businesstoday.in

Business Today

January 8, 2023 ₹150

On Stands | Online | On Air

bt | INDIA TODAY GROUP

Nithin Kamath, Founder & CEO, Zerodha; Sameer Nigam, Founder & CEO, PhonePe; Sachin Bansal, CMD & CEO, Navi Technologies; Samir Arora, Founder, Helios Capital

SPACETECH THE NEXT FRONTIER FOR INDIA'S START-UPS

PEOPLE AND TRENDS TO WATCH OUT FOR **IN 2023**

MUTUAL FUNDS

THE CHALLENGERS

POWERED BY DEEP TECH EXPERTISE AND INNOVATION, A BUNCH OF UPSTARTS SEEKS TO DISRUPT THE ₹40.5-LAKH CRORE MUTUAL FUNDS INDUSTRY

DL (DS)-04/MP/2022-23-24, RNI No. 53481/92 ■ FARIDABAD/145/2020-22 BPC Faridabad ■ Date of posting: Tue, Wed & Thursday


आज तक
देश का नं. 1
हिंदी न्यूज़ ऐप
जुड़े रहिए हर खबर से,
कहीं भी, कभी भी
अभी डाउनलोड करें
aajtak.in/app
उपलब्ध है
12:30
होम
वीडियो
फोटो
कार्यक्रम
सो सॉरी
नमस्कार!
Missed Daily Capsule?
Tap to see it again.
30°C
NOIDA
बड़ी ख़बरें
जम्मू-कश्मीर
जम्मू-कश्मीर के शोपियां में बड़ा आतंकी हमला, 4 पुलिसकर्मी शहीद
पिछले कुछ दिनों में घाटी में आतंकी हमलों में तेजी आई है. एक ओर आतंकी सेना को निशाना बना रहे हैं, तो वहीं सेना भी ऑपरेशन चला
बड़ी खबरें
लाइव टीवी


INDIA TODAY
BREAKING NEWS
JUST A TAP AWAY
9:41
INDIA TODAY
LIVE
TOP NEWS
VIDEOS
PROGRAMMES
TOP STORIES
LOK SABHA 2019
Narendra Modi Live: By Congress-mukt India we will fulfil Gandhi's dream
PM Narendra Modi was speaking in Lok Sabha
DOWNLOAD THE APP NOW
AVAILABLE ON

New Kids on the MF Block

A battle royal is brewing in the bustling asset management space. As new investors come into the markets in droves, bolstered by the rising stock indices and armed with apps that allow them ease of trading on smartphones, a slew of new players is lining up to enter the mutual funds (MF) sector. What is different about this pack of new entrants is that several of them are digital natives and have already established themselves in other sectors before throwing their hats into the MF ring. Take a look at the names which have just entered the fray or have lined up before the Securities and Exchange Board of India seeking permission to set up asset management companies (AMCs): PhonePe, Zerodha, Navi Technologies, Helios Capital, Angel One, Emkay Global... the list goes on. Led by people like Sameer Nigam (PhonePe), Nithin Kamath (Zerodha), Flipkart Co-founder Sachin Bansal (Navi) and celebrated fund manager Samir Arora (Helios), these new entities are setting the stage for an engaging confrontation with the current MF big boys for a share of the investor's wallet.

However, as *Ashish Rukhaiyar* writes in the cover story, it's hardly going to be easy for the new entrants. The MF sector is currently dominated by a handful of large players—just 10 of 40-odd players account for a staggering 80 per cent of the total assets under management of ₹40.5 lakh crore. SBI Mutual Fund, ICICI Prudential MF and HDFC MF occupy the top three slots by AUM, managing upwards of ₹4 lakh crore each, with SBI MF topping the charts at just under ₹7 lakh crore. And the big boys are also tech-savvy. Breaking into their bastion will be a tough task for the newbies as many players, including well-known foreign brands, have realised earlier. But the reason why the new lot is keen on MFs isn't far to seek. Investors are opting for MFs in large numbers as the count of folios—the unique number given to each investor by a fund house—shows. From the earlier single-digit growth, the past two years have seen the number of folios grow by over 20 per cent each year to stand at just under 140 million now. With technology no longer a differentiator, and with the existing, trusted players already having attained massive size and scale, the game the newcomers will have to play will be one of product differentiation. Whether it is passive funds, sectoral schemes or thematic offerings, such differentiated products at low cost, together with smart performance, will hold the key to how much of an inroad they can make. Investors, though, couldn't have had it better: they will be spoilt for choice as the existing players and the new ones jostle for their attention.

Mutual funds aside, as we get ready to bid goodbye to a most eventful 2022, we also get you a sneak peek into the New Year with the people and trends we think will dominate discussions in 2023. That's an interesting mix. BT

Sourav Majumdar

sourav.majumdar@aajtak.com
@TheSouravM

Business Today
http://www.businesstoday.in

Chairman & Editor-in-Chief: Aroon Purie
Vice Chairperson: Kalli Purie
Group Chief Executive Officer: Dinesh Bhatia
Executive Director: Rahul Kanwal
Chief Revenue Officer: Alok Nair

Editor: Sourav Majumdar
Group Creative Editor: Nilanjan Das
Group Photo Editor: Bandeep Singh

Global Business Editor: Udayan Mukherjee
Managing Editor, Business Today TV: Siddharth Zarabi

Managing Editors: Alokesh Bhattacharyya, Anand Adhikari
Executive Editor: Krishna Gopalan

Senior Editor, Businesstoday.in: Mukesh Adhikary

CORRESPONDENTS
Senior Editors: Neetu Chandra Sharma, Nidhi Singal, Smita Tripathi, Sohini Mitter
Editor (Money Today): Teena Jain Kaushal
Senior Associate Editor: Ashish Rukhaiyar
Senior Assistant Editor: Binu Paul
Assistant Editors: Arnab Dutta, Manish Pant
Special Correspondents: Prerna Lidhoo, Vidya S.

PRESENTER AND SENIOR EDITOR, BUSINESS TODAY TV:
Aabha Bakaya

RESEARCH
Assistant Editor: Rahul Oberoi
Principal Research Analyst: Prince Tyagi

COPY DESK
Senior Associate Editor: Abhik Sen
Senior Assistant Editor: Shishir Kumar Behera
Senior Sub Editor: Pranay Prakash

PHOTOGRAPHY
Principal Photographer: Rajwant Singh Rawat
Photographer: Hardik Chhabra
Senior Photo Researcher: Varun Gupta

ART
Deputy Creative Editor: Anirban Ghosh
Deputy Art Director: Rahul Sharma
Associate Art Director: Raj Verma
Chief Designer: Prabal Biswas

EVENTS
Senior Manager: Sourabh Dutta

PRODUCTION
Chief of Production: Harish Aggarwal
Senior Production Coordinator: Narendra Singh
Production Coordinator: Ayekpam David Meitei

LIBRARY
Assistant Librarian: Satbir Singh
Executive Assistant: Annu Bhalla

BUSINESS TEAM (MAGAZINE)
National Head: Siddhartha Chatterjee
Assistant General Managers: Ankush Madan, Girish C, Priya Gaur (Govt Sales)

BUSINESS TEAM (BT TV)
Senior General Managers: Masuma Parekh, Nisha Sharma

SALES STRATEGY
General Manager: Sanjay Bhoir

AD OPS
Deputy General Manager: Avinash Karkera

Marketing: Vivek Malhotra, Group Chief Marketing Officer

Newsstand Sales: Deepak Bhatt, Senior General Manager (National Sales); Vipin Bagga, General Manager (Operations); Rajeev Gandhi, Deputy General Manager (North),
Yogesh Godhanlal Gautam, Deputy Regional Sales Manager (West),
S. Paramasivam, Deputy Regional Sales Manager (South),
Piyush Ranjan Das, Senior Sales Manager (East)

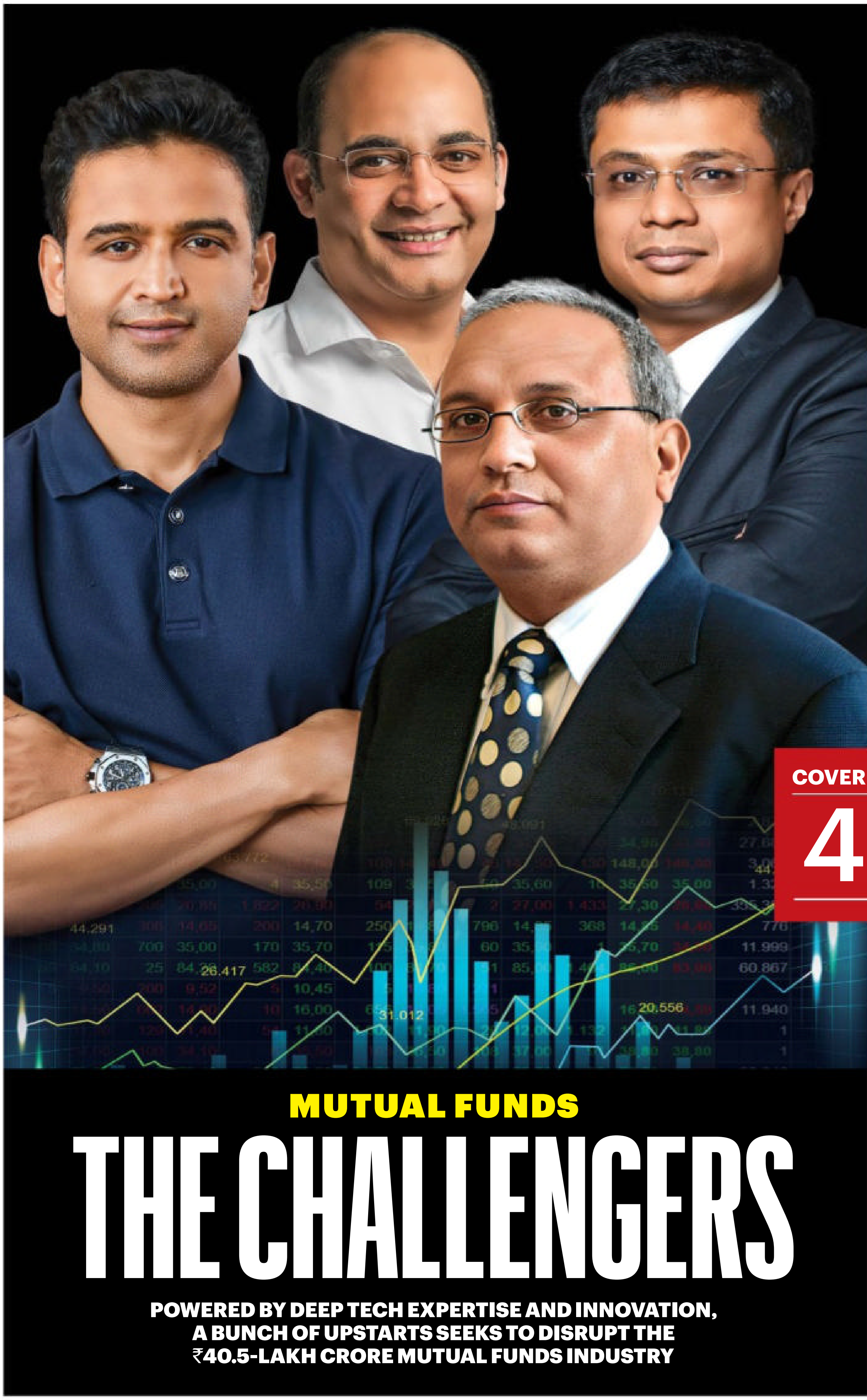
Vol. 32, No. 1, for the fortnight December 26, 2022 to January 8, 2023. Released on December 26, 2022.

• Editorial Office: India Today Mediaplex, FC 8, Sector 16/A, Film City, Noida-201301; Tel: 0120-4807100; Fax: 0120-4807150 • Advertising Office (Gurgaon): A1-A2, Enkay Centre, Ground Floor, V.N. Commercial Complex, Udyog Vihar, Phase 5, Gurgaon-122001; Tel: 0124-4948400; Fax: 0124-4030919; Mumbai: 1201, 12th Floor, Tower 2 A, One Indiabulls Centre (Jupiter Mills), S.B. Marg, Lower Parel (West), Mumbai-400013; Tel: 022-66063355; Fax: 022-66063226; Chennai: 5th Floor, Main Building No. 443, Guna Complex, Anna Salai, Teynampet, Chennai-600018; Tel: 044-28478525; Fax: 044-24361942; Bangalore: 202-204 Richmond Towers, 2nd Floor, 12, Richmond Road, Bangalore-560025; Tel: 080-22212448, 080-30374106; Fax: 080-22218335; Kolkata: 52, J.L. Road, 4th floor, Kolkata-700071; Tel: 033-22825398, 033-22827726, 033-22821922; Fax: 033-22827254; Hyderabad: 6-3-885/7/B, Raj Bhawan Road, Somajiguda, Hyderabad-500082; Tel: 040-23401657, 040-23400479; Ahmedabad: 2nd Floor, 2C, Surya Rath Building, Behind White House, Panchwati, Off: C.G. Road, Ahmedabad-380006; Tel: 079-6560393, 079-6560929; Fax: 079-6565293; Kochi: Karakkatt Road, Kochi-682016; Tel: 0484-2377057, 0484-2377058; Fax: 0484-370962
• Subscriptions: For assistance contact Customer Care, India Today Group, C-9, Sector 10, Noida (U.P.) - 201301; Tel: 0120-2479900 from Delhi & Faridabad; 0120-2479900 (Monday-Friday, 10 am-6 pm) from Rest of India; Toll free no: 1800 1800 100 (from BSNL/ MTNL lines); Fax: 0120-4078080; E-mail: wecarebg@intoday.com
• Sales: General Manager Sales, Living Media India Ltd, C-9, Sector 10, Noida (U.P.) - 201301; Tel: 0120-4019500; Fax: 0120-4019664

• Printed & published by Manoj Sharma on behalf of Living Media India Limited. Printed at Thomson Press India Limited, 18-35, Milestone, Delhi-Mathura Road, Faridabad-121007, (Haryana). Published at F-26, First Floor, Connaught Place, New Delhi-110001.
Editor: Sourav Majumdar

CONTENTS

January 8, 2023 | Volume 32 | Number 1



COVER STORY 42

Nithin Kamath, Founder & CEO, Zerodha; **Sameer Nigam,** Founder & CEO, PhonePe; **Sachin Bansal,** CMD & CEO, Navi Technologies; **Samir Arora,** Founder, Helios Capital

COVER BY **NILANJAN DAS**

SAMIR ARORA PHOTO BY GETTY IMAGES; **SACHIN BANSAL** PHOTO BY RAJWANT RAWAT

8 | THE BUZZ: PHOTOGRAPHIK

Making Hay

Early winter and good moisture conditions could help India produce a bumper crop this rabi season

10 | THE BUZZ: POINT

Moneyball

The size of the Indian sports market will increase to $100 billion by 2027 from $27 billion in 2020

13 | 2023: A SNEAK PEEK

Mr Richie Rich

Will Gautam Adani overtake Bernard Arnault and Elon Musk to become the world's richest individual in 2023? *And more...*

22 | DIPLOMACY

Calming the World

India's presidency of the G20 comes at a time of global crisis. And that is probably a good thing

30 | AVIATION

Wings of Change

Air India's massive aircraft order might help it capture market share in India

THE BT INTERVIEW **52**

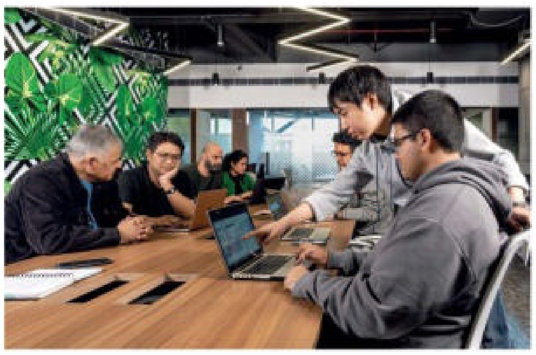
‘It’s a tough time to be a central banker’

Nobel Laureate Douglas W. Diamond on the current global economic situation and its impact on India

START-UPS **58**

Space Trek

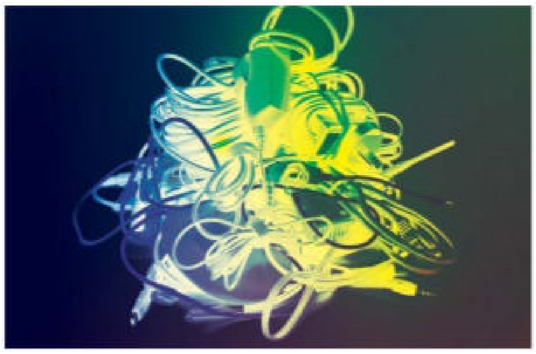
After reporting several successes in 2022, the Indian spacetech sector is looking at entering its next phase of growth



START-UPS **66**

Looking for Unicorns

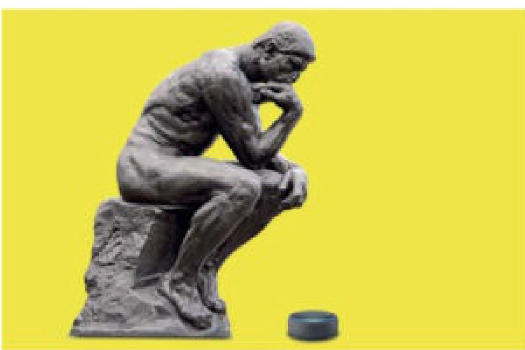
The flawed pay-to-play and equity-based models have pushed pure-play accelerator operators to a fund-first approach



TECH FIRMS **72**

Tech’s HR Reality Check

Battling low margins and shrinking valuations for some time, the Indian IT sector now has to also deal with mounting employee dissatisfaction



TECHNOLOGY **77**

Being Sensible with Tech

AI systems designed and deployed by firms affect several aspects of our lives. This makes it all the more important for tech start-ups to use these tools smartly

MONEY TODAY **82**

New Year, New Agenda

Investors need to re-evaluate their portfolios after assessing which strategies and themes will work in 2023

86

THE GOOD LIFE: TRENDS

Sipping on Legends

From mojito to the Florence-born negroni, read the stories behind some famous cocktails

92

TECH TODAY

A Stress-free Holiday

A few products that will let you focus on enjoying your holiday without worrying about sundry irritants

94

BT EVENT

Teeing Off in Style

***BT* Golf resumes its storied journey in Delhi, with more cities to come**

FOCUS / An IMPACT Feature

From time to time, you will see pages titled “Focus”, “An Impact Feature”, or “Advertorial” in *Business Today*. These are no different from an advertisement and the magazine’s editorial staff is not involved in their creation in any way.

For the latest updates and analysis, log on to *businesstoday.in*

THE BUZZ

PHOTOGRAPHIK | THE POINT

PHOTOGRAPHIK

Photo by **SANDEEP SAHDEV**
Text by **PRINCE TYAGI**

SOURCE DEPT OF AGRICULTURE & FARMERS WELFARE, CMIE, COMMISSION FOR AGRICULTURAL COSTS & PRICES, MEDIA REPORTS

MAKING HAY

THE ONSET OF EARLY WINTER AND NEAR-PERFECT MOISTURE CONDITIONS COULD HELP INDIA PRODUCE A BUMPER CROP THIS RABI SEASON (OCTOBER-MARCH). HERE'S HOW THE NUMBERS LOOK SO FAR

5.2

MILLION HECTARES

The likely surge in area under cultivation this rabi season from 62.7 million ha last season

10
PER CENT
Pick-up in oilseed sowing till November-end to 8.3 million ha from 7.55 million ha a year ago

21.15
MILLION HA
Area under wheat crop till November-end, compared to 20.06 million ha in the corresponding period last year

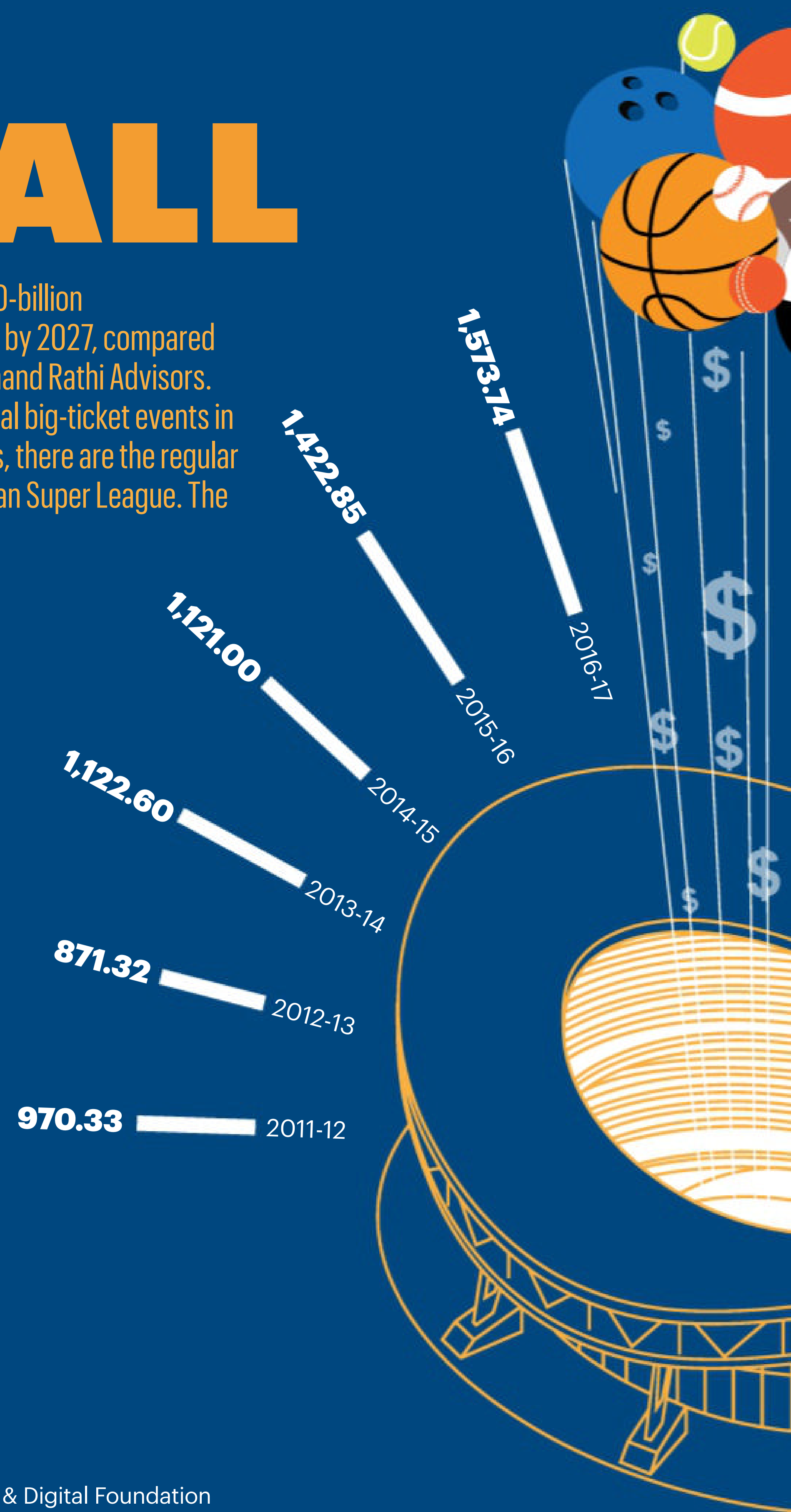
159.68
MILLION TONNES
India's total foodgrain production in the FY22 rabi season, 16.7 per cent higher than the 136.78 million tonnes five years ago

| THE POINT |

MONEYBALL

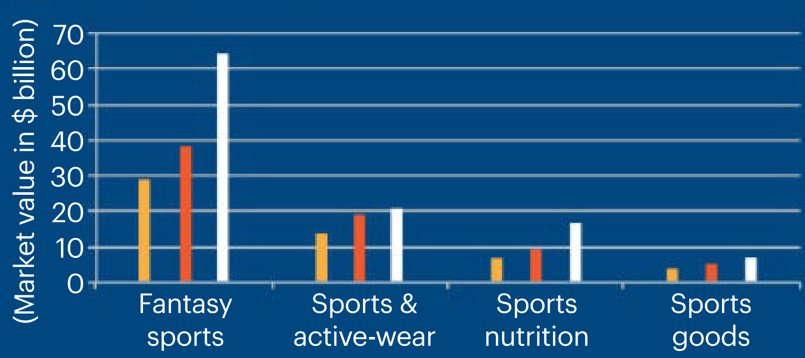
For some sports is just fun, while for others, it is serious business—a $100-billion money-spinner, to be precise. That will be the size of India's sports market by 2027, compared to $27 billion in 2020, according to estimates by financial services firm Anand Rathi Advisors. How will that be possible? For starters, the country is poised to host several big-ticket events in 2023—such as the Hockey World Cup and the ICC Cricket World Cup. Plus, there are the regular tournaments such as Indian Premier League, Pro Kabaddi League and Indian Super League. The government's rising spends on sports will give a further fillip to the sector

By **RAHUL OBEROI** AND **PRINCE TYAGI**
Graphics by **RAJ VERMA**



A DIFFERENT BALL GAME

APART FROM THE GAME ITSELF, ANCILLARY CATEGORIES RELATED TO SPORTS ARE ALSO EXPECTED TO GROW MANIFOLD IN INDIA IN THE COMING YEARS



Source: Anand Rathi Advisors

GAMES WITHOUT FRONTIERS

IN CRICKET-CRAZY INDIA, OTHER SPORTS ARE ALSO GRABBING EYEBALLS

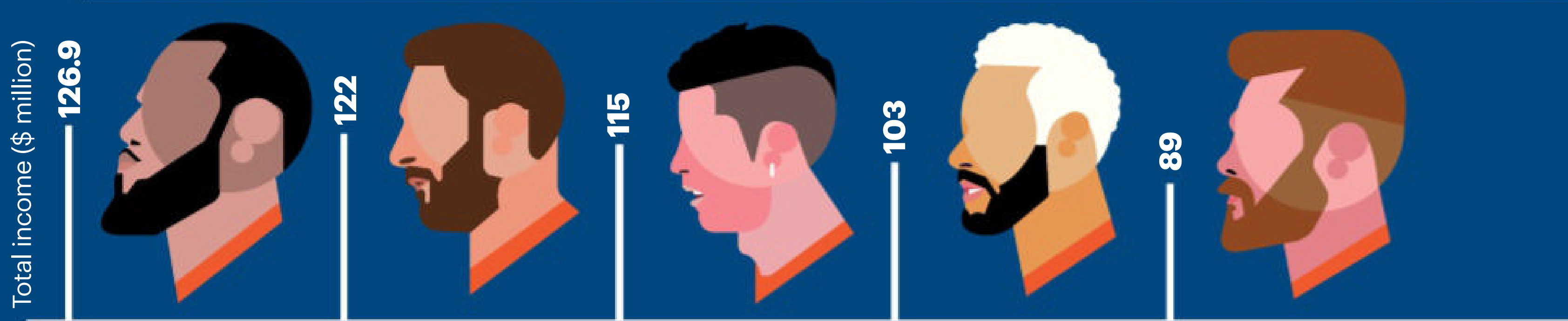
(Viewership in million)

400	IPL 2022
227	PRO KABADDI (SEASON 8)
130	INDIAN SUPER LEAGUE (2021-22)

Source: 'Sports Broadcasting on TV' report by CII, KPMG, Indian Broadcasting & Digital Foundation

TOP SCORERS

AMONG THE WORLD'S HIGHEST PAID PLAYERS, INDIAN CRICKETER VIRAT KOHLI WAS RANKED 61 IN 2022



Total income includes salary, prize money and endorsements in 2022

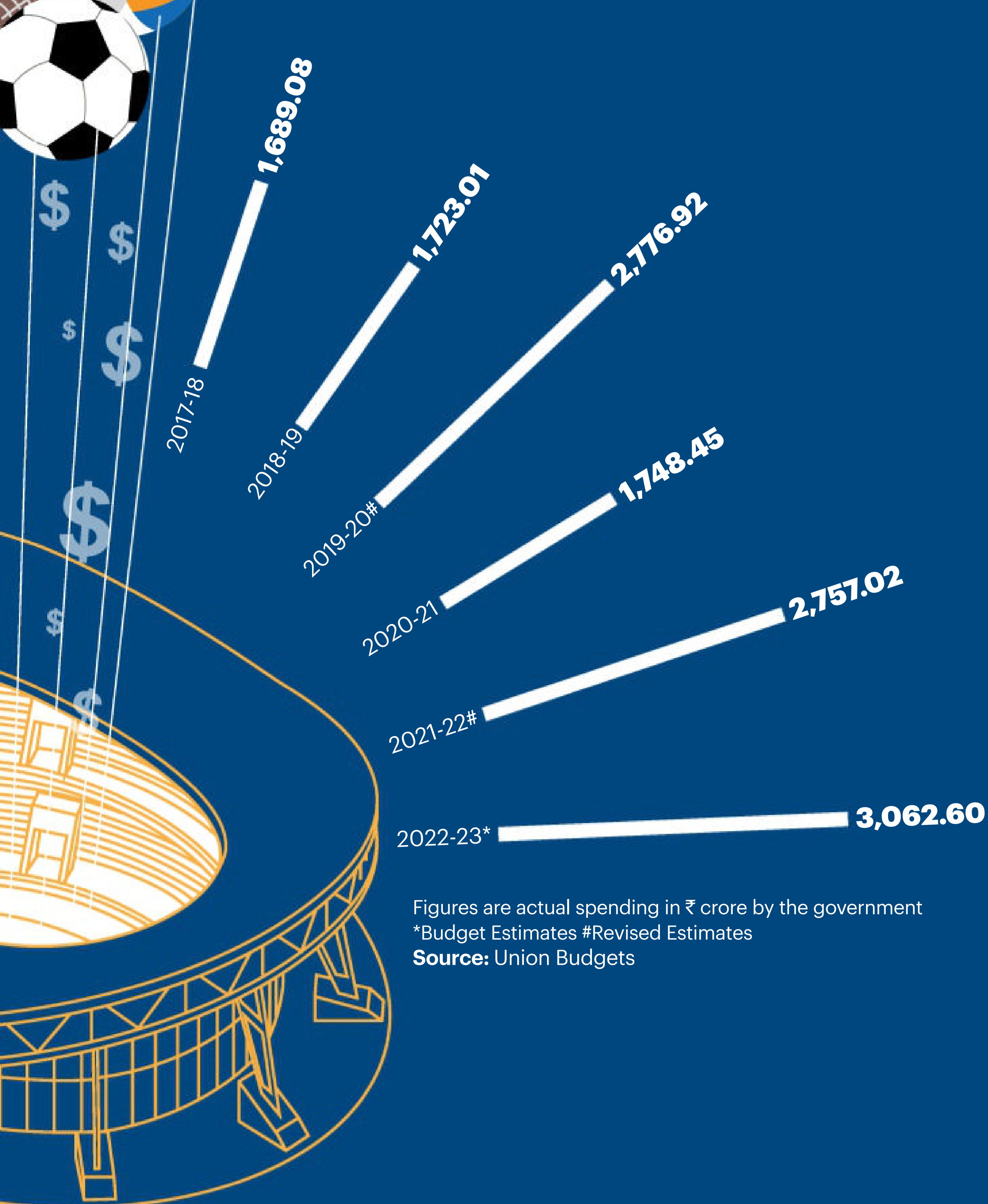
1. **LEBRON JAMES** (BASKETBALL, US)
2. **LIONEL MESSI** (FOOTBALL, ARGENTINA)
3. **CRISTIANO RONALDO** (FOOTBALL, PORTUGAL)
4. **NEYMAR JR.** (FOOTBALL, BRAZIL)
5. **CANELO ÁLVAREZ** (BOXING, MEXICO)

₹4,360 crore EXPECTED REVENUE FOR SPORTS FROM DIGITAL PLATFORMS IN FY26, UP 23 PER CENT CAGR FROM ₹1,540 CRORE IN FY21

300+ TYPES OF SPORTS GOODS INDIA MANUFACTURES; THE COUNTRY IS ONE OF THE LARGEST MANUFACTURERS IN ASIA AFTER CHINA AND JAPAN

CENTRE FORWARD

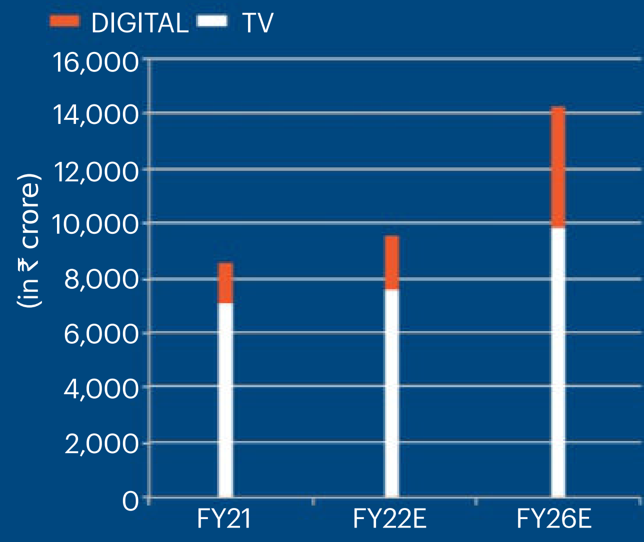
THE GOVERNMENT'S SPENDING ON SPORTS HAS INCREASED MORE THAN 3x IN THE PAST 10 YEARS



Figures are actual spending in ₹ crore by the government
*Budget Estimates #Revised Estimates
Source: Union Budgets

PACKING A PUNCH

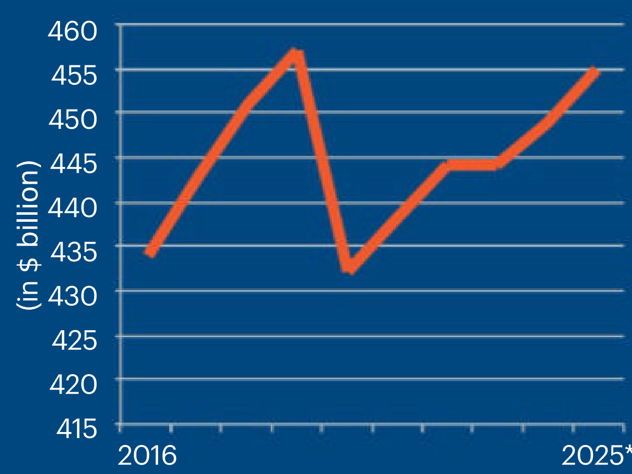
THE SPORTS BROADCASTING MARKET IN INDIA IS EXPECTED TO GROW MORE THAN 23 PER CENT ANNUALLY BETWEEN FY21 AND FY26



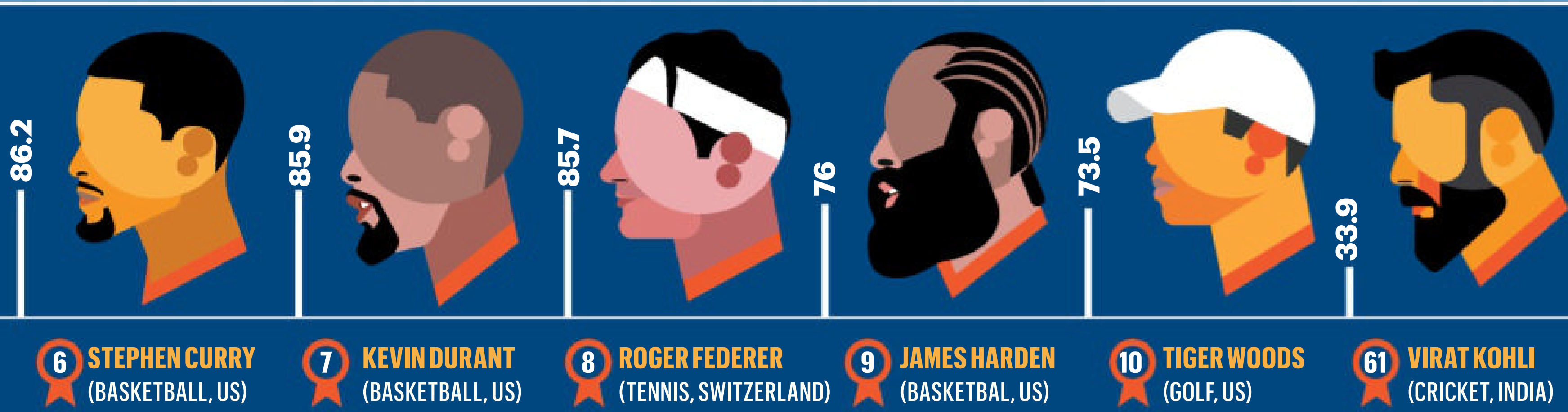
E: Estimates; **Source:** 'Sports Broadcasting on TV' report by CII, KPMG, Indian Broadcasting & Digital Foundation

OVER THE BOUNDARY

THE SIZE OF GLOBAL SPORTS-SPECIFIC MEDIA OUTLETS SUCH AS BROADCAST AND CABLE TV, SPORTS MAGAZINES AND FANTASY SPORTS, AMONG OTHERS, MAY CROSS THE $450-BILLION MARK BY 2025 AGAIN



*Estimates; figures indicate the size of global broadcasting & media market over the years
Source: Anand Rathi Advisors



Source: Sportico

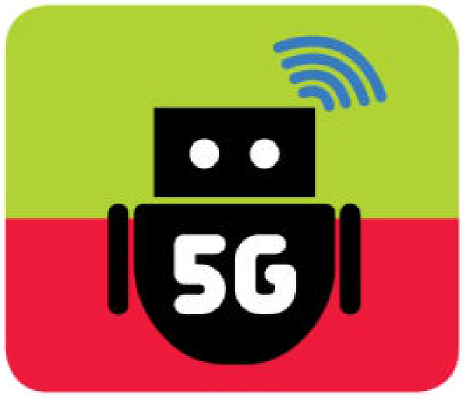
$1 billion+ WORTH OF FDI FANTASY SPORTS ATTRACTED IN 2021, WITH ANOTHER $2 BILLION IN INVESTMENTS ESTIMATED OVER THE NEXT THREE YEARS

2023

A SNEAK PEEK

THE PEOPLE AND TRENDS TO WATCH OUT FOR IN THE NEW YEAR

BY **TEAM *BT***



The Need for Speed

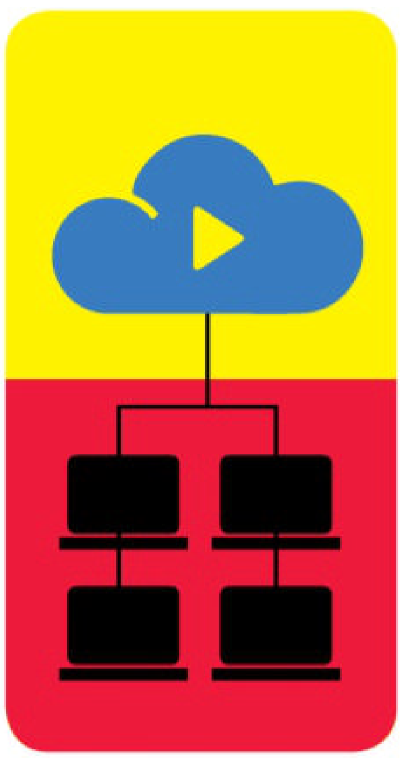
5G IS ALL SET to revolutionise consumer experience and industrial automation in the New Year. 5G services are expected to be available across the country over the next few months—improving data speed for retail consumers and opening up business opportunities for companies in OTT and gaming. They will also help manufacturers adopt Industry 4.0 practices that allows greater automation and usage of robotics—improving production efficiencies. Is the age of high-speed internet finally upon us?

CURRENCY BYTES

WHILE THE RESERVE Bank of India (RBI) launched pilot projects for retail and wholesale e-rupee in 2022, it is only in 2023 that the e-rupee may become a reality for you and me. Digital payments are expected to become much faster, transparent and efficient on the back of blockchain technology. The government is also expected to focus on the use of CBDC for remittance purposes.

MR RICHIE RICH

WILL *GAUTAM ADANI* overtake Elon Musk and Bernard Arnault to become the world's richest individual in 2023? He may, or he may not. But with gains of over $49 billion in net worth in 2022, Adani has not only emerged as the highest wealth gainer in the year but also become the world's third-richest individual. Going by his track record, it may come as no surprise if Adani's steady hands take him to the top spot in 2023, leaving behind maverick Musk, who has lost $109 billion in 2022, and luxury giant LVMH's Arnault, who tops the list.

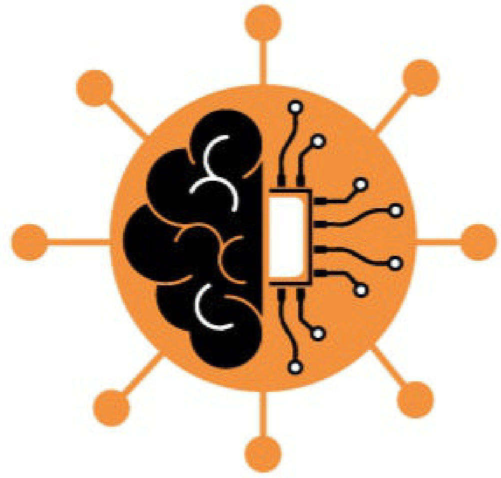


LOCKED IN BATTLE

Come 2023 and the battle between the various OTT platforms will intensify further. At stake are revenues of over ₹21,000 crore by 2026 (a growth of 14.1 per cent CAGR) as per PwC. However, monetisation is a challenge as content costs are rising, while ARPUs are low. OTT players are now experimenting with revenue generation streams—Amazon Prime Video has forayed into sports while Netflix is expected to roll out its ad-supported version in India.

TECHIES IN TROUBLE

The New Year may not bring much cheer for techies. They are moving into a period of uncertainty marked by mass layoffs, delayed on-boarding and variable pay cuts after the hiring spree of 2021 when exorbitant hikes and joining bonuses were the norm. The tech and internet economy sectors are expected to continue seeing a few quarters of pain because of global headwinds and post-Covid-19 rationalisation of tech spending. Meanwhile, amid rising preference for gig work and the need for organisations to retain valued employees, clearer frameworks and systems around moonlighting may emerge.



THE MARCH OF AI

ARTIFICIAL INTELLIGENCE WILL be in focus in 2023. A report by Infosys highlighted that 81 per cent of companies deployed their first true AI system only in the past four years and 50 per cent in the last two. While most of the AI models currently function at a basic level and are driven by humans, the coming year will see the focus shift to data verification, data practices, and data strategies.

AERIAL WARFARE

ANOTHER BLOODBATH IS in the offing as a duopoly of IndiGo and Air India emerges. The country's largest carrier is adding more flights both domestically and internationally as Air India procures more aircraft to boost its fleet and ramp up operations. Here's hoping customer experience will also improve.

Dial M for Musk

WILL WE SEE a new smartphone from ***Elon Musk***? Maybe. The world's second-richest person and new chief of Twitter responded to a tweet asking what would happen if Apple and Google booted Twitter from their app stores, saying that if there was no other choice, he will make an alternative phone. Well, if the situation arises, the Tesla and SpaceX boss has all the brains, expertise and moolah to make one. While it was a misunderstanding between Musk and Apple to start with, you never know how things would unfold in the future. Should Apple be afraid?

MARK'S META-VERSE

Will *Mark Zuckerberg* quit the firm he founded? Apparently not. Facebook's parent Meta issued a clarification that it was but just a rumour. Considering the rough year Meta has had, it's little surprise the rumour was doing the rounds. Meta has seen two quarters of revenue losses, its shares have tanked more than 60 per cent in 2022 and it has laid off 11,000 employees. Key leaders, including COO Sheryl Sandberg, have left, but Zuckerberg is keeping his metaverse dreams alive.

MAN OF THE MOMENT

Ashwini Vaishnaw, who holds charge of three important Cabinet ministries—Minister for Railways, Communications, Electronics & Information Technology—will spearhead many decisions and policies in 2023, including telecom bills and data protection. The man who wears many hats remains the man of the moment.

THE MERGER REPORT

HOW WILL THE big media mergers play out this year? As one awaits the completion of the Zee-Sony and PVR-Inox marriages, the impact of both on broadcasting and exhibition will be felt. More importantly, will cultural integration and the process of ensuring it is business as usual play out?

RUPEE ON THE RADAR

ON THE BACK OF rising crude oil prices the rupee depreciated by more than 10 per cent in 2022. With crude oil prices trending lower than the highs of 2022 and interest rate hikes expected to slow down in the US, the rupee will be on the radar of policymakers as it plays an important role in setting policy.

Heir not so Apparent

AS _UDAY KOTAK_, the Founder, MD & CEO of Kotak Mahindra Bank, hangs up his boots at the end of his term in December 2023, all eyes will be on his successor. The bank's top management team is not getting any younger and the new leader, whether an insider or outsider, will have giant-sized shoes to fill. The Reserve Bank of India has recently capped the tenure of a bank's CEO at 15 years, whereas Kotak has been at the helm of affairs for over 18 years.

CHANDRA'S CHALLENGES

N. Chandrasekaran, the Tata Sons boss, will have his hands full in 2023 with making Tata Neu click and ensuring the newly-merged Air India-Vistara entity takes off. Speaking of digital, Neu is up against the likes of Amazon, Flipkart and Jio. It's faced teething troubles and has a lot of room for improvement. In aviation, the larger Air India entity needs to figure out how to reduce losses, strengthen its fleet and continuously up the service quotient.

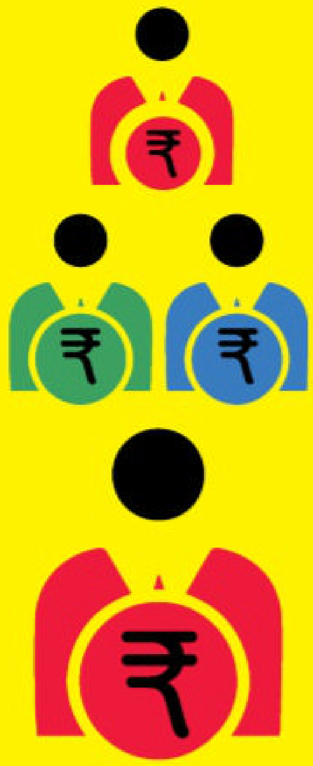
ASHWINI VAISHNAW PHOTO BY YASIR IQBAL; **UDAY KOTAK** PHOTO BY RACHIT GOSWAMI; **N. CHANDRASEKARAN** PHOTO BY BANDEEP SINGH

OUTLOOK STILL CLOUDY

Paytm continues to struggle to convince investors about its business model. The company has given a guidance of becoming Ebitda-positive by the quarter ending September 2023. Is it on track to meet its objectives, or are there stumbling blocks? As a distributor, the company is banking on loan volumes, but the payments, investments, and other business lines have to fire to make profits. The odds seem quite dim now.

Testing Times

AS *BYJU RAVEENDRAN* tries to guide the world's most valuable edtech start-up to profitability, it will be a make-or-break year for BYJU'S. After two years of hyper growth on the pandemic-led digital boom, edtech start-ups have been facing their moment of reckoning. Layoffs are rampant in the sector—BYJU'S fired nearly 2,500 people. With a renewed focus on sustainability and capital-efficient growth, 2023 will be the year to watch out for.

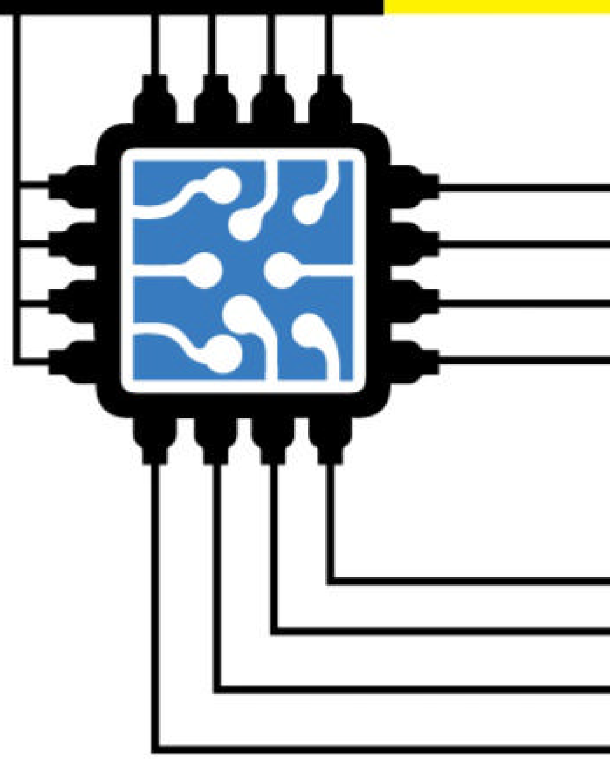


RICH PICKINGS

India's rich also reside in Tier II and III towns as PMS players are finding out to their delight. With significant inflows coming from Tier II and III towns, some leading PMS firms have seen over 40 per cent flows from such locations. The coming year will see PMS players further expand their client base to these areas as the number of affluent investors rises.

FAB-ULOUS DREAMS

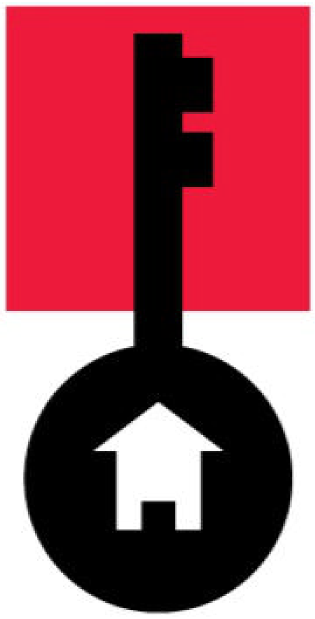
WHILE IT WAS in December 2021 that the government approved the India Semiconductor Mission with a financial outlay of ₹76,000 crore, 2023 will be crucial for India's semiconductor journey. The year gone by witnessed tremendous progress with the government receiving some credible applications to set up semiconductor and display fabs. Now everyone is waiting for the government to announce the approved applicants, following which it will take around three to five years to plan and build commercial fabs.



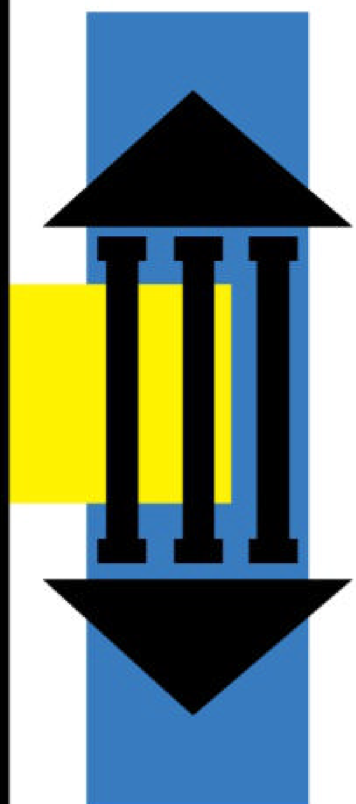
AMBANI'S NEXT BET

2023 COULD BE a crucial year for ***Mukesh Ambani***'s next bet—the country's vast fast-moving consumer goods (FMCG) market. Backed by Reliance's massive retail and distribution network and major investment plans on increasing its warehousing capacity and supply chain efficiencies, Ambani's dream of turning Reliance into a major consumer goods player may become a reality in 2023.

HOME-LESS BUYERS



WITH HOME LOAN interest rates and cost of construction rising, the acquisition cost of homes has surged by over 10 per cent in 2022. With the rise in raw material prices, realtors may pass on the additional burden to homebuyers, resulting in another round of price hikes of 5-10 per cent in 2023. And lending rates are expected to go up further as the RBI attempts to tame inflation.



VALUATION WALTZ

JUST LIKE THE stake sale of insurance behemoth Life Insurance Corporation of India (LIC), the privatisation of IDBI Bank is taking longer than initially thought. While the bidders are lining up, it is the bank's valuation that has grabbed everyone's attention. The lender is large, and if any serious player makes a bid, it could lead to an intense bidding war.

HDFC'S NEW FACE

By April 2023, mortgage giant HDFC Ltd's merger with HDFC Bank will be a reality and *Sashidhar Jagdishan*, MD and CEO of HDFC Bank, will be the new face of the group. How will Jagdishan, who honed his skills as a CFO and not as a business manager, face the challenges that the combined entity will throw up?

THE COUNTRY'S BOOKKEEPER

Come February and the Union Budget and all eyes will be on FM *Nirmala Sitharaman*. Given the current fiscal deficit and government spending, the Budget announcements will be even more significant in 2023. One of the important areas to watch out for is capital gains tax. Currently, there are different holding periods and tax rates for different asset classes when it comes to capital gains. There has been a demand to have one common tax treatment for all capital gains to make it simpler for the ordinary citizen. Will the FM oblige?

MUKESH AMBANI, HARDEEP SINGH PURI, NIRMALA SITHARAMAN PHOTOS BY BANDEEP SINGH; **RAJ KUMAR SINGH** PHOTO BY VIKRAM SHARMA

POWER RANGERS

In the year ahead, all eyes will be on India's Energy Ministers, *Hardeep Singh Puri* (left) and *Raj Kumar Singh*. As one keeps increasing oil & gas supplies from Russia despite western pressure, another will be focussed on ramping up renewable energy capacity.

MARKET SENTINEL

MADHABI PURI BUCH, the first female Chairperson of the Securities and Exchange Board of India (Sebi) completes one year at the helm in March. What is on her agenda? First, Sebi will continue to modernise itself in terms of technology and data analytics. Second, it is likely to get rid of the archaic regulations and make them more in sync with the current times.

CAUTIOUSLY OPTIMISTIC

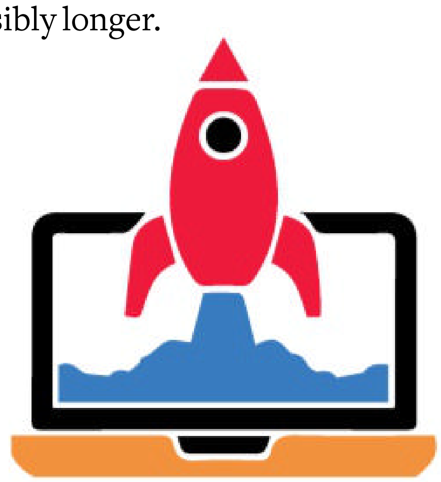
VENTURE CAPITAL FIRMS enter 2023 with a massive pile of capital available and ready to be deployed. Per research firm Preqin, $534 billion of 'dry powder' was available with VCs globally as of September 2022. While that's good news for start-ups, VCs are expected to move with caution. If liquidity remains scarce, fund managers will slow down on tech investments.

MITTAL'S METTLE

With the complete buyout of Essar Steel, *L.N. Mittal* will need to increase capacity and get a rightful share of the market. Will he make more buyouts and disrupt the market or choose to go for organic growth?

A LONG WINTER

RIDING ON SKY-HIGH valuations and a frenetic pace of fundraising, start-ups went all out for growth in 2021. But then 2022 happened, and a combination of macro events including high inflation, rising interest rates and geopolitical issues slowed everything down. Besides a tightening funding climate that pushes start-ups to extreme cost reduction, fears of a global slowdown are sweeping through the industry. The ongoing start-up bloodbath of distress sales, shutdowns and layoffs, that began in mid-2022, is expected to last through the New Year and possibly longer.



KITCHEN KING

Will *Deepinder Goyal* finally take his 14-year-old venture, Zomato, to profitability in 2023? Zomato, in its latest quarterly results, said the company has made significant improvements on both cost and revenue sides, helping it to increase its contribution margin. Global brokerage firm Jefferies says Zomato is gaining market share over rival Swiggy while its quick-delivery service Blinkit continues to grow impressively. Are profits around the corner for Goyal?

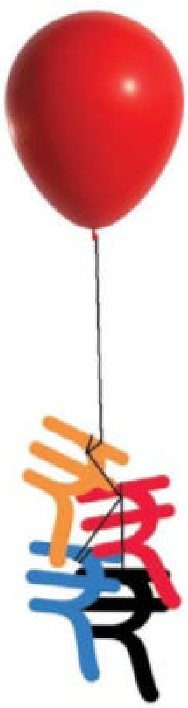
PHOTO BY **GETTY IMAGES**

VISION VIACOM

IPL 2023 WILL be the first year when Viacom18's digital strength will be tested. A bit of that was seen in the FIFA World Cup but in a cricket-crazy nation, there is a lot at stake for the broadcaster. Given the money that has been paid (₹23,758 crore) to acquire the digital rights, how Viacom18 creates a robust revenue model will be closely watched.

DEBT FUNDS TO DOMINATE

There is good news for those with a low risk appetite. While debt funds gave returns of only 2-4 per cent in 2022, they are expected to be much higher in 2023. With a rise in interest rates followed by high yields, fund managers are betting big on debt in 2023. Moreover, with huge government borrowing lined up, bond yields are expected to go up, further offering higher returns to fixed-income lovers.



Capital Control

INDIA'S RELATIVELY STRONG position in times of uncertainty has led to investors preferring large-caps as a flight to safety from volatility in the market in 2022. There are hopes that blue chips will continue to do better in the near term. "Large-caps will be dominant now, but 2023 could well be the year for small- and mid-caps to dominate their large-cap peers as we gain more clarity on interest rate trajectory," says Anil Rego, Founder and Fund Manager of Right Horizons, a financial services firm.


"No more standard solutions.
Axis Bank built its banking
around my business."

PHOTO BY **ANI**

INTERNATIONAL SAND ARTIST SUDARSAN PATTNAIK MAKING INDIA'S G20 PRESIDENCY LOGO ON SAND AT A BEACH IN PURI, ODISHA

Calming the World

India's presidency of the G20 comes at a time of global crisis. And that is probably a good thing

BY **ALOKESH BHATTACHARYYA**

▶ **ON DECEMBER 7, PRECISELY** 200 kites flew above the historic Kumbhalgarh Fort, when the participants of the G20 Sherpas meeting—from the 20 economies of the G20, nine guest countries and 14 international organisations—came visiting after finishing three days of marathon meetings 84 km away in Udaipur, Rajasthan. The kites symbolised the 200 meetings that the G20 group of nations would engage in, in 50 cities across India during the country's year-long presidency that started on December 1. As Amitabh Kant, India's G20 Sherpa, noted during his opening remarks on December 4: "This is a unique forum of both developed world and emerging economies, so we need to build approaches to benefit the world on key global issues."

Indeed, the mix of 19 countries and the European Union (*see chart*) brings greater hope that this group could generate some real outcomes. "G20's significance lies in its diversity of nations being grouped together as against, say, G7, which is a grouping of developed economies. G20 gives a voice to the Global South (regions within Latin America, Asia, Africa, and Oceania), and member nations together account for more than 60 per cent of the global population," says Neeraj Bansal, Partner at KPMG in India. "Thereby, the group is in a more effective position to implement financial inclusion and ensure inclusive global growth."

At the head of a group that represents around 85 per cent of the world's GDP and over 75 per cent of global trade, India will steer the 200 meetings in multiple challenge areas through various working groups of ministers, secretaries, central bank governors, international organisations, along with several engagement groups involving parliamentarians, think tanks, women, youth, labour, businesses and researchers of all these countries.

That makes for a potent mix of not just countries, but also a diversity of voices that will be heard and debated. So, what are the areas that could form the focal areas of India's presidency, especially in light of noises being made of focussing on the so-called Global South? "While it would be beneficial for India to prioritise themes from developing countries' perspectives, India chose its mantra to be 'One Earth, One Family, One Future' to pave a path for global welfare," says Ajit Pai, Lead Strategy Partner, Government & Public Sector and Strategy & Transactions at EY India. "Besides prioritising developing countries' issues, it will be important to focus on key global issues of critical priority to all which will ensure effective coordination and positive outcomes."

Three critical issues of global priority were outlined by Gita Gopinath, First Deputy Managing Director of the IMF, in a video posted on Twitter on December 14: "The first is in the area of debt. We have a large number of low-income countries that are in debt distress, and while we have the G20 common framework to help with that resolution, we absolutely need to improve the strength of the mechanism to get much more timely resolution." The second and third areas, Gopinath said, were in the areas of internationally agreed upon standards for regulation such as in crypto, and climate finance, where developing countries would need much higher financing to adapt to climate change and contribute to climate change mitigation.

There's a bit of hope in the air about the presidency being held by India, a country that is showing positive economic growth at a time of global macro crisis, a nation that helped smaller countries during the Covid-19 crisis with its vaccine diplomacy (some countries like Jamaica publicly expressed gratitude for the help they received), and the very nature of the independent stance taken by the country in a crisis like the Russia-Ukraine conflict. EY's Pai points out that the world has set its eyes on India's G20 leadership to find consensus on actions needed to promote an inclusive and sustainable global economic recovery. "The challenges now being known gives us greater opportunity to address them, if not ameliorate them, in designing and propelling forward the agenda, while pushing for meaningful outcomes that the world desperately needs," he says.

KPMG's Bansal points out that by chairing a group of the world's most important countries, India is in a position to influence global issues and deliberations. There has been much talk about financing developing countries against climate change impact, but the promises have remained largely unfulfilled. Bansal says: "India is in a position to leverage the G20 presidency to build pressure on the developed world for not living up to its pledge of hitting $100 billion in climate finance a year to developing countries by 2020."

Building influence aside, the sheer reach of the G20 meetings across 50 cities of India gives the country the opportunity to build its image as a soft power. India would hope that the bewildering variety of cultures across these cities, the strength of its knowledge economy and multiple investment areas in the country would attract significant, positive collateral benefits. "This also gives rise to a unique opportunity for India where the country can showcase its diverse culture, thereby proving to be an attractive destination for business, investments and tourism. This also enables India to build its soft power incrementally on a global platform," says Bansal of KPMG.

By the time the next heads of state meeting happens on September 9 and before handing over the baton to Brazil for the 2024 presidency, India would surely want to draw upon its strengths in multiple areas, not least in terms of building a resilient economy that can manage inflation and GDP growth challenges at a time when the world is looking for answers. As Pai of EY says: "India will aim to leave behind a strong legacy from its rich democracy, collective decision-making approach and citizen-centric governance model. India has championed the use of technology to create digital public goods that are open, inclusive and inter-operable." If India can help the world learn from these successes and replicate them, its presidency of G20 could help calm the world. **BT**

@alokeshb

POWER OF 20

The G20 is a unique group of developed and developing economies that represents 85 per cent of the global GDP and two-thirds of the world population

1. Argentina
2. Australia
3. Brazil (next President)
4. Canada
5. China
6. France
7. Germany
8. India (current President)
9. Indonesia (previous President)
10. Italy
11. Japan
12. Republic of Korea
13. Mexico
14. Russia
15. Saudi Arabia
16. South Africa
17. Turkey
18. United Kingdom
19. United States
20. European Union

The Growth Coin

On one side, the coin shows India as the world's fastest-growing economy. Flip it, and GDP growth is clearly slowing. And that could be a worry

BY ALOKESH BHATTACHARYYA

ON DECEMBER 7, WHEN Reserve Bank of India (RBI) Governor Shaktikanta Das announced the hiking of the repo rate (the rate at which the central bank lends to other banks) by 35 basis points to 6.25 per cent, heads nodded in agreement, as the hike was on expected lines. But what mildly raised eyebrows was his announcement of a cut in the gross domestic product (GDP) growth projection for FY23 to 6.8 per cent from 7 per cent forecast in September. In fact, the 7 per cent itself was a step down from the 7.2 per cent that the central bank had held earlier (in April), and not because of continuing challenges such as external geopolitical disturbances impacting India's exports, inflation, etc.

In fact, the GDP growth rate for Q2 of FY23, which was announced six days before the governor's address, slowed to 6.3 per cent—from 13.5 per cent in Q1 of FY23 and 8.4 per cent in Q2 of FY22. But that seems not to have worried anyone because it was on expected lines. "Interestingly, the GVA (gross value added) growth figures were 70 bps short of the GDP numbers. This may be due to higher tax collections as GDP is GVA plus net taxes," points out Sanjay Kumar, Partner, Tax and Public Policy Leader at Deloitte Touche Tohmatsu India. "Higher tax collections are good and bode well for the current financial year. It is another sign of a good recovery."

What is perhaps worrying is the avalanche of GDP forecast cuts in the months preceding the RBI's latest monetary policy announcement. It all began on September 1, when Soumya Kanti Ghosh, the Group Chief Economic Adviser of India's biggest bank, State Bank of India (SBI), cut his forecast for India's GDP growth in FY23 by a significant 70 bps—from 7.5 per cent to 6.8 per cent. Several financial institutions followed in SBI's footsteps and downgraded their GDP growth forecasts for India in fiscal FY23 (*see chart 'Dipping Growth'*). Slowdown in the manufacturing sector, external risks and inflation were the primary reasons cited.

The one exception there was ICRA, which held on to its projection of 7.2 per cent growth in FY23. Why did ICRA maintain its position? Aditi Nayar, Chief Economist of ICRA, explains: "The MPC (Monetary Policy Committee of the RBI) had reduced its growth forecast for FY23 as the outcome for the first quarter (13.5 per cent) had trailed its projection, whereas it was quite close to our own forecast (13 per cent). While a downside is posed by weakening global growth, merchandise

ILLUSTRATION BY **RAJ VERMA**

exports have been revised upwards for the last quarter, and the festive season also saw robust sentiment, based on which we have maintained our FY23 growth forecast of 7.2 per cent."

If anything, the GDP forecasts for the next fiscal, FY24, are gloomier. CRISIL expects 6 per cent GDP growth in FY24, and IMF expects 6.1 per cent. The sentiment is similar among other agencies, too. "Given the lags associated with monetary policy transmission, we have pared our GDP growth forecast for FY24. Once inflation falls within the tolerance zone, further rate hikes should be data-dependent, in our view, with the balance tipping slightly in favour of avoiding a growth sacrifice," says Nayar of ICRA. Goldman Sachs, too, has predicted that in calendar year 2023, India's GDP would grow at 5.9 per cent, a full 100 bps lower than 6.9 per cent in 2022.

But that is where the dim commentary starts to turn bright. In its India 2023 outlook report, Goldman Sachs said: "Growth (in FY24) will likely be a tale of two halves, with a slower first half as the reopening boost fades, and monetary tightening weighs on domestic demand. In the second half, growth is likely to re-accelerate as global growth recovers, drag from net exports diminishes and the investment cycle picks up."

A key ingredient in net exports is the value of the rupee versus the dollar. Dharmakirti Joshi, Chief Economist of rating agency CRISIL, expects the rupee to perform better in FY24, pointing out that the currency has stabilised in recent times due to some softening in the strength of the US dollar, return of FPI flows, and decline in global crude oil prices. He expects the rupee to gradually appreciate and average 79.5 against the dollar in March 2023 compared with 76.2 in March 2022. "Next fiscal, the rupee is expected to remain range-bound and not depreciate much as our CAD (current account deficit) softens." That would translate to less pressure from imported inflation, which would support lower domestic inflation. "This in turn would mean lesser headwinds for consumption and investment demand next fiscal," says Joshi.

Goldman Sachs had a dimmer view on the rupee, though, indicating that the Indian currency would likely depreciate to 84 per dollar in three months, and gradually stabilise to 82 over a period of 12 months. At the same time, it expects that "growth capital may continue to chase India, as global firms are looking to diversify sources of supply and India presents an attractive opportunity over the long term".

How to keep growth going in FY24? CRISIL's Joshi expects the government to keep its capex run going to stimulate growth. "With consumption demand still nascent and broad-based private sector investments facing headwinds due to an uncertain demand environment, the government is expected to maintain its focus on infrastructure-led capital expenditure next fiscal as well," he says.

But while there are certain positives for the next fiscal, one can't afford to be complacent. "Going forward, various estimates indicate that the GDP growth is likely to be around 6.8 per cent (in FY23). That would mean that India is by far the fastest growing economy, and that too the fifth-largest economy in the world," says Kumar of Deloitte. "It will, however, be important to watch out for risks stemming from the global slowdown and ongoing geopolitical issues that can cause larger disruptions in the growth momentum."

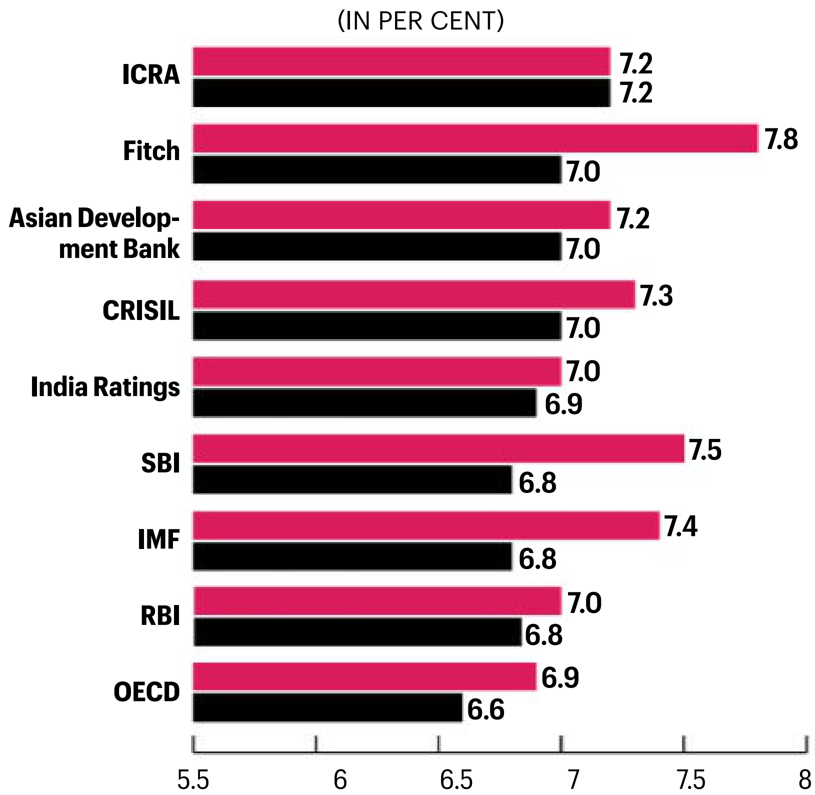
Being on guard is probably the right stance in this situation. After all, whether the appellation of the "fastest-growing economy in the world" will be enough to soothe nerves when the growth engine agonisingly slows, is the moot question.

Footnote: On December 7, the day Governor Das cut the FY23 GDP growth forecast by 20 bps, the World Bank actually raised its GDP forecast for India to 6.9 per cent after it had cut it down to 6.5 per cent from 7.5 per cent exactly two months ago. Will the World Bank's announcement set off another trend—of upward revisions this time—by financial institutions? BT

@alokeshb

DIPPING GROWTH

Projections for India's GDP growth in FY23



■ OLD FORECAST ■ CURRENT FORECAST

SOURCE REPORTS FROM THE AGENCIES

PHOTOS BY **ANI**

A Brand New Gateway

Tourism in Goa gets a boost with the new airport at Mopa set to enhance passenger handling capacity and ease congestion

BY **MANISH PANT**

SINCE CHANGE IS life's only constant, it ensures that priorities also evolve. The new international airport at Mopa in Goa is a prime example of this dynamism. Prime Minister Narendra Modi indicated as much while inaugurating the country's 10th greenfield airport on December 11. Assuring that the airport would help ensure all-round development in the region, he said, "The Manohar International Airport is an example of the changing *soch* (mindset) as well as approach of the government... The luxury tag attached to aviation had led the previous governments to curtail spending on the sector. They failed to understand that even the middle class aspired to travel by air."

Recognised as one of the most favoured tourist destinations globally, Goa's newest airport is named after the late former chief minister of the state, Manohar Parrikar, who had also served as the country's defence minister. Located in the Pernem *taluka* of North Goa district, it is the western state's second international airport.

Despite being approved in principle over two decades ago in March 2000, the greenfield airport project hit several snags. Having weathered stiff political opposition and resistance from the powerful tourism lobby in the southern part of the state, along with a clutch of public interest litigations challenging its clearance from the National Green Tribunal, the construction of the project had also slowed down during the Covid-19-induced lockdowns.

Work on the airport began in right earnest following the state government's agreement with the developers, GMR Goa International Airport Ltd (GGIAL) in November 2016, a subsidiary of airports-to-energy conglomerate GMR Group that also operates the

PM NARENDRA MODI, WHILE INAUGURATING THE NEW AIRPORT IN MOPA, GOA, SAID IT WILL PROVIDE A FILLIP TO THE STATE'S ECONOMY

airports in Delhi and Hyderabad, among others. The first phase of the project has been completed under the public-private partnership (PPP) model at a revised sanctioned project cost of ₹2,870 crore.

Goa's primary airport in Dabolim belongs to the Indian Navy. Being a defence property attached to INS Hansa, the country's biggest naval airbase, it has constraints of time slots that restrict the operation of domestic and international flights to and from the airport to specified hours.

Moreover, the existing airport is oversaturated as it currently handles close to 8 million passengers per annum (MPPA) annually, against an actual capacity of 4.4 MPPA.

THREE MORE PHASES

With work on the first phase completed, Manohar International Airport can currently handle 4.4 MPPA. This will increase to 5.8 MPPA in the second phase, 9.4 MPPA in the third phase and finally to 13.1 MPPA in the fourth phase. The airport's capacity can be enhanced by nearly three times to handle up to 33 million passengers in case of a substantial increase in air traffic. Designed as a zero-carbon-footprint airport, it will join an elite club of green airports across the world.

Moreover, while it was initially proposed to shut down the existing Dabolim airport for civilian flights, the two airports will now operate in tandem to service their respective catchment areas in North and South Goa. And the government has left the distribution of traffic between the two airports to market dynamics.

"Less than 5 per cent of the traffic in Dabolim is international. Our objective is to have a mix of 20 per cent international and 80 per cent domestic. Accordingly, we will work with various international airlines to market our airport," says R.V. Seshan, CEO of GGIAL, adding that passengers are willing to pay extra for a good ambience and service—and that will be the differentiator for Mopa airport.

Besides, the state—currently dependent on sectors like fishing, agriculture, tourism, pharmaceuticals, and mining—is looking to become an international hub of clean cutting-edge technologies and industrial financial services on the lines of Dubai, Singapore, Hong Kong and Shanghai, further necessitating a major dedicated greenfield international airport.

The airport—that was licensed by aviation regulator Directorate General of Civil Aviation (DGCA) in October—will open for commercial operations from January 5, 2023. And leading Indian carriers have been quick to announce operations to and from the new airport.

IndiGo, the country's largest airline by fleet and market share, has announced 12 daily and a total of 168 weekly new flights to and from Mopa. This will be the low-cost carrier's (LCC) largest-ever new station launch, connecting the new airport to eight cities across India. Another LCC, Go First, has also announced 42 weekly flights to and from the airport. In a communication, Muscat-based Oman Air has announced that it will be shifting all its flights to Mopa from Dabolim starting January 1.

According to industry sources, more Indian and international carriers are expected to announce operations from Mopa in the coming months. This can mean only one thing—one of India's (and the world's) favourite holiday getaways has a new gateway for tourists. BT

@manishpant22

Welcome, Tourists

- 18 check-in counters
- Four self-baggage drops
- 12 immigration and eight emigration counters
- A 25,000-MT temperature-controlled cargo terminal
- Capable of handling big aircraft like Airbus 380
- 3.5 km and 60 m wide runway
- Parallel taxiway with two rapid exits and six cross taxiways
- 14 parking bays, including aerobridges
- Adequate night parking facilities

Wings of Change

Air India's king-sized aircraft order will give it ammunition in its bid to capture 30 per cent market share in the Indian skies

BY **MANISH PANT**

▶ **AIR INDIA, NOW** a part of the Tata group, may abandon the Maharaja mascot as the airline's management perceives the caricature of the mustachioed emperor in red livery as "outdated". However, that may not prevent the 90-year-old carrier from soon announcing a king-size order for 500 wide- and narrow-body planes.

As the initial disbelief at the news—reported by *Reuters* citing unnamed industry sources—made way for acceptance, speculation mounted about the structure of the proposed deal that may be worth more than $100 billion. It is expected that the order, not yet confirmed by the Tatas, may comprise a mix of 400 single-aisle narrow-body and 100 wide-body jets from both Boeing and Airbus.

"The need to be aligned with the current new-age fleets of competition was highly pronounced for Air India, and this is a result of that," says Jagannarayan Padmanabhan, Director & Practice Leader for Transport & Logistics at CRISIL Infrastructure Advisory. Considering the market share Air India plans to capture, the need to augment its fleet to become cost competitive and provide good customer experience became essential, he says.

Globally, carriers follow two broad strategies while ordering aircraft. Some like Singapore Airlines and Emirates are early movers for a new aircraft type, with the advantage of locking in new airplane technology production capacity from competition for three or more years. Others like Cathay Pacific and Delta wait for the aircraft to mature a bit before placing orders. As per sources, Air India may pursue the early-mover strategy for its order.

AFTER INTEGRATION OF TATA GROUP CARRIERS VISTARA AND AIRASIA INDIA, AIR INDIA WILL HAVE A CONSOLIDATED FLEET STRENGTH OF 219 AIRCRAFT

"Ordering on a large scale means one can lock in production, negotiate great discounts on parts and components as well as also negotiate local investments such as OEMs for after-sales service. But if the order is this large, manufacturers are more willing to set up local facilities as joint ventures," says an industry source, requesting anonymity.

Under its Vihaan.AI programme, Air India is looking at capturing a 30 per cent market share in the next five years. Having recently announced the integration of Tata group carriers Vistara and AirAsia India, the airline will have a consolidated fleet strength of 219 aircraft—second only to the country's largest carrier IndiGo (277 aircraft).

"The fleet acquisition will help the airline both in the long-haul international flights and improve connectivity on select regional routes domestically," says Padmanabhan.

The battle for the skies has just begun. **BT**

@manishpant22

THE ECONOMIC IMPACT OF CRYPTO FOR INDIA'S 5 TN ECONOMY

In 2019, Prime Minister Narendra Modi, shared with the masses his vision of making India a $5 trillion economy by 2024-25. His vision was encouraging and his words motivating. In order to achieve this target of a $5 trillion economy by 2025, India would need a minimum annual growth of at least 10.8 %. Indians were up for the challenge. But just as we were warming up for running towards it with full speed, covid-19 put the world to a standstill. People's hopes dropped. So did India's GDP. It hit 7.4% - the worst so far.

Currently, India stands at 8.9%. While we've seen some recovery, there's still a long long way to go. It seems challenging but India is a country known for its unwavering spirit and hardworking people.

A recent Nascom report stated that Web3, of which crypto is an integral part, is predicted to add $1.1T to India's GDP by 2032. The report also mentions that the Indian crypto market has been growing exponentially over the last few years, and is expected to grow 2X faster with the potential to create eight-lakh+ jobs by 2030. It can also create an economic value addition of $184 billion in the form of investments and cost savings. The Indian crypto market is expected to reach up to $241 million by 2030

Currently, India has 4 unicorns in the web3 space - Polygon, CoinDCX, CSK and 5ire - and 450+ startups out of which 160+ were founded between 2021-2022 alone. In the last two years, VC investors have invested ~$1.3bn in web3 startups. Startups in the crypto-blockchain space have been solving problems in the supply-chain industry, health-tech, waste management, content creation and many more. India is a land of immense talent and out-of-the-box ideas and the kind of startups that have been emerging in this space only strengthens this claim.

For a fast-growing large democracy like India, human capital will be the driving force behind future growth. India must significantly invest in health and education to leverage its demographic dividend.

Ayushman Bharat is a big step towards easing the healthcare burden on poor households. But to improve health outcomes, equal emphasis must be placed on the scheme's other objective —of improving primary health infrastructure at the local level.

Scaling up this initiative would require expanding and strengthening primary health infrastructure, enforcing quality standards and conducting periodic audits - all of which can be easily enabled via crypto & blockchain.

Sumit Gupta, Co-Founder & CEO, CoinDCX

The crypto community - both investors and innovators - have gone above and beyond to exhibit their passion and dedication towards building for India. A friendly policy environment that not only promotes growth but makes it a seamless experience is what the industry needs.

Once the basics like political support and the regulatory frameworks are put in place, one will see more stable crypto markets, along with mass adoption. This, in turn, will help in a host of opportunities such as improvement of financial inclusion, decrease in corruption rates, cheaper and faster trans-border payments, expand access to trade for business, and increased microlending, that can positively impact the Indian economy in the long run.

On a Wellness Path

Having consolidated the gains from the GSK buy in 2018, HUL is counting on its two recent acquisitions in the health & wellness segment to spur growth

BY ARNAB DUTTA

HINDUSTAN UNILEVER LTD (HUL), the country's leading fast-moving consumer goods (FMCG) player, is boosting its health & wellness products portfolio by picking up stakes in two home-grown companies—Zywie Ventures and Nutritionalab—for ₹334 crore. HUL plans to acquire a 51 per cent-stake in Zywie Ventures for ₹264 crore, while the rest of the shares will be acquired by it after three years based on a pre-agreed valuation criteria. And the FMCG major will pick up 19.8 per cent in Nutritionalab for ₹70 crore.

Founded in 2016—the maker of premium lifestyle protein, and hair & beauty supplements under the OZiva brand name—Zywie has an annual revenue run rate of over ₹100 crore, with more than 3 million consumers in its fold. And Nutritionalab's annual revenue stands at ₹50 crore, while it serves over 2 million consumers in the vitamins, minerals and protein supplements market.

According to Sanjiv Mehta, CEO and MD of HUL, apart from its entry into the fast-growing health & well-being category, the move is well aligned with its strategy of expanding in the segment. HUL—that leads the home and beauty & personal care markets in India—is betting aggressively on the health & wellness category for its future growth. Mehta, in an earlier interaction with *Business Today*, had said that the company's focus is on premium offerings in the segment.

HUL's latest bid is significant, coming in the backdrop of its acquisition of the food business from GSK Consumer Healthcare in 2018. Armed with the Horlicks brand, it has already created a strong foothold in the health & wellness market. And the two new additions to its portfolio would help it grow in the premium segment. Per estimates by financial research and advisory firm Prabhudas Lilladher, HUL's realisations from a premium brand like OZiva compared to a mass product like Horlicks may be 8x more, resulting in a net profit CAGR of 16.6 per cent between FY22 and FY25.

Per the report, as a significant share of the domestic population continues to suffer from nutrients deficiency (over 50 per cent suffer from anaemia, 80 per cent have vitamin-D deficiency, 67 per cent are zinc and/or micronutrient deficient), HUL's bet on the category is not without reason. While the premium pricing of these products may restrict their scalability compared to Horlicks, they have ample scope of growth among millennials, say analysts from Nuvama Wealth Management.

And a recent report by consultancy firm EY says the health supplements market in India is growing at a CAGR of 15 per cent and is believed to have grown beyond ₹33,000 crore already. The advent of the Covid-19 pandemic has only drawn more Indians towards the category with many taking up fitness classes and activities, consuming naturally-sourced foods, health supplements and following specialised diets. As the saying goes, health is wealth. BT

@arndutt

PHOTO BY **RACHIT GOSWAMI**

On a Murky Path

Without a chairman since November 2021, PTC India's future looks uncertain as four independent directors step down over corporate governance issues

BY **KRISHNA GOPALAN**

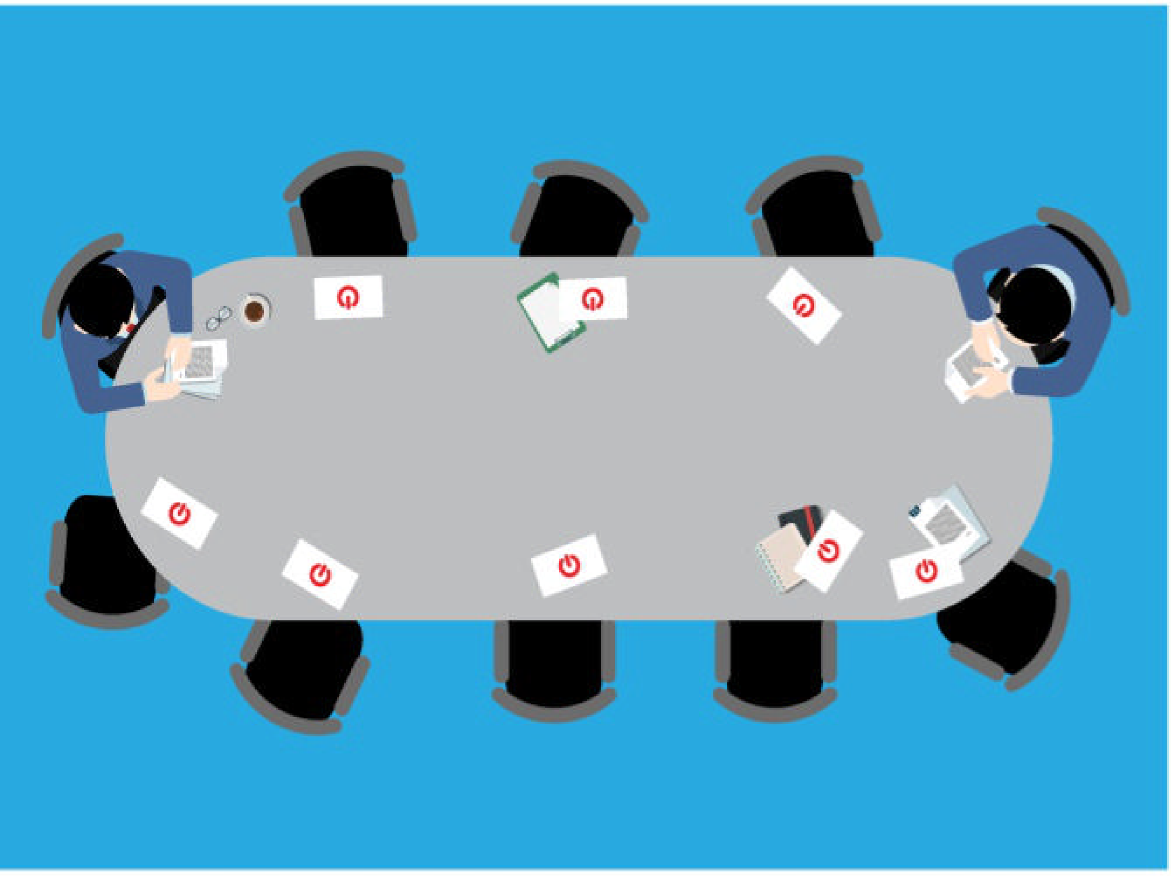


ILLUSTRATION BY **RAJ VERMA**

▶ **IN EARLY DECEMBER,** PTC India, a player in the power trading solutions business, faced a crisis when four of its six non-executive independent directors stepped down from the board. At the core of the issue are serious concerns over issues related to governance.

A communiqué sent to the stock exchanges expresses how grave the situation is, with the starting point being PTC India's subsidiary, PTC Financial Services (PFS). Three independent directors resigned in January 2022 when "the board chose to turn a blind eye to the corporate governance lapses in PFS," say the outgoing directors in their resignation letters. On the specific issue of PTC, the outgoing board members have stated that their views "are either overlooked or ignored". Besides, board meetings are called at short notice with agendas not circulated in a timely manner, the outgoing directors say. As things stand, PTC has not had a regular Chairman and MD since Deepak Amitabh stepped down in November 2021.

According to experts, PTC India needs a change in management and a Board that acts proactively

A week after the spate of resignations, Mohammed Afzal was brought on to the beleaguered company's board as nominee director of the Ministry of Power. He holds the position of Joint Secretary (Transmission) in the ministry.

PTC is a public-private partnership with the promoter group holding small stakes. As of September 30, four promoters—National Hydroelectric Corporation, Power Finance Corporation, Power Grid Corporation and NTPC—held only 4.05 per cent each. "Obviously, the promoters will not care since the holding is a small blip on their balance sheet," points out Shriram Subramanian, Founder and Managing Director of InGovern, a proxy advisory firm. Speaking of public shareholders, LIC holds close to 6 per cent, with mutual funds and banks accounting for just over 2 per cent. The list of foreign portfolio investors includes names such as Fidelity Funds, Vanguard Total International and Vanguard Emerging Markets Index that hold 5.26 per cent, 1.16 per cent and 1.08 per cent, respectively, in the company.

So what are the options left at this point for PTC? "The company needs a change in top management and a new active and accountable Board of Directors," says Subramanian of InGovern. Being a listed company makes it that much more critical that it is done, he adds.

Since January 1, the PTC India stock has shed 17 per cent in value, while the company's reputation has taken a hit because of the recent happenings. Experts say that with investors' money at stake, the company needs to act fast to repair its reputation and restore confidence at all levels. But the path seems murky. **BT**

@krishnagopalan

nixi
Empowering Netizens

The pride beyond 7 wonders, beyond 7 continents!

As per Hostinger, 27,42,100 users across the globe have chosen .IN as their favourite domain, making us the 7th Most Popular Top-Level Domain in the world.

Join one of the most popular family of domain owners now!

BOOK YOUR .IN DOMAIN NOW

SCAN TO BOOK

.in

.भारत | nixi.in | निक्सी.भारत | registry.in

All in the Family

Family and friends are the top source of information for retail investors looking for investment advice, finds a recent research

BY **ASHISH RUKHAIYAR**

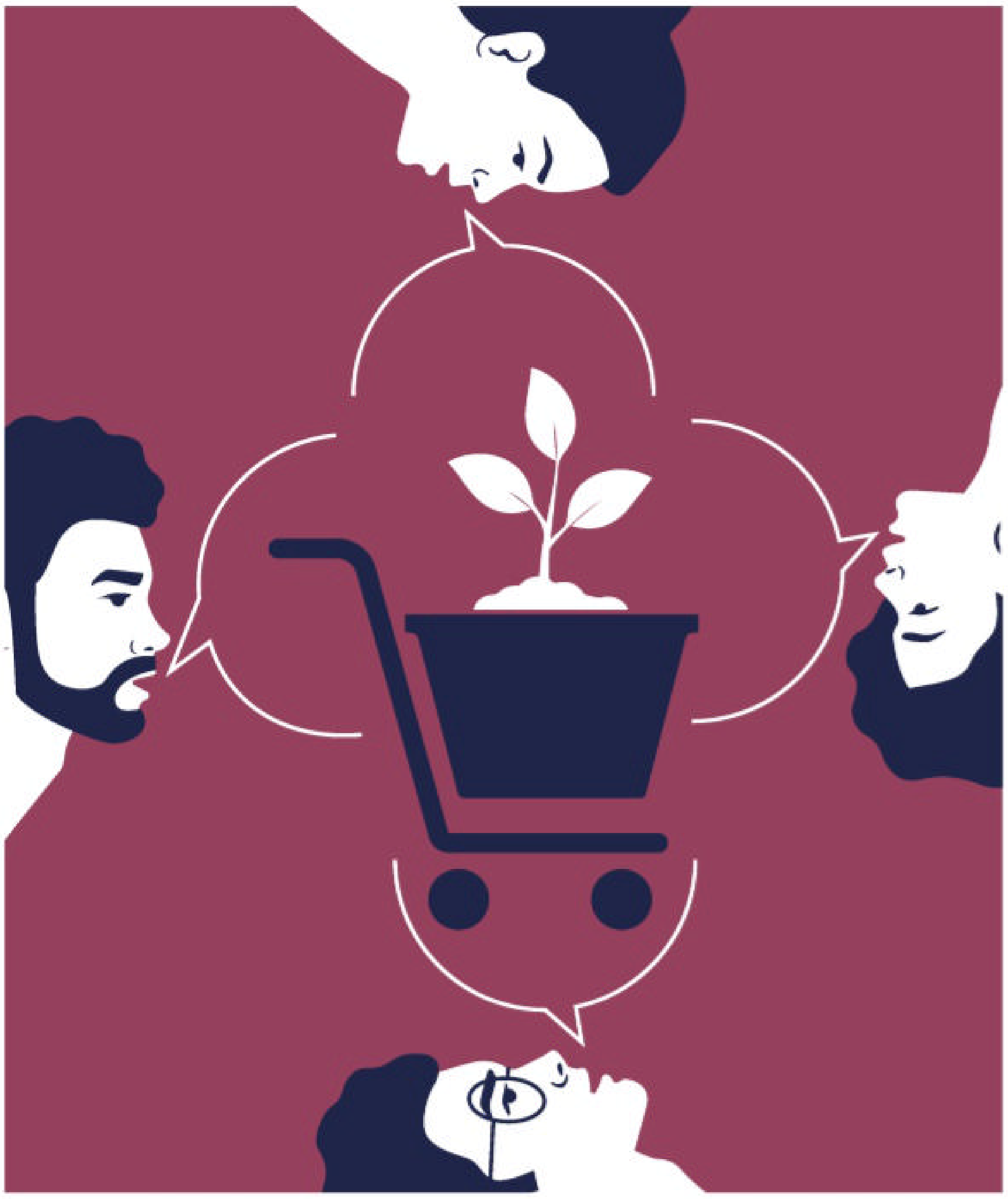


ILLUSTRATION BY **RAJ VERMA**

▶ **DO RETAIL INVESTORS** prefer new-age financial products like non-fungible tokens (NFTs), Real Estate Investment Trusts (REITs), digital gold and curated stock baskets, among other options? Yes, if a recent survey by investing platform Smallcase and global management consultancy major Zinnov is to be believed.

According to the study, 93 per cent of the retail investors surveyed showed interest in investing in new-age financial products even as half of those surveyed started investing in stocks within the last three years.

More than 70 per cent of the retail investors were found to be saving up to 30 per cent of their monthly income for investments with a low to medium risk appetite, showing a clear shift in their mindset, says the report titled 'Rise of the Indian Retail Investor'.

However, despite the clearly visible shift, traditional instruments or avenues have not lost their charm. Fixed deposits still continue to be the biggest component of the overall investment pie with a share of 29.2 per cent, though it has dropped marginally from 31.1 per cent in 2017. Similarly, the share of Public Provident Fund or PPF in the overall pie has fallen to 10.1 per cent in 2022 from 12.6 per cent in 2017.

Factors like stagnant interest rates, tax inefficiency and inflexibility have led to a fall in the share of such traditional instruments, the report says.

Among the asset classes that saw their share rise between 2017 and 2022, direct equity investments accounted for the largest chunk at 8.1 per cent (up from 7.3 per cent in 2017), followed by cryptocurrencies (4.8 per cent), digital gold (4.7 per cent) and bonds (4.5 per cent). Further, instruments like REITs and NFTs that did not feature in the pie in 2017 made their debut in 2022.

Meanwhile, systematic investment plans (SIPs) have been gaining popularity with 55 per cent of the retail investors surveyed preferring it as an investment route, primarily on account of the rise in the number of digital apps.

Incidentally, exchange-traded funds (ETFs) have seen a dramatic rise in folio numbers and their assets under management have grown 58 per cent year-on-year since 2018. "Word of mouth plays a key role in the selection of an investment app, along with a user-friendly interface and the availability of multiple product offerings," the report says.

Another interesting finding of the study was that a majority of investors go to their friends and family for wealth management advice or knowledge. "Seventy-three per cent of retail investors are well informed about financial products with family and peers being their primary source of information, while 52 per cent turn to financial influencers as a key avenue to learn about wealth management," the report states.

Further, 61 per cent of those surveyed said they do not prefer to pay for financial advice. Retail investors, it seems, are looking for friendly counsel even in matters of investment. BT

@ashishrukhaiyar

It's Time for Action

The prevalence of OTTs means Bollywood has to work harder to sustain collections beyond the opening weekend

BY VIDYA S.

A LACKLUSTRE 2022 has shown Bollywood that it needs to go that extra mile to draw in the crowds again. With star power and the opening weekend rush failing to carry a movie beyond the first Sunday in the face of the strong content found on OTTs, the theatre game is not the same anymore.

The year—where even big names such as Aamir Khan and Akshay Kumar, among others, failed to draw in cinemagoers—has seen a string of films from the South, especially Telugu and Kannada, give Bollywood a run for its money. The two recent successes in Hindi cinema—*Drishyam 2*, remade from Malayalam, and *Kantara*, dubbed into Hindi from Kannada—has further driven home the point. *Drishyam 2* crossed ₹200 crore in net collections, while *Kantara* came to Bollywood's rescue during a below-par Diwali as it collected more than ₹79 crore net in Hindi alone. Analysts estimate that the total collections of other Diwali releases in Hindi this year were 45 per cent lower than pre-Covid-19 levels.

"Pre-pandemic, ₹100 crore-plus was a given for many actor-driven movies. But that has changed with the onslaught of OTTs," says Vivek Menon, Managing Partner of media and entertainment debt fund NV Capital, adding that Bollywood needs to focus on strong content so that word-of-mouth can help the movie to stay after the first weekend.

Tushar Dhingra, Founding CEO of Dhishoom Cinemas, says the trailer and music get the first leg of audiences. "So, *Pathaan* and *Cirkus* will open big. People are not going for any star. Who knew about *Kantara* or *777 Charlie*? But they worked well," he adds.

Bollywood usually contributes 40-45 per cent to India's domestic gross box-office collections in a year. But the Hindi film industry has only contributed 33 per cent to the ₹9,024 crore collected at the box office in India during January-October 2022, per consultancy Ormax Media's 'The India Box Office Report'. Even within that, more than a third has come from Hindi versions of south Indian films.

Menon says given the recessionary trends and the sword of inflation hanging on consumer spending, only quality films will reap the rewards of a prolonged theatrical run. Looking ahead, experts are betting on a big opening for *Cirkus*, set to release on December 23. In 2023, Shah Rukh Khan-starrer *Pathaan* is also expected to open big.

With the lessons of 2022, and a packed calendar in 2023, where superstars Shah Rukh Khan and Salman Khan have lined up a number of films, Bollywood could see a reversal of fortunes, say experts. Akshay Kumar, who had back-to-back flops, and Ajay Devgn, too, have a host of releases lined up in 2023. Ranveer Singh and Alia Bhatt starrer *Rocky Aur Rani Ki Prem Kahani*, Director Luv Ranjan's film with Ranbir Kapoor, *Tu Jhoothi Main Makkaar*, and Kartik Aaryan's *Shehzada* strengthen the line-up. "But the actual test for the movies is from the first Monday onwards," says Menon.

Besides, Dhingra adds that there are enough cinema-dark cities and towns—which have no movie halls—where theatres should open their doors. "Opening more and more cinemas in Delhi, Gurugram and Bengaluru won't help," he says. All of that can mean only one thing for Bollywood: it's time for, "Action!" BT

@SaysVidya

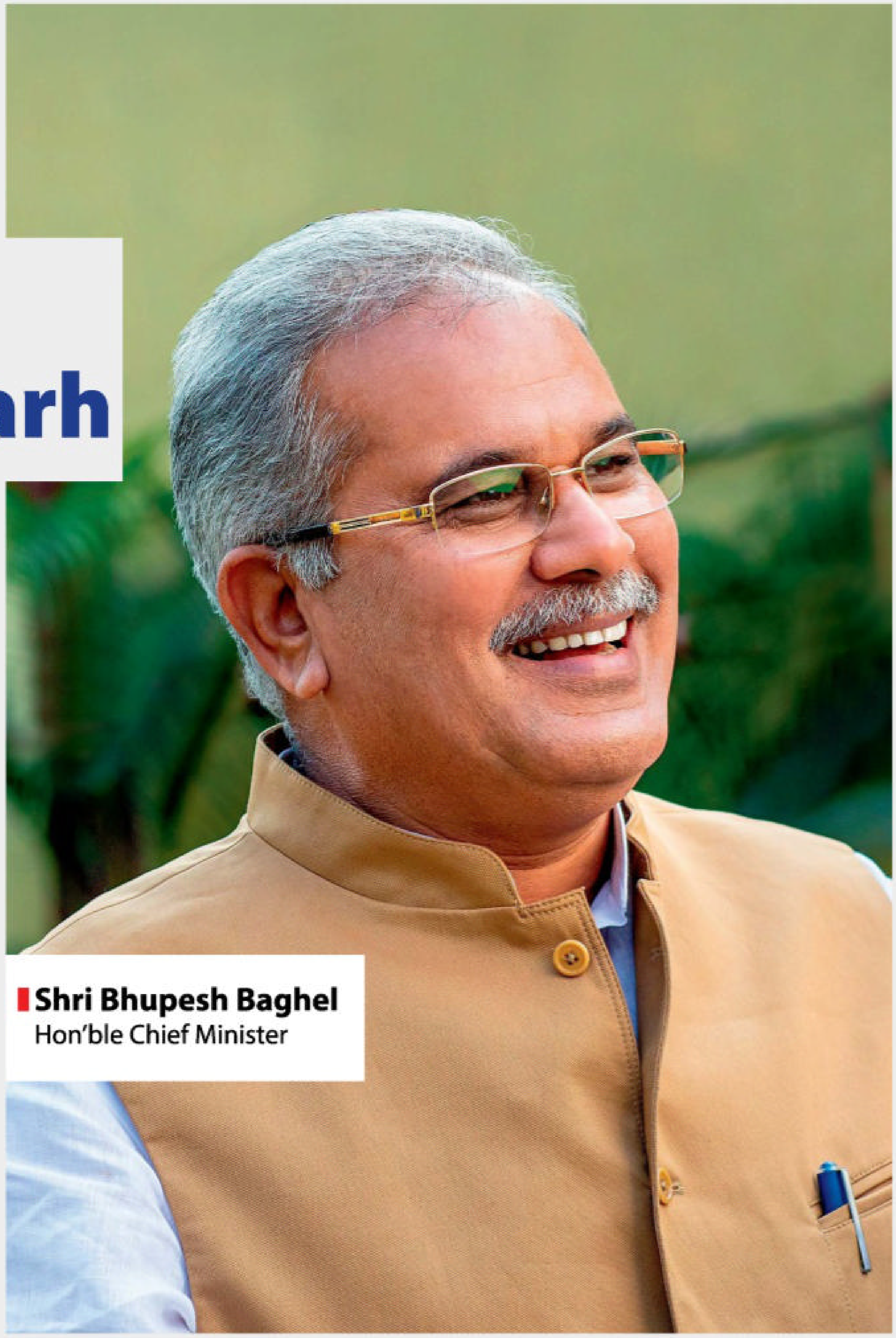
Rising Chhattisgarh

Chattisgarh Government is taking giant steps towards making the state the best in every sector.

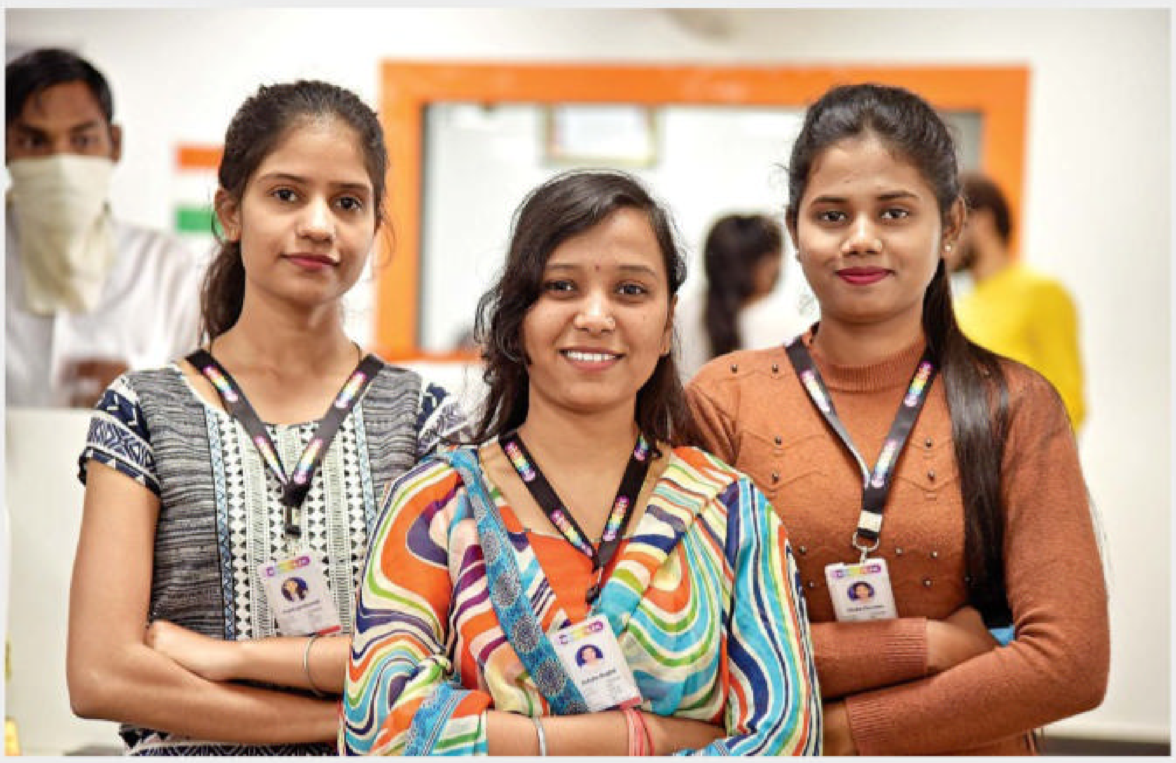
As the Government completes 4 years of governance, the strong and visionary leadership of Chief Minister, Shri Bhupesh Baghel has galvanised the Government to efficiently implement various development schemes and invite global winds of changes that are sure to create a positive environment for investment.

Chhattisgarh is progressing by leaps and bounds New industrial policy has made it an investment destination.

Chhattisgarh is a land of opportunities with 28 types of minerals, skilled manpower, encouraging industrial policies, formation of 6 new districts, 19 Sub divisions and 77 new Tehsils that makes this state an investment hub. With its inherent strengths, state-of-the-art facilities and ease of doing business,



Shri Bhupesh Baghel
Hon'ble Chief Minister



Chhattisgarh attracts entrepreneur's manifold.

In the past 4 years, the state received investment proposals of more than INR 90,000 crores, capital investment of INR 4126 crores for establishing new units and is ranked third among the states with lowest unemployment rate.

The Global Investors Meet 2022 – 'Investgarh Chhattisgarh' in capital city Raipur gathered leading investment communities, global companies and business leaders from around the world to Chhattisgarh. Establishment of 2.367 new industrial units and 89,977 cr of industrial development provides employment to a large number of youth.

The state has 42 industrial parks and is developing industrial parks in each of its 27 districts. Chhattisgarh is the only state that produces tin in India and

accounts for approximately 30% of aluminium and steel produced in India. . Production of aluminium, iron and steel, tin, coal, dolomite, diamond, cement, and limestone are core sector of the state. Known as the 'Rice Bowl of India', rice is the major crop of the Chhattisgarh which also produces maize, cereals, pulses and horticulture produce such as turmeric, ginger, guava, tomato, pea and cabbage.

With 44% of its geographical area under forest cover, Chhattisgarh is one of the greenest states in India with varied forest sub-types and more than 200 varieties of medicinal plants.

The Chhattisgarh government has recently signed an agreement with Daybest Research Private Ltd for setting up 4500 drone and UAV manufacturing units at an investment of Rs 50.95 crore.

Strengthened Agriculture sector

Large part of the rural population in the state of Chhattisgarh is dependent on agricultural labour i.e small, marginal or landless farmers. Chief Minister Mr. Bhupesh Baghel has provided special packages and concessions to prioritize agriculture and forest-based industries. 'Rajiv Gandhi Gramin Bhumihin Krishi Mazdoor Nyay Yojana' was started in the financial year 2021-22. Till date 4,66,880 landless agriculture labourers have been provided INR 80.32 crores in the financial year 2022-23. An input assistance of more than 1.5 lakh cr to farmers and economically backward sections is sure to set a new pace of development.

To make farmers debt free, Chhattisgarh government has so far distributed interest-free loan of Rs 924 crore to nearly 3.5 lakh farmers of the state for the upcoming crop season. Under the Godhan Nyay Yojana, Rs 340 crore has been paid to the beneficiaries. Chief Minister, Bhupesh Baghel transferred a sum of INR 5.60 cr into the bank accounts of farmers, cattle-rearing villagers, Gauthan committees and women self-help groups. This is the only scheme in the country where cow dung is procured at the rate of Rs 2 per kg and cow urine at Rs 4 per litre, in the Gauthans of Chhattisgarh state.

- In the financial year 2022-23, more than Rs 7,000 crore is likely to be paid to the farmers under the Rajiv Gandhi Kisan Nyay Yojana to bring prosperity in the lives of farmers and enhance agriculture productivity of the state.
- Provision of Rs, 200 crores for CHIRAAG Project for nutrition security, improvement in economic condition of farmers and generation of additional income.
- Krishak Samagra Vikas Yojana to ensure availability of high-quality certified seeds to the farmers.
- Fasal Bima Yojana, National Food Security Mission Scheme, Pradhan Mantri Krishi Sinchai Yojana for installation of drip and sprinkler and distribution and dissemination of farm tools.

Strengthened education network

New Benchmark in education has been achieved with 247 Swami Atmanand English Medium schools for modern and free education to 2.52 lakh children. New courses in graduate, post graduate colleges, construction of new buildings, additional classrooms for government colleges and auditorium construction in government colleges. Provision of 2 Crores for UG hostel in Govt. Medical College, Raipur, provision of 1 Crore for UG hostel in Swamy Vivekanand Technical University and 106 new residential hostels for boys in Budget of 50 crores in the financial year 2022-23. INR 1,380 crore has been allocated towards Sarva Shiksha Abhiyan and INR 674 crore for PM-POSHAN.

Affordable and accessible healthcare

Hon'ble Chief Minister, Bhupesh Bagel has been consistently working to facilitate effective healthcare and prompt treatment for people in the low-income groups, women and child healthcare. Without a healthy population, no country or state can achieve development.

Chhattisgarh is one of the fastest developing states in the country with various health Insurance models like Rashtriya Swasthya Bima Yojana, Mukhyamantri Swasthya Bima Yojana, Sanjeevani sahayata Kosh, Pradhan Mantri Jan Arogya Yojana and other schemes to provide quality and affordable health care to its population. Under the 'Mukhyamantri slum swasthya yojana' and 'Dhanwantri medical generic store scheme' people living in urban slums are getting medicines at an affordable cost, free-of-cost health check-ups, medical tests, treatment, and medicines through dedicated mobile medical units (MMUs).

On the same line, 'Mukhyamantri Dai-Didi Clinic Yojana' was started to provide essential healthcare services to girls and women living in slums through MMUs by an all-women staff.

Dr. Khoobchand Baghel Swastyha Sahayata Yojana (DKBSSY) provides treatment benefits to all the resident families of State on the basis of Ration cards issued by the State Food, Civil Supplies & Consumer Protection department.

The last four years has seen an increase in the number of Primary Health Care centres, anganwadis have been empowered to act as the primary source of nutrition, health awareness, and other basic services for women, children, and adolescent girls. Malnutrition has been reduced due to ICDS, Mukhya Mantri Bal Sandarbh Yojana, Mukhya Mantri Suposhan Abhiyan, Nava Jatan Program, Mukhya Mantri Poshan Abhiyan schemes. With plummeting Infant Mortality Rate and maternal mortality rate, Chhattisgarh is already looking into a healthier future.

Women and youth empowerment

Chief minister Shri Bhupesh Bagel launched the 'Kaushalya Maitritva Yojana' on the occasion of International Women's Day. This scheme aims to provide financial assistance of Rs 5000 to women beneficiaries on the birth of a second daughter as help for the upbringing and education of the girl child.

Gauthans are being developed into the rural industrial park. Various materials like paint and production of electricity, vermicompost from cow dung, prepared by the women boosts opportunities for them. An amount of Rs 13 lakh has been sanctioned to 26 women self-help groups through the Chhattisgarh Mahila Kosh, thus making women financially independent. Loan waiver of INR 12.77 crores to women Self Help Groups with limit for 1st loan increased from 50,000-1 lakh to 2 lakhs. After successful repayment of 1st loan, a further loan of INR 2 to 4 lakh loans can be obtained. A budget provision of 5.2 crores has been kept for the same.

Chhattisgarh state government has initiated support to local youth for setting up of small and cottage industries related to bamboo and wood crafts, metal crafts and other handicrafts by providing basic amenities like improved infrastructure, electricity, water in industrial parks. A provision of INR 600 crores has been made to meet the needs of this sector. Under the brand 'Chhattisgarh Herbals', products produced by Van Dhan Vikas Kendra's of State Minor Forest Produce Association and Self Help Groups are available for sale.

Chief Minister Resham Mission entails a Kakoon bank to be set-up in Nangur village in Jagdalpur to collect Rally Kakoon. 200 SHGs would be given the collected Rally Kakoon for threading. This would lead to an additional income of INR 6,000 – 7,000 per month for 4000 women of these 200 SHGs.

Tribal sector is fast changing

Committed to protect and conserve the tribal culture and tradition. Chattisgarh Government has declared a public holiday on World Tribal Day, given lakhs of forest rights certificates to adivasis and forest dwellers and procured 65 minor forest produce on support price. Over 96 lakh acres of forest land and its resources have been provided to 4.45 lakh forest dwellers.

Chhattisgarh government is also working to increase education and healthcare facilities in tribal areas of the state with the opening of 300 schools in the area. Manjhi, Baiga, Gunia, Pujari etc., who are worshiping at the shrines of tribals in the scheduled area, including Haat Paharia and Baja Moharia, will be eligible to avail benefits of Rajiv Gandhi Bhumihin Krishi Majdur Nyay Yojana.

New rules drafted under PESA Panchayat (Extension to Scheduled Areas) will allow tribals to take decisions on their own about resources like forest, land and water in Chhattisgarh. The enforcement of these rules will enhance the power of gram sabhas and provide for 50% representation to the tribal community in gram sabhas with 25% being women members.

Autonomy to Gram Panchayats increased as no mines shall be operated in a Gram Panchayat without permission of that Gram Panchayat. Provision of 2 crores for Chhattisgarh Rojgaar Mission to work on the possibilities of creating new jobs for the youth of the state.

Chhattisgarh state has made remarkable improvement in the industrial sector, set new benchmarks in the education field and galvanised the entire government toward development.

Chhattisgarh has a rich and vibrant cultural heritage with over 35 big and small colourful tribes spread over the region. The rhythmic folk music, dances and dramas gives character to what the state stands for.

Environment Conservation on priority list

Mineral based industries have expanded in Chhattisgarh due to which challenges of air; water pollution have emerged. But Chhattigarh has met the pollution challenges by increasing forest cover of the state, setting air quality stations, implementing micro action plans in the three major municipal corporations most affected by air pollution - Raipur, Bhilai, Korba. The state has set up multiple stations to check the quality of water in 7 major rivers of the state under its Water Quality Monitoring Program. Recently World Economic Forum appreciated the work being done for the Conservation of Forest of Chhattisgarh. Increasing the forest cover not only protects the environment but promotes economic activities.

The seamless efforts of Hon'ble Bhupesh Baghel lays emphasis on infrastructure development, employment generation and creating new vistas in every sphere of Chhattisgarh.

▲ **CLOCKWISE FROM TOP LEFT** **Nithin Kamath**, Founder & CEO, Zerodha; **Samir Arora,** Founder, Helios Capital; **Sameer Nigam,** Founder & CEO, PhonePe; **Sachin Bansal,** CMD & CEO, Navi Technologies

SAMIR ARORA PHOTO BY **GETTY IMAGES; SACHIN BANSAL** PHOTO BY **RAJWANT RAWAT**

THE NEW MUTUAL FUND CHALLENGERS

INDIA'S TIGHTLY REGULATED AND HIGHLY COMPETITIVE MUTUAL FUNDS MARKET IS DOMINATED BY LARGE ESTABLISHED PLAYERS. BUT **A BUNCH OF NEW FUND HOUSES IS LOOKING TO DISRUPT THE SPACE** THAT IS ALREADY RIDING HIGH ON TECHNOLOGY, INNOVATION AND DIGITISATION

BY **ASHISH RUKHAIYAR**

FUNDAMENTALLY STRONG

1

More than 40 registered asset management companies with a total AUM of around ₹40 lakh crore are in operation today

2

A dozen new firms are in queue to get Sebi's nod to set up a mutual fund business

3

The mutual funds space is a tightly regulated and highly competitive segment

4

New entrants are eyeing a mix of active and passive schemes to gain market share

5

Some players are looking at low-cost products to attract investors' attention

6

For incumbents, performance and track record remain their biggest USPs

F

FOR THOSE WITH specks of grey, or more, in their hair, you would remember the time when getting a demand draft made in a public sector bank was a full day's job. That, too, if one was friends with the branch manager or, perhaps, a friendly teller. And stock market old-timers would recall the time when one had to shell out more than 1 per cent of the trade value as broking charges to the brokerage firm that would execute their trades. And screams on the floors of the markets to execute trades were the sine qua non of a bygone era.

Then came technology. The grey specks have seen the transformation unfold in banking, with private sector banks disrupting the space with net banking initially. And in the markets, the screams and paper shares were fast replaced by dematerialised, digital shares and digital trading. The 'progress' continued, with apps, wallets and what-have-you in the banking space, and even in stock market trading. The markets also saw discount broking firms offering a free execution platform from which one could invest in shares.

Today, both these spaces, and many more, are so digitally wired and intertwined that you can do practically anything, anywhere, anytime. Come to think of it, many young people today would probably not even know what the inside of a bank looks like.

Okay, that's a little over the top, but you get the point. But there's a bigger point under the surface here, which is that the newbies, the so-called digital native companies, have raced ahead of others in most sectors, except in highly regulated ones such as banking, where the traditional players have armed themselves to the point of being 'almost' digital natives. From telecom to insurance to travel and tourism to entertainment and many others, dominant legacy players were forced to adapt as a new set of upstarts backed with technology and innovation entered the fray and disrupted their backyards.

And now, the bugle has been sounded in another segment. We're talking about mutual funds (MF), a tightly regulated and highly competitive segment with most aspects already commoditised in one way or another. Here, the legacy players, the incumbents, have already embraced technology and innovation in a big way. They are big and smart enough to quickly adapt to any large-scale change. At the same time, the newbies are not to be wished away or dismissed. They have enviable track records in other spaces, and are stepping into a new arena with confidence and wisdom that come from being winners. Let's take a look at the two corners and the combatants.

In one corner of the ring are The Oldies. These are more than 40 asset management companies (AMCs) with cumulative assets under management (AUM) of an eye-popping ₹40.5 lakh crore, according to the Association of Mutual Funds in India (AMFI), which is the umbrella body of all MFs registered with capital markets regulator Sebi (Securities and Exchange Board of India). Of that number, the 10 biggest AMCs—the Goliaths—corner 80 per cent share, or cumulative assets of ₹31.51 lakh crore. Each of the 11 largest fund houses boasts an AUM in excess of ₹1 lakh crore—with the top three having an AUM of more than ₹4 lakh crore each. So, they are big, they are experienced, they have deep pockets, and they are armed with the latest tech and apps and APIs and what have you. They have also been growing at a slick pace, on the back of increasing numbers of investors looking at MFs as the preferred mode of investing or entering the stock markets.

In the other corner are The Newbies. Important point: they may be Davids in MFs, but many of them are established players in other spheres such as broking, payments

THE NEW PLAYERS WILL HAVE TO CREATE A NICHE FOR THEMSELVES WITH DIFFERENTIATED PRODUCTS AS COST IS NOT THE BIGGEST FACTOR TO PLAY WITH IN THE MF SPACE, UNLIKE IN MANY OTHER SECTORS

or even e-commerce. Data from Sebi shows that entities like Zerodha Broking, PhonePe, Helios Capital Management, Emkay Global Financial Services, Angel One, Alchemy Capital Management, Capitalmind (Wizemarkets Analytics) and Bajaj Finserv, among others, have applied for registration to launch mutual fund companies. Further, the recent past has seen names like Navi Mutual Fund, Samco Mutual Fund, NJ Mutual Fund and WhiteOak Capital Mutual Fund launch their schemes in the country.

Experts believe that the new players will have to create a niche for themselves with differentiated products as cost is not the biggest factor to play with in the MF space, unlike in many other sectors. Plus, the segment is strictly regulated with many aspects standardised, and the incumbents are already operating in a completely digital manner, making it all the more difficult for new entrants to pitch technology as a game changer.

Most certainly, this battle is going to be a fiercer one, and no matter which way the pendulum finally swings, it won't be a cakewalk for the digital natives.

"CURRENTLY, PRODUCTS are key in the MF space," says Swarup Mohanty, CEO of Mirae Asset Investment Managers (India). "Gone are the days when brand power alone attracted investors. The scope has moved from a 'good brand' to a 'good product', though large players still dominate the MF segment." Mohanty would know as his relatively young fund house is close to entering the Top 10 club in terms of AUM. Incidentally, Mirae has filed documents for schemes with investment themes like cloud computing, clean energy, artificial intelligence, and electric vehicles.

EN ROUTE TO ACTION

Firms that have applied for a mutual fund licence and are awaiting in-principle approval

ABIRA SECURITIES

EMKAY GLOBAL FINANCIAL SERVICES

PHONEPE

ANGEL ONE

OLD BRIDGE CAPITAL MANAGEMENT

ALCHEMY CAPITAL MANAGEMENT

UNIFI CAPITAL

WIZEMARKETS ANALYTICS

Firms that have received in-principle approval and are awaiting final approval

HELIOS CAPITAL MANAGEMENT

FRONTLINE CAPITAL SERVICES

ZERODHA BROKING

BAJAJ FINSERV

SOURCE SEBI

But Mirae is not alone. The arena of innovative schemes is seeing heightened action as the new players make their debut. Navi Mutual Fund, backed by Flipkart Co-founder Sachin Bansal, plans to offer investors thematic funds on metaverse, IoT, blockchain, and gold mining companies. Then, Samco Mutual Fund recently launched a Tax Saver Equity Linked Savings Scheme (ELSS) with a difference. "We are actually India's first mid- and small-cap focussed ELSS. It is a differentiated proposition within the active space," says Jimeet Modi, Founder & Group CEO of SAMCO, the MF's parent company that is also into broking and wealth management. "We are in the business of offering differentiated strategies to investors and creating wealth for them. The key operating idea is that an asset management company needs to keep finding strategies that are not available in the market." Most ELSS schemes invest majorly in large-caps, so SAMCO's marks a shift in strategy.

Similarly, WhiteOak Capital Mutual Fund launched its maiden equity scheme this July while highlighting that the fund house employs a proprietary cash flow-based analytical and valuation framework, which provides unique insights in contrast to accounting earnings-based models. "In investment management, the disruption has to come from the ability to deliver superior performance or superior product innovation. It is not about transaction efficiency or costs alone," says Aashish P. Somaiyaa, CEO of WhiteOak Capital Asset Management, a part of WhiteOak Capital, which is into investment management and advisory services.

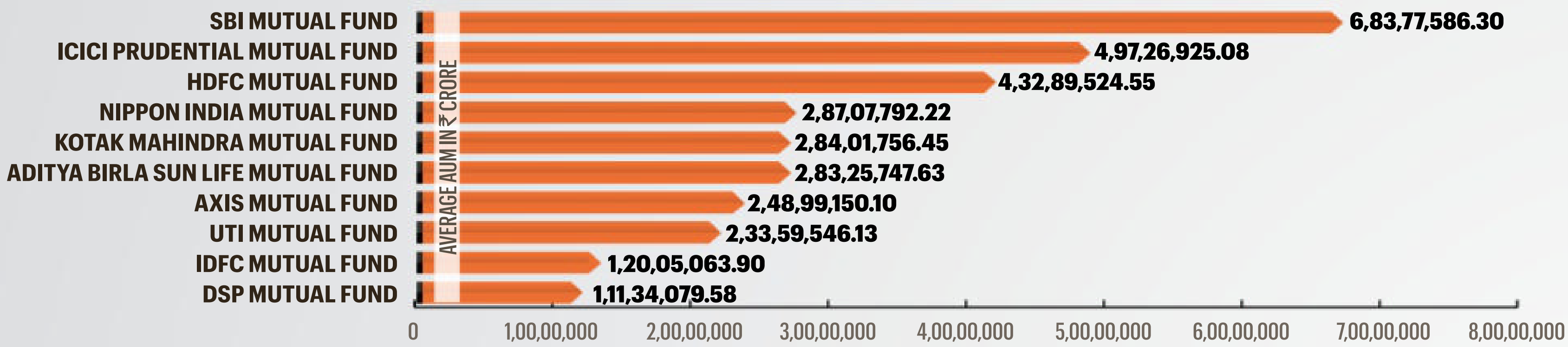
Interestingly, Vasanth Kamath, Founder & CEO of smallcase Technologies, a company that offers a curated basket of stocks as investment options, agrees that while in the broking space the disruption was based on factors like cost and technology, in the MF space, it will be more about products. "I think we have a long way to go in terms of exposure that fund houses can provide in the MF format, which no one seems to be doing today. [A] bulk of the ETFs (exchange-traded funds) today are around two to three indices. Some fund houses are doing interesting stuff, but there needs to be more of that," says Kamath.

ETFs are similar to MFs, only they are available for trading on the exchanges just like a stock. Incidentally, the three biggest equity MF schemes in India today in terms of AUM are all ETFs. The largest—SBI Nifty 50 ETF—boasts an AUM of ₹1.52 lakh crore. But this does not mean that ETF is the only way forward for the new aspirants, as some founders come with a track record of active money management for the affluent and now are

DATA FOR JULY-SEPT 2022 QUARTER; IDF: INFRASTRUCTURE DEBT FUND; **SOURCE** AMFI

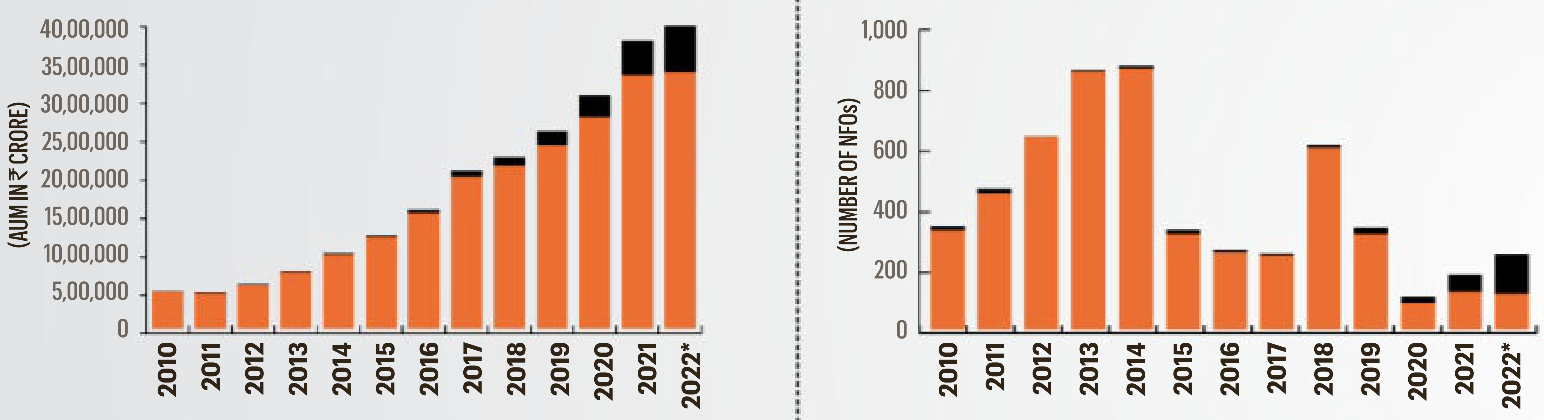
THE LEAGUE OF

▼ The 10 biggest fund houses....



THE PASSIVE PATH

Passive funds are slowly becoming popular

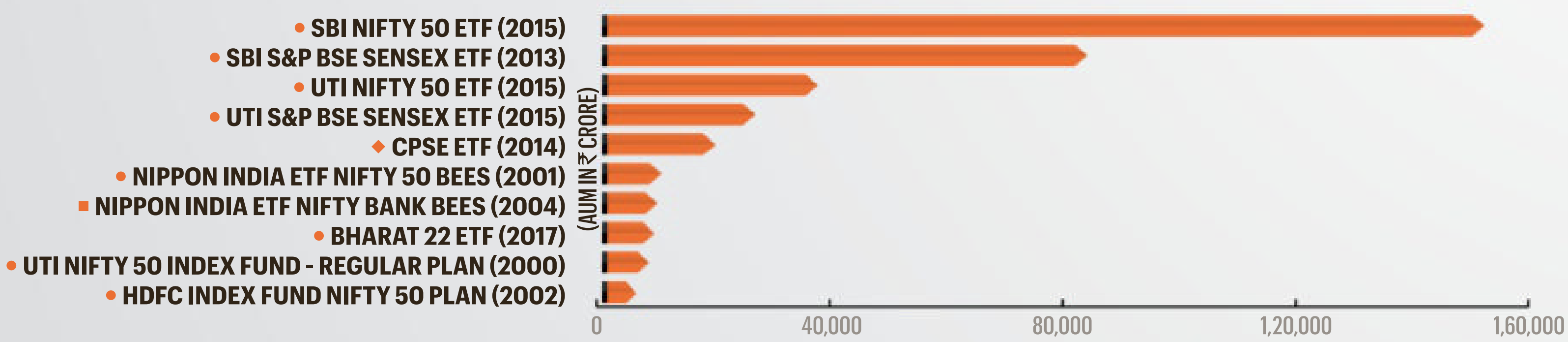


ACTIVE FUNDS PASSIVE FUNDS; *DATA AS OF OCTOBER 31, 2022 **SOURCE** MORNINGSTAR

A QUESTION

Passive schemes occupy the top three slots among all equity schemes in terms of AUM

Top 10 passive equity schemes



LARGE-CAP THEMATIC PSU SECTORAL BANKING

DATA AS OF NOVEMBER 30, 2022; LAUNCH YEAR IN BRACKETS; **SOURCE** VALUE RESEARCH

GRAPHICS BY **RAHUL SHARMA**

looking to enter the MF space.

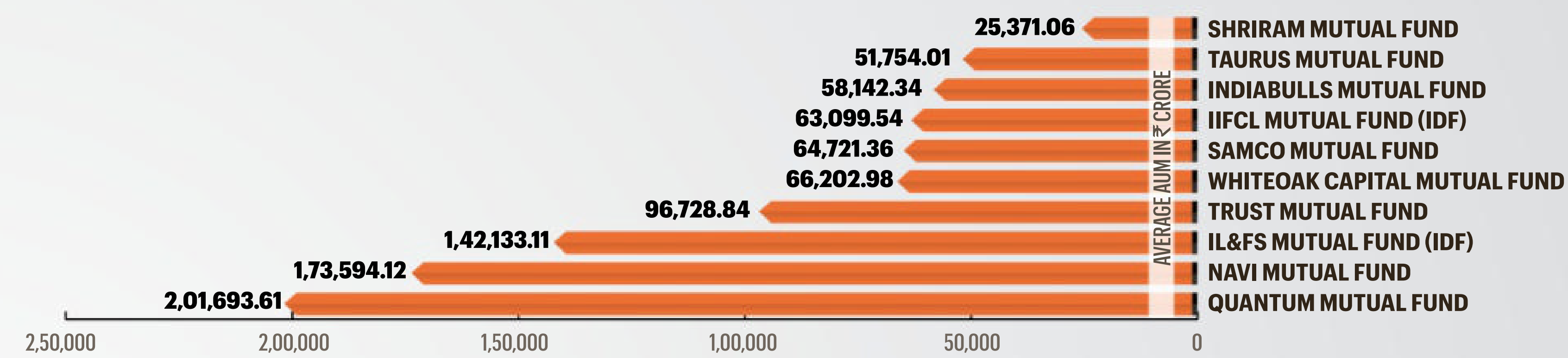
Samir Arora's Helios Capital, a company that has both India and global-focussed funds, has also applied for an MF licence and the Singapore-based fund manager is clear that he will not go the ETF way. "We are still waiting for the Sebi approval so will not want to jump the gun. But having said that, ours is a company founded by fund managers and so we will be doing active fund management and not ETFs," says Helios Capital Founder Arora. Yet, he feels some of the new players are likely to go the ETF route as "they have the audience and the flow and fit for those products".

Incidentally, Arora is not new to the Indian MF space as between 1993 and 2003, he was the Chief Investment Officer of Alliance Capital's Indian MF business.

Deepak Shenoy of Capitalmind, a well-known portfolio management service (PMS), has applied for an MF licence and

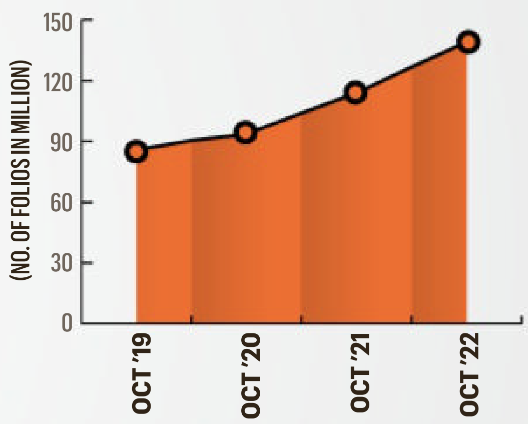
MUTUAL FUNDS

...And the 10 smallest fund houses ▼



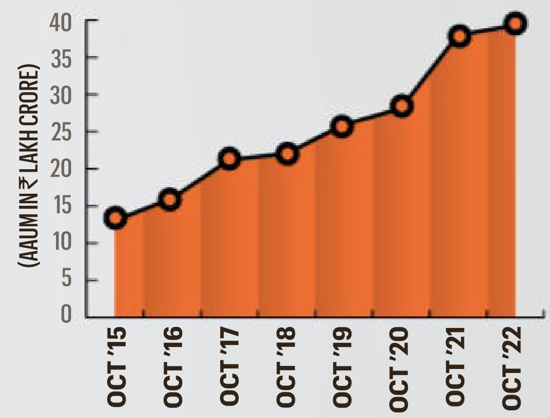
FROM STRENGTH TO STRENGTH

The number of MF folios is nearing 140 million



ON A STRONG WICKET

Average AUM of asset management companies has nearly tripled in eight years

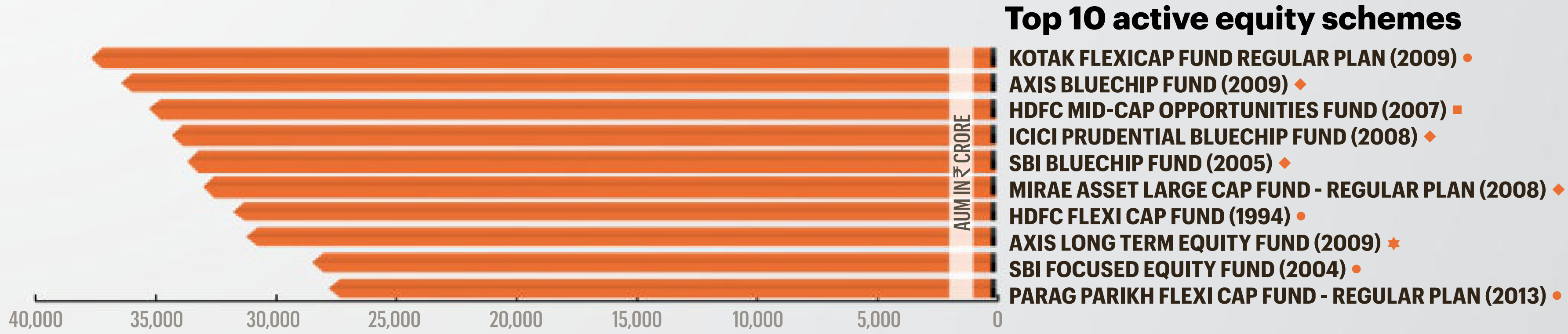


AAUM STANDS FOR AVERAGE ASSETS UNDER MANAGEMENT; **SOURCE** AMFI

N OF EQUITY

The cumulative AUM of active equity schemes lag that of passive ones

Top 10 active equity schemes



• FLEXI-CAP ◆ LARGE-CAP ■ MID-CAP ✱ ELSS

DATA AS OF NOVEMBER 30, 2022; LAUNCH YEAR IN BRACKETS; **SOURCE** VALUE RESEARCH already firmed up its strategy. "We will have both active and passive schemes and we will have a lot of debt products as well as we are very focussed on that segment," says Shenoy, Founder & CEO of Capitalmind. (In active schemes, the fund manager actively does the stock picking wherein passive schemes mostly replicate an index in terms of stock constituents.) "We are one of the few experienced asset managers to apply for a licence. We currently have an active and a passive product on the PMS side and, hence, we understand the space." Shenoy's Wizemarkets Analytics—the registered name of Capitalmind—is eyeing an AUM of ₹1-1.5 lakh crore in the next five to seven years. "We have applied because we think there is a huge market out there and the industry has only scratched the surface of what can be done in the long term. As India grows, the industry is also going to grow multi-fold from where it is right now. For that, if you have four to five more players, it is not going to make any major difference especially when the industry is expected to grow in a big way," he adds.

Shenoy makes an important point. Apart from a certain level of innovation in product differentiation, performance will be the single-biggest pull factor for fund houses as an increasing number of investors look at investing in stocks using the MF route.

"Due to regulations, the industry has become more meritocratic. Deep pockets or legacy without performance or competency cannot accomplish much. What matters is performance and service"

AASHISH P. SOMAIYAA
CEO, WHITEOAK CAPITAL ASSET MANAGEMENT

THE NEWBIES ARE clearly readying for a scrap. "Due to regulatory changes, the industry has become more meritocratic today. Deep pockets or legacy of parentage without performance or competency to generate performance cannot accomplish much," says Somaiyaa of WhiteOak Capital. "Ultimately what matters in our industry is performance, perceived ability to deliver performance, communication quality and service."

Indeed, the MF industry has proven to be a Waterloo for many big names that found the going too tough and

THE VANISHING TRIBE

Some big global names have gone missing from the Indian mutual funds market

2022
- HSBC MF acquires L&T MF
- Baroda MF merges with BNP MF
- Sundaram MF buys Principal MF

2016
- Edelweiss MF acquires JPMorgan MF
- Goldman Sachs MF merges with Nippon India MF

"We will have both active and passive schemes and we will have a lot of debt products as well as we are very focussed on that segment. We are one of the few experienced asset managers to apply for a licence"

DEEPAK SHENOY
FOUNDER & CEO, CAPITALMIND

had to ultimately exit the highly competitive arena. Global majors like Morgan Stanley, Goldman Sachs, JPMorgan, Fidelity and ING, among others, tried their luck in the Indian MF space but ultimately moved out by selling their India business to competition. "People have forgotten all those who have perished," says Dhirendra Kumar, CEO of Value Research, an MF tracking company. "This is a business where many dimensions are completely commoditised. Which means you have to be a really good manager. Performance is a key driver of MFs. If you perform, then you do well. If you make money for investors, they will invest with you."

The element of performance has become all the more important now because the pace of penetration of MFs and the influx of new investors are at record levels. If one takes into account the growth in the number of folios—a unique number that the fund houses give to the investor—then the industry is in the midst of its best-ever phase. Data from AMFI shows that the number of folios has grown by over 20 per cent each year in 2022 and 2021—a huge jump from the earlier single-digit annual rises. Further, monthly inflows through systematic investment plans or SIPs are also at record levels with October witnessing SIP inflows of ₹13,041 crore—the first time that the monthly flows breached the ₹13,000-crore mark. In November, SIP flows were pegged at ₹13,306 crore.

"The MF industry has grown significantly in the last few years. Newer investors are making their foray into MFs as can be witnessed by the increasing folio count and number of unique investor accounts," says Kaustubh Belapurkar, Director of Fund Research at Morningstar, a global firm tracking MFs. "Given the increasing market, there is room for new players that bring something unique to the table. Many of these already come with large customer bases from their existing businesses, allowing them to cross-sell to their existing users."

SOURCE VALUE RESEARCH

2014

- Aditya Birla Sun Life MF acquires ING MF
- HDFC MF acquires Morgan Stanley MF

2004

- UTI AMC buys IL&FS MF
- Principal AMC buys Sun F&C MF
- PNB MF merged with Principal AMC

2002

- Registration of Jardine Fleming MF, Indian Bank MF and Anagram Wellington MF cancelled
- Templeton India AMC buys Pioneer ITI MF
- Taurus MF acquires all BOI MF schemes

In a similar context, Mohanty of Mirae says that the new demographic and the new digital change is challenging everyone and that makes the segment open for newer players. The MF business is scalable and the market is ready for new players, he says. Scalability is an important play in the MF space as scale allows a fund house to lower costs. That could be an important differentiator in a segment where technology is not looked upon as a real disruptor. Then, there is also the element of active or passive funds, and some of the new fund houses appear to be tilting towards passive as part of their larger game plan to offer low-cost innovative products. "Whether it is active or passive investing, or global investing or thematic investing, all kinds of products are at play in India. With goal-based financial planning gaining popularity, investors will look for a product that they want rather than choose from plain-vanilla ones available," says Mohanty.

"Products are key in the MF space. Gone are the days when brand power alone attracted investors. The scope has moved from a 'good brand' to a 'good product', though large players still dominate the segment"

SWARUP MOHANTY
CEO, MIRAE ASSET INVESTMENT MANAGERS (INDIA)

Incidentally, Zerodha Founder Nithin Kamath has been earlier quoted as saying that his fund house will focus only on low-cost passive funds. Zerodha, PhonePe and Angel One declined to comment for this story.

In the current calendar year till October, as many as 131 new fund offers of passive schemes were launched—the first time that passive outnumbered active, which had 117 scheme offers in the same period. Further, the AUM of passive schemes in the same period rose to ₹6.12 lakh crore from ₹4.48 lakh crore in 2021, even as that for active remained largely unchanged at ₹33.41 lakh crore this year till October, as per data from Morningstar. "Our long-term estimate of the industry trend is that there will be two clear-cut segments. One would be the pure active and the second would be passive, and industry players will have to make a choice," says Modi of SAMCO. "There is a bunch of new players that wants to do passive but as far as product innovation is concerned, one needs to keep in mind that passive products can be copied overnight. Passive is all about scale and distribution. [The] only selection factor is cost. Cost is inversely proportional to AUM or size. Large passive players will always have an edge [in passive funds]."

NOW, LET US look at some numbers to understand the offerings from a few new fund houses that have launched their offerings, to see if there are any visible benefits in terms of costs at least. That is because it is not yet time to evaluate or compare them based on performance, since most have been launched recently.

Navi Mutual Fund states on its website that its "low-cost funds coupled with a passive investing approach and strong leadership" makes it "one of the most popular and sought-after AMCs in the country". Let's examine that statement.

Within the broad category of equity funds, flexi-cap funds, which offer fund houses complete flexibility in their investment approach, are one of the most popular categories of schemes with an AUM of nearly ₹2.53 lakh crore, as on November 30, 2022. According to data from Value Research, Navi Flexi Cap Fund, which has an AUM of ₹221 crore, has an expense ratio—a percentage of the fund's daily net assets value used to manage its operating expenses—of 0.43 per cent, but there are other flexi-cap funds with a lower cost component. For instance, ICICI Prudential Flexi Cap, with an AUM of ₹11,911 crore, has an expense ratio of 0.41 per cent. PGIM India Flexi Cap has an expense ratio of 0.31 per cent on an AUM of ₹5,291 crore. However, most of the largest flexi-cap funds in terms of AUM do have a higher expense ratio than that of Navi MF. Incidentally, Samco Flexi Cap Fund has an expense ratio of 0.87 per cent and an AUM of ₹682 crore.

Meanwhile, liquid funds—that invest in fixed income securities like treasury bills, government securities and commercial paper with a maturity of up to 91 days—are the most popular within the debt category with a cumulative AUM of nearly ₹4.10 lakh crore, as per AMFI data. Navi MF's Liquid Fund has an expense ratio of 0.15 per cent, although similar schemes of fund houses including UTI MF, PGIM India and HSBC MF, among others, have a lower cost component. Even some of the biggest liquid funds like SBI Liquid (AUM of ₹58,372 crore), HDFC Liquid (₹56,900 crore), ICICI Prudential Liquid (₹42,960 crore), Aditya Birla Sun Life Liquid (₹38,922 crore) and Kotak Liquid (₹30,840 crore) have expense ratios in the range of 0.18 per cent to 0.21 per cent, as per data from Value Research.

The Navi Nifty 50 Index Fund, however, is the cheapest among Nifty index funds with an expense ratio of 0.06 per cent. Almost all fund houses offer a similar Nifty index fund, but their average expense ratio is around 0.19 per cent.

Navi MF declined to comment for this story.

NJ Mutual Fund is another new fund house to enter the segment and its Balanced Advantage Fund has an expense ratio of 0.54 per cent, as per data from Value Research. Incidentally, there any many other balanced advantage funds—popularly known as the BAF category—with a lower cost component.

To be sure, one needs to look at the returns and the portfolio of schemes; cost cannot be the sole deciding factor. Index funds benchmarked to the same index, however, will not offer any differentiation in terms of stock constituents.

GAURAV RASTOGI, Founder & CEO of Kuvera, an online wealth management firm, believes that the next 10 years will see a huge wave of innovation in AMCs. "Starting from distribution to get the next 100 million investors into MFs, the other big innovation will be in products, where we are already seeing a lot of Big Data and proprietary data sets being used in the fund management process," says Rastogi, adding that in more mature markets, every generation comes with its own unique sets of needs and sensibilities when it comes to investing. "Technology is a great leveller, which can help newer players to close the gap with existing players quickly by avoiding some of the pitfalls of legacy systems. However, domain knowledge will continue to be a distinct advantage for existing AMCs," says Rastogi.

Interestingly, the regulatory framework for the MF industry has ensured that while there is scope for innovation in terms of product design and structure, the incumbents are not really at a disadvantage as such. Most of the processes and compliance requirements are cast in stone and, hence, there is little scope for deviation, purely with an attempt to cut costs and offer a cheaper alternative—compared to those available currently—to investors. "Disruption is a fancy word. When private sector MFs came, they disrupted the public sector ones. In financial services, technology is a big disruptor when the old players or the incumbents are unable to change with the new reality. In MFs, everyone has changed and they have bigger resources," says Kumar of Value Research, adding that the heart of a retail financial services business is trust and the older fund houses have greater trust of consumers.

So, while one can say that there is definitely space for newer players, the growth trajectory of the new entrants is not expected to be similar to what was seen in some other sectors such as equity broking or banking. "Transaction execution is highly standardised and pricing is regulated, operating in a very tight range. I am not saying there is no scope for disruption. I am only saying the same players with the same modus operandi may not have the same impact as they have achieved in other areas," says Somaiyaa. "If industry participants can differentiate and innovate or execute better than the incumbents, we can surely accommodate a greater number of players."

Shenoy highlights the fact that since just around 5-6 per cent of the population invests in the stock markets, MFs will play a massive role to bring another 20-30 per cent of India into the investing landscape. "Someone in the 1920s said that 'everything that can be invented has been invented'. So, one does not know what can be done until it is done. There is massive opportunity in the [MF] space in terms of product innovation, process innovation and conceptual changes," he says.

While there seems to be a unanimous view that there is space for new players and that there will be innovation as well, only time will tell whether the MF arena will see a battle of the old against the new or would it be just among the bigger ones—old and new alike—who will continue to enjoy the benefits of scale. Either way, it is the average Indian investor who will emerge as the ultimate winner with access to innovative products at an affordable cost and, with the passage of time, a track record of performance also to choose from. **BT**

"Disruption is a fancy word. When private sector MFs came, they disrupted the public sector ones. In financial services, tech is a big disruptor. In MFs, everyone has changed and they have bigger resources"

DHIRENDRA KUMAR
CEO, VALUE RESEARCH

@ashishrukhaiyar

'It's a tough time to be a central banker'

Nobel Laureate Douglas W. Diamond holds forth on managing inflation, setting monetary policy, the current global economic situation and how it will affect India

D

Douglas W. Diamond, often called the founder of modern banking theory, won the Nobel Memorial Prize in Economic Sciences in 2022 for path-breaking research aimed at enhancing the understanding of the role of banks in the economy, especially during financial crises. The 69-year-old Merton H. Miller Distinguished Service Professor of Finance at the University of Chicago's Booth School of Business shared the prize with economists Ben Bernanke of the Brookings Institution and Philip Dybvig of Washington University in St. Louis. Over a video call with *Business Today*'s *Anand Adhikari,* Diamond shares his views on the developing economic situation around the world and its implications for India. Edited excerpts:

Q: What is the long-term impact of higher inflation, higher interest rates, and the strengthening of the dollar in emerging markets, particularly India?

A: I have always thought about long periods of low interest rates in the US and other countries—as well as quantitative easing—as potentially excessive injections of liquidity, leading to expectations among financial institutions and firms that interest rates might stay close to zero forever. I thought there were some financial stability issues with that, as there was too much reliance on short-term debt. That's the backdrop. I think that maybe they went too far in both Europe and the US by keeping interest rates where they were, and not thinking ahead enough about building up a big balance sheet and how difficult it would be to unwind that. That sets up vulnerabilities in the financial sector, including stability issues.

Now, we need to figure out how to stop the inflation and stop inflation expectations... we need to withdraw some liquidity. We need to raise interest rates. The metaphor is that we need to be pushing harder and harder on the brakes, rather than slamming on the brakes. If you slam on the brakes, then you can get two things—[one,] you can get financial instability, like we saw in the UK and their insurance sector; [and two,] if there is a large, unexpected tightening, emerging markets will suffer.

Developed markets like India that are almost ahead of everybody else and have exchange rates that float around relative to each other based on interest rate spreads... [are affected] throughout the rest of the world. And I am pretty convinced that the Federal Reserve cares about that as it reflects back on the US. Many people think that this [interest rates] should be coordinated across countries; my co-author Raghuram Rajan certainly thinks that's something that should be coordinated. [If] we have the US stepping on the brakes too hard, it will potentially cause problems—the US hasn't yet, but I believe it will—and that will almost certainly cause problems in the rest of the world... I couldn't say they're doing the wrong thing right now; they need to tighten, but they need to do it in a measured, predictable way.

Q: Global central bankers will do what is best for them. How should a country like India tackle this issue so that the gap in interest rates with the US does not widen?

A: It's a tough time to be a central banker anywhere, but particularly if you're not the US, and you have to respond to US policy. I would be particularly concerned about the financial stability issues in countries outside the US. If you allow the exchange rates spread, particularly the real interest rates spread between the real interest rates after inflation in India and the US, to get really big, that's going to make the US currency go up relative to the rupee. And that's not going to be great for anybody. So, they have to, in some sense, follow the US; they probably want to be a little more measured, but they have to follow interest rates up, which means you have to tighten your own. Your central bank basically has to tighten unless it wants a huge exchange rate change. And the exchange rate change can help your exporters, but

that's going to hurt your consumers. And you've got to get the right balance between those. So it's a difficult time to be a central banker, and I believe the world will have to raise real interest rates.

Q: As far as financial stability is concerned, Indian banks have cleaned up their balance sheets. The corporate sector is also deleveraged. Banks are focussing on high rated corporate and retail borrowers. What kind of risk could the Indian markets and financial stability face in the future?

A: Let me give you the global answer. Partly because of improvements in thinking about what bank regulation is about, and thinking about systemic, macro, and macro-prudential risks, commercial banks worldwide are in a very resilient position, with higher capital buffers than in the past.

In the rest of the world, and maybe it's true in India, the vulnerabilities are in the non-bank sector—shadow banking and the companies themselves. In 2008, all of the problems started and pretty much stayed in the financial sector... If you look at the US and Europe, you see that the financial sector is in better shape than it was [then], but the corporate sector is in worse shape. I wish I knew more about the Indian economy to give you a local answer, but the most likely place is a surprising part of the system outside of the banking sector. And that part, unsurprisingly, could be corporations. We thought corporations would be a problem in 2020 because they would have to close businesses and lay off employees. But then in the US at least, they basically threw everything in terms of liquidity, forgivable loans, and other things at companies. As a result, corporate defaults fell in 2020 and 2021. Some of that may come back now, because some of those lifelines given to the companies have been removed. And businesses that built up a lot of debt in that period, particularly short-term debt, like leveraged loans as they call them, can be particularly vulnerable.

Q: The RBI has missed the 6 per cent inflation target for three consecutive quarters. We are witnessing this for the first time, as we started the inflation targeting regime only six years ago. Are these kinds of breaches common in global markets? How should our central bank deal with this, given that the RBI's credibility as a monetary authority with inflation targeting will be called into question?

A: In principle, inflation targets are right and quite a good idea. If you are trying to control inflation, you need something that you can hold out to say, 'Here is my success or failure.' In the US, the central bank has two mandates: they are supposed to keep inflation under control and keep unemployment under control. It's hard to do both at the same time, and they were persistently below their inflation target for a long time. And then eventually, they started to believe that inflation has gone. So, they started to leave interest rates lower and real interest rates incredibly low for a long time. But I think the fact that they felt like they had to do something about their target was good. I think the inflation target in the US [2 per cent] is a bit too low—3 per cent is a better number.

Q: India is passing through a stage where the borrowings are at record levels, fiscal deficit is high and debt to GDP is also at an elevated level. How should India handle its debt management strategy?

A: It's not just a central bank problem. It's monetary and fiscal [problems] together; you have got to make sure that the people expect that the real value of the debt will be paid off. And that's the way to stop fiscal inflation. You have got to make sure that they are not printing crazy amounts of money—that's the monetary thing. And they're not two issues attached at the hip—they're very much the same issue. So, both fiscal and monetary credibility needs to be restored if you want to keep inflation from becoming an issue. If inflation is under control in India, they should hold on to that.

They developed this thing called the modern monetary theory that basically

ON HOUSEHOLD DEBT

People say that banks make floating rate loans so they're hedged. But if you raise the interest rate above what the borrower can pay, you turn interest rate risk into default risk for household debt, [and] that's a problem because lots of households borrow for consumption purposes and so have no collateral

ON INFLATION

They developed this thing called the modern monetary theory that basically says that you can borrow as much as you want, and it doesn't—as long as interest rates are zero—cause inflation. So that theory is true, as long as nobody believes it's true. But once you start to use that, then it ceases to be true, because monetary and fiscal are all tied together

ON BAD BANKS

If you don't have good bank-bad bank, all your banks are bad. The good thing about good bank-bad bank is you can isolate the problem. [But] you still have to resolve the problem. It's still going to be very difficult to recover much for the bank, but it is a step in the right direction.

[redacted]

says that you can borrow as much as you want, and it doesn't—as long as interest rates are zero—cause inflation. So that theory is true, as long as nobody believes it's true. But once you start to use that [theory in practice], then it ceases to be true, because monetary and fiscal are all tied together. And they are also tied to financial stability. So, it's a very hard time to be a central banker in the world, partly because you are into the region where financial stability is coming into question—we are not there yet—and I think central bankers understand financial stability quite well. But because the central bankers don't control the fiscal part [that is]... too loose worldwide, it is a tough time.

"If you allow the exchange rates spread, particularly the spread between the real interest rates after inflation in India and the US to get really big, that's going to make the US currency go up relative to the rupee"

Q: India recently displaced the UK as the world's fifth-largest economy. Given our size and growth, the Indian economy will soon emerge as the third-largest one. But the big worry is per capita income. What is the right policy prescription for India to increase per capita income?

A: That is a very hard one because clearly you want to have financial stability. If you want to continue to be a growing economy, you can't have marginal tax rates on workers to be too high. You [also] don't want to run huge deficits. You need freer labour markets, but you need to make sure people are not being let go. Somehow, India has been doing well over the last few decades, so things are succeeding in India, [and it has] become a proud economic powerhouse. How you continue—you're in the later stages of development [and] have a mature economy that's rapidly growing—is the easy thing.

[These are] the early stages of development, [and] there are lots of easy things [to do, like] redeploying labour into more productive uses, having people leave agriculture—but you're already through most of that stage. Now you're in the middle of the development period, which is the one that's very challenging.

"You can deal with corporate leverage; [but with] household leverage, not so much because there are no assets to seize. And if people stop spending because they have to pay their debts, the economy collapses"

Q: What are the risks in lending to retail borrowers with a new set of lending emerging—such as microfinance, consumer durables and buy now, pay later, among others?

A: Retail [lending] is difficult. It doesn't have the big default risk of corporate loans—you get lots of little defaults. And based on data from 2008 of lots of mortgage lending in countries around the world, there is substantial risk of getting households having too much debt. And if households have too much debt and then things [in the economy go south], then households have to cut their spending, and you get waves of defaults. Household debt very much depends on economy-wide risks. If you're going to go into a big recession, you're going to see lots of household defaults. And then the thing we learnt—there's lots of evidence which Professors Amir Sufi, Atif Mian and my colleagues have shown—that when you get to that stage, and households [that don't default] start to cut back [expenses] to pay their loans, that can make the recession much worse.

In terms of thinking about macro-prudential regulation of banks, you have to make sure they are not overextending. I think the thing we've learnt the most from the 2008 period is that household leverage and household debt is just [as], if not more, dangerous than excessively leveraged firms.

Q: Is there risk from the higher interest rate cycle, especially for household debt?

A: People like to say that banks make floating rate loans so they're hedged. But if you raise the interest rate above what the borrower can pay, you turn interest rate risk into default risk for household debt, [and] that's a problem because lots of households borrow for consumption purposes. When you borrow for consumption purposes, you don't have any collateral to sell if the interest rate goes up. So there's a limit to how much you can raise the interest rate on household debt. I'm hoping that the supervisors and regulators in India have carefully looked at what the household debt cycle of the previous crisis in the world [was]. India was protected from that because household debt was less of a thing in the country in 2007. Now that it is a thing, too much household leverage is much more likely to cause a big recession than too much corporate leverage, particularly as long as the bankruptcy system works. You can deal with corporate leverage; [but with] household leverage, not so much because there are no assets to seize. And if people stop spending because they have to pay their debts, the economy collapses.

Q: India set up a separate institutional framework by having a bad bank to deal with stressed assets. Do you think this is the way to deal with stress in the banking system?

A: The bad bank system doesn't really get rid of the problem; it just makes it transparent where the problem is, so it doesn't pollute the balance sheets of the good bank. I think good bank-bad bank is an effective way to deal with the problem. It's not really a solution... it's more like mitigation. But the world's experience seems to be that good bank-bad bank is much better than just bailing out the banks. If you don't have good bank-bad bank, all your banks are bad. The good thing about good bank-bad bank is you can isolate the problem. [But] you still have to resolve the problem. It's still going to be very difficult to recover much for the bank, but it is a step in the right direction. BT

@anandadhikari

This interview took place before India reported a CPI inflation print of 5.88 per cent in November 2022

KL (DEEMED TO BE UNIVERSITY) VIJAYAWADA | KLH (DEEMED TO BE UNIVERSITY) HYDERABAD | GBS GLOBAL BUSINESS SCHOOL HYDERABAD

NAAC ACCREDITED BY A++ GRADE | RECOGNISED AS CATEGORY 1 UNIVERSITY | 43 YEARS OF EDUCATIONAL LEADERSHIP | nirf 27 AMONG ALL UNIVERSITIES

THE BEST UNIVERSITIES ATTRACT THE BEST COMPANIES

Congratulations !
Secured Job in Google

60 LAKHS PER ANNUM

RAVURI POOJITHA
(B.Tech-CSE)

KSHATRI RESHMASREE (B.Tech-ECE)
JAHNAVI VASIRAJU (B.Tech-CSE)
MIKKILINENI NITHIN SAI (B.Tech-CSE)
JAHNAVI MUTTIREDDY (B.Tech-CSE)
SNEHA MARELLA (B.Tech-CSE)
NANDURI SAI SUCHITRA (B.Tech-AI & DS)
GAYATHRI SADHINENI (B.Tech-CSE)
KOTA CHANDRIKA (B.Tech-ECE)
CHARMITHA GARUGU (B.Tech-CSE)

46 LAKHS PER ANNUM
SECURED JOBS IN Microsoft

CHAKKILALA SURYATEJA (B.Tech-CSE)
ANKIT SETH (B.Tech-CSE)

44 LAKHS PER ANNUM
SECURED JOBS IN amazon

SAI KAMAL KOMURAVELLIY (B.Tech-CSE)
NANDHAKUMAR KATHIRVELU (B.Tech-AI & DS)
RANGU USHASRI (B.Tech-CSE)
CHANDANA BHIMAVARAPU (B.Tech-CSE)
NAMGIRI SNEHITH (B.Tech-ECE)

44 LAKHS PER ANNUM
SECURED JOBS IN amazon

and many more...

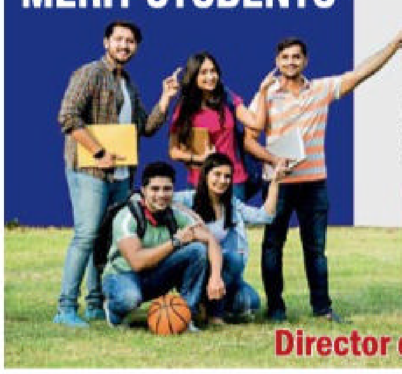
100% PLACEMENTS

(For all the registered & eligible Students)
Impeccable Placement Track Record Since 2005

Marquee Companies with Salaries around	₹ 40 Lakhs
Super Dream Companies with Salaries around	₹ 20 Lakhs
Dream Companies with Salaries around	₹ 10 Lakhs

THE LEADER IN PLACEMENTS

₹100 CRORES
SCHOLARSHIPS FOR MERIT STUDENTS



Proudly Announcing

4600+
Placement Offers in 2022
900+ Industry Connects across the Globe
1200+ Students for Higher Studies abroad in 2022

ADMISSIONS OPEN KLEEE-2023

Director of Admissions : 949 036 1111

#WeAreFutureReady
www.kluniversity.in

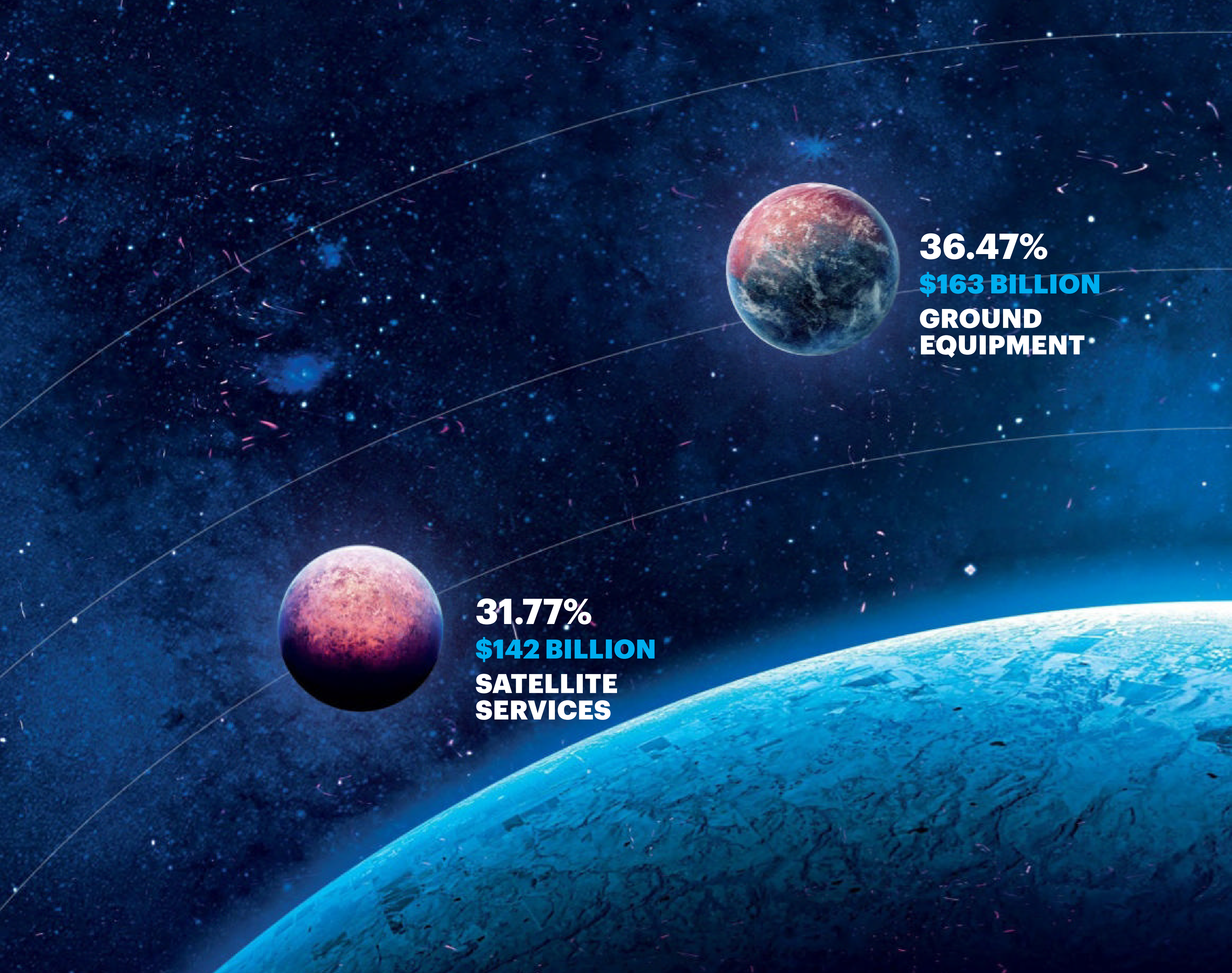
VIJAYAWADA
Admission Office : Museum Road, VIJAYAWADA - 520 002.
Campus : Green Fields, VADDESWARAM - 522 502.
Phone : 0866 - 2577715.

HYDERABAD
Campus : Aziznagar, Moinabad Road, Near TS Police Academy, HYDERABAD - 500 075. Phone : 040 - 35045035.

Plot No: 52 & 53, Jubilee Gardens, Road No.2, Near Harsha Toyota Show Room, Kothaguda, Kondapur, HYDERABAD, Telangana - 500 084. Phone : +91–040-3512 6800.

BREACHING THE HEAVENS

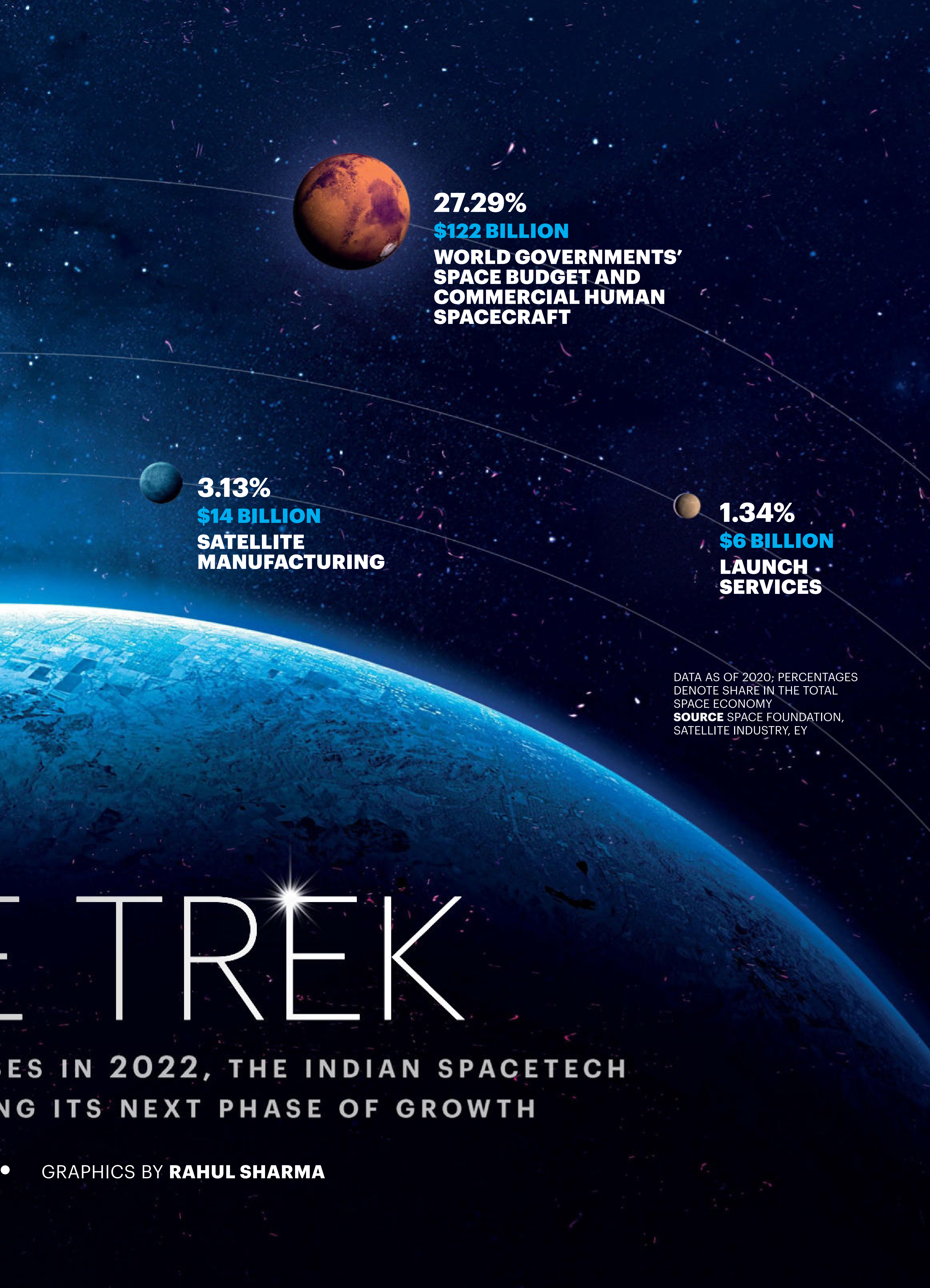
THE GLOBAL SPACE ECONOMY IS EXPECTED TO EXPAND AT A CAGR OF 6 PER CENT TO $600 BILLION BY 2025 FROM $447 BILLION IN 2020



SPACE

AFTER REPORTING SEVERAL SUCCESS
SECTOR IS LOOKING AT ENTERI

BY **MANISH PANT**



DATA AS OF 2020; PERCENTAGES DENOTE SHARE IN THE TOTAL SPACE ECONOMY
SOURCE SPACE FOUNDATION, SATELLITE INDUSTRY, EY

E TREK

ES IN 2022, THE INDIAN SPACETECH
NG ITS NEXT PHASE OF GROWTH

GRAPHICS BY **RAHUL SHARMA**

AS SKYROOT AEROSPACE'S diminutive 546 kg, 8-metre tall sub-orbital launch vehicle, Vikram-S, zoomed towards the exosphere on November 18, a round of applause erupted in the sounding rocket complex at the Satish Dhawan Space Centre (SDSC) in Sriharikota. Elsewhere in India, the founders of more than 100 spacetech start-ups watching the event also celebrated the launch of the country's first privately-built rocket.

Within a week of the launch, the Polar Satellite Launch Vehicle of the Indian Space Research Organisation (ISRO) successfully deployed Anand and Thybolt 1 & 2—satellites of spacetech start-ups Pixxel and Dhruva Space, respectively—in space.

The blistering pace of launches for Indian spacetech start-ups was set on July 18 when high-end tech payloads of Bengaluru-based Digantara Research & Technologies and Hyderabad-based Dhruva were successfully launched from SDSC. Meanwhile, Skyroot is preparing to put its first orbital satellite launch vehicle, Vikram-1, into space within a year. "It will launch multiple satellites," says Pawan Kumar Chandana, Co-founder & CEO of Skyroot. "Over 50 per cent of the payload capacity is already booked," adds Naga Bharath Daka, Co-founder & CTO.

Anirudh Sharma, Co-founder & CEO of Digantara, says 2022 was "transformational" for the spacetech segment. Within two years of India opening up its space sector to private players, several successes from spacetech start-ups are already visible. "There has been a paradigm shift in the Indian private space ecosystem. Start-ups have repeatedly showcased their ability to build critical tech independently, and the government support has given them the confidence to build products for the world," says Sharma. The start-up is already building a space situational awareness observatory in

WHO'S DOING WHAT

SKYROOT AEROSPACE

▶ Small-lift, expendable Vikram series of launch vehicles designed to carry small satellites into Earth's orbit

AGNIKUL COSMOS

▶ Development of small-lift mobile launch systems such as Agnibaan to place 100-kg payloads in a 700-km orbit

PIXXEL

▶ Building a health monitor for Earth through a constellation of cutting-edge hyperspectral small satellites

BELLATRIX AEROSPACE

▶ Working on the development of in-space propulsion systems; also plans to launch its own two-stage rocket in 2023

DHRUVA SPACE

▶ Launching nanosatellites as well as developing satellites weighing up to 100 kg

GALAXEYE SPACE

▶ Development of some of the world's first satellites containing both Synthetic Aperture Radar (SAR) and optical sensors

DIGANTARA RESEARCH & TECHNOLOGIES

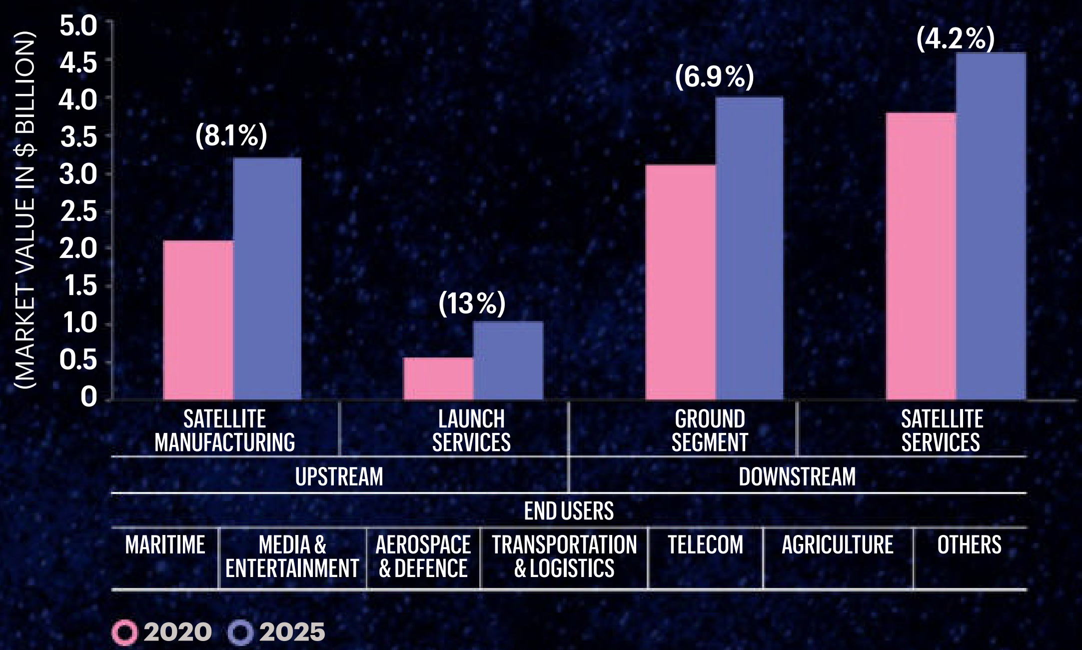
▶ Surveillance platform utilising a constellation of nanosatellites to provide predictive and situational awareness services

AZISTA-BST AEROSPACE

▶ Developing a facility in Ahmedabad to manufacture 250 satellites annually in a JV with Berlin Space Technologies

REACHING FOR THE SKIES

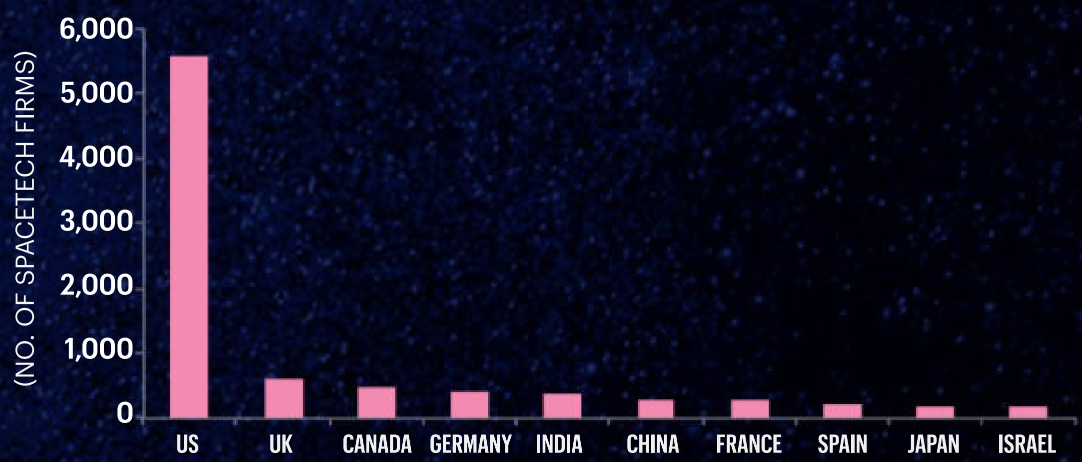
Private participation in launch vehicles, satellites, applications and ground services needs to go up as the market expands



FIGURES IN BRACKETS INDICATE CAGR; FIGURES FOR 2025 ARE ESTIMATES
SOURCE MORDOR INTELLIGENCE, ALLIED MARKET RESEARCH, EY

TAKING OFF

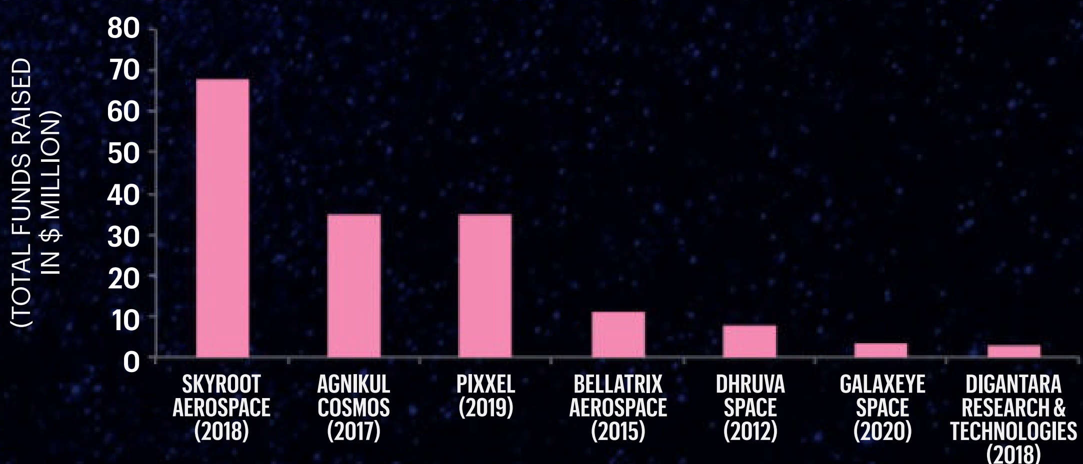
India has the highest number of spacetech companies, which includes start-ups, in Asia



DATA AS OF 2021; **SOURCE** 'SPACETECH INDUSTRY 2021/Q2: LANDSCAPE OVERVIEW', SPACETECH ANALYTICS, MAY 2021

MAKING IT COUNT

In 2022*, leading Indian spacetech start-ups raised more than $110 million in funding



*TILL DECEMBER 15, 2022; FOUNDING YEAR IN BRACKETS;
SOURCE IN-SPACE, *BT* RESEARCH

Uttarakhand to track satellites and space debris in lower earth orbit (LEO) and geosynchronous earth orbit (GEO), to offer global space traffic management operations.

THE SECRET SAUCE

But what's powering this transformation? It's the work done by ISRO and the Indian National Space Promotion and Authorisation Centre (IN-SPACe), the nodal agency for promoting and regulating private players in the sector. They have achieved a first-of-its-kind alignment between a government body and the private sector. ISRO, since its inception in 1969, has developed a network of 400-plus vendors—including Hindustan Aeronautics Ltd, Larsen & Toubro, Godrej & Boyce, Alpha Design Technologies and Centum Electronics—that specialise in tech development, manufacturing and supply of components. The push for start-ups in the space sector is part of ISRO's vision to expand private players' participation in the sector by enabling companies that can develop end-to-end solutions to grow.

Some of the most important developments took place in 2020 when the commercial space sector was opened up for private players. This was followed by the creation of IN-SPACe, and the release of draft policies on remote sensing and satellite communications. "The space sector had to be opened up because we had reached a point of inflection where we needed to encourage people in the private space to contribute to the domains where there was a business opportunity. ISRO has been doing that as a government entity, but the sector's commercial potential could not be exploited in that model," says Sreedhara Panicker Somanath, Chairperson, ISRO, and Secretary, Department of Space.

IN-SPACe Chairperson Pawan Goenka says that he is always on the lookout for developing new synergies with ISRO, including utilising the agency's facilities for use by the private sector. He explains that within the MoU IN-SPACe has signed with ISRO, "We have a Joint Project Implementation Plan (JPIP) that will be an agreement between ISRO and the private entities for certain activities". Goenka says that IN-SPACe will facilitate the drafting of the JPIP as well as address "any roadblocks that may arise".

"We are confident that in a few years, you will find the whole landscape changing, where the suppliers will become capable of designing and operating space systems on a commercial scale," says Somanath.

SOARING AMBITIONS

Following Skyroot's success, the ambitions of several other spacetech start-ups have soared. These companies are developing everything from launch vehicles to satellites to space applications.

Another positive is that the global perception about Indian spacetech start-ups is changing. "India always had a good reputation concerning space, but it was limited to ISRO. What has changed now is that people are confident that other companies will also be able to deliver because India already has that expertise," says Awais Ahmed, CEO & Co-founder of hyperspectral satellite maker Pixxel. Founder & CTO Kshitij Khandelwal adds that there is a willingness on the part of the government and ISRO to not only work with private players but also look at them as operators in the ecosystem.

Recently, Chennai-based launch vehicle maker AgniKul Cosmos unveiled the country's first-ever private launchpad at SDSC that has been executed with the support of ISRO and IN-SPACe. AgniKul Co-founder & CEO Srinath Ravichandran says it's a dream come true for

Q&A

'INDIA MAY HAVE ITS FIRST SPACETECH UNICORN IN 2023'

IN-SPACe Chairperson Pawan Goenka says big investors are ready to listen to Indian start-ups in the space sector and fund them

BY **MANISH PANT**

Now that a few spacetech start-ups have had major demonstrable successes, how much ground has been covered by IN-SPACe in the two years since it was founded?

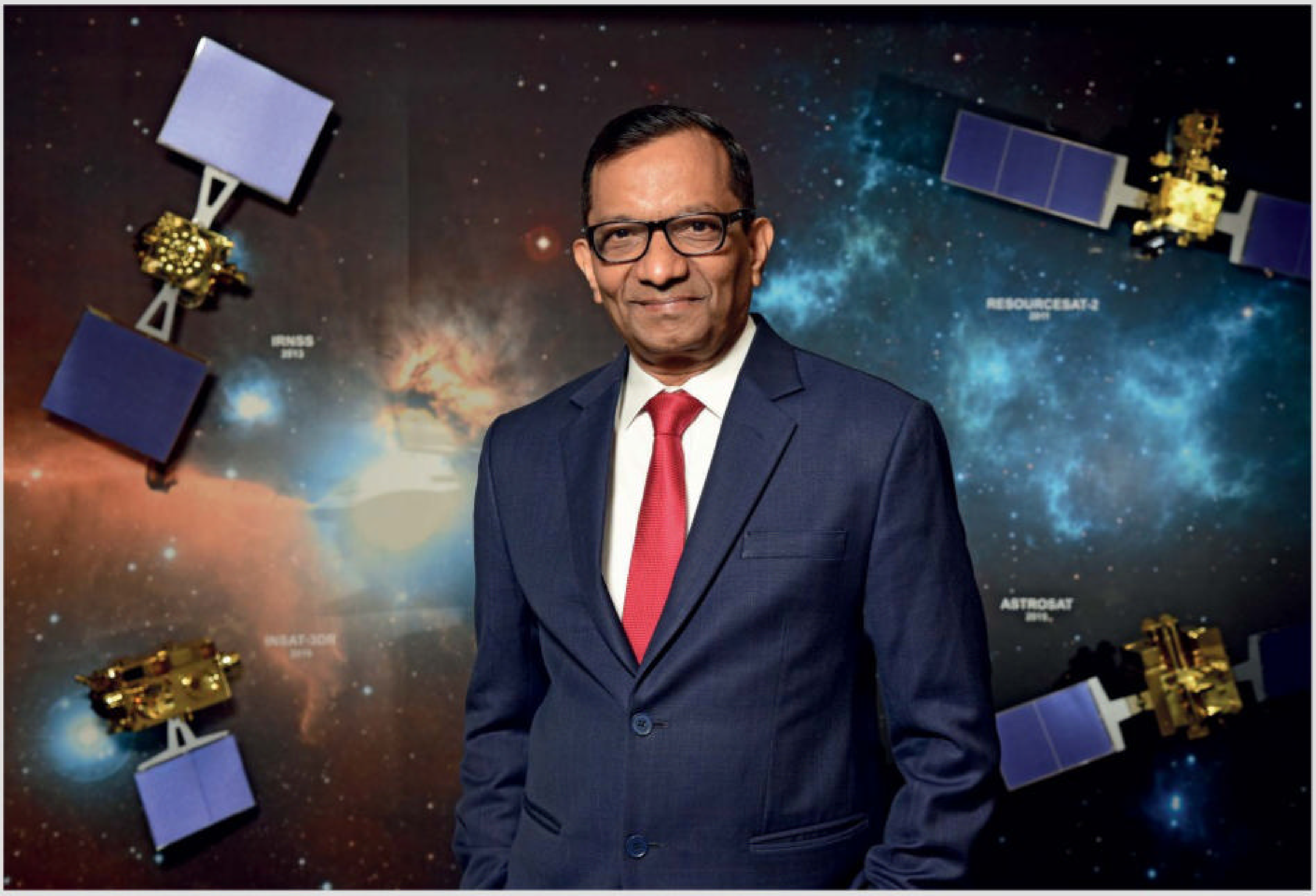
Since the full team at IN-SPACe started operating only in April 2022, we have practically been active for eight months. And a lot has been achieved in that timeframe. We have facilitated requests for authorisation, handholding and the use of ISRO facilities or tech transfers [that we] received from the private sector.

How many proposals have you received till this point?

So far, we have received 160 such proposals. Almost half of them are start-ups and the rest are established companies. Among these, five were authorised for space activities. AgniKul's pre-orbital launch is also in the pipeline. There are a couple of more companies working on launch vehicles. We hope that satellite manufacturing—both for use within and outside India—would become a fairly large activity. IN-SPACe is working on incentivising the private sector to work with ISRO in the area of applications in a big way. We would also like the private sector to enter the ground segment.

Do you see further improvement in funding for Indian spacetech start-ups among investors?

Some large funds have shown interest. A good space start-up with a solid story won't find it difficult to get funding as we have reached a point where investors are willing to listen to them.



AIMING FOR THE STARS IN-SPACe Chairperson Pawan Goenka hopes that satellite manufacturing will become a large activity

With the new space policy in the final stages of approval, how soon can we expect it to be formalised?
It would be difficult for me to give you a timeline. What I can tell you is that the policy draft is being reviewed for final approval. However, most of what is there in the policy is already being applied. That's why Skyroot didn't have to wait for the policy to be released formally.

What's the update on attracting FDI into the segment?
We are revisiting the FDI policy as currently it is restrictive on the funding that can come into India, which often leads to investments happening outside the country. We will revise the policy so that there are no unreasonable constraints both in terms of investments as well as setting up companies here.

'IN-SPACe IS WORKING ON INCENTIVISING THE PRIVATE SECTOR TO WORK WITH ISRO IN THE AREA OF APPLICATIONS IN A BIG WAY'

How soon can we expect a spacetech unicorn?
This is not some kind of crystal-ball gazing, but I would personally be very happy if we have the first unicorn by 2023-end.

What is next on your agenda for 2023, as far as both upstream and downstream segments are concerned?
The primary objective for us now is to look for opportunities for companies to get in. The big items on our agenda would be applications and the manufacture of satellites. We would also like to explore how we can do more commercial launches from India for global players like the one we did for OneWeb with GSLV-Mk III. India has several things going for it including infrastructure, low cost of launches, technical expertise and, most importantly, the reliability of our rockets. BT

@manishpant22

the start-up "to launch our vehicles from a facility we have designed and built". Agrees Co-founder Moin S.P.M. "The reforms truly accommodate everyone's dream of going to space." If all goes well, AgniKul will soon become the second start-up to put its launch vehicle in space.

"Skyroot and AgniKul together make for a very good offering. It will probably be a year before they launch, from which point, they [the start-ups] will take off. For the Indian space sector, that will be a great achievement as there will be two private companies competing globally," says Goenka. He adds that the addition of ISRO's own Small Satellite Launch Vehicle (SSLV) creates a very robust small satellite launch infrastructure in India.

While upstream in the space sector is about sending objects such as rockets and satellites into space, downstream utilises the research and data generated by upstream in a range of applications. Industry experts like Lt Gen. (Retd) Anil Kumar Bhatt, Director General of Indian Space Association (ISpA)—the apex body of private players in the sector—point out that a significant portion of growth opportunities lie in the downstream sector. "The largest percentage of opportunities in the sector will be in applications. There is no line to draw there since that includes everything from communications, health, education, and mining to intelligence, surveillance and reconnaissance (ISR) for the armed forces... Although rockets and satellites are the core, they only form a minuscule percentage of the space economy," he says.

Agrees Gunjan Thakuria, Founder & CEO of Navi Mumbai-based start-up Tathya Earth, which offers predictive economic forecasts based on satellite imagery. "As the cost of data decreases and the types of data increase, various applications critical to diverse industries and governments will evolve," he says. That also means that the sector will need more people with skills to turn upstream research into downstream applications.

With a 36 per cent share, the satellite services and applications segment will form the largest share of India's space economy in 2025, says a joint study released by EY and ISpA in October. The report projects the country's space economy expanding to $13 billion in 2025, with the space launch segment growing at a CAGR of 13 per cent by that year, which will be further spurred through enhanced private participation, the latest tech and low cost of launch services. Moreover, the country's satellite manufacturing capability is expected to be worth $3.2 billion by 2025 from $2.1 billion in 2020. "Satellite manufacturing, both for use within and outside India, will become fairly large. And IN-SPACe is in discussions with two state governments to create a manufacturing hub to incentivise the setting up of satellite production facilities as well as providing technical assistance," says Goenka.

Satyanarayanan Chakravarthy, Professor of Aerospace Engineering at IIT Madras and Co-founder of transport tech firm The ePlane Company, sees India emerging as the carrier of the world's payloads into outer space. "Along with SSLV of ISRO, Skyroot and AgniKul put together, we can potentially become the space lorries, if you will, to haul all the baggage for the world," he says. "The next thing that can happen is that start-ups can piggyback on ISRO's success and double down in taking humans to at least LEO for tourism. The potential is huge."

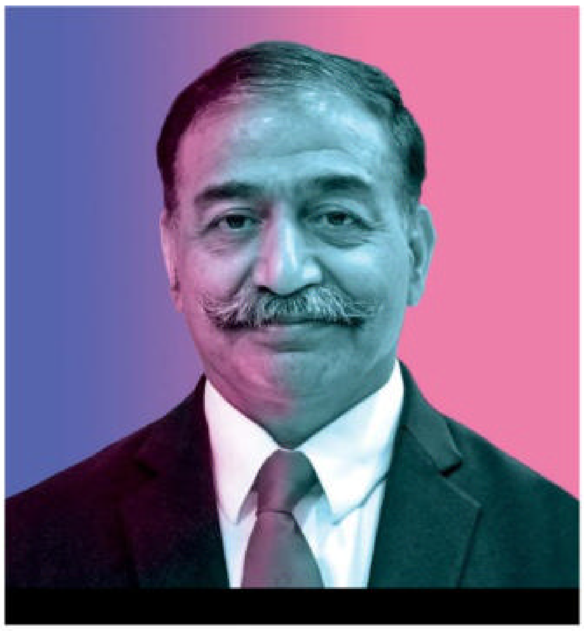
INVESTORS CLAMOUR

Spacetech, however, is a capital-intensive business. The good news is that the quantum of funding raised by such start-ups is on the rise. Besides, with an increasing number of proofs of concept ready, it is expected to get a further boost. "Private space as a concept is new to India. So, that has taken some amount of time for investors to understand how it will work, where the market opportunities are and how will companies start making revenues," says Vinod Kumar Shankar, Co-founder & Partner of Java Capital, a pre-seed/seed fund. "The last four years were largely spent looking for small early-stage funding, with larger funding continuing to be a challenge in the deep-tech sector. Fortunately, the government opening its arms to private sector participation through IN-SPACe has made it much more attractive."

Goenka adds that potential in-

"The space sector had to be opened up because we needed to encourage people in the private space to contribute to the domains where there was a business opportunity"

SREEDHARA PANICKER SOMANATH
CHAIRPERSON, ISRO



“The largest share of opportunities will be in applications... since that includes communications, health, education, and mining to intelligence, surveillance and reconnaissance”

LT. GEN (RETD) ANIL KUMAR BHATT
DIRECTOR GENERAL, ISPA

“With SSLV of ISRO, Skyroot and AgniKul put together, we can potentially become the space lorries to haul all the baggage for the world. Start-ups can piggyback on ISRO’s success and take humans to the lower earth orbit”

SATYANARAYANAN CHAKRAVARTHY
PROFESSOR, DEPARTMENT OF AEROSPACE ENGINEERING, IIT MADRAS

vestors are taking more interest in the space sector, with CY2022 seeing funding of $100 million.

“Most of the funding has been received in small payload launch vehicles, satellite-based services, and propulsion systems,” says Neha Singh, Co-founder & CEO of start-up data analytics firm Tracxn Technologies. “Factors making the sector attractive are favourable government policies, lower manufacturing and development costs and increasing demand for satellite-based data,” she adds.

One of the reasons behind the growing interest in such start-ups is the availability of a global marketplace for their products. “If you take Swiggy or Dunzo, the opportunity is India only, but if you look at spacetech, it’s global. India is among the few nations that have been at the forefront of spacetech. Therefore, the government has realised the need to propel private space alongside ISRO to capture a larger share of this market,” says Vishesh Rajaram, Managing Partner at Speciale Invest, a VC fund.

A high return on investment and the fact that it is going to be one of the sunrise industries are compelling reasons to invest in spacetech, say experts. Ravinder Pal Singh, Partner at Kalaari Capital, shares an interesting insight. In the last decade, about $27 billion was invested in the space sector globally. Today, the combined value of that investment is close to $4 trillion. “The time has come for large investors to participate in the sector and encourage start-ups in India. From seed to Series-A, and—to a certain extent—Series-B has been taken care of. But the real growth capital has to become easier. Large investors and industry must seriously start focussing on space because every use case—from consumer to an agro company to a manufacturing unit to an EV company—is going to benefit from the innovations happening in the space,” he says.

As the sector expands, how good is the possibility of India spawning entrepreneurs like SpaceX Founder Elon Musk? Goenka has some pointed advice for start-up founders. “To become a company like SpaceX, one cannot do what somebody else has already done. One has to be doing something that no one else has done before. And it is start-ups that are going to bring that innovation.” BT

@manishpant22

$26 BILLION-PLUS

VALUATION OF UNICORNS THAT GRADUATED FROM ACCELERATORS

LOOKING FOR UNICORNS

THE FLAWED PAY-TO-PLAY AND EQUITY-BASED MODELS HAVE PUSHED PURE-PLAY ACCELERATOR OPERATORS TO A FUND-FIRST APPROACH. IS COHORT-BASED INVESTING THE FUTURE FOR ACCELERATORS?

BY **BINU PAUL**

PHOTO BY **HARDIK CHHABRA**

2005 **3-4** | **2020** **20-25** Start-ups funded per accelerator per year

SOURCE PRIMUS PARTNERS

A

AFTER SPENDING OVER 20 years helping multinational financial firms set up captive centres in India, Ashish Bhatia felt his job was getting too comfortable and it was time for a change. Seeing the start-up fever sweeping the country, Bhatia jumped in. Like most entrepreneurs in their early days, he too struggled and was frantically looking for support when he chanced upon the concept of accelerators. That's when he started looking at how they operated. "When I launched a start-up, I didn't know who to talk to. I thought, if someone like me, in spite of a fairly successful corporate career, is struggling so much while doing a start-up, spare a thought for the young founders out there," says Bhatia.

His thesis was simple. India's start-up ecosystem was expected to grow and it would need a strong ecosystem of enablers and partners. On that thesis, Bhatia launched India Accelerator (IA) in 2017. Over 100 start-ups applied for its first cohort. "The number of start-ups gave us the belief that this [the accelerator programme] is a required solution for a real problem," he says.

IA is among a crop of incubators and accelerators that have mushroomed in India post the e-commerce boom. Per a report by consulting firm Primus Partners, the number of accelerator programmes in India grew from 585 in 2017 to 900 in 2021. However, the concept of start-up accelerators has forever changed from the time Bhatia launched IA. As the ecosystem has matured, the quality of ideas and founders have improved too, resulting in start-ups raising around $24.7 billion in India between January and November 2022, per data platform Tracxn. Also, the country has over 100 unicorns today. A visible outcome of this maturing ecosystem is the changing dynamics of how founders and VCs (venture capitalists) approach accelerators.

A START-UP ACCELERATOR isn't cheap to run. It constantly needs capital to hire quality talent to run the programmes, fund an office space and offer early-stage capital to portfolio companies. Traditionally, accelerators take a small, single-digit equity share in their portfolio start-ups with a promise to help them in everything from connecting with domain mentors and go-to-market strategies to assistance in raising future capital. But relying on the returns from early-stage start-ups for their own cash flows is proving to be unviable for accelerators. VCs, start-ups or accelerators have a common but vital thread—all of them need a good deal of time before they figure out what works and what doesn't. Odds are that 80-90 per cent of the start-ups will not give a viable return in a five- to six-year timeline.

A majority of accelerators in India are funded by government grants or corporate social responsibility programmes. The generalist, equity-based programmes suffer from an adverse selection problem as they attract founders who could not raise capital from pure-play angels or early-stage investors. That leaves accelerators with a set of start-ups that have a lower proba-

SEARCHING FOR FUEL

- Accelerators run mentor-based programmes to help seed- and early-stage start-ups with guidance, mentorship, and financing
- A majority of accelerators in India are funded by government grants and CSR programmes
- The traditional model of accelerators taking up equity in start-ups in exchange for participation in accelerator programmes is deemed unviable as early exit options are few and far between
- Accelerators are becoming domain-focussed as without a strong sector-specific community-based approach, meaningful outcomes are rarely achieved
- More and more accelerators are gradually becoming early-stage VC funds that invest in large cohorts for better returns

TOP ACCELERATORS WITH DEDICATED VC FUNDS

1. Y Combinator
2. Techstars
3. 500 Global
4. SOSV Investments
5. Antler
6. Venture Catalysts
7. India Accelerator
8. GSF India
9. Upekkha
10. GHV Accelerator

SOURCE *BT* RESEARCH

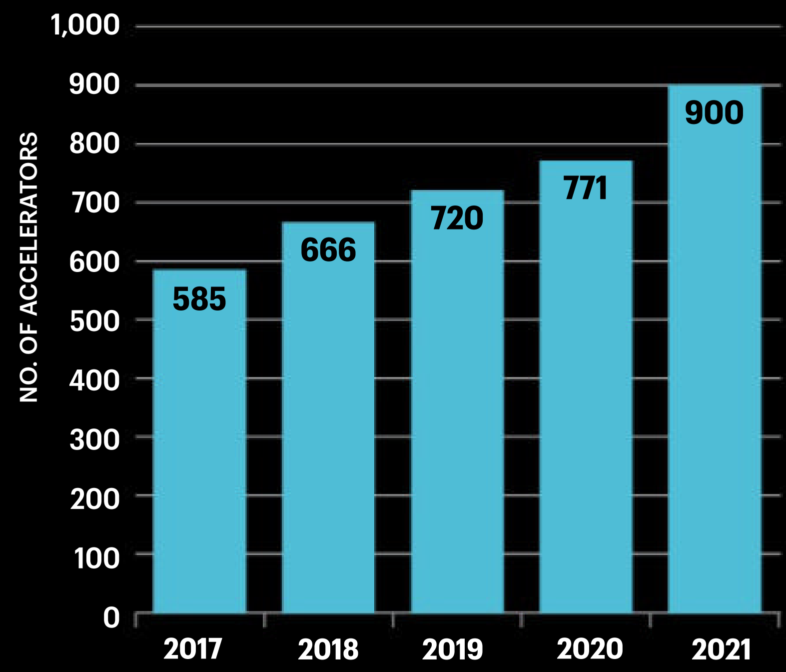
NOTABLE START-UPS THAT WERE SUPPORTED BY ACCELERATORS IN THEIR EARLY STAGES

Start-up*	Name of the accelerator
Razorpay	CIEE-IIM
OYO	Venture Nursery
Meesho	Y Combinator
Udaan	Microsoft for Startups
Slice	Better Capital
Vedantu	9 Unicorns
Practo	The Morpheus
Niramai	Axilor Ventures

*START-UPS ARE ARRANGED AS PER THEIR VALUATIONS
SOURCE PRIMUS PARTNERS

CROWDING IN

The number of accelerator programmes operating in India has grown steadily over the years



SOURCE PRIMUS PARTNERS

bility of success, a majority of which may not reach a stage where they could give meaningful returns.

Meanwhile, start-ups today have a plethora of avenues to find early-stage capital and build a mentor network. "Good start-ups do not need to go to an accelerator and give up equity. They can still get seed funding on their own. Besides, the primary source of capital for 80-90 per cent of accelerators comes from programmes run by government institutions such as DST, DPIIT, MeitY, and iDEX. That capital is not necessarily aligned with a return," says Shyam Menon, Chief Growth Officer at IIM Ahmedabad's accelerator, CIIE.CO.

Which brings us to the fact that accelerators are now shifting to a pure-play VC model that invests in cohorts. Accelerators have realised that unless commercial capital with management fee and return expectations is involved, their current model cannot sustain.

Y Combinator (YC), the largest start-up accelerator in the world, now invests $500,000 in each start-up in its cohorts. Its business model is to invest in all the start-ups in its programme. YC's programmes funded 750 companies in 2021. Today, 150 of its portfolio firms are valued at $150 million or more, and 60 are valued at $1 billion or more. Its growth-stage fund, YC Continuity, invests in its most successful companies.

Rajesh Sawhney, Founder and CEO of GSF India—that began as an accelerator in 2012 and added early-stage investments later—says YC has transformed the game into one of scale. "Our business has changed. Either you become extremely niche, or create scale. Our winter batch will have 200 founders. Our goal for 2023 is to have 500 founders coming out of our academy and our Demo Day will have 2,000+ investors," he says. GSF—boasting of a 10x multiple on invested capital so far—aims to invest in 20-25 start-ups in a year.

Techstars, a Colorado-based accelerator running several VC funds, is reportedly raising a $300-million fund for early-stage investments. Another global accelerator, 500 Startups, rebranded itself as 500 Global recently to focus on its early- and later-stage investments. Both 500 Global and Techstars run programmes in India while YC picks Indian start-ups for its Silicon Valley-based programmes.

Integrated incubator Venture Catalysts runs a $150-million accelerator fund, a $200-million fintech-focussed fund, and a $200-million growth-stage fund besides an angel fund and a proptech (tech used in the real estate space) fund.

IA too has pivoted to a fund-led model. Today, it operates two active VC funds of ₹350 crore each, and has partially exited from a third of its investments (about 40 exits from 150 investments) to generate cash flow for its programmes.

IN MOST CASES, start-ups complete generalist programmes without accruing any significant learning or support. Prasanna Krishnamoorthy, Managing Partner at SaaS accelerator Upekkha, says sector-agnostic programmes lack the critical component of a domain-specific founder community. He adds that when accelerators work with all kinds of start-ups, founders fail to garner support and feedback in their core domains. "They can help each other on co-founder conflicts, investor relationships or HR issues. But from a domain perspective, they can't help each other," he says.

Krishnamoorthy, with close to a decade of experience in building and operating accelerators, says Upekkha decided to build an accelerator first to prove its mettle and then get to a fund model. Launched in 2017, Upekkha initially worked on a revenue-share model, and then raised $9 million from WestBridge Capital in 2022. Although the cost of running a start-up has come down, he says, founders still need some funds to operate. But from an accelerator's perspective, if they can offer capital, it gets easier for founders to choose their programmes, he adds.

IA—that ran domain-agnostic programmes in its initial two years—pivoted to a domain-focussed model in 2019, and currently runs domain-specific programmes for nine verticals such as cybersecurity, fintech, health-tech, social impact, agri-tech, deep-tech, etc.

Meanwhile, corporate accelerators continue to attract start-ups due to their ability to offer unique tech capabilities, add value, and provide better business opportunities. Their sector-focussed niche programmes help start-ups navigate the ecosystem better and prepare them to position better.

For accelerators, a good mentor pool is vital to attract the best start-ups. Accelerators with a good track record of exits and follow-on funding get the best mentors, who are compensated through equity

"The number of start-ups that applied for the first cohort gave us the belief that this [accelerator programme] is a required solution for a real problem"

Ashish Bhatia
FOUNDER & CEO, INDIA ACCELERATOR

"[Founders in sector-agnostic accelerators] can help each other on co-founder conflicts, etc.... But from a domain perspective, they can't help each other"

Prasanna Krishnamoorthy
MANAGING PARTNER, UPEKKHA

“Building a business working with start-ups takes 12 to 15 years, since start-up outcomes take 8 to 12 years. What is needed is patient capital for the business model to play out”

Sumir Chadha
CO-FOUNDER AND MANAGING PARTNER, WESTBRIDGE CAPITAL

“They [early-stage start-ups] need mentorship from founders and business leaders on how to build a company, and a community to learn from”

Prayank Swaroop
PARTNER, ACCEL

For instance, Google for Start-ups is helping start-ups focus on key business and technical challenges and reduce the time-to-market and success of the product, says Paul Ravindranath, Head of Google Accelerator at Google India. “Our mission is to provide young start-ups with information and lessons acquired from Google’s two decades of creating corporate and consumer products,” he says.

JUST AS THE expectations from accelerators have grown, investor interest in early-stage start-ups has intensified, too. A tangible outcome of this is the arrival of large late-stage funds into the early-stage market with dedicated funds. For instance, Sequoia Capital launched an early-stage fund called Surge in 2019 that combines up to $3 million of seed capital with company-building workshops, global immersion trips and support from the founder community. Accel’s early-stage programme, Atoms, offers 100 days of learning and development workshops, setting objectives and key results, building a peer community, dedicated mentorship and an uncapped convertible—financing where the investments translate into equity during the next round—investment of $250,000.

Prayank Swaroop, Partner at Accel, says early-stage start-ups need easier access to funding without giving up equity. “They need mentorship on how to build a company, and a community to learn from,” he says. Launched in August 2021, Atoms has invested in 23 start-ups across its two cohorts, which have collectively raised $80 million till now while Sequoia’s Surge has invested in over 127 start-ups and helped them raise over $1.7 billion till now.

Upekkha’s Prasanna says it is critical that accelerators find long-term investors who understand that one needs to be patient while investing in start-ups and accelerators. Upekkha’s lead investor, WestBridge, invests out of an evergreen fund with a life cycle of 20 years that can be extended by 10 years or more, while most VC funds have a life cycle of 10 years. Sumir Chadha, Co-founder and Managing Partner of WestBridge Capital, says that since it takes 8 to 12 years for start-ups to give outcomes, building a business working with them could take between 12 and 15 years. “What is needed is patient capital to allow the business model to play out,” he says.

The success of an accelerator programme also depends on the strength of its mentor pool. As mentorship opportunities are compensated through equity, accelerators with a good track record of exits and follow-on funding attract the best mentors. And a good mentor pool attracts the best start-ups. But in the early stages, start-ups are not very sure about the value an accelerator programme brings to the table, says Apoorv Sharma, former lead of market strategy for South Asia at 500 Global. “It is imperative to have a structured ecosystem where mentors and programme managers have global exposure. Today, start-ups have a global vision from day one. Therefore, mentors should be able to guide start-ups with a global outlook,” he says.

The evolving nature of accelerators is only natural for an industry that is still growing. Just as the start-ups are evolving, accelerators are also transforming to find a sustainable balance. VCs have existed in the US for about three-four decades before the first large, meaningful accelerator came up there, says CIIE’s Menon, adding, if accelerators can figure out a way to create a sustainable model, they will see relatively quicker exits and faster turnarounds for their investments. “We will get there over time and our accelerators will be able to attract start-ups without the adverse selection problem,” adds Menon. BT

@binu_t_paul

Tech's HR Reality Check

ONE OF THE MAJOR CONTRIBUTORS TO WHITE-COLLAR JOBS, THE INDIAN IT SECTOR HAS BEEN BATTLING LOW MARGINS AND SHRINKING VALUATIONS FOR SOME TIME. NOW, IT HAS TO ALSO DEAL WITH MOUNTING EMPLOYEE DISSATISFACTION

BY **AAKANKSHA CHATURVEDI** ILLUSTRATION BY **NILANJAN DAS**

PRECISELY WHAT AILS the Indian IT sector is anyone's guess today. But one overarching challenge the sector—noted to be a top global outsourcing IT/ITeS hub—faces today is related to human resources. What was once known to attract top talent from across the country is now embroiled in a protracted controversy over issues such as stunted salary hikes, cutbacks on variable pay and inordinate delays in on-boarding new employees. The sector is also witnessing a steep downfall in employee loyalty as high attrition, moonlighting, and quiet quitting become maladies for the industry in the post-Covid-19 era.

Over the past decade, the IT sector has

witnessed a stagnation of sorts when it comes to salary hikes for freshers and the lower band of employees. An analysis of average salary packages of CEOs and freshers, per companies' earnings reports and publicly available data, shows that fresher salaries have increased only 46.94 per cent in the past 10 years while the salary of CEOs has zoomed a whopping 1,492.27 per cent.

This huge discrepancy in salaries between the CXOs and those at the bottom of the pyramid is not lost on industry veterans. T.V. Mohandas Pai, former CFO and Board Member at Infosys, for instance, tells *BT*, "There has been no increase in compensation for freshers. They are being paid the same ₹3.5-4 lakh that the companies were paying 10-12 years ago. During this time, the salary for managers and seniors has gone up 4x, 5x, 7x."

Industry experts point out that this disparity in salary increases of freshers compared to the top management has created a wide gulf between the two rungs. Kiran Karnik, the erstwhile president of the IT industry body Nasscom, says that "by relative standards, compared to what his or her CEO is getting, the current salary of freshers is a big pain point".

There seems to be a lot of truth in Karnik's statement. As per data from a TeamLease Digital report, the specific ratio of pay between the CEO and a fresher working in the same company highlights how disproportionate the salaries are at both levels. At Infosys, this ratio is 1,973; at Wipro, it is 2,111; at HCL Technologies it is 1,020; at Tech Mahindra it is 644; and at TCS it is 619.

Industry insiders, such as Vineet Nayar, former CEO of HCL Technologies, note that this discrepancy highlights a lack, or even ignorance, of the important role employees play in an organisation. "I truly believe that great organisations are built on the shoulders of passionate and purpose-led employees," he says.

As Nayar explains, if employees are not motivated and passionate about the purpose of the organisation, "you will not be able to create value for your customers".

LOYAL NO MORE

This growing salary chasm could be one of the reasons why the sector at large is currently plagued by issues like high attrition and moonlighting, both pointing towards dwindling employee loyalties to their respective organisations. "I come from a generation where if you have a job, you are devoted to that one job, but times have changed now," says Karnik.

As data shows, attrition levels at India's top IT companies have touched new highs, especially in the post-Covid-19 work environment. In Q2FY23, Infosys reported a 27.1 per cent attrition rate, up 7 per cent year-on-year (YoY); Wipro reported an attrition rate of 23 per cent, up 2.5 per cent YoY; and TCS' attrition rate stood at 21.5 per cent, an almost 10 per cent jump YoY.

Some factors contributing to the rising attrition are digitisation across sectors and job opportunities in start-ups. Bhavna Udernani, Managing Director of Adhaan, an HR services company, says, "Rapid digitalisation across sectors has led to increased demand for IT professionals across sectors. Moreover, start-ups have also become major employers of IT professionals."

Further, the pandemic and the subsequent 'work from home' culture that it spawned could also be a reason behind this phenomenon. Udernani notes, "As soon as offices started opening, many employees started flocking to jobs that gave them the flexibility to work from home. Another factor for high attrition is that if an employee started working with a company during the work-from-home era, they did not create any camaraderie with peers, which is often a factor when people try to

EXPERTS POINT OUT THAT THE DISPARITY IN SALARY INCREASES OF FRESHERS COMPARED TO TOP EXECUTIVES HAS CREATED A WIDE GULF BETWEEN THE TWO RUNGS

CHALLENGING TIMES

The Indian IT sector is the largest avenue of white-collar jobs for tech professionals in the country

Stagnant salaries, cutbacks on variable pay and benefits, delay in on-boarding, etc., have resulted in lower employee satisfaction

The industry was once known for sharing profits and benefits down the line, but the times have changed

Dwindling employee loyalty is leading to high attrition rates, moon-lighting, quiet quitting, etc.

WIDENING GAP

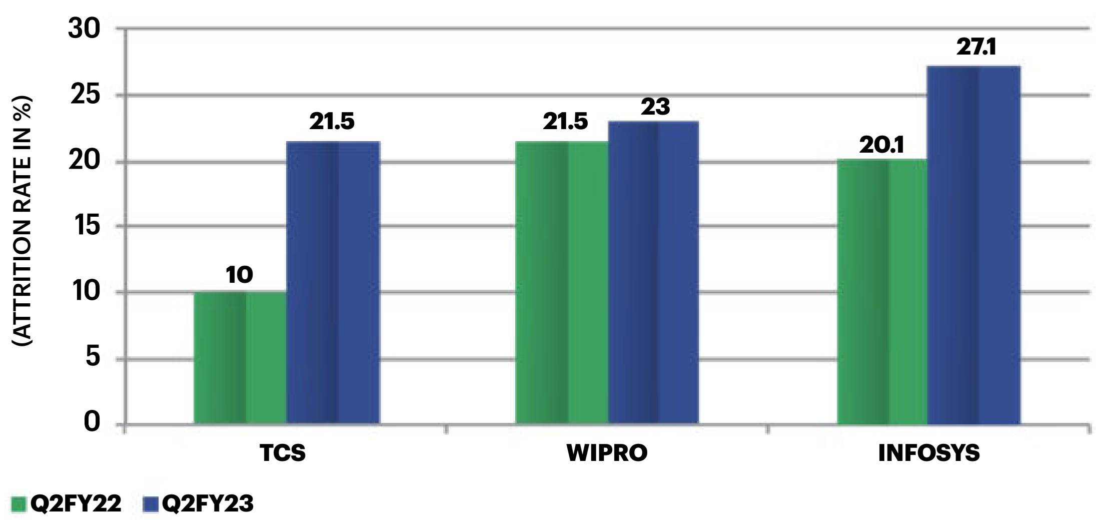
The increasing gulf between bosses' and freshers' pay

	CEO SALARY (₹ CRORE)		FRESHER SALARY (₹ LAKH)	
	2012	2022	2012	2022
TCS	8	26	1.6	4
INFOSYS	0.8	79	2.75	3.6
WIPRO	5.1	79	2.4	3.5
HCL	8.4	124	3	3.5
TECH MAHINDRA	1	63	2.5	3.4
AVERAGE SALARY*	4.66	74.2	2.45	3.6

*AVERAGE FIGURE HAS BEEN CALCULATED BASED ON THE SALARIES OF THE FIVE COMPANIES; **SOURCE** ANNUAL RESULTS OF COMPANIES

DWINDLING LOYALTIES

High attrition rate has become a problem for Indian IT companies



SOURCE EARNINGS REPORT

GRAPHICS BY **RAHUL SHARMA**

leave jobs. This made it easier for them to switch jobs," she says.

Research also backs this statement. A recent study by tech giant HP Inc. noted that Indian employees are more likely to stay in their current job if they are given a hybrid work option. Per the study, 88 per cent of the respondents agreed that hybrid work increases employee retention.

But attrition is a matter of serious concern because it comes with a price tag for the company. "The cost of attrition comprises three things: when an employee leaves the company, the position needs to be filled soon because there is loss of productivity—this is one part of the cost; the next part is the cost of finding a replacement; then when the replacement starts working... they need to be trained; this makes up another part of the cost of attrition," explains Udernani.

But high attrition is not the only issue pointing towards dwindling employee loyalty. Buzzwords like moonlighting and quiet quitting have also started creeping into the Indian IT sector.

Yeshab Giri, Chief Commercial Officer of Staffing at Randstad Technologies, an IT recruitment solutions company, says slipping employee loyalty might create a host of other problems. "Some of the major challenges that the IT industry is facing now include employee retention, controlling attrition, managing employee burnout, quiet quitting, and moonlighting. In fact, moonlighting is one of the major concerns for IT companies as it might lead to malpractices like conflict of interest and breach of confidentiality in terms of data and other information," he says.

Moonlighting, in particular, has divided the sector, with myriad ways being employed by various firms to deal with it, without any coherent strategy. While companies like Infosys and Wipro decided to let go of many employees who were said to have indulged in the practice, other firms like TCS and Tech Mahindra have publicly noted that they are working on policies to embrace the practice.

NEW RECRUITS DISTRAUGHT

Then there is the issue of delays in on-boarding recruits. For instance, Rohan Singh (name changed), the son of a daily labourer, was overjoyed when he got job offers from three multinationals—Wipro, Infosys and Capgemini in January 2022. Singh thought he would be able to pay back his education loan and could finally give his parents a comfortable life. But he's still waiting for a joining date and has no source of income, he tells *BT*.

Singh isn't an exception. Per estimates by IT employees' association NITES, around 30,000 IT professionals have been impacted by the delay in joining dates.

Former HCL Technologies CEO Nayar notes that this delay was caused by a misjudgement of demand by the IT companies. Siva Prasad Nanduri, Chief Business Officer of TeamLease Digital, says that a major chunk of these offers were rolled out when the IT sector was booming in late 2021. "But 2022 rang in a war, inflation, and a wider economic slowdown, impacting the West worse than other places. Since a major chunk of business IT companies get is from the West, there is delay in the process of on-boarding new recruits," he says.

Most companies such as TCS, Infosys and Wipro, among others that *BT* reached out to on this issue, got back saying they were allocating dates of joining based on their business requirements.

"When CEOs focus on cultural transformation, you see that even if your strategies are average, they result in significant gains in market share, profit margins and m-cap"

VINEET NAYAR
FORMER CEO, HCL TECHNOLOGIES

"This industry used to put people first [and] take care of everybody. Over the last 10 years, the idea of looking out for the people at the bottom of the pyramid has gone"

T.V. MOHANDAS PAI
FORMER CFO AND BOARD MEMBER, INFOSYS

THE WAY FORWARD

How can the Indian IT sector, the biggest avenue of white-collar jobs in India, fix its human resources challenge?

"There is an argument to be made for looking after your people well. Looking after your people includes all your people, not just the top ones," says former Nasscom president Karnik. For him and many other experts, a way forward could be by offering better employment terms to those who come under the lower band of the salary structure. Nayar agrees. "If you were to spend a part of your budget in encouraging and enabling your employees, you will get 10x higher returns." Pai, too, is of the same view. "They must pay their fresher employees more," he says.

The other solution seems to be in building a coherent company culture. While CEOs are focussed on new products, new pricing and new strategies, they should also focus on cultural transformation and its execution, says Nayar. "When CEOs start focussing on cultural transformation, you would see that the strategies that you have, even if they are average strategies, would result in significant amount of gains in market share, profit margins as well as market cap," he explains.

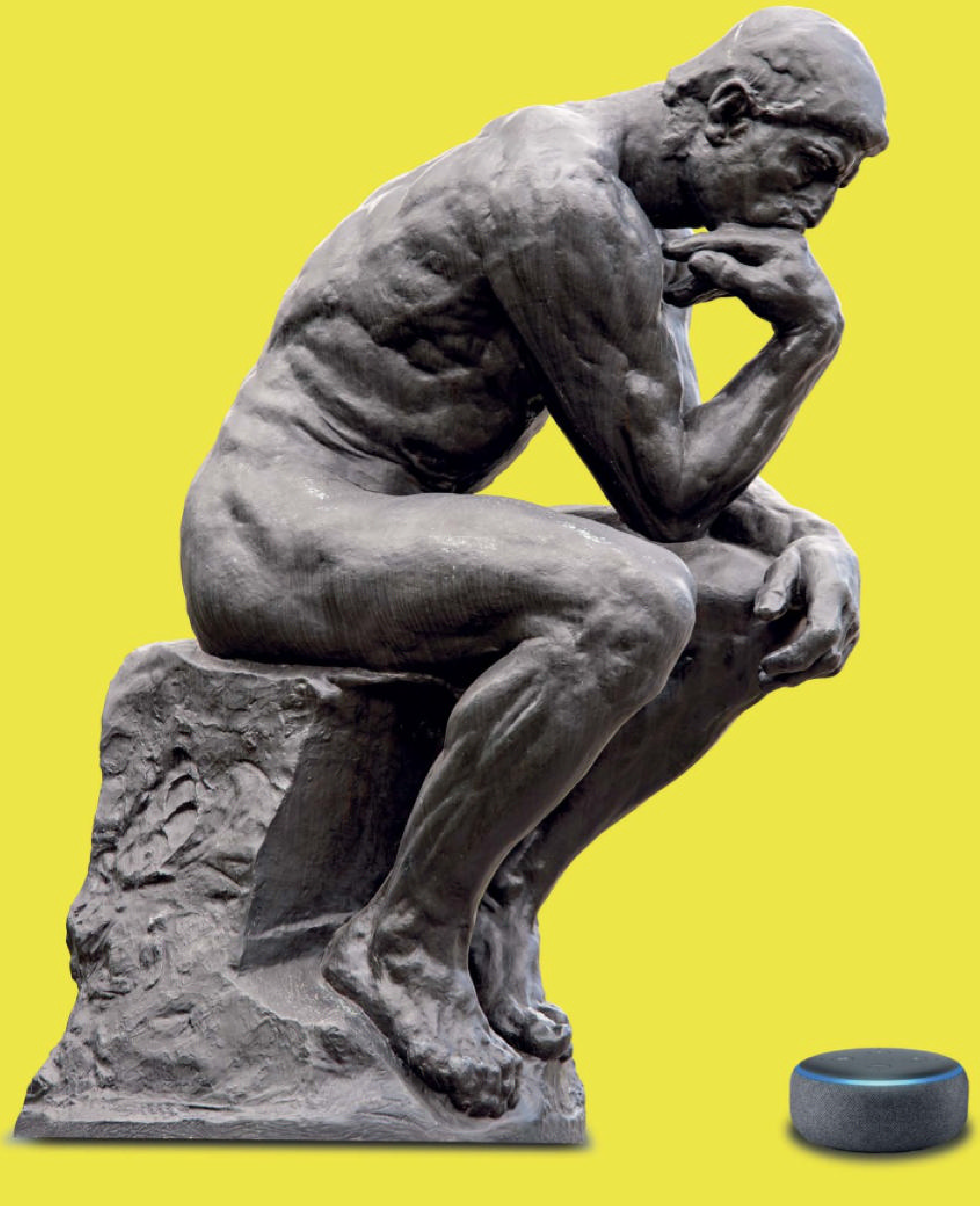
For Pai, the real answer lies in soul-searching. "This is an industry that [used to] put people first, which took care of everybody. Over the last 10 years, the idea of looking out for the people at the bottom of the pyramid has gone. The human spirit is what made these companies great. This industry was built with great human culture; if they diverge from that, they would turn into mercenary organisations," he says. BT

@aakancvedi

BEING SENSIBLE WITH TECH

ARTIFICIAL INTELLIGENCE SYSTEMS DESIGNED AND DEPLOYED BY ORGANISATIONS AFFECT SEVERAL ASPECTS OF OUR LIVES FROM OUR COGNITIVE BIASES TO OUR SECURITY, AND MORE. THIS MAKES IT ALL THE MORE IMPORTANT FOR DEEP TECH START-UPS TO USE THESE TOOLS SMARTLY

BY **BHAVYA KAUSHAL** ILLUSTRATION BY **ANIRBAN GHOSH**



AMAZON TERMINATED ITS recruiting tool in 2018 after it was found to show a bias against women. So, why did the artificial intelligence (AI) tool not like women candidates? When the engineers dug into it, they found that the AI was trained using data from a time when the tech industry was dominated by men. And in doing so, the AI had 'learnt' that male candidates were preferable. Not only that, its machine learning (ML) model had learnt to penalise resumes with words like "women's" as in "women's chess club". And that was the reason why it recommended only male candidates.

While Amazon stopped using the tool once the issue came to light, it has become a prime example of how not to deploy AI systems. But even five years later, the relevance of this incident has only grown. Sample this: per Accenture's 2022 Tech Vision Research report, only 35 per cent of users globally trust how AI is implemented across companies. And about 77 per cent believe that companies must be held responsible for any misuse of AI.

And while big tech companies have more experience working with developing and potentially harmful tech, the responsible use of AI within the Indian start-up ecosystem poses a big question too.

For context, India's start-up ecosystem is the third largest after the US and China. Per estimates by Nasscom and consultancy Zinnov, there were about 3,000 tech start-ups in India in 2021, with the maximum number from the field of AI (1,900).

But are tech start-ups aware of the responsibility they bear when it comes to deploying AI/ML? Inculcating the values of Responsible AI (RAI) from the beginning is important, say experts. "Sometimes, early-stage start-ups don't necessarily pay heed to compliance because they have so much to do," says Srinivas Rao Mahankali, CEO of start-up innovation centre T-Hub, adding that any such omission may come back to bite them later.

Conversations around RAI don't happen at the early stages, says an investor who has invested in many start-ups, on condition of anonymity. A lot of times, founders are aware of the pitfalls of such tech being misused, but they are inadequately equipped to avoid them, says the investor. Stakeholders also point out that while there is knowledge of such matters at the executive level, it needs to trickle down the corporate pyramid to avoid their harmful effects in real-life situations. But then, how does one get started?

THE INTELLIGENCE IMPACT

Let us start with the basics. What is RAI? Professional services firm Accenture defines it as the practice of designing and deploying AI with good intentions—to empower employees and businesses and fairly impact customers—and scale AI with confidence and trust.

Also called trustworthy or ethical AI, RAI has many applications. For example, in India, RAI's use can be found in retail preferences, inventory management, cybersecurity, healthcare, banking, etc.

"In healthcare, AI is used to provide insights for medical diagnosis, and identify complex health patterns. In such cases, safety, bias and explainability (the concept that an AI/ML model and its output can be explained in a way that "makes sense" to a human being) are major concerns. In banking, AI is deployed to detect fraud and analyse user behaviour. This too raises fairness and privacy issues," says Sachin Lodha, Chief Scientist at TCS Research.

These use cases reveal that RAI affects not just enterprises, but society at large, especially the end users. Directly or indirectly, AI has the power to reshape resource allocation and policy decisions, among other things. Therefore, it is imperative to assess how they can be made more transparent, fair, accurate, risk-free and free of biases.

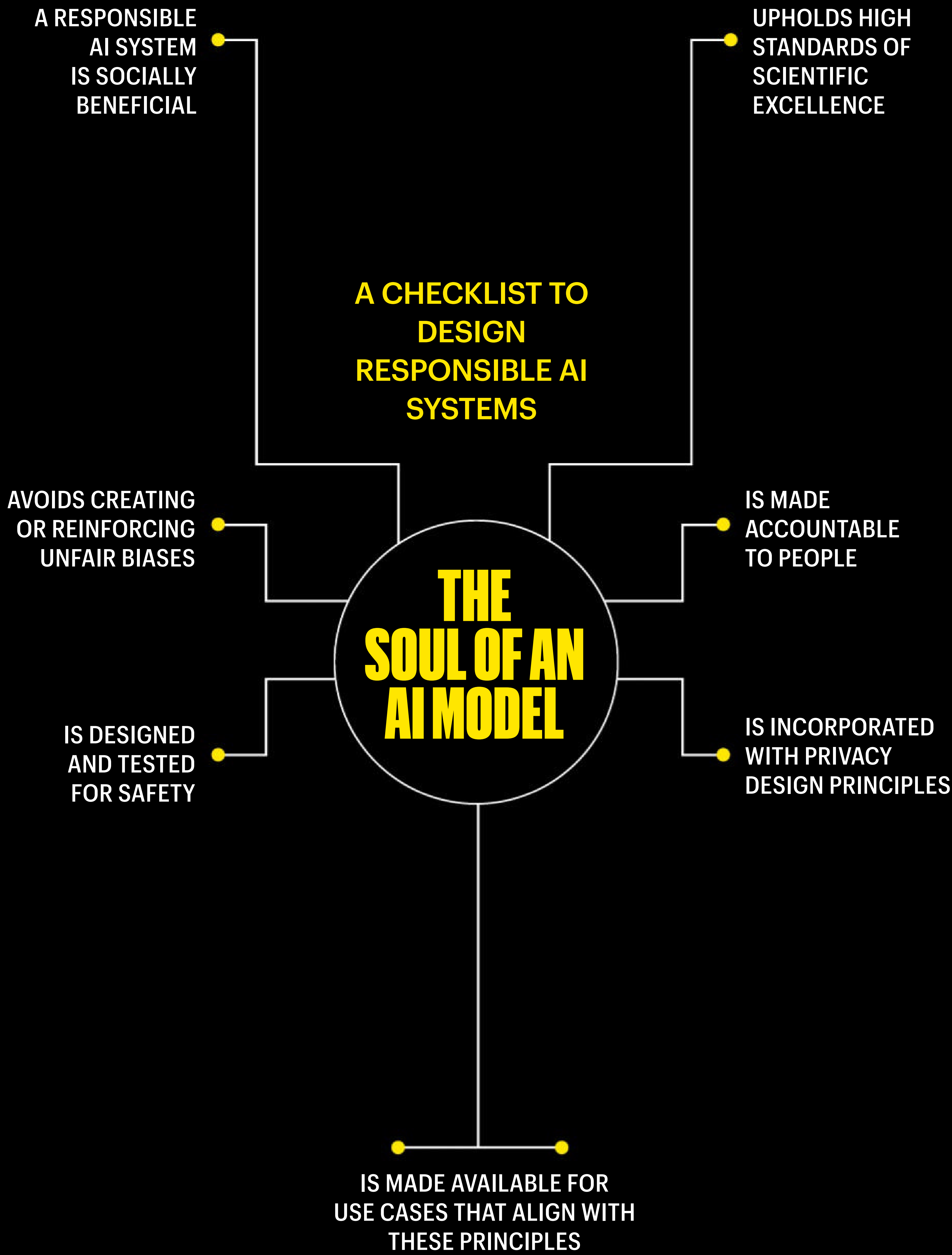
Some simple steps that companies can take to build RAI include awareness around capacity building, assessing impacts, creating prototypes and testing it on various metrics like behavioural patterns, fairness, explainability, and more. And then working to filter out the biased patterns that are observed. Simply put, RAI is about designing systems that condense what has happened to identify issues that can arise and then take proactive steps to eliminate them. However, one step that start-ups need to be careful about is the usage of data in their models.

Typically, an AI is fed a lot of data, and it calculates based on that, says Achyut Chandra, Manager and Lead of HCL's Open Innovation. That's why, he says, being specific is vital. "Considering the feature we are capturing from the data sets is very important," he adds.

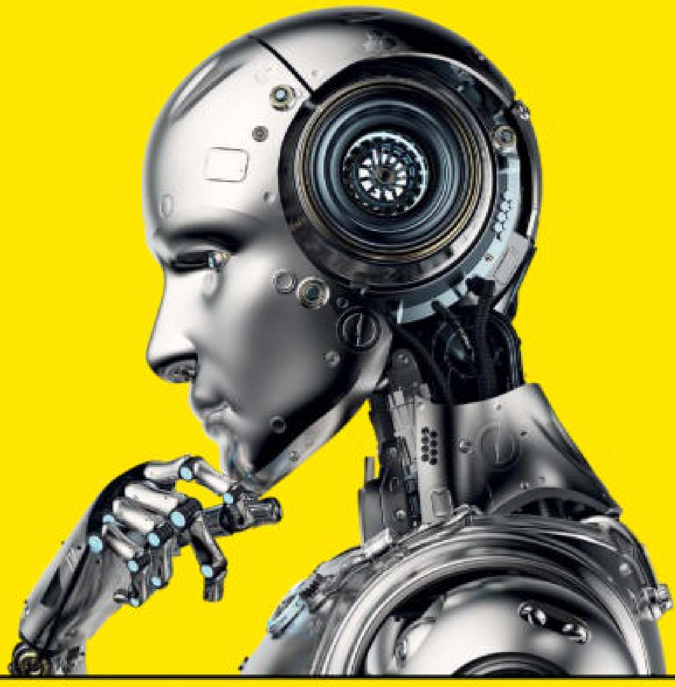
77

PER CENT

SHARE OF USERS GLOBALLY WHO BELIEVE COMPANIES MUST BE HELD RESPONSIBLE FOR ANY MISUSE OF AI, PER ACCENTURE



SOURCE GOOGLE'S RESPONSIBLE AI FRAMEWORK



CRACKING THE CODE

- AI NOT ONLY AFFECTS INDIVIDUALS, BUT ALSO COMMUNITIES AND SOCIETY
- DATA ITSELF CANNOT MAKE DECISIONS, SO AI SYSTEMS NEED INTERVENTION AND CHECKS AT ALL LEVELS
- COMPANIES INFUSE A LOT OF DATA FROM DIFFERENT SOURCES INTO AI SYSTEMS, BUT FAIL TO ANALYSE AND UTILISE THEM BASED ON THE FEATURE THEY ARE TRYING TO CAPTURE
- TRUSTWORTHY AI STANDARDS ARE LEFT TO THE DISCRETION OF THE PEOPLE WHO WRITE AND DEPLOY AN ORGANISATION'S AI ALGORITHMIC MODELS, MAKING IT IMPERATIVE FOR THIS COMMUNITY TO BE EDUCATED ON THE ETHICAL AND SUSTAINABLE USE OF DATA SETS
- RESPONSIBLE AI IS NOT MAGIC. IT MEANS CONDENSING VARIOUS DATA SETS ACCORDING TO WHAT HAS HAPPENED TO IDENTIFY ISSUES AND TAKE STEPS TO ELIMINATE THEM

This is exactly what happened in Amazon's case. It had been fed data from a time when the industry was dominated by male candidates. And the AI was showing the results based on the inputs it had got. To solve this, Ankit Bose, Nasscom's AI Head, suggests that start-ups should try to understand the biases in data so well that they start creating their own data sets at the source level.

THE SELF-REGULATION KEY

Currently, there are many tools available (from Microsoft, Google, etc.) to check the performance of AI systems, but there is no regulatory oversight. And that is why, experts believe that companies, new and old, need to put more thought into self-regulation.

For instance, tech giant TCS' strategy has been to do pilots with many players, along with regular audits of its processes to refine its RAI models. "This has created an API-fied version of a tool that is extensible, fungible and applies to different types of AI models like computer vision, natural language processing, sequence to sequence models, etc.," says Lodha.

Another way to carry out checks and balances is through thorough audits. "A regular audit of their processes and timely validation of compliance to any changes in standards in the RAI space is required," says Lodha. He also cites the European Commission's High-Level Expert Group on AI's ethics guidelines, or America's National AI Initiative's Strategic Pillars as good reference points to start with.

Tech giants apart, there are also some well-known start-ups that have carved out ways to implement RAI. Monish Darda, CTO and Co-founder of SaaS unicorn Icertis—that provides contract lifecycle management (CLM) solutions—says a few years ago, they integrated Explainable AI and Ethical AI into their AI systems. Explainable AI allows Icertis to explain the results produced by their AI, enabling the correlation between the result and the data that produced it. "This has worked very well for us because we get to know how we arrived at a prediction and what we missed," he says. Ethical AI, meanwhile, helps Icertis assure its users and customers that the data used in training its AI tools is sourced with permission and for the purpose it was intended. The platform also ensures that the data set is unbiased by picking up a reasonable sample of the data after considering aspects like geographies, culture, etc.

Not only that, there is a huge thrust on engaging people from different domains to make fair and just AI systems. "To push the positive applications of

"You have to think about the unintended consequences and the biases. I would advise start-ups to have broader and powerful data sets, do a lot of testing, and run a lot of pilots"

SHANTANU NARAYEN
CHAIRMAN & CEO, ADOBE

"We integrated Explainable and Ethical AI into our AI. This ensures that the data set is unbiased by picking up a reasonable sample of the data after considering aspects like geographies, culture, etc."

MONISH DARDA
CO-FOUNDER, ICERTIS

"Sometimes, early-stage start-ups don't pay the highest heed to compliance because they have so much to do. Any omission in using AI sensibly may come back to bite them later"

SRINIVAS RAO MAHANKALI
CEO, T-HUB

"Awareness is one of the key pillars. We need people who understand RAI. Start-ups should try to understand the biases in data so well that they start creating their own data sets at the source level"

ANKIT BOSE
HEAD OF AI, NASSCOM

AI, it is critical to continually ask questions, engage experts—such as software developers, data scientists, legal experts, the founders, etc.—and progress together," says a Google spokesperson.

"Awareness is one of the biggest pillars. We need people who understand RAI," says Bose, adding, when people understand RAI, they will be able to identify the ways in which AI models can interpret data in the same way as humans, and develop resources that can reverse-engineer issues when they arise.

IT'S NOT MAGIC

Icertis' Darda says that RAI is not magic, nor is it a destination. The need for a company to implement AI responsibly is a continuous one, he asserts, adding that it will take around 10-15 years to crack RAI. "But we will come closer to figuring out how to remove biases," he says. From his own experience, Darda echoes T-Hub CEO Rao's point when he says that sometimes entrepreneurs are so excited about tech that they forget about the way they treat their data and algorithms. Thus, brushing aside the topic of RAI is not an option. Start-ups need to lead from the front because by not following the appropriate standards, they are putting users in peril.

Akbar Mohammed, Chief Data Scientist at data intelligence company Fractal Analytics, cites the example of AI's use cases in mental healthcare as a word of caution. "Today we have AI that can detect if you have a mental health issue based on how you have conversations with your friends, what kind of news you browse, etc. And that intelligence can be used both to provide support if you need it, or be abused. Bad elements can use it to reduce your potential employability prospects in the market."

So what is the way forward? "It's hard!" admits Shantanu Narayen, Chairman and CEO of software firm Adobe. Darda adds that thinking about RAI from the designing phase is something that will make or break a company. Responsible deployment of tech is as important as product market fit, customers, finance and more, he says. "You have to think about the unintended consequences and the biases that can emerge. I would advise start-ups to have broader and powerful data sets, do a lot of testing, and run a lot of pilots," adds Narayen.

The bottom line that all the stakeholders agree on lies in intent and the purpose with which you build an AI model. And start-ups that are dealing with large processes, data and other information must get it right from the start. Even now, it is not too late. Why? Because it all starts with asking a simple question: am I implementing AI responsibly? BT

@Bhavyakaushal2

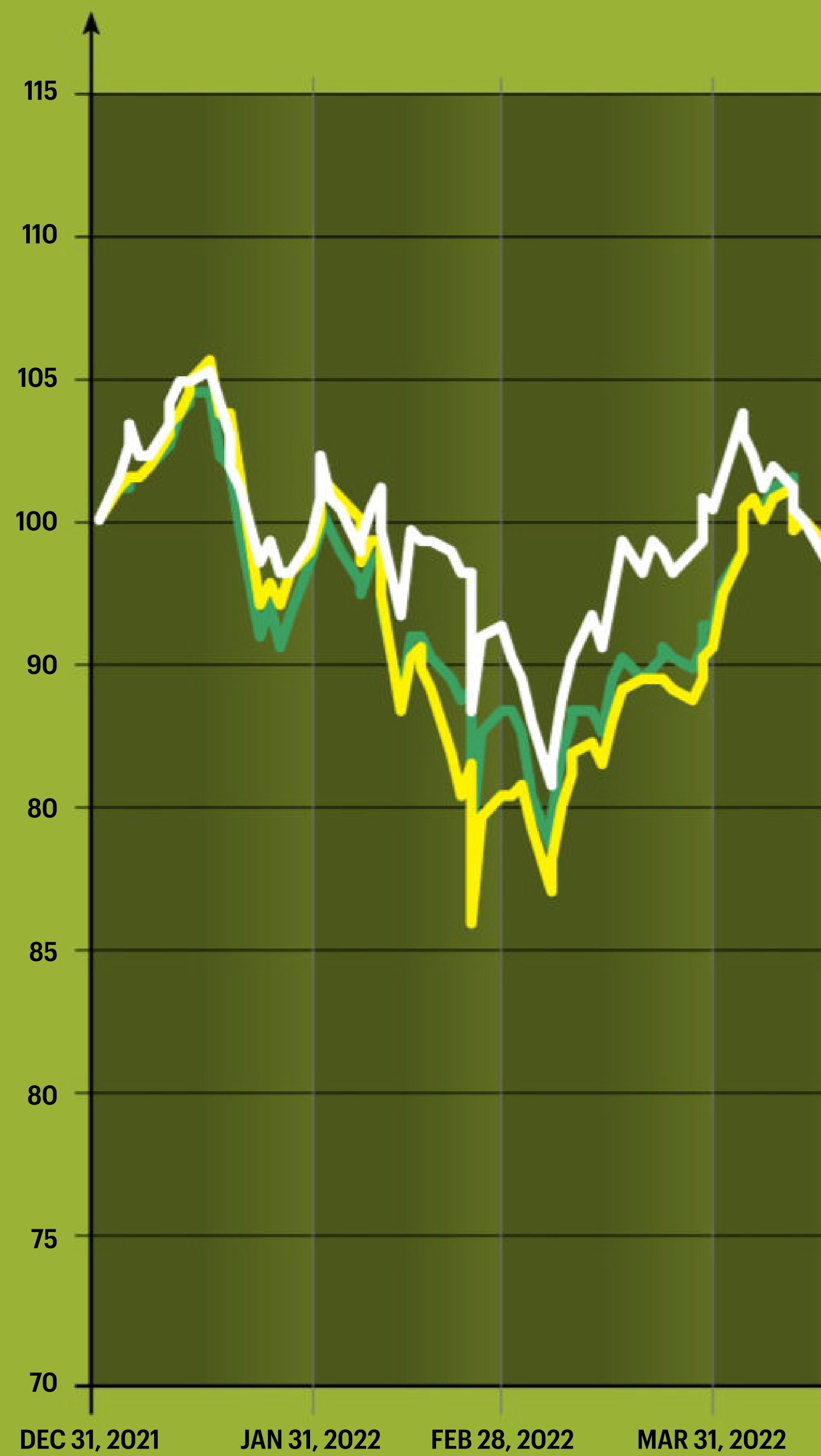
MONEY TODAY

NEW YEAR, NEW AGENDA

MULTIPLE HEADWINDS IN 2022 HAVE REWRITTEN THE INVESTMENT RULE BOOK. NOW, INVESTORS NEED TO RE-EVALUATE THEIR PORTFOLIOS AFTER ASSESSING WHICH STRATEGIES AND THEMES WILL WORK IN 2023

BY **TANYA ANEJA**

GRAPHICS BY **RAHUL SHARMA**

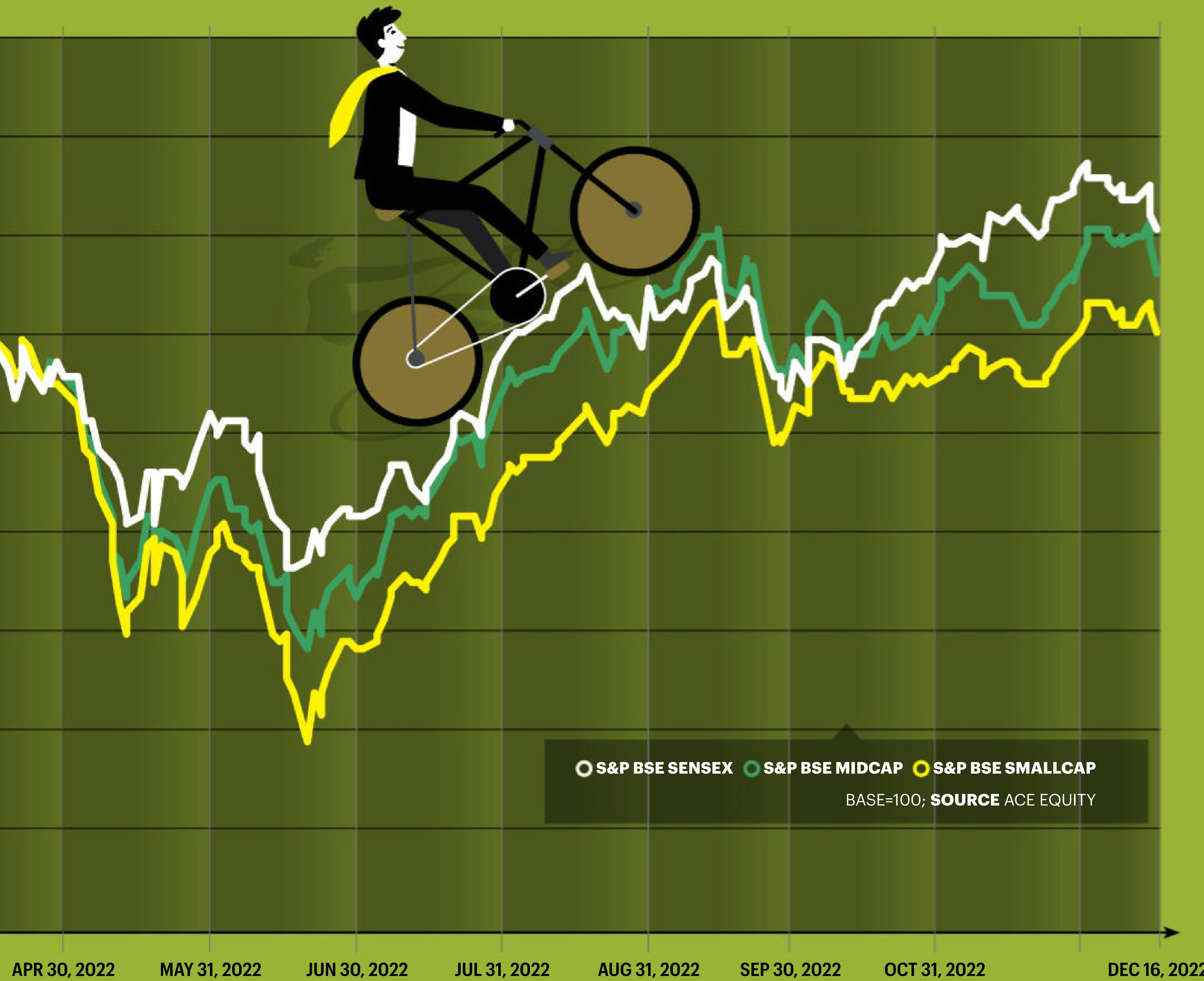


The year 2022 will be remembered as one of extraordinary upheaval for investors. Reflecting the volatile year, the benchmark S&P BSE Sensex swung nearly 13,000 points from the low of 50,921.22 on June 17 to a record high of 63,583.07 on December 1. Incidentally, the Sensex has given a return of 5.29 per cent on a year-to-date basis till December 16, 2022, while the Nasdaq in the US is down by around 30 per cent and China's Shanghai Composite by 15 per cent.

So, where are the markets headed in 2023? "Strong

BIGGER PLAYERS, BETTER PERFORMERS

In 2022, the BSE Sensex, which represents blue-chip companies, has outperformed mid-caps and small-caps



earnings trajectory continues in the Nifty 50 universe. We foresee Nifty EPS [earnings per share] growth of 11 per cent, 14 per cent and 13 per cent in FY23, FY24 and FY25 [respectively]," says B. Gopkumar, MD & CEO of Axis Securities. Currently, the Nifty, the benchmark index of the National Stock Exchange, is trading at an EPS of ₹832 and a price to earnings ratio (P/E) of 22.4. He sets the target for the Nifty—that closed at 18,269 on December 16, 2022—at 20,400 for 2023.

According to experts, the relative outperformance of the Indian market is likely to sustain in 2023, driven by favourable macroeconomic factors and improved fundamentals of Indian corporates. A good monsoon, a cool-off in commodity prices, and a healthy job market would also be beneficial.

VALUE VS MOMENTUM

But what are the strategies and themes that might work in 2023? "The strategy for 2023 would likely be a story of two halves, where the first half would be more value-driven as cost of capital will continue to be on the higher side and the second half will be led by earnings growth proxies as central bankers would look to pivot from the monetary tightening cycle," says Pankaj

Tibrewal, Senior VP and Fund Manager (Equity) at Kotak Mahindra Asset Management Company.

In FY22, value-based strategies did much better than momentum-based ones because of the rise in interest rates and a focus on profitability. "The outperformance of value stocks is likely to continue in the first half of CY2023, led by a pick-up in credit growth and a recovery in domestic cyclical stocks. Growth as a theme could come back by mid-2023. By then, we could reach the peak of the interest rate cycle," says Gopkumar of Axis.

Notably, India is among the few major stock markets that delivered positive returns in 2022. But indicators suggest that the market is overvalued. According to Motilal Oswal, in P/E terms, the MSCI India index is trading at a 155 per cent premium to the MSCI EM index, a historic high. This is against the historical average premium of 64 per cent. "The trend will continue and perhaps value will continue to perform in India with relatively inexpensive sectors likely to perform better in CY23," says Nitin Bhasin, Co-head of Ambit Institutional Equities and Head of Research at Ambit Capital.

THE KEY MARKET THEMES

While various themes emerged in 2022, the performance of the domestic equity market was supported by favourable government policies. For instance, the Union Cabinet approved 50 per cent financial incentives for the manufacture of semiconductor fabs across technology nodes as well as for compound semiconductors, packaging, and other chip facilities. With the government focussing on performance-linked incentive (PLI) schemes for the manufacturing sector, will the space emerge a winner?

"We believe that the manufacturing sector will gain further momentum in 2023. India could emerge as a global manufacturing hub in the next few years as multiple triggers indicate that we are on the cusp of a revival in this sector. These triggers include the Make in India initiative, PLI-led incentives, a competitive tax structure, and balance sheet strength of the Indian corporates," says Gopkumar.

Along with manufacturing, housing and banking will be the two other sectors to watch out for in 2023, given their improved economic outlook and the pick-up in credit growth, say experts. Moreover, affordable housing may get a further push in the upcoming Budget.

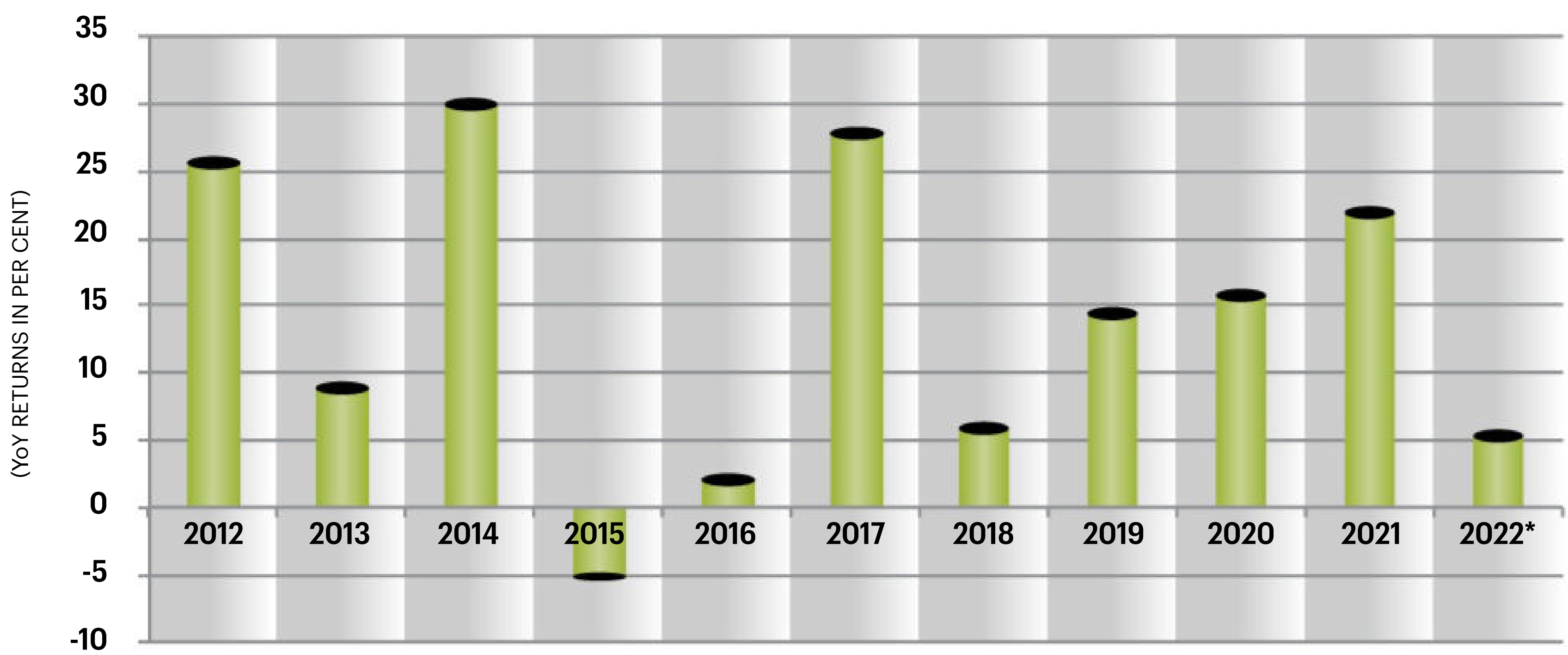
Gopkumar believes that the demand momentum in the commercial vehicles (CV) segment is likely to sustain, and he expects the CV cycle to maintain its impetus driven by the pick-up in economic activities and the government's focus on infrastructure.

LARGE-, MID- OR SMALL-CAPS?

The key to successful investing is diversification. All three indices—large-, mid-, and small-caps—have been moving in tandem since last year. But, while large-caps

VOLATILE BUT POSITIVE

The BSE Sensex has given more than 10 per cent annualised returns six times since 2012



*DATA AS OF DECEMBER 16, 2022; **SOURCE** ACE EQUITY

“Our mantra for 2022 was about practising asset allocation and being systematic with equity investing. Now, in 2023, we have added that investors should consider investing in debt MFs”

S. NAREN
ED & CHIEF INVESTMENT OFFICER, ICICI PRUDENTIAL AMC

“The outperformance of value stocks is likely to continue in the first half (January-June) of calendar year 2023. Growth as a theme could come back by mid-2023”

B. GOPKUMAR
MANAGING DIRECTOR & CEO, AXIS SECURITIES

“Perhaps value-[based strategy] will continue to perform in India, with relatively inexpensive sectors likely to perform better in CY23”

NITIN BHASIN
CO-HEAD, AMBIT INSTITUTIONAL EQUITIES; HEAD OF RESEARCH, AMBIT CAPITAL

have given returns of 5.29 per cent YTD, mid-caps have given returns of 3 per cent and small-caps just 0.20 per cent. What should be part of your portfolio in 2023?

Ambit's Bhasin is overweight on large-caps. “Higher reinvestment rates for growth and reasonable valuations make us prefer relatively large caps,” he says, adding that mid-caps are currently expensive, given the high expectations of growth and margins driving punchy valuations. Kotak's Tibrewal believes that a portfolio with a good mix of large-caps (to hedge volatility risk) and secular earnings growth across mid-/small-caps should be the right approach. A bottom-up portfolio strategy focussing on companies with leadership, low leverage, high cash flows, growth surprises ahead and reasonable valuations would be ideal for superior risk-adjusted returns in 2023.

SIPs AND DEBT FUNDS

Experts say a long-term investor shouldn't be too worried about market volatility. Besides, investing through systematic investment plans (SIPs) is a good way to beat the market's choppiness. It helps you invest a certain amount at regular intervals so that you can beat the volatility by averaging out the buying cost over the long term.

In addition, you must also be aware of the most tax-efficient market investment. For instance, if you don't exhaust the limit of ₹1.5 lakh under section 80C with compulsory investments and expenses, invest in an ELSS (equity-linked savings scheme)—one of the best tax-saving instruments. “It gives average returns of around 12-14 per cent, it can save tax of up to ₹46,800 and above all, it has the shortest lock-in period of three years among all 80C options,” says Gauri Chadha, a tax expert.

There are also other instruments, like debt funds. These have not done well lately, giving returns of just 3-4 per cent, since the RBI has been increasing the repo rate—the rate at which banks borrow from the central bank—over the past year, leading to rising yields across maturities, and prices going down. But experts say there is greater opportunity to generate returns in debt now compared to three years ago. S. Naren, ED & CIO of ICICI Prudential AMC, says that the 13 years between 2008 and 2021 saw quantitative easing by global central banks. “Corporate India could easily borrow at very low rates (close to zero) globally [then]. Today, that is no longer the case given that banks have moved on to quantitative tightening and rates have risen. This would translate to corporates borrowing more domestically, which is another reason debt becomes interesting,” he says.

The mantra for 2022, Naren says, was practicing asset allocation and being systematic with equity investing. “Now, in 2023, we are continuing the same and have added that investors should consider investing in debt mutual funds,” he adds. For prudent investors, 2023 could turn out to be exciting. BT

@Tanya_aneja0209

THE GOOD LIFE

TRENDS | TECH TODAY

SIPPING ON LEGENDS

From the medicinal mojito to the Florence-born negroni, here are the stories behind some famous cocktails

BY **SMITA TRIPATHI**

A **MARTINI, SHAKEN NOT STIRRED"** said James Bond in Sean Connery's third appearance as Bond in the 1964 film *Goldfinger*, and single-handedly made it one of the most fashionable drinks in popular culture. But did Bond get it wrong? Should a martini be stirred and not shaken. "A shaken martini is way colder for the first few moments after it's poured but soon after it creeps up to room temperature. And no one likes a room temperature martini. A stirred martini will have less dilution and stay colder longer. So if you prefer your martinis sipped in a couple of sips, nice and snappy, like Bond, have it shaken. Me, I like to savour mine so I'll have it stirred," says Joe McCanta, Global Brand Ambassador, Grey Goose. However, he adds: "The truth is the martini is the only drink that you can completely make your own. So I would say, the perfect recipe is however you like it! I like mine with a 5:1 ratio (five parts vodka, one part vermouth) with a dash of orange bitters—stirred, not shaken (sorry James!) and garnished with a lemon twist."

Traditionally, a martini is a gin-based cocktail but over the years it has become equally popular as a vodka cocktail. There are several stories related to the origin of the martini. A favourite theory goes that Italian bartender Martini di Arma made the first martini in 1911 for John D. Rockefeller who was a frequent guest at the Knickerbocker Hotel in New York City. He loved the

1

2

drink and dubbed it 'the martini' after the bartender. The Knickerbocker continues to use the original recipe which had gin and not vodka. As per them, it is two ounces of gin, three-fourths ounce of dry vermouth, half ounce of sweet vermouth, a dash of orange bitters, a dash of citrus bitters, and lemon peel, for garnish.

The martini that Bond prefers is actually a Vesper, named after Vesper Lynd, the original Bond girl, and probably the only woman he loved. It is a combination of gin and vodka. The cocktail featured in Ian Fleming's very first Bond novel—*Casino Royale*. In the book, Bond himself tells the exact recipe to the bartender. "A dry martini. One. In a deep champagne goblet.... Three measures of Gordon's, one of vodka, half a measure of Kina Lillet. Shake it very well until it's ice-cold, then add a large thin slice of lemon peel. Got it?" Kina Lillet is a fortified wine.

Many of today's most popular cocktails have histories that span the globe and have interesting back stories. Take the negroni, for example. Named after Florentine Count Camillo Negroni, the drink was invented in 1919. In the book *Negroni Cocktail: An Italian Legend*, author Luca Picchi says that Count Negroni spent a lot of time in New York City where he frequented cocktail bars. On his return to Florence he noticed that the only famous concoction in Italian high society was a simple mixture made with red vermouth, a splash of bitter Campari and soda. It was called Americano as it was popular with American tourists. Negroni suggested the bartender use less soda and add gin, and the Negroni cocktail was born.

"Unlike other cocktails that are sweet and sour, a negroni is a bitter and sweet cocktail. It is the simplest to make as the ratio is 1: 1: 1 between the gin, the vermouth and the Campari," says Yangdup Lama, Co-founder of Delhi-based Sidecar, the only Indian bar to make it to the World's 50 Best Bars 2022 list.

Lama mentions the mojito as another popular cocktail enjoyed by a large number of people. This minty, refreshing drink—a combination of white rum, sugar, lime juice, soda and mint—started life as a cure for scurvy. "Due to different cocktail cultures all around, there are different romanticised versions of how the mojito, or any cocktail for that matter, came to be," says Jonas Ax, Advocacy Lead, Bacardi. "The consensus on the mojito and its history that most bartenders choose to believe, is that the drink came about when the Europeans reached the area around Cuba and Puerto Rico. They began suffering from tropical illnesses. While they were ashore they gathered ingredients that would aid them in tackling tropical illnesses, according to local South American Indians. What they brought with them was something

1. The Bloody Mary, according to cocktail lore, is named after British Queen Mary

2. Inspite of what James Bond says, a martini is better stirred than shaken

3. Named after Count Camillo Negroni of Florence, the negroni is a gin and Campari cocktail

called *aguardiente*—which translates to fire water or burning water—and is a very early precursor to rum. Made of sugarcane, the spirit tasted incredibly rough. Along with this, they also had local ingredients like lime, sugarcane and mint. Due to the medicinal qualities of the ingredients, they started mixing the *aguardiente* along with the herbs to ease its flavour while also reaping the benefits of the herbs simultaneously. And thus the origin of the mojito cocktail came about," explains Ax. In 1862, Don Facundo Bacardi, started producing rum where he derived the style and technique of making *aguardiente* in Cuba. However, he wanted to ensure it was more palatable and accessible. So, he used a two-method distilling process, creating the first Bacardi variant, explains Ax.

The mojito is one of the most popular cocktails globally and its simplistic nature gives it so much room for variation and interpretations, says Tarun Sibal, chef and entrepreneur of Goa-based culinary bar Titlie where he serves a Dragonball mojito with Bacardi Ocho, pink dragonfruit, lime and lychee. "Mojito is the quintessential Cuban rum cocktail, but more than a cocktail it's a vibe. Mojito emotes the sea, the sun, the joy of life and a vacation," says Sibal.

In Miami's Little Havana area, the mojito is the most popular drink among the local population of Cuban descent, as well as visitors. What makes the mojitos here different are the sugarcane sticks used to muddle the drink and also used as a garnish. A representative of Ball and Chain, one of the oldest bars in the area, explains, "Sugarcane is very close to our Cuban heritage. It is also perfect to bite when soaked in mojitos. So it is a combination of paying tribute to our Cuban history, adding a fun element to your drink and that delicious sugary taste that people with Cuban heritage love and know."

The mojito, a combination of white rum, sugar, lime juice, soda and mint—started life as a cure for scurvy

The Moscow Mule is one part vodka with two parts ginger beer served in a copper mug full of ice

Lama says that the dominant flavour in the mojito that one should be looking for is mint. "A mojito should be led by mint, followed by the balance of the lime and sugar."

Another popular day drink is the Bloody Mary, which according to cocktail lore is named after British Queen Mary who was popularly known as 'Bloody Mary' because of her brutal and violent acts. The drink was, however, invented in a bar in Paris in the 1920s. A combination of vodka, tomato juice, Tabasco/Worcestershire sauce, black pepper and lemon, it is also considered a good hangover cure. Lama suggests that it should not be over-spiced and not overpowering with tomato juice.

Another cocktail with an interesting back story is the Moscow Mule. Next time you order it or see someone sipping a cocktail in a copper mug, think of the three people, each figuring out a way to sell his/her excess stock. The cocktail was born in a Hollywood bar in 1941 when a Russian immigrant walked in with her stock of copper mugs looking for a buyer. At the Cock 'n' Bull bar she met Smirnoff owner John Martin, who was struggling to sell his vodka, and bar owner Jack Morgan, who couldn't sell his new brand of ginger beer. The Moscow Mule which is one part vodka, two parts ginger beer, served in a copper mug full of ice was the perfect result of a collaboration between the three to sell their respective products, or so the story goes.

The beauty of cocktails is that they are open to interpretations and at the end of the day based on the skill of the bartender. Singapore-based rooftop cocktail bar Smoke & Mirrors has a cocktail menu inspired by art. Sixteen paintings from the National Gallery Singapore are the inspiration behind each of the cocktails. For instance, you have a rum-based cocktail called Moves Like Jigger inspired by Ho Ho Ying's painting Rhythm of Dance, another cognac-based cocktail called Breaking Storm is inspired by the 1839 painting Shipwreck in Storm.

Similarly, Angelina's at the Sofitel Metropole Hotel in Hanoi has a cocktail menu inspired by people's personalities. So you can order a drink called Charismatic which is a bourbon and red wine cocktail or Optimist which is a champagne and vodka cocktail.

The next time you're sipping one of your favourite cocktails or a new one, say cheers to its back story. **BT**

@smitabw


Available in
8
Shades
Lip Gloss
greyon produits de beauté
LIQUID LIP GLOSS
LIP GLOSS
It's time to change your BRAND!!
BEAUTY | COSMETIC | PERSONAL CARE PRODUCTS
greyon
produits de beauté
Buy Online: www.greyon.co
Contact for Stockist /Distributor: 9871948201
find us on
greyon.co
greyon_cosmetics
Greyon
company/greyon

Tech TODAY

A STRESS-FREE HOLIDAY

It is travel season again. Here are a few nifty products that will let you focus on enjoying your time out, rather than worrying about sundry irritants

BY **NIDHI SINGAL**

AIRFLY DUO

$44.99

The Duo lets you and your friend use your favourite buds to enjoy in-flight entertainment

AIR BUDDY

We're used to using headphones/earphones sans wires. So why make an exception when you're flying? Break free of wires with this flight accessory. The transmitter plugs into the in-flight audio jack and you and a buddy can use your preferred wireless headphones or earbuds to enjoy the in-flight entertainment on offer at the same time. The battery lasts a good 20 hours and should last most flights. Do remember to plug out the accessory though before you disembark.

Available on: *twelvesouth.com*

AIRWHEEL SR5

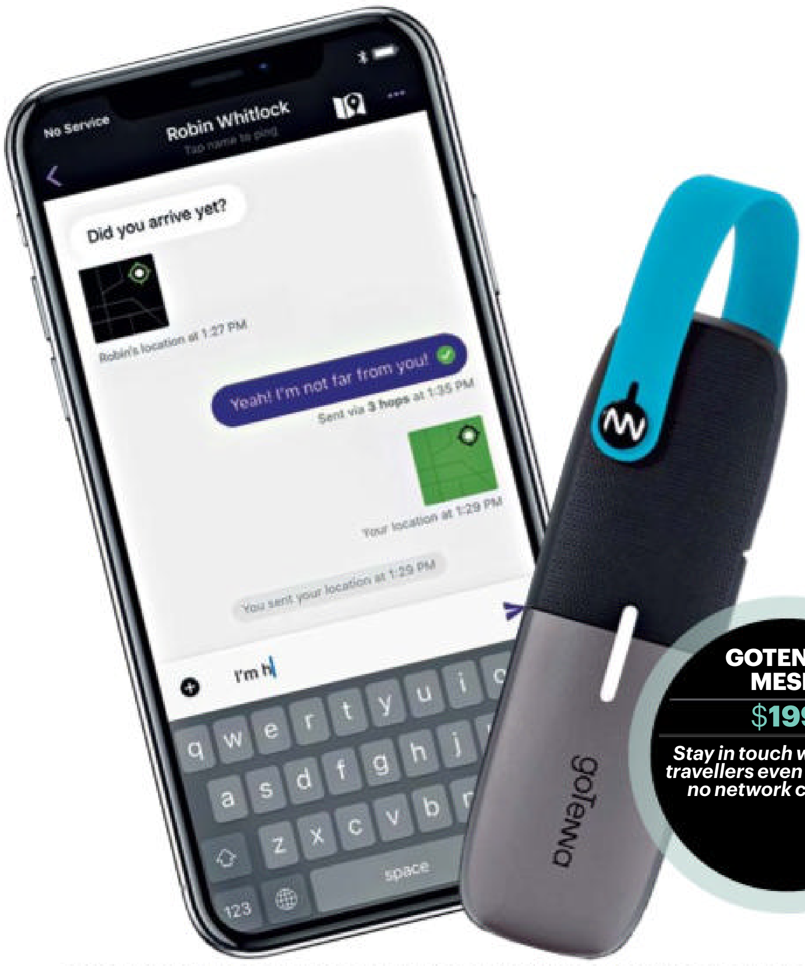
€649

Wherever you go, this piece of luggage will follow you

FOLLOW ME, MATE

If you travel a lot but hate lugging cabin luggage around, fret not. This 20-inch carry-on case will follow you wherever you go—as long as you're wearing the accompanying smart brand/bracelet. It comes with the Airwheel app that connects over Bluetooth to let you change speed and track its position. If the luggage is out of range, the app sounds an alarm, while the band vibrates. It packs in a 62.6-Wh battery and weighs 6 kg.

Available on: *airwheel.net*



GOTENNA MESH
$199
Stay in touch with fellow travellers even if you have no network coverage

NO NETWORK? NO PROBLEM

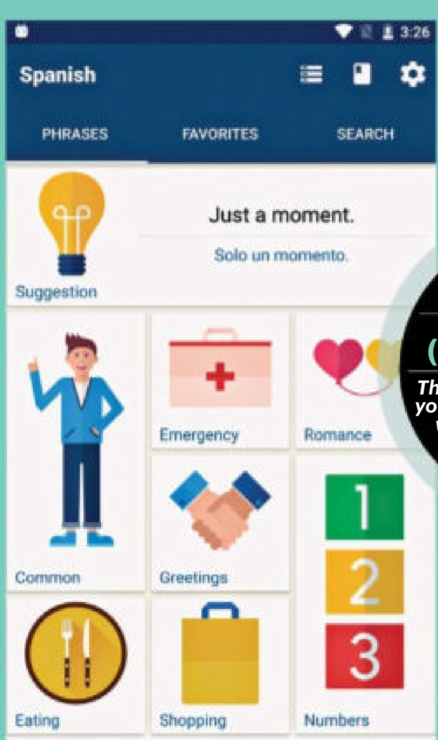
Love exploring locations off the grid? Take this device along and you won't be disconnected from your friends even when you have no signal or Wi-Fi. This sleek, lightweight device creates a mesh network for you to stay in touch with fellow travellers, and works with both iOS and Android smartphones. Using this, you can send one-to-one text messages or group messages, share GPS location or send public broadcasts to all mesh users in the area. Do ensure though that you are within a mile of your friends.

Available on: *gotennamesh.com*

TAP TO TALK

Travelling to foreign lands could be stressful if you don't speak the local language. While not all of us are polyglots, this app comes in handy if you want to learn about common phrases and words. The app's intuitive layout has words segregated under categories like common, emergency, greeting, numbers, eating, transportation, date, time, occupation, health and more—that you need while exploring new places. The app can also speak the word out loud when tapped on.

Available on: *Apple's App Store and Google's Play Store*



TRAVEL PHRASEBOOK
Free (ad-supported)
This app not only teaches you common phrases and words, but also reads them out loud

ETEKCITY EL11 LUGGAGE SCALE
$10.99
Save yourself the hassles of excess baggage with this nifty device

WEIGHTY MATTERS

Airlines are particular about how much your check-in baggage weighs. Wouldn't it be nice to know how much your luggage weighs before you step out? That way, you can always repack at leisure and/or know that you'll need to pay for excess baggage at the airport. So how do you ensure that? Get yourself this compact but accurate digital scale. The button on the top switches between units (kg/lb), and the LCD shows the weight. It is designed to measure up to 110 lb/50 kg and easily fits in your travel bag.

Available on: *etekcity.com*

Royal Ranthambore Heritage Collection PRESENTS
bt GOLF

TEEING O

BUSINESS TODAY GOLF RESUMES ITS STORIED JOU

Former cricketer and noted commentator Murali Kartik in action at the *BT* Golf event

OFF IN STYLE

RNEY IN DELHI, WITH MORE CITIES TO COME BY **TEAM *BT***

PHOTOS BY **HARDIK CHHABRA**

APPAREL PARTNER NAUTICA **LOCATION PARTNER** ITC HOTELS RESPONSIBLE LUXURY

IT WAS PITCH DARK, AND A CHILLY 7 DEGREES AT 7 AM ON DECEMBER 18, WHEN THE FIRST GOLFERS AMBLED IN TO REGISTER FOR THE *BUSINESS TODAY* GOLF TOURNAMENT'S DELHI LEG AT THE CLASSIC GOLF & COUNTRY CLUB IN HARYANA. BY 8 AM, TEE-OFF TIME, THE SUN HAD APPEARED, SPREADING ITS FIRST WAVES OF WELCOME WARMTH. NOT THAT THE 100 GOLFERS WHO PARTICIPATED NEEDED ANY INCENTIVE TO PLAY; THEY WERE PUMPED UP AND READY FOR ACTION.

Through the next four hours and a bit more, the golfers displayed their wares in competitive spirit as well as in camaraderie, and the return of India's most famous corporate golf tourney became as much a talking point as in earlier years.

Beginning in 1996 as a standalone single-city Pro-Am, *BT* Golf evolved into one of India's most-wanted golfing events for the next 22 years with top names from the world of commerce and governance, sports stars and celebrities, participating over the years.

In this 23rd edition, the draw was heavily dominated by corporate honchos, such as MG Motor India's President and MD Rajeev Chaba. "This is an event I have been looking forward to ever since it was announced," said Chaba. "It was a well-organised and well-run event, as I expected it to be."

Several sporting celebrities also graced the tourney. Madan Lal, part of the 1983 cricket World Cup winning team, former India left-arm spinner and noted commentator Murali Kartik, 1982 Asian Games gold medallist in golf and Arjuna awardee Amit Luthra, and former India Davis Cupper Vishal Uppal represented the sporting world.

Celebrated lady golfer Simi Mehra and former India cricketer Suresh Raina were the guests of honour at the prize presentation ceremony held on the Classic course's clubhouse lawns. "It was fun out here today. This is a great game and I hope more and more people take to it. Thanks to *BT* Golf for putting together this fabulous event," said Raina.

Anju Razdan, Siddharth Sangwan and Saurabh Sood won the ladies, 0 to 14 handicap, and 15 to 24 handicap categories, respectively, in the inaugural 'Royal Ranthambore *Business Today* Golf 2022-23 edition' at the Classic Golf & Country Club on Sunday.

BT Golf is presented by Royal Ranthambore. Sports and lifestyle apparel brand Nautica, Indian Oil Corporation, Rajasthan Tourism, and Titan Corporate Business Group are the other sponsors for the event. The tournament will now move to Mumbai, Bengaluru and Kolkata. **BT**


NAUTICA
IndianOil
100 octane premium petrol
JAISALM
corporate
business
group
TITAN
XP100
HACKETT
XTRAGREEN
1


JAISALMER
INDIA TODAY GROUP
corporate
business
group
XP100
XTRAGREEN
2


TITAN
group
Ranthambore
Heritage Collection
Royal
Ranthambore
Heritage Collection
IndianOil
XP100
HACKETT
4


5


TITAN
corporate
business
group
Royal
Ranthambore
XP100
HACKETT
7


business
group
Royal
Ranthambore
Heritage Collection
XP100
HACKETT
8


JAISALMER
INDIA TODAY GROUP
TITAN
9

3

6

(*From left*) 1. Noted lady golfer Simi Mehra; former Indian cricketer Suresh Raina; *BT* Golf award winner in the 0-14 handicap category Siddharth Sangwan, MD, Talent Strategy, Lightspeed India Pvt. Ltd; Ankur Sachdeva, President-Operations, Radico; and Deep Shikha Govli of Indian Oil Corporation

2. Ashish Kumar Kashyap, Region Head-North, Titan Company Ltd; *BT* Golf award winner in the 15-24 handicap category Saurabh Sood, President & Managing Director, GATX India Pvt. Ltd; Suresh Raina; Ankur Sachdeva; Deep Shikha Govli; Rahul Kumar Shaw, CEO, Television & Radio Business, TV Today Network (TVTN); Dinesh Bhatia, Group CEO, India Today Group; and Alok Nair, Chief Revenue Officer, Business Today Multiverse

3. Ashish Kumar Kashyap; *BT* Golf award winner (ladies) Anju Razdan, Managing Trustee, The Zabarwan Foundation; Simi Mehra; and Ankur Sachdeva

4. Ashish Kumar Kashyap; *BT* Golf award runner-up (ladies) Nitu Agarwal, Director, ES Engineering Pvt. Ltd; Simi Mehra; Suresh Raina; and Ankur Sachdeva

5. Ashish Kumar Kashyap; Simi Mehra; *BT* Golf award runner-up in the 15-24 handicap category Pradyumn Tripathi-IRS, Additional Director General, Central Economic Intelligence Bureau; Suresh Raina; and Ankur Sachdeva

6. *BT* Golf award runner-up in the 0-14 handicap category Avneet Singh Vohra, Chief-IBD, Sterlite Power Transmission; Ashish Kumar Kashyap; Simi Mehra; and Suresh Raina

7. Simi Mehra, *BT* Golf award winner (Closest to Pin-Hole #5) D.P. Singh, Chairman, SARA Group; Suresh Raina; and Ankur Sachdeva

8. Simi Mehra, *BT* Golf award winner (Straightest Drive-Hole #7) Dr. Pudi Hariprasad, Joint Secretary, Ministry of Defence; Suresh Raina; and Ankur Sachdeva

9. *BT* Golf award winner (Longest Drive-Hole #14) Vivek Vasishtha, Vice President-PR, OPPO Mobiles; Simi Mehra; and Suresh Raina

BEST ADVICE

MARJET ANDRIESSE | SENIOR VICE PRESIDENT & GM, APJC | RED HAT

Red Hat is one of the world's leading open-source enterprise software solutions providers

'There are hidden opportunities in every crisis'

What was the problem you were grappling with?
I am reminded of the 2008 financial crisis. I had just been appointed General Manager of staffing firm Randstad for Eastern Europe. It was a tough time as most companies had to restructure their operations to survive and for us, it wasn't any different.

Whom did you approach for advice and why?
Most optimists say "never waste a good crisis" and so keeping that in mind, I proactively reached out to our customers to discuss how we could support them in managing this crisis because it affected the whole economy. And in the same vein, I also reached out to our employees and openly shared with them the company's business situation and the new growth strategy to move forward; and I invited them to take part in the transformation journey.

What was the advice you received?
Our employees and customers appreciated this openness and show of trust, and said that there is never a silver bullet to tackle a crisis. What one must do is look for the hidden opportunities that exist in every crisis, and remain positive. Their view was that the ability to adapt, review the best possible options, and take risks can help in changing a negative outcome to a positive one.

How effective was it in resolving the problem?
We took this advice to heart, unearthed new opportunities, and worked our way through the crisis. Even though the road to business recovery was long, we bounced back after a year of hard work, perseverance and great teamwork. We earned a high level of trust with our employees and customers, which was very rewarding. BT

—TEAM *BT*

Vol. 32, No. 1 for the fortnight
December 26, 2022 to January 8, 2023.
Released on December 26, 2022.
Total number of pages 100 (including cover)