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UNMATCHED POTENTIAL

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The Code For Resolution

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Delivering On Promises

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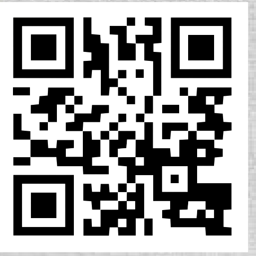

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Tushita Nigam
Editor

FIRM STRIDES

The Indian economy has been showing promise and outperforming its peers for quite some time now. It is currently in a healthy spot, with better-than-average crucial numbers to prove it. In fact, economic growth has exceeded expectations. However, food inflation remains a concern that needs to be addressed in order to maintain a well-defined growth trajectory.

In the cover story we take a deep dive into the challenges and opportunities of the current economic scenario in India, providing a comprehensive understanding of what lies ahead for the country.

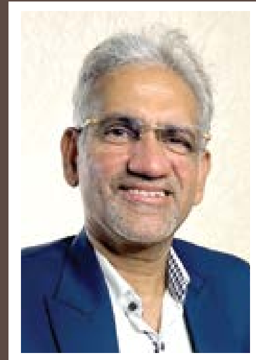
As you skim through the current issue of Beyond Market, you will find articles that explore the suggested amendments to improve the Insolvency and Bankruptcy Code (IBC), the growing demand for electric vehicles in India, and the potential of green hydrogen to contribute towards sustainability. Also, find other articles on the current state and future prospects of banking, tyre and online gaming sectors in India.

Don't miss the article on megathreats, which is based on the book 'MegaThreats: Ten Dangerous Trends That Imperil Our Future, and How to Survive Them' by the author Nouriel Roubini. In this article, we explain how Roubini highlights the impending threats to life on earth and ways to tackle them at the earliest.

The Beyond Basics section features two interesting articles. While one stresses on the importance of having an adequate health insurance plan, the other focuses on selecting the right mutual fund category for optimal asset allocation in an investment portfoliO.

"The Nifty Futures is likely to touch the 21,000 level."

Nifty Futures: 19,840
(Last Traded Price As on 27th Jul'23)



At its most recent meeting, the US Federal Reserve raised interest rates by 0.25% but changed its stance on increasing interest rates two times, indicating that any further increases will be data-dependent.

In spite of the interest rate hike, the Fed also signalled that the US economy may not fall into a recession.

India Inc's corporate results have been positive and ahead of expectations, surprising many.

In the weeks ahead, the Indian stock markets look promising. The Nifty Futures is likely to touch 21,000 level, with support placed at 19,600.

Be watchful of increasing commodity prices, as there are signs of a bounce back, and keep an eye on the remaining corporate results of India Inc, as they could provide crucial direction to the marketS.

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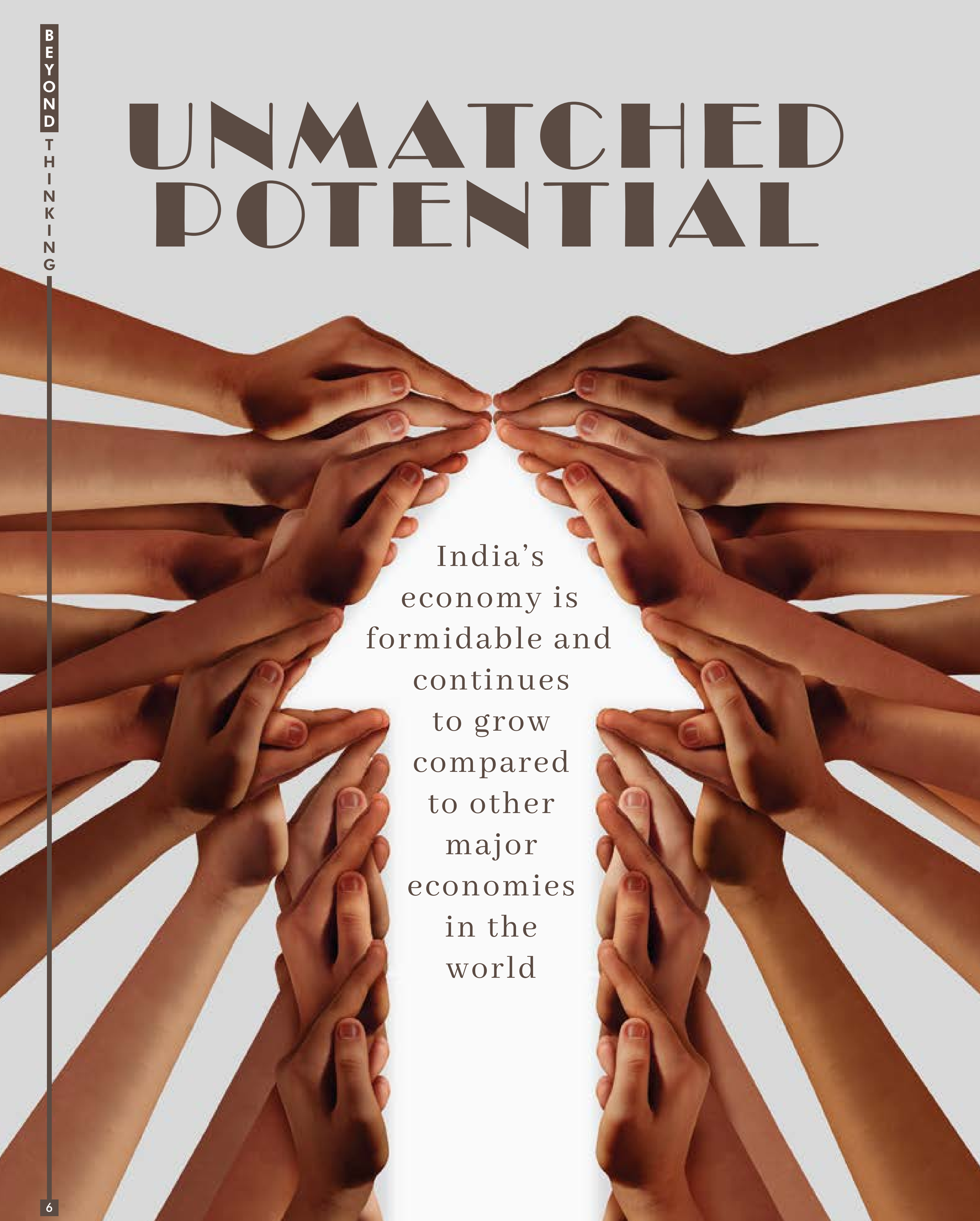
UNMATCHED POTENTIAL



India's economy is formidable and continues to grow compared to other major economies in the world

he Indian economy is healthy and is one big bright spot in an otherwise gloomy global economic scene where several major economies are either in the grip of a slowdown or facing the possibility of a recession.

With a very creditable gross domestic product (GDP) growth rate of 7.2% in the last fiscal (FY23), India was a stand-out economy in the world. Despite some challenges, there is optimism about a healthy GDP growth rate in the range of 6% to 6.5% for the current fiscal year (FY24).

India's apex bank, the Reserve Bank of India (RBI), has forecasted a creditable 6.5% GDP growth for this fiscal year. Moreover, several multilateral organizations, financial institutions, banks, brokerages and economic think-tanks have also pegged India's growth at around the same range.

The World Bank, despite a downward revision of its GDP forecast for India, has still pegged it at 6.3% for FY24 while the Asian Development Bank (ADB) has projected a figure of 6.4%.

Other reputed organizations too have estimated India's GDP growth at around 6% or slightly higher. Fitch has pegged India's GDP growth at 6.3%, while S&P has pegged it at 6%. The Organisation for Economic Co-operation and Development (OECD) has also pegged India's GDP growth for this fiscal year at the same figure.

India's robust recovery from the ravages of the Covid-19 pandemic has been strong and can be attributed to the pro-active measures taken by the Mr Narendra Modi-led government at the Centre to boost the country's economy.

There are headwinds for sure, but then the global environment itself is not very bright and several countries are facing low-growth prospects. In this context, India's performance and prospects appear promising, and it is poised for healthy growth in the future.

Some positive factors that could influence the Indian economy's northward movement include effective measures to address inflation, which has been receding in recent times, though food inflation continues to be high.

Retail inflation in India moved slightly higher in June to 4.81% from 4.31% in May, primarily on account of high vegetable prices and a fading favourable base. However, it still was south of 6% - the Reserve Bank's upper limit - and core inflation remained broadly unchanged at 5.1%. There is a strong likelihood of core inflation moderating over the next few months.

The concern here is food inflation, which may persist for some more time. But a gradual decline in food inflation may occur by end-August or early September.

Demand has strengthened in recent times, and the current domestic demand is heartening, which could play an important role in driving India's economy. The Union Finance Ministry's Annual Economic Review for 2022-23 said that urban demand conditions remain resilient, with higher growth recorded in auto sales, fuel consumption and UPI transactions.

High-frequency indicators indicate a healthy picture, with rural demand also on the path to recovery, experiencing robust growth in two-and-three-wheeler sales.

The report said that both consumption and investment demand have surpassed the pre-pandemic trend trajectory, and real Private Final Consumption Expenditure (PFCE) has also risen due to the release of pent-up demand.

Additionally, investments in

supply-side infrastructure are expected to sustain economic growth over a more extended period. Strong balance sheets and digital advancements could drive better credit decisions, thereby allowing the country's financial cycle to sustain for longer periods before encountering bad debt scenarios.

Describing unprecedented global challenges and balance sheet troubles in Indian banking and non-financial corporate sectors, India's macro-economic management is described as "stellar" in the report. It contends that India is now better positioned to sustain its growth in a more durable manner than before.

Meanwhile, India's Index of Industrial Production (IIP) has risen to 5.2% in May, the highest in three months, up from 4.2% in April.

The crucial manufacturing sector clocked a growth of 5.7% in May, compared to 4.9% in April. The mining sector's output also increased by 6.4% in May, up from 5.1% in April. Moreover, the power generation sector recorded a 0.9% growth in May, reversing the slide of 1.1% in April.

The core sector, which contributes more than 40% to the IIP, recorded a heartening growth of 18.1% compared to the same period last year. This sizable leap can be attributed to the increased production in critical industries such as cement, coal, fertilizers and electricity, exceeding the 8.4% growth rate of April.

Both capital goods and consumer durables recorded growth in May '23, indicating a healthy investment cycle. An important point that needs highlighting here is that the average industrial production growth in the last one year has surpassed the pre-pandemic average growth, pointing to a strong economic revival in the country post the Covid-19 pandemic.

Another indicator of the strongly reviving economy is the Goods and Services Tax (GST) collection in June, which registered a 12% year-on-year (y-o-y) growth at ₹ 1,61,497 crore. Significantly, this marks the fourth time that gross GST collection has breached the ₹ 1.6 lakh crore mark.

Additionally, GST collection has consistently crossed the ₹ 1.4 lakh crore mark for 16 consecutive months and the ₹ 1.5 lakh crore mark for the seventh time since its inception in July '17.

The breakdown of the June GST collection includes Central GST (CGST) at ₹ 31,013 crore, State GST (SGST) at ₹ 38,292 crore, and Integrated GST (IGST) at ₹ 80,292 crore (inclusive of ₹ 39,035-crore collected on import of goods). Cess amounted to ₹ 11,900 crore inclusive of ₹ 1,028 crore collected on import of goods.

An interesting observation is the huge increase in the average monthly gross GST collection for the first quarter of FY22, which was ₹ 1.10 lakh crore; FY23 was ₹ 1.51 lakh crore, and FY24 was ₹ 1.69 lakh crore.

Analyzing GST collections on a state-wise basis provides encouraging results as well, with substantial year-on-year growth in several states. For example, both Jharkhand and Tamil Nadu registered robust growth.

Jharkhand's GST collection expanded by 22% from ₹ 2,315.14 crore in June '22 to ₹ 2,830.21 crore in June this year. Tamil Nadu clocked a 20% rise from ₹ 8,027.25 crore in June last year to ₹ 9,600.63 crore in June this year.

Similarly, Uttar Pradesh, Maharashtra, and Punjab also saw healthy expansions at 19%, and 17% each, respectively. An interesting piece of information is that Lakshadweep witnessed an exceptional 3316% growth from ₹ 0.64 crore in June '22 to ₹ 21.86 crore in June this year.

All these positive indicators give rise to optimism about the Indian economy in the current fiscal year. Several industrial segments are poised for growth; domestic demand is beginning to pick up, and with the festival season approaching next month (August), there is optimism that demand will continue to climb sturdily in the coming months.

The overall feelings of optimism and positivity should not, however, be allowed to cloud potential headwinds, especially those emanating from external sectors. The ongoing war in Europe with no signs of abating and the volatility in oil and commodity prices could negatively impact

the entire global economy. Also, geopolitical tensions in the Pacific (China and North Korea) and the Gulf (Iran) are high, and any military engagement in either or both of these regions could send the global economy into a tailspin, affecting India as well.

Another point of concern is the decline in Indian imports, which could further worsen due to global weakness. Net exports did not perform as well in H2 FY23 as they did in the first half.

India currently has negative net exports in real terms on account of high import prices and strong import demand amid weak external demand. As a result, India's real GDP growth has been unable to cross the pre-pandemic trend trajectory, as mentioned in the report.

An important point highlighted in the FinMin report is that import demand has been high, driven by faster growth in the post-pandemic scenario combined with high import prices.

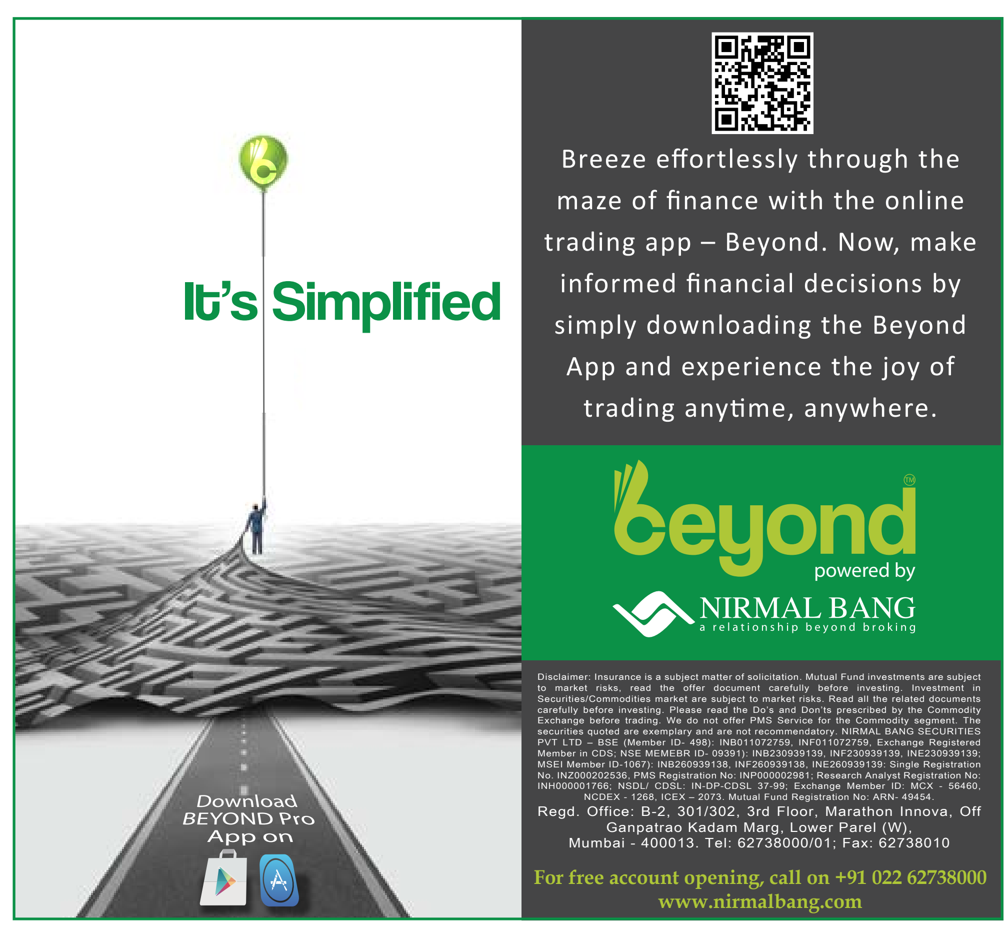
The dip in Foreign Direct Investment (FDI) inflows is another matter of concern that the Indian government needs to address.

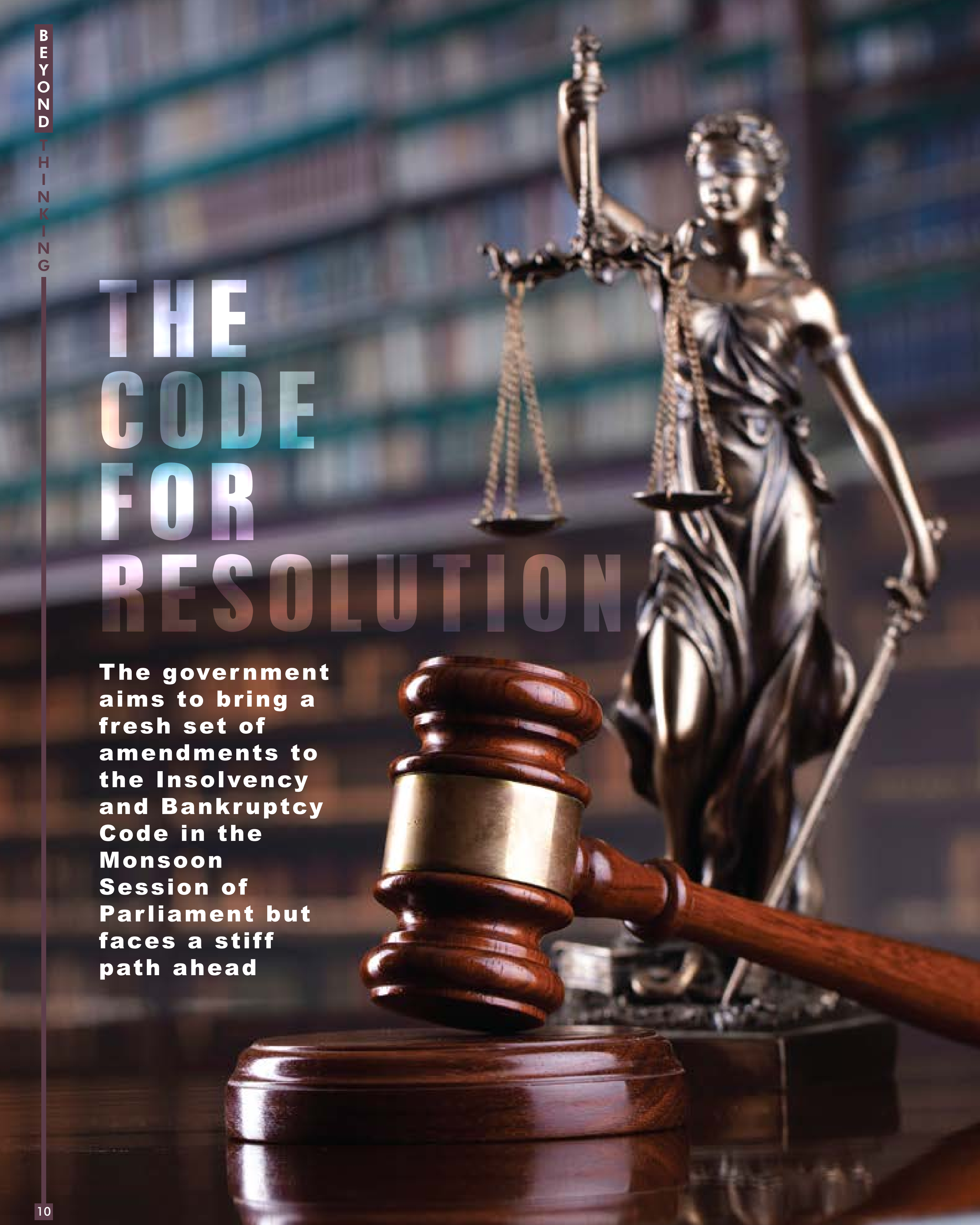
There was a 27.4% dip in net FDI in the last fiscal year, and proactive steps must be taken by the Indian policymakers to facilitate higher inflows.

The Indian economy is, as the cliché goes, based on strong fundamentals and has exhibited its resilience on numerous occasions in the past. While there are challenges, the Indian economy is presently chugging along on the right path.

The government's efforts have been commendable so far. And the Indian economy is positioned to perform well this fiscal year. In fact, it could be among the few economies globally to register a healthy GDP growth.

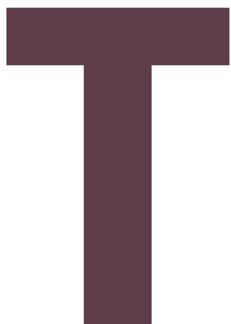
Overall, it is essential to remain cautious and address potential risks while maintaining a positive outlook for the Indian economY.





THE CODE FOR RESOLUTION

The government aims to bring a fresh set of amendments to the Insolvency and Bankruptcy Code in the Monsoon Session of Parliament but faces a stiff path ahead



he insolvency petition of Go First Airlines before the National Company Law Tribunal (NCLT) has again brought the six-year-old Insolvency and Bankruptcy Code (IBC), a marquee legislation for the resolution of high-value bankruptcy cases, in the spotlight.

Jet Airways was the major airline dragged to the bankruptcy court under the IBC in 2018, which has led to an almost liquidation of the airline and a massive haircut of over ₹ 8,000 crore debt for lenders, not counting the withdrawal of a big airline for service, job loss to over 25,000 and high airfares for years for travellers.

Against this backdrop, Go First bankruptcy is a litmus test for the IBC, where the mechanism can break away from its historical trend of taking over 400 days to resolve cases and deliver a swift resolution. More often than not, IBC rulings have led to liquidation rather than revival, largely due to the considerable time lost during the process.

THE STATUS

The implementation of the IBC in 2016 aimed to reshape the credit culture in India by establishing a time-bound resolution process that favoured creditors. However, the actual outcomes under this framework have fallen short of expectations.

As of March '23, a total of 6,571 cases were admitted under the IBC, nearly half of these cases being initiated by operational creditors, which mainly comprise small and medium enterprises seeking to recover dues from larger companies.

Among the admitted cases, 4,515 have been closed, with proceedings ongoing in the remaining. About 45% of the closed cases ended up in liquidation, while the rest were either resolved, withdrawn, or appealed.

The resolution plans, where they exist, have led to disappointingly low realisations for creditors. Out of the total admitted claims of creditors, estimated at ₹ 8.98 lakh crore, the actual realisable value amounted to a mere ₹ 2.86 lakh crore, a meagre 31.8%. The recovery for creditors has been far below what was initially expected, leading to significant financial losses.

Moreover, the process has been plagued by considerable delays. Almost two-thirds of cases undergoing resolution proceedings have surpassed the 270-day deadline, and 55% of cases in liquidation have been ongoing for over two years.

Such delays have severe consequences, as they erode the value of assets even further.

The extended resolution timelines have not only hindered the overall effectiveness of the IBC but also deterred potential investors from participating in the resolution process, impacting the recovery prospects for creditors.

WHAT HAS THE GOVERNMENT DONE?

In response to the challenges, several changes have been introduced to the IBC over the years. In 2021, amendments were made to introduce a pre-packaged insolvency resolution process for MSMEs, allowing direct agreements between the firm's owners and financial creditors while the debtor retains control.

Despite its promise, this framework has not gained much traction, with only four applications admitted under it as of March '23, and one of those subsequently withdrawn.

Also, judicial decisions have played a vital role in shaping the IBC's implementation and interpretation. For instance, the Essar Steel India case

established that adjudication of disputed claims against a corporate debtor should not persist post the commencement of the Corporate Insolvency Resolution Process (CIRP). This decision facilitated a fresh start for the corporate debtor, leaving behind contingent claims and expediting the resolution process.

WHAT AILS?

The IBC's objectives of timeliness and value maximization face substantial challenges due to the promoters' motives to regain control at a lower cost.

While Section 12 of the IBC mandates the completion of CIRP within 330 days, courts have ruled that this timeline is directory and not mandatory, leading to delays, particularly in cases involving large corporations or complex structures.

However, in other cases, time delays can significantly erode the value of the company, ultimately defeating the very purpose of the IBC.

One of the primary reasons for delays in the CIRP is the spate of litigations initiated by promoters. With the intention of regaining control of the company at a cheaper price, promoters file appeals against the very first order of the NCLT ordering the commencement of CIRP.

These litigations continue throughout the CIRP process, including appeals against CoC decisions on liquidation due to non-receipt of resolution plans, allowing promoters to gain further time.
Once the CIRP commences, the management of the company vests with the resolution professional (RP) as per Section 17 of the IBC. Unwilling to accept the loss of their position, promoters tend to obstruct the RP's efforts and day-to-day operations.

They inform employees that they will soon regain control of the company and incite them not to cooperate with the RP, affecting the smooth functioning of operations during the CIRP.

Promoters' longstanding relationships with customers and vendors further complicate the CIRP process. They inform customers not to make payments for purchases or services rendered during the CIRP until they regain control of the company.

Simultaneously, they direct vendors not to extend credit periods for payments, adding to the working capital constraints of the company under CIRP.

To stop third parties from becoming resolution applicants, promoters exploit their presence in CoC meetings and obstruct prospective resolution applicants (PRAs) from submitting their resolution plans.

They withhold crucial information required for the preparation of the Information Memorandum (IM), making it difficult for PRAs to ascertain the company's value and submit their Expression of Interest (EoI) with a reasonable valuation.
If no resolution plans are received following the first advertisement, CoC is forced to publish additional advertisements, providing promoters more time to thwart PRAs' attempts to submit their plans.

The repeated delays in receiving resolution plans negatively impact financial creditors, who had relied on the IBC for faster resolution and higher realization of their stressed assets.

With delays in the CIRP, disruptions in the company's operations, and a lack of viable resolution plans, the company's value diminishes, leading financial creditors to accept undesirable compromises, including significant haircuts. This erodes the nation's wealth and undermines the economic recovery process.

WHAT THE GOVERNMENT PROPOSES

Under the proposed amendments to be brought during the Monsoon Session of the Parliament, in cases involving personal guarantors to corporate debtors, it will be mandatory for the resolution professional to convene a meeting of creditors during the individual insolvency resolution process.

Additionally, consequences will be introduced if a personal guarantor fails to submit a repayment plan to creditors. In such cases, the resolution professional can approach the NCLT to terminate the process,

and creditors will have the right to file for the debtor's bankruptcy.

To ensure better coordination, the proposal suggests appointing a common resolution professional when both a corporate debtor and a personal guarantor are concurrently undergoing CIRP.

During the liquidation process, the role of creditors becomes vague and consultative, with no mechanism for them to change the liquidator. To address this pressing concern, the MCA proposes to augment the role of creditors during liquidation.

The proposed changes empower the CoC to make decisions during liquidation by a simple majority of 51%, and they can also replace the liquidator with a 66% majority, offering more control and supervision over the liquidation process.

One of the key amendments proposed by the government to address this issue is the extension of the pre-pack scheme from small businesses to larger companies within a specified turnover threshold.

The pre-pack scheme allows corporate debtors to retain control during the debt resolution process, enabling the existing management, which is well-versed in the company's operations, to continue steering the business forward.

The scheme emphasizes informal debt resolution work, with the final plan presented to the tribunal for approval.

A customized debt resolution regime for the real estate sector is also under consideration. The focus is on addressing financial issues at the individual project level, rather than subjecting the entire real estate entity to the process, ensuring a targeted and efficient approach to resolving debts.

OVERHAUL OF AUDIT

The Companies Act is likely to be amended to revamp the regulatory framework for statutory auditors.

A committee of experts has recommended various changes, including permitting companies to issue fractional shares and discounted shares.

Allowing the issuance of fractional shares could provide retail investors access to high-value shares, while the option of issuing discounted shares is aimed at assisting distressed businesses in converting debt to equity during restructuring.

Additionally, a major overhaul of the statutory audit framework is in the pipeline to address concerns surrounding the independence of statutory auditors.

The proposal aims to define and regulate certain non-audit services offered by auditors to their audit clients, particularly in relation to management services. The existing ambiguity in the law has led to litigation on this matter.

Moreover, the proposed amendments will focus on scrutinizing network associations between audit firms and other entities to ensure compliance and prevent the indirect rendering of prohibited non-audit services to audit clients.

While the government is actively considering these amendments, the goal is to strike a balance between facilitating ease of doing business, promoting investment, and safeguarding the interests of stakeholders.

The regulatory landscape is expected to undergo significant changes, signalling a renewed commitment to bolster India's economic growth and create a conducive environment for businesses and investors alike.

THE TARGET

As the government considers further amendments to the IBC, experts say the focus should be on addressing delays, ensuring smooth functioning, and enhancing the overall efficiency and effectiveness of the Insolvency and Bankruptcy Code.

Reducing delays and streamlining the process will not only protect the value of assets but also strengthen confidence in the resolution mechanism among all stakeholders involved.

By taking proactive measures to improve the resolution framework, the IBC can better fulfill its twin objectives of timeliness and value maximization, ultimately contributing to a healthier and more resilient credit ecosystem in Indi**A.**

ON THE RISE, BUT CHALLENGES PERSIST

While there are many positive factors contributing to the growth of the EV market in India, there are still a number of challenges that need to be addressed before the market can reach its full potential

n recent years, there has been a notable surge in the popularity of electric vehicles (EVs) as a cleaner and more efficient alternative to traditional gasoline-powered cars. This shift is primarily driven by advancements in battery technology, the establishment of a growing network of charging infrastructure, and increasing consumer demand for sustainable transportation options.

EVs offer numerous environmental benefits compared to their gasoline counterparts. By eliminating tailpipe emissions and reducing reliance on fossil fuels, they contribute to improved air quality and reduced greenhouse gas emissions. EVs are known for their energy efficiency as they convert a higher percentage of electrical energy into propulsion compared to internal combustion engines.

The advancements in battery technology have played a key role in enhancing the performance and range of EVs. With the development of lithium-ion batteries and ongoing research on solid-state batteries, EV manufacturers can now offer vehicles with longer driving ranges and faster charging capabilities. These technological advancements have addressed one of the main concerns among potential EV buyers - range anxiety.

The growing consumer demand for sustainable transportation options has also been instrumental in driving the popularity of EVs. As individuals become more conscious about environmental issues and seek ways to reduce their carbon footprint, many are turning to electric vehicles as an eco-friendly choice for daily commuting or long-distance travel.

India is a prominent player in the global automobile market. With its sales figures surpassing those of Germany and Japan, it stands as the third largest automobile market worldwide. As the country continues to witness a surge in demand for automobiles, there is now a collective effort by manufacturers and policymakers to steer this demand towards greener options.

The Indian government has set an ambitious target to achieve 30% electrification of the country's vehicle fleet by 2030. According to the Economic Survey 2023, India's domestic electric vehicle industry will grow at a 94.4% compound annual growth rate (CAGR) between 2022 and 2030, reaching 10 million sales every year by that point. By 2030, the electric automotive industry will generate 50 million direct and indirect jobs.

To support the growth of the EV industry and encourage the adoption of EVs, several incentives and policies have been introduced. One significant development in this regard was the allocation of funds in the FY24 Union Budget specifically for the production of electric vehicles.

About ₹ 35,000 crore has been earmarked for initiatives aimed at achieving energy transition and net-zero targets by year 2070. By providing financial support and creating a conducive environment for manufacturers and consumers alike, these initiatives aim to accelerate the transition towards a cleaner and greener transportation system.

The introduction of incentives such as tax benefits, subsidies on EV purchases, and charging infrastructure development programmes is expected to drive the demand for electric vehicles. Additionally, policies focusing on research and development in battery technology and domestic manufacturing are aimed at boosting indigenous production capabilities.

With these measures in place and continued efforts from both public and private sectors, India will see significant progress in achieving its electrification targets while promoting a thriving EV industry. In the coming years, the rise of electric vehicles will disrupt the traditional automotive industry

in many ways in manufacturing, supply chain and the job market.

Electric vehicles require a different manufacturing approach compared to traditional internal combustion engine (ICE) vehicles. The production of electric powertrains and batteries needs specialized expertise and investments in research and development. As a result, traditional automakers will be forced to adapt their manufacturing processes and invest in new technologies.

The shift towards electric vehicles demands a transformation of the automotive supply chain. The sourcing of components, including batteries, electric motors, and power electronics, becomes critical. This provides an opportunity for new players to enter the market, leading to the emergence of specialized suppliers focused on electric vehicle components.

The transition to electric vehicles may also lead to job displacements and the need for reskilling and upskilling the existing workforce. The demand for skilled electric vehicle engineers, technicians, and software developers is expected to rise.

Simultaneously, jobs related to traditional internal combustion engines might witness a decline, requiring a transition and retraining of workers.

The widespread adoption of electric vehicles will also require the development of a robust charging infrastructure network. This opens new business opportunities for companies involved in charging station installation, energy management solutions, and smart grid technologies. Traditional oil and gas companies may also need to adapt their business models to include charging infra.

The rise of electric vehicles has attracted new players to the automotive sector. Start-ups and technology companies are entering the market, challenging the dominance of established automakers. This increased competition is driving innovation and pushing traditional manufacturers to develop their electric vehicle offerings.

While the adoption of EVs is on the rise, many challenges persist. One of the main obstacles hindering their growth is the inadequate charging infrastructure. While the government has announced plans to establish a network of charging stations across the nation, progress has been slow and requires urgent attention.

India's transition towards electric mobility is important for reducing carbon emissions and combating air pollution. However, without a robust and accessible charging infrastructure, potential EV owners face range anxiety and limited options for recharging their vehicles. This lack of confidence in finding reliable charging points poses a significant barrier to mass adoption.

Recognizing this challenge, the Indian government has taken steps to address it by announcing plans to set up charging stations nationwide. These initiatives aim to provide convenience and accessibility for EV users while promoting sustainable transportation alternatives. However, despite these efforts, progress in implementing these plans has been slower than anticipated.

To accelerate the deployment of charging infrastructure effectively, collaboration between public and private entities is essential. The government needs to work closely with utility companies and other stakeholders to streamline regulatory processes and provide incentives for private investments in establishing charging stations.

Additionally, standardization of charging protocols will ensure interoperability among different vehicle models and enhance user experience.

The high cost of electric vehicles also remains a significant challenge. Despite recent price reductions, electric vehicles continue to be more expensive compared to their petrol or diesel counterparts.

This price disparity poses a barrier to entry for the average consumer and hinders the accessibility of electric vehicles on a larger scale. While efforts have been made to make electric vehicles more affordable, further advancements are needed to bridge the affordability gap and make them a viable option for a wider range of consumers.

Finally, the range of electric

vehicles has been a topic of discussion and concern for potential buyers and enthusiasts alike. While EVs have made significant advancements in recent years, the limited range remains a challenge for those who need to travel long distances.

For urban commuters, the limited range is less of an issue as they can easily access charging infrastructure within city limits. However, for individuals who frequently embark on long journeys or rely on their vehicles for business purposes, the current limitations pose a significant obstacle.

The need for frequent charging breaks and the scarcity of charging stations along highways can disrupt travel plans and add considerable time to the overall journey. This makes electric vehicles less suitable for long-distance travel compared to traditional gasoline-powered vehicles.

Although efforts are being made to expand the charging infrastructure network and improve battery technology to enhance EV range, these developments are still in progress. Until then, potential buyers need to carefully consider their specific needs and assess whether an electric vehicle's limited range aligns with their travel requirements.

In the near future, the electric vehicle market in India is poised for significant growth thanks to supportive government policies, increasing consumer awareness about sustainability issues, and advancements in technology. Going forward, an accelerated shift towards a cleaner and greener mode of transportation across the country seems imminenT.

A TRANSFORMATIVE ENERGY SOLUTION

Green hydrogen in India holds a promising future in its pursuit of sustainability

ndia, with its ambitious targets for renewable energy capacity and a commitment to reducing carbon emissions, is emerging as a major player in the global green hydrogen market. Green hydrogen, a clean and sustainable fuel produced from renewable energy sources like solar and wind power, offers immense opportunities for India's energy sector. Several Indian companies, including Reliance Industries, Adani Group, and Indian Oil Corporation, have already announced substantial investments in green hydrogen production.

Moreover, with many Indian listed companies entering this space, they have the potential to reward stakeholders due to higher growth and the government's support in promoting its adoption. Reducing dependence on fossil fuel imports and driving sustainable development are among the many benefits that green hydrogen brings, making it a theme or trend worth watching.

INDIA'S RENEWABLE ENERGY POTENTIAL

India boasts a robust renewable energy sector, positioning it well to harness the benefits of green hydrogen. With abundant solar and wind resources, the country has the capacity to produce green hydrogen at a competitive cost. This aligns with India's sustainability goals, including its Nationally Determined Contributions under the Paris Agreement and its target of achieving 450 GW of renewable energy capacity by 2030. By capitalizing on its renewable energy capabilities for green hydrogen production, India aims not only to address its energy sustainably but also to reduce air pollution and improve public health.

REDUCING FOSSIL FUEL IMPORTS AND ENHANCING ENERGY SECURITY

India's heavy reliance on imported fossil fuels comes at a heavy expense, making the nation vulnerable to price fluctuations in international energy markets. By embracing green hydrogen, India can reduce its dependence on oil, gas, and coal imports, thereby enhancing its energy security. The country spends billions of dollars each year on imported oil and gas.

In its report, The Energy and Resources Institute, the authors state, "India currently imports 85% of its oil, 50% of its natural gas, and 30% of its coal. This comes at a significant expense, exposing India to frequent price fluctuations of international energy markets. This improves India's energy security, thereby reducing commodity price uncertainty for major industries. By 2050, annual energy imports could be reduced by around 120 Millions of tonnes of oil equivalent (Mtoe) (around 20% of today's final consumption), reducing import costs by around ₹1,50,000 crore ($20 billion) each year."

This reduced reliance on imported energy resources would not only bolster the domestic economy but also stabilize the rupee and shield key industries from commodity price uncertainties.

A WIDER APPLICATION

Green hydrogen offers a wide range of applications in India. It can be utilized as a fuel for vehicles, a source of electricity, and a reliable heat generator. Moreover, green hydrogen can play a pivotal role in the production of ammonia, a vital component in fertilizers. By integrating green hydrogen into various sectors including transport, power, agriculture and industries, India can pave the way for a low-carbon economy while simultaneously reducing its import bill.

According to The Energy And Resources Institute, hydrogen demand could increase by at least five-fold by 2050, with continued growth in the second half of the century. The

current demand for hydrogen, around 6 Mt per annum, comes primarily from industrial sectors such as fertilizers and refineries. This demand is expected to rise to around 28 Mt by 2050, driven by cost reductions in key technologies, as well as the growing imperative to decarbonize the energy system.

Most of the demand will remain focused on industrial sectors, expanding in existing areas such as fertilizers and refineries, and branching into new sectors, such as steel.

Hydrogen will also play a role in the transport sector, particularly in heavy-duty and long-distance segments, and have a minor role in the power sector as a long-term storage option.

Beyond 2050, the report suggests that the demand for green hydrogen will continue to grow, particularly in the steel and road transport sectors, as well as in shipping and aviation.

To reach a net-zero target by 2060, an estimated 40 Mt of green hydrogen may be required, indicating a seven-fold increase over the current levels.

EXPORT POTENTIAL

Not just the domestic market, but exports also offer great opportunities in the green hydrogen sector. The industry's growth potential, combined with government support and India's favourable geographic location, positions the country as a potential export hub for green hydrogen.

Experts suggest that green hydrogen, along with other green fuels, could transform India's current $200 billion energy import bill into a $300 billion export advantage in the future. This advantage is bolstered by India's technological expertise, abundant resources, scale, and know-how.

India can also leverage its engineering capabilities in this field. With over 1,000 hydrogen projects underway worldwide, more than 350 of which have been announced in the past year, there is a considerable opportunity for investment. These projects are expected to attract around $320 billion in investments by 2030.

Venture capitalists and buy-out barons have already poured $8 billion into hydrogen ventures last year, a massive increase from just over $2 billion in 2020.

Overall, the prospects for India's green hydrogen industry are promising, and with the right investments and strategies, the country can position itself as a major exporter of green hydrogen while reducing its reliance on energy imports.

GOVERNMENT SUPPORT

The Indian government has implemented several policy measures to foster the growth of green hydrogen. The National Hydrogen Mission, launched in January '22, aims to make India a global hub for green hydrogen production and export, with a target of producing 5 million tonnes of green hydrogen by 2030.

Incentives

To support the development of green hydrogen infrastructure, the government has provided incentives through the Production-Linked Incentive (PLI) Scheme for green hydrogen electrolysers. This scheme offers incentives to companies setting up manufacturing facilities for green hydrogen electrolysers in India.

Waivers

Furthermore, the government has waived inter-state transmission charges for green hydrogen projects, which helps to reduce the cost of transporting green hydrogen from production sites to consumption centers.

Tax Breaks

To encourage green hydrogen production, the government has also provided tax breaks, including a 15% tax deduction on capital expenditure for green hydrogen projects.

R&D Funding

In addition to these measures, the government is providing funding for research and development (R&D) in green hydrogen technologies, which accelerates their development and makes them more cost-competitive.

The international community is also extending its support to India's green hydrogen aspirations. The European Investment Bank (EIB) has formally agreed to join the India Hydrogen Alliance and increase support for developing large-scale industry hubs with a funding

commitment of 1 billion Euros.

Similarly, the Asian Development Bank (ADB) has conveyed its intent to provide $20 billion - $25 billion over five years to aid India's green growth ambitions. The World Bank has also approved $1.5 billion in financing to support India's low-carbon transition journey.

These combined efforts and investments reflect a strong commitment from both the Indian government and international organizations to promote and foster the growth of green hydrogen in India, making it a pivotal player in the global green energy landscape.

IN A NUTSHELL

To sum it up, green hydrogen presents an enormous opportunity for India's energy sector, aligning with the nation's renewable energy goals, reducing fossil fuel imports, and promoting sustainable development. The government's support through policy measures and investments in R&D is creating an environment conducive to the growth of green hydrogen.

As India strives to achieve a low-carbon economy and reduce its carbon footprint, green hydrogen holds immense promise. It has the potential to transform the energy landscape and is undoubtedly the next big thing in India's energy sector.

Overall, the policy support has been laid out to scale and improve manufacturing, which will boost investments, create jobs, and benefit the entire manufacturing value chain in the coming years.

Many companies like Cummins, Thermax, L&T, MTAR, and others are evaluating the prospects and will play a key role in offering engineering services and products required to set up green hydrogen infrastructurE.

DELIVERING ON PROMISES

The Indian banking system is robust. Credit growth and lending discipline will be key for future growth of the sector

In the past one year, the 50-stock Nifty index has risen by 19%, while the 12-stock Bank Nifty index has remarkably outperformed the benchmark by rising 25%. This outperformance of banking stocks on the stock market indicates an encouraging improvement in the health of the banking sector in India.

The banking sector in India demonstrated remarkable resilience during the Covid-19 pandemic and has sustained healthy growth rates. Particularly, in the fiscal year FY22-23, the banking sector experienced one of its most successful periods in a decade, evident from significant improvements in various key metrics such as credit growth, profitability, management of bad assets, capital adequacy, and provisioning. This stands in stark contrast to the banking turmoil witnessed in the US and Europe, where major difficulties were faced during the same period.

The recently released 'Financial Stability Report' of the Reserve Bank of India (RBI) also highlights the strong performance of the Indian banking system, even in the face of adverse global developments. The FSR report is widely followed as a key tool to assess various risks within the system.

Financial regulators and central banks in over 60 countries publish FSR bi-annually after conducting assessments and undertaking stress tests to gauge the health of their respective banking systems. In line with this global trend, the RBI has also been publishing FSR bi-annually since 2009.

So, what are FSR's observations? The FSR highlights that despite global headwinds, the Indian economy and the domestic financial system remain resilient, supported by strong macroeconomic fundamentals.

Before delving into the factors that drove the banking sector's current performance, here are a few takeaways from the FSR report:

BAD ASSETS

The gross and net Non-performing Asset (NPA) ratios of commercial banks have fallen from a high of 11.5% and 6.1% in March '18 to 3.9% and 1% in Mar '23, respectively. This level was last observed in June '11. The improvement in asset quality can be attributed to a decline in slippages, better recoveries, and higher write-offs of bad loans.

PROVISIONING

The provisioning coverage ratio (PCR) of commercial banks has improved to 74% in March '23, indicating that banks are better prepared to cover losses from bad assets. The ideal PCR is considered to be 70%.

CAPITAL ADEQUACY RATIO

The CAR for banks stood at 17.1% in March '23, up from 16.7% in March '22. The FSR reveals that banks are well-capitalized and capable of absorbing macroeconomic shocks over a one-year horizon, even without further capital infusion. CAR measures the percentage of a bank's total credit exposure that is backed by capital. And it is mandatory to keep CAR above 11%.

IMPROVING PROFITABILITY

So, what led to the change in the fundamentals of the banking sector? Just a few years ago, the sector was burdened with bad assets, experiencing weak credit growth, and suffering from poor profitability. Therefore, equity investors shied away from state-owned banks.

Several factors have contributed to the general optimism in the sector following the Covid-19 pandemic. These include government and RBI

interventions through appropriate and timely policies, the post-Covid normalization of the economy, and the strong balance sheets of corporate India, among other reasons.

In addition to these factors stated above, prudent lending practices have also contributed greatly to the improvement of governance in the sector. Furthermore, the RBI's interest rate hikes over the past one year prompted commercial banks to increase their lending rates, while there was a delay in raising their deposit rates. This, in turn, pushed the net interest margins (NIMs) of banks, improving profitability.

The continuous efforts to strengthen the fundamentals of the banking sector have resulted in a better balance sheet status and increased profitability of the sector.

In FY22-23, almost all commercial banks reported profits. The combined net profit of the listed 32 banks - 12 public sector banks and 20 private banks - saw a remarkable 40.56% rise, amounting to ₹2.29 trillion compared to the previous year. Notably, the profits of the 12 public sector banks surged by 57% to exceed ₹1.05 trillion in FY22-23, an extraordinary achievement given the fact that most state-owned banks were grappling with losses just a few years ago.

OUTLOOK

So, will the positive trend continue? The positive trend in the Indian banking sector is expected to continue, despite some moderation in growth rates due to the high base of the last two years. Indian banks remain on firm ground to support the next phase of the credit cycle, primarily driven by large corporates' expansion plans. These expansions will then slowly trickle down to credit needs of other sectors, including SME credit, housing loans, personal loans, and education loans.

Here is an outlook for the near term:

Credit Growth

Post-covid there has been a heavy demand for credit from medium and small-scale industries. The economy's credit growth has been healthy, growing at 15% to 16%, which is the best in a decade. Although ratings agency ICRA expects credit growth to moderate to around 12% in FY23-24, it is still a decent growth rate for India.

Deposits

Currently, there has been an asymmetric monetary transmission in the system, with lending rates being increased in a hurry when RBI raises interest rates in its monetary policy, while deposit rates catch up with a lag. But eventually, deposit growth is expected to catch up as banks start offering competitive interest rates to savers.

NIMs And Profitability

As deposit rates increase, banks may have to take a hit on their net interest margins. However, according to ICRA, banks' robust loan growth would help keep core operating profits at a steady level in the future. This, in turn, will support other profit ratios like return on assets (RoA) and return on equity (RoE) and keep them steady.

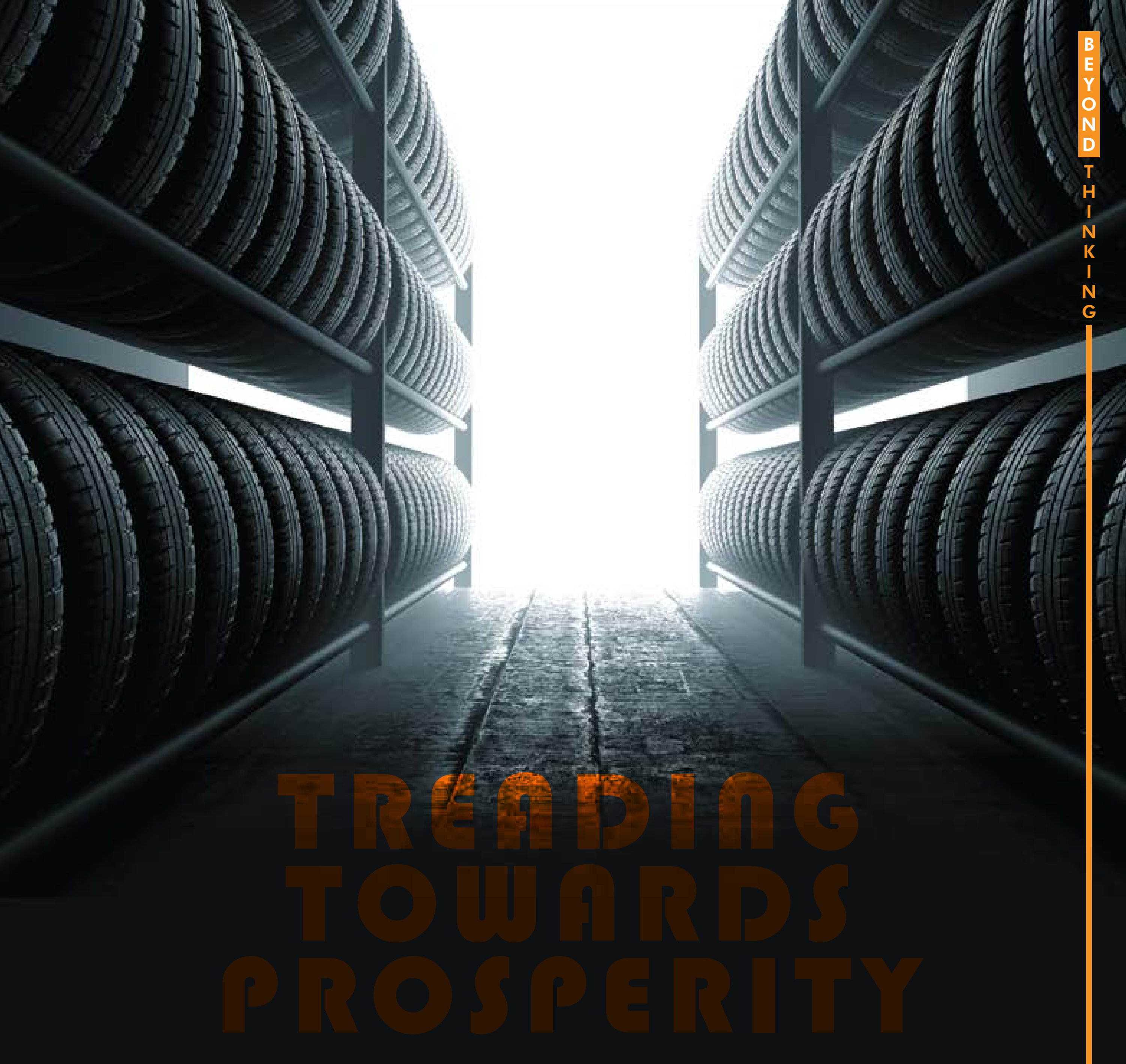
NPAs

As per the RBI's stress test results, the GNPA ratio of commercial banks may improve to 3.6% by March '24 under the baseline scenario. However, if the macro-economic environment worsens to a medium or severe stress scenario, the GNPA ratio may rise to 4.1% and 5.1%, respectively.

IN A NUTSHELL

It's important for banks to maintain prudence in lending practices, moving forward considering the potential impact of any negative shocks from the global economy on India's economic recovery. Such shocks could impact banks' growth rate negatively. Also, the trend of increased unsecured lending and credit card delinquencies in recent weeks raises concerns about future risks if the macro cycle were to reverse.

Clearly, FY22-23 has been one of the best years for Indian banks in a decade. However, going forward, the growth rate may experience some correction, but the sector remains on firm ground. This stability ensures steady returns in the future. The balance sheets of Indian banks have demonstrated strength and are likely to remain so. Indian banks are all set to support the credit needs of the economy with its decade-low bad assets and adequate capital. Thus, the Indian banking sector holds great potentiaL..



TREADING TOWARDS PROSPERITY

The tyre sector is set for strong, sustained growth with stable raw material costs and pricing discipline boosting near-term prospects

he tyre sector has been performing exceptionally well in recent weeks, surpassing the benchmark stock indices. This rally can be attributed to several factors, including an improvement in sentiment within the automobile sector and an increase in export demand, supported by a stable outlook for raw materials. Consequently, the medium- to long-term outlook for the tyre industry appears to be bright.

According to a report jointly released by the Automotive Tyre Manufacturers' Association (ATMA) and CRISIL Market Intelligence & Analytics (MI&A) Consulting, the Indian tyre industry is on course to more than double its revenue to US $22 billion by fiscal year FY31-32 from US $9 billion in FY21-22.

This positive long-term outlook for the sector can be attributed to several key factors. Firstly, there is a rising demand for new vehicles, which will drive the need for more tyres. Also, the government's focus on infrastructure development will further contribute to the growth of the industry. Furthermore, replacement demand will continue to be a crucial supporting factor for the sector, as a considerable number of vehicles continue to age each year.

The Indian tyre industry primarily caters to two segments, namely tyres for new vehicles fitted at the factory gates of original equipment manufacturers (OEMs), and replacement demand by older vehicles. Out of the total demand, approximately 60% is attributed to the replacement of old tyres with new ones, while 28% is consumed by original equipment manufacturers (OEMs), typically in the auto sector. The remaining portion is accounted for by export demand.

The industry is dominated by four publicly listed companies - MRF, Apollo Tyres, JK Tyres and CEAT – collectively commanding around 65% market share. In addition to these, global players such as Bridgestone, Michelin, Goodyear, Continental, and Yokohama have been making efforts to increase their market share in India. There are also several regional players catering to the local market.

EXPORT POTENTIAL

Over the years the Indian tyre industry has established itself as a dominant player globally, owing to its state-of-the art manufacturing facilities and significant scale of operations. With its products being exported to more than 170 countries, the US and Europe stand out as major buyers of Indian tyres.

Of late, Indian tyre companies have been strategically expanding their presence in the premium and luxury tyre segments, which offer huge opportunities in the export market. Indian tyre makers are also exploring prospects in the electrical vehicle (EV) segment, where specialized tyres are in great demand.

The sector is also ready to seize the opportunity offered by China + 1 strategy adopted by global auto makers. As international manufacturers seek to diversify their supply chains away from the heavy reliance on China, Indian tyre makers have a chance to secure new business opportunities.

Moreover, the Indian government is taking measures to enhance the competitiveness of domestic tyre players. Measures like imposing anti-dumping and countervailing duties have resulted in a substantial reduction in tyre imports from Southeast Asia and China.

With a positive export outlook, tyre manufacturers are channelling substantial investments into research and development (R&D) and capital expenditure (capex) in recent years. The ATMA and CRISIL report mentioned earlier forecasts that the industry's

R&D expenditure will more than double to US $151 million by FY31-32 from US $64 million in FY21-22. As a result, the tyre industry's turnover is expected to increase by a solid 100 basis points, reaching 3.4% of India's manufacturing gross domestic product (GDP) by fiscal year 2032, compared to 2.2% recorded in fiscal year 2022.

CHANGING RAW MATERIAL BASE

However, the tyre sector faces certain roadblocks, particularly concerning the sourcing of raw materials. The industry is dependent on imports for certain raw materials, which is putting pressure on profit margins.

The tyre industry uses over 200 raw materials, mostly as natural rubber or crude oil derivatives. These raw materials account for 55% to 65% of the sector's revenue.

A tyre's composition includes natural rubber (45% by weight), crude derivatives like carbon black (23%), nylon tyre cord fabric (12%), synthetic rubber (10%), and other components (10%). Thus, changes in raw material costs are influenced by fluctuations in crude oil and natural rubber prices.

To address this challenge, the sector is actively seeking alternatives for sourcing raw materials. In recent years, there has been a rising trend of indigenization, with manufacturers building a local supply base. According to the ATMA and CRISIL study, the import content in volume terms has decreased by 8 percentage points, from 42% in FY18-19 to 34% in FY22-23 (until October).

For instance, for sourcing rubber, tyre makers, rubber plantation players, and the government have collaborated on the 'India Natural Rubber Operations for Assisted Development' project - an influential initiative aimed at developing 2 lakh hectares of rubber plantations in northeast India. This project is expected to alleviate the challenge of sourcing high-quality rubber in the future for the sector.

FINALLY – NEAR-TERM OUTLOOK

After experiencing a robust growth of 26% in FY22, the revenue of the tyre sector continued to expand healthily by 19.5% in FY22-23.

However, ratings agency ICRA anticipates that the revenue growth will moderate to 5% to 7% year-on-year in FY23-24. This deceleration is expected due to a likely decline in exports and flat average realisations.

In FY21-22 and the first half of FY22-23, the industry's margins were affected by elevated input prices and rising freight costs. Nevertheless, the softening of natural rubber and crude oil derivative prices since July '22 led to an expansion of margins in the second half of FY22-23.

As a result, the operating and net margins of the industry stood at approximately 11% and 4%, respectively, in FY22-23. ICRA predicts that the margins are likely to expand by 200-300 basis points in FY23-24, supported by a better product mix and range-bound input costs.

Before the Covid pandemic, the sector had announced a large capital expenditure (capex) programme to drive continuous product and technological advancements. However, this resulted in a loss of margins and profitability. The sector's cumulative investments are likely to jump from US $7 billion to US $12.5 billion by FY31-32.

However, in light of the global economic slowdown and inflationary pressures, the sector is re-evaluating its expansion strategy, which may lead to a slowdown in its expansion plans.

This could be positive for the sector, as lower production will likely help maintain elevated levels of realisation and margins. This explains why the sector has been successful in implementing price hikes in recent months.

Further, both rubber and crude oil prices have declined in the recent past and stabilized at lower levels. Raw material prices are expected to remain benign in the near-to-medium term.

This positive trend is just beginning to unfold for the tyre sector in the country. With an improved profitability and positive demand outlook for the tyre sector, there is ample opportunity for wealth creation for investors through the stock market**S**.

LEVELING UP

As the popularity of online gaming surges in the country, finding the right balance between taxation and industry growth becomes imperative

Over the past decade, online gaming has experienced explosive growth in popularity throughout the globe, including India. This transformation has been fueled by technological advancements, increased internet accessibility, and evolving entertainment preferences among the country's youth. As the gaming landscape evolves, its impact on various aspects of society becomes increasingly significant.

However, this surge in popularity also brings challenges, one of which is the recent imposition of a 28% Goods and Service Tax (GST) by the Finance Minister, Nirmala Sitharaman. The GST applies to online gaming, horse racing, and casinos, and it will be levied on the total value of bets made or chips purchased, without distinguishing between skill-based and chance-based games. The move aims to address moral implications associated with the industry while ensuring its continuity.

This article delves into the surge of online gaming in India, investigating the factors driving its rapid growth in popularity, the challenges it encounters, and the significant impact it has on various aspects of society. Additionally, it will discuss the imposition of a 28% GST on online gaming

services, and the like, and its implications.

EVOLUTION OF ONLINE GAMING IN INDIA

The roots of online gaming in India can be traced back to the early 2000s when internet connectivity started to become more accessible. At the time, online gaming primarily revolved around simple flash-based games and multiplayer platforms. However, with the advent of high-speed internet and the proliferation of smartphones, the gaming industry witnessed a seismic shift.

KEY FACTORS DRIVING ONLINE GAMING GROWTH IN INDIA

Several factors have contributed to the meteoric rise of online gaming in India.

a) Smartphone Revolution: The widespread availability of affordable smartphones has brought gaming to the fingertips of millions. The convenience and mobility of smartphones has made gaming a popular pastime for people of all ages.

b) Increasing Internet Penetration: The expansion of the Internet infrastructure in India has been instrumental in connecting gamers from urban centres to rural areas. This has resulted in a significant rise in the number of potential gamers.

c) E-sports And Competitive Gaming: The emergence of competitive gaming and e-sports leagues has not only provided a platform for skilled gamers to showcase their talents but has also attracted a large audience.

d) Diverse Game Genres: From casual games like Candy Crush to immersive multiplayer titles like PUBG and Call of Duty Mobile, a diverse range of game genres caters to the varying interests of Indian gamers.

e) Social Connectivity: Online gaming has become more than just a solitary activity; it has turned into a social experience. Gamers connect with friends and strangers alike, fostering a sense of community and camaraderie.

CHALLENGES

Despite its tremendous growth, online gaming in India faces certain challenges.

a) Regulatory Environment: The absence of a comprehensive regulatory framework can lead to uncertainty and disputes in the industry. A balanced approach is needed to ensure player protection and industry growth.

b) Infrastructure: Although internet penetration has improved, some remote areas still face challenges with connectivity, hindering gaming opportunities for potential players.

c) Cyber Security: As the online gaming industry expands, it becomes a target for cyber threats, including hacking, phishing, and cheating. Maintaining robust cyber security measures is crucial for a safe gaming environment.

Online gaming in India has evolved from a casual pastime to a full-fledged industry with far-reaching impacts on society. Its growth has been driven by technological advancements, increased internet access, and a young and enthusiastic audience. As the industry continues to mature, striking a balance between regulatory measures, encouraging innovation, and addressing social concerns will be essential in sustaining this gaming revolution in India. With the right approach, India can further harness the potential of online gaming, offering an enjoyable and meaningful experience for millions of gamers nationwide.

LEVY OF 28% GST

Recently, the Goods and Service Tax Council imposed a GST of 28% on online gaming, horse racing, and casinos. The tax will be levied on the full value of the bet made or the chips bought, and there will be no differentiation between skill-based games and chance-based games. The move, announced by Finance Minister Nirmala Sitharaman, aims to address the moral implications associated with the online gaming sector while ensuring the industry's continuity.

What is online gaming and how has it fared in the country? In its draft regulation, the Ministry of Electronics and Information Technology defined online gaming as a "type of gaming that is offered online and is accessible through a computer resource

or an intermediary." India's gaming industry is projected to become a $5 billion industry by the year 2025, with it witnessing a compound annual growth rate (CAGR) of 28% to 30%.

Now, however, with the Centre's decision to levy 28% GST on the total game value for online gaming, gamers will have to pay 28% GST on the amount they have deposited in the game. Along with this, users will be required to pay the platform fee and bear 30% TDS on net winnings.

How will this impact the industry? The tax levy is likely to prompt users to seek offshore or illegitimate platforms that do not impose GST. This could have detrimental effects on the gaming industry, leading to potential disadvantages. It may result in several negative consequences, such as loss of revenue for the government.

Opposing the move, Roland Landers, CEO, The All India Gaming Federation, in a statement said, "We believe this decision by the GST Council is unconstitutional, irrational, and egregious. The decision ignores over 60 years of settled legal jurisprudence and lumps online skill gaming with gambling activities. This decision will wipe out the entire Indian gaming industry and lead to lakhs of job losses and the only people benefitting from this will be anti-national illegal offshore platforms."

Experts have expressed their concerns that the decision, influenced by the recommendations of a Group of Ministers, could potentially sound the death knell for the online gaming industry.

Disregarding the long-standing demand of the gaming industry, imposing a 28% tax rate on the gaming industry will undoubtedly deal a significant blow to Indian players. Furthermore, notices might be issued to gaming players regarding differential tax, leading to a new series of litigation.

Ankur Gupta, Practice Leader - Indirect Tax at SW India, said, "In most countries, the online gaming industry is taxable more or less at par with the current taxability of 18%, therefore, it's a disadvantage for Indian game companies if the taxability moves to 28%."

How has it impacted the industry so far? Shares of Indian online gaming firms Nazara Technologies, Onmobile Global, and Delta Corp slid a day after the government imposed the 28% tax on the funds collected by online gaming companies from customers.

THE DECISION AND ITS IMPLICATIONS

The new tax regulations will apply to the entire value of bets placed or the total amount paid as consideration, irrespective of whether the games are based on skill or luck. This implies that gamers will be required to pay 28% tax for every 100 rupees spent on online games, regardless of the nature of the game. Furthermore, gamers who win more than ₹10,000 will be subject to a 30% Tax Deducted at Source (TDS).

Industry experts and stakeholders have expressed concerns over this decision, highlighting its potential adverse impact on the gaming industry in India. The gaming community fears a substantial loss of income, as the increased tax burden might discourage players from participating in online games, leading to job losses and affecting cash flows and business expansions.

CHALLENGES AND CRITICISMS

One of the primary challenges is the lack of differentiation between games of skill and chance in the taxation framework. The decision to tax all online games uniformly has drawn criticism from experts who argue that skill-based games, such as chess tournaments and e-sports, should be treated differently from games of pure chance.

The gaming industry has raised concerns that excessive taxation might drive Indian gaming companies offshore, leading to a loss of innovation and investment in the sector. Additionally, the decision could deter new players from joining the industry, potentially affecting its growth and revenue potential.

POSSIBLE SOLUTIONS

To strike a balance between revenue generation and industry growth, the government could consider revisiting the tax rates and making distinctions between

skill-based and chance-based games. This approach would ensure a fair and equitable taxation framework for the gaming sector.

Furthermore, promoting a dialogue between the government and gaming industry stakeholders could lead to a more comprehensive understanding of the industry's nuances and requirements. Collaboration and co-operation could result in a taxation policy that encourages the growth of the gaming industry while ensuring adequate revenue collection for the government.

IN A NUTSHELL

The decision to impose a 28% GST on online gaming, casinos, and horse racing in India has sparked concerns and confusion within the gaming community. While the government aims to address moral implications and generate revenue, striking the right balance between taxation and industry growth is crucial. Differentiating between skill-based and chance-based games and engaging in open discussions with industry stakeholders could lead to a more viable and sustainable taxation policy for the Indian gaming industry.

As India continues to see rapid expansion of online gaming, fostering an environment that promotes innovation, investment, and responsible gaming practices will be key to maximizing the potential of this burgeoning sectoR.

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EXPLOSIVE THREATS

Nouriel Roubini's new book identifies 'Megathreats' that could cascade and cause widespread damage

he world is currently facing several serious challenges, including the worst debt crisis in history, the rise of artificial intelligence and robotics, the spread of nuclear weapons, and the threat of pandemics. These challenges are interconnected and complex, posing a significant threat to the global economy and security.

In his book 'Megathreats,' Nouriel Roubini outlines 10 of the most dangerous mega trends that we face today. These trends are not just predictions for the future; they are already having a major impact on our world.

Listed below are the 10 mega trends that Nouriel Roubini talks about in his book.

CLIMATE CHANGE AND ENVIRONMENTAL DEGRADATION

Roubini's first mega trend is escalating climate change and environmental degradation. He warns that the world is at the brink of an irreversible environmental catastrophe if we continue to ignore the signs. The economist suggests that we need to transition to a green economy, invest in renewable energy, and adopt sustainable practices. He also emphasizes on the importance of international cooperation in combating climate change.

Roubini's perspective on climate change is not just about the physical changes in our environment but also the implications for economic growth. He argues that the cost of inaction far outweighs the cost of action. The transition to a green economy, for instance, could create new jobs, stimulate economic growth, and reduce dependence on fossil fuels. However, this transition requires significant investment, policy support, and technological innovation.

TECHNOLOGICAL DISRUPTION

Roubini identifies technological disruption as a significant threat to our future. He argues that while technology has brought about unprecedented advancements, it has also led to job displacement and increased inequality. To survive this trend, Roubini suggests that we need to invest in education and training to equip people with the skills needed for the jobs of the future. He also advocates for policies that promote the fair distribution of technology's benefits.

Roubini's analysis of technological disruption is both insightful and sobering. He acknowledges the transformative potential of technology, but also warns of its disruptive effects. He argues that the rapid pace of technological change is outpacing our ability to adapt, leading to job displacement, income inequality, and social unrest.

To mitigate these effects, Roubini suggests that we need in invest to education and training, promote inclusive growth, and regulate technology to ensure it serves the common good.

RISING INEQUALITY

The third mega trend Roubini highlights is the rising inequality within and between countries. He argues that this trend is not only morally wrong but also economically inefficient and politically destabilizing. To address this issue, Roubini proposes progressive taxation, increased social spending, and policies that promote inclusive growth.

Roubini's perspective on inequality is grounded in his understanding of economics and social justice. Inequality, he argues, undermines economic growth, destabilizes societies, and fuels political discontent.

To address inequality, Roubini proposes a range of policy measures, including progressive taxation, increased social spending, and labour

market reforms.

GLOBALIZATION BACKLASH

Roubini's fourth mega trend is the backlash against globalization. He warns that this trend could lead to protectionism, nationalism, and xenophobia, which could destabilize the global economy.

Roubini's analysis of the globalization backlash is both timely and insightful. He argues that while globalization has brought about significant economic benefits, it has also led to job displacement, income inequality, and social unrest. This has fuelled a backlash against globalization, manifesting in protectionism, nationalism, and xenophobia.

To counter this backlash, Roubini suggests that we need to make globalization inclusive, regulate international trade and finance, and promote social protection.

DEMOGRAPHIC SHIFTS

Roubini identifies demographic shifts, such as aging populations in developed countries and youth bulges in developing countries, as a significant challenge. He suggests that these shifts could lead to economic stagnation, social tension, and political instability. To address this issue, Roubini proposes policies that promote economic productivity, social cohesion, and political stability.

Roubini's perspective on demographic shifts is grounded in his understanding of economics and sociology. He argues that demographic shifts, such as aging populations and youth bulges, can have significant economic, social, and political implications.

Aging populations, for instance, can lead to labour shortages, fiscal pressures, and slower economic growth. Youth bulges, on the other hand, can lead to unemployment, social unrest, and political instability.

To navigate these demographic shifts, Roubini suggests that we need to invest in education and training, promote economic productivity, and foster social cohesion.

CYBER SECURITY THREATS

The sixth mega trend Roubini highlights is increasing cyber security threats. He warns that these threats could disrupt critical infrastructure, compromise national security, and undermine trust in digital technologies.

Roubini's analysis of cyber security threats is both timely and insightful. He argues that as our reliance on digital technologies grows, so does our vulnerability to cyber security threats. These threats, he warns, can disrupt critical infrastructure, compromise national security, and undermine trust in digital technologies.

To counter these threats, Roubini suggests that we need to invest in cyber security, promote international co-operation, and establish norms and regulations for cyberspace.

GEOPOLITICAL TENSIONS

Roubini's seventh mega trend is escalating geopolitical tensions. He warns that these tensions could lead to conflicts, trade wars, and a breakdown of the international order.

Roubini's perspective on geopolitical tensions is grounded in his understanding of international economics and relations. He argues that geopolitical tensions, such as territorial disputes, trade wars, and power rivalries, can destabilize the global economy and undermine international order.

To navigate these tensions, Roubini suggests that we need to promote diplomacy, international co-operation, and multilateralism.

FINANCIAL INSTABILITY

The eighth mega trend Roubini identifies is the risk of financial instability. He argues that excessive debt, speculative bubbles, and financial deregulation could lead to financial crises.

The global debt crisis is the worst in history, both in terms of the total amount of debt outstanding and the level of debt relative to GDP. The total amount of debt outstanding in the world is now over $250 trillion, and the average level of debt relative to GDP is over 250%. This debt crisis is a major threat to the global economy, as it could lead to a

financial crisis, a sovereign debt crisis, or even a global depression.

The debt crisis is a result of a number of factors, including the financial crisis of 2008, the rise of quantitative easing, and the decline of manufacturing.

The financial crisis of 2008 led to a sharp increase in government debt, as governments were forced to bail out banks and other financial institutions.

Quantitative easing, which is the practice of central banks printing money to buy assets, has also led to an increase in debt, as it has made it easier for governments and businesses to borrow money.

The decline of manufacturing has also contributed to the debt crisis, as it has led to a loss of jobs and a decline in tax revenue.

The debt crisis is a serious threat to the global economy. If the debt crisis is not addressed, it could lead to a financial crisis, a sovereign debt crisis, or even a global depression. A financial crisis would be caused by a sharp decline in asset prices, which would lead to a loss of confidence in the financial system.

A sovereign debt crisis would be caused by a government's inability to repay its debt, which would lead to a default on its debt. A global depression would be caused by a severe decline in global economic activity, which would lead to widespread unemployment and poverty.

PANDEMICS AND HEALTH CRISES

Roubini's ninth mega trend is the threat of pandemics and health crises. He warns that these crises could disrupt economies, strain healthcare systems, and exacerbate social inequalities.

Roubini's perspective on pandemics and health crises is both timely and insightful. He argues that pandemics and health crises, such as the Covid-19 pandemic, can have significant economic, social, and political implications.

To counter these crises, Roubini suggests that we need to invest in healthcare, promote public health, and strengthen international cooperation on health issues.

EROSION OF DEMOCRACY

The tenth and final mega trend Roubini highlights is the erosion of democracy. He warns that this trend could lead to authoritarianism, social unrest, and political instability. So, Roubini suggests that we need to promote democratic values, protect human rights, and strengthen democratic institutions.

The spread of misinformation has made it difficult for people to distinguish between fact and fiction. This has eroded trust in institutions, which has made it more difficult for democracies to function effectively.

The rise of authoritarian regimes is a threat to global security. These regimes are more likely to engage in conflict with other countries, and they are less likely to respect human rightS.

THE HIDDEN FORTRESS

Health insurance is an unseen shield that you can't afford to ignore

ealth is wealth is a timeless adage that emphasizes the importance of good health. Ill health has the potential to deplete hard-earned wealth, especially given the escalating medical costs and the growing prevalence of ailments. It is crucial, therefore, to safeguard ourselves against such financial burdens.

Health insurance emerges as an indispensable shield, offering protection by covering medical expenses resulting from illnesses up to the chosen coverage limit. Furthermore, a health insurance policy guarantees that financing medical treatment is no longer contingent upon one’s financial capacity and shields individuals from the peril of exhausting their savings in the face of a medical event.

Despite the surging demand for health insurance products in the wake of the pandemic, the retail health insurance penetration rate stands at a meagre 3.5% of the population, highlighting its under-penetration.

This signifies a heavy reliance on personal savings to address healthcare needs within society. While using savings for routine medical expenses may not cause significant financial strain, unforeseen events, especially medical emergencies or chronic illnesses, can wreak havoc on one’s finances.

The exorbitant costs associated with medical procedures and subsequent treatments have the potential to completely deplete an individual’s savings. This often leads to indebtedness as individuals spare no expense in accessing the best available medical care.

To fully comprehend the profound impact of a medical event on personal finances and, in turn, recognize the need for health insurance coverage, it becomes essential to grasp the concept of medical inflation.

WHAT IS MEDICAL INFLATION?

Medical inflation refers to the consistent and steady increase in the per-unit cost of healthcare services over time. This encompasses various factors such as the cost of new treatments and procedures, expenses related to caregivers and doctors, medication costs, consumables, laboratory tests, and the cost of hospital beds, among others.

Medical inflation typically surpasses the general inflation rate in a country, as healthcare expenses tend to rise at a faster pace than the overall cost of living.

The main drivers of medical inflation include demand-supply dynamics, advancements in technology, innovative medical procedures, and the escalating costs of drugs, consumables, and personnel.

Demand-Supply Dynamics

India, with its large population, is witnessing a growing segment grappling with lifestyle-related ailments like diabetes, hypertension, and other chronic diseases. Consequently, there is an increasing number of people seeking healthcare services.

However, private healthcare, particularly in major cities, is facing a shortage due to the surging demand, with individuals travelling from far and wide to access the best healthcare facilities.

Additionally, medical tourism in India is experiencing a rise, as people from other countries seek treatment for a wide range of medical conditions.

These factors have resulted in an imbalance between demand and supply, with the supply being insufficient to meet the growing healthcare needs.

Consequently, this disparity between demand and supply has exerted upward pressure

on healthcare costs.

Advanced and Innovative Technology

The field of medicine is in a constant state of evolution, with the introduction of advanced technology, innovative treatments, and new medications for diagnosing and treating illnesses.

Often, these state-of-the-art medical devices and equipment need to be imported, making their acquisition expensive. As a result, accessing the latest treatment options is bound to be costly, as the utilization of such advanced technology contributes to the overall cost of healthcare.

Drugs, Consumables & Personnel Costs on the Rise

The escalating costs of drugs, fees, and consumables pose a significant challenge in the healthcare landscape. Despite government interventions to regulate the prices of essential medications, the overall cost of drugs continues to increase.

Moreover, prevailing inflationary trends in the country contribute to rising expenses related to personnel costs, including salaries, consulting fees, and various operational expenditures such as property and utilities.

These factors collectively contribute to medical inflation, further exacerbating the increasing costs of medical services.

This upward trajectory in medical expenses is not a transient phenomenon. According to the 2023 Global Medical Trends Survey, a staggering 78% of insurers worldwide anticipate greater or significantly higher cost increases in the next three years.

This data underscores the pressing need for individuals to have health insurance coverage to mitigate the financial impact of unforeseen medical events.

Medical inflation, which is driving up the cost of healthcare services, is making it increasingly challenging to afford essential medical care.

Furthermore, there has been a notable surge in the incidence of health issues, including among the younger population. These dual challenges highlight the urgency to address both the financial strains caused by medical inflation and the escalating health concerns by opting for a health insurance product.

Having health insurance coverage ensures that any medical incident does not become a financial setback and does not hinder one's ability to access the best medical care due to lack of finances.

MISCONCEPTIONS ABOUT HEALTH INSURANCE

Premiums Are High

The increasing cost of health insurance premiums is an undeniable reality, justified by several factors such as medical inflation, higher claims resulting from the pandemic, and expanded coverage. As medical costs continue to rise, insurance companies face greater financial outflows when settling bills for insured individuals.

However, it would be shortsighted to dismiss health insurance policies solely based on high premiums. On the contrary, the financial repercussions of a medical event make it all the more crucial to consider obtaining health insurance coverage.

While directly reducing health insurance premiums may not be feasible, there are indirect methods to mitigate their impact. These include purchasing a policy at a young age, timely renewal, adopting a healthy lifestyle to minimize claims, and undergoing annual preventive medical tests for early disease detection. By implementing such practices, policyholders can potentially reduce their overall healthcare costs and subsequently lower their premiums.

To facilitate financial planning, the Insurance Regulatory and Development Authority of India (IRDAI) permits insurance premiums to be paid quarterly, semi-annually, or annually. This flexibility in payment options eases the cash flow situation for policyholders, making it more manageable to budget for insurance expenses.

Health Insurance Is Not For The Young

It is a fallacy to believe that

health insurance is unnecessary for the young. Our lifestyles and dietary habits have undergone massive changes over the years. With the adoption of sedentary lifestyles, consumption of ready-to-eat meals, and frequent dining out, the prevalence of lifestyle-related diseases has seen a sharp rise.

The Covid-19 pandemic serves as a stark reminder that illness can strike anyone, regardless of age.

Considering the rate of medical inflation and the increasing incidence of medical events, it becomes essential to have adequate health insurance coverage to safeguard against potential financial burdens associated with healthcare expenses.

The Notion Of Losing Money

To keep an active policy, premiums must be paid regularly, usually on an annual basis or as per the chosen frequency. If no medical insurance claim is made within a given year, there is no maturity benefit, and the insurance amount paid is forfeited.

It is important to understand that health insurance operates similarly to a term policy, primarily designed to provide coverage in the event of illness. Therefore, viewing health insurance as a protection plan rather than a savings plan is crucial.

In fact, insurance companies offer a no-claim bonus to customers who have not made any claims in a given year. This bonus is an additional benefit, rewarding individuals for maintaining good health and responsible healthcare management.

It serves as a valuable incentive for policyholders and further enhances the advantages of maintaining health insurance coverage. While health insurance does not provide a savings component, it offers crucial financial security and peace of mind during times of illness or medical emergencies.

Claim Rejection

There are concerns regarding claim rejections, suggesting that insurance companies often make the claims settlement process difficult.

While it is true that there may be instances where claims are rejected due to inadequate or incomplete disclosures of pre-existing conditions and other factors, overall statistics from the IRDAI indicate a high percentage of successful claim settlements, typically in the high 90s.

This implies that as long as the policyholder follows the procedures and provides proper disclosures, they will be able to navigate through the claim settlement process smoothly.

For convenience, if treatment is sought at empanelled hospitals, policyholders can avail themselves of the cashless facility. This facility eliminates the need to pay upfront for covered medical expenses.

However, it is important to note that claims are usually limited to the sum insured, meaning that any expenses exceeding this limit would have to be borne by the insured.

IN A NUTSHELL

Health is an invaluable asset that often does not receive the attention it deserves due to its intangible nature and lack of awareness among the general public. Healthy individuals often underestimate the need for health insurance until they experience a medical event.

The Covid-19 pandemic served as a wake-up call, debunking the myth that health insurance is unnecessary for the young and healthy. The purpose of health insurance is to provide financial protection, access to quality healthcare, and peace of mind during times of illness or medical emergencies.

Consider a scenario where the sole breadwinner in a family falls ill. It not only jeopardizes their health but also depletes the family's savings.

Having health insurance coverage ensures that the breadwinner receives necessary medical treatment while safeguarding the family from financial distress.

Good health is crucial for overall well-being, and securing adequate health insurance protection is important. It ensures access to necessary care vital for recovering from an illness while preserving financial stabilitY.

Mutual fund categories offering a balanced approach to investing are ideal for optimal asset allocation

THE MIDDLE GROUND

Risk

n both finance and life, making effective decisions during difficult times is of paramount importance. Currently, the Indian equity markets are performing exceptionally well, with positive indicators such as a healthy current account deficit, fiscal deficit, inflation, and other macro-parameters. Over the past six months, foreign portfolio investors (FPIs) have been investing heavily in the market, resulting in significant inflows into equity funds.

Given the favourable market conditions, investors who entered equities in 2020 might have achieved substantial returns. Similarly, those who invested in small and mid-cap funds three years ago could have enjoyed average returns of 27% to 30%.

During a bullish market environment like this, it is important for investors to remain vigilant and focus on asset allocation. Asset allocation involves dividing one's investment portfolio into specific percentages among different asset classes, such as stocks, fixed income, commodities, and more. This practice helps optimize the risk-reward ratio of the portfolio based on the investor's risk tolerance and return expectations.

For instance, conservative investors may allocate a larger portion of their portfolio to debt products to safeguard their investments during periods of market volatility. However, during strong market rallies, they may have to compromise on potential returns.

On the other hand, some investors may be overly aggressive or too conservative in their investment decisions, resulting in suboptimal returns.

Investor asset allocation should be periodically reviewed and adjusted for various reasons, including changes in investment values, additional investments, redemptions, and other factors. Regularly rebalancing the portfolio helps maintain the desired asset allocation.

By implementing proper asset allocation strategies, investors can determine the potential returns they can expect based on the risks they are willing to undertake. It is essential to strike a balance between risk and reward to achieve long-term financial goals.

HOW SHOULD ONE GO ABOUT ALLOCATING ASSETS?

Asset allocation serves as the cornerstone of an investor's portfolio, providing a framework for determining where to allocate funds. Investors can thus enhance their returns while reducing overall portfolio volatility.

Implementing an appropriate asset allocation strategy is critical for achieving better performance, but it should also remain flexible enough to adapt to market developments over time.

Periodic rebalancing offers several key advantages. One benefit is that it allows investors to realign their portfolio with their original risk-return preferences. For instance, if an investor initially desired a 70:30 equity-to-debt allocation, but a surge in equity markets increased the equity allocation to 85%, the portfolio would become riskier and more susceptible to volatile swings in the equity market. This heightened volatility may not be desirable for conservative investors.

Thus, it becomes important to reduce the equity allocation back to 70% from 85%. This can be done by trimming the stock portfolio and reallocating the funds to the debt side or by injecting additional funds into the debt side to restore the desired balance.

When allocating assets, it is essential to consider risk tolerance, return expectations, and investment horizon. Investors who are easily

affected by fluctuations in the value of their investments should allocate a portion to fixed income assets.

However, if an individual seeks to accumulate a significant corpus for his/her children's education or marriage, and has a long-term investment horizon (greater than 7-10 years), he/she should consider allocating a portion of his/her portfolio to equities.

CONSIDER HYBRID FUNDS

If investors prefer a simplified approach to asset allocation, they may consider hybrid mutual funds. For those who wish to minimize risk, conservative hybrid funds with a debt exposure of 75% to 90% could be suitable. Conversely, investors seeking a balanced approach can explore pure balanced hybrid funds that offer a mix of 40% to 60% equity and debt.

Multi-asset funds enable investors to invest in three different asset classes: equity, debt, and commodities. Within the hybrid category, dynamic asset allocation, balanced advantage funds, and aggressive hybrid funds are among the best options.

Dynamic asset allocation involves actively managing investments in debt and equity. For instance, the portfolio of the ICICI Prudential Balanced Advantage Fund demonstrates this approach.

Factors such as market conditions, economic scenarios, global events, valuation measures (such as Price to Book Value and Price to Earnings), and interest rate movements play an important role. The gross exposure to stocks and equity should range from 65% to 100%, but the net equity exposure can be reduced to less than 65% using derivative strategies.

Hence, the equity exposure in dynamic asset allocation funds is dynamically adjusted based on favourable or unfavourable conditions.

In aggressive hybrid funds, equities typically range from 65% to 80%, with the remainder allocated to debt. Over the past year, dynamic asset allocation and aggressive hybrid funds delivered returns of 15.6% and 19.1%, respectively. Even over a ten-year period, the returns for aggressive hybrid and dynamic asset allocation funds have been 13.7% and 11.1%, respectively.

IN A NUTSHELL

Contrary to popular belief, investors should avoid altering their portfolio's asset allocation plan based on market performance. It is natural to question the strategy during market downturns, but since stocks inherently exhibit volatility, it is advisable to adhere to the predetermined asset allocation plan during such times.

While it is unnecessary to adjust the allocation based on market fluctuations, regular rebalancing of the stock portion is ideal. Rebalancing helps restore the desired asset allocation and allows investors to capitalize on assets that have seen a decline in value. This involves investing more in stocks when the market is down and vice versa.

Changes in risk profile, return expectations and time horizon should be the only factors that prompt adjustments in asset allocatio**N.**

TECHNICAL OUTLOOK

he bulls led the rally in July, but they might face strong resistance at the 20,000-20,100 mark on a closing basis. Nifty is trading near its all-time high, so we are likely to witness a volatile trading session in the coming days.

During this time, there may be some minor downfalls towards the 19,500/19,300 support level. Although the sentiment on D-Street was positive, one should remain cautious as we may witness profit booking at higher levels.

The Nifty is currently facing strong resistance between 20,000 and 20,100 on a closing basis. Any move above the 20,000 mark would signal a positive rally towards 20,400-20,900 levels.

On the other hand, the Nifty has strong support at the 19,370 mark, supported by the Golden Ratio i.e. 61.8% of Extension (Low - 15,183.40, High - 18,887.60, Low - 16,828.35).

If it fails to hold this support, i.e. 19,370 on a closing basis, then we may see further sell-off, potentially taking the Nifty towards 19,000/18,800.

The daily momentum indicator is trading near the overbought zone, indicating a potential correction or consolidation in the index. The overall market outlook remains cautious as profit booking is seen at higher levels, and some volatility can still be expected.

Traders should consider taking profits during rallies and look for opportunities to buy on dips. Any dip towards 19,500/19,370 will contribute to strengthening the Nifty.

Technically, the Bank Nifty has immediate support at 45,500. A close below 45,500 may extend the fall towards 45,000/44,600. On the flip side, resistance is positioned at 46,200 levels. Beyond that, the Bank Nifty may witness a strong positive rally towards 46,800-47,400 levels.

On the Nifty Options front for the August series, the highest open interest (OI) build-up is seen near the 20,000 and 20,500 Call strikes, whereas on the Put side, it is observed at the 19,500 and 19,000 strikes.

July has shown positive strength in the market, with stock-specific movements dominating the market. Nifty and Bank Nifty are likely to remain range-bound in the first part of August before picking up again.

India VIX, which measures the immediate 30-day volatility in the market, has remained sideways in the range of 10-12 for the July series. Going forward, we expect the index to remain sideways in the first part of August.

The Put Call Ratio-Open Interest (PCR-OI) for Nifty Options has been in the range of 0.8-1.5 in July. Going forward, it is expected to remain between 0.7 and 1.5 in August.

The markets are believed to remain sideways in the first half of August with supports placed at 19,500 and 19,000 levels; also, the markets will continue to witness some important resistances at 19,900, 20,000 and 20,500 levels.

OPTIONS STRATEGY

Long Strangle

The strategy can be initiated by 'Buying 1 lot 10August 20000CE (₹ 90) and 1 lot 10August 19600PE (₹ 80).' The premium outflow is approximately 170 points, which is also the maximum loss. However, it is recommended to place a Stop Loss at 120 points (for a 50-point loss). The maximum gain is unlimited, and it is recommended to place the Target at 350-400 points (for a 180-230 point gain). While the index is trading in the range of 19,600-20,000, a major move is expected once it breaks out or breaks down from these levels, which could lead to decent profits for the strategY.

MUTUAL FUND BLACKBOARD

Large Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Invesco India Largecap Fund - Growth	49.9	20.8	21.0	12.0	12.4	14.1	801
UTI Mastershare Unit Scheme - Growth	213.1	16.9	21.3	12.5	12.5	13.9	11,306
Canara Robeco Bluechip Equity Fund - Growth	46.8	20.5	20.6	14.3	14.5	14.5	9,946
Kotak Bluechip Fund - Reg - Growth	424.7	19.8	21.9	13.5	12.7	14.4	6,081
Nifty 100 TRI	26,529.7	19.3	22.5	13.3	13.8	14.2	--

Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Tata Mid Cap Growth Fund - Reg - Growth	285.9	22.6	29.0	17.6	15.4	20.3	2,143
Edelweiss Mid Cap Fund - Growth	59.6	22.5	33.0	16.9	16.6	21.4	3,250
Mirae Asset Midcap Fund - Reg - Growth	24.4	20.4	33.3	--	--	--	10,567
Nippon India Growth Fund - Reg - Growth	2,534.3	27.3	34.1	19.2	17.1	19.2	16,353
Kotak Emerging Equity Fund - Reg - Growth	85.9	22.6	32.4	18.0	16.5	22.2	29,759
Nifty Midcap 150 TRI	17,305.2	28.2	34.3	17.7	17.6	20.7	--

Small Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Kotak Small Cap Fund - Reg - Growth	188.5	20.8	41.3	21.2	18.1	22.2	10,830
Edelweiss Small Cap Fund - Reg - Growth	29.9	28.1	41.4	--	--	--	1,946
Nippon India Small Cap Fund - Reg - Growth	113.5	36.3	46.8	23.3	22.2	28.3	31,945
ICICI Prudential Smallcap Fund - Growth	63.6	23.7	41.9	21.2	17.2	18.2	6,047
Union Small Cap Fund - Reg - Growth	35.0	23.7	38.8	19.5	15.6	--	891
Nifty Smallcap 250 TRI	13,862.5	29.3	38.5	15.6	14.1	19.1	--

Large & Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Tata Large & Mid Cap Fund - Reg - Growth	401.8	25.4	26.0	16.5	14.1	16.3	4,639
Canara Robeco Emerging Equities - Growth	180.0	17.9	24.5	14.4	15.6	22.3	17,382
Edelweiss Large & Mid Cap Fund - Growth	60.2	20.4	25.5	14.1	14.3	15.6	2,046
Kotak Equity Opportunities Fund - Reg - Growth	236.0	24.6	25.1	15.8	15.1	17.1	13,766
Mahindra Manulife Large & Mid Cap Fund - Reg	19.5	21.4	27.7	--	--	--	1,261
NIFTY Large Midcap 250 TRI	14,486.6	23.8	28.3	15.6	15.8	17.6	--

Multicap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Mahindra Manulife Multi Cap Fund - Reg - Growth	24.0	24.6	29.5	17.9	--	--	1,845
HDFC Multi Cap Fund - Reg - Growth	13.0	32.4	--	--	--	--	7,103
Kotak Multicap Fund - Reg - Growth	12.2	28.5	--	--	--	--	5,017
Nippon India Multi Cap Fund - Reg - Growth	197.9	33.5	37.4	17.8	15.2	17.4	17,441
S&P BSE 500 TRI	33,876.7	21.5	25.4	14.3	14.5	15.3	--

FlexiCap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Canara Robeco Flexi Cap Fund - Growth	250.5	19.5	21.9	14.4	15.0	15.0	9,919
Mirae Asset Flexi Cap Fund - Reg - Growth	11.7	--	--	--	--	--	955
UTI Flexi Cap Fund - Growth	253.1	11.6	20.3	12.1	13.0	14.9	26,033
Union Flexi Cap Fund - Growth	38.1	21.6	24.7	14.7	13.6	13.3	1,534
Parag Parikh Flexi Cap Fund - Reg - Growth	56.8	24.0	25.6	18.1	18.1	18.8	37,699
S&P BSE 500 TRI	33,876.7	21.5	25.4	14.3	14.5	15.3	--

Focused Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Focused 30 Fund - Growth	149.4	26.9	31.2	15.0	13.1	16.2	5,308
Nippon India Focused Equity Fund - Reg - Growth	89.6	17.4	28.1	14.7	13.7	19.5	6,506
ICICI Prudential Focused Equity Fund - Ret - Growth	59.2	24.5	25.6	15.0	13.2	14.8	4,544
Mahindra Manulife Focused Fund - Reg - Growth	18.0	23.6	--	--	--	--	774
S&P BSE 500 TRI	33,876.7	21.5	25.4	14.3	14.5	15.3	--

Dividend Yield Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
ICICI Prudential Dividend Yield Equity Fund - Reg	33.1	26.3	31.6	14.7	14.1	--	1,849
Sundaram Dividend Yield Fund - Growth	98.2	19.8	23.0	13.6	14.9	15.6	495
UTI Dividend Yield Fund - Growth	118.2	20.0	22.4	13.8	13.4	13.6	2,992
S&P BSE 500 TRI	33,876.7	21.5	25.4	14.3	14.5	15.3	--

Contra/Value Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bandhan Sterling Value Fund - Reg - Growth	108.1	26.1	39.8	15.7	16.6	18.5	6,122
SBI Contra Fund - Growth	264.8	29.7	39.9	19.9	16.3	16.9	11,865
Nippon India Value Fund - Reg - Growth	145.8	24.7	29.2	15.6	14.9	17.0	5,318
S&P BSE 500 TRI	33,876.7	21.5	25.4	14.3	14.5	15.3	--

ELSS Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
UTI Long Term Equity Fund (Tax Saving) - Growth	155.6	15.8	22.2	13.2	12.3	13.9	3,126
Canara Robeco Equity Tax Saver Fund - Growth	130.3	19.9	24.4	16.2	15.6	16.3	5,750
Kotak Tax Saver Fund - Reg - Growth	85.1	23.9	25.5	15.7	14.7	16.8	3,855
Mahindra Manulife ELSS Fund - Reg - Growth	21.8	22.3	26.5	14.0	--	--	625
Parag Parikh Tax Saver Fund - Reg - Growth	22.2	22.8	26.2	--	--	--	1,742
Tata India Tax Savings Fund - Reg - Growth	32.8	21.7	24.1	14.2	13.8	--	3,392
S&P BSE 200 TRI	10,772.8	20.8	24.5	14.3	14.5	15.1	--

Thematic / Sector Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Mirae Asset Great Consumer Fund - Growth	69.1	26.2	26.8	15.9	16.9	18.1	2,464
ICICI Prudential Banking and Financial Services Fund	100.8	25.6	25.8	11.3	13.1	17.3	6,961
Nippon India Pharma Fund - Reg - Growth	330.9	20.7	19.0	18.7	13.0	16.3	4,960
Quant Quantamental Fund - Reg - Growth	15.9	37.0	--	--	--	--	766
Tata Digital India Fund - Reg - Growth	35.2	14.2	29.1	19.5	20.2	--	7456
S&P BSE 500 TRI	33,876.7	21.5	25.4	14.3	14.5	15.3	--

Arbitrage Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	2 Years	3 Years	
Bandhan Arbitrage Fund - Reg - Growth	28.3	7.3	7.0	6.2	4.7	4.3	3,357
Kotak Equity Arbitrage Fund - Reg - Growth	32.5	7.6	7.2	6.5	5.1	4.7	22,513
Tata Arbitrage Fund - Reg - Growth	12.5	7.1	6.9	6.1	4.7	4.5	6,467
Invesco India Arbitrage Fund - Growth	27.8	7.4	7.2	6.7	5.3	4.7	5,155
Edelweiss Arbitrage Fund - Reg - Growth	16.9	7.4	7.0	6.3	4.9	4.6	5,305

Equity Savings Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Equity Savings Fund - Reg - Growth	20.0	10.7	10.0	8.2	8.5	--	274
HDFC Equity Savings Fund - Growth	53.8	12.2	14.1	9.1	9.3	9.8	2,717
Kotak Equity Savings Fund - Reg - Growth	20.9	12.6	11.6	8.9	9.0	--	2,536
NIFTY 50 Hybrid Composite Debt 65:35 Index	16620	17.3	16.8	12.4	12.2	12.3	--

Dynamic Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Kotak Balanced Advantage Fund - Reg - Growth	16.3	14.4	12.9	--	--	--	14,887
Nippon India Balanced Advantage Fund - Reg - Growth	136.7	13.2	14.6	9.9	10.2	11.8	6,903
Tata Balanced Advantage Fund - Reg - Growth	16.6	14.2	14.6	--	--	--	7,109
Edelweiss Balanced Advantage Fund - Growth	40.2	16.0	16.0	11.7	11.4	11.7	9,247
Union Balanced Advantage Fund - Reg - Growth	16.5	12.2	11.8	10.2	--	--	1,655
NIFTY 50 Hybrid Composite Debt 65:35 Index	16,620.0	17.3	16.8	12.4	12.2	12.3	--

Hybrid Aggressive Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Canara Robeco Equity Hybrid Fund - Growth	274.0	17.1	17.5	12.7	12.7	14.8	8,896
Kotak Equity Hybrid Fund - Growth	45.7	17.4	22.8	13.8	12.5	--	3,841
Mirae Asset Hybrid - Equity Fund - Reg - Growth	24.8	17.3	18.3	12.7	12.6	--	7,573
NIFTY 50 Hybrid Composite Debt 65:35 Index	16,620.0	17.3	16.8	12.4	12.2	12.3	--

Multi Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Multi - Asset Fund - Growth	54.3	16.0	16.9	11.8	10.5	11.0	1,840
Nippon India Multi Asset Fund - Reg - Growth	15.1	16.9	--	--	--	--	1,303
Tata Multi Asset Opportunities Fund - Reg - Growth	17.7	17.4	18.9	--	--	--	1,666
NIFTY 50 Hybrid Composite Debt 65:35 Index	16,620.0	17.3	16.8	12.4	12.2	12.3	--

Gold Funds Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Gold Fund - Growth	18.5	17.6	5.6	13.6	8.7	7.0	1,512
Kotak Gold Fund - Reg - Growth	23.8	16.7	5.5	13.8	8.9	6.9	1,476
Nippon India Gold Savings Fund - Reg - Growth	23.8	17.3	5.5	13.5	8.5	6.8	1,486
Prices of Gold	59,678.0	18.3	6.7	14.9	9.9	8.3	--

Overnight Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Bandhan Overnight Fund - Reg - Growth	1,213.1	6.2	6.3	6.4	6.1	6.77	1,450
Tata Overnight Fund - Reg - Growth	1,200.4	6.2	6.3	6.4	6.1	6.78	2,175
Nippon India Overnight Fund - Reg - Growth	122.2	6.2	6.4	6.4	6.1	6.81	6,998

Liquid Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Aditya Birla Sun Life Liquid Fund - Reg - Growth	367.4	6.6	6.7	6.8	6.6	7.10	44,069
Mirae Asset Cash Management Fund - Growth	2,390.8	6.7	6.8	6.8	6.5	7.01	6,340
Kotak Liquid Fund - Reg - Growth	4,611.2	6.6	6.7	6.7	6.5	6.99	28,769
Nippon India Liquid Fund - Reg - Growth	5,566.5	6.6	6.7	6.7	6.5	7.02	24,602
Mahindra Manulife Liquid Fund - Reg - Growth	1,483.3	6.8	6.9	6.9	6.6	7.14	444

Ultra Short Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Ultra Short Term Fund - Reg - Growth	13.2	6.9	7.2	6.5	4.7	7.36	13,709
ICICI Prudential Ultra Short Term Fund - Growth	24.1	7.0	7.2	6.5	5.0	7.48	12,657
Kotak Savings Fund - Reg - Growth	37.5	6.8	7.2	6.4	4.4	7.28	10,560

Money Market Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Money Market Fund - Growth	4,956.2	7.2	7.6	6.8	4.8	7.38	16,523
Tata Money Market Fund - Reg - Growth	4,089.2	7.2	7.7	6.9	5.0	7.39	12,126

Low Duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Low Duration Fund - Growth	50.3	7.4	7.5	6.7	5.0	7.78	14,539
ICICI Prudential Savings Fund - Reg - Growth	469.0	8.1	8.1	7.8	5.2	7.81	18,077
Kotak Low Duration Fund - Std - Growth	2,919.1	7.0	7.3	6.5	4.6	7.67	9,351

Floater Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Kotak Floating Rate Fund - Reg - Growth	1,296.1	7.4	7.6	6.8	5.1	7.85	4,297
Tata Floating Rate Fund - Reg - Growth	11.0	7.1	7.6	6.7	--	7.84	255

Short Term Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Short Term Debt Fund - Growth	27.5	7.6	7.8	6.9	4.9	7.73	12,320
HSBC Short Duration Fund - Reg - Growth	22.9	6.4	6.9	6.1	4.0	7.45	3,517
ICICI Prudential Short Term Fund - Growth	51.8	8.0	7.9	7.7	5.3	7.92	17,968

Corporate Bond Fund

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Corporate Bond Fund - Reg - Growth	25.6	8.5	8.3	7.8	5.2	7.91	21,926
HDFC Corporate Bond Fund - Growth	27.9	8.3	8.1	7.3	4.9	7.74	26,612
Kotak Corporate Bond Fund - Std - Growth	3,242.3	7.6	7.6	6.7	4.8	7.71	10,287

Dynamic Bond Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential All Seasons Bond Fund - Growth	31.7	8.5	8.3	8.3	5.5	8.03	10,601
Nippon India Dynamic Bond Fund - Reg - Growth	32.0	8.7	8.5	8.5	4.0	7.46	4,511
Kotak Dynamic Bond Fund - Reg - Growth	32.1	8.4	7.5	6.9	4.3	7.55	2,555

Medium Duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Medium Term Bond Fund - Growth	38.5	7.8	7.9	7.4	6.1	8.21	6,554
HDFC Medium Term Debt Fund - Growth	48.7	7.9	7.7	7.1	5.5	7.95	4,256
SBI Magnum Medium Duration Fund - Growth	44.2	8.0	8.4	7.6	5.3	7.86	7,137

Long duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Nippon India Nivesh Lakshya Fund - Reg - Growth	15.3	11.2	9.5	11.8	3.4	7.37	6237

Gilt Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Kotak Gilt Fund - Growth	83.8	8.1	8.3	8.1	4.0	7.55	2,416

Gilt Fund with 10 year constant duration

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Constant Maturity Gilt Fund - Reg	21.0	9.7	10.3	9.2	4.1	7.23	2,190

Credit Risk Fund

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Credit Risk Fund - Growth	27.1	7.0	7.7	7.0	6.5	8.49	7,672
HDFC Credit Risk Debt Fund - Reg - Growth	20.8	7.2	7.2	6.8	6.6	8.43	8,514
SBI Credit Risk Fund - Growth	39.3	7.0	10.2	8.2	6.3	8.10	2,773

Banking & PSU Bond Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Edelweiss Banking & PSU Debt Fund - Reg - Growth	21.3	7.1	7.8	7.4	4.5	7.36	368
HSBC Banking and PSU Debt Fund - Growth	21.1	6.4	6.9	6.1	3.7	7.4	4767

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BEYOND BOUNDARIES

Despite its small format, the IPL has revolutionized the way cricket is played, watched, and enjoyed worldwide, while also establishing itself as a formidable revenue generator for all stakeholders

he craze for cricket in India is reflected in the quantum of business the sport generates in the country. Today, cricket is not just about sports. There has been a rise in the element of thrill, thanks to the little tweaking of rules that favour batsmen. Cricket has now become akin to a much-awaited film or a reality show, with an audience that never fails to attend.

Of its various formats, the short-format cricket - Indian Premier League (IPL) Cricket - attracts high attendance in all three mediums: stadiums, online (digital), and television. This attendance remains stable and, in fact, has been growing over the years.

What is astounding is the amount of business that frequent IPL cricket is generating. It is akin to a well-placed mid-sized company that is flourishing with each passing year. Behind the glamour, glare, glitz, and wide acceptance, it is the business of IPL that is the key reason why this short-format cricket is played so frequently. It has been 15 years since this short-format cricket was started in India.

Let us understand the business of IPL cricket by exploring how this short-format cricket has generated significant interest from all stakeholders in the game.

THE BASICS

IPL cricket in India began in 2008, with well-known stars of the Hindi film industry spending an estimated $723.59 million to buy eight IPL teams, which were nothing but city-based franchises.

To provide perspective on the growth of IPL as a major sporting event, consider this statistic: In 2021, British equity firm CVC Capital paid close to $740 million for the Gujarat Titans team.

In 2008, Sony paid ₹ 8,200 crore for television rights for the period 2008-17. Subsequently, Star India acquired the television and digital rights of the tournament for $2.55 billion for the period 2018-22.

Recognizing the immense potential in selling digital and television rights, IPL authorities decided to sell these rights separately.

Disney Star secured the television rights, while Viacom18 obtained the digital streaming rights. The combined value of these rights was ₹ 48,390 crore ($6.2 billion) for the period 2023-27, with Mukesh Ambani-backed Viacom-18 paying ₹ 23,758 crore for the digital broadcasting rights.

According to data compiled by ESPN Cricinfo, the rights for the 2023-27 seasons were sold at twice the price compared to the 2018-22 seasons.

The global broadcasting rights for IPL matches were shared between Viacom and Times Internet, amounting to a total of ₹ 1,075 crore. Viacom also paid an additional ₹ 2,991 crore for a separate category of non-exclusive rights to air 18 crucial matches each season.

These facts highlight the growing business of IPL cricket. Experts point out that IPL's success lies in effectively combining cricket, entertainment, and marketing. The value of a 10-second advertising slot during the IPL season has seen a significant increase, fetching ₹ 17 lakh to ₹ 18 lakh recently compared to ₹ 6.5 lakh in 2017, indicating a threefold jump in the past six years.

Given these facts, Board of Control for Cricket in India (BCCI) Secretary Jay Shah, during a press conference to announce a new season of IPL, stated that IPL has emerged as the second-most valuable

sports league in the world, surpassing the English Premier League (EPL), Major League Baseball (MLB), and the National Basketball Association (NBA) league.

IPL cricket is watched by an audience of over 600 million across television and digital platforms. Today, the IPL spans eight weeks and features 10 teams, compared to the initial eight teams in 2008.

THE BUSINESS

Now, let us delve into the business of IPL cricket. Like any successful business, the IPL provides rich dividends to all its stakeholders. To begin with, the Board of Control for Cricket in India (BCCI) receives 50% of the revenues generated from the sale of IPL media rights, while the remaining funds are allocated to the teams through the sale of media rights. As the stakeholders in the short-format game increase, so do the opportunities for advertisers, sponsors, media companies, and others.

The revenue model of IPL primarily revolves around broadcasting rights, sponsorship deals, merchandise sales, player auctions, and player endorsements.

TICKET SALES, SPONSORSHIP AND MERCHANDISE

There are usually seven to eight home matches in every IPL season. As per the rule, the franchise owner based in the respective city takes home approximately 80% of the revenues generated through ticket sales, while the remaining 20% is divided between the BCCI and the sponsors. It is estimated that revenue generated from ticket deals constitutes 10% to 15% of a team's total revenue.

Additionally, teams generate income from match-day food and drink deals within their home arenas. Sponsorship is another significant contributor, accounting for approximately 20% to 30% of a team's total revenues. Teams also generate a smaller portion of revenue through merchandise sales, including items such as jerseys, hats, and other accessories.

FRANCHISE AUCTIONS

As the IPL continues to gain wide acceptance and a loyal following, new teams are entering the league, which has made franchise auctions another significant revenue stream for the BCCI. The auction for IPL 2023 took place on 23rd December, where franchisees participated in the bidding process to acquire the best players for their teams.

In 2008, Mumbai Indians was sold to Mukesh Ambani for the highest bidding price of Rs 839 crore. That same year, the Royal Challengers Bangalore and Chennai Super Kings franchises were sold for ₹ 837 crore and ₹ 683 crore, respectively.

Fast forward to 2021, the Lucknow and Ahmedabad franchises were sold for a whooping ₹ 7,090 crore and ₹ 5,600 crore, respectively, highlighting the substantial growth in revenues earned through the sale of franchise teams.

Given the scale of investments and the increasing potential to generate high revenues, it is estimated that the BCCI will increase the number of teams from 10 to 12 by 2027. Franchise teams also generate revenues from sponsors, radio, digital partners, and other avenues.

Regarding player payments, some franchises pay half of the salary amount in advance and the remaining half during the season. Other franchises follow a more common 15-65-20 formula for salary payments.

This formula entails paying 15% of the agreed- upon sum before the season begins, 65% during the season, and the final 20% within a specified period after the season ends.

BROADCASTERS

Broadcasters or television channels earn revenues from advertisements. It is estimated that the total advertising revenues generated from television and digital (streaming) in IPL were close to ₹ 3,500 crore. Advertisers paid broadcasters as much as ₹ 17 lakh for a ten-second ad slot during a match. Industry experts suggest that, according to the new media rights deal, advertising rates for a 30-second television slot may have reached ₹ 1 crore.

THE GDP IMPACT

Yes, this may sound surprising, but it is indeed true. An IPL

season is so big that it can contribute to the country's Gross Domestic Product (GDP). According to a KPMG survey, it is estimated that the 60-day tournament in 2021 contributed ₹ 11.5 billion (US$ 182 million) to the Indian economy. Additionally, an IPL season also generates business for other sectors such as airlines, travel and tourism, and to some extent, hospitality.

Recent estimates suggest that over 500 million people may have watched IPL 2023 matches online through digital devices, surpassing traditional TV viewing. This shows the increasing acceptance of the tournament.

Experts also highlight that the lack of compelling Hindi films in recent years has contributed to the growing interest in IPL. Given the increasing revenue potential, the inherent thrill of the game, and the rising digital viewership due to improved internet connectivity, the forthcoming seasons of IPL will be even larger and more significant for all stakeholders in the gam**E.**

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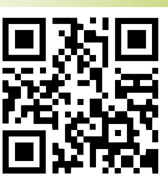

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IMPORTANT JARGON

SUGARCANE FRP HIKED

Recently, the government increased the Fair and Remunerative Price (FRP) for sugarcane to ₹ 315 per quintal for the 2023-24 sugar season, which spans from October to September. This hike in FRP is expected to serve a number of purposes.

Q. What Is FRP?

FRP is the minimum price the sugar mills must pay cane growers for supplying cane. In a way, it is the minimum support price that the government announces for around 24 crops every year. The only difference is that the procurement is done by mills and not by the government.

Q. What Is The Increase In FRP For The Next Sugar Season?

The increase in FRP for the next season 2023-24 has been ₹ 10 per quintal for a basic recovery rate of 10.25% as compared to the previous year. The FRP of sugarcane stood at ₹ 210 per quintal in the 2014-15 sugar season. The FRP is different for different recovery rates. Recovery is nothing but how much sugar is recovered or produced from sugarcane. Linking high prices for higher recovery ensures that farmers grow only good quality cane.

Q. How Much Sugarcane Has Been Purchased By Sugar Millers In The Ongoing Sugar Season?

In the current 2022-23 marketing year, about 3,353 lakh tonnes of sugarcane worth ₹ 1.11 trillion has been purchased by sugar mills.

Q. What Is The Arrear Due To Sugarcane Farmers? And What Does This Signify?

According to the government data, the total amount payable to farmers as of 17th July for the current 2022-23 marketing year is ₹ 1,13,236 crore. Out of this, ₹ 1,03,737 crore has been paid and ₹ 9,499 crore is yet to be cleared. Dues are significantly lower than what was seen a few years back. Arrears have come down over the years due to proactive government policies and industry measures.

Q. Why Is The Decision On FRP Important?

The decision to increase the FRP is crucial as the country goes for Lok Sabha elections, scheduled around May/June '24. The sugar sector is an important agro-based sector that impacts the livelihood of about 5 crore sugarcane farmers and their dependents. This measure can be seen as a political move in the run-up to the elections.

Q. What Are The Other Reasons For Hiking The FRP?

There are two other reasons why it was important to incentivize farmers to grow more cane: One, stocks of sugar have depleted in the last few seasons, mostly due to weather-related issues. Thus it was important to ensure high cane acreage in the country.

As per industry body Indian Sugar Mills Association (ISMA), sugar production is estimated to have fallen in the current season to 32.8 million tonne from 35.76 million tonne in 2021-22.

The second reason is that the government has set a high target of 15% for ethanol blending with petrol for the next oil season (December to November). This too would need high cane availability in the ethanol ecosystem. For the medium term, the target is 20% ethanol blending by 2025.

Q. What Will Be The Impact On Sugar Mills?

High FRP means that mills will have a higher outgo in terms of raw material costs. One estimate suggests that sugar production costs will rise by around 5% after the sugarcane FRP hike.

MONSOON AND KHARIF SOWING UPDATE

After a delayed start, Indian monsoon rains have improved up till the week ending 21st July. Cumulative rainfall was 3% above the long-term average. At an aggregate level, while the northwest region and central India have received above-normal rainfall, south India and the eastern and northeastern regions have witnessed deficient rainfall.

Q. What Has Been The Progress Of The Monsoon So Far?

Amid El Nino concerns, India witnessed a large rain deficit up to mid-June. However, the good progress of the monsoon from the last week of June till 21st July has erased the shortfall. Cumulative rainfall until 21st July was 3% above normal compared with 14% above normal rains last year.

Q. While The Monsoon Has Progressed Well, What Is The Concern?

For tracking monsoons it's important to analyze the onset, intensity and geographical patterns of the rains. This time around the distribution of monsoon rainfall has been extremely skewed. For tracking purposes, India is divided into 36 meteorological sub-divisions. Out of this, till 21st July, 8 continue to record deficient rain; 16 normal; 9 excess and 3 large excesses.

Q. How Is Kharif Sowing Panning Out?

Farmers take sowing calls before and during the monsoon season. They sow summer crops (kharif) like rice, sugarcane, pulses, cotton etc. Kharif sowing as of 21st July stands at 1.2% higher than last year (as against 1.6% lower during last week). Clearly, kharif sowing is picking up sequentially. The area under paddy cultivation has picked up. Even the sowing of oilseeds, cereals and sugarcane continues to do well. However, the sowing of oil seeds, cotton and jute is on the lower side.

Q. What Is The Minimum Support Price (MSP) For Kharif Crops?

It is worth highlighting that the government has increased the minimum support price (MSP) for 15 kharif crops (crops sown in the summer season) by 7% on average as against a hike of 5.8% last year. This hike is the highest in five years and the second highest in the last one decade.

Q. What Is The Status Of The Reservoirs In The Country?

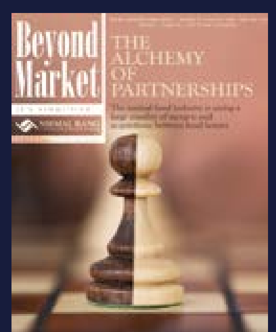
There are some 143 key reservoirs in the country. As of 20th July, water levels in these reservoirs stood at 39% of their storage capacity compared with 33% last week. Although the reservoir levels are lower than last year's 53%, they are on par with the average of the previous 7 years' levels. High reservoir levels mean water availability for winter (rabi) sowing.

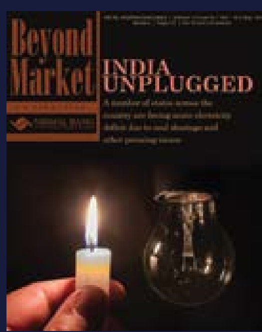
Q. Why Is July Important?

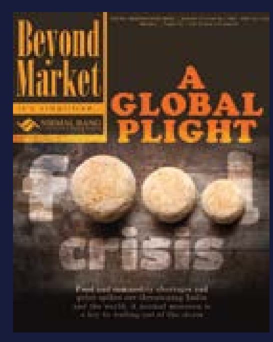
The rainfall trend in July is crucial for agriculture. Rainfall in July typically accounts for around 33% of the total seasonal rainfall (against 16% in June). Further, sowing gathers momentum in July, thereby making it important to track the trend in July to assess the impact on agricultural production and food inflation.

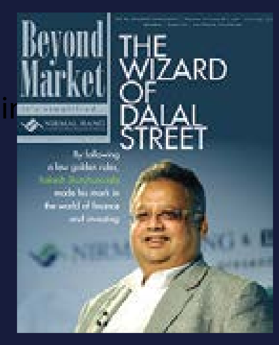
Q. Why Is An Erratic Distribution Of Monsoons A Concern?

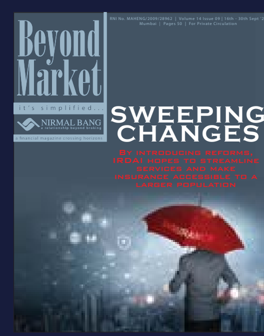
Some vegetable crops such as tomatoes, eggplant, capsicum and spinach have been adversely affected by uneven rainfall distribution. Floods in northern India have led to damage to standing crops, while in South India sowing has been delayed. As a result, prices of certain vegetables have hit record highs. Inflation in India measured by the consumer price index (CPI) rose to 4.8% in June as against 4.3% in May mainly due to a spike in food priceS.

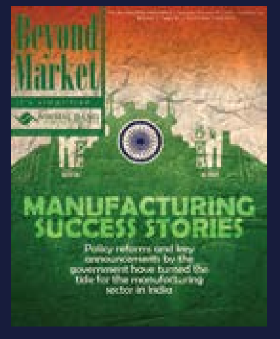


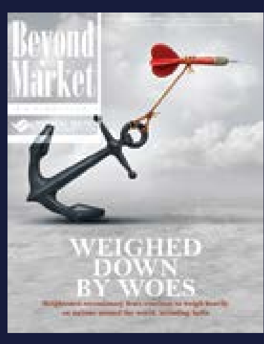


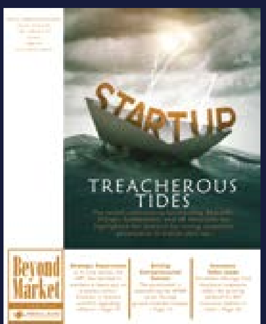












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