HT CHENNAI, NEW DELHI, MUMBAI, BENGALURU, KOLKATA, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 27

Wednesday, January 31, 2024

mint

livemint.com

IMF raises India FY24 growth projection to 6.7% ▶P1

Markets down 1% amid West Asia tensions ▶P1

HT CHENNAI, NEW DELHI, MUMBAI, BENGALURU, KOLKATA, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 27

Wednesday, January 31, 2024

mint

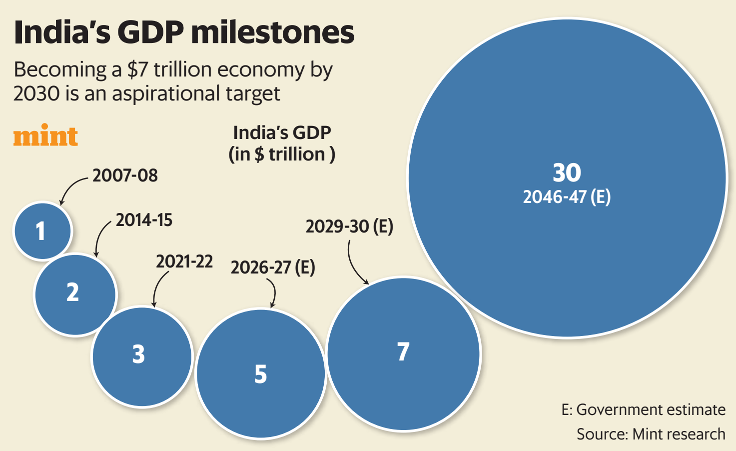
Think Ahead. Think Growth.

mint primer

A $7 tn economy by 2030: How feasible is it?

BY N. MADHAVAN

In its review of the Indian economy released on Monday, the finance ministry said India can become a $7 trillion economy by 2030. That means it will almost double its GDP in the next six years. Is it possible? *Mint* weighs the possibilities.



1 What does the finance ministry review say?

The review, which looked at the journey of the economy over the last decade and its future outlook, expects India to grow at or over 7% in the current fiscal year and the next. It also said that India is in a better place economically due to the government's massive infrastructure spending (which grew 3.3 times in the last 10 years), healthy financial sector, strong household financial health, comfortable forex reserves, an inflation that is under control and a fiscal deficit that is trending lower. These factors have led it to confidently predict that India can become a $7 trillion economy by 2030.

2 How has India grown over the years?

It took India 60 years to become a $1 trillion economy, crossing the mark in 2007-08. The journey to $2 trillion came much faster, in just seven years (2014-15). Even as it looked at reaching the $3 trillion mark in five years (it became a $2.8 trillion economy by 2019-20), the pandemic struck. It eventually crossed the $3 trillion milestone two years later in 2021-22. India has moved from being the 10th largest economy in the world a decade ago to being the fifth largest. It is hoping to become the third largest economy in the next three years. The size of its GDP is estimated to reach $3.7 trillion by the end of 2023-24.

HT

3 What caused India's GDP expansion to slow down?

After a period of high growth fuelled by loose fiscal policy, the economy began slowing after 2014. This worsened after demonetization in 2016. Then came the pandemic which shrank the economy. India had aimed to become a $5 trillion economy by 2024-25 and a $10 trillion economy by 2029-30. It will take another three years to touch the $5 trillion mark.

4 Is the $7 tn by 2030 target too optimistic?

It appears so, if past growth rates and emerging challenges are considered. To become a $7 trillion economy by 2029-30, experts say that India's nominal GDP must grow at a compounded annual growth rate (CAGR) of 11.9% from 2023-24 to 2029-30. That appears to be a tall order considering that the CAGR between 2013-14 and 2023-24 is expected to be only 6.7%. In other words, India needs to grow its GDP by as much as $572 billion every year as against $190 billion it has been adding every year in the past decade.

5 What challenges face India in its growth?

Despite India's relative advantage to other large economies, there are factors that will come in its way. There has been a secular decline in the growth of developed economies due to inflation and environmental factors. Also, the world is becoming increasingly protectionist, with nations raising their trade barriers. Both factors will have a direct bearing on the growth of exports, a critical element if India has to grow fast. Then there are the geo-political flare-ups that typically fuel inflation and smother growth.

QUICK EDIT

The IMF's forecasts

Going by the International Monetary Fund's (IMF) assessment, risks hanging over the world economy may be starting to ease. "The clouds are beginning to part," Pierre-Olivier Gourinchas, its chief economist, said on Tuesday at the release of IMF's *World Economic Outlook*, as the global economy begins its final descent for a "soft landing" amid a steady decline in inflation even as growth holds up. That said, its expansion is slow and could yet face headwinds. The big challenge, however, will be for central banks to ease monetary policy without letting price pressures loose again. How the world economy performs would matter to India too, for export buoyancy, although its strong domestic impulses are helping it hum along nicely. For India, the IMF now projects 6.7% expansion in 2023-24, up from 6.3% predicted earlier, and 6.5% in 2024-25, also up from 6.3%. Though still below India's official estimates of 7% or more, policymakers would take it as an endorsement of robust growth. With fiscal levers set to weaken, however, private investment will need to pick up fast to bear the expansionary burden. The government's budget-making for the next two fiscal years and beyond must keep that in mind.

BUDGET EXPECTATIONS

We all know this is an abbreviated vote on account budget so do not expect anything significant... As far as Gift City is concerned, we do need some tax incentives there... Other than that, can't see many Big Bang reforms. Health and education are two main sectors. We focus too much on hard infrastructure, which we need, no doubt. Without skilling and basic education, we won't have a vibrant job market. [Tax incentives at Gift City] will lead to more FDI and jobs will follow.

BAHRAM VAKIL
FOUNDING PARTNER, AZB & PARTNERS

mint

PLAIN FACTS

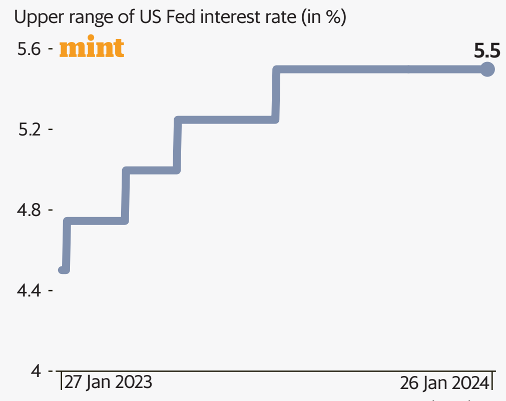
Latest updates on world economy, in five charts

BY PRAGYA SRIVASTAVA

Every month, *Mint*'s Plain Facts section brings out an update on key global economic data to thread together the biggest developments in the world that are worth paying attention to. The accompanying analysis and charts attempt to explain how each story is creating ripples on the global stage, where it is headed in the coming weeks, and whether it can impact India. This time, we explain why the markets are eyeing the ongoing monetary policy meeting of the US Federal Reserve and what top economists predict for global growth.

Ahead of meeting, market awaits cues from Fed on timing of rate cut

Upper range of US Fed interest rate (in %)



Source: Bloomberg

1 Watching Out

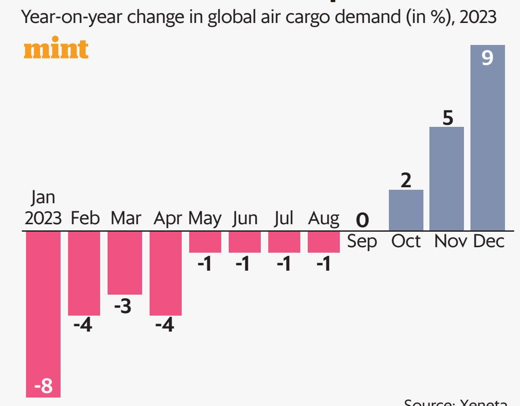
AFTER AGGRESSIVELY hiking the interest rate in the first half of 2023, the US Federal Reserve (Fed) has taken a long pause since August and indicated the possibility of an easing in monetary policy this year, in three tranches. While rate cuts are coming, all eyes are now on its decision on Wednesday as it could offer cues on their timing. However, a strong performance by the US economy, which grew faster than the expected 3.3% rate in the December-ended quarter, and the stock market rally could support the view that the Fed should keep rates unchanged until there are clearer indications of inflation coming down to the target of 2%. In December, retail inflation was 3.4%, the highest in three months and higher than market expectations. Against the backdrop of a strong economic performance and some inflationary concerns, the US central bank's meeting may offer more clarity on the dovish stance it took last month.

2 Cautiously Optimistic

GLOBAL AIR cargo demand ended 2023 on a positive note, rising 9% year-on-year in December, after having witnessed steep declines every month until August. While the recovery may be a reflection of temporary optimism during the holiday season, air cargo demand could also benefit from the trade disruptions in the Red Sea, which have forced ships to take a longer and costlier route to avoid attacks by Yemen's Houthi rebels. The crisis is yet to lift air cargo demand materially, but the spillover effects of delays could make traders switch to air cargo to reduce the impact of the disruptions on the sea routes, according to Xeneta, an ocean and air freight rate analytics platform. Due to strong uncertainty in the demand and supply chains, air freight rates have started rising since October, reducing year-on-year deflationary pressures. That said, the uncertainty over supply chains and global growth also leads to caution.

Global air cargo demand may benefit from Red Sea trade disruptions

Year-on-year change in global air cargo demand (in %), 2023



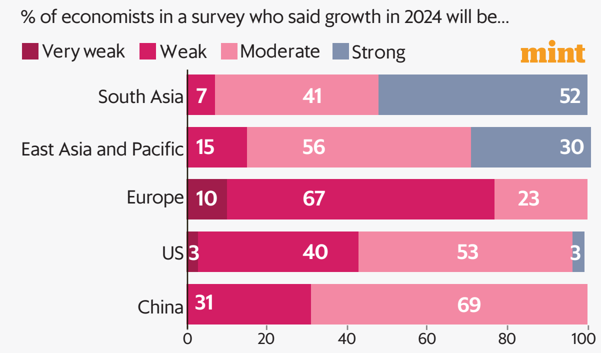
Source: Xeneta

3 Growth Divide

EVEN THOUGH the world economy performed better than expected in 2023, economists are once again placing bets on "somewhat weaker" growth in 2024, according to a survey by the World Economic Forum. Around 53% of the surveyed economists said the global economy could somewhat weaken, and 3% foresee "much weaker" growth. Just 23% said the growth could be "somewhat stronger". However, despite the gloomy global outlook, economists are optimistic about the South Asia and the East Asia and Pacific regions. South Asia particularly saw 52% economists expecting a strong growth. With central banks largely expected to ease monetary policy in 2024, economic growth globally may expect additional support as it fights headwinds from geopolitical tensions.

Amid gloomy global growth outlook, South Asia expected to stand out

% of economists in a survey who said growth in 2024 will be...

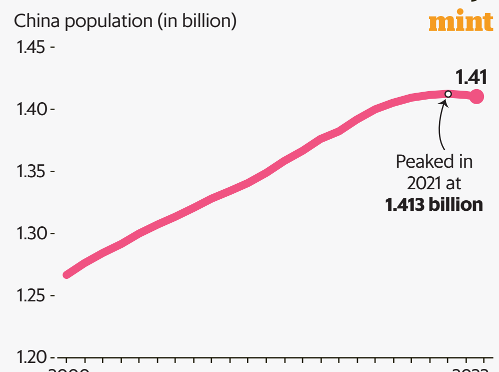


Figures are based on 30 survey responses

Source: Chief Economists Survey, November-December 2023, World Economic Forum

China's population falls for second year in a row, adds to economic uncertainty

China population (in billion)



Source: Bloomberg

4 Shrinking Dragon

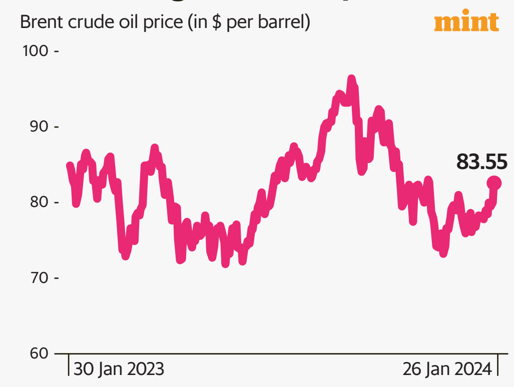
AT A time when China is already facing deflation and the prospects of weak growth, its shrinking population has added to the worries. It has already lost its tag of being the world's most populous country to India last year, and the latest data show that its population shrank for the second year in a row due to a falling birth rate. The country, which had once imposed a draconian one-child policy to check its population boom, is now offering a slew of schemes such as cheap housing and tax benefits to give a leg-up to its birth rate. China's economy, which was powered by its young working population for decades, is now staring at a large aging population, which could spell troubles for the world's second largest economy in the near future. Despite a long run of rapid growth, China is still an upper-middle-income nation and may find it challenging to move up considering the adverse demographic dividend.

5 Oil Worry

A SERIES of events linked to the geopolitical tensions, a decline in the US crude oil stock and China's unexpected stimulus in the form of a lower cash reserve requirement for banks has pushed up global crude oil prices. The price of Brent crude oil is hovering at around $83 per barrel, the highest in at least two months. While prices have risen in recent weeks, they are still lower than the level seen in September, when they had reached around $96 per barrel. Despite the concerns of prices topping the $100 mark, the level came down and settled below $80 per barrel, barring the surge in recent weeks. Analysts expect oil to stay between $80 and $90 a barrel, if not surpass $100, in 2024, which may still put net oil importers such as India in a spot. It could also hamper steps taken by several countries to control high inflation, along with price pressures that are already emerging with costlier trade.

Crude oil price rises again but still below the highs seen in September

Brent crude oil price (in $ per barrel)



Source: Yahoo Finance

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz

CHENNAI, NEW DELHI, MUMBAI, BENGALURU, KOLKATA, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 27 Rs. 15.00 20 PAGES

Wednesday, January 31, 2024

mint

livemint.com

How to explain the budget to an engineer ▶P12

TaMo pips Maruti as India's most valued auto maker ▶P4

SENSEX 71,139.88 ↓ 801.69 NIFTY 21,522.10 ↓ 215.50 DOLLAR ₹83.11 ↑ ₹0.03 EURO ₹90.00 ↔ ₹0.00 OIL $81.33 ↓ $1.65 POUND ₹105.40 ↑ ₹0.22

Domestic engines to power India: IMF

Resilient demand to lift growth to 6.7% this fiscal, says outlook

Rhik Kundu
rhik.kundu@livemint.com
NEW DELHI

The International Monetary Fund (IMF) on Tuesday said India will grow faster than its previous projections in this fiscal year and the next on the back of strong domestic demand, even as it sees the global economy headed for a soft landing.

In an update to its World Economic Outlook, the multilateral agency raised its growth projection for India to 6.7% and 6.5% for FY24 and FY25, respectively, against 6.3% earlier projected for both years. The IMF, which also revised India's FY26 forecast to 6.5%, up by 20 basis points, said high interest rates aimed to counter inflation and the withdrawal of fiscal support amid high debt may weigh on growth in FY25.

"Growth in India is projected to remain strong at 6.5% in both 2024 (FY25) and 2025 (FY26), with an upgrade from October of 0.2 percentage points for both years, reflecting resilience in domestic demand," the IMF said. For India, data and projections are presented by the IMF on a fiscal year (FY) basis, with FY24 (starting in April 2023) shown as 2023 by the agency.

The IMF report, titled 'Moderating Inflation and Steady Growth Open Path to Soft Landing', attributed India's upgrades to stronger-than-expected growth in 2023 and increased government spending on capacity building against natural disasters.

Following the release of the IMF report, the finance ministry said on social media platform X, "The IMF has revised upward medium-term (potential) GDP growth to 6.5% (from 6.3%) reflecting strong public investment, positive labour market outcomes in the latest PLFS (Periodic Labour Force Survey) report, and adjustments to our model."

"The IMF continues to view the external sector as strong and is narrowing its current account deficit projection for FY24 from 1.8% (of gross domestic product, or GDP) to 1.6%. India continues to be the fastest-growing economy among the major economies of the world," it added.

The IMF also raised 2024 growth projections for Russia (from 1.1% to 2.6%), the US (from 1.5% to 2.1%) and China (from 4.2% to 4.6%), while it slashed Europe's growth (from 1.2% to 0.9%) for the same period.

"The global economy has been surprisingly resilient, with growth now projected at 3.1% in 2024 and 3.2% in 2025," IMF chief economist Pierre Olivier-Gourinchas said in a press briefing following the release of the report. "Inflation is falling faster than anticipated in most regions, thanks to the easing of supply-side pressures and restrictive monetary policy. The likelihood of a hard economic landing has decreased due to faster disinflation and steady growth," he added.

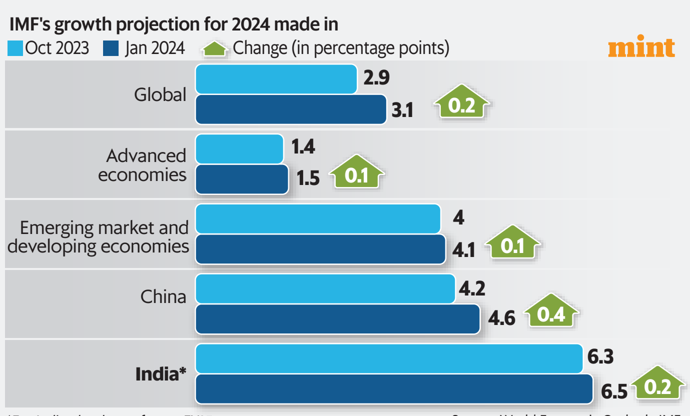
The IMF expects the global headline inflation rate to decrease to 5.8% in 2024 and 4.4% in 2025, with the forecast for 2025 revised down.

The report comes days ahead of India's interim budget on 1 February, which is expected to help insulate the economy from global headwinds and geopolitical uncertainty while sticking to the path of fiscal consolidation.

TURN TO PAGE 6

RISE & SHINE

India's upgrades came on stronger-than-expected growth in 2023 and increased govt spending on capacity building against natural disasters.



*For India, the data refers to FY25. Source: World Economic Outlook, IMF

FAST TRACK

THE IMF report comes days ahead of India's interim budget

THE IMF forecast for FY24 is slightly below RBI's 7% projection

THE NSO has projected 7.3% growth for India in FY24

SARVESH KUMAR SHARMA/MINT

Markets down 1% amid West Asia tensions; India Vix soars

Ram Sahgal
ram.sahgal@livemint.com
MUMBAI

Benchmark stock indices retraced much of their previous day's gains to correct by a percent each on Tuesday as foreign and retail investors booked profits in heavyweights like Reliance Industries Ltd (RIL), Bajaj Finance Ltd and ITC Ltd. The decline comes amid concerns that rising tensions in West Asia could drive up oil prices and pressure the rupee.

Foreign portfolio investors (FPIs) sold shares worth a provisional ₹1,970.52 crore while retail and high net-worth individuals (HNIs) sold ₹611 crore on BSE; National Stock Exchange (NSE) figures are available with a lag.

Their combined selling dragged NSE's 50-stock Nifty down by 0.99% or 215.50 points to 21,522.10, and BSE's 30-share Sensex by 1.11% or 801.67 points to 71,139.9.

Domestic institutional investors (DIIs) purchased shares worth a provisional ₹1,002.7 crore.

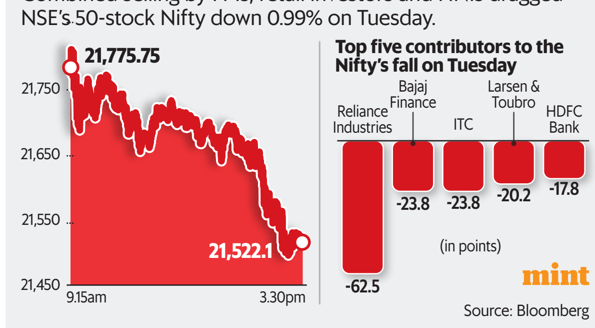
RIL, which touched a fresh life high of ₹2,919.95 at the opening before correcting, alone contributed to nearly a third of the Nifty's fall. Taken together, the profit-booking in RIL, Bajaj Finance, ITC, Larsen & Toubro Ltd (L&T) and HDFC Bank Ltd accounted for over half of the index's fall.

A day earlier, the RIL stock had surged 7.35% to a high of ₹2,905, on rumours that the company was close to announcing a separate listing

TURN TO PAGE 4

Torrid Tuesday

Combined selling by FPIs, retail investors and HNIs dragged NSE's 50-stock Nifty down 0.99% on Tuesday.



Source: Bloomberg

SARVESH KUMAR SHARMA/MINT

DON'T MISS

BLOOMBERG

Shipping may get infra tag in boost for vessel ownership

The Union government is working on a plan to grant infrastructure status to the shipping industry, including coastal shipping, two people aware of the development said. The move aims to promote ownership and construction of vessels in the country. >P2

India says its snow leopard population stands at 718

The first scientific survey of the snow leopard in India shows the country is home to 718 of the elusive cats, the government said. A population assessment report was released by the minister of environment, forest and climate change. >P11

Sebi prohibits Growpital from collecting money from investors

Cracking the whip on unauthorized investment schemes by an agricultural investment platform, Sebi has barred Farm Tech Silo LLP, also known as Growpital, related entities and their directors from collecting money from investors. >P4

Voda-Idea to prioritize vendor dues repayment from next yr

Vodafone Idea will prioritize payments of vendor dues from internal cash generation starting next year, after it pays up the bulk of outstanding debt payable of ₹5400 crore in FY25, its chief executive officer Akshaya Moondra said at an earnings call. >P8

'India supports a two-state solution for Israel-Palestine'

India favours a two-state solution to end the decades-long Israel-Palestine conflict, external affairs minister S. Jaishankar said on Tuesday as the war in Gaza, ignited by Hamas attacks inside the Jewish state in early October, shows no signs of ending. >P2

India for whisky barrels, not bottles, in UK free trade deal

Mihir Mishra & Rhik Kundu
NEW DELHI

India is not keen to include bottled whisky under the proposed free trade agreement (FTA) with the UK, but it may allow import of Scotch whisky in big barrels that can be bottled within the country, two government officials aware of the matter said.

This is being considered since some foreign liquor companies are under-invoicing bottled whisky while importing and then selling them in India, the officials said on condition of anonymity. Currently, India imposes tariffs as high as 150% to discourage imports of alcoholic beverages, including whisky.

"There have been issues with under-invoicing when it comes to bottled whisky, hence the decision that you can bring it in barrels and bottle in India," said one of the two officials cited above. Alcohol brought in barrels is used for blending and bottling, reducing the possibility of under-invoicing, they said.

The officials added that India's stand was separately conveyed to a UK minister early this month.

India and the UK have held 14 rounds of negotiations for the FTA, and both sides are keen to conclude the agreement. "The thinking is to announce the FTA between the two countries before the elections are announced since a lot of discussions have already happened," said the second official. India's general election is likely to be announced in March.

A commerce ministry

TURN TO PAGE 6

Global lifts L&T's order boat in Q3

Nehal Chaliawala & Naman Suri
MUMBAI/NEW DELHI

A surge in international contracts swelled the order book at engineering conglomerate Larsen & Toubro Ltd (L&T) in the December quarter, even as domestic orders lost steam at India's largest engineering and construction company.

Robust growth on the global front bodes well for the conglomerate, as domestic infrastructure orders typically slow down around a general election, which is likely to be held in the June quarter.

L&T expects order inflows to grow more than 20% in FY24 against its previous guidance of 10-12%, said chief financial officer (CFO) R. Shankar Raman. The company also expects to beat its 15% revenue growth guidance for the year.

On Tuesday, L&T reported a 19% on-year growth in its consolidated revenues to ₹55,128 crore in the December quarter, while profit grew 15% on-year to ₹2,947 crore.

Led by its West Asia opera-

TURN TO PAGE 6

TCS bags $2.5 billion contract from UK's Aviva, its biggest yet

Varun Sood
varun.sood@livemint.com
BENGALURU

A 15-year outsourcing deal disclosed by Tata Consultancy Services Ltd (TCS) on Tuesday is worth at least $2.5 billion in value, an executive aware of the contract said.

That would make it possibly TCS's largest outsourcing deal. The company's biggest deal before this was a $2.25 billion contract signed with Nielsen in December 2017.

Mumbai-based TCS announced it has won a contract renewal from British insurance group Aviva that runs till 2039. The deal renews TCS's current engagement, under which Friends Life had initially awarded a $2.2 billion, 15-year contract to the company in 2012. Aviva acquired Friends Life in 2014.

Under the ongoing partnership, which began on 1 March 2012, TCS is overseeing administration responsibility for 3.2 million policies offered by Aviva until 2027, and was assured of $146 million in revenue every year.

The new deal expands the coverage to have TCS oversee 5.5 million life and pension policies offered by Aviva. A $2.5

TURN TO PAGE 6

TCS's new contract with Aviva runs till 2039. MINT

Movies take on nationalistic flavour as polls near

Lata Jha
lata.j@htlive.com
NEW DELHI

Multiple movies with political, religious and nationalistic overtones are set to light up the silver screen in the run-up to the general election expected to be held in April-May, as filmmakers seek to cash in on the religious fervour that peaked with the opening of the Ram temple in Ayodhya.

Movies centred around the abrogation of Article 370, the Sabarmati Express fire incident in Gujarat and the Bastar conflict, although announced with little fanfare, could help boost the ruling Bharatiya Janata Party's (BJP) election prospects, experts pointed out.

Yami Gautam plays an intelligence agent fighting terrorism in Kashmir in *Article 370*, a constitutional provision whose abrogation in 2019 ended Jammu & Kashmir's autonomy. The movie is co-produced by Jio Studios and Aditya Dhar, who had previously directed war drama *Uri: The Surgical Strike*. Ektaa Kapoor will back *The Sabarmati Report* based on the real-life incident of the 2002 Sabarmati Express fire in which Vikrant Massey plays the lead role.

The makers of *The Kerala Story*, a political drama that released last year, are now bringing out *Bastar: The Naxal Story*, based on real-life incidents in Chhattisgarh hit by left-wing extremism. Actor Randeep Hooda will play the lead in *Swatantrya Veer Savarkar*, a biopic on the freedom fighter. Earlier this month, a film called *Six Nine Five (695)*, based on the struggle for the Ram temple in Ayodhya released in cinemas. Prime Minister Narendra Modi had led the inauguration ceremony of the temple in the Uttar Pradesh town, believed to be the birthplace of Lord Ram, on 22 January.

"These are quickies that are trying to cash in on the success of films that have released and worked before them. Given that there are no stars featuring in them, they have to come at the right time in order to take advantage of the buzz that the ruling party is anyway trying to generate," said a filmmaker, declining to be named. The person was referring to the success of political dramas *The Kashmir Files*, based on terrorism that forced Kashmiri Pandits to flee the valley, and *The Kerala Story*, over the past two years that emerged as sleeper hits, grossing ₹253 crore and ₹242 crore, respectively. Neither featured any mainstream names nor were they promoted aggressively.

Political analyst Manisha Priyam agreed the new films could play a role in boosting the ruling party's prospects ahead of the coming election, after the euphoria around the Ram temple has subsided.

TURN TO PAGE 6

In *Article 370*, Yami Gautam plays an intelligence agent fighting terrorism in Kashmir.

MINT SHORTS

Budget session begins today, the last one of the present Lok Sabha

New Delhi: The budget session of Parliament, the last of the present Lok Sabha, begins on Wednesday with an address by President Droupadi Murmu to a joint sitting, as the government sought cooperation of opposition parties to ensure the proceedings run smoothly. All eyes will be on the President's address and the interim budget finance minister Nirmala Sitharaman presents on 1 February. PTI

Suspension of 14 MPs revoked, 11 guilty of breach of privilege

PTI

New Delhi: A day before the start of the budget session, the chairs of the Lok Sabha and the Rajya Sabha revoked the suspension of 14 opposition MPs, allowing them to attend House proceedings, persons aware of the development said. As many as 11 Rajya Sabha and three Lok Sabha MPs were suspended during the last session and their cases were referred to the respective committees of privileges. The Privileges committee of the Rajya Sabha held the 11 suspended opposition MPs guilty of breach of privilege and contempt of the council of states, but chairman Jagdeep Dhankhar revoked their suspension, the persons said. PTI

FDI not flowing into India at the pace it should be: US Ambassador

New Delhi: US Ambassador Eric Garcetti said foreign direct investment (FDI) levels into India were not as high as they should be. "We want the foreign direct investment from China to shift, but if you look at the honest numbers. FDI is not flowing into India at the pace it should be. Instead, it's going to countries like South-east Asia, countries like Vietnam," said Garcetti in a speech at an industry event. SHASHANK MATTOO

Govt mulling tweaks to PLI schemes for select sectors

New Delhi: The government is considering tweaking production linked incentive (PLI) schemes for certain sectors including textiles, food processing, and pharmaceuticals, a senior official said on Tuesday. The official said that a Cabinet note is finalized to seek approval for the changes from the top authorities. The changes would help these sectors attract more players. PTI

India seeks commitment to invest from Switzerland under EFTA pact

New Delhi: India has sought investment commitments from Switzerland under the proposed free trade agreement with the four-nation EFTA bloc, a top government official said on Tuesday. The European Free Trade Association (EFTA) members are Iceland, Liechtenstein, Norway and Switzerland. The official also said negotiations for the pact are at an advanced stage and both sides are trying to conclude it fast. PTI

2 CRPF personnel killed, 10 injured in Maoist attack in Chhattisgarh

Raipur: Two CRPF personnel were killed and 10 others injured in a gunbattle with the Maoists in Chhattisgarh's Bijapur district on Tuesday. The Maoists attacked a joint team of security personnel on a search operation near the Tekalgudem village, Inspector General of Police (Bastar range) Sundarraj P. said. PTI

Shipping may get infra tag in boost for vessel ownership

Coastal shipping may benefit, too; move extends status available to shipyards since 2016

Subhash Narayan
subhash.narayan@livemint.com
NEW DELHI

The Union government is working on a plan to grant infrastructure status to the shipping industry, including coastal shipping, two people aware of the development said. The move aims to promote ownership and construction of vessels in the country.

A proposal in the works will allow shipping entities to secure earlier financial access from commercial banks with long-term repayment periods at low interest rates.

Shipyards were granted infrastructure status since 2016, enabling them to avail of flexible structuring of long-term project loans at lower interest rates for tenures equivalent to the economic life of their assets. This also means ship builders can issue infrastructure bonds to meet working capital requirements and enjoy tax benefits. However, this status remains closed to the shipping industry, depriving shippers who need long-term funds to purchase vessels and support domestic shipbuilding with bigger orders.

"Infrastructure sector status would allow Indian companies to buy more ships, both for coastal and global shipping operations, as banking funds would be available for capital-intensive purchases with repayments linked to the asset's life spanning 12–15 years. This has been a demand of the industry that will promote acquisition of ships, barges,

Besides infrastructure status, the Centre is also likely to extend MoPSW's capital subsidy scheme by another 10 years under Amritkaal Maritime Vision 2047. BLOOMBERG

offshore rigs and expand the country's maritime footprint," said Anil Devli, CEO of the Indian National Shipowners' Association (Insa).

The ministry of ports, shipping, and waterways (MoPSW) has already proposed including coastal shipping as a sector in the "Harmonized list of Infrastructure" to make it eligible for various concessions and help in attracting cargo and passengers to this mode of transport. One of the two persons quoted above said that this proposal is being expanded to include the entire shipping sector to promote faster growth and development of the sector.

A query sent to the shipping ministry remained unanswered.

IND.AI SURGE
INTERIM BUDGET 2024

The proposal may form part of the interim budget to be presented on 1 February.

Apart from infrastructure status, the government is also likely to extend MoPSW's capital subsidy scheme—Shipbuilding Financial Assistance Policy (SBFAP)—by another 10 years under Amritkaal Maritime Vision 2047. The scheme ends in March 2026.

The scheme provides financial assistance to Indian shipyards for shipbuilding contracts signed between 1 April 2016 and 31 March 2026, with the rate of financial assistance starting from 20% in 2016 and diminishing to 11% in 2026.

As per shipping ministry data, as on 31 December 2022, India had a fleet strength of 1,520 vessels with 13.69 million gross tonnage (GT), compared with 1,491 vessels with 12.99 million GT at the end of December 2021. This reflects a net addition of 29 vessels with an increase of 0.7 million GT during the calendar year 2022.

India currently has less than 1% share of the global shipbuilding market, which is dominated by China, South Korea, and Japan.

Out of the 1,520 vessels registered as on 31 December 2022, 1,034 vessels (68%) with 1.58 million GT were engaged in coastal trade and the remaining 486 vessels (32%) with 12.11 million GT were deployed for overseas trade. The age profile of Indian merchant shipping vessels indicates that about 44.2% of the fleet is above 20 years of age, 13.7% between 16 and 20 years, 20.3% between 11 and 15 years, 13.2% between 6 and 10 years, while 8.7% was below 5 years. This means that a lot of replacement of existing merchant ships would be required over next couple of years. Infrastructure status is expected to promote this replacement while also supporting buying of new ships.

GatiShakti tool may be shared with neighbours

Dhirendra Kumar
dhirendra.kumar@livemint.com
NEW DELHI

After the successful launch of Unified Payments Interface (UPI) in seven countries, India is planning to showcase and integrate the PM GatiShakti initiative to its neighbours, a senior government official said.

The PM GatiShakti toolkit will be shared with Nepal, Sri Lanka, and Bangladesh free of cost to improve their infrastructure project planning and implementation, said R.K. Singh, secretary, Department for Promotion of Industry and Internal Trade (DPIIT).

Mint first reported in December that the PM Gati Shakti National Master Plan may first be offered to Bangladesh, Nepal and Sri Lanka, for the planning and execution of certain cross-border infrastructure projects. The PM GatiShakti initiative was launched to develop integrated infrastructure to reduce logistics costs.

"As part of India's commitment to the global South, we want to showcase it and roll out to other countries in the global South as well," Singh said at an event. Over 1,400 layers of data, including those related to land, ports, and highways, are available on the portal. DPIIT is working to enhance the portal's use for area planning in all the districts of India, he said.

Global brands come calling at BharatTex

Dhirendra Kumar
dhirendra.kumar@livemint.com
NEW DELHI

Leading global textile brands are set to attend the upcoming global textile event BharatTex beginning 26 February, two officials familiar with the matter said.

The participation of brands such as Fortum, Lenzing, H&M, Busana Group and Hyosung Corp underscores India's growing role in the global textile sector, signalling a positive outlook for increased investments in the country's textile industry.

> The participation of brands such as Fortum and H&M underscores India's growing role in the global textile sector

Efforts to boost India's presence in the technical textiles market, a segment witnessing rapid expansion, are a key factor in this development.

"Besides industry participation, ministerial and business delegations are also expected from key textiles hubs, including Australia, Italy, Turkey, South Korea, Bangladesh, Russia, Peru, Egypt, and Thailand," one of the officials said.

With a 4% share in the global trade, textiles and apparel made up 10.33% of its overall export basket in the financial year 2021-22. Total export value in textiles reached $24.70 billion in the first nine months of the fiscal year 2023 (April-December).

These exports include technical textiles such as medical apparels, amounting to $2.5 billion, with plans to increase exports to $10 billion in the next five years.

"The discussions at the textile conglomerate will focus on sustainability, circularity, traceability, Industry 4.0, innovation, green financing, etc," the second official said.

Domestic leaders in the textile industry, including Aditya Birla Group, Reliance Group, Arvind Fashion, Welspun Living, Trident Group, etc, are also set to showcase their products to global buyers. The domestic apparel & textile industry contributes about 2.3% to GDP and 13% to industrial production.

Centre plans maize purchase by co-ops

Puja Das & Dhirendra Kumar
NEW DELHI

The Union government is discussing a proposal for state-run cooperatives to procure maize from farmers from the next rabi season to meet its ambitious ethanol-blended fuel target, a top official said.

If the proposal goes through, the National Agricultural Cooperative Marketing Federation of India Ltd (Nafed) and the National Cooperative Consumers' Federation of India Ltd (NCCF) will procure maize from farmers at state-set guaranteed prices, food and public distribution secretary Sanjeev Chopra told *Mint*.

Currently, biofuels such as ethanol are made primarily from sugarcane and grains such as rice and maize. Nearly 25% of the country's ethanol is made from cane juice, while another 50% comes from molasses. The rest comes from grains.

The government is targeting blending 20% ethanol with petrol by 2025-26, up from 10% now, in its push for less-polluting fuel.

The discussions come at a time when India's sugar production is estimated to fall further due to patchy rainfall, hampering supply of molasses for ethanol-production. In the 2023-24 crop season, sugar production is expected to be 31.4 million tonnes against last season's 32.7 mt after diversion toward ethanol.

Currently, the Food Corporation of India buys some amounts of maize in select states such as Telangana and AP. BLOOMBERG

> India's output of maize, the third most grown cereal after rice and wheat, in 2022-23 is an estimated 34.6 mt

"All the states that grow maize will be covered. This will be a policy signal to ethanol plants that they should switch to maize rather than depending on sugar," Chopra said.

In the first phase, the government aims to procure 1.8 mt of maize from farmers during the 2024-25 rabi season—crops typically sown during October or November.

"We are discussing a proposal with the ministries concerned to allow the procurement of maize by Nafed and NCCF from farmers at MSP (minimum support price)," the food secretary said.

The government purchases farm commodities at a floor price set to stave off distress sale by farmers. The MSP for maize for 2023-24 is set at ₹2,090 a quintal.

"Additional expenditure in terms of procurement, etc., will be subsidized by the government so that ethanol can be supplied to the distilleries for assured supply chain and assured price. This price will be used (by oil marketing companies) to fix prices for ethanol from maize that they will be taking from the distilleries," Chopra said.

Currently, the Food Corporation of India (FCI) procures some quantities of maize in select states such as Telangana and Andhra Pradesh.

The move to increase procurement of maize is also aimed at diversifying production of crops, especially in Punjab and Haryana that mostly produce paddy and wheat.

"The idea is that Nafed and NCCF should step in and register farmers so that they get the assurance that they will be able to sell their produce at MSP," Chopra said. "This will also ensure crop diversification in states like Punjab, where monocropping is going on."

'India supports a two-state solution to resolve Israel-Palestine conflict'

PTI
feedback@livemint.com
MUMBAI

India favours a two-state solution to end the decades-long Israel-Palestine conflict, external affairs minister S. Jaishankar said on Tuesday as the war in Gaza, ignited by Hamas attacks inside the Jewish state in early October, shows no signs of ending.

He said the conflict in West Asia must be viewed in its totality and termed the Hamas' deadly incursions inside Israel nearly four months ago a terrorist attack.

Replying to a question at an interaction with students of the Indian Institute of Management (IIM), Mumbai, Jaishankar said: "It is certainly the view of India, and a very large number of countries that (the problem can be) only be done (resolved) through a two-state solution, that there has to be a Palestinian state side-by-side with the state of Israel. So for us today, there are all the aspects. We cannot take one aspect and say that's the only aspect because if you see the debate in the world in a way that is what people are doing."

The diplomat-turned-politician maintained that if there are six issues out there, and if

S. Jaishankar, external affairs minister. PTI

anyone takes one or two and if the rest four don't matter then such an approach won't work in resolving the conflict.

"I think that is not helpful. I think we have to look at the totality of all these issues and strike the right balance and that is really in a way what we are trying," he said.

Jaishankar said what happened on 7 October 2023 was a terrorist attack, referring to Hamas militants launching a series of assaults inside Israel after storming across the border.

About 1,200 people, mostly civilians, were killed in the attacks, while nearly 250 Israelis and other nationals were taken hostage by Hamas.

"I don't think there should be confusion on that and as a country which has itself experienced so much terrorism, I think it's important that we recognize that and we expressed that solidarity (with Israel) as another victim of terrorism," the external affairs minister said.

On Israel's strong response to the Hamas attacks, which triggered a war in the Gaza Strip, he said when any country responds, it is equally important to observe international laws, and called for avoiding civilian casualties.

The nearly four-month-long war has killed more than 26,000 Palestinians, according to local health officials, destroyed vast swathes of the Gaza Strip, a tiny but densely populated Palestinian enclave, and displaced nearly 85% of the territory's population.

Israel says its air and ground offensive has killed more than 9,000 militants. "Every effort should be made to ideally avoid or limit civilian casualties," Jaishankar insisted.

Where there is a situation in which civilians are affected, which is the case today very manifestly in Gaza, there has to be some kind of sustainable humanitarian corridor which will deal with it, Jaishankar said.

The minister separately said it was necessary to acknowledge that China will influence India's neighbouring countries, but India must not be scared of such "competitive politics".

CORRECTIONS AND CLARIFICATIONS

Mint welcomes comments, suggestions or complaints about errors.

Readers can alert the newsroom to any errors in the paper by emailing us, with your full name and address to **feedback@livemint.com.**

It is our policy to promptly respond to all complaints. Readers dissatisfied with the response or concerned about *Mint's* journalistic integrity may write directly to the editor by sending an email to **asktheeditor@livemint.com**

Mint's journalistic Code of Conduct that governs our newsroom is available at **www.livemint.com**

FOR ANY QUERIES/DELIVERY ISSUES
CALL: 60004242, Monday-Saturday, 10am-6pm (Delhi, Mumbai, Bengaluru, Kolkata, Chennai, Hyderabad, Ahmedabad, Chandigarh, Pune and Lucknow) **MAIL: delivery@livemint.com TO SUBSCRIBE:** Give a missed call on **7039035039** or visit **www.mintreaders.com** or write to us at **subscription@livemint.com**

First published in February 2007 to serve as an unbiased and clear-minded chronicler of the Indian Dream.

RAVI KRISHNAN (EDITOR); PUBLISHED/PRINTED BY **MANHAR KAPOOR** ON BEHALF OF HT MEDIA LTD, 18-20 Kasturba Gandhi Marg, New Delhi 110001

Printed at HT Media Ltd presses at •Plot No. 8, Udyog Vihar, Greater Noida, Distt Gautam Budh Nagar, Uttar Pradesh 201306; •MNSPrinters Pvt. Ltd, 345/4, Bhatrahalli, Near KR Puram RTO, Old Madras Road, Bangalore 560049; •Saraswati Print Factory Pvt. Ltd, 789, Chowbhaga (W), Near China Mandir, Kolkata 700 105; •MNSPrinters Pvt. Ltd, 76/1, Poonamallee High Road, Velappanchavadi, Chennai 600077; • Bhaskar Print Planet, Survey No. 148P, Changodar Bavla Highway, Sanand (Tal), Distt Ahmedabad, Gujarat. •Jagati Publications Ltd, Plot No. D75 & E52, APIE Industrial Estate, Balanagar, Rangareddy Distt. Hyderabad 500037 *Also available in Chandigarh, Pune and Lucknow.
RNI Registration DELENG/2007/22485; Mint welcomes readers' responses to all articles and editorials. Please include your full name, address and telephone number. Send in your views to the editor at letters@livemint.com.

MINT SHORTS

Electrifi Mobility gets seed funding from ADB Ventures, others

Bengaluru: Electrifi Mobility has raised $3 million (₹25 crore) in seed funding from ADB Ventures and AdvantEdge Founders. The investment was made through a mix of equity and debt. The startup did not disclose the exact amount of equity and debt. It will use the funds to expand its presence nationwide, scale up asset deployment, and expand asset refurbishment and service infrastructure. Electrifi aims to deploy over ₹500 crore in commercial EV assets over the next three years, including two- and three-wheelers, cars, light commercial vehicles, heavy commercial vehicles, and batteries and chargers. Founded in 2023 by Kunal Mundra, the former chief executive officer of Cars24 India and Grip Invest, and led by Nikhil Aggarwal, Electrifi offers commercial EV leasing and life cycle management. K AMOGHA VARSHA

Policybazaar parent posts first quarterly profit since listing

ISTOCKPHOTO

Bengaluru: India's PB Fintech, the parent of online insurance aggregator Policybazaar, reported on Tuesday its first quarterly profit since listing, as growing demand for insurance boosted revenue. The company, which also operates online credit marketplace Paisabazaar, posted a consolidated net profit of ₹380.5 million ($4.58 million) for the quarter ended 31 December, against a loss of ₹873 million a year ago. The firm, which had listed over three years ago, had expected to turn profitable, hoping heavy marketing spends would boost sales. Revenue from operations rose nearly 43% to ₹8.71 billion as proceeds from its insurance broker services more-than-doubled. REUTERS

Bajaj Finserv health arm acquires Vidal Healthcare valued at ₹325 cr

Mumbai: Bajaj Finserv Health, a wholly-owned subsidiary of Bajaj Finserv, on Tuesday, acquired a stake in Vidal Healthcare Services at an enterprise value of ₹325 crore. The healthtech firm has a network of over 100,000 doctors, 5,500 labs and 2,100 hospitals. It is a partner with Ayushman Bharat Digital Mission and a key player in facilitating healthcare transactions on the unified health interface network as well. The acquisition is expected to close by March. On completion of the deal, Vidal and its subsidiaries will become wholly-owned subsidiaries of Bajaj Health, the statement said. The acquisition is likely to help Bajaj Health better manage hospitalization needs of customers. PTI

Nvidia India's revenue triples since FY18

Chipmaker's Indian arm likely to cross $500 million in revenue this fiscal

Sohini Bagchi
sohini.bagchi@livemint.com
NEW DELHI

Nvidia has been one of the hottest stocks in the tech world thanks to the rise of generative artificial intelligence (Gen AI) as a field and the world going gaga over its potential having seen the success and multiple use cases of ChatGPT. The Jensen Huang-led chipmaker Nvidia has been on a tear through much of 2023 and in the first four weeks of 2024 has scaled new heights.

Nvidia with a market cap of over $1.5 trillion is now the fifth most valued tech company in the world as investors see it as a proxy to bet on the Gen AI bandwagon. The chipmaker that had reported flat revenue at around $27 billion for the year ended January 2023 is on course for around 50-60% jump in the current year. This would be in sync with when it grew its business sharply in 2021 before seeing this flat-lined, a repeat of 2019 when it actually saw revenues dip.

The company's Indian operations, however, has been on a more secular growth track. Nvidia India has more than tripled its revenues since FY18 and is likely to cross the $500 million mark in the current fiscal.

The company declined to comment on this article as it doesn't share country specific data, but information pieced by *TechCircle* from *VCCEdge*, a data research platform, shows how Nvidia has grown in tandem with the global parent and has marginally surpassed it in terms of growth in the last three to four financial years.

The Nvidia India business is led by Vishal Dhupar, who has been managing director in South Asia since 2010. That said, Nvidia's association with India dates back almost two decades when it first set up its operations in Bengaluru.

The company currently operates four engineering centres in India, located in Gurugram, Hyderabad, Pune, and Bengaluru. These centres employ a total of 4,000 engineers, making it the company's second-largest talent pool after the US.

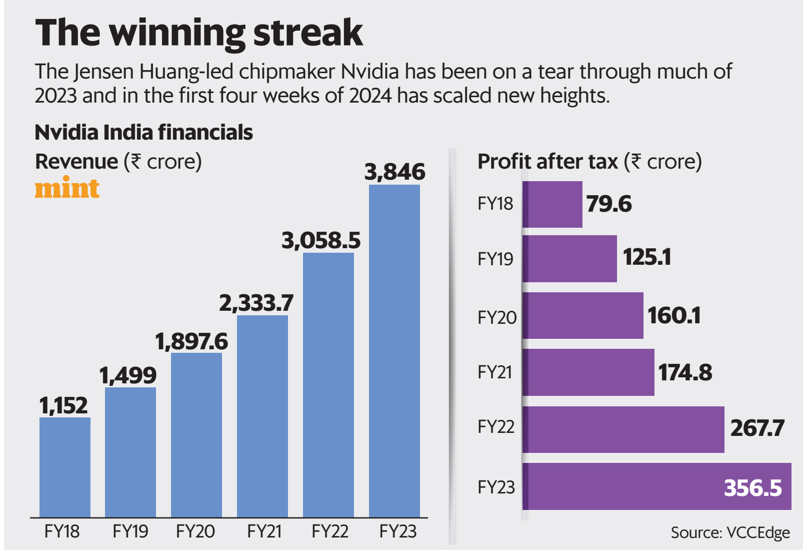
Additionally, Nvidia's developer programme in India boasts more than 320,000 developers, and the company estimates that there are approximately 60,000 experienced CUDA (Compute Unified Device Architecture) developers in the country. The popularity of Nvidia's CUDA parallel programming platform is evident from its monthly downloads of around 40,000 times in India.

India also boasts of the second-largest talent pool globally in the fields of AI, machine learning (ML), and big data analytics, second only to China.

During a news conference in Bengaluru on 8 September 2023, Jensen Huang, Nvidia's CEO, acknowledged India's potential, stating, "You have the data, you have the talent." He also said the country is poised to become one of the largest AI markets in the world.

Furthermore, he engaged with researchers from the Indian Institute of Science and various campuses of the Indian Institute of Technology to discuss the potential of diverse large language models (LLMs), quantum computing, and AI in addressing language barriers, improving agricultural yields, bridging gaps in healthcare services, and transforming digital economies. These discussions aimed to tackle some of the significant scientific challenges of our time.

In recent months, Huang also made significant announcements, including partnerships with major Indian companies such as Tata, Reliance and Infosys.



PARAS JAIN/MINT

VCCiRCLE

MASALA FOR CHIPMAKER

NVIDIA'S association with India dates back almost two decades

THE company currently operates four engineering centres in India with 4,000 engineers

THE four centres make India the company's second-largest talent pool after the US

India M&As in '23 at highest in nearly 10 years: Bain & Co

Priyamvada C
priyamvada.c@livemint.com
BENGALURU

Mergers and acquisitions in India last year surpassed volumes seen in most of the past decade, barring 2022, even as global M&A activity slowed, consultancy firm Bain & Co. said in a report. This year, the industry is likely to chalk up a similar run of deals, it added.

Indian companies struck more than 90 M&A deals worth a total of about $32 billion in 2023 (taking into account only deals that were worth over $75 million). In 2022, companies had struck 109 deals worth $118 billion.

"The sustained momentum is driven by availability of attractive opportunities and assets, and heightened activity and disruption in sectors with structural tailwinds and favourable policies," Bain & Co.'s India chairman Karan Singh said in a report published on Tuesday.

"Renewable energy, infrastructure, logistics, and manufacturing accounted for one in every three deals over the past 18 months," he added.

For 2024, more than 80% of the respondents to Bain & Co.'s annual M&A Practitioners' Outlook Survey expect to close a similar number of deals, or more.

"Market sentiment is bullish, with most dealmakers expecting a continuation or an improvement during 2024 across sectors," Vikram Chandrashekhar, partner at Bain & Co., said in the report.


Global M&A activity slowed last year. ISTOCKPHOTO

"For example, in healthcare, deal volumes have grown consistently over the past five years and the momentum is expected to continue in 2024 with quality assets coming to market and a positive sector outlook," he said. "As more assets become available and competition heats up in India, disciplined diligence can provide the edge to win the deal and set up for value creation."

In 2023, mid-market acquirers with up to $1 billion in revenue accounted for nearly half of the mergers and acquisitions, mainly to bolster their market positions, Bain & Co. said.

Indian companies struck more than 90 M&A deals worth a total of about $32 bn in 2023

Globally, meanwhile, M&A activity dropped 15% to $3.2 trillion last year, the lowest in a decade, as dealmakers in a number of countries grappled with high interest rates, regulatory scrutiny, and mixed macroeconomic signals that made them more cautious.

This year, however, companies have their eyes on assets that didn't come to the market in 2023.

Supertails to raise $25 mn in Series B round

Sneha Shah & Suneera Tandon
MUMBAI/NEW DELHI

Deepika Padukone-backed petcare marketplace Supertails is in talks to raise $25 million (about ₹200 crore) from new and existing investors as part of its Series B funding.

The company is in talks with investors including RPSG Capital Ventures, the venture capital arm of the RPSG Group, to raise the capital at a valuation that ranges from $350-400 million, three people with knowledge of the development said.

The company, that has been growing exponentially in the last 12-18 months is looking to top up on capital as it enters new categories for petcare, one of the persons with direct knowledge of the company's plans said.

In November 2022, the company had raised $10 million as part of its Series A funding round in a mix of equity and debt from investors led by Fireside Ventures. The company counts Saama Capital, DSG Consumer Partners, Titan Capital, Whiteboard Capital and angel investors including Deepika Padukone, CRED's Kunal Shah, MamaEarth's Varun Alagh, Cure-Foods' Ankit Nagori and Alteria Capital as its other investors.


Petcare is a very unorganized and fragmented market. MINT

It has so far raised around $12.5 million across all funding rounds.

Founded in 2021 by Varun Sadana, Aman Tekriwal, and Vineet Khanna the company offers an e-commerce platform for petcare-focussed supplies, online vet consultations and online pet training across India.

The company has angel investors like Deepika Padukone, CRED's Kunal Shah, MamaEarth's Varun Alagh, etc

Supertails did not respond to emailed queries and RPSG Capital Ventures spokesperson was not immediately available for comment.

"The due diligence is being carried out and the deal is likely to be closed in a few weeks," said the second person cited above.

Media reports said the company was targeting an annualised revenue run rate of ₹150 crore for the financial year ending 31 March 2024.

Supertails competes with other VC-backed firms such as Heads up for Tails, Goofy Tails, and JustDogs, among others.

Petcare in India is a very unorganized and fragmented market. According to various estimates, currently around 25 million pets are adopted in India each year. As per a recent report by the Indian Pet Industry Joint Advisory Council (IPICA), the pet industry in India is expected to grow at a compound annual growth rate (CAGR) of 20% up to 2025-26. The industry is estimated to be worth around ₹8,000 crore, and it is expected to reach ₹20,000 crore by 2025.

sneha.shah@livemint.com

Asianxt Digital plans to raise up to $15 mn

Gaurav Laghate
gaurav.laghate@livemint.com
MUMBAI

Jupiter Capital-backed news and entertainment media-tech player Asianxt Digital Technologies (earlier Asianet News Media & Entertainment), is in talks to raise $10-15 million in growth capital, as the company is looking to enter the social media space with a short format video app next month.

Confirming the development to *Mint*, Asianxt CEO Neeraj Kohli said, "We are looking to raise somewhere in the range of $10 to 15 million from like-minded investors. It is almost towards scaling up of our direct-to-consumer offering which is to be launched within a month. We have already done a product thesis; the blueprint is there and it's currently in the initial stage. We are doing the POC (proof of concept) as we speak, but as we go to the market all that investment will go towards the product, talent and expansion."


Asianxt Digital Technologies CEO Neeraj Kohli.

Jupiter Entertainment Ventures, a subsidiary of Jupiter Capital Ventures, owns over 95% of Asianxt.

Kohli said that the company will dilute a minority stake as it has seen sustained revenue growth through covid till date and that the company's Ebitda margins have consistently improved and are expected to remain around 15%.

The digital business has experienced a 40% CAGR after the covid period with Ebitda profitability.

"We ended the last financial year with a topline of ₹336 cr-ore and are on track to close the current year with over ₹400 crore," he said.

The new offering will be a social media short-format video app. The USP is that it will use AI to help create content in multiple languages at the push of a button, he said.

"One of the unique features is that the creator can create content in her native language, and we will enable it to be published in multiple languages," he said.

On competition with apps and services, he said there is enough space in the market to accommodate other products since AI-enabled content creation lets everyone define their own journey.

"If we speak about the number of content creators in India, it is highly underpenetrated. A large part of that growth is going to come from regional pockets. We understand regional clusters and segments far better than anyone else," he said.

Index	Close	Percent change	Previous close	Open	High	Low
S&P BSE Sensex	71,139.90	-1.11	71,941.57	72,000.20	72,142.23	71,075.72
Nifty 50	21,522.10	-0.99	21,737.60	21,775.75	21,813.05	21,501.80
Nifty 500	19,574.20	-0.70	19,711.65	19,770.25	19,799.25	19,558.80
Nifty Next 50	54,826.20	-0.34	55,012.60	55,249.25	55,507.15	54,763.75
Nifty 100	21,846.20	-0.89	22,041.60	22,088.60	22,120.35	21,826.05
S&P BSE Mid-cap	38,175.88	-0.53	38,380.66	38,599.21	38,622.61	38,122.00
S&P BSE Small Cap	44,900.90	0.18	44,819.28	45,088.75	45,213.00	44,851.18

MINT SHORTS

China's 10-year yield falls to two-decade low

China's benchmark government bond yield fell to its lowest in nearly 22 years on mounting expectations for further monetary easing amid a fragile economic recovery. The yield on the 10-year sovereign note slipped to 2.47%, a level unseen since 2002. The world's second-largest economy is suffering from an extended housing slump and its stock market is under pressure from weak investor sentiment, leading to calls for policymakers to deploy more monetary stimulus to boost growth. Demand for haven assets is on the rise amid expectations that the economy will continue to be pressured by weak consumption and the property downturn. Beijing is already starting to loosen its monetary policy in a more aggressive way, as it surprised the market by cutting the amount of cash banks need to set aside as reserves last week. "The pressure is definitely for yields to go lower" said Woei Chen Ho, economist at United Overseas Bank. BLOOMBERG


With inflation cooling across the world and risk appetite increasing, investors are looking at global options. AP

Global cross-border money flows picking up

The flow of money moving across borders is rebounding from a record low as investors prepare for interest-rate cuts globally, according to the world's largest custodian bank. US and European investors are deploying more cash into fixed income and equity markets outside their home region, according to data from Bank of New York Mellon Corp., which has a view on nearly $50 trillion of assets. It's a sea change from last year, when the prospect of ever higher rates and the risk of recession left investors cautious and anchored at home. But with inflation and economic troubles cooling across the world and risk appetite increasing, investors are keen to deploy cash elsewhere, said Jason Vitale, head of global markets trading at BNY Mellon. "We are now seeing active investors shift back into public markets, with flows recovering into both developed and emerging markets," Vitale said in an interview. US investors represent around 60% of BNY Mellon's custody accounts. BLOOMBERG

ITC's cigarette business loses spark

Vineetha Sampath
vineetha.s@livemint.com

At an analyst meet in December, ITC Ltd had hinted that volume consolidation in its mainstay cigarette business is on the anvil. So, investors tempered their expectations from the December quarter (Q3FY24) results. But a drop in volumes was not anticipated. For perspective, estimates suggested cigarette volumes would grow by 2% year-on-year in Q3. In contrast, volumes declined by 2%, according to analysts' calculations. Sure, a high base (volumes in Q3FY23 were up 15%) did play spoilsport, to some extent.

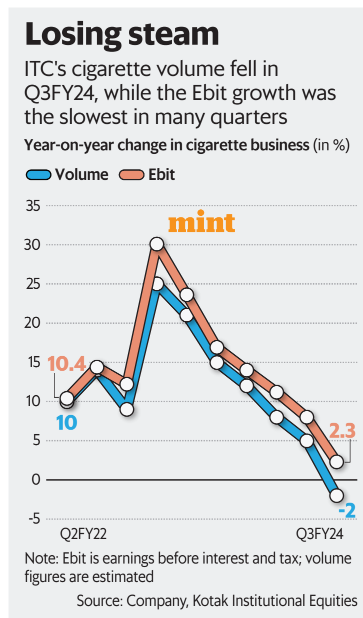
In response, shares of the cigarettes-to-hotel conglomerate fell by nearly 3% on Tuesday. Notably, when seen on a normalized basis—four-year CAGR—volume is up by over 4%, roughly in line with the trend seen in the past few quarters. CAGR is compound annual growth rate. Here, the premium cigarette segment continued to put up a better show. But a higher cost of inputs such as leaf tobacco meant a mere 2% year-on-year rise in Q3 cigarette Ebit.

Going ahead, it is essential that ITC achieves volume growth and takes price


ITC's hotels business is seeing healthy momentum. BLOOMBERG

hikes.

In its fast-moving consumer goods (FMCG) business, growth has been steadily moderating. In Q3, revenue increased 7.6% year-on-year to ₹5,209 crore. In Q1 and Q2, the growth rates were 16.1% and 8.3%, respectively. Still, ITC managed a better show in FMCG



PRANAY BHARDWAJ/MINT

relative to its peers. ITC noted high competitive intensity from regional players in categories such as biscuits, snacks and noodles. The segment's Ebit margin rose 110 basis points year-on-year to 8.3%, helped by commodity price deflation, premiumization and cost management. But there is a sequential uptick in the cost of certain commodities such as wheat, white flour, and sugar, which means the margin trajectory needs to be watched.

While ITC's hotel business is seeing a healthy momentum, this is not the case with the paperboards and agri verticals. ITC's paperboards, paper and packaging business continues to be bogged down by low-priced Chinese supplies in the global market, subdued domestic demand, and elevated input costs. The segment's revenue in Q3 fell nearly 10% and Ebit more than halved year-on-year. In the agri business, trade restrictions on commodities such as wheat and rice impacted earnings.

Everything put together, ITC's Q3 Ebitda fell by 3% year-on-year to ₹6,024 crore, clocking the first fall in several quarters. Small wonder then that analysts have slashed earnings estimates. For instance, Emkay analysts have cut revenue expectations for ITC over FY24-26 by 3-4%, resulting in a 3-5% earnings cut. Sure, it helps that valuations of the Kolkata-based company are reasonable, with the stock trading at 24 times its FY25 estimated earnings, according to *Bloomberg* data. To be sure, much depends on how the cigarette business fares going ahead, given that it accounts for a large share of ITC's profits. For valuations to sustain, ITC needs to consistently deliver 2-3%/6% volume/Ebit CAGR in the cigarette business, according to Kotak Institutional Equities. Any acceleration or deceleration in Ebit CAGR (FY2024-26E) should influence valuation re-rating/de-rating, said Kotak's analysts in a report on 30 January.

> **GREY AREA**
>
> **MUCH** depends on how the cigarette biz fares, given it contributes a large share of ITC's profits
>
> **FMCG** margin needs to be watched given the sequential uptick in costs of some commodities

Meanwhile, general elections are likely to be held in April/May, so the upcoming budget would be an interim one and likely to be a non-event for ITC. As Jefferies India's analysts point out, "History suggests that election year has never seen a change in taxation in an interim budget—at least not since 2004." The brokerage expects the ITC stock to remain range-bound given near-term cigarette volume moderation, tax uncertainty until the final budget and overhang from potential stake sale by British American Tobacco.

IGL faces twin troubles of weak sales volume and high costs

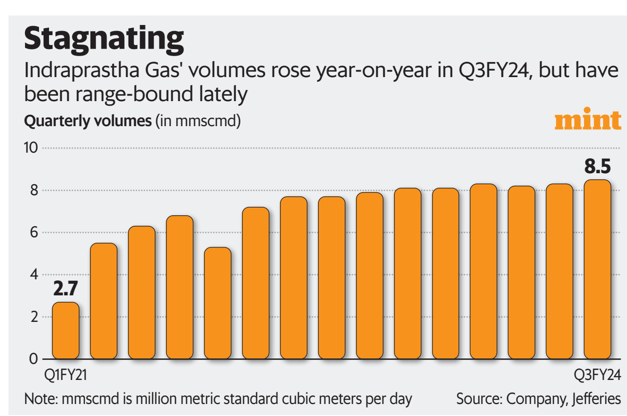
Dipti Sharma
dipti.sharma@livemint.com

Investors of Indraprastha Gas Ltd (IGL) were left disappointed, as the city gas distributor reported a lacklustre volume growth, yet again.

In the December quarter (Q3FY24), sales volume grew by a mere 4% year-on-year to 8.5 million metric standard cubic meters per day (mmscmd), lower than analysts' estimates. Muted volumes were a drag on its Q3 earnings, with the compressed natural gas (CNG) segment playing a spoilsport. IGL's volumes have been range-bound lately, and the outlook on this front remains bleak.

A growing adoption of electric vehicles (EV) is expected to hurt IGL's CNG volumes, as the number of CNG-powered vehicles in the heavily-used public transport dwindles. "Tepid volume growth reflects that CNG volumes have not picked up much after the APM (administered price mechanism) price revision in April 2023," said a Kotak Institutional Equities report. Volumes have not been growing for nearly two years now in the Delhi National Capital Region (NCR) region, which accounts for nearly 70% of IGL's CNG volumes, it added.

IGL has guided for an exit volume of 9 mmscmd for FY24 and 10mmscmd for FY25.



PRANAY BHARDWAJ/MINT

This weakness in volume persists even though the Delhi-based company has passed on most of the benefits of lower gas costs to customers in select areas. IGL's inability to increase prices in the face of weak demand is likely to pressure its margins. IGL has guided for an Ebitda margin of ₹7.5-8 per scm for FY25. Ebitda margin was lower at ₹7.2 per scm in Q3, compared with ₹ 8.6 per scm in Q2, because of higher gas cost. An unfavourable combination of subdued demand and rising cost has prompted an earnings downgrade. For instance, Kotak has slashed its near-term earnings estimate for IGL by 4-6%, factoring in lower margins and volumes. Amidst all this, a respite for investors could come from the company's efforts to expand into newer geographical areas, like Meerut and Muzaffarnagar, to reduce its dependence on the National Capital Region. But unless that meaningfully plays out, it might be challenging to compensate for a slowdown in the NCR.

For now, the stock's dismal returns reflect these concerns. In the past one year, shares of the company have risen by a mere 2%. "IGL's stock has already been facing de-rating," said Swarnendu Bhushan, an analyst at Prabhudas Lilladher. Its valuation multiple has taken a hit. The stock is trading at 17x estimated consolidated FY25 earnings, compared to around 30x a few years back, Bhushan pointed out.

Mark to Market writers do not have positions in the companies they have discussed here

Markets down 1% on West Asia tensions

FROM PAGE 1

for Reliance Jio and Reliance Retail, after having listed Jio Financial Services last August. RIL contributed almost two-fifths of Nifty's 385-point rise on Monday.

"Though the carving-out of two more mini RILs has been expected for long, rumours of an announcement grew and the stock shot up yesterday (Monday)," said an analyst on condition of anonymity.

Interestingly, huge delivery-based buying preceded Monday's jump on the counter. Delivery as a percentage of traded value surged to 76% and 77% on 23 and 24 January, against the six-month average of 60%. In absolute terms, the counter witnessed delivery of 7.6 million shares and 8.49 million shares over the two days against a six-month average delivery of 3.69 million shares.

The stock reversed some of its gains on Tuesday as reports surfaced of a likely US strike on Iran, which is reportedly backing rebels who killed three US soldiers in Jordan in a drone attack. The profit-booking also came ahead of the 1 February interim budget and the outcome of the US Federal Reserve's (Fed) policy meet concluding on Wednesday.

"Tuesday's profit-booking accelerated in the second half on rising tensions in West Asia," said Ambareesh Baliga, an independent market analyst. "Markets will closely eye the Fed commentary on its rate-cutting trajectory and any populist moves in the budget

On Tuesday, the RIL stock alone contributed to nearly a third of the Nifty's fall. REUTERS

for further cues. Volatility has become the order of the day, with market impacting news flows surfacing almost daily."

Fear gauge India Vix hit a 10-month high of 16.57 on Tuesday, up 103% from 8.18 on 23 May last year. This coincides with the market rising 17.29% over the same period, showing the gauge rises with the market testing uncharted territory and cools off when it corrects.

The market has corrected 2.7% over the past nine sessions, thanks to FPI and retail selling. The key reason for FPI sales is an increase in the US bond yield from 3.79% last month to 4.1% currently, according to Ashish Gupta, chief investment officer, Axis Asset Management Co. However, he expects yields to fall with the Fed "having decidedly" turned dovish since December.

"I think the FPI selling might not sustain as US yields could correct going forward," said Gupta.

Dr Reddy's Q3 profit rises 11%

Naman Suri
naman.suri@livemint.com
NEW DELHI

Pharmaceuticals major Dr Reddy's Laboratories Ltd. (DRL) on Tuesday beat analyst expectations to report a net profit of ₹1,378.9 crore in the third quarter ended December (Q3FY24), an 11% year-on-year rise, helped by market-share gains.

The Hyderabad-based company's revenue rose 7% during the period to ₹7,214.8 crore.

Analysts polled by *Bloomberg* had estimated revenues of ₹6,981.8 crore and a net profit of ₹1,313.2 crore for the quarter.

"We delivered another quarter of highest-ever sales and robust financial performance, aided by new products performance and base business market share gain in the US, new products launch momentum, and strong performance in Europe," said GV Prasad, co-chairman and managing director, Dr Reddy's in a filing.

Earnings before interest, taxes, depreciation, and amortization (Ebitda) stood at ₹2,110.7 crore, translating to an Ebitda margin of 29.3% during the December quarter. R&D expenses came in at ₹556.5 crore, driven by the ongoing clinical trials and development efforts for a diverse product pipeline, including small molecules and biosimilars. Capital expenditure for the quarter was ₹310 crore, with a free cash flow of ₹20 crore and a net cash surplus of ₹5,910 crore, it said in an exchange filing.

> **Capital expenditure for Q3 was ₹310 cr, with a free cash flow of ₹20 cr and a net cash surplus of ₹5,910 cr**

Revenue from global generics, its mainstay, rose 7% to ₹6,310 crore. Domestic generics sales comprised 16% of global sales, with a revenue of ₹1,180 crore, a 5% rise due to new product launches in India. It launched three brands in India during Q3. "The planned reduction in CIDMUS (cardiovascular drug) prices along with divestments had an impact," MV Ramana, CEO of branded markets (India & emerging markets) of DRL, told *Mint* while explaining the slower performance in India.

Sebi swats unauthorized schemes, cracks the whip on Growpital

PTI
feedback@livemint.com

Cracking the whip on unauthorized investment schemes by an agricultural investment platform, Sebi has barred Farm Tech Silo LLP, also known as Growpital, related entities and their directors from collecting money from investors and prohibited them from the securities market till further directions.

Also, they have been directed to "cease and desist" from floating any collective investment scheme (CIS) directly or indirectly in any manner. Additionally, they have been stopped from collecting money from partners or investors through existing schemes.

These directions will be in force until further orders, the Securities and Exchange Board of India (Sebi) said in an interim


Directions to be in force until further Sebi orders. HT

order passed on Monday.

In its probe, the regulator found that Growpital is offering various investment plans to the public in the agricultural sector. It also claimed to offer fixed tax-free profits in the range of 11 to 14% through investments in the agriculture sector.

When an investor invests through the Growpital platform, the investor becomes a partner in a Limited Liability Partnership (LLP) and the amount invested is treated as capital contribution to the LLP. It was revealed that multiple LLPs have been incorporated for this purpose, prefixed with the name of ZF Project— ZF Project 1 LLP, ZF Project 2 LLP and ZF Project 3 LLP.

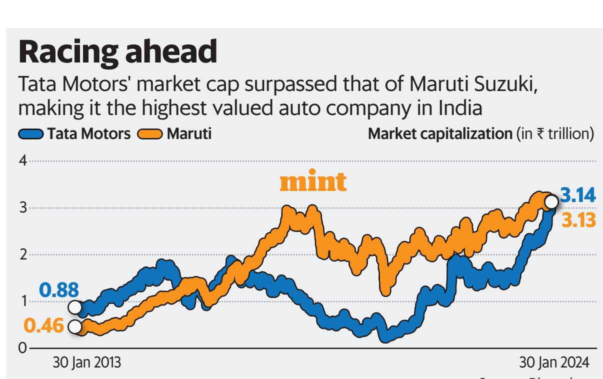
Tata Motors drives past Maruti, becomes most valued auto co

Alisha Sachdev
alisha.sachdev@livemint.com
NEW DELHI

Tata Motors hit a market capitalization of ₹3.15 trillion on the BSE on Tuesday, surpassing Maruti Suzuki's ₹3.13 trillion, to become the country's most valued automotive company after seven years.

Tata Motors' stock has run up 9.4% in the last month, reflecting optimism emanating from a robust sales and margin performance by its UK-based luxury vehicles arm Jaguar Land Rover, as well as achieving its free cash flow targets.

In 2017, Tata Motors' market value had reached ₹1.76 trillion, outpacing Maruti Suzuki's ₹1.75 trillion. Maruti had gained a lead over Tata Motors in terms of market cap in 2015 (₹1.26281 trillion for Maruti Suzuki versus ₹1.2608 trillion for Tata Motors). While Tata Motors captured pole position again in 2017, it soon lost it and continued to trail Maruti until Tuesday. Bajaj Auto (₹2.14 trillion) and Mahindra & Mahindra (₹2.01 trillion), and Eicher Motors (₹1.01 trillion) round off the tally of the country's top five most valued automakers. Maruti Suzuki's stock price closed 0.3% lower at ₹9,963.5



PRANAY BHARDWAJ/MINT

on the BSE, while Tata Motors shares settled 2.19% higher at ₹859.25 apiece.

Brokerage JP Morgan on 8 January re-rated the Tata Motors stock with a price target of ₹925 "Our constructive view on Tata Motors is driven by expectations of strong margin and free cash flow delivery at JLR, resilient market share and margins in India passenger vehicles driven by new platform launches, and balance sheet deleveraging which should reduce EPS (earnings per share) volatility and lead to a potential re-rating," it said in its report.

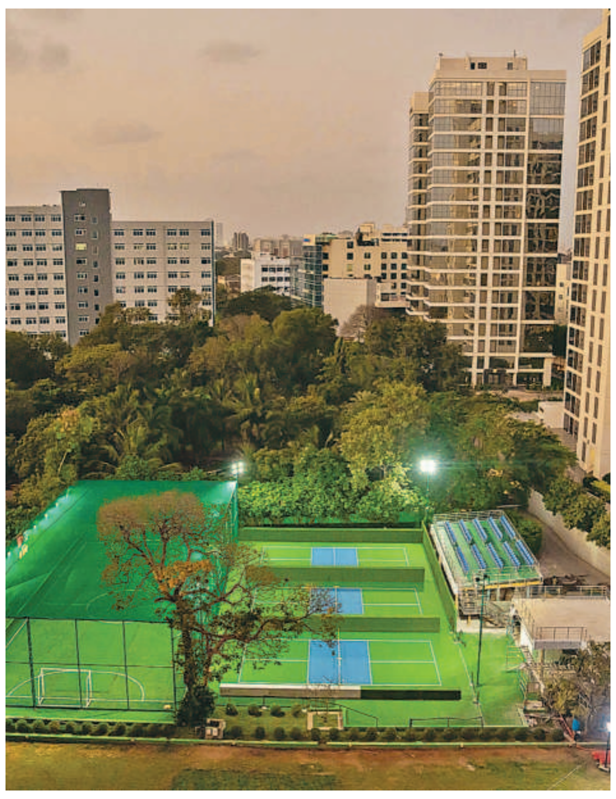
Jaguar Land Rover reported a 27% year-on-year growth in its Q4FY24 wholesales at 101,043 units, and 29% retail pick-up year-on-year, with deliveries in the UK up 55%, China 28%, Europe 27% and North America 6% on a yearly basis. Moreover, the bulk of its deliveries comprised high-margin models including the Range Rover, Range Rover Sport and Defender, accounting for over 62% of its sales in the December quarter.

Analysts expect higher sales and a favourable mix of products encompassing sales at Tata Motor's JLR business to deliver better operating margins in its upcoming third quarter earnings, set to be announced on 2 February.

"We expect JLR Ebit margin of nearly 8% in Q3FY24 from 7.3% in Q2FY24 led by higher volumes and improved mix. Our FY24 JLR volume assumptions are at 401,000 units," a note by equity brokerage and research firm Elara Capital said.

From pickleball to futsal and cricket: Ice Water Sports is ready to redefine entertainment

The newly launched Ice Water Sports Arena at Express Avenue Mall promises to redefine the city's entertainment scene with state-of-the-art facilities



The Express Avenue Mall shopping scene has just become more vibrant as a new star takes centrestage. The Ice Water Sports Arena, a 20,000 square foot outdoor playground, officially opened its doors on January 21, 2024.

Film actor and producer Jamshad Cethirakath, often known by his stage name Arya, graced the occasion as the chief guest, captivating the audience with his starry charisma. However, it wasn't just about rubbing shoulders with Arya. Managing Director of Express Avenue Mall, Kavita Singhania, was also present at the event that turned out to be a scintillating evening.

The inauguration ceremony, held at the Central Atrium of the Express Avenue Arena, kicked off with live beats from 'Master the Blaster' singer, Bjorn Surrao. He even crooned a groovy song for Ice Water, titled, Ice Ice Water, which has now become the unofficial anthem of the venue. Russian carnival dancers added an international flair, while cheerleaders and a live DJ turned the arena into the hottest dance floor in the city.

mint Brand Studio

EXPRESS AVENUE

But let's not forget the stars of the show – the courts! With three pickleball courts and a cutting-edge 5x5 futsal arena, Ice Water is more than just a sports facility – it's a sports fiesta! The event also caught Arya smashing some shots with Redin Kingsley, a popular Tamil comedian who strolled down from his uber-luxe apartment in E Residences to join the fun. The arena however, offers much more – it also has adaptable 7x7 box cricket matches, creating a versatile space for a variety of sports enthusiasts.

The Ice Water Sports Arena is a part of Express Avenue Mall. which has been a one-stop shopping destination for all city dwellers. The place is a lifestyle hub with a hotel, offices, and luxurious E Residences. In fact, those living in the E Residences were overheard gushing about their 'resort-style living' and how they get VIP access to all the happenings at Express Avenue.

But why Ice Water, you ask? Well, it's not just a random cool name. It symbolises the fusion of hot sports action and a refreshing atmosphere, creating a unique experience for everyone who steps into the arena.

Express Avenue isn't just about shopping either, it's about lifestyle and sports are a big part of it. Kavita Singhania summed it up perfectly saying, "It is a testimony to Express Avenue Mall's commitment to providing a holistic and immersive experience for its patrons. As the arena opens its doors, it is set to create a legacy that will resonate for years to come, marking a significant chapter in Chennai's entertainment and sporting history."

So, the next time you're at Express Avenue, don't just shop - dive into the cool splash of Ice Water for an unforgettable experience that blends sports, entertainment and a whole lot of fun!

Created by Mint Brand Studio

Nationalistic hue for films as Lok Sabha polls near

FROM PAGE 1

"The cultural bent of voters is important in this election. The undecided voters are already inclined towards the BJP," Priyam added.

To be sure, hits like *The Kashmir Files* and *The Kerala Story* have provided succour to cinemas reeling from the impact of covid. This has been particularly true for the Hindi belt where few films have succeeded in drawing audiences in the post-pandemic era. However, the success of films like *The Kashmir Files* gave filmmakers a formula of sorts, unleashing a stream of movies on political and religious themes, but which fell flat at the box office. For example, earlier this month, a biopic on Atal Bihari Vajpayee, titled *Main Atal Hoon* and starring Pankaj Tripathi, managed only ₹7 crore in box office collections.

"These films may have been timed to ride the wave associated with the ruling party, but propaganda filmmaking is a difficult genre to master in terms of commercial viability," independent exhibitor Vishek Chauhan said. In case of both *The Kashmir Files* and *The Kerala Story*, there was enough shock value to draw people to the cinemas, Chauhan said, but when Vivek Agnihotri, who directed the former, brought out *The Vaccine War*, it found few takers. Similarly, there has to be more to the subject than just the vilification of a specific community, besides active support and endorsement from the government for a political film to find traction, trade experts said.

Bleak year for IT hiring with Big Four at multi-year lows

India's top IT services companies have registered their worst headcount decline in five years

Shouvik Das
shouvik.das@livemint.com
NEW DELHI

India's freshly graduating tech talent as well as entry- to mid-career employees are staring at a bleak immediate future as the country's top tech recruiters pull back on new hiring.

In the first three quarters of FY24, Tata Consultancy Services Ltd, Infosys Ltd, HCL Technologies Ltd and Wipro Ltd saw a collective decline of 49,936 employees, showed data collated from quarterly and annual financial reports by *Mint*. It's the worst decline in headcount at the 'Big Four' information technology (IT) services companies in at least five years, *Mint*'s analysis shows.

This drop in hiring has come off the back of global macroeconomic uncertainties that have hammered India's $245 billion IT services industry.

The drop also comes two years after a record FY22, when pandemic-induced demand for digital transformation among industries saw India's top four software exporters add over 300,000 employees.

Industry experts and analysts say fresh graduates will struggle to find jobs at least until the end of this calendar year, while the immediate aftermath of this could lead to another cycle of rising attrition levels at IT firms.

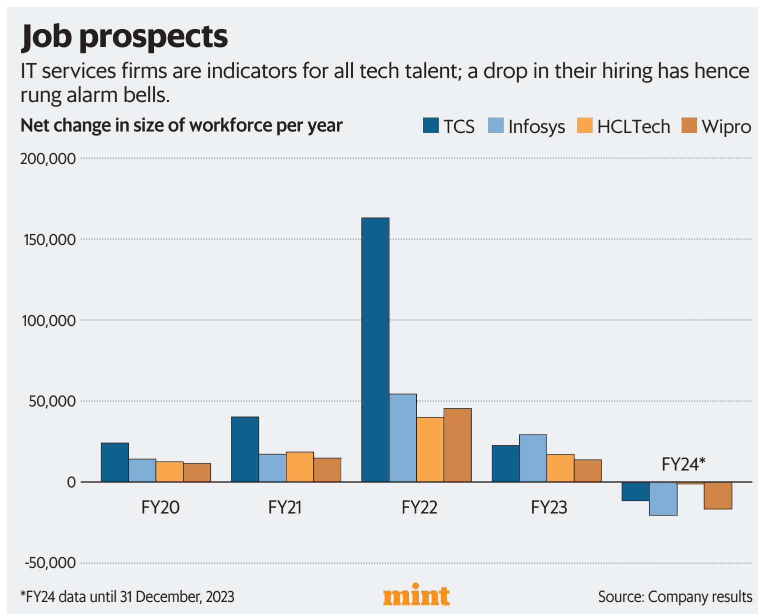
Infosys and Wipro have announced that they will skip campus recruitments at least until the end of this ongoing quarter.

"This is the first time since FY19 that the companies are looking to skip campus recruitment," said Prasadh M.S., head of workforce research and analytics at workplace statistics firm Xpheno.

The current drop in headcount is in tandem with a decline in overall revenue and profitability of big IT companies. At the end of the December quarter, HCL Tech was the only company among the top four to have posted any meaningful growth, with dollar revenue and net profit rising 5.9% and 12.5% sequentially.

"The Big Four and some of their peers are the only cohort that can spend on building talent for the overall industry. Simply put, onboarding 10,000 employees means adding at least ₹400 crore as employee cost for a company—not many companies can do this," said Prasadh. "As a result, when the Big Four do not go to campuses, the talent supply for India's entire tech hiring demand gets constricted."

As a result, Prasadh said, any non-tech firm looking for tech talent will now need to look at lateral hires from other companies, which in turn will lead to higher costs incurred as the average cost of hiring will go up.



PRANAY BHARDWAJ/MINT

WHITE-COLLAR BLUES

TOP four IT firms added 300,000 employees in FY22, as covid fuelled a digital jobs boom

DROP in headcount in tandem with a decline in overall revenue, profitability of big IT companies

NON-TECH firms seeking tech talent may now need to look at lateral hires from other firms

WHEN the market for tech workers revives, another surge in attrition is likely

Sunil Chemmankotil, chief executive officer (CEO) of staffing services firm Teamlease Digital, added that the influx of generative AI (artificial intelligence) has coincided with IT services firms experimenting with ways to improve their margins and efficiencies.

"Typically, these IT firms were dependent on fresher hiring because a lot of entry-level hires would be first trained on basic tasks. The slowdown in fresher recruitments has also been a factor of the influx of AI and generative AI, which has led to a confusion in terms of how AI will intervene."

The key reason for the hiring slowdown was reflected in commentaries by the IT companies during their third-quarter results.

Each of the Big Four CEOs said that the overall sentiment among clients across various industries remained cautious, and discretionary spending by clients was minimal.

Debashis Chatterjee, CEO of IT services firm LTIMindtree Ltd, told *Mint* on 18 January that furloughs in tech spending had also affected even those sectors typically considered to be inflation-proof, such as oil and gas. TCS CEO K. Krithivasan told *Mint* on 14 January that there were no major changes to the overall demand environment.

Discretionary deals are key growth contributors for the IT services industry. These deals typically allow software exporters to claim higher margins, and are indicators of a healthy demand environment where clients are not cautious or conservative spending on tech projects.

Apurva Prasad, vice-president of institutional research at HDFC Securities, told *Mint* on 15 January that demand for tech projects among clients is unlikely to change at least until the second half of FY25.

As the market revives, some industry experts say a second round of attrition surge could be in order. "As the market opens up, there will be a surge in demand for tech jobs. The industry is likely to see a second surge in attrition, which could yet again lead to a cycle of higher salaries," Prasad said.

Domestic engines to power India's GDP growth: IMF

FROM PAGE 1


IMF chief economist Pierre Olivier-Gourinchas. AP

Economists agreed with the IMF assessment, expecting India to report strong growth despite the ongoing geopolitical challenges and a relatively slowing world economy.

"India emerged out of the dual global crisis of pandemic and geopolitical fallouts relatively better than many of its peers. Public capital expenditure, India's domestic demand and a healthy farm sector were largely instrumental in this recovery," said Debopam Chaudhuri, chief economist at Piramal Enterprises Ltd.

"However, these drivers could take a back seat in FY25 as also indicated by the IMF. Going forward, to maintain this growth momentum, private capex needs to kick in. The IMF's evaluation for FY25 should be considered by the RBI (Reserve Bank of India) in fast-tracking a monetary policy shift sooner than later, to reduce capital costs for Indian institutions," he added.

The IMF growth forecast, though, is slightly below the RBI's projection of 7% GDP growth for FY24. India's National Statistical Office (NSO) earlier this month projected the economy to expand by 7.3% in FY24, as per the first advanced estimates, after the economy reported growth of 7.8% and 7.6%, respectively, in the first two quarters of the ongoing fiscal year. At this pace, India will retain its crown as the fastest-growing major economy, following its 7.2% GDP growth in FY23. The NSO will release the second advance estimate on 29 February.

The IMF expects the global headline inflation rate to decrease to 5.8% in 2024 and 4.4% in 2025

The first advance estimate employs the benchmark indicator method and draws on provisional data from high-frequency indicators. Comparing these indicators with the preceding year's figures, the government assesses the performance of various high-frequency indicators in the initial two or three quarters of the fiscal year.

The assessment incorporates provisional figures of consumer inflation, the Index of Industrial Production (IIP), revised fiscal estimates, and financial results from listed companies, among other key indicators. The finance ministry will incorporate this first advance GDP estimate into its budgetary calculations.

The IMF, though, expects central banks worldwide to begin easing interest rates only in the second half of 2024. "We are almost there (lower interest rate regime), but not quite there," Olivier-Gourinchas said.

TCS bags $2.5 bn contract from UK's Aviva, its biggest yet

FROM PAGE 1


TCS CEO K. Krithivasan. PTI

billion deal for 15 years implies the company would earn at least $165 million in revenue every year.

The renewal of the deal marks the third such mega deal (IT contracts valued at over $1 billion) won by TCS under K. Krithivasan, who took over as chief executive officer (CEO) last June after his predecessor Rajesh Gopinathan resigned abruptly in March.

In June, TCS bagged a $1.1 billion contract for 10 years from the National Employment Savings Trust, one of the UK's largest workplace pension schemes. And in September, Jaguar Land Rover, owned by Tata Motors, awarded $1 billion work over five years to TCS.

Mega deals have come to play a central role in large technology services companies like TCS, which ended with $27.9 billion in revenue in the year to March 2023. It can expect to grow in double digits in the current fiscal only if it has a few new clients that each bring over $150 million in incremental business.

"Overlay of mega-deal-driven revenues can lead to elevated growth in quarters of strong mega-deal ramp-up," Kotak Institutional Equities analysts Kawaljeet Saluja, Sathishkumar S. and Vamshi Krishna in a note dated 16 October last year, writing that large deals could provide 2-3% to revenues of large IT firms like TCS, Infosys Ltd and HCL Technologies Ltd next fiscal.

TCS, which does not give quarterly or yearly guidance, could end with $29.25 billion in the year ended March 2024, if it reports 4.7% dollar revenue growth—its current growth rate in the first nine months of the current fiscal year.

At its current size, the country's largest IT services company needs $146 million in incremental revenue to better its FY23 growth by 50 basis points. A basis point is a hundredth of a percentage point.

Mega deals, including renewals, also help TCS, which runs the risk of losing some business because of its other large partnerships coming to an end.

TCS runs the risk of losing some business because of its other large partnerships coming to an end

The company stares at a potential loss of $450 million in annual revenue from 2025 on account of less business from a Deutsche Bank subsidiary and from Nielsen, and no business from Transamerica Life Insurance Co. after the American arm of Dutch insurer Aegon NV scrapped a $2 billion, 10-year partnership in June last year, five-and-a-half years after it awarded the contract.

Still, TCS maintains that it is winning more business and the leaking bucket theory, under which a company loses more business than it wins, does not hold water.

"[A]re we losing more business now than we are winning? The answer to that is no. We are continuing to add more business because of our strong TCV (total contract value) and that is why there is reason to be optimistic about FY25," Krithivasan said in an interview earlier this month.

Aadhar Housing Fin targets $600 mn IPO

Reuters
feedback@livemint.com
MUMBAI

Blackstone-owned Indian home loans provider Aadhar Housing Finance is targeting a $600 650 million initial public offering (IPO) at a valuation of up to $3 billion, two people with direct knowledge said on Tuesday.

Private equity group Blackstone acquired Aadhar for about $300 million in 2019 as it bet on growing demand for affordable housing and financing in India.

The attempt is Aadhar's second shot at a listing after a $1 billion IPO plan in 2022 was called off amid market volatility that followed the Russia-Ukraine war.

Aadhar plans to file its IPO papers with India's market regulator within the next two weeks, both sources said.

A deal would be the latest example of private equity investors looking to sell parts of their companies amid record stock markets in India—a rare bright spot for global investors.

The attempt is the company's second shot at a listing after a $1 billion IPO plan in 2022 was called off

The country is currently seeing record listing plans, driven by expectations of political stability and a fast-growing economy. Its stock market recently overtook that of Hong Kong to become the world's fourth biggest, and benchmark index Sensex is trading near record highs.

Aadhar has appointed investment banks Citi, Nomura and India's Kotak and ICICI as advisors for its latest IPO filing, with a listing in Mumbai planned by May, said the sources.

Global lifts L&T's order boat in Q3

FROM PAGE 1

tions, L&T's international order inflows during the third fiscal quarter surged 230% over the previous year to ₹50,600 crore, while domestic order inflows almost halved to ₹25,400 crore. The company booked total new orders of just under ₹76,000 crore during the quarter, a 25% increase year-on-year.

"Domestic orders de-grew whereas international orders grew significantly to keep the overall order inflow in good shape," Raman said in a post-earnings media call.

"The momentum in the Middle East continues despite the friction in West Asia," he said, adding that countries in the region like Saudi Arabia are diversifying beyond crude oil, which will ensure continued investments. Order inflow is a key metric for L&T, giving an outlook on the company's future revenues.

The surge in international orders has meant that the company's consolidated order book, at just under ₹4.7 trillion as of 31 December, was 22% higher compared to a year ago. Share of international orders in this increased by more than 12 percentage points over the previous year to 39%.


L&T CFO R. Shankar Raman REUTERS

The company remains upbeat about the long-term prospects of both India and the Middle East. In the domestic market, the government's push for infrastructure-led growth will continue to generate new business for L&T, Raman said. The infrastructure segment accounts for half of the company's consolidated top line.

Meanwhile, in the Middle East, the push of various countries to diversify beyond oil is resulting in a conducive business environment for engineering and construction companies, Raman said. "And this conducive environment has also helped our quarterly performance for the October-December quarter," he said.

During the quarter, earnings before interest, tax, depreciation and amortization (Ebitda) grew 14% on-year to ₹5,759 crore. However, its Ebitda margin fell by 0.5 percentage point to 10.4%. The firm expects margins to improve from the next quarter as legacy projects—undertaken two-three years ago—get finished, Raman said.

Among key business segments, its largest, the infrastructure segment, logged the highest year-on-year growth in revenue at 27%. The energy projects and hi-tech manufacturing segments reported 24% and 23% on-year revenue growth. The IT segment revenues grew 10% year-on-year. The financial services segment lagged with just under 2% revenue growth.

Raman attributed this to the segment's change in focus to retail lending from wholesale loans. Nearly 91% of L&T's lending book is in retail assets, up from 40% a few years ago, which has helped the company improve its net interest margins, he said. Subsequently, segment profit has improved 41% year-on-year to ₹640 crore.

L&T expects to end the year with an order book closer to ₹5 trillion, which will provide a "tailwind" in the coming quarter when orders slow down due to the general election.

Ashish Modani, vice-president and co-group head for corporate ratings at Icra, said the election is unlikely to have any material impact on the execution momentum and revenue booking of construction firms. "There could be temporary deferment in new order awarding once the model code of conduct is in place. Overall, we continue to anticipate that the government will persist in bolstering capital outlay for infrastructure in the budget," he added.

nehal.chaliawala@livemint.com

India for whisky barrels, not bottles, in UK free trade deal

FROM PAGE 1

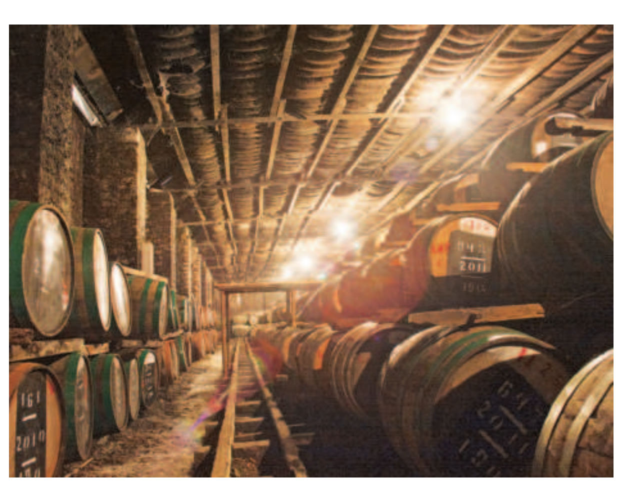
spokesperson didn't respond to emailed queries. Text messages and emails sent to commerce secretary Sunil Barthwal also remained unanswered till press time.

There have been allegations of rampant under-invoicing in imported alcohol by foreign distillers, and the Indian tax department has sent notices to some of them in the past, which have been challenged.

"There are certain concerns Indian players have, which have resulted in high tariffs for imported whisky. There are also revenue considerations from the government's side," said Biswajit Dhar, a trade expert and professor at the Centre for Economic Studies and Planning at Jawaharlal Nehru University. "So, the government's idea of bringing down the tariffs on bulk whisky imports by barrel is probably taken with the view of getting the FTA through. But this may not address the concerns of the domestic players and revenue implications faced by the government."

When contacted, Vinod Giri, director-general of [the Confederation of Indian Alcoholic Beverage Companies, said the body has already made its recommendations to the government.

"The government has been provided all necessary information and data to take decisions on the matter. We had also made our recommendations that propose a tax reduction on bottled liquor from current 150% to 100% now and then to 50% over a period of time. For bulk spirits, we have suggested (a tax reduction) from 150% to 75% now and then to 25% over time. However, we believe that this must be reciprocated by the UK by removing their non-tariff measures related to maturation," Giri said.


Currently, India imposes tariffs as high as 150% to discourage imports of alcoholic beverages, including whisky. MINT

On the issue of maturation, the UK is asking for a maturity age of three years for a spirit to be classified as whisky. However, Indian makers have argued that with weather conditions being hotter here, they will lose more than one-third of the whisky due to this condition, and have sought the maturation period to be 18 months.

One of the people cited above said that after the FTA with Australia, the duty on imports of wines was reduced from 150% to 100%, which would be reduced to 50% over 10 years. "We are asking for same terms in other FTAs," the person added.

There have been allegations of rampant under-invoicing in imported alcohol by foreign distillers

Earlier, as part of the discussions, the UK had suggested a proposal of 'bottling in transit'. This meant that the product would be exported from the UK to a third country—perhaps in the European Union—where it would be bottled and then sent over to India.

The proposal was not accepted since a major concern around FTAs is the possibility of third countries shipping goods to India via those that are their treaty partners, to take advantage of the treaty benefits.

For Scotch whisky, India stands at No. 5 in the world by value of sales. In 2022, sales of Scotch whisky in India increased by 93% to $340 million, according to industry data. Scotch, however, accounts for just 2% of all whiskies consumed in India. The overall whisky market in the country is expected to cross $22 billion by 2027.

mihir.mishra@livemint.com

BAJAJ FINSERV

Performance Highlights Q3 FY24

Consolidated total income: ₹ **29,038 crore** ↑ **33%**
Consolidated profit after tax: ₹ **2,158 crore** ↑ **21%**

BAJAJ FINSERV LIMITED

Consolidated Results (₹ In Crore)

Particulars	Q3 FY24	Q3 FY23	% Change	9M FY24	9M FY23	FY23
Total income	29,038	21,755	33%	78,341	58,447	82,072
Profit before tax	5,431	4,419	23%	15,848	12,271	16,811
Profit after tax (attributable to owners of the Company)	2,158	1,782	21%	6,029	4,648	6,417

BAJAJ FINANCE LIMITED

Consolidated Results (₹ In Crore)

Particulars	Q3 FY24	Q3 FY23	% Change	9M FY24	9M FY23	FY23
Total income	14,166	10,789	31%	40,048	30,043	41,415
Profit after tax	3,639	2,973	22%	10,627	8,350	11,508
Net NPA	0.37%	0.41%		0.37%	0.41%	0.34%
Return on average equity (annualised)	22.0%	24.0%		22.3%	23.5%	23.5%
Assets under management	3,10,968	2,30,842	35%	3,10,968	2,30,842	2,47,379

BAJAJ HOUSING FINANCE LIMITED

Standalone Results (₹ In Crore)

Particulars	Q3 FY24	Q3 FY23	% Change	9M FY24	9M FY23	FY23
Total income	1,946	1,517	28%	5,621	4,080	5,665
Profit after tax	437	334	31%	1,350	956	1,258
Assets under management	85,929	65,581	31%	85,929	65,581	69,228

BAJAJ ALLIANZ GENERAL INSURANCE CO. LTD.

Standalone Results (₹ In Crore)

Particulars	Q3 FY24	Q3 FY23	% Change	9M FY24	9M FY23	FY23
Gross written premium	4,536	3,821	19%	15,668	11,721	15,487
Profit after tax	287	278	3%	1,171	1,026	1,348
Combined ratio	102.9%	100.3%		99.3%	101.5%	100.5%
Return on average equity (annualised)	11.1%	12.2%		15.6%	15.5%	15.0%
Assets under management	30,296	25,977	17%	30,296	25,977	27,809

BAJAJ ALLIANZ LIFE INSURANCE CO. LTD.

Standalone Results (₹ In Crore)

Particulars	Q3 FY24	Q3 FY23	% Change	9M FY24	9M FY23	FY23
Gross written premium	5,464	4,504	21%	14,860	13,028	19,462
New business premium	2,561	2,289	12%	7,541	7,441	10,738
Net new business value	251	210	20%	581	535	950
Shareholders' profit after tax	108	81	33%	457	364	390
Assets under management	1,04,737	89,466	17%	1,04,737	89,466	90,584

Bajaj Finserv Limited | CIN: L65923PN2007PLC130075 | Website: www.bajajfinserv.in/corporate-bajaj-finserv
Bajaj Finance Limited | CIN: L65910MH1987PLC042961 | Website: www.bajajfinserv.in/finance
Registered Office: C/o Bajaj Auto Limited Complex, Mumbai - Pune Road, Akurdi, Pune - 411 035
Corporate Office: Bajaj Finserv Corporate Office, Off Pune - Ahmednagar Road , Viman Nagar, Pune - 411 014
Bajaj Housing Finance Limited | CIN: U65910PN2008PLC132228 | Website: www.bajajhousingfinance.in
Registered Office: Mumbai-Pune Road, Akurdi, Pune 411 035 | Corporate Office: B2, Cerebrum IT Park, Kumar City, Kalyani Nagar, Pune 411 014
Bajaj Allianz General Insurance Company Limited | CIN: U66010PN2000PLC015329 and IRDA Registration No. 113 dated 2 May 2001
Bajaj Allianz Life Insurance Company Limited | CIN: U66010PN2001PLC015959 and IRDA Registration No. 116 dated 3 August 2001
Registered and Corporate Office: Bajaj Allianz House, Airport Road, Yerwada, Pune - 411 006 | Website: www.bajajallianz.com
Insurance is the subject matter of solicitation.

This is an abridged representation of the unaudited financial results of Q3 FY24 and is not for the purpose of legal compliance.

As required by regulations, the results for Bajaj Finserv, Bajaj Finance and Bajaj Housing Finance Limited have been prepared as per Indian Accounting Standards (Ind AS).

The results of Bajaj Allianz General and Life Insurance Company Limited are as per Indian GAAP.

Axis, ICICI go slow on hiring, HDFC Bank pushing ahead

The banks have neared optimal manpower levels, and poaching from each other has reduced

Devina Sengupta & Gopika Gopakumar

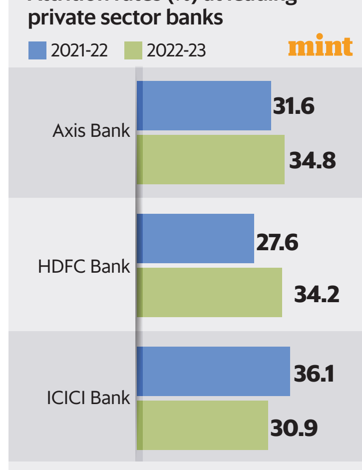
MUMBAI

The slowdown in hiring will impact the middle and senior order the most. MINT

Big churn

In the last fiscal year, key private banks saw a sharp rise in attrition.

Attrition rates (%) at leading private sector banks



Source: Company annual reports

Private-sector banks such as Axis Bank and ICICI Bank are slowing their hiring pace, as they near their optimal manpower levels in different business units. These lenders, along with HDFC Bank, are among the largest employers in the country, and are no longer looking to compete fiercely for talent, as attrition ebbs and poaching subsides.

"Banks are becoming more intentional about hiring. While they will continue to invest in expanding their networks, they will not be doubling down on people's capabilities. There is no need to hire people in the same trajectory," said Rajkamal Vempati, president and head of human resources, Axis Bank.

The "trajectory" here meant furious hiring when the lenders faced an attrition rate of 35–40% in many of their businesses. In the last financial year, banks witnessed a sharp rise in attrition, as demand surged for young workforce in sales, marketing with digital skills, insurance, retail and among fintech companies.

The country's second-largest lender ICICI Bank, too, noted the slack in hiring pace. It does not expect to add headcount at the same pace, in the future. The company's employee base grew by 23,600 in the last 12 months, and 1,700 in the December quarter. The growth in employee expenses has been high over the last six quarters due to an increase in team size. The net increase in employees has slowed down in the quarter ended December, compared to the fiscal first half.

35-40%
The attrition banks had seen in many of their businesses

"We have seen in recent—over the last...couple of years, in the last maybe six quarters, a pretty high growth because of the increase in the team size of the bank. But as you would have seen in this quarter, the net increase has slowed down. Compared with about 10,000—I think 10,000 to 11,000 in the first half, we were at about 1,700 in Q3," said Anindya Banerjee chief financial officer of ICICI Bank in a recent analyst call.

The slowdown in pace does not mean that hiring has stopped. As banks expand their branches , they will continue to need manpower, but the frenzy has abated. Take the case of HDFC, which continues to hire apace, in line with branch additions. There has been an increase of 908 branches over the last 12 months, and the country's largest private bank added 146 branches in Q3. The bank added 41,000 employees over the last 12 months and 10,000 during the December quarter.

The slowdown in hiring will impact the middle and senior profiles the most. Banks will continue to scale up the junior segments.

Mint had reported earlier that banks will recruit 50,000 over the next one year from campuses and freshers at entry-level roles.

1,700
Number of staff ICICI hired in the December quarter

That said, these large lenders are facing what they call "infant mortality", where the just-recruited or junior-level employees are heading towards logistics, and delivery services. The term infant mortality is used to define the phenomenon of people leaving their jobs in the first one to three months of joining. The exact attrition at this level is not known, as these large private sector banks use unlisted subsidiaries and associate companies to hire junior employees to undertake back-office functions and sales for them. Banks do not disclose attrition data for subsidiaries.

"Operating expenses of the banks have increased in Q3, primarily led by 3 factors - continued higher spend on tech, refocus on banks to expanding physical footprint of branches as competition in deposit market is getting intensified, and higher employee expense because of increased attrition. Post a high frenzied hiring in CY23, we may see hiring cool down in CY24," said Asutosh Mishra, head of institutional research, Ashika Stock broking.

devina.sengupta@livemint.com

Voda-Idea to prioritize vendor dues repayment from FY26

Gulveen Aulakh
gulveen.aulakh@livemint.com
NEW DELHI

Akshaya Moondra, chief executive officer, Vodafone Idea.

Vodafone Idea will prioritize payments of vendor dues from internal cash generation starting FY26, after settling a bulk of the outstanding debt of ₹5,400 crore in the next fiscal year, its chief executive officer Akshaya Moondra said at an earnings call on Tuesday.

"The easing of debt situation does help us in setting aside some capital or some cash for capex. However, we also have an overdue vendor position and in the first phase as cash is not going towards debt servicing, we will be able to use it towards reduction of vendor dues and that will be a first priority," Moondra told analysts at the call.

Vodafone Idea has begun paying off vendor dues, with the latest being payments made to Indus Towers, the tower provider to the carrier that is essential for telecom services. Indus Towers' top executive said in its quarterly earnings call last week that one of its clients—not naming Vodafone Idea—paid up an extra ₹300 crore towards pending dues in the October-December quarter, in addition to the full payment of monthly current dues. Vodafone Idea owes Indus about ₹5,700 crore as of December 2023, for which the tower company has made a provision for doubtful debts.

Vodafone Idea has begun paying off vendor dues, with the latest being payments made to Indus Towers

Moondra added that starting Q1FY25, the telco will have to strike a balance between allocation for capex and investments towards improving cash flows, and payments to reduce vendor dues. "Of course, when funding is there, then the new funding will be used for new capex and the generation that we are getting from our operations minus the old debt servicing, will be used to pay the vendors," he noted.

The debt of ₹5,400 crore includes ₹2,300 crore of bank debt, ₹533 crore of spectrum payouts and ₹1,600 crore of optionally convertible debentures (OCDs). The OCDs, if converted to equity, would reduce the debt position.

For FY26, the bank debt is expected to reduce to about ₹1,800 crore, Moondra said, even as the company's payouts for spectrum acquired in recent auctions will become due as the four-year moratorium on payments ends in FY25. "In FY26, the government payout will be roughly ₹27,000–28,000 crore," he added.

Vodafone Idea, the country's third-largest telecom company by subscribers, is yet to launch 5G services in India, while rivals Reliance Jio and Bharti Airtel have nearly completed the initial rollouts covering the entire country. Moondra said that he will look at launching 5G services within 6–7 months of it getting external funding, but emphasized that the carrier's delayed launch may get the benefit of observing the levels of 5G adoption amid absence of monetization opportunities being experienced by the other carriers.

"After funding is there, we will need, let's say, 6–7 months to launch 5G, and by then the monetization will be clearer than it is today, and our strategy will be based on that. We will have to see the adoption of 5G once it starts getting charged," he said.

Moondra reiterated the intent of the promoters of providing direct or indirect financial support to the carrier for meeting its pending payment obligations. "They are also committed ultimately to provide this as equity funding, but that will be as things stand now, it will be a part of the overall equity raise," he said. Vodafone Idea has been trying to raise external funding of ₹20,000 crore through debt and equity, since late 2020. While promoter groups have put in ₹4,963 crore in funding in two tranches till June 2022 , a ₹2,000 crore financial assistance was promised by one of the promoters in August last year in case it was needed to pay for government dues. Vodafone Idea had paid the instalment on spectrum bought in the 5G auctions through internal cash generation.

‘Less fuel tax may help Jewar’

Delhi-NCR’s existing airport charges 25% VAT on aviation fuel, while Jewar airport plans to charge just 1% tax

Anu Sharma
anu.sharma@livemint.com
NEW DELHI

The Delhi-National Capital Region’s second airport in Jewar, Uttar Pradesh, is expected to benefit from significantly lower value-added tax on aviation fuel, according to industry executives and experts.

The existing airport catering to Delhi-NCR, in Gurugram, Haryana, charges a value added tax of 25% on aviation turbine fuel, while the tax at the new airport will be about 1%. Airlines spend 35-40% of their total expenditure on fuel.

“One of the things we do have to offer is lower VAT on ATF. That is important to carriers. Fuel is by far the largest in an airline’s profit and loss statement,” Christoph Schnellmann, chief executive officer, Noida International Airport Ltd, told *Mint*.

“If it is something that we can do, or the government can do to lower some of those costs, it will ultimately bring down the cost of travel for passengers. Air travel is price sensitive everywhere,” Schnellmann said.

Christoph Schnellmann, chief executive officer, Noida International Airport.

Noida International Airport Ltd operates the Jewar airport.

The VAT on aviation turbine fuel ranges between 1% and 30% for various airports.

The civil aviation ministry has been actively asking state governments to reduce VAT on aviation fuel, and so far 19 states and Union territories have reduced the tax in their respective territories.

The Uttar Pradesh government reduced the VAT on ATF in the state to 1% from 21% in 2022.

The first phase of the Noida International Airport is expected to be operational by the end of 2024, with one runway, and one terminal having the capacity to handle traffic of 12 million passengers annually.

The airport is about 72 km from Indira Gandhi International Airport in New Delhi, 52 km from Noida, and 130 km from Agra.

AVIATION FUEL VAT

CIVIL aviation ministry has been actively asking state govts to reduce VAT on aviation fuel

THE Uttar Pradesh government reduced the VAT on ATF in the state to 1% from 21% in 2022

The airport is already seeing strong interest from domestic as well as international airlines. India’s largest airline, IndiGo, will be the launch carrier for the airport. Recently, Akasa Air announced it will base its aircraft at Jewar for domestic and international flights.

Air India Express, the low-cost subsidiary of Air India, is also looking at Jewar airport.

“We will be looking at where the demand is. Certainly, Jewar is a big catchment area. It will serve a specific market and certainly we would like to be there,” said Aloke Singh, managing director, Air India Express.

“Certainly, demand comes first. I am saying that (lower VAT) is the icing on the cake,” Singh added.

Airlines feel a lower VAT would also mean lower fares for passengers. “Any such benefits in terms of cost will be transferred to passengers, which means lower fares for passengers flying out of Jewar airport,” said the chief executive officer of a low-cost airline, on condition of anonymity.

Analysts also predict a huge benefit for Jewar airport over Delhi.

“In the case of Delhi airport, 25% is quite high VAT on ATF. I feel the day Noida airport at Jewar is commissioned, Delhi government may be forced to reduce (the tax); otherwise this will be one of the reasons for moving a lot of traffic to Jewar,” Vijai Agrawal, former chairman of the Airports Authority of India, said in a webinar conducted by aviation consultancy firm CAPA India.

Bigger companies like Jio Studios, too, have aggressive regional movie plans.

Cost pressures get studios to eye wins in regional cinema

Lata Jha
lata.j@htlive.com
NEW DELHI

Grappling with rising costs of production, unpredictable box office and few buyers in the OTT ecosystem, studios and filmmakers who were primarily operational in the Hindi language, are gradually looking at regional cinema. While music label and production house Tips has backed a Marathi film, Yoodlee, the content studio owned by Saregama, is bringing out projects in Punjabi and Malayalam. Bigger companies like Jio Studios, too, have aggressive regional movie plans. These films are more cost-effective to put together, preferred by streaming platforms who are aggressive about local language content libraries and stars in these regions are popular without commanding astronomical sums.

“OTT is a very new space and will go through its share of ups and downs. We’re an agile production house and need a stable and predictable business where we don’t need to pitch to anyone else to keep going. The theatrical model comes with low risk in this case and it has been a measured move on our part to diversify,” Siddharth Anand Kumar, senior vice president of films and events at Saregama India, which owns Yoodlee Films, said.

Kumar Taurani, MD-TIPS Industries, said regional films are gaining significant momentum, and there’s a growing demand for diverse content. “Over the next one to two years, we plan to produce six to seven movies, maintaining a balanced ratio of 50% in Hindi and 50% in regional languages. Within the next 2-3 years, our goal is to increase our film production to 10-12 projects, maintaining the same 50-50 split between Hindi and regional films,” he said. To be sure, things are tough for content creators both in the Hindi theatrical space and the OTT ecosystem.

Things are tough for content creators both in the Hindi theatrical space and the OTT ecosystem

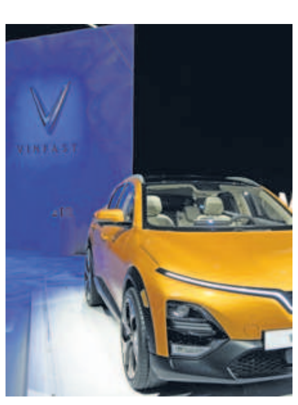
While the box office remains unpredictable, with even big star films finding limited appeal, streaming platforms are facing pressures on profitability, impacting their bullishness and spends in the country, which has led to a slowdown in commissioning and greenlighting decisions. On the music front, labels have seen film soundtrack acquisition costs spike by 5-8 times over the past two years. Filmmakers who feel audio streaming is bringing significant returns for music companies are demanding massively higher rates, even as Hindi film music gains little traction and the number of songs per film has fallen.

“The returns on investment are very attractive for regional cinema. A film made for less than ₹5 crore can end up making ₹50 crore at the box office. Seventy to eighty per cent of the business is secured before release. So there is nothing to lose,” said Yusuf Shaikh, business head of feature films at production and distribution firm Percept Pictures. He referred to profitable films like *Baipan Bhaari Deva* (Marathi) and *Carry On Jatta 3* (Punjabi) that broke out last year.

VinFast likely to skip Bharat Mobility Expo

Alisha Sachdev
alisha.sachdev@livemint.com
NEW DELHI

Vietnamese carmaker VinFast, which is drawing up plans to launch operations in India in 2024, will not participate in the upcoming Bharat Mobility Expo, in a change of plans possibly involving challenges in making its entire product showcase available for the Expo in time, two sources privy to the development told *Mint* on condition of anonymity.



The brand was touted to be a major draw at the Expo. AP

The pure electric automaker, which had taken up 10,000 square meters of space at the Bharat Mandapam for the maiden edition of the Bharat Mobility Global Expo which begins on 1 February, and was set to exhibit 6 cars and 5 electric scooters at the Expo, is now exploring alternative ways to introduce the brand to customers and industry stakeholders, one of the sources cited above said.

The carmaker, which is part of Vietnam’s largest privately-owned conglomerate Vingroup, has recently signed an MoU with the Tamil Nadu government to establish a factory in the state, and will soon break ground at the site in Thoothukudi to initiate constructing its CKD (completely knocked-down assembly) facility, as well as a battery manufacturing plant. The brand was touted to be a major draw at the Bharat Mobility Expo, which is expected to attract over 150,000 visitors to the Bharat Mandapam in New Delhi’s Pragati Maidan, as customers and industry participants keenly wait for the entry of the major OEM (original equipment manufacturer) with aggressive plans and investments to tap the rapidly growing market for sport utility vehicles (SUVs) in the country.

Twenty-eight OEMs and over 600 auto components suppliers are expected to take part in the global expo, with the government planning to extend the show to multiple venues in Greater Noida and Dwarka, in addition to Pragati Maidan, over the next couple of years.

“We expect the show to become one of the top 10, if not the top 5, largest mobility shows world over,” Amardeep Singh Bhatia, additional secretary, commerce ministry, told *Mint*.

JUBILANT INGREVIA

Jubilant Ingrevia Limited

Regd. Office: Bhartiagram, Gajraula, District Amroha - 244 223 (U.P.) | CIN: L24299UP2019PLC122657
Website: www.jubilantingrevia.com | Email: investors.ingrevia@jubl.com | Tel: +91-5924-267437

Extract of Unaudited Financial Results for the Quarter and Nine Months ended 31 December 2023

Consolidated Unaudited Financial Results

(₹ in Lakhs)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31 December (Unaudited) 2023	30 September (Unaudited) 2023	31 December (Unaudited) 2022	31 December (Unaudited) 2023	31 December (Unaudited) 2022	31 March (Audited) 2023
Total Income from operations	96640	101994	115831	306136	362771	477269
Net Profit before tax and exceptional items	5508	7987	12160	21626	36119	43671
Net Profit before tax (after exceptional items)	5508	7987	12160	21626	36119	43671
Net Profit after tax and exceptional items	3856	5749	9153	15364	25519	30750
Total comprehensive income after tax (comprising profit for the period after tax and other comprehensive income after tax)	3933	5707	9252	15384	25449	30990
Equity share capital	1580	1580	1590	1580	1590	1590
Reserves excluding revaluation reserves (other equity)	272599	268414	263384	272599	263384	265033
Securities Premium Account	57132	57132	57132	57132	57132	57132
Net Worth	274179	269994	264974	274179	264974	266623
Paid-up debt capital	-	-	-	-	-	-
Debt Equity Ratio (in times)	0.23	0.26	0.13	0.23	0.13	0.12
Earnings per share of ₹ 1 each#						
Basic (₹)	2.44	3.64	5.75	9.71	16.05	19.34
Diluted (₹)	2.43	3.64	5.75	9.70	16.04	19.33
Debt Service Coverage Ratio (in times)#	6.93	10.09	23.64	9.11	29.56	26.90
Interest Service Coverage Ratio (in times)	6.93	10.09	23.64	9.11	29.56	26.90

not annualized for the quarters/periods

Standalone Unaudited Financial Results

(₹ in Lakhs)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31 December (Unaudited) 2023	30 September (Unaudited) 2023	31 December (Unaudited) 2022	31 December (Unaudited) 2023	31 December (Unaudited) 2022	31 March (Audited) 2023
Total Income from operations	91670	100309	109051	295051	349856	455957
Net Profit before tax and exceptional items	3001	7978	9457	18657	31113	36758
Net Profit before tax (after exceptional items)	3001	7978	9457	18657	31113	36758
Net Profit after tax and exceptional items	1933	5732	6794	13147	21474	25341
Total comprehensive income after tax (comprising profit for the period after tax and other comprehensive income after tax)	1861	5612	6750	12932	21343	25247
Equity share capital	1593	1593	1593	1593	1593	1593
Reserves excluding revaluation reserves (other equity)	223624	221510	214260	223624	214260	214264
Securities Premium Account	57191	57191	57191	57191	57191	57191
Net Worth	225217	223103	215853	225217	215853	215857
Paid-up debt capital	-	-	-	-	-	-
Debt Equity Ratio (in times)	0.37	0.40	0.28	0.37	0.28	0.26
Earnings per share of ₹ 1 each#						
Basic (₹)	1.21	3.60	4.26	8.25	13.48	15.91
Diluted (₹)	1.21	3.60	4.26	8.25	13.48	15.91
Debt Service Coverage Ratio (in times)#	4.45	8.11	12.07	6.75	15.14	13.74
Interest Service Coverage Ratio (in times)	4.45	8.11	12.07	6.75	15.14	13.74

not annualized for the quarters/periods

Notes:

1. The Board of Directors at its meeting held on 30 January 2024 has declared an interim dividend of ₹ 2.5 per share of ₹ 1 each amounting to ₹ 3982 lakhs.
2. The consolidated and standalone unaudited financial results were subjected to limited review by the Statutory Auditors of the Company, reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 30 January 2024. The review report of the Statutory Auditors is being filed with the BSE Limited and the National Stock Exchange of India Limited.
3. The above is an extract of the detailed format of the consolidated and the standalone unaudited financial results for the quarter and nine months ended 31 December 2023 filed with the Stock Exchanges under Regulation 33 and 52 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). The full format of the consolidated and the standalone unaudited financial results for the quarter and nine months ended 31 December 2023 is available under Investors section of our website at www.jubilantingrevia.com and Financial Results at Corporates section of www.nseindia.com and www.bseindia.com.

For **Jubilant Ingrevia Limited**

Place : Noida
Date : 30 January 2024

Deepak Jain
CEO & Managing Director

Real-estate downturn comes for US' premier office towers

Rents at highest-end buildings fall and rate of leasing slows

Peter Grant
feedback@livemint.com

The highest quality office buildings have had much better success navigating the industry's turmoil. Now, even premier towers are starting to wobble.

Rents at the highest-end buildings have been falling, while the rate of leasing has been slowing. Tenants have become more sensitive to costs in a world of higher interest rates and lingering concerns about a possible economic slowdown, market participants say.

Owners of the most elite buildings escaped this fate for a while by convincing the market they had created a new class of office tower—one that surpassed the traditional Class A building at the top of the pecking order.

These landlords persuaded blue-chip tenants that reluctant workers would return if only their offices sparkled with lush roof decks, fully loaded gyms and food prepared by Michelin-starred chefs. Owners invested heavily in these properties, which were usually new developments with the best locations, views, air quality and modern designs.

But that strategy is losing steam as more companies have accepted the reality of hybrid work schedules and, for the most part, have given up on compelling workers to be in five days a week.

"The ship has sailed on full return to the office for most companies," said Rob Sadow, chief executive of Scoop Technologies, a software firm that developed an index that tracks workplace strategies. "They're not going to go from three days a week to five days a week by making their space nicer."

That is one reason why few office developers are considering new ground breakings. Current rents don't pencil out for building expensive space. The U.S. had only 31 million square feet in office construction starts last year, the lowest level since 2010. New buildings will represent only 1% of inventory by 2027, the lowest in at least 25 years, according to CoStar.

The share of leasing activity is also falling among the premier towers. AFP

THE WALL STREET JOURNAL.

"New starts have essentially ground to a halt," said Dylan Burzinski, analyst at real-estate analytics firm Green Street.

Premium, amenity-rich office space has outperformed in terms of rent and occupancy throughout the pandemic. In New York, SL Green Realty opened a new office tower called One Vanderbilt across the street from Grand Central Terminal in the fall of 2020. It boasted a 4,000-square-foot terrace and cafe and a menu overseen by star chef Daniel Boulud. The 93-story building quickly filled up even though its top asking rents were near record levels at more than $300 a square foot.

That sort of exceptionalism is beginning to wane. Asking rents for prime space in 16 U.S. markets declined in the third quarter after increasing on average from about $61 a square foot in mid-2021 to close to about $70 in the second quarter of last year, according to CBRE Econometric Advisors. They were just under $69 in the fourth quarter, CBRE said.

The share of leasing activity is also falling among the premier towers. The office properties that data firm CoStar Group defines as five-star buildings accounted for 8% of the market in 2022 and 2023, down from 10% in 2019. Meanwhile, new leases in five-star buildings were on average 43% smaller than 2019, CoStar said, reflecting how companies are becoming more efficient in their space use and tolerating some degree of work from home.

In the fourth quarter, 62% of companies offered some form of remote work, up from 51% one year ago, according to Scoop. On average, those companies with hybrid strategies required workers in the office 2.5 days a week in October, Scoop said. In 2021 and 2022, many companies still expected to bring workers back five days a week and were leasing space with that in mind.

Office buildings that have opened recently have done well, but not by One Vanderbilt's standards. In Boston, for example, Millennium Partners has leased about 60% of the 812,000 square feet of office space that hit the market last year in the new Winthrop Center project with such tenants as Cambridge Associates and consulting giant McKinsey. But rents are about 10% less than what Millennium originally forecast, said Joe Larkin, principal of MP Boston, the developer's local arm.

Larkin said that Millennium expects to achieve its goal of taking three years to lease the building. "What we lost in the last couple of years is the hope to exceed how we planned this building," he said.

High interest rates and concerns about a possible recession are also giving companies second thoughts about trading up to higher quality spaces. Moves are expensive especially when borrowing costs are higher than they've been in decades.

Cost-conscious companies are noticing that the gap between asking rents in top buildings and lower quality buildings is widening. The result: Renewals were 42% of the leasing volume last year, compared with 31% in 2018 and 2019 combined, according to CBRE.

"If companies aren't going to have people in the office full time, maybe taking the lower-grade space might be a better economic decision," Sadow said.

The concession on the de-icing requirement comes days after Democratic senator Tammy Duckworth called on the FAA to reject Boeing's plea for a waiver for the yet-to-be certified Max 7. REUTERS

In bow to pressure, Boeing pulls Max 7 safety waiver appeal

Bloomberg
feedback@livemint.com

Boeing Co. withdrew a request for a key safety exemption that would have helped speed approval of its coming 737 Max 7 aircraft, bending to rising pressure to prioritize safety in the wake of a near-catastrophe on one of its planes.

The concession on the de-icing requirement comes days after Democratic Senator Tammy Duckworth called on the Federal Aviation Administration to reject the company's petition for a waiver for the yet-to-be certified Max 7.

The US planemaker will instead engineer a solution to address the engine inlet de-icing system during the certification process, Boeing said in a statement late Monday.

"The FAA will determine the timing of certification and we will follow their lead every step of the way," Boeing said. "We're committed to being transparent, listening to all our stakeholders and taking action to strengthen safety and quality."

The US planemaker will instead engineer a solution to address the engine inlet de-icing system

Boeing's retreat illustrates just one of the challenges ahead as regulators pore over the company's manufacturing processes and pressure management to improve the quality of its planes. The setback is likely to extend the time it takes for clearance to start delivering the smallest version of Boeing's cash-cow narrow-body, putting it at a disadvantage to Airbus SE and Embraer SA.

Duckworth, who chairs the Senate subcommittee on aviation safety, said in a Jan. 24 letter to FAA Administrator Michael Whitaker that "Boeing forfeited the benefit of the doubt long ago when it comes to trusting its promises about the safety of 737 Max."

The blowout of a fuselage panel on Alaska Airlines Flight 1282 earlier this month led the FAA to ground Max 9 jets with the door-plug feature. While the stop has since been lifted, Max 9 operators Alaska Air Group Inc. and United Airlines Holdings Inc. have criticized Boeing, as has Southwest Airlines Co., the launch customer for the Max 7.

Boeing shares have declined 21% this year through Monday, the worst performance among members of the Dow Jones Industrial Average. The stock was off 0.5% in premarket trading as of 7:54 a.m. in New York.

Some analysts now expect further delays to the Max 7, as well as the stretched Max 10 as it follows the smaller plane down the path toward certification. *Bloomberg* has reported that United is looking for ways to get out of its contract for the biggest Boeing single-aisle and at least partially switch over to Airbus.

The Max 8, the base version of the latest 737, and the Max 9 are both flying with what Duckworth termed the "same anti-ice system defect." In her letter, she said Boeing won't be able to implement a fix until 2026. Attempting to put the Max 7 into service before a solution is in place "suggests the company has yet to learn the most basic lesson from its terrible 737 Max history: safety must come before profit," Duckworth said.

Southwest said on a conference call last week that its 2024 fleet plans do not include any Max 7 deliveries.

Chief executive officer Robert Jordan said then that he's spoken with Boeing leadership to make sure "they understand our feelings," and that the airline supports the planemaker's efforts to improve.

"The quality issue is a must, improving safety is a must, and becoming a better company is a must," he said in an interview.

Netflix co-founder gives $1.1 bn in shares to Silicon Valley charity

Theo Francis
feedback@livemint.com

Netflix co-founder Reed Hastings donated $1.1 billion worth of his stake in the streaming company to a California-based charity that is popular with technology founders because it gives them tax breaks and privacy.

THE WALL STREET JOURNAL.

The Netflix executive chairman gave the shares to Silicon Valley Community Foundation, which had more than $10 billion in assets at the end of 2022. Previous donors have included Facebook co-founder Mark Zuckerberg, who gave more than $1 billion worth of Facebook stock a decade ago.

Hastings's gift accounts for about 40% of his direct ownership stake in Netflix and comes after the stock surged following a strong earnings report. He has previously donated money for educational purposes and to historically Black colleges. A spokeswoman for Netflix confirmed the donation went to the Silicon Valley charity but declined to comment further.

The foundation, formed in 2007, was created to help wealthy Silicon Valley executives channel charitable contributions. It offers donor-advised funds that allow individuals to place a portion of their wealth and then advise how the assets are used for specific charitable purposes.

The donors get an immediate tax benefit and more privacy than through some other philanthropic efforts. Silicon Valley Charitable Foundation has to disclose ultimately where its funds go but not where the money came from or who advised it to go there.

Reed Hastings, co-founder, Netflix. MINT

It reported 1,060 donor-advised funds at the end of 2022, the latest filings available. Those funds held more than $9.4 billion of the $10.1 billion in total assets, including $2.3 billion contributed that year. A spokeswoman for the charity said it wouldn't comment on donors' philanthropic activity.

Donor-advised funds have come under criticism because giving to them can generate an immediate tax deduction, while the donated funds can sit for years. By contrast, private foundations—another charitable vehicle often used by the wealthy—are required to distribute funds over time and must disclose details about donations and charitable operations.

Hastings's gift of two million shares on Jan. 24 amounted to about 40% of the executive's stockholdings, according to Verity, which analyzes stock transactions by corporate insiders. Hastings also holds options on about 2.5 million shares, with strike prices ranging from $49 to $680 a share, said Ben Silverman, Verity's vice president of research.

Hastings's gift came as the Netflix shares reached a two-year high. Netflix closed Monday at $575.79, up almost 1%.

Big donations of stock offer executives significant tax benefits: They generate a deduction against current income—often worth as much as 30%, depending on the donor's tax rate—and allow the donor to avoid capital-gains tax on the shares' appreciation. The tax deduction is calculated based on the price when donated.

In all, contributing to a donor-advised fund sponsor can generate savings of 50%, said Ray Madoff, a Boston College law professor who specializes in philanthropy, taxes and estate planning. "By taking your property instead of cash, they're maximizing your tax benefits," Madoff said.

GM went all in on electric vehicles. Dealers say buyers want hybrids.

Mike Colias
feedback@livemint.com

Some influential dealers are pressing General Motors to introduce hybrid models, worried they risk losing customers who aren't ready to make the switch to fully electric cars.

Dealers who serve on advisory committees to the automaker have urged executives in several recent meetings to add hybrids to GM's lineup, according to people involved in the discussions. GM has focused on fully electric cars in recent years and largely bypassed hybrids, which pair an internal combustion engine with a small battery and electric motor to boost fuel efficiency.

The dealers said they expressed concern that more customers are looking for a middle ground between conventional gas-engine cars and EVs, which are more expensive and require regular charging.

GM executives have acknowledged the dealers' views but haven't made any commitments to future hybrid options, the people said. Automakers often solicit input from dealers on vehicle planning but still typically keep the details of future models under wraps.

A GM spokesman declined to comment.

The dealers' pleas for the company to consider adding hybrid models show another dimension of the pressure facing GM Chief Executive Mary Barra as aspects of her EV push stall.

THE WALL STREET JOURNAL.

Making such a move would mark a major strategic reversal for GM, which unlike many of its rivals, went all-in on EVs and largely sat out the hybrid market, which executives viewed as an unnecessary interim step.

Last month, Barra didn't rule out the prospect of introducing hybrid models in the U.S. when asked about it during an event in Detroit, noting that GM sells them in China.

"I still believe in the end-game, that you want to move to EVs as quickly as you can," she said. "But we have the technology, and we'll continue to look at where the market is."

Across the industry, automakers have seen the pace of EV sales growth slow after a few years of intense consumer interest.

Meanwhile, hybrids have taken off over the past year amid consumer reticence toward full electrics, turned off by higher prices and worries about getting stranded between charging stations. Many dealers and car executives see hybrids as an important choice on the spectrum between straight gas-powered cars and EVs.

"With EV adoption slower, hybrids are going to be a bigger part" of the business, Ford Chief Financial Officer John Lawler said at a Barclays investor conference in November.

Dealers who serve on advisory committees have urged executives in several meetings to add hybrids to GM's lineup.. REUTERS

Toyota, Honda, Hyundai and Kia are the major players in the hybrid market. Sales of hybrid vehicles in the U.S. surged more than 50% last year, after a small drop in 2022, according to research firm Motor Intelligence.

Those include regular hybrids, which supplement the gas engine but generally don't propel the car on electric power alone, and plug-in hybrids, which can travel in electric mode for a certain distance—typically 10 to 40 miles—before the gas engine takes over.

"Hybrids are what's hot right now," said Chris Hemmersmeier, a Salt Lake City-area car dealer who has GM stores as well as other brands, including Kia and Jeep.

He said hybrid models at those non-GM stores—including the Kia Sportage compact SUV and Stellantis's Jeep Wrangler and Grand Cherokee plug-in-hybrid SUVs, sold under the 4xe name—have been selling briskly, and he's worried GM's EV-heavy focus will cause his stores to lose customers.

"I'd like to see GM prioritize hybrids," said Hemmersmeier, who operates Chevrolet and Buick-GMC stores and hasn't been involved in the dealer-committee meetings with company executives.

Meanwhile, hybrids have taken off over the past year amid consumer reticence toward full electrics

GM offered hybrids for the U.S. market at times over the past two decades. In the mid-2000s, it came out with hybrid versions of its big SUVs, such as the GMC Yukon and Cadillac Escalade, among its most profitable vehicles. Those sold poorly, though, and were phased out within a few years.

GM was among the first automakers to introduce a plug-in hybrid when it released the Chevrolet Volt in 2010. It offered about 40 miles of driving range in electric mode before a gas generator kicked on to power the electric motor. The Volt was celebrated as an engineering feat and garnered a loyal following, but was a money loser and fell short of GM's internal sales targets. The company discontinued it in 2019.

Today there are dozens of plug-in hybrid models on sale in the U.S., with Stellantis's SUVs the top sellers.

In recent years, GM executives have expressed skepticism about hybrid technology and concern that they would distract from the company's long-term goal of near-exclusive electric sales by 2035.

"Customers generally aren't interested in hybrids, the value proposition there," Barra said at a Barclays investor conference in 2019. "We believe moving to electric vehicles as quickly as possible is the right thing to do."

In recent months, dealers more broadly have expressed worries that U.S. policy to expand EV adoption is getting ahead of consumers.

Last week, auto retailers representing about 5,000 U.S. stores sent a letter to President Biden, urging his administration to stand down from proposed new tailpipe-emissions rules that would require more than half of U.S. sales to be EVs by next decade. They said a lack of charger availability and consumer interest make that unrealistic.

"Wait for the American consumer to make the choice to buy an electric vehicle, confident that they are affordable and won't strand them because of a lack of charging stations," the letter said.

NEWS IN NUMBERS

£57.4 mn
THE PENALTY imposed on HSBC Holdings by the UK's Prudential Regulation Authority, its 2nd-highest fine, for failing to comply with deposit protection rules.

1%
THE VALUE Added Tax on aviation turbine fuel in UP, where Delhi-NCR's 2nd airport is coming up, compared to 25% in Haryana, where existing airport is located.

90
THE NUMBER of large M&A deals that were struck in India in 2023, totalling $32 billion, down from 109 deals worth $118 billion in 2022, according to Bain & Co.

19
THE NUMBER of Pakistani nationals rescued by the Indian Navy, after their fishing vessel Al Naemi got highjacked by Somali pirates.

6.5%
INDIA'S PROJECTED economic growth rate for '24 and '25, according to IMF, up by 0.2 percentage points from its Oct forecasts for both years, on resilient domestic demand.

HOWINDIALIVES.COM

Govt to ease export norms for goods

The government is working to liberalise export norms for certain products, which have dual-use, like chemicals for companies with proven track records, a senior official said on Tuesday.

Director General of Foreign Trade (DGFT) Santosh Kumar Sarangi said that dual-use goods and technologies are sensitive, and if they go into the wrong hands of non-state actors, it can cause serious disruptions globally.

A small group of rebels in Yemen have disrupted the global trade as they are attacking foreign commercial ships with drones and missiles. "We are working with the industry, with the ministry of external affairs, and with the customs to ensure that a whole lot of sectors are liberalised for those companies which have proven track record of responsible use and responsible exports," Sranagi said here at the 'National Conference on Strategic Trade Controls'. PTI

Parth Jindal-led firm recorded a growth 5 times higher than the industry's since its launch. MINT

JSW Paints to be profitable in FY24

JSW Paints, the paints venture of the $23 billion JSW group, on Tuesday announced that it is poised to turn profitable by the end of the current fiscal year as it is on track to surpass ₹2,000 crore in revenue by 31 March 2024. This target, according to a release by the company, will be accomplished within 15 months subsequent to crossing the ₹1,000 crore revenue threshold in FY22.

"The company is on track to turn profitable this fiscal ending 31 March 2024, a significant achievement within just five years of its commencing business operations," said the company. The Parth Jindal-led company said that it recorded a growth 5 times higher than the industry's within five years of its launch. The company crossed the ₹1,500 crore mark within nine months of the current fiscal ending 31 March, and is confident that it will add another ₹1,000 crore before the end of the last quarter of the fiscal. It achieved a market scale and coverage of greater than 60% in paint-selling towns. Furthermore, it has continued to increase its retailer network by adding more than 2,000 retailers every year. NAMAN SURI

PLAYTIME

People play ice hockey at a skating rink in Shimla, Himachal Pradesh, on Tuesday. Several parts of the state and Kashmir have been witness to heavy snowfall in the last few days. PTI

India says its elusive snow leopard population is at 718

13,450 km of trails were surveyed, while camera traps were deployed at 1,971 locations

Vaageesh Thirumalai
vaageesh.chakravarthy@partner.livemint.com
NEW DELHI

The first scientific survey of the snow leopard in India shows the country is home to 718 of the elusive cats, the government said on Tuesday.

A population assessment report, based on a study conducted by the Wildlife Institute of India (WII), was released by Union minister of environment, forest and climate change Bhupender Yadav.

The report called for establishing a dedicated 'snow leopard cell' at WII under the ministry, with a focus on long-term population monitoring.

"States and union territories (UTs) can consider adopting a periodic population estimation approach (every 4th year) in the snow leopard range. These regular assessments will offer valuable insights for identifying challenges, addressing threats, and formulating effective conservation strategies," added the population assessment report.

The exercise, conducted from 2019 to 2023, covered approximately 120,000 sq km of snow leopard habitat across the trans-Himalayan region, including Ladakh, Jammu and Kashmir, Himachal Pradesh, Uttarakhand, Sikkim and Arunachal Pradesh.

Surveyors used a two-step method. The first involved an evaluation of the snow leopard's spatial distribution.

In the second step, camera traps were used to estimate their population.

During the exercise, 13,450 km of trails were surveyed, while camera traps were deployed at 1,971 locations.

A total of 241 snow leopards were photographed.

Based on data analysis from the report, Ladakh, with 477 individuals, is the leading snow leopard habitat in India, followed by Uttarakhand (124), Himachal Pradesh (51), Arunachal Pradesh (36), Sikkim (21) and Jammu and Kashmir (9).

Globally, the snow leopard is listed as a vulnerable species.

> Based on data analysis from the report, Ladakh, with 477 individuals, is the leading snow leopard habitat in India

In India it is given the highest wildlife protection status.

Snow leopards are estimated to number between 3,000 and 7,000 worldwide. China is known to have the biggest population of the animals, but exact numbers are not known.

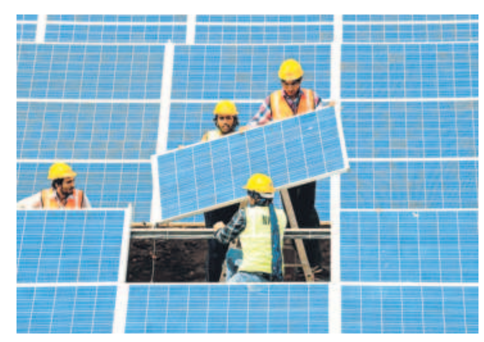
Adani Total Gas Q3 profit rises 18%

Adani Total Gas reported a nearly 18% rise in its third-quarter profit on Tuesday, boosted by strong sales of its compressed natural gas (CNG).

The company, which distributes piped gas to various Indian cities, said consolidated profit rose to ₹177 crore for the quarter ended 31 December from ₹150 crore a year earlier.

Adani Total Gas has been reporting consistently higher quarterly profits since the March quarter of 2023.

The company, part of the Adani group conglomerate, said the volume of its CNG sales rose 24%, led by the addition of 98 new stations across the country. City gas distributors had faced gas shortages due to higher spot liquefied natural gas prices (LNG) and lower domestic allocations. However, with spot prices easing this quarter, distributors passed on the price cuts to consumers, aiding volumes. REUTERS



The agreement also includes creation of pumped storage projects of 2 gigawatts. AFP

NGEL, Maha to set up green projects

State-run NTPC Green Energy Ltd. (NGEL) announced on Tuesday that it has signed an agreement with the government of Maharashtra for the development of projects for green hydrogen and its derivatives such as green ammonia and green methanol of up to 1 million tonne capacity per annum.

"The MoU (memorandum of understanding) has been signed as part of the government of Maharashtra's green investment plan for the next five years. The agreement envisages a potential investment of approximately ₹80,000 crore," said an official statement from the Union ministry of power. As per the statement, the agreement also includes the creation of pumped storage projects of 2 gigawatts (GW) and the development of renewable energy projects with or without storage up to 5 gigawatts in Maharashtra. VAAGEESH THIRUMALAI

Two UBS India bankers leave firm

UBS Group AG is losing two veteran wealth bankers in India, as demand heats up for experienced bankers who can manage burgeoning riches in the country.

Sudipto Sinha, an executive director, and Vijay Shah, another senior banker, are leaving the Swiss firm for other opportunities, according to people with knowledge of the matter.

Both had been at Credit Suisse, which was taken over by UBS last year in an emergency rescue that paved the way for the larger lender to return to India's private wealth market.

Sinha joined Credit Suisse in 2020, after more than 17 years at Kotak Mahindra Bank Ltd., where he was a private banker, according to his LinkedIn profile. Shah had led advisory and sales practice at the firm, the people said, asking not to be identified as the information isn't public. BLOOMBERG

NCLT asks Sony to file reply in 3 weeks

The National Company Law Tribunal (NCLT) on Tuesday granted three weeks to Sony Pictures (Culver Max) to file its reply to an application filed by one of the shareholders of Zee Entertainment Enterprises in connection with the ZEE-Sony merger.

Mad Man Film Ventures, one of Zee's shareholders, moved an application before the NCLT seeking the implementation of the merger between Zee and Sony which was called off last week.

Last week, Zee Entertainment Enterprises informed the exchanges that it had taken Sony Pictures Network India (now Culver Max Entertainment) before the NCLT to contest the fallout of the merger between the two.

Counsel representing Mad Man Film Ventures informed the tribunal that the application was served on Sony on 5 December, and even though the matter was listed for a hearing on 3 January, Sony did not file any reply in the matter. PRIYANKA GAWANDE

TKM suspends dispatch of 3 models

3 models had irregularities in horsepower output certification tests. MINT

Toyota Kirloskar Motor (TKM) is temporarily suspending the dispatch of its three models—Innova Crysta, Fortuner and Hilux—in the country after "irregularities" were found in the certification tests for the diesel powertrain.

Toyota Industries Corporation (TICO), a company affiliated with Toyota Motor Corporation (TMC), on 29 January 2024, announced that irregularities in horsepower output certification tests were found on three diesel engine models. In case of India, such engines are used in Innova Crysta, Fortuner and Hilux. "The irregularities concern the smoothing of power and torque curves but did not lead to any over-stating or over-claims on horsepower, torque or other powertrain related values," a TKM spokesperson said in a statement when contacted over the issue. The issue does not have any impact on the emissions or safety of the affected vehicles, the company stated.

TKM would, however, continue to take new orders for the three models, it said. For cars that have already been dispatched but have not yet been delivered to the customer, the company will carefully explain to customers about this condition, the company stated. PTI

The model redesigns a crucial protein involved in the delivery of gene therapy. AFP

AI model to help in gene therapy

Researchers have used an artificial intelligence (AI) model to redesign a crucial protein involved in the delivery of gene therapy, a technique that employs genes to treat, prevent or cure diseases.

The research, published in the journal Nature Machine Intelligence, optimized proteins to mitigate immune responses, thereby improving the efficacy of gene therapy and reducing side effects. "Gene therapy holds immense promise, but the body's pre-existing immune response to viral vectors greatly hampers its success," said Michael Garton, an assistant professor at the University of Toronto, Canada.

"Our research zeroes in on hexons, a fundamental protein in adenovirus vectors, which—but for the immune problem—hold huge potential for gene therapy," Garton said.

Immune responses triggered by certain antibodies pose a significant obstacle in getting these vehicles to the right target which can result in reduced efficacy and severe adverse effects, the researchers said. To overcome this shortcoming, Garton's lab used AI to custom-design variants of hexons that are distinct from natural sequences. PTI

Musk says first Neuralink patient received implant in brain

Elon Musk said that the first human patient has received a brain implant from his startup Neuralink Corp., a significant step forward for the company that aims to one day let humans control computers with their minds. In a post on X, formerly known as Twitter, Musk said that the patient is recovering well, and that initial results of the procedure were promising.

Neuralink's brain implant aims to help people with traumatic injuries operate computers using only their thoughts. In May, the company said it had received approval from the US Food and Drug Administration to conduct its first human trials. And late last year Neuralink said it was recruiting patients with quadriplegia due to cervical spinal cord injury or amyotrophic lateral sclerosis (ALS) for the trial. On X, Musk wrote that Neuralink's first product would be called Telepathy. It will enable "control of your phone or computer, and through them almost any device, just by thinking," he said Monday. Musk added that the product's initial users will be people who have lost the use of their limbs. BLOOMBERG

On X, Musk wrote that Neuralink's first product would be called Telepathy. REUTERS

Imran Khan gets 10 years in jail

A Pakistani court sentenced former premier Imran Khan to ten years in jail after finding him guilty of violating the nation's secrecy laws by making a diplomatic cable public when he was in power.

Special court judge Abual Hasnat Muhammad Zulqarnain handed down the order to the former cricket star on Tuesday, according to Khan's lawyer, Shoaib Shaheen.

His former foreign minister Shah Mahmood Qureshi was also given a 10-year jail sentence as an abettor in the same case.

The verdict will be challenged in a higher court as the trial was done "in haste, illegally", Shaheen said in a text message.

This is Khan's second conviction after a separate court last year sentenced him to three years in jail for corruption, which also disqualifies him from contesting in elections. His sentence was later suspended by a higher court that, however, didn't over turn his conviction. BLOOMBERG

HOW TO EXPLAIN THE BUDGET TO AN ENGINEER

WhatsApp forwards and Insta reels are not the best guides to understand India's finances, Rahul, an engineer, realizes

Vivek Kaul
feedback@livemint.com
MUMBAI

"You know Rahul," said Pooja. "I read a really interesting joke today on a website called engineerchic.com."

"What joke?" asked Rahul.

"How many engineers does it take to change a light bulb?"

"How many?"

"None, actually. They simply come together and define darkness as the new industry standard."

"That was in bad light Pooja," replied Rahul. "You know, I also read a very interesting joke on Forbes.com: How many economists does it take to change a light bulb?"

"How many?"

"None. Because darkness will cause the light bulb to change by itself. The free-market will sort itself out."

"On a serious note, I have a question for you," said Rahul, who is an engineer, to Pooja, who is an economist.

"Bring it on."

"So, someone Whatsapped today. It seems the International Monetary Fund (IMF) recently said that India's debt level remains elevated and will touch 100% of the gross domestic product by 2028. What do you think?"

"That's the trouble with WhatsApp. People make definitive, confident and easy-to-understand statements, which other people end up believing."

"But I haven't believed anything," said Rahul. "And which is why I am asking you."

"Tell me something," said Pooja, yawning and craving a cup of black coffee. "Do you understand the central government's budget?"

"Well, it's scheduled for 1 February that much I know."

"So, let's talk about it," said Pooja.

"Okay."

"What's scheduled this time around is the interim budget."

"Interim budget?" asked Rahul.

"Yes, with the Lok Sabha elections due in a few months. The proper budget for 2024-25, the next financial year, will be presented by the next government after it has been elected. Typically, from past experience I can tell you that this usually happens in July."

"Okay. But I had asked you a question on India's debt, so, why are we talking about the budget then?"

"Have some patience my dear," said Pooja, while logging on to an app and ordering two cups of coffee, an Americano for herself and a cup of Cortado for Rahul. Rahul, liked his coffee, nice and milky—like his mother still made it—or flat white as they tend to call it these days. But his wife wanted to make him much more than just his Mumma's Complan boy that he still was. And so he decided to keep quiet. This wasn't a battle worth picking.

THE BORROWING PLAN

"Every year, the finance minister presents the government's budget on 1 February. The long-speeches notwithstanding, the budget is primarily a statement of accounts for the next financial year," said Pooja.

"A statement of what?" interrupted Rahul.

"Basically, the government puts out the details of the expenditure it expects to carry out during the year, along with how it expects to finance that expenditure."

> The Indian government budgeted to spend around ₹45.03 trillion during the year and it expected its total earnings to be around ₹27.16 trillion.

"Right."

"The budget for 2023-24—the financial year that's currently on—was presented on 1 February 2023. The government budgeted to spend around ₹45.03 trillion during the year and it expected its total earnings to be around ₹27.16 trillion."

"Oh, but that's a huge gap."

"Yes, it's a gap of ₹17.87 trillion, or if I were to put it in other words, the gap amounted to around 40% of the government's total expenditure of ₹45.03 trillion."

"Okay."

"So, this gap of ₹17.87 trillion is referred to as the fiscal deficit."

"Ah, that's what it means," said Rahul. "Your folk use this term more than my folks say AI these days."

"Well, if you are an economist living in Delhi," said Pooja, "you can't make a living without using this term at least three-four times a day on average."

"Sarcasm?" asked Rahul, showing all over again the limited ability of many engineers to understand anything that had some ambiguity in it.

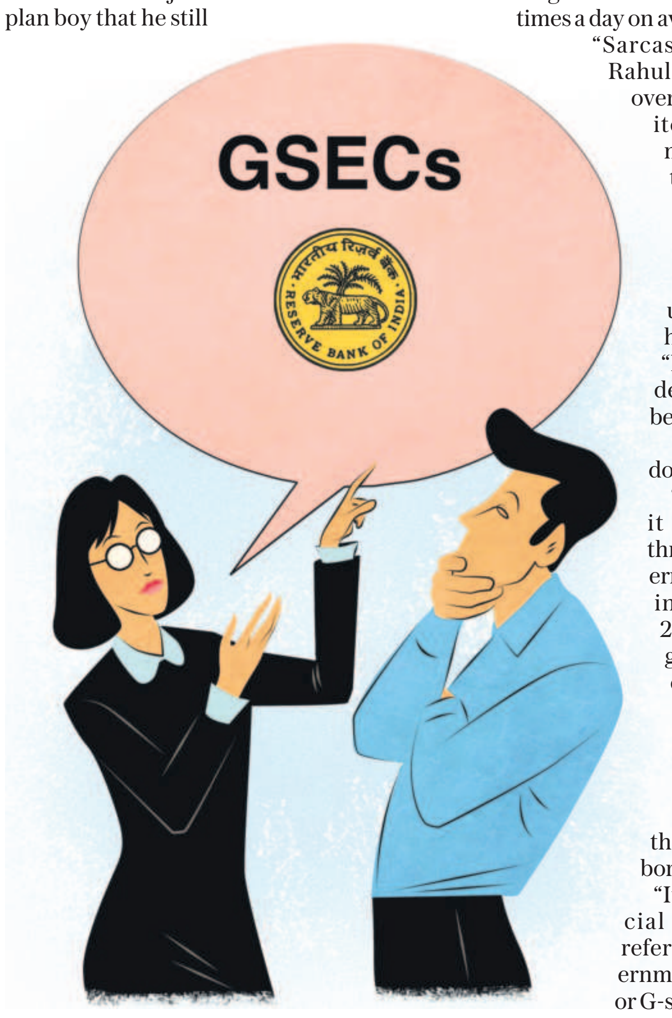
Pooja continued, ignoring his question. "Now, the fiscal deficit needs to be financed."

"How is that done?"

"A large part of it is financed through the government borrowing money. In 2023-24, the government expects to borrow a total of ₹12.31 trillion to finance the fiscal deficit."

"How does the government borrow money?"

"It issues financial securities referred to as government securities, or G-secs for short."



"Hmmm."

"These securities pay a certain rate of interest. Banks are required to compulsorily invest a good proportion of the deposits that they raise into these securities. Insurance companies also invest in G-secs. In fact, people are incentivized to buy insurance policies, among other forms of investing, by offering tax benefits. The ultimate idea is to ensure that there is, at any point of time, enough money going around to finance the fiscal deficit. And mutual funds also buy G-secs. These days, it's possible for individuals to buy G-secs directly as well through investing apps."

"Interesting."

"So, the central government's fiscal deficit is largely financed in this way. And that's how it ends up borrowing money and accumulating debt, given that it runs a fiscal deficit every year. Now, it's not just the central government which runs fiscal deficits. The state governments also do so, and they also borrow to finance these deficits and end up accumulating debt, like the central government does."

SMALL IS BIG

"Now, correct me here, you said that the fiscal deficit of the central government in 2023-24 is projected to be at ₹17.87 trillion, but it is expected to borrow only ₹12.31 trillion. This does not fill up the gap between its earnings and expenditure," said Rahul.

"Yes," said Pooja. "So, a bulk of the remaining gap is financed through small savings schemes. In 2023-24, they are expected to bring in ₹4.71 trillion."

"Expected to bring in?" asked Rahul.

"So, the government, largely through the post office, runs investment schemes like the Public Provident Fund, the Senior Citizens Savings Scheme, the National Savings Certificate, etc. People invest money into these schemes every year. At the same time, some investments made in earlier years mature and, hence, need to be redeemed. In 2023-24, it is expected that ₹6.48 trillion will come into these schemes and ₹1.77 trillion of investments made earlier will mature. These maturing investments will be repaid out of the money coming into the schemes. And after this is done, ₹4.71 trillion will be left, which will be used to finance the fiscal deficit."

"That's interesting. So, money being invested by individuals in the small savings schemes during a year is used to pay off investors whose investments are maturing in that year," surmised Rahul.

"Yes, you are right," replied Pooja. "In the simplest sense, the money invested in small savings schemes at any point of time is a liability for the government of India. If, in any given year, the money being invested in these schemes is lower than the money that needs to be redeemed, then the central government will have to make good of it."

"Okay."

THE BIG DEBT QUESTION

"Other than the small savings schemes, the central and the state governments have other outstanding liabilities as well. For 2023-24, data from the Centre for Monitoring Indian Economy shows that when you add up all these numbers, using the budget of the central government presented in February 2023 and other reports, it comes to ₹252.79 trillion."

"Hmmm."

"Now, we have been talking about numbers in absolute terms up until now. Nonetheless, we need to take the size of the Indian economy or its gross domestic product (GDP) into account as well. So, as per the budget presented on 1 February 2023, the GDP in 2023-24 is expected to be at ₹301.75 trillion. This is GDP in current terms, not adjusted for inflation and it implies that the total debt and liabilities of the central government and the state governments work out to around 83.8% of the GDP."

"What does that mean?" asked Rahul.

"I am coming to that," replied Pooja. "We are dealing with estimates here and estimates get revised. As per the First Advance Estimates of the GDP released in early January, the GDP this year is now expected to be ₹296.58 trillion. Taking this into account, the ratio of total debt and liabilities goes up to 85.3% of the GDP."

"Hmmm."

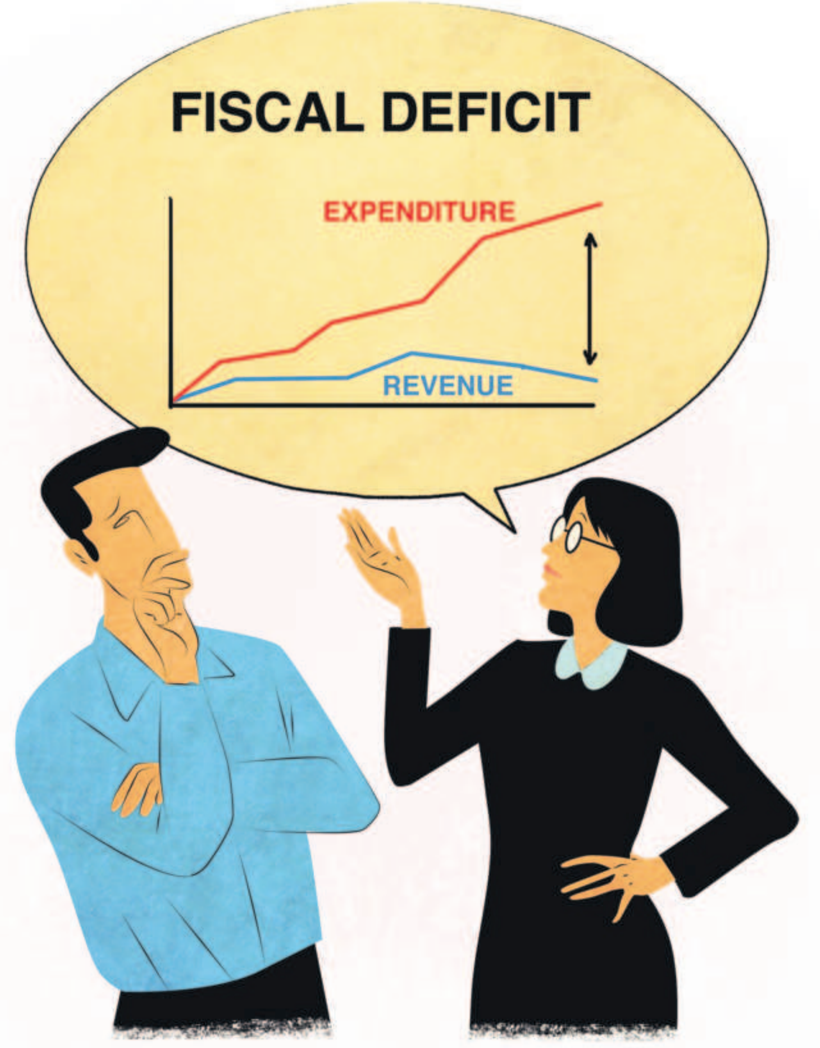
"Nonetheless, we are assuming here that the sum of borrowings and liabilities of the central government and state governments will stay the same as projected at the beginning of this financial year. Now, that may not turn out to be the case. Given that, total debt and liabilities as a proportion of the GDP might be lower than the calculations we have talked about. The IMF puts it at around 81.9% in 2023 and 82.3% in 2024."

"So, where did the talk about India's debt level reaching 100% of GDP come from?" asked Rahul.

"I was getting to that," said Pooja. "If we look at the ratio of the debt and liabilities of India's central government and state governments, it peaked at 95.1% of the GDP in March 2004, around 20 years back. It then started to fall, and fell to around 72.8% of the GDP in March 2014 and fell a little further to 72.1% in March 2015, and then jumped a little to 73.4% by March 2019."

"And then covid struck," Rahul interrupted.

"Yes. So, the ratio ballooned to 92% of the GDP in March 2021, as governments had to spend more in an environment where the private sector of the economy was in great trouble. Also, tax revenues fell, forcing the governments to borrow more. The ratio has since been falling and should continue to fall. The IMF has basically said that if the Indian economy faces a shock, this ratio will balloon to 100% of the GDP in the medium term by 2028. In the normal scheme of things, it expects the ratio to come down to 79.9% of the GDP by 2028, which is higher than where it was in years before covid, but only slightly."



SOUTH AMERICAN WAY?

"Okay. You know there is something else that the WhatsApp forward I received said—that India will now go the South American way," said Rahul.

"That's total rubbish," said Pooja.

"Why?"

"South American governments, over the years, have borrowed a lot of money in foreign currencies, particularly US dollars. And they have been unable to repay these debts and even defaulted on them. This has played havoc with their economies."

"Hmmm."

"The borrowing by Indian governments is largely in Indian rupee terms. The external debt and liabilities of the central government, as of March 2024, are expected to be ₹5.23 trillion or around 3.1% of its expected total borrowing and liabilities of ₹169.47 trillion."

> The GDP this year is expected to be ₹296.58 trillion. Taking this into account, the ratio of total debt and liabilities will be 85.3% of the GDP.

"So?" asked Rahul.

"You know there are three things that make a government a government."

"Which are?"

"The right to tax, the right to legal violence and the right to print money."

"And how is that linked to what we are talking about?"

"In an economic scenario when things aren't looking good and the debt has burgeoned beyond control, the government can always increase tax rates and hope to repay debt at a faster pace. This is something which doesn't help beyond a point if the government debt happens to be in a foreign currency. In an extreme situation, the government can always print money and repay the debt, something which cannot be done when the debt is in a foreign currency," explained Pooja. "Of course, this will have other economic repercussions. But India has no chance of going the South American way."

"Hmmm."

"Which is why you shouldn't be reading too many WhatsApp forwards and learning from Insta reels," said Pooja, having the last word.

The doorbell rang. The coffee had arrived and Rahul, taking a sip from his Cortado, told Pooja: "Next time, please order a flat white for me dear. This half a cup of Cortado at this price is a scam."

Pooja got up and got to Rahul's side of the table. Gently caressing his hair, she said: "Awww. I surely will, Mumma's boy. And as your mother would have put it, for this price, we could have easily bought four litres of milk."

(The example is hypothetical).

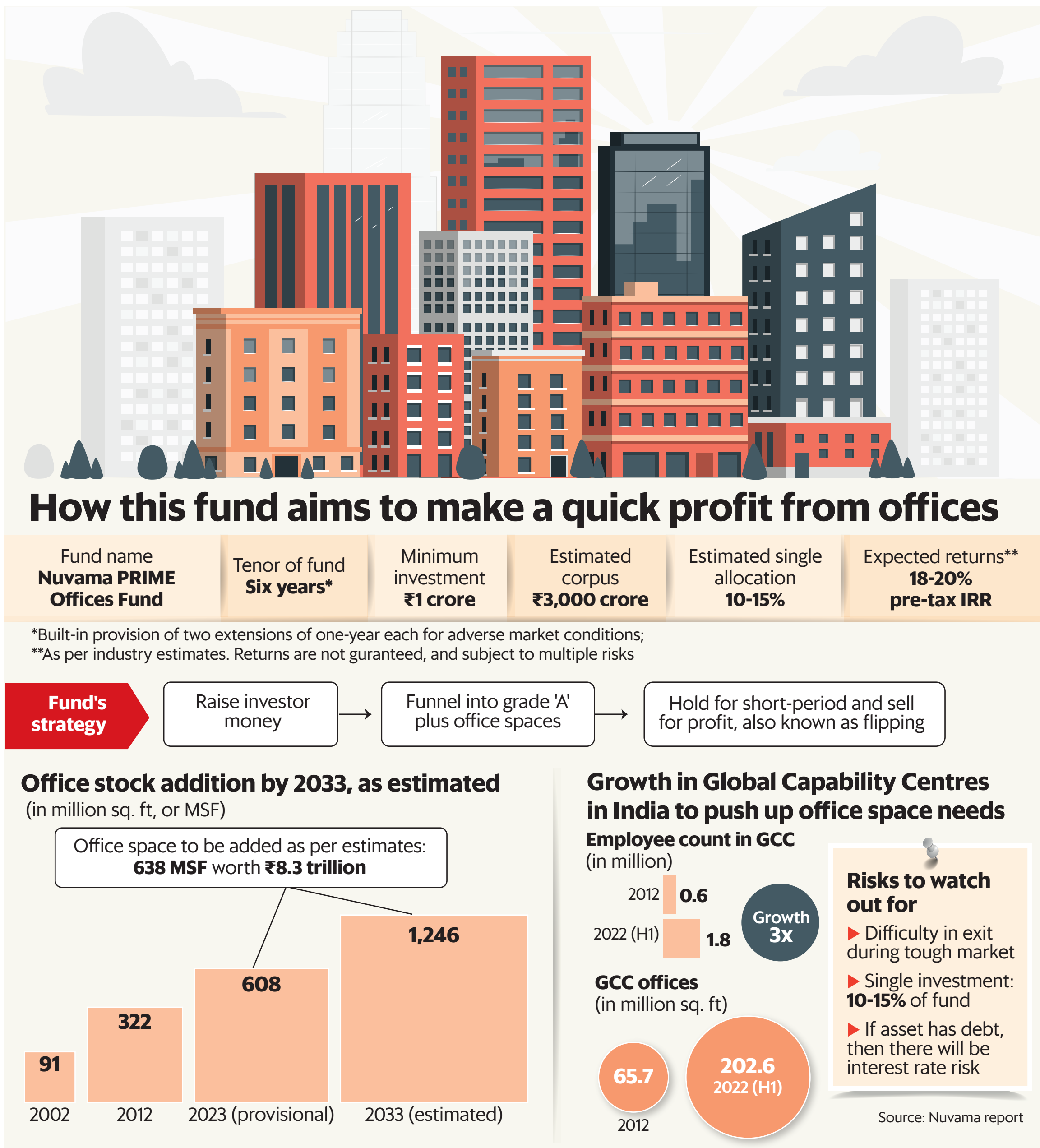
Vivek Kaul is the author of Bad Money.

ASHISH ASTHANA/MINT

Can Nuvama's PRIME plan to flip office buildings work?

The alternate investment fund will buy and sell office buildings to generate capital gains

Jash Kriplani, Neil Borate, & Madhurima Nandy



The tide seems to have finally turned in favour of real estate, an asset class that Indian investors prefer to have in their portfolios. Realty prices, albeit for residential real estate, are soaring across the country after the lull witnessed during the pandemic. The commercial real estate market is set to follow suit. And, Nuvama Asset Management, an arm of Nuvama Wealth Management (the company that was spun off from Edelweiss Financial Services in June), is looking to benefit from this.

Nuvama has launched a real estate investment platform through a joint venture (JV) with Cushman & Wakefield, a global commercial real estate services firm. The venture—Nuvama and Cushman & Wakefield Management—has now offered the first of its funds, PRIME Offices Fund from this real estate platform. This alternative investment fund (AIF) aims to employ a real estate strategy called flip—buy homes and sell them for a profit within a short period. In this case, the product involved will be office buildings and the tenure is a mere six years. Financial experts consider this a tough proposition, given the notoriously illiquid nature of the asset class. But, Anshu Kapoor, president and head of Nuvama Asset Management, is confident that the fund will be able to exit its investments in time.

The flip factor

The fund is not a yield-product like real estate investment trusts (Reits) that aim to distribute rentals to investors, but one that looks to generate capital gains from buying and selling office buildings . The exits could be by selling the properties to Reits or other funds.

According to Kapoor, the fund will invest in a mix of completed and soon-to-be completed real estate projects. These will be around five-seven in total. The completed ones may be fully or partially leased. These will be grade 'A' plus assets—properties that check all the boxes in terms of meeting highest standards of construction quality, amenities, environmental impact, etc. The fund, says Kapoor, has several parameters in its internal checklist to ensure the standards are met.

The fund will also consider putting in some additional capital in the property to improve the tenant profile. "One type of property may be ready properties that are fully leased out, but there could be a possibility to enhance the building's profile by putting in some capital," Kapoor says.

In under-construction properties, the fund will enter at late-stage, but can influence experiential part of the office such as services, parking experience, green certification, tenant profile, etc.

Kapoor says tenant profile and occupancy are key for a commercial real estate investment. "If your occupancy is not there, your IRR (internal rate of return) doesn't come. So, we should be confident that the property has the potential to be leased out with the right tenant profile. This (the profile) has a major impact on rentals, and thereby on the property's future value. You also need right operating management that can constantly bring down the cost and keep improving the services and profile of the building," he says. Each investee building is likely to account for 10-15% of the fund's corpus.

Exit plan

The commercial real estate market in India is currently sluggish and valuations are depressed due to high interest rates, say real estate experts. Kapoor and his team, however, are betting that this environment will change in the next three years. If they are able to exit, investors will get the profits in the form of long-term capital gains (LTCG) because the holding period for long term in real estate is just two years. Since category II AIFs are pass-through vehicles, investors in the fund will also be taxed at the LTCG rate which is 20%, along with the benefit of indexation. This is what makes the fund different from existing real estate funds which are mainly credit funds that lend money to builders. The key question remains: can the fund make an exit within the given timeframe?

If the fund is able to make an exit at the right time, investors will get the profits in the form of long-term capital gains

According to a senior fund manager at a real estate fund who declined to be named, there are very few buyers of commercial real estate in India because of the extremely high-ticket size. Residential real estate, by comparison, sells quickly. This gives Nuvama just a few options. One possibility is that existing Reits buy it. But there are just three Reits in India— Embassy Office Parks, Brookfield and Mindspace REIT. A second option is to do a 'strata sale'. This involves selling bits of the office buildings to high-net worth individuals or institutions. However, the fund manager mentioned earlier said this could be difficult as well.

But there are others who beg to differ. "A fund tenure of six years should be enough if the AIF has a decent pipeline of projects lined up and can make the initial investments without much delay. The office investing environment is currently soft, and reasonably good quality assets are available. It will offer a window for opportunistic investors like Nuvama and Cushman to acquire office assets. While valuations have not heated up, assets will be available at a fair market value. Owners of Grade A front-office assets, in particular, are not distressed and won't sell at a discount. Office leasing has picked up, but rentals are still under some pressure in certain micro-markets. But assuming the office market heats up in the next two-three years, and rentals rise, exits should not be a major issue," said an industry expert who did not want to be named.

According to industry-based estimates, the fund may be able to generate a pre-tax internal rate of return of 18-20% if all goes as planned. Since Nuvama has not yet decided the exact fee, it is difficult to determine what it could come to net of fees and charges. However, assuming a standard 2% fee, one can assume a post-fee return of 16-18%. Accounting for a 20% LTCG, this comes to a 13-14% post tax return. This also assumes that the fund is able to exit the projects in time.

To flip or not?

According to Nuvama's media presentation, office stock worth ₹8.3 trillion will get added by 2033. The growth in employee base in global capability centers (GCC), which is driven by IT (information technology) companies is matched by growth in GCC offices. India accounted for 50% of office space available in Asia-Pacific region. However, domestic investors only have 18% share in Indian office investments. Almost 82% of these investments are made by foreign entities.

The fund is aimed at high networth (HNIs) and ultra-high networth investors (UHNIs), that have the right risk-return profile to invest in such a product. As an AIF, the fund will require minimum investment of ₹1 crore. The fund has a six-year term and intends to start returning cash to investors from the fourth year onwards upon exiting investments. However, the fund also has built-in provision of two extensions of one year each, which it can trigger by seeking approval from investors. In cases of extreme market conditions, the fund may need such an extension to hold certain assets longer to get better value.

jash.kriplani@livemint.com

Compare your bank FD rates

Bank fixed deposits (FDs) continue to be popular investment products not just among senior citizens, who are looking for guaranteed income, but also among investors who can't stomach risk. But overexposure to FDs is not good, and you need to assess your asset allocation and goals to decide how much money you should park in them. For instance, saving for your child's higher education that's 15 years away through FDs may not be effective as the post-tax interest rate of an FD may not give you a real return (return that's above the rate of inflation). But if you plan to take a holiday in two years, an FD can help. Before choosing an FD, you should compare the interest rates on offer. Here is a list of banks that offer the highest FD rates for deposits up to ₹1 crore over various tenures.

Interest rates (%) for fixed deposits up to ₹1 crore

	6 months to < 1 year	1 to < 2 years	2 to < 3 years	3 to < 5 years	5 years and above
DCB Bank	6.25-7.25	**7.15- 7.85**	7.55-8.00	**7.40-7.90**	7.25-7.65
Axis Bank	5.75-6.00	**6.70-7.10**	7.10	**7.10**	7.00
HDFC Bank	4.50-6.00	**6.60-7.10**	7.00-7.15	**7.00-7.20**	7.00
IndusInd Bank	5.00- 6.35	**7.50**	7.25-7.50	**7.25**	7.00-7.25
IDFC First Bank	4.50-5.75	**6.50-7.75**	7.25-7.75	**7.00-7.25**	7.00
RBL Bank	5.50- 6.05	**7.50-8.00**	7.50-8.00	**7.10-7.50**	7.00-7.10
YES Bank	5.00-6.35	**7.25-7.75**	7.25	**7.25**	7.00-7.25
ICICI Bank	4.75- 6.00	**6.70-7.10**	7.00-7.10	**7.00**	6.90-7.00
Canara Bank	6.15-6.25	**6.85-7.25**	6.85	**6.80**	6.70
Dhanlaxmi Bank	6.50	**6.75-7.25**	6.50-6.75	**6.50-6.60**	6.60
Federal Bank	5.00-6.00	**6.80-7.75**	7.05	**7.00**	6.60
Bank of Baroda	5.60-7.10	**6.85-7.15**	7.25	**6.50-7.25**	6.50
Indian Overseas Bank	4.95-5.35	**6.80-7.10**	6.80	**6.50**	6.50
Punjab National Bank	6.00-7.05	**6.75-7.25**	6.80-7.00	**6.50-7.00**	6.50
State Bank of India	5.75-6.00	**6.80-7.10**	7.00	**6.75**	6.50
Union Bank of India	4.90-5.75	**6.50-7.25**	6.50	**6.50**	6.50
Jammu & Kashmir Bank	4.75- 6.00	**7.10**	7.00	**6.50**	6.50

Data taken from respective bank's website as on 25 January 2024; Only main entity of the merged banks are taken. Banks which merged with its main entity are removed from the table; The list of 15 banks is based on highest fixed deposit rates available for 5 years and above

Source: www.Bankbazaar.com

What should be done for smooth transition of family business?

Aditya Chopra & Amay Jain

ASK MINT
ESTATE PLANNING

What steps should be taken for a smooth transition of ownership in a family business?

—Name withheld on request

A detailed succession plan outlines the principles, policies, and procedures for transferring business ownership. It addresses key aspects such as leadership succession, shareholding patterns, and the role of family members in business operations. Utilizing instruments like buy-sell agreements or creating a family trust can provide a structured approach to ownership transition.

Regular reviews and updates to the succession plan are essential to adapt to changing circumstances and dynamics within the family and the business. Seeking legal counsel periodically ensures that the plan remains legally sound and aligned with current regulatory frameworks.

When an individual owns digital assets such as cryptocurrency and online accounts, what legal considerations and safeguards should be put in place to facilitate the seamless transfer of these digital assets to heirs upon the individual's demise?

—Name withheld on request

To safeguard digital assets effectively, individuals must incorporate specific legal measures into their estate plans. This involves maintaining a detailed inventory of digital holdings, including cryptocurrency portfolios and NFTs, prescribing clear instructions in an individual's will and appointing a digital executor or trustee explicitly designated to handle these assets.

These instructions should encompass access details, such as cryptographic keys for digital wallets, ensuring that personal administrators can navigate the complexities of proving ownership and accessing digital assets.

Practical steps, such as securely storing information necessary for accessing digital assets and utilizing platforms like Apple's digital legacy system, play a pivotal role in facilitating a smooth transition. The system allows users to designate someone to inherit access to their digital assets.

Additionally, considering potential challenges in proving ownership, the comprehensive inventory and explicit instructions serve as critical safeguards. As regards assets held in cryptocurrency wallets provided by different platforms, executors or personal administrators must be granted access to cryptographic keys, emphasizing the importance of securely storing this information.

Aditya Chopra is managing partner, and Amay Jain is senior associate, Victoriam Legalis, Advocates & Solicitors.

Do you have a personal finance query? Send in your queries at **mintmoney@livemint.com** and get them answered by industry experts.

OUR VIEW

India's economic review is a feel-good document

The government has come up with a new pre-budget presentation that acts as a spreader of pre-poll optimism but its broad sweep offers only a partial view of the economy at best

It is a universally accepted fact that interim budgets in an election year are likely to be crafted with an eye to the coming political maelstrom. The budget speech typically becomes an occasion for grandstanding, with much energy expended on exaggerating achievements of the government while making generous promises of future giveaways and new opportunities. This year, India's finance ministry has introduced a new practice by releasing a document called *The Indian Economy: A Review*, thereby inviting comparisons with the annual *Economic Survey* that usually precedes the Union budget by a day or two if general elections are not due. In keeping with an interim budget's hyperbolic air, the review released on Monday has turned out to be a paean to the current government's economic management, while underplaying some of the economy's most chronic problems. The review could hence be viewed as another pre-election tool, marshalled with embellishments that appeal to the ruling party's middle-class support base, providing harmony to the interim budget's poll trumpet and possibly also ideas for the party's manifesto.

Such a review is an otherwise welcome idea. In these fraught times of geopolitical conflict and economic uncertainty, a calm and staid look at the economy would have gone a long way in assuaging anxieties. The document, unfortunately, strays from the straight and narrow. It is not that it trades in untruths. The problem is different: it appears to sidestep some crucial questions. Let us take up some illustrative examples. The first is its exultation over the economy hitting its growth stride in the midst of global turmoil, while the rest of the world's large economies struggle to find their feet. Amid this braggadocio, two critical facts are missed. One, estimated nominal GDP growth for 2023-24 has come in lower than what was projected, which will have its own repercussions. Also, the review fails to meaningfully address mounting criticism over GDP overestimation or the lingering problems with estimating the GDP deflator, which has led to discrepancies of output estimation between the expenditure and production methods.

It is particularly worrisome that the review overlooks the elephant in the room: current unemployment. It uses the government's recently released Periodic Labour Force Survey data to celebrate growing job opportunities and declining joblessness. However, it ignores data from other independent sources, such as the 9%-plus unemployment estimate for November 2023 by the projection of Centre for Monitoring Indian Economy. In fact, Bibek Debroy, chairman of the Economic Advisory Council to the Prime Minister, admitted in an interview to *Mint* that slow job creation in the economy is a matter of concern. The review also has other odd stuff in store: it cites a 2023 paper to use Angus Maddison's conclusion that India contributed a 22.6% share of the world's GDP in 1700, rather than citing the British economist's work directly. Having used that paper to extract one datapoint, it makes no reference to its disquiet over growing unemployment and poor-quality economic development. Ideally, a realistic examination of the economy—in the true democratic spirit of full disclosure—would have helped citizens make independent assessments. The government may have pushed the envelope by breaking with convention, but sadly, it's an opportunity missed.

MY VIEW | ON THE OTHER HAND

Wanted: An income tax system for India that's fairer and simpler

Tax reforms must fix its current skew in favour of corporate taxpayers and the non-salaried rich

VIVEK KAUL
is the author of 'Bad Money'.

The interim budget will be presented on 1 February. This will be followed by the budget in July after the next government has been elected. So, this is a good time to talk about the things that the government needs to do as far as India's income tax system is concerned.

First, very few Indians buy term insurance policies. A term insurance policy is an insurance policy that leads to a payout to the nominee(s) in case the policyholder dies during the term of the policy; and if the policyholder outlives the term of the policy, then no payments are made.

Over the years, life insurance companies have primed Indians to buy life insurance in order to save tax. But almost all such policies sold are investment-oriented insurance policies, and not term insurance. This results in most Indian households that can afford to pay insurance premiums having very little life insurance to fall back on in the event of an emergency.

To correct this, a separate deduction of up to ₹10,000-20,000 every year against the premium paid for a term insurance policy needs to be offered. This should be over and above the deduction of up to ₹150,000 that is currently available under Section 80C of the Income Tax Act for investments made in tax-saving mutual funds, tax-saving fixed deposits, the public provident fund and life insurance policies.

Second, the complex mess over the taxation of income earned from capital gains made through different forms of investment needs to be set right. Currently, this is how things stand. Capital gains made from the purchase and sale of debt mutual funds are taxable at the marginal rate of tax; the holding period doesn't matter. Listed stocks or equity mutual funds, when sold within a year of buying, attract a 15% tax on capital gains. If sold after a year, a 10% tax needs to be paid, with gains of up to ₹100,000 exempt from any tax.

Further, when physical gold is sold within three years of purchase, a tax needs to be paid at the marginal rate. Beyond that, gold gains are taxable at 20%, with the benefits of indexation also available. When it comes to gold exchange traded funds (ETFs), for units bought before 31 March 2023, the tax treatment is exactly like that of physical gold. For units bought after that, any capital gains are to be taxed at the marginal rate. It doesn't end here. When it comes to sovereign gold bonds, the capital gains made on redemption, which happens after eight years, or an early redemption, which can happen after five years, are tax-free.

Now, let's talk about the sale of residential real estate. Currently, any capital gains made on selling residential real estate within two years of purchase is taxed at the marginal rate. Any sale beyond two years is taxed at 20% with benefits of indexation—which basically allows the seller to take inflation into account for the price at which an asset was bought while calculating the capital gains made. In comparison with all this, salary income is taxed at the marginal rate and so is interest earned from fixed deposits. This essentially shows that the Indian personal income tax system favours the non-salaried rich and the fact that one needs to be a chartered accountant to understand it.

Third, over the years, the personal income tax collected by the government has been growing. In 2007-08, it was at 2.1% of gross domestic product (GDP). In 2014-15, it stood at 2.07%. It has risen over the last few years and was at 2.9% in 2022-23. It is expected to touch 2.98% in 2023-24, as per the budget presented in February 2023. This is largely due to higher marginal tax rates in recent years, thanks to higher surcharges, than was the case in the past.

Now, in comparison, the corporate income tax collected was at 3.94% of GDP in 2007-08, at 3.44% in 2014-15 and 3.07% in 2022-23. It is expected to be 3.06% in 2023-24.

In recent years, the fall in corporate income tax collected has been largely because of a cut in the corporate tax rate carried out in September 2019. The fall in collections of this tax has happened despite a huge jump in corporate profits thanks to increasing formalization of the economy in the aftermath of the covid pandemic and measures like the goods and services tax before that.

Indeed, aggregate data of around 35,000 companies sourced from the Centre for Monitoring Indian Economy shows that profits-before-tax from 2018-19—before the tax cut—to 2021-22 went up by 143%. In comparison, tax provisions went up by just 39%, ensuring that profits-after-tax went up 244%. If we look at aggregate data of more than 5,000 listed companies, we get a similar trend. From 2018-19 to 2022-23, the profits-before-tax of these companies went up 128%, the corporation tax paid went up 35% and net profits went up 186%.

Given these reasons, the current income tax system favours the country's non-salaried rich and corporates, though it needs to be fair before anything else. Hopefully, this is an anomaly that will be set right over the next five years, primarily by ensuring that different kinds of incomes are taxed at the same marginal rates instead of today's multiplicity of rates. Also, corporations need to be made to pay their fair share of income tax.

10 YEARS AGO


www.livemint.com
mint
WSJ: Fed sticks to script on paring bond buys >18
CORPORATE: Aditya Birla Nuvo sells BPO Minacs >8
POLITICS: Andhra Pradesh assembly rejects Telangana Bill >4
NATION: DIPP revises proposal to allow 100% FDI in railways >6
SENSEX 20,498.25 ▼ 149.05 NIFTY 6,073.70 ▼ 46.55 DOLLAR ₹62.58 ▲ ₹0.17 EURO ₹85.09 ▼ ₹0.13 GOLD ₹30,000 ▲ ₹70 OIL $108.20 ▲ $0.64

DEBT SURGE
RBI lays out framework to limit bad loans
Plan to offer incentives for early identification of stressed assets, timely revamp of unviable accounts

Aadhaar-linked transfer of LPG subsidy on hold

QUICK EDIT
Telangana: another step

New transfer pricing orders against Shell, Vodafone

CREW VIOLATIONS
DGCA cancels six flight slots of Jet Airways, IndiGo, GoAir

MINT METRIC

by Bibek Debroy

In Bhatinda, an injured rooster
Has been given a security booster.
Evidence in a cock-fighting case,
Cops have the bird in their embrace.
Love among the chickens - no Bertie Wooster.

MY VIEW | EX MACHINA

Deepfakes: We should aim to curb the Liar's Dividend

RAHUL MATTHAN

is a partner at Trilegal and the author of 'The Third Way: India's Revolutionary Approach to Data Governance'. His X (formerly Twitter) handle is @matthan.

A couple of weeks ago, a video featuring cricket legend Sachin Tendulkar started circulating on social media. In it, he was talking up a mobile game called Skyward Aviator Quest, marvelling at how his daughter was able to make ₹180,000 on it every day and pointing out how amazed he was that this was possible using an app that was essentially free. While it soon becomes obvious that the video is fake—the words he says don't always match the movement of his lips, and, given Sachin's carefully curated persona, these are not the sort of things anyone would expect him to talk about—I can see how a casual viewer might get taken in.

But Tendulkar is only the latest celebrity to have unwittingly starred in a video he did not consent to make. A similar fate has befallen others—cricketer Virat Kohli, actor Shah Rukh Khan, journalist Ravish Kumar and Infosys founder N.R. Narayana Murthy. Last year, south Indian actor Rashmika Mandanna and British-Indian influencer Zara Patel had to suffer the ignominy of having their faces swapped in viral video clips that had clocked over 20 million views. Even Prime Minister Narendra Modi spoke of a video that, he said, featured what seemed like him dancing the Garba.

Deepfakes are not new. But thanks to rapid advances in generative artificial intelligence (AI), they have over the past year or so become so much easier to create. What was once a niche capability only available to teams with access to massive training data sets and advanced programming capability can now be generated by you and me using any one of a number of off-the-shelf AI services. What even just a year ago was an expensive exercise that called for specialized hardware and considerable technical expertise can now be executed in an hour after looking up a few simple YouTube tutorials.

The real worry, of course, is the effect that all this will have on society. Given how easy it is to generate videos that portray political candidates in an unflattering light, it seems inevitable that we will see them deployed at scale during elections—both by political opponents as well as unfriendly countries that will have no problem deploying teams of hackers to destabilize their enemies. With over half the world voting in an election this year, there is a serious concern around the effect that deepfake proliferation could have on democracy.

In anticipation, various countries around the world have already begun developing legislative counter-measures. In India, the ministry of electronics and information technology has said it will soon release new regulations aimed at ensuring that the social media platforms through which these videos are disseminated implement appropriate measures to proactively identify and take them down before they spread. But just getting platforms to combat the spread of fake videos more effectively amounts to shooting the messenger. If we want a truly effective solution, we have to get to the heart of the problem—we must find a way to strike at the source from which these videos are generated.

Wrongdoers must not get to benefit from the plausible deniability of video evidence against them

This is easier said than done. It is with every passing day becoming easier to create believable videos with highly accessible technology. We have already reached a point where all that stops you from creating a deepfake that is indistinguishable from the real thing is your imagination. And perhaps your conscience.

So what is the solution? When they were first invented, photographs were believed to be incontrovertible. They were mechanical representations of reality and as such trusted to be irrefutable evidence. But, in time, darkroom technicians realized that it was possible to manipulate photographs so the truth could be creatively distorted. Using processing techniques like dodging and burning and elaborate workflows such as double exposures, they were able to create photographs that deviated from reality. And then, once image manipulation software like Photoshop and GIMP became available, nothing was sacred any more.

Today, we no longer trust photographs the way we used to. We have learnt to identify tell-tale signs of manipulation, such as artefacts in the image and barely perceptible ghosts surrounding objects that have been cut and pasted into the frame. So we have something to go by while checking if an image has been tampered with. As a result, when presented with an image that portrays someone in an unusual light, our instinct is to question its veracity because we know how easy it is to manipulate.

I believe that we will inevitably extend the same level of mistrust to the videos we are shown. When presented with a clip of someone saying or doing something out of character, rather than blindly believing the evidence of our eyes, we will wonder whether it is fake. This to me is the only way we can even hope to combat the avalanche of deepfakes that is coming our way. In situations like this, our only inoculation against believable falsehood is healthy scepticism.

But my real worry is what happens after we reach this point. When we doubt all the video evidence we are presented with, anyone who is caught on tape doing something wrong will be able to dismiss the evidence of wrongdoing by claiming it is just another deepfake. This is what law professors Bobby Chesney and Danielle Citron call the Liar's Dividend. It marks a point in time when evidence can be so easily falsified that nothing can be relied upon to serve as legitimate evidence of wrongdoing. And this is when our real problems will start.

THEIR VIEW

Beyond budget: What happened when nobody was really looking

This year marked the return of state capex alongside central; the next year could mark a pivot from fiscal to monetary easing

PRANJUL BHANDARI
is chief India and Indonesia economist at HSBC.

REUTERS

It's that time of the year. All eyes are on the budget this Thursday, closely followed by the Reserve Bank of India (RBI) policy meeting a week later. What's at stake? What could change? And what will this mean for RBI?

While the upcoming budget is an interim one, and the government will release the final budget after the May national elections, it's still important as the final budget is likely to follow along similar lines. The interim budget will also set the stage for state budgets that take cues from the central government to varying degrees. The interim budget will also signal how serious the central government is about fiscal consolidation. Recall that it plans to lower the fiscal deficit from 5.9% of gross domestic product (GDP) in fiscal year 2023-24 to 4.5% of GDP by 2025-26.

A lot has happened on the fiscal front in the past year, with some efforts better known than others. But together, they will likely set the boundaries for the upcoming budget. We discuss some of these below.

Soaring tax receipts saved central targets: Tax revenues have soared so much that they're now 0.3% of GDP higher than budgeted. This buoyancy will likely fund a rise in subsidies and any special spending packages announced on budget day. Capital expenditure is expected to show a rise in 2023-24, but not by as much as budgeted (22% year-on-year versus 36%). All considered, the fiscal deficit is likely to be in line with the budgeted 5.9% of GDP in 2023-24.

Taxes are likely to grow quickly in 2024-25 as well (we assume tax buoyancy of 1.1%). After all, structural benefits, such as those made possible by digitization and better tax information, are likely to help for many years. Capital receipts may also increase post elections if some pending disinvestment comes through as a policy priority.

The government could shave current expenditure after elections, perhaps by cutting in half the increase since pre-pandemic levels (as a proportion of GDP). Meanwhile, we expect capex to remain unchanged as a percentage of GDP in 2024-25.

All of this is likely to lead to a fiscal deficit of 5.3% in 2024-25, signalling that the government is committed to its fiscal consolidation path (of a 4.5% deficit by 2025-26).

States have ramped up good-quality spending: While we have closely analysed central government policy, the real action this year has been in India's state finances. After weak spending in 2022, the states ramped up their spending sharply in 2023. Notably, state capex was up 46% year-on-year between April and November 2023. State revenues did not grow as sharply. As a result, the cash balances of states fell, and market borrowings by Indian states rose quickly.

Given the spending momentum, we expect the consolidated state fiscal deficit to rise to about 3% of GDP in 2023-24, which is the permissible upper limit, and remain at that level in 2024-25.

By our forecasts, this will peg the central-plus-state fiscal deficit at 8.2% of GDP in 2024-25, lower than the 8.8% in 2023-24, but higher than the pre-pandemic level of 5.9%. It is not a surprise to us that debt levels remain well above pre-pandemic levels and could remain so in the foreseeable future.

Borrowing patterns have changed: Rising state expenditure has also shown up in market borrowing. Going by data for the first three quarters, we estimate that in 2023-24, while the central government's gross market borrowing is likely to rise by 8.6% year-on-year, state government gross borrowing could increase by a staggering 23.3%.

In 2024-25, too, we expect the growth in gross state borrowing to surpass central government borrowing. Still, growth in gross market borrowing by state and central governments combined is likely to come in below the growth in nominal GDP (2.1% versus 10.6% year-on-year), making the overall borrowing calendar broadly manageable.

The economic growth impulse was strong despite fiscal consolidation: We calculate the likely impact of fiscal consolidation on economic growth. Over this time, the quality of spending has improved, switching from current expenditure to capex. With capex associated with higher growth multipliers, this switch supported growth.

Once we account for that, we find that the 'adjusted' fiscal impulse has been positive between 2018-19 and 2023-24. And while it may turn negative in 2024-25 on the back of fiscal consolidation, we think it will probably be only a limited drag on growth.

Fiscal policy influenced RBI decisions: All of this affects RBI decisions. High growth so far in 2023-24, supported to a large extent by government capex, has been one of the reasons why the country's central bank has maintained a tight monetary policy.

But as the 'adjusted' fiscal impulse turns mildly negative in 2024-25, and food disinflation continues, we believe RBI will turn less hawkish as the year progresses. Already, core inflation has softened over the past few months, led by falling commodity input prices, and food prices have fallen sharply in recent weeks. All of this together suggests that inflation could fall below 5% in January, and average 4.5% for the next three quarters.

This opens a window where we expect RBI to ease monetary conditions. We expect it to begin with easier liquidity, initially via a host of variable-rate bond repurchases, followed by a change in its stance to 'neutral' by around mid-2024, and finally a 50 basis points repo rate cut in the second half of 2024, taking the repo rate to 6%. So, well, over to the monetary authorities.

MINT CURATOR

China's glut and India's dearth show the two faces of liquidity

Banks in the two economies face challenges that differ remarkably

ANDY MUKHERJEE
is a Bloomberg Opinion columnist covering industrial companies and financial services in Asia.

ISTOCKPHOTO

Indian banks face a liquidity shortage but RBI awaits fuller policy transmission

Lenders in the world's two most populous nations are having very different problems with monetary and fiscal taps. In China, creditors are drowning in cheap central-bank cash, but loan demand is muted. In India, banks are in the middle of their fastest expansion in a decade, but they're parched for liquidity.

While the Chinese authorities' struggle to stimulate the economy with 3 trillion yuan ($418 billion) in long-term cash injections has the world's attention, the Indian deficit is also beginning to worry investors.

Barely a few months before the next general election, Prime Minister Narendra Modi's administration has cut back on spending. That's hurting lenders. Funds that left bank accounts as advance tax payments by companies in December would only return as deposits as New Delhi starts writing checks to contractors working on government projects. But with the fiscal year approaching its 31 March end, there's no sign of a last-minute acceleration.

The liquidity drought may be deliberate. Unlike Beijing, New Delhi has every reason to be sanguine about growth. A 7%-plus rate of economic expansion gives India breathing room to slay inflation before embarking on a fresh investment spree after the polls. Unless the Modi government surprises analysts by announcing populist spending programmes in its interim budget, a reasonable assumption is that it's angling for an upgrade to its sovereign rating, which is perched at the lowest rung of investment grade. Meanwhile, the monetary authority is seeking to buttress its credibility as an inflation fighter.

The all-around tightfistedness is not helping Indian banks. Dismal quarterly results from HDFC Bank—India's largest lender by market value—have made it the worst-performing stock on the benchmark Nifty Index this month. The 5% drop in the S&P BSE Bankex index since the end of December has also shone a spotlight on a near-$40 billion liquidity deficit in the banking system last week.

Then there's the upcoming election. A repeat of the 2019 poll, when politicians spent $9 billion in the lead-up, a lot of it in hard cash, will worsen lenders' funding challenge. Before the 2019 polls, currency in circulation had risen by more than 9% in 20 weeks. It took several months for the money to go back into the banking system.

The fiscal authority is perhaps waiting for a deluge of foreign money after JPMorgan adds India to its emerging-markets bond index in June. HSBC Asset Management is predicting $100 billion in inflows in the coming years. Still, courting foreign investors on a more durable basis will require fixing the government's rickety fiscal house. The Modi administration wants to make a start by not reporting a deficit much higher than the budgeted 5.9% of gross domestic product for this fiscal year, even though nominal GDP is going to be a lower than it had assumed; its 7.3% real or inflation-adjusted growth is on the back of an 8.9% nominal expansion against an initial estimate of 10.5%.

The other important actor in India's liquidity drama is the central bank. After the US Federal Reserve starts reducing interest rates, the Reserve Bank of India will come under pressure to do the same. But RBI's tightening is yet to transmit fully through the Indian economy. The stock market is frothy and inflation has been unmoored from 4% for so long that there's a real danger that people will stop believing that the monetary authority is committed to achieving it.

Hence, RBI also appears reluctant to ease the current liquidity shortage, lest lenders become too comfortable and stop mobilizing deposits. The monetary authority wants banks to pay extra for funds and charge more on loans, thus completing the transmission of higher policy rates.

The problem is that credit demand is high for unsecured consumer loans, and pushing more of it out the door may lead to concentration risk. Demand for advances from industrial firms is weak and might not hold up if borrowing costs are higher for longer. That could delay a post-election investment boom. RBI may have no choice except to ease the crunch with a durable liquidity infusion.

Indian banks' price-to-book value of 1.8 is far higher than the multiple of 0.4 for their Chinese peers. The difference is understandable. With China Evergrande Group's liquidation order by a Hong Kong court clouding the outlook for an already embattled housing industry, mainland banks will struggle to protect profit even by cutting deposits rates further. However, investors are only beginning to weigh the risk of a sharp squeeze on Indian banks' margins if the liquidity drought drags on. Banks in both countries could be miserable in different ways.

GUEST VIEW

Let litigation policy improve the ease of doing business

VIJAY L. KELKAR & PRADEEP S. MEHTA

are, respectively, vice president of Pune International Centre and secretary general of CUTS International.

In the Doing Business rankings of the World Bank (now stopped), India fared very poorly on its component of contract enforcement—i.e. adjudication. In this context, the judiciary has called out the government's dichotomous approach in blaming courts for restricting 'ease of doing business' despite being the biggest litigant itself and seeking needless adjournments repeatedly. There is no litigation policy formulated by the government, while talks have been going on for over 13 years. If Viksit Bharat is our goal, a developed India, we need to get our act together. This includes the government reducing unnecessary litigation.

Issues which should ideally be decided by central and state governments are not being addressed and are being passed on to the courts to decide. Ludicrously, these include suits filed by one government agency against another, which should have been sorted out within government circles. Furthermore, there are issues like an urban dog menace, pollution and same-sex marriage, all of which should ideally be dealt with by the administration and legislature.

Over half a century ago, in November 1973, while adjudicating the sad case of a railway employee's held-up wages, Justice V.K. Krishna Iyer made a stoic observation: "In this country, the state is the largest litigant and the huge expenditure involved makes a big draft on the public exchequer. In the context of expanding dimensions of state activity and responsibility, it is not unfair to expect finer sense and sensibility in its litigation policy, the absence of which in the present case led the Railways to callously and cantankerously resist an action by its own employee... by urging a mere technical plea which had been pursued to the highest court and had been negatived."

There are several such examples available in our annals. These result from a refusal to resolve disputes on the table, the arrogance of self-righteous government officials, and the resources available to fund lengthy trials. All this makes the government the perfect litigator and our citizenry its victim.

Even the finance ministry's *Economic Survey 2020-21* highlighted the country's huge scale of inefficient litigation. In a report of all taxation-related cases, it showed that the government lost 73% of these at the apex court and a mind-boggling 87% of all cases in the country's high courts.

According to a Press Information Bureau release, the Indian railways and department of revenue have taken several measures to reduce the litigation count. For the purpose of monitoring litigation at the Union level, a web platform named Legal Information Management & Briefing System (LIMBS) was created in 2016, and revised in 2019. It covers many courts, while tribunals are also being brought in. Until 2017, there were nearly 135,000 cases reported by the LIMBS website, a total which went up to 210,000 active cases by 12 February 2018. It has also been reported that case reporting by relevant ministries remains inefficient. One can safely assume that case numbers have been going up, rather than down, which is quite sad.

The government is our biggest litigator and we need new curbs to make the Indian state less litigious

Adding insult to injury, India's law minister Arjun Ram Meghwal said in Parliament on 23 July 2023 that the ministry does not have any data on the number of cases filed and/or the costs associated with litigation. Earlier, the Union government had drafted and announced a National Litigation Policy in 2011. This was revisited in 2015, but the draft policy remains on some shelf in some government bhavan. There has been much opposition to it from vested interests.

Let's take an example of belated legal reforms. While the government has leveraged the goods and services tax (GST) reform to showcase its success on the ease-of-doing-business front, a tribunal to adjudicate disputes arising from the GST law was notified only in 2023, six years after this tax legislation was introduced. As of September 2023, the government had notified the establishment of 31 benches of the GST appellate tribunal in 28 states. However, these tribunals have not yet begun to function. Not notifying the GST tribunals had led to a flurry of law suits in high courts (approximately 150,000 cases).

A few states have adopted their own litigation policy, but not all. One doesn't know how well they are performing (this is a subject for a follow-up op-ed).

Given that government-initiated litigation is a key reason for why the judiciary has been clogged with cases and timely adjudication is still so difficult in the country, litigation needs to be made difficult for the government to pursue. Before initiating any, by policy, relevant government officers should be required to provide a detailed explanation of why litigation is necessary, including how the particular matter reached a stage where it became inevitable, and why alternative mechanisms to resolve the dispute in question failed.

Moreover, a national policy should mandate a detailed cost-benefit analysis of pursing litigation for a comparison with the costs and benefits of settling matters out-of-court. The decision to pursue litigation needs to be taken by sufficiently senior officials and its continuation needs to be reviewed periodically. At any time, if the costs of litigation exceed its benefits or the net benefits of alternative dispute-resolution mechanisms, the legal pursuit should automatically be dropped. Such a policy could make a significant difference to the ease of doing business in India and we hope that those in charge of governance are listening.