The Finance & Investment Cell

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Bad Bank: Beacon of falling hope

Venture Capital in Indian Climate Tech

Young Investors Fellowship Programme 4.0 Edition

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From the Convenor's Desk

The Finance and Investment Cell at Hansraj College stands as a dynamic force, driven by a group of enthusiastic students committed to sharing vital insights into finance and investment. Since our inception in 2014, our journey has witnessed significant growth in size, scope, and community engagement, evolving to meet the needs of our members. Beyond our traditional activities, we've embraced innovation by launching our in-house Mentorship and Consulting Wing and Social Wing, adding layers of depth to our offerings. Through diverse events and regular speaker sessions featuring industry experts, the Cell has solidified its stature and impact.

In our ongoing quest to bridge knowledge gaps, we've taken a unique approach to spreading financial literacy, making it both enjoyable and holistic. The past year has seen our newsletter gain momentum, earning appreciation from our dedicated subscribers. Adapting to industry changes, we persist in tailoring our content to meet the evolving needs of our readers. With over 10,000 subscriptions in a short period of time, our free monthly newsletter stands as a testament to the concerted efforts invested. As we embark on Volume 5, Edition 5, our aim is to curate content that not only informs but also captivates, simplifying the complexities of finance for our readers.

In the words of B.B. King, "The beautiful thing about learning is that nobody can take it away from you." Regardless of age, continuous learning, especially in finance, yields dividends. In today's fast-paced financial landscape, our mission is to provide a comprehensive solution, ensuring our readers stay well-informed. Our heartfelt gratitude extends to all contributors who have played a crucial role in the success of the newsletter. A very special thanks to our Principal, Dr. Rama, for entrusting us with this responsibility. We appreciate the dignitaries who spared their valuable time to send their best wishes.

As we embark on this edition, we extend our gratitude to our readers, whose support fuels our passion for delivering quality content. Whether you're a seasoned investor or someone taking their first steps into the financial realm, we strive to offer content that resonates with your journey. Here's to another edition of learning, exploration, and empowerment in the world of finance!

THE EDITORS' DESK

Quoting Robert Kiyosaki, 'The single most powerful asset we all have is our mind. If it is trained well, it can create enormous wealth.' In this special edition of the Student Finance Gazette, we've taken this to heart. Recognizing the vital role of knowledge in financial well-being, we present a comprehensive guide to keep you updated and informed. So, as you flip through these pages, envision it as a journey – a simple guide that empowers you to explore more about the domain of finance. May this edition be a stepping stone to a clearer understanding of the financial landscape and a source of confidence in navigating it successfully.

Our sincere gratitude goes out to those who made this edition possible. Our Principal Ma'am, DR RAMA, for the trust vested in us, and our convenor, MR. ASHUTOSH YADAV, for his unwavering guidance, and our dignitaries, for sparing their valuable time and wishes. As you delve into the captivating world of finance through these pages, we wish you an enriching experience filled with insights and shared experiences.

Ojas Arora

Sehaz Nagpal

Arunav Sharma

Hardik Jain

Priyansh Kotiya

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OCEN:
DEMOCRATIZING CREDIT ACCESS IN INDIA

Have you ever noticed that influential figures in India can easily secure loans, and in case of default, banks often resort to write-offs? But what about small businesses? Do they get credit facilities easily? Are they not important for the Indian Economy? The truth is that while Adanis and Kingfishers were able to get thousands of crores of loans MSMEs struggled to get a loan as small as Rs. 50000.

The credit gap in India in 2012 was $200 billion and now has crossed $300 billion. Access to finance has always been an issue for smaller firms and businesses. This is a major hindrance for businesses as well as the MSME sector. However, the most disturbing fact about it is that only 16% of SMEs get access to timely finance, resulting in small and medium firms being forced to rely on their resources. The three main problems that MSMEs face while applying for loans are lack of documents, Risk analysis Data, turnaround time and subsidy check.

But why are banks not able to provide them with loans? This is because a bank has to go through various processes like document verification, physical verification etc. while the ticket size of these firms is very low, so it becomes costly for the banks to disburse the loan. They either reject the application or hike their interest rates.

WHAT IS OCEN ?

To solve this problem, at the Global Fintech Festival in 2020, Mr Nandan Nilkani launched a revolutionary concept that could change the financial landscape of MSMEs in India. This concept is based on the foundation of Adhaar, UPI, the GST system and the Banking system. It is called the Open Credit Enablement Network or OCEN. Open Credit Enablement Network is a digital infrastructure intended to democratise the small ticket market in India. OCEN is an API framework that will allow lenders and borrowers to come on the same platform and interact easily. Its primary objective is to democratise and standardise access to credit lines, especially for micro, small, and medium-sized enterprises (MSMEs) and individuals. The administration wants to overhaul the entire lending sector through OCEN. It seeks to create an ecosystem in which each formal and informal financial institution turns into an unreserved lender of credit powered by Fintech.

HOW DOES IT WORK ?

OCEN is a framework of APIs developed over an agreed-upon framework between three-four players that are **lenders** who are Individuals or MSMEs looking to source credit lines for various reasons, **borrowers** who are banks, NBFCs, or other financial institutions with capital and access to core banking networks willing to offer credit lines to borrowers, **Loan Service Providers (LSPs)** which can be any digital platform such as a web or mobile app that has an existing pool of customers interested in availing credit facilities and **Technology Service Providers (TSPs)** which are Fintech organisations that bring borrowers, lenders, and platforms onboard onto the OCEN protocol. Embedded Finance providers are an example of TSPs.

OCEN works by enabling borrowers to securely share their financial data with lenders through account aggregators (AAs). The Reserve Bank of India (RBI) has granted authorization to AAs, or financial institutions, to gather and share customer data with other financial institutions. An OCEN-enabled LSP will use the borrower's AA to access their financial information from other financial institutions when the borrower applies for a loan through the LSP(let's say Paytm, Gpay), and since the borrower has a verified identity with LSPs, there is no need for the verification process. The borrower's bank statements, credit history, and other financial details may be included in this data. After evaluating this, the Banks will offer a loan to the borrower. The LSP will then make a loan decision based on this information after determining the borrower's creditworthiness. The LSP will disburse the loan to the borrower's account if the loan is approved.

Open Credit Enablement Network Under India Stack

	Consent Layer	Cashless Layer	Paperless Layer	Presence-less Layer
What does this mean ?	Framework sharing modern privacy data	Payment Network Built On Interoperability	Easily store and retrieve data digitally	Opening API access with unique digital biometric identity
What does it offer ?	Access to personal data	IPMS,UPI,APB,AEPS	Aadhar,e-Kyc,e-Signature and Digilocker	Aadhar Card And Mobile Aadhar
Who is the owner ?	Reserve Bank Of India (RBI)	National Payments Corporation Of India (NPCI)	Department Of Electronics And Information Technology (DEIT)	Unique Identificartion Authority Of India (UIDAI)

BENEFITS OF OCEN

By making it simpler for people to access credit, regardless of their income or credit history, OCEN can aid in the growth of financial inclusion. This is so that lenders can more accurately determine a borrower's creditworthiness because OCEN enables borrowers to securely share their financial data with them. By facilitating easier creditworthiness assessments for lenders and streamlining the loan application process, OCEN can help lower borrowing costs by reducing the time needed for loans to be processed. OCEN can promote economic growth by facilitating business access to credit. This is because OCEN can assist lenders in lowering lending costs and expediting loan processing, which can make it simpler for businesses to get the loans they need to grow and create jobs. Seven lenders like ICICI Banks, and Kotak Mahindra Bank have already collaborated with OCEN. Approx three and a half thousand loans, worth 13.8 crores have been disbursed. The shocking thing here is that the smallest loan is worth Rs. 160. Earlier loan processing took up to 20 days to even 6 months but after the introduction of OCEN, the average time has come to even hours.

FUTURE OF OCEN

The introduction of the OCEN is expected to be the next big disruption in the Indian lending space. Its impact is anticipated to be the same as UPI's in the digital payment system. Such market innovations are the ground for building smart business environments that not only benefits the general population but the economy as a whole. While speculations do surround the question, many believe that OCEN will be a huge success in the Indian market. It will rapidly increase the availability of credit to small and medium enterprises, especially the ones that are already digitized. OCEN will give them the leverage to grow and overcome financial challenges.
All things considered, India's idea of an open credit enablement network is another step toward full digitisation and making the country a model for other countries.

-Madhav Chawla

THE SOFTWARE AS A SERVICE [SAAS] SECTOR IN INDIA:

A Booming Market With Bright Prospects

Let's embark on an exciting journey into the world of software-as-a-service (SaaS). Picture a world where software effortlessly appears at your beck and call, without the fuss of installations or updates. With this sector coming into the picture, the days of fumbling with CDs or waiting for downloads to complete seem to have come to a halt. What's even more fascinating is how SaaS has shaped economies, transforming not only software but also the way businesses operate. In this journey, we'll explore the enchanting world of SaaS, its rise in the United States, its flourishing presence in the tech-savvy landscape of India, and its potential to redefine the future of Indian enterprise.

Looking at the Indian landscape, the first question that arises is: Why even talk about SAAS? SaaS plays a pivotal role for a variety of compelling reasons. Firstly, it can help businesses reduce their IT costs. With SaaS, businesses do not need to invest in expensive hardware and software licences. Instead, they can simply pay a subscription fee to access the SaaS application online. As the owner of a business with high installation costs, you would probably choose to pay a subscription fee rather than incur a fixed cost. A study by Nasscom found that Indian businesses, especially newly built ones, can save up to 30% on their IT costs by adopting SaaS.

Secondly, SaaS is highly scalable, meaning businesses can easily add or remove users from their SaaS subscriptions as needed. This is ideal for businesses that experience seasonal fluctuations in demand. Imagine a business in the hospitality domain easily increasing its SaaS subscription during the holiday season to accommodate the increased demand for its products.

Let’s see why a business would prefer SAAS over a traditional business model. Imagine you own a cosy neighbourhood coffee shop, and your business thrives on a loyal customer base. To keep your customers coming back, you need a point-of-sale (POS) system that's efficient and offers the latest features in a fast-evolving industry.

Traditionally, you'd have to buy a new system, pay for installation, and possibly even hire an IT expert for updates. It's a costly and time-consuming process that many small businesses can't afford.
Now, enter SaaS. You opt for a cloud-based POS system, which, unlike the old-fashioned hardware, automatically receives updates and new features. Say the SaaS provider introduces a feature that allows customers to order and pay from their mobile phones, making your coffee shop even more convenient. With SaaS, you don't need to worry about manual installations or costly upgrades. Your coffee shop immediately has access to this new feature, providing a seamless experience for your customers. SaaS allows small businesses like your coffee shop to stay competitive and offer the latest and greatest services, making your customers' daily caffeine fix easier and more enjoyable.

When we look at the US economy in recent years, the SaaS sector has been a major driver of economic growth in the US. In 2022, the US SaaS market was valued at $278 billion. The sector is expected to grow at a CAGR of 17.4% over the next five years, reaching a value of $586 billion by 2027. Apart from the economic growth, the boost that the sector has given to employment generation is something we should be interested in. In 2022, the sector employed over 4 million people. This number is expected to grow to over 6 million by 2027. It would not be surprising.

In recent years, the SAAS sector has significantly expanded its footprint within the Indian landscape, offering multiple intriguing factors to consider.
First, India has a large and growing pool of tech talent. India is the second-largest producer of software engineers in the world. In 2022, India had over 5.5 million software engineers. This number is expected to grow to over 9 million by 2027. Thus, creating that supply for the service we are looking at.

Second, India has a large and growing domestic market for SaaS products. India is the world's second-most populous country, with over 1.4 billion people. The Indian economy is expected to grow at a CAGR of 7.6% over the next five years. This economic growth will drive demand for SaaS products.

Third, the Indian government is supportive of the SaaS sector. The government has launched many initiatives to promote the growth of the sector, such as the Startup India and the Digital India Initiative, wherein policies like tax breaks and access to funding have been incorporated. Along with these, the government has also promoted various initiatives that highly target the growth of this sector, both directly and indirectly. For instance, the SaaS Incubation Programme is a government initiative to provide support to SaaS startups in India. The programme provides startups with access to mentorship, funding, and other resources. Another initiative that has contributed to this massive boom is MeghRaj, a government initiative to promote the adoption of cloud computing in India. This has helped to create a favourable environment for SaaS companies in India.

Looking at the projected numbers, we could say that the SaaS sector in India is still in its early stages of development, but it essentially has the potential to grow as rapidly as the US SaaS sector.

However, there are a few challenges that the Indian SaaS sector needs to overcome. First, the target market of the sector in India is somehow troublesome considering the country has a large fraction of small and medium-sized businesses (SMBs). SMBs are often hesitant to adopt new technologies, such as SaaS. Second, India has a relatively low internet penetration rate. This can make it difficult for SaaS vendors to reach their target customers living in rural areas or areas with low internet bandwidth.

Despite these challenges, the SaaS sector is one of the most exciting sectors in the Indian economy today. The sector is growing rapidly and has the potential to create millions of jobs and contribute billions of dollars to the Indian economy in the coming years. The Indian government is committed to supporting the growth of the SaaS sector. With the right support, the SaaS sector in India has the potential to become a global leader.

- Priyanshi Malpani

BAD BANK: BEACON OF FALLING HOPE

Loan default has been a problem plaguing the banking sector since time immemorial. While stricter checks on the credit quality of borrowers have been put in place, the industry is still witnessing a rise in the level of NPAs.

Seems confusing!?

Consider it like this-

You lend 500 Rs to a friend for a treat with the promise of repayment in 5 days. However, 15 days have elapsed, and it appears that your friend may have forgotten about the debt. Anticipating this possibility, you prudently begin setting aside a portion of your savings to cover any potential loss in case the borrowed money is not returned.

In this situation, the 500 Rs your friend hasn't given back is like something called a "Non-Performing Asset" (NPA). And the money you're saving to cover that loss is called a "provision". It's like a safety net for your money.

Dark Cave of Non-Performing Assets:

According to the Reserve Bank of India Prudential Norms, ‘an asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank”.
So, any asset that fails to perform and cannot generate revenue for the bank is called an NPA. Loans are assets for banks as the interest that the borrower pays to the bank is their source of income. RBI mandated it to take 90 days as a period of reference to identify an asset as an NPA.
With an asset classified as an NPA, the further classification of the assets is as follows:

- **Sub-standard Asset**: A non-performing asset that is overdue for less than or equal to 12 months is a Sub-standard asset.
- **Doubtful Asset**: It is an asset that has remained NPA for more than 12 months.
- **Loss Asset:** An asset that remains a non-performing asset for more than 3 years is a loss asset. This occurs when a bank faces total loss as it cannot recover the asset.

Now the problem was stashing up during the period from 2015-2018. RBI annual report revealed a surge in the NPAs of Scheduled Commercial Banks (SCBs) from Rs **3,23,464 crore** as of March 31, 2015, to an alarming Rs **10,35,528 crore** by March 31, 2018.

You can see that as NPAs start to increase, the bank is losing its potential income and creating provisions as a prudent approach. This affects profitability and further hurts market sentiments when investors in the market sense the looming problem in the company.

Although there are many reasons for rising NPA, the major two are the evergreening practices of the banks and frauds being committed in financial statements. When projects funded by loans started underperforming, borrowers couldn't repay the banks. To delay recognizing these loans as non-performing, banks engaged in 'evergreening,' offering fresh loans to some promoters for interest payments. This didn't solve the root problems. (This is also called the ***India's Twin Balance Sheet issue***).

Along with the above deficient mechanisms for evaluating borrowers' creditworthiness and instances of top management manipulation, have compounded this problem. A notable illustration can be found in the case of YES Bank, where Net Non-Performing Assets (NPAs) surged from **748.98 crore** in 2016 to a staggering **32,879.58 crore** by March 2020. To add to the complexity, the bank's CEO, Rana Kapoor, was accused of concealing the actual NPA figures.

PARTICULARS	MAR'20	MAR'19	MAR'18	MAR'17	MAR'16
Gross NPA	32,877.59	7,882.56	2,626.80	2,018.56	748.98
Net NPA	8,623.78	4,484.85	1,312.75	1,072.27	284.47
% of Gross NPA	16.8	3.22	1.28	1.52	0.76
% of Net NPA	5.03	1.86	0.64	0.81	0.29
Return on Assets %	-5.1	0.5	1.6	1.8	1.7

NPA% of Yes Bank

As the problem continued to mount, a much-needed solution emerged. The Indian Banks' Association put forth a recommendation to tackle this pressing issue, and it's an exciting one.

Drum Rolls please, because here comes the hero of the day - India's very first Bad bank.

A Ray of Light: The NARCL

In the 2021 Union Budget, the finance minister introduced an innovative ARC-AMC framework. This comprises two vital entities: the National Asset Reconstruction Company Limited (NARCL) and the India Debt Resolution Company Limited (IDRCL). Together, they are poised to rejuvenate the banking sector by addressing the Non-Performing Assets (NPAs) issue.
This lays down the foundation for a well-orchestrated financial rescue mission called Project Bad Bank.'

Explaining it in a better way, NARCL is specifically a government entity incorporated with a majority stake held by Public Sector Banks and balance by private banks with Canara Bank being the sponsor bank.

The core mission is to ease the burden on conventional banks by taking troubled loans off their financial records. NARCL will first purchase bad loans from banks and pay 15% of the agreed price in cash and the remaining 85% will be in the form of "Security Receipts". When the assets are sold, with the help of IDRCL, the commercial banks will be paid back the rest.

But there might be a case where even the bad bank cannot sell off the loans or sells it at a loss. Therefore, NARCL has received a government guarantee of Rs 30,600 crore from the Government of India on its loan repurchases. Any difference between what the commercial bank was supposed to get and what the bad bank was able to raise will be paid from the Rs 30,600 crore that has been provided by the government.

This guarantee is extended for a period of five years.

This strategic move allows the banks to get back into lending to customers. Also, this reduces the need for more provisions and increases profitability as well thus posting good results and big runs on the stock market. Also, bad banks are already set in other countries and functioning well, so this ray of light may get the Indian banking sector out of the dark alley.

But the light seems to get dim now

The Dwindling Light: Current Challenges

The bad bank's pursuit of its objectives has encountered notable challenges. While the initial goal was to secure Rs 50,000 crore in bad loans by the end of FY23, it ultimately fell significantly short, managing to acquire only Rs 10,387 crore.

The challenges at hand are twofold: one pertains to the industry conflict regarding the bid-offer spread in the sale of distressed loans, while the other is rooted in the structural weaknesses of the bad bank.

The initial hurdle revolves around the bid-offer spread, a common issue in the Asset Reconstruction Company (ARC) industry. The National Asset Reconstruction Company Limited (NARCL) discounts the cost of capital by up to 25% due to their engagement with higher-risk assets, while the offloading banks apply a lower discount rate of 12-13%. This mismatch creates an unsatisfactory gap and hampers the negotiation process for stressed loans between NARCL and the banks.

The second concern arises from the dual structure involving the National Asset Reconstruction Company and India Debt Resolution Ltd (IDRCL). While IDRCL is responsible for handling distressed assets, NARCL retains ultimate decision-making authority because it holds the ARC License from the RBI. This dual structure results in increased costs and operational complexity. Additionally, public sector ARCs like NARCL are subject to government audits and more stringent regulations, which can potentially put them at a disadvantage compared to their private sector counterparts during economic downturns.

These challenges pose a significant obstacle to the effectiveness of the bad bank. The Finance Ministry has also recommended merging the two entities, which could potentially enhance the bad bank's operations. However, there is a concern that this merger might undermine NARCL's authority. A negative development in this regard is the resignation of Chairman Mr Karnam Sekar, with speculation suggesting that his departure may be linked to the lack of acceptance of this proposal.

Conclusion:

The establishment of the bad bank represents a promising opportunity for Indian banks to rejuvenate their stressed balance sheets and bolster their lending businesses. However, it is crucial to acknowledge that there is still much work to be done in addressing the challenges and disparities within the system.

-Aryan Tiwari

VENTURE CAPITAL IN INDIAN CLIMATE TECH

Ensuring a greener tomorrow isn't just a dream but a financially sound reality.

India unveiled its revised goals at COP26, setting the stage for an environmental revolution. By 2070, the nation has charted a course to significantly reduce carbon emissions and embrace sustainable practices. This commitment marks a pivotal moment in India's dedication to combating climate change, echoing its determination to foster a healthier planet for generations to come. The revised goals showcase India's resolve to balance progress with environmental stewardship, ushering in an era where sustainability takes centre stage in the national agenda.

The solution to this challenge may lie in a force that has profoundly transformed various aspects of human life: Technology. In the 2010s, the concept of cleantech emerged, emphasizing the development of technologies with minimal negative impacts on the environment. Following this, the era of climate tech unfolded. Climate tech, a buzzword echoing with promise, signifies the fusion of technology and environmental awareness to combat the impacts of climate change. In India, where the repercussions of climate vulnerability loom large, climate tech extends its innovation across various sectors. From improving air quality and ensuring energy security to meeting global commitments and enhancing resource efficiency, its relevance is both profound and diverse.

An intriguing subplot weaves into our tale—the financial landscape of climate tech. Where beyond mere investment, the focus is on steering towards a greener future, venture capital seems to assume a pivotal role. It appears to be a strategic move involving technology, finance, and environmental consciousness. So, what unfolds in the tale of venture capital in climate tech India?

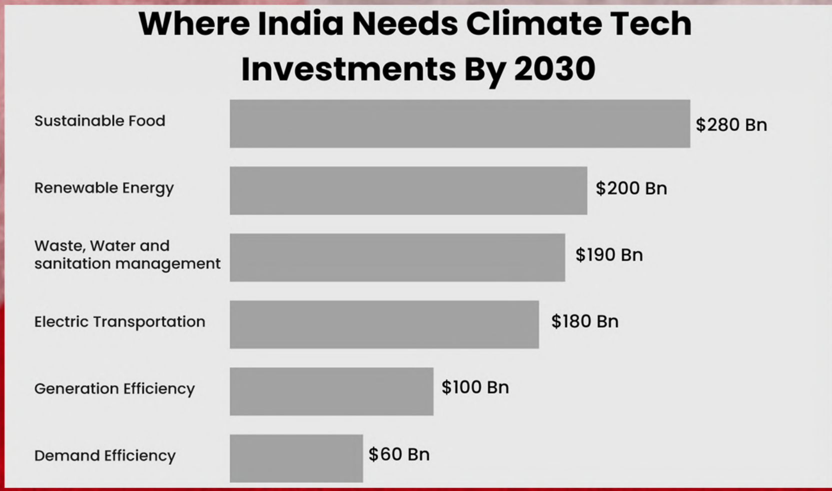
FINANCIAL LANDSCAPE OF CLIMATE TECH IN INDIA

Let's delve into the present financial terrain of India's climate tech.

India has emerged as a formidable player in the global climate tech arena, securing the ninth spot for climate tech investment worldwide. Between 2016 and 2021, the country's climate tech firms garnered an impressive $1 billion in venture capital funding, with 120 startups orchestrating over 200 funding rounds involving 272 distinct investors. Notably, 47 global climate tech unicorns, including OLA Electric, Rivian, and Uplight, have illuminated the landscape since 2015, underscoring India's significant contributions to the sector.

In the prolific year 2022 alone, 143 Indian climate tech startups successfully attracted $2.2 billion in funding. With a burgeoning ecosystem comprising 2,260 climate tech companies, India claims the world's third-largest country combating climate change, trailing only behind the United States and the United Kingdom. Key players in this dynamic landscape include Ola Electric, Growit India, Climes, ChargeUp, Carbon Master, and more, each wielding innovative approaches from electric vehicle manufacturing to sustainable agriculture.

As the momentum grows, a Unitus and Climake India report emphasizes the need for a substantial capital infusion exceeding $1 trillion by 2030 to align with India's ambitious sustainability goals, spotlighting the pivotal role of finance in steering the nation towards a greener future.



INVESTMENT TRENDS IN CLIMATE TECH

Despite the undeniable potential of climate tech, investment maturity in this sector lags behind other prominent areas, leaving investors cautious about the long-term viability of certain business models. While startups forge ahead with innovative solutions, scepticism persists among investors, hindering the depth of investment in climate tech ventures. However, the landscape is witnessing transformative strides, notably in the electric vehicle (EV) and agri-tech domains.

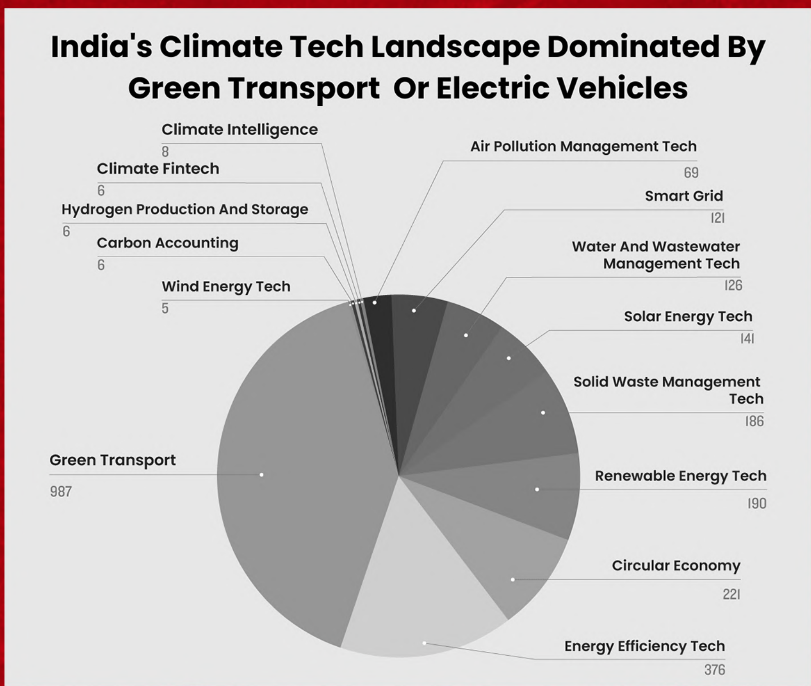
In the pursuit of sustainability, the Indian EV market is projected to soar to $15,397 billion by 2027, propelling growth in powertrain, battery, and public charging sectors. This surge in EV adoption not only creates a substantial market but also fosters job creation, with the potential to generate 1,20,000 new jobs in the sector. Leading startups in the automotive sector, such as Ather Energy, Yulu, Ola Electric, and Simple Energy, are at the forefront of this revolution.

Simultaneously, India's agricultural powerhouse status is fueling agri-tech startups, with a projected growth of 25% by 2025. Poshn, Jai Kisan, and AgriGator are emerging players in this space, addressing the unorganized agricultural sector's challenges. Disruptive growth is also evident in food-tech networks like Stellapps and Aquaconnect, bridging gaps through agri-financing ventures.

Furthermore, the intersection of climate tech and Software as a Service (SaaS) presents unexplored potentials, where software solutions leveraging AI and machine learning, become crucial tools in the fight against climate change. Moreover, there is a growing trend in climate analytics and data startups which leverage weather data for improved climate analytics. Green finance is rising in popularity, witnessed through the issuance of green bonds by companies like Apple. Corporations like Google are integrating sustainability into their business strategies, investing in climate tech for long-term viability. These trends collectively underscore the evolving nature of climate tech investments, driven by heightened awareness and urgency surrounding climate change. These investment trends signify a dynamic landscape where startups navigate challenges and drive impactful change across diverse sectors.

HEADWINDS & TAILWINDS

Investing in climate tech, much like any sector, involves navigating a complex landscape of risks and rewards. Regulatory uncertainties stand out as a significant challenge, with government policies wielding the power to shape the sector's trajectory. For instance, schemes like FAME (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) for EVs showcase how regulatory frameworks can both catalyze and impede climate tech projects. Technological risks, inherent in climate tech projects, encompass development challenges and potential resistance to market acceptance. The success of climate tech ventures hinges on the broad adoption of environmentally friendly practices, and investors may face hurdles if these practices aren't embraced on a wider scale.



Amidst these challenges, compelling rewards await climate tech investors. The sector aligns with the surging global demand for sustainable solutions, offering substantial market opportunities. Climate tech investments promise not only financial returns but also the chance to contribute to both environmental and social impact, echoing the trend of socially responsible investing. Government incentives, exemplified by programs like FAME, serve as crucial tailwinds, propelling the sector forward. Additionally, technological advancements, evolving corporate and consumer behaviours, and the potential for portfolio diversification further enhance the allure of climate tech investments. In this dynamic landscape, investors must strike a careful balance through due diligence, diversification, adopting a long-term perspective, staying well-informed, and actively engaging with management to navigate the intricate contours of climate tech investing successfully.

VENTURE CAPITAL STRATEGIES IN CLIMATE TECH

In the dynamic realm of climate tech, venture capital strategies play a pivotal role in shaping the trajectory of sustainable innovation. Thematic investing stands out as a strategic approach, allowing firms to focus on specific themes like renewable energy or sustainable agriculture to build targeted and diversified portfolios. Early-stage investments, exemplified by supporting nascent companies in their developmental phase, aim to capitalize on rapid growth potential.

Impact investing stands out as a strategy aligning financial returns with positive environmental and social impact, a commitment echoing sustainable development goals. In India, Tata Cleantech Capital Limited exemplifies impact investing, channelling funds into clean energy projects for financial returns and environmental sustainability. Corporate partnerships, such as Mahindra & Mahindra collaborating with Sun Mobility for electric vehicle solutions, amplify climate tech startup growth by leveraging established entities' resources. Cross-sector collaboration, seen in partnerships like ITC Limited and NASSCOM, propels innovation in startups at the intersection of agriculture and technology, showcasing real-world applications of impact investing and cross-sector collaboration within India's climate tech landscape.

With a global investment focus, venture capital funds seek opportunities beyond domestic markets, recognizing the global nature of climate challenges. Diversification across technologies reduces risk, ensuring portfolios span various climate tech sectors. A patient capital approach acknowledges the longer maturation period of climate tech projects, emphasizing commitment and long-term investment horizons. Policy and regulatory analysis becomes integral, anticipating opportunities and risks through a deep understanding of evolving landscapes. These strategies collectively showcase the versatility investors employ to navigate the challenges and opportunities within the evolving landscape of sustainable technologies.

EXIT STRATEGIES AND FINANCIAL LIQUIDITY IN CLIMATE TECH INVESTMENTS: A COMPREHENSIVE OVERVIEW

The need for exit strategies in the ever-changing world of climate tech investments cannot be overstated, particularly given the current difficult financial environment. Effectively navigating uncertainties becomes crucial to ensure returns on investments, and a noticeable trend toward mid-stage deals indicates a preference for expeditious exits. The difficulties associated with scaling and implementing capital-intensive projects in the early stages contribute to this strategic shift.

One conventional exit approach is through Initial Public Offerings (IPOs), exemplified by the success of Tesla's IPO. Similarly, the IPO of Beyond Meat, a company revolutionizing plant-based meat alternatives, serves as another notable example. Beyond Meat's IPO not only showcased the company's commitment to sustainable food solutions but also demonstrated the potential for substantial returns and market enthusiasm in the climate-conscious sector. Mature companies can go public, offering shares to the public and facilitating a profitable exit for investors. Another avenue is strategic acquisitions, wherein established corporations recognize the potential of innovative startups, acquire them, and integrate cutting-edge technologies into their operations. A prime example of this is Google's acquisition of Nest Labs in 2014. Nest Labs, known for its smart home products, was seamlessly integrated into Google's ecosystem, allowing the tech giant to expand its presence in the emerging market of connected home devices.

In a similar vein, Microsoft's acquisition of GitHub in 2018 is another noteworthy instance. GitHub, a platform for software development collaboration, brought advanced tools and expertise to Microsoft, reinforcing its position in the software development landscape. These strategic acquisitions not only provide exit opportunities for investors but also facilitate the assimilation of pioneering technologies by industry leaders.

Secondary sales and buyouts present alternative exit strategies. Secondary sales involve the sale of existing shares to other investors, offering an exit for early backers. Larger firms or private equity players may opt for buyouts to efficiently exit proven technologies. Financial liquidity serves as the lifeblood of any investment in the capital-intensive climate tech sector, necessitating a thorough evaluation of potential returns and the ease of converting investments into cash.

An illustrative example of secondary sales can be found in the case of Mamaearth, a leading brand in the natural and organic personal care product space. As the company experienced rapid growth and attracted attention from investors, early backers had the opportunity to engage in secondary sales, allowing them to liquidate their shares to interested investors. This not only provided an exit for the initial supporters of Mamaearth but also injected fresh capital into the company for further expansion.

GOVERNMENT INCENTIVES AND THEIR IMPACT ON INVESTOR ROI: A GLOBAL PERSPECTIVE

Governments play a crucial role in shaping the landscape of climate technology, providing incentives and regulatory frameworks that significantly influence the Return on Investment (ROI) for investors in the sector. Taking a global perspective, India stands out as a notable example with its growing commitment to addressing climate change, aiming to achieve net-zero emissions by 2070. While the Indian government has taken steps to allocate funds towards climate tech initiatives, the capital-intensive nature of the sector necessitates substantial involvement from the private sector.

Despite the government's efforts, the allocation of 'green funds' and financial commitments from corporates in India toward clean tech initiatives still lags behind. This gap in funding poses a challenge for climate tech startups, particularly those facing longer gestation periods, navigating through stringent government regulations, and dealing with certification challenges.

In this context, venture capitalists play a crucial role as key stakeholders in filling the funding gap. Their involvement becomes instrumental in providing the necessary financial support for climate tech startups to navigate through the complexities of the regulatory landscape and overcome challenges related to certification. By bridging this funding gap, venture capitalists contribute to fostering innovation and sustainable solutions in the climate tech sector, aligning with the broader goals of addressing climate change and achieving environmental sustainability.

ESG INVESTING: INCORPORATING ENVIRONMENTAL METRICS

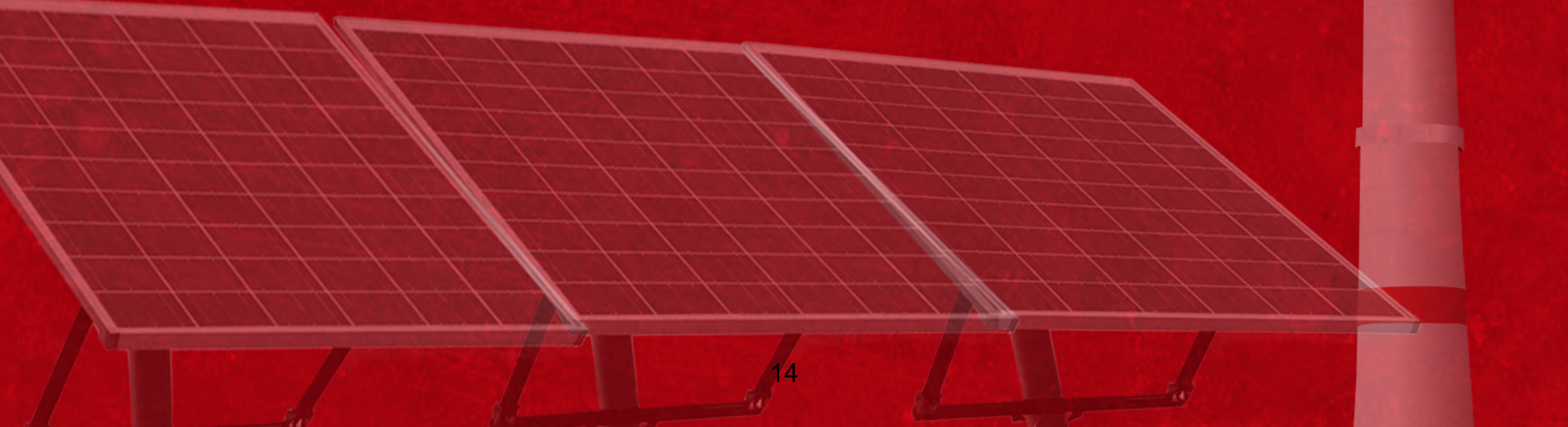
Environmental, Social, and Governance (ESG) factors have become integral to investment decisions, and within this framework, environmental metrics play a crucial role for climate tech ventures. Evaluating companies based on environmental criteria, including carbon emissions, energy efficiency, and resource usage, is essential within the broader ESG framework.

A commitment to sustainability across operations is vital, with investors increasingly considering ESG metrics as indicators of long-term viability and ethical business practices. ESG-aligned investments are gaining traction, making ventures adhering to rigorous environmental metrics more attractive to responsible investors. This trend leads to increased capital inflow and improved market positioning.

For instance, in the food delivery sector, both Zomato and Swiggy have committed to transitioning their delivery fleets to electric vehicles by 2030. This ambitious move aligns with environmental metrics by reducing carbon emissions associated with traditional delivery vehicles. Investors recognizing this commitment to sustainability may find these companies more appealing, contributing to their positive market positioning.

Similarly, tech giant Apple has set the goal of having its entire supply chain and product life cycle be carbon neutral by 2030. This includes not only Apple's direct operations but also its extensive network of suppliers. The commitment to environmental sustainability positions Apple as a leader in ESG practices, attracting investors who prioritize companies with a strong focus on reducing their environmental impact.

These examples illustrate how companies, such as Zomato, Swiggy, and Apple, are integrating environmental metrics into their operational strategies, making them more attractive to investors who value sustainability and contributing to the broader trend of ESG-aligned investments in the climate tech space.

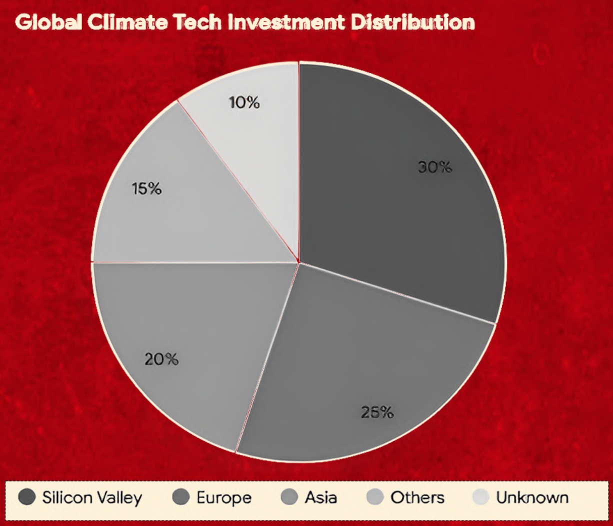


GLOBAL FUNDING LANDSCAPE: A COMPARATIVE EXAMINATION

Understanding the global funding landscape is crucial for climate tech investors, considering regional disparities, investment patterns, and growth areas. Historically, Silicon Valley dominated climate tech investments, but recent years have seen a surge in Europe, driven by regulations and government support. Asia, particularly China and India, emerged as a significant player due to government initiatives and environmental challenges.

Renewable energy projects, innovation in energy storage, and ventures promoting circular economy principles attract substantial global investments. The dynamic funding landscape sees venture capital firms strategically positioning themselves, exemplified by Green Frontier Capital, a US-based fund focusing on climate tech startups in India.

Green Frontier Capital's investment strategy spans diverse sectors like agritech, foodtech, electric vehicles, and sustainable lifestyle, showcasing the breadth of opportunities within climate tech. As global investors recognize the potential, increased funding is likely, fostering innovation and sustainable solutions.



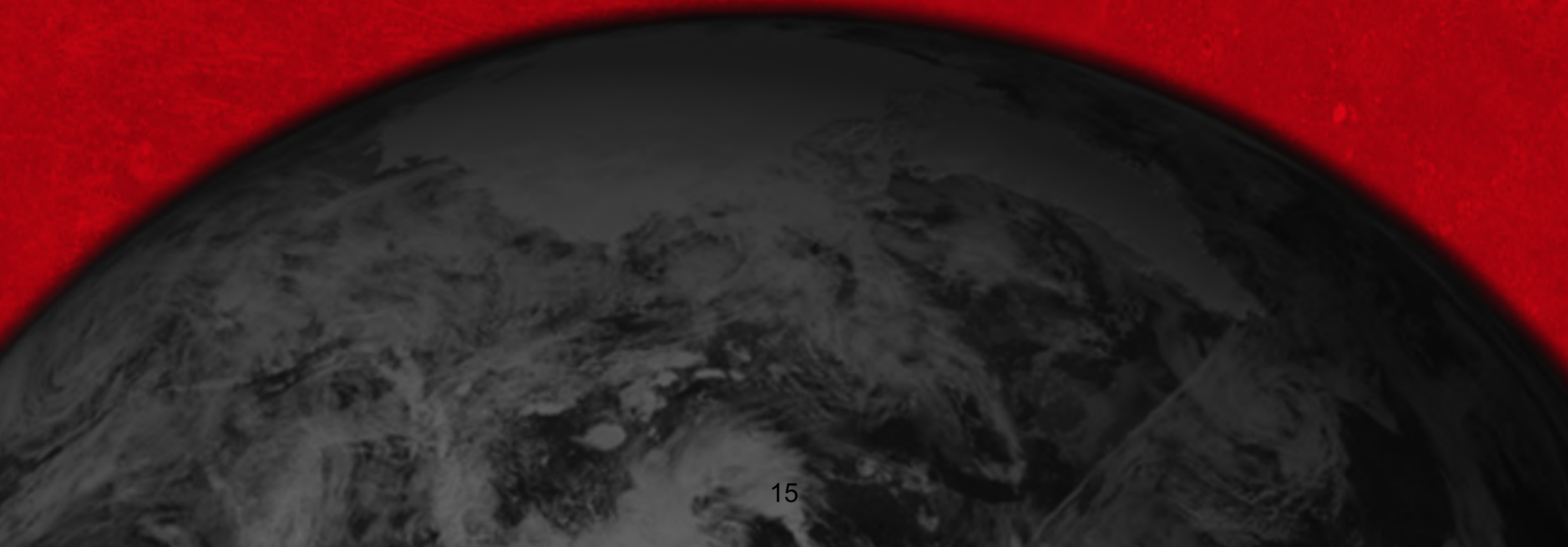
FUTURE FINANCIAL TRAJECTORY: ANTICIPATIONS AND PROJECTIONS

Predicting the future trajectory of climate tech investments requires insights into technological advancements, regulatory impacts, and evolving market trends. Breakthroughs in clean energy technologies, digitalization, and the shift towards decentralised energy systems will influence the sector's financial trajectory.

Global policy and regulatory impacts, such as strengthened environmental policies and carbon pricing mechanisms, will significantly shape the financial dynamics of climate tech. Monitoring developments in carbon markets becomes crucial for investors. Market trends and investor sentiment, driven by increased public awareness and demand for sustainable solutions, further shape the future trajectory. Adapting strategies to align with this changing landscape is crucial for investors.

Despite the challenges faced in 2023, the future financial trajectory of climate tech appears promising. The sector's resilience, strategic shifts towards high-impact technologies, and the commitment of venture capital funds signal confidence in its long-term potential. As the world urgently addresses climate action, investments in technologies reducing emissions are likely to gain prominence.

-Sehaz Nagpal & Arunav Sharma

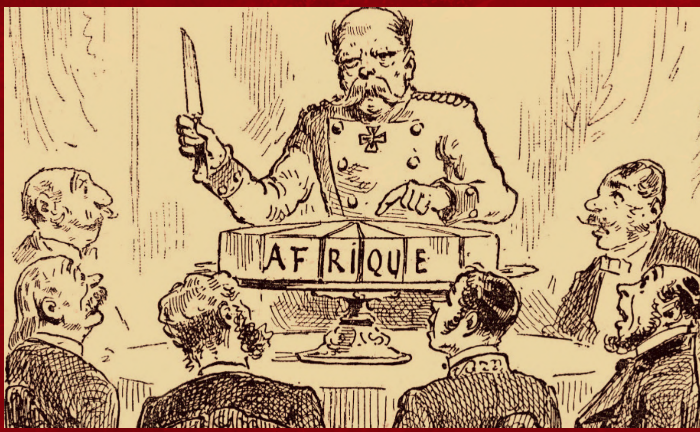


THE STEADY RISE OF THE AFRICAN ECONOMY AND ITS IMPACT ON THE WORLD

Poverty, hunger and famine, that is what comes to mind when someone pictures Africa. For decades, the dominating image of Africa is one of a poor and helpless country. But that assumption could not be more false. So today, let us look at the steady growth of the African economy.

IMPACT OF THE COLONIAL RULE

During the colonial rule, Africa saw an immense dependence on the European countries and a decrease in their human resources due to the prevalent slave trade. The production was specifically geared to meet the needs of the colonial powers. The African countries were prevented from developing their own banks, shipping companies and other manufacturing industries.
After the colonial period, Africa was a landmass of politically unstable countries and declining economies. For example, Sierra Leone, Britain's first colony in Africa, was one of the world's leading diamond producers, but was also the world's poorest country.



POST- INDEPENDENCE ERA

Around the beginning of the twenty-first century, most of Sub-Saharan Africa embarked on a high growth trajectory.
The transition to democracy enabled most countries to secure funds from the IMF and other financial institutions for infrastructure projects. The abundance of natural resources in Africa led to huge industrial and economic development. After independence, growth episodes were led by transportation and development of urban services. The share of the workforce in agriculture and mining dropped from over 70% to about 40%, with services growing from 18% to almost 50% of employment. With its huge natural resources and vast market, Africa could be placed in the category of the 'late industrializer' of the twenty-first century.
South Africa is today, the continent's most industrailsed country, with its gross domestic product rising from $139.8 billion in 1994 to $368.9 billion in 2018, according to the World Bank. After apartheid, the economy grew about 3% every year.
Since independence, Kenya and Tanzania have taken two opposite development roads. In Tanzania, Julius Nyerere introduced a socialist ideology with a strong emphasis on collective agriculture and economic self-reliance, whereas Kenya followed a capitalist policy aimed at obtaining a rapid economic growth.
After independence, the Zambian had a promising economic performance between 1964 and 1969 due to their resource rich economy, induced by state participation in various economic projects, Zambia government embarked on state-led policies to control the economy.

CURRENT GLOBAL SCENARIO

A list drawn up by the International Monetary Fund (IMF) capitalisation and the African Development Bank indicated that 6 of the 10 fastest growing economies are in Africa which include- Rwanda (8.7%), Ethiopia, Tanzania, Ghana, Benin and Côte d'Ivoire.

Africa, being the continent with the youngest population is set to have one of the highest labor forces in the world in the upcoming times.

Tourism in Africa has been on the rise, with more than 4 million tourists visiting Africa in the first half of 2023. By 2030, consumer spending on tourism, hospitality, and recreation in Africa is projected to reach about $261.77 billion. Industries like tourism have grown about six times faster than merchandise exports in Africa. Given these trends, the travel and tourism industry has significant potential in Africa, notably due to the continent's richness in natural resources and its cultural heritage. While in countries like Mauritius and Seychelles, where the tourism sector's share of the economy is particularly large, countries like Gambia, Tanzania etc. are all putting in significant efforts to improve their tourism.

The recent growth of financial technology or fintech firms has also proved to have the potential to help the African countries achieve financial independence, with more than $2 billion being invested in African fintech companies in 2022. Fintech has the potential to help the small and medium businesses in Africa by promoting financial access and overall development

CONCLUSION

While the growth is not uniform, Africa has come a long way since its independence and is rapidly growing and competing with the more developed countries of the world.

Despite the setbacks during COVID-19, the countries remain resilient, aiming to diversify their economy, with all industries including tourism, exports and IT companies growing.

African economies, with average growth are projected to stabilize at 4.1 percent in 2023–24.

So, I believe it's time that we replace the image of an impoverished and poor continent, with one of a culturally rich, naturally abundant and technologically advancing Africa.

-Agamya Jain

EMPLOYMENT 2.0

EMBRACING ARTIFICIAL INTELLIGENCE AND AUTOMATION REVOLUTION

In the grand and unfolding narrative of human progress amidst the thunderous overture of the digital age and rapid technological advancements, where algorithms hum with the passion for creation and machines whisper the enchantment of progress, a turbulent question resonates. What will become to labour market, Will AI take the stages of our conventional labour force? As AI's powerful wave crashes upon the shores of industries and labour markets in India, a new era of change is upon us reshaping the landscape of employment. This shift brings uncertainties and opportunities pushing us to rethink the fundamental nature of work and efficiency in terms of reward.

AI and Automation Landscape in India

In a world defined by relentless technological progress, AI has emerged as a transformative force. As the world seeks to harness the power of AI to reshape industries, economies, and societies, India stands at the crossroads of this revolution, navigating a path that sees both exceptional growth and unforeseen challenges.

To comprehend the vast implications of AI on employment, a rigorous analysis was conducted, screening through a vast sea of secondary data which showcased the response on the Social, Economic, and Environmental impact of AI on Human life.

An overwhelming 71% of respondents envision a future where AI technology is harnessed by humans to untangle complexities, opening the door to a life brimming with enriched possibilities. Additionally, a substantial 43% of participants hold the belief that governments will introduce AI to elevate global environments, healthcare, and education. Simultaneously, a significant 63% anticipate AI's vital role in bolstering the labour force, acting as an aid to amplify productivity and efficiency. Furthermore, 60% of participants believe that AI could serve as financial advisors or tax preparers, offering invaluable support to humans in managing their finances.

The Transformative Power of AI and Automation in India

In this majestic ballet of future work, The Fourth Industrial Revolution appears as a technological powerhouse ready to transform industries and automate both manufacturing and services. It's an unstoppable wave of innovation giving birth to new careers, industries, and unique work culture. The vast reach, rapid pace, and significant systemic impacts of these changes have sparked widespread concerns about the future of employment, with ominous forecasts of jobs disappearing due to automation.

Amidst the tech hype, reality sets in: emerging tech's impact is less dramatic than predicted, with marginal profits. The fear of massive job loss to automation is challenged as some tasks resist it. Enter platform companies, introducing unique complexities. Meanwhile, the gig economy grows, with a 60% surge in India in 2018, though it's a fraction of the overall workforce. Amidst these shifts, we navigate the evolving landscape, balancing anticipation with reality.

Swiggy and Zomato are among the major players in the field of unregulated gig work, which accounts for 56% of the new workforce. The jobs are less secure and offer fewer benefits. According to the research carried out by McKinsey Global Institute, only 15% of the digital platforms are used for gig work, while the majority still operate through conventional channels. The surveyed companies include ride-hailing providers like Ola and Uber as well as food delivery applications.

Potential Benefits of AI

The power of AI and automation is reshaping industries, driving a new era of productivity and prosperity. Companies are harnessing these technologies for personalised growth, fraud detection, and more, with deep learning techniques poised to deliver trillions in annual value. In a world grappling with sluggish economic growth due to ageing populations, AI and automation emerge as saviours. They hold the potential to revitalise labour productivity, once in sharp decline, by projecting an annual growth rate. A staggering 60 per cent of this surge is attributed to digital opportunities, heralding a transformative era of economic resurgence and global progress.

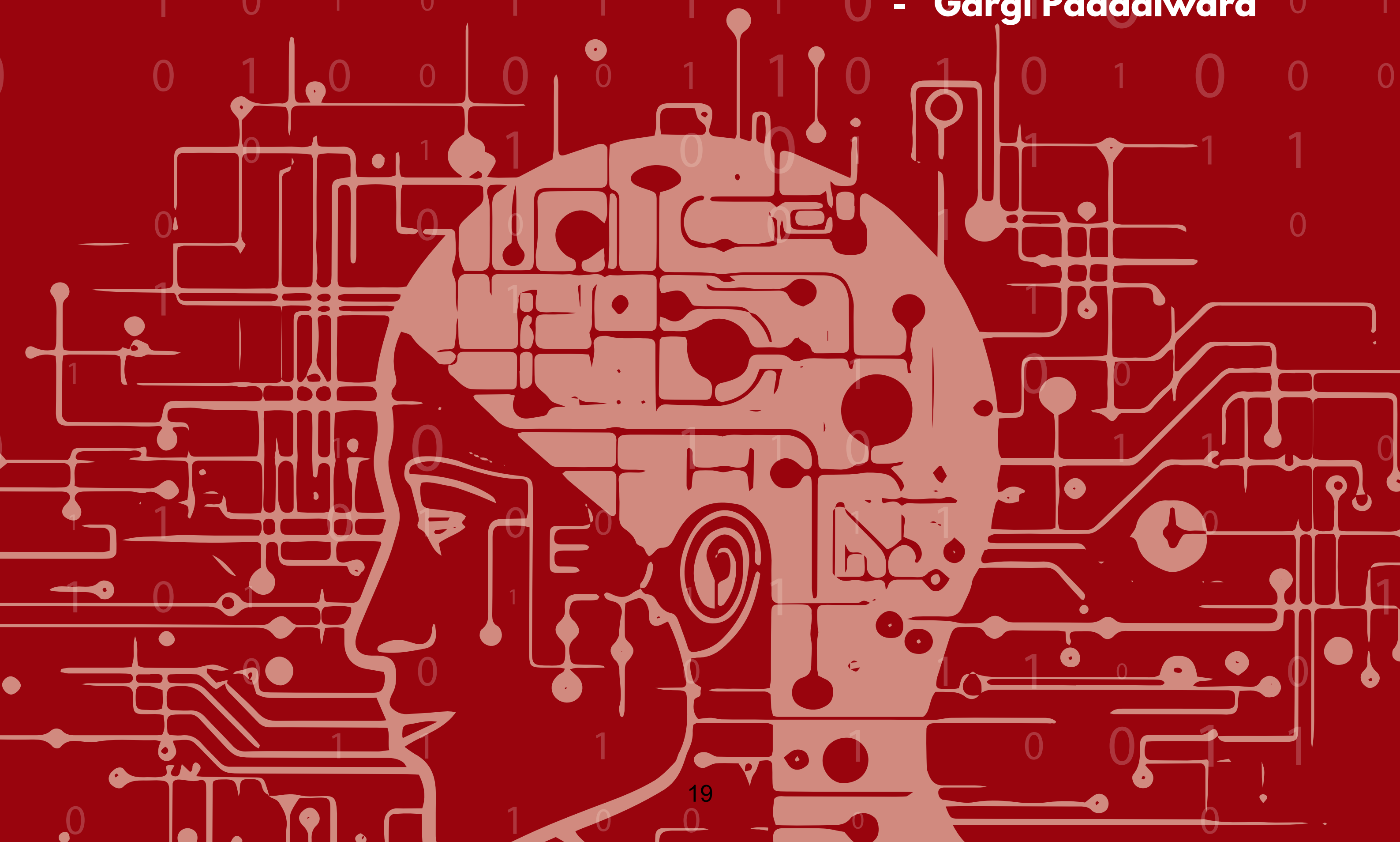
Skilling Challenges Amidst Automation in India

In the quest to tackle AI and automation challenges, skills have emerged as a linchpin. However, the underexplored dynamics of skill development's social context cannot be ignored. India's skilling landscape faces formidable obstacles: inadequate education, exclusion of informal economy workers, and firm's reluctance to invest in training. Public sector skilling investment lags behind developed nations, prompting public-private partnerships. Initiatives like NASSCOM's Future Skills target upskilling 4 million in IT, but a digital gender gap hinders progress. Despite hopes, access to education often doesn't translate to jobs. The path forward remains uncertain, as automation's impact on workers and societal outcomes is uneven and challenging to navigate.

Conclusion

In the unfolding chapters of the AI and automation era, promises and challenges collide. AI offers enrichment and economic revival, yet threatens job displacement. The path forward requires skilling reforms. Balancing anticipation and reality shapes India's dramatic work future.

- Gargi Paddalwara



IMPACT OF ARTIFICIAL INTELLIGENCE ON ACCOUNTING AND FINANCE

An accountant, once burdened with mundane tasks, now finds himself at the helm of a ship, navigating the uncharted waters of modern accounting and finance, guided by the compass of artificial intelligence.

Artificial intelligence is a field of computer science that has witnessed remarkable growth in recent years. It extends a computer's standard input and output planning. With great potential to reshape our future, it has made significant contributions to various industries, and accounting and finance are no exception. AI is fundamentally transforming the way financial professionals operate, manage data, and make decisions.

Accounting is often regarded as the language of business. It is the backbone of every successful business and helps to manage an organization's financial health. It has historically been characterized by meticulous record-keeping, manual data entry, and extensive number-crunching.

Finance is the lifeblood of the modern economy, serving as the vital circulatory system that facilitates the flow of capital, resources, and opportunities. It encompasses a broad range of activities that involve the allocation, acquisition, and utilization of funds.

HOW IS ARTIFICIAL INTELLIGENCE REVOLUTIONISING ACCOUNTING AND FINANCE?

The emergence of AI has ushered in a new era. One of the most noticeable effects of AI in accounting and finance is the automation of repetitive and time-consuming tasks. It has liberated financial professionals from manual chores, allowing them to focus on more strategic and value-added activities. This automation includes data entry, invoice processing, and reconciliation of financial statements. All this helps in enhancing productivity and reducing the cost of operations.

Artificial intelligence has also resulted in greater transparency and auditability. Machine learning algorithms can swiftly analyze large datasets, identifying patterns and trends that might escape human scrutiny.

Artificial intelligence also helps in identifying fraudulent activity or potential errors. This provides an additional layer of security.

Natural Language Processing (NLP) allows machines to comprehend and generate human language, making it possible to analyze unstructured data such as news articles, social media posts, etc. Historical data can be used to make predictions for the future financial performance of the business and forecast market trends. AI-driven chatbots and virtual assistants are making significant strides in enhancing customer service in the financial sector. These applications can provide real-time support for common customer inquiries, such as account balances, transaction histories, and loan inquiries.

Moreover, AI can help organizations stay up-to-date and ensure compliance with new accounting standards and regulations. Fintech (financial technology) innovations have disrupted traditional banking and payment systems, democratized access to financial services, and streamlined financial processes and finances. Thus, artificial intelligence has a profound and multi-faceted impact. It has revolutionized accounting and finance by streamlining processes, providing valuable insights, and increasing accuracy and financial management. Artificial intelligence is a tool of efficiency that holds multiple exciting possibilities for the future.

- Shreya

GRAY MARKET

AND THE BIRTH OF AN IPO

Aeroflex Industries launched its IPO with bidding dates ranging from August 22nd to August 24th, 2023, and prices ranging from ₹102 to ₹108. Fast forward to the next week; it was listed on the stock exchange for ₹197.4 as the opening price on August 31st. That is a whopping 82.8% increase in the price of one share being offered by the company to the general public in the secondary market.

Ever wondered why there is such a vast difference between an IPO's listing price and the NSE listing price of the same share? Where was this opening price decided? This is where the concept of Gray Market comes into the picture.

Now, what is the Gray Market?

The gray market, also known as the parallel market, is an unofficial market where financial securities are traded before they are launched for trading in the secondary market, letting the issuer and underwriters gauge demand for a new offering. In India, this trading is done in cash and in person, as it is an unofficial way of trading. The gray market transactions are not backed by any third-party firms and are not even regulated by SEBI.

Gray Markets acts as a pre-demand and supply mechanism for the share, which is planned to be listed in the upcoming days on the national stock exchange after it has been offered through an initial public offering.
The question that you should ponder now is why one would wish to trade in the gray markets. And the answer is simple: GMP.

The term most widely used in the gray market is gray market premium (GMP), which is the main profit that drives investors to enter and deal in the gray market.

Remember the case we began the article with? It saw a jump of 82.8% in its listing price, which is near ₹89.4 of the gray market premium the share gathered over the period of its IPO and Stock Exchange listing. The sole reason for this shoot-up in price lies in the elementary principles of economics, which are that as the demand for a commodity rises, its price also goes up.

Here, a dealer connects the seller and the buyer interested in Gray Market IPO transactions where the initial trade price has to be above the price at which the IPO was originally offered, and this chain of numerous dealings is what makes the GMP rise, the trades progress, and the demand for that particular share go up.

Here is a list of some of the famous Indian IPOs, their IPO Offer price, listing price, and the GMP they generated due to their high demand because of either their public image or a limited supply of the shares available for offer.

IPO	Offer Prize	Listing Price	GMP
Reliance Power	INR 450.00	INR 599.00	INR 149.00
Coal India	INR 245.00	INR 287.75	INR 42.75
Zomato	INR 76.00	INR 115.00	INR 39.00
DLF	INR 525.00	INR 526.60	INR 1.60
Paytm	INR 2,150.00	INR 2,120.00	INR 30.00
New India Assurance	INR 800.00	INR 750.00	INR 50.00
General Insurance Corporation	INR 912.00	INR 850.00	INR 62.00
LIC	INR 949.00	INR 867.20	INR 81.80
SBI Cards	INR 755.00	INR 661.00	INR 94.00

- Yash Goel

Dead Presidents OR Dollar?

The expression "dead presidents" refers to the pictures of U.S. Presidents featured on U.S. dollar bills. As the world grapples with evolving economic dynamics and global power structures, there is a new tendency known as "de-dollarization." This term refers to countries' and international organisations' efforts to minimise their reliance on the US dollar, which has long held sway as the world's principal reserve currency. In this article, we will look at the phenomenon of de-dollarization, its drivers, and its worldwide economic ramifications.

For decades, the U.S. dollar has been the cornerstone of the global financial system. It's the currency in which most international transactions are conducted, and it serves as the world's primary reserve currency. The dollar's supremacy was solidified after World War II, with the Bretton Woods Agreement and the establishment of the International Monetary Fund (IMF).

Orchestra in Flux

Let's try to understand de-dollarization through a creative and relatable metaphor: The Global Financial Orchestra. Imagine the financial world to be a great symphony orchestra, with each country playing a musical instrument representing its currency. For a long time, the orchestra's conductor, who represented the United States, held the baton, guiding the entire performance's rhythm and melody. The United States dollar, often symbolised by a golden trumpet, was the key instrument that established the tone for the entire piece.

However, in recent years, the orchestra has experienced a shift. Some countries, like Russia, China, and Iran, have decided to put down their dollar instruments and pick up their national ones – the ruble, the yuan, and the rial, for instance. They are no longer content with the conductor dictating the tempo and want to play their own melodies. This is the main essence of de-dollarization.

As these countries begin to play their own instruments, the symphony takes on a new dimension. The conductor's dominance weakens, and each player asserts their unique sound. The orchestra's repertoire diversifies, and the music becomes more dynamic and varied.
Meanwhile, emerging digital currencies are like electric instruments, introducing an entirely new genre to the orchestra. Central bank digital currencies (CBDCs) play the role of synthesisers (electronic musical instruments), offering futuristic, tech-infused tunes. Cryptocurrencies like Bitcoin are akin to rebellious rock guitars, capturing the attention of the audience.

Unanswered Harmonies: The Why Behind De-Dollarization

The shift to de-dollarization doesn't mean the dollar is silenced or eliminated. It still plays an important part in the orchestra, but it is no longer the sole lead instrument. The symphony now thrives on diversity, with the conductor and other players needing to adapt to the evolving ensemble.

Just as a diverse orchestra can create more harmonious and innovative music, the trend of dollarisation in the global financial system encourages a richer, more flexible financial landscape. As more countries embrace their own currencies and explore digital alternatives, the world's financial "orchestra" becomes a truly global collaboration, celebrating the unique melodies of each participant while also harmonising for a broader, more inclusive financial symphony.

Another major question that remains unanswered is why now?
Several factors have been driving the move toward de-dollarisation in recent years. Geopolitical tensions, particularly between the United States and countries like Russia, China, and Iran, have spurred efforts to reduce dependence on the U.S. dollar. Sanctions and the threat of financial isolation have motivated these nations to seek alternative financial mechanisms. Many countries are diversifying their foreign exchange reserves away from the U.S. dollar to reduce their vulnerability to currency devaluation and economic instability in the United States. Bilateral and multilateral trade agreements are increasingly being conducted in non-dollar denominations. For example, China and Russia have explored trading in their respective currencies, the yuan and ruble.
And lastly, the rise of digital currencies, including cryptocurrencies like Bitcoin and government-backed digital currencies, has the potential to bypass the U.S. dollar in international transactions.

Harmonizing Currency Volatility and Economic Power

The trend toward de-dollarisation carries significant implications for the global economy:
As countries shift towards using their currencies or other denominations for international trade, currency volatility and exchange rate variations may increase. Furthermore, abandoning the US dollar could limit the US's capacity to utilise economic sanctions as a diplomatic tool, thereby upsetting the global balance of power. The emergence of digital currencies, particularly central bank digital currencies (CBDCs), could hasten de-dollarisation even more. These digital currencies may provide more efficient and transparent alternatives to the US dollar for cross-border transactions.

Dollarization is a convoluted and ever-changing landscape in the world of international finance. While the US dollar is unlikely to lose its dominance quickly, the pattern reflects a growing yearning across nations for economic and financial sovereignty. As more countries strive to wean themselves off the "dead dollar," the future of global finance will undoubtedly be influenced by a broad spectrum of currencies, digital and otherwise, and a reconfigured balance of economic

-Khayati

E-RUPEE - INVIGORATING OR INCINERATING?

In the rapidly evolving realm of UPI, can the digitalization of currency unlock new opportunities and bring about significant benefits? "The introduction of the Central Bank Digital Currency (CBDC) will give a big boost to the digital economy. Digital currency will also lead to a more efficient and cheaper currency management system. It is, therefore, proposed to introduce the Digital Rupee, using blockchain and other technologies, to be issued by the Reserve Bank of India starting 2022-23," Finance Minister Sitharaman said.

UPI & E-RUPEE

Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. It also caters to the "Peer to Peer" collect request which can be scheduled and paid as per requirement and convenience. UPI was developed by the National Payments Corporation of India (NPCI). UPI, being an Indian invention was a massive success. In addition to that, it is also recognized by the overseas markets. Overseas markets accepting UPI payments include Singapore, Malaysia, UAE, France, Benelux countries, Nepal, and the UK. Finance Minister of India, Nirmala Sitharaman, while presenting the union budget 2022-23 introduced the nation to the concept of E-rupee. The digital rupee or E-Rupee in wholesale and retail circulation stood at Rs 16.39 crore as at the end of the financial year 2022-23, according to the Reserve Bank of India (RBI) Handbook of Statistics on the Indian Economy 2022-23. India is undoubtedly a country with brilliant minds which made UPI a success. We can establish a link between UPI and E-Rupee both being a success.

WHAT IS THE NEED FOR E- RUPEE?

Do you know how much it costs to print Indian currency notes? Data compiled from RBI's annual reports shows the cost of printing currency notes in 2021-22 at Rs.4,984.9 crore. E-rupee was introduced keeping in mind the cost of printing currency notes. In microeconomics, we have noticed that for any event there are many different factors contributing to the event taking place. In the same way, this is not the sole reason why the E-rupee was introduced. Digitalization of currency promotes financial inclusion by enabling individuals without access to traditional banking services to participate in the formal economy. E- Rupee empowers the unbanked population by providing convenient and accessible means to store and transfer money digitally. Topping the need of e-rupee with a cherry on top comes the transaction security which cannot go unnoticed. With robust encryption techniques and secure platforms, E-rupee transactions ensure a reduced risk of fraud and theft, providing users with peace of mind.

BLACKHOLE IN THE REALM

India's vast landscape poses infrastructure and connectivity challenges. To successfully implement the E-Rupee, the government must invest in robust digital infrastructure and ensure widespread access to internet connectivity, even in remote areas. It would be controversial, but we all agree with the fact that India, even after almost 80 years of independence, is the land of conservatives. Resistance to change is a significant challenge in any digital transformation. Educating the population about the benefits of the E-rupee and addressing concerns regarding privacy and data security will play a pivotal role in overcoming resistance and promoting widespread adoption. Digitalization of currency brings with it the risk of cybersecurity threats. The government must establish robust cybersecurity measures to protect against hacking, data breaches, and unauthorized access. Continuous monitoring and upgradation of security protocols are essential to prevent potential risks.

VISUALISING THE FUTURE OF E-RUPEE

In the not-so-distant future, the E-rupee has become the cornerstone of the digital economy, revolutionizing the way we transact and manage our finances. This cutting-edge digital currency has seamlessly replaced traditional paper money, offering a secure, transparent, and highly efficient means of exchange. Enabled by blockchain technology, the e-rupee ensures instant, tamper-proof transactions that empower individuals and businesses to engage in global commerce without the need for intermediaries. With its decentralized nature, the e-rupee has eradicated the limitations of borders, providing a borderless and inclusive financial ecosystem. It's a symbol of the ongoing transformation towards a cashless society, where financial empowerment is at the fingertips of every citizen, leading to unprecedented economic growth and prosperity.

PIONEERING THE FUTURE OF FINANCE

In the contemporary and futuristic landscape of finance, the E-rupee has emerged as a groundbreaking digital currency that transcends traditional boundaries. Rooted in cutting-edge blockchain technology, the E-rupee has streamlined financial transactions to an unprecedented level. With a user-friendly mobile app, citizens can effortlessly manage their digital wallets, make purchases, and send money to anyone, anywhere, at the speed of thought. This digital marvel boasts ironclad security features, making it virtually immune to fraud and counterfeiting. The E-rupee is at the forefront of the drive towards a cashless society, promoting financial inclusion and economic empowerment for all while serving as a model for the future of digital currencies globally.

OUTLOOK FOR DIGITALISATION IN INDIA

As India continues to march towards becoming a digitally empowered society, the future for the digitalization of the currency looks promising. With the government's commitment to promoting digital transactions and the increasing reliance on technology, the E-Rupee is poised to revolutionize how India conducts financial transactions, paving the way for a more inclusive and digitally driven economy. The digitalization of currency is an absolute necessity for UPI's continued success. It's time to embrace this change and reap the undeniable benefits it has to offer.

- Priyanshi Parashar

THE ECONOMICS OF Happiness

BEYOND GDP AND WEALTH

EXPLORING THE LINK BETWEEN WELL-BEING AND WEALTH

In the words of Frank A Clark, “Our economy is based upon people wanting more; their happiness on wanting less.” In the pursuit of a fulfilling life, happiness ranks as a universal aspiration. But how do we measure and understand happiness in the context of economics? The intersection of economics and well-being has given rise to the intriguing field of "the economics of happiness."

DEFINING HAPPINESS BEYOND WEALTH

Traditionally, economists have relied on economic indicators like GDP (Gross Domestic Product) to measure a country's progress and prosperity. However, GDP fails to capture the holistic well-being of a society. The economics of happiness challenges this narrow approach by recognizing that happiness is influenced by a multitude of factors, both economic and non-economic.

Happiness encompasses emotional well-being, life satisfaction, and a sense of purpose in one's life. While material wealth can contribute to these factors, it is not the sole determinant. People derive happiness from social connections, meaningful relationships, health, and a sense of belonging. Therefore, the economics of happiness seeks to expand our understanding of wealth to include these broader dimensions of well-being.

MEASURING HAPPINESS: FROM GDP TO WELL-BEING INDICES

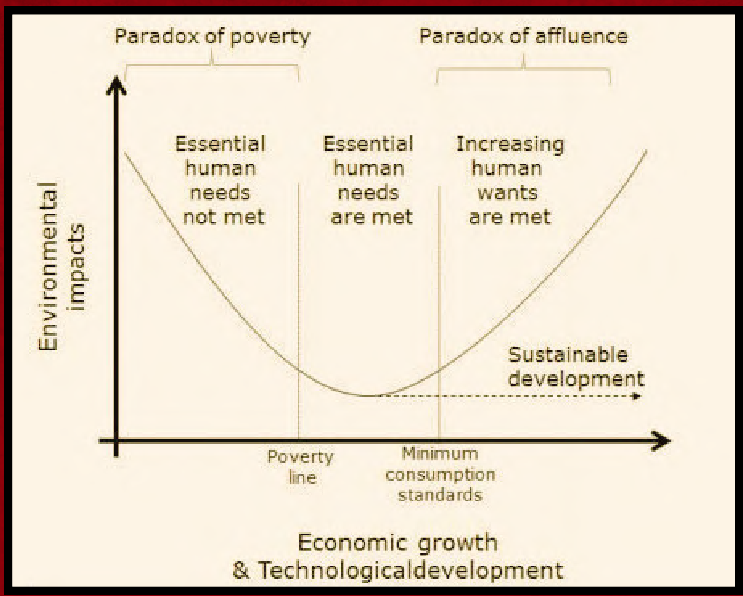
To incorporate well-being into economic analysis, researchers have developed alternative indices that capture the multidimensional nature of happiness. The Human Development Index (HDI), introduced by the United Nations, considers factors like life expectancy, education, and per capita income to assess human well-being. Additionally, the World Happiness Report ranks countries based on various criteria such as income, social support, life expectancy, freedom, trust, and generosity.

Bhutan's Gross National Happiness Index takes an even more holistic approach, measuring progress through nine domains, including psychological well-being, health, education, time use, cultural diversity and resilience, good governance, community vitality, ecological diversity and resilience, and living standards. Such indices offer a more comprehensive view of human welfare, acknowledging that economic prosperity alone cannot guarantee happiness.

THE PARADOX OF AFFLUENCE

While economic growth often leads to increased material wealth, the relationship between wealth and happiness is more complex. The Easterlin Paradox, named after economist Richard Easterlin, suggests that beyond a certain point, higher income does not necessarily lead to greater happiness. Studies have indicated that once basic needs are met, the incremental increase in happiness from additional income diminishes.

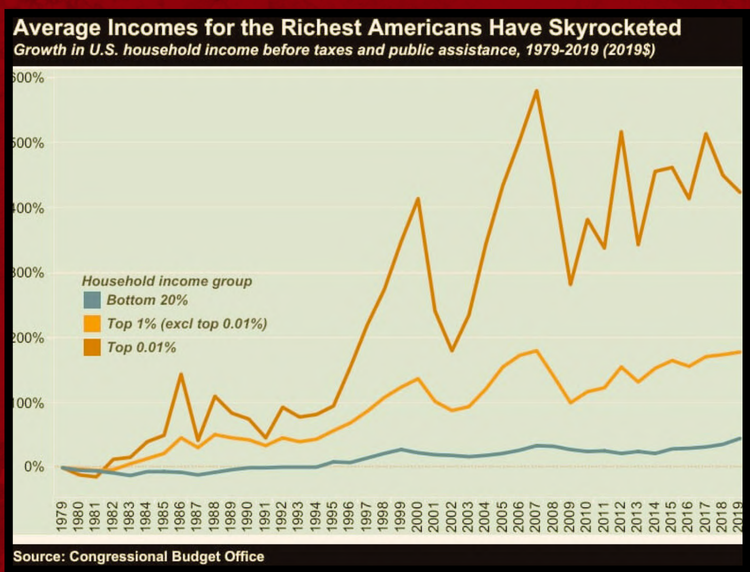
This paradox challenges the assumption that economic growth should always be the primary goal of a society. It highlights the importance of focusing on factors that genuinely contribute to well-being, such as social connections, personal development, and work-life balance. Redirecting resources toward these areas can lead to greater overall happiness, even without significant increases in GDP.



THE ROLE OF INCOME INEQUALITY

Income inequality within a society can significantly impact happiness levels. While some level of income disparity is inevitable, extreme inequality can create feelings of unfairness and social unrest, ultimately diminishing overall well-being. Studies have shown that societies with higher levels of income inequality tend to have lower average happiness scores.

When a small portion of the population holds a disproportionately large share of resources, social cohesion erodes, and trust in institutions declines. This can lead to a sense of dissatisfaction and hinder the collective pursuit of happiness. Between the years 1970 and 2019, the average income of the top 0.01% of Americans has skyrocketed by 400% while a mere 45% increase is observed for the bottom 20%. Addressing income inequality through policies that promote fair distribution of wealth can contribute to greater happiness and social stability.



BEYOND MATERIALISM: THE HEDONIC TREADMILL

One psychological phenomenon that affects our pursuit of happiness is the "hedonic treadmill." This concept suggests that individuals quickly adapt to changes in their circumstances, both positive and negative. As a result, the initial surge in happiness from acquiring material possessions or achieving goals tends to fade over time. This perpetual cycle of desire and adaptation can lead to a never-ending quest for more, which may not necessarily result in lasting happiness.

To counteract the effects of the hedonic treadmill, individuals and societies can shift their focus from materialism to experiences and relationships. Experiences like travel, spending time with loved ones, and engaging in activities that promote personal growth can have a more enduring impact on well-being compared to the fleeting pleasure of material possessions.

THE PURSUIT OF GROSS NATIONAL HAPPINESS

In recent years, policymakers and economists have begun to recognize the limitations of GDP as a sole measure of societal progress. As a result, there is a growing interest in adopting a more holistic approach that considers the well-being of citizens alongside economic indicators.

Countries like New Zealand have introduced "Wellbeing Budgets", which prioritize the improvement of well-being indicators alongside economic goals. Similarly, the government of the UAE established a Ministry of State for Happiness to promote policies and programs that enhance citizens' overall well-being.

CONCLUSION

The economics of happiness challenges the traditional notion that economic prosperity is synonymous with happiness. It reminds us that wealth alone cannot guarantee a fulfilling life and that factors such as social connections, health, and personal development play a crucial role in our well-being.

By acknowledging the multidimensional nature of happiness, policymakers can steer societies towards greater collective well-being and a more satisfying quality of life for all. Ultimately, the pursuit of happiness should be at the heart of economic endeavors, guiding us toward a more prosperous and fulfilling future.

-Amrutha Bhavani.S

THE INDIAN FINANCIAL REGULATIONS

GREAT GAME OF WHAC-A-MOLE AND HOW IT NEEDS TO EVOLVE

Ever since the 1990s, the Indian economy has grown at an exponential rate. The GDP has increased by approximately 1000% since 1990, Indian companies are now expanding their global reach and the scale at which transactions are done today would've been the stuff of myths for pre-1990 Indians. But with this ever-changing scenario, the level of fraudulent and anti-competitive activities has also increased both in scale and complexity. Gone are the days where a single broker or company could bring down the entire economy, no doubt various Indian conglomerates do hold immense power over the economy, but as the Adani saga has shown us if push really comes to shove there won't really be a repeat of Harshad Mehta days anytime soon. With this context in mind, the Indian regulatory frameworks also need to be updated to deal with issues of such increasing complexity.

THE CURRENT INDIAN SCENARIO

The current framework has been developed more with the problems of the bygone days in mind. SEBI itself was given statutory powers after the Harshad Mehta case so it may be obvious that policymakers at that time were focused on preventing such a case from happening again. This has definitely worked and for a long time, Indian regulators were at the forefront in terms of effectiveness and have handheld the economy through some of its most crucial formative years. But as stated above India today no longer even slightly resembles the India of that day. These 'petty scams' still occur today and do pose a grave threat but they've been to a large extent curbed. Whether it be the RBI or SEBI or even IRDAI (Insurance Regulator) through public awareness campaigns, more stringent laws coupled with effective action have reduced the threat that these scams pose. Think about it, if you get a scam call many of us especially the younger generation will be able to recognise it as such. We receive regular text messages making us aware of any potential scams and even if somebody does fall victim to these there are various avenues of redressal mechanisms. But at a macro level, these activities do not pose that great of a threat anymore, the general public has a good understanding of such scams, those who do fall victim, have effective redressal mechanisms, and realistically and purely economically speaking such activities do not affect the economy that much.

THE PROBLEM

The one big takeaway from the Adani saga is that the complexity of our financial system has increased a lot and the general public needs help comprehending it. Using shell corporations, offshore accounts, international finance laws, etc. baffles even the most experienced analyst so the average Indian understanding them is next to impossible. This is not just limited to the securities market, but to all aspects of the economy including competition law, employment law, etc. Complex structures and hidden clauses are the new normal. Considering this the role of regulators is now even more pertinent. Regulators have to be proactive rather than reactive when considering such challenges as by the time they react damage may already have been done. To control this the Indian policy makers have mainly adopted the Western approach which requires a detailed and clear set of rules. This works perfectly for Western society where economies have already developed and matured and people generally tend to comply with such laws but may fail in the Indian context. It also to an extent hampers growth by mandating entities to invest a lot of resources and time into understanding all the laws thoroughly and hiring lawyers to effectively comply. This approach may also be open to exploitation through loopholes or corruption.

THE HINDU JURISPRUDENCE

The term Hindu Jurisprudence coined by legal philosopher Harrop Freeman, is a system where the rule of law is created through 'intuition'. This is to say, the law prescribes the end that is to be achieved, and the morality underlying that law. The subject intuitively divines the most appropriate means of achieving those ends, keeping in view the underlying morality of law. Such a system was common in ancient India, and even today can be found in various Eastern countries including Japan, China, etc. In ancient India, such systems were so successful because there was a clear indication of the end to be achieved, as well as an underlying moral code. People complied with those laws by the process of intuition underlaid by morality. We see the echoes of this system in Pandavas exile to the forest and Emperor Ashoka's edicts. When the British came to India they transplanted their legal system here which has continued to this day in our laws and psyche.

Now a smart reader may ask how this can help address the issues with our current model. Well, such a system provides flexibility in laws, where even though an action may not be done the way it is prescribed but still within the realms of the moral code to achieve the given end goal. This also reduces the effect of loopholes and clever tricks to avoid compliance by focusing more on the spirit of the law rather than the letter of it. Such a system is also more fitting for the Indian scenario where morality guides almost every aspect of our lives.

THE CONCLUSION

No matter what sort of system or laws the policymakers and regulators will adopt to address the rising issues it'll be a difficult balancing act. But the status quo can't be maintained, reforms are required not just in the legal system but in the administration too. India is a growing power and cases such as the Adani issue, or the various loan frauds don't paint a pretty picture. If India well and truly wants to go into the Amrit Kal a more stable and powerful economy it has some tough questions to ask and tough decisions to make.

- Hardik Jindal

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