

# REDEFINING DIGITAL PAYMENTS

From chai stalls to checkout counters, India's tapping, swiping, and scanning its way into a digital tomorrow - one payment at a time



## Beyond Market

it's simplified...

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### India In The AI Age

The rapid rise of AI offers India a narrow window. In the next two to three years, it must not only build AI talent, but also retain and empower it to drive meaningful progress – Page 22

### Reaching New Heights

**Housing Finance**  
Companies are riding a growth wave, with rising demand, untapped potential, and a shift to affordable housing setting them up for long-term success – Page 26

### Gold Loan: Shine Under Scrutiny

RBI's draft gold loan norms add gloss – with checks in tow – Page 29



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a financial magazine crossing horizons

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**Tushita Nigam**  
Editor

# THE DIGITAL SHIFT IN INDIA'S WALLET

**M**aking and accepting payments through the digital payment infrastructure has been nothing but revolutionary. With government impetus, and aided by the growing use of smartphones, the internet, and e-commerce, digital payments in India have seen commendable growth. In our cover story, we discuss how this growth has unfolded and what we can expect going forward. Read on before you make your next payment.

We also invite you to explore the other articles in this issue, which we believe will empower you to make wise investment decisions. Read about India's current economic scenario even as the global economy grapples to stay afloat, the initial public offering (IPO) market in India and how it is likely to pick up this financial year, and lab-grown diamonds outshining their traditional nemesis – naturally grown diamonds.

This issue also features articles on where India stands in the AI age and how it needs to buckle up to keep pace, the performance of the housing finance sector, RBI's draft norms for gold loans and their potential implications for lenders as well as borrowers if implemented, and the growing popularity of the "anime" industry among Indians of all ages.

In the Beyond Basics section, we have featured two articles - one discussing debt funds as an investment option in the current environment, and the other examining how the insurance industry in India is being redefined with the allowance of 100% FDI and the ongoing wave of mergers.

Finally, do glance through the technical outlook and mutual fund statistics to make informed trading and investment decisions.

**"On the upper side,  
Nifty Futures is  
likely to touch  
24,900 and  
25,400 levels,  
thereafter."**

## **Nifty Futures: 24,450**

(Last Traded Price As On 28th Apr '25)



**T**he Monetary Policy Committee of the Reserve Bank of India (RBI) has recently announced a 25 basis point cut in the repo rate, bringing it down to 6%. It has also shifted its monetary policy stance to "accommodative," signalling room for more cuts ahead.

Q4 FY25 earnings results of India Inc have been broadly in line with expectations.

Globally, amid an escalating trade war, US President Donald Trump has slapped reciprocal tariffs of up to 145% on Chinese goods, with China retaliating with a 125% tax on US products. Trump has also imposed a 10% tariff on imports from most countries, while temporarily pausing higher rates for select trading partners for 90 days.

In the coming days, the Indian stock markets look good with the Nifty Futures having support at the 24,300 and 24,100 levels. On the upper side, it is likely to touch 24,900 and 25,400 levels, thereafter.

Traders and investors are advised to monitor developments in reciprocal tariff negotiations, as well as the remaining earnings results of India Inc.

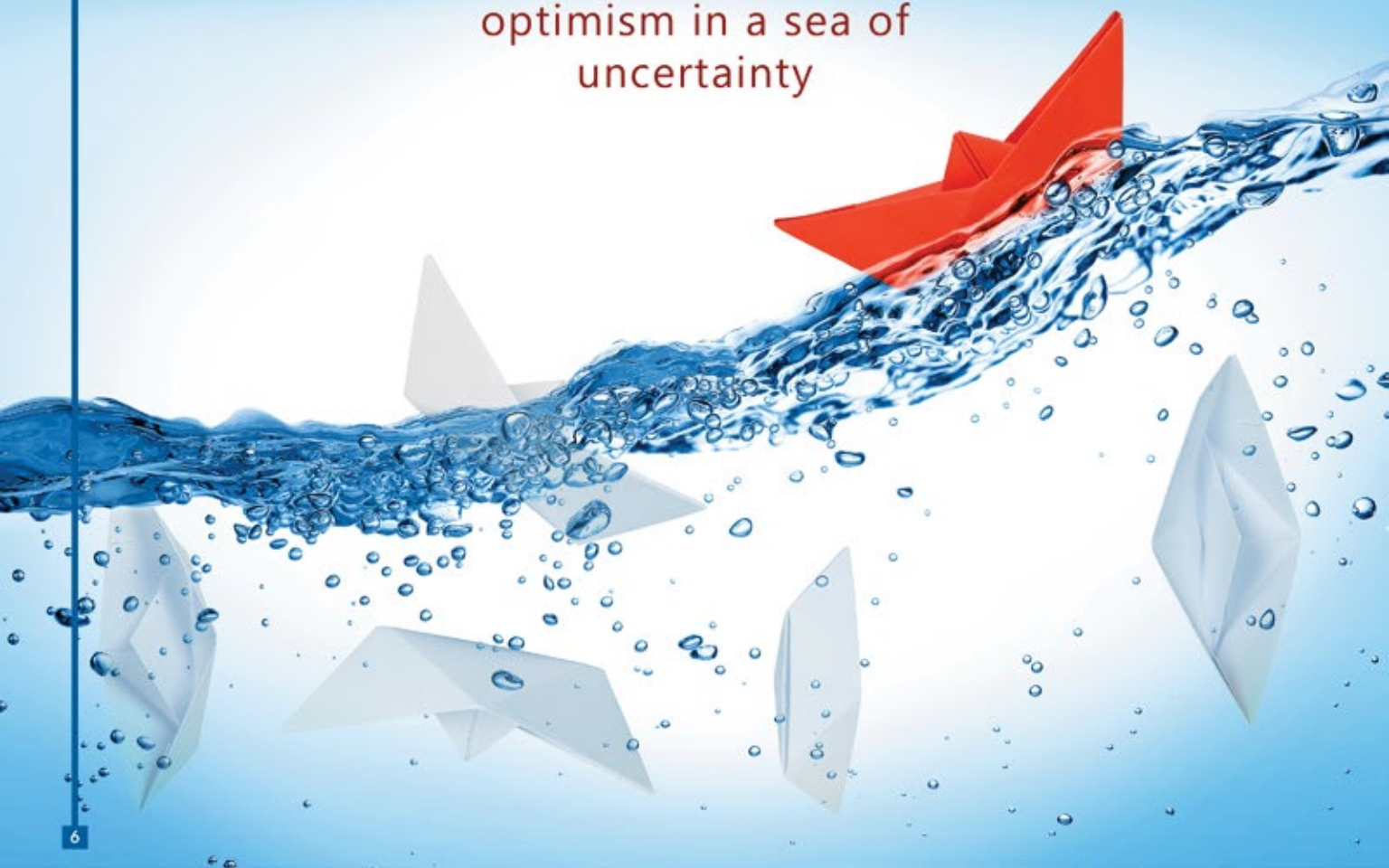
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# TURBULENT TIMES, TRANQUIL TIDES

As the world wobbles, India  
strides - steady growth, softer  
prices, and a glimmer of  
optimism in a sea of  
uncertainty





The world is in turmoil - both politically and economically. The wars in Europe and the Middle East, the former now over two years old and the latter nearing that mark, show no signs of resolution. Global supply routes are under threat, particularly in the Red Sea and Gulf regions, while shortages of commodities, food, and other essential products continue to loom large on the horizon.

As if these threats weren't enough, tariffs pushed by US President Donald Trump now pose a serious risk to the global economy. Although the world has somehow avoided major breakdowns over the past two years, these tariffs (currently deferred for 90 days) could plunge the global economy into a terrible tailspin, from which recovery is likely to be long and arduous.

This bleak picture is further compounded by the poor state of the European economy. Some economists believe the United States is staring at a recession. Reliable information on the Chinese economy is scarce, but the consensus among economic and financial observers is that it too is under considerable strain.

Following the imposition of steep tariffs by the US on China, the Chinese economy is expected to suffer a major blow. Some political pundits caution that if pushed to a corner, China may become increasingly aggressive in the Pacific, in particular towards Taiwan and Japan.

All of this paints a grim picture for the global economy in the current fiscal year (ending 31st Mar '26).

In such troubled times, one searches for signs of hope and assurance - and one bright spot emerges amid this otherwise pessimistic scenario: India. And India is expected to remain the fastest-growing economy among emerging economies this fiscal year.

This is not to say that India will remain unscathed in today's globalized economy. However, with its large domestic market, sound economic fundamentals, and a track record of resilience, there are encouraging signs that India may escape the worst of the economic turbulence that threatens even some of the world's major economies.

## HEALTHY PROJECTIONS FOR INDIA

India's GDP growth rate in FY25 is expected to be a healthy 6.3% to 6.5%. The International Monetary Fund (IMF) has stated that the country will retain its position as the world's fastest-growing economy. The renowned institution has projected a GDP growth rate of around 6.5% for FY26.

Another well-known international institution - the Asian Development Bank (ADB) - has also forecast a 6.5% GDP growth rate, though this is a downward revision from its earlier estimate of 7%.

A GDP growth rate between 6.2% and 6.5% in FY25 is enviable by any standard. Similarly, a projected growth of around 6.5% for FY26 is also a very respectable number.

What merits highlighting is that India's economy has more than doubled - (increased by approximately 105%) - over the past decade, growing from US \$2.1 trillion in 2015 to an estimated US \$4.3 trillion in 2025.

The Asian giant, India, now the world's fifth-largest economy, is steadily closing in on Japan (currently the fourth-largest economy) and is expected to overtake Germany, the third-largest, over the next three years.

According to the IMF, India could surpass Germany as early as the second quarter of 2027. It is also worth noting that India has consistently

posted higher GDP growth rates than several major global economies over the past decade.

In fact, its economic expansion has outpaced that of its northern neighbour China, the United States, and several leading European nations. Presently, the US remains the largest economy with a GDP of US \$30.3 trillion, followed by China at US \$19.5 trillion.

The past financial year (1st Apr '24 to 31st Mar '25) has been reasonably strong for India, with businesses faring well and the economy exhibiting admirable resilience - weathering external shocks that have adversely impacted several major global economies, while leaving India relatively unscathed.

### ROBUST GOODS AND SERVICES TAX

One indicator of strong business performance is the robust Goods and Services Tax (GST) collections in FY25, with March witnessing a notable 10% year-on-year (y-o-y) jump to ₹1.96 lakh crore.

For the full year, GST revenue collection stood at ₹22.08 lakh crore - an increase of 9.4% compared to ₹20.18 lakh crore in FY24.

### STUPENDOUS EXPORTS

Another encouraging highlight of FY25 is India's record exports, which climbed sharply to US \$820.93 billion - a 5.5% increase over the previous year's US \$778.13 billion, according to the Ministry of Commerce.

Both merchandise and services exports saw gains.

Merchandise exports rose modestly to US \$437.42 billion in FY25 from US \$437.07 billion in FY24, while services exports registered a steep 12.45% y-o-y increase.

Smartphone exports saw impressive growth: shipments to the United States rose from US \$4.7 billion to US \$7.4 billion, and to the United Kingdom from US \$0.2 billion to US \$1.5 billion.

### AID FROM AGRICULTURE AND LOWER INFLATION

The agricultural sector performed well, aided by a favourable monsoon. This has put money into the hands of rural farmers, and going forward, is expected to stimulate domestic consumption.

Inflation has slid in recent months, coming down to 3.34% in March.

### A FALL IN INFLATION NUMBERS

This marks the fifth consecutive month of declining inflation and is notably lower than the 3.61% recorded in February. A major driver behind this easing trend is the softening of food prices, especially vegetables, spices, eggs, and pulses.

"There has been a substantial and broad-based seasonal correction in vegetable prices. The uncertainties around rabi (winter) crops have abated considerably... Along with robust kharif (autumn) arrivals, this is expected to set the stage

for a durable softening in food inflation," the Reserve Bank of India (RBI) noted.

### RBI'S RATE CUTS

It is worth noting that India's apex bank has trimmed the repo rate by 0.25 percentage points on two recent occasions, bringing it down to 6%. With inflation continuing its downward trend, the likelihood of further rate cuts appears high.

The government, too, has acknowledged the need to stimulate domestic consumption. The middle class - discontented last year due to high taxes - has received substantial relief, with Income Tax now exempted up to ₹12 lakh. While this move has political overtones - given that the middle class is widely seen as a key support base for Prime Minister Narendra Modi and its reduced enthusiasm in the previous national election contributed to the formation of a minority government - it is nonetheless a meaningful step.

The increase in the Income Tax exemption limit will leave more disposable income in people's hands. This surplus can translate into higher spending, thereby boosting domestic consumption and giving the economy a needed lift.

The rural economy, too, stands to benefit from a strong agricultural performance. The Union Budget of February '25 has further added to this momentum by putting surplus money in the hands of the people - likely to spur demand



across sectors such as retail, white goods, gems and jewellery, tractors and two-wheelers, textiles, tourism, real estate, hospitality, and food and beverages, among others.

Healthy domestic consumption plays a critical role in invigorating the economy. More money in people's hands means greater purchasing power, which should lead to increased household spending and, in turn, support encouraging economic growth in the current fiscal year.

### IN A NUTSHELL

With the RBI cutting rates and inflation trending downward, India's economy - buoyed by rising domestic consumption - is well positioned to perform strongly, even in a global environment where external

shocks can hinder economic growth.

Economists and financial sector experts believe inflation is likely to remain below 4%, which could prompt the Reserve Bank to implement further rate cuts. This, in turn, should help the economy grow.

America's tariff threats, now paused by President Donald Trump, can pose a big downside risk should he decide to implement it after the expiry of the 90-day period. The US had earlier imposed a 26% tariff but has now paused it, leaving only a 10% baseline tariff.

If the tariffs come on, then it could adversely impact India's economic growth despite the several existing favourable factors. In such a scenario,


GDP growth could dip below 6%, potentially approaching the 5% mark.

That said, ongoing negotiations between India and the US signal a willingness on both sides to avoid an escalation. A mutually beneficial agreement is expected, which could avert any major trade disruption.


India remains better placed than many economies. The country enjoys political stability, and the most recent Budget has been growth-oriented and positively received.


Barring unexpected external shocks, India is likely to stay on course for a 6.5% GDP growth rate in this financial year - keeping it firmly among the top-performing economies globally.

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# THE IPO ASCENT

The IPO market strides into 2025 -  
undaunted by global jitters, powered by  
domestic strength and digital momentum



India's IPO market has entered 2025 with strong momentum, showing resilience even as global uncertainties - including rising US protectionism - cast a shadow on capital flows.

While the US has reintroduced broad tariffs, particularly on Chinese imports, and tightened trade exemptions, India's capital markets are demonstrating a new level of maturity and strength.

Backed by domestic strength, sectoral diversity, and a strong investor base, the Indian capital market seems well-positioned to absorb shocks and move forward.

At the heart of current concerns is the recent shift in US trade policy. In early 2025, the US government announced sweeping tariff changes, reviving a more protectionist stance. This included a new 10% baseline tariff on all imports and a dramatic hike in cumulative tariffs on Chinese goods - rising to 125% in some categories, especially targeting key sectors like EV batteries, solar panels, and semiconductors.

In addition to this, the US removed the "de minimis" exemption, which had allowed goods valued under \$800 to enter duty-free. The new rules mean platforms like Shein and Temu, popular for low-cost consumer goods, are now subject to duties as high as 90%, reshaping global supply chains.

While these moves are largely aimed at decoupling from China and boosting American manufacturing, the ripple effects are global.

Capital tends to retreat to safer assets during times of trade uncertainty.

For emerging markets like India, that can mean volatility, as foreign institutional investors (FIIs) become more cautious. But this time, the story is more nuanced.

India is no longer merely vulnerable to global capital flows - it is increasingly a destination of choice. As companies and investors look to diversify supply chains away from China, India is emerging as a viable alternative. Sectors such as electronics manufacturing, renewables, and semiconductors - precisely those affected by the US tariffs - are seeing increased interest in

India. This bodes well for future IPOs in these domains, with companies looking to scale up and access public capital.

The Indian IPO market has already built solid momentum. In 2024, Indian companies raised over ₹1.8 lakh crore through 317 public issues, according to industry data. The year was led by blockbuster listings such as Hyundai Motor India, which raised ₹27,870 crore, and Vodafone Idea's ₹18,000 crore follow-on offer.

These mega-deals attracted institutional capital and saw increased retail participation, a sign of maturing investor sentiment and confidence in India Inc. For the first time, India surpassed China in IPO proceeds, becoming Asia's top IPO destination and second only to the US globally.

This momentum shows no signs of slowing down. The IPO pipeline for 2025 is already brimming with high-profile names across diverse sectors, including telecom, electric vehicles, financial services, cement, and digital commerce.

The much-anticipated IPO of Reliance Jio is on the cards, with an expected valuation above ₹9.3 lakh crore (\$112 billion). If it materializes, this could be India's biggest IPO ever.

HDB Financial Services, a subsidiary of HDFC Bank, is another major contender. The company plans to raise ₹12,500 crore, partly through a fresh issue and partly via an offer for sale. This IPO will



help HDB emerge as a standalone financial powerhouse while offering retail and institutional investors a slice of India's booming financial services market.

Similarly, Ather Energy, a rising star in India's electric mobility space, plans to raise ₹3,100 crore to expand its manufacturing and R&D capacities. This listing follows in the footsteps of Ola Electric's successful debut and points to the increasing investor appetite for green mobility solutions.

Other noteworthy names include JSW Cement, which has received SEBI's approval for a ₹4,000 crore IPO, and Zepto, the quick commerce unicorn, planning to raise \$400 million to \$500 million. Avanse Financial Services, focusing on education finance, is targeting ₹3,500 crore, while SoftBank-backed OfBusiness may raise up to \$1 billion, leveraging its strong revenue and profit growth.

One of the market's strengths is the diversification of IPOs across sectors. Unlike in the post-pandemic boom, when tech unicorns dominated the IPO scene - often at lofty, unsustainable valuations - investors in 2025 are rewarding companies with tangible profits, scalable business models, and strong corporate governance. This maturing of the investor mindset reflects the broader evolution of Indian capital markets.

Retail participation is another pillar of this resilience. The

digitization of investing through platforms like Zerodha, Groww, and Paytm Money has enabled a wave of first-time investors from smaller cities. The rise in demat accounts, coupled with UPI integration into IPO bidding, has significantly widened the retail base. This domestic strength often balances out FII outflows during global corrections.

From a regulatory standpoint, SEBI continues to play a crucial role in improving market confidence. Reforms aimed at improving disclosure norms, tightening listing procedures, and protecting investor interests have improved transparency and made IPOs more appealing to both domestic and foreign investors.

The regulator's recent moves to tighten monitoring of anchor investors and offer-for-sale mechanisms are also likely to reduce post-listing volatility.

Still, risks remain. A prolonged tariff standoff between the US and China could trigger a broader realignment of trade blocs. If that spills over into global growth slowdowns or affects dollar liquidity, India could see some softening in IPO valuations or timing. Also, any major corrections in US tech stocks could dampen sentiment globally.

Yet, India appears relatively insulated. Its macro indicators are stable - GDP growth is projected to be over 6.5%, inflation is cooling, and foreign reserves remain strong.

Policymakers are focused on infrastructure-led growth, digitization, and manufacturing competitiveness. These factors ensure that India is not just reacting to global shocks - it's shaping its own economic destiny.

An evolution of the investor base, combined with improving corporate governance and operational performance of Indian companies, offers long-term sustainability to IPO market growth. Moreover, the digitalization of the IPO process - ranging from e-KYC to ASBA and UPI integration - has made investing more accessible, especially to retail participants in Tier 2 and Tier 3 cities.

Looking ahead, the Indian IPO market seems poised to maintain its upward trajectory. While global economic uncertainties, including the ongoing U.S. tariff saga, may cause short-term volatility, the underlying structural strengths of India's capital markets remain intact.

A deepening retail base, a rising middle class, increasing institutional participation, and a pipeline of credible, growth-oriented companies all contribute to a robust and vibrant IPO environment.

For investors, 2025 presents a year of both opportunity and caution.

While the market is likely to see several blockbuster listings, prudent analysis and long-term perspective will be essential. As companies across



sectors - from digital commerce to electric mobility and financial services - line up to tap the market, investors would do well to assess fundamentals, valuation comfort, and business models.

India's IPO market is no longer just a capital-raising mechanism.

IPOs are now seen as strategic milestones for companies and wealth-building avenues for

investors. With the right mix of policy support, market integrity, and investor enthusiasm, the future of the Indian IPO market looks bright - even in a world marked by uncertainty.



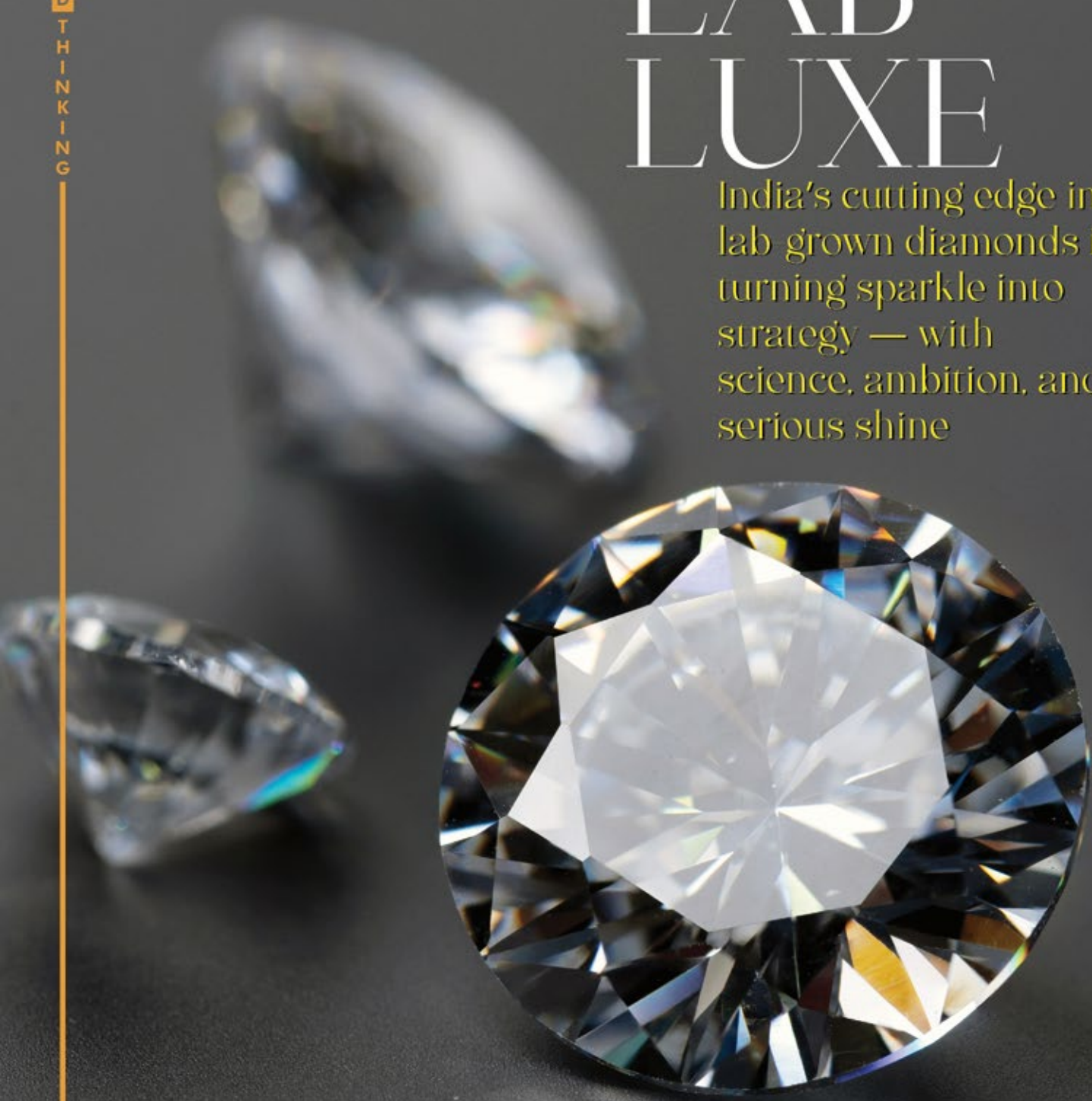
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# LAB LUXE

India's cutting edge in lab grown diamonds is turning sparkle into strategy — with science, ambition, and serious shine





India is fast emerging as a global powerhouse in the lab-grown diamond (LGD) industry, building on its deep-rooted expertise in diamond cutting and polishing. Already responsible for processing 90% of the world's rough diamonds, the country is now accelerating its shift towards LGDs - an innovation that promises sustainability, scalability, and significant economic value.

With global demand surging, India is harnessing its robust manufacturing base, technological capabilities, and favourable government policies to cement its position as a key player in the LGD landscape.

### LAB-GROWN DIAMONDS: AN INNOVATION-LED DISRUPTION

Lab-grown diamonds - also called synthetic or man-made diamonds - are created by mimicking the geological processes that form natural diamonds, but within a laboratory setting. Originally used for industrial purposes since the 1950s, LGDs have, since the early 2000s, evolved into jewellery-grade stones thanks to advances in technology.

Unlike traditional diamond mining, which involves complex supply chains and huge environmental impact, LGDs offer a streamlined, sustainable alternative. They can be produced faster, at lower cost, and with minimal ecological disruption. As consumers increasingly prioritize ethical sourcing and affordability, LGDs are gaining ground - particularly among younger buyers looking for larger, high-quality stones without the hefty price tag of natural diamonds.

### AN EXPANDING INDUSTRY

LGDs have gained traction in both day-to-day and bridal jewellery segments. Additionally, leading luxury brands like Pandora, De Beers (Lightbox), and Signet Jewellers have expanded their LGD collections, signalling broader acceptance in the global jewellery market.

India is emerging as a major player in the LGD industry, with Surat and Gujarat accounting for nearly 30% to 40% of global production. The adoption of advanced CVD (Chemical Vapour

Deposition) technology has significantly improved production efficiency, enabling the creation of higher-quality diamonds at reduced costs.

Domestic demand is also rising, with key jewellery brands like Tanishq and CaratLane expanding their LGD offerings. Additionally, increasing awareness in Tier-2 and Tier-3 cities is further propelling market growth. With strong government backing and continued technological advancements, India's role in the global LGD supply chain is expected to strengthen, positioning the country as a leading hub for sustainable diamond manufacturing and exports.

The global LGD market, valued at US \$22.3 billion in 2023, is projected to reach US \$37.3 billion by 2030, growing at a CAGR of 9.4%. India is playing a pivotal role in fuelling this momentum.

### GROWTH DRIVERS

#### Affordability And Price Difference

Lab-grown diamonds are significantly more affordable than natural diamonds - typically priced 30% to 40% lower, and in some cases, up to 70% to 80% cheaper on a per-carat basis. This price advantage is reshaping consumer behaviour: buyers are increasingly comfortable choosing LGDs for everyday use, not just for milestone purchases.

LGDs also offer customization in terms of colour, size, and clarity - an appealing

proposition given the rarity and expense of naturally coloured diamonds. Thanks to short production cycles, these custom diamonds can be created within weeks.

As per current market rates, a 1-carat lab-grown diamond costs between ₹75,000 and ₹90,000, whereas a mined diamond with similar colour and clarity ranges between ₹6 lakh and ₹10 lakh. This vast price differential is making LGDs an increasingly attractive choice for consumers, especially in price-sensitive markets like India.

### India's Economic Growth And Transition To A Consumption-Driven Economy

India is undergoing a profound economic transformation, emerging as one of the fastest-growing major economies in the world. This growth is being driven by strong domestic consumption, rapid urbanization, and rising income levels - signalling a shift from an investment-led model to a consumption-driven economy.

The composition of GDP reflects this transition, with a rising share of final consumption expenditure - both private and public. This shift is particularly favourable for discretionary sectors such as luxury goods, real estate, and premium lifestyle products, including lab-grown diamonds.

Urbanization is playing a pivotal role in this consumption boom. By 2030, an estimated 40% of India's

population will live in urban areas, up from 35% in 2020. Urban consumers typically have higher disposable incomes and a growing preference for premium products, including diamonds and other luxury items - creating a strong demand environment for LGD manufacturers and retailers.

At the same time, India's digital economy is expanding rapidly, with e-commerce driving a significant portion of consumer spending. Online jewellery platforms have made lab-grown diamonds more accessible, particularly to younger, tech-savvy consumers who prioritize affordability, sustainability, and convenience. With brands like BlueStone, Melorra, and CaratLane actively promoting LGDs, the segment is witnessing robust and sustained growth.

### Rising Per Capita Income And The Expansion Of The Middle And Affluent Class

India's rising per capita income is majorly boosting discretionary spending, particularly in the lifestyle and luxury segments. According to the International Monetary Fund (IMF), India's per capita income is expected to surpass \$3,000 by 2025, up from \$2,410 in 2023. This upward trend points to a growing consumer base with increasing purchasing power.

The expansion of India's middle class is particularly noteworthy. A report by Price360 highlights that India's middle class has been growing at an annual rate of 6.3%,

adding 338 million individuals between 1995 and 2021. Currently, the middle class represents 31% of the population and is projected to reach 38% by 2031 and 60% by 2047. By 2030, India is expected to add 75 million middle-class and 25 million affluent households, with these two segments together accounting for 56% of the total population.

As disposable incomes rise, Indian consumers are increasingly spending on premium jewellery, luxury watches, and designer accessories - shifting their focus from necessity-driven purchases to aspirational buying.

A study by McKinsey & Company projects that by 2030, discretionary consumption in India will reach \$5.2 trillion, with middle-class and affluent households contributing \$2.7 trillion of incremental spending. The jewellery segment stands to benefit significantly, especially from consumers seeking larger, more customized diamond options at lower price points.

Additionally, the growing demand for luxury goods in Tier-2 and Tier-3 cities is noteworthy. While diamond consumption was previously concentrated in metros like Mumbai, Delhi, and Bangalore, smaller cities are now emerging as high-growth markets. With digital commerce expanding and luxury brands making deeper inroads into regional markets, lab-grown diamond companies are capitalizing on



this shift by offering diverse product portfolios tailored to new-age consumers.

The middle and affluent class will play a pivotal role in shaping India's diamond industry in the decades ahead. As discretionary income continues to rise and sustainability awareness deepens, LGDs are well-positioned to become a mainstream choice in Indian households - reinforcing India's leadership in both production and consumption.

### Governmental Push: Policies Favouring The Lab-Grown Diamond Industry

The Indian government has introduced policy measures to promote the lab-grown diamond industry, recognizing its potential for economic growth, technological advancement, and sustainability. A key initiative in the Union Budget 2025 was the removal of the 5% customs duty on diamond seeds, a crucial input in LGD production.

This policy reduces manufacturing costs, making India's LGD sector more competitive globally and enhancing domestic production efficiency.

Additionally, the customs duty exemption has been extended until 31st Mar '26, ensuring long-term stability for manufacturers.

The government is also investing in research and development, with funding allocated to IITs and private industry collaborations to improve diamond synthesis and precision-cutting technology. Sustainability remains a key focus, with incentives encouraging energy-efficient production methods that align with India's net-zero carbon goals.

To bolster India's position in global LGD exports, the Gem & Jewellery Export Promotion Council (GJEPC) has launched initiatives to expand India's reach in markets like the US, Europe, and the Middle East. Trade agreements with major diamond-importing nations are also being negotiated to streamline export processes.

The government's proactive approach in removing import duties, funding R&D, and supporting sustainable manufacturing is expected to drive India's leadership in the LGD industry. The removal of customs duty and continued government support will make India a dominant player in the

global LGD sector, strengthening its position in both exports and domestic markets.

### India's Dominance In Global Lab-Grown Diamond Trade

India has rapidly emerged as the world's largest exporter of lab-grown diamonds, accounting for 28.6% of the global LGD export market in 2023. This dominance is driven by a combination of factors, including rising international demand for sustainable diamonds, advanced manufacturing hubs in Gujarat, and favourable government policies.

Historically, China controlled 70% to 80% of the LGD supply, but India's investments in cutting-edge CVD (Chemical Vapour Deposition) technology and cost-effective production have positioned it as a serious competitor. Gujarat, particularly Surat, now produces 30% to 40% of the world's lab-grown diamonds, further strengthening India's influence in the global diamond trade. The US remains the largest market for LGDs, accounting for over 70% of global sales, with major retailers increasingly favouring India-produced diamonds due to their quality and competitive pricing.

### Indian Jewellery And Loose Stones Exports

Year	Cut & Polished ND (%)	Gold Jewellery (%)	Polished LGD (%)	Coloured Gemstones (%)	Others (%)
FY22	63	24	3	1	11
FY23	58	25	4	1	10
FY24	49	34	4	1	9

Note: "Others" includes rough-coloured stone exports, silver and platinum jewellery, pearls, gold bars, polished synthetic stones, etc.  
Source: Gem and Jewellery Export Promotion Council (GJEPC)

With continued technological advancements and increasing global retail partnerships, India is well-positioned to consolidate its leadership in the LGD industry, further challenging traditional diamond producers and reshaping the global gemstone market.

# REDEFINING DIGITAL PAYMENTS

**From chai stalls to checkout counters, India's tapping, swiping, and scanning its way into a digital tomorrow - one payment at a time**





he digital world has become the epicentre of our everyday lives. From how we connect with each other to how we shop, so much of what we do now revolves around the digital space. It's no longer optional - it's an essential part of how we live.

In this context, it's worth exploring just how deeply we've integrated into the digital world.

Worldline, a global leader in payment services, recently released a report on digital payments in India. The report offers a comprehensive view of how digital transactions are shaping various sectors. But beyond the data, there are real-world signs that show just how widely digital payment methods have been accepted - and adopted - across the country.

Here are some insights that highlight how extensively Indians are embracing digital payments. Read on:

## FAVOURABLE CIRCUMSTANCES

One of the major turning points in the adoption of digital payments in India was the government's demonetization policy, announced on 8th November '16. According to the National Informatics Centre (<https://www.nic.in/>), before demonetization, digital payments made up only about 10% of all transactions in the country. Since then, that figure has grown to over 20%, highlighting a huge behavioural shift.

Apart from this catalyst, three key factors have further fuelled the growth of digital payments in India.

### Strong Government Push For Digitalization

Over the past decade, the government has launched several initiatives that are heavily reliant on digital platforms - such as Digital India, Make in India, and Startup India. As per the NIC website, these programmes aim to expand the use of digital technologies across sectors like healthcare, education, and agriculture, while creating a supportive ecosystem for start-ups.

### Rising Internet And Smartphone Penetration

As per a report by the Internet and Mobile Association of India,

the number of internet users in India was projected to reach 800 million by 2023. This increase has directly contributed to the growing popularity of mobile wallets, with the user base expected to hit 900 million by 2025.

### Growth In E-Commerce

The increasing popularity of online shopping has further driven the shift towards digital payments. According to the NIC, India's e-commerce market is expected to grow at a compound annual growth rate (CAGR) of 31% and touch \$200 billion by 2026.

In a feature titled 'Digital Payments Driving the Growth of Digital Economy,' the NIC notes: "The growth of the e-commerce market has led to an increase in the number of online shoppers in India, which is expected to reach 220 million by 2025. The digital payments ecosystem in India is also supported by a number of other private players as well."

In addition to these factors, innovations like the Unified Payments Interface (UPI) - which facilitates real-time inter-bank transactions - and the Bharat Interface for Money (BHIM) app, which simplifies digital transactions, have also played a crucial role in making digital payments more accessible and user-friendly in recent years.

## THE CHANGED INDIA

One of the most visible shifts in the post-pandemic era has been the widespread adoption of digital payments. Today, whether you're paying a

rickshaw driver, buying vegetables at a street stall, or dining at an upscale restaurant, digital payments are not just accepted - they're often preferred.

Recently, the Press Information Bureau (PIB) of India released a set of statistics that show just how deeply digital payments have penetrated daily life across the country.

Here are some key insights from the PIB's press release:

### Unprecedented Surge In Transactions

India has witnessed an extraordinary rise in digital transactions, signalling a big shift towards a less-cash society. Leading this transformation is the Unified Payments Interface (UPI), which recorded a staggering 16.73 billion transactions in December '24 alone.

### Rise of Key Digital Platforms

Platforms like Immediate Payment Service (IMPS) and NETC FASTag have emerged as pivotal players, offering faster, more accessible, and secure payment options.

### Empowerment Through UPI

UPI has played a significant role in empowering individuals, small businesses, and merchants, helping drive India's shift towards a digital, less-cash economy.

### UPI's Record-Breaking Performance

The National Payments Corporation of India (NPCI)

processed over 16.73 billion UPI transactions in December '24, with a transaction value of ₹23.25 lakh crore - up from ₹21.55 lakh crore in November. Over the year, UPI processed approximately 172 billion transactions, marking a 46% jump from 117.64 billion in 2023. This sharp rise reflects a broader shift toward financial inclusivity, with UPI being the central pillar.

### Continued Role Of IMPS

While UPI leads the mobile payments segment, IMPS remains a reliable and trusted system for instant bank-to-bank transfers.

In December '24, IMPS recorded 441 million transactions, up from 407.92 million in November, with the transaction value increasing from ₹5.58 lakh crore to ₹6.01 lakh crore in December.

### FASTag Growth

FASTag, India's electronic toll collection system, saw transactions rise to 381.98 million in December, from 358.84 million in November. The transaction value also climbed from ₹6,070 crore to ₹6,642 crore.

Against this backdrop of accelerating adoption, the latest Worldline report offers additional insights into the evolving digital payment ecosystem. Drawing from publicly available transaction data and records from the second half of 2024, the report outlines several key developments:

### POS Terminals Cross 10

### Million

The number of Point of Sale (POS) terminals across India has surpassed 10 million. These devices are critical for processing payments and recording sales at retail locations.

### Market Concentration

Just 10 banks account for 96% of POS terminal deployments, indicating a highly consolidated landscape.

### UPI's Expanding Footprint

UPI continues to be the dominant force in digital payments and is now gaining traction beyond India's borders.

### Credit Card Momentum

Credit card transactions - both in volume and value - have shown a steady increase, especially for high-value purchases, across both POS and online transactions.

### Decline In Debit Card Usage

Debit card transactions - both in volume and value - continues to decline, likely as a result of UPI's increasing popularity for similar types of transactions.

### Pre-paid Cards on the Rise

Pre-paid cards are witnessing strong growth, signalling their growing appeal in niche segments.

### Sustained FASTag Adoption

FASTag usage continues to rise steadily and is expected to



keep pace with the increasing number of vehicles on Indian roads.

According to the Reserve Bank of India, digital transactions in the country have grown nearly fivefold over the past six years. Today, over 40% of all payments in India are made digitally.

With UPI now being used by around 30 crore consumers and more than five crore merchants, digital payments are poised to become an integral part of how India

transacts in the years ahead.

### IN A NUTSHELL

While digital payments have grown considerably across India, experts note that their penetration remains limited in smaller towns and among small- and mid-sized merchants.

One key barrier is the concern around fraud. Instances of people losing money by inadvertently sharing sensitive banking information continue to surface, fuelling

apprehension around digital transactions. However, as the world becomes increasingly digital, it's inevitable that people in smaller towns will need to adopt and adapt to these modes of payment. In today's connected world, staying out of the digital ecosystem means falling out of step with the times - and that's a misstep few can afford.

Given this reality, digital payments are expected to continue their expansion across geographies in India in the years ahead.



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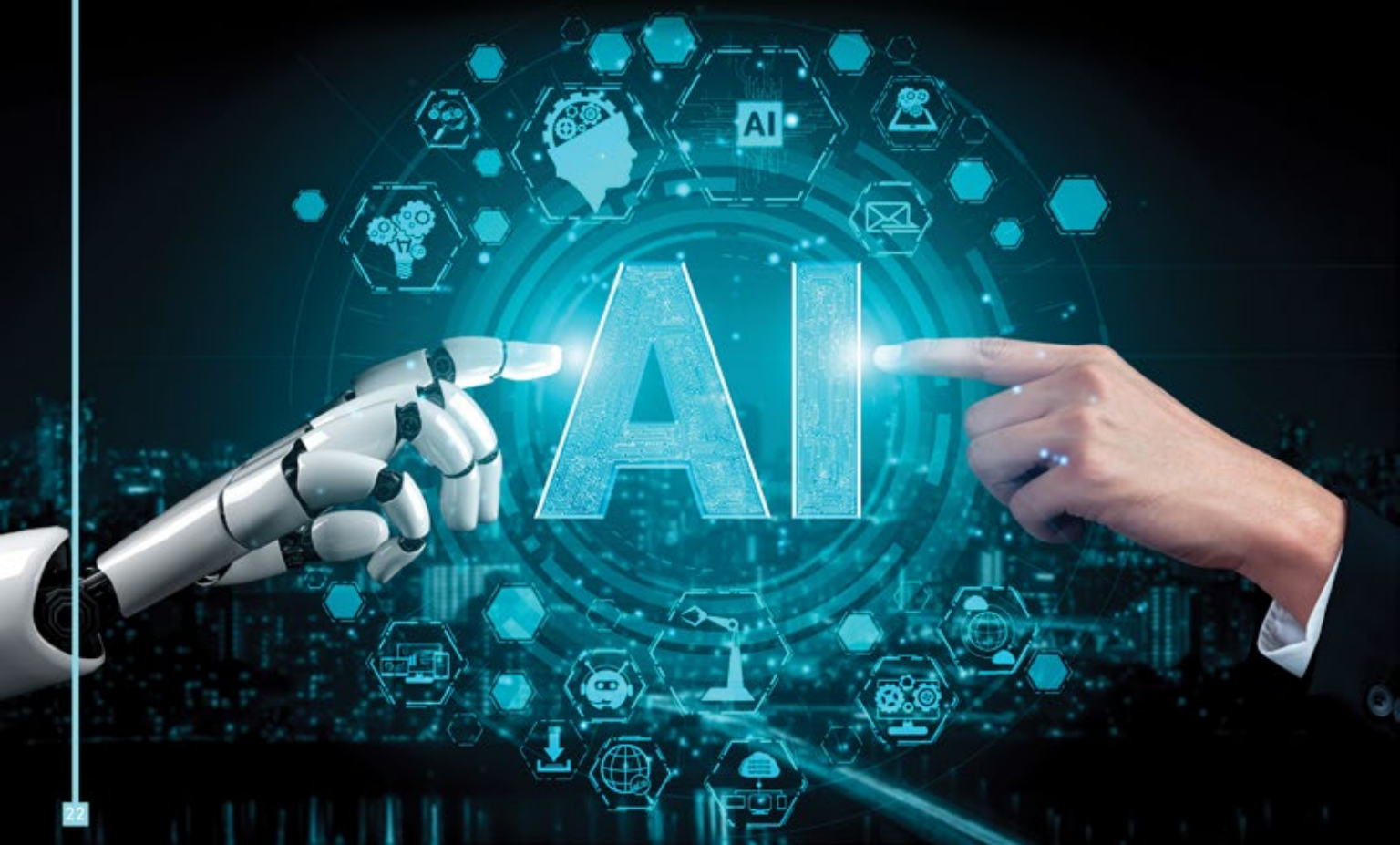
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# INDIA IN THE AI AGE

The rapid rise of AI offers India a narrow window. In the next two to three years, it must not only build AI talent, but also retain and empower it to drive meaningful progress





his year, a small Chinese firm named DeepSeek stunned the global artificial intelligence (AI) ecosystem. Its models, including DeepSeek-V2, broke into top tiers of benchmark rankings like MMLU and HumanEval. However, it wasn't just their performance that grabbed attention. DeepSeek did something more disruptive: it reduced the cost of inference dramatically.

Its engineering ingenuity enabled powerful performance without the burden of heavy compute cost - a challenge that has plagued Western AI firms like OpenAI and Meta, who continue to invest billions in GPUs, cloud infrastructure, and data storage. The implications are profound: a new axis of competition in AI, one focused not just on scale or intelligence, but on affordability and access.

## INDIA'S OLD PLAYBOOK FACES OBSOLESCENCE

In some ways, this mirrors India's IT revolution. The country rose to global prominence not by leading in core innovation, but by offering high-quality services at lower costs. English fluency, engineering skills, and time-zone advantages made India the back office of the digital world. But the AI era is rewriting that playbook.

Large Language Models (LLMs) and generative systems are flattening the advantage once held by linguistic skills or even programming expertise. AI can now code, translate, draft legal opinions, and debug complex software systems.

As generative AI becomes more cost-efficient, even India's low-cost workforce faces the risk of redundancy. And as other emerging nations start to offer high-performance models at cheaper prices, India's unique value proposition is under serious strain.

## GLOBAL AI INVESTMENT HIGHLIGHTS INDIA'S LAG

Simultaneously, the global AI race is accelerating. According to Stanford University's AI Index 2024, the United States is the undisputed leader, dominating in frontier model development, talent retention, private investment, AI startups, and AI-related mergers and acquisitions. The US accounted for nearly 60% of global AI patents between 2010 and 2022, while China held

20%. India, in contrast, accounted for just 0.5% of global AI patents during this period.

In 2023 alone, AI investment in the US hit \$67.2 billion. By 2024, this number rose to \$109.1 billion, reflecting massive interest in AI across sectors. In contrast, China attracted \$9.3 billion in 2024, the UK \$4.5 billion, and Canada \$3.7 billion.

India stood at \$1.7 billion in AI private investments for 2024. Over the cumulative 2013–2024 period, India attracted just \$11.3 billion.

In terms of model development, the US launched 40 notable models in 2024 alone, compared to 15 in China and 3 in the European Union. Leading US-based models include GPT-4, Gemini, Claude, and Mistral. China has rapidly caught up with DeepSeek, Qwen, and GLM.

Benchmark comparisons using the MMLU and HumanEval show that Chinese models are now neck-and-neck with their American counterparts, especially on reasoning and coding tasks. In 2023, Chinese models trailed significantly. By 2024, the performance gap had narrowed to single-digit margins.

## INDIA'S FOUNDATION MODEL GAP

Despite this rapid global progress, India continues to play catch-up. It does not have a single globally benchmarked foundational model. But there are glimmers of hope. Stanford's Global AI Vibrancy

Tool ranked India fourth in the world in 2024, up from fifth in 2023, based on metrics including AI publications, GitHub activity, and AI-related hiring. On GitHub, India accounted for nearly 20% of global contributions to AI-related projects in 2024, just behind the US, and ahead of Europe.

On the talent front, India is strong but vulnerable. It ranked second in AI skill penetration on LinkedIn over the past nine years (2015–2024), reflecting a large base of AI-capable professionals.

In 2024, it recorded a 33.4% rise in AI job postings, the highest globally, ahead of Brazil and Saudi Arabia. But India's net AI talent migration rate was –1.55 in 2024, one of the worst globally. For every 10,000 LinkedIn users, two AI-skilled professionals left the country.

In contrast, the US, UAE, and Saudi Arabia saw positive inflows of AI talent. Without adequate research infrastructure and domestic opportunities, India risks becoming a net exporter of AI talent.

## INDIAAI MISSION

To address these gaps, the Indian government launched the IndiaAI Mission in March '24 with a budget of ₹10,371 crore. The mission is anchored by the Ministry of Electronics and Information Technology (MeitY) and the IndiaAI Innovation Centre.

Its key goals include building

compute capacity, supporting startups, funding foundational models, creating open datasets, and promoting responsible AI.

A central pillar of the mission is the IndiaAI Compute Capacity initiative. It will provide access to 18,000 GPUs via a National Compute Grid. Of this, 10,000 GPUs are already available via the IndiaAI Compute Portal.

Compute will be offered at subsidized rates of \$1 per GPU hour, with an additional 40% subsidy for eligible start-ups and researchers, significantly lower than market rates of \$2.5 per hour to \$3 per hour.

This is expected to reduce the cost of training models by 60% to 70%, making it feasible for Indian start-ups and institutions to build and fine-tune their own models.

The IndiaAI Datasets Platform, also called AIKosha, will host non-personal data from agriculture, weather, logistics, and urban infrastructure, alongside multilingual corpora from Bhashini.

AIKosha aims to standardize and anonymise data for safe reuse, a crucial step in enabling large-scale training for Indian language models and domain-specific applications.

## INDIA'S LLM PUSH: BHARATGEN AND BEYOND

IndiaAI Mission has received over 187 proposals for building sovereign foundational models. Around 120 applications were

submitted in phase two, with strong participation from Indian-origin researchers overseas, particularly from Singapore, the US, and the UK.

The government has set aside ₹1,500 crore for foundational and sector-specific models, to be offered via grants, equity support, and compute credits.

The mission's flagship multilingual model project, BharatGen, led by IIT Bombay, aims to build open-source LLMs with text-to-speech and speech-to-text capability in 14 Indian languages.

A bilingual English-Hindi model with 2 billion parameters has already been developed. Each of the upcoming language-specific models will be trained with 5 billion parameters.

While not massive by global standards, these models are being designed for local usability and low-cost deployment.

Complementing this is the Trinity project at IIT Bombay, which focuses on networked smaller models that can work together to perform generative tasks. Another standout initiative is Kompact AI, developed by Ziroh Labs and IIT Madras.

It enables open-source LLMs to run efficiently on CPUs, removing the dependency on GPUs. Tests have shown Qwen and Llama 2 running smoothly on Intel Xeon-based laptops. This has the potential to revolutionize AI access in low-resource settings.



## NO INDIAN AI CHIPS YET

While these domestic efforts are gaining traction, India is still not competitive in the AI semiconductor space. Nvidia controls over 80% of the global GPU market, and India has yet to produce any AI chips domestically.

The IndiaAI Mission has included a clause to support indigenous chip design, but it will take years to achieve commercial viability.

There is also no national legislation on AI. The government has opted for a consultative approach, issuing an advisory to platforms in March '24 requiring consent labels for synthetic content, watermarking for AI-generated material, and restrictions on under-tested models.

However, a comprehensive AI Act is yet to be introduced. This may create uncertainty for global investors and start-ups who prefer legal clarity.

## A GROWING ECOSYSTEM, BUT EXECUTION IS KEY

Despite these challenges, India's AI momentum is building. Around 230 start-ups are now working on generative AI.

Many are bootstrapped or early-stage, but the availability of subsidized computing power and targeted funding could catalyze their growth. If India can nurture these early innovators, the ecosystem could mature rapidly.

India's ambitions in artificial

intelligence are constrained by a familiar trio: limited trust, capital, and patience. While consumers may tolerate occasional AI slip-ups, enterprises and government bodies remain far less forgiving.

Bureaucratic inertia, risk aversion, and reluctance to share data slow state adoption. Corporate India, meanwhile, hesitates to deploy systems where a single misstep can dent brand reputation.

More critically, India lacks the patient capital required to build deep-tech capabilities. Investors, conditioned for quick exits, shy away from ventures that, like Nvidia, take decades to mature.

R&D expenditure is similarly anaemic: at 0.7% of GDP, India trails well behind the US (3.5%) and China (2.5%), stunting homegrown innovation.

## THE PATH FORWARD

Quantum computing beckons as the next technological frontier and India cannot afford to lag. A step-change in public and private R&D funding is urgent. So is the need to lure top talent and retain the brightest minds at home.

India's success with digital public infrastructure (DPI) provides a workable template. Open-source initiatives like AI4Bharat demonstrate how lean engineering, context-specific data, and Indian-language models can lower AI costs without depending on foreign datasets or proprietary

tools.

To scale such models, India needs secure, narrow-use AI systems that evolve through real-world deployment and synthetic data.

An indigenous stack - including AI chips, infrastructure funds, and tax incentives - would bolster self-reliance. Smart engineering, like using open-source large language models and efficient training techniques like Low Rank Adaptation, offers Indian start-ups a way to build viable alternatives at a fraction of the cost.

Indian IT giants, long focused on efficiency, must retool to prioritize long-horizon R&D. Without it, India risks remaining a passive consumer of AI innovation. A "Make AI in India" strategy, backed by policy and investment, could turn it into a key producer.

The window of opportunity is narrow. Over the next two to three years, India must demonstrate that it can not only develop AI talent but retain and empower it.

This means creating domestic research labs, strengthening AI education in regional languages, expanding compute capacity, and accelerating data governance reforms.

Experts say India must also build for Bharat: its AI models and applications should prioritize real-world utility in sectors like education, agriculture, public health, and justice delivery.

# REACHING NEW HEIGHTS

Housing Finance Companies are riding a growth wave, with rising demand, untapped potential, and a shift to affordable housing setting them up for long-term success



In recent years, India's housing finance market has experienced robust growth, propelled by long-term structural drivers such as rising per capita income, increasing urbanization, a shift towards nuclear families, and government initiatives like 'Housing for All' and interest subsidies. Housing Finance Companies (HFCs) have capitalized on this momentum, expanding rapidly and offering immense opportunities for wealth creation.

The underlying property market remains strong, with reported monthly increases in sales across key regions. Notably, property sales rose by 74%, reaching 4.6 lakh units in CY24 compared to CY19.

Despite this dynamism, housing finance penetration in India remains relatively low. In FY23, the mortgage-to-GDP ratio stood at 12.3%, up from 6.5% in FY09. However, this is still considerably lower than in other countries: China at 28%, the European Union at 45%, and the United States at 60%.

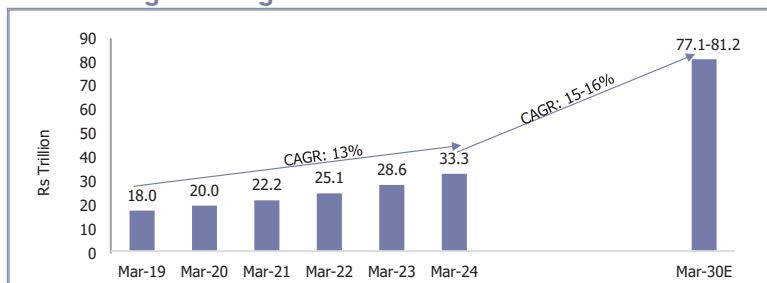
The rapid pace of urbanization further exemplifies the potential for expansion in housing finance. Currently, about 36% of India's population resides in urban areas, a figure projected to rise to 40% by 2030.

According to a Confederation of Indian Industry (CII) - Knight Frank India report, cumulative housing demand - accounting for both existing shortfalls and new requirements - is expected to reach 31.2 million units by 2030.

## THE MARKET

Demand for housing naturally translates into demand for loans.

### Outstanding Housing Loans Market Size



Source: National Housing Bank, CareEdge Ratings

One report suggests that in India, loan dependency for property purchases could exceed 70% of the property's value. Broadly, the housing sector is categorized into affordable, mid-, and premium segments.

On the lending side, housing finance comprises three broad categories: retail home loans (which account for 75% of the market), loans against property (16%), and wholesale loans (18.6%) - the latter including project financing and lease rental discounting.

The housing finance market is highly competitive, with key lenders comprising commercial banks, NBFCs, and housing finance companies (HFCs) registered with the RBI. Housing loans currently account for 14% of the total systemic credit in the country.

As of March '24, the industry's housing loan portfolio stood at ₹33 trillion, having grown at a compound annual growth rate (CAGR) of around 13% over the past six years.

Public sector banks continue to dominate the housing loan market, holding a 40% share as of March '24. Private sector banks follow with a 34.5% share, while HFCs have increased their share to 19.5%, up from around 15% a few years ago. As a result, the overall share of banks in the housing finance segment has seen a gradual decline.

## RECENT TRENDS

Some of the key HFCs include LIC Housing Finance, Bajaj Housing Finance, Indiabulls

Housing Finance, PNB Housing Finance, and CanFin Homes. The loan portfolio of HFCs grew to ₹9.6 trillion as of March '24.

Ratings agency CareEdge has projected annual growth rates of 12.7% for FY24–25 and 13.5% for FY25–26.

According to the agency, India's housing finance market could more than double in value to ₹81 trillion over the next five years, posting a CAGR of 15%–16% between FY24–25 and FY29–30.

While commercial banks primarily focus on higher-ticket loans for borrowers with strong credit profiles in metro areas, HFCs have increasingly turned their attention to smaller-ticket loans in lower-tier cities and to customer segments such as self-employed individuals.

With the help of technology, HFCs have been able to differentiate their products and customer segment from that of banks. HFCs have relatively a

better understanding of the micro market.

## EMERGING TRENDS

### Focus On Affordable Housing Segment:

Housing loans with a ticket size of less than ₹25 lakh are considered affordable. This segment accounts for nearly 95% of housing demand in the country. Recognizing the opportunity, HFCs have shifted their focus towards affordable housing and are expanding their branch networks.

**Premiumization:** Till March '24, around 53% of the total loan book of HFCs consisted of loans with ticket sizes of ₹30 lakh or less. But there is a gradual increase in the proportion of loans in the ₹30 lakh – ₹50 lakh range - larger loan sizes contribute to stronger topline for HFCs.

### Wholesale Loan Book Expansion:

HFCs have also been steadily increasing their exposure to the wholesale loan segment.

## THE OVERALL HEALTH

HFCs typically raise equity capital, borrow from banks, or issue bonds to generate debt capital. These funds are then lent to borrowers at a margin.

In recent months, HFCs have reported healthy financial performance. The net interest margin (NIM) has rebounded from recent lows, supported by a reduction in the cost of funds.

NIM improved to 3.6% in the first half of FY24–25, compared to 3.7% for the full fiscal year 2023–24. With the RBI's Monetary Policy Committee (MPC) cutting key interest rates, the cost of funds is expected to decline further in the coming months.

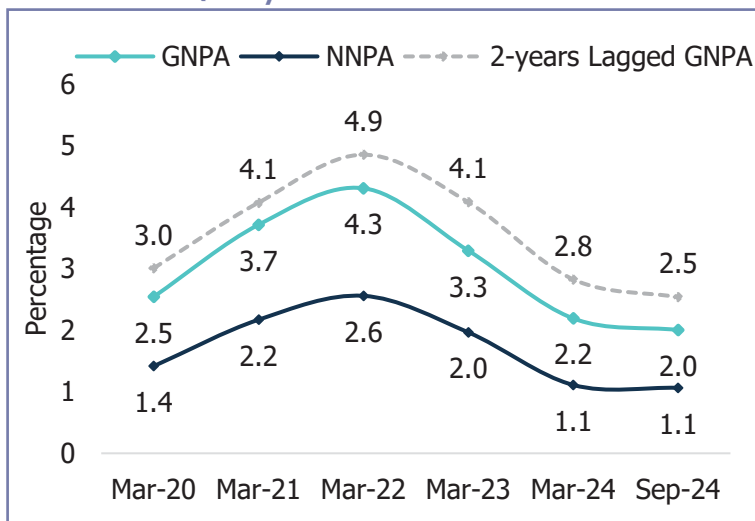
On the asset quality front, gross bad debt fell to 2.2% as of March '24, down from a peak of 4.3% in March '22. CareEdge Ratings has projected gross bad debt to range between 1.6% and 1.8% in FY25–26.

## IN A NUTSHELL

Although banks benefit from a relatively lower cost of funds, HFCs have carved out a niche for themselves.

The prospect of declining funding costs, along with improving asset quality, bodes well for the sector. With the addressable market expanding and the residential property segment remaining buoyant, HFCs present an attractive opportunity for those considering a medium- to long-term investment perspective.

Overall Asset Quality Of HFCs



Source: Company Reports Of Top 15 HFCs, CareEdge Ratings



# GOLD LOANS: SHINE UNDER SCRUTINY

RBI's draft gold loan  
norms add gloss  
- with checks in tow





The Reserve Bank of India (RBI) has released draft norms for lending against gold as collateral. Following this, shares of leading gold loan financiers - including banks and some non-banking financial companies (NBFCs) - have taken a hit on the bourses. The key concern for investors is that the proposed norms could impact growth in the sector.

The proposed regulatory enhancements aim to harmonize gold loan practices across lenders and increase transparency in the formal sector, which includes banks, NBFCs, and co-operative banks. These changes are set to strengthen the RBI's supervision of the gold loan market. However, they are also likely to introduce additional procedural burdens for the formal sector.

In many ways, the enhanced regulatory scrutiny of the gold loan market was expected. In September '24, the RBI had issued certain observations regarding irregular practices in the sector. Deficiencies flagged by the RBI included issues with loan sourcing and appraisal, gold valuation, loan monitoring practices, unverified end-use of funds, irregularities in topping up of gold loans, and the auction of gold on default. These concerns needed attention before they threatened the system.

As of September '24, gold loans outstanding across all RBI-regulated entities stood at ₹3.2 trillion, up from around ₹1 trillion at the end of March '20. The recent surge in the gold loan market has been fuelled by rising gold prices, prompting holders to monetize their assets. Gold prices currently hover around ₹95,000 per 10 grams (22 carat), compared to ₹55,000 per 10 grams in November '23.

The potential for gold loans in India is immense. India is the world's second-largest consumer of gold after China. Indian households are estimated to own around 25,000 tonnes of gold, with jewellery accounting for nearly 85% of this total.

According to a report by PwC, the unorganized sector accounts for 63% of the gold loan market, while organized players such as banks and NBFCs hold the remaining 37%. Geographically, South India dominates with an 80% share of the total gold loan outstanding. PwC estimates the current market penetration of gold loans in India at just 5.6%, pointing to huge untapped potential in the gold loan market in the future.

Recognizing this trend, banks and NBFCs have increasingly focused on this segment rather proactively in recent years. However, a rise in bad debts recently in the gold loan space has raised red flags for regulators. Against this backdrop, here are some of the key proposals in the RBI's draft:

### Loan-to-Value (LTV) Ratio

The RBI has proposed that all lenders maintain a 75% LTV ratio throughout the loan tenure. This means the loan amount must not exceed 75% of the appraised value of the collateral. While banks were already following this norm, NBFCs typically ensured the LTV ratio only at the time of sanction. Lenders' risk would go up if gold prices fell. This LTV was earlier based on only the principal amount.

The proposed change also requires that LTV be calculated using both accrued interest and outstanding principal. If the LTV threshold is breached, lenders must make an additional provisioning of 1%, which can be reversed if the LTV remains compliant for 30 days. If implemented, this rule could shrink the gold loan book for NBFCs during periods of declining gold prices or high interest accruals from defaulting borrowers.

### End-Use Of Funds

Earlier, there was no mandatory classification of loans by purpose. The RBI now proposes classifying gold loans into two categories: for consumption needs (personal, emergency, or medical) and

for income generation (such as farm credit or business). For income-generating loans, lenders will be required to maintain documentary evidence of end-use. In the case of consumption loans, monitoring would be required beyond a certain threshold.

Furthermore, the same collateral cannot secure both types of loans concurrently. This proposal would limit flexibility for lenders and increase operational complexity due to end-use verification, necessitating upgrades in compliance and operation systems. If implemented, the rule could slow gold loan disbursements, particularly for NBFCs.

### Eligibility

In addition to verifying the purpose of the gold loan, lenders would now be required to conduct a credit appraisal of borrowers and

assess their repayment capability. Previously, loans were sanctioned based solely on the value of the gold.

### Gold Valuation

The proposed norms mandate that gold valuation and assaying of gold collateral be carried out in the borrower's presence. Lenders are expected to follow a standardized process from loan sanction to collateral return or gold auction in case of default. While valuation norms did exist earlier, enforcement was inconsistent and lacked transparency.

Currently, gold loans comprise less than 1% of total bank credit and around 4% of NBFC credit. Recently, commercial banks have been more aggressive than NBFCs in expanding their gold loan portfolios. In fact, gold loan growth has outpaced credit cards. However, defaults have

been rising.

The RBI appears to have deemed this the right time to address various issues in the sector and unify a fragmented set of existing, older rules. If implemented, the new norms will streamline compliance requirements for lenders and enhance regulatory oversight of the gold loan sector.

From the lenders' perspective, however, the added regulatory, operational, and risk compliance requirements could lead to higher costs and slower growth in this segment. That said, these reforms aim to address longstanding gaps and deficiencies in the sector - developments that may prove beneficial in the long run.

The RBI has invited comments on the draft guidelines from stakeholders and the public. It remains to be seen which of these will eventually take shape as final regulation.

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# ANIME FINDS ITS FANBASE IN INDIA



# Anime's rise in India reflects a youth-led wave powered by digital access, localised content, and cross-cultural appeal

T

he recent Ghibli trend, a viral wave where AI-generated images mimic the distinctive aesthetic of Studio Ghibli, has once again spotlighted India's growing fascination with anime. While the community may not yet be vast, it is loyal, vocal, and increasingly present in mainstream cinema conversations.

Naturally, two questions arise: How big is the anime industry in India? And what's driving this devoted fan base? Before diving into India's growing love for anime, it's worth knowing why anime enjoys such widespread global appeal.

People are familiar with animation. But animation which is specific to Japan and its culture is called anime. This is a clear distinction between animation and anime. And anime - animation that is rooted in Japanese culture - is a genre unto itself. This distinction is key. Anime made its debut as early as 1917, showcasing a rich history that has since influenced creators not just in Japan, but also in the US, China, South Korea, and beyond. It's ok to say anime is Japan's creative gift to the world.

There are two standout characteristics that set anime apart. First, it isn't restricted to children - anime caters to all age groups. Second, it explores a wide spectrum of themes, from the deeply philosophical to the wildly fantastical.

More specifically, anime differs from cartoons in three major ways:

**1 Emotive characters** – often with nuanced expressions and personalities.

**2. Detailed, layered and complex backgrounds** – intricate settings that enrich the story.

**3. A sense of magic or futurism** – worlds that blur the lines between the real and the imaginary.

Now, let us understand a few key factors which make anime popular in the world.

One reason anime resonates so deeply is this strong blend of rich imagination and emotionally engaging characters. These stories do more than entertain - they challenge the viewer intellectually, often exploring universal philosophies and drawing from diverse academic themes like history, physics, and cultural studies.

Take for example *Spirited Away* (2001), one of Japan's most celebrated anime films, directed by the legendary Japanese animator, filmmaker, and manga artist Hayao Miyazaki, and animated by Studio Ghibli, which is co-founded by Miyazaki.

The film follows young Chihiro Ogino, who, after moving to a new home with her parents, stumbles upon a tunnel that leads to a magical world. There, her parents are transformed into pigs by the witch Yubaba, and Chihiro must embark on a transformative journey - one that tests her courage, resilience, and understanding of identity.

The film weaves a poignant

narrative where innocence, imagination, and the extraordinary converge, offering an emotional experience far beyond what the real world typically offers. This is the world of anime - one where reality and wonder beautifully collide.

## INDIA'S ANIME AWAKENING

Back home, the anime industry in India is on the rise. As per estimates, the market is valued at around US \$1.098 billion and is projected to grow at a compound annual growth rate (CAGR) of 11.5%, reaching US \$2.09 billion by 2033.

An April '23 study by JetSynthesys, a digital entertainment and tech firm, found that 83% of Indian viewers preferred anime over other animated content. This growing interest was evident when Jujutsu Kaisen 0, released by PVR Pictures on 30th Jul '23, ran to packed theatres across metro and non-metro cities alike. The Japanese film sold over 50,000 pre-sale tickets on opening day and grossed ₹1.8 crore that day, collecting ₹5.4 crore in its first week.

So, what's driving this anime boom in India?

### Internet Accessibility

The rapid rise in internet penetration has made anime more accessible than ever. Affordable data plans and mobile-first viewing have enabled a large section of young Indians to discover and enjoy anime content.

### Streaming Platforms

The lockdown period during the Covid-19 pandemic acted as a catalyst. As people turned to streaming platforms for digital content, many viewers from outside Japan stumbled upon anime - and got hooked. This trend was particularly pronounced in India, where audiences embraced anime in large numbers.

### Subtitling and Dubbing

Efforts to subtitle and dub anime into local Indian languages have made the content more relatable and accessible. This inclusivity has played a key role in expanding the viewer base.

### Cross-Cultural Collaborations

Indian animation studios have been actively collaborating with Japanese studios, keeping the anime momentum going. A prime example is the Indo-Japanese animated film Ramayana: The Legend of Prince Rama (1992), which was remastered in 4K and re-released in Indian theatres on 24th Jan '25.

The animation industry's growth in India is also encouraging original anime productions like Karmachakra (2017), India's first homegrown anime-style film by Rajorshi Basu's Studio Durga. The anime genre is largely enjoyed by the likes of Gen-Z and millennials.

### Merchandising Craze

Anime-inspired merchandise - T-shirts, joggers, and shirts priced between ₹1,500 and ₹3,000 - has become a hit

among Indian youth. Leading retailers have earned between ₹2 crore and ₹10 crore from anime-themed products.

### Gaming And Pop Culture

India's gaming boom has also contributed to anime's popularity. Many popular games feature anime-style characters and storytelling, drawing in new fans through an interactive medium.

### AI And Digital Tools

Finally, the evolution of AI technology has transformed the anime-watching experience, making it more immersive and personalized. AI-generated content and filters have further popularized anime aesthetics, as seen in trends like the "Ghibli-style" images circulating online.

On the whole, the demand for anime and animation content in India and outside India is likely to grow.


Globally, anime and animation continue to dominate box offices. Films like Inside Out 2, Frozen II, and The Lion King have captivated audiences worldwide, often delivering more emotional resonance than many live-action features. The allure of universal themes, rich visuals, and deeply human storytelling ensures that anime's popularity - especially in India - is only set to soar.

With a passionate fan base, technological advancements, and cultural collaborations, the future of anime in India looks not just promising, but electric.

# THE DEBT ROUTE

As rates fall, and debt funds rise, it's time to rethink your savings game with debt funds





It's April '25, and the financial world feels like it's shifting under our feet. Interest rates are falling as central banks try to give the economy a boost. For a layman investor, this can feel like a puzzle. Those trusty bank fixed deposits we've leaned on for years, are beginning to offer less. So, what's the alternative? Debt mutual funds might just be the answer.

Debt mutual funds offer a chance to earn steady income and maybe even grow your money a bit, but they come with some choices to make. Should you jump in now or wait? Let's break it down together and figure out how to make smart moves in a low-rate world.

### What Exactly Are Debt Funds

Think of debt funds as a basket of safe, income-generating investments. Unlike equity funds that bet on the stock market, debt funds put your money into government or corporate bonds, treasury bills, or other fixed-income securities.

These are basically securities that pay interest, giving you a steady stream of income while aiming to keep your capital relatively safe. The interesting bit? When interest rates drop, the value of the bonds held in these funds tends to go up, boosting the fund's overall value - which is its NAV (Net Asset Value). But if rates climb, the opposite happens, and the NAV can take a hit.

Debt funds are also super flexible - you can usually get your money when needed - and they spread your investment across lots of bonds to lower the risk. For anyone looking for reliable returns in a world of falling rates, debt funds are worth a serious look.

### Which Debt Fund Is Right for You?

Picking a debt fund is like choosing the right pair of shoes - it depends on where you're going and how much risk you're comfortable with. Let's look at three main types:

#### Long-Duration Debt Funds: The Bold Choice

Long-duration debt funds invest in bonds that mature over 10 years or even more. They're like the high-energy friend who

loves a good adventure. When interest rates fall, the prices of these long-term bonds can shoot up - translating to bigger gains for the fund. Plus, they often hold bonds with nice, high yields, adding to your returns.

But here's the catch: they're sensitive to rate changes. If rates unexpectedly go up, the fund's value could drop, and their longer timelines can make them a bit less flexible. These are great if you're okay with some ups and downs and plan to stick around for a while, betting on rates dropping further.

#### Dynamic Bond Funds: Flexible Friend In A Shifting Rate World

Consider dynamic bond funds as the Swiss Army knife in your toolkit for investments - versatile, flexible, and ready for anything the market presents. Fund managers don't invest in one kind of bond. Rather, they allocate their investments among short-term and long-term bonds. This allows fund managers to modify their approach based on the state of interest rates.

And in the current context that flexibility is really important. Since longer-term bonds typically show more price increases as interest rates are declining. A skilled manager will seize those possibilities. They can immediately turn to shorter-term bonds to assist guard your investment, though, if circumstances change rapidly and rates begin rising once more.

That kind of active



management is quite helpful for most of us who do not monitor the markets daily. You save yourself from having to pay experienced specialists calls.

Dynamic bond funds provide a clever mix at the end of the day: built-in risk management strategies allow for possible profits even while having quality assets. These funds are absolutely worth looking at if you want something that can withstand market swings and yet target consistent income and expansion.

### Short-Duration Debt Funds: The Steady Pick

If you prefer playing it safe, short-duration funds might be your vibe. These debt funds focus on bonds that mature in one to three years, so they're less affected by rate swings.

They're like the reliable friend who's always there with a predictable plan.

You'll get steady income from interest, and their value doesn't bounce around as much. They're also easier to cash out if you need your money sooner. These funds are perfect if you want to dip your toes into debt funds without worrying about big surprises, especially if your investment timeline is shorter.

The trick is to match the fund to your goals. Are you chasing bigger returns and okay with some risk? Or do you just want something steady to park your money? Knowing what you're comfortable with will point you in the right direction.

### IN A NUTSHELL

Here's the million-dollar

question: is now the time to invest in debt funds?

It depends on your outlook for interest rates, your appetite for risk, and your financial goals. Central banks are signalling more rate cuts in 2025 to keep the economy humming, which could boost bond prices. That's especially promising for long-duration funds, which may see healthy gains.

However, there's always the possibility that inflation could flare up again, leading to a pause - or even a reversal - of rate cuts.

The key? Know your goals, assess your comfort with risk, and match your fund accordingly. In this shifting financial landscape, debt funds can be a smart way to stay steady - or even stride ahead.



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# A MAJOR OVERHAUL

100% FDI and landmark mergers  
redefine the insurance market in India

India's insurance sector is experiencing a remarkable transformation, driven by an increasing wave of mergers, acquisitions, and foreign investments. In just the past month or so, the insurance industry has witnessed some of the largest deals in the financial sector, with a cumulative deal value exceeding ₹38,000 crore.

At the forefront is the Bajaj Group's acquisition of Allianz's stake in their two insurance joint ventures for ₹24,180 crore.

Meanwhile, Patanjali has made its debut in the sector by acquiring a stake in Magma General Insurance from Adar Poonawalla. And IndusInd International Holdings (IIHL) has completed its acquisition of Reliance Capital – the parent of Reliance Nippon Life Insurance and Reliance General Insurance.

Today, India's insurance landscape comprises of more than 58 companies, including 25 life insurers and 33 general insurers. Despite this dynamism, the overall insurance penetration remains low at just 3.7% of the GDP for FY24 (2.8% in life insurance, and 1% in general insurance), significantly lower than the global average of 7%.

## THE CHANGING LANDSCAPE: MERGERS & ACQUISITIONS

Several important developments in recent months underscore the evolving landscape of India's insurance sector. Beginning in June '24, Zurich Insurance expanded its Indian footprint by acquiring a 70% stake in Kotak General Insurance for ₹5,560 crore, with Kotak Mahindra Bank retaining the remaining 30%.

Two months later, on 26th Aug '24, Medi Assist Insurance TPA strengthened its position by acquiring Paramount TPA - India's fourth largest third party administrator by revenue - boosting its market share to 36.6% in the group segment and 23.6% of health insurance premiums managed.

Early this year, in February '25, India Post Payments Bank entered into a bancassurance partnership with PNB MetLife India Insurance to deliver life insurance solutions across its vast network, targeting underserved communities. The pace of consolidation accelerated in mid March '25:

- **17th Mar '25:** Bajaj Finserv confirmed its acquisition of

Allianz SE's 26% stake in Bajaj Allianz General Insurance (BAGIC) and Bajaj Allianz Life Insurance (BALIC) for ₹24,180 crore, ending a 24 year partnership between Bajaj and Allianz, and raising its holding in both ventures to 75.01%.

- **18th Mar '25:** The Life Insurance Corporation of India entered advanced discussions to acquire a stake in an independent health insurance company, with the deal expected to close by 31st Mar '25 - LIC's first major foray into the fast growing health insurance segment, which has gained momentum due to increasing awareness and rising healthcare costs. On the same day, IndusInd International Holdings Ltd (IIHL) finalized the purchase of Reliance Capital's insurance businesses for ₹9,600 crore; these units manage over ₹90,000 crore in assets spanning life, health and home finance products, and IIHL plans to list them within two to three years. This is part of a broader trend where large financial institutions are consolidating their positions in the insurance sector.

- **20th Mar '25:** UK-based Prudential Plc announced a joint venture with HCL Group to launch Prudential Group Holdings Limited, in which Prudential holds 70% and HCL's Vama Sundari Investments the remaining 30%, marking a strategic entry into India's rapidly expanding health insurance market.

Together, these transactions illustrate both the strategic interest of global insurers in India's under penetrated

market and the drive among domestic players to diversify and consolidate offerings.

## THE FUTURE OF INSURANCE IN INDIA

A pivotal moment for India's insurance sector arrived in the 2025 Union Budget, when Finance Minister Nirmala Sitharaman said that the Foreign Direct Investment (FDI) cap would rise from 74% to 100% - on the condition that all premiums collected are reinvested within India.

To implement 100% FDI in the Indian insurance sector, the government will need to amend the Insurance Act of 1938.

The Insurance Amendment Bill, 2024, aims to modernize and enhance the Indian insurance sector by introducing key reforms, including allowing 100% FDI and enabling insurers to offer multiple types of insurance. It also proposes a one-time registration process for insurance intermediaries and the introduction of perpetual licenses, along with changes in investment regulations and potential mergers with non-insurance entities.

## PROVISIONS OF THE INSURANCE AMENDMENT BILL, 2024

**100% FDI:** While 100% FDI has been announced in the Union Budget 2025, other provisions of the bill are yet to be implemented.

## PENDING PROPOSALS

### Composite Insurance

**Licenses:** Life insurers will be allowed to sell general insurance products, and vice versa, enabling greater diversification of offerings and market presence.

**Mergers With Non-Insurance Entities:** Insurance companies may be permitted to merge with non-insurance entities, potentially paving the way for strategic partnerships.

**One-Time Registration And Perpetual Licenses For Intermediaries:** The bill aims to streamline the registration process for insurance intermediaries by introducing perpetual licenses, subject to the payment of an annual fee.

**Changes In Investment Regulations:** The bill proposes modifications to the existing investment regulations for insurance companies.

**Open Architecture for Insurance Agents:** Insurance agents will be allowed to partner with multiple insurers, improving distribution networks and service delivery.

**Simplified Definitions:** Revised definitions are proposed for key terms such as "insurance intermediary," "Indian insurance company," and "class of insurance business."

**Penalties For False Statements:** The bill introduces penalties for insurers and intermediaries who make false statements or furnish false documents.

**Reduced Net Owned Fund Requirement For Foreign Reinsurers:** The minimum net

owned fund requirement for foreign reinsurers may be reduced from ₹5,000 crore to ₹1,000 crore.

**Lower Entry Capital For Underserved Segments:** The IRDAI may prescribe lower entry capital requirements for insurers serving underserved or unserved segments.

Industry leaders believe this change will accelerate growth, deepen penetration and bring India closer to its "Insurance for All" ambition by 2047.

Shanai Ghosh, MD and CEO of Zuno General Insurance, anticipates that fresh foreign capital will drive the adoption of advanced technologies - such as artificial intelligence and data analytics - while delivering operational efficiencies, innovative products and global best practices in line with the "Viksit Bharat" vision.

Tapan Singhel, MD and CEO of Bajaj Allianz General Insurance, goes further, forecasting that up to 1,000 insurers could operate in India within the next decade, spurring competition and more customer centric offerings.

Market fundamentals highlight this optimism. Swiss Re's most recent outlook projects India to lead the G20 in insurance premium growth, averaging 7.3% per annum between 2025 and 2029, signalling robust demand and healthy capital inflows.

## FDI IN INSURANCE: A GAME CHANGER

India's insurance sector has



historically attracted foreign capital, but overall FDI penetration lagged behind global benchmarks. The gradual relaxation of ownership rules since the economic reforms of the 1990s has transformed this landscape. Historically, India's insurance sector was dominated by public-sector companies like Life Insurance Corporation of India (LIC).

In 2000, the government first welcomed private participation, albeit with foreign stakes capped at 26%. That limit was raised to 49% in 2015, signalling growing confidence in India's insurance market.

A further landmark occurred in 2021, when policymakers permitted 100% FDI in insurance intermediaries - brokers, agents and third party administrators - while maintaining a 74% cap for insurers themselves. This shift enabled foreign investors to own and manage intermediary businesses outright, without the need for local joint venture partners.

Since 2015, these measures have drawn nearly ₹54,000 crore in FDI, demonstrating the sector's appeal to global players and setting the stage for even greater foreign involvement under the recent move to allow 100% FDI in insurance companies - contingent on reinvestment of all premiums within India.

### **IMPACT OF 100% FDI IN INSURANCE**

India's decision to permit 100% FDI in its insurance

sector is set to unlock the industry's full potential by making coverage more accessible, affordable and future ready. By eliminating the requirement for foreign insurers to form joint venture partnerships, this reform will encourage global firms - previously deterred by ownership limits - to enter the market with full control over strategy and decision making.

A single condition applies: the new FDI ceiling is available only to insurers that invest all premiums collected in India. Though this stipulation may appear ambiguous, it is widely understood to favour operations within India's GIFT City, where regulatory frameworks and tax incentives are designed to attract international financial services.

### **INCREASED COMPETITION AND INNOVATION**

Full foreign ownership will spur competition as new entrants bring fresh ideas, products and business models. Domestic players, in turn, will be driven to refine their offerings, leading to a broader range of innovative insurance solutions and a higher standard of customer service.

### **ACCESS TO ADVANCED TECHNOLOGIES**

Global insurers are likely to introduce cutting edge tools such as artificial intelligence, big data analytics and blockchain. These technologies will streamline underwriting, automate claims processing and enhance customer support, reducing operational costs and speeding up service

delivery.

### **ENHANCED CUSTOMER ENGAGEMENT**

Greater foreign participation promises more personalized advice and easier access to policies. Improved digital platforms and bespoke product design will help policy holders choose the most suitable cover, while transparent claims management will boost overall customer satisfaction and financial literacy.

### **DEEPER PENETRATION IN RURAL AND UNDERSERVED MARKETS**

An influx of international insurers will extend outreach beyond urban centres. Leveraging global networks, these firms can introduce micro insurance and tailored rural products, raising penetration in areas where awareness and coverage have traditionally been low.

### **BOOST OPERATIONAL EFFICIENCY**

Fresh capital from overseas investors will enable local insurers to upgrade their digital infrastructure, attract skilled talent and develop products specifically tailored to Indian consumers' needs. This investment will underpin faster turnaround times and leaner operations across the sector.

### **ECONOMIC GROWTH AND JOB CREATION**

The expansion of foreign insurers in India will generate employment opportunities in technology, sales and

customer support. Enhanced productivity and service quality will contribute to broader economic growth, while higher tax revenues from a larger insurance market will support public finances.

### THE ROLE OF THE NEW TAX REGIME

The recent uplift of the tax exemption slab from ₹7 lakh to ₹12 lakh will boost disposable incomes for the middle class. With more financial capacity, individuals are likely to invest

in life and health insurance products, further accelerating sectoral growth.

### IN A NUTSHELL

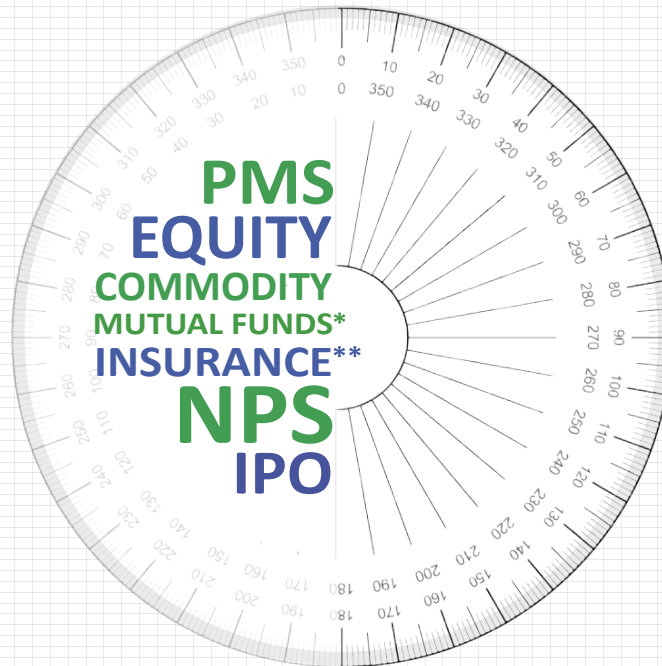
India's insurance sector stands at the threshold of profound transformation, driven by growing foreign investment, strategic acquisitions and forward looking policy reforms. Although insurance penetration remains low by global benchmarks, these developments are poised to accelerate the industry's

expansion. A more favourable regulatory environment, deeper international participation and rising disposable incomes within the expanding middle class together create the conditions for India's insurance market to become one of the world's most dynamic and competitive.

As these trends gather momentum, the goal of "Insurance for All" by 2047 moves ever closer, promising enhanced financial protection for millions of IndianS.



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# TECHNICAL OUTLOOK

Indian equity indices slipped after an initial uptick owing to the terrorist attack in Kashmir, and the rise in geopolitical tensions. The resulting caution among investors overshadowed the otherwise supportive cues from positive FII inflows and gains in global markets

The Nifty made a low of 21,743 on 7th April, but has since staged a strong recovery, aided by gap-up openings that propelled it to a high of 24,365.40. As per Retracement Theory, the Nifty has now recovered 50% of its previous decline.

On the upside, the resistance zone lies between 24,400 and 24,550, and a decisive breakout above 24,540 could set the stage for a swift rally towards 25,200/26,000.

On the downside, key support is placed at 23,700-23,400 - on the weekly chart - and staying above this level keeps the overall outlook positive. However, a breach of this support zone may lead to further declines towards 22,700 or 22,400, whereas a bounce from this range could revive upward momentum.

Meanwhile, Bank Nifty's recent move to all-time highs could prompt some profit-booking, potentially dragging the Nifty lower. Immediate support for Bank Nifty is seen at 54,000, and a close below this level may trigger profit booking towards 53,200 or even 52,500. On the upside, resistance is placed at 55,500, with further levels at 56,500 and 57,500 if the momentum continues.

In Nifty Options for the May series, the highest Open Interest (OI) build-up is seen near the 25,000 and 24,500 Call strikes, whereas on the Put side, it is observed at the 24,000 and 23,000 levels.

Heavy short-covering in overall market-wide positions from the recent lows has supported the upward momentum in both the index and individual stocks. Many stocks have witnessed fresh longs, which could lead to a continuation of the positive trend in the first half of the May series. Also, a sharp decline in OI over the last two expiry series may give further strength to the indices.

India VIX, which measures the immediate 30-day volatility in the market, has remained in

the 14–20 range and is expected to stay between 14 and 22 during the May series.

The Put-Call Ratio - Open Interest (PCR-OI) for Nifty Options has ranged between 0.8 and 1.3 in April and is likely to remain within this range in May.

Markets are expected to see fresh long positions with supports placed at 23,800 and 23,000. Resistance could be around 24,500 and 25,000.

## OPTIONS STRATEGY

## Long Strangle

A Long Strangle can be initiated by buying 1 lot of 08MAY 24300 CE (₹180) and buying 1 lot of 08MAY 23800 PE (₹180). The total outflow of premium comes to around 360 points, which also marks the maximum loss in this strategy. A stop-loss can be set at 240 points (that is, a 120-point loss from the total premium). Maximum gain is unlimited. One can set a Target of 600 points (that is a 240-point gain from the total premium). With the current OI positions in Nifty Options, momentum is expected to continue, making this strategy potentially profitable.



# MUTUAL FUND BLACKBOARD

## Large Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Aditya Birla Sun Life Frontline Equity Fund -	508.4	11.5	15.1	23.1	12.8	12.1	28,106
Baroda BNP Paribas Large Cap Fund - Growth	212.8	6.6	16.0	21.4	14.1	12.2	2,432
Canara Robeco Bluechip Equity Fund - Growth	61.2	12.8	15.2	21.4	15.0	13.4	14,965
Kotak Bluechip Fund - Reg - Growth	550.2	11.6	14.8	22.7	13.8	12.4	9,424
Nippon India Large Cap Fund - Reg - Growth	86.4	8.9	20.0	27.1	15.1	13.8	37,546
Nifty 100 TRI	33969.3	9.1	13.7	22.6	13.7	12.8	--

## 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	94.1	18.8	23.3	33.6	17.6	17.4	8,634
Kotak Emerging Equity Fund - Reg - Growth	122.1	14.3	18.9	30.5	16.8	16.9	48,129
Mahindra Manulife Mid Cap Fund - Reg - Growth	31.4	9.3	21.4	30.7	17.7	--	3,398
Nippon India Growth Fund - Reg - Growth	3891.0	15.3	24.0	33.8	19.0	17.4	33,175
Tata Mid Cap Growth Fund - Reg - Growth	403.3	5.9	18.6	28.0	16.1	14.7	4,333
Nifty Midcap 150 TRI	25609.0	10.4	22.0	33.5	17.3	17.8	--

## Small Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bandhan Small Cap Fund - Reg - Growth	43.0	16.9	26.0	36.1	--	--	9,516
Edelweiss Small Cap Fund - Reg - Growth	40.8	7.5	18.5	34.4	--	--	4,064
HDFC Small Cap Fund - Growth	126.2	1.9	19.5	34.5	14.9	17.0	30,224
ITI Small Cap Fund - Reg - Growth	26.8	9.6	24.2	29.6	--	--	2,219
Tata Small Cap Fund - Reg - Growth	37.6	8.2	21.0	35.2	--	--	9,203
TRUSTMF Small Cap Fund - Reg - Growth	9.4	--	--	--	--	--	817
Nifty Smallcap 250 TRI	20149.0	3.4	18.7	35.9	14.2	14.7	--

## Large & Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bandhan Core Equity Fund - Reg - Growth	127.4	12.8	23.3	29.6	15.7	14.8	7,967
DSP Equity Opportunities Fund - Reg - Growth	602.3	15.6	20.6	26.6	15.4	15.2	13,784
Edelweiss Large & Mid Cap Fund - Growth	81.9	11.3	16.8	25.0	14.7	13.9	3,608
Kotak Equity Opportunities Fund - Reg - Growth	322.3	8.7	17.9	25.5	15.7	14.8	24,913
Tata Large & Mid Cap Fund - Reg - Growth	510.6	8.2	16.9	23.8	14.5	13.2	8,058
UTI Large & Mid Cap Fund - Growth	171.7	14.5	21.3	29.6	14.9	13.3	4,101
NIFTY Large Midcap 250 TRI	19999.8	9.9	17.9	28.1	15.6	15.4	--

## Multicap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Groww Multicap Fund - Reg - Growth	9.3	--	--	--	--	--	83
HDFC Multi Cap Fund - Reg - Growth	17.9	7.6	21.3	--	--	--	15,945
ICICI Prudential Multicap Fund - Growth	763.6	10.7	20.2	27.7	15.6	14.4	13,938
Mahindra Manulife Multi Cap Fund - Reg - Growth	33.5	8.7	16.8	28.3	17.4	--	4,883
Nippon India Multi Cap Fund - Reg - Growth	280.1	9.4	22.9	32.4	16.9	14.3	38,637
NIFTY 500 Multicap 50:25:25 TRI	19917.7	8.2	17.2	28.7	14.9	14.7	--



**FlexiCap Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bajaj Finserv Flexi Cap Fund - Reg - Growth	13.6	11.5	--	--	--	--	4,188
Helios Flexi Cap Fund - Reg - Growth	13.6	10.8	--	--	--	--	2,779
Mirae Asset Flexi Cap Fund - Reg - Growth	14.8	9.8	--	--	--	--	2,537
Parag Parikh Flexi Cap Fund - Reg - Growth	80.1	13.0	18.6	28.3	19.4	17.0	93,441
WhiteOak Capital Flexi Cap Fund - Reg - Growth	16.5	14.3	--	--	--	--	4,400
BSE 500 TRI	44601.3	8.5	15.2	25.1	14.4	13.7	--

**Focused Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Focused 30 Fund - Growth	222.6	18.3	23.3	30.8	15.7	14.3	17,227
Nippon India Focused Equity Fund - Reg - Growth	116.0	11.3	14.1	26.5	13.6	13.2	7,922
BSE 500 TRI	44601.3	8.5	15.2	25.1	14.4	13.7	--

**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	50.9	12.0	23.0	33.0	16.0	15.5	4,995
UTI Dividend Yield Fund - Growth	169.3	14.3	17.4	25.2	14.9	13.4	3,855
Nifty 500 TRI	35210.3	8.7	15.4	25.1	14.3	13.6	--

**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	142.9	6.8	16.4	33.5	13.8	14.7	9,430
SBI Contra Fund - Growth	368.5	6.0	21.3	35.3	17.7	15.4	42,220
BSE 500 TRI	44601.3	8.5	15.2	25.1	14.4	13.7	--

**ELSS Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bajaj Finserv ELSS Tax Saver Fund - Reg - Growth	10.9	--	--	--	--	--	44
Bandhan ELSS Tax saver Fund - Reg - Growth	146.4	5.3	14.0	28.4	13.6	13.9	6,597
Groww ELSS Tax Savings Fund - Reg - Growth	18.6	2.4	13.0	18.4	9.3	--	46
Parag Parikh ELSS Tax Saver Fund - Reg - Growth	30.8	15.1	18.2	28.3	--	--	4,906
Nifty 500 TRI	35210.3	8.7	15.4	25.1	14.3	13.6	--

**Thematic / Sector Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Canara Robeco Consumer Trends Fund - Reg - Growth	106.9	10.5	18.0	23.9	16.3	15.6	1,695
ICICI Prudential Business Cycle Fund - Reg - Growth	22.9	9.8	20.7	--	--	--	11,894
Mirae Asset Great Consumer Fund - Growth	89.2	9.3	17.7	24.5	15.1	14.8	3,872
Nippon India Pharma Fund - Reg - Growth	499.1	18.8	19.8	22.6	19.5	14.1	8,081
Tata Digital India Fund - Reg - Growth	44.3	6.7	8.2	28.4	18.2	--	10,996
Nifty 500 TRI	35210.3	8.7	15.4	25.1	14.3	13.6	--

## Arbitrage Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	2 Years	3 Years	
Bandhan Arbitrage Fund - Reg - Growth	32.1	7.6	7.2	7.2	7.4	6.6	7,955
Edelweiss Arbitrage Fund - Reg - Growth	19.2	7.5	7.3	7.2	7.5	6.7	14,003
Invesco India Arbitrage Fund - Growth	31.6	7.5	7.2	7.3	7.5	6.9	19,675
Kotak Equity Arbitrage Fund - Reg - Growth	37.1	7.7	7.4	7.4	7.7	6.9	60,373
Tata Arbitrage Fund - Reg - Growth	14.2	7.6	7.2	7.2	7.4	6.6	12,790
Nifty 50 Arbitrage Index	2489.6	9.0	8.9	7.5	8.0	7.0	--

## Equity Savings Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
DSP Equity Savings Fund - Reg - Growth	21.6	12.0	10.4	13.0	8.3	--	2,517
HDFC Equity Savings Fund - Growth	64.5	7.1	9.9	13.5	9.1	9.5	5,430
Kotak Equity Savings Fund - Reg - Growth	25.5	8.3	11.0	12.8	9.6	9.2	8,043
NIFTY 50 Hybrid Composite Debt 65:35 Index	20205.3	10.5	11.8	17.1	12.3	11.2	--

## Fund Of Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Asset Allocator Fund Of Funds	17.8	13.5	15.4	--	--	--	3,683
ICICI Prudential Asset Allocator Fund (FOF)	116.2	10.7	13.4	17.7	12.8	11.8	24,412
ICICI Prudential Thematic Advantage Fund (FOF)	216.1	18.5	18.9	29.3	17.4	15.5	2,595
Kotak Income Plus Arbitrage FOF - Reg - Growth	12.2	10.8	--	--	--	--	776
Nippon India Asset Allocator FoF - Reg - Growth	20.7	15.2	18.5	--	--	--	430
Nifty 500 TRI	35210.3	8.7	15.4	25.1	14.3	13.6	--

## Balanced Advantage Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Balanced Advantage Fund - Growth	49.4	7.4	11.6	16.1	11.7	10.2	12,240
Mirae Asset Balanced Advantage Fund - Reg	13.7	9.7	--	--	--	--	1,766
Nippon India Balanced Advantage Fund - Reg	172.8	9.8	12.7	15.9	10.5	9.9	8,808
Tata Balanced Advantage Fund - Reg - Growth	19.9	6.2	10.8	14.8	--	--	10,075
NIFTY 50 Hybrid Composite Debt 65:35 Index	20205.3	10.5	11.8	17.1	12.3	11.2	--

## Hybrid Aggressive Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Baroda BNP Paribas Aggressive Hybrid Fund	26.8	6.6	13.7	18.4	13.6	--	1,150
Edelweiss Aggressive Hybrid Fund - Growth	61.4	12.5	16.8	22.0	14.2	12.3	2,487
Kotak Equity Hybrid Fund - Growth	59.0	12.2	14.1	22.0	13.5	12.3	6,795
UTI Aggressive Hybrid Fund - Growth	394.0	13.0	17.1	23.3	12.7	12.0	5,910
NIFTY 50 Hybrid Composite Debt 65:35 Index	20205.3	10.5	11.8	17.1	12.3	11.2	--

## Multi Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Nippon India Multi Asset Allocation Fund	20.6	13.2	16.2	--	--	--	5,330
Tata Multi Asset Opportunities Fund - Reg - Growth	22.5	8.7	13.3	18.9	--	--	3,554
UTI Multi Asset Allocation Fund - Growth	72.4	10.4	18.5	18.1	11.5	9.9	5,285
WhiteOak Capital Multi Asset Allocation Fund	13.7	17.4	--	--	--	--	1,674
NIFTY 50 Hybrid Composite Debt 65:35 Index	20205.3	10.5	11.8	17.1	12.3	11.2	--

**Gold Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Gold ETF Fund of Fund - Growth	29.0	32.0	20.6	13.2	15.9	12.2	3,558
Kotak Gold Fund - Reg - Growth	37.4	33.0	20.3	13.3	16.1	12.2	2,835
Nippon India Gold Savings Fund - Reg - Growth	37.2	33.0	20.6	13.1	15.8	11.9	2,745
Prices of Gold	95641.0	34.1	22.3	18.5	17.3	13.6	--

**Overnight Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Kotak Overnight Fund - Reg - Growth	1359.4	5.7	6.1	6.2	6.5	7.2	3,499
Tata Overnight Fund - Reg - Growth	1343.4	5.7	6.1	6.2	6.5	7.3	1,774

**Liquid Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
ICICI Prudential Liquid Fund - Reg - Growth	382.1	6.3	8.6	7.5	7.3	7.0	42,293
Mahindra Manulife Liquid Fund - Reg - Growth	1679.4	6.3	8.3	7.4	7.3	7.1	1,026
Nippon India Liquid Fund - Reg - Growth	6298.9	6.3	8.6	7.5	7.3	7.1	28,241

**Ultra Short Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Savings Fund - Reg - Growth	541.3	9.1	8.3	8.0	7.0	7.8	13,294
Kotak Savings Fund - Reg - Growth	42.4	8.5	7.6	7.4	6.6	7.3	11,873

**Money Market Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Money Manager Fund	365.7	9.5	8.3	8.0	7.2	7.4	25,581
UTI Money Market Fund - Reg - Growth	3047.8	9.7	8.4	8.0	7.2	7.2	16,265

**Low Duration Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Bandhan Low Duration Fund - Reg - Growth	38.1	9.6	8.1	7.8	6.7	7.2	5,531
ICICI Prudential Savings Fund - Reg - Growth	537.1	9.9	8.4	8.2	7.4	7.6	21,474
UTI Low Duration Fund - Reg - Growth	3504.8	9.8	8.4	8.2	7.0	7.4	2,735

**Short Term Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Short Term Debt Fund - Growth	31.7	12.5	9.6	9.5	7.3	7.5	14,208
ICICI Prudential Short Term Fund - Growth	59.6	12.4	9.6	9.1	7.6	7.6	20,428
Nippon India Short Term Fund - Reg - Growth	52.3	12.8	9.9	9.5	7.0	7.5	6,232

**Corporate Bond Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Corporate Bond Fund	112.2	13.7	10.3	10.1	7.6	7.3	24,570
HDFC Corporate Bond Fund - Growth	32.3	13.6	10.0	9.9	7.5	7.3	32,527

**Dynamic Bond Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential All Seasons Bond Fund - Growth	36.8	14.8	10.9	10.4	8.1	7.6	14,363
Nippon India Dynamic Bond Fund - Reg - Growth	37.2	15.7	11.0	11.2	7.8	7.0	4,359

**Medium Duration Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Axis Strategic Bond Fund - Growth	27.8	13.7	10.4	10.1	7.7	8.0	1,899
ICICI Prudential Medium Term Bond Fund - Growth	44.3	13.0	10.2	9.7	7.5	8.2	5,684
SBI Magnum Medium Duration Fund - Growth	50.8	13.2	10.2	9.7	7.4	7.8	6,481

**Gilt Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Bandhan Government Securities Fund Investment Plan	35.9	18.9	10.7	12.6	8.1	7.0	3,542
ICICI Prudential Constant Maturity Gilt Fund	24.7	19.2	13.4	12.6	8.6	6.7	2,537
Kotak Gilt Fund - Growth	98.0	18.6	11.3	11.9	8.0	7.0	3,934
Nippon India Nivesh Lakshya Fund - Reg - Growth	18.1	18.3	11.7	12.8	9.4	7.0	9,659

**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	31.3	11.7	8.9	9.4	7.6	8.6	6,131
Nippon India Credit Risk Fund - Reg - Growth	34.5	12.1	9.8	9.4	7.5	8.8	1,001

**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 23rd Apr 2025.





# IMPORTANT JARGON

## SEBI DRAFT: HIKING MUTUAL FUND INVESTMENT LIMIT IN REITS AND INVITS

Recently the Securities and Exchange Board of India (SEBI) released a consultation paper proposing enhancement to the investment limits for mutual funds (MFs) in Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (INVITs). The regulator has also proposed reclassification of units of REITs and INVITs as equity instruments as opposed to the current classification as hybrid instruments.

### Q. What Are REITs And INVITs?

REITs and INVITs are investment vehicles that allow investors to invest in real estate and infrastructure assets respectively, without owning the physical property. Their structure is similar to that of mutual funds: there is a sponsor, a management company, and a trust. The trust holds the assets.

Returns from these assets – such as rent from office building, apartments, hotels, malls, etc, in the case of REITs, and tolls or user charges from roads, power transmission lines, etc, in the case of INVITs - are distributed as dividends to unit holders of this investment product.

REITs and INVITs are listed, and its units can be sold on stock exchanges. In addition to dividend income, investors also enjoy capital appreciation if the underlying assets grow. The profit is

calculated after accounting for various portfolio management costs and fees for professionals, including the management company and trustees.

### Q. So, Are REITs And INVITs Equity Or Debt Instrument?

Currently, these instruments fall under the category of hybrid securities as they combine features of both equity and debt instruments.

REITs and INVITs are mandated to distribute 90% of their cash flow to investors, providing steady income for unit holders just like debt instruments.

At the same time, unit holders also benefit from capital appreciation of their units, much like in equities.

### Q. What Has Been Proposed

## In The Draft Paper?

The exchange regulator - SEBI - has received multiple representations from stakeholders requesting a review of certain regulations around REITs and INVITs.

Broadly, the draft paper discusses three points.

- 1) Reclassifying REITs and INVITs as equity and including them in equity indices
- 2) Creating a dedicated mutual fund scheme category for REITs and INVITs
- 3) Relaxing investment restrictions in REITs and INVITs for mutual fund schemes.

### Q. Why Does SEBI Want To Review Classification Of REITs And INVITs?

REITs and INVITs are required to distribute 90% of their cash flows, these cash flows are not guaranteed and depend on the performance of individual REIT or INVIT. There is no obligation for principal repayment.

Moreover, unit holders are owners of the assets of REITs and INVITs and have voting rights on the material transactions.

Units can also be bought and sold just like shares of any listed company on the exchanges. These features support the case for reclassifying REITs and INVITs as equity instruments.

### Q. How Are These Instruments Treated Globally?

REITs were first introduced in the US in 1960. According to a

report by ratings agency CRISIL, REITs are now present in over 37 countries and are especially popular in developed markets like Singapore, Japan and Hong Kong.

Globally, in some jurisdictions, REITs and INVITs are classified as equity instruments. Notably, Indian REITs are part of some of the global equity indices, such as MSCI India Small Cap Index and the FTSE India Index.

### Q. What Is The Status Of REITs And INVITs In India?

REITs and INVITs must be listed on stock exchanges in India. However, they are not currently included in any of the equity indices. The first REIT in the country was listed in April '19.

There are currently four REITs in India: Embassy, Brookfield, Mindspace and Nexus Select Trust.

According to data released by the IRA, these REITs collectively distributed ₹4,259 crores in the first nine months of FY24-25, marking a 15% year-on-year growth from ₹3,706 crores distributed in the same period (nine months) of FY23-24. There are 18 INVITs listed on the exchanges in India.

### Q. What Does The Draft Say About Relaxing Investment Restrictions In REITs And INVITs For Mutual Fund Schemes?

As per current SEBI regulations, mutual fund investments in REITs and INVITs

are capped at 10% of a scheme's net asset value (NAV), with a maximum of 5% in a single issuer.

The draft proposes raising the single issuer limit from 5% to 10% for all equity, hybrid and debt schemes.

With regard to the overall exposure limit for REITs and INVITs, the proposal recommends increasing it to 20% for equity and hybrid funds while retaining the 10% cap for debt funds.

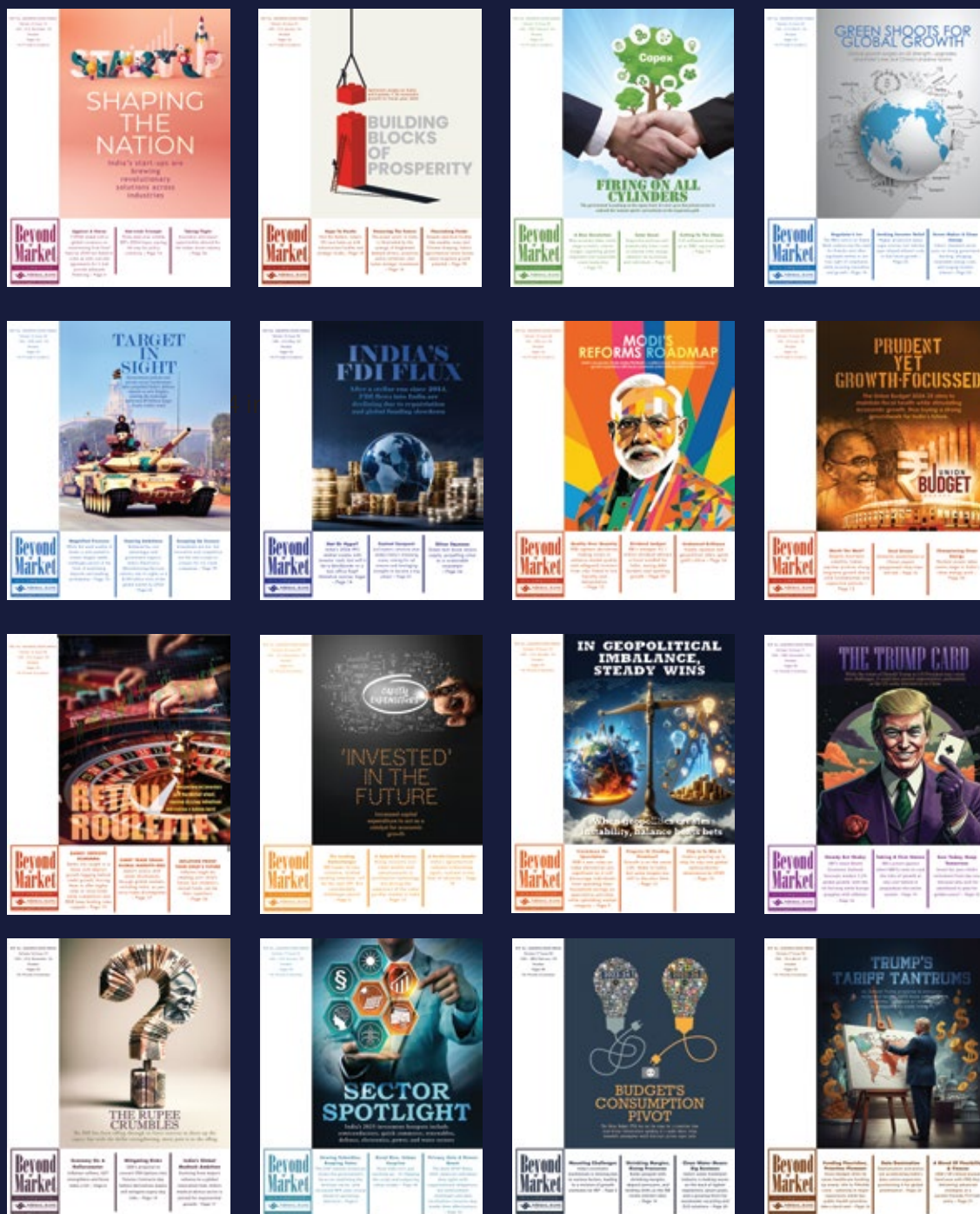
### Q. What Is The Current Exposure Of Mutual Funds To REITs And INVITs?

Across mutual fund schemes, 32 equity funds have invested ₹4,910 crore in REITs and INVITs (average 2.1% of AUM), 20 debt schemes have invested ₹1,766 crore (average 3.7% of AUM), 53 hybrid schemes have ₹13,072 crore invested (average 2.4% of AUM), and 10 solution-oriented schemes hold ₹339 crore (average 1.8% of the AUM).

### Q. What Does The Draft Say About Dedicated Mutual Fund Schemes For REITs And INVITs In India?

The draft suggests that, in the long-term, mutual funds could launch dedicated schemes for REITs and INVITs in India.

However, mutual fund houses in India may not be in a hurry to launch such schemes at this stage due to the currently limited universe of REITs and INVITs and the lack of liquidity in these instruments on the exchange.



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