturing sector, a crucial engine of economic growth. The IMF now projects India's growth to moderate to 7% in 2024, and further to 6.5% in 2025. This persistent downward trend suggests that the factors at play are not merely transitory but may be more structural in nature.

Global GDP Growth Estimates (Advanced Economies)

Particulars	2024	2025	2026
World Output	3.2	3.3	3.3
United States	2.8	2.7	2.1
Germany	-0.2	0.3	1.1
Japan	-0.2	1.1	0.8
United Kingdom	0.9	1.6	1.5
Canada	1.3	2	2

Source: IMF, in %

The IMF attributes this deceleration, in part, to the waning of pent-up post-pandemic demand. The surge in consumption and economic activity that followed the initial lockdowns and disruptions of the Covid-19 pandemic is now naturally subsiding. As the economy normalizes and returns to its long-term potential, the extraordinary growth rates fuelled by this pent-up demand are unsustainable.

BEYOND THE IMF'S ASSESSMENT

A growing chorus of concerns about India's economic growth is emerging from other prominent institutions. These downward revisions, while varying slightly in their specific projections, converge on the view that India's growth momentum is slowing and faces several headwinds.

S&P Global Ratings, for instance, has lowered India's GDP growth forecast by 20 basis points, projecting 6.7% for 2025-26, and 6.8% for 2026-27. Their assessment highlights the combined impact of high interest rates and a lower fiscal impulse on urban demand. S&P Global Ratings argues that these factors, stemming from both monetary and fiscal policy, are tempering urban consumption, a crucial driver of India's economic expansion. The dampening effect on urban spending underscores the interconnectedness of macroeconomic policies and their influence on growth.

The State Bank of India (SBI) offers a similar outlook, predicting growth between 6% and 6.5%. SBI's analysis points to "sluggish government expenditure" as a key factor contributing to this slowdown. This suggests a concern that fiscal policy is not providing sufficient stimulus to the economy. While SBI hasn't explicitly quantified the impact of this sluggish expenditure, their forecast implies that it constitutes a huge drag on growth prospects. Their analysis reinforces the importance of government spending in supporting economic activity, particularly in a context where private investment may be facing headwinds.

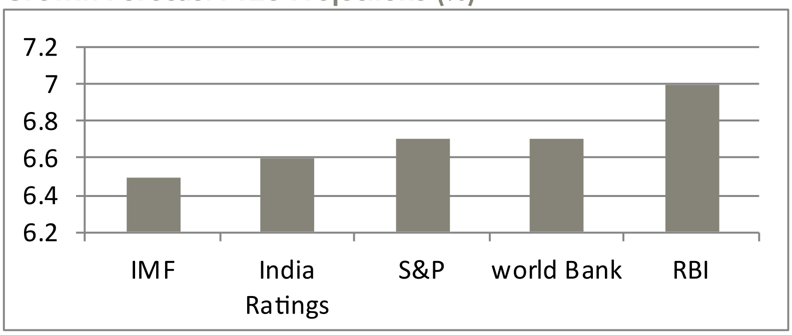
The World Bank, in its Global Economic Prospects report, projects India's growth at 6.5% for the current fiscal year, a notable decline from the 8.2% achieved previously. While the report doesn't offer a single, concise explanation for the slowdown, it points to a combination of global headwinds and domestic challenges as contributing factors. The downward revision from 8.2% highlights the magnitude of the World Bank's concern about India's growth trajectory. This suggests that the World Bank sees a confluence of factors, both external and internal, impacting India's economic performance.

India Ratings projects a growth rate of 6.6% for 2025-26. Devendra Kumar Pant, Chief Economist at India Ratings & Research, has emphasized that "until inflation comes down and stays around 4% to 4.5%, overall demand in the economy will remain under pressure." This clearly articulates their concern about the persistent impact of inflation on consumption, particularly urban demand, and its potential to constrain economic growth. Their projection reflects this concern about the lingering effects of high inflation on consumer spending and overall economic activity. What is causing this downward spiral in growth.

Inflation And Its Impact On Consumption

One of the most prominent is the persistent issue of high inflation and its detrimental impact on consumption. India's retail inflation has consistently breached the RBI's 6% upper tolerance band, creating a challenging environment for both consumers and businesses.

Growth Forecast FY26 Projections (%)



Source: Media Reports

While core inflation has been relatively moderate, its upward trend has been a cause for concern. Even with the recent 25 basis point repo rate cut to 6.25%, the high-interest rate environment has made borrowing more expensive, dampening consumer spending and business investment. This impact is evident in data on consumer durables sales, particularly in rural areas, and high-frequency indicators like retail foot traffic, which have shown moderation in recent months.

Global Trade Uncertainties

The global trade landscape presents a big challenge to India's economic growth prospects. Global trade is facing substantial headwinds, creating uncertainty and dampening economic activity. The IMF's World Economic Outlook has consistently highlighted the dangers of trade fragmentation and the rise of protectionist policies. These trends threaten to disrupt established trade relationships and hinder global economic integration.

Adding to this complexity, global trade growth has slowed, reflecting weaker demand and increased trade barriers. Geopolitical tensions, exemplified by the ongoing conflicts in Ukraine and the Israel-Hamas war, have further exacerbated this instability. These conflicts have already triggered volatility in energy markets, and any escalation may unleash further price spikes. India, as a significant importer of oil and other essential commodities, is particularly vulnerable to these

Emerging Market GDP Growth Estimates

Particulars	2024	2025	2026
China	4.8	4.6	4.5
India	6.5	6.5	6.5
ASEAN 5	4.5	4.6	4.5
Russia	3.8	1.4	1.2
Brazil	3.7	2.2	2.2
Saudi Arabia	1.4	3.3	4.1
South Africa	0.8	1.5	1.6

Source: IMF, in %

external shocks.

Weaker Manufacturing And Industrial Activity

A significant factor hindering India's economic growth is the slowdown in manufacturing and industrial activity. The Index of Industrial Production (IIP), a key indicator of industrial output, has demonstrated fluctuating growth patterns, frequently falling short of anticipated levels.

This sluggishness is evident in the recent decline in India's industrial output growth, which fell to 3.2% in December '24 from 5.2% in November '24. Several industries, most notably manufacturing, are experiencing either stagnation or even outright contraction.

This downturn can be attributed, in part, to high input costs, including rising prices for energy and raw materials. These elevated costs are squeezing profit margins for businesses, making it more challenging to maintain production levels, invest in expansion, and create new jobs.

This weakness is further corroborated by data from the services sector. The seasonally adjusted HSBC India Services Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 56.5 in January, its lowest point since November '22. This decline reflects lower demand and a softer increase in sales and output within the services sector, suggesting a slowdown across the economy.

Slowing Government Capex

The government may fall short of its FY25 capital expenditure (capex) target by ₹93,000 crore, due to reduced activity in 2024 owing to elections.

The Budget Estimate (BE) for capex in FY25 was set at ₹11.11 trillion. This follows a 37.5% increase in capex to ₹10 lakh crore in FY24. Over the past two years, it has raised infra spending by over 30% annually to compensate for weak private investment.

However, both government and private capex have slowed, weighing on economic growth. As a result, several agencies have revised India's GDP projections downward for the year over investment slowdown and its impact on overall economic momentum.

Sluggish Wage Growth

Weak real wage growth poses a huge challenge to India's economic health. Over the five years ending in 2023-24, real wages actually declined by 0.4% in rural areas and saw only marginal growth of 0.2% in agriculture.

While there has been a slight improvement in the first five months of 2024-25, with real wage growth of 0.5% in rural areas and 0.7% in agriculture, these figures remain weak and insufficient to stimulate consumer demand.

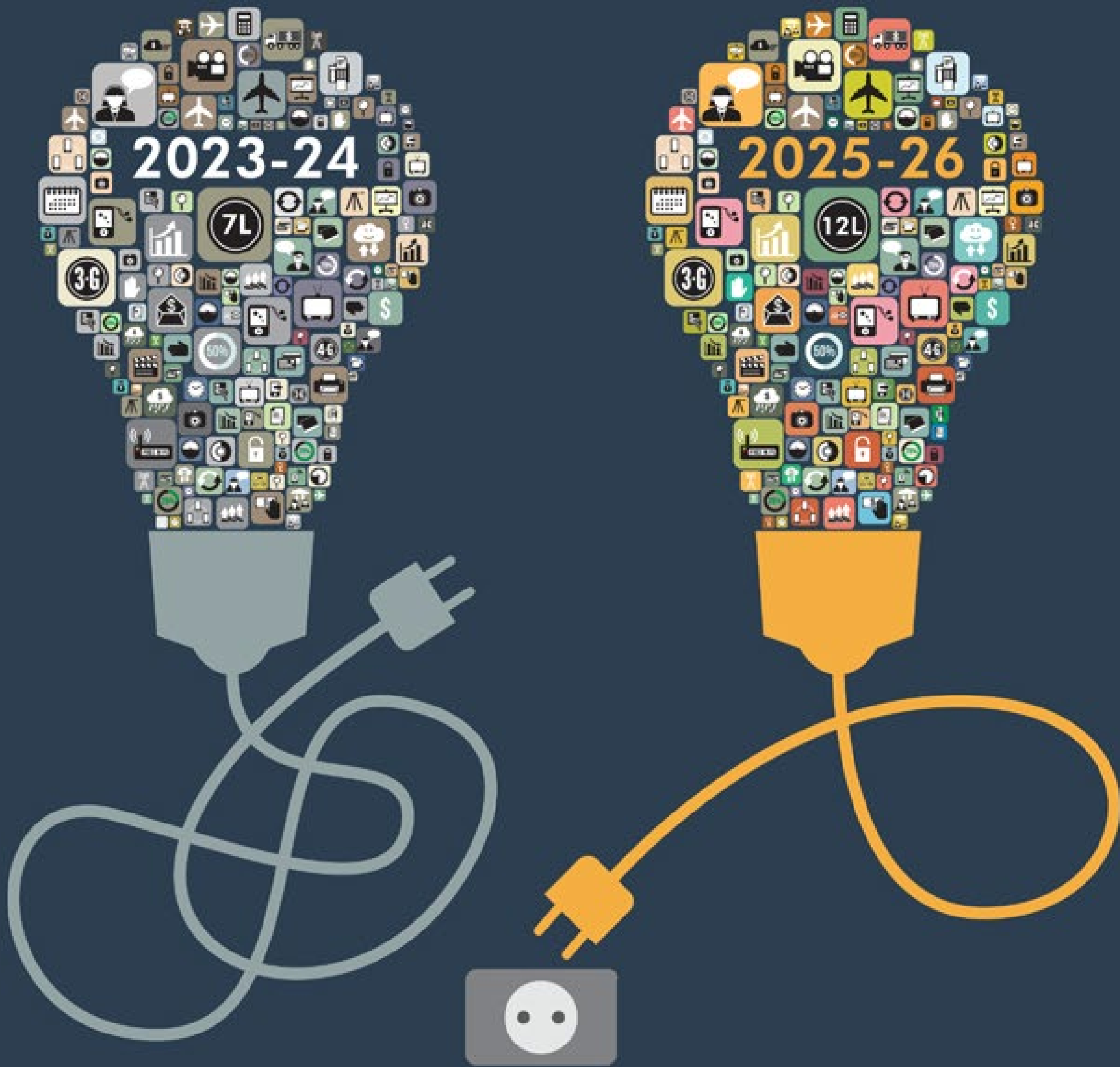
This sluggish wage growth is further underscored by a disconnect between employment and profit growth. Despite a 1.5% increase in employment last year, profits rose by a substantial 22%.

An SBI report analyzing 4,000 listed companies revealed that while revenue grew by 6%, employee expense growth moderated significantly, from 17% in 2022-23 to just 13% in 2023-24.

This suggests a strong emphasis on cost- cutting measures, particularly in workforce expansion, which ultimately limits wage growth potential and contributes to the overall weakness in consumer spending.

Overall, the International Monetary Fund and other institutions' concerns about India's economic growth may signal the beginning of a more prolonged slowdown.

Therefore, close monitoring of the economy, government policies, and global developments impacting India is the need of the houR.



BUDGET'S CONSUMPTION PIVOT

The Union Budget FY26 has set the stage for a transition from state-driven infrastructure spending to a model where rising household consumption would kick-start private capex cycle

For the last many years, the Union government has been banking on India Inc and its own capital expenditure to lift economic growth to over 8% to realize its vision of Viksit Bharat.

In 2019, the government lowered taxes on corporates, forgoing a couple of lakhs of crores, hoping it would kick-start a big private capex cycle, but with no success.

Post-pandemic, the government spent upwards of ₹10 lakh crore a year on building a maze of roads and infrastructure across the country expecting it to crowd in private investments. However, this has also not yielded the desired results.

While corporate balance sheets have improved, thanks to corporate tax cuts, businesses have been hesitant to expand capacities due to subdued domestic demand and global trade uncertainties.

THE BUDGET MEASURES

However, this year, as growth dropped to below 6% and US President Donald Trump threatened a global tariff war, Finance Minister Nirmala Sitharaman made a pivotal bet on Indian consumers to put growth back on track.

In the Union Budget 2025-26, she announced a big bonanza of income tax relief aggregating over ₹1 lakh crore for the middle class, hoping that it would incentivize private consumption and revive demand, thereby encouraging businesses to invest in expansion and job creation.

The Union Budget 2025-26 rationalized income tax slabs and increased thresholds for Tax Deducted at Source (TDS) and Tax Collected at Source (TCS), effectively raising household disposable income, hoping it would create a virtuous cycle of higher consumption, investment, and employment.

Notable changes include no tax on income of up to ₹12 lakh, easing the burden across income levels, doubling senior citizens' interest income limit from ₹50,000 to ₹1 lakh, increasing the TDS threshold on house rent from ₹2.4 lakh to ₹6 lakh, higher TCS limits for remittances, benefiting families belonging to the middle-income segment.

Experts say the middle-class tax cut was likely influenced by concerns over declining purchasing power and the growing tax burden on individuals compared to corporations.

India remains an outlier globally, with income tax kicking in at over 300% of per capita income, while indirect taxes like GST remain high at a median rate of 18%.

THE CONSUMPTION STATUS

Private consumption, accounting for 60% of India's GDP, has been under pressure, with both rural and urban areas facing sluggish demand since last fiscal.

Urban India has been particularly affected by high inflation and slow salary growth, with employee expenses for 802 listed companies rising only 7% last fiscal and 6% in the first half of this fiscal, compared to 15% in FY22 and FY23.

The impact is evident in FMCG sector performance, where volume growth slowed to 2% to 4% in H1FY25 from 9% in FY19.

The middle class has borne the brunt of this slowdown, with sales of passenger vehicles (PVs) under ₹10 lakh declining by 7% in H1FY25, while premium PVs (above ₹10 lakh) grew by 8%.

For rural India, the budget continues to support through MGNREGA and PM-Kisan schemes while raising the Kisan Credit Card loan limit from ₹3 lakh to ₹5 lakh. This move aims to improve cash flow for farmers, supporting better agricultural practices and higher crop yields.

Additionally, increased allocations for PM-AASHA will ensure fair pricing, benefiting farmer incomes.

HOW TAX RELIEF CAN BOOST CONSUMPTION

The consumption multiplier estimates how additional disposable income circulates through the economy. When people have more money, they spend more, benefiting businesses, employees, and suppliers, who, in turn, increase their own spending.

The extent of this impact depends on two key factors: the marginal propensity to consume (MPC) and the marginal propensity to save (MPS).

The MPC represents the fraction of additional income that is spent, while the MPS is the portion saved. Since MPC equals one minus MPS, the consumption multiplier is calculated as 1/MPS.

To estimate the proportion of the ₹1 lakh crore tax cut that will be spent rather than saved, the best proxy is the gross savings rate of the urban middle class.

The gross national savings rate has averaged 30% over the past decade, implying an MPC of 0.7 across all households.

However, the middle class typically has a higher MPC than wealthier households, as they tend to spend extra income on consumer goods, education, and healthcare, rather than investing in stocks or real estate. Assuming an MPS of 20% for this group, the consumption multiplier works out to five.

With a ₹1 lakh crore direct increase in disposable income, the personal income tax cut could potentially generate up to ₹5 lakh crore in additional consumption this year.

In practice, the actual multiplier effect may be lower due to various factors. Households might save more if they anticipate future tax hikes, rising government borrowing could push interest rates higher and dampen private investment, and increased demand for foreign goods could reduce the domestic impact.

Additionally, uncertainty about employment or the broader economy may prompt precautionary saving, while supply constraints could lead to inflation rather than increased production.

Urban middle-class spending has been lagging behind rural demand, making this tax cut particularly well-targeted.

This group drives much of India's consumption in electronics, consumer durables, and entertainment, many of which are domestically produced, reducing money outflows abroad.

Experts say that with fiscal stability and steady consumer confidence, urban households are likely to spend rather than hold back. Increased demand from the middle class is expected to encourage businesses to expand, hire more workers, and reinvest, thereby amplifying growth.

India's real private consumption stands at ₹104 lakh crore, while real GDP is at ₹185 lakh crore. A ₹5 lakh crore increase in spending would result in a 4.8% rise in consumption and a 2.7% boost to GDP.

Even under a more cautious assumption, using a lower consumption multiplier of 3.3, the estimated increase would still be 3.2% for consumption and 1.8% for GDP.

When combined with the baseline forecasts of 7.2% consumption growth and 6.3% GDP growth, the overall rise could reach 10% for consumption and 8% for GDP, reinforcing the economic momentum.

Experts say overall, urban consumption, which has struggled for two fiscals, and rural consumption, which has seen a turnaround in recent quarters, should both gain momentum.

The revised tax slabs in the budget will provide additional disposable income, with individuals earning ₹12.75 lakh annually benefiting by up to ₹83,200 per year. This could boost consumption across FMCG, durables, and automobiles, particularly in urban areas.

WHERE'S THE MONEY?

While the measures may cost

the exchequer over ₹1 lakh crore, the fiscal space for it has been created through a slower pace of expenditure growth, reliance on optimistic tax collection assumptions, and an extraordinary dividend from the Reserve Bank of India.

Despite these adjustments, the government remains committed to fiscal consolidation. The fiscal deficit is now projected at 4.4% of GDP for FY26, down from 4.8% in FY25.

This consolidation relies on expenditure cuts, with revenue expenditure budgeted to decline to 11.04% of GDP and capital expenditure maintained at 3.14%.

The government is on some footing as consumption and investment are still firing.

Private Final Consumption Expenditure (PFCE) is expected to grow at 7.3% in FY24-25, up from 4.0% in the previous year, while Government Final Consumption Expenditure (GFCE) is projected to rise to 4.1% from 2.5%.

The government expects the income tax revenue to grow by 14.39% in FY 2025-26, but it hinges on strong economic growth.

THE HURDLES

While Budget 2025 was framed as a pro-consumption exercise, a closer analysis suggests the overall impact on consumption may be limited, experts say.

Despite income tax cuts aimed at increasing disposable income, taxes on income as a percentage of GDP are projected to rise to 3.81% in FY26 from 3.71% in FY25 (RE).

This increase is expected due to improved compliance and efforts to curb tax evasion. However, the overall tax burden as a share of national income will rise, reducing funds available for households, savings, and investments.

Similarly, gross tax revenue as a proportion of GDP is set to rise marginally from 11.89% in FY25 (RE) to 11.96% in FY26 (BE), further dampening the argument of a strong consumption push.

The government's total expenditure as a share of GDP is also projected to decline from 14.55% in FY25 (RE) to 14.19% in FY26 (BE).

Within this, capital expenditure remains unchanged at 3.14% of GDP, despite expectations of a shift toward consumption-driven spending.

Revenue expenditure, which directly contributes to consumption, is expected to fall from 11.41% of GDP in FY25 (RE) to 11.05% in FY26 (BE).

Stripping out interest payments, which primarily go to financial institutions, revenue expenditure declines further from 7.9% to 7.47% of GDP.

This sharp reduction in government consumption spending runs counter to the notion of a pro-consumption Budget.

Subsidies as a percentage of GDP are also projected to fall from 1.32% to 1.19%, potentially impacting lower-income groups that rely on these benefits.

The fiscal deficit adjustment largely stems from compressing revenue expenditure, although non-debt receipts have increased slightly.

A lack of significant capital expenditure growth raises concerns about infrastructure development and the multiplier effect necessary for employment generation.

While the budget's tax cuts may boost discretionary spending among higher-income groups and encourage equity market inflows, the broader consumption push appears weak.

THE HOPE

The number of taxpayers remains low at under 6% of the population, with only 25 million actively paying tax. The latest exemption hike may remove 8–10 million from the tax net.

In a nutshell, the effectiveness of these policies will depend on the actual uptake of tax benefits, employment generation in key sectors, and how businesses respond to the changing fiscal landscape.

If successful, this shift could pave the way for more sustainable, consumption-driven growth in the coming yearS.

SHRINKING MARGINS, RISING PRESSURES

Banks grapple with shrinking margins, deposit pressures, and lending shifts as the RBI resets interest rates

Equity investors have been keenly tracking developments in the Indian banking space. On the negative side, a rate cut of 25 basis points by the Reserve Bank of India (RBI) in its February monetary policy will lead commercial banks to eventually lower their lending rates and take a hit on profitability. Adding to this, some elevation in delinquencies in recent months, especially in unsecured loans like personal loans and credit cards, and a likely fraud in the New India Cooperative Bank Ltd have added an element of caution towards the sector.

On the positive front, the RBI has decided to defer the implementation of the revised Liquidity Coverage Ratio (LCR) norms. Earlier, the RBI had planned to roll out the revised LCR norms as announced in July last year, by March '25. The new LCR rules required banks to hold aside a higher portion of liquid assets to meet any sudden liquidity demands during a crisis. Now, the RBI will provide a phased rollout of the new LCR guidelines by March '26 instead of March '25. This implies that banks will now have more money to lend in the near term.

To point out, the overall health of the banking sector remains robust and well-placed for the long term as it plays an important role in providing credit to important sectors of the economy. Bad debt, as measured by gross non-performing assets (GNPS) of scheduled commercial banks (SCBs), has fallen to a 12-year low of 2.6% as of September '24. The net non-performing asset (NNPA) ratio of SCBs has reduced to an all-time low of 0.6% in the October-December quarter of the ongoing FY24-25.

Banks have cleaned up their balance sheets over the last one decade and have also written-off bad debts. Commercial banks are evolving at a faster rate, adopting new technologies to fix gaps on the asset and liability front and meet credit demands of the economy over the long term.

However, at the core of the Indian banking industry is the management of its assets and liabilities to optimize profits. It is here that some challenges are visible. Indian commercial banks mostly use deposits made by the public and lend to borrowers for a margin.

But, net interest margin (NIM), a key parameter for banks' profitability - representing the difference between interest earned from borrowers and interest paid to depositors - has continued to contract in recent months. The latest October-December period performance of banks also shows that credit growth has slowed following a slowdown in the economy, even as delinquencies were seen in the microfinance and unsecured loan portfolios.

THE NIM CHALLENGE

According to an analysis by ratings agency CareEdge Ratings, for 30 scheduled commercial banks - 14 public sector and 16 private sector banks (which covers almost all of the listed space) - NIMs have fallen both year-on-year and sequentially.

For the October-December quarter, NIMs of SCBs declined by seven basis points to 3.36% y-o-y and by 1 basis point sequentially. Interestingly, this data shows that public sector banks have fared better than their private sector peers.

The drop in NIM can be attributed to sluggish credit growth amidst stress in unsecured loan segments and banks' inability to increase lending rates. Notably, NIMs of SCBs increased from around 2.6% in the FY15-16 to the current levels of around 3.36% (3.3% in the FY23-24).

Currently, banks have been asked to set aside more funds based on high-risk weights attached to different assets like unsecured loans, as mandated by RBI regulations. While NIMs are better on a decadal basis, a question arises if NIMs have peaked?

THE DEPOSIT CHALLENGE

Margins and profitability of Indian banks are closely linked to how much money they can garner from the public in the form of low-cost current and savings accounts (CASA). (Other sources include banks' own funds and borrowings through bond issuances). Currently, the challenge is to garner more deposits, and that too at low costs. CASA continues to be the primary source of funds for SCBs, amounting to ₹217 trillion, representing 77% of banks' total liabilities at the end of FY23-24.

However, the share of CASA deposits has been declining in recent years, which has implications for bank NIMs and profitability. A trend in recent years indicates a shift in preference of households from traditional bank deposits towards capital market assets like mutual fuds and pension products. For instance, the mutual fund industry's AUM has grown from ₹10 trillion in 2014 to ₹66.93 trillion as on 31st Dec '24 - a more than six-fold increase in 10 years.

In addition to this, the system's credit to deposit ratio (CD) is at its highest level in five years, at 80%, compared to 75% in the FY21-22 and 70.0% in FY20-21. A high CD ratio indicates that banks are lending more from their deposit base, which increases liquidity risks.

Currently, the cost of mobilizing deposits is high, as banks compete with mutual funds and other high interest-fetching instruments. To protect margins and maintain profitability, banks must either increase interest rates charged to customers – potentially reducing market share - or refrain from expanding their loan book, which hampers future growth and concerns investors.

According to the latest data, outstanding credit and deposits grew by 11.4% and 10.3%, respectively, y-o-y as of 24th Jan '25. This implies that the rate at which banks are lending is slower than the rate at which they are accumulating deposits, and continue to pay interest.

With the RBI's Monetary Policy Committee (MPC) in rate-cut mode (a February rate cut is likely to be followed by another in April), banks will have to reset existing loans to lower levels while also borrowing funds at reduced rates. The latter works with a lag, thereby impacting banks' profitability. Many expect NIMs to remain under pressure in the near term.

IN A NUTSHELL

Commercial banks posted better-than-expected performance between FY20-21 and FY23-24. However, many believe that these performances have peaked and could moderate further in the FY25-26. Ratings agency Ind-Ra expects system deposit growth of 12%-13% year on year for the FY25-26, similar to that of FY24-25. The agency also expects delinquencies to increase over the next two financial years.

In the near- to medium-term, banks are expected to lower their operating costs by clipping their branch expansion plans and increasing efficiency through digitalization. They will also have to adjust their balance-sheet mix, opting for more lucrative credit segments that fetch higher NIMs. Banks may focus more on secured retail loans rather than unsecured loans like personal loans.

Although, most financial parameters for SCBs remain healthy at a system level, analysts expect the cost of deposits to stay elevated in the near term, putting pressure on banks' margins. Within the banking sector, competition will intensify as banks seeks to attract stable, low-cost deposits.

The key question remains: how will banks strike a balance between maintaining market share and protecting margins?

Over the near- to medium-term, structural changes deposit mobilization strategies are expected as banks work towards building a stable deposit basE.

SCBs – NIM Trend (%)

	FY24				FY25			Y-o-Y (bps)	Q-o-Q (bps)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
PSBs	2.97	2.81	2.82	2.89	2.78	2.74	2.77	-5	3
PVBs	4.13	4.08	3.85	3.82	3.82	3.81	3.78	-7	-3
SCBs	3.62	3.54	3.43	3.44	3.4	3.37	3.36	-7	-1

Source: CareEdge Ratings

MILKING THE BABY FOOD BOOM

India's baby food market is booming - led by working moms, busy lives, and growing health awareness

There's a science behind what we eat. Both nutritionists and spiritual thinkers agree - what we consume shapes who we are. This makes baby food an incredibly important industry since the foundation of our health and well-being is built in infancy. With societal shifts, how is India's baby food market keeping pace? Let's explore the changing dynamics of this industry.

With approximately 25 million births recorded annually, India accounts for nearly one-fifth of global childbirths, according to UNICEF (United Nations Children's Fund). This sheer scale highlights the importance of the baby food industry.

Projections suggest that India's baby food market will grow at a compound annual growth rate (CAGR) of 14%, reaching $6.5 billion between 2024 and 2030. Several key social and economic shifts are driving this expansion, including:

- A rising number of working women
- Increased awareness about nutrition
- Higher disposable incomes
- Changing consumer preferences

One of the biggest factors fuelling the demand for baby food is the increasing number of women in the workforce.

According to India's Press Information Bureau (PIB), the country has seen a remarkable rise in female labour force participation. Between 2017-18 and 2023-24, the Female Labour Force Participation Rate (LFPR) grew from 23.3% to 41.3%, while the Work Participation Rate (WPR) rose from 22% to 40.3%. Work Participation Rate (WPR) measures the share of the population engaged in economic activities, including both main and marginal workers across sectors. "The WPR is a crucial indicator of the active workforce within the population and is used to assess the level of employment and economic engagement among different demographic groups."

This shift reflects not only economic progress but also a changing social structure where more women are balancing careers and motherhood. In fact, there has been a sizeable drop in female unemployment rate.

As a result, working mothers often find themselves stretched thin after long hours at work, making baby food a convenient and reliable alternative to home-cooked meals for infants.

While maternity leave policies allow up to 26 weeks of leave, many women must return to work after this period. With limited lactation support in public healthcare systems, many mothers struggle to nurse their babies effectively. Experts point out that many women lack guidance or knowledge on proper nursing techniques. This has further contributed to the growing demand for baby food products.

India's urban population is another key contributor to the rise in baby food consumption. With time constraints and demanding schedules, urban parents are increasingly opting for premium baby food products that offer both nutrition and convenience.

Health concerns and nutritional challenges for both newborns and mothers have also played a role in the baby food market's expansion.

According to data analytics and market research firm Inkwood Research, nearly 40% of neonatal deaths and 46% of maternal deaths in India occur during labour or within the first 24 hours of birth. Prematurity, birth asphyxia, and neonatal infections remain major causes of newborn mortality. Market experts insist that fortified baby food products can help address some of these nutritional gaps, ensuring infants receive essential nourishment during critical growth stages.

India's baby food industry is broadly divided into three categories:

- Processed baby food
- Milk formula
- Dried baby food

Among these, milk formula holds the largest market share. Often used as a substitute for breast milk, it is typically made from cow's or buffalo's milk. According to MarkNtel Advisors, a leading consulting, data analytics, and market research firm, urban parents are particularly inclined towards growing-up milk formula for toddlers' overall development. Additionally, medical factors like lactation issues among mothers are contributing to its growing sales.

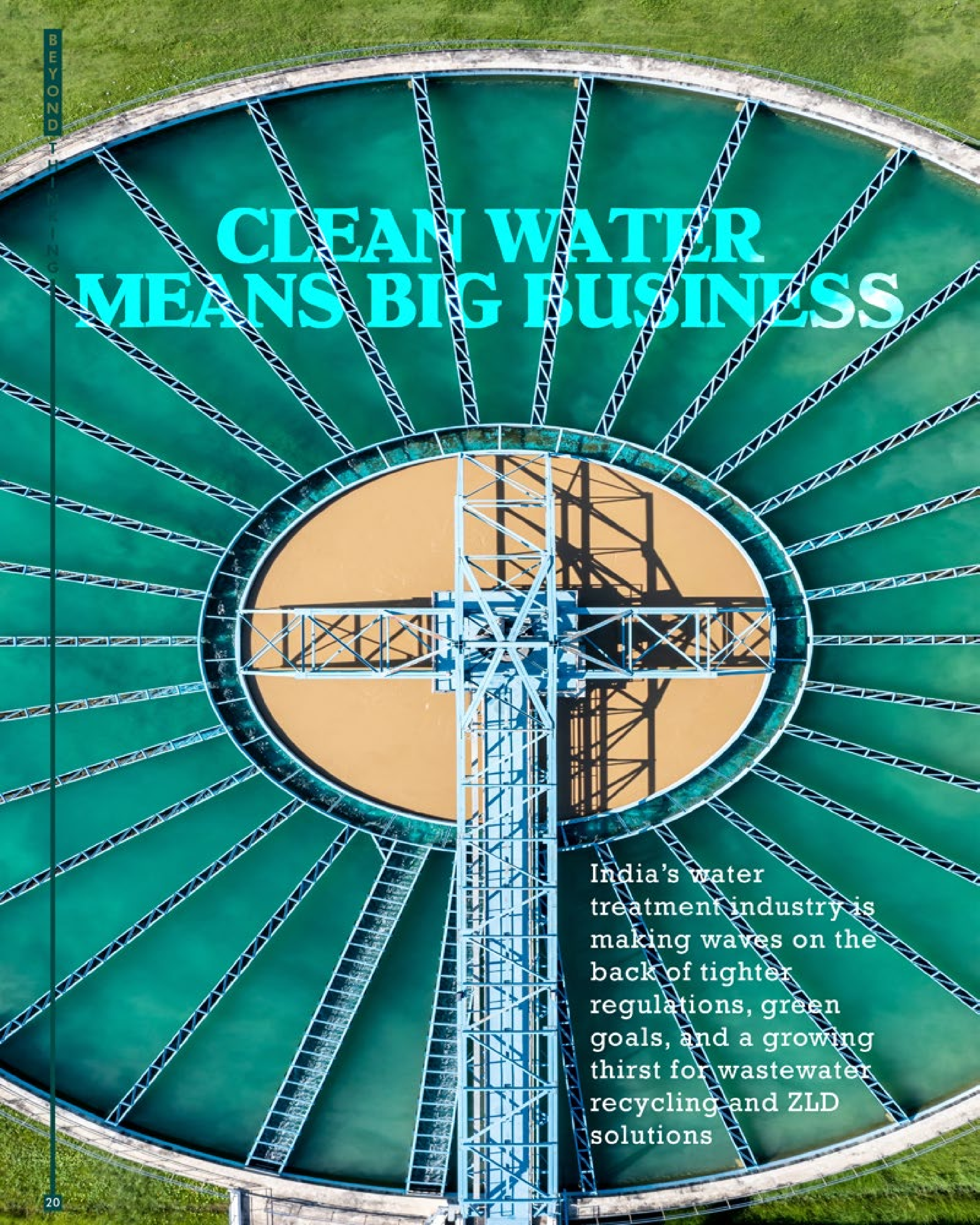
Parents are also turning to baby food products due to concerns about their infants' and toddlers' immune systems. Research from MarkNtel Advisors highlights that infants and toddlers in India are more vulnerable to infections and foodborne illnesses, making parents more cautious about their dietary choices.

An emerging trend that could further boost the baby food market is the rising number of single parents in India. Factors such as divorces, adoptions, surrogacy, and in vitro fertilization (IVF) are reshaping family structures. Experts believe this shift, coupled with changing dietary needs, will continue to drive demand for baby food products in the coming years.

To sum it all up, as India undergoes rapid social and economic transformation, its baby food market is evolving to meet the needs of modern parents. With growing workforce participation, changing lifestyles, and rising health concerns, the industry is set for greater expansion. As we move forward, it will be interesting to see how innovations in nutrition and convenience continue to shape this evolving markeT.

CLEAN WATER MEANS BIG BUSINESS

India's water treatment industry is making waves on the back of tighter regulations, green goals, and a growing thirst for wastewater recycling and ZLD solutions



India's water treatment industry is experiencing strong growth, propelled by tighter regulations, ambitious sustainability targets, and a rising demand for wastewater recycling and Zero Liquid Discharge (ZLD) solutions. With expanding industrial requirements and mounting concerns over water pollution, the sector is evolving rapidly to address these pressing challenges.

The Indian Water & Wastewater Treatment Market was valued at $7.3 billion in FY24 and is likely to reach $12.8 billion by FY29, growing at a robust CAGR of 12%, according to Denta Water RHP. This growth is being driven by regulatory mandates, urbanization, and the pressing need for efficient water management. As water scarcity intensifies, industries and municipalities are adopting stringent effluent treatment norms to reduce freshwater consumption.

Government policies and industrial reforms are accelerating the adoption of advanced water treatment technologies, ensuring effective wastewater treatment before discharge. The focus on sustainability - both domestically and internationally - alongside stricter environmental norms, is expected to drive heavy investments in wastewater recycling, treatment, and desalination projects. This opens up strong opportunities for listed water treatment companies.

Pollution: A Critical Concern For India's Water Resources

Water pollution remains one of India's biggest challenges. Over 70% of surface water sources are contaminated due to industrial waste, untreated sewage, and agricultural runoff. The Central Pollution Control Board (CPCB) has identified 351 polluted river stretches, with the Yamuna, Ganga, and Godavari among the worst affected.

Urban India generates a staggering 72,368 million litres per day (MLD) of wastewater, but only 31,841 MLD can be treated - leaving a 56% treatment gap. Industries like textiles, chemicals, and pharmaceuticals further worsen the problem, discharging hazardous pollutants into freshwater sources. Excessive fertilizer use has also led to nitrate contamination in over 30% of groundwater sources.

Despite having a sewage treatment plant (STP) capacity of 31,841 MLD, only 28% of sewage is actually treated, leading to severe environmental degradation and public health risks. This underlines the immense potential for growth in India's water treatment industry.

Water Scarcity In India: An Urgent Challenge

India faces a worsening water scarcity crisis due to rapid population growth, urbanization, pollution, and climate change. Home to 18% of the global population but only 4% of the world's water resources, the country is under immense water stress.

Erratic monsoons, prolonged droughts, and inefficient water management practices have exacerbated the issue. In 2020, per capita water availability stood at just 1,100 cubic metres, a sharp decline driven by groundwater depletion and rising demand.

In 2024, some regions had consumed over 80% of their renewable water supply, mainly for agriculture, livestock, and domestic needs. High Total Dissolved Solids (TDS) levels from depleting water tables, alongside poor water management practices, have further worsened the crisis.

Among BRICS nations, India faces the highest water stress, standing at 65% - on par with South Africa - while China (42%) and Brazil (1.5%) fare significantly better. Addressing these challenges requires substantial investments in water infrastructure and treatment.

Government Schemes Driving Growth In India's Water Sector

Recognizing the urgency of the water crisis, India has adopted a multi-pronged approach focused on groundwater recharge, efficient irrigation, and wastewater management. Flagship initiatives such as Namami Gange and the Swachh Bharat Mission are critical in tackling pollution and promoting sustainable water management. These initiatives, combined with advancements in wastewater treatment, decentralized recycling systems, and bio-based purification, support long-term water security and conservation.

GOVERNMENT INITIATIVES

Master Plan For Artificial Recharge (2020): It aims to construct 1.42 crore rainwater harvesting structures, harnessing 185 billion cubic meters of monsoon rainfall. The plan, with a ₹133 crore budget, benefits rural (72%) and urban (28%) areas.

Atal Bhujal Yojana (2019): It focuses on sustainable groundwater management through community participation. With ₹8,200 crore outlays, it has been extended to five more states: Andhra Pradesh, Bihar, Punjab, Tamil Nadu, and Telangana.

Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) (2021-2026): It promotes efficient farm water access and micro-irrigation, with an investment of ₹93,000 crore (~$11.2 billion), ensuring sustainable agricultural water use.

National Aquifer Mapping And Management Programme (NAQUIM): It conducts data infrastructure development, heliborne surveys, and piezometer installations to enhance groundwater monitoring, with a ₹325 crore budget.

Jal Shakti Abhiyan (JSA) And The Jal Jeevan Mission India's Ministry of Jal Shakti has launched two key water initiatives: the Jal Shakti Abhiyan (JSA) and the Jal Jeevan Mission (JJM).

While both address water challenges, their approaches differ significantly. JSA, launched in 2019, focuses on water conservation through rainwater harvesting, traditional water body renovation, and watershed development. With a 2024-25 allocation of ₹21,000 crore, JSA emphasizes community participation and sustainable water use, aiming to improve groundwater recharge and combat water scarcity.

In contrast, JJM, also launched in 2019, prioritizes providing functional tap water connections to every rural household. Recognizing the low existing tap water coverage (18.33% in March '19), JJM aims to deliver safe drinking water directly to homes. The 2024-25 budget allocates ₹77,391 crore for the Department of Drinking Water and Sanitation, which includes JJM. JJM's target is to provide 55 litters per capita per day of potable water (meeting BIS: 10500 standards) to every rural household. The mission's estimated outlay is ₹3.60 lakh crore, with a central share of ₹2.08 lakh crore. JSA primarily focuses on water resource management, while JJM concentrates on water delivery to households.

Industrial Water Treatment Offer Huge Opportunities

With growing water stress and stringent environmental regulations, industries are increasingly adopting sustainable water management practices. Under the Environment (Protection) Act, 1986, and the Water (Prevention & Control of Pollution) Act, 1974, industries must implement Effluent Treatment Plants (ETPs) and ensure wastewater treatment before discharge into rivers and water bodies.

The Indian industrial wastewater treatment market, currently valued at $57.7 billion, is projected to reach $108.5 billion by FY29, growing at a CAGR of 13.5%. With the total water withdrawal in India at 761 million cubic metres in 2024 - 90% for agriculture, 7% for municipal use, and 3% for industries - the adoption of wastewater management and ZLD policies is crucial for sustainable growth and to address water stress caused by population growth, industrial expansion, and infrastructure development.

Improving Prospects Due To Implementation Of ZLD

Zero Liquid Discharge (ZLD) is an advanced wastewater treatment system that eliminates liquid waste discharge by treating, recycling, and reusing wastewater, ensuring sustainable water management. It is widely used in cooling towers, municipal wastewater treatment, and industrial effluent management across sectors like textiles, food and beverage, mining, refineries, and power generation.

By using ZLD desalination, industries can recover 75%-90% of wastewater, heavily reducing freshwater demand. With government regulations pushing for cleaner processes and increased water reuse, industrial water treatment holds high growth potential.

Climate Change And Its Impact

Climate change is intensifying water challenges - causing floods, rising sea levels, prolonged droughts, and shrinking freshwater sources. Rising water temperatures and extreme weather events are accelerating pollution from sediments, pathogens, and chemicals, further degrading water quality.

Sustainable water management is now more critical than ever, and companies investing in wastewater treatment and water conservation will play a vital role in mitigating climate-related risks. This, in turn, presents new opportunities for businesses operating in the water treatment sector. Sustainable water management is important to building resilience, conserving resources, and reducing carbon footprints.

The Global Water And Wastewater Treatment Market (Exports)

India's water treatment companies aren't just focused on domestic demand; they're making a mark in the global markets too. Key markets such as gulf countries, Africa, and many emerging markets offer robust opportunities for exports. The global water and wastewater treatment market, valued at $347.9 billion in 2024, is projected to reach $652.3 billion by 2034, growing at a CAGR of 6.5%. The Asia-Pacific region, led by China and India, is experiencing strong growth, with the market expected to rise from $115.9 billion in 2023 to $282.8 billion by 2034.

With rising investments in water infrastructure and climate-driven policies worldwide, Indian companies are well-positioned to capitalize on this demand.

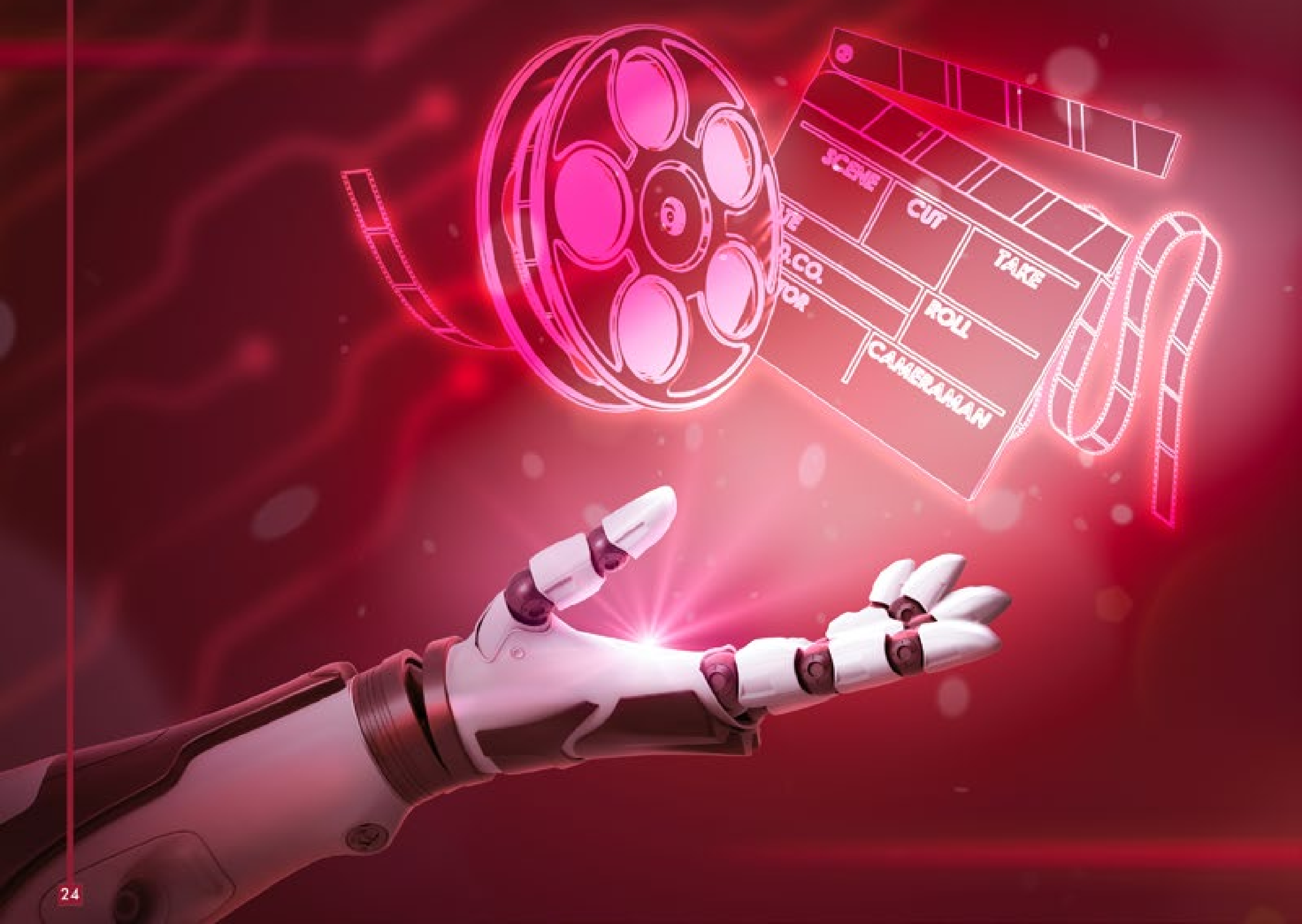
IN A NUTSHELL

India's water treatment industry is at a pivotal moment. With strong government initiatives, rising industrial compliance, and increasing investments in advanced treatment solutions, the sector is set for robust growth.

The push for Zero Liquid Discharge (ZLD), wastewater recycling, and desalination projects strengthens its outlook, while global demand presents exciting export opportunities. As regulatory frameworks tighten and water security becomes a top priority, the industry will play a vital role in ensuring sustainable water management for the futurE.

THE REEL GAMECHANGER

AI is streamlining filmmaking - faster cuts, lower costs, and no drama (except on screen)



A

rtificial Intelligence (AI) has become an omnipresent force, reshaping industries faster than one can imagine. From stock markets to manufacturing, AI-driven automation is rewriting the rules of business. A recent study by auditing giant PwC found that one-third of CEOs credit generative AI (tools used to achieve specific tasks) with boosting revenue and profitability in the past one year. Even more tellingly, half of them are gearing up to invest further, expecting even bigger profits in the year ahead. Clearly, AI is here to stay.

And guess what? The world of arts and entertainment is no exception. AI has been making its presence felt in filmmaking, particularly in the Hindi film industry, where it's not just a supporting character but a lead player. From pre-production to post-production, AI tools are streamlining processes, cutting costs, and – most importantly - saving precious time. Let's roll the tape and see how AI is transforming moviemaking.

THE INITIAL STAGE

Seasoned filmmakers will tell you that pre-production sets the tone for a film. This is where AI is proving to be a gamechanger, helping studios operate smarter, faster, and leaner. In the past two years alone, AI tools have been increasingly used for storyboarding, graphic presentation, scripting, casting, set design, costumes, and location scouting (a.k.a. reece), among other tasks.

Industry estimates suggest that AI is already cutting 15%–20% of the time spent on these tasks. And the real blockbuster news? Within the next two to three years, this number could climb to a staggering 50%.

Large production houses are already embracing AI in pre-production for concept notes, pitches, and visualizations, ensuring clearer communication about a film's look and feel.

But where AI really steals the show is in storyboarding - an important process, especially for big-budget spectacles and epic films. Traditionally, storyboarding could take up to ten days, but AI tools have slashed this to less than twelve hours, offering directors and producers a massive time advantage. By generating detailed visual representations of scenes and shots with remarkable speed, AI streamlines the filmmaking process, making it more efficient without compromising creative vision.

AI tools are used to convert 2D images into 3D. In addition to this, AI tools are used for creating clear set designs. And here's the kicker - by reducing time and improving planning, AI can slash five to ten days off a shooting schedule. Given that production costs for Hindi films range from ₹10 lakh per day to ₹50 lakh per day, these savings become earnings for producers.

POST-PRODUCTION STAGE

If pre-production is where the magic begins, post-production is where it all comes together. This is where AI is arguably making the most dramatic impact. Key departments benefiting from AI include: dubbing, subtitling, visual effects (VFX), animation, and editing, among others.

In recent years, the practice of releasing films dubbed and subtitled in multiple languages has gained widespread acceptance among filmmakers. AI tools have accelerated this process immensely, enabling films to be dubbed into multiple languages much faster than previously possible.

Remember last year's Tamil film Kanguva? It was released simultaneously in eight languages thanks to AI tools that were used for the film's dubbing. The availability of numerous language templates helps dubbing professionals save both time and resources.

It is estimated that pre-AI dubbing required at least three people per language. Now, with AI-powered language templates, a single person can handle the dubbing process. That's efficiency on steroids.

Industry observers point out that a large number of back-end tasks in the post-production stage of film-making are done with the help of AI tools today. Producers save at least 20% of their time due to this.

But perhaps the biggest winner in the AI era is film editing. Industry insiders reveal that AI can now analyze raw footage overnight and deliver a rough cut by morning. What used to take three days is now happening in mere hours. And this is just the beginning - by 2027, AI is expected to reduce editing time by up to 40%.
AI tools are also contributing to the VFX inputs of a film. AI is transforming the way films look, which is enhancing the visual look of a film. Directors and cinematographers now use AI tools to create precise visual references, ensuring the entire crew of the film - from actors to lighting technicians - is on the same page.

And speaking of visual tricks, AI-driven de-aging is changing how actors appear on screen. (De-aging is a technique through which an actor or actress can look younger than their real age). Remember Tom Hanks in Here? That youthful glow wasn't a result of good skincare - it was AI at work.

IN THE COMING YEARS

The Hindi film industry is just warming up to AI's full potential. Experts predict that within the next few years, AI will cut nearly 45% of the time required for various filmmaking tasks.

In Hollywood, AI is already so deeply entrenched in shooting schedules that a single human error can disrupt an entire production calendar. And the numbers back it up.

According to Business Research Company, a global market intelligence firm, investments in generative AI for the film industry are projected to grow at a whopping 24.1% CAGR, reaching $0.77 billion by 2028 from $0.32 billion in 2024. This shows how AI will become an integral part of filmmaking.

While AI tools cut production time, the real advantage lies in using that saved time to enhance the film's creative depth. In this sense, AI serves as an enabler - streamlining technical processes but never replacing the artistry at the heart of filmmakinG.

STEALING THE SPOTLIGHT

From luxe living to Insta-worthy spaces, India's interior design game is getting a bold makeover

Over the past three years, a clear trend has emerged in India's real estate sector. Sales of luxury apartments or high-end homes have been on the rise. According to real estate research and consultancy firm Knight Frank, the sale of apartments priced above ₹1 crore has been increasing steadily. In fact, such high-ticket properties accounted for nearly 46% of total residential sales in the second half of 2024.

Sales of premium properties in the ₹2 crore to ₹5 crore range swelled by 62% in the second half of 2024 compared to the same period in the previous year, according to the consultancy firm. This boom in high-end apartments is not just good news for developers but also signals strong demand in the interior design industry. As more luxury homes change hands, homeowners are keen to create spaces that reflect their style and comfort.

India's interior design sector is poised for massive growth, led by several key factors. Let's take a closer look at what's shaping the industry's expansion.

A GROWING MARKET

Broadly, India's interior design market can be divided into two main segments - residential and commercial. Interestingly, it is the commercial segment that leads the way. As of 2023, it accounted for approximately 75% of the market, making it not only the largest but also the fastest-growing segment compared to residential spaces.

So, what's driving this growth?

According to the IMARC Group, a leading market research firm, India's interior design market reached a valuation of $34 billion in 2024. And the momentum is not slowing down. Projections indicate that the market will nearly double to $71 billion by 2033, growing at a compound annual growth rate (CAGR) of 8.5% between 2025 and 2033.

INCREASING DISPOSABLE INCOME

With rising incomes, more people are willing to invest in luxury services like interior design. According to data gathering website Statista, India's per capita disposable income increased from $2,110 in 2019 to $2,540 in 2023 and is expected to reach $4,340 by 2029. This additional spending power is changing consumer behaviour, leading to lifestyle upgrades.

Interestingly, a major shift is occurring in how people in modern India make purchases. Easy financing has played a major role in enabling even middle- and lower-middle-class consumers to acquire premium products and services. As a result, the way consumers acquire material possessions has completely changed.

Take car ownership, for instance. Previously, an average buyer would start with an entry-level hatchback like a Maruti Wagon R, then upgrade to a Swift, and eventually move to a sedan.

Now, with easy financing options, many buyers are skipping entry-level models altogether and opting for sedans from the outset.

This trend is playing out in real estate too. Young homebuyers today aren't settling for small starter apartments. They're buying larger homes right away. Naturally, these bigger spaces need thoughtful design, driving the demand for interior designers.

A BOOMING REAL ESTATE MARKET

India's real estate market is thriving, particularly in the commercial sector, contributing heavily to the growth of the interior design industry in India.

India's urban population is growing briskly - from 31.16% in 2011 to 34% in 2020, and it's expected to reach 40% by 2030, according to the World Bank. This shift has increased the demand for both residential and commercial spaces.

The numbers speak for themselves. India's real estate market was valued at US $280 billion in 2023 and is estimated to jump to US $562 billion by 2032, according to the IMARC Group. Within this, start-ups and co-working spaces have emerged as major drivers of growth.

As of 31st Dec '24, India had 1,57,706 recognized start-ups, a huge leap from just 502 in 2016, according to Department for Promotion of Industry and Internal Trade (DPIIT).

Co-working spaces, too, are on the rise, with leased office space growing by 44% in 2024, reaching a record 125 lakh square feet.

With businesses and professionals seeking functional yet stylish workplaces, the demand for interior design has jumped materially.

The IMARC Group notes that the increase in urban population and growth in real estate market is directly connected with interior design service requirements as homeowners and businesses opt for attractive and functional workspaces.

SOCIAL MEDIA IMPACT

Today, social media platforms are playing a key role in the decision to design the interiors of residential and commercial spaces.

According to an analysis titled 'Pinterest And Other Social Media As A Source Of Inspiration For Designers' on the web site of imm Cologne, an international, furniture trade show, "Years ago, an interior design brand would build its customer base by word of mouth or through adverts in magazines, and trends were defined by the editors of the top publications. That changed with the emergence of Pinterest and similar apps. Social media serves not only as a source of inspiration, but above all as an advertising channel. Pinterest and Instagram give designers access to millions of potential customers with just a few clicks."

The analysis notes, "Ranging from big brands and professional influencers to fans in their own homes, this diverse and highly engaged community offers enormous possibilities when it comes to interaction and participation. Consumers no longer want to be persuaded by brands; people want practical information and honest recommendations – and that's where social media comes in."

This shows that consumers are actively looking for unique design formats to decorate their residential and commercial spaces.

These consumers are not only looking at what is built in India but also globally. As a result, the demand for interior designers with varied skills and unique imagination has gone up.

There are interior designers who utilize small spaces and provide attractive aesthetics and improve functionality of spaces. The role of artificial intelligence is pivotal in providing a wide range of choices of interior designs to consumers.

In the coming years, as more and more consumers prefer to stay in large houses and as more people want to make their existing houses aesthetically pleasant, the demand for interior design is set to grow.

A Shift in Work Culture

Also, the way people work has changed dramatically. With remote jobs, freelance gigs, and social media influencers setting up home studios, houses are now workspaces too. For this growing segment, having a well-designed home isn't just about comfort - it's a necessity.

As more and more people opt for spacious homes and prioritize aesthetics, India's interior design industry is set to expand further. Whether it's a stylish workspace, a cozy living room, or a modern co-working hub, design is playing a bigger role in people's lives than ever before. Going by the trends, this is just the beginning of the exciting transformations we are set to witness in the interior design industr**Y.**

DELAYED, NOT DERAILED

India's delayed NDC update reflects its balance between climate goals, economic needs, and funding challenges

India missed the 10th Feb '25 deadline for submitting its updated Nationally Determined Contributions (NDCs) under the Paris Agreement. These commitments, outlining India's climate action plans for the 2031-2035 period, are delayed due to unfinished studies on emission pathways and roadmaps. India is now expected to submit its revised targets closer to COP30 in Brazil later this year, although it is not alone in doing so.

While nations were required to update their NDCs every five years, major economies such as China and the European Union failed to meet the deadline. Only a handful of countries, including Brazil, the United Kingdom, New Zealand, and the UAE, have submitted their updated commitments. The United Nations climate chief has urged governments to finalize their revised plans by September '25 to incorporate them into the upcoming global stocktake on climate progress.

As the world's third-largest emitter of greenhouse gases, India's climate commitments are decisive for global efforts to limit temperature rise. However, the country faces significant financial and technological constraints in accelerating its green transition.

India has repeatedly emphasized that developed nations must fulfill their climate finance pledges - particularly the promised $100 billion per year in global climate funding - to support developing economies in meeting their targets. The shortfall in international climate finance is likely influencing India's cautious approach to setting new targets.

India's climate strategy is shaped by key considerations, balancing sustainability with economic realities. Resource constraints and climate finance play an important role, with India consistently calling for more substantial financial and technological support from developed nations. The lack of adequate international funding may result in more pragmatic, self-reliant targets rather than overly ambitious goals.

At the same time, India must balance sustainable growth with economic needs. As one of the fastest-growing major economies, the country remains heavily dependent on coal and fossil fuels for energy security. While expanding renewable energy is a priority, the transition is costly and must align with industrial energy demands to avoid economic disruptions.

Despite these challenges, India has made significant progress in its climate commitments. The country is on track to achieve its target of 500 GW of non-fossil fuel capacity by 2030. Energy efficiency initiatives such as the Perform, Achieve, and Trade (PAT) scheme have helped industries cut emissions, while investments in electric vehicles and green hydrogen are accelerating its clean energy transition.

When compared with global commitments, India's approach reflects broader international trends. China has also delayed its NDC submission, balancing its green initiatives with its reliance on coal. The European Union postponed its update due to internal negotiations and industry concerns, while the United States faces political divisions that have hindered strong climate legislation. India's strategy will continue to evolve, factoring in these global developments while ensuring a balanced approach to climate action and economic growth.

The Union Budget 2025 was expected to make some significant announcements, but it offers only a token nod to climate action. While the Ministry of Environment, Forest and Climate Change (MoEFCC) saw a budget increase of 2.47%, funding remains inadequate for industrial decarbonization, adaptation, and conservation. Increased spending on solar energy and electric vehicles signals a push for clean energy, yet a holistic climate strategy is lacking.

India's net-zero goal by 2070 and Viksit Bharat's ambitions demand resilient policies. Unchecked climate risks could reduce GDP by 24.7% by 2070. With the US retreating from climate commitments, India is under global scrutiny, yet its fiscal stance falls short.

A key challenge is the disconnect between economic and climate policies. The budget prioritizes infrastructure, with ₹11.5 lakh crore allocated, but lacks climate resilience planning. Projects must integrate sustainability to prevent long-term vulnerabilities.

Adaptation remains sidelined, with stagnant biodiversity funding and declining coastal resilience support. The underfunded National Adaptation Fund for Climate Change (NAFCC) limits protection for at-risk communities. A balanced focus on mitigation and adaptation is essential for long-term resilience. A balanced focus on mitigation and adaptation is essential for long-term resilience.

Climate finance hinges on private investment, yet the budget fails to create a robust framework. A sustainable finance taxonomy and impact assessment mechanisms are needed to ensure adequate funding.

India's revised NDCs, expected before COP30 in Brazil (November '25), will likely focus on feasible and self-reliant emission reduction strategies. The plan will push for increased renewable energy adoption while maintaining energy security, advocate for stronger financial commitments from developed nations, and explore measures such as carbon markets and afforestation projects.

Sector-specific climate initiatives will shape the upcoming NDC submission for 2031-2035. In the power and renewable energy sector, India has already installed over 180 GW of renewable energy capacity, with a target of 500 GW of non-fossil capacity by 2030. Solar power expansion, supported by schemes like PM KUSUM and the Green Hydrogen Mission, remains a priority. However, challenges persist in scaling up battery storage, balancing coal phase-down with energy security, and expanding offshore wind and hydrogen infrastructure.

The Perform, Achieve, and Trade (PAT) scheme has enhanced energy efficiency in industry and manufacturing, while a carbon market framework is under development. Green steel and low-carbon cement initiatives are emerging, but implementing carbon pricing, expanding industrial electrification, and securing funding for clean technologies remain significant hurdles.

India's transportation and urban mobility sector has progressed through the FAME-II scheme, boosting electric vehicle adoption, metro expansions, and hydrogen mobility initiatives. Strengthening EV charging infrastructure, electrifying logistics fleets, and reducing reliance on imported lithium are priorities for the future.

In agriculture and land use, the National Mission for Sustainable Agriculture (NMSA) promotes climate-resilient farming, while afforestation programmes under the Green India Mission aim to restore degraded land. Expanding carbon sequestration through agroforestry, reducing methane emissions from livestock and rice cultivation, and scaling up climate-smart agricultural practices are critical focus areas.

The buildings and construction sector is integrating sustainability through the Energy Conservation Building Code (ECBC) and innovative city initiatives, with green certifications gaining traction. Stricter energy efficiency standards, increased rooftop solar adoption, and cooling efficiency improvements will be essential elements in India's climate strategy.

As India revises its climate commitments, it will seek to balance sustainability with economic growth. The focus will be on realistic, self-financed strategies rather than overly ambitious targets. Renewable energy scalability, industrial decarbonization through carbon markets, climate adaptation measures, and stronger international financial support will play a crucial role. While the roadmap is still evolving, India's climate strategy will serve as a model for other emerging economies navigating similar challengeS.

HYPE, HOPE, OR A SOLID BET?

NFOs open new investment opportunities, but careful evaluation is key to ensuring they align with both financial goals and market realities

Asset management companies measure success by their Assets Under Management (AUM), prompting fund houses to continually seek funds from investors through existing schemes based on performance or by launching New Fund Offers (NFOs).

An NFO is a new mutual fund scheme introduced by an asset management or mutual fund company, allowing investors to subscribe to its units at ₹10 per unit during a limited subscription window, which, as per SEBI regulations, can last up to 30 days or close sooner. Once the NFO period ends, the fund begins investing in securities based on its stated objective and operates like any other mutual fund, with its Net Asset Value (NAV) fluctuating according to market conditions.

The primary purpose of an NFO is to provide investors with access to a product different from the current repertoire, offering opportunities to diversify and gain exposure to emerging trends, sectoral or thematic opportunities, or hybrid investment strategies that mix asset classes.

During a bull run, the number of NFOs launched in the market tends to increase as fund houses capitalize on investor interest. While NFOs present an investment opportunity, several misconceptions surround them:

NFOs And IPOs Are The Same

Both NFOs and IPOs raise funds from investors, but the similarity ends there. IPOs are launched by private companies wanting to raise funds through stock market listing for purposes such as business expansion, debt repayment, or providing an exit opportunity for private investors or promoters. Investors in IPOs purchase shares of a single company, aiming for listing gains or long-term participation in its growth.

Conversely, an NFO is launched by an asset or fund management company, such as HDFC Asset Management or ICICI Mutual Fund, among others. In equity-based NFOs, a fund manager invests in multiple securities based on the scheme's investment objective. Investors entrust their funds to an expert fund manager, who manages the investment for potential returns, with the fund charging an expense ratio to cover management and operational costs.

NFOs Provide Better Returns

The funds raised through an NFO are invested based on the scheme's investment objective, and the returns from NFOs depend entirely on the performance of the underlying securities, just like any mutual fund. However, investors should exercise extra caution before investing in an NFO.

Fund houses often launch NFOs when a sector or investment theme gains popularity, making it easier to attract investor interest. However, many targeted stocks may have already seen significant price appreciation, leading to inflated valuations.

A classic example is the wave of infrastructure sector funds launched in 2007-2008 amid market frenzy. When the sector corrected, NAVs plunged and took over a decade to recover. Thus, investors should exercise caution before investing in an NFO.

There is no unique advantage to investing in an NFO at launch that an investor would miss out on later. Unlike IPOs, where early investors may benefit from listing gains, NFOs do not offer an inherent pricing advantage. Investors can evaluate the fund's portfolio post-launch and make an informed decision once its management approach becomes clearer.

NFOs Are Cheap

Many investors mistakenly believe that an NFO is cheaper just because its NAV starts at ₹10. This misconception is often used as a marketing tactic by agents to attract those unfamiliar with the workings of mutual funds. When an NFO is launched, the mutual fund company has yet to make any investments — it is still in the fund-collection phase. Only after the NFO closes does the fund manager allocate funds based on the scheme's objectives.

The NFO purchases assets at prevailing market prices. For example, if an NFO raises ₹1,000 crore and the fund manager allocates 5% of its portfolio to HDFC Bank at ₹1,690.90 per share, it will acquire approximately 2,95,700 shares. If HDFC Bank's stock price rises by 2% the next day, this portion of the portfolio also increases by 2%, impacting the overall NAV.

A lower NAV does not make an NFO cheaper. For instance, two identical schemes with the same portfolio - one as an NFO with a NAV of ₹10 and the other an existing scheme with a NAV of ₹65 - will yield the same percentage returns. It is the price-to-earnings (P/E) ratio of the underlying stocks or market valuation that determines whether an investment is expensive or cheap. Any claim that an NFO is cheaper simply due to its lower NAV is misleading.

What factors should be considered before investing in an NFO?

Alignment With Investment Goals

A newly launched scheme should be integrated into an investor's portfolio only if it aligns with their investment strategy, risk tolerance, and investment objectives - whether capital appreciation or regular income. Proper diversification is important for risk management, and any new scheme should reinforce rather than disrupt this balance.

In dynamic market conditions, especially during bullish phases, investor excitement can lead to impulsive decisions. Consulting an investment advisor can help navigate the hype and ensure decisions are based on careful analysis rather than fear of missing out (FOMO).

Fund Manager and Fund House History

Since NFOs lack historical performance data, evaluating or scrutinizing the fund manager's credentials is essential. A seasoned fund manager with a proven track record across market cycles is better positioned to steer a new portfolio toward success.

Equally critical is the reputation of the fund house launching the product. Established companies with a focus on consistent performance earn and retain investor trust, which are key ingredients for long-term success in fund management.

Timing

NFOs are typically launched during market upcycles, backed by strong narratives around a theme, sector, or an asset class. They are aggressively marketed, with agents and industry players pushing them hard to attract investors. However, by the time an NFO becomes available, much of the anticipated market appreciation may have already occurred, leading to inflated entry points.

Once the NFO period ends, the scheme remains open for investment, allowing investors to make informed decisions without rushing. Exercising patience can help avoid overpaying due to hype-driven valuations.

Uniqueness Of The Product Offering

An NFO should be considered only if it brings something genuinely new to the table. If a similar scheme with a proven track record exists, it may be wiser to opt for the established fund. While past performance does not guarantee future returns, a known entity often carries less uncertainty than an untested one, meaning a known devil is better than an unknown one.

Long-Term Horizon

Earning superior returns requires a long-term perspective. Whether investing in an NFO or an existing mutual fund, equity investments need time to grow. Market fluctuations, including geopolitical events, can impact performance, making long-term commitment essential for success.

Expense Ratio

Assessing the costs associated

with an NFO, including the expense ratio and any exit load, is imperative. High costs can erode overall returns and should be factored into investment decisions.

Do NFOs Merit Buying?

NFOs often gain traction during market upcycles, as fund houses find it easier to sell investment ideas to investors. This often coincides with higher market valuations, increasing the risk of entering at elevated price levels. But not all NFOs are launched when markets are expensive.

If an NFO offers something unique that is unavailable in other mutual funds, it merits evaluation as a diversification opportunity. Investors should assess each NFO on its own merit, considering factors such as investment strategy, market conditions, fund manager's expertise and experience, and fund house's credibility. Rather than being swayed by aggressive marketing, investors should objectively determine whether an NFO truly deserves a place in their portfolio based on its fundamentals and the uniqueness of the product offering, while aligning with their risk profile and long-term investment goalS.

DODGING DIPS, CHASING PEAKS

MULTI-ASSET ALLOCATION FUNDS JUGGLE RISK AND REWARD, KEEPING PORTFOLIOS STEADY WHEN MARKETS WOBBLE AND SEIZING GAINS WHEN THEY RISE

In today's turbulent financial world, effective asset allocation is more important than ever - especially in rising markets like India. The Indian stock market, with its great growth potential, is also a hotspot of volatility brought on by geopolitics, economic slowdowns, and global market swings. This highlights the need for investors to spread their funds across several asset types to manage risk and maximize returns. Managing market volatility, therefore, calls for a diversified portfolio.

Dividing an investment portfolio into multiple asset categories - each with a unique risk and return profile - such as stocks, bonds, commodities, and real estate is known as asset allocation.

Diversification reduces the impact of market volatility, which India often experiences, by acting as a buffer and lessening the overall effect on the portfolio. For instance, gold or fixed-income products can serve as safe havens when stock markets decline, thereby preserving wealth.

A well-structured, diversified portfolio not only lowers risk but also positions investors for long-term growth. Aligning your asset allocation strategy with your risk tolerance and financial goals is not just wise but essential in uncertain times.

For the average investor, constructing a diversified portfolio can be challenging. However, one simple approach is to invest in multi-asset allocation funds. These funds automatically diversify investments across different asset classes by selecting assets based on factors such as current valuations, economic conditions, and risk assessments.

WHAT ARE MULTI-ASSET ALLOCATION FUNDS?

Multi-asset allocation funds are designed to invest at least 10% in equities, fixed income, and commodities (such as gold or silver). Several funds have also started allocating a portion of their investments to real estate investment trusts (REITs).

The idea behind these funds is to capture the best of both worlds: when equity markets decline, they benefit from fixed income and commodities; and when equity valuations are low, they increase exposure to equities while reducing allocations to fixed income and commodities.

The minimum 10% allocation to each asset class ensures that the portfolio stays balanced and less vulnerable to significant market fluctuations. This strategy also provides exposure to the growth potential of equities and commodities while maintaining the stability of fixed-income assets, thereby helping reduce overall portfolio volatility. Furthermore, assets such as gold and REITs offer protection against inflation and economic uncertainty.

HOW DO MULTI-ASSET FUND'S FUNCTION?

Different fund houses follow different approaches within their multi-asset allocation funds, but they all adhere to the fundamental requirement of allocating at least 10% to equities, debt, and commodities. While some funds may have more reasonable allocations, others may optimize tax benefits by increasing their equity exposure - up to 65%.

These funds could use either dynamic or static asset allocation strategies. For example, one fund might maintain a minimum of 65% in stocks, with 10%–25% allocated to gold and fixed-income instruments. Such a fund's equity distribution calls for mid-cap, small-cap, and large-cap stocks. The fixed-income portion, focusing on accrual income, usually consists of government securities and high-quality, medium-duration

AAA-rated bonds.

For instance, the other fund will allocate at least 65% to equities and equity-related assets, minimum of 10% in debt and money market instruments, and 10% in Gold ETF or Silver ETF.

Diversification is key in protecting a portfolio during market turbulence, and gold plays a significant role in this regard. It serves as a hedge against both financial crises and extreme economic downturns.

The fund manager's outlook and market conditions determine the fund's equity allocation, which can range from 10% to 80%. The management follows a counter-cyclical approach, avoiding overexposure to overvalued sectors. To mitigate downside risk, the fund may also invest in stock and index futures. The fund invests at least 10% in high-quality debt instruments to generate accrual income and potential capital appreciation.

The macroeconomic environment influences the fund's exposure to commodities, gold, and silver ETFs. For example, in a rising interest rate scenario, the fund might allocate more to gold to hedge against inflation and stabilize the portfolio.

IN A NUTSHELL

Smart asset allocation is essential for navigating today's unpredictable financial markets, especially in emerging economies like India. Investing in a mix of asset classes - including stocks (equities), fixed income, and commodities - enables investors to balance risk and potential rewards, positioning them for long-term success while reducing the impact of market volatility. Multi-asset allocation funds simplify the process of creating a diversified portfolio for regular investors.

These funds are structured to allocate assets across categories that move independently of one another, thereby shielding against market downturns while maximizing growth opportunities.

Whether an investor is conservative or willing to take moderate risks for higher returns, multi-asset funds offer flexibility in asset allocation, ultimately benefiting them based on market conditions. In the end, a disciplined, diversified investment approach reduces volatility and enhances the likelihood of achieving stable, long-term financial goals in an uncertain financial environmenT.

TECHNICAL OUTLOOK

The Nifty has been experiencing a consistent decline over the past four months, yielding negative results dragged by Auto, Banking, and Pharma stocks on uncertainty over the impact of US trade policy, weaker rupee against the dollar and relentless foreign fund outflows.

NIFTY CORRECTION UPDATE

The Nifty has corrected approximately 14% from its all-time high. Technically, on both Daily and Weekly charts, the market is still holding a lower top formation and is trading below the 20-day SMA (Simple Moving Average), which is largely negative.

The Nifty touched its lowest level since June '24, closing in the negative territory. Currently, the Nifty has an immediate support in the range of 22,500 - 22,400.

Key Levels to Watch

- A close below 22,400 may drag the Nifty towards the psychological mark of 22,000.
- A potential trend reversal may occur around 22,000, leading to a positive rally.
- Initial targets for the rally are 23,400 and 23,800.

OUTLOOK

From current levels, it appears that the correction's depth is limited, suggesting a potential buying opportunity on dips as the Nifty is almost entering in oversold zone. However, it's essential to monitor the index's movement around key levels mentioned above.

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 support at 48,200, and a close below this level could trigger a selling rally toward 47,700 or even 47,200. On the flip side, resistance is positioned at 49,200 and 50,200.

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

February saw heavy volatility, with a lot of selling across stocks and indices breaking major support levels. This led to a sharp increase in fresh short positions. However, as stocks and indices approach their support levels, the potential for short-covering increases.

India VIX, which measures immediate 30-day market volatility, has moved up but is expected to cool off once it stabilizes below 13 levels for the March series.

The Put-Call Ratio Open Interest (PCR-OI) for Nifty Options remained in the range of 0.7–1.1 in February. Going forward, it is expected to remain between 0.7 and 1.3 in March.

The markets are likely to witness short-covering action, with support placed at 22,200 and 22,000 levels, while important resistance levels remain at 22,800 and 23,000.

OPTIONS STRATEGY

Long Strangle

This strategy can be initiated by 'Buying one lot of 13MAR 22,800 CE (₹180) and one lot of 13MAR 22,500 PE (₹170). The total outflow of premium amounts to approximately 350 points, which is also the maximum loss. A Stop Loss can be placed at 240 points (a 110-point loss from the total premium).

The maximum gain is unlimited, with a Target set at 700 points (a 350-point gain from the total premium).

Given the current options OI positions for Nifty, we expect a trend clearance that could drive a big move on the Nifty in either direction, increasing the likelihood of this strategy turning profitablE.

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	200.8	4.7	13.4	14.9	13.5	11.4	2,348
ICICI Prudential Bluechip Fund - Growth	99.6	6.3	15.1	17.6	14.1	12.6	63,297
Invesco India Largecap Fund - Growth	60.9	4.7	11.6	14.4	12.5	11.0	1,301
Kotak Bluechip Fund - Reg - Growth	513.1	6.3	12.0	15.0	12.9	11.1	9,268
Nippon India Large Cap Fund - Reg - Growth	80.8	6.3	17.6	17.8	14.0	12.4	35,667
Nifty 100 TRI	31696.8	4.4	11.4	15.0	12.9	11.5	--

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	86.6	13.1	21.9	24.1	17.0	16.2	8,268
Mahindra Manulife Mid Cap Fund - Reg - Growth	29.2	6.0	20.8	22.6	17.4	--	3,326
Mirae Asset Midcap Fund - Reg - Growth	30.4	-0.6	15.0	20.7	--	--	15,461
Nippon India Growth Fund - Reg - Growth	3578.4	9.6	22.1	23.5	18.0	15.9	33,033
Tata Mid Cap Growth Fund - Reg - Growth	375.4	4.3	17.4	19.5	15.4	13.9	4,354
Nifty Midcap 150 TRI	23645.3	4.7	20.9	23.5	16.7	16.5	--

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	38.3	4.1	18.2	25.3	--	--	4,171
Mahindra Manulife Small Cap Fund - Reg - Growth	16.7	1.5	--	--	--	--	3,541
Quant Small Cap Fund - Growth	225.2	-5.5	21.2	38.1	23.9	18.4	25,184
LIC MF Small Cap Fund - Reg - Growth	27.5	6.3	17.7	23.5	14.6	--	491
Nifty Smallcap 250 TRI	18578.9	-1.5	18.4	24.1	12.9	13.8	--

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	77.0	6.6	14.9	17.3	14.4	12.6	3,610
Kotak Equity Opportunities Fund - Reg - Growth	299.6	7.0	16.2	17.4	14.9	13.6	24,534
Mahindra Manulife Large & Mid Cap Fund	23.9	-3.4	13.2	18.5	--	--	2,420
Tata Large & Mid Cap Fund - Reg - Growth	470.8	1.9	14.2	16.1	13.5	11.8	7,943
UTI Large & Mid Cap Fund - Growth	160.6	11.2	18.9	21.0	14.2	12.2	4,047
NIFTY Large Midcap 250 TRI	18559.3	4.7	16.2	19.4	14.9	14.1	--

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	15.2	4.5	15.5	--	--	--	2,365
HDFC Multi Cap Fund - Reg - Growth	16.7	2.9	19.5	--	--	--	16,089
HSBC Multi Cap Fund - Reg - Growth	16.4	3.1	--	--	--	--	4,254
Mahindra Manulife Multi Cap Fund - Reg - Growth	30.9	2.3	16.0	20.7	16.4	--	4,750
Nippon India Multi Cap Fund - Reg - Growth	259.0	8.1	21.5	20.9	15.7	12.7	37,594
NIFTY 500 Multicap 50:25:25 TRI	18478.8	3.2	15.7	19.6	14.1	13.5	--

FlexiCap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HSBC Flexi Cap Fund - Growth	203.7	14.8	14.5	17.9	12.5	11.8	5,042
ICICI Prudential Flexicap Fund - Reg - Growth	17.8	17.6	18.1	--	--	--	16,717
Mirae Asset Flexi Cap Fund - Reg - Growth	14.7	12.2	--	--	--	--	2,507
Parag Parikh Flexi Cap Fund - Reg - Growth	80.4	17.8	17.5	23.7	19.3	17.4	87,539
WhiteOak Capital Flexi Cap Fund - Reg - Growth	16.1	16.9	--	--	--	--	4,350
S&P BSE 500 TRI	43564.2	10.2	14.0	18.4	14.1	13.2	--

Focused Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Axis Focused 25 Fund - Growth	51.4	12.4	5.2	10.1	10.6	11.2	13,068
Bandhan Focused Equity Fund - Reg - Growth	84.0	19.6	15.1	16.2	11.4	11.4	1,837
HDFC Focused 30 Fund - Growth	212.3	19.5	22.1	23.0	14.5	13.5	15,642
Nippon India Focused Equity Fund - Reg - Growth	110.6	7.5	11.5	18.3	12.5	12.7	8,194
UTI Focused Fund - Reg - Growth	14.9	14.7	13.6	--	--	--	2,601
S&P BSE 500 TRI	43564.2	10.2	14.0	18.4	14.1	13.2	--

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	47.4	7.2	20.9	25.2	14.9	14.1	4,835
Tata Dividend Yield Fund - Reg - Growth	15.7	-0.5	13.2	--	--	--	926
Nifty 500 TRI	32753.5	3.8	13.5	16.9	13.6	12.4	--

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	135.1	3.5	15.9	22.1	13.7	13.6	9,588
SBI Contra Fund - Growth	351.2	4.7	21.3	27.3	17.0	14.4	41,634
Nippon India Value Fund - Reg - Growth	204.0	7.4	19.5	21.5	15.9	14.2	8,170
S&P BSE 500 TRI	41494.1	3.4	13.3	17.0	13.6	12.5	--

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	137.8	1.2	13.2	19.3	13.3	13.3	6,620
Kotak ELSS Tax Saver Fund - Reg - Growth	102.9	3.6	13.6	16.0	14.2	12.4	5,893
Mahindra Manulife ELSS Tax Saver Fund - Reg	25.5	3.4	11.7	16.2	11.7	--	896
Parag Parikh ELSS Tax Saver Fund - Reg - Growth	29.3	10.3	16.5	21.5	--	--	4,572
Tata ELSS Tax Saver Fund - Reg - Growth	39.8	6.7	13.1	15.3	12.6	12.7	4,398
Nifty 500 TRI	32753.5	3.8	13.5	16.9	13.6	12.4	--

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	117.5	10.6	12.4	11.1	10.5	11.8	9,046
Nippon India Pharma Fund - Reg - Growth	464.5	6.7	18.7	22.9	19.0	13.5	8,161
Tata Digital India Fund - Reg - Growth	49.2	12.8	10.9	24.9	22.1	--	12,465
ICICI Prudential Business Cycle Fund - Reg - Growth	21.4	6.8	18.4	--	--	--	11,617
Mirae Asset Great Consumer Fund - Growth	82.7	6.3	16.0	16.7	14.4	14.0	3,942
Quant Quantamental Fund - Reg - Growth	20.4	-5.7	22.6	--	--	--	2,122
Nifty 500 TRI	32753.5	3.8	13.5	16.9	13.6	12.4	--

Arbitrage Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	2 Years	3 Years	
Bandhan Arbitrage Fund - Reg - Growth	31.7	6.6	6.9	7.2	7.3	6.4	7,509
Edelweiss Arbitrage Fund - Reg - Growth	18.9	6.7	7.0	7.3	7.4	6.5	12,906
Invesco India Arbitrage Fund - Growth	31.2	6.6	7.0	7.3	7.5	6.8	18,674
Kotak Equity Arbitrage Fund - Reg - Growth	36.6	6.7	7.1	7.4	7.6	6.7	57,567
Tata Arbitrage Fund - Reg - Growth	14.0	6.4	6.8	7.1	7.3	6.3	12,921
Nifty 50 Arbitrage Index	2455.5	8.4	7.7	7.5	7.9	6.8	--

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	23.8	8.5	9.4	10.1	9.0	8.4	572
HDFC Equity Savings Fund - Growth	62.4	5.0	9.2	10.6	8.7	9.1	5,584
Kotak Equity Savings Fund - Reg - Growth	24.6	5.9	10.2	10.2	9.3	8.8	8,177
NIFTY 50 Hybrid Composite Debt 65:35 Index	19145.5	5.9	9.7	12.5	11.7	10.3	--

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	14.0	3.1	14.3	--	--	--	1,697
Motilal Oswal Nifty Midcap 150 Index Fund	32.4	3.7	19.7	22.4	--	--	1,982
Motilal Oswal Nifty Next 50 Index Fund	20.8	3.3	14.4	15.5	--	--	289
Motilal Oswal Nifty Smallcap 250 Index Fund	31.5	-2.7	16.8	22.4	--	--	796
Nippon India Nifty Midcap 150 Index Fund	21.1	3.7	19.7	--	--	--	1,626
Tata Nifty Midcap 150 Momentum 50 Index Fund	15.6	0.9	--	--	--	--	696
Nifty 500 TRI	32753.5	3.8	13.5	16.9	13.6	12.4	--

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	47.1	4.3	9.9	13.2	11.3	9.7	12,239
HDFC Balanced Advantage Fund - Growth	477.4	6.2	19.4	19.0	14.5	13.3	94,251
Nippon India Balanced Advantage Fund - Reg	164.0	6.9	11.1	11.2	9.8	9.0	8,758
Tata Balanced Advantage Fund - Reg - Growth	19.2	3.6	9.9	12.0	--	--	10,109
NIFTY 50 Hybrid Composite Debt 65:35 Index	19145.5	5.9	9.7	12.5	11.7	10.3	--

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	25.7	7.0	12.4	13.6	13.2	--	1,155
Kotak Equity Hybrid Fund - Growth	56.0	9.2	12.5	15.5	12.8	11.4	6,753
Mirae Asset Aggressive Hybrid Fund - Reg - Growth	29.0	5.5	10.3	13.0	11.6	--	8,685
Tata Hybrid Equity Fund - Reg - Growth	401.6	3.3	10.4	12.9	10.1	8.9	3,997
NIFTY 50 Hybrid Composite Debt 65:35 Index	19145.5	5.9	9.7	12.5	11.7	10.3	--

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	10.6	--	--	--	--	--	2,070
Mirae Asset Multi Asset Allocation Fund	11.0	9.3	--	--	--	--	1,800
Nippon India Multi Asset Fund - Reg - Growth	19.6	12.3	14.8	--	--	--	5,002
Tata Multi Asset Opportunities Fund - Reg - Growth	21.3	5.5	11.6	--	--	--	3,487
UTI Multi Asset Allocation Fund - Growth	69.0	10.5	16.7	14.1	11.0	8.9	5,079
WhiteOak Capital Multi Asset Allocation Fund	13.1	16.9	--	--	--	--	1,289
NIFTY 50 Hybrid Composite Debt 65:35 Index	19145.5	5.9	9.7	12.5	11.7	10.3	--

Gold Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Gold Fund - Growth	26.1	36.7	18.5	14.4	14.6	11.0	3,060
Kotak Gold Fund - Reg - Growth	33.5	36.5	18.2	14.2	14.8	10.9	2,521
Nippon India Gold Savings Fund - Reg - Growth	33.3	36.3	18.2	14.0	14.4	10.8	2,439
Prices of Gold	85695.0	38.2	19.7	15.5	15.9	12.4	--

Overnight Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Bandhan Overnight Fund - Reg - Growth	1343.9	6.2	6.3	6.4	6.6	6.7	690
Tata Overnight Fund - Reg - Growth	1329.8	6.2	6.3	6.4	6.6	6.7	3,299

Liquid Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
HDFC Liquid Fund - Growth	4999.7	6.9	7.0	6.9	7.3	7.3	72,212
Mahindra Manulife Liquid Fund - Reg - Growth	1658.6	6.9	7.1	7.0	7.3	7.3	1,227
Nippon India Liquid Fund - Reg - Growth	6219.0	6.8	7.0	6.9	7.3	7.3	31,096

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	26.9	6.8	7.0	7.4	6.4	7.7	13,813
Kotak Savings Fund - Reg - Growth	41.7	6.5	6.8	7.2	6.3	7.5	13,151

Money Market Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Money Market Fund - Growth	5552.1	7.0	7.2	7.6	6.7	7.6	27,366
Tata Money Market Fund - Reg - Growth	4586.1	7.1	7.2	7.6	6.8	7.5	27,184

Low Duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Low Duration Fund - Growth	56.0	6.3	6.8	7.4	6.3	7.9	18,138
Kotak Low Duration Fund - Std - Growth	3247.0	6.3	6.9	7.3	6.1	7.8	11,883
Nippon India Low Duration Fund - Reg - Growth	3636.2	6.8	7.2	7.4	6.2	7.8	8,111

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	58.1	6.8	7.1	7.7	6.9	7.8	19,848
Nippon India Short Term Fund - Reg - Growth	51.0	7.3	7.5	7.8	6.1	7.6	5,932

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	3642.6	7.0	7.5	8.0	6.4	7.4	14,223
SBI Corporate Bond Fund - Reg - Growth	15.0	6.9	7.4	7.8	6.1	7.6	20,303

Dynamic Bond Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Dynamic Debt Fund - Growth	86.9	6.0	5.6	7.6	6.0	7.1	812
Kotak Dynamic Bond Fund - Reg - Growth	36.2	5.4	5.1	7.4	6.1	7.2	3,035

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	19.7	7.6	7.2	7.7	6.1	7.8	744
ICICI Prudential Medium Term Bond Fund - Growth	43.2	7.7	7.7	7.9	6.6	8.0	5,695
SBI Magnum Medium Duration Fund - Growth	49.5	7.4	7.3	7.8	6.4	8.0	6,552

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	17.3	5.9	5.2	7.8	6.9	7.1	9,487

Gilt Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Bandhan Government Securities Fund Investment Plan	34.2	3.9	3.1	6.6	5.9	7.1	3,658
Kotak Gilt Fund - Growth	93.3	4.4	3.8	6.6	6.0	7.1	4,094

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	23.7	8.9	7.7	8.4	6.4	6.9	2,465

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	30.6	7.0	7.4	8.0	6.9	8.7	6,216
SBI Credit Risk Fund - Growth	44.1	7.7	7.3	8.0	7.0	8.7	2,267

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	22.2	6.6	7.1	7.6	6.2	7.4	5,865
HSBC Banking and PSU Debt Fund - Growth	23.4	6.2	6.7	7.1	5.1	7.4	4,129

Disclaimer : Mutual Fund Investments are subject to market risks. Please read the offer document carefully before investing. Past performance is no guarantee of future performance. Returns are of Growth option of Regular plans. Returns which are below 1 year period are Annualized Returns. Source: - ICRA MFI, NAV as on 21st Feb '25.

MARGIN OF SAFETY: A SHIELD AGAINST MARKET MADNESS

Seth Klarman's Margin of Safety is a masterclass in investing wisely, where patience, independent thinking, and a margin of safety shield investors from market mayhem

With the stock market experiencing significant corrections and widespread pessimism, Seth Klarman's investment strategies, outlined in Margin of Safety, remain a beacon of hope for thoughtful investing. His timeless principles of margin of safety, risk management, and independent thought, offer crucial insights needed for navigating turbulent markets.

Seth Klarman, a legendary investor and founder of Baupost Group, is renowned for his value investing philosophy and disciplined approach. His book Margin of Safety emphasizes capital preservation, risk management, and the importance of investing with a safety buffer. Klarman's insights have made him a trusted voice in modern finance.

By applying these principles in today's market, investors can navigate uncertainty with confidence, focus on intrinsic value, and build portfolios that withstand the test of time.

1. Risk Isn't About Volatility - It's About Permanent Loss Of Capital

Klarman redefines risk, emphasizing that it is not about short-term price fluctuations but the irreversible loss of capital. Volatility, often perceived as risk, merely reflects market noise, while the true threat lies in losing an investment's intrinsic value permanently.

"Volatility doesn't signify risk. The real risk lies in losing capital permanently, not in watching its short-term price fluctuations."

In today's markets, where fear dominates sentiment, this lesson is particularly pertinent. By focusing on the intrinsic value of investments and conducting thorough research, investors can mitigate the possibility of irreversible losses. This approach shields portfolios from speculative trends and ensures decisions are grounded in long-term fundamentals rather than fleeting market dynamics.

2. Investing Isn't About Following The Crowd

Klarman underscores the dangers of herd mentality, which often leads to speculative bubbles and irrational market behaviour. Successful investing requires independent analysis and the discipline to resist trends driven by fear or greed.

"The market is driven by fear and greed, but the true investor focuses on intrinsic value, independent analysis, and long-term potential."

This principle is particularly relevant when markets are dominated by pessimism or exuberance. Avoiding the temptation to follow the crowd enables investors to focus on undervalued opportunities with solid long-term potential. By swimming against the tide, investors can avoid the pitfalls of speculative manias and build portfolios grounded in value.

3. You Don't Need To Swing At Every Pitch

Patience and selectivity are hallmarks of Klarman's strategy. He advises investors to wait for opportunities that meet strict criteria rather than acting impulsively on every market movement.

"Great opportunities are rare, and when they come, it's crucial to seize them with full conviction, but never before then."

In a market filled with uncertainty, this principle is a powerful reminder to avoid overtrading and focus on investments with a clear risk-reward advantage. Knowing when to act and when to wait is key to successful investing, especially during volatile times in the markets.

A MARGIN OF SAFETY IS YOUR ARMOUR IN

INVESTING

The margin of safety is not just a tool; it's a philosophy that lies at the heart of successful investing. Popularized by Benjamin Graham and championed by Seth Klarman, this principle provides investors with a critical protective buffer against inevitable market misjudgments, economic downturns, and unforeseen events.

At its core, the margin of safety is about ensuring you pay significantly less than the intrinsic value of an asset, leaving room for errors, volatility, and pessimism in market pricing. It offers a way to minimize downside risks while keeping the potential for upside gains intact.

BENJAMIN GRAHAM ON MARGIN OF SAFETY

Benjamin Graham, the father of value investing, introduced the concept of margin of safety in The Intelligent Investor. He emphasized buying assets significantly below their intrinsic value to protect against errors or unforeseen risks. For Graham, the margin of safety was the cornerstone of intelligent investing and capital preservation.

Klarman eloquently describes it, saying: "In investing, the margin of safety is the armour that protects you from downside risks and creates opportunities for future gains."

This metaphor highlights its dual purpose: protection during market storms and readiness for opportunities when conditions improve. The margin of safety gives you breathing room as an investor, allowing you to make decisions with confidence, knowing that even if your analysis isn't perfect or external factors create temporary losses, your position is built on a solid foundation.

WHY THE MARGIN OF SAFETY MATTERS

In a world where uncertainty is the only constant, relying on precise predictions or ideal outcomes can be a dangerous game. Companies, industries, and markets are subject to economic cycles, competitive pressures, and disruptive innovations. Even the most meticulous analysis can't eliminate risks entirely, and this is where the margin of safety becomes indispensable. By purchasing securities at a discount to their intrinsic value - sometimes referred to as "value cushion" - you effectively reduce your exposure to errors in judgment, miscalculations, or adverse events.

A margin of safety is especially crucial in periods of economic distress or bear markets when sentiment-driven volatility causes stock prices to deviate significantly from their true worth. During such times, investors who follow this principle are better positioned to capitalize on irrational price movements, buying quality assets at discounted prices and holding them until the market corrects its mispricing. This approach ensures that even in the face of unexpected downturns, an investor's portfolio remains resilient, reducing the likelihood of permanent capital impairment.

WARREN BUFFETT ON MARGIN OF SAFETY

Warren Buffett, inspired by Benjamin Graham, describes the margin of safety as a critical safeguard in investing. He stresses its importance in minimizing downside risks while maximizing upside potential. Buffett has famously stated:

"The three most important words in investing are margin of safety," underscoring its role in long-term success.

For instance, let's consider a stock with an intrinsic value of ₹1,000 based on its future cash flows. If you purchase it at ₹600, you've built in a 40% margin of safety. Even if the market or your own valuation turns out to be overly optimistic, the lower entry price gives you a cushion against loss and increases your chances of achieving a favourable return over time.

Moreover, Buffett's investment philosophy revolves around the idea that markets can be irrational in the short term but eventually reflect true value in the long run.

By integrating a strong margin of safety into investment decisions, investors can avoid speculative frenzies, reduce the risk of overpaying for assets, and maintain a disciplined approach that prioritizes capital preservation over short-term gains.

HOW MARGIN OF SAFETY WORKS IN TODAY'S

MARKETS

In the current climate of market uncertainty, economic headwinds, and discounted valuations, the margin of safety principle is more relevant than ever. With many securities trading below their historical averages, investors have an unique opportunity to identify undervalued assets that offer both protection and growth potential. This disciplined approach enables you to navigate market volatility without succumbing to panic, ensuring you remain focused on the long-term prospects of your investments rather than short-term noise.

SHIELD AGAINST COSTLY MISTAKES

Furthermore, a strong margin of safety helps mitigate the psychological challenges of investing. When the market falls or a company's results disappoint, investors who have purchased at a steep discount can remain composed, knowing their investment thesis is still intact. This resilience can prevent knee-jerk reactions and costly mistakes, enabling investors to take advantage of opportunities that others might overlook.

Additionally, market downturns often present exceptional buying opportunities for those with the patience and discipline to wait for the right moment. Investors who prioritize margin of safety can enter positions with confidence, understanding that their investments have built-in protection against price declines. This mindset not only fosters better decision-making but also enhances the ability to stay the course during market turbulence, ultimately leading to stronger long-term returns.

HOW TO BUILD A MARGIN OF SAFETY

To build a margin of safety, start by estimating the intrinsic value of a stock using methods like discounted cash flow (DCF) analysis or earnings multiples. This value reflects what the company is truly worth based on its fundamentals and growth prospects. Once calculated, aim to buy the stock at a significant discount, typically 20% to 50% below its intrinsic value. For instance, if a stock's intrinsic value is ₹1,000, consider purchasing it only if the price falls to ₹700 or lower.

Finally, this approach is not about chasing high returns or speculative opportunities but about focusing on the preservation of capital as the foundation for wealth creation.

Klarman emphatically states, "Investing without a margin of safety is like driving without a seatbelt: you may be fine most of the time, but eventually, a crash could prove catastrophiC."

CRACKING THE CREDIT SCORE CODE

Understanding how lenders decode credit scores can help shape loan terms and pave the way for smarter financial decisions

A background check is a common practice in various scenarios, such as job interviews, arranged marriages, or passport applications. Similarly, when an individual applies for a loan, banks and financial institutions must assess the applicant's repayment behaviour and overall creditworthiness.

Since they lack firsthand knowledge of the applicant's financial habits, they rely heavily on the credit score as a key indicator. This score serves as a vital input to help them decide whether to approve the loan, determine the maximum amount that can be granted, and set an appropriate interest rate.

Consequently, the credit score acts as a vital barometer of an individual's financial health and creditworthiness, guiding banks and financial institutions in their lending decisions.

WHAT IS A CREDIT SCORE?

A credit score is a numerical representation of an individual's creditworthiness, calculated based on various parameters, including their payment history. This score enables lenders to make informed decisions. Typically ranging from 300 to 900, higher scores indicate better creditworthiness. A score above 750 is generally considered ideal by lenders, as it reflects responsible credit behaviour.

Credit rating bureaus are institutions that calculate an individual's credit score. In India, the Reserve Bank of India (RBI) has authorized four agencies: TransUnion CIBIL, Experian, Equifax, and CRIF High Mark. Among these, TransUnion CIBIL is the most well-known credit ratings agency, benefiting from a first-mover advantage and partnerships with a large number of financial institutions, covering millions of borrowers.

WHAT ARE THE KEY COMPONENTS THAT DETERMINE THE CREDIT SCORE?

• Payment History

Payment history is the foundation of a good credit score, contributing approximately 35% to the overall score. Timely payments, including EMIs and credit card bills, reflect an individual's credit consciousness and commitment to meeting financial obligations. Conversely, payment delays are recorded in the repayment history and can negatively impact the score.

• Credit Utilization Ratio

This is the percentage of credit utilized relative to the total credit limit assigned. Maintaining a credit utilization ratio below 30% signals financial stability, as it demonstrates that the individual does not rely heavily on borrowings, which could impair their repayment capacity.

• Credit Mix

The credit mix refers to the composition of the borrower's loan portfolio, which includes secured loans (backed by collateral) and unsecured loans (without collateral).

A healthy credit mix contributes approximately 10% to the credit score. Most importantly, ensuring timely payments for all loans is essential.

• Length Of Credit History

This factor considers the duration of an individual's credit usage and their repayment behaviour over time.

A longer credit history offers greater insights into their repayment patterns, allowing credit rating agencies to assess financial discipline and reliability. It typically accounts for 15% of the overall credit score.

Consistently meeting repayment deadlines over an extended period has a positive impact on the credit score, demonstrating a strong track record of responsible credit use.

• Number Of Enquiries
Each time an individual applies for credit, the lending institution accesses their credit report from a credit bureau, and these enquiries are recorded in the credit report.

Multiple enquiries within a short time frame can raise a red flag, suggesting a potentially deteriorating financial situation and adversely affecting the credit score.

To avoid this, it is prudent to space out credit applications over several months and apply to one provider only after careful research and consideration.

WHY DOES HAVING A GOOD CREDIT SCORE MATTER?

A credit score is a numerical representation of your creditworthiness and credit behaviour, and it has a direct impact on your financial life, especially when applying for a home loan, personal loan, business loan, or credit card.

It influences your ability to get credit cards or loans approved, the interest rates you are offered, the loan amount you can access, and how quickly the funds are disbursed.

In many cases, banks and financial institutions provide exclusive offers, such as premium credit cards, only to customers with high credit scores.

A high credit score signals to lenders that you are a low-risk borrower, often resulting in favourable terms such as lower interest rates and higher loan amounts.

Conversely, a low credit score raises concerns about your ability and intent to meet repayment obligations, increasing the lender's risk. This can lead to higher interest rates, reduced loan amounts, and fewer borrowing options.

Therefore, maintaining a strong credit score is key to unlocking better financial opportunities and cost-effective borrowing.

HOW TO BUILD A CREDIT SCORE IF YOU HAVE NEVER TAKEN A LOAN OR CREDIT CARD BEFORE?

Those who do not have a credit card or have never taken a loan before would not have a credit score as the credit bureau has no history to work with to assign a score.

Thus, new credit card applicants or borrowers may find it difficult to get the best deal as that would require a credit history. To overcome this hurdle, there are a few options that can help build one’s credit score. They include:

• Apply For A Secured Credit Card
Against a fixed deposit, which is collateral, a secured credit card can be obtained with the fixed deposit amount being the credit limit in most cases.

One can build their credit history by using a secured credit card responsibly and making timely payments. This is one of the most convenient methods for first-time borrowers working towards building a healthy credit score.

• Pay The Bills On Time
Make sure all payments are made on time. If you have a postpaid mobile phone connection, ensure that the bills are paid on time.

If you have any other utility payments that come in your name, it is essential to ensure that they are paid on time.

• Opt For The Buy Now Pay Later Option
The e-commerce platforms offer the buy now pay later option for products such as mobile phones, etc. where repayment can be done through EMIs without any cost attached to it.

One can opt to pay later and ensure that the EMI payment schedule is met without any delays.

• Secured Loans
Banks and financial institutions offer secured loans against gold, fixed deposits and other assets.

To build a credit history, one can take a secured loan and adhere to a timely repayment schedule to ensure that a favourable credit history is built.

• Personal Loans / Loans From Digital Credit Platforms
Some financial institutions provide personal loans to individuals with limited credit history and some digital platforms offer products such as salary advances and these can be opted for by individuals to create a credit history.

HOW DOES ONE ENSURE THAT THE CREDIT SCORE IS GOOD?

• Be Selective When Opting To Be A Guarantor / Co-Signer To A Loan

Becoming a guarantor or co-signer is a serious commitment, as any defaults by the borrower / co-signer can negatively affect your credit score.

Only agree if you are confident in the borrower's ability and intent to repay, and monitor the loan's repayment status regularly to avoid any repercussions on your credit score.

• Increase The Credit Limit

One can be tactical and ask for the credit limit on the credit card to be increased, not to increase credit spending but to reduce the credit utilization ratio. When the credit limit increases but the level of card spending remains in a similar historical range, the credit utilization ratio will fall, which will aid in improving the credit score.

• Demonstrate The Repayment Discipline

A borrower's payment discipline is vital for any lender. Timely payments, whether for loans, utility bills, credit cards, or mobile bills are crucial. Consistently meeting deadlines reflects the financial discipline, consciousness and commitment of the borrower towards credit.

• Match The Loan Tenure With Your Financial Ability

Choosing a loan tenure that aligns with your financial comfort is essential. If needed, opt for a longer tenure to lower your EMI obligations, ensuring timely payments. This approach protects your credit score, which is crucial for future financial opportunities.

• Report Inaccuracies In Your Credit Report And Get Them Rectified

It is essential to do a timely check on the credit score to see if your efforts are yielding results and to check if any inaccuracies are dragging down the score. There could be instances where the loan has been repaid but the same is not reflected in the credit score.

This calls for reaching out to the bank / financial institution and asking them to correct the information. Simultaneously, it should be raised with CIBIL to ensure accuracy of the credit score.

• Retain The Old Credit Cards

Banks and financial institutions keep offering new credit cards with better features, and added privileges among other benefits enticing customers to use the new cards. Long credit histories with consistent payment records support your credit score.

Hence, even if the usage of the old credit card is low, it should be retained due to its positive influence on the credit score.

• Opt For Full Payment Of Credit Card Bills

Avoid paying only the minimum amount due on your credit card, as the remaining balance incurs high interest. Paying in full helps avoid interest charges and enhances your creditworthiness.

Improving a credit score takes time, typically between 4 to 12 months, depending on the severity of past credit issues.

Consistently displaying responsible credit behaviour, such as timely payments and reduced credit utilization, is key. For those without a credit history, starting early is essential to ensure access to credit at the best rates when needed.

IN A NUTSHELL

A strong credit score is a cornerstone of the lender's decision-making process when sanctioning loans or approving credit cards. It influences critical factors such as interest rates, loan amounts, and approval timelines.

As the saying goes, the first impression is a lasting one, and your credit score serves as the first impression of your financial reliability and creditworthiness to any lender so work towards improving it.

Even if you don't currently need a loan, building and maintaining a good credit score is essential. It reflects responsible credit management and ensures that when the need arises, lenders will be eager to extend credit to you - offering the best terms and expedited approvals.

A good credit score isn't just a number- it is a reflection of your creditworthiness that will influence the financial opportunities that are available to yo**U.**

IMPORTANT JARGON

A PRE-LISTING TRADING PLATFORM IN WORKS TO CURB GREY MARKET

Recently, the chairman of the Securities and Exchange Board of India (SEBI) announced that the regulator is working on a platform where IPO shares can be traded before their actual listing on stock exchanges. This platform, touted as "when-listed" platform, aims to curb grey market activities.

Q. What Is The Grey Market?

The grey market is an unofficial and unregulated market where IPO applications and IPO shares are traded over the counter. Trading in the IPO grey market begins once the IPO issue price is announced and continues until the shares are listed on exchanges. A dealer acts as an intermediary between the buyer and seller. The grey market primarily operates discreetly and through references, with trade settlements occurring exclusively in cash.

Q. What Is The Current IPO Timeline?

Currently, once the bidding process for an IPO ends, the allotment of shares takes place on trading plus one (T+1) day, and the shares are finally listed on the stock exchanges on T+3 working days.

Q. So, Where Does Grey Market Fit Into The Current IPO Market?

In the period between the allotment of shares and listing day, the grey market sees a lot of activity. Since no legal contract is involved, even investors who did not subscribe to the IPO through official channels can transact in the grey market for purely speculative purposes. Essentially, a parallel market thrives for a few days between allotment and listing. Given the large number of companies tapping the IPO market each year, grey market activities can become really huge.

Q. Does the Grey Market Serve Any Purpose?

Since grey market activity precedes the actual listing on stock exchanges, it is often viewed as an indicator of market demand. Although unofficial and unregulated, grey market premiums - the price difference between the IPO issue price and the grey market price - are closely tracked by investors and investment bankers.

For instance, if an IPO is priced at ₹100 and the grey market premium is ₹10, it suggests that the IPO may list at ₹110, reflecting a 10% gain. However, since the grey market is unofficial, these premiums can often be inaccurate. Also, investors who do not receive an IPO allotment sometimes turn to the grey market.

Q. Why Is the Grey Market Sometimes Considered Illegal?

Since the grey market is unregulated, it carries counterparty risks and settlement issues. Even transactions are settled in cash and do not reflect in bank accounts.

Moreover, fraudulent activities can manipulate the real IPO market by posting misleading grey market premiums. Retail investors, in particular, can be easily influenced by such trends in the grey market.

Q. What Is SEBI's Plan?

SEBI aims to curb pre-listing grey market trading by introducing a "when-listed" platform. This platform would facilitate trading in the period between IPO allotment and the official stock exchange listing - roughly three days. Since some investors engage in grey market trading anyway, SEBI plans to provide them with a regulated alternative. The market awaits further details on how this platform will function, but the intent is to formalize grey market operations while eliminating fraudulent transactions.

SEBI PLANS TO PREVENT UNAUTHORIZED ACCESS TO DEMAT ACCOUNTS

The capital markets regulator, the Securities and Exchange Board of India (SEBI) is also considering measures to prevent unauthorized transactions in investors' demat accounts through robust authentication mechanisms.

A consultation paper on this proposal has been released; open for public comments until 11th March. These technological changes aim to strengthen the trading ecosystem.

Q. Why Is SEBI Proposing These Changes?

With technological advancements, instances of unauthorized access to investors' trading accounts have increased. Fraudulent activities such as SIM spoofing (to divert OTPs), unauthorized account modifications, and erroneous share transfers have been reported.

Web-based and mobile trading platforms, if inadequately secured, are vulnerable to hacking, identity theft, and fraud. To address these concerns, SEBI constituted a working group to recommend appropriate measures.

Q. What Has SEBI Proposed?

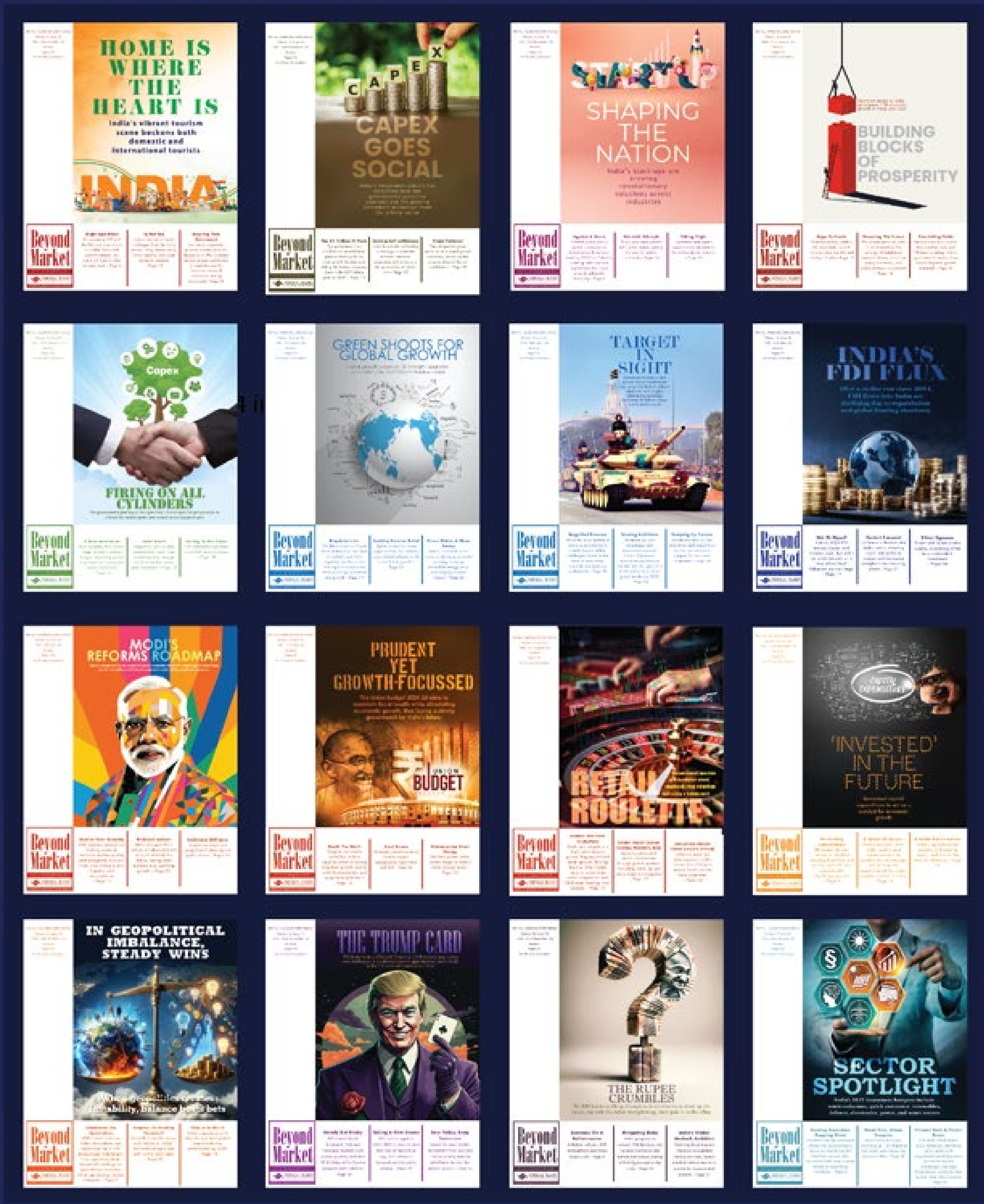
To enhance security, SEBI plans to introduce a system inspired by UPI payment applications. The proposal includes: binding a mobile device's SIM card with a Unique Client Code (UCC) for the demat account holder, linking the mobile number and device to the UCC, implementing biometric authentication for login access, allowing additional logins on other devices via QR code authentication, similar to social media platforms.

Q. How Will Investors Benefit?

The proposed framework will create a more secure trading environment by ensuring that only authorized users can access trading accounts through their registered mobiles. Investors will also be able to track all logged-in sessions and will have greater control over their accounts, including the ability to temporarily lock their trading accounts, revoke or activate sessions on other devices, set restrictions on trade volumes and types of instruments traded.

Q. Will These Changes Affect The Ease Of Operating A Trading Account?

No. On the contrary, fraud risks will be reduced a lot. The new security measures will initially be optional for investors, with a phased rollout making them mandatory over time. The aim is to balance security with ease of access, ensuring a safer trading environment without unnecessary complexitY.



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