HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 34 Rs. 10.00 . Price with Hindustan Times Rs. 15.50 18 PAGES

Thursday, February 8, 2024

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Govt may tap PSBs for higher dividend

The dividends could help cut down the fiscal deficit in 2024-25

Rhik Kundu & Subhash Narayan
NEW DELHI

The central government may seek higher dividends from state-owned banks in the next fiscal year on the back of their strong performance, while dividend from the Reserve Bank of India (RBI) may be on similar levels or a tad lower than the record high of the current fiscal, two people aware of the matter said.

Public sector banks (PSBs), which have received capital infusion from the government and executed various reform initiatives over the years, have seen marked reduction in bad loans and rising advances.

Profits reported by state-owned banks have crossed ₹98,000 crore in the first three quarters of 2023-24, and are expected to exceed ₹1.3 trillion by its end.

In fact, a record RBI dividend of ₹87,416 crore in 2023-24 helped the Centre revise its budget estimates. "One of the reasons we were able to target 5.8% (fiscal deficit) during 2023-24, from earlier projections of 5.9% was the more than expected dividend received from RBI," the second person mentioned above said on the condition of anonymity.

In comparison, during 2022-23, the RBI dividend stood at ₹30,307 crore, while the actual non-tax receipts stood at ₹2.85 trillion).

"The Centre expects to reach the non-tax receipt target for 2024-25 even if the RBI dividend is not as high as last year, through other combinations," the second person mentioned above said.

"This would include higher dividends from state-owned banks that have reported huge profits in recent quarters and are expected to perform well in the coming quarters," the person added.

Interestingly, the government

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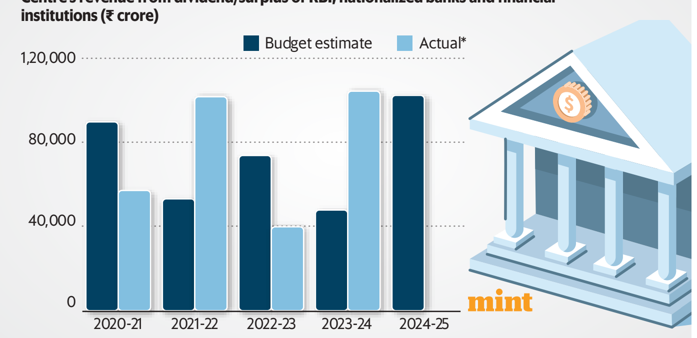
CHEQUE UP

As things stand, the Centre expects ₹1.04 tn dividend from RBI, PSBs and state-backed financial institutions in FY24, and ₹1.02 tn during FY25.

Centre's revenue from dividend/surplus of RBI, nationalized banks and financial institutions (₹ crore)



*Revised estimate used instead of actuals for 2023-24.

Source: Budget documents

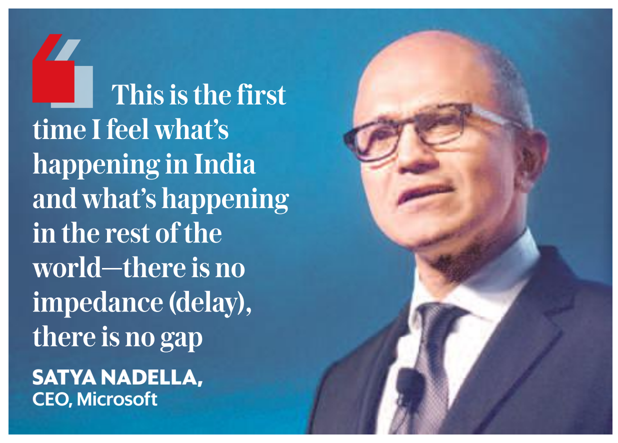
FAIR SHARE

PSBs have seen a reduction in bad loans and rising advances

THEIR FY24 profits have crossed ₹98K cr; may exceed ₹1.3 tn

BUDGET estimates for FY24 for dividends stood at ₹48,000 cr

SARVESH KUMAR SHARMA/MINT



India on par with rest of world in AI adoption: Nadella

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MUMBAI

India may have been slow to wake up to the four seismic shifts in technology, but not the fifth: Artificial intelligence (AI).

Microsoft Corp. chief executive Satya Nadella on Wednesday said AI is the first 'platform shift' where India has kept pace with the world in the development of technology. The four previous shifts were personal computers, internet, mobile devices and cloud computing.

"This is the first time I feel what's happening in India and what's happening in the rest of the world—there is no impedance (delay), there is no gap," he said, as he pitched his company's AI prowess to a packed house at the Microsoft CEO Connection event in Mumbai.

"If anything, the use cases here are so unique... and are paving their own path. And that's what's exciting. We're not just talking about AI; we're scaling AI," the India-born Nadella said about the adoption of AI in the country.

Nadella, who has been at Microsoft for 32 years and has completed 10 years as its CEO, said the Silicon Valley giant will provide AI skills to two

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With BB Now, BigBasket on final lap to profitability

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Tata Digital-backed BigBasket expects its quick-commerce arm—the last of its three main businesses still in the red—to become profitable in six months, although the grocery startup's target for overall profitability has been pushed to early 2025.

Online grocery has proved a tough market to crack even for the likes of Amazon, but quick commerce has emerged as a key engine of growth because of its convenience and habit-forming nature. But competition is fierce, forcing companies to burn through cash to hold on to their customers.

"Customers love quick grocery and they've adopted in droves. But this comes with costs and as a market, we're still in the early throes of quick commerce growth," co-founder Vipul Parekh said in an exclusive interview with *Mint*. "The costs and some of the customer behaviours will become more apparent over the next few years."

Maintaining a tight lid on costs is crucial for profitability in the hyper-competitive

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DON'T MISS

ISTOCKPHOTO

Thali becomes cheaper in Jan on fall in onion, tomato prices

The cost of home-cooked vegetarian and non-vegetarian meals, or thali, fell sequentially in January due to a decline in prices of onion and tomato. The cost of a home-cooked vegetarian thali fell 6% to ₹28 last month. >P9

Infra developers for seven mega textile parks by end of March

The selection of infrastructure developers for seven mega-textile parks—under the PM MITRA scheme—will be completed by the end of March, two officials said, as India makes a push for becoming a textile manufacturing hub. >P2

Businesses have committed ₹1.07 tn for PLI projects: FM

Businesses have committed ₹1.07 trilliion of investments under the government's PLI scheme to scale up domestic manufacturing capability, helping to create direct and indirect employment, finance minister Nirmala Sitharaman said. >P2

Abu Dhabi fund plans $4-5 bn investments through GIFT City

Abu Dhabi Investment Authority (ADIA), the largest sovereign wealth fund in the UAE, is setting up a $4-5 billion fund to invest in India through a tax-neutral finance hub in Prime Minister Narendra Modi's home state of Gujarat. >P4

Growth jitters for Cognizant in 2024

Jas Bardia
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BENGALURU

Cognizant Technology Solutions Corp. on Wednesday predicted weak revenues for 2024, as businesses cut back on IT spending amid high interest rates and persistent inflation. The company said it may end the year with a revenue of $19-19.8 billion, against $19.8 billion estimated by analysts.

The Nasdaq-listed IT firm also expects its first quarter (January-March) revenue to decline by 3-1.5% in constant currency terms. Constant currency does not account for currency fluctuations.

"Discretionary spend, if you take the industry view, is the most in the banking, financial services and insurance (BFSI) sector. That is the sector that is burdened with high interest rates and because of that, there is a 'wait and watch' kind of a pause on discretionary wealth," Cognizant chief executive S. Ravi Kumar said in a post-earnings call with analysts. Kumar added that discretionary spend might start to return if interest

S. Ravi Kumar, CEO, Cognizant Technology Solutions.

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Govt to back pvt hospitals abroad

Shashank Mattoo & Somrita Ghosh
NEW DELHI

The central government is considering tapping private Indian healthcare majors to develop and operate hospitals and healthcare facilities in foreign countries, particularly in Africa, two people aware of the matter said on the condition of anonymity.

Under the proposal, the government can utilize its lines of credit (LoCs) to assist the construction of health facilities in foreign countries, said the first of the two people. The second person said that once built, these facilities can then be turned over to private Indian healthcare providers to run on commercial terms.

Such efforts in strategically important developing countries have been a key part of India's diplomacy, and the current proposal to involve private healthcare entities is expected to improve the effectiveness of these efforts. In addition, private companies will acquire a better foothold in developing country markets.

The Centre can utilize its LoCs to help set up hospitals. HT

TURN TO PAGE 6

Nationalistic movies face the Gulf wall

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Playing on patriotism that served Bollywood well in the past is beginning to hurt when it comes to tapping a key foreign territory: Gulf nations.

Action drama *Fighter* has become the latest Indian movie to be denied a release in parts of West Asia, following other titles such as *Beast*, *The Kashmir Files* and *Bellbottom*, which too met the same fate. Hindi, Tamil, Telugu and Malayalam films have a vast audience in these countries, which keep out movies perceived to have anti-Muslim overtones, as well as movies with themes like homosexuality.

A failure to release in these markets is a big blow to Indian movies, given that they are among the movie industry's three large overseas territories. Shah Rukh Khan's *Pathaan* collected over ₹117 crore in the region.

"The Middle East governments prefer to stay neutral and does not approve bashing of any individual or country (by way of film content). Indian producers have to understand there is a huge opportunity for all languages there and at least at the moment, several overseas territories are even bringing better returns the domestic market," said Yusuf Shaikh, business head, feature films at production and distribution company Percept Pictures. That said, filmmakers also have to stay true to the subject they've chosen to take up, making for a double-edged sword, Shaikh pointed out.

Trade experts said *Fighter* could have made around ₹50 crore from the Gulf countries, but ultimately, it was screened only in the United Arab Emirates (UAE). The action drama starring Hrithik Roshan and *Deepika Padukone* revolves around the Indian Air Force, with references to the Pulwama attack, the Balakot air strike and the 2019 India-Pakistan border conflict.

In the Gulf countries, movie tickets are priced higher, fetching handsome returns for producers. But as films increasingly don strong political, religious and nationalistic overtones to cash in on majoritarian sentiments, censors step in.

Over the coming months, several titles such as *Article 370*, based on the constitutional provision, whose abrogation in 2019 ended Jammu & Kashmir's autonomy, and *Bade Miyan Chote Miyan*, starring

Fighter, starring Anil Kapoor and Hrithik Roshan, is the latest to be denied release in parts of West Asia. AFP

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Think Ahead. Think Growth.

mint primer

Why passenger car sales may sputter in FY25

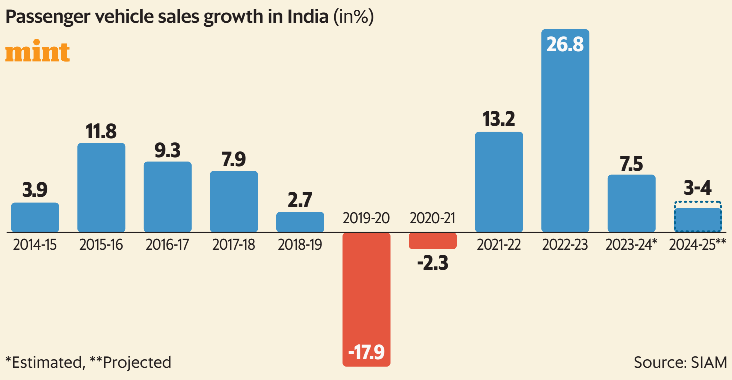
BY SUMANT BANERJI

Top officials of the $120 billion domestic automotive industry met in New Delhi last week to brainstorm over what could be in store next year. They expect a slowdown in the growth of passenger vehicles. *Mint* finds out why:

Slow lane

After three years, sales growth is expected to take a breather

Passenger vehicle sales growth in India (in%)



*Estimated, **Projected

Source: SIAM

SATISH KUMAR/MINT

1 How has the industry done since covid?

After two years of deep decline, in calendar years 2019 and 2020, the domestic passenger vehicle segment rebounded sharply in 2021 and 2022 to grow 13% and 27% respectively—the quickest segment to reach pre-covid sales levels. In calendar year 2023, the growth momentum continued, albeit at a slow pace, with volumes topping 4 million units in a year for the first time. For fiscal 2024, which ends on 31 March, the industry is tipped to log sales of 4.18 million, up 7.5% over FY23. The growth has been led largely by SUVs that have overtaken compact cars to become the largest segment in the industry.

2 What is the forecast for the future?

After three years of high growth, sales growth is expected to take a breather. For fiscal 2025, industry body Society of Indian Automobile Manufacturers (SIAM) is projecting a 3-4% growth. This will be the slowest annual growth since the pandemic but in line with the historical longer-term growth of the automotive industry. Between fiscal years 2018 and 2023, the industry grew at a compounded annual growth rate of 4.2% while over the last 10 years since fiscal 2014, it has grown by 5.3%. After three years of robust growth led partly by pent up demand from the pandemic, a breather of a year on a high base is on the cards.

MINT

3 Do elections have a role to play in car sales?

Though there is no direct correlation, in the last decade sales did cool off in an election year as buyers put off pricey purchases. In 2019, sales declined by 13% and in 2014, they grew only 3% on a lower base—sales had dropped by 7% in 2013. In the previous two election years, however, growth was strong at 17% and 25% in 2009 and 2004 respectively.

4 What are the reasons for the slowdown?

Signs of a slowdown have been visible since the end of the festive season with the gradual build-up of inventory in dealerships—55-58 days now from 35 days at the start of the year. Pent up demand from the consumers replacing older cars is waning. While SUVs will continue to drive growth in the future—expected to make up 55% of all vehicles in FY25—a decline in small car and sedan sales will temper overall growth of the industry. Some part of SUV sales is cannibalizing other segments and not really expanding the market.

5 How are the other segments doing?

Commercial vehicle was next in line to hitting pre-pandemic levels and growth in this segment is likely to be moderate. On the other hand, two wheelers that are yet to reach pre-pandemic levels are likely to grow faster and could even log double digit growth in FY25. Electric car sales are expected to miss the 100,000-unit mark in FY24. But electrification is driving three-wheeler sales, with the segment expected to end FY24 with 40% growth and tipped to follow up with another double-digit growth in FY25.

QUICK EDIT

Pakistan on edge

A day before elections in Pakistan, at least 22 people were killed and two dozen injured in bomb blasts on Wednesday in its troubled Balochistan province, heightening tensions in a country already on the edge. Thursday's election will be crucial to put a mandate-equipped government in place after Imran Khan was ousted as prime minister in 2022 through a vote of no-confidence that he alleged was engineered by the country's all-powerful military on a nudge from the US. Khan is now behind bars, convicted of disclosing state secrets, corruption and more, weakening his Pakistan Tehreek-e-Insaaf party (PTI). Though the party vows to fight on, campaigning has seen Khan's long-time rival Nawaz Sharif, who heads the Pakistan Muslim League-Nawaz, pitted against Bilawal Bhutto of the Pakistan Peoples Party. Democracy, however, is unlikely to be boosted by these polls. Khan's removal and subsequent imprisonment follow a wide rift he developed with the army, which has since been re-asserting control. With Pakistan's economy suffering very high inflation and sputtering attempts at reforms, it will be an unenviable job for whoever takes charge of its governance.

MINT METRIC

by Bibek Debroy

In Goa, Gobi Manchurian
Is as abhorred as durian.
It has been slandered
As unsafe and sub-standard,
Not to be savoured by an epicurean.

QUOTE OF THE DAY

We have been a lot more prudent and managed it (fiscal deficit) efficiently, therefore we were able to reach 5.8% instead of 5.9% this year itself. And instead of reaching 5.2% next year, as per the glide path, we have made sure that we will be one notch down at 5.1%.

NIRMALA SITHARAMAN
FINANCE MINISTER

MINT PODCASTS

BEHIND THE LENS

Excessive exposure to screens and other environmental factors may impact our eyesight, making myopia more common. To understand more about Myopia, the factors driving this, and the preventive measures, today we have Dr. Mahipal Sachdev, chairman and medical director, Centre for Sight. Tune in for more.

Supermarket of Problems

India has the talent and capital when it comes it AI. However, she doesn't have an AI ecosystem. What can an AI ecosystem do for the country? Why does the government need to become an early adopter and how will that affect India's standing in the international market? Know more from the latest episode of AI rising.

INSURANCE PREMIUM

Health insurance premiums have been on a rising spree. More so for senior citizens. They either pay it by themselves or their children do it for them. What do we do if premiums become simply unaffordable? Aprajita Sharma of Mint Money will tell you just that in today's podcast.

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PLAIN FACTS

Pre-election Budget has funds for welfare

BY PRAGYA SRIVASTAVA

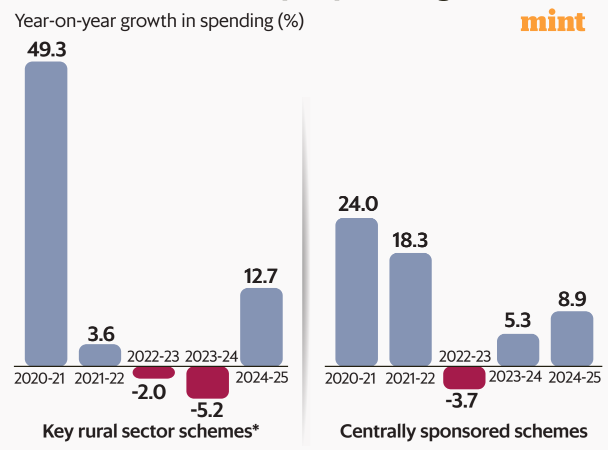
The pre-election budget announced last week may have disappointed some for its lack of big-bang announcements, but the Centre has astutely raised allocations for some key welfare schemes for 2024-25. That marks a reversal of the recent trend of spending cuts that had followed the generosity of the covid-affected years.

The total budget of ₹5 trillion for centrally sponsored schemes is 8.9% higher than what the Centre plans to spend in 2023-24 (for reference, the overall budget size of the government is pegged to rise 6.1%). Rural welfare was especially taken care of, with the outlay for some of the key schemes for jobs, irrigation and housing, among others, witnessing a combined 12.6% increase, as against declines of 5.2% in 2023-24 and 2.0% in 2022-23, a *Mint* analysis showed.

The change in tune on rural spending comes against the backdrop of a debate over inequitable economic growth between rural and urban India. Demand for jobs under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) remains high, indicating continued rural distress. This has led the government to overshoot its initial allocations for the scheme year after year. For the first time in six years, it has even kept the budget allocation in line with the revised estimate for the ongoing year (as opposed to the earlier trend of budgeting less and exceeding it later).

Govt reverses a trend of cuts, finds money for some rural welfare in pre-poll Budget

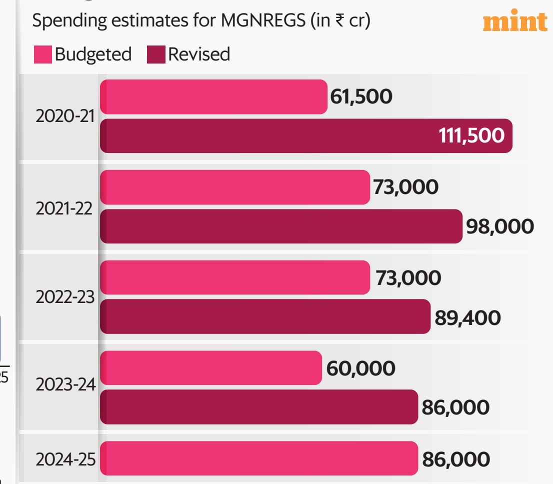
Year-on-year growth in spending (%)



*Includes MGNREGS, Pradhan Mantri Awas Yojna (Rural), Pradhan Mantri Krishi Sinchai Yojana, Pradhan Mantri Kisan Samman Nidhi and National Livelihood Mission. Revised estimates used for 2023-24, budget estimates for 2024-25.

Unlike past years, govt keeps MGNREGS budgetary outlay elevated for FY25

Spending estimates for MGNREGS (in ₹ cr)



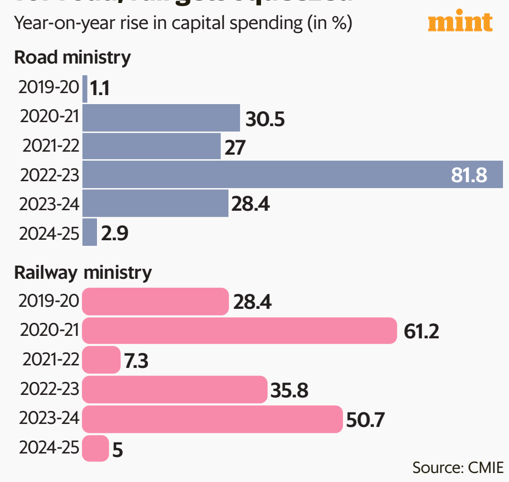
Source: Budget documents, CMIE, Mint calculations

Safe Bets

THE CENTRE'S decision to stay away from last-minute populism signals its confidence about the looming elections. But it has certainly not shied away from rejigging money towards schemes that may garner public support. More evidence comes from the free foodgrain scheme and the cooking gas subsidy for rural women—both of which have already been key poll planks, resulting in an elevated subsidy bill for 2024-25. (That was, in effect, a given since the decision to extend the foodgrain scheme and to hike the gas subsidy had already been announced ahead of the state elections in late 2023, with favourable electoral outcomes for the ruling party.) In sum, these appear to be safe bets by the government to balance welfare with the need to taper fiscal deficit. With the imminent inclusion of Indian government bonds in a benchmark JP Morgan index, the scrutiny of fiscal discipline has increased, and it was important to signal that consolidation is achievable. So to create space for the schemes targeting the poor and rural population, the budget chose to normalize capital expenditure instead: That outlay will rise 17% as opposed to nearly 30% increase in each of the last four years. The result is the ambitious aim to cut down the fiscal deficit to 5.1% of GDP, from 5.8% this year.

Amid fiscal prudence, capex growth for road, rail gets squeezed

Year-on-year rise in capital spending (in %)



Source: CMIE

Capex Effect

SINCE THE pandemic, the Centre has relied on capital expenditure to support the economy, with the lion's share (22-24%) going to roads and railways. However, both ministries have seen only paltry hikes this time. That said, diverting some focus to welfare need not be seen as a fiscal burden.

"The budget relies on a mix of capex and rural spending to drive growth," Crisil said in a report last week. "Despite the rural focus and a pre-election setting, the budget is broadly non-inflationary. For instance, a majority of the rural support spends (MGNREGS, the rural housing scheme, and the rural roads scheme) are asset-creating and employment-generating."

All in all, ahead of polls, the Centre has stayed fiscally prudent but certainly didn't forget to make a few smart electoral bets either. The capex itself is at a two-decade high as a share of GDP, and despite the weaker hike, will remain a key driver of headline growth, Nomura said in a report.

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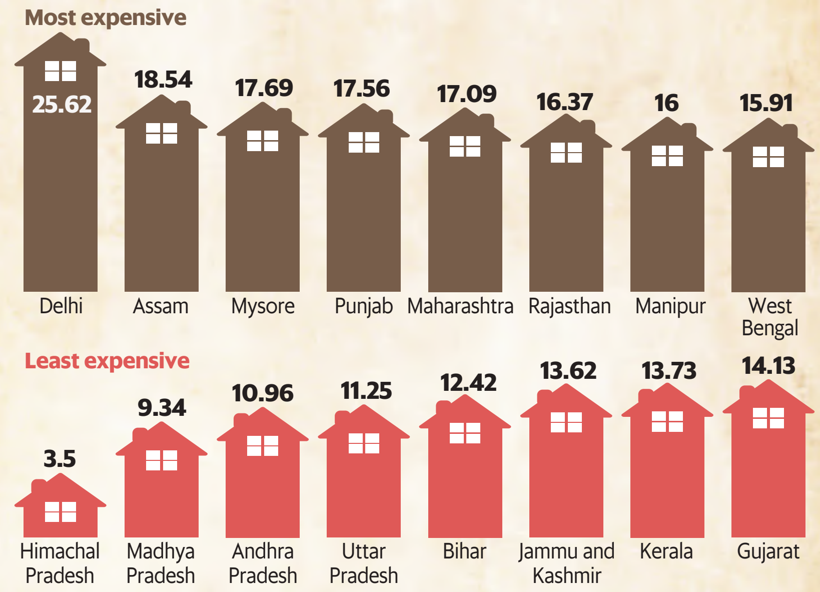
DATA REWIND

Data Rewind is an occasional Plain Facts feature that brings you interesting statistics and charts from the yesteryear.

The government's National Sample Surveys have regularly sought to understand housing conditions in the country, and one of the metrics they report is the average amount paid by households living in rented accommodations. In the early 1960s, Delhi was found to be the most expensive to rent a house, with families paying ₹25.62 on average per month in urban areas. Himachal Pradesh was the cheapest, with an average rent of ₹3.50 per month. The average rent in urban areas (₹14.89) was 2.8 times that in rural areas. Less than 6% of urban rented houses cost more than ₹40 a month.

Average monthly rent per household in 1963-64, urban areas (in ₹)



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Data compiled by Tanay Sukumar

Source: National Sample Survey, 18th round (February 1963 to January 1964)

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz

‘Biz pledged ₹1.07 tn of investments under PLI scheme’

Rhik Kundu & Gireesh Chandra Prasad
NEW DELHI

Finance minister Nirmala Sitharaman. PTI

Businesses have committed about ₹1.07 trillion of investments under the government’s production-linked incentive (PLI) scheme to scale up domestic manufacturing, helping create job opportunities for over 700,000 people, finance minister Nirmala Sitharaman said on Wednesday.

“Manufacturing locations (under the PLI scheme) are coming up in 24 states and more than 150 districts,” Sitharaman said.

The PLI scheme has led to ₹3.4 trillion of exports and ₹8.7 trillion of production and sales, and 176 small businesses have been selected as direct beneficiaries of the scheme, Sitharaman added.

PLI schemes across 14 key sectors were announced by the Centre in 2020 with an outlay of ₹1.97 trillion (over $26 billion) for a period of five years starting from 2021-22 to enhance manufacturing capabilities.

The purposes of the PLI scheme is to attract investments and cutting-edge technology across key sectors, ensure efficiency, and bring economies of size and scale in the manufacturing sector to make Indian companies globally competitive.

Responding to questions from members of parliament on concerns about the Centre allegedly not making enough funds available to states, Sitharaman said the government has followed the recommendations of successive finance commissions “to the last word”.

She refuted the Karnataka government’s charge of denying special grants to the southern state despite the recommendations of the 15th Finance Commission.

“I want to assure this House, whatever the finance commission has recommended I follow it to the last word,” Sitharaman said.

The finance minister said Karnataka received ₹61,691 crore as tax devolution proceeds from during FY2011-FY2015, and ₹1.5 trillion from FY16 to FY21.

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Centre to monitor quality of Bharat atta, dal, rice

Once certified by QCI, agencies will deploy QR codes and barcoding to ensure quality of food

Puja Das & Dhirendra Kumar
NEW DELHI

The subsidized food grains, meant for the poor, are supplied to states under the National Food Security Act, or NFSA, and other welfare schemes. HT

The government plans to track and trace subsidized pulses, wheat flour and rice for their quality, two senior officials said, a move that could nip the practice of shifty traders mixing grit with kitchen staples.

The tracing system—to be developed by the National Cooperative Consumers’ Federation of India Ltd (NCCF) and the Quality Council of India (QCI)—will ensure the quality of these essential food items that are sold as the government’s Bharat brand, and also prevent any diversion or malpractice, the officials told *Mint*.

Their quality has the personal stamp of approval from the minister for consumer affairs, food and public distribution, Piyush Goyal. He said at the launch of Bharat Rice on Tuesday, “Now I have purchased Bharat Rice. This will also be of good quality.”

The move aligns with the government’s substantial expenditure on food subsidies, pegged at ₹2.05 trillion for the coming financial year and ₹2.12 trillion in FY24, higher than the budgeted estimate of ₹1.97 trillion for the year.

₹60/kg is the subsidized price for Bharat Dal

The subsidized food grains, meant for the poor, are supplied to states under the National Food Security Act, or NFSA, and other welfare schemes.

Prompted by recommendations from the ministry, the ‘track and trace’ system is designed to facilitate stringent quality controls and monitoring—from milling to distribution by the warehouses of the Food Corporation of India (FCI) and the National Agricultural Cooperative Marketing Federation of India (Nafed). “The intent is to ensure that the quality of these essential commodities meets expectations, thereby reinforcing consumer confidence,” one of the officials cited above said.

To provide relief to consumers from high inflation, Nafed, NCCF and Kendriya Bhandar are selling Bharat Dal at a subsidized price of ₹60 per kg, flour at ₹27.50 per kg and rice at ₹29.

Retail inflation hit a four-month high of 5.6% in December, from 5.5% in November, and remains close to the higher end of the central bank’s tolerance range of 2-6%.

5.6% is the retail inflation, hitting a four-month high

“The ‘track and trace’ initiative is not because of any complaints received but a proactive measure to ensure that the benefits of government subsidies reach the intended recipients efficiently and transparently,” said the second official.

Queries sent to the consumer affairs, food and public distribution ministry, NCCF and QCI remained unanswered at press time.

This official also said the system would help provide insights into distribution patterns and consumer demand, enabling adjustments to the scheme based on actual needs.

“This mechanism isn’t just about ensuring products get to the right people, it’s also about affirming the quality of goods provided at subsidized rates. The involvement of an independent and impartial agency like the QCI in certifying these products is a crucial step in conveying this assurance to the public,” the official added.

The National Cooperative Consumers’ Federation of India Ltd will leverage its tracking software and deploy QR codes and barcoding to boost the transparency and efficiency of the distribution process. “For Bharat Rice, we are proud to say that barcoding is there,” the official said, adding that the terms and conditions on the agreement with QCI will be formulated soon.

QCI, which is an autonomous body of the department for promotion of industry and internal trade (DPIIT) in the commerce ministry, introduced the concept of quality in remote parts of the country so that products from these areas also become acceptable in Indian and international markets. India’s national accreditation system under the QCI was ranked 5th in the world in the Global Quality Infrastructure Index (GQII) 2021.

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India’s total merchandise exports for FY24 are expected to be at $435.3 billion. BLOOMBERG

Despite Red Sea hurdles, exports to grow 3% in Jan-March

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The Export-Import Bank of India (India Exim Bank) has forecast a 3% growth in India’s merchandise exports in the final quarter of FY24 despite the ongoing disturbances in the Red Sea.

The bank predicts India’s total merchandise exports will reach $118.2 billion in January-March, with non-oil exports accounting for $95 billion.

This forecast comes in the backdrop of disruptions in the Red Sea. Goods are being shipped through the longer route of Cape of Good Hope.

The positive growth rates are expected against the contraction seen in the first two quarters of the year. India’s trade deficit widened to $31.46 billion in October, with imports at $65.03 billion and exports at $33.57 billion.

However, the deficit shrank to $19.8 billion in December from $23.14 billion year-on-year, with goods imports totalling $58.25 billion, and exports adding up to $38.45 billion.

Rating agency Icra Ltd has stated that the December trade deficit was lower than its estimate of $22.7 billion, owing to a better-than-expected performance of exports that month.

The positive growth in exports could be a result of the country’s strong GDP growth fundamentals and expected global demand for Indian goods, the Exim bank said in its report.

With these forecasts, India’s total merchandise exports for FY24 are expected to be at $435.3 billion, while non-oil export figures are likely to be maintained at FY23 level.

However, oil exports are expected to remain subdued in FY24, contracting by $12.5 billion compared with FY23.

Forecasts of growth in India’s total merchandise exports and non-oil exports are released by Exim Bank during the first fortnight of May, August, November and February for corresponding quarters.

Petrochem exports face Chinese rivalry

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BETUL (GOA)

Toril Bosoni’s statement gains significance as India plans to scale up its refining capacity to 450 million tonnes per annum by 2030.

Indian petrochemical exports are expected to face tough competition as the country moves to boost its oil refining and petrochemicals capacity, the head of the International Energy Agency’s (IEA) oil industry and markets division warned, with global markets already reeling under rising Chinese shipments.

Toril Bosoni said in an interview that currently there is severe pressure on the global petrochemical industry with China, a traditional importer of petrochemicals, expanding its domestic petchem manufacturing capacity.

She also said that domestic demand in India would be robust going ahead.

“We are seeing that this expansion and capacity in China utilizing it (oil), it’s really putting pressure on other petrochemical producers in the region, that is in Europe. The European petrochemical utilization rates were the lowest they have been since the early 1970s. It’s putting pressure on petrochemical producers in Asia, (South) Korea and Japan, but also in the Middle East,” Bosoni said.

“So what we are seeing now, China is importing the feedstock instead of the petrochemical products and this is changing the dynamics. And we see this to continue in the coming years. China is still adding petrochemical capacity which puts strain on petrochemical producers worldwide.”

An IEA report said growth in the petrochem sector in India will be smaller than the global average during 2023-2030

On the Indian petchem sector, the IEA official said: “If we look at the India market, the petrochemical products, given the growth of the Indian economy and Indian manufacturing, there’s definitely growth with these products in India. On a global level I think we will see continued competition and pressure on margins and profits.”

Bosoni’s statement gains significance as India plans to scale up its refining capacity from the current 250 million tonnes per annum to 450 million tonnes per annum by 2030 and aims to a become a hub for petroleum and petrochemical products.

On Wednesday, the IEA released a report which said growth the petrochemical sector in India will be smaller than the global average during 2023-2030.

It said globally, the biggest driver of oil demand growth over the medium term is projected to be petrochemicals, accounting for about 2.7 million barrels of additional oil product demand during 2023 2030.

“Where this demand takes place is largely the result of patterns of investment in production facilities, which typically take around five years to progress from final investment decision to commercial operations. We estimate that a combination of new plants and incremental expansions will see Indian feedstock demand rise by about 210 kb/d (thousand barrels per day) over the period,” said ‘India Oil Market Outlook to 2023’.

In terms of oil demand growth, the agency projected India to surpass China by 2027, with oil demand reaching 1.2 million barrels per day in 2023-30, accounting for more than one-third the projected global demand growth.

Govt to define middle class for housing scheme beneficiaries

Rhik Kundu & Subhash Narayan
NEW DELHI

The housing scheme for the middle class is likely to free encroachment areas. MINT

The government will specify income standards, locations and types of accommodation to select beneficiaries for the planned housing scheme for the middle class, two people aware of the matter said.

Once the housing and urban affairs ministry finalizes the specifications, they will be sent to the finance ministry, which will determine amount to be allocated for the scheme, the people mentioned above said.

“The definition, currently being worked out, will come with the scheme. It will be defined in terms of income, types and location of housing,” said the first person mentioned above, who spoke under the condition of anonymity.

In the interim budget for FY25, finance minister Nirmala Sitharaman said the government will launch a scheme to help deserving sections of the middle class ‘living in rented houses, or slums, or chawls and unauthorized colonies’ to buy or build their own houses.

There is no definition of who constitute the middle class in India. The middle class is generally defined as households with an annual income between ₹6 lakh and ₹18 lakh. According to a 2023 report by People Research on India’s Consumer Economy (Price), there are 432 million middle-class Indians—about one in every three people. Price counts a wider range of income to define the middle class: households earning between ₹5 lakh and ₹30 lakh a year.

The announcement on the scheme was in line with the government’s larger ‘Housing for All’ mission, which includes the Pradhan Mantri Awas Yojana (PMAY)—Urban and the Pradhan Mantri Awas Yojana—Rural or Grameen schemes.

“The new scheme is expected to bring a positive impact, fostering growth and development in the real estate, construction, and plotted-development sectors,” said Pushpender Singh, managing director of JMS Group.

The housing scheme for the middle class is likely to free encroachment areas like slums for easier redevelopment, added Anuj Puri, chairman of Anarock Group.

The initiative, aimed at people living in sub-par housing, is being introduced when India’s residential market is seeing a significant upturn. Many home buyers face challenges due to rising real estate prices. The finance and housing ministries did not respond to emailed queries.

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MINT SHORTS

K’taka protest against funds distribution by Modi govt

REUTERS

New Delhi: Ministers and lawmakers from Karnataka protested in New Delhi on Wednesday against what they said was discrimination in funds distribution by the central government. The protest, led by the chief minister, brings to the fore long-running differences between the more developed southern states and their poorer northern counterparts. **BLOOMBERG**

Centre sets up task force to resolve non-tariff barriers

New Delhi: The government has set up a task force under the department of commerce to identify, categorize and develop tailored strategies for the resolution of non-tariff barriers, Parliament was informed on Wednesday. Such barriers include prior registration requirements in the exporting country, cumbersome testing and certification requirements and unreasonable domestic standards and rules. **PTI**

India to exclude non-trade issues at WTO talks

REUTERS

New Delhi: In a move that underscores its strategic priorities, India will steer clear of initiating discussions on non-trade issues such as labour and climate at the 13th Ministerial Conference of the World Trade Organization (WTO), set to start on 26 February in Abu Dhabi, a top official said. This stance signals India’s firm commitment to focussing on trade-centred discussions, despite the growing global discourse. **DHIRENDRA KUMAR**

Govt lists 11 fair price shops on e-comm portal ONDC

ISTOCKPHOTO

New Delhi: In a first, the Centre has onboarded 11 fair price shops on the state-run e-commerce portal Open Network Digital Commerce (ONDC), to extend consumer access to food items offered at government-supported shops and to foster a more inclusive e-commerce ecosystem. The pilot project may be extended to other states. **DHIRENDRA KUMAR & PUJA DAS**

Oil cos losing close to ₹3/ litre on diesel, profit on petrol falls

REUTERS

Goa: State-owned fuel retailers are losing close to ₹3 per litre on selling diesel while the profit on petrol has trimmed due to recent firming up of international oil prices, industry officials said. Indian Oil Corporation, BPCL and HPCL ‘voluntarily’ have not changed petrol, diesel and cooking gas prices for almost two years now, resulting in losses. **PTI**

India eyes $100 bn investment deal with Switzerland, Norway

India is close to finalizing a first-of-its-kind trade deal that could see a small group of European nations invest as much as $100 billion over 15 years in exchange for easier trade access to the world’s most populous nation, according to people with knowledge of the matter. **BLOOMBERG**

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OTTs face complex ad-scape

Innovative strategies needed for overcoming obstacles in India's unique advertising landscape, say experts

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NEW DELHI

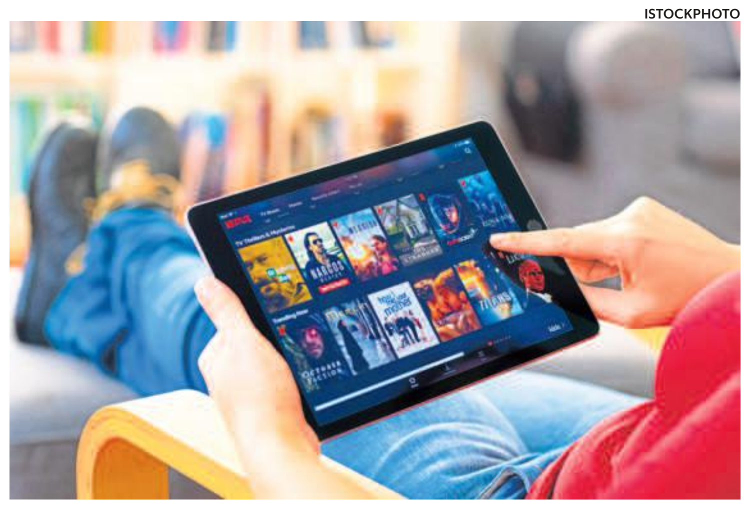
Over-the-top advertising in India continues to grapple with challenges despite streaming platforms, primarily driven by subscriptions, increasingly pivoting to ad-driven models.

For instance, American streaming platform Netflix recently said that the markets where it offers ad-supported tiers account for 80% of its global ad spending, highlighting the challenges faced by OTT advertising in India.

Besides contending with low cost per mille (CPM), or cost per thousand impressions, the landscape saw significant competition from digital-ad platforms for OTT players.

Industry giants like YouTube and Facebook, along with e-commerce, social media and short video platforms, are emerging as major rivals for capturing impressions and audience attention. "In India, digital advertising in the streaming industry is at a nascent stage with spending shifting rapidly from TV to digital. While we have a massive user-base, effective ad rates are low. Therefore, for bigger global streaming players, it might be financially prudent for the short- to mid-term to continue to rely on subscription over ads," Neeraj Sharma, managing director, growth markets, media lead, Accenture said.

ISTOCKPHOTO



In India, digital advertising in the streaming industry is at a nascent stage.

One short-term obstacle to growth could be the TV ecosystem's limited understanding of how digital advertising works. "Also, attribution, or the ability to identify whether ad-spends yielded the rights results, is also limited. In the near future, when commerce is more seamlessly integrated with the OTT platforms, attribution issues will be resolved to a certain extent," Sharma said, adding digital advertising is anticipated to grow further, as sports and live or unscripted shows migrate to OTT platforms.

Media industry experts concurred that Netflix's move to exclude India from its ad tier underscores the complex challenges in the Indian advertising market, and could have been influenced by various factors unique to it. Specific market dynamics, regulatory constraints, and overall maturity of the advertising ecosystem can pose challenges, Gautam Madhavan, founder and CEO, Mad Influence, an influencer marketing agency, said.

MARKET HURDLES

MARKET dynamics, regulatory issues, and maturity of the ad ecosystem can pose challenges

CERTAIN platforms may also have to customize content to align with mass-market audiences

"India's advertising landscape grapples with notably lower CPMs compared to global counterparts. The cost efficiency imperative forces platforms and media owners to adopt innovative ad monetization models distinctly suited for the Indian market. Second, the relatively lower share of connected TVs (CTV) in streaming viewership in India, in comparison to more mature markets, poses a challenge. Advertisers may exhibit hesitancy in allocating significant investments, considering evolving nature of consumer behaviour and preferences in this region," said Jay Ganesan, senior vice-president, APAC, Amagi, a media technology startup.

Certain platforms may also have to customize content to align with preferences of mass-market audiences to negotiate higher rates. While Netflix and Prime Video are actively expanding their Indian language catalogues, much work needs to be done.

Proparco's South Asia director Diane Jegam.

Proparco set for climate tie-ups with Indian VCs

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French development agency Proparco is set to tie up with Indian venture capital funds to back climate technology projects and address inequality, Diane Jegam, its South Asia director, said in an interview.

According to Jegam, initial agreements are expected to be signed within this year.

Proparco, which is operational in India since 2009, focuses on strengthening private sector capabilities across developing countries.

It is a subsidiary of AFD group, France's official development agency.

"We are in a country with so many unicorns, so much innovation and so many startups to tackle climate change," Jegam remarked, clarifying the initiative. The collaboration with a venture capital fund will be the company's first such partnership in India.

Proparco, in India since 2009, aims to strengthen private sector capacities in developing nations

Proparco is also poised to collaborate with three private equity funds to finance projects aimed at reducing inequality and adapting to climate change, the two key pillars of Proparco's work in India.

The agency has previously invested in many PE funds to further its mission. Last year, it had made a $35 million equity investment in Quadria Capital to support healthcare projects in South and Southeast Asia, besides investing in renewable energy firms Electro Solaire and Avaada Energy.

In 2022, it invested $15 million in Annapurna Finance, a microfinance institution.

It has also assisted Indian firms to expand their international presence, particularly in Africa. In 2023, Proparco, in a tie up with Austrian development bank OeEB, allocated €34 million to an overseas arm of Indian lead recycler Gravita, to expand operations in Ghana and Senegal.

Proparco is keen to help other innovative Indian firms expand presence in foreign markets, Jegam said.

"Indian companies are handling global challenges. The challenges we have in India are the same as in other parts of the world. So, it should be the goal of institutions like Proparco to help such Indian companies to extend their footprint in other parts of the world," she said.

According to the agency's estimates, as of 2020, Proparco had financed several projects in India worth around €710 million.

With operations in 115 countries, it reported assets totalling €7.7 billion as of December 2022, with countries in Asia receiving 27% of Proparco's total funding outlays, exceeding €2.3 billion.

African nations accounted for 45% of its commitments in 2022.

Jegam said the agency was signing letters of intent worth €150-180 million in India every year.

Valmo to streamline e-com supply chains

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Meesho on Wednesday launched logistics-focused platform Valmo aimed at tackling supply chain inefficiencies in e-commerce deliveries at the lowest cost.

"We want to ensure we are giving micro-entrepreneurs a platform. We will never build an asset of our own," said Sourabh Pandey, chief experience officer, fulfilment and experience, Meesho. "So the way we do this today is to onboard the micro entrepreneurs across the network. We try to identify people who have the capability to do the different sets of operations across the length and breadth of what we deliver, as we give them capabilities for technology, network design, processes, operations and data analytics, so that they are able to process and ensure we are able to deliver these shipments seamlessly to end customers."

"This gives us a no-frills cost structure, the overheads in the ecosystem reduce, because the micro entrepreneurs are very very good at managing costs as they are already working in that space," Pandey added.

Meesho has been building the platform for the last one year, and has onboarded close to 3,000 regional micro entrepreneurs on its network clocking nearly a million shipments every day.

Sourabh Pandey, CXO, Fulfilment & Experience, Meesho.

Meesho has onboarded almost 3,000 regional micro entrepreneurs on its network

Pandey stated that up to 20 micro-entrepreneurs handle a shipment before it reaches the end consumer, emphasizing that this is the level of disaggregation that Meesho managed to achieve in its network.

Meesho has achieved a 5% reduction in cost through this network, Pandey said. "We believe we still have the runway to reduce cost by at least another 5-10% in the medium to long term."

In terms of scale of network, Pandey said: "We have around 3000 micro-entrepreneurs on the platform. We want to take it to a 100,000 within three years."

S&P BSE Sensex		Nifty 50		Nifty 500		Nifty Next 50	
CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE
72,152.00	-0.05	21,930.50	0.01	20,109.55	0.38	57,386.60	1.63
PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN
72,186.09	72,548.50	21,929.40	22,045.05	20,033.75	20,157.20	56,465.45	56,931.25
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
72,559.21	71,938.22	22,053.30	21,860.15	20,169.90	20,011.45	57,489.55	56,600.40

Nifty 100		S&P BSE Mid-cap		S&P BSE Small Cap	
CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE	CLOSE	PERCENT CHANGE
22,363.70	0.29	39,863.75	1.31	46,484.65	0.38
PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN	PREVIOUS CLOSE	OPEN
22,299.30	22,428.65	39,348.74	39,618.86	46,307.84	46,657.46
HIGH	LOW	HIGH	LOW	HIGH	LOW
22,437.65	22,261.95	39,931.64	39,308.14	46,821.39	46,372.29

MINT SHORTS

Mixed fortunes in Europe's earnings season

Europe's earnings season is off to one of the worst starts in at least ten years, with a majority of companies publishing weaker-than-expected results. But the ones delivering positive surprises amid all the gloom are reaping outsize rewards. Investors, who had feared a deluge of poor results, are sharply lifting the shares of any company that surpasses earnings-per-share estimates, while holding back on punishing too severely those that undershoot expectations, according to a tracker compiled by Bank of America Corp. BofA strategist Samuel Bruce estimates European shares are displaying the biggest positive reaction to EPS beats since 2020, outperforming on average by 2% on the day. "Among a broadly disappointing European earnings season, with the weakest beat ratios in at least a decade, the companies beating estimates have been richly rewarded," Bruce said.ASML Holding NV and SAP SE soared to record highs. BLOOMBERG

The UK housing market started the year on a firmer footing after a shallow dip last year. ISTOCKPHOTO

UK house prices jump the quickest since 2022: Halifax

UK house prices rose at their strongest pace since the middle of 2022 as falling mortgage rates emboldened buyers to return to the market, one of the nation's biggest mortgage lenders said. Halifax said its measure of prices rose 1.3% in the month of January alone and 2.5% from a year ago, which was the strongest annual pace in a year. The figures add to evidence that the housing market started the year on a firmer footing after a shallow dip in the middle of last year. Easing mortgage costs and improving confidence in the outlook for the economy have boosted the number of buyers looking for property. "The recent reduction of mortgage rates from lenders as competition picks up, alongside fading inflationary pressures and a still-resilient labour market has contributed to increased confidence among buyers and sellers," Kim Kinnaird, director of Halifax Mortgages, said in a statement Wednesday. "This has resulted in a positive start to 2024's housing market." BLOOMBERG

Britannia needs steady volumes

Vineetha Sampath & Pallavi Pengonda
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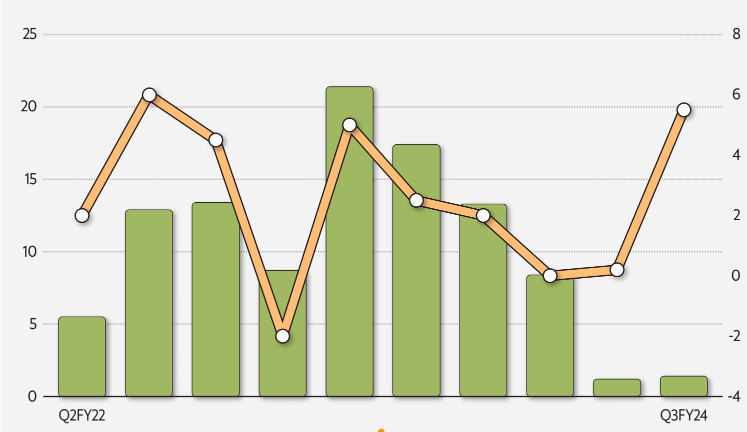
Britannia Industries Ltd's volume recovery in the December quarter (Q3FY24) has been quicker than anticipated. Volume growth is estimated at around 5.0-5.5% year-on-year in the quarter. For perspective, in the three prior quarters, volume growth was in the range of 0-2%. The management's outlook on volumes is bright and it aspires to achieve high single-digit or double-digit growth over the medium term.

Investors were pleased, and the stock closed 1.4% up on Wednesday, a day when the benchmark Nifty 50 rose marginally. But the pace of volume growth from here on needs to be tracked. Britannia noted that consumption in rural areas was still subdued, although its focus states outperformed other regions in growth. This was helped by the company's efforts to expand its direct reach and accelerate its rural journey. Britannia partnered with 29,000 rural distributors in Q3.

While this augurs well, a good share of volume-growth benefits in Q3 vanished due to weak pricing. The comp-

Mitigating factor

Britannia Industries' strong volume show in Q3FY24 was partly offset by pricing cuts leading to muted revenue growth



Note: Consolidated numbers
Source: Company, Yes Securities
PRANAY BHARDWAJ/MINT

any cut prices, leading to a 4% year-on-year drop in prices. Thus, Britannia's consolidated operating revenue (excluding other operating revenue) grew by only 2.2%, slower than volumes.

"Volume growth for the quarter was offset by lower realisations—down 2% to 2.5% year-on-year—owing to anniversarisation plus some reversals of the steep price hikes taken during FY23," said analysts at JM Financial Institutional Securities, adding that these were necessary to improve the price-to-value equation, given increased competitive intensity in the space.

While Ebitda margin contracted almost 20 basis points to 19.3% in Q3, it still remains at an elevated level. Ebitda is earnings before interest, tax, depreciation, and amortisation. Sequentially, costs of key commodities like palm oil, corrugated boxes and laminates were softer. So, Britannia's Ebitda grew by 0.4% to ₹821 crore in Q3.

But further increase in margin from here on appears difficult. Price hikes are not around the corner, amid a benign commodity-cost environment and intense competition. One also needs to follow the geopolitical situation and its potential impact on commodity costs to determine whether Britannia can sustain its current margin. It is confident of a stable margin performance, given favourable raw material costs and the fact that this is an election year, which means "there will be checks and balances in place to make sure that inflation doesn't happen to the extent that we have seen in the last two to three years," Britannia said in the earnings call. Cost-efficiency measures will also support the margin, it said.

SUSTAINING GROWTH

BRITANNIA expects volume to grow in high single digits to double digits, going ahead

IT expects stable margin aided by benign input costs, cost efficiency measures

Against this backdrop, Britannia's plan is to grow its revenue aggressively. This would be led by volume. It is encouraging that the company's market share in biscuits is rebounding after facing challenges in the first half of FY24. "We expect volume-growth momentum to improve further but negative pricing along with peak margin base will mean that earnings growth will likely remain subdued in the very near term," analysts at Yes Securities (India) said in a 7 February report.

Meanwhile, Britannia's adjacent categories like cakes, rusk, bread and dairy products are on a strong footing. It expects these businesses to grow much faster than its core business.

Over the past year, Britannia shares are up over 10%, lagging the 20% gain in Nifty FMCG index. The stock trades at a little over 50 times the company's estimated FY25 earnings, according to *Bloomberg* data. This is no doubt pricey. But if Britannia is able to sustain margins and deliver on volume growth, investors may give it more brownie points.

Higher debt chips away at Godrej Properties' robust pre-sales

Harsha Jethmalani
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Godrej Properties Ltd is on the way to exceeding its target of ₹14,000 crore for bookings in FY24, thanks to a healthy launch pipeline. In the nine months to December, pre-sales was at ₹13,008 crore. Eight new launches contributed significantly to bookings in the third quarter, leading to the highest-ever quarterly bookings of ₹5,720 crore, beating analysts' estimates.

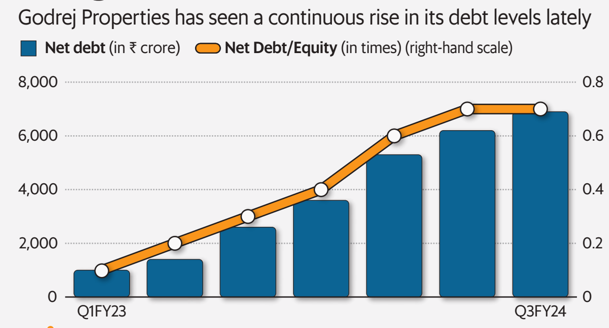
In Q4, Godrej plans to launch projects and phases spanning around nine million square feet. The Gurugram Sector 189 project, a project in Noida sector 149, Kandivali project in Mumbai Metropolitan Region, and a Bengaluru project could be launched in the quarter.

The company has deferred the launch of the Ashok Vihar project to the first half of FY25. Considering the demand trend in the National Capital Region, Godrej is looking to launch at least one project in the region each quarter, and the management hopes to clock more than ₹5,000 crore in pre-sales in Q4.

On the flip side, debt continues to climb due to increased business development activity in recent quarters. Net debt rose to ₹6,903 crore at end-December

Rising burden

Godrej Properties has seen a continuous rise in its debt levels lately



Source: Company, Motilal Oswal Financial Services
PRANAY BHARDWAJ/MINT

from ₹6,174 crore at end-September, leading to an increased net-debt-to-equity ratio.

"Management expects net operating cash flow to trail land payments in Q4FY24 (leading to debt build-up). Improvement in cash flows shall be a key re-rating trigger in our view," said a Nuvama Research report. The management is confident of hitting its FY24 cash collections guidance of ₹10,000 crore.

For now, the management aims to take a more calibrated approach to business development activities by focusing on markets where it does not have a presence, and those which are seeing a rapid churn in inventory. The company's gross development value (GDV) potential for the first nine months of FY24 is ₹8,425 crore. In FY24, it is eyeing ₹15,000 crore of GDV.

The pace of new launches and pre-sales trajectory are crucial differentiators for realty companies. Thus, a potential dampener for investors in Godrej Properties could be delayed exhaustion of unsold inventory, which could hurt cash flows. Kotak Institutional Equities analysts are pencilling in ₹15,800 crore of pre-sales in FY24. While Kotak is encouraged by the company's improved disclosure on project details, it cautions about unsold inventory worth ₹1 trillion in ongoing and upcoming projects. The stock had a muted reaction to Q3 earnings but has rallied nearly 15% so far this year. A significant increase in stock price hinges on how the factors discussed play out in coming quarters.

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

In SAT, ex-Axis MF's Joshi seeks Sebi files

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The ex-Axis MF fund manager has sought documents from Sebi. MINT

Viresh Joshi, a former fund manager at Axis Mutual Fund (MF), on Wednesday in his appeal before the Securities Appellate Tribunal sought certain documents from the Securities and Exchange Board of India (Sebi) in a case related to his alleged involvement in front running.

The case pertains to a series of allegations including front running, receiving bribes from brokers and placing trade orders at inflated prices against certain entities—a mix of companies and individuals—of Axis MF, in "complete disregard for investors' interests". Front-running includes buying a stock prior to an expected large transaction by an MF that is likely to raise the share price.

"The grievance in this appeal is in relation to furnishing of documents. We have asked Sebi for certain documents, however, we have been provided with only some of the documents from the regulator," Joshi's legal representative informed SAT.

The appeal said it seeks the documents in compliance with principles of natural justice. The documents that have been asked for are part of the investigation relied upon in Sebi's order. "There should be no prejudice for Sebi to furnish the relevant documents in the matter in order to enable us to make our case," the counsel added.

Advocate Nirman Sharma represented Joshi, while Vishal Kanade appeared for Sebi.

"The stand of Sebi is that whatever is relevant (in terms of the documents) has already been provided to the appellant. Beyond that what has been asked for is not required to be given since it does not pertain to the appellant," said Kanade.

In March 2023, the market regulator in an interim order directed impounding ₹30 crore made as wrongful gains in the Axis front-running matter. Sebi had asked Joshi along with other entities to jointly pay the amount. Joshi and these 20 entities were also restrained from accessing capital markets, as per the 100-page order.

Following the order, Joshi had approached the appellate tribunal. On Wednesday, SAT heard both the parties and asked Sebi to file a reply within two weeks. Justice Meera Swarup said the matter will be taken up for a detailed hearing on 14 March.

PSU banks surge on PM's pat

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State-owned banks were among the 25 most actively traded counters on NSE on Wednesday after Prime Minister Narendra Modi commended the performance of public sector enterprises in his speech in the Rajya Sabha.

Seven PSU banks posted a combined turnover of ₹11,536.67 crore , accounting for 8.7% of the NSE's total turnover of ₹1.33 trillion.

Leading the charge were Indian Overseas Bank (IOB), State Bank of India (SBI), Bank of Baroda, and UCO Bank. IOB led the pack with a turnover of ₹2,843.91 crore, followed closely by SBI at ₹2,793.41 crore. Bank of Baroda clocked ₹1,374.43 crore, while UCO Bank raked in ₹1,361.89 crore.

Six of the seven PSU banks saw their stocks gain, with Bank of Baroda being the lone exception. SBI closed 3.84% higher at ₹675.25, hitting a new all-time high of ₹677.95 in intra-day trading. UCO Bank reached a fresh 52-week high of ₹70.59 before settling at ₹68.4.

Seven PSU banks posted combined turnover of ₹11,536.67 cr, accounting for 8.7% of NSE's total turnover

Central Bank of India and Canara Bank also saw significant gains, rising 11.5% and 6%, respectively.

However, Bank of Baroda bucked the trend, closing 2.26% lower at ₹224.65.

The Nifty PSU Bank index mirrored the stock performances, surging 2.86% to a record high of 6,743.80 points. All but one constituent of the index ended the day in positive territory.

In a separate development, shares of Life Insurance Corporation of India (LIC) rose 1.98% to ₹1,045, buoyed by positive comments from the PM on the company's performance. This comes as LIC has delivered a healthy return of 19.33% to its investors since its listing on 17 May, 2022, exceeding its issue price of ₹949 per share.

UAE wealth fund plans $4-5 bn investments through GIFT City

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Abu Dhabi Investment Authority (ADIA), the largest sovereign wealth fund in the United Arab Emirates (UAE), is setting up a $4-5 billion fund to invest in India through a tax-neutral finance hub in Prime Minister Narendra Modi's home state of Gujarat, according to two persons with direct knowledge of the matter.

The regulatory authority for financial services at Gujarat International Finance Tec-City, or GIFT City, has granted in-principle approval to ADIA to set up the fund, the persons said, declining to be identified as they are not authorized to speak to media.

GIFT City regulatory authority has approved the plan. AFP

ADIA's intention to establish a presence in the hub was first announced last July in a joint statement by India and UAE. The amount of investment planned and the approval from the regulatory authority has not been previously reported.

A spokesperson for ADIA declined comment. An email to the International Financial Services Authority (IFSCA), which regulates financial services in the hub, was not answered.

With the approval, ADIA will become the first sovereign wealth fund to begin investing in India via GIFT City.

The greenlight comes days before Modi is set to visit Abu Dhabi to inaugurate a large temple.

Oil India mulls incorporating a subsidiary in GIFT City

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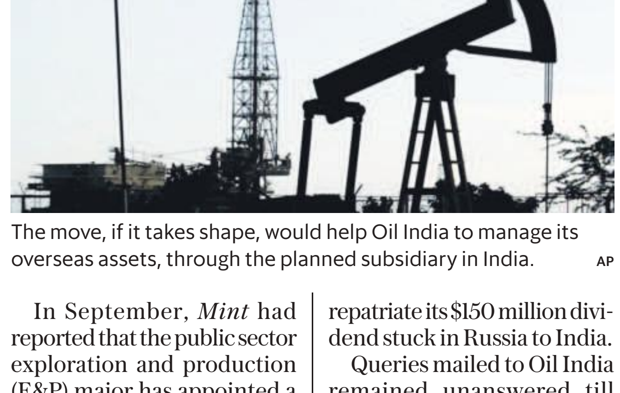
State-run Oil India is looking at incorporating a subsidiary at the International Financial Services Centre (IFSC) in GIFT City, Gujarat, said two people with knowledge of the development.

The move, if it takes shape, would help the company to manage its overseas assets through the planned subsidiary in India. Currently, it has subsidiaries in Singapore and the Netherlands managing its international assets. It would also help the company raise funds.

"A plan to set up a subsidiary at GIFT City is being considered within the company. However, a decision has not been taken yet," said a person in the know.

The development comes at a time when dividends of the company along with other energy majors with a stake in Russian assets, are stuck amid economic sanctions on Russia by the West. Currently about $450 billion worth of dividend is yet to be received by the consortium comprising Indian Oil Corp., a subsidiary of BPCL Bharat Petroresources Ltd, and Oil India as the money is parked in a bank in Russia.



The move, if it takes shape, would help Oil India to manage its overseas assets, through the planned subsidiary in India. AP

In September, *Mint* had reported that the public sector exploration and production (E&P) major has appointed a legal and tax consultant to explore ways and means to repatriate its $150 million dividend stuck in Russia to India.

Queries mailed to Oil India remained unanswered till press time.

OIL entered the international oil and gas business with its first international acquisition in Oman in 1998-99. The company's overseas E&P portfolio as on 31 March 2023 was spread over seven countries—Russia, Venezuela, Mozambique, Nigeria, Bangladesh, Libya and Gabon.

The portfolio includes three producing assets in Russia one in Venezuela, two discovered and development assets in Mozambique and Nigeria and four exploratory assets in Libya, Gabon, and Bangladesh.

For the second quarter of FY24, the company reported a net profit of ₹325.31 crore, about 81% lower than ₹1,720.53 crore a year ago.

The consideration to set up a subsidiary at IFSC, GIFT City is in line with the recent announcements of other public sector companies including oil and gas companies—ONGC Videsh and Indian Oil Corp.

The International Financial Services Centre, developed as a multi-services special economic zone at Gift City, allows domestic and multinational companies the option to shift their overseas investments onshore.

The government has provided a competitive tax structure for IFSC in a bid to develop it as a hub for international financial services activities.

Tata Steel drops plan to merge arm TRF

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Tata Steel on Wednesday said its board has decided not to pursue the amalgamation of TRF Ltd, as the associate company is witnessing a turnaround in its business performance.

Tata Steel had earlier announced the amalgamation of nine of its strategic businesses including Tata Steel Long Products, Tinplate Co. of India, Tata Metaliks, TRF, The Indian Steel & Wire Products, Tata Steel Mining Ltd, S & T Mining Co.

"The boards of both the companies have decided not to pursue the amalgamation process. With the active support from Tata Steel, TRF has successfully navigated a highly challenging operating environment, witnessing a turnaround in its business performance," Tata Steel said in a statement. Since the announcement of the merger, Tata Steel has been providing operational and financial support by way of placement of orders and infusion of funds.

Tata Steel said it has amalgamated five businesses after duly completing the regulatory processes and the integration is underway.

These companies include Tata Steel Mining with an annual turnover of ₹5,000 crore in FY23, merged from 1 September 2023 and Tata Steel Long Products with an annual turnover of ₹7,464 crore in FY23, merged from 15 November 2023.

While S&T Mining Co. merged from 1 December 2023 and The Tinplate Co. of India, merged effective 15 January 2024.

Luna reborn in e-avatar, to seek out entry-level buyers

Firm targets customers in small towns who can't afford two-wheelers because of rising prices

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(L-R) Kinetic Green founder & CEO Sulajja Firodia Motwani, Kinetic Group chairman Dr. Arun Firodia, road transport and highways minister Nitin Gadkari and Kinetic Green co-founder & executive director Ritesh Mantri unveiling the E-Luna.

The iconic Luna, India's first moped born in the 1970s, is looking to capture the entry-level market for two-wheelers once again, albeit in an electric avatar, in a shift away from the bulk of the electric two-wheeler market consisting of scooters priced upwards of over ₹100,000. Kinetic Green, the electric mobility business of the Kinetic Group, whose Kinetic Engineering used to manufacture the Luna, is looking to appeal to customers in tier-II and tier-III towns for whom personal mobility has been inaccessible because of rising two-wheeler prices, resulting in the rapid shrinking of the entry-level, or moped segment. The e-Luna will be priced at ₹69,999 ex-showroom onwards, for variants with ranges of 80 kms to over 120 kms on a single charge.

While the Pune-based company, which also manufactures electric three-wheelers and will soon make golf carts in a joint venture with the Italian Tonino Lamborghini group, says it has also signed agreements with three fleet operators to supply 50,000 units of the e-Luna for e-commerce and logistics uses over the next 12 months. Of the 100,000 e-Lunas the company is looking to produce this year, a majority is likely to be sold, however, to retail customers as a "personal-cum-commercial use case", Sulajja Firodia Motwani, founder and CEO, Kinetic Green, told *Mint*.

₹69,999
onwards is the ex-showroom price of the e-Luna

"The E-Luna can be bought at a monthly EMI of ₹2,000, and at a charging cost of ₹300 per month—meaning the per month cost of owning the scooter will be less than ₹2,500, which will enable a large number of Indian customers who are not personally mobile at all and dependent on public transport, to come into personal mobility. What the Luna did for the masses, our target is for the e-Luna to do the same for an aspirational set of customers who want an accessible and affordable two-whe-eler. A lot of people from new demographics will come into the segment," she said.

"We are expecting an orderbook of 50,000 units just with the B2B segment this year. The product is specially designed for them and comes with a running cost of only 10 paisa/ kilometer."

Kinetic Green, which is also looking to hit the markets via an IPO in the next three-four years, expects the Luna to give its volumes a generous boost. The company sold 820 high-speed electric scooters in January, making it the ninth-largest e-scooter maker by volumes. The largest player, Ola Electric, sold 30,000 scooters last month.

"We can expand the entire entry-level segment in two-wheelers just because of the economies of running an electric two-wheeler, since there is no fuel cost," she said.

100,000
e-Lunas expected to be produced this year

Arun Firodia, chairman Kinetic Group, was awarded the Padmashri in 2012 for products like Kinetic Honda and Kinetic Luna which pioneered personal mobility in the early 1970s.

"We will be able to ramp up to 500,000 units in production capacity in the next 3-4 years," Pankaj Sharma, president, two-wheeler business, Kinetic Green told *Mint*. The two-wheeler will be manufactured at the company's factory near Ahmednagar in Maharashtra, he said. The product is designed and engineered in-house.

"There is also a market for the product in tier-1 cities for a bunch of solopreneurs so our demand will be a combination of small-town dwellers and large cities. Though B2B is an attractive segment, we believe 80% of the market for the product will be retail," she said. Two-thirds of Kinetic Green's distribution network is in tier two and three markets. The company will expand its distribution footprint to 1,000 sales outlets from 300 now, over the next three years, achieving 500 sales points by September this year.

Nabha Power, a coal-fired supercritical power plant, operates two units, each generating 700 MW.

Not in hurry to sell Nabha Power: L&T

Naman Suri & Nehal Chaliawala
NEW DELHI/MUMBAI

Engineering and construction company Larsen and Toubro has yet to attract buyers for its 1,400-megawatt Nabha power plant in Punjab, but is in no hurry to divest the asset, and will wait for the right valuation, said chief financial officer R. Shankar Raman.

Likewise, L&T will hold off its plan to sell the Hyderabad Metro project until its financials improve to ensure a favourable deal. Raman said some potential buyers are interested in the assets but not at the right valuation.

The ₹11,000-crore plant was put on the block in 2021 as it was a drag on L&T's financials

Nabha Power, a coal-fired super-critical power plant located in the Rajpura district of Punjab, operates two units, each generating 700 MW. It supplies electricity to the Punjab State Power Corp. through a 25-year power purchase agreement (PPA) effective until 2039.

The ₹11,000-crore plant was put on the block in 2021 as it was a drag on L&T's financials, and was not part of the firm's core business. However, the firm is yet to secure a buyer.

"The issues in the sale of Nabha are not about viability but about who wants to add coal to their portfolio. That is what will determine the exit," Raman said. "The power plant is performing very well. So, if somebody were to look at it now, compared to before, the asset is far more valuable. So, we are not bending backward to sell it in a desperate mode."

In fact, improved performance at the Nabha Power plant during the October-December quarter boosted L&T's development projects segment's earnings before interest, taxes, depreciation and amortization (ebitda) margin to 16.2%, up from 6.8% the previous year.

The company was open to offers from prospective buyers as long as they reflect what L&T considers a fair value, Raman said. "Nabha Plant continues to be an asset available for somebody to monetize, but we will not sell desperately."

However, experts said the increasing focus on energy transition and sustainability has prompted global investors to be wary of putting money in coal-fired power units, preferring renewable energy power units and other infrastructure assets instead.

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Art collection on the rise in India: Christie's

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The Asian art market has been remarkably resilient during the pandemic, and has seen a new bunch of young, millennial collectors emerge. This surge is being driven by immense wealth creation that is taking place in the region, reflected by the stock-market boom. Digital access has also made it easier for connoisseurs and dabblers alike to purchase an artwork online, Francis Belin, the Asia-Pacific president of art auction house Christie's, told *Mint* in an interview. A flourishing Indian stock market has prompted many to start looking at art as an investment category here. Luxury collectibles, especially watches and jewellery, are also in great demand, Belin observed. *Edited excerpts*:

INTERVIEW

How has the Asian art market performed over the pandemic?

Asia as a region has been quite resilient and has a very strong influence on the way forward for us. There is a long-term trend that we see across the continent, bringing forth a strong influx of new collectors. These new collectors are adding to the original base of committed collectors that has been around for decades. This entire region isn't getting weaker and might just eventually start selling as they grow older. The region in terms of buying accounts for 25–30% of our global sales. Last year was on the higher end of that range, at 28%, growing from the year before at 26%. The region accounts for 50–60% new buyers being added each year.

Do you also see a similar trend in India?

We see it very strongly in India as well. We debate about where this is coming from, and we think this is where money is being created. Another thing is we engage with collectors much more on the digital media. We present art that is coming up for sale, and we support transactions, too. So, for instance, if a millennial wants an S. H. Raza, they can just wake up one morning and buy it online. We're seeing almost 80% of all the bids that were placed last year with us, were done digitally. In our November 2023 sale in Hong Kong, which was for about $25 million, 40% of all sales were done online. This could also be because earlier there used to be a cap on the value that they bid on, and that is becoming less and less now.

Buying art online also makes sense, because collectors don't want to be seen either, right?

Historically, they didn't want to be seen, and on a lot of the big bids placed, it was very rare to have a private collector in the room bidding themselves. They would have an agent, or be on the phone bidding.

Is the average age of the Indian buyer lower than that of a Western one, given that India has the largest and the youngest demographic profile?

The average age of art collectors is much lower in India, compared with around the world. Indians buying art are in their 40s, when (investors in) the rest of the world are in their 50s. Interestingly, in India last year, almost half of the value purchases made were by new buyers, which is the highest proportion that we have across any category in any geography. So, I would say there is a very strong influx in the past few years of new and younger collectors in India.

The average age of art collectors is much lower in India, compared with around the world

Francis Belin
Asia-Pacific president, Christie's

So, although you are not actively conducting any live auction in the subcontinent, you are still seeing active interest?

We've been in India for 30 years now. Last year, while buying in Asia was slightly down by, say, 4%, at an overall buying level, India was up 30%. And we see a pattern of more new buyers and an increased level of activity. If we look at the Indian stock market—a reflection of the wealth being created —(it) has recently overtaken Hong Kong in market cap. Whenever there is more wealth, there is more confidence and collectors acquire more. Initially, it is easier for a lot of people who have wealth to buy real estate, or private jets. But buying art requires a lot of homework as well. From a value perspective, India will continue to increase.

Govt may back pvt hospitals overseas

FROM PAGE 1

Queries mailed to the external affairs ministry and health ministry remained unanswered till press time.

Earlier, LoCs provided by government agencies like EXIM Bank would be used by partner countries to contract Indian service providers for construction of hospitals and other health infrastructure. The hospitals would then be operated by the host country, but this model hasn't worked very well.

"In the past, when India has built hospitals in neighbouring and developing countries, there have been problems. We can build and hand over a hospital but then the host government is unable to do much with it," said the first of the two people cited earlier.

However, there are some challenges facing such a proposal for private Indian hospitals. These include a lack of understanding about local laws and regulations, finding the right partner with knowledge of hospital operations and familiarity with licensing requirements, liaising with government officials of the partner country, and even attracting talent to countries in the developing world, including Africa.

Several Indian private hospital chains maintain a presence abroad, particularly in Africa.

"Having a robust contract is imperative to safeguard our interests and investments, especially in the face of a change in Indian government," said Dr. Aashish Chaudhry, the managing director of Delhi-headquartered Aakash Healthcare Hospital, which opened its own unit in 2023 in Uzbekistan. "Even if discrepancies arise, having a neutral third party (the foreign government) to protect the investor's interests becomes crucial."

In the past, India has funded the development of hospitals in countries such as the Maldives and Nepal, which are then handed over to the host government to run. However, the government is now keen to share the burden of management and operations with private Indian firms.

"Establishment cost is quite high, and not a cakewalk; measures should be taken on tax rebates to make it more attractive for hospital chains to invest outside India," said Dr Chaudhry. "If we go for PPP (public-private partnership) projects, then it would be beneficial for both sides, and we have been asking the government to consider it."

Some key examples of India's health diplomacy include the India-Africa Health Fund, launched in 2015, which provided $10 million for health projects in Africa. India also announced plans to develop a new super-specialty hospital in Fiji in 2023 during Prime Minister Narendra Modi's visit to the country. Reportedly, a site in the town of Nasinu has been identified for further development of the hospital.

Like Aakash, several other Indian private firms maintain a presence abroad, particularly in Africa. These include Apollo Hospitals, Dr. Agarwal's Eye Hospital and Fortis in countries like Nigeria, Tanzania, Mozambique, Rwanda and Uganda.

Apollo has announced plans to move into the healthcare sector in Indonesia as well, a key southeast Asian market. However, these are private initiatives and do not involve the government of India.

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'India on par with the world in AI adoption'

FROM PAGE 1

million people in India.

Interestingly, the guest list for Wednesday's event was put together by Microsoft's Copilot chatbot, said Puneet Chandok, its president for India and South Asia.

Nadella drew attention to the Indian electronics and IT ministry's estimate that AI could add around $500 million to India's gross domestic product (GDP) by 2025 as the country reaches its aspiration of becoming a $5 trillion economy. India's nominal GDP is currently pegged at $3.7 trillion.

The Microsoft top boss drew parallels to the industrial revolution era in Great Britain, where laying rail roads—the revolutionizing technology of the day—accounted for as much as 10% of the GDP.

"When you have a new general-purpose technology, how intensely you invest in deploying it across sectors inside the economy makes a difference to a country's prospects going forward," Nadella said.

Nadella drew attention to the Indian IT ministry's estimate that AI could add around $500 mn to India's GDP by 2025

The business leader, widely credited for turning Microsoft around with the launch of the Azure cloud computing platform, evangelized the importance of AI to the future of businesses.

He said just as personal computers drastically improved productivity in the workplace, so will AI.

"This age of AI is really expertise at your fingertips," Nadella said.

"Think what happened to forecasting. Before personal computers, before emails and spreadsheets, how did we do forecasting? And then how did the business process of forecasting change? Same thing is happening now," he said.

Meanwhile, Tata Communications Ltd said on Wednesday that it had partnered with Microsoft to provide flexibility in collaboration and connectivity on Microsoft Teams for enterprises in the country.

A record RBI dividend of ₹87,416 crore in 2023-24 helped the Centre revise its budget estimates. MINT

Centre may nudge state-run banks for higher dividends

FROM PAGE 1

expects non-tax receipts of ₹3,99,701 crore (about ₹4 trillion) in 2024-25, according to the interim budget documents. For 2023-24, budget estimates for the non-tax receipts were revised to ₹375,795 crore (₹3.76 trillion) from ₹301,650 crore (₹3.02 trillion) in the budget estimates due to the higher-than expected RBI dividend.

Spokespersons of the finance ministry and RBI didn't respond to emailed queries.

"Public sector banks have done very well so far this fiscal; so, a high dividend from these banks can be expected," said Madhavi Arora, lead economist at Emkay Global Financial Services Ltd. "We also expect dividends from oil marketing companies to be high during 2023-24," Arora added.

In a recent interview, financial services secretary Vivek Joshi said the performance of the banking sector may remain strong even in the next fiscal. "The government does not have a plan to directly dilute its equity in banks and raise money for itself. We will see this at a later stage. Our rewards from the banks will be in the form of dividends," he had said.

The financial services secretary has said the performance of the banking sector may remain strong even FY25

As things stand, the government expects ₹1.04 trillion dividend from the RBI, state-owned banks and state-backed financial institutions in 2023-24, and ₹1.02 trillion during 2024-25, according to the interim budget 2024-25 document.

Budget estimates for 2023-24 for dividends from RBI, state-owned banks and state-backed financial institutions stood at ₹48,000 crore (₹0.48 trillion).

During 2022-23, the dividend received by the Centre from RBI stood at ₹30,307 crore (₹0.30 trillion), while the total dividend received by the central government from RBI, state-owned banks and state-backed financial institutions during the fiscal stood at ₹39,961 crore (about ₹0.40 trillion).

The Union government didn't give a break-up of the dividends received from state-owned banks and state-backed financial institutions in the budget.

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With BB Now, BigBasket on final lap to profitability

FROM PAGE 1

space, where most quick commerce companies such as Swiggy (Instamart) and Zomato (Blinkit) grapple with high cash-burn rates. Growth, in effect, comes on the back of significant losses.

Parekh said BB Now, BigBasket's quick-commerce division, has an edge over its rivals. To ensure orders are delivered in under 30 minutes, the company leverages the same dark stores, or warehouses, and infrastructure it uses for its other two divisions.

As a result, the quick-commerce business's "profitability on a unit basis is going to be higher than [for] other brands," said Parekh.

BigBasket was founded in 2011. Ten years later, Tata Digital Ltd, a unit of Tata Sons, acquired a majority stake in it. But BigBasket continues to operate as an independent entity.

The company's main grocery app, BigBasket, which provides scheduled delivery, and its subscription-based grocery delivery app BB Daily, together contribute 60-70% of its total revenue. Both are already profitable.

BigBasket views its quick-commerce arm as a "marketing channel" to bring in more customers to its main grocery business.

Quick commerce, largely a five-player sector in India, has witnessed significant churn over the past year as companies wrestle with top-level exits, layoffs, and delayed payments amid a sustained liquidity crunch since the pandemic years.

The covid lockdowns had turned out to be transformative for the quick commerce sector as people were forced to shop online even for their daily needs, a habit that has since sustained.

BB Now's competitors include Zepto, Zomato-backed Blinkit, Dunzo and Swiggy Instamart. With funding drying out, each of these quick-commerce firms have been on a quest for profitability.

In October, Parekh told *Times of India* that BigBasket as a whole would become profitable by June 2024. But "as we plan to expand the physical retail business, these timelines could move by six months, depending on the speed with which we deploy," Parekh told *Mint*.


BigBasket is also eyeing a public share listing. MINT

The firm has started piloting a few offline retail stores that will cater to consumers directly, before it embarks on a larger expansion.

While acquiring new online users remains a challenge, average order value has increased as quick-commerce platforms have expanded their range of offerings, even including home improvement products, electronics, and toys, said a senior industry executive, asking to be anonymous.

"It is more e-commerce than ever [and not just grocery], which should reduce [cash] burn and help businesses navigate through profitability," said this person.

Prior to BigBasket, Parekh was an investment director at private equity firm Peepul Capital. He had previously co-founded Fabmall, a supermarket chain that Aditya Birla Group acquired in 2006 and rebranded as More, as well as Fabmart.com, India's first online grocery, along with BigBasket's chief executive Hari Menon and others.

In chasing profitability for its quick-commerce business, BigBasket has eyes on two key metrics—revenue per dark store, and average order value.

Over the past two years, BigBasket has opened about 350 dark stores, some of which are already profitable. With the remaining stores, the company aims to either resize, relocate or merge them to ensure they all have a minimum order value to become profitable.

This would roughly translate to a growth of 50-60% over the next year, Parekh said.

For a dark store to be profitable, BigBasket had earlier estimated, each store would need to handle 600-700 orders daily, with an average bill value of ₹300-400.

BigBasket also aims to provide more incentives and a larger assortment of products to customers to improve the average order value.

BigBasket is also eyeing a public share listing but did not specify a timeline.

"It doesn't make sense to be highly unprofitable and go to the IPO markets. It's not a good look," Parekh said. "You have to get too close to profitability or [reach] profitability if you really want to do an IPO."

In 2022-23, BigBasket improved its revenue to ₹9,499.3 crore from ₹8,556 crore in the year prior, but its loss widened to ₹1,785.4 crore from a loss of ₹1,040.7 crore.

Movies high on nationalist themes face the Gulf wall

FROM PAGE 1

Akshay Kumar and Tiger Shroff, will take on subjects centred around the fight against seemingly anti-national forces.

Film producer, trade and exhibition expert Girish Johar agreed the Middle East is one of the top three overseas markets for Indian film business and cannot be overlooked. "No filmmaker wants to lose out on any chunk of the business, so they need to think and plan better. It just doesn't make business sense," Johar said, adding that while the market is particularly receptive to Hindi films, top southern stars such as Rajinikanth, Mohanlal and Mammootty too have a fan base there.

Despite *Fighter* making it to the UAE, the jury is still out on whether filmmakers should tone things down when exploring hyper-nationalistic themes, especially when the movie is based on a real-life incident.

Growth jitters for Cognizant in 2024 as tech spending slows

FROM PAGE 1

rates are cut over one or two repeated cycles.

In tough times, IT spends are seen as discretionary, which can be delayed. Discretionary spends falling in BFSI hurts Cognizant as the segment has been the top revenue earner for the company historically. In the year ended December 2023—Cognizant follows a January to December fiscal year—financial services brought in $5.8 billion of its $19.35 billion revenue.

"We see this as a period of uncertainty and change," added Kumar, who completed a year at the top spot. "If the uncertainty starts to go away, I think the change will trigger discretionary spending to come back."

Meanwhile, for the three months ended December 2023, the Teaneck-headquartered company reported a 6.3% sequential and 7% year-on-year (y-o-y) jump in net income to $558 million, and a 2.8% drop in revenue to $4.76 billion, according to company filings.

"Cognizant is in a phase of repair and stabilization, and will continue to focus on conserving its business after losing market share to competition through recent years," said Manik Taneja, executive director of IT Services at Axis Capital. "Demand commentary indicates near-term pressure on discretionary in the near term, which is likely to drive a sequential drop in Q1CY24."

The US IT major's net income exceeded analysts' estimate of $545.5 million, according to a *Bloomberg* poll of 18 analysts. But revenue lagged a $4.77 billion estimate of 22 analysts polled by *Bloomberg*.

The US IT major's net income exceeded analysts' estimate of $545.5 million, according to a *Bloomberg* poll of 18 analysts. MINT

For the full year ended December 2023, its net profit dipped 7.2% to $2.13 billion from the fiscal year ended December 2022, and revenue also dipped 0.4% y-o-y to $19.35 billion.

Cognizant managed to increase its profitability in the fourth quarter of 2023 from the three months ended September 2023. The software services company's operating margins widened 120 basis points from the September quarter to 15.2% in the December quarter. However, profitability for the year ended December 2023 declined 140 basis points to 13.9% from the year-ago period.

Cognizant's operating margins widened 120bps from the Sep quarter to 15.2% in the Dec quarter

The American IT company's profitability was lower than each of its top four Indian IT peers in the December quarter. India's largest IT company, Tata Consultancy Services Ltd (TCS), reported an operating margin of 25% in the December quarter whereas Infosys Ltd, HCL Technologies Ltd, and Wipro Ltd reported operating margins of 20.5%, 19.8%, and 16%, respectively.

TCS, Infosys, HCL Technologies and Wipro follow the April to March financial calendar.

In a rare instance, Cognizant's health sciences segment revenue was higher than revenues generated by the financial services division, which has historically been the biggest contributor to the IT company's business. At the end of December 2023, Cognizant earned $1.396 billion from its health sciences division compared to $1.395 billion for financial services.

Both segments' contribution to overall revenues dropped from the September quarter.

Lenovo sets sight on PLI to build servers

Company to participate in the ₹17,000-cr PLI scheme for IT hardware

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Matthew Zielinski, president of international markets, Lenovo.

Lenovo is planning to ramp up local manufacturing in India, which it considers its top-priority market globally. The Chinese company, which makes laptops, tablets, servers and smartphones—under the Motorola brand—is evaluating manufacturing of servers in India as it looks to take advantage of the production-linked incentive (PLI) scheme for IT hardware amid regulatory clampdown in the US.

"India is top priority of our international markets for several reasons. The obvious growth enabled by connectivity and being able to further propagate our devices, but we also have an enormously talented workforce in India, and continue to be on a doubling trajectory of jobs here," said Matthew Zielinski, president of international markets at Lenovo. It has 1,700 employees in India, and three manufacturing sites.

Lenovo acquired Motorola, an American consumer electronics manufacturer, in 2014.

The Chinese technology major makes desktops and personal computers locally, besides all Motorola smartphones sold in India. Exports of mobile phones to North American markets began last year. In November, it launched personal computers whose motherboards were locally made, making it compliant with the government's preferential market access policy and eligible for bidding for government contracts for personal computers.

"Whether it's our wholly-owned manufacturing sites or partner sites, our goal is to continue to expand to increase capacity of Motorola, capacity that we would build on the PC side and where it makes sense to export PCs to other parts of the world. We're starting to discuss producing and manufacturing servers locally, which I think is the next version of the PLI," he added.

Vlad Rozanovich, president, infrastructure solution group, Lenovo, said that the regulatory changes made by the US that restrict chipmakers such as Nvidia, Intel, and AMD from exporting advanced semiconductor products to China, make India a critical consideration for companies such as Lenovo. Therefore, the company needs to boost its manufacturing capabilities around data centre products, specifically high-end GPU-related products in India, either through manufacturing partners or on its own.

"When we look at our data centre business that is about a $10-billion business, and the growth rates that we have for this business is to really show how do we double that in the next five years. And so as part of that, India becomes a very important partner for us from a manufacturing standpoint," he added.

The company wants to deepen manufacturing capabilities here to benefit from the standpoints of economics, logistics and sustainability, as it would be able to build products closer to customers.

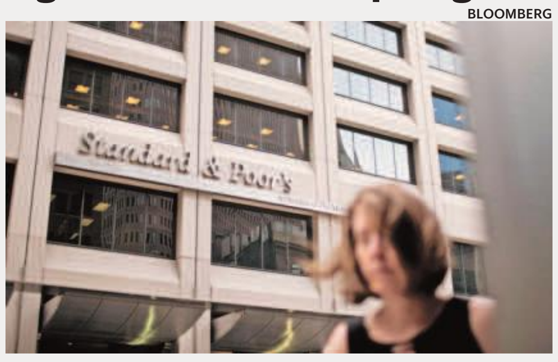
MINT SHORTS

Tesla asks which jobs are critical, stoking fears of layoffs

Tesla Inc. staff are bracing for potential job cuts after managers were asked to affirm whether each of their employees' positions is critical. US managers had to make the binary assessment of their deputies' roles in recent days, according to people familiar with the matter, who asked not to be identified because the information is private. Tesla has periodically done layoffs in the past even as it continued to recruit for certain roles. BLOOMBERG

S&P 500 hits earnings record high, rate outlook in spotlight

BLOOMBERG



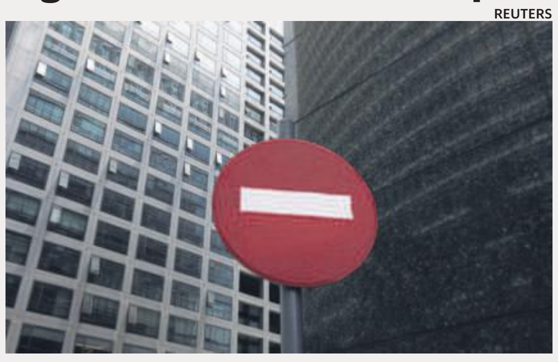
Wall Street gained on Wednesday, with the benchmark S&P 500 scaling a new record high, as investors took stock of major corporate earnings and monitored remarks from policymakers for more clues on interest-rate cut outlook. The benchmark S&P 500 scaled yet another all-time high, building on a bull-market run fuelled by widely resilient earnings and optimism around rate cuts this year. REUTERS

Alibaba okays another $25 billion buyback after sales miss

Alibaba Group Holding Ltd green-lit another $25 billion in stock repurchases, appealing to investors worried about plateauing growth at a Chinese e-commerce pioneer struggling to fend off new rivals such as PDD Holdings Inc. The internet company's board approved the expansion of an existing buyback program that was already among the country's largest, encompassing about $9.5 billion last year alone. BLOOMBERG

China replaces top markets regulator in bid to end slump

REUTERS



China replaced the head of its market watchdog Wednesday in an apparent attempt to restore confidence in financial markets following a prolonged downturn. Official media said Wu Qing, a former chairman of the Shanghai Stock Exchange, would replace Yi Huiman as chairman and Communist Party chief of the China Securities Regulatory Commission. AP

DBS cuts CEO's compensation by millions on digital banking outage

DBS Group Holdings Ltd slashed chief executive officer Piyush Gupta's compensation by S$4.1 million after the lender suffered a series of digital banking outages last year and was reprimanded by the central bank. The pay cut, announced on Wednesday alongside DBS earnings, represents a 30% reduction in variable pay for Gupta, one of the highest paid executives in the country who earned S$15.4 million in total in 2022. BLOOMBERG

ECB's Schnabel says data cautions against cutting interest rates soon

Recent economic figures and aggressive market bets on rapid interest rate cuts mean the European Central Bank (ECB) should be patient before loosening borrowing costs, according to executive board member Isabel Schnabel. Citing sticky services inflation, a resilient labour market, a notable loosening of financial conditions and tensions in the Red Sea, "this cautions against adjusting the policy stance soon," she said in a *Financial Times* interview. BLOOMBERG

Meta shines with strong sales growth, inaugural dividend

Earnings of Meta and other tech giants show strength across the industry as firms benefit from interest in AI

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Facebook parent Meta Platforms posted its best quarterly sales growth in more than two years and initiated its first-ever dividend, a testament to its investments in artificial intelligence that have made targeted ads smarter. The strong results come despite regulatory challenges and child-safety concerns.

At a Senate hearing this week, Chief Executive Mark Zuckerberg told parents whose children were harmed by social media that he was sorry for their suffering, but he didn't say whether Meta played a role in causing harm to children. Meta shares rose 17% to about $461 in premarket trading.

If the stock trades at those levels at the opening bell on Friday, it would represent a record high. Meta said Thursday that sales increased to $40.11 billion in the three months through December, up 25% compared with the year-earlier period. The company also announced a $50 billion increase in its share-buyback authorization. In the third quarter of 2023, Meta reported record revenue of $34.15 billion, up 23%.

The latest results for Meta and other tech giants show strength across the industry as companies benefit from interest in AI and resurgent spending on everything from digital ads to gadgets. Companies have emerged leaner and more profitable after slashing jobs and other costs during the postpandemic tech slump that started in 2021, helping send tech stocks soaring over the past year.

"Being a leaner company is helping us execute better and faster, and we will continue to carry these values forward as a permanent part of how we operate," Zuckerberg said Thursday on a call with analysts.

Apple said Thursday that sales rose in the all-important holiday quarter, ending a recent slump, and Amazon reported its biggest profit in two years thanks to healthy online sales during the period. Earlier this week, Microsoft posted its highest profit growth in more than two years, and Google parent Alphabet marked its fourth straight quarter of accelerating sales growth, although ad sales lagged behind expectations.

The strong results come despite regulatory challenges and child-safety concerns. AP

THE WALL STREET JOURNAL.

Clouds loom

In addition to Meta's continuing efforts to respond to harsh criticism over persistent dangers to children on its platform, it is engaged in legal battles with the Federal Trade Commission and a coalition of states and is working to comply with the European Union's Digital Markets Act.

Google is fighting the first of two court battles with the U.S. government over antitrust charges, the FTC filed an antitrust lawsuit against Amazon in September, and Apple is contending with regulators and other critics on multiple fronts. Some analysts also think the AI hype has run far ahead of its bottom-line impact. And the tech companies, bruised by the downturn, have continued to make job cuts in recent months that are weighing on staff morale. Meta said Thursday that it would pay a cash dividend for the first time in company history. The dividend will be paid at 50 cents a share. Among the big tech companies, Meta joins Microsoft and Apple in paying a quarterly dividend. Meta's dividend will cost the company roughly $5 billion a year, based on the company's current number of shares outstanding. Meta reported free cash flow of $43 billion in 2023. The company's Reality Labs hardware division reported revenue of $1.07 billion in the fourth quarter, which was up more than 47% compared with a year ago. Chief Financial Officer Susan Li attributed the strong growth to sales of the company's new Quest 3 headset device. This was the first time Reality Labs has generated more than $1 billion in revenue in one quarter. Despite the strong growth, the unit remains a money loser. Reality Labs posted an operating loss of $4.65 billion for the period. Overall, Meta posted a net profit of nearly $14.02 billion for the fourth quarter—more than triple the net profit that the company posted for the same period in 2022. Threads, Meta's microblogging service that launched in July, now claims 130 million monthly active users, up from just under 100 million monthly active users in the previous quarter, Zuckerberg said Thursday. Advertising made up 96.5% of Meta's revenue in the fourth quarter. The company's advertising revenue rose to $38.71 billion. Meta said its average ad price increased 2% year over year. In the same quarter last year, the average price per ad decreased by 22%. Meta said it expects its 2024 first-quarter revenue to be in the range of $34.5 billion to $37 billion, ahead of analyst expectations of $33.9 billion for the current quarter. The company said Facebook's daily-active-user base reached 2.11 billion. That was up from the third quarter, when Meta reported Facebook's daily user base as 2.09 billion. Meta reported 3.19 billion daily active people on average across its family of apps, which include Facebook, Instagram, Messenger and WhatsApp. That was up from 3.14 billion in the prior quarter.

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Uber Technologies posts first annual profit since its IPO

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Uber Technologies posted its first full-year profit as a public company last year and projected continued growth in the first quarter of 2024, marking the end of an era in which the ride-sharing and food-delivery company gave priority to growth over profits.

THE WALL STREET JOURNAL.

The company had a profit of $1.43 billion in 2023, which included a $1 billion benefit from its equity investments as well as income from its operations. The company turned an annual profit once before, in 2018, on the back of its investments, but it wasn't earning money from its operations until now. The company went public in 2019.

"2023 was an inflection point for Uber, proving that we can continue to generate strong, profitable growth at scale," Chief Executive Officer Dara Khosrowshahi said in prepared remarks.

The company's performance in the last three months of 2023 suggests that demand for its ride-sharing and food-delivery services remains strong. The total value of transactions on its app grew 22% to $37.58 billion. Uber's revenue, or its cut from those transactions, increased 15% to $9.93 billion. The quarterly figures were slightly higher than Wall Street's expectations.

The easy availability of capital for much of the past decade had Uber and other startups burning through tens of billions of dollars in an attempt to gain market share. From 2016 through the first quarter of 2023, Uber collectively racked up close to $30 billion in operating losses, according to S&P Global Market Intelligence. The company posted its first quarterly operating profit in the second quarter of 2023. The company was founded in 2009.

Uber earned a profit of $1.43 billion in 2023. It had turned an annual profit once before, in 2018. REUTERS

Uber started to rein in costs in 2019, and then the pandemic hit and crushed its ride-hailing operations. Its smaller food-delivery unit became the company's lifeline. The company cut its head count and shed noncore businesses such as self-driving cars during the pandemic. Those savings helped it navigate a more recent economic downturn.

It was also better than its rival Lyft at responding to a yearslong driver shortage after the economy reopened from Covid-19 lockdowns. That helped Uber gain market share.

Lyft, which trimmed its losses over the years and is now led by a new CEO, has yet to post its first operating profit. It is scheduled to unveil its results next week.

As of Tuesday's market close, Uber's shares more than doubled over the previous 12 months. The tech-heavy Nasdaq Composite Index rose around 30%, and Lyft shares fell around 25% over the same period.

Uber expanded advertising on its app over the past year. It says it has continued to become more disciplined about spending on discounts to consumers and incentives to drivers. It says it has also become better at combining deliveries and reducing errors, which has improved its operational efficiency.

In the last three months of 2023, the company's mobility revenue grew 34% and its delivery revenue expanded 6%, while its revenue from freight declined 17%.

Uber cut hundreds of jobs last year to keep itself lean. In January, it said it was closing the alcohol service Drizly as it aimed to integrate it fully into its Uber Eats service.

Regulatory challenges loom for Uber's food-delivery unit. New York City and Seattle recently adopted new laws aimed at raising driver pay, leading Uber Eats to charge new fees to consumers to make up for additional costs.

Write to Preetika Rana at preetika.rana@wsj.com

Musk v Zuckerberg: who's winning?

The Economist

The playground rivalry between Mark Zuckerberg and Elon Musk dates back years—and in who-is-cooler-than-whom terms, Mr Musk usually wins easily. As an innovator, Mr Zuckerberg, co-founder of Facebook and boss of Meta, a social-media giant, has often been dismissed as a geeky dilettante in a hoodie. He has never received the Promethean kudos Mr Musk has for turning Tesla into a stallion of electric vehicles (EVs) and SpaceX into a rocket sensation. Mr Zuckerberg is notorious for his motto "move fast and break things", which may have helped Facebook conquer the world but gave licence to critics to cast it as a social menace. Mr Musk is revered as a rule-breaker, plays up his bad-boy image and mostly gets away with it.

Such was the tenor of their relationship when Mr Musk proposed a cage match with Mr Zuckerberg in June last year just before Meta launched a short-messaging app, Threads, to compete with Mr Musk's Twitter (now X). Forget the physical fight that never happened. In business terms, even then Mr Musk had the upper hand. He was the richest man on Earth. Tesla's market value, though falling, was higher than Meta's. Its revenues were growing faster. Yet since then, he could not have kicked himself harder in the teeth. In the past few weeks Tesla has shocked investors with a horror-show earnings presentation. Mr Musk's $56bn pay package from 2018 was rescinded by a judge, which has slashed his net worth. From America to China, his EVs have suffered recalls.

Mr Zuckerberg, meanwhile, is punching the air. On February 1st Meta released earnings showing a staggering rise in sales and margins. Its market value has reached $1.2trn, exactly the level Tesla achieved at its peak in 2021, and more than twice what the EV-maker is worth now. To be sure, short-term measures of financial performance are not everything. But look at longer-term factors, such as the way both men run their businesses, treat their shareholders and customers, and respond to their own failures, and it is clear the fight is as good as over. Zuck has won.

To understand why, start with the interplay between the way both gazillionaires control and run their companies. Each of them lords it over their firms in a way that makes corporate-governance advocates blanch: Mr Zuckerberg via a dual-share structure that gives him majority control of Meta; Mr Musk, by having everyone at Tesla in his thrall. But as Mr Zuckerberg has become more sensitive to his fellow shareholders, Mr Musk has become less so. That has had a big impact on performance.

Mr Zuckerberg's volte face started in 2022 when shareholders recoiled at the way he was blowing their money (and his) on moonshot projects like the metaverse, just as Meta's core business was slowing. Instead of ignoring them, he listened. Since then he has changed his tune to focus on cutting costs, boosting profits, and using the cash to invest in artificial intelligence (AI) and the metaverse in a way that improves existing products as well as funding futuristic bets. Moreover, to convince shareholders he is not wasting their money, Meta will return more cash to them via share repurchases and pay the company's first-ever dividend.

As Mark Zuckerberg (right) has become more sensitive to his fellow shareholders, Elon Musk has become less so. AFP

Mr Musk has had no such epiphany. In the two years since Tesla's share price peaked, he seems to have doubled down on disappointing fellow owners of the company's stock. The sensible ones long for a cheap, mass-market EV. Instead Tesla is selling expensive ones at a margin-shredding discount. They want him to spend more time at Tesla, but he splits it with SpaceX and wastes it at (and on) X. They yearn for full-self-driving cars as the catalyst for a robotaxi revolution. Instead, even diehard fans were stunned recently when Mr Musk threatened to move his AI and robotics efforts away from Tesla unless he was given 25% voting control.

That leads to a second big difference: motivation, which was the crux of the judge's decision in Delaware on January 30th to strip Mr Musk of his gargantuan pay cheque. Mr Zuckerberg, as the judgment noted, receives no salary or share options. His 13% economic stake in Meta is the main incentive to come to work each day. Mr Musk, however, is different. Though his Tesla shareholding at the time meant he would become $10bn richer every time Tesla's value jumped by $50bn, that wasn't enough. Tesla's board (many of whom the judge ruled were too chummy with Mr Musk to be independent) convinced shareholders that an extra incentive was needed to keep his nose to the grindstone: namely, the biggest payout in the history of public markets. Now that it has been voided, his motivation, presumably, is even more in doubt.

Then there are both men's attitudes to customers, which have also moved in opposite directions. Mr Zuckerberg was vilified for Facebook's fast-and-loose approach to users' data, content moderation and privacy. The concerns are still strong, especially when it comes to youngsters on social media. But Facebook now has an independent oversight board to rule on content decisions, and Meta says it has invested $20bn since 2016 in online safety. No doubt Mr Musk still has some loyalists as customers. But considering how many American EV owners lean Democratic, the more he rants on X, the more it is clear that he disdains their political opinions. The latest recalls are a further source of worry (though the problem can be fixed with a software update). In China, a huge market, he faces stiff competition. Meta, by contrast, credits Chinese advertisers with helping drive a big surge in ad revenues last year.

Caged tyrant

In a nutshell, as Mr Zuckerberg grows older, he appears to have learned from his mistakes. As Mr Musk grows older, he gets more puerile and distracted. His huffy reaction to the Delaware court's judgment, threatening to up sticks and move Tesla's incorporation to Texas, is a case in point. It indicates he wants the company's shareholders to have even less protection from his capriciousness than usual. If anyone should get into the ring and hammer some sense into him, it is them.

NEWS IN NUMBERS

$4-5 bn
THE SIZE of the fund that UAE's Abu Dhabi Investment Authority plans to set up in Gujarat's GIFT City to invest in India.

₹1 tn
THE VALUE of bad loans expected to be transferred to National Asset Reconstruction Company from state-owned banks by the end of March 2024.

1.2 mn
THE INCREASE in India's demand for oil in barrels per day between 2023 and 2030, accounting for a third of the global demand growth, according to IEA.

21%
THE REDUCTION in variable pay of the management panel of Singapore's DBS Group Holdings from a year earlier due to disruptions in its digital banking last year.

$300 mn
THE AMOUNT HDFC Bank raised through its debut sustainable finance dollar-denominated bond issue, to lend to EVs, SMEs and affordable housing.

HOWINDIALIVES.COM

MONUMENTAL RUSH

Tourists at the Taj Mahal during the 369th *Urs* of Mughal emperor Shah Jahan, in Agra on Wednesday. PTI

Thali becomes cheaper in Jan on fall in onion, tomato prices

Non-vegetarian thali cost fell 8% last month, as broiler prices declined significantly

Puja Das
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NEW DELHI

The cost of home-cooked vegetarian and non-vegetarian meals, or *thali*, fell sequentially in January due to a decline in prices of onion and tomato.

The cost of a home-cooked vegetarian *thali* fell 6% to ₹28 last month, while non-vegetarian thali registered an 8% month-on-month decline to ₹52, according to rating agency Crisil. Year-on-year, the vegetarian *thali* became costlier, whereas non-vegetarian thali turned cheaper.

A typical vegetarian thali includes roti, vegetables (onion, tomato, potato), rice, dal, curd, and salad. The non-vegetarian version replaces dal with chicken (broiler). Despite fluctuating commodity prices, the share of ingredients used for arriving at the prices remains constant.

The vegetarian thali cost declined, as onion prices fell 26% month-on-month in January on higher domestic supplies amid export curbs, while those of tomatoes eased 16% amid fresh arrivals from northern and eastern states, Crisil said. The more significant decline in the non-vegetarian thali's cost was driven by an 8-10% fall in prices of broilers, which constitute half of the thali's cost.

However, on a yearly basis, onion and tomato prices increased, leading to a 5% rise in the cost of vegetarian thali. This increase was primarily due to a 35% jump in onion prices and a 20% surge in tomato prices. Prices of rice and pulses, contributing 21% to the vegetarian thali cost, also rose 14% and 21%, respectively. Conversely, the non-vegetarian thali's cost fell 13% due to a 26% yearly decline in broiler prices amid higher production.

Nishant Lakkar, founder and CEO of AAA Rating Consultants and Advisors (AAARCA), said that the poultry sector has been facing losses since December, and will likely continue this trend.

> Prices of rice, wheat, pulses, and vegetables are expected to remain high for the rest of the fiscal year

This loss is due to factors like increase in maize prices, and lower realizations, among others. Lakkar pointed to a marginal improvement in realizations around Christmas and New Year, but anticipates the sector to have barely broken even in Q3, despite a strong performance in October.

Prices of rice, wheat, pulses, and vegetables are expected to remain high for the rest of the fiscal year.

Hyundai says India unit IPO not final

South Korea's Hyundai Motor Co said on Wednesday that is has not decided yet on listing its Indian unit and it will comment on the matter when the plan becomes finalized or within a month.

"As a global company, we constantly review various measures, including listing overseas subsidiaries, to increase corporate value, but nothing has been decided," Hyundai Motor said in a regulatory filing. *Reuters* reported on Tuesday that Hyundai Motor is planning to list its Indian unit to raise at least $3 billion in what would be the country's biggest IPO.

Hyundai Motor India is in early talks for an initial public offering (IPO) and has held discussions with several banks, including JP Morgan, Morgan Stanley, Citi and Bank of America, according to two people, who have been briefed on the matter. Shares of Hyundai Motor closed down 4.0% on Wednesday, versus the benchmark KOSPI's 1.3% rise. REUTERS

EVs made up about 2% of total car sales of 3.9 million in India last fiscal year. REUTERS

'Ola Electric to bid for lithium mining'

SoftBank-backed Indian e-scooter maker Ola Electric is considering bidding for mining rights for lithium blocks being auctioned by the Indian government, people aware of the matter said, in a move that could boost its EV battery manufacturing plans.

As part of plans to secure supplies of minerals such as lithium—a raw material used to make electric vehicle batteries—Prime Minister Narendra Modi's government late last year launched the first part of its critical minerals auctions.

Amid growing energy needs, India is trying to encourage electric vehicle production to cut greenhouse gas emissions and reduce reliance on fossil fuel imports.

Electric vehicles made up about 2% of total car sales in India of 3.9 million last fiscal year, but the government wants to grow this to 30% by 2030.

"Ola has shown interest and has put forward lots of queries around land acquisition and discovery of other minerals alongside lithium in the blocks," one of the persons said. REUTERS

Power Grid Q3 net profit rises 11%

State-owned Power Grid Corp. on Wednesday posted a 10.5% rise in consolidated net profit to ₹4,028.25 crore in the December quarter, mainly on the back of higher revenues.

Its consolidated net profit stood at ₹3,645.29 crore in the year-ago period, Power Grid Corporation said in a regulatory filing.

Total income increased to ₹11,819.70 crore in the third quarter of FY24 from ₹11,530.22 crore a year ago.

The company's board of directors, in their meeting on Wednesday, approved the payment of second interim dividend of ₹4.50 per equity share of ₹10 each (at the rate of 45% of the paid-up equity share capital) for 2023-24.

The second interim dividend shall be paid to members on 5 March 2024. PTI

The company's exports declined 5.58% on year in Q3 to about ₹162 crore.

Nestle Dec quarter profit up over 4%

FMCG major Nestle India Ltd on Wednesday reported an increase of 4.38% in its net profit at ₹655.61 crore for the quarter ended 31 December. The company had posted a profit of ₹628.06 crore in the same period a year ago, Nestle India said in a regulatory filing.

Nestle India's net rose 8.27% to ₹4,583.63 crore during the period under review. It was at ₹4,233.27 crore in the corresponding period of last fiscal. Its total expenses in the December quarter rose 6.11% to ₹3,636.94 crore. Nestle India's domestic sales were up 8.86% to ₹4,421.79 crore, as against ₹4,061.85 crore in the October-December quarter of last fiscal.

However, its exports were down 5.58% to ₹161.84 crore, as against ₹171.42 crore in the corresponding quarter a year ago. Nestle India's revenue from operations was up 8.07% to ₹4,600.42 crore. It was at ₹4,256.79 crore in the December quarter of last fiscal. PTI

TCPL Q3 net profit falls 17% to ₹301 cr

Tata Consumer Products Ltd (TCPL) on Wednesday reported a 17.26% decline in its consolidated net profit to ₹301.51 crore in the December quarter on account of lower contribution by associate and joint venture firms.

The consolidated profit before exceptional items and tax of the Tata Group FMCG arm was up 27.12% to ₹513.27 crore in the October-December period against ₹403.75 crore of the corresponding quarter a year ago.

The Tata Group FMCG arm had posted a consolidated net profit of ₹364.43 crore in the December quarter a year ago, according to a regulatory filing from the company.

"Group Consolidated Net Profit at ₹302 crore is lower mainly on account of exceptional items and lower share of profits from Associate and Joint Ventures," said TCPL. PTI

Raised ₹900 cr via warrants: Gensol

Renewable energy and electric mobility company Gensol Engineering Ltd said it has raised ₹900 crore by issuing warrants, convertible into equity shares, on a preferential basis. Gensol said the fundraise saw participation from Elara India Opportunity Fund, Aries Opportunities Fund, and Tano Investment Opportunities Fund, among others.

"This major milestone comes at a juncture when Gensol is on an exceptional growth trajectory and is leading the green energy and clean mobility revolution," it said in a release. Gensol is present in solar engineering procurement and construction, EV leasing, and EV manufacturing sectors. Gensol's CMD Anmol Singh Jaggi said: "We continue to build on our successful financial performance through the latest fundraise. This capital infusion strengthens Gensol's financial position, facilitating new possibilities with funds being deployed for working capital, inorganic growth opportunities, and further investment in our subsidiaries." RITURAJ BARUAH

Manappuram Fin tops Q3 profit view

Its profit rose nearly 46% to ₹573 cr in Q3, beating analysts' expectation of ₹535 cr. MINT

Manappuram Finance, one of India's biggest gold-loan providers, reported a bigger-than-expected rise in third-quarter profit on Wednesday, aided by strong demand in its non-gold business like auto and housing loans.

The gold-loan financier's profit rose roughly 46% to ₹573 crore in the quarter, beating analysts' expectation of ₹535 crore, according to LSEG data.

The October-December quarter included some key festivals that typically spur demand. Most Indian lenders have reported double-digit loan growth for the period.

Manappuram's interest income rose nearly 33% year-over-year to ₹2,201 crore in the quarter.

The company has focused on building its non-gold loans portfolio for the past few quarters due to stiff competition for gold loans since the covid-19 pandemic.

It has said it wants the two loan segments to be equal in terms of assets managed, a target it nearly met in the quarter. The non-gold loan portfolio accounted for around 49% of its assets under management (AUM), up from about 47% in the previous quarter and 44% two quarters back. REUTERS

Byju's founder Byju Raveendran. NCLT granted 2 weeks to Byju's to file its objections in the case. AFP

Byju's insolvency hearing in March

The Bangalore bench of the National Company Law Tribunal on Wednesday issued a notice to Byju's, following an insolvency application filed by Teleperformance Business Services.

The NCLT has granted two weeks to Byju's to file its reply to the insolvency plea.

Sukrit Kapoor, counsel for Teleperformance Business Services, informed the tribunal that the ed-tech firm had defaulted on dues of more than ₹4.82 crore.

He added that the company had provided business process outsourcing services to Byju's.

A bench led by Justices T. Krishnavalli (retd.) and Manoj Kumar Dubey posted the matter for further hearing on 11 March.

Meanwhile, another insolvency application, filed by the Board of Control for Cricket in India, has been posted for hearing on 28 February before a regular bench.

The Board of Control for Cricket in India had approached the tribunal to initiate corporate insolvency resolution process against Byju's for defaulting on dues worth ₹158 crore. PRIYANKA GAWANDE

Apollo Tyres Q3 profit up 78%

Apollo Tyres on Wednesday said its consolidated net profit increased by 78% to ₹497 crore for the third quarter of 2023-24 on account of improved product mix across geographies.

The company reported a net profit of ₹279 crore in the October-December quarter of FY23.

Revenue from operations rose by 3% to ₹6,595 crore in the period under review from ₹6,423 crore in the year-ago period.

"Happy to share that our European Operations have outperformed the market once again in the past quarter," Apollo Tyres chairman Onkar Kanwar said in a statement.

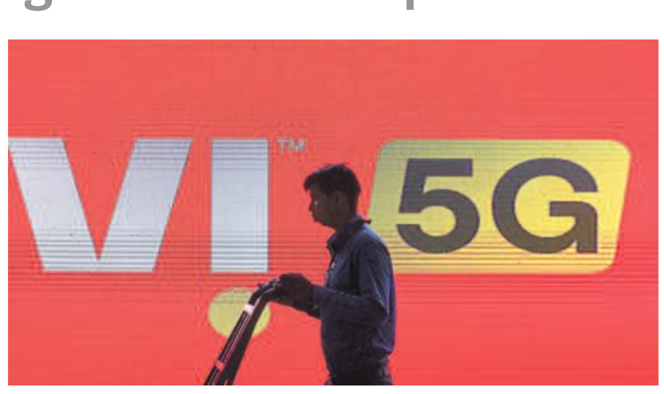
He further said: "Additionally, we are seeing further signs of recovery in the overall European market, which is a huge positive for us."

The company's journey towards higher ROCE and profitable growth continued with improved product and market mix across geographies, along with stable raw material prices, Kanwar noted. PTI

Vodafone seeks subsidy to spur migration to smartphones

Vodafone Idea has asked for the government to create a subsidy scheme to encourage migration of feature phones to smartphones through the respective operators, and disregard demands for shutting down 2G networks that serve poor consumers.

The subsidy can be funded through the Universal Services Obligation Fund or the Digital Bharat Nidhi, Vodafone Idea said in its submission to the Telecom Regulatory Authority of India (Trai) that is holding consultations on digital transformation through the 5G ecosystem. The country's third-largest telecom company is yet to begin 5G services, and has 89 million customers on its 2G network, out of its total subscriber base of 215 million as of December 2023. It said that any decision to shut down older technologies must be taken after keeping in mind the interest of consumers. "We urge the Trai to disregard such rhetoric comments of sunset date for legacy technologies and not recommend any regulatory mandate, which otherwise would cause huge inconvenience to the public at large," the carrier said. GULVEEN AULAKH



The country's third-largest telecom company is yet to begin 5G services, and has 89 million customers on its 2G network. REUTERS

THE LONG WAIT FOR INDIA'S FIRST AGRITECH UNICORN

Interest rate hikes and investor caution have led to a more prudent investment climate

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WayCool's distribution centre for fresh produce in Bengaluru, Karnataka. The startup, which has raised over $340 million so far, is aiming for a public listing in 2025-26.

In June 2021, a searing post on LinkedIn, the professional networking site, generated some heat and many reactions. "Do not look any further than a few castles (read: bubbles) in the strange world of farm produce market-linkage startups, where revenue growth is 'showcased' but it does not move the needle on profitability," wrote then chief executive officer (CEO) of Nabventures, Rajesh Ranjan. Nabventures is the venture capital arm of India's apex rural lender, National Bank for Agriculture and Rural Development.

Market linkage startups aggregate produce from the farm and sell to institutional buyers (food and exporting companies, hotels and restaurants), retailers and consumers.

Ranjan's words, in a way, were an early warning. Agritech startups, particularly ones which were in the farm-to-fork supply chain, were on a roll. The reigning belief was: These startups will reduce the number of intermediaries, infuse technology, and clean up the farm supply chain, which will benefit both farmers and consumers.

"There is no turning back...Indian agriculture is ripe for disruption," consultancy firm Bain and Company said in a report mirroring the mood, also in June 2021. It added that by 2025, $30 billion–$35 billion of value pool will be created in the agritech sector, with e-sale of produce and inputs and digitally-enabled logistics emerging as key segments.

These estimates did not look impossible back then. India's agriculture sector—generating close to $500 billion annually with over 140 million farmers waiting to be serviced—seemed ripe for technology infusion and disruption. But the party did not last long.

The agritech sector witnessed an investment boom in 2021-22 with venture capital funding at a record $1.28 billion, as per a September 2023 report by FSG, a consulting firm. The surge in funding drove valuations higher. A year later, investments fell by a staggering 45% to $706 million in 2022-23.

Global factors such as interest rate hikes and investor caution have led to a more prudent investment climate, the same report, titled *India's unfolding agritech story*, noted.

Another brief by venture capital firms AgFunder and Omnivore, published last year, observed that 2023 was a stress test for startups, offering "ideal vintage for venture capitalists who can enter promising deals at cheap valuations".

Going by their last fundraises, prominent startups in the farm input and output linkage space—DeHaat, WayCool, and Ninjacart—were valued between $650 million and $800 million. By when can one of these turn into a unicorn or a startup valued at over $1 billion? There is no clear answer.

It's been cold for a while but the climate is thawing, said Mark Kahn, managing partner at Omnivore, which has more than 30 investments in its portfolio. "Probably the first unicorn will be born in 2024...But why do we care? A decacorn (a startup with a valuation exceeding $10 billion) in edtech just imploded so spectacularly," Kahn said, referring to the ongoing crisis at Byju's. The edtech company aggressively expanded between 2020 and 2021 but its prized acquisitions bombed. Last week, the American arm of Byju's filed for bankruptcy after defaulting on debt of $1.2 billion.

According to Kahn, a more relevant question is: When will the first initial public offering (IPO) hit the markets? That may happen as soon as next year. "I would rather have five or seven Indian agritech companies listing in the next three years at sub billion-dollar valuation. That is healthier for the ecosystem. One of the great sins that was committed in the last cycle was this tendency of staying private for too long and then going public at a crazy high valuation you cannot support," he said.

The agritech sector witnessed an investment boom in 2021-22 with venture capital funding at a record $1.28 billion, as per a September 2023 report by FSG.

EASY MONEY

After the covid pandemic hit, venture capital money was flowing liberally across sectors, including in agriculture, said Hemendra Mathur, co-founder of ThinkAg, a not-for-profit that helps startups connect with corporates and investors.

With increased internet penetration in rural India, an army of entrepreneurs with tech but non-agri specialization got into the sector. "Unfortunately, during the pandemic, the valuation for market linkage startups were 2.5 to 4 times the gross merchandise value (GMV), which is hard to digest. Globally, for publicly listed companies, if you are a trading player with a margin of 2–5%, your valuation is 20% of GMV. That's the thumb rule." GMV is another term for sales revenue.

Now, said Mathur, the realization has dawned that one has to create value and scale is not everything. One cannot digitize a *mandi* (wholesale market) and seek high valuations. Those who are into market linkage have realized the need for farm level processing and storage. Startups are trying to build direct farmer linkages.

"Where startups can be valuable is when they can build an end-to-end traceable food supply chain, control the quality of produce, build tools to go deep into the supply chain and connect with the farmer," Mathur added.

THE PIVOTS

That is the route some of the prominent market linkage startups are taking—moving away from trading of farm produce which is a low margin business, focusing on consumer facing brands as a path to profitability.

For instance, WayCool, a leading supply chain startup, which once focused on connecting farmers with retailers and institutional buyers, has reinvented itself as a product company with its own brands of staples and fresh produce. The startup has raised over $340 million so far and it was valued at $675 million during the last fundraise in June 2022.

WayCool began its journey in 2015 with the hypothesis that there is an opportunity to organize the supply chain into an efficient and demand-responsive one. It means aggregating produce from small-holder farms and deliver to retailers and institutional buyers like modern retail, reducing the number of intermediaries or middlemen.

It experimented with multiple models—including running its own retail outlets till 2017 and supplying to hotels and restaurants—but is now focused on supplying to *kirana* stores. Currently, WayCool supplies to 3,500 retailers in four major metros in southern India.

Later in its journey, WayCool also launched its own brand of staples under three different consumer brands plus a separate dairy brand. Annual revenue for all its businesses total ₹1,800 crore.

"With the launch of each brand, the margin profile improved for us," said Karthik Jayaraman, co-founder and managing director at WayCool.

"This was our lesson learnt. With all true intent we went on to make the supply chain more efficient. But we were not rewarded for providing that service. So, we had to think like a product company with offerings customized to consumer needs," Jayaraman added. WayCool expects to turn profitable within the next three-four months and is targeting a public listing in less than two years, by 2025-26.

Shashank Kumar, co-founder and CEO at DeHaat, a startup which services farmers and institutional buyers with the tagline "seeds to market" claims its business model has remained unchanged ever since it started off from Bihar in 2012. "Our goal has stayed the same: connecting the last mile, providing farmers every input and service they need," Kumar said.

In the year ending March 2024, DeHaat is expecting gross revenue of ₹2,700 crore, by all measures, the largest for any agritech player.

Kumar added that the startup's margins are in double digits now, after it diversified into exports, processed and branded products, and sales of crop nutrients. "We are in a high growth phase (50% year-on-year), sufficiently capitalized and we are in no hurry to go public. When we do so in 2–2.5 years' time, we want it to be the largest agri IPO in the Indian market."

LIMITED FOOTPRINT

India is home to over 1,500 agritech startups. According to a December 2022 report by Avendus Capital, more than 250 startups have received funding. However, the revenues captured by these startups was estimated at just $4 billion, less than 1% when compared to the size of the agriculture market in India. A large chunk of this business came from trading of farm produce where gross margins, an indicator of financial performance and profitability, are low.

What explains this limited footprint? One reason is that solutions were developed in isolation from the market and by people (helming startups) with little grassroots experience, said Emmanuel Murray, investment director at Caspian, an impact investment fund.

The other factor, added Murray, is that, when startups hire people from the field (in supply chain roles) they also bring with them a lot of corrupt practices—commissions and cuts are ingrained practices which can bleed a startup.

Further, according to Murray, the most well-funded startups were supposed to eliminate the inefficiencies in the supply chain. But those inefficiencies were overstated to begin with. So, it was a hyped-up story, coupled with lack of field knowledge and investors in a hurry to show great progress that is undoing some of the initial charm.

There is no meat on the bone but one must keep the pot boiling, said an industry insider who did not want to be named. "Sorting, grading, cleaning and packing of farm produce is a low value game. Investors made the mistake of putting their money on wrong models. They are in denial now, flogging a dead horse," the person quoted above added.

A large chunk of funding flowing to supply chain players also meant less investor appetite for deep-tech startups working on themes such as crop genetics, climate science and soil health.

It takes time to understand deep tech players, said Mathur of ThinkAg, quoted earlier. Those models need technical validation and understanding the science behind. Which means a lot of sweat and hard work for investors.

"If you are a true deep tech with scalable, affordable and globally relevant solutions, your valuation could be anything. It is a fantastic opportunity where India can become a country of choice. Like what the IT (information technology) industry did in the 1980s and 1980s."

Some prominent and emerging startups in this space include the likes of CropIn, SatSure, and Krishitantra.

SHEDDING SWAG

CropIn, the oldest among this lot, founded way back in 2010, uses remote sensing and artificial intelligence to help companies digitize their farm operations and tackle productivity challenges. Its list of clients includes multinational food giants, seed producers, and input manufacturers. Last January, CropIn raised $14 million from new and existing investors, which include Google and Chiratae Ventures.

"We have deployed predictive intelligence solutions—which provide disease warning and yield prediction—in 200 million acres across 100 countries globally," said Mohit Pande, chief business officer at CropIn.

The challenge in tech deployment in agriculture, added Pande, is that the end consumer, the farmer, is not a rich guy in a country like India. "So, agritech is a game of patient capital."

Very few startups have taken the risk of deploying technology solutions with farmers as its primary customer. Krishitantra, which provides soil testing services to farmers, was set up in 2017 and till date has established a network of 3,500 centres across India. Farmers can get a soil test done for ₹300 and receive the report in their local language. The service is critical: Indian soils are facing a fertility crisis due to improper and imbalanced use of nutrients.

So far, Krishitantra has raised just $1.1 million, mostly as part of a seed round in 2020, from investors Omnivore and Nabventures. "We could have increased our footprint with more funding, but less money made us prudent and careful. But we are cash flow positive without any burn," said Sandeep Kondaji, founder and CEO.

While Krishitantra is trying to fix Indian soils, Bengaluru-based SatSure has positioned itself as an enabler of farm credit. It provides a credit score of farm plots based on satellite and weather data, which banks use while reviewing loan applications.

What once used to take between 15–45 days is now being done in 10 minutes, said Prateep Basu, CEO and chief product officer at SatSure. The startup claims to have enabled 450,000 loans and is monitoring 2.5 million loans.

Several investors *Mint* spoke with said the funding winter has done some good for the startup ecosystem. To begin with, the ability to raise large funding is no longer seen as a mark of success. Investors are closely monitoring the route to profitability.

Larger startups in the market linkage space can ride through the cycle of gloom by pivoting their business models, said a person who was in a leadership role in an agritech startup and did not want to be named.

"In essence, this is a cleaning up phase which will remove inefficiencies and punish lax corporate governance practices. Startup founders are shedding their swag, coming down to earth. Investors are watching closely. But those who wanted a quick exit and windfall profits will have to wait."

mint SHORT STORY

WHAT

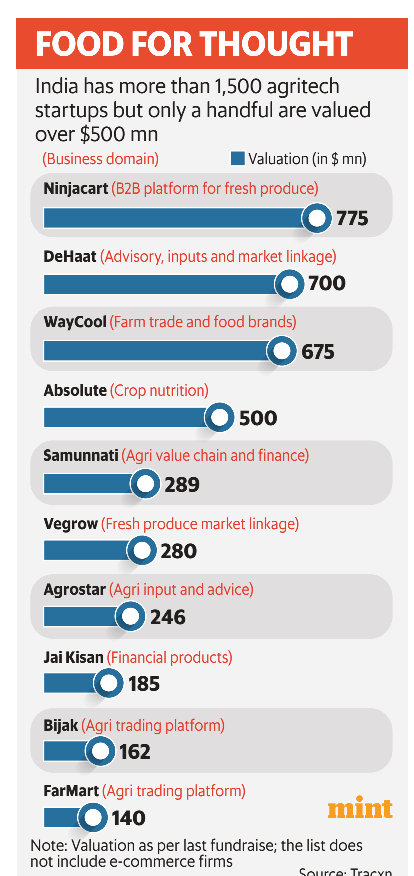
Going by their last fundraises, prominent startups in the farm input and output linkage space were valued at $650-800 million. By when can one of these turn into a unicorn?

SO

The climate is cold. Investors have probably realized their mistake. They bet on wrong models. Businesses like sorting, grading, and packing of farm produce are a low value game.

NOW

The first unicorn could emerge this year but some venture capitalists are more keen on seeing agritech startups hit the public markets even at sub billion-dollar valuation.



SARVESH KUMAR SHARMA/MINT

HDFC vs ICICI: A tale of two fund houses and their BAFs

Deciding which balanced advantage fund is better for you depends on your risk appetite

Anil Poste
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In the complex world of mutual funds, where every decision holds potential financial implications, finding the right investment avenue can be challenging. Balanced advantage funds (BAFs) emerge as a relatively stable option, offering investors a balanced mix of equity and fixed income exposure that adapts to market dynamics. Today, we'll delve into BAFs through the lens of two big players—HDFC Balanced Advantage Fund (HDFC BAF) and ICICI Prudential Balanced Advantage Fund (ICICI PRU BAF).

What is a BAF?

A BAF, or a dynamic asset allocation fund, invests in both equity and debt, and rebalances between them periodically. The idea is to give you a less volatile experience than a pure equity fund. BAFs are generally taxed as equity (10% long-term capital gains, or LTCG, after 1 year) since they generally take a 65% equity exposure at the gross level. However, they typically use derivatives to hedge part of this exposure when the markets rise. "The dynamic asset allocation category is expected to be a go-to fund, an all-weather fund for all kinds or investors," says Nirav Karkera, head of research at Fisdom, a wealth-tech platform.

On 4 February, HDFC BAF completed three decades in the industry. Known as HDFC Prudence Fund until 2018, HDFC BAF has evolved from a monthly dividend-focused strategy to one emphasizing bottom-up analysis, quality and valuation at the stock level. Recently, it introduced arbitrage to adjust net equity levels dynamically, discontinuing the previous static equity allocation approach. Whereas ICICI PRU BAF has honed its dynamic management approach well before Sebi categorization.

Over the years, HDFC BAF has garnered attention for its steadfast, low-churn strategy, contrasting with the more dynamic approach of ICICI PRU BAF. Functioning more like an equity fund with fixed income as a supplementary component, HDFC BAF aims to optimize returns through equity investments while adjusting exposure dynamically to navigate market uncertainties. In contrast, ICICI PRU BAF operates with a well-defined model based on its in-house valuation index, and also utilizes arbitrage to manage equity levels within a range during market fluctuations. While HDFC BAF may offer better returns, ICICI PRU BAF has shown superior performance from a risk-adjusted perspective.

Apart from these, there are other BAF models in the market as well. For instance, one might draw parallels between Edelweiss BAF and ICICI PRU BAF—the former adopts a momentum strategy while the latter prioritizes valuation.

Historically, HDFC BAF has maintained higher net equity levels compared to ICICI BAF. This is primarily due to HDFC BAF's active stock-picking approach, which strategically allocates a larger portion of assets to equities. Conversely, ICICI BAF adopts a countercyclical approach with a more cautious stance, balancing equity and debt allocations based on market valuations and risk assessments.

Data reveals compelling insights into each fund's performance and risk metrics. HDFC BAF exhibits relatively stronger performance during bullish market phases, evident from its impressive trailing returns over 1 year, 3 years and 5 years. Conversely, ICICI PRU BAF shines during bearish periods, showcasing its ability to mitigate risks effectively.

HDFC BAF has better trailing returns. Despite having relatively similar expense ratios, it demonstrates significantly higher returns compared to ICICI PRU BAF due to its investment strategy, generating higher post-expense returns for investors.

If we look at P2P (point-to-point) returns over the past 5 years, HDFC BAF has exhibited higher returns in comparison to ICICI PRU BAF, except for the first two years where the latter outperformed. This variance in performance can be attributed to differences in their management styles and strategies.

Metrics like returns and risk also help investors understand each fund's performance. HDFC BAF shows consistency over time, while ICICI PRU BAF has proved its ability to manage risks effectively.

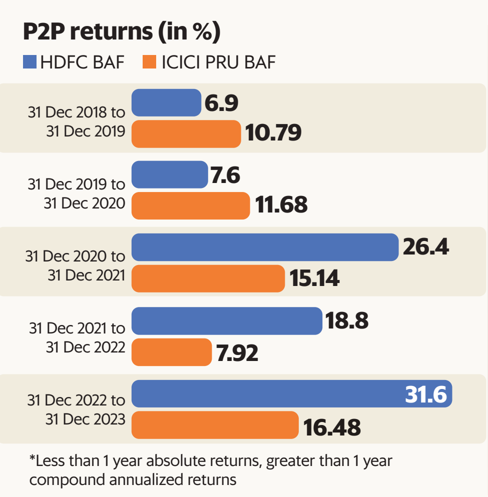
Deciding which is better for you depends on your risk appetite. If you want a smoother ride, ICICI PRU BAF has historically delivered on this better than HDFC BAF. However, if you want higher returns and see the bull market strongly continuing, then HDFC BAF might be right for you.

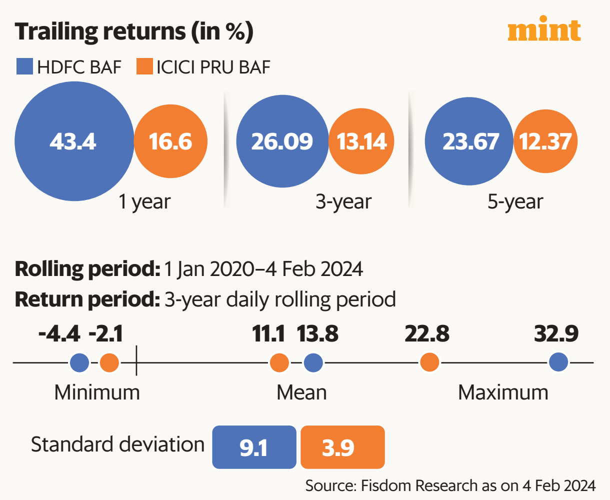
ICICI Pru BAF vs HDFC BAF

Comparing strategies, performance, and equity allocation of the prominent BAFs

	HDFC BAF	ICICI PRU BAF
AUM (cr)	73,348.50	52,811.50
Launch date	Feb 1994	Dec 2006
Strategy	Valutions, macro and bottom up	Price to book value model
Benchmark	NIFTY 50 Hybrid Composite debt 50:50 Index	CRISIL Hybrid 50+50 - Moderate Index (Benchmark)
Net equity levels	56.63%	39.40%
Net equity range	35%-65%	30%-80%
Expense ratio	0.80%	0.87%

Data as on Dec 2023
Source - Factsheet

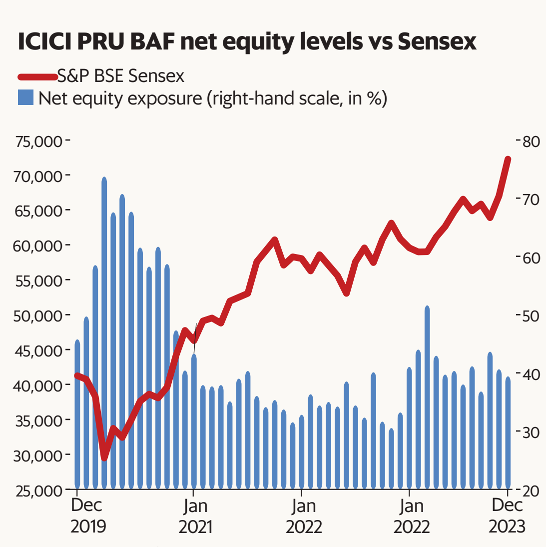


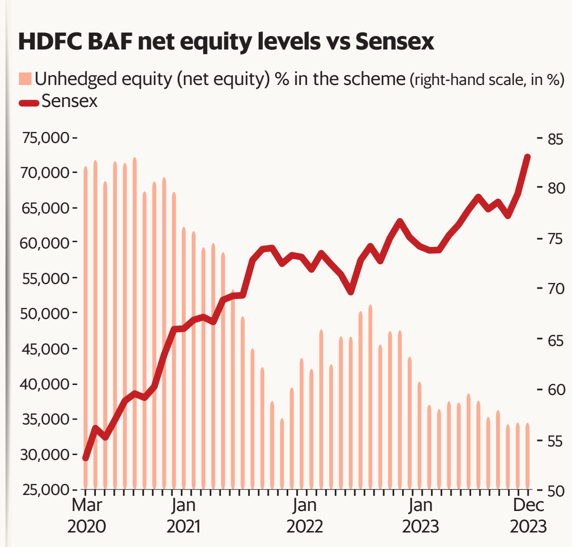


Quants

Equity component	HDFC BAF	ICICI PRU BAF
Sharpe ratio	0.4	1.1
Standard devition	3.3	5.1
Beta	1.2	0.6
Portfolio turnover ratio	0.13	0.28

Debt component	HDFC BAF	ICICI PRU BAF
Modified duration	6.3	1.51
Average maturity	3.3	5.1
YTM	7.55	7.78





PARAS JAIN/MINT

MINT 20* MUTUAL FUND SCHEMES TO INVEST IN

mint 20 BEST FUNDS

We have hand-picked 20 mutual funds for your portfolio that have jumped through hoops of good returns, low risk, good portfolio hygiene and our own qualitative research. We have restricted the choice universe to 10 categories out of the total 37 and given you at least two options to pick from each.

EQUITY	3-years return (%)	5-years return (%)	Corpus (₹ cr)
LARGE-CAP			
UTI Nifty Index Fund - Growth	14.38	15.71	15,002
HDFC Index Fund - Nifty 50 Plan	14.23	15.49	11,887
Category average	13.77	15.23	
EQUITY FLEXICAP			
Canara Robeco Flexi Cap	14.80	16.93	11,491
Parag Parikh Flexi Cap	21.80	23.16	52,007
Category average	16.20	17.33	
EQUITY SMALL AND MIDCAP			
Axis Midcap	18.16	20.18	24,564
SBI Small Cap	24.83	25.33	23,717
Category average Midcap	24.28	22.40	
Category average Smallcap	30.32	25.92	
EQUITY (TAXSAVER)			
Canara Robeco Equity Tax Saver	15.28	18.66	7,033
Mirae Asset Tax Saver	16.93	19.37	20,431
Category average	18.07	17.95	
HYBRID			
BALANCED ADVANTAGE			
Edelweiss Balanced Advantage	12.04	14.29	10,203
ICICI Prudential Balanced Advantage	12.41	12.91	53,483
Category average	11.81	12.35	
ARBITRAGE			
Kotak Equity Arbitrage	5.56	5.34	34,593
Tata Arbitrage	5.22	5.28	8,740
Category average	5.23	5.05	

OUT OF THE BOX	Returns since launch	Date of launch	Corpus (₹ cr)
BHARAT Bond ETF - April 2031	5.16	23-Jul-20	13,061
Motilal Oswal S&P 500 Index Fund	17.55	28-Apr-20	2,996

Returns as on 5 February 2024; Corpus data as of December 2023; Growth option in regular plans has been used
Absolute returns for 'Out of box', CAGR for the rest. For detailed methodology refer to:
Keep a smart, flexible and minimalist MF portfolio
https://www.livemint.com/money/personal-finance/keep-a-smart-flexible-and-minimalist-mf-portfolio-11638378827521.html
Download mint app for latest in Business News - https://bit.ly/32XEfFE
*Debt funds can be viewed in the full table online
Data and analysis by CRISIL Research
Compiled by Neil Borate

Navigating the legal procedures while claiming inherited shares

Vikash Kumar Jain

At the time of my father's demise, I was unaware of the treasure he left behind. From 1970 to 1978, he purchased 420 shares of ITC Ltd, which became 173,880 shares over the last 35-40 years because of corporate actions such as bonuses and share splits. In 2017, these shares were valued at around ₹6.5 crore, which are at present worth over ₹8 crore. What am I required to do claim the shares?

—Name withheld on request

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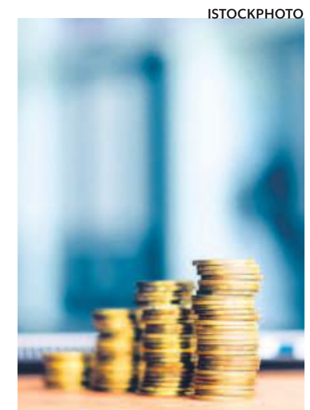


ASK MINT
LEGAL

The process begins with the need for a transmission of shares, which occurs when a shareholder—in this case, your deceased father—passes away. Given that the value of the shares exceeds the threshold of ₹5 lakh, you will have to acquire a succession certificate from the district court where your father's death occurred. If your father left a will, the requirement shifts to obtaining a probate of the will. It's worth noting that securing either a succession certificate or a probate is a lengthy legal procedure, and engaging a competent lawyer is advisable.

In addition, it appears you are missing some physical shares due to corporate actions or other reasons. You will need to get duplicate shares issued by the company, which will require submission of various documents, including a police report for the loss of shares, affidavits and indemnities.

Once these are done, the company will scrutinize the documents submitted. After it verifies that all is in order, it will issue an entitlement letter in your favour, which will enable you to claim the shares from the Investor Education and Protection Fund (IPEF) Authority.

According to IEPF rules, if dividends remain unclaimed for 7 years or more, the custodial ownership of shares and dividends are transferred to the IEPF Authority, which would have happened in your case.

Using the entitlement letter, you will be need to file an online IEPF claim, which will then be reviewed by the company. Once that is done, the IEPF Authority will conduct further verification of the documents. If everything is in order, the IEPF Authority will approve the claim and proceed to transfer the shares to your demat account. Any outstanding dividends will also be transferred to your bank account over time.

Vikash Kumar Jain is a co-founder at Share Samadhan.

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

IS THIS THE RIGHT TIME TO LOCK IN HIGH RATES IN FIXED DEPOSITS AND G-SECS?

POWER POINT
ANSHUL ARZARE

Respond to this column at
feedback@livemint.com

Fixed deposit (FD) interest rates in India have been on an upswing for investors since the Reserve Bank of India (RBI) began hiking the repo rate in May 2022. This is important because from an individual investor's perspective, when the repo rate go up, FD interest rates go up; when the repo rate is cut, interest rates inevitably trend downward. RBI raises the repo rate when it wants to counter inflation. Between May 2022 and February 2023, the central bank raised the repo rate six times, by a cumulative 2.5 percentage points, taking it to 6.5%. The monetary policy committee (MPC) of RBI has not hiked the rate any further in the last 12 months, leading to speculation that we may see a cut in the repo rate and, consequently, interest rates. That raises a pertinent question: is this the right time to lock in rates in FDs and government securities G-Secs?

FD interest rates have had a good run

Interest rates on fixed deposits saw an uptick after the repo rate hikes. The highest rates in major banks hovered between 7% and 8%, while some smaller finance banks offered upwards of 9% interest. What did that mean for the average Indian investor who favoured the safety of FDs? Medium-term deposits (2–3 years) saw a larger uptick in interest rates, with some banks offering as much as 7% interest by late 2023, or a 1.5-1.8 percentage point increase compared to early 2022. Short-term deposits saw slightly lower hikes in interest rates, while longer-term deposits (5 years or more) saw an approximately 1% hike in interest rates.

The upward trend over the last few years means that these rates are the best they've been in around 4 years. So, is this as good as it will get for FDs in the foreseeable future? To answer that all-important question, we need to see what the MPC decides in its upcoming meeting.

A glimpse into the immediate future

With the central bank governor remaining non-committal about rate cuts, experts do not see the status quo on the repo rate being disturbed in the coming months. Combined with the downward trend in inflation, that could mean interest rates are currently at their peak. Now would be a good time to lock in FD interest rates, especially for senior citizens who can avail higher interest rates. Another way to lock in these rates for a longer duration is through recurring deposits (RDs).

Let's take an example to explain this. Say you invest ₹5 lakh in January in an FD at an interest rate of 7% for a period of three years. That would yield an interest of ₹1,15,720 over the

full three-year term, giving you a maturity amount of ₹6,15,720. That's a nice little profit you would have made. With the growing talk of rate cuts and drop in interest rates, an FD in 2025 could see lowered interest rates. So, if you invest ₹5 lakh after the 'peak', say, at an interest of 6%, your investment will fetch you returns of ₹97,809. So, in our example, by not locking in interest rates at the peak, you could potentially miss out on income of ₹17,911. That's a considerable amount.

Alternatively, an RD of ₹10,000 a month for 10 years at a 7% interest rate started today will fetch a maturity amount of ₹17,37,012 (approximate and pre-tax). The same maturity amount would be ₹16,44,295 if the interest rate is 6%. The difference is significant. If the rate of interest is 7.5%, then the maturity amount is ₹17,85, 761.

We need to remember that in an RD, we lock in the interest rate for the entire period. So, there is a significant advantage with long-term RDs if we initiate the same when the interest rates are high.

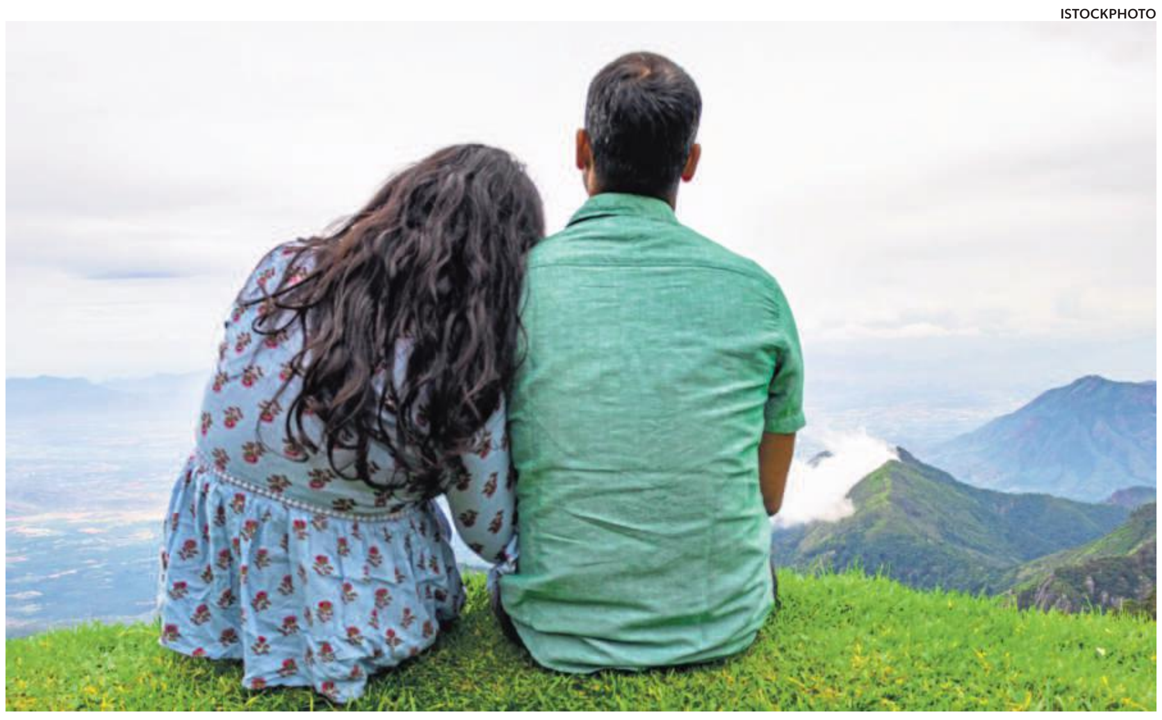
Interest rates on fixed deposits saw an uptick after the repo rate hikes

This may be the right time to invest in G-Secs

Similarly, the interest rate on G-Secs is around 7%. Following JPMorgan's decision to list Indian government bonds or G-Secs in its emerging markets index starting in June, the cost of borrowing for the government is expected to come down. That could lead to higher foreign portfolio investments (FPIs) in India. Increased demand for G-Secs means their prices could go up, leading to lower yields. As the inflation rate drops and FPI inflows rise, RBI may well choose to drop the interest rate below 7%. So, this might be the right moment for investors to lock in their G-Secs investments at higher interest rates.

Anshul Arzare is managing director and chief executive officer, YES Securities.

OUR VIEW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Is a truly uniform civil code possible in India?

Uttarakhand's UCC proposal does aim at gender justice in family matters, but falls short on uniformity. Its live-in rules intrude on conjugal relations and its prism is heteronormative

Uttarakhand's Uniform Civil Code (UCC) bill, which proposes common personal laws to govern marriage, divorce, inheritance, succession, adoption and more across religious groups, marks a major move not just by this hill state, but by India's ruling Bharatiya Janata Party, which has long favoured such uniformity by legislation over the need for evolving a consensus over it. Indeed, along with Ayodhya and Kashmir's status, the party has set itself apart on this issue. Under the British Raj, various groups could follow their customary practices, as dictated by faith or tradition. Upon freedom, the Constituent Assembly wrestled with the idea of family-law convergence, but left it as an aspiration. According to the Constitution, the state shall "endeavour to secure" for all citizens a UCC. Many Supreme Court rulings over the years have advocated uniformity in personal laws, but it is a legislative matter with fraught politics. Uttarakhand's proposal has caught attention because it could be a trial run by the BJP for an all-India UCC after this year's Lok Sabha polls.

As a first concrete attempt at a UCC draft, the bill's bulk is an indicator of its scope. Yet, it fails a uniformity test by keeping Scheduled Tribes (ST) out of its purview. This nod to Liberty as an Article 21 Right has been granted in consideration of unique ST customs that are not subject to other bans under the Constitution. In academia, the UCC debate has been led by concerns of gender justice for good reason: Olden-day practices with claims of religious sanctity have been patently unfair to women across communities. On this aspect, the bill at first glance strikes a welcome reformist note. It sets a clear age-based minimum for marriage eligibility, declares monogamy the norm (with any other marital knot to be held void), and places divorce and its terms under a common code. This was bound to stoke a controversy over whether it clashes with the Right to Freedom of Religion under Article 25. Protests have been aired by a Muslim personal-law board sworn to defend Shariah, which has legal sanction in India and permits both polygamy and unilateral divorce (with a lump-sum severance package mandated over maintenance money). Whether Article 25 can be cited in defence of faith-specific family rules, however, is unclear. In courts, it has been argued with merit and success that only the essential practices of a faith are covered by its shield. That said, reformist moves for a modern world need to take a duly wide view. Religious precepts as starting points make that difficult. The prism of this bill is heteronormative. It would apply only to those who identify within the male-female binary. For inclusivity, any UCC we consider should make space for the legalization of LGBTQIA+ families.

Inheritance is another domain where the bill's provisions aim for gender equality. Here, too, the persistence of gaps under old rules cannot be reconciled with a progressive outlook. Yet, the bill proposes stiff regulation of live-in relationships. This is ostensibly in support of female partners, but the rigmarole of registration, proposed penalties and other parts suggest its enactment will enable the harassment of couples who do not meet the approval of social vigilantes, especially in the context of "love jihad" rumours. Even otherwise, strict oversight of live-ins—many of whom opt not to start families—is excessive intervention in people's personal lives. We ought to resist any law that seeks to encode prudery in conjugal matters.

GUEST VIEW

Maximize the Innovation Fund's impact by focusing on key goals

It must focus on high-tech manufacturing, industrial decarbonization and export competitiveness

JAHANWI SINGH
is an economist with India Exim Bank.

The Innovation Fund announced in the interim budget could be a potential game-changer for the innovation ecosystem in India. Such enablers are critical, as only 4.3% of private sector firms in India spend on research and development (R&D), which is low compared to the world average of 14% (World Bank data).

Financing has been a key barrier for innovation in the country. Nearly 40% of firms surveyed by the United Nations Industrial Development Organization and India's department of science and technology reported lack of credit as a domestic barrier for innovation. It also identified this as a particularly acute challenge in sectors such as machinery and equipment, chemical and chemical products, rubber and plastic products, among others. So, an innovation fund that offers long-term loans at low or nil interest rates could narrow funding gaps.

The government's corpus of ₹1 trillion promises a significant boost. The scope and detailed objectives of the fund are yet to be announced. To maximize its impact, it will be crucial to align the fund's focus with the country's current priorities and goals.

First, at a broad level, it would be important to focus on manufacturing, particularly innovation-driven high-tech manufacturing. The broad factory sector's share in India's gross value-added has remained in a range of 14-18% for several decades. While the government is undertaking initiatives such as the production linked incentive (PLI) scheme to boost tech-intensive manufacturing, nurturing competitive and innovative firms is essential for greater localization of value chains.

Apart from tech-intensive manufacturing, another focus could be on export competitiveness. India has set a target of $2 trillion of exports by 2030. This goal could be realized by increasing the volume of exports to established destinations (go intensive, i.e.), exporting new products to existing markets, or expanding exports to new geographies (an extensive approach). Innovation and development of innovation-supporting infrastructure would be key drivers for growth in exports across both intensive and extensive endeavours.

The ability of companies to commercialize new products and processes and move up the technology curve could be a key determinant of extensive growth success in exports. Innovation and its support infrastructure would also be crucial for intensive growth, especially in the light of growing non-tariff measures (NTM) affecting Indian exports.

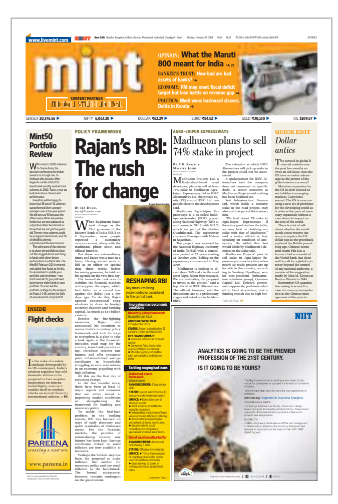
Indian exporters find themselves grappling with market-access problems in developed markets on account of NTMs. In 2023, they encountered the highest number of import refusals by the US Food and Drug Administration (FDA) among all exporting countries. Pharmaceuticals and medical devices was the predominant category of Indian exports held back by FDA intervention from 2019 to 2023. Similarly, in the European Union, information from its rapid alert system, which details measures against non-food dangerous products, indicates that Indian companies ranked fifth in risk alerts on exported products among non-European countries during 2019-2023. These risk alerts spanned diverse sectors, such as machinery and equipment, automotive products, toys, textiles and clothing, and chemical products. These rejections are lost export opportunities for Indian companies and also mars the reputation of our exporters.

Innovation activities could have an accelerator effect on quality standards, thereby improving export prospects for Indian companies. The new fund could focus on innovations aimed at meeting technology-based technical barriers to trade (TBT), as also performance-based TBTs, which allow for flexibility in approach but often entail a high burden of proof on exporting firms. A popular example of performance-based trade barriers is the EU's Carbon Border Adjustment Mechanism, under which the EU will charge a carbon levy based on embedded emissions in imported products. Further, the fund could also focus on strengthening the research and testing infrastructure in India to ensure compliance of exported products with mandated standards.

A portion of the fund could also support innovations related to decarbonization across industries. Meeting our ambitious climate targets requires both leveraging existing technologies and accelerating innovation. The International Energy Agency has estimated that almost half of necessary global emission reductions by 2050 will depend on technologies yet to be commercialized. These innovations and their commercialization are often characterized by prohibitive upfront costs, technical hurdles, long payback horizons and untested business models, making them a perfect fit for the long-tenor, concessional financing envisaged under the fund.

While the Innovation Fund holds immense potential, its success ultimately hinges on its design and implementation. By aligning its focus with the government's key priorities—boosting the manufacturing sector, achieving an ambitious $2 trillion export target, and transitioning to net-zero emissions by 2070—the fund can act as a powerful catalyst for progress.

10 YEARS AGO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JUST A THOUGHT

Divorce is not always a doorway to happiness. The same can be said about marriage.

MOKOKOMA MOKHONOANA

THEIR VIEW

This budget's fiscal finesse favours the entire economy

NIKHIL GUPTA

is senior group vice-president at Motilal Oswal Financial Services Ltd.

The Government of India presented its interim budget for 2024-25 last week, and it elicited various emotions from different stakeholders. Some people were disappointed that there was no stimulus for consumption or the farm sector, as consumption growth has been subdued and general elections are around the corner.

On the other hand, some were pleased to see a strong commitment to fiscal deficit consolidation. But it would not be unfair to assume that almost every market participant or economic analyst was surprised by the budget. I, for one, was elated, although I was also surprised. Considering that it was an interim budget, and the final budget for 2024-25 will be presented in July 2024 by the new government, I am impressed by the remarkable confidence shown by the government and the strong message conveyed by its intent.

This confidence was its first surprise. Unlike in 2019, not only did the government not announce anything new last week, it also reduced its 2023-24 fiscal deficit target by 10 basis points (equivalent to about ₹300 billion) to 5.8% of gross domestic product (GDP), despite weaker-than-expected nominal GDP growth.

Further, by targeting a fiscal deficit of 5.1% of GDP for the next year (lower than the 5.2% recommended by very few, including us), the government clearly signalled that achieving a fiscal deficit of 4.5% in 2025-26 is now a feasible goal. This is a clear and emphatic message from the government that it prioritizes long-term macroeconomic stability, even if it involves sacrificing some short-term growth. All this was done while ensuring the continuance of its long-held strategy of prioritizing investment (capital spending) over consumption (revenue spending).

But why is a lower fiscal deficit so important? This question is typically answered with "to crowd in the private sector," or words to this effect. Strictly speaking, there is currently no crowding out of private investments. It would be unreasonable to argue that these are suppressed by current interest rates on bank borrowings. Therefore, a lower fiscal deficit is unlikely to immediately boost private investments. However, over the medium- to long-term, a lower fiscal deficit implies that the government will consume a smaller portion of the household surplus (savings), leaving a larger amount of funds and resources for the private sector. This does not necessarily mean that the private sector will immediately start utilizing those resources. However, it does create an opportunity for the private sector to grow and expand at its own pace, without relying on external financing (widening the country's current account deficit, that is).

> **The priority accorded to macroeconomic stability by way of fiscal deficit reduction will benefit all**

Let us look at some data. The principal source of financing the fiscal deficit is household net financial savings (HHNFS), as the corporate sector at this stage is able to fund its investment requirements through its own savings. HHNFS declined quite dramatically to a 47-year low of 5.1% of GDP in 2022-23 from 7.2% in 2021-22 and the usual 7-8% in typical pre-covid years. My calculations suggest that HHNFS has remained broadly unchanged at about 5% in the first half of 2023-24 as well, which may improve to about 5.5% over the full fiscal year 2023-24, and hopefully further to 6-6.5% of GDP in 2024-25. If so, a combined (Centre plus states) fiscal deficit of, say, about 8% of GDP in 2024-25 and further of roughly 7.5% in 2025-26 would imply that the government(s) will be absorbing more than 100% of HHNFS in the economy.

All this is fine until the corporate sector continues to remain an investment laggard and corporate savings are higher than corporate investments. However, if the latter pick up, as the narrative has been for the past 2-3 years, a combination of a high fiscal deficit and a lower HHNFS will push companies towards foreign savings to fund their investment requirements. This will inevitably push the current account deficit higher. Thus, a lower fiscal deficit will help keep the current account deficit in check as and when corporate investments take an upturn.

The impact of a lower fiscal deficit is akin to a clean-up of the financial sector's books, enabling banks and other lenders to prepare for and extend credit without any obstacles when loan demand increases. So, a reduction in the fiscal deficit is also a supply-side measure aimed at facilitating higher growth without imparting an imbalance should private-sector demand rise.

All in all, the interim budget for 2024-25 was a budget for the economy, and I hope that this is not the last time the government has prioritized long-term macroeconomic stability over short-term gains. If policymakers are serious about reaping the benefits of such a strategy, they have to continue following it for many more years. Once they achieve a fiscal deficit of 4.5% of GDP by 2025-26, they must aim to reduce it to 3-3.5% by the end of this decade and maintain that level thereafter. And, of course, if a policy is beneficial to the economy, it eventually favours all its participants by raising the overall standard of living.

This was not a budget for the parts, but for the whole.

This was not a budget for the rich or poor, but for all!

This was not for the short term, but for the long term, homie,

This was not a budget for consumption or investments, but for the economy!

MY VIEW | ECO SQUARE

The interim budget features hits and misses on climate pathways

It has worthy initiatives. India's carbon reduction must go by hard-nosed realism so that we don't back-load climate action

LEENA SRIVASTAVA
is an independent expert on climate change and clean energy.

ISTOCKPHOTO

India's interim budget for the year 2024-25 was presented earlier this month with an accompanying analysis of impacts on various sectors. As has been pointed out by many over the last week, several positive indications have been provided for sectors enabling low-carbon pathways for the country. Among these, the major winners seem to be grid-connected solar power, with a near doubling of budget allocation, rooftop solar panels for 100 million houses, viability gap funding for 1 gigawatt (GW) of offshore wind power, coal gasification and liquefaction of 100 tonnes capacity, and a sixfold increase in outlay for the national Green Hydrogen Mission.

Prima facie, all these initiatives need to be lauded as they together seek to address the key challenges of energy access for the poor and vulnerable as well as diversity and security of supply, while leveraging domestic resource endowments. However, it is also critically important to be cognizant of the potential pitfalls of each low-carbon initiative, so as to win with every experiment in our quest to transform energy-usage towards India's 2070 net-zero goal.

The advantages of offshore wind energy are well recognized: It has higher capacity utilization factors, lower variability and lower costs. However, a review of global experiences in the last year or two should also reveal the challenges of converting potential to reality. The EU, for example, has a very ambitious programme to develop 450GW of offshore wind potential in the North Sea (111GW by 2030). However, several large projects are experiencing significant delays, with nearly $30 billion of investments put on hold and significant investor pressure on one of the largest offshore wind developers, Orsted, to cut dividends. Several factors have contributed to the adversities being faced in this sector, not the least of which relate to supply chain factors related to the increasing size of wind turbines. The Indian offshore wind programme is small in comparison, and we do have the advantage of domestic manufacturing capacity, but we need to keep a keen eye on regulatory frameworks, incentive structures and the competitiveness of this option for its full potential to be exploited.

Coal gasification, like other plans for coal development in India, is worrisome from the point of view of our carbon footprint. Undoubtedly, coal gasification (CG) may be a more efficient option to exploit the vast coal resources that India has, but we do need to bear in mind that India has limited underground coal production capacities, and that, while CG may have environmental advantages, it will contribute little or negatively to our carbon goals. It can be argued that CG projects would lend themselves better to carbon capture and storage (CCS), as there exist single points where this capture could take place. However, we still have a long way to go to establish safe CCS potential sites in the country and to map supply and demand locations. The above does not take into account the logistics that would need to be put in place to ensure a market for coal gas or the longer-term risk of stranded assets as India ramps up facilities to meet its carbon commitments.

India's solar rooftop programme has not really taken off, despite being a clear part of the country's goal setting from the beginning. While rooftop potential in the country is vast, we have thus far been able to exploit a mere 11GW, of which only 2.7GW is residential. Assuming an average load of 2 kW per low-income residential home, this would translate to about 1,350 residential units. The assumption of 300 units of free electricity accruing to households opting for solar rooftop energy every month is optimistic, given the all- India average monthly consumption of 100 units. The assumption therefore would be a solar rooftop capacity of 3kW or more, in which case, we are not talking about lower-income classes. In any case, to scale from here to 10 million households is a stupendous task that would require a robust framework within which this target would need to be achieved—especially if the target date is 2030! The ecosystem would need to support a commensurate number of assessors, project developers and service providers, in addition to ensuring adequate capital subsidies and an accompanying regulatory framework for net metering or other such measures to improve viability for customers.

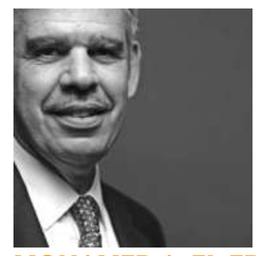
While highlighting the above challenges, the intention is clearly not to question the advisability of these government initiatives. These are very worthwhile objectives that must exist for India to meet its goals and play a constructive role in tackling the global climate problem. Rather, the purpose is to recognize the need to quickly, efficiently and successfully chart the technological pathways that would ensure meeting climate goals while minimizing cumulative greenhouse gas emissions. Doing so would help flatten the emission curve, which must be done in the not-so-far future; five decades is a short time to transform our energy economy.

Equally importantly, we need to carefully watch international developments and experiences to design our interventions, bearing in mind our special context. The challenges around the cost economics of green hydrogen are a quick case in point. Indian industry, the financial sector, regulators and other stakeholders necessarily have to be part of the design of such initiatives in order to avoid costly and potentially infructuous learnings. India's low-carbon pathways have to be driven through hard-nosed practical considerations that do not result in a back-breaking back-loading of emission reductions.

MINT CURATOR

Powell reduced Fed flexibility by going off-script post-policy

He broke with official policy by almost ruling out a March rate cut



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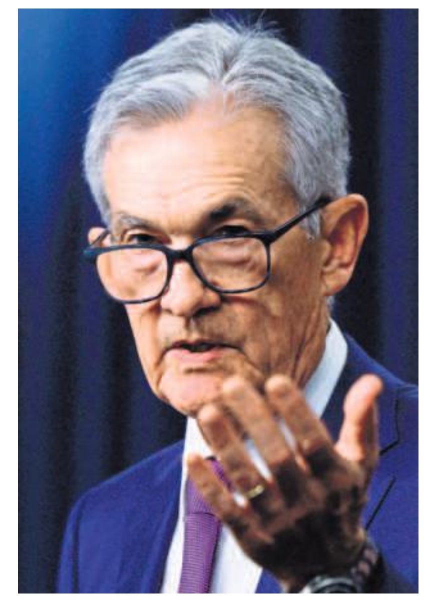


Jerome Powell stated that a March rate cut isn't the Fed's 'base case.' REUTERS

For several months, I have pushed back against the market expectation that the US Federal Reserve's cycle of interest-rate cuts would start as early as March. Last fortnight, I said that June was much more probable. So you would expect me to welcome last week's remarks by Fed Chair Jerome Powell that a rate reduction in March is not the Fed's "base case." The problem is that this was handled in a way that unnecessarily robs the central bank of policy flexibility while lengthening its long list of recent communication mishaps.

Start with the signalling after the two-day meeting of the Federal Open Market Committee (FOMC), the central bank's rate-setting panel. It started on time, with the release of the panel's statement. Carefully crafted, it maintained considerable policy optionality by, first, noting that the risks to "employment and inflation goals are moving into better balance," and then stating that it "does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably towards 2%," its target.

In the routine press conference afterwards, Powell maintained this optionality when he read his opening statement. He also stayed on script in responding to the first question on what policymakers need to see to gain confidence about sustainably meeting their inflation target, saying: "We do have confidence, but we need greater confidence." Pressed further by reporters, and now in unscripted mode, Powell suddenly removed this optionality by pivoting to much greater precision. He explicitly stated that a March rate cut is not "the base case." Markets responded by taking stocks notably lower.

I agree that if the Fed is truly committed to its 2% inflation target for the US, it would be prudent for its first rate cut to be delayed beyond March. As such, Powell is correct. The problem is how he chose to convey it. It is inconsistent with Fed communication. A study published in March 2023 by the Centre for Economic Policy Research concluded that "market volatility is higher during FOMC press conferences than at other times ... [and] this has been true since 2011 but is especially the case for press conferences given by current Fed Chair Jerome Powell." It also found that, "before the covid-19 pandemic, the press conference tended to reinforce the FOMC statement, with markets moving in the same direction during the press conference as they did when initially reacting to the statement. However, since the start of the pandemic, stock and bond markets have tended to move in the opposite direction during press conferences compared to their initial reaction to the FOMC statement. This reversal in direction is systematically linked to the words used in Chair Powell's speeches."

Both these outcomes have tended to persist since the publication of this study almost a year ago, fuelling more complaints about Fed communication mishaps. It is a development that, if the Fed is not careful, weakens the power of forward guidance, an important tool in smoothing economic and financial adaptations to changing circumstances. It also helps explain the unusual and persistent refusal by markets to price in what the Fed repeatedly tells them about a policy tool that it fully controls.

Last week's pivot fuels the debate on whether Powell is speaking on behalf of the panel or expressing his personal views, an issue illustrated in the past by the publication of FOMC meeting minutes that countered some of the content of his press conferences, causing avoidable market confusion and volatility.

When compared with the careful wording of the FOMC statement, the press conference pivot reduces the Fed's flexibility should the economy slow faster than anticipated. After all, while the economy has continued to impressively surprise on the upside in terms of both growth and employment, some of the forward-looking indicators point to the need for caution in extrapolating this US exceptionalism.

Finally, there is the more controversial point. More economists are warming to the idea that 2% may be too low an inflation target for an economy subject to a less flexible supply side on account of both domestic and global developments. This is not to say that having consistently missed its inflation target in the last few years, the Fed should simply opt for a higher one, but it is to suggest the importance of the Fed retaining flexibility in how it plans the journey to its longer-term objectives.

It is sometimes said that when it comes to certain communications, less is more. In retrospect, I suspect this was the case with last week's Federal Reserve press conference. Reinforcing the well-crafted FOMC statement may well have been a better approach than the surprising and sudden provision of precision.

MY VIEW | BEHAVIOUR BY BRAIN

Online retailers must minimize wares being returned

BIJU DOMINIC

is chief evangelist, Fractal Analytics, and chairman, FinalMile Consulting.

In recent times, shoppers have been displaying new behaviours. A phenomenon called 'bracketing' is on the rise. This term describes a tendency of a consumer to buy multiple versions of a product, such as different sizes of a shirt, with the intent of sending back the ones they don't want to keep. According to a study by Narvar, more than 58% of shoppers in the US resort to bracketing behaviour. Another practice among a few shoppers is 'wardrobing.' That is, wearing an item of apparel once and then returning it.

Thanks to the emergence of these new behaviours, shopping returns have reached unprecedented levels. According to industry reports, 16.5% of the goods sold in the US in 2022, valued at nearly $817 billion, have been returned. In 2019, the return rate was only 8%. That it has more than doubled in a very short span of time is a great concern. As per data from Indian retailers, returns in the Indian online shopping market stand at around 25-40%. This high and increasing rate of returns is a serious problem for many an online retailer.

The immediate impact of high returns is the toll it takes on the profit margins of a retailer. According to a *Wall Street Journal* report, it costs a retailer $27 to handle the return of an online order worth $100. Many of the returned goods are not in a condition to be resold. Some of them gets re-routed to charities. Much of the burden of this return behaviour is borne by the environment. In the US alone, 2.6 million tonnes of returned clothes wound up in landfills in 2020. According to *Earth.org*, fashion is the third-most-polluting industry in the world after construction and food.

Several retailers are already taking steps to mitigate this growing returns problem. Some of them have started charging for sending goods back. Others have shortened the time-window in which returns could be made. It is a big question whether these strategies will curb the problem or merely motivate consumers to shift their purchases to alternative retailers that make it easy for them to return purchased goods.

There are attempts by some retailers to improve their description of the products on sale, so that consumers have a better understanding of what they are buying. In apparel, measurements across brands might not be consistent. So, making 'small, medium, large' type descriptions more widely understood and consistent across the industry would be a step in the right direction.

The returns problem is an ideal one for artificial intelligence (AI)-based solutions to be offered. AI can identify items on sale that have a higher chance of being returned, spot consumers who have a stronger tendency to return the goods they purchase. With real-time tracking, people who pick up multiple products of the same kind could be identified. With such inputs from AI systems, appropriate interventions could be deployed to mitigate people's returning behaviour. AI technology could also be used for augmented reality facilities that may help potential buyers figure out whether the item they are assessing will look good on them.

Solutions to the problem of high post-purchase returns lie in a close grasp of what drives such behaviour

Developing a deeper understanding of the consumer's decision-making process, especially the non-conscious facets of purchase decisions, will go a long way in solving the problem. Returns are clearly much more problematic in the digital space than at brick-and-mortar stores. Are inadequate descriptions of wares and size ambiguity the real reason for high returns in e-commerce? Or are these 'perfect rationalizations' for non-conscious behaviours that they themselves cannot explain?

When we look closely at a purchase process in a brick-and-mortar setting, one would realize that there are many strong non-conscious factors at play. To shop at a physical-format store, the consumer has to put in much effort: travel to the location, physically check numerous items, and try out some of them. On the other hand, digital shopping allows one to step into the space at the click of a button and step out with another click. This form of shopping calls for little effort on the shopper's part. The commitment one has towards an action is directly proportional to the intensity of effort put in the act. No wonder consumers find it so easy to walk away from their purchase decisions in the digital world. It hardly took effort to make them in the first place.

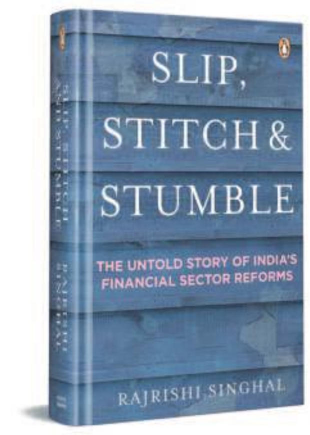
The time that the salesperson spends with us in a physical shop, patiently showing various options, does impact our shopping behaviour. The effort of the salesperson generates a reciprocal mindset in many a shopper that makes it difficult to leave the shop without buying at least one item. There is another important thing that a salesperson will often do in a brick-and-mortar store. Savvy salespersons reduce the cognitive load on shoppers by constantly removing rejected items from their sight. They make sure that at any point of time, there are only three or four items in front of the shopper. This greatly helps the shopper to take a decision with ease.

With no such human interface in a digital transaction, there is no chance for a sense of reciprocity to arise in the digital shopper. Too many choices in the digital world create confusion during decision-making.

So, to mitigate the returns problem of online shopping, platforms need a deeper understanding of the non-conscious factors of brick-and-mortar shopping. These behavioural learnings could be incorporated into their software algorithms.

Why scams proliferated in pre-reforms India

Stills from the series 'Scam 1992', about the rise and fall of Harshad Mehta



Slip, Stitch & Stumble: The Untold Story of India's Financial Sector Reforms *By Rajrishi Singhal, published by Penguin Random House 326 pages, Rs 599*

Beyond the Harshad Mehta scam were a myriad of malpractices, essentially arbitrage plays between different instruments and markets

Rajshri Singhal
feedback@livemint.com

Many of the scams of the pre-reforms era occurred because the hucksters were able to take advantage of yawning regulatory gaps in the market. Some of these scams and dirty trades spilled over into the post-reforms era too. One good example is the Harshad Mehta-led securities scam, which is analogous to the tip of the iceberg. Below that tip sat a myriad of other malpractices, which were essentially arbitrage plays between different instruments and markets, funded in a manner that skirted the existing rules and approved processes.

Many of these transactions and deals were outright illegal, while many existed in the grey areas of legitimacy. An example of the 'grey zone' scams was the trading in units issued by the government-owned mutual fund, Unit Trust of India, which was set up by an Act of Parliament. These units were popularly called US-64, after the year of their launch. The idea behind a government-owned mutual fund was to create another means for channelizing household savings to the capital markets.

The fund's net asset value, or NAV, was never declared, but its sale and repurchase prices were announced at the beginning of the fund's financial year (June). The two prices could also change every month and there was a secondary market for these units, the price of which fluctuated within the sales-repurchase band.

The funny thing is that these prices often had no connection to the fund's real, intrinsic value, which the NAV ideally represents. The fund also declared a dividend every year, which kept rising every year and helped create the illusion of assured returns, thereby leading to higher inflows of household savings.

Savvy traders always bought units from the open market before the fund's annual declaration of dividend and salesrepurchase prices. These units, pregnant with dividend, would be available at a premium. Once the dividend was declared, the price would readjust downwards, whereupon the trader would sell them at a lower-than-purchase price and book a loss. This trading strategy allowed traders to adjust their dividend-based taxable income against the capital loss arising from their unit purchase-sale transactions. Plus, the overall capital loss also helped in setting off other tax liabilities incurred during the year.

> The frequency and nature of these mishaps varied, but they have been a regular feature in the Indian financial system

Traders were, essentially, adjusting one kind of income against another kind of pecuniary loss. While this was not strictly illegal, it was still bad accounting practice because it involved the adjusting of apples against oranges. However, traders indulged in it because the tax laws did not explicitly forbid the dodge. In fact, Manmohan Singh stopped this rampant practice in the historic 1991 budget speech: 'The present provision for offsetting short-term capital losses against income leads to tax avoidance. I, therefore, propose that any loss on transfer of a capital asset will be set off only against gain from transfer of another capital asset. This is only logical. It should also stop the practice of buying short-term capital losses being resorted to by some unscrupulous tax payers.'

But some of the other scams of the later years made this tax-arbitrage trade—which, by the way, was legitimate—look like child's play. As has been illustrated in this chapter, the pre-reforms Indian financial system often played host to scams, frauds, funds misappropriation and forgery. The frequency and nature of these mishaps may have been varied, but they have been a regular feature in the Indian financial system.

It might be tempting to think that scams and crises are unique to the Indian financial system. It is not; all financial services industries across the world, whether in the developed economies or the emerging markets, have seen scams and frauds. Here are two examples.

Former chairman of the stock exchange NASDAQ, Bernie Madoff, was considered an investment guru and his promises of high returns enticed investors—from individuals to even pension funds—to entrust their savings to him. In the aftermath of the 2008 financial crisis, when investors started asking for their money, Madoff was unable to repay. It eventually transpired that the investments were not yielding the outlandish returns he had promised and that he was using fresh investor inflows to pay back existing investors. It is estimated that Madoff lost about $20 billion of investor money and was sentenced in 2009 to 150 years of prison time. He died in April 2021.

The second example relates to US-based bank Wells Fargo, which was reputed for its prudent management, emerging unscathed from the 2008 financial crisis even after acquiring failed bank Wachovia. In a complete reversal of fortunes, news emerged in 2016 that Wells Fargo had fraudulently opened millions of savings and checking accounts in the names of the bank's existing clients without seeking their consent, transferred money surreptitiously from existing accounts to the new ones and sold credit cards and other financial products to these fake accounts. The ostensible reason for this underhand activity was to demonstrate growth in the bank's sale of financial products.

On complaints from some customers, regulators cottoned on to the fraud in 2016 and fined the bank $165 million; the bank faces additional damages of $3 billion in civil and criminal suits.

One of the enduring themes in all these Indian scam episodes has been that of hucksters exploiting regulatory deficits or artificial barriers between different markets or instruments with varying yields. Money, like water from a higher level to a lower one, will flow from low-yielding financial instruments to high-yielding ones. If artificial barriers are stopping this flow, people managing this money will always find ways to side-step the rules or even break them outright.

Excerpted with permission from 'Slip, Stitch & Stumble: The Untold Story of India's Financial Sector Reforms' by Rajrishi Singhal.

Kavita Kane's feminist gaze on Indian myths

The author focuses on female characters who have become invisible

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Female characters, who have always remained in the shadows—somewhat invisible in the broad tapestry of Indian myths and legends—find themselves taking centrestage in Kavita Kané's books. In her latest book, *Tara's Truce*, published by Rupa Publications, she recounts the story of Tara, Vali's wife, who went on to marry his brother, Sugriv and became the queen of Kishkindha. Throughout the narrative, Tara questions the relevance of her own desires as she is reduced to a trophy in this battle between the two brothers. In an interview with *Lounge*, Kané talks about this conscious choice of focusing on women characters in myths and legends. Edited excerpts:

Most narratives of mythology are centred around a male figure or are told from a male perspective. In your books, you have always offered a female gaze on these stories...

Considering the centrality of female characters to the story, there are multiple methods of revising our stories from the epics and ancient texts. This includes retelling them entirely from the point of view of a female character, and recreating the story in a way that attempts to break down the treatment of women as glorified, inactive objects. The readers are persuaded to understand the unconventional portrayals. The woman, here, becomes the heroine of her own story. She demands attention and asks questions of which she wants answers. Be it Urmila or Uruvi, Satyavati or Saraswati, Surpanakha or Menaka, Ahalya or Tara, they all become the protagonist, chalking their own narrative which is otherwise buried under the heft of the original plot.

> These female characters remain largely overlooked despite their familiarity

What has led you to choose these protagonists?

These female characters are less likely than males to have identifiable goals or to be portrayed as leaders of any kind. They remain largely overlooked despite their familiarity, which was often cursory. These women lay hidden in the shadows, their presence unnoticed and voices unheard. But the moment the spotlight is on them, we see them and recognise their tales of trials and triumphs. Since the stories were told and written by men, the women, besides say Sita and Draupadi, are often marginalised, though each, however minor, has a huge pact on the narrative. They are there for a reason—which ironically seems to have got blurred down the ages.

How does *Tara's Truce* take this forward?

We know of the Vanar brothers, Vali and Sugriv, and their infamous sibling rivalry. But rarely do we see the tremendous influence of Tara on both these men. She is Vali's wife, Sugriv's queen and the woman behind Rama's curse. And yet she remains more of a behind-the-scenes figure in the turbulent drama that unfolds at Kishkindha. As a woman, who accepts her husband's enemy and brother as a spouse, she is both a pawn and a weapon caught in the crossfire of family war and politics. Yet she overcomes all—almost.

Butter is bountiful in this Franco-Lucknowi menu

An upcoming butter-themed pop-up dinner fuses two seemingly disparate cuisines, French and Lucknowi

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Winters have always held great sway in Taiyaba Ali's vivid imagination, especially since the 29-year-old consultant chef and food writer grew up in a place as culturally diverse as Lucknow.

"(I have memories of) crisp cold mornings spent dunking equally crisp bits of naan into fragrant gravies like *nihari* and *aloo gosht* while sipping on demitasses of *gulabi chai*," Ali says.

The chai she remembers is a special Lucknowi milk tea that gets its blushing pink hue from the alchemy that takes place when green tea leaves are boiled in water along with baking soda and a virtual treasure trove of spices such as cinnamon, saffron, cardamom, cloves and bay leaf.

"Winter in Lucknow is also about ambling along the ramparts of the French-inspired La Martinière College," she adds, setting the stage for her latest project. Ali sees herself as a chronicler of Lucknow's food ways. She's been curating travelling menus in her capacity as a consultant chef at several restaurants across India—such as Rooh in New Delhi, Malabar Cafe at The Grand Hyatt in Kochi, and Podi and Spice in Bengaluru—over the last couple of years.

It is these reflections of flavours, textures, sights and nostalgia that find themselves distilled in her unique multi-city series of fused Franco-Lucknowi cuisine pop-up dinners.

Aptly called Butter Fingers, this seven-course menu that Ali has come up with in partnership with chef Aarohi Sanghavi (pastry chef and owner of MĀKI pâtisserie, Bengaluru) reimagines and brings together beloved French and Lucknowi dishes. The shared love of both food cultures for butter shines through.

"This pop-up meal serves as a reminder that even the most distinguished food cultures have a lot in common, if only we care to look," says Ali.

This takes the form of interesting dishes like a *paya consommè* (light soup of goat trotters) with cracker and dip and a *kulcha nihari* puff with goat's cheese and caper mustard.

"The puff is my idea to have the Lucknowi breakfast staple of *nihari* drizzled atop a buttery French *mille-feuille*-like puff. I have discovered several complementary flavours and textures overlapping the two food cultures that are so rich," she explains.

Taiyaba Ali (left) and Aarohi Sanghavi; chaat tart from 'Butter Fingers'

Ali is quick to bring to the fore an overlooked gendered common ground between French and Lucknowi cuisines—how male-dominated they both are.

"Patriarchy plays an important role in both. The food of the great French chefs and that of the *khansamas* is notorious for overshadowing the women-fronted home style dishes," says Ali. "Take the case of Lucknow, where the bazaar food, be it biryanis or *tunday kababs*, dominate our idea of Lucknowi cuisine. This is to the detriment of the home-style dishes made by the women such as a simple yet scrumptious turnip and meat curry, or the *shaami kabab* that is as homely as it can get."

This is something both Ali and Sanghavi have sought to correct by means of their menu. So they have included plenty of home-style dishes like her *aloo gosht* with *kalonji* (nigella seeds) sourdough and *kachumber*, all jazzed up, of course.

Seasonality is another tie-in as far their menu is concerned. "I'm a firm believer that seasonal progression brings out plurality. To that end, we have dishes like a smoked water chestnut and green peppercorn eclair and a winter root vegetable *salan* with the same *kalonji* sourdough and *kachumber* as its *aloo gosht* meat course counterpart," says Ali.

After a successful run in Bengaluru and Mysuru with a non-vegetarian menu, Butter Fingers is all set to pop up in Mumbai later this month at the Magazine St. Kitchen with an additional vegetarian menu.

Why so? "It was a combination of several factors. Chief being demand for a vegetarian version. The abundance of seasonal vegetarian produce and the need to do something different for this last pop-up for our winter season is another reason. All these propelled the idea of doing a vegetarian version of the menu in Mumbai," explains Ali.

To that end, the modified menu now has dishes like a fermented strawberry and white peas tart, a veritable poster child for seasonal produce.

"We've also got a *rasbhari* (cape gooseberry) *consommè* with cracker and dip that mirrors the *paya consommè* on the non-vegetarian menu. Our dessert course includes a *gulabi chai* custard with *mille-feuille* and fresh strawberries," says Ali.

And what better 'side act' to go with some *chai* than a takeaway goodie bag of allspice *nankhatai* sablés that ticks all the boxes, be it Lucknowi spice, French pâtisserie or oodles of butter.

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