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Online vs Offline: How India's Shopping and Payment Habits Are Changing in 2026



The expansion of digital payments and online shopping in India has long been a story of rapid change. However, a new study in 2026 presents a slightly different picture. According to the study, for many everyday purchases and financial activities, consumers are once again showing a preference for offline channels. However, this does not mean that Indian consumers are abandoning digital. Instead, they are using both online and offline channels depending on their needs and convenience. Let us understand this changing consumer behaviour in detail and find out what this shift between digital and offline payments in India signals for investors.

What's Happening?

The Great Indian Wallet Study 2026 surveyed people aged 18 to 55 across 17 cities, with an average monthly income of Rs 35,000. The study shows that digital adoption is no longer moving in the same direction across every category. For high-trust and everyday purchases, offline remains strong. In clothes, shoes and fashion accessories, 81% of consumers prefer offline shopping. The same preference was seen in mobile phones at 81% and home appliances at 80%. In grocery and medicines too, offline preference remained high at 82%.

The most interesting change has been seen in financial transactions. In retail payments, 49% of consumers prefer offline and another 49% prefer online options, while 2% were not sure. In 2025, the ratio was 46% offline and 51% online. That means retail payments



have now become almost completely hybrid. On the other hand, online channels have become slightly more popular for taking loans. In 2026, 51% of consumers preferred online options, up from 50% in 2025.

But in bill payments, the picture has completely reversed. Offline preference increased from 43% in 2025 to 59% in 2026, while online preference fell from 54% to 39%. This is the biggest reversal towards offline channels seen in the study.

Why has Offline Become Stronger in Everyday Purchases?

The return of offline was not limited to bill payments. In food ordering, offline preference increased from 59% in 2025 to 73%, while the share of consumers who were 'not sure' fell from 24% to 10%. In bus and train ticket booking, offline preference also rose from 58% to 72%, while online preference fell from 29% to 21%. In grocery and medicines, offline preference declined slightly from 85% to 82%, but it still remains a clear majority.

This reveals an important pattern. Consumers are not abandoning digital, but they are also not treating it as the default option everywhere. Where trust, immediate availability and the ability to see or assess a product directly matter more, local shops and physical channels continue to remain strong. On the other hand, for services such as loans, digital is gaining an edge because of the convenience and easy access it offers. Therefore, the 2026 wallet is not about digital versus offline, but about using both.

Distance from Digital, But not from Digital Finance

Here, the biggest paradox of the report comes to the fore. On one hand, offline has strengthened in some payment and shopping categories, while trust in digital financial tools remains quite high. About 82% of consumers believe that digital tools have made it easier to achieve their financial goals. Among men, this figure was 84%, while among women it was 72%. In Tier-1 cities, it stood at 92% and in the West at 91%. In Hyderabad, this confidence increased by 61 points to 76%, while in Bengaluru it rose by 43 points to 54% and in Chennai by 27 points to 65%. In Kochi, however, it fell by 11 points to 13%.

This shows that trust in digital finance has not weakened. The change is mainly in how consumers use these channels. Consumers are no longer choosing digital simply because it is digital. Instead, they are deciding based on its usefulness and convenience for a particular need.



What Does This Mean for Investors?

For investors, the most important signal is that along with the shift between offline and digital financial behaviour, the capacity to save and invest has also strengthened. In the report, the Current Situation score of the Financial Well-Being Index stood at 40 in 2026, up from 34 in 2025. The savings score reached 31 in 2026, while the investment score also stood at 31. The investment score was 17 in 2025, showing a sharp improvement in just one year.

Meanwhile, 57% of consumers are interested in taking financial guidance, while 85% are confident that they will be able to achieve their current financial goals over the next five years. About 87% believe that their financial situation will improve in the coming years. This means the role of digital channels is no longer limited to payments; they are increasingly becoming part of financial planning, credit and investment as well.

What's Next?

The 2026 data Does not mark the end of the Digital India story, but it does make the picture more complex. The 49%-49% online-offline balance in retail payments, 51% online preference for loans and 59% offline preference for bill payments show that the same consumer is choosing different channels for different needs.

The key takeaway is that consumers are not moving away from digital, but are becoming more selective about when to use it. Where convenience and access offer a clear advantage, digital remains strong. Where trust, familiarity and immediate control matter more, offline channels can make a comeback. Therefore, the story ahead will not be as simple as saying 'digital has won' or 'offline has returned'. The 2026 Indian wallet is becoming increasingly hybrid, with consumers deciding which channel works better for every payment and purchase.

Source:- Motilal Oswal Research360 , Kotak Research , Business Research, Mint Research.



How Is Foreign Capital Reshaping India's Healthcare Industry?



India has world-class hospitals and doctors, but quality healthcare remains expensive for the average Indian. At the same time, private hospital companies are seeing strong growth, supported by new bed additions and rising patient volumes, which are driving revenue and EBITDA growth.

Let's take a closer look at India's healthcare paradox and the growth story of private hospitals, and understand whether this trend is truly good news for the sector.

What's Happening?

India's healthcare sector has become an attractive investment opportunity for major global investors. Big names such as Blackstone, BlackRock, KKR, Carlyle, Temasek, and Vanguard are investing in Indian hospitals, pharmaceutical companies, insurers, and diagnostic firms. However, these investments cannot always be viewed as efforts to build healthcare infrastructure for the long term. In many cases, the focus is on generating returns and eventually exiting, turning healthcare increasingly from a social service into a profit-driven asset.

This is happening at a time when government spending on healthcare in India remains low. Government healthcare spending stands at just 1.43% of GDP, while the National Health Policy 2017 had set a target of raising it to 2.5%. Meanwhile, the 176th Parliamentary Standing Committee report made 368 recommendations on healthcare affordability and accessibility.



According to the report, the average cost of hospitalisation is Rs 6,631 in government hospitals, compared with Rs 50,508 in private hospitals, nearly eight times higher. For childbirth, the out-of-pocket expenditure is Rs 2,299 in government hospitals versus Rs 37,630 in private hospitals, highlighting the significant affordability gap.

Private Hospital Sector's Strong Q1 FY27

Indian hospitals tracked by Kotak Institutional Equities posted 21% YoY revenue growth and 22% EBITDA growth in Q1 FY27. The sector's outlook remains strong as occupancy levels continue to improve in newly commissioned hospitals.

ARPOB (average revenue per occupied bed) grew 5-14% during this period, supported by higher patient volumes and better realisations. Apollo Hospitals' hospital revenue rose 22%. Aster DM grew 22%, Medanta 27%, and Rainbow Children's Medicare recorded 33% growth.

Capacity Addition and Margin Pressure

Operational beds increased 15% YoY, while capacity beds were 16% higher. However, ramp-up costs at new facilities kept the aggregate EBITDA margin flat at 23%. KIMS delivered 35% revenue growth, driven by the ramp-up of its Maharashtra, Kerala, and Karnataka clusters.

Kotak Institutional Equities expects margin pressure to ease as occupancy improves at new facilities. The diagnostics segment reported 18% sales growth and 29% EBITDA growth. Dr Lal Path Labs gained 19%, while Metropolis grew 17% organically.

The Affordability Paradox and Government Steps

According to IBEF, India is one of the world's most affordable destinations for major surgeries for foreign patients. Treatment costs are around one-tenth of those in the US or Western Europe, supporting the growth of medical tourism. Out-of-pocket expenditure stood at 62.6% in 2014-15 and fell to 43.4% by 2022-23. Still, a serious illness can put a significant financial burden on a family.

The government increased the number of medical colleges from 387 in 2014 to 823 in 2025-26. MBBS seats also increased from 51,348 to 1,39,489. As of 30 June 2026, 20,149 Jan Aushadhi Kendra's were operational, offering medicines at 50-80% lower prices and helping save Rs 45,000 crore over 12 years.

What Does This Mean for Investors?

Revenue and EBITDA growth in private hospital companies is creating a strong long-term growth story. However, adding new beds can put pressure on margins during the initial phase. Therefore, investors should closely monitor the occupancy ramp-up of new beds and trends in ARPOB (Average Revenue Per Occupied Bed).

Meanwhile, diagnostic companies such as Dr Lal Path Labs and Metropolis Healthcare could see steady growth, supported by strong B2C demand and rising test volumes. However, affordability regulations and price caps could affect the pricing power and profitability of private healthcare companies.

What's Next?

Over the coming quarters, rising occupancy at new hospital units could support profitability and margin expansion. If the government increases healthcare spending to 2.5% of GDP, district hospitals and the public healthcare system could become stronger.

Over the long term, both medical tourism and domestic demand could drive growth across the sector. However, the uneven geographic distribution of doctors and hospital beds remains a major challenge. Rising global investments, private capacity expansion, and potential policy reforms will determine whether Indian healthcare becomes merely a global profit opportunity or also becomes more accessible to a broader section of the population.

Source:- Motilal Oswal Research360 , Kotak Research , Business Research, Mint Research.



Raksha Bandhan 2026: Give Your Sister a Financial Gift Instead of Cash

On Raksha Bandhan, when it comes to choosing a gift for a sister, cash, clothes,



jewellery or other traditional presents are usually the first things that come to mind. But this time, the way of gifting can be changed a little. Why not give a gift that not only brings happiness today but also helps strengthen your sister's financial security in the years to come?

Through saving schemes, fixed deposits and market-linked options, a Raksha Bandhan gift can be linked to a long-term financial goal. However, the same option may not be suitable for every sister. The right scheme should be chosen based on her age, investment tenure, needs and financial goals.

Let us understand which financial gifts can be given to a sister on Raksha Bandhan 2026 and which option may be better suited to different needs.

Sukanya Samriddhi Yojana: A Strong Start for the Future of a Younger Sister

If the sister is below 10 years of age, Sukanya Samriddhi Yojana, or SSY, can be a special financial gift. This scheme is meant for girls below 10 years of age and currently offers 8.2% annual interest.

The purpose of SSY is to build a financial corpus over the long term for a girl's education and future needs. Deposits can be made for up to 15 years, while the account matures 21 years from the date of opening.



One of its key features is that it is considered a tax-free return savings scheme. This means an investment made today for a younger sister can support her education and other major financial goals in the future.

PPF: Slow but Strong Saving for Long-Term Dreams

The purpose of every financial gift is not to make money available immediately. If the goal is to build a sizeable financial corpus over a long period, the Public Provident Fund, or PPF, can be considered.

Currently, PPF offers 7.1% interest and has a maturity period of 15 years. Investment can be started with as little as ₹500. After maturity, the account can also be extended at the prevailing interest rate, with or without additional deposits.

Therefore, if there is a long-term financial goal for the sister and there is a willingness to keep the investment for an extended period, PPF can be a simple and disciplined savings option.

NSC and Post Office Time Deposit: For Goals of a Fixed Period

If the financial goal for the sister is not very long-term, savings options with a fixed tenure of five years or another defined period can be more useful.

The tenure of the National Savings Certificate, or NSC, is five years and it currently offers 7.7% interest. On the other hand, the Post Office Time Deposit offers interest ranging from 6.9% for one year to 7.5% for five years during July-September 2026.

Therefore, if the goal is to meet an expense after five years or keep money invested safely for a fixed period, options such as NSC and Post Office Time Deposit can be considered.

NPS Vatsalya: Preparation for Retirement from a Young Age

Why should a Raksha Bandhan gift be limited only to traditional financial goals such as education or marriage? If the sister is still a minor, NPS Vatsalya can also be considered for her long-term financial future.

Under this scheme, parents or guardians can start an investment in the child's name, with a minimum contribution of ₹1,000 per year. However, its structure is different from SSY or PPF. The returns are not fixed, as the contributions are invested in market-linked instruments.



The NPS Vatsalya account continues until the child turns 18. After that, it can be converted into a regular NPS account.

Therefore, if the objective is to build a retirement corpus for the sister over a very long period and market-linked returns are acceptable, NPS Vatsalya can be considered.

FD: When Security and Fixed Returns are Needed in the Gift

If you want to give a financial gift that is easy to understand and offers a fixed return, a Fixed Deposit, or FD, can be a practical option.

According to Axis Bank, an FD is a secure investment option that offers guaranteed returns and can provide higher interest than a regular savings bank account. The amount received at maturity can be used by the sister for goals such as higher education, travel or starting a business.

However, while choosing an FD, looking only at the interest rate is not enough. The bank's reliability, FD tenure, digital FD facility, penalty on premature withdrawal and features such as overdraft should also be considered. Some FDs may also offer a loan of up to 85% of the deposit value.

Why Move from Cash to a Financial Gift?

A cash gift on Raksha Bandhan can bring immediate happiness, but it is often spent on daily expenses and eventually runs out. A financial gift, on the other hand, can be linked to a specific future goal.

For example, for a younger sister, SSY can be used to build a corpus for future education and other needs. For long-term goals, PPF can be considered, while for a five-year goal, NSC or Post Office Time Deposit can be explored. On the other hand, if fixed returns and simplicity are the priority, an FD can be an option.

In this way, a Raksha Bandhan gift does not remain limited to the happiness of one day but can become a part of the sister's future financial planning.



Wrapping Up

Giving a financial gift to a sister on Raksha Bandhan 2026 is not just about choosing a scheme with a higher interest rate. The more important question is which option is suitable for her financial goal.

For a sister below 10 years of age, SSY; for long-term goals, PPF; for a five-year goal, NSC; for savings over a fixed period, Post Office Time Deposit; and for building a long-term retirement corpus for a minor, NPS Vatsalya can be considered. On the other hand, if the priority is a fixed and guaranteed return, an FD can be a simple option.

Ultimately, the best financial gift for Raksha Bandhan could be one that not only brings a smile today but also helps strengthen your sister's financial security in the years to come.

Source:- Motilal Oswal Research360 , Kotak Research , Business Research, Mint Research.



India's Affluent Consumer Base Could Touch 10.8 Crore by 2036



India's consumer market is set for major changes over the next decade. According to a report by Nielsen IQ (NIQ) and World Data Lab, the number of affluent consumers in India could rise from around 2.6 crore in 2026 to 10.8 crore by 2036. This means India could surpass China, which is projected to have 10.3 crore affluent consumers by 2036.

Let us understand why the number of affluent consumers in India is growing rapidly and what impact this could have on companies, brands and the Indian consumer market.

What's Happening?

An affluent consumer is defined as someone who spends more than \$90 a day. Therefore, this figure does not directly represent the number of rich people, but rather their spending capacity. The rapid growth of this segment in India could create a larger market for premium products, better services and new consumer trends. India is projected to go from 2.6 crore affluent consumers in 2026 to 10.8 crore in 2036, which is nearly a fourfold increase. Meanwhile, China is expected to add 6.2 crore new affluent consumers during the same period, taking its total to 10.3 crore. According to the report, India has 64.9 crore core consumers in 2026 who spend between \$13 and \$90 a day, forming a separate category. Globally, the affluent population is expected to grow from 65.7 crore in 2026 to 102.5 crore in 2036.



What are the Driving Factors?

India's working-age population is growing rapidly, while China is dealing with an aging population and a shrinking working-age population. China's retail sales fell 0.6% YoY in May 2026, marking the first decline since the COVID-19 pandemic, while private investment fell 7.1% during January-May 2026. This demographic and economic difference is a key factor behind the expected growth in India's affluent consumer segment.

According to Barclays, private consumption accounts for more than 60% of India's GDP, compared with around 40% in China. India's middle class grew at an annual rate of 6.3% between 1995 and 2021, while OECD estimates suggest that India could overtake China in terms of its middle-class population between 2030 and 2035. Such strong domestic demand is helping drive the growth of the affluent consumer segment.

What is the Message for Companies?

The NIQ report suggests that the 'average' consumer is no longer a reliable growth target, and companies will need to focus on both hyper-value and premium-luxury segments. Affluent consumers are expected to account for \$35.9 trillion of global spending in 2026, while 410 crore core consumers are expected to spend \$31.6 trillion.

Among consumers looking to upgrade, 60% focus on value for money and 46% are willing to pay for convenience. Brands will have to clearly demonstrate why a premium product or service is worth the extra cost; otherwise, consumers may trade down. The message for companies is clear: they need to balance their product strategy at both ends of the market, with hyper-value mass products on one side and premium-luxury experiences on the other. Brands that combine local preferences, quality and status could gain market share as consumer preferences evolve.

What Does This Mean for Investors?

The report identifies sectors such as premium consumer goods, automobiles, hospitality and financial services as areas with strong potential. Investors can participate in the premiumisation theme through a diversified portfolio rather than focusing on a single company or niche luxury segment.

According to a Visa report, the number of Indians earning Rs 10 lakh or more annually increased from 69 lakh in 2021 to 1.3 crore in 2026. This could expand the revenue pool for companies operating in premium retail, travel and wealth management.



Investors should also keep an eye on consumer durables, aviation, luxury retail chains and asset management companies, as rising premium consumption could also support mutual fund SIP flows and insurance penetration. However, while considering the premiumisation theme, investors should keep income growth moderation and valuation risks in mind, so that overexposure to any one sector does not negatively affect the portfolio.

What's Next?

The 2036 projections are based on current data and could change as economic conditions evolve. BNP Paribas believes premium consumption could slow due to moderation in hiring and income growth. If China succeeds in reviving its economy, the gap between the two countries could also narrow.

Moving India's 64.9 crore core consumers into the affluent category is both the biggest challenge and the biggest opportunity. The US is expected to remain at the top with 23.1 crore affluent consumers in 2036, while the global affluent population is projected to reach 102.5 crore.

Source:- Motilal Oswal Research360 , Kotak Research , Business Research, Mint Research.



Water Security: The Emerging Challenge

For years, the world has focused on oil shortages, financial crises, trade disputes, and technological disruption. Yet one of the biggest threats to future growth and stability may come from something far more basic: water.

Most people rarely think about water beyond turning on a tap. But water sits at the heart of modern life. It grows our food, powers industries, generates energy, supports public health, and drives economic development. Without reliable access to water, cities struggle, businesses slow down, and communities become vulnerable.

As the global population exceeds 8+ billion and climate change disrupts rainfall patterns, the gap between water demand and supply is widening.

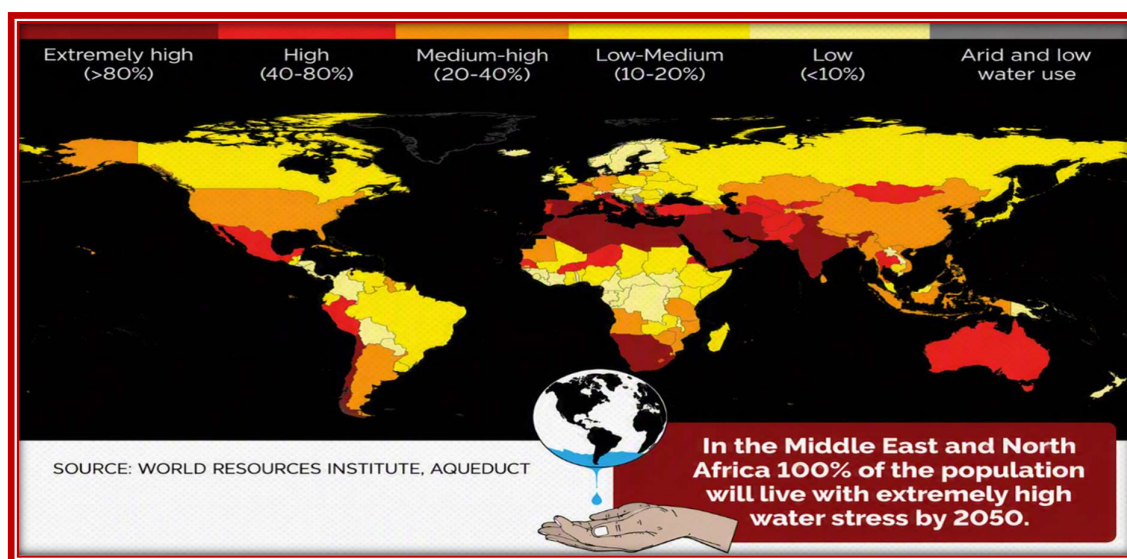
A Global Crisis Hiding in Plain Sight

Water insecurity rarely makes headlines until a crisis erupts. Unlike earthquakes or financial crashes, it develops slowly. Reservoirs shrink, groundwater levels fall, rivers become polluted, and droughts become more frequent. By the time the warning signs become visible, the problem is often much larger than expected.

The scale of the challenge is staggering. Nearly 4 billion people across Asia and the Pacific face some level of water insecurity. Yet the issue is not simply about scarcity. Many regions now swing between devastating floods and severe droughts, making water availability increasingly unpredictable.

Where the water stress would be highest by 2050

By 2050 Global water demand is projected to increase by 20% to 25% and an additional 1 billion people are expected to live with extreme high-water stress



Why Water Security Matters to Everyone

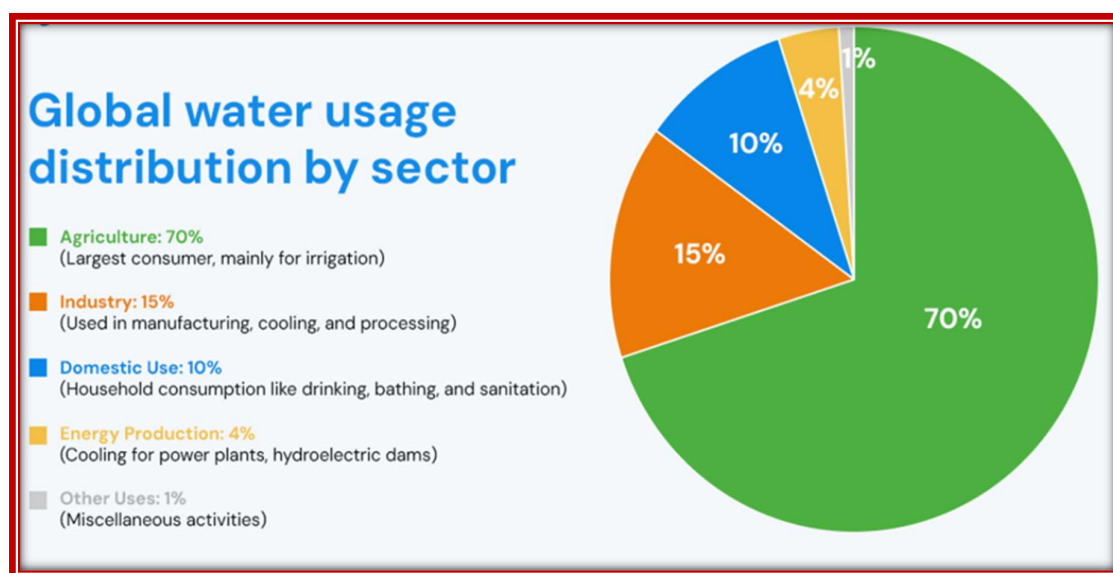
Water is far more than a basic utility. It is the foundation of modern life and economic growth. Almost everything we use every day depends on it. The food on our plates, the electricity in our homes, the clothes we wear, and even the medicines we consume all require water at some stage of production.

Agriculture remains the world's largest consumer of freshwater, while industries such as textiles, chemicals, pharmaceuticals, electronics, and manufacturing depend on reliable water supplies to operate. Even the industries driving the future economy, including data Centre's, semiconductor manufacturing, electric vehicles, and renewable energy, are heavily dependent on water.

The rapid growth of artificial intelligence is adding another dimension to the challenge. Data Centre's are estimated to have consumed around **4.5 trillion liters of water in 2025**, enough to meet the annual needs of more than **600 million people in Sub-Saharan Africa**. This figure could potentially **double to around 9.3 trillion liters by 2030** as AI-driven data Centre capacity expands.

As populations grow and economies expand, demand for water is rising across households, farms, and industries. This is creating increasing pressure on already stretched resources. The real challenge is no longer about finding new sources of water. It is about managing existing resources more efficiently, sustainably, and intelligently.

Source: flosenso.com, reuters.com, U.N. research



Source: flosenso.com, reuters.com, U.N. research

Climate Change: The Ultimate Water Stress Multiplier

Climate change and water are deeply connected. For decades, communities and governments relied on predictable rainfall, seasonal river flows, and stable weather patterns. Today, that certainty is disappearing.

Rising temperatures are increasing evaporation from rivers, reservoirs, and farmland, while rainfall is becoming more erratic and extreme. Some regions are facing prolonged droughts and water shortages, while others are experiencing devastating floods within short periods. Both situations place enormous pressure on communities, agriculture, and infrastructure.

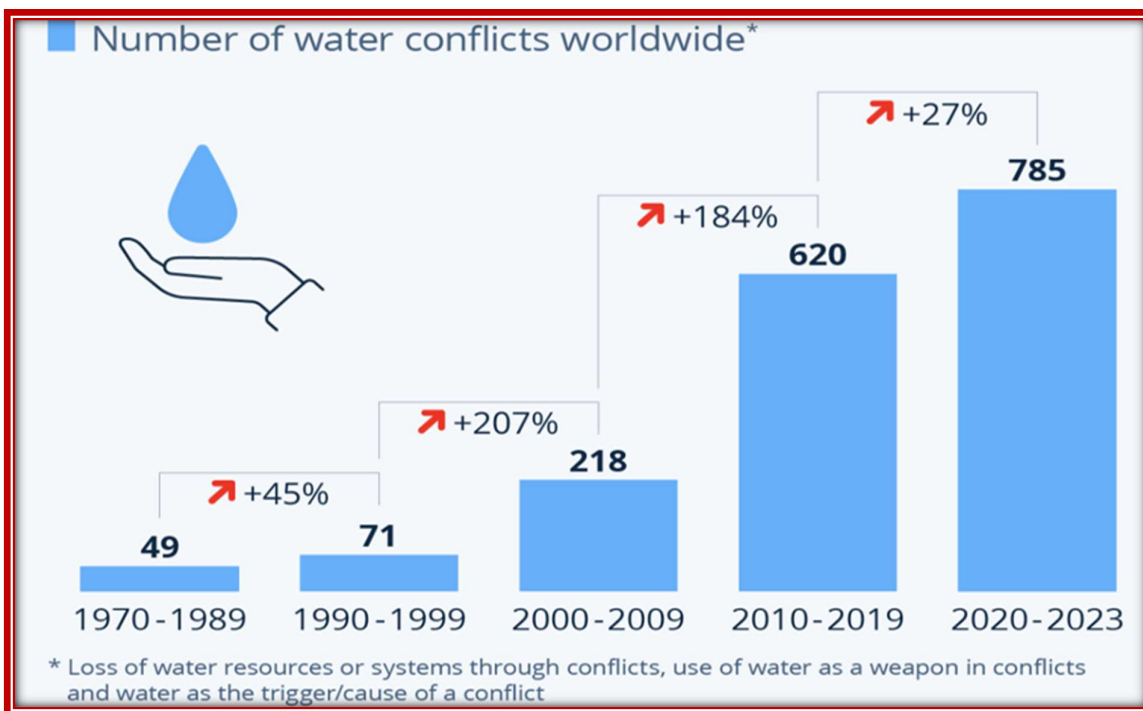
The challenge goes beyond rainfall. Glaciers that supply freshwater to billions of people are shrinking, and rising sea levels are increasing the risk of saltwater contaminating groundwater reserves in coastal areas.

Water has become the channel through which many climate risks are felt. When water availability becomes unpredictable, food production, energy generation, industries, and local economies all come under stress. As climate change accelerates, managing water effectively will be critical to building resilience and protecting future growth.

Conflicts Over Water Are on the Rise

Water scarcity is no longer just an environmental issue. It is increasingly becoming a source of tension and conflict around the world. These conflicts range from attacks on water infrastructure and the use of water as a strategic tool during conflicts to disputes over access and control of scarce water resources. As water becomes more limited, competition inevitably intensifies.

The consequences of water stress extend far beyond reservoirs and rivers. It can disrupt livelihoods, accelerate migration, strain urban infrastructure, and heighten social tensions. Water security is therefore no longer just about conservation. It is about economic stability, social harmony, and sustainable growth. In the decades ahead, a nation's ability to manage water may be as important as its ability to manage energy, infrastructure, or national security.



Source: Statista

India: A Country of Abundance and Scarcity

India's water story is a paradox. The country is blessed with mighty rivers, substantial monsoon rainfall, and a rich agricultural legacy. Yet it faces one of the most severe water security challenges in the world.

The imbalance is striking. India is home to more than 18% of the global population but has access to only about 4% of the world's freshwater resources. As cities expand, industries grow, and living standards improve, demand for water continues to rise across every sector of the economy.

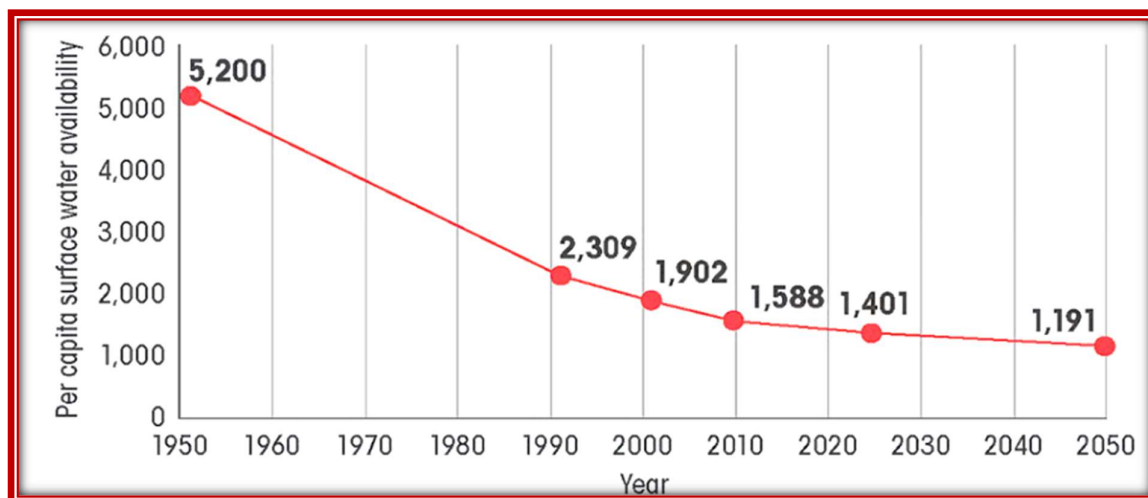
Agriculture consumes around 80% of the country's freshwater resources, while India remains the world's largest user of groundwater. With water demand expected to rise significantly by 2050, efficient water management is no longer just an environmental priority. It is essential for India's economic growth, food security, and long-term development.

Source: NITI Aayog, India Water Resource Information System, downtoearth.org.in



Surface water scarcity

Between 1950 and 2024, India has seen a decline of 73% in per capita surface water availability



Source: NITI Aayog, India Water Resource Information System, downtoearth.org.in

Agriculture, Cities and Pollution: The Three Fronts of India's Water Challenge

India's water future will largely be decided on farms. The Green Revolution helped the country achieve food security, but it also encouraged the cultivation of water intensive crops such as paddy and sugarcane in regions facing growing water stress. The solution is not to produce less food, but to produce it more efficiently. Technologies such as drip irrigation, precision farming, soil moisture monitoring, and drought resistant crop varieties can help farmers grow more with less water.

At the same time, India's cities are becoming increasingly thirsty. Rapid Urbanisation is pushing demand higher, while water infrastructure struggles to keep pace. Major cities such as Bengaluru, Delhi, Chennai, and Hyderabad depend heavily on distant water sources. Leakages, ageing pipelines, and inefficient distribution systems result in significant water losses before water even reaches consumers.

The challenge is not only about quantity but also quality. Across the country, rivers, lakes, and groundwater sources are under pressure from untreated sewage, industrial waste, and agricultural runoff. Every polluted water body reduces the amount of usable freshwater available to society.



The consequences go far beyond the environment. Poor water quality increases healthcare costs, affects livelihoods, lowers productivity, and places additional pressure on already scarce resources. India's water challenge is no longer just about securing more water. It is about using water wisely, delivering it efficiently, and protecting the resources that remain.

Solutions Are Within Reach

The water crisis may be growing, but so are the solutions. Around the world, technology is helping communities use water more efficiently and sustainably. Smart irrigation systems are reducing water use in agriculture, wastewater recycling is creating new sources of supply, and satellite monitoring is improving the management of groundwater resources. Desalination technology is converting seawater into drinking water is becoming increasingly efficient and cost-effective, especially for coastal regions. Artificial intelligence is also helping predict shortages and optimize water distribution.

Innovation alone, however, will not solve the problem. Equally important are practical measures such as rainwater harvesting, watershed development, wetland restoration, and groundwater recharge. These approaches strengthen resilience while protecting natural ecosystems.

The most successful water strategies combine technology with strong governance, effective policies, institutional coordination, and active public participation. Water security is not the responsibility of governments alone. Businesses, farmers, communities, and individuals all have a role to play.

The challenge is significant, but the path forward is clear. The solutions already exist. What is needed now is the commitment to implement them at scale and with urgency.

The Next Big Infrastructure Opportunity

As water scarcity intensifies, it is creating a significant long-term investment opportunity across the water ecosystem. India may require over ₹20 lakh crore of investment over the next decade to strengthen water supply, treatment, recycling, storage and distribution infrastructure.

Companies engaged in water treatment, wastewater recycling, desalination, smart metering, pumps & pipelines, irrigation technology and industrial water solutions could benefit from this multi-decade structural trend. India's water and wastewater treatment market is projected to grow from around \$3 billion in FY25 to \$5.2 billion by FY31, while industrial water infrastructure spending is expected to see steady growth supported by stricter environmental norms.



Government spending remains a major catalyst. The Jal Jeevan Mission carries an annual allocation of about ₹67,000 crore, while the Ministry of Jal Shakti has been allocated nearly ₹99,500 crore for FY26. Large programs such as AMRUT 2.0 and Namami Gange are further driving investments in urban water and wastewater infrastructure.

Sustained public investment, tightening environmental regulations, rising Urbanisation and growing industrial water demand position water infrastructure as a long-duration investment theme, offering multi-year growth opportunities for companies across the sector.

Source: Moneycontrol.com, Prabhudas Lilladher

Conclusion

Water is rapidly emerging as one of the defining economic, social and environmental challenges of the 21st century. Rising demand, climate uncertainty and growing Urbanisation are placing unprecedented pressure on freshwater resources across the world and particularly in India. Yet this challenge also creates an opportunity. Investments in efficient water management, recycling, storage, treatment and distribution can help bridge the gap between demand and supply. The countries and companies that address water security today will be better positioned for sustainable growth tomorrow. In an increasingly uncertain world, water may prove to be as strategically important as energy.

(Mr. Nalin Bhatt, Fund Manager & Senior VP- Equity Research at Kotak Mahindra AMC adds, " Fresh water is emerging as one of the world's most constrained resources. While water covers nearly 70% of the Earth's surface, only about 2.5% is freshwater and less than 1% is readily accessible for human use. Population growth, urbanization, climate change, and industrialization are accelerating demand at a time when many river basins and aquifers are already under stress. New-age industries are adding a significant layer of demand. Historically, water has been a low-cost (or No cost!) utility input and thus, there has been no incentive to conserve, completely recycle. This theme can emerge as big opportunity of growth and investment".)

Source: SEBI Registered Name - Kotak Mahindra Mutual Fund. SEBI Registered Number - MF/038/98/1



Airport Business Beyond the Boarding Pass

Most of us think of airports as transportation infrastructure. A place to check in, clear security, grab a coffee and board a flight.

But airport operators think differently.

To them, an airport is part transportation hub, part shopping mall, part logistics gateway and part real-estate project. The aircraft may be the most visible part of the airport, but for airport operators, the real value is often created inside the terminal and around the airport ecosystem.

Understanding airports becomes much easier when we start with a simple question:

Why are so many investors willing to commit billions of dollars to airport infrastructure?

The answer lies in a powerful combination of demographics, economics and consumer behavior.

India's Aviation Opportunity is just taking off

India has the world's largest population, one of the fastest-growing economies and one of the lowest air-travel penetration rates globally. But India records only about 0.2 air trips per person annually, compared with over 2 trips per person in the US and 3 trips per person in the UAE. The gap points to a large pool of potential first-time flyers as incomes rise and air travel becomes more accessible.

India's Untapped Aviation Opportunity

Country	2025	2015
UAE	3.1	2.7
USA	2.1	2.0
France	1.4	—
China	0.5	0.3
India	0.2	0.1

Source: Navi Mumbai International Airports Presentation

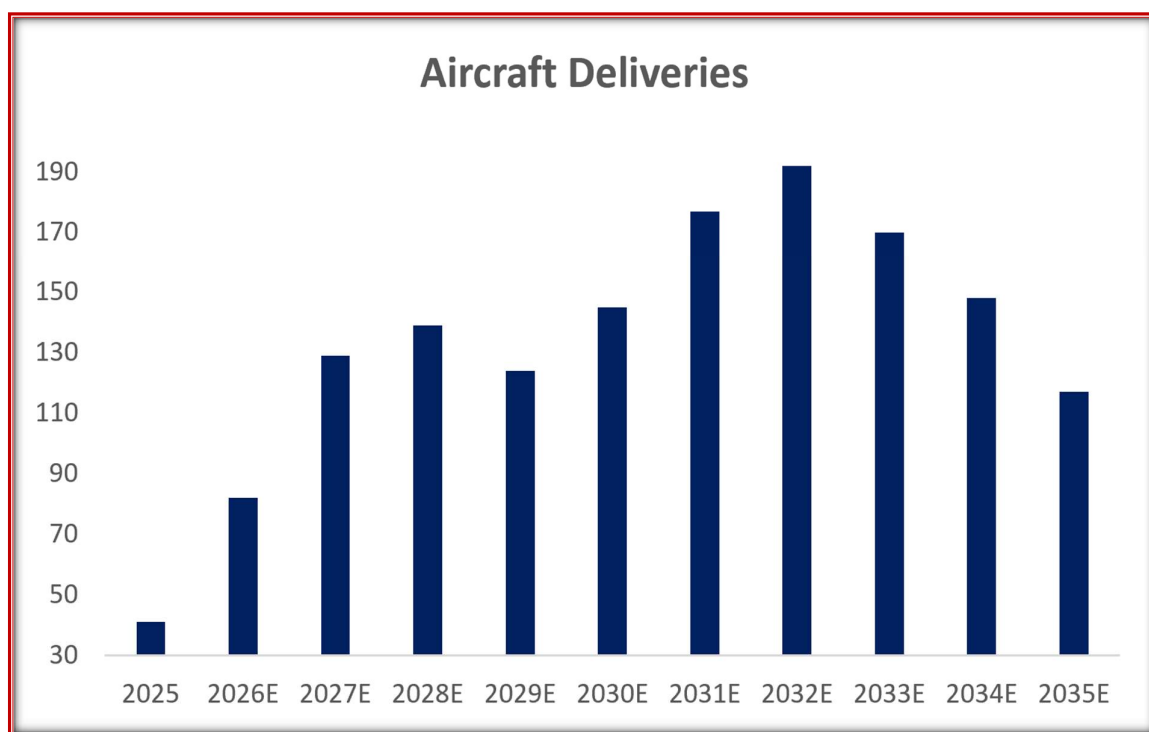
The opportunity is already reflected in airline expansion plans. Indian carriers have placed orders for 1,880 aircraft, signalling confidence in the country's long-term air-travel demand. And every new aircraft needs the infrastructure to support it i.e. runways, gates, terminals and baggage-handling capacity.



Airline	Aircraft Ordered
IndiGo	931
Air India	530
Akasa	200
SpiceJet	140
Others	79
Total	1,880

Source: Adani Airports Holdings Ltd Presentation

For airport operators, the opportunity is clear. More aircraft can mean more flights, more passengers and ultimately, more opportunities to monetise every traveler passing through the terminal.
Even more revealing is the delivery schedule.



Source: NMIA Presentation, E- Estimates

This brings us to the most misunderstood aspect of airport businesses.

Most people think airports make money from planes. They don't. At least not primarily.

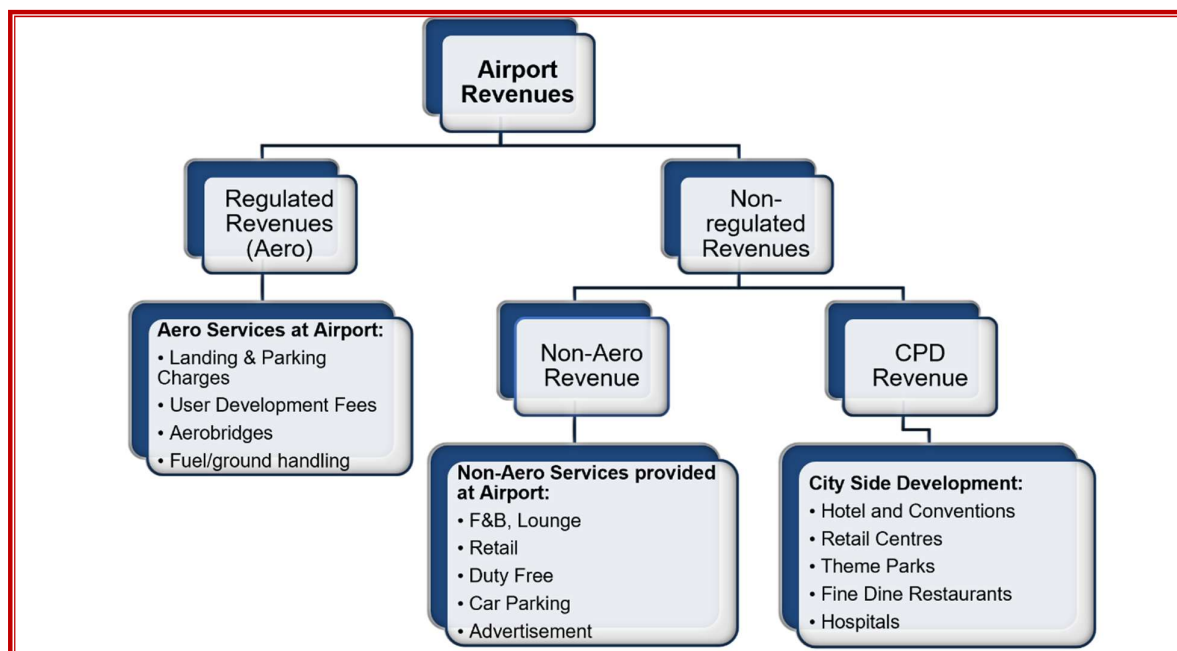


What We Think Airports Earn From



VS

What Airports Actually Earn From



Source: ICICI Securities Report, AERA (Airports Economic Regulatory Authority of India) framework and airport industry reports

The aeronautical side of the airport business is regulated by the Airports Economic Regulatory Authority of India (AERA). But regulated does not mean that revenues remain frozen. Airport tariffs are reviewed periodically through defined control periods (generally in the block of 5 years under Multi Year Tariff Framework), allowing the regulatory framework to reflect changes in the airport's costs, investments and traffic assumptions. During the period of higher capital expenditure or lower passenger traffic; the airport operators are compensated with higher tariff in the subsequent **control period** and in the period of higher-than-expected traffic



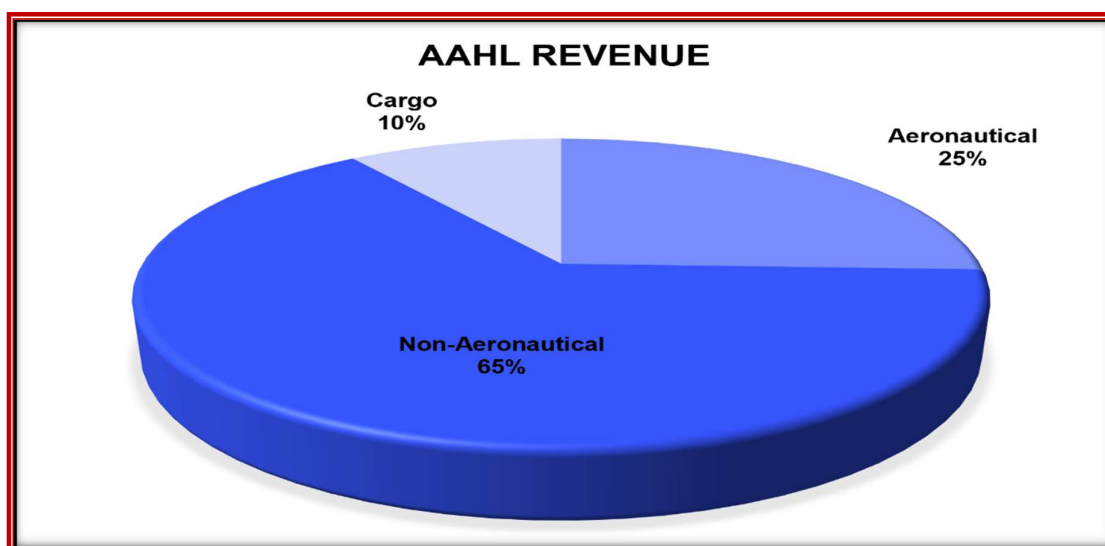
growth/lower capital expenditure the tariff generally gets adjusted in the subsequent **control period**.

Delhi Airport offers a good example. For its fourth control period, AERA approved a nominal aeronautical yield of **₹360 per passenger**, compared with around **₹145 per passenger earlier**. The revised tariff order came into effect on **16 April 2025** and is applicable through the fourth control period ending March 2029. In other words, the regulated part of the airport business provides a structured revenue base such that the airport operators generate fair Rate of Return on the capital expenditure.

If the aeronautical business is the regulated foundation, the bigger opportunity to influence growth lies beyond the runway. Every passenger who enters an airport becomes a potential customer; buying a meal, visiting a lounge, shopping at retail or duty-free outlets, parking a car or simply spending more time inside the terminal. This is why airport operators track **Spend Per Passenger (SPP)**. Passenger growth increases the number of potential customers, while higher spending per passenger increases the value of each customer.

More passengers × higher spend per passenger = stronger non-aero revenue

For example, at AAHL, non-aeronautical revenue accounted for 65% of revenue in FY26, compared with 26% from aeronautical operations and 10% from cargo. In other words, the revenue generated beyond the core aeronautical business can be substantially larger than the regulated airport charges themselves.



Source: Adani Airports Holdings Ltd Annual Report 2026

This explains why the Best Airports Don't Just Add Passengers. They Add Spend. They maximise the economic value generated from every passenger journey.

Airport	Revenue Strength Driver
Singapore Changi	Retail & entertainment ecosystem
Dubai International	Duty-free & transit passenger spending
Paris ADP	High spends per passenger
Schiphol	Premium retail experience
Istanbul Airport	Commercialisation of transit traffic

Global airport operators are increasingly focused not just on how many passengers pass through their terminals, but also on what those passengers do inside them. Paris Airports (Groupe ADP) provides an interesting example. Extime Paris Spend per passenger reached €31.7 in 2025, compared with €19.7 in 2019. At Terminal 1's international areas, spend per passenger reached a record €87.6 in 2024. The example illustrates how improving the passenger experience can increase spend per passenger, not just passenger volumes. Extime Paris is Groupe ADP's retail and hospitality platform/brand operating inside Paris airports (Charles de Gaulle and Orly).

(Source: Groupe ADP's 2025 Annual Report)

But retail is only part of the story. The most valuable airport asset is hidden plain in sight - Land.

Almost all airports sit on large parcels of land surrounding terminals and runways. As passenger traffic grows, businesses seek proximity to these transport hubs, creating demand for hotels, logistics parks, offices, retail and convention centers.

Over time, airports evolve into economic ecosystems rather than standalone infrastructure assets. This concept, often referred to as an "aerotropolis", is spread across global airport developments and is a key driver of value creation in India as well. GMR's airport portfolio alone has more than 3,000 acres of prime airport land with real-estate development potential. It has received Rs 1,800 Cr for the same.

(Source: GMR Airports Limited, Q1FY27 Investor Presentation, August 2026)



The airport doesn't stop at the terminal. **Aerotropolis Model**

Of course, all of this comes at a cost.

Airport businesses are among the most capital-intensive industries in the world and takes relatively longer time to break even. Long before passengers arrive, operators must invest in runways, terminals, taxiways, navigation systems, security infrastructure, parking facilities and baggage handling systems. Delhi Airport's Phase 3A expansion alone involved investments approaching **Rs.9,800 crore**, while Hyderabad's expansion programme exceeded **Rs.7,600 crore**. Airports spend billions today in anticipation of demand that may take years to materialise.

The airport isn't always owned outright

Airport operators often operate under **long-term concession agreements**, where they invest, develop and operate the airport for a defined period while meeting the financial and operational obligations of the concession. As airport is a capex heavy industry with longer break-even period the concessions are generally for a longer period.

Let's understand this through an example of Navi Mumbai International Airport (NMIA). NMIA's concession is on a **Design, Build, Finance, Operate and Transfer (DBFOT)** basis, with a 30-year concession and provision for a 10-year extension.



What Airport Capex Actually Funds

Category	Examples
Airside	Runways, Taxiways
Terminal	Buildings, Gates
Technology	Baggage Systems
Safety	Security Infrastructure including ATC
Passenger Experience	Lounges, Facilities
Commercial	Parking, retail, lounges, F&B

Source: AERA capex filings and airport expansion plans

Source: AERA capex filings and airport expansion plans

Why Airport Profits Often Take Years to Arrive

Construction happens first. Passengers come later. Debt servicing begins post commencement of operation. Revenue ramps gradually. Higher fixed cost in the form of revenue share/per passenger fees paid to concerned authority, depreciation and financing costs can weigh on earnings long before the infrastructure reaches full Utilisation.

This creates a timing mismatch: airports can experience strong passenger growth while still reporting modest profits. The payoff often comes later, as passenger volumes rise, commercial ecosystems mature and non-aeronautical revenues begin contributing more meaningfully.

Airport businesses are exposed to factors they cannot control. An economic slowdown can reduce passenger traffic, airline failures can disrupt routes, fuel price spikes can put pressure on airline capacity, fares and passenger demand, while regulatory changes can alter the economics of airport operations. External shocks can also have an outsized impact, as the pandemic demonstrated.

The opportunity, therefore, is not simply about how many people fly. It is about an airport's ability to **build traffic; increase spend per passenger and develop its surrounding ecosystem while navigating the risks along the way.**

The next time you walk through an airport, it may be worth looking beyond the aircraft parked outside the terminal.

Planes may bring people to airports. Airports monetise everything that follows.

Mr. Arun Bansal, CEO of Adani Airport Holdings Limited said that "With digital interventions, modern day airport infrastructure is becoming smarter, delivering greater ease, comfort and predictability for passengers. Digital interventions such as facial recognition technology and AI-powered video analytics are making airports smarter, safer and more seamless for passengers. Real-time data and automation are streamlining operations, enabling smarter energy management and resource optimisation."