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QUOTE OF THE MONTH

"Trade in local currencies and smooth cross-border payments will strengthen our economic co-operation. The Unified Payments Interface (UPI) developed by India is a huge success story and has been adopted in many countries,"

~ *PM Narendra Modi*
addressing the 16th BRICS Summit's Open Plenary Session held in Kazan, Russia.

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UNIFIED PAYMENTS INTERFACE

Image: frontline.thehindu.com

Editorial

DIGITAL LAKSHMI IN EVERY HAND!

In a world increasingly leaning on digital solutions for everyday transactions, India's Unified Payments Interface (UPI) stands out as a glowing example of innovation in the financial ecosystem.

Launched in 2016 by the National Payments Corporation of India (NPCI), UPI has grown to become the backbone of the Indian payments landscape, facilitating transactions that are seamless, secure, and real-time. In less than a decade, UPI has revolutionized how Indians conduct digital payments, and its ripple effects are being felt globally as other nations adopt its framework for their own financial needs.

UPI'S METEORIC GROWTH

UPI's exponential rise is backed by strong statistical evidence that highlights its influence. As of Sept 2024, UPI processed over 10 billion monthly transactions, and the cumulative value of these transactions crossed the staggering ₹15 lakh crore mark. The platform is being used by over 300 million individuals and 50 million merchants, establishing itself as the dominant mode of cashless payments in the country. When UPI was launched, its initial months saw only a few thousand transactions. The number of daily transactions on UPI exceeded 450 million by mid-2024, with an average ticket size of ₹1,500 per transaction. The growth trajectory remains robust, with UPI showing a year-on-year increase of 72% in transaction volumes from 2023 to 24.

Needless to add, one of the major driving factors behind UPI's success is the simplicity it offers users.

TRENDS SHAPING UPI'S SUCCESS

Several trends have contributed to UPI's meteoric success. Firstly, the adoption of smartphones and internet penetration in India, coupled with affordable data prices, has acted as a springboard for UPI's outreach to rural and urban populations alike. UPI's simplicity has made it accessible to both tech-savvy youth and those less familiar with technology.

Another major driver is the interoperability across banks and payment apps, which has ensured that no matter what service provider a user employs, they can transact seamlessly with others. This open framework has positioned UPI as a preferred mode of payment across India's diverse ecosystem.

Image: GettyImages

In addition to peer-to-peer (P2P) payments, UPI has also made significant inroads into peer-to-merchant (P2M) payments. Small and medium enterprises (SMEs) and even street vendors in India are now routinely accepting UPI payments *via* QR codes, increasing their revenues while cutting down on cash management hassles.

THE GLOBAL EXPANSION OF UPI: A CASE FOR ADOPTION

UPI's success within India has naturally led to its expansion beyond Indian shores. In recent years, several countries have started integrating UPI's framework into their own financial ecosystems, recognizing its advantages. Countries such as Singapore, the United Arab Emirates (UAE), and France have entered into bilateral agreements to use UPI for facilitating cross-border payments. In March 2023, UPI was linked with Singapore's PayNow, allowing real-time, low-cost cross-border remittances between India and Singapore.

Governments of other nations have expressed interest in adopting UPI technology, citing its simplicity, scalability, and security. Bhutan, the first foreign country to adopt UPI for in-country use, reported a significant rise in digital payments within the first 6 months of integration. The country's central bank emphasized the need for a digital solution that catered to its growing tourism industry while maintaining low operational costs. Bhutanese officials stated that UPI's structure was "lightweight, easy to deploy, and highly secure."

The UAE has also shown interest in deepening its engagement with UPI, especially for remittances between Indian expatriates and their families back home. Countries like Mauritius and Saudi Arabia are in discussions to implement UPI frameworks for similar reasons. According to experts, UPI's ability to facilitate real-time settlement at low costs makes it particularly attractive to nations that are heavily dependent on remittance inflows and small-value transactions.

UPI'S IMPACT ON THE COST OF DOING BUSINESS FOR SMES

The adoption of UPI has significantly reduced the cost of doing business for small and medium enterprises (SMEs) in India. Prior to UPI, many SMEs relied heavily on cash transactions, which came with a host of challenges, including security risks, cash handling costs, and accounting inefficiencies. Digital payment methods like credit and debit cards often involved high transaction fees and cumbersome infrastructure requirements, limiting accessibility for smaller businesses. UPI, on the other hand, offers a low-cost and highly scalable solution, eliminating many of the barriers that previously hindered SMEs from embracing digital payments.

Image: HinduBusinessline

UPI transactions come with minimal or no fees for merchants, particularly for smaller transactions, which are common among SMEs. This has made it easier for businesses to accept payments digitally without worrying about high merchant discount rates (MDRs) that are typically charged by credit card networks. As a result, SMEs have been able to streamline their payment processes, reduce cash handling, and improve overall operational efficiency. This has also allowed them to expand their customer base, as more consumers prefer the convenience and safety of UPI for day-to-day transactions.

According to an RBI study in 2023, SMEs using UPI saw an average reduction of 20-30% in payment processing costs compared to traditional methods like credit card payments. Furthermore, UPI has helped businesses operate more efficiently by providing real-time payment settlements, improving cash flow management, and reducing dependence on third-party payment processors.

UPI'S IMPACT ON GLOBAL PAYMENTS COMPANIES

The rapid rise of UPI has posed a unique challenge to traditional global payments giants like Visa and MasterCard, which have long dominated the card-based payment ecosystem. UPI's ability to facilitate instant and low-cost transactions has diverted a large volume of transactions away from these global card networks. In India, UPI's growth has led to a reduction in the use of credit and debit cards for everyday transactions, as UPI provides a more accessible and affordable alternative for consumers and merchants alike.

Between 2018 and 2023, debit card transaction volumes in India grew at a much slower rate compared to UPI, as consumers increasingly opted for the latter due to its convenience and lower costs. UPI's growth has also put pressure on global payment networks to innovate and reduce fees in order to remain competitive in the rapidly evolving Indian market.

Despite these challenges, global payments companies are not entirely sidelined by UPI's rise. Visa and MasterCard have been adapting by collaborating with fintech firms and banks to offer UPI-based solutions and diversify their offerings beyond traditional card-based systems. Both companies are exploring ways to leverage UPI's infrastructure for cross-border payments, thereby maintaining a foothold in the digital payments ecosystem. Additionally, with the introduction of Credit on UPI, which allows customers to link credit cards to the UPI platform, global payment networks still have an opportunity to capture a share of the growing UPI market.

UPI : STRENGTHENING INDIA'S POSITION

UPI's rise has not only fuelled India's financial inclusion efforts but has also positioned the country as a global leader in digital payments innovation. By exporting UPI's technology stack to other countries, India is not only facilitating smoother cross-border transactions but is also wielding soft diplomacy. The widespread adoption of UPI in various global markets enhances India's standing as a fintech powerhouse, capable of developing and exporting scalable, secure, and inclusive solutions.

In conclusion, the evolution and expansion of UPI not only mark a significant achievement for India but also open doors for economic collaborations with nations worldwide. As more countries look to UPI for inspiration, India is poised to play a leading role in shaping the future of global digital payments. The innovation behind UPI, coupled with its global outreach, has positioned it as a vital component of India's economic strategy, further enhancing the country's stature on the global stage.

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FDI-TIDE STRATEGY FOR STEADY INFLOWS

India has made remarkable progress in drawing foreign direct investment (FDI) to boost its economic growth, with FDI inflows increasing 20 times since 2000. By 2023, India's FDI inflows reached 700 billion USD, spread across various sectors including services, computer software and hardware, trading, telecommunications, and automobiles. India secured 1,008 Greenfield projects, positioning it as the 3rd largest recipient worldwide. The nation is also assessing different sectoral caps with the aim of attracting a minimum of $100 billion annually in gross FDI.

Global Multi-National Corporations (MNCs) are adopting the China + n strategy to safeguard their supply chains. India has introduced initiatives like raising FDI thresholds in areas such as Insurance, Telecommunications, Brownfield airports, Agriculture, Asset reconstruction, Aircraft MRO, easing FDI regulations for single-brand retail, and Space sub-sectors, as well as Brownfield pharmaceutical projects. The Commerce Ministry is currently evaluating sectoral limits with a vision for the upcoming 5 years.

India has launched digitalization efforts including the Foreign Investment Facilitation Portal (FIPP) and implemented over 100 amendments as part of Jan Vishwas - 2 to enhance the ease-of-doing-business. The country has significantly improved its position in the Global Innovation Index. The residency status of foreign investors and the Centre-State investment agreement to ensure state governments meet their obligations under trade treaties have been finalized. Presently, FDI inflows range from $70 to $80 billion annually, with plans to increase this to over $100 billion each year.

An analysis of global FDI trends shows that India continues to be the most appealing destination for FDI in the Asia-Pacific region. Nevertheless, China's strategic shift to becoming a capital exporter has resulted in a decrease in inbound FDI, reflecting its geopolitical maneuvering and pursuit of market access. Indonesia and Brazil have garnered the highest FDI in agriculture, while China, the UK, and the USA top the list in tourism receipts. Sectors related to global value chains, such as automotive, electronics and machinery, have experienced significant growth.

While India's initiatives hold promise, they encounter obstacles such as global uncertainties, infrastructure gaps, fluctuations in tax and tariff structures, stringent labor laws, and sector-specific issues like land acquisition challenges and regulatory barriers. With increasing global debt and fiscal constraints, attracting FDI will become more complex. Therefore, India needs to formulate a long-term strategy to facilitate its developmental progress.

THE TIDE FRAMEWORK COULD SERVE AS AN INSIGHTFUL TOOL FOR EVALUATION

Technological change is reshaping investment patterns by transforming various industries, creating new markets, and displacing established ones. Trends encapsulated by Technological Disruption (T), Increasing Demographic Shifts (I), Deglobalization (D), and Extreme Financialization (E) are heralding significant transformations. These trends (T.I.D.E) are expected to influence the global economic and social landscape, carrying important implications for investment strategies.

TECHNOLOGICAL DISRUPTION (T)

Technological Disruption encompasses advancements like Artificial Intelligence, Quantum Computing, and Industry 5.0, which are set to revolutionize multiple sectors. Although the exact effects are uncertain, focusing on the tools, infrastructure, and services that drive this disruption can foster greater resilience and diminish volatility. For instance, AI could contribute trillions of dollars to the global economy by 2030. Investments in supporting technologies, such as data centers for AI or manufacturers of semiconductor equipment, will unlock value. In addition to a skilled workforce, Global Capability

Centers (GCCs) designed with the infrastructure for smart manufacturing, robotics, automation, cyber-security, AI, and quantum computing will greatly enhance India's appeal.

INCREASING DEMOGRAPHIC SHIFTS (I)

By 2050, the global population aged 60 and over is expected to double from the current one billion. This demographic change poses challenges for the health-care sector, requiring advanced medical care and solutions to address age-related conditions such as cancer, Alzheimer's and cardiovascular diseases. There is a need for innovations in biotechnology to develop new treatments, diagnostics, and preventive measures. Supporting investments in biotech tools and infrastructure will position India as a favorable destination for the potential $2 trillion industry.

DEGLOBALIZATION (D)

As deglobalization trends rise, the proportion of global trade in relation to global GDP has fallen from 61% in 2008 to around 52% by 2022. With companies relocating production back to domestic or closer sites, Indian firms should explore investment possibilities in nearby markets like Mexico.

The necessity for energy independence, underscored by events such as the Russia-Ukraine conflict, may propel global investments in renewable energy to $4 trillion by 2030. Long-term investors will likely focus on sectors that facilitate self-reliance, energy independence, and resilient supply chains. By engaging with industries leading these transitions, India can improve value creation.

EXTREME FINANCIALIZATION (E)

The growing impact of financial markets indicates that central banks and their monetary policies significantly influence growth and market stability. This has led to a dependence on liquidity injections, ultra-low interest rates, and asset purchases, making them crucial players in maintaining economic stability. Since the 2008 financial crisis, interventions by global central banks have disrupted conventional economic cycles and created various choke points. Indian commerce policy-makers should assess and identify these choke points.

Taking into account the TIDE forces, it is vital for policy incentives to benefit high-quality enterprises with sustainable competitive edges & visionary leadership, ensuring lasting growth. India is correctly focusing on sectors with significant global potential, such as Artificial Intelligence through the National AI mission, Renewable energy with National Green Hydrogen Mission, and electronics and semiconductors *via* the SEMICON India Program.

The agriculture and tourism sectors provide employment opportunities for semi-skilled workers. To help farmers access global markets, PLI scheme for agriculture and allied sectors is needed to attract FDI in areas like cold storage, agricultural inputs and food processing. PLI needs to be extended to Tourism Infrastructure.

FOREIGN DIRECT INVESTMENT: OPPORTUNITIES FOR MID-MARKET COMPANIES SEEKING GROWTH

As numerous mid-sized companies seek growth and aim to ascend the value chain, they are pursuing foreign direct investments. Many leaders of mid-market enterprises with similar ambitions encounter difficulties in navigating host-country regulations, planning, and execution. They need centralized support and consultancy.

Facilitation of Global Trade Agreements: The interruption of multiple bilateral and multilateral trade agreements is largely due to India's inclination to protect its agricultural sector, coupled with a demand for strict Rules of Origin to limit the influx of Chinese goods and rigorous Intellectual Property Rights provisions.

The suspension of the Generalized System of Preferences (GSP) with the USA has eliminated special duty benefits worth $5.6 billion for Indian exports to the United States, impacting India's export-driven sectors. India needs to address this and close many trade agreements soon.

While India undertakes long-term strategies, certain actions could provide a prompt increase in FDI over the next couple of years: Learning from nations like Vietnam, South Africa, Brazil, Indonesia, and Korea, which have adopted more investor-friendly policies, would be beneficial. Development of plug-and-play manufacturing infrastructure should be considered for expansion to Tier-2 and Tier-3 cities. Coastal Economic Zones (CEZs) or manufacturing clusters can form concentrated hubs for FDI. Consistent tax policies will enhance investor trust.

In summary, India needs both immediate and long-term strategies, considering global investment trends, shifts in TIDE, market fluctuations, and uncertainty. The government should support these investors to position India as the hub for talent, cost-effective value chains, and improved efficiency, leading to successful long-term outcomes.

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DHANTERAS FOR OLD AGE BUILDING WEALTH with NPS

The New Pension Scheme (NPS) has emerged as one of India's most popular investment options for retirement planning.

Since its inception, NPS has transformed how individuals approach retirement savings, providing both private and government sector employees with the flexibility to build a corpus over time. Today, NPS is hailed as a successful, sustainable pension model, attracting millions of investors across the country and accumulating significant assets under management.

The scheme has also gained traction among young investors due to the government's targeted outreach and educational initiatives highlighting NPS's tax benefits and flexible investment options. Today, professionals in the private sector and the self-employed find NPS particularly advantageous, as it combines disciplined savings with the potential for higher, market-linked returns over the long term. This inclusivity has also been enhanced by streamlined online platforms, simplifying the subscription and contribution processes, making NPS accessible to a tech-savvy generation looking for sustainable retirement options.

KEY FEATURES OF NPS

FLEXIBILITY IN INVESTMENT OPTIONS

NPS provides subscribers with a choice between Active and Auto modes of fund management, where individuals can self-select asset allocation in Active mode or let the fund managers decide based on age in Auto mode. This flexibility allows individuals to tailor their portfolios, balancing equity, government bonds, and corporate debt instruments.

TIERED ACCOUNT STRUCTURE

NPS features 2 account types: Tier-I (mandatory for retirement savings with partial withdrawal rules) and Tier-II (a voluntary account with more flexibility in withdrawals). The Tier-I account is tax-efficient, with exemptions available under Sections 80CCD(1) and 80CCD(1B) of the Income Tax Act, while the Tier-II account functions more as a savings instrument.

LOW-COST STRUCTURE AND PORTABILITY

Known for its low administrative & fund management fees, NPS remains one of the most cost-effective pension schemes globally. Additionally, the scheme's

portability allows individuals to continue contributions regardless of career changes or geographical relocation within India, a feature that suits India's mobile workforce.

GROWTH TRENDS IN NPS SUBSCRIPTIONS

Over the past decade, the NPS has experienced a remarkable uptick in subscriptions, a trend driven by both individual and corporate awareness about retirement planning. Recent data shows that, as of 2024, the NPS subscriber base stands at over 40 million. According to reports by the Pension Fund Regulatory and Development Authority (PFRDA), the total assets under management (AUM) reached a substantial ₹10 lakh crore, doubling in the past 5 years alone.

The corporate sector has also shown enthusiasm, with many companies adopting NPS as part of their employee benefits. While it was primarily popular among government employees, corporate and individual participation is on the rise due to tax benefits, better returns, and the govt's proactive promotional initiatives. The sustained growth of NPS over the years underscores its appeal as a reliable, market-linked pension option.

PERFORMANCE OF NPS FUNDS

Since the inception of the NPS fund management system, PFRDA-empaneled fund managers have delivered attractive returns across various asset classes. The average returns for equity (E), corporate bonds (C), and government bonds (G) funds over a 20-year period have consistently outperformed inflation rates and provided positive real returns. The NPS equity funds have generated annualized returns of 8-10% over the long term, despite occasional market volatility. Fixed-income assets, like government and corporate bonds, have delivered steady returns, averaging between 7-8%. Financial analysts often commend the NPS for its optimal risk-reward balance, with Arvind Panagariya, economist and former NITI Aayog Vice Chairman, remarking, "NPS exemplifies a sustainable pension model that maximizes returns while maintaining low risk."

NPS v/s OPS

The Old Pension Scheme (OPS), which was discontinued in 2004, was a defined-benefit scheme offering fixed pensions to government employees' post-retirement. While it provided predictable post-retirement income, it posed a significant financial burden on the government due to the rising fiscal obligations with an increasing number of retirees. NPS operates on a defined-contribution basis, where returns are market-linked rather than fixed, making it financially sustainable in the long run.

NPS OFFERS SEVERAL ADVANTAGES OVER OPS

Fiscal Sustainability: Unlike OPS, NPS doesn't impose a heavy fiscal burden on the government, which is crucial for the long-term stability of the economy.

Higher Growth Potential: With NPS, subscribers benefit from market-linked returns, which have historically exceeded the fixed-rate returns under OPS.

Broader Applicability: NPS is available to all citizens, whereas OPS was limited to government employees. This inclusivity makes NPS a powerful tool for national financial security.

NPS VATSALYA: SECURING THE FUTURE OF THE NEXT GENERATION

In the 2024 budget, the Modi government introduced a series of reforms aimed at enhancing NPS's appeal and accessibility. Key among these initiatives was an increase in the tax deduction cap under Section 80CCD(1B), raising the limit from ₹50,000 to ₹75,000, which provides subscribers with more tax relief on their contributions. Furthermore, the budget proposed a simplified annuity purchase process and the option for retirees to withdraw a larger portion of their corpus without mandatory annuitization, providing greater flexibility at retirement. These latest changes reflect the government's continued commitment to strengthening NPS and fostering a culture of self-reliant retirement planning across all sections of society.

The Union Budget of 2024 introduced **NPS Vatsalya**, an innovative scheme aimed at enhancing the social security framework for women and economically vulnerable groups in India. NPS Vatsalya was specifically designed to provide women, including homemakers and informal sector workers, with a secure and flexible pathway to retirement savings. Recognizing the unique financial needs and challenges faced by women in both formal & informal roles, the scheme offers special incentives, such as higher govt co-contributions and relaxed contribution requirements, to encourage greater female participation in NPS.

Under NPS Vatsalya, participants benefit from a dedicated Tier I account structure tailored to ensure consistent growth through low-cost fund management. For homemakers, who often have limited opportunities for traditional savings plans, NPS Vatsalya provides a rare opportunity to build long-term financial security with market-linked returns. The scheme also enables women in the informal workforce to contribute to a pension account regardless of their employment status. By introducing NPS Vatsalya, the Modi government has taken a crucial step toward fostering inclusive financial planning and expanding social security for women, emphasizing the role of NPS as a cornerstone in India's evolving pension landscape.

FUTURE PROSPECTS

NPS is expected to witness further expansion as more corporates include it in their employee benefits. The PFRDA continues to enhance the scheme's features, such as increasing withdrawal limits, improving fund choice flexibility, and augmenting tax benefits.

Additionally, enhancements in digital onboarding and reduced regulatory bottlenecks will likely contribute to an increase in subscriptions from the private sector and self-employed individuals. Moreover, proposed reforms to ease annuity purchase upon retirement and the possibility of allowing withdrawal of the entire corpus are likely to attract even greater participation.

CONCLUSION

The New Pension Scheme (NPS) has undoubtedly marked a paradigm shift in India's approach to retirement planning. With its transparent structure, low-cost advantage, and market-linked growth, it provides a compelling alternative to traditional pension models, including the OPS. Backed by robust regulatory oversight, NPS not only enhances individual financial security but also aligns with the government's fiscal objectives. As India strides toward a future marked by financial inclusivity and security, NPS is poised to remain a cornerstone of the country's pension ecosystem.

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LAKSHMI KEEPS CHANGING HOUSES

THE RETAIL INVESTOR'S SHIFT FROM SAVINGS TO INVESTING

The landscape of personal finance is undergoing a seismic shift as retail investors, often referred to as "Lakshmi," transition from traditional savings methods to active participation in capital markets. This transformation, dubbed "The Great Migration," reflects broader economic changes, technological advancements, and a growing desire for financial independence.

In this article, we will explore the factors driving this migration, the implications for the economy, and the challenges faced by these new investors.

THE EVOLUTION OF RETAIL INVESTING

Historically, retail investors relied on conservative savings instruments such as fixed deposits (FDs), savings accounts, and real estate. These options were viewed as safe but offered limited returns that often failed to keep pace with inflation. However, several key factors have catalyzed a shift toward more dynamic investing strategies:

TECHNOLOGICAL ADVANCEMENTS

The rise of online trading platforms and mobile applications has democratized access to financial markets. Investors can now trade from anywhere at any time, armed with real-time data and analytics.

INCREASED FINANCIAL LITERACY

Educational initiatives and the availability of information online have empowered individuals to make informed investment decisions. Retail investors are now more confident in exploring equities, mutual funds, and other capital market instruments.

PANDEMIC IMPACT

The Covid-19 pandemic accelerated this trend as many individuals sought alternative income sources during lockdowns. With increased time at home and a heightened awareness of market dynamics, retail participation surged.

THE SHIFT FROM TRADITIONAL INSTRUMENTS TO CAPITAL MARKETS

This migration from traditional savings methods to capital markets represents a significant change in wealth management strategies. Key drivers include:

DIMINISHING RETURNS ON SAVINGS

Traditional savings instruments like FDs have seen their appeal wane due to low interest rates that do not keep up with inflation. This has prompted investors to seek higher returns in equities and bonds.

DIVERSIFICATION OPPORTUNITIES

Capital markets offer a broader array of investment options that allow for greater diversification. Retail investors can now spread their investments across various asset classes, sectors, and geographies to manage risk effectively.

INCREASED MARKET PARTICIPATION

The influx of retail investors has led to heightened market activity, contributing to increased liquidity and trading volumes. This shift has introduced new dynamics into market behavior as retail investors often exhibit different trading patterns compared to institutional investors.

IMPLICATIONS FOR THE ECONOMY

The transition of retail investors into capital markets has far-reaching implications for both individual wealth creation and overall economic growth:

WEALTH CREATION

By participating directly in capital markets, retail investors are contributing to wealth generation at a broader level. This democratization of finance enables more individuals to benefit from the returns generated by businesses and industries.

ECONOMIC GROWTH

Increased retail investment can stimulate economic growth by enhancing liquidity in the markets and encouraging companies to invest in expansion opportunities. As more individuals invest, they contribute to the overall health of the economy.

MARKET DYNAMICS

The changing profile of market participants introduces new volatility and dynamics. Retail investors tend to react differently than institutional players, which can lead to fluctuations based on sentiment rather than fundamentals.

CHALLENGES FOR RETAIL INVESTORS

Despite the opportunities presented by this shift, retail investors face several challenges:

MARKET VOLATILITY

The stock market is inherently volatile, and inexperienced investors may struggle with emotional decision-making during downturns.

INVESTMENT BIASES

Many retail investors fall prey to biases such as chasing returns or panic selling during market dips. Educational initiatives are essential in helping them develop sound investment strategies.

INFORMATION OVERLOAD

While access to information has increased significantly, it can also lead to confusion. Retail investors must navigate a vast array of data sources, which can complicate decision-making processes.

CHANGING ROLE OF FINANCIAL INSTITUTIONS

As retail investing continues to grow, financial institutions are adapting their services to meet the needs of this new class of investors:

TAILORED PRODUCTS

Financial institutions are developing products specifically designed for retail investors, including robo-advisors that provide automated investment advice based on individual goals and risk tolerance.

DIGITAL PLATFORMS

The rise of user-friendly trading apps has made it easier for individuals to engage with financial markets without needing extensive prior knowledge or experience.

EDUCATIONAL RESOURCES

Institutions are increasingly focusing on providing educational resources aimed at enhancing financial literacy among retail investors. This includes webinars, online courses, and interactive tools designed to improve investment decision-making skills.

RETAIL INVESTORS

As of March 2024, the number of retail investors in India has surged to over 9.5 crore (95 million), who collectively own approximately 10% of the domestic stock market, translating to around ₹ 36 lakh crore (approximately $4.3 trillion) in wealth.

This figure reflects a significant increase in participation, driven by technological advancements and regulatory support. The number of demat accounts, which facilitate trading in securities, has skyrocketed from about 4 crore (40 million) in FY20 to over 15 crore (150 million) by FY24

Metric	Retail Investors	Deposit Investors
Total Wealth	Rs 36 lakh crore	Rs 154 lakh crore

CONCLUSION

Lakshmi's journey from traditional savings methods to active investing in capital markets signifies a transformative phase in personal finance.

As technology continues to evolve and financial literacy improves, more individuals are likely to embrace this shift. While challenges remain, the potential for wealth creation and economic growth through increased retail participation is substantial. As we move forward, it will be crucial for both individual investors and financial institutions to adapt to this changing landscape effectively.

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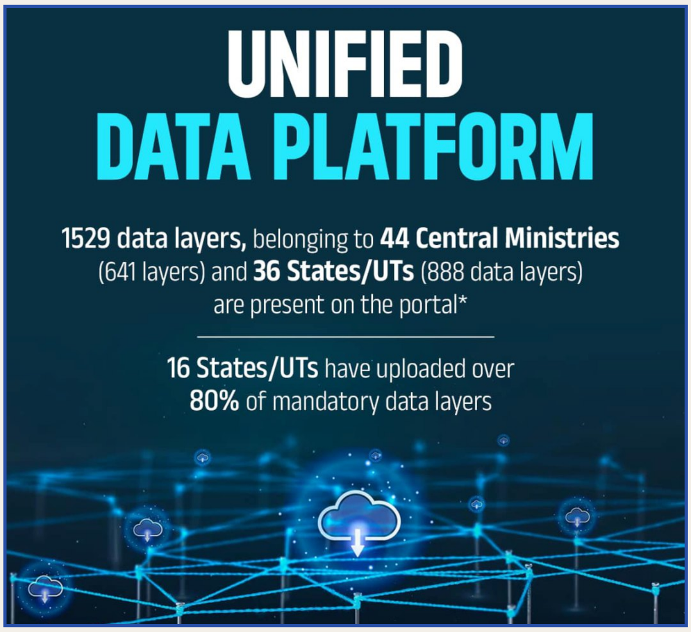
INFOGRAPHICS

TRANSFORMING INDIA'S INFRASTRUCTURE & CONNECTIVITY

On the 75th Independence Day, PM Narendra Modi announced the 'PM Gati Shakti' initiative during his address to the nation from the ramparts of the Red Fort. The National Master Plan for Multi-modal Connectivity, launched on October 13, 2021, celebrated its 3rd anniversary this October.

This digital platform is designed to bring various Ministries, including Railways & Roadways, to ensure integrated planning and co-ordinated execution of infrastructure projects. The initiative aims to provide seamless and efficient connectivity for the movement of people, goods, and services across various modes of transport, thereby enhancing last-mile connectivity and reducing travel time.

PM Gati Shakti incorporates the infrastructure schemes of various Ministries & State Govts such as Bharatmala, Sagarmala, inland waterways, dry/land ports, and UDAN.



AREA DEVELOPMENT APPROACH

Transforming regions through holistic planning

IMPLEMENTATION MODELS

- **Major Infrastructure Projects** e.g., Dahod locomotive hub, Gujarat
- **Industrial Area Development** e.g., Mega food parks, MITRA parks
- **Greenfield Projects** e.g., Vadhavan port area, Maharashtra, Bichom Dam tourist site, Arunachal Pradesh

SMARTER HIGHWAYS, FASTER PROGRESS

Pune-Bengaluru Expressway

IMPACT

- **54 km** shorter route
- **19% reduction** in forest area impact

BRIDGING SKILLS WITH OPPORTUNITIES

NMP portal used to identify prominent industries in districts

IMPACT

- **Enables imparting of district-specific skill** courses by schools
- **PM Shri Schools mapped** to identify and anchor other schools nearby

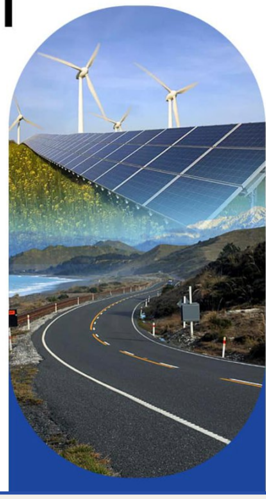
SMART GREEN SOLUTIONS FOR SUSTAINABLE INFRA

PM Gati Shakti is helping build green & sustainable logistics network

It promotes environmental responsibility aligned with national climate goals

STATES POWERING PROGRESS WITH PM GATI SHAKTI

- **Gujarat:** Planned a 300 km coastal corridor, reducing NoCs from 28 to 13
- **Goa:** Created a disaster management plan for flood-prone Amona River areas
- **Ladakh-Haryana:** A 13 GW renewable energy project optimized the Green Energy Corridor for inter-state transmission



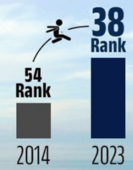
SMART LOGISTICS FOR EFFICIENCY

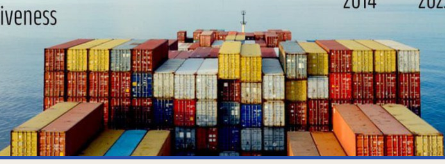
UNIFIED LOGISTICS INTERFACE PLATFORM (ULIP) AIMED AT BOOSTING EFFICIENCY, TRANSPARENCY, AND COORDINATION

How it helps?

- Reduces Logistics Costs & Time
- Supports Just-in-Time Inventory Management
- Eliminates Tedious Documentation
- Boosts International Competitiveness

World Bank's Logistics Performance Index 2023



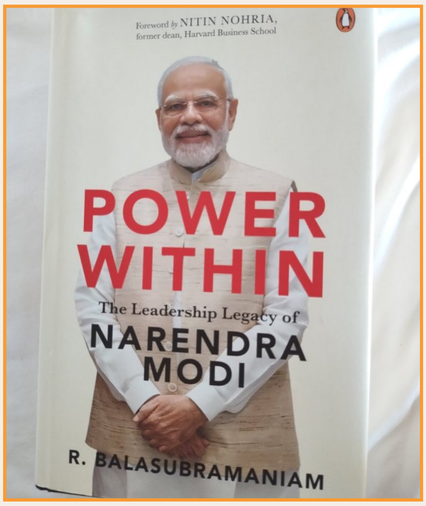


GEOSPATIAL INTELLIGENCE FOR SMARTER PLANNING & MONITORING

- **Real-time data from GIS** and satellite imagery
- **Data-driven insights** for smarter decisions
- Enables **early detection of problems**

ECONOMIC CELL - BJP KARNATAKA

INTERACTION with Author Sri R. BALASUBRAMANIAM



The Economic Cell of BJP Karnataka Organised an Interaction programme with Sri. R. Balasubramaniam, Author of the Book 'POWER WITHIN - The Leadership legacy of Narendra Modi', on 8 October 2024 at Jagannath Bhavana, Bengaluru. Here is a glimpse of the programme.