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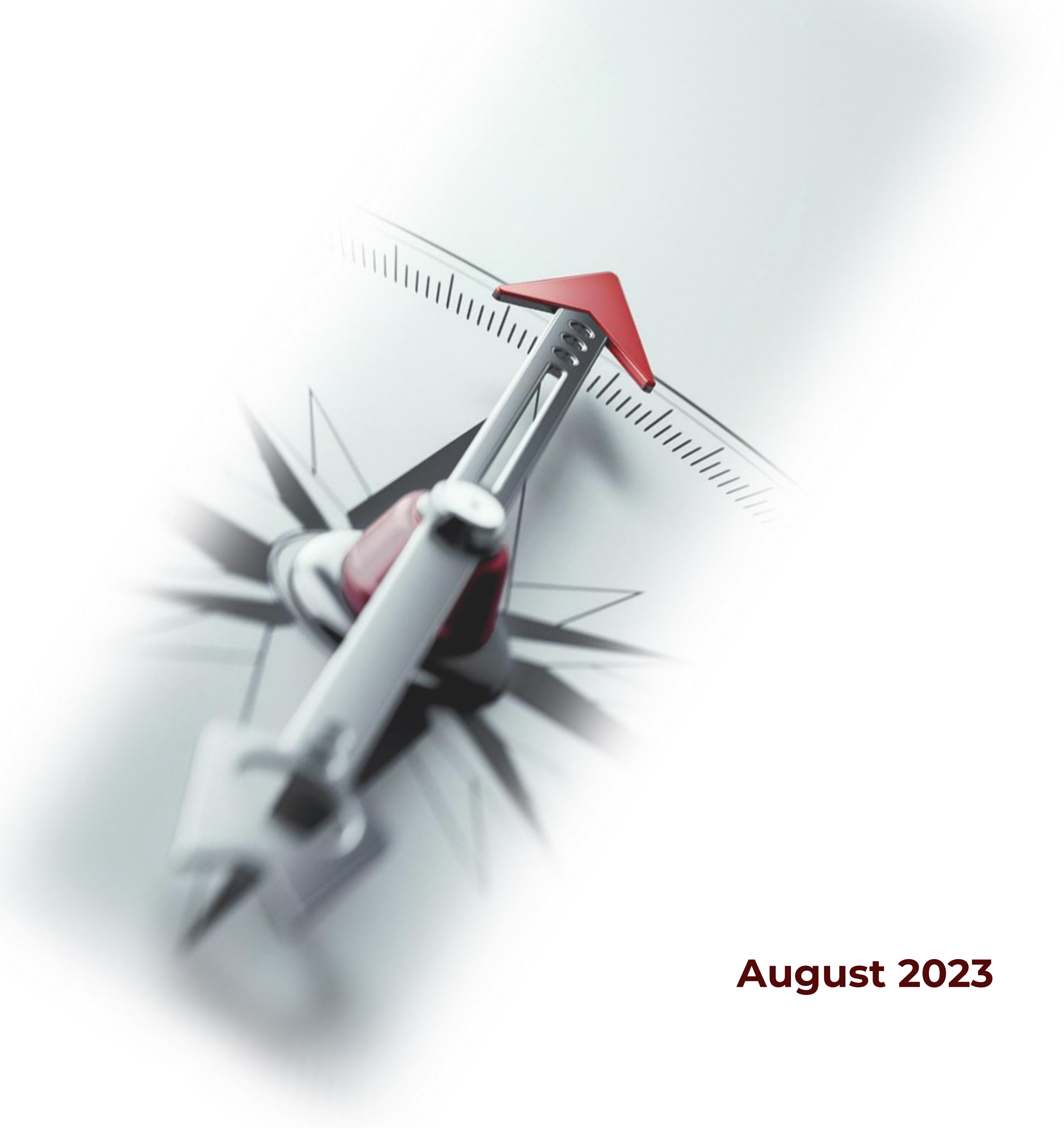

August 2023

Dear readers,

We are pleased to feature Sumit Gupta, Co-founder and CEO at Coin DCX in our expert section. Technology is evolving at an exponential rate and Sumit herein shares his views especially in the cryptocurrency and Web3 space and also highlights what is required from a policy, workforce and an overall ecosystem perspective to be able to further develop this space – and how CoinDCX is working towards the same along with the other stakeholders.

Our other usual sections cater to discussions around what is needed to ensure that India's growth momentum continues in light of global geopolitical events, how the monsoon is a critical test especially for the infrastructure growth story and how post the COVID pandemic UPI has evolved into a more preferred mode of transactions with even a global presence and how healthcare as a sector has witnessed further more interest from investors and other stakeholders alike.

We also look at BRICS as a global body and start-ups as a segment in India and how they are also evolving. The financial services sector and the impact sector – arguably the two most technology driven sectors today are witnessing entrance and growth of many start-ups with niche technologies.

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01 – Policy Square

Policy Square | A Primus Partners initiative to understand the more fundamental questions in policy making

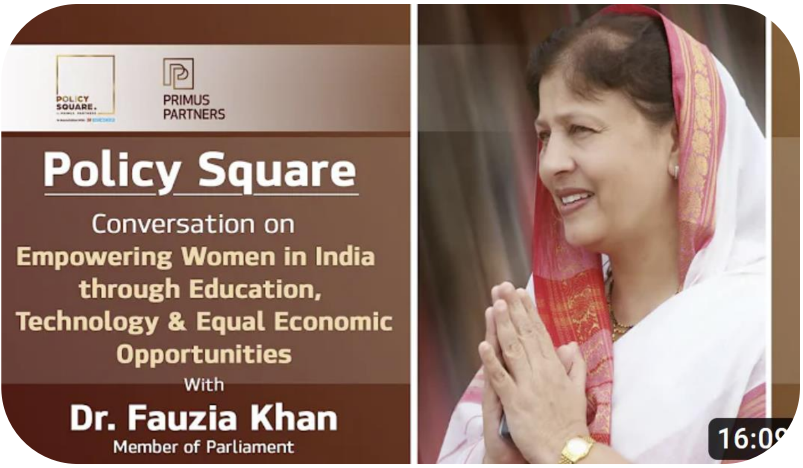
Primus Partners on 28th December 2021, launched **Policy Square**, in association with Businessworld.

Policy Square, an initiative by Primus Partners, is a monthly expert interview series wherein key constituents of the public policy ecosystem – senior policy-makers, civil society members, business executives etc. – are interviewed on critical issues and policies of national importance to explore their impact on the country and industry at-large.

The motivation for the Policy Square series is driven by Primus Partners' rich policy-regulatory knowledge, as well as experience of delivering projects across multiple sectors, with an aim to leverage this knowledge, and create a platform to table in – depth discourse.

With this initiative, we have attempted to engage with experts at various levels within the country's ecosystem. Each expert has brought in a new perspective – all towards enabling India's growth both in absolute and relative terms.

Latest episode features Dr Fauzia Khan, Member of Parliament, Rajya Sabha



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Primus Partners India

02 – Economy

Sustaining the growth momentum tomorrow and beyond

The Indian economy is on the cusp of sizeable growth onwards to be the third-largest economy by 2030, trailing only the US and China. However, sustained economic growth is a precondition for employment generation and even provides fiscal space to the countries to address social concerns. Therefore, sustaining growth in the economy is a multifaceted and dynamic challenge that requires continuous effort and strategic planning. It involves fostering an environment conducive to innovation, investment, and productivity across all sectors. Many factors can drive growth in an economy, including investment, innovation, health, education, free trade, and sound macroeconomic policies. We have identified our five key factors that could contribute to India's sustainable growth journey-

Encouraging the growth of the manufacturing sector and capitalizing on international trade opportunities - two crucial pillars for the Indian economy's sustained growth and global competitiveness. The Indian government has been actively promoting the manufacturing sector through various initiatives that have encouraged domestic production, strengthened supply chains, and generated employment opportunities. What is required to be further enhanced are:

- **Export-Oriented Approach:** becoming more export-oriented by tapping global demand and increasing export revenues. The government can facilitate this process by providing export incentives, negotiating favourable trade agreements, and supporting market access initiatives.
- **Public-Private Partnerships (PPP):** collaboration between the government and private sector is essential for driving manufacturing growth and trade opportunities and can help address infrastructure gaps, promote innovation, and foster investment-friendly policies. States should form their own PPP Policies for the effective implementation of projects.
- **Investing in Infrastructure:** developing robust infrastructure, including transportation networks, power supply, and logistics facilities, is critical for the growth of the manufacturing sector as it reduces production costs, enhances connectivity, and enables timely delivery of goods to both domestic and international markets.

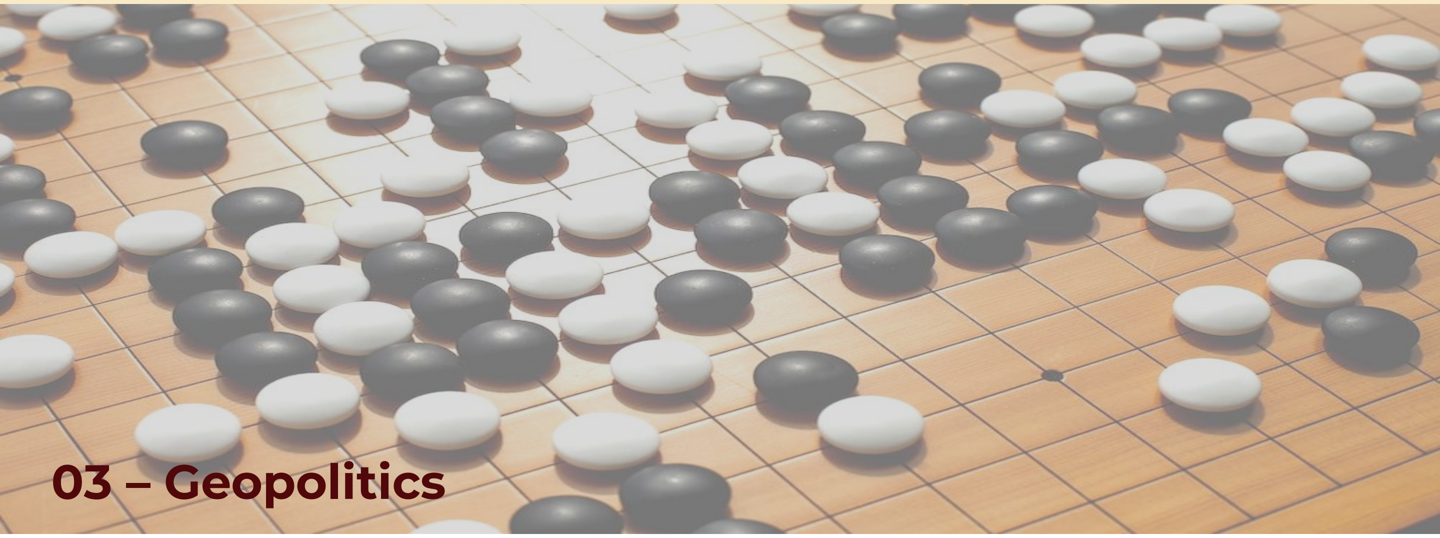
Encouraging entrepreneurship and supporting MSMEs- as that is the backbone of the economy. They contribute a significant share of GDP and employment. Creating favourable business environment with access to finance, protecting intellectual property rights and helping MSMEs to comply with international standards will help increase exports and promote inclusive growth.

Increase investment in education and skills development which are essential for economic growth. There is a need for raising public spending on education and increasing investment in the promotion of apprenticeships and other work-based learning programs to help students the opportunity to gain practical experience while they are still in school. This will help the government create a more educated and skilled workforce that can adapt to the demands of a rapidly evolving economy, driving economic growth.

Embracing technology and digital transformation which can improve their efficiency and productivity, leading to increased profits and market share, which will help to sustain growth over the long term. Various emerging sectors such as Fintech, Agritech, and Edtech are using technology to sustain economic growth.

Increasing investment in green technologies can play a pivotal role in promoting sustainable growth by addressing environmental challenges while fostering economic development. Investing in eco-friendly technologies and infrastructure encourages sustainable urban planning and reduces the ecological footprint of cities. It is pertinent to note that investing in green technologies fosters international cooperation and partnerships to address environmental challenges collectively.

In conclusion, by nurturing these aspects and maintaining fiscal discipline, governments and stakeholders can work together to foster a prosperous and resilient future for the country. Additionally, it is important to implement sound economic policies that promote stability, transparency, and predictability to sustain growth in economy.



03 – Geopolitics

BRICS in today's geopolitics

The BRICS grouping was formed in the year 2009 and expanded in 2010 to include South Africa. Convened at a time of multiple global turbulences this new formed alliance was pegged to strengthen the partnership between member nations on issues of converging interests beyond just economics.

In over a decade of its existence the alliance today is representative of over 41% of the total global population residing in over 26% of the global land surface contributing about $26tn to global GDP. The alliance has also stayed true to its founding ethos of multi-sectoral collaborations such as security, trade, sustainable development, healthcare and infrastructure and greater people to people exchanges.

The acronym of the alliance is credited to have come from Jim O'Neil of the Goldman Sachs in 2001 to attract foreign investors highlighting the potential economic opportunities in member states. The first formal declaration of the alliance was adopted in 2009 in the backdrop of an ensuing global financial crisis. The alliance has been criticised to have lost the growth trajectory it once promised, and the West is becoming increasingly wary of the growing interest in the New Development Bank which also has one of the highest paid-in capital amongst MDBs.

Of the five members, China and India are credited to be the flagbearers of the economic growth of the alliance. Russia's military might and appetite are a cause of concern while South Africa and Brazil are far from realising their true economic potential.

However, despite its share of challenges, the BRICS alliance today is emerging as an alternate platform to give voice to the countries of the Global South. In close to a decade and a half of its existence, over 20 countries have expressed their interest in formally being a part of the alliance and the member led New Development Bank.

Expansion of the BRICS alliance will also open new avenues of cooperation for the developing countries and ensure access to more channels of developmental assistance. Resource rich countries such as Saudi Arabia, when inducted, will not only make the grouping more regionally diverse but also ensure more efficient utilisation of resources in austerity. The five BRICS economies currently account for close to a quarter of the global GDP which is estimated to rise to 50% by 2030, thus, an expansion of the alliance at this stage will also accelerate the process of growth.

Reiterating its commitment to reduce divergences and create more convergences in providing opportunities for egalitarian growth of developing countries, there is also a possibility of the alliance coming up with a BRICS currency, as a step towards possible de-dollarisation of the global economy. Moving from economic to social convergences, the openness of BRICS member nations to emerge as a unified platform of growth.

The reality of the BRICS member nations is marked by the dire need for multifaceted growth and with the expansion of member nations, the grouping is pegged to rise as a strong voice of the global south.

Lastly, the BRCIS alliance is also championing the cause of sustainable development with 4 of the 5 member nations showing considerable commitment despite having a larger population base to feed and compulsions of development.

The evolving security situation, altering realities, recalibrating interests and realigning partnerships pave greater way of engagement for the BRCIS countries on the world stage. Modern day challenges of climate change require sustainable solutions, crevices left open in supply chain management by the covid pandemic need greater collaboration and growing role of sophisticated technology will need collective coordination for skill upgradation.

The statement made by India's External Affairs Minister Dr S Jaishankar at the recently concluded BRICS Summit in Cape Town aptly sums up the geopolitical reality of the grouping in present times - *"The global environment today, demands that we, the BRICS nations, approach key contemporary issues seriously, constructively, and collectively. Our gathering must send out a strong message that the world is multipolar, that it is rebalancing, and that old ways cannot address new situations. We are a symbol of change and must act accordingly."*

04 – Infrastructure

Monsoons in India – A testing time for the evolving infrastructure base

Monsoons, a recurring feature of the Indian subcontinent's climate, play a pivotal role in shaping the country's socio-economic dynamics. These seasonal weather patterns bring essential rains that replenish water reservoirs, sustain agriculture, and maintain ecological balance. Simultaneously, they pose considerable challenges to India's critical infrastructure sectors,.

Recent flooding in Delhi in July 2023, highlighted India's ongoing struggles with urban flooding, a crisis attributed to various systemic failures and environmental factors. The flooding crisis in Delhi reached a critical juncture when the Yamuna River attained its highest water level in 45 years, leading to displaced residents, submerged historical sites, and unfortunately, loss of life.

Exacerbating the problem were encroachments on the Yamuna floodplains. Officials reported that water released from the Hathnikund Barrage reached Delhi more quickly than in previous years due to encroachment and siltation, emphasizing the urgent need for improved urban planning and management, particularly in the face of increasingly erratic weather patterns brought on by climate change. Several Indian cities, particularly metropolitan areas, grapple with comparable flooding situations due to incessant rainfall.

Contributing factors include inadequately maintained garbage disposal and drainage systems, unplanned construction in low-lying areas, and the loss of natural water bodies. In the past five decades, there has been a staggering 1,055 percent increase in paved surfaces in Bengaluru alone. This unchecked urbanization has significantly increased impervious surfaces, thereby exacerbating urban flooding by significantly reducing the ground's capacity to absorb water.

The Ministry of Housing and Urban Affairs' service-level benchmarks (SLBs) for urban services focus on constructing drains along roads, considering storm water a nuisance that needs to be rapidly conveyed away from urban areas. To create a sustainable urban landscape, storm water should be viewed as a resource that can replenish aquifers and flow gradually into receiving water bodies. Priority should be given to reducing rampant urbanization, improving garbage disposal and drainage systems, and preserving natural water bodies.

Effective urban planning also extends to the judicious management of resources. One such critical resource is power, the supply of which can be greatly disrupted by the heavy monsoons.

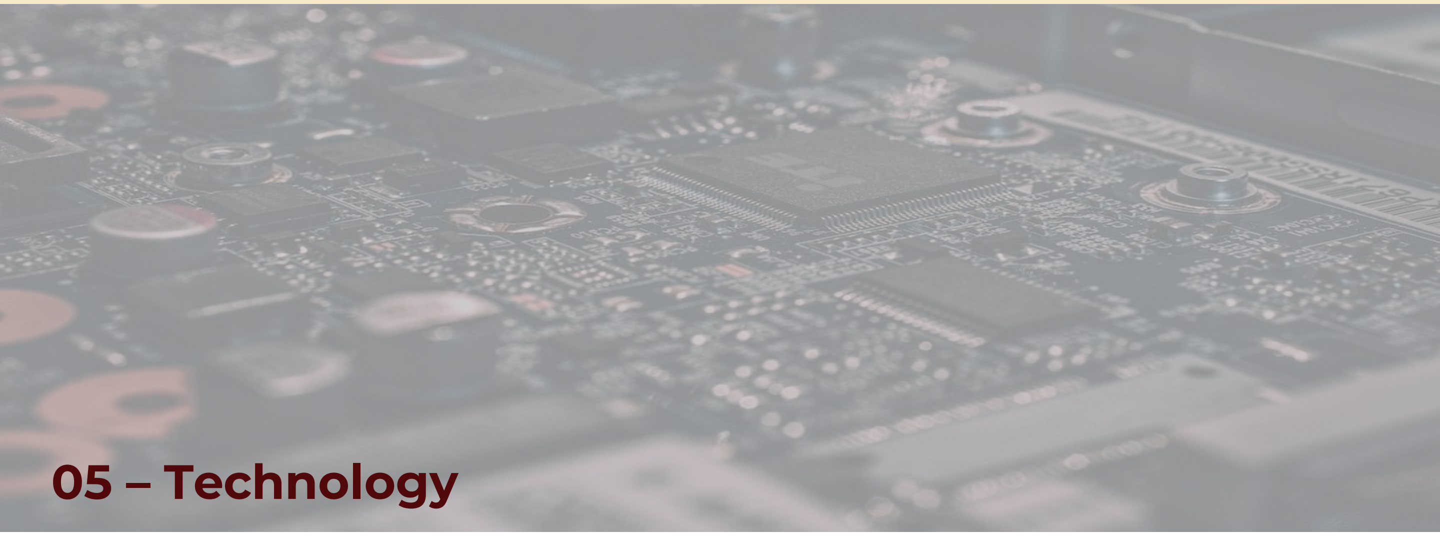
This vulnerability was underscored in September 2021 when heavy rainfall led to the closure and inundation of several coal mines, significantly impeding the coal supply to power plants. The adverse weather conditions disrupted the transportation of fuel from mines to power generation units, resulting in reduced power generation in numerous states, including Gujarat, Punjab, Rajasthan, Delhi, and Tamil Nadu.

Before the onset of the monsoon season, many thermal plants had not sufficiently stockpiled coal, pushing their reserves below critical levels. This shortage was acutely felt as daily electricity consumption soared beyond 4 billion units per day as demand spiked post COVID lockdowns.

The Government warned of a power crisis in the capital due to the coal shortage. He urgently appealed to the federal government to divert supplies of coal and gas to utilities supplying the capital, stressing that the city housed strategic centres of national importance. The need for uninterrupted power supply was particularly crucial for hospitals and coronavirus vaccination centres.

These events serve as a stark reminder of the need for forward-thinking, proactive planning and management. The vulnerabilities exposed by these monsoonal disruptions are not isolated incidents but symptoms of larger systemic issues that require attention.

Future challenges for India's infrastructure will be shaped by uncertainties of climate change, which are expected to intensify weather variations. The resilience and adaptability of India's infrastructure t monsoonal vagaries will significantly influence the country's economic stability and wellbeing. This is the test that India's infrastructure must pass.



05 – Technology

UPI going global

Unified Payments Interface (UPI) is a real-time payment system introduced in April 2016 by the National Payments Corporation of India (NPCI).

It was launched to facilitate instant fund transfers between banks in India through a common platform. UPI allows users to send and receive money using their smartphones by linking their bank accounts to a unique identifier called a Virtual Payment Address (VPA).

It facilitates various payment options, including person-to-person (P2P) transfers, person-to-merchant (P2M) payments, bill payments, and QR code-based transactions. UPI is designed to make digital transactions easier, faster, and more secure, providing a seamless experience for users across various payment service providers.

In June 2023, it logged more than 933 Cr. transactions worth INR 14.75 lakh Cr. Riding on the tremendous success achieved in India, NPCI initiated discussions and initiatives with other countries to explore the possibility of expanding UPI's reach beyond India's borders through global partnerships.

Potential collaborations have since been explored to enable cross-border remittances and international payments leveraging the UPI platform.

In July 2021, Bhutan was the first country to allow UPI transactions through the BHIM app. Nepal followed suit by adopting UPI in March 2022. Earlier this year, India initiated its cross-border real-time payments systems connectivity with Singapore and Sri Lanka has just signed an agreement in July 2023 to start accepting UPI payments in the country.

Currently, the UK, Nepal, Bhutan, Singapore, Australia, Malaysia, Oman and France use UPI for payments and India has signed memoranda of understanding (MoUs) with a total of 13 countries that want to adopt the UPI interface for digital payments.

Moreover, after India assumed the G20 Presidency, the RBI and NPCI launched 'UPI One World' in February 2023, allowing inbound foreign nationals from G20 countries to make merchant payments.

OUR TAKE

According to an industry report, daily UPI transactions are expected to touch INR 1bn by FY27 and is expected to account for about 90% of all non-cash transactions.

UPI has played a crucial role in driving the growth of digital payments in India and reducing the reliance on cash transactions. UPI going global is a shot in the arm for the Indian fintech ecosystem that is focused on cross-border payment solutions.

There is a big opportunity for fintech startups to come and build on top of UPI, develop more efficient interfaces and help push adoption.

In February 2023, PhonePe introduced 'UPI International,' a facility with which PhonePe users travelling to international destinations can pay foreign merchants via UPI and in the currency of that country.

There are also multiple neo-banking startups, which are expected to tap into this space to drive innovation in the e-payment segment.

Few teething issues exist, such as businesses and citizens seeking more clarity on the linkage for businesses and the cost of the transfer. For example, the cost of transfer and remittance fees are very high for France.

But these are still early days and the cost of remittances and other charges to transact using UPI in the international market will be decided by the relevant authorities and banks as the adoption accelerates.

UPI gaining prominence and acceptance globally is a testament to our country's innovation and technological prowess and signals the dawn of India's position as a leader in the digital payment landscape.

06 – Aerospace and Defence

Defence sector IPOs reflect the growing sector dynamics

The Indian aerospace and defence sector is a hot theme for investors today – and that is not without reason. The sector today is witnessing interests from all stakeholders – strategic, financial and retail investors alike.

Strategic investors due to the fundamentally improving and growing ecosystem. Financial investors because the growing industry requires funds to improve on capabilities and capacities. Retail investors in turn also are cognizant of the growth prospects of Indian defence companies and hence the interest.

The sector today is looking at modernizations worth more than $100bn in this decade and beyond. This includes investments in both legacy and futuristic technologies – from tanks and artillery systems to drones, cyber security and AI-ML.

All the above interest is reflected in many ways including the increasing IPOs of the Indian aerospace and defence companies. Many of the segment lead companies who have in the last few years got listed on the Indian stock exchanges, have largely seen a huge appreciation in their stock prices. There are instances where companies have touched almost 4x-6x times the offer price itself within a short time frame and some who are currently trading at all time highs.

Companies	Offer price	Month of listing	Market price as of 31st July 2023	Returns till date
HAL	₹ 1215 - 1240	March 2018	₹ 3,959.60	3.2x times (all time high)
BDL	₹ 413 - 428	March 2018	₹ 1229.00	2.8x times (all time high)
MTAR Technologies	₹574 to ₹575	Mar-21	₹ 2,138.05	3.7x times
Paras Defence	₹ 165 - 175	Oct-21	₹ 681.50	3.9x times (having reached an all time high of 6.8x times)
Idea Forge	₹ 638 - 672	Jul-23	₹ 1,148	1.7x times (having reached an all time high of 1.9x times)
Cyient DLM	₹ 250 to 265	Jul-23	₹ 515.80	1.9x times

**The names of companies are indicative and mapped basis secondary research, and in no way suggest any preference or any vested interests in any of the entities*

The high appreciation in valuations today is driven by the potential of the sector, existing and expected order book as well as the fact that aerospace and defence companies in India today are at an inflection point from where a breakout can result in exponential growth opportunities both in the domestic and the export markets. Many foreign companies today are looking at the India market both as a demand as well as a supply market.

While the consumption story as a demand market persists in India courtesy the defence forces modernization plans, the supply side is gradually also evolving as the stakeholders work on capabilities and capacities. Indian companies today have evolved from just being an importer, to being a "build-for-print" manufacturer to being one of the few countries to have manufactured an indigenous fighter aircraft and also having designed a fifth generation fighter aircraft (which is also on its way towards development and manufacturing).

Times are changing and the Indian aerospace and defence industry is evolving across all frontiers.

07 – Healthcare

Healthcare hubs and handshakes – Navigating M&A in the post COVID era

In another instance of turning adversity into opportunity, the healthcare industry in India turned out to be a lucrative investment option for investors around the globe post the COVID-19 pandemic. The uptick in M&As in the healthcare sector was seen mainly in Hospitals and Pharmaceuticals as there were several positive changes driving their growth.

For the Hospital industry, the M&As were driven by the increased awareness for healthcare in the general public coupled up with deeper penetration of insurance through the AB-PMJAY, causing people to avail health services from private institutions. This increase in demand gave reason to national chain hospital brands like **Apollo, Max and Manipal** to increase their geographical presence in Tier 2 and 3 cities and also increase their multispecialty bed capacity across the country.

The government has further incentivized the upgradation and expansion of multispecialty private institutions by emphasizing on **Medical Value Travel** through schemes like **Heal in India**, which invites patients from different countries to get high quality treatment in India in much cheaper package deals than in their home countries.

Manipal Hospitals has been leading the M&A tide with acquisition of Columbia Asia Hospitals, Vikram Hospital and Ankur Hospital since 2020 driving the tally of beds to 7,300 in 27 hospitals across 14 cities. Recently, Temasek, the Singapore PE fund became the majority stakeholder in Manipal Hospitals with 41% stake for ~INR 16,400cr.

From an operational perspective, the acquisition of existing regional or local chain hospitals with established presence and client base is beneficial for a quick turnaround rather than opting for a greenfield project with a delayed breakeven point due to high CAPEX. The main challenge with M&A in the hospital industry however is the **unequal distribution of skilled workforce** which obstructs the expansion of name brands in many parts of the country.

India earned the title of "Pharmacy of the World" during the COVID-19 pandemic. It showed its prowess in everything from R&D to last mile delivery. The one area where India emerged as a global leader was the generic drug market while still depending heavily on imports for patented drugs. This was due to a lack of expertise and resources for production and R&D in the high-value drug market – which is now being aggressed by the Government through its PLI Scheme.

This step attracted some of the largest pharma companies including Sun Pharmaceutical Industries, Aurobindo Pharma, Dr Reddy's Laboratories, Lupin, Mylan Laboratories, Cipla and Cadila Healthcare. The scheme has **garnered over Rs 16,000 crores in investment** and generated **employment for over 20,000 people**.

The scheme was rolled out with a limited scope of production of the Key Starter Materials, Drug Intermediaries and Active Pharmaceutical Ingredients of 41 eligible products. However, an incentivization scheme with a larger scope can further drive investments in the Indian Pharmaceutical industry and open up opportunities for growth.

The pandemic also exposed vulnerabilities in the **global healthcare supply chain**, prompting Indian healthcare companies to reassess and strengthen their supply chain resilience. To achieve this, several organizations engaged in **strategic M&A activities**, acquiring or partnering with pharmaceutical manufacturers and distribution companies. By reducing dependency on foreign suppliers and enhancing domestic production capabilities, India's healthcare sector aimed to be better prepared for future crises.

The post-COVID era witnessed a transformative phase for the Indian healthcare industry, as M&A activities reshaped its landscape. Increased **consolidation, digital integration, supply chain optimization, and investment in research and development** became defining trends in the sector.

While these M&A deals brought potential benefits, they also warranted careful regulatory oversight to ensure that the evolving industry dynamics serve the best interests of patients and stakeholders alike. As India continues its journey toward a more resilient healthcare ecosystem, the role of mergers and acquisitions remains a critical factor in shaping the future of the industry.

08 – Financial Services

Start-up IPOs – a case for evaluation!

Historically, IPOs have served as a benchmark of maturity for companies going public. Market regulations, suggested by SEBI, mandated that IPO-aspiring firms establish profitability for a minimum of three years before accessing the primary market & attracting a broader range of investors. However, for VC-backed startups driven by innovative solutions & technology, achieving profitability seemed like a distant dream.

Gradually, IPO investors have shown a much higher degree of maturity in embracing problem-solving solutions where a good business model is welcomed & the consistent loss-making tag is overseen. The year 2021 saw a significant surge in IPOs worldwide, with 2,388 deals mobilizing a total of $453.3bn. This represents a 60% increase in both volume & proceeds compared to the previous year, 2020. Notably, in India, there was a remarkable upswing in IPO activity in FY23, with 54 companies raising ₹1.4tn through IPOs. This amount is much more than the all-time high capital raised in FY22, which was ₹1.1tn.

Several factors have contributed to the robust performance of the IPO market in India: First & foremost, new-age technology start-ups played a pivotal role, attracting significant investor interest. Additionally, the extended period of low-interest rates further incentivized companies to go public. Strong retail participation & the promising Indian growth story has also contributed to bolstering IPO activity in the country.

However, some concerns have emerged observing the allocation of funds raised through IPO: A substantial portion of the proceeds, amounting to ₹75,736 crore, was directed towards OFS, which has raised apprehensions. The term "general purpose" has been used to describe the objectives of an IPO, implying that investors may not have sufficient clarity on how the funds will be utilized by the company. To address these issues, SEBI has recently introduced reforms. These reforms include capping OFS by existing shareholders & prohibiting the use of IPO funds for acquisitions unless the target is specified in the prospectus.

Increasing retail participation in the IPO market: The number of demat accounts have surged from 36mn in March 2019 to 115mn in March 2023, & retail individual investor applications rose from 8mn in 2019-20 to over 70mn in November 2021. To ensure that retail investors comprehend the underlying objective of an IPO, the participation of anchor investors & QIBs instils confidence in retail investors. SEBI has taken measures to increase the lock-in period for a portion of shares held by anchor investors to 90 days, intending to prevent any misleading influences.

As the IPO market adapts to SEBI's recent reform measures, the outlook for start-up IPOs in 2023 is a subject of interest: After a lackluster year in 2022, marred by the ongoing funding winter & global macroeconomic uncertainties, investors & the Indian start-up ecosystem eagerly anticipate whether the start-up IPO scene will revive in 2023.
The decline in share prices of listed start-ups in 2022 has dampened the spirits of many unlisted start-ups planning to go public, while others may consider lower valuations due to the funding crunch in the private market.
Despite the challenges, analysts remain cautiously optimistic about the future of start-up IPOs in India. They expect the second half of 2023 to be more favorable for IPOs, with the potential for over 100 matured, large-scale, & profitable start-ups in the next five years. The IPO journey for some potential start-ups, including OYO, Navi Technologies, Yatra, Ixigo, Capillary Technologies, PayMate, & Go Digit General Insurance, is already underway, with varying degrees of progress & regulatory approvals.

In conclusion, while IPOs continue to be a preferred path for exit & capital raising, start-ups need to carefully assess market conditions & ensure realistic valuations to succeed in their IPO journey. The lessons learned from 2022 & the evolving regulatory landscape will likely shape the performance of start-up IPOs in 2023 & beyond. As investors closely monitor these developments, it remains to be seen how start-ups will navigate the IPO market & what impact SEBI's reforms will have on the IPO ecosystem in India.

IPOs can mobilize resources through fresh issuances, OFS, or a combination of both.	
Fresh Issuance: Proceeds go directly to the company, contributing to economic activity, employment generation, & returns to all factors of production.	**OFS:** Existing shareholders of an unlisted company offer their securities to the public, with the majority of the raised capital going to these shareholders.
In 2021, fresh issuances accounted for ₹44,146 crore, representing 36.82% of the total funds raised through IPOs.	
Only 4 out of the 63 issues were 100% fresh issues without an OFS component.	
In 2021, 59 issues were a combination of fresh issuance & OFS, with the latter accounting for ₹75,736 crore.	
15 companies raised resources exclusively through 100% OFS, while 49 companies had over 50% of their IPO proceeds attributed to OFS.	

09 – Impact

Start-ups in India's impact eco-system

Globalization of economies has led to ever increasing evolution in the international and domestic start-up ecosystem. The Indian economy is the fastest growing with the start-up ecosystems contributing almost 5% of the GDP of the country - ~$173bn out of the approximately $3.469tn.

Startups have established themselves as the potential executioners of innovation and parallelly creation of jobs with the aim of accelerating the economic engine of the country.

As per the MSME report of 2022, small and midsize companies are the key foundation to India's economic engine with over 60mn businesses contributing 30% of the country's GDP and employing 110mn people.

The social startups and enterprises will play a crucial role in addressing societal issues and serving marginalised communities.

Conventionally private equity or venture capital is the most accepted structure on raising funds but over the recent past impact investments have made inroads with their "social venture capital" or "patient capital."

It is been observed that impact investments provide the required social and impact that are also able to generate revenue. In addition to this, blended finance also holds a large potential that encapsulates development finance and philanthropic funds towards mobilising private capital flow toward achieving the SDG goals of the country.

In today's scenario investments via impact investment structures are mostly at the seed or minimum viable stage (MPV) though it should be accessible across all stages for the startups. Currently impact investing is focused on the last mile mobility sectors such as electric vehicles & tech-oriented ideas that are focussed on solving the challenges specific to the Indian landscape.

Ironically, the most common challenge startups face in this sector is not the invention of a new solution but rather getting the target market to change their habits and their perception.

The social impact entrepreneurs in this sector are trying to overcome this challenge by strategic partnerships with impact investors so that they gain a larger influence, credibility and above all access to a larger network so as to enable them to scale up their user base.

One of the key drivers for job creation is also due to the increase of outsourcing of jobs by larger institutions to startups to enable them to focus on their core competency.

The startups have been able to showcase their talent and their ability to execute the task in cost-efficient manner. For example, India is the international center for visual effects, and startups such as Prime Focus have delivered globally recognized VFX solutions in Hollywood blockbusters such as Interstellar, Dune, Tenet and Inception.

The current landscape along with the maturing of the stakeholders is driving investments in the India Impact Investing ecosystem. With the ever-increasing access to deals, the inflow of private wealth into social impact will continue to accelerate.

To increase the impact of their portfolios, domestic impact fund managers should partner with central and state start-up programs so as to expose them to financially viable impact startups enabling them to fund them.

In conclusion, startups and in turn, the youth of the country is one of the key foundation pillars for the Indian economy as they can accelerate value across multiple proportions. These entrepreneurs have the potential to accelerate India as a global leader in innovation and entrepreneurship. However, in order to achieve their potential, entrepreneurs need a conducive ecosystem that supports their growth and development.

This requires a multi-faceted support system involving the government, industry, academia, investors and civil society. A strong start-up ecosystem rests on a resilient foundation which rests on government support, access to capital, growing talent pool and a conducing and enabling culture for entrepreneurship.

10 – Expert speak

Sumit Gupta

Co-founder and CEO,
CoinDCX

Sumit is an entrepreneur and a technology leader. Having built the first crypto unicorn in India, he has won several awards and recognitions for his contribution to the emerging fintech space.

He has also worked towards building the credibility of the crypto industry in India while getting an enabling ecosystem into place within the country.

Any new technology's journey includes phases of validation, acceptance, and regulations. Crypto is no exception. Where do you think crypto stands today in India specifically and what has been CoinDCX's experience?

As with any new technology, crypto's path in India has been met with both curiosity and skepticism, but it has also garnered significant interest and adoption. While there are still regulatory uncertainties, the overall sentiment towards crypto has been shifting positively. Indian investors and traders have shown a keen interest in crypto as an alternative asset class and a potential avenue for wealth creation.

India features among the top five countries in terms of adoption globally. CoinDCX, as one of India's leading exchanges, has been at the forefront of this transformative journey. Our journey significantly marks continuous innovation, education and an unwavering commitment to compliance. As the crypto industry evolves, we have been in constant dialogue with regulatory authorities, advocating for a clear and comprehensive regulatory framework that balances innovation with consumer protection.

Amidst the evolving regulatory landscape, CoinDCX has taken a proactive approach to ensure the safety and security of our users' assets. We have implemented robust security measures, industry best practices, and stringent KYC/AML procedures to create a trustworthy and secure trading environment. Additionally, CoinDCX has been a vocal advocate of crypto education, and has launched initiatives like Namaste Web3 to create awareness.

What are the most critical headwinds (policy / regulatory / awareness) that you currently see for virtual digital assets in India and what steps are you taking in that regard?

The lack of clear and comprehensive regulations for virtual digital assets indeed creates a significant level of uncertainty within the market. This ambiguity can be a major deterrent for potential investors, businesses, and exchanges, as they may hesitate to participate in an industry with unclear guidelines and regulatory expectations.

Without a well-defined regulatory framework, the growth and development of the ecosystem can be hampered, limiting its potential for widespread adoption and innovation.

Another critical challenge that has impacted the crypto industry in India is the implementation of a 30% tax on crypto transactions. This tax policy has had a discouraging effect on Indian exchanges as investors started seeking alternative international platforms to potentially avoid taxation, leading to a decline in transaction volumes within the Indian market.

We have been actively monitoring the ongoing discussions at the G20 regarding crypto regulations. It is promising to see that significant strides have been taken by global standard-setting bodies (SSBs) in the realm of crypto regulation.

A notable development is the establishment of a shared work plan among these SSBs. This collaborative effort aims to coordinate their work under their respective mandates. The ultimate goal is to foster the creation of a robust and harmonized global regulatory framework that addresses the potential risks posed by crypto-asset market activities across jurisdictions worldwide. This coordinated approach is essential to ensure that the crypto industry can continue to evolve in a responsible and sustainable manner.

There have been quite a few senior level hirings in the last few months, both at technical as well as business levels. What are your plans and / or targets for India and what do you think are the key 2-3 enablers which will help in achieving the same?

As we operate in the dynamic web3 space, we prioritize hiring professionals with niche skills and experiences crucial for enhancing our product. Our teams are strategically structured to align with long-term organizational priorities and focus areas. We remain committed to recruiting top talent to drive innovation and growth within our organization.

Over the past five years, our journey has been quite exciting while making crypto mainstream. Our efforts have resulted in a solid foundation and the successful onboarding of over 15 million users. As we move forward, our focus is set on developing cutting-edge technology-based products that address issues of accessibility and security, while also bridging the gap between people and Web3.

We strongly believe in the potential of the decentralized finance segment and have already taken significant strides

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in that direction, starting with our product "Okto," a self-custodial wallet equipped with multiple layers of security, providing native access to over 100 decentralized apps.

Additionally, we aim to drive the next wave of user acquisitions by introducing innovative real-world use cases that resonate with people. Alongside our product development, we have also extended support to numerous Web3 companies through CoinDCX Ventures, both locally and globally, as we keenly observe the industry's evolution.

Ultimately, our vision is to touch every segment of society and contribute to building a better, more secure, and decentralized internet. We are excited about the opportunities that lie ahead as we continue to drive the adoption and advancement of Web3 technologies, making a positive impact on the lives of people worldwide.

To achieve our goals in the web3 space, there are three key enablers that we believe will play a pivotal role.

Firstly, clear and comprehensive regulatory guidelines are essential to create a conducive environment for the web3 ecosystem to thrive. By providing certainty and clarity, well-defined regulations can foster investor confidence, encourage innovation, and attract more participants to the market.

Secondly, building products that resonate with customers is crucial. Developing innovative and user-centric solutions that address the specific needs and preferences of our target audience is at the heart of our strategy.

Lastly, our workforce is instrumental in achieving our vision. We recognize that the web3 space demands niche skills and expertise. Hence, we place great emphasis on recruiting individuals who are passionate about web3 technologies and believe in its potential to shape the future of the internet.

At CoinDCX, we are excited about the future of web3 and the opportunities it presents. We remain committed to hiring the best talent, building innovative products, and working towards the development of a thriving and inclusive web3 ecosystem.

From an investor safety and awareness perspective, what are the key learnings for both the crypto companies and investors? What are the measures taken by CoinDCX to promote consumer awareness and protection?

From an investor safety and awareness perspective, both crypto companies and investors have learned the importance of transparency, security, and regulatory compliance. Users' concern about the security of their funds on exchanges is obvious, and it is the responsibility of exchanges and the industry to instill confidence by ensuring transparent safety measures.

One such step is the Proof of Reserves (PoR), which assures users that their funds are safe. CoinDCX publishes a full proof of reserves with an audited report every quarter, disclosing both assets and liabilities. Building trust within any ecosystem requires continuous effort. While PoR is a significant step, other measures to regain users' trust include implementing frameworks to protect investors' funds. For instance, CoinDCX's platform only lists projects that clear the stringent due diligence of its 7M principles, an evaluation framework.

As a FIU registered platform, CoinDCX is committed to promoting a secure and compliant ecosystem. Our partnership with Jocata has enabled us to implement robust Anti-Money Laundering (AML) measures, ensuring the safety and security of our users' funds. In line with our dedication to educating the community, initiatives like Namaste Web3, DCX Learn, and Community Chapters have played a crucial role in spreading awareness about the web3 space and empowering users with knowledge and insights to make informed decisions. As responsible investors, individuals must also conduct thorough research and due diligence before investing to safeguard their interests and make informed decisions.

What is CoinDCX doing to contribute to the development of the larger Web3 ecosystem in India? What has been the impact of these initiatives?

CoinDCX has been actively contributing to the development of the larger Web3cecosystem in India through various initiatives. Our focus has been on creating innovative products that resonate with customers, maintaining complete transparency in our operations, and nurturing a strong connection with the community.

For instance, we have introduced a range of innovative products for crypto investing and trading, including Buy, Sell, CIP, Earn and Staking. Additionally, our 7M model ensures

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that any new token listed on our platform undergoes rigorous evaluation and checks, promoting a safer and more reliable investment environment for our users.

Through our venture arm, CoinDCX Ventures, we have invested in more than 15 web3 startups, supporting the growth of young Web3 companies both in India and on a global scale. We recognize the rising interest and enthusiasm of the community towards Web3, and as a response, we prioritize educating and empowering this new generation of investors. We understand that the community's support is the cornerstone of our success, and we are committed to keeping them informed about the latest developments and happenings in the Web3 space.

Our events like Unfold and Namaste Web3 have been instrumental in equipping our community with the knowledge and understanding necessary to navigate this exciting and evolving ecosystem. Since our inception in 2018, CoinDCX's vision has been to democratize finance through decentralization and share value with people. This guiding principle continues to drive our efforts even after five years, as we work towards building a better, more inclusive, and decentralized financial future for all.

India has been positioned as a country with immense potential in leading the Web3 sector. What are some of the key enablers - 3 things that Indian policymakers should do in the short run to unleash this potential.

India's potential in leading the Web3 sector is undeniable, with key enablers such as its growing economy, demographic dividend, and widespread adoption of emerging technologies across various industries. With a population of 1.3 bn and 500 mn active internet users, along with being the world's fastest-growing large economy, India holds immense potential to propel its growth trajectory through the widespread adoption of crypto and blockchain technologies.

India's rapid progress in the Web3 sector is evident from the numbers. According to a NASSCOM report published last year, India boasts a thriving Web3 ecosystem with over 450 active start-ups in the space and a talent pool of 75,000 professionals. The country's Web3 community has witnessed remarkable growth, with four unicorns emerging in this domain.

Recognizing the significance of this growth, we have joined forces with other web3 companies to support the launch of the Bharat Web3 Association, an initiative focused on fostering awareness, education, and collaboration within the Indian web3 space. Our role extends beyond promoting community growth; we are actively engaging with stakeholders to strike a regulatory balance that ensures consumer protection, fosters innovation, and advances the digital economy. With the potential to add an impressive $1.1 tn to India's GDP, we are determined to collaborate with all stakeholders in establishing a unified regulatory environment and making India a hub for web3 innovation.

Given the global nature of Web3's opportunities and challenges, it is crucial for countries to collaborate and develop a unified regulatory approach. This approach should encompass the creation of a common taxonomy, establishment of regulatory principles, information sharing, setting minimum standards on key issues, capacity building, and an implementation strategy.

The complexity and far-reaching impact of Web3 demands cooperation not only between nations but also among regulators, industries, civil society, subject-matter experts, and other stakeholders. The borderless nature of Web3 further highlights the importance of this collaborative effort.

In this context, the G20 plays a vital role in shaping multilateralism and securing our collective digital future. India's presidency offers a transformative opportunity to account for the needs of the global south and lead the process of developing a coherent regulatory framework. This momentous task could cement India's position as a global tech leader and create history in shaping the future of Web3.

About Primus Partners

Primus Partners has been set up to partner with clients in 'navigating' India, by experts with decades of experience in doing so for large global firms. Set up on the principle of 'Idea Realization', it brings to bear 'experience in action'. 'Idea Realization'— a unique approach to examine futuristic ideas required for the growth of an organization or a sector or geography, from the perspective of assured on ground implementability.

Our core strength comes from our founding partners, who are goal-oriented, with extensive hands-on experience and subject-matter expertise, which is well recognized in the industry. Our core founders form a diverse cohort of leaders from both genders with experience across industries (Public Sector, Healthcare, Transport, Education, etc.), and with varied specialization (engineers, lawyers, tax professionals, management, etc.).

PASSION for providing solutions to help clients achieve their goals

RESPECT For all and alternate viewpoints

INTEGRITY of thoughts and actions

MASTERY of our chosen subject to drive innovative and insightful solutions

US Representing the Primus collective, where each individual matters

STEWARDSHIP for building a better tomorrow

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