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Tweet OF THE DAY



IAN CASSEL
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What investors say versus what most do: When stocks are going up: "I would love to buy more of what I own lower." When stocks go lower: "No, I'm good. Let's see how this plays out"

Tech Buzz

'AI Chatbots Must Learn to Say Help!'



SAN FRANCISCO: Generative AI tools will save companies lots of time and money, promises Vik Singh, a Microsoft VP, even if the models must learn to admit when they just don't know what to do. "Just to be really frank, the thing that's really missing today is that a model doesn't raise its hands and say 'Hey, I'm not sure, I need help,'" Singh said. Since last year, Microsoft, Google and their competitors have been rapidly deploying generative AI applications like ChatGPT, which produce all kinds of content on demand and give users the illusion of omniscience. But despite progress, they still "hallucinate", or invent answers. This is an major problem for AI firms to solve. —AFP

1,40,803

Numbers of entities recognised by the government as startups as of June 30.

—Agencies

OpenAI Names Lehane Head, Global Policy



SAN FRANCISCO: OpenAI has tapped political veteran Chris Lehane as its vice president of global policy. Lehane held a similar role at Airbnb and served in the Clinton White House as a lawyer and spokesperson who specialised in opposition research. He earned a reputation as "the master of disaster" during his time working for President Bill Clinton. As OpenAI has built increasingly powerful artificial intelligence technologies, it has warned of their potential danger, and it is under pressure from lawmakers, regulators and others across the globe to ensure that its tech do not cause serious harm. Some researchers worry that the AI systems could be used to spread disinformation, fuel cyberattacks or even destroy humanity. Lehane could help the firm navigate an increasingly complex social and political landscape. —Reuters

Jargon Buster

Clickstream

A clickstream records the pathway users take as they navigate a website and tracks the user's journey

'India's Ability to Leapfrog Legacy Tech a Big Plus in Emerging AI Era'

Indian entrepreneurs stand to gain from rising flow of global and domestic capital: Tech leaders

Team ET

New Delhi: India is poised to become the global centre for technology innovation, even as the country's entrepreneurs stand to gain from the rising flow of global and domestic capital for new ventures, top startup and technology leaders said at The Economic Times World Leaders Forum on Saturday.

At a panel discussion on 'Catalysts of Change: Crafting the Future Through Startups', Keshav Reddy, founder of identity verification startup Equal, pointed out that even as global investors look to India as a destination for capital, the quantum of Indian rupee capital making its way to startups is increasing "significantly".

Lauding the quality of technology talent in the country, the panellists pointed to India's proven ability to leapfrog legacy technology and adopt emerging trends, which can prove to be an advantage in the coming AI-driven era.

Maria Katris, cofounder and CEO of Built In—a tech jobs community portal—estimated that "this year alone, the AI market is projected to be about \$184 billion, and get to about \$800 billion by 2030, it will come significant opportunities for new jobs," she said.

Pointing to "a lot of noise around AI taking over everyone's job," Katris said that "while there will be mundane tasks that go away, there will be way more highly skilled roles available for a market like India that produces such a high volume of highly skilled workers, you're going to see a lot of opportunity," she added.



Nikhil Goel with Maria Katris and Keshav Reddy



Built In now has about 20% of job listings in India for technology companies. While there is a significant decline in traditional software engineering jobs, with AI,

there will be new job creation," she said.

Sounding a confident note about the Indian consumer's ability to adopt new technology, Nikhil Goel, chief commercial officer at air taxi startup Archer Aviation, pointed to the examples of a vast number of citizens directly using 4G and 5G mobile technologies in their first experiences of the internet.

"I think we'll do the same here with transportation, and that's why we're so excited to launch electric air taxis here, because the roads given how congested they are, India has an opportunity to leapfrog directly into air taxis. And I think similarly, we'll do the same with a lot of the physical infrastructure here," he said.

InterGlobe Enterprises, the parent company of IndiGo, has partnered with Archer Aviation to launch electric air taxis in India by 2026.

Speaking about the large-scale impact on innovation triggered by India's digital public infrastructure (DPI), Reddy, scion of the Hyderabad-based GVK group with interests across airlines, energy and pharmaceuticals, said that today, "every LP (limited partner, or sponsor) is saying, invest in India".

"So, what's going to happen is what has happened in China... domestic capital is going to become very strong, and that's going to drive innovation. I am extremely bullish that domestic capital is going to be available more than ever before," he said.

Crypto's Legal Tangles Seem as Mystifying as Digital Asset Itself

IN A SPOT Traders betting on the troubled crypto platform WazirX get caught up in a legal maze

Sugata Ghosh

Mumbai: Legal tangles around cryptocurrency can be as mystifying as the digital asset itself.

Traders betting on the troubled crypto platform WazirX, have learnt that they are "unsecured creditors" of a Singapore company named Zettai (the Japanese word for 'no matter what'); that some of the big-ticket "creditors" or users of WazirX are bent on guarding their privacy; and, the complex, bitter relationship between Zettai and former partner Binance, the world's largest crypto exchanges.

Also, traders sense that WazirX may not be governed under the usual regulation on investment schemes. Why? Because unlike a finance company, they were not exactly "pooling" funds, but simply taking your money to buy cryptos you preferred.

A COMPLEX RELATIONSHIP

Indeed, for unwitting WazirX users the July 2024 cyber heist and the chain of events are a crash course in crypto regulation—or, rather, the absence of it. They spent the week-end deciphering the affidavit filed by WazirX founder Nischal Shetty before the Singapore High Court to support Zettai's application for a moratorium under the restructuring and insolvency law.

Zettai is the parent of the Indian company Zenmai (also a Japanese word, meaning 'mainspring') which operates WazirX. The other director of Zettai is Paripooranam, a Singapore resident and daughter of one V Chettiar. In November 2019 Binance announced its takeover of WazirX. The affidavit does not share the details on grounds of confidentiality.

After the deal, the tokens and WazirX wallets were given to Binance. But, the relationship between the partners began to sour from mid-2022 and subsequently Zettai was "compelled to accept (albeit under protest) the transfer of the cryptocurrency tokens held by Binance." Thus, once the

Navigating the Maze

WazirX has 4.3 million individual users and 640 corporate users with balances of \$558.6 million and \$11.3m, respectively

TOP USERS NAMED IN THE AFFIDAVIT

| | | | |
|--|--|--|---|
| Vishal Moral with a balance of \$1.46 million | Neeraj K Burman \$559,082 | Punit Dilipkumar Mehta \$527,847 | Rajesh Lachmandas Kaura \$521,865 |
| Rakesh Agrawal \$1 million | Mallaiah Malikarjunaiah and Harish Paruchuru, among others | | |

partners fell out, the cryptos were transferred back to Zettai.

In early 2023, Zettai cut a deal with Answer Eleven (Liminal), a digital asset wallet management service provider. Now, post the cyber invasion, WazirX users are trying to figure out whether to blame the platform or the Liminal amid a flurry of statements, counter-statements, court proceedings, and bickering on social media.

Users don't know how long it would take—or how many cryptos—could be salvaged. Some are wondering whether Binance could be dragged in. "Zettai maintains that

the platform and its assets were effectively transferred to Binance in accordance with the transfer transaction, and should have remained with Binance," said the submission. "Zettai maintains that Binance wrongfully relinquished control of the digital assets..."

THE BIG USERS

There are over 4.3 million individual users and 640 corporate users of WazirX with balances of \$558.6 million and \$11.3 million, respectively. In listing the top 20 unsecured creditors, names of top 6 (collectively having balance of over \$10 million as on July 18, the date of the cyber invasion) do not find mention in the affidavit. Details of two parties (A and B) are "subject to confirmation" while parties C, D, E and F have requested that "they not be identified in this affidavit, with at least one creditor citing potential security risks."

Some of the top users named in the affidavit are Vishal Moral (balance of \$1.46 million), Rakesh Agrawal (\$1 million), Neeraj K Burman (\$559,082), Punit Dilipkumar Mehta (\$527,847), Rajesh Lachmandas Kaura (\$521,865), Mallaiah Malikar-

EXPERTS SAY...

Although crypto tokens were judicially upheld to be legal, they remained unregulated and unclassified as an asset class

junaiah, and Harish Paruchuru, among others. "Although crypto tokens were judicially upheld to be legal, they remained unregulated and unclassified as an asset class. Even under provisions of FEMA, it is not made clear whether crypto tokens (other than fiat tokens) can be regarded as "securities" or any other class of asset in which investment in foreign exchange is permissible. From a tax perspective, it will be interesting to see how this will unfold for users of the platform.

As per section 115BBH, any income arising from transfer of virtual digital assets is a taxable event. Thus, theft of wallets for users would ideally result in extinguishment of their rights in the tokens. If it is so, the event of transfer was triggered when the coins were lost. Any rebalancing of tokens would mean a fresh transaction for users," said Siddharth Banwat, partner, at the CA firm S Banwat & Associates.

ANY WHITE KNIGHT?

The affidavit claims a hunt is on for a "white knight" and some have expressed interest in offering "rescue financing". Zettai has sought a six-month moratorium from the court—a step, Shetty says, would allay the concerns of "potential white knights". The platform has received 4 legal notices.

The affidavit says restructuring could involve a "classification of user token balances and potential rebalancing of available token assets to match pro-rata the token denomination of balances." "What this could possibly mean is that suppose you had coin ABC worth ₹5 lakh, but ABC was not stolen during the cyber theft. But post rebalancing you could get a mix of a different mix of tokens that would be worth less than ₹5 lakh, depending on the pro-rata distribution of the recovered token pool," said an industry source. Besides the liabilities that Zettai may owe to the platform's users, Zettai has approximately ₹247,000 of trade payables to some 13 creditors.

HCLTech, Wipro See Discretionary Spends Uptick in BFSI Sector

Experts say the IT clients have already hired consultants to take a call on next year's spends

Sameer Ranjan Bakshi

Bengaluru: Two of the top four Indian IT companies, HCLTech and Wipro, are seeing an uptick in discretionary spend in banking, financial services and insurance (BFSI) compared to a few months ago, a pleasant surprise for the IT industry.

HCLTech told analysts last week about the uptick in discretionary spending in BFSI, even as its other verticals continued to be driven by cost takeout deals. During the April-June quarter Wipro also saw a spurt in its Capco consulting, which mainly focuses on BFSI clients and discretionary spends.

Experts hope the revival of discretionary spending would become widespread in the next two quarters, as they expect a rate cut to happen soon. Clients have already hired consultants to discuss next year's budget and take a call on discretionary spending, analysts told ET.

HSBC Global Research said in a note on HCLTech last week, "There has been some uptick in discretionary spends within banking customers compared to a few months back. Most other verticals are status quo and the demand there is still driven by cost optimisation deals."

Significantly, the financial services vertical of HCLTech was impacted by the insourcing of one of its clients, State Street, during the June quarter. The company also expects the impact of the divestiture to continue in the current quarter. Similarly, Wipro said in its first-quarter earnings call that it is seeing

Taking Stock

ANALYSTS SAY...

• The revival of discretionary spending may become widespread in next two quarters

• Clients have already hired consultants to discuss next year's budget

• There has been an uptick in discretionary spends within HCLTech banking customers

Wipro logs green shoots in discretionary spends, especially in BFSI segment



some green shoots in discretionary spends, especially in the BFSI segment, and that was reflected by its consulting business Capco.

"If you look at the BFSI segment, specifically if you look at Capco (consulting firm), we are seeing growth coming from both Europe and the US," Wipro CEO Srinii Pallia said during the call.

Unlike the third and fourth largest IT services firms in the country, discretionary spending is still largely evading bigger rivals TCS and Infosys, as stated in their first-quarter earnings statements. But the green shoots have given experts some hope of revival.

Avinash Vashistha, chairman of Tholons, expressed high confidence in an impending US Federal Reserve rate cut in September, citing the current economic conditions, progress on inflation and recent commentaries by the Fed.

"A reduction of at least a percentage point in 2024 is highly anticipated," Vashistha said.

Ramkumar Ramamoorthy, partner at Catalinca, a growth advisory firm, said, it is heartening to see some green shoots in BFSI growth for some companies.

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Tech Trotter

Meanwhile in tech...

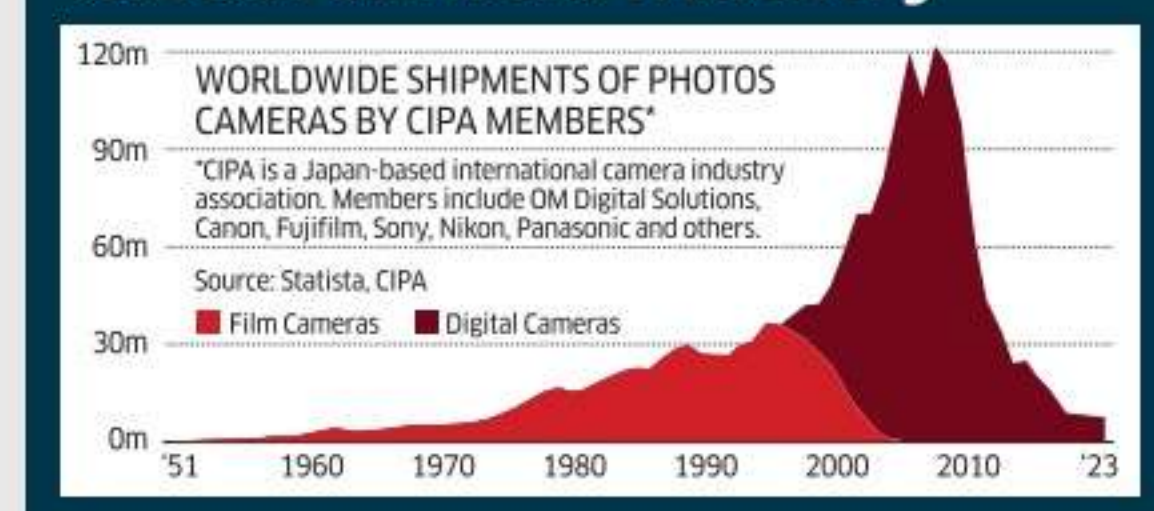
Tablet Shipments in India Soar 129% to 1.84 million



NEW DELHI: A total of 1.84 million units of tablets were shipped in India during April-June 2024, up 128.8% year-over-year, according to data from the International Data Corporation. According to IDC report the distribution of tablets by the Uttar

Pradesh government among its students, coupled with the low base of the same quarter last year led to a high yearly growth rate in the tablet market. While the slate tablet market grew by 178.1% year-on-year, the detachable tablet grew by 23.6% year-on-year, said IDC. —Agencies

Smartphones Wiping Out Global Camera Industry



PayU Eyes Full-stack Consumer Payments Through its LazyPay

Wealth management, insurance distribution in long-term mix: CEO

Pratik Bhakta

Bengaluru: Naspers-backed fintech firm PayU is looking to grow its consumer vertical by leveraging the LazyPay mobile application. While merchant payments will remain the core of its business, PayU will use LazyPay to build a full-stack consumer payments and credit business, said Anirban Mukherjee, chief executive officer at PayU.

"LazyPay is growing fast right now, but we will build a consumer brand



"All the major sub-brands within PayU such as LazyPay and Wibmo, currently operating as independent brands, will eventually be unified under the mother brand PayU"

ANIRBAN MUKHERJEE, CEO, PayU

In the Works

PAYU CEO SAYS...

• The company is on track for the planned public listing

• First step towards that around creating an independent Indian business is already completed

• PayU recently received RBI nod to operate in India as an online payment aggregator

around LazyPay. (So PayU will) not only be B2B in the long run, thereby extending its model to build a B2B2C platform. We will serve enterprise merchants, financial institutions and consumers," Mukherjee said in an interview. PayU, which started as

an online merchant payments business, has expanded its services to become a full stack fintech firm in India through the credit business by acquiring Paysense, building LazyPay and a tech stack for financial firms through Wibmo, which it acquired in 2019.

All the major sub-brands within PayU such as LazyPay and Wibmo, currently operating as independent brands, will eventually be unified under the mother brand PayU, Mukherjee said. He said PayU is anticipating regulations on allowing non-bank lenders on Unified Payments Interface (UPI) for tapping credit opportunities on UPI.

Mukherjee said PayU is also looking at wealth management and insurance distribution as part of its long-term expansion plans. The firm owns a 30% stake in Bengaluru-based wealthtech startup Fisdmo.

How ULI, OCEN will Redefine Credit Access to Small Cos, Rural Borrowers

Decoding Unified Lending Interface and Open Credit Enablement Network

ET EXPLAINER

Suraksha P

Bengaluru: Unified Lending Interface (ULI), the Reserve Bank of India's technology platform to enable frictionless credit, will be launched nationwide soon. Currently in pilot mode, ULI cuts down the time taken for credit appraisal, especially for smaller and rural borrowers.

Open Credit Enablement Network (OCEN), incubated at think tank ISPIRT, was launched in 2020. OCEN is a framework of application programming interfaces (APIs) that aims to improve access to credit for micro, small, and medium enterprises in India.

What are the similarities and differences between ULI and OCEN?

ON THE TABLE



OCEN has been used so far to give short-term loans ranging from ₹168 to ₹10 lakh

ULI facilitates seamless flow of digital information, including land records of various states, from multiple data service providers to lenders.

It is expected to cater to large unmet demand for credit across various sectors, particularly among agricultural and MSME borrowers.

What does the architecture of ULI and OCEN look like?

The ULI architecture has common and standardised APIs designed for a plug-and-play approach to ensure digital access to information from diverse sources, i.e., information relevant to a lender giving out a loan to a potential borrower. The entire system is based on the consent of the potential borrower. ULI reduces the complexity of multiple technical integrations.

What is the size of the loans disbursed so far?

OCEN has been used so far to give short-term loans ranging from ₹168 to ₹10 lakh.

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