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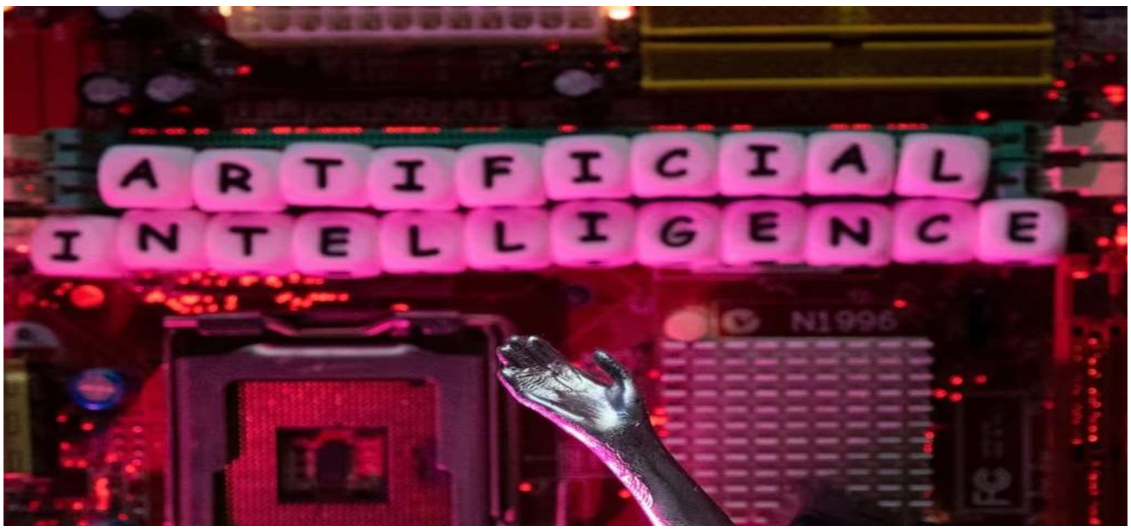
ARTIFICIAL INTELLIGENCE

AI leap for multilingual India

Voice-first AI agent can empower millions of micro-entrepreneurs with voice tools, helping rural citizens access digital services in their own languages.

By Dhanendra Kumar



Nothing has transformed our lives in the recent past as the internet. However, today, it is artificial intelligence (AI) that is becoming a vital part of our daily lives and workplaces.

AI is the ability of machines and software to simulate human intelligence. It can understand, reason, learn, and assist with decision-making. Its transformative impact is profound, in myriad ways.

Sometime ago, DeepSeek of China had created a stir among existing global platforms like ChatGPT. Now India is coming up with the country's first indigenous AI large language model platform (LLM), Sarvam, which is based in Bengaluru. It is the first start-up chosen for full support by the government under the Rs 10,370-crore IndiaAI Mission, with the model to be ready within six months.

AI is adding to the world economy significantly, with efficiency and productivity. According to a 2024 report by PwC, AI is expected to contribute over $15.7 trillion to the global economy by 2030, with India poised to get a significant share. It is also not replacing jobs; however, we need to reskill our youth. In fact, AI is expected to create over 20 million new jobs in India.

What is a “voice-first AI agent”? It is a personalised human-like virtual assistant one can talk to — like a colleague or assistant — and in one’s own language. There is no need to type any text, one can simply speak and the AI understands and responds to it instantly.

These systems are powered by LLMs, a new class of AI that allows machines to understand language, context, tone, and even emotions. Unlike older chatbots, voice-first AI agents can hold meaningful conversations in a human language such as English or Hindi.

India has 22 official languages, 121 languages, and over 19,500 dialects, making it the most multilingual country in the world. For a country like ours, voice-first AI agents can make a lot of sense.

A vast majority of the population is more comfortable speaking than typing. The internet can also become more voice-enabled, and there will be many more people accessing it using voice commands.

India has over 900 million active Internet users, but nearly half of them remain offline. Many among them are illiterate and non-tech-savvy, therefore they may find it easier to interact with AI through speech rather than text.

Think of voice-first AI agents as your digital co-worker — available 24×7. For instance, a farmer seeking information about crop diseases or weather updates could simply ask his personal AI assistant in his local dialect instead of navigating through text. Similarly, people looking for health advice, government schemes, or educational content could use this tool. These agents can be used in several ways.

Manufacturing and industry: Factory managers ask voice AI to check machine health or inventory while walking the floor. They get instant updates.

Banking and financial services: Customers speak to AI agents to check account balance or apply for loans. Relationship managers use voice tools for details or compliance updates.

Healthcare and telemedicine: Doctors dictate prescriptions, and the AI transcribes and stores them. Voice bots remind patients to take medicines or help schedule appointments.

Retail and e-commerce: Shop owners use voice commands to reorder goods, track deliveries, or view daily sales summaries.

Logistics and field services: Delivery staff and technicians use voice AI to receive route updates, safety protocols, and log reports.

Education and training: Students learn in their native languages using voice tutors. Teachers generate lesson plans or clear student doubts using voice assistants.

Governance and legal: Government officials ask AI to summarise policy updates or generate drafts of

regulatory documents.

There are several players that are active in this space. Here are a few examples.

AI LifeBOT: It builds customisable voice-first agents for human resources (HR), finance, education, and compliance.

Perplexity AI: It offers a voice-based search alternative with reliable, conversational answers.

CoRover: It develops secure voice agents for defence, aerospace, and critical industries.

One does not have to be a technology company, as many applications are available as a service, and even small and mid-size companies can use them. Some of the services are as follows:

• Automating internal queries (HR, payroll, compliance) using voice agents

• Enhancing call centres by handling routine customer issues faster

• Guiding field teams through tasks or safety checks using voice instructions

• Voice-powered dashboards for leaders to get reports and updates hands-free

However, at the same time, data privacy and transparency must be preserved, as laid down in the Digital Personal Data Protection Act, while platforms must be carefully chosen and measures taken for data protection and cybersecurity.

As we march toward Viksit Bharat, AI can play a vital role, empowering millions of micro-entrepreneurs with voice tools, helping rural citizens access digital services in their own language, making education and healthcare systems more inclusive, and training a new generation of AI-ready professionals to make them employable.

However, this also requires us to modernise our education system, build AI capacity, and upskill our youth in areas such as data ethics, digital operations, and automation. Let us not fear AI. Let us shape and develop it responsibly, use it wisely, and prepare our people to grow with it. (FE29042025)

ECONOMICS

What India's deregulation debate misses

Weak state capacity is a constraint to development. India has neither a fully functional state nor a robust market. Both need strengthening.

By Aasheerwad Dwivedi & Aditya Sinha

"Deregulation" is back in fashion, from Javier Milei's Argentina to the corridors of Washington. In India too, the term has found its way into the Economic Survey. For many, it evokes images of shuttered offices and pink slips. But that's a shallow take. True deregulation is more than dismantling the state, it's about making it work better. Sometimes, that means fewer rules. Other times, it means more capacity, smarter hiring, and process redesign.

At its core, deregulation seeks to strip away unnecessary rules and bureaucratic red tape that bog down government efficiency. The goal isn't simply a smaller government. It's a smarter and more efficient one. It is an enabler of economic activity in the country.

Take the Indian Patent Office. Until recently, it took years just to decide whether to grant or reject a patent. It was primarily due to two reasons: Understaffing and complicated/outdated procedures, with the former being the bigger roadblock. Sanyal and Arora (2022), in their Economic Advisory Council to the Prime Minister working paper titled "Why India needs to invest in its IPR ecosystem?", documented the level of understaffing in Indian patent office and the problems it was creating. Even after increase in manpower over the last few years, India had only about 800 people in patent office. Compare this with 8,125 in US and 13,804 in China. Naturally, it took years to process the applications.

In this case, any improvement in the sector could not happen without strategically investing in hiring more manpower, and information technology (IT) infrastructure and systems. The government has, in recent times, hired about 500 more people, and the plan for hiring another 500 is already in place. This was supplemented with improvement in processes. This is an example of a sector where efficiency doesn't come from cuts in budgets or manpower, rather it requires increase in both. Similarly, the Food Safety and Standards Authority of India has been in the news for acute staff shortage at all levels. To make matter worse, a large part of the existing working staff was hired on contract or part-time. It must be noted that such a situation arose despite government sanctioning 493 additional posts for the food regulator in 2018. Can we expect it to ensure and enforce food safety standards in the most populous country with a lack of working hands? The only way it can do so is by hiring more people. There are various other sectors where this will hold true.

Drawing from institutional economics, particularly the work of Douglass North, institutions must reduce transaction costs to be effective. This requires not just fewer rules, but the capacity to enforce the essential ones. Herbert Simon's theory of bounded rationality shows that decision-makers operate under cognitive and resource constraints; without adequate personnel, regulatory systems become dysfunctional, regardless of their formal design.

Michael Lipsky's "street-level bureaucracy theory" further suggests that the discretion and capacity of frontline workers shape real-world policy outcomes. Understaffed agencies create de facto deregulation, not through legal reform but through non-enforcement. In such cases, the state fails not because it regulates too much, but because it governs too little. Thus, deregulation should be understood through the lens of "state capability theory", where effectiveness is determined not by the absence of rules, but by the presence of institutional competence.

Kartik Muralidharan, in his book Accelerating India's Development, gives another interesting example. The Integrated Child Development Services scheme's anganwadi centres are staffed with just one worker who is responsible for early childhood nutrition, education, home visits, and copious administrative work. A study conducted by Muralidharan and his colleagues in Tamil Nadu found that adding a part-time worker to the anganwadis to focus on early childhood education led to large gains in learning outcomes and reduction in childhood malnutrition and stunting. They estimate that the present discounted lifetime value of these benefits would be 13 to 21 times the cost of hiring extra workers. This is a massive return on investment by any standards. He argues, using many such examples, that India is foregoing these large returns by underinvesting in state capacity.

We see this play out across sectors. The Food Corporation of India needs strategic hiring, logistics and IT experts, and not blind job cuts. Public hospitals are chronically understaffed and under-resourced. Police forces, essential for public safety, face acute personnel shortages. These are just a few examples. As Muralidharan notes, India has a small government, only 16 public employees per 1,000 people, compared to 57 in China, 77 in the US, and 111 in Brazil.

Weak state capacity is a critical constraint to development. Viewing policy through a binary of state versus market misses the point. India has neither a fully functional state nor a robust market. Both need strengthening. The 1990s liberalisation delivered high growth, but sustaining it now requires tougher reforms, in land, labour, and urban policy that demand effective state capacity.
It’s time we reframe deregulation not as cost-cutting or job rationalisation, but as a strategy to build a more capable and efficient state. (FE28042025)

Stagflation for the ages

Supply-chain disruptions during Covid-19 almost quaint vis-à-vis current reordering of global trade.

By Stephen S Roach

Nearly five years ago, I warned that stagflation was only a broken supply chain away. A temporary outbreak did indeed occur in the immediate aftermath of the Covid-19 shock, as a surge in inflation coincided with an anaemic recovery in global demand. But, like the pandemic, that economic disruption quickly subsided. Today, a more worrisome form of stagflation is in the offing, threatening severe and lasting consequences for the global economy and world financial markets.

An important difference between these two strains of stagflation is the nature of the damage. During the pandemic, supply chains were stressed by significant demand shifts — during early lockdowns, people consumed more goods and fewer services, with a sharp reversal taking place after reopening. This led to soaring commodity prices, semiconductor shortages, and global shipping bottlenecks, which collectively accounted for about 60% of the surge in US inflation in 2021-22. It took roughly two years for those supply-chain disruptions to begin to fade, allowing inflationary pressures to ease.

Such temporary disruptions now seem almost quaint compared to the fundamental reordering of global supply chains sparked by US President Donald Trump's "America First" protectionism. The United States, for all intents and purposes, is disengaging, or decoupling, from global trade networks, especially from China-centric supply chains in Asia and potentially even from the supply chains that knit together North America through the US-Mexico-Canada Agreement, the so-called "gold standard" of trade agreements.

These actions will reverse the supply-chain efficiencies that academic research suggests have reduced the US inflation rate by at least 0.5 percentage points per year over the past decade. This reversal, driven by America's newfound disdain for its former trading partners, will likely be permanent. Whereas the Covid-19 turmoil had a clear end point, distrust of the US will persist long after Trump has left the scene. This time, there will be no quick or easy fix.

The reshoring of production to the US will not be seamless. Trump points to foreign and domestic firms' outsize investment announcements as signs of a phoenix-like rebirth of US manufacturing. Yet production platforms cannot be snapped apart and reassembled like Legos. Under the best of circumstances, these projects take years to plan and construct before gradually coming online.

But in today's climate of extraordinary policy uncertainty, with tit-for-tat retaliatory tariffs and sanctions dangerously dependent on Trump's whims, reshoring investments are likely to be deferred, if not cancelled altogether. Nor will it be easy for the rest of the world to pick up the pieces after America's retreat from globalization, and develop new supply chains.

Just as it will take time for the US to rebuild domestic capacity, other countries' efforts to restructure trade arrangements will be drawn out over a long period. To the extent that global value chains reflect the efficiencies of comparative advantage, this reconfiguration of production, assembly, and distribution platforms threatens to add new inefficiencies that will raise costs and prices worldwide.

There is an even more insidious ingredient in this stagflation cocktail: the politicisation of central banking. Here, again, the US is leading the way. Trump insists that he has the right to weigh in on the Federal Reserve's policy actions, and has loudly and repeatedly conveyed his displeasure with the Federal Open Market Committee's recent decisions to keep policy rates on hold.
The risk is that Trump will go even further in attacking the Fed's independence. The President recently proclaimed that he could force out Fed Chair Jerome Powell, noting that his "termination can't come fast enough". While Trump has

since backtracked from that threat, such a move would be consistent with his broader — and seemingly unconstitutional — push to expand executive authority. As part of this power grab, he has already taken aim at other independent agencies, illegally firing leaders of the National Labor Relations Board, the Equal Employment Opportunity Commission, and the Federal Trade Commission for political purposes. Who's to say the oft-volatile Trump won't backtrack again and renew his attacks on Powell?

At a minimum, Trump is ramping up political pressure on US monetary policy precisely when inflationary pressures are mounting in the face of new supply-chain disruptions. Add to the mix Trump's well-known preference for a weaker US dollar, and the current circumstances bear a striking resemblance to those of the late 1970s, when a weak dollar and a weak Fed compounded America's first outbreak of stagflation. Remember the clueless G William Miller, who was Fed chair at the time? That is a painful part of my own experience as a Fed staffer that I would rather forget.

The other side of the stagflationary coin is the increasing risk of US and global recession. Again, this goes back to the growing possibility of a pervasive, long-lasting uncertainty shock bearing down on the US and global economies, and the associated paralysis of business and consumer decision-making. Trump celebrated the imposition of so-called "reciprocal" tariffs on April 2 as "Liberation Day". To me, it was more like an act of sabotage, triggering retaliation and a likely decline in the global trade cycle. If this continues, it will be exceedingly difficult for the world to sidestep recession.

The outcome of Trump's agenda could be as destructive as that of the early-twentieth-century global trade war that followed the 1930 Smoot-Hawley Tariff Act, another protectionist policy blunder. With US tariffs now even higher than they were back then (and, in fact, higher than at any point since 1909), it is worth remembering the 65% contraction in global trade that occurred from 1929 to 1934. Today's world might be lucky to get away with stagflation. (FE26042025)

The economics of deregulation

Organised evaluation of regulatory compliance burden and weighing it against public good is vital.

By Ashvin Parekh

Regulations play a vital role in modern society, and with good design and management regulations deliver important public benefits. Poorly designed regulations, however, can result in rules that create only costs and little or no public benefits. More importantly, poor regulatory management of accumulated regulations stifles innovation and hinders economic growth. This article discusses a unique challenge for policymakers today, which is to find a way to trim unnecessary regulations while preserving required public protections.

Regulatory accumulation refers to a steady and unintentional growth of regulations. It is recognised by several government bodies and committees set up by policymakers who are conscious of the ease of doing business in progressive countries. In the US, for example, the House Judiciary Subcommittee has evaluated that this accumulation slows the economy by nearly one percentage point annually. It is believed that this, in case of the Indian economy, would be almost double the amount. The slower economic growth caused by regulatory accumulation could well be `7-8 lakh crore annually. The burden of this regulatory accumulation per Indian citizen could be Rs 5,000-6,000 per annum. If we had managed our regulatory accumulation properly in the last two decades, we could have been the third-largest economy in the world. Considering India's ranking in the ease of doing business, the cost of compliance could well be much more than the estimate above.

The impact of regulatory accumulation on Indian households is significant. Major studies have observed that these costs are passed on to the consumer in the form of higher prices. The effects of these price increases are regressive. The poorest income groups experience the highest proportional increase in the prices they pay. Equally so, the large penalties paid by a business for non-compliance are eventually borne by consumers.

The economic effects of deregulation are very encouraging. Several jurisdictions that have reversed or at least slowed regulatory accumulation have succeeded in reducing the quantity of regulations on their books by about 40% within three years. The 2025 Economic Survey made a detailed reference to this in the context of micro, small, and medium enterprise (MSME) funding and for the financial services sector in general in India.

Before discussing some encouraging initiatives by policymakers and regulatory bodies, let us explore one critical aspect of recognition of the cost of compliance. Regulatory bodies and progressive trade associations such as the Indian Banks' Association or the Association of Mutual Funds in India should make an effort to create a formal framework to identify, determine, and disclose the cost of compliance. The measure of the cost of compliance can be critical for evaluating any deregulation. Likewise, there should be an approach to measure the public benefits. In the enthusiasm to become a custodian or protector of public interest or benefits, regulatory accumulation can only grow manifold. A study on the growth of regulatory notifications and circulars by financial sector regulatory bodies in India would perhaps reveal and assess the significant on burden business and, thereafter, passed on to consumers. Deregulation offers the potential for a win-win: a more dynamic economy and relief for those most burdened by the status quo. Clear goals, measurements, and high-level commitments are critical.

In this backdrop, the 2025 Budget discussed the regulatory reforms and recognised that although the government had demonstrated a steadfast commitment to "ease of doing business" in the financial and non-financial sectors, it was determined to ensure regulations keep up with technological innovations and global policy developments. A light-touch regulatory framework based on principles and trust will unleash productivity and employment. Through this framework, regulations will be updated, particularly those made under old laws. To develop a modern, flexible, people-friendly, and trust-based framework appropriate for the 21st century, it proposed to form a high-level committee of regulatory reforms. The committee will be set up for a review of all non-financial sector regulations and make recommendations within a year.

Though the policymakers have left the deregulation review for the financial sector, perhaps for a future date, the general belief is that regulatory accumulation is far more significant and burdensome in this sector, as evidenced by NITI Aayog. This is in the case of MSME funding. A recent paper by the Aayog, entitled "Initiating Culture Change through Government Process Review:

Learnings for India from UK's Red Tape Challenge" is a clear admission of structural issues and its contribution to regulatory accumulation.

The recent unwinding of some regulations by market regulator Securities and Exchange Board of India, after a change in its leadership, is happy evidence of recognition of the cost of compliance burden. This marks a slow beginning towards deregulation.

Industry expects the new leader of the insurance regulator, who will soon be selected, to reexamine the noticeable growth of regulatory accumulation in the past three years. The paradox in the sector is noticeable as the cost of compliance has increased by at least 6-8 percentage points annually, and there are regulations on the other hand limiting the expense of management.

In conclusion, it can be observed with reassurance that policymakers have recognised the need for deregulation. It may start with non-financial sectors, but the high-powered committee could perhaps provide a sound basis and a framework which can be later utilised for the financial sector as well. The framework could identify and recognise regulatory accumulation, and examine its redundancy in a structured way. This organised way of evaluating the burden of regulatory compliance and weighing it against the public good can then become the basis for all such effort in various sectors.

In a similar way, the high-powered committee can also establish a basis to determine the cost of compliance, not only in a given sector but all sectors, which can thereafter measure the cost vis-à-vis the protection of public interest. This basis and parameters to determine the cost of compliance and disclosure methods will make it a reliable approach through which policymakers, regulators, and businesses can reduce red tape. This will create a win-win situation for all. (FE09042025)

Finance

Navigating FPI outflows: Impact on India's financial markets and currency

Besides geopolitics, absence of ease in investment norms appears to have been a contributor.

By Sandeep Parekh

The Reserve Bank of India (RBI) Bulletin for March 2025 noted sustained foreign portfolio investment outflows exerting considerable pressure on equity markets and aiding weakening of the rupee. Data from the National Securities Depository Limited suggests foreign portfolio investors (FPIs) sold equities worth Rs 1.12 lakh crore in February, and outflows continued at Rs 30,015 crore in March. The trend has persisted since last year. With the tariff wars, this situation has aggravated further. The number of registered FPIs declined for the first time in a year, dropping from 11,761 in December 2024 to 11,729 in January. As a consequence, the rupee depreciated by 0.9% month-on-month in February, highlighting the broader macro-financial implications of sustained capital outflows.

FPIs' reduced exposure to Indian markets has been influenced by domestic and global developments. India's economic growth has moderated, and corporate earnings — particularly among Nifty 50 companies — are robust but have remained relatively subdued over the past few quarters. Against the backdrop of relatively high market valuations, this has somewhat tempered investor appetite. The rupee's depreciation has also affected return expectations for foreign investors, as currency conversion becomes less favourable. Broader global concerns, including uncertainty around the US economic outlook and trade tensions, have prompted a more cautious approach toward emerging markets like India. This shift in sentiment has contributed to notable FPI outflows, particularly from sectors such as IT, financial services, and consumer goods. FPIs are critical for the health of financial markets, as they enhance liquidity, support asset prices, and contribute to currency stability by increasing the supply of foreign exchange. However, when FPIs withdraw, the demand for foreign currency rises, leading to depreciation of the local currency. These outflows can trigger market volatility, depress asset prices, and tighten liquidity, posing broader challenges for macroeconomic management and policy response.

While the exit of FPIs may be attributed to geopolitical developments, broader macroeconomic trends, or a strategic rebalancing of global investment portfolios, the absence of ease in investment norms also appears to have been a contributing factor.

In August 2023, the Securities and Exchange Board of India (Sebi) came out with key regulatory interventions introducing additional disclosure requirements for FPIs. FPIs meeting the specified threshold were required to provide granular ownership details, including a full look-through disclosure up to the level of all natural persons holding any ownership, economic interest, or control. The circular did not impose any restriction on investments but sought greater transparency from FPIs making large investments in a single group of companies. It required disclosure of the ultimate beneficial owner — the individual behind the investment. The requirements did not appear overly burdensome, with sufficient flexibility built into the framework, and initially impacted only a small number of FPIs.

However, Sebi also adopted a proposal to extend disclosure requirements to offshore derivate instrument (ODI) subscribers and ODI-issuing FPIs through a circular dated December 17, 2024. As a result, greater compliance and monitoring obligations have been placed on ODI-issuing FPIs and their designated depository participants. These entities must now track investor thresholds, submit daily position reports, and monitor group entities that exercise significant control over ODIs, strengthening oversight and transparency in the ODI space. Unlike direct FPIs, ODI subscribers were not previously required to disclose their ultimate beneficial ownership. In response, Sebi has adopted a proactive stance, issuing a series of circulars aimed at addressing emerging risks, enhancing transparency, and strengthening compliance within our securities market.

The regulatory tightening coincides with a period of shifting FPI sentiment. In certain cases, the inability to furnish the requisite data — often due to unavailability — has resulted in the forced exit of some FPIs from the Indian market. This must be addressed immediately. In fact, the first set of deadlines for some of them is as early as May, and the forced exit of clean FPIs from India can't adequately be highlighted.

Specifically, Sebi should do two things. One, delay the timelines for implementing the new norms to beyond 2026 (assuming the volatility of trade wars will subside by then). Two, it should use its exemptive authority for FPIs who cannot find out the last human being in an investment, which can be a real challenge if the investors number hundreds and many are listed firms or the like, whose ultimate beneficial owner cannot be fairly obtained. This clearly is the worst time to get rid of clean money and make FPIs to divest.

Sebi and the RBI play key roles in maintaining financial stability and investor confidence to counteract FPI outflows. Sebi can review and ease investment norms where appropriate while maintaining transparency. It can also engage with global investors to address concerns and clarify regulatory expectations. Investors seeking less restrictive regulatory environments may redirect their funds to other markets. While Sebi's broader objective of enhancing oversight and addressing regulatory arbitrage is well-intentioned, the practical implications of such measures warrant thorough deliberation. Striking a balance between regulatory rigour and market competitiveness will be crucial to sustaining India's appeal as an investment destination.

Similarly, the RBI can intervene in the foreign exchange market to manage excessive currency volatility, ensure adequate liquidity in the banking system, and maintain orderly market conditions through monetary policy tools. On the other hand, the broader responsibility for sustaining foreign investor interest lies with the government, which must maintain macroeconomic stability, ensure policy predictability, and foster a favourable investment climate through structural reforms and sound fiscal management. A coordinated approach between regulators and the government is essential to effectively manage capital outflows and strengthen investor confidence.

Key drivers of FPI inflows include strong economic fundamentals — such as robust GDP growth and low inflation — which signal long-term stability. Policy consistency, regulatory clarity, and simplified investment norms further support a positive investment environment, while attractive market valuations offer potential for higher returns. Together, these elements shall make India a compelling destination for foreign investors seeking both growth and security.

Disclosure: the firm has adviced FPIs with respect to disclosures discussed. (FE18042025)

Policy challenge in capital markets

Modernising regulations, providing clarifications on circulars, and strengthening cybersecurity practices are essential to foster economic growth.

By Sethurathnam Ravi | Shravan Shetty

The evolution of capital markets in India has closely reflected the progress and transformation of the Indian economy over time. Economic liberalisation in 1991 opened up capital markets, allowing foreign institutional investors to invest in India. This influx of capital brought a change in industry dynamics, marked by rapid economic growth and improved financial literacy. The introduction of electronic trading platforms like the National Stock Exchange (NSE) in 1994 further fuelled retail and institutional participation, aiding the development of capital markets.

The wave of digitisation, especially in the late 1990s and early 2000s, transformed domestic capital markets and the stockbroking industry. It brought much-needed changes to archaic processes — for instance, electronic Know Your Customer and Digital Know Your Customer were game-changers. It led to a dramatic reduction in the cost of acquisition by removing the need for extensive physical infrastructure and greatly reduced entry barriers.

The use of digital platforms and mobile applications democratised access to capital markets, enabling companies to reach a broader audience from lower-tier cities and rural areas. It also significantly increased competition in the space. Stockbrokers offering no-commission models or lower transaction costs have resulted in a reduction in margins for traditional stockbroking players, forcing them to explore other revenue streams.

Modern consumers prioritise convenience in managing investments. They seek platforms that integrate diverse financial services in one place. The emergence of tech-driven business models has enabled stockbrokers to provide comprehensive solutions, offering a broad range of products.

This diversification is further substantiated by numbers, highlighting the steady growth of non-broking revenue among major players. For instance, a prominent stockbroking firm's non-broking revenue contributed to nearly half of its revenue from operations as of FY24, while another industry leader's non-broking revenue contributed 64% of the overall revenue as of Q3FY23. While this may indicate a plateauing trend in broking revenues, it reflects the industry's ongoing evolution, with a potential for renewed growth through strategic policy interventions. Factors such as digital innovation, evolving customer needs, and rising competition have transformed India's capital markets. Hence, regulations must evolve to ensure fair practices, foster innovation, and support stockbroking firms in diversifying into non-broking services to meet these changing market dynamics.

The Securities Contracts (Regulation) Rules (SCRR) were drafted in 1957, at a time when stockbroking firms primarily served as intermediaries. The industry landscape has since evolved significantly, with stockbroking firms now acting as comprehensive service providers. Thus, the SCRR's provisions may no longer align with the industry's operational realities.

To account for this new era, restrictions placed on stockbroking firms must be reconsidered. These include allowing stockbrokers to engage in business outside the securities domain. This will help expand revenue streams and align with the Make in India initiative by fostering domestic innovation. Similar rules in other jurisdictions (like the US, UK, and Singapore) allow brokerage firms to diversify, enhancing flexibility while maintaining market integrity.

Similarly, Regulation 16A within the Securities and Exchange Board of India Intermediaries Regulations requires regulated entities to steer clear of direct or indirect associations with those providing investment advice or making claims about returns without appropriate licences. While the goal is to prevent unauthorised advice and promote accountability, the term "indirect associations" could unfairly hold platforms responsible for activities beyond their control. For example, if a regulated entity enters into a business contract with third-party platforms like WhatsApp or Telegram for communicating with their clients, it isn't practical to require the regulated entity to monitor all activities on these platforms unless victims come forward to report issues.

Additionally, an NSE circular issued in August 2024 requires individuals referring clients to register as authorised persons (APs) to curb unauthorised activities like guaranteed returns. While well-intentioned, this creates challenges for stockbrokers who rely on referrals to acquire clients. It includes platforms all businesses use to advertise products and services. Allowing referrals without AP registration but supported by safeguards for compliance could strike a better balance.

Lastly, the rapid digital transformation makes the stockbroking sector, like any other reliant on digital platforms, increasingly vulnerable to sophisticated cyber threats. With sensitive client data and financial transactions at stake, any breach can have severe implications. While the regulator has come up with apt regulations, it must conduct regular sessions with stockbrokers to discuss the emerging challenges.

Thus, modernising regulations like the SCRR, providing additional clarifications on circulars, and strengthening cybersecurity practices are essential for fostering economic growth and creating home-grown financial giants. This will not only help stockbroking firms meet the evolving customer needs but also strengthen India's financial ecosystem, positioning it as a leader in capital market innovation. (FE09042025)

INFORMATION TECHNOLOGY

Source of clean power or controversy?

A global race for nuclear augmentation is on. Over 40 countries are expanding capacity, which will treble nuclear energy availability by 2050.

By Anil Nair

Galloping energy demands of modern-day information technology (IT) operations — including cloud services, big data processing, artificial intelligence (AI) usage, and 24×7 high-performance computing at hyperscale data centres — are forcing the industry to go nuclear. Little wonder that large technology companies, which were more focused on wind and solar sources, are looking very seriously at nuclear plants to provide emission-free power.

Microsoft has signed up with Constellation Energy to revive the infamous Three Mile Island nuclear plant in Pennsylvania by 2028, promising to consume all the power it can generate over 20 years. Bill Gates has invested $1 billion in TerraPower, which will develop small reactors, partnering with Warren Buffett's PacifiCorp. Google is working with Kairos Power, a producer of small modular reactors (SMR), and will buy all their nuclear power when they commence production in 2030. Amazon, similarly, is investing in X-Energy, an SMR company.

Nuclear energy, found in the nucleus of an atom, is extracted to produce electricity through two atomic reactions — nuclear fission, in which uranium is used as a fuel to split atoms to release energy, or nuclear fusion, where lighter nuclei like hydrogen are combined to produce considerable energy. Arguably, fusion is safer as it does not involve chain reactions or cause explosions, but has proved somewhat utopian thus far.

It’s not just IT. Nuclear power can charge electric vehicle charging stations, providing reliable, low-carbon electricity for transportation. Steel and chemical manufacturing can deploy high temperature nuclear reactors advangeously. Process heat is best for glass manufacturing, cement production, and metal refining. Radioisotopes from nuclear processes find wide use in medical applications like diagnosis and treatment. Scientific research can use nuclear high-energy output for particle research experiments. Nuclear power can help in converting sea water to potable water in desalination plants. Space exploration, involving long-duration missions to solar energy-scarce planets, use nuclear energy from radioisotope thermoelectric generators.

A clear benefit is the stable, continuous supply from nuclear sources regardless of weather conditions, ideal for uninterrupted operations of critical systems — which contrasts markedly with fickle supply from renewable sources like solar and wind. Greenhouse emissions are minimal in nuclear power, while the longer-term climate related downsides from using fossil fuels are well known. Other benefits are that a small amount of nuclear fuel can produce substantial output and scaling doesn’t demand extensive land use, as required for renewables.

Challenges include significant upfront capital investments and long durations before plants become operational — due to stringent regulatory approvals, the complexity of the technology involved, and the many safeguards that must be in place.

The biggest hurdle is perhaps public resistance, owing mainly to three infamous accidents. The Chernobyl disaster resulted in a massive explosion and fire. The Three Mile Island meltdown was a major accident too, while the one at Fukushima was caused by a tsunami that followed an earthquake. Meltdowns happen when the heat generated far exceeds the heat transferred out through cooling systems. The release of radioactive material with damaging long-term health and environmental consequences remains deeply etched in public memory. The other is that nuclear technologies are perceived as being linked to nuclear weapons, which in the wrong hands can cause unprecedented mass destruction. That it currently powers communities in 28 US states and supports half a million jobs there, is a contrarian case in point.

Nuclear waste is a thorny issue — because it is a dangerous by-product, is radioactive, and can cause extensive damage. Material like uranium and plutonium are highly toxic and can remain so for tens of thousands of years. The onus is on producers to safely package and dispose of nuclear waste despite the huge costs involved, and on the government to regulate this effectively. In the US, used fuel is stored at 70 sites in 35 states. The US Department of Energy (DOE) is working on creating government-owned storage facilities and a 12-axle railcar for secure transportation of spent nuclear fuel and waste.

Advanced microreactors and SMRs are being developed under the aegis of the US DOE. Microreactors are factory-built systems that can generate 1-10 megawatts (Mw) of electricity, that can power a thousand homes over 10 years and be easily set up in days. SMRs, ranging from 10 to 100s of Mw in size, provide a variety of options by way of size, technology, and capability, using water or gas, liquid metal, or molten salt as coolants. SMRs offer the advantage of lower cost, safeguards, security, and non-proliferation.

A global race for nuclear augmentation is on. Over 40 countries are expanding capacity, which will treble nuclear energy availability by 2050. China, Russia, and the US are competing to provide both technology and investments. India's NTPC has just got the ball rolling by inviting expressions of interest from global players for indigenising pressured water reactors, targeting 15 gigawatt

(Gw) capacity. This is one among many actions being taken by the government to realise its goal of attaining 100 Gw of power capacity. Another is amending laws to permit private sector participation at scale.

Nuclear energy remains a paradox — the cleanest path to power and the most radioactive road to controversy. (FE17042025)

business Strategy

Align actions with core values & goals

The article argues that "Return on Intention" is as vital as ROI, emphasizing that purpose drives long-term success. It proposes leveraging generative AI for "intention mapping," predictive analytics, and sentiment analysis to quantify organizational intent and align actions with core values.

By Rajiv Shah

In business, return on investment (ROI) is a key metric, but return on intention is just as crucial. While companies often prioritise measurable financial outcomes, intention shapes decision-making, strategy, and long-term growth. A well-defined intent enables businesses to enhance customer experience, adopt emerging technologies, and expand strategically. However, many organisations make the mistake of prioritising financial metrics over intent. By embedding intention into their strategies, they can mitigate risks, improve efficiency, and ultimately maximise ROI.

What if we leveraged generative AI to uncover and amplify intent – aligning actions with purpose? Imagine AI algorithms analysing vast organisational data, uncovering hidden patterns in communication, employee interactions, and decisions. Using NLP and sentiment analysis, they decode unspoken motivations and reveal organisational intent. With predictive analytics, AI forecasts the impact of intentions, simulates scenarios, and adjusts variables to provide insights into their ROI. This empowers leaders to make informed decisions, steering their organisations toward goals aligned with their core values and mission.

But how do we measure intention in concrete terms? Let's first explore why measuring return on intention is essential. We all know the principle: outputs depend on inputs. Yet, outcomes often fall short of intentions despite our best efforts. What if we shifted our focus from return on investment to return on intention?

This shift emphasises the connection between intention and outcome. As the saying goes, "What goes around comes around." Leading with intention lays the foundation for success. Intent defines the "why" behind our actions. Successful organisations recognise that intention, not just strategy, drives meaningful outcomes. For instance, Tata's intent – "to improve the quality of life for the communities we serve" – is more than a statement; it's their reason for existence. But how do we measure intention and its impact? While ROI has clear metrics, return on intention is less defined. With advancements in AI and analytics, we are now exploring ways to quantify this critical yet uncharted aspect. Here's how:

AI-driven intention mapping: Generative AI can analyse historical data to identify underlying intentions behind activities and correlate them with successful outcomes.

Predictive analytics: Machine learning algorithms can predict project success based on alignment with stated intentions, helping prioritise initiatives.

Sentiment analysis: AI can gauge alignment with organisational intentions by analyaing employee and customer feedback, enabling informed adjustments.

Personalisation: AI can tailor strategies and communications based on individual and collective intentions, ensuring alignment with core values.

Organisations that align their strategy with intention fare better in the long run. For instance, Dove's "Real Beauty" campaign aimed to challenge beauty standards and promote positive body image. The campaign's intent resonated widely, changing conversations around beauty. Similarly, Adobe's "Kickbox" programme empowered employees to develop and pitch ideas, fostering ownership and responsibility.

Embracing return on intention requires a perspective shift but offers substantial rewards. By aligning actions with purpose and leveraging generative AI, organisations become more resilient and purpose driven. This approach enhances financial metrics, fosters workforce engagement, builds customer loyalty, and supports sustainability. (FE10042025)

MARKETING STRATEGY

How Maggie made a comeback after a government ban – lessons from its marketing strategy

Accusations of excessive lead and misleading "No Added MSG" labels ripped through Maggi's golden reputation.

By Gopika Nair

Maggi had a prominent face, developed because of decades of trust and emotional connection, to fall back on.

If you grew up in India, chances are the words "Mummy, bhookh lagi hai!" summon not just memories, but a smell — that of Maggi Masala, bubbling on the stove. For decades after its 1983 launch, Maggi was not just a brand; it was a warm hug in a yellow packet.

Until one day in 2015, it wasn't.

Accusations of excessive lead and misleading "No Added MSG" labels ripped through Maggi's golden reputation. In a matter of weeks, the brand saw its 80% market share collapse to zero. Sales plummeted 90%, over 30,000 tonnes of noodles were recalled and destroyed, and Nestlé India posted its first quarterly loss in 15 years, Rs 64.4 crore. For any brand, this would read like an obituary.

But Maggi wasn't ready to be buried. It re-surged like a phoenix.

How Maggi boiled over

The crisis began when Uttar Pradesh officials found elevated lead levels in Maggi samples. Soon, more states followed, and by June 2015, the Food Safety and Standards Authority of India (FSSAI) had imposed a nationwide ban. For a food brand that had long anchored its identity in “trust”, especially with mothers, the betrayal cut deep.

Nestlé’s initial response was textbook what-not-to-do. Denials, delayed engagement, and defensive technical explanations only added to public anger. By the time global CEO Paul Bulcke landed in India for damage control, the damage was already done.

Cooking up a comeback

Yet, inside the wreckage, Maggi had a secret weapon: emotional equity. For millions, Maggi wasn’t just food — it was childhood, hostel life, break-time comfort, evening snack, and whatnot. Recognising this, Nestlé pivoted sharply. But the comeback was never going to be about just apologetic ads or sentimental campaigns. It had to start with hard, verifiable facts.

The first step was scientific: Nestlé embarked on a massive safety validation exercise. More than 3,500 samples of Maggi noodles were tested across Indian and international labs, including in countries like the US, UK, Canada, and Singapore. Results confirmed that lead levels were well within permissible limits. At the same time, Nestlé India complied with the enormous logistical challenge of recalling and destroying over 30,000 tonnes of noodles — a visible, tangible commitment to consumer safety. To bolster credibility, Nestlé sought — and secured — court-mandated, third-party testing from NABL-accredited labs. Safety was scientifically proven first, creating the rational foundation necessary for any emotional appeal to be effective.

Communication, too, evolved dramatically. Early missteps marked by denial and defensiveness were replaced with a tone of transparency, humility, and empathy. Nestlé flooded mass media with full-page ads assuring consumers that their Maggi was safe and always had been. Detailed FAQs, explainer videos, and behind-the-scenes manufacturing videos populated their websites and social channels. The company moved from offering technical justifications to acknowledging the sense of betrayal consumers felt — an essential shift from explanation to emotional engagement.

Alongside safety assurances, Nestlé unleashed one of its most poignant campaigns yet: #WeMissYouToo. Rather than preaching to consumers, Maggi joined them in their sense of loss. Heartfelt digital videos captured the everyday moments where Maggi was missed — hostel rooms, mothers' kitchens, bachelor apartments — always ending with a simple, powerful line: "We miss you too." Another campaign, #LetYourMomKnow, specifically targeted mothers — a nod to Maggi's original emotional anchor — reassuring them that Maggi was now safer and better. Nestlé encouraged user-generated content too, inviting people to share personal Maggi moments through the #NothingLikeMaggi movement.

The relaunch itself was a masterclass in strategic pacing. Instead of an immediate flood across shelves, Maggi made its comeback in phases. First, it launched exclusively online through a partnership with Snapdeal, creating excitement, scarcity, and buzz at a time when e-commerce in India was still growing. Only the most iconic variant, Masala Maggi, returned initially, reinforcing familiarity and trust before gradually reintroducing other variants. As confidence built, Maggi rolled out campaigns across TV, print, retail activations, and social media, maintaining a careful balance between emotional storytelling and rational reassurance.

The results were telling. By March 2016, Maggi had clawed back over 50% of its lost market share. By the end of 2017, it was hovering near 60% — below the pre-crisis highs, but an extraordinary comeback nonetheless in a more crowded, more sceptical market. Maggi's journey back to the top was not just about nostalgia; it was a reminder that brand trust is built on twin pillars: facts and feelings. Without first scientifically proving its safety, all the emotional storytelling would have rung hollow. The Maggi saga became a textbook case of how to rebuild, not just repair.

Lessons from the noodle pot

Maggi's journey offers enduring lessons for brands everywhere. Although the process of rebuilding the consumer trust sounded easy and like a smooth sailing, happy-go-lucky Bollywood movie, the move cost Nestlé over Rs 450 crore in recalls alone, not counting brand repair costs. Furthermore, sentimental ads and targeting the emotions of people would not have been enough to save Maggi from the rabbit hole. Safety had to be proven scientifically first, then felt emotionally through storytelling.

Another error Maggi might have made is the delay in response. Delayed engagement, denying the reports, and defensive replies just led to increased public scrutiny. Had Nestlé responded quicker, with greater humility and openness, the free fall might have been softer. Moreover, Maggi had a prominent face, developed because of decades of trust and emotional connection, to fall back on. The 'second chance' Maggi got may not be there for all brands. During Maggi's absence, rivals like ITC's Yippee and Patanjali's noodles surged ahead. Once you lose ground, regaining it is never as easy.

Today, Maggi sells six billion servings a year in India, making it Nestlé's single largest noodle market globally. It is a triumph, but a tempered one. Maggi can never afford complacency again. Brands looking at this story would do well to remember: No matter how golden your legacy, consumer trust is rented, never owned. And sometimes, it only takes one crack for the bowl to break.

The real art? Knowing how to put it back together, stronger, humbler, wiser. (FE30042025)

Brands that prioritise social good grow 37% faster: Report

Over the past three years, these brands have seen 37% higher revenue growth, while their equity prices have risen by 93% over five years, compared to just 17% for less socially responsible companies.

Written by Brand Wagon Online

A new study by the Conran Design Group has found that brands prioritising consumer needs and societal contributions—dubbed 'citizen brands'—outperform their competitors significantly. Over the past three years, these brands have seen 37% higher revenue growth, while their equity prices have risen by 93% over five years, compared to just 17% for less socially responsible companies. The findings highlight a critical shift in the business landscape: companies that successfully connect profit with purpose are securing a stronger market position.

This research underscores the risks for businesses that fail to align with evolving consumer expectations. Thom Newton, Global CEO of Conran Design Group, stressed that the widening disconnect between corporate promises and consumer trust could damage long-term growth. According to him, the most successful brands today are those that effectively merge commercial success with social impact. As economic pressures and global challenges mount, companies that do not take meaningful action to address sustainability, inclusivity, and corporate responsibility may find themselves losing both credibility and customers.

The study surveyed 7,000 consumers and 230 senior industry leaders, investors, and marketing executives across multiple global markets. It revealed that a significant number of companies are struggling to balance commercial growth with social responsibility. While many business leaders recognise the importance of integrating environmental and social concerns into their strategies, a large portion of consumers remain unconvinced by corporate efforts. More than two-thirds of consumers expressed skepticism about brands' claims regarding sustainability and inclusivity, with many feeling that companies focus more on messaging than on real-world impact. At the same time, a majority of consumers admitted that, when forced to choose, they prioritise affordability over ethical considerations, further complicating the challenge for brands attempting to balance these priorities.

Despite these challenges, the research found that companies that successfully integrate purpose into their operations enjoy significant advantages. Beyond financial growth, these brands are also perceived more favourably by the public. The study revealed that 58% of consumers hold positive views of top citizen brands, compared to just 28% for less responsible businesses. Additionally, these companies are seen as more desirable employers, with nearly half of their employees expressing pride in their workplace, a stark contrast to the 16% seen in less socially responsible firms.

Tim Parker, Brand Strategy Director at Conran Design Group, described the current business environment as an existential challenge for companies attempting to balance profit and purpose. As inflation, climate concerns, and political uncertainty reshape consumer behavior, the gap between what brands promise and what they deliver is leading to growing fatigue and distrust. He emphasized that brands looking to secure long-term success must rethink their approach and focus on six key drivers: Betterment, Originality, Reliability, Inclusivity, Environmentalism, and Contribution. These principles, he argued, are crucial in creating meaningful connections with consumers and society at large.

The study ultimately presents a clear message: connection is now the currency for sustainable growth. (FE03042025)