G20 MEETING

Need to address debt vulnerabilities of countries: PM

FE BUREAU
New Delhi, June 12

ATTEMPTS SHOULD BE made to increase investment in fulfilling sustainable development goals (SDGs) and finding solutions to address the debt risks many countries face, Prime Minister Narendra Modi on Monday said addressing a G20 meeting.

"Development is a core issue for the Global South," Modi remarked as he pointed out that the countries of the Global South were severely impacted by the disruptions created due to the global Covid pandemic while geo-political tensions were responsible for food, fuel, and fertilizer crises. Following the Covid pandemic, many countries including India's neighbours were stressed by high debt and slump in economic growth. At the G20 Development Ministers' Meeting in Kashi, Modi underlined that multilateral financial institutions should be reformed to expand the eligibility criteria to ensure that finance is accessible to those in need. In India, Modi said, "We have made efforts to improve people's lives in more than a hundred Aspirational Districts which were pockets of under-development." Modi underscored that these Aspirational Districts have now emerged as the catalysts of growth in the country as he urged the G20 Development Ministers to study this model of development. "It may be relevant as you work towards accelerating Agenda 2030", he added.

With a massive $2.4 trillion per annum spending needed by developing countries to address various challenges, the G20 Expert Group on strengthening MDBs is looking at ways to substantially enhance MDBs' lending capacity with higher leverage and at a marginally increased level of risk. On March 28, 2023, G20 India Presidency set up the expert group co-convened by 15th Finance Commission chairman NK Singh and former US Treasury Secretary Lawrence Summers. Singh and Summers will submit their report by early July ahead of the G20 Finance Ministers and Central Bank Governors meeting later in the month in Gandhinagar.

'One Future Alliance' mooted for digital public infrastructure

UNION MINISTER OF state for electronics and IT, Rajeev Chandrasekhar on Monday said, government has floated the concept of ₹One Future Alliance', a voluntary initiative that aims to bring together all countries and stakeholders to synergize, shape, architect and design the future of Digital Public Infrastructure (DPI) that could be used by all the countries. He hoped the G20 countries and invitees would consider this proposition and offer to transform with the One Future Alliance. He was speaking at the Global Digital Public Infrastructure (DPI) Summit as the G20 Digital Economy Working Group in Pune, the minister said the India stack could be made available to any country that was interested in joining this accelerated digitalisation trends.

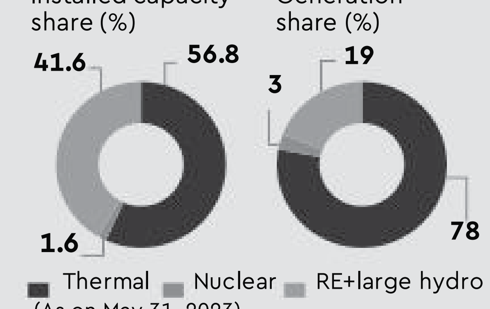
EXPLAINER

HOW INDIA CAN STEP UP CLEAN POWER

By 2032, India plans to have two-third of its power capacity in the renewable sector. To get there , we need to overcome some limitations that clean energy poses, such as intermittency and integration with the grid. Only with investments in technology and efficient execution can clean energy meet half of India's targeted power needs. **Manish Gupta** delves into the issues

What is renewable energy?

RE IS ENERGY derived from naturally replenishable or practically inexhaustible sources. These energy sources have a much lower adverse impact on climate change compared to fossil fuels like coal, oil and even natural gas. The RE segment includes solar, wind, hydro, biomass, geothermal and ocean energy. While hydrogen energy is renewable, fossil fuels are needed to produce hydrogen fuel. Key benefits of RE are environment protection, unlimited resource availability, energy security and cost competitiveness. The major challenges are intermittency, geographic limitations, high initial costs and integration issues. The global RE market size was valued at $1 trillion in 2022 and is projected to reach $2 trillion by 2030 at a CAGR of nearly 10%.



Projected power generation capacity

	Installed capacity (GW) 2032	% share in power generation 2030
Thermal	284.47	55
Nuclear	19.68	2.5
RE + large hydro	596.28	42.5
Total:	900.42	100

Source: CEA, NEP & Financial Express calculations

Power scenario in India

INDIA IS THE THIRD largest energy consuming country in the world. It stands fourth globally in RE installed capacity (including large hydro). India plans to set up 596 GW of RE capacity by 2032, or 66% of the total capacity (900 GW), as per the National Electricity Plan 2022-2032. Today, India's installed non-fossil fuel (RE, large hydro and nuclear) capacity stands at 180 GW, about 43% of the total capacity. However, coal generates 78% of the power produced in India, RE 12%, large hydro 7% and nuclear 3%. Several steps have been taken to promote RE: 100% FDI, ultra mega RE parks, new transmission lines, standard bidding and payment guidelines, technical and skilling support, waivers and sops.

Intermittency and integration issues

SOME RE SOURCES like solar and wind energy, that depend on weather conditions, are intermittent in nature. This makes it challenging to ensure a stable and constant power supply to the grid. Besides, integrating RE sources into the existing grid infrastructure can be complex as the grid was primarily designed for centralised power generation from fossil fuel plants unlike the distributed renewable sources. As RE sources are often located in remote areas, the cost of building new transmission lines is a barrier. Challenges arise in terms of matching demand and supply, maintaining grid stability, and managing voltage and frequency fluctuations. The renewable sources are slow in matching the rapid fluctuations in power demand during peak periods. While energy storage systems like batteries can help mitigate intermittency issues, cost, scalability and technical constraints still remain.

Shift towards clean power

MOST SOLAR AND wind plants are in the north-west, west, south and coastal states such as Rajasthan, Gujarat, Maharashtra, Karnataka, Andhra Pradesh and Tamil Nadu. However, there are connectivity issues in evacuating power from these locations to population centres with high electricity demand. Green energy corridors, with an outlay of ₹25,000 crore, are being set up to connect the generating zones to the state and national grid. An optimistic view is that in the next 3-5 years, the bulk of transmission issues will be sorted out. On demand-supply mismatches, storage is needed, whether pumped hydro or battery storage. As per NEP, pumped storage power (PSP) plants are projected to be close to 27 GW and battery energy storage system (BESS) more than 47 GW by 2032. JSW Energy, Greenko and Torrent Power are some big companies working on these technologies.

Besides, thermal plants need to be more flexible. The government should reduce the minimum technical plant load factor (PLF) from 55% to 40% so that it can be ramped up when renewable energy capacity is not enough. Gas-based power plants can be a balancing source.

Mumbai home sizes get smaller

KRITIKA KANWAR
New Delhi, June 12

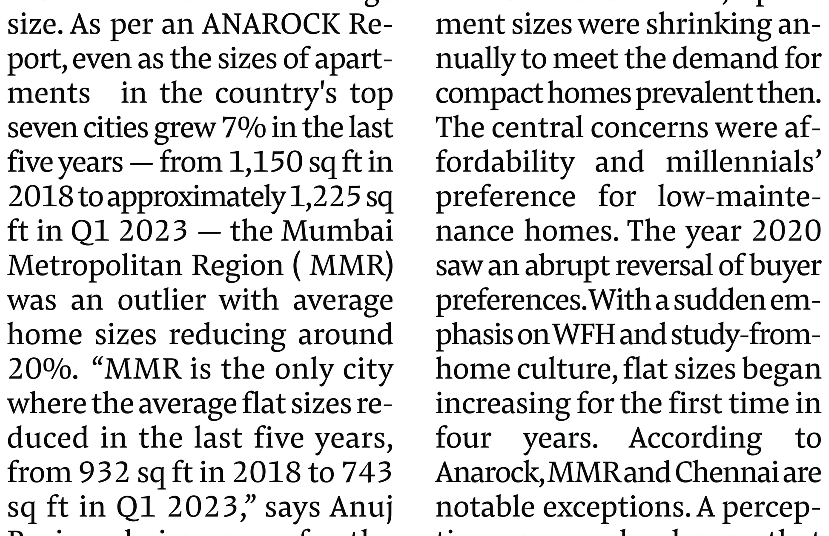
HOMES IN THE country's costliest real estate market continue to see a decline in their average size. As per an ANAROCK Report, even as the sizes of apartments in the country's top seven cities grew 7% in the last five years — from 1,150 sq ft in 2018 to approximately 1,225 sq ft in Q1 2023 — the Mumbai Metropolitan Region (MMR) was an outlier with average home sizes reducing around 20%. "MMR is the only city where the average flat sizes reduced in the last five years, from 932 sq ft in 2018 to 743 sq ft in Q1 2023," says Anuj Puri, chairman of the ANAROCK Group. He noted that in these five years, only in 2020 did average flat sizes in MMR see an annual rise of 21% over 2019."Since 2020, homes in the region are shrinking," Puri said.

Among the top seven cities, NCR saw the highest growth in average flat size in the last five years – from approximately 1,250 sq ft in 2018 to about 1,700 sq ft in Q1 2023.

The Anarock report notes that before Covid-19, apartment sizes were shrinking annually to meet the demand for compact homes prevalent then. The central concerns were affordability and millennials' preference for low-maintenance homes. The year 2020 saw an abrupt reversal of buyer preferences. With a sudden emphasis on WFH and study-from-home culture, flat sizes began increasing for the first time in four years. According to Anarock, MMR and Chennai are notable exceptions. A perception among developers that there is currently sufficient existing supply of larger format homes may be a factor.

Also, while MMR is hyper-expensive, Chennai is a very cost-sensitive market. In both the instances, increasing the supply of smaller, more affordable homes makes sense.

AVERAGE FLAT SIZES IN TOP CITIES



City-level yearly trends

Retail media ad revenue forecast to surpass television by 2028

JAMES DAVEY
London, June 12

THE VALUE OF global advertising revenue from retailer-owned e-commerce sites is growing so fast that the medium, known as retail media, is forecast to exceed television revenue by 2028.

GroupM, the world's biggest media buyer, said it expects advertising revenue from retail media channels will grow 9.9% to reach $125.7 billion in 2023 and will surpass television revenue in 2028, when it will represent 15.4% of total ad revenue.

WPP owned GroupM's 2023 Global Mid-Year Forecast report said retail media is the third fastest growing advertising channel this year behind digital out of home (OOH) screens and connected TV (CTV). However, those two channels are a fraction of the size of retail media.

The report, published on Monday, echoes an earlier forecast from market research firm eMarketer.

Retailers from Amazon, Walmart and Target to grocers such as Carrefour, Ahold Delhaize, Tesco and Sainsbury's are working aggressively to attract big advertisers to their websites.

For retailers, getting consumer brands who sell products through their websites to pay for advertising is a double win - they earn from every product sold and make money from the ad.

Reflecting the premium that major consumer goods companies are prepared to pay for prominent positioning on retailers' sites, profit margins for retailers from retail media can be as much as 90% - crucial income when returns from their main business line have been hit by the accelerating cost of living.

For the brands, increased use of digital channels by shoppers during the pandemic made retail media more attractive. It also gives advertisers an option to diversify ad spending beyond Alphabet's Google and Facebook-owner Meta Platforms, the two largest digital ad sellers, known in the industry as the "duopoly."

However, the game changer has been the shift in the digital privacy landscape, such as the European Union's General Data Protection Regulation (GDPR), which prompted major internet players to suppress the collection of personal data.

This has had the effect of increasing the value of data that retailers gather themselves that can be used to help target brands' advertising and closely measure its effectiveness, so-called first-party data.

Amazon is the pioneer in retail media, disclosing $11.6 billion in revenue from its ad business in the fourth quarter, while Walmart's retail media business, Walmart Connect, has grown rapidly, with sales rising nearly 30% to $2.7 billion in its fiscal year ended Jan. 31.

While U.S. players have led the development of retail media networks, European retailers are wising up to the opportunity. Dutch grocer Ahold Delhaize has hit "roughly half" its goal to grow revenue from businesses beyond grocery stores to 1 billion euros by 2025, an effort focused on selling ads on its supermarkets' websites and monetising insights on consumer data, CEO Frans Muller told Reuters. Sainsbury's, Britain's second biggest supermarket group, has created Nectar360, which combines its loyalty scheme with marketing services. Already working with 700 brands, it expects more than 90 million pounds ($113 million) of additional profit from the business by 2026.

No bike-taxi in Delhi for now

PRESS TRUST OF INDIA
New Delhi, June 12

THE SUPREME COURT on Monday stayed the High Court order that essentially allowed bike-taxi aggregators Rapido and Uber to operate in the national capital by asking the Delhi government not to take any coercive action against them till a new policy was formulated. A vacation bench of Justices Aniruddha Bose and Rajesh Bindal granted liberty to the two aggregators to request urgent hearing of their pleas by the Delhi HC.

The bench, which stayed the May 26 order of the Delhi HC, also recorded the Delhi government counsel's submission the final policy will be notified before July-end. The top court was hearing two separate petitions by the AAP government challenging the High Court order that no coercive action should be taken against the bike-taxi aggregators until the final policy was notified.

Last week, the top court had sought a response from the Centre on the pleas of Delhi government. Earlier, senior advocate Manish Vashisht, appearing for the Delhi government, said the high court's decision to stay the government's notice till the final policy is notified is like virtually allowing Rapido's writ petition. On May 26, while issuing a notice to the Delhi government on Rapido's plea challenging a law that excludes two-wheelers from being registered as transport vehicles, the high court directed that no coercive action should be taken against the bike-taxi aggregator till the final policy was notified. The high court, which listed Rapido's plea on August 22 before the registrar for completion of pleading, said, "The counsel for the petitioners (Rapido) submits that policy is under active consideration." "Accordingly, we hereby stay the notice and make it clear that the stay shall operate till the final policy is notified. However, once the final policy is notified, if the petitioners are still aggrieved, they are at liberty to take steps before the appropriate forum," the high court said. In its petition before the HC, Roppen Transportation Services Private, which runs Rapido, has said the Delhi government order directing it to immediately stop plying non-transport two-wheelers from carrying passengers on hire-and-reward or for commercial purposes was passed without any reason," the plea said.