HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 40

Thursday, February 15, 2024

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livemint.com

VIJAY SOLVEX LIMITED

Corporate Identity Number: L15142RJ1987PLC004232

Regd. Office : Bhagwati Sadan, Swami Dayanand Marg, Alwar - 301001 (Raj.)
Phone No. 0144-2332358, Fax No. 0144-2332320
website: www.vijaysolvex.com , email id: cs_lodha@dataoils.com

EXTRACT OF STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2023

(Rs. in Lacs)

Sl. No.	Particulars	Quarter ended 31.12.2023 (Unaudited)	Nine Months ended 31.12.2023 (Unaudited)	Corresponding Quarter ended 31.12.2022 (Unaudited)
1	Revenue from operations	51317.50	142426.37	56616.93
2	Net Profit / (Loss) for the period (before Tax ,Exceptional items and Share of Profit/(Loss) of Associates)	(618.87)	(389.42)	94.16
3	Net Profit / (Loss) for the period before Tax (after Exceptional items and Share of Profit/(Loss) of Associates)	(605.79)	(348.04)	176.23
4	Net Profit / (Loss) for the period after Tax, Exceptional items and Share of Profit/(Loss) of Associates	(581.69)	(391.82)	139.84
5	Total Comprehensive Income for the period [Comprising Profit/(Loss) for the period (after Tax) and other Comprehensive income (after Tax)]	(552.58)	(242.29)	(630.20)
6	Paid up Equity Share Capital (Face value of Rs. 10/- each)	320.13	320.13	320.13
7	Other Equity excluding Revaluation Reserves (As per Audited Balance Sheet as at 31st March, 2023		31,477.29	
8	Earnings Per Share (Face value of Rs. 10/- each) (not annualised) (in Rs.) a) Basic : b) Diluted :	(18.17) (18.17)	(12.24) (12.24)	4.37 4.37

Notes:

1 Additional information on Unaudited Standalone financial results is as follows:-

(Rs. in Lacs)

Particulars	Quarter ended 31.12.2023 (Unaudited)	Nine Months ended 31.12.2023 (Unaudited)	Corresponding Quarter ended 31-12-2022 (Unaudited)
Revenue from operations	51317.50	142426.37	56616.93
Profit Before tax	(618.87)	(389.42)	94.16
Profit after tax	(594.77)	(433.20)	57.77

2 The Unaudited Standalone and Consolidated Financial Results for the quarter and nine months ended 31st December, 2023 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 14-02-2024.

3. The results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) (as amended time to time) prescribed under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

4. The above is an extract of the detailed format of Unaudited Consolidated Financial Results for the quarter and nine months ended 31st December, 2023 filed with the Stock Exchange under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Standalone and Consolidated Financial Results are available on the Stock Exchange website (www.bseindia.com) and Company's website (www.vijaysolvex.com).

For & on behalf of the Board
Vijay Solvex Limited
sd/-
(VIJAY DATA)
Managing Director
DIN : 00286492

Place : ALWAR
Dated : 14/02/2024

RELIABLE VENTURES INDIA LIMITED

CIN : L22354MP1992PLC007295
REG. OFFICE : A-6, RELIABLE HOUSE, KOH-E-FIZA, BHOPAL, MP-462001
Tel.No.: 0755-4902458, Email : reliablegroup@gmail.com
Website : noorussabahpalace.com

STATEMENT OF UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER & NINE MONTHS ENDED 31.12.2023

(Rs. In Lacs)

S. No.	PARTICULARS	Quarter ended 31.12.2023	9 months ended 31.12.2023	Quarter ended 31.12.2022
		Un-Audited	Un-Audited	Un-Audited
1	Total Income from Operations	51.96	149.85	51.52
2	Net Profit/(Loss) for the period (before Tax Exceptional and/or Extraordinary Items)	-60.31	(129.61)	(38.88)
3	Net Profit/(Loss) for the period before Tax (after Exceptional and/or Extraordinary Items)	-58.41	(135.29)	(38.88)
4	Net Profit/(Loss) for the period after Tax (after Exceptional and/or Extraordinary Items)	-58.41	(135.29)	(40.45)
5	Total Comprehensive Income for the period [comprising profit/(loss) for the period (after tax) and other comprehensive Income (after tax)]	-28.17	-51.87	20.02
6	Equity Share Capital	1,101.29	1,101.29	1,101.29
7	Reserves (excluding Revaluation Reserve) as shown in the audited balance sheet of the pervious year	-	-	-
8	Earning Per Share (of Rs. 10/- each for continuing and discontinued operations) - 1. Basic : 2. Diluted :	- 0.26 - 0.26	- 0.47 - 0.47	(0.19) (0.19)

Notes :

1. The above Financial Results have been reviewed by the Audit Committee and approved by the Board of **Directors of the Company in its meeting held on 13-02-2024.**
2. This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other accounting practices and policies to the extent applicable.
3. The company has only one business and geographical segment viz. hotel operation in India, hence no further disclosures are requried to be made as per Indian Accounting Standard-108 on "Operational Segments"
4. The above is an extract of detailed unaudited financial results filed with the Mumbai Stock Exchange Ltd. Under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the results is available on the Website of BSE **"www.bseindia.com"** and Company Website **"www.noorussabahpalace.com"**

For Reliable Ventures India Limited
Sd/-
(GOPINATH PANCHENA)
Director and Member of Audit Committee

Bhopal : 13-02-2024

Media Soul

MADHYA PRADESH URBAN DEVELOPMENT COMPANY LIMITED

(URBAN DEVELOPMENT AND HOUSING DEPARTMENT, GOVERNMENT OF MADHYA PRADESH)
Amarkantak Bhawan, Press Complex, M.P. Nagar, Bhopal-462011
E-mail : mapurdep@gmail.com, Telephone : 0755-2763060
(CIN No. U75110MP2015SGC034139)

NIT No. MPUDC/PMU/2024/1282 **Dated : 14.02.2024**

REQUEST FOR QUALIFICATION CUM REQUEST FOR PROPOSAL (DIRECT)

M.P. Urban Development Company Limited invites "Request for Qualification cum Request for Proposals For Selection of Consultant For Feasibility Study and Preparation of DPR For Integrated Urban Development of Chitrakoot, District Satna in Madhya Pradesh" from all eligible consulting firms/NGO. The detailed RfP document with all other relevant information is available on **https://mptenders.gov.in** (Madhya Pradesh Urban Development Company Limited - MDB Tender no. 2024_MPUDC_332032).

The document is available online from 16.02.2024 from 02:00 PM. The proposal should be submitted online by 19.03.2024 at 14:30 hours.

The undersigned reserve the right to accept or reject any or all proposal or withdraw the notification without assigning any reason.

M.P. Madhyam/113802/2024 **DY. PROJECT DIRECTOR (TECHNICAL)**

HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 40

Thursday, February 15, 2024

mint

Think Ahead. Think Growth.

mint primer

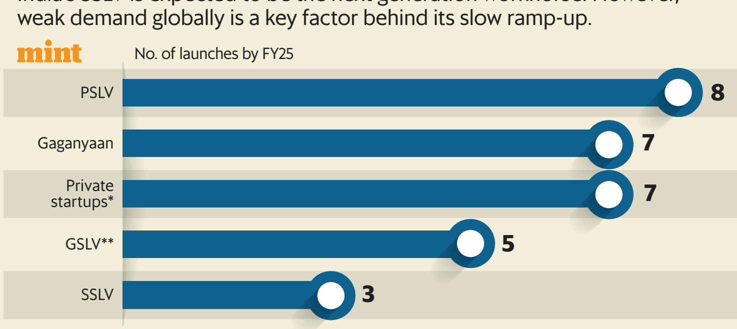
10, 9, 8, 7... Small rocket mission's going slow. Why?

BY SHOUVIK DAS

The Small Satellite Launch Vehicle (SSLV), first proposed in 2016, was meant to be India's challenge to the dominance of the US in space launch services. But in the past two years, it has only seen two demonstrator launches. *Mint* finds out why things are going slow.

Small rocket, big hopes

India's SSLV is expected to be the next generation workhorse. However, weak demand globally is a key factor behind its slow ramp-up.



*Includes Skyroot Aerospace, Agnikul Cosmos. **Includes commercial NSIL launches of LVM3
Source: IN-SPACe FY25 launch manifesto

PRANAY BHARDWAJ/MINT

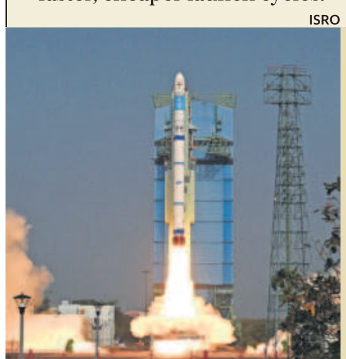
1 What is the SSLV, and why is it important?

The SSLV is a small rocket, both in size and capacity, in comparison with other rockets that the Indian Space Research Organisation (Isro) has. The Polar Satellite Launch Vehicle (PSLV) can carry up to 1.75 tonnes in satellite payload. The Geosynchronous Satellite Launch Vehicle Mark-III (LVM3) can carry up to 8 tonnes. But large-capacity rockets have long waitlists as they wait for a single large order—the 'primary' payload. Hence, private commercial firms often wait for years until they can launch their small satellites. This model helps cut satellite launch costs. The SSLV can help resolve this with faster, cheaper launch cycles.

2 What's holding things up?

While the first SSLV demo launch was a part-failure, the second was a success. Nodal agency In-Space's FY25 launch schedule shows only three scheduled launches in the next 12 months. A large part of this is due to engineering requirements: a key part of making small rockets successful is reliability, which often takes years in the space sector. However, apart from this, the space sector itself has been slow—with demand for commercial operators being limited. SpaceX, the most successful private space firm so far, has had only two non-SpaceX and non-Nasa missions this year, and 19 last year.

ISRO



3 Who are its global competitors?

Elon Musk's SpaceX is the SSLV's biggest rival, thanks to the former's small satellite ride-share programme. The next one is US-based Rocket Labs, which uses its small rocket 'Electron' for frequent launch missions. Others include French firm Arianespace's upcoming rockets. In India, startups Skyroot Aerospace and Agnikul Cosmos hope to grab a piece of the pie.

4 How will this impact India's space sector?

Slowing demand, particularly in the US, means firms that had plans for commercial small-satellite constellations are actively reconsidering their launch plans. This is leading to a revision in the projected demand for satellite launch services. Much of the SSLV's success will depend on this demand, which, at the moment, remains low. Experts believe that a chunk of the SSLV's demand will come from India itself, but a regularized commercial launch schedule for the small rocket may take up to another four years.

5 Is there an overlap with private startups?

No Indian private space firm has made an orbital launch with a satellite payload—leaving them largely untested. Add to that, space launches are capital-intensive, so startups have a tough job to not burn too much cash while proving their reliability to commercial clients. The SSLV, meanwhile, is backed by Isro and operated by its commercial arm, NewSpace India Ltd—a recognized name in the global space industry. Commercial satellite clients that India would attract may go SSLV's way, rather than to startups.

QUICK EDIT

Pakistan's new PM

The dense fog over the path to government formation in Pakistan appears to be lifting. Two major political parties—Nawaz Sharif-led Pakistan Muslim League-Nawaz and the Bilawal Bhutto-Zardari-led Pakistan People's Party—have reportedly agreed to join hands with Imran Khan-backed independent candidates to form the next government under the leadership of Shehbaz Sharif, the younger brother of former PM Nawaz Sharif. Surprising as Shehbaz Sharif's elevation over his brother might be, it may be a compromise option designed for a more equitable sharing of power. With the top post not going to a heavyweight, coalition partners may have greater comfort working with one another. Internal squabbles, however, could lend instability to the coalition if its constituents' interests were to clash. As it is, the two big parties have had to eat humble pie after Pakistan's electorate threw up a split verdict, leaving them no choice but to put their rivalry aside and join hands. But then, maybe that's exactly what the Pakistan army wants. A weak government would enable it to keep its control intact and even take charge if the administration strays from its guided path.

MINT METRIC

by Bibek Debroy

Air India's business class seats broken,
Stools were offered instead as token.
With a long distance flight not divine,
A consumer court imposed a fine.
This airline's standards are oft bespoken.

QUOTE OF THE DAY

Sustained growth needs energy security and sustainability. I am sure that the IEA will benefit when India plays a bigger role in it.

NARENDRA MODI
PRIME MINISTER

PLAIN FACTS

Will edtech survive the reality check moment?

BY NITI KIRAN

Blame it on the operational challenges of Byju's, the erstwhile poster child of the edtech space, or the unending funding winter for startups, but the once-promising sector seems to be losing the plot. That's an embarrassing about-turn for a segment that became a household phenomenon during the pandemic as remote learning drove many companies to a boom. But it's possible for edtech to bounce back from its short-term challenges once funding improves, given the evergreen demand for learning, some experts say.

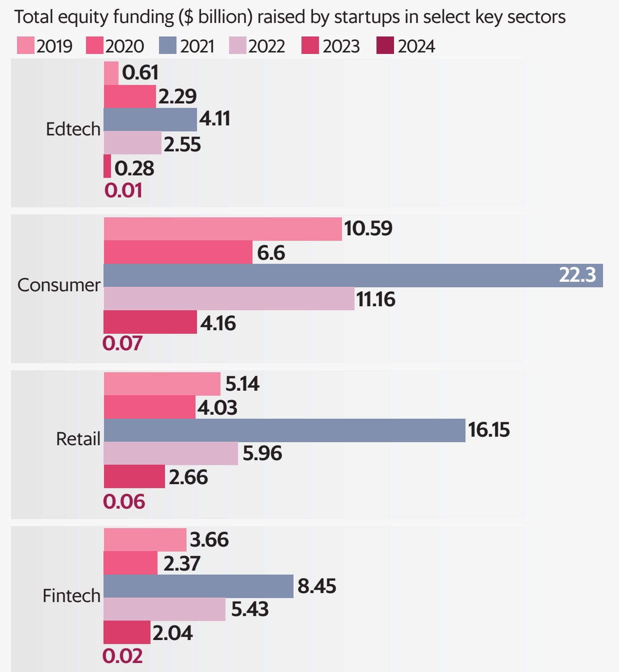
In its glorious days, this much-touted segment saw an influx of investments to the tune of $4.1 billion in 2021, almost doubling over 2020 and growing nearly seven times since 2019. About 75% of this came through late-stage deals, suggesting a focus on more established firms. Two edtech firms featured in the top five funding rounds among Indian technology startups that year: Byju's and Eruditus, data from financial aggregator Tracxn shows. The segment also went on an acquisition spree.

Soon the tables turned. As the world returned to normalcy, a recession loomed making investors wary. They tamped down on investments, and funding plunged over 90% in the post-pandemic period. "The drying up of funding and the reduction in mergers and acquisitions (M&As) reflect a broader market correction and a more cautious approach from investors, who are now seeking evidence of long-term viability and profitability rather than just rapid growth," said Karan Gupta, co-founder and director at Kapso, an M&A firm for small-scale enterprises.

Startups, including edtechs, feel the chill amid funding winter

mint

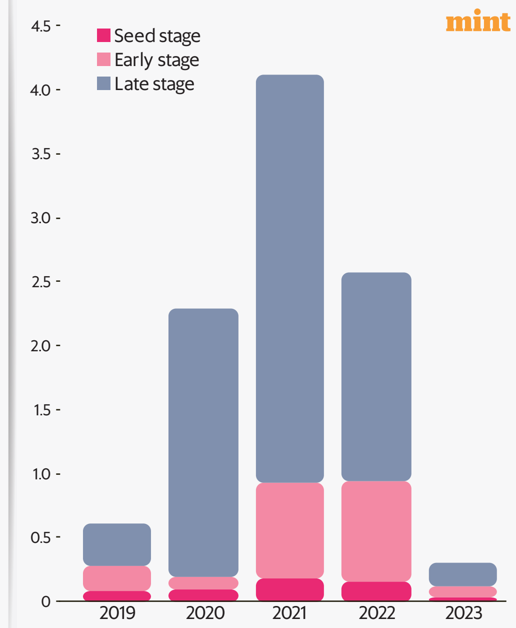
Total equity funding ($ billion) raised by startups in select key sectors



Data till 16 January 2024.

Cash is drying up across the sector, including late-stage deals

Stage-wise equity funding rounds (in $ billion) in edtech space



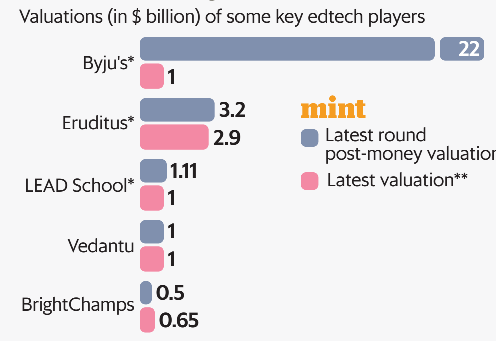
Source: Tracxn

Not Frothy Anymore

STARTUP VALUATIONS had gone through the roof when money was sloshing about. But then differentiation became the key, and edtechs got a reality check; sharp corrections ensued, even outside India. "Most seasoned and insightful investors and founders knew the surge during covid years was unsustainable," said Ravi Bhushan, founder and chief executive officer of BrightChamps, an edtech firm. "A correction in the growth trajectory was bound to happen, and, again, most long-term players were prepared for it, and had planned for it." Some key edtech players have seen valuations drop significantly. Many factors are at play, one being possible regulatory risks in the future. "Apart from saturation in certain segments that caused increased competition and pricing pressure, changes in government regulations and policies could impact the operations for edtechs, which could impact growth prospects and valuations [further]," said Minal Anand, founder of GuruQ, an edtech firm.

Valuations in some major edtech firms take a hit, though there are exceptions

Valuations (in $ billion) of some key edtech players



*Post-money valuation not available for the latest funding round, so the last available data is used. **These are companies where data for the latest valuation is available from 2023, but the dates vary by company.

Source: Tracxn

Edtech space has seen the biggest share in startup layoffs

Share (%) of each sector in layoffs by Indian startups since 2022

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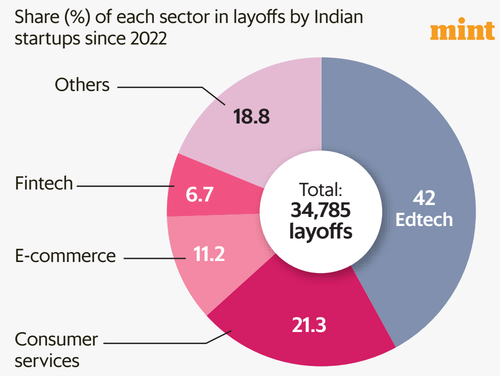

Source: Indian Startup Layoff Tracker by Inc42

Downsizing Days

AS THINGS go downhill, edtech firms have wielded the layoff axe. The sector had a nearly 42% share in all startup layoffs in India since 2022, as recorded by a tracker run by Inc42. The next on the list, consumer services had a 21% share.

"A lot of the edtech business models were sales-driven and went on a hiring spree, which is normalizing now," noted Dinesh Singh, partner, Leo Capital. However, since many of those employees were on the cheaper side, the overall cost-saving may not be that high, even though the numbers seem huge, he said.

Gaurav V. K. Singhvi, an angel investor, said that in the good times, companies hired a lot of staff with the hope of significant growth that didn't materialize. They believed the pandemic would never end, but when they had to lay off employees, it was viewed as a massive layoff, and this had a very bad effect on the industry, he added.

Sector Outlook

NOW THE sector seems to be tailspinning into chaos. In all, 712 edtech firms have shut shop since 2022—606 in 2022 and 106 in 2023. "The reliance on continuous funding rounds for expansion, rather than building sustainable revenue models, left many companies vulnerable when investor sentiment shifted," said Gupta. However, undaunted by the fusillades, some companies did manage to navigate the choppy waters. "Those with strong fundamentals and the ability to adapt to changing market conditions are likely to sail through and emerge winners in the long run," Anand said. Looking ahead, the sector may see some consolidation, where stronger players with sustainable models may absorb smaller ones. "The future of edtech may involve more strategic partnerships between educational institutions, technology companies, and non-profits to create integrated and comprehensive learning solutions," Gupta said.

niti.k@livemint.com

Many startups that failed to brave the troubled waters had to shut shop

Worst-hit segments, by number of tech startups that shut down in 2022 and 2023

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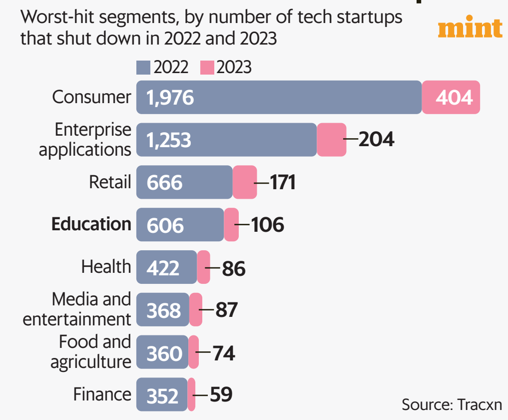

Source: Tracxn

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz

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The six months that short-circuited EV plans ▶P12

Farmer leaders agree to meet Union ministers today ▶P11

SENSEX 71,822.83 ↑ 267.64 | NIFTY 21,840.05 ↑ 96.80 | DOLLAR ₹83.03 ↓ ₹0.02 | EURO ₹88.85 ↑ ₹0.55 | OIL $84.63 ↑ $0.93 | POUND ₹104.11 ↑ ₹0.93

Sebi taps Irdai on Saluja's Care Esops

Burmans had moved Sebi over Esops issued to Religare chief

Anirudh Laskar
anirudh.l@htlive.com
MUMBAI

The battle for Religare Enterprises Ltd (REL) has taken a new turn, with the market regulator seeking the views of its insurance counterpart on REL's insurance unit issuing hefty stock options to Rashmi Saluja, who chairs both companies.

On 4 January, the Securities and Exchange Board of India (Sebi) wrote to the Insurance Regulatory and Development Authority of India (Irdai) for its detailed views and comments on the grant of Care Health Insurance Ltd stock options to Saluja. The letter from Sebi's corporate finance department stated the matter is of high importance given the amount involved for incentivizing a single employee; and the Burman family's planned takeover of Religare.

Depending on the outcome of its probe into the issue of the stock options, Sebi will set out the observations or conditions for approving the Burmans' open offer, the letter said. *Mint* has seen a copy of the letter.

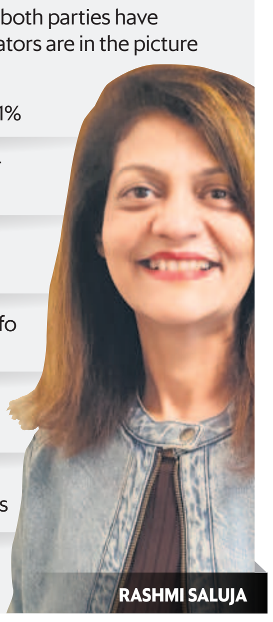
According to InGovern Research, a proxy advisor, Saluja's overall compensation may be close to ₹700 crore, including employee stock options (Esops) of Religare and Care Health totalling ₹480 crore; Religare Finvest Esops worth ₹150-200 crore; and a salary of ₹42 crore. The stock options became the centre of a controversy after the Burman family, which has mounted an open offer for Religare, unleashed withering criticism on Saluja and Religare over the matter. The Burman family, which now controls over 25% in Religare, had criticized Saluja for drawing "excessive" compensation and called for regulatory

TURN TO PAGE 8

TWISTS & TURNS

Ever since the Burmans' open offer for Religare, both parties have accused each other of breaches, and now regulators are in the picture

- 16 Aug — **BURMANS BUY** 7.5% more in Religare Enterprises, raising their stake beyond 21%
- 25 Sep — **BURMANS ANNOUNCE** open offer for up to 26% in Religare
- 11 Oct — **RELIGARE BOARD** seeks independent valuation report, says offer value is low
- 26 Oct — **BURMANS CLAIM** Saluja had insider info while selling Religare shares
- 7 Nov — **BURMANS WRITE** to Sebi, accusing Saluja of insider trading
- 20 Nov — **RELIGARE BOARD** says Care Esops issued in conformity with Irdai guidelines
- 4 Jan 2024 — **SEBI WRITES** to Irdai seeking its views on Saluja's Esops from Care Health



RASHMI SALUJA

RBI clamps down on credit cards for commercial use

Gopika Gopakumar & Shayan Ghosh
MUMBAI

The Reserve Bank of India (RBI) has halted businesses from paying each other via credit cards, by ordering card networks Visa and Mastercard to stop all such payments.

Businesses typically pay their vendors by bank transfers or commercial credit cards, sometimes mediated by fintechs. The latter are called business payment service provider (BPSP) transactions, now suspended by RBI.

While the exact reason for the abrupt move is not known, Arpit Ratan, co-founder and chief business officer of Signzy, a digital banking infrastructure provider, said that RBI's concern seems to come from the fact that certain recipients of card transactions may not be registered merchants, something that is not allowed by the KYC regime. KYC stands for know your customer.

"In case of peer-to-peer transactions, cards were never allowed, and even today you cannot pay some individual by your card. On the other hand, business-to-business payments were to be made through fund transfers like RTGS (real-time gross settlement), NEFT (national electronic fund transfer), cheques, etc," said Ratan. Cards are meant to be used at physical and online merchants, and there is an entire KYC process to follow when merchants are registered and onboarded, he added.

A person aware of the development said RBI is likely looking at the extent of use of such products.

Commercial cards issued by banks are used to make pay-

TURN TO PAGE 4

While the RBI circular refers to commercial cards, there are retail use cases, too. ISTOCKPHOTO

Realty faces customer ire most in GST profiteering

Gireesh Chandra Prasad
gireesh.p@livemint.com
NEW DELHI

Real estate developers have topped the list of businesses facing consumer complaints for suspected goods and services tax (GST)-related profiteering, data from the Competition Commission of India (CCI) showed.

CCI decides on the merit of customer complaints based on an investigation by the Directorate General of Anti-Profiteering (DGAP), which comes under the Central Board of Indirect Taxes and Customs.

Since last May, when it regained its full quorum after a brief spell of vacant positions, CCI has issued around 44 orders on complaints of businesses allegedly pocketing the benefits of GST rate reduction or tax credits meant for consumers.

Over three-fourths of those orders deal with complaints against real estate developers, while movie halls and food outlets accounted for the rest.

While CCI ordered developers to compensate consumers in certain instances, cases were dropped in the case of

TURN TO PAGE 8

DON'T MISS

Tractor industry to see worse days ahead, says Mahindra

Mahindra & Mahindra, India's largest tractor maker, expects the drop in demand for tractors so far this fiscal year to worsen. It expects a 10% decline in sales in the ongoing quarter. >P8

Disney Star eyeing IPL bounty, expects a surge in ad revenue

Disney Star, which holds television rights for the Indian Premier League (IPL), is gearing up to sign a record number of advertisers for the marquee T20 cricket event that will likely start in the latter half of March. >P9

Q A with mint

EDITOR'S NOTE

Dear Subscriber,

Thank you for the tremendous response to our ongoing subscriber interview campaign. We are delighted and buoyed by your feedback. For those who have not responded yet, please do so here: https://short url.at/inNW9, or scan this QR code. We need more responses from our print subscribers. Please support our efforts to understand your needs better.

Sincerely,
— Ravi Krishnan
Editor-in-Chief

Skills for loans in inclusion schemes

Subhash Narayan & Rhik Kundu
NEW DELHI

Individuals seeking loans under the government's various financial inclusion schemes may have to come prepared with mandatory skills training, a senior government official said. The idea is to ensure that the schemes help build assets and create skilled workers, and do not merely hand out money.

To enable this, the government plans to use the PM Vishwakarma scheme as a template for other financial inclusion schemes as well, financial services secretary Vivek Joshi said. This will include digital identification; a three-stage selection process for beneficiaries at the village, district and state levels; and upgradation of skills. PM Vishwakarma imparts skills training to beneficiaries and then gives them loans.

"Skill will be an important component of financial inclusion schemes, and if beneficiaries do not upgrade their skills, they will not be entitled to col-

TURN TO PAGE 8

Financial services secretary Vivek Joshi.

Airfares may rise on Mumbai curbs

Anu Sharma
anu.sharma@livemint.com
NEW DELHI

The imposition of flight curbs at Mumbai airport to ease congestion might lead to higher airfares thanks to fewer flights, experts predicted. At the same time, they added that airlines at the country's second busiest airport could use the opportunity to improve their on-time performance.

On Tuesday, the Union aviation ministry imposed curbs on the number of flights to be handled at the Adani group-owned airport, slamming it for not taking proactive measures to ease congestion, even though the airport was operating at full capacity.

The congestion at the Mumbai airport was forcing flights to hover in the air for 40-60 minutes, wasting significant amounts of fuel—costing about ₹1.8 lakh for a 40-minute circling time to ₹2.6 lakh for 60 minutes. This was driving up airfares, apart from affecting airport operations, resulting in delays.

The aviation ministry said this was due to excessive slot allocation by the airport opera-

TURN TO PAGE 8

Mumbai airport is India's second busiest. HT

Streaming studios reel on Zee-Sony split

Lata Jha
lata.j@htlive.com
NEW DELHI

Studios making shows for streaming platforms had hoped that the Zee-Sony merger would revive projects that had flagged for a while. However, the acrimonious end to the merger has put paid to their hopes.

While Prime Video works only with select Bollywood names or releases new titles in a staggered manner, Netflix is keen on buying big-budget films. JioCinema has a sports focus, and Disney has slowed ahead of a possible merger with Reliance Industries Ltd. SonyLIV wants to do only mid-scale shows and ZEE5 is targeting cost cuts.

The merger would have provided clarity on the road ahead for the streaming landscape, and its collapse means the studios, which had hoped the combined entity would green-light projects at a faster pace, will have to wait longer.

"It's a terrible time for content creators," a top executive at a content studio said. "Not only are talent costs skyrocketing, there are fewer people to sell projects to. We had presumed the merger would enable both companies to green-light more titles, but things have gone back to status quo. Sony remains a large company concerned with P&L (profit and loss) and is even looking at reworking content budgets as Zee continues to limp along," the executive said on condition of anonymity.

On 22 January, Sony Pictures Entertainment terminated its merger agreement with Zee Entertainment Enterprises, ending India's largest entertainment deal, after months of fruitless talks to appoint a chief executive officer for the merged entity.

The person cited above said Amazon Prime Video takes long to approve projects, and has cancelled some of the 40 titles it had announced in April 2022. "Disney, too, has been trying to cut losses, and buying and commissioning has been moving at a glacial pace there," the person added.

A second content studio head agreed while there is more movement on Sony's side on streaming projects, there is less clarity for producers from ZEE5. "We had made submissions a few months ago that were liked but haven't

TURN TO PAGE 8

Streaming platforms had hoped the combined Zee-Sony entity would green-light projects at a faster pace. ISTOCKPHOTO

India, Greece to join hands for defence, shipping

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NEW DELHI

Just months after raising their bilateral relationship to the level of a strategic partnership, India and Greece are looking to deepen cooperation in defence and shipping, according to persons aware of the matter.

The two sides are discussing defence sales by India to Greece, in line with New Delhi's goal of tripling defence exports to $5 billion over the next few years.

In addition, India is looking to cooperate with Greece in shipping and ship modernization. New Delhi is interested in the possibility of Indian companies investing in Greek ports while also inviting Greece to look into commercial opportunities in shipping under the Make-in-India programme, the persons cited above said.

Queries mailed to the Embassy of Greece and the ministry of external affairs went unanswered at press time. This comes after Prime Minister Narendra Modi's visit to Greece last year, the first by an Indian premier since 1983.

"Both leaders reiterated the need for further broadening and deepening bilateral engagements, in the field of defence, shipping, science and technology, cyber space, education, culture, tourism and agriculture," the two countries

Greek shipowners own a fifth of the world's shipping fleet and 60% of the EU's. BLOOMBERG

said in a joint statement after Modi met with his Greek counterpart Prime Minister Kyriakos Mitsotakis in August.

India's focus on Greece comes as part of its push to develop stronger ties with Mediterranean and central European powers.

Greece is also expected to be a key part of India's efforts to improve trade and connectivity with Europe. Greek firms are major players in global merchant shipping, with the country's shipowners owning a fifth of the world's shipping fleet and almost 60% of the EU's fleet, according to the International Trade Administration, a US government agency. This explains India's interest in deepening cooperation on shipping and maritime trade by attracting investments from Greece. The persons cited above said Greece could help India with modernizing its shipping vessels.

WPI inflation falls to 0.27% in Jan as food prices ease

Data shows January WPI was lower than 0.73% in Dec but higher than 0.26% in Nov '23

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Wholesale prices rose at a slower clip in January as a result of easing prices of essential commodities like food, fuel and power.

Inflation based on the wholesale price index (WPI) was 0.27% in January, compared with 0.73 % in December. But it was higher than November's 0.26%, according to data released by the commerce and industry ministry on Wednesday.

A year ago, wholesale inflation stood at 4.8%.

Wholesale inflation remained in the negative territory between April and October last year due to a fall in prices of commodities like chemicals and chemical products, electricity, textiles, basic metals, food products, paper and paper products.

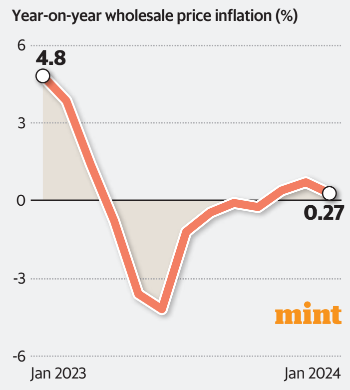
Wholesale inflation entered the positive territory for the first time in seven months in November.

"Positive rate of inflation in January 2024 is primarily due to increase in prices of food articles, machinery and equipment, other manufacturing, minerals, other transport equipment etc.," the commerce ministry said.

Food inflation fell to 6.85% in January, down from a four-month high of 9.38% in December, driven by easing prices of paddy, cereals, pulses, vegetables, onion, fruit and milk.

Steadying

WPI inflation remained in the negative territory between Apr-Oct last year



Source: Ministry of commerce and industry

SARVESH KUMAR SHARMA/MINT

6.85% food inflation in Jan 2024

Prices of non-food articles declined 6.56%, fuel and power prices fell 0.51%, while crude petroleum and natural gas prices accelerated by 0.20% during January.

Prices of manufactured goods declined 1.13% during the month.

The WPI had remained in the negative zone earlier, helped by a favourable base and falling commodity prices, according to economists.

It entered the positive territory in November due to increasing food prices and a fading base effect.

Easing prices of essentials like food and power impacted Jan inflation. HT

However, WPI is expected to ease in the coming months due to softening of global commodity prices.

"The uptick was led by items pertaining to fuel, food and crude, even as manufactured non-food items (core-WPI) remained in the deflationary zone for the tenth straight month. Looking ahead, the early data for January 2024 depicts a sequential fall in domestic prices of most food items, as well as a softening in global commodity prices," rating agency ICRA said.

9.38% food inflation in Dec 2023

"ICRA projects the WPI inflation to rise marginally owing to the base effect, but remain below 1.0% in January 2024 (+4.8% in January 2023), and print at sub-1.5% levels in February-March 2024, unless there is a sharp increase in global commodity prices," it added.

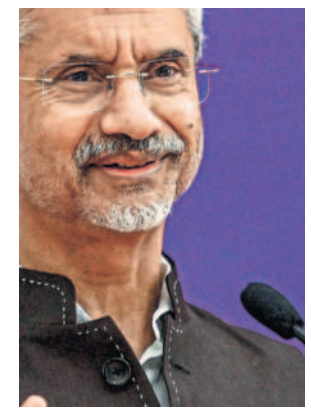
Meanwhile, the consumer price index (CPI)-based retail inflation fell to a three-month low of 5.1% in January.

December's retail inflation fell to 5.1% from 5.7% in November, aided by a slower rise in prices of food items like cereals, milk and milk products, fruits, pulses and spices.

It still remains above the central bank's target of 4%, but has stayed within its tolerance range of 2-6% for the fifth consecutive month.

In its latest rate-setting meeting in February, the Reserve Bank of India kept the policy repo rate unchanged at 6.5%. Regulating interest rates is a key instrument for the central bank to control inflation. A higher interest rate regime makes borrowing costs more expensive, which can reduce demand among banks, other financial institutions and even the general public to borrow money. Reducing the supply of money in the market can also bring down consumer spending.

India Ratings & Research said it expects wholesale inflation to come in at 0.5% in February 2024 and for RBI to maintain a pause on the policy rate in the near term.



External affairs minister S. Jaishankar. PTI

Jaishankar to skip G20 foreign ministers meeting

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External affairs minister S. Jaishankar will skip the G20 foreign ministers meeting later this month in Rio de Janeiro, due to a scheduling conflict with India's premier geopolitical conference, the Raisina Dialogue, people aware of the matter told *Mint*.

This is a significant development, given India plays a crucial role in the G20 as part of the leadership trio, including Brazil and South Africa, tasked with steering the organization's discussions and decisions throughout the year. The G20 meeting is set for 21-22 February, while the Raisina Dialogue takes place on 21-23 February.

Queries mailed to the ministry of external affairs went unanswered at press time.

The G20 functions under a troika system, comprising the organization's past, present and next presidents, designed to ensure continuity and coordination in addressing global challenges, as per a document by the Brazilian government which outlines its priorities for its G20 Presidency, which it took over from India on 1 December last year.

"The country that holds the G20 presidency is responsible for coordinating the group's agenda in permanent contact with the other members so as to respond to pressing issues on the global agenda. The other members of the troika provide support to the country that holds the presidency to ensure the continuity of policies and agendas," the document goes on to say, laying out the importance of the troika system.

This structure played a vital role during India's tenure, with support from Brazil and the preceding president, Indonesia.

With Jaishankar absent, minister of state for external affairs V Muraleedharan will represent India at the G20 meeting.

The clashing dates could see the Raisina Dialogue, known for attracting top diplomats from around the world, including many from G20 nations, missing out on high-level attendance this year.

'World needs govts that are clean, green'

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Prime Minister Narendra Modi on Wednesday made a pitch for inclusive, corruption-free governance at the World Governments Summit in the UAE. Modi is on a two-day visit to the UAE, his seventh to the Gulf nation since 2015.

"Today, the world needs governments that are clean, corruption-free and transparent. Today, the world needs governments that are green and serious about environment related challenges," Modi told his audience.

"I believe that the interference of the government in the lives of citizens must be minimal. It is also the job of the government to ensure this," Modi said.

"In my 23 years in government, my biggest principle has been 'minimum government, maximum governance'. I have always tried to create an environment that increases enterprise and energy among citizens," the Prime Minister said.

Modi pointed to his administration's successes in financial inclusion, direct benefit transfers, digital payments and

Prime Minister Narendra Modi addressing the World Governments Summit, in Dubai. PTI

women's reservations.

Modi also met with Sheikh Mohamed bin Rashid Al Maktoum, the UAE's vice-president and defence minister. The two discussed economic and trade ties as well as cooperation in technology and space. Modi also inaugurated the BAPS Hindu temple in Abu Dhabi, which is set to be among the largest temples in the region.

During the course of Modi's visit, India and the UAE signed 10 MoUs and agreements

During the course of Modi's visit, India and the UAE signed 10 MoUs and agreements, said foreign secretary Vinay Mohan Kwatra at a press briefing. These included agreements on financial technology, digital infrastructure, infrastructure and bilateral investment.

Among these agreements was a bilateral pact on the India-Middle East Economic Corridor, an ambitious connectivity project that was unveiled on the sidelines of the G20 Summit in September 2023.

IEA weighs India's bid to be full member

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The International Energy Agency (IEA) on Wednesday said that it is set to start talks on India's bid to be a full member of the organization.

"Ministers from the International Energy Agency's member countries agreed to start discussions with India on the Indian government's request to become a full IEA member, recognizing the country's strategic importance in tackling global energy and climate challenges," it said. Ministers from the 31 countries made the announcement in a joint communique.

Indraprastha Gas to look at acquiring renewable assets: MD

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State-run Indraprastha Gas Ltd (IGL) may look at acquisitions in the renewable energy space, particularly solar power, along with its core focus on city gas distribution, biogas and liquefied natural gas (LNG), said its managing director Kamal Kishore Chatiwal.

He noted that acquisition of solar assets would help make the company net zero.

"Capex will remain in the same range ₹1,500-1,600 crore in (FY25). If an opportunity comes for acquisition either in renewables, city gas distribution (CGD) space or any other, then we have the cash," he said, however, adding that there is no proposal available currently.

City gas distribution (CGD), biogas and LNG will remain the core focus of investment plans. "We are also looking for renewables, solar. It will also be helpful for our internal net zero plans," he said.

Promoted by Gail (India) Ltd and Bharat Petroleum

Kamal Kishore Chatiwal, IGL managing director.

Corporation Ltd (BPCL), IGL is a city gas distribution major and supplies CNG (compressed natural gas) and piped natural gas (PNG) across Delhi-NCR (National Capital Region) including parts of Uttar Pradesh, Haryana and Rajasthan.

Chatiwal said the company's target is to set up 80-90 CNG stations in the current financial year and a similar number in the next fiscal (FY25). In terms of PNG connections, he said that in the past five to six years, the company has expanded its PNG network from 750,000 connections to over 2.5 million.

IGL's target is to add 2-300,000 connections every year, he said.

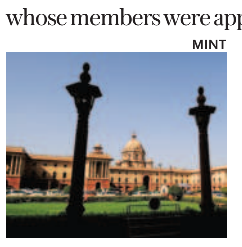
In a bid to diversify its operations, the company during the recently ended India Energy Week 2024 signed memorandums of understanding (MoUs) with technology partners to set up compressed biogas (CBG) plants across Delhi, Haryana, Rajasthan and Uttar Pradesh with an investment of about ₹6,000 crore. In May last year, the company had tied up with ACME Group to explore green hydrogen opportunities.

In the interview, Chatiwal also outlined plans to accelerate compressed biogas blending in its city gas distribution network. In November, the union ministry of petroleum and natural gas came up with phased mandates for CBG blending in CNG and PNG, saying the compressed biogas obligation would be kept at 1%, 3% and 4% of total CNG and PNG consumption for FY26, FY27 and FY28 respectively. Starting FY29 the obligation will be for 5% blending.

MINT SHORTS

Sixteenth Finance Commission holds first meet

New Delhi: The Sixteenth Finance Commission (SFC), whose members were appointed last month, held its first meeting on Wednesday to discuss the terms of reference and other matters, the finance ministry said in a statement. The SFC acknowledged the need for consultations with various stakeholders, including state governments. RHIK KUNDU



MINT

Defence ministry signs deal with Kanpur firm

New Delhi: The ministry of defence on Wednesday signed a ₹1,752.13-crore contract with a Kanpur-based firm for manufacturing and supplying 463 indigenously built 12.7 mm stabilized remote control guns for the Indian Navy and the Indian Coast Guard, officials said. This acquisition will provide further boost to the vision of "Aatmanirbharta in Defence", the ministry of defence said in a statement. PTI

Coal India to add new mines, expand existing ones

Singapore: State-run Coal India plans to start operations at five new mines and expand capacity of at least 16 existing ones to address growing demand for the fuel, its chairman P.M. Prasad said on Wednesday. India has increasingly relied on coal to address record power demand in recent months, with the rise in coal-fired power output outpacing renewable energy growth for the first time since at least 2019. REUTERS

Das asks banks to remain vigilant against risks

PTI

New Delhi: Reserve Bank of India governor Shaktikanta Das asked banks to remain vigilant against build-up of risks in the banking system saying there is no scope for complacency. The governor held meetings with MDs and CEOs of public sector banks and select private sector banks as part of the RBI's continuous interaction with the senior management of its regulated/supervised entities. PTI

Irdai proposes to increase 'free look' period to 30 days

ISTOCKPHOTO

New Delhi: Insurance regulator Irdai on Wednesday proposed to increase the "free look" period for return of policies to 30 days and make nomination mandatory for life policies. Currently, the "free look" period is of 15 days (30 days in case of electronic policies). PTI

Expert committee submits final report on reforms

Mumbai: The expert committee set up by the Centre on reforms in the Arbitration and Conciliation Act submitted its final report to the government on Wednesday. In June 2023, the government constituted an expert committee led by Dr T.K. Vishwanathan, former law secretary, to examine the working of the arbitration law in the country. PRIYANKA GAWANDE

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MINT SHORTS

Illumine-i secures $2M Series A money led by Anicut Capital

Bengaluru: Illumine Industries Pvt Ltd, which operates the sustainable design and engineering firm Illumine-i has raised around $2 million (₹17 crore) in a Series A funding round from Anicut Capital. The startup will use the funding to expand to new markets and focus on automation, digitization and improvement of asset capacity. Founded in 2015 by Nithish Sairam and Sudarsan Krishnan, Illumine-i started with a focus on designing low-voltage power plants. "In the next 12 months, our goal is to introduce tech-based solutions, which would directly translate into reduced risk, reduced cost and improved quality of assets for our customers," said Sairam, co-founder and CEO, Illumine-i.

Segwise raises $1.6M pre-seed round led by Powerhouse

ISTOCKPHOTO

Bengaluru: AI startup Segwise has raised $1.6 million (₹13.3 crore) in a pre-seed funding round led by Powerhouse Ventures. The round also saw participation from Antler India, Blume Ventures, Everywhere Ventures, Saka Ventures, and Untitled Ventures. The round also saw participation from Kunal Shah (Cred) and undisclosed executives from Microsoft, Amazon, SAP, Gojek, Flipkart, PhonePe and Groww, amongst others. Founded by former FamPay executives Brijesh Bharadwaj and Shobhit Gupta, Segwise is building AI Agents that can operate across all the layers of the product growth stack starting with monitoring data for opportunities and issues to eventually running growth experiments.

Scandalous Foods wraps up pre-seed round, secures $361K

Bengaluru: Scandalous Foods has closed its pre-seed funding round at $361,209 (₹3 crore). The startup raised the funding in two tranches. In the most recent tranche, the startup raised ₹1.4 crore from the Indian Angel Network (IAN), along with angel investors Arjun Vaidya of V3 Ventures, Ajay Mariwala, the managing director of VKL and FSIPL, and Sushma Gupta. Earlier, in December, the startup raised ₹1.6 crore from a host of investors including early-stage firms like Anthill Angel Fund, EvolveX, Value360 and Sapphireink Ventures along with angel investors Sagar Daryani, the founder of Wow! Momo, We Founder Circle's Vikas Aggarwal, celebrity chef Harpal Singh Sokhi and Kamnaa Aggrawal.

COMPLIED BY K AMOGHAVARSHA

Aye Fin expects 55% AUM growth in FY24

Eyes IPO in FY26 with AUM expected at ₹5,500 crore by March 2025

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BENGALURU

Aye Finance, a fintech startup, expects its assets under management (AUM) to escalate to ₹4,200 crore by the year end, before touching ₹5,500 crore by the end of 2024-25 (FY25).

This growth trajectory will pave the way to consider an initial public offering (IPO), Sanjay Sharma, the company's founder and managing director, said.

"We will look at it (IPO) not in the next financial year, but the year after that. So we're talking about FY26, where we will definitely look at plans where we could come out with an IPO," he said.

The Gurugram-based company has seen a rapid growth in its portfolio from ₹2,700 crore at the beginning of the year to approximately ₹3,900 crore. It expects to close FY24 with 55% growth in AUM at ₹4,200 crore.

Taking heed of the Reserve Bank of India's (RBI) warnings about the economy overheating, Aye Finance has prioritized cautious, selective funding while maintaining a healthy 50% annualized growth rate, Sharma added.

It has clocked a net profit of ₹125 crore during the April-December period, and expects the full-year profit of around ₹160 crore. Revenue for the period stood at ₹751 crore. In FY23, operating revenue rose 44.5% from a year earlier to ₹623 crore, with net profit at ₹54 crore.

"We have been consistently delivering 19-20% return on equity (RoE) through the year and I think at the end of the year, we will demonstrate delivery of 19-20% RoE," said Sharma.

Serving over 800,000 micro enterprises since its inception, the company has disbursed 275,000 new loans this year, maintaining an active customer base of around 400,000.

Serving over 800,000 micro enterprises since its inception, the company has disbursed 275,000 new loans this year.
FACEBOOK/AYE FINANCE PVT LTD

Having raised total funding of $135 million, including $37.18 million led by British International Investment recently, the company continues to support small and micro enterprises across India.

Sometimes customers do look at ₹3-5 lakh sort of loans or higher for setting up some new business or expanding a business."

According to Sharma, this year loans which are in the ₹3-5 lakh range have been higher than in FY23. The company will target 45% growth in FY25 because the market is very large, said Sharma.

"We are at a very initial stage of covering the market. So, we are nowhere close to a saturation of the market. The estimate is that there are more than 70 million small and medium enterprises and most of them are without any sort of funding. We are the largest provider of business loans to this segment and we have done 800,000 loans. So, when you compare 800,000 against the 70 million, the market is still very large and there is huge room for us to grow," Sharma added.

GROWTH PLAN

AYE Finance witnessed a 10-15% year-on-year rise in the average loan size for FY24

IT clocked a net profit of ₹125 crore during April-Dec, expects full-year profit of ₹160 crore

LOANS which are in ₹3-5 lakh range have been higher this year and Aye expects 45% growth in FY25

Sharma said Aye Finance witnessed a 10-15% year-on-year increase in the average loan size both for mortgage-based and unsecured loans for FY24, indicating a growing demand for larger loans for business expansion.

"Our typical loan size is ₹1-2 lakh, which typically suffices as a working capital loan.

Moove raises $10mn debt from Stride for expansion in India

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Nigerian mobility fintech startup Moove on Wednesday said it has secured $10 million debt funding from Stride Ventures to expand its India operations.

According to a statement by the company, Moove has raised debt funding from external sources in India for the first time.

It is looking to use the capital to strengthen its presence by expanding to cities such as Delhi, Pune, and Kolkata, and scaling its fleet to over 5,000.

The company, with its India business based in Gurugram, is present in Bengaluru, Mumbai and Hyderabad. Moove was launched a year ago. "Our vehicles have completed over 4.2 million trips, significantly impacting the Indian mobility space," Binod Mishra, regional managing director, India and South Asia, Moove, said.

Moove, Uber's largest supply partner in Europe, Middle East and Africa, launched its India operations by partnering with the US-based ride-hailing platform in 2022. The startup was founded in 2020 by Ladi Delano and Jide Odunsi, two British-born Nigerians who studied at the London School of Economics, Oxford University and MIT.

At present, the firm operates across nine markets in the Middle East, Africa, Europe, and Asia. Moove offers revenue-based vehicle financing to mobility entrepreneurs across the continent. It embeds alternative credit-scoring technology on ride-hailing platforms, enabling the firm to underwrite loans for customers who have traditionally faced exclusion from financial services.

The firm is present in Mumbai, Hyderabad and Bengaluru.

The startup raised $23 million Series A money in August 2021. In 2022, it raised $105 million in an oversubscribed Series A2 round that included a debt of $40 million from the likes of Speedinvest, Left Lane Capital, AfricInvest, MUFG Innovation Partners, Latitude and Kreos Capital.

It also raised $76 million in August 2023 from investors led by Abu Dhabi sovereign wealth fund Mubadala Investment Co. and US asset manager BlackRock. Back then, it said it raised over $335 million since inception across equity and debt.

VCCiRCLE

Stride Ventures, led by its founder and managing partner Ishpreet Gandhi, marked the first close of its third fund at $100 million (or ₹821 crore) last year. So far, it has invested in more than 100 startups from its first two funds.

Some of its portfolio companies include The Good Glamm Group, Mensa Brands, Zepto, Sugar Cosmetics, Yubi (CredAvenue), Uni, Upstox, WayCool, BluSmart, MensaBrands, MediBuddy, Wiz Freight, Perfios, Moneyview, VideoVerse and Groyyo.

Index	Close	Percent change	Previous close	Open	High	Low
S&P BSE Sensex	71,822.83	0.37	71,555.19	71,035.25	71,938.59	70,809.84
Nifty 50	21,840.05	0.45	21,743.25	21,578.15	21,870.85	21,530.20
Nifty 500	19,922.30	0.70	19,782.90	19,618.10	19,943.75	19,579.20
Nifty Next 50	57,672.40	1.37	56,893.05	56,477.15	57,806.70	56,274.70
Nifty 100	22,313.40	0.59	22,181.60	22,014.15	22,336.85	21,972.30
S&P BSE Mid-cap	39,255.92	1.26	38,765.87	38,454.92	39,362.20	38,270.65
S&P BSE Small Cap	44,796.59	1.16	44,284.48	43,827.61	44,844.79	43,677.73

MINT SHORTS

Weak German economy pulls east European countries down

Economic weakness in Germany hit European Union's east in the fourth quarter, raising concerns about the pace of recovery expected this year. Romania's gross domestic product unexpectedly contracted 0.4% from the previous three months, defying expectations for an expansion. Growth stagnated in Hungary and Poland. The performance of three of the region's four biggest economies is the latest demonstration of how strongly their fortunes are tied to Germany. Europe's biggest economy is the main trading partner for the countries of the EU's east, accounting for between a fifth and a quarter of their exports. For this year, the region will be looking to domestic consumers for a lifeline. Germany also enters a second post-pandemic year with expansion anticipated to turn out feeble at best. "We see private consumption regaining its strength," said Juraj Kotian, a Vienna-based economist at Erste Group Bank AG. BLOOMBERG

The influx of funds into credit markets is giving fund managers plenty of money to invest. ISTOCKPHOTO

Inflow of capital shields most investors amid rising risks

The wave of money making its way into the credit market is acting as a shield for investors against every negative scenario, even the prospect of ever-fewer central bank cuts this year. Risk premiums on high-grade and junk bonds fell Tuesday despite hotter-than-expected US consumer-price rises and pushed prospects for the Federal Reserve's first rate cut firmly into the summer. The continued strength of corporate-bond spreads underscores the numbing effect of persistent flows pouring into credit funds, making managers flush with cash that needs to be invested. Even a blow to the main driver of bullish expectations for bond returns this year — interest-rate cuts by central banks as the battle against inflation approaches its end—is not enough to dent it. "The overriding driver for the US and European credit markets has been big fund inflows," said Annabel Rudebeck, head of non-US credit at Western Asset Management. They are likely to continue. BLOOMBERG

Poor demand from IT hiring dulls Info Edge

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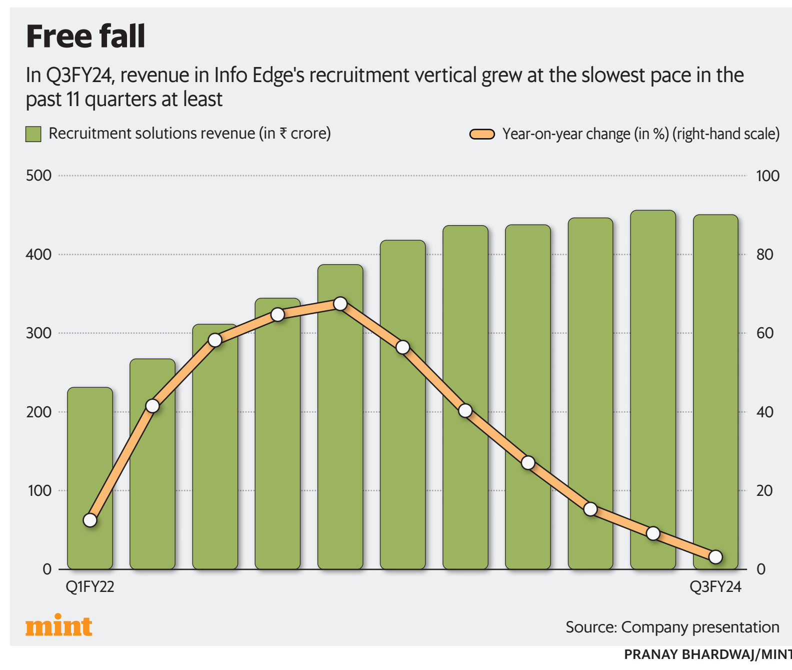

PRANAY BHARDWAJ/MINT

The information technology sector remains the Achilles heel of Info Edge (India) Ltd. The company's recruitment business, including Naukri.com, derives about half of its revenue from the IT sector, wherein demand has been subdued for a while.

Info Edge's December quarter (Q3FY24) results met expectations, but its uncertain outlook has left investors jittery. Info Edge's shares are down by over 5% over the past two days, following its Q3 results.

The Naukri JobSpeak index—a measure of white-collar hiring across India—shows that recruitments by the IT sector fell by 21% year-on-year during Q3. Still, healthy demand trends in non-IT sectors, such as healthcare, manufacturing and BFSI (banking, financial services, and insurance), restricted the fall in the JobSpeak index to 14% in Q3.

Info Edge's recruitment business revenue, as a result, grew 3% year-on-year, its slowest pace in at least 11 quarters.

The recruitment business also faces margin headwinds. In Q3, pretax profit margin stood at 57.6%, down 390 basis points year-on-year.

"We believe negative operating leverage and continued spends on new products (such as Jobhai) impacted margin print," Kotak Institutional Equities said in a report. (Jobhai.com is a recruitment platform for blue-collar hiring)

Moreover, Info Edge is expanding its network into tier-2 and tier-3 cities, and investing in artificial intelligence and machine learning to improve user experience. This translates into more pressure on the segment's margins.

"We contend the IT business headwind should start to moderate, going forward, given lower than historical attrition and higher than pre-covid utilization," said Nuvama Research analysts in a report on 13 February.

For other verticals, Info Edge is seeing strong traction. Its real estate business, 99acres.com, clocked year-on-year revenue growth of nearly 22% in Q3. The company noted that despite a considerable rise in home prices, demand from customers remained strong.

Demand, in fact, was ahead of supply, and billing growth was led by a rise in brokers' engagement on the platform. However, the business is still in the red, and Info Edge aspires to break even in the next year. For its matrimonial website, Jeevansathi.com, the company has seen an increase in traffic, helped by offering paid services free of cost. It aims to focus on improving its monetisation strategy and driving healthy growth in billing. But the competitive landscape is tough, and other top players are seeking to expand their market share. For education website Shiksha.com, Info Edge sees opportunities for growth following the establishment of more private universities in India.

But both the businesses are currently running in losses.

All said, the fortunes of the IT sector need to improve to brighten Info Edge's earnings prospects. "We trim Naukri revenues by 3-4% and Ebitda forecasts by 4-7% for FY25-26E though overall earnings per share remains unchanged on lower losses from other segments," Kotak said in its report. Meanwhile, with the Info Edge management investing prudently, some of its current bets should scale up over the medium-to-long term, thereby contributing to the group's valuation, said analysts at Motilal Oswal Financial Services in a report on 14 February. Among listed companies, Info Edge holds about a 14% stake in Zomato Ltd and a 13% stake in PB Fintech Ltd. The market capitalisations of these companies have risen sharply over the past year, thus having a positive bearing on Info Edge, whose shares have gained by over 45% in the same period.

TAKING STOCK

THE recruitment biz, including Naukri.com, derives half of its revenue from the IT sector

THE fortunes of IT sector need to improve to brighten Info Edge's earnings prospects

OTHER businesses such as 99acres.com and Jeevansathi.com are seeing strong traction

Why Phoenix Mills investors are in wait and watch mode

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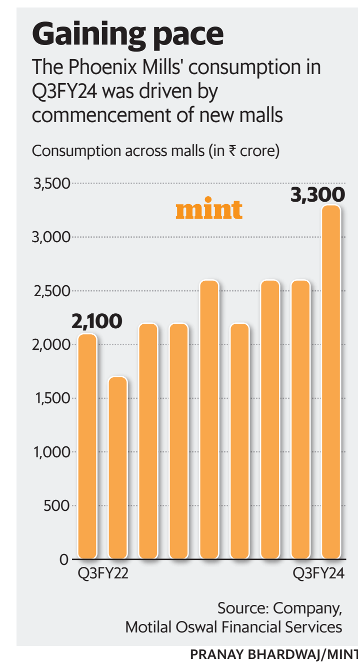

PRANAY BHARDWAJ/MINT

The opening of four new malls pushed The Phoenix Mills Ltd's consolidated revenue up 44% year-on-year in the December quarter (Q3FY24). Consumption, a key metric for the mall developer and operator, rose 24% to ₹3,296 crore. Like-to-like consumption was softer, up 5%. This can be partially due to the usual quarterly shift in the festive season. Like-to-like growth is adjusted for Phoenix Citadel, Phoenix Palladium Ahmedabad, Phoenix Mall of the Millennium and Phoenix Mall of Asia, which opened in December 2022, February 2023, September 2023 and October 2023, respectively, and the impact from closure of Lifestyle block for renovation at Phoenix Palladium Mumbai.

During the nine-month ended December, consumption was ₹8,500 crore. In an earnings call, the management said that retail consumption stays robust and expects to end FY24 with a consumption of ₹11,300-11,500 crore. It anticipates the measure to grow at a compound annual growth rate of 15% over the next five years. So, 2.65 million square feet of new retail assets will be ready by 2027 end.

Phoenix Mills is showing better traction in the office leasing segment, which was visible in Q3FY24. Office assets in Hebbal, Whitefield (Bengaluru), Wakad (Pune) and Chennai may become operational in FY24-FY27.

Investors should remember that Phoenix Mills stock remains a play on consumption trends

As the company plans completion of new retail assets and expansion of its commercial portfolio, it expects to incur capital expenditure of ₹2,500 crore each in FY24 and FY25.

Phoenix Mill's net debt is ₹1,634 crore as of December 2023. With a strong pipeline of assets, management expects debt to rise a bit, although operational cash flows should suffice to cover capex plans.

However, investors should remember that Phoenix Mills stock remains a play on consumption trends. "The consumption trajectory in retail assets and occupancy in office and hotel assets are linked to economic growth. A slowdown in economic growth can adversely impact performance of these assets," a Nuvama Research report said.

Plus, valuations are hardly enticing as potential benefits of expansion thrust seem to be factored-in, specially after the stock's 98% rally in the last one year.

"The commissioning of four new malls in 12 months should aid earnings growth in the near term, while a strong pipeline of retail and commercial assets should support medium-term growth," said Kotak Institutional Equities analysts. However, valuations at 17x attributable EV/Ebitda on FY26 estimates appear full, according to Kotak.

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

IT cos soar, dull entry for SFBs in IPO mkt

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Two out of three stocks that listed during a volatile trading session on Wednesday opened below their IPO prices with only one opening at a premium and having closed higher, leaving investors looking for listing gains disappointed.

While Rashi Peripherals Ltd, a distributor of technology brands, managed to open above its issue price and closed higher, the two small finance banks, Capital Small Finance Bank and Jana Small Finance Bank Ltd, opened below their IPO prices.

Mumbai-based Rashi Peripherals opened at ₹339.50 per share on the NSE, well above its issue price of ₹311. The stock climbed further, reaching a high of ₹342.70, before closing at ₹321.50. This positive response came after strong investor interest, with the IPO subscribed 59.71 times and exceeded the grey market premium, which had dropped from ₹83 on 8 February to ₹34 on Wednesday.

Capital Small Finance Bank opened at ₹430.25 apiece on the NSE, below its issue price of ₹468. The stock dipped by 10% intraday to ₹421, before closing down 7% at ₹435. Similarly, Jana Small Finance Bank opened at ₹396, below its issue price of ₹414, and even touched ₹365, a 12% decline. Despite Capital's IPO being subscribed 4.17 times and Jana's 18.50 times, the listing

Rashi Peripherals opened above its issue price and closed higher. ISTOCKPHOTO

was a tepid one.

"The primary market is currently buoyant, but investors should be cautious in volatile and consolidating markets. For IPO stocks with stretched valuations, profit booking might occur, especially when quarterly results are awaited," Kranthi Bathini, director of Equity Strategy at Wealth Mills Securities Pvt Ltd told *Mint*.

"However, if recent listings deliver better-than-expected results, these stocks can rebound. Investors who took positions for long-term investment can hold, while those seeking listing gains can consider booking profits when the stock bounces back," he added.

Among these companies, Jana Small Finance Bank has the lowest P/E trailing ratio of 10.15 times. Rashi Peripherals has a P/E trailing ratio of 14.23 times, and Capital Small Finance Bank has the highest P/E trailing ratio of 19.35 times.

Adani Green plans to raise $500 mn

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Adani Green Energy is likely to raise $500 million by issuing dollar bonds in March, two officials aware of the plans said, making it the first Adani group company to return to the overseas bond market in a year.

"The company is doing the groundwork and talking to investors to get a sense on pricing," said a foreign banker, who is a part of the discussions.

"Once there's more clarity on pricing and demand, they will finalise the details and tap the market," the banker said.

Part of Indian billionaire Gautam Adani's ports-to-power conglomerate, Adani Green is likely to use some of the proceeds from the proposed bond issue to refinance existing debt that will mature this year, the officials said.

Both the officials and the banker spoke on condition of anonymity as they are not authorised to speak to media. Adani Group did not respond to *Reuters'* email for comment.

A report by US short seller Hindenburg Research in January last year had led to a sell-off in stocks and overseas listed bonds of Adani group companies, forcing them to retreat from the foreign currency bond market and buyback $315 million of listed overseas debt securities.

RBI halts commercial use of credit cards

FROM PAGE 1

ments to vendors or merchants. Before fintechs entered with new products, companies used to make individual payments to their vendors and suppliers on a daily, weekly or even monthly basis through traditional banking channels. Then, the BPSPs took on the job of distributing these payments on behalf of the company.

Banks issue cards based on the KYC details of companies, but there is no such check on the merchants who receive these payments, the second person cited above added.

According to a third official, a senior private sector banker, transactions may not be affected as corporates would shift these card payments to

The exact reason for RBI's abrupt move is not known. MINT

alternate banking channels like RTGS or NEFT.

The central bank likely suspects that some entities use the BPSP route to transfer amounts to individuals without KYC instead of merchants, a fourth person said.

While the circular refers to commercial cards, there are retail use cases, too. For instance, an individual cannot pay another using his credit or debit card, but has to use fund transfers or the ubiquitous UPI (Unified Payments Interface). However, some fintechs were allowing such payments where a person would pay rent through their credit card to a fintech, which would then send it to the landlord. In this case, the landlord is not a registered merchant and therefore cannot accept card payments.

"Banks have not received any directions from RBI on this, but it is soon expected since the cards being used to make commercial payments belong to banks," said the banker cited above.

A spokesperson for Visa said in a statement that it received a communication from RBI on 8 February, in what appears to be an industry-wide request for information on the role of BPSPs in commercial and business payments. "That communication included direction that we hold all BPSP transactions in abeyance," the spokesperson said.

"It is important to note that BPSPs are regulated and licensed by the RBI under the PA/ PG (payment aggregator/ payment gateway) guidelines. Visa is proactively engaged and continues to be in discussions with the RBI and our ecosystem partners to ensure compliance. If you have further questions, those may be better directed to the BPSPs."

Emails sent to RBI and Mastercard remained unanswered.

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Wild Wednesday sees bulls turn tables on bears in last hour

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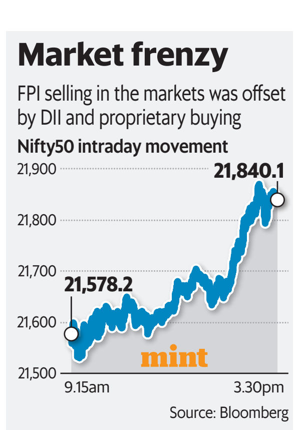
Public sector undertaking financial institution Ireda symbolised wild Wednesday, which saw the market swing widely as bulls and bears slugged it out. The stock opened at the lower circuit and recovered to close at the upper circuit as the market rose from being in the red to close well in the green. The biggest casualty of the 340.65-point swing between the day's high and low was the call seller who was taken to the cleaners.

The Indian Renewable Energy Development Agency Ltd (Ireda) stock opened at ₹154.05, 5% lower than its previous close of ₹162.15, but recovered in the last half hour of trade to close up 5% at ₹170.25. The rise from the lower circuit happened as bulls turned the tables on bears in the last hour of trade. The Nifty, which opened down three-quarters of a per cent at 21,578.15, fell to a low of ₹21,530.2, and remained in the red until 2:30 pm—market runs from 9:15 am-3:30 pm—recovered and closed higher by two-fifths of a per cent at 21,840.05.

The markets were propped



SARVESH KUMAR SHARMA/MINT

up by domestic institutional investors (DII) and proprietary buying in the last hour of trade, which offset the FPI selling. While FPIs sold a provisional ₹3,929.6 crore worth of shares, DIIs purchased ₹2,897.98 crore. While figures for BSE showed prop buying of ₹305.84 crore and retail selling of ₹813.46 crore, the similar figures for NSE were not available. But, analysts said that they would have purchased to enable the indices close in the green.

"The bears strove hard to keep the market below the 21,500 mark, but couldn't withstand the counteroffensive from the bulls which enabled the Nifty to close 310 points higher by closing," said Kruti Shah, quant analyst at Equirus. "The market is likely to veer in a range of 21,500-22,126.80 (the record high)."

"A fall below the 40-day exponential moving average of 21,489 would have accelerated the selling, but that wasn't to be," said Rohit Srivastava, founder of IndiaCharts.

So far this calendar year, FPIs have sold shares worth ₹31,963.6 crore, including Wednesday's provisional figure, while DIIs have purchased ₹40,288.67 crore.

The stellar recovery by the market caused deep losses to call option sellers who had sold Nifty calls at 21,800 level.

The price of that option rose from a low of ₹15.15 a share (50 shares make one contract) to close at ₹124 a share, an intraday jump of 718%. Call option sellers who are bears were forced to close out their positions by buying the option back which accelerated the price rise in the last hour of trade, said Chandan Taparia, senior vice president (derivatives research), Motilal Oswal Financial Services.

The volatility caused equity futures and options turnover to hit a record daily high of ₹749.29 trillion. Notional F&O turnover so far this fiscal is up 79% to ₹68,305 trillion from FY23.

Cap lease rate at 40% upon renewal: MROs

Lease rentals account for 10–15% of the annual cost of running MRO units

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India's aircraft maintenance, repair, and overhaul (MRO) units have sought a reduction in rental rates at which the government renews their land leases, *Mint* has learnt.

"The industry has sought intervention by the civil aviation ministry on lease rentals for the MRO industry. The norms state that a new allotment of Airports Authority of India (AAI) land is approved at 40% of prevailing land lease rates for MRO companies. However, the rates during the renewal of leases are elevated, crossing even 100% of prevailing rates," an industry executive told *Mint*, on the condition of anonymity.

Currently, the ministry has fixed the maximum leviable lease rate for MRO companies at 40% of the prevailing price at the time of allocating land through tender.

The industry representatives want that the lease rate be capped at 40% at the time of renewal, the executive added. The heavy lease rentals have become a major concern for MRO companies at airports such as Mumbai, Delhi, Bengaluru, Hyderabad, and Mumbai.

Depending on the location of the airport, lease rentals account for 10–15% of the annual cost of running an MRO unit, industry executives said.

A civil aviation ministry spokesperson said that the issues related to high lease rentals have been raised by the MRO industry, and while rentals are determined based on tendering process at AAI airports, rentals are determined by two private parties—the MRO and the airport operator.

Rent and services constituted 7.8% of the overall revenue of AAI in FY20, which rose to 17.8% in FY21 as total revenue fell due to covid disruptions, before slipping to 4.3% in FY23, when the authority reported a revenue of ₹12,172 crore.


The heavy lease rentals have become a major concern for MRO companies at airports such as Mumbai, Delhi, Bengaluru, Hyderabad, and Mumbai.. BLOOMBERG

$4 bn
Expected size of MRO industry in India by 2031

Currently, the MRO industry in India is nascent. It was pegged at $1.7 billion in 2021, and is expected to reach $4 billion by 2031, at a compounded annual growth rate of 8.9%, compared with the expected global average of 5.6%, according to Deloitte.

The industry has also written to the civil aviation ministry on the challenges faced on account of a high integrated goods and services tax (IGST) rate on some items.

To be sure, GST rate on maintenance, repair, and overhaul services in respect of aircraft, aircraft engines, and other aircraft components or parts was reduced to 5% in 2021 from 18% earlier, but it was also specified that the nomenclature of accessories used under MRO services should not be included elsewhere. IGST is levied on interstate supplies of goods and services, and collected by the Centre before being shared with the states involved.

"This results in a high IGST for certain items such as a coffee maker, paint, and lubricants which find usage in non-aviation industry as well. In the aviation sector, these items incur heavy cost for purchase and maintenance and, thus, have a wide gap in the cost structure from non-aviation industries. For example, an aircraft coffee maker can cost around ₹400,000–500,000, while a household one costs ₹5,000–10,000. Hence, the industry ends up paying 12–28% IGST and not 5%," a top executive at an MRO company said.

Thus, the industry has requested the civil aviation ministry to initiate discussions with other relevant ministries for a classification of such items that are used commercially in the aviation sector, and provide IGST relief.

The civil aviation ministry spokesperson told *Mint* that the nomenclature issue for classification of aircraft parts under HSN Code 88 or related to aircraft, spacecraft, and parts thereof have been duly taken up with the ministry of finance as IGST issues are decided by the GST Council.

Recruiters prefer MBAs with experience

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Business-school graduates with work experience are at an advantage compared to their peers who have never worked before, at a time of sluggish campus placements. Leading management colleges and companies say inducting candidates who know how to meet corporate demands and are aware of the latest management skills are preferred over novices.

"When there are rapid changes in the business environment, companies want people who have the latest skills and corporate experience. They need senior management who can think out of the box and prefer a recent MBA graduate with work experience to someone who completed the degree a few years ago," said Amit Karna, chairperson for PGPX at IIM-Ahmedabad. PGPX is a one-year, full-time MBA programme for management executives. Karna highlighted that since the pandemic, the unpredictability has eliminated concepts like five-year plans in companies that are now replaced by short-term goals.


Leading management firms say inducting candidates who know how to meet corporate demands are preferred over novices. MINT

Consulting firm Deloitte, which is one of the top recruiters at B-schools, explains why a work experience makes the cut.

"Employers are becoming increasingly selective in their campus hiring process and prefer talent with prior experience on account of the looming global slowdown," said Neelesh Gupta, director, Deloitte India. "The tilt towards [candidates with] relevant prior experience is because of better readiness and a shorter acclimatization period. Our analysis indicates that infant attrition (attrition within one year) is lower for talent with experience," he added.

The analysis he referred to was from the Deloitte Campus Study, placement cycle 2023-covering over 150 firms and 200 campuses in India.

According to IIM-Ahmedabad's placement data, about 140 students in the PGPX batch of 2023 had work experience ranging from 4 to 16 years, and "recruiters visited the campus to hire candidates for their middle and senior management positions".

The 2024 batch at B- schools is nearing the placement season. Instances of newer subjects at IIMs include analytics and digital courses, and learning more about the clash between different sectors, such as FMCG and e-commerce, and how firms re-strategised after two years of the pandemic.

"Students with work experience can make quick, data-driven decisions. Companies opt for students with work experience as they are much quicker when it comes to understanding and managing businesses," said Kiran Neti, director, career advancement services, Indian School of Business.

Yet, this does not mean there are no opportunities for freshers. "The preference for students with work experience varies among recruiters, and [hiring] is not solely dependent on this factor. Ultimately, the hiring decision depends on the specific needs and dynamics of each company," said an IIM-Indore official.

SpiceJet to deliver leased engine in Brussels

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Troubled low-cost airline SpiceJet has informed the Delhi High Court that it is prepared to return a leased engine to its lessor, Engine Lease Finance BV, in Brussels, Belgium, at its own expense, following failed settlement talks between the two parties.

The court has asked both SpiceJet and the lessor to nominate a third-party agency to inspect the engine's condition before it is flown back to Brussels. It has also ordered that the engine be kept in its current condition for inspection, in accordance with the aircraft engine general agreement.

Both sides are yet to nominate a third-party agency for the inspection. This case will next be heard on Monday.

SpiceJet and the lessor have been asked to nominate a third party to inspect the engine's condition

The lessor had approached the high court to hold SpiceJet responsible for covering the costs of returning the engine and restoring it to a usable state. The lessor claims the engine is currently unfit for service and cannot be returned to Europe, alleging SpiceJet's negligence in maintaining it.

SpiceJet denies these accusations, citing normal wear and tear as the cause of the engine's current condition.

Engine Lease Finance had moved to court in December after unsuccessful settlement talks with SpiceJet, alleging partial payments and failure to meet the terms of their agreement.

In October, SpiceJet had agreed to pay over $2 million by 25 January and return the leased engine by that date.

Engine Lease Finance had initially approached the court in September, stating that it had terminated its lease with SpiceJet and received back eight of the nine engines.

The lessor sought a court order to restrain SpiceJet from using the one engine that had not been returned after the termination of the lease.

According to the agreement, SpiceJet cannot use the engine once the lease ends.

SKOCH RATINGS

INDIA'S HONEST INDEPENDENT ASSESSMENT

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SKOCH STATE OF GOVERNANCE

By Sameer Kochhar

In the run-up to the elections, the most strident debate is about economic outcomes. At SKOCH, our prism is the quality of growth. We define inclusive growth as spatially dispersed, job-generative, equitable, and now also sustainable growth.

Does High GDP Reduce Poverty?

We have a fascination with GDP growth numbers. In the public psyche we conclude that high GDP equals low poverty and more jobs. Unfortunately, there is no such correlation. In some of the highest growth years of the Indian economy, there was miniscule reduction in poverty and no growth in jobs.

Poverty reduction depends on the distribution of the growth and it is perfectly possible to have poverty-reducing or job-generative growth at a lower rate of GDP growth. The current argument on growth rates is irrelevant to both inclusive growth and poverty reduction.

Spatial Distribution

The second fascination we have is with the macroeconomic indicators. India's NDP CAGR over 2014-23 is 9.10%. The NDP does not reflect the spatial distribution of economic activity.

An analysis of the decadal National State Domestic Product (NSDP at current prices) of Indian states between 2014-23 shows that the states grew between a CAGR of 6.75% to 12.22%.

While Madhya Pradesh tops the list of states registering maximum growth, the second spot is bagged by Sikkim followed by Telangana. Jharkhand occupies the bottommost space.

In reduction in Multidimensional Poverty, #1 space is with Bihar (#18 CAGR NSDP); Kerala is at the lowest #33 (#23 CAGR NSDP).

There is a much faster decline in MPI in Aspirational Districts, down to 26% in 2019 vs 41% in 2015-16.[1]

When we talk about the spatial dispersal of NSDP, no state has been left behind.

Did Growth Kick-start Economic Activity?

Beyond spatial dispersal of growth, what is important is the job-generative and poverty-reducing economic activity that it brings along. For this, the first indicator would be Financial Deepening.

Financial Deepening

Financial Deepening denotes a wide array of changes in the financial sector accompanying economic development. These changes include loosening credit constraints, intensive use of external finance, fewer distortions in the credit market and a general increase in financial activity. India's Financial Deepening Index score went up from 19.71 in 2013-14 to 31.85 in 2021-22.[2] Two key parameters for spatial dispersal as well as deepening of the market are growth in Assets Under Management (AUM) and growth in insurance premiums.

The national CAGR of AUM for Mutual Funds for the period 2014-2023 is 14.39%. Mizoram has been on top with 28.98%, with Rajasthan at the bottom at 8.15%.

There has been an upward movement of insurance premiums collected during the period 2014-2023. Here Madhya Pradesh has done the best at 20.44% and Tripura the worst at 0.87%.

For Financial Deepening, all states have shown positive growth, no state has been left behind.

Credit Outreach Gap

The second indicator of inclusive growth activity is a reduction of the credit outreach gap.

In 2001, there were acute credit outreach gaps widespread across the country, with the overall credit outreach gap being 94.9%. Since then, only marginal progress was seen till 2015, with an overall decline of only 6.22%.

In 2005, the Rangarajan Committee Report showed that 255 districts faced a critical credit gap of 95%. As per SKOCH analysis, in 2022 that number reduced to 28.

There has been considerable progress since 2015. In 2022, the overall credit outreach gap has reduced to 76.68% - a decrease of 12.01%. The average for Aspirational Districts is 88.33%. The growth has been spatially dispersed and inclusive.[3]

Has this Economic Activity been Equitable?

The third fascination that we have is in defining poverty every time the question of inclusive growth comes up. Defining poverty is a very complex task more so defining and measuring it in money terms. Oxford and UNDP developed a Multidimensional Poverty Index against which all countries are rated and ranked.

SKOCH report shows that there has been a reduction in MPI between 2015-16 and 2019-21. It says, Bihar has made maximum improvements and the change during the period has been -0.105, with Madhya Pradesh at #2, followed by Uttar Pradesh. Overall, the MPI of states reduced between -0.105 and -.001 in 2015-16 and 2019-21 respectively.

There is a positive correlation between access to credit and growth in NSDP at 0.52. There is a negative correlation between growth in NSDP and reduction in MPI at -0.22. Similarly, the correlation with change in Poverty Headcount is -0.23.

The universal improvement in MPI denotes that what we are witnessing are bottom up approach and not trickle down, this is important for inclusivity.

Has this Growth Generated Jobs?

This perhaps is the most contentious debate and with statistics being what they are, we need to look at some proxies.

The number of SHGs formed moved up from 5.61 crore in 2018-19 to 8.53 crore till March 2023 (CAGR 8.74%). This number as on February 2024 has gone up to 9.16 crore. This denotes a net addition of 3.54 crore SHGs in the last five years (2018-23). Each SHG provides livelihood to 10-20 people.

PMMY has had a considerable job-generative impact. SKOCH report 'MUDRA Scheme: a Game Changer Initiative on Job Creation' released in 2017 showed that between April 2015-March 2017, there has been an incremental increase in the number of jobs to the tune of 1.7 cr.[4]

It showed, out of the total jobs created, 47.77 percent were created under the SC, ST and OBC sections.

The PMMY has, between 2015-23, disbursed Rs 23 lakh crore, averaging to an annual growth of 20.45%.

Several national-level schemes including PM SVANidhi Yojana, Ayushman Bharat, Atal Pension Yojana have had a deeper impact on poverty nationally.

Launched in June 2020, PM SVANidhi Yojana, a micro-credit scheme for urban vendors that aims to provide collateral-free loans up to Rs 50,000 has till 14 February 2024 benefitted 6.08 crore beneficiaries. The total loan disbursed under the scheme stands at Rs 10,657.38 crore.

These proxies coupled with field visit of our own teams reassures us that there is job generation and no state is being left behind.

Social Sector Expenditure

The fifth fascination is with the growth in social sector expenditure. In the era of competitive welfarism, this number itself is meaningless unless the outcome can be measured.

Quality of governance and social expenditure are important. As per SKOCH Social Sector Expenditure Report, which used 12 different indicators, between 2014-23, Telangana is #1 in terms of CAGR of 19.23% in social sector expenditure. Manipur bags the second spot and Jammu & Kashmir comes third with 17.93% and 17.39% respectively. Mizoram is lowest at 6.06%.

This data has to be looked at in conjunction with social sector outcomes. SKOCH Social Inclusion Index is the only national timeline study that captures social sector as well as governance outcomes using project level primary data.

What can be Measured Beyond Doubt?

SKOCH has a consistent history of measuring governance outcomes based on project-level studies and primary data. SKOCH has also been studying the impact of Social Sector Outcomes in making growth inclusive. This is done through project-level studies.

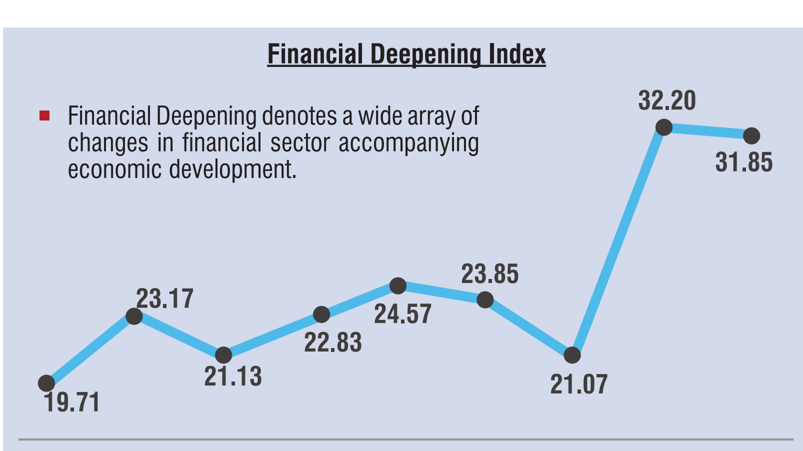
Current assessments have been based on a deeper study of 1,866 projects from states that were analysed between 2014-19 and 2,813 projects between 2020-2023. These projects were identified and submitted by respective governments.

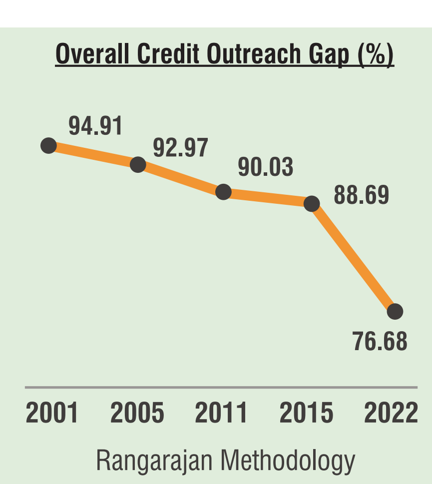
In an era of data that is regularly questioned, SKOCH can bring to the table data and analysis that is considered honest, non-partisan and reliable.

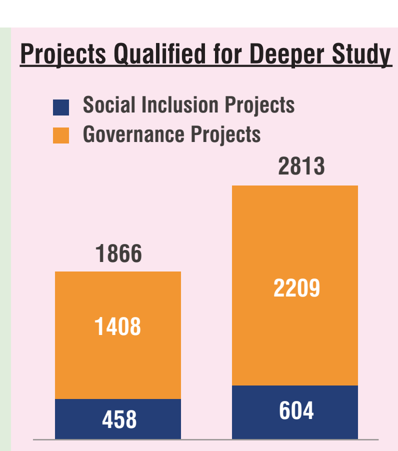
[1] 'ESG Beyond Coffee Table,' Mint, 16 October 2023
[2] 'Modi Government Makes Great Stride in Financial Deepening,' Mint, 26 July 2023
[3] 'Credit Gap Falls 12.01%,' Mint, 31 January 2023
[4] https://skoch.in/reports/2017/09/06/modi-government-generates-5-5-crore-jobs-through-mudra-loans/

Available at skoch.in/feature/

Sameer Kochhar is Chairman, ***SKOCH Group****, Reforms Historian and Acclaimed Author of* ModiNomics *and* Defeating Poverty *amongst others.*







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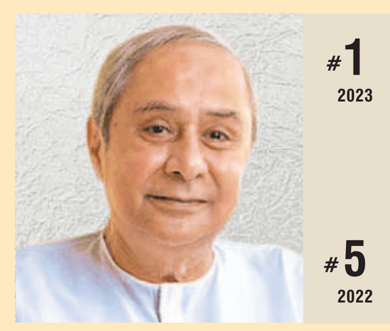

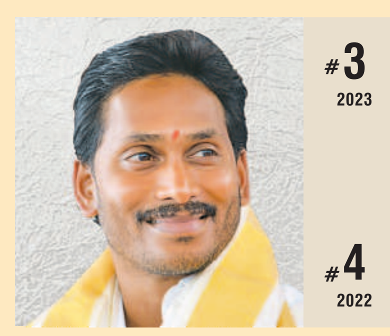

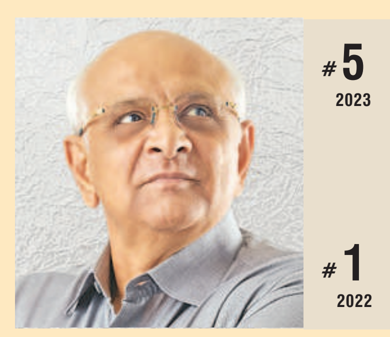

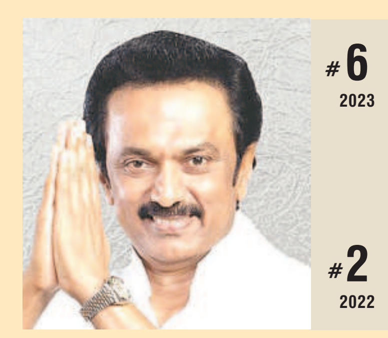

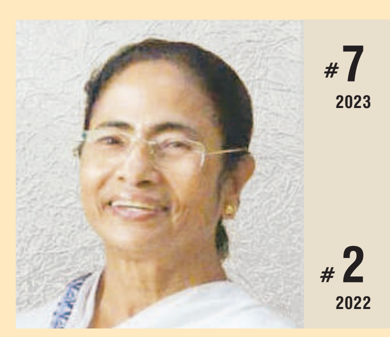

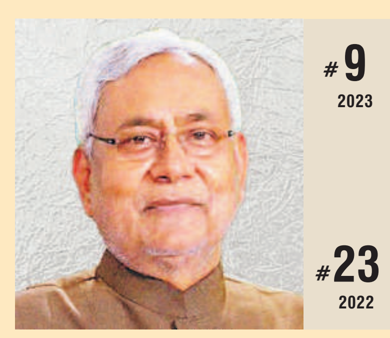

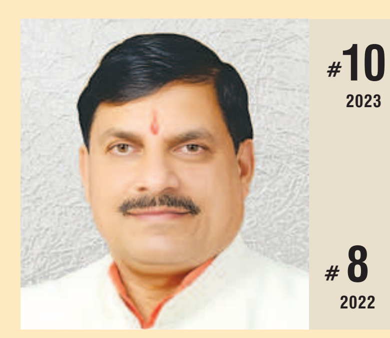

STAR STATES

1 ODISHA
2 UTTAR PRADESH
3 ANDHRA PRADESH
4 MAHARASHTRA
5 GUJARAT

PERFORMERS

6 TAMIL NADU
7 WEST BENGAL
8 KERELA
9 BIHAR
10 MADHYA PRADESH

CATCHING-UP

11 KARNATAKA
12 RAJASTHAN
13 JAMMU & KASHMIR (UT)
14 TELANGANA
15 CHHATTISGARH

YEARS OF INCLUSIVE GROWTH
ATE LEFT BEHIND (2014-2023)

S/N	State / UT	Σ 2014-23				2023				Governance Ranking over the years								SKOCH Credit Outreach Gap	NSDP Current Prices CAGR FY 14- FY23 (RBI)	Change in MPI 2015-16 & 2019-21 (NITI Aayog)	Change in Poverty Count 2015-16 & 2019-21 (NITI Aayog)	Social Sector Exp CAGR FY 14- FY23 (RBI)	SHG Formation CAGR from 2018 to 14-02-24 (MoRD)	Insurance Premium CAGR FY 14- FY22 (IRDAI)	AUM CAGR FY 14- FY23 (AMFI)
		Governance		Social Inclusion		Governance		Social Inclusion		2022	2021	2020	2019	2018	2017	2016	2015								
		Rank	Score	Rank	Score	Rank	Score	Rank	Score																
1	ANDHRA PRADESH	3	283.96	2	128.3	3	39.7	2	26.65	4	1	1	4	2	10	9	13	66.79%	10.59%	-0.026	-5.7%	10.63%	13.96%	3.49%	11.83%
2	ARUNACHAL PRADESH	23	25.14	20	12.45	22	2.25	20	0.05	15	26	20	-	18	16	-	20	93.17%	8.50%	-0.056	-10.5%	10.33%	24.42%	14.82%	27.70%
3	ASSAM	17	38.96	15	17.05	17	4.4	15	1.2	11	9	23	14	27	23	14		85.44%	10.57%	-0.07	-13.3%	11.12%	6.98%	13.36%	22.60%
4	BIHAR	16	62.32	3	34.25	9	26.95	3	16.5	23	11	11	17	20	21		23	89.83%	8.93%	-0.105	-18.1%	12.29%	2.75%	4.04%	22.32%
5	CHANDIGARH (UT)	30	3.8	18	3.15	24	1.25	18	0.15	27	25	26	25	25	19	12	16	55.59%	6.97%	-0.009	-2.5%	-	-	4.13%	15.31%
6	CHHATTISGARH	14	67.27	7	34.45	15	9.2	7	8.95	14	14	21	18	6	14	13	22	90.69%	8.23%	-0.063	-13.5%	8.40%	13.28%	13.69%	21.70%
7	DADRA &	32	1.25	-	0.15	-	-	-	-	26	29	30	-	-	-	-	23	90.9%	-	-	-	-	-	-	-
8	DELHI	19	29.48	12	26.45	20	3.1	12	3.1	24	22	17	19	15	15	15	-	68.65%	8.60%	-0.006	-1.0%	11.28%	-	7.45%	13.88%
9	GOA	27	10.4	-	1.2	28	0.05	-	-	19	25	30	22	24	-	-	19	69.69%	6.94%	-0.012	-2.9%	11.80%	8.78%	4.90%	10.33%
10	GUJARAT	1	335.87	11	118.4	5	29.55	11	3.45	1	4	2	1	5	13	5	2	85.45%	9.80%	-0.033	-6.8%	7.35%	7.25%	9.56%	17.01%
11	HARYANA	12	101.17	16	13.85	16	8.5	16	1.1	13	12	14	9	14	4	10	8	77.59%	9.44%	-0.022	-4.8%	12.80%	14.89%	15.02%	10.35%
12	HIMACHAL PRADESH	18	37.46	20	6.15	27	0.1	20	0.05	22	10	16	15	19	18	10	10	84.89%	7.37%	-0.01	-2.7%	8.71%	22.68%	8.96%	26.88%
13	JAMMU & KASHMIR (UT)	22	26.65	14	8.15	13	10.5	14	2.25	12	13	25	23	-	-	-	-	80.4%	9.64%	-0.035	-7.8%	17.39%	13.60%	11.31%	22.53%
14	JHARKHAND	21	28.54	20	20.15	28	0.05	20	0.05	17	23	19	20	16	18	6	16	88.86%	6.75%	-0.071	-13.3%	12.24%	5.76%	9.32%	27.57%
15	KARNATAKA	11	108.7	12	23.65	11	17.55	13	2.45	9	16	10	8	11	11	11	7	70.72%	10.55%	-0.024	-5.2%	8.00%	9.85%	12.49%	13.90%
16	KERALA	13	96.91	9	30.2	8	27.35	9	7.4	16	19	15	13	9	17	7	5	63.51%	7.52%	-0.001	-0.2%	9.98%	2.28%	7.74%	18.63%
17	LADAKH (UT)	34	0.05	-	0.05	-	-	-	-	-	-	30	-	-	-	-	-	63.51%	-	-0.001	-0.2%	9.98%	-	-	-
18	MADHYA PRADESH	5	204.63	4	60.85	10	19.95	4	12.95	8	8	5	7	10	7	4	1	86.66%	12.22%	-0.083	-15.9%	11.60%	10.66%	20.44%	22.77%
19	MAHARASHTRA	4	226.55	6	52.4	4	33.5	6	9.5	7	5	7	2	8	3	3	4	55.7%	7.11%	-0.032	-7.0%	10.72%	14.03%	10.15%	13.41%
20	MANIPUR	31	3.1	-	0.05	-	-	-	-	28	18	29	-	-	-	-	-	92.75%	9.19%	-0.042	-8.9%	17.93%	33.19%	16.98%	21.92%
21	MEGHALAYA	25	11.63	-	0.1	26	0.15	-	-	-	-	29	-	21	22	16	17	91.56%	6.96%	-0.023	-4.8%	10.12%	27.38%	8.60%	18.00%
22	MIZORAM	28	7.26	-	2.15	-	-	-	-	-	28	-	23	22	-	14	-	87.96%	9.14%	-0.022	-4.5%	6.06%	15.02%	15.81%	28.98%
23	NAGALAND	29	6.85	-	1.15	19	3.15	-	-	-	24	28	24	-	-	-	-	92.81%	7.09%	-0.05	-9.7%	11.17%	13.59%	11.67%	23.87%
24	ODISHA	6	195.4	12	63.35	1	67.6	12	3.1	5	3	8	10	13	12	14	11	81.93%	10.80%	-0.066	-13.7%	12.82%	6.49%	13.11%	19.89%
25	PUDUCHERRY	33	1.1	-	1.15	-	-	-	-	-	-	22	-	-	25	-	-	57.05%	8.97%	-0.004	-0.9%	6.22%	7.80%	7.64%	17.62%
26	PUNJAB	15	63.28	14	30.45	18	3.7	14	2.25	21	20	12	16	7	5	8	19	78.36%	7.08%	-0.004	-0.8%	10.89%	32.67%	5.32%	17.00%
27	RAJASTHAN	10	160.44	5	69.25	12	16.65	5	10.8	3	15	18	12	4	1	14	6	86.23%	9.61%	-0.072	-13.6%	10.94%	12.84%	16.91%	8.15%
28	SIKKIM	26	11.51	19	11.3	25	0.2	19	0.1	25	29	27	24	23	20	17	21	86.57%	11.35%	-0.005	-1.2%	9.55%	20.25%	10.73%	17.78%
29	TAMIL NADU	8	177.92	8	76.45	6	27.7	8	7.65	2	17	4	5	17	6	2	14	51.38%	9.21%	-0.01	-2.6%	7.66%	5.94%	8.10%	14.89%
30	TELANGANA	7	178.34	17	44.05	14	9.85	17	0.35	6	6	9	6	2	2	1	18	-	11.21%	-0.033	-7.3%	19.23%	1.38%	10.27%	19.79%
31	TRIPURA	24	15.14	15	3.15	21	2.55	15	1.2	20	27	24	-	26	26	-	12	76.67%	10.57%	-0.019	-3.5%	10.17%	33.33%	0.87%	11.36%
32	UTTAR PRADESH	9	161.45	1	76.15	2	44.65	1	27.9	10	7	6	11	12	8	9	9	89.95%	9.15%	-0.076	-14.8%	12.30%	24.13%	10.80%	18.47%
33	UTTARAKHAND	20	28.85	18	7.65	23	1.4	18	0.15	18	21	13	21	-	-	14	15	88.56%	7.28%	-0.037	-8.0%	9.12%	17.33%	10.00%	25.88%
34	WEST BENGAL	2	285.07	10	111.5	7	27.5	10	5.25	2	2	3	3	1	9	14	3	83.13%	8.85%	-0.047	-9.4%	10.87%	6.93%	9.24%	14.75%

METHODOLOGY

- Projects are submitted by Centre & States for evaluation.
- Projects measured from - Prism of Citizen; Project Level Outcomes; Incremental Progress; Before & After.
- First round of vetting and shortlisting by our analysts.
- Shortlisted projects go through evaluation.
- Overall impact is measured for new projects, ongoing projects are evaluated on incremental improvements.
- Peer evaluation by those doing similar projects.
- Select field research is done to evaluate impact.
- Popular vote by stakeholders.
- Merit listed projects qualify for expert evaluation.
- Experts vote through exhibition and live polls.
- Each project therefore gets a comprehensive score. Total of these decide state and sectoral performances.

FIELD RESEARCH

- A periodic field level impact assessment and research of select projects based on empirical data and submissions is done.
- Top state functionaries are interviewed, their data and dashboards understood by our research team. Research team(s) and mystery shoppers interview beneficiaries to get their feedback.
- Such field level inputs are sectorally collated and are used to validate data provided by the state. This also serves as an input to the state on what is working and why? Can it be improved? Can there be correctives?
- SKOCH Group is the only independent organisation carrying on these field level interviews, research and documentations since 2000.
- An exhaustive knowledge repository is available.

RECOGNITION

- Merit listed projects that qualify for deeper study receive an order-of-merit certificate.
- A weightage is added to the overall state score.
- Based on the final score received by a project, it is certified as Platinum, Gold or Silver.
- Based on the above, states are ranked in governance.
- Based on indicator scores, they are ranked sectorally.
- Top five states are Star states, next five are Performer states, next five are Catching-up states and rest are Others.
- SKOCH State of Governance Index has 37 parameters.
- Improvements in sectors defined as Social by the RBI feed into SKOCH Social Inclusion Index; A similar methodology is followed for sectors such as BFSI, that helps us create the Financial Inclusion Index.

LIMITATIONS

- Ratings and ranks are limited by submissions made by the states and their interest in getting the incremental progress in their governance measured in India's oldest time-series Governance Index.
- Revenue is generated through commercial activites related to ICE.This includes exhibitions and sponsorships.
- No rating or ranking can be determined based on any commercial considerations outside of SKOCH's stated Methodology and Ethics Policy.
- Only projects, sectors and governments are rated and recognised; individuals cannot apply for any personal recognition or rating.
- The results are not comparable with any other methodology that is either government/multi-lateral or sponsor funded secondary research based indices.

M&M expects tractor sales to decline 10% in March quarter

Mahindra expects full-year FY24 volumes to fall 5%; Escorts sees the fiscal fall higher at 6-7%

Alisha Sachdev
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NEW DELHI

M&M reported a 61% y-o-y surge in standalone net profit to ₹2,454 crore and a 16% y-o-y jump in revenue to ₹25,642 crore in Q3. BLOOMBERG

Mahindra & Mahindra, India's largest tractor maker, expects the drop in demand for tractors so far this fiscal to get worse. It sees a 10% decline in sales in the current quarter, taking the overall decline to 5% for FY24 from over 4% at present, Rajesh Jejurikar, executive director, auto & farm equipment sectors, M&M said. However, group CEO Anish Shah said the tractor market was coming off its best-ever volumes in the past three years, and though several positive and negative factors were affecting rural demand, "the rural economy is doing reasonably well".

Jejurikar said, "We expect the tractor industry to be more negative than what we'd thought, based on what we've seen over the past few months. We expect tractor volumes to be at -5% for the full year. Q4 will be more negative than that. Right now the industry is at -4%, which will go to -5%, so you'll see roughly 10% negative growth in Q4."

Shah added, "We're not looking at farm sales declining as rural distress. It's just part of the cycle right now. If you look at the sector from a longer-term standpoint, we're in pretty good shape and this is par for the course from our perspective."

The company sold 101,000 tractors in the December quarter, 4.1% fewer year-on-year (y-o-y). For Escorts, tractor sales came in at 25,999 units in the quarter, down 7.2% y-o-y. For the same quarter, industry volumes were 4.9% down at 235,000 tractors.

Last week, tractor maker Escorts Kubota Ltd said it expected the tractor market to shrink 6-7% from FY23, when the industry clocked its best-ever sales volumes. "We are looking at about a 12-13% decline in Q4 vis-a-vis last year. So overall the year will end at about 890,000-895,000 units sold. This is on a high base, but this will still be the second-highest year of sales for the industry," said Neeraj Mehra, head, Farmtrac and Powertrac sales at Escorts Kubota.

M&M reported a 61% y-o-y surge in standalone net profit to ₹2,454 crore and a 16% y-o-y jump in revenue to ₹25,642 crore in Q3 as it captured a larger share of the domestic SUV market. Jejurikar said the company was set to ramp-up production capacity for its UVs to 49,000 units by the end of Q4FY24, but added that sales for the quarter will remain flat as the automaker ramps down production of its XUV300 SUV and aligns production with demand for specific variants.

According to M&M, an increase in government spending on rural and agricultural development will be key to boost buying-sentiment for tractors.

"There are positives and negatives (shaping rural demand). The negatives are coming out of the fact that there was a monsoon shortfall this year. Also, water reservoir levels are in the negative after many years. So we're 5% below long period average. There are a few factors that will drive rural sentiment—such as good monsoons and sentiment around water-reservoir levels. Another factor is an increase in government spending. At some stage after elections, we will see that. The interim budget was focussed this time but after the elections we'll likely see a grand plan to grow India's economy. We need to start seeing government spending in rural areas move up because that is a key driver of rural prosperity and their household income comes from many other sources than just farming. The good news is we are seeing positive terms of trade: right now output inflation is 6% and input inflation is 3%, so the positive 3% in terms of trade is a good situation," Jejurikar said.

Economists feel rural customers could be deferring purchase of tractors until interest rates are lower. However, Madan Sabnavis, chief economist, Bank of Baroda, said that the late arrival of cold weather in northern India, and the expected underproduction of pulses in the Deccan region may keep up the pressure on farm incomes.

"Tractors are capital goods so purchase decisions may not be related to farmers' income, because they borrow from financial institutions and the assumption is their income over the repayment tenure won't consistently fall. But when a crop doesn't do well, you may want to defer fresh investments. The next few quarters will depend on the rabi crop. Cold weather arrived in the northern belt in February, which should have happened in December or January, so crop fructification will be affected. For the rabi harvest, we expect wheat to be normal and pulses to be lower than usual," Sabnavis said.

BUMPY ROAD AHEAD

THE company sold 101,000 tractors in the December quarter, 4.1% fewer year-on-year

FOR Escorts, tractor sales came in at 25,999 units during the quarter, down 7.2% year-on-year

THE firm was set to ramp-up production capacity for its UVs to 49,000 units by the end of Q4FY24

WE expect tractor industry to be more negative than what we'd thought, said M&M's Jejurikar

Centre plans skills for loans in financial inclusion schemes

FROM PAGE 1

The government plans to use the PM Vishwakarma scheme as a template for other financial inclusion schemes as well. PTI

lateral-free soft loans," Joshi said.

An official aware of the development said that to make productive use of the financial support given under social schemes, skill upgrades would be rewarded through capital support to segments and individuals. While this is not being done for all schemes currently, financial support is extended only on evaluation of business proposals from the targeted segments, the official said, requesting anonymity.

Queries sent to the finance ministry on the above issue were unanswered till press time.

Apart from future schemes, some ongoing ones—such as Mudra Yojana, Stand-Up India and PM SVAnidhi—will also pivot to the PM Vishwakarma scheme's model, the official said.

The Mudra Yojana provides financial support to income-generating small business enterprises in the manufacturing, trading and service sectors, including activities allied to agriculture. Stand Up India facilitates loans from banks to Scheduled Castes (SC), Scheduled Tribes (ST) and women for setting up greenfield enterprises. PM SVAnidhi (PM Street Vendor's AtmaNirbhar Nidhi) provides working capital loans to street vendors to help them move up the economic ladder and help formalize the segment.

And PM Vishwakarma, launched by the Centre on 17 September 2023, aims to provide skill upgradation training to artisans and craftspeople. It also offers collateral-free loans with interest subvention support to those who complete the training, so they can build brands and have improved access to markets.

PM Vishwakarma scheme aims to provide skill upgradation training to artisans and craftspeople

Experts said the approach is not new, and has been used in the Mahatma Gandhi National Rural Employment Guarantee Scheme, but expanding this to other financial inclusion schemes could be challenging.

"Part of the problem is, are there enough instructors who can impart these skills efficiently?" said economist Pronab Sen, a former chief statistician of India. "As things stand, we don't have enough trainers for our training institutes."

The Mudra Yojana, launched on 8 April 2015, has sanctioned more than 437.4 million loans amounting to ₹25.51 trillion up to 6 October 2023. Stand Up India, launched on 5 April 2016, has sanctioned loans amounting to ₹47,073 crore to SC, ST and women borrowers till 24 November 2023.

The PM SVAnidhi scheme, launched on 1 June 2020 to support street vendors affected during the time of covid, has disbursed loans to the tune of ₹9,790 crore in the past four years.

In December, Union minister Hardeep Singh Puri informed the Rajya Sabha that loans disbursed to PM SVAnidhi beneficiaries stood at ₹2,039 crore in FY21, ₹1,248 crore in FY22, ₹1,866 crore in FY23 and ₹4,637 crore for FY24 up to 5 December.

PM Vishwakarma is the latest financial inclusion scheme launched last September. The scheme has a ₹13,000 crore outlay over five years up to 2027-28. With this scheme, the government made disbursal of credit conditional upon beneficiaries attaining specific milestones of training for the first time.

As part of bringing the unconnected or those left out from benefits of various financial inclusion schemes of the government, the Centre has launched the Viksit Bharat Sankalp Yatra, which is a countrywide initiative to track the implementation of central government schemes. The campaign intends to increase the number of beneficiaries under financial inclusion schemes.

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Realty sector faces customer ire most in GST profiteering

FROM PAGE 1

CCI ordered developers to compensate consumers in certain instances. MINT

several others as the profiteering charges were not proven. Typically, when profiteering is established in the case of a real estate project, a separate probe is initiated into other projects of the same builder. In some of these cases, profiteering has not been proven, but the high number of complaints keeps up consumer pressure on developers. Experts pointed out that several factors contribute to this trend.

"Buying a home involves transactions worth crores of rupees, a stark contrast to purchasing everyday items like clothing or fast-moving consumer goods, which fall into a much lower price range. This substantial financial commitment encourages buyers to exhaustively investigate every available option to ensure they fully capitalize on any tax advantages available to them," said Rajat Mohan, executive director at Moore Singhi, an accounting and advisory firm.

Moreover, the extended timelines associated with real estate projects expose a broad spectrum of developers to potential consumer grievances, said Mohan. This includes projects initiated before the implementation of GST, further complicating the landscape for consumer redressal, said Mohan.

When profiteering starts in a realty project, a separate probe is initiated into other projects of the same builder

Under the GST regime that kicked off in July 2017, builders are allowed to use the credit for taxes paid on raw materials like cement and steel for meeting their GST liability on under-construction housing projects. Property where construction is complete attract stamp duty, not GST.

From 1 April 2019, the tax rate was lowered from an effective 8% with tax credit benefit to 1% without tax credit benefit for affordable housing projects, and in other cases from an effective 12% with credit benefit to 5% without credit benefit. Older projects were given a one-time option to chose the tax regime.

CCI noted in its orders that instances of movie halls increasing the base price of a certain category of movie tickets after six months of a tax rate cut do not fall within the anti-profiteering provision. The law only mandates an immediate and commensurate reduction in price after the tax rate cut. It does not disallow subsequent price increases and there is no lock-in period for holding the reduced price after a tax rate cut announcement. The tax rate on movie tickets was reduced from 28% to 18% with effect from 1 January, 2019.

Franchisees of some of the restaurant chains faced complaints for allegedly not passing on benefits, after the tax on restaurant services was lowered from 18% with input tax credit to 5% without input tax credit from 15 November 2017.

In some cases, CCI asked the real estate company to pay interest on the profiteered amount which has been returned. Tax officials are also asked to give compliance reports in four months.

Mumbai curbs may lift air fares

FROM PAGE 1

tor for landing and departure with short intervals, airlines not adhering to their slots, and unscheduled flights during peak hours.

As per an analysis by the Airports Authority of India (AAI), air traffic allowed per hour in Mumbai during the six hours of high intensity runway operations (HIRO, from 0800 hours to 1100 hours and 1700 hours to 2000 hours) is nearly the same as during the other 18 hours of the day, with unrestricted operations for general aviation and military aircraft.

This, coupled with the operation of non-scheduled flights, worsens congestion during peak hours.

Despite the feedback, no action was taken, prompting the issuance of directives on 2 January by AAI, which is the air navigation service provider.

New curbs brought in cut down air traffic movements during HIRO from 46 to 44 flights per hour, and outside HIRO from 44 to 42 flights per hour, with curbs also placed on general aviation during HIRO.

AAI issued directives to Mumbai airport.on 2 Jan. MINT

The reduced number of flights at the airport of India's financial capital may impact the airfares for flights to and from Mumbai.

"The proposed changes may impact the equilibrium of demand and supply for flights operating from Mumbai, causing inconvenience for passengers and potentially causing a surge in fares for the region," Gaurav Patwari, vice-president, air category, at travel platform Cleartrip, said.

"On a positive note, this shift provides an opportunity for airlines to enhance on-time performance by strategically reallocating capacity to other destinations, fostering a more balanced and efficient flying network at the overall level."

While fares may be under pressure, it can help in the improvement of the on-time performance for flights to Mumbai as well, Ameya Joshi, founder of aviation research platform Network Thoughts, said.

"This could potentially put pressure on fares, but it depends on which flights are curtailed by the airline, and the true picture will be known in a week's time," he added.

Mumbai international airport is India's second busiest airport. The airport, with two intersecting runways, handles 950-1,000 flights a day and has a capacity to handle 55 million passengers per annum. It handled 44 million passengers in FY2022-23, marginally below the pre-pandemic number of 46 million passengers in FY2019-20.

Video streaming studios hit by end of Zee-Sony merger

FROM PAGE 1

been activated since. Overall, activity in the OTT industry is down by half compared to two years ago, and big commissioning decisions (especially for fiction shows) aren't being taken as much. The AVoD category, too, is exploratory and volume of green-lighting is limited at the moment," the person added. AVoD stands for advertising video on demand, or the ad-led model.

The big difference is that the Indian OTT industry is now a buyers' market, Anuj Gandhi, a media analyst and founder of media tech startup Plug and Play Entertainment, said. "The Zee-Sony combination could have made a difference (to content commissioning). But there is a dearth of buyers now and nobody is chasing content at any price asked for," Gandhi explained.

To be sure, industry experts say it isn't entirely surprising that after an initial rush of bullish spending when they looked to consolidate their presence in India, video streaming platforms are slowing investments amid muted subscriber additions.

CEO Punit Goenka earlier this week said Zee will be targeting fiscal prudence. MINT

In an interview in December, Saugata Mukherjee, content head of SonyLIV, acknowledged an impending spending correction for most players, although SonyLIV has maintained fiscal prudence, he said. "A lot of people were working on a lot of things, and even the focus on storytelling was getting diluted. But the days of throwing money at shows are over. We don't want to do too many shows, but the ones we do, we want to do well," he had emphasized.

In an earnings call this week, Zee chief executive officer (CEO) and managing director (MD) Punit Goenka, too, mentioned the company will be targeting fiscal prudence and, going forward, there will be a sharper emphasis on frugality, with a focus on quality and output. "Across verticals—including technology, content and marketing—we are implementing steps to optimize spends and enhance the return on investments. A sound recalibration of the OTT cost structure will be an integral part of this process," Goenka said.

Sebi taps Irdai on issue of Care Esops to Religare's Saluja

FROM PAGE 1

intervention. The Religare board and Saluja have rejected all allegations of impropriety. In a statement on 20 November, the Religare board said that the issue of Esops was "in full conformity with the guidelines of the insurance regulator applicable to insurance companies".

"You are requested to provide comments on the same interns of the stated Act and the regulations of Irdai at the earliest, so as to enable us to process the draft letter of offer... The information may be shared on a regulator to regulator basis," the Sebi letter said.

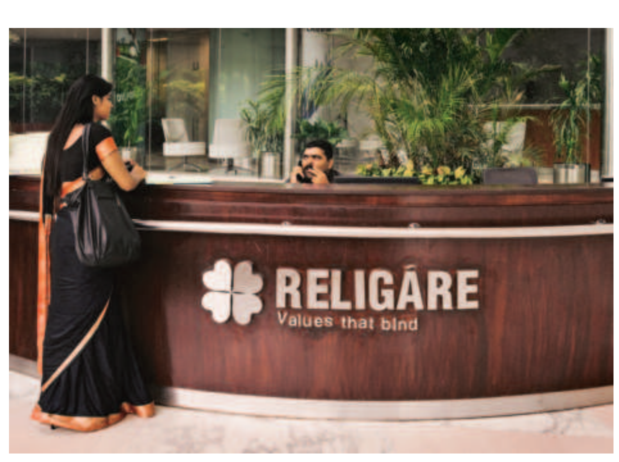
In January, the dispute worsened after the Burmans cried foul over REL subsidiary Religare Finvest Ltd granting stock options worth ₹150-200 crore totalling an 8% stake to Saluja.

Saluja has been credited with turning around the fortunes of Care Health after she took over as chairperson of the fraud-hit Religare group. Its premium income has grown fivefold during the period, making it the country's second largest stand-alone health insurer. It underwrote a direct gross premium income of over ₹5,479.38 crore during the April-January period of this fiscal, compared to ₹4,138.74 crore in the same period last year, a 32.39% jump.

InGovern had claimed last year that Care Health had issued the Esops to Saluja despite Irdai's objection.

Emails seeking comment sent to Sebi, Irda, Religare, the Burmans and Saluja did not elicit any response.

Irdai's response will decide Sebi's view on the open offer, two people aware of the matter said, adding Religare has submitted its answers and documents related to options grants, and details of shareholders' approval.



Dabur's Burman family has mounted an open offer for Religare Enterprises. MINT

On 27 November, *Mint* reported on Irdai summoning Anuj Gulati and Anoop Singh of Care Health to question them about the stock options issued to them despite its objections.

In its letter, Sebi said Religare has claimed that shareholders of Care Health and Religare had approved the options grant on 19 September and 23 September, 2022, respectively.

According to Religare's submission cited by Sebi, "the Esops were granted to Dr. Rashmi Saluja under the Employee stock Option Scheme 2014 of Care Health (erstwhile Religare Health Insurance Company Ltd.). The same was approved by the shareholders of Care Health on 25 July, 2014 and its amendments were approved by the shareholders on 28 July 2018, 6 November 2018 and 27 September 2021".

On 13 June 2022, at least 22.71 million shares of Care Health worth ₹102.93 crore were granted to Saluja with the approval of the remuneration committee. And, on 4 October 2023, at least 7.57 million shares of Care Health worth ₹39.43 crore (including tax) were allotted to Saluja. The Burmans have argued that such remuneration puts a question mark on the management, and the complicity of independent directors.

According to InGovern Research, Rashmi Saluja's overall compensation may be close to ₹700 crore

"The Esop pool of Care Health was approved by the shareholders of Care Health to be increased from 12.5% to 15%, with the additional 2.5% being allocated for employees of REL—this was approved vide the special resolution passed by shareholders of Care Health on 27 September 2021," Religare stated in its response to Sebi.

SC for expert panel to examine revival of Sterlite's TN unit

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The Supreme Court on Wednesday proposed the formation of an expert panel to examine environmental concerns and suggest possible conditions for resumption of Vedanta's Sterlite Copper plant in Thoothukudi that was ordered shut by the Tamil Nadu government in 2018.

Vedanta's Sterlite Copper plant was shut by the Tamil Nadu govt in 2018. BLOOMBERG

Hearing a petition filed by Vedanta against the plant closure, a three-judge bench led by Chief Justice of India D.Y. Chandrachud suggested that the committee include a representative from the environmental science department of one of the IITs, along with representatives from the Tamil Nadu Pollution Control Board, the Central Pollution Control Board, and three other renowned environment experts nominated by the apex court.

The bench asked both Vedanta and the state government to suggest names who could be a part of the proposed committee.

The SC outlined the panel's role—like assessing if an industry like the copper smelter can operate in Thoothukudi

The apex court outlined the committee's responsibilities, including assessing whether an industry like a copper smelter can be situated in Thoothukudi, and the conditions under which it may operate.

Additionally, the committee will determine safeguards to be imposed on the industry, compensation for any past violations, and measures to ensure environmental protection and reparations for violations.

Senior advocate Shyam Divan, representing Vedanta, said that the Tamil Nadu government shut down the plant despite it having all necessary approvals, citing issues like the absence of a groundwater report and inadequate air quality monitoring. He noted the plant's contribution to India's copper requirements, stating that its closure had made India reliant on imports. Divan also highlighted the significant revenue generated by the plant for the state through taxes.

The court acknowledged the importance of the industry, but stressed the need to address the concerns of the local community, particularly considering Thoothukudi's history of environmental disasters. The hearing is expected to continue tomorrow.

Trouble for the plant began with opposition from the local fishermen concerned about pollution from the copper-smelting unit affecting their livelihoods.

Disney Star eyeing IPL bounty

The broadcaster expects a surge in ad revenue amid improved business sentiment and heightened cricket frenzy

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Disney Star, which holds television rights for the Indian Premier League (IPL), is gearing up to sign a record number of advertisers for the marquee T20 cricket event that will likely start in the latter half of March.

Buoyed by improved business sentiment, and cricket viewership reaching unprecedented levels, the broadcaster expects a surge in advertising dollars.

"The market is turning around. We had a few down cycles, businesses were cautious, there was a funding winter, Russia started a war, and overall, business models were being relooked at," Ajit Varghese, head of network advertising sales at Disney Star, said, about IPL's potential to draw in more advertisers this season.

Varghese said categories such as crypto, edtech, and a few startups might not return as advertisers this season, but there is growing interest from companies in sectors such as automobile, FMCG, and fintech. "Today, there is more optimism and I can sense it from all the dialogues we are having with the advertisers. Clients are increasingly looking to manage their top line growth sustainably. Yes, there are short-term pressures. But increasingly, all the dialogues are about how can I grow sustainably over a longer period. And that's a positive sign," he said.

IPL is likely to start in the latter half of March. AFP

While he refused to share the targets, Varghese said he can see "at least a 50% increase in the number of conversations" versus last year. Disney Star collected under ₹2,000 crore in advertising revenue from more than 100 clients in the last IPL.

Other categories, which are growing and can be tapped, include construction, industrial, consumer durables, as well as BFSI, he said. "Aditya Birla Group bid ₹500 crore every year for IPL title rights; you wouldn't have ever expected an Indian company bidding that way and another Indian company (Tata) countering it. Earlier, this was the Chinese or startup domain. Now it's the traditional Indian companies fighting over the title rights," Varghese said. "The common link I find is that the cost-cutting story is out."

₹2K cr
Disney Star's IPL collection last year from ~100 clients

He said economic stability and a surge in cricket viewership have positioned IPL as an attractive platform for brands looking to build and strengthen their identities. "I feel clients are pretty much aware of what's happening around them, and they know what medium to use, and when. And it's not either TV or digital world, but both TV and digital. The question is not what percentage jump we can get over last year, but how do we make sure that every brand can participate. If I were a marketer, I would be more worried if I'm not part of the IPL or World Cup. Because this is a time when there is consumer euphoria, there is a stabilization of inflation, and unlike the volatility of 2023, most marketers know what is good or bad," he said.

Varghese said advertisers have a multitude of options to tailor their brand strategies. "Our go-to market is that we're willing to talk IPL alone, IPL+World Cup, and cricket+GEC. We are ensuring that whatever is the best route, which gives clients top line growth, is what we are trying to enable. We have assets across platforms—OTT, connected TV, linear TV and HD TV. We are in the best situation to provide both the width of platforms and the depth of content. And we are willing to do customization, offer flexibility and step into partnership deals which enable across-the-network access," he said.

Malabar Gold, Senco debut on Deloitte's global luxury power list

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Indian jewellery retailers Malabar Gold & Diamonds, Senco Gold, and Thangamayil Jewellery have debuted on Deloitte's Global Powers of Luxury Goods rankings that list the top 100 luxury brands worldwide.

The three companies now join major Indian players such as Titan Company, Kalyan Jewellers, and Joyalukkas India in the list, underscoring India's significant influence in the global luxury market.

India's jewellery sales soared 32.8% in 2022, propelling these retailers into Deloitte's Global Powers of Luxury Goods rankings, according to a report by the consulting firm.

Deloitte tracked sales of luxury goods such as designer clothing, footwear, bags, accessories, jewellery, watches, and luxury beauty for its Global Powers of Luxury Goods rankings 2023. However, for India, it included sales for only jewellery retailers. India is the world's second-largest market for gold jewellery, with more than half of sales related to weddings.

Companies were included among the top 100 according to their consolidated sales of luxury goods for the 12 months ended 31 December 2022.

India's jewellery sales rose 32.8% in 2022, putting the cos into Deloitte's Global Powers of Luxury Goods rankings

"Increasing economic, demographic, and urbanization trends are driving jewellery demand, particularly among middle-class consumers," the report said.

In India, jewellery retailing is undergoing rapid change as traditional gold retailers, mostly unorganized, are being replaced by modern chains featuring well-known luxury jewellery brands. In 2020, organized retailers accounted for about one-third of the Indian market, up from only 5% in 2000, Deloitte said.

All Indian companies recorded sales growth of over 20% in 2022 and achieved the second-highest composite luxury goods sales growth of 32.8%. "Their performance was driven by leaders Malabar and Titan, whose sales rebounded after declining in FY21 likely due to the pandemic. The sales growth for these two companies was 35% and 36.5% respectively. However, the Indian companies reported the third-lowest composite net profit margin, 6.0%," the report said.

The world's top 100 luxury goods companies posted revenues of $347 billion in 2022, sharply up from $305 billion in 2021, as recovery from the impact of the pandemic continued.

Of those ranked, 37 fashion firms saw the highest growth rate of 26.5%, rebounding from a 4.7% decline in 2021. One-third of the top 100 companies were in the jewellery and watches sector, achieving a sales growth of 21%.

LVMH Moët Hennessy-Louis Vuitton SE, Kering SA, Compagnie Financière Richemont SA, The Estée Lauder Companies Inc, Chanel Limited swept the top rankings for the year.

A tiny hedge fund is becoming a thorn in the side of energy giant BP

London-based Bluebell Capital Partners aims at big targets via campaigns against world's biggest cos, sometimes hitting them

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Giuseppe Bivona and his partners run a tiny activist hedge fund from a small office here not far from Buckingham Palace. The single room has big windows, seven desks and little space for much else.

From this unlikely perch, the fund, called Bluebell Capital Partners, aims to punch far above its weight by launching campaigns against some of the world's biggest companies, most of them in Europe. Sometimes the punches land.

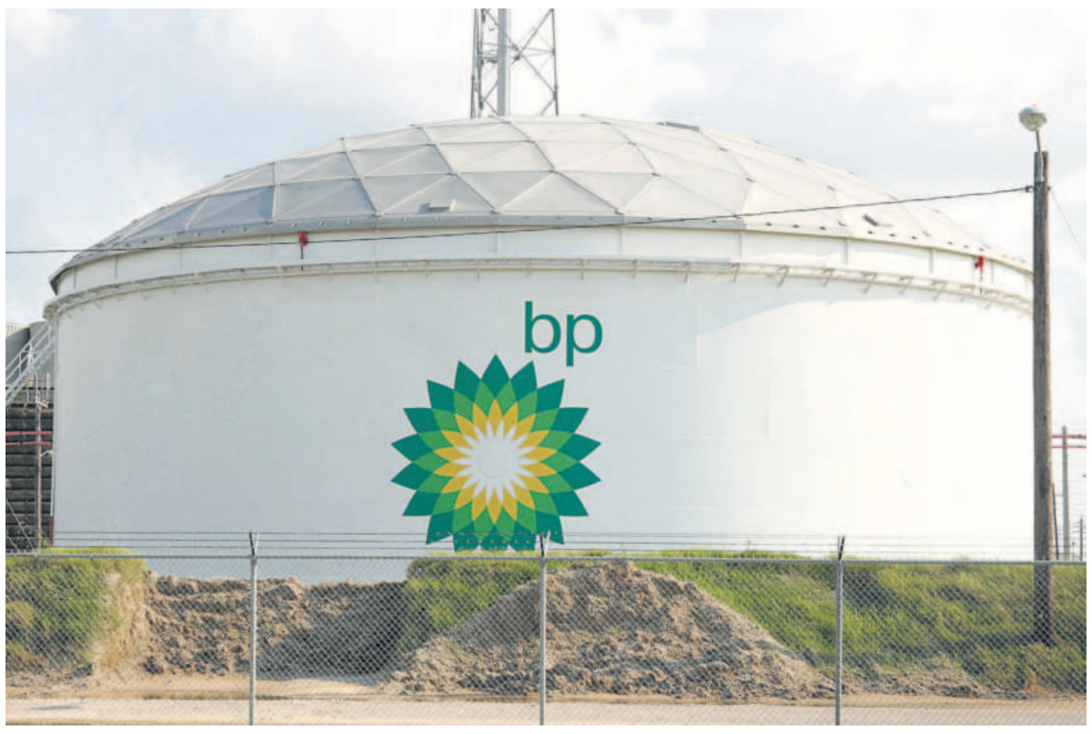
The fund's latest target, British oil giant BP , has already granted Bivona a meeting with its chairman, according to people familiar with the meeting. And BP's new chief executive officer, Murray Auchincloss , last week was compelled to refute Bluebell's arguments when announcing the company's otherwise rosy earnings report.

That might seem an outsize response to a fund that has accumulated a holding likely worth less than 0.01% of BP's roughly $103 billion market capitalization, based on Bluebell's general description of its portfolio. Bluebell declined to disclose its exact investment.

Bluebell's criticism could resonate because it taps into a core challenge facing BP: its commitment to shrinking oil-and-gas production while boosting investment in less-profitable green-energy sources.

Meanwhile many investors, including Bluebell, simply want more of BP's cash to be handed back to them.

In his opening salvo to BP, a letter sent in October, Bivona called the plan to invest more in clean energy at the expense of oil-and-gas production "irrational." Bivona argues that doing so in effect strengthens competitors such as Shell , Exxon Mobil and Chevron , which aren't setting short-term targets to dial back on drilling.



BP last week promised to boost cash payouts to shareholders. BLOOMBERG

"You only make richer the shareholders of your competitor," said Bivona in an interview. "I'm questioning how they deploy capital, for sure. Big time."

During BP's public earnings call last week, an analyst referred to Bluebell's proposals as "sort of intriguing."

BP appreciates engagement with shareholders, Auchincloss said in response, but he added that Bluebell is wrong on the merits of its argument.

"Obviously, we don't agree with them," he told The Wall Street Journal in an interview. BP hasn't set new long-term oil-and-gas production targets and has said it is sticking with the strategy it previously laid out.

Bluebell backs BP's commitment to long-term net-zero environmental goals, Bivona says, but he argues that the company is shrinking production faster than society's demand is dropping off.

"The CEO doesn't get it," Bivona said.

BP should instead return more cash to shareholders so they can invest where they want in the energy sector, Bivona says—green or otherwise.

Some shareholders see Bluebell's demands as the wrong kind of activism. "We don't think responsible shareholders will allow a conservative investor to slow down a transition that is already moving far too slowly," said Mark van Baal , founder of shareholder advocacy group Follow This, which has pushed BP and other major oil companies to cut carbon emissions faster.

Many investors, including Bluebell, simply want more of BP's cash to be handed back to them

BP last week promised to boost cash payouts to shareholders, part of a fourth-quarter earnings report that also included better-than-expected oil-and-gas trading results. Its shares were up 5.5% the day of the report.

Auchincloss said BP's integrated strategy is working. Its ability to buy and sell renewable power alongside oil and gas through its trading arm boosts the baseline profitability of lower-carbon businesses, making them increasingly competitive with oil and gas in ways some investors don't recognize, he said.

BP's green strategy shift originated with former CEO Bernard Looney , who resigned in September under pressure over undisclosed details of relationships with colleagues. Former finance chief Auchincloss, who stepped in as interim CEO , was named permanent CEO last month.

Bluebell's campaign is the latest sign of pressure on BP to defend its green-energy investments. It also reflects shifting debates over how the world's biggest energy companies should manage the drive to reduce greenhouse-gas emissions.

After energy stocks tanked during the pandemic, investors openly questioned whether that marked the early-stage demise of fossil-fuel-based business models.

Three years ago, another small activist firm called Engine No. 1 took on Exxon Mobil in an expensive proxy fight, arguing that the U.S. giant didn't have a plan for a future with shrinking oil demand and that it should invest more in the energy transition.

The fund won three seats on the Exxon board, and the company later pledged to target carbon neutrality on its own emissions. Unlike some of its European peers, Exxon hasn't pulled back on oil-and-gas production.

Since then, the Ukraine war and other geopolitical turmoil have intensified concerns about energy security and driven up energy prices. Exxon has enjoyed record profits the past two years, leading CEO Darren Woods to contend his cautious approach to the transition—and his steadfast commitment to oil and gas—was the right course.

Bivona and Bluebell co-founder Marco Taricco , both Italian, met at Columbia Business School in the 1990s before going on to investment-banking careers at Goldman Sachs and other banks, working in Milan, London and New York.

They started Bluebell in 2014 as an advisory firm providing investment ideas to other hedge funds, including Elliott Investment Management and Jana Partners, for years among the most feared U.S. activists, collectively managing billions.

By comparison, Bluebell started with about $20 million and now has $130 million in its main fund.

Bivona said Bluebell doesn't need huge positions. It mobilizes support through other investors, unions and selective media interviews, according to marketing materials, without waging expensive proxy battles. For one such campaign involving a chemicals company, Bluebell bought a single share to make the point that size was overrated.

Bluebell's main pool of assets is currently divvied up across holdings in about a dozen companies. The typical holding time of a position is 18 months, Bivona said.

The fund's BP position is held through a type of equity swap, or derivative, closely linked to the value of BP shares and which can be converted to shares any time, Bivona said.

Bluebell's main hedge fund has reported annualized returns of 8.3%, net of fees, since inception, according to a January 2024 investor presentation. That compares with a roughly 6.9% average annual return for activist funds across the industry for the same period, according to hedge-fund tracker HFR.

In 2021, Bluebell led a successful push for a shake-up at French yogurt giant Danone, joining forces with other activist funds. The chairman, who also was CEO, stepped down in March 2021 in what was a rare victory for activist funds in France's rigid corporate landscape.

In other campaigns, Bluebell prodded mining giant Glencore to unload its thermal coal business and complained that asset-management behemoth BlackRock shouldn't try to impose its ideological beliefs on the corporate world in the form of its push to promote environmental, social and corporate-governance—or ESG—concerns.

Glencore didn't engage with Bluebell. BlackRock executives met with Bluebell privately, and the company said publicly that it disagreed with Bluebell's climate- and corporate-governance campaigns at companies where BlackRock was invested.

Bivona says Bluebell studied BP and talked to investors for about a year before taking its position in September 2023.

He won't name those investors but says, "If you see the history of underperformance of the share price, do you think you will find a happy community?"

The fund's October letter was earlier reported by *the Financial Times*.

BP executives, including Auchincloss, last week hit the road to meet with investors in Europe, the U.S. and elsewhere, as they typically do after year-end earnings.

Auchincloss said last week that investors are supportive of the company's direction and mix of traditional and newer businesses.

"I think they will hear a different view," Bivona said in response to the CEO's comments. "It's a debate. Let's see where we go."

Sony Group posts profit beat, prepares spinoff of financial unit

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Sony Group has raised its full-year net profit view after third-quarter profit beat expectations, saying it will take steps to drive growth in its entertainment business as it prepares to spin off its financial unit.

The Japanese entertainment and electronics company's net profit increased 13% from a year earlier to 363.92 billion yen ($2.41 billion) for the three months ended Dec. 31, thanks partly to higher earnings from the image-sensor and music businesses. That beat the estimate of Y319.23 billion in a poll of analysts by data provider Visible Alpha. Third-quarter revenue increased 22% from a year earlier to Y3.748 trillion.

In May last year, Sony said it was considering spinning off its insurance and online-banking unit, responding to longstanding calls from some investors to focus on its core entertainment businesses.

Though the financial business brings in steady profits, it has only limited connections to the company's other businesses like its PlayStation videogame consoles and image sensors used in Apple phones.

Sony plans to distribute slightly more than 80% of the shares it holds in the financial unit to its shareholders through dividends in kind, retaining a stake of just under 20% after the spinoff.

It aims to list the business in October 2025. In addition to the spinoff, Sony said it plans to take steps to drive growth in its entertainment and image-sensor businesses.

Operating profit from the image-sensor segment rose to Y99.715 billion in its third quarter from Y84.85 billion during the year-earlier period as the global smartphone market began recovering. Operating profit from its music business climbed to Y76.09 billion from Y62.96 billion thanks partly to greater revenue from streaming services.

Operating profit from the company's game business fell to Y86.14 billion due partly to promotion expenses in the quarter—which included the holiday shopping season—from Y116.25 billion a year earlier. PlayStation 5 sales rose to 8.2 million units from 7.1 million units a year earlier.

Sony trimmed its revenue forecast for the fiscal year ending March due to weakness in the game business but raised its net-profit projection, citing higher expected earnings from the financial business.

It expects net profit to drop 8.5% to Y920.00 billion, compared with the previous view for a 12% decrease, and revenue to increase 12% to Y12.300 trillion, versus the previous forecast for a 13% rise.

Former Apple exec among CEO candidates for new sports-streaming venture

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Disney's ESPN, Fox and Warner Bros. Discovery have begun reviewing potential CEO candidates to lead their new streaming venture, which will offer all their live-sports programming in one package.

Pete Distad, who was a top executive at Apple in charge of its video and sports businesses before leaving the tech giant last spring, is among the top candidates the companies are considering, according to people familiar with the situation. Distad earlier was a marketing and distribution executive for the streaming service Hulu.

The names of other candidates the companies are considering couldn't be learned. They are expected to name a CEO in the coming weeks, and the as-yet-unnamed service itself is slated to launch later this year.

The companies are likely to name a CEO in coming weeks, and the as-yet-unnamed service is slated to launch later this year. AP

ESPN, Fox and Warner are looking for an executive seasoned in marketing subscription services and managing the challenges that arise in those businesses, such as customer turnover.

Distad's team at Apple was responsible for negotiating deals with leagues. On his watch, Apple in 2022 struck a 10-year agreement with Major League Soccer worth at least $2.5 billion.

New streaming service will carry 14 networks and is expected to encompass 55% US sports rights

The media companies' new streaming service will carry 14 networks, including Disney's ESPN channels and its ABC network, Warner's TNT and TBS, and Fox's broadcast network and sports cable channel. The service will feature sports including the NFL, NBA, Major League Baseball, college football and basketball, golf and Nascar.

Citi analysts expect the new service to encompass about 55% of U.S. sports rights, according to a note published last week.

The companies are discussing a price that could approach $50 a month, people familiar with the situation said. By comparison, a traditional cable TV subscription can run north of $100 a month, while the leading online alternative, YouTube TV, costs $73 a month.

The CEO's challenging task will be to draw millions of sports fans to subscribe to the new service without accelerating the decline of cable TV, which has been a source of big profits for entertainment giants for decades.

The executive also will have to manage three corporate parents, whose priorities might differ at any given time, and relationships with leagues such as the NBA and NFL.

Softbank's Vision Fund swaps splashy bets for 'timid' investing

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In January, Spanish startup TravelPerk closed a funding round suited to today's austere times. It raised less than it did two years prior, landing on only a slightly higher valuation of $1.4 billion.

The surprising part was that TravelPerk's lead backer was SoftBank, a Japanese investor whose Vision Fund was famous for giving startups outrageous price tags until it racked up immense losses in an investing spree under founder Masayoshi Son. Then, SoftBank went quiet. A year later, the Vision Fund is back writing checks, but it's steering clear of the high-flying startups it was once known for championing, like WeWork and failed pizza delivery enterprise Zume.

As other tech investors have heaped money into new artificial intelligence firms, Vision Fund has stayed out of the fray. Instead, it's offering more measured support for companies like TravelPerk, which sells software for corporate travel and hopes to incorporate AI tools rather than invent new ones. The fund is "looking very carefully" at generative AI firms, said Alex Clavel, its co-chief executive officer, but stipulated that it will place its bets wisely.

"Are we going to be a little cautious and sensitive about valuations?" Sumer Juneja, SoftBank's chief for EMEA and India, said in an interview at the firm's London office. "For sure."

SoftBank's chastened approach comes in the aftermath of market downturn company's financial struggles. AP

SoftBank's chastened approach comes in the aftermath of a market downturn, exacerbated by higher interest rates and an IPO market that has all but dried up, as well as the company's own financial struggles. Vision Fund I, an enormous vehicle backed by Saudi and Emirati sovereign wealth funds, has largely stopped looking for new startups—even as it reaps massive returns from stakes in companies such as DoorDash Inc. and TikTok parent ByteDance Ltd.

Vision Fund II, which was launched in 2019, relies entirely on SoftBank money, a pool of capital that's expanded tremendously in the past week thanks to the company's majority ownership of Arm Holdings Ltd. Still, the second fund was down $19 billion as of the most recent quarter.

Meanwhile, Son has ramped up dealmaking elsewhere, investing directly through SoftBank in autonomous trucks, warehousing and other AI ventures that the company deems "strategic." In a recent quarter, SoftBank invested nearly three times more money through its own balance sheet than through the Vision Fund.

Clavel disputed the idea that SoftBank and Vision Fund were competing in any way. "It's not Vision Fund people running this way, and Masa running that way," he said, referring to Son by his nickname. "It's an integrated team approach."

With Europe's tech sector lagging behind the US and Asia, the region may be emerging as a testing grounds of sorts for the Vision Fund's new strategy. Juneja, who joined SoftBank in 2018, instructed his team to skip deals that value startups well above $1 billion, and not to lead rounds alone. They were also told not to buy up more than a fifth of a startup's equity, and to aim for exits of $4 billion or less.

SoftBank would invest "timidly," as the chief financial officer put it last summer, "with fear in our hearts."

In a recent quarter, SoftBank invested 3 times more through own balance sheet than through Vision Fund

This is a remarkable departure from the firm's early bombast. Launched in London in 2017 with a $100 billion pot and a sprawling team, Vision Fund I made a "shock-and-awe" entrance into venture capital, recalled British investor Keith Wallington. Vision Fund II was smaller and had no outside investors, but took big swings, single-handedly creating unicorns in markets like India.

By the time Juneja arrived at Vision Fund's London hub in September 2022, however, the tech market had cooled and the fund was rife with warring factions and compliance issues. The year before, SoftBank suffered one of its worst blows in Europe after betting heavily on failed lender Greensill Capital. It also injected enormous sums into startups like Klarna and Revolut, which are now worth well below their peak valuations.

SoftBank is currently focused on managing its existing portfolio and hemming in losses. While Vision Fund II invested more than $40 billion in startups during the 2021 fiscal year, it invested $3.8 billion in 2023 – and only $90 million in the most recent quarter.

The end of rapid-fire dealmaking has cost the London office several high-profile partners: Rajeev Misra left his investing role at the firm, although he maintains oversight of Vision Fund I, and investors Yanni Pipilis and Munish Varma followed him to his new company. Last year, Vision Fund trimmed about 13% of staff across both funds. A spokesperson said there are no plans for further cuts this year.

The scaled-back investment strategy has meant more engagement with companies already working with Vision Fund. Juan Urdiales, co-CEO of Spanish firm Jobandtalent, said SoftBank partners actively helped him hire as his startup expanded to the US. Wallington, the UK investor, shares board and observer seats with SoftBank at Peak AI, a British software firm. He described the SoftBank directors as present and helpful, albeit muted, in meetings.

NEWS IN NUMBERS

21 mn
THE NUMBER of PlayStation 5 devices that Sony expects to sell in FY24, down from the previous forecast of 25 mn units as sales faltered in the recent quarter.

7
THE NUMBER of countries where Indians can use UPI, or Unified Payments Interface, to make payments. The countries are Singapore, France and UAE.

57,028
THE NUMBER of customers of Bank of America impacted by a data breach due to a cybersecurity attack at Infosys McCamish in October 2023.

$1.78 tn
THE MARKET capitalization of chip-maker Nvidia on 13 Feb, as it surpassed Amazon's $1.75 tn for the first time in two decades driven by AI optimism.

$10
THE TAX imposed by Indonesian govt on foreign visitors to Bali, a popular tourist destination, in a move aimed to protect the island's environment and culture.

HOWINDIALIVES.COM

PROTESTS CONTINUE

Police use tear gas to disperse farmers marching towards New Delhi to press for better crop prices promised to them in 2021, at Shambhu, a border crossing between Punjab and Haryana REUTERS

Farmer leaders agree to meet Union ministers for talks today

Ministers Arjun Munda, Piyush Goyal and Nityananda Rai likely to be at meet

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A meeting has been scheduled for Thursday evening between the leaders of agitating farmers and union ministers, according to Punjab government officials who attended a meeting between three farmer leaders and intelligence bureau officers on Wednesday.

Intelligence bureau officials in Punjab met the three farmer leaders at a hotel in Rajpura, near the Shambhu blockade, with a message from the Union government and said two of them—Jagjit Singh Dallewal and Sarwan Singh Pandher—will meet the Union ministers in Chandigarh on Thursday. On Wednesday evening, Punjab government officials facilitated a virtual meet between the farmer leaders and the Union government.

Three cabinet ministers—Arjun Munda, Piyush Goyal and Nityananda Rai—who had met the farmers twice before the march began are expected to engage in another round of talks at 5 pm on Thursday.

Meanwhile, farmers accused the Haryana police of using pellet guns against them at the Khanouri border on Wednesday, and firing tear gas at them for the second straight day at the Shambhu border to prevent them from reaching the barricades around the national capital. Over 100 farmers were injured in firing by Haryana police, according to reports.

Thousands of farmers from Punjab began their journey to Delhi in tractors, SUVs and other vehicles on Tuesday morning, after the previous evening's meeting with Union ministers, at which they pressed for legally guaranteed minimum support prices (MSP) for their crops, failed to yield results.

> Thousands of farmers from Punjab began their journey to Delhi in tractors, SUVs and other vehicles on Tuesday morning

The Haryana police on Tuesday fired nearly 4,500 tear-gas shells on the protesting farmers. They also used drones to monitor the protesters. Meanwhile, Delhi police officials were guarding the borders amid the farmers' 'Delhi *chalo*' call.

Huge numbers of police and paramilitary personnel, besides multi-layered barricading, have been put in place to seal the national capital's borders at Singhu, Tikri and Ghazipur. Central Delhi is also under a heavy security cover, with personnel in anti-riot gear deployed strategically and metal and concrete barricades regulating access to several key roads.

'Steel mills at risk from EU carbon tax'

Steel producers in India are most at risk from Europe's new carbon tax on imports due to their high sales to the region and mills' elevated emissions intensity, according to Goldman Sachs Group Inc.

There is a potential for an additional $102 to $190 a ton of tax charges on flows of Indian steel to the bloc over the next decade, analysts led by Emma Jones said in a report. That range —which assumes a carbon price of $70—is 15% to 28% of current hot-rolled coil prices, they said.

Policymakers worldwide are seeking to reduce carbon emissions in their fight against climate change, with steel traditionally among the most polluting industries.

Europe's Carbon Border Adjustment Mechanism aims to subject imported goods such as steel to a levy to ensure its own strengthened pollution standards aren't undermined by trading partners. BLOOMBERG

The company seeks to build its portfolio of materials required for green-energy transition. AFP

Hindalco bids for critical minerals

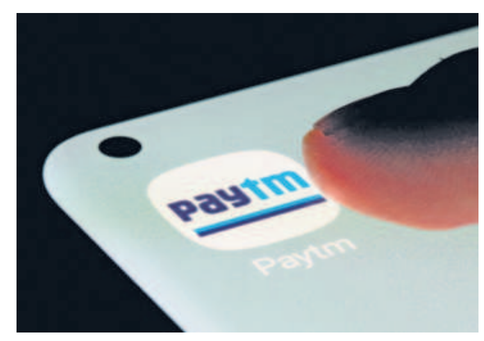
Hindalco Industries Ltd is bidding for critical minerals exploration sites being auctioned by India, as the metals producer owned by billionaire Kumar Mangalam Birla seeks to build its portfolio of materials required for the world's green-energy transition.

India began the process late last year to hold its first tranche of auctions for critical minerals sites, key to its goal of gradually moving away from fossil fuels to cleaner energy. The government will sell rights to about 20 blocks of land to explore for metals including rare earths and molybdenum in a process valued at ₹45,000 crore. "We are looking at minerals like lithium, graphite, nickel, copper ores, so there are quite a few interesting critical minerals auctions coming up and we have taken and applied for most" available, MD Satish Pai said in an interview with *Bloomberg Television* on Wednesday. "They are all exploration licences." India currently needs to import most critical minerals, and access to local mines is important for the growth of the electric vehicles market and the renewable-power sector. BLOOMBERG

CDSCO gives nod to Jardiance usage

After giving the nod for the treatment of heart failure, the apex drug regulatory body Central Drugs Standard Control Organisation (CDSCO), has approved use of Jardiance for treating kidney failure and chronic kidney patients, said the drug manufacturing company Boehringer Ingelheim in a statement on Wednesday.

As per the pharma company, the drug Jardiance (empagliflozin) 10mg tablets has been approved to reduce the risk of sustained decline in estimated glomerular filtration rate (eGFR) which is done to check how well the kidneys are filtering, end-stage kidney disease, cardiovascular death and hospitalization in adults with chronic kidney disease (CKD) at risk of progression. In 2022, the company had announced that it had received the CDSCO's approval to market its innovative cardiac drug Jardiance (empagliflozin) in India. SOMRITA GHOSH



Paytm clarified a day after *Mint* had reported that ED has been roped in to check for breaches. REUTERS

Paytm parent firm confirms ED query

One 97 Communication on Thursday confirmed that it has received notices and requests for information from Directorate of Enforcement (ED) regarding customers who have done business with its entities. In a notice to bourses, the owner of Paytm payment app said the company has given information and documents to the authorities.

"The Company and its associate have continued to provide such information, documents and explanations to the Authorities as is being required by them. We would also like to clarify that our associate Paytm Payments Bank Ltd does not undertake Outward Foreign Remittance," said the company. The clarification came a day after *Mint* reported the ED has been roped in to check for suspected breaches at Paytm Payments Bank on RBI's reference.

GOPIKA GOPAKUMAR & GIREESH CHANDRA PRASAD

IndiGo inks pact with BOC Aviation

Singapore-headquartered BOC Aviation Ltd on Wednesday said it has entered into a finance lease transaction with InterGlobe Aviation Ltd (IndiGo).

The deal has been signed for four Airbus A320NEO aircraft. "We are pleased to be closing another four finance leases with IndiGo," said Steven Townend, CEO, BOC Aviation. "We continue to work closely with our long-time customer to support its expansion strategy as it builds a fleet of the latest technology fuel-efficient aircraft," Townend said in a release. The aircraft are all powered by CFM LEAP-1A engines. All four aircraft are scheduled for delivery in 2024. "We are pleased to announce that we have extended our partnership with BOC Aviation through a lease agreement for four Airbus A320NEO aircraft," said Riyaz Peermohamed, chief aircraft acquisition and financing officer of IndiGo. PTI

Ixigo's parent firm files papers for IPO

Le Travenues Technology Ltd, which operates travel booking platform ixigo, on Wednesday filed preliminary papers with Sebi to raise funds through an initial public offering (IPO). The company's IPO will be a combination of a fresh issue of equity shares worth ₹120 crore and an Offer For Sale (OFS) of 6.66 crore equity shares by existing shareholders, according to the Draft Red Herring Prospectus.

SAIF Partners India IV Ltd, Peak XV Partners Investments V (formerly known as SCI Investments V), Micromax Informatics Ltd, Placid Holdings, Catalyst Trusteeship Ltd, Madison India Capital HC, Aloke Bajpai and Rajnish Kumar will be selling shares through the OFS. Proceeds worth ₹45 crore from the fresh issue will be used to fund the company's working capital requirements and ₹26 crore will be utilized for investments in technology as well as data science, including on cloud and server hosting, technology on artificial intelligence and customer engagement. PTI

RIL 1st India firm to hit ₹20 tn m-cap

Its market value is ahead of Pepsico, Dutch energy giant Shell, and Petrochnina. AFP

Billionaire Mukesh Ambani's Reliance Industries Ltd (RIL) on Wednesday became the first Indian company to achieve a market capitalization of ₹20 trillion, and its market value is ahead of the likes of Pepsico, Dutch energy giant Shell, and China's Petrochnina.

Reliance stock had on Tuesday briefly touched ₹20 trillion market capitalisation (m-cap), but it ended the day at ₹19.93 trillion.

The firm closed at ₹2,963.60 on the NSE on Wednesday, up 1.14% over the previous close, according to stock exchange data.

This gave it a market value of ₹20.05 trillion at the close.

This achievement places the company at the 49th position among the world's top 50 companies by market capitalization, ahead of giants such as Pepsi Co, Shell Plc, and Cisco.

If the m-cap of Jio Financial Services, which demerged from Reliance on 20 July 2023, is included, the combined market value of Reliance would total up to ₹21.73 trillion, which would place the company at the 43rd position, ahead of even Accenture and Netflix. PTI

Uber and other tech companies are announcing plans to enhance shareholder returns. AFP

Uber unveils $7 bn buyback plan

Uber Technologies Inc. will buy back as much as $7 billion in shares to return capital to shareholders after reporting its first full year of operating profit and consistent positive free cash flow in 2023.

The repurchase plan "is a vote of confidence in the company's strong financial momentum," chief financial officer Prashanth Mahendra-Rajah said in a statement on Wednesday.

"We will be thoughtful as it relates to the pace of our buyback, beginning with actions that partially offset stock-based compensation, and working toward a consistent reduction in share count."

The stock jumped about 8.2% in premarket trading in New York. It has more than doubled over the past 12 months through the close of trading Tuesday. Uber is the latest of a handful of tech companies announcing plans to boost returns to shareholders. Earlier this month Meta Platforms Inc. announced plans to buy back an additional $50 billion in shares and issue its first-ever quarterly dividend, while Airbnb Inc. expanded its buyback program by $6 billion on Tuesday. BLOOMBERG

PV wholesales clock record 393,074 units in January, up 14%

Passenger Vehicles (PV) sales in India kicked off on a strong note in 2024 with wholesales rising 14% year-on-year to 393,074 units last month, the best-ever figure for January driven by robust demand for utility vehicles, industry body SIAM said on Wednesday.

As per the data issued by the Society of Indian Automobile Manufacturers (SIAM), dispatches of passenger vehicles from manufacturers to dealers stood at 346,080 units in January 2023.

Two-wheeler wholesales rose 26% to 1,495,183 units last month as compared with 1,184,376 units in January last year.

"Passenger vehicle sales have remained resilient led by positive consumer sentiments, while the two-wheeler segment witnessed good growth in January as well as the rural market continues to recover," SIAM president Vinod Aggarwal said. Though the commercial vehicle sector did not grow in January 2024, it is likely to see good offtake in the next two months of this financial year, he added. PTI

Two-wheeler wholesales rose 26% to 1,495,183 units last month as compared with 1,184,376 units in January last year. HT

'1st green hydrogen plant at airport'

Bharat Petroleum Corp. Ltd (BPCL) said on Wednesday it will set up the first-ever green hydrogen plant inside an airport in the country. BPCL said it would build and operate a 1,000-kilowatt green hydrogen plant inside Cochin International Airport, which will contribute land, water and green energy resources. The initial output will be used to power vehicles in the airport, which is in the southern part of the country, BPCL said.

Green hydrogen, which is produced from water using renewable energy sources, is recognized as a future fuel and aligns with carbon-neutral strategies. Indian companies are investing billions of dollars to reduce emissions to meet the country's goal of net zero emissions by 2070. India is also expanding the use of biofuel in its transport sector to achieve this goal. BPCL plans to invest $18.16 billion over the next five years to grow its oil business and expand its renewable energy portfolio as it aims for a 2040 net zero goal. REUTERS

THE SIX MONTHS THAT SHORT-CIRCUITED EV PLANS

Automakers went all in on battery power, but buyers have proven more hesitant

File photo of the Tesla Gigafactory near Sparks, Nevada, US. Tesla chief executive Elon Musk has warned of "notably lower" growth in vehicle deliveries for the company in 2024.

REUTERS

Nora Eckert, Mike Colias and Sean McLain
feedback@livemint.com

The Michigan plant where the F-150 Lightning electric truck is built used to vibrate with excitement.

President Biden visited in 2021 and test drove the blazing-fast pickup. Before the first ones even started rolling off the assembly line in the spring of 2022, Ford said it would expand the factory to quadruple the number it could build.

That energy is rapidly fading. Ford is cutting the plant's output by half, and workers are relocating to other facilities, mostly those making gas-powered pickups and SUVs.

The sudden change "was a little bit of a shocker," said Matthew Schulte, who inspects trucks at the factory in suburban Detroit. "Reality has set in."

As recently as a year ago, automakers were struggling to meet the hot demand for electric vehicles. In a span of months, though, the dynamic flipped, leaving them hitting the brakes on what for many had been an all-out push toward an electric transformation.

A confluence of factors had led many auto executives to see the potential for a dramatic societal shift to electric cars: government regulations, corporate climate goals, the rise of Chinese EV makers, and Tesla's stock valuation, which, at roughly $600 billion, still towers over the legacy car companies.

By late last year, it was becoming clear that sales of hybrids—once dismissed by some automakers as an unnecessary half-measure—were taking off.

But the push overlooked an important constituency: the consumer.

Last summer, dealers began warning of unsold electric vehicles clogging their lots. Ford, General Motors, Volkswagen and others shifted from frenetic spending on EVs to delaying or downsizing some projects. Dealers who had been begging automakers to ship more EVs faster are now turning them down.

Even Tesla Chief Executive Elon Musk warned of "notably lower" growth in vehicle deliveries for the company in 2024.

"This has been a seismic change in the last six months of last year that will rapidly sort out winners and losers in our industry," said Ford Chief Executive Jim Farley on an earnings call in early February.

EV sales continue to grow, and auto executives say they remain committed to the technology. But many are recalibrating their plans.

Ford has pulled back on EV investment and could delay some vehicle launches, while increasing production of hybrids, which run on both gasoline and electricity. It lost a staggering $4.7 billion last year on its battery-powered car business and projects an even bigger loss this year, in the range of $5 billion to $5.5 billion.

THE WALL STREET JOURNAL.

Some auto executives acknowledge they got ahead of the market with overzealous demand projections. Pandemic-era supply-chain shocks and a resulting car shortage created long waiting lists and early buzz for EVs, making the industry overly optimistic.

Only later, as a barrage of new EVs hit the market, did executives realize that car buyers were more discerning than they expected. Many were hesitant to pay a premium for a vehicle that came with compromises.

Farley and other industry CEOs are still confident that EVs will eventually take off, albeit at a slower pace than initially envisioned. But for now, the massive miscalculation has left the industry in a bind, facing a potential glut of EVs and half-empty factories while still having to meet stricter environmental regulations globally.

"Ultimately, we will follow the customer," GM Chief Executive Mary Barra told analysts this month.

In 2020, as the car market unexpectedly heated up during pandemic lockdowns, traditional automakers shifted from dabbling in electric cars to launching an all-out blitz. They outlined plans to build dozens of battery factories, EV assembly plants and vehicle models, pledging more than a half-trillion dollars of investment in the technology through 2026, according to consulting firm AlixPartners.

The rapid rise of Elon Musk's Tesla added to the urgency. Over just a few years, its market value rocketed past those of legacy car companies. Wall Street cheered strategic moves toward electrics and bid up shares of EV startups.

Tougher auto-emissions restrictions in Europe and China gave car companies little choice but to add more EVs or risk penalties. The Biden administration steered the industry toward more environmentally friendly cars, earmarking hundreds of billions in subsidies for battery production, consumer tax breaks and EV chargers.

At the start of 2023, car executives were expecting to cash in on their EV bets.

GM's Barra had been among the earliest and most vocal industry advocates of shifting to EVs. The Detroit automaker set a goal of phasing out nearly all gas-engine vehicles by 2035.

"This is a breakout year," Barra said on GM's January 2023 earnings call. GM was finally making its own batteries and said it was ready to start cranking out EVs to satisfy pent-up demand for a new electric Cadillac SUV and Hummer pickup truck.

Ford, emboldened by swelling orders for the F-150 Lightning, increased prices for the pickups by as much as $20,000 over the original sticker. Elsewhere, car executives were talking up their plans to accelerate EV factory work.

TROUBLE AHEAD

Then warning signs began to appear. In mid-January of last year, Tesla slashed prices on some models by more than 20%, triggering a chain reaction.

Used-car dealers who had Tesla Model 3s and Model Ys in stock saw their values plummet by thousands of dollars. Customers who had bought Teslas at higher prices were furious.

"Why cut EV prices when demand is greater than supply?" Bank of America analyst John Murphy wondered.

Musk insisted that there was no demand problem. The company was trying to broaden appeal by making its cars more affordable, he told analysts.

Inside Ford, staffers analyzed what Tesla's cuts might mean for its own EV sales. About two weeks later, Ford reduced prices on some versions of its Mustang Mach-E SUVs by nearly 9%.

Speaking to analysts in May, Farley largely shrugged off the pricing pressures, saying they weren't reflective of broader interest in EVs. He remained upbeat about Ford's outlook, reiterating plans to expand Lightning output.

Around that time, car dealer Mickey Anderson began noticing that EVs were accumulating on his lots in Kansas, Nebraska and Colorado.

At first, Anderson and other retailers thought the slower sales were a fluke. At meetings with manufacturers in the late spring and summer, the dealers compared notes.

"We were worried," Anderson recalled. "We went from wait lists to six months of supply, seemingly in a matter of weeks."

As car companies entered the summer-selling season, there were other worrying signs. U.S. EV sales for the first half of 2023 rose 50% from a year earlier, down from a 71% increase in the first half of 2022.

mint SHORT STORY

WHAT

As recently as a year ago, automakers were struggling to meet the hot demand for EVs. In a span of months, though, the dynamic flipped. The industry may face a glut of EVs now.

WHY

The EV push overlooked the consumer. Car buyers were more discerning than the industry expected. Many are hesitant to pay a premium for a vehicle that come with compromises.

NOW

Ford, General Motors, Volkswagen and others shifted from frenetic spending on EVs to delaying or downsizing projects. Some auto retailers say that they are now selling EVs at a loss.

The wave of early EV adopters willing to splurge had receded, and the next round of potential customers was proving more hesitant. They had more questions about how far a car could go on a single charge, and the life expectancy of batteries. They worried about charging times, repair costs, and not having enough places to plug in, according to dealers and surveys.

Interest rates were rising, pushing up monthly payments on EVs, which already were selling, on average, for about $14,000 more per vehicle than gas-engine models, according to research firm J.D. Power.

Lyndsey Grover, a Dallas-based pediatric anesthesiologist, said her husband was pushing her last year to replace her hybrid Volvo with an all-electric version, for environmental reasons.

She looked at a Rivian SUV, Tesla Model Y and an electric Mercedes, but ended up with another Volvo—a plug-in hybrid that could travel some distance on battery power before switching to traditional hybrid mode.

Her husband already had a Tesla Model S. She said it often requires a full night of charging at home, and even then, its range on a single charge often fell below estimates displayed by the vehicle. She felt the family needed at least one gas-powered vehicle.

GM was having trouble processing battery cells, a bottleneck that was preventing it from getting EVs to showrooms. Manufacturing delays left buyers waiting for delivery of models such as the Cadillac SUV and Hummer pickup truck.

Late last July, GM's Barra told analysts plenty of consumers still wanted the company's EVs. "These vehicles are getting to the dealers' lots, and if they're not already sold, they've got a list of people who are waiting for them," she said.

Two days later, Ford's Farley struck a different tone. "The paradigm has shifted," he told analysts. Although consumers were still buying EVs, Ford's pricing power was deteriorating compared with gas-engine models, he said, and the market for EVs would remain volatile.

Jefferies analyst Philippe Houchois asked Farley what had changed. "A few weeks ago when we saw you in Detroit...it's like you had religion" on EVs, he told the CEO.

Farley replied that Ford was responding to market realities.

A Ford spokesman said that producing significant numbers of electric pickups before its rivals enabled the company to become an EV truck leader and to attract customers from other brands. Learning about the habits of EV buyers, he said, would benefit future vehicle development.

CEOs are still confident that EVs will eventually take off, albeit at a slower pace than initially envisioned. But for now, the miscalculation has left the industry in a bind.

Late last summer, Ford dealer Ed Jolliffe saw on his store's computer system that the factory planned to ship him about a dozen Lightnings. That worried him.

Earlier, his Detroit-area dealership had been receiving one or two Lightnings at a time, and his salespeople had had no trouble finding buyers. More recently, prospective customers seemed more hung up on the monthly payment of nearly $1,000.

Jolliffe had spent a half-million dollars installing EV fast chargers. He was getting ready to rent a billboard along the nearby interstate declaring: "Fastest Chargers Downriver!"

"We were all-in," he said. So he swallowed hard and agreed to take the trucks.

CHANGING PLANS

The unraveling came swiftly. In a single month last fall, the average interest rate on an electric-car purchase jumped from 4.9% to 7%, making monthly payments even less affordable for some shoppers, said Tyson Jominy, vice president of data and analytics for J.D. Power.

Suddenly, once-long waiting lists for EVs shrank and buyers dropped reservations.

Over a 10-day span in October, the tone of automakers in Detroit and beyond turned gloomier. GM said it would delay by one year a $4 billion overhaul of a suburban Detroit factory to build new electric pickup trucks, citing "evolving EV demand."

The next day, Elon Musk said that not as many people could afford a Tesla given higher interest rates and tougher economic conditions. Affordability was keeping a lid on demand, he said during a call to discuss third-quarter results.

A week later, on GM's quarterly call, Barra described the transition to EVs as "bumpy," and said the company wouldn't meet a self-imposed goal of producing 400,000 EVs over a two-year period through mid-2024.

Two days later, Ford said it would defer $12 billion in electric-vehicle investments and focus on increasing hybrid production, citing the need to better match demand.

By late last year, it was becoming clear that sales of hybrids—once dismissed by some automakers as an unnecessary half-measure—were taking off and would outsell EVs in 2023.

"People are finally seeing reality," said Toyota Motor Chairman Akio Toyoda. For years, Toyota and other EV-cautious carmakers had been touting hybrids as a consumer-friendly way to reduce carbon emissions.

In November, thousJands of U.S. dealers signed a letter urging Biden to ease proposed regulations that would push the industry to sell more battery-powered cars. "Last year, there was a lot of hope and hype about EVs," the dealers wrote. "But that enthusiasm has stalled."

Some auto retailers say that they are now selling EVs at a loss to clear unwanted inventory.

Jolliffe, whose car dealership is a 25-minute drive from the Lightning plant, is struggling to understand what happened. On a recent weekday, he peeked out his window at eight Lightnings and four Mach-Es.

"Nobody's opening the door" to check them out, he said. "There just seems to be this hesitancy that is hitting hard."

What fund managers think of the current PSU rally

Insights from four fund managers on the underlying PSU sector dynamics and trends

Anil Poste
Anilkumar.poste@livemint.com

Public sector undertakings (PSUs) offer investors the opportunity to diversify and manage risk, even as they continue to present potential for capital appreciation. Here is what some fund managers think about the sector and its current rally:

PSU growth story is beyond ownership metrics

Souvik Saha, investment strategist, DSP AMC

We firmly advocate assessing companies based on their structural growth trajectory, regardless of their public or private ownership. It's imperative to recognize the significant growth narrative and competitive advantage present in key sectors where PSUs operate. Overcoming historical challenges like government interference, we have observed a notable shift in management objectives and reduced governmental involvement, enabling PSUs to operate more effectively within their respective sectors. It's crucial to evaluate each company beyond stock prices and profitability metrics, focusing on the structural story contributing to PSU growth...

Embracing more growth in PSUs

Mahesh Patil, CIO, ABSL AMC

Trends like the resurgence of PSU banks from NPL cycles and the profitability enhancement in oil marketing companies (OMCs)due to oil price stabilization are promising. Additionally, emerging themes like defence and railways, propelled by governmental initiatives such as 'Make in India' are expected to fuel growth in the PSU segment. I acknowledge the cyclical nature of commodities like steel and natural resources, suggesting potential for recovery after a period of underperformance. While OMCs have shown recent strength, I see tactical opportunities amid challenges like time correction. Despite recent price momentum, investors should recognize that growth rates may not match historical speeds. ABSL's strategic viewpoint towards PSUs stresses the enduring potential of these entities in contributing to corporate profit shares.

The PSU cycle is here to stay

Gaurav Kochar, fund Manager, Mirae AMC

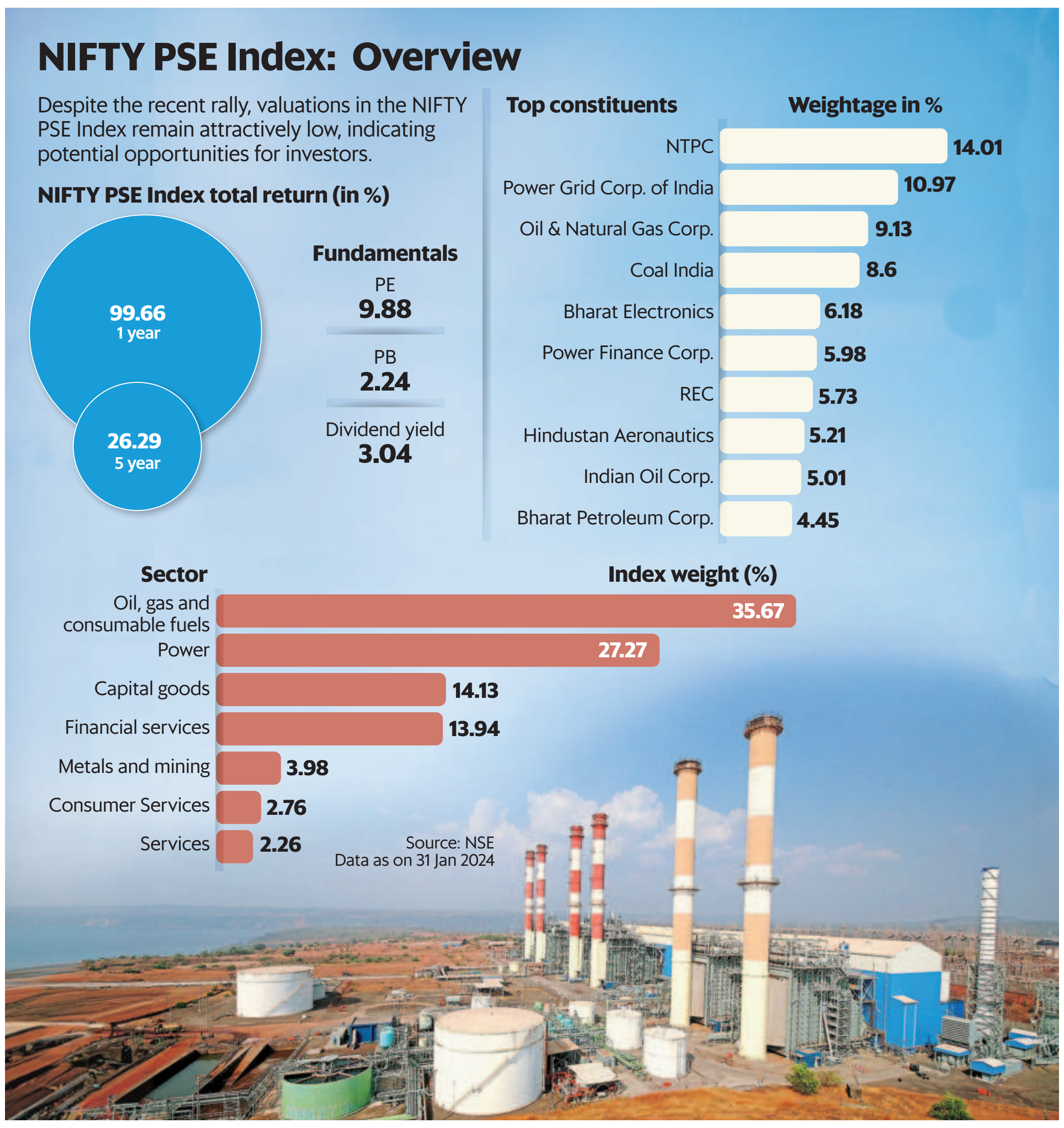
Looking at the significant improvements and emerging opportunities within various PSU segments. I acknowledge the challenges faced by PSU banks over the past decade, particularly with regards to non-performing assets (NPAs). However, I note a positive shift in recent years, with PSU banks successfully undertaking clean-up activities, resulting in improved capitalization levels and a significant reduction in gross NPAs at the industry level. This turnaround has propelled PSU banks from loss-making entities to reporting record high profits, accompanied by notable enhancements in ROE. Valuations across PSU sectors, excluding banks, had remained attractively low for an extended period, presenting significant investment opportunities. I would like to highlight the significant capex in sectors like power, railway infrastructure, and defence, with ongoing capacity additions and new project commencements. These sectors are experiencing robust growth trajectories, supported by government initiatives such as production-linked incentives (PLI), Make in India, and a broader manufacturing push.

Opportunity: The evolving narrative of PSUs

Richard Dsouza, fund Manager, SBI AMC

It's crucial to contextualise the present situation by revisiting historical PSU cycles, particularly highlighting the remarkable performance during the 2002-07 period. Drawing parallels to the current cycle, which commenced in 2021 and has yielded similar returns, I identify a trend shift underway, suggesting the potential for several more years of the rally. The transformative changes within the PSU landscape underscore the government's proactive stance in fostering PSU growth through strategic policy interventions. Notable improvements in earnings and order books of the PSUs, particularly evident in sectors such as defence and railways, where order book expansions foreshadow promising profitability and margin enhancements over time. Acknowledging the likelihood of temporary corrections, I maintain confidence in the sustained momentum of the PSU rally. I underscore the intrinsic value proposition of PSUs, characterised by single-digit price-to-earnings ratios, resurging growth prospects, and attractive dividend yields. Investors need to recognize the evolving narrative of PSUs in the context of India's dynamic market landscape.

(For an extended version of this story, go to livemint.com)



"Assessing companies based on structural growth is key, regardless of ownership

Sauvik Saha
Investment strategist, DSP AMC

"PSUs offer compelling valuations, poised for sustainable growth despite historical challenges

Mahesh Patil
CIO, ABSL AMC

"PSUs show promising growth, supported by fundamentals and government initiatives.

Gaurav Kochar
Fund manager, Mirae AMC.

"PSUs demonstrate potential for sustained growth, backed by solid fundamentals.

Richard Dsouza
Fund Manager, SBI AMC

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	13.52	15.76	15,301
HDFC Index Fund - Nifty 50 Plan	13.38	15.54	12,186
Category average	**13.00**	**15.29**	
EQUITY FLEXICAP			
Canara Robeco Flexi Cap	13.90	17.14	11,609
Parag Parikh Flexi Cap	21.19	23.28	55,034
Category average	**15.35**	**17.47**	
EQUITY SMALL AND MIDCAP			
Axis Midcap	17.58	20.45	24,534
SBI Small Cap	23.74	25.63	24,862
Category average Midcap	**22.87**	**22.65**	
Category average Smallcap	**28.18**	**25.92**	
EQUITY (TAXSAVER)			
Canara Robeco Equity Tax Saver	14.28	18.99	7,155
Mirae Asset Tax Saver	15.43	19.35	20,950
Category average	**16.99**	**18.09**	
HYBRID			
BALANCED ADVANTAGE			
Edelweiss Balanced Advantage	11.39	14.44	10,349
ICICI Prudential Balanced Advantage	12.03	13.05	54,142
Category average	**11.18**	**12.30**	
ARBITRAGE			
Kotak Equity Arbitrage	5.53	5.37	35,998
Tata Arbitrage	5.19	5.29	9,644
Category average	**5.20**	**5.06**	

OUT OF THE BOX	Returns since launch	Date of launch	Corpus (₹ cr)
BHARAT Bond ETF - April 2031	5.17	23-Jul-20	13,230
Motilal Oswal S&P 500 Index Fund	17.93	28-Apr-20	3,032

Returns as on 12 February 2024; Corpus data as of January 2024; 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

How do I build a corpus of ₹2 cr in 12 years for son's education?

Harshad Chetanwala

My husband and I are doctors and we have a 6-year-old son. We have been investing in fixed deposits (FDs), direct stocks and a few mutual funds, and have accumulated ₹26 lakh so far, including ₹18 lakh in FDs. We want to accumulate ₹2 crore in 12 years for our son's education and ₹3 crore for both of us in 15 years. How much will we have to invest to meet our goals?

—Name withheld on request

ISTOCKPHOTO

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INVESTMENTS

At present, most of your money is parked in fixed deposits which may not be able to generate higher returns for you considering the time horizon of your investments.

You can park six months of your mandatory expenses in fixed deposits and invest the rest in better avenues like equity mutual funds. You also mentioned investing in direct stocks, which is good. However, one needs to devote more time and have access to reliable information on the companies to invest in direct stocks. While the idea is not to discourage you from direct stock investing and considering that you both may continue to be busy in the future, mutual funds are a much better option for you to invest where experienced fund managers take care of your investments.

If you keep ₹10 lakh in fixed deposits for contingencies and invest the remaining ₹8 lakh in equity mutual funds along with the existing portfolio at 12% per annum growth, you will be able to reach approximately ₹62 lakh in 12 years.

To build the remaining corpus of ₹1.38 crore for your son's education, you will have to invest ₹45,000 every month for the coming 12 years. For the other goal of ₹3 crore. you will need a monthly investment of ₹64,000. Hence, for both goals, you need a monthly investment of ₹1.09 lakh.

You can also follow a strategy of stepping up your investments annually in such a case since it will help you to start with a lower monthly commitment at present. Some of the funds you can consider to invest are UTI Nifty Index Fund, Nippon India Large Cap Fund, Parag Parikh Flexicap Fund, 360 One Focused Equity Fund, Kotak Equity Opportunities Fund and HDFC Mid Cap Opportunities Fund.

Harshad Chetanwala is co-founder at MyWealthGrowth.com.

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

UNLOCKING RETIREMENT PROSPERITY: HOW NPS REMAINS CUTTING-EDGE

POWER POINT
SHYAMSUNDAR BALIGA

Respond to this column at
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The National Pension System (NPS) is one of the most cost-efficient retirement planning products that comes with a prudent risk management framework and close regulatory oversight. The NPS ensures a comfortable retirement by combining market-linked returns with disciplined savings and power of compounding. With growing awareness, the NPS has attracted a lot of interest and growth. As a result, its assets under management (AUM) has now crossed ₹10 trillion.

The most prominent reason for its increased awareness and popularity is the consistency in investment returns and cost-effectiveness. The NPS has consistently delivered superior returns compared to alternative products and inflation, with equity schemes generating approximately 12.8% per annum and debt schemes around 9% per annum over the last 10 years. This can be compared with current interest rates of EPF at 8.15%, PPF at 7.1%, and various small saving schemes ranging from 6.7% and 7.7%.

It is worth noting that NPS continues to evolve and improve through subscriber-friendly measures introduced by the Pension Fund Regulatory and Development Authority (PFRDA).

Systematic lump sum withdrawal: The PFRDA recently introduced systematic lump sum withdrawal (SLW) which is a case in point. Under the SLW mechanism, the 60% tax-free lump-sum portion of the maturity corpus can be withdrawn in monthly, quarterly, half-yearly or annual instalments for the period between retirement and attaining the age of 75 years. This allows the corpus to remain invested and grow. It also reduces the risk that the corpus may be prematurely exhausted after a lump-sum withdrawal. Moreover, it enables the subscriber to postpone purchasing an annuity from the remaining 40% of the corpus, which means that the subscriber will get a better annuity rate, as annuity rates increase with the age of the subscriber. Annuity is an essential feature of a pension product, as a lifetime annuity transfers the longevity risk to the insurance company. Other recent improvements made in the past include increasing the entry age to 70 years, allowing 100% equity in tier II account, liberalising scheme preference change and premature exit, etc.

Enhanced flexibility: Another significant recent development is that subscribers are now allowed to choose different pension fund managers for each asset class, i.e. equities, corporate bonds, and government securities. It means subscribers can evaluate the performance of fund managers for each asset class separately and allocate their corpus to selected fund managers accordingly. Moreover, there is no cost associated with switching between asset classes (four times a year) or between fund managers (once a year). Comparative returns of pension fund managers can be found on the website of the NPS Trust at https://www.npstrust.org.in/weekly-snapshot-nps-schemes

Guaranteed returns scheme: For subscribers looking for a certain element of guarantee in their retirement savings, the regulator is in the process of designing a guaranteed returns feature within NPS. This will be an optional feature and may be attractive to risk-averse subscribers or as an alternative product to subscribers nearing retirement.

Optimizing tax benefits: The NPS continues to retain tax benefits. With regard to the new tax regime under which the taxpayer is eligible for lower tax rates in exchange for giving up some exemptions, it is important to note that taxpayers still have an option of choosing the old regime and claiming the exclusive ₹50,000 tax exemption under section 80CCD(1B) available for NPS, over and above the ₹1.5 lakh available under section 80C. Subscribers may look at spreading this amount over three to six months rather than a single transaction near the end of the financial year. Even for taxpayers who opt for the new tax regime, employers' contribution to NPS up to 10% of salary is still tax-exempt under section 80 CCD (2) with a cap of ₹7.5 lakh per annum.

The main reason for NPS's popularity is the consistency of returns and cost-efficiency

While tax benefits in the product are indeed most attractive, investors must go beyond tax benefits and understand the need for building a sizeable corpus and how NPS assists in this journey with a host of other unique features like flexibility of asset allocation, easy contributions through SIP feature, portability of the account across employers and locations, and digital processes. Lock-in and annuity are essential features of a retirement product. Investors need to allocate their savings into short-term, medium-term and retirement needs, and the retirement portion must be locked in for the long term so that it is not used up for intermediate goals. Lock-in is therefore a critical feature of a retirement savings product, from the perspective of both ensuring the end use as well as the power of compounding. Having said that, the product does have a feature of partial premature withdrawals.

Shyamsundar Baliga is chief executive officer, Kotak Mahindra Pension Fund.

OUR VIEW

MINT

Our youth don't favour all elections held in sync

A sizeable demographic chunk of India is largely unconvinced of 'one nation, one poll,' as the latest YouGov-Mint-CPR Millennial Survey reveals, and it's easy to understand why

There are some things the Bharatiya Janata Party (BJP) can take for granted. Such as its hold on the so-called Hindu vote, no matter how defined, and its poll prospects bumped up by the popularity of Prime Minister Narendra Modi. Among other such assets, India's ruling party could list its appeal among bulge-bracket youth, especially those who came of age after the economy was opened up: those born between 1981 and 1996 (called millennials) and those born after that (Generation Z). As found by the latest Millennial Survey conducted by *Mint* in alliance with YouGov and Centre for Policy Research (*bit.ly/48bldNy*), BJP support was expressed by almost half its national sample of 12,544 urban youngsters drawn mostly—and evenly—from those two electorally significant age cohorts. Sure, this slice of Indian youth has a well-to-do skew (by design), but the proportion in favour of the BJP is noteworthy all the same. Not only is it more than its Lok Sabha 2019 vote share of 37.4%, it's way above the inclination shown to any other political party. Yet, although the BJP finds youth backing on many issues that are salient in today's politics, every stance it takes does not strike a chord with the young. As the survey reveals, notable dissonance hovers over the ruling party's advocacy of central and state elections held in synchrony under the slogan of "one nation, one poll."

On the survey's opinion panel, 63% agreed with the proposition that "Democracy is stronger when we have elections at multiple levels with different frequencies," with just 37% opting for "I think having separate elections at different levels is a waste of resources and time." Given how aptly these two statements capture this clash of views, such a pronounced tilt can't be pinned on a questionnaire bias. Indeed, it is best interpreted as a sign that democracy by and large outweighs thrift as a value in the judgement of millennials and Gen-Zers. Even if they don't profess a political version of Keynes' "paradox of thrift," about how penny wise needn't be pound wise, their response suggests a good grasp of what elections held in sync would imply for federalism and the basic principles of representative government. For all the savings of time and other public resources that the idea promises, the lives of various state legislative bodies, each elected for a five-year term, cannot be cut short at an arbitrary moment to kick off such a practice. Perhaps President's rule imposed all across in one go could do it, but, as rules exist for the use of this harsh device, this would be a 'nuclear option' whose validity under the Constitution is sure to be challenged. Elected state governments, after all, cannot be turfed out at the Centre's convenience. Moreover, voluntary dissolutions of state assemblies are unlikely in the absence of a political consensus. And so long as opposition parties suspect that poll synchrony will work in the BJP's favour, letting it count on Modi's appeal in every ballot booth, they can't be expected to sign on. There may yet be another way it can happen, but it's also crucial to ask how long all these states can stay in lock-step, given how often local governments fall apart and fresh polls are needed.

Separate polling cycles are a reflection of federalism at work, not a strain on India. Slogans that start with "One nation," like the one crafted for GST adoption ("One tax"), do have a ring to them. In electoral matters, however, discretion would be the better part of valour.

THEIR VIEW

There is no discord over India's growth and employment trends

Barring a covid-induced aberration, employment has been growing in line with the economy's rise

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is chief economic advisor to the Government of India.

By May, we will have learnt that India's economy has grown by more than 7% annually in real terms over the last three years. If the Reserve Bank of India (RBI) turns out to be right in its expectation of 7% growth in the financial year beginning April 2024, then it will be the fourth year in a row of 7% or more growth. This is no mean achievement in a post-covid growth-challenged era in which countries are struggling to shake off their fiscal stimulus and its after-effects such as higher inflation.

The oft-heard counter is that the fruits of growth have not been evenly distributed and that employment generation in recent years has been disappointing. First, on inequality, it is important to consider government taxes and transfers. Cumulative direct transfers of government benefits, both in cash and kind, are more than ₹34 trillion, with hundreds of millions of beneficiaries. State governments offer their share of benefits as well. A systematic study of all government transfers and their impact on household purchasing power is needed before one can conclude that inequality has worsened.

When it comes to employment, we should let the data speak for itself. The RBI-KLEMS database now gives us more than 40 years of data to analyse economic growth, productivity growth, income shares, etc. The last year for which data is available is 2021-22.

Between 1997-98 and 2003-04, the economy created 51.3 million jobs. If reduced to an interval of five years between 1998-99 and 2003-04, it is 46.5 million. Agricultural employment went up during these two periods by around 13.8 million and 13.7 million, respectively. Between 2004 and 2014, employment growth was 27.9 million, split roughly as 18.5 million between 2003-04 and 2008-09 and 9.4 million between 2008-09 and 2013-14. Agricultural employment declined by about 38 million in the full 10-year period, split between the two periods at 14.6 million and 23.4 million, respectively. It is as it should be in an economy trying to move from being dominated by the primary sector to secondary and tertiary sectors. The compounded annual contraction rate (CACR) was (-)1.6%. The CACR was (-)1.2% between 2003-04 and 2008-09 and (-)2.0% between 2008-09 and 2013-14.

Between 2013-14 and 2021-22, the economy created 82.6 million jobs. But there is a twist in the tale. There was nearly a 40 million increase in farm employment in 2019-20 and 2020-21 taken together. Excluding that, employment growth creation is still an impressive 42.6 million in the eight years from 2013-14 to 2021-22. The huge bulge in farm employment in those two years reflects the covid-induced reverse migration. That this was an aberration can be gleaned from the fact that between 2013-14 and 2018-19, farm employment declined by 17.8 million, at an annual CACR of (-)1.7%. This downtrend resumed in 2021-22. Employment in agriculture fell by 1.5 million, reversing the trend of the previous two years. It is a reasonable guess that this continued in 2022-23 and 2023-24 as well.

Coming to manufacturing, between 1998-99 and 2003-04, employment growth was 7.3 million. In the 10 years between 2003-04 and 2013-14, it was about 5 million, and the split between the two five-year periods was 3.7 million and 1.3 million, respectively. There is a clear slowdown in manufacturing employment growth between 2008-09 and 2013-14. Between 2013-14 and 2018-19, employment growth in manufacturing declined by about half-a-million. So, it stands to reason that the decline in agricultural employment, which was of the order of 17.8 million, was absorbed by services and other sectors, given that the economy as a whole added 13.1 million jobs. Corporate balance sheet stress, particularly in manufacturing, showed up in the decline in the sector's overall employment in the five-year period between 2013-14 and 2018-19. Encouragingly, that decline has reversed. In 2021-22 alone, manufacturing added 4.3 million jobs. The recently released Annual Survey of Industries for 2021-22 reinforces this. The revival of manufacturing employment is a good augury. It reflects the end of corporate balance sheet woes, the sector's willingness to hire and the fruits of our infrastructure build-out.

The services sector added 33.1 million jobs between 2003-04 and 2013-14. But, in the eight years between 2013-14 and 2021-22, it has already added 41.1 million jobs. It must be noted that employment growth in manufacturing, services and agriculture and allied sectors won't add up to total employment growth in the KLEMS database because it leaves out sectors like construction.

The message is that the employment creation engine was humming and in good health despite the balance sheet woes of the corporate sector before covid struck. That derailed it for a couple of years, but normal service appears to have resumed in 2021-22. Data for 2022-23 and 2023-24, once available, should confirm that.

Notwithstanding this encouraging picture, there is no gainsaying that creating skilled and more formal jobs, and jobs with social security benefits, is important. Much has been accomplished, but much remains to be done.

These are the author's personal views.

10 YEARS AGO


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>
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MY VIEW | WORLD APART

An ISI okay for luxury labels: What'll we think of next?

RAHUL JACOB

is a Mint columnist and a former Financial Times foreign correspondent.

Reports this week in *Mint* on the government's new quality-control orders on high-end luxury shoes from Louis Vuitton and Christian Dior included the gem that the shoes certified appropriate for pampered Indian women's feet would be mandated to have an ISI stamp (a sign of Indian Standards Institute approval) to embellish them. This sounded like a comic skit of the new licence raj, written not by Kafka but by those who made Carrie Bradshaw and her love of swanky Jimmy Choo shoes a key theme of the TV series *Sex and The City*.

Such certification is impractical. As happens so often, it is unclear what it's protecting, since Indian footwear factories overwhelmingly focus on the mass market. Just recently, Maruti Suzuki's R.C. Bhargava said that his company had no problem with a free trade agreement with the EU as Maruti's cars were more than competitive on value-for-money with European cars. In any case, the prospective buyer for a Benz or a BMW is unlikely to be sizing it up against a Baleno.

Industry insiders say the latest quality certification move on shoes is directed at imports from China. So much of our industrial policy, from import licensing for computers to shutting the door on trade agreements that would make us part of East Asia's supply chains, is influenced by this goal with little effect thus far on our bilateral trade deficit with China.

Treating the relatively small imports of stilettos as collateral damage in this larger battle overlooks the huge benefits from these luxury brands that are increasingly seeking to use India's gifted artisans. Less than a year ago, a show by Christian Dior, which has collaborated with Mumbai-based atelier Chanakya School of Craft, at the Gateway of India was a free advertising blitz for Indian craftsmanship, with its photos splashed across the Western luxury press. Influential *Vogue* and the *Financial Times' HTSI* glossy magazine devoted cover stories to it. Work from India was described as "mind-blowing" and "insanely detailed haute couture textiles that are magicked up."

Aside from the reputational damage to the ease of doing business and growing collaborations between European luxury brands and Indian artisans that will hopefully get the artisans the recognition and revenues they deserve, at the ground level, a lengthy certification process is likely to lead to an inventory build-up of expensive shoes. An Indian exporter of expensive women's shoes to Europe says he has never faced a similarly arbitrary certification regime overseas. He says it has already meant that inventory has run up ahead of the New Delhi decree taking effect. The irony is that Indian shoe factories in Bhiwandi and elsewhere have been ramping up production, not least because there is plenty of business serving the local Indian market.

> **Arbitrary mandates of quality and other diktats constrain India's economic prospects**

It is, of course, too early for a thorough cost-benefit analysis of the production-linked incentive (PLI) scheme. But the whiplash effects on business of such arbitrary *firmans* from New Delhi, which include the now somewhat diluted licensing regime announced last year for foreign-made computers and countless tariff increases over the past few years, must eventually be part of that computation. In fairness, there has been plenty of interest in PLIs. A *Business Standard* report this week on a government review of the targets and achievements in different PLI sectors found that investment in most had been more than anticipated. Notable exceptions are arguably the most labour-intensive sectors, ranging from textiles to automobiles and auto components, where investment is a fraction of what was targeted.

There are other anomalies: the 12 successful suitors for PLI subsidies for solar photovoltaic modules include—wait for it—11 with partners from China. Now, it has always seemed silly to me that given the abundance of sunshine India is blessed with, it should be so reliant on coal-fired power plants that add to our air pollution problem. A quick remedy would have been to allow Chinese imports, but we alleged China was dumping solar panels here. Now, the cartwheel of public policy has come full circle: New Delhi will in effect be subsidizing Chinese solar firms after having blocked imports of solar panels that were subsidized by Beijing. Freer imports would also have radically speeded up our green transition.

But, the illogic is richer still. This week, the *Wall Street Journal* reported that China is on course to meet its target of capping greenhouse gas emissions six years before schedule. "China installed 217 gigawatts of solar power last year alone, a 55% increase," according to *WSJ*. "Wind energy installation last year was more than the rest of the world combined." There are many problems with China's command-and-control economic system: in the past decade or so, President Xi Jinping has ratcheted up arbitrary state actions, targeting tech firms one moment and foreign consulting firms the next, while also seeking to deflate China's property bubble, a more defensible goal. Still, China's transition to green energy is yet another East Asia-style miracle of industrial policy.

There remain plenty of opportunities for India in shifts of production away from China, but our bureaucracy may need a mindset shift. Reading the new certification rules for high-end shoes, I wondered if the Indian-made leather slippers that women often wear with sarees, and which almost certainly contribute to knee problems, would now be mandated to have cushioning and arch support worthy of a Birkenstock. I would guess not.

MY VIEW | STATISTICALLY SPEAKING

There is plenty that ails India's index of industrial production

The IIP is old and rusty but GST data can be used to formulate an indicator that offers a better picture of economic change

TCA ANANT
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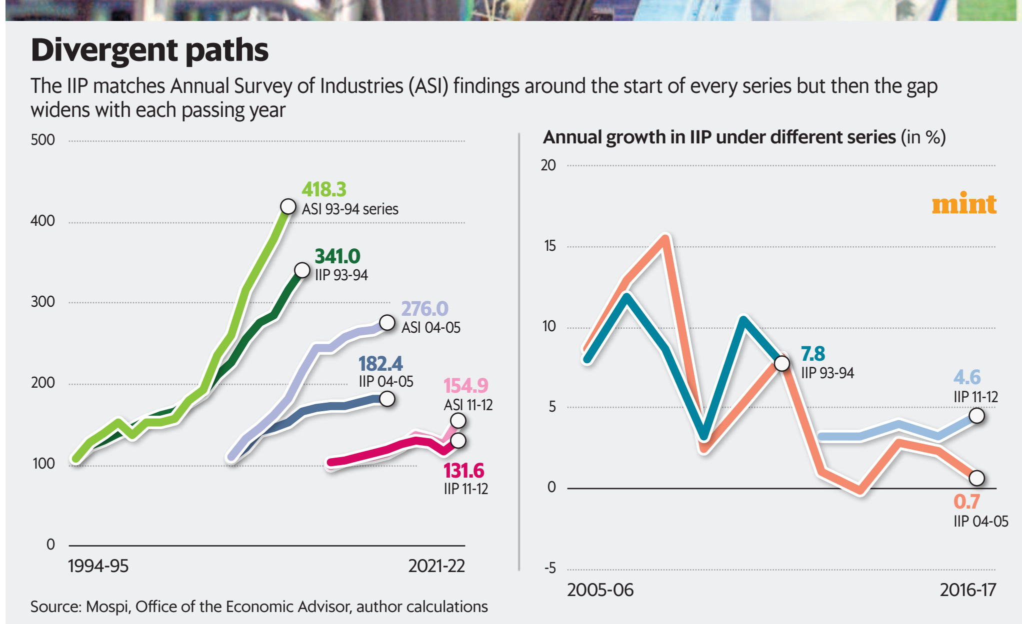
BLOOMBERG



SARVESH KUMAR SHARMA/MINT

The index of industrial production (IIP) has in recent years been coming under increasing criticism for not being relevant for contemporary users. A recent op-ed in *Mint* ('India's IIP is losing its relevance as a lead indicator of economic growth')(*bit.ly/42D5YvE*) is a good example. These criticisms are valid, and to better understand the disaffection, it is useful to review the manner in which the series is constructed.

The IIP is one of the oldest statistical products produced by the National Statistical Office, dating back to pre-independence. The index is collected through a large number of source agencies, many of which have their roots in the administrative machinery which evolved in the 1950s' 'command economy.' Many of these agencies have lost their relevance over the years. For some, supplying data for the IIP seems to be the only reason for their continued existence.

The article referred to above points out that IIP growth does not match India's real GDP growth. This is not just a problem with the current IIP series, but has in fact been a problem for at least the last three revisions of the IIP series. In each revision, there have been a few years of overlap. In overlapping periods, growth in the new series tends to be higher than that of the old series (the only exception is the two years after the 2008 financial crisis).

Another way to see the IIP's dampened growth performance is to compare it with the Annual Survey of Industries (ASI). The attached graph takes data from three IIP series' (base years 1993-94, 2004-05 and 2011-12) and compares them to the ASI. For this comparison, the graph takes the value of output from the ASI, deflates it to constant prices (using the wholesale price index), and expresses it as an index for the comparable IIP base years. In each one of these, we see that after a few years the divergence between IIP and ASI becomes quite marked.

An implication of this divergence is that estimates of value-added in the quasi corporate and household segments of the economy are underestimated in the early estimates of GDP.

The reason we observe this behaviour in the IIP is the manner in which it is constructed for the manufacturing segment. For the base-year exercise, establishments are identified and arrangements are put in place to obtain monthly production data of specified items from these establishments. The establishments and specified items are chosen based on their importance in the base year manufacturing profile. In subsequent months and years, the same list of establishments supplies monthly production data. This method of data collection, which 'freezes' both items and establishments, has some inherent problems. Firstly, it does not capture new establishments coming up. Additionally, the closure of old establishments leads to non-responses. The IIP's January 2024 press release observes that the final revised estimates for August 2023 had a weighted response rate of 95%. Keeping in mind that non-responses are concentrated in the manufacturing segment, which has a weight of approximately 77% in the total IIP, the non-response is significant. In contrast, ASI data reveals that between 2011-12 and 2021-22, the number of factories increased by as much as 15% (and about 5% since 2017-18). Thus, we see that the IIP is losing out on newer factories and is unable to account for changes in the item mix.

The graph does, however, show that in years close to the base year, the IIP manages to track ASI reasonably well.

Part of the reason for this is that IIP revisions take place after a substantial gap. This is because of the time taken to release ASI data (though this has been reducing over the years) and the time it takes to establish a protocol for collecting monthly data through 14 different source agencies (with all the implied bureaucratic red tape this entails). Each of the revisions took at least 5-6 years. The long process of launching a new series implies that the problem of non-response kicks in only after the series is launched. Establishments that close during the period of revision are simply substituted in the exercise.

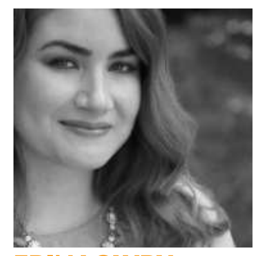
There is a felt need for an accurate high-frequency indicator of manufacturing output. In the absence of this, people rely on indicators like the Purchasing Managers Index (PMI) which is not quite an indicator of output. The GST system by contrast, is a rich source of high-frequency information about the economy and can be used to construct an indicator which would be far superior to the current IIP. Virtually all manufacturing establishments file monthly returns to obtain input tax credit, giving details of both output and value added by the HSN code. It is possible to put in place mechanisms to extract information to give indicators of growth in production and value added with far greater accuracy and timeliness compared to the IIP. Just as the department of commerce releases monthly merchandise trade data, it is possible to conduct this exercise without compromising commercial confidentiality.

The above is an example of how putting GST data to statistical use would enable a much richer and faster appreciation of economic change in India, which would help policymakers intervene more effectively.

MINT CURATOR

Millennials and Gen Zers are prone to money dysmorphia

These generations must resist needless anxiety over their finances



ERIN LOWRY
is a Bloomberg Opinion columnist covering personal finance.

Distorted notions of one's financial status can be a problem ISTOCKPHOTO

Never hesitant to rebrand an existing phenomenon, millennials and their Gen Z 'frenemies' are admitting to having 'money dysmorphia'—which is a feeling of insecurity around their financial situation even when the true picture reveals little cause for concern. Some 43% of Gen Z and 41% of millennials say they suffer from a flawed perception of their finances, according to a recent Credit Karma study. While it might sound like just another form of anxiety induced by TikTok feeds of short videos, money dysmorphia is a real problem that can cause someone to make poor or ill-informed decisions.

Having a financial perspective rooted in fear rather than fact is nothing new. Those of us with grandparents belonging to the 'Greatest Generation' [as the World War II generation of American citizens is often described in the US] will recognize the Depression-era scarcity mentality.

A scarcity mentality is a valid way to experience the world. An upbringing in which finances were tight will have a lifelong impact on how one thinks about and interacts with money. The trouble with money dysmorphia is that it can distort the thinking of someone whose lived experience is not one of scarcity but of stability.

This is not to suggest that all Gen Zers and millennials were raised in financially stable homes and have continued to a comfortable, middle-class existence. Both generations have been dealt blows in terms of experiencing 'once in a lifetime' or 'generation-defining' events at young ages. So perhaps it isn't surprising that more than 40% of both generations report having money dysmorphia and 48% of Gen Z say they feel left behind financially and 59% of millennials feel the same.

One major shift for both generations compared with previous ones is the constant access to information, both in the news and on social media. Gen Z especially has never lived in a world devoid of a 24/7 news cycle or social platforms and search engines allowing you to fact-check anything in an instant. The eldest members of Gen Z were only 10 when Apple launched the first iPhone. The oldest millennials were 26—personally, I'd just graduated high school.

Millennials and Gen Zers keep hearing how tough we have it. How hard and expensive it is to buy a home. How much it costs to raise children and secure child care. How big corporations, once seen as beacons for young, ambitious people, are now slashing jobs. These headlines can easily overshadow the reality that the American economy is pretty healthy, at least for now.

The challenges facing younger adults are real. But they can lead to an unhealthy narrative in someone's head that says the other shoe could drop at any moment; that another pandemic will arise and force you to live off of savings for months, or that you won't ever be able to buy a house on top of your student loan payments, never mind being able to have children one day. And not to point fingers too much, but our parents may have helped solidify these fears with the money behaviours they modelled in our youth.

Adding to the anxiety are images on social media featuring people showing off luxury consumer goods, flying first class to expensive destinations and dining in notoriously difficult-to-book restaurants. Younger consumers are inundated with such content. Living in a big city brings displays of wealth into your day-to-day experience. You can see the Birkin bag on the street or note the legit Supreme hoodie or Cartier Love bracelet.

It's easy to see why 45% of millennials and Gen Z surveyed for the Credit Karma study reported being obsessed with becoming rich. When you start with a pessimistic assessment of your own future, it's hard to imagine that your finances will improve in the normal course of your life and career.

Yet instead of being in a constant state of unease, millennials and Gen Z could ground themselves by doing the math on what amount of money would make them sleep easier. Fixating on a nebulous goal like 'getting rich' isn't helpful compared with putting numbers on a page and a timeline in place.

People who admit to experiencing money dysmorphia are already acknowledging that their perceptions of their own finances are not necessarily backed by facts. This in itself is a good first step. But the reality is that this mentality has no simple cure and can last a lifetime. Financial therapy, or hiring a well-vetted financial planner could help. But some people might consider an even more radical move and stop paying attention to the social media content that sparked their unwarranted anxiety in the first place.

THEIR VIEW

The digital subversion of classical capitalism won't last

ROHIT PRASAD

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Byju's, once the darling of India's digital economy with a valuation of $22 billion in late 2022, is attempting to raise money at a valuation that's a small fraction of that today. Through its roller-coaster ride, one thing has remained constant: in its 13-year history, it appears to never have been profitable. This is standard for internet companies. Amazon did not make profits in its first 6 years. How have we arrived at this model of 'digital capitalism,' a system where valuations are independent of firm profitability for long periods of time?

Many would ascribe the phenomenon to the internet being characterized by network economies, the phenomenon of benefits to users increasing with the addition of new subscribers. For instance, a social network such as Facebook becomes more valuable for each user with an increase in the number of users on account of the increasing number of people that can be reached. Therefore, the argument goes, competition on the internet must inevitably resemble winner-takes-all contests, with each firm trying to achieve a critical mass of subscribers in the earliest possible time.

But social networks and e-commerce platforms are not the first examples of industries with network externalities. The plain old telephone service also became more valuable for each subscriber with every new connection. Similarly, the traditional video-tape industry also exhibited this property; the triumph of the VHS format over Betamax resulted from an earlier attainment of critical mass, not a superior technology. Why did the business model of telephone or video-cassette recorder companies never get decoupled from earnings in the way the businesses of internet companies has?

This is the story of a liberal consensus, a phase of market-led growth which began in the 1980s, helmed by the charismatic figures of Ronald Reagan in the US and Margaret Thatcher in the UK. A rightward political shift, growth of automation and outsourcing of jobs to China led to a weakening of the labour movement in advanced economies. In parallel, multinational corporations (MNCs) had a dream run of 25 years, during which the contribution of corporate profits increased from 7.6% to almost 10% of global gross domestic product (GDP).

This phase created an enormous amount of private wealth, driven by sharp spikes in the valuation of corporations and residential property, and the mushrooming of off-shore tax havens. Starting from 1979, while incomes of the top 1% in the US more than tripled, those of the next 19% increased by less than two times. There was a remarkable difference even within the top 0.1%, with the top 0.01% doing far better than the next 0.09%. Thus, by the 1990s, the US possessed a small cohort of extremely wealthy people.

These people wanted to stay in touch with new developments and provide mentorship as technology boomed with a new generation of entrepreneurs at the helm. And, of course, they wanted to keep multiplying their wealth. Hence, vast sums of wealth were channelled through angel networks and private equity firms to enterprises in the 'new economy.' This kind of wealth was not available back in the days of the plain old telephone service.

Sustainable digitalization calls for a return to principles of capitalism under which profits matter

Proponents of these developments characterized this inflow as 'patient capital' that did not require firms to show profits or even revenues in the near term. However, while startups were given long lead times for profitability, the investors themselves did not have to exercise much hermetic patience. As the liberal consensus led to a relaxation of the rules put into place after the Great Depression to curb speculative investment, the stock market boomed. The Nasdaq stock market index that is based on a portfolio of technology stocks exhibited a three-fold increase in just 19 months spanning August 1998 to March 2000. There was a spate of Initial Public Offerings (IPOs) of technology companies. In November 2015, Facebook crossed $300 billion in market capitalization, overtaking the 123-year-old GE after only 11 years of existence. Early-stage investors cashed out from these IPOs if they had not already cashed out in funding rounds (usually 3 to 4 in number) that preceded the IPO. The vast wealth accruing to angel investors and tech entrepreneurs generated a fresh flow of capital for digital start-ups, thus creating a self-perpetuating cycle.

The consequence of this model of digital capitalism is the creation of winner-takes-all markets characterized by extreme competition and volatility. The dotcom bust of the 2000s and the churn experienced by companies like Byju's are prime examples of the new nature of competition.

Of course, the consumer who gets access to a raft of digital goods and services is not complaining. However, ordinary citizens suffer in their roles as workers or entrepreneurs. As digital businesses take over traditional brick-and-mortar industries like retail and education, only firms with deep pockets can survive. As global investors set up digital firms, local small businesses lose out. In 2021-22, foreign direct investment in India was 2.7% of GDP, nearly 24% of it in computing and software services. Such developments spell good news for Indians as consumers, but less so for Indians as productive members of the economy. Sustainable digitalization requires a return to classical principles of capitalism under which profits matter.

Of course, in the Indian context, we also require a competitive telecom industry. But that's a story for another day.

Theatre veterans' memories of Bharat Rang Mahotsav

With the theatre festival ongoing this week, Anuradha Kapur, Amal Allana and other stalwarts look back on earlier editions

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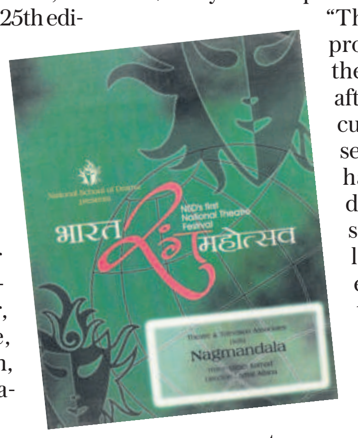
"*Aap bas khabar kar dijiye, log aa jayenge* (you just inform, people will come)," Ram Gopal Bajaj said on a sunny afternoon in early March 1999 when a journalist asked the National School of Drama director if people would bother coming for a theatre festival. That was the first Bharat Rang Mahotsav (BRM). Bajaj remembers visiting newspaper offices (he was himself a theatre critic with a leading newspaper between 1966 and 1969), circulating press releases, and talking to editors about the festival. While talking to *Mint* from his home in Lonavala, 84-year-old Bajaj still remembers one of the headlines, "20 days, 60 plays, five places," adding, "the front lawns were completely packed, and that's when I knew, *ye silsila aagey badhega* (this series will continue)".

This year, the theatre festival, on till 21 February, is celebrating its 25th edition, with more than 150 plays from five countries (Bangladesh, Nepal, Russia, Italy, and India) along with a "satellite festival". The latter allows more audiences to watch various plays from national theatre groups in 15 other Indian cities such as Mumbai, Bengaluru, Jodhpur, Patna, Srinagar, Pune, Bhubaneswar, Dibrugarh, Bhuj, Vijayawada, Ramnagar, and more.



Also, there's Bharat Jan Rang Mahotsav, a periphery event taking place in 2000 locations across India simultaneously at 4 pm on 21 February, which will have street plays by various local groups.

Back in 1999, the festival began with *Nagamandala*, a play written by Girish Karnad in the 1980s as a nod to indigenous stories emerging from performing traditions inspired by folktales of India. It was directed by Amal Allana, who, in her own words, "had done it...in a way that *Nagamandala* hadn't been done before". Allana, who recently announced the launch of her father Ebrahim Alkazi's biography, *Ebrahim Alkazi: Holding Time Captive*, at the just-concluded Jaipur Literature Festival, fused Kathakali and Manipuri dance forms in *Nagamandala* while also drawing on her experience of Japanese theatre, which was reflected both in script and the set, the latter designed by her husband, designer Nissar Allana.

In 2005, when Amal Allana became the chairperson of National School of Drama, she became even more closely involved with the festival. One of the changes made during her tenure was that instead of just selecting plays suggested by people from different cities, who might have seen them, video entries were invited from all over India and abroad. These were then screened and shortlisted by a panel of 30-plus experts, including directors, critics, technicians, actors and others. She remembers some voices of dissent that argued that not everyone had the money to send video entries. Her reasoning was simple: "If people have the money to shoot *shaadi* (wedding) videos, they can certainly shoot from a single camera." The process, according to her, allowed many groups from even the most remote areas of India to send their entries.

"The jury was divided into smaller groups and sent to different rooms where hundreds of plays used to be watched daily for a couple of weeks," Allana recalls. "Then we'd begin the process of shortlisting the entries further, and after long rounds of discussions make the final selection of plays. We had a long, rigorous, democratic process of selection and it was a logistical feat to plan everything, including taking care of the boarding and lodging of hundreds of artistes." Eventually, she says, the idea was to expose students to the best of world theatre. Allana cites Japanese playwright Satoshi Miyagi's interpretation of *Othello* (called *Desdemona*), shown in 2006. Interestingly, that year there were three interpretations of *Othello*, including a Kathakali-inspired dance drama.

One of Allana's other favourites from years past is *Parallel Cities*, conceived by Switzerland's Kaegi and Argentina's *Lola Arias* in 2010, and performed by a blind non-actor. "While that was very moving, there was the brilliant dance theatre called *Bamboo Blues* by Pina Bausch and her company." Additionally, she remembers observing two young directors at work during the festival, both of whom would later go on to become very important names in Indian contemporary theatre – Mohit Takalkar and Shankar Pillai. "We invited international festival directors as well, and this resulted in Indian productions being invited to showcase their work abroad. A vibrant exchange got getting nurtured over the years, while also allowing us to view ourselves in an international context," she says.

PHOTOS COURTESY: NATIONALSCHOOL OF DRAMA

PHOTO COURTESY: ALKAZI THEATRE ARCHIVES

Stills from two stagings of Girish Karnad's classic 'Nagmandala', a play performed at the first-ever Bharat Rang Mahotsav

"There wasn't – perhaps, still isn't – any other theatre festival created at such a scale," says actor Vineet Kumar, who studied between 1986-89 at National School of Drama. While the festival gave many people a platform, it was also important because of the possibility of what could be created. "The energy was electrifying," he says. He quickly scans the NSD campus, where we meet him. A *nukkad naatak* (street theatre) is being performed by college-going youngsters in the lawn area. "I remember so many youngsters scouring through the schedule brochures while downing cups of hot chai, critiquing plays while devouring *litti chokha* and platefuls of pizzas and chowmein, and roaming around Mandi House to do nothing else but watch plays after plays," says Kumar. His play *Badey Na Khelein Chotey Khel*, a Hindi adaptation of Italian playwright Dario Fo's *Archangels Don't Play Pinball*, was shown in one of the earliest editions of the festival. This year, he's attending the festival as a guest speaker.

For Anuradha Kapur, such allied events, where students met world-renowned theatre artists, was integral to their growth. Kapur taught at NSD for over three decades and was its director for six years, between 2007 and 2013. She had curated and managed the festival during her tenure, and believes that its single-most important contribution was to create a vibrant community. She remembers, in particular, the works emerging from northeast India, especially those by playwright Ratan Thiyam, a leading exponent of the 'theatre of roots' movement which began in the 1970s. "The festival provided rich context to what was happening all over the country," she adds.

While NSD Director Chittaranjan Tripathy's goal is to take theatre to every home in India through BRM ("*ghar ghar naatak*," as he calls it), Yashpal Sharma, another notable actor, from the 1994 batch, who showed his play *Koi Baat Chale* here in 2015, doesn't want theatre festivals to be relegated to costume dramas and archaic retellings of mythological stories. "While we can take pride in our past, we must have current context in storytelling in theatre," says Sharma. Kapur and Allana haven't been coming to the festival for the past few years, but Bajaj – known fondly as Bajju Bhai to his students – was on the campus three months ago for a "retelling" of some of the Repertory's plays (he was the chief of repertory between 1988 and 1994). "*Theatre jitna bhasha par gaur karega, utna hee bhaav aur vichaar par rahega. Vahin uska satya hai* (As long as theatre focuses on language and content, it will keep its journey intact on emotion, thought, and thinking. That's where the truth of theatre remains)."

Venetian masks, from Albania

A factory in Albania makes over 20,000 masks each year

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As carnival celebrations are held across the globe, more than two dozen craftsmen in a quaint studio in northern Albania put the final touches on a series of elegant Venetian masks destined for balls, film sets, and street parties.

Every year, the Venice Art Mask Factory in Albania's Shkoder produces more than 20,000 handcrafted masks, to be donned by carnival revellers from Rio to Tokyo.

A lion's share of the masks crafted this season were delivered across the Adriatic Sea to Venice, where this year's carnival was dedicated to Marco Polo—one of the city's most iconic residents with celebrations marking 700 years since his death.

"With feathers, lace or Swarovski crystals, Venetian masks this year are made to attract all eyes thanks to their sparkling elegance," Edmond Angoni, the owner and leading artist behind the Venice Art Mask Factory, told AFP.

Angoni also owns eight shops in Venice where his creations—costumes, gilded masks, and sumptuous dresses—are sold for up to 5,000 euros each.

Among the most popular items this year are large animal masks inspired by the works of Austrian painter Gustav Klimt and Czech artist Alphonse Mucha.

Each new model is first sculpted in clay, then smoothed over with layers of paper mache. The process includes nearly a dozen stages and it can take weeks to complete a single piece.

"Each mask has its own story, its own spirit, its own mystery and magic. Above all, each mask is a work of art," said Gise Zeqo, who has been working at the studio since it opened 27 years ago.

Since opening its doors in 1997, Angoni's studio has produced hundreds of thousands of masks, including those worn in Stanley Kubrick's film *Eyes Wide Shut*, starring Nicole Kidman and Tom Cruise.