HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 43

Monday, February 19, 2024

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IFCI may get fresh funds; reverse merger in works
▶P1

Higher demand, fewer flights fuel summer airfares
▶P1

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34 LAKH+

JOB OPPORTUNITIES

by

Narendra Modi

Prime Minister

In the august presence of

Anandiben Patel
Governor
Uttar Pradesh

Rajnath Singh
Minister of Defence
Govt. of India

Yogi Adityanath
Chief Minister
Uttar Pradesh

Keshav Prasad Maurya
Deputy Chief Minister, Uttar Pradesh

Brajesh Pathak
Deputy Chief Minister, Uttar Pradesh

Nand Gopal Gupta 'Nandi'
Minister, Industrial Development, Export Promotion
NRI & Investment Promotion, Uttar Pradesh

Jaswant Singh Saini
Minister of State, Parliamentary Affairs &
Industrial Development, Uttar Pradesh

AND OTHER DIGNITARIES

Date : 19th February, 2024 | Time : 12:00 PM

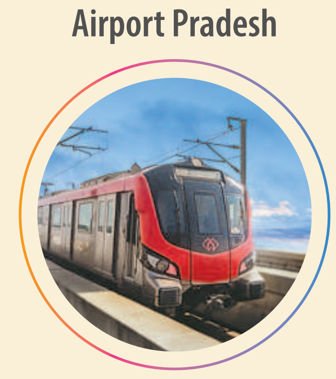
Venue : Indira Gandhi Pratishthan, Gomti Nagar, Lucknow

Electronics Manufacturing Hub

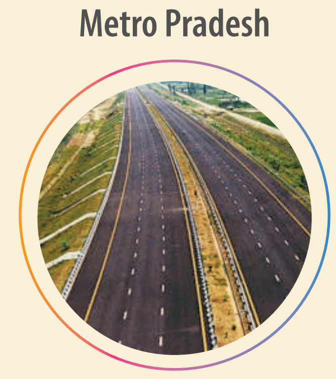
MSMEs Hub

Defence Industrial Corridor

Airport Pradesh



Metro Pradesh



Express Pradesh

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Monday, February 19, 2024

mint

Think Ahead. Think Growth.

mint primer

Why aren't bike-taxis in India bigger already?

BY ALISHA SACHDEV

Bike-taxis could be an answer to our urban mobility woes but often face regulatory hurdles. While the Centre has recently clarified their legality, state-level concerns about licensing and regulation persist. What needs to be done to make them more viable? *Mint* explains:

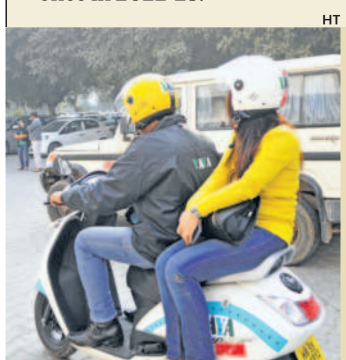
HT

1 Why could bike-taxis be significant?

Bike-taxis offer a cost-effective mode of transportation, particularly for lower and middle-income groups. With fares of ₹8-10 per km, they compete well with traditional auto-rickshaws, catering to first- and last-mile connectivity needs. Their affordability and accessibility make them useful for urban mobility, especially in congested areas where other modes of transport may be scarce. They've so far found most popularity in Tier II and III towns and cities. But a Localcircles survey said 44% of Delhi residents and/or their family or staff had used a bike taxi at least once in 2022-23.

2 What challenges do bike-taxis encounter?

Despite increasing demand, bike-taxis have encountered resistance from some state governments and transport unions. Bans in Maharashtra, Delhi, Kerala and Tamil Nadu (some now resolved by way of new motor vehicle aggregator policies, like in Delhi), highlight regulatory inconsistencies based on states' differing interpretations of the Central Motor Vehicle Act (CMVR) with respect to the legality of bike-taxis, as well as concerns regarding improper licensing. These challenges hinder their widespread adoption, creating uncertainty for operators, riders and users.



3 How do different states view bike-taxis?

Goa, Haryana, Gujarat and West Bengal have formulated aggregator policies for bike-taxis. Maharashtra, Delhi, Tamil Nadu, Kerala and Karnataka had banned them. In Delhi and Karnataka, aggregator policies now mandate a switch to electric bike-taxis. State-level policies are essential to address regulatory gaps in the bike-taxi ecosystem.

4 What role does a clarification play?

The roads ministry has issued a clarification saying motorcycles fall within the definition of contract carriage under the Motor Vehicles Act, 1988. While this provides legal clarity, the advisory says that "All states and UTs are advised to accept and process applications for contract carriage permits for motorcycles." Central government support will have to be supplemented with coordinated efforts at the state level to streamline regulatory processes and foster industry growth.

5 What is needed to grow bike-taxis?

A comprehensive framework addressing safety standards, licensing requirements, insurance provisions and environmental concerns will be essential. Resistance from taxi unions who worry about potential livelihood loss due to bike-taxis must be addressed. Concerns around safety, especially for women riders, must also be addressed by transport authorities as well as by aggregators. According to industry estimates, Ola, Uber and Rapido together completed 300 million bike-taxi rides in 2022.

QUICK EDIT

Sunlight in politics

"Truth is truth," wrote the bard, "To the end of reckoning" in *Measure for Measure*. In the Indian theatre of politics, truth can be puzzling, even multi-faceted, like cubist art, if not an oddity. The term graces the slogans of both our pan-India political parties. The ruling Bharatiya Janata Party has had on air "*Sapne nahin Haqeeqat bunnte, Tabhi toh sab* Modi *ko chunte*": Weaves not dreams but reality, that's why all pick Modi. The Congress has the slogan "*Nyay ka Haq, Milne tak*": Justice as a right, till it's achieved—or justice's self-evident truth till it's attained, if one goes literal. Even "*haqeeqat*" comes from "*haq*" in its classical meaning as truth. These slogans from the run-up to Lok Sabha polls suggest it's a value duly judged dear to the Indian electorate. The light of truth is also the cause that was served last week when the Supreme Court struck down electoral bonds and asked for their veil of anonymity to be lifted. In effect, an opaque-to-the-public channel for bank transfers to poll campaigns was blocked for the benefit of *voters*. This imperative, all impacted parties should accept. As the Upanishad verse states: "*Satya mev Jayate Nanritam*": Truth alone prevails, not falsehood.

MINT METRIC

by Bibek Debroy

We are reaching an age when
Chinese women prefer AI men.
If this becomes a global trend,
Males will go round the bend.
What will happen to human future then?

QUOTE OF THE DAY

And to be a $35 trillion economy means that we need to grow year after year for close to three decades by 9-10% annually and this means that we need to do a lot of disruptions and constant innovation.

AMITABH KANT
INDIA'S G-20 SHERPA

THE WEEK AHEAD

19 FEB UP INVESTORS' SUMMIT
Uttar Pradesh gears up to host Global Investors Summit.

19 FEB HCL DIKTAT
HCLTech makes three-day work-from-office compulsory.

21 FEB JUNIPER IPO
Juniper Hotels' ₹1,800-crore IPO will open for subscription.

21 FEB FM'S FSDC MEET
FM to review the state of the economy at a meeting of the Financial Stability and Development Council.

22 FEB MPC MINUTES
Minutes of RBI monetary policy committee meeting held earlier this month to be released.

23 FEB WPL BEGINS
Second edition of Women's Premier League all set to begin.

23 FEB EPFO PAYTM BAN
EPFO's ban on using Paytm Payments Bank for provident fund claims to come into effect.

24 FEB IPEF AGREEMENT
Indo-Pacific agreement on supply chain resilience, involving 14 partner nations, to come into force.

mint

PLAIN FACTS

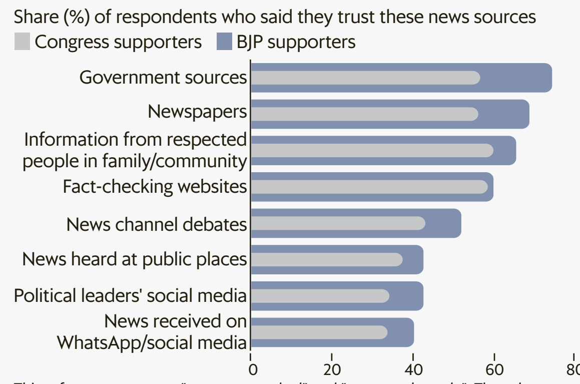
Can Indians smell the lies in online politics?

BY MANJUL PAUL & TANAY SUKUMAR

Urban India largely acknowledges social media is the least trustworthy place to form political views. But many place trust in the social media handles of the party of their own liking, while dismissing others as propagandists.

BJP supporters are more likely to trust various news sources

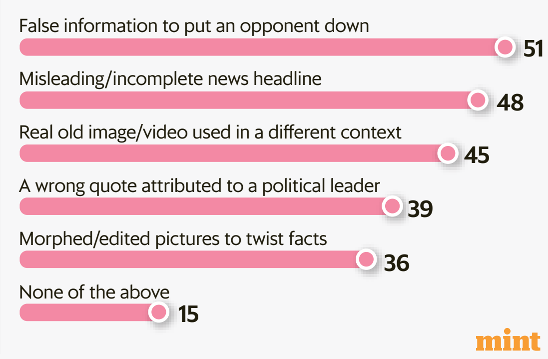
Share (%) of respondents who said they trust these news sources



This refers to responses "trust a great deal" and "trust moderately". The other options were: "trust occasionally", "trust rarely", "never trust".

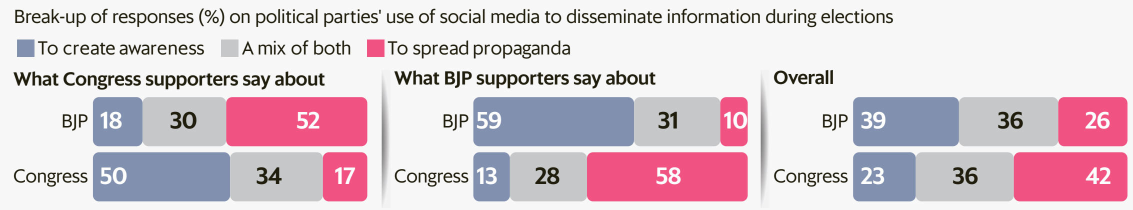
Fake news to put opponents down is the most reported form of propaganda

Share of respondents (%) who said they had encountered these forms of misleading news/information in a political context in the past one year



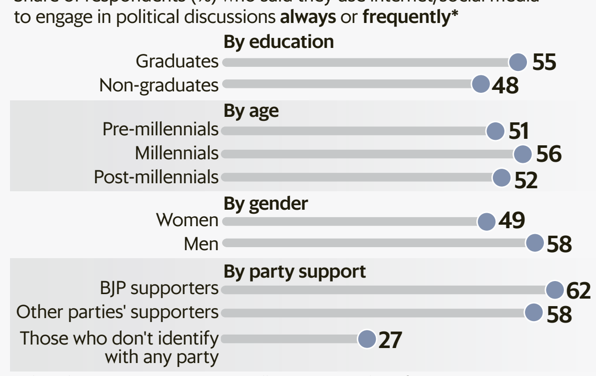
Awareness or propaganda? Views polarized on how parties use social media

Break-up of responses (%) on political parties' use of social media to disseminate information during elections



Online political debate is led by BJP's support base

Share of respondents (%) who said they use internet/social media to engage in political discussions **always** or **frequently***

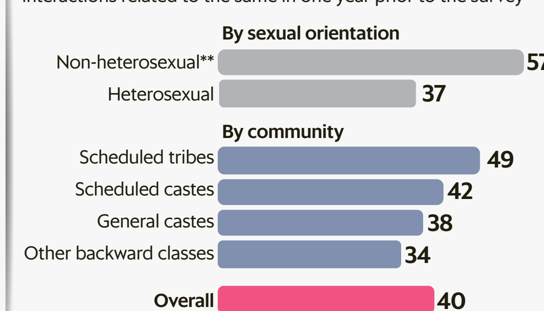


*The other options were "occasionally", "never", and "prefer not to answer". Post-millennials: born after 1996; millennials: born in 1981-1996; pre-millennials: born before 1981.

The survey had 12,544 respondents.

Marginalized groups more likely to report online abuse over political views

Among those who engage in political discussions online actively*, the % share of those who had experienced harassment or negative interactions related to the same in one year prior to the survey



*Always or frequently. **~13% of those who revealed their sexual orientation reported being non-heterosexual (homosexual, bisexual, or asexual).

Source: YouGov-Mint-CPR Millennial Survey (Dec 2023)

PARAS JAIN/MINT

With the Lok Sabha elections looming, social media is set to become a key battleground for the political parties as they try to drive their narratives. However, urban Indians largely feel that social media is the least trustworthy place to form political views, while they label government sources as the most reliable, the latest round of the YouGov-Mint-CPR Millennial Survey showed.

Just 35% of those surveyed said they had "great" or "moderate" trust in political information sent by friends or family on WhatsApp or other social media. Over 60% said so about government sources and newspapers.

The survey found a link between one's favourite political party and the choice of news sources they trust, indicating how partisan preferences impact how one consumes information. Supporters of the Bharatiya Janata Party (BJP) were less likely to be sceptical about any source of information while framing their political views. Nearly 52% of them had high or moderate trust in TV debates, while the same was true for 43% of the Congress supporters. Around 40% of the BJP supporters were ready to form their views based on WhatsApp and social media posts, and 43% were comfortable with news heard at public places such as markets.

Despite so much information available online and in traditional media, urban Indians repose a high level of trust (59% overall; 65% of BJP supporters; 60% of Congress supporters) in respected or elderly figures in their family or community to form political views. Interestingly, the more you earn, the more likely you are to form your views based on unauthenticated sources such as social media posts, or even news heard at marketplaces, the survey found.

YouGov-Mint-CPR Millennial Survey
Part 3: Online discourse

The online survey had 12,544 respondents across over 200 cities and towns, and was held in December 2023, seeking to get a pulse of the nation on various election-related themes. Around 84% of the respondents were millennials or younger (44% born after 1996, and 40% between 1981 and 1996). Now in its 11th round, the biannual survey is conducted by *Mint* in association with survey partner YouGov India and Delhi-based think-tank Centre for Policy Research (CPR).

LIE DETECTION

All this trust Indians repose in informal news sources is despite the fact that most had encountered some form of misleading political information in the year prior to the survey. Given a list of common types of misinformation, just 15% respondents said they had encountered "none of the above". Around 51% had seen fake news aimed at putting an opponent down and 48% had seen misleading and incomplete news headlines. About 45% had come across old videos or photos used out of context and 39% had encountered quotes misattributed to politicians. Respondents across party lines gave similar responses.

But is any particular political side more at fault for this? In line with its high popularity, the BJP had only 26% of the respondents accuse it of spreading propaganda on social media, while 39% said the party uses online platforms to spread awareness. In contrast, the figures were 42% and 23% for Congress. But these views were polarized: trust in one's favourite party, and little for the opposite side. Among BJP supporters, 58% said Congress uses social media for propaganda, while about 52% of Congress supporters had the same view about BJP. (Around 47% of the respondents identify the most with the BJP, the first part of this series had shown.)

DIGITAL DISCOURSE

Just over half of the respondents said they engaged in political discussions on social media actively ("always" or "frequently"), while only 16% said they never did so. Men (58%) were significantly more likely than women (49%) to do this. Millennials were the most active (56%), but other age groups were also avid users. BJP supporters were more likely than others (58%) to engage in online political discussions.

Among those who actively engaged in political discussions online, 40% reported facing recent online harassment or negative interactions related to their political views. Those who identify as homosexual, bisexual or asexual were significantly more likely (57%) to report online harassment for their political views than heterosexual respondents (37%). Respondents from marginalized caste groups also reported more online harassment. Muslim respondents who actively engage in political discussions online were more likely (44%) than Hindus who do so (40%).

It's clear that misleading information and online abuse could again sully the discourse as the election bugle gets shriller online in the coming weeks. But many users may not mind it as long as it's the opponents' side that's on the receiving end, the survey suggests.

This is the third part of a series about the findings of the 11th round of the survey. The next part will look at how urban Indians look at political parties' welfare measures. Note that these surveys are skewed towards urban well-to-do netizens, with 89% respondents falling under the "NCCS-A" socioeconomic category of consumers. Full methodology note here: https://bit.ly/3NBu6b3. Raw data of the responses will be released later this month.

PEANUTS by Charles M. Schulz

HT **NEW DELHI**, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 43 Rs. 10.00 . Price with Hindustan Times Rs. 15.50 18 PAGES

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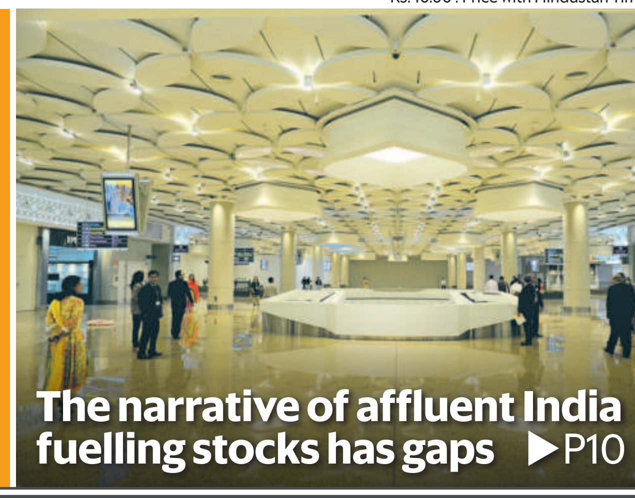

The narrative of affluent India fuelling stocks has gaps ▶P10

Even the world's biggest EV market is slowing ▶P8

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IFCI may get fresh funds; reverse merger in works

Lender has struggled despite capital injections; ₹500 cr infusion likely in FY25

Subhash Narayan
subhash.narayan@livemint.com
NEW DELHI

The government may infuse additional capital into IFCI Ltd and reverse-merge it with one of its subsidiaries, two people aware of the matter said, as part of a rescue plan for India's oldest development finance institution where losses have mounted over the years.

Although the reverse merger option is still being worked out, IFCI may most likely be merged with its subsidiary Stock Holding Corporation of India (SHCIL), the people cited above said on the condition of anonymity. SHCIL is among the country's largest depository participants, the largest premier custodian in terms of assets under custody, and the highest profit-generating entity under IFCI's fold.

IFCI owns prime real estate, and holds significant stakes in several entities, including SHCIL and IFCI Financial Services Ltd (IFIN). However, it has done little lending business in the last two decades, and halted lending operations altogether in FY22 following liquidity constraints. It has reported annual losses for at least five years till FY23.

Queries sent to IFCI and the finance ministry on the reverse merger plans remained unanswered.

Financial services secretary Vivek Joshi, however, said that while the government is weighing a few options to rescue IFCI, any merger or reverse merger involving a subsidiary would be pursued by the new government after the general elections.

"We will finalize the cheapest option for restructuring IFCI. The option to close the entity would be very expensive," Joshi said, and added that although the institution's lending activity has been suspended, it was doing well as an agency for government's production-linked incentive (PLI) schemes.

The secretary did not name the subsidiary for the possible reverse merger and said no final decision had been taken yet.

The people cited earlier said that like in the previous two financial years, the government would again pump in ₹500 crore capital into IFCI in the second half of FY25—even though the Union budget of 2024-25 has not made any allocation—to reduce its debt and strengthen its financials, thereby easing the burden on any other entity or strategic investor involved in its restructuring.

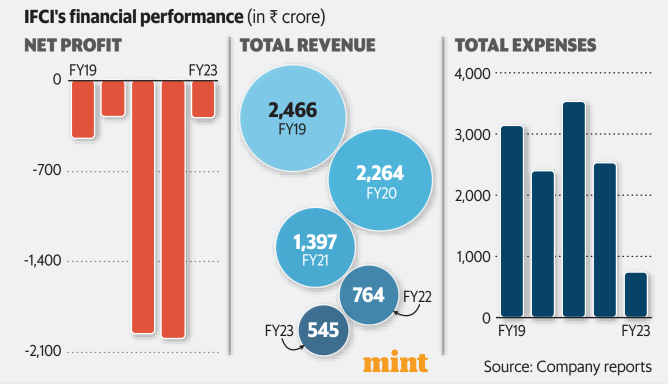
IFCI shares closed 4.58% higher at ₹54.57 on the BSE on Friday.

Set up in 1948 as a development financial institution, IFCI was later turned into a non-banking finance company (NBFC). Its activities covered financing of various kinds of projects such as airports, roads, telecom, power, real estate, manufacturing, services, and other such allied industries. A combination of imprudent lending and poor management turned the institution sick in the late 1990s, and has

TURN TO PAGE 6

HEALING TOUCH

IFCI has reported annual losses for at least five years to 31 March 2023, with liquidity constraints leading to a halt on its lending ops since FY22.



POSSIBLE PATHS

IFCI may most likely be merged with Stock Holding Corp. of India

MERGER or reverse merger involving IFCI likely post elections

THE government is not considering IFCI's closure as it is costly

SARVESH KUMAR SHARMA/MINT

Higher demand, fewer flights fuel summer airfares

Anu Sharma
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NEW DELHI

Airfares are climbing. And people are planning to travel more. Two contrasting trends are merging this summer, belying the gloomy outlook of rising airfares hurting travel.

Flight tickets are turning expensive because of rising demand and, more pertinently, due to not enough capacity available to handle that demand—IndiGo, India's largest airline, has grounded 20% of its fleet; Mumbai airport, India's second busiest, has been asked to cut down flights.

Travel group Thomas Cook has seen a year-on-year (y-o-y) uptick of approximately 10–15% in advance airfares for April-May on routes connecting hubs such as Mumbai, Delhi, Hyderabad, Bengaluru, Chennai to popular summer destinations of Srinagar, Chandigarh, Leh, Bagdogra and Goa. As per travel platform ixigo, advanced airfares have surged by around 30% for routes such as Delhi-Srinagar and Delhi-Goa.

Still, based on advance bookings and search trends, industry executives say air traffic is also likely to grow in the summer months, with demand primarily rising for leisure destinations.

"The pandemic having accelerated the YOLO (you only live once) mindset, Indians are displaying strong appetite for travel this upcoming summer," Indiver Rastogi, president and group head, global business travel, Thomas Cook (India) and SOTC Travel said. "Despite increased airfares, customers have clearly not compromised on their planned holiday, and our demand trends indicate brisk

TURN TO PAGE 6

Industry execs say the demand is primarily for leisure destinations. PTI

DON'T MISS

Textile industry going green to avert carbon setbacks in EU

The textile industry is moving to shed its polluter tag by adopting a 'circular economy' in order to avoid being snared by future climate change tax regimes such as the European Union's proposed CBAM, two persons aware of the plans said. >P2

Investcorp eyes final close of second India fund by year-end

Investcorp, backed by Emirati sovereign wealth fund Mubadala, aims to conclude fundraising for its second India-focused investment fund by the end of this year, said Rishi Kapoor, chief executive, Investcorp. >P3

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

How war in Europe boosts US economy

Tom Fairless
feedback@livemint.com

THE WALL STREET JOURNAL.

Proponents of support for Ukraine usually invoke US strategic interests or moral obligations. Lately, they are making a more calculating case: It is good for the economy.

In the two years since Russia invaded Ukraine, the US defense industry has experienced a boom in orders for weapons and munitions. Business is coming from European allies trying to build out their military capabilities as well as from the Pentagon, which is both buying new equipment from defense manufacturers and replenishing military stocks depleted by deliveries to Ukraine.

Industrial production in the US defense and space sector has increased 17.5% since Russia launched its full-scale invasion of Ukraine two years ago, according to Federal Reserve data.

Biden administration officials say that of the $60.7 billion Ukraine aid in a $95 billion supplemental defense bill, 64% will actually flow back to the US defense industrial base.

"That's one of the things that is misunderstood...how important that funding is for employment and production around the country," Lael Brainard, director of the White House National Economic Council, said in an interview

TURN TO PAGE 6

China steel keeps India Inc on edge

Naman Suri & Nehal Chaliawala
NEW DELHI/MUMBAI

India's steelmakers and user industries are keeping a close watch on the trajectory of Chinese steel exports, which could determine these companies' margins in the coming quarters.

Executives at top steel companies highlighted the outsized impact of Chinese steel on their export and domestic prices during their December quarter earnings calls with media and analysts.

How Chinese steel exports shape up in the coming quarters will be a key factor to monitor, they said.

Despite India's 7.5% import duty and logistics costs, Chinese steel was still 5–10% cheaper than locally produced steel for the better part of FY24, curtailing the ability of Indian steelmakers to raise prices and curbed their margins. At the same time, cheaper steel benefits user industries in consumer durables, automakers and infrastructure and construc-

TURN TO PAGE 6

Despite import duties, steel from China cost less than local steel for most of FY24. BLOOMBERG

Small streamers pick up big guns' slack

Lata Jha
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NEW DELHI

Smaller regional language streaming platforms with limited budgets and little access to top talent are rushing to fill the void left by bigger entities, many of whom have slowed down on commissioning new projects.

Media industry experts said that while local language services such as Hoichoi, Planet Marathi and ShemarooMe can never compete with the budgets and scale of Netflix, Prime Video, Disney+ Hotstar or JioCinema, this is a good time to bolster slates, and grab viewer eyeballs, especially with fiction programming.

After Sony Pictures Entertainment called off its merger with Zee Entertainment Enterprises, both are reviewing OTT (over the top or streaming) budgets. Amazon Prime Video takes long to approve projects, and has cancelled some of the 40 titles it had announced in April 2022, while Netflix is bullish on acquiring only big-budget theatrical films. Disney, on the other hand, has slowed ahead of a possible merger with Reliance Industries Ltd.

"This situation is an advantage for non-mainstream OTT platforms with the void (in terms of new content) having been created with impending consolidation in the industry. The turnaround time is less for regional language content, and we don't chase stars with date hassles, so we can churn out content much faster," Akshay Bardapurkar, founder, Planet Marathi OTT, said.

Bardapurkar added that not many platforms are acquiring content in languages like Marathi, giving companies such as his an edge. "It's a good time to get noticed," he pointed out.

Rajat Agrawal, director and content syndication head, Ultra Media and Entertainment Group, which operates Ultra Jhakaas, an OTT platform, said that with larger OTT players moderating their pace in approving new titles, this creates an opportunity for niche platforms to step in and cater to specific audiences with tailor-made content, potentially enhancing visibility and fostering greater viewer loyalty among those seeking specialized content.

Ultra Media and Entertainment has launched Café Comedy, the first stand-up comedy special on a Marathi streaming platform. It offers dramas and

TURN TO PAGE 4

Local language services can never compete with the budgets and scale of Netflix, Prime Video, or Disney+ Hotstar. ISTOCKPHOTO

STRAIGHT FORWARD

SHASHI SHEKHAR

Respond to this column at feedback@livemint.com

FARMERS' WORRIES REAL, BUT THEY ARE NOT ALONE IN PAIN

Farmers in a certain region of the country are once again on the boil. They have started marching toward Delhi to exert pressure on the government through sit-ins. They claim the government has not kept the promises it gave them. However, one question arises in the context: If farmers are present throughout the country, why is their agitation not nationwide? I'll try to explain this further, but first, let us first talk about a similar situation in Europe.

Farmers from several European countries recently drove their tractors into major cities there. They blockaded highways and attempted to halt the operation of ports. France, Germany, Belgium, Bulgaria, Hungary, Italy, Poland, and Spain all succumbed to the protests. Farmers were angry owing to the policies of their respective governments, and they believed they were being treated unfairly. Resource-rich France and Germany swiftly agreed to some of the farmers' demands. France reinstated the cuts to fuel subsidies and cancelled the mandate to restrict pesticide use. Germany has also announced similar measures. The European Union has made numerous proposals about the use of fertilizers and pesticides that farmers believe are not in their best interests. They have also been assured of a reassessment.

Can European farmers be compared with those of Punjab and Haryana? The circumstances are certainly different, but there are similarities as well. Agriculture needs a new vision and strategy, and not just ad hoc interventions. It will now have to adapt to changing circumstances.

Agriculture has shaped our society and culture for centuries But farmers have always faced problems. They continue to worry over shrinking land holdings, growing water scarcity, and land becoming progressively infertile. Has the government turned a blind eye, forcing them to obstruct roads and railways?

In the 2019 interim budget, the Union government resolved to grant farming households ₹6,000 each year from the treasury. Similarly, during the covid pandemic, the government began providing free foodgrain and edible oil each month to those in need. These schemes are continuing still, and are regarded as great aid in the villages of Uttar Pradesh, Uttarakhand and Bihar, which I have been in direct contact with. The Central and state governments also operate numerous social programmes for children of farmers and agricultural labourers and for women in the occupation. The needy benefit from direct "cash transfer" to farmer accounts. Not just that, this class is also entitled to several other agricultural concessions. There is no need for a telescope to see its good impact on the rural economy.

> Agriculture needs a new vision and strategy, and not just ad hoc interventions

If this is the case, why are farmer suicide rates climbing year after year?

According to National Crime Records Bureau (NCRB) data 11,290 persons associated with agriculture committed suicide in 2022. Of these, 5,027 were farmers, while 6,083 worked on farms as labourers. This year's rate of such deaths has grown by 3.75% over last year. These are sorry figures, to be sure, but not everyone who is experiencing bad luck is associated with agriculture. In data from 2022, 170,921 suicides were reported to the bureau. Of these, 11.6% were self-employed, 11.6% were housewives, 9.6% were jobless, 9.2% were employed, and 7.6% were students. Another 26% were daily wage workers. Farmers ranked seventh on this list.

The entire social and economic system can be held accountable for this. Getting it properly takes resources, time, and patience.

Another issue needs to be addressed here. It is commonly stated that the agriculture sector contributed more than half of India's gross domestic product (GDP) when the country gained Independence in 1947. In 2022-23, it became just 15%. This figure is sometimes presented by relating it to the woes of agriculture, despite the fact that in rapidly developing countries, the industry, trade, and service sectors are significantly expanding. Had this not occurred, agriculture's small percentage of the total GDP of the richest countries in the world—the United States and Germany—would not have remained at just 1%.

Are the demands made by the protesting farmers unjustified? No. They have their own grief and suffering. We have to look at them, but it is impossible to overlook the fact that other sections of the population also require government assistance just as much, if not more, as the figures above make evident.

Shashi Shekhar is editor-in-chief, Hindustan. *Views are personal.*

India's answer to EU carbon tax: green textile products

Aim is to reduce carbon footprint and water consumption in the textile industry

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NEW DELHI

The textile industry is moving to shed its polluter tag by adopting a 'circular economy' in order to avoid being snared by future climate change tax regimes such as the European Union's proposed Carbon Border Adjustment Mechanism (CBAM), two persons aware of the plans said.

CBAM will tax the 'embedded carbon' in imports from select emission-intensive sectors—steel, aluminium, cement, hydrogen, electricity and fertilizers. It is expected to be implemented in 2026.

Although textiles isn't mentioned by CBAM, promoting a circular economy in the sector, one of the biggest polluters, will be a key topic of proposed consultations, one of the persons cited above said.

A circular economy approach refers to a mechanism to extend the life of products through reuse and repair and to keep end-of-life material in the economy through recycling.

In the textile industry, much of this is about limiting water use. Textile manufacturing is a water-intensive sector, consuming roughly 1.6 million litres of water in India to produce 8,000 kg/day of fabric. Globally, 4% of all freshwater is used up in making textile products.

Textile manufacturing is a water-intensive sector, consuming roughly 1.6 million litres of water in India to produce 8,000 kg/day of fabric. MINT

> **2026** onwards CBAM will tax 'embedded carbon' in imports

The government is also making efforts to promote sustainable textile manufacturing practices at the upcoming BharatTex show from 26 February. Global exhibitors will showcase their initiatives to minimize textile waste, from 'upcycling' scraps into new products to implementing a closed-loop manufacturing process, this person said.

"Textile production has increased manifold in the last few decades, and due to cost-efficiency and durability, the production of synthetic fibres such as polyester and nylon has increased significantly. In the present set-up, most textile products are made, used and disposed of—resulting in environmental losses," the second person said. The demand for circularity in textiles comes from both the government and corporate groups seeking to address climate change, save natural resources, and reduce carbon emissions without disrupting the supply chain, the second person said. Apparel production has doubled, but the number of times a garment is worn before being discarded has come down by 36% in the past 15 years. The production of synthetic fibres, mainly made from crude oil, has grown from less than 20% of global fibre production in 2018 to 62% now, as stated in a report prepared by the Centre for Environment Education.

> **4%** of all freshwater is used globally for textile products

Welcoming the move, Nishant Malhotra, founder of WeaverStory, a handloom promotion firm, said, "The textile industry stands as one of the biggest contributors to water pollution, and the circular economy model presents a remarkable opportunity to transform and revolutionize the way we design, produce, and consume textiles."

India is the world's sixth-largest exporter of textiles and apparel. The domestic industry contributes 2.3% to the GDP, 13% to industrial production, and 12% to exports.

India's exports of worn clothing and rags in 2022-23 amounted to $134.7 million, while imports were $381.71 million.

To be sure, India has also made it clear that it will not initiate discussions on non-trade issues such as labour and environmental standards at the 13th ministerial conference of the World Trade Organization (WTO), set to start on 26 February in Abu Dhabi.

Queries mailed to the textile ministry spokesperson and the textile secretary remained unanswered.India's total export value in textiles reached $24.70 billion in the first nine months of the fiscal year 2023.

Talk about health, IMA advises politicians

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NEW DELHI

The Indian Medical Association (IMA) has drawn up a 'health manifesto' and distributed it to around 60 lawmakers across all national parties ahead of general elections.

IMA said it has handed over copies to MPs from the BJP, Congress, TMC, DMK among others so that health is included in their election manifestos.

"Unlike in US, health is never a part of political promise in election. So this time, along with this manifesto, we are also preparing a state-based manifesto which every state medical associations will hand over to all political parties," said IMA president Dr RV Asokan.

The manifesto highlights a series of major health concerns in India and ways those can be tackled.

These include communicable and non communicable diseases, zoonotic diseases and antimicrobial resistance.The body criticized the Centre's marquee Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY) scheme, saying small-scale private hospitals in tier-2 and tier-3 cities are on the verge of shutting down because scarce resources are going to already-funded government hospitals.

'India-Lanka deal to be signed in FY25'

Shashank Mattoo & Rhik Kundu
NEW DELHI

India and Sri Lanka may conclude their long-awaited economic and technology cooperation agreement (ETCA) in FY25, two people aware of the matter said. The ETCA, which builds on an earlier free trade agreement (FTA) implemented in 2000, will enhance bilateral trade between the neighbours.

India and Sri Lanka re-launched talks on the ETCA in November 2023 after about a five-year hiatus as both sides are keen to deepen the economic relationship between them. The last round was held in January. "There is a willingness from both India and Sri Lanka to get the agreement done. Talks are progressing swiftly," said the first person mentioned above, who spoke under the condition of anonymity.

> **The ETCA builds on an earlier FTA implemented in 2000, and will enhance bilateral trade between the neighbours**

"This ETCA could be concluded during 2024-25," they added. Maintaining good trade and diplomatic relations in the region is key for India as it seeks to counter China. So far, India and Sri Lanka have held 13 rounds of talks.

During the latest round, officials assessed the state of play thus far and discussed chapters on rules of origin, dispute settlement, technical and non-technical barriers to trade, among other matters.

Spokespersons of the ministries of external affairs and commerce didn't respond to emailed queries.

"The 13th round of ETCA negotiations was concluded last month and (we are) now in the process of scheduling the next round in Sri Lanka. While substantial progress has been made, the further way forward will be decided at the next round of negotiations on both ETCA & Bilateral Investment Agreement," the Sri Lankan High Commission said in response to a query from *Mint.*

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SFIO probe unleashes political storm

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A probe by the Serious Fraud Investigation Office (SFIO) into the affairs of two private firms and a state public sector enterprise that has snowballed into a political storm is likely to get bigger.

The investigation order into Cochin Minerals and Rutile Ltd (CMRL), Exalogic Solutions Pvt Ltd and Kerala State Industrial Development Corp. has a "broad scope" and will look into alleged illegal payments made to political functionaries, influential persons, government servants and media houses, a person informed about the investigation order said.

That 31 January order was based on an interim report by the Registrar of Companies, Bengaluru. It referred to alleged illegal payments by CMRL, a company engaged in sourcing of ilmenite, to "various political functionaries and entities". Payments of ₹135 crore were "made to influential persons, state government functionaries, government servants, media houses etc..." the person said, quoting from the order. The broad scope of the investigation has not previously been reported.

The probe by the Serious Fraud Investigation Office (SFIO) was announced by the Central government last month. MINT

P. Rajeev, Kerala's minister for law, industries and coir, told *Mint* that KSIDC, a state agency that promotes industrial development in the state with term loans and equity support, will respond to the allegations.

> **Cochin Minerals and Rutile, Exalogic Solutions, Kerala Industrial Development Corp under probe**

A person informed about KSIDC's functioning told *Mint* on condition of anonymity, "KSIDC has moved the Kerala High Court. To promote industry in the state, KSIDC has invested in over 200 companies. Of those, 76 companies are active now. CMRL is one of them. KSIDC does not involve itself in their day-to-day management and if a manager in any of those companies commits a breach, KSIDC has nothing to do with that. KSIDC has filed a writ petition in the Kerala High Court seeking to be excluded from the investigation." The state agency has a 13.4% stake in CMRL.

One of the transactions the SFIO will look into is a contract that CMRL had with Exalogic Solutions Pvt Ltd, a one-person company founded by Veena T, daughter of Kerala Chief Minister Pinarayi Vijayan. On 16 February, the Karnataka High Court rejected a petition from Exalogic Solutions challenging the SFIO probe, according to a copy of the order seen by *Mint*.

"The transaction between Exalogic Solutions and CMRL was an old software contract. The amount is very small, unlike cases probed by SFIO in the past involving multiple crores," a person informed about the transaction between the two companies said on condition of anonymity.

The SFIO probe order mentions the transaction between the two companies to be of ₹1.72 crore.

Emails sent to the Chief Minister of Kerala and CMRL on 7 February and on 15 February, as well as to the spokesperson for Union finance and corporate affairs ministries and KSIDC on 15 February and to Exalogic Solutions on Sunday seeking comments for the story remained unanswered at the time of publishing.

Govt sharpens groundwater monitoring, impact on food output feared

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NEW DELHI

The Centre is looking to revamp its approach to groundwater management, a senior government official said, as the nation faces the critical challenge of falling groundwater levels that threaten agricultural productivity,

The government aims to expand the network of monitoring wells to 90,000, including through 40,000 digital water level recorders (DWLRs) across the country.

This move is designed to enhance data quality and the frequency of groundwater analysis as it shifts to a more efficient six-hour data capture cycle.

At present, the department of water resources, river development and Ganga rejuvenation has 26,000 monitoring stations and 67,000 monitored wells across the country.

It also has about 6,000-8,000 piezometers (used to measure underground water pressure), but none of them have digital water level recorders.

India is one of the world's biggest crop producers and more than half of its 1.3 billion people rely on agriculture for their livelihoods.

The government aims to expand the network of monitoring wells to 90,000. MINT

The groundwater that makes up 40% of the country's water supply and is crucial for agriculture has been steadily depleting for years.

Researchers estimate that the groundwater level will likely decline at 3.26 times current rates on an average between 2041 and 2080, from 1.62-4.45 times now, depending on climate and other factors.

A 2021 study found that the overuse of groundwater could cause winter harvests in some regions to fall up to two-thirds by 2025.

It could also result in a reduction in food crops by up to 20% nationwide and up to 68% in regions projected to have low future groundwater availability in 2025.

"We are planning a few things...We are heavily investing in technology, and digitisation of the groundwater monitoring mechanism is on our radar," the government official cited above told *Mint.*

As it stands, the Central Ground Water Board and state governments agencies collaborate to periodically assess the country's groundwater resources.

A 2022 assessment showed the annual extractable ground water resource at 398 billion cubic meter (BCM).

Further, the annual ground water extraction for all use cases was at 239.16 BCM, out of which 87% was utilized for agricultural activities.

The availability of groundwater resource and its extraction depend on several factors such as the intensity and period of rainfall, geological strata of the region, the number of existing recharge structures, extraction for purposes like industrial application, drinking/domestic use and irrigation.

According to the UN World Water Development Report 2022, India was among 10 countries with the highest share in global groundwater withdrawal in 2017.

Queries sent to the spokesperson and the secretary of the department of water resources remained unanswered at press time.

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THE MONDAY QUIZ

1) WHICH firm did Wipro acquire for $66 mn to strengthen capabilities in insurance sector?

2) WHAT is the new text-to-video model that OpenAI launched last week?

3) WHAT is the name of the new digital twin initiative launched by the Department of Telecommunications?

4) WHICH company has secured a purchase order worth ₹141 crore from BSNL last week?

5) WHO is the newly appointed executive director of the IT firm Prodapt?

GLOSSARY

Lights Out Factory: Also called lights out manufacturing, a lights out factory is a facility where production is highly automated, requiring minimal to no human intervention. Such factories depend on technologies like robotics, automation, and advanced information technology to carry operations independently.

Attention Mechanism: Attention mechanism in artificial intelligence allows neural networks to focus on specific parts of the input data. When the network receives a sequence of data in form of words, images or audio, it calculates 'score' each element in the sequence, assigning its relevance for given task. The elements with higher scores have greater impact on result.

Honeytoken: WIn cybersecurity, honeytoken is fictitious data or IT resource which is designed to seem attractive to potential attackers like fake emails, database data, and executable files, etc. These are deceptive lures aimed at detecting unauthorised and malicious activities. Once this resource or data is taken by bad actor, it is used to track them to find out whether the attack happened from within the organisation or outside.

Cloud Robotics: Cloud robotics is a technique that allows deployment of robotic applications using cloud technologies to elevate its capabilities. This approach is seated at the intersection of robotics, cloud computing, internet of things, big data, among other emerging technologies.

THE MONDAY QUIZ ANSWERS: 1) Aggne 2) Sora 3) Sangam: Digital Twin 4) HFCL Limited (HFCL) 5) Manish Vyas

Investcorp eyes final close of 2nd India fund by yr-end

The firm has already raised over half the target corpus of the $400-mn private equity fund

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Investcorp, backed by Emirati sovereign wealth fund Mubadala, aims to conclude fundraising for its second India-focused investment fund by the end of this year, said Rishi Kapoor, chief executive, Investcorp.

The Bahrain-based global manager of alternative investment products manages assets worth over $50 billion. It has already raised over half the target corpus of the India private equity fund, he said. "We are over halfway through the $400 million (around ₹3,300 crore) target fund... we would look to wrap it up by the end of 2024. We've already done three deals out of it." A fourth deal is in the pipeline, he added.

Investcorp made its India debut with the acquisition of IDFC Alternatives' private equity and real estate business in 2019. It has so far struck 16 transactions, involving Xpressbees, FreshToHome, InCred Finance, NephroPlus, and Bewakoof, among others.

For its second India-focused PE fund, it aims to support 10-15 companies over three years, with deal sizes ranging from $30 million to $50 million.

"While we will put $30 to $50 million in the fund, we also have significant co-investments coming in from our LP base, alongside us, in addition to what they would do through the fund," said Kapoor.

"For instance, one of the deals we did last year was dental chain Clove Dental, or Global Dental Services as it is formally called. What we put in the fund was a smaller amount, but the deal size is close to $100 million. So, the kind and size of deals that we are doing are actually about $100 million, but what goes in the fund is $40-50 million. The rest is co-investments."

Investcorp made its India debut with the acquisition of IDFC Alternatives' private equity and real estate business in 2019.

India is currently Investcorp's "most active" market and it aims to deploy the new fund within three years, he added.

"At the current course and speed, I would expect that the fund will be fully deployed over the next three years. If you look at the sheer volume of deals that we have done all over the world, on the private equity side, and particularly in the last five years, and compare and contrast market by market, India has been a standout top performer."

Investcorp launched a $150 million India fund in 2019 and has so far made five exits, including from luggage manufacturer Safari Industries and ASG Eye Hospitals.

"Most recently, we led our portfolio company Medi Assist Healthcare to an IPO (initial public offering)," Kapoor said. "It was a fantastic outcome for our investors."

India accounts for 2% of Investcorp's total assets under management (AUM) at about $1 billion, spread between private equity and real estate. "Over the medium-term, our ambition for the India business is to reach about $5 billion in total assets. This will mean using the current mix of approximately 60:40 between private equity and real assets, about $2 billion will be in realty assets," said Kapoor.

"Currently our AUM is shaded less than $500 million for realty assets, so we need to deploy at the pace of approximately $300-400 million every year. This will be the targeted pace of investment to get to that $2 billion level," he added.

GROWTH BOOSTER

FOR its second India-focused PE fund, it aims to support 10-15 firms over three years

SIZES for these deals will likely to range from $30 million to $50 million

INDIA is currently Investcorp's "most active" market and it aims to deploy new fund within 3 years

INDIA accounts for 2% of Investcorp's total AUM at about $1 bn; between PE and real estate

Apple to face fine of $539 mn from EU

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The European Union is close to hitting Apple Inc. with its first ever antitrust fine as well as a ban on App Store rules that the bloc believes thwart competition, according to the *Financial Times*.

The fine of around €500 million ($539 million) is expected to be announced next month, the *FT* said, citing five sources it did not name. Apple could have been fined as much as 10% of its annual global sales.

The probe was sparked by a complaint in 2019 from Sweden's Spotify Technology SA, which claimed it was forced to ramp up its monthly subscription price to cover costs associated with Apple's alleged stranglehold on how the App Store operates.

The European Commission homed in on Apple's so-called anti-steering rules in a formal charge sheet in February 2023, saying the conditions were unnecessary and meant customers faced higher prices.

In early 2022, Apple began allowing Spotify and other music services to direct app users to the web to sign up for subscriptions. This bypasses Apple's revenue cut of as much as 30% and gives consumers more pricing and subscription options. But Spotify hit back at Apple's efforts, saying that the restrictions still existed and the changes were "just for show."

Aside from attacking firms for their past abuses, the commission, the EU's antitrust arm, has also pushed through sweeping new rules to head off competition violations by tech firms before they take root.

Synaptics India expected to double headcount by 2028

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American tech solutions provider Synaptics is looking to expand its operations in India. Known for its human interface hardware, software solutions, and Internet of Things (IoT) technologies, the company first set foot in India in 2017 with the acquisition of Marvell's multimedia solutions business.

In an interview, Synaptics' senior vice president and general manager, wireless products Venkat Kodavati spoke about the firm's growth trajectory in India. Since its inception, Synaptics India has grown sixfold with its employee count currently at over 300 people. It expects to double this headcount in 3-4 years.

Founded in 1986, Synaptics started with the personal computer interface hardware and software before transitioning to mobiles. However, in 2017 it made a strategic pivot towards IoT, offering a suite of sensing, processing, and connectivity solutions.This diversification gained momentum in 2020-21 with the acquisition of Broadcom's wireless IoT connectivity portfolio and DisplayLink.

Venkat Kodavati, senior VP and general manager (Wireless Products) Synaptics.

Kodavati said its India business has been especially pronounced in the processing and connectivity aspects of its IoT business. "In India, we focus on the wireless side, where we operate on an end to end cycle. About 80% of wireless technology team sits in India," he said.

End to end wireless product development involves all the components (barring chip fabrication), building concept and algorithm to chip architecture, physical design, and testing.

Notably, India is poised to become the second largest site for the company by 2025.

Synaptics' wireless business has quadrupled in three years, Kodavati said, giving the firm a chance to target about $10 billion serviceable available market (SAM). On the processing side, it is aiming for $25 billion SAM. To be sure, the company reported net revenue of $237 million, registering a loss of $9 million. For the quarter ending March, Synaptics expects to earn revenue of $220-250 million. "Our business has stabilized, and we have clearly hit the bottom of our cycle," said Michael Hurlston, Synaptics' president and CEO.

Samara in talks for Enovate deal

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Samara Capital, an Indian private equity fund, is in advanced talks to invest in natural ingredients supplier Enovate Biolife, which operates in India as well as the US, at least two people aware of the development told *VCCircle*.

Enovate produces and supplies clinically proven active ingredients for dietary supplements, functional foods, and medical food applications.

The deal size, according to the people cited above, is likely to be around $100 million (or around ₹830 crore).

Email queries sent to Enovate Biolife and Samara didn't elicit any response till press time.

Founded in 2009, Enovate offers five botanical ingredients used as supplements for the well-being of users, including enXtra, HeezOn®, Lanconone®, Oxyjun® and RedNite®.

While enXtra was globally patented by the nutraceutical

The deal size is likely to be $100 mn. LINKEDIN/SAMARA CAPITAL

ingredients supplier Omniactive Health Technologies, HeezOn can either be used as a stand-alone supplement or added to other actives for use in men's health and aging supplements. The firm claims that Lanconone is a clinically proven natural alternative for rapid relief from day-to-day pain on a par with Ibuprofen 400mg.

According to the firm, Oxyjun improves heart health and cardio endurance for active adults, while RedNite is a beetroot concentrate used as natural nitrate for athletes.

Samara, which had initiated liquidity moves in the past one year, has stepped on the pedal for making fresh investments. The PE firm started 2023 by selling three portfolio firms to a consortium led by Asian secondaries PE investor TR Capital, and then weeks later exited a decade-old healthcare portfolio firm in a secondary deal.

In December, it had partly monetized its investment in a consumer services company.

Samara is also in the fray to back a Mumbai-based pharmaceutical development and manufacturing firm, *VCCircle* reported last week.

India's health and nutrition category has seen quite a few deals in the recent past. In July 2023, *VCCircle* reported that a company led by Samit Mehta, executive director at Emcure Pharma, acquired HealthXP, an online nutrition and sports supplement brand. In December 2022, Hindustan Unilever, invested in Zywie Ventures that sells plant-based supplement brand Oziva. HUL also backed Nutritionalab.

Deals digest: Investment value dips, M&A activity subdued

Aman Rawat & K Amoghavarsha
NEW DELHI/BENGALURU

India's investment activity remained subdued during this week, lacking any large ticket transactions. It was also the third week in a row without a deal hitting the psychologically important $50 million mark.

After crossing the 30 deals mark in the previous week, deal volumes were down to 22 during the week, with almost half of the transactions valued at up to $2.5 million.

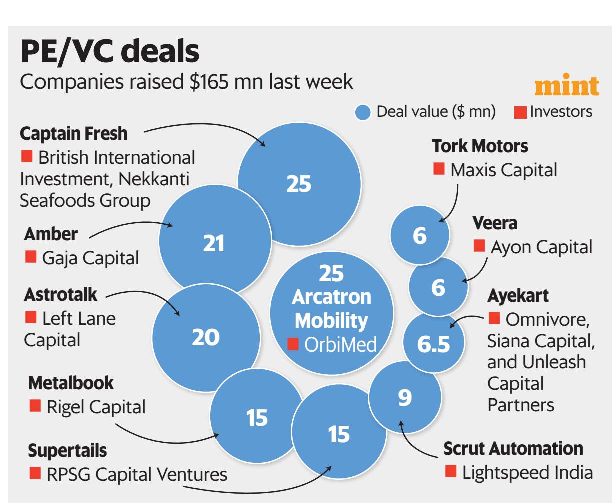
Even for mid-sized deals, only four were valued at $20 million or more. To be sure, the last week also saw only four transactions valued at or over $20 million.

The fall in deal volumes and absence of large transactions led to a fall in overall investment value to around $165 million from about $201 million in the preceding five-day period.

In the largest deal this week, business-to-business seafood supplier Captain Fresh raised $25 in an extended Series C round for a valuation of $500 million from Nekkanti Seafoods Group, UK's development finance institution British International Investment (BII) and a few family offices.

It had raised $20 million in September in an extended Series C round co-led by SBI Investment and Evolvence Capital. The round also saw the participation of a few existing investors.

In 2022, it had raised $50 million in Series C led by existing investors Prosus and Tiger Global, besides Accel IndiaMatrix Partners India, Ankur Capital and Incubate Fund.



SATISH KUMAR/MINT

The second largest deal was of wheelchair manufacturer Arcatron Mobility's $20-$25 million round from healthcare-focused mid-market PE investment firm OrbiMed. The funding mop-up was participated by BL Taparia Family Office, Chona Family Office, MGA Ventures and Arcatron's founders. In 2017, the Pune-based firm had secured funding from the Indian Angel Network.

Merger and acquisition was also muted this week with only four deals. However, the value of M&As stood at $288 million this week was higher than the overall investment value of the week before, even though the amount of one deal was undisclosed.

> Deal volumes were down to 22 last week, with almost half of the transactions valued at up to $2.5 million

The largest M&A deal was in financial services, with Japanis Mizuho Bank acquiring a 15% stake in non-banking lender Credit Saisson India for a cash consideration of $145 million (approximately ₹1,200 crore).

Another major deal that took place this week was in the healthcare segment. ChrysCapital-backed listed pharmaceuticals player Eris Lifesciences Ltd acquired a 51% stake in sterile injectables company Swiss Parenterals for ₹637.5 crore or $77 million.

The IT segment, too, saw some action with homegrown IT services major Wipro acquiring a majority stake in Florida, US-based insurtech company Aggne Global Inc in an all-cash deal of around $66 million (₹547.7 crore).

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	Close	1-week change (%)	1-month change (%)	3-month change (%)	6-month change (%)	1-year change (%)
S&P BSE Sensex	72426.64	1.16	-0.96	9.77	10.51	18.11
Nifty 50	22040.70	1.19	0.04	11.51	13.23	22.20
Nifty 500	20164.90	1.02	1.70	14.62	19.65	33.69
Nifty Next 50	58586.15	2.01	6.88	25.74	33.12	51.46
Nifty 100	22540.90	1.32	1.20	13.92	16.44	26.53
S&P BSE Mid-cap	39930.08	0.91	5.05	19.94	31.47	60.55
S&P BSE Small Cap	45659.30	0.02	2.93	15.72	29.36	62.41

Deal wins not rosy for IT firms

Harsha Jethmalani
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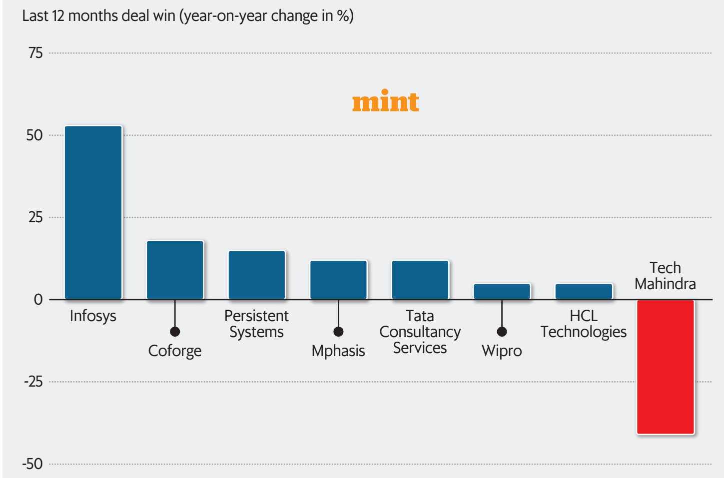
The revival hopes for the information technology sector hinge on the rate of deal acquisitions, yet the performance in the December quarter (Q3FY24) was lukewarm. After an exceptional second quarter, deal wins in Q3 slowed down for top-tier IT firms.

While moderation was expected due to the quarter's typical seasonal downturn, the absence of mega deal announcements and the trend of lengthier deal durations have raised concern. Only Infosys Ltd reported a mega deal among the sector large-caps in the last quarter. The slowing of decision making at IT companies, highlighted by management in the industry, has delayed deals and subdued bookings. "Ex-Infosys, last twelve month deal flow growth was 5-18% year-on-year (y-o-y) with Tech Mahindra down 41% y-o-y," said an Ambit Capital report.

Subdued deal activity is likely to impact short-term revenue. Consequently, Infosys has adjusted its FY24 growth guidance to 1.5-2.0% from 1.0-2.5% in constant currency (CC) terms. HCL Technologies narrowed its FY24 CC revenue growth guidance to 5.0-5.5%, and Wipro guided for a -1.5% to 0.5% sequential CC revenue growth in IT services for Q4, which is lower than some analysts' estimates.

Little cheer

Deal flow momemtum of key IT companies points to modest recovery in FY25



Source: Companies, Ambit Capital research

PRANAY BHARDWAJ/MINT

The problem is that although IT companies are yet to report any notable improvement in discretionary IT spending by clients, the Street is already talking about revenue recovery during FY25.

"Our analysis indicates that many enterprises have outlined cost savings targets that stretch into 2024. The reprioritization of spends toward the focus areas of investment is not yet complete," said Kotak Institutional Equities analysts. These do not inspire confidence of significant recovery in discretionary spending at least in H1CY24, they said.

Nevertheless, the Nifty IT index has gained 22% in the past one year. The Street expects the US Federal Reserve to cut interest rates this year, thus benefiting the banking, financial services and insurance sector—a key demand driver. The easing interest rates could help clients increase IT budgets, and help IT companies get higher deals.

DEMAND FOR IT

IF the US Federal Reserve cuts interest rates this year, the BFSI sector may lift IT demand

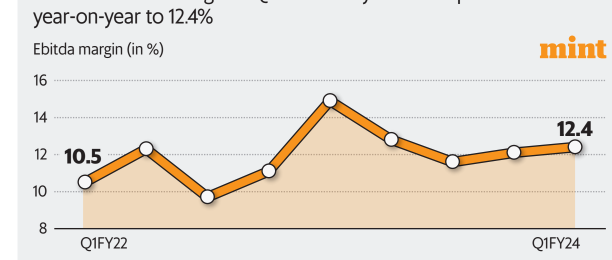
HOWEVER, subdued deal activity is likely to impact short-term revenue growth

For now, Ambit's analysts maintain that positivity on headline deal-flow numbers could be misleading as revenue conversion is slower and leakages higher. Plus, there are delays in deal ramp-ups. Thus, it expects Infosys' revenue to drop in Q4 to the mid-point of its guidance despite the strongest growth in deal flow.

Note that global IT giant Capgemini SE, which released its Q4CY23 results last week, pointed to a slow growth scenario in 2024. Commentaries on demand by Cognizant and Accenture, too, are not encouraging. The weak start to 2024 indicated by these three big players (Capgemini, Cognizant and Accenture) could soften revenue growth guidance by Infosys and HCL for FY25—possibly in the mid-single digits at best—despite strong order inflow in FY24, according to Nirmal Bang Institutional Equities.

Moderating

Siemens' Ebitda margin in Q1FY24 fell by 257 basis points year-on-year to 12.4%



Note: Ebitda is earnings before interest, tax, depreciation and amortization; Siemens' financial year is October to September.

Source: Company, Motilal Oswal Financial Services

PRANAY BHARDWAJ/MINT

Siemens banks on energy, railways

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Siemens Ltd, with its diverse range of products, is poised to benefit significantly from the increased spending on infrastructure in the energy and railway sectors. This optimism is mirrored in its stock price, hovering near the 52-week high of ₹4,499.80 apiece seen last week. Analysts suggest that power transmission and distribution, data centres, railways, metros, and locomotives will remain growth areas for the heavy electrical equipment manufacturer.

In the December quarter of fiscal year 2024 (Q1FY24), Siemens secured new orders worth ₹5,971 crore, a nearly 10% increase over the previous year. The energy business, particularly the transmission segment, led growth. The company has an October-September financial year.

New orders in digital industries automation fell due to destocking after demand normalization, but Siemens sees normalcy beginning Q3. Excluding the large railway order, order book is at ₹20,700 crore (1.2x FY23 revenues) thus providing strong revenue growth visibility, said ICICI Securities.

The smart infrastructure segment, which includes data centres and constitutes the largest portion of revenue last quarter at nearly 38%, saw 22% growth year-on-year. The energy segment, benefitting from strong demand and transition to sustainable energy sources, follows closely. Siemens' energy solutions are tailored for transmission utilities, independent power producers, and system operators. Moreover, a focus on railways meant that the mobility business saw a strong 72% growth, with prospects in e-locomotives, propulsion systems, trainsets, metro projects, and bogies.

However, Ebitda margin fell 257 basis points to 12.4% in Q1, due to a lower gross margin and increased other expenses. Also, the base quarter's results were buoyed by a ₹100 crore gain due to forex and commodity variations.

Over the past year, Siemens' shares have surged 38%. Still, valuations are pricey with the stock trading at 58 times the projected FY25 earnings.

"Lack of clarity on LV motors business (which Siemens reported separately in Q1FY24) and demerger of energy business are key overhangs in the near term," said analysts from Nomura Financial Advisory and Securities (India).

Yet, general elections might briefly slow down major project bids but will not derail long-term growth.

Can FY25 break NMDC's momentum?

Vineetha Sampath
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Investors in NMDC Ltd had a fruitful 2023 with the stock climbing over 70%. Further, the stock is up by 17% in 2024 so far. The state-owned iron ore miner's performance this year has been buoyed by two price hikes in January, consistent progress towards its FY24 volume goals, and better-than-expected profitability in the December quarter (Q3FY24).

In Q3, NMDC saw its Ebitda per tonne soar 49% year-on-year to ₹1,781, thanks to increased volume and higher realization, with a favourable product mix contributing to this rise. The company is poised for a strong final quarter, bolstered by a price increase of ₹600-650 per tonne in January, which would boost realizations further. Moreover, NMDC is confident of achieving volume of 46-47 million tonnes in FY24, which means an estimated 13% year-on-year increase in Q4 volume to meet the lower end of its guided range.

The shares of the state-owned iron ore producer are up by nearly 17% in 2024 so far

However, questions loom about the company's prospects beyond Q4.

While NMDC anticipates a roughly 20% volume increase in FY24 on a lower base, growth is expected to slow down in FY25, with projected volumes of 50-51 million tonnes, marking an about 9% increase. The potential for further price hikes also seems uncertain. "We see iron ore prices peaking out and expect a fall in iron ore prices in FY25," said Nuvama Research analysts in a 15 February report. The brokerage has factored in a drop of ₹750-900 per tonne in FY25, compared to the Q4FY24 average.

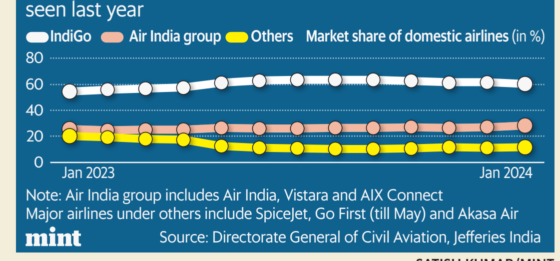
Adding to the challenges, international iron ore prices are showing signs of weakness. For instance, the average price of China iron ore fines in February so far is about $129 per tonne, down 5% versus December average, according to BigMint. Moreover, the demand for steel is not encouraging. Iron ore is a key raw material used in steel production. The average price of domestic hot-rolled coil in February is down by 6% compared to the 2023 average. "Increasing captive iron ore by integrated steel companies remains a structural headwind for NMDC," said a Kotak Institutional Equities report on 14 February.

With investors sitting on handsome gains, a key dampener would be NMDC not being able to meet its volume guidance. As things stand, NMDC's shares are just 3% away from the 52-week high of ₹252.40 seen on 15 February.

CHART BEAT

Cooling down

IndiGo's market share in January is down from the peak seen last year



Note: Air India group includes Air India, Vistara and AIX Connect
Major airlines under others include SpiceJet, Go First (till May) and Akasa Air

mint Source: Directorate General of Civil Aviation, Jefferies India

SATISH KUMAR/MINT

IndiGo's challenges

IndiGo's domestic passengers grew 16% year-on-year in January, but market share slipped month-on-month to 60.2%. The market share is the lowest since the shutdown of Go First's operations in May. "Drop in share of IndiGo likely reflects impact of its aircraft grounding in Q4, even as peer (Air India) continue to build fleet," said Jefferies India. Air India group's market share hit 28.3% last month.

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

Foreign investors sell ₹3,776 cr in February

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Foreign investors adopted a cautious approach, offloading Indian equities worth close to ₹3,776 crore so far this month owing to a spike in US bond yields and uncertainty over the interest rate environment in the domestic as well as the global front.

In contrast, they are bullish on the debt market and injected ₹16,560 crore in during the period under review, data with the depositories showed.

"According to the data, Foreign Portfolio Investors (FPIs) pulled out a net sum of ₹3,776 crore from the Indian equities this month (till 16 February). This came following a net withdrawal of ₹25,743 crore in January.

With this, the total outflow for this year has reached ₹29,519 crore.

"The spike in US bond yields triggered by the higher-than-expected consumer price inflation led to sustained selling by FPIs," V K Vijayakumar, chief investment strategist, Geojit Financial Services, said.

Also, the latest selling could be attributed to the uncertainty surrounding the interest rate environment, both domestically as well as globally, Himanshu Srivastava, associate director manager research, Morningstar Investment Research India, said.

China holds key interest rate steady

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China refrained from cutting a key policy interest rate as its central bank sought to shield the yuan from volatility, underscoring the challenges policymakers face as they try to manage economic risks and pressures from deflation.

The People's Bank of China held the interest rate on its one-year policy loans at 2.5% on Sunday while injecting a small amount of cash into the financial system, both moves in line with expectations among most economists surveyed by *Bloomberg*.

The PBOC sought to shield the yuan from volatility. AP

The move came after the yuan slipped to a three-month low in offshore trading last week amid a resurgence in the dollar.

Chinese authorities are in a quandary. On one hand, looser monetary policy can lead to lower funding costs and spur more economic activity. On the other, they are trying to avoid a depreciation of the yuan as policy diverges with the US, where bets on rate cuts by the Federal Reserve are being pushed back as inflation remain sticky. While a weaker currency may provide a boost for exporters, it can also increase the risk of capital flight.

The People's Bank of China held the interest rate on its one-year policy loans at 2.5% on Sunday

"This morning's outcome does not preclude any further easing" by the central bank, said Frances Cheung, a rates strategist at Oversea-Chinese Banking Corp Ltd in Singapore, who added that external factors may play a role in any timing on rate cuts by PBOC.

China's economy is flagging under the weight of a property crisis, weak confidence and deflation pressures.

The central bank's reluctance to ease aggressively underscores the mismatch with hopes among investors for bazooka-style stimulus—a disparity that's in part fuelling a selloff in the nation's stock market.

While the central bank hasn't cut policy rates in several months, authorities have still taken a raft of other steps intended to restore confidence.

Earlier this month, the PBOC pumped long-term cash into the banking system with a cut to the reserve-requirement ratio for lenders.

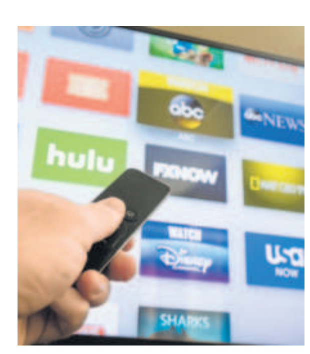
Local language OTT streaming services pick up big guns' slack

FROM PAGE 1

plays, as also dubbed Hollywood and south Indian films, in Marathi language.

To be sure, regional language OTT platforms come with the advantage of catering to niche, targeted audiences, among whom reach can be widened relatively easily.

Soumya Mukherjee, chief operating officer at Bengali streaming service Hoichoi, said the platform already benefits from a loyal audience base worldwide, and plans to increase its annual output from 26 originals last year to around 30 in 2024. "The market is heading towards consolidation, but we can operate regardless, since we've built capability and volume. There is an audience for all kinds of OTT models," Mukherjee said.



Regional language OTT cater to niche audiences. ISTOCKPHOTO

Almost half of the original content in 2024 will be created in non-Hindi vernacular languages, thus opening up space for fostering local talent and offering differentiation, said Saurabh Srivastava, chief operating officer, digital business at Shemaroo Entertainment Ltd, which operates ShemarooMe.

"This year reflects a period of rational aggressiveness. Having navigated through a learning curve, we're now evaluating content choices more rigorously during acquisition or creation. This trend seems to extend across the industry, prioritizing sound business decisions over rapid acquisition," Srivastava added. ShemarooMe specializes in content made in regional languages like Gujarati.

Stock mkt may gallop to $5 tn in 2 months; economy in a slower 4 yrs

Ram Sahgal & Mayur Bhalerao
MUMBAI

The economy could hit the $5-trillion mark in the next four years, but the stock market value can soar to $5 trillion within the next two months, going by the roaring rally in state-owned enterprises and the likes of Reliance, Infosys, and TCS, according to market mavens.

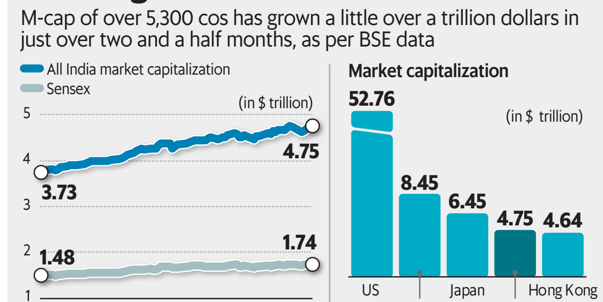
The stock market capitalization was $4.75 trillion as of 16 February, with the dollar-rupee at 83.02, as per BSE data. That leaves a gap of just $250 billion to reach the $5 trillion mark. Going by the pace of the rally in the PSUs and the benchmark Sensex, this figure could be achieved in the next two months, said analysts.

Since the latest leg of the rally from 26 October, the market cap of over 5,300 companies listed on the stock exchange has grown from $3.73 trillion to $4.75 trillion as on date, BSE data shows. That's a little over a trillion dollars ($1.02 trillion) in just over two and a half months.

The biggest contributor to the all-India market cap increase is the 56-share BSE PSU index, accounting for $290 billion of the $1 trillion rise since 26 October to date. The second-biggest contributor is the 30-share Sensex at $259 billion, followed by BSE mid-cap 150 at $214 billion and BSE Smallcap 250 at $92 billion. These four contributed 85% to the surge in market cap.

Zooming ahead

M-cap of over 5,300 cos has grown a little over a trillion dollars in just over two and a half months, as per BSE data



Source: Bloomberg & BSE

SARVESH KUMAR SHARMA/MINT

"Another 5% rally in the Sensex and continuation of that in PSU banks, defence, railway and power stocks could drive the m-cap to the $5-trillion mark within two months, if we factor in chances of a pullback, which is possible with the markets near record highs," said Rajesh Palviya, senior VP at Axis Securities.

The biggest contributor to the all-India market cap increase is the 56-share BSE PSU index

The latest leg of the rally has been driven by PSUs with the BSE PSU index jumping a whopping 59% from 11,876.85 on 26 October to 18,842.09 on 16 February. The BSE Sensex has rallied a comparatively modest 14.69% to 72,426.64 over the same period. The mid-cap index has returned 27.3% to 13,593.2 and the small-cap index by 25.7% to 6,068.4 over the same period. The government capex push is leading to a re-rating in PSUs which are in an "asset replacement cost cycle" and witnessing "increased operational efficiency," said A. Balasubramanian, MD & CEO, Aditya Birla Sun Life AMC.

The asset replacement cycle measures the outlay a business has to pay to replace an old asset at current market price. PSUs rich in assets have been given a fillip by the government's ₹10 trillion capex in FY24 and a budgeted ₹11.11 trillion capex in the next fiscal year.

"Some PSUs are known to generate low return on equity and distribute good dividends, but rising operational efficiency and richness in assets are leading to a PE re-rating by money managers as these capacities are being used in infra creation like ports, roads, highways, power, etc," he said.

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LEAD to trim burn rate, aims to become profitable in FY25

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LEAD School, spearheaded by CEO Sumeet Mehta, last year acquired the local K-12 learning business of Pearson India.

WestBridge-backed edtech unicorn LEAD School will reduce its Ebitda burn in FY24 by two-thirds and become profitable in the next financial year, the company's co-founder and CEO Sumeet Mehta told *Mint* in an interview.

"We'll have very good improvement on the Ebitda because we've been on this path to profitability... and will reduce our Ebitda burn to 1/3 to a negative 100...but what is more pertinent is how many schools continue with us here on, and how many new schools will we add," said Mehta on the sidelines of the second edition of the ASU+GSV & Emeritus Summit in Gurugram.

Ebitda is earnings before interest, taxes, depreciation, and amortization, and is a key metric of profitability.

In FY23, the edtech company's net loss fell 18.5% to ₹321.9 crore, from ₹395.3 crore a year earlier

The Indian edtech space has been though a turmoil, as schools and coaching centres have tried to adapt to the changing landscape of teaching between online and offline formats. The shifting sentiments and pre-pandemic modes of learning have pushed several companies to realign their business structure and initiate a slew of cost-cutting measures including layoffs and shuttering offices to remain afloat amid a liquidity crunch.

Experts in the industry have said consolidation is happening in the edtech sector, as very few players have been able to withstand the post-pandemic stress of funding crunch.

"I think more than consolidation, honestly, what is happening is a lot of businesses which got set up during covid don't have a viable model. But they might have a good product platform or might have a good thing, so they get absorbed, either as acqui-hires or some other way...everybody's going to look for some exit," Mehta said.

Last year, LEAD acquired the local K-12 learning business of Pearson India to widen its reach in over 9,000 schools across India. "Similarly, there are other players who have access to opportunities for us to develop good solutions, but they do not have a GTM (go-to-market strategy). You might have a great English solution, but not be able to sell because selling to schools is expensive," he added.

Talking about the potential of artificial intelligence (AI) and hybrid learning, the edtech unicorn's CEO emphasised that it is more about how teaching tools have largely become multimodal in a school system. While older teaching practices involve conventional methods like a blackboard, chalk and a book, there is now an increasing penetration of smartphones, smartboards and other similar tools to track learning and monitor distribution and school admissions.

Edtech startups have also battled a broader funding crunch, as high interest rates, uncertain macroeconomic and geopolitical factors have made investors wary of betting on these companies.

"They (investors) see growth, profitability and visibility of future revenue. Investing decision is a function of timing, where the expectation of the founder, and the readiness of the investor has to meet.

Currently, the investors pool of money has much better usage due to higher interest rates at the moment. When that goes down, things will improve," Mehta said. In FY23, LEAD School's net loss fell 18.5% to ₹321.9 crore, from ₹395.3 crore a year earlier. Founded by Mehta and Smita Deorah in 2012, the firm works with more than 9,000 schools in over 20 states in India and counts US-based GSV Ventures among its investors.

Eruditus to deepen its India presence to grow

It partners with IITs and IIMs to offer executive programs in the country

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GURUGRAM

Eruditus co-founder Chaitanya Kalipatnapu.

Softbank-backed edtech firm Eruditus is looking to further expand its presence in India through more partnerships with institutions that offer both degree and non-degree programs, the company's co-founder Chaitanya Kalipatnapu said.

The company, which receives 70% of its revenues from overseas markets, sees about 40% of its enrolments from the US, 25% from India and 33-35% from other global markets where it operates.

In FY23, the company's revenue from operations surged more than 70% to ₹3,343 crore, from ₹1,962 crore a year earlier.

"The number of Indians who want to learn or educate is less than 10% when it comes to 25-30 years of age and that's still a drop in the ocean. So, in that sense, there is a much greater need and as traditional brick-and-mortar institutions would not be able to cater to it, we need partnerships. So, in India, we work with IITs and IIMs to amplify the impact of the footprint that they have," Kalipatnapu told *Mint* on the sidelines of the second edition of the ASU+GSV & Emeritus Summit in Gurugram.

Eruditus partners with universities around the world to make executive education available to individuals and companies.

70% The revenue that comes from overseas markets

Globally, several experts in the edtech industry have highlighted the importance of the Indian market as universities across the globe aim to benefit from the country's growing young population.

Industry executives also emphasized on the importance of artificial intelligence (AI) and tech advancements in the educational sector. They believe AI could be a game-changer for teaching as it would help personalize the student's ways of absorbing information and adapt to their pace of learning by offering visual cues or prompts.

"That's going to have a very positive impact...there's a lot of conversation about tech going to replace education, but fundamentally it is only going to enable them further and give better access," he said.

The edtech industry, which saw a heady growth during the pandemic, got a reality check when the pandemic ebbed and offline formats came roaring back. As a result, many companies had to restructure their business models and embark on a cost-cutting drive, including layoffs, to stay afloat.

Talking about the long-term potential of hybrid learning, Kalipatnapu said the company is seeing a lot of tailwinds of people seeking online education. He said the gross enrolment ratio of people getting into an undergraduate education is hovering at about 30% in India, compared to about 60% in the US. "That means that you need at least 30-40 million additional seats for people to do undergrad and you can't build so many buildings...So, the headroom for learning and upskilling is huge. That's what gives us a lot of optimism in terms of how deep the market is," he said.

The company also expects to be profitable on a full-year basis in the current fiscal year (FY24). Eruditus follows a July-June accounting year. The Singapore-based company has also held discussions to shift domicile to India for a stock-market listing.

Kalipatnapu believes that the addressable market is so huge that multiple players can still exist.

He also emphasized that investors are seeing this space on a longer-term basis and are now more deliberate about where they are allocating capital than they were three years ago. They are now looking for different metrics such as Ebitda and revenue growth which has probably led to longer times for conversations to close, he added.

Morgan Stanley accused of duping ECB

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A senior banker who was dismissed by Morgan Stanley alleged the company made up his job title to meet European requirements on post-Brexit rules, the *Financial Times* reported.

The banker was given the title "head of loan trading" when he joined Morgan Stanley in Frankfurt in April 2021, but testified he was told not to use the title, the paper said. The title was part of an effort by the bank to convince regulators that Morgan Stanley had moved top staff to Frankfurt to comply with post-Brexit rules, the *FT* said.

The European Central Bank (ECB) had urged international lenders to manage their European Union (EU) operations with local employees after the UK exited the bloc, instead of depending on directions from those based in London, the paper said.

While a public verdict of the case did not identify the bank, the *Financial Times* cited four people familiar with the matter saying it was Morgan Stanley.

Morgan Stanley disputed the banker's statements in court, telling judges his title was not just a token, the *FT* said. A panel of three judges rejected the bank's argument and said it hadn't proven the banker was a material risk-taker in its Frankfurt office, the paper said.

Morgan Stanley is appealing the ruling, the paper said. The bank, the ECB and the banker declined to comment to the *FT*. Morgan Stanley also declined to comment on Sunday when contacted by *Bloomberg News*.

IHCL to add more hotels, focus on spiritual tourism biz

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NEW DELHI

Tata group hospitality firm Indian Hotels Company Ltd (IHCL) is looking to strengthen its leadership position in spiritual tourism, developing properties in noted locations in India with spirituality expected to play a more significant role globally, according to a top company official.

The company currently has 66 hotels either operational or under development at spiritual destinations, including the latest hotspot Ayodhya, and will continue to grow the portfolio.

"I think spiritual destination and spirituality is going to play a more significant role across the globe. Not just for us, but generally for the world population, a very important role and I'm glad to say that we are at the forefront of it," company managing director and CEO Puneet Chhatwal told *PTI*.

On why the company sees a huge opportunity in the segment, Chhatwal said, "spiritual destinations are a safer bet because people in good or in bad times go to get the blessings of the Lord, whether it's any kind of good, bad, sad or happy event happening. That's a part of our culture. That's a part of our history." He further said IHCL is "very pleased with the financial performance of all spiritual destinations".

When asked about expanding the network in spiritual destinations, he said, "We have 66 hotels either opened or under development and that will keep growing." He further said, "in Ayodhya also we have signed three contracts. We will be opening our first one in one year from now, and the other two will follow."

Sundaram Alternates to raise ₹1K cr for green realty projects

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DUBAI

The firm plans to raise money from global investors including NRIs in the Gulf region. ISTOCKPHOTO

Sundaram Alternates Assets (SAA), an arm of Sundaram Finance Group, plans to raise about ₹1,000 crore from global investors to fund green real estate projects in India.

"This move reflects our commitment to build on our own track record, depth of underwriting and risk management skills in the ever-evolving landscape of Indian real estate credit market," Sundaram Alternates Assets managing director Vikaas M Sachdeva said.

In the past year, SAA has not only re-engineered its high-yield credit funds to generate real alpha from its performing credit business but has also adopted a robust ESG (environmental, social and governance) and climate impact framework as a significant investor initiative, he said.

The firm is currently in the process of raising money from global investors including Non-Resident Indians (NRIs) in the Gulf region through its Series IV real estate credit fund.

"We are expecting to close the fund (Series IV real estate credit fund) at between ₹1,000-1,200 crore to fund green real estate projects," SAA director (alternative credit) Karthik Athreya said.

A lot of investors in the GCC region, North America, and Southeast Asia have shown keen interest in the fund, he said.

Sharing the past record, Athreya said, the firm has raised and deployed about ₹3,000 crore in its private credit business over the last 5-6 years.

Past funds have consistently delivered 18-20% portfolio returns and are currently generating about 17% gross investor returns, he said on the sidelines of Dubai Alternative Investment Summit here.

The credit funds boast over 500 investors across high net-worth individuals, family offices, and corporate treasuries.

2-wheeler firms see double-digit growth

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NEW DELHI

Hero MotoCorp opened its first premium-exclusive showroom under brand name Premia in October last year. MINT

The domestic two-wheeler industry is expected to witness a double-digit revenue growth next fiscal with demand for premium models anticipated to gain further momentum, according to Hero MotoCorp CEO Niranjan Gupta.

The country's largest two-wheeler maker, which reported a total income of ₹10,031 crore in the October-December quarter this fiscal, also expects the entry level segment to do better going ahead.

"As far as the demand is concerned, as we have been saying, we do expect the industry to grow double digit on revenue in the coming year at the least," Gupta said in an analyst call.

He noted that in the domestic two-wheeler space there is a shift taking place towards premiumization with buyers looking for feature-rich trims.

Gupta stated that the entry level bike vertical, which has seen muted sales over the last few years, is also on a recovery path. "So, it's not just about the top end of India which is growing, you can see aspirations of people growing," Gupta stated.

He noted that demand in the rural areas has improved considerably.

CEO Niranjan Gupta said there is a shift towards premiumization in the domestic two-wheeler space

"At the bottom of pyramid, the heavy capex spend that's been happening, the digital inclusion that's been happening, the hospitality industry that you can see clearly which is lifted up, it's actually lifting the sentiment of the consumers of the bottom end," Gupta said.

He further said, "We clearly see the positive signals which are emanating from the rural sector as well and we will see in the coming quarters growth picking up from that segment."

Elaborating on the company's plans to upgrade sales outlets to sell premium segment models, he noted that the two-wheeler major has already upgraded 300 dealerships in the country so far.

"By March end we'll have 400 (upgraded sales outlets), and next year we'll cross 500 2.0 stores (upgraded outlets) along with 100 Premia stores," Gupta stated.

Hero MotoCorp opened its first premium-exclusive showroom under brand name Premia in October last year.

All of this then provides the necessary arsenal for the company's premium portfolio to grow, Gupta said.

"We have been taking a lot of actions in the premium segment. Our early success that we have seen on Harley X440 and Karizma continues," Gupta stated. The company has also launched a new model Mavrick 440 with deliveries expected to commence in April. "That will be boosting further our premium portfolio which is already looking very, very formidable," Gupta said.

In October 2020, Hero MotoCorp and Harley-Davidson announced a partnership for the Indian market. The deal envisages Hero MotoCorp developing and selling a range of premium motorcycles under the Harley-Davidson brand name in the country.

Chalet Hotels to add 800 rooms in 3-4 years to meet growing demand

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Chalet Hotels, a subsidiary of K Raheja Corp Private Ltd, has set ambitious plans to expand its portfolio of "big-box", or large inventory hotels, aiming to add approximately 800 rooms to its offerings.

The Mumbai-based operator of high-end hotels has set aside ₹2,000 crore as current capital work-in-progress, and the expansion will increase its total room count to 5,000 in the next three to four years.

Capital work-in-progress represents expenditure on fixed assets like buildings that are under construction.

Sanjay Sethi, the company's managing director and chief executive, told *Mint* that Chalet Hotels' strategy aims to capitalize on demand generated by office spaces in proximity to its properties, ensuring a robust and continuous customer base.

In an industry trend moving towards reduced asset ownership and a focus on hotel management, Sethi said that Chalet Hotels stands out by pursuing growth in both its balance sheet and Ebitda (earnings before income, tax, depreciation, and amortization).

"We delivered high Ebitda margins purely because of strategies like having different hotel operators to work with," he said.

For the first nine months (April-December) of the current fiscal year, the company

Company's MD Sanjay Sethi said it aims to capitalize on demand generated by office spaces in proximity to its properties.

reported a net profit of ₹195 crore, an increase of 33% year-on-year (y-o-y).

"Hotels make money, and especially in good cycles like the one that is currently going on. In fact, they make a lot of money, if the location and operator is right," Sethi further said.

He attributed the company's success over two decades to its investment in asset-intensive, large-scale hotels located in prime markets of tier-one and emerging cities.

Chalet Hotels boasts collaborations with operators such as Accor, Marriott, Hyatt, and Taj, managing properties including the JW Marriott Mumbai Sahar, Four Points by Sheraton Navi Mumbai, The Westin Hyderabad Mindspace, and Bengaluru Marriott Hotel Whitefield, among others.

The hotel operator has set aside ₹2,000cr as capital work-in-progress to boost portfolio of large-inventory hotels

While the possibility of launching its own hotel brand remains under consideration, Sethi values the flexibility that comes with operating without a proprietary brand.

This strategy allows the company to select the most suitable brand for each location based on comprehensive feasibility studies and market dynamics, avoiding the constraints of having to deploy its brand regardless of fit.

Managing hotels involves costs, including management fees and reimbursable expenses, which for a large hotel can amount to approximately ₹10,000 per month per room, or about ₹1.2 lakh per year per room.

So, for a hotel with about 200 rooms, the company would pay about ₹2.4 crore per annum on the entire hotel's management fee.

Chalet Hotels, which plans to explore expansion opportunities in cities like Delhi and Lucknow, is transitioning to franchise contracts, Sethi said.

This move will enable the company to operate hotels under various brands, further enhancing its adaptability and growth prospects.

Crisil had forecast a slight increase in occupancy rates for top hotel companies, reaching 74% for 2023, surpassing the pre-pandemic levels of 66%. Additionally, average room rates were expected to climb to ₹8,000 per night, marking an 8-10% increase.

China steel exports critical to margins for many Indian cos

FROM PAGE 1


Average prices of HRC steel, which stood at around ₹57,900 per tonne in September, fell to just over ₹54,000 in February. BLOOMBERG

tion companies. Average prices of benchmark hot-rolled coils of steel (HRC), which stood at around ₹57,900 per tonne in September, fell to just over ₹54,000 in February, as per data from SteelMint.

"Our retail sector sales dropped because of higher imports from China and FTA countries in the last quarter," Jayant Acharya, joint managing director of JSW Steel said in a recent interview. "Our imports rose by 16% and our exports fell by 16%, and that impacted basic sentiments and retail."

The Ebitda margin of JSW Steel contracted nearly 57 basis points sequentially during the December quarter to 17.1% as per *Mint*'s analysis. Ebitda stands for earnings before interest, taxes, depreciation, and amortization. Tata Steel, Jindal Steel and Power and Steel Authority of India reported Ebitda margins of 11.3%, 24.3% and 9.2% during the quarter, as per *Mint*'s analysis.

Any Chinese stimulus for its infrastructure sector may raise steel prices, said Jayanta Roy, senior vice-president, Icra.

"China's government is trying to revive the country's domestic property sector. Any large Chinese stimulus measure in 2024 directed to the property and infrastructure sectors has the potential to improve Chinese domestic steel demand growth prospects, which can have a significant impact on global steel prices if Chinese exports come down as a result of that," Roy said.

User industries say that if Chinese steel prices go up, local prices may rise as well, lifting their input costs.

"Chinese steel that was being imported was very competitive at some point in time. The slowdown in Chinese economy has made sure that the capacities they have are utilized outside of China," R. Shankar Raman, chief financial officer of engineering and construction major Larsen & Toubro said after the company's earnings release.

User industries say that if Chinese steel prices keep rising, local prices may rise as well, lifting their input costs

However, he added that for most contracts that L&T undertakes today, there are standard price variability clauses linked to key commodity indices, ensuring that commodity cost inflation does not have squeeze margins.

The country's largest carmaker Maruti Suzuki increased prices in January, attributing it to higher commodity prices, including steel.

"We have announced a price increase in the range of about 0.45%, which will also help (margins). In commodities, steel might show some upward movement," the company's chief investor relations officer Rahul Bharti said at an analyst call. Global steel prices fell after China's weak poor domestic demand prompted it to increase steel exports. Its real estate sector, one of the growth engines of the world's second largest economy and one of the world's hungriest consumers of steel, has been in the doldrums after the covid-19 pandemic. China's real estate sector accounts for around 15% of global steel demand, Icra's Roy said.

"When the real estate sector in China started facing issues in 2021, the country's domestic demand growth suffered. In 2023, when there was an excess Chinese steel production, this was directed towards the international markets," Roy explained.

Global demand for steel was also subdued during this period, keeping supply far in excess of demand. The only bright spot for steel demand during this period was India.

"So, a lot of Chinese steel found its way to India. Naturally, in a freely tradable commodity, this arbitrage arising out of cheaper imports exerted pressures on domestic steel prices," Roy said.

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Casa keeps falling, but 2014 levels are still far

At 39.3% in Dec, ratio still far above pre-demonetization level of 31.6%

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Keeping savings bank interest rates largely unchanged amid rising policy rates since mid-2022 has been shrinking the share of current and savings accounts (Casa) in banks' overall deposits for a while. However, it still remains far below levels of pre-demonetization years.

Casa ratio of the banking system stood at 31.6% at the end of 2014, and surged to 37.8% in 2016 as cash flooded into savings accounts after demonetization. It continued to rise and peaked at 42.9% in December 2021, but has fallen since then, touching 39.3% at the end of December 2023, data from rating agency Icra and *Mint* calculations showed.

"Casa ratio shot up after demonetization and reached its peak during covid-19, prior to which it used to be in early to mid-thirties levels," said Anil Gupta, senior vice-president and co group head of financial sector ratings, Icra Ltd. Casa levels should remain "comfortably above mid-thirties", Gupta said.

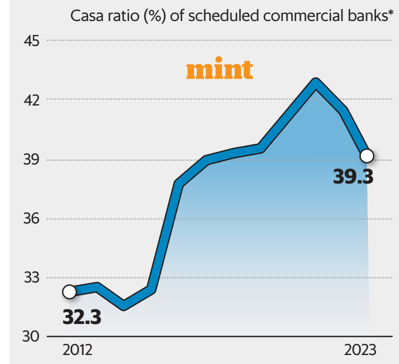
He said digital payments have increased significantly, which means people do not need to carry much cash for daily requirements; so, it will lead to higher balance in savings accounts.

Gupta said Casa ratio might go down further if banks continue to increase term deposit rates. However, he does not foresee any material increase in saving deposit rates for larger banks, as their savings deposit base is driven by balances that customers maintain on a day-to-day basis and the relationship with the bank is more transactional, not just driven by interest rates.

In FY24, savings deposits earned 2.7–3%, while term deposits of one to three years earned 6–7.1%, showed the Reserve Bank of India data of five major banks up to 1 September.

Shrinking share

Casa ratio of the banking system peaked at 42.9% in December 2021, but fell to 39.3% as of December 2023.



Casa ratio is current and savings account deposits as a percentage of total deposits. Data is as of 31 December each year. *For 2023, this excludes small finance banks and payments banks.

Source: Icra Ltd, Mint calculations

SATISH KUMAR/MINT


Casa ratio might still go down if banks increase term deposit rates further. MINT

A decade ago, savings deposit rates were at 4% and one to three year fixed deposits at 8.75–9.25%, meaning the gap between savings and term deposits has narrowed over the years. In fact, the share of term deposits in total deposits increased to about 60% in September 2023 from 57% in March 2023 and 55% in March 2022.

According to Ajit Velonie, senior director, Crisil Ratings Ltd, since May 2022, RBI has increased the repo rate by 250 basis points (bps) and term deposit rates offered by banks also rose about 230 bps for fresh deposits till December, as the transmission of rate hikes played out.

"On the other hand, there has been hardly any increase in rates offered on savings deposits," said Velonie, who believes a few banks could offer higher savings rates for larger quantum of savings account balances.

SAVINGS CHECK

IN FY24, savings deposits earned 2.7–3%, while term deposits of 1-3 years earned 6–7.1%	**SHARE** of term deposits in total deposits rose to 60% in Sept 2023 from 57% in March 2023	**CASA** ratio of the banking system stood at 31.6% at end of 2014, and surged to 37.8% in 2016

Bankers said they are looking at alternative ways of shoring up low-cost deposits. India's largest lender State Bank of India (SBI) has reached out to the wealthier customer segments to raise savings account deposits.

"When it comes to Casa, invariably in the increasing interest rate environment, there is a tendency of customers to try and earn as much interest as possible. That is why many customers are moving from pure savings to multi-option deposits," State Bank of India chairman Dinesh Khara told the media on 3 February.

IFCI may get funds, try reverse merger

FROM PAGE 1

failed to turn around despite continued government support.

The company reported a loss of ₹444 crore in FY19, which shrank to ₹278 crore in FY20. But the losses shot up to ₹1,958 crore and ₹1,991 crore in FY21 and FY22, respectively. With active capital support, IFCI again brought down losses to ₹288 crore in FY23.

In the current fiscal year, it reported losses in the first and third quarters. It clocked a profit of ₹83.77 crore in the second quarter as capital support from the government covered a large portion of its provisioning requirements.

As on 31 March 2023, IFCI had six subsidiaries: IFIN, IFCI Venture Capital Funds Ltd, IFCI Infrastructure Development Ltd, IFCI Factors Ltd, MPCON Ltd, and SHCIL.

Of these, IFCI has only two material subsidiaries: IFCI Infrastructure Development Ltd, which reported a profit of ₹16.13 crore in FY23, and SHCIL that returned a profit of ₹178.11 crore in FY23.

The company also had seven step-down subsidiaries: IFIN Commodities Ltd (indirect control through IFIN); IFIN Credit Ltd (indirect control through IFIN); IFIN Securities Finance Ltd (indirect control through IFIN); IDL Realtors Pvt. Ltd (indirect control through IIDL); SHCIL Services Ltd. (indirect control through SHCIL); Stockholding Document Management Services Ltd (indirect control through SHCIL); and Stock Holding Securities IFCI Ltd (SSIL).

Etihad aims 35-40% growth in 2024; to expand network in India

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Gulf carrier Etihad has seen strong growth in the domestic market post pandemic and is expecting to fly more Indian passengers this year than 2023, which saw around 3-million Indians boarding its flights, a top executive at the airline has said.

The Abu Dhabi-based national carrier, according to its chief revenue and commercial officer Arik De is also a strong "believer" in competition and is not afraid of it.

"Etihad is actually back with a bang in the Indian market. Our numbers are over 10% higher than they were pre-pandemic," De told *PTI*.

Noting that the airline came back "pretty strongly" in 2023 itself, he said, "we grew capacity by over 40% and then in 2024 we plan to finish the year with around 35-40% further growth." Moreover, the airline carried around three million Indians last year and this number is obviously set to grow this year as well, he stated.

Emphasizing that a 10% capacity growth ahead of pre-pandemic numbers is a strong growth rebound in India for the airline, he said, "passenger volumes are tracking better than that and our planes are full." It has also expanded its network in India, with the launch of fights to Kozhikode and Thiruvananthapuram this year.


The airline carried around three million Indians last year.

He also said that Etihad still has capacity to grow and the Indian market might see some more growth coming in terms of the airline's commitment to India going forward.

Etihad, which was an investment partner in the grounded carrier Jet Airways, currently operates 165 weekly frequencies to and from 10 Indian cities. The airline has a tie-up with Sharjah-based Air Arabia, which also operates its services to and from India, and offers 230 weekly flights.

The airline has definitely seen a shift in traffic pattern post the pandemic. "One interesting trend we're seeing is the amount of Indians, especially young ones, who are willing to go to new destinations and try out new things," he said.

According to him, the airline as part of this pattern is also seeing a lot more Indians in its premium cabins (business and first class), which also speaks about the strength of India's (fast-paced) economic growth.

"Premium segment growth is tracking ahead of our overall capacity. Roughly speaking, we continue to see some 15-20% growth in our premium segments. It's one of the reasons why in India, we're putting our best foot forward, in some ways," he said.

Pointing out that the airline is a strong believer in competition he said," I think it (competition) is a great thing for all of us, and the winner is the Indian consumer."


High airfares are not acting as a deterrent to demand. ISTOCKPHOTO

Strong demand for summer air travel despite rising fares

FROM PAGE 1

uptick of over 3X compared to last year."

That is good news following India's highest air traffic recorded in FY24 so far.

Latest data from Airports Authority of India for April-December show that combined domestic and international traffic was recorded at an all-time high at 34 million passengers, 7% higher than the pre-covid year of 2019 in the same period, and 10% higher than in 2022.

That high airfares are not acting as a deterrent to demand is visible in destinations such as Srinagar where 75–80% of five-star hotels and 80–90% of budget hotels are already booked for summer, P. P. Khanna, board member, Federation of Associations in Indian Tourism and Hospitality (Faith), said.

Similarly, in the international segment, online travel portals have witnessed an uptick of up to 20% in fares on long-haul routes, with fare levels showing a slight increase on short and medium-haul destinations.

In terms of international destinations, data from Thomas Cook shows airfares for Bangkok, Kuala Lumpur, and Singapore, among others, are 4–7% higher, and flights to Sri Lanka and Nepal are witnessing an uptick of more than 10%.

Flights are up to 20% more expensive for cities such as Zurich, Paris, Madrid, Vienna, Budapest, Milan, and Helsinki.

Despite tailwinds of strong demand sentiment, challenges remain with respect to volatility in aviation turbine fuel (ATF) prices and supply chain constraints following IndiGo's grounding of more than 70 aircraft due to engine inspection requirements and shortage in availability of engines and spare parts.

And ATF prices for domestic airlines, despite being cut four times, are now at ₹1,00,772.17 per kilolitre in Delhi as of 1 February, 74% higher than in 2019.

Going forward, too, airfares are expected to go up, said Ajay Prakash, board member, Faith and president, Travel Agents Federation of India, "The upswing in the demand can be seen with supply falling short of it. Besides, Mumbai, one of the busiest airports in the country, has been asked to reduce flights, so all the factors together would make air travel costlier in the coming summer season," he said.

In 2024, predictions for passenger demand globally also remains high, with the International Air Transport Association announcing that the number of passengers travelling by air will reach a record high of 4.7 billion in 2024, a jump from the 4.5 billion passengers who travelled in 2019.

How war in Europe is giving the American economy a boost

FROM PAGE 1

Wednesday. While war often has economic spin-offs, these are occurring without the US actually doing any of the fighting.

Recent spending by European governments on US jet fighters and other military hardware represents "a generational-type investment. The past few years are equal to the prior 20 years," said Myles Walton, a military industry analyst at Wolfe Research.

While the $95 billion aid package, which also includes funds for Israel and Taiwan, passed the Senate on 13 February, its fate is uncertain in the House, where it is opposed by Republican allies of former President Donald Trump , front-runner for the GOP presidential nomination.

Among their objections: The US can't afford to support Kyiv as federal deficits mount, Russia would prevail anyway, and the US needs to better secure its own border before providing more aid overseas.

The latest money, on top of previous commitments, could inject funds worth about 0.5% of one year's gross domestic product into the US industrial defense base over several years.

The State Department recently said the US made more than $80 billion in major arms deals in the year through September of which about $50 billion went to European allies—more than five times the historical norm, said Walton.

Poland has placed orders worth about $30 billion for Apache helicopters, High Mobility Artillery Rocket Systems, or Himars, M1A1 Abrams tanks and other hardware, the department said. Germany spent $8.5 billion on Chinook helicopters and related equipment, while the Czech Republic bought $5.6 billion of F-35 jets and munitions.

The boost to the US defense industry is just one way the fragmentation of the world economy along geopolitical lines is tightening US-European relations , often to the benefit of the US.

The cutoff of Russian gas supplies sent energy prices and inflation up sharply in Europe, while boosting European demand for US liquefied natural gas.

The US became the world's largest LNG exporter last year, and its LNG exports are expected to almost double by 2030 on already-approved projects. Around two-thirds of those exports go to Europe.


US defence industry gained from war in Ukraine. AP

Five new LNG projects are being constructed in the US, representing investments of around $100 billion in total, said Alex Munton , director of global gas and LNG research at Rapidan Energy Group. Most of those projects only began construction after the start of the Ukraine war, he said, as the disruption to Europe's gas supplies proved the value of LNG to potential backers and helped to move planned projects forward. "The US economy benefits significantly because of these massive investments," Munton said.

Foreign direct investment to the US increased by almost 50% between the 12 months through June 2021 and the same period in 2023, according to the Paris-based Organization for Economic Cooperation and Development, an association of market-based democracies. European companies in particular are lured by access to cheap and abundant energy.

Military aid is, by itself, no economic panacea. While defense companies are adding jobs, those tied to Ukraine are a relatively small share of national employment and income. "I don't think you can say confidently that the US economy is larger as a result of the war, but certain sectors of the economy are certainly larger," said Marc Goldwein , senior policy director for the Committee for a Responsible Federal Budget.

The money also takes time to flow. Congress has to authorize funds to replenish Pentagon stocks, and then the Pentagon has to sign contracts for new equipment. Foreign sales of major weapons can take years and sometimes fall through. Poland's annual military budget is about $16 billion, so it isn't clear how the country can pay for $30 billion of new weapons orders anytime soon, said William Hartung , senior fellow at the Quincy Institute for Responsible Statecraft.

"We know that there are tens of billions in potential contracts on the table for US firms based on the direct and indirect effects of the war in Ukraine, but it's less clear how soon the companies will see those funds," he said.

While European governments are paying for their orders, much of the spending is being financed by US taxpayers or by borrowing, adding to the federal deficit.

"Military spending has been crowding out other spending," said Jason Furman , an economist at Harvard University. He noted that Vietnam War spending in the 1960s contributed to an overheating of the US economy and high inflation.

The Biden administration, though, sees benefits. Military experts are concerned that decades of deindustrialization and miliary downsizing have left the defense industrial base unable to deliver the weapons and munitions necessary for a more dangerous world. Many weapons systems orders are backlogged for years.

The Ukraine war served as a warning for American defense strategists, said Cynthia Cook, a defense industry expert at the Center for Strategic and International Studies, a Washington-based think tank. "What Russia's war pointed out relatively quickly is the constraints in the US defense industrial base especially in terms of serving production rapidly. The good news is that this lesson has been learned when the US is not directly at war."

British defense contractor BAE Systems plans to create 500 jobs by expanding facilities in Minnesota, while General Dynamics will create around 120 position at a new plant in Texas, according to Cook.

Biden administration officials say funding allocated for Ukraine is rebuilding America's defense industrial base, jump-starting and expanding production lines for weapons and ammunition, and supporting jobs in 40 states.

The administration might also hope for political benefits by noting the impact on employers in electoral swing states such as Pennsylvania and Arizona, each of which will receive more than $2 billion , according to the Department of Defense.

Small investors creep back into crypto

Mom-and-pop traders may be starting to come back, thanks to the exuberance surrounding the Jan launch of US ETFs investing directly in Bitcoin

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Small investors have started to ease back into crypto, even if they are not yet rushing in headfirst the way they did during the last bull market three years ago.

At the biggest US crypto exchange, Coinbase Global Inc., net consumer transaction revenue rose 60% in the fourth quarter from the year-ago period, and 80% over the third quarter, according to shareholder letter released Thursday.

At Robinhood Markets Inc., which reported on Tuesday and is focused on retail users, crypto notional volumes in December jumped by 242% from a year ago, the company said.

These are just the latest signs that mom-and-pop traders, who lost billions of dollars after crypto-price collapse in 2022, may be starting to come back, thanks to the exuberance surrounding the January launch of US exchange-traded funds (ETFs) investing directly in Bitcoin. The price of Bitcoin more than doubled last year amid the hoopla, and the lure of even bigger gains is making some consumers forget just how volatile crypto can be.

"There are signs that the retail audience is starting to get back into the market, but not nearly to the extent of the last bull market yet," said Kyle Doane, a trader at Arca.

Net consumer transaction revenue rose 60% in the fourth quarter from the year-ago period at Coinbase Global Inc. AFP

"Even crypto stocks like COIN and miners are exhibiting more volatility than many tokens."

Retail traders are critical to crypto. They accounted for a lion's share of revenues on Coinbase during the last bull run, and are a key revenue driver for most other crypto exchanges as well.

In a sign that retail investors are not fully in yet, Web searches for word "Bitcoin"—a metric that Wall Street analysts use to track retail interest in the market—spiked in the first half of January, when the ETFs debuted, but then collapsed back to bear-market levels, according to Google Trends.

Downloads of top crypto-exchange apps, heavily used by retail traders, are also well below their bull-market levels.

Binance, the world's biggest crypto exchange, saw app downloads of 10 million in the fourth quarter, up from 9 million in the third, and 8.1 million in the last three months of 2022, according to market intelligence firm Sensor Tower. Binance had 25.8 million downloads during a peak in the second quarter of 2021.

Coinbase apps' downloads jumped 13% sequentially, but were still down year-over-year, according to Sensor Tower. Its 1.7 million app downloads in the fourth quarter is a fraction of the peak 10.8 million downloads the company saw in the second quarter of 2021, according to the market intelligence firm.

And looking at Coinbase's consumer trading volume, "we are only at 16% of the last peak retail volume," said Owen Lau, analyst at Oppenheimer & Co. "With the money returning from the bankrupt entities, there is a lot of room to run potentially." Some consumers have had their money stuck in a slew of bankrupt startups including crypto exchange FTX as they've inched their way through bankruptcies.

DIPPING TOES BACK

MANY investors are also hoping for another rally thanks to the Bitcoin halving

IF prices continue to go up, mom-and-pop investors will find the allure tough to resist

Many investors are also hoping for another rally thanks to the Bitcoin halving, a software upgrade expected in April when rewards to computers supporting the network will be cut in half. Bitcoin is trading at the highest levels in more than two years at around $50,000.

"We've definitely seen some good momentum drivers," Coinbase Chief financial officer Alesia Haas said in an interview with *Bloomberg* on Thursday. The halving had, in the past, resulted "in more retail engagement and growth."

If prices continue to go up—and Bitcoin has risen by more than 20% so far this year—mom-and-pop investors will find the allure tough to resist, market observers say.

"As the crypto market cap and trading volumes go up, retail trading goes up as well," Alyssa Choo, crypto equities analyst at Bitwise, wrote on social media platform X. "Everyone wants to be a part of the bull market."

John Cockerill eyes India as export hub

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Belgium-headquartered engineering major John Cockerill Group aims to make its proposed electrolyzer plant in the country a hub for exports of the apparatus, and the group also intends to venture into defence manufacturing.

In an interview, Francois Michel, chief executive, John Cockerill Group, said that "several hundred million dollars" would go into the electrolyzer plant. In April 2022, *Mint* reported that about $500 million would be invested in the project.

The company plans to invest more in the green hydrogen space in India, and make its planned 2-GW joint venture facility with Greenko a major hub for electrolyzer exports. The plant is expected to be commissioned within the next two years, he said.

"In terms of the hydrogen market, we are developing one hub to produce those electrolyzer systems. We have one operation in China today, one in Europe, we just bought a plant in Houston to set up one in North America, and we are investing here in India to cover India and the neighbouring countries. The plant here in India will be the largest in the world," he said.

John Cockerill Group CEO Francois Michel said the electrolyzer plant in India will be the largest in the world.

"We plan to export electrolyzers, but the demand we have already lined up in India is already sufficient to fill up the plant. So, the big question for me will be how much more acceleration do I put in India. If you take the current scheme of things, already if I have 2 GW coming in two years, it will not be too bad. Given the size of the country, it will still be insufficient, but then we will invest more and we will ramp it up," he said

The firm plans to make its proposed 2-GW JV facility with Greenko a major electrolyzer exports hub

In March 2022, Greenko Group and John Cockerill signed an agreement to exclusively partner in market development initiatives for green hydrogen electrolyzers in the Indian subcontinent.

The two companies had then said in a joint statement that the agreement would accelerate the deployment of the green hydrogen ecosystem in India, and will enable to build a gigawatt electrolyzer manufacturing plant, expandable to a multi gigawatt scale, to serve the local market.

On John Cockerill's plans to enter the defence manufacturing segment in India that has the world's second-largest army, he said that the company was looking at manufacturing defence equipment, both for the domestic and export markets, along with an Indian partner.

The company is a major player in production of light tanks.

Michel was of the view that India is best suited for green hydrogen production with the availability of low-cost renewable energy. "We will grow very fast in India in this hydrogen path. India will have the cheapest base in the world to produce green hydrogen, because India has the cheapest renewable electricity, which is about 60-70% of the cost of green hydrogen, because India is very good at integrating technologies such as EVs, such as green hydrogen with very strong EPC companies."

Michel also said that the joint venture between John Cockerill and French technology firm Technip Energies, named Rely, a provider of integrated and competitive green hydrogen solutions, is also setting up its operations in India.

Dubai's golden visas help face slump

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At the height of the global pandemic, as Dubai faced an exodus of expatriates and mounting competition from neighbouring business hubs, the government opened up. That decision is now helping the city dodge the commercial real estate crisis rippling across the globe.

The United Arab Emirates—of which Dubai is a part—started to break away from a decades-old economic model that prevails across the oil-rich region, linking residency to employment.

Officials widened the eligibility net for long-term 'golden' visas, abolished a requirement for companies to have a majority local partner, switched to a Monday-Friday working week and made it legal for unmarried couples to live together.

Policymakers wanted to help Dubai shed its reputation of being a transient city by attracting expatriates and encouraging some of them to set up businesses. That seems to have paid off.

In response to questions from *Bloomberg*, authorities released data for last year, revealing the scale of the turnaround. The city had 411,802 active business licenses in 2023. That's a 30% jump from 2022 levels and a 75% increase from 2021.

Dubai had 411,802 active business licenses in 2023. That's a 30% jump from 2022 levels and a 75% increase from 2021. ISTOCKPHOTO

Earlier this month, Dubai International Financial Centre said the number of entities registered there rose 26% in 2023 from a year earlier to over 5,500. The free-zone now employs about 41,600 people—a 15% increase.

Earlier this month, DIFC said the number of entities registered there rose 26% in 2023

The impact is most evident in the emirate's commercial real estate market. Occupancy is at record highs in contrast to slumping demand in other cities including London and New York. In Dubai's financial district, known as DIFC, office space is scarce and rents are still rising.

The business hub's most prominent tower is up for sale, and could be valued at as much as $1.5 billion. That property in DIFC is among Brookfield's best performing assets globally at a time when other assets—including in Los Angeles and London's Canary Wharf—have been hit by falling occupancy.

"The market is quite divorced from the trends we see across the world," said Prathyusha Gurrapu, head of research and advisory at the property firm Cushman & Wakefield Core. "While a lot of western markets are still working on a hybrid or work from home model, here there is a surge in demand and almost everyone is back in the office."

Economic freedom

To be sure, a number of external factors also boosted arrivals. Bankers relocated from Asia to escape lockdowns, while wealthy Russians moved in to shield assets after their country invaded Ukraine in 2022. Crypto investors flooded in, alongside rich Indians looking for second homes, as well as young job seekers from Europe and the wider Middle East.

Government reforms enabled some of the new arrivals to set up businesses.

"When taken holistically, the changes made are significant," said Ryan Bohl, a senior Middle East & North Africa analyst at risk intelligence consultancy Rane Network. Saudi Arabia and Qatar "are both going to be pressured to try to find ways to liberalize their economies in ways that make sense for themselves, if they want to compete with the economic freedom Dubai gives businesses," he said.

Apart from the commercial property boom, signs of the influx are visible elsewhere. Waiting lists for schools and clubs run long, while key roads are routinely jammed. The government has announced a $5 billion public transit project and policymakers predict Dubai's population will surge to 5.8 million in 2040 from over 3.5 million currently.

ग्रेटर नौएडा औद्योगिक विकास प्राधिकरण

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पत्रांक: वरि0.प्र0. / (ई–निविदा सेल) / 2024 / 497ए दिनांक: 17 / 02 / 2024

ई-निविदा आमंत्रण सूचना

महाप्रबन्धक (अभियन्त्रण) ग्रेटर नौएडा औद्योगिक विकास प्राधिकरण द्वारा मुख्य कार्यपालक अधिकारी, ग्रेटर नौएडा की ओर से ई–निविदा आमंत्रण सूचना संख्या–वरि0.प्र0 / (ई–निविदा सेल) / 2024 / 497ए, दिनांक 17 / 02 / 2024 के माध्यम से उल्लेखित क्रम संख्या–1 से 31 पर अंकित कार्य की ई–निविदाये आमंत्रित की जाती है। समस्त नियम व शर्ते ग्रेटर नौएडा प्राधिकरण की वेबसाइट: **www.greaternoidaauthority.in** पर ई–निविदा लिंक एवं ई–पोर्टल **https://etender.up.nic.in** पर उपलब्ध है किसी परिवर्तन, संशोधन व अतिरिक्त सूचनाओं के लिए उक्त वेबसाइटें देखते रहें।

क्र. सं	कार्य का नाम / वर्क सर्किल	अनुमानित लागत
	विद्युतीकरण का कार्य	
1.	सैक्टर–ईकोटेक–XI में 11 के.वी. ओवर हैड लाईन का (अवशेष कार्य) निर्माण कार्य। (वर्क सर्किल–ईएण्डएम–2)	रू0 50.65 लाख
2.	ग्रेटर नौएडा औद्योगिक विकास पाधिकरण की ऑफिस बिल्डिंग में वॉटर कूलड चिलर, स्पलिट यूनिट, ए.एच.यू. एफ.सी.यू., सी.एस.यू. पम्प पैनल, बैन्टीलेशन फेन, बी.एम.एस. सिस्टम इत्यादि का वार्षिक संचालन एंव कम्प्रेहेन्सिव वार्षिक अनुरक्षण का कार्य। (वर्क सर्किल–ईएण्डएम–2)	रू0 62.52 लाख
3.	स्मार्ट विलेज छपरौला में बारात घर / सामुदायिक केन्द्र, प्राथमिक विद्यालय, पम्प हाउस, शमशान घाट के आंतरिक विद्युतीकरण का कार्य। (वर्क सर्किल–ईएण्डएम–1)	रू0 24.33 लाख
4.	स्मार्ट विलेज इटेहरा में प्राथमिक स्कूल, जूनियर हाई स्कूल, पम्प हाउस, बारात घर, पंचायत घर एवं शमशान घाट के आंतरिक विद्युतीकरण का कार्य। (वर्क सर्किल–ईएण्डएम–1)	रू0 15.18 लाख
5.	सैक्टर–जू–2 में सामुदायिक केन्द्र का आन्तरिक विद्युतीकरण का कार्य। (वर्क सर्किल–ईएण्डएम–2)	रू0 21.04 लाख
	जल विभाग	
6.	ग्रेटर नौएडा में जलापूर्ति का रखरखाव (आर–7 यू0जी0आर0 से ग्रीनबुड फेस–1 एंव फेस–2, एंव अन्य तक डी. आई.पाईप लाईन का आपूर्ति / विछाने का कार्य। (वर्क सर्किल–जल)	रू0 50.86 लाख
7.	ग्रेटर नौएडा के जोन–3 में सैक्टर सिग्मा–1 एंव 2 में वितरण राइजिंग मेन पाईप लाईन की आपूर्ति एवं बिछाने का कार्य। (वर्क सर्किल–जल)	रू0 36.53 लाख
8.	ग्रेटर नौएडा वॉटर सप्लाई जोन–1 में ट्यूब–वेल, राइजिंग मेन एंव क्लोरिनेशन आदि कार्य का 2 वर्ष तक अनुरक्षण एवं संचालन का कार्य। (वर्क सर्किल–जल)	रू0 628.22 लाख
9.	ग्रेटर नौएडा वॉटर सप्लाई जोन–2 में ट्यूब–वेल, राइजिंग मेन एंव क्लोरिनेशन आदि कार्य का 2 वर्ष तक अनुरक्षण एवं संचालन का कार्य। (वर्क सर्किल–जल)	रू0 730.36 लाख
10.	ऑटोमेशन स्कडा बेस्ट वॉटर सप्लाई जोन–6 में ट्यूब–वेल, राइजिंग मेन एंव क्लोरिनेशन आदि कार्य का 2 वर्ष तक अनुरक्षण एवं संचालन का कार्य। (वर्क सर्किल–जल)	रू0 736.01 लाख
11.	ग्रेटर नौएडा वॉटर सप्लाई जोन–7 में ट्यूब–वेल, राइजिंग मेन एंव क्लोरिनेशन आदि कार्य का 2 वर्ष तक अनुरक्षण एवं संचालन का कार्य। (वर्क सर्किल–जल)	रू0 690.08 लाख
12.	ग्रेटर नौएडा वॉटर सप्लाई जोन–8 में ट्यूब–वेल, राइजिंग मेन एंव क्लोरिनेशन आदि कार्य का 2 वर्ष तक अनुरक्षण एवं संचालन का कार्य। (वर्क सर्किल–जल)	रू0 495.80 लाख
	उद्यान विभाग	
13.	सैक्टर–के.पी.–5 में ग्राम खैरपुर एंव तुस्याना की 6 प्रतिशत आबादी में 10 मी0, 15 मी0, चौड़ी ग्रीन बैल्ट एंव रोड साईड पर पेड़ – पौधे रोपित करने का विकास कार्य एंव 36 माह तक अनुरक्षण कार्य। (वर्क सर्किल–उद्यान)	रू0 118.38 लाख
	निर्माण कार्य	
14.	सैक्टर नॉलेजपार्क–1 में आर0 सी0 सी0 ड्रेन कवरिंग एंव ड्रेन मरम्मत का कार्य। (वर्क सर्किल–4)	रू0 100.72 लाख
15.	ग्राम तुगलपुर हल्दोना फेस–3 नमोली क 6 प्रतिशत आबादी भूखण्ड, सैक्टर के.पी.–3 में ड्रेन मरम्मत एंव रोड़ रिसरफेसिंग का कार्य। (वर्क सर्किल–4)	रू0 73.30 लाख
16.	ग्राम–गुलिस्तानपुर (बाल्मिकी बस्ती) में बारात घर की मरम्मत का कार्य। (वर्क सर्किल–5)	रू0 10.92 लाख
17.	ग्रेटर नौएडा में GIMS के सामने आर.सी.सी. ट्रॅक नाले का निर्माण का कार्य। (वर्क सर्किल–7)	रू0 138.66 लाख
18.	सैक्टर–ईकोटेक–IX में 60 मी0 चौड़ी पेरिफेरियल सड़क आर.सी.सी. नाले, एंव सीवरेज सिस्टम का निर्माण कार्य। (वर्क सर्किल–7)	रू0 4838.48 लाख
19.	औद्योगिक सैक्टर–ईकोटेक–10 में जलापूर्ति सिस्टम बिछाने एंव उपलब्ध कराने का कार्य। (वर्क सर्किल–7)	रू0 68.75 लाख
20.	ग्राम–ब्रहमपुर गजरौल उर्फ नवादा में बारात घर की मरम्मत का कार्य। (वर्क सर्किल–5)	रू0 15.83 लाख
21.	ग्रेटर नौएडा के अधिसूचित क्षेत्र में स्मार्ट ग्राम हैबतपुर में विकास कार्य। (फेस–2) (वर्क सर्किल–1)	रू0 294.45 लाख
22.	ग्राम–बोड़ाकी में ईरीगेशन कैनाल के ऊपर कल्वर्ट का निर्माण कार्य। (वर्क सर्किल–6)	रू0 13.68 लाख
23.	ग्राम–घोड़ी–बच्छेड़ा के शमशान घाट में शैड, चबुतरा एंव लिंक रोड़ का निर्माण कार्य। (वर्क सर्किल–6)	रू0 22.53 लाख
24.	ग्राम–जुनपत एंव हजरतपुर 6 प्रतिशत आबादी भूखण्डों का अनुरक्षण कार्य। (वर्क सर्किल–6)	रू0 30.29 लाख
25.	सैक्टर–ईकोटेक–3 की आन्तरिक सड़को की रिसरफेसिंग का कार्य। (वर्क सर्किल–3)	रू0 1710.38 लाख
26.	सैक्टर–नॉलेज पार्क–1 की सड़को पर रिसरफेसिंग का कार्य। (वर्क सर्किल–4)	रू0 201.11 लाख
27.	सैक्टर–टेकजोन–4 में 45 मी0 सड़क की रिसरफेसिंग का कार्य। (वर्क सर्किल–3)	रू0 492.64 लाख
28.	ग्राम हबीबपुर में आर.सी.सी. रोड़ एंव नाले को ऊंचा उठाने का कार्य। (वर्क सर्किल–3)	रू0 131.54 लाख
29.	इंजीनियरिंग प्रोक्येरमेंट एन्ड कन्सट्रक्शन पद्धति पर आधारित ग्रेटर नौएडा उत्तर प्रदेश में 60 मी0 चौड़ी सड़क पर गौर चौक पर अंडरपास का निर्माण एंव 5 वर्ष की डिफेक्ट लाइबिलिटि एंव अनुरक्षण कार्य। (वर्क सर्किल–1)	रू0 7814.83 लाख
30.	सैक्टर 16सी एंव यतेन्द्र नगर इन्कलेव के बीच नाले पर बॉक्स पुलिया का निर्माण कार्य। (वर्क सर्किल–1)	रू0 70.86 लाख
	स्वास्थ्य विभाग	
31.	सैक्टर–वाई–4 के एस.टी. / एस.टी. हॉस्टल में 02 वर्ष हेतु स्वीपिंग एवं क्लीनिंग का कार्य। (वर्क सर्किल–स्वास्थ्य विभाग)	रू0 83.99 लाख

क्रम सं0–01 से 02, 03, 04, 05, 06, 07, 13, 14, 15, 16, 17, 19, 20, 22, 23, 24, 28, 29, 30 एवं 31 पर अंकित कार्य दिनांक–20.02.2024 से 29.02.2024 को 5:00 बजे तक अपलोड किया जा सकता है। प्राप्त ई–निविदाओं की प्री–क्वालिफिकेशन दिनांक 04.03.2024 को 11:00 बजे एवं क्रम सं0–08, 09, 10, 11, 12, 18, 21, 25, 26 और 27 पर अंकित कार्य दिनांक–20.02.2024 से 04.03.2024 को 5:00 बजे तक अपलोड किया जा सकता है। प्राप्त ई–निविदाओं की प्री–क्वालिफिकेशन दिनांक 06.03.2024 को 11:00 बजे खोली जाएगी।

वरिष्ठ प्रबंधक (ई–निविदा सेल)

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It's the end of the web as we know it, and implications of the shift can be big

For decades, seeking knowledge online has meant googling it and clicking on links offered up, but artificial intelligence is changing all of that, and fast

Christopher Mims
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The web is in crisis, and artificial intelligence is to blame.

For decades, seeking knowledge online has meant googling it and clicking on the links the search engine offered up. Search has so dominated our information-seeking behaviors that few of us ever think to question it anymore.

But AI is changing all of that, and fast. A new generation of AI-powered "answer engines" could make finding information easier, by simply giving us the answers to our questions rather than forcing us to wade through pages of links. Meanwhile, the web is filling up with AI-generated content of dubious quality. It's polluting search results, and making traditional search less useful.

The implications of this shift could be big. Seeking information using a search engine could be almost completely replaced by this new generation of large language model-powered systems, says Ethan Mollick, an associate professor at the Wharton School of the University of Pennsylvania who has lately made a name for himself as an analyst of these AIs.

This could be good for consumers, but it could also completely upend the delicate balance of publishers, tech giants and advertisers on which the internet as we know it has long depended.

AI agents help cut through the clutter, but research is already suggesting they also eliminate any need for people to click through to the websites they rely on to produce their answers, says Mollick. Without traffic, the business model for many publishers—of providing useful, human-generated information on the web—could collapse.

Over the past week, I've been playing with a new, free, AI-powered search engine-slash-web browser on the iPhone, called Arc Search. When I type in a search query, it first identifies the best half-dozen websites with information on that topic, then uses AI to "read" and summarize them.

It's like having an assistant who can instantly and concisely relate the results of a Google search to you. It's such a timesaver that I'm betting that once most people try it, they'll never be able to imagine going back to the old way of browsing the web.

While Arc Search is convenient, I feel a little guilty using it, because instead of clicking through to the websites it summarizes, I'm often satisfied with the answer it offers up. The maker of Arc is getting something for free—my attention, and I'm getting the information I want. But the people who created that information get nothing. The company behind Arc did not respond to requests for comment on what their browser might mean for the future of the web. The company's chief executive has said in the past that he thinks their product may transform it, but he's not sure how.

A search engine can be almost completely replaced by a new generation of large language model-powered systems. REUTERS

In December, the New York Times sued Microsoft and OpenAI for alleged copyright infringement over these exact issues.

The Times alleges that the technology companies exploited its content without permission to create their artificial-intelligence products. In its complaint, the Times says these AI tools divert traffic that would otherwise go to the Times' web properties, depriving the company of advertising, licensing and subscription revenue.

OpenAI has said it is committed to working with content creators to ensure they benefit from AI technology and new revenue models. Already, publishers are in negotiations with OpenAI to license content for use in its large language models. Among the publishers is Dow Jones, parent company of The Wall Street Journal.

THE WALL STREET JOURNAL.

Code breaker

Activity on coding answer site Stack Overflow has dropped in the face of competition from these AI agents. The company disclosed in August that its traffic dropped 14% in April, the month after the launch of OpenAI's GPT-4, which can be used to write code that developers otherwise would look up on sites like Stack Overflow. In October, the company announced it was laying off 28% of its workforce.

"Stack Overflow's traffic, along with traffic to many other sites, has been impacted by the surge of interest in GenAI tools over the last year especially as it relates to simple questions," says Matt Trocchio, director of communications for the company.

But, he adds, those large language models have to get their data from somewhere—and that somewhere is places like Stack Overflow. And the company has responded to this fresh wave of competition by releasing its own AI-powered coding assistant, OverflowAI.

Traffic to sites like Reddit, which is full of answers from real people, could be next, says Mollick. A spokesman for Reddit said that the one thing a large language model can never replace is Reddit's "genuine community and human connection," and that its "community-first model imparts trust because it's real people sharing and conversing around passions and lived experiences." Reddit is set to go public in March.

For now, it's strictly early adopters who are handing over seemingly every aspect of their lives to these AIs. But if adoption by users follows investment, then the billions being poured into OpenAI's ChatGPT, Jeff Bezos-backed AI search startup Perplexity, Google's new Gemini AI, and Microsoft's Copilot could pave the way for the future Mollick envisions. (Attention future historians: 2024 was the first time an ad for an AI ran during the Super Bowl—for Microsoft's Copilot.)

Liz Reid, general manager of search at Google, has said that the company doesn't anticipate that people will suddenly switch over to AI chat-based search all at once. Still, it's clear that Google is taking the threat of AI-powered search very seriously.

The company has gone into overdrive on this front, reallocating people and resources to address the threat and opportunity of AI, and is now rolling out new AI-powered products at a rapid clip.

Those products include Google's "search generative experience," which pairs an AI-created summary with traditional search results. "Users are not only looking for AI summaries or AI answers, they really care about the richness and the diversity that exists on the web," Google CEO Sundar Pichai said in a recent CNBC interview. "They want to explore too. Our approach really prioritizes that balance, and the data we see shows that people value that experience."

Time for a Google killer?

This moment also means there is opportunity for challengers. For the first time in years, scrappy startups can credibly claim that they could challenge Google in search, where the company has above a 90% market share in the U.S.

Eric Olson is CEO of Consensus, a search startup that uses large language models to offer up detailed summaries of research papers, and to offer insights about the scientific consensus on various topics. He believes that AI-powered search startups like his can offer an experience superior to Google's on specific topics, in a way that will carve off chunks of Google's search business one piece at a time.

Asking Consensus whether social media is bad for teen mental health provides an instructive example: Consensus uses AI to summarize the top 10 papers on the subject, and then offers a longer breakdown of the diversity of findings on the issue, in which every paper cited is individually summarized.

Shift to AI can upend balance of publishers, tech giants and advertisers on which internet has depended

It's an impressive feat, one that would take a non-expert human many hours of effort to accomplish on their own. (I'll save you even more time. The short answer is yes.)

This kind of AI-powered search is also better than simply asking the same question of a large language model like ChatGPT, which is famously lax when it comes to answering such questions, often making up studies that don't exist, or misattributing information. This is known as the "hallucination" problem, and forcing an AI to draw only from a prescribed set of inputs—like scientific papers—can help solve it, says Olson.

This doesn't mean that the problem of hallucination can be eradicated completely, says Mollick. This could put Google at a disadvantage, because if the world's largest search engine gets one out of 10 queries to its AI wrong, that's a problem, but if a startup with an experimental offering has the same performance, it can look like a triumph.

Crisis of trust?

Despite these issues, users may move toward AI-based answer engines for the simple reason that AI-generated content threatens to make the web, and existing search, less and less usable. AI is already being used to write fake reviews, synthesize fake videos of politicians, and write completely made-up news articles—all in hopes of snatching dollars, votes and eyeballs on the cheap.

"The recent surge in low-quality AI-generated content poses significant challenges for Google's search quality, with spammers leveraging generative AI tools, like ChatGPT, to produce content that—usually temporarily—ranks well in Google Search," search-engine optimization expert Lily Ray told me.

The problem isn't just with Google's search results. AI-generated content has also been spotted in listings within Google Maps, the summaries that appear above and alongside search results known as "featured snippets," within Google's shopping listings, and in the news items the company features in its "top stories," news and "discover" features, she adds.

It's important to note that Google has for decades battled those who would manipulate its search algorithms, and it continually updates its systems to sweep away spammy content, whatever the source. Its guidelines on AI-generated content, last updated in February, re-iterate that the company is fine with using AI to help generate content—but only if it serves the people consuming it.

A few errant links and listings offered up by Google are hardly anything new on an internet that's always been full of human-generated misinformation. But if AI means fake content can be churned out at such a rate that it becomes widespread, it could lead to a broader crisis of trust in all of the search results offered up by Google and others.

It's not clear what lies on the other side of the current transition the web is going through. Much depends on how quickly people switch to AI-powered search, how much better future language models are than today's, and which company's AI comes to dominate.

There will be both winners and losers in this future, as some publishers and services become obsolete, and others become trusted and necessary sources of information—for AIs.

Even the world's biggest electric-vehicle market is slowing

Selina Cheng
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HONG KONG

Chinese electric-vehicle makers that enjoyed years of explosive growth now face a slowdown in domestic demand, spurring them to push overseas and challenge global auto giants already struggling with a transition to battery-powered cars.

A subsidies-driven boom in past years helped China sell more electric cars than Europe and the U.S. combined. The sales surge created a wave of investment into homegrown automakers that have become the envy of the global industry.

A deceleration in the China market, after subsidies were reduced and consumers cut back spending, means the growth rate there has fallen behind those two regions.

The slowdown has fueled a fierce price war in China embroiling dozens of EV startups and foreign players such as Tesla. Many Chinese EV makers burned through cash to chase a share of the growing market. Many are yet to turn a profit despite rising sales, leaving some at risk of going bust or needing injections of capital.

Slower growth also leaves an industry geared up to make millions more cars than it can sell domestically in the next few years. China's government has acknowledged overcapacity and underused factories, and is pushing automakers to expand overseas. Analysts say that trend could lead to oversupply at home and abroad.

Automakers in China are projected to add capacity for five million cars between 2023 and 2025, most of which are EVs, according to an estimate by Bernstein Research. EV sales in China are expected to grow by around 3.7 million during this period, it said.

BYD, the crown jewel among Chinese carmakers that is backed by Warren Buffett, added enough factory capacity in China alone by December to churn out four million cars a year, Bernstein said. That figure is a million more than it sold in 2023.

Global ambitions

BYD, which has ousted Tesla as the top global EV seller, has ambitious plans to increase sales overseas in the coming years, including buying ships to transport cars to Europe.

Its first foreign factory making passenger EVs began delivering cars this year, from Uzbekistan, and a second in Thailand starts deliveries in July. It plans to open two more factories—in Brazil and Hungary—in the coming years, and is weighing setting up a plant in Mexico from which it would consider exporting to the U.S. BYD's cheapest car sells for around $11,000 in China.

China's commerce ministry this month encouraged its EV makers to expand overseas, such as by tying up with foreign partners for research, logistics and supply chains. Chinese auto suppliers will get credit from banks to support the push.

"There is clear overcapacity in China, and this overcapacity will be exported. Especially if overcapacity is driven by direct and indirect subsidies," the head of the European Commission, Ursula von der Leyen, said late last year.

The slowdown in China has fueled a fierce price war, embroiling dozens of EV startups and foreign players such as Tesla. BLOOMBERG

The commission launched an antisubsidies probe against Chinese carmakers in September, amid concerns Europe's auto powerhouses could be hurt by China's emerging rivals.

THE WALL STREET JOURNAL.

Rapid growth created price war

Global auto giants that previously counted on sizable sales from China are now struggling to make gains there against dominant local upstarts, as overall appetite for electric vehicles wanes in other major markets. General Motors and Ford Motor have dialed back on their electric-car production plans. Elon Musk's Tesla warned of notably slower growth this year, including in China, during an earnings call last month.

Last year, more than one million domestically made electric vehicles were shipped from China as it became the world's biggest auto exporter, to countries such as Australia and Thailand. That total included vehicles from Tesla and Polestar as well as Chinese-owned brands including BYD, MG and NIO. Chinese automakers have so far had limited success in developed markets such as Europe, and they are largely shut out of the U.S. by tariffs and an inability to tap green-transition subsidies.

Whether China can prevent oversupply depends on whether policymakers can control the electric-car revolution as well as they juiced it.

Favorable consumption policies—including tax waivers, cash subsidies and incentives such as priority for rationed car licenses and parking—led to a three-year streak during which consumer demand for EVs soared and often outran supply.

The central government withdrew EV-purchase subsidies for consumers at the start of last year, sending growth down to 21% for 2023 from 74% a year earlier. In comparison, EV sales in 2023 grew 47% in the U.S. and 37% in Europe, according to industry analysts.

The demand downshift sparked a fierce price war in China, with discount rates for electric passenger cars in the country climbing steadily last year to a historic high of around 8% by year-end, according to the China Passenger Car Association.

"Right now in China we already see overcapacity. This is because in the past few years many auto brands believe in the immense demand and that they will remain strong," said Ming Hsun Lee, auto analyst at Bank of America.

A senior Chinese official last month indicated Beijing was concerned about disorderly competition, saying some local governments and companies had gone ahead blindly with electric-car construction projects or projects that are redundant.

China is pushing EV makers to expand overseas by tying up with foreign partners. Suppliers will get credit from banks

Too many cars

A record 158 new car models came onto China's market last year, more than 70% of which were EVs, according to CMB International's auto analysts. China has too many car models available, around 400 of which are electric, according to HSBC analysts.

Carmakers in China will see "the most intense competition" in the next two years, William Li, founder of Tesla-rival NIO, said in December. U.S.-listed Chinese NIO is planning to launch a second brand this year with cheaper models as its debts mount. The company has cut back on staff and deferred projects such as battery production.

BYD didn't respond to a request for comment. NIO declined to comment.

Many Chinese carmakers will produce and sell more cars that will lead to a collapse in pricing, said Qu Ke, autos analyst at CCB International. Eventually, there could be an oversupply of EVs even in overseas markets, he added.

Exported EVs are sold at a premium compared with prices in China, even after taking into account shipping costs. BYD and MG, the Shanghai-government-owned British marque, are estimated to bring 5 to 10 percentage points more in margins from exports than domestic sales, according to Bernstein.

HSBC has reduced its estimate for BYD's earnings this year by 13%, saying it is expecting lower volume, pricing and margin from BYD as the price war in China intensifies. BYD took almost a third of all EV sales in China last year.

BYD has a target to sell 400,000 cars overseas this year. It exported around 242,000 worldwide last year, only 13,000 of which went to the European Union, according to estimates by GlobalData. In Germany, one of BYD's local distributors announced an up to 15% price cut for all its available models last month.

FDI into China dips to worst in 30 years

Bloomberg
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Foreign businesses' direct investment into China last year increased by the lowest amount since the early 1990s, underscoring challenges for the nation as Beijing seeks more overseas investment to help its economy.

China's direct investment liabilities in its balance of payments rose by $33 billion last year, 82% down on 2022, according to the State Administration of Foreign Exchange. That measure of new foreign investment into the country—which records monetary flows connected to foreign-owned entities in China—slumped to the lowest level since 1993.

The data shows the effect of the Covid lockdowns and weak recovery last year. The investment fell in the third quarter of 2023 for the first time since 1998. Although it recovered a little and returned to growth in the final quarter, the $17.5 billion in new money in that period was still a third lower than the same period of 2022.

Profits of foreign industrial firms in China dropped 6.7% last year from the prior year, according to National Bureau of Statistics data. Earlier figures from the Ministry of Commerce showed new FDI into China fell last year to the lowest level in three years.

NEWS IN NUMBERS

434
THE NUMBER of runs by which India beat England in the third test in the ongoing series, the country's biggest victory in test cricket.

$1.24 bn
INDIA'S TRADE deficit with Europe during the April-December 2023 period, a reversal from FY22 and FY23, when India reported a surplus.

258 mn
THE NUMBER of subscribers T-Series has on YouTube, making it the most subscribed Indian Youtube channel. It is followed by Sony with 168 mn subscribers.

$355 mn
THE FINE imposed by a New York judge on Donald Trump for unlawfully inflating his wealth and manipulating the value of properties.

₹21,741 cr
THE AMOUNT Life Insurance Corporation of India, the country's largest life insurer, received as a tax refund for seven earlier assessment years.

HOWINDIALIVES.COM

CBIC revises norms to report frauds

The Central Board of Indirect Taxes and Customs (CBIC) has revised guidelines for reporting of arrests, smuggling and commercial frauds by customs officers, as it looks to enhance risk-based targeting to nullify fraud attempts by syndicates.

In an instruction to field officers, the CBIC said that the arrest and incident reports of smuggling and commercial frauds are not being shared or are sporadically shared by the customs zones. In some cases, the arrest report many times contains details that are insufficient as input for enhanced risk profiling.

As per the revised guidelines of CBIC, the chief commissioner/director generals of a customs zone would be required to send the arrest report through email to the CBIC within 24 hours of the arrest of an individual.

The arrest report would contain details of nationality and the details of offence committed by the individual who has been arrested. PTI

Presently, FSSAI regulates the usage of health supplements and nutraceuticals. BLOOMBERG

Nutraceuticals may come under CDSCO

The government has formed a panel to examine the possibility of bringing nutraceuticals under the ambit of the apex drug regulator CDSCO instead of the food regulator Food Safety and Standards Authority of India (FSSAI) to address regulatory challenges and promote consumer safety.

Presently, the FSSAI regulates the usage of health supplements and nutraceuticals under the Food Safety and Standards (Health Supplements, Nutraceuticals, Food for Special Dietary Use, Food for Special Medical Purpose, and Prebiotic and Probiotic Food) Regulations, 2022.

This regulation covers food items that are specially processed or formulated for specific nutritional or dietary purposes, official sources said.

Nutraceuticals are products derived from food sources that are believed to provide extra health benefits besides the basic nutritional value found in foods. The nutraceutical market in India is estimated to reach $18 billion by the end of 2025 as compared to $4 billion in 2020, according to industry data. PTI

FINALLY, BLANKETED IN SNOW

Tourists near the Atal Tunnel Rohtang South Portal during snowfall, in Manali district, on Sunday. PTI

Centre, farmer leaders meet in Chandigarh to break deadlock

Farmers are agitating to secure legal guarantee to minimum support price mechanism

PTI
feedback@livemint.com
CHANDIGARH

A group of Union ministers began a fourth round of talks with farmer leaders in Chandigarh on Sunday evening over their demands, including a legal guarantee to the minimum support price (MSP) for crops.

Agriculture and farmer welfare minister Arjun Munda, minister of commerce and industry Piyush Goyal and minister of State for home affairs Nityanand Rai reached the Mahatma Gandhi State Institute of Public Administration in Sector 26 for the talks. Punjab chief minister Bhagwant Mann also joined the meeting.

The Union ministers and farmer leaders had earlier met on 8, 12 and 15 February, but the talks remained inconclusive.

The meeting comes amid thousands of protesting farmers from Punjab staying put at the Shambhu and Khanauri points of the state's border with Haryana after their '*Delhi Chalo*' march was halted by police personnel.

The call for the march was given by the Samyukta Kisan Morcha (non-political) and the Kisan Mazdoor Morcha to press their demands.

Besides a legal guarantee to MSP, the farmers are demanding the implementation of the Swaminathan Commission's recommendations, pension for farmers and farm labourers, farm debt waiver, no hike in electricity tariff, withdrawal of police cases and "justice" for the victims of the 2021 Lakhimpur Kheri violence, reinstatement of the Land Acquisition Act, 2013, and compensation to the families of the farmers who died during a previous agitation in 2020-21.

> The Union ministers and farmer leaders had earlier met on 8, 12 and 15 February, but the talks remained inconclusive

Balbir Singh Rajewal, a leader of the Samyukta Kisan Morcha (SKM), an umbrella body of various farmer unions, said they will stage protests in front of the residences of Punjab BJP leaders, including MPs, MLAs and district presidents, from Tuesday to Thursday.

Interacting with reporters after a meeting of SKM leaders in Chandigarh, Rajewal said it has also been decided that they would protest at all toll barriers in the state and make them free for all commuters from 20 to 22 February.

"Our struggle will continue even if the model code of conduct for the Lok Sabha elections comes into force," he said in reply to a question by reporters.

Developers expect demand to sustain

Real estate developers and financial institutions are bullish on their outlook for the property market for the next six months and expect the high demand to sustain its momentum, according to a Knight Frank and Naredco report. Real estate consultant Knight Frank and realtors' body Naredco on Sunday released their 39th edition of Real Estate Sentiment Index for Q4 2023 (October-December 2023). As per the report, the current sentiment index score remained in the optimistic zone, rising to 69 from 59 in the third quarter of 2023 calendar year.

The sentiment index is based on the survey of supply-side stakeholders like developers, investors and financial institutions. A score of above 50 indicates 'optimism' in sentiments, a score of 50 means the sentiment is 'same' or 'neutral'. The score below 50 indicates 'pessimism'. PTI

Former NITI Aayog CEO Kant said that India created the digital identity of 1.4 bn people. MINT

'Growth rate of 10% needed to hit $35 tn'

India needs to grow at an annual rate of 9-10% for around three decades and constant innovations to become a $35 trillion economy by 2047, India's G-20 Sherpa and former NITI Aayog CEO Amitabh Kant said on Sunday.

"We are the fifth largest economy in the world and by 2027 we will surpass Japan and Germany to become the third largest economy in the world. And our aim is that by the time we turn 100 in 2047, India should be a $35 trillion economy," Kant said while addressing a session at Mumbai Tech Week (MTW) hosted by Tech Entrepreneurs Association Mumbai (TEAM).

Which means, India will become the second largest economy in the world, Kant stated. Kant said that India created the digital identity of 1.4 billion people and the country has leapfrogged technologically. PTI

RVNL's order book touches ₹65,000 cr

Public Sector Undertaking Rail Vikas Nigam Limited's (RVNL) order book has touched ₹65,000 crore, 50% of which are railway projects, the company said. RVNL is also looking for new projects in off-shore markets including Central Asia and UAE and Western Asia, the management said in an investors call.

"We have got an order book of around ₹65,000 crore, which roughly constitutes 50% from the nomination, that is the typical railway projects, and 50% from the market. In time to come, we should maintain an order book of around ₹75,000 crore," top management officials said in reply to a question.

Of the total order book, the share of the Vande Bharat trains was around ₹9,000 crore, and ₹7,000 crore was for several metro projects. The company has also bagged projects in the electrification and transmission lines among others. PTI

Export benefits extended to SEZs

The commerce ministry has decided to extend export benefits under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for companies in the special economic zones (SEZs) and export oriented units (EOUs).

This decision was communicated to the Director General of Foreign Trade (DGFT) on 16 February. The DGFT may issue a formal notification soon amending the foreign trade policy on the same.

"Post rolling out of ICEGATE (Indian Customs Electronic Data Interchange Gateway) in SEZs, the RoDTEP scheme may also be extended to SEZs," according to an office memorandum of the commerce ministry.

The government in August 2021, announced the rates of tax refunds under export promotion scheme—Remission of Duties and Taxes on Exported Products (RoDTEP), for 8,555 products such as marine goods, yarn and dairy items. PTI

'Compliance not optional for firms'

Minister of State for electronics and IT Rajeev Chandrasekhar. PTI

The Reserve Bank's regulatory action on Paytm Payments Bank has drawn the attention of fintech firms to the importance of complying with laws, Union minister Rajeev Chandrasekhar has said. The minister stressed that regulatory compliance cannot be "optional" for companies, rather it is an aspect every entrepreneur must pay full attention to.

In an interview to *PTI*, Chandrasekhar - the minister of state for electronics and IT —said the issue of Paytm Payments Bank is a case where a hard-charging and aggressive entrepreneur has failed to realize the need for regulatory compliance, and that no company can get away if it is non-compliant with law.

Any company, be it from India or abroad, big or small, has to abide by the law of the land, the minister asserted amid the unfolding of Paytm Payments Bank Ltd (PPBL) crisis.

The Reserve Bank of India (RBI) has barred PPBL from accepting new deposits from 15 March and ruled out any review of its action against the company.

Chandrasekhar said the notion that RBI action on PPBL had rattled fintechs, was not a correct characterization. PTI

IPA is holding talks on how to deal with big tech cos for infringing publishers' copyrights. ISTOCKPHOTO

Tech firms violate copyrights: IPA

The International Publishers Association (IPA) president Karine Pansa accused big technology companies of using copyrighted content "without permission" for AI-generated materials and urged publishers to raise their concerns.

Pansa, who recently visited India for the ongoing New Delhi World Book Fair, said the IPA is holding discussions with its member countries, including India, on how to deal with the big tech companies for infringing publishers' copyrights by "reproducing their materials without permission" for AI training.

"The big tech companies are using the content available on the internet to regenerate the new content without consent, and part of this content is books, the content of which belongs to the publishers. It is being used without their permission, consent, licenced payment, and remuneration.

"So it is an important part of the IPA's job to discuss how each country is going to deal with this new technology and this new copyright infringement," Pansa told *PTI*, adding that the organization will soon pen an open letter regarding the issue. PTI

Jaishankar meets counterparts at Munich Security Conference

External affairs minister (EAM) S. Jaishankar has met his counterparts from Saudi Arabia, Norway, Portugal, Poland and Belgium, and discussed bilateral ties and global matters like the situation in West Asia and reformed multilateralism.

Jaishankar is in Germany to attend the prestigious Munich Security Conference, which is the world's leading forum for debate on international security. He held "a productive conversation" with his Saudi Arabian counterpart Faisal bin Farhan Al-Saud on the sideline of the conference.

"Discussed connectivity, the West Asia situation and our strategic partnership," Jaishankar posted on X on Saturday.

He held a "big picture chat" with his Norwegian counterpart Espen Barth Eide and spoke about the imperative of reformed multilateralism and a more equitable world order.

Jaishankar said it was a "pleasure" to meet his Portugal counterpart Joao Gomes Cravinho in Munich. PTI

German foreign minister Annalena Baerbock (Right) shakes hands with EAM Jaishankar during the 60th Munich Security Conference. PTI

Braithwaite secures order from railways

Central PSU Braithwaite & Co. Ltd has received an order worth ₹180 crore to supply 500 wagons to the railways, a top company official said on Sunday.

These are BCVM-C type wagons, also known as brake vans attached to rakes.

"We have secured an order of 500 wagons this month valued at ₹180 crore", Braithwaite chairman and managing director Yatish Kumar told *PTI*.

The company has been diversifying into services and construction for a sustainable turnaround and to attain high growth, as wagons were 95% of the business in 2018 but now it has come down to 55%.

The company is striving to boost the total order pipeline, which was ₹1,734 crore as of December 2023.

"We had plans to reduce it to 50%. Introducing new revenue verticals was important for a sustainable turnaround with better profitability," Kumar said. PTI

AFFLUENT INDIA IS FUELLING EQUITIES. THE STORY HAS GAPS

Everyone loves India's premiumization narrative. But that's not the complete script

Vivek Kaul
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MUMBAI

It's winter in Mumbai. And it's that time of the year when stock brokerages, investment banks and other financial firms organize their India conferences. Presentations are made to talk up Indian stocks. And between presentations, people attending like to stand around having their cups of coffee, and ask each other that favourite question—KLH—*or kya lagta hai* (what do you think?).

Every bull market needs a story. One of the main stories currently being sold is the premiumization of the Indian economy or that Indian consumers are buying more expensive products than in the past and how that will continue to benefit listed companies. Also, the number of such consumers is expected to go up. Let's look at a few such data points.

File photo of Terminal 2 at Mumbai International Airport. The number of domestic passengers in 2023-24 should cross 150 million, higher than the 2019-20 peak of 141.6 million.

MINT

AFFLUENCE RISING

Domestic passenger vehicle sales (or simply put cars) from April 2023 to January 2024 stood at 3.42 million. If they continue selling at the same pace, firms will end up selling more than 4.1 million passenger vehicles by the end of this financial year, the highest ever. A January 2024 news report in the *Business Standard* points out that the average selling price of a passenger vehicle in India has gone up over 50%, from ₹7.65 lakh in 2018-19 to ₹11.5 lakh in 2023-24. Premiumization, with more customers buying sports utility vehicles (SUVs), is one reason for the same.

Second, from April to November 2023, the total number of passengers taking domestic flights stood at 101 million. If things continue at this pace, the number of domestic passengers in 2023-24 should cross 150 million, higher than the 2019-20 peak of 141.6 million.

A third data point is the number of demat accounts—they have jumped from 39.4 million in December 2019 to 143.9 million in January. Further, the investments in mutual funds through the systematic investment plan (SIP) route in January stood at ₹18,838 crore, crossing ₹18,000 crore for the first time.

Fourth, the number of Unified Payments Interface (UPI) transactions stood at 12.2 billion in January 2024. Fifth, in December 2023, the number of credit cards stood at 97.9 million.

Yet another data point to buttress the premiumization story comes from the Goldman Sachs report titled 'The rise of Affluent India'. Published in January, it pointed out that the number of postpaid mobile phone connections as of March 2023 stood at 92 million, up from 79 million in March 2022.

Then, a recent report in the *Business Standard* pointed out that the sale of luxury homes with prices ₹4 crore or above, jumped by 75% in 2023 to 12,953 homes.

Stock prices, meanwhile, have been rising at a very rapid pace, in particular prices of public sector companies, on account of the improvement in the return on equity delivered by these companies.

A report dated 31 January 2024 in *Mint* points out that in 2023, Apple's India revenue only "from iPhones fell just short of the $10 billion mark," with the company shipping more than 10 million iPhones for the first time.

In addition, as the Goldman Sachs report points out: "Only ~4% of India's working age population has a per capita income of over US $10,000, projecting to ~60mn consumers...If the current trajectory continues, we expect 'Affluent India' will grow to ~100mn consumers by 2027."

These and more reasons are offered to make a case for the increasing premiumization of the Indian economy and how that will continue to benefit the stock market. But is that the case? Or is it just a small part of the economy that is getting premiumized? The British economist Joan Robinson once said: "Whatever you can rightly say about India, the opposite is also true." So, it is important to look at the other side as well.

THE OPPOSITE

Private consumption expenditure, which over the years has formed around 56-58% of the Indian economy, is expected to grow 4.4% in 2023-24, the slowest since 2002-03 when it had grown 2.9%, except for the pandemic year of 2020-21 when it had contracted 5.2%. Clearly, a significantly large section of the population is struggling. Or as Hindustan Unilever, one of the largest fast moving consumer goods companies, recently stated: "Rural consumer sentiment remains subdued." Or as a news report in *Mint* stated, quoting Krishnarao Buddha of Parle Products: "Both rural and urban markets have slowed down." Sustained high food inflation is one big reason for this.

Further, from April 2023 to January 2024, firms sold 14.97 million two-wheelers in the domestic market. If this pace continues they will end up selling close to 18 million units in 2023-24, significantly better than the 15.86 million units sold in 2022-23, but still well short of 21.18 million units sold in 2018-19. Also, entry level two-wheelers, like entry-level cars, aren't selling well.

Further, as per the Road Transport Yearbook 2019-20, cars, jeeps and taxis formed 13.8% of vehicle population in 1991. In 2020, they formed 13.4% of the vehicle population. During the same period, the proportion of two-wheelers increased from 66.4% to 74.7%. So, three out of four vehicles are two-wheelers. This may have marginally changed in the last few years as two-wheeler sales have slowed down and cars may now form more than 15% of India's vehicle population, but trying to pass this off as premiumization of the entire Indian economy is a little too much. Of course, vehicle numbers in absolute numbers would have gone up.

Private consumption expenditure, which over the years has formed around 56-58% of the Indian economy, is expected to grow 4.4% in 2023-24, the slowest since 2002-03.

Now, let's take a look at *chart 1*, which plots the number of passengers using the Indian Railways (non-suburban), every three months. While the number of passengers has improved post the pandemic, it still isn't anywhere near where it was before the pandemic.

From April to September 2023, the latest data available, around 1.47 billion individuals travelled the Indian Railways. At this pace 2.94 billion passengers will travel the Railways by the end of the current financial year. Now, compare this to the more than 150 million passengers expected to travel by air. That is around 5% of non-suburban railway travel. How can any premiumization story not take the 95% into account?

Also, 2.94 billion people will be lower than the 3.65 billion people who travelled in 2018-19 and 3.94 billion in 2012-13, but higher than 2.6 billion in 2022-23. In addition, as the Indus Valley Report of 2023 pointed out, 1% of Indians account for 45% of flights. Moving on to, the rise in demat accounts, which is a welcome development, but as has been often pointed out, a bulk of the demat accounts have very small amounts invested in stocks. At the same time, more Indians are punting in derivatives than ever before. As a recent *Bloomberg* news report pointed out: "In 2023, Indian investors traded more [options contracts] than anywhere else in the world." Retail investors make up for 35% of these trades. As the news report further pointed out: "The average time an Indian trader holds an option is less than 30 minutes."

So, why are so many individuals busy speculating, and losing money in the process, instead of doing proper jobs? Data from Securities and Exchange Board of India shows that 90% of investors lose money while trading options and other derivatives. This, of course, needs deeper research, but trying to pass this off as premiumization is clearly suspect.

As far as the growing popularity of the Apple iPhone is concerned, data from Counterpoint, a market research firm, tells us that shipments of smartphones in India remained flat through 2023 at 152 million units. Also, rural tele-density has remained flat for many years and urban tele-density has been falling.

It need not be said that an increase in UPI transactions makes things easier for those selling and buying, but what does it mean beyond that? Earlier these transactions were largely happening in cash. But how does this signify that more economic transactions are happening, given that we have no idea of how many such transactions were happening in cash earlier.

Also, the number of credit cards going up needs to be looked at in the larger scheme of things. First, as a proportion of total number of cards (credit and debit cards), credit cards stood at around 8% in December 2022. In December 2023, they stood at 9.2%. A definite improvement. Nonetheless, with the rise of UPI payments, the need for owning a debit card has gone down.

mint SHORT STORY

WHAT

Every bull market needs a story. One of the main stories currently being sold is the premiumization of the Indian economy or that consumers are buying more expensive products than in the past.

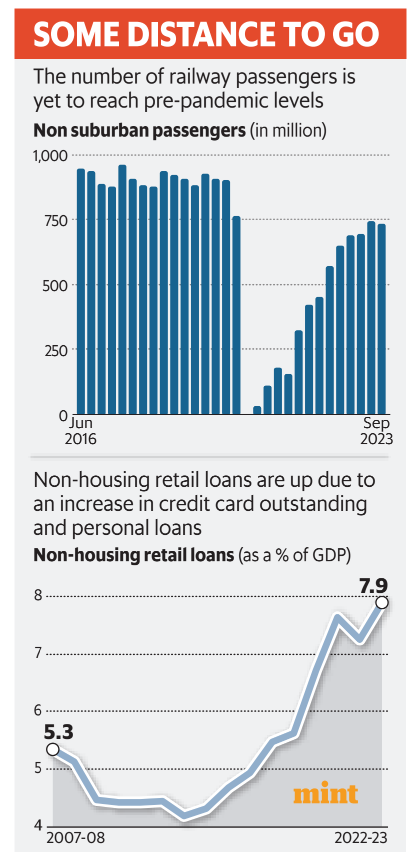
WHY

There are multiple data points that support the premiumization theory. These include growing sales of iPhones, luxury homes, growth in demat accounts, number of people taking domestic flights, etc.

BUT

The premiumization narrative is a very small part of the whole story. The broader consumption story of the Indian economy is not a very good one currently.

SOME DISTANCE TO GO



SARVESH KUMAR SHARMA/MINT

Second, look at *chart 2*, which plots non-housing retail loans given by banks as a percentage of the gross domestic product (GDP). These loans have gone up from 5.62% of the GDP in 2018-19 to 7.89% in 2022-23. This is primarily on account of an increase in credit card outstandings and personal loans. At one level, this might show the confidence people have in their future and the ability to repay their loans. At another level, it can also show that people have had to borrow to finance their consumption. This is reflected in the fact that the household financial savings have fallen from 7.9% of the GDP in 2018-19 to 5.05% in 2022-23. So, a part of the premiumization that is happening, like youngsters buying iPhones—a depreciating asset—is through individuals taking on higher loans. Of course, this anomaly is probably being set right in 2023-24, with people spending less and saving more. Also, the falling household financial savings figure includes the rising investment in stocks and equity mutual funds.

As far as the sale of 12,953 luxury homes is concerned, in a country of 280 million households, it doesn't tell us much. Also, banks are now giving out more non-priority sector home loans (in absolute terms) to finance costlier homes, than priority home loans to finance affordable ones.

Let's look at a few more data points. Work demanded under the work guarantee scheme, the Mahatma Gandhi National Rural Employment Guarantee Scheme, from April 2023 to January 2024, has been the highest in any year except the pandemic periods of April 2020 to January 2021 and April 2021 to January 2022. The scheme is self-selecting, i.e., only those who want to do manual unskilled work can volunteer for it. The high demand for such work indicates that there is some trouble on the jobs front.

Further, as per the government's Periodic Labour Survey for 2022-23 (from July 2022 to June 2023), 45.8% of the labour force works in agriculture, a jump from 42.5% in 2018-19, though there has been a fall from 46.5% in 2020-21. As a country moves from being a developing country to becoming a developed one, the proportion of people working in agriculture comes down. In India's case, this proportion has gone up in the aftermath of covid. Now, agriculture has huge disguised unemployment, meaning that there are way too many people trying to make a living out of it. Nevertheless, their employment is not wholly productive and the production won't suffer even if some of these people stopped working.

Given these reasons, it's hardly surprising that in late November, the central government extended the scheme providing free food grains to over 813 million beneficiaries under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) for a period of five years with effect from 1 January 2024. What this clearly tells us is that a large number of individuals still haven't recovered from the economic aftershock of the pandemic.

SMALL PART OF THE WHOLE

To conclude, while the premiumization story might be a good one to sell for the stock market wallahs, it's just a very small part of the whole story.

As the American writer F. Scott Fitzgerald once wrote: "The test of a first-rate intelligence is the ability to hold two opposing ideas in the mind at the same time, and still retain the ability to function." But that's very difficult to do.

The small premiumization that is happening might end up creating opportunities in the stock market. Nonetheless, selling an investment thesis to the world at large on the basis of just that—when the broader consumption story of the Indian economy is not a very good one—is difficult. Hence, the premiumization story has been sold as it has been sold. And an answer to a simple KLH question cannot encapsulate all the nuance or the fact that the prospects of the broader economy can be different from the prospects of the stock market.

Vivek Kaul is the author of Bad Money.

Should you invest in Mirae Asset's new multi-factor small-cap fund?

The exchange traded fund will invest in small-caps using liquidity, quality and momentum factors

Jash Kriplani
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Mirae Asset Mutual Fund (Mirae Asset MF)—the ninth largest fund house in the mutual fund industry with nearly ₹1.5 trillion assets under management (AUM)—has launched its first small- cap fund. However, this is not your regular small-cap fund. It is a multi-factor fund that will track an alternative small-cap index created using different quantitative factors.

The index—Nifty Smallcap 250 Momentum Quality 100—has been created by National Stock Exchange (NSE) based on discussions with Mirae Asset MF. Mirae Asset Nifty Smallcap 250 Momentum Quality 100 ETF—an exchange traded fund, or ETF—will aim to mimic the performance of the index, which will be reviewed and re-balanced every six months. Depending on how the stocks have performed on liquidity, quality and momentum factors, there will be inclusion and exclusion from the index.

Alternative index

Unlike regular passive funds that simply stick to existing market indices, factor-based or smart-beta funds involve construction of an alternative index.

For instance, the regular Nifty Smallcap 250 Index simply consists of the top 250 small cap stocks on the basis of market capitalization. With the help of different factors, a new basket of 100 stocks will be created out of the Nifty Smallcap 250 Index. The least liquid stocks will first get filtered out and then a composite score of quality and momentum will determine the 100 stocks that finally make the cut in the new index: Nifty Smallcap 250 Momentum Quality 100 .

"About 30-40 stocks will get eliminated after applying the liquidity filter. The remaining stocks will be assessed on a composite score (average) of quality and momentum factors. Quality factor will look at various company fundamentals such as financial leverage, earnings stability, consistency of profit growth, return on equity. Momentum factor will look at risk-adjusted six-month and 12-month performance," explains Swarup Mohanty, chief executive officer of Mirae Asset MF.

Liquidity parameters, along with composite score of quality and momentum, will determine whether the same stocks remain in the index or get replaced during the semi-annual review.

What works

Small-cap stocks tend to be a lot more volatile than large- and mid-cap stocks. During phases of market correction, such stocks tend to see heavy selling pressure.

Constructing a universe of stocks with quality factor can potentially limit the downside. Mirae's back-testing of the index shows that it tends to fall less than Nifty Small Cap 250 Index during market corrections.

NSE data suggests the same. For example, during the 2008 financial crisis when the Nifty Small Cap Index 250 fell by 69%, the Nifty Small Cap 250 Quality Momentum 100 fell by 67%. In calendar year 2013, which was a tepid year for small-cap stocks, the Nifty Small Cap 250 Index fell by 9%, while the Nifty Small Cap 250 Quality Momentum 100 rose by 8%. In 2018, when just select large cap stocks performed, the regular small cap index was down 27%; the Nifty Small Cap 250 Quality Momentum 100 was down by 19%. On the other hand, a momentum factor should help this index perform better than the regular small-cap index during broad market rallies.

"This is a better way to index investing. When you combine these factors, you get a more focused strategy, instead of the entire index. Retail investors can consider investing in this ETF, but only through systematic investment plans (SIPs) as the small-cap valuations appear expensive right now," says Kavitha Menon, founder of Probitus Wealth.

In small caps where volatility can be high, SIPs can help investors buy more units when stock prices fall and lesser units when stock prices rise. Result: lower average purchasing cost. Investors can use the fund of fund structure of the ETF for making their SIP investments.

What doesn't work

Mutual fund experts say a well-run actively-managed small-cap fund can still generate significant outperformance over the benchmark index.

"Unlike large-caps where funds have found it difficult to beat the benchmark returns, the scope for generating outperformance remains significantly higher in small-cap space. In any case, a well-managed small-cap fund will also look for liquid and quality stocks. But, this index also follows momentum factor, which is generally avoided by actively-managed funds," points out Kirtan Shah, founder of Credence Wealth Advisors.

Shah adds that quality and liquidity factors may not be enough to steer clear of companies with bad corporate governance. "In small-caps, you need fund managers to go beyond just the quantitative factors, to filter out companies where corporate governance practices and management quality might be questionable. However, for those who just want to do index investing in small-caps, such a factor-based index is still a better alternative," Shah points out.

What should investors do?

An overlay of quality and momentum factor on the small-cap index can work well for returns. Past data shows that it has done better than regular small cap index during downturns and even in broad market rallies, but can it do so in future? Only time will tell.

Till this ETF builds a track-record, investors can stick to actively-managed funds in the small cap category with a solid long-term track record across different market cycles.

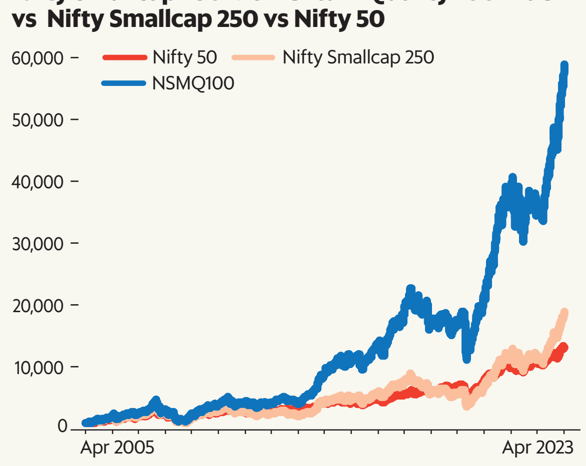
Remember, this is a highly volatile category. So, use SIPs to stagger your investments. Small-cap funds can be used to diversify your core portfolio, but make sure your exposure to small-cap funds stays within your risk-tolerance levels.

The new fund offer period is open till 21 February.

Do you need a multi-factor small-cap fund?

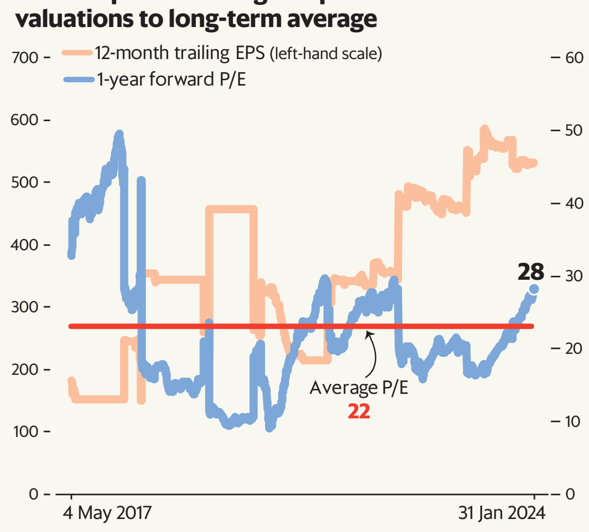
Mirae Asset Nifty Smallcap 250 Momentum Quality 100 ETF will track an alternative small-cap index.

Nifty Smallcap 250 Momentum Quality 100 Index vs Nifty Smallcap 250 vs Nifty 50



Index values rebased to 1,000 Data as on 31 Jan Source: Mirae Asset MF report

Small-caps are trading at a premium valuations to long-term average



Data as on 31 Jan for Nifty Smallcap 250 index Source: Mirae Asset MF report

Creating a new small-cap index

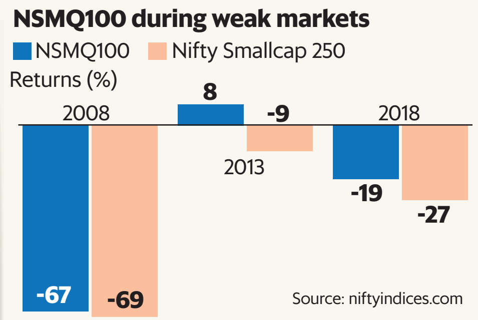
- 3 factors will carve out new index from Nifty Smallcap 250
- **New index:** Nifty Smallcap 250 Momentum Quality 100
- **Factors:** liquidity, momentum & quality
- 30-40 least liquid stocks will get eliminated.
- Remaining will get quality and momentum score
- Depending on score, only 100 will enter index

How it will be re-balanced

Re-balancing frequency: every six months. Depending on factor scores, stocks may get replaced

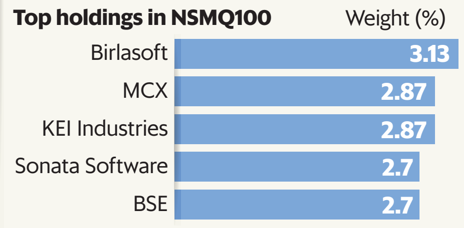
On re-balancing: 3% max exposure to each stock

NSMQ100 during weak markets



Source: niftyindices.com

Top holdings in NSMQ100 Weight (%)



Data as on 31 Jan Source: NSE

POWER POINT

MAYANK MOHANKA

We welcome your views and comments at
mintmoney@livemint.com

ELECTORAL BONDS: WHAT SC VERDICT MEANS FOR TAXES

On 15 February, the Constitutional bench of the Supreme Court unanimously struck down the electoral bond scheme, holding it as unconstitutional, and in violation of the Right to Information provided in Article 19 of the Constitution of India. The scheme was notified in 2018 and enabled Indian companies and individuals to make contributions to any registered political party in India by way of an electoral bond, without any monetary threshold. The bonds, issued in the nature of promissory note which is a bearer banking instrument, did not carry the name of the buyer and were issued in denominations of ₹1,000, ₹10,000, ₹1 lakh, ₹10 lakh and ₹1 crore.

The apex court directed that the issuing bank, State Bank of India (SBI), shall herewith stop the issuance of electoral bonds and submit complete details—name of the purchaser and the denomination of the electoral bond. The SBI has also been directed to submit to the Election Commission of India (ECI) the details of political parties which have received contributions through electoral bonds since April 2019 till date. SBI has also been directed to disclose details of each electoral bond encashed by political parties. The Supreme Court has further directed SBI to submit the above information to the ECI by 6 March. The ECI has been directed to publish the information on its official website within one week, by 13 March.

As per the Income Tax Act, any Indian company or person, contributing to any registered political party in India through an electoral bond is eligible to claim the deduction of equivalent amount from its taxable income, under sections 80GGB and 80GGC, respectively. The Electoral Bond Scheme provided that the electoral bonds shall be available for purchase for a period of 10 days on a quarterly basis, in the months of January, April, July, and October and an additional period of 30 days in the year of general elections. The scheme also provided that such electoral bonds are valid for encashment by the concerned political party only for 15 days from the date of issue and no payment will be made to a political party if the bond is deposited after the expiry of 15 days. So, for FY 2023-24, the electoral bonds purchased in the specified months of April, July, October 2023 and in January 2024, would have already been encashed by the respective political parties, as the validity period of 15 days has already expired for all these four specified months.

> SC has asked SBI to disclose details of each electoral bond encashed by political parties

The Supreme Court judgment directed that the electoral bonds which are within the validity period of 15 days but those that have not been encashed by the political party yet shall be returned by the political party or the purchaser depending on who is in possession of the bond to the issuing bank. The issuing bank, upon the return of the valid bond, shall refund the amount to the purchaser's account.

This implies that the SC judgement, prima-facie, will not impact the deduction claimed by Indian companies, and individuals, u/s 80GGB and 80GGC, respectively, for FY 2023-24 and relevant to AY2024-25, in respect of the electoral bonds already purchased by them in the current FY2023-24. This is because the said donations via electoral bonds have not been directed to be refunded as the same would have already been encashed by the respective political parties, on the expiry of the 15 days validity period. Also, no direction has been given in the SC judgement suggesting scrapping of deduction u/s 80GGB or 80GGC.

The amendment in the Income Tax Act, granting relaxation to the political parties from maintaining and keeping complete records of contributions exceeding ₹20,000, received through electoral bonds, has now been struck down as unconstitutional, thus the political parties will be required to maintain complete records of electoral bond contributions received by them in the year 2023-24, in order to claim the income tax exemption in respect of such contributions.

Mayank Mohanka is the founder of TaxAaram India and a partner at S.M. Mohanka & Associates.

What a personal loan costs you

Personal loans are a way to use tomorrow's income today, and the process involved is simple. But you must note that the interest rates are much higher than, say, for a car loan. This is because personal loans are unsecured loans. This means that the loan is not backed by any asset. The loan amount and interest rate depend on parameters such as your income, existing credit, repayment capacity, and others. As personal loans come with high interest rates, continuous default will put you on a downward spiral. Here are some of the lowest personal loan interest rates offered by various banks.

Loan amount: ₹1 lakh; tenure: 5 years

Lender	Interest rate (%)	EMI (₹)	Processing fee
UCO Bank	9.30-12.85	2,090-2,268	Nil
Union Bank of India	9.30-13.40	2,090-2,296	Up to **0.50%** (Min **₹500**) + GST*
Bank of Maharashtra	10.00-12.80	2,125-2,265	**1%** + GST
Indian Bank	10.00-11.40	2,125-2,194	**1%** (Max **₹10,000**); Nil for Govt/PSU employees
Punjab & Sind Bank	10.15-12.80	2,132-2,265	**0.50%** to **1%** + GST
CSB Bank	10.25-22.00	2,137-2,762	**1%**, Min **₹250**
Axis Bank Ltd.	10.65-22.00	2,157-2,762	Upto **2%** + GST
HDFC Bank Ltd	10.65-24.00	2,157-2,777	upto **₹4,999**
ICICI Bank Ltd.	10.65-16.00	2,157-2,432	Upto **2.5%** plus GST
Bank of India	10.75-14.75	2,162-2,366	**0.50%** (Min **₹500** and Max **₹2,500**)
IDFC First Bank	10.75-24.00	2,212-2,877	Min- **₹6,999** upto **3.5%** (PF+ Insurance)+ GST
Indian Overseas Bank	10.85-13	2,167-2,275	**0.40%** to **0.75%**
Canara Bank	10.95-16.25	2,172-2,445	**100%** waived
Kotak Mahindra Bank Ltd	10.99-24.00	2,159-2,877	Upto **2.50%** + GST & other charges
IDBI Bank Limited	11.00-15.50	2,174-2,405	**1%** (Min **₹2,500**) + applicable taxes

Data as on 15 February 2024, as per banks' websites. The EMI range is indicative and calculated on the basis of interest rate range. In an actual situation, it may include other fees and charges. The interest rates are for salaried individuals and pensioners for unsecured personal loan. Actual applicable interest rate may vary based on the credit profile, loan amount, tenure, company you work for and as per bank's discretion. *Nil for women professionals

PRANAY BHARDWAJ/MINT MyMoneyMantra.com & bank websites

Understanding tax liability on property sale

Neeraj Agarwala

ISTOCKPHOTO

ASK MINT
TAXATION

My paternal grandfather bought a residential plot in 1972 for ₹6 lakh in Delhi. He died in 1991 and the land was inherited by my father. My father built a house on the land in 1995 and gifted the house (and land on which it is built) to me in 2011. I sold the house in September 2023 for ₹5.5 crore. I have purchased a residential flat in Bengaluru this month for ₹3.5 crore. This is my first house purchase (barring the one I was gifted by my father). What is my capital gain tax liability? Can I get tax benefit under section 54F?

—Manuja Sindhu

The proceeds from the sale of your residential house in Delhi for ₹5.5 crore will be subject to taxation as long-term capital gains at a rate of 20%, with the benefit of indexation.

Given that the property was acquired before 2001, the cost of acquisition can be either the original cost of the property or its fair market value as of 1 April 2001, at the option of the taxpayer. Additionally, the fair market value on 1 April 2001 should not surpass the stamp duty value, if available, for the property on the same date. Professional property valuers can assist in determining both the fair market value and stamp duty value needed for calculating the capital gain. The cost of improvement encompasses all capital expenditures incurred for additions or alterations to the capital asset on or after 1 April 2001, whether undertaken by your father or yourself.

To avail exemptions, it's crucial to understand that the provisions of Section 54 of the Income Tax Act (ITA) are applicable in your case, not Section 54F of the ITA. To be eligible for benefits under Section 54, the following conditions generally need to be met:

The property sold must be a residential property.

The capital gains from the sale of the residential property must be invested in the purchase or construction of another residential property in India.

The new property should be purchased either one year before the sale or two years after the sale of the original property.

If constructing a new residential property, it should be completed within three years from the date of the sale of the original property.

The taxpayer should not own more than one residential house, in addition to the new property being purchased or constructed.

Given that this is your first purchase and all the mentioned conditions are met, you are eligible to claim an exemption under Section 54 of the ITA. Once the capital gain is calculated, you can invest the sale proceeds in the residential flat in Bengaluru. If the entire capital gain amount is invested in the new property, you may qualify for a complete exemption from capital gains tax.

However, it's important to be aware that there are restrictions on the new property acquired using the capital gains. Specifically, it cannot be sold within three years from the date of acquisition.

Selling the new property within these three years will result in the revocation of the earlier claimed capital gains tax exemption.

Neeraj Agarwala is partner at Nangia Andersen India.

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

OUR VIEW

MINT

Proportionality failure did electoral bonds in

The right of voters to know outweighs other considerations. While the apex court's ruling won't solve our campaign-funding puzzle, the doctrine used has momentous implications

Indian democracy's original sin has a way of adopting ingenious workarounds when faced with obstacles. The Supreme Court's historic ruling that banned electoral bonds (EBs) is likely to push many accountants and lawyers to devise new pathways for corporate money to finance political parties and election campaigns. There are, in some ways, similarities between the 1992 securities scam and campaign finance's current moral dilemma. In the early 90s, unscrupulous brokers found creative ways to breach artificial walls separating low- and high-yield markets; likewise, unprincipled professionals will always find ways to route money to political parties, with an implicit *quid pro quo* holding the promise of high yields. The apex court's ruling, even though significant, is unlikely to change the character of a democracy that has plutocracy entrenched at its core. A study has shown that while the officially declared expenditure for the 2019 Lok Sabha elections totals only ₹2,994 crore, the actual bill was likely to have been around ₹55,000-60,000 crore. The ₹16,518-crore raised through EBs since 2018, thus, represents only a small hole that political parties will have no difficulty filling for the forthcoming Parliamentary polls.

While this may sound cynical, it does not diminish the significance of last week's SC verdict on EBs. It is, make no mistake, a landmark judgement because a Constitution bench of five not only scrapped an unfair campaign finance instrument, but also provided a philosophical pivot by relying on the doctrine of proportionality. Weighing aims against means, all other financing alternatives proposed over time seem to fade into insignificance. For example, the proposal for state funding of election campaigns can have egregious outcomes, including allocation inequity. Even if funding is fixed for each candidate for every seat contested, it is not likely to plug the use of unaccounted money, nor paper over the ensuing public-finance distortions.

The principle of proportionality can act as an enduring anchor for a country that adopted universal adult franchise and a design for robust democratic institutions at its inception as a modern nation-state in 1947. The Supreme Court's thesis of proportionality rests on calibrating a hierarchy of rights, with greater weightage assigned to an individual voter's right to information on political funding than a corporate donor's demand for a right to privacy. This has two momentous consequences. One, it makes a clear distinction between a legal corporate entity and its management: while individual bosses deserve the right to privacy in exercising their franchise, a corporate entity's political donation is a business transaction. Second, it places the citizen front-and-centre in the debate. Over the years, the state has drafted rules that tend to reward corporations over individuals. The aviation industry, for example, is now a duopoly and policy as well as supervisory efforts appear focused on making airlines profitable, rather than improving customer service. Many industrial sectors are oligopolies, sheltered from anti-competition laws by extant legislation. India's insolvency process was diluted, with the effect that erring corporations got shielded. These aberrations can perhaps be traced to our flawed system of campaign finance. True, there are no easy options. But election funding can yet become fairer if the interests of voters are kept paramount—over those of political parties and India Inc.

THEIR VIEW

Monetary policy had a relevant role in the US inflation episode

The Fed's actions alone don't explain the rise and fall of inflation but they were far from irrelevant

BARRY EICHENGREEN
is professor of economics at the University of California, Berkeley, and the author, most recently, of 'In Defense of Public Debt'

For precisely three years now, the economics profession has been collectively fixated on inflation. February 2021, 36 months ago, was the last time consumer-price-index inflation in the United States (all items, 12-month percentage change) was at or below the Federal Reserve's 2% target.

This recent episode of above-target inflation now shows signs of being over. 'Shows signs' is of course code for the fact that you never know. A further shock—ructions in financial markets or a major geopolitical event, for example—could still throw the disinflation trend off course. So far, however, that course appears to be heading directly towards the US Fed's target of 2%.

One would hope that we learnt something from these painful three years of fast-rising prices. Sharp price increases have served as catalysts for advances in inflation management in the past. From some episodes, we learnt the importance of preserving the independence of the central bank so that it can react unrestrained by political considerations. From others, we learnt that central banks need to establish a hierarchy of policy priorities and must communicate those priorities to financial markets and the public.

This time, however, it is not clear what, if anything, has been learnt. Thinking about the causes of America's recent inflation, and about why price increases now seem to be subsiding, remains muddled.

The main muddle concerns the role of the US central bank. Does the Federal Reserve deserve blame for the rise of inflation in early 2021 and corresponding credit for the recent decline?

One view is that the acceleration of inflation had nothing to do with monetary policy. It was caused by supply shocks: covid-related declines in labour-force participation, supply-chain disruptions and energy shortages. The Federal Reserve reacted slowly but appropriately. Moving faster wouldn't have enhanced the availability of semiconductors, or helped to tame inflation stemming from other input shortages. It would have only aggravated the economic downturn underway in 2020 and early 2021.

Along similar lines, some argue that the Federal Reserve played little role in the recent decline of inflation. If inflation came down because broken supply chains were mended and because workers who dropped out of the labour force dropped back in, then this same happy result would have come about without higher interest rates. Moreover, if the main way higher interest rates suppress inflation is by reducing spending and raising unemployment, then there is little evidence of an effect: spending remains robust and American unemployment is at historic lows.

This view is both right and too simple. Along with supply shocks, demand and expectations—i.e., factors that are fully within the capacity of the Federal Reserve to influence—played a role in America's recent bout of inflation.

With the outbreak of covid, US households found themselves with $30 billion a month less income than in a normal economy. But between the Cares Act and Covid-19 Economic Relief Bill signed by US president Donald Trump in 2020, and President Joe Biden's American Rescue Plan in early 2021, the US government provided $200 billion a month in tax cuts and spending increases to fill this $30 billion income hole.

Fortunately, these measures limited distress among negatively impacted households and firms. But it is hard to imagine that they also could have avoided fanning inflation—more so given that supply was constrained.

Even conceding that strong demand was part of the inflation story, was it really the Fed's restrictive monetary policy that brought the tale to its happy conclusion? After all, what had been strong fiscal stimulus in the first quarter of 2021 did not last. The Hutchins Center Fiscal Impact Measure, which shows how the change in fiscal stance contributes to real GDP growth, moved into negative territory already in the second quarter of 2021—and stayed there. So perhaps fiscal policy both caused the problem and solved it.

The main reason for doubting that the Fed played a role in the retreat of inflation is that unemployment did not rise once policymakers began raising interest rates. According to this view, in order to dampen inflation, higher rates must prevent firms from investing and hiring, and thereby discourage households, newly uncertain of their prospects, from spending as before.

But this view ignores the credibility and communication channels of central-bank policy. The Fed signalled, beyond a doubt, that if inflation failed to come down, it was prepared to do more, even at the cost of higher unemployment. It communicated that it would not allow inflation to persist, which moderated the perceived urgency of wage increases. Wage growth did in fact accelerate, but not excessively. This moderation in turn prevented a rise in unemployment while also limiting the Fed's need to do more.

The lesson from the latest episode of US inflation is that monetary policy is not the entire explanation for the rise and fall of US inflation. But neither is it irrelevant, as some of the Fed's critics would have it.

10 YEARS AGO

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MARKETS: BSE, NSE find widespread violation of Sebi listing norms

NATION: India Post's banking dream suffers a setback

CAFÉ ECONOMICS: A new fiscal architecture

SPORTS: The tussle over live cricket scores

DEBT PILE

Why United Bank of India is in trouble

Behind the mounting NPAs lies a story of unreported bad loans, possible indiscretion by the management

CONTROVERSY CONTINUES

Creation of Telangana a step away as Lok Sabha passes Bill

QUICK EDIT

A liberal Kejriwal?

Bharti's Loop buy signals the beginning of consolidation

EYE ON POLLS

Aam Aadmi Party woos business with utopian economic vision

JUST A THOUGHT

A system is corrupt when it is strictly profit-driven, not driven to serve the best interests of its people.

SUZY KASSEM

MY VIEW | MODERN TIMES

Is there a meaningful issue that could anger Indians?

MANU JOSEPH

is a journalist, novelist, and the creator of the Netflix series, 'Decoupled'

It was inevitable that Indians would make an ingenious contribution to corruption. It now appears that we did in 2017. A set of amendments had brought into life the electoral bond, a financial instrument unique to India. Last week, the Supreme Court struck it down as unconstitutional, which is a polite word for 'illegal.'

The bond, which was sold in various denominations by the State Bank of India (SBI), could be bought by an Indian citizen, corporation or other type of organization, and deposited in the account of a legitimate political party that secured at least 1% of the votes polled in the last general or a state election. It enabled the donor to pay any amount to a political party and remain anonymous. Anonymous to us, that is, the citizens.

The government defended the anonymity of the donor stating that we had no business knowing everything. It even defended the anonymity of the donor in court. Attorney General of India R. Ventakaramani said there "can be no general right to know anything and everything without being subjected to reasonable restrictions."

Yet there was no public rage over electoral bonds. People did not hit the streets screaming how can they be kept in the dark about those donating crores to political parties, apparently out of unconditional love. They did not ask who the donors were and why were they donating, or what were they getting in return.

We can expect supporters of the ruling Bharatiya Janata Party (BJP) to be quiet, but a majority of Indians are not BJP voters. Yet, there was no real public ire.

It was not public sentiment that made the Supreme Court look into electoral bonds. The court was hearing a clutch of petitions filed by activists and the Congress, which received only a small fraction of what the BJP received from electoral bonds. As the BJP transmits an aura of permanence in Delhi and grows stronger in states, anonymous donations to the party would have grown many times, making it even more formidable at the polls. The Indian public did nothing to kill the bonds. If it were not for a few activists and a party fighting for its survival, all major parties would have continued to get crores from donors whose identity would never have been revealed.

It is difficult to make a wide section of Indians angry about useful things. Practically, when it comes to issues that affect their quality of life, there is no public rage in India. In its defence of electoral bonds, the government officially claimed that the donors were anonymous even to their beneficiaries, the political parties. As though it is very hard for a person who is sending an enormous sum to a political party 'anonymously' to intimate someone in the party that some money is coming its way.

When it comes to issues that affect people's quality of life, public rage in India is negligible

The idea of the electoral bond was introduced by the late Arun Jaitley, a BJP leader and lawyer. He said that this device would eliminate black money from political donations and guard the identity of virtuous donors.

Anonymity, Jaitley had claimed, would protect the donor from political vendetta. So, in the national interest, the anonymity of donors had to be preserved. Last week, the Supreme Court dismissed this view.

The Supreme Court has directed the State Bank of India to reveal the identities of donors and the details of bond encashment by political parties. If this actually happens, patterns of *quid pro quo* may emerge that would be fascinating.

However, even if some startling patterns come to light, there will probably be no public outrage in the country. Just as there is no public rage against lethal bad air, traffic congestion, rampant petty corruption in government offices across the nation and the pathetic quality of life in all major Indian cities.

There are, of course, signs of localized public anger about very specific issues. As I write this column, farmers from Punjab are agitating in and around Delhi, seeking better prices for their crops from the government.

A few days ago, a few politicians from the South had made symbolic protests in Delhi against the Centre, accusing it of treating states that are not governed by the BJP poorly. But these do not constitute public rage by the standards of Indians who have in the past protested forcefully against caste-based reservations and on matters of religion. Somehow, issues like the probable misuse of electoral bonds and air quality have never stirred public emotion, at least not in a highly visible or audible way.

Even what is called the anti-corruption movement of 2010 was never really against corruption. It began as an anti-politician sentiment in 2008, after ten terrorists attacked Mumbai. And it slowly revealed itself as an anti-Congress nationalistic movement that expressed a farcical collective shock at the level of corruption in India, as though it was something new.

Public anger in India is fragmented, and when it does have national scale, it is usually over tired social issues.

It is possible that mass disenchantment in India is never obvious until the results of a general election are announced. That is one way a modern democracy expresses its anger. By voting. But then, in the past ten years, especially during national elections to the Lok Sabha, it appears that most of India has reached some kind of an emotional Zen-like equilibrium, as though the country has solved all its major problems.

GUEST VIEW

India's 16th Finance Commission needs to prioritize urbanization

It should demystify its work, widen public participation and address the need for significantly better funded towns and cities

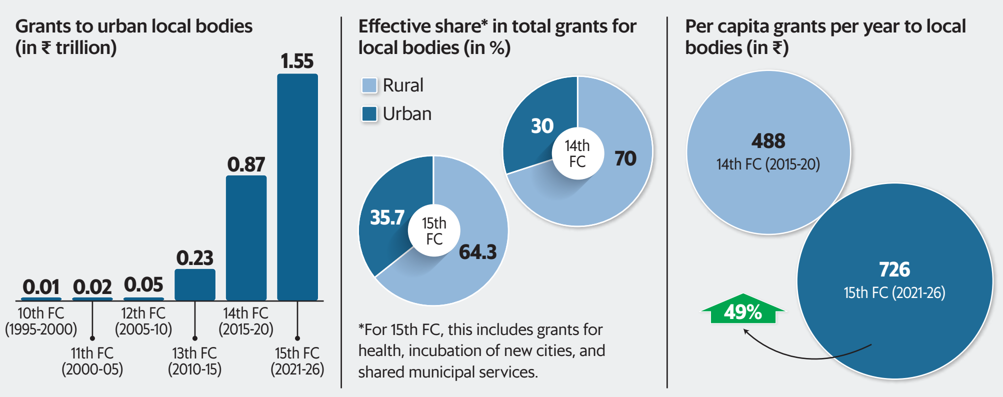
KESAVAN SRINIVASAN & SRIKANTH VISWANATHAN
are, respectively, former deputy comptroller and auditor general, and CEO of Janaagraha.

How funds for urban local bodies stack up

Allocations recommended by recent Finance Commissions have risen amid a debate on their sufficiency in the face of rapid urbanization.

	14th FC (2015-16 to 2019-20)	15th FC (2021-22 to 2025-26)
Share of divisible pool for local bodies (in %)	4.31	4.15
Total allocation for local bodies* (in ₹ crore)	287,436	436,361
For urban local bodies (in ₹ crore)		
Urban local bodies' total share in grants	87,144	147,178
Includes: Grants for improving health services	-	26,123
Includes: regular grants		121,055
Grants for incubation of new cities	-	8,000
Grants for shared municipal services	-	450
Total	**87,144**	**155,628**

*In case of 15th FC, this includes grants for health, incubation of new cities, and shared municipal services. Out of the amount excluding these components, urban local bodies have a 30% share under 14th FC, and 33-35% share under 15th FC (33% in FY22 and FY23, 34% in FY24 and FY25, and 35% in FY26)



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Source: Finance Commission reports, authors' calculations

SATISH KUMAR/MINT

The wheels have been firmly set in motion for the 16th Finance Commission (FC) with the publication of the Terms of Reference and notification of its chairperson and members. Unlike for the 15th FC, the terms for the latest FC hold no surprises. It sticks to the constitutional mandate, unlike the previous FC, where certain additions triggered debates.

Central FCs have also contributed to the country immensely through thought leadership and policy innovations, governance reforms and the like to advance equitable human development in India, besides discharging their core function of recommending formulae for government resource allocation. They are effective in addressing the gap between the Centre and states on their collected resources, referred to as a 'vertical imbalance,' and inter-state gaps (which states get how much), or 'horizontal imbalances.' The central FC also determines specific allocations for local governments, even as state-level FCs do the same in the context of state finances under Articles 243(I) and 243(Y) introduced by the Constitution (74th Amendment) Act, 1992.

Over the years, central FCs have also pushed the envelope on governance and public finance reforms. Streamlining centrally sponsored schemes and unbundling power utilities, for example, and advocating other power-sector reforms and measures for fiscal sustainability at the central as well as state levels.

They have played a significant role for local governments through resource allocation to panchayati raj institutions (PRIs) and urban local bodies (ULBs). Allocations to local governments have risen by 398% to ₹4.36 trillion between the 13th and 15th FCs. Against the backdrop of Vocal for Local, Lifestyle For Environment (LiFE) and Jan Bhagidari espoused by the prime minister for greater citizen participation in governance, the 16th FC's potential to transform the governance in general and public finance in particular of India's cities is immense.

There has been a significant increase in city funding through centrally sponsored schemes, with a 500% increase in allocations between 2009-10 and 2020-21. The allocations and recommendations of the 15th FC have raised the bar for the 16th FC for cities. Raising the share of funding for cities (within local government share) from 30% to 35%, giving only performance-based grants to metropolitan cities, mandating the publication of audited annual accounts on *Cityfinance.in*, setting base rates and growth rates in property tax as basic eligibility conditions, and pushing for 'whole of government' accounting by aligning ULB and state accounts were all progressive recommendations.

While we have been brought up on the adage "India lives in its villages," we should be aware that India is urbanizing at a rapid pace, and over half of us will be living in urban areas by 2050.

MINT

Despite the significant increase in funding for cities, city dwellers are gasping due to challenges of flooding, air pollution, availability of quality housing, sanitation, water supply and public transport, among others. India's major cities face challenges that rival those of mid-sized countries in providing for their residents. The country needs to prioritize urbanization as a distinct development agenda to accomplish its goal of becoming a developed economy by 2047.

Here we offer specific suggestions for raising the salience of the 16th FC by making its work more accessible and visible to citizens at large. These steps would be catalytic as they could set a virtuous cycle of reforms in motion.

First, the 16th FC should consider revamping the Finance Commission of India's website to publish the rich data that successive FCs have collected. An open data microsite would have a significant catalytic effect on public finance in India, particularly at the state level. The seminal work of FCs across data, research and reform recommendations deserve to be digitally democratized.

Second, it should build a modern and contemporary user interface to crowdsource inputs for their recommendations, with built-in checks for relevance and quality. This would lend an innovative yet much-needed participatory character to its work. The complexity arising from India's heterogeneity and contextual differences, say every 100km, would benefit significantly from broader engagement and feedback mechanisms.

Third, to ensure diversity, equity and inclusion in its participatory outreach, the new FC could consider meeting with many more mayors and councillors, women's self-help groups, which are increasingly engaged in public-service delivery, and civil society organizations in not just various state capitals, but also smaller cities and towns. The significance of the long tail of 4,500 small towns with populations of under 100,000 in India's urbanization and development cannot be overemphasized, nor the need to mainstream the voices of women, youth and the urban poor in government resource-allocation decisions.

Fourth, the 16th FC should engage the public more on social media to demystify its work and generate wider engagement. Notably, real-time updates on who they meet, and, to the extent they deem it appropriate, a synopsis of the discussions and views represented at such meetings would be extremely useful to generate greater public discourse on this critical agenda.

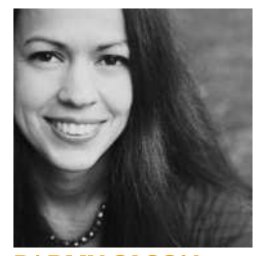
The 16th FC can be a force for a generational shift in urban public finance and could alter the trajectory of human development in India. Broader public engagement and recognition of its salience is a much-needed first step.

This is the first of a three-part series.

MINT CURATOR

Beware a chatbot playing the buddy who knows you closely

ChatGPT's memory feature could worsen social media pathologies



PARMY OLSON
is a Bloomberg Opinion columnist covering technology.

Chatbots that remember may trap people in self-blown bubbles ISTOCKPHOTO

OpenAI is rolling out what it calls a memory feature in ChatGPT. The popular chatbot that uses artificial intelligence (AI) will be able to store key details about its users to make answers more personalized and "more helpful," according to OpenAI. These can be facts about your family or health, or preferences about how you want ChatGPT to talk to you, so that instead of starting on a blank page, it's armed with useful context. As with so many tech innovations, what sounds cutting-edge and useful also has a dark flip-side: It could blast another hole into our digital privacy and—just maybe—push us further into the echo chambers that social media forged.

AI firms have been chasing new ways of increasing chatbot 'memory' for years to make their bots more useful. They're also following a roadmap that worked for Facebook, gleaning personal information to better target users with content to keep them scrolling.

OpenAI's new feature—which is rolling out to both paying subscribers and free users—could also engage its customers better, which would benefit the business. At the moment, ChatGPT's users spend an average of seven-and-a-half minutes per visit on the service, according to market research firm SimilarWeb.

That makes it one of the stickiest AI services available, but the metric could go higher. Time spent on YouTube, for instance, is 20 minutes for each visit. By processing and retaining more private information, OpenAI could boost those stickiness numbers and stay ahead of competing chatbots from Microsoft, Anthropic and Perplexity.

But there are worrying side effects. OpenAI states that users will be "in control of ChatGPT's memory," but also that the bot can "pick up details itself." In other words, ChatGPT could choose to remember certain facts that it deems important. Customers can go into ChatGPT's settings menu and turn off whatever they want the chatbot to forget, or shut down the memory feature entirely. 'Memory' will be on by default, putting the onus on users to turn things off.

Collecting data by default has been the basic setup for years at Facebook, and the expansion of 'memory' could become a privacy minefield in AI if other companies follow OpenAI's lead.

OpenAI says it only uses people's data to train its models, but other chatbot makers can be far looser. A recent survey of 11 romance chatbots found nearly all of them said they might share personal data with advertisers and other third parties, including details about people's sexual health and medication use, according to the Mozilla Foundation, [a US-based non-profit organization] that promotes online transparency.

Here's another unintended consequence that has echoes of Facebook: a memory-retentive ChatGPT that's more personalized could reinforce the filter bubbles people find themselves in, thanks to social feeds that for years have fed them a steady diet of content confirming their cultural and political biases.

Imagine ChatGPT logging in its memory bank that I supported a certain political party. If I then asked the chatbot why its policies were better for the economy, it might prioritize information that supported the party line and omit critical analysis of those policies, insulating me from viable counter-arguments.

If I told ChatGPT to remember that I'm a strong advocate of environmental sustainability, my future queries about renewable energy sources might get answers that neglect to mention that fossil fuels can sometimes be viable. That would leave me with a narrower view of the energy debate.

OpenAI could tackle this by making sure ChatGPT offers diverse perspectives on political or social issues, even if they challenge a user's prejudices. It could add critical thinking prompts to encourage users to consider perspectives they haven't expressed yet. And in the interests of transparency, it could also tell users when it's giving them tailored information. That might put a damper on its engagement metrics, but it would be a more responsible approach.

ChatGPT has experienced gangbusters growth, pushed for user engagement and is now storing personal information, which almost makes its path look a lot like the one Mark Zuckerberg once trod with similarly noble intentions. To avoid the same toxic side effects his apps had on mental health and society, OpenAI must do everything it can to stop its software from putting people into ever-deeper cyber-bubbles. The very idea of critical thinking could become dangerously novel for humans. ©BLOOMBERG

GUEST VIEW

Cervical cancer: Break the silence on this silent killer

DEVAVRAT ARYA

is senior director, medical oncologist at Max Hospital, Saket, New Delhi.

Cervical cancer, often dubbed "the silent killer," lurks in the shadows, claiming the lives of thousands of women every year. Its impact roils the lives of women and their families, leaving emotional, social and financial scars. Understanding these far-reaching consequences is crucial for raising awareness, mobilizing support and ensuring holistic care. According to World Health Organization (WHO), cervical cancer is the fourth most common cancer among women, globally, with an estimated 604,000 new cases and 342,000 deaths in 2020. Lack of access to healthcare facilities and financial constraints often prevent women, particularly in rural areas, from seeking timely screening and treatment. Investing in healthcare infrastructure, raising awareness of subsidized programmes and promoting affordable screening options are crucial to bridge this gap.

According to a study published in *The Lancet*, 23% of global deaths in 2020 due to cervical cancer were from India. Sadly, estimates show that a mere 1% of women are being screened for it in India, a far cry from the WHO's recommendation that at least 70% women should get tested.

The primary culprit behind cervical cancer is the Human Papillomavirus (HPV), a sexually transmitted infection. Persistent infection with certain high-risk HPV strains can trigger abnormal cell growth in the cervix, which, if left unchecked, can progress to cancer. The insidious nature of cervical cancer lies in its often asymptomatic nature, making early detection crucial. While the silent nature of cervical cancer can be daunting, the good news is that treatment options exist and their effectiveness depends heavily on the stage at which the cancer is diagnosed. Regular screening therefore assumes paramount importance.

The treatment landscape for the disease across different stages varies from person to person, depending on various factors such as age, overall health, severity of the cancer and one's personal preferences. There are many stages of cancer and cures differ at every stage. At Stage 1, the treatment often involves a Loop Electrosurgical Excision Procedure (LEEP) and cone biopsy. At stage 2, treatment options include radical trachelectomy or radical hysterectomy and also concurrent chemo radiation: This combines chemotherapy and radiation therapy, often delivered externally and internally (brachytherapy). At a later stage, as the cancer gets more severe and if it has spread beyond the pelvis, treatment options can include chemotherapy, targeted therapy and palliative care. While it can be overwhelming, it is proven that early detection and timely treatment significantly improve outcomes. With advancements in medicine and a personalized approach, there is hope for managing and overcoming this challenge as treatment options are constantly evolving. Newer approaches include immunotherapy and gene therapy, which are potential alternatives or complementary options to traditional treatments.

We must talk about this menace openly and vaccinate people to limit the harm it can inflict

HPV vaccination: This is a powerful tool in the fight against cervical cancer. By having open conversations, dispelling myths and prioritizing accurate information, we can empower individuals to protect themselves. HPV vaccination is a safe and effective way to prevent infection with high-risk strains of HPV. The vaccine is recommended for both boys and girls as young as 9 years old. It significantly decreases the chances of developing cancers caused by high-risk HPV and offers lasting protection against cancers throughout life. HPV vaccination is not just a medical intervention; it's a conversation about sexual health, responsibility and collective well-being. It is important to create spaces where an open dialogue replaces stigma, empowering individuals to make informed choices and fostering a culture of prevention.

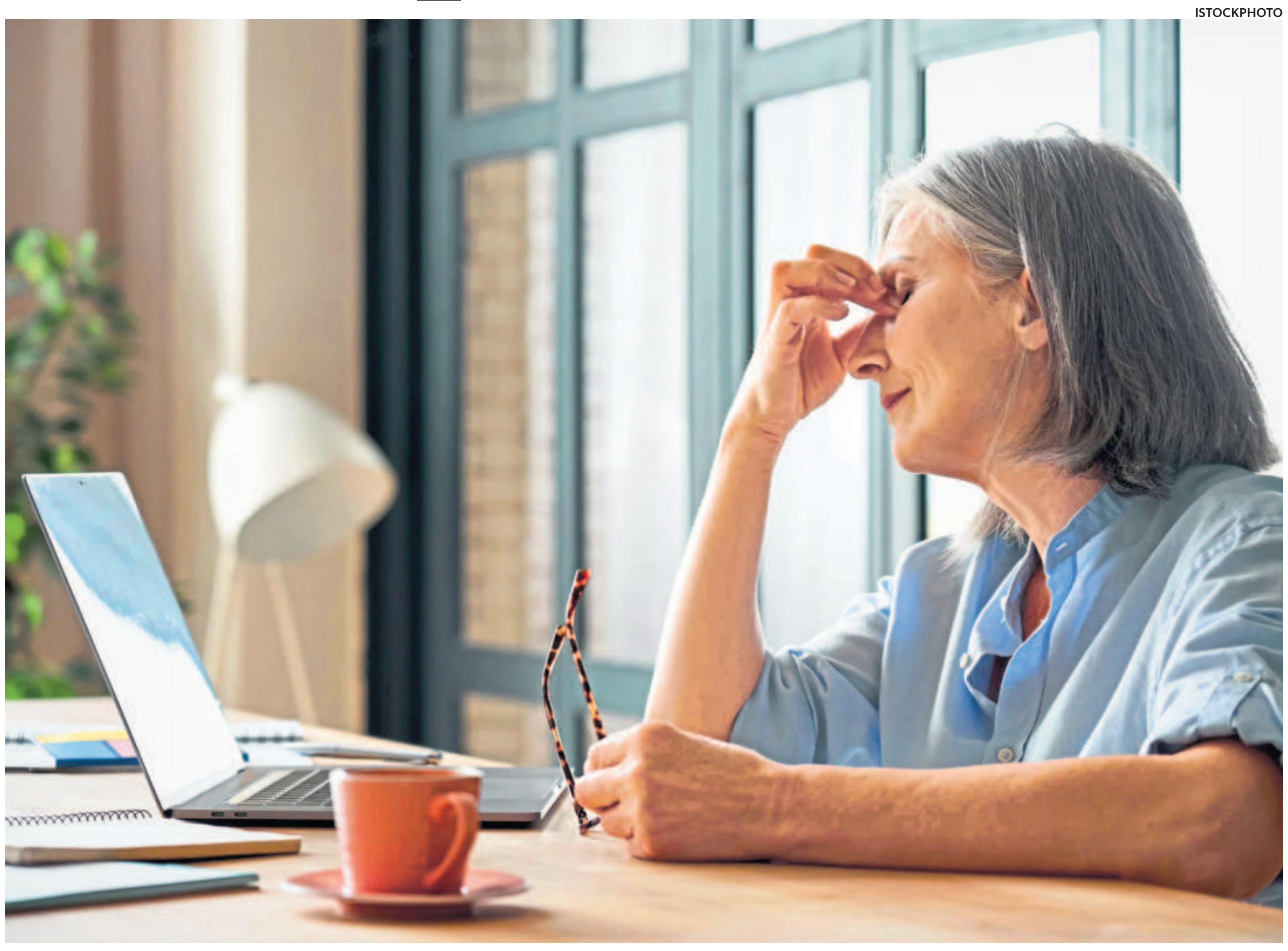
It's time to break the silence and make HPV vaccination a conversation we embrace, not avoid. This will lead us to a healthier future, free from the shadow of preventable cancers. Integrating HPV vaccination into national immunization programmes and ensuring its accessibility are critical steps towards protecting future generations.

The move by the government to vaccinate girls in the age category of 9 to 14 years with the HPV vaccine that was presented in the interim budget for 2024-25 by the Union finance minister will go a long way in controlling this menace.

Cervical cancer or any other kind of cancer not only effects one's body, but also impacts emotional and psychological health. Surgery, radiation and chemotherapy inflict physical and emotional strain, leading to fatigue, pain and potential long-term complications like fertility issues, sexual dysfunction, and lymphedema. Anxiety, depression and the fear of recurrence are common, affecting self-esteem, relationships and overall well-being. Treatment can also alter one's physical appearance, which may cause body-image concerns and impact one's emotional well-being. The illness can strain relationships with partners, families and friends through changing roles and dynamics. Treatment and illness can force women to miss valuable life experiences, creating feelings of isolation and loss.

Dignity and hope: Breaking the silence around cervical cancer and its far-reaching effects is essential. By advocating accessible healthcare, comprehensive support systems and social understanding, we can empower women and their families to navigate this challenging journey with dignity and hope.

Time to open up about menopause in the office



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The workplace can be a difficult place to navigate for menopausal women. More employers need to start conversations around their health

Reem Khokhar

Asking people about menopausal support in their workplace elicits varied responses, most of them bordering on mild confusion or a complete blank. "I've never thought about it"; "I didn't realise this was possible or available"; or "not relevant for me"—these are unsurprising responses, given that women's health, especially menopause, is usually not openly discussed at the workplace. Many individuals who reach the stage of menopause—the time when menstruation stops (occurs at a mean age of around 52 years), resulting in symptoms like hot flashes, vaginal dryness, sleep disturbances, anxiety and depression—prefer not to talk about it either.

Delhi-based education consultant Shivani Dayal Kapoor, for instance, says, "I wouldn't want any attention drawn to myself or my competency to be questioned." The 52-year-old would rather manage her symptoms privately, setting reminders to help her if she is forgetting something, or putting in more time to complete a task.

The reluctance to discuss menopause openly is understandable, considering its symptoms are often not acknowledged and are usually considered something to be hidden at work.

Last year, US non-profit Mayo Clinic concluded in a study that menopause symptoms have an impact on worker absenteeism, productivity, increased direct and indirect medical costs, and result in lost opportunities for career advancement. Plus, as Kapoor says, there is fear that conversations about menopause leave might make the employer feel it is more expensive or challenging to hire an older woman.

A year before Mayo, pharmaceutical company Abbott did a survey along with market research agency Ipsos, which spoke to 1,200 Indian women. Over 80% of those surveyed said menopause affected their work life, 18% worked through pain and other symptoms, and 26% took time off to manage the symptoms without divulging the cause.

However, a small percentage of employers are attempting to change the way menopause and its symptoms are dealt with in the workplace, for they believe it helps retain talent and promotes employee well-being and builds an inclusive culture.

EzeRx is one of them. The Bhubaneswar-based medical technology company regularly organizes discussions for employees, including ones on menopause and menstruation. "We provide this platform to share insights on navigating the challenges of this time, best practices, and addressing the do's and don'ts when supporting a colleague experiencing menopausal symptoms," says founder and CEO Partha Pratim Das Mahapatra.

It has also equipped its facilities with adaptable air-conditioning and ventilation to enhance overall comfort, introduced flexible working hours, and offers work-from-home should the need arise.

Menopause symptoms have an impact on worker absenteeism, productivity, and increased medical costs

Even such small steps can help women feel at ease during a transitional period in their lives. Menopause is a year after a woman's last period. Perimenopause, or the menopausal transition, the period of hormonal changes preceding menopause, usually occurs between one's early 40s to mid-50s and can last roughly between 7 to 14 years.

Dr. Nozer Sheriar, co-author of *Finding Your Balance: Your 360-degree Guide To Perimenopause And Beyond*, describes menopause as an event in the middle of a process, between peri- and post-menopause. "It is a disruption, disturbing the balance and bringing hormonal challenges. Among the most important issues that trouble women at this time include hot flashes, which can be extremely disruptive," says the consultant gynaecologist and obstetrician at Breach Candy and Hinduja Hospitals in Mumbai, and past secretary general of the Federation of OBGYN Societies of India. "Mentally and emotionally, one could feel low, angry, or anxious. These physical, emotional, or mental symptoms could impact work life."

Studies indicate women are willing to retire early because of menopause. "This is not good for any organization if your assets are so disturbed that they are thinking of quitting. Companies need to take care of women as an essential part of your workforce," says Dr. Sheriar.

Often women themselves don't understand that the stress, unexplained weight gain and fatigue they are experiencing is due to menopause, making it all the more essential for organisations to address menopause, says Shaili Chopra, founder of SheThePeople, a digital media website that focuses on women-related news, and Gytree, a women's health platform.

"There is a high amount of stigma in admitting menopause," says Chopra. "It's a life stage that women are conditioned to manage or drive through."

Gytree has worked with some organizations on building awareness around women's health, through memberships to their programmes which provide information, products, services, access to medical and health specialists, and more. They have also worked with a some companies on educational sessions that included various life stages women go through. "But there are only a few progressive companies looking at this," says Chopra. "This is an early stage for menopause in corporate India."

HEALTH COMES FIRST

When Standard Chartered Bank announced a global rollout of medical coverage for treatment of menopause-related symptoms to all employees and their partners in October last year, the first thing on their priority list was to simply make people talk. "We want to break the taboo," says Shivshanker S.V., Standard Chartered's India and South Asia head (human resources).

The bank has been organizing sensitization sessions, email campaigns, e-learnings, and toolkits to create awareness about menopause since 2021. With the medical coverage announcement, it wanted to "further encourage colleagues to open up about their experience and ask for support for themselves or a partner or family member", he says. The coverage includes access to specialized medical practitioners and prescription medication. This is the most recent measure in their attempts to create a menopause-friendly environment. Since 2021, there have been sensitization sessions, email campaigns, e-learnings, and toolkits to create awareness about menopause. "We want to break the taboo, improve the culture around the menopause so colleagues can open up about their experience and ask for support for themselves or a partner or family member. Offering medical cover for menopause-related symptoms allows them to proactively seek treatment to better manage their health, translating into better personal well-being," says

But, is it enough?

At this point, more conversations and sensitization are needed to destigmatize this universal life phase, says Dr. Sheriar. "You don't have to wait for women to ask for it," the expert adds. During his educational sessions with companies, he often notices how illuminating it was for everyone to hear women in the audience talk about menopausal challenges and how menopause remains unacknowledged by their employers, close friends or family, and even their doctors, who tell them they just have to live with it.

There is an obvious need for a nuanced approach as well. Besides building awareness, offering medical coverage and flexible working options, other menopause-friendly practices can include giving wellness programmes that educate and inform them about the coping strategies for physical, mental, and emotional symptoms. Access to counselling and employee resource groups can be helpful, as is providing discreet guidance and communication channels. Sensitizing coworkers and managers is crucial to respectfully address menopause's challenges. "When we have these conversations, we change the way we approach women's health. Ignorance is not an option," she says. "Menopause happens when women are in senior roles. They don't want to release the ambition pedal, and don't want to put their health first. Companies can help change that."

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Sujatha Kshirsagar of Career Launcher.

MONDAY MOTIVATION

The power of daily reflection in the office

The Career Launcher president on why she sets realistic goals every morning

Shail Desai

After close to two decades in banking, Sujatha Kshirsagar decided to chase a lifelong passion in edtech. She had always realised the power of education and how it could be a catalyst for personal and societal development. "It felt like a natural progression. This was more than just a career change," recalls Kshirsagar, 51, president and chief business officer at Career Launcher, an education service provider that has over 200 learning centres across the country.

Since her days as a student of finance and marketing at the Indian Institute of Management, Bengaluru, she has noticed significant changes in the Indian curriculum. It has become more engaging and application-oriented, and integrates real world examples to prepare students better. In an interview, Kshirsagar talks about her idea of mentorship and the importance of setting realistic goals at the start of each day. Edited excerpts:

Who do you consider your mentor?

My mother shaped my values and work ethic. In the professional realm, incredible bosses provided valuable insights, challenging me to think strategically and navigate leadership complexities. My soulmate has been a vital sounding board, offering unique perspectives and belief in my capabilities.

What does being a mentor mean to you?

Being a mentor is like being the wind beneath someone's wings—guiding, inspiring and encouraging them to explore on their own. At work, it involves a mix of challenging tasks and providing space for growth.

Daily reflection provides a clear road map for the day and also fosters adaptability

Productivity principles you follow?

Effective time management is key. Embracing technology to streamline processes and staying organised with digital tools has also played a pivotal role. Regular breaks and moments of mindfulness contribute to sustained focus and creativity, fostering a healthy work-life balance. Lastly, the power of continuous learning cannot be overstated. Staying curious, seeking growth opportunities and adapting to new challenges ensures a dynamic and thriving professional and personal life.

Any work routine you developed after covid?

I've diligently embraced is the practice of daily strategic reflection. This routine not only provides a clear roadmap for the day but also fosters adaptability and a focused leadership approach in navigating the uncertainties of the business landscape.

Any book or podcast you would recommend?

I recommend *Lean In* by Sheryl Sandberg, offering valuable insights into the dynamics of women in leadership. Additionally, *Dare to Lead* by Brené Brown explores the power of vulnerability in leadership.

Monday Motivation *is a series in which business leaders and creative individuals discuss their mentors and their work ethics.*

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How to get a productivity boost from your to-do list

By setting clear goals, celebrating small wins and leveraging technology, you can move ahead at work

Mayank Kumar

As professionals navigating the fast-paced world of modern workplaces, the humble to-do list stands as our steadfast companion, guiding us through the maze of tasks and responsibilities that populate our workdays. They have long evolved from simple points on paper and reminders on Post-its, to digital apps with different formats to suit different preferences and needs. Research shows the current use of digital lists can even help enhance communication and task tracking, even in high-stress environments.

The simple act of listing down tasks has immense psychological benefits. This approach makes even daunting tasks feel doable and gives you the confidence to tackle the day ahead. Your list could include addressing urgent emails first thing in the morning for an hour, then working on the draft of a project proposal for a client for two hours, taking a 20-minute coffee break and then shifting gears to compile and analyze the sales reports for the week, meet your juniors to catch up on the day's work for an hour and so on.

The very act of making a list declutters the mind, organizes thoughts, and allows an individual to set a clear direction for action. Research highlights how task completion drives mental energy with the sense of accomplishment and motivation derived from ticking off completed tasks, spurring productivity.

Yet, for many, what starts as a well-intentioned to-do list often ends up as a source of frustration and overwhelm. It doesn't have to be this way. With the right strategies and mindset, we can transform our to-do lists into powerful tools for productivity and success.

ISTOCKPHOTO

THE POWER OF PRIORITIZATION

At the heart of every effective to-do list lies the art of prioritization. Of course, each individual has a method of approaching their workload. Some like to take it one at a time, others pride themselves on multitasking. Whatever works for you, make it your strength and work according to the priority that each task demands. Take a moment at the start of each day to assess your priorities. Identify the tasks that are both urgent and important, and focus your energy on completing them first. By mastering this fundamental principle, you set yourself up for success and ensure that your efforts are directed towards tasks that truly matter.

It is here that prioritisation techniques, such as the Eisenhower Matrix, are invaluable. The matrix is inspired by the words of Dwight D. Eisenhower: "I have two kinds of problems, the urgent and the important. The urgent are not important, and the important are never urgent."

Stephen Covey, author of *The 7 Habits of Highly Effective People*, used these words to develop the concept of the Eisenhower Matrix.

BREAK IT DOWN, BUILD MOMENTUM

One of the most common pitfalls of to-do lists is the inclusion of large, intimidating tasks that seem insurmountable at first glance. To combat this, break down big projects into smaller, more manageable tasks. Not only does this make the overall endeavour feel less daunting, but also creates a sense of progress and momentum as you tick off each item on your list. Remember, every small victory brings you one step closer to your ultimate goal.

SET 'SMART' GOALS

Effective and productive to-Do lists are the cornerstone of clear and achievable goals. Utilizing the SMART criteria will ensure that each task is Specific, Measurable, Achievable, Relevant, and Time-bound. Setting SMART goals maximises organisational performance and helps in achieving more by providing a clear roadmap to success.

Integrating SMART criteria into the task management process ensures that every initiative is taking the company closer to its overarching objectives. Clear metrics and benchmarks help to track progress and outcomes. You must set realistic expectations in line with the available resources and align tasks to the broader business objectives. At times, setting clear deadlines and milestones can create a sense of urgency and momentum that helps to drive teams forward.

TECHNOLOGY AND TASK MANAGEMENT

The integration of technology into task management has opened new avenues for efficiency. From simple list apps to comprehensive project management software, technology offers personalized solutions to enhance the organization, tracking and execution of tasks. Apps like Asana, Trello and Monday.com, for instance, can help your teams to organize, track and complete tasks. With intuitive interfaces, users can create tasks, assign them to team members, set deadlines and monitor progress through customizable dashboards.

CULTIVATE A HABIT OF ADAPTATION

In the pursuit of productivity, it's easy to get caught up in the relentless cycle of doing without taking the time to reflect and adapt. For, it is in these moments of introspection that true growth occurs. Make it a habit to regularly review your to-do list, celebrate your accomplishments, and identify areas for improvement.

Be willing to adapt your approach based on what works and what doesn't, and never shy away from seeking feedback from colleagues or mentors. By cultivating a mindset of continuous improvement, you position yourself for success in the ever-evolving landscape of the modern workplace.

Mayank Kumar is co-founder and managing director of upGrad.

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